

JD.com (JD US)

Expecting solid revenue and earnings growth

For 1Q25E, we anticipate that JD.com (JD) has inked total revenue of RMB291.9bn, up 12.2% YoY, driven by the nationwide implementation of the subsidy program, and this could be 1% better than Bloomberg consensus. We are also looking for 21% YoY growth in non-GAAP net profit for JD, also 1% better than consensus, which translates into 3.7% non-GAAP NPM (+0.3ppts YoY). Compared to industry peers, JD is less exposed to the potential rise in tariffs given more limited revenue exposure to the US market, and it is better-positioned to benefit from the nationwide trade-in and subsidy program given greater GMV exposure to electronics and home appliance categories, in our view. We also believe quality and sustainable earnings growth of core business as well as enhancement of shareholder returns remain key stock price drivers in the long term. Impact from incremental investment to drive food delivery business expansion and lower-tier city expansion through Jingxi should gradually translate into financials and to some extent offset earnings growth of core JD Retail (JDR) business, while the impact should be controllable as JD will remain disciplined in conducting business expansion. We maintain both 2025-2027E financial forecast and DCF-based TP of US\$55.0 unchanged; maintain BUY.

- National subsidy and home appliance trade-in program should continue driving solid E&HA revenue growth.** For 1Q25E, we are looking for 13% YoY growth in net product revenue (1Q24: 7%; 4Q24: 14%), aided by 14% YoY revenue growth in Electronics and Home Appliance (E&HA) segment (1Q24: 5%; 4Q24: 16%), and 11% YoY growth in general merchandise revenue (1Q24: 9%; 4Q24: 11%). According to NBS data, for 2M25, retail sales GMV of household appliances and audio-video equipment grew 10.9% YoY. Boosted by the “National Subsidy” program, retail sales GMV of cultural and office appliances/telecommunication equipment was up 21.8%/26.2% YoY in 2M25, accelerating from 9.1%/14.0% in Dec 2024, and -0.3%/+9.9% in 2024.
- Services revenue to sustain healthy growth.** We are anticipating 10% YoY growth (1Q24: 9%; 4Q24: 11%) in JD's net services revenue in 1Q25E, among which we project 12% YoY growth for marketplace and advertising revenue. Driven by solid GMV growth, we are expecting double-digit growth for both advertising revenue and commission revenue in 1Q25.
- Driving quality core business growth remains key priority in 2025.** For core JDR business, we expect JD to continue investing in user growth, shopping frequency improvement, user experience enhancement, and supply chain capability enhancement in 2025. We estimate an unchanged 9% YoY non-GAAP net profit growth for JD on group level, mainly driven by the profit growth of JDR, while partly offset by the incremental investment to drive business expansion of both food delivery and Jingxi. However, we expect JD to remain disciplined in conducting new business expansion, and key focus of food delivery business should still be on developing synergies with core JDR business and enhancing the shopping frequency and user stickiness on JD's platform.
- Risks:** 1) Intensified competition weighs on margin; and 2) slower-than-expected revenue growth.

BUY (Maintain)

Target Price US\$55.00
Up/Downside 54.6%
Current Price US\$35.58

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Stock Data

Mkt Cap (US\$ mn)	54,722.0
Avg 3 mths t/o (US\$ mn)	483.2
52w High/Low (US\$)	47.08/24.95
Total Issued Shares (mn)	1538.0

Source: FactSet

Shareholding Structure

Richard Qiangdong Liu	13.8%
Max Smart Limited	13.3%

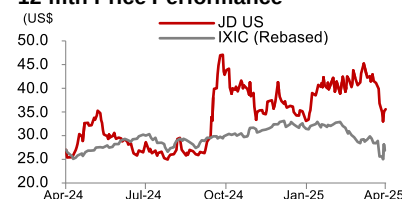
Source: HKEx

Share Performance

	Absolute	Relative
1-mth	-12.7%	-7.1%
3-mth	7.5%	25.7%
6-mth	-18.8%	-9.1%

Source: FactSet

12-mth Price Performance



Source: FactSet

Earnings Summary

(YE 31 Dec)	FY23A	FY24A	FY25E	FY26E	FY27E
Revenue (RMB mn)	1,084,662	1,158,819	1,267,790	1,340,219	1,398,757
YoY growth (%)	3.7	6.8	9.4	5.7	4.4
Net profit (RMB mn)	24,167.0	41,359.0	49,020.6	52,903.3	55,587.3
Adjusted net profit (RMB mn)	35,200.0	47,827.0	52,198.8	56,288.4	59,141.6
EPS (Adjusted) (RMB)	22.17	31.07	33.94	36.60	38.45
Consensus EPS (RMB)	na	na	33.79	36.88	39.12
P/E (x)	17.0	9.4	8.0	7.4	7.0

Source: Company data, Bloomberg, CMBIGM estimates

Financial Summary

INCOME STATEMENT	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Revenue	1,046,236	1,084,662	1,158,819	1,267,790	1,340,219	1,398,757
Cost of goods sold	(899,163)	(924,958)	(974,951)	(1,060,310)	(1,118,665)	(1,166,134)
Gross profit	147,073	159,704	183,868	207,480	221,554	232,623
Operating expenses	(127,350)	(132,663)	(143,570)	(159,934)	(167,999)	(174,218)
Selling expense	(37,772)	(40,133)	(47,953)	(54,364)	(57,068)	(59,141)
Admin expense	(11,053)	(9,710)	(8,888)	(8,875)	(9,248)	(9,512)
R&D expense	(16,893)	(16,393)	(17,031)	(18,125)	(18,893)	(19,438)
Others	(61,632)	(66,427)	(69,698)	(78,570)	(82,791)	(86,127)
Operating profit	19,723	27,041	40,298	47,546	53,555	58,405
Other gains/(losses)	(1,555)	7,496	13,371	13,371	13,371	13,371
Share of (losses)/profits of associates/JV	(2,195)	1,010	2,327	2,327	2,327	2,327
EBIT	15,973	35,547	55,996	63,244	69,253	74,103
Interest income	(2,106)	(2,881)	(2,896)	(2,896)	(2,896)	(2,896)
Others	0	(1,016)	(1,562)	0	0	0
Pre-tax profit	13,867	31,650	51,538	60,348	66,357	71,207
Income tax	4,176	8,393	6,878	8,026	10,153	12,319
After tax profit	9,691	23,257	44,660	52,322	56,204	58,888
Minority interest	(697)	(910)	3,301	3,301	3,301	3,301
Discontinued operations	0	0	0	0	0	0
Others	(8)	0	0	0	0	0
Net profit	10,380	24,167	41,359	49,021	52,903	55,587
Adjusted net profit	28,220	35,200	47,827	52,199	56,288	59,142

BALANCE SHEET	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Current assets	351,074	307,810	386,698	461,583	523,941	588,189
Cash & equivalents	78,861	71,892	108,350	184,086	239,702	298,472
Restricted cash	6,254	7,506	7,366	7,366	7,366	7,366
Account receivables	20,576	20,302	25,596	27,787	29,375	30,658
Inventories	77,949	68,058	89,326	85,582	90,292	94,123
Prepayment	15,156	15,639	15,951	15,951	15,951	15,951
Other current assets	152,278	124,413	140,109	140,811	141,255	141,620
Non-current assets	244,176	321,148	311,536	327,900	342,952	356,821
PP&E	55,080	70,035	82,737	99,101	114,153	128,022
Right-of-use assets	22,267	20,863	24,532	24,532	24,532	24,532
Deferred income tax	1,536	1,744	2,459	2,459	2,459	2,459
Investment in JVs & assos	57,641	56,746	56,850	56,850	56,850	56,850
Intangibles	9,139	6,935	7,793	7,793	7,793	7,793
Goodwill	23,123	19,980	25,709	25,709	25,709	25,709
Other non-current assets	75,390	144,845	111,456	111,456	111,456	111,456
Total assets	595,250	628,958	698,234	789,482	866,892	945,010
Current liabilities	266,561	265,650	299,521	308,981	321,836	332,308
Short-term borrowings	12,146	5,034	7,581	7,581	7,581	7,581
Account payables	160,607	166,167	192,860	195,230	205,975	214,715
Tax payable	5,926	7,313	9,487	9,487	9,487	9,487
Other current liabilities	37,624	35,848	36,002	43,092	45,202	46,934
Lease liabilities	7,688	7,755	7,606	7,606	7,606	7,606
Accrued expenses	42,570	43,533	45,985	45,985	45,985	45,985
Non-current liabilities	54,566	66,928	85,416	114,370	119,106	124,070
Long-term borrowings	10,224	10,411	24,770	53,724	58,460	63,424
Deferred income	1,107	964	502	502	502	502
Other non-current liabilities	43,235	55,553	60,144	60,144	60,144	60,144
Total liabilities	321,127	332,578	384,937	423,351	440,943	456,378
Share capital	0	0	0	0	0	0
Capital surplus	213,366	231,858	239,347	246,032	252,947	260,042
Retained earnings	0	0	0	49,021	101,924	157,511
Other reserves	590	614	484	(2,387)	(2,387)	(2,387)
Total shareholders equity	213,956	232,472	239,831	292,666	352,484	415,166
Minority interest	60,167	63,908	73,466	73,466	73,466	73,466
Total equity and liabilities	595,250	628,958	698,234	789,482	866,892	945,010

CASH FLOW	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Operating						
Profit before taxation	13,867	31,650	51,538	60,348	66,357	71,207
Depreciation & amortization	7,236	8,292	10,131	11,746	13,093	14,106
Tax paid	(4,176)	(8,393)	(6,878)	(8,026)	(10,153)	(12,319)
Change in working capital	22,119	16,547	2,259	10,311	6,113	4,993
Others	18,773	11,425	1,045	3,384	3,614	3,794
Net cash from operations	57,819	59,521	58,095	77,763	79,024	81,781
Investing						
Capital expenditure	(38,165)	(15,050)	(26,653)	(27,891)	(28,145)	(27,975)
Acquisition of subsidiaries/ investments	(184,792)	(194,987)	0	0	0	0
Net proceeds from disposal of short-term investments	171,853	225,889	0	0	0	0
Others	(2,922)	(75,395)	25,782	0	0	0
Net cash from investing	(54,026)	(59,543)	(871)	(27,891)	(28,145)	(27,975)
Financing						
Net borrowings	7,027	1,562	16,906	28,954	4,737	4,963
Proceeds from share issues	(5,847)	(7,370)	0	0	0	0
Others	0	0	(37,910)	0	0	0
Net cash from financing	1,180	(5,808)	(21,004)	28,954	4,737	4,963
Net change in cash						
Cash at the beginning of the year	73,550	82,013	76,308	112,626	191,452	247,068
Exchange difference	3,490	125	98	0	0	0
Cash at the end of the year	82,013	76,308	112,626	191,452	247,068	305,838

Source: Company data, CMBIGM estimates. Note: The calculation of net cash includes financial assets.

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