

# JD.com (JD US)

## Escalating investment to drive for food delivery business expansion

JD.com (JD) reported (13 May) 1Q25 results: revenue was RMB301.1bn, up 15.8% YoY (1Q24: 7.0% ; 4Q24: 13.4%), 3/4% ahead of our forecast/ Bloomberg consensus estimates. Non-GAAP net profit was RMB12.8bn, up 43% YoY, and was 18/23% ahead of our forecast/consensus, driven by a 20% beat on JD Retail's (JDR) OP aided by both better-than-expected revenue growth and GPM expansion, as well as more optimized than expected marketing spending amid the backdrop of "National Subsidy". Leveraging solid earnings growth of JDR, JD is escalating its investment in the food delivery (FD) business to drive for national expansion, and it targets for better user stickiness and more cross-selling opportunities among high quality user base in the long term through the investment. We are more positive on JDR's 2025E revenue and earnings growth outlook post results, but this is likely to be outweighed by the incremental investment in FD business. We lift 2025E revenue forecast by 2% but lower non-GAAP NP forecast by 10% to account for the impact. Our DCF-based TP remains unchanged at US\$55.0 per ADS as our long-term forecast remains largely unchanged. Maintain BUY. Both visibility and sustainability of JDR's earnings growth will serve as key stock price drivers during the investment period, in our view.

- **JDR delivered robust revenue and earnings growth.** Boosted by National Subsidy and JD's competitive edge in first party business for 3C and home appliances, JD Retail (JDR) inked revenue of RMB263.8bn in 1Q25, up 16.3% YoY, 5% better than consensus, while its OP grew by 37.8% YoY to RMB12.8bn. OPM of JDR was 4.9%, up by 0.8ppts YoY, driven by ongoing GPM expansion across all of the key categories. By revenue stream, within net product revenue, electronics and home appliances (E&HA) revenue was up 17.1% YoY (4Q24: 15.8%), boosted by national subsidy program. General merchandise revenue for the quarter was up 14.9% YoY (4Q24: 11.1%), thanks to solid revenue growth of fashion and supermarket categories. Net services revenue also saw acceleration in YoY growth in 1Q25, among which marketplace and ads revenue was up 15.7% YoY (4Q24: 10.8%) driven by solid GMV growth. We are more positive on JDR's growth outlook in 2025E, with a forecast of 11.6%/22.3% YoY growth in revenue/OP (was 9.7%/13.9%).
- **Strategically align FD business expansion with instant delivery.** JD positioned its FD business to address demand in three aspects: 1) users' demand for food safety and quality; 2) merchants' demand for reasonable commission; and 3) riders' demand for better protection. Management noted that daily average FD order volume has almost approached 20mn on 13 May, and its current focuses for FD business are: 1) improving user and merchant experience; 2) driving for business scale expansion; and 3) driving for better investment ROI, which includes growing new user and customer traffic, and enhancing user retention rate and repurchase rate, and its long-term goal is to strengthen the synergy effect and operational capability across JD ecosystem.
- **Update on shareholder return.** JD has repurchased a total of 40.4mn ADSs for a total of c.US\$1.5bn YTD, which amounted to 2.8% of share outstanding as of end-2024. The remaining amount under the share repurchase program was US\$3.5bn and will be effective in August 2027.

**BUY (Maintain)**

**Target Price** US\$55.00  
**Up/Downside** 47.7%  
**Current Price** US\$37.25

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### Stock Data

Mkt Cap (US\$ mn)	57,290.5
Avg 3 mths t/o (US\$ mn)	368.1
52w High/Low (US\$)	47.08/24.95
Total Issued Shares (mn)	1538.0
Source: FactSet	

### Shareholding Structure

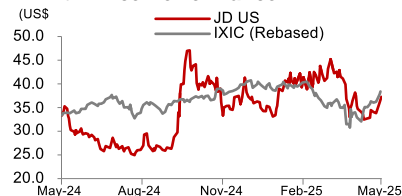
Max Smart Limited	9.6%
BlackRock	4.7%
Source: HKEx	

### Share Performance

	Absolute	Relative
1-mth	-2.4%	-13.6%
3-mth	-10.0%	-5.2%
6-mth	11.7%	12.3%

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	1,292,675	1,365,744	1,442,880
YoY growth (%)	3.7	6.8	11.6	5.7	5.6
Net profit (RMB mn)	24,167.0	41,359.0	42,233.0	51,995.1	54,641.0
Adjusted net profit (RMB mn)	35,200.0	47,827.0	46,748.6	55,706.7	58,565.9
EPS (Adjusted) (RMB)	22.17	31.07	30.40	36.22	38.08
Consensus EPS (RMB)	na	31.07	32.64	35.53	38.22
P/E (x)	17.4	9.7	9.5	7.7	7.3

Source: Company data, Bloomberg, CMBIGM estimates

## Business forecasts update and valuation

Figure 1: JD: quarterly financial results

(RMBbn)	1Q24	2Q24	3Q24	4Q24	1Q25	1Q25 CMBI estimates	Diff%	1Q25E Consensus	Diff%
<b>Revenue breakdown by product and services revenue</b>									
<b>Net product revenues</b>	<b>208.5</b>	<b>233.9</b>	<b>204.6</b>	<b>281.0</b>	<b>242.3</b>	<b>235.1</b>	3.1%	<b>231.7</b>	<b>4.6%</b>
YoY growth (%)	6.6%	0.0%	4.8%	14.0%	16.2%	12.8%			
Electronics and home appliance revenues	123.2	145.1	122.6	174.1	144.3	140.3	2.8%	137.6	4.9%
YoY growth (%)	5.3%	-4.6%	2.7%	15.8%	17.1%	13.9%			
General merchandise revenues	85.3	88.8	82.1	106.8	98.0	94.8	3.4%	94.2	4.1%
YoY growth (%)	8.6%	8.7%	8.0%	11.1%	14.9%	11.1%			
<b>Net services revenues</b>	<b>51.5</b>	<b>57.5</b>	<b>55.8</b>	<b>66.0</b>	<b>58.8</b>	<b>56.8</b>	3.5%	<b>57.3</b>	<b>2.6%</b>
YoY growth (%)	8.8%	6.3%	6.5%	10.8%	14.0%	10.1%			
Marketplace and advertising revenues	19.3	23.4	20.8	26.6	22.3	21.6	3.3%	21.6	3.1%
YoY growth (%)	1.2%	4.1%	6.3%	12.7%	15.7%	12.0%			
Logistics and other service revenues	32.3	34.1	35.0	39.4	36.5	35.2	3.7%	35.7	2.2%
YoY growth (%)	13.8%	7.9%	6.5%	9.5%	13.0%	9.0%			
<b>Revenue breakdown by business segments</b>									
<b>JD Retail</b>	<b>226.8</b>	<b>257.1</b>	<b>225.0</b>	<b>307.1</b>	<b>263.8</b>	<b>256.2</b>	3.0%	<b>251.7</b>	<b>4.8%</b>
YoY growth (%)	6.8%	1.5%	6.1%	14.7%	16.3%	13.0%			
<b>JD Logistics</b>	<b>42.1</b>	<b>44.2</b>	<b>44.4</b>	<b>52.1</b>	<b>47.0</b>	<b>45.6</b>			
YoY growth (%)	14.7%	7.7%	6.6%	10.4%	11.5%	8.1%			
<b>New businesses (including Dada)</b>	<b>4.9</b>	<b>4.6</b>	<b>5.0</b>	<b>4.7</b>	<b>5.8</b>				
YoY growth (%)	19.2%	35.0%	25.7%	31.0%	18.1%				
<b>Intersegment elimination</b>	<b>-13.8</b>	<b>-14.5</b>	<b>-14.0</b>	<b>-16.8</b>	<b>-15.5</b>				
<b>Total revenue</b>	<b>260.0</b>	<b>291.4</b>	<b>260.4</b>	<b>347.0</b>	<b>301.1</b>	<b>291.9</b>	3.2%	<b>290.3</b>	<b>3.7%</b>
YoY growth (%)	7.0%	1.2%	5.1%	13.4%	15.8%				
Gross profit	39.8	45.9	45.0	53.1	47.8	46.0	4.1%	45.5	5.1%
Operating profit	7.7	10.5	12.0	8.5	10.5	9.3	13.7%	9.4	11.8%
JD Retail operating profit	9.3	10.1	11.6	10.0	12.8	10.7	20.5%	10.7	20.0%
New businesses (ex. Gain on sale of property)	-0.3	-0.5	-0.4	-1.2	-1.2				
<b>Non-GAAP net profit</b>	<b>8.9</b>	<b>14.5</b>	<b>13.2</b>	<b>11.3</b>	<b>12.8</b>	<b>10.8</b>	18.3%	<b>10.4</b>	<b>23.0%</b>
YoY growth (%)	17.2%	69.0%	23.9%	34.2%	43.4%	21.2%			
<b>Margin profile</b>									
GPM (%)	15.3%	15.8%	17.3%	15.3%	15.9%	15.8%	0.1 ppt	15.7%	0.2 ppt
OPM (%)	3.0%	3.6%	4.6%	2.4%	3.5%	3.2%	0.3 ppt	3.2%	0.3 ppt
<b>JD Retail</b>	<b>4.1%</b>	<b>3.9%</b>	<b>5.2%</b>	<b>3.3%</b>	<b>4.9%</b>	<b>4.2%</b>	0.7 ppt	<b>4.3%</b>	<b>0.6 ppt</b>
Adjusted NPM (%)	3.4%	5.0%	5.1%	3.3%	4.2%	3.7%	0.5 ppt	3.6%	0.7 ppt

Source: Bloomberg, Company data, CMBIGM estimates

**Figure 2: JD: forecast revision**

RMB bn	Current			Previous			Change (%)		
	2025E	2026E	2027E	2025E	2026E	2027E	2025E	2026E	2027E
Revenue	1,292.7	1,365.7	1,442.9	1,267.8	1,340.2	1,398.8	2.0%	1.9%	3.2%
Gross profit	210.7	225.4	238.8	207.5	221.6	232.6	1.6%	1.7%	2.7%
Non-GAAP net profit	46.7	55.7	58.6	52.2	56.3	59.1	-10.4%	-1.0%	-1.0%
Gross margin	16.3%	16.5%	16.6%	16.4%	16.5%	16.6%	-0.1 ppt	0.0 ppt	-0.1 ppt
Non-GAAP net margin	3.6%	4.1%	4.1%	4.1%	4.2%	4.2%	-0.5 ppt	-0.1 ppt	-0.2 ppt

Source: CMBIGM estimates

**Figure 3: CMBIGM estimates vs consensus**

RMB bn	Current			Consensus			Diff (%)		
	2025E	2026E	2027E	2025E	2026E	2027E	2025E	2026E	2027E
Revenue	1,292.7	1,365.7	1,442.9	1,256.4	1,325.3	1,393.1	2.9%	3.1%	3.6%
Gross profit	210.7	225.4	238.8	201.8	214.7	228.1	4.4%	5.0%	4.7%
Non-GAAP net profit	46.7	55.7	58.6	50.7	54.8	58.6	-7.7%	1.6%	-0.1%
Gross margin	16.3%	16.5%	16.6%	16.1%	16.2%	16.4%	0.2 ppt	0.3 ppt	0.2 ppt
Non-GAAP net margin	3.6%	4.1%	4.1%	4.0%	4.1%	4.2%	-0.4 ppt	-0.1 ppt	-0.1 ppt

Source: Bloomberg, CMBIGM estimates

## DCF-based target price of US\$55.0

Our target price of US\$55.0 is derived from the DCF valuation methodology (WACC of 11.8% and terminal growth of 1.5%; both unchanged). Our target price translates into 13x 2025E PE (non-GAAP).

**Figure 4: JD: DCF valuation (WACC of 11.8% and terminal growth of 1.5%)**

(RMBbn)	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E
Total revenue	1,293	1,366	1,443	1,504	1,552	1,590	1,620	1,644	1,663	1,679
NPV of FCF	291									
Discounted terminal value	170									
Total equity valuation	618									
No. of shares (diluted, mn)	1,538									
TP per share (US\$)	55.0									

Source: Bloomberg, CMBIGM estimates

## Risks

1) Consumption recovery takes longer than we expect; 2) more intensified-than-expected business competition; 3) more aggressive-than-expected investment on FD business may weigh on earnings growth.

## 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	1,292,675	1,365,744	1,442,880
Cost of goods sold	(899,163)	(924,958)	(974,951)	(1,081,936)	(1,140,334)	(1,204,056)
Gross profit	147,073	159,704	183,868	210,738	225,410	238,824
Operating expenses	(127,350)	(132,663)	(143,570)	(171,538)	(173,449)	(182,092)
Selling expense	(37,772)	(40,133)	(47,953)	(60,497)	(58,181)	(61,034)
Admin expense	(11,053)	(9,710)	(8,888)	(10,341)	(10,789)	(11,254)
R&D expense	(16,893)	(16,393)	(17,031)	(19,261)	(20,076)	(20,922)
Others	(61,632)	(66,427)	(69,698)	(81,438)	(84,403)	(88,881)
Operating profit	19,723	27,041	40,298	39,200	51,961	56,733
Other gains/(losses)	(1,555)	7,496	13,371	11,197	11,197	11,197
Share of (losses)/profits of associates/JV	(2,195)	1,010	2,327	4,387	4,387	4,387
EBIT	15,973	35,547	55,996	54,784	67,545	72,317
Interest income	(2,106)	(2,881)	(2,896)	(2,496)	(2,496)	(2,496)
Others	0	(1,016)	(1,562)	0	0	0
Pre-tax profit	13,867	31,650	51,538	52,288	65,049	69,821
Income tax	4,176	8,393	6,878	6,954	9,952	12,079
After tax profit	9,691	23,257	44,660	45,334	55,096	57,742
Minority interest	(697)	(910)	3,301	3,101	3,101	3,101
Discontinued operations	0	0	0	0	0	0
Others	(8)	0	0	0	0	0
Net profit	10,380	24,167	41,359	42,233	51,995	54,641
Adjusted net profit	28,220	35,200	47,827	46,749	55,707	58,566

BALANCE SHEET	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Current assets	351,074	307,810	386,698	464,774	531,774	604,273
Cash & equivalents	78,861	71,892	108,350	184,835	245,122	310,279
Restricted cash	6,254	7,506	7,366	7,366	7,366	7,366
Account receivables	20,576	20,302	25,596	28,333	29,934	31,625
Inventories	77,949	68,058	89,326	87,327	92,041	97,184
Prepayment	15,156	15,639	15,951	15,951	15,951	15,951
Other current assets	152,278	124,413	140,109	140,962	141,361	141,869
Non-current assets	244,176	321,148	311,536	321,687	330,761	338,926
PP&E	55,080	70,035	82,737	92,888	101,962	110,127
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	786,460	862,535	943,199
Current liabilities	266,561	265,650	299,521	313,679	326,326	340,473
Short-term borrowings	12,146	5,034	7,581	7,581	7,581	7,581
Account payables	160,607	166,167	192,860	199,212	209,965	221,698
Tax payable	5,926	7,313	9,487	9,487	9,487	9,487
Other current liabilities	37,624	35,848	36,002	43,807	45,703	48,116
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	113,803	118,457	123,338
Long-term borrowings	10,224	10,411	24,770	53,157	57,811	62,692
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	427,482	444,783	463,811
Share capital	0	0	0	0	0	0
Capital surplus	213,366	231,858	239,347	245,666	252,444	259,440
Retained earnings	0	0	0	42,233	94,228	148,869
Other reserves	590	614	484	(2,387)	(2,387)	(2,387)
Total shareholders equity	213,956	232,472	239,831	285,513	344,285	405,923
Minority interest	60,167	63,908	73,466	73,466	73,466	73,466
Total equity and liabilities	595,250	628,958	698,234	786,460	862,535	943,199

<b>CASH FLOW</b>	<b>2022A</b>	<b>2023A</b>	<b>2024A</b>	<b>2025E</b>	<b>2026E</b>	<b>2027E</b>
<b>YE 31 Dec (RMB mn)</b>						
<b>Operating</b>						
<b>Profit before taxation</b>	<b>13,867</b>	<b>31,650</b>	<b>51,538</b>	<b>52,288</b>	<b>65,049</b>	<b>69,821</b>
Depreciation & amortization	7,236	8,292	8,904	9,980	10,829	11,419
Tax paid	(4,176)	(8,393)	(6,878)	(6,954)	(9,952)	(12,079)
Change in working capital	22,119	16,547	5,350	12,567	5,934	6,804
Others	18,773	11,425	(819)	3,437	3,677	3,895
<b>Net cash from operations</b>	<b>57,819</b>	<b>59,521</b>	<b>58,095</b>	<b>71,318</b>	<b>75,535</b>	<b>79,860</b>
<b>Investing</b>						
Capital expenditure	(38,165)	(15,050)	(16,950)	(20,130)	(19,903)	(19,584)
Acquisition of subsidiaries/ investments	(184,792)	(194,987)	(151,608)	0	0	0
Net proceeds from disposal of short-term investments	171,853	225,889	168,481	0	0	0
Others	(2,922)	(75,395)	(794)	0	0	0
<b>Net cash from investing</b>	<b>(54,026)</b>	<b>(59,543)</b>	<b>(871)</b>	<b>(20,130)</b>	<b>(19,903)</b>	<b>(19,584)</b>
<b>Financing</b>						
Net borrowings	7,027	1,562	13,113	28,387	4,654	4,881
Proceeds from share issues	(5,847)	(7,370)	(34,117)	0	0	0
Others	0	0	0	0	0	0
<b>Net cash from financing</b>	<b>1,180</b>	<b>(5,808)</b>	<b>(21,004)</b>	<b>28,387</b>	<b>4,654</b>	<b>4,881</b>
<b>Net change in cash</b>						
Cash at the beginning of the year	73,550	82,013	76,308	112,626	192,201	252,488
Exchange difference	3,490	125	98	0	0	0
<b>Cash at the end of the year</b>	<b>82,013</b>	<b>76,308</b>	<b>112,626</b>	<b>192,201</b>	<b>252,488</b>	<b>317,645</b>

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

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**BUY** : Stock with potential return of over 15% over next 12 months  
**HOLD** : Stock with potential return of +15% to -10% over next 12 months  
**SELL** : Stock with potential loss of over 10% over next 12 months  
**NOT RATED** : Stock is not rated by CMBIGM

**OUTPERFORM** : Industry expected to outperform the relevant broad market benchmark over next 12 months  
**MARKET-PERFORM** : Industry expected to perform in-line with the relevant broad market benchmark over next 12 months  
**UNDERPERFORM** : Industry expected to underperform the relevant broad market benchmark over next 12 months

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