

JD.com (JD US)

Food delivery investment weighed on near-term earnings but target is clear

JD.com (JD) reported (14 Aug) 2Q25 results: revenue was RMB356.7bn, up 22.4% YoY (2Q24: 1.2%; 1Q25: 15.8%), 6% ahead of both our forecast and Bloomberg consensus, driven by better-than-expected JD Retail (JDR) revenue growth and incremental logistics revenue contributed from food delivery (FD) business. Non-GAAP NP was RMB7.4bn, down 49% YoY due to incremental investment in FD, but 38% ahead of consensus, driven by a 16% beat on JDR's OP. Operating loss of RMB14.8bn for new businesses was wider than our previous expectation of RMB10.6bn, owing to more aggressive-than-expected investment in FD. Management highlighted the encouraging early-stage synergy with e-commerce business, including >40% YoY growth in quarterly active users (QAU) and shopping frequency for JD platform in 2Q25, and steady increase in cross-selling from FD users to e-commerce business. We expect the operating loss of FD to widen QoQ in 3Q25 given rising order volume, although this could be partly offset by improving unit economics. We believe synergies with e-commerce business and sustainability, as well as greater visibility on group-level earnings growth remain key drivers for stock price. Our DCF-based TP is fine-tuned to US\$49.4 (was US\$50.0) per ADS to account for likely heavier-than-expected investment in FD. Maintain BUY.

- **JDR delivered robust revenue and earnings growth.** JDR inked revenue of RMB310.1bn in 2Q25, up 21% YoY (1Q25: 16%), 5% better than consensus, while its OP reached RMB13.9bn, up 38% YoY (1Q25: 38%), and OPM of JDR was up by 0.6ppts YoY to 4.5%, driven by ongoing GPM expansion, ahead of consensus at 3.9%. To account for the relatively high base in Aug 2024 due to national subsidy program, we are anticipating YoY revenue/OP growth of 10/11% for JDR in 3Q25E, to reach RMB247.6bn/12.9bn.
- **Strong logistics and other service revenue growth aided by FD expansion.** By revenue stream, within net product revenue, electronics and home appliances (E&HA) revenue was up 23% YoY (1Q25: 17%), still boosted by the national subsidy program. General merchandise revenue was up 16% YoY (1Q25: 15%), thanks to solid revenue growth of fashion and supermarket categories. Net services revenue also saw acceleration in YoY growth in 2Q25, among which marketplace and ads revenue was up 22% YoY (1Q25: 16%) driven by solid GMV growth, and logistics and other service revenue was up 34% YoY (1Q25: 13%) driven by incremental revenue contribution from FD related delivery business.
- **Investment on food delivery brought early-stage synergies.** Operating loss generated from new businesses was RMB14.8bn in 2Q25 (2Q24: RMB695mn), mainly due to the investment to support FD business growth. However, the investment has delivered some early-stage results: both the no. of QAUs and user shopping frequency on JD's platform grew over 40% YoY in 2Q, and management noted that cross-selling ratio from FD users to supermarket, lifestyle services and electronic accessory categories is on an improving trend. Management guided to focus more on refining subsidy strategy, improving fulfilment efficiency, and enhancing system and infrastructure capability to improve the profitability of FD business in the longer term.
- **Update on shareholder return.** JD has halted share repurchases since 1Q25 earnings release, and the remaining amount under the share repurchase program is US\$3.5bn and will be effective through August 2027. However, long-term commitment to shareholder return remains unchanged, per management.

BUY (Maintain)

Target Price **US\$49.40**
 (Previous TP) **US\$50.00**
Up/Downside **52.0%**
Current Price **US\$32.51**

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Stock Data

Mkt Cap (US\$ mn)	50,000.4
Avg 3 mths t/o (US\$ mn)	137.7
52w High/Low (US\$)	47.08/25.80
Total Issued Shares (mn)	1538.0

Source: FactSet

Shareholding Structure

Max Smart Limited	9.6%
BlackRock	4.7%

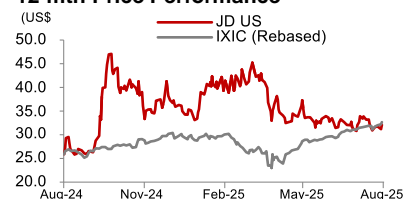
Source: HKEx

Share Performance

	Absolute	Relative
1-mth	5.6%	0.3%
3-mth	-9.0%	-19.8%
6-mth	-21.4%	-27.5%

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	1,322,361	1,406,555	1,483,857
YoY growth (%)	3.7	6.8	14.1	6.4	5.5
Net profit (RMB mn)	24,167.0	41,359.0	22,165.4	36,152.4	49,672.6
Adjusted net profit (RMB mn)	35,200.0	47,827.0	27,097.0	39,847.0	53,570.4
EPS (Adjusted) (RMB)	22.17	31.07	17.62	25.91	34.83
Consensus EPS (RMB)	na	31.07	18.12	28.20	34.40
P/E (x)	15.2	8.4	15.7	9.6	7.0

Source: Company data, Bloomberg, CMBIGM estimates

Business forecasts update and valuation

Figure 1: JD: quarterly financial results

(RMBbn)	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	2Q25 CMBI estimates	Diff%	2Q25E Consensus	Diff%
Revenue breakdown by product and services revenue										
Net product revenues	208.5	233.9	204.6	281.0	242.3	282.4	271.7	3.9%	269.8	4.7%
YoY growth (%)	6.6%	0.0%	4.8%	14.0%	16.2%	20.7%				
Electronics and home appliance revenues	123.2	145.1	122.6	174.1	144.3	179.0	169.4	5.7%	167.2	7.1%
YoY growth (%)	5.3%	-4.6%	2.7%	15.8%	17.1%	23.4%				
General merchandise revenues	85.3	88.8	82.1	106.8	98.0	103.4	102.3	1.1%	102.7	0.7%
YoY growth (%)	8.6%	8.7%	8.0%	11.1%	14.9%	16.4%				
Net services revenues	51.5	57.5	55.8	66.0	58.8	74.2	65.7	13.0%	65.3	13.7%
YoY growth (%)	8.8%	6.3%	6.5%	10.8%	14.0%	29.1%				
Marketplace and advertising revenues	19.3	23.4	20.8	26.6	22.3	28.5	27.2	4.9%	26.7	6.6%
YoY growth (%)	1.2%	4.1%	6.3%	12.7%	15.7%	21.7%				
Logistics and other service revenues	32.3	34.1	35.0	39.4	36.5	45.7	38.5	18.8%	38.6	18.6%
YoY growth (%)	13.8%	7.9%	6.5%	9.5%	13.0%	34.3%				
Revenue breakdown by business segments										
JD Retail	226.8	257.1	225.0	307.1	263.8	310.1	298.3	3.9%	296.3	4.7%
YoY growth (%)	6.8%	1.5%	6.1%	14.7%	16.3%	20.6%				
JD Logistics	42.1	44.2	44.4	52.1	47.0	51.6				
YoY growth (%)	14.7%	7.7%	6.6%	10.4%	11.5%	16.6%				
New businesses (including Dada)	4.9	4.6	5.0	4.7	5.8	13.9				
YoY growth (%)	19.2%	35.0%	25.7%	31.0%	18.1%	198.8%				
Intersegment elimination	-13.8	-14.5	-14.0	-16.8	-15.5	-18.8				
Total revenue	260.0	291.4	260.4	347.0	301.1	356.7	337.4	5.7%	335.5	6.3%
YoY growth (%)	7.0%	1.2%	5.1%	13.4%	15.8%	22.4%				
Gross profit	39.8	45.9	45.0	53.1	47.8	56.6	54.7	3.6%	51.7	9.5%
Operating profit	7.7	10.5	12.0	8.5	10.5	-0.9	1.9	146.2%	3.7	123.5%
JD Retail OP	9.3	10.1	11.6	10.0	12.8	13.9	11.6	19.8%	12.0	16.3%
YoY growth (%)	-5.3%	24.1%	5.5%	44.7%	37.8%	37.9%				
New businesses (including Dada)	-0.7	-0.7	-0.6	-0.9	-1.3	-14.8				
Non-GAAP net profit	8.9	14.5	13.2	11.3	12.8	7.4	4.6	60.7%	5.4	38.2%
YoY growth (%)	17.2%	69.0%	23.9%	34.2%	43.4%	-48.9%				
Margin profile										
GPM (%)	15.3%	15.8%	17.3%	15.3%	15.9%	15.9%	16.2%	-0.3 ppt	15.4%	0.5 ppt
OPM (%)	3.0%	3.6%	4.6%	2.4%	3.5%	-0.2%	0.6%	-0.8 ppt	1.1%	-1.3 ppt
JD Retail	4.1%	3.9%	5.2%	3.3%	4.9%	4.5%	3.9%	0.6 ppt	4.0%	0.5 ppt
Adjusted NPM (%)	3.4%	5.0%	5.1%	3.3%	4.2%	2.1%	1.4%	0.7 ppt	1.6%	0.5 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	1,322.4	1,406.6	1,483.9	1,292.7	1,365.7	1,442.9	2.3%	3.0%	2.8%
Gross profit	212.0	226.0	238.8	209.1	223.6	236.9	1.4%	1.1%	0.8%
Operating profit	11.5	28.7	46.2	13.4	33.2	56.7	-14.0%	-13.6%	-18.6%
Non-GAAP net profit	27.1	39.8	53.6	24.4	39.8	58.5	11.3%	0.1%	-8.5%
Gross Margin	16.0%	16.1%	16.1%	16.2%	16.4%	16.4%	-0.1 ppt	-0.3 ppt	-0.3 ppt
OPM	0.9%	2.0%	3.1%	1.0%	2.4%	3.9%	-0.1 ppt	-0.4 ppt	-0.8 ppt
- JD Retail	4.4%	4.4%	4.5%	4.3%	4.3%	4.4%	0.1 ppt	0.1 ppt	0.1 ppt
Non-GAAP net margin	2.0%	2.8%	3.6%	1.9%	2.9%	4.1%	0.2 ppt	-0.1 ppt	-0.4 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	1,322.4	1,406.6	1,483.9	1,294.5	1,375.6	1,447.1	2.2%	2.3%	2.5%
Gross profit	212.0	226.0	238.8	203.6	219.9	233.3	4.2%	2.8%	2.3%
Operating profit	11.5	28.7	46.2	18.0	35.0	47.4	-36.1%	-18.0%	-2.5%
Non-GAAP net profit	27.1	39.8	53.6	27.6	42.5	51.0	-1.7%	-6.1%	5.0%
Gross Margin	16.0%	16.1%	16.1%	15.7%	16.0%	16.1%	0.3 ppt	0.1 ppt	0.0 ppt
Non-GAAP net margin	2.0%	2.8%	3.6%	2.1%	3.1%	3.5%	-0.1 ppt	-0.3 ppt	0.1 ppt

Source: Bloomberg, CMBIGM estimates

DCF-based target price of US\$49.4

Our target price of US\$49.4 is derived from the DCF valuation methodology (WACC of 11.8% and terminal growth of 1.5%; both unchanged).

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	1,322	1,407	1,484	1,544	1,591	1,629	1,658	1,681	1,699	1,713
NPV of FCF	244									
Discounted terminal value	173									
Total equity valuation	555									
No. of shares (diluted, mn)	1,538									
TP per share (US\$)	49.4									

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	1,322,361	1,406,555	1,483,857
Cost of goods sold	(899,163)	(924,958)	(974,951)	(1,110,329)	(1,180,506)	(1,245,088)
Gross profit	147,073	159,704	183,868	212,032	226,049	238,769
Operating expenses	(127,350)	(132,663)	(143,570)	(200,734)	(197,340)	(192,605)
Selling expense	(37,772)	(40,133)	(47,953)	(84,631)	(77,361)	(66,774)
Admin expense	(11,053)	(9,710)	(8,888)	(11,372)	(11,956)	(12,464)
R&D expense	(16,893)	(16,393)	(17,031)	(20,100)	(21,098)	(21,961)
Others	(61,632)	(66,427)	(69,698)	(84,631)	(86,925)	(91,406)
Operating profit	19,723	27,041	40,298	11,298	28,710	46,165
Other gains/(losses)	(1,555)	7,496	13,371	14,222	14,222	14,222
Share of (losses)/profits of associates/JV	(2,195)	1,010	2,327	5,317	5,317	5,317
EBIT	15,973	35,547	55,996	30,837	48,249	65,704
Interest income	(2,106)	(2,881)	(2,896)	(2,496)	(2,496)	(2,496)
Others	0	(1,016)	(1,562)	224	0	0
Pre-tax profit	13,867	31,650	51,538	28,565	45,753	63,208
Income tax	4,176	8,393	6,878	3,799	7,000	10,935
After tax profit	9,691	23,257	44,660	24,765	38,752	52,273
Minority interest	(697)	(910)	3,301	2,600	2,600	2,600
Discontinued operations	0	0	0	0	0	0
Others	(8)	0	0	0	0	0
Net profit	10,380	24,167	41,359	22,165	36,152	49,673
Adjusted net profit	28,220	35,200	47,827	27,097	39,847	53,570
BALANCE SHEET	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Current assets	351,074	307,810	386,698	447,740	498,268	564,479
Cash & equivalents	78,861	71,892	108,350	164,784	207,505	266,318
Restricted cash	6,254	7,506	7,366	7,366	7,366	7,366
Account receivables	20,576	20,302	25,596	28,983	30,829	32,523
Inventories	77,949	68,058	89,326	89,619	95,283	100,496
Prepayment	15,156	15,639	15,951	15,951	15,951	15,951
Other current assets	152,278	124,413	140,109	141,037	141,335	141,825
Non-current assets	244,176	321,148	311,536	322,130	331,739	340,364
PP&E	55,080	70,035	82,737	93,331	102,940	111,565
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	769,869	830,007	904,843
Current liabilities	266,561	265,650	299,521	319,262	333,600	347,821
Short-term borrowings	12,146	5,034	7,581	7,581	7,581	7,581
Account payables	160,607	166,167	192,860	204,440	217,361	229,253
Tax payable	5,926	7,313	9,487	9,487	9,487	9,487
Other current liabilities	37,624	35,848	36,002	44,163	45,580	47,910
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	112,176	115,537	119,984
Long-term borrowings	10,224	10,411	24,770	51,530	54,891	59,338
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	431,438	449,137	467,806
Share capital	0	0	0	0	0	0
Capital surplus	213,366	231,858	239,347	245,187	251,474	257,968
Retained earnings	0	0	0	22,165	58,318	107,990
Other reserves	590	614	484	(2,387)	(2,387)	(2,387)
Total shareholders equity	213,956	232,472	239,831	264,965	307,404	363,571
Minority interest	60,167	63,908	73,466	73,466	73,466	73,466
Total equity and liabilities	595,250	628,958	698,234	769,869	830,007	904,843

CASH FLOW	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Operating						
Profit before taxation	13,867	31,650	51,538	28,565	45,753	63,208
Depreciation & amortization	7,236	8,292	8,904	9,999	10,888	11,515
Tax paid	(4,176)	(8,393)	(6,878)	(3,799)	(7,000)	(10,935)
Change in working capital	22,119	16,547	5,350	15,134	6,530	6,824
Others	18,773	11,425	(819)	3,458	3,687	3,894
Net cash from operations	57,819	59,521	58,095	53,356	59,858	74,506
Investing						
Capital expenditure	(38,165)	(15,050)	(16,950)	(20,593)	(20,497)	(20,140)
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
Net cash from investing	(54,026)	(59,543)	(871)	(20,593)	(20,497)	(20,140)
Financing						
Net borrowings	7,027	1,562	13,113	26,760	3,361	4,448
Proceeds from share issues	(5,847)	(7,370)	(34,117)	0	0	0
Others	0	0	0	0	0	0
Net cash from financing	1,180	(5,808)	(21,004)	26,760	3,361	4,448
Net change in cash						
Cash at the beginning of the year	73,550	82,013	76,308	112,626	172,150	214,871
Exchange difference	3,490	125	98	0	0	0
Cash at the end of the year	82,013	76,308	112,626	172,150	214,871	273,684
GROWTH	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Revenue	9.9%	3.7%	6.8%	14.1%	6.4%	5.5%
Gross profit	14.0%	8.6%	15.1%	15.3%	6.6%	5.6%
Operating profit	376.3%	37.1%	49.0%	(72.0%)	154.1%	60.8%
EBIT	na	122.5%	57.5%	(44.9%)	56.5%	36.2%
Net profit	na	132.8%	71.1%	(46.4%)	63.1%	37.4%
Adj. net profit	64.0%	24.7%	35.9%	(43.3%)	47.1%	34.4%
PROFITABILITY	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Gross profit margin	14.1%	14.7%	15.9%	16.0%	16.1%	16.1%
Operating margin	1.9%	2.5%	3.5%	0.9%	2.0%	3.1%
Adj. net profit margin	2.7%	3.2%	4.1%	2.0%	2.8%	3.6%
Return on equity (ROE)	4.9%	10.8%	17.5%	8.8%	12.6%	14.8%
GEARING/LIQUIDITY/ACTIVITIES	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Net debt to equity (x)	(0.3)	(0.2)	(0.3)	(0.4)	(0.5)	(0.5)
Current ratio (x)	1.3	1.2	1.3	1.4	1.5	1.6
Receivable turnover days	5.7	6.9	7.2	7.5	7.8	7.8
Inventory turnover days	(31.2)	(28.8)	(29.5)	(29.4)	(28.6)	(28.7)
Payable turnover days	(61.1)	(64.5)	(67.2)	(65.3)	(65.2)	(65.5)
VALUATION	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
P/E	35.1	15.2	8.4	15.7	9.6	7.0
P/E (diluted)	35.7	15.3	8.7	16.2	9.9	7.2
P/B	1.7	1.6	1.5	1.3	1.1	1.0

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

Disclosures & Disclaimers

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CMBIGM Ratings

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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