13 May 2026

CMB International Global Markets | Equity Research | Company Update

JD.com (JD US)

Solid core earnings growth in 1Q26; price hikes to bring ST headwinds to revenue growth

JD.com (JD) reported its 1Q26 results on 12 May: revenue reached RMB315.7bn, up 4.9% YoY (4Q25: +1.5%), 2%/1% ahead of our forecast/Bloomberg consensus. Non-GAAP net profit was RMB7.4bn, down 42% YoY due to continued investment in food delivery (FD), but ahead of our forecast/consensus of RMB5.9bn/RMB5.3bn, driven by stronger-than-expected operating profit from JD Retail (JDR), which came in 14%/18% above our forecast/consensus. Operating loss from new businesses was RMB10.4bn in 1Q26 (vs. RMB14.8bn loss in 4Q25), in line with our estimate and 6% better than consensus, reflecting QoQ FD loss reduction broadly in line with our expectations. Looking ahead, due to rising memory costs, price hikes in the 3C and home appliance categories could create short-term headwinds to JD's revenue growth, in our view. However, GPM expansion driven by increasing economies of scale, as well as a higher revenue contribution from high-margin platform services, should support healthy earnings growth for JD Retail in 2026. We expect JDR's non-GAAP operating profit to grow 4%/5% YoY in 1H26/2026E. We maintain our 2026–2028E revenue and earnings forecasts largely unchanged, as well as our DCF-based target price of US$47.5. Greater visibility on group-level earnings growth and shareholder returns remain key stock price drivers, in our view. Maintain BUY.

- **JD Retail delivered solid earnings growth in 1Q26.** JDR recorded revenue of RMB268.6bn in 1Q26, up 1.8% YoY (4Q25: -1.7%), 1% ahead of both our forecast and consensus, while operating profit reached RMB15.0bn, up 17% YoY (4Q25: -2.5%). Operating margin expanded 0.7ppt YoY to 5.6%, driven by GPM expansion supported by economies of scale and optimization in sales and marketing expenses. For 2Q26E, given the headwinds from price hikes and a high base effect, we expect JDR to record 8%/7% YoY declines in revenue/operating profit.
- **Marketplace and advertising revenue again delivered solid growth.** By revenue stream, within net product revenue, E&HA (electronics and home appliances) revenue declined 8.4% YoY in 1Q26 (4Q25: -12.0%), while general merchandise revenue increased 14.9% YoY (4Q25: +12.1%). Within net services revenue, marketplace and advertising revenue rose 18.8% YoY in 1Q26 (4Q25: +15.0%), which we attribute to improved advertising efficiency and increased ad load. We expect JD's total revenue to decline 5.2% YoY in 2Q26E, on a 9.6% YoY decline in net product revenue, partially offset by an 11.5% YoY increase in net services revenue.
- **Expecting FD losses to halve in 2Q26E.** Operating loss from new businesses was RMB10.4bn in 1Q26, narrowing from RMB14.8bn in 4Q25, mainly driven by reduced losses in the FD business, aided by optimization in user subsidies, improved operating efficiency, a better order mix, and increased commission and advertising revenue generation. We expect FD losses to halve YoY in 2Q26E to RMB6.6bn (vs. CMBI estimate of RMB7.0bn in 1Q26E).
- **Update on shareholder returns.** In 1Q26, JD repurchased approximately 44.5mn Class A ordinary shares (equivalent to 22.3mn ADSs) for a total consideration of US$631mn, representing approximately 1.6% of its ordinary shares outstanding as of 31 Dec 2025. As of 31 Mar 2026, the remaining authorization under JD's share repurchase program, which is currently valid through Aug 2027, stood at US$1.4bn.

BUY (Maintain)

Target Price	**US$47.50**
Up/Downside	**50.8%**
Current Price	**US$31.49**

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Stock Data

Mkt Cap (US$ mn)	46,888.6
Avg 3 mths t/o (US$ mn)	146.4
52w High/Low (US$)	36.17/25.40
Total Issued Shares (mn)	1489.0

Source: FactSet

Shareholding Structure

BlackRock	5.9%
Vanguard	4.6%

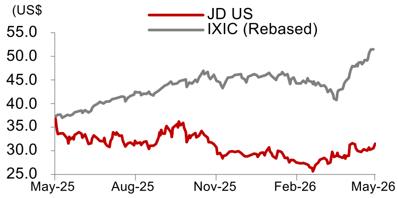
Source: HKEx

Share Performance

	Absolute	Relative
1-mth	8.8%	-3.3%
3-mth	16.0%	0.3%
6-mth	2.5%	-10.1%

Source: FactSet

12-mth Price Performance



Source: FactSet

Earnings Summary

(YE 31 Dec)	FY24A	FY25A	FY26E	FY27E	FY28E
Revenue (RMB mn)	1,158,819	1,309,085	1,395,868	1,492,559	1,568,702
YoY growth (%)	6.8	13.0	6.6	6.9	5.1
Net profit (RMB mn)	41,359.0	19,631.0	24,343.0	36,457.4	44,003.6
Adjusted net profit (RMB mn)	47,827.0	27,032.0	30,828.2	41,671.4	49,408.8
EPS (Adjusted) (RMB)	31.07	17.02	20.70	27.99	33.18
Consensus EPS (RMB)	31.07	17.82	20.71	27.61	33.18
P/E (x)	7.7	15.5	12.5	8.4	6.9

Source: Company data, Bloomberg, CMBIGM estimates

Business forecasts update and valuation

Figure 1: JD: quarterly financial results

(RMBbn)	1Q25	2Q25	3Q25	4Q25	1Q26	1Q26E Consensus	Diff%	1Q26 CMBI estimates	Diff%
Revenue breakdown by product and services revenue									
Net product revenues	**242.3**	**282.4**	**226.1**	**273.0**	**244.8**	**241.4**	**1.4%**	**240.7**	**1.7%**
YoY growth (%)	*16.2%*	*20.7%*	*10.5%*	*-2.8%*	*1.0%*				
Electronics and home appliance revenues	144.3	179.0	128.6	153.3	132.2	131.5	**0.5%**	130.2	**1.5%**
YoY growth (%)	*17.1%*	*23.4%*	*4.9%*	*-12.0%*	*-8.4%*				
General merchandise revenues	98.0	103.4	97.5	119.7	112.6	109.9	**2.5%**	110.6	**1.9%**
YoY growth (%)	*14.9%*	*16.4%*	*18.8%*	*12.1%*	*14.9%*				
Net services revenues	**58.8**	**74.2**	**73.0**	**79.3**	**70.9**	**70.5**	**0.6%**	**69.9**	**1.4%**
YoY growth (%)	*14.0%*	*29.1%*	*30.8%*	*20.1%*	*20.6%*				
Marketplace and advertising revenues	22.3	28.5	25.7	30.6	26.5	25.6	**3.7%**	25.8	**2.9%**
YoY growth (%)	*15.7%*	*21.7%*	*23.7%*	*15.0%*	*18.8%*				
Logistics and other service revenues	36.5	45.7	47.3	48.7	44.4	44.9	**-1.2%**	44.1	**0.6%**
YoY growth (%)	*13.0%*	*34.3%*	*35.0%*	*23.6%*	*21.7%*				
Revenue breakdown by business segments									
JD Retail	**263.8**	**310.1**	**250.6**	**301.9**	**268.6**	**265.5**	1.2%	**265.4**	1.2%
YoY growth (%)	*16.3%*	*20.6%*	*11.4%*	*-1.7%*	*1.8%*				
JD Logistics	**47.0**	**51.6**	**55.1**	**63.5**	**60.6**	**55.0**	**10.2%**	**52.6**	
YoY growth (%)	*11.5%*	*16.6%*	*24.1%*	*21.9%*	*29.0%*				
New businesses (including Dada)	**5.8**	**13.9**	**15.6**	**14.1**	**6.3**	**13.0**	**-51.7%**	**14.1**	
YoY growth (%)	*18.1%*	*198.8%*	*213.7%*	*200.9%*	*9.1%*				
Intersegment elimination	**-15.5**	**-18.8**	**-22.2**	**-27.2**	**-19.8**	**-22.1**	**-10.5%**	**-21.5**	
Total revenue	**301.1**	**356.7**	**299.1**	**352.3**	**315.7**	**311.4**	**1.4%**	**310.6**	**1.6%**
YoY growth (%)	*15.8%*	*22.4%*	*14.9%*	*1.5%*	*4.9%*				
Gross profit	47.8	56.6	50.5	55.1	53.0	49.1	8.0%	48.7	8.8%
Operating profit	10.5	-0.9	-1.1	-5.8	3.8	1.3	191.4%	2.4	57.1%
JD Retail OP	**12.8**	**13.9**	**14.8**	**9.8**	**15.0**	**12.6**	**18.4%**	**13.2**	**13.6%**
YoY growth (%)	*37.8%*	*37.9%*	*27.7%*	*-2.5%*	*16.5%*				
New businesses (including Dada)	-1.3	-14.8	-15.7	-14.8	-10.4	-11.0	-5.5%	-10.4	
Non-GAAP net profit	**12.8**	**7.4**	**5.8**	**1.1**	**7.4**	**5.3**	**38.1%**	**5.9**	**25.1%**
YoY growth (%)	*43.4%*	*-48.9%*	*-56.0%*	*-90.4%*	*-42.2%*				
Margin profile									
GPM (%)	15.9%	15.9%	16.9%	15.6%	16.8%	15.8%	1.0 ppt	15.7%	1.1 ppt
OPM (%)	3.5%	-0.2%	-0.4%	-1.7%	1.2%	0.4%	0.8 ppt	0.8%	0.4 ppt
JD Retail	**4.9%**	**4.5%**	**5.9%**	**3.2%**	**5.6%**	**4.8%**	**0.8 ppt**	**5.0%**	**0.6 ppt**
Adjusted NPM (%)	4.2%	2.1%	1.9%	0.3%	2.3%	1.7%	0.6 ppt	1.9%	0.4 ppt

Source: Bloomberg, Company data, CMBIGM estimates

Figure 2: JD: forecast revision

	Current			Previous			Change (%)		
RMB bn	2026E	2027E	2028E	2026E	2027E	2028E	2026E	2027E	2028E
Revenue	1,395.9	1,492.6	1,568.7	1,403.3	1,499.0	1,574.4	-0.5%	-0.4%	-0.4%
Gross profit	236.7	257.9	274.8	225.7	244.1	258.0	4.9%	5.6%	6.5%
Operating profit	10.7	29.4	44.5	15.6	32.9	46.1	-31.6%	-10.8%	-3.4%
Non-GAAP net profit	30.8	41.7	49.4	30.4	41.9	48.6	1.6%	-0.6%	1.7%
Gross Margin	17.0%	17.3%	17.5%	16.1%	16.3%	16.4%	0.9 ppt	1.0 ppt	1.1 ppt
OPM	0.8%	2.0%	2.8%	1.1%	2.2%	2.9%	-0.3 ppt	-0.2 ppt	-0.1 ppt
- JD Retail	4.6%	4.6%	4.6%	4.6%	4.6%	4.6%	0.0 ppt	0.0 ppt	0.0 ppt
Non-GAAP net margin	2.2%	2.8%	3.1%	2.2%	2.8%	3.1%	0.0 ppt	0.0 ppt	0.1 ppt

Source: CMBIGM estimates

Figure 3: CMBIGM estimates vs consensus

	Current			Consensus			Diff (%)		
RMB bn	2026E	2027E	2028E	2026E	2027E	2028E	2026E	2027E	2028E
Revenue	1,395.9	1,492.6	1,568.7	1,388.1	1,471.5	1,547.6	0.6%	1.4%	1.4%
Gross profit	236.7	257.9	274.8	225.8	241.3	262.2	4.8%	6.9%	4.8%
Non-GAAP net profit	30.8	41.7	49.4	30.7	39.4	47.9	0.5%	5.8%	3.1%
Gross Margin	17.0%	17.3%	17.5%	16.3%	16.4%	16.9%	0.7 ppt	0.9 ppt	0.6 ppt
Non-GAAP net margin	2.2%	2.8%	3.1%	2.2%	2.7%	3.1%	0.0 ppt	0.1 ppt	0.1 ppt

Source: Bloomberg, CMBIGM estimates

DCF-based target price of US$47.5

Our target price of US$47.5 is derived from the DCF valuation methodology (WACC of 11.8% and terminal growth of 1.0%; both unchanged).

Figure 4: JD: DCF valuation (WACC of 11.8% and terminal growth of 1.0%)

(RMBbn)	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E
Total revenue	1,396	1,493	1,569	1,631	1,682	1,725	1,759	1,788	1,811
NPV of FCF	167								
Discounted terminal value	197								
Total equity valuation	495								
No. of ADS (diluted, mn)	1,489								
Valuation per ADS (US$)	47.5								
TP per ADSs (US$)	47.5								

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	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec (RMB mn)						
Revenue	**1,084,662**	**1,158,819**	**1,309,085**	**1,395,868**	**1,492,559**	**1,568,702**
Cost of goods sold	(924,958)	(974,951)	(1,099,057)	(1,159,208)	(1,234,695)	(1,293,915)
Gross profit	**159,704**	**183,868**	**210,028**	**236,660**	**257,864**	**274,788**
Operating expenses	**(132,663)**	**(143,570)**	**(207,641)**	**(225,991)**	**(228,511)**	**(230,286)**
Selling expense	(40,133)	(47,953)	(83,953)	(78,867)	(73,135)	(69,023)
Admin expense	(9,710)	(8,888)	(11,980)	(13,959)	(14,776)	(15,373)
R&D expense	(16,393)	(17,031)	(22,229)	(30,709)	(32,538)	(33,884)
Others	(66,427)	(69,698)	(89,479)	(102,457)	(108,061)	(112,005)
Operating profit	**27,041**	**40,298**	**2,387**	**10,669**	**29,353**	**44,502**
Other gains/(losses)	7,496	13,371	17,327	16,287	13,030	10,424
Share of (losses)/profits of associates/JV	1,010	2,327	8,025	8,025	8,025	8,025
EBIT	**35,547**	**55,996**	**27,739**	**34,981**	**50,408**	**62,951**
Interest income	(2,881)	(2,896)	(2,803)	(2,803)	(2,803)	(2,803)
Others	(1,016)	(1,562)	387	0	0	0
Pre-tax profit	**31,650**	**51,538**	**25,323**	**32,178**	**47,605**	**60,148**
Income tax	8,393	6,878	2,181	4,923	8,236	13,233
After tax profit	**23,257**	**44,660**	**23,142**	**27,255**	**39,369**	**46,916**
Minority interest	(910)	3,301	3,511	2,912	2,912	2,912
Discontinued operations	0	0	0	0	0	0
Others	0	0	0	0	0	0
Net profit	**24,167**	**41,359**	**19,631**	**24,343**	**36,457**	**44,004**
Adjusted net profit	**35,200**	**47,827**	**27,032**	**30,828**	**41,671**	**49,409**

BALANCE SHEET	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec (RMB mn)						
Current assets	**307,810**	**386,698**	**374,421**	**416,712**	**468,496**	**524,886**
Cash & equivalents	71,892	108,350	137,488	149,320	190,682	238,863
Restricted cash	7,506	7,366	12,137	12,137	12,137	12,137
Account receivables	20,302	25,596	27,333	30,594	32,714	34,383
Inventories	68,058	89,326	95,428	120,049	127,867	134,000
Prepayment	15,639	15,951	17,898	17,898	17,898	17,898
Other current assets	124,413	140,109	84,137	86,713	87,198	87,606
Non-current assets	**321,148**	**311,536**	**320,780**	**331,205**	**340,969**	**351,403**
PP&E	70,035	82,737	91,349	101,774	111,538	121,972
Right-of-use assets	20,863	24,532	31,128	31,128	31,128	31,128
Deferred income tax	1,744	2,459	5,237	5,237	5,237	5,237
Investment in JVs & assos	56,746	56,850	51,978	51,978	51,978	51,978
Intangibles	6,935	7,793	7,723	7,723	7,723	7,723
Goodwill	19,980	25,709	26,291	26,291	26,291	26,291
Other non-current assets	144,845	111,456	107,074	107,074	107,074	107,074
Total assets	**628,958**	**698,234**	**695,201**	**747,917**	**809,465**	**876,289**
Current liabilities	**265,650**	**299,521**	**306,072**	**306,890**	**321,248**	**332,632**
Short-term borrowings	5,034	7,581	8,014	8,014	8,014	8,014
Account payables	166,167	192,860	188,379	187,379	199,581	209,153
Tax payable	7,313	9,487	7,008	7,008	7,008	7,008
Other current liabilities	35,848	36,002	43,227	45,045	47,202	49,012
Lease liabilities	7,755	7,606	9,399	9,399	9,399	9,399
Accrued expenses	43,533	45,985	50,045	50,045	50,045	50,045
Non-current liabilities	**66,928**	**85,416**	**95,346**	**116,980**	**120,100**	**123,766**
Long-term borrowings	10,411	24,770	20,798	43,739	46,858	50,524
Deferred income	964	502	0	0	0	0
Other non-current liabilities	55,553	60,144	74,548	73,242	73,242	73,242
Total liabilities	**332,578**	**384,937**	**401,418**	**423,870**	**441,349**	**456,397**
Share capital	0	0	0	0	0	0
Capital surplus	231,858	239,347	225,040	230,961	238,573	246,345
Retained earnings	0	0	0	24,343	60,800	104,804
Other reserves	614	484	0	0	0	0
Total shareholders equity	**232,472**	**239,831**	**225,040**	**255,304**	**299,373**	**351,149**
Minority interest	63,908	73,466	68,743	68,743	68,743	68,743
Total equity and liabilities	**628,958**	**698,234**	**695,201**	**747,917**	**809,465**	**876,289**

CASH FLOW	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec (RMB mn)						
Operating						
Profit before taxation	**31,650**	**51,538**	**25,323**	**32,178**	**47,605**	**60,148**
Depreciation & amortization	8,292	8,904	9,747	9,917	10,494	10,858
Tax paid	(8,393)	(6,878)	(2,181)	(4,923)	(8,236)	(13,233)
Change in working capital	16,547	5,350	(6,923)	(29,641)	3,937	3,174
Others	11,425	(819)	(6,975)	4,793	4,700	4,860
Net cash from operations	**59,521**	**58,095**	**18,991**	**12,323**	**58,500**	**65,807**
Investing						
Capital expenditure	(15,050)	(16,950)	(14,520)	(20,342)	(20,258)	(21,292)
Acquisition of subsidiaries/ investments	(194,987)	(151,608)	(81,188)	0	0	0
Net proceeds from disposal of short-term investments	225,889	168,481	139,402	0	0	0
Others	(75,395)	(794)	(1,862)	0	0	0
Net cash from investing	**(59,543)**	**(871)**	**41,832**	**(20,342)**	**(20,258)**	**(21,292)**
Financing						
Net borrowings	1,562	13,113	2,398	22,941	3,120	3,665
Proceeds from share issues	(7,370)	(34,117)	(29,126)	0	0	0
Others	0	0	0	0	0	0
Net cash from financing	**(5,808)**	**(21,004)**	**(26,728)**	**22,941**	**3,120**	**3,665**
Net change in cash						
Cash at the beginning of the year	82,013	76,308	112,626	146,535	161,457	202,819
Exchange difference	125	98	(186)	0	0	0
Cash at the end of the year	**76,308**	**112,626**	**146,535**	**161,457**	**202,819**	**251,000**

GROWTH	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec						
Revenue	3.7%	6.8%	13.0%	6.6%	6.9%	5.1%
Gross profit	8.6%	15.1%	14.2%	12.7%	9.0%	6.6%
Operating profit	37.1%	49.0%	(94.1%)	347.0%	175.1%	51.6%
EBIT	122.5%	57.5%	(50.5%)	26.1%	44.1%	24.9%
Net profit	132.8%	71.1%	(52.5%)	24.0%	49.8%	20.7%
Adj. net profit	24.7%	35.9%	(43.5%)	14.0%	35.2%	18.6%

PROFITABILITY	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec						
Gross profit margin	14.7%	15.9%	16.0%	17.0%	17.3%	17.5%
Operating margin	2.5%	3.5%	0.2%	0.8%	2.0%	2.8%
Adj. net profit margin	3.2%	4.1%	2.1%	2.2%	2.8%	3.1%
Return on equity (ROE)	10.8%	17.5%	8.4%	10.1%	13.1%	13.5%

GEARING/LIQUIDITY/ACTIVITIES	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec						
Net debt to equity (x)	(0.2)	(0.3)	(0.5)	(0.4)	(0.5)	(0.5)
Current ratio (x)	1.2	1.3	1.2	1.4	1.5	1.6
Receivable turnover days	6.9	7.2	7.4	7.6	7.7	7.8
Inventory turnover days	(28.8)	(29.5)	(30.7)	(33.9)	(36.6)	(36.9)
Payable turnover days	(64.5)	(67.2)	(63.3)	(59.2)	(57.2)	(57.6)

VALUATION	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec						
P/E	13.9	7.7	15.5	12.5	8.4	6.9
P/E (diluted)	14.0	8.0	16.2	13.1	8.7	7.2
P/B	1.4	1.3	1.4	1.2	1.0	0.9

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

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Analyst Certification

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