

JD.com (JD US)

Expecting better-than-feared 2Q26 results

For 2Q26E, we expect JD.com (JD) to report total revenue of RMB341.4bn, down 4.3% YoY, mainly due to a high base and soft consumption sentiment — broadly in line with Visible Alpha (VA) consensus — and non-GAAP net profit of RMB7.8bn, up 6% YoY on narrowing losses in the food delivery (FD) business, 2% ahead of consensus. We estimate the operating loss from new businesses segment will be largely stable QoQ at RMB10.2bn in 2Q26E; within this, we expect the FD business to halve its operating loss YoY to RMB6.1bn, while losses from other new business initiatives should widen slightly QoQ on incremental investment to support the expansion of Jingxi and the international rollout of Joybuy. We trim our 2026E revenue forecast by 2% to factor in greater-than-expected macro headwinds, while raising our non-GAAP net profit forecast by 1% to reflect a better-than-expected loss reduction trajectory in the FD business and stronger-than-expected operating efficiency gains in the core JD Retail (JDR) business. Greater visibility on group-level earnings growth, along with enhancement in shareholder returns, remains the key share price driver, in our view. Maintain BUY, with our DCF-based TP unchanged at US\$47.5.

■ **Expecting near-term revenue growth headwinds on a high base.** We forecast total revenue of RMB341.4bn in 2Q26E, down 4.3% YoY, comprising 9.6% YoY growth in net services revenue, offset by a 7.9% YoY decline in net product revenue on the high-base effect from the national subsidy program. Within net services revenue, we expect YoY growth in marketplace and advertising revenue to decelerate QoQ to 9.0% in 2Q26E (1Q26: 18.8%) on a high base. That said, we note the YoY decline in net product revenue improved in June relative to April and May 2026, which in our view should drive a recovery in revenue growth in 3Q26E; we forecast total revenue growth to recover to 4.9% YoY in 3Q26E.

■ **Expecting YoY stable margin trend for JDR despite revenue headwind.** Owing to the high base, we expect JDR revenue to decline 6.4% YoY in 2Q26E. However, we look for a YoY-stable OPM of 4.5%, underpinned by operating efficiency improvements. Our 2Q26E JDR OP forecast of RMB13.1bn is 1% ahead of consensus.

■ **FD business loss reduction likely in line with our expectation.** We expect the FD operating loss to narrow to RMB6.1bn in 2Q26E, from RMB13.3bn in 2Q25 and RMB7.0bn in 1Q26 (our estimate), driven by optimization of user subsidies, improved operating efficiency, a better order mix, and higher commission and advertising revenue. We currently forecast the FD loss to narrow to RMB25.0bn in 2026E from RMB36.9bn in 2025E, and the overall operating loss from new businesses to narrow to RMB41.2bn in 2026E (2025: RMB46.6bn).

Earnings Summary

(YE 31 Dec)	FY24A	FY25A	FY26E	FY27E	FY28E
Revenue (RMB mn)	1,158,819	1,309,085	1,372,343	1,455,423	1,519,967
YoY growth (%)	6.8	13.0	4.8	6.1	4.4
Net profit (RMB mn)	41,359.0	19,631.0	24,805.0	36,697.5	43,830.1
Adjusted net profit (RMB mn)	47,827.0	27,032.0	31,211.1	41,791.3	49,080.0
EPS (Adjusted) (RMB)	31.07	17.02	20.96	28.07	32.96
Consensus EPS (RMB)	31.07	17.82	21.89	28.45	34.06
P/E (x)	7.1	14.2	11.2	7.6	6.4

Source: Company data, Bloomberg, CMBIGM estimates

BUY (Maintain)

Target Price	US\$47.50
Up/Downside	64.5%
Current Price	US\$28.88

China Internet

Saiyi HE, CFA
 (852) 3916 1739
 hesaiyi@cmbi.com.hk

Ye TAO, CFA
 (852) 3850 5226
 franktao@cmbi.com.hk

Wentao LU, CFA
 luwentao@cmbi.com.hk

Shuyin GUO
 (852) 3916 3716
 guoshuyin@cmbi.com.hk

Stock Data

Mkt Cap (US\$ mn)	43,002.3
Avg 3 mths t/o (US\$ mn)	118.4
52w High/Low (US\$)	36.17/25.19
Total Issued Shares (mn)	1489.0

Source: FactSet

Shareholding Structure

JP Morgan	12.3%
Blackrock	5.2%

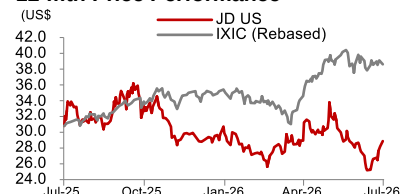
Source: HKEx

Share Performance

	Absolute	Relative
1-mth	1.1%	1.2%
3-mth	-7.6%	-15.6%
6-mth	-3.2%	-12.2%

Source: FactSet

12-mth Price Performance



Source: FactSet

Revision in financial forecast and valuation

Figure 1: JD: forecast revision

RMB bn	Current			Previous			Change (%)		
	2026E	2027E	2028E	2026E	2027E	2028E	2026E	2027E	2028E
Revenue	1,372.3	1,455.4	1,520.0	1,395.9	1,492.6	1,568.7	-1.7%	-2.5%	-3.1%
Gross profit	232.4	250.7	265.3	236.7	257.9	274.8	-1.8%	-2.8%	-3.5%
Operating profit	11.2	29.6	44.3	10.7	29.4	44.5	5.1%	1.0%	-0.5%
Non-GAAP net profit	31.2	41.8	49.1	30.8	41.7	49.4	1.2%	0.3%	-0.7%
Gross Margin	16.9%	17.2%	17.5%	17.0%	17.3%	17.5%	0.0 ppt	0.0 ppt	-0.1 ppt
OPM	0.8%	2.0%	2.9%	0.8%	2.0%	2.8%	0.1 ppt	0.1 ppt	0.1 ppt
- JD Retail	4.6%	4.6%	4.6%	4.6%	4.6%	4.6%	0.1 ppt	0.0 ppt	0.1 ppt
Non-GAAP net margin	2.3%	2.9%	3.2%	2.2%	2.8%	3.1%	0.1 ppt	0.1 ppt	0.1 ppt

Source: CMBIGM estimates

Figure 2: JD: CMBI forecast vs consensus

RMB bn	Current			Consensus			Diff (%)		
	2026E	2027E	2028E	2026E	2027E	2028E	2026E	2027E	2028E
Revenue	1,372.3	1,455.4	1,520.0	1,385.7	1,472.0	1,550.7	-1.0%	-1.1%	-2.0%
Gross profit	232.4	250.7	265.3	225.4	244.5	262.9	3.1%	2.6%	0.9%
Non-GAAP net profit	31.2	41.8	49.1	31.1	41.3	49.0	0.4%	1.1%	0.1%
Gross margin	16.9%	17.2%	17.5%	16.3%	16.6%	17.0%	0.7 ppt	0.6 ppt	0.5 ppt
Non-GAAP net margin	2.3%	2.9%	3.2%	2.2%	2.8%	3.2%	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), translating into 16x/12x 2026/2027E.

Figure 3: 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	1,372	1,455	1,520	1,572	1,614	1,649	1,677	1,699	1,717
NPV of FCF	161								
Discounted terminal value	203								
Total equity valuation	495								
No. of ADS (diluted, mn)	1,489								
Valuation per ADS (US\$)	47.5								
TP per ADS (US\$)	47.5								

Source: Bloomberg, CMBIGM estimates

Risks

1) Consumption recovery takes longer than we expect; 2) more intensified-than-expected business competition.

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	1,372,343	1,455,423	1,519,967
Cost of goods sold	(924,958)	(974,951)	(1,099,057)	(1,139,907)	(1,204,701)	(1,254,684)
Gross profit	159,704	183,868	210,028	232,436	250,722	265,283
Operating expenses	(132,663)	(143,570)	(207,641)	(221,222)	(221,079)	(221,003)
Selling expense	(40,133)	(47,953)	(83,953)	(76,851)	(69,860)	(65,055)
Admin expense	(9,710)	(8,888)	(11,980)	(13,723)	(14,409)	(14,896)
R&D expense	(16,393)	(17,031)	(22,229)	(30,192)	(31,728)	(32,831)
Others	(66,427)	(69,698)	(89,479)	(100,455)	(105,082)	(108,222)
Operating profit	27,041	40,298	2,387	11,214	29,644	44,280
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	35,527	50,698	62,729
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	32,724	47,895	59,926
Income tax	8,393	6,878	2,181	5,007	8,286	13,184
After tax profit	23,257	44,660	23,142	27,717	39,610	46,742
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	24,805	36,698	43,830
Adjusted net profit	35,200	47,827	27,032	31,211	41,791	49,080

BALANCE SHEET	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec (RMB mn)						
Current assets	307,810	386,698	374,421	413,953	464,435	519,389
Cash & equivalents	71,892	108,350	137,488	149,159	190,660	238,653
Restricted cash	7,506	7,366	12,137	12,137	12,137	12,137
Account receivables	20,302	25,596	27,333	30,079	31,900	33,314
Inventories	68,058	89,326	95,428	118,051	124,761	129,937
Prepayment	15,639	15,951	17,898	17,898	17,898	17,898
Other current assets	124,413	140,109	84,137	86,629	87,080	87,450
Non-current assets	321,148	311,536	320,780	330,875	340,175	350,021
PP&E	70,035	82,737	91,349	101,444	110,744	120,590
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	744,828	804,610	869,410
Current liabilities	265,650	299,521	306,072	303,397	315,873	325,597
Short-term borrowings	5,034	7,581	8,014	8,014	8,014	8,014
Account payables	166,167	192,860	188,379	184,259	194,732	202,812
Tax payable	7,313	9,487	7,008	7,008	7,008	7,008
Other current liabilities	35,848	36,002	43,227	44,673	46,674	48,320
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	117,007	120,135	123,776
Long-term borrowings	10,411	24,770	20,798	43,765	46,893	50,534
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	420,405	436,007	449,373
Share capital	0	0	0	0	0	0
Capital surplus	231,858	239,347	225,040	230,875	238,357	245,961
Retained earnings	0	0	0	24,805	61,502	105,333
Other reserves	614	484	0	0	0	0
Total shareholders equity	232,472	239,831	225,040	255,680	299,860	351,293
Minority interest	63,908	73,466	68,743	68,743	68,743	68,743
Total equity and liabilities	628,958	698,234	695,201	744,828	804,610	869,410

CASH FLOW	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec (RMB mn)						
Operating						
Profit before taxation	31,650	51,538	25,323	32,724	47,895	59,926
Depreciation & amortization	8,292	8,904	9,747	9,904	10,454	10,784
Tax paid	(8,393)	(6,878)	(2,181)	(5,007)	(8,286)	(13,184)
Change in working capital	16,547	5,350	(6,923)	(30,535)	3,494	2,764
Others	11,425	(819)	(6,975)	4,707	4,570	4,692
Net cash from operations	59,521	58,095	18,991	11,793	58,127	64,982
Investing						
Capital expenditure	(15,050)	(16,950)	(14,520)	(19,999)	(19,754)	(20,630)
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	(19,999)	(19,754)	(20,630)
Financing						
Net borrowings	1,562	13,113	2,398	22,967	3,128	3,641
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)	22,967	3,128	3,641
Net change in cash						
Cash at the beginning of the year	82,013	76,308	112,626	146,535	161,296	202,797
Exchange difference	125	98	(186)	0	0	0
Cash at the end of the year	76,308	112,626	146,535	161,296	202,797	250,790
GROWTH	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec						
Revenue	3.7%	6.8%	13.0%	4.8%	6.1%	4.4%
Gross profit	8.6%	15.1%	14.2%	10.7%	7.9%	5.8%
Operating profit	37.1%	49.0%	(94.1%)	369.8%	164.3%	49.4%
EBIT	122.5%	57.5%	(50.5%)	28.1%	42.7%	23.7%
Net profit	132.8%	71.1%	(52.5%)	26.4%	47.9%	19.4%
Adj. net profit	24.7%	35.9%	(43.5%)	15.5%	33.9%	17.4%
PROFITABILITY	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec						
Gross profit margin	14.7%	15.9%	16.0%	16.9%	17.2%	17.5%
Operating margin	2.5%	3.5%	0.2%	0.8%	2.0%	2.9%
Adj. net profit margin	3.2%	4.1%	2.1%	2.3%	2.9%	3.2%
Return on equity (ROE)	10.8%	17.5%	8.4%	10.3%	13.2%	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	7.8	7.8
Inventory turnover days	(28.8)	(29.5)	(30.7)	(34.2)	(36.8)	(37.0)
Payable turnover days	(64.5)	(67.2)	(63.3)	(59.7)	(57.4)	(57.8)
VALUATION	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec						
P/E	12.7	7.1	14.2	11.2	7.6	6.4
P/E (diluted)	12.8	7.3	14.9	11.8	7.9	6.7
P/B	1.3	1.2	1.2	1.1	0.9	0.8

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

Disclosures & Disclaimers

Analyst Certification

The research analyst who is primary responsible for the content of this research report, in whole or in part, certifies that with respect to the securities or issuer that the analyst covered in this report: (1) all of the views expressed accurately reflect his or her personal views about the subject securities or issuer; and (2) no part of his or her compensation was, is, or will be, directly or indirectly, related to the specific views expressed by that analyst in this report.

Besides, the analyst confirms that neither the analyst nor his/her associates (as defined in the code of conduct issued by The Hong Kong Securities and Futures Commission) (1) have dealt in or traded in the stock(s) covered in this research report within 30 calendar days prior to the date of issue of this report; (2) will deal in or trade in the stock(s) covered in this research report 3 business days after the date of issue of this report; (3) serve as an officer of any of the Hong Kong listed companies covered in this report; and (4) have any financial interests in the Hong Kong listed companies covered in this report.

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

CMB International Global Markets Limited

Address: 45/F, Champion Tower, 3 Garden Road, Hong Kong, Tel: (852) 3900 0888 Fax: (852) 3900 0800

CMB International Global Markets Limited ("CMBIGM") is a wholly owned subsidiary of CMB International Capital Corporation Limited (a wholly owned subsidiary of China Merchants Bank)

Important Disclosures

There are risks involved in transacting in any securities. The information contained in this report may not be suitable for the purposes of all investors. CMBIGM does not provide individually tailored investment advice. This report has been prepared without regard to the individual investment objectives, financial position or special requirements. Past performance has no indication of future performance, and actual events may differ materially from that which is contained in the report. The value of, and returns from, any investments are uncertain and are not guaranteed and may fluctuate as a result of their dependence on the performance of underlying assets or other variable market factors. CMBIGM recommends that investors should independently evaluate particular investments and strategies, and encourages investors to consult with a professional financial advisor in order to make their own investment decisions.

This report or any information contained herein, have been prepared by the CMBIGM, solely for the purpose of supplying information to the clients of CMBIGM or its affiliate(s) to whom it is distributed. This report is not and should not be construed as an offer or solicitation to buy or sell any security or any interest in securities or enter into any transaction. Neither CMBIGM nor any of its affiliates, shareholders, agents, consultants, directors, officers or employees shall be liable for any loss, damage or expense whatsoever, whether direct or consequential, incurred in relying on the information contained in this report. Anyone making use of the information contained in this report does so entirely at their own risk.

The information and contents contained in this report are based on the analyses and interpretations of information believed to be publicly available and reliable. CMBIGM has exerted every effort in its capacity to ensure, but not to guarantee, their accuracy, completeness, timeliness or correctness. CMBIGM provides the information, advices and forecasts on an "AS IS" basis. The information and contents are subject to change without notice. CMBIGM may issue other publications having information and/ or conclusions different from this report. These publications reflect different assumption, point-of-view and analytical methods when compiling. CMBIGM may make investment decisions or take proprietary positions that are inconsistent with the recommendations or views in this report.

CMBIGM may have a position, make markets or act as principal or engage in transactions in securities of companies referred to in this report for itself and/or on behalf of its clients from time to time. Investors should assume that CMBIGM does or seeks to have investment banking or other business relationships with the companies in this report. As a result, recipients should be aware that CMBIGM may have a conflict of interest that could affect the objectivity of this report and CMBIGM will not assume any responsibility in respect thereof. This report is for the use of intended recipients only and this publication, may not be reproduced, reprinted, sold, redistributed or published in whole or in part for any purpose without prior written consent of CMBIGM.

Additional information on recommended securities is available upon request.

For recipients of this document in the United Kingdom

This report has been provided only to persons (I) falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended from time to time) ("The Order") or (II) are persons falling within Article 49(2) (a) to (d) ("High Net Worth Companies, Unincorporated Associations, etc.") of the Order, and may not be provided to any other person without the prior written consent of CMBIGM.

For recipients of this document in the United States

CMBIGM is not a registered broker-dealer in the United States. As a result, CMBIGM is not subject to U.S. rules regarding the preparation of research reports and the independence of research analysts. The research analyst who is primary responsible for the content of this research report is not registered or qualified as a research analyst with the Financial Industry Regulatory Authority ("FINRA"). The analyst is not subject to applicable restrictions under FINRA Rules intended to ensure that the analyst is not affected by potential conflicts of interest that could bear upon the reliability of the research report. This report is intended for distribution in the United States solely to "major US institutional investors", as defined in Rule 15a-6 under the US Securities Exchange Act of 1934, as amended, and may not be furnished to any other person in the United States. Each major US institutional investor that receives a copy of this report by its acceptance hereof represents and agrees that it shall not distribute or provide this report to any other person. Any U.S. recipient of this report wishing to effect any transaction to buy or sell securities based on the information provided in this report should do so only through a U.S.-registered broker-dealer.

For recipients of this document in Singapore

This report is distributed in Singapore by CMBI (Singapore) Pte. Limited (CMBISG) (Company Regn. No. 201731928D), an Exempt Financial Adviser as defined in the Financial Advisers Act (Cap. 110) of Singapore and regulated by the Monetary Authority of Singapore. CMBISG may distribute reports produced by its respective foreign entities, affiliates or other foreign research houses pursuant to an arrangement under Regulation 32C of the Financial Advisers Regulations. Where the report is distributed in Singapore to a person who is not an Accredited Investor, Expert Investor or an Institutional Investor, as defined in the Securities and Futures Act (Cap. 289) of Singapore, CMBISG accepts legal responsibility for the contents of the report to such persons only to the extent required by law. Singapore recipients should contact CMBISG at +65 6350 4400 for matters arising from, or in connection with the report.