

# JD.com (JD US)

## Results beat; eyeing on core business earnings growth

JD.com (JD) reported (6 Mar) 4Q24 results: revenue was RMB347.0bn, up 13.4% YoY (4Q23: 3.6%; 3Q24: 5.1%), 4% ahead of consensus; non-GAAP net profit was RMB11.3bn, up 34% YoY, and was 22% ahead of consensus, thanks to a 15% beat on JD Retail's (JDR) OP aided by stronger-than-expected scale effect. For 2024, total revenue was up 7% YoY to RMB1.2tn, and non-GAAP net profit was up 36% YoY to RMB47.8bn. Factoring into more positive than expected impact from nationwide trade-in program, as well as better-than-expected revenue generation capability in supermarket category bolstered by enhanced capability in capturing consumer demand, we lift 2025-2026E forecasts on revenue by 4-5% and that for non-GAAP NP by 5-7%. Our DCF-based TP is lifted by 3% to US\$55.0, translating into 12x 2025E PE (non-GAAP). We are looking for 9% YoY growth for both revenue and non-GAAP NP for JD in 2025E. Quality and sustainable earnings growth of core business as well as enhancement of shareholder return remain key stock price drivers, in our view. Maintain BUY.

- Nationwide trade-in program boosted revenue growth.** JD's net product revenue was RMB281.0bn in 4Q24 (81.0% of total revenue), up 14.0% YoY (4Q23: 3.7%; 3Q24: 4.8%) and 5% better than consensus, among which electronics and home appliances (E&HA) revenue was up 15.8% YoY (3Q24: 2.7%), boosted by home-appliance trade-in program. General merchandise revenue for the quarter was up 11.1% YoY (4Q23/3Q24: 0.2%/8.0%), and JD highlighted that revenue for supermarket category continued to deliver >10% YoY growth driven by continuously enhanced capability in capturing consumer demand.
- Solid services revenue growth better than market expectation.** In 4Q24, net services revenue was RMB66.0bn (19.0% of total revenue), up 10.8% YoY, among which marketplace and ads revenue was up 12.7% YoY (3Q24: 6.3%; 4Q23: -4.0%), and logistics and other services revenue was up 9.5% YoY. Within marketplace and ads segment, management noted that both ads and commission revenue achieved double-digit growth YoY in 4Q24, aided by double-digit GMV growth, as well as increase in willingness of advertising spending from first-party suppliers.
- JDR: margin expansion better than consensus in 4Q.** JD Retail (JDR) inked revenue of RMB307.1bn in 4Q24, up 15% YoY, 5% better than consensus, while its OP of RMB10.0bn was 15% ahead of consensus. OPM of JDR was 3.3%, up by 0.7ppts YoY and 0.3ppts ahead of consensus, which in our view was driven by GPM expansion due to scale effect. We anticipate JDR to see further OPM expansion to 4.1% in 2025E (2024: 4.0%) supported by solid revenue growth.
- Buyback halted in 4Q but amount of annual dividend payout enhanced.** JD announced annual cash dividend of US\$1.0 per ADS or aggregate amount of US\$1.5bn for 2024 (2023: US\$1.2bn), indicating a payout ratio of 23% based on 2024 non-GAAP net income, and translating into 2.3% of total market cap based on market close on 7 Mar. Also, JD repurchased a total of 127.6mn ADS for a total amount of US\$3.6bn for 2024 (9M24: US\$3.6bn), and the total volume of ADS repurchased amounted to 8.1% of total ADS outstanding as of 31 Dec 2023. Looking ahead, JD's remaining share repurchase program still has a quota of US\$5.0bn pending to be

**BUY (Maintain)**

**Target Price** **US\$55.00**  
 (Previous TP) **US\$53.20**  
**Up/Downside** **25.7%**  
**Current Price** **US\$43.76**

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### Stock Data

Mkt Cap (US\$ mn)	67,302.9
Avg 3 mths t/o (US\$ mn)	451.2
52w High/Low (US\$)	47.08/23.99
Total Issued Shares (mn)	1538.0
Source: FactSet	

### Shareholding Structure

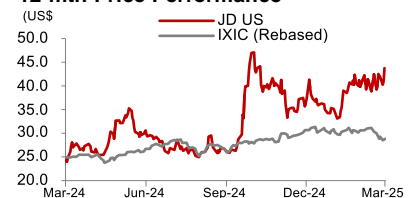
Richard Qiangdong Liu	13.8%
Max Smart Limited	13.3%
Source: HKEx	

### Share Performance

	Absolute	Relative
1-mth	9.4%	16.7%
3-mth	17.7%	26.0%
6-mth	67.9%	51.0%

Source: FactSet

### 12-mth Price Performance



Source: FactSet

utilized through the end of August 2027, and we are expecting for a relatively stable dividend pay-out ratio at 20-25% for the coming years.

### 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	29.93	31.35	34.79	36.86
P/E (x)	20.7	11.5	9.7	9.0	8.5

Source: Company data, Bloomberg, CMBIGM estimates

## Business forecasts update and valuation

Figure 1: JD: quarterly financial results

(RMBbn)	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24	4Q24E Consensus	Diff%
<b>Revenue breakdown by product and services revenue</b>										
<b>Net product revenues</b>	<b>195.6</b>	<b>233.9</b>	<b>195.3</b>	<b>246.5</b>	<b>208.5</b>	<b>233.9</b>	<b>204.6</b>	<b>281.0</b>	<b>266.8</b>	<b>5.3%</b>
YoY growth (%)	-4.3%	3.5%	-0.9%	3.7%	6.6%	0.0%	4.8%	14.0%		
Electronics and home appliance revenues	117.0	152.1	119.3	150.4	123.2	145.1	122.6	174.1	162.7	7.1%
YoY growth (%)	-1.2%	11.4%	0.0%	6.1%	5.3%	-4.6%	2.7%	15.8%		
General merchandise revenues	78.6	81.7	76.0	96.1	85.3	88.8	82.1	106.8	104.1	2.6%
YoY growth (%)	-8.7%	-8.6%	-2.3%	0.2%	8.6%	8.7%	8.0%	11.1%		
<b>Net services revenues</b>	<b>47.4</b>	<b>54.1</b>	<b>52.4</b>	<b>59.6</b>	<b>51.5</b>	<b>57.5</b>	<b>55.8</b>	<b>66.0</b>	<b>65.2</b>	<b>1.2%</b>
YoY growth (%)	34.5%	30.1%	12.7%	3.0%	8.8%	6.3%	6.5%	10.8%		
Marketplace and advertising revenues	19.1	22.5	19.5	23.6	19.3	23.4	20.8	26.6	25.5	4.3%
YoY growth (%)	7.8%	8.5%	3.0%	-4.0%	1.2%	4.1%	6.3%	12.7%		
Logistics and other service revenues	28.3	31.6	32.9	36.0	32.3	34.1	35.0	39.4	39.7	-0.8%
YoY growth (%)	61.3%	51.5%	19.3%	8.1%	13.8%	7.9%	6.5%	9.5%		
<b>Revenue breakdown by business segments</b>										
<b>JD Retail</b>	<b>212.4</b>	<b>253.3</b>	<b>212.1</b>	<b>267.6</b>	<b>226.8</b>	<b>257.1</b>	<b>225.0</b>	<b>307.1</b>	<b>292.8</b>	<b>4.9%</b>
YoY growth (%)	-2.4%	4.9%	0.1%	3.4%	6.8%	1.5%	6.1%	14.7%		
<b>JD Logistics</b>	<b>36.7</b>	<b>41.0</b>	<b>41.7</b>	<b>47.2</b>	<b>42.1</b>	<b>44.2</b>	<b>44.4</b>	<b>52.1</b>		
YoY growth (%)	34.3%	31.2%	16.5%	9.7%	14.7%	7.7%	6.6%	10.4%		
<b>New businesses (including Dada)</b>	<b>6.0</b>	<b>7.1</b>	<b>6.7</b>	<b>6.8</b>	<b>4.9</b>	<b>4.6</b>	<b>5.0</b>	<b>4.7</b>		
YoY growth (%)	-6.5%	-16.6%	-9.4%	-8.9%	-19.2%	-35.0%	-25.7%	-31.0%		
<b>Intersegment elimination</b>	<b>-12.2</b>	<b>-13.5</b>	<b>-12.7</b>	<b>-15.6</b>	<b>-13.8</b>	<b>-14.5</b>	<b>-14.0</b>	<b>-16.8</b>		
<b>Total revenue</b>	<b>243.0</b>	<b>287.9</b>	<b>247.7</b>	<b>306.1</b>	<b>260.0</b>	<b>291.4</b>	<b>260.4</b>	<b>347.0</b>	<b>332.4</b>	<b>4.4%</b>
YoY growth (%)	1.4%	7.6%	1.7%	3.6%	7.0%	1.2%	5.1%	13.4%		
Gross profit	36.0	41.4	38.8	43.5	39.8	45.9	45.0	53.1	50.2	5.8%
Operating profit	6.4	8.3	9.3	2.0	7.7	10.5	12.0	8.5	8.5	0.3%
JD Retail operating profit	9.8	8.1	11.0	6.9	9.3	10.1	11.6	10.0	8.7	15.2%
New businesses (ex. Gain on sale of property)	-0.6	0.1	-0.1	-1.7	-0.3	-0.5	-0.4	-2.1		
<b>Non-GAAP net profit</b>	<b>7.6</b>	<b>8.6</b>	<b>10.6</b>	<b>8.4</b>	<b>8.9</b>	<b>14.5</b>	<b>13.2</b>	<b>11.3</b>	<b>9.3</b>	<b>21.7%</b>
YoY growth (%)	88.3%	31.9%	5.9%	9.9%	17.2%	69.0%	23.9%	34.2%		
<b>Margin profile</b>										
GPM (%)	14.8%	14.4%	15.6%	14.2%	15.3%	15.8%	17.3%	15.3%	15.1%	0.2 ppt
OPM (%)	2.6%	2.9%	3.8%	0.7%	3.0%	3.6%	4.6%	2.4%	2.5%	-0.1 ppt
<b>JD Retail</b>	<b>4.6%</b>	<b>3.2%</b>	<b>5.2%</b>	<b>2.6%</b>	<b>4.1%</b>	<b>3.9%</b>	<b>5.2%</b>	<b>3.3%</b>	<b>3.0%</b>	<b>0.3 ppt</b>
Adjusted NPM (%)	3.1%	3.0%	4.3%	2.7%	3.4%	5.0%	5.1%	3.3%	2.8%	0.5 ppt

Source: Bloomberg, Company data, CMBIGM

**Figure 2: JD: forecast revision**

RMB bn	Current			Previous			Change (%)		
	2025E	2026E	2027E	2025E	2026E	2027E	2025E	2026E	2027E
Revenue	1,267.8	1,340.2	1,398.8	1,218.0	1,278.0	-	4.1%	4.9%	-
Gross profit	207.5	221.6	232.6	200.2	210.9	-	3.7%	5.1%	-
Non-GAAP net profit	52.2	56.3	59.1	49.7	52.5	-	4.9%	7.2%	-
Gross margin	16.4%	16.5%	16.6%	16.4%	16.5%	-	-0.1 ppt	0.0 ppt	-
Non-GAAP net margin	4.1%	4.2%	4.2%	4.1%	4.1%	-	0.0 ppt	0.1 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	1,267.8	1,340.2	1,398.8	1,212.2	1,274.8	1,322.2	4.6%	5.1%	5.8%
Gross profit	207.5	221.6	232.6	194.3	206.6	217.6	6.8%	7.2%	6.9%
Non-GAAP net profit	52.2	56.3	59.1	48.7	52.3	55.8	7.1%	7.6%	6.0%
Gross margin	16.4%	16.5%	16.6%	16.0%	16.2%	16.5%	0.3 ppt	0.3 ppt	0.2 ppt
Non-GAAP net margin	4.1%	4.2%	4.2%	4.0%	4.1%	4.2%	0.1 ppt	0.1 ppt	0.0 ppt

Source: Bloomberg, CMBIGM estimates

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

Our target price is US\$55.0, based on DCF valuation methodology (WACC of 11.8% and terminal growth of 1.5%; both unchanged). Our target price translates into 12x 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	1,268	1,340	1,399	1,444	1,479	1,506	1,527	1,543	1,556	1,566
NPV of FCF	279									
Discounted terminal value	183									
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.

## 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
<b>YE 31 Dec (RMB mn)</b>						
<b>Operating</b>						
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
<b>Net cash from operations</b>	<b>57,819</b>	<b>59,521</b>	<b>58,095</b>	<b>77,763</b>	<b>79,024</b>	<b>81,781</b>
<b>Investing</b>						
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
<b>Net cash from investing</b>	<b>(54,026)</b>	<b>(59,543)</b>	<b>(871)</b>	<b>(27,891)</b>	<b>(28,145)</b>	<b>(27,975)</b>
<b>Financing</b>						
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
<b>Net cash from financing</b>	<b>1,180</b>	<b>(5,808)</b>	<b>(21,004)</b>	<b>28,954</b>	<b>4,737</b>	<b>4,963</b>
<b>Net change in cash</b>						
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
<b>Cash at the end of the year</b>	<b>82,013</b>	<b>76,308</b>	<b>112,626</b>	<b>191,452</b>	<b>247,068</b>	<b>305,838</b>
GROWTH	2022A	2023A	2024A	2025E	2026E	2027E
<b>YE 31 Dec</b>						
Revenue	9.9%	3.7%	6.8%	9.4%	5.7%	4.4%
Gross profit	14.0%	8.6%	15.1%	12.8%	6.8%	5.0%
Operating profit	376.3%	37.1%	49.0%	18.0%	12.6%	9.1%
EBIT	na	122.5%	57.5%	12.9%	9.5%	7.0%
Net profit	na	132.8%	71.1%	18.5%	7.9%	5.1%
Adj. net profit	64.0%	24.7%	35.9%	9.1%	7.8%	5.1%
PROFITABILITY	2022A	2023A	2024A	2025E	2026E	2027E
<b>YE 31 Dec</b>						
Gross profit margin	14.1%	14.7%	15.9%	16.4%	16.5%	16.6%
Operating margin	1.9%	2.5%	3.5%	3.8%	4.0%	4.2%
Adj. net profit margin	2.7%	3.2%	4.1%	4.1%	4.2%	4.2%
Return on equity (ROE)	4.9%	10.8%	17.5%	18.4%	16.4%	14.5%
GEARING/LIQUIDITY/ACTIVITIES	2022A	2023A	2024A	2025E	2026E	2027E
<b>YE 31 Dec</b>						
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	1.5	1.6	1.8
Receivable turnover days	5.7	6.9	7.2	7.7	7.8	7.8
Inventory turnover days	(31.2)	(28.8)	(29.5)	(30.1)	(28.7)	(28.9)
Payable turnover days	(61.1)	(64.5)	(67.2)	(66.8)	(65.5)	(65.8)
VALUATION	2022A	2023A	2024A	2025E	2026E	2027E
<b>YE 31 Dec</b>						
P/E	47.8	20.7	11.5	9.7	9.0	8.5
P/E (diluted)	48.7	20.8	11.8	10.0	9.2	8.8
P/B	2.3	2.1	2.0	1.6	1.3	1.1

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

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