

JD.com Inc

Outlook brightens as drags from food delivery ease

13 March 2026

Company Overview

JD.com is one of the leading e-commerce platforms in China with a market share of c.18%. JD.com offers a wide range of products, including electronics, home appliances, and groceries, among others. Its revenue sources include electronics and home Appliances (50%), general merchandises (31%), marketplace marketing revenues (8%), and logistics and other service revenues (12%).

Investment Overview

Third largest e-commerce player in China. Third largest e-commerce player in China. JD.com currently has a c.17% market share in terms of GMV. Its self-developed fulfilment and logistics infrastructure (1,300 warehouses with GFA of 23mn sq. ft.) makes it stand out among peers with its ability to offer superior customer experience and supply chain solutions to merchants.

Improving UE outlook for FD. JD's Food Delivery (FD) business is set to show improving unit economics (UE) as the investment in the FD business this year will be lower than that in 2025. The operating loss for the FD segment narrowed 20% q/q in 4Q. JD also plans to introduce a reasonable commission rate and ad monetization in 2026 to further reduce losses of its FD service. Accordingly, we expect continued loss narrowing in new businesses despite increasing investment for Jingxi and overseas expansion.

GM to drive JDR despite high base. JD Retail (JDR) anticipates mid-single-digit % growth in both revenue and profit, alongside stable margins. This outlook should reassure the market, particularly given last year's high base. The General Merchandise (GM) category remains a growth engine, having delivered double-digit % growth for five consecutive quarters. Key sub-categories within GM include health products, fashion, and JD supermarkets, all of which are expected to extend their strong momentum into the coming year.

Maintain BUY with TPs of HKD141/USD36 (previously HKD150/USD38). We trim FY26F/27F earnings by 7%-12% to reflect softer retail GMV assumptions amid weaker national subsidy support. Nevertheless, we maintain BUY on JD for (i) continued narrowing in new business losses over time, (ii) undemanding valuation of 9x FY26F P/E, and (iii) meaningful capital returns via dividends (~4% yield) and buybacks (~6% of outstanding) in FY26F. Maintain BUY on undemanding 9x FY26F P/E, improving medium-term profitability, and attractive capital return; TP revised down slightly to HKD141/USD36 on unchanged multiple of 12x adj. 12-month rolling P/E.

Risks

(1) Slowing macro economy and (2) irrational market competition in new segments and lower tier cities.

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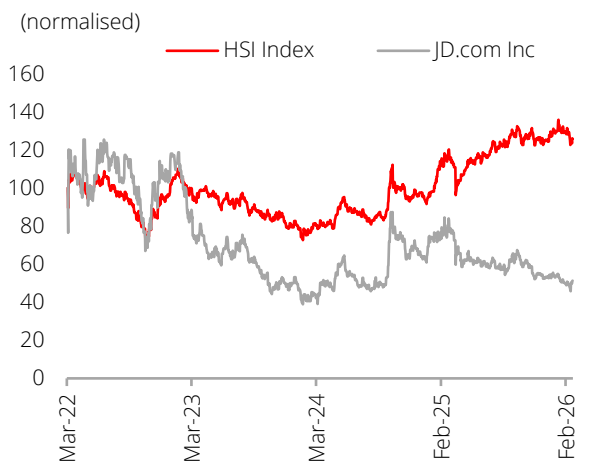
Key Financial Data

Bloomberg Ticker	9618 HK
Sector	Consumer Discretionary Distribution
Share Price (HKD)	109.50
DBS Rating	BUY
12-mth Target Price (HKD)	141.00
Market Cap (USD bn)	46.0
Volume (m shares)	169.4
Dividend yield (%)	3.4
Fwd. P/E (x)	9.4
P/Book (x)	1.3
ROE (%)	8.5

Closing Price as of 12 Mar 2026

Source: Bloomberg, DBS

Indexed Share price vs Composite Index Performance



Financial Summary (CNYmn)

FY Mar	FY2023(A)	FY2024(A)	FY2025(A)	FY2026(F)	FY2027(F)
Sales	1,084,662	1,158,819	1,309,085	1,353,342	1,416,509
% y/y	3.7	6.8	13.0	3.4	4.7
Gross Profit	159,704	183,868	210,028	217,129	227,263
% y/y	8.6	15.1	14.2	3.4	4.7
EBITDA	53,856	69,806	44,431	49,513	62,543
% y/y	52.5	29.6	(36.4)	11.4	26.3
Net Profit (Loss)	24,167	41,359	19,631	28,155	40,555
% y/y	132.8	71.1	(52.5)	43.4	44.0
FCF	39,506	44,276	11,262	103,808	57,824
% y/y	13.2	12.1	(74.6)	821.8	(44.3)
CAPEX	(20,015)	(13,819)	(13,819)	(13,819)	(13,819)
% y/y	(12.6)	(31.0)	0.00	0.00	0.00
EBITDA Margin (%)	5.0	6.0	3.4	3.7	4.4
Net Margin (%)	2.2	3.6	1.5	2.1	2.9
ROA (%)	3.9	6.2	2.8	3.9	5.2
ROE (%)	10.9	17.6	8.5	11.8	15.3
Tax Rate (%)	26.5	13.3	8.6	17.5	17.5

Source: DBS

Valuation Metrics

FY Mar	FY2023(A)	FY2024(A)	FY2025(A)	FY2026(F)	FY2027(F)
PE (x)	11.1	6.2	12.4	9.1	6.3
P/B (x)	1.2	1.1	1.2	1.0	1.0
Dividend Yield (%)	3.2	4.1	3.8	5.6	6.1
EV/EBITDA (x)	3.4	2.3	4.1	2.9	1.8
FCF Yield (%)	21.8	27.4	6.2	72.8	51.7
Net DPS (HKD)	3.0	3.7	3.6	5.5	5.9
BV Per Share (HKD)	81.3	81.9	81.3	92.7	101.1

Source: DBS

Credit & Cashflow Metrics

FY Mar	FY2023(A)	FY2024(A)	FY2025(A)	FY2026(F)	FY2027(F)
Debt / Equity (x)	0.2	0.2	0.3	0.2	0.2
Net Debt / Equity (x)	cash	cash	cash	cash	cash
Debt / Assets (x)	0.1	0.1	0.1	0.1	0.1
EBITDA / Int Exp (x)	18.7	24.1	15.9	17.7	22.3
Debt / EBITDA (x)	0.9	0.9	1.7	1.5	1.2
Receivables Days	6.9	7.2	7.4	9.2	13.2
Days Payable	82.2	84.7	79.9	81.9	87.7
Inventory Days	29.1	29.7	30.9	29.4	25.2

Source: DBS

Target Price & Ratings History



S.No.	Date	Closing Price	Target Price	Rating
1	7-Mar-25	170.10	228.00	BUY
2	14-May-25	141.60	215.00	BUY
3	11-Jul-25	123.30	164.00	BUY
4	14-Nov-25	116.90	159.00	BUY
5	13-Jan-26	117.40	150.00	BUY

Note: Share price and Target price are adjusted for corporate actions

Source: DBS

Analysts: Andy YU
Ben WONG

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STRONG BUY (>20% total return over the next 3 months, with identifiable share price catalysts within this time frame)

BUY (>15% total return over the next 12 months for small caps, >10% for large caps)

HOLD (-10% to +15% total return over the next 12 months for small caps, -10% to +10% for large caps)

FULLY VALUED (negative total return, i.e., > -10% over the next 12 months)

SELL (negative total return of > -20% over the next 3 months, with identifiable share price catalysts within this time frame)

*Share price appreciation + dividends

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