

JD.com (9618 HK)

3Q26 Results Preview: Broadly In Line; Food Delivery Losses Narrow As International Expansion Continues

Highlights

- JD.com is expected to report its 3Q26 results in mid-November. We forecast group revenue to grow 3.5% yoy to Rmb309.6b, broadly in line with consensus, supported by JD Retail's return to positive growth. Retail operating margin should remain broadly stable yoy, while narrowing food delivery and Jingxi losses should support group earnings recovery, partly offset by a modest increase in international losses as JD continues its European expansion.
- Maintain BUY with an unchanged target price of HK\$148.00 (US\$38.00).

Analysis

- Group revenue broadly in line with expectations; retail revenue returns to positive growth.** We forecast JD.com (JD) 3Q26 group revenue growing 3.5% yoy to Rmb309.6b, broadly in line with market expectations of 4%, supported by JD Retail's return to positive revenue growth of 3% yoy to Rmb258.1b. Group revenue growth should outpace JD Retail's by around 0.5ppt, with the narrower gap reflecting a smaller contribution from food delivery fulfilment revenue to group growth. By product category, electronics and home appliances revenue is expected to decline 4% yoy to Rmb123.8b, vs a 12% decline in 2Q26, driven by healthy smartphone growth and narrowing declines in home appliances and computers. Meanwhile, general merchandise revenue is expected to grow 8% yoy to Rmb105.3b, supported by supermarket growth approaching double digits and a recovery in fashion and home categories, although fashion continues to weigh on overall growth. On profitability, JD Retail's gross margin is expected to reach a record high, supported by a higher general merchandise mix and faster growth in commission and advertising revenue. However, higher AI-related R&D and fulfilment expenses should partly offset these gains, leaving retail operating margin broadly stable yoy.
- New business losses continue to narrow, alongside growing food delivery orders.** New business losses are expected to narrow from around Rmb10b in 2Q26 to around Rmb9b in 3Q26, supported by a better-than-expected qoq loss reduction in food delivery. Food delivery order volume continues to grow qoq despite lower total investment, reflecting improving unit economics, while losses should decline by more than half yoy. Management indicated that Jingxi losses should also narrow to below Rmb2b in 3Q26, from above Rmb2b in 2Q26, following peak investment in the previous quarter. These improvements should partly offset a modest qoq increase in international business losses, which are expected to remain below Rmb2b as JD.com's European expansion continues.

Key Financials

Year to 31 Dec (Rmbm)	2024	2025	2026F	2027F	2028F
Net turnover	1,158,819	1,309,085	1,346,183	1,445,840	1,523,310
EBITDA	33,865	8,363	15,131	64,242	73,550
Operating profit	38,736	2,774	16,645	33,046	42,536
Net profit (rep./act.)	41,359	19,631	24,971	35,749	43,520
Net profit (adj.)	47,827	27,032	32,195	42,330	49,249
EPS	1,572.7	919.8	1,151.5	1,514.0	1,744.0
PE	5.7	9.7	7.8	5.9	5.1
P/B	1.1	1.1	1.1	0.9	0.8
EV/EBITDA	9.2	37.1	20.5	4.8	4.2
Dividend yield	0.0	0.0	0.0	0.1	0.1
Net margin	3.6	1.5	1.9	2.5	2.9
Net debt/(cash) to equity	(12.8)	(18.7)	1.3	(28.8)	(41.5)
ROE	17.5	8.4	11.2	15.1	15.7
Consensus net profit	-	-	31,339.6	40,608.9	48,832.3
UOBKH/Consensus (x)	-	-	1.03	1.04	1.01

Source: JD.com, Bloomberg, UOB Kay Hian

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BUY (Maintained)

Share Price	HK\$104.90
Target Price	HK\$148.00
Upside	41.1%

Stock Data

Sector	Consumer Discretionary
Bloomberg ticker	9618 HK
Shares issued (m)	2,409.9
Market cap (HK\$m)	286,549.2
Market cap (US\$m)	36,513.8
3-mth avg daily t'over (US\$m)	120.0

Price Performance (%)

52-week high/low			HK\$134.80/HK\$95.80	
1mth	3mth	6mth	1yr	YTD
(1.2)	(7.3)	(5.8)	(20.4)	(6.0)

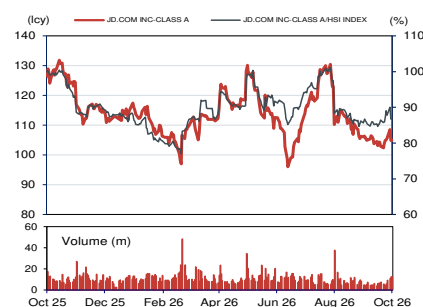
Major Shareholders (%)

Blackrock Inc	5.1
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Balance Sheet Metrics

FY26 NAV/Share (Rmb\$)	81.70
FY26 Net Debt/Share (Rmb\$)	1.03

Price Chart



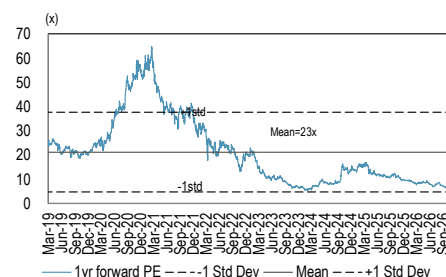
Source: Bloomberg

Company Description

JD.com is the leading online direct sales player in China.

- **4Q26 outlook: Further reduction in food delivery segment's losses; retail growth and margins remain uncertain.** Revenue growth is expected to be no weaker than in 3Q26, although macro uncertainty and limited visibility on Double 11 sales temper expectations for further acceleration. The fulfilment of some new iPhone orders deferred from 3Q26 could provide additional revenue support. Retail margin visibility remains limited, with AI-related R&D and fulfilment expenses remaining potential pressure points. Meanwhile, food-delivery losses should narrow further qoq as unit economics improve. However, the overall new business loss trajectory remains uncertain, given Jingxi's promotional spending and a potential further increase in international losses.
- **AI strategy focuses on enhancing the existing shopping experience.** JD is integrating AI capabilities into its existing app while remaining open to partnerships with third-party AI providers. Management highlighted that the September app update introduced AI assistance across shopping decisions, including product comparisons, alongside AI agents for procurement and sales teams. The focus remains on improving user experience and strengthening JD's product, pricing and service capabilities, rather than developing a standalone consumer AI-agent app. Management expects these investments to generate incremental revenue or reduce other operating expenses over time, although the financial returns have yet to be quantified.
- **European expansion progresses, with revenue growth outpacing loss increases.** Management indicated that international revenue continues to grow rapidly, while the increase in losses remains comparatively contained. User growth, business scale and customer feedback are broadly in line with expectations as the business expands. JD's European strategy focuses on local e-commerce, serving consumers within each market rather than through a cross-border model, supported by its supply-chain capabilities and emphasis on product selection, pricing and service.

12-Month Forward Pe Band



Source: Bloomberg, UOB Kay Hian

Valuation/Recommendation

- **Maintain BUY with an unchanged target price of HK\$148.00 (US\$38.00),** which implies 12x 2026F PE. JD.com is trading at 8.5x 2026F PE. Our target price implies a 41% upside potential, supported by: a) attractive valuation, b) resilient JD Retail fundamentals, and c) shareholder return of around 5% from the ongoing share buyback.

Earnings Revision/Risk

- We leave our 2026 revenue forecast largely unchanged at Rmb1,346.2b, up 2.8% yoy, but cut our earnings forecast by 2% to Rmb32.2b, up 19% yoy, reflecting higher AI-related R&D and fulfilment expenses, widening international business losses and continued macroeconomic headwinds.
- **Risks:** a) Continued losses from the food delivery business, b) slowing gross merchandise value (GMV) growth, c) weak macroeconomic and consumption conditions, and d) rising product prices potentially weighing on demand.

Share Price Catalyst

- Easing high-base effects, b) continued margin expansion driven by improved operating efficiency, and c) further narrowing of food delivery losses.

SOTP-Based Valuation

2027F	Revenue (Rmbm)	EBITDA (Rmbm)	EV/EBITDA (x)	EV/Sales (x)	To JD (HK\$)	JD stake	To JD(20% discount)	HK\$/share	of TP value
JD Retail	1,199,186	56,362	4		225,447	Majority	180,357	60	40%
JD Logistics (mkt cap)					80,677	63%	56,474	19	13%
New Business and others	38,054			1	38,054	37%	30,443	5	3%
JD Health (mkt cap)					108,348	67%	75,844	25	17%
JD industrial					28,826	71%	20,178	7	4%
Net cash					101,150		80,920	33	23%
SOTP value					582,502		444,217	148	

Source: JD.com, UOB Kay Hian

Profit & Loss

Year to 31 Dec (Rmbm)	2025	2026F	2027F	2028F
Net turnover	1,309,085.0	1,346,182.9	1,445,840.2	1,523,309.9
EBITDA	8,363.0	15,131.1	64,241.8	73,549.8
Deprec. & amort.	5,589.0	(1,514.0)	31,195.7	31,013.3
EBIT	2,774.0	16,645.1	33,046.1	42,536.4
Total other non-operating income	8,025.0	4,187.0	0.0	0.0
Associate contributions	0.0	0.0	0.0	0.0
Net interest income/(expense)	14,524.0	12,474.0	11,761.1	12,552.3
Pre-tax profit	25,323.0	33,306.1	44,807.2	55,088.7
Tax	(2,181.0)	(6,049.6)	(9,058.5)	(11,568.6)
Minorities	(3,511.0)	(2,286.0)	0.0	0.0
Net profit	19,631.0	24,970.6	35,748.7	43,520.1
Net profit (adj.)	27,032.0	32,194.9	42,330.4	49,248.6

Cash Flow

Year to 31 Dec (Rmbm)	2025	2026F	2027F	2028F
Operating	18,991.0	50,380.6	54,019.9	80,973.6
Profit to the year	25,323.0	33,306.1	44,807.2	55,088.7
Tax	(2,181.0)	(6,049.6)	(9,058.5)	(11,568.6)
Deprec. & amort.	5,589.0	(1,514.0)	31,195.7	31,013.3
Associates	0.0	0.0	0.0	0.0
Working capital changes	2,836.0	24,638.0	(12,924.6)	6,440.2
Non-cash items	0.0	0.0	0.0	0.0
Other operating cashflows	(12,576.0)	0.0	0.0	0.0
Investing	41,832.0	7,552.0	(28,916.8)	(30,466.2)
Capex (growth)	(14,201.0)	(3,003.0)	(28,916.8)	(30,466.2)
Investment	51,978.0	58,040.0	58,040.0	58,040.0
Others	4,052.0	(47,489.0)	(58,045.0)	(58,045.0)
Financing	(26,728.0)	(67,548.0)	(3,200.0)	(3,200.0)
Dividend payments	0.0	0.0	0.0	0.0
Proceeds from borrowings	9,930.0	(3,517.0)	(3,200.0)	(3,200.0)
Loan repayment	0.0	0.0	0.0	0.0
Others/interest paid	(36,658.0)	(64,031.0)	0.0	0.0
Net cash inflow (outflow)	34,095.0	(9,615.4)	21,903.1	47,307.4
Beginning cash & cash equivalent	115,716.0	149,625.0	140,009.6	161,912.6
Changes due to forex impact	(174.0)	0.0	0.0	0.0
Ending cash & cash equivalent	149,637.0	140,009.6	161,912.6	209,220.0

Balance Sheet

Year to 31 Dec (Rmbm)	2025	2026F	2027F	2028F
Fixed assets	91,349.0	95,866.0	93,587.1	93,040.0
Other LT assets	229,431.0	224,938.0	224,939.0	224,939.0
Cash/ST investment	137,488.0	89,068.0	161,912.6	209,220.0
Other current assets	236,933.0	315,534.0	296,001.8	306,229.7
Total assets	695,201.0	725,406.0	776,440.6	833,428.7
ST debt	0.0	3,534.0	3,534.0	3,534.0
Other current liabilities	306,072.0	351,202.0	332,141.3	348,809.3
LT debt	95,346.0	88,295.0	85,095.0	81,895.0
Other LT liabilities	0.0	0.0	0.0	0.0
Shareholders' equity	225,040.0	219,118.0	254,867.7	298,387.8
Minority interest	68,743.0	63,257.0	63,257.0	63,257.0
Total liabilities & equity	695,201.0	725,406.0	738,895.0	795,883.2

Key Metric

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Profitability				
EBITDA margin	0.6	1.1	4.4	4.8
Pre-tax margin	1.9	2.5	3.1	3.6
Net margin	1.5	1.9	2.5	2.9
ROA	2.8	3.5	4.8	5.4
ROE	8.4	11.2	15.1	15.7
Growth				
Turnover	13.0	2.8	7.4	5.4
EBITDA	(75.3)	80.9	324.6	14.5
Pre-tax profit	(50.9)	31.5	34.5	22.9
Net profit	(52.5)	27.2	43.2	21.7
Net profit (adj.)	(43.5)	19.1	31.5	16.3
EPS	(41.5)	25.2	31.5	15.2
Leverage				
Debt to total capital	24.5	24.5	21.8	19.1
Debt to equity	42.4	41.9	34.8	28.6
Net debt/(cash) to equity	(18.7)	1.3	(28.8)	(41.5)

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