JD.com Inc. (JD): NDR highlights: JD Retail growth inflecting; with new business investment discipline; Buy

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We hosted JD's CFO Mr. Ian Shan and the Investor Relations team post-results. **Key investor focus areas/topics discussed included 1)** JD Retail revenue growth inflecting into 2H26, with July growth outpacing June (which was the fastest month of growth in 2Q); **2)** stable profit margin outlook for JD Retail into 3Q; **3)** further sequential food delivery loss narrowing; **4)** rapid Joybuy/Jingxi growth, with disciplined, dynamically-reviewed investment scale; **5)** strategic AI/physical AI investment leveraging JD's physical-world operating data; and **6)** continued strong commitment to shareholder returns.

1) JD Retail revenue growth inflecting into 2H26, where management highlighted that 2Q revenue exceeded expectations as 618 performance and a June rebound offset softer retail sales in April/May. The company expects JD Retail to return to positive top-line growth in 3Q (with July improving from June) from the roll-off of a high trade-in subsidy base, yet electronics ASP inflation may be a swing factor to demand. Over the longer term, the company continues to target double-digit growth through further share gains, marketplace/advertising and services revenues.

2) Stable profit margin outlook for JD Retail, where continued supply chain efficiency, category mix improvement and solid growth in higher margin services (including double-digit advertising growth) are expected to support further gross margin improvement. Management expects OP margin to remain largely stable, as improving marketing efficiency and lower reliance on traditional traffic acquisition provide greater flexibility for sustained R&D investments in AI-enabled workflow transformation and logistics automation.

3) Narrowing food delivery loss while maintaining critical order scale, where JD continues to deliver healthy sequential order growth alongside lower subsidies and improving fulfillment efficiency (with UE loss narrowing further). Management expects losses to further decline significantly year-on-year into 3Q, while balancing continued UE improvement with the order density required to reach scale benefits and support core business synergies.

4) Rapid growth in Joybuy and Jingxi with disciplined investment, where Joybuy revenue and GMV doubled in 2 quarters, while city expansion and continued scale-up will drive higher quarterly investment scale sequentially into 2H. Management sees an emerging differentiated proposition in Europe through faster fulfillment, integrated delivery and installation, and a broader product offering overseas. Jingxi also delivered faster-than-expected growth, with new businesses losses to be dynamically reviewed based on operating progress and incremental returns.

5) Strategic R&D roadmap and physical AI investment considerations, where R&D expenses have grown substantially over the last few quarters, driven by rising headcount costs and substantial IT/compute resource expenses. Management views AI as an urgent and essential technological wave to invest in, focusing strategically on Embodied AI to leverage JD's unique data accumulated from massive physical world operations.

6) Long-term commitment to shareholder return unchanged, through continued execution of the US$5bn repurchase program (with the remaining c.US$1bn expected to be completed by end-August 2027), alongside subsidiary-level buybacks and offset of ESOP-related dilution. The company targets to maintain a stable annual dividend, limiting the impact of short-term profit fluctuations on distributions.

Despite broadly in-line 2Q results**, we attribute JD's weak share price reaction post-results to: 1)** positioning pre-results and questions around JD Retail's level of normalized growth rate (especially after general merchandise growth moderated to 6% in 2Q); **2)** a more gradual sequential narrowing of food delivery losses, as JD continues to prioritize maintaining a critical daily order scale (while its smaller scale vs. top 2 players may constrain the pace of further loss reduction); and **3)** potentially higher Joybuy investment into 2H26-2027 as the business scales and expands into three additional countries from the current six. These being said, we expect further JD Retail growth recovery from 3Q into 4Q on an even more favorable base, while we expect Joybuy's supply chain-driven model entails front-loaded investment (GSe: still manageable within Rmb2bn investment scale a quarter) would be able to achieve strong moats once local fulfillment/installation/procurement scale are established.

We continue to see JD as a multiple repair/re-rating story into the second half of 2026 given a recovering top-line and profit recovery yoy, and remain **Buy** rated with unchanged 12-m TPs of **US$43/HK$169**. We believe JD's business set-up/narrative will continue to improve (already a relative outperformer year-to-date within China Internet) over the remainder of 2026, driven by attractive valuations and FCF/consistent shareholder return policies, recovery of domestic growth of its unique 1P-driven JD Retail business in China, and new growth drivers from its supply-chain driven food delivery/instant delivery business and an expanding global retailer footprint.

Exhibit 1: Our yearly and quarterly estimates for JD

JD.com	2023	2024	2025	2026E	2027E	2028E	1Q25	2Q25	3Q25	4Q25	1Q26	2Q26	3Q26E	4Q26E
Rmb mn														
Online direct sales	**871,224**	**928,007**	**1,023,802**	**1,034,165**	**1,090,180**	**1,140,098**	**242,309**	**282,414**	**226,092**	**272,987**	**244,819**	**267,115**	**231,529**	**290,702**
yoy%	*1%*	*7%*	*10%*	*1%*	*5%*	*5%*	*16%*	*21%*	*10%*	*-3%*	*1%*	*-5%*	*2%*	*6%*
Electronics and home appliances pro	538,799	564,982	605,131	580,926	598,354	615,407	144,295	178,982	128,587	153,267	132,171	157,886	128,716	162,153
yoy%	*4%*	*5%*	*7%*	*-4%*	*3%*	*3%*	*17%*	*23%*	*5%*	*-12%*	*-8%*	*-12%*	*0%*	*6%*
General merchandise and others reve	332,425	363,025	418,671	453,239	491,827	524,691	98,014	103,432	97,505	119,720	112,648	109,229	102,813	128,549
yoy%	*-5%*	*9%*	*15%*	*8%*	*9%*	*7%*	*15%*	*16%*	*19%*	*12%*	*15%*	*6%*	*5%*	*7%*
Services and others	**213,438**	**230,812**	**285,283**	**323,578**	**374,673**	**416,081**	**58,773**	**74,246**	**72,967**	**79,297**	**70,875**	**79,286**	**82,535**	**91,313**
yoy%	*18%*	*8%*	*24%*	*13%*	*16%*	*11%*	*14%*	*29%*	*31%*	*20%*	*21%*	*7%*	*13%*	*15%*
Total revenue	**1,084,662**	**1,158,819**	**1,309,085**	**1,357,743**	**1,464,853**	**1,556,179**	**301,082**	**356,660**	**299,059**	**352,284**	**315,694**	**346,401**	**314,064**	**382,015**
yoy%	*4%*	*7%*	*13%*	*4%*	*8%*	*6%*	*16%*	*22%*	*15%*	*2%*	*5%*	*-3%*	*5%*	*8%*
COGS	(924,958)	(974,951)	(1,099,057)	(1,139,126)	(1,222,408)	(1,290,762)	(253,234)	(300,020)	(248,585)	(297,218)	(262,667)	(287,094)	(261,927)	(327,869)
Gross profit	**159,704**	**183,868**	**210,028**	**218,617**	**242,445**	**265,417**	**47,848**	**56,640**	**50,474**	**55,066**	**53,027**	**59,307**	**52,137**	**54,146**
Gross profit margin %	*15%*	*16%*	*16%*	*16%*	*17%*	*17%*	*16%*	*16%*	*17%*	*16%*	*17%*	*17%*	*17%*	*14%*
Fulfillment, non-GAAP	(63,447)	(69,714)	(87,506)	(83,486)	(88,618)	(91,021)	(19,617)	(22,020)	(21,796)	(24,073)	(23,228)	(24,309)	(21,670)	(14,279)
Marketing, non-GAAP	(38,827)	(46,777)	(82,754)	(68,838)	(81,592)	(79,365)	(10,202)	(26,728)	(20,776)	(25,048)	(15,112)	(20,057)	(18,247)	(15,421)
Technology and content, non-GAAP	(15,229)	(16,227)	(20,941)	(27,155)	(27,832)	(27,233)	(4,368)	(4,967)	(5,303)	(6,303)	(6,594)	(7,037)	(6,281)	(7,243)
General & administrative, non-GAAP	(6,893)	(7,201)	(9,271)	(9,504)	(10,254)	(10,738)	(2,004)	(2,054)	(2,410)	(2,803)	(3,120)	(2,439)	(2,418)	(1,527)
SBC	(4,804)	(2,999)	(4,726)	(4,766)	(4,995)	(5,307)	(767)	(1,657)	(1,158)	(1,144)	(913)	(1,066)	(942)	(1,845)
Total operating expenses	**(133,679)**	**(145,132)**	**(207,254)**	**(194,511)**	**(214,184)**	**(214,699)**	**(37,315)**	**(57,499)**	**(51,525)**	**(60,915)**	**(49,220)**	**(54,760)**	**(49,690)**	**(40,840)**
Operating profit, non-GAAP	**35,441**	**44,029**	**9,643**	**22,677**	**38,322**	**63,877**	**11,664**	**896**	**211**	**(3,128)**	**5,628**	**5,483**	**7,692**	**4,509**
yoy%	*28%*	*24%*	*-78%*	*135%*	*69%*	*67%*	*31%*	*-92%*	*-98%*	*-130%*	*-52%*	*512%*	*3546%*	*244%*
Operating profit, non-GAAP margin %	*3.3%*	*3.8%*	*0.7%*	*1.7%*	*2.6%*	*4.1%*	*3.9%*	*0.3%*	*0.1%*	*-0.9%*	*1.8%*	*1.6%*	*2.4%*	*1.2%*
JD Retail	35,925	41,077	51,402	54,171	58,046	62,004	12,846	13,939	14,828	9,789	14,960	13,478	15,400	10,332
yoy%	*3%*	*14%*	*25%*	*5%*	*7%*	*7%*	*38%*	*38%*	*28%*	*-2%*	*16%*	*-3%*	*4%*	*6%*
JD Logistics	1,005	6,317	5,269	8,399	9,129	10,041	145	1,958	1,282	1,884	1,020	2,268	2,030	2,881
New Business	(850)	(2,116)	(46,641)	(39,336)	(28,807)	(8,171)	(1,327)	(14,777)	(15,736)	(14,801)	(10,352)	(9,854)	(9,741)	(9,389)
Pre-tax profit, non-GAAP	**39,698**	**57,674**	**33,124**	**40,181**	**50,897**	**80,106**	**15,549**	**8,562**	**8,149**	**864**	**8,307**	**11,943**	**11,495**	**8,437**
Income tax	(8,393)	(6,878)	(2,181)	(6,550)	(9,162)	(13,618)	(2,063)	10	(252)	124	(1,260)	(1,972)	(1,724)	(1,593)
Net income, GAAP	**23,257**	**44,660**	**23,142**	**27,541**	**35,256**	**59,548**	**11,279**	**6,709**	**6,381**	**(1,227)**	**5,830**	**8,687**	**8,554**	**4,470**
Net income, non-GAAP	**35,200**	**47,827**	**27,032**	**32,414**	**40,828**	**65,503**	**12,758**	**7,394**	**5,796**	**1,084**	**7,379**	**8,930**	**9,590**	**6,515**
yoy%	*25%*	*36%*	*-43%*	*20%*	*26%*	*60%*	*43%*	*-49%*	*-56%*	*-90%*	*-42%*	*21%*	*65%*	*501%*
Gross margin	14.7%	15.9%	16.0%	16.1%	16.6%	17.1%	15.9%	15.9%	16.9%	15.6%	16.8%	17.1%	16.6%	14.2%
Fulfilled gross margin	8.9%	9.9%	9.4%	10.0%	10.5%	11.2%	9.4%	9.7%	9.6%	8.8%	9.4%	10.1%	9.7%	10.4%
Operating margin, non-GAAP	**3.3%**	**3.8%**	**0.7%**	**1.7%**	**2.6%**	**4.1%**	**3.9%**	**0.3%**	**0.1%**	**-0.9%**	**1.8%**	**1.6%**	**2.4%**	**1.2%**
JD Retail Operating margin, non-GAAF	**3.8%**	**4.0%**	**4.6%**	**4.7%**	**4.7%**	**4.8%**	**4.9%**	**4.5%**	**5.9%**	**3.2%**	**5.6%**	**4.6%**	**5.9%**	**3.2%**
Net margin, non-GAAP	**3.2%**	**4.1%**	**2.1%**	**2.4%**	**2.8%**	**4.2%**	**4.2%**	**2.1%**	**1.9%**	**0.3%**	**2.3%**	**2.6%**	**3.1%**	**1.7%**
Industry standard GMV (Rmb mn)	**3,648,415**	**3,938,245**	**4,296,089**	**4,424,972**	**4,648,876**	**4,874,625**	**851,492**	**1,212,239**	**1,015,937**	**1,216,421**	**864,449**	**1,140,900**	**1,059,260**	**1,360,363**
yoy%	*5%*	*8%*	*9%*	*3%*	*5%*	*5%*	*13%*	*20%*	*10%*	*-2%*	*2%*	*-6%*	*4%*	*12%*
JD Retail revenue (Rmb mn)	**945,343**	**1,015,948**	**1,126,399**	**1,150,825**	**1,226,530**	**1,289,506**	**263,845**	**310,075**	**250,577**	**301,902**	**268,588**	**295,383**	**259,853**	**327,001**
yoy%	*2%*	*7%*	*11%*	*2%*	*7%*	*5%*	*16%*	*21%*	*11%*	*-2%*	*2%*	*-5%*	*4%*	*8%*

Source: Company data, Goldman Sachs Global Investment Research

Price Target Risks and Methodology – JD.com Inc.

Valuation: We are Buy rated on JD.com with 12-m SOTP-based target prices of US$43/HK$169.

Key risks: Tougher-than-expected competition in China's eCommerce/food delivery markets; Online GMV slowdown and electronics & appliance facing tougher comps starting Sept-2025, general merchandise/JD supermarket execution: there would be downside risks to our forecasts if JD cannot deliver the expected growth; Fluctuations in JD Retail margin, as JD continues to invest into price competitiveness/user experience/3P ecosystem.

JD	12m Price Target: **$43.00**	Price: **$29.06**	Upside: **48.0%**
9618.HK	12m Price Target: **HK$169.00**	Price: **HK$110.20**	Upside: **53.4%**

Buy

Market cap: $46.1bn
Enterprise value: $31.4bn
3m ADTV: $261.5mn
China
China Ecommerce & Logistics
M&A Rank: 3
Leases incl. in net debt & EV?: Yes

GS Forecast

	12/25	12/26E	12/27E	12/28E
Revenue (Rmb mn)	1,309,085.0	1,357,742.7	1,464,853.2	1,556,179.4
EBITDA (Rmb mn)	18,163.0	29,664.7	46,535.7	70,770.9
EPS (Rmb)	18.11	21.96	27.98	45.40
P/E (X)	13.7	8.9	7.0	4.3
P/B (X)	1.6	1.2	1.0	0.9
Dividend yield (%)	2.9	3.6	3.4	5.6
N debt/EBITDA (ex lease,X)	(10.4)	(6.8)	(4.6)	(3.8)
CROCI (%)	11.4	14.2	16.0	20.6
FCF yield (%)	2.6	8.4	8.3	18.7

	3/26	6/26	9/26E	12/26E
EPS (Rmb)	5.15	6.34	6.84	4.66

Source: Company data, Goldman Sachs Research estimates, FactSet. Price as of 14 Aug 2026 close.

Disclosure Appendix

Reg AC

We, Ronald Keung, CFA, Steve Qiu, Damian Xie and Iris Xiao, hereby certify that all of the views expressed in this report accurately reflect our personal views about the subject company or companies and its or their securities. We also certify that no part of our compensation was, is or will be, directly or indirectly, related to the specific recommendations or views expressed in this report.

Unless otherwise stated, the individuals listed on the cover page of this report are analysts in Goldman Sachs' Global Investment Research division.

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Growth is based on a stock's forward-looking sales growth, EBITDA growth and EPS growth (for financial stocks, only EPS and sales growth), with a higher percentile indicating a higher growth company. **Financial Returns** is based on a stock's forward-looking ROE, ROCE and CROCI (for financial stocks, only ROE), with a higher percentile indicating a company with higher financial returns. **Multiple** is based on a stock's forward-looking P/E, P/B, price/dividend (P/D), EV/EBITDA, EV/FCF and EV/Debt Adjusted Cash Flow (DACF) (for financial stocks, only P/E, P/B and P/D), with a higher percentile indicating a stock trading at a higher multiple. The **Integrated** percentile is calculated as the average of the Growth percentile, Financial Returns percentile and (100% - Multiple percentile).

Financial Returns and Multiple use the Goldman Sachs analyst forecasts at the fiscal year-end at least three quarters in the future. Growth uses inputs for the fiscal year at least seven quarters in the future compared with the year at least three quarters in the future (on a per-share basis for all metrics).

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	Rating Distribution			Investment Banking Relationships		
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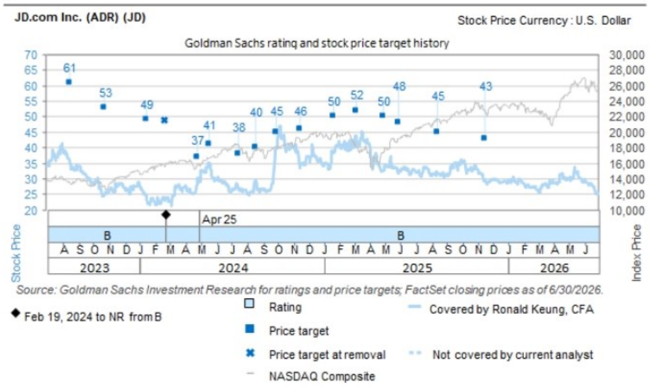
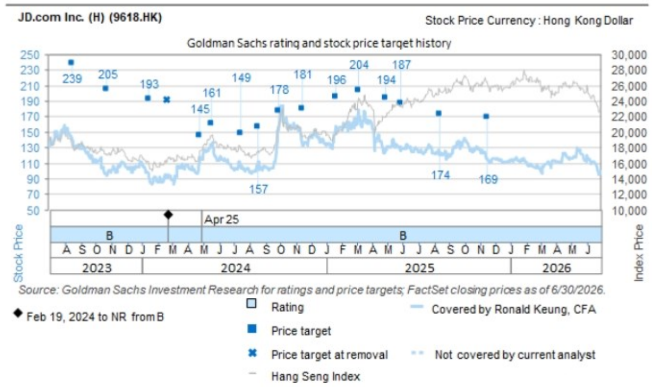
Price target and rating history chart(s)



The price targets shown should be considered in the context of all prior published Goldman Sachs research, which may or may not have included price targets, as well as developments relating to the company, its industry and financial markets.



The price targets shown should be considered in the context of all prior published Goldman Sachs research, which may or may not have included price targets, as well as developments relating to the company, its industry and financial markets.

Target price history table(s)

JD.com Inc. (ADR) (JD)

Date of report	Target price ($)	Closing price ($)
16-Nov-25	43.00	29.31
14-Aug-25	45.00	31.58
29-May-25	48.00	32.94
29-Apr-25	50.00	32.88
06-Mar-25	52.00	43.92
20-Jan-25	50.00	39.00
14-Nov-24	46.00	33.35
29-Sep-24	45.00	39.90
18-Aug-24	40.00	29.29
16-Jul-24	38.00	27.20
19-May-24	41.00	35.27
25-Apr-24	37.00	28.59
15-Jan-24	49.00	24.70
24-Oct-23	53.00	25.25
16-Aug-23	61.00	34.88

JD.com Inc. (H) (9618.HK)

Date of report	Target price (HK$)	Closing price (HK$)
16-Nov-25	169.00	116.90
14-Aug-25	174.00	125.10
29-May-25	187.00	131.80
29-Apr-25	194.00	128.90
06-Mar-25	204.00	179.00
20-Jan-25	196.00	157.40
14-Nov-24	181.00	135.10
29-Sep-24	178.00	152.00
18-Aug-24	157.00	108.20
16-Jul-24	149.00	104.50
19-May-24	161.00	134.10
25-Apr-24	145.00	111.30
15-Jan-24	193.00	96.65
24-Oct-23	205.00	93.90
16-Aug-23	239.00	140.60

Price targets shown in table(s) are unadjusted for corporate actions.

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