

COMPANY UPDATE

JD.com (9618 HK)

4Q24 Preview: Strong Growth Outlook; JD To Lead In 2025 Trade-in Programme

JD lifted 4Q24 top-line growth guidance to 9% yoy from 6% yoy, better than our expectations. JD also saw strong user growth and GMV growth in 4Q24 as it is well positioned to capture the continuation of the trade-in programme. This bodes well with JD's continuous ROI-focused investment in its user-centric strategy and supply chain efficiency to boost earnings growth. Maintain BUY with a higher target price of HK\$200.00 (US\$52.00).

WHAT'S NEW

- Encouraging top-line growth in 4Q24.** As JD.com's (JD) is well positioned to capture the continuation of trade-in programme, 4Q24 revenue is guided to grow 9% yoy to Rmb333.8b, accelerating from 5% yoy growth in 3Q24. Meanwhile, JD Retail's revenue growth will outpace overall revenue growth in 4Q24, while JD Retail operating profit guided to ramp up 20% yoy to Rmb8.7b, benefiting from a higher margin from home appliance and 3C product. JD Retail's GMV growth is slight lower than JD Retail revenue growth due to stronger GMV growth from 1P (first-party) vs 3P (third-party), benefiting from national subsidies. On a monthly basis, for 3C products like computers and office equipment, JD's sales trend ranked at October > December > November, consistent with broader retail trends.
- Category growth breakdown.** 4Q24 data indicates that certain segments like home appliances and computers have benefited directly from national subsidies, resulting in growth rates slightly outperforming overall retail sales. However, mobile phone growth remained steady, trailing behind broader retail sales trends. Meanwhile, categories not directly benefiting from national subsidies (like general merchandise) demonstrated relatively organic growth. General merchandise revenue growth in 4Q24 is expected to outpace the 8% yoy growth in 3Q24, primarily fuelled by resilient growth in the supermarket segment.
- Policy support from extended trade-in programme into 2025.** On 16 Jan 25, the Ministry of Commerce introduced new purchase subsidies for mobile phones, tablets and smartwatches as well as the home appliance trade-in programme. According to the current schedule, nationwide implementation of these digital product subsidies will begin on 20 Jan 25. Meanwhile, the 2024 home appliance trade-in programme generated a revenue of Rmb260b, with 36m users purchasing 60m units across eight major home appliance categories. Based on historical data, China's annual home appliance revenue in prior years was Rmb800b-900b, averaging Rmb220b per quarter. Over four months in 2024 (late-August to end-December), the trade-in programme generated Rmb260b in sales, with a major portion reflecting primary needs rather than an incremental surplus in demand. This may mean that the trade-in initiative addressed only a limited segment of the overall base, indicating ample growth potential.

KEY FINANCIALS

Year to 31 Dec (Rmbm)	2022	2023	2024F	2025F	2026F
Net turnover	1,046,236	1,084,662	1,145,674	1,212,932	1,281,982
EBITDA	684	16,285	63,079	77,651	84,683
Operating profit	18,344	25,204	39,842	54,159	60,654
Net profit (rep./act.)	9,009	23,346	39,481	45,177	49,342
Net profit (adj.)	28,570	37,433	46,869	50,788	55,204
EPS (Fen)	899.0	1,178.2	1,544.3	1,673.4	1,818.9
PE (x)	14.0	10.7	8.1	7.5	6.9
P/B (x)	1.8	1.7	1.3	1.2	1.0
EV/EBITDA (x)	610.7	25.7	6.6	5.4	4.9
Dividend yield (%)	2.4	3.2	1.8	2.0	2.2
Net margin (%)	0.9	2.2	3.4	3.7	3.8
Net debt/(cash) to equity (%)	(11.9)	(2.5)	(19.5)	(31.9)	(42.7)
Interest cover (x)	0.3	n.a.	n.a.	n.a.	176.3
ROE (%)	4.2	10.5	15.6	15.2	14.3
Consensus net profit	-	-	44,496	47,534	51,145
UOBKH/Consensus (x)	-	-	1.05	1.07	1.08

Source: JD.com, Bloomberg, UOB Kay Hian

BUY

(Maintained)

Share Price	HK\$146.70
Target Price	HK\$200.00
Upside	+36.3%
(Previous TP)	HK\$197.00

COMPANY DESCRIPTION

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

STOCK DATA

GICS sector	Consumer Discretionary
Bloomberg ticker:	9618 HK
Shares issued (m):	2,917.2
Market cap (HK\$m):	475,361.8
Market cap (US\$m):	63,187.1
3-mth avg daily t'over (US\$m):	285.1

Price Performance (%)

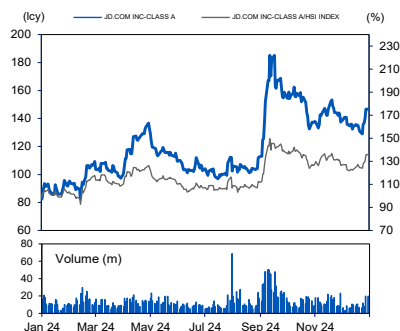
52-week high/low	HK\$192.3/HK\$81.55			
1mth	3mth	6mth	1yr	YTD
53.0	49.6	55.9	57.5	45.9

Major Shareholders

Vanguard Group Inc	3.7
BlackRock Inc	3.7
Tencent	2.5

FY24 NAV/Share (RMB)	89.54
FY24 Net Cash/Share (RMB)	15.85

PRICE CHART



Source: Bloomberg

ANALYST(S)

Julia Pan Meng Yao
 +8621 5404 7225 ext 808
 juliapan@uobkayhian.com

Soong Ming San
 +603 21471912
 mingsan@uobkayhian.com

STOCK IMPACT

- Dec 24 and 4Q24 NBS data overview.** National Bureau of Statistics' (NBS) Dec 24 retail sales growth of physical goods remained solid at +3.8% yoy (implying a 12% two-year CAGR), with -2.7%/+11.3%/+0.9% yoy growth in Nov 24/Oct 24/4Q24 respectively. By category, home appliances, communication equipment and cosmetics grew 29.3%/14.0%/0.8% yoy respectively in Dec 24, which will significantly benefit JD.
- JD remains the key beneficiary of national subsidies on home appliances.** National subsidies for non-electrical categories such as household goods are primarily managed at the state government level. For 2024-25, national-level subsidies remain focused on home appliances and three specific 3C categories including mobile phones, tablets and smartwatches. State governments are expected to implement targeted subsidies to address specific consumption needs. For instance, regions like Jiangsu, Zhejiang and Shanghai may extend stronger support for home appliances. JD has already cooperated with majority of the local governments in the beginning of 2025, and looking ahead, JD will actively collaborate with state governments to align with their subsidy programs, ensuring that it remains a preferred channel for these initiatives.
- JD's new app version launches a "Gift Giving" feature** to boost JD's Lunar New Year Festival. JD launched a new "Gift Giving" feature on its latest app version, seamlessly integrated with WeChat. In addition, JD introduced a fun "Group Gift Giving" option, allowing users to purchase multiple gifts at once and share them in a WeChat group, where members can randomly receive different gifts through a lucky draw. The gift-giving feature reportedly covers nearly all self-operated items suitable for gifting. JD Logistics has also announced that it will continue its "Spring Festival Delivery" service for the 13th consecutive year.
- Glance at 2025 target.** JD's revenue growth target for 2025 is to exceed the overall NBS retail sales growth. For the medium-to-long term, JD's net profit target has been raised to high single-digit yoy growth. With broadened categories including smartphones and tablets, we expect gross margin expansion on a retail scale or lowered subsidies, and lower procurement costs. For 2025, JD will continue focusing on the ROI in a user-centric strategy, SKU categories expansion and new business ventures.
- 4Q24 margin overview.** We forecast operating profit to grow 39% yoy to Rmb10.9b and operating margin to grow at 3.3%/4.9% in 4Q24/2025 respectively. We estimate JD's 4Q24 adjusted net profit to grow 12% yoy to Rmb9.4b, with net margin remaining stable yoy at 2.8%. This is primarily bolstered by an uptick in gross margin for certain categories but partially dampened by lower 3P revenue mix.

EARNINGS REVISION/RISK

- We raise our 4Q24 revenue estimates by 3% but keep our 2025 revenue estimates largely unchanged, representing revenue growths of 9%/6% yoy for 4Q24/2025 respectively. We raise our non-GAAP net profit forecast for 4Q24 by 9%, after factoring in the resilient gross margin expansion for certain categories via retail scale or lowered subsidies. We expect JD's adjusted net margin for 4Q24/2025 at 2.8%/4.2% respectively.
- Risks:** a) Consumption and logistics disruption from the pandemic in the coming quarters, b) intensified competition in the fresh produce and FMCG segments from peers, and c) consumption downgrade.

VALUATION/RECOMMENDATION

- We maintain BUY with a higher target price of HK200.00 (US\$52.00).** Our target price implies 11x 2025F PE. JD is trading at 8x 2025F PE, 2.3SD below its historical mean. We remain confident on JD's top-line and earnings growth visibility in 4Q24, bolstered by trade-in subsidies.

SHARE PRICE CATALYST

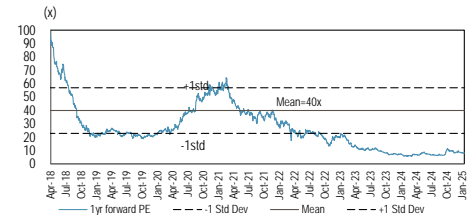
- Strong growth, continued new user margin expansion with improved operating efficiency and further extension of logistics services to internal and external customers.

VALUATION

2025F	Revenue (Rmbm)	EBITDA (Rmbm)	EV/EBITDA (x)	To JD (HK\$)	JD stake	To JD(10% discount)	HK\$/share	of TP value
JD Retail	1,053,469	48,460	9	436,136	Majority	392,522	124	62%
JD Logistics (mkt cap)				85,100	81%	62,038	20	10%
JD Digital/Industrial/Real estate				70,470	37%	23,467	8	4%
JD Health (mkt cap)			3x (PS)	65,268	67%	39,356	12	6%
Key Investments						31,712	10	5%
Net cash				118,198		118,198	26	13%
SOTP value				775,171		667,292	200	

Source: JD.com, UOB Kay Hian

12-MONTH FORWARD PE BAND



Source: JD.com, UOB Kay Hian

12-MONTH FORWARD EV/SALES BAND



Source: JD.com, UOB Kay Hian

PROFIT & LOSS

Year to 31 Dec (RMBm)	2023	2024F	2025F	2026F
Net turnover	1,084,662.0	1,145,674.0	1,212,932.0	1,281,982.2
EBITDA	16,285.0	63,078.9	77,651.0	84,683.1
Deprec. & amort.	(8,919.0)	23,237.1	23,492.5	24,029.3
EBIT	25,204.0	39,841.8	54,158.5	60,653.8
Total other non-operating income	1,010.0	1,771.0	(0.0)	(0.0)
Associate contributions	0.0	0.0	0.0	0.0
Net interest income/(expense)	4,615.0	8,281.0	415.2	(480.2)
Pre-tax profit	30,829.0	49,893.8	54,573.7	60,173.6
Tax	(8,393.0)	(8,122.0)	(9,396.5)	(10,831.2)
Minorities	910.0	(2,291.0)	0.0	0.0
Net profit	23,346.0	39,480.8	45,177.2	49,342.3
Net profit (adj.)	37,433.0	46,868.6	50,788.1	55,204.1

BALANCE SHEET

Year to 31 Dec (RMBm)	2023	2024F	2025F	2026F
Fixed assets	70,035.0	69,711.4	70,477.5	72,087.9
Other LT assets	251,113.0	251,113.0	251,113.0	251,113.0
Cash/ST investment	71,892.0	116,323.2	161,588.9	213,720.4
Other current assets	235,918.0	240,145.2	248,428.4	257,034.0
Total assets	628,958.0	677,292.7	731,607.8	793,955.3
ST debt	0.0	0.0	0.0	0.0
Other current liabilities	265,650.0	275,412.9	287,750.7	303,955.9
LT debt	65,964.0	62,764.0	59,564.0	56,364.0
Other LT liabilities	964.0	964.0	964.0	964.0
Shareholders' equity	232,472.0	274,243.8	319,421.1	368,763.4
Minority interest	63,908.0	63,908.0	63,908.0	63,908.0
Total liabilities & equity	628,958.0	677,292.7	731,607.8	793,955.3

CASH FLOW

Year to 31 Dec (RMBm)	2023	2024F	2025F	2026F
Operating	59,521.0	63,038.7	72,724.3	80,971.2
Profit for the year	30,829.0	49,893.8	54,573.7	60,173.6
Tax	(8,393.0)	(8,122.0)	(9,396.5)	(10,831.2)
Deprec. & amort.	(8,919.0)	23,237.1	23,492.5	24,029.3
Associates	0.0	0.0	0.0	0.0
Working capital changes	13,795.0	(1,970.3)	4,054.6	7,599.6
Non-cash items	0.0	0.0	0.0	0.0
Other operating cashflows	32,209.0	0.0	0.0	0.0
Investing	(59,543.0)	(22,913.5)	(24,258.6)	(25,639.6)
Capex (growth)	(6,036.0)	(22,913.5)	(24,258.6)	(25,639.6)
Investment	56,746.0	56,746.0	56,746.0	56,746.0
Others	(110,254.0)	(56,748.0)	(56,749.0)	(56,750.0)
Financing	(5,808.0)	(3,200.0)	(3,200.0)	(3,200.0)
Dividend payments	1.0	2.0	3.0	4.0
Proceeds from borrowings	12,362.0	(3,200.0)	(3,200.0)	(3,200.0)
Loan repayment	1.0	2.0	3.0	4.0
Others/interest paid	(18,172.0)	(4.0)	(6.0)	(8.0)
Net cash inflow (outflow)	(5,830.0)	36,925.2	45,265.7	52,131.6
Beginning cash & cash equivalent	78,861.0	71,892.0	116,323.2	161,588.9
Changes due to forex impact	125.0	0.0	0.0	0.0
Ending cash & cash equivalent	73,156.0	108,817.2	161,588.9	213,720.4

KEY METRICS

Year to 31 Dec (%)	2023	2024F	2025F	2026F
Profitability				
EBITDA margin	1.5	5.5	6.4	6.6
Pre-tax margin	2.8	4.4	4.5	4.7
Net margin	2.2	3.4	3.7	3.8
ROA	3.8	6.0	6.4	6.5
ROE	10.5	15.6	15.2	14.3
Growth				
Turnover	3.7	5.6	5.9	5.7
EBITDA	280.3	287.3	23.1	9.1
Pre-tax profit	146.9	61.8	9.4	10.3
Net profit	159.1	69.1	14.4	9.2
Net profit (adj.)	31.0	25.2	8.4	8.7
EPS	31.1	31.1	8.4	8.7
Leverage				
Debt to total capital	18.2	15.7	13.4	11.5
Debt to equity	28.4	22.9	18.6	15.3
Net debt/(cash) to equity	(2.5)	(19.5)	(31.9)	(42.7)
Interest cover (x)	n.a.	n.a.	n.a.	176.3

Disclosures/Disclaimers

This report is prepared by UOB Kay Hian Private Limited ("UOBKH"), which is a holder of a capital markets services licence and an exempt financial adviser in Singapore.

This report is provided for information only and is not an offer or a solicitation to deal in securities or to enter into any legal relations, nor an advice or a recommendation with respect to such securities.

This report is prepared for general circulation. It does not have regard to the specific investment objectives, financial situation and the particular needs of any recipient hereof. Advice should be sought from a financial adviser regarding the suitability of the investment product, taking into account the specific investment objectives, financial situation or particular needs of any person in receipt of the recommendation, before the person makes a commitment to purchase the investment product.

This report is confidential. This report may not be published, circulated, reproduced or distributed in whole or in part by any recipient of this report to any other person without the prior written consent of UOBKH. This report is not directed to or intended for distribution to or use by any person or any entity who is a citizen or resident of or located in any locality, state, country or any other jurisdiction as UOBKH may determine in its absolute discretion, where the distribution, publication, availability or use of this report would be contrary to applicable law or would subject UOBKH and its connected persons (as defined in the Financial Advisers Act, Chapter 110 of Singapore) to any registration, licensing or other requirements within such jurisdiction.

The information or views in the report ("Information") has been obtained or derived from sources believed by UOBKH to be reliable. However, UOBKH makes no representation as to the accuracy or completeness of such sources or the Information and UOBKH accepts no liability whatsoever for any loss or damage arising from the use of or reliance on the Information. UOBKH and its connected persons may have issued other reports expressing views different from the Information and all views expressed in all reports of UOBKH and its connected persons are subject to change without notice. UOBKH reserves the right to act upon or use the Information at any time, including before its publication herein.

Except as otherwise indicated below, (1) UOBKH, its connected persons and its officers, employees and representatives may, to the extent permitted by law, transact with, perform or provide broking, underwriting, corporate finance-related or other services for or solicit business from, the subject corporation(s) referred to in this report; (2) UOBKH, its connected persons and its officers, employees and representatives may also, to the extent permitted by law, transact with, perform or provide broking or other services for or solicit business from, other persons in respect of dealings in the securities referred to in this report or other investments related thereto; (3) the officers, employees and representatives of UOBKH may also serve on the board of directors or in trustee positions with the subject corporation(s) referred to in this report. (All of the foregoing is hereafter referred to as the "Subject Business"); and (4) UOBKH may otherwise have an interest (including a proprietary interest) in the subject corporation(s) referred to in this report.

As of the date of this report, no analyst responsible for any of the content in this report has any proprietary position or material interest in the securities of the corporation(s) which are referred to in the content they respectively author or are otherwise responsible for.

IMPORTANT DISCLOSURES FOR U.S. PERSONS

This research report was prepared by UOBKH, a company authorized, as noted above, to engage in securities activities in Singapore. UOBKH is not a registered broker-dealer in the United States and, therefore, is not subject to U.S. rules regarding the preparation of research reports and the independence of research analysts. This research report is provided for distribution by UOBKH (whether directly or through its US registered broker dealer affiliate named below) to "major U.S. institutional investors" in reliance on the exemption from registration provided by Rule 15a-6 of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act"). All US persons that receive this document by way of distribution from or which they regard as being from UOBKH by their acceptance thereof represent and agree that they are a major institutional investor and understand the risks involved in executing transactions in securities.

Any U.S. recipient of this research report wishing to effect any transaction to buy or sell securities or related financial instruments based on the information provided in this research report should do so only through UOB Kay Hian (U.S.) Inc ("UOBKHUS"), a registered broker-dealer in the United States. Under no circumstances should any recipient of this research report effect any transaction to buy or sell securities or related financial instruments through UOBKH.

UOBKHUS accepts responsibility for the contents of this research report, subject to the terms set out below, to the extent that it is delivered to and intended to be received by a U.S. person other than a major U.S. institutional investor.

The analyst whose name appears in this research report is not registered or qualified as a research analyst with the Financial Industry Regulatory Authority ("FINRA") and may not be an associated person of UOBKHUS and, therefore, may not be subject to applicable restrictions under FINRA Rules on communications with a subject company, public appearances and trading securities held by a research analyst account.

Analyst Certification/Regulation AC

Each research analyst of UOBKH who produced this report hereby certifies that (1) the views expressed in this report accurately reflect his/her personal views about all of the subject corporation(s) and securities in this report; (2) the report was produced independently by him/her; (3) he/she does not carry out, whether for himself/herself or on behalf of UOBKH or any other person, any of the Subject Business involving any of the subject corporation(s) or securities referred to in this report; and (4) he/she has not received and will not receive any compensation that is directly or indirectly related or linked to the recommendations or views expressed in this report or to any sales, trading, dealing or corporate finance advisory services or transaction in respect of the securities in this report. However, the compensation received by each such research analyst is based upon various factors, including UOBKH's total revenues, a portion of which are generated from UOBKH's business of dealing in securities.

Reports are distributed in the respective countries or jurisdictions by the respective entities and are subject to the additional restrictions listed in the following table.

General	This report is not intended for distribution, publication to or use by any person or entity who is a citizen or resident of or located in any country or jurisdiction where the distribution, publication or use of this report would be contrary to applicable law or regulation.
Hong Kong	This report is distributed in Hong Kong by UOB Kay Hian (Hong Kong) Limited ("UOBKHHK"), which is regulated by the Securities and Futures Commission of Hong Kong. Neither the analyst(s) preparing this report nor his associate, has trading and financial interest and relevant relationship specified under Para. 16.4 of Code of Conduct in the listed corporation covered in this report. UOBKHHK has provided investment banking services to the listed corporation covered in this report and has received compensation for such services in the preceding 12 months. Where the report is distributed in Hong Kong and contains research analyses or reports from a foreign research house, please note: (i) recipients of the analyses or reports are to contact UOBKHHK (and not the relevant foreign research house) in Hong Kong in respect of any matters arising from, or in connection with, the analysis or report; and (ii) to the extent that the analyses or reports are delivered to and intended to be received by any person in Hong Kong who is not a professional investor, or institutional investor, UOBKHHK accepts legal responsibility for the contents of the analyses or reports only to the extent required by law.
Indonesia	This report is distributed in Indonesia by PT UOB Kay Hian Sekuritas, which is regulated by Financial Services Authority of Indonesia ("OJK"). Where the report is distributed in Indonesia and contains research analyses or reports from a foreign research house, please note recipients of the analyses or reports are to contact PT UOBKH (and not the relevant foreign research house) in Indonesia in respect of any matters arising from, or in connection with, the analysis or report.
Malaysia	Where the report is distributed in Malaysia and contains research analyses or reports from a foreign research house, the recipients of the analyses or reports are to contact UOBKHM (and not the relevant foreign research house) in Malaysia, at +603-21471988, in respect of any matters arising from, or in connection with, the analysis or report as UOBKHM is the registered person under CMSA to distribute any research analyses in Malaysia.
Singapore	This report is distributed in Singapore by UOB Kay Hian Private Limited ("UOBKH"), which is a holder of a capital markets services licence and an exempt financial adviser regulated by the Monetary Authority of Singapore. Where the report is distributed in Singapore and contains research analyses or reports from a foreign research house, please note: (i) recipients of the analyses or reports are to contact UOBKH (and not the relevant foreign research house) in Singapore in respect of any matters arising from, or in connection with, the analysis or report; and (ii) to the extent that the analyses or reports are delivered to and intended to be received by any person in Singapore who is not an accredited investor, expert investor or institutional investor, UOBKH accepts legal responsibility for the contents of the analyses or reports only to the extent required by law.
Thailand	This report is distributed in Thailand by UOB Kay Hian Securities (Thailand) Public Company Limited, which is regulated by the Securities and Exchange Commission of Thailand.
United Kingdom	This report is being distributed in the UK by UOB Kay Hian (U.K.) Limited, which is an authorised person in the meaning of the Financial Services and Markets Act and is regulated by The Financial Conduct Authority. Research distributed in the UK is intended only for institutional clients.
United States of America ('U.S.')	This report cannot be distributed into the U.S. or to any U.S. person or entity except in compliance with applicable U.S. laws and regulations. It is being distributed in the U.S. by UOB Kay Hian (US) Inc, which accepts responsibility for its contents. Any U.S. person or entity receiving this report and wishing to effect transactions in any securities referred to in the report should contact UOB Kay Hian (US) Inc. directly.

Copyright 2025, UOB Kay Hian Pte Ltd. All rights reserved.

<http://research.uobkayhian.com>

RCB Regn. No. 197000447W