

JD.com (JD US)

FUNDAMENTAL VIEW ¹

As of 21 Aug 2025

- We maintain our M/P recommendation on JD post its weak 2Q25 results; topline growth was a strong beat, but EBITDA margin materially narrowed due to hefty spending for its food delivery business; FOCF also contracted and gross debt metrics weakened, but JD still retained a strong net cash position. JD trades largely in-line to Asia A- corp which we view as fair; while we expect JD's gross debt metrics to temporarily weaken over 2H25 due to its hefty investments into food delivery, we do not expect downgrade risk for the credit given the strong performance of its core retail and logistic segments, and we expect JD to still maintain a strong net cash position over the 12 months. Amongst the A-rated China tech credits, we continue to prefer Alibaba and Tencent.

RISKS & CATALYSTS

As of 21 Aug 2025

- While Chinese regulators have adopted a friendlier stance towards tech companies, any regulatory clampdowns may still adversely affect the business of JD (e.g. antitrust rules, data security & personal data protection laws).
- Intensifying competition amongst Chinese eCommerce platforms with the entrance of new live-streaming/short-form video platforms and group buying discount platforms may result in slower topline growth and weaker EBITDA margin for JD as its increase its user/merchant incentives and promotional activities to defend its market share.
- There are regulatory risks involving the use of variable interest entities (VIEs) to circumvent China's restrictions on foreign ownership of Internet Content Providers (ICPs). Specifically, VIE transactions involving "change in control" will be subject to antitrust regulatory processes.

CREDIT QUALITY SCORE (CQS) ²

As of 04 Sep 2025

CURRENT CQS

63

CQS OUTLOOK ³

NEGATIVE

STABLE

POSITIVE

HISTORICAL RATINGS: AVERAGE AGENCY RATING (ACR) ⁴ VS CQS



KEY METRICS

As of 21 Aug 2025

RMB MN	FY21	FY22	FY23	FY24	LTM 2Q25
Debt to Book Cap	12.2%	19.2%	18.8%	22.3%	25.3%
Debt/Total Equity	13.8%	23.7%	23.1%	28.7%	33.9%
Debt/Total Assets	6.9%	10.9%	10.9%	12.9%	14.3%
Gross Leverage	1.8x	1.9x	1.5x	1.7x	2.2x
Interest Coverage	16.1x	16.3x	15.5x	18.5x	16.2x
EBITDA Margin	2.0%	3.3%	4.1%	4.6%	3.6%

Note: Difference between reported EBITDA and adjusted EBITDA mainly due to operating lease costs. JD held a net cash position since FY17.

BUSINESS DESCRIPTION

As of 21 Aug 2025

- JD is one of China's leading e-commerce and retail infrastructure service providers.
- JD has a large fulfillment infrastructure which includes over 1,600 warehouses operated by the company, and 2,000 cloud warehouses operated by third-party warehouse owner-operators under JD Logistics Open Warehouse Platform. Its warehouse network had an aggregate gross floor area of approximately over 32 mn square meters, as of 31 December 2024.
- JD has 3 operating segments, namely (1) JD Retail (82% of 2Q25 revenues), which includes JD Health and JD Industrials, and the segment mainly engages in online retail, online marketplace and marketing services in China; (2) JD Logistics (14%) which includes both internal and external logistic businesses; and (3) New businesses (4%) which consist of food delivery, Dada, JD Property, Jingxi and overseas businesses.
- JD had a market capitalization of RMB 325.1 bn as of 21 Aug 2025.

GLOSSARY

¹ The **Fundamental View** is our current assessment of credit quality and our expectation of how credit quality will trend over the next year or longer.

² The **Credit Quality Score (CQS)** is a number between 5 and 100. It is a medium-term credit score for corporates and financial institutions that utilizes a combination of sector fundamental scores and equity market signals. Values of CQS above 50 generally indicate investment grade credit quality.

³ The **Credit Quality Score (CQS) Outlook** is the near-term (3 month) outlook for the CQS, based on its trend, volatility and distance from the adjacent CQS risk bucket.

⁴ The **Agency Composite Rating (ACR)** is the average senior unsecured rating from one or more major rating agencies.

Quantitative scores provided by CreditSights Analytics, LLC. Scores are shown are for the lesser of (1) 2 years and (2) date of CreditSights inception of quantitative coverage.

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