

JD Logistics Inc

Bloomberg: 2618 HK Equity | Reuters: 2618.HK

Refer to important disclosures at the end of this report

DBS Group Research . Equity

15 Mar 2022

BUY

Last Traded Price (14 Mar 2022): HK\$18.38 (HSI : 19,532)
Price Target 12-mth: HK\$30.50 (66% upside) (Prev HK\$38.00)

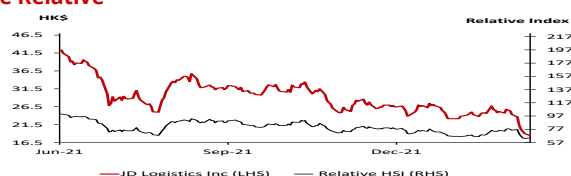
Analyst

Zoe Zhang +86 21 38562892 zoezhangbb@dbs.com
Danielle WANG CFA,+852 36684176, danielle_wang@dbs.com
Ken HE CFA, +86 21 38562898 ken_he@dbs.com
Jason LAM +852 36684179 jasonlamch@dbs.com
Ben WONG benwongkf@dbs.com

What's New

- Acquisition of Deppon enhances infrastructure network
- Strong external expansion to drive revenue growth
- Raised revenue forecasts by 7%/9% in FY22-23F, and expect gradual margin improvements ahead
- Maintain BUY with TP revised to HK\$30.5

Price Relative



Forecasts and Valuation

FY Dec (RMBm)	2020A	2021A	2022F	2023F
Turnover	73,375	104,693	132,826	164,665
EBITDA	6,263	5,560	8,035	11,557
Pre-tax Profit	(4,049)	(15,600)	(1,990)	(754)
Net Profit	(4,134)	(15,842)	(2,153)	(901)
Net Pft (Pre Ex) (core profit)	1,795	(1,226)	(450)	803
Net Profit Gth (Pre-ex) (%)	N/A	N/A	63.3	N/A
EPS (RMB)	(1.05)	(3.19)	(0.35)	(0.15)
EPS (HK\$)	(1.30)	(3.94)	(0.43)	(0.18)
Core EPS (RMB)	0.46	(0.25)	(0.07)	0.13
Core EPS (HK\$)	0.56	(0.31)	(0.09)	0.16
EPS Gth (%)	(85.1)	(203.2)	89.1	58.1
Core EPS Gth (%)	N/A	N/A	70.5	N/A
Diluted EPS (HK\$)	0.56	(0.31)	(0.09)	0.16
DPS (HK\$)	0.00	0.00	0.00	0.00
BV Per Share (HK\$)	(1.62)	9.44	7.15	6.97
PE (X)	nm	nm	nm	nm
CorePE (X)	32.6	nm	nm	114.6
P/Cash Flow (X)	5.7	11.9	3.9	3.1
P/Free CF (X)	8.3	nm	11.4	8.8
EV/EBITDA (X)	8.7	10.5	8.6	5.2
Net Div Yield (%)	0.0	0.0	0.0	0.0
P/Book Value (X)	nm	1.9	2.6	2.6
Net Debt/Equity (X)	CASH	CASH	CASH	CASH
ROAE(%)	113.9	(96.6)	(5.8)	(2.6)
Earnings Rev (%)			n.m.	n.m.
Consensus EPS (RMB)			(0.17)	0.13
Other Broker Recs:		B:19	S:0	H:2

Source of all data on this page: Company, DBS Bank (Hong Kong) Limited ("DBS HK"), Thomson Reuters

Strengthening infrastructure to drive market expansion

Investment Thesis

Expect infrastructure network to strengthen with acquisition of Deppon (603056 CH), a leading 3PL providing diversified solutions. We expect this acquisition to further facilitate JD Logistics' expansion prospects, backed by solid network, sufficient customer resources and superior branding.

Strong expansion to support revenue growth. External revenue made up 56.5% of total in FY21 (up from 47% in FY20). JD Logistics strives to grow its external customer base through a modularization strategy, and is seeing encouraging growth in both the number of external integrated supply chain customers and average revenue per customer.

Maintain strategic focus and confident of margin improvements. Gross margin improved from 3.7% in 1H21 to 5.5% in FY21. Supported by improving operational efficiency, enhanced scale effect and technology upgrade, we expect margins to gradually improve in FY22-FY23F, while the company targets non-IFRS net profit to break even by FY22F (excl. Deppon acquisition).

Valuation:

Given encouraging expansion, we raise our revenue estimates by 7%/9% in FY22-23F. Maintain BUY with TP revised to HK\$30.5, based on 1.2x FY22F P/S (vs. 1.6x FY22F P/S previously), with a premium to 1.1x FY22F P/S of weighted average multiple of Chinese and global logistics peers and logistics-related internet players factoring in its strengthening infrastructure for long-term growth.

Where we differ:

Expect to see enhanced synergies from its diversified product mix and strengthened infrastructure, which should underpin external market expansion.

Key Risks to Our View:

Slower-than-expected acquisition progress; intensifying labour market competition; potential oil price hike.

At A Glance

Issued Capital (m shrs)	6,183
Mkt Cap (HK\$/US\$m)	113,644 / 14,514
Major Shareholders (%)	
JD.com, Inc.	63.5
Free Float (%)	36.5
3m Avg. Daily Val. (US\$m)	18.85
GICS Industry: Industrials / Transportation	



Watchlist the stock on Insights Direct to receive prompt updates



JD Logistics Inc

WHAT'S NEW

Strengthening infrastructure to facilitate market expansion

Infrastructure network strengthened with acquisition of Deppon (603056 CH). JD Logistics announced that it is acquiring a 66.5% stake in Deppon for a total consideration of c.Rmb9.0bn (equivalent to 0.4x FY22F P/S) and will make a mandatory general offer for all Deppon Offer Shares at Rmb13.15 per share. This acquisition is pending approval by the relevant PRC authorities in relation to antitrust review, as well as necessary internal approvals. JD Logistics intends to finance the consideration by its own funds and/or financing, supported by sufficient cash of Rmb18bn by end-2020.

Founded in 1996, Deppon was the market leader in the mid-to-high-end Less-Than-Truckload (LTL) transportation industry in 2010, before stepping into the bulky express delivery industry in 2013. With its new focus, it changed its brand name to "Deppon Express" in 2018. As a result, Deppon achieved a 5-Yr revenue CAGR of 17% in 2015-20, with express business revenue contribution surging from 5% in 2014 to 61% in 2020 (37% from LTL segment, and 3% from other businesses).

Deppon is now a well-recognized leading third-party logistics (3PL) player providing diversified solutions of high service quality under a direct operation model. It has a solid infrastructure network, with over 30,000 service stations, 143 strategically located transfer centers covering over 1.8mn sqm, and more than 2,000 well-designed transportation routes as of mid-2021.

We expect this acquisition to significantly strengthen JD Logistics' infrastructure in the LTL industry, and facilitate its market expansion capability, with benefits stemming from optimizing its product mix, enhanced economies of scale, solid nationwide network, sufficient customer resources and superior brand reputation.

Strong external expansion to support revenue growth. JD Logistics announced its 2021 annual results with revenue largely in-line with our estimates, of which external revenue making up 56.5% of total revenue of Rmb104.7bn (+43% y-o-y) in FY21. JD Logistics strives to expand its external customer base through a modularization strategy. The number of external integrated supply chain (ISC) customers reached 74,602 (+42% y-o-y) in FY21, while average revenue per customer (ARPC) rose to Rmb341k (+9% y-o-y).

Maintain strategic focus and confident of margin improvements ahead.

Gross margin improved from 3.7% in 1H21 to 5.5% in FY21, better than market estimate, driven by improving operational efficiency and enhanced scale effect. Meanwhile, its non-IFRS loss narrowed from Rmb1.5bn in 1H21 to Rmb1.2bn in FY21 (vs. non-IFRS profit of Rmb1.8bn in FY20), mainly thanks to margin improvement in 2H21, offset by reduction of government support for COVID-19, and continuous investment in logistics infrastructure network. Moreover, it continues to invest in technology. Research and development expenses grew 37% y-o-y to Rmb2.8bn in FY21, remained stable at 2.7% of total revenue. Supported by improving operational efficiency, enhanced scale effect and technology upgrade, we expect to see gradual margin improvements ahead.

Maintain BUY rating with TP revised to HK\$30.5. Given encouraging external expansion, we raised our revenue estimates by 7%/9% in FY22-23F. Maintain BUY with TP revised to HK\$30.5, based on 1.2x FY22F P/S (vs. 1.6x FY22F P/S previously), with a premium to 1.1x FY22F P/S of weighted average multiple of Chinese and global logistics peers and logistics-related internet players, factoring in enhanced synergies generated from its diversified product mix and strengthened infrastructure.

Company Background

JD Logistics is the largest player in China's integrated supply chain logistics services market in terms of total revenue in 2020. Established in 2007, JD Logistics first operated as an internal logistics department to provide in-house logistics services to JD Group. It started to operate as a stand-alone business segment of JD Group in April 2017. Meanwhile, it has opened its solutions and services to external customers in an effort to transform the company from a First Party Logistics (1PL) provider to a third-party logistics (3PL) provider serving a broader market. JD Logistics has developed an extensive network of over 1,300 warehouses that are strategically located near end consumers and over 200,000 in-house delivery personnel, which allows it to cover consumers across different city tiers in China.

JD Logistics Inc

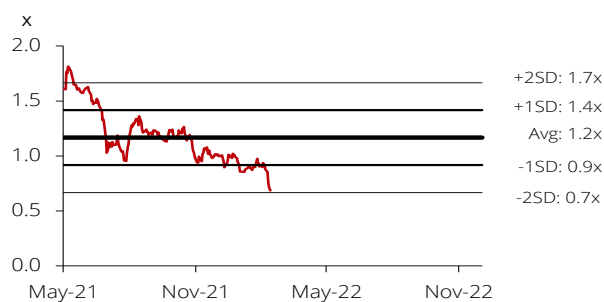
Income Statement (RMB m)

FY Dec	2020A	2021A	% cha	vov
Revenue	73,375	104,693		42.7
Cost of Goods Sold	(67,081)	(98,909)		47.4
Gross Profit	6,294	5,784		(8.1)
Other Opng (Exp)/Inc	(10,088)	(20,862)		106.8
Operating Profit	(3,795)	(15,078)		297.3
Other Non Opg (Exp)/Inc	0	0		nm
Associates & JV Inc	(64)	(37)		42.6
Net Interest (Exp)/Inc	(190)	(485)		(154.9)
Exceptional Gain/(Loss)	0	0		nm
Pre-tax Profit	(4,049)	(15,600)		(285.3)
Tax	12	(60)		nm
Minority Interest	(97)	(181)		(87.4)
Net Profit	(4,134)	(15,842)		(283.2)
Net Profit before Except.	1,795	(1,226)		nm
EBITDA	6,263	5,560		(11.2)
Margins & Ratio				
Gross Margins (%)	8.6	5.5		
Opg Profit Margin (%)	(5.2)	(14.4)		
Net Profit Margin (%)	(5.6)	(15.1)		

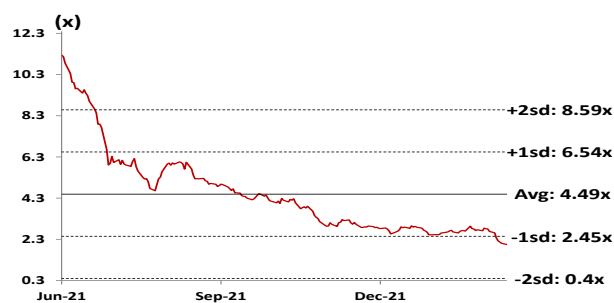
Source: Company, DBS HK

Historical PS and PB band

Forward PS band (x)



PB band (x)



Source: Thomson Reuters, DBS HK

JD Logistics Inc

Peers valuation

Company Name	Currency Code	Price	Mkt Cap	3-mth daily trading value	Revenue			Net Profit			Net margin			PE			PS			ROE						
					21F	22F	23F	3-yr CAGR %	21F	22F	23F	3-yr CAGR %	21F %	22F %	23F %	21F x	22F x	23F x	21F x	22F x	23F x	21F %	22F %	23F %		
Chinese Logistics Companies																										
S F Hdg.'A'	002352	CH	CNY	51.2	39.6	163	198.6	264.2	311.1	25.2	3.4	7.1	10.3	75.4	1.7	2.7	3.3	68.7	34.0	23.5	1.3	1.0	0.8	5.6	9.4	12.2
ZTO Express*	2057	HK	HKD	169.6	17.5	3	30.3	37.0	44.5	21.2	4.6	6.0	7.8	30.6	15.0	16.3	17.4	24.0	18.1	14.1	3.9	3.2	2.6	9.0	11.1	13.1
ZTO Express ADR*	ZTO	US	USD	20.98	17.0	80	30.3	37.0	44.5	21.2	4.6	6.0	7.8	30.6	15.0	16.3	17.4	23.3	17.5	13.6	3.5	2.9	2.4	9.0	11.1	13.1
Yunda Holding 'A'	002120	CH	CNY	18.6	8.5	43	41.6	51.9	62.3	22.4	1.3	2.0	2.6	40.3	3.2	3.8	4.2	40.7	27.0	20.7	1.3	1.0	0.9	8.6	11.4	13.1
YTO Express 'A'	600233	CH	CNY	17.93	9.7	55	n.a.	53.5	62.7	n.a.	n.a.	2.6	3.2	n.a.	n.a.	4.9	5.1	n.a.	22.8	18.0	n.a.	1.2	1.0	n.a.	11.7	12.9
STO Express 'A'	002468	CH	CNY	7.69	1.9	28	24.7	28.9	32.4	14.5	(0.3)	0.1	0.3	n.a.	(1.3)	0.3	0.8	n.a.	116.5	47.2	0.5	0.4	0.4	(2.4)	0.6	2.0
BEST ADR	BEST	US	USD	0.4761	0.2	1	11.3	17.1	15.4	17.0	0.3	(1.1)	n.a.	n.a.	2.3	(6.4)	n.a.	4.5	n.a.	n.a.	0.1	0.0	0.0	0.0	(55.6)	n.a.
Kerry Logistics	636	HK	HKD	16.06	3.7	3	63.4	58.2	64.2	0.6	2.7	2.2	2.6	(2.4)	4.3	3.8	4.0	10.0	11.4	10.5	0.4	0.4	0.4	12.0	10.7	11.2
Sinotrans 'A'	601598	CH	CNY	3.91	3.8	28	121.9	121.2	123.8	0.8	3.7	3.9	4.1	5.2	3.1	3.2	3.3	7.7	7.4	7.0	0.2	0.2	0.2	11.5	11.4	11.6
Cts Intl.Logistics 'A'	603128	CH	CNY	11.22	2.3	18	23.0	25.2	28.3	11.0	0.9	1.1	1.3	21.2	3.9	4.4	4.6	16.4	13.0	10.7	0.6	0.6	0.5	17.8	19.5	20.5
Deppon Logistics 'A'	603056	CH	CNY	13.93	2.3	14	32.0	36.6	40.6	12.6	0.2	0.4	0.6	70.2	0.6	1.1	1.5	69.7	36.1	24.0	0.4	0.4	0.4	4.0	6.9	9.5
Average (Weight 60%)							57.7	66.4	75.4	14.6	2.1	2.8	4.1	33.9	4.8	4.6	6.2	29.4	30.4	18.9	1.2	1.0	0.9	7.5	4.4	11.9
Global Logistics Companies																										
United Parcel Ser.'B'	UPS	US	USD	204.3	177.9	654	616.7	646.7	671.4	4.3	81.7	71.2	74.5	(4.5)	13.2	11.0	11.1	13.9	15.9	15.1	1.8	1.7	1.7	172.9	65.7	51.5
Fedex#	FDX	US	USD	211.13	55.9	582	590.3	616.6	641.1	4.2	35.0	37.9	40.3	7.3	5.9	6.2	6.3	10.2	9.3	8.6	0.6	0.6	0.6	21.5	20.5	18.9
Deutsche Post	DPW	GR	EUR	44.455	60.1	1	565.5	573.6	583.0	1.5	35.0	35.0	35.7	1.0	6.2	6.1	6.1	10.8	10.9	10.6	0.7	0.7	0.7	30.8	26.9	24.6
DSV	DSV	DC	DKK	1211.5	42.8	69	170.1	194.0	181.4	3.3	10.5	13.0	12.7	10.2	6.1	6.7	7.0	24.6	20.1	20.0	1.6	1.4	1.5	18.5	22.4	24.3
Kuehne Und Nagel	KNIN	SE	CHF	262.6	33.9	51	222.6	226.3	209.7	(2.9)	13.8	12.9	10.1	(14.4)	6.2	5.7	4.8	15.5	17.1	21.3	1.0	1.0	1.0	72.4	47.7	31.9
Expedito Int'l.Of Wash.	EXPD	US	USD	98.18	16.6	152	104.7	102.9	86.9	(8.9)	9.0	7.5	6.1	(17.8)	8.6	7.3	7.0	11.9	13.8	17.0	1.0	1.0	1.2	46.0	29.9	22.6
Hunt Jb Transport Svs.	JBHT	US	USD	195.35	20.5	128	77.1	88.4	93.6	10.1	4.8	5.8	6.3	14.5	6.3	6.6	6.8	27.4	22.6	20.4	1.7	1.5	1.4	26.6	26.7	24.3
Bollere	BOL	FP	EUR	4.466	14.4	6	136.8	137.4	139.6	1.0	41.9	0.1	0.2	(92.7)	30.7	0.1	0.2	n.a.	60.4	406.0	0.7	0.7	0.7	0.0	0.7	1.7
Ch Robinson Wwd.	CHRW	US	USD	98.83	12.7	138	146.5	154.1	144.2	(0.8)	5.4	5.2	4.7	(6.2)	3.7	3.4	3.3	15.7	15.7	17.1	0.6	0.5	0.6	43.3	38.4	30.7
XPO Logistics	XPO	US	USD	69.05	7.9	108	81.2	85.8	87.3	3.7	2.1	3.8	4.2	40.4	2.6	4.5	4.8	23.4	13.2	12.2	0.6	0.6	0.6	17.5	37.7	30.6
Yamato Hdg.#	9064	JP	JPY	2206	7.3	31	96.5	99.2	102.4	3.0	2.7	3.1	3.5	13.9	2.8	3.2	3.4	16.1	13.9	12.2	0.5	0.5	0.5	8.8	9.3	10.0
Average (Weight 20%)							255.3	265.9	267.3	1.7	22.0	17.8	18.0	(4.4)	8.4	5.5	5.5	17.0	19.4	50.9	1.0	0.9	0.9	41.7	29.6	24.6
Logistics-related Interent Companies																										
Alibaba ADR*#	BABA	US	USD	77.76	211.4	2,710	861.6	991.1	1,144.2	15.2	123.1	136.4	156.8	12.8	14.3	13.8	13.7	10.8	9.8	8.5	1.6	1.4	1.2	12.0	11.3	11.2
JD Com ADR*	JD	US	USD	42.94	76.3	832	951.6	1,148.2	1,324.7	18.0	(3.6)	5.7	18.2	n.a.	(0.4)	0.5	1.4	n.a.	74.1	23.2	0.4	0.4	0.3	(1.8)	2.6	7.7
Pinduoduo ADR*	PDD	US	USD	25.53	32.0	452	100.4	130.3	167.2	29.0	1.3	5.2	19.5	279.8	1.3	4.0	11.6	150.4	38.7	10.4	2.0	1.6	1.2	2.2	7.5	22.8
Meituan*	3690	HK	HKD	112.6	88.3	681	181.7	249.2	328.7	34.5	(23.6)	(3.8)	18.8	n.a.	(13.0)	(1.5)	5.7	n.a.	n.a.	28.5	3.1	2.2	1.7	(26.8)	(4.9)	21.0
Kuaishou Technology*	1024	HK	HKD	60.2	32.8	239	86.9	115.3	146.4	29.8	(68.7)	(9.7)	3.2	n.a.	(79.1)	(8.4)	2.2	n.a.	n.a.	62.3	2.4	1.8	1.4	138.7	(17.3)	6.1
Dada Nexus ADR	DADA	US	USD	5.15	1.2	13	6.8	10.1	14.6	47.0	(2.4)	(1.1)	0.7	n.a.	(36.0)	(10.5)	4.9	n.a.	n.a.	9.7	1.1	0.7	0.5	(45.9)	(22.9)	8.4
Missfresh American DS	MF	US	USD	1.36	0.3	2	7.8	10.6	14.9	37.9	(3.0)	(2.6)	(1.8)	n.a.	(38.1)	(24.1)	(12.2)	n.a.	n.a.	n.a.	0.3	0.2	0.1	392.9	70.3	34.1
Dingdong Cayman ADR	DDL	US	USD	2.95	0.7	3	19.8	24.3	30.0	23.0	(6.6)	(2.5)	(0.5)	n.a.	(33.4)	(10.4)	(1.8)	n.a.	n.a.	n.a.	0.2	0.2	0.1	0.0	465.6	3.0
Amazon.Com	AMZN	US	USD	2,837	1,443.6	11,674	2,978.3	3,431.9	4,023.7	16.2	211.5	161.8	246.0	7.8	7.1	4.7	6.1	43.8	58.0	38.9	3.1	2.7	2.3	28.8	17.6	21.1
Ebay	EBAY	US	USD	52.09	30.6	453	66.1	65.9	69.2	2.3	86.3	15.3	16.3	(56.6)	130.6	23.2	23.5	2.5	12.0	10.8	2.9	2.9	2.8	204.0	24.8	27.7
Average (Weight 20%)							526.1	617.7	726.4	25.3	31.4	30.5	47.7	61.0	(4.7)	(0.9)	5.5	51.9	38.5	24.1	1.7	1.4	1.2	70.4	55.5	16.3
Weighted Average																		31.4	29.8	26.4	1.3	1.1	0.9	26.9	19.6	15.4

FY22: FY23; FY23: FY24

Source: Thomson Reuters, *DBS HK

Income Statement (RMB m)

FY Dec	2019A	2020A	2021A	2022F	2023F
Revenue	49,848	73,375	104,693	132,826	164,665
Cost of Goods Sold	(46,415)	(67,081)	(98,909)	(123,528)	(151,821)
Gross Profit	3,432	6,294	5,784	9,298	12,844
Other Opng (Exp)/Inc	(5,480)	(10,088)	(20,862)	(10,793)	(13,152)
Operating Profit	(2,048)	(3,795)	(15,078)	(1,495)	(308)
Other Non Opng (Exp)/Inc	0	0	0	0	0
Associates & JV Inc	(69)	(64)	(37)	0	0
Net Interest (Exp)/Inc	(44)	(190)	(485)	(494)	(446)
Dividend Income	0	0	0	0	0
Exceptional Gain/(Loss)	0	0	0	0	0
Pre-tax Profit	(2,160)	(4,049)	(15,600)	(1,990)	(754)
Tax	(77)	12	(60)	20	38
Minority Interest	4	(97)	(181)	(183)	(185)
Preference Dividend	0	0	0	0	0
Net Profit	(2,234)	(4,134)	(15,842)	(2,153)	(901)
Net Profit before Except.	(455)	1,795	(1,226)	(450)	803
EBITDA	2,201	6,263	5,560	8,035	11,557
Growth					
Revenue Gth (%)	31.6	47.2	42.7	26.9	24.0
EBITDA Gth (%)	N/A	184.5	(11.2)	44.5	43.8
Opg Profit Gth (%)	(32.4)	85.3	297.3	(90.1)	(79.4)
Net Profit Gth (%)	19.2	(85.1)	(283.2)	86.4	58.1
Margins & Ratio					
Gross Margins (%)	6.9	8.6	5.5	7.0	7.8
Opg Profit Margin (%)	(4.1)	(5.2)	(14.4)	(1.1)	(0.2)
Net Profit Margin (%)	(4.5)	(5.6)	(15.1)	(1.6)	(0.5)
ROAE (%)	147.3	113.9	(96.6)	(5.8)	(2.6)
ROA (%)	(6.5)	(8.7)	(24.1)	(2.5)	(0.9)
ROCE (%)	(10.7)	(15.2)	(37.4)	(2.9)	(0.6)
Div Payout Ratio (%)	N/A	N/A	N/A	N/A	N/A
Net Interest Cover (x)	(46.6)	(19.9)	(31.1)	(3.0)	(0.7)

Source: Company, DBS HK

JD Logistics Inc

Balance Sheet (RMB m)

FY Dec	2019A	2020A	2021A	2022F	2023F
Net Fixed Assets	5,338	6,652	8,875	11,566	14,895
Invt in Associates & JVs	288	232	156	156	156
Other LT Assets	10,440	18,931	22,519	25,752	29,876
Cash & ST Invt	9,274	6,347	17,923	25,252	34,971
Inventory	260	393	683	683	683
Debtors	3,230	5,371	12,164	13,283	16,466
Other Current Assets	11,512	17,029	14,631	19,967	16,601
Total Assets	40,053	54,723	76,795	96,504	113,492
ST Debt	0	0	0	0	0
Creditors	15,155	21,290	17,943	39,586	57,253
Other Current Liab	3,298	5,049	6,603	6,603	6,603
LT Debt	0	0	0	0	0
Other LT Liabilities	23,685	31,278	11,860	11,896	11,933
Shareholder's Equity	(2,117)	(5,142)	37,938	35,785	34,884
Minority Interests	32	2,248	2,451	2,634	2,819
Total Cap. & Liab.	40,053	54,723	76,795	96,504	113,492
Non-Cash Wkg. Capital	(3,452)	(3,546)	2,933	(12,256)	(30,106)
Net Cash/(Debt)	9,274	6,347	17,923	25,252	34,971
Debtors Turn (avg days)	17.8	21.4	30.6	35.0	33.0
Creditors Turn (avg days)	116.2	107.5	78.6	92.1	126.3
Inventory Turn (avg days)	2.1	1.9	2.2	2.2	1.8
Asset Turnover (x)	1.5	1.5	1.6	1.5	1.6
Current Ratio (x)	1.3	1.1	1.8	1.3	1.1
Quick Ratio (x)	0.7	0.4	1.2	0.8	0.8
Net Debt/Equity (X)	CASH	CASH	CASH	CASH	CASH
Net Debt/Equity ex MI (X)	4.4	1.2	CASH	CASH	CASH
Capex to Debt (%)	N/A	N/A	N/A	N/A	N/A
Z-Score (X)	NA	NA	NA	NA	NA

Source: Company, DBS HK

Cash Flow Statement (RMB m)

FY Dec	2019A	2020A	2021A	2022F	2023F
Pre-Tax Profit	(2,160)	(4,049)	(15,600)	(1,990)	(754)
Dep. & Amort.	3,933	5,196	7,795	9,530	11,866
Tax Paid	(19)	(46)	0	0	0
Assoc. & JV Inc/(loss)	0	0	0	0	0
(Pft)/ Loss on disposal of FAs	69	64	0	0	0
Chg in Wkg.Cap.	(1,659)	2,728	(6,479)	15,189	17,850
Other Operating CF	2,466	6,308	20,492	809	827
Net Operating CF	2,630	10,201	6,207	23,538	29,788
Capital Exp.(net)	(1,774)	(3,181)	(12,181)	(15,455)	(19,318)
Other Invt.(net)	(389)	(295)	0	0	0
Invt in Assoc. & JV	(357)	0	0	0	0
Div from Assoc & JV	0	0	0	0	0
Other Investing CF	(90)	(5,295)	1,059	0	0
Net Investing CF	(2,610)	(8,771)	(11,122)	(15,455)	(19,318)
Div Paid	0	0	0	0	0
Chg in Gross Debt	0	(686)	0	0	0
Capital Issues	(3)	437	22,451	0	0
Other Financing CF	(9,892)	(3,483)	(5,855)	(754)	(752)
Net Financing CF	(9,895)	(3,733)	16,597	(754)	(752)
Currency Adjustments	0	0	0	0	0
Chg in Cash	(9,875)	(2,302)	11,682	7,329	9,718
Opg CFPS (RMB)	1.09	1.90	2.56	1.35	1.93
Free CFPS (RMB)	0.22	1.79	(1.20)	1.31	1.69

Source: Company, DBS HK

JD Logistics Inc

Target Price & Ratings History



S.No.	Date	Closing Price	12-mth Target Price	Rating
1:	24-Nov-21	HK\$28.3	HK\$38.0	Buy

Source: DBS HK

Analyst: *Zoe Zhang*
Danielle WANG CFA
Ken HE CFA
Jason LAM
Ben WONG

DBS HK recommendations are based on an Absolute Total Return* Rating system, defined as follows:

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

Completed Date: 15 Mar 2022 14:29:38 (HKT)

Dissemination Date: 15 Mar 2022 17:40:04 (HKT)

Sources for all charts and tables are DBS HK unless otherwise specified.

GENERAL DISCLOSURE/DISCLAIMER

This report is prepared by DBS Bank (Hong Kong) Limited ("DBS HK"). This report is solely intended for the clients of DBS Bank Ltd., DBS HK, DBS Vickers (Hong Kong) Limited ("DBSV HK"), and DBS Vickers Securities (Singapore) Pte Ltd. ("DBSVS"), its respective connected and associated corporations and affiliates only and no part of this document may be (i) copied, photocopied or duplicated in any form or by any means or (ii) redistributed without the prior written consent of DBS HK.

The research set out in this report is based on information obtained from sources believed to be reliable, but we (which collectively refers to DBS Bank Ltd., DBS HK, DBSV HK, DBSVS, its respective connected and associated corporations, affiliates and their respective directors, officers, employees and agents (collectively, the "DBS Group") have not conducted due diligence on any of the companies, verified any information or sources or taken into account any other factors which we may consider to be relevant or appropriate in preparing the research. Accordingly, we do not make any representation or warranty as to the accuracy, completeness or correctness of the research set out in this report. Opinions expressed are subject to change without notice. This research is prepared for general circulation. Any recommendation contained in this document does not have regard to the specific investment objectives, financial situation and the particular needs of any specific addressee. This document is for the information of addressees only and is not to be taken in substitution for the exercise of judgement by addressees, who should obtain separate independent legal or financial advice. The DBS Group accepts no liability whatsoever for any direct, indirect and/or consequential loss (including any claims for loss of profit) arising from any use of and/or reliance upon this document and/or further communication given in relation to this document. This document is not to be construed as an offer or a solicitation of an offer to buy or sell any securities. The DBS Group, along with its affiliates and/or persons associated with any of them may from time to time have interests in the securities mentioned in this document. The DBS Group, may have positions in, and may effect transactions in securities mentioned herein and may also perform or seek to perform broking, investment banking and other banking services for these companies.

Any valuations, opinions, estimates, forecasts, ratings or risk assessments herein constitutes a judgment as of the date of this report, and there can be no assurance that future results or events will be consistent with any such valuations, opinions, estimates, forecasts, ratings or risk assessments. The information in this document is subject to change without notice, its accuracy is not guaranteed, it may be incomplete or condensed, it may not contain all material information concerning the company (or companies) referred to in this report and the DBS Group is under no obligation to update the information in this report.

This publication has not been reviewed or authorized by any regulatory authority in Singapore, Hong Kong or elsewhere. There is no planned schedule or frequency for updating research publication relating to any issuer.

The valuations, opinions, estimates, forecasts, ratings or risk assessments described in this report were based upon a number of estimates and assumptions and are inherently subject to significant uncertainties and contingencies. It can be expected that one or more of the estimates on which the valuations, opinions, estimates, forecasts, ratings or risk assessments were based will not materialize or will vary significantly from actual results. Therefore, the inclusion of the valuations, opinions, estimates, forecasts, ratings or risk assessments described herein IS NOT TO BE RELIED UPON as a representation and/or warranty by the DBS Group (and/or any persons associated with the aforesaid entities), that:

- (a) such valuations, opinions, estimates, forecasts, ratings or risk assessments or their underlying assumptions will be achieved, and
- (b) there is any assurance that future results or events will be consistent with any such valuations, opinions, estimates, forecasts, ratings or risk assessments stated therein.

Please contact the primary analyst for valuation methodologies and assumptions associated with the covered companies or price targets. Any assumptions made in this report that refers to commodities, are for the purposes of making forecasts for the company (or companies) mentioned herein. They are not to be construed as recommendations to trade in the physical commodity or in the futures contract relating to the commodity referred to in this report.

DBS Vickers Securities (USA) Inc ("DBSVUSA"), a US-registered broker-dealer, does not have its own investment banking or research department, has not participated in any public offering of securities as a manager or co-manager or in any other investment banking transaction in the past twelve months and does not engage in market-making.

Neither DBS Bank Ltd nor DBS HK market makes in equity securities of the issuer(s) or company(ies) mentioned in this Research Report.

ANALYST CERTIFICATION

The research analyst(s) primarily responsible for the content of this research report, in part or in whole, certifies that the views about the companies and their securities expressed in this report accurately reflect his/her personal views. The analyst(s) also certifies that no part of his/her compensation was, is, or will be, directly or indirectly, related to specific recommendations or views expressed in the report. The research analyst (s) primarily responsible for the content of this research report, in part or in whole, certifies that he or his associate¹ does not serve as an officer of the issuer or the new listing applicant (which includes in the case of a real estate investment trust, an officer of the management company of the real estate investment trust; and in the case of any other entity, an officer or its equivalent counterparty of the entity who is responsible for the management of the issuer or the new listing applicant) and the research analyst(s) primarily responsible for the content of this research report or his associate does not have financial interests² in relation to an issuer or a new listing applicant that the analyst reviews. DBS Group has procedures in place to eliminate, avoid and manage any potential conflicts of interests that may arise in connection with the production of research reports. The research analyst(s) responsible for this report operates as part of a separate and independent team to the investment banking function of the DBS Group and procedures are in place to ensure that confidential information held by either the research or investment banking function is handled appropriately. There is no direct link of DBS Group's compensation to any specific investment banking function of the DBS Group.

COMPANY-SPECIFIC / REGULATORY DISCLOSURES

1. DBS Bank Ltd, DBS HK, DBSVS or their subsidiaries and/or other affiliates have proprietary positions in Meituan Dianping (3690 HK) and Kuaishou Technology (1024 HK) recommended in this report as of 11 Mar 2022.
2. **Compensation for investment banking services:**
DBS Bank Ltd, DBS HK, DBSVS, their subsidiaries and/or other affiliates of DBSVUSA have received compensation, within the past 12 months for investment banking services from SF Holding Co Ltd (002352 CH) as of 28 Feb 2022.
3. DBS Bank Ltd, DBS HK, DBSVS, their subsidiaries and/or other affiliates of DBSVUSA have managed or co-managed a public offering of securities for SF Holding Co Ltd (002352 CH) in the past 12 months, as of 28 Feb 2022.


DBSVUSA does not have its own investment banking or research department, nor has it participated in any public offering of securities as a manager or co-manager or in any other investment banking transaction in the past twelve months. Any US persons wishing to obtain further information, including any clarification on disclosures in this disclaimer, or to effect a transaction in any security discussed in this document should contact DBSVUSA exclusively.

4. **Disclosure of previous investment recommendation produced:**
DBS Bank Ltd, DBSVS, DBS HK, their subsidiaries and/or other affiliates of DBSVUSA may have published other investment recommendations in respect of the same securities / instruments recommended in this research report during the preceding 12 months. Please contact the primary analyst listed on page 1 of this report to view previous investment recommendations published by DBS Bank Ltd, DBS HK, DBSVS, their subsidiaries and/or other affiliates of DBSVUSA in the preceding 12 months.

¹ An associate is defined as (i) the spouse, or any minor child (natural or adopted) or minor step-child, of the analyst; (ii) the trustee of a trust of which the analyst, his spouse, minor child (natural or adopted) or minor step-child, is a beneficiary or discretionary object; or (iii) another person accustomed or obliged to act in accordance with the directions or instructions of the analyst.

² Financial interest is defined as interests that are commonly known financial interest, such as investment in the securities in respect of an issuer or a new listing applicant, or financial accommodation arrangement between the issuer or the new listing applicant and the firm or analysis. This term does not include commercial lending conducted at arm's length, or investments in any collective investment scheme other than an issuer or new listing applicant notwithstanding the fact that the scheme has investments in securities in respect of an issuer or a new listing applicant.

RESTRICTIONS ON DISTRIBUTION

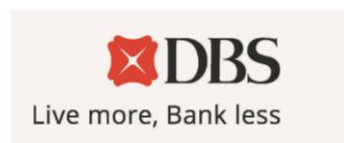
General	This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation.
Australia	<p>This report is being distributed in Australia by DBS Bank Ltd, DBSVS or DBSV HK. DBS Bank Ltd holds Australian Financial Services Licence no. 475946.</p> <p>DBS Bank Ltd, DBSVS and DBSV HK are exempted from the requirement to hold an Australian Financial Services Licence under the Corporation Act 2001 ("CA") in respect of financial services provided to the recipients. Both DBS Bank Ltd and DBSVS are regulated by the Monetary Authority of Singapore under the laws of Singapore, and DBSV HK is regulated by the Hong Kong Securities and Futures Commission under the laws of Hong Kong, which differ from Australian laws.</p> <p>Distribution of this report is intended only for "wholesale investors" within the meaning of the CA.</p>
Hong Kong	This report is being distributed in Hong Kong by DBS Bank Ltd, DBS Bank (Hong Kong) Limited and DBS Vickers (Hong Kong) Limited, all of which are registered with or licensed by the Hong Kong Securities and Futures Commission to carry out the regulated activity of advising on securities. DBS Bank Ltd., Hong Kong Branch is a limited liability company incorporated in Singapore.
Indonesia	This report is being distributed in Indonesia by PT DBS Vickers Sekuritas Indonesia.
Malaysia	<p>This report is distributed in Malaysia by AllianceDBS Research Sdn Bhd ("ADBSR"). Recipients of this report, received from ADBSR are to contact the undersigned at 603-2604 3333 in respect of any matters arising from or in connection with this report. In addition to the General Disclosure/Disclaimer found at the preceding page, recipients of this report are advised that ADBSR (the preparer of this report), its holding company Alliance Investment Bank Berhad, their respective connected and associated corporations, affiliates, their directors, officers, employees, agents and parties related or associated with any of them may have positions in, and may effect transactions in the securities mentioned herein and may also perform or seek to perform broking, investment banking/corporate advisory and other services for the subject companies. They may also have received compensation and/or seek to obtain compensation for broking, investment banking/corporate advisory and other services from the subject companies.</p> <p style="text-align: right;"> Wong Ming Tek, Executive Director, ADBSR</p>
Singapore	This report is distributed in Singapore by DBS Bank Ltd (Company Regn. No. 196800306E) or DBSVS (Company Regn No. 198600294G), both of which are Exempt Financial Advisers as defined in the Financial Advisers Act and regulated by the Monetary Authority of Singapore. DBS Bank Ltd and/or DBSVS, may distribute reports produced by its respective foreign entities, affiliates or other foreign research houses pursuant to an arrangement under Regulation 32C of the Financial Advisers Regulations. Where the report is distributed in Singapore to a person who is not an Accredited Investor, Expert Investor or an Institutional Investor, DBS Bank Ltd accepts legal responsibility for the contents of the report to such persons only to the extent required by law. Singapore recipients should contact DBS Bank Ltd at 6878 8888 for matters arising from, or in connection with the report.
Thailand	<p>This report is being distributed in Thailand by DBS Vickers Securities (Thailand) Co Ltd.</p> <p>For any query regarding the materials herein, please contact [Chanpen Sirithanarattanaku] at [research@th.dbs.com]</p>
United Kingdom	<p>This report is produced by DBS HK which is regulated by the Hong Kong Monetary Authority</p> <p>This report is disseminated in the United Kingdom by DBS Vickers Securities (UK) Ltd ("DBSVUK"). DBSVUK is authorised and regulated by the Financial Conduct Authority in the United Kingdom.</p> <p>In respect of the United Kingdom, this report is solely intended for the clients of DBSVUK, its respective connected and associated corporations and affiliates only and no part of this document may be (i) copied, photocopied or duplicated in any form or by any means or (ii) redistributed without the prior written consent of DBSVUK. This communication is directed at persons having professional experience in matters relating to investments. Any investment activity following from this communication will only be engaged in with such persons. Persons who do not have professional experience in matters relating to investments should not rely on this communication.</p>

Dubai International Financial Centre	<p>This communication is provided to you as a Professional Client or Market Counterparty as defined in the DFSA Rulebook Conduct of Business Module (the "COB Module"), and should not be relied upon or acted on by any person which does not meet the criteria to be classified as a Professional Client or Market Counterparty under the DFSA rules.</p> <p>This communication is from the branch of DBS Bank Ltd operating in the Dubai International Financial Centre (the "DIFC") under the trading name "DBS Bank Ltd. (DIFC Branch)" ("DBS DIFC"), registered with the DIFC Registrar of Companies under number 156 and having its registered office at units 608 - 610, 6th Floor, Gate Precinct Building 5, PO Box 506538, DIFC, Dubai, United Arab Emirates.</p> <p>DBS DIFC is regulated by the Dubai Financial Services Authority (the "DFSA") with a DFSA reference number F000164. For more information on DBS DIFC and its affiliates, please see http://www.dbs.com/ae/our--network/default.page.</p> <p>Where this communication contains a research report, this research report is prepared by the entity referred to therein, which may be DBS Bank Ltd or a third party, and is provided to you by DBS DIFC. The research report has not been reviewed or authorised by the DFSA. Such research report is distributed on the express understanding that, whilst the information contained within is believed to be reliable, the information has not been independently verified by DBS DIFC.</p> <p>Unless otherwise indicated, this communication does not constitute an "Offer of Securities to the Public" as defined under Article 12 of the Markets Law (DIFC Law No.1 of 2012) or an "Offer of a Unit of a Fund" as defined under Article 19(2) of the Collective Investment Law (DIFC Law No.2 of 2010).</p> <p>The DFSA has no responsibility for reviewing or verifying this communication or any associated documents in connection with this investment and it is not subject to any form of regulation or approval by the DFSA. Accordingly, the DFSA has not approved this communication or any other associated documents in connection with this investment nor taken any steps to verify the information set out in this communication or any associated documents, and has no responsibility for them. The DFSA has not assessed the suitability of any investments to which the communication relates and, in respect of any Islamic investments (or other investments identified to be Shari'a compliant), neither we nor the DFSA has determined whether they are Shari'a compliant in any way.</p> <p>Any investments which this communication relates to may be illiquid and/or subject to restrictions on their resale. Prospective purchasers should conduct their own due diligence on any investments. If you do not understand the contents of this document you should consult an authorised financial adviser.</p>
United States	<p>This report was prepared by DBS HK. DBSVUSA did not participate in its preparation. The research analyst(s) named on this report are not registered as research analysts with FINRA and are not associated persons of DBSVUSA. The research analyst(s) are not subject to FINRA Rule 2241 restrictions on analyst compensation, communications with a subject company, public appearances and trading securities held by a research analyst. This report is being distributed in the United States by DBSVUSA, which accepts responsibility for its contents. This report may only be distributed to Major U.S. Institutional Investors (as defined in SEC Rule 15a-6) and to such other institutional investors and qualified persons as DBSVUSA may authorize. Any U.S. person receiving this report who wishes to effect transactions in any securities referred to herein should contact DBSVUSA directly and not its affiliate.</p>
Other jurisdictions	<p>In any other jurisdictions, except if otherwise restricted by laws or regulations, this report is intended only for qualified, professional, institutional or sophisticated investors as defined in the laws and regulations of such jurisdictions.</p>

DBS Bank (Hong Kong) Limited

13th Floor One Island East, 18 Westlands Road, Quarry Bay, Hong Kong

Tel: (852) 3668-4181, Fax: (852) 2521-1812



DBS Regional Research Offices

HONG KONG

DBS Bank (Hong Kong) Ltd

Contact: Carol Wu

13th Floor One Island East,
18 Westlands Road, Quarry Bay, Hong Kong
Tel: 852 3668 4181
Fax: 852 2521 1812
e-mail: dbsvhk@dbs.com

MALAYSIA

AllianceDBS Research Sdn Bhd

Contact: Wong Ming Tek (128540 U)

19th Floor, Menara Multi-Purpose, Capital Square,
8 Jalan Munshi Abdullah 50100, Kuala Lumpur, Malaysia.
Tel.: 603 2604 3333
Fax: 603 2604 3921
e-mail: general@alliancedbs.com
Co. Regn No. 198401015984 (128540-U)

SINGAPORE

DBS Bank Ltd

Contact: Janice Chua

12 Marina Boulevard,
Marina Bay Financial Centre Tower 3
Singapore 018982
Tel: 65 6878 8888
e-mail: groupresearch@dbs.com
Company Regn. No. 196800306E

INDONESIA

PT DBS Vickers Sekuritas (Indonesia)

Contact: Maynard Priajaya Arif

DBS Bank Tower
Ciputra World 1, 32/F
Jl. Prof. Dr. Satrio Kav. 3-5
Jakarta 12940, Indonesia
Tel: 62 21 3003 4900
Fax: 6221 3003 4943
e-mail: indonesiaresearch@dbs.com

THAILAND

DBS Vickers Securities (Thailand) Co Ltd

Contact: Chanpen Sirithanarattanakul

989 Siam Piwat Tower Building,
9th, 14th-15th Floor
Rama 1 Road, Pathumwan,
Bangkok Thailand 10330
Tel. 66 2 857 7831
Fax: 66 2 658 1269
e-mail: research@th.dbs.com
Company Regn. No 0105539127012
Securities and Exchange Commission, Thailand