27 Jan 2026

CMB International Global Markets | Equity Research | Company Update

CR Beverage (2460 HK)

Leave the worst behind in 2025

We forecast CR Beverage's FY25E net profit to decline 35.5% to RMB1.06bn, with a steeper drop in 2H25E due to concentrated signing of large marketing contracts and increased supply chain investments. Capacity expansion is slightly slower than market expectations, while channel reform is progressing faster. Beyond the stabilization of packaged water market share, **we see more positives: 1)** The new Chairman has comprehensive experience and is expected to implement significant reforms, particularly at sales end; **2)** Frontline sales staff may receive more positive incentives; **3)** The company may consider raising dividend payout ratio. In summary, we see 2025 as the year of pressure release. We expect the company to demonstrate better growth during the 15th Five-Year Plan period, with a recovery anticipated as early as 2026. We maintain a Buy rating and lower TP by 8% to HK$11.87 to reflect earnings revisions, the new TP corresponding to 18x 2026E P/E (reflecting 1.0x PEG over the next two years). **We suggest investors keep a closer watch given the upcoming earnings release may provide a good entry point.** Risks: 1) Economic downturn exceeding expectations; 2) Slower-than-expected capacity expansion; 3) Channel reform falling short of expectations; 4) Food safety incidents; 5) Rising raw material prices etc.

- **Packaged water market share is stabilizing**. The company's internal data shows its packaged water market share edged up at end-Q3 from end-Q2, aligned with third-party data (Mashangying) trends we tracked.
- **FY2025E self-owned capacity ratio >60%.** The ratio is slightly above 60%, meeting the target but progress is slower than we expected due to: **1)** Longer ramp-up at the Wuyishan factory; **2)** The Wenzhou Wencheng "lights-out" factory (1.05mn tons) commenced production on Jan 1, 2026, later than the planned 2H25; **3)** The Danjiangkou plant (1.5mn tons) is delayed due to land acquisition and is now expected to start production in Oct 2026. We think the positive impact of capacity expansion will materialize over the longer term.
- **Channel reform is on track.** The flattening reform (4 tiers to 3 tiers) in tier-1 cities is expected to conclude in Q2 2026. For emerging channels, most catering and household channel deployment was completed in 2025, with the remaining to be finished in 2026E.
- **What's the new? 1)** New Chairman driving change: With extensive experience in finance, strategy, sales, and channels, he is expected to conduct reforms, likely starting with sales then production. **2)** Incentive adjustments: More positive incentives for frontline sales staff are possible. **3)** Dividend payout ratio: A potential increase is being considered given weaker 2025 performance. In summary, 2025 is a year of pressure release, with better growth expected during the 15th Five-Year Plan period (growth recovery is anticipated as early as FY26E).

Earnings Summary

(YE 31 Dec)	FY23A	FY24A	FY25E	FY26E	FY27E
Revenue (RMB mn)	13,515	13,521	11,460	12,417	13,841
YoY growth (%)	7.1	0.0	(15.2)	8.3	11.5
Net profit (RMB mn)	1,329.3	1,636.7	1,056.1	1,294.1	1,493.2
YoY growth (%)	34.3	23.1	(35.5)	22.5	15.4
EPS (Reported) (RMB)	0.66	0.79	0.51	0.62	0.72
Consensus EPS (RMB)	na	na	0.48	0.59	0.69
P/E (x)	13.7	11.5	17.9	14.6	12.6
P/B (x)	2.5	1.6	1.6	1.5	1.4
Yield (%)	0.0	5.3	2.8	3.4	4.0
ROE (%)	21.3	18.0	9.3	11.0	11.9
Net gearing (%)	(30.1)	(50.4)	(41.8)	(39.4)	(40.0)

Source: Company data, Bloomberg, CMBIGM estimates

BUY (Maintain)

Target Price	**HK$11.87**
(Previous TP	HK$12.85)
Up/Downside	**16.4%**
Current Price	**HK$10.20**

China Consumer Staples

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Stock Data

Mkt Cap (HK$ mn)	24,461.6
Avg 3 mths t/o (HK$ mn)	28.1
52w High/Low (HK$)	15.24/10.06
Total Issued Shares (mn)	2398.2

Source: FactSet

Shareholding Structure

CRH Beverage Ltd.	50.0%
Plateau Consumer Ltd.	33.4%

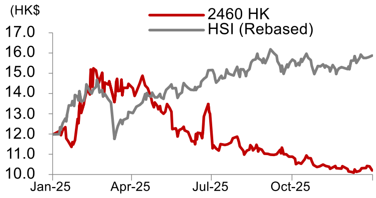
Source: HKEx

Share Performance

	Absolute	Relative
1-mth	-2.3%	-5.8%
3-mth	-5.5%	-7.6%
6-mth	-21.5%	-25.6%

Source: FactSet

12-mth Price Performance



Source: FactSet

Figure 1: Earnings revision

RMB mn	New FY25E	New FY26E	New FY27E	Old FY25E	Old FY26E	Old FY27E	Diff (%) FY25E	Diff (%) FY26E	Diff (%) FY27E
Revenue	11,460	12,417	13,841	11,460	12,417	13,841	0.0%	0.0%	0.0%
Gross profit	5,125	5,756	6,400	5,125	5,699	6,336	0.0%	1.0%	1.0%
Operating profit	1,198	1,526	1,789	1,371	1,642	1,878	-12.6%	-7.1%	-4.7%
Net profit	1,056	1,294	1,493	1,202	1,400	1,581	-12.1%	-7.6%	-5.5%
Gross margin	44.7%	46.4%	46.2%	44.7%	45.9%	45.8%	0ppt	0.5ppt	0.5ppt
Operating margin	10.5%	12.3%	12.9%	12.0%	13.2%	13.6%	-1.5ppt	-0.9ppt	-0.6ppt
Net margin	9.2%	10.4%	10.8%	10.5%	11.3%	11.4%	-1.3ppt	-0.9ppt	-0.6ppt

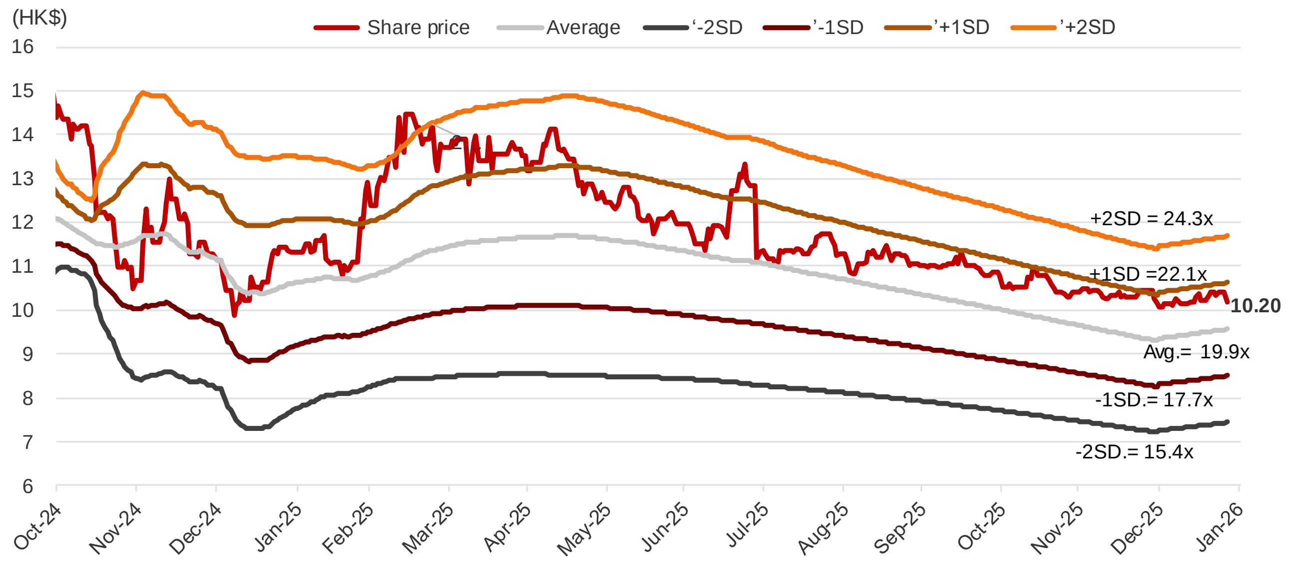
Source: Company data, CMBIGM estimates

Figure 2: CMBI estimates vs. Consensus

RMB mn	CMBIGM FY25E	CMBIGM FY26E	CMBIGM FY27E	Consensus FY25E	Consensus FY26E	Consensus FY27E	Diff (%) FY25E	Diff (%) FY26E	Diff (%) FY27E
Revenue	11,460	12,417	13,841	11,379	12,525	13,489	0.7%	-0.9%	2.6%
Gross profit	5,125	5,756	6,400	5,146	5,807	6,350	-0.4%	-0.9%	0.8%
Operating profit	1,198	1,526	1,789	1,293	1,538	1,844	-7.3%	-0.8%	-3.0%
Net profit	1,056	1,294	1,493	1,105	1,405	1,650	-4.4%	-7.9%	-9.5%
Gross margin	44.7%	46.4%	46.2%	45.2%	46.4%	47.1%	-0.5ppt	0ppt	-0.8ppt
Operating margin	10.5%	12.3%	12.9%	11.4%	12.3%	13.7%	-0.9ppt	0ppt	-0.7ppt
Net margin	9.2%	10.4%	10.8%	9.7%	11.2%	12.2%	-0.5ppt	-0.8ppt	-1.4ppt

Source: Company data, Bloomberg, CMBIGM estimates

Figure 3: 1-year forward P/E band



Source: Company data, Wind, CMBIGM estimates (updated to 26 Jan 2026)

Figure 4: Valuation comps

Company	Ticker	Last Price	Mkt Cap	P/E (x)		Rev. growth (%)			NP growth (%)			GPM (%)	NPM (%)	Payout ratio	Div yield	
		(LC)	(USD mn)	26E	27E	25E	26E	27E	25E	26E	27E	24A	24A	24A	24A	25E
Nongfu Spring	9633.HK	48.66	70,201	28.8 x	25.5 x	17.2	13.6	11.8	21.7	15.2	12.9	58.1	28.3	70%	1.7%	2.0%
Eastroc Beverage	605499.SH	250.80	18,673	22.8 x	18.7 x	32.5	24.3	19.8	36.1	26.3	21.9	44.1	21.0	78%	2.0%	2.0%
Tingyi	0322.HK	11.64	8,416	12.7 x	11.8 x	-0.8	2.5	2.3	14.4	8.6	7.0	33.1	5.4	101%	6.2%	7.3%
Want Want China	0151.HK	4.59	6,950	11.0 x	10.2 x	3.1	3.0	1.7	-5.7	7.8	7.7	47.6	18.4	40%	5.7%	5.9%
Cr Beverage	2460.HK	10.20	3,138	15.2 x	13.2 x	-15.2	8.3	11.5	-35.5	22.5	15.4	47.3	12.3	62%	5.1%	2.7%
U-Presid China	0220.HK	7.83	4,338	12.2 x	11.1 x	6.6	5.8	6.1	21.4	11.0	9.4	32.5	6.1	101%	6.0%	7.4%
IFBH	6603.HK	17.21	589	11.6 x	9.1 x	24.8	28.3	25.0	12.9	40.7	27.8	32.0	21.1	NA	0.0%	0.0%
Lzy	605337.SH	12.92	722	21.2 x	19.6 x	-6.6	6.5	5.4	-3.5	10.2	8.4	38.4	16.0	86%	3.9%	3.1%
Average				**23.2 x**	**20.4 x**	**15.3**	**12.8**	**11.0**	**14.1**	**15.4**	**12.9**	**51.4**	**23.6**	**74%**	**2.7%**	**2.7%**

Source: Company data, Wind, CMBIGM estimates (updated to 26 Jan 2026)

Financial Summary

INCOME STATEMENT	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Revenue	**12,623**	**13,515**	**13,521**	**11,460**	**12,417**	**13,841**
Cost of goods sold	(7,364)	(7,480)	(7,124)	(6,335)	(6,661)	(7,441)
Gross profit	**5,259**	**6,035**	**6,397**	**5,125**	**5,756**	**6,400**
Operating expenses	**(4,192)**	**(4,449)**	**(4,407)**	**(4,034)**	**(4,338)**	**(4,718)**
Selling expense	(3,878)	(4,087)	(4,058)	(3,726)	(4,012)	(4,362)
Admin expense	(265)	(301)	(296)	(262)	(276)	(301)
R&D expense	(49)	(62)	(53)	(45)	(49)	(55)
Operating profit	**1,067**	**1,587**	**1,990**	**1,091**	**1,418**	**1,682**
Other income	191	174	121	108	108	108
Other expense	(3)	(15)	(14)	0	0	0
EBITDA	**1,554**	**2,206**	**2,655**	**1,966**	**2,427**	**2,823**
Depreciation	(326)	(464)	(559)	(768)	(901)	(1,034)
EBIT	**1,228**	**1,742**	**2,096**	**1,198**	**1,526**	**1,789**
Interest income	149	194	168	202	189	189
Interest expense	(2)	(43)	(2)	(2)	(2)	(2)
Pre-tax profit	**1,375**	**1,878**	**2,224**	**1,397**	**1,712**	**1,976**
Income tax	(387)	(547)	(563)	(326)	(399)	(461)
After tax profit	**989**	**1,331**	**1,661**	**1,072**	**1,313**	**1,515**
Minority interest	1	(2)	(24)	(16)	(19)	(22)
Net profit	**990**	**1,329**	**1,637**	**1,056**	**1,294**	**1,493**
Adjusted net profit	**990**	**1,344**	**1,674**	**1,056**	**1,294**	**1,493**

BALANCE SHEET	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Current assets	**7,630**	**5,558**	**11,961**	**10,637**	**10,741**	**11,300**
Cash & equivalents	2,508	2,075	5,701	4,753	4,780	5,195
Account receivables	564	683	668	313	329	368
Inventories	588	377	504	483	544	649
ST bank deposits	292	2,297	4,947	4,947	4,947	4,947
Other current assets	3,679	126	141	141	141	141
Non-current assets	**2,974**	**7,444**	**6,734**	**7,717**	**8,567**	**9,285**
PP&E	2,008	4,810	5,924	6,853	7,654	8,327
Right-of-use assets	464	518	579	632	681	726
Other non-current assets	503	539	232	232	232	232
Total assets	**10,605**	**13,002**	**18,694**	**18,354**	**19,309**	**20,584**
Current liabilities	**4,329**	**5,188**	**6,322**	**5,910**	**6,080**	**6,488**
Short-term borrowings	0	0	6	6	6	6
Account payables	4,029	5,022	3,719	3,307	3,477	3,884
Tax payable	33	8	19	19	19	19
Other current liabilities	3	1	0	0	0	0
Lease liabilities	17	16	14	14	14	14
Contract liabilities	247	139	193	193	193	193
Non-current liabilities	**380**	**441**	**511**	**511**	**511**	**511**
Long-term borrowings	0	0	0	0	0	0
Deferred income	369	421	486	486	486	486
Total liabilities	**4,709**	**5,629**	**6,833**	**6,421**	**6,591**	**6,999**
Share capital	0	0	0	0	0	0
Capital surplus	5,574	6,903	11,300	11,300	11,300	11,300
Retained earnings	0	0	0	55	821	1,667
Other reserves	0	0	0	1	1	1
Total shareholders equity	**5,574**	**6,903**	**11,300**	**11,356**	**12,122**	**12,968**
Minority interest	322	470	561	576	596	618
Total equity and liabilities	**10,605**	**13,002**	**18,694**	**18,354**	**19,309**	**20,584**

CASH FLOW	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Operating						
Profit before taxation	**1,375**	**1,878**	**2,224**	**1,397**	**1,712**	**1,976**
Depreciation & amortization	326	447	559	768	901	1,034
Tax paid	(366)	(420)	(535)	0	0	0
Change in working capital	(275)	21	(679)	(36)	92	264
Others	144	335	373	0	0	0
Net cash from operations	**845**	**1,718**	**1,393**	**1,805**	**2,306**	**2,813**
Investing						
Capital expenditure	(723)	(2,251)	1,981	(1,751)	(1,751)	(1,751)
Net proceeds from disposal of short-term investments	10,347	5,864	(11,850)	0	0	0
Others	(9,622)	(5,703)	6,895	0	0	0
Net cash from investing	**1**	**(2,090)**	**(2,974)**	**(1,751)**	**(1,751)**	**(1,751)**
Financing						
Dividend paid	0	0	0	(1,001)	(528)	(647)
Net borrowings	(2)	(43)	24	0	0	0
Proceeds from share issues	na	na	5,298	na	na	na
Share repurchases	0	0	na	0	0	0
Others	(20)	(18)	(163)	0	0	0
Net cash from financing	**(21)**	**(61)**	**5,160**	**(1,001)**	**(528)**	**(647)**
Net change in cash						
Cash at the beginning of the year	1,683	2,508	2,075	5,701	4,753	4,780
Exchange difference	(0)	(0)	46	0	0	0
Cash at the end of the year	**2,508**	**2,075**	**5,654**	**4,753**	**4,780**	**5,195**

GROWTH	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Revenue	11.3%	7.1%	0.0%	(15.2%)	8.3%	11.5%
Gross profit	5.8%	14.8%	6.0%	(19.9%)	12.3%	11.2%
Operating profit	17.0%	48.7%	25.4%	(45.2%)	30.0%	18.6%
EBITDA	19.5%	41.9%	20.4%	(25.9%)	23.4%	16.3%
EBIT	19.5%	41.8%	20.3%	(42.8%)	27.4%	17.3%
Net profit	15.3%	34.3%	23.1%	(35.5%)	22.5%	15.4%
Adj. net profit	15.3%	35.8%	24.6%	(36.9%)	22.5%	15.4%

PROFITABILITY	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Gross profit margin	41.7%	44.7%	47.3%	44.7%	46.4%	46.2%
Operating margin	8.5%	11.7%	14.7%	9.5%	11.4%	12.2%
EBITDA margin	12.3%	16.3%	19.6%	17.2%	19.5%	20.4%
Adj. net profit margin	7.8%	9.9%	12.4%	9.2%	10.4%	10.8%
Return on equity (ROE)	19.5%	21.3%	18.0%	9.3%	11.0%	11.9%

GEARING/LIQUIDITY/ACTIVITIES	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Net debt to equity (x)	(0.4)	(0.3)	(0.5)	(0.4)	(0.4)	(0.4)
Current ratio (x)	1.8	1.1	1.9	1.8	1.8	1.7
Receivable turnover days	16.3	18.4	18.0	18.0	18.0	18.0
Inventory turnover days	29.2	18.4	25.8	27.8	29.8	31.8
Payable turnover days	199.7	245.1	190.5	190.5	190.5	190.5

VALUATION	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
P/E	18.4	13.7	11.5	17.9	14.6	12.6
P/E (diluted)	18.4	13.7	11.5	17.9	14.6	12.6
P/B	3.1	2.5	1.6	1.6	1.5	1.4
Div yield (%)	0.0	0.0	5.3	2.8	3.4	4.0

Source: Company data, CMBIGM estimates. Note: The calculation of net cash includes financial assets.

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