UOBKayHian

Company – Results | Greater China

Thursday, 20 August 2026

China Resources Beer (291 HK)

1H26: Earnings Miss; Softer Expectations For Volume And ASP In 2026

Highlights

- CR Beer's 1H26 earnings missed expectations.
- Beer revenue increased 2% yoy, driven by 2% volume growth and a 0.5% ASP expansion. For the full year, we have adopted a softer outlook, with volume expected to be roughly flat and ASP to show only a slight increase, supported by an easier comparison base in 2H25. Baijiu segment remains in adjustment. Goodwill now stands at over Rmb4b, with potential further impairment in 2H26.
- On shareholder returns, management has guided for full-year payout ratio to remain above 55% and is aiming to maintain a yoy flat DPS. In the mid- to long term, it targets a payout ratio of 60%, potentially moving toward 70%. Maintain BUY; cut target price by 6% to HK$28.60.

2Q26 & 1H26 Results

Year to 31 Dec (Rmbm)	1H26	1H25	yoy chg (%)
Total revenue	24,240	23,942	1.2
- Beer revenue	23,670	23,161	2.2
- Baijiu revenue	570	781	(27.0)
Gross profit	11,551	11,704	(1.3)
Gross profit margin (%)	47.7	48.9	(1.2)
Adj EBITDA	7,997	8,095	(1.2)
Adj. EBITDA margin (%)	33.0	33.8	(0.8)
Beer sales volume (m l)	6,600	6,487	1.7
ASP of beer (Rmb/kl)	3,587	3,570	0.5

Source: CR Beer, UOB Kay Hian

Analysis

- **1H26 earnings missed.** China Resources Beer (CR Beer) reported 1H26 revenue of Rmb24,240m (+1% yoy), largely in line with consensus. Gross profit margin (GPM) was 47.7% (-1.2ppt yoy), with beer gross margin down 1.0ppt to 47.3%, mainly due to rising material costs, and baijiu gross margin down 4.9ppt to 62.5%. Adjusted EBITDA (excluding Shenzhen headquarters-related income) reached Rmb7,997m (-1% yoy), with an adjusted EBITDA margin of 33.0% (-0.8ppt yoy). Reported net profit was Rmb5,169m (-11% yoy). Per our estimates, adjusted net profit was Rmb5,109m (-1% yoy), 3% below consensus, with an adjusted net margin of 21.1% (-0.5ppt yoy).

Key Financials

Year to 31 Dec (Rmbm)	2024	2025	2026F	2027F	2028F
Net turnover	38,635	37,985	38,460	39,351	40,287
EBITDA	8,986	9,879	9,725	10,157	10,480
Operating profit	6,636	7,453	7,249	7,631	7,904
Net profit (rep./act.)	4,739	3,371	5,202	5,505	5,738
Net profit (adj.)	4,759	4,775	5,202	5,505	5,738
EPS (Fen)	146.7	147.2	160.4	169.7	176.9
PE (x)	12.3	12.3	11.3	10.7	10.2
P/B (x)	1.9	1.8	1.7	1.6	1.5
EV/EBITDA (x)	6.7	5.9	5.6	5.0	4.5
Dividend yield (%)	4.2	5.6	4.9	5.6	6.4
Net margin (%)	12.5	13.5	13.5	14.0	14.2
Net debt/(cash) to equity (%)	(5.7)	(11.8)	(20.8)	(29.8)	(37.4)
ROE (%)	15.5	16.0	15.6	15.5	15.1
Consensus EBITDA	-	-	9,903.6	10,396.8	10,878.9
UOBKH/Consensus (x)	-	-	0.98	0.98	0.96

Source: CR Beer, Bloomberg, UOB Kay Hian

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BUY (Maintained)

Share Price	HK$21.06
Target Price	HK$28.60
Upside	+35.8%
Previous TP	HK$30.30

Stock Data

Sector	Consumer Staples
Bloomberg ticker	291 HK
Shares issued (m)	3,244.2
Market cap (HK$m)	68,322.4
Market cap (US$m)	8,713.0
3-mth avg daily t'over (US$m)	30.4

Price Performance (%)

52-week high/low				HK$29.40/HK$20.88
1mth	3mth	6mth	1yr	YTD
(11.1)	(18.9)	(20.7)	(20.9)	(19.7)

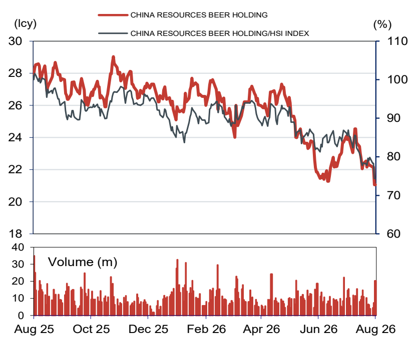
Major Shareholders (%)

CRH (Beer) Limited	51.67

Balance Sheet Metrics

FY26 NAV/Share (Rmb)	10.59
FY26 Net Cash/Share (Rmb)	2.38

Price Chart



Source: Bloomberg

Company Description

CR Beer is China's largest beer company in terms of sales volume. It has been the top in China's beer sales volume since 2006.

- **1H26 beer sales volume grew 2%; softer expectations for the full-year.** Beer revenue increased 2% yoy to Rmb23,670m, driven by 2% volume growth to 66.0m hL, and a 0.5% ASP expansion to Rmb3,587/kl. The volume trend weakened from May and remained subdued into July, with certain regions remaining negative. For the full year, we have therefore adopted a softer outlook, with volume expected to be roughly flat and ASP to show only a slight increase (vs previous expectations of low single-digit volume growth and mid-single-digit ASP expansion), supported by an easier comparison base in 2H25.
- **Targeting sub-premium to account for 30-35% of volume in long term.** In 1H26, sales volume of sub-premium beer segment and above increased by over 10% while affordable premium beer segment and above grew by over 15%. Among them, Heineken grew over 20%, while Lao Xue and Amstel grew by over 40% and over 80%, respectively. Regarding premiumisation, management expects Heineken to reach around 1m tonnes this year and to sustain the growth momentum into next year. In the long term, the company aims for a 30-35% sub-premium mix, reaching around 3m-3.5m tonnes (sub-premium beer segment accounted for over 26% of total sales volume in 1H26). At this scale, the company may achieve a more meaningful ASP and margin expansion.
- **Raw material costs expected to stay under pressure in 3Q26.** Management noted that in 1H26, gross margin pressure was mainly driven by aluminium costs, which account for about 25% of COGS. 3Q26 is also expected to face cost pressure, bringing the full-year COGS per unit expected to rise by low single-digit.
- **Baijiu remains in an adjustment period; potential further goodwill impairment in 2H26.** In 1H26, baijiu revenue declined 27% yoy to Rmb570m, and adjusted EBITDA fell 61% yoy to Rmb84m. The baijiu segment remains in adjustment, with management focusing on core regional markets, maintaining stable price levels, and expanding newer channels such as e-commerce and instant retail. Goodwill now stands at over Rmb4b, with potential further impairment in 2H26.
- **Plan to increase dividend payout ratio to 60-70% in mid- to long term.** The company declared an interim dividend of Rmb0.446 per share, implying a dividend payout ratio of 28% (vs 26% in 1H25). Management has guided for full-year payout ratio to remain above 55% (vs 53% in 2025) and is aiming to maintain a yoy flat DPS. In the mid- to long term, it targets a payout ratio of 60%, potentially moving toward 70%.

Earnings Revision/Risk

- **We lower our 2026/27 earnings forecasts by 6%.** We cut our 2026/27 revenue forecasts by 2%, to reflect weaker-than-expected volume and ASP growth in 2026. We lower our 2026/27 gross margin estimates by 0.3ppt/0.4ppt yoy, respectively, to reflect the rising raw material costs. We raise our 2026/27 selling expense ratio estimates by 0.3ppt/0.2ppt, respectively. Thus, our 2026/27 earnings forecasts are lowered by 6%.

Valuation/Recommendation

- **Maintain BUY; cut target price by 6% to HK$28.60.** We cut our DCF-based target price by 6% to HK$28.60. Our target price implies 8.1x 2026F EV/EBITDA and 7.8x 2027F EV/EBITDA. The stock currently trades at 5.6x 2026F EV/EBITDA and 5.0x 2027F EV/EBITDA.

Segmental Information

Year to 31 Dec	1H26	1H25	yoy chg (%)
Revenue			
- Beer	23,670	23,161	2.2
- Baijiu	570	781	(27.0)
Gross profit			
- Beer	11,195	11,178	0.2
- Baijiu	356	526	(32.3)
Gross margin			
- Beer	47.3	48.3	(1.0)
- Baijiu	62.5	67.3	(4.9)
Adj. EBITDA			
- Beer (Excluding special items)	7,942	7,887	0.7
- Baijiu (Excluding special items)	84	218	(61.5)
Adj. EBITDA margin			
- Beer (Excluding special items)	33.6	34.1	(0.5)
- Baijiu (Excluding special items)	14.7	27.9	(13.2)

Source: CR Beer, UOB Kay Hian

Profit & loss

Year to 31 Dec (Rmbm)	2025	2026F	2027F	2028F
Net turnover	37,985.0	38,459.6	39,350.8	40,286.7
EBITDA	9,879.0	9,725.4	10,157.3	10,480.4
Deprec. & amort.	2,426.0	2,476.2	2,526.4	2,576.6
EBIT	7,453.0	7,249.2	7,630.9	7,903.8
Total other non-operating income	0.0	0.0	0.0	0.0
Associate contributions	741.0	0.0	0.0	0.0
Net interest income/(expense)	32.0	50.1	93.3	146.2
Pre-tax profit	5,307.0	7,299.2	7,724.2	8,050.0
Tax	(2,133.0)	(2,074.8)	(2,195.6)	(2,288.2)
Minorities	197.0	(22.0)	(23.2)	(24.2)
Net profit	3,371.0	5,202.5	5,505.3	5,737.5
Net profit (adj.)	4,775.0	5,202.5	5,505.3	5,737.5

Balance Sheet

Year to 31 Dec (Rmbm)	2025	2026F	2027F	2028F
Fixed assets	17,963.0	17,354.8	16,696.4	15,987.8
Other LT assets	29,459.0	28,731.0	28,003.0	27,275.0
Cash/ST investment	6,918.0	11,034.3	15,544.2	19,805.0
Other current assets	14,293.0	14,428.5	14,682.8	14,950.0
Total assets	68,633.0	71,548.6	74,926.4	78,017.7
ST debt	1,405.0	1,530.0	1,630.0	1,710.0
Other current liabilities	24,352.0	24,531.4	24,955.7	25,397.0
LT debt	1,306.0	1,806.0	2,206.0	2,526.0
Other LT liabilities	5,606.0	5,606.0	5,606.0	5,606.0
Shareholders' equity	32,262.0	34,351.3	36,781.5	39,007.3
Minority interest	3,702.0	3,724.0	3,747.2	3,771.4
Total liabilities & equity	68,633.0	71,548.6	74,926.4	78,017.7

Cash flow

Year to 31 Dec (Rmbm)	2025	2026F	2027F	2028F
Operating	5,907.0	7,979.5	8,459.9	8,747.5
Pre-tax profit	5,307.0	7,299.2	7,724.2	8,050.0
Tax	(2,133.0)	(2,074.8)	(2,195.6)	(2,288.2)
Deprec. & amort.	2,426.0	2,476.2	2,526.4	2,576.6
Working capital changes	(111.0)	43.9	170.0	174.2
Non-cash items	235.0	235.0	235.0	235.0
Other operating cashflows	183.0	0.0	0.0	(0.0)
Investing	(903.0)	(1,375.0)	(1,375.0)	(1,375.0)
Capex (growth)	(1,597.0)	(1,200.0)	(1,200.0)	(1,200.0)
Investments	0.0	0.0	0.0	0.0
Proceeds from sale of assets	0.0	0.0	0.0	0.0
Others	694.0	(175.0)	(175.0)	(175.0)
Financing	(1,902.0)	(2,488.2)	(2,575.1)	(3,111.7)
Dividend payments	(2,764.0)	(3,113.2)	(3,075.1)	(3,511.7)
Proceeds from borrowings	2,030.0	2,030.0	2,030.0	2,030.0
Loan repayment	(1,168.0)	(1,405.0)	(1,530.0)	(1,630.0)
Others/interest paid	0.0	0.0	0.0	0.0
Net cash inflow (outflow)	3,102.0	4,116.3	4,509.8	4,260.8
Beginning cash & cash equivalent	3,816.0	6,918.0	11,034.3	15,544.2
Changes due to forex impact	0.0	0.0	0.0	0.0
Ending cash & cash equivalent	6,918.0	11,034.3	15,544.2	19,805.0

Key Metric

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Profitability				
EBITDA margin	26.0	25.3	25.8	26.0
Pre-tax margin	14.0	19.0	19.6	20.0
Net margin	12.6	13.5	14.0	14.2
ROA	6.9	7.4	7.5	7.5
ROE	14.9	15.6	15.5	15.1
Growth				
Turnover	(1.7)	1.2	2.3	2.4
EBITDA	9.9	(1.6)	4.4	3.2
Pre-tax profit	(20.2)	37.5	5.8	4.2
Net profit	0.3	9.0	5.8	4.2
Net profit (adj.)	0.3	9.0	5.8	4.2
EPS	0.3	9.0	5.8	4.2
Leverage				
Debt to total capital	7.9	9.2	9.8	10.1
Debt to equity	8.5	10.0	10.8	11.2
Net debt/(cash) to equity	(11.8)	(20.8)	(29.8)	(37.4)
Interest cover (x)	n.a.	n.a.	n.a.	n.a.