Kweichow Moutai (600519 CH)

3Q26: Results In Line; Direct Sales Up 40% On i-Moutai Growth

Highlights

- Moutai's 3Q26 revenue rose 3% yoy and net profit rose 4% yoy, both in line with consensus estimates. By channel, direct sales rose 40% yoy, accounting for 54% of liquor revenue in 3Q26, while wholesale channel sales declined 22% yoy. i-Moutai sales came in at Rmb18.3b in 3Q26, contributing 84% of direct sales, driven by its continued DTC transformation.
- As of end-3Q26, contract liabilities fell 73% yoy and 34% qoq to Rmb2.1b, while cash inflow from sales of goods and services rose 3% yoy to Rmb45.1b.
- Maintain HOLD; raise target price by 13% to Rmb1,458.00.

3Q26 & 9M26 Results

Year to 31 Dec (Rmbm)	3Q26	3Q25	yoy chg (%)	9M26	9M25	yoy chg (%)
Total revenue	41,006	39,810	3.0	133,284	130,904	1.8
Operating revenue	40,267	39,064	3.1	130,971	128,454	2.0
Operational gross profit	36,096	35,658	1.2	117,325	117,270	0.0
Operational gross margin (%)	89.6	91.3	(1.6)	89.6	91.3	(1.7)
EBIT	27,341	26,590	2.8	88,430	88,843	(0.5)
EBIT margin (%)	66.7	66.8	(0.1)	66.3	67.9	(1.5)
Attributable net profit	19,951	19,224	3.8	64,467	64,627	(0.2)
Attributable profit margin (%)	48.7	48.3	0.4	48.4	49.4	(1.0)
Core attributable net profit	19,861	19,290	3.0	64,325	64,681	(0.6)
Core attributable profit margin (%)	48.4	48.5	(0.0)	48.3	49.4	(1.1)

Source: Moutai, UOB Kay Hian

Analysis

- **3Q26 results in line.** Kweichow Moutai (Moutai) reported 9M26 revenue of Rmb133,284m (+2% yoy). Gross profit (operational) was Rmb117,325m (flat yoy), and operational gross margin was 89.6% (-1.7ppt yoy). EBIT totalled Rmb88,430m (flat yoy), and EBIT margin was 66.3% (-1.5ppt yoy). Net profit was Rmb64,467m (flat yoy), and net margin was 48.4% (-1.0ppt yoy). Core net profit was Rmb64,325m (-1% yoy), and core net margin was 48.3% (-1.1ppt yoy).

Key Financials

Year to 31 Dec (Rmbm)	2024	2025	2026F	2027F	2028F
Net turnover	174,144	172,054	176,499	183,003	191,242
EBITDA	120,235	116,128	118,528	122,898	128,366
Operating profit	118,150	113,868	116,305	120,651	126,095
Net profit (rep./act.)	86,228	82,320	84,452	87,700	91,713
Net profit (adj.)	86,228	82,320	84,452	87,700	91,713
EPS (Fen)	6,864.2	6,573.7	6,743.9	7,003.3	7,323.7
PE (x)	20.3	21.2	20.6	19.9	19.0
P/B (x)	7.5	7.1	6.6	6.2	5.7
EV/EBITDA (x)	13.3	14.1	13.6	12.9	12.2
Dividend yield (%)	3.7	3.7	3.8	4.0	4.2
Net margin (%)	49.5	47.8	47.8	47.9	48.0
Net debt/(cash) to equity (%)	(80.1)	(60.8)	(70.1)	(73.3)	(76.1)
Interest cover (x)	n.a.	n.a.	n.a.	n.a.	n.a.
ROE (%)	38.4	34.5	33.3	32.1	31.2
Consensus net profit	-	-	83,730.5	89,324.5	95,104.1
UOBKH/Consensus (x)	-	-	1.01	0.98	0.96

Source: Moutai, Bloomberg, UOB Kay Hian

Analyst(s)

Stella Guo
stella.guo@uobkh.com
+852 2236 6798

Ejann Hiew
hejann@uobkh.com
+603 2147 1995

HOLD (Maintained)

Share Price	Rmb1,392.05
Target Price	Rmb1,458.00
Upside	+4.7%
Previous TP	Rmb1,295.00

Stock Data

Sector	Consumer Staples
Bloomberg ticker	600519 CH
Shares issued (m)	1,250.1
Market cap (Rmbm)	1,740,176.1
Market cap (US$m)	261,511.5
3-mth avg daily t'over (US$m)	639.7

Price Performance (%)

52-week high/low				Rmb1,568.00/Rmb1,151.01
1mth	3mth	6mth	1yr	YTD
10.6	3.1	0.5	(2.4)	1.1

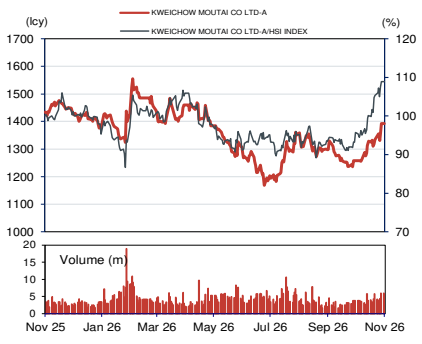
Major Shareholders (%)

Kweichow Moutai Group	54.50
Guizhou Province State-owned Capital Operation Co., Ltd.	4.56

Balance Sheet Metrics

FY26 NAV/Share (Rmb)	210.24
FY26 Net Cash/Share (Rmb)	148.22

Price Chart



Source: Bloomberg

Company Description

Kweichow Moutai is principally engaged in the production and sales of Moutai liquor and a series of liquors. The leading product "Kweichow Moutai" is one of the three famous distilled liquors in the world.

- This implies that 3Q26 revenue was Rmb41,006m (+3% yoy,), in line with Visible Alpha (VA) consensus. Gross profit (operational) was Rmb36,096m (+1% yoy), and operational gross margin was 89.6% (-1.6ppt yoy). EBIT totalled Rmb27,341m (+3% yoy), and EBIT margin was 66.7% (-0.1ppt yoy), as the lower gross margin and higher selling and marketing expenses (+0.9ppt yoy) were offset by lower tax and surcharges (-2.0ppt yoy) and lower administrative expenses (-0.4ppt yoy). Net profit was Rmb19,951m (+4% yoy), in line with VA consensus, with net margin at 48.7% (+0.4ppt yoy). Core net profit was Rmb19,861m (+3% yoy), and core net margin was 48.4% (flat yoy).

Key Operational Data

(Rmbm)	3Q26	3Q25	yoy chg (%)	9M26	9M25	yoy chg (%)
Liquor revenue by product						
- Moutai	35,201	34,924	0.8	112,925	110,514	2.2
- Non-Moutai	5,034	4,122	22.1	17,969	17,884	0.5
Liquor revenue by channel						
- Direct sales channel	21,812	15,546	40.3	73,774	55,555	32.8
- Wholesale channel	18,424	23,500	(21.6)	57,120	72,842	(21.6)
Liquor revenue by region						
- Domestic	39,586	38,045	4.1	129,253	124,505	3.8
- Overseas	604	1,000	(39.6)	1,641	3,893	(57.8)

Source: Moutai, UOB Kay Hian

- **Direct sales increased 40% yoy on continued DTC transformation.** By product, in 3Q26, revenue for Moutai liquor rose 1% yoy, accounting for 87% of liquor revenue (vs 89% in 3Q25), while revenue for the non-Moutai series rose 22% yoy. By channel, direct sales rose 40% yoy, accounting for 54% of liquor revenue in 3Q26 (vs 40% in 3Q25), while wholesale channel sales declined 22% yoy. i-Moutai sales came in at Rmb18.3b in 3Q26 (vs Rmb1.9b in 3Q25) and contributing 84% of direct sales (vs 12% in 3Q25), driven by its continued direct-to-consumer (DTC) transformation.
- **Contract liabilities decreased 73% yoy and 34% qoq.** As at end-3Q26, the company's contract liabilities were Rmb2,084m, down 73% yoy and 34% qoq. Cash inflow from sales of goods and services was Rmb45.1b in 3Q26, up 3% yoy.

Earnings Revision/Risk

- **Raise our 2026/27 earnings forecasts by 5%/7% respectively.** We raise our 2026/27 revenue forecasts by 4%/5%, respectively. We cut our 2026/27 gross margin estimates by 0.2ppt/0.1ppt, respectively. We lower both our 2026/27 sales tax estimates by 0.1ppt, and our 2026/27 sales expense estimates both by 0.5ppt. Thus, our 2026/27 earnings forecasts are raised by 5%/7% respectively.

Valuation/Recommendation

- **Maintain HOLD and raise target price by 13% to Rmb1,458.00.** We roll over our DCF-based target price to 2027 and raise our target price by 13% to Rmb1,458.00. Our target price implies 21.6x 2026F PE and 20.8x 2027F PE. The stock currently trades at 20.6x 2026F PE and 19.9x 2027F PE.

Profit & Loss

Year to 31 Dec (Rmbm)	2025	2026F	2027F	2028F
Net turnover	**172,054.2**	**176,498.9**	**183,002.7**	**191,242.3**
EBITDA	116,127.5	118,528.4	122,897.8	128,365.7
Deprec. & amort.	2,259.4	2,223.2	2,246.8	2,270.4
EBIT	113,868.1	116,305.2	120,651.0	126,095.4
Total other non-operating income	(53.7)	0.0	0.0	0.0
Associate contributions	28.5	0.0	0.0	0.0
Net interest income/(expense)	815.2	653.9	811.3	924.5
Pre-tax profit	**114,755.3**	**116,959.0**	**121,462.3**	**127,019.8**
Tax	(29,444.9)	(29,356.7)	(30,487.0)	(31,882.0)
Minorities	(2,990.3)	(3,149.9)	(3,275.1)	(3,425.0)
Net profit	**82,320.1**	**84,452.4**	**87,700.2**	**91,712.9**
Net profit (adj.)	82,320.1	84,452.4	87,700.2	91,712.9

Balance Sheet

Year to 31 Dec (Rmbm)	2025	2026F	2027F	2028F
Fixed assets	22,488.1	21,021.7	19,533.6	18,023.6
Other LT assets	28,828.1	28,705.5	28,660.1	28,679.6
Cash/ST investment	110,664.7	145,489.4	170,525.5	196,589.1
Other current assets	141,853.9	133,725.5	134,429.6	135,807.1
Total assets	**303,834.8**	**328,942.1**	**353,148.8**	**379,099.4**
ST debt	0.0	0.0	0.0	0.0
Other current liabilities	49,610.5	52,925.8	54,058.6	55,617.2
LT debt	0.0	0.0	0.0	0.0
Other LT liabilities	265.1	265.1	265.1	265.1
Shareholders' equity	244,637.8	263,279.9	283,078.7	304,045.7
Minority interest	9,321.4	12,471.3	15,746.4	19,171.4
Total liabilities & equity	**303,834.8**	**328,942.1**	**353,148.8**	**379,099.4**

Cash Flow

Year to 31 Dec (Rmbm)	2025	2026F	2027F	2028F
Operating	**61,522.2**	**101,098.7**	**93,401.2**	**97,273.2**
Pre-tax profit	114,755.3	116,959.0	121,462.3	127,019.8
Tax	(29,444.9)	(29,356.7)	(30,487.0)	(31,882.0)
Deprec. & amort.	2,259.4	2,223.2	2,246.8	2,270.4
Working capital changes	(24,874.4)	10,358.0	1,095.2	950.6
Other operating cashflows	(1,173.1)	915.2	(916.1)	(1,085.7)
Investing	**(31,641.9)**	**(463.7)**	**(463.7)**	**(463.7)**
Capex (growth)	(3,127.6)	(463.7)	(463.7)	(463.7)
Investments	(9.0)	0.0	0.0	0.0
Proceeds from sale of assets	33,566.8	0.0	0.0	0.0
Others	(62,072.1)	0.0	0.0	0.0
Financing	**(73,427.1)**	**(65,810.3)**	**(67,901.4)**	**(70,745.9)**
Dividend payments	(67,241.7)	(65,810.3)	(67,901.4)	(70,745.9)
Issue of shares	0.0	0.0	0.0	0.0
Proceeds from borrowings	0.0	0.0	0.0	0.0
Others/interest paid	(6,185.3)	0.0	0.0	0.0
Net cash inflow (outflow)	**(43,546.8)**	**34,824.7**	**25,036.1**	**26,063.6**
Beginning cash & cash equivalent	**154,209.2**	**110,664.7**	**145,489.4**	**170,525.5**
Other monetary funds	40,122.1	40,122.1	40,122.1	40,122.1
Ending cash & cash equivalent	**150,784.5**	**185,611.5**	**210,647.6**	**236,711.2**

Key Metric

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Profitability				
EBITDA margin	67.5	67.2	67.2	67.1
Pre-tax margin	66.7	66.3	66.4	66.4
Net margin	47.8	47.8	47.9	48.0
ROA	27.3	26.7	25.7	25.0
ROE	34.5	33.3	32.1	31.2
Growth				
Turnover	(1.2)	2.6	3.7	4.5
EBITDA	(3.4)	2.1	3.7	4.4
Pre-tax profit	(4.1)	1.9	3.9	4.6
Net profit	(4.5)	2.6	3.8	4.6
Net profit (adj.)	(4.5)	2.6	3.8	4.6
EPS	(4.2)	2.6	3.8	4.6
Leverage				
Debt to total capital	n.a.	n.a.	n.a.	n.a.
Debt to equity	n.a.	n.a.	n.a.	n.a.
Net debt/(cash) to equity	(60.8)	(70.1)	(73.3)	(76.1)
Interest cover (x)	n.a.	n.a.	n.a.	n.a.

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