

CR Beverage (2460 HK)

Expect earnings to bottom out in FY26E

CR Beverage's FY25 revenue fell 18.6% YoY to RMB 11.0bn, 3%/4% below Bloomberg consensus/CMBI estimate. Net profit dropped 39.8% YoY to RMB 990mn, missing Bloomberg consensus/CMBI estimate by 7%, mainly due to lackluster packaged water sales and heavy marketing spending. We expect earnings to bottom out in FY26E given: 1) Ongoing deep headquarters restructuring and R&D overhaul underpinning our confidence in reform delivery, alongside sales recovery; 2) Sales growth emerged in 2M26 with a lighter comparable base ahead. We believe focus should be on peak-season performance and PET prices go forward. Management's share purchase plan also signals strong confidence in the company. Maintain BUY with TP cut by 6% to HK\$ 11.09 to reflect FX changes and earnings cuts (NP lowered by 5-9% in FY26-28E). Our new TP is based on 1.0x 2026/27E average PEG, equal to 20x 2026E P/E.

- More details of the ongoing reform have come to light**, boosting our confidence in its potential outcomes. Beyond channel flattening and decentralized decision-making for frontline staff as noted in previous [reports](#), management also highlighted 1) significant headquarters restructuring and 2) R&D system reconfiguration at the earnings briefing. We view this as a positive signal: deep headquarters adjustments underline the new management's resolve to get the company back on track, while R&D restructuring shows the company's awareness of product weaknesses and lays the ground for future improvement. We note that administrative staff decreased by 20 (-8%) while R&D headcount rose by 38 (+63% YoY) in FY25 ([Figure 2](#)), indicating active reform progress.
- High visibility on returning to growth in FY26E**. The company stated that short-term goals are restoring solid growth in packaged water and achieving beverage growth matching 1H25 levels (~20%), targeting a 15% revenue contribution in FY26E. For 2M26, sell-out data improved YoY with positive shipment volume growth. Considering the high base is behind us and subsequent bases are lower, visibility on a return to growth in FY26E is high, in our view.
- What to watch next?** 1) Closely monitor peak-season sell-through. It is currently the off-season; peak-season performance will be more indicative. 2) PET price movements. The company noted it has actively locked in low material prices, securing immunity from PET price fluctuations for 1-2 quarters. However, continued PET price volatility could pressure the cost side.

Earnings Summary

(YE 31 Dec)	FY24A	FY25A	FY26E	FY27E	FY28E
Revenue (RMB mn)	13,521	11,002	12,402	13,655	14,856
YoY growth (%)	0.0	(18.6)	12.7	10.1	8.8
Net profit (RMB mn)	1,636.7	985.3	1,177.0	1,426.8	1,637.2
YoY growth (%)	23.1	(39.8)	19.5	21.2	14.7
EPS (Reported) (RMB)	0.79	0.41	0.49	0.59	0.68
Consensus EPS (RMB)	na	na	0.51	0.59	0.62
P/E (x)	9.9	19.0	15.9	13.1	11.4
P/B (x)	1.4	1.7	1.5	1.4	1.4
Yield (%)	6.2	3.2	3.9	4.7	5.4
ROE (%)	18.0	8.9	10.5	11.8	12.9
Net gearing (%)	(50.3)	(10.8)	(13.5)	(14.8)	(17.0)

Source: Company data, Bloomberg, CMBIGM estimates

BUY (Maintain)

Target Price	HK\$11.09
(Previous TP)	HK\$11.87)
Up/Downside	25.3%
Current Price	HK\$8.85

China Consumer Staples

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Stock Data

Mkt Cap (HK\$ mn)	21,224.1
Avg 3 mths t/o (HK\$ mn)	33.1
52w High/Low (HK\$)	14.88/8.85
Total Issued Shares (mn)	2398.2

Source: FactSet

Shareholding Structure

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

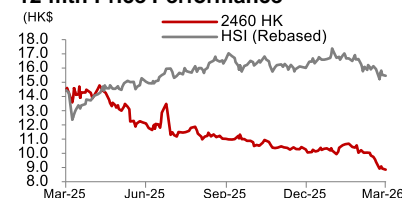
Source: HKEx

Share Performance

	Absolute	Relative
1-mth	-11.9%	-5.2%
3-mth	-12.8%	-8.9%
6-mth	-19.6%	-12.8%

Source: FactSet

12-mth Price Performance



Source: FactSet

Related Reports

- [Nongfu Spring \(9633 HK\) - FY25: Strong tea & juice biz; facing challenges to maintain high growth](#)
- [CR Beverage \(2460 HK\) - Leave the worst behind in 2025](#)

Figure 1: 2460 HK results summary- FY25

RMB mn	2024	2025	YoY	vs. CMBI ets.	1H25	2H25	1H YoY	2H YoY	HoH
Revenue	13,521	11,002	-18.6%	-4.0%	6,206	4,797	-18.5%	-18.8%	-22.7%
Water products	12,124	9,504	-22%	-2%	5,251	4,253	-23.1%	-19.7%	-19%
Small-sized water	7,028	5,396	-23%	-1%	3,194	2,202	-26.2%	-18.4%	-31%
Medium to large-sized water	4,607	3,637	-21%	-4%	1,829	1,809	-19.4%	-22.7%	-1%
Barreled water	489	470	-4%	-1%	228	242	-1.5%	-6.0%	6%
Beverage products	1,397	1,499	7%	-14%	955	544	21.3%	-10.9%	-43%
Gross Profit	6,397	5,025	-21.4%	-1.9%	2,896	2,129	-22.8%	-19.5%	-26.5%
Selling and distribution expense	4,058	3,779	-6.9%	1.4%	1,884	1,895	-9.9%	-3.7%	0.6%
Administrative expense	296	338	14.3%	29.0%	144	194	-0.3%	28.3%	34.0%
R&D expense	53	77	44.2%	70.1%	15	62	-17.7%	75.5%	321.1%
EBIT	2,096	943	-55.0%	-21.3%	912	32	-40.7%	-94.3%	-96.5%
Net profit	1,637	985	-39.8%	-6.9%	805	180	-28.6%	-64.6%	-77.6%
EPS (RMB)	0.79	0.41	-48.0%	-19.3%	0.34	0.08	-40.5%	-66.7%	-77.6%
DPS (RMB)	0.48	0.25	-47.6%	-17.2%	0.12				
Dividend payout ratio	61%	62%	0.0 ppt	1.6 ppt	35%				
Gross Margin	47.3%	45.7%	-1.6 ppt	1.0 ppt	46.7%	44.4%	-2.6 ppt	-0.4 ppt	-2.3 ppt
Selling and distribution expense ratio	30.0%	34.3%	4.3 ppt	1.8 ppt	30.4%	39.5%	2.9 ppt	6.2 ppt	9.1 ppt
Administrative expense ratio	2.2%	3.1%	0.9 ppt	0.8 ppt	2.3%	4.0%	0.4 ppt	1.5 ppt	1.7 ppt
R&D expense ratio	0.4%	0.7%	0.3 ppt	0.3 ppt	0.2%	1.3%	0.0 ppt	0.7 ppt	1.1 ppt
OP Margin	15.5%	8.6%	-6.9 ppt	-1.9 ppt	14.7%	0.7%	-5.5 ppt	-8.8 ppt	-14.0 ppt
Net Margin	12.1%	9.0%	-3.1 ppt	-0.3 ppt	13.0%	3.8%	-1.8 ppt	-4.9 ppt	-9.2 ppt
Trade receivables	668	824	23.3%		885	824	13.3%	23.3%	-7.0%
Cash (incl. deposits)	10,647	7,064	-33.66%		12,451	7,064	70.3%	-33.7%	-43.3%

Source: Company data, CMBIGM estimates

Figure 2: Headcount shifts reflect reform underway

No. of employees	2024	2025	change Δ	change %
Sales and Marketing	8,797	8,859	62	1%
Administration	347	320	-27	-8%
R&D	60	98	38	63%
Production	1,766	2,097	331	19%
Total	10,970	11,374	404	4%

Source: Company data, CMBIGM

Figure 3: Earnings revision

RMB mn	New			Old			Diff (%)		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Revenue	12,402	13,655	14,856	12,417	13,841	n.a.	-0.1%	-1.3%	n.a.
Gross profit	5,769	6,400	6,969	5,756	6,400	n.a.	0.2%	0.0%	n.a.
Operating profit	1,240	1,538	1,789	1,526	1,789	n.a.	-18.8%	-14.0%	n.a.
Net profit	1,178	1,419	1,621	1,294	1,493	n.a.	-9.0%	-5.0%	n.a.
Gross margin	46.5%	46.9%	46.9%	46.4%	46.2%	n.a.	0.2ppt	0.6ppt	n.a.
Operating margin	10.0%	11.3%	12.0%	12.3%	12.9%	n.a.	-2.3ppt	-1.7ppt	n.a.
Net margin	9.5%	10.4%	10.9%	10.4%	10.8%	n.a.	-0.9ppt	-0.4ppt	n.a.

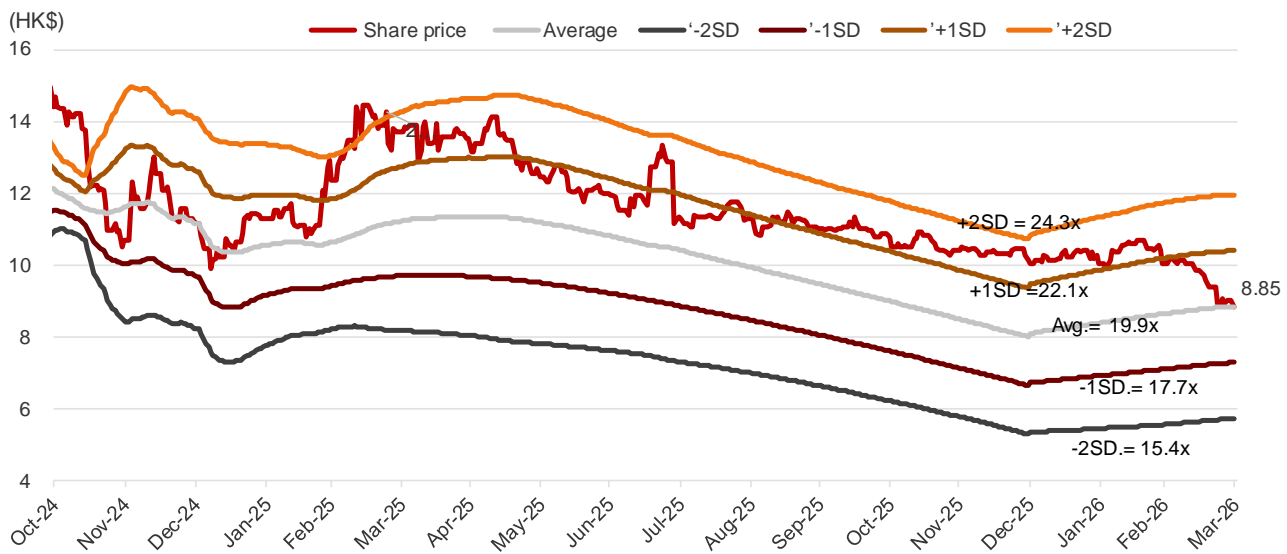
Source: Company data, CMBIGM estimates

Figure 4: CMBI estimates vs. Consensus

RMB mn	CMBIGM			Consensus			Diff (%)		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Revenue	12,402	13,655	14,856	12,097	12,989	13,461	2.5%	5.1%	10.4%
Gross profit	5,769	6,400	6,969	5,511	5,992	6,206	4.7%	6.8%	12.3%
Operating profit	1,240	1,538	1,789	1,362	1,624	1,706	-9.0%	-5.3%	4.9%
Net profit	1,178	1,419	1,621	1,214	1,409	1,473	-3.0%	0.7%	10.1%
Gross margin	46.5%	46.9%	46.9%	45.6%	46.1%	46.1%	1ppt	0.7ppt	0.8ppt
Operating margin	10.0%	11.3%	12.0%	11.3%	12.5%	12.7%	-1.3ppt	-1.2ppt	-0.6ppt
Net margin	9.5%	10.4%	10.9%	10.0%	10.8%	10.9%	-0.5ppt	-0.5ppt	0ppt

Source: Company data, Bloomberg, CMBIGM estimates

Figure 5: 1-year forward P/E band



Source: Company data, Wind, CMBIGM estimates (updated to 30 Mar 2026)

Figure 6: Valuation comps

Company	Ticker	Last Price	Mkt Cap	P/E (x)		Rev. growth (%)			NP growth (%)			GPM (%)	NPM (%)	Payout ratio	Div yield		PEG
				(LC)	(USD mn)	26E	27E	25A/E	26E	27E	25A/E				26E	27E	
Nongfu Spring	9633.HK	45.20	64,905	25.4 x	22.9 x	22.5	11.5	10.2	30.9	11.2	10.5	60.5	30.2	72%	1.9%	2.5%	2.3
Eastroc Beverage	605499.SH	227.99	18,357	22.5 x	18.5 x	32.5	24.3	19.7	35.9	26.5	21.6	44.1	21.0	78%	2.2%	2.0%	0.8
Tingyi	0322.HK	12.76	9,183	13.9 x	13.0 x	2.5	2.4	2.4	20.5	1.4	7.3	34.8	6.5	102%	7.1%	6.9%	9.8
Want Want China	0151.HK	4.54	6,842	10.7 x	10.0 x	3.1	3.0	1.7	-5.7	7.8	7.7	47.6	18.4	40%	5.7%	5.9%	1.4
Cr Beverage	2460.HK	8.85	2,710	15.9 x	13.2 x	-18.6	12.7	10.1	-39.8	19.5	20.4	45.7	9.2	91%	6.2%	3.2%	0.8
U-Presid China	0220.HK	7.88	4,346	13.2 x	12.3 x	5.3	4.5	4.2	10.9	11.3	7.1	33.2	6.5	102%	6.8%	7.6%	1.2
Yangyuan	603156.SH	30.46	5,546	26.1 x	24.1 x	-12.8	7.5	7.1	-23.2	11.3	8.1	46.0	28.7	100%	4.5%	3.4%	2.3
libh	6603.HK	10.90	371	10.1 x	8.0 x	11.9	27.8	21.3	-31.7	62.0	26.2	25.5	12.9	28%	1.9%	1.3%	0.2
Lzy	605337.SH	10.94	617	18.7 x	17.2 x	-7.8	6.6	5.0	-7.1	10.1	8.4	38.4	16.0	86%	4.6%	3.6%	1.9
Average				22.3 x	20.0 x	17.7	11.9	10.2	23.1	13.0	11.9	52.6	24.4	76%	3.0%	3.2%	1.7

Source: Company data, Wind, CMBIGM estimates (updated to 30 Mar 2026)

Financial Summary

INCOME STATEMENT	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec (RMB mn)						
Revenue	13,515	13,521	11,002	12,402	13,655	14,856
Cost of goods sold	(7,480)	(7,124)	(5,977)	(6,633)	(7,255)	(7,887)
Gross profit	6,035	6,397	5,025	5,769	6,400	6,969
Operating expenses	(4,449)	(4,407)	(4,194)	(4,641)	(4,973)	(5,292)
Selling expense	(4,087)	(4,058)	(3,779)	(4,198)	(4,485)	(4,761)
Admin expense	(301)	(296)	(338)	(319)	(324)	(337)
R&D expense	(62)	(53)	(77)	(124)	(164)	(193)
Operating profit	1,587	1,990	831	1,128	1,427	1,677
Other income	174	121	130	130	130	130
Other expense	(15)	(14)	(19)	(19)	(19)	(19)
EBITDA	2,206	2,655	1,705	2,122	2,541	2,912
Depreciation	(464)	(559)	(762)	(882)	(1,003)	(1,123)
EBIT	1,742	2,096	943	1,240	1,538	1,789
Interest income	194	168	275	219	229	239
Interest expense	(43)	(2)	(2)	(2)	(2)	(2)
Pre-tax profit	1,878	2,224	1,216	1,457	1,766	2,026
Income tax	(547)	(563)	(208)	(262)	(318)	(365)
After tax profit	1,331	1,661	1,008	1,194	1,448	1,661
Minority interest	(2)	(24)	(23)	(17)	(21)	(24)
Net profit	1,329	1,637	985	1,177	1,427	1,637
Adjusted net profit	1,344	1,674	985	1,177	1,427	1,637
BALANCE SHEET						
YE 31 Dec (RMB mn)						
Current assets	5,558	11,961	7,670	7,796	8,170	8,692
Cash & equivalents	2,075	5,701	1,174	1,601	1,843	2,226
Account receivables	683	668	824	497	543	590
Inventories	377	504	399	480	564	657
ST bank deposits	2,297	4,947	5,219	5,219	5,219	5,219
Other current assets	126	141	0	0	0	0
Non-current assets	7,444	6,734	7,718	8,964	9,552	10,020
PP&E	4,810	5,924	6,156	7,358	7,902	8,330
Right-of-use assets	518	579	638	681	726	765
Other non-current assets	539	95	190	190	190	190
Total assets	13,002	18,694	15,389	16,761	17,722	18,711
Current liabilities	5,188	6,322	3,596	3,941	4,268	4,601
Short-term borrowings	0	6	1	1	1	1
Account payables	5,022	3,719	3,144	3,490	3,817	4,149
Tax payable	8	19	169	169	169	169
Other current liabilities	1	0	0	0	0	0
Lease liabilities	16	14	13	13	13	13
Contract liabilities	139	193	266	266	266	266
Non-current liabilities	441	511	480	480	480	480
Long-term borrowings	0	11	13	13	13	13
Deferred income	421	343	319	319	319	319
Total liabilities	5,629	6,833	4,075	4,420	4,748	5,080
Share capital	0	0	0	0	0	0
Capital surplus	6,903	11,300	10,729	10,729	10,729	10,729
Retained earnings	0	0	0	570	1,272	2,031
Other reserves	0	0	0	439	350	224
Total shareholders equity	6,903	11,300	10,729	11,739	12,352	12,985
Minority interest	470	561	584	601	622	647
Total equity and liabilities	13,002	18,694	15,389	16,761	17,722	18,711

CASH FLOW	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec (RMB mn)						
Operating						
Profit before taxation	1,878	2,224	1,216	1,457	1,766	2,026
Depreciation & amortization	447	559	762	882	1,003	1,123
Tax paid	(420)	(535)	(208)	(262)	(318)	(365)
Change in working capital	21	(679)	(553)	592	196	193
Others	335	373	149	0	0	0
Net cash from operations	1,718	1,393	1,159	2,407	2,329	2,613
Investing						
Capital expenditure	(2,251)	1,981	(1,591)	(1,591)	(1,591)	(1,591)
Net proceeds from disposal of short-term investments	5,864	(11,850)	(1,039)	0	0	0
Others	(5,703)	6,895	489	219	229	239
Net cash from investing	(2,090)	(2,974)	(2,140)	(1,372)	(1,362)	(1,352)
Financing						
Dividend paid	0	0	(1,001)	(607)	(725)	(879)
Net borrowings	(43)	24	(2,372)	0	0	0
Proceeds from share issues	na	5,298	na	na	na	na
Share repurchases	0	na	0	0	0	0
Others	(18)	(163)	(33)	0	0	0
Net cash from financing	(61)	5,160	(3,397)	(607)	(725)	(879)
Net change in cash						
Cash at the beginning of the year	2,508	2,075	5,701	1,174	1,601	1,843
Exchange difference	(0)	46	(149)	0	0	0
Cash at the end of the year	2,075	5,654	1,322	1,601	1,843	2,226

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

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