27 Aug 2026

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Green Tea Group (6831 HK)

Rapid store rollout in 1H26; SSSG pressure to ease in 2H26

Green Tea's 1H26 revenue/adjusted NP grew 16.8%/16.9% YoY to RMB 2,675mn/294mn, with flat adjusted NP margin YoY at 11.0%. In 1H26, revenue/adjusted NP reached 47.6%/45.6% of Bloomberg FY26E consensus, slightly behind that of 48.1%/49.4% in 1H25 against FY25A. The slowdown was mainly due to SSSG of -9.7% in 1H26 (vs. -0.8% in FY25), which was hit by a high base in 2Q25 stemming from food-delivery subsidy war and softer consumption. For 2H26, we see two revenue growth catalysts: on-plan network expansion and the fading of high base effect on SSSG. Earnings were underpinned by a better new-restaurant model and solid cost and expense control. Longer term, overseas biz could be a new growth driver. We transfer coverage with BUY and a TP of HK$9.27 (54% upside), based on 8.6x FY26E P/E.

- **Rapid store rollout in 1H26; new-store UE outperforms old ones.** The net addition of 124 stores in 1H26 took the total to 733 (+46% YoY), nearly two-third of the 200-store target in FY26. New stores outperformed legacy ones on dine-in sales per sqm (RMB1,868 vs. 1,268/sqm/month) and store-level margin (15.1% vs. 13.9%). This was driven by format optimization with smaller floor area, denser seating and lower fit-out costs, as well as a shorter payback period (12.5 vs. 19.4 months). Together with ongoing efficiency upgrades of old stores, this should structurally lift the overall margin. The headwinds on SSSG should partially ease from September as the high base effect of delivery war fades.

- **Overseas revenue surged with clear expansion plan.** In 1H26, revenue from overseas biz reached RMB163mn (+267% YoY), with profit surging more than 2x. The company runs 22 stores, on track for its year-end target of 30. The payback period of Singapore's stores was just 7–8 months, while a Hong Kong store is piloting a Jiangnan dim sum format to test multi-brand extensibility. The expansion path is clear: a store debut in Ho Chi Minh City in 2H26 to deepen the Southeast Asian market; the first Australian store in Westfield Sydney by end-2026; the entry to European and the US markets in 2027, replicating from the Westfield platform.

- **Transfer coverage with BUY.** Our TP of HK$9.27 is based on 8.6x FY26E P/E, a 40% discount to 14.4x average of selected restaurant peers, reflecting Green Tea's weaker trading liquidity and trading turnover materially below peers.

- **Risks:** 1) softer consumption environment; 2) slower-than-expected store rollout; 3) weaker-than-expected cost/expense control.

Earnings Summary

(YE 31 Dec)	FY24A	FY25A	FY26E	FY27E	FY28E
Revenue (RMB mn)	3,838	4,763	5,620	6,792	8,222
YoY growth (%)	6.9	24.1	18.0	20.9	21.1
Operating profit (RMB mn)	452.9	618.8	768.0	936.1	1,132.3
Net profit (RMB mn)	350.2	486.4	618.5	756.4	920.2
Adjusted net profit (RMB mn)	360.9	508.9	627.6	767.4	933.6
EPS (Reported) (RMB)	0.63	0.79	0.92	1.12	1.37
YoY growth (%)	18.5	25.6	16.0	22.3	21.7
Consensus EPS (RMB)	na	na	0.97	1.22	1.50
P/E (x)	8.2	6.5	5.6	4.6	3.8
P/B (x)	3.7	2.0	1.9	1.6	1.3
Yield (%)	0.0	9.7	10.7	13.1	15.9
ROE (%)	59.1	38.6	34.3	37.1	37.4
Net gearing (%)	32.1	68.5	64.3	64.4	64.1

Source: Company data, Bloomberg, CMBIGM estimates

BUY (Maintain)

Target Price	**HK$9.27**
Up/Downside	**54.4%**
Current Price	**HK$6.00**

China Consumer Discretionary

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Stock Data

Mkt Cap (HK$ mn)	4,040.7
Avg 3 mths t/o (HK$ mn)	6.1
52w High/Low (HK$)	9.41/5.50
Total Issued Shares (mn)	673.5

Source: FactSet

Shareholding Structure

Mr. Wang & Ms. Lu	54.3%
Partners Gourmet	15.8%

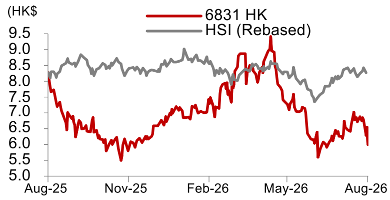
Source: HKEx

Share Performance

	Absolute	Relative
1-mth	-4.2%	-6.7%
3-mth	-17.5%	-17.6%
6-mth	-17.8%	-15.5%

Source: FactSet

12-mth Price Performance



Source: FactSet

Figure 1: Green Tea's results summary - 1H26

RMB(mn)	2024	2025	YoY	1H25	1H26	YoY
Revenue	**3,838**	**4,763**	*24.1%*	**2,290**	**2,675**	*16.8%*
Restaurant operations	3,099	3,541	*14.2%*	1,758	2,014	*14.6%*
Takeout business	723	1,204	*66.5%*	524	651	*24.1%*
Other business	16	18	*14.0%*	8	10	*25.3%*
Gross profit	**2,551**	**3,255**	*27.6%*	**1,556**	**1,840**	*18.2%*
Staff costs	989	1,243	*25.6%*	591	699	*18.2%*
Depreciation of right-of-use assets	203	242	*19.4%*	110	133	*21.3%*
Other rentals and related expenses	76	91	*19.7%*	48	51	*7.2%*
D & A of other assets	218	239	*9.6%*	113	144	*28.0%*
Delivery service expenses	121	203	*67.6%*	88	116	*32.7%*
Utilities expenses	141	170	*20.2%*	80	93	*16.7%*
Operating profit	**462**	**639**	*38.4%*	**308**	**374**	*21.7%*
Net profit	**350**	**486**	*38.9%*	**234**	**291**	*24.4%*
Ratios:						
Gross margin	66.5%	68.3%	+1.9pp	68.0%	68.8%	+0.8pp
as % of rev.						
Staff costs	25.8%	26.1%	+0.3pp	25.8%	26.1%	+0.3pp
Depreciation of right-of-use assets	5.3%	5.1%	-0.2pp	4.8%	5.0%	+0.2pp
Other rentals and related expenses	2.0%	1.9%	-0.1pp	2.1%	1.9%	-0.2pp
D & A of other assets	5.7%	5.0%	-0.7pp	4.9%	5.4%	+0.5pp
Delivery service expenses	3.2%	4.3%	+1.1pp	3.8%	4.3%	+0.5pp
Utilities expenses	3.7%	3.6%	-0.1pp	3.5%	3.5%	0.0pp
OP margin	12.0%	13.4%	+1.4pp	13.4%	14.0%	+0.6pp
Net margin	9.1%	10.2%	+1.1pp	10.2%	10.9%	+0.7pp
Op matrix:						
Number of restaurants						
Tier 1 & New Tier 1 & Overseas	231	323	*39.8%*	259	390	*50.6%*
Tier 2	115	136	*18.3%*	120	165	*37.5%*
Tier 3 & below	119	150	*26.1%*	123	178	*44.7%*
Total	465	609	*31.0%*	502	733	*46.0%*

Source: Bloomberg, Company data, CMBIGM estimates

Figure 2: Earnings revision

	New			Old			Diff (%)		
RMB mn	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Revenue	5,620	6,792	8,222	5,919	7,411	n.a.	-5.1%	-8.3%	n.a.
Gross profit	3,872	4,687	5,690	4,125	5,173	n.a.	-6.1%	-9.4%	n.a.
Net profit	619	756	920	596	794	n.a.	3.8%	-4.7%	n.a.
Gross margin	68.9%	69.0%	69.2%	69.70%	69.80%	n.a.	-0.8ppt	-0.8ppt	n.a.
Net profit margin	11.0%	11.1%	11.2%	10.10%	10.70%	n.a.	0.9ppt	0.4ppt	n.a.

Source: Company data, CMBIGM estimates

Figure 3: CMBIGM estimates vs consensus

	CMBIGM			Consensus			Diff (%)		
RMB mn	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Revenue	5,620	6,792	8,222	5,871	7,188	8,478	-4.3%	-5.5%	-3.0%
Gross profit	3,872	4,687	5,690	4,026	4,934	5,815	-3.8%	-5.0%	-2.2%
Net profit	619	756	920	648	819	1,011	-4.5%	-7.6%	-9.0%
Gross margin	68.9%	69.0%	69.2%	68.6%	68.6%	68.6%	0.3ppt	0.4ppt	0.6ppt
Net profit margin	11.0%	11.1%	11.2%	10.8%	11.0%	11.3%	0.2ppt	0.1ppt	−0.1ppt

Source: Bloomberg, CMBIGM estimates

Figure 4: Valuation comps

		Last Price	Mkt Cap	P/E(x)			Rev.growth(%)			NP growth(%)			GPM(%)	NPM(%)	Payout ratio	Div yield	
Company	Ticker	(LC)	(USD mn)	26E	27E	28E	26E	27E	28E	26E	27E	28E	25A	25A	25A	25A	26E
Green Tea Group*	**6831.HK**	**6.00**	**515**	**5.6 x**	**4.6 x**	**3.8 x**	**18.0**	**20.9**	**21.1**	**27.2**	**22.3**	**21.7**	**68.3**	**10.2**	**96%**	**9.7%**	**10.7%**
Haidilao	6862.HK	12.25	8,710	13.2 x	12.0 x	11.0 x	7.9	7.3	6.4	12.4	10.2	9.3	59.5	9.4	87%	5.9%	6.9%
Yum China	9987.HK	371.40	16,214	15.9 x	14.4 x	13.3 x	7.8	6.1	5.8	6.9	9.6	8.6	21.7	8.5	40%	2.1%	2.2%
Xiaocaiyuan	0999.HK	8.19	1,229	14.0 x	11.8 x	10.2 x	4.3	13.9	12.8	-13.9	18.9	15.8	70.4	13.4	70%	5.8%	3.9%
Average				14.4 x	12.7 x	11.5 x	6.7	9.1	8.3	1.8	12.9	11.2	50.5	10.4	66%	4.6%	4.3%

Source: Wind, Company data, CMBIGM estimates

Note: Data as of 26 Aug 2026, Green Tea Group's data from CMBIGM estimates

Financial Summary

INCOME STATEMENT	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec (RMB mn)						
Revenue	**3,589**	**3,838**	**4,763**	**5,620**	**6,792**	**8,222**
Cost of goods sold	(1,205)	(1,288)	(1,508)	(1,748)	(2,106)	(2,532)
Gross profit	**2,384**	**2,551**	**3,255**	**3,872**	**4,687**	**5,690**
Operating expenses	**(1,989)**	**(2,121)**	**(2,652)**	**(3,121)**	**(3,767)**	**(4,574)**
Staff costs	(911)	(989)	(1,243)	(1,467)	(1,734)	(2,097)
Other rental related expenses	(80)	(76)	(91)	(107)	(136)	(164)
Others	(627)	(635)	(837)	(963)	(1,191)	(1,458)
Operating profit	**425**	**453**	**619**	**768**	**936**	**1,132**
Other income	30	23	16	17	17	16
EBITDA	**795**	**874**	**1,100**	**1,352**	**1,643**	**1,987**
Depreciation	(193)	(218)	(239)	(303)	(367)	(444)
Depreciation of ROU assets	(177)	(203)	(242)	(281)	(340)	(411)
Interest income	9	9	20	20	24	30
Interest expense	(43)	(45)	(54)	(52)	(60)	(66)
Other income/expense	(4)	2	(8)	0	0	0
Pre-tax profit	**388**	**419**	**577**	**736**	**900**	**1,096**
Income tax	(92)	(68)	(91)	(118)	(144)	(175)
Minority interest	0	0	0	0	0	0
Net profit	**296**	**350**	**486**	**619**	**756**	**920**
Adjusted net profit	**303**	**361**	**509**	**628**	**767**	**934**

BALANCE SHEET	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec (RMB mn)						
Current assets	**877**	**673**	**1,675**	**1,742**	**2,093**	**2,519**
Cash & equivalents	356	247	1,199	1,191	1,434	1,729
Account receivables	36	23	33	33	40	48
Inventories	60	67	61	74	90	108
Prepayment	278	310	349	412	498	603
ST bank deposits	25	0	0	0	0	0
Other current assets	122	26	32	32	32	32
Non-current assets	**1,544**	**1,791**	**2,121**	**2,233**	**2,398**	**2,615**
PP&E	649	725	848	961	1,126	1,342
Investment in JVs & assos	0	0	0	0	0	0
Intangibles	2	3	2	2	2	2
Other non-current assets	893	1,063	1,271	1,271	1,271	1,271
Total assets	**2,421**	**2,464**	**3,795**	**3,975**	**4,491**	**5,134**
Current liabilities	**1,178**	**738**	**957**	**1,037**	**1,179**	**1,349**
Short-term borrowings	50	0	0	0	0	0
Account payables	248	221	260	279	336	404
Tax payable	8	0	0	0	0	0
Other current liabilities	872	517	697	758	842	945
Non-current liabilities	**829**	**955**	**1,085**	**1,085**	**1,085**	**1,085**
Long-term borrowings	0	0	0	0	0	0
Other non-current liabilities	829	955	1,085	1,085	1,085	1,085
Total liabilities	**2,006**	**1,693**	**2,042**	**2,122**	**2,264**	**2,434**
Share capital	0	0	0	0	0	0
Retained earnings	0	0	0	(88)	214	582
Other reserves	414	771	1,752	1,939	2,012	2,116
Total shareholders equity	**415**	**771**	**1,752**	**1,851**	**2,227**	**2,698**
Minority interest	0	0	1	1	1	1
Total equity and liabilities	**2,421**	**2,464**	**3,795**	**3,975**	**4,491**	**5,134**

CASH FLOW	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec (RMB mn)						
Operating						
Profit before taxation	**388**	**419**	**577**	**736**	**900**	**1,096**
Depreciation & amortization	193	218	239	303	367	444
Tax paid	(60)	(105)	(80)	(118)	(144)	(175)
Change in working capital	56	(42)	109	5	33	39
Others	216	244	211	52	60	66
Net cash from operations	**793**	**734**	**1,055**	**979**	**1,216**	**1,470**
Investing						
Capital expenditure	(306)	(336)	(351)	(414)	(500)	(606)
Acquisition of subsidiaries/ investments	(1)	(2)	0	0	0	0
Others	(73)	90	17	0	0	0
Net cash from investing	**(380)**	**(248)**	**(334)**	**(414)**	**(500)**	**(606)**
Financing						
Dividend paid	0	(350)	(196)	(521)	(412)	(503)
Net borrowings	(6)	(25)	0	0	0	0
Proceeds from share issues	0	0	743	0	0	0
Share repurchases	0	0	(36)	0	0	0
Others	(185)	(220)	(266)	(52)	(60)	(66)
Net cash from financing	**(191)**	**(595)**	**245**	**(573)**	**(473)**	**(569)**
Net change in cash						
Cash at the beginning of the year	134	356	247	1,199	1,191	1,434
Exchange difference	(0)	0	(14)	0	0	0
Others	222	(109)	966	(9)	244	295
Cash at the end of the year	**356**	**247**	**1,199**	**1,191**	**1,434**	**1,729**

GROWTH	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec						
Revenue	51.1%	6.9%	24.1%	18.0%	20.9%	21.1%
Gross profit	57.6%	7.0%	27.6%	19.0%	21.0%	21.4%
Operating profit	505.1%	6.4%	36.6%	24.1%	21.9%	21.0%
EBITDA	101.4%	9.8%	25.9%	22.9%	21.5%	21.0%
Net profit	1,682.6%	18.5%	38.9%	27.2%	22.3%	21.7%
Adj. net profit	1,102.8%	19.0%	41.0%	23.3%	22.3%	21.6%

PROFITABILITY	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec						
Gross profit margin	66.4%	66.5%	68.3%	68.9%	69.0%	69.2%
Operating margin	11.9%	11.8%	13.0%	13.7%	13.8%	13.8%
EBITDA margin	22.2%	22.8%	23.1%	24.1%	24.2%	24.2%
Adj. net profit margin	8.5%	9.4%	10.7%	11.2%	11.3%	11.4%
Return on equity (ROE)	67.0%	59.1%	38.6%	34.3%	37.1%	37.4%

GEARING/LIQUIDITY/ACTIVITIES	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec						
Net debt to equity (x)	0.8	0.3	0.7	0.6	0.6	0.6
Current ratio (x)	0.7	0.9	1.8	1.7	1.8	1.9
Receivable turnover days	2.8	2.8	2.1	2.1	2.1	2.1
Inventory turnover days	17.6	18.0	15.5	15.5	15.5	15.5
Payable turnover days	66.9	66.6	58.3	58.3	58.3	58.3

VALUATION	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec						
P/E	9.7	8.2	6.5	5.6	4.6	3.8
P/E (diluted)	9.7	8.2	6.5	5.6	4.6	3.8
P/B	6.9	3.7	2.0	1.9	1.6	1.3
P/CFPS	3.6	3.9	3.0	3.5	2.8	2.4
Div yield (%)	12.2	0.0	9.7	10.7	13.1	15.9
EV	4,263.6	4,347.7	4,370.1	4,378.9	4,135.3	3,840.4
EV/Sales	1.2	1.1	0.9	0.8	0.6	0.5
EV/EBITDA	5.4	5.0	4.0	3.2	2.5	1.9

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

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