28 Aug 2026

CMB International Global Markets | Equity Research | Company Update

CR Beverage (2460 HK)

Pains from reform run deeper than expected; longer time required for recovery

CR Beverage's 1H26 revenue fell 12.1% to RMB5,455mn dragged by a 7.9% slide in packaged water revenue and a 35.4% contraction in the beverage segment after channel and pricing restructuring. Gross margin expanded 0.9ppt to 47.6%, beating market consensus given the company’s effective measures. NP dropped 26.4% YoY to RMB592mn mainly due to operating deleveraging pushing up SG&A ratio. Given that deeper-than-expected disruptions from headquarters, channel, and R&D overhauls delay the return to growth, we trim FY26E revenue/NP by 14-15% and cut the TP by 14% to HK$9.57 accordingly. Our new TP is still based on 20x 2026E PE. We view FY26E as the earnings trough, and suggest investors watch for the inflection point of reform payoffs. The stock trades at its historical low (15.2x 2026E PE); maintain BUY.

- **Water biz under pressure, beverage biz bearing consequence of channel reset**. Water biz revenue was down 7.9% YoY to RMB4,838mn in 1H26 (-9.9% small-size, -5.4% mid/large-size, +1.0% barreled). The decline narrowed from -23% in 1H25 and -20% in 2H25, yet headwinds persist as the broader industry may worsen further. Beverages revenue fell 35.4% to RMB617mn as the company removed low-price online SKUs (down ~60% YoY) and reset distributor margins to restore channel health. Management guides 2H26 beverage volume to return to YoY growth barring major external shocks.
- **Gross margin beat, likely to persist**. Gross margin expanded 0.9ppt YoY to 47.6%, above market expectations, as the company kept raw-material costs broadly flat despite upward oil/PET prices. Key measures cover: 1) early PET price-locking; 2) shrink-wrapped packs penetration +5ppt to offset carton-price inflation; 3) logistics optimization with e-commerce per-case delivery fee rate cut by 20%+ YoY; and 4) opportunistic small-batch procurement on price dips. We view these as structural measures that should support stable margins even with volatile oil/carton prices.
- **Reform delivers steadily but benefits lag.** Progress updates: 1) headquarters streamlined with 10 departments merged and headcount cut by ~40% in 1H; 2) traditional channels flattened with +10ppt lift in distributor self-operation ratio, emerging channels expanded with e-commerce revenue mix at ~10%, instant retail water sales volume doubled, c.2,000 new outlets added; and 3) the R&D system rebuilt, with 1H26 spend up 74.6% YoY to RMB25.8mn. We maintain BUY but cut our TP by 14% to HK$9.57 on FY26E earnings revisions; our target PE multiple stays at 20x. As growing pains from the reform exceed our expectation, we believe the return-to-growth timeline would be pushed out further. Risks: macro weakness, reform slippage, cost inflation, food safety etc.

Earnings Summary

(YE 31 Dec)	FY24A	FY25A	FY26E	FY27E	FY28E
Revenue (RMB mn)	13,521	11,002	10,530	11,210	11,811
YoY growth (%)	0.0	(18.6)	(4.3)	6.5	5.4
Net profit (RMB mn)	1,636.7	985.3	1,015.7	1,162.4	1,258.7
YoY growth (%)	23.1	(39.8)	3.1	14.4	8.3
EPS (Reported) (RMB)	0.79	0.41	0.42	0.48	0.52
Consensus EPS (RMB)	na	na	0.43	0.50	0.57
P/E (x)	8.2	15.7	15.2	13.3	12.3
P/B (x)	1.1	1.4	1.3	1.2	1.2
Yield (%)	7.5	3.9	4.1	4.6	5.0
ROE (%)	18.0	8.9	9.1	9.8	10.2
Net gearing (%)	(50.3)	(10.8)	(9.3)	(9.1)	(9.7)

Source: Company data, Bloomberg, CMBIGM estimates

BUY (Maintain)

Target Price	**HK$9.57**
(Previous TP	HK$11.09)
Up/Downside	**27.5%**
Current Price	**HK$7.51**

China Consumer Staples

Miao ZHANG
(852) 3761 8910
zhangmiao@cmbi.com.hk

Stock Data

Mkt Cap (HK$ mn)	17,998.5
Avg 3 mths t/o (HK$ mn)	13.3
52w High/Low (HK$)	11.47/7.21
Total Issued Shares (mn)	2398.2

Source: FactSet

Shareholding Structure

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

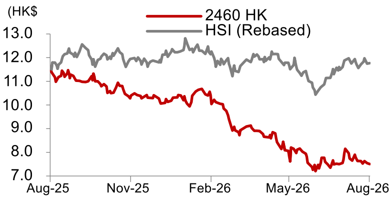
Source: HKEx

Share Performance

	Absolute	Relative
1-mth	-0.6%	-2.0%
3-mth	-4.0%	-4.9%
6-mth	-25.2%	-22.1%

Source: FactSet

12-mth Price Performance



Source: FactSet

Related Reports

1. Nongfu Spring (9633 HK) - Tea biz fuelled growth; 2H26 key variable lies in cost

Figure 1: 2460 HK - results summary- 1H26

RMB mn	2024	2025	YoY	1H25	2H25	1H26	1H25 YoY	2H25 YoY	1H26 YoY	1H26 HoH
Revenue	13,521	11,002	-18.6%	6,206	4,797	5,455	-18.5%	-18.8%	-12.1%	13.7%
Water products	12,124	9,504	-22%	5,251	4,253	4,838	-23.1%	-19.7%	-7.9%	14%
Small-sized water	7,028	5,396	-23%	3,194	2,202	2,878	-26.2%	-18.4%	-9.9%	31%
Medium to large-sized water	4,607	3,637	-21%	1,829	1,809	1,730	-19.4%	-22.7%	-5.4%	-4%
Barreled water	489	470	-4%	228	242	230	-1.5%	-6.0%	1.0%	-5%
Beverage products	1,397	1,499	7%	955	544	617	21.3%	-10.9%	-35.4%	14%
Gross Profit	6,397	5,025	-21.4%	2,896	2,129	2,597	-22.8%	-19.5%	-10.3%	22.0%
Selling and distribution expense	4,058	3,779	-6.9%	1,884	1,895	1,781	-9.9%	-3.7%	-5.5%	-6.0%
Administrative expense	296	338	14.3%	144	194	141	-0.3%	28.3%	-2.6%	-27.3%
R&D expense	53	77	44.2%	15	62	26	-17.7%	75.5%	74.6%	-58.5%
EBIT	2,096	943	-55.0%	912	32	731	-40.7%	-94.3%	-19.8%	2212.6%
Net profit	1,637	985	-39.8%	805	180	592	-28.6%	-64.6%	-26.4%	228.6%
EPS (RMB)	0.79	0.41	-48.0%	0.34	0.08	0.25	-40.5%	-66.7%	-26.4%	228.6%
DPS (RMB)	0.48	0.25	-47.6%	0.12		0.09				
Dividend payout ratio	61%	62%	0.0 ppt	35%		35%				
Gross Margin	47.3%	45.7%	-1.6 ppt	46.7%	44.4%	47.6%	-2.6 ppt	-0.4 ppt	0.9 ppt	3.2 ppt
Selling and distribution expense ratio	30.0%	34.3%	4.3 ppt	30.4%	39.5%	32.7%	2.9 ppt	6.2 ppt	2.3 ppt	-6.8 ppt
Administrative expense ratio	2.2%	3.1%	0.9 ppt	2.3%	4.0%	2.6%	0.4 ppt	1.5 ppt	0.3 ppt	-1.5 ppt
R&D expense ratio	0.4%	0.7%	0.3 ppt	0.2%	1.3%	0.5%	0.0 ppt	0.7 ppt	0.2 ppt	-0.8 ppt
OP Margin	15.5%	8.6%	-6.9 ppt	14.7%	0.7%	13.4%	-5.5 ppt	-8.8 ppt	-1.3 ppt	12.7 ppt
Net Margin	12.1%	9.0%	-3.1 ppt	13.0%	3.8%	10.9%	-1.8 ppt	-4.9 ppt	-2.1 ppt	7.1 ppt
Trade receivables	668	824	23.3%	885	824	1,118	13.3%	23.3%	26.2%	35.7%
Cash (incl. deposits)	10,647	7,064	-33.7%	12,451	7,064	7,075	70.3%	-33.7%	-43.2%	0.2%

Source: Company data, CMBIGM estimates

Figure 2: Headcount shifts reflect reform underway

No. of employees	2024	2025	1H26	Change in FY25 Δ	Change in 1H26 Δ	FY25 YoY	1H26 YoY
Sales and Marketing	8,797	8,859	8,619	62	-240	1%	-3%
Administration	347	320	277	-27	-43	-8%	-13%
R&D	60	98	82	38	-16	63%	-16%
Production	1,766	2,097	2,106	331	9	19%	0%
Total	**10,970**	**11,374**	**11,084**	**404**	**-290**	**4%**	**-3%**

Source: Company data, CMBIGM

Figure 3: Earnings revision

	New			Old			Diff.		
RMB mn	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Revenue	10,530	11,210	11,811	12,402	13,655	14,856	-15.1%	-17.9%	-20.5%
Gross profit	4,904	5,272	5,574	5,769	6,400	6,969	-15.0%	-17.6%	-20.0%
Operating profit	1,040	1,211	1,321	1,240	1,538	1,789	-16.1%	-21.3%	-26.2%
Net profit	1,016	1,162	1,259	1,178	1,419	1,621	-13.8%	-18.1%	-22.3%
Gross margin	46.6%	47.0%	47.2%	46.5%	46.9%	46.9%	0.1ppt	0.2ppt	0.3ppt
Operating margin	9.9%	10.8%	11.2%	10.0%	11.3%	12.0%	-0.1ppt	-0.5ppt	-0.9ppt
Net margin	9.6%	10.4%	10.7%	9.5%	10.4%	10.9%	0.1ppt	0ppt	-0.3ppt

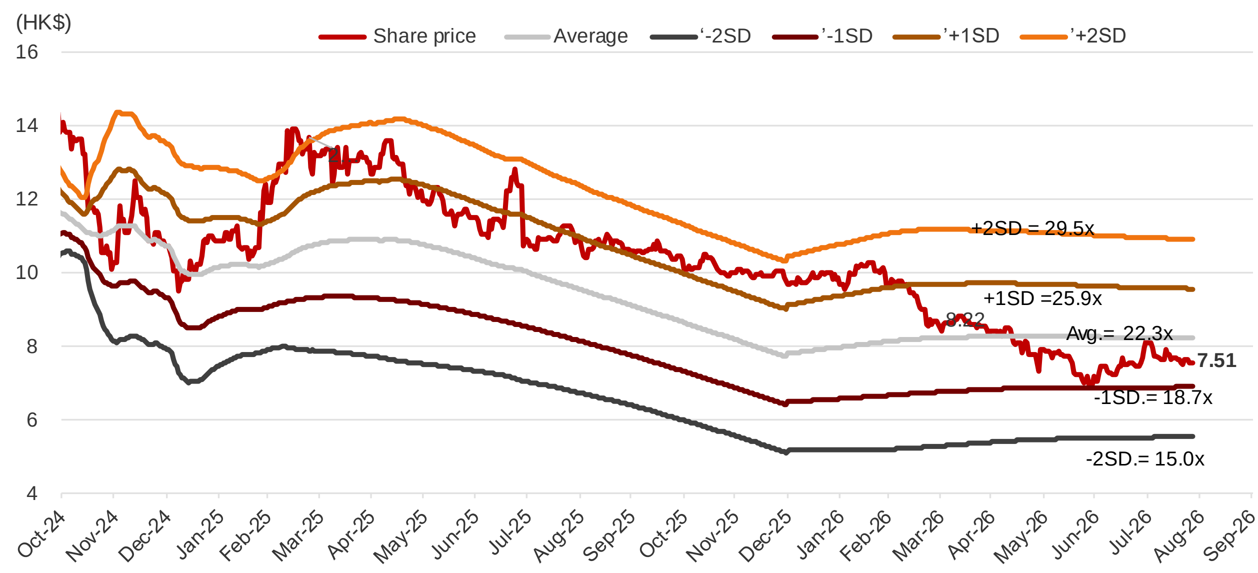
Source: Company data, CMBIGM estimates

Figure 4: CMBI estimates vs. Consensus

RMB mn	CMBIGM FY26E	CMBIGM FY27E	CMBIGM FY28E	Consensus FY26E	Consensus FY27E	Consensus FY28E	Diff (%) FY26E	Diff (%) FY27E	Diff (%) FY28E
Revenue	10,530	11,210	11,811	11,455	12,210	13,073	-8.1%	-8.2%	-9.7%
Gross profit	4,904	5,272	5,574	5,184	5,568	5,987	-5.4%	-5.3%	-6.9%
Operating profit	1,040	1,211	1,321	1,094	1,313	1,515	-4.9%	-7.7%	-12.8%
Net profit	1,016	1,162	1,259	1,033	1,196	1,360	-1.7%	-2.8%	-7.4%
Gross margin	46.6%	47.0%	47.2%	45.3%	45.6%	45.8%	1.3ppt	1.4ppt	1.4ppt
Operating margin	9.9%	10.8%	11.2%	9.6%	10.8%	11.6%	0.3ppt	0.1ppt	-0.4ppt
Net margin	9.6%	10.4%	10.7%	9.0%	9.8%	10.4%	0.6ppt	0.6ppt	0.3ppt

Source: Company data, Bloomberg, CMBIGM estimates

Figure 5: 1-year forward P/E band



Source: Company data, Wind, CMBIGM estimates (updated to 27 Aug 2026)

Figure 6: Valuation comps

Company	Ticker	Last Price (LC)	Mkt Cap (USD mn)	P/E (x) 26E	P/E (x) 27E	P/E (x) 28E	Rev. growth (%) 26E	Rev. growth (%) 27E	Rev. growth (%) 28E	NP growth (%) 26E	NP growth (%) 27E	NP growth (%) 28E	GPM (%) 25A	NPM (%) 25A	Payout ratio 25A	Div yield 25A	Div yield 26E
Nongfu Spring	9633.HK	44.08	63,237	26.2 x	23.8 x	21.5 x	11.5	10.2	10.1	11.5	10.2	10.6	60.5	30.2	72%	2.4%	2.7%
Eastroc	9980.HK	112.80	12,927	13.5 x	11.7 x	10.0 x	19.4	18.0	14.9	20.1	15.5	16.8	44.1	21.2	30%	2.5%	5.2%
Cr Beverage	2460.HK	7.55	2,308	14.2 x	12.2 x	10.6 x	5.9	7.1	7.6	12.1	17.0	14.7	45.7	9.2	92%	5.6%	7.1%
Tingyi	0322.HK	13.11	9,428	13.8 x	13.0 x	12.3 x	2.0	2.4	2.0	3.0	6.3	5.5	34.8	6.5	104%	7.0%	7.4%
U-Presid China	0220.HK	7.66	4,218	13.1 x	12.2 x	11.3 x	4.0	4.5	4.9	6.3	7.7	8.0	33.2	6.5	105%	7.2%	7.9%
Yangyuan	603156.SH	41.59	7,728	35.6 x	32.7 x	30.7 x	14.8	6.1	5.6	12.9	8.9	6.5	42.4	23.8	150%	3.6%	NA
Lolo	000848.SZ	8.56	1,287	12.4 x	11.6 x	10.8 x	10.0	5.8	6.0	11.6	6.9	7.3	44.2	20.0	83%	5.8%	5.6%
Lzy	605337.SH	9.26	529	21.9 x	19.5 x	17.7 x	4.3	9.8	8.7	1.0	12.7	9.9	38.4	15.3	90%	5.1%	5.0%
Average				**23.1 x**	**21.0 x**	**19.1 x**	**11.4**	**9.8**	**9.3**	**11.6**	**10.4**	**10.5**	**52.9**	**24.7**	**78%**	**3.3%**	**3.6%**

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

Financial Summary

INCOME STATEMENT	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec (RMB mn)						
Revenue	**13,515**	**13,521**	**11,002**	**10,530**	**11,210**	**11,811**
Cost of goods sold	(7,480)	(7,124)	(5,977)	(5,625)	(5,938)	(6,237)
Gross profit	**6,035**	**6,397**	**5,025**	**4,904**	**5,272**	**5,574**
Operating expenses	**(4,449)**	**(4,407)**	**(4,194)**	**(4,045)**	**(4,251)**	**(4,443)**
Selling expense	(4,087)	(4,058)	(3,779)	(3,617)	(3,794)	(3,962)
Admin expense	(301)	(296)	(338)	(323)	(322)	(327)
R&D expense	(62)	(53)	(77)	(105)	(134)	(153)
Operating profit	**1,587**	**1,990**	**831**	**859**	**1,021**	**1,131**
Other income	174	121	130	190	190	190
Other expense	(15)	(14)	(19)	(9)	0	0
EBITDA	**2,206**	**2,655**	**1,705**	**1,922**	**2,214**	**2,444**
Depreciation	(464)	(559)	(762)	(882)	(1,003)	(1,123)
EBIT	**1,742**	**2,096**	**943**	**1,040**	**1,211**	**1,321**
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**	**1,257**	**1,438**	**1,558**
Income tax	(547)	(563)	(208)	(226)	(259)	(280)
After tax profit	**1,331**	**1,661**	**1,008**	**1,031**	**1,180**	**1,277**
Minority interest	(2)	(24)	(23)	(15)	(17)	(19)
Net profit	**1,329**	**1,637**	**985**	**1,016**	**1,162**	**1,259**
Adjusted net profit	**1,344**	**1,674**	**985**	**1,016**	**1,162**	**1,259**

BALANCE SHEET	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec (RMB mn)						
Current assets	**5,558**	**11,961**	**7,670**	**7,138**	**7,239**	**7,449**
Cash & equivalents	2,075	5,701	1,174	1,092	1,114	1,244
Account receivables	683	668	824	421	444	467
Inventories	377	504	399	407	462	519
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**	**16,103**	**16,791**	**17,469**
Current liabilities	**5,188**	**6,322**	**3,596**	**3,411**	**3,575**	**3,733**
Short-term borrowings	0	6	1	1	1	1
Account payables	5,022	3,719	3,144	2,960	3,124	3,282
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**	**3,890**	**4,055**	**4,212**
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	409	946	1,489
Other reserves	0	0	0	475	445	404
Total shareholders equity	**6,903**	**11,300**	**10,729**	**11,613**	**12,120**	**12,622**
Minority interest	470	561	584	599	616	635
Total equity and liabilities	**13,002**	**18,694**	**15,389**	**16,103**	**16,791**	**17,469**

CASH FLOW	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec (RMB mn)						
Operating						
Profit before taxation	**1,878**	**2,224**	**1,216**	**1,257**	**1,438**	**1,558**
Depreciation & amortization	447	559	762	882	1,003	1,123
Tax paid	(420)	(535)	(117)	(226)	(259)	(280)
Change in working capital	21	(679)	(132)	210	86	78
Others	335	373	(22)	0	0	0
Net cash from operations	**1,718**	**1,393**	**1,511**	**1,897**	**2,009**	**2,198**
Investing						
Capital expenditure	(2,251)	(1,981)	(1,413)	(1,591)	(1,591)	(1,591)
Net proceeds from disposal of short-term investments	5,864	(11,850)	(2,900)	0	0	0
Others	(5,703)	10,857	2,221	219	229	239
Net cash from investing	**(2,090)**	**(2,974)**	**(2,092)**	**(1,372)**	**(1,362)**	**(1,352)**
Financing						
Dividend paid	0	0	(3,810)	(607)	(625)	(716)
Net borrowings	(43)	14	(5)	0	0	0
Proceeds from share issues	na	5,298	na	na	na	na
Share repurchases	0	na	0	0	0	0
Others	(18)	(153)	(17)	0	0	0
Net cash from financing	**(61)**	**5,160**	**(3,832)**	**(607)**	**(625)**	**(716)**
Net change in cash						
Cash at the beginning of the year	2,508	2,075	5,701	1,174	1,092	1,114
Exchange difference	(0)	46	(114)	0	0	0
Cash at the end of the year	**2,075**	**5,654**	**1,288**	**1,092**	**1,114**	**1,244**

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

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CMB International Global Markets Limited

Address: 45/F, Champion Tower, 3 Garden Road, Hong Kong, Tel: (852) 3900 0888 Fax: (852) 3900 0800

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