UOBKayHian

Company – Results | Greater China

Monday, 17 August 2026

Kweichow Moutai (600519 CH)

2Q26: Results Missed; Stated-owned Investors Disposed Shares

Highlights

- Moutai's 2Q26 revenue declined 5% yoy and net profit dropped by 7% yoy, missing consensus by 8% and 9%, respectively.
- By channel, direct sales rose 34% yoy, accounting for 61% of liquor revenue in 2Q26, while wholesale channel sales declined 35% yoy. i-Moutai sales came in at Rmb18.7b in 2Q26, up 283% yoy, driven by its continued DTC transformation.
- As of end-2Q26, stated-owned investors, including Central Huijin Asset Management and China Securities Finance Corporation, no longer appear among Moutai's top 10 shareholders. By comparison, as of end-1Q26, the two held 0.83% and 0.32% of total shares, respectively. Maintain HOLD; cut target price by 7% to Rmb1,295.00.

2Q26 / 1H26 Results

Year to 31 Dec (Rmbm)	2Q26	1Q26	2Q25	yoy chg (%)	1H26	1H25	yoy chg (%)
Total revenue	37,575	54,703	39,650	(5.2)	92,278	91,094	1.3
Operating revenue	36,794	53,909	38,788	(5.1)	90,703	89,389	1.5
Operational gross profit	32,841	48,389	35,072	(6.4)	81,229	81,612	(0.5)
Operational gross margin (%)	89.3	89.8	90.4	(1.2)	89.6	91.3	(1.7)
EBIT	23,694	37,395	25,526	(7.2)	61,089	62,253	(1.9)
EBIT margin (%)	63.1	68.4	64.4	(1.3)	66.2	68.3	(2.1)
Attributable net profit	17,274	27,243	18,555	(6.9)	44,517	45,403	(2.0)
Attributable profit margin (%)	46.0	49.8	46.8	(0.8)	48.2	49.8	(1.6)
Core attributable net profit	17,224	27,240	18,540	(7.1)	44,464	45,390	(2.0)
Core attributable profit margin (%)	45.8	49.8	46.8	(0.9)	48.2	49.8	(1.6)

Source: Moutai, UOB Kay Hian

Analysis

- **2Q26 results missed.** Kweichow Moutai (Moutai) reported 1H26 revenue of Rmb92,278m (+1% yoy). Gross profit (operational) was Rmb81,229m (-0.5% yoy), and operational gross margin was 89.6% (-1.7ppt yoy). EBIT totalled Rmb61,089m (-2% yoy), and EBIT margin was 66.2% (-2.1ppt yoy). Net profit was Rmb44,517m (-2% yoy), and net margin was 48.2% (-1.6ppt yoy). Core net profit was Rmb44,464m (-2% yoy), and core net margin was 48.2% (-1.6ppt yoy).

Key Financials

Year to 31 Dec (Rmbm)	2024	2025	2026F	2027F	2028F
Net turnover	174,144	172,054	170,343	174,733	181,556
EBITDA	120,235	116,128	113,300	116,178	120,462
Operating profit	118,150	113,868	111,074	113,926	118,185
Net profit (rep./act.)	86,228	82,320	80,073	82,320	85,455
Net profit (adj.)	86,228	82,320	80,073	82,320	85,455
EPS (Fen)	6,864.2	6,573.7	6,394.2	6,573.6	6,824.0
PE (x)	19.6	20.4	21.0	20.4	19.7
P/B (x)	7.2	6.9	6.5	6.0	5.6
EV/EBITDA (x)	12.7	13.6	13.4	12.9	12.2
Dividend yield (%)	3.8	3.9	3.8	3.9	4.0
Net margin (%)	49.5	47.8	47.0	47.1	47.1
Net debt/(cash) to equity (%)	(80.1)	(60.8)	(81.4)	(84.7)	(87.2)
Interest cover (x)	n.a.	n.a.	n.a.	n.a.	n.a.
ROE (%)	38.4	34.5	31.7	30.5	29.6
Consensus net profit	-	-	85,436.0	90,937.0	96,929.6
UOBKH/Consensus (x)	-	-	0.94	0.91	0.88

Source: Moutai, Bloomberg, UOB Kay Hian

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HOLD (Maintained)

Share Price	Rmb1,341.99
Target Price	Rmb1,295.00
Upside	-3.5%
Previous TP	Rmb1,395.00

Stock Data

Sector	Consumer Staples
Bloomberg ticker	600519 CH
Shares issued (m)	1,250.1
Market cap (Rmbm)	1,677,597.0
Market cap (US$m)	248,731.9
3-mth avg daily t'over (US$m)	870.1

Price Performance (%)

52-week high/low: Rmb1,569.00/Rmb1,151.01

1mth	3mth	6mth	1yr	YTD
7.3	0.7	(9.7)	(6.0)	(2.6)

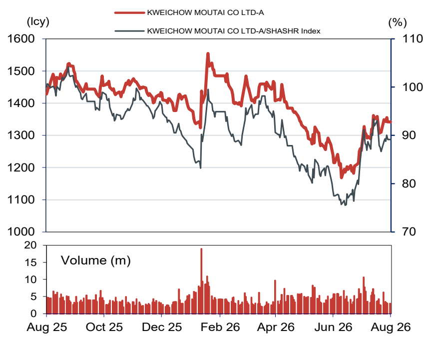
Major Shareholders (%)

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

Balance Sheet Metrics

FY26 NAV/Share (Rmb)	208.02
FY26 Net Cash/Share (Rmb)	171.20

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 2Q26 revenue was Rmb37,575m (-5% yoy), missing Visible Alpha (VA) consensus by 8%. Gross profit (operational) was Rmb32,841m (-6% yoy), and operational gross margin was 89.3% (-1.2ppt yoy). EBIT totalled Rmb23,694m (-7% yoy), and EBIT margin was 63.1% (-1.3ppt yoy). The yoy contraction in EBIT margin was mainly due to the lower gross margin (-1.2ppt yoy) and higher total operating expenses, driven by a higher administrative expense ratio (+0.3ppt yoy) and a higher tax and surcharges. ratio (+0.1ppt yoy), but partially offset by a lower selling and marketing expense ratio (-0.2ppt yoy). Net profit was Rmb17,274m (-7% yoy), missing VA consensus by 9%, with net margin at 46.0% (-0.8ppt yoy). Core net profit was Rmb17,224m (-7% yoy), and core net margin was 45.8% (-0.9ppt yoy).

Key Operational Data

(Rmbm)	2Q26	2Q25	yoy chg (%)	1H26	1H25	yoy chg (%)
Liquor revenue by product						
- Moutai	31,720	32,032	(1.0)	77,724	75,590	2.8
- Non-Moutai	5,053	6,740	(25.0)	12,934	13,763	(6.0)
Liquor revenue by channel						
- Direct sales channel	22,503	16,789	34.0	52,007	40,010	30.0
- Wholesale channel	14,315	21,983	(34.9)	38,697	49,343	(21.6)
Liquor revenue by region						
- Domestic	35,932	36,998	(2.9)	89,666	86,459	3.7
- Overseas	885	1,774	(50.1)	1,037	2,893	(64.2)

Source: Moutai, UOB Kay Hian

- **Direct sales increased 34% yoy and i-Moutai sales rose 283% yoy on continued DTC transformation.** By product, in 2Q26, revenue of Moutai liquor was down 1% yoy, accounting for 86% of liquor revenue (vs 83% in 2Q25), while revenue of the non-Moutai series declined 25% yoy. By channel, direct sales rose 34% yoy, accounting for 61% of liquor revenue in 2Q26 (vs 43% in 2Q25), while wholesale channel sales declined 35% yoy. i-Moutai sales came in at Rmb18.7b in 2Q26, up 283% yoy and contributing 83% of direct sales (vs 29% in 2Q25), driven by its continued direct-to-consumer (DTC) transformation.
- **Contract liabilities decreased 42% yoy but rose 5% qoq.** As at end-2Q26, the company's contract liabilities were Rmb3,178m, down 42% yoy but up 5% qoq. Cash inflow from sales of goods and services was Rmb42.0b in 2Q26, up 8% yoy but down 25% qoq.
- **State-owned investors disposed shares.** As of end-2Q26, stated-owned investors, including Central Huijin Asset Management and China Securities Finance Corporation, no longer appear among Moutai's top-10 shareholders. By comparison, as of end-1Q26, the two held 0.83% and 0.32% of total shares, respectively.

Earnings Revision/Risk

- **Lower our 2026/27 earnings forecasts by 3%/2% respectively.** We lower our 2026 revenue forecast by 1% to reflect the tepid demand, but keep our 2027 revenue forecast unchanged. We also raise both our 2026-27 opex estimates by 0.7ppt. Thus, our 2026/27 earnings forecasts are trimmed by 3%/2% respectively.

Valuation/Recommendation

- **Maintain HOLD and cut target price by 7% to Rmb1,295.00.** We cut our DCF-based target price by 7% to Rmb1,295.00. Our target price implies 20.3x 2026F PE and 19.7x 2027F PE. The stock currently trades at 21.0x 2026F PE and 20.4x 2027F PE.

Profit & loss

Year to 31 Dec (Rmbm)	2025	2026F	2027F	2028F
Net turnover	172,054.2	170,342.9	174,733.1	181,555.5
EBITDA	116,127.5	113,299.6	116,178.0	120,462.2
Deprec. & amort.	2,259.4	2,225.6	2,251.6	2,277.6
EBIT	113,868.1	111,074.0	113,926.4	118,184.5
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	941.4	1,057.5
Pre-tax profit	114,755.3	111,727.9	114,867.8	119,242.1
Tax	(29,444.9)	(28,668.1)	(29,473.8)	(30,596.2)
Minorities	(2,990.3)	(2,986.5)	(3,074.2)	(3,191.3)
Net profit	82,320.1	80,073.2	82,319.8	85,454.6
Net profit (adj.)	82,320.1	80,073.2	82,319.8	85,454.6

Balance Sheet

Year to 31 Dec (Rmbm)	2025	2026F	2027F	2028F
Fixed assets	22,488.1	21,069.3	19,626.3	18,159.1
Other LT assets	28,828.1	28,469.2	28,342.8	28,307.9
Cash/ST investment	110,664.7	174,271.2	199,960.8	226,008.8
Other current assets	141,853.9	110,687.4	109,011.3	109,173.9
Total assets	303,834.8	334,497.2	356,941.3	381,649.6
ST debt	0.0	0.0	0.0	0.0
Other current liabilities	49,610.5	61,427.4	62,554.5	64,792.4
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	260,496.6	278,739.5	298,018.7
Minority interest	9,321.4	12,308.0	15,382.2	18,573.4
Total liabilities & equity	303,834.8	334,497.2	356,941.3	381,649.6

Cash flow

Year to 31 Dec (Rmbm)	2025	2026F	2027F	2028F
Operating	61,522.2	128,334.5	90,280.2	92,737.1
Pre-tax profit	114,755.3	111,727.9	114,867.8	119,242.1
Tax	(29,444.9)	(28,668.1)	(29,473.8)	(30,596.2)
Deprec. & amort.	2,259.4	2,225.6	2,251.6	2,277.6
Working capital changes	(24,874.4)	41,732.1	3,200.1	2,476.5
Other operating cashflows	(1,173.1)	1,317.1	(565.5)	(662.9)
Investing	(31,641.9)	(513.7)	(513.7)	(513.7)
Capex (growth)	(3,127.6)	(513.7)	(513.7)	(513.7)
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)	(64,214.4)	(64,076.9)	(66,175.4)
Dividend payments	(67,241.7)	(64,214.4)	(64,076.9)	(66,175.4)
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)	63,606.5	25,689.6	26,048.0
Beginning cash & cash equivalent	154,209.2	110,664.7	174,271.2	199,960.8
Other monetary funds	40,122.1	40,122.1	40,122.1	40,122.1
Ending cash & cash equivalent	150,784.5	214,393.3	240,082.9	266,130.9

Key Metric

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Profitability				
EBITDA margin	67.5	66.5	66.5	66.4
Pre-tax margin	66.7	65.6	65.7	65.7
Net margin	47.8	47.0	47.1	47.1
ROA	27.3	25.1	23.8	23.1
ROE	34.5	31.7	30.5	29.6
Growth				
Turnover	(1.2)	(1.0)	2.6	3.9
EBITDA	(3.4)	(2.4)	2.5	3.7
Pre-tax profit	(4.1)	(2.6)	2.8	3.8
Net profit	(4.5)	(2.7)	2.8	3.8
Net profit (adj.)	(4.5)	(2.7)	2.8	3.8
EPS	(4.2)	(2.7)	2.8	3.8
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)	(81.4)	(84.7)	(87.2)
Interest cover (x)	n.a.	n.a.	n.a.	n.a.