China | Consumer

17 December 2025

Mixue Group (2097 HK)

A defensive yet high-growth consumer play

1H25 revenue soared 39.3% YoY in a highly competitive market

Mixue has delivered a stellar performance in 1H25, underscoring the resilience of its high-volume, low-margin business model against a backdrop of softening consumer sentiment. The company reported total revenue of Rmb14.87bn, up 39.3% YoY. This growth was primarily driven by the expansion of its global store network and increased sales of ingredients and equipment to franchisees. GP increased 38.3% to Rmb4,706m, with GPM for goods and equipment sales slightly decreased to 30.3% due to higher RM costs, while franchise services margin improved to 82.7%. Other income and gains nearly doubled to Rmb159m, mainly from higher interest income and government subsidies. Net profit surged by 44.1% YoY to Rmb2.7bn. Notably, the NP growth rate outpaced revenue growth, indicating significant operating leverage. As the store count grows, the marginal cost of supporting each new franchise unit decreases, boosting overall profitability. As of end-1H25, the company held a massive cash position of Rmb17.6bn (including term deposits), a 58.5% increase from end-FY24. This strong liquidity position empowers Mixue to continue its aggressive expansion without relying on external debt, a critical advantage in a high-interest-rate environment.

Vast Untapped Market Potential Remains

As of 30 June 2025, Mixue Group operates a staggering 53,014 stores globally, cementing its status as the world's largest freshly-made beverage player by store count. The company added a net 6,534 stores in 1H25 alone. This relentless pace creates an unparalleled barrier to entry based on sheer ubiquity and brand visibility. In Mainland China, Mixue continues to dominate lower-tier markets, with 57.6% of its stores situated in third-tier cities and below. The potential for further saturation remains, as the brand has yet to enter 84% of China's administrative townships.

Lucky Cup coffee brand as the second growth engine

A pivotal development for investors is the maturation of Mixue's coffee brand, Lucky Cup, which has now surpassed the 10,000-store milestone. Positioning itself in the Rmb5-10 price range, Lucky Cup undercuts major competitors like Luckin and Cotti. It targets a distinct demographic—students and workers in lower-tier cities who find RMB 15-20 coffees prohibitive. Lucky Cup also leverages Mixue's existing cold chain logistics and fruit supply chain to offer "fruit-infused coffees" (e.g., Coconut Latte), which have proven highly popular and offer better margins than standard Americanos. The success of Lucky Cup proves that Mixue's management can successfully replicate their playbook in adjacent categories. The coffee market in China offers a massive total addressable market (TAM), and Lucky Cup serves as a powerful second engine for growth, diversifying revenue streams beyond tea.

A defensive consumer play yet with expected high growth

In our view, in an era of cautious spending, Mixue acts as a safe haven. Its average ticket size of RMB 6-8 positions it perfectly to capture consumers trading down from premium brands. Unlike high-end peers like Nayuki (2150.HK, NR), which have eroded margins to compete on price, Mixue's cost structure is engineered for this exact price point. It thrives on the "substitution effect" - as disposable incomes shrink, the demand for affordable indulgences rises. Mixue is also arguably a supply chain logistics company disguised as a beverage chain. With five major production bases, Mixue produces 100% of its core ingredients in-house. This allows it to decouple from market price fluctuations that hurt competitors. The company's massive lemon sourcing base in Chongqing allows it to secure lemons at a fraction of the market cost through contract farming. These logistics capabilities are not easily replicable by its competitors.

Compelling entry point for LT investors despite premium valuation

Mixue trades at a FY25 PE ratio of 24.2x, commanding a premium over peers like ChaPanda (11.2x). This premium is justified by its superior growth profile (+39.3% revenue growth vs. ChaPanda's +4.3%) and its dominant market position. Investors are paying for the certainty of execution and the unparalleled "moat" of its supply chain. The stock is currently trading approximately 34% below its 52-week high of HK$ 618.50.9 This correction offers a compelling entry point for long-term investors.

NON-RATED

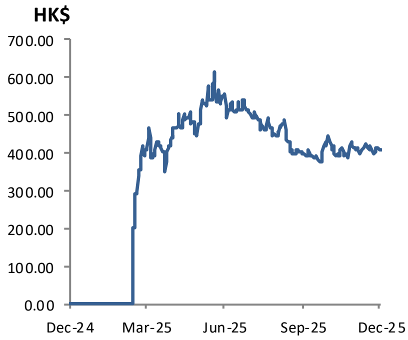
Last Price (HK$)*	409.60
Target Price (HK$)	**N/A**
Upside / (Downside)(%)	N/A
Previous rating	*NON-RATED*
Previous TP	*N/A*
Hang Seng Index*	25,468.78
** Prices as of mid-day close*	*17-Dec-25*

Key Data

Ticker	2097 HK
Market Cap (HK$m)	155,492
3M avg daily T/O (HK$m)	215.4
52-week High (HK$)	618.50
52-week Low (HK$)	256.00
Free Float (%)	27.1%
Shares O/S (m)	150.9

Performance	Absolute	Relative
1 month	-0.6%	3.0%
3 months	2.6%	8.4%
6 months	-21.8%	-26.3%

Price Chart



Source: Bloomberg

Raymond Ip
raymond.ip@crosby.com
+852 3476 2928

Figure 1 Peers table (as of 17 Dec 2025 closing price)

Company	Ticker	Price	Mkt cap (US$m)	3-mth avg t/o (US$m)	P/E (x) FY1	P/E (x) FY2	FY1-FY3 EPS Cagr (%)	FY1 PEG (x)	Div Yld (%) FY1	Div Yld (%) FY2	P/B (x) Hist	P/B (x) FY1	ROE (%) Hist	ROE (%) FY1	ROIC Hist (%)	Share px chg (%) 1-mth	Share px chg (%) 3-mth	Share px chg (%) 12-mth
HSI		25,469			12.3	11.1	11.2	1.10	3.1	3.3	1.35	1.34	10.5	10.5		(3.5)	(5.4)	29.3
HSCEI		8,844			11.3	10.2	12.0	0.95	2.9	3.1	1.26	1.27	11.4	11.0		(5.2)	(7.8)	24.5
CSI300		4,580			16.0	14.0	13.9	1.16	2.5	2.7	1.76	1.73	10.2	10.8		(0.4)	0.6	16.8
Sector Average					**18.8**	**17.2**	**13.9**	**1.4**	**19.4**	**2.3**	**3.3**	**5.3**	**30.9**	**30.1**	**25.6**	**(2.2)**	**(10.1)**	**(29.7)**
Sector Median					**19.9**	**19.2**	**14.5**	**1.4**	**4.5**	**1.5**	**2.0**	**5.5**	**23.4**	**29.8**	**20.7**	**(2.4)**	**(14.4)**	**(29.7)**
Mixue Group-H	2097 HK	409.60	19,989	27.7	24.2	21.1	14.9	1.62	1.0	1.5	8.93	6.53	34.8	30.5	32.8	(0.6)	2.6	N/A
Guming Holdings	1364 HK	24.64	7,533	21.3	21.2	19.7	14.0	1.52	4.5	2.3	N/A	12.07	111.6	71.2	87.0	15.2	15.4	N/A
Sichuan Baicha-H	2555 HK	7.09	1,347	1.9	11.2	10.2	9.2	1.22	6.7	7.8	2.50	2.21	14.2	20.1	13.1	(1.3)	(19.7)	(31.5)
Auntea Jenny S-H	2589 HK	92.45	1,250	6.1	18.6	15.6	17.6	1.06	84.8	0.0	N/A	5.55	32.5	29.8	28.2	(12.4)	(30.5)	N/A
Tenfu Hldgs Co	6868 HK	2.70	376	0.0	N/A	N/A	N/A	N/A	N/A	N/A	1.53	N/A	6.8	N/A	5.0	(3.6)	(10.6)	(27.8)
Nayuki Holdings	2150 HK	1.04	228	0.5	N/A	19.2	N/A	N/A	0.0	0.0	0.42	0.39	(14.6)	(1.1)	(12.3)	(10.3)	(18.1)	(29.7)

Source: Company data, Crosby Securities

Summary financials

Yr ended 31 Dec	FY 2022	FY 2023	FY 2024
Income Statement (CNY'm)			
Revenue	**13,576**	**20,302**	**24,829**
YoY%	*31.2*	*49.6*	*22.3*
Gross profit	**3,847**	**5,999**	**8,060**
YoY%	*18.6*	*55.9*	*34.4*
EBITDA	**2,785**	**4,361**	**6,082**
YoY%	*6.4*	*56.6*	*39.5*
Net profit	**1,997**	**3,137**	**4,437**
YoY%	*4.5*	*57.1*	*41.4*
EPS (Fully diluted)	**5.550**	**8.710**	**12.320**
YoY%	*4.3*	*56.9*	*41.4*
DPS	**0.290**	**0.278**	**0.000**
YoY%	*0.0*	*(4.2)*	*(100.0)*
Balance Sheets (CNY'm)			
Cash & Cash Equiv	2,764	5,622	4,335
ST Investments	1,801	640	3,481
AR	15	28	26
Inventories	1,541	2,232	2,215
Other current assets	435	626	1,839
Total Current Assets	**6,556**	**9,148**	**11,896**
PP&E	2,147	3,817	5,700
LT Investments	11	10	7
Other Non-curr assets	1,231	1,618	2,181
Total Non-Current Assets	**3,389**	**5,445**	**7,887**
Payables & Accruals	1,921	3,143	4,105
ST Debts	219	332	52
Othe current Liabilities	198	259	360
Total Current Liabilities	**2,339**	**3,734**	**4,517**
LT Debts	63	54	41
Othe LT Liabilities	65	209	165
Total Long-Term Liabilities	**127**	**264**	**206**
Shareholders' Equity	**7,454**	**10,507**	**14,956**
Minority interests	25	88	105
Total Equity	7,479	10,595	15,061
Total Debts	282	386	93
Net cash / (debts)	2,483	5,236	4,243

Yr ended 31 Dec	FY 2022	FY 2023	FY 2024
Cash Flow Statement (CNY'm)			
Net Income	1,997	3,137	4,437
Dep & Amort.	184	268	419
Working capital changs	228	243	1,077
Other adjustments	22	146	76
Cash From Operations (CFO)	**2,431**	**3,794**	**6,009**
YoY%	*43.6*	*56.1*	*58.4*
Capex	(1,260)	(1,691)	(1,450)
Other investments	(942)	865	(5,569)
Cash From Investing Activities	**(2,202)**	**(825)**	**(7,019)**
Free Cash Flow (CFO - Capex)	**1,171**	**2,103**	**4,559**
YoY%	*58.2*	*79.6*	*116.8*
Net change in debts	139	105	(294)
Shares issue & buyback (net)	0	0	0
Dividends	(104)	(100)	0
Others	(175)	(115)	17
Cash from Financing Activities	**(140)**	**(111)**	**(277)**
Opening cash	2,676	2,764	5,622
Net Changes in Cash	88	2,858	(1,287)
Closing cash	**2,764**	**5,622**	**4,335**
Ratios			
Gross margin	28.3%	29.5%	32.5%
Ebitda margin	20.5%	21.5%	24.5%
Net margin	14.7%	15.5%	17.9%
Payout	5.2%	3.2%	0.0%
Effective tax	24.3%	23.3%	23.3%
Ebit margin (%)	19.6	20.5	23.4
Interest burden (x)	1.00	1.00	1.00
Tax budren (x)	0.75	0.76	0.76
Asset turnover (x)	1.57	1.65	1.44
Leverage (x)	1.33	1.37	1.35
ROE	**30.7%**	**34.9%**	**34.8%**
ROIC	**28.9%**	**33.1%**	**32.8%**
Total debts / Total Capital	3.6%	3.5%	0.6%
Net debts / SH Equity	Net cash	Net cash	Net cash

Source: Company data, Crosby Securities

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Buy (B): The stock's potential total return is expected to be over 10%/15% for Large Caps/Small&Mid Caps, respectively.

Neutral (N): The stock's potential total return is expected to be ranging from -10% to 10%/15% for Large Caps/Small&Mid Caps, respectively.

Sell (S): The stock's potential total return is expected to be less than -10% over the next 12 months.

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Tactical Sell/Short (TS / TSH): The stock's potential total return is expected to be less than -20%.

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