



China | Retail

6 March 2026

Uni-President China (220 HK)

Margin Resilience Amid Price Wars; 2026 Poised for Steady Growth

Steady Topline, Expanding Margins, 100% Payout

UPC's FY2025 revenue reached Rmb31.71bn, up 4.6% YoY, primarily driven by growth in the first half of the year. However, 2H revenue contracted by 1.7% YoY, reflecting broader market challenges including economic slowdowns and heightened competition in consumer staples. GPM improved by 0.7ppt YoY to 33.2% for the full year, benefiting from lower raw material costs, particularly in beverages (up 1.2 ppt to 37.8%) and foods (up 0.6 ppt to 27.1%). In 2H, GPM rose 0.5 ppt to 31.9%, with beverages gaining 0.4ppt YoY to 35.7% and foods up 0.7 ppt to 26.2%. However, NPM expanded only modestly by 0.4ppt YoY to 6.5% for the year, as selling expenses rose 1.2ppt YoY in 2H to 22.3% due to reduced scale effects from lower beverage sales. Overall, the company managed costs effectively, with no major spikes in administrative expenses. FY25 NP was Rmb2.05bn, a 10.9% YoY increase, but this included a one-time loss of approximately Rmb125 million from impairments on investments. Adjusting for non-recurring items, core NP surged 17.6% YoY to around Rmb2.19bn, underscoring underlying operational strength. Final dividend proposed at Rmb0.4747 per share, implying a 100% payout, same as FY24.

Platform Price War Weighs on Beverages; Foods and OEM Cushion

2H25 beverage revenue declined YoY on an intensified "platform price war" and competitive promotions ("one-yuan enjoy") that hit channel pricing power and sell-through; 4Q25 was notably soft. Management focused on freshness management and inventory digestion in 4Q to protect brand equity. By category for 2025: RTD tea +2.6% YoY; milk tea/coffee +1.2%; juice -7.4%; "other beverages" +29.3% (incl. functional/energy). We note deep pressure in juice, while Assam milk tea held up and value-added/new concepts (e.g., Shuangcui/"dual-extract", functional SKUs) outperformed. Food maintained resilience, supported by mix upgrades (\geq RMB5 price band reached ~45.2% of food revenue). "Other business" (strategic alliance/OEM) grew ~60% YoY to ~1.75bn, becoming a credible third growth curve and improving utilization.

2026 Outlook: Cautious on Competition, Targeting Better Growth

Management expressed caution on the beverages sector, noting that intense competition is likely to persist into H1 2026. However, they target revenue growth in 2026 better than 2025, with double-digit increases in energy drinks and sugar-free tea categories. For January-February 2026, dynamic sales are expected to grow at a mid-single-digit pace, with foods outperforming beverages, and Q1 profit anticipated to outpace revenue growth. Full-year 2026 revenue is guided to maintain stable YoY growth, supported by beverage recovery, steady operations, and OEM expansion..

- Beverages: defend core (green tea/Assam) through tight freshness/stock rotation, calibrated promotions, and innovation in sugar-free/functional; focus on quality of revenue over share at any cost.
- Foods: continue premiumization (\geq RMB5) and innovation; leverage strong brand equities in flagship SKUs.
- Third growth curve: scale strategic alliance/OEM to smooth seasonality, deepen retailer private-label partnerships, and lift asset turns.

Valuation and Yield: Attractive vs Peers; High Payout Underpins Return

UPC is trading at an attractive valuation of just 13.6x FY25PE, compared with an average of 18.2x of its packaged drinks and food peers. UPC is also enjoying the highest expected dividend yield of 7.1%/7.7% in FY25/FY26 given its high payout ratio. Risks include prolonged competition, raw material volatility, and macroeconomic slowdowns. For investors, the high yield and exposure to China's consumer recovery make this a compelling hold.

NON-RATED

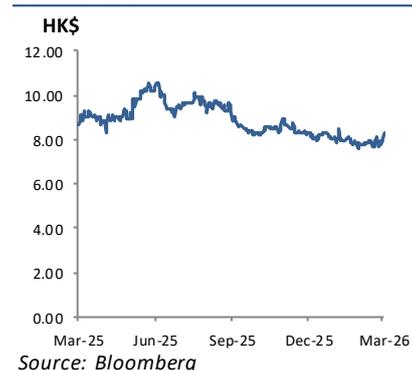
Last Price (HK\$)*	8.35
Target Price (HK\$)	N/A
Upside / (Downside)(%)	N/A
Previous rating	NON-RATED
Previous TP	N/A
Hang Seng Index*	25,757.29
*Prices as of	6-Mar-26

Key Data

Ticker	220 HK
Market Cap (HK\$m)	36,066
3M avg daily T/O (HK\$m)	48.2
52-week High (HK\$)	10.82
52-week Low (HK\$)	7.52
Free Float (%)	27.1%
Shares O/S (m)	4,319.3

Performance	Absolute	Relative
1 month	7.2%	10.5%
3 months	0.6%	1.9%
6 months	-5.9%	-7.1%

Price Chart



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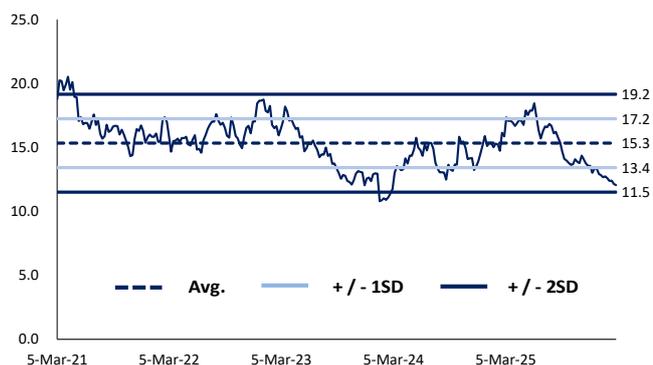


Figure 1 Peer comparison (closing prices as of 6 Mar 2026)

Company	Ticker	Price	Mkt cap (US\$m)	3-mth P/E (x)		FY1-FY3 EPS Cagr (%)		FY1 Div Yld (%)		P/B (x)		ROE (%)		ROIC (%)	Share px chg (%)			
				FY1	FY2	FY1	FY2	FY1	FY2	Hist	FY1	Hist	FY1		Hist	1-mth	3-mth	12-mth
HSI		25,757		12.4	11.0	12.2	1.01	3.2	3.4	1.36	1.33	10.4	10.4		(3.0)	(1.3)	5.7	
HSCEI		8,628		11.0	9.8	12.8	0.86	2.9	3.3	1.22	1.21	11.1	10.8		(4.5)	(6.2)	(3.5)	
CSI300		4,660		16.8	14.4	15.1	1.11	2.3	2.6	1.81	1.79	10.2	10.8		0.4	1.7	17.8	
Sector Average				18.3	15.5	15.3	1.4	4.3	4.9	3.8	3.4	20.0	18.0	15.5	(4.2)	1.0	14.3	
Sector Median				15.4	14.0	13.7	1.2	4.4	5.1	2.5	2.3	17.5	16.9	13.9	(5.3)	0.6	13.9	
Uni-President Ch	220 HK	8.35	4,610	6.2	13.7	12.6	6.7	2.06	7.1	7.7	2.48	2.30	17.1	16.9	13.1	7.2	0.6	(5.5)
Busy Ming G -H	1768 HK	403.20	11,227	N/A	33.1	23.8	31.3	1.06	0.6	0.8	N/A	8.40	N/A	28.3	N/A	5.8	N/A	N/A
Tingyi	322 HK	12.82	9,236	15.5	15.0	14.0	7.3	2.04	6.7	7.1	4.98	4.30	32.6	28.5	14.0	2.9	6.3	6.1
Want Want China	151 HK	4.75	7,166	5.4	12.2	11.4	4.5	2.68	4.2	4.6	2.77	2.46	25.2	20.9	18.7	(4.2)	(3.3)	(1.2)
Weilong Deliciou	9985 HK	11.45	3,558	5.9	17.3	14.4	17.6	0.98	5.0	5.8	3.48	3.51	18.3	21.5	14.9	(8.0)	4.7	21.8
First Pacific	142 HK	6.03	3,285	3.4	4.3	4.0	9.3	0.46	5.3	5.6	0.76	0.73	17.9	18.0	13.9	(5.3)	(0.6)	31.9
Guoquan Food S-H	2517 HK	3.82	1,284	6.7	20.9	17.0	22.1	0.95	4.1	4.9	2.95	2.75	10.6	13.1	10.7	(8.6)	7.9	97.9
Nissin Foods Co	1475 HK	7.44	993	0.3	N/A	N/A	N/A	N/A	N/A	N/A	2.07	N/A	5.6	N/A	N/A	1.6	7.1	27.5
Zhou Hei Ya Inte	1458 HK	1.46	403	0.4	14.5	11.8	26.8	0.54	6.3	9.2	0.80	0.77	4.8	5.2	5.5	(11.5)	(6.4)	(20.0)
Anjoy Foods Gr-H	2648 HK	74.85	4,299	5.3	15.4	13.8	11.7	1.32	4.4	5.2	1.49	1.64	11.6	9.5	10.6	(5.4)	5.6	N/A
Nongfu Spring -H	9633 HK	45.82	65,866	34.2	30.3	26.4	13.7	2.21	2.3	2.7	14.49	11.39	46.8	40.7	37.1	(5.3)	(4.7)	24.5
China Resources	2460 HK	10.14	3,108	3.9	20.1	15.7	22.9	0.88	2.5	3.2	1.90	1.81	18.0	9.0	15.4	(2.2)	(3.0)	(25.4)
China Foods Ltd	506 HK	3.91	1,398	2.1	10.7	9.7	9.1	1.18	4.6	5.1	1.46	1.39	13.7	13.5	13.6	(8.0)	(6.2)	38.7
Eastroc Bevera-H	9980 HK	219.00	18,966	N/A	N/A	N/A	N/A	N/A	N/A	N/A	11.50	N/A	50.3	N/A	26.6	(18.4)	N/A	N/A
Vitasoy Intl Hld	345 HK	6.98	908	1.9	30.0	26.1	15.3	1.95	2.1	2.5	2.44	2.32	7.7	8.9	7.0	(3.6)	4.8	(24.9)

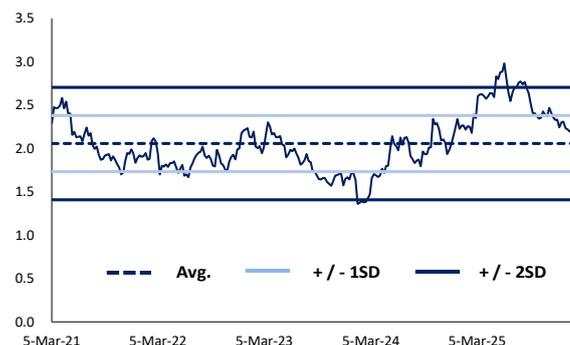
Source: Bloomberg, Crosby Securities

Figure 2 Historical 5-year forward PE range



Source: Bloomberg, Crosby Securities

Figure 3 Historical 5-year forward PB range



Source: Bloomberg, Crosby Securities



Summary financials

Yr ended 31 Dec	FY 2023	FY 2024	FY 2025
Income Statement (CNY'm)			
Revenue	28,591	30,332	31,714
YoY%	1.2	6.1	4.6
Gross profit	8,712	9,870	10,529
YoY%	6.4	13.3	6.7
EBITDA	3,128	3,347	N/A
YoY%	18.6	7.0	N/A
Net profit	1,667	1,849	2,050
YoY%	36.4	10.9	10.9
EPS (Fully diluted)	0.386	0.428	0.475
YoY%	36.4	10.9	10.9
DPS	0.425	0.425	N/A
YoY%	25.0	0.0	N/A
Balance Sheets (CNY'm)			
Cash & Cash Equiv	2,495	3,407	0
ST Investments	1,619	1,677	0
AR	586	628	0
Inventories	2,126	2,487	0
Other current assets	819	911	#VALUE!
Total Current Assets	7,645	9,109	#N/A N/A
PP&E	8,055	7,559	0
LT Investments	237	331	0
Other Non-curr assets	6,197	6,378	#VALUE!
Total Non-Current Assets	14,489	14,267	#N/A N/A
Payables & Accruals	4,175	5,194	0
ST Debts	1,017	230	0
Othe current Liabilities	2,823	3,777	#VALUE!
Total Current Liabilities	8,015	9,201	#N/A N/A
LT Debts	63	60	0
Othe LT Liabilities	674	716	#VALUE!
Total Long-Term Liabilities	737	776	#N/A N/A
Shareholders' Equity	13,382	13,399	#VALUE!
Minority interests	0	0	0
Total Equity	13,382	13,399	#VALUE!
Total Debts	1,079	290	0
Net cash / (debts)	1,416	3,117	0

Yr ended 31 Dec	FY 2023	FY 2024	FY 2025
Cash Flow Statement (CNY'm)			
Net Income	1,667	1,849	0
Dep & Amort.	1,132	1,103	0
Working capital chngs	662	1,411	0
Other adjustments	(388)	37	#VALUE!
Cash From Operations (CFO)	3,072	4,401	#N/A N/A
YoY%	111.7	43.2	#VALUE!
Capex	(960)	(697)	0
Other investments	(6)	(1,328)	#VALUE!
Cash From Investing Activities	(966)	(2,025)	#N/A N/A
Free Cash Flow (CFO - Capex)	2,112	3,704	#VALUE!
YoY%	110.0	75.3	#VALUE!
Net change in debts	210	(789)	#VALUE!
Shares issue & buyback (net)	0	0	0
Dividends	(1,471)	(1,872)	0
Others	(1,472)	1,198	#VALUE!
Cash from Financing Activities	(2,733)	(1,464)	#VALUE!
Opening cash	3,122	2,495	3,407
Net Changes in Cash	(627)	912	#VALUE!
Closing cash	2,495	3,407	#VALUE!
Ratios			
Gross margin	30.5%	32.5%	33.2%
Ebitda margin	10.9%	11.0%	N/A
Net margin	5.8%	6.1%	6.5%
Payout	110.0%	100.0%	100.0%
Effective tax	25.6%	25.6%	25.5%
Ebit margin (%)	8.0	8.3	8.6
Interest burden (x)	0.98	0.99	1.01
Tax budren (x)	0.74	0.74	0.75
Asset turnover (x)	1.30	1.33	N/A
Leverage (x)	1.65	1.70	N/A
ROE	12.6%	13.8%	N/A
ROIC	10.4%	11.7%	#VALUE!
Total debts / Total Capital	7.5%	2.1%	#VALUE!
Net debts / SH Equity	Net cash	Net cash	#VALUE!

Source: Bloomberg, Crosby Securities



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