

China Resources Beer

Premiumisation intact, recovery ahead

9 September 2026

Company Overview

China Resources Beer is the largest brewer in China, with a sales volume of 11mn KL in 2025, with a 24.6% market share in China in 2025 (source: Euromonitor). As of Dec 2025, CR Beer owned 59 breweries across 25 provinces, municipalities, and autonomous regions in China, running on a production capacity of c.19mn KL per year.

Investment Overview

Intact premiumisation. CR Beer's sub-premium and above portfolio should sustain high-single-digit volume growth in 2H26/FY27F, driven by strong momentum in Amstel, Laoxue and Heineken, alongside new products targeting differentiated occasions. Heineken also offers ample runway vs. leading peers. We expect the sub-premium and above mix to reach 30–35% over time, supporting further margin expansion as mainstream volumes stabilise.

Channel expansion supports sustained outperformance. Strong in-home exposure and early moves into O2O, Pangdonglai and warehouse clubs should sustain volume outperformance versus peers. Deeper partnerships in consumer-led product development and packaging co-creation should further strengthen product differentiation and long-term innovation.

Near-term headwinds, recovery ahead. Baijiu remains a drag amid weak catering demand and channel transition, with sales likely to decline further in 2H26 before a mild FY27F recovery as inventories normalise. Meanwhile, elevated aluminium costs should drive a c.1ppt gross margin decline in FY26F, partly offset by efficiency gains, before an c.80bps recovery in FY27F as input costs normalise.

BUY, TP of HKD33.00 (vs. HKD34.00 previously). We cut our FY26/27F earnings forecasts by 2%, mainly reflecting volume weakness in July-August and near-term cost pressure. We lower our TP to HKD33.00, based on 9x forward adjusted EV/EBITDA, 1 SD below the historical average. We maintain BUY in view of sequential improvement and a 12% earnings rebound in FY27F, while CR Beer trades at an undemanding c.6x forward EV/EBITDA (c.1.3 SD below its historical average) and dividend yield remains attractive at c.5%.

Risks

Weaker consumer demand, rising competition, higher-than-expected raw material costs, etc.

Clement XU | Mavis HUI

Analysts

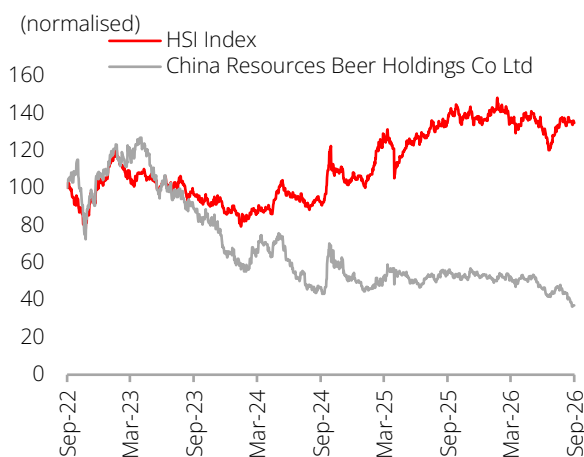
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Key Financial Data

Bloomberg Ticker	291 HK
Sector	Food, Beverage & Tobacco
Share Price (HKD)	18.90
DBS Rating	BUY
12-mth Target Price (HKD)	33.00
Market Cap (USDbn)	7.82
Volume (mn shares)	16.29
Free float (%)	na
Dividend yield (%)	6.01
Net Debt/Equity (%)	na
Fwd. P/E (x)	9.20
P/Book (x)	1.71
ROE (%)	10.54

Closing Price as of 07 Sep 2026
Source: Twelve Data, DBS, Visible Alpha

Indexed Share price vs Composite Index Performance



Financial Summary (CNYmn)

FY Dec	FY2023(A)	FY2024(A)	FY2025(A)	FY2026(F)	FY2027(F)
Sales	38,932	38,635	37,985	38,158	39,333
% y/y	10.4	(0.8)	(1.7)	0.5	3.1
Gross Profit	16,103	16,475	16,360	16,066	16,872
% y/y	18.7	2.3	(0.7)	(1.8)	5.0
EBITDA	9,604	9,078	7,067	9,641	10,337
% y/y	32.7	(5.5)	(22.2)	36.4	7.2
Net Profit (Loss)	5,153	4,739	3,371	5,310	5,924
% y/y	18.6	(8.0)	(28.9)	57.5	11.6
FCF	1,629	4,115	5,328	5,519	6,205
% y/y	(68.6)	152.6	29.5	3.6	12.4
CAPEX	(2,520)	(2,813)	(1,799)	(2,000)	(2,000)
% y/y	51.7	11.6	(36.0)	11.2	0.00
EBITDA Margin (%)	24.7	23.5	18.6	25.3	26.3
Net Margin (%)	13.2	12.3	8.9	13.9	15.1
ROA (%)	8.0	6.7	4.9	7.6	8.1
ROE (%)	18.0	15.3	10.5	15.7	16.0
Tax Rate (%)	26.3	28.4	40.2	28.2	27.9

Source: DBS

Valuation Metrics

FY Dec	FY2023(A)	FY2024(A)	FY2025(A)	FY2026(F)	FY2027(F)
PE (x)	12.0	13.0	18.3	11.6	10.4
P/B (x)	2.0	2.0	1.9	1.8	1.6
Dividend Yield (%)	4.9	4.0	5.4	5.0	5.7
EV/EBITDA (x)	6.8	7.0	8.7	6.1	5.3
FCF Yield (%)	2.5	6.5	8.7	9.4	11.3
Net DPS (HKD)	1.0	0.8	1.1	1.1	1.3
BV Per Share (HKD)	10.3	10.4	11.1	12.6	14.0

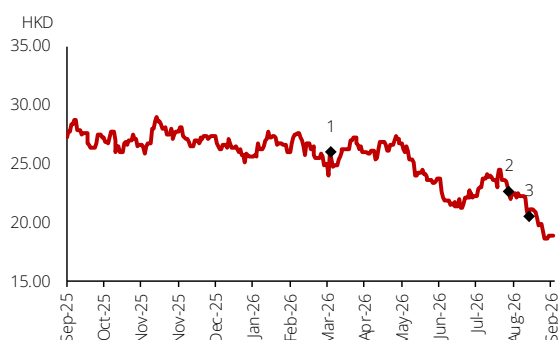
Source: DBS

Credit & Cashflow Metrics

FY Dec	FY2023(A)	FY2024(A)	FY2025(A)	FY2026(F)	FY2027(F)
Debt / Equity (x)	0.2	0.1	0.1	0.1	0.1
Net Debt / Equity (x)	cash	cash	cash	cash	cash
Debt / Assets (x)	0.1	0.0	0.0	0.0	0.0
EBITDA / Int Exp (x)	nm	nm	nm	nm	nm
Debt / EBITDA (x)	0.5	0.2	0.4	0.3	0.3
Receivables Days	19.3	14.9	15.6	15.5	15.4
Days Payable	406.3	436.1	462.1	452.3	455.5
Inventory Days	150.1	176.3	179.5	172.9	173.2

Source: DBS

Target Price & Ratings History



S.No.	Date	Closing Price	Target Price	Rating
1	24-Mar-26	HKD24.02	HKD36.00	BUY
2	5-Aug-26	HKD23.00	HKD34.00	BUY
3	20-Aug-26	HKD21.06	HKD33.00	BUY

Note: Share price and Target price are adjusted for corporate actions

Source: DBS

Analysts: Clement XU
Mavis HUI

DBS Group Research recommendations are based on an Absolute Total Return* Rating system, defined as follows:

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BUY (>15% total return over the next 12 months for small caps, >10% for large caps)

HOLD (-10% to +15% total return over the next 12 months for small caps, -10% to +10% for large caps)

FULLY VALUED (negative total return, i.e., > -10% over the next 12 months)

SELL (negative total return of > -20% over the next 3 months, with identifiable share price catalysts within this time frame)

*Share price appreciation + dividends

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