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IDEA

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Muyuan Foodstuff Co. Ltd | Asia Pacific

Longer Road to Recovery

WHAT'S CHANGED		
Muyuan Foodstuff Co. Ltd (002714.SZ)	**From**	**To**
Price Target	Rmb57.00	**Rmb48.00**
Muyuan Foodstuff Co. Ltd (2714.HK)		
Price Target	HK$58.00	**HK$49.00**

We now expect a seasonal hog price rebound in 3Q26 and push our cyclical recovery assumption into 2027. Though we're lowering F2026 earnings estimates, we still see Muyuan as the best-positioned industry leader given its structural cost advantage. We stay OW.

2026 outlook – recovery delayed by slower supply rationalisation: Hog prices remained weaker than expected in 2Q26, with spot prices falling below Rmb10/kg. While losses have persisted even with the recent rebound to ~Rmb10.1/kg, productivity gains (higher MSY) have largely offset breeding sow reductions for output, delaying the expected supply tightening. We now forecast average industry hog prices of Rmb11/kg (-23% YoY) in 2026, followed by a modest recovery to Rmb13.6/kg (+23% YoY) in 2027 with more meaningful rebound in hog prices into 3Q27.

Structural advantages remain intact: Although lower hog prices and elevated feed costs will continue to weigh on near-term earnings, Muyuan remains best positioned given its industry-leading cost structure and biological performance (MSY of 25 versus the industry average of 20). We forecast complete hog raising costs of Rmb11.5/kg in 2026. We therefore lower our hog production gross profit forecasts to Rmb1.4bn in 2026 and Rmb27.9bn in 2027 (from Rmb21.8bn and Rmb34.4bn previously), mainly reflecting weaker hog price assumptions. This implies unit gross profit estimates for hog production at Rmb0.1/kg in 2026 and Rmb2.9/kg in 2027.

Changes to earnings estimates and price targets: We lower our 2026 earnings estimate to a loss of Rmb0.72/share and cut 2027e EPS 22%, reflecting lower hog price assumptions and a slower industry recovery. Accordingly, we reduce our A-share and H-share price targets to Rmb48 and HK$49 (from Rmb57 and HK$58), respectively. We now value Muyuan at 13x 2027e P/E, versus 18x 2026e P/E previously, to reflect a more prolonged destocking cycle. The revised multiple is broadly in line with valuation levels seen during the late stage of previous destocking cycles, It remains slightly below the stock's historical average trading multiple since 2018.

1H26 preliminary results: Muyuan guided for 1H26 net losses of Rmb5.7-6.7bn, driven by a 28% YoY decline in realised hog ASP, to approximately Rmb10.4/kg. Based on our 2026 estimates, the guidance implies 2H26 net profit of Rmb1.5-2.5bn.

Key points to watch: 1) the company's destocking process in 2H26 and reflection to hog price level into the peak demand season in 3Q; 2) Muyuan's cost efficiency.

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Muyuan Foodstuff Co. Ltd (002714.SZ, 002714 CH)

China/Hong Kong Consumer | China

Stock Rating	**Overweight**
Industry View	**In-Line**
Price target	Rmb48.00
Up/downside to price target (%)	22
Shr price, close (Jul 28, 2026)	Rmb39.30
52-Week Range	Rmb59.68-31.81
Sh out, dil, curr (mn)	5,763
Mkt cap, curr (mn)	Rmb390,494
EV, curr (mn)	Rmb438,268
Avg daily trading value (mn)	Rmb2,135

Fiscal Year Ending	12/25	12/26e	12/27e	12/28e
EPS (Rmb)**	2.84	(0.72)	3.68	4.61
Prior EPS (Rmb)**	-	2.63	4.74	5.94
Revenue, net (Rmb mn)	144,145	110,918	135,288	143,339
EBITDA (Rmb mn)	33,301	12,621	38,702	44,185
ModelWare net inc (Rmb mn)	15,487	(4,156)	21,212	26,585
P/E	17.8	NM	10.7	8.5
P/BV	3.6	2.6	2.3	2.1
RNOA (%)	11.4	(1.6)	14.1	19.6
ROE (%)	21.5	(5.3)	24.6	27.1
EV/EBITDA	9.8	33.7	10.3	8.5
FCF yld ratio (%)**	7.1	(0.0)	16.2	16.4
Leverage (EOP) (%)	60.1	39.5	6.8	(13.7)

Unless otherwise noted, all metrics are based on Morgan Stanley ModelWare framework
** = Based on consensus methodology
e = Morgan Stanley Research estimates

Read Also:

Muyuan Foodstuff Co. Ltd: 1Q26 Results: Loss Making As Industry Accelerates Destocking (21 Apr 2026)

AlphaSignals Earnings Preview

Focus KPI	Focus KPI Surprise	Likely impact to consensus EPS*
Muyuan Foodstuff Co. Ltd 002714.SZ		
Average selling price, Averge unit cost	↑ Likely upside surprise	↓ Meaningful revision lower

*Likely impact to consensus EPS is for the next 12 months
Source:

Muyuan: Financials

Exhibit 1: Muyuan: Financial Summary

Income Statement					
FY-end Dec (RMB mn)	**2024**	**2025**	**2026E**	**2027E**	**2028E**
Core Sales	**137,947**	**144,145**	**110,918**	**135,288**	**143,339**
Hog Production	136,229	140,207	104,796	129,547	136,989
Feed/Trade Business	1,432	3,342	3,442	3,545	3,616
Slaughtering	24,274	45,228	53,504	65,222	74,614
Others	447	1,147	1,181	1,217	1,241
Cost of good sold	(109,319)	(118,461)	(107,949)	(106,381)	(109,333)
Gross Profit	**28,628**	**25,684**	**2,968**	**28,906**	**34,005**
Hog Production	28,513	24,236	1,401	27,856	32,440
Slaughtering	(162)	(551)	0	0	0
Others	277	1,998	0	0	0
Operating expenses	**(6,175)**	**(6,865)**	**(5,437)**	**(5,960)**	**(6,118)**
Selling & Distribution Exp	(1,096)	(1,295)	(1,222)	(1,225)	(1,245)
Administrative Exp (incl. R&D)	(5,079)	(5,571)	(4,215)	(4,735)	(4,874)
Operating Profit (GP - SG&A)	**22,230**	**18,543**	**(2,668)**	**22,703**	**27,629**
Other gains/(losses), net	(458)	(377)	439	393	493
Net Interest Income (Exp)	(2,975)	(2,458)	(2,128)	(1,554)	(1,091)
Investment Income	100	102	103	102	102
Company Defined Operating Profit	**20,011**	**16,894**	**(3,375)**	**22,669**	**28,130**
Income before tax	**18,896**	**15,810**	**(4,254)**	**21,643**	**27,134**
Income tax expenses	29	2	11	14	9
Net profit before Minority	**18,925**	**15,812**	**(4,243)**	**21,657**	**27,142**
Minority Interest	**(1,044)**	**(325)**	**87**	**(445)**	**(558)**
Net Profit	**17,881**	**15,487**	**(4,156)**	**21,212**	**26,585**
EPS (Diluted)	**3.24**	**2.84**	**(0.72)**	**3.68**	**4.61**
EBITDA (non-CASBE)	37,183	32,774	13,153	39,112	44,665
EBIT	21,872	18,268	(2,126)	23,198	28,225

Balance Sheet					
FY-end Dec (RMB mn)	**2024**	**2025**	**2026E**	**2027E**	**2028E**
Current assets	**61,319**	**54,576**	**67,823**	**86,468**	**105,467**
Cash and cash eqivalents	16,952	13,862	21,951	45,378	63,256
Account Receivables	384	697	416	507	537
Prepayment	524	700	471	575	609
Inventories	41,970	37,177	42,884	37,889	38,941
Other Receivable	91	119	80	98	104
Other current assets	1,398	2,021	2,021	2,021	2,021
Non-current assets	**126,330**	**117,165**	**110,359**	**100,237**	**89,875**
Fixed Assets	106,751	100,634	93,773	83,595	73,174
Construction in progress	2,018	2,489	2,489	2,489	2,489
Biological Assets	9,355	6,797	6,865	6,934	7,003
Right of use assets	5,122	3,902	3,902	3,902	3,902
Intangible Assets	1,187	1,245	1,212	1,179	1,146
Deferred income tax assets	101	140	140	140	140
Other non-current assets	1,796	1,958	1,978	1,999	2,020
Total assets	**187,649**	**171,741**	**178,182**	**186,705**	**195,342**
Current liabilities	**85,477**	**69,840**	**68,086**	**64,908**	**62,743**
Notes Payable	2,724	714	1,566	1,544	1,587
Account Payable	17,993	12,613	14,833	15,491	16,820
Short-term loans	45,258	41,155	37,040	33,336	30,002
Customer Advance	600	1,107	656	801	848
Tax payable	62	62	62	62	62
Wage payable	1,107	772	772	772	772
Other payable	8,348	5,517	5,406	5,298	5,192
Other current liabilities	9,386	7,899	7,750	7,603	7,459
Non-current liabilities	**24,636**	**23,159**	**22,728**	**22,318**	**21,928**
Long term debt	8,797	7,733	7,347	6,979	6,630
Bond Payable	9,466	11,695	11,695	11,695	11,695
Deferred tax liabilities	841	874	874	874	874
Lease Liabilities	4,355	2,179	2,136	2,093	2,051
Other non-current liabilities	1,178	677	677	677	677
Equity	**72,032**	**77,689**	**86,402**	**98,069**	**108,703**
Share capital	5,463	5,463	5,773	5,773	5,773
Capital Reserve	13,729	13,039	23,727	23,727	23,727
Convertible bond	1,017	1,017	1,017	1,017	1,017
Preferred stock	-	-	-	-	-
Reserves	54,822	62,182	59,896	71,563	82,197
Minus: Treasury stock	3,000	4,011	4,011	4,011	4,011
Minorities	5,504	1,053	966	1,411	1,968
Total Liabilities + Equity	**187,649**	**171,741**	**178,182**	**186,705**	**195,342**
Net cash (debt)/Equity	52%	45%	26%	-5%	-24%
Total capital employed	126,087	126,578	130,789	138,384	145,336
Net cash / (debt)	**(37,103)**	**(35,026)**	**(22,436)**	**5,063**	**26,623**

Ratio Analysis					
FY-end Dec	**2024**	**2025**	**2026E**	**2027E**	**2028E**
Chg (%)					
Sales	24.4%	4.5%	-23.1%	22.0%	6.0%
Gross profit	730.8%	-10.3%	-88.4%	873.8%	17.6%
Operating	-5.2%	11.2%	-20.8%	9.6%	2.7%
EBITDA	212.8%	-9.4%	-59.9%	197.4%	14.2%
EBIT	-2059.9%	-16.5%	-111.6%	-1191.1%	21.7%
Net profit	-554.1%	-16.5%	-126.8%	-610.4%	25.3%
Margins (%)					
Gross	20.8%	17.8%	2.7%	21.4%	23.7%
Hog Production	20.9%	17.3%	1.3%	21.5%	23.7%
Slaughtering	-0.7%	-1.2%	0.0%	0.0%	0.0%
SG&A	4.5%	4.8%	4.9%	4.4%	4.3%
Operating	16.1%	12.9%	-2.4%	16.8%	19.3%
EBITDA (non-CASBE)	26.2%	22.7%	11.9%	28.9%	31.2%
EBIT	15.9%	12.7%	-1.9%	17.1%	19.7%
Net profit	13.0%	10.7%	-3.7%	15.7%	18.5%
Return (%)					
Average ROA	9.3%	8.6%	-2.4%	11.6%	13.9%
Average ROE	26.5%	20.7%	-5.1%	23.0%	25.7%
ROA ending	10.1%	9.2%	-2.4%	11.6%	13.9%
ROE ending	26.3%	20.4%	-4.9%	22.1%	25.0%
Efficiency					
Asset turnover (avg) (x)	0.72	0.80	0.63	0.74	0.75
Inventory days (ending)	140.1	121.9	140.0	130.0	130.0
Total receivable days (ending)	0.9	1.4	1.4	1.4	1.4
Total payable days (ending)	69.2	47.2	50.2	53.2	56.2
Cash cycle (ending)	71.8	76.1	91.2	78.2	75.2
Others (%)					
Effective tax rate	-0.2%	0.0%	0.3%	-0.1%	0.0%
Payout ratio	42.4%	48.0%	45.0%	45.0%	60.0%

Cash Flow					
FY-end Dec (RMB mn)	**2024**	**2025**	**2026E**	**2027E**	**2028E**
Profit after tax	18,925	15,812	(4,243)	21,657	27,142
Interest expenses	2,727	2,234	2,131	1,976	1,836
Depreciation and amortization	14,291	14,506	15,279	15,914	16,440
Change in net working capital :	(5,262)	(2,606)	(2,537)	5,563	297
Receivables	9	(516)	548	(213)	(70)
Inventory	(39)	4,792	(5,707)	4,995	(1,051)
Payables	(5,232)	(6,882)	2,621	780	1,419
Other operating cash flow items	6,862	111	(260)	(255)	(250)
Operating cash flow	**37,543**	**30,056**	**10,370**	**44,855**	**45,467**
CAPEX	(12,381)	(9,529)	(8,385)	(5,702)	(5,987)
Cash (outflow)/inflow to investment	(21,067)	(12,336)	(88)	(90)	(91)
Cash received from investment	20,078	13,099	-	-	-
Cash received from disposal of fixed assets	137	1,521	-	-	-
Other investment cash flow items	(14)	-	-	-	-
Investment cash flow	**(13,246)**	**(7,245)**	**(8,474)**	**(5,792)**	**(6,078)**
Financing cash flow	**(25,229)**	**(22,878)**	**6,192**	**(15,636)**	**(21,512)**
Dividend paid	(7,588)	(7,438)	1,870	(9,545)	(15,951)
Interest paid	(2,727)	(2,234)	(2,131)	(1,976)	(1,836)
Other financing cash flow items	(14,914)	(13,206)	6,453	(4,114)	(3,724)
Incr/(Decr) in CF	(932)	(67)	8,088	23,428	17,878
Deposit with Banks at Beginning of Year	**13,776**	**12,845**	**12,778**	**21,951**	**45,378**
Effect of foreign exchange rate changes	(0)	0	0	0	0
Deposit with Banks at End of Year	**12,845**	**12,778**	**21,951**	**45,378**	**63,256**
Other monetary funds	4,107	1,084	0	0	0
Cash at bank and on Hand	**16,952**	**13,862**	**21,951**	**45,378**	**63,256**

Source: Company Data, Morgan Stanley Research. E=Morgan Stanley Research estimates

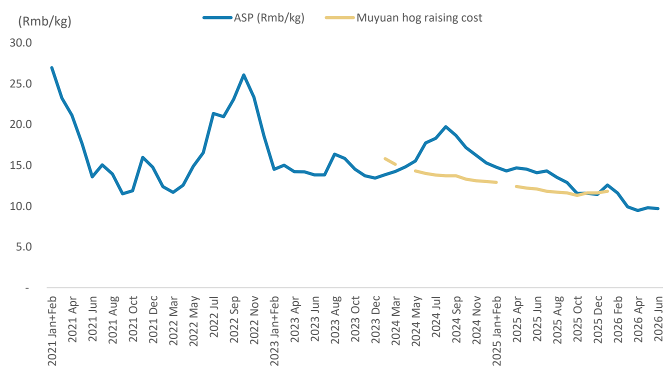
Exhibit 2: Muyuan: Quarterly Financials

Quarterly P&L	2023				2024				2025				2026	
Rmb mn	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	4Q25	1Q26	2Q26e
Total Sales	**24,198**	**27,671**	**31,100**	**27,892**	**26,272**	**30,594**	**39,909**	**41,172**	**36,061**	**40,402**	**35,327**	**32,355**	**29,894**	**24,925**
Business tax & Surcharges	(43)	(48)	(45)	(54)	(52)	(51)	(59)	(61)	(66)	(70)	(67)	(73)	(66)	(25)
Net sales	**24,155**	**27,623**	**31,054**	**27,838**	**26,220**	**30,543**	**39,850**	**41,111**	**35,996**	**40,332**	**35,260**	**32,282**	**29,828**	**24,900**
COGS	(23,743)	(27,390)	(27,997)	(28,285)	(26,929)	(25,535)	(27,602)	(31,601)	(28,922)	(31,878)	(28,331)	(29,330)	(28,348)	(30,267)
Gross profit	**413**	**233**	**3,057**	**(446)**	**(709)**	**5,008**	**12,249**	**9,510**	**7,074**	**8,454**	**6,929**	**2,952**	**1,480**	**(5,367)**
Operating Expenses	**(1,540)**	**(1,568)**	**(1,637)**	**(1,772)**	**(1,683)**	**(1,481)**	**(1,581)**	**(1,429)**	**(1,789)**	**(1,587)**	**(1,573)**	**(1,917)**	**(1,667)**	**(606)**
Selling & distribution costs	(205)	(249)	(250)	(278)	(280)	(250)	(259)	(306)	(326)	(315)	(303)	(351)	(346)	(283)
Administrative expenses	(1,335)	(1,319)	(1,387)	(1,494)	(1,403)	(1,230)	(1,323)	(1,123)	(1,463)	(1,272)	(1,270)	(1,566)	(1,321)	(324)
Operating profit	**(1,127)**	**(1,335)**	**1,420**	**(2,218)**	**(2,392)**	**3,527**	**10,667**	**8,080**	**5,285**	**6,867**	**5,356**	**1,035**	**(187)**	**(5,973)**
Financing Income/(Expense)	(710)	(730)	(810)	(804)	(831)	(741)	(713)	(690)	(737)	(674)	(540)	(507)	(580)	(484)
Other income	653	464	485	513	756	686	254	293	62	(32)	(490)	185	(293)	933
Profit before Income Tax	**(1,184)**	**(1,601)**	**1,095**	**(2,509)**	**(2,468)**	**3,473**	**10,208**	**7,683**	**4,609**	**6,161**	**4,326**	**713**	**(1,060)**	**(5,524)**
Income tax	(17)	12	15	(8)	9	11	12	(4)	10	10	(5)	(14)	(162)	170
Profit after Tax	**(1,200)**	**(1,589)**	**1,110**	**(2,517)**	**(2,459)**	**3,484**	**10,221**	**7,679**	**4,619**	**6,171**	**4,322**	**700**	**(1,222)**	**(5,354)**
Minority interest	2	8	(173)	68	80	(275)	(569)	(279)	(128)	(132)	(73)	8	7	131
Net Profit	**(1,198)**	**(1,581)**	**937**	**(2,450)**	**(2,379)**	**3,208**	**9,652**	**7,400**	**4,491**	**6,039**	**4,249**	**708**	**(1,215)**	**(5,223)**
Gross Margin (Total Sales)	1.7%	0.8%	9.8%	-1.6%	-2.7%	16.4%	30.7%	23.1%	19.6%	20.9%	19.6%	9.1%	5.0%	-21.5%
Operating Margin (Total Sales)	-4.7%	-4.8%	4.6%	-8.0%	-9.1%	11.5%	26.7%	19.6%	14.7%	17.0%	15.2%	3.2%	-0.6%	-24.0%
Net Margin (Total Sales)	-5.0%	-5.7%	3.0%	-8.8%	-9.1%	10.5%	24.2%	18.0%	12.5%	14.9%	12.0%	2.2%	-4.1%	-21.0%
Net Margin (Total Sales) - recur	-5.0%	-5.7%	3.0%	-8.8%	-9.1%	10.5%	24.2%	18.0%	12.5%	14.9%	12.0%	2.2%	-4.1%	0.0%
Business Tax/Total Sales	0.2%	0.2%	0.1%	0.2%	0.2%	0.2%	0.1%	0.1%	0.2%	0.2%	0.2%	0.2%	0.2%	0.1%
SG&A/Total Sales	6.4%	5.7%	5.3%	6.4%	6.4%	4.8%	4.0%	3.5%	5.0%	3.9%	4.5%	5.9%	5.6%	2.4%
Selling exp/Total Sales	0.8%	0.9%	0.8%	1.0%	1.1%	0.8%	0.6%	0.7%	0.9%	0.8%	0.9%	1.1%	1.2%	1.1%
G&A exp/Total Sales	5.5%	4.8%	4.5%	5.4%	5.3%	4.0%	3.3%	2.7%	4.1%	3.1%	3.6%	4.8%	4.4%	1.3%
Effective Tax Rate	-1.4%	0.8%	-1.4%	-0.3%	0.4%	-0.3%	-0.1%	0.0%	-0.2%	-0.2%	0.1%	1.9%	nm	nm
Minorities %	0.2%	0.5%	15.6%	2.7%	3.2%	7.9%	5.6%	3.6%	2.8%	2.1%	1.7%	-1.2%	0.6%	2.4%
YoY Change	**1Q23**	**2Q23**	**3Q23**	**4Q23**	**1Q24**	**2Q24**	**3Q24**	**4Q24**	**1Q25**	**2Q25**	**3Q25**	**4Q25**	**1Q26**	**2Q26e**
Sales	**32.4%**	**6.5%**	**-14.8%**	**-36.7%**	**8.6%**	**10.6%**	**28.3%**	**47.6%**	**37.3%**	**32.1%**	**-11.5%**	**-21.4%**	**-17.1%**	**-38.3%**
Sales taxes	21.3%	24.0%	-20.4%	-1.7%	22.2%	7.4%	29.7%	13.3%	25.5%	35.8%	14.6%	20.5%	0.0%	-64.5%
Net sales	**32.4%**	**6.4%**	**-14.8%**	**-36.7%**	**8.5%**	**10.6%**	**28.3%**	**47.7%**	**37.3%**	**32.1%**	**-11.5%**	**-21.5%**	**-17.1%**	**-38.3%**
COGS	5.6%	5.4%	9.9%	-2.6%	13.4%	-6.8%	-1.4%	11.7%	7.4%	24.8%	2.6%	-7.2%	-2.0%	-5.1%
Gross profit	**-109.7%**	**-942.8%**	**-72.1%**	**-103.0%**	**nm**	**nm**	**nm**	**nm**	**nm**	**68.8%**	**-43.4%**	**-69.0%**	**-79.1%**	**-163.5%**
Selling & distribution costs	5.0%	36.2%	35.9%	41.7%	36.6%	0.7%	3.3%	10.1%	16.4%	25.8%	17.0%	14.5%	6.2%	-10.2%
Administrative expenses	11.1%	1.9%	4.3%	-1.6%	5.1%	-6.7%	-4.6%	-24.8%	4.3%	3.4%	-4.0%	39.4%	-9.7%	-74.5%
Operating profit	**-80.0%**	**-11.3%**	**-85.0%**	**-116.8%**	**nm**	**nm**	**651.1%**	**nm**	**nm**	**94.7%**	**-49.8%**	**-87.2%**	**nm**	**nm**
Financing costs	0%	4%	13%	25%	17%	1%	-12%	-14%	-11%	-9%	-24%	-27%	-21%	-28%
Other non-operating income	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm
Profit before Income Tax	**-79.5%**	**-2.2%**	**-88.1%**	**-119.1%**	**108.5%**	**nm**	**832.3%**	**nm**	**nm**	**77.4%**	**-57.6%**	**-90.7%**	**nm**	**nm**
Income tax	-167.6%	36.1%	-26.1%	-83.7%	nm	-12.0%	-16.9%	-54.7%	14.3%	-8.6%	nm	267.1%	nm	nm
Profit after Tax	**-79.2%**	**-2.4%**	**-88.0%**	**-119.2%**	**104.8%**	**nm**	**820.8%**	**nm**	**nm**	**77.1%**	**-57.7%**	**-90.9%**	**nm**	**nm**
Minority interest	-99.6%	-94.0%	-83.0%	-105.0%	nm	nm	228.8%	nm	nm	-52.1%	-87.2%	nm	nm	nm
Net Profit	**-76.9%**	**5.2%**	**-88.6%**	**-120.8%**	**98.6%**	**nm**	**930.2%**	**nm**	**nm**	**88.2%**	**-56.0%**	**-90.4%**	**nm**	**nm**
Gross Margin (Total Sales)	24.9%	0.9%	-20.2%	-35.5%	-4.4%	15.5%	20.9%	24.7%	22.3%	4.6%	-11.1%	-14.0%	-14.7%	-42.5%
Operating Margin (Total Sales)	26.2%	1.0%	-21.4%	-38.0%	-4.4%	16.4%	22.2%	27.6%	23.8%	5.5%	-11.6%	-16.4%	-15.3%	-41.0%
Net Margin (Total Sales)	23.4%	0.1%	-19.4%	-35.5%	-4.1%	16.2%	21.2%	26.8%	21.5%	4.5%	-12.2%	-15.8%	-16.5%	-35.9%
Business Tax/Total Sales	0.0%	0.0%	0.0%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.0%	-0.1%
SG&A/Total Sales	-1.3%	0.0%	1.1%	2.5%	0.0%	-0.8%	-1.3%	-2.9%	-1.4%	-0.9%	0.5%	2.5%	0.6%	-1.5%
Selling exp/Total Sales	-0.2%	0.2%	0.3%	0.6%	0.2%	-0.1%	-0.2%	-0.3%	-0.2%	0.0%	0.2%	0.3%	0.3%	0.4%
G&A exp/Total Sales	-1.1%	-0.2%	0.8%	1.9%	-0.2%	-0.7%	-1.1%	-2.6%	-1.3%	-0.9%	0.3%	2.1%	0.4%	-1.8%
Effective Tax Rate	-1.8%	0.2%	-1.2%	-0.7%	1.8%	-1.1%	1.2%	0.4%	-0.6%	0.2%	0.2%	1.9%	nm	nm
QoQ Change	**1Q23**	**2Q23**	**3Q23**	**4Q23**	**1Q24**	**2Q24**	**3Q24**	**4Q24**	**1Q25**	**2Q25**	**3Q25**	**4Q25**	**1Q26**	**2Q26e**
Sales	**-45.1%**	**14.3%**	**12.4%**	**-10.3%**	**-5.8%**	**16.5%**	**30.4%**	**3.2%**	**-12.4%**	**12.0%**	**-12.6%**	**-8.4%**	**-7.6%**	**-16.6%**
Sales taxes	-21.6%	11.5%	-5.3%	18.8%	-2.6%	-1.9%	14.3%	3.7%	7.9%	6.1%	-3.5%	9.1%	-10.5%	-62.3%
Net sales	**-45.1%**	**14.4%**	**12.4%**	**-10.4%**	**-5.8%**	**16.5%**	**30.5%**	**3.2%**	**-12.4%**	**12.0%**	**-12.6%**	**-8.4%**	**-7.6%**	**-16.5%**
COGS	-18.3%	15.4%	2.2%	1.0%	-4.8%	-5.2%	8.1%	14.5%	-8.5%	10.2%	-11.1%	3.5%	-3.3%	6.8%
Gross profit	**-97.2%**	**-43.6%**	**1213.9%**	**-114.6%**	**58.9%**	**-806.1%**	**144.6%**	**-22.4%**	**-25.6%**	**19.5%**	**-18.0%**	**-57.4%**	**-49.8%**	**-462.5%**
Selling & distribution costs	4.3%	21.3%	0.7%	11.2%	0.6%	-10.6%	3.3%	18.4%	6.4%	-3.4%	-3.9%	15.9%	-1.3%	-18.3%
Administrative expenses	-12.1%	-1.2%	5.1%	7.7%	-6.1%	-12.3%	7.5%	-15.1%	30.3%	-13.1%	-0.1%	23.3%	-15.6%	-75.5%
Operating profit	**-108.5%**	**18.5%**	**-206.4%**	**-256.2%**	**7.8%**	**-247.4%**	**202.4%**	**-24.3%**	**-34.6%**	**29.9%**	**-22.0%**	**-80.7%**	**-118.0%**	**3098.5%**
Financing costs	10.1%	2.8%	11.0%	-0.8%	3.4%	-10.9%	-3.7%	-3.2%	6.8%	-8.6%	-19.9%	-6.1%	14.5%	-16.7%
Other non-operating income	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm
Profit before Income Tax	**-109.0%**	**35.3%**	**-168.4%**	**-329.1%**	**-1.6%**	**-240.7%**	**194.0%**	**-24.7%**	**-40.0%**	**33.7%**	**-29.8%**	**-83.5%**	**-248.6%**	**421.0%**
Income tax	-67.0%	-173.1%	22.3%	-155.2%	-208.9%	19.8%	15.4%	-130.1%	-375.0%	-4.2%	-146.0%	202.9%	1076.0%	-204.8%
Profit after Tax	**-109.2%**	**32.3%**	**-169.9%**	**-326.8%**	**-2.3%**	**-241.7%**	**193.4%**	**-24.9%**	**-39.8%**	**33.6%**	**-30.0%**	**-83.8%**	**-274.7%**	**338.1%**
Minority interest	-100.2%	209.9%	-2388.0%	-139.1%	18.0%	-444.8%	106.7%	-50.9%	-54.1%	3.0%	-44.7%	-111.4%	-11.9%	1689.5%
Net Profit	**-110.2%**	**32.0%**	**-159.3%**	**-361.5%**	**-2.9%**	**-234.9%**	**200.8%**	**-23.3%**	**-39.3%**	**34.5%**	**-29.6%**	**-83.3%**	**-271.6%**	**329.9%**
Gross Margin (Total Sales)	-32.2%	-0.9%	9.0%	-11.4%	-1.1%	19.1%	14.3%	-7.6%	-3.5%	1.3%	-1.3%	-10.5%	-4.2%	-26.5%
Operating Margin (Total Sales)	-34.7%	-0.2%	9.4%	-12.5%	-1.2%	20.6%	15.2%	-7.1%	-5.0%	2.3%	-1.8%	-12.0%	-3.8%	-23.3%
Net Margin (Total Sales)	-31.6%	-0.8%	8.7%	-11.8%	-0.3%	19.5%	13.7%	-6.2%	-5.5%	2.5%	-2.9%	-9.8%	-6.3%	-16.9%
Business Tax/Total Sales	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-0.1%
SG&A/Total Sales	2.5%	-0.7%	-0.4%	1.1%	0.1%	-1.6%	-0.9%	-0.5%	1.5%	-1.0%	0.5%	1.5%	-0.3%	-3.1%
Selling exp/Total Sales	0.4%	0.1%	-0.1%	0.2%	0.1%	-0.2%	-0.2%	0.1%	0.2%	-0.1%	0.1%	0.2%	0.1%	0.0%
G&A exp/Total Sales	2.1%	-0.7%	-0.3%	0.9%	0.0%	-1.3%	-0.7%	-0.6%	1.3%	-0.9%	0.4%	1.2%	-0.4%	-3.1%
Effective tax rate	-1.8%	2.2%	-2.1%	1.0%	0.7%	-0.7%	0.2%	0.2%	-0.3%	0.1%	0.3%	1.8%		
Operational data	**1Q23**	**2Q23**	**3Q23**	**4Q23**	**1Q24**	**2Q24**	**3Q24**	**4Q24**	**1Q25**	**2Q25**	**3Q25**	**4Q25**	**1Q26**	**2Q26e**
Sales (Rmb mn)														
Total Hog	23,414	27,284	30,022	27,499	25,710	30,313	39,328	40,876						
Slaughtering and meat processing														
Others	784	387	1,078	393	562	281	581	296	2,845	2,750	2,772	2,967	4,317	346
Total	**24,198**	**27,671**	**31,100**	**27,892**	**26,272**	**30,594**	**39,909**	**41,172**	**36,061**	**40,402**	**35,327**	**32,355**	**29,894**	**24,925**
Mix														
Mix -Total Hog	97%	99%	97%	99%	98%	99%	99%	99%						
Mix -Others	3%	1%	3%	1%	2%	1%	1%	1%	8%	7%	8%	9%	14%	1%
Sales Volume (mn head)														
Total hog (est from 4Q25 onwards)	13.845	16.420	16.743	16.901	16.011	16.376	17.756	21.459	22.657	24.253	22.209	24.178		
Commodity hog	13.376	15.702	16.477	16.807	15.307	13.675	16.150	20.346	18.395	19.999	18.929	20.658	18.362	20.25
Internal sales	2.497	3.026	3.610	4.130	2.936	2.479	2.561	4.588	5.290	6.125	7.746	9.502	7.976	10.24
Slaughtering	2.497	3.026	3.610	4.130	2.936	2.479	2.561	4.588	5.290	6.125	7.746	9.50	7.976	10.245
internal sales as % of total	18.0%	18.4%	21.6%	24.4%	18.3%	15.1%	14.4%	21.4%	23.3%	25.3%	34.9%	39.3%		
Piglet as % of total hogs	3%	4%	1%	0%	4%	15%	9%	5%	18%	17%	15%	14%		
Sales volume growth														
Total hog	0%	-6%	20%	6%	16%	0%	6%	27%	42%	48%	25%	13%		
Commodity hog	3%	12%	30%	8%	14%	-13%	-2%	21%	20%	46%	17%	2%	-0.18%	1.27%
Internal sales	43%	71%	132%	80%	18%	-18%	-29%	11%	80%	147%	202%	107%	51%	67%
Slaughtering	43%	71%	132%	80%	18%	-18%	-29%	11%	80%	147%	202%	107%	51%	67%
Average hog selling price (Rmb/kg)	**14.68**	**14.07**	**15.31**	**13.83**	**13.98**	**15.99**	**18.89**	**16.14**	**14.58**	**14.41**	**13.59**	**11.51**	**11.31**	**9.42**
yoy	*22%*	*-3%*	*-30%*	*-38%*	*-5%*	*14%*	*23%*	*17%*		*-10%*	*-28%*	*-29%*	*-22%*	*-35%*

Source: Company Data, Morgan Stanley Research.

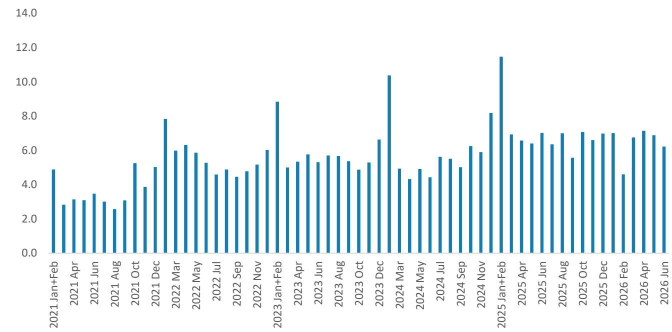
Key Charts

Exhibit 3: Muyuan – selling price vs. hog raising cost, by month



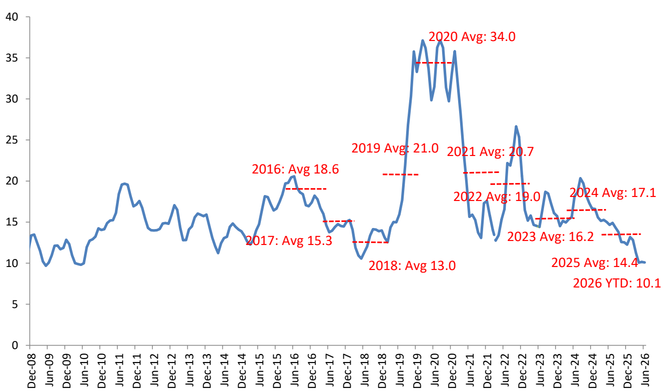
Source: Company data, Morgan Stanley Research.

Exhibit 4: Muyuan – hog sales volume, by month



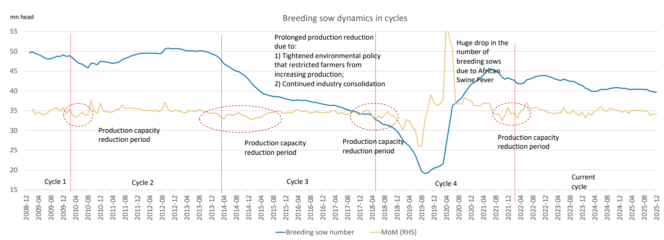
Source: Company data, Morgan Stanley Research.

Exhibit 5: Hog prices in 2026: lowest point in 1H26, with rebound in 3Q26



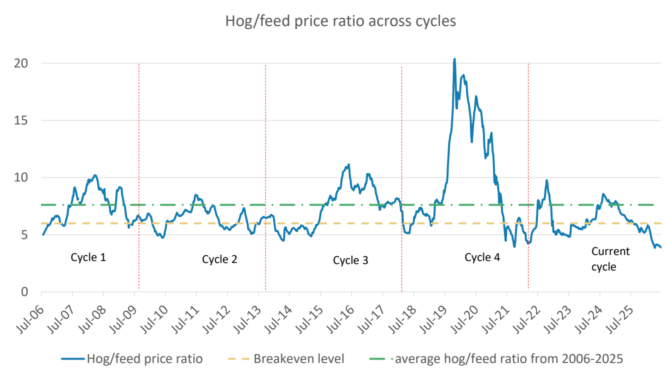
Source: Wind, Morgan Stanley Research.

Exhibit 6: Monthly breeding sow metrics have softened sequentially since August 2025



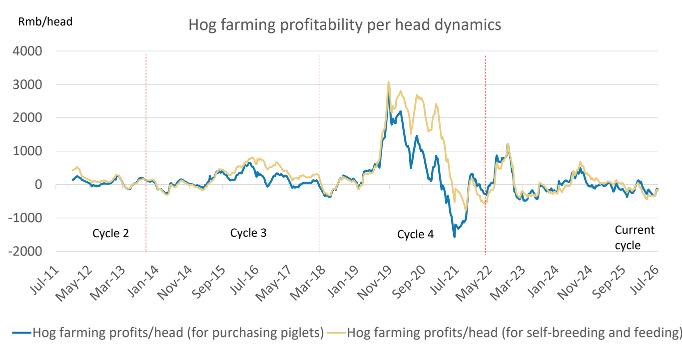
Source: Wind, Morgan Stanley Research.

Exhibit 7: Hog/feed price ratio slipped below 6, the government-guided break-even level...



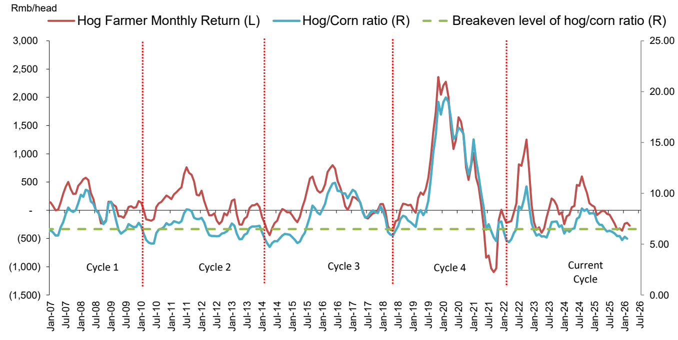
Source: Wind, Morgan Stanley Research.

Exhibit 8: ...with negative hog farming profits since August 2025 and December 2025, and again towards the end of February 2026



Source: Wind, Morgan Stanley Research.

Exhibit 9: Our estimates also show worsening industry losses since August/September 2025



Source: Bloomberg, Morgan Stanley Research.

Changes to earnings forecasts

We lower our 2026 earnings estimate to a loss of Rmb0.72/share and cut 2027e and 2028e EPS 22% each. This reflects lower hog price assumptions and a slower-than-expected industry recovery.

- **Hog volume:** We now forecast a 5% YoY decline in volume in 2026, followed by 1% growth in 2027 (vs. -3% and +4% previously), reflecting a more disciplined capacity expansion plan.
- **Hog ASP:** We lower our hog ASP assumptions to reflect a weaker pricing environment. We now forecast 2026 and 2027 ASP growth of -23% and +23% YoY (vs. -5% and +7% previously), incorporating only a seasonal rebound in 3Q26 and pushing our cyclical recovery assumption into 2027.
- **Unit cost:** We lower our 2026-27 unit COGS assumptions 2-3%, reflecting continued operational efficiency improvements and cost optimisation.

Exhibit 10: Muyuan: Earnings Estimate Changes

		New			Old			Variance		
	2025	**2026e**	**2027e**	**2028e**	**2026e**	**2027e**	**2028e**	**2026e**	**2027e**	**2028e**
Revenue	**144,145**	**110,918**	**135,288**	**143,339**	**130,538**	**143,737**	**153,407**	**-15.0%**	**-5.9%**	**-6.6%**
Hog Production	140,207	104,796	129,547	136,989	124,451	138,019	147,092	-15.8%	-6.1%	-6.9%
Feed/Trade Business	3,342	3,442	3,545	3,616	3,442	3,545	3,616	0.0%	0.0%	0.0%
Slaughtering	45,228	53,504	65,222	74,614	52,270	63,717	72,892	2.4%	2.4%	2.4%
Others	1,147	1,181	1,217	1,241	1,181	1,217	1,241	0.0%	0.0%	0.0%
Intersegment sales	(45,779)	(52,006)	(64,243)	(73,121)	(50,806)	(62,761)	(71,434)			
Cost of Good Sold	(118,461)	(107,949)	(106,381)	(109,333)	(107,182)	(108,317)	(111,322)	0.7%	-1.8%	-1.8%
Gross Profit	25,684	2,968	28,906	34,005	23,356	35,420	42,085	-87.3%	-18.4%	-19.2%
Hog Production	24,236	1,401	27,856	32,440	21,823	34,393	40,555	-93.6%	-19.0%	-20.0%
Operating Expenses	(6,865)	(5,437)	(5,960)	(6,118)	(6,213)	(6,331)	(6,537)	-12.5%	-5.9%	-6.4%
Selling and Distribution Expenses	(1,295)	(1,222)	(1,225)	(1,245)	(1,252)	(1,300)	(1,321)	-2.4%	-5.8%	-5.8%
Administrative Expense (incl. R&D)	(5,571)	(4,215)	(4,735)	(4,874)	(4,960)	(5,031)	(5,216)	-15.0%	-5.9%	-6.6%
Operating Profit	**18,543**	**(2,668)**	**22,703**	**27,629**	**16,908**	**28,831**	**35,272**	**-115.8%**	**-21.3%**	**-21.7%**
Other income	455	1,308	1,334	1,374	1,308	1,334	1,374	0.0%	0.0%	0.0%
Financial income/(cost)	(2,458)	(2,128)	(1,554)	(1,091)	(1,952)	(1,420)	(920)	9.0%	9.5%	18.6%
Other non-operational income	(730)	(766)	(839)	(778)	(804)	(852)	(795)	-4.7%	-1.5%	-2.1%
Pre tax profit	**15,810**	**(4,254)**	**21,643**	**27,134**	**15,460**	**27,893**	**34,931**	-127.5%	-22.4%	-22.3%
Income tax	2	11	14	9	11	14	9	0.0%	0.0%	0.0%
Post tax profit	15,812	(4,243)	21,657	27,142	15,471	27,907	34,940	-127.4%	-22.4%	-22.3%
Minority interest	(325)	87	(445)	(558)	(318)	(573)	(718)	-127.4%	-22.4%	-22.3%
Profit attributable to owners of parent	**15,487**	**(4,156)**	**21,212**	**26,585**	**15,153**	**27,334**	**34,222**	**-127.4%**	**-22.4%**	**-22.3%**
EPS (RMB, diluted)	**2.84**	**(0.72)**	**3.68**	**4.61**	**2.63**	**4.74**	**5.94**	**-127.4%**	**-22.4%**	**-22.3%**
EBIT	18,268	(2,126)	23,198	28,225	17,412	29,313	35,851	-112.2%	-20.9%	-21.3%
EBITDA	32,774	13,153	39,112	44,665	32,691	45,227	52,292	-59.8%	-13.5%	-14.6%
YoY Change										
Sales	4%	-23%	22%	6%	-9%	10%	7%	-13.6%	11.9%	-0.8%
Hog Production	3%	-25%	24%	6%	-11%	11%	7%	-14.0%	12.7%	-0.8%
Feed/Trade Business	133%	3%	3%	2%	3%	3%	2%	0.0%	0.0%	0.0%
Slaughtering	86%	18%	22%	14%	16%	22%	14%	2.7%	0.0%	0.0%
Others	156%	3%	3%	2%	3%	3%	2%	0.0%	0.0%	0.0%
Intersegment sales	87%	14%	24%	14%	11%	24%	14%	2.6%	0.0%	0.0%
Gross Profit	-10%	-88%	874%	18%	-9%	52%	19%	-79.4%	822.2%	-1.2%
Operating Profit	-17%	-114%	-951%	22%	-9%	71%	22%	-105.6%	-1021.5%	-0.6%
Net profit	-13%	-127%	-610%	25%	-2%	80%	25%	-124.7%	-690.8%	0.1%
Margin										
Gross	17.8%	2.7%	21.4%	23.7%	17.9%	24.6%	27.4%	-15.2%	-3.3%	-3.7%
- Gross - Hog Production	17.3%	1.3%	21.5%	23.7%	17.5%	24.9%	27.6%	-16.2%	-3.4%	-3.9%
- Gross - Slaughtering	-16.5%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
SG&A	4.8%	4.9%	4.4%	4.3%	4.8%	4.4%	4.3%	0.1%	0.0%	0.0%
- S&D	0.9%	1.1%	0.9%	0.9%	1.0%	0.9%	0.9%	0.1%	0.0%	0.0%
- G&A	3.9%	3.8%	3.5%	3.4%	3.8%	3.5%	3.4%	0.0%	0.0%	0.0%
EBIT	12.7%	-1.9%	17.1%	19.7%	13.3%	20.4%	23.4%	-15.3%	-3.2%	-3.7%
Operating	12.9%	-2.4%	16.8%	19.3%	13.0%	20.1%	23.0%	-15.4%	-3.3%	-3.7%
Net profit	10.7%	-3.7%	15.7%	18.5%	11.6%	19.0%	22.3%	-15.4%	-3.3%	-3.8%
Assumptions										
Sales Volume (mn head)										
Total Hog	93.3	88.4	88.9	90.7	85.5	89.0	90.8	3.4%	-0.1%	-0.1%
Slaughtering	28.7	37.3	42.9	47.1	36.4	41.9	46.0	2.4%	2.4%	2.4%
Volume Growth										
Total Hog	30%	-5%	1%	2%	-3%	4%	2%	-2.3%	-3.5%	0.0%
Slaughtering	128%	30%	15%	10%	27%	15%	10%	3.0%	0.0%	0.0%
ASP										
Total Hog (Rmb/kg)	14.2	11.0	13.6	13.9	13.5	14.4	14.9	-18.5%	-6.0%	-6.7%
Slaughtering/Meat (Rmb/head)	1,577.9	1,435.9	1,522.1	1,582.9	1,435.9	1,522.1	1,582.9	0.0%	0.0%	0.0%
ASP Growth										
Total Hog	-13%	-23%	23%	3%	-5%	7%	3%	-17.6%	16.4%	-0.8%
Slaughtering	-18%	-9%	6%	4%	-9%	6%	4%	0.0%	0.0%	0.0%
Unit COGS (Rmb/kg)										
Total Hog	11.8	10.9	10.6	10.6	11.1	10.8	10.8	-2.5%	-1.7%	-1.7%

Source: Company Data, Morgan Stanley Research. E=Morgan Stanley Research estimates

Changes to price targets

We now apply 13x 2027e P/E, versus 18x 2026e P/E previously, reflecting our expectation of a later and more gradual industry recovery, with the cyclical upturn now expected in 2027 rather than 2H26. The revised multiple is broadly in line with valuation levels observed during previous late-stage destocking cycles.

Our base case value/price target is reduced 16% for both the A- and H-shares, to Rmb48 and HK$49, respectively, reflecting both our lower earnings forecasts and revised valuation framework. While our bear case valuation is lowered, our bull case valuation rises slightly in view of the company's significant earnings leverage to a stronger-than-expected hog price recovery.

Exhibit 11: Muyuan: Valuation

Rmb mn		2019	2020	2021	2022	2023	2024	2025	2026e	2027e	24-26 CAGR	25-27 CAGR
Hog price		19.06	30.55	16.65	17.95	14.46	16.32	14.25	11.00	13.55		
	yoy growth		*60%*	*-45%*	*8%*	*-19%*	*13%*	*-13%*	*-23%*	*23%*		
Revenue		20,221	56,277	78,890	124,826	110,861	137,947	144,145	110,918	135,288	-10%	-3%
	yoy growth		*178%*	*40%*	*58%*	*-11%*	*24%*	*4%*	*-23%*	*22%*		
GP		7,270	34,149	13,210	21,839	3,446	28,628	25,684	2,968	28,906	-68%	6%
	yoy growth		*370%*	*-61%*	*65%*	*-84%*	*731%*	*-10%*	*-88%*	*874%*		
OP		6,329	30,239	8,168	15,551	(3,260)	22,230	18,543	(2,668)	22,703	NA	11%
	yoy growth		*378%*	*-73%*	*90%*	*-121%*	*-782%*	*-17%*	*-114%*	*-951%*		
EBITDA		8,525	34,657	17,900	28,912	11,559	36,163	32,774	13,153	39,112	-40%	9%
	yoy growth		*307%*	*-48%*	*62%*	*-60%*	*213%*	*-9%*	*-60%*	*197%*		
Net profits		6,114	27,451	6,904	13,266	(4,263)	17,881	15,487	(4,156)	21,212	NA	17%
	yoy growth		*349%*	*-75%*	*92%*	*-132%*	*-519%*	*-13%*	*-127%*	*NM*		
EPS		2.82	7.39	1.28	2.45	(0.79)	3.24	2.84	(0.72)	3.68	NA	14%
	yoy growth		*162%*	*-83%*	*91%*	*-132%*	*-510%*	*-12%*	*-125%*	*NM*		

PE Valuation				
2027E EPS	3.68			
Target P/E	13.0x			
Target Price (Rmb/share)	**48**		57	-16.1%
Targeted A/H Premium	**10.0%**			
Target Price (HK/share)	**49**		58	-16.0%
Closing Price (Rmb/share)	39.3			
Closing Price (HK$/share)	32.5			
A-share Upside/(Downside)	22%			
H-share Upside/(Downside)	50%			

Bull		2019	2020	2021	2022	2023	2024	2025	2026e	2027e	24-26 CAGR	25-27 CAGR
Hog price ASP growth			60%	-45%	8%	-19%	13%	-13%	0%	9%		
Implied ASP		**19.06**	**30.55**	**16.65**	**17.95**	**14.46**	**16.32**	**14.25**	**14.2**	**15.53**		
Implied market hog price												
EPS		2.82	7.39	1.28	2.45	(0.79)	3.24	2.84	(0.43)	5.45	NA	38%
% higher EPS than base case		0	0%	0%	0%	0%	0%	0%	40%	48%		
	yoy growth		*162%*	*-83%*	*91%*	*-132%*	*-510%*	*-12%*	*-115%*	*NM*		

Bull case target P/E	14.0x			
Bull case target Price (Rmb/share)	**76.0**		74	2.7%
Bull case Target Price (HK/share)	**77.0**		75	2.7%
A-share Upside/(Downside)	93%			
H-share Upside/(Downside)	137%			

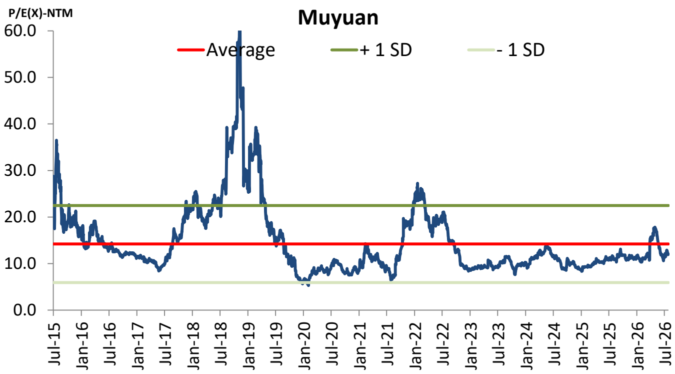
Bear		2019	2020	2021	2022	2023	2024	2025	2026e	2027e	24-26 CAGR	25-27 CAGR
Hog price ASP growth			0%	0%	0%	0%	0%	0%	-27%	12%		
Implied ASP		**19.06**	**30.55**	**16.65**	**17.95**	**14.46**	**16.32**	**14.25**	**10.40**	**11.65**		
Implied market hog price												
EPS		2.82	7.39	1.28	2.45	(0.79)	3.24	2.84	(0.97)	2.50	NA	-6%
% lower EPS than base case		0%	0%	0%	0%	0%	0%	0%	35%	32%		
	yoy growth		*162%*	*-83%*	*91%*	*-132%*	*-510%*	*-12%*	*-134%*	*NM*		

Bear case target P/E	7.5x			
Bear case target Price (Rmb/share)	**18.0**		23	-21.7%
Bear case target Price (HK/share)	**18.0**		23	-21.7%
A-share Upside/(Downside)	-54%			
H-share Upside/(Downside)	-45%			

Source: Company Data, Morgan Stanley Research. E=Morgan Stanley Research estimates

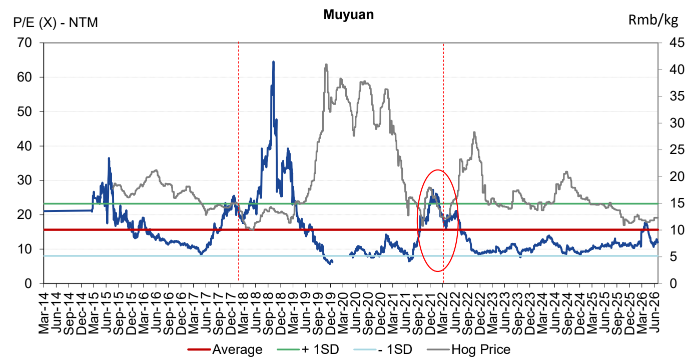
Valuation

Exhibit 12: Muyuan (A): Forward P/E



Source: FactsSet, Morgan Stanley Research.

Exhibit 13: Muyuan: Forward P/E vs. Hog Prices



Source: FactsSet, Morgan Stanley Research.

Exhibit 14: Valuation comps

Company Name	Reuters Ticker	T'ding CCY	Last Price	Mkt Cap (US$mn)	Calendarised P/E 25	Calendarised P/E 26E	Calendarised P/E 27E	24-26 Earnings CAGR (%)	25-27 Earnings CAGR (%)	PEG 26E	EV/EBITDA 25	EV/EBITDA 26E	EV/EBITDA 27E	Div Yield 25	Div Yield 26E	Div Yield 27E	FCF Yield 25	FCF Yield 26E	FCF Yield 27E	ROE 25	ROE 26E	ROE 27E
China Upstream Companies																						
Muyuan	002714.SZ	CNY	39.33	20,350	9.2	(34.2)	6.7	(5.8)	33.6	NM	6.5	17.2	5.6	3%	-1%	4%	9%	0%	16%	20%	-5%	21%
Dekon Foods*	2419.HK	HKD	50.65	1,018	11.9	22.6	2.5	(51.2)	117.0	0.2	6.7	NA	NA	0%	NA	NA	6%	2%	3%	0%	9%	41%
COFCO Joycome*	1610.HK	HKD	1.12	654	NM	NM	NM	NA	NA	NA	NA	NA	NA	0%	NA	NA	NA	NA	NA	0%	NA	NA
Wen's*	300498.SZ	CNY	13.88	13,647	17.7	31.1	7.3	(42.5)	56.2	0.6	9.7	11.9	3.9	4%	2%	6%	1%	6%	9%	0%	7%	24%
Haid Group*	002311.SZ	CNY	47.82	11,626	18.6	16.4	12.4	3.9	22.4	0.7	10.3	9.0	6.9	3%	3%	4%	4%	2%	3%	0%	18%	20%
New Hope Liuhe*	000876.SZ	CNY	6.83	4,544	NM	NM	13.8	NA	NA	NA	18.7	14.7	8.2	0%	0%	0%	NA	-42%	36%	0%	-3%	9%
Zhengbang*	002157.SZ	CNY	2.89	3,950	NM	289.0	41.3	(34.6)	NA	NA	37.4	NA	NA	0%	NA	NA	-1%	532%	92%	0%	1%	6%
Fujian Sunner*	002299.SZ	CNY	15.95	2,929	14.3	17.2	12.5	25.5	6.9	2.5	11.2	8.1	7.0	3%	2%	2%	11%	9%	9%	0%	10%	12%
Ningbo Tech-bank (Tianbang)*	002124.SZ	CNY	2.17	712	NM	NM	NM	NA	NA	NA	13.4	NA	NA	0%	NA	NA	12%	NA	NA	0%	NA	NA
Tangrenshen*	002567.SZ	CNY	3.53	747	NM	NM	8.3	NA	NA	NA	34.5	NA	NA	0%	NA	NA	12%	14%	69%	0%	-23%	14%
			Average		**14.3**	**57.0**	**13.1**	**(17.4)**	**47.2**	**1.0**	**16.5**	**12.2**	**6.3**	**1%**	**1%**	**3%**	**7%**	**65%**	**30%**	**2%**	**2%**	**18%**
Vertical Meat Players																						
Shuanghui	000895.SZ	CNY	25.06	12,828	17.0	16.5	16.0	2.7	3.0	5.5	11.2	10.4	9.9	1%	0%	1%	4%	7%	6%	24%	22%	21%
WH Group	0288.HK	HKD	8.38	13,710	9.0	8.9	8.6	4.4	2.4	3.7	NA	NA	NA	13%	8%	8%	10%	15%	11%	14%	15%	14%
			Average		**13.0**	**12.7**	**12.3**	**3.5**	**2.7**	**4.6**	**11.2**	**10.4**	**9.9**	**7%**	**4%**	**4%**	**7%**	**11%**	**8%**	**19%**	**18%**	**17%**
Global Meat Players																						
Tyson Foods*	TSN.O	USD	60.71	17,128	104.7	14.8	13.0	16.6	183.8	0.1	10.5	7.8	7.3	3%	4%	NA	5%	3%	3%	0%	8%	9%
Hormel Foods*	HRL.O	USD	26.05	14,336	29.5	17.3	16.4	3.5	34.3	0.5	14.3	11.8	11.3	4%	5%	NA	4%	5%	5%	0%	10%	11%
JBS SA	JBS.N	USD	13.55	10,483	6.7	10.4	9.9	16.1	(18.1)	NM	4.3	5.7	5.4	14%	7%	5%	8%	2%	8%	23%	15%	15%
Pilgrim's Pride*	PPC	USD	29.19	6,945	6.4	10.4	9.3	(21.8)	(16.6)	NM	4.3	6.4	5.7	0%	0%	3%	10%	3%	4%	0%	16%	16%
Smithfield	SFD.O	USD	26.58	10,459	NM	NM	NM	NA	NA	NA	~~NA~~	~~NA~~	~~NA~~	4%	4%	5%	NA	NA	NA	NA	NA	NA
NH Foods	2282.T	JPY	6,385	3,675	20.1	17.7	14.7	14.5	17.2	1.0	8.2	~~NA~~	7.9	2%	3%	3%	5%	2%	NA	6%	NA	8%
MBRF Global Foods	MBRF3.SA	BRL	15.89	4,297	63.8	35.2	52.7	(37.0)	10.0	3.5	5.1	5.2	5.4	17%	1%	0%	27%	9%	9%	2%	4%	3%
Itoham Yonekyu	2296.T	JPY	4,945	1,736	16.7	14.8	72.1	23.2	(51.9)	NM	9.2	11.0	10.0	6%	4%	3%	-6%	4%	4%	6%	-265%	-73%
Minerva SA	BEEF3.SA	BRL	3.46	678	7.2	4.7	2.3	NA	78.2	0.1	3.2	3.3	2.9	0%	18%	21%	NA	NA	NA	13%	30%	47%
			Average		**31.9**	**15.7**	**23.8**	**2.1**	**29.6**	**1.0**	~~**7.4**~~	~~**7.3**~~	~~**7.0**~~	**6%**	**5%**	**6%**	**8%**	**4%**	**5%**	**6%**	**-26%**	**4%**
Dairy - Downstream																						
Yili	600887.SS	CNY	26.06	24,357	14.3	13.4	12.3	21.4	7.5	1.8	11.9	11.1	10.0	7%	6%	6%	2%	7%	9%	21%	22%	22%
Mengniu	2319.HK	HKD	18.20	8,985	39.7	12.8	11.4	574.9	86.5	0.1	NA	NA	NA	3%	3%	4%	5%	4%	7%	3%	10%	10%
New Dairy*	002946.SS	CNY	15.32	1,948	18.0	14.6	12.5	29.5	20.0	0.7	10.2	NA	NA	3%	3%	NA	7%	9%	9%	0%	21%	19%
Bright Dairy*	600597.SS	CNY	6.61	1,346	NM	NM	NM	NA	NA	NA	6.2	NA	NA	NA	NA	NA	1%	NA	NA	0%	NA	NA
Average			**Average**		**24.0**	**13.6**	**12.1**	**208.6**	**38.0**	**0.9**	**9.4**	**11.1**	**10.0**	**4%**	**4%**	**5%**	**4%**	**7%**	**8%**	**6%**	**17%**	**17%**
Dairy - Upstream																						
China Modern Dairy*	1117.HK	HKD	1.34	1,353	NM	14.0	6.6	NA	NA	NA	NA	NA	NA	0%	NA	NA	NA	NA	NA	0%	7%	12%
China Shengmu*	1432.HK	HKD	0.35	374	NM	NM	NM	NA	NA	NA	4.9	NA	NA	0%	NA	NA	-16%	NA	NA	-10%	NA	NA
Average			**Average**		**NM**	**14.0**	**6.6**	**NM**	**NM**	**NM**	**4.9**	**NM**	**NM**	**0%**	**NM**	**NM**	**-16%**	**NM**	**NM**	**-5%**	**7%**	**12%**

Source: FactSet, Morgan Stanley Research. E=Morgan Stanley Research estimates for companies without an asterisk (*), otherwise FactSet estimates. Data as of Jul 28, 2026.

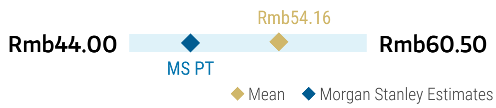
Risk Reward – Muyuan Foodstuff Co. Ltd (002714.SZ)

Benefits from next hog up-cycle; superior operation with greater efficiency

PRICE TARGET Rmb48.00

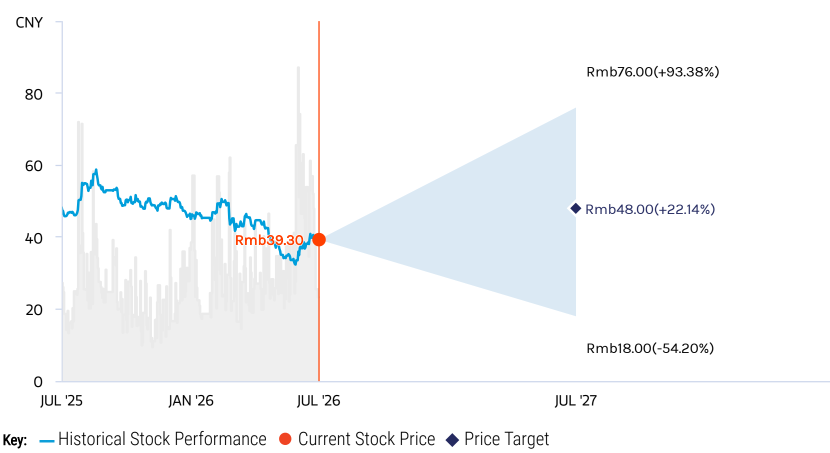
Base case, P/E. We apply a 13x P/E multiple to our 2027 EPS estimate, which is broadly in line with valuation levels seen during the late stage of previous destocking cycles and remains slightly below the stock's historical average trading multiples since 2018.

Consensus Price Target Distribution



Source: Refinitiv, Morgan Stanley Research

RISK REWARD CHART

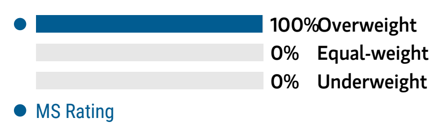


Source: Refinitiv, Morgan Stanley Research

OVERWEIGHT THESIS

- Muyuan has a cost advantage and should be able to maintain lower unit COGS for hog production even amid elevated feed costs.
- An inflection point in the current low hog price cycle is approaching, driven by reductions in hog production capacity, which should result in sequentially higher hog prices.
- Over the long term, Muyuan has potential to gain market share as government policies raise entry barriers for smaller hog farms.
- We have reduced our estimates and target P/E multiple but still find the stock attractive on this basis.

Consensus Rating Distribution



Source: Refinitiv, Morgan Stanley Research

Risk Reward Themes

Secular Growth:	*Positive*
Self-help:	*Positive*

View descriptions of Risk Rewards Themes here

BULL CASE Rmb76.00

14x our bull case 2027E EPS

Stronger profitability driven by higher hog prices, greatter efficiency, and utilization ramp-up: We assume an average hog price of Rmb14.2/kg in 2026 to reflect stronger-than-expected hog production capacity reductions and higher hog prices in 2H26. Under this scenario, we assume a 38% net profit CAGR, 2025-27.

BASE CASE Rmb48.00

13x our base case 2027E EPS

Lower average hog prices offset by efficiency gains driving net profit growth: We estimate average hog prices of Rmb11.0/kg in 2026, -23% yoy. We forecast a -3% revenue CAGR and a 17% net profit CAGR, 2025-27, driven by a recovery in hog prices from 2027 and improving operational efficiency.

BEAR CASE Rmb18.00

7.5x our bear case 2027E EPS

Lower profitability amid weaker hog pricing: We assume average hog prices in 2026 decline 27% vs. the 2025 average, to Rmb10.4/kg, reflecting a more prolonged environment of low prices amid ample supply and slower-than-expected production capacity reductions. Under this scenario, we estimate a -6% net profit CAGR, 2025-27.

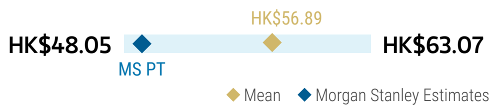
Risk Reward – Muyuan Foodstuff Co. Ltd (2714.HK)

Benefits from next hog up-cycle; superior operation with greater efficiency

PRICE TARGET HK$49.00

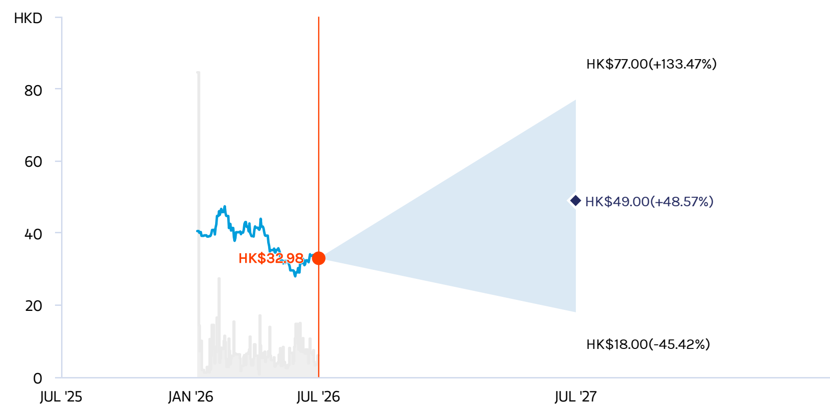
Base case, p/e. We value the stock on 2027E EPS using an A-share P/E of 13x, implying a 12x P/E for the H-shares, which is broadly in line with valuation levels seen during the late stage of previous destocking cycles and remains slightly below the stock's historical average trading multiples since 2018.

Consensus Price Target Distribution



Source: Refinitiv, Morgan Stanley Research

RISK REWARD CHART



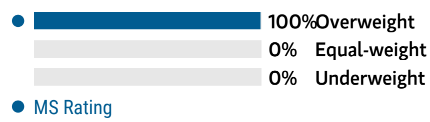
Key: Historical Stock Performance, Current Stock Price, Price Target

Source: Refinitiv, Morgan Stanley Research

OVERWEIGHT THESIS

- Muyuan has a cost advantage and should be able to maintain lower unit COGS for hog production even amid elevated feed costs.
- An inflection point in the current low hog price cycle is approaching, driven by reductions in hog production capacity, which should result in sequentially higher hog prices.
- Over the long term, Muyuan has potential to gain market share as government policies raise entry barriers for smaller hog farms.
- We have reduced our estimates and target P/E multiple but still find the stock attractive on this basis.

Consensus Rating Distribution



Source: Refinitiv, Morgan Stanley Research

Risk Reward Themes

Secular Growth:	*Positive*
Self-help:	*Positive*

View descriptions of Risk Rewards Themes here

BULL CASE HK$77.00

13x our bull case 2026E EPS

Stronger profitability driven by higher hog prices, greater efficiency, and utilization ramp-up: We assume an average hog price of Rmb14.2/kg in 2026 to reflect stronger-than-expected hog production capacity reductions and higher hog prices in 2H26. Under this scenario, we assume a 38% net profit CAGR, 2025-27.

BASE CASE HK$49.00

12x our base case 2026E EPS

Lower average hog prices offset by efficiency gains driving net profit growth: We estimate average hog prices of Rmb11.0/kg in 2026, -23% yoy. We forecast a -3% revenue CAGR and a 17% net profit CAGR, 2025-27, driven by a recovery in hog prices from 2027 and improving operational efficiency.

BEAR CASE HK$18.00

7x our bear case 2026E EPS

Lower profitability amid weaker hog pricing: We assume average hog prices in 2026 decline 27% vs. the 2025 average, to Rmb10.4/kg, reflecting a more prolonged low-price environment amid ample supply and slower-than-expected production capacity reductions. Under this scenario, we estimate a -6% net profit CAGR, 2025-27.

Risk Reward – Muyuan Foodstuff Co. Ltd (2714.HK)

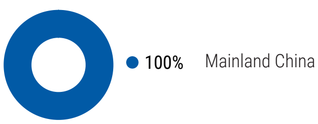
KEY EARNINGS INPUTS

Drivers	Dec 2025	Dec 2026e	Dec 2027e	Dec 2028e
Hog production (mn heads)	93	88	89	91
Hog price (Rmb/kg)	14.2	11.0	13.6	13.9
Hog Production Cost (Rmb/kg)	11.8	10.9	10.6	10.6

INVESTMENT DRIVERS

- Market hog price
- Capacity expansion for further hog production growth
- Operating leverage from economies of scale
- Ramp-up of the fresh pork segment

GLOBAL REVENUE EXPOSURE



Source: Morgan Stanley Research Estimate
View explanation of regional hierarchies here

MS ALPHA MODELS

3/5 **MOST** 3 Month Horizon

Source: Refinitiv, FactSet, Morgan Stanley Research; 1 is the highest favored Quintile and 5 is the least favored Quintile

RISKS TO PT/RATING

RISKS TO UPSIDE

- Faster-than-expected increase in market hog prices
- Stronger-than-expected growth in the fresh pork segment, reducing earnings volatility

RISKS TO DOWNSIDE

- Lower hog prices amid further industry replenishment of hog supply
- Widespread hog disease that significantly reduces hog production volumes

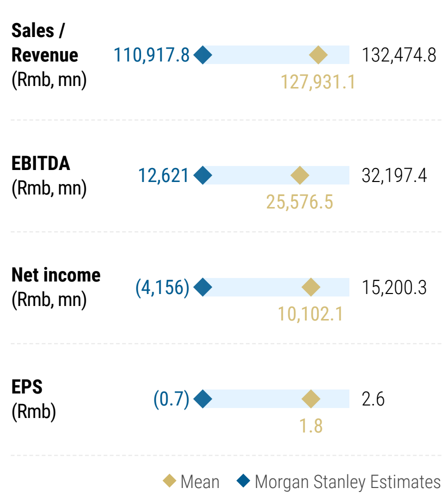
OWNERSHIP POSITIONING

Inst. Owners, % Active 100%

Source: Refinitiv, Morgan Stanley Research

MS ESTIMATES VS. CONSENSUS

FY Dec 2026e



Source: Refinitiv, Morgan Stanley Research

Risk Reward Reference links

1. View explanation of Options Probabilities methodology - Options_Probabilities_Exhibit_Link.pdf

2. View descriptions of Risk Rewards Themes - RR_Themes_Exhibit_Link.pdf

3. View explanation of regional hierarchies - GEG_Exhibit_Link.pdf

4. View explanation of Theme/Exposure methodology - ESG_Sustainable_Solutions_External_Link.pdf

5. View explanation of HERS methodology - ESG_HERS_External_Link.pdf

Disclosure Section

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(as of June 30, 2026)

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	Coverage Universe		Investment Banking Clients (IBC)			Other Material Investment Services Clients (MISC)	
Stock Rating Category	Count	% of Total	Count	% of Total IBC	% of Rating Category	Count	% of Total Other MISC
Overweight/Buy	1544	42%	453	49%	29%	757	44%
Equal-weight/Hold	1577	43%	390	42%	25%	769	44%
Not-Rated/Hold	3	0%	1	0%	33%	1	0%
Underweight/Sell	544	15%	89	10%	16%	204	12%
Total	3,668		933			1731	

Data include common stock and ADRs currently assigned ratings. Investment Banking Clients are companies from whom Morgan Stanley received investment banking compensation in the last 12 months. Due to rounding off of decimals, the percentages provided in the "% of total" column may not add up to exactly 100 percent.

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Overweight (O). The stock's total return is expected to exceed the average total return of the analyst's industry (or industry team's) coverage universe, on a risk-adjusted basis, over the next 12-18 months.

Equal-weight (E). The stock's total return is expected to be in line with the average total return of the analyst's industry (or industry team's) coverage universe, on a risk-adjusted basis, over the next 12-18 months.

Not-Rated (NR). Currently the analyst does not have adequate conviction about the stock's total return relative to the average total return of the analyst's industry (or industry team's) coverage universe, on a risk-adjusted basis, over the next 12-18 months.

Underweight (U). The stock's total return is expected to be below the average total return of the analyst's industry (or industry team's) coverage universe, on a risk-adjusted basis, over the next 12-18 months.

Unless otherwise specified, the time frame for price targets included in Morgan Stanley Research is 12 to 18 months.

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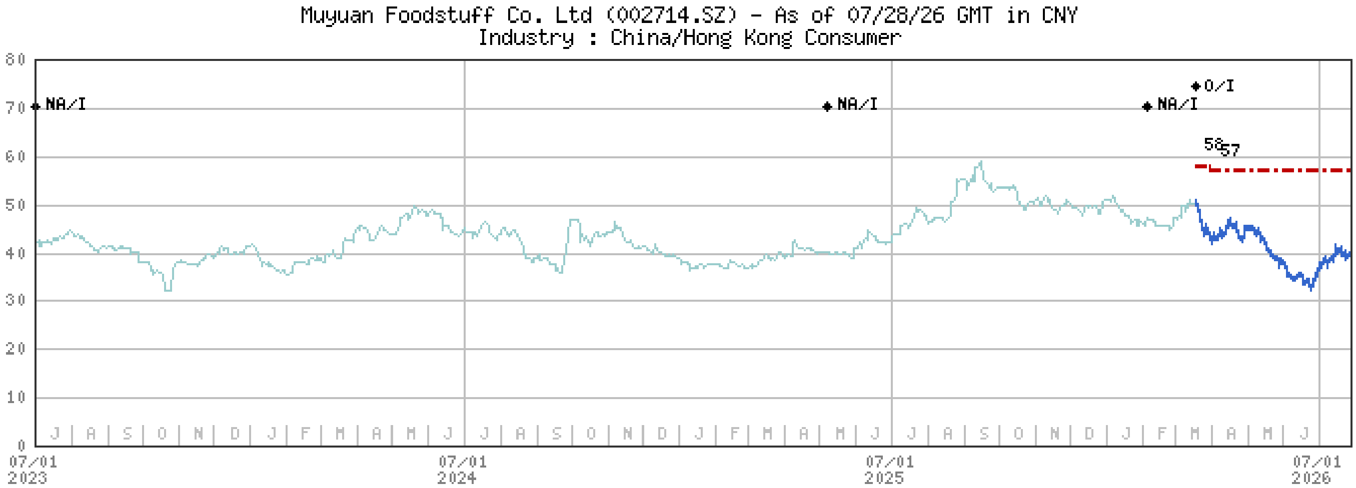
Stock Price, Price Target and Rating History (See Rating Definitions)



Stock Rating History: 2/24/23 : O/I; 6/9/23 : NA/I; 5/7/25 : NA/I; 2/4/26 : NA/I; 3/17/26 : O/I

Price Target History: 2/24/23 : 63.3; 6/9/23 : NA; 5/7/25 : NA; 3/17/26 : 58; 3/30/26 : 57

Source: Morgan Stanley Research Date Format : MM/DD/YY Price Target -- No Price Target Assigned (NA)
Stock Price (Not Covered by Current Analyst) Stock Price (Covered by Current Analyst)
Stock and Industry Ratings (abbreviations below) appear as ♦ Stock Rating/Industry View
Stock Ratings: Overweight (O) Equal-weight (E) Underweight (U) Not-Rated (NR) No Rating Available (NA)
Industry View: Attractive (A) In-line (I) Cautious (C) No Rating (NR)

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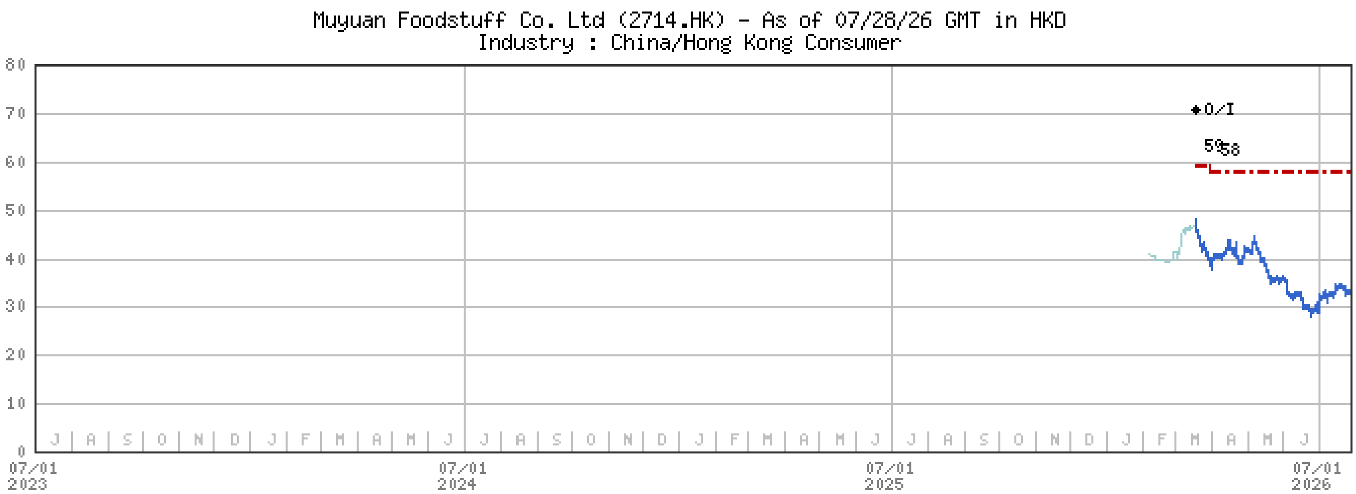

Stock Rating History: 3/17/26 : O/I

Price Target History: 3/17/26 : 59; 3/30/26 : 58

Source: Morgan Stanley Research Date Format : MM/DD/YY Price Target -- No Price Target Assigned (NA)
Stock Price (Not Covered by Current Analyst) Stock Price (Covered by Current Analyst)
Stock and Industry Ratings (abbreviations below) appear as ♦ Stock Rating/Industry View
Stock Ratings: Overweight (O) Equal-weight (E) Underweight (U) Not-Rated (NR) No Rating Available (NA)
Industry View: Attractive (A) In-line (I) Cautious (C) No Rating (NR)

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INDUSTRY COVERAGE: China/Hong Kong Consumer

COMPANY (TICKER)	RATING (AS OF)	PRICE* (07/28/2026)
Dustin Wei		
ANTA Sports Products (2020.HK)	++	HK$77.05

Bosideng International Holdings Limited (3998.HK)	O (11/27/2024)	HK$4.90
C&S Paper Co Ltd (002511.SZ)	U (09/22/2021)	Rmb7.13
Chacha Food Co Ltd (002557.SZ)	U (02/20/2025)	Rmb19.77
Giant Biogene Holding Co Ltd (2367.HK)	O (08/08/2024)	HK$28.90
Health and Happiness (H&H) (1112.HK)	E (07/12/2021)	HK$14.70
Hengan International Group (1044.HK)	E (05/06/2021)	HK$24.52
Li Ning (2331.HK)	O (10/09/2019)	HK$14.61
Mao Geping Cosmetics Co., Ltd (1318.HK)	O (03/10/2026)	HK$56.90
Pop Mart International Group (9992.HK)	O (05/17/2021)	HK$162.80
Proya Cosmetics Co. Ltd. (603605.SS)	O (10/12/2021)	Rmb60.26
Samsonite Group (1910.HK)	O (06/15/2020)	HK$13.82
Shanghai Jahwa United Co. Ltd. (600315.SS)	U (07/07/2023)	Rmb17.70
Sun Art Retail Group Limited (6808.HK)	E (03/05/2019)	HK$1.21
Topsports International Holdings Ltd (6110.HK)	E (07/23/2026)	HK$1.29
Weilong Delicious Global Holdings Ltd (9985.HK)	O (06/11/2025)	HK$7.94
Yonghui Superstores (601933.SS)	U (05/18/2023)	Rmb3.09
Hildy Ling		
Angel Yeast Co. Ltd. (600298.SS)	E (05/21/2026)	Rmb37.92
Beijing Roborock Technology Co Ltd (688169.SS)	O (09/25/2024)	Rmb105.07
China Tourism Group Duty Free (1880.HK)	E (12/13/2023)	HK$50.65
China Tourism Group Duty Free (601888.SS)	E (12/13/2023)	Rmb55.51
Chow Tai Fook Jewellery Group Ltd (1929.HK)	O (03/04/2025)	HK$12.08
Chow Tai Seng Jewellery Co Ltd (002867.SZ)	U (03/04/2025)	Rmb12.26
Ecovacs Robotics Co Ltd (603486.SS)	O (07/09/2026)	Rmb58.07
Foshan Haitian Flavouring and Food (603288.SS)	E (07/28/2025)	Rmb37.01
Foshan Haitian Flavouring and Food (3288.HK)	E (05/21/2026)	HK$32.54
Haidilao International Holding Ltd (6862.HK)	O (05/26/2021)	HK$11.62
Hangzhou Robam Appliances Co Ltd (002508.SZ)	U (02/21/2024)	Rmb16.14
Laopu Gold (6181.HK)	O (10/20/2025)	HK$302.20
Super Hi (HDL.O)	E (01/14/2025)	US$13.12
Zhejiang Supor Co. Ltd. (002032.SZ)	U (07/27/2026)	Rmb41.49
Lillian Lou		
Anhui Gujing Distillery Company Limited (000596.SZ)	U (02/13/2026)	Rmb90.45
Budweiser Brewing Company APAC Ltd (1876.HK)	O (11/04/2019)	HK$6.79
Chagee Holdings Ltd (CHA.O)	O (06/02/2025)	US$11.64
China Mengniu Dairy (2319.HK)	O (09/14/2017)	HK$18.68
China Resources Beer Holdings Co Ltd (0291.HK)	O (12/11/2018)	HK$23.70
Chongqing Brewery Co. Ltd. (600132.SS)	U (07/30/2021)	Rmb44.69
Eastroc Beverages (605499.SS)	O (03/12/2026)	Rmb135.16
Eastroc Beverages (9980.HK)	O (03/12/2026)	HK$117.70
Gree Electric Appliances Inc of Zhuhai (000651.SZ)	E (07/09/2026)	Rmb40.80
Haier Smart Home Co Ltd (600690.SS)	E (01/17/2022)	Rmb22.40
Haier Smart Home Co Ltd (6690.HK)	E (01/17/2022)	HK$21.78
Kweichow Moutai Company Ltd. (600519.SS)	O (10/17/2014)	Rmb1,320.00
Luzhou Lao Jiao Co. Ltd (000568.SZ)	E (01/23/2019)	Rmb87.00
Midea Group Co Ltd. (0300.HK)	O (11/01/2024)	HK$96.35
Midea Group Co Ltd. (000333.SZ)	O (01/17/2022)	Rmb85.37
Muyuan Foodstuff Co. Ltd (2714.HK)	O (03/17/2026)	HK$32.98
Muyuan Foodstuff Co. Ltd (002714.SZ)	O (03/17/2026)	Rmb39.30
Nongfu Spring Co Ltd (9633.HK)	E (07/30/2021)	HK$41.86
Shanxi Xinghuacun Fen Wine Factory Co. (600809.SS)	O (10/28/2020)	Rmb126.25
Shuanghui Development (000895.SZ)	U (03/16/2021)	Rmb25.70
Tingyi (Cayman Islands) (0322.HK)	E (07/25/2025)	HK$11.77
Tsingtao Brewery Co Ltd (0168.HK)	E (11/01/2024)	HK$46.42
Tsingtao Brewery Co Ltd (600600.SS)	E (02/28/2024)	Rmb54.44

Uni-President China (0220.HK)	E (07/25/2025)	HK$7.44
Want Want China Holdings Ltd (0151.HK)	E (11/29/2023)	HK$3.46
WH Group (0288.HK)	O (02/24/2025)	HK$8.40
Wuliangye Yibin Company Ltd. (000858.SZ)	E (08/15/2024)	Rmb74.80
Yanghe Brewery (002304.SZ)	U (01/05/2021)	Rmb40.12
Yanjing Brewery (000729.SZ)	U (09/02/2015)	Rmb12.37
Yili Industrial (600887.SS)	O (01/29/2014)	Rmb26.58
Yum China Holdings Inc. (YUMC.N)	O (03/20/2018)	US$45.53
ZJLD Group (6979.HK)	E (02/13/2026)	HK$8.04
Terence Cheng		
Chervon Holdings Ltd. (2285.HK)	E (04/12/2024)	HK$18.66
Crystal International Group Ltd. (2232.HK)	E (06/23/2025)	HK$5.73
Gongniu Group Co Ltd (603195.SS)	O (05/08/2023)	Rmb40.01
Hangzhou Greatstar Industrial Co Ltd (002444.SZ)	E (10/26/2022)	Rmb29.49
Huali Industrial Group Co (300979.SZ)	U (02/10/2026)	Rmb35.92
Shenzhou International Group Holdings (2313.HK)	O (07/13/2017)	HK$43.52
Stella International Holdings Ltd (1836.HK)	E (06/23/2025)	HK$13.98
Techtronic Industries Co Ltd (0669.HK)	O (12/05/2019)	HK$128.00
Yue Yuen Industrial Hldg (0551.HK)	E (09/14/2021)	HK$13.92

Stock Ratings are subject to change. Please see latest research for each company.

* Historical prices are not split adjusted.