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Eastroc Beverages | Asia Pacific

China BEST Conference Takeaways

MORGAN STANLEY ASIA LIMITED+

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Eastroc Beverages (605499.SS, 605499 CH)

China/Hong Kong Consumer | China

Stock Rating	**Overweight**
Industry View	**In-Line**
Price target	Rmb165.00
Up/downside to price target (%)	49
Shr price, close (Sep 17, 2026)	Rmb110.84
52-Week Range	Rmb241.06-108.80
Sh out, dil, curr (mn)	734
Mkt cap, curr (mn)	Rmb141,771.7
EV, curr (mn)	Rmb144,432.7
Avg daily trading value (mn)	Rmb915

Fiscal Year Ending	12/25	12/26e	12/27e	12/28e
EPS (Rmb)**	6.5	6.9	8.0	9.1
EPS (Rmb)§	8.6	7.3	8.2	9.2
Revenue, net (Rmb mn)	20,875.3	24,007.2	28,242.2	33,015.6
EBITDA (Rmb mn)	5,583.3	6,498.9	7,294.4	8,405.4
ModelWare net inc (Rmb mn)	4,415.3	5,064.2	5,863.1	6,702.2
P/E	31.5	16.1	13.9	12.1
P/BV	14.8	3.8	3.3	3.0
ROE (%)	57.4	53.8	27.1	27.5
EV/EBITDA	25.4	21.2	19.0	16.9
Div yld (%)	1.9	3.3	3.8	4.4
FCF yld ratio (%)**	2.7	2.3	5.4	7.0

Unless otherwise noted, all metrics are based on Morgan Stanley ModelWare framework
** = Based on consensus methodology
§ = Consensus data is provided by Refinitiv Estimates
e = Morgan Stanley Research estimates

Key Takeaways

- Industry remains soft in 3Q26 with unfavorable weather and stiff competition. Eastroc said tea outperformed; energy drinks and Water Boost under pressure.
- Channel execution is the current strategic priority, by faster snack and on-trade channel penetration as well as smart-vending pilots.
- Product innovation is broadening toward lower-/zero-sugar, more flavors and packing formats across energy drinks, electrolyte water, and tea products.
- Selling expenses in 2H26 should ease after front-loaded fridge/World Cup spending in 1H26.
- Margin trend in 2027 will depend on raw material costs, mix shift, and industry promotion intensity.

Further details

- **New channels:** Snack retail channel is now a strategic priority. Eastroc has penetrated ~10k stores now (vs. ~50-60k stores industry-wide), leaving room for store and SKU expansion. Restaurant channels and smart-vending pilots offer further white spots.
- **Energy drinks:** Industry sales were down LSD in 2Q26, while Eastroc's sales/volume still grew LSD. More flavors, lower-/zero-sugar products and broader consumer targeting are key to reaccelerating growth.
- **Water Boost:** Electrolyte drinks industry sales declined DD in 2Q26 amid heavy promotions, while Water Boost broadly held share. POS coverage is 3mn+, with further upside within Eastroc's 4.6mn+ active outlets; larger packs are gaining traction in sports occasions.
- **Tea/new products:** Tea remained the strongest category in Jul-Aug, led by Tea of Fruits. Zero-sugar tea is a strategic focus but requires a longer consumer-education cycle.
- **Margins/expenses:** 2H26 selling expenses should ease HoH as fridge and World Cup spending were front-loaded. 2027 margin visibility is lower, with raw material and mix pressure and heavy competition.

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Valuation Methodology and Risks

Eastroc Beverages (605499.SS)

Base case, DCF valuation. Key assumptions: 11% WACC (3% risk-free rate, 9.8% equity risk premium, 1.1 equity beta) and 2% terminal growth rate.

Risks to Upside

- Better-than-expected top-line growth
- Better margin management via pricing and cost control
- Overseas expansion

Risks to Downside

- Increased competition across the beverage market
- Adverse weather impact
- Product mix, creating pressure on margins

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(as of August 31, 2026)

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Overweight/Buy	1555	42%	450	48%	29%	767	44%
Equal-weight/Hold	1577	43%	395	42%	25%	770	44%
Not-Rated/Hold	3	0%	1	0%	33%	1	0%
Underweight/Sell	559	15%	93	10%	17%	216	12%
Total	3,694		939			1754	

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



Stock Rating History: 3/12/26 : O/I

Price Target History: 3/12/26 : 238.46; 4/1/26 : 223.08; 5/18/26 : 223; 6/19/26 : 191; 7/24/26 : 165

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) ▬
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INDUSTRY COVERAGE: China/Hong Kong Consumer

COMPANY (TICKER)	RATING (AS OF)	PRICE* (09/17/2026)
Dustin Wei		
ANTA Sports Products (2020.HK)	++	HK$72.00
Bosideng International Holdings Limited (3998.HK)	O (11/27/2024)	HK$4.08
C&S Paper Co Ltd (002511.SZ)	U (09/22/2021)	Rmb6.93
Chacha Food Co Ltd (002557.SZ)	U (02/20/2025)	Rmb17.95
Giant Biogene Holding Co Ltd (2367.HK)	O (08/08/2024)	HK$24.46
Health and Happiness (H&H) (1112.HK)	E (07/12/2021)	HK$16.81
Hengan International Group (1044.HK)	E (05/06/2021)	HK$19.70
Li Ning (2331.HK)	O (10/09/2019)	HK$12.58
Mao Geping Cosmetics Co., Ltd (1318.HK)	O (03/10/2026)	HK$46.22
Pop Mart International Group (9992.HK)	O (05/17/2021)	HK$153.20
Proya Cosmetics Co. Ltd. (603605.SS)	O (10/12/2021)	Rmb55.65
Samsonite Group (1910.HK)	O (06/15/2020)	HK$12.15
Shanghai Jahwa United Co. Ltd. (600315.SS)	U (07/07/2023)	Rmb17.75
Sun Art Retail Group Limited (6808.HK)	E (03/05/2019)	HK$1.04
Topsports International Holdings Ltd (6110.HK)	E (07/23/2026)	HK$0.97
Weilong Delicious Global Holdings Ltd (9985.HK)	O (06/11/2025)	HK$6.94
Yonghui Superstores (601933.SS)	U (05/18/2023)	Rmb2.99
Hildy Ling		
Angel Yeast Co. Ltd. (600298.SS)	E (05/21/2026)	Rmb39.92
Beijing Roborock Technology Co Ltd (688169.SS)	O (09/25/2024)	Rmb120.55
China Tourism Group Duty Free (1880.HK)	E (12/13/2023)	HK$46.14
China Tourism Group Duty Free (601888.SS)	E (12/13/2023)	Rmb51.15
Chow Tai Fook Jewellery Group Ltd (1929.HK)	O (03/04/2025)	HK$11.03
Chow Tai Seng Jewellery Co Ltd (002867.SZ)	U (03/04/2025)	Rmb10.22
Ecovacs Robotics Co Ltd (603486.SS)	O (07/09/2026)	Rmb49.28
Foshan Haitian Flavouring and Food (603288.SS)	E (07/28/2025)	Rmb33.89
Foshan Haitian Flavouring and Food (3288.HK)	E (05/21/2026)	HK$26.60

Haidilao International Holding Ltd (6862.HK)	O (05/26/2021)	HK$9.50
Hangzhou Robam Appliances Co Ltd (002508.SZ)	U (02/21/2024)	Rmb16.11
Laopu Gold (6181.HK)	O (10/20/2025)	HK$363.00
Super Hi (HDL.O)	E (01/14/2025)	US$11.61
Zhejiang Supor Co. Ltd. (002032.SZ)	U (07/27/2026)	Rmb39.99
Lillian Lou		
Anhui Gujing Distillery Company Limited (000596.SZ)	U (02/13/2026)	Rmb92.50
Budweiser Brewing Company APAC Ltd (1876.HK)	O (11/04/2019)	HK$5.91
Chagee Holdings Ltd (CHA.O)	O (06/02/2025)	US$12.19
China Mengniu Dairy (2319.HK)	O (09/14/2017)	HK$18.09
China Resources Beer Holdings Co Ltd (0291.HK)	O (12/11/2018)	HK$18.17
Chongqing Brewery Co. Ltd. (600132.SS)	U (07/30/2021)	Rmb37.78
Eastroc Beverages (605499.SS)	O (03/12/2026)	Rmb110.84
Eastroc Beverages (9980.HK)	O (03/12/2026)	HK$96.20
Gree Electric Appliances Inc of Zhuhai (000651.SZ)	E (07/09/2026)	Rmb37.98
Haier Smart Home Co Ltd (600690.SS)	E (01/17/2022)	Rmb20.70
Haier Smart Home Co Ltd (6690.HK)	E (01/17/2022)	HK$20.58
Kweichow Moutai Company Ltd. (600519.SS)	O (10/17/2014)	Rmb1,266.98
Luzhou Lao Jiao Co. Ltd (000568.SZ)	E (01/23/2019)	Rmb71.65
Midea Group Co Ltd. (0300.HK)	O (11/01/2024)	HK$99.20
Midea Group Co Ltd. (000333.SZ)	O (01/17/2022)	Rmb85.04
Muyuan Foodstuff Co. Ltd (2714.HK)	O (03/17/2026)	HK$37.52
Muyuan Foodstuff Co. Ltd (002714.SZ)	O (03/17/2026)	Rmb41.28
Nongfu Spring Co Ltd (9633.HK)	E (07/30/2021)	HK$38.96
Shanxi Xinghuacun Fen Wine Factory Co. (600809.SS)	O (10/28/2020)	Rmb113.08
Shuanghui Development (000895.SZ)	U (03/16/2021)	Rmb23.32
Tingyi (Cayman Islands) (0322.HK)	E (07/25/2025)	HK$11.83
Tsingtao Brewery Co Ltd (0168.HK)	E (11/01/2024)	HK$39.70
Tsingtao Brewery Co Ltd (600600.SS)	E (02/28/2024)	Rmb50.11
Uni-President China (0220.HK)	E (07/25/2025)	HK$7.00
Want Want China Holdings Ltd (0151.HK)	E (11/29/2023)	HK$2.80
WH Group (0288.HK)	O (02/24/2025)	HK$6.48
Wuliangye Yibin Company Ltd. (000858.SZ)	E (08/15/2024)	Rmb69.13
Yanghe Brewery (002304.SZ)	U (01/05/2021)	Rmb37.95
Yanjing Brewery (000729.SZ)	U (09/02/2015)	Rmb10.50
Yili Industrial (600887.SS)	O (01/29/2014)	Rmb26.56
Yum China Holdings Inc. (YUMC.N)	O (03/20/2018)	US$41.36
ZJLD Group (6979.HK)	E (02/13/2026)	HK$7.54
Terence Cheng		
Chervon Holdings Ltd. (2285.HK)	E (04/12/2024)	HK$25.58
Crystal International Group Ltd. (2232.HK)	E (06/23/2025)	HK$6.47
Gongniu Group Co Ltd (603195.SS)	O (05/08/2023)	Rmb37.95
Hangzhou Greatstar Industrial Co Ltd (002444.SZ)	E (10/26/2022)	Rmb27.04
Huali Industrial Group Co (300979.SZ)	U (02/10/2026)	Rmb31.96
Shenzhou International Group Holdings (2313.HK)	O (07/13/2017)	HK$34.94
Stella International Holdings Ltd (1836.HK)	E (06/23/2025)	HK$11.30
Techtronic Industries Co Ltd (0669.HK)	O (12/05/2019)	HK$128.50
Yue Yuen Industrial Hldg (0551.HK)	E (09/14/2021)	HK$12.49

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* Historical prices are not split adjusted.

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