BERNSTEIN
SOCIETE GENERALE GROUP

APAC Food & Beverages

China Next Winners - Consumer: The keys to Agentic outperformance



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This report is part of a series on China Next Winners in which we identify the next generation of industries and corporate winners in China. In Consumer, we expect brand owners with the richest proprietary data sets to be the biggest winners from AI, as granular real time sales data is a prerequisite for building effective Customer focused AI Agents and developing dynamic demand and supply planning. We expect owners of strong brands, especially those also enjoying lower fixed cost ratios, to drop the resulting cost benefits to the bottom line, while weaker brands, and those with higher fixed costs, compete on price in order to capture market share and enhance operational leverage. In Beverages, Moutai, Eastroc, Budweiser APAC and Nongfu are best positioned from the data perspective, with Bud and Eastroc most likely to reinvest in price and scale building, while Nongfu and Moutai focus on enhancing margins directly. Agentic AI adoption across the sector is likely to drive increased demand for compute, memory, connectivity, and power-management components, with CPU best positioned to benefit.

Customer focused AI Agents represent the biggest and most near term actionable margin expansion opportunity for China's Consumer companies, enabling touchless planning and real time revenue management decisions to drive superior revenue growth, improved marketing spend efficiency, working capital enhancement, and headcount savings. Moutai has by far the strongest end to end, real time data feed to leverage, followed by Eastroc and Bud APAC and then Nongfu. Our other coverage companies are meaningfully behind.

Across Consumer, we are already starting to see AI driving down the cost of brand development and marketing communication, with few apparent barriers to adoption beyond company culture and appetite. We expect this to drive brand proliferation and increasing noise for consumers. Bad news for less differentiated brands.

There is a strong link between a brand's ability to command and sustain pricing, and its perceived level of Intrinsic Differentiation, with the metric explaining up to 50% of overall pricing power. Highly differentiated brands are best placed to internalize the cost benefits from Agentic AI, in our view, driving both faster top line growth on the best of Agentic revenue management, and higher margins from lower costs and sustained pricing despite price competition from brand proliferation. Undifferentiated brands, especially those with high fixed costs, are more likely to reinvest AI driven cost benefits to compete on pricing, to drive volumes and seek to protect margins via increased operational leverage. We expect to see more margin losers than winners among this cohort.

Across our coverage, consumers view Moutai, Budweiser and Nongfu Spring as the most Intrinsically Differentiated offerings relative to peers, and we see the strongest margin outlook for these brands. Heineken, Eastroc, Tsingtao and Snow, on the other hand, have weaker equity, and their higher Fixed Cost intensity (17-25% of revenue) means that they are likely to pursue operational leverage focused strategies.

See the Disclosure Appendix of this report for required disclosures, analyst certifications and other important information. Alternatively, visit our Global Research Disclosure Website.

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BERNSTEIN TICKER TABLE

Ticker	Rating	Cur	24 Sep 2026 Closing Price	Price Target	TTM Rel. Perf.	Adjusted EPS Cur	2025A	2026E	2027E	Adjusted P/E (x) 2025A	2026E	2027E
1876.HK (Bud APAC)	M	HKD	6.10	7.00	(51.3)%	USD	0.04	0.05	0.05	21.0	15.8	16.0
291.HK (CRB)	M	HKD	18.71	24.00	(56.1)%	CNY	1.63	1.63	1.67	9.8	9.8	9.6
600519.CH (Moutai)	O	CNY	1,237.00	2,015.00	(41.1)%	CNY	65.66	70.62	79.18	18.8	17.5	15.6
168.HK (Tsingtao)	O	HKD	39.78	47.00	(50.3)%	CNY	3.36	3.28	3.26	10.1	10.4	10.4
600600.CH (Tsingtao)	M	CNY	49.89	55.00	(51.5)%	CNY	3.36	3.28	3.26	14.8	15.2	15.3
000858.CH (Wuliangye)	U	CNY	69.67	58.00	(69.7)%	CNY	2.31	3.38	3.58	30.2	20.6	19.5
9633.HK (Nongfu Spring)	O	HKD	39.12	54.00	(52.0)%	RMB	1.41	1.61	1.92	27.7	24.3	20.4
605499.CH (Eastroc Beverage)	M	RMB	110.83	133.00	(76.7)%	RMB	8.49	7.06	7.85	13.1	15.7	14.1
9980.HK (Eastroc Beverage)	M	HKD	96.85	131.00	NA	RMB	8.49	7.06	7.85	11.4	13.7	12.3
ASIAX			1,978.05									

O - Outperform, M - Market-Perform, U - Underperform, NR - Not Rated, CS - Coverage Suspended

Source: Bloomberg, Bernstein estimates and analysis.

INVESTMENT IMPLICATIONS

We rate:

- **Nongfu Spring Outperform** with a **Price Target of HK$54** per share (model).
- **Moutai Outperform** with a **Price Target of RMB2,015** per share (model: 600519.CH).
- **Tsingtao H-share Outperform** with a **Price Target of HK$47** per share (model: 168.HK), and **Tsingtao A-share Market-Perform** with a **Price Target of RMB55** per share.
- **Eastroc Beverages Market-Perform** with an A-share **Price Target of RMB133** and **HK$131** for the H-share (model).
- **Bud APAC Market-Perform** with a **Price Target of HK$7** per share (model: 1876.HK).
- **CRBeer Market-Perform** with a **Price Target of HK$24** per share (model: 291.HK).
- **Wuliangye Underperform** with a **Price Target of RMB58** per share (model: 000858.CH).

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DETAILS

In Consumer, we expect brand owners with the richest proprietary data sets to be the biggest winners from AI as granular real time sales data is a prerequisite for building effective Customer focused AI Agents and developing dynamic demand and supply planning. We expect the development of proprietary Agents to drive increased demand for compute, memory, connectivity, and power-management components, with CPU best positioned to benefit overall.

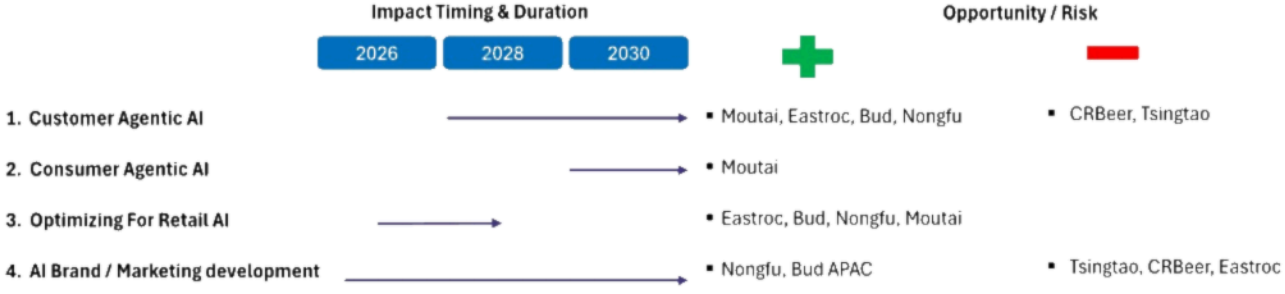
In Beverages, Moutai has the best raw material from which to build effective Customer and Consumer focused Agentic AI. The company has been selling direct to retail for over a decade and their i-Moutai DTC platform took a material step forward earlier this year with the addition of the flagship Fetien brand. Direct sales now account for 58% of Moutai revenues (Moutai's new RTM - taking control of the value chain) as of 26H1 and the company's "Jiangpin Chain" product tracing system generates a rich, proprietary, and real time dataset detailing what has been sold to whom and when provides strong material for Agent training. In their 2025 annual report, the company started talking explicitly about the deployment of AI Agents, although details remain scarce.

Eastroc has arguably made the most progress on leveraging Agentic AI, however. The company began developing their sales data systems in 2015 with the "one product, one code" initiative of under the cap QR codes and cash rebates for consumers who scan them. The company added a retailer focused "one carton, one code" initiative around 2019 to achieve real time product flow data from manufacturing to the end outlet and, in 2026, they began AI driven sales forecasting which incorporates weather data, promotional activity, product launches, capacity constraints and regional demand fluctuations.

Budweiser APAC is also well progressed with 80+% of sales being made across their BEES platform (APAC F&B: Artificial Intelligence is a near term game-changer for Ajinomoto, China Alcohol and Japan Food's US divisions), and Nongfu also have detailed product tracing systems in place.

Moutai is uniquely placed to leverage their rich sales data set to create Consumer focused Agents via i-Moutai, as well as Customer focused Agents. No other company under our coverage, and a scarce few across China Consumer, have the ability to attract significant traffic direct to their own Consumer platforms. As a result, we expect other brand owners with rich data (e.g. Eastroc, Nongfu, Bud APAC) to leave the Consumer Focused Agent development to retailers, and to focus their efforts on Retail AI optimization.

EXHIBIT 1: **Customer focused Agentic AI is the biggest opportunity for Chinese Consumer companies, and AI driven brand proliferation is the biggest threat ... we expect data richness and pre-existing brand equity to determine the winners and losers**



Source: Bernstein analysis

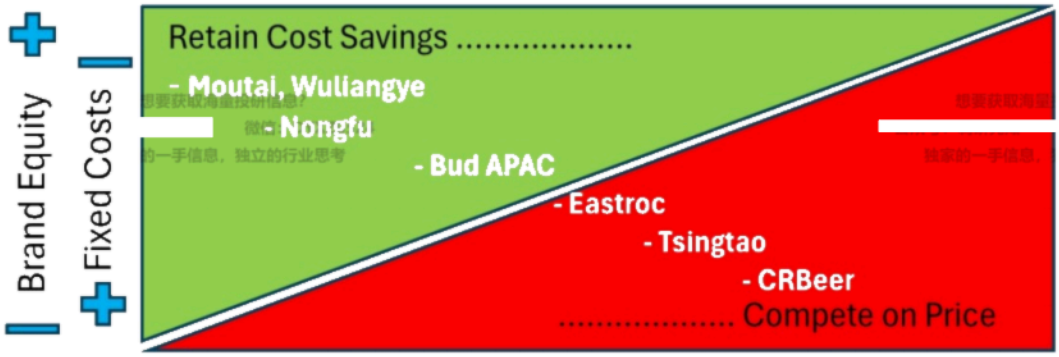
Faced with falling costs and increasing competition from AI driven brand proliferation, a key strategic decision for brand owners will be the extent to which they seek to maintain pricing and internalize the cost savings, versus reinvest the savings to compete on price. In China, volume / share maximization and price competition tends to be the default mode for most brands, so we expect to see deflation in mainstream and economy product segments, with Baijiu and Beer being worst hit given their low priced skew.

For owners of less differentiated brands (Exhibit 3), we see little choice but to capitulate on price and hope to capture some upside from increased volumes improving operational leverage. Companies like Eastroc, Tsingtao, and CRBeer, which have solid, if not spectacular, brand equity and relatively higher fixed costs are likely to be net winners compared to weaker brands

(see brand equity appendix Exhibit 10 - Exhibit 17) and white label products in the same categories.

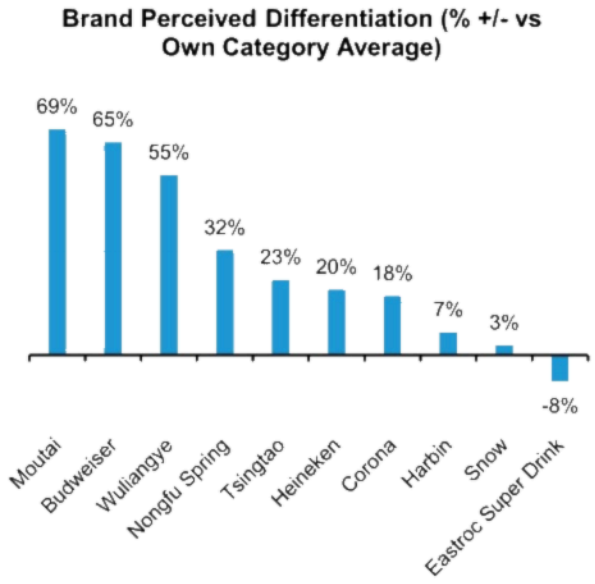
However, brand owners with strong equities, - e.g. Moutai, Budweiser, Corona, Nongfu Spring water and Nongfu's Oriental Leaf Tea brands - will have the option of maintaining their pricing and internalizing AI related cost savings to enhance margins.

EXHIBIT 2: **Brands with stronger brand equity and lower fixed cost intensity are best placed to capture the margin upside from AI driven cost savings**



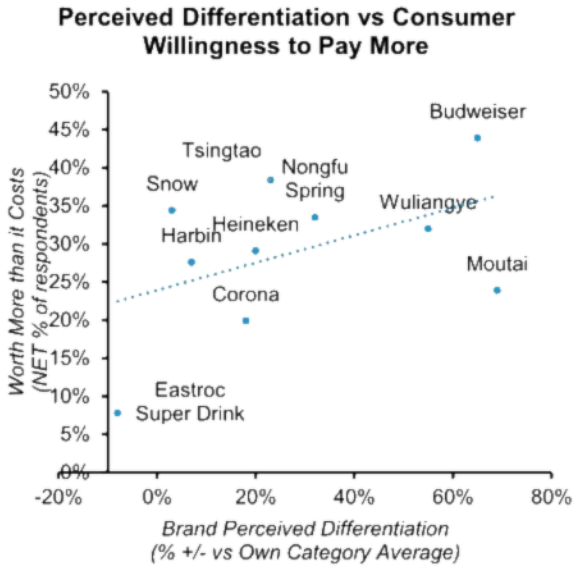
Source: Bernstein analysis

EXHIBIT 3: **Moutai, Budweiser, Wuliangye and Nongfu are the most intrinsically differentiated brands in beverages, while Eastroc is a laggard**



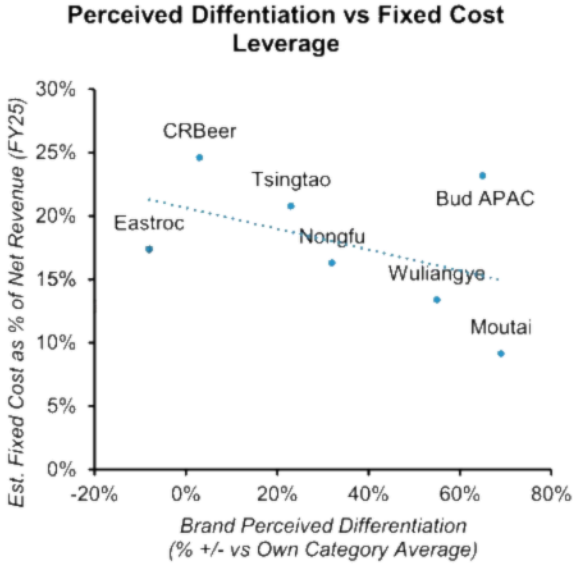
Source: Kantar, Bernstein analysis

EXHIBIT 4: **Consumers are willing to pay more for more differentiated brands**



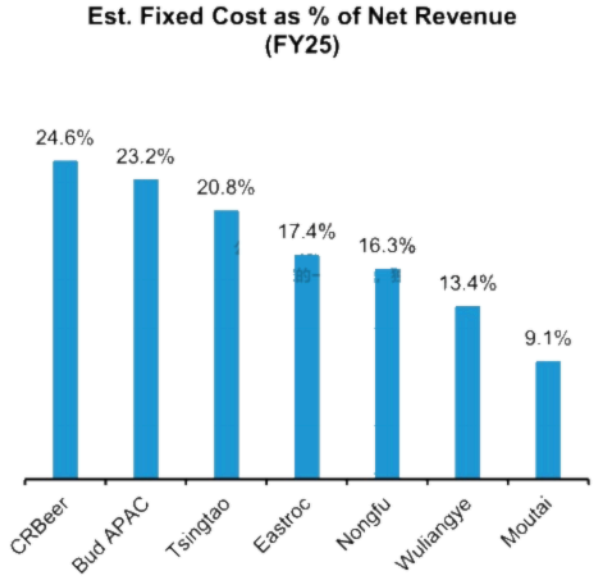
Source: Kantar, Bernstein analysis

EXHIBIT 5: **Less differentiated brands tend to command lower pricing and be more fixed cost intensive**



using FY24 for Wuliangye to avoid the restatement impact
Source: Kantar, company reports, Bernstein analysis and estimates

EXHIBIT 6: **Higher fixed cost intensity is associated with more price competition, and focus on volume maximization / operational leverage**



using FY24 for Wuliangye to avoid the restatement impact
Source: company reports, Bernstein analysis and estimates

CUSTOMER FOCUSED AI AGENTS

Customer focused AI Agents represent the biggest and most near term actionable opportunity for China's Consumer companies, in our view, as they will be able to deliver real time revenue management decisions which are likely to materially increase the hit rate of brand owners having the right brands and packs on the right shelves, in the right geographies, at the right times. We expect brand owners who effectively leverage Customer Agents to become the partners of choice for distributors and retailers, and for this to result in superior revenue growth, improved marketing spend efficiency, working capital benefits, and headcount savings.

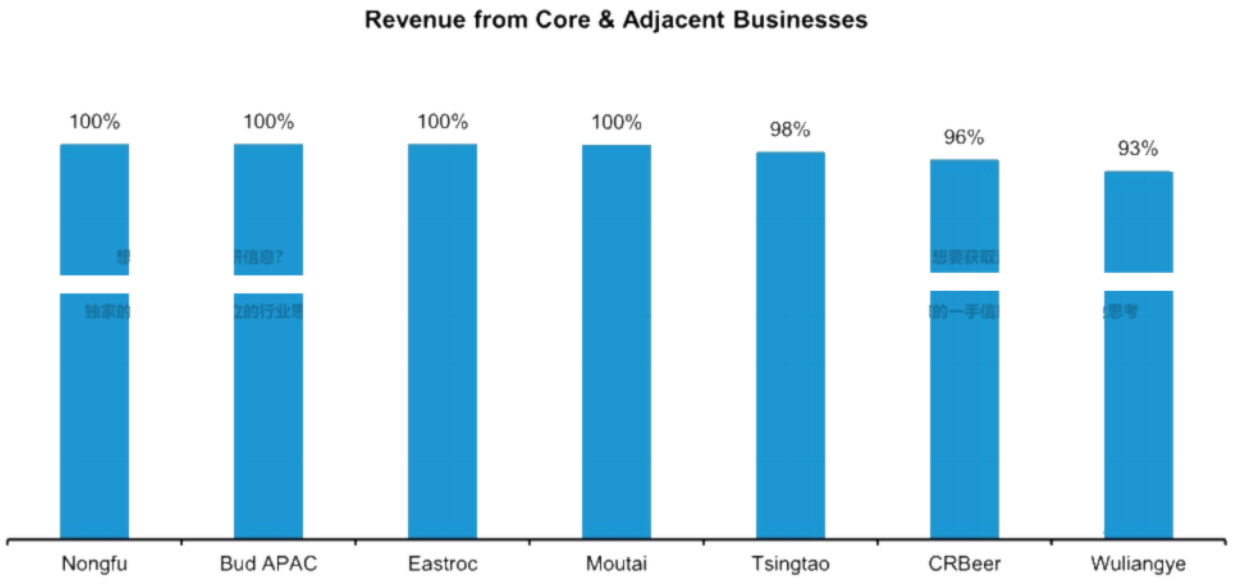
Given the right feed of data, AI can deliver touchless planning which links shopper insights with data on events, marketing campaigns and weather etc. to generate dynamic demand plans which flow into sales recommendations, supply chain planning, and raw material procurement etc. It can also enable rapid adaptation as situations change. We see scope for touchless planning to materially accelerate revenue growth, and to reduce overall sales and marketing spend.

Building AI agents to deliver touchless planning requires through the line data availability and quality, as well as significant development investment. Hence, large companies with somewhat homogeneous product / channel characteristics are better placed to make near term headway than those selling a wide range of differentiated products via differentiated channels to a diverse range of consumers. Our coverage companies all fit this bill nicely (Exhibit 7).

Moutai, Eastroc, Bud APAC and Nongfu Spring are by far the best positioned to excel in the Customer Agent realm, among our coverage companies, given their access to rich data from production through to retail and consumer (Exhibit 8, Exhibit 9).

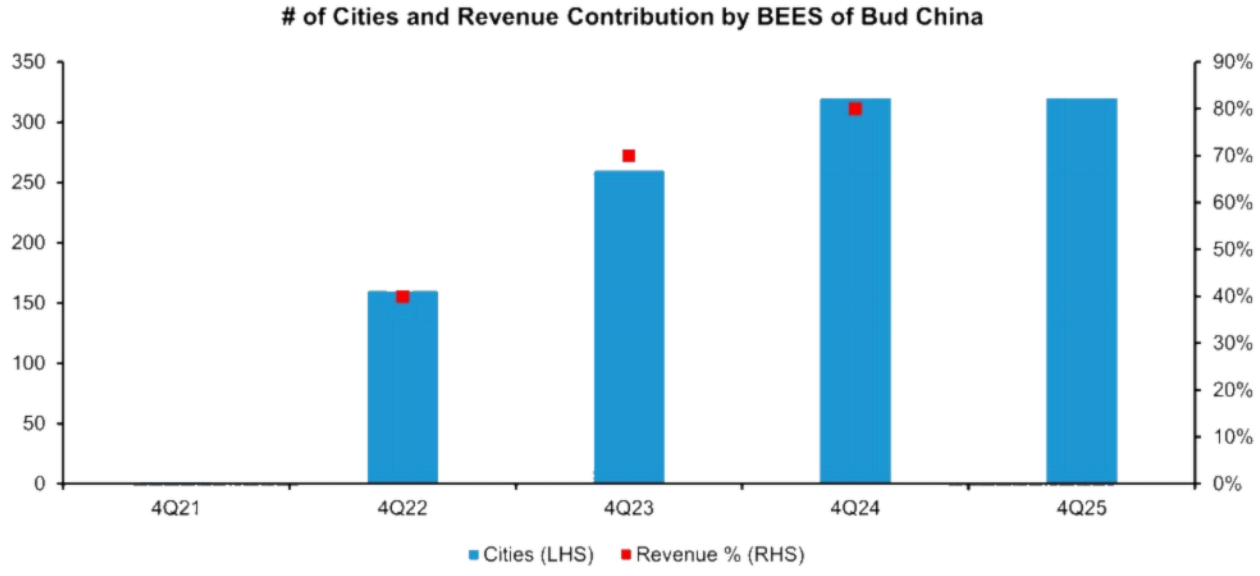
Bud APAC also has the major advantage of leveraging the ABI group investment scale economies and data richness from multiple different market scenarios with which to train and optimize their models.

EXHIBIT 7: **The tight span of product, channel and consumer characteristics for our beverage coverage companies lends itself to effective AI Agent training**



*last full Fiscal Year available
Source: company reports, Bernstein analysis

EXHIBIT 8: **Bud China's BEES customer platform is already well established and we see a significant near term opportunity to leverage Agentic AI**



Source: company reports, Bernstein analysis

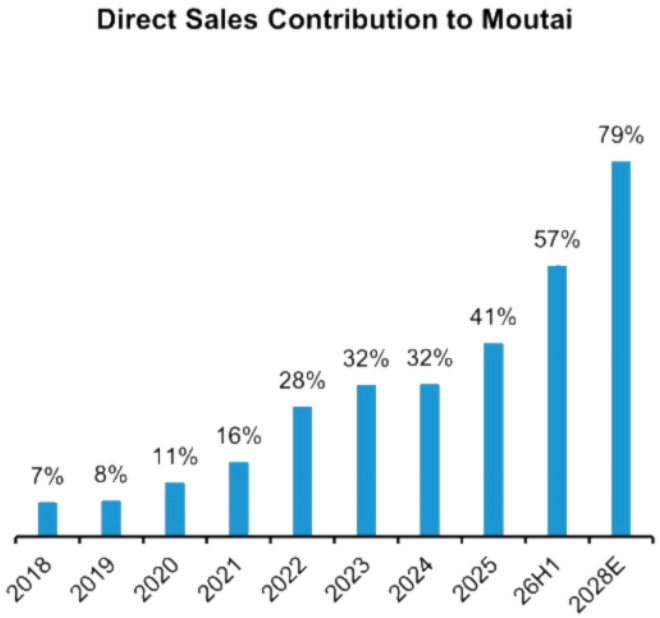
CONSUMER FOCUSED AGENTIC AI

Agentic AI is already starting to change the way consumers shop, but the opportunity to leverage this lies more with retailers than brand owners, in our view, with the exception of Moutai.

For brand owners to capitalize on consumer focused Agentic AI, they require meaningful DTC and online sales mix so that Agents can streamline the purchase process. DTC sales are currently very low for F&B companies, so there is limited ability for brand owners to engage consumers using agents during purchase process.

Moutai is the exception, within our coverage. Demand for their key brand, Fetien (c. 95% of OP), exceeds supply and the company is now leveraging this fact with a significant pivot to DTC sales via the iMoutai platform. 41% of total revenues were sold direct in 2025 and, following the company's major route to market reset in January 2026. This has risen to 57% in H1 2026. We expect close to 80% of Moutai sales to be made direct by 2028, with around 50% going via i-Moutai (Exhibit 9). iMoutai gives the company a unique opportunity to develop meaningful Agentic engagement with consumers, in our view, and the current management appetite for change indicates a high probability of Moutai capitalizing.

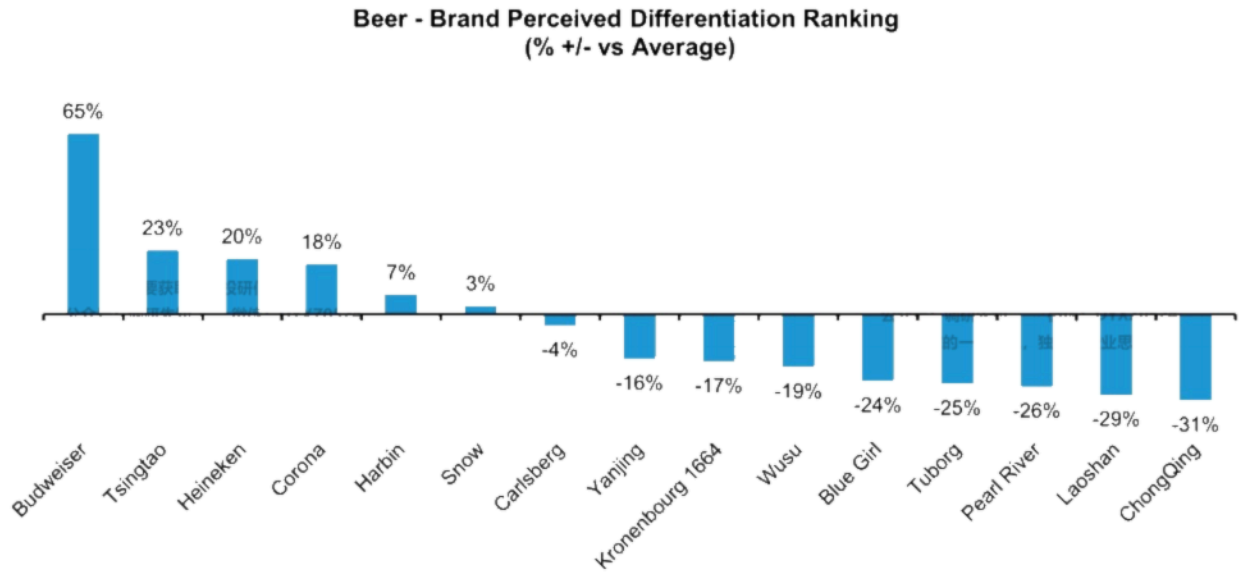
EXHIBIT 9: **Moutai Direct sales already account for close to half of revenues, presenting a significant opportunity for consumer facing Agentic AI**



Source: company reports, Bernstein analysis & estimates

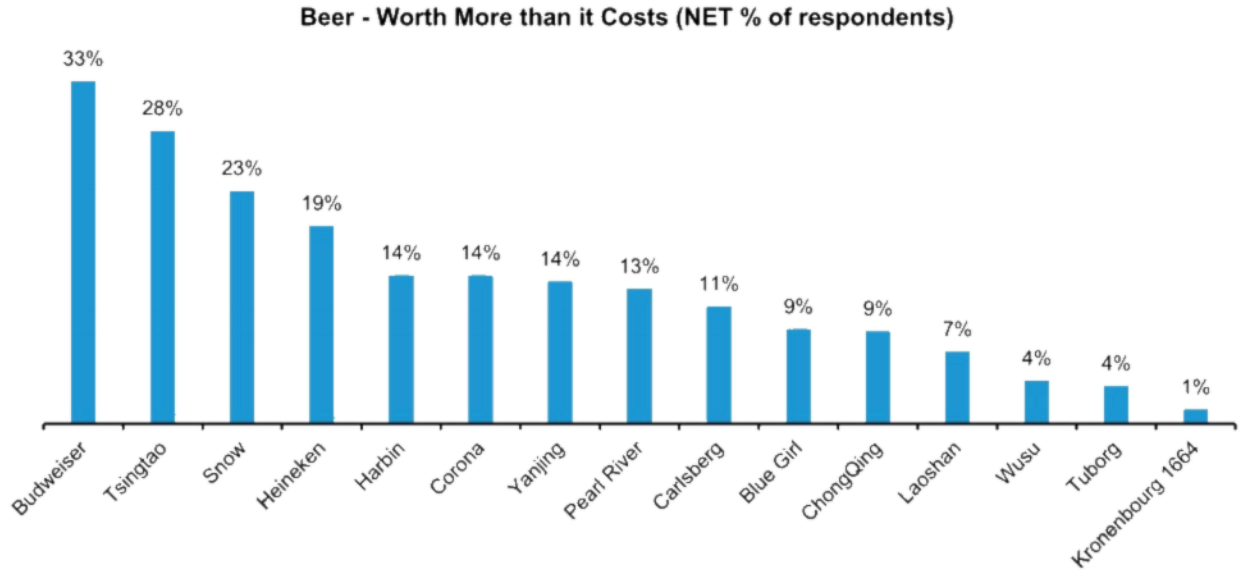
APPENDIX - BRAND EQUITY DETAILED CHARTS

EXHIBIT 10: **China beer brands differentiation ranking**



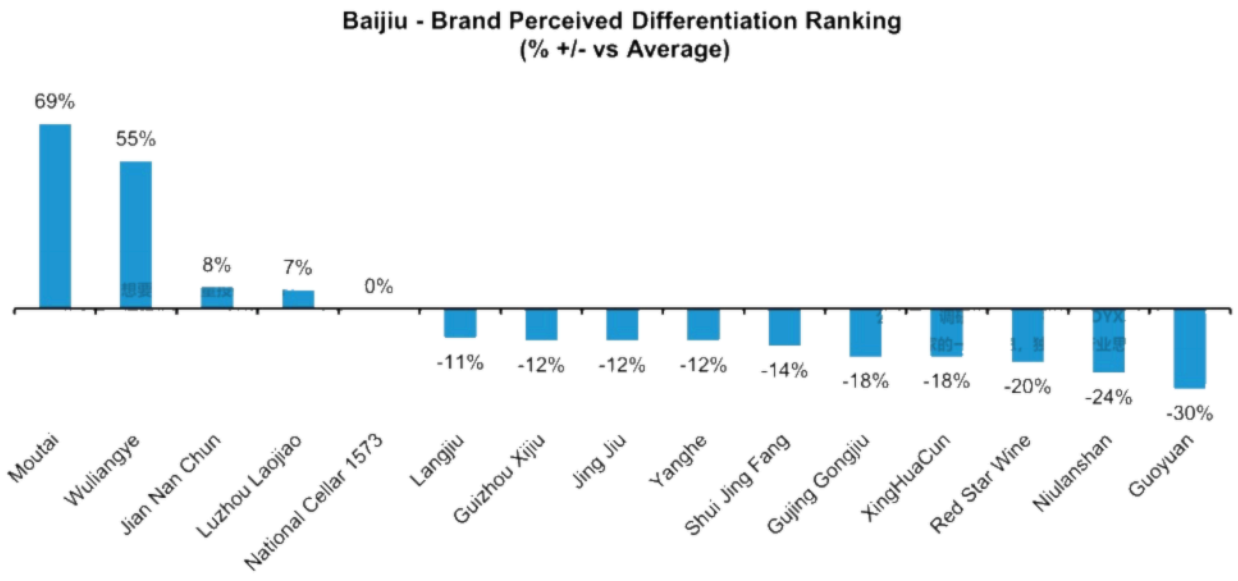
Budweiser / Corona / Harbin / Blue Girl brands in China are operated by Bud APAC; Heineken / Snow brands by CRBeer; Tsingtao / Laoshan brands by Tsingtao Brewery; Carlsberg / Kronenbourg / Wusu / Tuborg / Chongqing by Chongqing Brewery (600132.CH, not covered by Bernstein); Yanjing brand by Yanjing Brewery (000729.CH, not covered by Bernstein); Pearl River brand by Pearl River Brewery (002461.CH, not covered by Bernstein)
Source: Kantar, Bernstein analysis

EXHIBIT 11: **China beer brands net % of respondents willing to pay more**



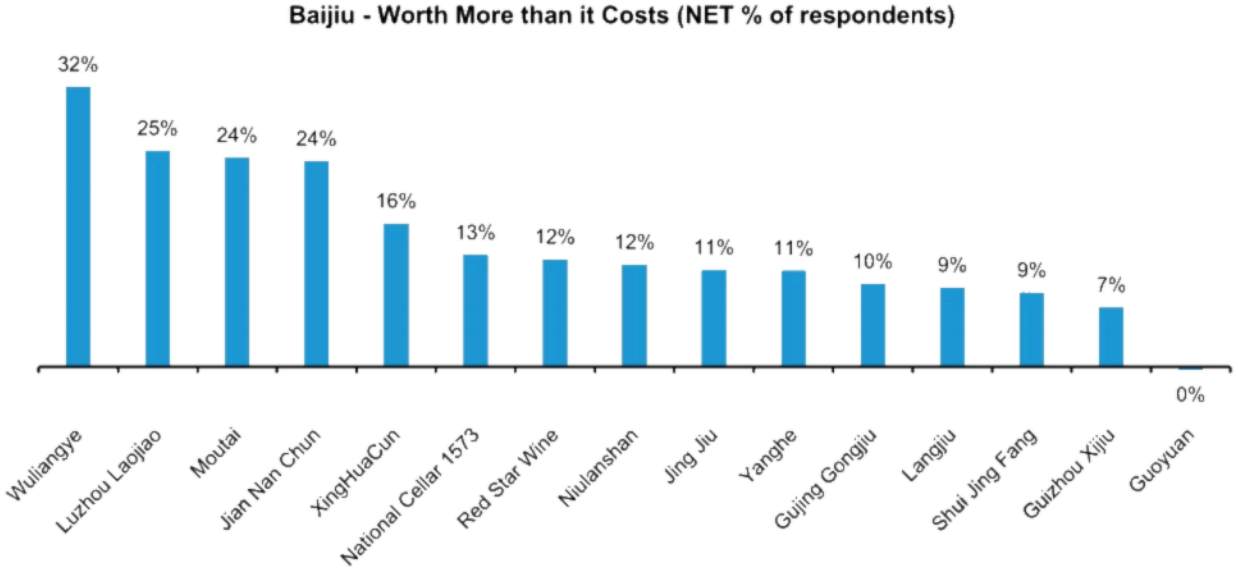
Source: Kantar, Bernstein analysis

EXHIBIT 12: **China Baijiu brands differentiation ranking**



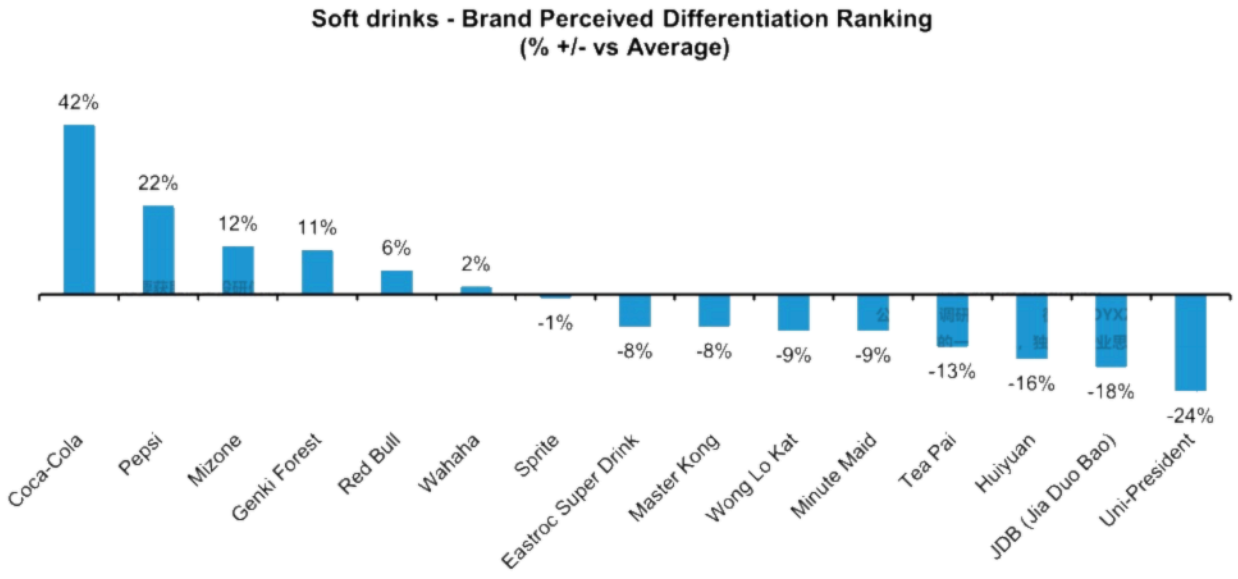
Jian Nan Chun / Langjiu / Xijiu / Jing Jiu / Red Star are not listed; Luzhou Laojiao (also owning National Cellar 1573, 000568.CH) / Yanghe (002304.CH) / Shui Jing Fang (600779.CH) / Gujing (000596.CH / 200596.CH) / Fenjiu (owning XingHuaCun, 600809.CH) / Shunxin Agriculture Co.. (owning Niulanshan, 000860.CH) / King's Luck (owning Guoyuan, 603369.CH) are not covered by Bernstein
Source: Kantar, Bernstein analysis

EXHIBIT 13: **China Baijiu brands net % of respondents willing to pay more**



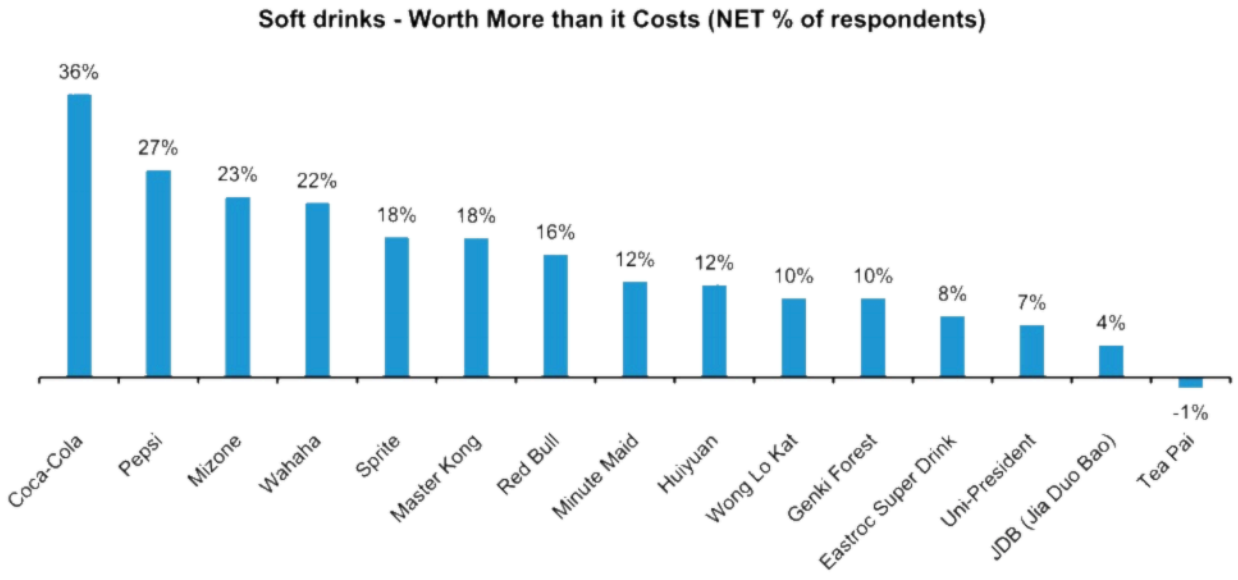
Source: Kantar, Bernstein analysis

EXHIBIT 14: **China soft drink brands differentiation ranking**



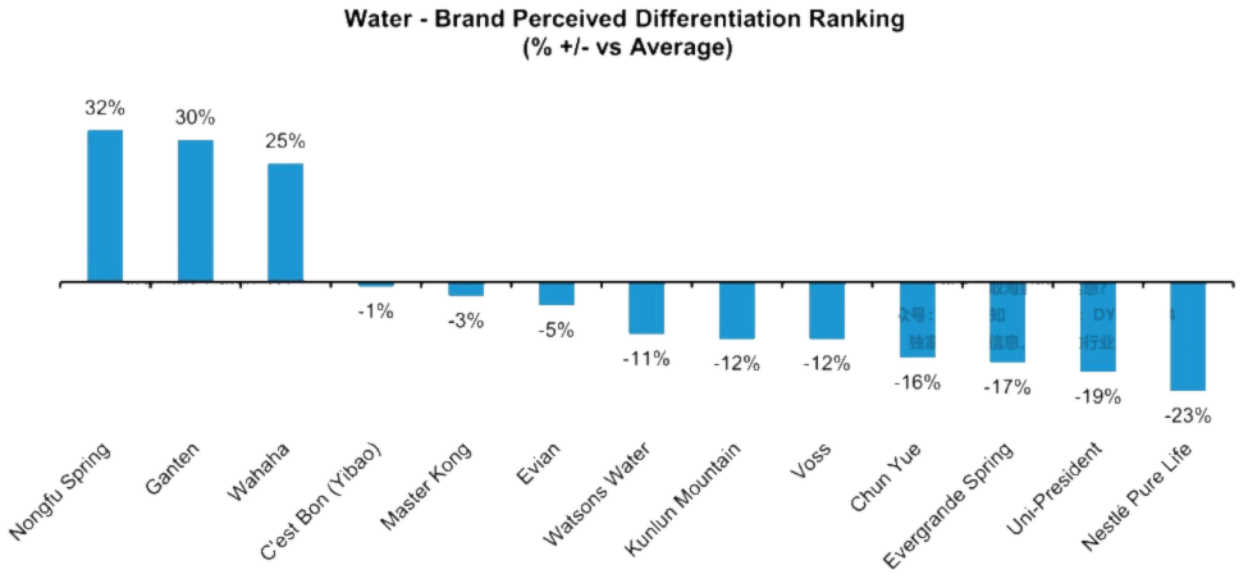
Coca-Cola (also owning Sprite & Minute Maid) / Pepsi are covered by Bernstein analyst Cristian RIOS; Danone (owning Mizone) is covered by Callum ELLIOTT; Genki Forest / TCP Group (owning Red Bull) / Wahaha / Huiyuan / JDB are not listed; Tingyi (owning Master Kong, 322.HK) / Baiyunshan (owning Wong Lo Kat, 600332.CH / 874.HK) / Uni-President (220.HK) are not covered by Bernstein; Tea Pai is owned by Nongfu Spring and Eastroc Super Drink by Eastroc Beverage
Source: Kantar, Bernstein analysis

EXHIBIT 15: **China soft drink brands net % of respondents willing to pay more**



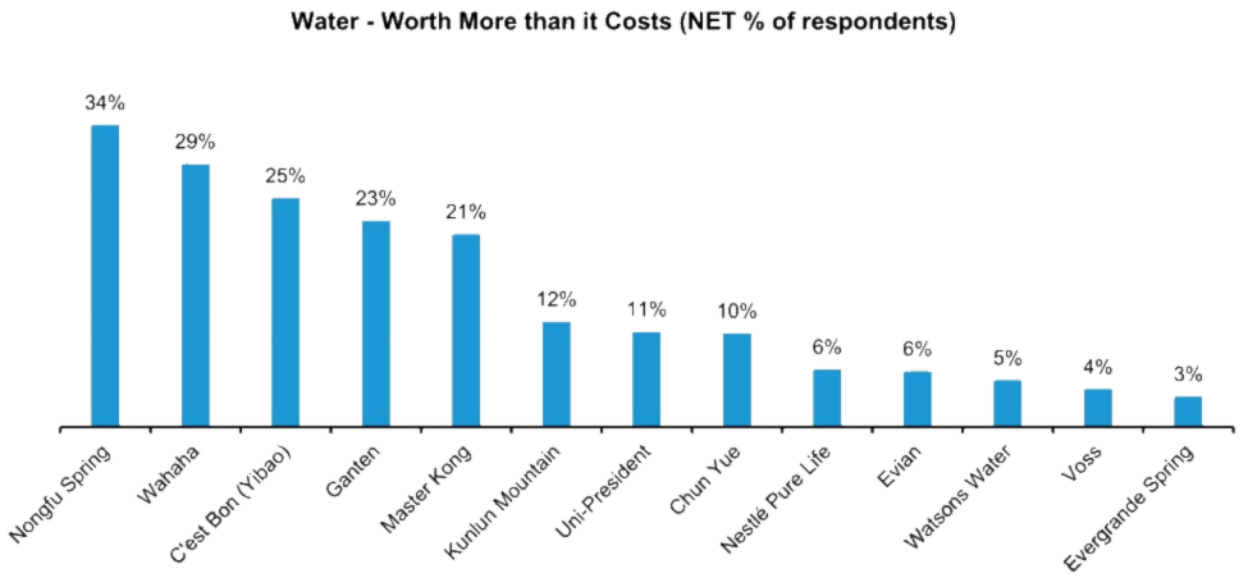
Source: Kantar, Bernstein analysis

EXHIBIT 16: **China water brands differentiation ranking**



Ganten / Wahaha / Kunlunshan / Reignwood (owning Voss) are not listed; CR Beverage (owning C'est Bon, 2460.HK) / Tingyi (owning Master Kong, 322.HK) / Uni-President (220.HK) / CK Hutchison (owning Watsons) / Evergrande (3333.HK) are not covered by Bernstein; Danone (owning Evian) / Nestlé are covered by Bernstein analyst Callum ELLIOTT; Coca-Cola (owning Chun Yue) is covered by Bernstein analyst Cristian RIOS
Source: Kantar, Bernstein analysis

EXHIBIT 17: **China water brands net % of respondents willing to pay more**



Source: Kantar, Bernstein analysis