

What's Hot Today:

► **Want Want (151 HK, HK\$5.25, HK\$62bn) margins expansion remained on track**

Topline inline yet profitability beat 9%. Want Want China, a leading snack and beverage company in China, reported a FY3/25 revenue of RMB23.5bn, flat YoY. GPM expanded by 1ppts YoY to 47.6%. With 52% YoY drop in finance costs driven by interest rate cut, net profit reached RMB4.3bn, up 9% YoY, with a NPM of 18.4%, up 1.5ppts. Despite a 3.5% YoY revenue drop in 1H25, sales rebounded 2.6% YoY in H2, supported by product mix optimization. The company declared a final dividend of 2.04 US cents, for a payout ratio of 44% and yield of 3%.

Dairy products remained solid. Dairy Products and Beverages' revenue reached RMB12.1bn, up 1.3% YoY, accounting for 52% of total. Of which, Hot-Kid Milk (旺仔牛奶), which contributed over 90% of the segment revenue, saw LSD growth. Revenue from Rice crackers declined by 1.2% YoY to RMB5.9bn, about 25% of total. The gift packs (旺旺大禮包), representing over 20% of the segment, experienced HSD revenue drop amid weak Chinese New Year consumption, while other products recorded LSD growth. Snack foods delivered a revenue of RMB5.4bn, down 2.6% YoY, primarily due to weather-driven revenue decline in popsicles product in H1.

Takeaways from earnings call:

- 1. Distribution Channel:** Want Want has established partnerships with leading budget snack chains such as MingMing Busy and Vanchen, driving rapid expansion in distribution outlets. This segment primarily focuses on customized value-for-money products to avoid cannibalization of core products in traditional channels.
- 2. GPM pressure expected.** The Mgt expects the GPM of Dairy Products and Beverages to dip by 1.5ppts dragged by the rising imported whole milk powder (WMP) price. While Want Want's strategic shift to domestic milk powder substitution (current proportion >10%) may partly mitigate cost pressure.
- 3. April-May sales update.** Total revenue grew by low-to-mid single digits, with all categories showing rebounds.

China & HK Indices	CLOSE	1D	YTD
HSI	24,177	2.1%	20.5%
HSCEI	8,760	1.9%	20.2%
HSCCI	4,108	1.1%	8.7%
CSI300	3,904	1.2%	-0.8%
Shanghai A	3,585	1.2%	-3.8%
Shanghai B	257	1.2%	-3.8%
Shenzhen A	2,116	1.8%	3.4%
Shenzhen B	1,186	1.5%	-2.2%

Key Int'l Indices	CLOSE	1D	YTD
Dow Jones	43,089	1.2%	1.3%
S&P 500	6,092	1.1%	3.6%
Nasdaq	19,912	1.4%	3.1%
Nikkei Index	38,826	0.1%	-2.7%
FTSE Index	8,758	0.0%	7.2%
CAC Index	7,615	1.0%	3.2%
DA-X Index	23,641	1.6%	18.7%

Commodities	CLOSE	1D	YTD
GOLD (US\$/oz.)	3,323	-1.3%	26.8%
STEEL (US\$/oz.)	1,957	2.0%	9.6%
SILVER (US\$/oz.)	35	-0.5%	24.4%
CRUDE OIL (US\$/bbl)	64	-6.0%	-9.3%
COPPER (US\$/oz.)	9,669	0.4%	10.3%
ALUMINIUM (US\$/oz.)	2,579	1.2%	1.1%
PLATINUM (US\$/oz)	1,320	1.8%	45.4%
ZINC (US\$/oz.)	2,681	1.9%	-10.0%
WHEAT (US\$/bu)	535	-3.1%	-3.2%
CORN (US\$/bu)	429	-1.1%	-3.3%
SUGAR (US\$/lb)	N/A	N/A	
SOYBEAN (US\$/bu)	1,037	-0.9%	1.5%
PVC (US\$/t.)	N/A	N/A	-6.8%
CRB	296	-5.0%	3.0%
BDI			67.9%

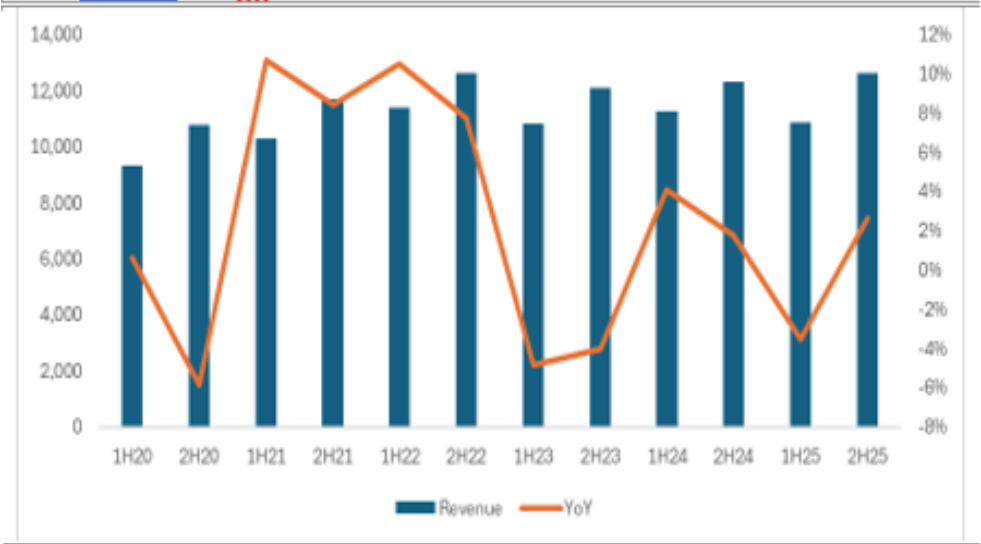
Exchange Rates	USD	HKD	EUR	JPY	CHF	RMB
USD		7.850	0.861	144.940	0.805	7.171
HKD	0.127		0.110	18.462	10.259	0.914
EUR	1.161	9.113		168.260	1.070	8.336
JPY	0.007	5.417	0.594		0.556	0.050
CHF	1.242	9.748	1.070	179.970		8.911
RMB	0.139	1.095	0.120	20.173	0.112	

Market Sentiment	CURRENT	5D
CDS Monitor - USD SR 5Y		
Greece	N/A	N/A
Ireland	83	-2.4%
Italy	139	-0.6%
Portugal	207	-0.0%
Spain	108	0.3%
VIX	17	-8.5%

Source: Bloomberg

Our view: Despite the soft consumption demand, we believe Want Want could maintain solid performance, driven by 1) further leveraging its overseas market expansion, with Southeast Asia and North America markets likely to become key growth drivers. 2) Emerging channels, including e-commerce and OEM, are expected to contribute higher proportion in sales, offsetting potential headwinds from traditional channel saturation. Meanwhile, margins have improved for three consecutive years, benefiting from lower raw material prices and strict cost discipline. The counter is trading at 15x FY26 P/E. (Ensley LIU)

Fig 1: Revenue(RMB mn) and YoY



Source: Company Data, Sunwah Kingsway Research

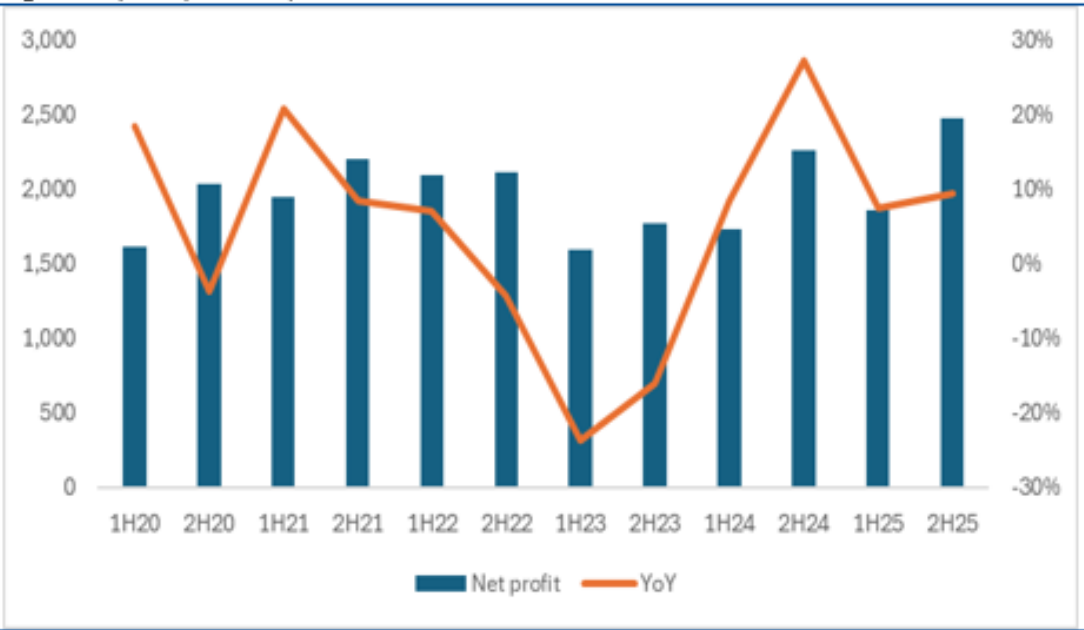


Fig 2: Gross profit(RMB mn) and YoY



Source: Company Data, Sunwah Kingsway Research

Fig 3: Net profit(RMB mn) and YoY



Source: Company Data, Sunwah Kingsway Research

Fig 4: Margins



Source: Company Data, Sunwah Kingsway Research

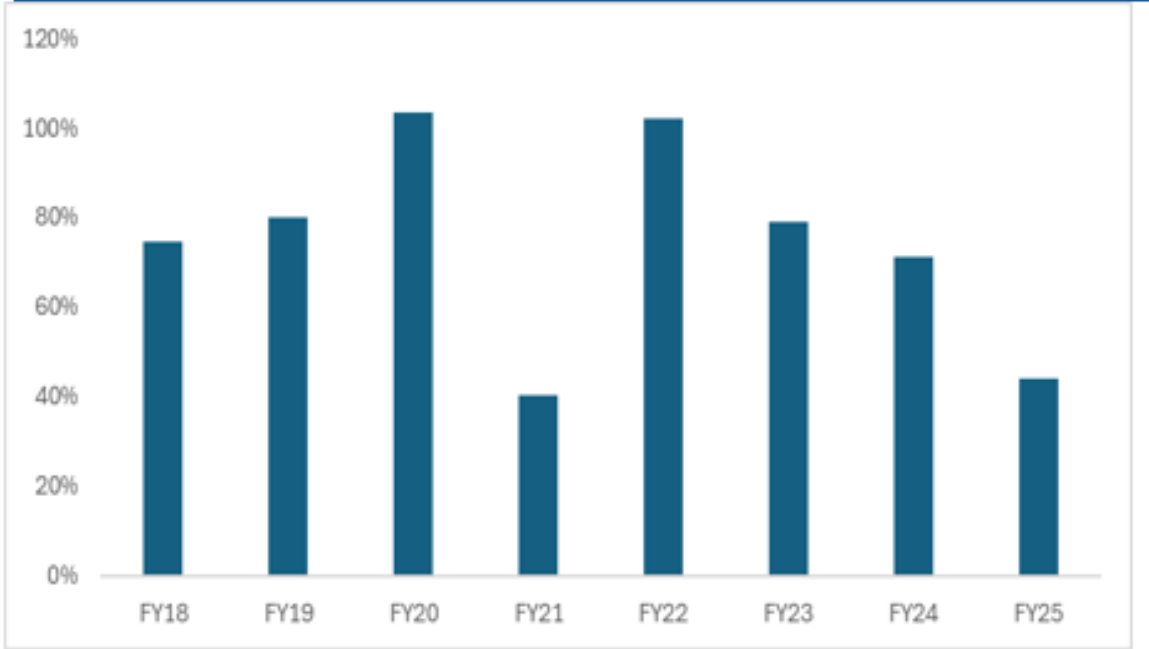
Fig 5: Dividend(HKD) and yield



Source: Company Data, Sunwah Kingsway Research

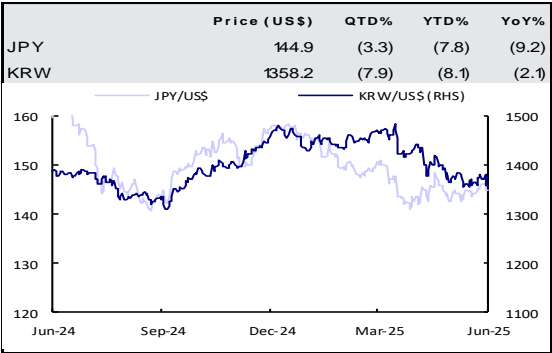
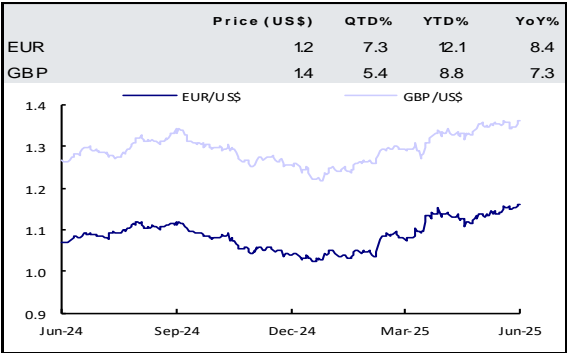
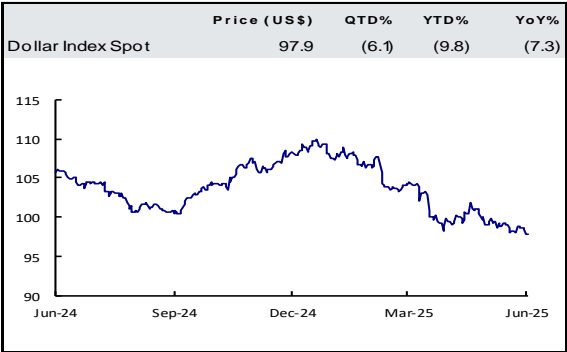
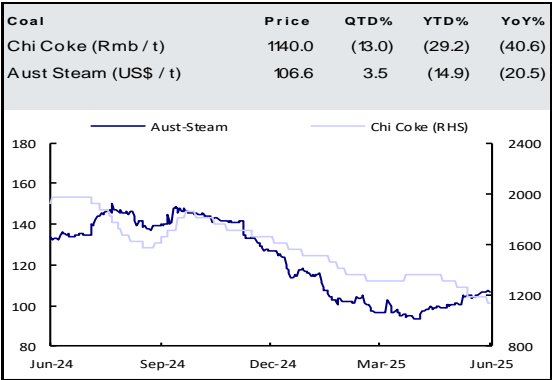
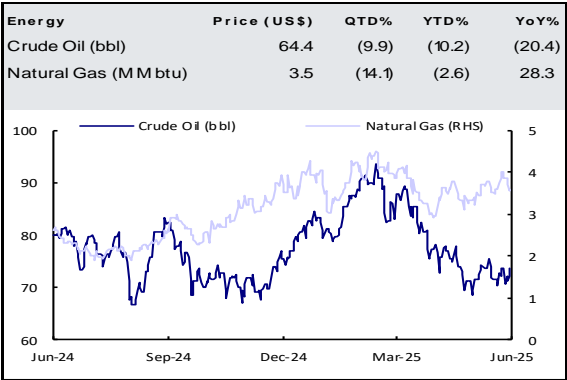
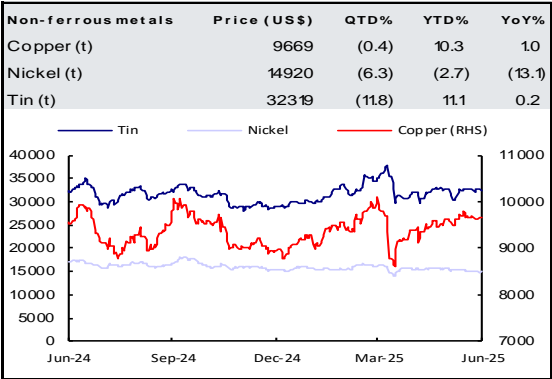
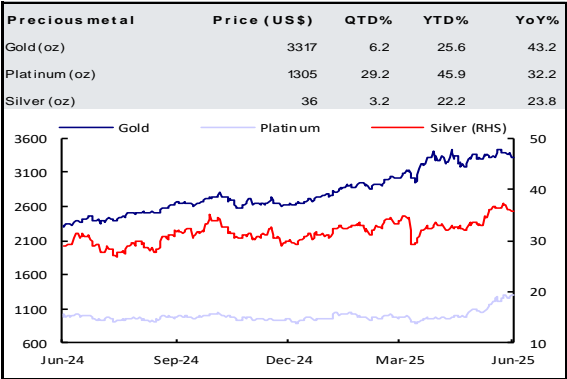


Fig 6: Dividend payout ratio



Source: Company Data, Sunwah Kingsway Research

Market Watch – Major Commodities and Currencies



Source: Bloomberg

US Economic Calendar

Indicators	Freq	Obs Date	Expected Release Date
Consumer Confidence	MoM		24-Jun-25
New home Sales	MoM		25-Jun-25
Initial Jobless Claims	WoW		26-Jun-25
Wholesale Inventories	MoM		26-Jun-25
Durable Goods Orders	MoM		26-Jun-25
GDP	QoQ		26-Jun-25
Personal Income & Spending	MoM		27-Jun-25
ISM Manufacturing PMI	MoM		1-Jul-25
Trade Balance	MoM		3-Jul-25
Factory Orders	MoM		3-Jul-25
Employment Report	MoM		3-Jul-25
CPI	MoM		15-Jul-25
PPI	MoM		16-Jul-25
Industrial Production	MoM		16-Jul-25
Business Inventories	MoM		17-Jul-25
Retail Sales	MoM		17-Jul-25
Housing Starts / Building Permits	MoM		18-Jul-25
Existing Home Sales	MoM		23-Jul-25
Auto Sales	MoM		

China Economic Calendar

Indicators	Freq	Obs Date	Expected Release Date
PMI Manufacturing	MoM		30-Jun-25
Foreign Exchange Reserves	QoQ		7-Jul-25
Money Supply - M2	MoM		9-Jul-25
PPI	MoM		9-Jul-25
CPI	MoM		9-Jul-25
Trade Balance	MoM		14-Jul-25
Retail Sales	MoM		15-Jul-25
Industrial Production	MoM		15-Jul-25
GDP	YoY		15-Jul-25

Hong Kong Economic Calendar

Indicators	Freq	Obs Date	Expected Release Date
Trade Balance	MoM		26-Jun-25
Money Supply - M2	MoM		30-Jun-25
Retail Sales	MoM		2-Jul-25
PMI	MoM		4-Jul-25
Foreign Currency Reserve	MoM		7-Jul-25
Unemployment Rate	MoM		17-Jul-25
CPI	MoM		21-Jul-25
GDP	QoQ		31-Jul-25
Producer Prices Index	QoQ		15-Sep-25
Industrial Production	QoQ		15-Sep-25
Composite Interest Rate	MoM		

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