

What's Hot Today:

► **Haidilao (6862 HK, HK\$14.47, HK\$81bn) faced margins pressure**

Revenue edged down 3.7% YoY to RMB20.7bn in 1H25, in line with expectations. However, net profit dropped by 14% YoY to RMB1.8bn, 10% below expectations. The weak performance was attributable to operating deleverage, as the staff costs ratio rose by 0.5ppts YoY to 33.8%. Raw materials ratio increased by 0.8ppts YoY to 39.8%, mainly due to menu upgrade. As a result, NPM narrowed by 1ppts YoY to 8.5%. The company declared an interim dividend of 33.8 HK cents, with a payout ratio of 95%.

Fig 1: 1H25 results preview

| | 1H24 | | 1H25 | | | Results comments |
|-------------------------------------|---------|----------|---------|----------|---------|---|
| | RMB mn | % of Rev | RMB mn | % of Rev | YoY chg | |
| Revenue | 21,491 | | 20,703 | | -4% | Haidilao-9%, Delivery+60%, Other brands+22% |
| Raw materials | (8,387) | -39.0% | (8,243) | -39.8% | -2% | Menu upgrade |
| Staff costs | (7,156) | -33.3% | (6,988) | -33.8% | -2% | Operating deleverage |
| Rentals and related expenses | (211) | -1.0% | (216) | -1.0% | 2% | |
| Utilities expenses | (722) | -3.4% | (701) | -3.4% | -3% | |
| Depreciation and amortization | (1,339) | -6.2% | (1,156) | -5.6% | -14% | |
| Travelling and communication expens | (95) | -0.4% | (110) | -0.5% | 16% | |
| Other expenses | (681) | -4.1% | (1,087) | -5.2% | 23% | |
| Other gains and losses | (67) | -0.3% | 235 | 1.1% | -452% | |
| Finance costs | (141) | -0.7% | (120) | -0.6% | -15% | |
| Profit before taxation | 2,888 | | 2,627 | | -9% | |
| Income tax | (855) | | (872) | | 2% | |
| Net profit | 2,038 | 9.5% | 1,759 | 8.5% | -14% | NPM -1ppts YoY to 8.5% |

Source: Company Data, Sunwah Kingsway Research

Softer operation of core brand Haidilao. The revenue of Haidilao stood at RMB18.6bn, down 9% YoY during the period, accounted for about 90% of total revenue. As of 30 June 2025, Haidilao operated a total of 1,363 stores, down by 5 HoH. Of which, 1,299 were self-operated stores in mainland China, 23 in the Hong Kong, Macau, and Taiwan regions, and 41 were franchised outlets. The table turnover rate of Haidilao declined by 10% YoY to 3.8 times per day, while ASP rose by 1% YoY to RMB97.9, on the back of a 4% increase in HK, Macau and Taiwan regions. Hence, SSS decline accelerated to 10% compared to 7.8% in 2H24.

Fig 2: Table turnover rate of Haidilao by regions



Source: Company Data, Sunwah Kingsway Research

| China & HK Indices | CLOSE | 1D | YTD |
|--------------------|--------|-------|-------|
| HSI | 25,524 | -1.2% | 27.2% |
| HSCXI | 9,148 | -1.1% | 25.5% |
| HSCCI | 4,343 | -1.0% | 14.9% |
| CSI300 | 4,452 | -0.4% | 13.2% |
| Shanghai A | 4,055 | -0.4% | -3.7% |
| Shanghai B | 257 | -4.1% | -3.7% |
| Shenzhen A | 2,553 | 0.2% | 24.7% |
| Shenzhen B | 1,323 | -1.4% | 9.1% |

| Key Int'l Indices | CLOSE | 1D | YTD |
|-------------------|--------|-------|-------|
| Dow Jones | 45,418 | 0.3% | 6.8% |
| S&P 500 | 6,465 | 0.4% | 9.9% |
| Nasdaq | 21,544 | 0.4% | 11.6% |
| Nikkei Index | 42,431 | 0.1% | 6.4% |
| FTSE Index | 9,265 | -0.6% | 13.4% |
| CAC Index | 7,709 | -1.7% | 4.5% |
| DAX Index | 24,152 | -0.5% | 21.3% |

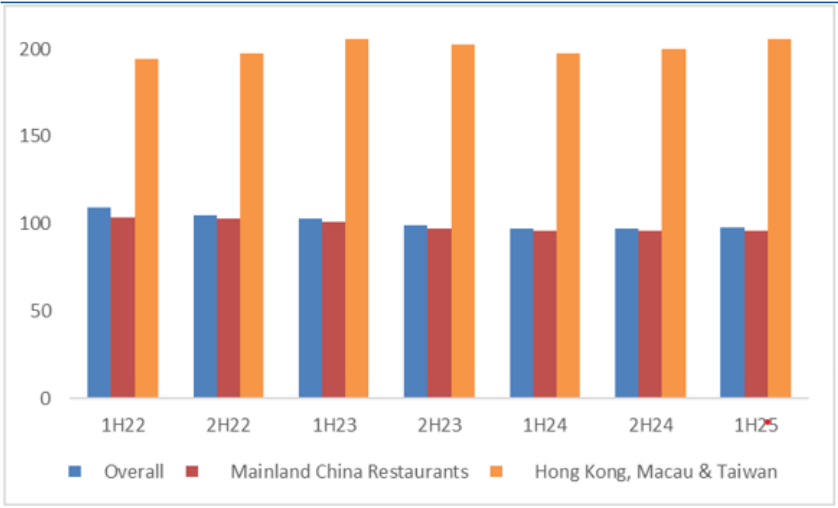
| Commodities | CLOSE | 1D | YTD |
|----------------------|-------|-------|--------|
| GOLD (US\$/oz.) | 3,393 | 0.8% | 29.3% |
| STEEL (US\$/oz.) | 2,132 | -0.2% | 19.4% |
| SILVER (US\$/oz.) | 38 | 0.1% | 33.8% |
| CRUDE OIL (US\$/bbl) | 63 | -2.4% | -11.6% |
| COPPER (US\$/oz.) | 9,837 | 1.2% | 12.2% |
| ALUMINIUM (US\$/oz.) | 2,638 | 2.1% | 3.4% |
| PLATINUM (US\$/oz.) | 1,355 | 0.7% | 49.3% |
| ZINC (US\$/oz.) | 2,813 | 1.7% | -5.5% |
| WHEAT (US\$/bu) | 509 | 0.5% | -7.6% |
| CORN (US\$/bu) | 409 | -0.7% | -7.7% |
| SUGAR (US\$/lb) | N/A | N/A | N/A |
| SOYBEAN (US\$/bu) | 1,049 | 0.2% | 2.7% |
| PVC (US\$/t.) | N/A | N/A | -10.1% |
| CRB | 298 | -0.5% | 3.0% |
| BDI | | | 95.0% |

| Exchange Rates | USD | HKD | EUR | JPY | CHF | RMB |
|----------------|-------|-------|-------|---------|--------|-------|
| USD | | 7.793 | 0.859 | 147.400 | 0.803 | 7.153 |
| HKD | 0.128 | | 0.110 | 18.914 | 10.308 | 0.918 |
| EUR | 1.164 | 9.073 | | 171.600 | 1.069 | 8.329 |
| JPY | 0.007 | 5.286 | 0.583 | | 0.545 | 0.049 |
| CHF | 1.245 | 9.700 | 1.069 | 183.488 | | 8.908 |
| RMB | 0.140 | 1.090 | 0.120 | 20.604 | 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 | 14 | -6.1% |

Source: Bloomberg

Fig 3: ASP of Haidilao by regions



Source: Company Data, Sunwah Kingsway Research

Fig 4: POS of Haidilao by regions

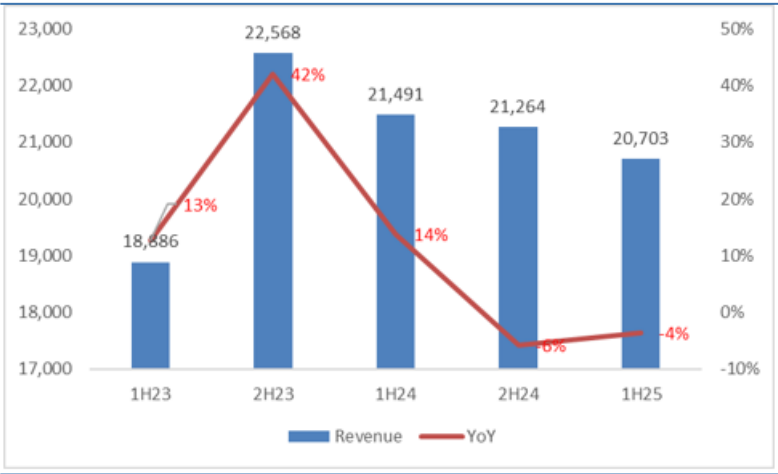


Source: Company Data, Sunwah Kingsway Research

Highlights in 1H25. 1) Rapid expansion in delivery business. Revenue of this segment increased by 60% YoY to RMB928mn in 1H25, mainly driven by increasing demand for take-out orders amid ongoing delivery war between the delivery platforms in China. The "Combo for One" option experienced rapid growth, accounting for over 55% of the segment’s revenue. **2) Diversified brand mix to sustain a second growth driver.** HLD also operates 14 other brands with a total of 126 restaurants, including 70 Yanqing BBQ restaurants, 46 of which were newly opened in 1H25. Revenue from other brands increased 2.3x YoY to RMB597mn. Looking ahead, the company plans to allocate additional resources to support high-potential brands. **3) Exploring new store formats.** As of the end of 1H25, late-night snack menu is available in nearly 30 Haidilao stores, and more than 50 stores are offering fresh-cut and live products. Going forward, Haidilao would continue to remodel its stores and exploit different menus to differentiate itself from peers.

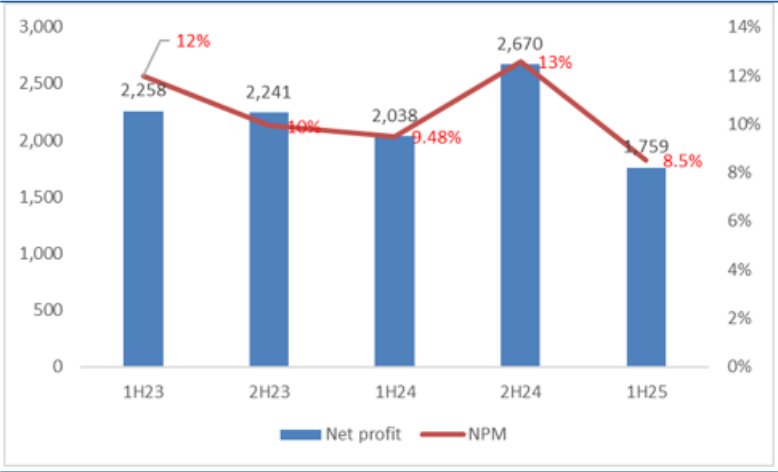
Our view: Core brand Haidilao remained under pressure due to weak traffic and intense competition in the hot pot market. Although sub-brands such as Yanqing BBQ delivered robust performance, the scale is yet too small to support the declining topline. We remain confident that Haidilao will be able to differentiate itself by premium service offering and continue to meet social-dining demand. The counter is trading at 15x FY25E P/E. (Ensley LIU)

Fig 5: Revenue (RMB'mn) and YoY



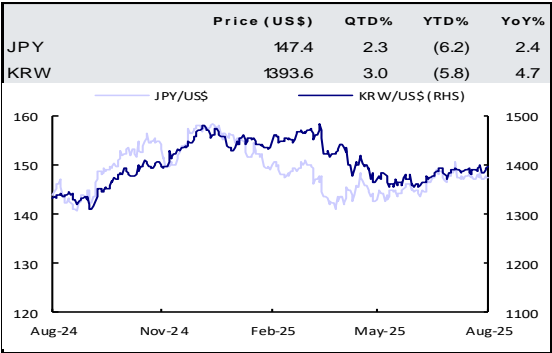
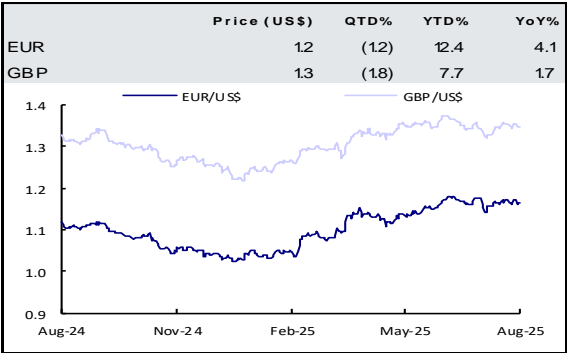
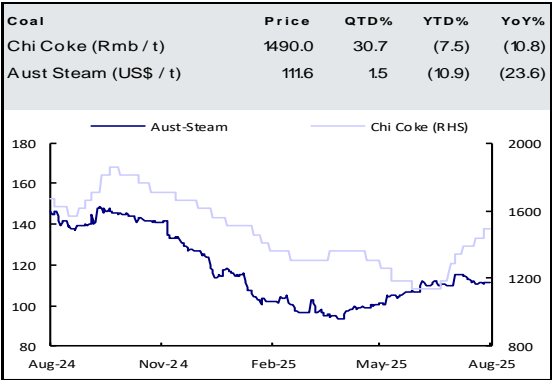
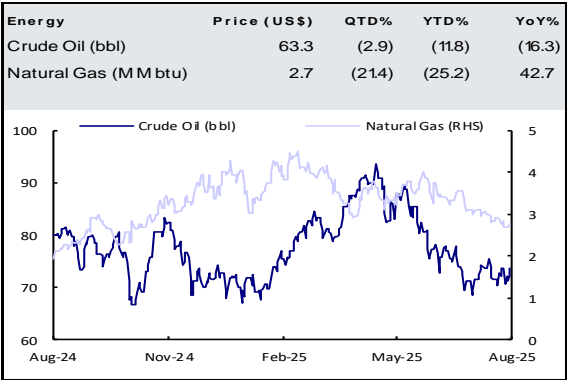
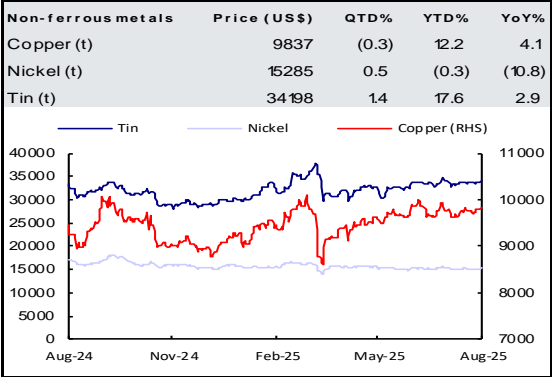
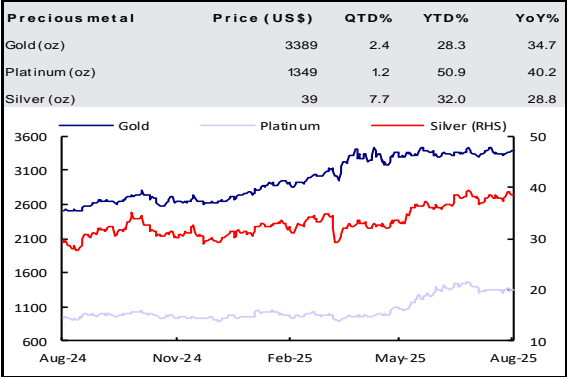
Source: Company Data, Sunwah Kingsway Research

Fig 6: Net profit (RMB'mn) and NPM



Source: Company Data, Sunwah Kingsway Research

Market Watch – Major Commodities and Currencies



Source: Bloomberg

US Economic Calendar

| Indicators | Freq | Obs Date | Expected Release Date |
|-----------------------------------|------|----------|-----------------------|
| Durable Goods Orders | MoM | | 26-Aug-25 |
| Consumer Confidence | MoM | | 26-Aug-25 |
| Initial Jobless Claims | WoW | | 28-Aug-25 |
| GDP | QoQ | | 28-Aug-25 |
| Wholesale Inventories | MoM | | 29-Aug-25 |
| Personal Income & Spending | MoM | | 29-Aug-25 |
| ISM Manufacturing PMI | MoM | | 2-Sep-25 |
| Factory Orders | MoM | | 3-Sep-25 |
| Trade Balance | MoM | | 4-Sep-25 |
| Employment Report | MoM | | 5-Sep-25 |
| PPI | MoM | | 10-Sep-25 |
| CPI | MoM | | 11-Sep-25 |
| Business Inventories | MoM | | 16-Sep-25 |
| Retail Sales | MoM | | 16-Sep-25 |
| Industrial Production | MoM | | 16-Sep-25 |
| Housing Starts / Building Permits | MoM | | 17-Sep-25 |
| Existing Home Sales | MoM | | 23-Sep-25 |
| New home Sales | MoM | | 24-Sep-25 |
| Auto Sales | MoM | | |

China Economic Calendar

| Indicators | Freq | Obs Date | Expected Release Date |
|---------------------------|------|----------|-----------------------|
| PMI Manufacturing | MoM | | 31-Aug-25 |
| Foreign Exchange Reserves | QoQ | | 7-Sep-25 |
| Trade Balance | MoM | | 8-Sep-25 |
| Money Supply - M2 | MoM | | 9-Sep-25 |
| PPI | MoM | | 10-Sep-25 |
| CPI | MoM | | 10-Sep-25 |
| Retail Sales | MoM | | 15-Sep-25 |
| Industrial Production | MoM | | 15-Sep-25 |
| GDP | YoY | | 20-Oct-25 |

Hong Kong Economic Calendar

| Indicators | Freq | Obs Date | Expected Release Date |
|--------------------------|------|----------|-----------------------|
| Money Supply - M2 | MoM | | 29-Aug-25 |
| Retail Sales | MoM | | 1-Sep-25 |
| PMI | MoM | | 3-Sep-25 |
| Foreign Currency Reserve | MoM | | 5-Sep-25 |
| Producer Prices Index | QoQ | | 15-Sep-25 |
| Industrial Production | QoQ | | 15-Sep-25 |
| Unemployment Rate | MoM | | 16-Sep-25 |
| CPI | MoM | | 22-Sep-25 |
| Trade Balance | MoM | | 25-Sep-25 |
| GDP | QoQ | | 31-Oct-25 |
| Composite Interest Rate | MoM | | |

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