Goldman Sachs | Equity Research

14 July 2025 | 8:23PM HKT

China Consumer

Pulse check: Unexciting consumption backdrop with increasing risks to 2Q25 earnings

The overall China consumption trend appears unexciting in 2Q25, and we observed sequentially softer trends in multiple sectors including spirits (along with headwinds from policy tightening on anti-extravagance), dairy, sportswear, cosmetics, condiments, and prepared food, though headline numbers (NBS retail sales growth, 618 GMV growth) showed resiliency supported by continuous trade-in policy. Amid demand softness, lingering channel shift drag, and with the companies' target to grab share/control inventory, **we see resurgence of pricing downside risks** where sportswear/restaurant/spirits/cosmetics/snacks/dairy/condiments etc. have seen stepped-up promotion/weaker price trends in 2Q25. On the other hand, the **platform's investment in food delivery subsidy/instant shopping** (which GS internet team expects duration of investments this time will extend for longer) **boosted volume for related sectors** (e.g. FMD, select staples categories). **Overseas demand was a mixed bag** amid volatile tariffs, and we broadly see no further upside surprise/growth moderation in 2Q25.

The market's preference on stocks remains diverged, i.e. **investors continue to like the new consumer names that are able to deliver idiosyncratic growth amid overall demand uncertainties**, translating to strong share price performance and valuation premium, though we observe that investors' expectation has been rising and any negative short-term newsflow could trigger a sell-off and there are also rising debates on the growth outlook into 2026E. For more mature names, the fluid overall demand has been a concern for investors. Into 2H25, we believe **structural growth opportunities will still drive stock outperformance**. Our most preferred sectors are sports brands, diversified retailer, pet food (upgraded), beverage and restaurants; our least preferred sectors remain apparel/footwear OEM, furniture, projectors, discretionary small kitchen appliances, jewelry and non-super-premium spirits.

Stock preference (Buy names): Anta (on CL), Midea, Eastroc, Laopu, YUMC, WH Group, Tsingtao H, Guming, Tingyi, Giant Biogene, Miniso, Gambol, and China Resources Beverage.

Michelle Cheng
+852-2978-6631 |
michelle.cheng@gs.com
Goldman Sachs (Asia) L.L.C.

Leaf Liu
+852-3966-4169 | leaf.liu@gs.com
Goldman Sachs (Asia) L.L.C.

Nicolas Yi
+86(21)2401-8922 |
nicolas.yi@goldmansachs.cn
Goldman Sachs (China) Securities Company Limited

Cathy Chen, CFA
+852-2978-6621 | kaiqi.chen@gs.com
Goldman Sachs (Asia) L.L.C.

Valerie Zhou
+852-2978-0820 | valerie.zhou@gs.com
Goldman Sachs (Asia) L.L.C.

Xinyu Ruan
+852-2978-7347 | xinyu.ruan@gs.com
Goldman Sachs (Asia) L.L.C.

Carol Chen
+852-2978-7999 | carol.chen@gs.com
Goldman Sachs (Asia) L.L.C.

Molly Dai
+852-3966-4000 | molly.dai@gs.com
Goldman Sachs (Asia) L.L.C.

Cecilia Tang
+86(21)2401-8738 |
cecilia.tang@goldmansachs.cn
Goldman Sachs (China) Securities Company Limited

Julia Mu
+852-2978-1219 | julia.mu@gs.com
Goldman Sachs (Asia) L.L.C.

Christina Liu
+852-2978-6983 | christina.liu@gs.com
Goldman Sachs (Asia) L.L.C.

Mia Gu
+852-2978-6973 | mia.gu@gs.com
Goldman Sachs (Asia) L.L.C.

Relevant read:

[China Consumer Staples: June Check In & 2Q/1H25 Preview: Value offering, channel initiatives amid deflation; policy window to watch]

[China Spirits: Austerity policy risks prolonged cycle, inflection point not in sight; downgrade four stocks]

[China Brewing: 1H/2Q25 Preview: Factor in N-T policy impact; Margin resilience remains key]

[China Consumer Durables: White goods 2Q25 preview: Resilience shifting to domestic market with leaders outperforming; Buy Midea]

[Asia Pacific Textile, Apparel & Footwear: Too early to turn optimistic; analyzing tariff/demand related risks; Buy Shenzhou/Yue Yuen/Stella]

[China Consumer Staples: Snacks: 2Q25 preview: mixed bag; expenses control for margin; expansion competition in watchlist]

[China Consumer Staples: Pork: 2Q25 preview: Stronger US hog production; China on track to grow; Buy WH Group]

[Laopu Gold (6181.HK): 1H25 preview: Reflect stronger sales offset by GPM pressure; 2H focus on SSSG resiliency, high tickets, and overseas]

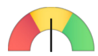
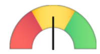
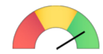
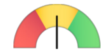
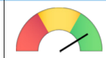
Exhibit 1: Summary of category momentum (Consumer discretionary and durables)

	Sports brands	Textile/footwear OEM	Diversified retailers	Catering	Cosmetics	Jewelry	Traditional Appliances	Emerging Appliances	Furniture
2025 revenue yoy	11%	5%	105%	16%	20%	1%	8%	25%	4%
2025 NP yoy	10%	-4%	130%	16%	36%	13%	10%	31%	34%
YTD sector share price chg. (as of Jul 10)	13%	-19%	158%	88%	26%	77%	-5%	11%	-10%
2Q25 trends									
Overall trend (vs. 1Q25)									
2Q25 vs. Market expectation:									
Sales	↓	↓	↑	↑	↓	→	→	→	↓
Margin	→	↓	→	→	↑	↓	→	↓	→
ASP / promotion / discount	Discount remained deeper yoy with unfavorable channel mix	ASP headwinds from tariff-sharing, weaker product mix, FX drag	Pricing remains solid supported by IP popularity. Price hike action for US market from Pop Mart	Continued delivery platform subsidies that dragged ASP; FMD brands' pricing strategies mixed	More aggressive discount driven by longer time span despite largely stable discount level offered by brands during 618 shopping festival vs. last year Double 11/618	ASP increased due to gold price increase	Healthy ASP/promotion offline, but more intense competition online for lower-end products	Generally healthy ASP/promotion; RVC ASP started to decline yoy with mix changes	More distributors participated the trade-in program that could help ASP, though the competition remain intense
Inventory	Inventory level in general is normal except for Nike						Healthy channel inventory		
Monthly trend	Apr-May trend were largely consistent with 1Q25; Jun saw sequential softening demand	OEMs' Apr sales were confirmed earlier and therefore largely unaffected by tariff hike, yet May-Jun order momentum or 2H order visbility deteriorated especially for casual/low-ASP brands	Pop Mart strong performance in both China and overseas; Miniso China SSSG turned to positive in May - Jun, US 2Q25 credit card sales tracking showed acceleration	Solid growth in FMD brands' sales though daily volume was volatile depending on aggregators' subsidy policies; restaurant SSS also showed improvement	Slow Apr amid typical weak season, followed by a further deceleration in May but picked up into Jun on easier base on shifted 618 calendar	On yoy basis, May-Jun improved vs. Apr mainly on easier base but RSV didn't pick up much as net store closures continued	Generally robust growth momentum with AC outperformed	Continued robust growth for RVC; boost to other small appliances remain limited though improved vs pre trade-in	Generally sluggish demand though some boost from 618; developer channel is still under pressure
618 shopping festival performance	618 ended weaker for selective sports brands		Large volume of Labubu plush toy released during 618		Beauty GMV all ecommerce platforms combined came at HSD-10% yoy, slightly below expectation. Yet the actual beauty online sales growth excluding product returns should come faster than GMV, accelerating vs. last Double 11 and 618	Jewelry was one of the sectors that delivered fast growth on Tmall over 618	DD% growth	Robust growth with RVC outperformed	Sequential improvements yet still not encouraging
3Q25/2H25 outlook									
Demand outlook	Easier base especially in 3Q25; Selective categories like running/outdoor/training still lead the solid growth	Cautious 2H25 order book outlook given tariff/demand uncertainty	Remain constructive on IP demand. More product launch from select players in 2H (e.g. Bloks, Miniso's IP, Pop Mart's category expansion)	Easier base into 2H; delivery platforms' subsidy to boost demand in different scale, new business formats to drive incremental SSSG	More brand divergence driven by the brand sentiment, product cycle and base differences despite into weak season until Double 11 starting in Oct	Largely steady 3Q25 vs. 2Q25 at similar easy base but likely slowing down into 4Q25 on rising base if gold price stabilizes	Domestic demand is still supported in 3Q by trade-in stimulus on a low base, but will face growth pressure on a high base in 4Q; Exports demand to moderate on a high base, but structurally better demand from EM	Solid growth for structurally growing categories; recovery of most small appliances is limited and will largely dependent on macro conditions	Demand pressure considering completions decline in primary market and muted secondary property market
Margin outlook	GPM likely to face continuous headwinds from discount/channe shift towards online/enhanced materials witho t raising prices etc; OPM pressure to intensify in 2H due to base and brand investments	Tariff sharing, less operating leverage from weaker demand, reduced operating efficiency due to ramp-up / order allocation among different production bases, FX volatility, competition, bring headwinds to margin	Positive operationg leverage, effective cost control vs tariff risks and investments in new businesses	Raw material price remained favorable in the near term, cost control efforts. But need to watch pricing/promotion trends	Margin should stablize and improve on easier base as brands become more disciplined on promotions and prioritize ROI while platform is stepping up 2B support	Less gold price uptrend support may lead to GPM pressure while could partially be offset by the increasing revenue mix of fixed-price products	Consistent guidance for mild margin expansion; still faster growth of premium products, easing commodity prices, and efficiency gains to drive margin expansion while rising competition on lower-end products and tariff costs remain major downside risk	Mixed margins: continued marketing/branding investment in RVC to pose downward pressure on margins, yet projectors' margins improve from a low base	More emphasis on efficiencies to maintain healthy margins, though it might be still impacted by property related impairment losses
Catalysts	2Q25 operational update in mid-July, adidas to report 2Q on July.30	Reciprocal tariff development, global brands' 2Q results (sales, pricing actions, vendor negotiations etc.)	IP/new product series launch, IP momentum	Platform's delivery subsidy, policy support, summer holiday consumption	Double 11 starting in Oct; Monthly online GMV runrate	Mid-Jul operational update of HK jewelers; Trading Fair; National day holiday spending	Trade-in/tariff policy development, weekly/monthly sales data, Singles' Day pricing/demand	New product launches, trade-in/tariff policy development, Singles' Day pricing/demand	Property market policy, housing data

Revenue/NP yoy growth are based on market cap weighted average of GS covered companies.

Source: Company data, Visible Alpha Consensus Data, Goldman Sachs Global Investment Research

Exhibit 2: Summary of category momentum (Consumer staples)

	Spirits	Beer	Condiments	Dairy	Beverage	Snacks	Pet care	Prepared food
2025 revenue yoy	2%	1%	2%	0%	18%	9%	22%	7%
2025 NP yoy	9%	9%	2%	13%	21%	4%	18%	13%
YTD sector share price chg. (as of Jul 10)	-8%	-2%	-14%	-9%	15%	9%	31%	-2%
2Q25 trends								
Overall trend (vs. 1Q25)								
2Q25 vs. Market expectation:								
Sales	↓	→	↓	↓	→	→	↑	↓
Margin	↓	→	↓	→	→	↓	↑	↓
ASP / promotion / discount	Wholesale prices weakening under policy impact	(-) ASP still under pressure of weak on-trade channel (+) Efforts on in-home channel mix upgrades	No plan for price hike	Raw milk price still down in 1H25	Mixed bag with beverage launching large pack	Ongoing pricing headwind and promotion	Favourable ASP trend driven by innovative products	No futher deterioration in pricing competition
Inventory	Higher than normal, esp for upper mid end	Maintained at disciplined level, healthier yoy		Normal level	Normal level	Normal level	Normal level	Normal level
Monthly trend	Demand weakening under anti-extravagance impact;	Some pressure from weak on-trade	Some pressure from weak on-trade	Demand yet to improve despite low base	Still strong secular growth; competition a key swing factor	Some pressure on traditional channel	Still strong secular growth	Some pressure from weak on-trade
618 shopping festival performance	Growth due to high subsidy, and low base	Encouraging growth for leading brands		Encouraging growth for leading brands	Encouraging growth for leading brands		Encouraging growth for leading brands	
3Q25/2H25 outlook								
Demand outlook	Demand under anti-extravagance policy, esp. for upper-mid-end	Look for continued solid in-home growth, while on-trade consumption still lags	Looking for opporunities from 2B channel; 2C still soft with some focus on healthy trend	Look for improvement in raw milk supply/demand balance in 2H25	Long term potential for per-cap penetration	Rermain positive for the new category, eg Konjac development	Long term potential for per-cap penetration	Looking for opporunities from 2C channel; 2B volatile on policy and on-trade
Margin outlook	Intensified pressure under anti-extravagance impact	cost tailwinds	cost tailwinds, competition a swing factor	cost tailwinds; operating efficiency measures	cost tailwinds, competition a swing entering peak season	Margin outlook intact with cost savings	Some impacts and low visibility for overseas, but domestic intact	More stable margin profile and less competition
Catalysts	Normalizing of anti-extravagance policies	Consumption stimulus; recovery in catering/nightlife channels	Consumption stimulus; recovery in catering/nightlife channels	Supply side improvement	New product ramp up	Konjact/new product ramping up	Pet exhibition; Double 11; New product	Consumption stimulus; recovery in catering channels

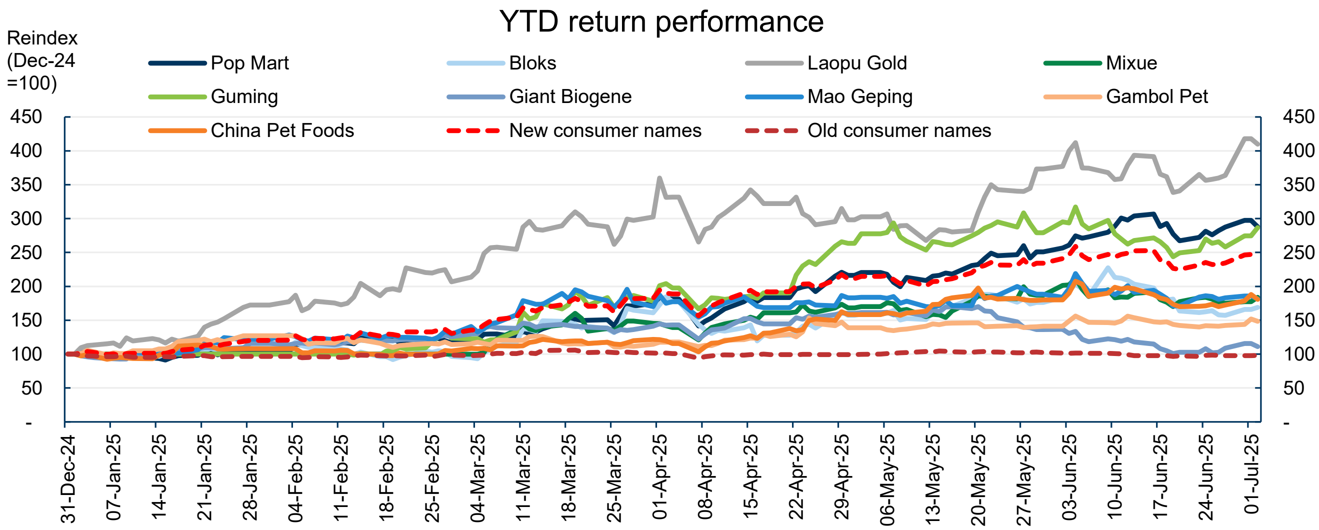
Revenue/NP yoy growth are based on market cap weighted average of GS covered companies.

Source: Company data, Visible Alpha Consensus Data, Goldman Sachs Global Investment Research

Diverged performance between New vs. Old consumption names

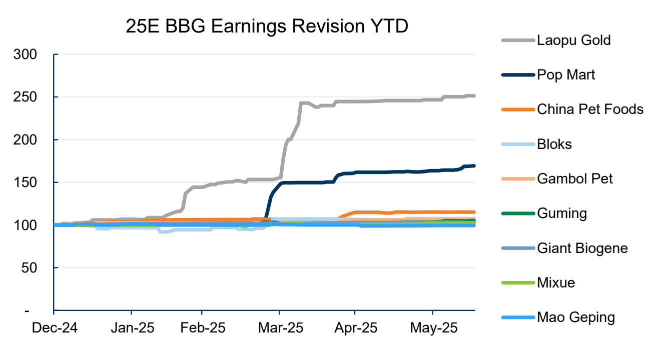
YTD, new consumer stocks have demonstrated strong share price performance (Exhibit 3), backed by earnings upside (evidenced by the continuous upward revision in Exhibit 4), better growth visibility driven by category/product cycle and market expansion, leading to favorable market sentiment surrounding the new consumer theme. Moreover, we expect both revenue and net income growth of new consumer names to outperform the old ones not only in 2025 but also in 2026 and 2027 thanks to the structural growth opportunities.

Exhibit 3: New consumer names outperformed YTD



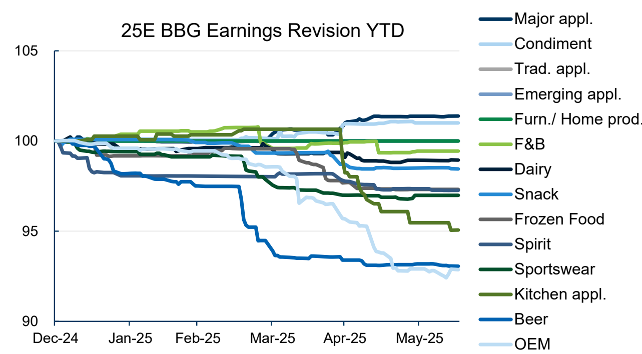
Source: Refinitiv Eikon, Goldman Sachs Global Investment Research

Exhibit 4: New consumer names earnings were generally revised up YTD...



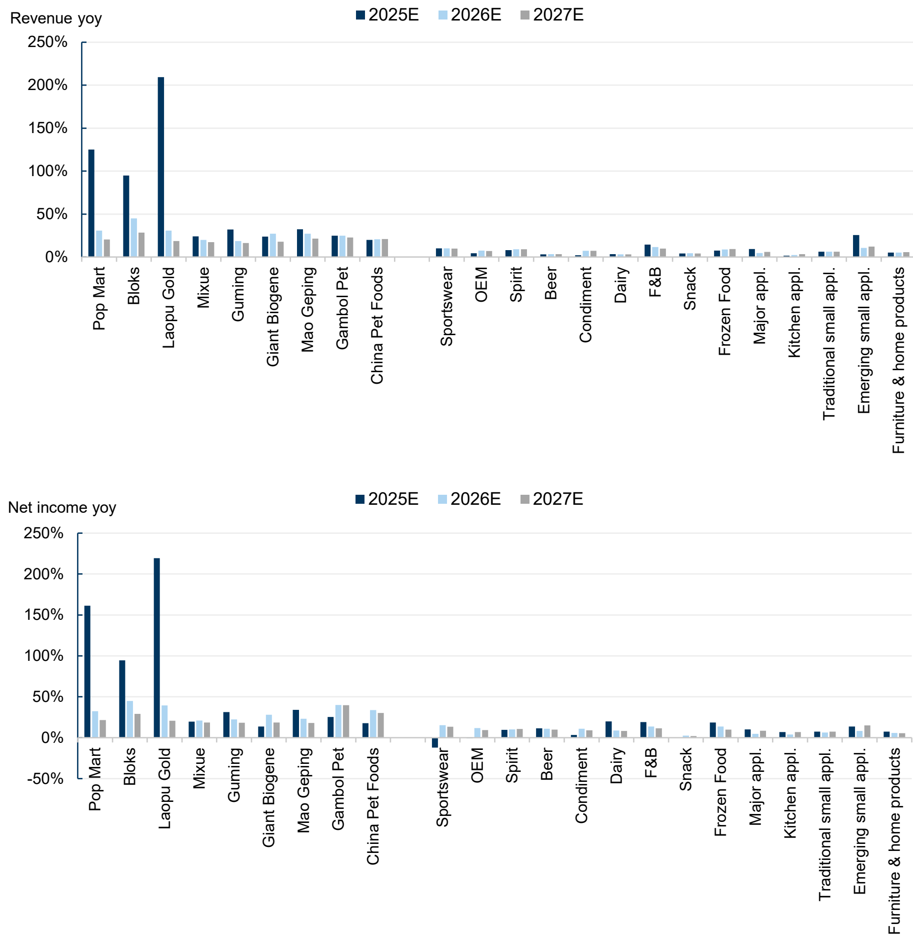
Source: Bloomberg

Exhibit 5: ...while old consumer names saw more downward revisions



Source: Bloomberg

Exhibit 6: Both revenue and net income growth of new consumer names outperformed in 2025E-2027E

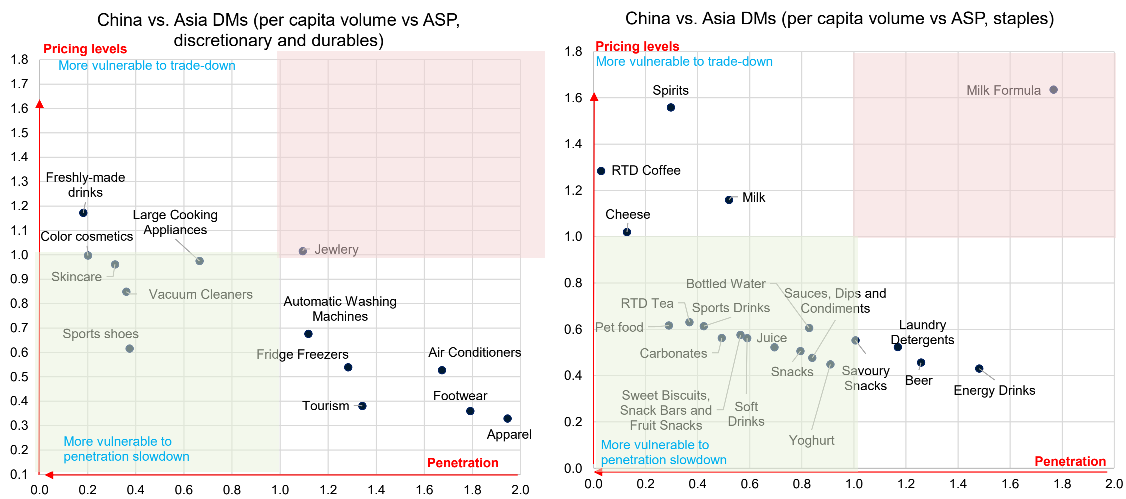


Source: Goldman Sachs Global Investment Research

Looking for structural growth opportunities

As highlighted in our 2025 Consumer Outlook, we believe **companies' expansion in white space will continue to generate idiosyncratic performance amid overall demand uncertainties**, where opportunities would come from **category expansion/penetration** (freshly made drinks, pets, outdoors sports, beverage, Exhibit 7), **overseas expansion** (diversified retailers, durables, jewelry, cosmetics, select condiments/sportswear companies), **experience-based consumption** (diversified retailers, pets, outdoor, beverage) and **penetration into lower-tier cities**.

Exhibit 7: China vs. Asia developed markets - pricing and penetration by category



We use urban population for China as population base; automatic washing machines etc are based on sales volume.

Source: Euromonitor, Data compiled by Goldman Sachs Global Investment Research

4 key themes from the Post-95 report playing out

4 key themes we highlighted in 2021 played out well in recent years: **1) emergence of Chinese brands:** we see local brands 3-yr sales CAGR outperformed MNCs in sportswear, cosmetics, white goods and Chinese jewelry (like Laopu), thanks to factors including enhanced brand image/recognition, product upgrades, and digital capabilities. **2) "Small pleasures" 小确幸:** young consumers tend to spend their limited budgets for immediate gratification and demand for emotional value has been on the rise. We see CAGR of freshly-made drinks (FMD) outperformed the overall catering industry and IP products related company sales growth exceeded overall retail sales, despite the overall demand softness. **3) Single's economy:** we see 3-yr sales CAGR outperformance in food delivery, pet, and the emerging appliance industry which satisfy the demand from young singles. **4) Desire for beauty:** while overall sportswear and cosmetics growth hasn't outperformed vs. overall retail sales, we note that brands that have advantage in product cycle (e.g. local leaders like Anta and Giant) were able to deliver strong performance, vs. some leading MNCs that were losing market share. We believe the mentioned 4 themes are poised to maintain their momentum, as structure growth still exists in these areas.

Exhibit 8: 4 key themes played out: Chinese brands, Small Pleasure, Single's Economy, Beauty

2021-2024 3-yr sales CAGR							
Emergence of Chinese brands		Looking for the small pleasures in life		Single's economy		Desire for beauty/ well-designed products	
Sportswear		Catering		Catering		Beauty-related	
MNC	-5%	Overall China catering	6%	Overall China catering	6%	Overall China retail sales	4%
Local	8%	China FMD industry	18%	China food delivery	12%	China sportswear	4%
Cosmetics		Diversified retail		Pet		China cosmetics	-2%
MNC	-12%	Overall China retail sales	4%	Overall China retail sales	4%	China health Foods	7%
Local	20%	Pop Mart China	23%	China pet industry	8%		
Major White Goods		Miniso China	9%	Emerging appliance			
MNC	-3%	Bloks	89%	Overall China retail sales	4%		
Local	5%			Roborock China	31%		
Jewelry				Ecovacs China	4%		
MNC	-17%			XGIMI China	-15%		
Laopu	58%						
Other local brands	-4%						

Source: Company data, Goldman Sachs Global Investment Research

What's different vs. our view in 2021? Rational spending & Globalization

Back in 2021, we anticipated an upgrade in consumption trends among post-95s consumers who would place more emphasis on uniqueness, digital engagement and design. Yet, given the macroeconomic challenges and weak inflation, our pricing tracker indicated weaker ASP trend across multiple sectors, indicating a more rational spending pattern and value-for-money trend among consumers.

Overseas growth, however, came as a positive surprise, with players seeking for incremental growth outside of the domestic market and the supply chain/execution strength supports the successful expansion. Looking ahead, we believe global expansion will remain a key theme; but amid the macro and tariff uncertainties, supply chain resiliency, product cycle and execution will be crucial for outperformance.

Exhibit 9: Our pricing tracker suggests weaker ASP across multiple sectors, indicating consumers' value-focus trend

Sector	Metrics	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24	1Q25	24 vs 21 (Avg.)
Sportswear	Discount yoy change (positive number -> discount improvement)	-0.4pp	-1.9pp	0.0pp	0.9pp	-2.2pp	0.6pp	0.4pp	0.4pp	0.9pp	1.5pp	-0.4pp	-1.5pp	-1.3pp	**-0.4pp**
Restaurant	ASP yoy (market cap weighted average of YUMC, Haidilao, Jiumaojiu, Nayuki)	2%	6%	5%	9%	-1%	-5%	-7%	-10%	-6%	-7%	-2%	-2%	-4%	**-5%**
Cosmetics	Skincare+Color makeup ASP on Tmall+Taobao (upward/downward arrow measure QoQ momentum)	99	115	89	119	96	107	80	110	81	93	77	109	98	**-7%**
Pet care	Pet food ASP yoy on Tmall+Taobao	23%	25%	17%	19%	5%	-2%	-4%	-14%	-20%	-19%	-15%	-6%	11%	**-1%**
Spirits	53% v/v Feitian Moutai wholesale price (original case)	3,030	2,948	3,140	2,918	2,953	2,930	2,977	2,948	2,950	2,708	2,496	2,286	2,236	**-24%**
Beer	ASP yoy (market cap weighted average of CRB, BUD APAC, Tsingtao Brewery, Chongqing Brewery)	5%	5%	2%	-3%	4%	6%	6%	6%	3%	-1%	-1%	-1%	0%	**8%**

Source: Moojing, Goldman Sachs Global Investment Research

Exhibit 10: Roadmap to go global for white space

	2024 overseas sales mix	Start year	Drivers for overseas expansion	Key actions	Focus markets
Early stage					
Restaurant / freshly-made beverage	LSD%	2010s	Fierce domestic competition , look for new growth	- Launch offline DTC stores - Partner with local franchisees to open offline stores	ASEAN, North America etc.
Condiments	LSD%	2010s	Fierce domestic competition , look for new growth	- Build factories overseas - Collaborate with local KAs and restaurants	ASEAN
Sportswear brands	LSD%	Since 2014	Fierce domestic competition , look for new growth	- Partner with local distributors to open offline stores - Cross-boarder e-com platforms	Mainly developing countries with the first stop being ASEAN. Middle East likely the next focus. Some will launch flagship stores in developed markets to boost brand image
Cosmetics	SD%	2010s	Chinese culture spread; Online channel acceleration	- Acquire overseas brands - Direct online sales to other countries - Partner with local franchisees/enter local cosmetics stores	Japan, ASEAN
Jewelry	20-30%	2010s	Chinese culture spread; Competitive product vs. local brand	-Launch offline stores	HK&Macau, ASEAN
Fast-growing stage					
Diversified retailers	40%	Since ~2015	Look for new growth	- Launch offline DTC stores - Partner with local distributors to open offline stores	Both developed and developing countries
White goods	40%	Later 1990s-2000s	Domestic market is getting increasingly mature and consolidated. Leading players are looking for new growth opportunities.	- Brand building and acquisition - Launch localized products - Build localized R&D center, production facilities and retail infrastructure	Both developed (US and EU) and developing countries (primarily ASEAN and LATAM).
Emerging appliances	>50%	2010s	Higher affordability, larger TAM and better profitability vs domestic market	- Fast and leading product innovations/launch - Partner with local distributors and/or open DTC stores	Mainly developed countries (US and EU)
Relatively mature stage					
OEM	>70%	1990s	Labor cost savings, tariff benefits, diversification	Build factories overseas	ASEAN (especially Vietnam and Indonesia); plan for India in the long term
Pet	c.30%~80%	1990s	Tariff hike	Build factories overseas	North America, New Zealand, Southeast Asia

Source: Company data, Goldman Sachs Global Investment Research

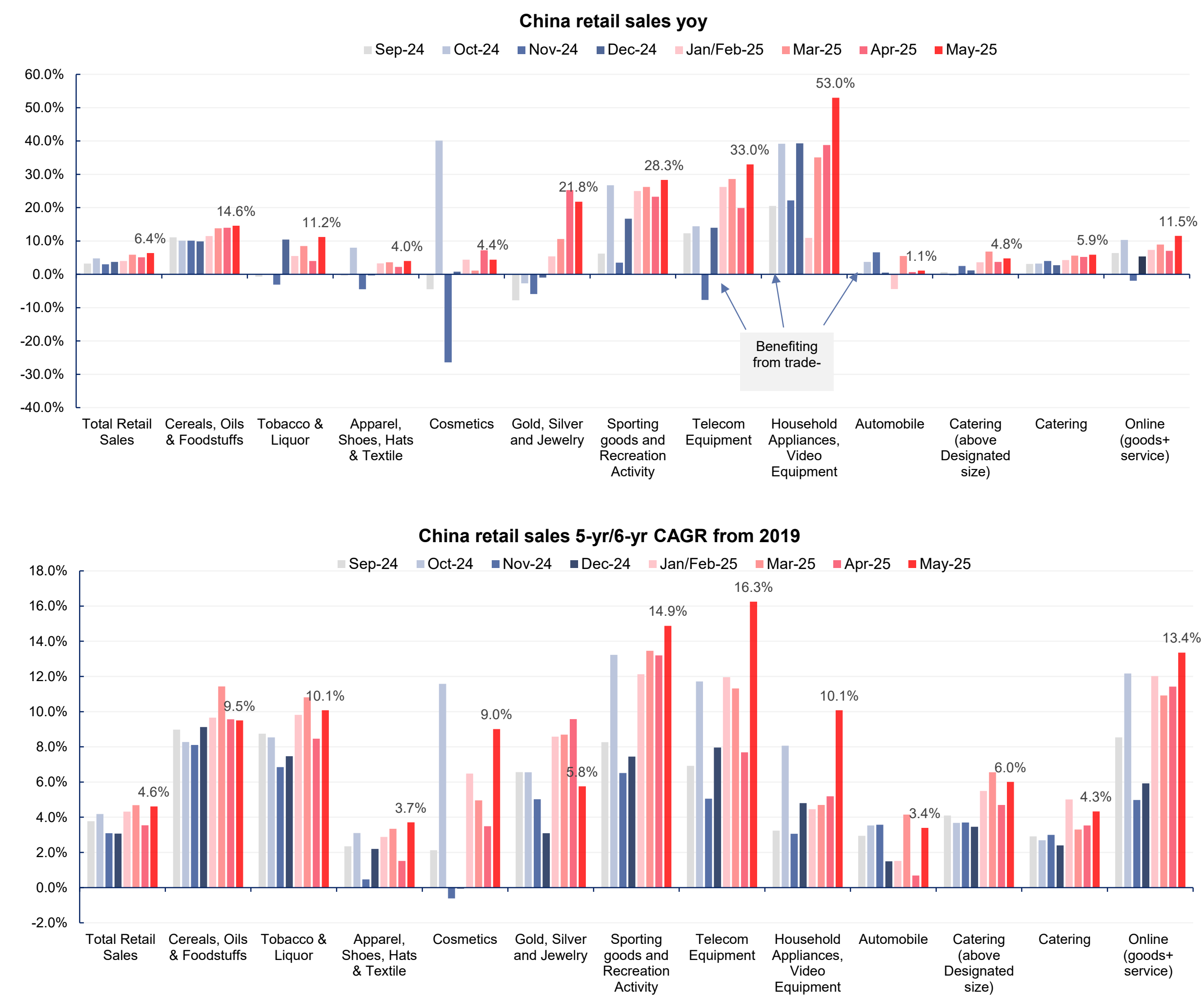
Key findings in 2Q25

1. Demand: Sales trend turning softer in 2Q, though headline growth looks steady driven by trade-in policy

While the headline growth number remains steady (NBS retail sales +5.1%/+6.4% in Apr/May; 618 shopping festival GMV growth was healthy at 10%-11% based on GSe) thanks to continuous trade-in policy support, we see softer trends from multiple consumer subcategories which indicate consumer demand is still fluid. Within staples, we see topline softness from multiple sectors, including spirits (yoy declines for upper mid end), beer (on-trade generally remains weak), and dairy (retail sequentially weakening vs. LNY at MSD% decline in March-April). Within discretionary, we expect a growth deceleration in sportswear compared to 1Q25, and 618 performance was weaker than expected; cosmetics 618 GMV was behind market expectation; catering demand was volatile with soft Apr followed by some improvement in May-Jun. Policy impact is mixed across categories — on the positive side, the trade-in policy remains a support to durables; the potential nationwide childbirth subsidy could benefit IMF players; on the flip side, policy tightening on anti-extravagance has been a headwind to spirits, beer and high-end restaurants.

On the bright side, categories with subsidy support delivered solid performance. In appliance, the trade-in policy continued to boost consumption and Midea reported 20%+ yoy retail growth during 618, though into the 2H we also see investor debates on subsidy sustainability and higher base from Sep. In **catering**, the subsidy from food delivery platforms boosted demand especially for freshly made drink names where we see SSSG acceleration in 2Q25 across brands, and GS Internet team expects the duration of 'everyday app' related investments this time will extend for longer. **Growth momentum of categories with structural growth opportunities (e.g. pet foods, IP products) still holds up well.**

Exhibit 11: Retail sales growth in Apr slightly moderated, but bounced back in May partially thanks to the early start of 618



Source: NBS

2. Pricing: Emerging pricing risks across multiple sectors

While 1Q25 has witnessed improving or stabilizing promotion levels, **signs of price**

competition re-emerged entering 2Q25 triggered by both merchants (market share competition between delivery aggregators/auto makers, **inventory clearance** from leading sportswear player Nike/dairy) **and weak demand** (rational spending demand backdrop continued), **which comes as a downside surprise in our view**. More specifically, the widening price discount in **auto** has been a key market focus, where the leading player BYD offered limited time price cuts for select SKUs of average 9% and industry discount also sequentially increased on the backdrop of higher inventory levels; in **restaurant**, on top of the subsidies provided by the food delivery platforms which lower the purchase price for consumers, we also see signs of more pricing activities from FMD brands especially with multiple players educating for new categories (e.g. Starbucks cutting menu price for non-coffee beverage, Guming offering Rmb8.9 coffee to promote this new category); **sportswear's** discount pressures somewhat intensified into 2Q25 driven by weaker demand, Nike's accelerated destocking efforts and players' active measures to ensure inventory health, but we expect base is easier into 2H25 with the market inventory levels under control; for **spirits**, the wholesale price trend in 2Q was sequentially weaker impacted by soft demand and headwinds from anti-extravagance regulations; for **dairy**, Mengniu likely to increase promotions/discounts (see Corp Day takeaway) vs. relatively stable ASP trends maintained in 2024, and Yili also started to offer more good value-for-money products to reduce excessive raw milk inventory. On **appliances,** we have observed stable industry ASP as faster premium brands growth offsets more intense competition for entry-level products in the online channel, though ASP showed more pressure in June due to competition. **Pet/IP products**, which saw strong results in 2Q, continued to see solid pricing trends.

Exhibit 12: We see emerging pricing risks in multiple sectors including sportswear, restaurant and spirits

Sector	Metrics	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25 to date	2Q25E momentum
Sportswear	Discount yoy change (positive number -> discount improvement)	-0.4pp	-1.9pp	0.0pp	0.9pp	-2.2pp	0.6pp	0.4pp	0.4pp	0.9pp	1.5pp	-0.4pp	-1.5pp	-1.3pp	Discount trends were mixed; Nike's inventory clearance pressure should persist in 2Q25	↓
Restaurant	ASP yoy (market cap weighted average of YUMC, Haidilao, Jiumaojiu, Nayuki)	2%	6%	5%	9%	-1%	-5%	-7%	-10%	-7%	-7%	-2%	-3%	-4%	Delivery platform subsidy; signs of more pricing activities esp. in FMD	↓
Cosmetics	Skincare+Color makeup ASP on Tmall+Taobao (upward/downward arrow measure QoQ momentum)	99	115	89	119	96	107	80	110	81	93	77	109	98	Relatively disciplined on promotion	↑
Pet care	Pet food ASP yoy on Tmall+Taobao	23%	25%	17%	19%	5%	-2%	-4%	-14%	-20%	-19%	-15%	-6%	11%	Higher pricing for new products	↑
Spirits	53% v/v Feitian Moutai wholesale price (original case)	3,030	2,948	3,140	2,918	2,953	2,930	2,977	2,948	2,950	2,708	2,496	2,286	2,236	Wholesale price weakened	↓
Beer	ASP yoy (market cap weighted average of CRB, BUD APAC, Tsingtao Brewery, Chongqing Brewery)	5%	5%	2%	-3%	4%	6%	6%	6%	3%	-1%	-1%	-1%	0%	Focus on in-home channel mix upgrades	→

Cosmetics ASP qoq upward trend expected to be driven by 618 promotion.

Source: Moojing, Company data, Daily Spirits Price, Goldman Sachs Global Investment Research

3. Channel shift: Online continued to outperform; platform's stepped-up investment in delivery/instant shopping

We continue to see online outperforming offline in 2Q25, with longer 618 this year and still soft shopping traffic in the offline channel, which would be a headwind to overall discount levels. **Meanwhile, there has been elevated competition in the e-commerce space, especially on food delivery and instant shopping, which brings incremental volume to relevant consumer sectors though dilutes UE to some**

extent. Unlike previous investments by eCommerce players that were scaled back within a few quarters, our Internet team called out **the duration of investments this time will extend for longer — given players are shifting focus to become China's 'everyday app' for transactions across goods and services**.

Food delivery: freshly made drink is the major beneficiary from the food delivery subsidy, and players generally see meaningful volume boost in 2Q. At the store level, we believe incremental volume contributed by the delivery channel is able to offset the weaker UE compared to dine-in (though also depends on brand's promotion strategy); but at the company level, for those using the franchised model, the volume boost will translate to better sales of goods and hence more profits in our view.

Instant shopping channel: we believe consumer products that require the following 5 traits are more suitable for this channel: 1) immediate fulfillment, 2) low portability, 3) low requirement for shopping experience, 4) low brand loyalty (under the scenario that the favorite brands may not be available at the instant shopping channel), and 5) price considerations (instashopping charges a higher premium, and is consumers price sensitive). Within our coverage, **Beer, spirits (mass), beverage, frozen food and fresh food** consumption etc. are more needed in the instant shopping channel, while we believe other sectors will also face channel shift pressure if there is a strong push from the supply side (e.g. platform subsidies). More specifically, **Spirits and beers** are seeing rising demand from instant shopping channels though investors may have concerns on potential decentralization risks: players are looking for additional volume contribution from these instant shopping platforms to gain share and enhance utilization rates; CRB highlighted that its cooperation with three new channels (Sam's Club, Waima Instant Delivery, and Pang Donglai) now constitutes MSD% of total volume (up from LSD% last year). Multiple **Sportswear** names (Topsports, Pou Sheng) have expanded to instant retail as one of their self-help efforts amid weak in-store traffic, though we view near-term contribution limited.

4. Overseas demand is a mixed bag

Overseas demand remains a support to China consumer names but we broadly see no further upside surprise/growth moderation in 2Q25, along with wide divergence across sub-sectors. Due to the discretionary nature of **apparel and footwear**, OEMs' orders have started to deteriorate since May due to tariff hikes and demand uncertainty, and we expect more headwinds on demand/margin into 2H25. On **home appliances**, **export growth has moderated due to both US tariff impact and high base for other regions last year in Q2**. We believe exports to emerging markets led by Latin American countries would continue to grow healthily while staying relatively conservative towards the growth outlook in DM (esp. the US). **On the bright side, pet care's overseas demand stays resilient** given the US's reliance on China/SEA imports is high for pet treats, and the tariff impacts on China/SEA have been limited per China Pet Foods and Petpal, as shared during our GS Corp Day, although uncertainty still remains post the 90-day grace period. **IP toy retailers (e.g. Pop Mart) momentum further strengthened in Q2** as shown in our monthly tracker.

Exhibit 13: Apparel/footwear OEM, pet foods and home appliances have the highest exposure to the US market

Source: Company data

What to expect into 2Q25/1H25 results and outlook

Sportswear: We have seen a slightly more muted sportswear backdrop over 2Q25, with yoy growth momentum decelerating vs. 1Q25 despite an easier base from 2H of May. In terms of cadence, Apr+May trading came in line with mgmt plans but a weaker-than-expected 618 shopping festival performance resulted in a softer Jun. Amid the rational, discerning, and choppy spending patterns, we observe: 1) Many players saw yoy deeper discount in 2Q25 with ongoing unfavourable channel shift to more promotional online channel. 2) Brands' inventory shape is normal except for Nike. 3) Niche vertical brands in fast-growing categories remained the bright spot, and this setup requires strong execution for large brands to defend market shares. On margin, GPM would face headwinds from discount/channel shift towards online/enhanced materials without raising prices etc., whilst OPM movement mainly reflect companies' brand investment strategy and base effect.

Entering 3Q25, we would expect investors to focus on: 1) Growth acceleration: Comp base should be the lowest in 3Q25, albeit 618 sales miss post risks to sales acceleration; 2) Full year guidance update in result reason; 3) Nike's destocking progress in China, which is critical to the improvement of industry-wide promotion levels. We continue to favor companies with a multi-brand portfolio to capture both mass market demand and the higher growth sub-sectors like outdoor, and good track record in cost control.

OEM: The whole space deteriorated throughout 2Q25 due to tariff hikes: Apr sales were confirmed earlier and therefore largely unaffected, yet May-Jun order momentum deteriorated with early signs of order adjustment starting from mass-positioning customers, with ASP headwinds from tariff-sharing, weaker product mix, FX drag. Margin profiles trended weaker accordingly.

Looking into 3Q25/2H25, we reiterate our cautious view on the OEM space due to earnings downside risks from order book/demand uncertainties and margin risks (tariff sharing, competition, weaker product mix, and capacity ramp-up etc.), despite having seen modest improvement in investor sentiment post tariff settlements.

Durables: We expect generally resilient revenue and profits growth for major appliances, while property-related sectors (e.g. furniture) would face pressure. For most appliances categories, we expect domestic demand to become a more meaningful growth driver into 2Q25 supported by trade-in program resumption and "618" promotion event (vs. slowdown in Jan-Feb disrupted by trade-in policy transition). Product wise, white goods (esp. AC), RVC and select kitchen appliances outperformed as they benefited the most from the trade-in program. We expect leading players like Midea to outperform as competition intensifies especially in the online channel. That said, we think the risk of overall ASP is manageable as entry-level products only represent a limited portion of total product offering (c.10% vol), premium products still grow at a faster pace and leading players remain focused on profitability. Comparatively, export growth has moderated due to both US tariff impact and high base for other regions last year. For property-related sectors, demand pressure persists especially in the developer channel.

Entering 3Q25, we expect investors to focus on: 1) domestic growth and subsidy sustainability: Comp base is the lowest in the first half of 3Q, but has lifted since Sep. The effectiveness of the trade-in program after one year and whether there would be further extension would impact domestic growth (expectations); and 2) overseas demand and export orders particularly after the expiration of tariff suspension in Aug. In this setup, we favor companies with diversified growth driver, strong industry position and market-leading shareholder return.

Restaurants: The overall demand was bumpy in 2Q25 — Apr was a soft month, May-Jun saw some improvement yet remained unexciting. On the positive side, food delivery subsidy has boosted volume especially for freshly made drink players which translates to better revenue/profit for franchise model skewed Guming and MIXUE (we revised up earnings for both names), though the companies might also re-invest the excessive profit (i.e. Guming has stepped-up investment in the coffee category). We see diverged performance for restaurant names: YUMC is expected to deliver steady SSSG performance while Haidilao's tableturn in 2Q was behind our earlier expectation; for Jiumaojiu, we expect SSSG pressure to continue in 1H from a relatively high base, but if the solid performance of Tai Er's new store format can sustain (which the company targets to open around 70/100-150 by end of Jul/year end), we see earnings upside opportunity.

Into 2H, the investment from food delivery platforms is expected to continue (Alibaba announced Rmb50bn on-demand investment, JD announced to invest more than Rmb10bn to support food delivery brands); while this will continue to benefit volume at the industry level, we will need to watch pricing competition and promotion trend given the price perception of customers could change with prolonged platform subsidy, and multiple brands (especially freshly made drink) have been promoting new categories. For example, Starbucks lowered menu price for non-coffee SKUs in Jun, and Guming also introduced more active promotion in the coffee category.

Diversified retailers: IP-related demand remains strong in 2Q25. Pop Mart's popularity (especially Labubu plush toy) further increased in both China and overseas markets evidenced by higher premium in the secondary market (remains at a relatively high level after large product release in Jun); Miniso's SSSG saw improvement in major markets including China (turned to positive in May-Jun) and the US (turned positive in Apr-May); Bloks stepped up new product/IP launch in 2Q and launched more products for female and adult cohort, though performance of the new initiatives has been mixed so far; Shanghai M&G announced strategic collaboration with Tencent Video and has been enhancing IP offering.

Into 2H, in addition to the IP momentum which has been among top of investors' mind, performance of new product lines/categories is also important to watch (e.g. Bloks recently launched Sanrio IP targeting female customers, and more IPs will be launched in 2H; Pop Mart's expansion in bricks and jewelry).

Cosmetics: We expect weaker-than-expected 2Q25 beauty demand for most local players with weak 618 tracking amid the comeback of MNCs, yet relatively stabilized margin pressure with brands being more disciplined on promotions and prioritizing ROI, in addition to better-controlled product return. On a mom basis, we see slow Apr amid typical weak season, followed by a further deceleration in May but picked up into Jun on easier base on shifted 618 calendar. Overall 618 Beauty GMV for all ecommerce platforms combined came at HSD-10% yoy, slightly below expectation of 10-low-teens% growth, yet we highlight that given more strict product return policy adopted by ecom platforms this year, the actual beauty online sales growth excluding product returns should come faster than GMV, accelerating vs. last Double 11 and 618. Into 3Q25/2H25, we expect more brand divergence driven by the brand sentiment, product cycle and base differences despite moving into a weak season until Double 11 starting in Oct. Entering 3Q25/2H25, we would expect investor to focus on: 1) monthly GMV tracking; 2) Double 11 discount/product return policy; 3) update of full year guidance into results season.

Jewelry: On a yoy basis, we expect SSS improvement sequentially in 2Q25 vs. 1Q25 on easier base while RSV didn’t pick up much as net store closures continued with franchisees’ high incentive to liquidate their inventory at elevated gold prices along with not fully recovered gold jewelry consumption sentiment. We expect a largely steady 3Q25 vs. 2Q25 at similar easy base but likely slowing down into 4Q25 on rising base if gold prices stabilize. Less gold price uptrend support may lead to margin pressure while could partially be offset by the increasing revenue mix of fixed-price products. Entering 3Q25/2H25, we would expect investors to focus on: 1) SSSG trend and store openings/closures; 2) Margin change with less support from gold price surge; 3) Progress of brand transformation initiatives that target for a higher mix of fixed-price gold products and premiumization.

Spirits: Headwinds from the recent Anti-Extravagance policy have resulted in notable decline in spirits sales esp. for upper-mid-end, leading to more uncertainties on the inflection point of current cycle to bottom out. Since late June, Feitian Moutai’s wholesale price saw a bumpy recovery trajectory reversing the 6-week downtrend post Moutai’s attempt to support the wholesale prices (channel actions and launch 1-Litre Feitian on i-Moutai). Meanwhile, we see multiple upper-mid-end brands (e.g. Swellfun/Shede) suspending shipment/order taking amid weak demand as well.

Beverage: Overall secular growth momentum riding on product up cycles continues into end-2Q, led by strong performance of Eastroc’s energy drinks (sales 30% yoy in June per channel check) and sequential recovery in water on eased competition (Nongfu water continues seeing DD% run-rate lapping a low base). Cost benefits esp. from PET/sugar support reinvestment and competition remains intense YTD.

Beer: Beer consumption volume remained subdued in June with persistent weakness in on-trade channels and even sequential slowdown vs. May due to the impact of anti-extravagance policies on high-end dining and general catering. We see mixed individual company trends with positive growth in CR Beer YTD, while Bud China continued to decline. Looking ahead to July and 3Q25 (peak season), policy impacts and weather conditions are the key swing factors to watch out for, especially considering the low base in July 2024 due to adverse weather.

Pet foods: Domestic performance is expected to be encouraging due to better pricing and favorable competition, while overseas exports will likely face a low-single-digit to double-digit percentage impact due to tariffs. Overseas tariff remains a potential overhang, though only Petpal mentioned SD% tariff cost to share with clients while the other two covered pet food companies see intact pricing in Southeast Asia factories.

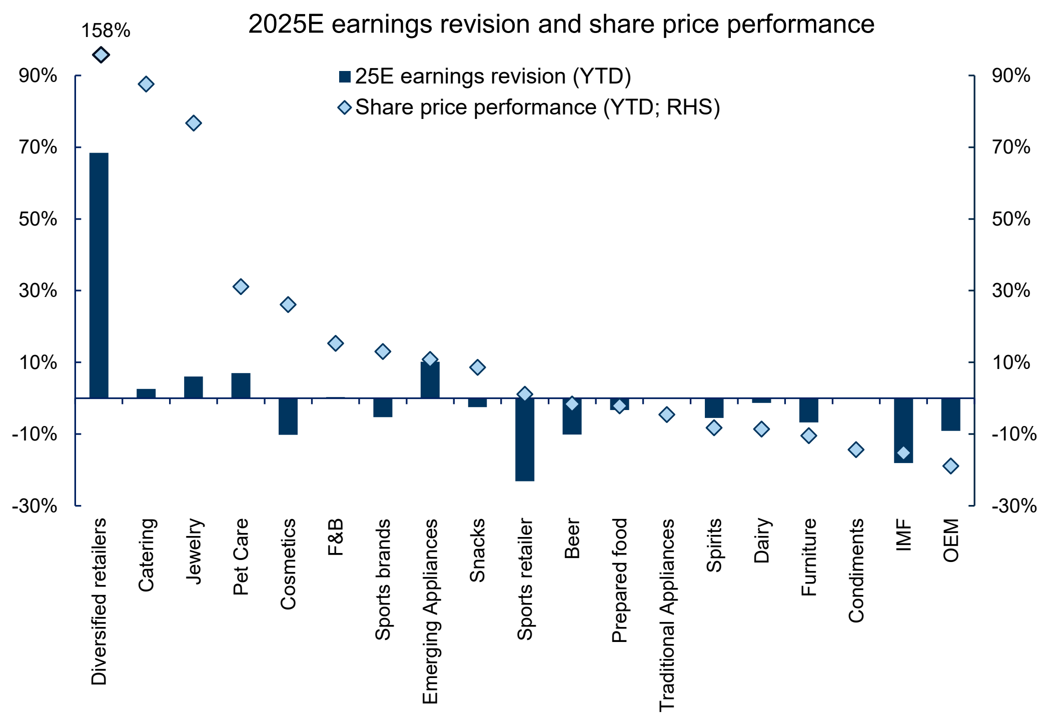
Condiments: For Jonjee, sales decline in Jan-Apr has turned to positive growth in June, following the flattish yoy trends in May, ending with SD% decline in 2Q and reduced channel inventory levels. The company hasn't seen any negative impact on condiment due to the anti-extravagance policy. We await the peak season for condiments to start from 3Q and into winter, expecting newer product launches to drive demand and continued reinvestment leveraging cots tailwinds.

Pork: For Shuanghui (China business), we look for flattish packaged meat volume growth and broadly stable unit profits in 2Q, followed by further volume recovery in 2H25, with narrowing losses in upstream and DD% volume growth in fresh pork. We expect better cyclical recovery in Shuanghui US hog production business, where our US team uplifted US business' full year profits forecasts with accelerating hog producer profitability.

Dairy: We see supply-demand balance so far delayed due to slower-than-expected upstream supply reduction and still soft demand, but still on the path to bottom out in 2H25. Raw milk price decline trends started to stabilize at Rmb3.04/kg since mid-June to date, with 2Q25 ending with a 9.4% yoy decline on average, narrowing vs. -13.9% in 1Q. Companies are adding value offerings in basic milk and likely increasing promotions on premium products to invest in topline leveraging the cost buffer. For IMF, we see online sales YTD remained strong and offline sales decline further narrowed with better volume and continued ASP recovery in Mar-Apr (see our IMF tracker).

Recent earnings revision and share price performance by sector

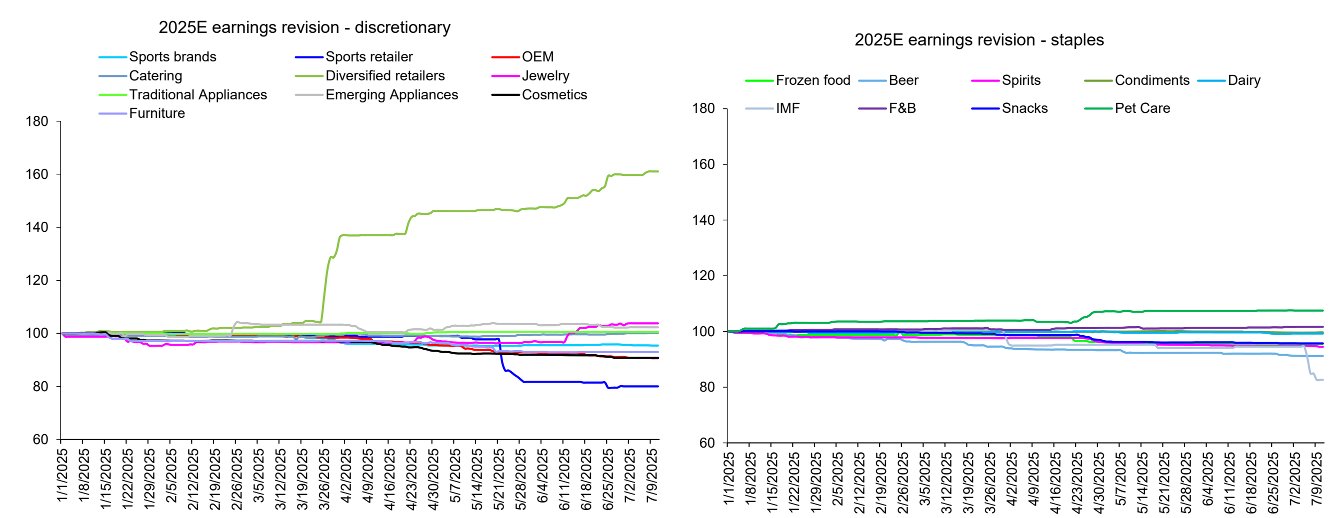
Exhibit 14: 2025E earnings revisions and price performance by sector



As of Jul 10, 2025.

Source: Refinitiv Eikon

Exhibit 15: YTD, diversified retailers and pet care earnings have been revised up the most
2025E consensus revisions



Source: Bloomberg

Sector and stock preference

In terms of our sector preference (Exhibit 16), we now downgrade Dairy to neutral with delayed supply-demand balance which could translate to continuous price headwinds, and upgrade Pet food to preferred, vs. our earlier preference in May for the next 3-6 months. **Our most preferred sectors are diversified retailers** (resilient IP demand in domestic market along with overseas expansion opportunity), **selective sportswear brands** (certain companies see product cycle/category momentum benefits, undemanding valuation), **restaurants** (especially FMD which is a key beneficiary of the food delivery subsidies), **beverage** (penetration opportunity, weather a tailwind for peak season), and **pet foods** (encouraging domestics demand). Apparel OEM, furniture, projectors, discretionary small kitchen appliances, jewelry and non super-premium spirits remain our least preferred sectors.

Exhibit 16: Sector preference

	Sector
Preferred	Sports brands, Diversified retailer, Pet food ↑, Beverage, Restaurants
Neutral	Condiment, Cosmetics, Snacks, Beer, Dairy ↓, Major/small kitchen appliances, RVC, Super premium spirits, Prepared food, Sports retailer, Leading white goods
Least preferred	Furniture, Projectors, Discretionary small kitchen appliances, Jewelry, Spirits (non super-premium), Apparel/footwear OEM

As of Jul 14, 2025.

Source: Goldman Sachs Global Investment Research

Exhibit 17: Comp sheet of preferred stocks

Company	Ticker	Rating	Mkt cap (US$mn)	3m Ave. daily turnover (US$mn)	12m TP (LLC)	Current price (LLC)	(+/-) vs TP	Net income (yoy)			PE (x)			EV/EBITDA (x)			ROE			Dividend yield			FCF yield		
						11-Jul		2025E	2026E	2027E	2025E	2026E	2027E	2025E	2026E	2027E	2025E	2026E	2027E	2025E	2026E	2027E	2025E	2026E	2027E
China consumer discretionary																									
Anta	2020.HK	Buy*	31,971	98.5	117.00	88.60	32%	14%	16%	14%	17	14	13	15	13	9	21%	22%	22%	3%	4%	4%	8%	6%	8%
Laopu Gold	6181.HK	Buy	19,797	131.0	1,090.00	900.00	21%	221%	40%	20%	30	21	18	22	16	13	66%	53%	47%	2%	2%	3%	-1%	3%	3%
Yum China	YUMC	Buy	17,554	114.4	57.00	47.60	20%	2%	12%	9%	19	16	14	9	8	7	17%	21%	24%	2%	2%	3%	5%	6%	7%
Guming	1364.HK	Buy	8,589	16.3	29.20	28.35	3%	35%	23%	18%	31	25	21	23	18	15	46%	34%	34%	3%	2%	2%	3%	4%	5%
Giant Biogene	2367.HK	Buy	7,466	115.6	71.00	57.00	25%	14%	28%	19%	23	19	16	19	15	12	29%	29%	28%	1%	2%	2%	4%	5%	6%
Miniso	MNSO	Buy	5,464	19.7	23.10	17.74	30%	-16%	36%	24%	15	12	10	11	9	7	20%	25%	27%	3%	4%	5%	7%	10%	10%
China consumer staples																									
Eastroc Beverage	605499.SS	Buy	21,018	88.1	351.00	289.85	21%	36%	27%	20%	33	26	22	26	21	17	54%	58%	58%	2%	3%	3%	2%	2%	4%
WH Group	0288.HK	Buy	12,471	28.9	8.60	7.63	13%	5%	2%	4%	8	8	8	4	4	3	14%	14%	14%	7%	7%	7%	17%	16%	17%
Tsingtao H-Share	0168.HK	Buy	8,915	29.6	61.00	51.80	18%	11%	9%	10%	13	12	11	7	7	6	16%	17%	17%	5%	0%	0%	4%	5%	6%
Tingyi	0322.HK	Buy	8,065	21.8	14.60	11.24	30%	16%	12%	9%	13	12	11	7	6	5	30%	32%	34%	7%	8%	9%	8%	10%	11%
Gambol Pet Group	301498.SZ	Buy	5,132	42.6	120.00	91.99	30%	21%	42%	41%	49	35	25	34	24	17	17%	21%	25%	1%	1%	1%	1%	2%	3%
China Resources Beverage	2460.HK	Buy	3,607	9.7	16.40	12.06	36%	16%	19%	18%	14	11	10	5	4	3	16%	18%	19%	3%	4%	5%	0%	6%	9%
China durables																									
Midea Group	000333.SZ	Buy	77,380	270.1	92.00	72.48	27%	12%	7%	10%	13	12	11	9	8	7	19%	20%	20%	6%	6%	7%	8%	7%	8%

*denotes stocks on the APAC Conviction List.

Source: Goldman Sachs Global Investment Research, Company data, Bloomberg

Valuation methodology and risks

Exhibit 18: Valuation Methodology and Key Risks

Company name	Ticker	Rating	Valuation methodology	Key risks
Midea	000333.SZ/0300.HK	Buy	Our 12-m TP of (A/H-share) Rmb92/HK$93 is based on a 16X exit multiple applied to our 2027E EPS, discounted backed to 2026E using a 9.5% cost of equity.	1) Worse-than-expected disruption on white goods demand from weaker macro globally; 2) Rising material costs affecting product margins; 3) Execution risk of its premiumization strategy; and 4) Rising competition in the low-to-mid-end segment.
Anta	2020.HK	Buy (on CL)	Our TP is HK$117 based on 21x 2027E PE discounted back to 2025E	Weaker Anta brand/Fila growth, discount pressures, weaker opex control.
Eastroc Beverage	605499.SS	Buy	We are Buy rated on Eastroc with a 12-month TP of Rmb351, based on a 33X 2026E P/E discounted back to mid-2026E at a CoE of 8.9%, with reference to 2024-to-1H25 average P/E of its global fast-growing beverage peers Monster Beverage, Celsius, and Vita Coco.	1) Lower industry growth in energy drinks, 2) worse competitive landscape, 3) failure/slower ramp-up of Eastroc's new product launches, 4) potential capacity shortage with already high utilization ratio, 5) higher increases in raw material costs, 6) slower geographical expansion of Eastroc, 7) slower POS penetration/ deployment of fridges, and 8) reputational risks.
Laopu	6181.HK	Buy	We derive our 12-m TP of HK$1,090 for Laopu Gold, based on 25x 2027E target PE and discount back to mid-2026E at 9.6% COE.	1) potential gold price slump, 2) tough regulatory environment over luxury consumption, 3) regional concentration, and 4) potential sell-off of IPO shares post lock-up expiry.
YUMC	YUMC/9987.HK	Buy	We are Buy rated on YUMC with 12-m SOTP-based target prices of US$57/HK$447 for the ADR/H-share. Our target multiples are 12x 2025E EV/EBITDA for KFC China and 7x for Pizza Hut China.	1) weaker-than-expected SSSG; 2) higher-than-expected commodity costs; 3) stronger-than-expected competition; and 4) lower-than-expected execution efficiency.
WH Group	0288.HK	Buy	Our 12m TP of HK$8.6/sh is based on a SOTP, with 1) the US business SFD using US team valuation based on risk-reward framework with target downside/base/upside EV/EBITDA of 7.0x/8.5x/10.5x; 2) China business P/E valuation at 17x; 3) European business with 2025E P/E at 7x, and applying a NAV discount of 35%.	1) US business (per our US team): Topline: A slowdown in economic activity which could lead to a reduction of consumer spending, resulting in lower demand; shifts in consumption trends away from protein/pork or value-added options; lower-than-expected demand for US pork in the global market; Margin: Margin pressure from increased promotional spending; higher raw material costs; changes in regulation which could result in higher costs; labor shortages or wage cost pressure; retaliatory tariffs; and loss of sales or higher costs related to an outbreak of food-borne illnesses or diseases among livestock. 2) China business: Volatility in live hog prices, higher-than-expected corn prices in US/China to put pressure on Shuanghui pork and packaged meat margins: Potential inflation risks in commodities incl. soybean, corn, and pork in China with US/China imposing tariffs on imports. 3) Food safety issues: Any food safety issues like the prior one could largely impact the trust of consumers in the brand and WH Group's financials negatively.
Tsingtao H-Share	0168.HK	Buy	We are Buy rated on Tsingtao-H and Neutral on Tsingtao-A. Our 12-month TPs for the H/A shares are HK$61.0/Rmb70.0, based on 15.2x/19.0x 2026E P/Es, discounted back 0.5 year to mid-2026E. Our target P/Es are benchmarked to global peers' full cycle average in the last five years, with a 25% premium for the A-share.	1) Slower-than-expected premium volume growth; 2) More intense competition from higher marketing and channel investments by peers; 3) Unsuccessful national scale price hikes.
Guming	1364.HK	Buy	We are Buy rated on Guming with a 12-m TP of HK$29.2, based on 26X 2026E P/E.	1) Unable to manage the large store network; 2) Lower-than-expected store expansion; 3) Underperformed store productivity; 4) Intensified competition, fashion risk and price war; 5) Increase in store level cost; 6) Larger-than-expected subsidies to franchisees; 7) Lower scale economy with geographical expansion; and 8) Food safety issues.
Tingyi	0322.HK	Buy	We are Buy rated on Tingyi. Our 12-month TP of HK$14.9 is based on a 16.5X 2026E P/E discounted back to mid-2026E using 7.7% COE.	1) Higher-than-expected raw material cost pressures; 2) More intense competition in noodles/beverages; 3) Weaker premiumization trends in instant noodle/beverage
Giant Biogene	2367.HK	Buy	Our 12-month TP of HK$71 is based on a 22x 2027E P/E discounted back to mid-2026E using a 9.6% COE.	Slower-than-expected growth/intensified competition in the professional skin treatment market; inability to develop successful products; regulatory risk.
Miniso	MNSO/9896.HK	Buy	We are Buy rated on Miniso with 12-m TPs of US$23.1/HK$45 per ADR/H-share. Our 12m price targets are based on an 18x CY2025E P/E, benchmarked to the Greater China retailers/discretionary player average reflecting near-term growth headwinds and uncertainty from Yonghui contribution.	1) Lower store productivity in China from intensified competition, lagging product innovation or product quality issues that could discourage retail partners' willingness to expand; 2) worse-than-expected SSSG recovery and store expansion globally; 3) geopolitical risks; 4) higher-than-expected OPEX and additional investments; 5) Yonghui's earnings performance.
Gambol Pet Group	301498.SZ	Buy	We are Buy-rated on Gambol Pet. Our 12m TP of Rmb120.0 is based on a SOTP, with 1) the domestic business valued at a 37X 2027E P/E discounted back to mid-2026 at a 7.0% COE, and 2) the overseas business at 18X P/E on 2025E earnings.	Less favourable exchange rates, freight and input prices impacting overseas business; Less intense competition in online channel; worse-than-expected execution of domestic brand building and channel expansion.
China Resources Beverage	2460.HK	Buy	We are Buy rated on China Resources Beverage with a 12-month TP of HK$17.7, based on a 16.5x 2026E P/E referring to the same target P/E as F&B players Tingyi/ UPC, and discounted back to mid-2026E using 12.0% COE.	1) More intensified competition than expected in the bottled water market; 2) Slower than expected development of the beverage business; 3) Raw material price movements; 4) Uncertainty over channel/distribution management; 5) Reputational risks/ food security issues.

Source: Goldman Sachs Global Investment Research

Disclosure Appendix

Reg AC

We, Michelle Cheng, Leaf Liu, Nicolas Yi, Cathy Chen, CFA and Valerie Zhou, hereby certify that all of the views expressed in this report accurately reflect our personal views about the subject company or companies and its or their securities. We also certify that no part of our compensation was, is or will be, directly or indirectly, related to the specific recommendations or views expressed in this report.

Unless otherwise stated, the individuals listed on the cover page of this report are analysts in Goldman Sachs' Global Investment Research division.

GS Factor Profile

The Goldman Sachs Factor Profile provides investment context for a stock by comparing key attributes to the market (i.e. our universe of rated stocks) and its sector peers. The four key attributes depicted are: Growth, Financial Returns, Multiple (e.g. valuation) and Integrated (a composite of Growth, Financial Returns and Multiple). Growth, Financial Returns and Multiple are calculated by using normalized ranks for specific metrics for each stock. The normalized ranks for the metrics are then averaged and converted into percentiles for the relevant attribute. The precise calculation of each metric may vary depending on the fiscal year, industry and region, but the standard approach is as follows:

Growth is based on a stock's forward-looking sales growth, EBITDA growth and EPS growth (for financial stocks, only EPS and sales growth), with a higher percentile indicating a higher growth company. **Financial Returns** is based on a stock's forward-looking ROE, ROCE and CROCI (for financial stocks, only ROE), with a higher percentile indicating a company with higher financial returns. **Multiple** is based on a stock's forward-looking P/E, P/B, price/dividend (P/D), EV/EBITDA, EV/FCF and EV/Debt Adjusted Cash Flow (DACF) (for financial stocks, only P/E, P/B and P/D), with a higher percentile indicating a stock trading at a higher multiple. The **Integrated** percentile is calculated as the average of the Growth percentile, Financial Returns percentile and (100% - Multiple percentile).

Financial Returns and Multiple use the Goldman Sachs analyst forecasts at the fiscal year-end at least three quarters in the future. Growth uses inputs for the fiscal year at least seven quarters in the future compared with the year at least three quarters in the future (on a per-share basis for all metrics).

For a more detailed description of how we calculate the GS Factor Profile, please contact your GS representative.

M&A Rank

Across our global coverage, we examine stocks using an M&A framework, considering both qualitative factors and quantitative factors (which may vary across sectors and regions) to incorporate the potential that certain companies could be acquired. We then assign a M&A rank as a means of scoring companies under our rated coverage from 1 to 3, with 1 representing high (30%-50%) probability of the company becoming an acquisition target, 2 representing medium (15%-30%) probability and 3 representing low (0%-15%) probability. For companies ranked 1 or 2, in line with our standard departmental guidelines we incorporate an M&A component into our target price. M&A rank of 3 is considered immaterial and therefore does not factor into our price target, and may or may not be discussed in research.

Quantum

Quantum is Goldman Sachs' proprietary database providing access to detailed financial statement histories, forecasts and ratios. It can be used for in-depth analysis of a single company, or to make comparisons between companies in different sectors and markets.

Disclosures

The rating(s) for China Resources Beverage, Eastroc Beverage, Gambol Pet Group Co., Tingyi, Tsingtao Brewery (A), Tsingtao Brewery (H) and WH Group is/are relative to the other companies in its/their coverage universe: Angel Yeast, Anhui Gujing Distillery Co., Budweiser APAC, Chacha Food Co., China Feihe Ltd., China Pet Foods, China Resources Beer, China Resources Beverage, Chongqing Brewery, Eastroc Beverage, Fuling Zhacai, Gambol Pet Group Co., Henan Shuanghui Ltd., Jiangsu Hengshun Vinegar, Jiangsu King's Luck Brewery, Jiangsu Yanghe, Jiugui Liquor, Jonjee Hi-Tech, Kweichow Moutai, Ligao Foods, Luzhou Laojiao, Mengniu Dairy, Nongfu Spring, Petpal Pet Nutrition Technology, Qianhe Condiment and Food, Qianweiyangchu, Sanquan Foods, Shanghai Bairun, Shanxi Xinghuacun Fen Wine, Sichuan Swellfun Co., Sichuan Teway Food Group, Three Squirrels, Tingyi, Tsingtao Brewery (A), Tsingtao Brewery (H), Uni-President China, WH Group, Want Want China, Weizhixiang, Wuliangye Yibin, Yankershop Food, Yihai International Holding, Yili Industrial, ZJLD

The rating(s) for Giant Biogene Holding and Laopu Gold is/are relative to the other companies in its/their coverage universe: AmorePacific Group, Amorepacific, Bloomage Biotechnology Corp., Botanee Biotech, Chow Tai Fook Jewellery Group, Chow Tai Seng Jewellery, Giant Biogene Holding, LG H&H Co., Lao Feng Xiang Jewellery, Laopu Gold, Luk Fook Holdings, Mao Geping Cosmetics Co., Proya Cosmetics, Shanghai Jahwa United

The rating(s) for Midea Group (A) and Midea Group (H) is/are relative to the other companies in its/their coverage universe: Anker Innovations Technology, Appotronics Corporation Ltd., Arrow Home Group, Bear Electric Appliance Co., Beijing Roborock Technology, Chengdu XGimi Technology Co., Ecovacs Robotics Co., Gongniu Group, Gree Electric Appliances Inc., Guangdong Xinbao Electrical, Guangzhou Shangpin Home Collection, Haier Smart Home Co. (A), Haier Smart Home Co. (H), Hangzhou Robam Appliances, Hisense Home Appliances Group (A), Hisense Home Appliances Group (H), Jason Furniture Hangzhou Co., Joyoung Co., Man Wah Holdings, Midea Group (A), Midea Group (H), Oppein Home Group, Opple Lighting Co., Suofeiya Home Collection Co., Zhejiang Meida Industrial Co Ltd., Zhejiang Supor Co.

The rating(s) for Anta Sports Products, Guming Holdings Ltd., Miniso (ADR), Miniso (H), Yum China Holdings and Yum China Holdings (H) is/are relative to the other companies in its/their coverage universe: Anta Sports Products, Bloks Group Ltd., Bosideng International Holdings, Eclat Textile Co., Feng Tay Enterprises, Gourmet Master Co., Guming Holdings Ltd., Haidilao International Holding, Huali Industrial Group, Jiumaojiu, Juewei Food, Li Ning Co., Makalot Industrial Co, Miniso (ADR), Miniso (H), Mixue Group, Nayuki, Pop Mart, Pou Sheng International Holdings, President Chain Store, Shanghai M&G, Shenzhou International Group, Stella International Holdings, Topsports Intl Holdings, Uni-President Enterprises, Xtep International Holdings, Yue Yuen Industrial, Yum China Holdings, Yum China Holdings (H)

Company-specific regulatory disclosures

Compendium report: please see disclosures at https://www.gs.com/research/hedge.html. Disclosures applicable to the companies included in this compendium can be found in the latest relevant published research

Distribution of ratings/investment banking relationships

Goldman Sachs Investment Research global Equity coverage universe

	Rating Distribution			Investment Banking Relationships		
	Buy	Hold	Sell	Buy	Hold	Sell
Global	49%	34%	17%	62%	57%	40%

As of July 1, 2025, Goldman Sachs Global Investment Research had investment ratings on 2,968 equity securities. Goldman Sachs assigns stocks as Buys and Sells on various regional Investment Lists; stocks not so assigned are deemed Neutral. Such assignments equate to Buy, Hold and Sell for the purposes of the above disclosure required by the FINRA Rules. See 'Ratings, Coverage universe and related definitions' below. The Investment Banking Relationships chart reflects the percentage of subject companies within each rating category for whom Goldman Sachs has provided investment banking services within the previous twelve months.

Price target and rating history chart(s)

Compendium report: please see disclosures at https://www.gs.com/research/hedge.html. Disclosures applicable to the companies included in this compendium can be found in the latest relevant published research

Regulatory disclosures

Disclosures required by United States laws and regulations

See company-specific regulatory disclosures above for any of the following disclosures required as to companies referred to in this report: manager or co-manager in a pending transaction; 1% or other ownership; compensation for certain services; types of client relationships; managed/co-managed public offerings in prior periods; directorships; for equity securities, market making and/or specialist role. Goldman Sachs trades or may trade as a principal in debt securities (or in related derivatives) of issuers discussed in this report.

The following are additional required disclosures: **Ownership and material conflicts of interest:** Goldman Sachs policy prohibits its analysts, professionals reporting to analysts and members of their households from owning securities of any company in the analyst's area of coverage. **Analyst compensation:** Analysts are paid in part based on the profitability of Goldman Sachs, which includes investment banking revenues. **Analyst as officer or director:** Goldman Sachs policy generally prohibits its analysts, persons reporting to analysts or members of their households from serving as an officer, director or advisor of any company in the analyst's area of coverage. **Non-U.S. Analysts:** Non-U.S. analysts may not be associated persons of Goldman Sachs & Co. LLC and therefore may not be subject to FINRA Rule 2241 or FINRA Rule 2242 restrictions on communications with subject company, public appearances and trading securities held by the analysts.

Distribution of ratings: See the distribution of ratings disclosure above. **Price chart:** See the price chart, with changes of ratings and price targets in prior periods, above, or, if electronic format or if with respect to multiple companies which are the subject of this report, on the Goldman Sachs website at https://www.gs.com/research/hedge.html.

Additional disclosures required under the laws and regulations of jurisdictions other than the United States

The following disclosures are those required by the jurisdiction indicated, except to the extent already made above pursuant to United States laws and regulations. **Australia:** Goldman Sachs Australia Pty Ltd and its affiliates are not authorised deposit-taking institutions (as that term is defined in the Banking Act 1959 (Cth)) in Australia and do not provide banking services, nor carry on a banking business, in Australia. This research, and any access to it, is intended only for "wholesale clients" within the meaning of the Australian Corporations Act, unless otherwise agreed by Goldman Sachs. In producing research reports, members of Global Investment Research of Goldman Sachs Australia may attend site visits and other meetings hosted by the companies and other entities which are the subject of its research reports. In some instances the costs of such site visits or meetings may be met in part or in whole by the issuers concerned if Goldman Sachs Australia considers it is appropriate and reasonable in the specific circumstances relating to the site visit or meeting. To the extent that the contents of this document contains any financial product advice, it is general advice only and has been prepared by Goldman Sachs without taking into account a client's objectives, financial situation or needs. A client should, before acting on any such advice, consider the appropriateness of the advice having regard to the client's own objectives, financial situation and needs. A copy of certain Goldman Sachs Australia and New Zealand disclosure of interests and a copy of Goldman Sachs' Australian Sell-Side Research Independence Policy Statement are available at: https://www.goldmansachs.com/disclosures/australia-new-zealand/index.html. **Brazil:** Disclosure information in relation to CVM Resolution n. 20 is available at https://www.gs.com/worldwide/brazil/area/gir/index.html. Where applicable, the Brazil-registered analyst primarily responsible for the content of this research report, as defined in Article 20 of CVM Resolution n. 20, is the first author named at the beginning of this report, unless indicated otherwise at the end of the text. **Canada:** This information is being provided to you for information purposes only and is not, and under no circumstances should be construed as, an advertisement, offering or solicitation by Goldman Sachs & Co. LLC for purchasers of securities in Canada to trade in any Canadian security. Goldman Sachs & Co. LLC is not registered as a dealer in any jurisdiction in Canada under applicable Canadian securities laws and generally is not permitted to trade in Canadian securities and may be prohibited from selling certain securities and products in certain jurisdictions in Canada. If you wish to trade in any Canadian securities or other products in Canada please contact Goldman Sachs Canada Inc., an affiliate of The Goldman Sachs Group Inc., or another registered Canadian dealer. **Hong Kong:** Further information on the securities of covered companies referred to in this research may be obtained on request from Goldman Sachs (Asia) L.L.C. **India:** Further information on the subject company or companies referred to in this research may be obtained from Goldman Sachs (India) Securities Private Limited, Research Analyst - SEBI Registration Number INH000001493, 951-A, Rational House, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400 025, India, Corporate Identity Number U74140MH2006FTC160634, Phone +91 22 6616 9000, Fax +91 22 6616 9001. Goldman Sachs may beneficially own 1% or more of the securities (as such term is defined in clause 2 (h) the Indian Securities Contracts (Regulation) Act, 1956) of the subject company or companies referred to in this research report. Investment in securities market are subject to market risks. Read all the related documents carefully before investing. Registration granted by SEBI and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors. Goldman Sachs (India) Securities Private Limited compliance officer and investor grievance contact details can be found at this link: https://publishing.gs.com/disclosures/hedge.html - /general/equity. **Japan:** See below. **Korea:** This research, and any access to it, is intended only for "professional investors" within the meaning of the Financial Services and Capital Markets Act, unless otherwise agreed by Goldman Sachs. Further information on the subject company or companies referred to in this research may be obtained from Goldman Sachs (Asia) L.L.C., Seoul Branch. **New Zealand:** Goldman Sachs New Zealand Limited and its affiliates are neither "registered banks" nor "deposit takers" (as defined in the Reserve Bank of New Zealand Act 1989) in New Zealand. This research, and any access to it, is intended for "wholesale clients" (as defined in the Financial Advisers Act 2008) unless otherwise agreed by Goldman Sachs. A copy of certain Goldman Sachs Australia and New Zealand disclosure of interests is available at: https://www.goldmansachs.com/disclosures/australia-new-zealand/index.html. **Russia:** Research reports distributed in the Russian Federation are not advertising as defined in the Russian legislation, but are information and analysis not having product promotion as their main purpose and do not provide appraisal within the meaning of the Russian legislation on appraisal activity. Research reports do not constitute a personalized investment recommendation as defined in Russian laws and regulations, are not addressed to a specific client, and are prepared without analyzing the financial circumstances, investment profiles or risk profiles of clients. Goldman Sachs assumes no responsibility for any investment decisions that may be taken by a client or any other person based on this research report. **Singapore:** Goldman Sachs (Singapore) Pte. (Company Number: 198602165W), which is regulated by the Monetary Authority of Singapore, accepts legal responsibility for this research, and should be contacted with respect to any matters arising from, or in connection with, this research. **Taiwan:** This material is for reference only and must not be reprinted without permission. Investors should carefully consider their own investment risk. Investment results are the responsibility of the individual investor. **United Kingdom:** Persons who would be categorized as retail clients in the United Kingdom, as such term is defined in the rules of the Financial Conduct Authority, should read this research in conjunction with prior Goldman Sachs research on the covered companies referred to herein and should refer to the risk warnings that have been sent to them by Goldman Sachs International. A copy of these risks warnings, and a glossary of certain financial terms used in this report, are available from Goldman Sachs International on request.

European Union and United Kingdom: Disclosure information in relation to Article 6 (2) of the European Commission Delegated Regulation (EU) (2016/958) supplementing Regulation (EU) No 596/2014 of the European Parliament and of the Council (including as that Delegated Regulation is implemented into United Kingdom domestic law and regulation following the United Kingdom's departure from the European Union and the European Economic Area) with regard to regulatory technical standards for the technical arrangements for objective presentation of investment recommendations or other information recommending or suggesting an investment strategy and for disclosure of particular interests or indications of conflicts of interest is available at https://www.gs.com/disclosures/europeanpolicy.html which states the European Policy for Managing Conflicts of Interest in Connection with Investment Research.

Japan: Goldman Sachs Japan Co., Ltd. is a Financial Instrument Dealer registered with the Kanto Financial Bureau under registration number Kinsho 69, and a member of Japan Securities Dealers Association, Financial Futures Association of Japan Type II Financial Instruments Firms Association, The Investment Trusts Association, Japan, and Japan Investment Advisers Association. Sales and purchase of equities are subject to commission pre-determined with clients plus consumption tax. See company-specific disclosures as to any applicable disclosures required by Japanese stock exchanges, the Japanese Securities Dealers Association or the Japanese Securities Finance Company.

Ratings, coverage universe and related definitions

Buy (B), Neutral (N), Sell (S) Analysts recommend stocks as Buys or Sells for inclusion on various regional Investment Lists. Being assigned a Buy or Sell on an Investment List is determined by a stock's total return potential relative to its coverage universe. Any stock not assigned as a Buy or a Sell on an Investment List with an active rating (i.e., a stock that is not Rating Suspended, Not Rated, Early-Stage Biotech, Coverage Suspended or Not Covered), is deemed Neutral. Each region manages Regional Conviction Lists, which are selected from Buy rated stocks on the respective region's Investment Lists and represent investment recommendations focused on the size of the total return potential and/or the likelihood of the realization of the return across their respective areas of coverage. The addition or removal of stocks from such Conviction Lists are managed by the Investment Review Committee or other designated committee in each respective region and do not represent a change in the analysts' investment rating for such stocks.

Total return potential represents the upside or downside differential between the current share price and the price target, including all paid or anticipated dividends, expected during the time horizon associated with the price target. Price targets are required for all covered stocks. The total return potential, price target and associated time horizon are stated in each report adding or reiterating an Investment List membership.

Coverage Universe: A list of all stocks in each coverage universe is available by primary analyst, stock and coverage universe at https://www.gs.com/research/hedge.html.

Not Rated (NR). The investment rating, target price and earnings estimates (where relevant) are removed pursuant to Goldman Sachs policy when Goldman Sachs is acting in an advisory capacity in a merger or in a strategic transaction involving this company, when there are legal, regulatory or policy constraints due to Goldman Sachs' involvement in a transaction, and in certain other circumstances. **Early-Stage Biotech (ES).** An investment rating and a target price are not assigned pursuant to Goldman Sachs policy when this company neither has a drug, treatment or medical device that has passed a Phase II clinical trial nor a license to distribute a post-Phase II drug, treatment or medical device. **Rating Suspended (RS).** Goldman Sachs Research has suspended the investment rating and price target for this stock, because there is not a sufficient fundamental basis for determining an investment rating or target price. The previous investment rating and target price, if any, are no longer in effect for this stock and should not be relied upon. **Coverage Suspended (CS).** Goldman Sachs has suspended coverage of this company. **Not Covered (NC).** Goldman Sachs does not cover this company.

Global product; distributing entities

Goldman Sachs Global Investment Research produces and distributes research products for clients of Goldman Sachs on a global basis. Analysts based in Goldman Sachs offices around the world produce research on industries and companies, and research on macroeconomics, currencies, commodities and portfolio strategy. This research is disseminated in Australia by Goldman Sachs Australia Pty Ltd (ABN 21 006 797 897); in Brazil by Goldman Sachs do Brasil Corretora de Títulos e Valores Mobiliários S.A.; Public Communication Channel Goldman Sachs Brazil: 0800 727 5764 and / or contatogoldmanbrasil@gs.com. Available Weekdays (except holidays), from 9am to 6pm. Canal de Comunicação com o Público Goldman Sachs Brasil: 0800 727 5764 e/ou contatogoldmanbrasil@gs.com. Horário de funcionamento: segunda-feira à sexta-feira (exceto feriados), das 9h às 18h; in Canada by Goldman Sachs & Co. LLC; in Hong Kong by Goldman Sachs (Asia) L.L.C.; in India by Goldman Sachs (India) Securities Private Ltd.; in Japan by Goldman Sachs Japan Co., Ltd.; in the Republic of Korea by Goldman Sachs (Asia) L.L.C., Seoul Branch; in New Zealand by Goldman Sachs New Zealand Limited; in Russia by OOO Goldman Sachs; in Singapore by Goldman Sachs (Singapore) Pte. (Company Number: 198602165W); and in the United States of America by Goldman Sachs & Co. LLC. Goldman Sachs International has approved this research in connection with its distribution in the United Kingdom.

Goldman Sachs International ("GSI"), authorised by the Prudential Regulation Authority ("PRA") and regulated by the Financial Conduct Authority ("FCA") and the PRA, has approved this research in connection with its distribution in the United Kingdom.

European Economic Area: GSI, authorised by the PRA and regulated by the FCA and the PRA, disseminates research in the following jurisdictions within the European Economic Area: the Grand Duchy of Luxembourg, Italy, the Kingdom of Belgium, the Kingdom of Denmark, the Kingdom of Norway, the Republic of Finland and the Republic of Ireland; GSI - Succursale de Paris (Paris branch) which is authorised by the French Autorité de contrôle prudentiel et de resolution ("ACPR") and regulated by the Autorité de contrôle prudentiel et de resolution and the Autorité des marches financiers ("AMF") disseminates research in France; GSI - Sucursal en España (Madrid branch) authorized in Spain by the Comisión Nacional del Mercado de Valores disseminates research in the Kingdom of Spain; GSI - Sweden Bankfilial (Stockholm branch) is authorized by the SFSA as a "third country branch" in accordance with Chapter 4, Section 4 of the Swedish Securities and Market Act (Sw. lag (2007:528) om värdepappersmarknaden) disseminates research in the Kingdom of Sweden; Goldman Sachs Bank Europe SE ("GSBE") is a credit institution incorporated in Germany and, within the Single Supervisory Mechanism, subject to direct prudential supervision by the European Central Bank and in other respects supervised by German Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, BaFin) and Deutsche Bundesbank and disseminates research in the Federal Republic of Germany and those jurisdictions within the European Economic Area where GSI is not authorised to disseminate research and additionally, GSBE, Copenhagen Branch filial af GSBE, Tyskland, supervised by the Danish Financial Authority disseminates research in the Kingdom of Denmark; GSBE - Sucursal en España (Madrid branch) subject (to a limited extent) to local supervision by the Bank of Spain disseminates research in the Kingdom of Spain; GSBE - Succursale Italia (Milan branch) to the relevant applicable extent, subject to local supervision by the Bank of Italy (Banca d'Italia) and the Italian Companies and Exchange Commission (Commissione Nazionale per le Società e la Borsa "Consob") disseminates research in Italy; GSBE - Succursale de Paris (Paris branch), supervised by the AMF and by the ACPR disseminates research in France; and GSBE - Sweden Bankfilial (Stockholm branch), to a limited extent, subject to local supervision by the Swedish Financial Supervisory Authority (Finansinpektionen) disseminates research in the Kingdom of Sweden.

General disclosures

This research is for our clients only. Other than disclosures relating to Goldman Sachs, this research is based on current public information that we consider reliable, but we do not represent it is accurate or complete, and it should not be relied on as such. The information, opinions, estimates and forecasts contained herein are as of the date hereof and are subject to change without prior notification. We seek to update our research as appropriate, but various regulations may prevent us from doing so. Other than certain industry reports published on a periodic basis, the large majority of reports are published at irregular intervals as appropriate in the analyst's judgment.

Goldman Sachs conducts a global full-service, integrated investment banking, investment management, and brokerage business. We have investment banking and other business relationships with a substantial percentage of the companies covered by Global Investment Research. Goldman Sachs & Co. LLC, the United States broker dealer, is a member of SIPC (https://www.sipc.org).

Our salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to our clients and principal trading desks that reflect opinions that are contrary to the opinions expressed in this research. Our asset management area, principal trading desks and investing businesses may make investment decisions that are inconsistent with the recommendations or views expressed in this research.

The analysts named in this report may have from time to time discussed with our clients, including Goldman Sachs salespersons and traders, or may discuss in this report, trading strategies that reference catalysts or events that may have a near-term impact on the market price of the equity securities discussed in this report, which impact may be directionally counter to the analyst's published price target expectations for such stocks. Any such trading strategies are distinct from and do not affect the analyst's fundamental equity rating for such stocks, which rating reflects a stock's return potential relative to its coverage universe as described herein.

We and our affiliates, officers, directors, and employees will from time to time have long or short positions in, act as principal in, and buy or sell, the securities or derivatives, if any, referred to in this research, unless otherwise prohibited by regulation or Goldman Sachs policy.

The views attributed to third party presenters at Goldman Sachs arranged conferences, including individuals from other parts of Goldman Sachs, do not necessarily reflect those of Global Investment Research and are not an official view of Goldman Sachs.

Any third party referenced herein, including any salespeople, traders and other professionals or members of their household, may have positions in the products mentioned that are inconsistent with the views expressed by analysts named in this report.

This research is not an offer to sell or the solicitation of an offer to buy any security in any jurisdiction where such an offer or solicitation would be illegal. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Clients should consider whether any advice or recommendation in this research is suitable for their particular circumstances and, if appropriate, seek professional advice, including tax advice. The price and value of investments referred to in this research and the income from them may fluctuate. Past performance is not a guide to future performance, future returns are not guaranteed, and a loss of original capital may occur. Fluctuations in exchange rates could have adverse effects on the value or price of, or income derived from, certain investments.

Certain transactions, including those involving futures, options, and other derivatives, give rise to substantial risk and are not suitable for all investors. Investors should review current options and futures disclosure documents which are available from Goldman Sachs sales representatives or at https://www.theocc.com/about/publications/character-risks.jsp and https://www.goldmansachs.com/disclosures/cftc_fcm_disclosures. Transaction costs may be significant in option strategies calling for multiple purchase and sales of options such as spreads. Supporting documentation will be supplied upon request.

Differing Levels of Service provided by Global Investment Research: The level and types of services provided to you by Goldman Sachs Global Investment Research may vary as compared to that provided to internal and other external clients of GS, depending on various factors including your individual preferences as to the frequency and manner of receiving communication, your risk profile and investment focus and perspective (e.g., marketwide, sector specific, long term, short term), the size and scope of your overall client relationship with GS, and legal and regulatory constraints. As an example, certain clients may request to receive notifications when research on specific securities is published, and certain clients may request that specific data underlying analysts' fundamental analysis available on our internal client websites be delivered to them electronically through data feeds or otherwise. No change to an analyst's fundamental research views (e.g., ratings, price targets, or material changes to earnings estimates for equity securities), will be communicated to any client prior to inclusion of such information in a research report broadly disseminated through electronic publication to our internal client websites or through other means, as necessary, to all clients who are entitled to receive such reports.

All research reports are disseminated and available to all clients simultaneously through electronic publication to our internal client websites. Not all research content is redistributed to our clients or available to third-party aggregators, nor is Goldman Sachs responsible for the redistribution of our research by third party aggregators. For research, models or other data related to one or more securities, markets or asset classes (including related services) that may be available to you, please contact your GS representative or go to https://research.gs.com.

Disclosure information is also available at https://www.gs.com/research/hedge.html or from Research Compliance, 200 West Street, New York, NY 10282.