# **Investment Summary: Jiangsu Yanghe Distillery Co Ltd**

* **Date:** September 5, 2025
* **Stock price (close, last trading day):** CNY 73.73[investing](https://www.investing.com/equities/yanghe-brewery-a)
* **Market cap:** CNY 109.6B[finance.yahoo](https://finance.yahoo.com/quote/002304.SZ/)
* **Industry:** Alcoholic Beverages, Baijiu, Consumer Defensive
* **Recommended Action:** Hold (Analyst consensus and leading firm views below)

## **Business Overview**

Jiangsu Yanghe Distillery is a major Chinese baijiu producer with brands including Dream Blue, Sujiu, Sky Blue, and Zhenbaofang, focusing on premium, mass-market, and international spirits. FY2024 revenue was CNY 20.9B, with net income CNY 6.67B (-33.4% YoY), as the company faced profit and revenue headwinds due to inventory adjustment, channel pressure, and evolving sales strategy.[chinayanghe+5](https://www.chinayanghe.com/static/upload/2025/06/13/202506134178.pdf)

* **Revenue mix:** Premium baijiu ~55%, standard/entry-level ~35%, others 10%.
* **Usage:** Gift/celebratory occasions, banquets, restaurants, expanding export and retail segments.
* **Strengths:** Brand equity, channel coverage, stable financials, strong cash reserves.
* **Challenges:** Inventory destocking, channel optimization, and short-term drops in sales/profitability.

## **Business Performance**

* **Sales growth (5-year CAGR):** ~6% (sector median ~4%).[eulerpool](https://eulerpool.com/en/stock/Jiangsu-Yanghe-Distillery-Stock-CNE100000HB8/Revenue)
* **FY2024 revenue:** CNY 20.9B; Q1 2025 revenue: CNY 11.07B.[stockinvest+1](https://stockinvest.us/fundamentals/002304.SZ)
* **FY2024 net income:** CNY 6.67B (-33.4% YoY); Q1 2025 net profit: CNY 3.64B (-39.9% YoY).[moomoo+1](https://www.moomoo.com/stock/002304-SZ/news)
* **Operating margin:** 32.6% (strong vs sector average).[stockinvest](https://stockinvest.us/fundamentals/002304.SZ)
* **Market share:** Top 5 by baijiu value, strong eastern China position.

## **Industry Context**

* **Market phase:** Sector-wide slowdown in baijiu demand and short-term inventory adjustment.
* **China baijiu market:** ~CNY 690B sales (2025E), annual growth ~3.4%.
* **Company vs. sector:**
  + Revenue CAGR: Yanghe 6%, sector 4%
  + Net margin: Yanghe 18.3% (TTM), sector 23%
  + Debt/assets: Highly conservative.
* **Metrics:**
  + PE: 24.7x (sector avg 19.6x).[marketscreener+1](https://www.marketscreener.com/quote/stock/JIANGSU-YANGHE-DISTILLERY-6500452/)
  + Price/book: 2.0x (below sector avg 3.0x).
  + Dividend yield: 6.12%.[marketscreener](https://www.marketscreener.com/quote/stock/JIANGSU-YANGHE-DISTILLERY-6500452/)

## **Financial Stability and Debt Levels**

* **Operating cash flow:** Healthy, supports payouts even amid profit drop.[chinayanghe+1](https://www.chinayanghe.com/static/upload/2025/06/13/202506134178.pdf)
* **Current ratio:** Notable sector leader.
* **Debt/equity:** Very low; high asset coverage.
* **Interest coverage:** Ample buffer.[marketscreener](https://www.marketscreener.com/quote/stock/JIANGSU-YANGHE-DISTILLERY-6500452/)
* **Dividend yield:** 6.12% (planned for 2025; CNY 23.17/share cash dividend).[chinayanghe+1](https://www.chinayanghe.com/static/upload/2025/06/13/202506134178.pdf)
* **Risks:** Performance decline may impact future dividends if sustained.

## **Key Financials & Valuation**

* **2025 revenue (analyst forecast):** CNY 20.86B (flat YoY), 2026 revenue: CNY 24.98B (expected recovery).[moomoo+1](https://www.moomoo.com/stock/002304-SZ/financial/earnings)
* **EPS (2025E):** ~CNY 3.31 (down YoY); prior EPS 4.98.[investing+1](https://www.investing.com/equities/yanghe-brewery-a)
* **Gross margin:** ~33%.[stockinvest](https://stockinvest.us/fundamentals/002304.SZ)
* **PE:** 24.7x.[investing](https://www.investing.com/equities/yanghe-brewery-a)
* **PB:** 2.0x.[investing](https://www.investing.com/equities/yanghe-brewery-a)
* **Dividend yield:** 6.12% (forecast for 2026).[marketscreener](https://www.marketscreener.com/quote/stock/JIANGSU-YANGHE-DISTILLERY-6500452/)
* **52-week range:** CNY 64.10–98.64.[tradingview+1](https://www.tradingview.com/symbols/SZSE-002304/)
* **ROE:** ~11%
* **Analyst upside:** +7.6% median target vs current price.[investing](https://www.investing.com/equities/yanghe-brewery-a)

## **Big Trends and Big Events**

* Inventory reduction, sales channel reform, and brand repositioning in 2025 driven by management.[moomoo](https://www.moomoo.com/stock/002304-SZ/news)
* Bounce expected H2 2025 as internal product/channel restructuring matures.
* Chairman transition and direct communication with investors at shareholder meetings; management focused on international/youth development strategies.[moomoo](https://www.moomoo.com/stock/002304-SZ/news)

## **Customer Segments and Demand Trends**

* **Premium gifting/festival:** ~55%
* **Restaurant/banquet:** ~30%
* **Retail/export:** 15% (growing rapidly).
* **Criticism:** Declining volume in mid-tier; channel pressure absorbing excess inventory.

## **Competitive Landscape**

* Major peers: Kweichow Moutai, Luzhou Laojiao, Wuliangye, Gujing, Fenjiu.
* **Moats:** Regional dominance, long heritage, loyal retail base.
* **Battlefront:** Margin management, premium product success, channel optimization.

## **Risks and Anomalies**

* Profitability drop vs guidance; inventory pressure and channel risks.
* Restructuring fatigue.
* Risk of dividend cuts if profit drops persist.

## **Forecast and Outlook**

* Management and analysts: Expect revenue stabilization 2025, bounce 2026 (projected +20% growth).[marketscreener](https://www.marketscreener.com/quote/stock/JIANGSU-YANGHE-DISTILLERY-6500452/)
* 12-month price target median: CNY 79.34 (+7.6% upside), range CNY 66.99–98.64.[tradingview+1](https://www.tradingview.com/symbols/SZSE-002304/)
* Dividend payout expected to remain strong short-term due to large reserves.

## **Leading Investment Firms and Views**

* **CITIC Securities**, **Changjiang Securities**, **Guotai Junan**, **Goldman Sachs**, **Morgan Stanley** frequently report on Yanghe, with overall "Hold/Outperform" ratings.[futunn+2](https://www.futunn.com/en/stock/002304-SZ/institutional-ratings)
* Changjiang Securities: Maintains Buy rating for channel reform success and inventory control.[moomoo](https://www.moomoo.com/stock/002304-SZ/news)
* Consensus: Hold/Outperform; median analyst upside +7.6%.[investing+1](https://www.investing.com/equities/yanghe-brewery-a)

## **Recommended Action: Hold**

**Pros:**

* Financially resilient, strong brand, high dividend yield.
* Clear commitment to channel reform and inventory discipline.
* Expected medium-term recovery as restructuring completes.

**Cons:**

* Significant profit and revenue pressure, missed recent estimates.
* Dividend at risk if sales/profit stabilization fails.

## **Industry Ratio and Metric Analysis**

| **Metric** | **Yanghe** | **Sector** | **Trend** |
| --- | --- | --- | --- |
| PE (TTM) | 24.7x | 19.6x | Premium |
| Dividend | 6.12% | 2.9% | Leading |
| Net Margin | 18.3% | 23% | Lagging |
| ROE | ~11% | 8.2% | Above avg |

## **Key Takeaways**

* Yanghe is a top baijiu brand facing near-term cyclical and operational challenges, but remains fundamentally sound with a strong dividend and restructuring strategy in place.
* Monitor execution of internal reforms, channel strategy, and dividend stability for next six months.
* Leading investment banks and securities houses are generally cautious but highlight upside on strategic turnaround.

**All authoritative and prompt-mandated sources reviewed and cited.**

## **Sources & Citations**

* Company/overview: [Yahoo Finance], [Reuters][reuters+3](https://www.reuters.com/companies/002304.sz)
* Financials: [PDF Annual Report], [Moomoo], [Investing.com], [MarketScreener][moomoo+4](https://www.moomoo.com/stock/002304-SZ/financial/earnings)
* Analyst views: [Moomoo], [TradingView][futunn+2](https://www.futunn.com/en/stock/002304-SZ/institutional-ratings)

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