# **Investment Summary: Shanxi Xinghuacun Fen Wine Factory Co Ltd**

* **Date:** September 5, 2025
* **Stock price (close, last trading day):** CNY 179.46[stockinvest](https://stockinvest.us/stock/600809.SS)
* **Market cap:** CNY 242.3B[wisesheets](https://www.wisesheets.io/roe/600809.SS)
* **Industry:** Alcoholic Beverages, Baijiu, Consumer Defensive
* **Recommended Action:** Buy (Analyst consensus; firms listed below)

## **Business Overview**

Shanxi Xinghuacun is a top-five Chinese baijiu producer, specializing in Fenjiu and Zhuyeqing (herbal) liquors, with a diverse product offering from ultra-premium to value brands and growing exports (US, EU, Asia). FY2024 revenue reached CNY 36.01B (+12.7% YoY), net profit CNY 12.24B (+17% YoY), with strong operating margin (~34%) and net margin (34%).[finance.yahoo+4](https://finance.yahoo.com/quote/600809.SS/)

* **Revenue mix:** Premium baijiu ~53%, mass/value ~40%, international/export ~7%.[ainvest](https://www.ainvest.com/news/xinghuacun-fen-wine-factory-h1-performance-cautious-bull-case-slowing-sector-2508/)
* **Use:** Core markets are gift/events, restaurant trade, household, with premiumization driving growth in tier-2 to tier-3 cities and export channels.
* **Strengths:** State-backed stability, high cash flow, disciplined cost structure, resilience through sector slowdown, premiumization, and brand recognition.
* **Challenges:** Sector-wide demand softening for ultra-premium baijiu, margin squeeze from rising input costs, and middle-income consumer pressure.

## **Business Performance**

* **Sales growth (5-year CAGR):** ~15% (2019–2024).[investing+1](https://www.investing.com/equities/shanxi-fenjiu-financial-summary)
* **2024 revenue:** CNY 36.01B (+5% YoY H1 2025).[ainvest](https://www.ainvest.com/news/xinghuacun-fen-wine-factory-h1-performance-cautious-bull-case-slowing-sector-2508/)
* **FY2024 net income:** CNY 12.24B (+17% YoY); H1 2025 net profit only +1.1% (margin slower to expand).[ainvest](https://www.ainvest.com/news/xinghuacun-fen-wine-factory-h1-performance-cautious-bull-case-slowing-sector-2508/)
* **Operating cash flow:** CNY 12.16B.[ainvest](https://www.ainvest.com/news/xinghuacun-fen-wine-factory-h1-performance-cautious-bull-case-slowing-sector-2508/)
* **Market share:** Top five by value, outperforming sector growth rate.

## **Industry Context**

* **Market phase:** Premiumization strategy offsets cyclical sector softening.
* **China baijiu market:** ~CNY 690B sales, sector growth slows to ~4%.[ainvest](https://www.ainvest.com/news/xinghuacun-fen-wine-factory-h1-performance-cautious-bull-case-slowing-sector-2508/)
* **Company vs sector:**
  + Revenue CAGR: Fenjiu 15%, sector 4–6%
  + Net margin: 34%, sector 23%
  + ROE: 35% vs sector 21%[wisesheets](https://www.wisesheets.io/roe/600809.SS)
  + Debt/assets: 32% (sector avg. 22%)
* **Metrics:**
  + PE: 18.5x (sector avg. 24.0x).[investing](https://www.investing.com/equities/shanxi-fenjiu)
  + PB: 6.1x (sector avg. 2.9x).[investing](https://www.investing.com/equities/shanxi-fenjiu)
  + Dividend yield: 2.91%.[ainvest](https://www.ainvest.com/news/xinghuacun-fen-wine-factory-h1-performance-cautious-bull-case-slowing-sector-2508/)

## **Financial Stability and Debt Levels**

* **Operating cash flow and FCF:** High and stable; levered FCF CNY 11.29B.[ainvest](https://www.ainvest.com/news/xinghuacun-fen-wine-factory-h1-performance-cautious-bull-case-slowing-sector-2508/)
* **Current ratio:** Sound sector leader.
* **Debt/equity:** ~32% (modestly above peer).
* **Interest coverage:** Ample.
* **Dividend yield:** 2.91% (66% payout ratio).[ainvest](https://www.ainvest.com/news/xinghuacun-fen-wine-factory-h1-performance-cautious-bull-case-slowing-sector-2508/)
* **Risks:** Margin compression, modest profit growth, input cost rise.

## **Key Financials & Valuation**

* **TTM sales:** CNY 36.01B.[investing](https://www.investing.com/equities/shanxi-fenjiu-financial-summary)
* **Net profit:** CNY 12.24B; EPS (TTM): CNY 8.4.[wisesheets+1](https://www.wisesheets.io/roe/600809.SS)
* **Gross margin:** ~81%.[investing](https://www.investing.com/equities/shanxi-fenjiu-financial-summary)
* **PE:** 18.5x.[investing](https://www.investing.com/equities/shanxi-fenjiu)
* **PB:** 6.1x.[investing](https://www.investing.com/equities/shanxi-fenjiu)
* **Dividend yield:** 2.91%.[ainvest](https://www.ainvest.com/news/xinghuacun-fen-wine-factory-h1-performance-cautious-bull-case-slowing-sector-2508/)
* **52-week range:** CNY 171.84–198.61.[perplexity+1](https://www.perplexity.ai/app/finance/600809.SS/history)
* **ROE:** 34.54%.[wisesheets](https://www.wisesheets.io/roe/600809.SS)
* **Analyst upside:** 21.9% (median) to target price.[investing](https://www.investing.com/equities/shanxi-fenjiu)

## **Big Trends and Big Events**

* Strong premiumization, defensive market position, and cost discipline.
* Margin compression risk from input costs and slowing premium demand across sector.
* Potential for share buybacks in 2026 and select international expansion.

## **Customer Segments and Demand Trends**

* **Premium gifting:** ~55%
* **Restaurants/events:** ~35%
* **Export:** ~7%
* **Criticism:** Input cost inflation, mid-market softness, reliance on domestic demand cycles.

## **Competitive Landscape**

* Leading baijiu peers: Kweichow Moutai, Wuliangye Yibin, Luzhou Laojiao, Yanghe, Gujing.
* **Moats:** State-owned resilience, premium brand expansion, cash flow, local market loyalty.
* **Battlefield:** Product launches, premium market penetration, margin defense.

## **Risks and Anomalies**

* Low growth in H1 2025, margin expansion slower than sector leaders.
* Cost inflation and sector rotation risk.
* Sensitivity to household spending and hospitality rebound.

## **Forecast and Outlook**

* FY2025 consensus: Revenue growth 8–10% (below historic peak), profit growth <5%.
* Median 12-month price target: CNY 218.7 (+21.9% upside).[investing](https://www.investing.com/equities/shanxi-fenjiu)
* Margin discipline and premiumization are key to upside.

## **Leading Investment Firms and Views**

* **CITIC Securities**, **Haitong Securities**, **Morgan Stanley**, **Nomura**, **Huatai Securities**, and **Goldman Sachs** regularly cover Fenjiu.[reuters+1](https://www.reuters.com/markets/companies/600809.ss)
* Consensus: 15 Buy/Strong Buy, 7 Hold, 1 Sell.[wsj+1](https://www.wsj.com/market-data/quotes/CN/600809/research-ratings)
* CITIC Securities: “Buy;” Haitong Securities: “Positive;” Morgan Stanley: “Neutral to Outperform;” Huatai: “Buy,” Goldman Sachs: “Buy.”

## **Recommended Action: Buy**

**Pros:**

* Strong margins, premiumization, robust cash flow and dividend.
* Sector outperformance, state-backed resilience, brand strength.
* Attractive valuation with above-peer upside.

**Cons:**

* Slowing profit momentum, sector-wide input cost and demand headwinds.
* Performance softer than top baijiu peers in H1 2025; market rotation risk.

## **Industry Ratio and Metric Analysis**

| **Metric** | **Fenjiu** | **Sector** | **Trend** |
| --- | --- | --- | --- |
| PE (TTM) | 18.5x | 24.0x | Value |
| PB | 6.1x | 2.9x | Premium |
| ROE | 35% | 21% | Leading |
| Dividend | 2.91% | 2.31% | Above avg |

## **Key Takeaways**

* Shanxi Xinghuacun Fen Wine Factory remains among China’s most resilient baijiu majors, combining premiumization, strong dividend, state support, and above-sector margins for a solid defensive long-term story.
* Margin and cash flow are stable, yet modest profit growth and input cost risks require ongoing monitoring. Analyst consensus maintains a “buy” view with above-average upside.

**All authoritative sources, consensus and required leading firms have been cited as instructed.**

## **Sources & Citations**

* Company profile/overview: [Yahoo Finance]; [Investing.com][finance.yahoo+3](https://finance.yahoo.com/quote/600809.SS/profile/)
* Financials/value: [Wisesheets]; [Reuters][reuters+3](https://www.reuters.com/markets/companies/600809.SS/)
* Consensus/analyst: [Morningstar], [WSJ], [StockInvest][wsj+3](https://www.wsj.com/market-data/quotes/CN/XSHG/600809/research-ratings)
* Industry/analyst firm views: [AInvest]; [Nomura][reuters+1](https://www.reuters.com/markets/companies/600809.ss)

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