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Haidilao International Holding Ltd | Asia Pacific

Mar-24 Operational Updates

**(-) Table turn in March** was weaker MoM and down in high-single-digits% YoY (vs. down low-single-digits % in Jan-Feb). The trend was slightly weaker than expected, but should be in line with overall industry trend, likely due to stronger holiday effect amid still-weak macro background. ASP trend should be stable MoM given disciplined pricing strategy.

**(-) Store network:** Self-operated Haidilao (four gross openings but seven gross closures; net down three in March); YEAH Qing BBQ (up one). In 1Q24, store opening pace of self-operated Haidilao (net down seven) were weaker than expected.

**Our take:** The macro situation is highly fluid, and we will be watchful of potential drag on consumption sentiment amid tariff uncertainties. On the positive side, potential acceleration of domestic stimulus on consumption could benefit Haidilao more compared to other Chinese restaurant peers given its stronger brand effect and more solid execution.

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Haidilao International Holding Ltd (6862.HK, 6862 HK)				
China/Hong Kong Consumer   China				
Stock Rating	Overweight			
Industry View	In-Line			
Price target	HK\$20.00			
Up/downside to price target (%)	13			
Shr price, close (Apr 11, 2025)	HK\$17.74			
52-Week Range	HK\$20.90-11.42			
Sh out, dil, curr (mn)	5,415			
Mkt cap, curr (mn)	Rmb90,376			
EV, curr (mn)	Rmb78,062			
Avg daily trading value (mn)	HK\$324			
Fiscal Year Ending	12/24	12/25e	12/26e	12/27e
EPS (Rmb)**	0.87	0.99	1.12	1.27
Prior EPS (Rmb)**	-	-	-	-
EPS (Rmb)\$	0.81	0.95	1.06	1.16
Revenue, net (Rmb mn)	42,755	45,930	50,436	56,209
EBITDA (Rmb mn)	8,418	9,002	9,603	10,435
Net income (Rmb mn)*	4,708	5,338	6,063	6,896
P/E	17.2	16.9	14.9	13.1
P/BV	5.0	4.2	3.3	2.6
RNOA (%)	95.0	129.9	559.6	249.9
ROE (%)	40.8	32.9	28.1	25.0
EV/EBITDA	8.1	7.8	6.8	5.6
Div yld (%)	5.5	5.3	5.3	5.7
FCF yld ratio (%)**	7.4	7.4	7.7	8.5
Leverage (EOP) (%)	(38.0)	(45.9)	(34.5)	(33.7)

Unless otherwise noted, all metrics are based on Morgan Stanley ModelWare framework  
\*\* = Based on consensus methodology  
\$ = Consensus data is provided by Refinitiv Estimates  
\* = GAAP or approximated based on GAAP  
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## Valuation Methodology and Risks

### **Haidilao International Holding Ltd (6862.HK)**

Base case, target P/E of 19x 2025e earnings. Its self-help strategy should support sustain solid demand trend and better store opening outlook . Our target P/E factors in weaker overall consumption sentiment amid macro uncertainties. It is 1SD below the average valuation since 2018. We see this as reasonable considering we project 14% 2025-27e EPS CAGR, and potential faster new store openings could serve as an upside surprise.

#### **Risks to Upside**

- Faster recovery in the macro economy
- Better-than-expected demand recovery
- Faster pace of new store openings

#### **Risks to Downside**

- Slower ramp-up in table turn recovery
- Raw material cost inflation
- Delays in new store openings
- Greater-than-expected staff cost increase or overly aggressive cost controls that dampen service quality and, hence, medium-term growth outlook

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(as of March 31, 2025)

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Stock Rating Category	Coverage Universe		Investment Banking Clients (IBC)			Other Material Investment Services Clients (MISC)	
	Count	% of Total	Count	% of Total IBC	% of Rating Category	Count	% of Total Other MISC
Overweight/Buy	1516	40%	387	46%	26%	694	40%
Equal-weight/Hold	1682	44%	380	45%	23%	805	47%
Not-Rated/Hold	3	0%	0	0%	0%	0	0%
Underweight/Sell	598	16%	81	10%	14%	227	13%
Total	3,799		848			1726	

Data include common stock and ADRs currently assigned ratings. Investment Banking Clients are companies from whom Morgan Stanley received investment banking compensation in the last 12 months. Due to rounding off of decimals, the percentages provided in the "% of total" column may not add up to exactly 100 percent.

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## Stock Price, Price Target and Rating History (See Rating Definitions)

### Haidilao International Holding Ltd (6862.HK) - As of 04/11/25 GMT in HKD Industry : China/Hong Kong Consumer



Stock Rating History: 4/1/20 : E/I; 5/26/21 : O/I

Price Target History: 10/8/19 : 35; 9/14/20 : 56; 3/25/21 : 60; 3/31/21 : 56; 5/26/21 : 55; 7/30/21 : 45; 2/18/22 : 26; 3/17/22 : 17; 8/31/22 : 20; 2/20/23 : 24; 4/3/23 : 26; 7/13/23 : 25; 8/31/23 : 26; 1/4/24 : 20; 7/20/24 : 18; 3/27/25 : 20

Source: Morgan Stanley Research Date Format : MM/DD/YY Price Target --- No Price Target Assigned (NA)

Stock Price (Not Covered by Current Analyst) — Stock Price (Covered by Current Analyst) —

Stock and Industry Ratings (abbreviations below) appear as ♦ Stock Rating/Industry View

Stock Ratings: Overweight (O) Equal-weight (E) Underweight (U) Not-Rated (NR) No Rating Available (NA)

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## INDUSTRY COVERAGE: China/Hong Kong Consumer

COMPANY (TICKER)	RATING (AS OF)	PRICE* (04/11/2025)
<b>Carol Xia</b>		
Angel Yeast Co. Ltd. (600298.SS)	O (02/20/2025)	Rmb33.37
Bosideng International Holdings Limited (3998.HK)	O (11/27/2024)	HK\$3.89
Chacha Food Co Ltd (002557.SZ)	U (02/20/2025)	Rmb26.17
Foshan Haitian Flavouring and Food (603288.SS)	++	Rmb42.04
Jonjee Hi-Tech (600872.SS)	U (12/18/2024)	Rmb21.40
Weilong Delicious Global Holdings Ltd (9985.HK)	O (07/19/2024)	HK\$16.10
Yihai International Holding Ltd (1579.HK)	E (03/01/2024)	HK\$13.42
<b>Dustin Wei</b>		
ANTA Sports Products (2020.HK)	O (04/12/2019)	HK\$83.85
C&S Paper Co Ltd (002511.SZ)	U (09/22/2021)	Rmb6.41
Giant Biogene Holding Co Ltd (2367.HK)	O (08/08/2024)	HK\$69.20
Health and Happiness (H&H) (1112.HK)	E (07/12/2021)	HK\$9.73
Hengan International Group (1044.HK)	E (05/06/2021)	HK\$20.75
Li Ning (2331.HK)	O (10/09/2019)	HK\$15.26
Pop Mart International Group (9992.HK)	O (05/17/2021)	HK\$149.50
Proya Cosmetics Co. Ltd. (603605.SS)	O (10/12/2021)	Rmb78.20
Samsonite Group (1910.HK)	O (06/15/2020)	HK\$13.70
Shanghai Jahwa United Co. Ltd. (600315.SS)	U (07/07/2023)	Rmb20.92
Sun Art Retail Group Limited (6808.HK)	E (03/05/2019)	HK\$1.89
Topsports International Holdings Ltd (6110.HK)	O (11/13/2019)	HK\$2.81
Yonghui Superstores (601933.SS)	U (05/18/2023)	Rmb6.03
Zhou Hei Ya International Holdings (1458.HK)	E (08/02/2022)	HK\$2.27
<b>Hildy Ling</b>		
Beijing Roborock Technology Co Ltd (688169.SS)	O (09/25/2024)	Rmb190.80
China Tourism Group Duty Free (1880.HK)	E (12/13/2023)	HK\$54.00
China Tourism Group Duty Free (601888.SS)	E (12/13/2023)	Rmb67.95
Chow Tai Fook Jewellery Group Ltd (1929.HK)	O (03/04/2025)	HK\$9.07
Chow Tai Seng Jewellery Co Ltd (002867.SZ)	U (03/04/2025)	Rmb13.08
Ecovacs Robotics Co Ltd (603486.SS)	E (10/30/2023)	Rmb49.96
Haidilao International Holding Ltd (6862.HK)	O (05/26/2021)	HK\$17.74



Hangzhou Robam Appliances Co Ltd (002508.SZ)	U (02/21/2024)	Rmb22.16
Jiumaojiu International Holdings Ltd (9922.HK)	U (01/20/2025)	HK\$2.65
Joyoung Co Ltd (002242.SZ)	U (09/25/2024)	Rmb9.13
Lao Feng Xiang Co Ltd (600612.SS)	U (06/04/2021)	Rmb48.84
Laopu Gold (6181.HK)	E (03/04/2025)	HK\$743.00
Oppein Home Group Inc. (603833.SS)	U (02/21/2024)	Rmb67.59
Suofeiya Home Collection Co. Ltd (002572.SZ)	U (02/21/2024)	Rmb16.22
Super Hi (HDL.O)	E (01/14/2025)	US\$20.35
Zhejiang Supor Co. Ltd. (002032.SZ)	E (01/17/2022)	Rmb56.44
<b>Lillian Lou</b>		
Anhui Gujing Distillery Company Limited (000596.SZ)	E (11/22/2022)	Rmb175.60
Budweiser Brewing Company APAC Ltd (1876.HK)	O (11/04/2019)	HK\$8.49
China Mengniu Dairy (2319.HK)	O (09/14/2017)	HK\$19.68
China Resources Beer Holdings Co Ltd (0291.HK)	O (12/11/2018)	HK\$28.55
Chongqing Brewery Co. Ltd. (600132.SS)	U (07/30/2021)	Rmb58.84
Gree Electric Appliances Inc of Zhuhai (000651.SZ)	O (04/14/2020)	Rmb45.10
Haier Smart Home Co Ltd (600690.SS)	E (01/17/2022)	Rmb25.07
Haier Smart Home Co Ltd (6690.HK)	E (01/17/2022)	HK\$21.60
Kweichow Moutai Company Ltd. (600519.SS)	O (10/17/2014)	Rmb1,568.98
Luzhou Lao Jiao Co. Ltd (000568.SZ)	E (01/23/2019)	Rmb130.17
Midea Group Co Ltd. (0300.HK)	O (11/01/2024)	HK\$69.50
Midea Group Co Ltd. (000333.SZ)	O (01/17/2022)	Rmb70.49
Nayuki Holdings Ltd (2150.HK)	U (11/01/2024)	HK\$0.94
Nongfu Spring Co Ltd (9633.HK)	E (07/30/2021)	HK\$35.10
Shanxi Xinghuacun Fen Wine Factory Co. (600809.SS)	O (10/28/2020)	Rmb220.99
Shuanghui Development (000895.SZ)	U (03/16/2021)	Rmb27.48
Tsingtao Brewery Co Ltd (0168.HK)	E (11/01/2024)	HK\$60.10
Tsingtao Brewery Co Ltd (600600.SS)	E (02/28/2024)	Rmb79.63
WH Group (0288.HK)	O (02/24/2025)	HK\$6.72
Wuliangye Yibin Company Ltd. (000858.SZ)	E (08/15/2024)	Rmb131.60
Yanghe Brewery (002304.SZ)	U (01/05/2021)	Rmb74.09
Yanjing Brewery (000729.SZ)	U (09/02/2015)	Rmb12.84
Yili Industrial (600887.SS)	O (01/29/2014)	Rmb29.25
Yum China Holdings Inc. (YUMC.N)	O (03/20/2018)	US\$44.82
<b>Terence Cheng</b>		
Chervon Holdings Ltd. (2285.HK)	E (04/12/2024)	HK\$11.78
Crystal International Group Ltd. (2232.HK)	O (01/26/2024)	HK\$4.24
Gongniu Group Co Ltd (603195.SS)	O (05/08/2023)	Rmb70.69
Hangzhou Greatstar Industrial Co Ltd (002444.SZ)	E (10/26/2022)	Rmb23.63
Huali Industrial Group Co (300979.SZ)	E (10/09/2024)	Rmb56.14
Shenzhen International Group Holdings (2313.HK)	O (07/13/2017)	HK\$48.45
Stella International Holdings Ltd (1836.HK)	O (05/21/2020)	HK\$14.18
Techtronic Industries Co Ltd (0669.HK)	O (12/05/2019)	HK\$73.75
Yue Yuen Industrial Hldg (0551.HK)	E (09/14/2021)	HK\$11.20
<b>Wilkins Tong</b>		
China Foods Limited (0506.HK)	E (04/17/2024)	HK\$2.97
Tingyi (Cayman Islands) (0322.HK)	O (08/24/2022)	HK\$13.24
Uni-President China (0220.HK)	U (09/11/2024)	HK\$8.89
Want Want China Holdings Ltd (0151.HK)	E (11/29/2023)	HK\$4.91
ZJLD Group (6979.HK)	O (08/15/2024)	HK\$6.86

Stock Ratings are subject to change. Please see latest research for each company.

\* Historical prices are not split adjusted.