



# China Food And Beverage

Outdoor And Leisure To Prop Up Demand

Maggie Xie, Associate Director  
Flora Chang, Associate Director

February 4, 2025

**S&P Global**  
Ratings

*This report does not constitute a rating action*

# Key Takeaways

- We expect overall growth in China's food and beverage (F&B) sector to slow to 5%-6% in 2025 from 8.2% in 2024. This is higher than our 2025 GDP growth forecast of 4.1%, driven by higher outdoor and leisure demand.
- Higher U.S tariffs on China exports would have minimal direct impact on rated F&B companies, whose focus is on domestic market. Indirect hits to revenue could come from weakening employment, income and sentiment.
- Most rated F&B and catering companies have stable outlooks. Mengniu has thinner rating buffer than that of others. We have a negative outlook on Health and Happiness (H&H), on weak demand for its products.

## By Sector

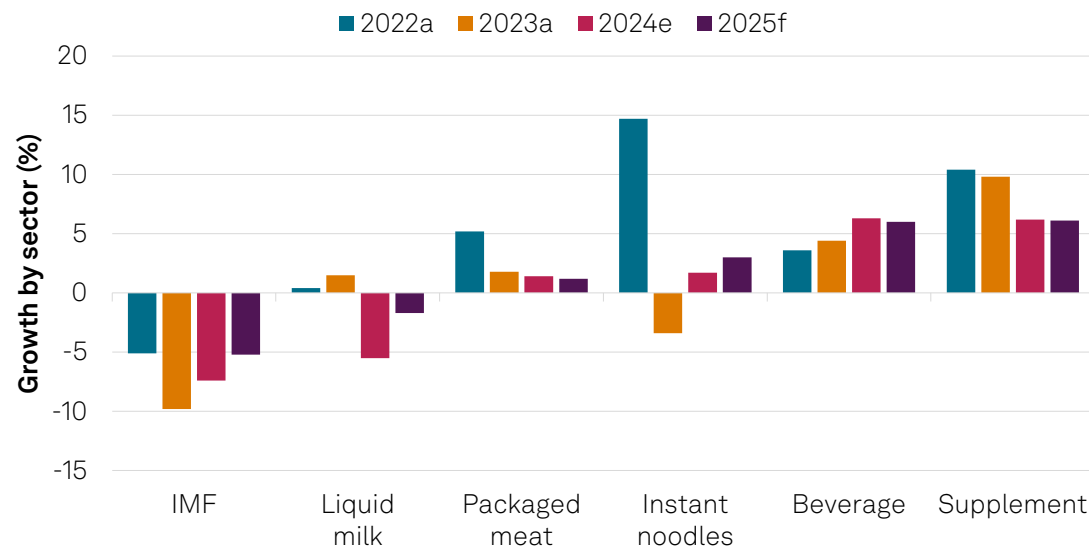
- Dairy producers should see a mild contraction in revenue, with continued oversupply weighing on prices. This should end in the second half, however, allowing for a gradual recovery in margins for raw milk farmers.
- Elevated interest in preventive health should support momentum in the healthy drinks and supplements segments.
- Increasing consumption of pre-cooked food will support a stable rate of growth for packaged food.
- Catering sales should expand by 5%-6% in 2025. Delivery will be the main driver.

# 2025 Outlook

# China F&B Sector Growth To Hold Up After Strong 2024

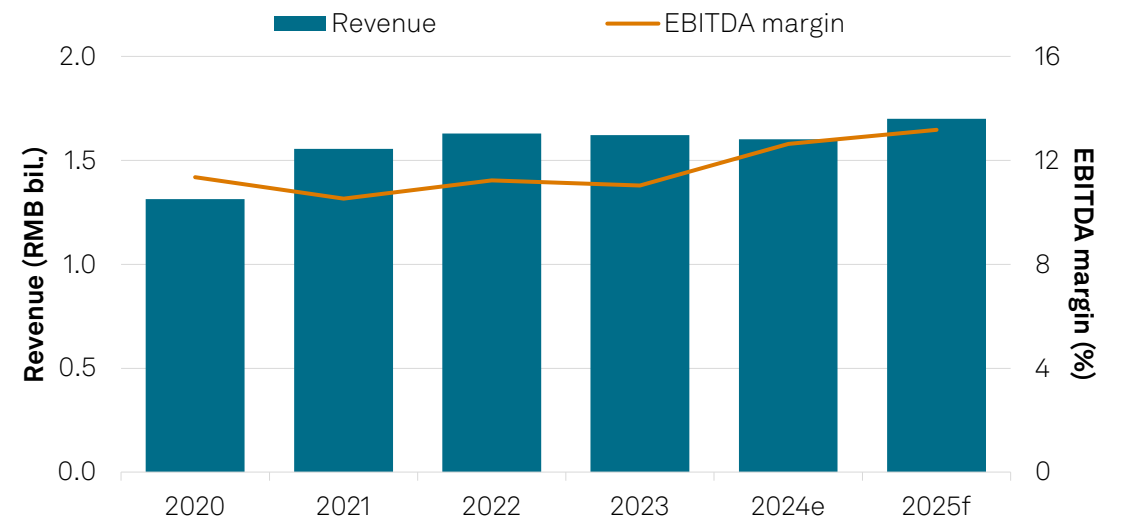
- F&B sales should grow 5%-6% in 2025. Beverage and supplements will grow quicker than other categories, benefiting from increasing health consciousness of Chinese consumers since the pandemic. Dairy will keep declining, though mildly, and drag the total growth.
- Consumers will keep trading down for deals, but the magnitude of the decline should moderate.
- EBITDA margins across the sector will likely benefit from lower input costs. Part of the gains could be spent on selling and advertising.

## Beverages and supplements are the bright spots



e--Estimate. f--Forecast. IMF--Infant milk formula.  
Sources: Company disclosure, Euromonitor, iimedia research, China Beverage Industry Association, S&P Global Ratings.

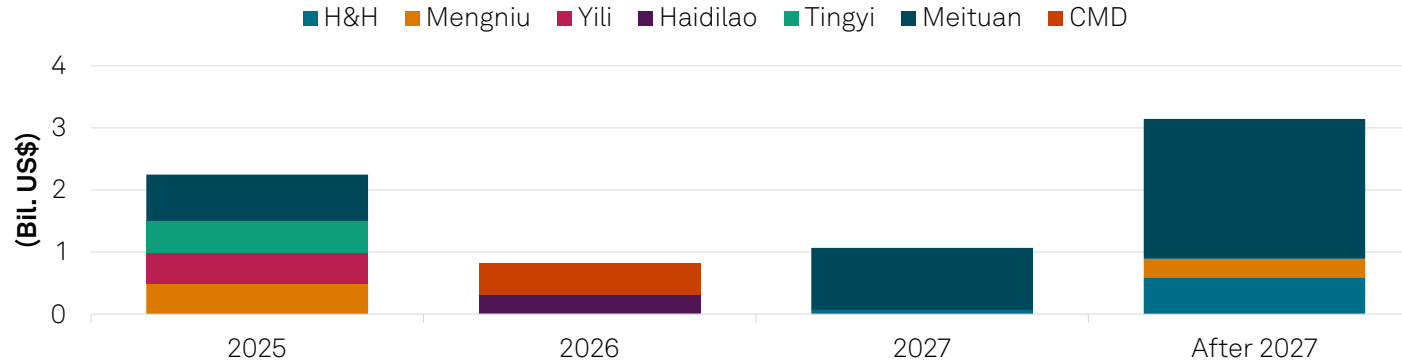
## Improved profitability with reducing input costs



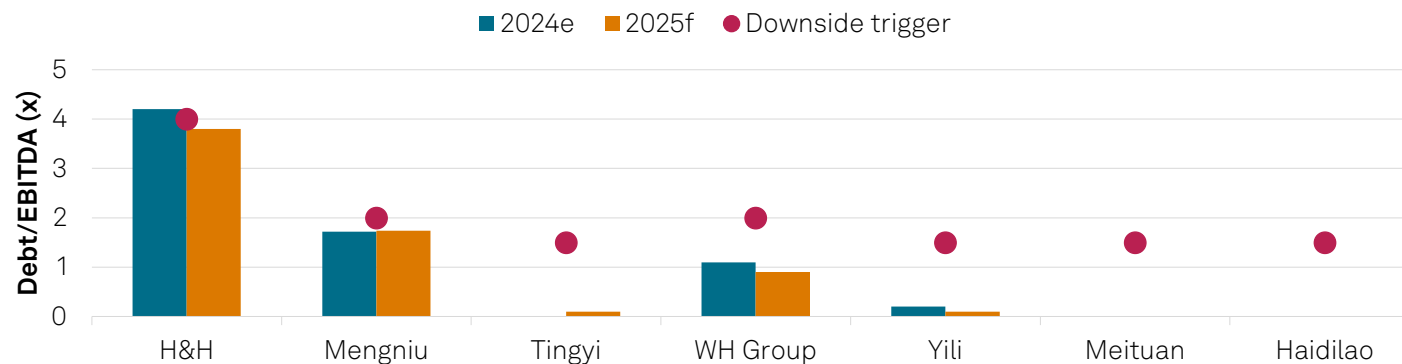
Top 30 listed Chinese downstream F&B firms' consensus forecasts in Bloomberg are used for 2024-2025.  
e--Estimate. f--Forecast. RMB--Chinese renminbi. Sources: Bloomberg, S&P Global Ratings.

# Stable Outlooks; Though Some Peers Are Skating On Thinner Rating Buffers

## Sizable offshore bond maturities in 2025



## Most companies should see lower leverage in 2025



e--Estimate. f--Forecast. CMD--China Modern Dairy Holdings Ltd. Source: Company disclosure, S&P Global Ratings.

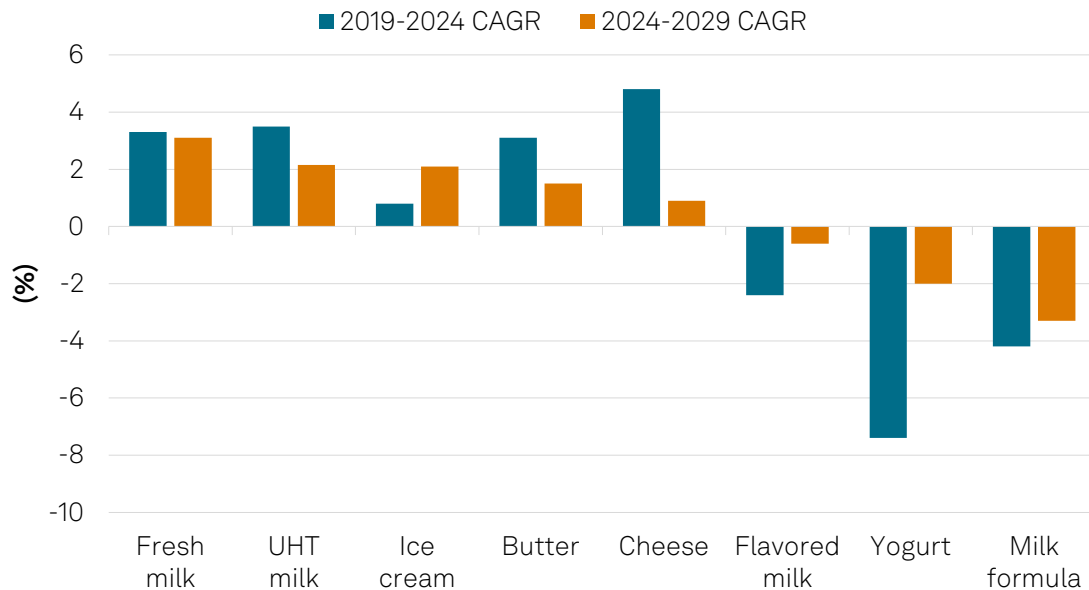
- Most rated F&B companies have stable outlooks with improving leverage and adequate liquidity.
- Mengniu's rating buffer is thinner than rated peers due to recent slow earnings growth. Our stable outlook is underpinned by higher margins and solid cash flow.
- H&H's negative outlook reflects the risk of demand falling short of our revised-down expectations, and leverage exceeding our 4.0x downgrade threshold. Our base case is debt to EBITDA at 3.8x by end-2025.
- Rated F&B companies' offshore bond maturities are set to peak in 2025. Some will likely tap the offshore bond market this year for refinancing.

# Segment Trends and Risks

# Dairy: Oversupply Should End In 2025

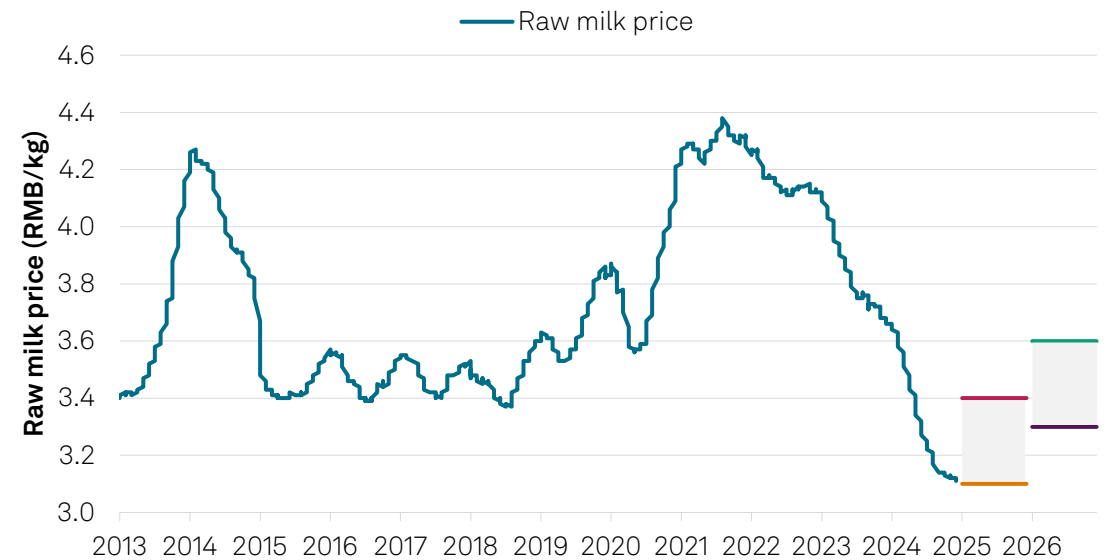
- Dairy revenues will decline 1%-3% in 2025. This is due to milk-product downtrading and structural decline of infant milk formula.
- Raw milk price should bottom out by the second half of 2025 with lower supply as more small producers exit the market.
- We expect a minimal margin improvement from 2024 highs as producers continue promotions amid weakening demand.

## Milk formula and Yogurt to lead dairy sector's decline



CAGR--Compound average growth rate. UHT--Ultra-high temperature milk. Sources: Euromonitor, S&P Global Ratings.

## Raw milk price may recover in the second half of 2025

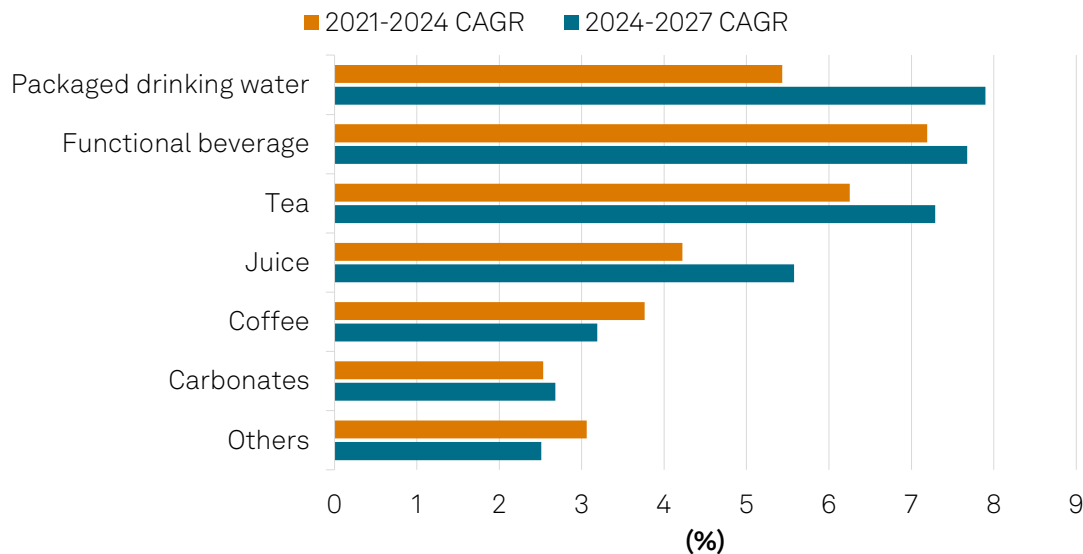


RMB--Chinese Renminbi. Kg--Kilogram. Sources: NBS, S&P Global Ratings.

# Beverage & Supplements: Growth Driven By Health Awareness

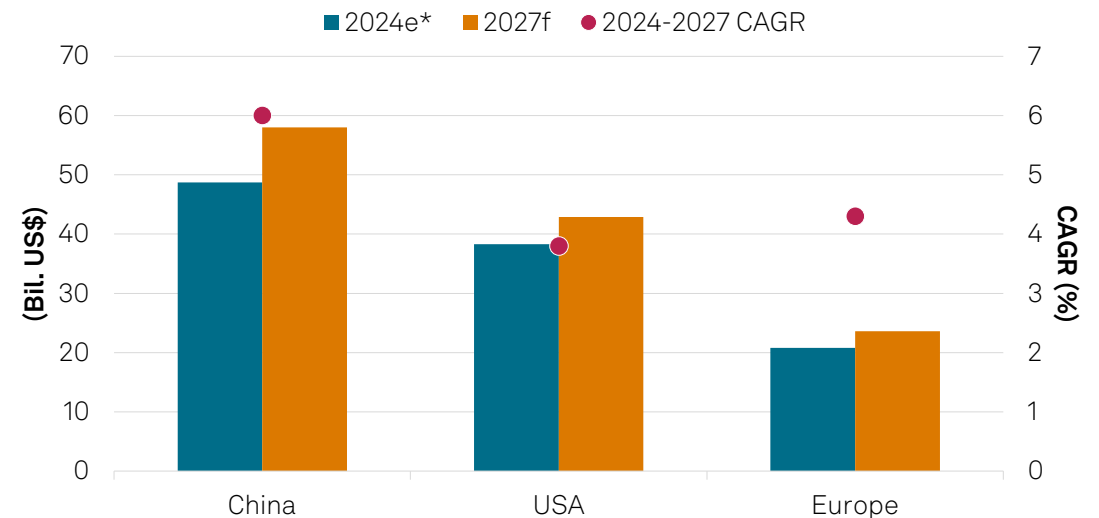
- Beverage to grow 6% in 2025, fueled by rising outdoor activities and wellness demand, particularly in bottled water, ready-to-drink tea, and low-sugar drinks such as coconut water.
- We project key input prices, like sugar and PET\*, to fall 2%-6% in 2025, supporting slight margin expansion for beverage companies.
- Supplements growth will be solid but may slow versus prior years as demand is more discretionary and sensitive to sentiment.

## Bottled water and RTD beverage to drive growth



\*PET--Polyethylene Terephthalate. CAGR--Compound average growth rate.  
Sources: China Beverage Industry Association, S&P Global Ratings.

## Chinese supplements to grow 6% in the medium term



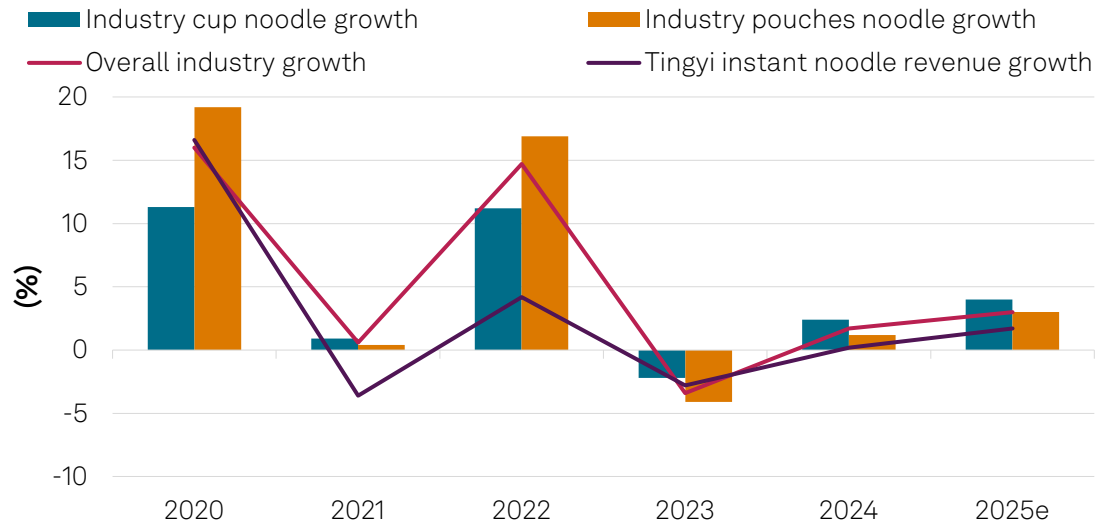
\*China 2024 numbers are from iimedia research forecast while that of USA and Europe are reported actuals from Euromonitor. e--Estimate. f--Forecast. Sources: Euromonitor, iimedia research, S&P Global Ratings.



# Noodles: Increased Travel Will Help Cup Noodle To Outperform

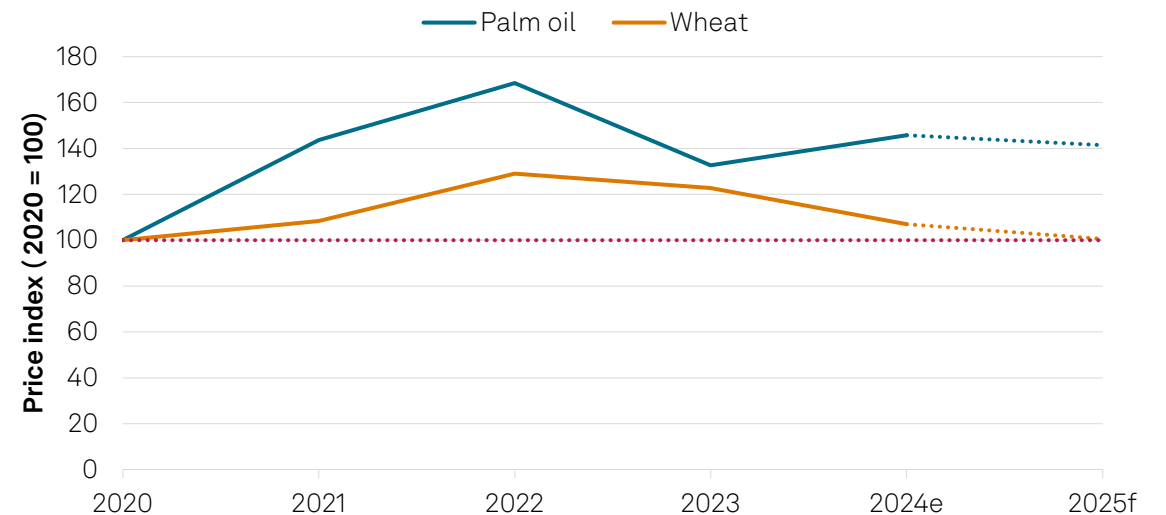
- Instant noodles should see normalized growth of 2%-4% in 2025, supported by consumers' preference of value-oriented products. Large volatility in 2020-2023 was due to pandemic lockdowns.
- Cup noodle should grow faster than pouches because of the former's positive correlation with consumption during travel.
- Margins will expand for companies like Tingyi and Uni-president on input price decline, despite partial offset from marketing expenses.

## Cup noodle's growth to benefit Tingyi



Industry growth is calculated based on market retail value. e--Estimate.  
Sources: Euromonitor, Company data, S&P Global Ratings.

## Prices of noodle's major raw materials to drop in 2025

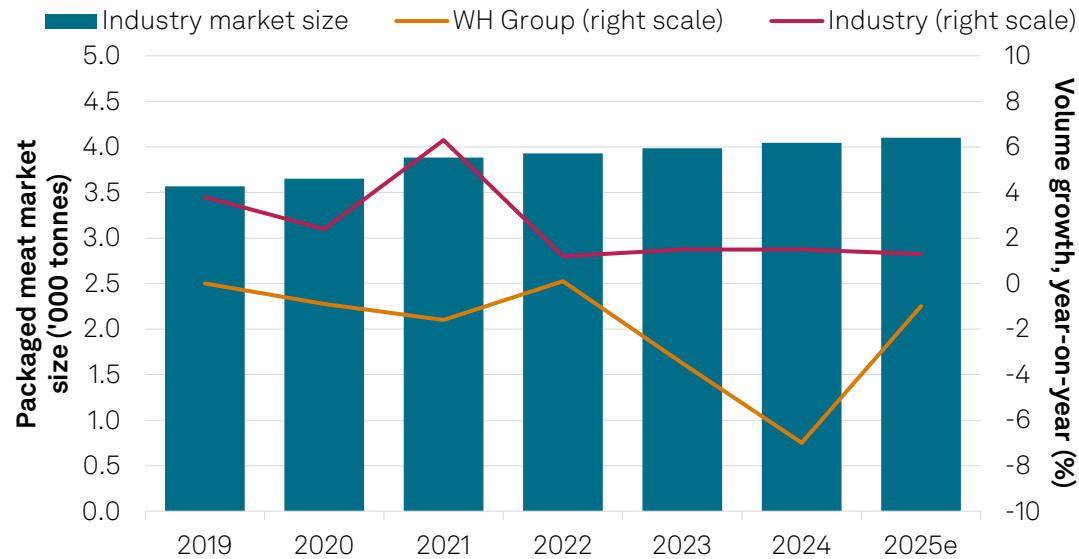


e--Estimate. f--Forecast.  
Sources: WIND, S&P Global Commodity Insights.

# Protein: Low Hog Prices To Benefit Processors

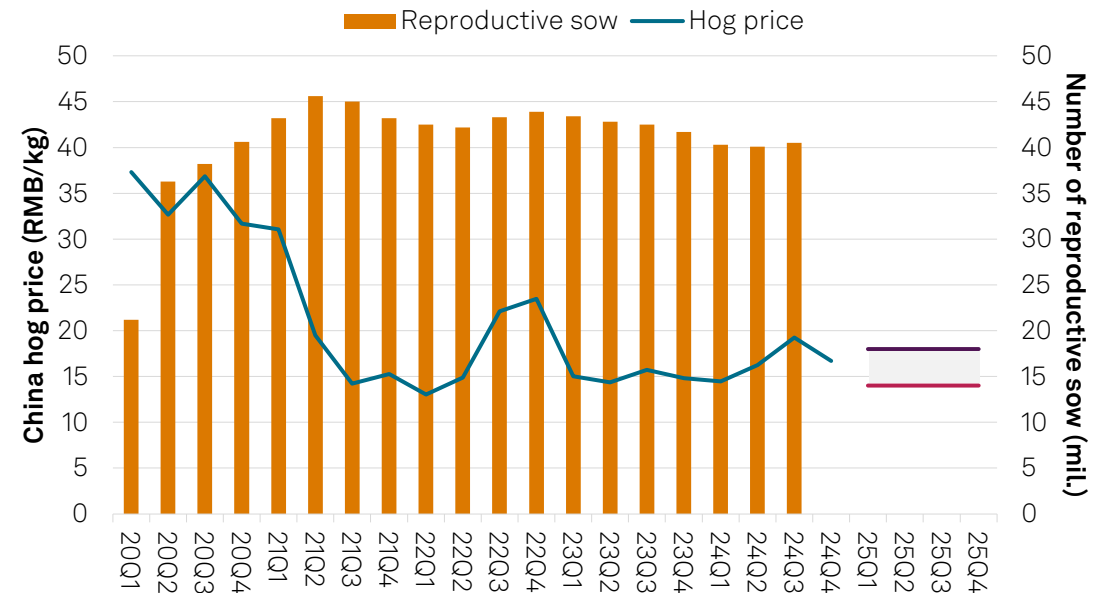
- Packaged meat should grow 0%-2% in 2025, hurt by cheaper offerings from food-delivery platforms and limited product innovation.
- Channel expansion on-and-off-line should reduce the volume decline of WH Group's domestic packaged meat business in 2025.
- Hog prices will likely drop in 2025, but with less magnitude than in 2021 and 2023. This will slightly benefit downstream margins.

## WH's packaged meat volume trend to catch up



e--Estimate.  
Sources: Company disclosure, Euromonitor, S&P Global Ratings.

## China hog price to drop with increasing reproductive sow

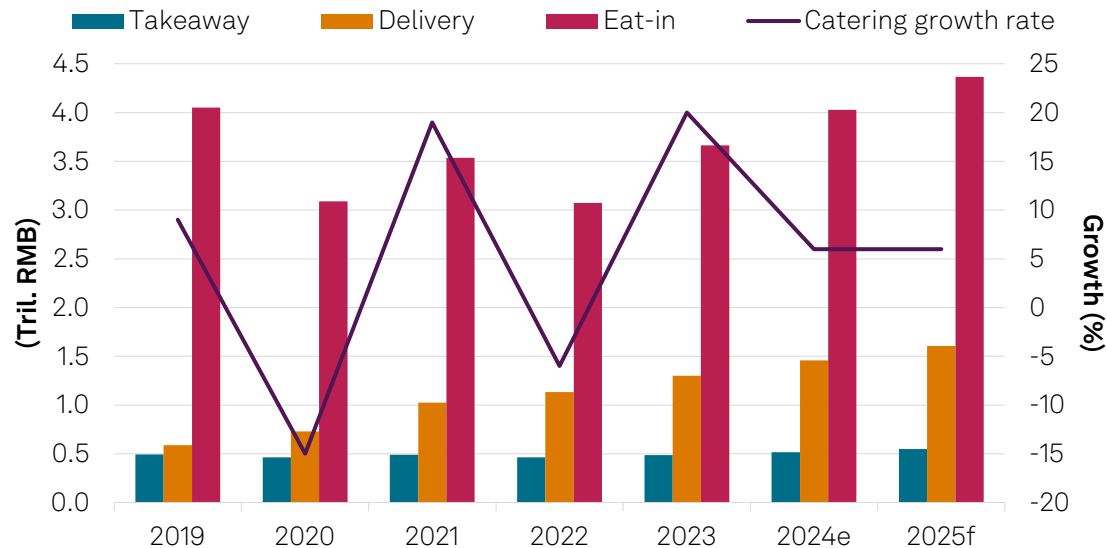


RMB--Chinese renminbi. Kg--Kilogram.  
Sources: WIND, S&P Global Ratings.

# Restaurants: Stabilizing Average Spending

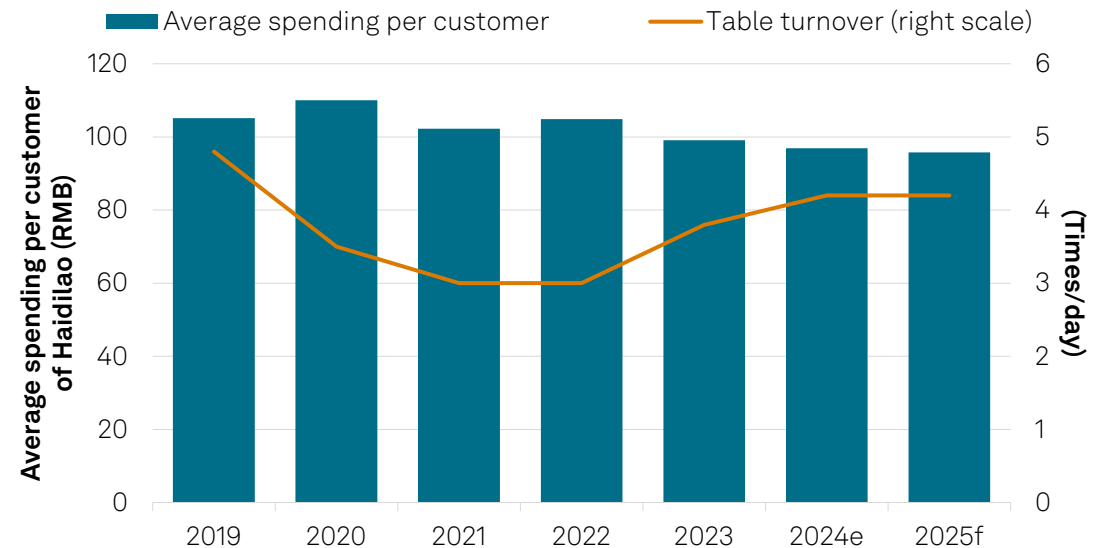
- Delivery services: 5%-7% growth in 2025. More value-oriented offerings on platforms and increasing penetration in lower-tier cities of chain restaurants and deliveries support the growth.
- Eat-in services: Average spending should not fall meaningfully in 2025 after significant declines in 2023 and 2024, as consumer confidence stabilizes at a low level.

## Food delivery growth outpaces dining-in



e--Estimate. f--Forecast. RMB--Chinese renminbi.  
Sources: Euromonitor, NBS, S&P Global Ratings

## Average spending decline to stabilize in 2025



e--Estimate. f--Forecast. RMB--Chinese renminbi.  
Sources: Company disclosure, S&P Global Ratings.

# Appendix

# Appendix: Peer Comparison (Mil. RMB)

Industries	Dairy	Dairy	Dairy & Supplement	Raw Milk	Beverage & Noodles	Protein	Catering	Tech Retail	Mixed Group	Mixed Group
	Yili	Mengniu	H&H	CMD	Tingyi	WH Group	Haidilao	Meituan	Bright Food Int'l	Cofco HK
Credit Ratings	A-/Stable/--	BBB+/Stable/--	BB/Negative/--	BBB/Stable/--	A-/Stable/--	BBB/Stable/--	BBB/Stable/--	BBB+/Stable/--	BBB/Stable/--	A-/Stable/--
Revenue	125,758	102,564	13,927	13,458	80,418	186,031	41,453	275,295	132,431	672,665
EBITDA	15,850	12,669	1,935	2,511	7,395	13,869	7,917	25,061	11,179	26,654
Capex	6,956	8,451	91	4,329	3,644	5,736	461	6,880	5,929	13,734
FOCF	9,755	3,477	182	749	2,566	4,971	8,669	33,098	(649)	3,432
DCF	2,377	1,012	(293)	584	(583)	(532)	8,116	33,096	(1,383)	(757)
Cash and short-term investments	42,312	13,562	1,364	1,964	11,397	12,490	11,364	145,160	29,480	83,839
Debt	5,302	21,137	7,995	13,546	13	22,127	0	0	76,332	158,773
EBITDA margin (%)	12.6	12.4	13.9	18.7	9.2	7.5	19.1	9.1	8.4	4.0
EBITDA interest coverage (x)	7.2	6.1	2.5	4.8	14.0	10.5	22.5	17.6	3.0	3.7
Debt/EBITDA (x)	0.3	1.7	4.1	5.4	0.0	1.6	0.0	0.0	6.8	6.0
FFO/Debt (%)	234.9	44.4	6.6	15.2	43,816.0	44.1	N.M.	N.M.	7.5	5.1

Financials as of fiscal year end 2023. Financials are in RMB million except for margins and ratios. Capex--Capital expenditure. FOCF--Free operating cash flow. DCF--Discretionary cash flow. NM--Not meaningful. CMD--China Modern Dairy Holdings Ltd. Credit ratings as of Feb.3, 2025. Source: Company data, S&P Global Ratings.

## Related Research

- [China Retail 2025 Outlook](#), Jan 7, 2025
- [China's Long Dairy Boom Starts To Fade](#), Nov 24, 2024
- [Credit FAQ: How Would China Fare Under 60% U.S. Tariffs?](#), Nov 18, 2024
- [China Retail: 2024 Review And 2025 Outlook](#), Aug 7, 2024
- [China Consumer Versus Global Peers: More Direct Competition In Restaurants, Apparel, Appliances](#), July 29, 2024
- [China Consumer Versus Global Peers: Food And Beverage Firms Get A Taste For Change](#), May 8, 2024
- [China Consumer Versus Global Peers: Similar Ratings, Different Stories](#), March 6, 2024

# Greater China Consumer Analytical Contacts

## Andy Liu, CFA

Managing Director & Analytical Manager

[andy.liu@spglobal.com](mailto:andy.liu@spglobal.com)

[Hong Kong](#)

## Sandy Lim, CFA

Director & Lead Analyst

[sandy.lim@spglobal.com](mailto:sandy.lim@spglobal.com)

[Hong Kong](#)

## Maggie Xie, CFA

Associate Director

[manqi.xie@spglobal.com](mailto:manqi.xie@spglobal.com)

[Hong Kong](#)

## Flora Chang

Associate Director

[flora.chang@spglobal.com](mailto:flora.chang@spglobal.com)

[Hong Kong](#)

## Jay Lau

Senior Analyst

[jay.lau@spglobal.com](mailto:jay.lau@spglobal.com)

[Hong Kong](#)

## Victor Kong, CFA

Rating Analyst

[victor.kong@spglobal.com](mailto:victor.kong@spglobal.com)

[Hong Kong](#)

## Lucy Liu

Rating Analyst

[lucy.liu@spglobal.com](mailto:lucy.liu@spglobal.com)

[Hong Kong](#)





Copyright © 2025 by Standard & Poor's Financial Services LLC. All rights reserved.

No content (including ratings, credit-related analyses and data, valuations, model, software or other application or output therefrom) or any part thereof (Content) may be modified, reverse engineered, reproduced or distributed in any form by any means, or stored in a database or retrieval system, without the prior written permission of Standard & Poor's Financial Services LLC or its affiliates (collectively, S&P). The Content shall not be used for any unlawful or unauthorized purposes. S&P and any third-party providers, as well as their directors, officers, shareholders, employees or agents (collectively S&P Parties) do not guarantee the accuracy, completeness, timeliness or availability of the Content. S&P Parties are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, for the results obtained from the use of the Content, or for the security or maintenance of any data input by the user. The Content is provided on an "as is" basis. S&P PARTIES DISCLAIM ANY AND ALL EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE, FREEDOM FROM BUGS, SOFTWARE ERRORS OR DEFECTS, THAT THE CONTENT'S FUNCTIONING WILL BE UNINTERRUPTED, OR THAT THE CONTENT WILL OPERATE WITH ANY SOFTWARE OR HARDWARE CONFIGURATION. In no event shall S&P Parties be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including, without limitation, lost income or lost profits and opportunity costs or losses caused by negligence) in connection with any use of the Content even if advised of the possibility of such damages.

Credit-related and other analyses, including ratings, and statements in the Content are statements of opinion as of the date they are expressed and not statements of fact. S&P's opinions, analyses, and rating acknowledgment decisions (described below) are not recommendations to purchase, hold, or sell any securities or to make any investment decisions, and do not address the suitability of any security. S&P assumes no obligation to update the Content following publication in any form or format. The Content should not be relied on and is not a substitute for the skill, judgment and experience of the user, its management, employees, advisors and/or clients when making investment and other business decisions. S&P does not act as a fiduciary or an investment advisor except where registered as such. While S&P has obtained information from sources it believes to be reliable, S&P does not perform an audit and undertakes no duty of due diligence or independent verification of any information it receives. Rating-related publications may be published for a variety of reasons that are not necessarily dependent on action by rating committees, including, but not limited to, the publication of a periodic update on a credit rating and related analyses.

To the extent that regulatory authorities allow a rating agency to acknowledge in one jurisdiction a rating issued in another jurisdiction for certain regulatory purposes, S&P reserves the right to assign, withdraw, or suspend such acknowledgement at any time and in its sole discretion. S&P Parties disclaim any duty whatsoever arising out of the assignment, withdrawal, or suspension of an acknowledgment as well as any liability for any damage alleged to have been suffered on account thereof.

S&P keeps certain activities of its business units separate from each other in order to preserve the independence and objectivity of their respective activities. As a result, certain business units of S&P may have information that is not available to other S&P business units. S&P has established policies and procedures to maintain the confidentiality of certain nonpublic information received in connection with each analytical process.

S&P may receive compensation for its ratings and certain analyses, normally from issuers or underwriters of securities or from obligors. S&P reserves the right to disseminate its opinions and analyses. S&P's public ratings and analyses are made available on its Web sites, [www.spglobal.com/ratings](http://www.spglobal.com/ratings) (free of charge) and [www.ratingsdirect.com](http://www.ratingsdirect.com) (subscription) and may be distributed through other means, including via S&P publications and third-party redistributors. Additional information about our ratings fees is available at [www.spglobal.com/ratings/usratingsfees](http://www.spglobal.com/ratings/usratingsfees).

Australia: S&P Global Ratings Australia Pty Ltd holds Australian financial services license number 337565 under the Corporations Act 2001. S&P Global Ratings' credit ratings and related research are not intended for and must not be distributed to any person in Australia other than a wholesale client (as defined in Chapter 7 of the Corporations Act).

STANDARD & POOR'S, S&P and RATINGSDIRECT are registered trademarks of Standard & Poor's Financial Services LLC.

## **spglobal.com/ratings**

---

**S&P Global**  
Ratings