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Chinese baijiu makers posted a 12.3% profit drop in the first half.

Only five of 19 listed distillers grew revenue after soft demand weakened prices and squeezed margins.

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Nineteen publicly traded Chinese baijiu makers reported weaker first-half results, with combined revenue and profit both falling as demand stayed soft and price pressure spread across the industry.

By the evening of Aug. 28, all A- and H-share listed baijiu companies except Shanxi Fenjiu had released their half-year results, according to a First Financial compilation carried by Eastmoney. Together, the 19 companies posted 179.4 billion yuan in revenue for January through June, down from 189.1 billion yuan a year earlier. That was a decline of 9.7 billion yuan, or 5.1%.

Their combined net profit attributable to shareholders fell more sharply. The group earned 67.4 billion yuan in the first half, down from 76.9 billion yuan a year earlier. That was a drop of 9.5 billion yuan, or 12.3%.

The gap between the decline in revenue and the steeper fall in profit points to growing pressure on margins in China’s baijiu business, where producers have been dealing with slower demand, weaker pricing and higher selling costs. The figures also show that the downturn is broad. Of the 19 companies included in the tally, only five reported revenue growth in the first half: Kweichow Moutai, Wuliangye, Yingjia Gongjiu, Jinhui Liquor and Zhenjiu Li Du. The other 14 posted revenue declines.

The results add to evidence that China’s baijiu market remains in a prolonged adjustment phase. First Financial said both sales and profit moved lower in the first six months, showing that the sector’s deep reset is still continuing.

A separate measure of industry conditions also weakened. The China Alcoholic Drinks Circulation Association said the Alcoholic Beverage Market Climate Index, or ACI, fell to 43.41 in the second quarter. That was below the 50 line that separates expansion from contraction, and lower than 49.72 in the fourth quarter of 2025 and 47.32 in the first quarter of 2026.

The lower reading suggests that market conditions continued to deteriorate through the spring and early summer. In China’s liquor trade, a reading below 50 is generally seen as a sign of weak sentiment and soft sales activity.

Industry analysts cited in the report said the pressure reflects both cyclical weakness and structural change. Xiao Zhuqing, an independent baijiu commentator, said the sector is still in a period of shrinking-volume competition and that the recovery in consumer demand remains uneven. He said banquet and business-related consumption

have recovered more slowly than many producers expected, leaving the industry under broad pressure.

Xiao said some companies have held up better because of their own strategy and execution, but many regional distillers are still facing large inventories, unstable prices and weak expansion outside their home markets. That divide is becoming more visible in listed-company results, with a small number of leading brands still growing while many others lose ground.

The industry’s adjustment has already lasted about three years, according to the report, and there are few signs that it is ending soon. Chai Jun, chairman of Shengchu Consulting, said market research in the second quarter showed several new shifts. One of the clearest was that lower-alcohol products have moved from being a concept to a commercial reality. He said the market is increasingly showing a pattern in which the higher the alcohol content, the weaker the market climate.

Chai also said conditions at the retail end remain difficult. In the second quarter, the climate index for liquor stores and similar retail terminals was 42.88, up slightly from the previous quarter. He said inventory reduction had made visible progress, but retailers were still under profit pressure. Selling more by cutting prices is not a sustainable model, he said, while sales through traditional general retail outlets and supermarkets remain weak.

Market visits cited in the report pointed to the same pattern. Business consumption was soft in the first half of 2026, directly affecting overall baijiu sales, and many stores described end-market traffic and turnover as subdued.

That matters because baijiu demand depends heavily on social and business occasions, including banquets, gifting and corporate entertainment. When those channels recover slowly, producers can struggle even if headline consumption improves in other parts of the economy. It also tends to affect the product mix, as consumers and buyers trade down or become more price-sensitive, which can hurt profit faster than revenue.

The latest earnings season suggests that this is happening across much of the listed sector. A 5.1% drop in combined revenue is notable on its own for an industry once associated with steady growth, but the 12.3% decline in attributable net profit shows that maintaining pricing and profitability has become much harder.

The data, however, do not represent the entire Chinese baijiu market. The compilation excludes Shanxi Fenjiu because its results had not yet been included by the Aug. 28 cutoff. The figures are also based on a journalistic aggregation of interim company reports rather than a complete industry census. As with many half-year filings, the accounts are mostly unaudited.

Even with those limits, the numbers provide a broad picture of a major segment of China’s consumer market. Baijiu remains one of the country’s most important domestic alcoholic beverage categories, and the listed companies in the tally include many of the industry’s best-known producers. Their first-half performance shows that the sector is still contending with weak sentiment, soft business demand and continuing pressure on prices and margins as it heads into the key Mid-Autumn Festival and National Day selling season.