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Kweichow Moutai returned to quarterly growth with third-quarter revenue up 3.08%

Net profit rose 3.78%, beating some forecasts and offering a rare bright spot for baijiu producers facing weak demand

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Late Friday, October 30, Kweichow Moutai reported a return to quarterly revenue and profit growth, offering a rare bright spot in a weak reporting season for China’s baijiu industry. But results across other major distillers showed that the sector remains under

pressure from soft demand and a prolonged effort to clear inventory from distribution channels.

Kweichow Moutai, China’s largest baijiu producer, said third-quarter revenue rose 3.08% from a year earlier to 40.27 billion yuan, while net profit attributable to shareholders increased 3.78% to 19.95 billion yuan. Profit excluding one-time items rose 2.96% to 19.86 billion yuan. The figures marked a reversal from the second quarter, when both revenue and profit growth had been negative.

The quarterly performance was stronger than some analysts had expected. Guosen Securities had previously projected that Moutai’s third-quarter profit could slip by a low single-digit rate.

The longer-term picture was weaker. For the first nine months of 2026, Moutai’s revenue rose 1.96% to 130.97 billion yuan, but net profit fell 0.25% to 64.47 billion yuan from a year earlier. The figures suggest that the company has stabilized faster than many peers, though it has not fully escaped the industry slowdown.

Company operating data showed that Moutai’s core Moutai-branded products generated 112.93 billion yuan in revenue in the first nine months, while its lower-tier series products brought in 17.97 billion yuan. Direct sales accounted for 73.77 billion yuan, compared with 57.12 billion yuan from wholesale and agency channels, leaving direct sales with more than half of total channel revenue. The company’s iMoutai platform remained a major contributor, generating 58.56 billion yuan in untaxed liquor revenue during the period.

Brokerage notes cited in the market said the direct-sales model continues to support Moutai’s performance even as the broader industry works through excess stock. Guojin Securities said the current run-up to the November 11 e-commerce shopping period has increased price volatility for products moving through distribution channels, but that the wholesale price for cases of Feitian Moutai has remained above 1,700 yuan a bottle and distributor willingness to take deliveries has improved from earlier levels.

Investors pushed the stock higher despite the mixed earnings backdrop. Moutai closed Friday at 1,392 yuan, up 2.81%, after hitting its highest intraday level in about six months. It remains the only mainland-listed A-share trading above 1,000 yuan.

The rest of the sector painted a much less even picture. Third-quarter data from leading baijiu companies showed a wide gap between the strongest brands and the rest of the market. On a single-quarter basis, only Moutai and Yingjia Gongjiu posted year-over-year growth in both revenue and profit. Yingjia said quarterly revenue rose 4.25% to 1.41 billion yuan and net profit increased 8.58% to 414 million yuan.

Gujing Gongjiu returned to revenue growth for the first time this year, with quarterly sales up 3.69% to 2.64 billion yuan. But its net profit dropped 68.04% to just 95 million yuan, showing that any recovery remained uneven.

Several larger producers reported much steeper declines. Shanxi Fenjiu said third-quarter revenue fell 18.11% to 7.34 billion yuan and net profit dropped 34.52% to 1.90 billion yuan. Luzhou Laojiao posted a 37.14% decline in revenue to 4.20 billion yuan and a 57.03% drop in net profit to 1.33 billion yuan. Wuliangye reported revenue of 4.44 billion yuan, down 37.68%, and net profit of 958 million yuan, down 48.25%.

The weaker names slipped into losses. Yanghe’s quarterly revenue fell 61.10% to 1.28 billion yuan, and it reported a loss of 771 million yuan. Jiugui Liquor said revenue fell 14.09% to 170 million yuan and it posted a loss of about 7.02 million yuan.

Taken together, the results suggest that many baijiu producers are still deep in a destocking cycle. Revenue has been falling as distributors and retailers reduce inventory, while costs and selling expenses have not fallen as quickly. That has caused profits to contract faster than sales at many companies.

That matters beyond baijiu alone. China’s premium spirits market is an important gauge of discretionary consumer spending, distributor health and pricing power in alcohol sales channels. Weakness among leading distillers could affect purchasing and channel strategy across other beverage categories, including wine, beer and imported spirits, even if the impact is not uniform.

The earnings weakness did not stop a sharp rebound in baijiu shares. On Thursday, October 29, and Friday, October 30, the broader A-share market fell, but the food and beverage sector, where baijiu stocks carry heavy weight, moved higher both days. On Friday, shares of Luzhou Laojiao, Gujing Gongjiu, Yingjia Gongjiu and Huangtai Liquor all rose by the daily trading limit, while Moutai reached a six-month intraday high.

The move suggested that investors were looking past current earnings and betting that the industry is nearing a bottom. Citic Securities said in a research note that baijiu is in the late stage of a cyclical bottoming process and the final phase of market clearing, with bottom signals already visible in prices, inventory and investor expectations. Huatai Securities argued that any rebound could come in two steps: first a recovery in expectations before the 2027 Lunar New Year period, and then a recovery in earnings during the Lunar New Year and Mid-Autumn holiday selling seasons in 2027, helped by easier year-over-year comparisons.

Goldman Sachs took a similar view on the near-term numbers. It forecast that the revenue decline for the baijiu companies it covers would narrow to 1% in the fourth quarter from 6% in the third quarter, while net profit would shift from a 7% decline to 13% growth. In that view, the worst of the earnings shock may already have passed.

Still, several brokerages warned that a stock rebound should not be confused with a confirmed business turnaround. Guosen Securities said operating fundamentals may not gradually stabilize until the second half of 2027, which means reported sales and profit figures could remain volatile before any clear recovery appears. Another brokerage, Shengang Securities, said the market may rise before fundamentals do.

The central question for the industry is whether the current signals mark a real turning point in demand or only a pause in a longer adjustment. For now, quarterly results show that Moutai has held up better than most rivals, but the broader baijiu market is still coping with weak holiday sales, heavy inventories and pressure on profits. Many in the market are looking to the 2027 Lunar New Year period for the next meaningful test of consumer demand.