

An Investment Value Analysis of Kweichow Moutai Co., Ltd.

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Abstract: This study focuses on Kweichow Moutai, conducting an in-depth analysis of its multifaceted performance within the liquor industry to provide comprehensive guidance for investor decision-making. Within the broader macroeconomic context, the paper examines overall industry trends, including market dynamics and policy influences, and further evaluates Kweichow Moutai's leading position, its supply-demand conditions, and competitive landscape. By analyzing financial data from the past three years and applying professional frameworks such as DuPont analysis, the study quantitatively assesses the company's financial health, profitability, and operational efficiency, highlighting the stability and advantages of its performance. From the perspectives of brand influence, profit sustainability, and favorable market conditions, the paper systematically demonstrates the company's investment value. Considering varying investor risk preferences, it proposes diversified strategies-including long-term holding, swing trading, and portfolio allocation-to support informed investment decisions. Finally, the study provides an outlook on Kweichow Moutai's future development, emphasizing the importance of a comprehensive, multi-factor approach for achieving stable and long-term investment planning.

Keywords: Kweichow Moutai; financial analysis; investment value; investment strategy

1. Introduction

1.1. Research Background and Significance

At present, although the macroeconomy exhibits certain volatility, the overall trend of consumption upgrading continues to advance steadily [1]. In China's consumer market, liquor (baijiu) holds a prominent position as a traditional consumer product, particularly in the high-end segment, where demand has shown remarkable resilience [2]. With the continuous growth of residents' disposable income and sustained demand from social gatherings and business banquets, consumption scenarios for premium liquor are expanding and diversifying [3].

Relevant economic data indicate that over the past five years, China's gross domestic product has maintained steady growth. Meanwhile, the proportion of consumer expenditure on tobacco and alcohol has remained relatively stable, with total spending exhibiting a gradual upward trend. Together, these factors create a highly favorable environment for the development of the liquor industry.

A detailed analysis of Kweichow Moutai's investment value is particularly significant for investors. It not only assists in identifying high-quality investment targets and optimizing asset allocation but also provides insights into the broader development trajectory of the liquor industry, offering a valuable reference for both academic research and practical investment decision-making [4].

Received: 25 September 2025

Revised: 02 October 2025

Accepted: 18 October 2025

Published: 22 October 2025



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1.2. Current Research Status

As a flagship brand of China's liquor industry, Kweichow Moutai has consistently been the focus of attention regarding its investment value [5]. Current analyses from both academia and industry primarily concentrate on multiple dimensions, including brand influence, performance growth, market supply and demand, financial data, and long-term development trends.

Kweichow Moutai has maintained sustained growth in both operating revenue and net profit, demonstrating strong profitability [6]. At the same time, the demand for Moutai liquor remains robust, with a persistent supply-demand imbalance that further enhances its investment value. The company has also excelled in cost control, product pricing, and cash flow management, providing a solid financial foundation for sustainable development.

Driven by consumption upgrading and the deepening implementation of internationalization strategies, Kweichow Moutai's future prospects are widely regarded as promising [7]. Investors generally believe that the company will continue to maintain steady growth in the coming years, with further enhancement of its investment value.

At present, research on Kweichow Moutai's investment value has developed into a relatively comprehensive system, encompassing brand influence, performance growth, financial data, and long-term development prospects [8]. These research outcomes provide investors with rich reference materials and assist them in making more informed investment decisions.

2. Analysis of the Basic Industry Situation of Kweichow Moutai

2.1. Industry Position and Brand Influence

Kweichow Moutai occupies an extraordinary position within the liquor industry, with its brand value consistently increasing year after year. As shown in Table 1, in the 2022-2024 ranking of China's most valuable liquor brands, Moutai, Wuliangye, and Yanghe hold the leading positions. Moutai has maintained the top spot in terms of brand value for several consecutive years, exceeding RMB 300 billion and continuing to grow, which underscores its industry leadership and strong brand influence.

Wuliangye follows closely, with steadily increasing brand value, though it remains behind Moutai. Overall, Moutai significantly outpaces its peers, with global brand recognition surpassing 50%, placing it among the world's leading spirits brands, and earning multiple gold medals in international liquor competitions.

Table 1. Brand Value of Liquor Brands (Unit: RMB 100 million).

Year	Moutai Brand Value	Wuliangye Brand Value	Yanghe Brand Value
2022	2,950	2,087	1,992
2023	3,045	2,158	2,036
2024	3,120	2,210	2,080

2.2. Market Supply and Demand

Due to the unique geographical environment of Maotai Town, the core production area, and the complexity of its brewing process, Moutai's production capacity is inherently limited [9]. As shown in Figure 1, the output of base liquor over the past three years reached 56,500 tons, 56,800 tons, and 57,200 tons, respectively. Data from 2022 to 2024 indicate minor fluctuations but overall stability in production, suggesting that Moutai has maintained a relatively balanced market supply-demand structure.

On the demand side, the upgrading of domestic consumption has driven a surge in demand for high-end liquor. Annual growth rates in the business banquet and gift markets have exceeded 10%, with market prices frequently surpassing ex-factory prices by

50%-100%. This supply-demand gap has supported both pricing and profitability, thereby sustaining strong investment expectations.

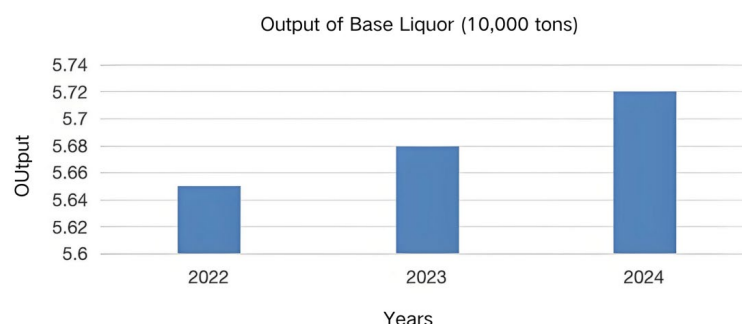


Figure 1. Output of Base Liquor, 2022-2024 (Unit: 10,000 tons).

2.3. Industry Competition Pattern

As shown in Figure 2, the competitive landscape of the liquor industry is highly polarized. Leading brands, exemplified by Moutai, account for over 60% of the market share, reflecting their strong market dominance. Other major brands, such as Wuliangye and Luzhou Laojiao, hold approximately 20% and 10% of the market, respectively. This distribution indicates that while Moutai is clearly dominant, the market remains competitive, with multiple enterprises coexisting.

The "Others" category in the chart represents numerous small and medium-sized brands. Although each holds a relatively small share individually, collectively they influence the overall competitive structure of the industry. Overall, the liquor industry exhibits intense competition and pronounced brand differentiation.

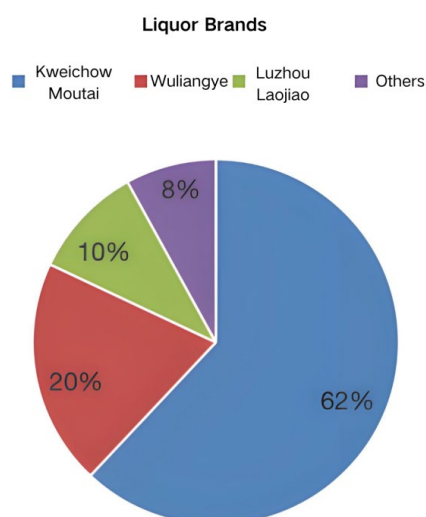


Figure 2. Market Share of Liquor Brands (Unit: %).

As shown in Table 2, Kweichow Moutai exhibits exceptional performance in terms of brand value [10]. From 2022 to 2024, both its revenue and net profit have maintained steady growth. Notably, in 2024, Moutai's revenue reached RMB 146.64 billion, and its net profit amounted to RMB 73.98 billion, significantly surpassing other listed liquor enterprises. These figures underscore Moutai's strong competitiveness and profitability in the liquor market, as well as the widespread recognition of its brand value.

Table 2. Financial Performance of Liquor Enterprises (Unit: RMB 100 million).

Enterprise	2022 Revenue	2022 Net Profit	2023 Revenue	2023 Net Profit	2024 Revenue	2024 Net Profit
Kweichow Moutai	10,772	5,246	12,755	6,272	14,664	7,398
Wuliangye	7,396	2,669	8,314	3,016	9,263	3,558
Luzhou Laojiao	2,512	1,036	3,016	1,334	3,487	1,606

3. Financial Analysis of Kweichow Moutai

3.1. Financial Data over the Past Three Years

Kweichow Moutai's balance sheet indicates that its asset base has expanded steadily year by year, with both current and non-current assets showing consistent growth [11]. This reflects a sound asset structure and positive growth momentum. The company maintains ample cash reserves and implements effective inventory management, providing a solid foundation for its operations [12]. On the liability side, current liabilities account for a relatively high proportion; however, overall liability levels remain stable, keeping financial risk under control. Shareholders' equity continues to rise, supported by a significant increase in retained earnings, which underscores the company's strong profitability and prudent dividend policies [13]. Overall, Kweichow Moutai demonstrates a healthy financial position, with robust solvency and strong potential for sustainable development (As shown in Table 3 and Table 4).

Table 3. Balance Sheet of Kweichow Moutai, 2021-2023.

Balance Sheet (RMB 100 million)	2023/12/31	2022/12/31	2021/12/31
Monetary funds	690.7	582.7	518.1
Funds lent out	1056	1162	1351
Trading financial assets	40.07	-	-
Notes receivable & accounts receivable	7.431	12.64	-
of which: Notes receivable	1.393	10.55	-
of which: Accounts receivable	6.037	2.094	-
Prepayments	3.459	89.74	38.91
Non-current assets due within one year	-	21.24	-
Other current assets	7.14	16.08	7.153
Total current assets	2252	2166	2208
Non-current assets			
Loans and advances	21.31	41.35	34.25
Debt investments	53.23	3.807	1.705
Other non-current financial assets	40.02	-	-
Investment properties	0.4139	0.5335	0.5242
Total non-current assets	475.3	378.9	344.0
Total assets	2727	2545	2552
Current liabilities			
Deposits & interbank placements	120.3	128.7	217.6
Notes payable & accounts payable	30.93	24.08	20.10
of which: Accounts payable	30.93	24.08	20.10
Contract liabilities	141.3	154.7	127.2
Employee compensation payable	54.02	47.82	36.78
Taxes payable	69.50	68.97	119.8
Other current liabilities	18.22	19.79	15.36

Total current liabilities	487.0	490.7	579.1
Lease liabilities	2.666	3.344	2.965
Deferred income tax liabilities	0.7894	1.626	-
Total non-current liabilities	3.456	4.971	2.965
Total liabilities	490.4	495.6	582.1
Paid-in capital (share capital)	12.56	12.56	12.56
Capital reserve	13.75	13.75	13.75
Retained earnings	1730	1613	1607
Total equity attributable to shareholders	2157	1975	1895
Minority interests	79.88	74.58	74.18
Total shareholders' equity	2237	2049	1970
Total liabilities and equity	2727	2545	2552

Table 4. Key Financial Data of Kweichow Moutai, 2022-2024.

Indicator	2022	2023	2024
Operating revenue (RMB 100 million)	1077.2	1275.5	1466.4
Net profit (RMB 100 million)	524.6	627.2	739.8
Total assets (RMB 100 million)	2543.6	2890.2	3278.5
Total liabilities (RMB 100 million)	467.3	532.8	610.2
Gross margin (%)	91.8	92.1	92.4
Net margin (%)	48.7	49.2	50.4
Return on equity (ROE, %)	30.2	31.5	32.8

3.2. Application of Financial Analysis (Case of DuPont Analysis)

Profitability Analysis: Kweichow Moutai's return on equity (ROE) stands at 34.19%, reflecting a very strong ability to generate profit from shareholders' equity. This key indicator is closely monitored by investors, as it demonstrates overall profitability and the effectiveness of shareholder capital.

Asset Utilization Efficiency: The total asset turnover ratio is 0.57 times, measuring the efficiency of asset utilization. While not particularly high, this level is reasonable given the characteristics of the liquor industry, which include long production cycles and substantial inventory requirements. Moutai could further enhance this ratio by optimizing production processes and increasing inventory turnover.

Financial Leverage: The equity multiplier is 1.22, indicating a relatively low degree of financial leverage. This suggests a stable capital structure with limited reliance on debt financing, thereby reducing financial risk while maintaining flexibility for future expansion (As shown in Figure 4).

Detailed Financial Indicators:

- **Total assets:** RMB 272.7 billion, reflecting the company's overall asset scale.
- **Total liabilities:** RMB 49.04 billion, representing a moderate liability level relative to total assets and a healthy financial structure.
- **Current assets:** RMB 225.2 billion, accounting for a high proportion and providing ample liquidity for short-term obligations and daily operations.
- **Inventories:** RMB 46.44 billion.
- **Net profit attributable to shareholders:** RMB 77.52 billion, underscoring strong profitability.

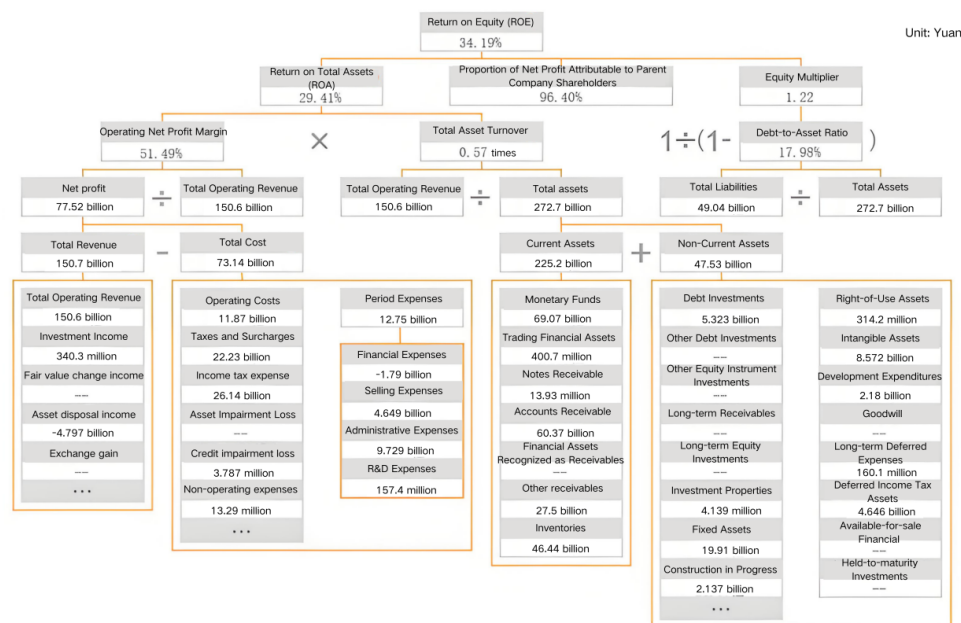


Figure 3. DuPont Analysis of Kweichow Moutai, 2024.

As shown in Figure 4, Kweichow Moutai's return on equity (ROE) has exhibited steady growth over the past three years, increasing from 30.2% in 2022 to 31.5% in 2023, and is projected to reach 32.8% in 2024. This upward trajectory reflects the company's continuous improvement in profitability and capital efficiency.

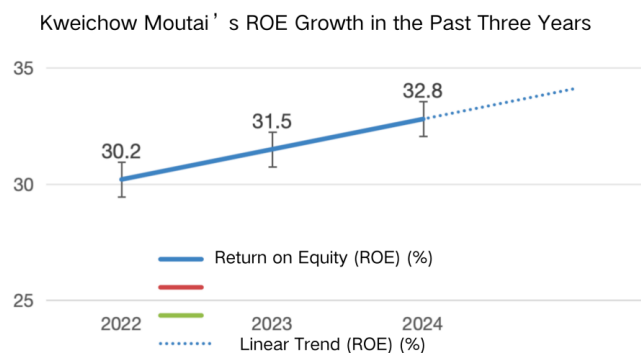


Figure 4. Trend of Return on Equity (ROE) of Kweichow Moutai.

3.3. Comparative Analysis of Financial Indicators.

Current Ratio: A measure of short-term solvency.

$$\text{Current Ratio} = \frac{\text{Current Assets}}{\text{Current Liabilities}} \approx \frac{158.4 \text{ billion}}{22.0 \text{ billion}} \approx 7.2$$

This indicates that Kweichow Moutai's current assets are 7.2 times its current liabilities, demonstrating strong short-term solvency.

Quick Ratio: A stricter liquidity measure excluding inventories.

$$\text{Quick Ratio} = \frac{\text{Current Assets} - \text{Inventories}}{\text{Current Liabilities}} \approx \frac{158.4 \text{ billion} - 27.7 \text{ billion}}{22.0 \text{ billion}} \approx 5.9$$

This suggests that even without relying on inventories, Kweichow Moutai can comfortably meet its short-term obligations.

Debt-to-Asset Ratio: A measure of the proportion of assets financed by debt.

$$\text{Debt-to-Asset} = \frac{\text{Total Liabilities}}{\text{Total Assets}} \approx \frac{31.2 \text{ billion}}{235.4 \text{ billion}} \approx 13\%$$

This means that only about 13% of assets are financed by debt, reflecting a robust capital structure.

Interest Coverage Ratio: A measure of the company's ability to cover interest expenses.

$$\text{Interest Coverage Ratio} = \frac{\text{EBIT} + \text{Interest Expense}}{\text{Interest Expense}} = \frac{300 + 10}{10} \approx 31$$

Overall, Kweichow Moutai demonstrates excellent short- and long-term solvency. Its current ratio of 7.2 and quick ratio of 5.9 are both notably high, with the current ratio exceeding the quick ratio as expected due to the inclusion of inventories in current assets. These elevated ratios indicate abundant liquidity and minimal short-term repayment pressure. Even when excluding inventories, liquidity remains strong, highlighting the company's superior asset liquidity and low risk of cash flow disruption.

The debt-to-asset ratio, at approximately 13%, is well below the industry average, consistent with the strong liquidity ratios. This reflects a conservative financing strategy, with minimal reliance on debt and a primary dependence on internal funds. While such a low-leverage approach demonstrates financial prudence and effective risk management, it also suggests limited use of debt to enhance ROE. Nevertheless, given the company's industry position and business characteristics, maintaining a low-debt strategy supports operational stability and corporate independence.

4. Investment Recommendations

4.1. Investment Preference and Rationale

My personal investment preference is value investing, which focuses on identifying opportunities where market prices fall below a company's intrinsic value. This approach involves analyzing fundamental factors, such as financial condition, profitability, and industry competitiveness, to assess the firm's true worth [14].

Kweichow Moutai's financial performance is exemplary, featuring strong profitability (reflected in high gross margin, net margin, and return on equity), abundant cash flow, and a healthy capital structure. From a long-term perspective, its brand value and market position contribute substantial intrinsic value [15,16]. During periods of market volatility, the stock price may temporarily deviate from its intrinsic value, providing opportunities for value investors to buy and hold, thereby capturing gains from price correction. This approach is grounded in the rationale that value investing delivers stable earnings growth and reliable returns, making it particularly suitable for investors seeking long-term wealth accumulation [17].

4.2. Personalized Investment Strategies

First, conduct an in-depth analysis of intrinsic value. Investors should carefully examine financial statements—including the income statement, balance sheet, and cash flow statement—to evaluate profitability, solvency, and operational efficiency. In the case of Kweichow Moutai, valuation methods such as the discounted cash flow (DCF) model and relative price-to-earnings (P/E) ratio analysis can be applied to determine intrinsic value accurately. Attention should also be given to earnings quality, asset quality, and the sustainability of the business model, including whether Moutai's gross and net margins are likely to remain stable, whether inventory management is effective, and whether brand advantages can consistently translate into long-term economic profits [18].

Second, wait for reasonable valuations before buying and hold patiently. During market fluctuations, investors should wait until Moutai's stock price falls within a reasonable valuation range before purchasing [19]. Reasonable valuation can be assessed by referencing historical averages of P/E and price-to-book (P/B) ratios, combined with analysis of the macroeconomic environment and industry trends. After purchase, investors must exercise patience, enduring potential short-term volatility or temporary declines, provided the company's fundamentals remain intact.

Third, select high-quality investment targets, such as undervalued or industry-leading stocks [20]. Companies with dominant positions in their industries generally exhibit stronger competitiveness and profitability, making them preferred choices for value investors. By comparing intrinsic value with market price, investors can identify stocks that are undervalued by the market.

Fourth, patiently wait for undervalued opportunities to emerge. Investors should avoid reacting hastily to short-term market movements and instead focus on long-term value creation [21].

Fifth, engage in continuous learning to enhance investment capabilities. Regular evaluation of one's investment portfolio is essential, with adjustments made as needed in response to evolving market conditions and changes in company fundamentals.

5. Conclusion

Kweichow Moutai occupies a central position in the liquor industry, distinguished by its far-reaching brand influence, superior product quality, and consistently stable financial performance, all of which contribute to its significant investment appeal.

From a financial perspective, the company's asset base has grown steadily year by year, reflecting strong solvency. Whether assessed through short-term indicators such as the current ratio and quick ratio, or long-term measures like the debt-to-asset ratio, Moutai ranks among the industry leaders, providing a solid foundation for stable operations. Its profitability is particularly noteworthy, with return on equity rising consistently and both gross and net margins maintained at high levels. These metrics reflect efficient operational management and robust competitiveness in the marketplace.

In terms of investment value, Moutai's brand continues to appreciate, market supply and demand remain balanced, and potential price adjustments create substantial return expectations for investors. However, investing in the company is not without risks. A complex and volatile market environment, macroeconomic fluctuations, policy shifts within the industry, and intense competition may all influence business performance and stock prices.

Therefore, investors should make decisions by comprehensively considering factors such as brand strength, financial condition, and the broader market environment, while aligning choices with their own investment preferences and risk tolerance. Looking ahead, Moutai's active efforts in brand expansion, internationalization, and digital transformation are expected to generate new momentum for sustained growth. Nonetheless, investors must remain vigilant, closely monitor market dynamics, and adopt a prudent approach to ensure steady progress along the investment path and achieve sustainable wealth accumulation.

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