Chinaâ??s dairy giants hold ground as smaller players chase growth

28 August 2026 | News

Yili accounted for nearly 68 per cent of combined Q1 revenue among 17 listed companies, even as smaller rivals posted some of the fastest growth

China’s dairy industry began 2026 with no single growth story.

For some companies, the first quarter brought double-digit revenue gains. Others saw sales shrink, while a number of businesses discovered that growing the top line did not necessarily translate into higher profits. At the centre of the industry, meanwhile, the country’s largest dairy companies continued to command a disproportionate share of the revenue pool.

An analysis of first-quarter 2026 financial results from 17 dairy-related companies listed on the Shanghai and Shenzhen stock exchanges and the Beijing Stock Exchange shows combined revenue of approximately $7.14 billion. The figures underline both the concentration of the industry and the increasingly uneven performance of companies operating across different segments of the dairy value chain.

Yili remained the undisputed heavyweight. The company generated around $4.83 billion in revenue during the quarter, accounting for approximately 67.6 per cent of the combined revenue of all 17 companies included in the analysis.

The gap between Yili and the rest of the field was substantial.

The five largest companies by revenue together accounted for around 91.7 per cent of the sample's total revenue, highlighting the dominance of a relatively small group of companies. The remaining 12 companies shared less than one-tenth of the combined revenue.

The analysis, however, should not be treated as a measure of overall market share in China’s dairy industry. The companies included operate across a range of businesses, from large integrated dairy groups and infant formula producers to cheese companies, raw milk suppliers, dairy ingredient businesses and milk-containing beverage producers.

That diversity is precisely what made the first quarter difficult to define.

Eight Companies Grew. Nine Went Backwards

Of the 17 companies analysed, eight reported year-on-year revenue growth in the first quarter, while nine reported lower revenue. Milkground emerged as the fastest-growing company in the group, with revenue increasing 31.8 per cent year-on-year. Western Animal Husbandry followed with growth of 28.9 per cent, while Panda Dairy reported a 20.3 per cent increase.

Other companies reporting revenue growth included Yili, TERUN and several smaller players, although the pace of growth varied significantly. On the other side of the ledger, Maiquer Group recorded the steepest revenue decline, with sales falling 13.8 per cent from the previous year.

Beingmate’s revenue dropped 9.7 per cent, while Chevalese Dairy reported a 9.5 per cent decline. Sunshine Dairy saw revenue fall 7 per cent and LIZIYUAN reported a 6.4 per cent decrease. The numbers show how differently companies are navigating the current market.

For the fastest-growing businesses, the challenge will be to determine whether their momentum can be sustained. For those reporting declining sales, the more immediate question is whether falling revenue reflects a temporary slowdown, competitive pressure, changes in consumer demand or deeper structural issues within their businesses.

Revenue Growth Did Not Always Reach the Bottom Line

Perhaps the most revealing feature of the quarter was the disconnect between sales and earnings. Milkground’s 31.8 per cent increase in revenue was not accompanied by stronger attributable net profit. Instead, its attributable net profit declined by 8.3 per cent.

TERUN presented an even more dramatic example. Revenue increased 6.8 per cent year-on-year, but attributable net profit fell 99.2 per cent.

The opposite pattern was visible elsewhere. Chevalese Dairy reported a 9.5 per cent decline in revenue but managed to increase attributable net profit by 17 per cent. Yiming Food recorded a 2 per cent drop in revenue while attributable net profit increased 18.9 per cent.

These results underline an increasingly important point for the sector: revenue growth, on its own, offers only part of the picture. Companies can sell more while facing pressure from costs, expenses or changes in product mix. Conversely, a business can report lower sales but still improve profitability through cost controls, better margins or operational adjustments.

Margins Tell Another Story

The gross margin data showed an equally wide spread.

Beingmate reported the highest gross margin among the companies analysed, at 40.5 per cent. Yili followed with a gross margin of 38.4 per cent, while LIZIYUAN recorded 37.7 per cent. At the lower end, Western Animal Husbandry reported a gross margin of 10.3 per cent, while Chevalese Dairy stood at 12.3 per cent. The gap reflects the different economics of the businesses rather than a simple measure of efficiency.

Companies operating in infant formula and branded consumer products generally have a different margin structure from those involved in raw milk production, dairy ingredients or other commodity-linked segments. Still, the figures demonstrate how strongly product mix can influence financial performance. A company growing rapidly in a lower-margin business may face a very different earnings outlook from a slower-growing company operating in a higher-value segment.

Scale Remains the Biggest Advantage

Despite the mixed performance across the sample, one theme remained consistent: scale matters. Yili’s $4.83 billion in quarterly revenue placed it far ahead of every other company included in the analysis. Its revenue alone was more than two-thirds of the combined revenue generated by all 17 companies.

The concentration becomes even more pronounced when looking at the top five companies, which together generated approximately 91.7 per cent of total revenue. This leaves smaller and mid-sized companies competing in a market where the largest players possess substantial advantages in distribution, branding, supply chains and financial resources.

But size did not produce uniform results across the sector. The Q1 data shows that smaller companies can deliver faster revenue growth, while larger businesses may offer greater stability and scale. The challenge for both groups is maintaining profitability.

A Sector Moving at Different Speeds

The first-quarter results suggest that China's dairy industry is operating at several different speeds. There are companies expanding rapidly but struggling to translate growth into higher profits. There are businesses with falling revenue that are still improving their bottom lines. Some companies are operating with premium-level margins, while others are working with much narrower room for error. This makes broad conclusions about the health of China's dairy industry difficult.

The sector cannot simply be described as growing or contracting. Instead, performance appears increasingly dependent on where a company sits in the value chain, what products it sells and how effectively it manages costs and margins. For the largest companies, the priority will be maintaining scale while protecting profitability. For smaller and mid-sized players, differentiation and the ability to find profitable growth could become increasingly important.

The first quarter has therefore set up a more complicated year for China's dairy sector.

The headline numbers show an industry dominated by a handful of large companies. The underlying data tells a different story—one of sharply contrasting fortunes, where a 30 per cent increase in revenue can still coincide with lower profits and where falling sales do not automatically mean weaker earnings. As 2026 progresses, revenue growth will remain an important indicator. But the companies that stand out may ultimately be those that can do something more difficult: turn growth into sustainable profits.