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Luckin Coffee Inc. (LKNCY) Q4 2025 Earnings Call Transcript

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Q4: 2026-02-26 Earnings Summary

EPS of \$0.31 **misses by \$0.07** | Revenue of \$1.86B **misses by \$126.83M**Luckin Coffee Inc. ([LKNCY](#)) Q4 2025 Earnings Call February 26, 2026 8:00 AM EST

Company Participants

Nancy Song

Jinyi Guo - Co-founder, CEO & Director

Jing An - Chief Financial Officer

Conference Call Participants

Jessie Xu - JPMorgan Chase & Co, Research Division

Sijie Lin - China International Capital Corporation Limited, Research Division

Presentation

Operator

Ladies and gentlemen, welcome to Luckin Coffee's Fourth Quarter and Full Year 2025 Earnings Conference Call. [Operator Instructions] Please be advised that today's call is being recorded. Now I'd like to turn the call over to Ms. Nancy Song, Head of Investor Relations at Luckin Coffee. Nancy, please go ahead.

Nancy Song

Thank you, and hello, everyone. Welcome to Luckin Coffee's Fourth Quarter and Full Year 2025 Earnings Conference Call. We announced our financial results earlier today before the U.S. market opened. The earnings release is now available on our IR website and via Newswire services. Today, you will hear from Dr. Guo Jinyi, Co-Founder and CEO of Luckin Coffee, who will share a strategic overview of our business. Following that, Ms. An Jing, our CFO, will discuss our financial results in greater detail. Afterwards, we will open up the call for questions.

During today's call, we will be making some forward-looking statements regarding future events and expectations. Any statements that are not historical facts, including, but not limited to, statements about our beliefs and expectations are forward-looking statements. These statements involve inherent risks and uncertainties. Further information regarding these and other risks is included in our filings with the SEC.

In addition, for non-GAAP measures discussed today, the reconciliation information related to those measures can be found in our earnings press release. During today's call, Dr. Guo will speak in Chinese, and his comments will be translated into English. Now I'd like to turn the call over to Dr. Guo Jinyi, Co-Founder and CEO of Luckin Coffee. Dr. Guo, please go ahead.

Jinyi Guo

Co-founder, CEO & Director

[Interpreted] Hello, everyone. Welcome to today's earnings conference call. Thank you for your continued interest in and support of Luckin Coffee. 2025 marked a year of foundational progress and rapid growth for Luckin Coffee. As growth in China's coffee market continued to accelerate, we remained focused and agile, consistently executing our scale focused strategy centered on store expansion, customer growth and product innovation. This approach further reinforced our leadership across both our store footprint and customer base while steadily increasing our market share.

Over the past year, we responded swiftly to market changes and fully capitalized on the expanding demand for coffee consumption, efficiently converting customer demand into meaningful growth. Since June 2025, Luckin's average monthly transacting customers have exceeded 100 million for 5 consecutive months. In addition, we added over 110 million new transacting customers during the year, bringing our cumulative customer base to over 450 million. At the same time, annual sales of freshly brewed beverages increased by 39% year-year to 4.1 billion cups with both our market share and average cups per customer continuing to rise. Supported by strong demand, we quickly adjusted our...

Operator

Pardon interruption everybody. This is the conference operator. It appears we lost the speaker connection. I'm going to get that reconnected, in the meantime, we're going -- please put call on hold. Please standby for the quarter results. Pardon interruption everyone. This is the operator, I have reconnected the line.

Jinyi Guo

Co-founder, CEO & Director

[Interpreted] The continued expansion of our customer base and the store network drove our strong full year financial performance. In 2025, our total net revenues increased by 43% year-over-year to around RMB 49.3 billion. Same-store sales for our self-operated stores steadily improved, achieving annual growth of 7.5%. Our operating profit also demonstrated solid momentum, increasing by 42% year-over-year to around RMB 5.1 billion.

We believe that Luckin's advanced digital business model, together with accelerated scale expansion across both our store network and customer base will create a more resilient foundation for our future development. These advantages position us well to navigate external changes while gradually translating our digital operational capabilities into long-term efficiency gains and continuing profitability.

I will now provide some highlights of our fourth quarter results and our operational progress. Our CFO, An Jing, will share additional financial details later on this call. In the fourth quarter, we delivered solid growth with total net revenues increasing by 33% year-over-year to around RMB 12.8 billion. During the quarter, food delivery platforms significantly reduced subsidies during the industry's off-peak season.

While the delivery order mix declined sequentially, it remained at a relatively high level. Against this backdrop, same-store sales growth for self-operated stores moderated to 1.2% in the fourth quarter, and operating profit amounted to around RMB 820 million. As mentioned in our previous earnings call, this short-term fluctuations reflect the industry's current stage of development and the phased execution of our strategy, fully in line with our earlier expectations.

Operationally, centered on our 3 core pillars of people, products and places, we continue to scale our business while enhancing product feel and the customer experience. further reinforcing Luckin's leading advantages in China's coffee market. On the store front, we maintained a competitive pace of store openings, further strengthening our presence across high-quality locations in high-tier cities while expanding into lower-tier markets. These efforts strengthened our coverage across diverse consumption scenarios and further widened our scale advantage.

By the fourth quarter, our total store count reached 31,048, marking another key milestone. We officially opened our 30,000th store, the Origin Flagship store in Shenzhen. The store is themed around global origins and features an Origin Lab, a coffee master space and the store exclusive selection of premium single origin beans and a curated specialty coffee product menu. This flagship store showcases Luckin's ability to lead beyond its scale by advancing coffee craftsmanship and elevating the customer experience. We warmly welcome everyone to visit and experience our Origin Flagship store.

Looking at our store expansion progress in more detail, we added 1,792 net new stores in China, bringing our total domestic store count to 30,888, including 20,144 self-operated stores and 10,744 partnership stores. With this milestone, we officially became the first food and beverage chain in China to surpass 20,000 self-operated stores. This is another testament to Luckin's brand leadership, reflecting our stronger market responsiveness, operational discipline and scaled execution efficiency. It also reinforces the foundation for long-term win-win collaboration with our partners.

Looking ahead, we firmly believe that China's coffee market has significant growth potential. We are confident in our ability to maintain an industry-leading pace of expansion and further broaden market coverage while focusing on market share and driving our long-term growth.

Internationally, our disciplined and steady expansion continue to yield positive results. During the quarter, we added 42 net new stores, bringing our total overseas store count to 160, including 81 self-operated stores in Singapore, 9 self-operated stores in the U.S. and 70 franchise stores in Malaysia. As of year-end, our store count in Singapore ranked among the leading coffee brands in the local market with both our business model and the store unit economics largely validated. We have also built a constructive relationship with our partner in Malaysia. And by leveraging our successful experience in Singapore, we consistently support our partner in enhancing localized operations and improving store performance.

In the U.S., we are still in the early stages of exploration and remain committed to our disciplined expansion strategy. With a focus on refining our underlying operational infrastructure and exploring locally tailored operating models, we will continue to accumulate operational experience and further deepen our local consumer insights. Supported by our great tasting products, seamless customer experience and compelling value for money proposition, we are confident in the long-term growth of our overseas business.

On the product front, we launched 30 new freshly brewed beverages and around a dozen snack items in the fourth quarter, bringing the total number of new product launches for the year to over 140. During the quarter, we continue to lead in product innovation while further strengthening our positioning as a professional coffee brand.

At the same time, we expanded our non-coffee portfolio to better address consumers' diverse taste and experience needs across different consumption scenarios. In December, we launched Luckin's Brazil season, introducing new products such as the Samba's Dark Roast Americano and the Samba's Dark Roast Latte. Featuring Arabica beans sourced from core origins in Brazil and roasted using our proprietary high-temperature low-roasting technique. These new launches further reinforced Luckin's origin-oriented flavor selection and strengthened our professional brand perception.

In addition, we added dark roast bean options for 25 beverages, better meeting consumers' growing demand for professional quality and personalization. On the non-coffee side, we launched several new products, including [indiscernible] and daily vitamin D fruit and veggies tea, continuing to extend beverage offerings across a broader range of leisure occasions and day parts. With the continued enrichment of our product matrix, non-coffee beverages accounted for more than 20% of total cups sold for full year 2025.

On the customer front, we continue to deliver great tasting products and emotionally relevant brand experiences, creating a consumption journey that combines quality and the connection. During the quarter, we partnered with popular IPs from a national blockbuster mobile game and several animated films. Through well-received co-branded campaigns and merchandise, we further enhanced customer engagement, strengthening consumers' recognition and loyalty to our brand while maintaining our high-quality, high affordability value proposition.

In the fourth quarter, we added over 24 million new transacting customers. Our average monthly transacting customers grew 26% year-over-year to over 98 million, maintaining a level close to 100 million even during the industry's off-peak event. Powered by Luckin's digital operational capabilities, we integrated product innovation, IP collaborations and refined user operations to effectively expand our customer base, while steadily increasing the proportion of high-frequency users and overall purchase frequency.

On the ESG front, we have been advancing the deep integration of corporate social responsibility and human-centered care, continuously embedding sustainable development principles into our daily operations. As one of the first companies to support the Moss Flower Compact by providing barrier-free environment for people with accessible ability needs, we opened Luckin Coffee's first accessible store in Hangzhou in December. In parallel, we are actively advancing standardized and scalable inclusive employment programs for people with disabilities nationwide, further fostering a more supportive workplace and consumption environment.

In recognition of these sustainability initiatives, we were awarded 2025 China Best ESG Employer by Aon group in December, marking the third consecutive year we have received this distinction. Guided by our long-term perspective, we will continue to create value for customers, society and our partners.

In summary, following a year of rapid growth in 2025, China's coffee market is experiencing accelerated demand along with an increasingly diverse competitive landscape. We have consistently believed that freshly brewed coffee as a business inherently centered on offline physical locations and comprehensive consumer experiences derives its core competitive moat, not from any single dimension, but from integrated end-to-end operational and systematic strength across the entire value chain.

Leveraging our digital operational capabilities across people, products and places, we are confident that Luckin's comprehensive strength in brand perception, customer experience, supply chain depth, product innovation and store management form the key advantages that enable us to navigate evolving external environment and capture structural growth opportunities in the coffee market.

Looking into 2026, we will remain focused on scale expansion while maintaining the flexibility to adapt to market changes. As we maintain healthy profitability levels, we remain committed to steadily growing our market share, strengthening our industry-leading position and unlocking long-term growth potential.

Finally, we extend our sincere gratitude to our customers, partners and investors for their continued trust and support and to our 170,000 Luckin team members for their dedication and hard work. We will keep moving forward to build a world-class coffee brand, make Luckin Coffee a part of everyone's daily life and create long-term value for our customers, partners and shareholders. Now I will turn the call over to our CFO, An Jing, to go through our financial results in detail.

Jing An

Chief Financial Officer

[Foreign Language] Thank you. Good day, everyone. Thank you for joining today's call. We closed 2025 on a strong note as our scale focused strategy drove robust full year revenue growth, along with solid profit performance, record customer additions strengthened the foundation for our long-term success. We accelerated store openings underscored our ongoing investments to capture rising customer demand.

Let's now look at our financial performance in detail. In the fourth quarter, total net revenue increased by 33% year-over-year to RMB 12.8 billion, primarily driven by a 33% year-over-year increase in GMV to RMB 14.8 billion. This growth was mainly driven by higher cup volumes across our self-operated and partnership stores, reflecting ongoing store expansion and growth in transacting customers.

Revenues from product to sales increased by 31% year-over-year to RMB 9.9 billion, primarily driven by enhanced sales performance in our self-operated stores. Breaking down our product sales into 3 streams. Net revenues from freshly brewed drinks were RMB 9.2 billion, representing about 72% of total net revenues. Net revenues from other products were RMB 605 million or about 5% of total net revenues.

Net revenues from others were RMB 174 million or roughly 1% of total net revenues. Looking at product sales from the perspective of company-owned stores, revenues from self-operated stores increased by 32% year-over-year to RMB 9.5 billion. Same-store sales growth was 1.2% for this quarter, mainly driven by cup volume growth. Store level operating profit remained largely flat year-over-year at RMB 1.4 billion with self-operated store level operating margin of 15%.

Revenues from partnership store increased by 39% year-over-year to RMB 2.8 billion, accounting for 22% of total net revenues. This growth mainly came from increased sales of materials, higher contribution from profitable partnership stores and increased delivery service fees driven by rising delivery volumes.

Cost of materials as a percentage of total net revenues remained stable year-over-year at 40%. In absolute terms, cost of material increased by 33% year-over-year to RMB 5.1 billion, in line with our business expansion. Store rental and other operating costs as a percentage of total net revenue was 25% relatively flat compared with the same period of 2024.

In absolute terms, sales expenses increased by 33% year-over-year to RMB 3.2 billion, driven by higher payroll costs associated with cup volume growth and increased rental expenses from continued store expansion. Delivery expenses increased by 94% year-over-year to RMB 1.6 billion, driven by a substantial increase in delivery orders through food delivery platforms.

As a result, delivery expenses as a percentage of total net revenue increased to 13% from 9% in the same period of 2024. However, on a per order basis, delivery costs declined year-over-year, reflecting improved operational efficiency driven by our scale expansion. Sales and marketing expenses as a percentage of total net revenue was 86%, remaining stable from the same period of 2024. In absolute terms, sales and marketing expenses rose 32% year-over-year to RMB 756 million, largely due to higher commission fees paid to food delivery platforms as delivery volumes increased.

General and administrative expenses as a percentage of total net revenue remained stable year-over-year at 7%. In absolute terms, G&A expenses rose 33% year-over-year to RMB 846 million, mainly driven by higher payroll costs and share-based compensation as well as increased investment in research and development. Our GAAP operating profit was RMB 821 million with an operating margin of 6.4% compared to RMB 1 billion and 10.5% in the prior year period, mainly reflecting higher delivery-related expenses as the delivery volume increased.

On a non-GAAP basis, operating profit was RMB 946 million with a margin of 7.5%. Net profit was at RMB 580 million with a net margin of 4.1% compared to RMB 851 million and 8.8% in the prior year period, mainly due to a higher effective tax rate on a non-GAAP basis, net profit was RMB 699 million with net margin at 5.5%. Finally, looking at our balance sheet and cash flow. We generated around RMB 565 million in net operating cash during the fourth quarter of 2024 -- 2025.

As of year-end, our total cash position, which includes cash and cash equivalents, restricted cash, term deposits and short-term investments was about RMB 9 billion compared to RMB 5.9 billion at the end of 2024. Our strong cash position and continued cash generation provide us with a solid financial foundation, giving us the flexibility to pace our investment and expansion in line with market conditions.

Before we begin the Q&A portion of the call, I will briefly touch on the full year of 2025 financial highlights. Compared to 2024, total net revenues increased by 43% to RMB 49.3 billion. GAAP operating profit increased by 42% to RMB 5.1 billion with operating margin at 10.3%. Non-GAAP operating profit increased by 43% to RMB 5.6 billion with non-GAAP operating margin at 11.5%. Net profit increased by 22% to RMB 3.6 billion with net margin at 7.3%. Non-GAAP net profit increased by 27% to RMB 4.2 billion with non-GAAP net margin at 8.5%.

In closing, our full year results have placed us on a stronger footing. We remain well positioned to execute our long-term growth strategy with a continued focus on disciplined cost management and ongoing efforts to optimize our operating performance. With that, we will open the call for questions. Operator, please go ahead.

Question-and-Answer Session

Operator

[Operator Instructions] Our first question today comes from Jessie Xu at JPMorgan.

Jessie Xu

JPMorgan Chase & Co, Research Division

[Interpreted] Jesse Xu from JPMorgan. 2025 has been quite volatile with many more moving factors in the industry. Very excited to be in the fast-growing sector. It's very dynamic and very interesting. For the fourth quarter '25, store expansion is definitely a strong beat, a net opening of over 8,000 stores fully demonstrates the competitive edges and strong execution, which is very rare in the whole China retail market. But at the same time, we also noticed that same-store sales performance seems to be weaker than expected.

So could you first maybe elaborate a little bit more to help us understand the rationale behind the numbers? And more importantly, how should we think about the outlook or trend for '26, including new store opening pace, same-store sales trend and margins on both store level and company level. What's your strategy to cope with the fluid situation this year? Any guidance or colors would be great.

Jinyi Guo

Co-founder, CEO & Director

[Interpreted] Thank you for your question. And this is also a question focused on by investors. As mentioned earlier, our fourth quarter same-store sales performance and profit performance were affected by a combination of factors, including seasonality, changes in food delivery platforms, their subsidy dynamics and also cup volume mix. So all of these factors are actually in line with our expectations.

So looking into 2026 and our long-term development strategy. So as emphasized in our previous earnings calls, I'd like to reaffirm again that China's coffee market remains in a rapid growth phase with significant structural opportunities ahead. So in 2025, food delivery platform, their subsidy campaigns significantly accelerated coffee adoption among Chinese consumers. So accordingly, we saw strong demand and the fast-growing coffee consumption, which further validated our strategic view. So therefore, gaining market share remains our top strategic priority and focus.

For 2026, in a complex and dynamic market environment, we will maintain a disciplined yet agile development approach, focusing on key areas, for example, stores, costs and price levels to drive healthy business performance. So in terms of store expansion, we will leverage our unique and also industry-leading digital site selection and planning system to implement a refined strategy, maintaining an efficient and competitive pace to capture the fast-growing market demand. And at the same time, we'll continue to closely track store performance to make sure that we have a healthy ramp-up and maturation cycle.

So in terms of cup volume, on the supply side, centered around customer needs, we'll continue to drive product innovation and enrich our product portfolio to reach more customers as well as to cover more consumption scenarios. On the demand side, we will leverage our digital capabilities to implement more targeted and market relevant marketing strategies. All these efforts will allow us to strengthen emotional connection through brand innovation and improve customer reach and conversion efficiency ultimately contribute to retention and purchase frequency.

And on pricing, we maintain competitive price levels while broadening our price range to optimize our overall pricing architecture and flexibly address diverse market needs. And at the same time, we'll continue to enhance the consumption experience to support our overall pricing and operating performance. For example, we will introduce more diversified color offerings, more customization options as well as professional coffee bean flavor selections.

So in conclusion, overall, given the evolving food delivery platform, there are the subsidy dynamics and the time required for order mix to gradually shift back to pick up. And on top of that, also considering the high base created by large-scale subsidies in 2025, we may continue to see some near-term volatility and challenges in the same-store performance and the profitability in 2026, which is also consistent with such market dynamics.

However, we believe these short-term fluctuations don't change the underlying drivers of our long-term growth. And with our digital infrastructure and our strengthened competitive advantages across both store scale and customer base, along with our operating infrastructure that continuously improves efficiency, we are confident in the long-term outlook for same-store performance and profitability.

Operator

And our next question today comes from [Becky Kai] at Macquarie.

Unknown Analyst

[Interpreted] My question is regarding the market competition. So the coffee market is getting way more diverse. So for example, like we see more cross-category competition between tea and coffee brands. So how do you see the current competition evolving? And what does it mean for Luckin.

Jinyi Guo*Co-founder, CEO & Director*

[Interpreted] Thank you for your question. So we are also very closely monitoring the evolving competitive dynamics. And -- but first of all, we strongly believe that China's coffee industry remains at a relatively early stage of development. So there is still substantial headroom in both consumer penetration and per capita consumption compared with the mature markets.

So the freshly brewed sector stands out as one of the few industries in China with significant long-term structural opportunities and also a long runway for growth. So when consumers' habits continue to develop, it's natural to see more players entering the market. But more importantly, increased participation also contributes to broader consumer education and a deeper market penetration. So we will further expand the overall market size.

From a long-term perspective, the basis of accommodation in the industry is also evolving. So since Luckin's inception, both China's coffee industry and the consumers' behavior have transformed rapidly. So today, freshly brewed coffee brands can no longer rely solely on pricing individual hit product or single marketing campaigns to achieve lasting success. Instead, long-term -- this long-term competitiveness increasingly depends on an integrated set of capabilities, for example, brand perception, customer experience, emotional connection, product development capabilities and the store coverage.

So ultimately, delivering a comprehensive experience across these dimensions is what will define our long-term success, which also requires the support of a very powerful digital operations and scale advantage. And after 5 years of development, we believe that Luckin has begun to build the systematic competitive advantages across all the mentioned dimensions.

And coffee is a well-established category with strong consumer recognition. So as a dedicated coffee brand, Luckin has consistently positioned ourselves around professionalism, youthfulness, fashion and wellness while continuing to strengthen our brand concept, LuckinHand. We continuously reinforce our coffee identity through product innovation, customer experience, brand campaigns and IP collaborations.

All these efforts have deepened consumers' brand recognition of Luckin Coffee. This deeply established brand perception forms a key competitive advantage for us. Building on all the foundation, Luckin has leveraged our digital capabilities to establish direct, frequent and efficient interactions with our customers. This enables us to gain deeper consumer insights, better understand evolving tastes and preferences and execute more targeted product launches, marketing campaigns and customer engagement initiatives.

And as mentioned earlier, our average monthly transacting customers have exceeded 100 million for 5 consecutive months from June to October last year. This is also the most direct testament to this highly efficient interaction and our operational capabilities. And our data-driven approach to product innovation, brand building and user operations help us sustain our strong brand momentum and support our long-term growth.

And in terms of products guided by customer needs, we continue to drive product innovation with a strong focus on elevating coffee expertise and flavor experience. Our frequent new product launches aren't simply an expansion of SKUs, but rather reflect the strength of our supply chain elasticity and product development capabilities, including the sourcing, roasting capabilities, recipe formulation, flavor expression and customization from expanding our global origin footprint to building China's largest in-housing roasting network all the way to assembling professional coffee master teams, we have built a robust infrastructure that supports our long-term competitiveness.

This freshly brewed coffee is fundamentally a category that relies on convenient locations and efficient customer fulfillment. The breadth of consumption scenario coverage and the store proximity to customers are key to converting this demand into actual sales. So with our 30,000 stores nationwide, we have broad coverage across cities and townships from high-tier to lower-tier markets. Our clear scale advantage better positions us to capture the sustained demand growth.

And finally, our end-to-end digital capabilities across all businesses are a key competitive differentiator for us. As the era of AI arrives, we continue to increase our technology investment, exploring ways to adopt new technologies and advance our intelligent upgrade. On the customer side, we leverage AI-driven algorithms to unlock more opportunities across both private and public channels.

And on the product side, we are building a more efficient and cost-effective product and supply chain infrastructure across consumer insights, product development and supply chain management. On the store side, we apply AI across site selection, store construction and AIoT-enabled store operations to continuously enhance efficiency. All these initiatives will support our long-term operational efficiency and reinforce our competitive edge.

Yes. So overall, as more players enter the market, competition is becoming increasingly multifaced. We firmly believe that the scale and structural advantages we have built across these key areas will allow us to further expand, consolidate and strengthen our market-leading position as China's coffee industry continues to grow rapidly. So over the long term, this will also translate into sustained growth momentum and long-term profitability. Thank you.

Operator

And our next question today comes from Sijie Lin with CICC.

Sijie Lin

China International Capital Corporation Limited, Research Division

[Interpreted] Guo, An, and Nancy, I'm Sijie from CICC. I have a question on globalization. Our globalization -- our global expansion has been underway for some time now. So how should we evaluate the current progress of overseas expansion? And what's the strategy and plan for the future?

Jinyi Guo

Co-founder, CEO & Director

[Foreign Language]

Operator

Pardon me everyone, this is the operator. Looks like we're having a connection issue again with the main speaker line here. Please let me reconnect them and we will continue the answer in just one moment. Please standby. Pardon me, everyone, I've reconnected the speaker line. Please proceed with your answer. Thank you.

Jinyi Guo

Co-founder, CEO & Director

[Interpreted] Apologies, we were experiencing some interruptions. Now we are back online. And I will translate this question from the beginning.

So thank you for your question. Luckin Coffee's vision is to build a world-class coffee brand. So international expansion is a key part of Luckin's long-term strategy and the necessary steps in fulfilling our vision. Therefore, we will continue to evaluate and steadily advance our overseas expansion.

Compared with the overseas markets where coffee consumption is very mature and stable, Mainland China's coffee market remains the most attractive globally in terms of growth and upside potential, and it continues to be the core foundation of our business. And Luckin has built our comprehensive advantages and proven business model on digitalization and scale in China's complex and intense competitive dynamics, which we believe will also form the core advantages for Luckin's overseas expansion. Therefore, we are advancing our international expansion with a long-term perspective and a merit approach as we remain committed to building a sustainable and replicable operating model.

Overall, Luckin's overseas development has delivered encouraging early results. In Singapore, which is our first international market with a self-operated model, after 3 years of exploration and operational build-out, we had over 80 stores there by the fourth quarter, making us Singapore's second largest coffee chain by store count.

With our innovative product offerings, convenient digital services and strong value for money proposition, we've been expanding our customer base while achieving growth in both top volume and ASP. Since the second half of last year, we've achieved stable store level profitability with business model largely validated. Also, this demonstrates the viability of Luckin's model in the overseas market.

So building on the brand influence established in Singapore, we entered Malaysia in 2025 through a master franchise model. By year-end, we had opened 70 stores there, achieving our first year store opening target as we planned. Leveraging our proven experience in Singapore, we guide and help our local partner to build a highly localized operating infrastructure covering customer operations, product selection and marketing methodology, which has steadily strengthened market performance.

As our Malaysia business enters a phase of accelerated expansion, both us and our local partner remain fully confident in our future development. This also provided a strong reference case for future franchise opportunities in more international markets.

In mid-2025, we began exploring the U.S. market, and now we had opened 9 stores by year-end. As one of the world's largest and most mature coffee market, the U.S. represents one of our important long-term opportunities. So we are expanding our U.S. business with great patience and discipline, focusing on building strong foundations across our product, supply chain, consumer insights, customer experience and organizational capabilities for the long run.

So at this very early stage, our priority remains on validating our business model and building operational experience. We are focused on refining fundamental capabilities such as product R&D methodology, user experience and supply chain optimization to establish a solid foundation for our future scaled expansion.

So overall, we have both confidence and patience in our international expansion. Going forward, we will continue to follow a disciplined approach to deepening localized operations. We remain committed to maximizing Luckin's core strength while adopting flexible locally tailored models to deliver differentiated and innovative product offerings as well as customer experiences and refine our store model. As we build overseas operational experience, we aim to expand into more international markets over time and dedicate ourselves to building Luckin into a world-class coffee brand.

Operator

Thank you. Due to time constraints, no further questions will be taken at this time. This concludes the question-and-answer session. I'd like to turn the call back to the management team for any closing remarks.

Nancy Song

Thank you, everyone, for joining our call today. If you have any further questions, please feel free to contact our IR team. This concludes today's call. We look forward to speaking with you again next quarter. Thank you.

Operator

Thank you. That concludes today's conference call. We thank you all for attending today's presentation. We look forward to speaking with you again next quarter, and have a great day.

[Portions of this transcript that are marked [Interpreted] were spoken by an interpreter present on the live call.]

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