



Luckin Coffee, Inc.
Q4 and FY2024 Earnings Conference
Call Transcript

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PARTICIPANTS

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PRESENTATION

Operator

Ladies and gentlemen, welcome to Luckin Coffee's fourth quarter and full year 2024 earnings conference call. All participants will be in listen-only mode during management's prepared remarks, and there will be a question-and-answer session to follow. Please be advised that today's call is being recorded. Now, I would like to turn the call over to Ms. Nancy Song, Head of Investor Relations of Luckin Coffee. Nancy, please go ahead.

Nancy Song

Investor Relations Director, Luckin Coffee

Thanks, Operator.

Hello, everyone. Welcome to Luckin Coffee's fourth quarter and full year 2024 earnings conference call. We announced our financial results earlier today before the US market opened. The earnings release is now available on our IR website and via newswire services.

Today, you will hear from Dr. Guo Jinyi, our Chairman and CEO, 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 would like to turn the call over to Dr. Guo Jinyi, Chairman and CEO of Luckin Coffee. Dr. Guo, please go ahead.

Jinyi Guo

Chairman and CEO, Luckin Coffee

(Translated) Hello, everyone. Welcome to today's earnings conference call. Thank you for your continued interest in and support of Luckin Coffee. 2024 marked a pivotal year for Luckin Coffee's robust growth. In this dynamic market, we effectively expanded our market share and competitive edge through strategic focus, clear objectives and strong execution. For the full year, our total net revenues increased by 38% year-over-year to RMB 34.5 billion, with operating profit increasing 17% to RMB 3.5 billion. Notably, entering the second quarter, our same-store metrics for self-operated stores started to improve rapidly, reflecting significant efficiency gains. These achievements have further strengthened our market leadership as we drive industry-wide innovation and continue to shape the development of China's coffee market.

大家好，欢迎参加今天的业绩沟通会，感谢各位对瑞幸咖啡的持续关注与支持。2024年，是瑞幸咖啡业务发展的关键一年。在复杂多变的行业环境中，我们战略聚焦、明确目标、执行到位，持续扩大了市场份额和竞争优势。公司全年总净收入同比强劲增长38%，达到345亿元。营业利润同比增长17%，达到35亿元。尤其从二季度开始，自营同店指标持续快速改善，运营效率得到显著提升。凭借这些成绩，我们进一步巩固了市场领先地位，持续引领中国咖啡行业的创新与快速发展。

As China's largest coffee chain brand by store count, Luckin Coffee maintained an industry-leading pace of store expansion during 2024. With over 6,000 net new stores opened for the year, we further reinforced our scale advantage, reaching a total of 22,340 stores by year-end. Leveraging our strong product innovation and R&D capabilities, we launched a range of popular new coffee products and successfully expanded our beverage portfolio, better meeting customers' diverse needs across all times of day and consumption scenarios. As a result, we saw our number of average monthly transacting customers increase by 48% year-over-year to 71.8 million, coupled with cups sold of freshly-brewed beverages rising 55% to nearly 3 billion. By the end of the fourth quarter, we had over 330 million cumulative transacting customers, setting a new record for Luckin in China's coffee consumption market.

作为中国门店数量最多的连锁咖啡品牌，瑞幸咖啡在2024年依然保持行业领先的开店速度，全年门店净增超6,000家。截至四季度末，门店总数已达22,340家，进一步巩固了规模优势。依托强大的产品创新和研发能力，我们不仅推出多款广受用户喜爱的咖啡新品，更成功拓宽产品品类，更好地满足了消费者全时段、全场景的多元需求。得益于此，公司2024年月均交易客户数同比增长48%至7,180万，全年现制饮品销量近30亿杯，同比增长55%。截至四季度末，累计交易客户数超过3.3亿，继续刷新瑞幸在中国咖啡消费市场的新纪录。

Next, I will provide some highlights of our fourth quarter results and operational progress. Our CFO An Jing, will share additional financial details later on this call.

接下来，我将简要介绍公司第四季度的业绩和运营进展，稍后CFO安静会和大家分享更详细的财务数据。

During the reported quarter, we maintained strong growth momentum, as total net revenues increased by 36% year-over-year to RMB 9.6 billion. Operating profit surged 368% to around RMB 1 billion, while operating margin expanded by 7.4 percentage points year-over-year to 10.4%. For the first time, we achieved double-digit operating margin in the fourth quarter, a period that has traditionally been a low season for the industry. This stands as a strong testament to our enhanced operational efficiency. Notably, as discussed on our previous earnings calls, our same-store sales growth for self-operated stores continued to improve, significantly narrowing from negative 13% in the third quarter to negative 3% in the reported quarter. More encouragingly, this metric turned positive last December. In addition, store-level operating margin for our self-operated stores reached 19.6% in the fourth quarter.

本季度，我们继续保持良好的增长势头，总净收入同比增长 36%，达到 96 亿元。营业利润同比增长 368%，达到近 10 亿元。营业利润率 10.4%，同比增长 7.4 个百分点。在行业相对淡季的第四季度，我们首次实现了双位数的营业利润率，这也是公司整体运营效率提升的有力证明。特别值得指出的是，如之前业绩发布会沟通，我们的同店指标持续改善，自营门店的同店销售增长率从第三季度的-13%大幅收窄至本季度的-3%，并在 12 月实现了单月转正。此外，本季度自营门店利润率达到 19.6%。

Moving on to operations, we strengthened our competitive edge through focus on three core pillars: “people,” “products,” and “places.” By expanding our scale advantages across store network and customer base, we further increased Luckin's market share. In terms of stores, we prioritized network expansion to capture market opportunities and stay ahead of the competition, sustaining industry-leading store growth while ensuring high-quality and operational efficiency. In the fourth quarter, we added 991 net new stores in China, including the launch of our first 5 stores in Hong Kong. Our unparalleled scale continued to lead the market, with our total store count in China reaching 22,289, including 14,540 self-operated stores and 7,749 partnership stores. We believe that as more consumers develop coffee-drinking habits in China, coffee consumption demand will grow steadily, both in terms of customer base and per-capita consumption. This will create significant opportunities for us to increase store density in high-tier cities and further penetrate into lower-tier markets. Relating to our international markets, we added six new stores in Singapore, bringing our total to 51 stores there. This January, we officially entered the Malaysian market via a franchise model, opening the first two Luckin stores there, another key milestone in our overseas expansion. In the relatively mature international coffee markets, we will adopt flexible and tailored operational models to build out our overseas experience while continuously exploring new market entry opportunities.

从运营来看，我们持续围绕“人”、“货”、“场”三大业务支柱强化核心竞争力，扩大门店和客户供需两端的规模优势，进一步提升了瑞幸的市场份额。在门店方面，面对当前的市场机遇和竞争环境，在保障门店质量和运营效率的基础上，我们继续保持领先行业的开店速度，持续推进门店优先布局的发展策略。四季度中国市场净增 991 家门店，其中包括中国香港首开的 5 家。国内总门店数达到 22,289 家，其中自营 14,540 家，联营 7,749 家，整体规模继续领跑市场。我们相信，随着更多消费者逐渐养成咖啡习惯，不论从用户数上，还是人均杯量上，国内咖啡市场的用户需求将继续稳步提升，为公司加密高线城市、拓展下沉市场创造巨大的机会。国际市场方面，本季度新加坡市场新增 6 家门店，总门店数达到 51 家。今年 1 月份，我们还通过特许经营模式正式进军马来西亚，首开两家门店，

海外市场再下一城。对于咖啡消费习惯相对成熟的海外市场，我们将采取更灵活、更符合国际市场运营特点的模式，积累海外运营经验，持续探索布局更多市场的机会。

In terms of products, our deep user insights and data support fueled continuous product development and innovation, allowing us to better meet customers' evolving needs. With innovative product launches, we continued creating new tastes and experiences for our customers, unlocking greater consumption potential. In this reported quarter, we introduced 18 new beverages and several light meals, bringing the full-year new SKUs to 119. Along with these new offerings, we also focused on creating evergreen best-sellers to cultivate a loyal and stable customer base. For example, the Little Butter Latte, launched in late September 2024, quickly became the Number 2 best-seller in the fourth quarter, only behind our signature product - Coconut Milk Latte. Another case in point is our Apple Americano launched in the fourth quarter. This co-branded offering with Pingu also performed well, delivering promising repeat purchases and starting to build a dedicated group of loyal customers for this product category.

在产品方面，基于深刻的用户理解和数据支持，我们持续强化产品研发和创新能力，更好地抓住用户不断变化的多元需求，通过持续上新来满足用户对新口感、新体验的追求，激活消费潜力。本季度我们共上新 18 款饮品及多款轻食，全年累计推出了 119 款新产品。在产品上新的同时，我们也致力于打造热销常青产品，以沉淀高粘性的稳定客群。例如 24 年 9 月末全新推出的小黄油拿铁，成为四季度销量仅次于生椰拿铁的 Top 2 单品。四季度与 Pingu 联名上新的苹果 C 美式，也有很不错的产品复购表现，初步建立了该类产品的忠实客群。

Through our strong product appeal and engaging co-branded campaigns, our expertly-crafted and great-tasting beverage portfolio has consistently attracted new customers and boosted engagement, steadily increasing the number of active transacting customers. In the fourth quarter, we added over 25 million new customers, with average monthly transacting customers exceeding 77 million. Supported by our accessible store network, we are well-positioned to meet growing customer demand for our products of high quality and high affordability. Throughout 2024, we added more than 100 million new transacting customers, setting a new record and laying a more solid customer foundation for our future growth.

通过强大的产品力，叠加丰富有趣的联名活动，我们以“专业”、“好喝”的产品矩阵不断吸引新用户，拉动用户活跃，持续提升活跃用户数量。本季度我们新增交易客户数超过 2,500 万，月均交易客户数超过 7,700 万。依托便捷的门店交付网络，我们用高性价比的优质产品来满足日益增长的用户需求。2024 年，新增交易客户数超过 1 亿，再创历史新高，也为我们接下来的发展奠定了更扎实的客户基础。

Driven by growing customer demand and strong market potential, we are enhancing our supply chain capabilities and integration, paving the way for high-quality, sustainable long-term development. During the fourth quarter, we deepened our strategic cooperation with the Brazilian Trade and Investment Promotion Agency (“ApexBrasil”), signing a new Memorandum of Understanding to expand our coffee bean procurement scale from the original 120,000 metric tons over two years to 240,000 metric tons over the next five years. This initiative allows Luckin to secure a stable supply of high-quality coffee beans

from upstream production areas, building a strong moat for our global supply chain. In addition, leveraging the strength of our industry value chain, we actively drive win-win development across the industry. Through optimized partnership subsidies, reduced raw material mark-ups, as well as systematic and holistic support, we empower Luckin's partners to share in the industry's success, increasing their investment return potential and expansion capabilities. Our shared interests with partners highlight our corporate responsibility as the market leader while strengthening our industry influence and leadership.

面对稳步提升的用户需求和巨大的市场潜力，我们持续加强供应链建设和深度整合，布局公司长期高质量、可持续的发展。四季度，我们进一步加深了与巴西出口投资促进局的战略合作，新签署的《合作备忘录》将原有的两年 12 万吨咖啡豆采购合作拓展至未来五年 24 万吨，使瑞幸在上游原产区进一步锁定了稳定的高品质货源，构建起全球供应链的坚实护城河。此外，依托于强大的产业链布局，我们积极推行行业共赢发展。通过优化联营补贴政策、降低原材料加价率与系统化的全面支持，让瑞幸联营伙伴也能够共享行业发展成果，提高投资回报的潜力，提升持续拓展能力。这不仅体现了我们作为行业领导者的企业责任，也进一步巩固了我们在行业中的号召力和优势地位。

Turning to ESG, as China's leading coffee chain brand, Luckin actively and consistently executes a sustainability strategy called "Being a force for a brighter future," alongside our rapid business expansion. We are leading the industry's intelligent and green transformation while deepening multi-dimensional cooperation with global coffee producing regions, strengthening quality control across the supply chain, and continuously innovating healthy choices. In addition, we are actively creating a vibrant, value-respecting, and growth-empowering work environment to energize Luckin's sustainable high-quality development. In 2024, our sustainable practices garnered several ESG honors and awards, including the 2024 China Best ESG Employer by AON. Building upon our sustainability roadmap, we remain dedicated to long-term, healthy and sustainable development, working together with our partners to drive more impactful social value for a brighter future.

此外，在 ESG 方面，作为中国领先的连锁咖啡品牌，瑞幸在快速发展的同时，始终积极践行“以赴美好明天”的可持续发展战略，引领产业链智慧化、绿色化升级，深化全球咖啡产地多维合作，加强全产业链品控管理，不断创新健康选择。同时，我们积极打造充满活力、尊重价值和赋能成长的工作环境，为公司的高质量可持续发展注入动力。2024 年度，瑞幸凭借可持续实践的落地，获得了怡安集团“2024 中国最佳 ESG 雇主”等一系列 ESG 领域的荣誉和奖项。我们将以公司长远、健康和可持续发展作为基石，汇聚合作伙伴的力量携手前行，共同创造更具影响力的社会价值，迈向更加美好的明天。

Looking ahead, we remain confident in the vast growth potential of China's coffee market. In this dynamic and competitive market environment, we believe Luckin is strategically positioned to capture these opportunities, driving long-term, sustainable, and high-quality growth. In 2025, we will remain laser-focused on expanding our scale and market share to further enhance our competitive edge. As we adopt a balanced and well-paced growth strategy, we will also remain agile and adaptive to market dynamics. In terms of store growth, we aim to maintain our industry-leading store opening pace, with a focus on quality and efficiency. Building on our core competitive advantage of economies of scale,

we continuously enhance operational efficiency through our powerful digitalization capabilities. In terms of customer growth, we remain committed to meeting customers' evolving needs with high-quality coffee that offer great value and distinct appeal, sustaining healthy business development.

展望未来，我们对中国咖啡行业巨大的发展潜力充满信心。我们相信，在复杂多变的市场竞争中，瑞幸做好了全方位的战略准备，有能力抓住这一历史机遇，实现长期健康可持续的高质量发展。2025年，我们仍将以扩大规模优势和市场份额为重点目标，进一步增强竞争优势。秉持稳健的运营策略，兼顾灵活机动，及时响应市场变化。在确保质量和效率的前提下保持行业领先的开店速度，充分发挥规模化带来的成本优势，通过数字化能力提升运营效率，以极具性价比和竞争力的优质产品满足用户需求，实现业务的持续健康成长。

Finally, we would like to once again express our heartfelt gratitude to our customers for their support, our partners for their help, and our investors for their trust. We would also like to extend our sincere thanks to the over 130,000 individuals who contribute to Luckin's growth for their dedication and hard work. Working together, we remain committed to building a world-class brand and creating long-term value for our customers, partners, and shareholders.

最后，再次感谢广大消费者的厚爱、合作伙伴的支持与投资人的信任，感谢超 13 万瑞幸伙伴的辛勤付出。我们将共同携手努力，为打造世界级品牌而持续奋斗，为客户、伙伴和股东创造长期价值。

With that, I will turn the call over to An Jing to go through our financial results in detail. 接下来，有请 CFO 安静向大家介绍详细的财务数据。

Jing An

CFO, Luckin Coffee

Thank you, Jinyi. Good day, everyone. Thank you for joining today's call.

We finished the year with solid results. Not only did we expand our leadership position with expanded scale across our store network and customer base, we also achieved notable efficiency gains towards the second half of 2024, a strong testament to our robust business model and solid foundation for future growth.

Now, I will share more details on our financial results. In the fourth quarter, our total net revenues increased by 36% year-over-year to RMB 9.6 billion. This growth was mainly driven by increased product sales, supported by our expanding store network and growth in monthly transacting customers.

In terms of revenue components: Revenues from product sales increased by 43% year-over-year to RMB 7.6 billion, as a result of our enhanced ability to fulfill customers' diverse and growing needs through the strong appeal of our products and convenient delivery

supported by our broad store network. Breaking down our product sales into three streams:

Net revenues from freshly brewed drinks were RMB 6.9 billion, about 72% of total net revenues. Net revenues from other products were RMB 496 million, about 5% of total net revenues. And net revenues from others were RMB147 million, about 2% of total net revenues.

Revenues from our partnership stores increased by 16% year-over-year to RMB 2 billion, reflecting our expanding partner network. These partnership stores accounted for 21% of total net revenues.

Now, to provide further color on our self-operated stores, revenues from our self-operated stores increased by 42% year-over-year to RMB 7.2 billion. We were particularly encouraged by the improved same-store sales growth, which increased notably to negative 3.4% from negative 13.1% in the prior quarter. Our store-level operating profit margin expanded by 6.1 percentage points year-over-year to 19.6%. These improvements reflect our enhanced operational efficiency as well as a more balanced operational pace between store growth and customer growth.

Moving on to store expansion, we opened 997 new stores on a net basis during this quarter. Our total store count was 22,340 at quarter-end, comprising 14,591 self-operated stores and 7,749 partnership stores. With more stores falling into our “same store sales” category, our industry-leading network has paved the way for our sustainable development in the coming years.

Looking at our customer growth, in the fourth quarter, we added an additional 25 million new transacting customers. Our average monthly transacting customers increased by 25% year-over-year to around 78 million. With a new record of over 100 million new customers added in 2024, we expanded our total customer base to over 330 million by year-end, positioning us for sustained future growth as coffee drinking habits mature and overall coffee consumption frequency rises in China.

Turning to profitability, I will first highlight a few key expense items.

Cost of materials increased by 10% year-over-year to RMB 3.8 billion. Cost of materials as a percentage of total net revenues decreased to 40% from about 50% in the same period of 2023, resulting in gross margin expansion. This improvement resulted from our stronger supply chain advantages as well as changes in product mix. On the other hand, we did see an upward trend in the price of coffee beans, which could negatively affect this cost item in 2025 to some extent. But we are expecting our enhanced operational efficiency and economies of scale to partially mitigate such impact.

Delivery expenses increased by 79% year-over-year to RMB 839 million, mainly due to an increase in delivery orders. As a result, delivery expenses as a percentage of total net revenues increased to 8.7% from 6.6% in the same period of 2023. However, delivery expense per order decreased as a result of greater economies of scale.

Sales and marketing expenses increased by 44% year-over-year to RMB 573 million, mainly due to continued strategic investments in strengthening our brand power among customers as well as increased commission fees paid to third-party food delivery platforms. Sales and marketing expenses as a percentage of total net revenues increased to 6.0% from 5.6% in the same period of 2023.

General and administrative expenses increased by 13% year-over-year to RMB 638 million as a result of increased investments in research and development, increased share-based compensation, and an increase in professional fees, partially offset by reduced payroll costs. G&A expenses as a percentage of total net revenues decreased to 6.6% from 8.0% in the same period of 2023, demonstrating enhanced efficiency resulting from our larger operational scale.

Turning to profit and margin performance, our GAAP operating profit increased significantly by 368% year-over-year to RMB 995 million. Operating margin expanded by 7.4 percentage points year-over-year to 10.4%, marking significant efficiency gains. On a non-GAAP basis, operating profit increased year-over-year to RMB 1.1 billion, with operating margin at 11.4%.

Net profit increased significantly by 184% year-over-year to RMB 841 million, with net margin expanding by 4.5 percentage points to 8.7% for the quarter. On a non-GAAP basis, net profit increased year-over-year to RMB 928 million, with net margin at 9.7%.

Finally, looking at our balance sheet and cash flow items, in the fourth quarter, our net operating cash inflow was RMB 1.6 billion. As of December 31, 2024, we had around RMB 5.9 billion in cash, including cash and cash equivalents, restricted cash, term deposits, and short-term investments, compared to RMB 3.8 billion as of December 31, 2023. Our disciplined strategy and strong cash reserves preserve the strength and flexibility of our balance sheet, allowing us to effectively navigate dynamic macro and market environments as well as to swiftly capture the business opportunities.

Before we begin the Q&A portion of the call, I will briefly touch on a few full-year 2024 financial highlights.

Compared to 2023, total net revenues increased by 38% to RMB 34.5 billion. GAAP operating profit increased by 17% to RMB 3.5 billion, with operating margin at 10.3%. Non-GAAP operating profit increased by 20% to RMB 3.9 billion, with non-GAAP operating margin at 11.3%. Net profit increased by 3% to RMB 2.9 billion, with net margin at 8.5%. Non-GAAP net profit increased by 4% to RMB 3.3 billion, with non-GAAP net margin at 9.5%.

In closing, we are encouraged by our fourth quarter and full-year results. Looking ahead, our laser-focused strategies and strong execution provide us with greater confidence in our sustained future growth in the years to come.

With that, we will open the call for questions. Operator, please.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) Our first question comes from Ethan Wang of CLSA. Please go ahead.

Ethan Wang

Analyst, CLSA

(Foreign Language) Good evening, management. Congratulations on the results. My question is based on the same store sales growth, I think the highlight of the results, improving for the second consecutive quarter and already achieved positive growth in December, so if management can help us to put it down into price and volume that would be very helpful, and for 2025, if we look longer, what is management's current view on same store sales growth. Thank you.

Jinyi Guo

Chairman and CEO, Luckin Coffee

(Translated) Thank you for your question. I will have An Jing explain in further detail the breakdown between price and volume after. First, I'll give you some high level comments on the macro and how we think of the fluctuations of our SSSG metrics. So SSSG metric is a crucial operating metric for large chain catering enterprises. We pay very great attention to and very closely monitor this metric. Overall speaking, its fluctuations over the past few quarters were well in line with our expectations. Our continued improvement in the fourth quarter is also consistent with what we have been communicating to the market all along. Since 2023, China's coffee market has been growing rapidly, while competition has also begun to intensify. Given these trends, we saw great market potential and thriving customer demand. Therefore, we strategically and decisively accelerated our store expansion pace, effectively gaining market share for sure and standing out from the competition with our industry-leading scale advantages. As our stores require time to mature and customer consumption habits take some time to develop, our SSSG experienced some short-term volatility which is well in line with our strategic judgement and expectations.

谢谢，特别感谢您的提问。关于具体的量价的这个问题，我们后面请 CFO 安静具体的展开一下。我先从整体的宏观层面来讲一下公司对整个同店指标的看法，包括对过去一段时间波动的一些看法。同店销售增长指标呢，是大型连锁餐饮企业的一个非常关键的经营指标，也是我们一直非常重视并且密切关注的一个指标。总体来看呢，过去几个季度的整个同店指标的趋势变化，我们认为是符合我们公司的整体预期的，包括四季度的持续改善，也和我们前期和市场的沟通，这个是完全一致的。因为我们回顾看 2023 年，中国咖啡市场，它处在一个快速成长，行业竞争加剧的一个这样的状态和阶段。然后我们看到了这个巨大的市场空间和旺盛的客户需求。所以在这个背景下面呢，公司果断做出了一个战略决

策，就是全面加速开店节奏，快速拉升整个的市场份额，这才实现了今天的这个行业领先优势。所以呢，在这个背景下面，受到门店培养周期、客户消费习惯养成等这一系列的客观因素的影响，同店指标出现阶段性的波动下降，我们认为是完全符合公司的战略判断的。

Looking into 2025, as we continue to strengthen and expand our industry leadership, our economies of scale, cost, and efficiency advantages have become more evident, will give us a new stage in our business development. As we maintain our rapid growth, we will remain deeply committed to healthy and sustainable operations. So we are confident in our ability to further enhance our SSSG performance.

展望 2025 年呢，随着我们整个的行业领先地位的持续巩固和不断扩大。公司的规模成本和效率的优势也开始体现出来，业务发展也进入到一个新的阶段。我们会在持续高速发展的同时，更加关注健康可持续的这种经营表现。当然，我们也很有信心在未来进一步提升同店指标的表现。

We know you guys want to know the drivers behind the short term SSSG improvement and also the long term drivers. So looking at the short term, we will leverage our extensive store network that covers different consumption scenarios, drive product innovation and category expansion, and implement very insightful marketing campaigns to offer our customers more choices of expertly crafted and great-tasting drinks as well as its emotional value. We believe this approach will help us to attract more customers and improve cup sales performance across our stores.

当然大家也很关心我们这个同店指标，在未来的短期，它的增长靠什么，然后呢，中长期靠什么，我也从这两个角度来再稍微展开一下啊。我觉得从短期来看呢，我们重点依托的是我们目前已经具备的广泛的门店场景覆盖，通过持续的产品创新和品类拓展，再结合洞察敏锐的营销活动，向客户提供更丰富的、专业好喝的产品，以及更充分的这种情感和情绪价值，吸引更多的用户消费。助力提升整个门店的这种杯量的表现。

In the mid-to-long term, one of the key characteristics of coffee consumption is the potential for increasing frequency. In China, coffee consumption is still at its relatively early stage. So as coffee-drinking habits continue to develop, coffee consumption frequency will naturally rise, leaving significant room for growth in per-capita coffee consumption. So this will give us drivers for our future same-store sales growth. I will have An Jing give more details on the fourth quarter SSSG performance.

而从中长期看呢，因为咖啡消费最大的特点是频次有着持续提升的空间。我们总体来看，目前我国咖啡消费仍处在一个非常初级的阶段，随着消费者咖啡消费习惯的这种逐渐养成，消费频次自然会有一个逐步上升的过程，人均杯量我们认为还有一个非常大的增长空间，当然这也会给我们同店增长带来一个强劲的动力。具体四季度的一些数据的情况呢，请我们 CFO 安静补充一下吧。谢谢。

Jing An

CFO, Luckin Coffee

Thanks, Dr. Guo. The continuous improvement in our fourth-quarter SSSG resulted from the strong execution of our well-paced expansion strategy. As customer demand is steadily growing, our store performance continues to improve along with efficiency gains.

Looking at our comparable stores, in terms of pricing, our per-cup price in the fourth quarter remained largely stable compared to the same quarter of 2023.

In terms of cup sales, rising customer demand drove consistent improvement in cup sales performance, with per-store daily cups sold in the fourth quarter almost returning to the levels seen in the same quarter of 2023. Notably, our per-store daily cup sales in December 2024 exceeded those of December 2023, driving positive SSSG for that month.

Looking ahead to this year, we expect per-cup prices to remain stable compared to last year. As more of our self-operated stores reach maturity, we are expecting a gradual year-over-year increase in the number of per-store daily cups sold, supported by our wider selection of high-quality and engaging coffee experiences. This will in turn further drive overall SSSG improvement. Thanks.

Operator

The next question comes from Sijie Lin of CICC. Please go ahead.

Sijie Lin

Analyst, CICC

(Foreign Language) Recently, we have seen a significant rise in the price of coffee beans, so how should we evaluate the impact on us and what measures will be taken to address this issue? For example, will we consider to raise price to mitigate the impact? Thank you.

Jinyi Guo

Chairman and CEO, Luckin Coffee

(Translated) Thank you for your question. The rising coffee bean prices indeed draw great attention across the industry and the broader market. So I will give you more color behind on what we're thinking. Overall, this will create some cost pressure. But we expect to partially mitigate such impact by leveraging our robust supply chain and the competitive moat we have built through our full value-chain investments. So our scale advantage and enhanced efficiency can give us some buffer to absorb such pressure. So therefore, we think the impact of rising coffee bean prices is largely manageable for us for the moment.

谢谢，因为近期咖啡生豆期货价格持续走高，基本是在历史高位运行，确实受到行业内外的广泛关注。所以这个问题，我可以稍微系统的展开一下来回答。总体来看，当前咖啡生

豆价格上涨，因为咖啡生豆对于我们来说确实是一个非常重要的原材料，确实会给我们也带来一些成本压力，但是瑞幸通过前期全产业链投入构建起来一个综合的供应链能力，所以我们可以利用规模和效率优势一定程度对冲消化在咖啡豆成本端上涨的影响。因此，总体来看，咖啡豆的价格影响目前看总体可控。

As you may see, we actually have been investing across the coffee industry value chain from upstream sources to end sales. We have built up our full value-chain strength which covers procurement from producing and planting regions, import and export trade, processing and roasting, all the way to retail operations. As I mentioned earlier, last November, we deepened our strategic cooperation with ApexBrasil, signing a new MoU to purchase 240,000 metric tons of coffee beans over the next five years. So this will provide us with a stable supply of high-quality coffee beans, creating significant upstream supply chain advantages for Luckin. So Benefiting from a combination of roasting facilities, including our Kunshan roasting plant which started operation last year, as well as our Qingdao plant which is set to launch this year and our existing Pingnan facility, so we are expecting we will have an annual roasting capacity of 100,000 metric tons by year end. This gives us a stable supply of high-quality and high value-for-money roasted coffee beans.

正如大家可以看到，瑞幸始终关注咖啡从源头到终端整个的全产业链投入，构建了从原产地种植采购、到进出口贸易、到加工烘焙、再到门店制作的整个的咖啡全链路布局。就像我前面说的，去年 11 月我们进一步深化与巴西出口投资促进局 Apex 的战略合作，新签署的 5 年 24 万吨咖啡豆采购备忘录，帮助保障高品质原料的稳定供应，在上游构建了一个显著的供应链优势。当然随着去年昆山烘焙厂竣工投产，青岛工厂预计于今年年内也即将投产，配合更早投产的屏南工厂，到今年年底的时候，瑞幸将形成每年自有咖啡烘焙产能达 10 万吨的加工体系，从而确保高品质、高性价比咖啡豆的持续稳定供应。

So we also see a few IPOs of several tea beverage companies recently, so market competition in the freshly brewed beverage industry could further intensify, so potentially posing challenges to our market penetration advantages. So, we will continue strengthening our marketing and branding efforts to maintain our market leadership. So in the face of rising coffee bean prices and intensifying market competition, we will remain dedicated to our mission and customer-centric values. We will continue to reward our customers and currently, back to your question, we do not have plans to increase selling prices, furthermore, our RMB9.9 high-quality coffee promotion will consistently be available to our customers. While cultivating coffee consumption habits, we aim to allow more customers to conveniently enjoy high-quality coffee experiences at very competitive prices, striving to make high-quality coffee become a part of everyone's daily life.

当然我们也注意到，近期有很多茶饮企业陆续上市，可以预见的现制饮品行业的市场竞争会进一步加剧，我们市场渗透率的优势也可能会遇到挑战。为此，我们会持续加大品牌和营销投入，努力维持行业领先地位。面对咖啡豆上涨的行情和日趋激烈的市场竞争，我们会始终秉持初心，坚持以客为先的价值观，持续回馈消费者。所以回到您的价格问题，目前我们没有提价的计划和打算，9.9 元品质咖啡的活动也将持续开展下去。我们会努力培养咖啡消费习惯，努力让更多消费者能够用优惠的价格便捷地享受到高品质的咖啡体验，致力于让高品质咖啡成为人们日常生活的一部分。

So finally I want to address as market leader in this industry, we will collaborate with upstream and downstream partners to pass on the positive impacts of rising coffee bean prices to planting regions, allowing coffee farmers to ultimately benefit from this trend, promoting a sustainable coffee trade while driving long-term success and healthy development across the entire industry. Thank you.

最后我需要强调的是，瑞幸作为咖啡行业有重要影响力的领军企业，我们也会努力携手上下游的合作伙伴，努力把咖啡生豆价格走高的正面影响传递到种植源头，希望能够切实惠及广大咖啡农，推动可持续的咖啡贸易，促进全产业链的长期共赢和健康发展。谢谢。

Operator

This concludes the questions and answer session. I would like to turn the call back to the management team for any closing remarks.

Nancy Song

Investor Relations Director, Luckin Coffee

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. Thanks.

Operator

This concludes our call today. You may now disconnect.

[END OF TRANSCRIPT]