06 May 2026

4QFY26 Results Update | Sector: Consumer

United Breweries

Estimate change	↓
TP change	⟷
Rating change	⟷

Bloomberg	UBBL IN
Equity Shares (m)	264
M.Cap.(INRb)/(USDb)	373.6 / 3.9
52-Week Range (INR)	2245 / 1382
1, 6, 12 Rel. Per (%)	-11/-17/-34
12M Avg Val (INR M)	310

Financials & Valuations (INR b)

Y/E March	FY26	FY27E	FY28E
Net Sales	92.3	103.7	115.3
Sales Gr. (%)	3.7	12.3	11.2
EBITDA	8.1	9.9	12.3
Margin (%)	8.7	9.6	10.7
Adj. PAT	3.7	5.4	7.3
Adj. EPS (INR)	14.1	20.5	27.8
EPS Gr. (%)	-19.9	45.1	35.4
BV/Sh. (INR)	170.9	181.9	196.8
Ratios			
RoE (%)	8.4	11.6	14.7
RoCE (%)	9.5	12.4	15.4
Valuations			
P/E (x)	100.4	69.1	51.1
P/BV (x)	8.3	7.8	7.2
EV/EBITDA (x)	45.9	36.9	29.5

Shareholding Pattern (%)

As On	Mar-26	Dec-25	Mar-25
Promoter	70.8	70.8	70.8
DII	19.2	18.6	17.3
FII	4.9	5.5	6.9
Others	5.0	5.1	4.9

FII includes depository receipts

CMP: INR1,420 TP: INR1,425 Neutral

Weak performance; near-term pressure on margins

- United Breweries (UBBL) reported a 3% YoY decline in revenue (est. +7%, +4% in 3Q), despite 4% volume growth. Secondary volume growth was healthy at 8–9% YoY. Realization was down 7% because of a temporary higher mix of contract manufacturing. The premium portfolio delivered a healthy 16% volume growth (21% in FY26). Beer industry growth was ~10% at the consumer level, supported by favorable regulatory developments, improved affordability, and stable demand conditions.
- GM expanded 330bp YoY to 45.4% (est. 42.9%), aided by premiumization, pricing actions, and improved procurement efficiencies. Brand investments increased by ~27% YoY, ahead of the peak summer season. EBITDA contracted 180bp YoY to 6.2% (est. 7.8%). Such volatility in EBITDA margin has been witnessed in the previous quarters as well.
- The company indicated a cost pressure of INR 4–5bn amid ongoing geopolitical disruptions due to inflation in packaging materials, energy, and logistics. However, the company already expects to mitigate ~50% of this cost impact through productivity initiatives, selective pricing actions, and rationalization of trade spends in low-margin markets.
- Management expects high single-digit volume growth and double-digit revenue growth in FY27. Cost inflation will continue to impact GM; we build lower overhead costs driven by cost efficiencies, which will cover the RM cost pressure. We model a 9.5% EBITDA margin for FY27, but there can be downside risk in the margin if cost inflation sustains. Given rich valuations and lingering cost headwinds, **we reiterate our Neutral rating** on the stock with a TP of INR1,425 (premised on 50x Mar'28E EPS).

Miss on all fronts; the volatile quarterly trend continues

- **Weak revenue; premium volumes up 16%:** UBBL's standalone net sales declined by 3% YoY to INR22.5b (est. INR24.7b) despite volume up by 4% (est. +4%). Secondary sales growth was at 8-9%; inventory correction impacted primary performance. The price mix performance was negative due to a higher mix of contract manufacturing. The Premium portfolio continues to grow strongly and posted 16% volume growth (+21% in FY26).
- **Miss on operating margins:** Gross margin expanded 330bp YoY to 45.4% (est. 43%). Other expenses were up 14%, while employee expenses inched up 2% YoY. EBITDA margin contracted 180bp YoY to 6.2% (est. 7.8%, 10.9% in 3QFY26).
- **Dip in profitability:** The EBITDA fell 25% YoY to INR1.4b (est. INR1.9b). Interest costs were up ~395% YoY to INR290m (est. INR173m). APAT dipped 46% YoY to INR530m (est. INR1,045m). There was an exceptional gain of INR740m in the quarter due to the transfer of freehold land.
- In FY26, net sales grew 4%, while EBITDA/APAT dipped 4%/20%.

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Highlights from the management commentary

- The company highlighted that the beer category witnessed a strong recovery in 4Q, with ~10% growth. Growth was broad-based, with most markets contributing positively. Category growth was supported by regulatory developments, improved affordability, and stable demand conditions.
- Management indicated that the weak price-mix performance in the quarter is not structural, as it was hit by temporary factors such as inventory correction and higher reliance on contract manufacturing.
- Cost pressures remain elevated, driven by inflation in packaging materials, energy, and logistics, due to geopolitical disruptions (INR4-5bn impact). The company has already identified mitigation plans for ~50% cost increase (INR2.0-2.5b) through productivity initiatives, selective pricing actions, and rationalization of trade spends in low-margin markets.
- The company expects high-single-digit volume growth in FY27, which will lead to double-digit revenue growth.

Valuation and view

- We cut our EPS estimates by 13-15% for FY27 and FY28 due to cost inflation and consistent delay in margin recovery.
- The beer industry is seeing a recovery supported by favorable regulatory developments, improved affordability, and stable demand conditions. A favorable policy environment remains a key growth driver, with no major tax hikes on beer across most recent state policies and relatively higher taxation on spirits improving beer affordability. Management is expecting the mid to high single-digit volume growth in FY27, which will lead to double-digit revenue growth.
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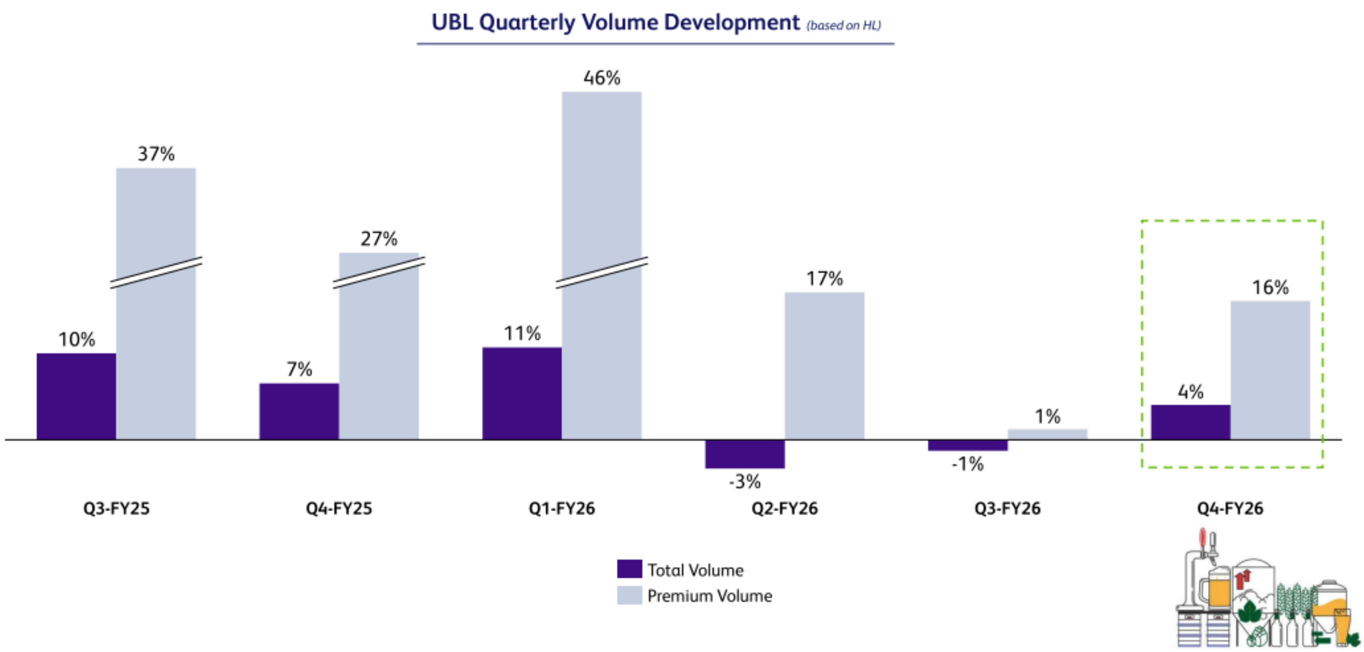
Standalone Quarterly Performance (INRm)

Y/E March	FY25				FY26				FY25	FY26	FY26	Variance
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4QE	
Volume growth (%)	5	5	8	5	11	-3	-1	4	6	7	4	
Net Sales	24,730	21,147	19,984	23,214	28,624	20,511	20,714	22,478	89,074	92,327	24,739	-9.1%
YoY Change (%)	8.8	12.0	9.6	8.9	15.7	-3.0	3.7	-3.2	9.7	3.7	6.6	
Gross Profit	10,642	9,272	8,619	9,772	12,176	8,779	9,393	10,209	38,305	40,557	10,609	-3.8%
Margin (%)	43.0	43.8	43.1	42.1	42.5	42.8	45.3	45.4	43.0	43.9	42.9	
EBITDA	2,847	2,268	1,411	1,862	3,105	1,301	2,255	1,391	8,390	8,053	1,935	-28.1%
YoY Change (%)	27.8	22.9	-3.0	31.2	9.1	-42.6	59.8	-25.3	20.5	-4.0	3.9	
Margins (%)	11.5	10.7	7.1	8.0	10.8	6.3	10.9	6.2	9.4	8.7	7.8	
Depreciation	577	571	613	567	628	640	689	759	2,327	2,716	693	
Interest	16	22	32	59	112	147	169	290	129	717	173	
Other Income	73	105	101	79	110	150	109	78	357	446	82	
PBT before EO expense	2,327	1,781	867	1,316	2,475	665	1,506	420	6,291	5,066	1,151	-63.5%
Tax	595	458	227	342	638	196	510	144	1,622	1,487	106	
Rate (%)	25.5	25.7	26.2	26.0	25.8	29.4	33.9	34.2	26.9	27.3	9.2	
Reported PAT	1,733	1,322	383	974	1,837	469	808	1,017	4,412	4,132	1,045	
Adj PAT	1,733	1,322	640	974	1,837	469	932	530	4,669	3,741	1,045	-49.3%
YoY Change (%)	27.3	22.9	-24.5	20.5	6.0	-64.5	45.6	-45.6	13.6	-19.9	7.3	
Margins (%)	7.0	6.3	3.2	4.2	6.4	2.3	4.5	2.4	5.2	4.1	4.2	

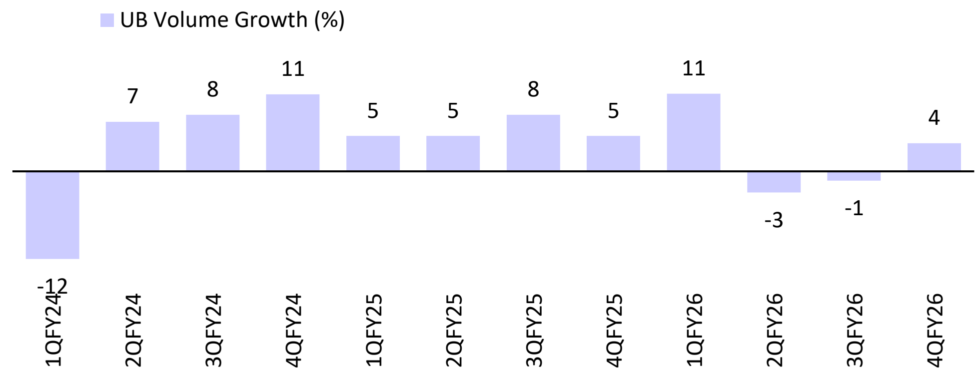
E: MOFSL Estimates

Exhibit 1: Quarterly volume growth



Source: Company presentation

Exhibit 2: Volume grew 4% YoY in 4QFY26



CONFERENCE CALL

Key highlights from the management commentary

Business and operating performance

- The company highlighted that the beer category witnessed a strong recovery in 4Q, with ~10% growth. Growth was broad-based, with most markets contributing positively.
- Category growth was supported by regulatory developments, improved affordability, and stable demand conditions.
- Favorable policy environment remains a key growth driver, with no major tax hikes on beer across most recent state policies and relatively higher taxation on spirits improving beer affordability.
- The company saw strong growth in ~14 states (~42% of business), with >30% growth in some markets.
- **The company reported ~4% volume growth during the quarter. Underlying demand (secondary sales) remained largely in line with category growth (8-9%).**
- Reported volume growth was impacted by base effects and a primary vs secondary sales mismatch.
- **Premium portfolio volume grew 21% for FY26, with premium mix still below 10% of total volume.**
- **Management indicated that the weak price-mix performance in the quarter is not structural, as it was impacted by temporary factors such as inventory correction and higher reliance on contract manufacturing.**
- Ongoing capacity additions, including new can lines and brewery expansions, are expected to improve the mix and reduce dependence on contract manufacturing over time.
- UBBL highlighted no supply-side constraints, with strong backward integration and supplier diversification ensuring the availability of bottles and cans.
- The industry has seen a sharp rise in competitive intensity. However, the company remains focused on sustainable value-led growth.
- Early signs of stress are emerging among smaller and contract players, with some facing challenges in sourcing packaging materials and temporarily halting production. The impact is expected to become more visible over the next few months.
- **The company expects mid- to high-single-digit volume growth in FY27, which will lead to double-digit revenue growth.**

Cost and Margins

- Gross margins improve 330bp YoY, supported by premiumization, pricing actions, improved procurement efficiencies, and favorable sourcing mix.
- EBITDA margin declined 180bp YoY, primarily due to deliberate strategic investments.
- The company increased brand investments by ~27% YoY ahead of the peak season to support brand equity and visibility.
- **Cost pressures remain elevated, driven by inflation in packaging materials, energy, and logistics, due to geopolitical disruptions (INR4-5bn impact).**
- The company has already identified mitigation plans for ~50% cost increase (INR2-2.5bn) through productivity initiatives, selective pricing actions, and rationalization of trade spends in low-margin markets.

Capex

- The company expects the U.P. greenfield brewery to be commissioned by FY27, with civil work already underway.
- Two new can lines in Telangana and Maharashtra are expected to be operational by July’27.
- These capacity additions will unlock incremental growth opportunities, especially in underpenetrated segments like cans, where the current market share is low (~2%).

Innovation

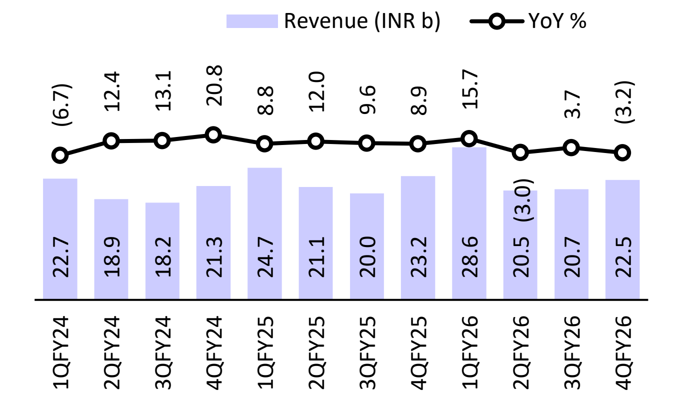
- The company plans to expand Heineken production capacity across multiple regions, including North (via the upcoming U.P. brewery) and East India, over the next two years.
- Other innovations, such as Kingfisher Smooth, have shown strong early traction, with high repeat consumption in initial markets like Rajasthan.
- The company recognizes flavoured beer as an emerging innovation platform and has already tested products like Kingfisher Flavours in select markets (Goa and Daman).
- While craft and niche players are gaining traction, the company is selectively evaluating opportunities rather than aggressively expanding.
- Management is also engaging with local craft players to understand evolving consumer trends and explore potential partnerships.

State performance

- The Karnataka policy is in a positive direction, with improvements in ease of doing business and a proposed shift towards ABV-based taxation, which is expected to structurally support beer consumption growth.
- In Telangana, no price hikes have been implemented so far, and the company, along with the industry, remains in active discussions with the government to address the ongoing cost inflation pressures.
- Maharashtra continues to be a strong growth market, with both category and company volumes growing at >20%, indicating sustained momentum.

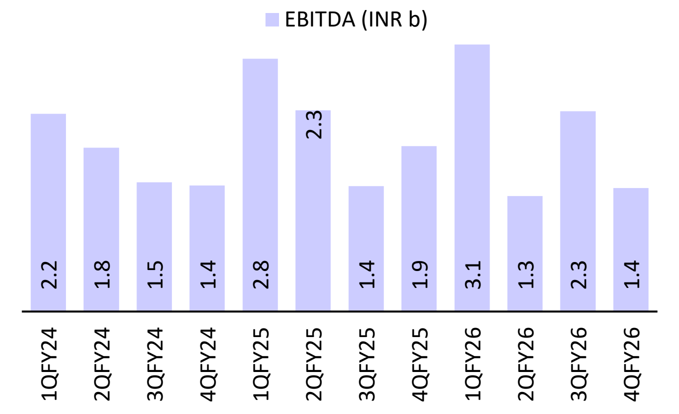
Key Exhibits

Exhibit 3: Net sales declined ~3% YoY to INR22.5b



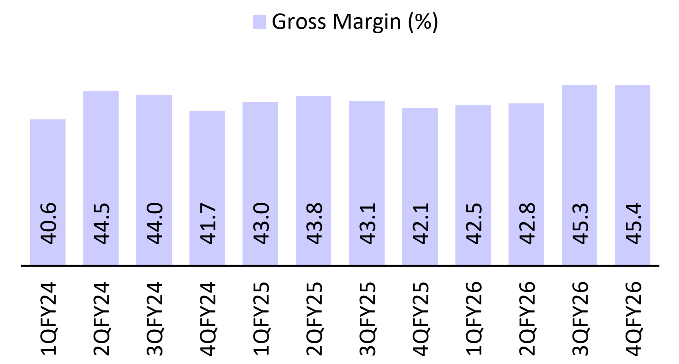
Sources: Company reports, MOFSL

Exhibit 4: EBITDA declined 25% YoY to INR1.4b



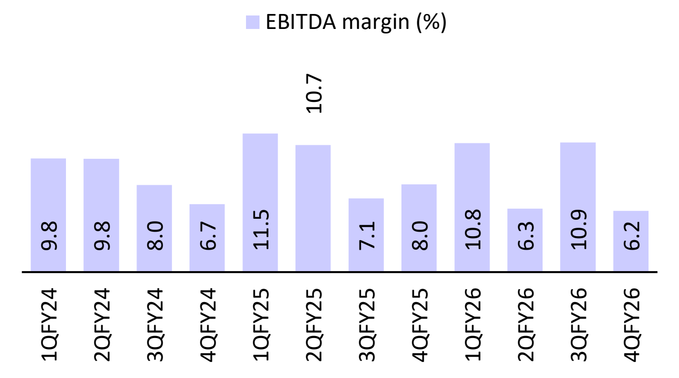
Source: Company reports, MOFSL

Exhibit 5: Gross margin expanded 330bp YoY to 45.4%



Sources: Company reports, MOFSL

Exhibit 6: EBITDA margin contracted 180bp YoY to 6.2%



Source: Company reports, MOFSL

Valuation and view

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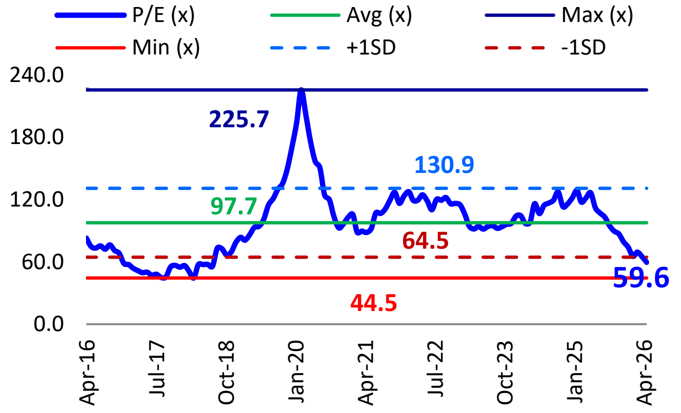
Exhibit 7: We largely maintain our EPS estimates for FY27 and FY28

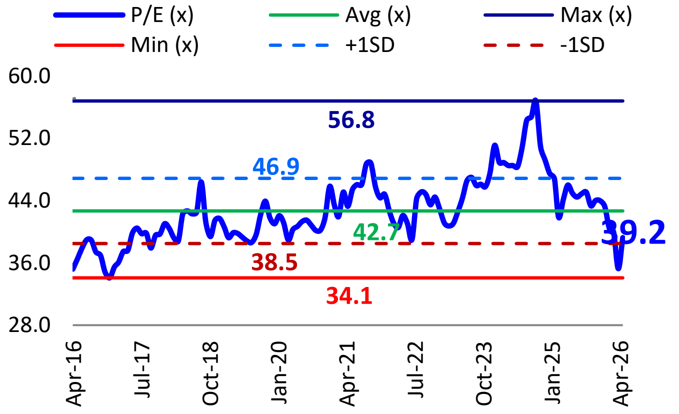
	New		Old		Change (%)	
INR m	FY27E	FY28E	FY27E	FY28E	FY27E	FY28E
Total Income	1,03,680	1,15,334	1,05,194	1,17,559	(1.4)	(1.9)
EBITDA	9,912	12,287	11,021	14,169	(10.1)	(13.3)
Adjusted PAT	5,429	7,349	6,266	8,708	(13.3)	(15.6)

Exhibit 8: UBBL's P/E (x)



Source: MOFSL

Exhibit 9: Consumer sector's P/E (x)



Source: MOFSL

Financials and valuations

Consolidated - Income Statement (INR m)

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
Total Income from Operations	**65,092**	**42,431**	**58,384**	**74,999**	**81,227**	**89,074**	**92,327**	**1,03,680**	**1,15,334**
Change (%)	0.5	-34.8	37.6	28.5	8.3	9.7	3.7	12.3	11.2
Raw Materials	31,511	20,294	29,261	42,654	46,524	50,768	51,770	58,787	65,048
% of Sales	48.4	47.8	50.1	56.9	57.3	57.0	56.1	56.7	56.4
Gross Profit	**33,581**	**22,137**	**29,123**	**32,346**	**34,703**	**38,305**	**40,557**	**44,894**	**50,286**
Margin (%)	51.6	52.2	49.9	43.1	42.7	43.0	43.9	43.3	43.6
EBITDA	**8,758**	**3,811**	**6,966**	**6,162**	**6,962**	**8,390**	**8,053**	**9,912**	**12,287**
Margin (%)	13.5	9.0	11.9	8.2	8.6	9.4	8.7	9.6	10.7
Depreciation	2,851	2,320	2,172	2,106	2,119	2,327	2,716	2,798	2,882
EBIT	**5,907**	**1,491**	**4,794**	**4,056**	**4,843**	**6,063**	**5,337**	**7,114**	**9,406**
Int. and Finance Charges	311	227	148	46	69	129	717	500	450
Other Income	93	503	298	494	737	357	446	625	844
PBT bef. EO Exp.	**5,689**	**1,766**	**4,944**	**4,504**	**5,511**	**6,291**	**5,066**	**7,239**	**9,799**
EO Items	0	-72	-263	-248	0	-258	391	0	0
PBT after EO Exp.	**5,689**	**1,694**	**4,682**	**4,257**	**5,511**	**6,034**	**5,457**	**7,239**	**9,799**
Total Tax	1,406	556	1,284	1,210	1,403	1,622	1,487	1,810	2,450
Tax Rate (%)	24.7	32.8	27.4	28.4	25.5	26.9	27.3	25.0	25.0
Less: Minority Interest	6	6	0	0	0	0	0	0	0
Reported PAT	**4,277**	**1,132**	**3,398**	**3,047**	**4,109**	**4,412**	**4,132**	**5,429**	**7,349**
Adjusted PAT	**4,277**	**1,204**	**3,661**	**3,295**	**4,109**	**4,669**	**3,741**	**5,429**	**7,349**
Change (%)	-24.0	-71.8	204.0	-10.0	24.7	13.6	-19.9	45.1	35.4
Margin (%)	6.6	2.8	6.3	4.4	5.1	5.2	4.1	5.2	6.4

Consolidated - Balance Sheet (INR m)

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
Equity Share Capital	264	264	264	264	264	264	264	264	264
Total Reserves	34,938	35,558	39,087	39,385	41,519	43,327	44,909	47,819	51,758
Net Worth	**35,203**	**35,823**	**39,351**	**39,649**	**41,783**	**43,592**	**45,173**	**48,083**	**52,023**
Minority Interest	33	38	41	46	52	0	0	0	0
Total Loans	1,691	1,154	0	0	0	0	0	0	0
Capital Employed	**36,927**	**37,014**	**39,393**	**39,695**	**41,836**	**43,592**	**45,173**	**48,083**	**52,023**
Gross Block	45,077	47,808	49,615	51,102	52,466	54,440	60,164	63,164	66,164
Less: Accum. Deprn.	26,058	28,378	30,550	32,656	34,775	37,102	39,818	42,616	45,497
Net Fixed Assets	**19,019**	**19,430**	**19,065**	**18,446**	**17,691**	**17,338**	**20,345**	**20,548**	**20,666**
Goodwill on Consolidation	242	65	65	65	65	65	65	65	65
Capital WIP	1,991	1,288	1,099	771	1,727	2,510	5,092	1,918	1,284
Total Investments	**3**	**61**	**84**	**81**	**80**	**155**	**154**	**154**	**154**
Curr. Assets, Loans&Adv.	**34,254**	**37,679**	**39,182**	**43,442**	**50,972**	**62,049**	**71,154**	**76,499**	**84,908**
Inventory	10,939	11,367	9,358	14,278	13,687	16,149	21,479	21,129	23,108
Account Receivables	13,504	13,950	12,549	14,073	23,138	28,601	29,431	30,221	32,976
Cash and Bank Balance	786	4,693	9,097	3,953	2,142	4,419	5,713	10,036	13,107
Loans and Advances	9,025	7,669	8,178	11,138	12,004	12,879	14,531	15,112	15,717
Curr. Liability & Prov.	**18,582**	**21,507**	**20,101**	**23,109**	**28,698**	**38,525**	**51,636**	**51,100**	**55,054**
Account Payables	5,450	6,181	6,380	7,170	9,485	11,492	17,985	16,102	18,656
Provisions	13,131	15,326	13,721	15,939	19,214	27,032	33,652	34,998	36,398
Net Current Assets	**15,672**	**16,171**	**19,081**	**20,333**	**22,274**	**23,524**	**19,517**	**25,399**	**29,854**
Appl. of Funds	**36,927**	**37,014**	**39,393**	**39,695**	**41,836**	**43,592**	**45,173**	**48,083**	**52,023**

E: MOFSL Estimates

Financials and valuations

Ratios

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
Basic (INR)									
EPS	**16.2**	**4.6**	**13.8**	**12.5**	**15.5**	**17.7**	**14.1**	**20.5**	**27.8**
Cash EPS	27.0	13.3	22.1	20.4	23.6	26.5	24.4	31.1	38.7
BV/Share	133.1	135.5	148.8	150.0	158.0	164.9	170.9	181.9	196.8
DPS	2.5	0.5	10.5	7.5	10.0	10.0	10.0	8.2	11.1
Payout (%)	15.5	11.7	81.7	65.1	64.4	59.9	64.0	40.0	40.0
Valuation (x)									
P/E	88	312	103	114	91	80	100	69.1	51.1
Cash P/E	52.7	106.5	64.4	69.5	60.3	53.7	58.1	45.6	36.7
P/BV	10.7	10.5	9.5	9.5	9.0	8.6	8.3	7.8	7.2
EV/Sales	5.8	8.8	6.3	5.0	4.6	4.2	4.0	3.5	3.1
EV/EBITDA	43	98	53	60	54	44	46	36.9	29.5
Dividend Yield (%)	0.2	0.0	0.7	0.5	0.7	0.7	0.7	0.6	0.8
FCF per share	4.0	17.8	27.5	-10.4	-4.3	-0.8	0.1	26.7	1.6
Return Ratios (%)									
RoE	12.8	3.4	9.7	8.3	10.1	10.9	8.4	11.6	14.7
RoCE	12.8	3.6	9.7	8.2	10.2	11.0	9.5	12.4	15.4
RoIC	13.5	3.1	11.6	9.1	9.9	11.9	11.0	15.2	19.2
Working Capital Ratios									
Fixed Asset Turnover (x)	1.4	0.9	1.2	1.5	1.5	1.6	1.5	1.6	1.7
Asset Turnover (x)	1.8	1.1	1.5	1.9	1.9	2.0	2.0	2.2	2.2
Inventory (Days)	60	96	65	58	63	61	74	75	70
Debtor (Days)	80	118	83	65	84	106	115	105	100
Creditor (Days)	32	50	39	33	37	43	58	60	55
Working Cap. (Days)	108	164	108	89	109	124	131	120	115
Leverage Ratio (x)									
Current Ratio	1.8	1.8	1.9	1.9	1.8	1.6	1.4	1.5	1.5
Interest Cover Ratio	19.0	6.6	32.4	87.4	70.3	47.2	7.4	14.2	20.9
Debt/Equity	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Consolidated - Cash Flow Statement (INR m)

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
OP/(Loss) before Tax	5,689	1,694	4,944	4,173	5,511	6,291	5,066	7,239	9,799
Depreciation	2,851	2,320	2,172	2,106	2,119	2,327	2,716	2,798	2,882
Interest & Finance Charges	305	224	146	44	67	121	681	500	450
Direct Taxes Paid	-1,903	-823	-1,301	-1,397	-1,388	-1,913	-2,142	-1,357	-1,837
(Inc)/Dec in WC	-2,196	2,976	2,994	-6,160	-5,166	-4,223	-1,564	861	-7,893
CF from Operations	**4,746**	**6,392**	**8,956**	**-1,234**	**1,144**	**2,603**	**4,756**	**10,041**	**3,400**
Others	332	-189	40	39	-370	-268	-400	0	0
CF from Operating incl EO	**5,078**	**6,203**	**8,996**	**-1,196**	**773**	**2,335**	**4,357**	**10,041**	**3,400**
(Inc)/Dec in FA	-4,033	-1,498	-1,728	-1,543	-1,907	-2,546	-4,320	-2,980	-2,980
Free Cash Flow	**1,045**	**4,705**	**7,268**	**-2,739**	**-1,134**	**-211**	**37**	**7,061**	**420**
(Pur)/Sale of Investments	0	0	13	3	0	0	0	0	0
Others	231	86	-10	515	625	315	339	185	6,291
CF from Investments	**-3,802**	**-1,412**	**-1,726**	**-1,025**	**-1,282**	**-2,231**	**-3,981**	**-2,795**	**3,311**
Inc/(Dec) in Debt	115	61	-2,551	-100	0	0	0	0	0
Interest Paid	-268	-281	-181	-45	-19	-61	-546	-500	-450
Dividend Paid	-800	-663	-134	-2,779	-1,985	-2,644	-2,487	-2,172	-2,940
Others	0	0	0	0	701	4,879	3,950	-251	-251
CF from Fin. Activity	**-952**	**-884**	**-2,867**	**-2,923**	**-1,302**	**2,174**	**917**	**-2,923**	**-3,641**
Inc/Dec of Cash	**324**	**3,907**	**4,404**	**-5,144**	**-1,811**	**2,277**	**1,293**	**4,323**	**3,071**
Opening Balance	462	786	4,693	9,097	3,953	2,142	4,419	5,713	10,036
Closing Balance	**786**	**4,693**	**9,097**	**3,953**	**2,142**	**4,419**	**5,713**	**10,036**	**13,107**

E: MOFSL Estimates

NOTES

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SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

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