

HOLD

TP: Rs 1,544 | ▲ 9%

UNITED BREWERIES

Consumer Staples

06 May 2026

Recovery-led growth amid near-term cost headwinds

- UBL reported recovery in category growth during Q4FY26, aided by premiumisation and improving demand trends
- The ongoing Middle-East conflict has heightened the supply chain disruptions and inflationary pressures; weighing on near-term profitability
- Premium portfolio grew 16% in Q4FY26 and 21% in FY26; reinforcing premiumisation. HOLD with TP of Rs 1,544

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Results highlights: UBL reported a mixed Q4FY26 performance. Net sales declined 3% YoY to 22.5bn on a higher contribution from contract brewery-sourced markets, which impacted the mix, despite a 4% YoY growth in volumes. Gross profit margin expanded sharply by 332bps YoY to 45.4%, supported by premiumisation and pricing actions. However, EBITDA declined 25% YoY, due to higher fixed costs, increased new bottle infusion, and elevated commercial spends amid sustained competitive intensity. PAT recorded a modest growth of 4% YoY to 1bn. Management remains optimistic on long-term beer category growth, supported by favourable regulatory shifts and continued premiumisation trends.

Mixed operating trends: During the quarter, volume growth was driven by Andhra Pradesh, Assam and Maharashtra, partially offset by the weakness in Rajasthan, Telangana and Orissa. Growth in the beer category recovered to double digits (+10%) in Q4FY26. Premium portfolio continued to outperform with 16% growth, led by Kingfisher Ultra, Kingfisher Ultra Max and Heineken Silver. Competitive intensity remained elevated, with UBL increasing commercial spends by 27% YoY to support brand investments. Management highlighted that the ongoing Middle East conflict has led to supply chain disruptions and inflationary pressures across raw materials, packaging and logistics, with expected cost impact of 4–5bn over the next two-three quarters. UBL has implemented price hikes, cost optimisation, and productivity measures to offset cost pressures, while continuing to invest in growth and category development. UP greenfield brewery will likely start by the end of FY27.

Our view: We broadly maintain our estimates, modelling revenue/ebitda cagr of 12/28% over FY26-29E. We remain watchful of demand recovery across key states, competitive intensity, the upcoming summer season, potential excise policy changes, and UBL’s structural margin improvement initiatives. We retain our **HOLD** rating valuing at 60x on Mar28 EPS with target price of Rs 1,544.

Key changes

Target	Rating
▼	◀ ▶

Ticker/Price	UBBL IN/Rs 1,413
Market cap	US\$ 4.0bn
Free float	29%
3M ADV	US\$ 3.3mn
52wk high/low	Rs 2,245/Rs 1,382
Promoter/FPI/DII	71%/5%/18%

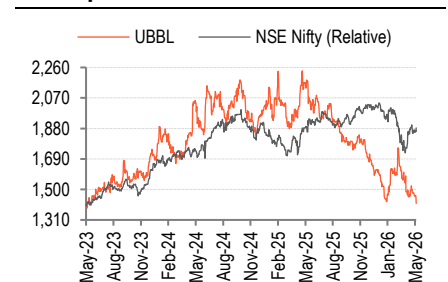
Source: NSE | Price as of 6 May 2026

Key financials

Y/E 31 Mar	FY26A	FY27E	FY28E
Total revenue (Rs mn)	92,399	107,051	119,126
EBITDA (Rs mn)	8,055	12,204	15,129
Adj. net profit (Rs mn)	3,581	6,802	9,248
Adj. EPS (Rs)	13.5	25.7	35.0
Consensus EPS (Rs)	13.5	24.7	32.9
Adj. ROAE (%)	8.1	14.4	18.0
Adj. P/E (x)	104.3	54.9	40.4
EV/EBITDA (x)	47.0	31.3	25.3
Adj. EPS growth (%)	(23.5)	90.0	36.0

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE



Earnings Call KTA's

Overall performance: During the quarter, growth in the beer category recovered to double digits (+10%), with sell-in volumes growing 4.1% YoY and sell-out volumes rising in high single digits. Premium portfolio continued to outperform with 16% growth in Q4FY26, led by a strong traction in Kingfisher Ultra, Kingfisher Ultra Max and Heineken Silver. Management remains optimistic on long-term beer category growth in India, supported by favourable regulatory shifts and continued premiumisation trends while guiding for high-single digit category growth and 6–7% volume growth for UBL in FY27; translating into double-digit revenue growth.

Beer category trends: Demand recovery improved during Q4FY26, with nearly 80% of markets returning to growth. Volume growth was driven by Andhra Pradesh, Assam and Maharashtra, partially offset by the weakness in Rajasthan, Telangana and Orissa. Despite improving category growth, competitive intensity remains elevated, with the company continuing to invest into brands and market development initiatives. UBL highlighted that the beer category continues to benefit from the improving consumer preference towards premium offerings, while noting that potential hikes in fuel prices and food inflation could weigh on the discretionary consumption trends, going forward.

Premiumisation momentum strengthens portfolio mix: Premium portfolio continued to outperform, with volumes growing 16% YoY in Q4FY26 and 21% in FY26, materially ahead of overall portfolio growth, led by strong traction in Kingfisher Ultra, Ultra Max and Heineken Silver. Management continues to strengthen premiumisation through focused innovations, premium capacity expansion and selective product launches such as Kingfisher Smooth — supporting long-term mix improvement and profitability.

Cost inflation and supply chain disruptions: Management highlighted that the ongoing Middle East conflict has disproportionately impacted the Indian beer industry, owing to the supply-chain disruptions and elevated input costs. The company expects 4–5bn of cost inflation over the next 2–3 quarters, primarily driven by energy, fuel, currency and aluminium prices, with the impact remaining largely cost-led rather than demand-led. Management expects to mitigate nearly half of the projected impact through productivity initiatives, selective pricing actions and rationalisation of non-strategic trade spends.

Mitigation initiatives underway: UBL has initiated multiple mitigation measures, including the pricing interventions with state governments, operating cost optimisation and structural productivity initiatives to offset inflationary pressures. Management indicated continuing the engagement with regulators, while accelerating structural interventions focused on cost efficiency and supply chain optimisation.

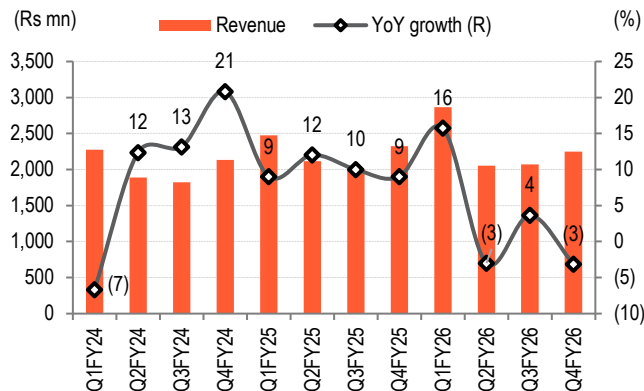
Investments remain elevated: Commercial investments remained elevated, with brand spends increasing 27% YoY amid sustained competitive intensity. FY26 capex stood at Rs 4.3bn, focused on expanding the manufacturing and supply-chain capabilities. This includes a new greenfield brewery in UP expected by end-FY27 and two can lines in Telangana and Maharashtra scheduled for commissioning before Jul'26. The company is also deploying ~16,000 coolers during the year to strengthen distribution and premium brand visibility. Management reiterated that strategic growth capex and localisation initiatives stay on track, despite the ongoing inflationary pressures.

Fig 1 – Quarterly Table

Consolidated (mn)	Q4FY26	Q3FY26	QoQ (%)	Q4FY25	YoY (%)	FY26	FY25	YoY (%)
Total Revenues	22,501	20,727	8.56	23,230	(3.1)	92,399	89,151	3.6
COGS	12,257	11,295	8.52	13,417	(8.6)	51,696	50,685	2.0
as % of sales	54	54	(2bps)	58	(328.4bps)	56	57	(90.5bps)
Gross Profit	10,244	9,433	8.60	9,813	4.4	40,704	38,466	5.8
Gross margin (%)	46	46	2bps	42	328.4bps	44	43	90.5bps
Employee costs	1,434	1,436	(0.19)	1,406	2.0	5,637	5,218	8.0
as % of sales	6.4	6.9	(55.8bps)	6	32.0bps	6.1	5.9	24.7bps
Other expenses	6,897	5,366	28.52	6,032	14.3	25,027	22,873	9.4
as % of sales	31	26	476bps	26	468.7bps	27	26	142.9bps
EBITDA	1,392	2,258	(38.35)	1,867	(25.5)	8,055	8,408	(4.2)
EBITDA margin (%)	6.2	10.9	(471bps)	8.0	(185.2bps)	8.7	9.4	(71.4bps)
D&A	760	690	10.22	568	33.9	2,720	2,330	16.7
Interest cost	290	169	72.24	59	393.9	717	129	457.7
Other income	82	111	(26.51)	80	1.7	452	359	25.8
PBT	1,163	1,323	(12.07)	1,321	(11.9)	5,623	6,051	(7.1)
Tax	145	511	(71.74)	343	(57.9)	1,489	1,627	(8.5)
Reported PAT	1,019	812	25.53	978	4.2	4,134	4,424	(6.6)
PAT margin (%)	4.5	3.9	61bps	4.2	31.9bps	4.5	5.0	(48.9bps)

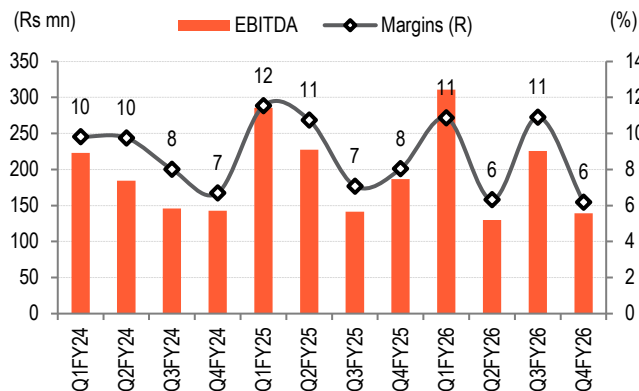
Source: Company, BOBCAPS Research

Fig 2 – Revenue and its growth



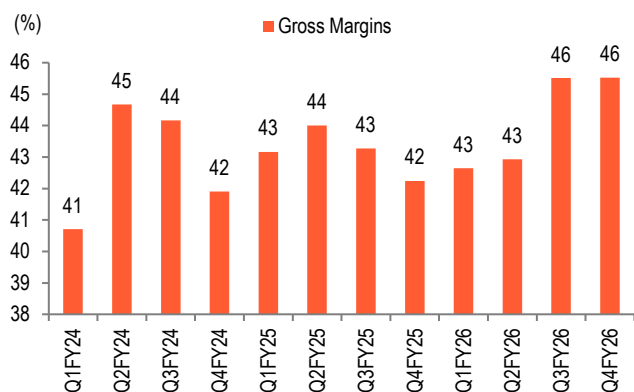
Source: Company, BOBCAPS Research

Fig 3 – EBITDA & EBITDA Margins



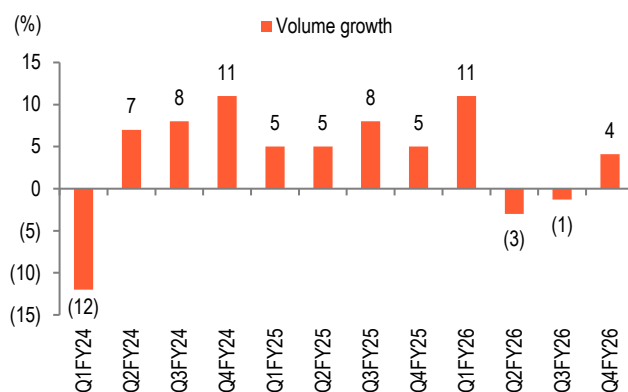
Source: Company, BOBCAPS Research

Fig 4 – Gross Margin



Source: Company, BOBCAPS Research

Fig 5 – Volume growth



Source: Company, BOBCAPS Research

Valuation Methodology

We broadly maintain our estimates, modelling revenue/ebitda cagr of 12/28% over FY26-29E. We remain watchful of demand recovery across key states, competitive intensity, the upcoming summer season, potential excise policy changes, and UBL’s structural margin improvement initiatives. We retain our **HOLD** rating valuing at 60x on Mar28 EPS with target price of Rs 1,544.

Fig 6 – Actual vs Estimates

(Rs mn)	Q4FY26A	Q4FY26E	Deviation (%)
Revenue	22,501	23,693	(5.03)
EBITDA	1,392	1,670	(16.66)
EBITDA Margin (%)	6.2	7	(86bps)
PAT	1,019	1,222	(16.64)

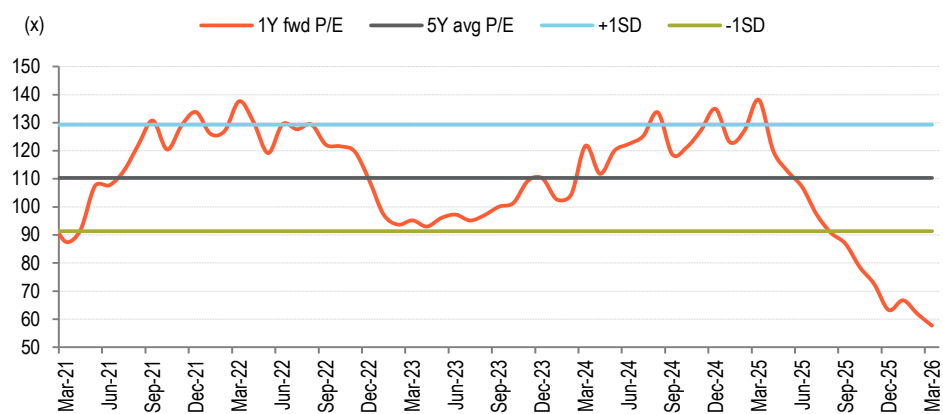
Source: Company, BOBCAPS Research

Fig 7 – Revised estimates

(Rs mn)	New			Old			Change (%)		
	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E
Sales	107,051	119,126	129,448	107,200	120,407	NA	(0.14)	(1.06)	NA
EBITDA	12,204	15,129	16,699	11,069	14,326	NA	10.25	5.61	NA
EBITDA Margin (%)	11.4	12.7	12.9	10.3	11.9	NA	107bps	80bps	NA
Adj. PAT	6,802	9,248	9,941	6,590	8,984	NA	3.22	2.94	NA
Adj. Eps	25.73	34.98	37.60	24.92	33.98	NA	3.23	2.94	NA

Source: BOBCAPS Research

Fig 8 – Trading at 57.7x on 1YF P/E vs historical average of 110.3x since IPO



Source: Company, BOBCAPS Research

Key Risks

Key upside/downside risks to our estimates:

- Reduced / intense competition in international markets
- High / low growth in household insecticides in India
- Higher- / lower-than-expected volume elasticity in soaps
- Fall / rise in palm oil prices

Financials

Income Statement

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
Total revenue	89,151	92,399	107,051	119,126	129,448
EBITDA	8,408	8,055	12,204	15,129	16,699
Depreciation	2,330	2,720	2,906	3,106	3,269
EBIT	6,078	5,335	9,298	12,023	13,430
Net interest inc./(exp.)	129	717	764	764	823
Other inc./(exp.)	359	452	535	1,072	647
Exceptional items	(258)	553	0	0	0
EBT	6,051	5,623	9,069	12,331	13,254
Income taxes	1,627	1,489	2,267	3,083	3,314
Extraordinary items	0	0	0	0	0
Min. int./Inc. from assoc.	0	0	0	0	0
Reported net profit	4,424	4,134	6,802	9,248	9,941
Adjustments	(258)	553	0	0	0
Adjusted net profit	4,682	3,581	6,802	9,248	9,941

Balance Sheet

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
Accounts payables	11,496	17,992	13,785	15,340	16,669
Other current liabilities	19,629	19,424	19,424	19,424	19,424
Provisions	1,098	1,285	1,285	1,285	1,285
Debt funds	5,749	11,753	11,753	11,753	11,753
Other liabilities	561	1,194	1,194	1,194	1,194
Equity capital	264	264	264	264	264
Reserves & surplus	43,432	45,014	48,755	53,842	58,812
Shareholders' fund	43,696	45,278	49,019	54,106	59,077
Total liab. and equities	82,228	96,926	96,459	103,101	109,400
Cash and cash eq.	3,419	4,601	2,771	2,782	3,361
Accounts receivables	28,606	29,440	29,329	32,637	35,465
Inventories	16,164	21,503	20,530	22,193	24,471
Other current assets	6,339	6,718	6,718	6,718	6,718
Investments	79	77	77	77	77
Net fixed assets	17,351	20,377	27,946	29,605	30,219
CWIP	2,534	5,122	0	0	0
Intangible assets	74	53	53	53	53
Deferred tax assets, net	667	783	783	783	783
Other assets	6,994	8,251	8,251	8,251	8,251
Total assets	82,228	96,926	96,459	103,101	109,400

Cash Flows

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
Cash flow from operations	2,351	4,350	7,347	9,702	10,256
Capital expenditures	(2,582)	(4,326)	(5,353)	(4,765)	(3,883)
Change in investments	13	16	0	0	0
Other investing cash flows	174	220	0	0	0
Cash flow from investing	(2,394)	(4,091)	(5,353)	(4,765)	(3,883)
Equities issued/Others	0	0	0	0	0
Debt raised/repaid	4,974	6,004	0	0	0
Interest expenses	(61)	(546)	(764)	(764)	(823)
Dividends paid	(2,646)	(2,489)	(3,061)	(4,162)	(4,970)
Other financing cash flows	(95)	(2,054)	0	0	0
Cash flow from financing	2,171	915	(3,825)	(4,926)	(5,793)
Chg in cash & cash eq.	2,128	1,174	(1,830)	11	579
Closing cash & cash eq.	3,419	4,601	2,771	2,782	3,361

Per Share

Y/E 31 Mar (Rs)	FY25A	FY26A	FY27E	FY28E	FY29E
Reported EPS	16.7	15.6	25.7	35.0	37.6
Adjusted EPS	17.7	13.5	25.7	35.0	37.6
Dividend per share	10.0	9.4	11.6	15.7	18.8
Book value per share	165.3	171.2	185.4	204.6	223.4

Valuations Ratios

Y/E 31 Mar (x)	FY25A	FY26A	FY27E	FY28E	FY29E
EV/Sales	4.2	4.1	3.6	3.2	3.0
EV/EBITDA	44.6	47.0	31.3	25.3	22.9
Adjusted P/E	79.8	104.3	54.9	40.4	37.6
P/BV	8.5	8.3	7.6	6.9	6.3

DuPont Analysis

Y/E 31 Mar (%)	FY25A	FY26A	FY27E	FY28E	FY29E
Tax burden (Net profit/PBT)	73.1	73.5	75.0	75.0	75.0
Interest burden (PBT/EBIT)	99.6	105.4	97.5	102.6	98.7
EBIT margin (EBIT/Revenue)	6.8	5.8	8.7	10.1	10.4
Asset turnover (Rev./Avg TA)	116.7	103.2	110.7	119.4	121.8
Leverage (Avg TA/Avg Equity)	1.9	2.1	2.0	1.9	1.9
Adjusted ROAE	11.0	8.1	14.4	18.0	17.6

Ratio Analysis

Y/E 31 Mar	FY25A	FY26A	FY27E	FY28E	FY29E
YoY growth (%)					
Revenue	9.8	3.6	15.9	11.3	8.7
EBITDA	20.8	(4.2)	51.5	24.0	10.4
Adjusted EPS	13.9	(23.5)	90.0	36.0	7.5
Profitability & Return ratios (%)					
EBITDA margin	9.4	8.7	11.4	12.7	12.9
EBIT margin	6.8	5.8	8.7	10.1	10.4
Adjusted profit margin	5.3	3.9	6.4	7.8	7.7
Adjusted ROAE	11.0	8.1	14.4	18.0	17.6
ROCE	13.1	9.8	15.4	18.6	19.3
Working capital days (days)					
Receivables	117	116	100	100	100
Inventory	66	85	70	68	69
Payables	47	71	47	47	47
Ratios (x)					
Gross asset turnover	1.7	1.6	1.5	1.6	1.7
Current ratio	1.4	1.2	1.3	1.3	1.4
Net interest coverage ratio	47.3	7.4	12.2	15.7	16.3
Adjusted debt/equity	0.1	0.2	0.2	0.2	0.1

Source: Company, BOBCAPS Research | Note: TA = Total Assets

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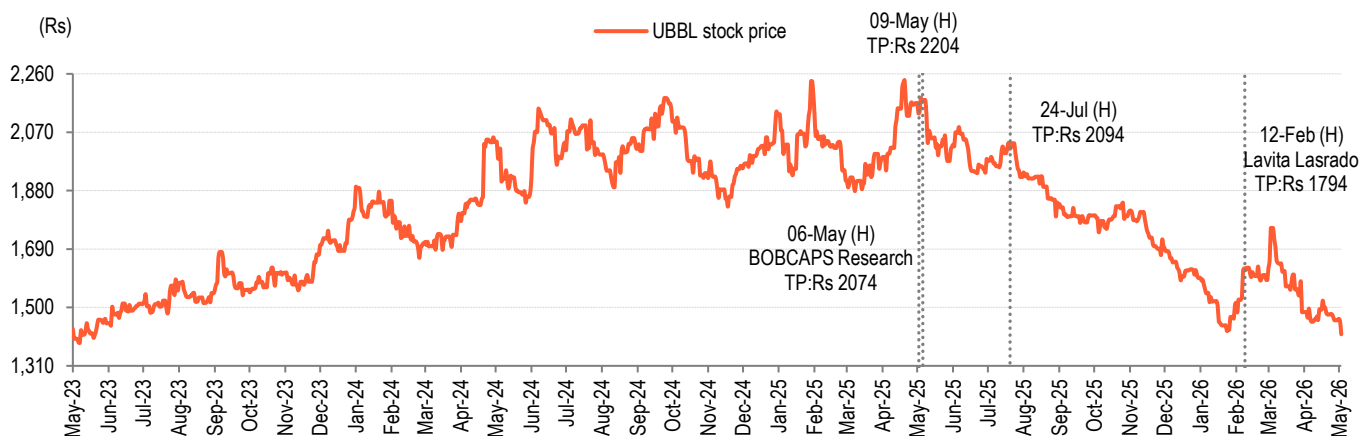
Recommendation scale: Recommendations and Absolute returns (%) over 12 months

- BUY** – Expected return >+15%
- HOLD** – Expected return from -6% to +15%
- SELL** – Expected return <-6%

Note: Recommendation structure changed with effect from 21 June 2021

Our recommendation scale does not factor in short-term stock price volatility related to market fluctuations. Thus, our recommendations may not always be strictly in line with the recommendation scale as shown above.

Ratings and Target Price (3-year history): UNITED BREWERIES (UBBL IN)



B – Buy, H – Hold, S – Sell, A – Add, R – Reduce

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