



“United Breweries Limited  
Q3 FY2026 Earnings Conference Call”  
February 11, 2026



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**Moderator:**

Ladies and gentlemen, good day, and welcome to the United Breweries Limited Q3 and FY 2026 Earnings Conference Call. As a reminder, all participant lines will be in the listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Jorn. Thank you, and over to you, sir.

**Jorn Elimar Kersten:**

Yes. Thank you very much. Good afternoon, everyone. Thank you for joining the call for our update on the previous quarter ending December 31, 2025. Vivek and I are happy to give you an overview of the performance as well as answer some of the questions that you may have.

As a few introductory remarks, this quarter, United Breweries, delivered resilience and agility with improved margins, and we continued our premium growth. While in the industry, we still need to navigate some headwinds related to both weather as well as challenges in affordability. And I think we'll speak some more about that later as well.

For the quarter, we did see net sales growing by 4%, largely driven by price increases in key states, earlier in the year, like Telangana, Rajasthan as well as Uttar Pradesh, as well as the impact from localization of premium supplies, a source mix and a favourable state mix, where we saw some more profitable states ahead in terms of volume development.

All of this, together with operational efficiencies that we've been able to materialize, allowed us to achieve a margin of 45.3%, which marks more than 220 basis points improvement over the previous year. And you can imagine, this is quite a nice green shoot as it's the highest gross margin performance that we've delivered over the past 3 years. That also supported the in the quarter EBIT growth of 86% in Q3, which is also a pretty good recovery from the quarter before.

Now, earlier this year, we launched our productivity and cost effectiveness programs, which include strategic initiatives around reorganizing our key business functions, optimizing our brewery presence, localizing and further simplifying our portfolio, as well as driving other cost efficiencies. In the margin expansion, we see some of the early benefits of these initiatives translate into the P&L and the margin expansion.

Now, for the longer term, we still believe that sustained investments in brands are essential to building the brand equity and shaping the category in India. So we will continue to invest in our brands. And a testament to this is that the UBL portfolio brand power has been the highest in 3 years' time on the numbers reported over the last quarter.

Also, we want to accelerate innovation and our newest offering, Kingfisher Smooth, launched in January 2026 and is really set up to support category growth and expand our presence in the strong beer segment. We currently launched it in Rajasthan and Karnataka. I'm excited about the prospects that we see in the first few weeks of this innovation.



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With these investments and innovations, as well as our commitment to invest some of the savings and efficiencies into our brands, into our portfolio, we are very much committed to continue our journey as the beer category maker in India.

On the regulatory front, it remains a very mixed landscape, while we see some positive developments in Maharashtra as well as in Meghalaya, which support beer affordability, changes in pricing, and duty structures in other states continue to have their own challenges. So that remains a mixed bag.

Now, as we look ahead, we will, as always, remain focused on building and shaping the category. We continue to drive premiumization as we've done in 2025 and looking forward to strengthening our brand portfolio as well as advocating for equitable taxation of beer.

With the programs underway, we continue to manage our costs proactively, including optimization of our network. And we also, as we've been repeatedly mentioning here as well, continue to invest in the capabilities to make sure that UBL is positioned for sustainable long-term growth.

I'm sure there's a few questions. Before we move to the Q&A part, I would like to hand over to Vivek for some introductory remarks from his side.

**Vivek Gupta:**

Thanks, Jorn, and thank you, everyone, for joining. As Jorn said, it was a very resilient and agile quarter. I think, for me, the most important is the direction in the numbers more than the quantum of the numbers because this is a reflection of all the hard work which is happening over the last few quarters and the structural interventions we were making on the business and which are all nicely coming together.

We talked in the past that we are localizing our premium business. If you remember, I mentioned that by September, we would be done in almost 8 more breweries of localization. That impact has started hitting -- coming nicely on the margins.

We have also looked at better return bottles, the operational work which we did on that. There's a lot of work happening on organization design, on productivity, on sourcing, and on making sure our network design choices are coming together.

We have also developed agility on cost control in tough quarters which caught us in the middle of the last quarter, especially with the rain and we had already made investments which we didn't want to pull, which in the hindsight was the right call because our brand power is the highest in the last 3 years. And we did take some strategic calls in the last quarter, knowing where the category is getting impacted, and affordability issues are not going away, to repurpose our investments.

Our number 1 priority remains to drive category growth. I'm very proud of the organization because we accelerated many things. We accelerated our, I would say, the blockbuster innovation of Kingfisher Strong Smooth, which is the innovation on the mainstream and the first

major innovation on the mainstream, which will drive the category growth, which will drive -- which is at a better margin versus Kingfisher Strong for us, both in terms of pricing and overall value. We think it will not only improve our structural profitability but also drive trade up and get new users as this is designed for the young consumers who are looking for less bitter.

We accelerated that innovation to 2 states with a very, very concrete plan. The product is winner versus the competition and also has a very high trial power. The other thing that we have done is we have done a lot of organization capability work to streamline things like, for example, customer service, logistics, making sure we significantly improve consistency of beer. We're investing in the preparation for the season, especially supply security on glass, barley and cans.

The category has 2 challenges. I think number 1 challenge continues to be the affordability. I think beer in the key states remains less affordable, like in Karnataka, the category declined 17%. In Rajasthan, declined 5%. In Telangana declined double digits. West Bengal declined. And I think we are continuously working through Brewers Association of India and with the regulators to show them the data. And we are seeing some green shoots with a couple of state governments coming up with the policy and not increasing the taxation of beer further, but there's a lot more to be done there.

The second challenge, of course, is weather, and we are hoping that the summers are near us, and we'll see how those impacts happen. We are going through an inflationary environment as well, especially on aluminium prices, which will impact cans, and barley prices will also be there. So we are also very conscious that cost of sales will increase.

So our productivity program could not have come at the right time. And it's not one time activity, it is a routine excellence, what we are trying to do in our sourcing, in our processes, in inefficiencies, in our wastage. And I think we were very glad as a management team, as a company, to see some of those efforts coming in the financials, you see.

I don't want you guys to get too excited by the absolute numbers and the extent of the change. But what we are saying is directionally we are in the right direction, which is we'll grow the category, improve the margins, and we will fund the growth and will be very aggressive.

And many of you would have seen our execution in Women's Premier League, where for the first time we became the market sponsor, and the results of the execution on the Kingfisher brand were really great. And at the same time, our premium portfolio, Heineken, Heineken Silver, Amstel Grande, Ultra, Ultramax continue to have the momentum and the strong plans that we need. So happy to answer any questions at this point of time.

**Moderator:**

The first question is from Abneesh Roy from Nuvama.

**Abneesh Roy:**

My first question is on the margin surprise, and congrats for that. And you have also done non-core asset monetization of land also. So I wanted to understand what will be the competitive intensity given that a Bira kind of player, clearly, in terms of presence has gone down significantly. Do you see that as an example, cost advantage in terms of advertising spend?

**Vivek Gupta:**

Actually, we are seeing the competitive intensity quite high because when the category is not growing volume, it's a tough time. Everyone wants a pie on a high fixed cost business. So I think, as I said that many times that our focus is on category growth.

Actually, we feel that more spend in the category will actually help to drive category growth because the number 1 thing we need is to get back to growth of volumes in the category. We are seeing a lot of competitive intensity from the local players, some of the other global competitors. In some cases, we are seeing some spend from the competitors, which is basically buying volumes, but we don't want to get into that trap. But having said that, I think it is very competitive, but we really hope that this drives the category growth.

I don't mind us losing shares if the category is going up, but it's not a healthy sign if the category is declining. And I think the category must bounce back from this quarter, and that is why I think the intensity is there.

On Bira, if you actually see, the Bira's share is only 0.1, and it has never been a significant share. It was big in a couple of states, but we don't see much impact because of Bira intensity coming down.

**Abneesh Roy:**

I had a question on the specific states. So, Maharashtra, you have done quite well this quarter. My question is, now that Maharashtra-made liquor is ramping up, and that's more affordable to customers. So do you see that beer growth rate goes down in Maharashtra? And the laggard states like Karnataka and Bengal, soon we will see the favourable base wrapping up. So, do you expect a strong FY'27, assuming season is normal, because no one can predict season. But just because of these 2 states, how do you see?

**Vivek Gupta:**

Yes. No. I think we want to continue to see the momentum in Maharashtra because, as I said, the category growth opportunity is huge in Maharashtra. While MML impact, we have to still see because it has come in and it's very early days, but we see a lot of opportunity in Maharashtra. I think Karnataka, as you said, has been the capital of beer or the capital state of beer.

It has to bounce back in Karnataka, and that's why we are also confident in betting on our biggest innovation with Kingfisher Strong Smooth. We accelerated in Karnataka to help drive category growth. We also have Heineken Silver and Amstel Grande. We have a full portfolio in Karnataka. At least in January, the operational issues that were there last year on labour registration and all were not there. So those are the positive signs in Karnataka.

And at the same time, we are working with a lot of other governments. I think West Bengal policy was positive in December, where the relative taxation of beer got better. So we're hoping better. We're hoping that Telangana, Orissa, Rajasthan, some of the other states also address the affordability issues or the relative pricing. So, I think there will be ups and downs.

Jharkhand has been positive based on their policy on privatization. So these, we have to see. But yes, as I said, we are positive, but we have to see how much it bounce back because affordability is still a real issue. Like relatively, it will improve, but if the prices remain where it is, so we

have to just see that. But you're right, there are going to be plus and minus on this. But there are green shoots on category growth in January. We're already seen the category coming back to 4%, 5% level in January. So that's a positive sign.

**Abneesh Roy:** Last quick question. So you spoke about the aluminium can inflation, but gross profit still is up versus the overall sales, so there is a gross margin expansion. So what has helped here? And do you see this turning a bit more under pressure, given the aluminium inflation? Second is other expenses, down 4%. So, anything sustainable in that line item?

**Vivek Gupta:** Sorry, the second question, your voice was breaking.

**Abneesh Roy:** Other expenses....

**Vivek Gupta:** Sorry, your voice was breaking, but let me answer the first question, Abneesh. I think aluminium cans is a watch out, but you see for United Breweries, the key is bottles. And we are actually doing a significant amount of work on return bottles, and that has really helped us on the gross margin expansion. The other thing is the state mix and where we produce, how do we optimise that. So we are building the can pricing and the imports we have to do into our plan, but these will be the headwinds, which may not lead to this level of margin expansion.

In our own estimate, like we got 220 basis points of gross margin expansion. We think 50% of it could be structural, and we should continue to bring on that with many of these initiative that we are working on. We've also taken pricing on cans in the selective markets wherever we can take because pricing is a lot government driven. So there's a plan we are working on it.

**Moderator:** The next question is from Harit Kapoor from Investec.

**Harit Kapoor:** So the first question was on the revenue bit. So you've seen almost a 5% realization improvement this quarter. How much of this is the pricing that you spoke about, where you've been able to get some incremental pricing? And how much of it is mix-led because markets like West India, specifically Maharashtra, did well. Can you give us a sense of what proportion of this is mix, what proportion of this is price?

**Vivek Gupta:** I'm sorry, Harit, could you please repeat the question?

**Harit Kapoor:** Yes. My question is on realization growth, which is almost 5% this quarter. How much of this was price and how much of this was mix? Just some sense will help there. That's my first question.

**Jorn Elimar Kersten:** Yes. Harit, thanks for the question. It's approximately 50-50 between price and mix, where we see in pricing, we see in some of the big volume states like Telangana and Rajasthan, we have pricing from earlier in the year. On the state mix, we see that Maharashtra and Karnataka mainly were ahead of the pack in terms of volume growth. So it's a combination that pans out in approximately 50-50 split.

- Harit Kapoor:** And if you look at the earlier participant asked about gross margins. So I understand that part of it again is mix-led, given that markets in the West have done well and Telangana, Rajasthan, not so much. But how much of this would you really attribute again to state mix, the sharp improvement of 220 basis points? Because once some of these other markets start to lap the decline and start to grow, we should see a more normalized gross margin. So just was coming from that angle.
- Jorn Elimar Kersten:** Yes. So it's a combination of things. And look, I think as Vivek mentioned, we're very happy with the direction this is growing because we see in the margin extension that we recorded in the quarter, we see that part of it is also showing the green shoots of the initiatives that we did and the good performance as well on, for instance, the bottle returns. sorry, are you still there? Can you hear us?
- Moderator:** Yes, sir, we can hear you.
- Jorn Elimar Kersten:** Yes. So on the margin, if we look at the total of 220 basis points, we think that roughly 50% is underlying performance improvement, which is a combination of better return on bottles, the local sourcing that we have in Andhra Pradesh, as well the favourable state mix. So in that mix, I do think you could say that there's a part also driven by the favourable state mix. Obviously, we also try to drive that in terms of how do we push for our business to, of course, accelerate in the region where it's more profitable versus others. But that remains a bit of a volatile thing.
- Harit Kapoor:** Yes, of course. And the return on the bottle kind of mix, maybe if you could give a sense of, say, YTD, what that number is versus what it was last year? Any kind of direction which you have in terms of just wanted to map your improvement, how it has kind of panned out?
- Jorn Elimar Kersten:** Yes. So year-to-date, we are at 36.7% new bottle infusion, and it's been a continuous growth story. So this is top of my head, I would say, the sixth or seventh quarter in a row that we're improving on bottle returns. So, lowering the impact of new bottle infusion despite the fact that we also continue to grow, especially on the premium side. And we've mentioned that before on these calls that with the premium growth accelerating, we also need to get to significant share of premium in order to see the bottle returns also helping for premium to become value accretive.
- We start seeing, in some selective pockets in the markets, we start seeing some of these improvements coming through to the P&L. So I think that's something that adds to what Vivek was saying on directionally, we're very happy with how this is going because it means that structurally we're improving the business. However, this is still very selective. But overall, on bottle returns, I think we've done really good work, and we continue to see the improvement. And that also, of course, reflects in our ability to have return bottles on the premium segment.
- Harit Kapoor:** Great. And the last bit was, as the earlier participant asked, Karnataka comes into the base from January, the data is now visible. And even Rajasthan, Telangana, the impacts were, started to play out in quarter 1 and quarter 2. So you're lapping some of those kind of low-ish basis as well. Vivek, do you believe that this 6%, 7% industry volume growth trajectory is a reasonable ask going into FY '27 after a fairly challenging year?



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**Jorn Elimar Kersten:** I think on the longer term, yes, we still very much believe that, that's where the industry is heading. And we do expect some acceleration post cycling some of these items that you mentioned, as well as last year, where we see the benefits of pricing in Telangana and Rajasthan, but it has an impact on industry volume in these particular states, as well as across other states. So that continues to be a bit of up and down. But longer term, we still see that number.

Short term, we still see headwinds cycling that pricing. So that will take a few months. As well as preparing for the season. We did well last year. So on the shorter term, yes, we see green shoots. We're not there yet from a category point of view in that mid-single-digit sort of area of growth. But for longer term, we still believe that's where we need to be.

**Moderator:** The next question is from Krishnan Sambamoorthy from Nirmal Bang Institutional Equities.

**Krishnan Sambamoorthy:** My first question is regarding visi-coolers. What are the discernible benefits that you have witnessed so far in the areas where you rolled this?

**Vivek Gupta:** Yes. I think good question. I think, as you said, we are consistently increasing our investment in the visi-coolers. I would say versus 2014, we have actually almost 2.5x more visi-coolers in the market. And we are seeing almost not only a category growth in those stores, but also share growth for us in those stores. And I think there's a lot of opportunity because the category -- the beer is sold cold, and we have to continuously drive it, but we are absolutely seeing a positive momentum on the category and our shares in the stores where we are doing the visi-coolers. And we are measuring it.

Of course, there is an impact of weather and affordability. And so we'll have to see the data over a longer period of time. But directionally, we are investing more this year versus last year based on the positivity we are seeing on this.

**Krishnan Sambamoorthy:** In How many stores do you have visi-coolers now in terms of number at the end of December?

**Vivek Gupta:** Yes, we have in more than 35,000 stores, we have visi-coolers.

**Krishnan Sambamoorthy:** Okay. My second question is regarding barley inflation. In the last quarter, you had mentioned that you were expecting high single-digit inflation. What is the latest view that you have here?

**Jorn Elimar Kersten:** Yes. No, no real change on the barley. I think barley remains one of the input materials where we're seeing some higher inflation. On the other hand, actually, we see pretty good developments. We feel good about the bottles. Like Vivek mentioned, we need to watch out for aluminium. I think over the past couple of weeks, the global price for aluminium we had quite a bit of an increase.

So that's something that we watch. I think we're covered for the first couple of months. And specifically, maybe on both cans as well on barley, a big part of our focus is on localizing supply. So for cans, we still are looking at some imports for the year, which we can hopefully cover with the help of partners in the years after.

For barley, we've managed to completely localize the supply to India versus previous year, but we also had to do imports, which of course come at a price.

**Krishnan Sambamoorthy:** What's the issue here on barley? From what I gather, the barley sowing so far has been ahead of last year's level. So what is causing this inflation?

**Vivek Gupta:** It's an MSP increase because, as you know, the minimum support price in the key markets have gone up to do that. And to encourage farmers, we usually pay slightly higher based on that. So I think it's the MSP and the inflationary increase which we are looking at now.

**Moderator:** The next question is from Ajay Thakur from Anand Rathi Securities.

**Ajay Thakur:** So I wanted to understand more on the market share trend, how it's been shaping up, especially for us, and in the key states like Maharashtra, Madhya Pradesh or some of the other major states, if you can just throw some light on that part.

**Vivek Gupta:** Yes. I think for the full 2025, we actually grew almost 90 basis points of national market share. And not only that, we also grew, I think, around 180 to 200 basis points of premium market share. So our market share trends for the full year basis are there. There are going to be some fluctuations quarter-by-quarter because of the state mix where we have developed.

But overall, I think we are in the ballpark range of 48% to 49% market share as a company. And as I said, our biggest priority is to drive category growth. Again, we are actually not talking market share amongst ourselves much. The key priority is what Jorn said, we need to get to long-term 6%, 7% growth. Last year was tough because of the affordability and weather. We need to see how the weather holds up and how much impacts. So I think that's where we are.

**Ajay Thakur:** Understood. And second question was on the Telangana. What is the status in terms of the receivables that we have over there? And how much improvement are we seeing in terms of the receivable trends?

**Vivek Gupta:** We continue to face challenges in Telangana as an industry. I think we have got some good improvement in the past overdues, which were there. But also, the new overdue has increased. I think it's a constant effort to work with the government and to bring the part. But I would say we are in, it's a continuous engagement. So I won't say we are in a better position out there, this is something we need to work because the total exposure for us still remains the same.

**Moderator:** The next question is from Himanshu Shah from Dolat Capital.

**Himanshu Shah:** Sir, I have a question on our cost and productivity effectiveness program. So the 3% to 6% savings that we are highlighting, would this be the gross savings or net savings, net of reinvestment, number one. And this will be on FY'25 revenue base? If you can just clarify this particular thing.

**Jorn Elimar Kersten:** Yes. So we're talking gross savings here that we aim to materialize over the next couple of periods. So the savings that we generate from these initiatives, we expect to partially flow



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through the P&L and a significant portion is planned to be strategically reinvested so that we're driving future growth, that we support the brand, that we support our premiumization efforts.

So this will include a wide range of investments, think, for instance, to impact affordability of beer and to make sure that we do the right brand-building activities and putting money behind innovations like now Kingfisher Smooth, enhancing competitive positioning, these type of things across our key markets to make sure that we continue to invest into long-term growth.

So first and foremost, we need this in order to be able to invest behind the growth. And then we'll see how well we do versus those initiatives. But I think the main driver for launching this is making sure that, one, we become more resilient in a volatile environment; but two, that we really generate funds to invest behind long-term brand building.

**Himanshu Shah:**

Sure, sir. And the savings should materialize over what period of time frame?

**Jorn Elimar Kersten:**

Between 2026 and 2028. So it's a longer-term program, and you will hear us talk about this quite a bit, I think, in the coming calls, because it's also about structurally improving the business. It's definitely not meant to be a short-term knee-jerk exercise. This is really about long-term improving the business.

**Moderator:**

That was the last question in queue. I would now like to hand the conference over to the management team for any closing comments.

**Vivek Gupta:**

Thanks, and thanks, everyone, for joining and asking questions. As we said, I think we are on a journey of being category makers. I think what Jorn said, our focus is on structurally improving the health of the business, bringing real consumer innovation, retail excellence, execution, leveraging our footprint of our breweries and our partnerships and really creating the excitement of the category.

Right now, the other big focus is to really advocate about differentiation of beer, why beer is different from spirit, why beer needs to have an equal taxation, why beer is required in terms of the economic value it adds. So there's a lot of work happening on the category. And we, as I said, we feel very positive about the structural improvements and the trends and the hard work of the organization coming together, and we feel positive about the prospects of the category in medium to long term, and we'll continue to invest behind our brands and innovation. Thanks, everyone, for joining.

**Moderator:**

Thank you very much. On behalf of United Breweries Limited, that concludes the conference. Thank you for joining us. Ladies and gentlemen, you may now disconnect your lines.