FitchRatings

RATING ACTION COMMENTARY

Fitch Affirms Compania Cervecerias Unidas SA at 'BBB+'; Outlook Stable

Fri 17 Oct, 2025 - 1:28 p. m. ET

Fitch Ratings - Mexico City - 17 Oct 2025: Fitch Ratings has affirmed Compania Cervecerias Unidas S.A.'s (CCU) Long-Term Foreign and Local Currency Issuer Default Rating (IDR) at 'BBB+'. Fitch has also affirmed CCU's Long-Term National Scale Ratings at 'AA+(cl)'. The Rating Outlook is Stable. In conjunction with these rating actions, Fitch has affirmed CCU's equity rating at Level '1(cl)'.

The rating reflects CCU's robust business profile, supported by leading positions in all its beverage categories in Chile, a resilient soft drinks business, adequate capital structure, large scale and a valuable branded portfolio. The ratings are constrained by exposure to higher raw material prices and lower alcoholic-category volumes due to changes in consumer preferences.

KEY RATING DRIVERS

Positive Revenue Trend: Fitch expect CCU's revenue to grow in mid-single digits in 2025-2028, driven by organic expansion, revenue management and innovation in ready-to-drink categories. Growth in 2025 will be led by strategic pricing to support margins while keeping its competitive position strong. Volumes should rise in low-single digits in Chile and mid-single digits in international markets.

Moderate Profitability Growth: Fitch project EBITDA of CLP432 billion in 2025, up 7% compared to 2024, with stable EBITDA margin of 14% in 2025, compared to 13.9% in 2024. Higher costs from product mix and manufacturing (including the new recycling plant "Circular" in Chile) are offset by pricing adjustments and stable raw material price expected for the period. Fitch expects profitability to increase through 2027, driven by commercial strategies that result in a better product mix, as well as ongoing cost-reduction initiatives and internal efficiencies.

FCF Margin Neutral to Negative: Fitch projects negative FCF of CLP48 billion by the end of 2025 and an average FCF margin of -0.9% during 2026-2028. We assume CCU's investment plan will represent an average of 5.4% of capex intensity, considering no additional expansion of manufacturing lines or new projects. Fitch projects dividend payments at nearly USD90 million (CLP86 billion approximately) per year and working capital requirements to average nearly 3% of revenues during 2025-2028. Fitch views positively CCU's ability to build financial flexibility by favoring cash accumulation, combined with its broad access to banks and debt markets.

Conservative Capital Structure: Fitch projects EBITDA net leverage at around 1.5x over the rating horizon, in line with net leverage reached in 2024. Fitch expects the company will maintain stable debt levels and no significant new funding needs. Fitch's base case also assumes resilient operating results, allowing the company to maintain EBITDA margin near 14% through the rating horizon.

Argentina Consumption Under Pressure: We anticipate that EBITDA contribution from Argentina will reach nearly CLP55 billion (13% of consolidated) in 2025 due to mid- to high-single-digit volume declines. Fitch expects weak consumer confidence and purchasing power in 2H25 to weigh on volume and mix. Wage growth trails inflation and confidence fell about 14% in August 2025 month-over-month. Average revenue growth could slow toward 6% by end-2025. Fitch believes the Argentine division supports its operations and financial autonomy as the company continues to defend its market share position.

High but Manageable FX Risk: CCU's operating costs are highly exposed to USD fluctuation versus the Chilean and Argentinean peso. USD-denominated costs represent nearly 55% of total, mainly related to raw materials such as aluminum, PET and sugar bought in the spot market. The company does not hedge its USD-denominated costs as part of its financial policy. CCU partially mitigates these risks through long-term supply contracts and some local sourcing such as sugar in Chile and malt in Argentina.

Equity Rating: The equity rating is based on the company's solid credit profile, long history of trading on the stock exchange and a level of stock market liquidity commensurate with shares rated as 'First Class Level 1(cl)'. CCU maintains a free float of 34%, close to the average for the category and full stock market presence levels. The company's daily trading volumes and a market capitalization on the Santiago Stock Exchange remains within the range of the category. The company's strong market presence and liquidity underscore its attractiveness to investors.

Core Market Leadership: CCU leads Chilean beverage sector, with about two-thirds of the market, and offers products across price points and channels, including premium international and proprietary brands. Brand penetration and recognition support price leadership. In Argentina, CCU is the second-largest brewer after AB InBev, with a growing share near one-third. Its broad portfolio, distribution and brand equity have supported metrics over two decades.

PEER ANALYSIS

CCU leads Chilean beer market and is the second-largest participant in non-alcoholic beverages, with a diversified portfolio that includes wine and spirits. These attributes compare well with Latin American bottlers that typically operate with net leverage of 1.0x-1.5x. CCU's net leverage is expected to remain below 2.0x through 2028.

CCU's EBITDA is concentrated in Chile at about 70%. Embotelladora Andina S.A. (BBB+/Stable) has broader exposure to weaker operating environments in Latin America, with about half of EBITDA from Argentina (CCC+) and Brazil (BB/Stable), which moderately affects its profile.

CCU is rated on par with Carlsberg Breweries A/S (BBB+/Negative), the third-largest global brewer with strong positions in Europe and Asia, and one notch above Becle, S.A.B. de C.V. (BBB/Stable). CCU and Becle share limited geographic and product diversification compared to Carlsberg.

On financials, CCU's EBITDA margin of about 14% is below Carlsberg's 20% and Becle's 15%; this is offset by its lower leverage, historically below 2.0x versus 3.5x and 2.5x, respectively.

Fitch did not apply any Country Ceiling, Parent-Subsidiary Linkage, or operating environment adjustments.

KEY ASSUMPTIONS

-- Volume increase of low single-digit growth in 2025 to 2028;

-- Revenue growth of 6% in 2025 and mid-single-digit growth in 2026 to 2028;

-- EBITDA margin of 14.3% on average over the rating horizon;

-- Dividend payments of near USD90 million per year;

-- Capex intensity of 5.4% in average, over the rating horizon.

RATING SENSITIVITIES

Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade

-- Weakening market position, operating efficiency or pricing power, resulting in continued slow sales growth and narrowing profit margin;

-- Deteriorating FCF margin towards neutral to negative on a sustained basis;

-- EBITDA net leverage consistently above 2.5x.

Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade

-- Maintenance of leading market positions in core markets and mid-single-digit organic revenue growth;

-- EBITDA margin above 20% and FCF margin above 4% on a sustained basis;

-- EBITDA net leverage below 1.5x on a sustained basis.

LIQUIDITY AND DEBT STRUCTURE

CCU's liquidity was sound at end of June 2025, with CLP512 billion cash on balance, while short-term debt reached CLP132 billion. CCU's debt maturities are well spread within 2025 to 2028, and Fitch does not forecast any difficulties for CCU in refinancing debt at maturity or repaying it from existing cash flow. Financial flexibility is further supported by adequate cash flow from operations of CLP290 billion for the last 12 months (LTM) ended June 30, 2025.

ISSUER PROFILE

CCU is a multi-category beverage company (alcoholic and non-alcoholic) with operations in Chile, Argentina, Bolivia, Colombia, Paraguay and Uruguay.

REFERENCES FOR SUBSTANTIALLY MATERIAL SOURCE CITED AS KEY DRIVER OF RATING

The principal sources of information used in the analysis are described in the Applicable Criteria.

MACROECONOMIC ASSUMPTIONS AND SECTOR FORECASTS

Click here to access Fitch's latest quarterly Global Corporates Sector Forecasts Monitor data file which aggregates key data points used in our credit analysis. Fitch's macroeconomic forecasts, commodity price assumptions, default rate forecasts, sector key performance indicators and sector-level forecasts are among the data items included.

ESG CONSIDERATIONS

The highest level of ESG credit relevance is a score of '3', unless otherwise disclosed in this section. A score of '3' means ESG issues are credit-neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. Fitch's ESG Relevance Scores are not inputs in the rating process; they are an observation on the relevance and materiality of ESG factors in the rating decision. For more information on Fitch's ESG Relevance Scores, visit https://www.fitchratings.com/topics/esg/products#esg-relevance-scores.

RATING ACTIONS

ENTITY / DEBT	RATING	PRIOR

Compania Cervecerias Unidas S.A. (CCU)	LT IDR	BBB+ Rating Outlook Stable Affirmed	BBB+ Rating Outlook Stable
	LC LT IDR	BBB+ Rating Outlook Stable Affirmed	BBB+ Rating Outlook Stable
	Natl LT	AA+(cl) Rating Outlook Stable Affirmed	AA+(cl) Rating Outlook Stable
	Nat Equity Rating	Primera Clase Nivel 1 Affirmed	Primera Clase Nivel 1
senior unsecured	LT	BBB+ Affirmed	BBB+
senior unsecured	Natl LT	AA+(cl) Rating Outlook Stable Affirmed	AA+(cl) Rating Outlook Stable

VIEW ADDITIONAL RATING DETAILS

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APPLICABLE CRITERIA

National Scale Rating Criteria (pub. 22 Dec 2020)

Metodología de Calificaciones en Escala Nacional (pub. 22 Dec 2020)

Metodología de Clasificación de Acciones en Chile (pub. 19 Jul 2024)

Corporate Rating Criteria - Effective from 27 June 2025 to 9 January 2026 (pub. 27 Jun 2025) (including rating assumption sensitivity)

Sector Navigators – Addendum to the Corporate Rating Criteria - Effective from 27 June 2025 to 9 January 2026 (pub. 27 Jun 2025)

Metodología de Calificación de Finanzas Corporativas (pub. 24 Jul 2025)

APPLICABLE MODELS

Numbers in parentheses accompanying applicable model(s) contain hyperlinks to criteria providing description of model(s).

Corporate Monitoring & Forecasting Model (COMFORT Model), v8.2.0 (1)

ADDITIONAL DISCLOSURES

Dodd-Frank Rating Information Disclosure Form

Solicitation Status

Endorsement Policy

ENDORSEMENT STATUS

Compania Cervecerias Unidas S.A. (CCU)	EU Endorsed, UK Endorsed

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The complete span of best- and worst-case scenario credit ratings for all rating categories ranges from 'AAA' to 'D'. Fitch also provides information on best-case rating upgrade scenarios and worst-case rating downgrade scenarios (defined as the 99th percentile of rating transitions, measured in each direction) for international credit ratings, based on historical performance. A simple average across asset classes presents best-case upgrades of 4 notches and worst-case downgrades of 8 notches at the 99th percentile. For more details on sector-specific best- and worst-case scenario credit ratings, please see Best- and Worst-Case Measures under the Rating Performance page on Fitch's website.

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