

Tear Sheet:

Compañía Cervecerías Unidas S.A.

September 16, 2025

This report does not constitute a rating action.

Despite a volatile environment and currency headwinds, CCU's organic revenues grew in the first half of 2025. Net revenue increased 3.7% year-over-year, excluding acquisitions, driven by a 3% increase in average prices in Chilean pesos (CLP) and a 1% volume increase. This performance was largely due to successful revenue management initiatives in Chile and increased exports in the Wine segment. However, a 3.1% revenue contraction in the International Business segment partially offset these gains, stemming from challenging pricing dynamics in Argentina and the depreciation of the Argentine peso. While volumes recovered across all segments, this was tempered by declining domestic Chilean wine volumes.

We expect economic challenges in Argentina to moderate revenue growth in fiscal year 2025. Recent deterioration in the country's economic conditions has softened consumer spending and intensified pricing challenges, leading us to revise down the expected performance of the International Business. In line with that, we now expect consolidated revenue growth around 4.5% this year, less than previously expected. We anticipate continued benefits from growing volumes and prices in Chile, improved pricing and export revenues in the Wine segment, and volume expansion internationally, though partially offset by pricing pressures in Argentina.

Cost management and efficiency investments will help mitigate pricing pressures in the International Business and sustain EBITDA margin. CCU's commitment to cost-saving initiatives and efficiency programs will likely partially mitigate the impact of difficult pricing dynamics. We project margins to remain flat at 13.6% in 2025 but anticipate they will stabilize at 14%-15% in the following two years, mainly due to EBITDA recovery in the International Business segment.

Relatively stable operating cash flow and prudent capital spending should lead to leverage below 2x in the next two years. To mitigate the impact of volatile business conditions and protect cash flow, CCU has implemented working capital management improvements that have reduced inventory days. We expect CCU to post free operating cash flow between CLP100 billion and CLP120 billion in the next two years. The healthy operating cash flow and moderate capital expenditures of CLP174 billion-CLP184 billion over the next two years, primarily allocated in Chile and the Wine segment, should allow CCU to keep debt to EBITDA below 2x. While our base case assumes stable leverage, greater-than-expected economic instability in Argentina--manifesting as either a significant decline in consumer confidence or adverse exchange rate movements--or higher-than-anticipated dividend payouts could push leverage slightly above 2.0x.

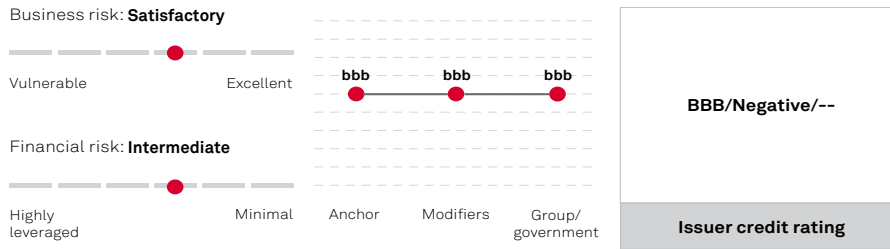
Primary Contact

Agustina R Yonni Glucksmann
Buenos Aires
54-114-891-2163
agustina.yonni
@spglobal.com

Secondary Contact

Amalia E Bulacios
Buenos Aires
54-11-4891-2141
amalia.bulacios
@spglobal.com

Ratings Score Snapshot



Company Description

CCU is a multicategory beverage company with operations in Chile, Argentina, Bolivia, Colombia, Paraguay, and Uruguay. Operating for more than 115 years, CCU is one of the largest players in each of the categories in which it participates in Chile and the second largest brewer in Argentina. The company's operating segments include Chile, International Business, Wine, and others. The Chilean segment includes commercialization of beer, nonalcoholic beverages, cider, and spirits. The International Business segment includes commercialization of beer, nonalcoholic beverages, and cider in Argentina, Uruguay, Paraguay, and Bolivia. The Wine segment includes commercialization of wine, mainly in the export market reaching over 80 countries, and in the Chilean and Argentine markets.

The company's principal licensing, distribution, or joint venture agreements include those with Heineken Brouwerijen B.V., PepsiCo Inc., Seven-Up International, Schweppes Holdings Ltd., Société des Produits Nestlé S.A., Pernod Ricard Chile S.A., Promarca S.A. (Watt's), and Coors Brewing Co.

CCU is under the control of Inversiones y Rentas S.A. (IRSA), which is the direct and indirect owner of 65.87% of the company's shares. IRSA is a joint venture between Quiñenco S.A. and Heineken Chile SpA., a company controlled by Heineken International B.V., each with 50% equity participation.

Outlook

The negative outlook reflects ongoing uncertainties surrounding the company's ability to mitigate the impact of Argentina's macroeconomic challenges and achieve a stable turnaround that would require an EBITDA margin consistently above 13% and leverage below 2.0x.

Downside scenario

We could lower the ratings in the next six to 12 months if the business risk profile weakens, with EBITDA margins consistently below 13%. We could also lower the ratings if main credit metrics deteriorate, with debt to EBITDA consistently above 2.0x or negative free operating cash flow on a three-year moving average.

A downgrade could also result from higher-than-expected capex and dividend payments, prompting us to revise our liquidity assessment to a weaker category. In addition, risks could arise from higher currency mismatch if the company incurs dollar-denominated debt without appropriate hedging.

Upside scenario

We could revise the outlook to stable in the next 12 months if the company is able to improve operating performance and align credit metrics with the current rating category. In this scenario, we would expect revenue and margin performance more aligned with those of other industry peers. This would be consistent with the EBITDA margin remaining above 13% and leverage consistently below 2.0x.

Key Metrics

Compañía Cervecerías Unidas S.A. (CCU)--Forecast summary

Period ending	Dec-31-2021	Dec-31-2022	Dec-31-2023	Dec-31-2024	Dec-31-2025	Dec-31-2026	Dec-31-2027	Dec-31-2028
(Bil. CLP)	2021a	2022a	2023a	2024a	2025e	2026f	2027f	2028f
Revenue	2,485	2,711	2,566	2,905	3,035	3,263	3,480	3,700
Gross profit	1,317	1,323	1,313	1,467	1,500	1,613	1,735	1,861
EBITDA (reported)	455	348	366	416	410	461	522	587
Plus: Operating lease adjustment (OLA) rent	--	--	--	--	--	--	--	--
Plus/(less): Other	(10)	13	2	(21)	1	1	1	1
EBITDA	445	360	368	394	411	462	523	588
Less: Cash interest paid	(29)	(47)	(70)	(69)	(65)	(60)	(60)	(60)
Less: Cash taxes paid	(79)	(66)	(9)	(15)	(51)	(61)	(75)	(89)
Plus/(less): Other	--	--	--	--	--	--	--	--
Funds from operations (FFO)	337	247	288	311	295	341	388	438
EBIT	335	243	262	270	271	305	360	420
Interest expense	36	76	77	97	65	60	60	60
Cash flow from operations (CFO)	293	46	294	288	279	300	380	436
Capital expenditure (capex)	170	189	124	153	174	184	172	170
Free operating cash flow (FOCF)	124	(143)	170	135	105	115	208	266
Dividends	274	158	66	82	83	73	89	108
Share repurchases (reported)	--	--	--	--	--	--	--	--
Discretionary cash flow (DCF)	(150)	(301)	104	53	22	42	120	159
Debt (reported)	560	1,362	1,341	1,390	1,213	1,213	1,213	1,213
Plus: Lease liabilities debt	35	40	41	49	59	70	84	100
Plus: Pension and other postretirement debt	--	--	--	--	--	--	--	--
Less: Accessible cash and liquid Investments	(266)	(597)	(618)	(707)	(551)	(593)	(713)	(871)
Plus/(less): Other	28	32	33	(9)	(9)	(9)	(9)	(9)
Debt	357	837	798	723	711	681	575	432
Equity	1,426	1,436	1,337	1,673	1,743	1,852	1,987	2,148
FOCF (adjusted for lease capex)	124	(143)	170	135	95	104	195	250

Compañía Cervecerías Unidas S.A.

Compañía Cervecerías Unidas S.A. (CCU)--Forecast summary

Interest expense (reported)	36	76	77	97	65	60	60	60
Capex (reported)	170	189	124	153	174	184	172	170
Cash and short-term investments (reported)	266	597	618	707	551	593	713	871
Adjusted ratios								
Debt/EBITDA (x)	0.8	2.3	2.2	1.8	1.7	1.5	1.1	0.7
FFO/debt (%)	94.3	29.5	36.1	43.0	41.5	50.0	67.5	101.3
FFO cash interest coverage (x)	12.6	6.2	5.1	5.5	5.5	6.6	7.4	8.3
EBITDA interest coverage (x)	12.5	4.7	4.8	4.1	6.3	7.6	8.7	9.7
CFO/debt (%)	82.1	5.5	36.9	39.8	39.2	44.0	66.1	100.9
FOCF/debt (%)	34.6	(17.0)	21.3	18.6	14.7	16.9	36.3	61.6
DCF/debt (%)	(42.1)	(36.0)	13.0	7.3	3.0	6.2	20.8	36.7
Lease capex-adjusted FOCF/debt (%)	34.6	(17.0)	21.3	18.6	13.4	15.3	33.9	57.8
Annual revenue growth (%)	33.8	9.1	(5.4)	13.2	4.5	7.5	6.6	6.3
Gross margin (%)	53.0	48.8	51.2	50.5	49.4	49.4	49.9	50.3
EBITDA margin (%)	17.9	13.3	14.3	13.6	13.6	14.2	15.0	15.9
Return on capital (%)	20.1	12.0	11.9	11.9	11.2	12.2	14.1	16.3
Return on total assets (%)	12.5	7.6	7.5	7.3	6.9	7.7	8.7	9.7
EBITDA/cash interest (x)	15.3	7.6	5.2	5.7	6.3	7.6	8.7	9.7
EBIT interest coverage (x)	9.4	3.2	3.4	2.8	4.2	5.0	6.0	6.9
Debt/debt and equity (%)	20.0	36.8	37.4	30.2	29.0	26.9	22.4	16.8
Debt fixed-charge coverage (x)	12.5	4.7	4.8	4.1	1.7	7.6	8.7	9.7
Debt/debt and undepreciated equity (%)	20.0	36.8	37.4	30.2	29.0	26.9	22.4	16.8

All figures are adjusted by S&P Global Ratings, unless stated as reported. a--Actual. e--Estimate. f--Forecast. CLP--Chilean peso.

Financial Summary

Compañía Cervecerías Unidas S.A. (CCU)--Financial Summary

Period ending	Dec-31-2019	Dec-31-2020	Dec-31-2021	Dec-31-2022	Dec-31-2023	Dec-31-2024
Reporting period	2019a	2020a	2021a	2022a	2023a	2024a
Display currency (bil.)	CLP	CLP	CLP	CLP	CLP	CLP
Revenues	1,823	1,858	2,485	2,711	2,566	2,905
EBITDA	323	298	445	360	368	394
Funds from operations (FFO)	205	233	337	247	288	311
Interest expense	28	29	36	76	77	97
Cash interest paid	25	22	29	47	70	69
Operating cash flow (OCF)	242	281	293	46	294	288
Capital expenditure	135	117	170	189	124	153
Free operating cash flow (FOCF)	108	164	124	(143)	170	135
Discretionary cash flow (DCF)	(110)	62	(150)	(301)	104	53
Cash and short-term investments	196	396	266	597	618	707
Gross available cash	196	396	266	597	618	707

Compañía Cervecerías Unidas S.A.

Compañía Cervecerías Unidas S.A. (CCU)--Financial Summary

Debt	156	137	357	837	798	723
Common equity	1,443	1,409	1,426	1,436	1,337	1,673
Adjusted ratios						
EBITDA margin (%)	17.7	16.0	17.9	13.3	14.3	13.6
Return on capital (%)	14.6	11.4	20.1	12.0	11.9	11.9
EBITDA interest coverage (x)	11.7	10.4	12.5	4.7	4.8	4.1
FFO cash interest coverage (x)	9.2	11.6	12.6	6.2	5.1	5.5
Debt/EBITDA (x)	0.5	0.5	0.8	2.3	2.2	1.8
FFO/debt (%)	131.2	169.7	94.3	29.5	36.1	43.0
OCF/debt (%)	155.4	204.5	82.1	5.5	36.9	39.8
FOCF/debt (%)	69.0	119.2	34.6	(17.0)	21.3	18.6
DCF/debt (%)	(70.8)	44.8	(42.1)	(36.0)	13.0	7.3

Peer Comparison

Compañía Cervecerías Unidas S.A. (CCU)--Peer Comparisons

	Compañía Cervecerías Unidas S.A. (CCU)	Ambev S.A.	Heineken N.V.	Molson Coors Beverage Co.	Coca-Cola Femsa S.A.B. de C.V.
Foreign currency issuer credit rating	BBB/Negative/--	BBB+/Stable/--	BBB+/Stable/A-2	BBB/Stable/A-2	A-/Stable/--
Local currency issuer credit rating	BBB/Negative/--	BBB+/Stable/--	BBB+/Stable/A-2	BBB/Stable/A-2	A-/Stable/--
Period	Annual	Annual	Annual	Annual	Annual
Period ending	--	2024-12-31	2024-12-31	2024-12-31	2024-12-31
	--	CLP	CLP	CLP	CLP
Revenue	--	14,372,300,842,205	30,680,770,592,945	11,554,211,212,852	13,343,097,340,775
EBITDA	--	4,692,084,591,635	6,524,846,487,390	2,549,637,886,713	2,633,300,865,150
Funds from operations (FFO)	--	3,991,578,180,566	4,756,285,921,035	2,086,163,664,265	1,949,819,609,050
Interest	--	442,251,824,078	717,095,238,365	304,078,378,418	373,740,064,475
Cash interest paid	--	119,225,965,391	687,259,138,060	237,795,942,029	222,231,555,500
Operating cash flow (OCF)	--	4,193,314,597,592	5,270,918,039,544	1,962,144,952,700	2,057,883,279,600
Capital expenditure	--	763,034,899,518	2,536,068,525,925	657,557,543,609	1,229,999,201,600
Free operating cash flow (FOCF)	--	3,430,279,698,074	2,734,849,513,619	1,304,587,409,091	827,884,078,000
Discretionary cash flow (DCF)	--	2,703,410,501,849	1,496,136,935,439	298,326,613,173	214,124,395,750
Cash and short-term investments	--	4,793,998,114,841	2,417,752,955,750	963,231,867,947	1,563,203,467,325
Gross available cash	--	4,793,998,114,841	2,417,752,955,750	963,231,867,947	1,563,203,467,325
Debt	--	0	15,916,725,618,081	5,458,226,469,274	2,051,202,026,183
Equity	--	15,999,534,963,338	23,047,873,070,090	13,368,481,739,325	7,179,176,093,675
EBITDA margin (%)	--	32.6	21.3	22.1	19.7
Return on capital (%)	--	26.1	9.9	9.1	24.7
EBITDA interest coverage (x)	--	10.6	9.1	8.4	7.0
FFO cash interest coverage (x)	--	34.5	7.9	9.8	9.8
Debt/EBITDA (x)	--	0.0	2.4	2.1	0.8
FFO/debt (%)	--	NM	29.9	38.2	95.1

Compañía Cervecerías Unidas S.A. (CCU)--Peer Comparisons

OCF/debt (%)	--	NM	33.1	35.9	100.3
FOCF/debt (%)	--	NM	17.2	23.9	40.4
DCF/debt (%)	--	NM	9.4	5.5	10.4

Liquidity

We assess CCU's liquidity as adequate. We expect sources to exceed uses by more than 1.2x in the next 12 months, and that sources will remain above uses even if EBITDA declines by 15%. We also believe the company has the capacity to withstand high-impact liquidity events with limited need to refinance its debt. In addition, in our view, CCU has sound relationships with banks, fluid access to the domestic debt market, and an overall prudent financial risk management.

Principal liquidity sources

- Cash and short-term investments amounting to CLP511 billion as of June 30, 2025; and
- Funds from operations of about CLP350 billion during the next 12 months.

Principal liquidity uses

- Short-term maturities of CLP161 billion as of June 30, 2025;
- Potential seasonal working capital outflows of about CLP250 billion during the next 12 months;
- Capex of about CLP180 billion in the next 12 months; and
- Dividend distribution of about CLP80 billion to be paid in the next 12 months.

Rating Component Scores

Foreign currency issuer credit rating	BBB/Negative/--
Local currency issuer credit rating	BBB/Negative/--
Business risk	Satisfactory
Country risk	Moderately High
Industry risk	Low
Competitive position	Satisfactory
Financial risk	Intermediate
Cash flow/leverage	Intermediate
Anchor	bbb
Modifiers	
Diversification/portfolio effect	Neutral (no impact)
Capital structure	Neutral (no impact)
Financial policy	Neutral (no impact)
Liquidity	Adequate (no impact)
Management and governance	Neutral (no impact)
Comparable rating analysis	Neutral (no impact)
Stand-alone credit profile	bbb

Related Criteria

- [Criteria | Corporates | General: Sector-Specific Corporate Methodology](#), April 4, 2024
- [Criteria | Corporates | General: Corporate Methodology](#), Jan. 7, 2024
- [Criteria | Corporates | General: Methodology: Management And Governance Credit Factors For Corporate Entities](#), Jan. 7, 2024
- [General Criteria: Environmental, Social, And Governance Principles In Credit Ratings](#), Oct. 10, 2021
- [General Criteria: Group Rating Methodology](#), July 1, 2019
- [Criteria | Corporates | General: Corporate Methodology: Ratios And Adjustments](#), April 1, 2019
- [Criteria | Corporates | General: Reflecting Subordination Risk In Corporate Issue Ratings](#), March 28, 2018
- [Criteria | Corporates | General: Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers](#), Dec. 16, 2014
- [General Criteria: Country Risk Assessment Methodology And Assumptions](#), Nov. 19, 2013
- [General Criteria: Methodology: Industry Risk](#), Nov. 19, 2013
- [General Criteria: Ratings Above The Sovereign--Corporate And Government Ratings: Methodology And Assumptions](#), Nov. 19, 2013
- [General Criteria: Principles Of Credit Ratings](#), Feb. 16, 2011

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