

Shepherd Neame

Consumer
1 October 2026

Strong pubs; strategic questions in brewing

Shepherd Neame's FY26 results show a business making satisfactory progress despite a difficult sector backdrop, with pub trading continuing to demonstrate resilience, supported by investment in the estate. London remains the standout area, while the broader estate also benefited from a stronger finish to the year. The main issue is clearly Brewing and Brands, where weaker external volumes and elevated logistics costs, which have almost eradicated profit, have prompted a strategic review of the division. Current trading into FY27 is encouraging, with the improved momentum seen late in FY26 continuing into the new year, including a recovery in beer volumes and accommodation, although management remains cautious on the outlook for inflation, interest rates and the potential impact of a tourism tax.

Lower revenue, better profit and cash

The divisional performance underlines the strength of the pub estate relative to the brewery. Retail like-for-like sales increased 3.8%, with sales inside the M25 up 10.1%, helping Retail underlying operating profit rise 4.4% despite the managed estate ending the year with fewer sites. Tenanted also progressed well, with like-for-like income up 2.7% and underlying operating profit up 4.1%, reinforcing the value of this more stable and less cost-intensive part of the model. By contrast, Brewing and Brands revenue fell 4.6% and underlying operating profit reduced to just £0.1m as total beer volumes declined 5.4% and own beer volumes fell 9.6%; importantly, the weakness was concentrated in national channels, while own beer volumes grew within Shepherd Neame's Retail and Tenanted estates. FY26 represented the third consecutive year of revenue decline for Brewing and Brands, and the second consecutive year of profit decline, which has prompted the strategic review. At the group level, revenue declined by 1.1%, but underlying PBT still increased 1.8% to £7.8m and underlying EPS rose 4.1% to 38.0p. Net debt excluding leases reduced to £82.0m, operating cash generation improved and the full-year dividend increased 3.0%, leaving the company in a reasonable position to continue investing in higher-return pub opportunities while it works through the options for Brewing and Brands.

Valuation: Attractive on all measures

In our March 2026 [note](#), we highlighted the long-term growth drivers of the business and the attractiveness of the valuation in a historical context. The company continues to trade at a significant 62% discount to NAV, which is well supported by its freehold estate. Prospective EV/sales, P/E and P/NAV multiples remain at the low end of their historical (since FY15) multiples and the prospective dividend yield is higher than that of its peers and is as high as it has been historically.

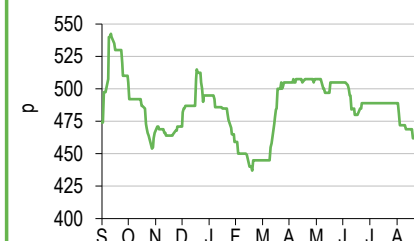
Historical financials and consensus estimates

Year end	Revenue (pm)	PBT (pm)	EPS (p)	DPS (p)	P/E (x)	Yield (%)
6/25	164.3	7.6	36.40	21.50	12.2	4.8
6/26	162.6	7.8	37.71	22.15	11.8	5.0
6/27e	167.4	8.4	40.95	22.81	10.9	5.1
6/28e	173.3	9.2	44.86	23.50	9.9	5.3

Source: Shepherd Neame, LSEG Data & Analytics. EPS are normalised and fully diluted.

Price 445.00p
Market cap £66m

Share price performance



Share details

Code	SHEP
Listing	AQSE
Shares in issue	14.8m
Net (debt) at 27 June 2026	£(132.4)m
including IFRS 16 liabilities of	
£50.4m	

Business description

Shepherd Neame is Britain's oldest brewer and has been based in Kent since 1698. The company brews, markets and distributes its own beers to national and international customers under a range of highly successful brand names, including Spitfire, Bishops Finger, Whitstable Bay and Bear Island.

Bull points

- Premium freehold estate provides strong asset backing.
- Favourable geographic exposure.
- Progressive dividend policy that is typically well covered by free cash generation.

Bear points

- Exposed to changes in consumer sentiment and spending power.
- Low return on equity.
- Affected by inflationary pressures in cost of goods and operating expenses, such as staff costs and utilities.

Analysts

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