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Italian Wine Brands posts 5.3% revenue decline after U.S. exports fall 14.1%

A stronger mix of premium labels kept profitability in double digits despite weaker direct sales, softer traditional exports.

Wednesday, September 23, 2026



Italian Wine Brands said on Tuesday that revenue fell in the first half of 2026 as weaker exports, softer direct sales and pressure in the U.S. market weighed on demand, but a stronger mix of premium labels helped protect margins and reduce debt.

The Italian group reported first-half revenue of €175.3 million, down 5.3% from a year earlier. It sold 72.8 million bottles across 97 countries, with exports accounting for more than 83% of total revenue. The company said its performance still compared favorably with the broader Italian wine export market, which contracted 6.2% in the same period.

The sharpest pressure came from the United States, one of the industry's most important overseas markets. Italian Wine Brands said exports to the U.S. fell 14.1%, reflecting a difficult environment marked by weaker demand, tariff uncertainty and customer destocking. Management also pointed to weakness in traditional export markets more broadly.

Even with lower sales, the company kept profitability in double digits. EBITDA was €19.1 million, down from €21.9 million a year earlier, while the EBITDA margin slipped to 10.9% from 11.8%. Net profit fell to €7.9 million from €10.3 million, and the net margin narrowed to 4.5% from 5.6%.

The main support came from the company's "Top Brands" portfolio, which includes labels such as Grande Alberone, Voga, Raphael Dal Bo, Duca di Saragnano, Alberto Nani, Barbanera and Le Forconate. Italian Wine Brands said volumes for those products rose 8.6% in the half and revenue increased 6.6%, even as the wider market weakened. Their direct margin improved to 50.3% from 49.6%.

That premium segment now represents about 19% of business-to-business revenue but contributes 31% of B2B margins, the company said. The figures suggest that consumers are still willing to spend on stronger brands and higher-value bottles even as entry-level and midmarket demand remains under pressure. For the beverage sector, the results offer another sign that premiumization can partly offset export weakness, especially for producers with exposure to the U.S. and other volatile overseas markets.

By sales channel, wholesale proved the most resilient. Revenue in wholesale fell 2.6% to €127.2 million, while volumes were broadly stable, up 0.13%. The company said the launch of Giordano Vini in Italy and growth in other international markets helped offset part of the decline elsewhere.

The Ho.re.ca. channel, which serves hotels, restaurants and cafes, declined 8.2% to €27.6 million. That business was hurt by lower sales in the U.K., down 8.9%, and in the U.S., where Ho.re.ca. revenue dropped 25.4%. In contrast, the company said Ho.re.ca. revenue in Italy jumped 43% as it expanded its domestic presence.

Distance selling, the group's direct-to-consumer business, fell 16.2% to €20.5 million. Italian Wine Brands said that decline reflected a strategic integration of sub-channels and a longer shift in consumer behavior. Digital and web sales now make up 47% of distance selling, up from 8% in 2017, while teleselling has dropped to 15% from 51%.

Management also highlighted several operating moves aimed at supporting growth beyond the headline numbers. The company secured three new listings in Italy's large-scale retail trade, launched Tenuta Le Forconate nationally and restyled and relaunched fine wines in the U.S. market. It also said it received more than 200 wine awards in 2025, including "Best Producer Italy" from Mundus Vini.

Costs moved lower in several areas. Raw material costs declined to €114.6 million from €120.7 million, helped by an improved product mix and mid-single-digit reductions in glass costs. Services expenses fell to €28.8 million from €30.4 million, mainly because of lower business-to-consumer marketing spending. Transport costs were stable despite tariff increases. Personnel costs rose to €13.9 million from €13.1 million due to new contract terms and temporary staffing effects.

The revenue decline of €9.8 million was driven by a €4 million drop in distance selling, a €3.4 million decrease in wholesale and a €2.4 million decline in Ho.re.ca., according to the company. Stronger performance from premium brands helped absorb part of that pressure.

Italian Wine Brands also pointed to efficiency measures that could support the second half. It said new automation investments should generate at least €1 million in additional production cost savings later this year. After earlier acquisitions, the company closed two of its five plants in 2024 while keeping production capacity unchanged, a move it said has produced about €2 million in annual cost savings.

The group continues to rely on an asset-light model. It does not invest in vineyards and instead sources wine from hundreds of outside suppliers while focusing capital on winemaking, aging, bottling, marketing and distribution. That approach kept capital spending relatively low at €4.9 million in the first half.

The balance sheet improved despite lower earnings. Net financial debt stood at €81.8 million at the end of June, down from €90.5 million a year earlier. The company said that represented €8.7 million of debt reduction even after dividends and share buybacks totaling €5.3 million during the period. Leverage was 1.77x last-12-months adjusted EBITDA.

Working capital was affected by advance payments of about €25 million to suppliers to lock in favorable Prosecco purchasing terms. Management said that strategy generated roughly €3 million in savings and should normalize in the second half, though it could be repeated in early 2027.

For the full year, Italian Wine Brands said it expects net income to improve by about €2 million from 2025, even though it does not expect EBITDA to improve in the second half. That outlook assumes the current difficult market backdrop will continue, particularly in the U.S.

The company said it is still looking at acquisitions in Italy and abroad, with potential deal sizes starting around €50 million, while also working on refinancing its bond due in 2027. Management said its cash generation and leverage give it room for organic investment and possible M&A.

Market conditions have also weighed on the stock. Shares in Italian Wine Brands fell 22.9% between September 2025 and September 2026, ending at €17.28, according to the company’s presentation. Even so, the company said the four brokers that cover the stock all maintain buy ratings, with an average target price of €32.

Italian Wine Brands said its longer-term strategy is to lift the share of premium products from about 20% of turnover to at least 25% over time. That shift reflects a broader view in the wine business that premium and luxury segments may continue to outperform lower-priced categories through 2029, even if overall wine consumption remains under pressure. For drinks producers watching export demand soften and

consumers trade more selectively, the first-half results show how product mix, brand strength and cost discipline are becoming more important in protecting margins.