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Jose Cuervo Faces Financial Strain from US Tariffs on Mexican Goods

Tequila giant anticipates $80 million loss due to tariffs, with profits already down 21% amid declining US demand.

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Jose Cuervo, the largest tequila producer globally, is facing a significant financial impact due to President Trump's 25% tariffs on goods from Mexico and Canada.

The company's owner, Becle, has informed shareholders that these tariffs could cost them around $80 million this year. Rodrigo de la Maza, the chief financial officer, mentioned that they have taken steps to mitigate the impact by increasing inventories

in the US.

Despite these efforts, Becle has already experienced a 21% drop in net profits due to declining demand in the US, the largest market for tequila.

President Trump confirmed that the tariffs would be implemented on March 4, citing the need to combat drug smuggling and illegal immigration.

Excluding the tariff effects, Becle plans to spend between $110 million and $130 million on capital expenditures this year. They anticipate mid-single-digit growth in net sales and expect improved gross margins despite the challenges.

The announcement of weak financial results and the potential tariff impact has led to a 4 billion peso ($196 million) decrease in Becle's share value this week.