vinetur

Pernod Ricard reports sales decline but beats forecasts as tariff impact eases

Shares rise on outlook for gradual recovery in 2026 despite ongoing challenges in United States and China markets

Thursday, August 28, 2025



Pernod Ricard, the French spirits group and the world’s second-largest Western spirits maker by revenue, reported a 3% decline in organic sales for its full fiscal year ending June 30, 2025. The results, released Thursday, matched analysts’ expectations and reflected ongoing challenges in key markets such as the United States and China, as well as continued uncertainty over global tariffs.

The company’s net sales for the year reached €10.959 billion ($12.83 billion), with profit from recurring operations at €2.951 billion, representing an organic decline of 0.8%. Despite these declines, both figures were slightly better than market forecasts, which had anticipated a 3.2% drop in sales and a 3.1% fall in profit.

Shares of Pernod Ricard rose as much as 8% on Thursday morning following the announcement, buoyed by management’s outlook for a gradual recovery in fiscal 2026 and relief that the impact of new tariffs would be less severe than previously feared. The company now expects an annualized tariff impact of €80 million ($93.66 million), down from earlier estimates of €200 million.

Chief Executive Alexandre Ricard described the upcoming fiscal year as a “transition year,” with improving sales trends expected to materialize more strongly in the second half. However, he cautioned that the first quarter would likely see further declines due to ongoing distributor inventory adjustments in the U.S. and continued weak consumer demand in China.

In the United States, Pernod Ricard’s largest market, sales fell by 6%. The company attributed this to subdued consumer confidence and economic moderation, which led distributors to increase inventory levels at year-end amid tariff uncertainty. These inventory adjustments are expected to continue into fiscal 2026.

China presented an even steeper challenge, with annual sales dropping by 21%. The decline was driven by weak consumer sentiment and anticipation of the conclusion of an anti-dumping investigation, which resulted in excess distributor inventories. Pernod Ricard expects a sharp decline in Chinese sales during the first quarter of fiscal 2026 before conditions begin to stabilize.

Other regions showed mixed results. In India, sales grew by 6%, supported by strong demand for premium brands such as Jameson and Royal Stag. Canada and Brazil also posted growth, while Mexico saw a slight decline but gained market share in whiskies. In Europe, net sales were down 2%, with resilience in Eastern Europe offsetting declines in Germany and Spain.

Global Travel Retail (GTR) experienced a 13% drop in organic sales for the year, mainly due to the suspension of Cognac imports in China Duty Free since December 2024. Pernod Ricard expects GTR to return to growth in fiscal 2026 as these restrictions are lifted.

By brand category, Strategic International Brands saw a 4% decline overall. Jameson whiskey achieved low single-digit growth globally and stabilized its performance in the U.S., while Martell cognac suffered sharp declines in China but grew elsewhere. Absolut vodka posted gains outside Western Europe, where it declined due to weakness in Germany.

The company continued its focus on cost control and efficiency measures, completing a €900 million efficiency program over three years and maintaining strict discipline on structural costs. Marketing investment remained steady at around 16% of net sales.

Free cash flow improved to €1.133 billion, up €170 million from the previous year, thanks to better working capital management and reduced capital expenditures after peak investments in fiscal 2024. Net debt decreased by €224 million to €10.727 billion.

Looking ahead, Pernod Ricard reiterated its medium-term guidance for annual organic sales growth between 3% and 6% from fiscal years 2027 to 2029, along with ongoing margin expansion supported by further efficiency initiatives totaling €1 billion through fiscal 2029.

The company proposed a dividend of €4.70 per share for shareholders, unchanged from last year, pending approval at its annual general meeting scheduled for October.

Management emphasized its commitment to investing behind its brands and maintaining a diversified portfolio across geographies and categories despite current headwinds. While visibility on the exact timing of recovery remains limited, Pernod

Ricard expressed confidence that its strategy will deliver sustainable value growth over time as market conditions improve and recent disruptions subside.