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Pernod Ricard reports sales and profit declines amid US and China market challenges

Spirits giant sees resilience in ready-to-drink products and plans expansion despite subdued consumer confidence and tariff uncertainty

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Pernod Ricard, one of the world’s largest spirits companies, reported a 3% decline in organic sales to €11 billion ($12.8 billion) for the 12 months ending in June. The company’s profit from recurring operations also slipped by 0.8% to €3 billion ($3.5

billion) on an organic basis. On a reported basis, both sales and profits fell about 5%, with currency exchange rates adding pressure to the results. Pernod Ricard cited challenging market conditions in the United States and China as key factors behind the weaker performance.

The U.S. market, which accounts for just under 20% of Pernod Ricard’s global sales, saw a 6% drop in the year through June. The company attributed this decline to subdued consumer confidence and broader economic moderation. Despite these headwinds, Pernod Ricard noted that recent trends have shown improvement, particularly in underlying sell-out volume and value for major brands such as Jameson, Absolut, and Kahlúa.

Jameson Irish Whiskey returned to underlying sell-out growth in the three months through June, marking a turnaround from previous months. Pernod Ricard said it is focusing on improving its market execution in the U.S., including a review of its route-to-market and commercial strategies. However, ongoing uncertainty around tariffs continues to affect distributor inventories.

In control states across the U.S., Jameson and Absolut have demonstrated relative resilience so far this year, with volumes down just 1% and 2%, respectively, through July. Kahlúa has posted solid growth, while ready-to-drink (RTD) products from Absolut, Malibu, and Jameson have also performed strongly. Absolut RTDs grew by 16.6%, Malibu RTDs by 6.7%, and Jameson RTDs by an impressive 37% year-to-date.

Looking ahead, Pernod Ricard plans to expand its presence in the RTD category in the U.S., aiming to triple its RTD footprint over the next three years. Among upcoming product launches is a new line of Malibu RTDs made with Dole pineapple juice, set to reach shelves early next year.

The company described its new fiscal year as a “transition year,” expecting improving trends in organic net sales weighted toward the second half of the year. A decline is anticipated in the first quarter due to distributor inventory adjustments in the U.S. and continued soft demand and inventory corrections in China.

Pernod Ricard has also been working to streamline its business operations, achieving €900 million ($1.1 billion) in savings over the past three years through measures such as divesting its global wine business and selling its Imperial Blue whisky brand in India. The company aims for an additional €1 billion ($1.2 billion) in efficiencies over the next three years but will continue investing heavily behind its brands with a 16% advertising and promotion ratio.

Despite ongoing challenges from inflation, tariff uncertainty, and weakened consumer confidence, Pernod Ricard remains optimistic about future sales trends as it adapts its strategy and invests in growth areas like RTDs within the U.S. market.