vinetur

Pernod Ricard Reports 15% Profit Drop as U.S. Tariffs and China Slowdown Hit Sales

French spirits giant cites weak demand and unfavorable market conditions in its two largest markets for the sharp decline

Monday, February 23, 2026



Pernod Ricard, the French spirits group and the world's second-largest in its sector, reported a sharp drop in profit for the first half of its fiscal year. The company announced a net profit of €975 million for the six-month period, with revenue reaching €5.25 billion. This represents a 15% decline compared to the same period last year. Pernod Ricard attributed this decrease to challenging conditions in its two largest markets, the United States and China.

In the United States, which remains Pernod Ricard’s top market, the company noted that market conditions for spirits continue to be moderate. Since August, European alcoholic beverages have faced a 15% tariff in the U.S., which has weighed on results. The company also cited adjustments to inventory levels that had been built up previously as another factor affecting performance.

In China, Pernod Ricard pointed to ongoing weakness in the macroeconomic environment and low consumer confidence. The group said it is maintaining a cautious commercial approach as the Chinese New Year approaches, a key sales period for spirits.

Despite these challenges, Pernod Ricard reported signs of improvement in the second quarter, especially in duty-free sales and with accelerating growth in India. However, the company’s overall results were negatively impacted by unfavorable currency exchange rates, tariffs, and inflation, particularly affecting agricultural raw materials.

To protect its profit margins, Pernod Ricard has launched a cost reduction program targeting €1 billion in savings by its 2028/29 fiscal year. The group said it is maintaining its financial objectives and expects the 2025/26 fiscal year to be a transition period. It anticipates an improvement in organic revenue trends during the second half of that year.

The company plans to rely on product innovation and continued investment in advertising and promotional activities to support growth amid what it describes as a volatile and uncertain environment. CEO Alexandre Ricard expressed confidence in the industry’s fundamentals, Pernod Ricard’s strategy, and the resilience of its business model. He also highlighted the group’s balanced geographic presence and diversified portfolio as strengths moving forward.