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Diageo Reports 4% Drop in Net Sales for First Half of Fiscal 2026

Spirits giant cites weaker North American demand and price pressures as key factors behind revenue decline

Thursday, February 26, 2026



Diageo, one of the world’s largest producers of spirits, reported a 4% drop in net sales for the first half of its 2026 fiscal year. The company posted net sales of $10.46 billion, down from the same period last year. Organic net sales also fell by 2.8%, which Diageo attributed to a 0.9% decrease in organic volume and a negative price/mix impact of 1.9%. The company released these figures in an official statement.

Despite the decline in sales, Diageo recorded a net profit attributable to shareholders of $1.995 billion for the first half of fiscal 2026, representing a 3.1% increase compared to the same period in fiscal 2025.

Dave Lewis, Diageo’s chief executive officer, commented that performance during the first half was mixed across regions. He noted strong results in Europe, Latin America and the Caribbean, and Africa. However, these gains were offset by weaker performance in North America and continued softness in Chinese white spirits within the Asia-Pacific region. Lewis explained that U.S. spirits sales reflected pressure on disposable income and increased competition from more affordable alternatives targeting price-sensitive consumers.

Lewis also said that after only a few weeks in his role, he already sees significant opportunities for Diageo to act more decisively to improve competitiveness and expand its product portfolio. He stated that refining the company’s new strategy will focus on generating greater value for shareholders. Immediate priorities include developing competitive category strategies, focusing on relevant brands, prioritizing customer needs, and redesigning Diageo’s operating framework to drive sustainable returns.

To support these goals, Lewis announced that Diageo’s board has decided to reduce the dividend to a more appropriate level. He said this move will accelerate efforts to strengthen the company’s balance sheet and provide greater financial flexibility. According to Lewis, this decision is necessary to ensure Diageo can maintain its position as a global leader in spirits and deliver increased value to shareholders in coming years.

Lewis concluded by expressing confidence in Diageo’s workforce, highlighting their passion and pride for the company’s brands as essential assets for meeting future challenges. The company faces important work ahead as it seeks to adapt to changing market conditions and consumer preferences worldwide.