

Johnnie Walker owner Diageo to reveal sales slowdown

Spirits giant [Diageo](#) is expected to report a slowdown in sales and profits next week as consumer spending steadies.

However, analysts have predicted that the [Johnnie Walker](#) and Baileys maker could deliver a resilient showing when it reveals its half-year update to shareholders on Thursday January 26.

A consensus of analysts have predicted that the group is likely to deliver organic net sales growth of 7.9% for the past six months.

As a result, it is also expected to record an operating profit increase of around 7.6%.

However, this will represent a slowdown from 18.2% growth in the previous financial year after a strong showing.

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The group, which also owns stout brand [Guinness](#), is among consumer firms to have come under increased pressure from the higher cost-of-living for shoppers and its own increased cost

inflation.

It saw sales a year ago jump as restaurants, pubs and bars reopened to strong pent-up demand.

Derren Nathan, head of equity research at [Hargreaves Lansdown](#), said: "Last year's performance benefited from double-digit growth in both price/mix and volumes.

"Drivers included strong demand from drinkers retuning to pubs and restaurants, and a particularly good result from Diageo's higher end brands."

[Investors](#) will be optimistic that its broad range of products and regions could provide resilience.

The group has seen particular success in recent years through investing in more premium brands, following a consumer trend which has so far appeared to remain solid despite the wider consumer downturn.

Jefferies equity analyst Edward Mundy said: "The medium-term outlook for spirits remains favourable and we think premiumisation trends and share-of-throat gains will largely be sticky as the dust starts to settle post-Covid.

"For middle and upper-income groups, premium spirits remain both desirable and an affordable luxury; however, where consumers purchase, what they buy and how they shop may start to evolve."

In July, the group provided a cautious outlook statement alongside its full-year results due to continued cost inflation and geopolitical uncertainty.

Investors will be hopeful of a more positive outlook as global inflation pulls back slightly, with hopes its pricing position can offset increases.

AJ Bell's Russ Mould said: "The company's brands may offer it some protection against input cost inflation thanks to the pricing power that they bring."