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Nichols plc

INTERIM RESULTS

Nichols plc, the soft drinks group, announces its interim results for the period ended 30 June 2013 (the "period").

Nichols plc is a highly focused soft drinks business. Its brand portfolio includes **Vimto**, which is sold in more than 65 countries and **Levi Roots, Weight Watchers, Sunkist, Panda and Extreme Sports and Energy** which are sold in the UK. The Group has a leading market position in both the "Still" and "Carbonate" drinks categories and also in the soft drinks on dispense market, where its brands include **Cabana** and **Ben Shaws**.

Highlights:

- Profit before tax up 9% to £9.0m
- Basic earnings per share up 11% to 18.76p
- Strong net cash position of £31.2m (H1 2012: £23.6m)
- Exclusive licence to add Extreme Sports and Energy to brand portfolio
- Interim dividend up 13% to 6.32p

Commenting John Nichols, Non-Executive Chairman, said:

"I am very pleased to report another strong performance in the first half of the year, despite a subdued UK soft drinks market. The Group has maintained its growth momentum delivering increases in margin, profit, earnings per share and net cash generation.

During the period we were delighted to sign an exclusive agreement to add Extreme Sports and Energy to our brand portfolio, marking the Group's entry to the high-growth energy market.

We will continue with our strategy of introducing further new products and entering new international markets whilst importantly continuing to invest in our existing core brands."

Chairman's Statement

It is very pleasing to announce another strong performance in the first half of 2013. The Group has maintained its growth momentum delivering increases in margin, profit, earnings per share and net cash generation.

As a result of our ongoing strategy of focusing on profit rather than volume growth, particularly in the highly promotional UK market, we have again delivered increased revenue per case, higher margins and good profit growth in our UK business although Group sales were flat year on year.

Group Profit before Tax (PBT) is £9.0m, +9% ahead of 2012 at the half year. In addition, we have also improved our strong net cash position, with a balance as at 30 June 2013 of £31.2m (June 2012: £23.6m), an increase of £6.5m from the 2012 year end.

Results

	Half year ended 30 June 2013	Half year ended 30 June 2012	% movement
	£m	£m	
Group Revenue	55.2	55.4	0%
Operating Profit	8.9	8.3	+7%
Operating Profit R.O.S.	16%	15%	
Profit Before Tax	9.0	8.3	+9%
EPS (basic)	18.76p	16.88p	11%
Interim Dividend	6.32p	5.62p	13%

Trading

In recent years our UK gross margins have been under pressure from a combination of increased promotional activity and raw material cost inflation. In 2013 we planned to address this by reducing our promotional participation in the heavily discounted Carbonate category and growing our market share in the Still category. At the half year this plan has been successful, delivering increased gross margin and cash profit compared to the prior year.

Our international sales are 2% ahead of the prior year driven by further growth in our African markets, offset by lower sales of concentrate to the Middle East; however our latest information on in-country sales of finished goods for the Middle East show a small increase at the half year.

New product launch

In April we signed an exclusive licence to add Extreme Sports and Energy to our brand portfolio. The brand, which is licensed from the Extreme Sports Company, targets 18 to 34 year old sports enthusiasts. The initial launch into the impulse sector in June was via our cash & carry and wholesale customers.

Dividend

The Board has declared a dividend of 6.32 pence per share (2012: 5.62 pence), representing an increase of 13% reflecting the robust results, strong balance sheet and the Board's ongoing confidence for the future.

This interim dividend will be paid on 30 August 2013 to shareholders registered on 2 August 2013.

Outlook

UK consumer spending remains cautious and for the remainder of 2013 we expect the soft drinks market to be characterised by low volume growth and significant promotional activity. Against this backdrop, we are pleased with the Group's performance in the first half of 2013, in particular the success of our strategy to improve margin and increase profitability.

In the second half of 2013 we will be finalising our revenue growth plans for 2014 and beyond including the introduction of further new products, entering new international markets and importantly continuing to invest in our existing core brands.

We expect Group performance for the remainder of 2013 will be similar to the first half of the year and therefore anticipate the full year results will be in line with current expectations.

John Nichols
Non-Executive Chairman
25 July 2013

CONSOLIDATED INCOME STATEMENT

	Unaudited Half year ended 30 Jun 2013	Unaudited Half year ended 30 Jun 2012	Audited Full year ended 31 Dec 2012
	£'000	£'000	£'000
Revenue	55,154	55,357	107,788
Operating profit	8,860	8,280	20,517
Finance income	205	39	324
Finance expense	(61)	(61)	(331)
Profit before taxation	9,004	8,258	20,510
Taxation	(2,094)	(2,043)	(5,252)
Profit for the financial period	6,910	6,215	15,258
Earnings per share (basic) - all activities	18.76p	16.88p	41.43p
Earnings per share (diluted) - all activities	18.75p	16.86p	41.38p
Dividends paid per share	11.70p	10.30p	15.92p

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited Half year ended 30 Jun 2013	Unaudited Half year ended 30 Jun 2012	Audited Full year ended 31 Dec 2012
	£'000	£'000	£'000
Profit for the financial period	6,910	6,215	15,258
Other comprehensive expense:			
Defined benefit plan actuarial loss	0	0	(773)
Deferred taxation on pension obligations	0	0	78
Other comprehensive expense for the period	0	0	(695)
Total comprehensive income for the period	6,910	6,215	14,563

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited 30 Jun 2013	Unaudited 30 Jun 2012	Audited 31 Dec 2012
	£'000	£'000	£'000
ASSETS			
Non-current assets			
Property, plant and equipment	1,379	1,240	1,275
Goodwill	15,973	13,658	15,973
Deferred tax assets	2,148	2,579	2,148
Total non-current assets	19,500	17,477	19,396
Current assets			
Inventories	5,913	5,559	5,331
Trade and other receivables	24,374	22,413	23,741
Cash and cash equivalents	31,208	23,563	24,745
Total current assets	61,495	51,535	53,817
Total assets	80,995	69,012	73,213
LIABILITIES			
Current liabilities			
Trade and other payables	24,531	21,898	19,377
Current tax liabilities	2,232	1,944	2,191
Provisions	34	84	47
Total current liabilities	26,797	23,926	21,615
Non-current liabilities			
Pension obligations	6,556	6,313	6,556
Deferred tax liabilities	47	51	47
Total non-current liabilities	6,603	6,364	6,603
Total liabilities	33,400	30,290	28,218
Net assets	47,595	38,722	44,995
EQUITY			
Share capital	3,697	3,697	3,697
Share premium reserve	3,255	3,255	3,255
Capital redemption reserve	1,209	1,209	1,209
Other reserves	(474)	(546)	(474)
Retained earnings	39,908	31,107	37,308
Total equity	47,595	38,722	44,995

CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited Half year ended 30 Jun 2013		Unaudited Half year ended 30 Jun 2012		Audited Full year ended 31 Dec 2012	
	£'000	£'000	£'000	£'000	£'000	£'000
Profit for the financial period		6,910		6,215		15,258
Cash flows from operating activities						
Adjustments for:						
Depreciation	253		221		460	
Loss on sale of property, plant and equipment	4		0		2	
Finance income	(205)		(39)		(324)	
Finance expense	61		61		0	
Taxation expense recognised in the income statement	2,094		2,043		5,252	
Change in inventories	(582)		231		611	
Change in trade and other receivables	(633)		(1,295)		(2,297)	
Change in trade and other payables	5,093		1,825		(1,071)	
Change in provisions	(13)		(55)		(92)	
Change in pension obligations	0		0		(530)	
		6,072		2,992		2,011
Cash generated from operating activities		12,982		9,207		17,269
Tax paid		(2,052)		(1,850)		(4,545)
Net cash generated from operating activities		10,930		7,357		12,724
Cash flows from investing activities						
Finance income	205		39		324	
Proceeds from sale of property, plant and equipment	10		1		7	
Acquisition of property, plant and equipment	(371)		(150)		(297)	
Acquisition of subsidiary, net of cash acquired	0		0		(2,254)	
Net cash used in investing activities		(156)		(110)		(2,220)
Cash flows from financing activities						
Disposal of own shares	0		0		(4)	
Dividends paid	(4,311)		(3,795)		(5,866)	
Net cash used in financing activities		(4,311)		(3,795)		(5,870)
Net increase in cash and cash equivalents		6,463		3,452		4,634
Cash and cash equivalents at beginning of period		24,745		20,111		20,111
Cash and cash equivalents at end of period		31,208		23,563		24,745

NOTES

1. Basis of Preparation

The financial information set out in this Interim Report does not constitute statutory accounts as defined in Section 434 of the Companies Act 2006. The Group's statutory financial statements for the year ended 31 December 2012, prepared under IFRS, have been filed with the Registrar of Companies. The auditor's report on those financial statements was unqualified and did not contain a statement under Section 498 (2) or (3) of the Companies Act 2006.

The interim financial information has been prepared in accordance with the recognition and measurement principles of International Financial Reporting Standards (IFRS) and on the same basis and using the same accounting policies as used in the financial statements for the year ended 31 December 2012. The Interim Report has not been audited or reviewed in accordance with the International Standard on Review Engagement 2410 issued by the Auditing Practices Board.

2. Dividends

The interim dividend of 6.32p (2012: 5.62p) will be paid on 30 August 2013 to shareholders registered on 2 August 2013. The ex dividend date is 31 July 2013.

3. Earnings Per Share

Basic earnings per share are based on the weighted average number of shares in issue in the six months to 30 June 2013 of 36,826,580 (six months to 30 June 2012 of 36,826,338 and 12 months to 31 December 2012 of 36,826,460).

Cautionary Statement

This Interim Report has been prepared solely to provide additional information to shareholders to assess the group's strategies and the potential for those strategies to succeed. The Interim Report should not be relied on by any other party or for any other purpose.