
Nichols
plc

2017

Interim Report

The Group has delivered another strong performance in the first half of 2017. Revenue has increased by 12.4% (10.7% on a constant currency basis) and despite input cost challenges faced in the UK, the Group's Profit Before Tax grew by 6.8% with the interim dividend being increased by 12.2%.



**UK market sales
totalled
£47.5m**



**International sales
increased by
33.5%**



**Profit Before Tax
increased by
6.8%**

Trading

Total Group revenue grew by 12.4% to £63.5m in the first six months of 2017 (H1 2016: £56.5m). Once again, the growth has been delivered from both our UK and international trading which highlights the strength of our diversified business model.

In the UK, revenue totalled £47.5m (H1 2016: £44.5m) an increase of 6.7% compared to the prior year. This performance compares favourably to the total soft drinks market which showed total growth of 2.9% in the same period (Nielsen year to date to 17 June 2017). Within the UK, the Vimto brand has continued to outperform the market with sales up 10% versus the same period in 2016.

The Vimto brand's strong growth has been driven by both the Still and Carbonate segments and this sustained performance demonstrates the strength

of our core brand.

International revenues increased by 33.5% in the period to £16.0m (H1 2016: £12.0m), which is 24.7% on a constant currency basis.

In Africa, revenues were up by 30.9% (20.2% on a constant currency basis), which continues the strong momentum reported in 2016 (H1 2016: +21.0%). Sales to the Middle East were 19.8% ahead of the same period in 2016 (15.9% on a constant currency basis). As anticipated, the first quarter benefited from shipments of concentrate for Ramadan 2017, some of which were originally scheduled for Q4 2016.

Acquisition of DJ Drink Solutions Limited

Acquisitions are a key component of our strategic growth plan, as demonstrated in recent years with

our successful move into frozen beverages via the purchase of The Noisy Drinks Co. Limited and the addition of the Feel Good brand. We are therefore delighted to announce the acquisition of 100% of the shares in DJ Drink Solutions Limited ('DJ') on 2 June 2017. DJ is the largest of our Out of Home dispensed soft drinks distributors covering the North West and North East regions. This acquisition consolidates our route to market in the two regions and is consistent with our successful business model already operating in other regions in the UK.

Dividend

Reflecting the Board's continued confidence in the outlook for the Group, the Board is pleased to announce an interim dividend of 10.1 pence per share, an increase of 12.2% compared to the prior year (2016: 9.0 pence). The interim dividend will be paid on 25 August 2017 to shareholders

registered on 28 July 2017; the ex-dividend date is 27 July 2017.

Board Appointment

Following John Longworth's departure at the AGM in April, we are delighted to announce the appointment of Helen Keays to the Board as an Independent Non-Executive Director and Chair of the Remuneration Committee with effect from 1 September 2017.

Helen has a background in marketing and brings a wealth of non-executive experience to the Board and is currently Senior Independent Director at Domino's Pizza Group plc and a Non-Executive Director and Chair of Remuneration at Communisis plc.

Helen Margaret Keays (aged 53) has held the following directorships within the five years prior to the date of this announcement:

Current directorships

- Communisis plc
- Domino's Pizza Group plc
- SBT Trading Limited

Previous directorships

- Majestic Wine plc
- Mattioli Woods plc

There are no other disclosures in respect of AIM Rule 17 and Schedule 2 part (g).

Summary and Outlook

In summary, the Board is pleased with the Group's performance in the first half of 2017. We have delivered double-digit revenue growth, managed the industry wide input cost pressures with a 6.8% increase in Profit Before Tax and announce a 12.2% increase in the interim dividend.

Whilst we anticipate that market conditions will

remain challenging during the second half of the year, the Board currently expects our full year earnings to be in line with expectations.

John Nichols
Non-Executive Chairman
19 July 2017

CONSOLIDATED INCOME STATEMENT

	Half year ended 30-Jun-2017	Half year ended 30-Jun-2016		Full year ended 31-Dec-2016	
	Unaudited £'000	Unaudited before exceptional items £'000	Unaudited exceptional items £'000	Unaudited after exceptional items £'000	Audited £'000
Revenue	63,504	56,520	-	56,520	117,349
Operating profit	12,717	11,869	-	11,869	30,325
Exceptional items	-	-	1,087	1,087	1,087
Finance income	74	118	-	118	214
Finance expense	(60)	(67)	-	(67)	(134)
Profit before taxation	12,731	11,920	1,087	13,007	31,492
Taxation	(2,534)	(2,423)	(217)	(2,640)	(6,015)
Profit for the financial period	10,197	9,497	870	10,367	25,477
Earnings per share (basic)	27.67p	25.77p		28.13p	69.13p
Earnings per share (diluted) - all activities	27.65p	25.74p		28.10p	69.07p
Dividends paid per share	20.30p			17.60p	26.60p

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Half year ended 30-Jun-2017 Unaudited £'000	Half year ended 30-Jun-2016 Unaudited £'000	Full year ended 31-Dec-2016 Audited £'000
Profit for the financial period	10,197	10,367	25,477
Items that will not be reclassified subsequently to profit or loss			
Re-measurement of net defined benefit liability	-	-	(3,472)
Deferred taxation on pension obligations and employee benefits	-	-	601
Other comprehensive income/ (expense) for the period	-	-	(2,871)
Total comprehensive income for the period	10,197	10,367	22,606

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	30-Jun-2017 Unaudited £'000	30-Jun-2016 Unaudited £'000	31-Dec-2016 Audited £'000
Assets			
Non-current assets			
Property, plant and equipment	9,924	8,019	8,715
Goodwill	29,415	22,593	23,061
Intangibles	6,006	6,163	6,084
Deferred tax assets	1,436	1,098	1,436
Total non-current assets	46,781	37,873	39,296
Current assets			
Inventories	6,036	6,731	6,717
Trade and other receivables	36,957	33,045	31,508
Cash and cash equivalents	29,276	32,778	39,754
Total current assets	72,269	72,554	77,979
Total assets	119,050	110,427	117,275
Liabilities			
Current liabilities			
Trade and other payables	20,624	27,521	21,456
Current tax liabilities	2,607	2,315	2,355
Total current liabilities	23,231	29,836	23,811
Non-current liabilities			
Pension obligations	5,954	3,012	6,395
Deferred tax liabilities	1,101	1,104	1,101
Total non-current liabilities	7,055	4,116	7,496
Total liabilities	30,286	33,952	31,307
Net assets	88,764	76,475	85,968
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	(268)	(573)	(358)
Retained earnings	80,871	68,887	78,165
Total equity	88,764	76,475	85,968

CONSOLIDATED STATEMENT OF CASH FLOWS

	Half year ended 30-Jun-2017 Unaudited		Half year ended 30-Jun-2016 Unaudited		Full year ended 31-Dec-2016 Audited	
	£'000	£'000	£'000	£'000	£'000	£'000
Profit for the financial period		10,197		10,367		25,477
Cash flows from operating activities						
Adjustments for:						
Depreciation	362		453		954	
Amortisation	78		78		157	
Exceptional credit	-		(1,087)		(1,087)	
Loss/ (profit) on sale of property, plant and equipment	15		3		(6)	
Finance income	(74)		(118)		(214)	
Finance expense	60		67		134	
Tax expense recognised in the income statement	2,534		2,640		6,015	
Change in inventories	536		(2,395)		(2,382)	
Change in trade and other receivables	(5,448)		(4,487)		(3,036)	
Change in trade and other payables	(859)		7,429		1,229	
Change in pension obligations	(441)		(881)		(970)	
		(3,237)		1,702		794
Cash generated from operating activities		6,960		12,069		26,271
Tax paid		(2,314)		(3,040)		(6,116)
Net cash generated from operating activities		4,646		9,029		20,155
Cash flows from investing activities						
Finance income	74		118		214	
Proceeds from sale of property, plant and equipment	3		-		17	
Acquisition of property, plant and equipment	(1,758)		(1,237)		(2,442)	
Acquisition of subsidiary, net of cash acquired	(6,040)		(4,056)		(3,715)	
Net cash used in investing activities		(7,721)		(5,175)		(5,926)
Cash flows from financing activities						
Funds from ESOT/ (share options exercised)	84		(26)		(107)	
Dividends paid	(7,487)		(6,488)		(9,806)	
Net cash used in financing activities		(7,403)		(6,514)		(9,913)
Net (decrease)/ increase in cash and cash equivalents		(10,478)		(2,660)		4,316
Cash and cash equivalents at beginning of period		39,754		35,438		35,438
Cash and cash equivalents at end of period		29,276		32,778		39,754

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 2016, 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 2016.

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. New Accounting Standards

There are a number of new accounting standards, along with amendments and interpretations to standards, which are effective for future year-ends that have not been applied in preparing these Interim results. Management has in particular considered the potential impact of the implementation of IFRS 9, IFRS 15 and IFRS 16. It is expected that neither IFRS 9 nor IFRS 15 will have a material impact on the consolidated financial statements of the Group. Management are reviewing the impact of IFRS 16, which will become effective for the 31 December 2019 year end. The current total minimum lease payments on operating leased assets is £3.2m which is considered materially similar to the asset and liability that would be recognised if IFRS 16 were effective at the current time.

3. Exceptional Gain in 2016

Having initially taken a 49% stake in The Noisy Drinks Co. Limited (Noisy) in March 2015, the Group acquired the remaining shares on 8 January 2016. Under International Financial Reporting Standards, the latter transaction triggered a deemed disposal of the initial 49% of the shares in Noisy and a subsequent acquisition of 100% of the shares. As a consequence, a profit on disposal amounting to £1.1m arose due to the increase in value of the 49% between March 2015 and January 2016. This profit was disclosed as an exceptional gain in 2016.

4. Dividends

The interim dividend of 10.1 pence (2016: 9.0 pence) will be paid on 25 August 2017 to shareholders registered on 28 July 2017. The ex-dividend date is 27 July 2017.

5. 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 2017 of 36,853,794 (six months to 30 June 2016 of 36,849,942 and 12 months to 31 December 2016 of 36,853,888).

This announcement contains inside information for the purposes of Article 7 of EU Regulation 596/2014.

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.



Laurel House, Woodlands Park, Ashton Road, Newton-le-Willows, Merseyside, WA12 0HH
01925 22 22 22 www.nicholsplc.co.uk
