

Nichols
plc



2015
INTERIM
REPORT.

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JOHN NICHOLS
Non-Executive Chairman

CHAIRMAN'S STATEMENT



The Group has delivered another solid performance in the first six months of 2015. UK sales growth of 2.0% has outperformed the market, Group profit has increased by 9% and earnings per share is up by 11.4%.

Trading

Total Group sales were £54.7m, in line with the same period in 2014 (2014 restated: £54.7m). Profit Before Tax has increased by 9% to £10.9m (2014: £10.0m) delivering a 200 basis points improvement to the PBT margin as we continue to deliver our value over volume strategy.

UK sales have outperformed the market with a 2% increase in revenue in the first half of 2015 whilst the UK market has declined by 0.1% (source: Nielsen 6 months to 20 June 2015). Significantly, this performance has been driven by the Vimto brand with sales increasing by 3.4% in the period compared to 2014.

Within the Vimto brand performance, the Still category has delivered strong growth of 8% whilst sales in Carbonate have declined by 3% reflecting the market trend in this heavily promoted category. On a like for like basis, excluding the discontinued Weight Watchers and Extreme brands, our UK sales increased by 2.8% in the period.

Export sales at the half year point are 5.8% behind the same period in 2014. This is due to delayed shipments to the Yemen as a consequence of the recent conflict in the country. Elsewhere, sales to Aujan Coca-Cola, our main partner in the Middle East, are ahead of the prior year. Sales to Africa are comparable at the half year (4% ahead on a constant currency basis).



**UK SALES
INCREASED BY**

2%



**STILL CATEGORY HAS
DELIVERED GROWTH OF**

8%



**EARNINGS PER SHARE
IS UP BY**

11.4%



**GROUP PROFIT
INCREASING BY**

9%

Dividend

Reflecting the Group's performance and the Board's continued confidence in the outlook, I am pleased to declare an interim dividend of 8.0 pence per share, an increase of 12.7% over the prior year (2014: 7.1 pence).

The interim dividend will be paid on 28 August 2015 to shareholders registered on 31 July 2015; the ex-dividend date is 30 July 2015.

Acquisition

We are delighted to announce the acquisition of the Feel Good brand.

Feel Good is an established range of premium juice drinks containing no added sugar and 100% natural ingredients. The brand is sold in the UK through the retail and on-trade channels, in addition there are export sales to mainland Europe.

The acquisition is a key part of our growth strategy and we plan to further develop the Feel Good brand across our established UK and international

markets supported by increased marketing resource and investment.

Board Change

We welcome Mr John Gittins (aged 55) who has been appointed to the Board as Independent Non-Executive Director and Chair of the Audit Committee. John is currently Finance Director at AIM listed Fairpoint Group plc and has over 20 years experience as PLC Executive and Non-Executive Director.

He will be replacing Mr Eric Healey who stepped down from the Board in March of this year.

Outlook

We are satisfied with the Group's results in the first half of 2015, in particular the continued strong performance from the Vimto brand in a challenging UK market.

Nichols plc is well positioned to continue its growth trend. The balance sheet remains strong and we look forward to the incremental contribution from both the Feel Good brand and the partial acquisition of The Noisy Drinks

Company Limited announced at our AGM earlier in the year.

In summary, the Board is confident that full year performance will be in line with market expectations.

John Nichols
Non-Executive Chairman

23 July 2015

CONSOLIDATED INCOME STATEMENT

	Half year ended 30 Jun 2015	Half year ended 30 Jun 2014		Full year ended 31 Dec 2014		
	Unaudited £'000	Unaudited before exceptional items £'000 Restated	Unaudited exceptional items £'000	Unaudited after exceptional items £'000 Restated	Audited before exceptional items £'000	Audited after exceptional items £'000
Revenue	54,716	54,669	-	54,669	109,205	109,205
Operating profit (pre exceptional items)	10,709	9,930	-	9,930	25,597	25,597
Exceptional items	-	-	(7,976)	(7,976)	-	(7,768)
Finance income	119	140	-	140	257	257
Finance expense	(60)	(60)	-	(60)	(164)	(164)
Share of results in Associate using the equity method	147	-	-	-	-	-
Profit before taxation	10,915	10,010	(7,976)	2,034	25,690	17,922
Taxation	(2,197)	(2,188)	1,715	(473)	(5,413)	(3,776)
Profit for the financial period	8,718	7,822	(6,261)	1,561	20,277	14,146
Earnings per share (basic) - all activities	23.66p	21.23p		4.24p		38.39p
Earnings per share (diluted) - all activities	23.63p	21.21p		4.23p		38.34p
Dividends paid per share	15.30p			13.30p		20.40p

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited Half year ended 30 Jun 2015 £'000	Unaudited Half year ended 30 Jun 2014 £'000	Audited Full year ended 31 Dec 2014 £'000
Profit for the financial period	8,718	1,561	14,146
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of net defined benefit liability	-	-	(2,796)
Deferred taxation on pension obligations and employee benefits	-	-	436
Other comprehensive expense for the period	-	-	(2,360)
Total comprehensive income for the period	8,718	1,561	11,786

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited 30 Jun 2015 £'000	Unaudited 30 Jun 2014 £'000	Audited 31 Dec 2014 £'000
Assets			
Non-current assets			
Property, plant and equipment	5,235	4,791	4,817
Goodwill	16,447	16,447	16,447
Investment accounted for using the equity method	2,927	-	-
Deferred tax assets	1,699	1,321	1,699
Total non-current assets	26,308	22,559	22,963
Current assets			
Inventories	4,696	5,694	4,712
Trade and other receivables	28,332	23,998	23,525
Cash and cash equivalents	31,814	32,903	34,483
Total current assets	64,842	62,595	62,720
Total assets	91,150	85,154	85,683
Liabilities			
Current liabilities			
Trade and other payables	22,419	20,187	19,486
Current tax liabilities	2,196	508	1,859
Provisions	-	9,812	-
Total current liabilities	24,615	30,507	21,345
Non-Current liabilities			
Pension obligations	5,309	4,047	6,190
Deferred tax liabilities	70	-	70
Total non-current liabilities	5,379	4,047	6,260
Total liabilities	29,994	34,554	27,605
Net Assets	61,156	50,600	58,078
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	(560)	(598)	(560)
Retained earnings	53,555	43,037	50,477
Total equity	61,156	50,600	58,078

CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited Half year ended 30 Jun 2015		Unaudited Half year ended 30 Jun 2014		Audited Full year ended 31 Dec 2014	
	£'000	£'000	£'000	£'000	£'000	£'000
Profit for the financial period		8,718		1,561		14,146
Cash flows from operating activities						
Adjustments for:						
Depreciation	239		224		480	
Loss/(profit) on sale of property, plant and equipment	1		(6)		(80)	
Finance income	(119)		(140)		(257)	
Finance expense	60		60		-	
Share of result in associate	(147)		-		-	
Tax expense recognised in the income statement	2,197		473		3,776	
Change in inventories	17		(1,518)		(568)	
Change in trade and other receivables	(4,824)		(1,277)		(787)	
Change in trade and other payables	2,873		1,964		1,324	
Change in provisions	-		7,794		(2,018)	
Change in pension obligations	(881)		-		(653)	
		(584)		7,574		1,217
Cash generated from operating activities		8,134		9,135		15,363
Tax Paid	(1,860)		(1,640)		(3,465)	
Net cash generated from operating activities		6,274		7,495		11,898
Cash flows from investing activities						
Finance income	136		151		239	
Proceeds from sale of property, plant and equipment	1		10		124	
Acquisition of property, plant and equipment	(660)		(3,724)		(4,034)	
Acquisition of subsidiary, net of cash acquired	-		(87)		(85)	
Acquisition of business trade and assets	-		(335)		(305)	
Acquisition of associate	(2,780)		-		-	
Net cash used in investing activities		(3,303)		(3,985)		(4,061)
Cash flows from financing activities						
Funds provided to ESOT	-		-		(129)	
Dividends paid	(5,640)		(4,900)		(7,518)	
Net cash used in financing activities		(5,640)		(4,900)		(7,647)
Net (decrease)/increase in cash and cash equivalents		(2,669)		(1,390)		190
Cash and cash equivalents at beginning of period		34,483		34,293		34,293
Cash and cash equivalents at end of period		31,814		32,903		34,483

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 2014, 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 2014. 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 8.0p (2014: 7.1p) will be paid on 28 August 2015 to shareholders registered on 31 July 2015. The ex dividend date is 30 July 2015.

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 2015 of 36,849,257 (six months to 30 June 2014 of 36,843,875 and 12 months to 31 December 2014 of 36,846,564).

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.



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