



Nichols_{plc}

HALF YEAR 2024

PRESENTED JULY 2024

Welcome

TO OUR

HALF YEAR

PRESENTATION



AGENDA



ANDREW MILNE CHIEF EXECUTIVE OFFICER

STRATEGIC & OPERATIONAL REVIEW



RICHARD NEWMAN CHIEF FINANCIAL OFFICER

FINANCIAL REVIEW AND OUTLOOK



ANDREW MILNE CHIEF EXECUTIVE OFFICER

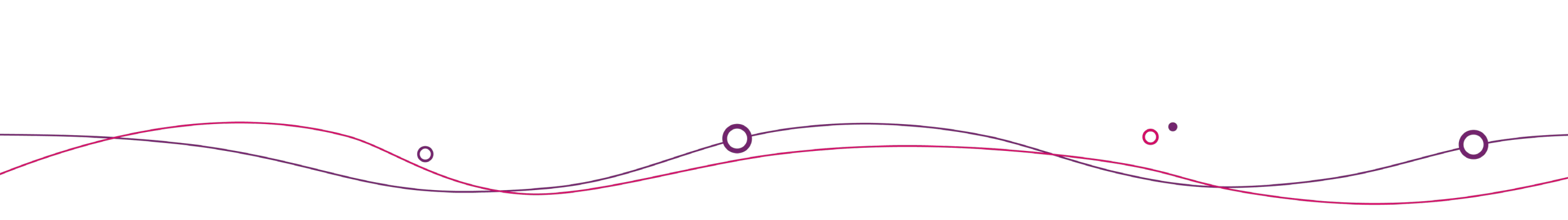
LOOKING AHEAD

HALF YEAR 2024 HIGHLIGHTS

- **Adjusted PBT growth of +18.0% vs HY23**
 - Consistent strong earnings and cash generation
- **Volume (+4.9%) and revenue (+5.3%) growth in UK Packaged**
 - Market share gains and highest ever Retail Sales Value (RSV) for the Vimto brand
- **Successful implementation of Out of Home Strategic Review**
 - Significant improvement in profitability as expected
- **Announcement of special dividend (£20.0m) and interim dividend +18.3%**
- **FY24 Adjusted PBT expected to be slightly ahead of market expectations¹**

¹ FY24 expectations refers to Group compiled market consensus for FY24 adjusted PBT of £28.8m at 23 July 2024





Strategic & Operational

REVIEW

OUR STRATEGY



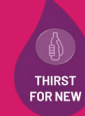
ACCELERATE GROWTH IN OUR PACKAGED BUSINESS AND DRIVE BOTTOM LINE VALUE FROM OUR OUT OF HOME BUSINESS

GROWTH PILLARS



MORE FROM THE CORE

Accelerating organic growth through core brands, categories, channels and geographies



THIRST FOR NEW

Driving incremental growth through innovation, acquisition and geographic expansion



FUEL FOR GROWTH

Fuel growth through efficiencies and leveraging asset light model



HAPPIER FUTURE

Building a happier future for people and planet

ENABLERS

BRANDS

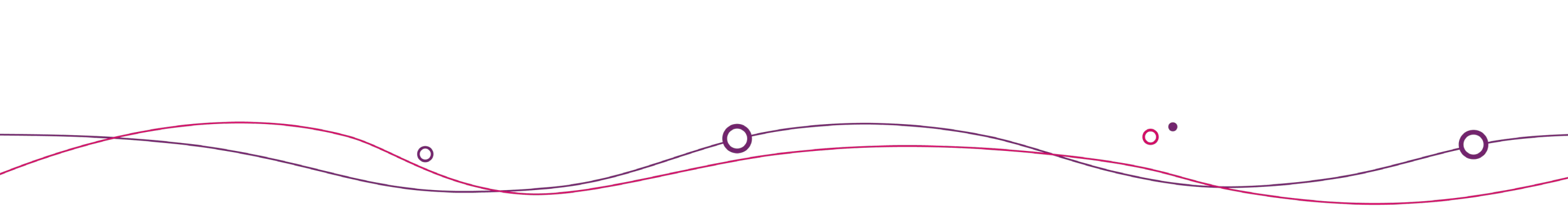
Distinctive portfolio of brands

PARTNERSHIPS

Strong long term strategic partners

PEOPLE

Enviably culture where our people thrive



M_{arket}

UPDATE

UK SOFT DRINKS MARKET



PERFORMANCE

Total 'take home' Soft Drinks

Value £5.2bn

Volume 3.3bn litres



Value
+2.7%



Volume
-0.7%

WINNERS

ENERGY

VALUE:

+7.7% ↑

VOLUME:

+1.0% ↑

WATER

+8.6% ↑

+5.5% ↑

PURE JUICE

+4.7% ↔

-6.4% ↓

LOSERS

LEMONADE

VALUE:

-7.1% ↓

VOLUME:

-9.5% ↓

MIXERS

-8.5% ↓

-8.5% ↓

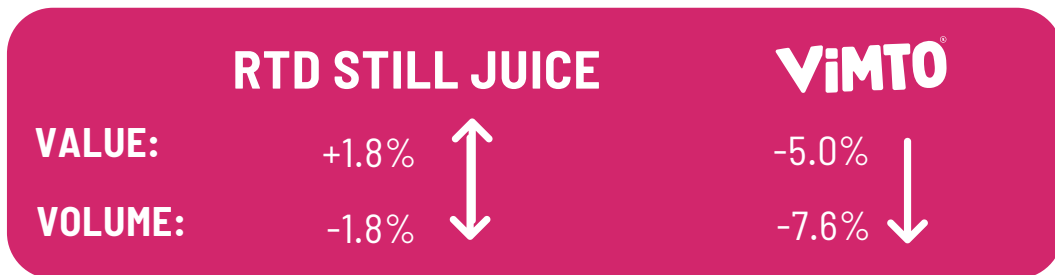
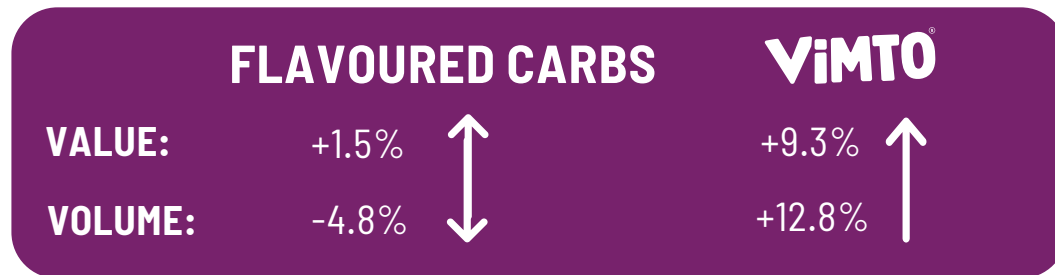
SPORTS

-21.6% ↓

-15.0% ↓

- A resilient soft drinks market
- Inflation driving value over volume
- Energy consistently performing well, attracting new shoppers
- Prime unable to cycle peak performance year on year as sports falls out of the top performers

VIMTO DELIVERING MARKET SHARE GROWTH



- UK Vimto Brand Value £49.6m at HY24
 - Value +3.3%, Volume +5.2%
- Volume growth driving performance
- No. 2 Squash brand
- 2nd fastest growing carbonates brand
- RTD performance forecasted to improve in H2



STRATEGY IN ACTION: MORE FROM THE CORE



UK PACKAGED



- Growth in UK of +5.3% vs HY23 driven by volume gains of +4.9% underpinned by strong distribution gains
- Highest ever annualised brand value of £109m¹ (RSV) with Vimto the No. 2 brand in the squash category
- Strong investment in 'Love the Taste' marketing and promotional campaign

INTERNATIONAL PACKAGED – MIDDLE EAST



- Strong execution in market driving awareness and availability
- Fully integrated 360-degree marketing campaign
- Continued strong investment in driving Vimto Zero Cordial

INTERNATIONAL PACKAGED – REST OF WORLD



- Strong ROW performance
- Significant growth in USA (+21.9%) and Europe (+52.0%)
- Performance driven through strong distribution and supply chain efficiencies

¹ Nielsen IQ RMS data for the Squash, Flavoured Carbonates, RTD Stills, Flavoured Water, and Energy categories YTD to 15.06.24 for the GB Total Coverage market



STRATEGY IN ACTION: THIRST FOR NEW



UK PACKAGED



- Strong innovation across UK Packaged market
 - Launch of Discoveries, Energy, Minis and Squash
- Distribution gains delivered across all UK Packaged sub channels
- Supported via impactful in store marketing campaigns

UK PACKAGED – LEVI ROOTS



- Strong performance on Levi brand (+27% vs HY23)
- Performance driven through launch of new innovation across the marketplace
- Supported by the relaunch of the green bottle and strong in store execution

INTERNATIONAL PACKAGED – SIERRA LEONE



- Launch into new West African market
- Vimto Carbonated 300ml PET pack format introduced
- Strong execution plans to drive growth



STRATEGY IN ACTION: FUEL FOR GROWTH



OUT OF HOME



- Implementation of actions following the strategic review largely delivered
- Significant growth in profitability of +£1.6m vs HY23 delivered through a more focused business

BUSINESS TRANSFORMATION



- Transformation project on track with design phase complete
- Go-live in Q1 2025 with benefits realisation from early 2026
- Total spend in FY24 expected to be c.£6m

INTERNATIONAL PACKAGED - SENEGAL



- Phased can production commenced in Senegal
- Production closer to the end market and consumer, eliminating risk and cost of import tariffs
- Concentrate model increases margins from lower revenues
- Key strategic initiative to drive growth across Africa



STRATEGY IN ACTION: HAPPIER FUTURE



EVERYONE MATTERS



- Real Living Wage Employer Accreditation
- LGBTQ+ Community momentum with education and awareness plan in place H2
- Fundraising for Warrington Youth Zone

PRODUCTS WE'RE PROUD OF

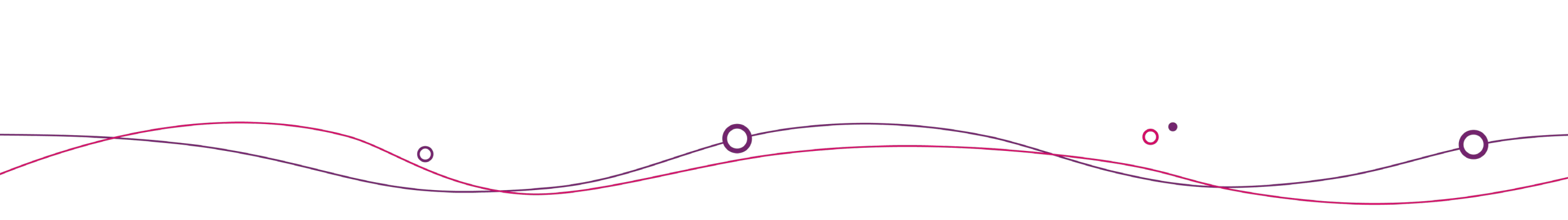


- On track to reach our 2024 rPet target in our UK Packaged portfolio
- Lightweighting of squash bottles
- Clear progress against our Responsible Sourcing Programme
- No Added Sugar and Zero product innovations launched in UK Packaged

OWNING OUR CLIMATE IMPACT



- Embedding our sustainability expectations through strategic partnership contracts
- 2024 UK Scope 3 Roadmap commitments all on track with our partners



F

inancial

REVIEW

HALF YEAR - HIGHLIGHTS



Group revenue

£84.0m -1.8%

H1 2023: £85.5m

Adjusted profit before tax (PBT)¹

£14.5m +18.0%

H1 2023: £12.3m

Adjusted PBT margin¹

17.3% +290bps

H1 2023: 14.4%

Cash and cash equivalents

£70.3m +25.2%

H1 2023: £56.1m

Adjusted earnings per share (basic)¹

29.87p +16.2%

H1 2023: 25.70p

Adjusted operating profit¹

£13.1m +14.1%

H1 2023: £11.5m

Free cash flow²

£9.0m +65.4%

H1 2023: £5.4m

Interim dividend per share

14.9p +18.3%

H1 2023: 12.6p

Adjusted operating profit margin¹

15.6% +220bps

H1 2023: 13.4%

Adjusted ROCE³

27.1% +120bps

H1 2023: 25.9%

Special dividend per share

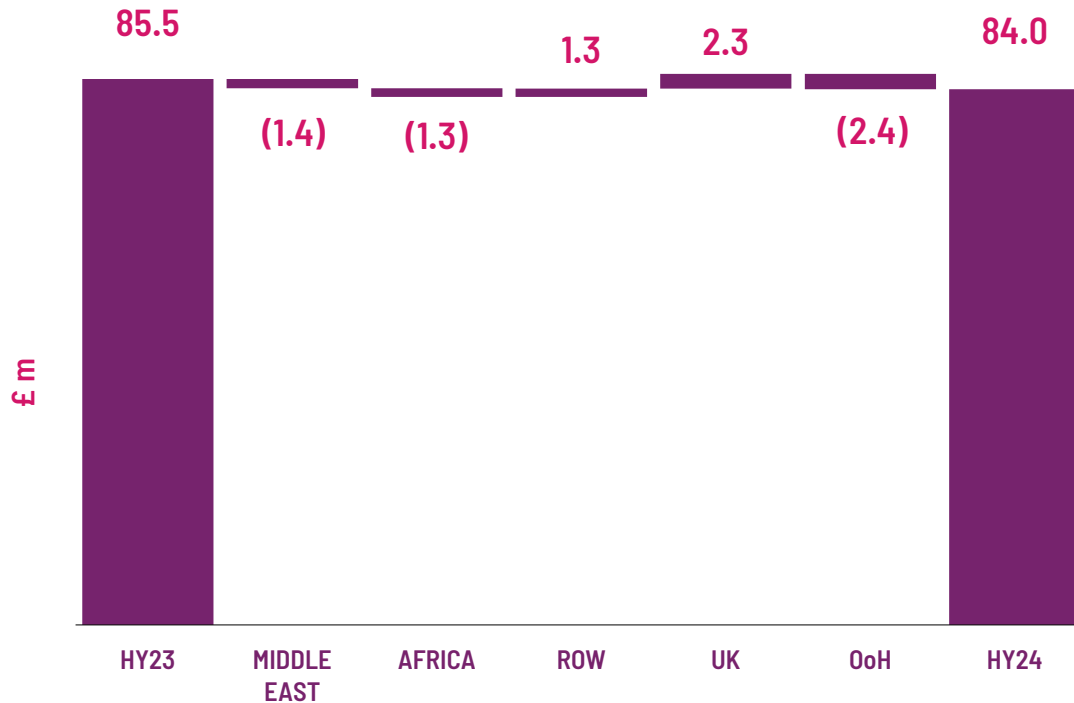
54.8p

¹ Excluding exceptional items

² Free cash flow is the net increase in cash and cash equivalents before acquisition funding and dividends

³ Adjusted return on capital employed is the rolling 12 months' adjusted operating profit divided by the average period-end capital employed

HALF YEAR - REVENUE



- **Packaged business revenue increased by +1.3%**
 - **UK Packaged** revenue increased by +5.3%
 - Growth across all sales channels
 - Product innovation driving distribution gains
 - Increased brand and promotional investment
 - **International Packaged** revenue decreased by -6.9%
 - Middle East -29.3% at £3.5m (Ramadan timing benefits H2)
 - Africa -10.1% at £11.8m (Ivory Coast launch in HY23)
 - ROW +37.1% at £4.8m (increased distribution)
 - Strong progress forecast for H2
- **Out of Home business revenue decreased by -11.3%**
 - Planned withdrawal from a number of unprofitable accounts
 - In line with revised strategy post restructuring
- **Group revenue -1.8% at £84.0m (HY23: £85.5m)**



- **Adjusted operating profit +14.1% to £13.1m**
- **Adjusted profit before tax +18.0% to £14.5m**
- **Gross profit of £37.0m (HY23: £35.2m)**
 - Inflationary pressures easing
- **Gross margin of 44.0% (HY23: 41.1%)**
 - Prior year pricing actions now recovering full cost impacts
- **Distribution expenses £5.2m (HY23: £5.0m)**
 - Reflective of UK volume growth
- **Administrative expenses £18.7m (HY23: £18.7m)**
 - Cost reduction benefits from OoH review (15.9% margin vs HY23 6.4%)
 - Increased marketing investment in the Packaged business
- **Net finance income of £1.4m (HY23: £0.8m)**
 - Increased interest earned on higher cash balances

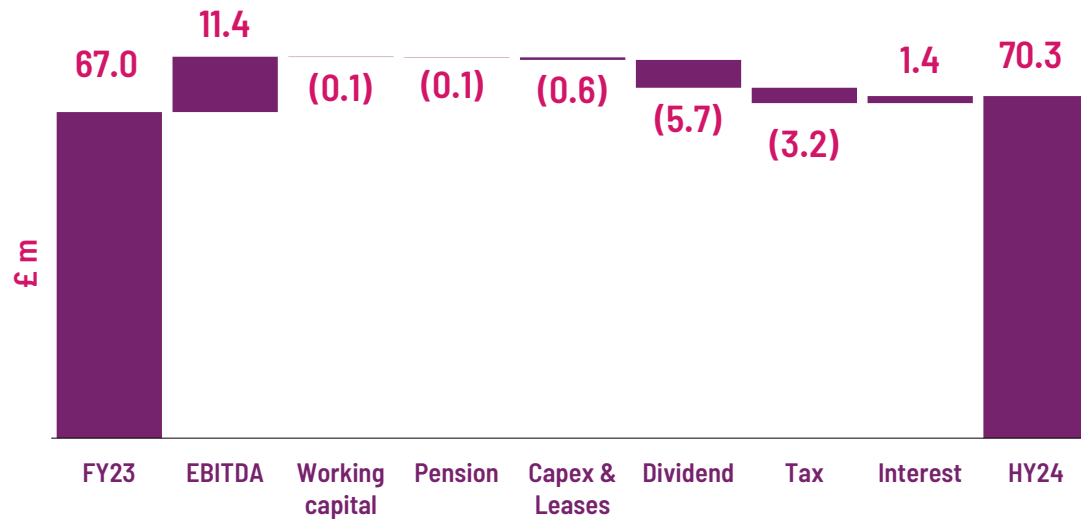
HALF YEAR – EXCEPTIONAL ITEMS



	£m
Business Change Programme and Systems Development	2.7
Out of Home Strategic Review and Restructuring	0.2
Historic incentive scheme	(0.2)
Total	2.7

- **Total exceptional cost of £2.7m (HY23: £1.1m)**
- **Business Change Programme and Systems Development £2.7m**
 - Costs incurred on SAP design and build phase
 - Expected 'Go-Live' Q1 2025, benefits from 2026
- **Out of Home Strategic Review £0.2m**
 - Costs incurred to implement the Strategic Review
 - Project to fully conclude in H2 2024
- **Historic Incentive Scheme -£0.2m**
 - Further progress made in the collection of outstanding amounts
 - Provision reduced, net credit to profit

HALF YEAR - FREE CASH FLOW

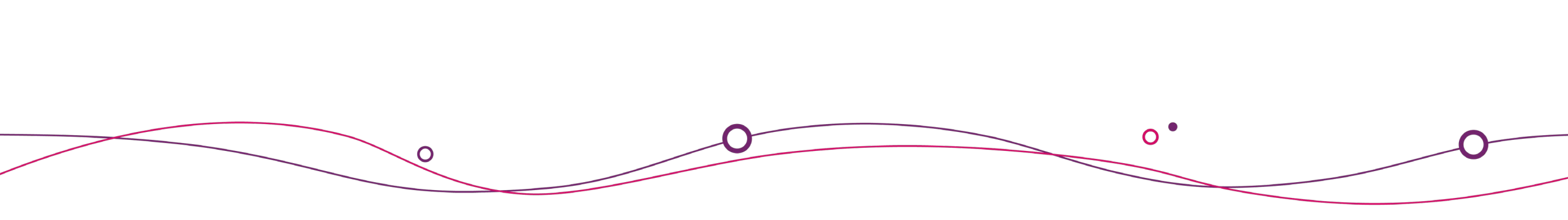


- Strong free cash flow of £9.0m (HY23: £5.4m)
 - Cash and cash equivalents of £70.3m (FY23: £67.0m)
- Capital expenditure at £0.1m (HY23: £0.1m)
- Working capital well controlled
- Final dividend paid £5.7m
- Adjusted ROCE remained strong at 27.1% (HY23: 25.9%)
- Pension surplus of £3.7m (HY23: £4.3m)

DIVIDEND AND CAPITAL ALLOCATION

- Adjusted Earnings per Share (basic) of 29.87p
- Dividend in line with 2x cover policy
- Interim dividend proposed 14.9p
 - Ex-dividend date will be 1st August 2024
 - Payment will be made on 6th September 2024 subject to shareholder approval
- Special dividend proposed 54.8p
 - Total 'one-off' distribution of £20m
 - Payment to be made with the proposed interim dividend
- Capital Allocation
 - Generating strong levels of cash
 - Will continue to invest in organic growth and potential acquisitions





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AHEAD

OUR STRATEGY: FOCUS FOR H2 2024



MORE FROM THE CORE

Strong growth in Africa
due to phased can production closer to
the point of consumption



THIRST FOR NEW

First launch into
Malaysia



THIRST FOR NEW

Continued focus on acquisitions in
UK Packaged market



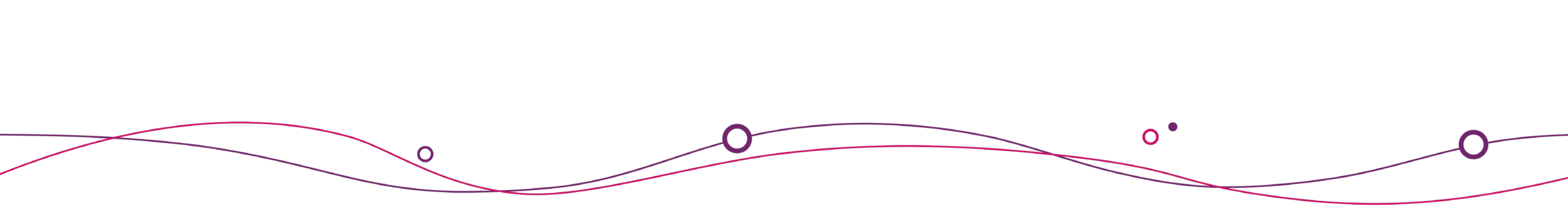
FUEL FOR GROWTH

Delivery of
Business Transformation Programme

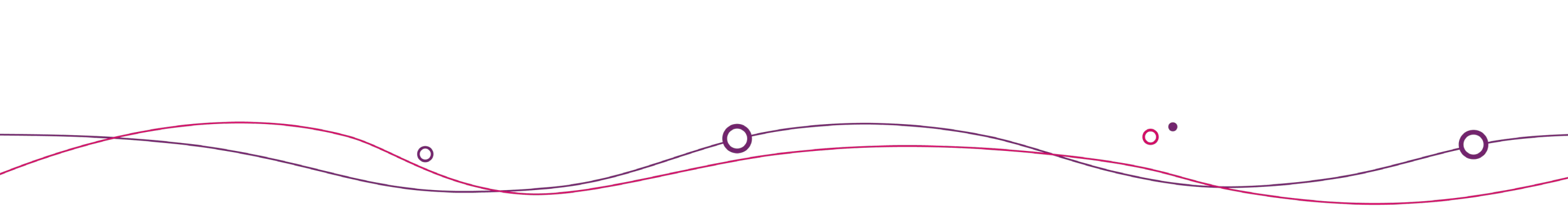


**WE
MAKE
LIFE
taste
BETTER**

- **A resilient soft drinks category**
- **Clear and focused strategy**
 - Accelerate growth in Packaged business
 - Drive bottom line value from OoH
 - Continued focus on driving efficiencies through the Business Transformation Programme
- **Confident in delivering long-term shareholder value**



Q *uestions*



A *ppendices*

CONSOLIDATED INCOME STATEMENT



	Unaudited Half year to 30 June 2024 £'000	Unaudited Half year to 30 June 2023 £'000	Audited Year ended 31 December 2023 £'000
Continuing operations			
Revenue	83,976	85,546	170,741
Cost of sales	(47,021)	(50,356)	(98,565)
Gross profit	36,955	35,190	72,176
Distribution expenses	(5,171)	(5,009)	(9,567)
Administrative expenses	(21,402)	(19,846)	(40,323)
Operating profit	10,382	10,335	22,286
Finance income	1,458	866	2,095
Finance expenses	(37)	(48)	(123)
Profit before taxation	11,803	11,153	24,258
Taxation	(2,927)	(2,649)	(5,896)
Profit for the period	8,876	8,504	18,362
Earnings per share (basic)	24.29p	23.31p	50.34p
Earnings per share (diluted)	24.28p	23.29p	50.32p
Adjusted for exceptional items			
Operating profit	10,382	10,335	22,286
Exceptional items	2,713	1,144	2,907
Adjusted operating profit	13,095	11,479	25,193
Profit before taxation	11,803	11,153	24,258
Exceptional items	2,713	1,144	2,907
Adjusted profit before taxation	14,516	12,297	27,165
Adjusted earnings per share (basic)	29.87p	25.70p	56.41p
Adjusted earnings per share (diluted)	29.86p	25.68p	56.39p

SEGMENTAL REPORTING



	Packaged Regions			Out of Home £m	Central £m	Total Group £m
	UK £m	International £m	Total Packaged £m			
H124						
<i>Continuing operations</i>						
Revenue	45.4	20.0	65.4	18.6	-	84.0
Adjusted operating profit			18.8	3.0	(8.6)	13.1
Return on sales (ROS %)			28.7%	15.9%		15.6%
Net finance income						1.4
Adjusted profit before tax						14.5
Return on sales (ROS %)						17.3%

	Packaged Regions			Out of Home £m	Central £m	Total Group £m
	UK £m	International £m	Total Packaged £m			
H123						
<i>Continuing operations</i>						
Revenue	43.1	21.5	64.5	21.0	-	85.5
Adjusted operating profit			18.0	1.4	(7.9)	11.5
Return on sales (ROS %)			27.9%	6.4%		13.4%
Net finance income						0.8
Adjusted profit before tax						12.3
Return on sales (ROS %)						14.4%

CONSOLIDATED STATEMENT OF FINANCIAL POSITION



	Unaudited 30 June 2024 £'000	Unaudited 30 June 2023 £'000	Audited 31 December 2023 £'000
ASSETS			
Non-current assets			
Property, plant and equipment	8,773	10,247	9,457
Intangibles	215	297	256
Pension surplus	3,715	4,257	4,014
Total non-current assets	12,703	14,801	13,727
Current assets			
Inventories	10,491	10,595	8,809
Trade and other receivables	42,205	42,001	41,393
Corporation tax recoverable	-	986	-
Cash and cash equivalents	70,291	56,128	67,030
Total current assets	122,987	109,710	117,232
Total assets	135,690	124,511	130,959

	Unaudited 30 June 2024 £'000	Unaudited 30 June 2023 £'000	Audited 31 December 2023 £'000
LIABILITIES			
Current liabilities			
Trade and other payables	32,899	29,533	30,719
Corporation tax payable	74	-	318
Total current liabilities	32,973	29,533	31,037
Non-current liabilities			
Other payables	1,801	2,378	1,865
Deferred tax liabilities	626	687	715
Total non-current liabilities	2,427	3,065	2,580
Total liabilities	35,400	32,598	33,617
Net assets	100,290	91,913	97,342

	Unaudited 30 June 2024 £'000	Unaudited 30 June 2023 £'000	Audited 31 December 2023 £'000
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	2,151	1,481	1,845
Retained earnings	89,978	82,271	87,336
Total equity	100,290	91,913	97,342

CONSOLIDATED STATEMENT OF CASH FLOWS



	Unaudited Half year to 30 June 2024		Unaudited Half year to 30 June 2023		Audited Year ended 31 December 2023	
	£'000	£'000	£'000	£'000	£'000	£'000
Cash flows from operating activities						
Profit for the financial period		8,876		8,504		18,362
Adjustments for:						
Depreciation and amortisation	975		1,193		2,343	
Loss on sale of property, plant and equipment	56		74		67	
Finance income	(1,458)		(866)		(2,095)	
Finance expense	37		48		123	
Tax expense recognised in the income statement	2,927		2,649		5,896	
Change in inventories	(1,682)		(163)		1,623	
Change in trade and other receivables	(405)		(2,096)		(1,549)	
Change in trade and other payables	1,971		(928)		384	
Change in pension obligations	(61)		(63)		(81)	
Fair value gain on derivative financial instruments	(30)		(344)		(285)	
		2,330		(496)		6,426
Cash generated from operating activities		11,206		8,008		24,788
Tax paid		(3,171)		(2,939)		(4,776)
Net cash generated from operating activities		8,035		5,069		20,012
Cash flows from investing activities						
Finance income	1,458		866		2,095	
Acquisition of property, plant and equipment	(146)		(138)		(479)	
Proceeds from sale of property, plant and equipment	15		-		192	
Net cash generated from investing activities		1,327		728		1,808
Cash flows from financing activities						
Payment of lease liabilities	(409)		(385)		(909)	
Dividends paid	(5,692)		(5,580)		(10,177)	
Net cash used in financing activities		(6,101)		(5,965)		(11,086)
Net increase/(decrease) in cash and cash equivalents		3,261		(168)		10,734
Cash and cash equivalents at start of period		67,030		56,296		56,296
Cash and cash equivalents at end of period		70,291		56,128		67,030



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