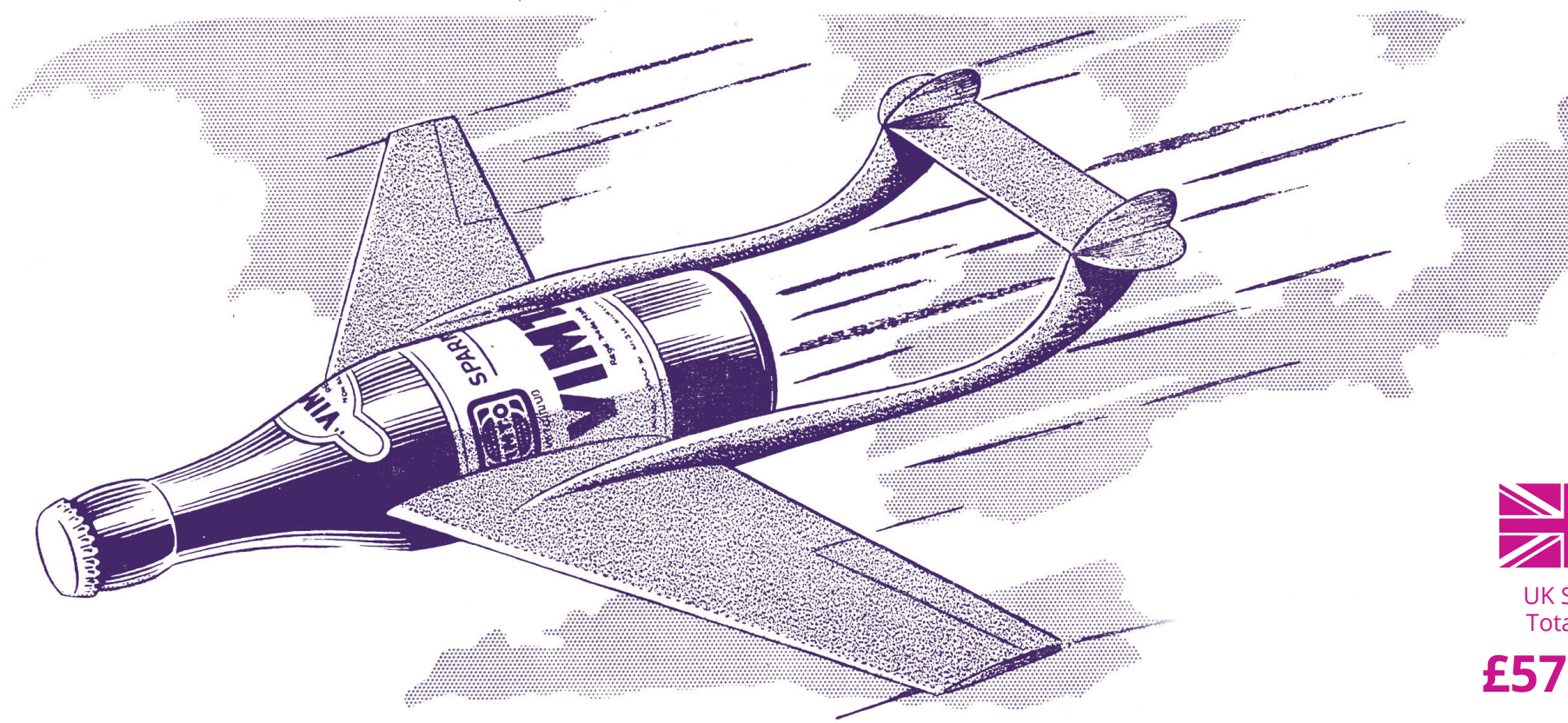




NICHOLS PLC 2019 INTERIM REPORT

Hello,
**WE'VE BEEN
 MAKING THE
 WORLD** *smile*
BY BEING *refreshingly*
DIFFERENT
SINCE 1908.



UK Sales
Totalled

£57.1m



Africa Sales
Grew By

12.6%



Out of Home
Sales Totalled

£21.5m

I am pleased to announce that the Group has delivered a good trading performance for the first six months of 2019. The Group's revenue, profit before tax and earnings per share have all increased during the period, and we have increased the interim dividend by 9.7%.

Trading

Total Group revenue in the period increased by 10.2% to £71.6m against the prior year (H1 2018: £65.0m). Across the Group, revenue from Still products has increased by 11.6% to £33.9m driven by Vimto dilute in the UK and Vimto concentrate sales to the Middle East. Sales of Carbonate products grew by 8.4% to £37.7m as a result of the Africa performance and Out of Home (OoH) growth.

Sales were strong in our international markets, albeit against softer prior year comparatives. International revenues totalled £14.5m in the period (H1 2018: £11.2m), with sales to the Middle East in line with expectations at £4.6m (H1 2018: £2.1m). Elsewhere in our international markets, sales to Africa grew by 12.6% to £7.6m, driven by strong execution in our core markets.

In the UK, revenue increased by 6.2% to £57.1m (H1 2018: £53.8m) as sales of Vimto grew by 4.0%, against very strong prior year comparatives (H1 2018: +9.0%). Year to date growth in the total soft drinks market was 4.1% (Nielsen to 15 June 2018) reducing from 5.7% in May (Nielsen to 18 May 2019) as the industry laps last year's record summer weather. Elsewhere in the UK business,

OoH sales increased by 11.8% to £21.5m (H1 2018: £19.2m).

Profit

Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) increased by 9.7% to £15.3m (H1 2018: £14.0m).

To support the trading growth, the Group has invested in its infrastructure during the period. In addition, administrative expenses include the retranslation cost of US Dollar and Euro currency balances reflecting adverse forex movements.

Profit Before Tax at the half year was £13.3m, 2.0% ahead of the prior period.

Dividend

Reflecting the Board's ongoing confidence in the Group's financial position, we are pleased to recommend an interim dividend of 12.4 pence per share (H1 2018: 11.3 pence).

The interim dividend will be paid on 30 August 2019 to shareholders registered on 26 July 2019; the ex-dividend date is 25 July 2019.

The Board intends to deliver continued returns to shareholders through a progressive dividend policy, with increases aligned to growth in earnings per share with the alignment being fully implemented by 2021.

Board changes

After 14 years with the Group and 10 years as Group Chief Financial Officer, Tim Croston

has informed the Board of his intention to step down from the Board by 30 June 2020. The notice that Tim has given the Board affords sufficient time to ensure a smooth transition to his successor, with the recruitment process commencing immediately.

Separately, we are delighted to announce that Andrew Milne who has served on the Board since January 2016 as Group Commercial Director has been promoted to the role of Group Chief Operating Officer with immediate effect.

On behalf of the Board I would like to thank Tim for his significant contribution to the Group during the last 14 years and wish Andrew every success in his new role.

Summary and outlook

The Board is pleased with the Group's performance in the first six months of 2019 in both our UK and international markets.

While UK trading conditions are expected to remain challenging, as a result of the Group's diversified business model and sales momentum, the Board is confident that full year earnings will be delivered in line with its expectations.

John Nichols

Non-Executive Chairman
16 July 2019

CONSOLIDATED INCOME STATEMENT			
	Unaudited Half year ended 30-Jun-2019 £'000	Unaudited Half year ended 30-Jun-2018 £'000	Audited Full year ended 31-Dec-2018 £'000
Revenue	71,611	64,989	142,037
Operating profit	13,337	13,058	31,638
Finance income	120	75	192
Finance expense	(118)	(60)	(77)
Profit before taxation	13,339	13,073	31,753
Taxation	(2,419)	(2,436)	(6,238)
Profit for the financial period	10,920	10,637	25,515
Earnings per share (basic)	29.63p	28.81p	69.23p
Earnings per share (diluted) - all activities	29.62p	28.79p	69.19p
Dividends paid per share	26.80p	23.40p	34.70p

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME			
	Unaudited Half year ended 30-Jun-2019 £'000	Unaudited Half year ended 30-Jun-2018 £'000	Audited Full year ended 31-Dec-2018 £'000
Profit for the financial period	10,920	10,637	25,515
Items that will not be reclassified subsequently to profit or loss			
Re-measurement of net defined benefit liability	-	-	(412)
Deferred taxation on pension obligations and employee benefits	-	-	(44)
Other comprehensive income/ (expense) for the period	-	-	(456)
Total comprehensive income for the period	10,920	10,637	25,059

CONSOLIDATED STATEMENT OF FINANCIAL POSITION			
	Unaudited 30-Jun-2019 £'000	Unaudited 30-Jun-2018 £'000	Audited 31-Dec-2018 £'000
Assets			
Non-current assets			
Property, plant and equipment	20,885	14,391	14,572
Goodwill	38,585	33,726	34,451
Intangibles	8,414	7,767	7,748
Deferred tax assets	835	1,065	835
Total non-current assets	68,719	56,949	57,606
Current assets			
Inventories	8,767	6,212	7,164
Trade and other receivables	42,440	34,120	38,153
Cash and cash equivalents	29,504	37,148	38,896
Total current assets	80,711	77,480	84,213
Total assets	149,430	134,429	141,819
Liabilities			
Current liabilities			
Trade and other payables	26,437	26,296	22,339
Current tax liabilities	2,531	2,479	2,814
Total current liabilities	28,968	28,775	25,153
Non-current liabilities			
Trade and other payables	3,093	-	-
Pension obligations	2,215	2,521	2,755
Deferred tax liabilities	2,013	1,602	1,801
Total non-current liabilities	7,321	4,123	4,556
Total liabilities	36,289	32,898	29,709
Net assets	113,141	101,531	112,110
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	666	157	666
Retained earnings	104,314	93,213	103,283
Total equity	113,141	101,531	112,110

CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited Half year ended 30-Jun-2019	Unaudited Half year ended 30-Jun-2018	Audited Full year ended 31-Dec-2018
	£'000	£'000	£'000
Profit for the financial period	10,920	10,637	25,515
Cash flows from operating activities			
Adjustments for:			
Depreciation and amortisation	2,009	934	2,179
Loss on sale of property, plant and equipment	2	32	127
Finance income	(120)	(75)	(192)
Finance expense	118	60	77
Tax expense recognised in the income statement	2,419	2,436	6,238
Change in inventories	(1,332)	(1,321)	(2,274)
Change in trade and other receivables	(2,812)	684	(3,347)
Change in trade and other payables	1,008	3,079	(1,197)
Change in pension obligations	(540)	(400)	(578)
	752	5,429	(3,427)
Cash generated from operating activities	11,672	16,066	28,942
Tax paid	(2,760)	(2,555)	(5,679)
Net cash generated from operating activities	8,912	13,511	23,263
Cash flows from investing activities			
Finance income	120	75	192
Acquisition of property, plant and equipment	(3,288)	(2,314)	(3,857)
Acquisition of trade and assets	-	-	(143)
Acquisition of subsidiary	(4,718)	(1,549)	(3,814)
Net cash used in investing activities	(7,886)	(3,788)	(7,622)
Cash flows from financing activities			
Payment of lease liabilities	(529)	-	-
Dividends paid	(9,889)	(8,633)	(12,803)
Net cash used in financing activities	(10,418)	(8,633)	(12,803)
Net (decrease)/ increase in cash and cash equivalents	(9,392)	1,090	2,838
Cash and cash equivalents at beginning of period	38,896	36,058	36,058
Cash and cash equivalents at end of period	29,504	37,148	38,896

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 2018, 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 2018, aside from the fact that this is the first set of the Group's financial statements where IFRS 16 has been applied, the impact of which is detailed in section 2 below. 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

IFRS 16, *Leases*

IFRS 16, Leases has replaced IAS 17, Leases with effect from 1 January 2019. The adoption of IFRS 16 has resulted in the Group recognising right-of-use assets and lease liabilities on the consolidated statement of financial position for all contracts that are, or contain, a lease. The new standard removes the distinction between operating and finance leases, with all leases now being accounted for by recognising a right-of-use asset and a lease liability except for leases of low value assets and leases with a term of 12 months or less ("short term leases").

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the Group's incremental borrowing rate on commencement of the lease is used.

Subsequent to initial measurement, lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are depreciated on a straight-line basis over the remaining term of the lease.

The Group has identified non-cancellable operating lease commitments totalling £4.7m as at 1 January 2019, relating to property leases for operational sites and motor vehicles. The Group has applied the modified retrospective transition approach to its leases with effect from 1 January 2019, whereby the asset and liability values recognised are equal to one another, with no adjustment to opening reserves. The impact of adopting IFRS 16 on a modified retrospective basis was therefore to recognise a right-of-use asset and a lease liability of £4.1m at 1 January 2019.

The Group has presented right-of-use assets within property, plant and equipment, with the corresponding liabilities presented within trade and other payables split between current and non-current liabilities on the consolidated statement of financial position.

The Group has classified the principal portion of lease payments within financing activities and the interest portion within operating activities on the consolidated statement of cash flows. Lease payments for short-term leases and low-value assets not included in the measurement of the lease liability are classified as cash flows from operating activities.

The application of IFRS 16 has resulted in an increase in depreciation and finance costs offset by a decrease in rental costs, resulting in no material impact on Profit Before Tax. However, the application of IFRS 16 has increased reported EBITDA by the amount of its current operating lease cost, which for the 6 months ended 30 June 2019 was £0.5m.

3. Dividends

The interim dividend of 12.4 pence (2018: 11.3 pence) will be paid on 30 August 2019 to shareholders registered on 26 July 2019; the ex-dividend date is 25 July 2019.

4. 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 2019 of 36,857,600 (six months to 30 June 2018 of 36,857,624 and 12 months to 31 December 2018 of 36,857,758).

Interim Report

The interim report will be available on the Group's website (www.nicholsplc.co.uk) on or around 17 July 2019.

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.

A black and white photograph of three young children standing outdoors, each holding and drinking from a bottle of Vimto. The child on the left is a girl with pigtails, the middle child is a boy, and the child on the right is a girl with pigtails. They are all smiling and looking down at their bottles. In the background, a vintage car is parked on a street.

**MAKING THE
WORLD *smile*
BY BEING
refreshingly
DIFFERENT**

**DESIGNED WITH
love BY *Vimto*
CREATIVE**

Laurel House, Woodlands Park,
Ashton Road, Newton-le-Willows,
WA12 0HH

01925 22 22 22 www.nicholsplc.co.uk