



2016
INTERIM REPORT

CHAIRMAN'S STATEMENT



“The Board is pleased with the Group’s strong performance in the first half of the year, with UK sales growth continuing to outperform the market. Group revenue increased by 3.3% and Group profit increased by 9%, which reflects the strengths of the Group’s business model. As a result of this performance and our confidence in the outlook for Nichols, we are pleased to recommend an interim dividend of 9.0 pence per share which represents a 12.5% increase compared to the prior year.”

Nichols has produced another strong performance in the first half of 2016. Group sales have increased by 3.3%, profit growth (before exceptional credits) was 9.2% and the interim dividend has increased by 12.5% compared to the prior year.

Trading

Total revenues for the Group increased by 3.3% to £56.5m in the first half of 2016 (2015: £54.7m). This revenue growth was driven by our UK sales, which is particularly pleasing in the context of the continued challenges in the UK soft drinks market. Group operating profit increased by 10.8% to £11.9m (2015: £10.7m) delivering an increase in margin to 21% (2015: 20%) as a result of the sales growth and our continued strategy to focus on value over volume.

Our UK sales increased by 4.7% to £44.5m (2015: £42.6m). During the same period, revenues in the overall UK soft drinks market declined by 0.5% (Source: Nielsen 6 months to 18 June 2016). This outperformance of the market was driven by the strong growth of our Still Ready To Drink range, the launch of Vimto Remix into both the Still and Carbonate categories, and most notably the incremental sales from the acquisition of The Noisy Drinks Co. Limited.

Total international sales in the period were in line with our expectations at £12.0m (2015: £12.1m). As anticipated, the majority of our sales to the Middle-East will occur in the second half of the year due to the phasing of in-country production. In the Africa region, we have seen an excellent



UK MARKET
SALES TOTALLED
£44.5M



GROUP SALES
INCREASED BY
3.3%



GROUP OPERATING
PROFIT INCREASED BY
10.8%

performance driven by our current markets and the opening of new territories.

Exceptional Profit

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 triggers 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 is disclosed as an exceptional credit.

Dividend

As a result of the strong Group performance in the first half of 2016 and the Board’s continued confidence in the outlook, I am pleased to recommend an interim dividend of 9.0 pence per share, which represents a 12.5% increase compared to the prior year (2015: 8.0 pence).

The interim dividend will be paid on 26 August 2016 to shareholders registered on 29 July 2016. The ex-dividend date is 28 July 2016.

Outlook

In our UK markets, we expect performance in the second half of 2016 to continue the trend seen in the first six months of the year. In addition, we will re-launch the Feel Good brand in the autumn ahead of the important Christmas trading period into both

the Still and Carbonate categories.

As explained above, we expect a stronger second half of the year in our Middle-East markets and as a result, our total international sales are anticipated to deliver growth for the full year.

In summary, the Board is pleased with the strong performance in the first half of 2016 and is confident that full year results will be in line with market expectations.

John Nichols
Non-Executive Chairman
21 July 2016

CONSOLIDATED INCOME STATEMENT

	Half year ended 30-Jun-16			Half year ended 30-Jun-15	Full year ended 31-Dec-15
	Unaudited before exceptional items £'000	Unaudited exceptional items £'000	Unaudited after exceptional items £'000	Unaudited £'000	Audited £'000
Revenue	56,520	-	56,520	54,716	109,279
Operating profit	11,869	-	11,869	10,709	27,834
Exceptional items	-	1,087	1,087	-	-
Finance income	118	-	118	119	213
Finance expense	(67)	-	(67)	(60)	(201)
Share of income from associate	-	-	-	147	190
Profit before taxation	11,920	1,087	13,007	10,915	28,036
Taxation	(2,423)	(217)	(2,640)	(2,197)	(5,803)
Profit for the financial period	9,497	870	10,367	8,718	22,233
Earnings per share (basic)	25.77p		28.13p	23.66p	60.33p
Earnings per share (diluted) - all activities	25.74p		28.10p	23.63p	60.25p
Dividends paid per share			17.60p	15.30p	23.30p

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited Half year ended 30-Jun-2016	Unaudited Half year ended 30-Jun-2015	Audited Full year ended 31-Dec-2015
	£'000	£'000	£'000
Profit for the financial period	10,367	8,718	22,233
Items that will not be reclassified subsequently to profit or loss			
Re-measurement of net defined benefit liability	-	-	1,632
Deferred taxation on pension obligations and employee benefits	-	-	(274)
Other comprehensive income for the period	-	-	1,358
Total comprehensive income for the period	10,367	8,718	23,591

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited 30-Jun-2016	Unaudited 30-Jun-2015	Audited 31-Dec-2015
	£'000	£'000	£'000
Assets			
Non-current assets			
Property, plant and equipment	8,019	5,235	6,061
Goodwill	22,593	16,447	19,108
Investment in equity-accounted associate	-	2,927	2,970
Intangibles	6,163	-	1,316
Deferred tax assets	1,098	1,699	1,098
Total non-current assets	37,873	26,308	30,553
Current assets			
Inventories	6,731	4,696	3,945
Trade and other receivables	33,045	28,332	27,860
Cash and cash equivalents	32,778	31,814	35,438
Total current assets	72,554	64,842	67,243
Total assets	110,427	91,150	97,796
Liabilities			
Current liabilities			
Trade and other payables	27,521	22,419	18,127
Current tax liabilities	2,315	2,196	2,679
Total current liabilities	29,836	24,615	20,806
Non-current liabilities			
Pension obligations	3,012	5,309	3,893
Deferred tax liabilities	1,104	70	86
Total non-current liabilities	4,116	5,379	3,979
Total liabilities	33,952	29,994	24,785
Net assets	76,475	61,156	73,011
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	(573)	(560)	(547)
Retained earnings	68,887	53,555	65,397
Total equity	76,475	61,156	73,011

CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited Half year ended 30-Jun-2016	Unaudited Half year ended 30-Jun-2015	Audited Full year ended 31-Dec-2015
	£'000	£'000	£'000
Profit for the financial period	10,367	8,718	22,233
Cash flows from operating activities			
Adjustments for:			
Depreciation	453	239	502
Amortisation	78	-	-
Exceptional credit	(1,087)	-	-
Loss on sale of property, plant and equipment	3	1	16
Finance income	(118)	(119)	(213)
Finance expense	67	60	-
Share of result in associate	-	(147)	-
Tax expense recognised in the income statement	2,640	2,197	5,803
Change in inventories	(2,395)	17	767
Change in trade and other receivables	(4,487)	(4,824)	(4,335)
Change in trade and other payables	7,429	2,873	(1,359)
Change in pension obligations	(881)	(881)	(665)
	1,702	(584)	516
Cash generated from operating activities	12,069	8,134	22,749
Tax paid	(3,040)	(1,860)	(4,639)
Net cash generated from operating activities	9,029	6,274	18,110
Cash flows from investing activities			
Finance income	118	136	213
Proceeds from sale of property, plant and equipment	-	1	5
Acquisition of property, plant and equipment	(1,237)	(660)	(1,768)
Acquisition of subsidiary, net of cash acquired	(4,056)	-	(157)
Acquisition of business trade and assets	-	-	(3,820)
Acquisition of associate investment	-	(2,780)	(2,970)
Net cash used in investing activities	(5,175)	(3,303)	(8,497)
Cash flows from financing activities			
Share options exercised	(26)	-	(69)
Dividends paid	(6,488)	(5,640)	(8,589)
Net cash used in financing activities	(6,514)	(5,640)	(8,658)
Net (decrease)/ increase in cash and cash equivalents	(2,660)	(2,669)	955
Cash and cash equivalents at beginning of period	35,438	34,483	34,483
Cash and cash equivalents at end of period	32,778	31,814	35,438

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 2015, 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 2015. 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 9.0p (2015: 8.0p) will be paid on 26 August 2016 to shareholders registered on 29 July 2016. The ex dividend date is 28 July 2016.

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 2016 of 36,849,942 (six months to 30 June 2015 of 36,849,257 and 12 months to 31 December 2015 of 36,849,638).

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
