

DISTIL BEVERAGES

6 April 2022

DIS.L

1.25p

Market Cap: £8.6m

SHARE PRICE (p)



12m high/low

3.1p/1.2p

Source: LSE Data (priced as at prior close)

KEY DATA

Net (Debt)/Cash	£1.6m (at 31/03/22)
Enterprise value	£7m
Index/market	AIM
Next news	Prelims - June '22
Shares in Issue (m)	684.4
Executive Chairman	Don Goulding
Finance Director	Shaun Claydon

COMPANY DESCRIPTION

Distil develops and markets internationally drinks brands, including RedLeg Spiced Rum and Blackwoods Vintage Gins.

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DISTIL IS A RESEARCH CLIENT OF PROGRESSIVE

ANALYSTS

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A strong Q4 performance delivered

Distil delivered a strong final quarter (Q4) for the FY22E financial year to end March 2022, as anticipated in its Q3 trading update. Revenues increased by 32% over last year, with volumes up 38%. Pleasingly, revenues continue to track ahead of the pre-Covid levels of FY20, as they have cumulatively across the year. Strong domestic and export growth in Q4 has been accompanied by higher levels of marketing and new product development (NPD) investment. Subject to markets remaining open, and supported by selective price increases and supply chain efficiencies to counter price inflation, management believes the outlook for FY23E remains positive.

- Trading details.** Distil successfully lapped “strong but not extraordinary comparisons” for Q4 last year with a 32% revenue increase and volumes up 38%. Revenue growth was strong in both domestic and export markets, rising by 29% and 70%, respectively. The quantum of revenues remains well ahead of those achieved in the pre-Covid FY20 financial year. Our analysis suggests Q4 revenues were around 12% higher than those achieved two years ago, with full-year revenues around 20% higher (albeit lower than the level attained in FY21). Year-end cash stood at £1.56m.
- Brand performance.** The key brand driving sales growth remains RedLeg Spiced Rum, which saw sales rise by 37% in Q4. Blackwoods Gin delivered volume growth of 5% ahead of the market. Aided by the steady reopening of the Duty Free channel, licensed volumes of Blavod Black Vodka climbed 260% over Q4 last year. Distil’s products have no direct or indirect inputs from Ukraine and Russia, and the company historically sold only small volumes into both markets.
- Marketing investments.** These increased by 156% in Q4, driven by two elements. The first was to support the launch of the new Blackwoods 2021 Vintage, with a branding refresh and new liquid development across the range. The second thrust was incremental investment for the RedLeg family to support a retail price increase and brand premiumisation.
- Ardgowan development and outlook.** Progress at the Ardgowan development remains on track, with gin production due to commence in the summer. Distil has not specifically commented at this stage on margin evolution and other components of the FY22E outturn. The company views the outlook for FY23E as positive, provided markets remain open. Distil’s affordable premium products are well positioned in an inflationary environment, supported by driving further supply chain efficiencies.

FYE MAR (£M)	2018	2019	2020	2021
Revenue	2.01	2.40	2.44	3.62
Adj EBITDA	0.16	0.17	0.25	0.27
Fully Adj PBT	0.16	0.16	0.18	0.24
Fully Adj EPS (p)	0.03	0.03	0.05	0.07
EV/Sales (x)	3.5x	2.9x	2.9x	1.9x
EV/EBITDA (x)	42.8x	41.4x	28.4x	26.0x
PER (x)	39.6x	39.0x	24.3x	18.3x

Source: Company Information and Progressive Equity Research estimates.

This publication should not be seen as an inducement under MiFID II regulations.

Please refer to important disclosures at the end of the document.

Financial Summary: Distil

Year end: March (£m unless shown)

	2018	2019	2020	2021
PROFIT & LOSS				
Revenue	2.01	2.40	2.44	3.62
Adj EBITDA	0.16	0.17	0.25	0.27
Adj EBIT	0.16	0.16	0.18	0.25
Reported PBT	0.16	0.16	0.18	0.24
Fully Adj PBT	0.16	0.16	0.18	0.24
NOPAT	0.16	0.16	0.26	0.36
Reported EPS (p)	0.03	0.03	0.05	0.07
Fully Adj EPS (p)	0.03	0.03	0.05	0.07
Dividend per share (p)	0.00	0.00	0.00	0.00
CASH FLOW & BALANCE SHEET				
Operating cash flow	0.17	0.09	(0.10)	0.25
Free Cash flow	0.13	0.04	(0.14)	0.22
FCF per share (p)	0.03	0.01	(0.03)	0.04
Acquisitions	(0.02)	(0.01)	(0.02)	(0.02)
Disposals	0.00	0.00	0.00	0.00
Shares issued	0.01	0.00	0.00	0.00
Net cash flow	0.12	0.04	(0.21)	0.20
Overdrafts / borrowings	0.00	0.00	0.00	0.00
Cash & equivalents	1.03	1.07	0.86	1.06
Net (Debt)/Cash	1.03	1.07	0.86	1.06
NAV AND RETURNS				
Net asset value	3.01	3.17	3.43	3.81
NAV/share (p)	0.60	0.64	0.68	0.76
Net Tangible Asset Value	1.46	1.62	1.85	2.21
NTAV/share (p)	0.29	0.32	0.37	0.44
Average equity	2.91	3.09	3.30	3.62
Post-tax ROE (%)	5.4%	5.2%	7.8%	9.5%
METRICS				
Revenue growth	22.6%	19.2%	1.7%	48.1%
Adj EBITDA growth	1097.6%	3.4%	45.6%	9.3%
Adj EBIT growth	1531.8%	1.6%	15.0%	38.0%
Adj PBT growth	1531.8%	1.6%	13.7%	33.5%
Adj EPS growth	1531.8%	1.6%	60.4%	32.9%
Dividend growth	N/A	N/A	N/A	N/A
Adj EBIT margins	7.8%	6.7%	7.5%	7.0%
VALUATION				
EV/Sales (x)	3.5	2.9	2.9	1.9
EV/EBITDA (x)	42.8	41.4	28.4	26.0
EV/NOPAT (x)	44.4	43.7	26.8	19.5
PER (x)	39.6	39.0	24.3	18.3
Dividend yield	N/A	N/A	N/A	N/A
FCF yield	2.1%	0.7%	(2.2%)	3.6%

Source: Company information and Progressive Equity Research estimates

Disclaimers and Disclosures

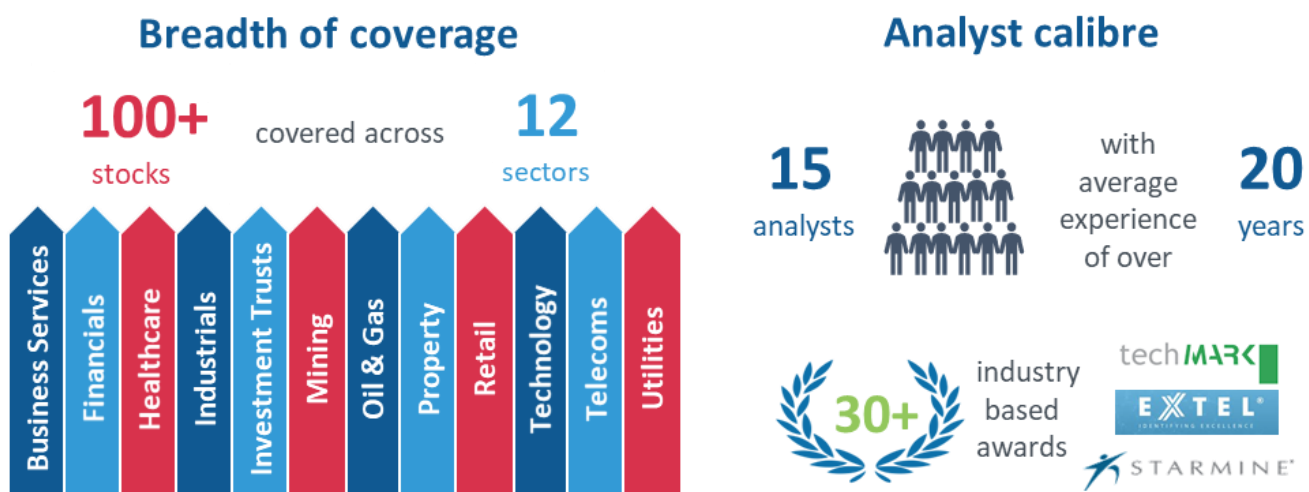
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