

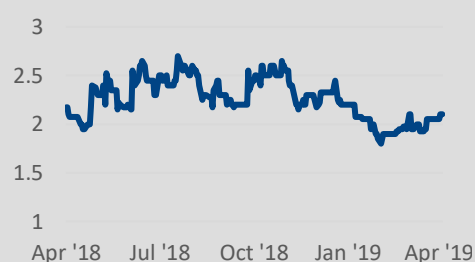
DISTIL BEVERAGES

DIS.L

2.1p

Market Cap: £10.5m

SHARE PRICE (p)



12m high/low

2.7p/1.8p

Source: LSE Data

KEY INFORMATION

Enterprise value	£9.5m
Index/market	AIM
Next news	Prelims - June '19
Gearing	N/A
Interest cover	N/A

 DISTIL IS A RESEARCH CLIENT OF
 PROGRESSIVE

ANALYSTS

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Q4 trading update

.....and launch of new RedLeg variant

Distil has published a trading update on its Q4 performance, ahead of its prelims announcement next month. Revenues and volumes fell in Q4 as a result of Distil's successful promotional activities in the peak Q3 period alongside the late timing of Easter. These declines were however in line with management expectations. Distil's full year performance is therefore anticipated to be in line with current market expectations, and our forecasts remain unchanged. Distil has also announced the welcome launch of a new flavour variant to its successful RedLeg spiced rum brand. Sales of this brand extension, Caramelised Pineapple, will commence in June, initially with a soft launch through the on-trade channel only.

- Q4 trading:** Reflecting the successful translation of its earlier and heavier promotional investment into additional stock build by its distributors for its peak Q3 period, Q4's performance saw year-on-year declines as this stock position unwinds and works its way through the distribution system. Consequently, volumes and booked revenues declined by 32% and 33% respectively in Q4, but in line with management expectations. Distil typically achieves over 35% of its revenues in Q3, and less than a quarter in Q4, so the 29% revenue uplift achieved in Q3 far outweighs the Q4 performance.
- Brand investment:** Distil continues to invest in marketing its brands. Following the Q3 push, when investment rose 51%, Q4 saw a 10% year-on-year increase. This 10% rise was matched by the rate of sales volume growth from Distil's distributors to trade customers.
- New RedLeg variant launched:** At the end of March, Distil announced a new RedLeg variant – Caramelised Pineapple - with a soft launch commencing in early June and distributed initially only through the on-trade channel. This brand extension should deliver more shelf space and facings within the grocery multiples and supermarkets when distribution is extended into the off-trade channel at a later stage.
- Forecasts unchanged:** With the Q4 outturn in line with management expectations, and the full-year profit outturn likewise anticipated to be in line with current market expectations, we make no changes to our FY19 forecasts ahead of the company's prelims next month - June 2019.

FYE MAR (£M)	2017	2018	2019E	2020E	2021E
Revenue	1.64	2.01	2.50	3.00	3.51
Adj EBITDA	0.01	0.16	0.17	0.41	0.60
Fully Adj PBT	0.01	0.16	0.16	0.40	0.59
Fully Adj EPS (p)	0.00	0.03	0.03	0.08	0.12
EV/Sales (x)	5.8x	4.7x	3.8x	3.2x	2.7x
EV/EBITDA (x)	693.4x	57.9x	56.4x	23.1x	15.8x
PER (x)	1086.6x	66.6x	65.6x	26.2x	17.8x

Source: Company Information and Progressive Equity Research estimates

Financial Summary: Distil

Year end: March (£m unless shown)

	2017	2018	2019E	2020E	2021E
PROFIT & LOSS					
Revenue	1.64	2.01	2.50	3.00	3.51
Adj EBITDA	0.01	0.16	0.17	0.41	0.60
Adj EBIT	0.01	0.16	0.16	0.40	0.59
Reported PBT	0.01	0.16	0.16	0.40	0.59
Fully Adj PBT	0.01	0.16	0.16	0.40	0.59
NOPAT	0.01	0.16	0.16	0.40	0.59
Reported EPS (p)	0.00	0.03	0.03	0.08	0.12
Fully Adj EPS (p)	0.00	0.03	0.03	0.08	0.12
Dividend per share (p)	0.00	0.00	0.00	0.00	0.00
CASH FLOW & BALANCE SHEET					
Operating cash flow	0.00	0.17	0.14	0.31	0.52
Free Cash flow	(0.07)	0.13	0.12	0.31	0.52
FCF per share (p)	(0.01)	0.03	0.02	0.06	0.10
Acquisitions	(0.01)	(0.02)	0.00	0.00	0.00
Disposals	0.00	0.00	0.00	0.00	0.00
Shares issued	0.01	0.01	0.00	0.00	0.00
Net cash flow	(0.07)	0.12	0.12	0.31	0.52
Overdrafts / borrowings	0.00	0.00	0.00	0.00	0.00
Cash & equivalents	0.91	1.03	1.15	1.46	1.98
Net (Debt)/Cash	0.91	1.03	1.15	1.46	1.98
NAV AND RETURNS					
Net asset value	2.81	3.01	3.17	3.57	4.16
NAV/share (p)	0.56	0.60	0.64	0.72	0.83
Net Tangible Asset Value	1.27	1.46	1.65	2.05	2.64
NTAV/share (p)	0.26	0.29	0.33	0.41	0.53
Average equity	2.79	2.91	3.09	3.37	3.87
Post-tax ROE (%)	0.3%	5.4%	5.2%	11.9%	15.2%
METRICS					
Revenue growth	40.4%	22.6%	24.2%	20.0%	17.0%
Adj EBITDA growth	(114.6%)	1097.6%	2.7%	144.3%	46.2%
Adj EBIT growth	(110.0%)	1531.8%	1.5%	150.2%	47.4%
Adj PBT growth	(109.9%)	1531.8%	1.5%	150.3%	47.3%
Adj EPS growth	(108.7%)	1531.8%	1.5%	150.3%	47.3%
Dividend growth	N/A	N/A	N/A	N/A	N/A
Adj EBIT margins	0.6%	7.8%	6.4%	13.3%	16.8%
VALUATION					
EV/Sales (x)	5.8	4.7	3.8	3.2	2.7
EV/EBITDA (x)	693.4	57.9	56.4	23.1	15.8
EV/NOPAT (x)	980.8	60.1	59.2	23.7	16.1
PER (x)	1086.6	66.6	65.6	26.2	17.8
Dividend yield	N/A	N/A	N/A	N/A	N/A
FCF yield	(0.6%)	1.2%	1.1%	2.9%	5.0%

Source: Company information and Progressive Equity Research estimates

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