

DISTIL BEVERAGES

12 July 2021

DIS.L

2.3p

Market Cap: £11.5m

SHARE PRICE (p)



12m high/low 3.1p/1.1p

Source: LSE Data

KEY DATA

Net (Debt)/Cash	£1.1m (at 31/03/21)
Enterprise value	£10.5m
Index/market	AIM
Next news	AGM - 15 July '21
Shares in Issue (m)	502.0
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.

www.distil.uk.com

DISTIL IS A RESEARCH CLIENT OF PROGRESSIVE

ANALYSTS

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An encouraging start....

....as on-trade rebounds

Distil has delivered a positive start to the FY22E year with both revenues and volumes posting good growth in its Q1 period to the end of June. The initial lifting of some restrictions in the on-trade (hospitality) sector, the easing of global travel restrictions and the enthusiastic reception of new product launches have all contributed to this positive Q1 performance. Management is confident that it can continue to build on this momentum over the summer period and beyond.

- Q1 trading:** Distil has seen a 10% increase in revenues in Q1 against the 21% Q1 comparative of last year, when the impact of Covid-19 and the first lockdown were keenly felt. This prompted a degree of panic-buying last year, which inflated Q1 revenues. Volume growth of 15% in Q1 of the current FY22E financial year exceeded revenue growth, primarily reflecting some initial recovery in Licensed sales for Blavod Black Vodka in Europe and Duty Free as travel restrictions started to ease. While encouraging, volumes through Duty Free and Travel Retail remain appreciably down on 2019 pre-pandemic levels and, whilst starting to rebuild, will take some time to fully recoup the pandemic-induced shortfall.
- New products performing well:** Distil has enjoyed a successful roll-out in Q1 of both its TRØVE Botanical Vodka brand (with three flavour variants) and RedLeg Tropical Rum, the fourth flavour variant of its flagship RedLeg Spiced Rum brand. Consumer and on-trade reception of RedLeg Tropical Rum has exceeded company expectations and bodes well for the coming summer months and into the future. TRØVE has been showcased in both trade and consumer press titles, stimulating interest from both the on- and off-trade channels.
- Forecasts:** Management expects its brands to benefit from the further relaxation of restrictions in both the hospitality and travel arenas in Q2 and beyond, with the RedLeg, Blackwoods and TRØVE brands in the vanguard of progress. This said, and notwithstanding the fact that Q1 has delivered a strong start to the FY22E year, there remains considerable uncertainty around the future impacts of the coronavirus pandemic, despite the global roll-out of vaccination programmes. With some two thirds of revenues delivered in Q2 and Q3 last year, it would be premature to provide full-year guidance at this stage.

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)	5.2x	4.4x	4.3x	2.9x
EV/EBITDA (x)	64.1x	62.0x	42.6x	39.0x
PER (x)	72.9x	71.8x	44.8x	33.7x

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)	5.2	4.4	4.3	2.9
EV/EBITDA (x)	64.1	62.0	42.6	39.0
EV/NOPAT (x)	66.6	65.5	40.2	29.2
PER (x)	72.9	71.8	44.8	33.7
Dividend yield	N/A	N/A	N/A	N/A
FCF yield	1.1%	0.4%	(1.2%)	1.9%

Source: Company information and Progressive Equity Research estimates

Disclaimers and Disclosures

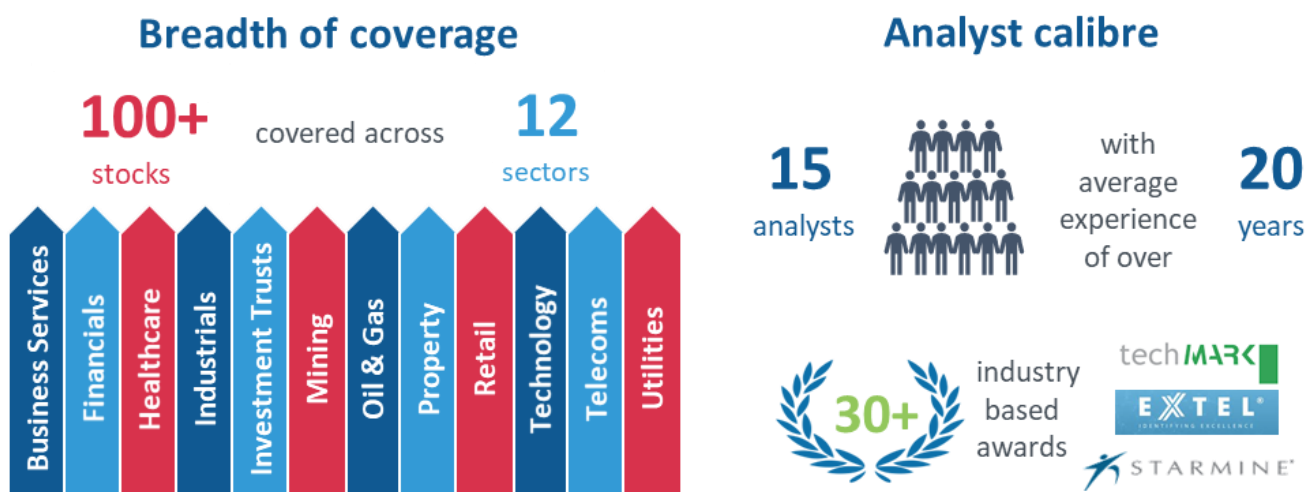
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To arrange a meeting with the management team, or for further information about Progressive, please contact:

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