Distil plc

(“Distil” or the “Group”)

Interim Results for the six months ended 30th September 2018

Distil (AIM: DIS), owner of premium drinks brands; RedLeg Spiced Rum, Blackwoods Gin and Vodka, Blavod Black Vodka, Jago's Cream Liqueur and Diva Vodka, today announces its unaudited interim results for the six months ended 30th September 2018.

Operational review:

- New listings achieved in France and Canada
- Increased investment in marketing support at point of sale
- Development of new gift packaging and miniature bottle formats
- Implementation of operational cost savings

Financial Review – versus same period last year:

- Revenue increased by 42.3% to £1.164m (2017: £0.818m)
- Gross profit increased by 54.7% to £710k (2017: £459k)
- Volume (litres) increased by 30.7%
- Investment in brand marketing and promotion increased by 56.8% to £312k (2017: £199k)
- Other administration costs increased by 9.7% to £293k (2017: £267k)
- Operating profit of £101k (2017: loss £21k)
- Cash reserves of £957k (2017: £690k)

Don Goulding Executive Chairman, commenting on these results said:

“The strong growth momentum enjoyed in the previous financial year has continued into the six months to 30 September 2018 and I am pleased to report healthy year-on-year increases in revenue, profit and cash.

Investment in marketing support increased ahead of sales as we continued to build our brands. Additional funds were also used to develop gift packaging for RedLeg Spiced Rum and Blackwoods Gin, ready for launch ahead of the Christmas trading period, together with a range of miniature bottle formats.

Operational improvements together with significant volume growth during the period have assisted gains in gross profit margin and contribution margin.

We have also ensured all planned measures to maximise benefits and offset possible risks relating to the UK exit from the EU have been finalised and fully implemented, well ahead of the anticipated date of March 2019.”

Executive Chairman’s Statement

Results versus same period last year

We delivered further year-on-year sales and volume growth across our brands during the period. Sales revenue advanced 42% whilst combined case volume grew 31% despite a decline of Blavod licensed sales in Eastern Europe. RedLeg Spiced Rum and Blackwoods Gin delivered particularly strong performances across the retail segment.

Gross Profit margin improved to 61% from last year's previous high of 56% whilst brand marketing investment increased by 57%, feeding through to an improved contribution margin of 34%, up from 32% in the same period last year.

Our strong brand performance, operational improvements and continued tight control of overheads enabled us to deliver a maiden first half profit during the period.

Operations

Having a strong consumer promotional programme in place, our main focus during the first half has been to work with our production and packaging partners to ensure efficient and cost effective supply to our customers and distributors especially during the unusually hot summer which resulted in higher than usual promotional demand spikes.

During this time, we maintained supply throughout and improved margins.

Outlook

The important Christmas trading period is always aggressively contested but likely to be particularly competitive this year within the Spirits market as all categories fight to regain market share from gin. In the growing gin category, we are likely to see the variety of new brands and flavours competing for distribution, trial and share.

Our promotional plans are in place supported by additional PR and social media campaigns, new cocktail recipes together with new premium gift packaging for Blackwoods Gin and RedLeg Spiced Rum, details of which will be shown on our websites in early November.

Distil plc - Half Year Results
Consolidated comprehensive interim income statement

	Six months ended 30 September 2018 Un-audited £'000	Six months ended 30 September 2017 Un-audited £'000	Year ended 31 March 2018 Audited £'000
Revenue	1,164	818	2,014
Cost of sales	(454)	(359)	(842)
Gross profit	**710**	**459**	**1,172**
Administrative expenses:			
Advertising and promotional costs	(312)	(199)	(465)
Other administrative expenses	(293)	(267)	(522)
Share based payment expense	-	(11)	(22)
Depreciation & amortization	(4)	(3)	(6)
Total administrative expenses	(609)	(480)	(1,015)
Operating profit/(loss)	**101**	**(21)**	**157**
Finance income	-	-	-
Finance expense	-	-	-
Profit/(loss) before tax from continuing operations	**101**	**(21)**	**157**
Income tax	-	-	-
Profit/ (loss) for the period	**101**	**(21)**	**157**
Profit/(loss) per share:			
From continuing operations			
Basic (pence per share)	0.02	(0.01)	0.03
Diluted (pence per share)	0.02	(0.01)	0.03

Consolidated interim statement of financial position	As at 30 September 2018 Un-audited £'000	As at 30 September 2017 Un-audited £'000	As at 31 March 2018 Audited £'000
ASSETS			
Non-current assets			
Property, plant and equipment	128	61	95
Intangible fixed assets	1,553	1,542	1,551
Total non-current assets	**1,681**	**1,603**	**1,646**
Current assets			
Inventories	221	228	177
Trade and other receivables	519	378	395
Cash and cash equivalents	957	690	1,031
Total current assets	**1,697**	**1,296**	**1,603**
Total assets	**3,378**	**2,899**	**3,249**
LIABILITIES			
Current liabilities			
Trade and other payables	(263)	(99)	(235)
Total current liabilities	(263)	**(99)**	(235)
Total liabilities	**(263)**	**(99)**	**(235)**
Net Assets	**3,115**	**2,800**	**3,014**
EQUITY			
Equity attributable to equity holders of the parent			
Share capital	1,292	1,291	1,292
Share premium	2,908	2,884	2,908
Share based payment reserve	83	72	83
Accumulated deficit	(1,168)	(1,447)	(1,269)
Total equity	**3,115**	**2,800**	**3,014**

Consolidated interim cash flow statement

	Six months ended 30 September 2018 Un-audited £'000	Six months ended 30 September 2017 Un-audited £'000	Year ended 31 March 2018 Audited £'000
Cashflows from operating activities			
Profit/(loss) before tax	101	(21)	157
Adjustments for non-cash/no-operating items:			
Expenses settled by shares	-	-	17
Depreciation	4	3	6
Share based payment expense	-	11	22
	105	(7)	202
Movements in working capital			
(Increase)/decrease in inventories	(44)	(29)	22
Increase in accounts receivables	(138)	(49)	(66)
Increase/(decrease) in trade payables	42	(128)	8
Cash used in operations	(140)	(206)	(36)
Net cash (used in)/generated by operating activities	**(35)**	**(213)**	**166**
Cashflows from investing activities			
Purchase of property plant & equipment	(37)	-	(37)
Expenditure relating to the acquisition and registration of licenses and trademarks	(2)	(7)	(16)
Net cash used in investing activities	**(39)**	**(7)**	**(53)**
Cashflows from financing activities			
Proceeds from issue of shares	-	-	8
Net cash generated by financing activities	**-**	**-**	**8**
Net (decrease)/increase in cash and cash equivalents	(74)	(220)	121
Cash & cash equivalents at the beginning of the period	1,031	910	910
Cash & cash equivalents at the end of the period	**957**	**690**	**1,031**

Notes to the interims accounts:

1. Basis of preparation

This interim consolidated financial information for the six months ended 30 September 2018 has been prepared in accordance with AIM rule 18, '*Half yearly reports and accounts*'. This interim consolidated financial information is not the group's statutory financial statements within the meaning of Section 434 of the Companies Act 2006 (and information as required by section 435 of the Companies Act 2006) and should be read in conjunction with the annual financial statements for the year ended 31 March 2018, which have been prepared under International Financial Reporting Standards (IFRS) and have been delivered to the Register of Companies. The auditors have reported on those accounts; their report was unqualified, did not include references to any matters to which drew attention by way of emphasis of matter without qualifying their report and did not contain any statements under Section 498 (2) or (3) of the Companies Act 2006.

The interim consolidated financial information for the six months ended 30 September 2018 is unaudited. In the opinion of the Directors, the interim consolidated financial information presents fairly the financial position, and results from operations and cash flows for the period. Comparative numbers for the six months ended 30 September 2017 are also unaudited.

IFRS15 – Accounting Policies and Transition

The directors have reviewed the way that the group accounts for revenues from contracts with customers and has adopted the new reporting standard on revenue recognition, IFRS 15. Following that review, the directors did not consider it necessary to change the group's accounting policies with respect to revenue recognition. There have been no changes to recognition or measurement of revenue or to the consolidated statements of comprehensive income or financial position as a consequence of adopting IFRS15.

2. Availability

Copies of the interim report will be available from the Distil's registered office at 201 Temple Chambers, 3-7 Temple Avenue, EC4Y 0DT and also on www.distil.uk.com.

3. Approval of interim report

This interim report was approved by the Board on 24 October 2018.

For further information please contact:

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