

Stock Data

Share Price: 2.6p
Market Cap.: £13.1m
Shares in issue: 502.0m

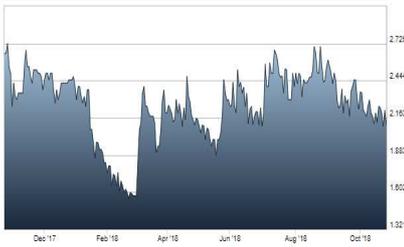
Company Profile

Sector: Beverages
Ticker : DIS
Exchange: AIM

Activities

Distil owns the Blackwood's Gin and Vodka and RedLeg Spiced Rum brands in addition to Blavod and Diva Vodka and Jago's Vanilla Cream Liqueur. The group markets and sells its own brands in the UK, US, Europe, Australia and Russia.

Share price performance



Source: LSE

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TPI acts as broker to Distil plc

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Distil PLC

Distil reported a very positive set of financial results for the six months ended 30 September 2018. Both revenue and the gross margin were up strongly and effective deployment of increased advertising and promotional expenditure has boosted sales volumes significantly. Continuing from progress made in the last full financial year, results were driven primarily by new listings in France and Canada and increased sales of Blackwoods Vintage Dry Gin and RedLeg Spiced Rum reflecting the current market preference for affordable yet high quality brands of gin and spiced rum in particular.

In the six months ended 30 September 2018, Distil reported a 42.3% increase in revenue to £1.164m compared to £0.818m in the same period last year. The gross margin improved from 56.1% in H1 2017 to 61.0% in H1 2018 increasing gross profit by a creditable 54.7% to £0.71m in 2018 compared to £0.456m in 2017.

Advertising and promotional costs and administration expenditure were up on the comparable period last year. However, advances made at the gross profit level more than offset this and moved the company into an operating profit of £101,000 in 2018 compared to a small loss of £21,000 in 2017. The company did not pay any corporation tax as a function of losses in previous years. Distil's balance sheet remains strong with cash of £0.957m; down slightly on the full year end total of £1.03m. The company remains debt free.

Costs increased as a function of a 56.8% uplift in brand marketing and promotion expenditure to £0.312m and a more modest 9.7% rise in other administration costs to £0.293m over the interim period. However, we believe that this investment in marketing in particular paid off given that volume growth increased sharply over the interim period. Combined case volume grew by 30.7% despite a decline of Blavod licensed sales in Eastern Europe. This was offset by strong performances in the retail segment from RedLeg Spiced Rum and Blackwoods Gin in addition to new listings achieved in France and Canada.

Additional funds were deployed to develop gift packaging for RedLeg Spiced Run and Blackwoods Gin ready for launch ahead of the Christmas trading period. These products are also complemented by a range of miniature bottle formats in order to continue to drive volumes and revenue in H2.

During the summer months of 2018, the unusually hot summer weather resulted in higher than usual promotional demand spikes which Distil dealt with effectively, maintaining supply to customers throughout and improving margins simultaneously.

Looking ahead, Distil is focusing on several growth drivers, in particular the Christmas period which is likely to be highly competitive as all categories of spirit based beverages seek to regain market share from gin. With a focus on strong consumer promotional packages and maintaining efficient and cost effective supplier to customers and distributors, the company has ensured that all measures planned to minimise the impact and maximise the potential benefits of Brexit are all in place. As such, we are confident of further progress over the second half of the financial year.

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