

RNS Number : 7212Q
Portmeirion Group PLC
09 August 2010

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PORTMEIRION GROUP PLC

('Portmeirion' or 'the Group')

Interim results for the six months ended 30 June 2010

HIGHLIGHTS

The first six months of the year has seen a strong performance in line with market expectations, despite difficult worldwide economic conditions.

Financial - Another excellent performance in a difficult trading environment

- Revenues of £21 million up by 24% on the comparative period (2009: £17 million)
- Profit before tax up by 88% to £1.0 million (2009: £0.5 million)
- Pre-exceptional EBITDA up 34% to £1.9 million (2009: £1.4 million)
- Earnings per share up by 85% to 6.49p (2009: 3.50p)
- Interim dividend increased by 10% to 3.9 pence per share (2009: 3.55 pence)

Operational

- Exports performed well - particularly US, South Korea and Canada
- Continued investment in existing product ranges - eight new Botanic Garden, four new Sophie Conran and four new The Holly and The Ivy products launched
- Integration of Spode and Royal Worcester brands and investment in these long established patterns
- 39 new jobs in the last twelve months, mainly in production
- Celebration of 50th anniversary of Portmeirion

Dick Steele, Non-executive Chairman, commented:

"This is a strong set of results, achieved despite difficult worldwide economic conditions, and demonstrates the strength of our brands. Last year's acquisition of the Spode and Royal Worcester brands has accelerated our growth and we continue to invest in these brands. The performance of the first six months lays good foundations for the full year, and we are confident of the Group's prospects."

Enquiries:

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Interim Review

The results for the 6 months to 30 June 2010 show a strong performance in our seasonally weaker first half of the year and are in line with market expectations. Worldwide economic conditions were difficult, and we operate worldwide selling into more than sixty countries. We have increased revenues, profits and the dividend.

Revenues

Our revenues for the first six months of this year are £21 million (2009: £17 million), 24% higher than for the same period last year. Just over half of this increase is from the Spode and Royal Worcester (S & RW) brands which were acquired in 2009, with the balance coming from Portmeirion and Pimpernel branded products. Of particular note in the increased Portmeirion and Pimpernel revenues are strong performances in South Korea and Canada. Our important US market has provided almost a third of our revenue increase and the effect of the movement in the US dollar/sterling exchange rate in translating our US revenues is negligible. The revenues in the UK market were marginally ahead when compared to the same period in the prior year.

Our four biggest markets are USA 34% (2009 full year 40%), UK 27% (2009 full year 30%), South Korea 23% (2009 full year 17%), and Canada 5% (2009 full year 4%). These percentages also reflect the fact that our second half year is particularly strong in our important North American and domestic markets.

The £3 million of revenues generated from S & RW is in line with our previously stated projection of £12 million for the full year; Spode Christmas Tree is a major second half pattern for us.

Profits

Profit before tax has increased by 88% to £1,002,000, being £470,000 above the comparable period last year; profit before exceptional items is £1,201,000, being £474,000 or 65% above the comparable period last year; earnings before exceptional items, interest, tax, depreciation and amortisation (EBITDA) were £1,851,000, being £471,000 or 34% above the comparable period last year. A 24% increase in revenues has led to a larger increase in profits on all three of these measures because of the operational gearing of the business. In particular we have gained from economies of scale in warehousing and distribution.

Dividend

The Board is recommending a dividend of 3.9 pence per share, an increase of 10% on the interim dividend paid in 2009.

The interim dividend will be paid on 1 October 2010. The ex-dividend date will be 1 September 2010 with a record date of 3 September 2010.

Cash

Our net cash balance at the half year was £3.0 million. We have renegotiated our banking facilities and have now moved to Lloyds TSB Bank plc from whom we have a combined facility of £4 million. Burdale Financial Limited, our previous funding provider, was an important partner for us during 2009 when we were acquiring the Spode and Royal Worcester brands and we are thankful for their past support; there is an exceptional item cost associated with this move.

We are now moving into our major trading period when our working capital requirements peak, usually at the end of October, as we are invested in stocks and then debtors; this investment then rapidly pays back into cash by our year end.

Balance Sheet

Stocks have remained well controlled at £9.4 million, despite a significant increase in sales; this is as it should be.

Our overseas sourcing in US dollars and sales in the United States in US dollars allow us to ensure that our foreign exchange exposures remain largely self balanced.

Products

We continue to invest in our design department; it is at the forefront of our growing product ranges.

Eight new Botanic Garden products have been launched this summer together with four new Sophie Conran products and four new The Holly and The Ivy products. This reflects our continued ability to grow our established Portmeirion patterns and keep them fresh. Pimpernel products have been launched in a number of Spode patterns.

Significant effort has gone into Spode patterns. Even a pattern as well established as Blue Italian (launched in 1816 as Spode pattern number 2614) has benefited from nine new products including the cottage shape mug which is also produced in other patterns. The Spode Blue Room collection has been relaunched with six of the most popular archive dresser plates and fifteen mugs. Spode Christmas Tree (first introduced as a pattern in 1938) has seen forty new products launched in time for the important American Christmas market; Spode Christmas Tree is our second largest pattern.

The Royal Worcester brand has benefited from our financial strength and technical input. Evesham Gold, a 1961 pattern made in porcelain has been made available again and has been enhanced with the recent introduction of microwave safe gold banding. Similarly, we have reintroduced Classic White, Worcester Herbs, Corinth Platinum, Holly Ribbons, Monaco and Howard Blue. Using the Royal Worcester brand, we have introduced a new range of two dozen gift boxed fine bone china mugs.

People

Since June 2009 we have taken on 39 more people, mostly in Stoke-on-Trent and mostly in production; 13 of these people were taken on in the last six months. It is a testament to our continuing improvement that sales per employee have grown by 12% since last year. We are continuing to recruit more people in production. The hard work, commitment and skill shown by our people provide us with the bedrock for future success.

Outlook

Worldwide economic conditions remain tough. The second half year will be challenging but we are confident.

This is Portmeirion's fiftieth anniversary year; the hard won lessons from our past remain central to our future:

Brand integrity.

Investment in design.

Excellence in sales and marketing.

Richard Steele Lawrence Bryan

Non-executive Chairman Chief Executive

Independent Review Report to the Members of Portmeirion Group PLC

Introduction

We have been engaged by Portmeirion Group PLC to review the condensed financial information for the six months ended 30 June 2010, which comprises the consolidated income statement, the consolidated statement of comprehensive income, the consolidated balance sheet, the consolidated statement of cash flows, the reconciliation of movement in shareholders' equity and related notes 1 to 8. We have read the other information contained in the interim statement and considered whether it contains any apparent misstatements or material inconsistencies with the condensed financial information.

This report is made solely to the Company in accordance with International Standard on Review Engagements (UK and Ireland) 2410 issued by the Auditing Practices Board. Our work has been undertaken so that we might state to the Company those matters we are required to state to them in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company for our review work, for this report, or for the conclusions we have formed.

Respective responsibilities of directors and auditors

The interim statement, including the condensed financial information contained therein, is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the interim statement in accordance with the AIM Rules issued by the London Stock Exchange, which requires that the interim statement must be prepared and presented in a form consistent with that

which will be adopted in the Company's annual accounts having regard to the accounting standards applicable to such annual accounts.

Our responsibility is to express to the Company a conclusion on the condensed consolidated financial information in the interim statement based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial information in the interim statement for the six months ended 30 June 2010 is not prepared, in all material respects, in accordance with the AIM Rules issued by the London Stock Exchange.

Mazars LLP

Chartered Accountants

Lancaster House

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Birmingham

B3 1NG

6 August 2010

Notes:

(a) The maintenance and integrity of the Portmeirion Group PLC website is the responsibility of the directors; the work carried out by us does not involve consideration of these matters and, accordingly, we accept no responsibility for any changes that may have occurred to the interim statement since it was initially presented on the website.

(b) Legislation in the United Kingdom governing the preparation and dissemination of financial information may differ from legislation in other jurisdictions.

Consolidated Income Statement

Unaudited

		Six months to 30 June 2010	Six months to 30 June 2009	Year to 31 December 2009
	Notes	£'000	£'000	£'000
Revenue	2	21,133	17,005	43,165
Operating costs		(19,838)	(16,065)	(38,573)
Operating profit before exceptional items		1,295	940	4,592
Operating exceptional items	3	(199)	(195)	(207)
Operating profit after operating exceptional items		1,096	745	4,385
Investment revenue		6	6	7
Finance costs	4	(140)	(177)	(681)
Share of results of associated undertakings		40	(42)	7
Profit before tax		1,002	532	3,718
Tax	5	(357)	(185)	(1,265)
Profit for the period attributable to equity holders of the parent		645	347	2,453
Earnings per share	7	6.49p	3.50p	24.73p
Diluted earnings per share	7	6.41p	3.50p	24.66p
Dividends proposed and paid per share	6	3.90p	3.55p	15.80p

All the above figures relate to continuing operations.

Consolidated Statement of Comprehensive Income

Unaudited

		Six months to 30 June 2010	Six months to 30 June 2009	Year to 31 December 2009
		£'000	£'000	£'000
Profit for the period		645	347	2,453
Exchange differences on translation of foreign operations		641	(892)	(773)
Actuarial gain on defined benefit pension scheme		-	-	254
Deferred tax on pension scheme deficit movement		-	-	(71)
Other comprehensive income for the period		641	(892)	(590)
Total comprehensive income for the period attributable to equity holders of the parent		1,286	(545)	1,863

Consolidated Balance Sheet

Unaudited

	As at	As at	As at
	30 June	30 June	31 December
	2010	2009	2009
	£'000	£'000	£'000
Non-current assets			
Intangible assets	2,216	2,570	2,395
Property, plant and equipment	5,968	5,622	5,611
Interests in associates	1,397	1,221	1,327
Deferred tax asset	138	467	289
Total non-current assets	9,719	9,880	9,622
Current assets			
Inventories	9,443	9,001	8,784
Trade and other receivables	5,964	6,370	7,035
Cash and cash equivalents	3,010	1,705	5,439
Current income tax asset	527	-	-
Total current assets	18,944	17,076	21,258
Total assets	28,663	26,956	30,880
Current liabilities			
Trade and other payables	(4,091)	(2,861)	(5,128)
Current income tax liabilities	(686)	(311)	(508)
Borrowings	-	(270)	(284)
Total current liabilities	(4,777)	(3,442)	(5,920)
Non-current liabilities			
Pension scheme deficit	(3,096)	(4,182)	(3,637)
Borrowings	-	(860)	(763)
Grant received	(81)	(91)	(74)
Total non-current liabilities	(3,177)	(5,133)	(4,474)
Total liabilities	(7,954)	(8,575)	(10,394)
Net assets	20,709	18,381	20,486
Equity			
Called up share capital	528	528	528
Share premium account	4,872	4,820	4,820
Treasury shares	(1,141)	(1,202)	(1,202)
Translation reserve	1,271	511	630
Retained earnings	15,179	13,724	15,710
Total equity	20,709	18,381	20,486

Consolidated Statement of Cash Flows

Unaudited

Six

Six	Year to
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	months to 30 June 2010	months to 30 June 2009	31 December 2009
	£'000	£'000	£'000
Operating profit after operating exceptional items	1,096	745	4,385
Adjustments for:			
Depreciation	377	325	666
Amortisation of intangible fixed assets	179	115	293
Contributions to defined benefit pension scheme	(551)	(174)	(600)
Charge for share-based payments	43	(16)	13
Exchange gain/(loss)	129	(146)	(218)
Profit on sale of tangible fixed assets	(7)	(4)	(5)
Operating cash flows before movements in working capital	1,266	845	4,534
(Increase)/decrease in inventories	(454)	846	1,172
Decrease/(increase) in receivables	1,261	(461)	(1,133)
(Decrease)/increase in payables	(1,108)	(1,267)	921
Cash generated from/(absorbed by) operations	965	(37)	5,494
Interest paid	(130)	(44)	(412)
Income taxes (paid)/received	(551)	377	(379)
Net cash from operating activities	284	296	4,703
Investing activities			
Interest received	6	21	20
Proceeds on disposal of property, plant and equipment	44	4	31
Purchase of property, plant and equipment	(725)	(240)	(588)
Purchase of intangible fixed assets	-	(2,170)	(2,173)
Net cash outflow from investing activities	(675)	(2,385)	(2,710)
Financing activities			
Equity dividends paid	(1,219)	(1,106)	(1,458)
New bank loans raised	-	1,178	1,178
Repayments of bank loans	(1,047)	(48)	(131)
Shares issued under employee share schemes	113	-	-
Net cash (outflow)/inflow from financing activities	(2,153)	24	(411)
Net (decrease)/increase in cash and cash equivalents	(2,544)	(2,065)	1,582
Cash and cash equivalents at beginning of period	5,439	3,938	3,938
Effect of foreign exchange rate changes	115	(168)	(81)
Cash and cash equivalents at end of period	3,010	1,705	5,439

Reconciliation of Movement in Shareholders' Equity

Unaudited

	Six months to 30 June 2010	Six months	
		to 30 June 2009	Year to 31 December 2009
	£'000	£'000	£'000
Opening balance	20,486	20,048	20,048
Total comprehensive income for the period	1,286	(545)	1,863
Dividends paid	(1,219)	(1,106)	(1,458)
Shares issued under employee share schemes	113	-	-
Increase/(decrease) in share-based payment reserve	43	(16)	13
Deferred tax on share-based payment	-	-	20
Closing balance	20,709	18,381	20,486

Notes to the Condensed Financial Information

1. Basis of preparation

The interim financial information has not been audited and does not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006 but has been reviewed by the auditors in accordance with International Standard on Review Engagements (UK and Ireland) 2410 issued by the Auditing Practices Board. The Group's statutory accounts for the year ended 31 December 2009, prepared in accordance with accounting standards adopted for use in the European Union (International Financial Reporting Standards (IFRS)), have been delivered to the Registrar of Companies; the report of the auditors on these accounts was unqualified and did not contain a statement under Section 498 (2) or (3) of the Companies Act 2006.

The interim financial information has been prepared in accordance with IFRS on the historic basis, except that derivative financial instruments are stated at their fair value. The same accounting policies, presentation and methods of computation are followed in the interim financial information as applied in the Group's latest annual audited financial statements.

2. Geographical segments

The following table provides an analysis of the Group's revenue by geographical market, irrespective of the origin of the products:

	Six months	Six months	Year to
	to 30 June 2010	to 30 June 2009	
	£'000	£'000	£'000

United Kingdom	5,612	5,318	13,102
United States	7,134	5,912	17,252
South Korea	4,845	3,707	7,205
Rest of the World	3,542	2,068	5,606
	21,133	17,005	43,165

3. Exceptional items

The Directors define reorganisation costs as exceptional. Specifically included under such exceptional items are costs incurred in the early redemption of a bank facility agreement. In the comparative period exceptional costs comprised redundancy costs and additional costs incurred due to the relocation of acquired inventory. The analysis of exceptional items is as follows:

	Six months to 30 June 2010	Six months to 30 June 2009	Year to 31 December 2009
	£'000	£'000	£'000
Operating exceptional items			
Facility redemption costs	199	-	-
Costs associated with relocation of inventory	-	132	132
Redundancy costs	-	63	75
	199	195	207

Notes to the Condensed Financial Information

Continued

4. Finance costs

	Six months to 30 June 2010	Six months to 30 June 2009	Year to 31 December 2009
	£'000	£'000	£'000
Interest paid	130	44	412
Gains on financial derivatives	-	(2)	-
Defined benefit pension scheme - other finance costs	10	135	269
	140	177	681

5. Taxation

Tax for the interim period is charged at 35.6% (year to 31 December 2009: 34.0%) representing the best estimate of the weighted average annual corporation tax rate expected for the full year. Deferred tax has been calculated at a rate of 28%.

6. Dividend

A dividend of 3.90p (2009: 3.55p) per ordinary share will be paid on 1 October 2010 to shareholders on the register on 3 September 2010.

7. Earnings per share

The earnings per share are calculated on profit after tax of £645,000 (June 2009: £347,000; December 2009: £2,453,000) and the weighted average number of ordinary shares of 9,933,065 (June 2009: 9,919,956; December 2009: 9,919,956) in issue during the period. The share options in existence during the six months ended 30 June 2010 have a dilutive effect. The diluted earnings per share are calculated on earnings of £645,000 (June 2009: £347,000; December 2009: £2,453,000) and the weighted average number of ordinary shares in issue adjusted to assume conversion of all dilutive potential ordinary shares which is 10,062,337 (June 2009: 9,921,793; December 2009: 9,949,088).

8. Reconciliation of earnings before exceptional items, interest, tax, depreciation and amortisation

	Six months to 30 June 2010	Six months to 30 June 2009	Year to 31 December 2009
	£'000	£'000	£'000
Operating profit before exceptional items	1,295	940	4,592
Add back:			
Depreciation	377	325	666
Amortisation	179	115	293
Earnings before exceptional items, interest, tax, depreciation and amortisation	1,851	1,380	5,551

9. Availability of document

A copy of the interim results will shortly be available on the Company website at www.portmeiriongroup.com

This information is provided by RNS