Portmeirion Group PLC - PMP
Final Results
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PORTMEIRION
GROUP PLC

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Portmeirion Group PLC
15 March 2018

Portmeirion Group PLC ('Portmeirion' or 'the Group')

Preliminary results for the year ended 31 December 2017

Financial summary

	2017 £m	2016 £m	Increase %
Revenue	**84.8**	76.7	10.6
Pre-tax profit	**8.8**	7.8	13.0
EBITDA	**11.0**	9.7	12.9
Basic earnings per share	**65.07p**	59.60p	9.2
Dividends paid and proposed per share in respect of the year	**34.66p**	32.25p	7.5

Highlights:

Financial

- Ninth consecutive year of record Group revenue which increased by 10.6% to £84.8 million (2016: £76.7 million).
- Profit before tax increased by 13.0% to £8.8 million (2016: £7.8 million).
- EBITDA increased by 12.9% to £11.0 million (2016: £9.7 million).
- Earnings per share increased by 9.2% to 65.07p (2016: 59.60p).
- Total dividends paid and proposed for 2017 increased by 7.5% to 34.66p per share (2016: 32.25p).
- Strong cash generation with a £3.9 million improvement in net cash resulting in a positive balance of £1.6 million (2016: net borrowings of £2.3 million).
- Operating margin increased to 10.7% (2016: 10.4%).

Operational

- Strong progress on growth and diversification in export markets.
- Completed integration of Wax Lyrical business, including the launch of over 200 home fragrance products under the existing Portmeirion Group brands.
- Senior management team strengthened with the appointments of Mike Raybould as Group Finance Director, Mick Knapper as Operations Director, Moira MacDonald as Company Secretary and Andrew Andrea as a Non-executive Director.

Dick Steele, Non-executive Chairman commented:

"We are delighted to be reporting a ninth consecutive year of record revenue and a record profit before taxation. Our core values of innovation, targeted product development and operational excellence remain unchanged, and we are pleased to report on the successful integration of the Wax Lyrical home fragrance business into the Group. Trading in the first two months of the current year is ahead of the comparative period in 2017. The outlook for 2018 is positive and we remain confident for the future."

This announcement contains inside information for the purposes of Article 7 of Regulation (EU) No 596/2014.

ENQUIRIES:

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Portmeirion Group PLC
Chairman and Chief Executive Review

Portmeirion is pleased to report a strong trading performance in the year under review, which culminated in a ninth consecutive year of record sales and earnings being driven to their highest ever levels. This outcome, combined with our confidence in future trading performance, has enabled us to increase our dividend for the ninth successive year. We have reported revenue growth in our core UK and USA markets, but also a decrease in South Korea which is going through a period of rebuilding. However, the Group's other export markets showed excellent growth with sales to 'rest of the world' up 54.4% over 2016. The growth across the Group has benefitted from diversification into new products and new markets, including the integration of our Wax Lyrical home fragrance business.

Financial highlights

Revenue was £84.8 million for the year, an increase of 10.6% over the previous year (2016: £76.7 million). At a constant US dollar exchange rate our revenue increased by 8.4%. We enjoyed a full year of Wax Lyrical Limited ('Wax Lyrical') sales consolidated within the total revenue of £84.8 million compared to eight months of the previous financial year; on a like-for-like basis this reduces the revenue growth to 5.6%.

Profit before taxation was £8.8 million, an increase of £1.0 million or 13.0% on the previous year. Earnings before interest, taxation, depreciation and amortisation (EBITDA) increased by 12.9% to £11.0 million in the year (2016: £9.7 million). Both of these figures represent all-time records for Portmeirion.

Basic earnings per share increased by 9.2% to 65.07p per share (2016: 59.60p), while dividends have increased by 7.5%, with dividend cover of 1.85 times maintained just below our long term target of two times.

Dividend

The Board is committed to a progressive dividend policy and aims to maintain a sustainable and appropriate level of dividend cover. Our policy is to increase the interim dividend each year by the same percentage as the final dividend of the preceding year, subject of course to prevailing conditions. The Group will look to increase our dividends whenever appropriate driven by our results, cash balances, future prospects and other investment requirements.

The Board is recommending a final dividend of 27.26p (2016: 25.25p) per share bringing the total paid and proposed for the year to 34.66p (2016: 32.25p) per share, an increase of 7.5% over the total amounts paid in respect of 2016. This is an 8.0% increase over the final dividend for 2016.

The dividends paid and proposed for 2017 are projected to be covered 1.85 times by earnings (2016: 1.85 times). The Board continues to consider that a level of dividend at or close to two times covered is an appropriate and sustainable level for the business.

Corporate governance
As an AIM listed company we recognise and welcome the benefits of corporate governance requirements over and above those required by AIM and we implement them when we can see tangible shareholder and stakeholder benefits. We are members of the Quoted Companies Alliance and believe good corporate governance provides incremental shareholder value.

We consider our approach to be proactive in a number of areas, in particular in seeking re-election of all continuing directors each year and in our shareholder engagement.

Senior management
The management team has been significantly strengthened during the year. Mike Raybould joined the board on 26 May 2017 as Group Finance Director, and also has management responsibility for Wax Lyrical. Mick Knapper was promoted to the Group board as Operations Director on 1 March 2017; he is responsible for production, sourcing, logistics, information systems and human resources and has been with the Group since 1998. Andrew Andrea was appointed as a Non-executive Director on 20 June 2017, bringing wide-ranging experience in finance and consumer brands. Moira MacDonald, who joined the Group in 2007, was promoted to Company Secretary on 1 March 2017.

We are delighted with these promotions and appointments, the business is now benefitting from the fresh perspective that such changes bring.

Operational overview
Overall revenue increased by 10.6% to £84.8 million (2016: £76.7 million). The Group benefitted from a full 12 months ownership of Wax Lyrical in 2017, together with good underlying growth in our core ceramics business.

Geographical performance
From a geographical perspective, the United Kingdom has become our largest market following the acquisition of Wax Lyrical, due to the majority of their sales being in that market. Total UK sales were £28.8 million (2016: £27.1 million). The domestic retail sector continues to be challenging and uncertain, despite this we remain cautiously optimistic in this market. Our expanded product offering and encouraging performance of some of our ranges such as the growing Royal Worcester Wrendale Designs collection and the new Sara Miller London Portmeirion line provides this optimism.

The United States, our second largest market, reported an increase in revenue of 3.9% in translated figures, which is equivalent to a decrease of 1.2% in local currency. We remain confident about the prospects in the USA, with the Group’s sales seeing double digit growth in the second half of the year, including the important Thanksgiving and Christmas period, recovering from a disappointing first half.

Sales into South Korea fell by 32.1% in 2017 to £6.6 million (2016: £9.7 million). This market continues to prove challenging and we are working closely with our exclusive distributor in South Korea to diversify our product portfolio and target new customers in order to rebuild sales.

Sales to the rest of the world showed the most significant growth during the year, increasing by 54.4% to £24.2 million (2016: £15.7 million). Growing sales into Europe and some Asian markets such as Hong Kong and Taiwan has reduced our reliance on sales in our three major markets and has been aided by sales of home fragrance product into our existing distribution channels.

Online sales continued to grow during the year, with a strong second half sales growth of over 13% particularly pleasing. This channel remains an area of focus for 2018.

Segmental performance

Following the acquisition of Wax Lyrical in 2016, the Group will now report under three business segments: Home Fragrance, Portmeirion Group UK Limited ('Portmeirion UK') and Portmeirion Group USA, Inc. ('Portmeirion USA'). The home fragrance segment performance will include all home fragrance sales made within the Group. Portmeirion UK and Portmeirion USA performance will refer to ceramic sales only.

Portmeirion UK

Portmeirion UK, the main trading entity of the Group, had a strong performance during the year, driven by new product launches and diversification into new export markets. Sales grew by 9.1% to £46.1 million (2016: £42.3 million).

Production in our UK factory reduced slightly during the year compared to 2016, but demand steadily grew throughout 2017 and we are now back at a level that will improve efficiency going forward. This is essential in order for the business to achieve its long term strategic goals as manufacturing efficiency translates to cost competitiveness.

Portmeirion USA

The USA remains our largest export market and is serviced by our trading subsidiary, Portmeirion USA. The company has an office in New Jersey, showrooms in New York and a national warehousing and logistics centre in Connecticut.

Sales at Portmeirion USA have grown by 3.7% in the year to £24.7 million (2016: £23.8 million). This growth has largely been driven by the lower US dollar exchange rate compared to sterling, as underlying US dollar sales are marginally below prior year. This performance was pleasing given a weak first half and meant that second half sales were 12.9% higher than 2016. The H2 performance demonstrates that this market is starting to show signs of growth.

Home fragrance

The Group acquired Wax Lyrical on 4 May 2016 and therefore revenue benefitted from a full year of sales in 2017. Home fragrance sales were £13.9 million, showing growth of 32.0% over the prior year and including over £1 million of home fragrance sales through existing Portmeirion UK and Portmeirion USA distribution channels.

The Wax Lyrical business responded well to the increased production demands during the year and has the capacity to grow in line with the Group's targets.

We are pleased with the integration benefits obtained so far and are optimistic about the potential for further revenue synergies and ongoing cross-product development.

Products and brands

We have five major brand names – Portmeirion, Spode, Royal Worcester, Wax Lyrical and Pimpernel. Supporting our brands is central to our business strategy and we continue investing in both our historical patterns and key new launches.

Portmeirion Botanic Garden, launched in 1972, is a major pattern with worldwide recognition; it is hard to identify any other tableware pattern with such a level of sales. On an ongoing basis Botanic Garden generates over £30 million of sales per annum and there are over 50 million pieces of Botanic Garden in use worldwide today. We are ever-vigilant of imitators to Botanic Garden, or indeed any of our other patterns, and hardnosed in legal protection.

Product development is a vital component of brand value. We continue to develop, extend, refresh and refine our existing patterns and products so as to retain and build customer appeal. During 2017 we launched a number of new ranges including Sara Miller London Portmeirion, which received a strong reception and is already generating a positive sales return. We also launched over 200 new home fragrance products under the existing Portmeirion Group brands. Royal Worcester Wrendale Designs continues to perform strongly following its launch in 2013.

A list of our current patterns can be found at www.portmeirion.co.uk, www.spode.co.uk, www.royalworcester.co.uk, www.wax-lyrical.com and www.pimpernelinternational.co.uk. Customers in the United States should go to www.portmeirion.com.

We continue to be well served by our strategy of diversifying products, customers, geographic markets and routes to market. This strategy enables us to exploit opportunities when they appear.

Ongoing strategy

The Group’s long term strategy is focused around five key areas; profitable sales growth, introducing new products, investing in our brands, enhancing our operational capabilities and supporting this with complementary strategic acquisitions.

Profitable sales growth underpins all of the Group’s objectives and will be achieved by targeted product development within our key markets. 2017 saw the Group achieve its ninth consecutive year of record sales and 10.6% revenue growth over the prior year, with an improvement in operating margin from 10.4% to 10.7%. Our focus will be on export market growth and continuing to build on the home fragrance acquisition within our key markets.

New product introduction includes both new ranges and extension of our biggest patterns to fit the needs of the modern consumer. During the year we launched successful additions to ranges such as Royal Worcester Wrendale Designs and Portmeirion Botanic Garden, our biggest selling pattern. New collections included working with talented artists such as Sara Miller

London to allow us to reach new consumers, as well as developing over 200 new home fragrance products under the existing Portmeirion Group brands.

Supporting our brands means that we continue to invest to ensure we are maintaining our market position.

Our operational capabilities are constantly reviewed in order to position the Group to meet the requirements of our customers. We continue to drive operational effectiveness to ensure manufacturing and distribution competitiveness.

The Group remains committed to acquiring businesses where there is a strategic fit and the combination would be earnings enhancing. We have successfully integrated the Wax Lyrical business and will continue to drive our sales synergies.

Outlook
Trading in the first two months of the current year is nearly 20% ahead of the comparative period in 2017. However, given the Group's second half weighting, the sales in these first two months of the year are low in comparison to the balance of the year.

Our strategy and core values remain unchanged: we believe in profitable sales growth, introducing new products, investing in our brands, enhancing our operational capabilities and supporting this with complementary strategic acquisitions. We remain confident in our ability to create shareholder value in the short, medium and long term.

Dick Steele	**Lawrence Bryan**
Non-executive Chairman	**Chief Executive**

Financial Review

Revenue
Revenue totalled £84.8 million for the year. This represented an increase of 10.6% over the previous year (2016: £76.7 million). If we exclude the full year impact of the acquisition of Wax Lyrical, then like-for-like growth was 5.6%.

Sales in our US market benefitted from a better exchange rate on consolidation in 2017. This accounted for a 1.7 % benefit to total Group sales.

Our revenue grew in both our core markets - the UK and US - as well as through strong demand in our export markets for key patterns such as historic Portmeirion Botanic Garden. New product launches, including those in our licensed ranges of Royal Worcester Wrendale Designs and Sara Miller London Portmeirion contributed to sales growth in our two largest markets in the UK and US.

Profit
Profit before taxation was £8.8 million, an increase of £1.0 million on 2016. Operating profit margins increased to 10.7% (2016: 10.4%) representing strong control over our operating costs together with improved customer mix and sales from new product launches.

Earnings per share increased from 59.60p to 65.07p per share.

Interest and financing costs
Finance costs increased by £0.1 million over the prior year representing a higher interest expense on the defined benefit pension scheme deficit, together with the full year impact of interest on the borrowing taken out in 2016 to finance the acquisition of the Wax Lyrical business. Both these costs are expected to reduce in the next 12 months.

Taxation
The charge for taxation was £1.9 million (2016: £1.6 million), an effective rate of taxation of 22.0% (2016: 20.3%). The increase in the effective tax rate relates to the one-time adjustment in deferred tax assets in our US business that is impacted by the recently announced reduction in US federal tax rates.

Dividends
The Board proposes a final dividend of 27.26p per share (2016: 25.25p) giving a total dividend for the year of 34.66p, an increase of 7.5% on 2016 (32.25p). This final dividend is expected to be paid on 30 May 2018 to shareholders on the register on 27 April 2018 with an ex-dividend date of 26 April 2018. Our dividend cover has been maintained at 1.85 times and the Board considers this to be a prudent level of cover.

The Group remains committed to a progressive dividend policy.

Cash generation and net debt
At 31 December 2017 net cash was £1.6 million, a £3.9 million improvement on December 2016 (net debt of £2.3 million).

This was after capital investment of £1.0 million, pension deficit contributions of £1.2 million together with dividend payments of £3.4 million and tax of £2.2 million. As previously reported, the company acquired the Wax Lyrical business in 2016 for a net cash outflow of £16.7 million. Following this acquisition we are pleased to have already returned to a position of net cash which is ahead of our forecasts.

We expect Portmeirion to remain a business that is cash generative.

Bank facilities
The Group has agreed debt facilities with Lloyds Bank, totalling £19 million at the balance sheet date. This consists of a £10 million revolving credit facility repayable in full in May 2019, a £2 million overdraft facility on an annual renewal cycle and a £10 million loan repayable equally over 5 years from May 2016, of which £7 million was outstanding at the year end.

Due to the seasonality of our sales, we experience a large working capital swing during the year. Our committed funding addresses this and we believe is conservative.

Assets and liabilities

Working capital remains an area of focus for us. Inventory increased in the year from £16.3 million to £18.1 million. This was driven by production of new home fragrance ranges for our Portmeirion Group brands and stock build for extensions to some of our licensed ranges. In both cases this stock is required to satisfy 2018 orders.

During the year we have paid £1.2 million into our defined benefit pension scheme, which was closed in 1999. Many companies carry defined benefit pension scheme deficits and our deficit is relatively modest. The accounting deficit reduced from £7.1 million at the end of 2016 to £1.7 million in 2017. The reduction represents the cash injection, asset performance over the period and changes to market forward assumptions. We continue to keep this under review.

Goodwill and intangibles are a major element of our balance sheet and represent the value of acquired brands such as Spode, Royal Worcester and Wax Lyrical. Net book value of intangibles has reduced in the year by £0.5 million being the amortisation charge. No new intangible assets have been added during 2017 other than small computer software expenditure.

Treasury and risk management

The impact of transactional currency flows on the Group's profit is limited due to natural matching across different regions. Where there is an anticipated material exposure to the Group, then our policy is to use appropriate hedging instruments to mitigate that risk.

Mike Raybould
Group Finance Director

CONSOLIDATED INCOME STATEMENT
For the year ended 31 December 2017

	Notes	2017 £'000	2016 £'000
Revenue	3	**84,769**	76,677
Operating costs		**(75,687)**	(68,713)
Operating profit		**9,082**	7,964
Interest income		**17**	31
Finance costs	5	**(487)**	(387)
Share of profit of associated undertakings		**210**	198
Profit before tax		**8,822**	7,806
Tax		**(1,944)**	(1,581)
Profit for the year attributable to equity holders		**6,878**	6,225
Earnings per share	2	**65.07p**	59.60p
Diluted earnings per share	2	**64.79p**	59.10p
Dividends paid and proposed per share	4	**34.66p**	32.25p

All the above figures relate to continuing operations.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2017

	2017 **£'000**	2016 £'000
Profit for the year	**6,878**	6,225
Items that will not be reclassified subsequently to profit or loss:		
Remeasurement of net defined benefit pension scheme liability	**4,428**	(5,357)
Deferred tax relating to items that will not be reclassified subsequently to profit or loss	**(753)**	815
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	**(767)**	1,293
Deferred tax relating to items that may be reclassified subsequently to profit or loss	**(57)**	193
Other comprehensive income for the year	**2,851**	(3,056)
Total comprehensive income for the year attributable to equity holders	**9,729**	3,169

CONSOLIDATED BALANCE SHEET
31 December 2017

	2017	2016
	£'000	£'000
Non-current assets		
Goodwill	**7,229**	7,229
Intangible assets	**6,058**	6,566
Property, plant and equipment	**10,149**	10,617
Interests in associates	**2,525**	2,313
Deferred tax asset	**340**	1,475
Total non-current assets	**26,301**	28,200
Current assets		
Inventories	**18,074**	16,267
Trade and other receivables	**12,431**	12,485
Cash and cash equivalents	**8,487**	6,540
Total current assets	**38,992**	35,292
Total assets	**65,293**	63,492
Current liabilities		
Trade and other payables	**(10,556)**	(8,738)
Current income tax liabilities	**(475)**	(1,005)
Borrowings	**(1,981)**	(1,961)
Total current liabilities	**(13,012)**	(11,704)
Non-current liabilities		
Pension scheme deficit	**(1,672)**	(7,130)
Deferred tax liability	**(882)**	(961)
Borrowings	**(4,955)**	(6,909)
Total non-current liabilities	**(7,509)**	(15,000)
Total liabilities	**(20,521)**	(26,704)
Net assets	**44,772**	36,788
Equity		
Called up share capital	**554**	550
Share premium account	**7,193**	6,624
Investment in own shares	**(1,876)**	(2,936)
Share-based payment reserve	**550**	496
Translation reserve	**2,076**	2,900
Retained earnings	**36,275**	29,154
Total equity	**44,772**	36,788

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2017

	Share capital £'000	Share premium account £'000	Investment in own shares £'000	Share-based payment reserve £'000	Translation reserve £'000	Retained earnings £'000	Total £'000
At 1 January 2016	550	6,612	(3,137)	370	1,414	30,713	36,522
Profit for the year	-	-	-	-	-	6,225	6,225
Other comprehensive income for the year	-	-	-	-	1,486	(4,542)	(3,056)
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**1,486**	**1,683**	**3,169**
Dividends paid	-	-	-	-	-	(3,217)	(3,217)
Increase in share-based payment reserve	-	-	-	144	-	-	144
Transfer on exercise or lapse of options	-	-	-	(18)	-	18	-
Shares issued under employee share schemes	-	12	201	-	-	(6)	207
Deferred tax on share-based payment	-	-	-	-	-	(37)	(37)
At 1 January 2017	**550**	**6,624**	**(2,936)**	**496**	**2,900**	**29,154**	**36,788**
Profit for the year	-	-	-	-	-	6,878	6,878
Other comprehensive income for the year	-	-	-	-	(824)	3,675	2,851
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**(824)**	**10,553**	**9,729**
Dividends paid	-	-	-	-	-	(3,433)	(3,433)
Increase in share-based payment reserve	-	-	-	66	-	-	66
Transfer on exercise or lapse of options	-	-	-	(12)	-	12	-
Shares issued under employee share schemes	4	569	1,094	-	-	(7)	1,660
Purchase of own shares	-	-	(34)	-	-	-	(34)
Deferred tax on share-based payment	-	-	-	-	-	(4)	(4)
At 31 December 2017	**554**	**7,193**	**(1,876)**	**550**	**2,076**	**36,275**	**44,772**

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December 2017

	2017 £'000	2016 £'000
Operating profit	**9,082**	7,964
Adjustments for:		
Depreciation of property, plant and equipment	**1,329**	1,328
Amortisation of intangible assets	**588**	454
Charge for share-based payments	**66**	144
Exchange (loss)/gain	**(168)**	205
Profit on sale of tangible fixed assets	**(17)**	(2)
Operating cash flows before movements in working capital	**10,880**	10,093
Increase in inventories	**(2,243)**	(342)
Increase in receivables	**(193)**	(709)
Increase in payables	**1,992**	1,096
Cash generated from operations	**10,436**	10,138
Contributions to defined benefit pension scheme	**(1,200)**	(1,400)
Interest paid	**(247)**	(233)
Income taxes paid	**(2,246)**	(1,620)
Net cash from operating activities	**6,743**	6,885
Investing activities		
Interest received	**17**	31
Proceeds on disposal of property, plant and equipment	**47**	34
Purchase of property, plant and equipment	**(938)**	(744)
Purchase of intangible assets	**(80)**	(20)
Acquisition of subsidiary	**-**	(16,669)
Net cash outflow from investing activities	**(954)**	(17,368)
Financing activities		
Equity dividends paid	**(3,433)**	(3,217)
Shares issued under employee share schemes	**1,660**	207
Purchase of own shares	**(34)**	-
New bank loans raised	**3,000**	16,844
Repayments of borrowings	**(5,000)**	(8,000)
Net cash (outflow)/inflow from financing activities	**(3,807)**	5,834
Net increase/(decrease) in cash and cash equivalents	**1,982**	(4,649)
Cash and cash equivalents at beginning of year	**6,540**	11,130
Effect of foreign exchange rate changes	**(35)**	59
Cash and cash equivalents at end of year	**8,487**	6,540

NOTES TO THE PRELIMINARY RESULTS

1. This announcement was approved by the Board of Directors on 14 March 2018.

1.1 The financial information set out above does not constitute the Company's statutory accounts for the years ended 31 December 2017 or 2016, but is derived from those accounts. Statutory accounts for 2016 have been delivered to the Registrar of Companies and those for 2017 will be delivered following the Company's Annual General Meeting. The auditors have reported on those accounts: their reports were unqualified, did not draw attention to any matters by way of emphasis and did not contain a statement under Sections 498(2) or (3) of the Companies Act 2006.

1.2 For the year ended 31 December 2017 the Group has prepared its annual report and accounts in accordance with accounting standards adopted for use in the European Union (International Financial Reporting Standards).

This financial information has been prepared in accordance with the accounting policies stated in the Group's financial statements for the year ended 31 December 2017.

The financial statements have been prepared on the historical cost basis, with the exception of derivative financial instruments which are stated at their fair value.

1.3 At 31 December 2017 the Group had a net cash balance of £1.6 million and had a bank facility of £19 million. It manufactures approximately 49% of its products and sources the remainder from third party suppliers. The Group sells into a number of different markets worldwide and has a spread of customers within its major UK and US markets.

After making enquiries, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

NOTES TO THE PRELIMINARY RESULTS
Continued

2. Earnings per share

The calculation of basic and diluted earnings per share is based on the following data:

	Earnings £'000	**2017 Weighted average number of shares**	**Earnings per share (pence)**	Earnings £'000	2016 Weighted average number of shares	Earnings per share (pence)
Basic earnings per share	**6,878**	**10,570,942**	**65.07**	6,225	10,445,140	59.60
Effect of dilutive securities: employee share options	**-**	**45,459**	**-**	-	87,517	-
Diluted earnings per share	**6,878**	**10,616,401**	**64.79**	6,225	10,532,657	59.10

3. Geographical analysis

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

	2017 £'000	2016 £'000
United Kingdom	**28,836**	27,084
United States	**25,156**	24,216
South Korea	**6,604**	9,724
Rest of the World	**24,173**	15,653
	84,769	76,677

4. Dividends

The Directors recommend that a final dividend for 2017 of 27.26p (2016: 25.25p) per ordinary share be paid, subject to shareholders' approval, on 30 May 2018 to shareholders on the register on 27 April 2018. The total dividend paid and proposed for the year is 34.66p (2016: 32.25p) per share.

NOTES TO THE PRELIMINARY RESULTS
Continued

5. Finance costs

	2017	2016
	£'000	£'000
Interest paid	**313**	281
Realised losses on financial derivatives	**4**	8
Unrealised losses on financial derivatives	**-**	10
Net interest expense on pension scheme deficit	**170**	88
	487	387

6. Reconciliation of earnings before interest, tax, depreciation and amortisation (EBITDA)

	2017	2016
	£'000	£'000
Operating profit	**9,082**	7,964
Add back:		
Depreciation	**1,329**	1,328
Amortisation	**588**	454
Earnings before interest, tax, depreciation and amortisation	**10,999**	9,746

The accounts for the year ended 31 December 2017 will be posted to shareholders on or before 13 April 2018 and laid before the Company at the Annual General Meeting on 17 May 2018. Copies will be available from the Company Secretary at Portmeirion Group PLC, London Road, Stoke-on-Trent, Staffs., ST4 7QQ, or from the website www.portmeiriongroup.com.