Company	Portmeirion Group PLC
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PORTMEIRION
GROUP PLC

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Portmeirion Group PLC
20 March 2014

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

Preliminary results for the year ended 31 December 2013

Financial summary

	2013	*2012	Increase
	£m	£m	%
Revenue	**58.3**	55.5	5.0
Pre-tax profit	**7.0**	6.6	6.3
EBITDA	**8.3**	7.8	5.8
Basic earnings per share	**53.26p**	47.28p	12.6
Dividends paid and proposed per share in respect of the year	**24.00p**	21.80p	10.1

* Restated – see note 1

Highlights:

Financial

- Record Group revenue of £58.3 million, up by 5.0% over the previous year (2012: £55.5 million)
- Profit before tax increased 6.3% to a record £7.0 million (2012: £6.6 million)
- Total dividend paid and proposed for 2013 increased by 10.1% to a record 24.00p (2012: 21.80p)
- Strong balance sheet maintained with cash of £6.2 million (2012: £7.5 million)

Operational

- Completed £3.9 million purchase of long leasehold interest in warehouse and offices in July 2013
- Launch of US website in July 2013 after revamp of UK website earlier in the year
- Record UK production levels
- Excellence in Housewares Award for new Sophie Conran cookware range

Dick Steele, Non-executive Chairman commented:

"Our core values are unchanged; we believe in attentive design, assured quality, a professional sales approach, nurtured brands, conservative financing and dividends. We are well positioned and optimistic for the future."

ENQUIRIES:

Portmeirion Group PLC

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Portmeirion Group PLC
Business Review

Portmeirion continued to prosper in 2013 with worldwide revenues and earnings again being driven to their highest ever levels. This has enabled us to increase our dividends for the fifth successive year. We have weathered a tough market in the United States and have suffered some European difficulties with the imposition of punitive Anti-Dumping Duty. Our broad product range, diversified supply base and global distribution have enabled us to maintain progress despite these difficulties in key areas.

Our brands are global, valuable and respected; we continue to develop and improve our product ranges; our people are best in class; we are soundly financed. We are well positioned and optimistic for the future of our business.

Dividends
The Board is recommending a final dividend of 19.00 pence per share bringing the total paid and proposed for the year to 24.00 pence per share, an increase of 10.1% over the amounts in 2012.

The final dividend will be paid, subject to shareholders' approval at the AGM, on 23 May 2014 to shareholders on the register on 25 April 2014.

The dividends paid and proposed for 2013 are covered 2.2 times by earnings (2012: 2.1 times). The Board continues to consider that such a level of cover is sustainable and appropriate.

Over the last five years we have increased total dividends by an average of 10.3% per annum compound and our dividend is now 63.3% higher than it was in 2008.

We listed on the London Stock Exchange 26 years ago in 1988, the issue price of our shares at our flotation was £1.80 each. Our share price has increased fourfold since 1988, our total dividends have amounted to £3.17 per share and we have never cut or withheld our dividend in that time.

The Board is committed to a progressive dividend policy; we believe that this is what our shareholders expect of us and why they hold Portmeirion shares. Our aim is to maintain a sustainable level of dividend cover and to increase dividends whenever our prudent views of future trading and the cash needs of the business allow us so to do. Our policy is to increase the interim dividend by the same percentage as the final dividend of the preceding year, subject of course to prevailing conditions.

Sustainable dividends are the overriding goal at Portmeirion Group.

Revenues
Revenues were £58.3 million for the year, an increase of 5.0% over the previous year (2012: £55.5 million).

Our largest market remains the United States which represents over a third of our sales, we finished the year 1.8% below the previous year in sterling terms and 3.1% below in local currency, as the US dollar has strengthened since 2012 the translated reduction is flattered. The American market has been difficult for some time but we are optimistic that we can achieve growth there when economic conditions improve. In a similar vein, our sales in Canada were 3.3% below last year. In Canada we have a joint venture where we own 50% of Portmeirion Canada Inc. Canada represents less than 5% of our sales.

Our second largest market is the United Kingdom where our factory, warehouse and head office are located. This market accounts for 26% of our sales and grew 3.5% over the previous year. Close behind the UK is South Korea which now represents a quarter of our sales, sales growth here was 21.8%.

An increasing element in our sales mix is the extent of online sales. Taking the USA and the UK together our direct online sales are some £1.1 million and growing fast. Needless to say, many of our wholesale customers have their own websites where they generate significant volumes. We intend that this route to market will become more important to us.

The spread and diversity of our customers, geographic markets and products are a real strength of Portmeirion. Such a broad approach helps us to weather the vagaries of climate, economic conditions, seasonality and political events.

Profits

The profit before taxation was £7.0 million, a 6.3% increase over the restated 2012 profit before taxation of £6.6 million. Earnings before interest, taxation, depreciation and amortisation (EBITDA) were £8.3 million, an increase of 5.8% (2012: £7.8 million).

Driven, in part, by lower corporation tax rates our basic earnings per share increased by 12.6% which enabled us to increase the dividends per share by 10.1% without reducing dividend cover.

Profit and EBITDA growth continued to outstrip revenue growth as we built upon our efficiency drives from prior years. However, profits were held back by the Anti-Dumping Duty imposed on some of our European sales.

Balance Sheet

We finished 2013 with £6.2 million of cash on the balance sheet (2012: £7.5 million), this was after paying dividends of £2.4 million, corporation taxes of £1.3 million and incurring capital expenditure of £4.7 million which included the £3.9 million acquisition of the long leasehold of our Stoke-on-Trent warehouse. This is now included as a fixed asset.

Inventories were broadly level with 2012 at £11.7 million and remain the largest asset on our balance sheet; our stocks are held in the UK, the USA and China. At their peak levels in 2013 our stocks were £14.3 million prior to our key seasonal demand. Our provisioning policies are rigorous.

The pension scheme deficit, which is in respect of a final salary scheme closed in 1999, has halved during the year under review due to increased return on assets and changes in actuarial assumptions. We paid £0.8 million cash into the scheme during 2013.

We have used treasury shares with a book value of £202,000 to satisfy share options exercised during the year. These treasury shares were bought some years ago at an average price of £1.87 each. We have 302,620 treasury shares remaining on the balance sheet and we plan to continue to use these to satisfy share options where appropriate. We have also acquired 94,000 shares for an employee benefit trust during the year. These will also be used to satisfy share options.

Products and Brands

We have four brand names – Portmeirion, Spode, Royal Worcester and Pimpernel and each has a long and illustrious history.

Our largest and most important pattern remains Portmeirion Botanic Garden, launched in 1972, accounting for over 40% of our sales; demand for Botanic Garden has been strong during 2013, largely from South Korea, and this has driven increased production through our Stoke-on-Trent factory.

Our second largest pattern is Spode Christmas Tree which is mainly sold in North America, this pattern was launched in 1938 and continues to grow. Our third largest pattern is Sophie Conran for Portmeirion, which was a 2006 launch and also continues to grow.

Product development remains key to our current and future success as a business. We continue to develop, extend, refresh and refine our existing patterns so as to increase their customer appeal. Our oldest pattern, Spode Blue Italian, has a heritage spanning nearly two centuries but we still enjoyed sales growth in the pattern last year.

A list of our current patterns can be found at www.portmeirion.co.uk, www.spode.co.uk and www.royalworcester.co.uk. Online purchasing is also available from these websites.

Production and Sourcing

Our sourced versus own manufactured sales ratio was 56 to 44 (2012: 59 to 41). This split is a result of differing market demands for different ranges, rather than a management decision, as we source or manufacture product from the most appropriate places. All product, whether sourced or manufactured, is made to our design and to our stringent standards; our backstamps are guarantees of quality and are supported by our reputation.

Our Stoke-on-Trent factory has driven out more production volume and more production efficiencies. Average weekly production of best quality pieces is a rough proxy for volume, in 2013 we achieved 128,000 per week, in 2012 it was 115,000 per week. In 2008 we were achieving 92,000 per week from the same site. This is a key performance indicator.

People
The average number of people employed by Portmeirion was broadly level in 2013 compared to 2012, and average sales per employee were £100,856, a 6.6% increase on 2012. EBITDA per employee was £14,285, an increase of 7.5% on 2012.

Our health and safety record is excellent. Health and safety is at the forefront of our business approach and all incidents are thoroughly reported upon and investigated.

All permanent employees participate in various incentive schemes. 2013 was another record year for Portmeirion with revenues, profits, EBITDA and dividends again achieving hitherto unscaled heights, nevertheless our schemes paid minimal awards because performance was not exceptional enough to self finance them. Our incentive schemes are demanding.

The Environment
Energy is a key input in the manufacture of ceramics, in 2013 we spent £1.3 million on electricity and gas which was a 10.6% increase on our 2012 expenditure and compares to an 11.5% increase in the volume of products manufactured in 2013 versus 2012. During this period energy costs have risen, but our energy usage has reduced by 3% as we have continued our energy efficiency drive.

Comparing 2013 to 2001 we can demonstrate a 37.1% reduction in our carbon dioxide emissions despite huge increases in production. Our improvements in energy efficiency equate to an energy saving of over £1.1 million per annum.

Risks
Our annual report and accounts list the principal risks to which we consider the business is subject. Five of these risks merit a little more discussion here.

Our currency risks are broadly covered given the current shape of the business, US dollar receivables are at the same level as payables. Our other net exposures, including the translation of the profit of our US business, are covered by appropriate and prudent hedging instruments.

Political and regulatory decisions are having an increasing impact on our business, in particular the recent Anti-Dumping Duty problems. We need to remain alert to these dangers and mitigate them as best we can.

Energy costs are discussed above, we are at the forefront of control of energy in ceramic manufacture.

Production of our goods for resale is from our own factory in Stoke-on-Trent and from a number of third party factories mainly in the Far East. This approach reduces our dependency on any one factory but does mean that we are subject to more individual impacts, as evidenced by the Anti-Dumping Duty.

Our long closed defined benefit pension scheme continues to overhang our balance sheet and costs us some £800,000 per annum in real cash. There are early signs that this problem, which was largely political in origination, is finally being resolved.

Corporate Governance

We are an AIM listed company but we do recognise the value of many of the corporate governance regulations which only apply to companies much larger than us. We seek to implement many of these corporate governance processes which are not mandated upon us where we can see shareholder benefit. In particular we would point to the annual re-election of Non-executive Directors and the way that we encourage shareholders to engage with us.

We will continue to be practical and forward looking in achieving effective and efficient corporate governance relative to our size, markets and business structure. The guidance provided by the Quoted Companies Alliance is a vital yardstick for companies of our size.

Outlook

We remain confident. We have taken the right steps in regard to people, product and finance to continue to build the business for the future. We are very well positioned for a recovery in the North American market.

Trading in the first two months of the current year is ahead of the comparative period in 2013, however sales in these months are low in comparison to the rest of the year and the second half in particular.

Our core values are unchanged; we believe in attentive design, assured quality, a professional sales approach, nurtured brands, conservative financing and dividends.

Our business is worldwide for sales and supply and our brands and ranges have longevity and real value.

We continue to seek out and consider acquisition opportunities against our demanding standards.

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

CONSOLIDATED INCOME STATEMENT
For the year ended 31 December 2013

	Notes	2013 £'000	*2012 £'000
Revenue	3	**58,295**	55,525
Operating costs		**(51,233)**	(48,870)
Operating profit		**7,062**	6,655
Investment revenue		**52**	39
Finance costs	5	**(246)**	(261)
Share of profit of associated undertakings		**141**	162
Profit before tax		**7,009**	6,595
Tax		**(1,400)**	(1,709)
Profit for the year attributable to equity holders		**5,609**	4,886
Earnings per share	2	**53.26p**	47.28p
Diluted earnings per share	2	**52.84p**	46.60p
Dividends paid and proposed per share	4	**24.00p**	21.80p

All the above figures relate to continuing operations.

* Restated – see note 1.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2013

	2013	*2012
	£'000	£'000
Profit for the year	**5,609**	4,886
Exchange differences on translation of foreign operations	**(156)**	(304)
Actuarial gain/(loss) on defined benefit pension scheme	**1,947**	(677)
Deferred tax on other comprehensive income	**(688)**	(43)
Other comprehensive income for the year	**1,103**	(1,024)
Total comprehensive income for the year attributable to equity holders	**6,712**	3,862

* Restated – see note 1.

CONSOLIDATED BALANCE SHEET
31 December 2013

	2013 £'000	2012 £'000
Non-current assets		
Intangible assets	**1,419**	1,609
Property, plant and equipment	**9,285**	5,662
Interests in associates	**1,778**	1,687
Deferred tax asset	**222**	816
Total non-current assets	**12,704**	9,774
Current assets		
Inventories	**11,713**	11,622
Trade and other receivables	**10,889**	9,611
Cash and cash equivalents	**6,205**	7,450
Total current assets	**28,807**	28,683
Total assets	**41,511**	38,457
Current liabilities		
Trade and other payables	**(6,465)**	(5,697)
Current income tax liabilities	**(1,141)**	(940)
Total current liabilities	**(7,606)**	(6,637)
Non-current liabilities		
Pension scheme deficit	**(2,404)**	(4,955)
Grant received	**-**	(18)
Total non-current liabilities	**(2,404)**	(4,973)
Total liabilities	**(10,010)**	(11,610)
Net assets	**31,501**	26,847
Equity		
Called up share capital	**548**	541
Share premium account	**6,375**	5,802
Investment in own shares	**(1,139)**	(767)
Share-based payment reserve	**742**	601
Translation reserve	**599**	783
Retained earnings	**24,376**	19,887
Total equity	**31,501**	26,847

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2013

	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 2012	536	5,542	(931)	429	1,122	17,699	24,397
*Profit for the year	-	-	-	-	-	4,886	4,886
*Other comprehensive income for the year	-	-	-	-	(339)	(685)	(1,024)
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**(339)**	**4,201**	**3,862**
Dividends paid	-	-	-	-	-	(2,078)	(2,078)
Increase in share-based payment reserve	-	-	-	172	-	-	172
Shares issued under employee share schemes	5	260	164	-	-	-	429
Deferred tax on share-based payment	-	-	-	-	-	65	65
At 1 January 2013	**541**	**5,802**	**(767)**	**601**	**783**	**19,887**	**26,847**
Profit for the year	-	-	-	-	-	5,609	5,609
Other comprehensive income for the year	-	-	-	-	(184)	1,287	1,103
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**(184)**	**6,896**	**6,712**
Dividends paid	-	-	-	-	-	(2,376)	(2,376)
Increase in share-based payment reserve	-	-	-	141	-	-	141
Shares issued under employee share schemes	7	573	202	-	-	(60)	722
Purchase of own shares	-	-	(574)	-	-	(3)	(577)
Deferred tax on share-based payment	-	-	-	-	-	32	32
At 31 December 2013	**548**	**6,375**	**(1,139)**	**742**	**599**	**24,376**	**31,501**

* Restated – see note 1.

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December 2013

	2013 £'000	2012 £'000
Operating profit	**7,062**	6,655
Adjustments for:		
Depreciation of property, plant and equipment	**906**	881
Amortisation of intangible assets	**289**	267
Contributions to defined benefit pension scheme	**(800)**	(800)
Charge for share-based payments	**141**	172
Exchange gain/(loss)	**37**	(53)
Profit on sale of tangible fixed assets	**(9)**	(36)
Operating cash flows before movements in working capital	**7,626**	7,086
(Increase)/decrease in inventories	**(200)**	692
Increase in receivables	**(1,369)**	(2,165)
Increase/(decrease) in payables	**771**	(1,086)
Cash generated from operations	**6,828**	4,527
Interest paid	**(30)**	(52)
Income taxes paid	**(1,261)**	(1,527)
Net cash from operating activities	**5,537**	2,948
Investing activities		
Interest received	**76**	15
Proceeds on disposal of property, plant and equipment	**46**	56
Purchase of property, plant and equipment	**(4,579)**	(626)
Purchase of intangible assets	**(99)**	(57)
Net cash outflow from investing activities	**(4,556)**	(612)
Financing activities		
Equity dividends paid	**(2,376)**	(2,078)
Shares issued under employee share schemes	**722**	429
Purchase of own shares	**(577)**	-
Net cash outflow from financing activities	**(2,231)**	(1,649)
Net (decrease)/increase in cash and cash equivalents	**(1,250)**	687
Cash and cash equivalents at beginning of year	**7,450**	6,777
Effect of foreign exchange rate changes	**5**	(14)
Cash and cash equivalents at end of year	**6,205**	7,450

NOTES TO THE PRELIMINARY RESULTS

1. This announcement was approved by the Board of Directors on 19 March 2014.

1.1 The financial information set out above does not constitute the Company's statutory accounts for the years ended 31 December 2013 or 2012, but is derived from those accounts. Statutory accounts for 2012 have been delivered to the Registrar of Companies and those for 2013 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 2013 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 2013.

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. There are a number of new accounting standards, amendments to existing standards and interpretations which are mandatory for the year ending 31 December 2013. No changes arising from new or revised accounting standards have had a material impact on the consolidated financial statements of the Group other than the adoption of IAS 19 (2011).

IAS 19 (2011) requires the return on defined benefit pension plan assets recognised in the income statement to be calculated by applying the same rate as that used to discount the plan's liabilities, rather than using the long-term expected rate of return. The impact of adopting this amended standard is a reduction in profit after tax for the year ended 31 December 2012 of £119,000 and an increase in other comprehensive income of the same amount. The comparative financial information presented has been amended accordingly.

1.3 At 31 December 2013 the Group had a cash balance of £6.2 million and an unused bank facility with available funding of £4 million. It manufactures approximately 45% 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. Consequently, the Directors believe that the Group is well placed to manage its business risks successfully despite the continuing uncertain economic outlook.

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	**2013 Weighted average number of shares**	**Earnings per share (pence)**	Earnings £'000	*2012 Weighted average number of shares	Earnings per share (pence)
Basic earnings per share	**5,609**	**10,531,715**	**53.26**	4,886	10,334,605	47.28
Effect of dilutive securities: employee share options	**-**	**82,372**	**-**	-	151,083	-
Diluted earnings per share	**5,609**	**10,614,087**	**52.84**	4,886	10,485,688	46.60

* Restated – see note 1.

3. Geographical analysis

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

	2013 £'000	2012 £'000
United Kingdom	**15,435**	14,915
United States	**19,854**	20,215
South Korea	**14,783**	12,135
Rest of the World	**8,223**	8,260
	58,295	55,525

4. Dividends

The Directors recommend that a final dividend for 2013 of 19.00p (2012: 17.30p) per ordinary share be paid, subject to shareholders' approval, on 23 May 2014 to shareholders on the register on 25 April 2014. The total dividend paid and proposed for the year is 24.00p (2012: 21.80p) per share.

NOTES TO THE PRELIMINARY RESULTS
Continued

5. Finance costs

	2013	*2012
	£'000	£'000
Interest paid	**43**	26
Realised losses on financial derivatives	**7**	25
Defined benefit pension scheme – other finance costs	**196**	210
	246	261

* Restated – see note 1.

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

	2013	2012
	£'000	£'000
Operating profit	**7,062**	6,655
Add back:		
Depreciation	**906**	881
Amortisation	**289**	267
Earnings before interest, tax, depreciation and amortisation	**8,257**	7,803

The accounts for the year ended 31 December 2013 will be posted to shareholders on or before 11 April 2014 and laid before the Company at the Annual General Meeting on 15 May 2014. 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.