For Immediate Release 17 November 2016

Majestic Wine PLC
("Majestic")

Half Year Results for the six months ended 26 September 2016

Sales up 13%, dividend reinstated, £500m sales goal reiterated

- Strong sales growth continued in H1, total sales +10.6% underlying, +13.2% reported
  - Majestic Retail sales +5.7% like for like[1] (6th consecutive quarter of positive LFL)
  - Naked Wines +26.7%
  - Majestic Commercial +1.2%
  - Lay & Wheeler +27.8%
- The transformation plan to deliver future sustained growth in shareholder value is on track
  - The investments we have made are working, our lead indicators are improving and sales are growing
  - The step change in fixed costs is complete, continued sales growth will translate to profit growth
  - We reiterate our goal of £500m annual sales by FY19
- Adjusted PBT of £0.1m reflects a solid 'business as usual' performance offset by the step up in investment in H1 needed to deliver future sustainable growth
- Reported PBT was a loss of £4.4m after recognising £4.5m of adjusted items, largely relating to the Naked Wines acquisition
- Interim dividend reinstated reflecting confidence in the future growth prospects
- Challenges remain, but we are comfortable with current consensus expectations[2]

	H1 2017[3] £m	H1 2016[4] £m	% YoY Reported	% YoY Underlying[5]
Revenue	205.6	181.6	+13.2%	+10.6%
Adjusted EBIT[6]	0.7	9.2	-92.4%	-92.5%
Adjusted PBT[7]	0.1	8.3	-99.4%	-99.4%
(Loss)/profit before tax	(4.4)	4.3		
Basic EPS	(6.1p)	2.7p		
Adjusted EPS	0.7p	8.8p		
Dividend per share	1.5p	nil		
Free Cash Flow[8]	2.8	3.0	-4.9%	-4.9%
Reported net (debt)/cash	(25.1)	(25.3)	0.6%	0.6%

Rowan Gormley, Group Chief Executive, commented:

"Our plan is working.

We said that we would deliver sustainable growth, not by opening more stores, but by investing in better customer service and better customer retention.

Both of these are working – sales are up over 10% and the projects driving that sales growth, like nationwide next day delivery, are on time and on budget.

Now that we have built a solid platform for future growth, future cost growth will be much lower.

We are reiterating our commitment to hitting our goal of delivering £500m sales by 2019, and we believe that will translate into healthy profit growth now that the step change in investment is complete.

We are reinstating the dividend as a signal of our continued confidence in the plan."

Majestic Wine PLC will host an analyst and investor briefing on Thursday 17 November 2016 at 9.30am at the offices of Instinctif, 65 Gresham Street, London, EC2V 7NQ. To attend please contact Gabby Clinkard on the details below.

A webcast will be made available after the meeting on our investor website: http://majesticwineplc.co.uk/investor-centre/results-centre/

Notes:

(1) Like-for-like sales trends refer to Retail sales only, include Calais and exclude the impact of new stores and store closures during the year
(2) As of 16 November we believe the range of revenue expectations for FY17 is between £430.6m and £443.4m and PBT expectations for FY17 is between £11.9m and £12.4m
(3) Commentary will refer to underlying, except where noted
(4) H1 2016 Adjusted EBIT and Adjusted PBT have been restated to reflect the definitions detailed below
(5) Underlying movement (a) includes the pro-forma presentation of Naked Wines, assuming that Naked Wines was included in the Group results for the whole of the comparative period; (b) includes en primeur revenues in year of order not year of fulfilment, and (c) is calculated using constant FX rates for translation
(6) Adjusted EBIT is operating profit adjusted for amortisation and impairments of acquired intangibles and goodwill, acquisition costs, share based payment charges, restructuring costs, net fair value movement through P&L on financial instruments and adjusting en primeur results to reflect profits on orders rather than on wine fulfilment
(7) Adjusted PBT is defined as Adjusted EBIT less net finance charges
(8) Free cash flow is defined as cash generated from operations less capital expenditure and excluding cash Adjusted items

For further information, please contact:

Majestic Wine PLC	**Tel: 01923 298 200**
Rowan Gormley, Chief Executive Officer	
James Crawford, Chief Financial Officer	
Gabriella Clinkard, Public & Investor Relations	**Tel: 07891 206239**
	gabby.clinkard@majestic.co.uk
Investec (NOMAD & Joint Broker)	**Tel: 0207 597 5970**
Garry Levin / David Flin / David Anderson/Carlton Nelson	
Liberum (Joint Broker)	**Tel: 020 3100 2222**
Peter Tracey / Anna Hartropp / Richard Bootle	
Instinctif Partners (PR Agency)	**Tel: 0207 457 2020**
Damian Reece/ Mark Reed	

About Majestic Wine PLC:

Majestic Wine PLC is a leading wine specialist, operating in four separate divisions, each with the fundamental goal of delivering sustained growth in shareholder value by doing the right thing for the Group's customers, suppliers and people:

•Majestic Retail - The UK's largest specialist wine retailer, with 210 branches in the UK and 2 in France. We help people find the wines they will love through over 900 highly trained, specialist store team members. Sales for the year ended 28 March 2016 were £244.0m.

•Naked Wines – Funds independent winemakers to make exclusive wines at preferential prices which we pass onto customers. Naked Wines currently has 159 winemakers in 16 countries and 320,000 Mature Angels (Customers). Sales for the full year ended 28 March 2016 were £104.3m (£102.5m of this was post acquisition).

•Majestic Commercial - A specialist on-trade supplier who aims to support businesses to make their wine lists more profitable, with the unique advantage of running their supply chain through Majestic Retail stores. Sales for the year ended 28 March 2016 were £45.6m.

•Lay and Wheeler - A specialist fine wine merchant. Lay & Wheeler aims to be a trusted guide for people who love fine wine, supplying the world's finest wines with a personal service. Sales for the year ended 28 March 2016 were £10.0m.

Chief Executive's Review

The big idea

A year ago, we laid out a detailed plan to restore the Majestic group to long term sustainable growth. "Sustainable" being the key word.

To do that we have to transform Majestic from a single country, single channel retailer into an international, multi-channel, multi proposition business. From a business that grows by investing capital opening stores, to a company that invests in acquiring and retaining customers. By doing a better job of looking after our customers we will grow our customer base and sustainably and profitably grow sales.

That plan is well underway and beginning to work.

We are seeing strong continued sales growth (over 10%, taking us to £205.6m reported revenue) – driven by continued growth in our core retail business and strong continued growth in Naked Wines.

We believe that this sales growth is sustainable, because we are also seeing:

- strong growth in customer numbers, underpinned by improvements in our KPIs; and
- on time and on budget delivery of the projects required to make that growth sustainable

So, while there have been setbacks in this half year, which I will address in full later, we intend to stick to our plan to invest in transformation in Majestic Retail and growth in Naked Wines.

We remain confident that we are on track to deliver our goal of £500m in sales by 2019, and that this sales growth will translate into long term, sustained growth in shareholder returns.

Trading commentary

Majestic Retail (H1 revenues £117.9m, up 5.0%)

I am pleased to report that Retail delivered 5.7% like for like sales growth in a very challenging market. This performance was driven by growth in customer numbers, up 9.1% to 820,000 active customers, which in turn is underpinned by improvements in our Key Performance Indicators (for example, availability up from 66.6% to 78.3%, customer retention up 4.0%).

Naked Wines (H1 revenues £59.0m, up 26.7%)

Naked delivered another six months of strong growth with sales up 26.7% to £59.0m, despite a failed direct mail programme which I will come back to later. The fact that we can have a setback and still deliver strong growth shows how robust the model is.

Commercial (H1 revenues £23.4m, up 1.2%)

Commercial sales were up 1.2% in the half, a significant slowing against historical performance as we indicated was happening in our announcement in September. I will outline our plans for Commercial in more detail below.

Lay & Wheeler (H1 revenues £7.0m, up 27.8%)

Lay & Wheeler is firmly back in growth, with an impressive 27.8% increase in sales and 80.6% increase in EBIT, due largely to the huge positive impact that our new management team there have made.

Sales are up, profits are down. Why?

When we announced our transformation plan a year ago, we explained that we intended to:

1. Grow sales by growing our customer base, rather than opening new branches.
2. This meant we would redirect £8m from opening branches into acquiring and retaining customers.
3. Continue to invest in new customer acquisition at Naked Wines.

We have done exactly that as follows:

What?	Additional YoY spend £ (m)	For example	How do we know it's working	Future growth in costs
Customer acquisition	**1.0**	Media spend	Sustained pattern of ROI > 75%	Invest behind attractive opportunities
Customer retention	**5.2 (inc. 0.8 CapEx)**	• More staff better trained and rewarded • Cleaner, better laid out stores	Retention KPIs improve (staff and customer retention)	Mix of inflation and sales driven
Corporate capability / agility	**4.5**	• In house IT team • In house digital marketing team	Delivering big projects in-house	Inflation

The results of which are:
- we are seeing the growth we intended,
- it looks as though that growth is sustainable (but we need to give it more time to be sure), and
- the key projects to drive continued growth are on time and on budget.

It is important to note that of the £10.7m additional investment above, the portion relating to the Retail business is simply a redirection of previous capital spend on new stores. So, much of the increased investment is NOT an increased spend in cash terms – it is a swap from the balance sheet to the profit and loss account.

Why will this turn into profits?
We are at the tipping point.

From now on we are confident that future sales growth will translate to profit growth, because
- the step change in fixed cost growth is complete.
- we are aiming for, and look like we are achieving, sustainable sales growth.

Is this sales growth sustainable?
We are only one year into a three year plan, so it is too early to draw conclusions, but we are seeing encouraging signs.

Sales are growing because our customer base is growing as planned. This is in part because we have increased investment in new customer acquisition, but critically, it is also driven by increased customer loyalty, as measured by our customer retention KPI.

This is in turn driven by better service, better availability and a more engaged team – all of which are measured by our five key performance indicators below:

		Retail		**Naked**		**Commercial**		**Lay & Wheeler**	
KPI	**Definition**	**H1 FY17**	**YoY**	**H1 FY17**	**YoY**	**H1 FY17**	**YoY**	**H1 FY17**	**YoY**
Customer retention*	% of repeat customers from 12 months ago that are still repeat customers, as measured from our customer databases	68.4%	+2.6pp	67.8%	+1.9pp	85.7%	-4.8pp	93.2%	+2.3pp

Product availability	% of targeted range available in stores / on websites as indicated by our inventory reporting	78.3%	+11.7pp	83.6%	n/a	85.0%	n/a	n/a	n/a
Proportion of 5-star service ratings	% of service ratings scoring 5 stars in last 2 months as recorded by websites / apps / telephone feedback	86.6%	+1.2pp	90.0%	+6.0pp	n/a	n/a	92.1%	n/a
Wine quality (Buy it Again Ratings)	% of "Yes" scores in the last 12 months as recorded by websites / apps	90.9%	n/a	91.0%	+2.0pp	n/a	n/a	n/a	n/a
Team retention	% of key staff (e.g. store managers) as of 12 months ago still working per payroll records	77.0%	+1.0pp	90%	Flat	75.0%	n/a	81.0%	-0.8pp

*Customer Retention has been redefined since H1 2016 to focus on repeat customers only and ensure consistency across the Group

What did we get wrong?
We gave an update in September indicating that full year profits would be £4m lower than originally anticipated for two reasons:

1. A big direct mail programme in Naked Wines USA failed
2. Majestic Commercial performance is well short of expectations

Naked Wines direct mail
We invest heavily in new customer acquisition to drive growth in Naked Wines. We have been doing this for years, and the fact that the business is now turning over more than £100m a year shows how effective it is.

We have been testing new channels to see if we can accelerate that investment. One of the channels we tested with some early success is direct mail – an old fashioned letter through a post box.

Our early test results were successful so we decided to ramp up the spend in this half year. Sadly, the roll out did not get anything like the results we saw in the testing, so we have bitten the bullet and ceased investment in the programme.

Could we/should we have tested more cautiously? Unfortunately yes, we could have and we should have. We will continue to test and learn, but we should not suffer another loss on this scale as we have learned from the experience, and will be proceeding more cautiously with future tests.

It is important to point out that this setback does not impact our growth expectations in the US. Our other new customer acquisition activities continue to deliver attractive ROIs and have room for growth.

Majestic Commercial
Last year I said that our Commercial division, which specialises in sales to independent pubs and restaurants, needed a significant investment in systems and supply chain to be able to grow sustainably.

This year, the growth has run out of steam, precisely because of the absence of systems and appropriate supply chain.

The changes needed are scheduled for early 2018, which seems a long time away, but the simple reality is that we have projects with higher returns which need to take priority.

So in the meantime we are reducing our growth ambitions and simplifying the operation to ensure we look after the customers we have. Once we are in a position to make the changes Commercial needs, we will look again at driving for growth in the commercial market.

Summary and Outlook

We are on track to deliver £500m in sales by 2019;

We have a solid platform for growth

- Strength and depth across the Group
- Capability to deliver complex transformative projects in house without huge CapEx
- A new customer acquisition engine firing on all cylinders
- Store estate fit for a specialist retailer

Key Retail projects are on time and on budget

- 1,250 wines available for next day delivery
- Availability up from 66.6% in H2 FY16 to 78.3% in H1 FY17
- Simpler, better pricing
- Cleaner, better laid out stores
- Customer retention up 4.0% (2.6 percentage points)

Challenges remain

There is a Chinese saying “May you live in interesting times.” We are certainly doing that.

While we can see many positive signs that our plan is working, we are only one year into a three year plan. The UK market is likely to remain challenging for some time to come, but the US market continues to grow. Right now the level of uncertainty over exchange rates, Brexit, geopolitics etc. makes planning interesting to say the least. The one thing we can be certain about is that there is going to be change, and the winners will be the companies that adapt best to those changes. We aim to be one of those companies.

We end the first half cautiously optimistic, well prepared for Christmas peak trading season, and looking forward to rolling out the next stage of our transformation plan.

Rowan Gormley
Group Chief Executive
16 November 2016

Financial Review

The underlying businesses, with the exception of Commercial, are performing on track. Sales have grown 10.6% on an underlying basis (+13.2% reported) with adjusted EBIT reduced to £0.7m in the half as we built in the remaining costs of the Retail transformation plan, a significant uplift in Naked Wines marketing investment and continued build out of the Naked Wines fixed cost base.

This half was scheduled to be the point in time when all the investment in the Majestic Retail business has been made and I am pleased we move forwards with our transformation plan on track, the first signs of sustainable top-line growth and a robust balance sheet despite a significant build of inventory to support peak period availability.

Looking forward, we expect future sales increases to translate into profit uplift as no further step ups of this magnitude in the fixed cost base are planned.

'Business As Usual' results are promising

In the past 18 months we have invested significantly to deliver a better Majestic business, both in fixed costs and the level of variable costs that support sales such as store staffing. The step-up in investment is now complete and we are increasingly confident that this should translate into future profit growth as future sales growth will translate much more directly into EBIT.

Although not apparent from the reported results due to inclusion of certain operating costs within cost of sales, on a pure trading basis the Group delivered £4.5m of incremental gross profit in the half vs the prior year. With £3.2m of cost inflation and expenses required to fulfil those sales, there was an increase in profitability of £1.3m in the half before the investment step-up. The additional step-up in operating expenses recorded in the half was £9.9m, resulting in adjusted EBIT reducing by £8.6m vs the prior year.

Retail: KPI growth underpinning performance

Sales increased by +5.0% at constant currency (+5.5% reported) but Gross Profit declined by £0.3m due to:

a. A reduction in our underlying trading gross margin of 1.4% as we invested in pricing and discounts to drive customers into store. Over half of this is attributable to voucher activity which increased frequency of visits and attracted new customers.
b. Uplift in branch staffing and compensation levels, which we report in our cost of sales. These costs reflect more staff, being better rewarded for their efforts through implementation of the national living wage and a more motivating bonus scheme. In turn this is expected to improve employee engagement and retention, and therefore customer experience and loyalty.

We increased our marketing spend in the period by £0.5m, a combination of additional volume due to the higher customer base and additional frequency and content to test whether we could deliver a return on additional investment. We are now seeing ROI in excess of 100% on a number of our programmes and continue to optimise the contact strategy and content to improve this.

In addition we invested £2.7m ahead of inflation in the fixed cost base in the period. This was predominantly increased headcount to deliver the capability that supports our continuing transformation. We have recruited across almost all functions to support the changes we are delivering, including a substantial increase in the IT team who are creating the next generation systems that will support the plan over the coming years.

In aggregate, our non-product cost base has increased by £4.0m in the period. Of this, £0.7m was inflationary in nature, £0.7m is a result of higher sales, £3.2m relates to our investment plan and we have seen savings year on year of c. £0.5m across a range of minor cost groups.

As a result Adjusted EBIT for the half is £3.5m, 52.7% lower year on year on an underlying basis.

In addition to the investment in operating expenses, we made capital investments to refurbish 22 stores, spending £0.8m of £1.6m total CapEx. While it is early days since the work was completed, we are seeing positive customer feedback and expect the real benefit of this to be seen over the peak Christmas trading period.

Finally, we also deployed a significant investment in the final weeks of the half into inventory, growing the level of stock by £8.5m versus the same point last year to support improved availability, responding to learnings from the prior year regarding the timing of the Christmas stock build.

The full results of these projects as well as the increase in inventory spend to stock the National Fulfilment Centre will only be seen after our peak Christmas trading however we are confident that they are contributing to our overall goal because:

- Our active customer base has increased by 9.1% which is driving our sales
- The task completed in store has decreased, our people now have more time to serve customers rather than stacking boxes
- Our KPI's – selected to be leading indicators of sales - are showing positive progress

Naked Wines: Investment delivering improved Angel metrics and top line growth
Sales increased 26.7% at constant currency generating £3.7m of incremental gross profit. This was supported by continuing growth in our mature angels which closed the half at 320,000, +19% vs FY16. However adjusted EBIT was £3.4m lower for two reasons.

Firstly, we continued to build out the fixed cost base of the business, adding £1.1m of cost to embed the capability that we need to support sustained growth over the next 2-3 years. This is a combination of headcount and other administrative costs. We plan on completing this investment in the second half and should see growth in fixed costs for Naked Wines next year down into single digits.

Secondly, an additional £4.2m investment in customer recruitment spend (a combination of marketing and losses on first orders) has been undertaken in the half, which merits further description.

As Rowan has already described, a significant portion of this was an investment in direct mail in the USA that is, now, not expected to deliver a return. There are many lessons to be learned here and we will continue to improve our test and learn approach to reduce the risk that such a problem will arise in the future.

The remaining additional investment has been deployed through our tested channels, however this has not accelerated the rate of new customer acquisition this half. This is because we have focused on improving the quality of the Angels that we recruit by reducing initial discounts, in particular in the US market. To achieve this we increased our media spend per new order resulting in higher costs per new mature angel. We expect to generate much higher lifetime values on these Angels and therefore a similar ROI.

However these benefits take time to flow into the customer base, and our reported ROI has dropped significantly, from 112% in H1 FY16 to just 48% this half with three drivers:

a. The change in strategy to quality over quantity has increased the cost per mature angel, temporarily reducing ROI as the improved angel economics will only become apparent when the better retention and sales economics are represented in a higher proportion of the customer base.
b. The failed US direct mail campaign - excluding this would improve the ROI by 10% in the half.
c. As we said last year, ROI was flattered by our reduction in investment in early 2015 when we were inventory constrained so we focused on the highest ROI programs.

We are confident that the ROI in H2 will climb again. As this is an important component of the vesting criteria for consideration shares from the Naked Wines acquisition our teams are closely focused on this.

One of our KPIs at Naked Wines is growth spend which is the proportion of our total investment in new mature angels that grew the angel base. In the period this was £1.9m which was £0.7m higher than the same period in the prior year. Similar to ROI this is impacted by the failed campaign and the change in strategy.

Commercial
The Commercial business has seen a material reduction in its growth trajectory with sales only advancing by 1.2% in the first half. As we described in our September trading update we have seen a material slowdown in the rate of new business acquisition, and a reduction in account retention.

Reported gross margin has reduced by 2.4%, with two thirds of this being a decline in the underlying trading margin and one third by the additional staff costs reported in our cost of sales – in this case a combination of commercial dedicated sales staff and the charge we levy on Commercial from the Retail business. This is the main driver of the £0.6m reduction in EBIT for the business in the half.

As we have indicated, we do not expect the outlook for commercial to improve in the near term and will be minimising investment until we build the systems and processes to support the business. This activity should not generate material incremental cost for the group as it will be delivered by the organisation built through the investment plan.

Lay & Wheeler
The L&W business has grown sales by 27.8% on a management basis (where we exclude en primeur sales fulfilled in the half but include those ordered). This has been driven by a reinvigorated management team who have put discipline around the sales and marketing process.

We have accepted a lower margin on these sales as we sought to reduce stock levels from vintages we had not managed to sell in the past resulting in Gross Profit advancing 13.6%. After cost increases attributable to the higher sales line EBIT increased by £0.1m, an 80.6% improvement YoY.

We incurred a one-off charge of £0.2m related to restructuring the management team at the division.

Central Costs
The unallocated cost base grew by £0.8m in the half. This reflects additions to the head office team recruited during FY16 annualising into the cost base, some centrally co-ordinated marketing efforts where we are experimenting with new approaches that benefit all business units and admin cost relating to the running of a listed group.

Adjusted Items
We amortised £2.1m of acquired intangibles and expensed share based payments charges of £3.3m relating to the acquisition of Naked Wines, which we exclude from our adjusted EBIT. We incurred a further charge of £0.2m relating to conditional share awards granted under other share schemes including the new scheme launched in the half.

Mark to market profits on our open FX positions at the end of the half generated a £1.6m profit that we also exclude from underlying trading performance.

Foreign Exchange
There has been a substantial reduction in the value of the pound versus the main foreign currencies that we transact in – US Dollar, Australian Dollar and Euro. This has two major impacts:

1. Our UK cost of goods increases. We build our currency positions to pay for product over the 12 month period prior to which it is sold. The changes we have seen are becoming apparent in the cost base. We will respond to this through adjusting prices and working with our suppliers to identify mitigating actions.
2. The sales and profits from our foreign operations increase in value. In the period the value of Naked Wines' sales revenue grew 26.7% at constant currency, but 34.2% at actual exchange rates. The overall

impact on group adjusted EBIT movement of foreign exchange changes was limited to £0.1m due to losses in the US and Australia being offset by gains on our French operations.

Cash generation continues, dividend reinstated

We delivered Free Cash Flow of £2.8m in the half, well ahead of adjusted EBIT (reflecting our lower CapEx spend) but 4.9% lower compared to the same period last year, reflecting the step-ups in investment. At a total level this has been impacted by our transformation investments as well as increased stock building ahead of peak trading, albeit that was funded by accounts payable at the end of the period.

Interest charges amounted to £0.6m in the half, reflecting the reduction in net debt achieved in the 12 months since the acquisition of Naked Wines.

We remain firmly within our borrowing covenants, ending the period with Net Debt: EBITDA (as measured by our facility agreements which adjust for certain balances at Naked Wines) of 1.3x against a covenanted maximum of 3.0x. We forecast to remain at roughly this level for the rest of this financial year and maintain our target of 0.5x by 2019.

As an expression of our confidence that cash generation will continue in the second half of the year, we are very pleased to be reinstating our dividend. Our new policy is to pay out 35% of Adjusted Earnings after Tax for the full year. The Board have declared a payment of 1.5p per share at the interim. The dividend will be payable on 23 December 2016 to shareholders on the register at 25 November 2016. The ex-dividend date is 24 November 2016.

INDEPENDENT REVIEW REPORT TO MAJESTIC WINE PLC

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 26 September 2016 which comprises the income statement, the balance sheet, the statement of changes in equity, the cash flow statement and related notes 1 to 8. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the company 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. Our work has been undertaken so that we might state to the company those matters we are required to state to it 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.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the AIM Rules of the London Stock Exchange.

As disclosed in note 2, the annual financial statements of the group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" as adopted by the European Union.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report 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 inquiries, 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 set of financial statements in the half-yearly financial report for the six months ended 26 September 2016 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the AIM Rules of the London Stock Exchange.

Deloitte LLP

Chartered Accountants and Statutory Auditor

St Albans, United Kingdom

16 November 2016

Unaudited consolidated income statement

	Note	Period ended 26 Sept 2016	Period ended 28 Sept 2015 (restated)	Year ended 28 March 2016
		£'000	£'000	£'000
Revenue		**205,640**	**181,608**	**402,086**
Cost of sales		(152,693)	(133,733)	(297,835)
Gross profit		**52,947**	**47,875**	**104,251**
Distribution costs		(25,081)	(21,097)	(45,836)
Administrative expenses		(31,986)	(21,949)	(52,898)
Other operating income		365	380	766
Operating (loss)/profit		**(3,755)**	**5,209**	**6,283**
Net finance charge		(649)	(944)	(1,540)
(Loss)/profit before taxation		**(4,404)**	**4,265**	**4,743**

Analysed as:				
Adjusted profit before taxation		**51**	**8,252**	**15,021**
Adjusted items:				
- Non cash charges relating to acquisitions	*4*	(5,443)	(5,389)	(11,508)
- Other adjusted items	*4*	988	1,402	1,230
(Loss)/profit before taxation		**(4,404)**	**4,265**	**4,743**

Taxation	*5*	419	(2,460)	(2,419)
(Loss)/profit for the period		**(3,985)**	**1,805**	**2,324**

(Loss)/earnings per share				
Basic	*6*	-6.1p	2.7p	3.5p
Diluted	*6*	-5.7p	2.6p	3.3p
Adjusted basic	*6*	0.7p	8.8p	19.2p
Adjusted diluted	*6*	0.7p	8.4p	18.1p

The results are all derived from continuing operations.

The prior period comparatives have been restated to recognise a reclassification of certain supplier credits as a cost of sales, resulting in a reduction to cost of sales and a corresponding increase to administrative expenses of £743,000.

Unaudited consolidated statement of comprehensive income

	Period ended 26 Sept 2016 £'000	Period ended 28 Sept 2015 £'000	Year ended 28 March 2016 £'000
(Loss)/profit for the period	**(3,985)**	**1,805**	**2,324**
Other comprehensive income/(losses)			
Currency translation differences on foreign currency net investments	1,476	(111)	553
Other comprehensive (losses)/income	**(2,509)**	**1,694**	**2,877**
Total comprehensive (losses)/income for the period	**(2,509)**	**1,694**	**2,877**

The total comprehensive (losses)/income for the period and the prior periods is wholly attributable to the equity holders of the parent company, Majestic Wine PLC.

Other comprehensive income relates to foreign currency translation differences on consolidation of foreign currency subsidiaries. These gains and losses are recycled to the income statement in the event of the disposal of a foreign currency subsidiary.

Unaudited consolidated statement of changes in equity

	Share capital	Share premium	Capital reserve - own shares	Capital redemption reserve	Currency translation reserve	Retained earnings	Total shareholders' funds
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 30 March 2015	4,924	19,970	(17)	363	1,505	71,821	98,566
Total comprehensive (losses)/income for the period					(111)	1,805	1,694
Shares issued in relation to acquisition	370					(289)	81
Shares issued	11	354					365
Share based payment charges – ongoing						3,449	3,449
Share based payment charges - acquisition related						118	118
Deferred taxation						87	87
At 28 September 2015	**5,305**	**20,324**	**(17)**	**363**	**1,394**	**76,991**	**104,360**
Total comprehensive income for the period					664	519	1,183
Shares issued	2	117					119
Share based payment charges – ongoing						54	54
Share based payment charges - acquisition related						3,397	3,397
Deferred taxation						101	101
At 28 March 2016	**5,307**	**20,441**	**(17)**	**363**	**2,058**	**81,062**	**109,214**
Total comprehensive income/(losses) for the period					1,476	(3,985)	(2,509)
Shares issued	1	58					59
Share based payment charges – ongoing						167	167
Share based payment charges - acquisition related						3,062	3,062
Deferred taxation						47	47
At 26 September 2016	**5,308**	**20,499**	**(17)**	**363**	**3,534**	**80,353**	**110,040**

Unaudited consolidated balance sheet

	26 Sept 2016	28 Sept 2015	28 March 2016
	£'000	£'000	£'000
Non current assets			
Goodwill and intangible assets	54,154	60,698	56,671
Property, plant and equipment	69,103	71,464	70,038
En primeur purchases	1,772	1,021	1,291
Prepaid operating lease costs	2,033	2,232	2,115
Deferred tax assets	1,135	864	1,129
	128,197	**136,279**	**131,244**
Current assets			
Inventories	99,297	72,280	80,732
Trade and other receivables	15,743	11,274	12,416
En primeur purchases	2,558	2,143	1,657
Financial instruments at fair value	3,428	463	889
Cash and cash equivalents	11,495	19,053	6,875
	132,521	**105,213**	**102,569**
Total assets	**260,718**	**241,492**	**233,813**
Current liabilities			
Trade and other payables	(79,489)	(61,156)	(61,801)
En primeur deferred income	(3,182)	(2,732)	(2,150)
Deferred Angel income	(23,506)	(16,489)	(18,832)
Bank overdraft	(3,169)	-	(3,071)
Provisions	(241)	(172)	(747)
Deferred lease inducements	(430)	(323)	(433)
Bond financing	(2,411)	-	(4,990)
Financial instruments at fair value	-	(64)	-
Current tax liabilities	-	(2,669)	(1,443)
	(112,428)	**(83,605)**	**(93,467)**
Non-current liabilities			
En primeur deferred income	(2,080)	(1,167)	(1,469)
Deferred lease inducements	(2,391)	(2,729)	(2,552)
Provisions	(695)	-	-
Bank loan	(28,415)	(39,253)	(24,317)
Bond financing	(2,590)	(4,992)	-
Deferred tax liabilities	(2,079)	(5,386)	(2,794)
	(38,250)	**(53,527)**	**(31,132)**
Total liabilities	**(150,678)**	**(137,132)**	**(124,599)**
Net assets	**110,040**	**104,360**	**109,214**
Shareholders' funds			
Called up share capital	5,308	5,305	5,307
Share premium	20,499	20,324	20,441
Capital reserve - own shares	(17)	(17)	(17)
Capital redemption reserve	363	363	363
Currency translation reserve	3,534	1,394	2,058
Retained earnings	80,353	76,991	81,062
Equity shareholders' funds	**110,040**	**104,360**	**109,214**

We confirm that to the best of our knowledge:
(a) the condensed set of financial statements has been prepared in accordance with IAS 34"Interim Financial Reporting";
(b) the interim management report includes a fair review of the information required by DTR 4.2.7R (indication of important events during the first six months of the year); and
(c) the interim management report includes a fair review of the information required by DTR 4.2.8R (disclosure of related parties' transactions and changes therein).

By order of the Board

James Crawford
Chief Financial Officer
16 November 2016

Unaudited consolidated cash flow statement

	Note	Period ended 26 Sept 2016	Period ended 28 Sept 2015	Year ended 28 March 2016
		£'000	£'000	£'000
Net cash generated by operating activities				
Cash generated by operations	8	**4,167**	**4,179**	**18,650**
Foreign exchange differences		258	(141)	229
UK income tax paid		(1,620)	(2,124)	(3,905)
Overseas income tax paid		(250)	(179)	(821)
Net cash generated by operating activities		**2,555**	**1,735**	**14,153**
Cashflows from investing activities				
Interest received		-	30	-
Purchase of property, plant and equipment		(1,564)	(2,580)	(4,994)
Purchase of intangible fixed assets		(44)	-	(973)
Purchase of prepaid lease assets		-	-	(271)
Acquisition of subsidiary, net of cash received		-	(36,081)	(36,081)
Acquisition costs and payments		-	-	(8,535)
Proceeds from sale of non-current assets		-	5,766	6,173
Net cash outflow from investing activities		**(1,608)**	**(32,865)**	**(44,681)**
Cashflows from financing activities				
Interest paid		(416)	(381)	(1,350)
Issue of ordinary share capital		59	446	566
Draw down of borrowings		4,000	50,000	50,000
Repayment of borrowings		-	(10,005)	(25,007)
Loan arrangement fees paid		(68)	(844)	(844)
Net cash inflow from financing activities		**3,575**	**39,216**	**23,365**
Net increase/(decrease) in cash		**4,522**	**8,086**	**(7,163)**
Cash and cash equivalents at beginning of period		3,804	10,967	10,967
Cash and cash equivalents at end of period		**8,326**	**19,053**	**3,804**

Notes to the unaudited financial statements

1. General information

Majestic Wine PLC is a public limited company ("Company") and is incorporated in the United Kingdom under the Companies Act 2006. The Company's ordinary shares are traded on the Alternative Investment Market ("AIM").

The address of the registered office is Majestic House, The Belfry, Colonial Way, Watford WD24 4WH The Group's principal activity is the retailing of wines, beers and spirits. The Company's principal activity is to act as a holding company for its subsidiaries.

2. Basis of preparation

The annual financial statements of the Group are prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the accounting policies set out in the annual report for the year ended 28 March 2016. The condensed set of financial statements included in this interim report has been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" as adopted by the European Union. The condensed financial statements are not statutory accounts. The condensed financial statements are not statutory accounts. The financial reporting period represents the 26 week period ending 26 September 2016 and the prior period, 26 weeks to 28 September 2015.

Going concern

The Directors have, at the time of approving the interim financial statements, 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 of accounting in preparing the interim financial statements.

3. Segmental reporting

The Group is organised into four distinct business units, each operating in a separate segment of the overall wine market. These four business units represent the operating segments of the business. Retail is a customer based wine retailer, selling wine, beer and spirits from stores across the UK, and also online, and also incorporates the Group's French business which was previously reported as a separate business segment. Commercial is a Business to Business ('B2B') wine retailer selling to pubs, restaurants and events. Lay & Wheeler is a specialist in the fine wine market and also provides cellarage services to customers. Naked Wines is a customer funded international online wine retailer.

The Chief Operating Decision Maker (CODM), who is responsible for allocating resources and assessing performance of the operating segments has been identified as the Board of Directors.

Performance of each operating segment is based on Sales, Adjusted EBIT (being operating profit less any Adjusted Items) and Adjusted PBT (being profit before taxation less any Adjusted Items). These are the financial performance measures that are reported to the CODM, along with other operational performance measures, and are considered to be useful measures of the underlying trading performance of each segment. Adjusted Items are not allocated to the operating segments as this reflects how they are reported to the CODM.

The revenue and profits of the Lay & Wheeler operating segment as presented to the CODM are recognised on the receipt of orders, cash receipts and payments in relation to en primeur campaigns. The segment performance is reviewed in this way as resources utilised in generating these sales are expensed as incurred. This differs from the revenue recognition policy required under IAS 18 where revenue is recognised on delivery of the wine to the customer, which may be up to two years after the original order and payment. As a result a reconciling item is presented between the total operating segments revenue and results and the IFRS statutory measure.

3. Segmental reporting (continued)

Costs relating to centralised group functions are not allocated to operating segments for the purposes of assessing segmental performance and consequently Central Costs are presented as a separate segment.

Inter-segment transactions are conducted on an arm's length basis. The Group is not reliant on a major customer or group of customers.

Segmental results for prior periods has been restated to reflect the current operating structure and the definition of adjusted items.

All activities are continuing.

Period ending 26 September 2016	**Retail**	**Commercial**	**Naked Wines**	**L&W**	**Unallocated**	**Group**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Segment revenue	117,880	23,430	58,980	7,010	-	207,300
Inter-segment revenue	-	-	-	(18)	-	(18)
Third party revenue	117,880	23,430	58,980	6,992	-	207,282
Movement in en primeur sales	-	-	-	(1,642)	-	(1,642)
Reported third party revenue	**117,880**	**23,430**	**58,980**	**5,350**	**-**	**205,640**
Adjusted EBIT	**3,459**	**1,623**	**(2,775)**	**276**	**(1,883)**	**700**
Net finance costs	-	-	-	-	(649)	(649)
Adjusted profit/(loss) before taxation	**3,459**	**1,623**	**(2,775)**	**276**	**(2,532)**	**51**
Adjusted items:						-
- Non cash items relating to acquisitions					(5,443)	(5,443)
- Other adjusted items					988	988
Profit/(loss) before taxation	**3,459**	**1,623**	**(2,775)**	**276**	**(6,987)**	**(4,404)**
Depreciation	2,510	-	91	56	-	2,657
Amortisation	564	-	-	47	2,160	2,771

Geographical analysis	**UK**	**Rest of Europe**	**US**	**Australia**	**Group**
Reported third party revenue	168,921	4,323	23,790	8,606	205,640
Non-current assets	122,057	2,861	3,208	71	128,197

3. Segmental reporting (continued)

Period ending 28 September 2015 (restated)	Retail £'000	Commercial £'000	Naked Wines £'000	L&W £'000	Unallocated £'000	Group £'000
Segment revenue	111,763	23,146	42,197	5,507	-	182,613
Inter-segment revenue	-	-	-	(35)	-	(35)
Third party revenue	111,763	23,146	42,197	5,472	-	182,578
Movement in en primeur sales	-	-	-	(970)	-	(970)
Reported third party revenue	**111,763**	**23,146**	**42,197**	**4,502**	**-**	**181,608**
Adjusted EBIT	**7,213**	**2,267**	**608**	**153**	**(1,045)**	**9,196**
Net finance costs	-	-	-	-	(944)	(944)
Adjusted profit/(loss) before taxation	**7,213**	**2,267**	**608**	**153**	**(1,989)**	**8,252**
Adjusted items:						-
- Non cash items relating to acquisitions					(5,389)	(5,389)
- Other adjusted items					1,402	1,402
Profit/(loss) before taxation	**7,213**	**2,267**	**608**	**153**	**(5,976)**	**4,265**
Depreciation	2,512	-	67	52	-	2,631
Amortisation	559	-	-	24	1,940	2,523

Geographical analysis	**UK**	**Rest of Europe**	**US**	**Australia**	**Group**
Reported third party revenue	157,200	4,048	15,650	4,710	181,608
Non-current assets	133,428	2,434	380	37	136,279

3. Segmental reporting (continued)

Year ended 28 March 2016	Retail	Commercial	Naked Wines	L&W	Unallocated	Group
	£'000	£'000	£'000	£'000	£'000	£'000
Segment revenue	244,027	45,557	102,534	11,015	-	403,133
Inter-segment revenue	-	-	-	(357)	-	(357)
Third party revenue	244,027	45,557	102,534	10,658	-	402,776
Movement in en primeur sales	-	-	-	(690)	-	(690)
Reported third party revenue	**244,027**	**45,557**	**102,534**	**9,968**	**-**	**402,086**
Adjusted EBIT	**13,984**	**3,770**	**979**	**152**	**(2,324)**	**16,561**
Net finance costs	-	-	-	-	(1,540)	(1,540)
Adjusted profit/(loss) before taxation	**13,984**	**3,770**	**979**	**152**	**(3,864)**	**15,021**
Adjusted items:						
- Non cash items relating to acquisitions					(11,508)	(11,508)
- Other adjusted items					1,230	1,230
Profit/(loss) before taxation	**13,984**	**3,770**	**979**	**152**	**(14,142)**	**4,743**
Depreciation	5,005	-	220	104	-	5,329
Amortisation	1,098	-	3,995	276	-	5,369

Geographical analysis	UK	Rest of Europe	US	Australia	Group
Reported third party revenue	344,440	7,544	38,625	11,477	402,086
Non-current assets	127,338	2,604	1,263	39	131,244

4. Adjusted items

	Period ended 26 Sept 2016 £'000	Period ended 28 Sept 2015 £'000	Year ended 28 March 2016 £'000
Non-cash charges relating to acquisitions			
Amortisation of acquired intangibles	(2,160)	(1,940)	(4,220)
Acquisition related share based payment charges	(3,283)	(3,449)	(7,288)
	(5,443)	(5,389)	(11,508)
Other adjusted items			
Impairment of Lay & Wheeler goodwill	-	(2,606)	(2,606)
Profit on disposal of property	-	4,801	4,801
Acquisition costs	31	(500)	(519)
Restructuring costs	(205)	(431)	(1,045)
Fair value movement through P&L on foreign exchange contracts	1,624	378	830
En primeur adjustment	(261)	(123)	(59)
Share based payment charges	(201)	(117)	(172)
	988	**1,402**	**1,230**
Total adjusted items	**(4,455)**	**(3,987)**	**(10,278)**

5. Taxation

Tax for the six month period is charged at an adjusted effective tax rate of 30.0% (2016: 27.6%) representing the best estimate of the average annual effective tax rate expected for the full year, applied to the profit before taxation of the period. The adjusted effective tax rate is the ratio of the current tax charge to the adjusted profit before taxation.

6. Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to ordinary shareholders by the weighted average number of ordinary shares in issue of the Company, excluding 4,920,863 contingently returnable shares issued as a result of the acquisition of Naked Wines (which have been treated as dilutive share options) and 3,934 (2015: 3,934) held by the Employee Share Ownership Trust which are treated as cancelled.

The dilutive effect of share options is calculated by adjusting the weighted average number of ordinary shares in issue to assume conversion of all dilutive potential ordinary shares. These comprise contingently returnable shares and share options granted to employees where the exercise price is less than the average market price of the Company's Ordinary Shares during the year. Share options granted over 331,200 (2015: 423,885) ordinary shares have not been included in the dilutive earnings per share calculation because they are anti-dilutive at the period end.

Adjusted earnings per share is calculated by excluding the effect of Adjusted items (see note 4). This alternative measure of earnings per share is presented so that users of the financial statements can better understand the Group's underlying trading performance.

	Period ended 26 Sept 2016 £'000	**Period ended 28 Sept 2015 £'000**	**Year ended 28 March 2016 £'000**
(Loss)/earnings per share			
Basic earnings per share	-6.1p	2.7p	3.5p
Diluted earnings per share	-5.7p	2.6p	3.3p
Adjusted basic earnings per share	0.7p	8.8p	19.2p
Adjusted diluted earnings per share	0.7p	8.4p	18.1p

	Note	**Period ended 26 Sept 2016 £'000**	**Period ended 28 Sept 2015 £'000**	**Year ended 28 March 2016 £'000**
(Loss)/profit for the period		(3,985)	1,805	2,324
Add back adjusted items:				
- Non-cash charges relating to acquisitions	*4*	5,443	5,389	11,508
- Other adjusted items	*4*	(988)	(1,402)	(1,230)
Adjusted profit after taxation		**470**	**5,792**	**12,602**

	Period ended 26 Sept 2016	**Period ended 28 Sept 2015**	**Year ended 28 March 2016**
Weighted average number of shares in issue	65,843,853	65,712,774	65,759,587
Dilutive potential ordinary shares:			
Employee share options and contingently returnable shares	4,670,778	3,400,019	3,872,946
Weighted average number of shares for the purpose of diluted earnings per share	**70,514,631**	**69,112,793**	**69,632,533**
Total number of shares in issue	**70,775,262**	**70,727,762**	**70,756,562**

If the Group's share option schemes had vested at 100% the Company would have 75,175,929 issued shares.

7. Dividend

No dividends were paid in the period (2015: nil).

8. Notes to the cash flow statement

	Period ended 26 Sept 2016	Period ended 28 Sept 2015	Year ended 28 March 2016
	£'000	**£'000**	**£'000**
Cash generated by operations			
Operating (loss)/profit	(3,755)	5,209	6,283
Add back:			
- Depreciation and amortisation	5,428	5,154	10,939
- Profit on disposal of property, plant and equipment	-	(4,737)	(4,801)
- Impairment of goodwill	-	2,606	2,606
- Impairment of property, plant and equipment	-	-	1,239
- Impairment of prepaid operating leases	-	-	58
- Fair value movement on foreign exchange contracts	(1,624)	(910)	(830)
- En primeur movement in income statement	261	123	59
- Share based payment charges	3,483	3,567	7,460
Operating cashflows before movements in working capital	**3,793**	**11,012**	**23,013**
Decrease in inventories	(15,436)	(275)	(13,276)
Increase in customer funds in deferred income	3,487	1,913	3,946
(Increase)/decrease in trade and other receivables	(4,741)	(1,043)	3,383
Increase/(decrease) in trade and other payables	17,326	(7,305)	895
Movement in en-primeur balances	(262)	(123)	689
Cash generated by operations	**4,167**	**4,179**	**18,650**

Cash and cash equivalents			
Cash and cash equivalents	11,495	19,053	6,875
Bank overdraft	(3,169)	-	(3,071)
Total cash and cash equivalents	**8,326**	**19,053**	**3,804**

Additional unaudited information

1. Segmental reporting

A more detailed analysis of the underlying year on year segmental results is shown below. These numbers exclude adjustments for en primeur and use a constant rate of foreign exchange. The Naked Wines results have been restated to reflect a full six months in each period (in the prior period the reported numbers include the period from 10 April to 28 September 2015).

	Proforma, constant currency (FY17 fx rate)		
	Retail		
	Period ended 26 Sept 2016 £'000	**Period ended 28 Sept 2015 £'000**	**% variance**
UK revenue	113,557	107,715	5.4%
France revenue	4,323	4,567	-5.3%
Total revenue	117,880	112,282	5.0%
Gross profit	27,481	27,734	-0.9%
Gross margin	*23.3%*	*24.7%*	*-1.4pp*
Distribution costs	(13,645)	(12,546)	8.8%
Administrative costs	(10,377)	(7,876)	31.7%
Adjusted EBIT	**3,459**	**7,312**	**-52.7%**

	Commercial		
	Period ended 26 Sept 2016 £'000	**Period ended 28 Sept 2015 £'000**	**% variance**
Total sales	23,430	23,146	1.2%
Gross profit	3,793	4,298	-11.7%
Gross margin	*16.2%*	*18.6%*	*-2.4pp*
Distribution costs	(1,598)	(1,474)	8.4%
Administrative costs	(572)	(557)	2.7%
Adjusted EBIT	**1,623**	**2,267**	**-28.4%**

	Lay & Wheeler		
	Period ended 26 Sept 2016 £'000	**Period ended 28 Sept 2015 £'000**	**% variance**
Sales on management basis	6,992	5,472	27.8%
En primeur	(1,642)	(970)	69.3%
Total sales	5,350	4,502	18.8%
Gross profit	1,713	1,508	13.6%
Gross margin	24.5%	27.6%	*-3.1pp*
Distribution costs	(509)	(435)	16.9%
Administrative costs	(928)	(920)	0.9%
Adjusted EBIT	**276**	**153**	**80.6%**

1. Segmental reporting (continued)

	Proforma, constant currency (FY17 fx rate)		
	Naked Wines		
	Period ended 26 Sept 2016 £'000	Period ended 28 Sept 2015 £'000	% variance
Total sales	58,980	46,544	26.7%
Gross profit	20,221	16,478	22.7%
Gross margin	34.3%	35.4%	*-1.1pp*
Distribution costs	(9,328)	(7,363)	26.7%
Administrative costs	(13,667)	(8,476)	61.2%
Adjusted EBIT	**(2,775)**	**639**	**-534.1%**

	PLC		
	Period ended 26 Sept 2016 £'000	Period ended 28 Sept 2015 £'000	% variance
Administrative costs	(1,883)	(1,045)	80.2%
Adjusted EBIT	**(1,883)**	**(1,045)**	**80.2%**

	Group		
	Period ended 26 Sept 2016 £'000	Period ended 28 Sept 2015 £'000	% variance
Total sales	207,282	187,444	10.6%
Gross profit	53,208	50,018	6.4%
Gross margin	25.7%	26.7%	*-1.0pp*
Distribution costs	(25,080)	(21,818)	15.0%
Administrative costs	(27,427)	(18,874)	45.3%
Adjusted EBIT	**700**	**9,326**	**-92.5%**

	Group	
	Revenue £'000	Gross profit £'000
Underlying	207,282	53,208
En primeur adjustment	(1,642)	(261)
Reported	**205,640**	**52,947**

2. Cash flow analysis

	Period ended 26 Sept 2016	Period ended 28 Sept 2015	Year ended 28 March 2016
	£'000	£'000	£'000
Adjusted EBIT	**700**	**9,196**	**16,561**
Foreign exchange	258	(141)	229
Add back depreciation & amortisation	3,268	3,214	8,015
Adjusted EBITDA	**4,226**	**12,269**	**24,805**
Working capital movement			
- inventory	(15,436)	(275)	(13,276)
- trade and other receivables	(4,741)	(1,043)	3,383
- angel funds	3,487	1,913	3,946
- trade and other payables	17,166	(7,184)	481
- other	(262)	(123)	689
Working capital movement	**214**	**(6,712)**	**(4,777)**
Capex	(1,608)	(2,580)	(6,238)
Free cash flow	**2,832**	**2,977**	**13,790**
Cash adjusted items	(273)	(1,378)	(1,378)
	2,559	**1,599**	**12,412**
Reconciliation to statutory cash flow			
Cash generated by operations	4,167	4,179	18,650
Capex	(1,608)	(2,580)	(6,238)
	2,559	**1,599**	**12,412**