

14 November 2011



## INTERIM RESULTS

*'Profit increase of 20%, like for like sales up 2.7%'*

Majestic Wine PLC ("Majestic"), the UK's largest wine specialist, today announces its interim results for the 26 weeks ended 26 September 2011.

### Highlights

- Profit before tax increased by **20.0%** to **£8.8m** (2010: £7.3m).
- Interim dividend increased **15.2%** to **3.8p** per share.
- Total sales up **8.7%** to **£127.8m** (2010: £117.6m).
- Like for like sales in UK retail stores up **2.7%** (excluding VAT).
- Increase in active customers, up **7.7%** to **534,000**.
- Online sales increased **8.7%** on last year and now represent **9.0%** of UK retail sales.
- Eight new stores opened in period and three since end of September bring total number of stores to **174**.
- Lay & Wheeler, our fine wine specialist, recorded profit before interest and tax of **£292k** (2010: £77k).
- Majestic in France recorded profit before interest and tax of **£658k** (2010: £574k).
- In the six weeks from 27 September to 7 November 2011, like for like sales in our UK stores down **1.1%** with total UK store sales up **3.8%**.

Commenting on the results Steve Lewis, Chief Executive, said:

*"I am very pleased that Majestic has achieved profit growth of 20.0% in the half year and we are very well prepared for the important Christmas trading period."*

For further information, please contact:

Majestic Wine PLC

Steve Lewis, CEO

Nigel Alldritt, FD

Tel: 01923 298200

Buchanan Communications

Tim Thompson/Christian Goodbody

Tel: 020 7466 5000

Investec

Patrick Robb

Tel: 020 7597 5970

High resolution images are available for the media to download free of charge from [www.fovea.tv](http://www.fovea.tv) Tel :0207 089 2627

## **Chairman's Statement**

I am pleased to announce that, for the six month period ended 26 September 2011, the Group has achieved a very strong result with profit before tax increasing 20% to £8.8m and revenues up 8.7% to £127.8m.

## **Majestic Wine**

Sales were £117.0m up 9.8% from £106.5m in the previous first half with like for like sales growing 2.7%. The average spend per transaction at our stores has risen to £125 from £122 and the average bottle price of still wine purchased at Majestic is now £7.13 up from £6.67 last year. We are encouraged that our proposition built on the strength of our product range and excellent customer service continues to attract new customers to Majestic. The number of customers registered on our database who have made purchases in the last twelve months was up by 7.7% to 534,000.

### **Fine Wine**

Sales of still wine priced at £20 per bottle and above increased by 20.0% and now represent 5.5% of UK retail sales. We now have fine wine display areas installed in 122 of our stores compared with 96 at the end of the previous first half year.

### **ECommerce**

Sales placed online continue to show good growth, up 8.7% on last year representing 9.0% of total UK retail sales. Increasingly customers expect to be able to interact with us at a very personal level on our web-site. To facilitate this we have redesigned our system for product reviews making it much easier for customers to rate products, hold discussions about particular wines and make recommendations to their friends. We also continue to increase the amount of video content on our site and have launched a series advertising our in-store wine courses and events. These videos contain functionality allowing customers to book onto events at their local store.

### **New Stores**

During the period we opened eight new stores in Evesham, Weston-Super-Mare, Fleet, Livingston, Hale, Dundee, Worthing and Bury St Edmunds. Since the end of the period we have opened in Clitheroe, Ripon and Braintree. We will open in Chesterfield and in West Kirby on the Wirral later in the year bringing the total number of stores trading in the UK to 176. We are pleased to have been able to accelerate the pace of new store openings and believe that Majestic has the potential to expand to at least 330 locations in the UK.

### **Awards**

We were proud to have once again been recognised as the "High Street Chain of the Year" at the International Wine Challenge Awards 2011 and delighted that for the third year in succession readers of Decanter magazine voted us "Best National Wine Merchant".

## **Lay & Wheeler**

Lay & Wheeler is our fine wine specialist with particular expertise in the fields of en primeur sales, cellarage and broking of customer reserves. Profit before interest and tax for the period was £292k, against £77k recorded in the first half of last year. The main activity during the period was selling en primeur wines from the excellent Bordeaux 2010 vintage. This campaign was a very successful one in its own right however volumes were at a lower level than the very highly sought after Bordeaux 2009 vintage sold in the previous first half. The revenue and profit earned from selling the wines from these vintages has been deferred until delivery to customers during the 2013 and 2014 financial years.

### **Majestic in France**

We operate three stores in northern France, two in Calais and one in Cherbourg, catering to UK consumers wishing to take advantage of the much lower rate of alcohol duty in France. Sales on a constant currency basis grew 4.6% on last year. Profit before interest and tax for the period was £658k up from £574k in the previous first half.

### **Dividend**

We are declaring an increase of 15.2% in our interim dividend to 3.8p per share. The dividend will be paid on 6 January 2012 to shareholders on the register at the close of business on 9 December 2011.

### **Future Prospects**

In the first six weeks of the second half from 27 September to 7 November 2011 like for like sales through our UK stores were down 1.1%. This trading period has been adversely affected by two weeks of disappointing sales in mid-October. Total sales through our UK stores over the same period were up 3.8%.

We are pleased with the results achieved in the first six months and, though the economic environment continues to be challenging, we are very well prepared for the key trading period ahead and encouraged by the initial customer response to our Christmas promotions.

**Phil Wrigley**

Chairman

14 November 2011

## Group Income Statement

For the 26 weeks ended 26 September 2011

		26 weeks ended 26.09.11 £000	26 weeks ended 27.09.10 £000	52 weeks ended 28.03.11 £000
	Note			
<b>Revenue</b>	3	<b>127,772</b>	117,597	257,301
Cost of sales		<b>(100,518)</b>	(93,257)	(202,103)
<b>Gross profit</b>		<b>27,254</b>	24,340	55,198
Distribution costs		<b>(11,239)</b>	(10,225)	(20,856)
Administrative costs		<b>(7,484)</b>	(6,977)	(14,474)
Other operating income		<b>423</b>	391	798
<b>Profit before finance costs and taxation</b>		<b>8,954</b>	7,529	20,666
Finance revenue		<b>10</b>	10	24
Finance costs		<b>(151)</b>	(192)	(419)
<b>Profit before taxation</b>	3	<b>8,813</b>	7,347	20,271
UK income tax	4	<b>(2,321)</b>	(2,046)	(5,682)
Overseas income tax	4	<b>(220)</b>	(202)	(359)
<b>Profit for the period</b>		<b>6,272</b>	5,099	14,230
<b>Earnings per share</b>				
Basic	5	<b>10.0p</b>	8.3p	23.0p
Diluted	5	<b>9.8p</b>	8.2p	22.6p
<b>Dividend per share</b>	6	<b>3.8p</b>	3.3p	13.0p

## Group Statement of Comprehensive Income

For the 26 weeks ended 26 September 2011

		26 weeks ended 26.09.11 £000	26 weeks ended 27.09.10 £000	52 weeks ended 28.03.11 £000
<b>Profit for the period</b>		<b>6,272</b>	5,099	14,230
<b>Other comprehensive income:</b>				
Currency translation differences on foreign currency net investments		<b>(49)</b>	(229)	(96)
<b>Other comprehensive income for the period, net of tax</b>		<b>(49)</b>	(229)	(96)
<b>Total comprehensive income for the period</b>		<b>6,223</b>	4,870	14,134

## Group Statement of Changes in Equity

For the 26 weeks ended 26 September 2011

	Share Capital £000	Share Premium Account £000	Capital Reserve Own Shares Held in ESOT £000	Capital Redemption Reserve £000	Currency Translation Reserve £000	Retained Earnings £000	Total Share- holders' Funds £000
At 29 March 2010	4,611	10,547	(7)	363	2,479	35,655	53,648
Profit for the period	-	-	-	-	-	5,099	5,099
Other comprehensive income:							
Foreign exchange differences	-	-	-	-	(229)	-	(229)
Total comprehensive income for the period	-	-	-	-	(229)	5,099	4,870
Share issue	14	341	-	-	-	-	355
ESOT share issue	12	455	(229)	-	-	(238)	-
Transfer to shareholders' funds – employee costs expected to be satisfied in shares	-	-	-	-	-	197	197
Tax credit on employee share options	-	-	-	-	-	375	375
Equity dividends paid	-	-	-	-	-	(4,619)	(4,619)
At 27 September 2010	4,637	11,343	(236)	363	2,250	36,469	54,826
Profit for the period	-	-	-	-	-	9,131	9,131
Other comprehensive income:							
Foreign exchange differences	-	-	-	-	133	-	133
Total comprehensive income for the period	-	-	-	-	133	9,131	9,264
Share issue	49	1,499	-	-	-	-	1,548
Transfer to shareholders' funds – employee costs expected to be satisfied in shares	-	-	-	-	-	717	717
Tax credit on employee share options	-	-	-	-	-	552	552
Equity dividends paid	-	-	-	-	-	(2,047)	(2,047)
At 28 March 2011	4,686	12,842	(236)	363	2,383	44,822	64,860
Profit for the period	-	-	-	-	-	6,272	6,272
Other comprehensive income:							
Foreign exchange differences	-	-	-	-	(49)	-	(49)
Total comprehensive income for the period	-	-	-	-	(49)	6,272	6,223
Share issue	60	1,708	-	-	-	-	1,768
ESOT share issue	11	660	(339)	-	-	(332)	-
Shares vesting under deferred bonus scheme	-	-	3	-	-	(3)	-
Transfer to shareholders' funds – employee costs expected to be satisfied in shares	-	-	-	-	-	392	392
Tax credit on employee share options	-	-	-	-	-	247	247
Equity dividends paid	-	-	-	-	-	(6,047)	(6,047)
<b>At 26 September 2011</b>	<b>4,757</b>	<b>15,210</b>	<b>(572)</b>	<b>363</b>	<b>2,334</b>	<b>45,351</b>	<b>67,443</b>

# Group Balance Sheet

As at 26 September 2011

	As at 26.09.11 £000	As at 27.09.10 £000	As at 29.03.11 £000
<b>Non current assets</b>			
Goodwill and intangible assets	8,610	8,790	8,708
Property, plant and equipment	58,988	51,644	54,270
En primeur purchases	4,756	7,509	7,784
Prepaid operating lease costs	1,975	1,785	1,958
Deferred tax assets	1,729	1,423	1,850
	<b>76,058</b>	71,151	74,570
<b>Current assets</b>			
Inventories	49,893	43,626	46,562
Trade and other receivables	6,383	9,230	7,115
En primeur purchases	9,262	3,814	3,620
Financial instruments at fair value	29	106	512
Cash and cash equivalents	5,098	5,041	5,817
	<b>70,665</b>	61,817	63,626
<b>Total assets</b>	<b>146,723</b>	132,968	138,196
<b>Current liabilities</b>			
Trade and other payables	(50,940)	(53,058)	(47,346)
En primeur deferred income	(11,325)	(4,522)	(4,461)
Term loan	-	(673)	(676)
Bank overdraft	(5,972)	(693)	(190)
Provisions	(484)	(382)	(434)
Deferred lease inducements	(143)	(114)	(149)
Financial instruments at fair value	(315)	(93)	(1)
Current tax liabilities	(2,076)	(2,185)	(3,341)
	<b>(71,255)</b>	(61,720)	(56,598)
<b>Non current liabilities</b>			
Term loan	-	(5,239)	(4,900)
En primeur deferred income	(5,640)	(9,024)	(9,384)
Provisions	(165)	(80)	(220)
Deferred lease inducements	(1,023)	(764)	(1,008)
Deferred tax liabilities	(1,197)	(1,315)	(1,226)
<b>Total liabilities</b>	<b>(79,280)</b>	(78,142)	(73,336)
<b>Net assets</b>	<b>67,443</b>	54,826	64,860
<b>Shareholders' equity</b>			
Called up share capital	4,757	4,637	4,686
Share premium account	15,210	11,343	12,842
Capital reserve – own shares	(572)	(236)	(236)
Capital redemption reserve	363	363	363
Currency translation reserve	2,334	2,250	2,383
Retained earnings	45,351	36,469	44,822
<b>Equity shareholders' funds</b>	<b>67,443</b>	54,826	64,860

# Group Cash Flow Statement

For the 26 weeks ended 26 September 2011

		26 weeks ended 26.09.11 £000	26 weeks ended 27.09.10 £000	52 weeks ended 28.03.11 £000
	Note			
<b>Cash flows from operating activities</b>				
Cash generated by operations	8	13,877	12,913	22,548
UK income tax paid		(3,035)	(2,676)	(5,213)
Overseas income tax paid		(428)	(38)	(101)
<b>Net cash generated by operating activities</b>		<b>10,414</b>	<b>10,199</b>	<b>17,234</b>
<b>Cash flows from investing activities</b>				
Interest received		10	10	24
UK income tax paid		(4)	(2)	(3)
Purchase of non current assets		(6,882)	(3,285)	(8,157)
Receipts from sales of non current assets		39	19	33
<b>Net cash utilised by investing activities</b>		<b>(6,837)</b>	<b>(3,258)</b>	<b>(8,103)</b>
<b>Cash inflow before financing</b>		<b>3,577</b>	<b>6,941</b>	<b>9,131</b>
<b>Cash flows from financing activities</b>				
Interest paid		(177)	(234)	(342)
Issue of Ordinary Share capital		1,768	355	1,903
Term loan repayment		(5,600)	(350)	(700)
Equity dividends paid		(6,047)	(4,619)	(6,666)
<b>Net cash used by financing activities</b>		<b>(10,056)</b>	<b>(4,848)</b>	<b>(5,805)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(6,479)</b>	<b>2,093</b>	<b>3,326</b>
Cash and cash equivalents at beginning of period		5,627	2,321	2,321
Effect of foreign exchange differences		(22)	(66)	(20)
<b>Cash and cash equivalents at end of period</b>		<b>(874)</b>	<b>4,348</b>	<b>5,627</b>
<b>Reconciliation of cash and cash equivalents</b>				
Cash and cash equivalents per Group balance sheet		5,098	5,041	5,817
Bank overdraft per Group balance sheet		(5,972)	(693)	(190)
<b>Cash and cash equivalents at end of period</b>		<b>(874)</b>	<b>4,348</b>	<b>5,627</b>

# Notes to the Group Interim Financial Statements

## 1. General Information

Majestic Wine PLC is a public limited company (“Company”) incorporated in the United Kingdom under the Companies Act 2006 (registration number 2281640). The Company is domiciled in the United Kingdom and its registered address is Majestic House, Otterspool Way, Watford, WD25 8WW. The Company’s Ordinary Shares are traded on the Alternative Investment Market (“AIM”). Copies of the Interim Report are being sent to shareholders. Further copies of the Interim Report and Annual Report and Accounts may be obtained from the address above.

The Group’s principal activity is the retailing of wines, beers and spirits.

## 2. Basis of preparation

The interim financial statements of the Group for the 26 weeks ended 26 September 2011, which are unaudited, have been prepared in accordance with the accounting policies set out in the annual report and accounts for the 52 weeks ended 28 March 2011.

The financial information contained in the interim report does not constitute statutory accounts as defined in Section 434 of the Companies Act 2006. The financial information for the full preceding year is based on the statutory accounts for the 52 weeks ended 28 March 2011. The report of the auditors, Ernst & Young LLP, on those financial statements was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under Section 498(2) or (3) of the Companies Act 2006. These accounts have been delivered to the Registrar of Companies.

As permitted, this interim report has been prepared in accordance with UK listing rules and not in accordance with IAS 34 “Interim Financial Reporting” - therefore it is not fully in compliance with IFRS.

The interim financial statements are presented in sterling and all values are rounded to the nearest thousand pounds (£000) except when otherwise indicated.



### 3. Segment reporting

The Group's operations are organised into three distinct business units each operating in a separate segment of the overall wine market. Majestic Wine Warehouses is a UK based wine retailer, Lay & Wheeler is a specialist in the fine wine market and Majestic in France operated retail units in northern France servicing the UK cross-channel market.

No operating segments have been aggregated to form the above reportable segments. Management monitors the operating results of the businesses separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated on both sales growth and profit before interest.

In the information provided to the chief operating decision maker, the underlying performance of the Lay & Wheeler operating segment is evaluated and measured based on revenue and profit being recognised on orders, cash receipts and payments from en primeur campaigns. Management reviews the business on this alternative basis 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 which may be up to two years later. As a result a reconciling item is presented between the total operating segments revenue and results and the IFRS statutory measure.

Financing including associated revenues and costs and taxation are managed at a Group level and are not allocated to operating segments. Inter-segment transactions are conducted on an arm's length basis in a manner similar to transactions with third parties.

	26 weeks ended 26.09.11 £000	26 weeks ended 27.09.10 £000	52 weeks ended 28.03.11 £000
Third party revenue			
Majestic Wine Warehouses	116,950	106,471	234,217
Lay & Wheeler	9,216	14,790	22,422
Majestic in France	4,726	4,306	8,931
<b>Total operating segment revenue</b>	<b>130,892</b>	<b>125,567</b>	<b>265,570</b>
En primeur sales deferred to future periods (see note 7)	(3,120)	(7,970)	(8,269)
<b>Total reported revenue</b>	<b>127,772</b>	<b>117,597</b>	<b>257,301</b>
Segment result			
Majestic Wine Warehouses	8,004	6,878	18,923
Lay & Wheeler	798	1,424	2,266
Majestic in France	658	574	1,042
<b>Total operating segment results</b>	<b>9,460</b>	<b>8,876</b>	<b>22,231</b>
En primeur profit deferred to future periods (see note 7)	(506)	(1,347)	(1,565)
<b>Total reported operating result</b>	<b>8,954</b>	<b>7,529</b>	<b>20,666</b>
Finance revenue less finance costs	(141)	(182)	(395)
<b>Profit before tax</b>	<b>8,813</b>	<b>7,347</b>	<b>20,271</b>
Inter-segment sales eliminated from revenue:			
Lay & Wheeler	2	1,054	1,067
Segment assets			
Majestic Wine Warehouses	110,620	100,659	108,198
Lay & Wheeler	30,093	26,575	24,133
Majestic in France	6,665	7,311	6,290
Unallocated	1,729	1,423	1,850
Eliminated	(2,384)	(3,000)	(2,275)
<b>Total group assets</b>	<b>146,723</b>	<b>132,968</b>	<b>138,196</b>

#### 4. Taxation

Taxation for the 26 weeks to 26 September 2011 has been calculated by applying the estimated tax rate for the current financial year ending 28 March 2011 adjusted for the reduction in the rate of corporation tax to 26% from 28%, except that deferred tax assets relating to share based payments have been recalculated to reflect an increase in the share price.

#### 5. Earnings per share

Basic earnings per share is calculated on profit for the period attributable to equity shareholders of £6,272,000 (2010: £5,099,000) apportioned over the weighted average number of Ordinary Shares that were in issue for the period: 62,753,091 (2010: 61,600,035). The calculation of diluted earnings per share is in accordance with IAS 33 – Earnings Per Share. The weighted average number of Ordinary Shares in issue has been adjusted to take account of the effect of all dilutive potential Ordinary Shares. The number of shares used in the calculation was 63,979,104 (2010: 62,487,027).

#### 6. Dividend

A dividend of 9.7p net per share was paid to shareholders on 12 August 2011. An interim dividend of 3.8p per share will be paid on 6 January 2012 to shareholders on the register at the close of business on 9 December 2011.

#### 7. En Primeur

En primeur refers to the process of purchasing wines early before they are bottled and released onto the market. This method of purchasing gives the consumer the opportunity to secure wines that may be in limited quantity and very difficult to acquire after release. Receipts and payments for these wines may be up to two years before the wines are delivered to customers. Payments to suppliers are treated as trade receivables and receipts from customers treated as deferred income until the wines are delivered.

In order to provide users of the financial statements with more detailed and comparable information, management have reported en primeur balances in separate lines on the face of the balance sheet.

##### a) Analysis of en primeur balances

	26.09.11	27.09.10	28.03.11
	£000	£000	£000
En primeur purchases included in non current assets	4,756	7,509	7,784
En primeur purchases included in current assets	9,262	3,814	3,620
Total en primeur purchases – reclassified from trade receivables	14,018	11,323	11,404
En primeur deferred income included in current liabilities	(11,325)	(4,522)	(4,461)
En primeur deferred income included in non current liabilities	(5,640)	(9,024)	(9,384)
Total en primeur deferred income – reclassified from trade payables	(16,965)	(13,546)	(13,845)
Net en primeur balance	(2,947)	(2,223)	(2,441)

##### b) Movement in en primeur balances

	26.09.11	27.09.10	28.03.11
	£000	£000	£000
Net en primeur balance at beginning of period	(2,441)	(876)	(876)
Movement in en primeur balance	(506)	(1,347)	(1,565)
Net en primeur balance at end of period	(2,947)	(2,223)	(2,441)

## 8. Note to the cash flow statement

### Reconciliation of profit to cash generated by operations

	26 weeks ended 26.09.11 £000	26 weeks ended 27.09.10 £000	52 weeks ended 28.03.11 £000
<b>Cash flows from operating activities:</b>			
Profit	6,272	5,099	14,230
<b>Adjustments to reconcile profit for the year to cash generated by operations:</b>			
Income tax expense	2,541	2,248	6,041
Net finance expense	141	182	395
Amortisation, impairment and depreciation	2,186	2,068	4,271
(Profit)/loss on disposal of non current assets	(7)	(9)	16
Increase in inventories	(3,331)	(5,115)	(8,051)
Decrease/(increase) in trade and other receivables	732	(2,336)	(221)
Increase in trade and other payables	3,644	8,913	3,096
Movement in en primeur balances	506	1,347	1,565
Increase in deferred lease inducements	9	25	304
Change in value of derivative instruments	797	215	(283)
(Decrease)/increase in provisions	(5)	79	271
Share based payments	392	197	914
Cash generated by operations	13,877	12,913	22,548

## 9. Net debt

### a) Analysis of net debt

	26.09.11 £000	27.09.10 £000	28.03.11 £000
Total cash and cash equivalents	(874)	4,348	5,627
Term loan included in current liabilities	-	(673)	(676)
Term loan included in non current liabilities	-	(5,239)	(4,900)
Total net debt	(874)	(1,564)	51

### b) Reconciliation of net cash flow to movement in net debt

	26.09.11 £000	27.09.10 £000	28.03.11 £000
Net (decrease)/increase in cash and cash equivalents	(6,479)	2,093	3,326
Term loan repayment	5,600	350	700
Amortisation of arrangement fees	(24)	(15)	(29)
Effect of foreign exchange differences	(22)	(66)	(20)
Movement in net debt	(925)	2,362	3,977
Net debt at beginning of period	51	(3,926)	(3,926)
Total net debt	(874)	(1,564)	51