

18 November 2013



INTERIM RESULTS

'Profit up 4.2%, dividend increased 5.0%'

Majestic Wine PLC ("Majestic"), the UK's largest wine specialist, today announces its interim results for the 26 weeks ended 30 September 2013.

Highlights

Financial

- Group profit before tax increased by **4.2%** to **£9.5m** (2012: £9.2m).
- Diluted earnings per share up **5.8%** to **11.0p** (2012: 10.4p)
- Interim dividend increased **5.0%** to **4.2p** per share (2012: 4.0p).
- Total sales up **3.3%** to **£130.2m** (2012: £126.0m).
- Like for like sales in UK retail stores down **0.4%** as impacted by timing of Easter and last year's Jubilee celebrations.
- Like for like sales in UK retail stores are up **3.0%** for the following seventeen weeks from 4 June 2013 to the end of the half.
- Majestic Wine Calais: profit before interest and tax at **£660k** (2012: £817k).
- Lay & Wheeler: profit before interest and tax at **£575k** (2012: £506k).

Key Metrics

- Increase in active customers, up **6.2%** to **631,000**.
- Online sales increased **8.3%** on last year and now represent **10.3%** of UK retail sales.
- Three new stores opened in period and three since the end of September bring total number of stores to **198**.
- Commercial (B2B) sales up **8.6%**, now **21.7%** of total UK sales

New Developments

- New website successfully launched with improved click and collect functionality.
- Opening **200th** store in Petersfield in November.
- Sales of Prosecco up **39%**.

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

"These results show we continue to make steady progress towards our strategic growth objectives and we are very well prepared for the peak Christmas trading period."

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Chairman's Statement

The Group has made steady progress in the first half of the financial year. Profit before tax for the six month period ended 30 September 2013 was £9.5m, an increase of 4.2% on the first half of the previous financial year. Total Group revenues increased 3.3% to £130.2m.

Our ongoing investment in new stores, consumer facing technologies and development of our people has continued to attract considerable numbers of new customers. Majestic has a clear strategy to deliver growth from the expansion of the store estate, increasing revenue from business customers, growing ecommerce transactions and developing sales of fine wine. Accordingly the Board is pleased to declare an increase of 5.0% in the interim dividend to 4.2p per share. The dividend will be paid on 3 January 2014 to shareholders on the register at the close of business on 6 December 2013.

Phil Wrigley

Chairman

18 November 2013

Business Review

Majestic Wine

Sales through the store network were £112.0m up 3.0% on last year. Like for like sales declined 0.4% as they were adversely impacted by the timing of Easter and the boost given the previous first half by the Jubilee celebrations. In the seventeen week period post these difficult comparatives, from 4 June 2013 to the end of the first half, like for like sales growth was a more representative 3.0%. The number of customers on our database who have purchased in the last twelve months has shown good growth, up 6.2% to 631,000. The average spend per transaction at our stores has risen £1 to £127 and the average bottle price of still wine purchased at Majestic is £7.71 up from £7.46 last year.

Commercial

Total sales to business customers grew by 8.6% to £25.6m and now represent 21.7% of total UK sales. We have a regional sales team whose role is to secure restaurant, gastro pub and hotel business with all subsequent logistics handled by the nearest Majestic store. Additionally in London we have a dedicated office and depot near King's Cross that sells to larger business customers in the City and West End.

Ecommerce

In July we successfully launched the third generation of our website on a new platform. This provides us with the infrastructure to handle expected future growth through the online channel. The site delivers a much enhanced customer experience including an improved click and collect proposition. Improved functionality now enables us to display local stock availability which gives customers a greater range to choose from and improves our operational efficiency. We have seen good growth in online sales, up 8.3% on the same period last year and they now represent 10.3% of total UK retail sales.

New Stores

During the half year we opened in Havant, Lytham St Annes and Durham. In addition we also re-sited our store in north Leeds. Since the end of the period we have opened in Grantham, Maidenhead and Lichfield bringing the total number of stores trading to 198. We are delighted that before the end of November we will open in Lewes followed by our 200th store in Petersfield. We are pleased with the progress made in our opening program and remain confident of being able to expand the UK store portfolio to 330 locations.

Fine Wine

During the period we consolidated our range of fine wine to reduce the number of lines stocked and concentrate on names that are recognisable to consumers. The new range has been supported by a strong price promotion. The result has been very encouraging with sales of still wine priced at £20 per bottle and above growing 15.6% to £7.4m

Majestic Wine Calais

This business operates from two locations in Calais selling to UK consumers wishing to take advantage of the much lower rate of alcohol duty in France. Profit before interest and tax for the period was £660k down from £817k recorded in the first half of the previous year. We guarantee that customers will save a minimum of £2 per bottle on prices that we retail in the UK. The business is well suited to those customers who are organising events and we encourage them to order either online or over the telephone for collection in France and together these account for 42% of sales.

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 up 13.6% to £575k. The main activity during the Summer was selling the Bordeaux 2012 vintage which was similar in quality and scale to the 2011 campaign.

People

Majestic is most clearly differentiated from the competition by the excellent customer service delivered by our highly trained and motivated teams. This has been recognised with our winning both 'High Street Chain of the Year' at the International Wine Challenge and 'Best National Wine Merchant' at Decanter World Wine Awards.

Steve Lewis

Chief Executive

18 November 2013

Group Income Statement

For the 26 weeks ended 30 September 2013

		26 weeks ended 30.09.13 £000	26 weeks ended 01.10.12 £000	52 weeks ended 01.04.13 £000
Revenue	3	130,181	125,965	274,424
Cost of sales		(100,609)	(96,977)	(211,973)
Gross profit		29,572	28,988	62,451
Distribution costs		(12,885)	(11,998)	(24,344)
Administrative costs		(7,473)	(8,165)	(15,082)
Other operating income		378	397	786
Profit before finance costs and taxation		9,592	9,222	23,811
Finance revenue		7	7	13
Finance costs		(55)	(69)	(144)
Profit before taxation	3	9,544	9,160	23,680
UK income tax	4	(2,070)	(2,176)	(5,832)
Overseas income tax	4	(221)	(273)	(519)
Profit for the period		7,253	6,711	17,329
Earnings per share				
Basic	5	11.1p	10.5p	26.9p
Diluted	5	11.0p	10.4p	26.6p
Dividend per share	6	4.2p	4.0p	15.8p

Group Statement of Comprehensive Income

For the 26 weeks ended 30 September 2013

		26 weeks ended 30.09.13 £000	26 weeks ended 01.10.12 £000	52 weeks ended 01.04.13 £000
Profit for the period		7,253	6,711	17,329
Other comprehensive income:				
Currency translation differences on foreign currency net investments		(59)	(176)	65
Other comprehensive income for the period, net of tax		(59)	(176)	65
Total comprehensive income for the period		7,194	6,535	17,394

Group Statement of Changes in Equity

For the 26 weeks ended 30 September 2013

	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 2 April 2012	4,764	15,403	(572)	363	2,143	54,364	76,465
Profit for the period	-	-	-	-	-	6,711	6,711
Other comprehensive income:							
Foreign exchange differences	-	-	-	-	(176)	-	(176)
Total comprehensive income for the period	-	-	-	-	(176)	6,711	6,535
Share issue	89	2,198	-	-	-	-	2,287
ESOT share issue	8	413	(233)	-	-	(188)	-
Shares vesting under deferred bonus scheme	-	-	288	-	-	(288)	-
Transfer to shareholders' funds – employee costs							
expected to be satisfied in shares	-	-	-	-	-	474	474
Tax credit on employee share options	-	-	-	-	-	280	280
Equity dividends paid	-	-	-	-	-	(7,574)	(7,574)
At 1 October 2012	4,861	18,014	(517)	363	1,967	53,779	78,467
Profit for the period	-	-	-	-	-	10,618	10,618
Other comprehensive income:							
Foreign exchange differences	-	-	-	-	241	-	241
Total comprehensive income for the period	-	-	-	-	241	10,618	10,859
Share issue	25	729	-	-	-	-	754
Transfer to shareholders' funds – employee costs							
expected to be satisfied in shares	-	-	-	-	-	239	239
Tax credit on employee share options	-	-	-	-	-	94	94
Equity dividends paid	-	-	-	-	-	(2,601)	(2,601)
At 1 April 2013	4,886	18,743	(517)	363	2,208	62,129	87,812
Profit for the period	-	-	-	-	-	7,253	7,253
Other comprehensive income:							
Foreign exchange differences	-	-	-	-	(59)	-	(59)
Total comprehensive income for the period	-	-	-	-	(59)	7,253	7,194
Share issue	15	217	-	-	-	-	232
Shares vesting under deferred bonus scheme	-	-	283	-	-	(283)	-
Transfer to shareholders' funds – employee costs							
expected to be satisfied in shares	-	-	-	-	-	317	317
Tax credit on employee share options	-	-	-	-	-	327	327
Equity dividends paid	-	-	-	-	-	(7,689)	(7,689)
At 30 September 2013	4,901	18,960	(234)	363	2,149	62,054	88,193

Group Balance Sheet

As at 30 September 2013

	As at 30.09.13 £000	As at 01.10.12 £000	As at 01.04.13 £000
Non current assets			
Goodwill and intangible assets	9,433	8,266	9,101
Property, plant and equipment	67,457	63,503	67,642
En primeur purchases	1,376	1,399	1,529
Prepaid operating lease costs	2,145	2,134	1,998
Deferred tax assets	1,426	1,285	1,249
	81,837	76,587	81,519
Current assets			
Inventories	55,817	50,056	51,306
Trade and other receivables	9,978	8,887	8,515
En primeur purchases	3,145	6,557	2,894
Financial instruments at fair value	3	7	38
Cash and cash equivalents	2,121	4,349	4,947
	71,064	69,856	67,700
Total assets	152,901	146,443	149,219
Current liabilities			
Trade and other payables	(46,329)	(46,184)	(48,469)
En primeur deferred income	(3,867)	(7,978)	(3,686)
Bank overdraft	(6,125)	(7,260)	(2,059)
Provisions	(564)	(433)	(322)
Deferred lease inducements	(386)	(194)	(216)
Financial instruments at fair value	(475)	(105)	(161)
Current tax liabilities	(1,847)	(1,767)	(2,092)
	(59,593)	(63,921)	(57,005)
Non current liabilities			
En primeur deferred income	(1,566)	(1,617)	(1,757)
Provisions	(109)	(109)	(323)
Deferred lease inducements	(2,517)	(1,292)	(1,373)
Deferred tax liabilities	(923)	(1,037)	(949)
Total liabilities	(64,708)	(67,976)	(61,407)
Net assets	88,193	78,467	87,812
Shareholders' equity			
Called up share capital	4,901	4,861	4,886
Share premium account	18,960	18,014	18,743
Capital reserve – own shares	(234)	(517)	(517)
Capital redemption reserve	363	363	363
Currency translation reserve	2,149	1,967	2,208
Retained earnings	62,054	53,779	62,129
Equity shareholders' funds	88,193	78,467	87,812

Group Cash Flow Statement

For the 26 weeks ended 30 September 2013

	Note	26 weeks ended 30.09.13 £000	26 weeks ended 01.10.12 £000	52 weeks ended 01.04.13 £000
Cash flows from operating activities				
Cash generated by operations	8	6,096	9,549	27,868
UK income tax paid		(2,142)	(2,647)	(5,843)
Overseas income tax paid		(270)	(231)	(570)
Net cash generated by operating activities		3,684	6,671	21,455
Cash flows from investing activities				
Interest received		7	7	13
Purchase of non current assets		(3,397)	(5,279)	(12,496)
Receipts from sales of non current assets		427	18	45
Net cash utilised by investing activities		(2,963)	(5,254)	(12,438)
Cash inflow before financing		721	1,417	9,017
Cash flows from financing activities				
Interest paid		(127)	(103)	(144)
Issue of Ordinary Share capital		232	2,287	3,041
Equity dividends paid		(7,689)	(7,574)	(10,175)
Net cash used by financing activities		(7,584)	(5,390)	(7,278)
Net decrease in cash and cash equivalents		(6,863)	(3,973)	1,739
Cash and cash equivalents at beginning of period		2,888	1,131	1,131
Effect of foreign exchange differences		(29)	(69)	18
Cash and cash equivalents at end of period		(4,004)	(2,911)	2,888
Reconciliation of cash and cash equivalents				
Cash and cash equivalents per Group balance sheet		2,121	4,349	4,947
Bank overdraft per Group balance sheet		(6,125)	(7,260)	(2,059)
Cash and cash equivalents at end of period		(4,004)	(2,911)	2,888

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 30 September 2013, 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 1 April 2013.

The Board is currently of the opinion that the Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group is able to operate within its current uncommitted borrowing facilities. The Board is satisfied that the Group has adequate financial resources to continue to operate for the foreseeable future and is financially sound. For this reason, the going concern basis is considered appropriate for the preparation of financial statements.

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 1 April 2013. 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 Wine Calais operates 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 finance costs and finance revenue) and income taxes are managed at a Group basis 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 30.09.13 £000	26 weeks ended 01.10.12 £000	52 weeks ended 01.04.13 £000
Third party revenue			
Majestic Wine Warehouses	118,129	115,185	248,541
Lay & Wheeler	7,849	5,098	11,568
Majestic Wine Calais	4,193	4,098	8,579
Total operating segment revenue	130,171	124,381	268,688
Movement in en primeur sales deferred to future periods (see note 7)	10	1,584	5,736
Total reported revenue	130,181	125,965	274,424
Segment result			
Majestic Wine Warehouses	8,357	7,899	20,560
Lay & Wheeler	467	127	694
Majestic Wine Calais	660	817	1,559
Total operating segment results	9,484	8,843	22,813
Movement in en primeur profit deferred to future periods (see note 7)	108	379	998
Total reported operating result	9,592	9,222	23,811
Finance revenue less finance costs	(48)	(62)	(131)
Profit before tax	9,544	9,160	23,680
Inter-segment sales eliminated from revenue: Lay & Wheeler	203	253	405
Segment assets			
Majestic Wine Warehouses	130,844	118,882	125,229
Lay & Wheeler	15,984	21,923	18,652
Majestic Wine Calais	7,068	6,687	6,489
Unallocated	1,426	1,285	1,249
Eliminated	(2,421)	(2,334)	(2,400)
Total group assets	152,901	146,443	149,219

4. Taxation

Taxation for the 26 weeks to 30 September 2013 has been calculated by applying the estimated tax rate for the financial year ending 1 April 2013 adjusted for the reduction in the rate of corporation tax to 23% from 24%, except that deferred tax assets relating to share based payments have been recalculated to reflect the change in the number of options outstanding and movement in the share price.

5. Earnings per share

Basic earnings per share is calculated on profit for the period attributable to equity shareholders of £7,253,000 (2012: £6,711,000) apportioned over the weighted average number of Ordinary Shares that were in issue for the period: 65,136,848 (2012: 63,986,446). 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 65,769,559 (2012: 64,841,838).

6. Dividend

A dividend of 11.8p net per share was paid to shareholders on 16 August 2013. An interim dividend of 4.2p per share will be paid on 3 January 2014 to shareholders on the register at the close of business on 6 December 2013.

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.

a) Analysis of en primeur balances

	30.09.13	01.10.12	01.04.13
	£000	£000	£000
En primeur purchases included in non current assets	1,376	1,399	1,529
En primeur purchases included in current assets	3,145	6,557	2,894
Total en primeur purchases	4,521	7,956	4,423
En primeur deferred income included in current liabilities	(3,867)	(7,978)	(3,686)
En primeur deferred income included in non current liabilities	(1,566)	(1,617)	(1,757)
Total en primeur deferred income	(5,433)	(9,595)	(5,443)
Net en primeur balance	(912)	(1,639)	(1,020)

b) Movement in en primeur balances

	26 weeks ended 30.09.13	26 weeks ended 01.10.12	52 weeks ended 01.04.13
	£000	£000	£000
Net en primeur balance at beginning of period	(1,020)	(2,018)	(2,018)
Movement in en primeur balance	108	379	998
Net en primeur balance at end of period	(912)	(1,639)	(1,020)

8. Note to the cash flow statement

Reconciliation of profit to cash generated by operations

	26 weeks ended 30.09.13 £000	26 weeks ended 01.10.12 £000	52 weeks ended 01.04.13 £000
Cash flows from operating activities:			
Profit	7,253	6,711	17,329
Adjustments to reconcile profit for the year to cash generated by operations:			
Income tax expense	2,291	2,449	6,351
Net finance expense	48	62	131
Amortisation, impairment and depreciation	2,596	2,394	4,909
Loss on disposal of non current assets	50	25	16
(Increase)/decrease in inventories	(4,511)	1,400	150
Increase in trade and other receivables	(1,463)	(2,032)	(1,660)
(Decrease)/increase in trade and other payables	(2,068)	(1,129)	1,122
Movement in en primeur balances	(108)	(379)	(998)
Increase in deferred lease inducements	1,314	254	357
Change in value of derivative instruments	349	(343)	(318)
Increase/(decrease) in provisions	28	(337)	(234)
Share based payments	317	474	713
Cash generated by operations	6,096	9,549	27,868

9. Reconciliation of net cash flow to movement in net debt

	30.09.13 £000	01.10.12 £000	01.04.13 £000
Net decrease in cash and cash equivalents	(6,863)	(3,973)	1,739
Effect of foreign exchange differences	(29)	(69)	18
Movement in net debt	(6,892)	(4,042)	1,757
Net funds at beginning of period	2,888	1,131	1,131
Total net (debt)/funds	(4,004)	(2,911)	2,888