# H1 2017 Results

Wednesday, 9th August 2017

## Business Overview

Mirek Stachowicz

*Chief Executive Officer, Stock Spirits Group*

### Introduction

Good morning, everyone. I'm very pleased to be here this morning and have deliberately chosen this picture at the front of my section, as I believe that a small toast is appropriate for the performance I'm about to share with you.

Going through the agenda, the agenda today is: I will give the business overview, then it will be followed by Lesley Jackson with the financial results, then I'll make some concluding remarks, after which I'll open the floor to questions.

### 2017 Half Year End Results Summary

*Delivering on our plans in a strong first half*

Turning to slide number five, it has been 12 months since I stood in front of you for the first time and set out the priorities and actions that I would implement as the newly appointed CEO of Stock Spirits. Today, I'm very pleased to give you an update on progress, where I hope you will agree that we are delivering in line with our promises.

My priority was the turnaround of the Polish business and I will comment in more detail on that later. However, last year, our most pressing issue was to adjust the prices of our products in Poland to make them more competitive. We have done it and this has helped the Group to increase overall sales volumes by 7.3% to 5.7 million nine-litre cases. Our Group revenue is up 1.7% on a constant currency basis to €119.8 million despite our significant pricing realignment in Poland. EBITDA is also up 14.2% to €22 million and earnings per share is up 50% to six euro cents.

I will provide more colour on the market performance in detail later, but Poland has shown top line profit growth and increase in market share since December 2016. Czech has also delivered a very robust set of results in terms of market share and financial performance. Overall, a very pleasing performance and it shows that we are delivering on the plan that we put in place.

I also said that we needed to make cost savings in order to finance our pricing realignment and announced a number of actions we were going to take, which included the closure of the Swiss office. We committed to €1.5 million of savings on a full-year basis from this closure. Year-to-date, we have already delivered over €2.5 million savings from initiatives implemented this year. In March, I explained that we were continuing to look for cost savings and ways to make the business more efficient. In May, we announced further restructuring of our Group Operations and Legal teams and this will deliver a further €1.5 million savings from the start of next year.

I stated that we would be targeting growing an attractive profit pool and, to this end, we have signed further distribution agreements in the last six months that include distributing the Beam portfolio in Slovakia and the ultra-premium vodka Beluga in Croatia and Bosnia.

Turning to slide number six, continuing on this slide, our cash generation is very strong and Lesley will show you more detail on this later. This cash generation has led to an increase in the interim dividend of 4.8% to 2.38 euro cents. We have also gained an extension of our current finance facilities and we recently announced a minority stake investment in an Irish whiskey business with Quintessential Brands, again targeting the growing attractive profit pools. This is our second bolt-on acquisition in the last nine months and I will provide some colour on this later.

Overall, I hope you will agree that the results are a clear indication that I am a man of my word in delivering against the results.

Finally, as you will, hopefully, have seen, we put out a separate announcement earlier this morning to say that Lesley Jackson has informed the board of her intention to retire. Whilst she will stay on as Director until November and then provide ongoing support to the company until August 2018, I want to take this opportunity to publicly express my sincere thanks for the enormous contribution that Lesley has made to the business since she joined six years ago. I have, personally, greatly enjoyed working with her and her experience, professionalism and commitment to the cause has been truly enjoyable. Enjoy your retirement, Lesley. I also look forward to introducing to you Paul Bal, who will be joining us in November.

**Poland Overview**

*Delivering on our plans in a strong first half*

Moving to slide number seven, I said that the turnaround of the Polish business was my highest priority. We set out a plan and I believe we are now delivering on it. The financial results, I think, show a proof of this delivery. Revenue is up 2.8% to €64 million in Poland and EBITDA has increased by 8.2% to €16.9 million. Our market share of volume and value have increase since last year-end and we are very pleased with the result and I would like to take the opportunity to thank the Polish team, led by Marek Sypek, for delivering these results in the very competitive market environment.

Last year, we set out implementing the actions that came out of the root and branch review and I would like to report that these are largely implemented and we are now embedding the changes and seeking further optimisation. What is very important, I firmly believe that our pricing realignment is directly affecting our competitors' behaviour and I will show you this in a very few slides later.

Given the different segments making up the Polish spirts market and the different challenges we face in each, we have implemented different strategies in each of these and I will go through what we have been achieving in the mainstream vodka segment, in the important traditional trade channel, premium vodka and whisky and also the flavoured vodka segment.

*Update on overall spirits market in Poland*

Now moving to an update, on slide eight, of the total spirits market in Poland. Vodka remains in overall growth. However, this is a tale of two parts, with flavoured vodka, which is significantly growing, and clear vodka, which is in marginal decline. The driver of the decline in clear vodka is predominantly the economy segment, which is contracting.

Whilst vodka is by far the largest category in Poland, whisky continues to grow at an accelerated pace. The two categories now make up just under 95% of the total consumption of spirits in the marketplace.

*Update on vodka category in Poland*

Turning to slide number nine, on this next slide I am now showing you the vodka market in more detail. This slide highlights the different challenges each segment is presenting and hence our need for different approaches to each. Today, I will take the opportunity to cover the activities and results of the main areas of focus. This doesn't mean, however, that the other areas have been devoid of attention.

Clear vodka remains the largest segment in the category, accounting for roughly three-quarters of the total value year-to-date. The decline in economy is being driven by consumers trading up to more affordable but perceivably better quality brands in the mainstream segment. The underlying strength of the Polish economy has led to an increase in consumer disposable income, leading to premiumisation of the spirits market.

Flavoured vodka presents a very different picture, which remains an area of opportunity but, to date, has witnessed less premiumisation. The target consumer of flavoured remains predominantly female, with different need states.

*Mainstream clear vodka pricing trends in the traditional trade*

Now moving to the next slide, slide number 10. This is showing the trend in the mainstream clear vodka segment of the price gap between us and our nearest competitors in the important traditional trade channel. Since March last year, we have been realigning our prices and working with our customers to narrow the price gap on shelves versus our largest competitor, the Roust brand Zubrowka. We appear to be seeing the first signs that, as market leader, Roust is finally beginning to show signs of focusing on profitability as well as volume. On a positive note, if these signs are evidence of a lasting change in behaviour, then we would expect this to limit the need for our incremental investment in pricing in the future. However, I would like to state very clearly that we have seen volatility in the past and our improved financial performance year-to-date is evidence that we are very well positioned to respond accordingly.

Slide number 11. On this next page, to illustrate why we see evidence of change to our competitor's behaviour, this slide shows the average shelf price for the most popular-selling pack of 50 cl mainstream clear vodka. We recognised the price gap that had been created and we have realigned our pricing, but we have been chasing a declining competitor shelf price. What we no longer see is our competitor decreasing prices further, but we see little evidence of price increases.

We have received a number of inbound calls and questions in response to Roust's recent quarter one presentation, as there was mention of irrational market behaviour by Stock. We are unable to respond directly to the questions, as the presentation being referenced was only available to bondholders and was password protected. We are not a bondholder. However, given what you see here, I challenge the fact that we have been the irrational ones in this particular situation.

*Poland vodka category channel share*

Turning to the next slide, slide number 12, I want to update you on the position in the traditional trade channel, which remains robustly the predominant channel for vodka. As our products have become more competitively priced, we are pleased to see some gains in market share in this important channel. We note the decline in share of Marie Brizard in the traditional trade. This may indicate that their change in route to market strategy in the channel, announced last year, may not be working for them.

*Performance of Stock in premium vodka*

Moving to slide number 13, in premium vodka, which is predominantly clear vodka, we have outperformed the category and both of our largest competitors. We have focused on the various price segments and have leveraged the full portfolio of brands we have, which includes two of our own brands – Stock Prestige and Amundsen – and our distribution brand ultra-premium Beluga vodka. This way, we have grown our share in this attractive and growing profit pool.

*Poland flavoured vodka segment*

Now to flavoured vodka on this next slide, 14. This is showing the mainstream segment which, as you will have seen before, is the largest segment, with Roust and our brands representing over 90% of this segment. Within flavoured there is the broader on-shelf price range than mainstream clear vodka, with a wider range of consumer choices. Mainstream flavoured has enjoyed very strong growth, driven by Roust's irrationally heavy investment behind Soplica brand. Our activities have endeavoured to maintain price-differentiated choice for consumers within our broad brand portfolio to maximise our profitability. Our Millionaire brand Zoladkowa Gorzka is the highest priced flavoured mainstream brand in Poland, with the highest brand recognition and strongest brand values in this segment and has enjoyed year-to-date value growth of 7.8%, just slightly behind that of the category. We see significant opportunity in fully leveraging the extensive portfolio of our mainstream and premium brands in the flavoured category and are currently implementing appropriate actions.

*Poland total vodka market share trends*

Moving to slide 15, I have shown here the total vodka market share for volume and value for ourselves and our two primary competitors. Since the year end, we've seen growth for ourselves and Roust at the expense of Marie Brizard. Our increase in market shares in volume and value have been despite our need to increase our investments to realign pricing to be more competitive.

*Performance of Stock in whisky*

Moving on to slide number 16 and whisky, we already participate in the whisky segment in Poland through the broad portfolio provided by our distribution agreement with Beam. It is important to note that the whisky segment is not only the fastest-growing segment of the Polish spirits market but also its total profit pool has already outgrown that of flavoured vodka. We have continued to perform very strongly and are delighted with growth of nearly four times that of the category; the Jim Beam brand, in particular, recording growth of more than 50% in the last six months. This clearly demonstrates our ability to build premium brands in not just the vodka category but also in whisky.

*Whisky category performance by channel*

On the next slide, slide number 17, I have included this chart to show the difference in whisky channel mix compared to vodka, which is far less dependent on the traditional trade channel, with the discounted channel enjoying the highest growth rate. We are delighted that the Jim Beam brand - holding the fifth-largest market share in this fastest-growing brand – is the fastest-growing band in the top five whisky brands. It has a market share of 9.1% versus that of the market leader of 17.7%. The Jim Beam brand channel growth – growth rate, forgive me, all outperform that of the total category and, as such, demonstrates our capabilities in each distribution channel.

**Summary of Poland**

*Delivering on our plans in a strong first half*

So, moving on to my next slide and the last slide on Poland, slide number 18, we have made considerable progress. The actions we set out last year have been completed and we are seeing tangible results both financially and in the relevant market segments. We have improved our competitive position and I can see significant further opportunities for growth in the future.

**Other Markets**

*Czech Republic operational highlights*

Now moving to other markets, on slide number 20, the Czech Republic. I could have used the whole of the time for the presentation on the performance of Czech, but have limited it here to one slide given the time available. I will provide more details at the year-end on this market, but I would like to take the opportunity to thank the Czech team, led by Jan Havlis, for delivering a very strong and robust set of results.

The Czech spirits market has continued to enjoy strong growth in both value and volume. We extended our leadership in this rapidly growing market. Last year, I explained the challenges we had – excuse me. I explained the changes we had made with the Bozkov rum range, with an expectation that these tactics would not only deliver incremental profit but would retain market share growth. They have delivered on both fronts. Our value share of the rum category is now just below 58%, up from 55.7% in 2016.

Last year, we acquired the spirits brands of Bohemia Sekt, which are now being integrated into our operations and are delivering ahead of financial expectations and have assisted in increasing our share of the vodka category. In addition, we have delivered very strong growth in the Johnnie Walker and Captain Morgan brands we distribute for Diageo.

The financials will be covered in more detail later, but I am very pleased with the financial performance in the Czech Republic.

*Italy operational highlights*

Now turning to Italy on the next slide, one of the smaller markets in our portfolio. The market continued to record very modest growth, with volume largely flat and value growth of a little over 1%. Our key category first decline – face decline, in particular, flavoured vodka. This is well documented and driven by changing consumer habits due to the declining purchasing power of our target consumer group. We have, however, increased market share in all of our categories and, in particular, maintained and extended our leadership in limoncello and both clear and flavoured vodka. We have also strengthened our position in brandy and remain the second-largest brand.

Over the past month, we put considerable effort into understanding what is required to address the issues for Keglevich and we are currently finalising the strategic growth plan in this category.

In the brandy segment, we have recently relaunched the iconic Stock 84 brandy range, where we have products on display here today.

Despite our growing market shares, our financial performance has not been satisfactory and has been impacted by the continuing decline in flavoured vodka.

**Other Operational Changes**

*Distribution contracts*

Moving now to slide 22, to further extend our reach into the profit pools offered by premium products in whisky and vodka, we have extended our relationship with Beam and we have now commenced distribution of their portfolio in Slovakia and in Croatia and Bosnia; and in Croatia and Bosnia we have commenced distribution of the Beluga brand. In the UK, we have restructured our route to market and Distell are now distributing a number of our Polish vodka brands.

*Restructuring in the last six months*

As I mentioned earlier, we continue to seek ways to reduce costs and improve efficiencies. Earlier this year, we announced the restructuring of Group Operations and Legal teams and located them closer to our market. In addition, within Group Operations we have reorganised our logistics, procurement and finance teams. These changes will deliver €1.5 million of incremental cost savings from the start of next year.

**Marketing**

*Examples of consumer activation*

Turning now to slide number 23, I would like to illustrate the change in focus of our NPD strategy. At my last presentation, I stated that we will concentrate our NPD investment on our Millionaire brand and on premiumisation. I would like to share with you two examples that illustrate this point.

The first example I have here is the launch of Stock Prestige Carbon, a limited edition extension of the successful Stock Prestige brand with the objective of building trial and awareness. We were particularly pleased with the consumer reach utilising digital media; we were able to target over three million consumers.

*Completed packaging upgrade of iconic Stock 84 brandy range*

To the next slide and another example. As I have already mentioned, it is regarding the Stock 84 brand, where we have recently completed a full packaging upgrade of this iconic brandy to further premium-ise the brand and develop brand equity. Stock 84 is not yet a Millionaire brand, but we chose to make this investment due to the very significant potential of premiumisation. This is a very recent launch, but the initial feedback from the trade has been very positive and we'll, of course, roll out this launch across the Group.

**Bolt-On Investment**

Turning to slide 25, in the next couple of slides I would like to put some more colour on our announcement of our 25% minority stake investment in Irish whiskey brands. First of all, to our investment partner Quintessential Brands, they are an independent Group created by Warren Scott, who I'm pleased to say is with us here today – welcome, Warren – a highly experienced investment banker, and Enzo Visone, who is the ex-CEO of Campari. The Group has delivered – has developed many premium brands, such as Opihr and Bloom Gin and for whiskey they have significant experience in both distilling and marketing. In terms of distribution, they have global reach; in the UK they are the number two spirits supplier to UK retailers and a top spirits supplier to the biggest names in the European and US grocery and convenience channels. So we are delighted to have partnered with Quintessential Brands on this investment.

I would like to note that we have two board members on the board of the business: Michael Kennedy, who is our Italian and International MD who, prior to joining Stock, was the MD of Drambuie; and Paula Cardwell, our Business Development Director, who has spent many years at Grant's and, previously to this, at Allied Domecq. Both Paula and Michael have significant whisky experience. Paula is with us here today, or at least was.

Our markets are in high growth for whisky, in particular in the Eastern European market. Poland, for example, of the developed spirits market, has the highest five-year growth rate in the world, and the growth in Czech and Slovakia too is impressive. Of the categories within whisky, Irish whiskey has also had significant growth worldwide. Consumers are getting more sophisticated and want to differentiate from the norms of scotch, for example.

The brands currently have distribution partners in Poland and Czech, but currently exist in small volumes and they have only just started distribution. We obviously have our contractual obligations with Beam and Diageo, which we of course will adhere to, but I will be personally working with them to ensure they understand that our Irish whiskey brands are complementary to their portfolios.

In any event, if the brands capture the growth in these countries, as well as other key growth markets for whisky regardless of who is distributing them, then we have, as 25% equity holders, will also be – will also benefit from this brand-owning margin. Remember, a distribution margin where we literally import product in and then sell it into the trade is always much less than the brand-owning margin. You must also remember that distribution contracts tend to come and go in the shorter term. Equity brand ownership in brown spirits is a much longer commitment.

We are not alone in the spirits world looking to capitalise on young, developing brands. For instance, recently Bacardi announced just before our investment its minority equity stake investment in Teeling's Irish Whiskey, a brand that in 2016 sold 30,000 cases. In June, Diageo bought Casamigos' super-premium tequila for one billion, which in 2016 sold just 120,000 cases.

So, I now hand over to Lesley to talk further on the financial results.

# Financial Review

Lesley Jackson

*Chief Financial Officer, Stock Spirits Group*

**Consolidated Statutory P&L**

Thank you, Mirek. Good morning, everyone. I will cover the interim results for the Group.

Turning now to slide 27, I have set out the consolidated profit and loss account. As you have heard earlier, we have delivered a very solid set of results for the first half. Net sales revenue has increased even though we absorbed the impact of the investment in pricing in Poland. Our net revenue per case is lower than last year, as half one last year did not fully reflect the full-year impact of pricing adjustments in Poland. The pricing changes have assisted the Group in growing volumes by over 7% and have translated into top line growth of 1.9% excluding the impact of foreign exchange translation. Our cost of goods per case remained largely flat and the impact of pricing in Poland has therefore reduced gross margin and has dropped slightly below 50%.

Timing of promotional activity coupled with a reduced campaign of new product launches has delivered a reduction in selling expenses. Last year, we commenced a very thorough review of the cost base, which has delivered significant savings. I said last year the changes that we had implemented would deliver €1.5 million of savings in the full year. As you can see, this saving and more has been delivered. We have announced further restructuring measures this year to Group Operations and Group Legal, where the activities have now been aligned to the local markets. This will deliver an incremental €1.5 million of savings from next year. In addition, we have undertaken some restructuring in our Commercial teams in Italy and the UK. All costs of restructuring and one-off expenses have been booked to other operating expenses and, so far, this year amount to €2 million versus €1 million last year. I will cover this area in more detail later.

As a consequence of the significant reduction in our cost base, we have more than offset the shortfall in gross profit and have shown a very healthy 31.9% increase in operating profit to €16.5 million. This has translated to an EBITDA of €22 million, a growth of over 23% and an increase in EBITDA margin. On a constant currency basis, our EBITDA has grown by just over 14% and EPS is up 50% to six euro cents a share.

**Volume and Net Sales Revenue Overview**

Moving now to slide 28, the pricing strategy in Poland has stimulated sales and assisted the Group in increasing sales volumes by 7.3% to 5.7 million nine-litre cases. We have grown in both clear vodka and other products. Underlying sales revenue, excluding foreign currency translation, has grown by 3.3%.

**Poland Financial Performance H1 2017**

Moving now to slide 29, our performance in Poland. Mirek has already taken you through our activities and the commercial results of Poland in some detail, so I won't cover this again. The financial results of our actions show real progress, with underlying sales revenue growing by 2.8% to €64 million. EBITDA has also grown by just over 8% to €16.9 million, with an improved underlying margin of 26.4%.

It is clear that our actions are delivering tangible financial performance and not, as some observers may think, could be damaging profitability.

Our margin in the second half is normally slightly higher than in the first half of the year and, therefore, we reconfirm our guidance of full-year margin in Poland to be between 26 and 27%.

**Czech Financial Performance H1 2017**

Turning now to our Czech performance, on slide 30, our overall performance in Czech is really very strong. Mirek has explained the progress that we have made in the market and I have the pleasure in conveying the financial impact. Sales revenue has grown by 7.1% to just under 30 million for the half year. The remarkable growth in the Bozkov brand has really helped to drive the very strong financial growth we have seen. In addition, the brands we acquired from Bohemia Sekt last year are performing much better than we expected and are really benefiting from being part of a broader spirits brand portfolio. Their performance has translated into much faster returns as a consequence. On a constant currency basis, EBITDA has grown by nearly 20% and margin has grown by 340 basis points to 32%.

**Italy Financial Performance H1 2017**

Turning now to slide 31, our Italian business, the issues with flavoured vodka continue to impact financial performance and Mirek has outlined how we are addressing this issue. Net sales revenue is down by 6.8%. Earlier this year, we restructured the Commercial team in Italy, with a restructuring cost of €300,000. We do expect some modest returns to flow in the second half from this activity. Excluding these restructuring costs, EBITDA has reduced by €300,000 to €2.6 million and underlying margin is just over 20%.

**Other Segments' Financial Performance H1 2017**

On slide 32 I have set out our other markets. Our financial performance in our other markets, which covers Slovakia, Bosnia, Croatia, our export activities and our Baltic distillery, is a little busy this time.

Our performance in Slovakia is in line with our expectations.

In Croatia, we have been managing the impact of the financial troubles being experienced by the Agrokor Group, the substantial food and retail group in Croatia. Their issues have been well documented in the press and to give a perspective on the size of the Agrokor Group, it accounts for around 15% of Croatian GDP. Our exposure has been limited versus many of our competitors and we continue to enjoy a good trading relationship with the local companies of Agrokor.

In the UK, we have moved our distribution to Distell and therefore incurred restructuring costs.

And late in the first half, we had a large equipment failure at our Baltic distillery, which led to a temporary cessation of production. There was no impact to our production of finished products at this time.

If you exclude the one-off costs and restructuring charge, EBITDA was a little lower than last year and was €1.4 million, with an underlying margin of 10.6%.

**Free Cash Flow H1 2017**

Now turning to my favourite subject — cash — on slide 33. I am delighted that our cash generation in the first half shows an improvement on last year of €20 million. It goes without saying we continue to enjoy very strong cash generation and of course it remains a high focus area for us.

**Net Debt Bridge 31 December 2016 to 30 June 2017**

On slide 34 I have set out our net debt bridge. I have already told you that our cash generation is very strong and higher than last year, so I won't cover that again. It therefore will not be a surprise that our net debt is €18 million lower than last year and nearly €20 million lower than the end of December. Our leverage at the end of June is 0.72 times.

Our capital spend, at only €1.3 million in the period, is significantly lower than last year, which included a significant investment in new packaging assets in Lublin. This year, we don't have any major production investment planned and therefore expect our full-year capital spend to be lower than last year.

When we made the investment in the new Irish whiskey business, which was after the reporting period, this was financed from existing facilities and, post that investment, our leverage remained below December 2016.

I am also very pleased to inform you that we have extended our existing debt facilities by a further two years, until November 2022. We retain the very competitive margins that we have enjoyed in the last 18 months, a number of clauses have been relaxed, which affords us greater flexibility, and the overall facility remains unchanged. Coupled with our very strong cash generation, this provides the business with a very strong balance sheet for our future growth. It is too early for the board to consider any additional distribution of capital at this point in time.

**Net Finance Costs H1 2017**

On slide 35 I have set out our finance costs. 2016 reflects a foreign exchange gain on intercompany loans which were fully discharged last year and is, therefore, non-recurring. The flexibility we have around our debt facilities together with our robust internal processes for cash management mean that we have again reduced our interest payable, to €0.7 million in the first half, a saving of €200,000 on last year.

**Taxes H1 2017**

On slide 36 I have set out our tax charge. As in previous reporting periods, we retain the deferred tax charge, which is a non-cash item. Our underlying tax charge has reduced to just over 25% and is in line with the detailed guidance we gave in notes that supported the year-end presentation.

**Corporate Costs H1 2017**

Turning now to corporate costs, on slide 37, on a constant currency basis we have reduced corporate costs by €2.5 million in the first half. Last year, we implemented both restructuring and cost-saving initiatives. The savings delivered exceed the commitment we made last year and are primarily recorded in the 'local market support costs' line on this page. The savings in the second half will be less material, as some of the benefits were crystallised in the second half of last year. We have announced further restructuring measures this year to

Group Operations and Group Legal. This will deliver an incremental €1.5 million of savings from next year. All cost-saving opportunities with attractive returns have now been fully implemented.

As a note regarding Group NPD projects, we haven't stopped our investment in NPD. The charges shown in this chart relate to the activities undertaken at Group rather than in local markets and is fully dependent upon the timing of activities and research.

**Impact of FX Movements in H1 2017 YTD**

Moving now to my last slide, slide 38, I have set out on this slide the impact of FX on our reported results. The strengthening of the Polish zloty has been the main driver of the €1.8 million benefit in net sales revenue, and with EBITDA the weakening of sterling has contributed to the 1.4 million benefit in reported EBITDA.

Given sterling weakened following the UK decision to leave the EU, in June 2016, we don't believe the impact will be so significant in the second half. However, fluctuations in exchange rates are beyond our control. We have reviewed our currency cash flows in the second half of the year and have put in place currency hedges for 10 million euro-based payments in Poland.

In terms of full-year outlook, the board remains comfortable with the consensus given by Bloomberg on a constant currency basis. If the FX benefits we have seen in the first half continue, this would enhance the full-year outlook.

**Retirement**

And just before I hand back to Mirek for some summarising, I just would like to say a few words regarding my decision to retire, which has been announced this morning. It has been my personal decision to step down and, when I leave, I will have completed seven years with the company. I now wish to put some life back into my work-life balance. I have experienced the good and the ugly in the last seven years and wanted to retire when the business was performing well, so the timing is now right. I would like to thank David, Mirek, the board and my work colleagues for their continuing support. As I move to life as a regular shareholder, I look forward to a future of strong dividends and share price growth. I wish the business every success in the future and I know it is in safe hands.

Thank you. I'll now hand back to Mirek.

# Concluding Remarks

Mirek Stachowicz

*Chief Executive Officer, Stock Spirits Group*

**Summary**

*Delivering on our plans in a strong first half*

Thank you, Lesley – another demanding shareholder.

Turning now to slide number 41, I will now summarise the overall Group performance. Last year, I made a number of promises and these are being delivered. We have delivered increases in volumes, revenues, EBITDA and EPS. We have delivered increases in market shares in key territories and categories. We have delivered an improved financial performance in Poland. We have cut costs and reorganised the business and are committed to driving greater efficiencies in all that we do. The financial results are very strong. Our cash generation, it is also very strong, but I realise this is business as usual for us, and we have increased the interim dividend. The job, however, isn't over. There are many more opportunities for us to implement, internally and externally, and this is what we will get on and do.

Thank you for your time today.

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