

1 August 2019

**PORTMEIRION GROUP PLC**  
**('Portmeirion' or 'the Group')**

**Interim results for the six months ended 30 June 2019**

Portmeirion Group is pleased to announce its performance for the six months ended 30 June 2019.

**Headlines**

- First half results are in line with our expectations set out in the 14 May 2019 trading update and we anticipate achieving full year expectations.
- Revenue of £34.9 million (2018: £36.9 million), down 5.4%. Headline profit before tax<sup>1</sup> £0.5 million (2018: £2.1 million).
- Revenue growth of 9.2% in the UK, our largest market, and our US market performed in line with our plan in the first half with positive signs for full year.
- Export market sales down as reported in May trading update. Considerable progress made since May to resolve short term issues in export markets including new product development for Korea resulting in a stronger order book for the key second half trading period.
- Interim dividend maintained at 8.00p per share (2018: 8.00p per share).
- Completed \$12 million acquisition of Nambé LLC, a US premium homewares business in July 2019 that provides exciting opportunities for sales growth and synergies across our key markets and gives added scale to our existing US sales operation. Expected to be earnings enhancing in first full year of ownership.

<sup>1</sup>Headline profit before tax excludes exceptional items - acquisition costs (see note 3).

**Dick Steele, Non-executive Chairman, commented:**

"Due to the seasonality of our business, the first half is always a small part of the overall Group performance and is not a reliable indicator of the full year. We were disappointed with our May trading update due to short term challenges in our export markets in the first four months of the year. However, we are encouraged by progress made in these markets since May and pleased that other critical parts of the business are performing well and in line with our expectations. Early signs for the remainder of the year are positive and we expect to meet full year market expectations. We are also delighted with the Nambé acquisition in July which will enhance our successful US business and deliver further diversification in both geographical markets and products. We have a great track record of consistent top and bottom line growth and we believe our long term strategy is the correct one to continue this trend in the future."

This announcement contains inside information for the purposes of Article 7 of Regulation (EU) 596/2014 (MAR).

**Enquiries:**

**Portmeirion Group PLC:**

Dick Steele, Non-executive Chairman	+44 (0) 1782 744721	<a href="mailto:steele_clan@msn.com">steele_clan@msn.com</a>
Mike Raybould, Group Finance Director	+44 (0) 1782 744721	<a href="mailto:mraybould@portmeiriongroup.com">mraybould@portmeiriongroup.com</a>

**Hudson Sandler:**

Dan de Belder	+44 (0) 207 796 4133	<a href="mailto:ddebelder@hudsonsandler.com">ddebelder@hudsonsandler.com</a>
Nick Moore		<a href="mailto:nmoore@hudsonsandler.com">nmoore@hudsonsandler.com</a>
Oenone Potter		<a href="mailto:opotter@hudsonsandler.com">opotter@hudsonsandler.com</a>

**Panmure Gordon:**

(Nominated Adviser and Broker)	+44 (0) 207 886 2500	
Freddy Crossley / Joanna Langley		Corporate Finance
James Steams		Corporate Broking

**Cantor Fitzgerald Europe:**

(Joint Broker)	+44 (0) 207 894 7000	
Phil Davies / Rick Thompson		Corporate Finance

## Interim Review

As reported on 14 May 2019, our first half trading was impacted by challenges in our export markets including Korea. The Group has a sizeable fixed cost base and a second half sales weighting, and therefore the decline in sales had a disproportionate impact on first half profit. However we delivered strong growth within the UK, our largest sales market and see positive signs for healthy growth in our US market through the coming key seasonal trading period. We were pleased to announce the acquisition of Nambé on 16 July 2019 which adds further scale to our important US sales market, diversifies our product categories further whilst providing substantial opportunities for sales synergies in the future.

The Group continues to emphasise our seasonality and the weighting of our results towards the second half of the year. In 2018, our first half revenue was 41% of the full year and our profit before tax was 21% of the full year. Our trading in May and June was in line with our expectations and we remain confident of meeting expectations for the full year for both revenue and profit.

We continue to work hard on new product development for our export and Korean markets which we anticipate will produce much needed stability for the second half and protect our brands in the long term in our export markets.

### Financial highlights

Revenue was £34.9 million for the first six months of the year, a decrease of 5.4% over the previous year (2018: £36.9 million). At a constant US dollar exchange rate our revenue decreased by 7.3%.

Headline profit before tax<sup>1</sup> was £0.5 million (2018: £2.1 million; 2018 full year £9.7 million).

Headline basic earnings per share<sup>1</sup> has decreased by 74.0% to 3.96p per share (2018: 15.24p).

<sup>1</sup>Headline profit before tax and headline earnings per share exclude exceptional items - acquisition costs (see note 3).

### Operational overview

Revenue for the first six months of 2019 decreased by 5.4% to £34.9 million (2018: £36.9 million), with the main cause of this reduction being the Portmeirion UK ceramic export business. This is perceived as a short term issue as first half sales were disrupted as we sought to protect our brands over the long term in key markets such as Korea. New product development has been accelerated and we are encouraged by early feedback from customers.

#### *Geographical performance*

The Group's largest market is the UK which accounted for 35% of total Group revenue in 2018. For the first six months of 2019 revenue from the UK grew by 9.2% to £13.5 million (2018: £12.4 million). The UK retail sector remains challenging due to the uncertainties over Brexit. However, our well-diversified routes to market via both typical retail channels and e-commerce continue to enable growth, supported by new product launches with a focus on giftware.

Our second largest market, the United States, had a positive start to 2019, albeit with revenue decline of 3.7% in local currency over prior year. When translated into sterling this growth was 2.1% to £8.5 million (2018: £8.3 million). The first half decline is largely down to timing of shipments. Our order book is ahead of last year and we expect strong second half growth, particularly in our important Spode Christmas Tree range.

Our online strategy remains an area of focus and our own e-commerce sales grew 13% versus the same period in 2018.

We remain confident in our sales and product strategy and anticipate growth in the second half year.

#### *Segmental performance*

Portmeirion UK, the main trading entity of the Group, had a difficult first half performance with a sales decrease of 9.6% from prior year to £20.3 million (2018: £22.4 million). This decline was due to reduced sales in export markets.

Sales from Portmeirion USA increased by 1.5%, but decreased by 4.6% in local currency representing timing of shipments around the end of June.

Sales from our home fragrance division increased by 0.5% to £6.3 million for the first six months of the year (2018: £6.2 million). This division had to anniversary a large account win with initial pipefill orders in the first half of 2018, excluding which, the remaining business continued to grow strongly. We expect good full year growth for this division buoyed by new markets and product development.

### **Profit**

Headline profit before tax<sup>1</sup> has decreased by 74.8% over the comparative period to £0.5 million (2018 first half year: £2.1 million, 2018 full year: £9.7 million).

<sup>1</sup>Headline profit before tax excludes exceptional items - acquisition costs (see note 3).

### **Dividend**

The Board is declaring an interim dividend of 8.00p per share, which is in line with the prior year (2018: 8.00p per share). The interim dividend will be paid on 4 October 2019. The ex-dividend date will be 5 September 2019 with a record date of 6 September 2019.

The Board is committed to a progressive dividend policy and aims to maintain a sustainable and appropriate level of dividend cover. The Group will look to increase our dividend whenever appropriate driven by our results, cash balances, future prospects and key performance indicators.

The cover for dividends paid and proposed for 2018 was 1.93 times. We remain of the view that a dividend cover level of approximately 2.0 times is in the long-term interests of the Group and shareholders.

### **Nambé**

We acquired Nambé LLC on 16 July 2019 for a headline cash consideration of \$12 million. Nambé is a premium, branded US homewares business with reported sales of \$18.0 million and adjusted EBITDA of \$1.1 million in 2018. Nambé's sales are largely concentrated in the US through wholesale channels, online and through eight retail stores across New Mexico and Arizona.

We are delighted with the acquisition and it will add additional scale in our key US market. There are considerable sales and cost synergies to be achieved and this acquisition will be earnings enhancing in the first full year of ownership. Nambé comes with a great team of people who will further strengthen our existing US operation. We are already working hard on achieving these synergies and we look forward to updating the market in due course.

### **Balance sheet**

Our net debt position at 30 June 2019 was £5.8 million, which compares with net debt of £1.3 million at 30 June 2018 and net cash of £2.3 million at 31 December 2018. The Group has continued to increase working capital investment in the first half to drive growth for the full year. The Group continues to generate cash from operating activities and trades comfortably within our committed bank facilities which totalled £16.0 million at 30 June 2019.

As reported, the Group acquired Nambé post the end of the half year. This was funded by an additional £10 million loan with Lloyds Bank PLC, the Group's existing bankers.

Our stock balances are £24.2 million compared to £21.0 million at 30 June 2018 and £19.2 million at 31 December 2018. Due to the seasonal working capital needs of the business an increase from the year end position is to be expected. The increase over prior year is due to a build of UK stock for both Brexit planning and seasonal product, with a higher value of goods in transit as well as expanding our product offering in ceramic and home fragrance.

We carry significant goodwill and intangible asset values on our balance sheet. These balances largely relate to the Wax Lyrical acquisition and the goodwill is reviewed annually. The intangible assets are amortised over a range of ten and twenty years depending on their nature.

### **Products and brands**

Following the Nambé acquisition we now have six major brand names - Portmeirion, Spode, Wax Lyrical, Royal Worcester, Pimpernel and Nambé. Supporting our brands is central to our business strategy and we continue investing in both our historical patterns and key new launches.

We continue to introduce new products, launching both exciting new ranges as well as refreshing and extending existing collections.

Pictures, descriptions, prices and availabilities of our current patterns can be found at [www.portmeirion.co.uk](http://www.portmeirion.co.uk), [www.spode.co.uk](http://www.spode.co.uk), [www.royalworcester.co.uk](http://www.royalworcester.co.uk), [www.pimpernelinternational.co.uk](http://www.pimpernelinternational.co.uk) and [www.wax-lyrical.com](http://www.wax-lyrical.com). Our United States websites are [www.portmeirion.com](http://www.portmeirion.com) and [www.nambe.com](http://www.nambe.com). Online purchasing is available at all these sites.

### **Ongoing strategy**

The Group's long term strategy is focused around five key areas: profitable sales growth, new product introduction, developing our brands, enhancing our operational efficiency and capability and supporting this with complementary acquisitions.

Profitable sales growth underpins all of the Group's objectives and will be achieved by targeted product development within our key markets. The Group suffered a decrease in first half operating margin largely due to the revenue decline. Gross margins in the first half remained strong and in line with previous years.

New product introduction includes both new ranges and extension of our existing patterns. During the first half of the year the Group benefited from revenue growth due to new product development for our South Korean market, as well as continued growth in existing patterns such as Sara Miller London Portmeirion and Royal Worcester Wrendale Designs due to further line extensions.

We continue to invest in our brands through customer-targeted marketing in order to maintain our market position.

Our operational capabilities are constantly reviewed in order to position the Group to meet the requirements of our customers. We continue to invest in and seek opportunities to improve our manufacturing and distribution efficiency.

The Group remains committed to seeking acquisition opportunities where there is a strategic fit and the combination would be earnings enhancing as demonstrated by the addition of the Nambé business to the Group in July 2019.

Our people and teams are central to everything we do. We continue to focus on attracting and retaining talent and developing our people through ongoing training programmes.

### **Corporate governance**

As an AIM-listed company, the Directors recognise the importance of good corporate governance and apply the Quoted Companies Alliance Corporate Governance Code (the 'QCA Code').

To see how the Company addresses the key governance principles defined in the QCA Code please refer to our website at <http://portmeiriongroup.com/investors>.

The Directors anticipate that whilst the Company will continue to apply the QCA Code, it will also endeavour to have regard to the provisions of the UK Corporate Governance Code as best practice guidance to the extent appropriate for a company of our size and nature.

## **Outlook**

Whilst in the short term our first half trading performance was disappointing, our trading remains in line with our full year expectations announced in our May trading update. We believe that the issues we faced in our export markets are confined within the first four months of the year and we therefore expect to achieve our full year expectations. We continue to believe our strategy is correct and are delighted to add the Nambé brand to the Group. We remain confident in our ability to create shareholder value in the short, medium and long term.

We have a powerful combination of brands, heritage, quality standards, people, production facilities, logistics and designs. We believe this is unsurpassed in our worldwide markets and we will continue to leverage all of these assets to drive profitable growth.

Our strategy remains unchanged.

**Dick Steele**  
Non-executive Chairman

**Lawrence Bryan**  
Chief Executive

## **Independent Review Report to Portmeirion Group PLC**

### **Introduction**

We have been engaged by Portmeirion Group PLC to review the interim financial information for the six months ended 30 June 2019, which comprises the consolidated income statement, the consolidated statement of comprehensive income, the consolidated balance sheet, the consolidated statement of changes in equity, the consolidated statement of cash flows and related notes 1 to 9. We have read the other information contained in the interim statement and considered whether it contains any apparent misstatements or material inconsistencies with the interim financial information.

This report is made solely to the Company in accordance with International Standard on Review Engagements (UK) 2410 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.

### **Respective responsibilities of directors and auditors**

The interim statement, including the interim financial information contained therein, is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the interim statement in accordance with the AIM Rules issued by the London Stock Exchange, which require that the interim statement must be prepared and presented in a form consistent with that which will be adopted in the Company's annual accounts having regard to the accounting standards applicable to such annual accounts.

Our responsibility is to express to the Company a conclusion on the consolidated interim financial information in the interim statement based on our review.

### **Scope of review**

We conducted our review in accordance with International Standard on Review Engagements (UK) 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 enquiries, 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 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 consolidated interim financial information in the interim statement does not give a true and fair view of the financial position of the Company as at 30 June 2019 and of its financial performance and its cash flows for the six months then ended, in accordance with the AIM Rules issued by the London Stock Exchange.

Mazars LLP  
Chartered Accountants  
The Pinnacle  
160 Midsummer Boulevard  
Milton Keynes  
MK9 1FF  
31 July 2019

Notes:

(a) The maintenance and integrity of the Portmeirion Group PLC website is the responsibility of the directors; the work carried out by us does not involve consideration of these matters and, accordingly, we accept no responsibility for any changes that may have occurred to the interim statement since it was initially presented on the website.

(b) Legislation in the United Kingdom governing the preparation and dissemination of financial information may differ from legislation in other jurisdictions.

## Consolidated Income Statement

Unaudited

		Six months to 30 June 2019 £'000	Six months to 30 June 2018 £'000	Year to 31 December 2018 £'000
	Notes			
<b>Revenue</b>	<b>2</b>	<b>34,895</b>	36,896	89,594
Operating costs		<b>(34,308)</b>	(34,790)	(79,688)
Headline operating profit <sup>1</sup>		<b>587</b>	2,106	9,906
Exceptional items - acquisition costs	<b>3</b>	<b>(395)</b>	-	-
<b>Operating profit</b>		<b>192</b>	2,106	9,906
Interest income		<b>7</b>	3	14
Finance costs	<b>4</b>	<b>(104)</b>	(123)	(301)
Share of results of associated undertakings		<b>35</b>	98	95
Headline profit before tax <sup>1</sup>		<b>525</b>	2,084	9,714
Exceptional items - acquisition costs		<b>(395)</b>	-	-
<b>Profit before tax</b>		<b>130</b>	2,084	9,714
Tax <sup>2</sup>	<b>5</b>	<b>(104)</b>	(455)	(2,023)
<b>Profit for the period attributable to equity holders</b>		<b>26</b>	1,629	7,691
Earnings per share	<b>7</b>			
Basic		<b>0.25p</b>	15.24p	72.12p
Diluted		<b>0.25p</b>	15.19p	71.90p
Headline earnings per share <sup>1</sup>	<b>7</b>			
Basic		<b>3.96p</b>	15.24p	72.12p
Diluted		<b>3.96p</b>	15.19p	71.90p
Dividends paid and proposed per share	<b>6</b>	<b>8.00p</b>	8.00p	37.50p

All the above figures relate to continuing operations.

<sup>1</sup>Headline operating profit is statutory operating profit of £587,000 before exceptional items of £395,000 (H1 2018: £nil). Headline profit before tax is statutory profit before tax of £525,000 (H1 2018: £2,084,000), after adding back the exceptional items.

<sup>2</sup>Tax on exceptional items in the current period has reduced the charge by £nil (H1 2018: £nil).

## Consolidated Statement of Comprehensive Income

Unaudited

	Six months to 30 June 2019 £'000	Six months to 30 June 2018 £'000	Year to 31 December 2018 £'000
Profit for the period	26	1,629	7,691
<i>Items that will not be reclassified subsequently to profit or loss:</i>			
Remeasurement of net defined benefit pension scheme liability	-	-	495
Deferred tax relating to items that will not be reclassified subsequently to profit or loss	-	-	(84)
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of foreign operations	(195)	111	680
Deferred tax relating to items that may be reclassified subsequently to profit or loss	-	-	(33)
Other comprehensive income for the period	(195)	111	1,058
<b>Total comprehensive income for the period attributable to equity holders</b>	<b>(169)</b>	<b>1,740</b>	<b>8,749</b>

## Consolidated Balance Sheet

Unaudited

	30 June 2019 £'000	30 June 2018 £'000	31 December 2018 £'000
<b>Non-current assets</b>			
Goodwill	7,229	7,229	7,229
Intangible assets	5,502	5,891	5,680
Property, plant and equipment	9,794	9,886	9,666
Right-of-use assets	4,791	-	-
Interests in associates	3,000	2,620	2,567
Deferred tax asset	-	240	-
Pension scheme surplus	600	-	-

<b>Total non-current assets</b>	<b>30,916</b>	25,866	25,142
<b>Current assets</b>			
Inventories	<b>24,218</b>	20,979	19,179
Trade and other receivables	<b>12,900</b>	9,051	15,638
Cash and cash equivalents	<b>2,193</b>	4,694	7,214
<b>Total current assets</b>	<b>39,311</b>	34,724	42,031
<b>Total assets</b>	<b>70,227</b>	60,590	67,173
<b>Current liabilities</b>			
Trade and other payables	<b>(10,697)</b>	(9,796)	(12,025)
Current income tax liabilities	<b>(220)</b>	(337)	(546)
Borrowings	<b>(5,981)</b>	(1,981)	(1,981)
Lease liabilities	<b>(1,397)</b>	-	-
<b>Total current liabilities</b>	<b>(18,295)</b>	(12,114)	(14,552)
<b>Non-current liabilities</b>			
Pension scheme deficit	-	(1,086)	(6)
Deferred tax liability	<b>(991)</b>	(842)	(991)
Borrowings	<b>(1,984)</b>	(3,964)	(2,974)
Lease liabilities	<b>(3,428)</b>	-	-
<b>Total non-current liabilities</b>	<b>(6,403)</b>	(5,892)	(3,971)
	<b>(24,698)</b>	(18,006)	(18,523)
<b>Total liabilities</b>			
<b>Net assets</b>	<b>45,529</b>	42,584	48,650
<b>Equity</b>			
Called up share capital	<b>555</b>	555	555
Share premium account	<b>7,310</b>	7,310	7,310
Investment in own shares	<b>(3,154)</b>	(3,057)	(3,257)
Share-based payment reserve	<b>365</b>	196	282
Translation reserve	<b>2,528</b>	2,187	2,723
Retained earnings	<b>37,925</b>	35,393	41,037
<b>Total equity</b>	<b>45,529</b>	42,584	48,650



## Consolidated Statement of Changes in Equity

Unaudited

	Share capital £'000	Share premium account £'000	Investment in own shares £'000	Share- based payment reserve £'000	Translation reserve £'000	Retained earnings £'000	Total £'000
<b>At 1 January 2018</b>	<b>554</b>	<b>7,193</b>	<b>(1,876)</b>	<b>550</b>	<b>2,076</b>	<b>36,275</b>	<b>44,772</b>
Profit for the period	-	-	-	-	-	1,629	1,629
Other comprehensive income for the period	-	-	-	-	111	-	111
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>111</b>	<b>1,629</b>	<b>1,740</b>
Dividends paid	-	-	-	-	-	(2,914)	(2,914)
Increase in share-based payment reserve	-	-	-	57	-	-	57
Transfer on exercise or lapse of options	-	-	-	(411)	-	411	-
Shares issued under employee share schemes	1	117	1,138	-	-	(6)	1,250
Purchase of own shares	-	-	(2,319)	-	-	(2)	(2,321)
<b>At 30 June 2018</b>	<b>555</b>	<b>7,310</b>	<b>(3,057)</b>	<b>196</b>	<b>2,187</b>	<b>35,393</b>	<b>42,584</b>
Profit for the period	-	-	-	-	-	6,062	6,062
Other comprehensive income for the period	-	-	-	-	536	411	947
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>536</b>	<b>6,473</b>	<b>7,009</b>
Dividends paid	-	-	-	-	-	(852)	(852)
Increase in share-based payment reserve	-	-	-	86	-	-	86
Purchase of own shares	-	-	(200)	-	-	-	(200)
Deferred tax on share-based payment	-	-	-	-	-	23	23
<b>At 31 December 2018</b>	<b>555</b>	<b>7,310</b>	<b>(3,257)</b>	<b>282</b>	<b>2,723</b>	<b>41,037</b>	<b>48,650</b>
Profit for the period	-	-	-	-	-	26	26
Other comprehensive income for the period	-	-	-	-	(195)	-	(195)
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(195)</b>	<b>26</b>	<b>(169)</b>
	-	-	-	-	-	(3,138)	(3,138)

Dividends paid

Increase in share-based payment reserve - - - 83 - - 83

Shares issued under employee share schemes - - 103 - - - 103

**At 30 June 2019** **555** **7,310** **(3,154)** **365** **2,528** **37,925** **45,529**

## Consolidated Statement of Cash Flows

Unaudited

	Six months to 30 June 2019 £'000	Six months to 30 June 2018 £'000	Year to 31 December 2018 £'000
<b>Operating profit</b>	<b>587</b>	2,106	9,906
<i>Adjustments for:</i>			
Depreciation of property, plant and equipment	665	665	1,326
Amortisation of intangible assets	313	289	591
Charge for share-based payments	83	57	143
Exchange (loss)/profit	(23)	(27)	31
Loss/(profit) on sale of tangible fixed assets	-	4	(16)
<b>Operating cash flows before movements in working capital</b>	<b>1,625</b>	3,094	11,981
Increase in inventories	(5,357)	(2,672)	(657)
Decrease/(increase) in receivables	2,822	3,383	(3,005)
(Decrease)/increase in payables	(1,656)	(881)	1,355
<b>Cash (used by)/generated from operations</b>	<b>(2,566)</b>	2,924	9,674
Contributions to defined benefit pension scheme	(600)	(600)	(1,200)
Interest paid	(107)	(94)	(248)
Income taxes paid	(430)	(531)	(1,591)
<b>Net cash (outflow)/inflow from operating activities</b>	<b>(3,703)</b>	1,699	6,635
<b>Investing activities</b>			
Interest received	7	3	14
Dividend received from associate	-	-	115
Proceeds on disposal of property, plant and equipment	-	-	76
Purchase of property, plant and equipment	(793)	(397)	(879)
	(135)	(122)	(213)

Purchase of intangible assets			
	<b>(363)</b>	-	-
Purchase of associated undertaking			
<b>Net cash outflow from investing activities</b>	<b>(1,284)</b>	(516)	(887)
<b>Financing activities</b>			
Equity dividends paid	<b>(3,138)</b>	(2,914)	(3,766)
Shares issued under employee share schemes	<b>103</b>	1,250	1,250
Purchase of own shares	-	(2,321)	(2,521)
New bank loans raised	<b>4,000</b>	-	3,000
Repayments of borrowings	<b>(1,000)</b>	(1,000)	(5,000)
<b>Net cash outflow from financing activities</b>	<b>(35)</b>	(4,985)	(7,037)
Net decrease in cash and cash equivalents	<b>(5,022)</b>	(3,802)	(1,289)
Cash and cash equivalents at beginning of period	<b>7,214</b>	8,487	8,487
Effect of foreign exchange rate changes	<b>1</b>	9	16
<b>Cash and cash equivalents at end of period</b>	<b>2,193</b>	4,694	7,214

## Notes to the Interim Financial Information

### 1. Basis of preparation

The interim financial information has not been audited and does not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006 but has been reviewed by the auditors in accordance with International Standard on Review Engagements (UK) 2410 issued by the Auditing Practices Board. The Group's statutory accounts for the year ended 31 December 2018, prepared in accordance with accounting standards adopted for use in the European Union (International Financial Reporting Standards (IFRS)), have been delivered to the Registrar of Companies; the report of the auditors on these accounts was unqualified and did not contain a statement under Section 498 (2) or (3) of the Companies Act 2006.

The interim financial information has been prepared in accordance with IFRS on the historical cost basis, except that derivative financial instruments are stated at their fair value. The same accounting policies, presentation and methods of computation are followed in the interim financial information as were applied in the Group's last annual audited financial statements.

#### Change of accounting policy

IFRS 16 replaces existing lease guidance and is effective for annual periods on or after 1 January 2019.

IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard -i.e. lessors continue to classify leases as finance or operating leases.

In addition, the nature of expenses related to those leases will now change as IFRS 16 replaces the straight-line operating expense with a depreciation charge for right-of-use assets and interest expense on lease liabilities.

The Group implemented IFRS 16 on 1 January 2019. The asset and corresponding liability on implementation amounted to £5,292,000.

During the period ended 30 June 2019, IFRS 16 resulted in a £40,000 increase to the Group's operating expenditure.

#### Pension scheme

During the interim period, the defined benefit pension scheme deficit became a surplus. This was a result of contributions to the scheme exceeding the 31 December 2018 IAS 19 deficit.

The trustees of the scheme do not have the unilateral power to wind up a plan or use surplus to augment members' benefits, this allows an asset to be recognised in accordance with IAS 19 and IFRIC 14.

## 2. Segmental analysis

The following tables provide an analysis of the Group's revenue by operating segment and geographical market, irrespective of the origin of the products:

	Six months to 30 June 2019 £'000	Six months to 30 June 2018 £'000	Year to 31 December 2018 £'000
<b>Operating segment</b>			
Portmeirion UK - ceramic	20,277	22,433	48,141
Portmeirion USA - ceramic	8,356	8,232	25,988
Home fragrance	6,262	6,231	15,465
	<b>34,895</b>	<b>36,896</b>	<b>89,594</b>

## Notes to the Interim Financial Information

### Continued

## 2. Segmental analysis (continued)

	Six months to 30 June 2019 £'000	Six months to 30 June 2018 £'000	Year to 31 December 2018 £'000
<b>Geographical market</b>			
United Kingdom	13,525	12,387	31,487
United States	8,468	8,294	26,669
South Korea	3,905	2,810	8,229
Rest of the World	8,997	13,405	23,209
	<b>34,895</b>	<b>36,896</b>	<b>89,594</b>

## 3. Exceptional items

	Six months to 30 June 2019 £'000	Six months to 30 June 2018 £'000	Year to 31 December 2018 £'000
Acquisition costs - Nambé LLC	395	-	-

## 4. Finance costs

	Six months to 30 June 2019 £'000	Six months to 30 June 2018 £'000	Year to 31 December 2018 £'000

Interest paid	112	109	260
Realised losses on financial derivatives	-	-	12
Net interest (credit)/expense on pension scheme	(8)	14	29
	<b>104</b>	<b>123</b>	<b>301</b>

#### 5. Taxation

Tax for the interim period is charged at 19.7% (year to 31 December 2018: 20.8%) representing the best estimate of the weighted average annual corporation tax rate expected for the full year. Deferred tax has been calculated at a rate of 17%.

#### 6. Dividend

A dividend of 8.00p (2018: 8.00p) per ordinary share will be paid on 4 October 2019 to shareholders on the register on 6 September 2019.

### Notes to the Interim Financial Information

#### Continued

#### 7. Earnings per share

	Six months to 30 June 2019 £'000	Six months to 30 June 2018 £'000	Year to 31 December 2018 £'000
<b>Earnings</b>			
Earnings for the purpose of basic and diluted earnings per share, being profit for the period attributable to equity holders	26	1,629	7,691

	Six months to 30 June 2019 No.	Six months to 30 June 2018 No.	Year to 31 December 2018 No.
<b>Number of shares</b>			
Weighted average number of shares for the purpose of basic earnings per share	10,632,336	10,687,894	10,664,531
Weighted average dilutive effect of conditional share awards	19,432	38,137	32,746
Weighted average number of shares for the purpose of diluted earnings per share	10,651,768	10,726,031	10,697,277

The calculation of basic and diluted headline earnings per share is based on the following data:

	Six months to 30 June 2019 £'000	Six months to 30 June 2018 £'000	Year to 31 December 2018 £'000
Profit for the period attributable to equity holders	26	1,629	7,691
Add back:			
Exceptional items - acquisition costs	395	-	-
Headline earnings	421	1,629	7,691

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

	Six months to 30 June 2019 £'000	Six months to 30 June 2018 £'000	Year to 31 December 2018 £'000
--	---	---	---

Operating profit	192	2,106	9,906
Add back:			
Depreciation	665	665	1,326
Amortisation	313	289	591
<b>Earnings before interest, tax, depreciation and amortisation</b>	<b>1,170</b>	<b>3,060</b>	<b>11,823</b>

## Notes to the Interim Financial Information

### Continued

#### 9. Post balance sheet events

On 16 July 2019, the Group acquired 100% of the membership interests of Nambé LLC for cash consideration of \$12 million.

Nambé is a premium, branded US homewares business with reported sales of \$18.0 million and adjusted EBITDA of \$1.1 million in 2018. Nambé's sales are largely concentrated in the US through wholesale channels, online and through eight retail stores across New Mexico and Arizona.

The initial accounting for the business combination is incomplete at the time these financial statements are authorised for issue due to the proximity of the transaction to the approval date, therefore details of net assets acquired and goodwill are not available for disclosure.

#### 10. Availability of document

A copy of the interim results will shortly be available on the Company website at [www.portmeiriongroup.com](http://www.portmeiriongroup.com).

This information is provided by RNS, the news service of the London Stock Exchange. RNS is approved by the Financial Conduct Authority to act as a Primary Information Provider in the United Kingdom. Terms and conditions relating to the use and distribution of this information may apply. For further information, please contact [ms@lseg.com](mailto:ms@lseg.com) or visit [www.ms.com](http://www.ms.com).

END

IR CKDDBOBKDFON