

Chairman's statement



David Maloney
Chairman

Looking to the future with a stronger base

As Chairman of Stock Spirits Group PLC, I am pleased to present our Annual Report and Accounts for the 9 month period ended 30 September 2018. This reflects our adoption of 30 September as the Group's new accounting reference date.

Following on from the results of 2017, I am pleased to announce another period of growth, reflecting the continued turnaround of the business, particularly in Poland. The results reflect the early positive impact of the reformulated strategy of focusing on premiumising our range and increasing the use of digital channels in order to engage with consumers, especially the millennial cohort.

While it was very encouraging to see real progress in our two largest markets of Poland and the Czech Republic, Italy, however remained difficult.

With regards to mergers and acquisitions (M&A), we continue to assess a range of acquisition opportunities that would deliver enhanced growth and shareholder value for the future.

Dividend

I am pleased to announce an 'enhanced' final dividend for the 9 month period. We are proposing a final dividend that is in excess of what would have been declared based on the 9 months of profit generated in the period. Effectively, it is a full final dividend as though we were reporting for a full 12 month period. Hence, the final dividend proposed of 6.01 €cents per share (12 month to Dec 2017: 5.72 €cents), represents growth of 5.1% from the prior year final dividend. Shareholders are therefore not only receiving the full 'enhanced' final dividend, but are also receiving this three months earlier than in previous years.

This dividend represents the continued approach, as outlined previously, of a progressive dividend policy which can be supported by the ongoing strength of the Group's free cashflow conversion. It also does not preclude pursuit of M&A opportunities and allows us to retain a solid balance sheet which is important in the current economic climate.

Dividends per share for 2018

8.51 €cents
(2017: 8.10 €cents)



Kate Allum joined the Group as an Independent Non-Executive Director, being appointed with effect from 1 November 2018. Her experience will be hugely beneficial as the Group continues to develop.



 **See our Responsible business report section**
on page 38

 **See our Governance section**
on page 56

Board and people

As announced in September 2018, Kate Allum joined the Group as an Independent Non-Executive Director, being appointed with effect from 1 November 2018. Kate brings a wide variety of experience in both human resources and supply chain management, and from within Central and Eastern Europe, which will be hugely beneficial as the Group continues to develop. Kate has been appointed to the Audit and Remuneration Committees and we are delighted to welcome her to the Board.

The success of any company is down to the quality of its leadership and is reliant on the skills and talent of the team working throughout the organisation. On behalf of the Board, I would like to thank all of the employees of Stock Spirits for their continued hard work, commitment and dedication.

Corporate governance

The Company complies with all applicable laws and regulations, and the Board adopts the UK Corporate Governance Code as part of its culture. A statement relating to compliance with the Code is included within the Governance section on page 59. Our Annual Report also sets out the processes which have been put in place to deliver long-term success.

The Board and its various Committees have met regularly throughout the year, and an internal Board evaluation exercise took place during the period which showed continued progress in overseeing and guiding the business. Further information can be found on page 62.

Looking ahead

The possible implications of Brexit on the Group will continue to be closely monitored, but, as previously reported, the likely effect is not considered to be material as we do not produce in or export from the UK.

We now have an enhanced Board, a stable management team that is working to a clear strategy and a portfolio of brands that are growing in strength. Notwithstanding the continued competitive environment in our main market of Poland, we remain confident of being able to achieve further growth in the future.

David Maloney
Chairman

5 December 2018