

29 September 2015

**Revolution Bars Group plc (LSE: RBG)**  
Preliminary results for the year ended 30 June 2015

Revolution Bars Group plc (“the Group”), a leading UK operator of premium bars, trading under the Revolution and Revolución de Cuba brands, today announces its preliminary results for the year to 30 June 2015.

**HIGHLIGHTS**

- Listing on the London Stock Exchange in March 2015
- Revenue of £111.8m (2014: £108.7m), an increase of 2.9%
- Positive like-for-like sales of +3.0%
- Gross margin improved by 60 bps; EBITDA margin improved by 100 bps
- Record profits, as measured by adjusted EBITDA\*, of £14.6m
- Profit before tax of £2.9m (2014: £2.6m), adjusted profit before tax\* of £8.3m (2014: £7.4m), an increase of 12%
- Five new sites planned for the year to 30 June 2016, of which three will open in H1
- EPS of 4.6p ; dividend of 1.7 pence per share
- Debt-free at 30 June 2015

**Income statement summary**

	<b>2015</b>	<b>2014</b>
	<b>£m</b>	<b>£m</b>
<b>Revenue</b>	<b>111.8</b>	108.7
<b>Gross profit</b>	<b>84.6</b>	81.6
<b>Gross margin %</b>	<b>75.7%</b>	75.1%
Operating expenses *	<b>(76.2)</b>	(74.1)
<b>Adjusted operating profit*</b>	<b>8.4</b>	7.5
<b>Adjusted operating profit %*</b>	<b>7.5%</b>	6.9%
<b>Adjusted EBITDA*</b>	<b>14.6</b>	13.2
<b>Adjusted EBITDA %*</b>	<b>13.1%</b>	12.1%

\* Excluding exceptional items.

**Commenting on the results, Keith Edelman, Chairman, said:**

*“The future, in a highly competitive and changing market, is an exciting one and one in which the Board and management are highly alert to the challenges created. Our performance in 2015 has given us a solid platform and our current pipeline of new bars gives us the confidence that we can grow the footprint of the Group. With a clear strategy and our depth of management experience, we remain confident that the business is well positioned for future growth and we expect to make continued progress in 2016.”*

For further information:

**Revolution Bars Group plc**

Mark McQuater, CEO

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Sean Curran, CFO

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**Instinctif Partners**

Justine Warren / Matthew Smallwood

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## **CHAIRMAN'S STATEMENT**

### **Our business**

The strategy of the Group is to provide high quality retail brands in the bar and food sector. We will grow our two brands, Revolution and Revolución de Cuba, both organically and by expansion in terms of the number of operating units. In total we operate from 57 premium bars so there is ample scope for expansion and, with only five Revolución de Cuba units in the United Kingdom, this brand will be the focus for our growth in the short term. In order to achieve this objective we need to continue to deliver and delight our focused target market and meet our customers' desire to be entertained in an inviting and exciting environment.

### **Our results**

The financial results for the year to 30 June 2015 reflect, I believe, the start of our journey as a public company, in that they are a positive set of results with revenue up nearly 3% and EBITDA at £14.6m, meeting or exceeding all of our objectives that we outlined to shareholders earlier this year. Of particular note though is the success of the development pipeline for new bars with five planned openings next year, three of which are timed for pre-Christmas, which is our major trading period.

### **Our board**

Revolution Bars Group plc has a highly talented team of Executives, led by Mark McQuater, our CEO. They have a deep understanding and years of experience in the bar and food industry. On the Board, we also have Sean Curran our CFO. At present there are two Non-executive Directors: Michael Shallow and me. It is our intention to add a third Non-executive Director in 2016. We have begun to work together successfully and are adding value. We are rotating our Board meetings across our units and taking the opportunity at each Board meeting to meet senior management.

### **Our dividend**

The Board intends to adopt a progressive dividend policy which reflects the cash flow generation and the long-term earnings potential of the Group whilst retaining sufficient capital to fund investment to grow the business. The Board expects to pay an interim and final dividend each year. The Company proposes to pay a first final dividend of 1.7 pence per share in respect of that part of the year to 30 June 2015 for which it was listed.

### **Our people**

Revolution Bars Group plc has a skilled workforce as well as experienced senior and regional management teams with proven credentials in the industry. The Group has built strong cohesive teams across our businesses with a focus on training and effective people development and retention to improve our capability and performance. I would like to recognise the commitment and the substantial effort of all our employees and thank them for their contribution to the Group's performance. It is their continued dedication and commitment to the business, together with a clear strategic plan, which is central to our success.

The Board has implemented a new remuneration policy, in line with that of a listed company to ensure that the interests of the Executive Directors and senior managers are aligned to those of our shareholders, with a significant portion of their remuneration being tied to performance targets.

### **Our future**

Our recent trading has seen like-for-like sales in the first ten weeks of the new financial year in line with FY15. The future, in a highly competitive and changing market, is an exciting one and one in which the Board and management are highly alert to the challenges created. Our performance in 2015 has given us a solid platform and our current pipeline of new bars gives us the confidence that we can grow the footprint of the Group. With a clear strategy and our depth of management

experience, we remain confident that the business is well positioned for future growth and we expect to make continued progress in 2016.

**Keith Edelman**

**Chairman**

29 September 2015

## CEO'S STATEMENT

I am delighted that Revolution Bars Group plc is now a public listed company after having had several successful years of private equity ownership. With our listing, I believe we will have an even greater opportunity to implement our strategic plan to grow our proven, successful brands. The Company has a well-established track record in both creating and growing stand-out national brands in the drink and food retail sector and this forms the basis of our strategic plan. I would highlight in particular:

- our clear strategic plan for organic growth;
- strong results for FY15 with positive like-for-like performance across both brands; and
- confirmed development pipeline with attractive sites across the UK.

Our results for FY15 were positive. Like-for-like sales increased by 3.0% overall. Revenue for the year was £111.8 million, a 2.9% increase compared with the prior year. Like-for-like sales in the first ten weeks of the year to 30 June 2016 have been in line with FY15.

The underlying result, as measured by adjusted EBITDA, was £14.6 million, representing a £1.4 million increase year on year as the Group benefited from significant brand repositioning and upgrade to create a more food-friendly environment, as well as introducing more premium products. Enhanced commercial arrangements also supported the performance. This was a record financial performance for the business.

Our strategy continues to focus on:

- providing our customers with an exceptional and premium drinks and food experience;
- continued profit improvement from existing sites; and
- estate expansion through organic growth for both brands.

### Existing site profit improvement

I believe there is more to achieve within the existing estate. We have already benefited from capital investment so that we now have a highly invested estate. We have also seen benefits from changing and strengthening our products, particularly within the cocktails category, and from improved commercial arrangements. But there is always more to do. We strive to improve all areas of our business by constantly finding new ways to keep our bars and products relevant and appealing.

### Premium customers

The Group's national brands, uniquely in the sector, focus on a core of female customers in the 20 to 40 age bracket, who value strongly our highly invested, quality environment, service standards and range of premium products.

### Brand and product

The high value placed on our retail brands by our core customer groups drives significant levels of loyalty and frequency of visit. Our drinks sales have grown as we have launched a new cocktail range and successfully migrated customers into our new premium range of wines, beers, ciders and spirits.

Further developing our catering skills remains another central objective as many customers prefer to blend the food and drink occasion. This was successfully driven with a new burger range in the year, new menus and the introduction of a "specials" section that changes regularly.

### Digital marketing

The Group is one of the leaders in the sector at communicating and marketing to customers. We have a strong and growing presence on social media with 550,000 Facebook friends and around one

million live email and mobile contacts on our database. This substantial digital presence matches the user habits of our core customer group.

#### **Supply contracts**

During the year we successfully renewed our principal drinks supply contract with Matthew Clark. This now secures a key supply and logistics component of our business for a further three years.

#### **Estate expansion**

The listing of our Company has assisted us greatly in the property market and I am delighted that we already have five planned openings for next year. Three of these will be open prior to our key Christmas trading period. We are reviewing many opportunities and assessing all potential new sites against our rigorous and proven investment criteria. We will only proceed on those units that meet our challenging return on capital criteria.

We are planning to open five new outlets in our financial year ending 30 June 2016. We will open Revolución de Cuba venues in Milton Keynes, Leeds and Nottingham before Christmas.

I would like to acknowledge the dedication and hard work demonstrated by our employees along with our management teams. Our people are key to the success of the Group and I would like to thank them all for their support during this historic year and for their continued contribution to our success. These are exciting times for us as we move forward as a public listed company, with the stability and platform that it provides to us in achieving our strategic goals.

**Mark McQuater**  
**Chief Executive Officer**  
29 September 2015

## **FINANCIAL REVIEW**

### **Trading performance**

Revenue for the year was £111.8 million, a 2.9% increase compared with the prior year. Since there were no new openings during FY15, this growth was entirely from existing bars and represented a 3.0% increase on a like-for-like basis. Like-for-like sales were positive in both our drinks and food business and across both brands, Revolution and Revolución de Cuba.

The underlying result, as measured by adjusted EBITDA, was £14.6 million, equivalent to 13.1% of revenues and representing a £1.4 million improvement compared to the prior year, as the Group benefited from capital investment in the bars as well as amended product line-ups and enhanced commercial arrangements. The Group's reported profit before tax rose to £2.9 million (FY14: £2.6 million). The reported result for the year has been significantly impacted by exceptional items of £5.4 million. Excluding exceptional items, profit before tax was £8.3m (2014: £7.4m), representing a 12% increase.

The Board believes that the performance measures, adjusted EBITDA, adjusted operating profit and adjusted profit before tax, stated before deduction of exceptional items, give a clearer indication of the underlying performance of the business.

### **Exceptional items**

Exceptional items, by virtue of their size, incidence or nature, are disclosed separately in order to allow a better understanding of the underlying trading performance of the Group. These totalled £5.4 million in FY15 (FY14: £3.5 million) and comprise costs incurred as a consequence of the IPO (£4.2 million) and a provision for an onerous lease in relation to a leasehold site in Lancaster (£1.2 million).

### **Finance revenue and cost**

Finance costs of £0.1 million in the year (FY14: £0.1 million) reflect the fact that, whilst the Group is debt free at the balance sheet date, there exist certain costs in relation to a committed revolving credit facility for £5.0 million provided by the Group's bankers.

### **Taxation**

The net income tax charge of £0.6 million (FY14: credit of £0.4 million) consists of current income tax expense arising from the standard rate of UK corporation tax, as adjusted for permanent and temporary timing differences and the effect of changes in the tax rate. During FY15, the Group benefited from the receipt of losses under Group relief. As this related to the portion of the financial year before the IPO, this is not expected to recur. Adjusting for this Group relief changes the effective rate of tax to 23%.

### **Operating cash flow and net debt**

The Group continued to be cash generative in the year with operating cash inflow of £9.0 million (FY14: £5.5 million). There was no bank debt at the year end, although the Group does have a committed £5.0 million revolving credit facility. Cash and cash equivalents were £2.7 million at 30 June 2015 (30 June 2014: £3.5 million).

### **Capital expenditure**

The Group invested £5.7 million in developing and maintaining our core estate.

### **Earnings per share**

The basic and diluted earnings per share for the year was 4.6 pence (FY14: 6.0p). The prior year figure has been adjusted to reflect the current capital structure.

**Basis of preparation**

The financial information in respect of FY15 and FY14 represents 52-week trading periods. As each accounting period can refer only to complete accounting weeks, it will be necessary, from time to time, to report on a 53-week accounting period.

As part of its preparation for listing the Group reorganised its business during FY14 and FY13. Since that reorganisation, the Group has operated as a single segment business. As a result, the financial statements refer both to the Ongoing Business and the Exited Business. Where possible, within this review, comparatives have been stated in relation to the Ongoing Business only.

**Dividend**

The Board has recommended a final dividend of 1.7 pence per share. This will be proposed at the Company's AGM on 6 November 2015.

**Sean Curran**

**Chief Financial Officer**

29 September 2015



## Consolidated statement of profit and loss and other comprehensive income

For the year ended 30 June 2015

	Year ended 30 June 2015 £'000	Year ended 30 June 2014 £'000
<b>Consolidated income statement</b>		
Revenue	111,760	112,299
Cost of sales	(27,124)	(28,324)
<b>Gross profit</b>	<b>84,636</b>	<b>83,975</b>
Administrative expenses		
- operating expenses, excluding exceptional items	(76,237)	(77,727)
- exceptional items	(5,405)	(3,503)
<b>Total administrative expenses</b>	<b>(81,642)</b>	<b>(81,230)</b>
<b>Operating profit</b>	<b>2,994</b>	<b>2,745</b>
Finance income	1	13
Finance expense	(94)	(117)
<b>Profit on ordinary activities before taxation</b>	<b>2,901</b>	<b>2,641</b>
Tax on ordinary activities	(580)	371
<b>Profit and total comprehensive income for the period</b>	<b>2,321</b>	<b>3,012</b>
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<b>Earnings per share</b>		
basic and diluted (pence)	4.6	6.0

### Non-GAAP measure: Adjusted profit before tax and EBITDA

Profit before tax	2,901	2,641
- Professional fees for initial public offering	4,193	-
- onerous lease	1,212	-
- Restructuring costs	-	2,086
- Exceptional bar refurbishment costs	-	1,178
- exited business	-	1,215
- other one-off items	-	239
<b>Adjusted profit before tax</b>	<b>8,306</b>	<b>7,359</b>
Depreciation	6,211	5,921
Finance income and expense	93	104
<b>Adjusted EBITDA</b>	<b>14,610</b>	<b>13,384</b>

## Consolidated statement of financial position

As at 30 June 2015

		30 June 2015 £'000	30 June 2014 £'000
	<i>Note</i>		
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	12	<u>46,726</u>	<u>47,217</u>
<b>Current assets</b>			
Inventories	13	2,984	3,306
Trade and other receivables	14	9,237	7,659
Cash and cash equivalents	15	<u>2,652</u>	<u>3,465</u>
		<u>14,873</u>	<u>14,430</u>
<b>Total assets</b>		<u>61,599</u>	<u>61,647</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Financial liabilities		-	-
Trade and other payables	16	(18,440)	(18,271)
Tax payable		<u>(529)</u>	<u>(50)</u>
		<u>(18,969)</u>	<u>(18,321)</u>
<b>Non current liabilities</b>			
Deferred tax liability	18	(3,377)	(3,277)
Financial liabilities		-	-
Other liabilities	17	<u>(2,678)</u>	<u>(1,845)</u>
		<u>(6,055)</u>	<u>(5,122)</u>
<b>Total liabilities</b>		<u>(25,024)</u>	<u>(23,443)</u>
<b>Net assets</b>		<u>36,575</u>	<u>38,204</u>
<b>Equity attributable to equity holders of the parent</b>			
Issued share capital	19	50	-
Merger reserve		11,645	11,645
Reserves		<u>24,880</u>	<u>26,559</u>
<b>Total equity</b>		<u>36,575</u>	<u>38,204</u>

## Consolidated statement of cash flow

For the year ended 30 June 2015

		Year ended 30 June 2015 £'000	Year ended 30 June 2014 £'000
<b>Cash flows from operating activities</b>			
Profit/(loss) before tax from operations		2,901	2,641
Net finance costs		93	104
Depreciation of property, plant and equipment		6,210	6,046
Loss on disposal of property, plant and equipment		-	114
Decrease / (increase) in inventories		322	2
Decrease / (increase) in trade and other receivables		(1,578)	(701)
Increase / (decrease) in trade and other payables		1,051	(1,997)
Tax paid		-	(670)
<b>Net cash flows generated from operating activities</b>		<u>8,999</u>	<u>5,539</u>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	12	(5,719)	(9,347)
Proceeds from disposal of property, plant and equipment	12	-	3,499
<b>Net cash flows used in investing activities</b>		<u>(5,719)</u>	<u>(5,848)</u>
<b>Cash flow from financing activities</b>			
Equity dividend paid		(4,000)	-
Interest received		1	13
Interest paid		(94)	(117)
Repayment of borrowings		-	-
<b>Net cash flows used in financing activities</b>		<u>(4,093)</u>	<u>(104)</u>
Net increase / (decrease) in cash and cash equivalents		(813)	(413)
Opening cash and cash equivalents		<u>3,465</u>	<u>3,878</u>
<b>Closing cash and cash equivalents</b>	15	<u>2,652</u>	<u>3,465</u>

## Consolidated statement of changes in equity

	Issued Share Capital £'000	Reserves		Total shareholder s' equity £'000
		Merger reserve £'000	Retained earnings £'000	
<b>At 30 June 2013</b>	-	<b>11,645</b>	<b>41,118</b>	<b>52,763</b>
Issue of ordinary share (2 shares at £1)	-	-	-	-
Amount arising on Business reorganisation	-	-	(17,571)	(17,151)
Transactions with owners	-	-	(17,151)	(17,151)
Total comprehensive income for the period	-	-	3,012	3,012
<b>At 30 June 2014</b>	-	<b>11,645</b>	<b>26,559</b>	<b>38,204</b>
Total comprehensive income for the period	-	-	2,321	2,321
Issued share capital	50	-	-	50
Dividend	-	-	(4,000)	(4,000)
<b>At 30 June 2015</b>	<b>50</b>	<b>11,645</b>	<b>24,880</b>	<b>36,575</b>

## Basis of preparation

The consolidated financial statements have been prepared in accordance with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. They are presented in pounds sterling, with values rounded to the nearest hundred thousand, except where otherwise indicated.

## Segmental information

The Group's continuing operating businesses are organised and managed as reportable business segments according to the information used by the Group's CODM in making decisions about reporting matters.

Prior to 22 February 2014, the Group had two operating segments. These segments were the Ongoing Business and the Exited Business.

The Ongoing Business consists of bars which open during both the day and evening and serve food and drink under the Revolution and Revolución de Cuba brands. The Exited Business consists of the evening and late night, predominantly weekend, drinks-focused activities of the Rift & Co business. Since the disposal of the Exited Business on 22 February 2014, the Group has operated as a single segment business, being the Ongoing Business.

The Ongoing Business and Exited Business meet the quantitative thresholds required by IFRS 8 as reportable segments.

The Group focuses its internal management reporting predominantly on revenue and operating profit, as the products' potential to generate revenue and operating profit is the chief driver of the Group's business and the allocation of resources. Assets and liabilities cannot be allocated to individual operating segments and are not used by the CODM for making operating and resource allocation decisions.

The Group performs all of its activities in the United Kingdom. All of the Group's non-current assets are located in the United Kingdom.

	Year ended 30 June 2015	Year ended 30 June 2014		
	Ongoing Business £'000	Ongoing Business £'000	Exited Business £'000	Total £'000
Revenue	111,760	108,722	3,577	112,299
Cost of sales	(27,124)	(27,147)	(1,177)	(28,324)
<b>Gross profit</b>	<b>84,636</b>	<b>81,575</b>	<b>2,400</b>	<b>83,975</b>
Administrative expenses				
- operating expenses, before exceptional items	(76,237)	(74,112)	(3,615)	(77,727)
- exceptional items	(5,405)	(3,503)	-	(3,503)
<b>Total administrative expenses</b>	<b>(81,642)</b>	<b>(77,615)</b>	<b>(3,615)</b>	<b>(81,230)</b>
<b>Operating profit/(loss)</b>	<b>2,994</b>	<b>3,960</b>	<b>(1,215)</b>	<b>2,745</b>

## Exceptional items

	Year ended 30 June 2015 £'000	Year ended 30 June 2014 £'000
<b>Administrative expenses - exceptional items</b>		
Property with onerous lease	(1,212)	-
Impairment of fixed assets	-	(125)
Professional fees for initial public offering	(4,193)	-
Restructuring costs	-	(2,086)
Loss on disposal of fixed assets	-	(114)
Exceptional bar refurbishment costs	-	(1,178)
	<b>(5,405)</b>	<b>(3,503)</b>

Exceptional items included:

- Professional fees incurred for the initial public offering on to the premium segment of the London Stock Exchange.
- The property with onerous lease is Lancaster.

In the year ended 30 June 2014, exceptional items amounted to £2.1m in respect of professional fees, consultancy fees and redundancy costs in relation to the reorganisation of the Group's structure, £1.2m in Bar refurbishment costs for work undertaken in a number of bars for the 'Project Evolution' initiative.

## Taxation

	Year ended 30 June 2015 £'000	Year ended 30 June 2014 £'000
<b>Taxation</b>		

The major components of income tax for each period are:

### Analysis of charge in the year

#### Current tax

UK corporation tax on the profit for the period	480	-
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#### Deferred tax

Origination and reversal of timing differences	100	25
Adjustment in respect of prior periods	-	(396)
	<b>580</b>	<b>(371)</b>

### Factors affecting current tax charge for each period

Profit on ordinary activities before taxation	2,901	2,641
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Profit on ordinary activities at standard rate of UK corporation tax rate (2014 - 22.5%, 2015 - 20.75% )	602	594
Effects of:		
Effect of difference in tax rate	-	-
Short term timing differences	-	-
Adjustment in respect of prior periods	-	-
Group relief	(1,220)	(1,052)
Expenses not deductible for tax	1,190	491
Capital allowances in excess of depreciation	(92)	(33)
<b>Current tax charge for the year</b>	<b>480</b>	<b>-</b>

Reductions in the UK corporation tax rate from 23% to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. In the Budget on 8 July 2015, the Chancellor announced additional planned reductions to 18% by 2020. This will reduce the company's future current tax charge accordingly. The deferred tax liability at 30 June 2015 has been calculated based on the rate of 20% substantively enacted at the balance sheet date.

### Earnings per share

On 16 February 2015 a share sub-division took place whereby each ordinary share of £1 each was sub-divided into 1,000 Ordinary Shares of 0.1 pence each.

Basic and diluted earnings per share is calculated by dividing the result attributable to equity holders by the weighted average number of shares in issue during the period, as adjusted to reflect the share sub-division that took place on 16 February 2015.

The calculation of illustrative earnings per Ordinary Share is based on the results for the period, as set out below.

	<b>Year ended 30 June 2015 £'000</b>	<b>Year ended 30 June 2014 £'000</b>
Profit for the period (£'000)	2,321	3,012
Weighted average number of shares (as adjusted for share sub-division)	50,000,000	50,000,000
<b>Basic and diluted earnings per Ordinary Share (pence)</b>	<b>4.6</b>	<b>6.0</b>

The results for the period were impacted by one-off exceptional costs and also non-recurring tax credits as a result of the previous ownership structure. A calculation of adjusted earnings per Ordinary Share is set out below.

<b>Adjusted EPS</b>	
<b>Adjusted profit before tax</b>	<b>8,306</b>
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Tax on ordinary activities	(580)
Non recurring tax credits	(1,220)
Non-exceptional expenses not deductible for tax	130
	<hr/>
Adjusted tax	1,930
Adjusted tax rate	23.2%
<b>Adjusted profit after tax</b>	<b>6,376</b>
Number of shares	50,000,000
<b>Adjusted EPS (pence per share)</b>	<b>12.8</b>

#### **Cash and cash equivalents**

	<b>2015</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>
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Cash and cash equivalents	2,652	3,465
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Cash and cash equivalents consists entirely of cash at bank and on hand. Balances are denominated in Sterling. The Directors consider that the carrying value of cash and cash equivalents approximates to their fair value.

The financial information set out in the preliminary statement of annual results has been extracted from the Group's financial statements which have been approved by a resolution of the Board of directors on 29 September 2015 and agreed with the Company's auditor.

The financial information set out in this preliminary statement does not constitute the company's statutory accounts for the year ended 30 June 2015 as defined in section 434 of the Companies Act 2006 (the 'Act') which have not yet been delivered to the Registrar of Companies.

The Company's auditor has reported on the FY15 financial statements. Its reports were unqualified and did not draw attention to any matters by way of emphasis. The reports also did not contain statements under section 498 of the Act.