4 October 2016

Revolution Bars Group plc (LSE: RBG)
Preliminary results for the year ended 30 June 2016

Strong growth, record profits, development to plan, progressive dividend

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 2016.

HIGHLIGHTS

Strong financial performance

- Revenue of £119.5m (2015: £111.8m), an increase of 6.9%
- Positive like-for-like sales of +2.3%
- Adjusted EBITDA*, increased by £1.0m, to £15.6m (2015: £14.6m)
- Profit before tax of £7.1m (2015: £2.9m), adjusted profit before tax* of £9.2m (2015: £8.3m), an increase of 10.8%
- Gross margin improved by 40 bps
- EPS of 12.1p (2015: 4.6p); adjusted EPS* of 14.6p (2015: 12.8p)
- Final dividend of 3.3 pence per share

Estate development

- Five new sites opened in the year, trading well
- Existing estate well invested and offer constantly evolving through innovation to maintain premium positioning

Current trading

- Like for like sales for first 12 weeks of current year + 1.8%
- Five new sites planned for the year to 30 June 2017, of which three will open in H1

Income statement summary

	2016 £m	2015 £m
Revenue	**119.5**	111.8
Gross profit	**90.9**	84.6
Gross margin %	***76.1%***	*75.7%*
Operating expenses *	**(81.6)**	(76.2)
Adjusted operating profit*	**9.3**	8.4
Adjusted operating profit %*	***7.8%***	*7.5%*
Adjusted EBITDA*	**15.6**	14.6
Adjusted EBITDA %*	***13.1%***	*13.1%*

** Excluding exceptional items and non-recurring opening costs.*

Commenting on the results, Mark McQuater, Chief Executive, said:

"***We are delighted to have delivered excellent growth in revenue, margin and profit in our first full year as a listed company. As a result adjusted Earnings per share were 14.1% higher. We have achieved this through continually improving the performance of our existing estate and through successfully opening five new bar restaurants.***

The Group is benefitting from its growth in scale and the establishment of its second brand Revolucion de Cuba brand which expanded from five to nine branches. We also opened a Revolution in the year. The new sites are performing well.

Reflecting our confidence in our strong operating model and overall debt free balance sheet we will open another 5 bars in our current year building on the success in 2015. Three new Revolucion de Cuba bars in Harrogate, Reading and Aberdeen are expected to open before Christmas 2016.

This financial year has begun well with recent trading robust with like for like sales of 1.8% in the first 12 weeks of the current financial year."

The information contained within this announcement is deemed to constitute inside information under the Market Abuse Regulation (EU) No. 596/2014. Upon the publication of this announcement, this inside information is now considered to be in the public domain.

For further information:

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Chris Chambers, CFO 0161 330 3876

Instinctif Partners
Justine Warren / Matthew Smallwood 020 7457 2020

CHAIRMAN'S STATEMENT

Our business

The strategy of the Group is to provide high-quality growth retail brands in the bar and food sector. We plan to grow our two brands Revolution and Revolucion de Cuba both organically and by expansion in terms of the number of operating units. To this end, we opened five new sites and it is particularly pleasing to note that our Revolucion de Cuba estate has grown to nine units, reflecting the fact that it was the focus of our growth plans this year.

In total we now operate from 62 units, 53 Revolution bars and 9 Revolucion de Cuba bars. We believe there remains significant scope for expansion with our two brands and, in order to achieve this, we need to continue to delight all of our customers with market-leading premium products in attractive environments.

Our results

The financial results in this report reflect continued progress on our growth strategy that we set out when we listed in March 2015. Our total sales have risen in the year by 6.9% and our like-for-like sales are up by 2.3%. Profits have followed and with adjusted EBITDA* at £15.6m, we are progressing in line with the Board's longer term expectations.

Our board

Our executive Board is led by Mark McQuater, who has significant experience of the sector. We are pleased to welcome Chris Chambers to our Board, having joined as CFO on 31 August 2016. Sean Curran, who was CFO throughout the year, left the business after 13 years of service on 31 August 2016. We would like to thank him for his valued contribution over that time and wish him well for the future.

At present there are two non-executive directors; Michael Shallow and myself. It is our intention to add a third non-executive director in 2016 and we have a formal exercise underway to attract a candidate with the appropriate skills and experience.

As far as possible, we move the venues for our Board meetings across our estate. This brings valuable insight into the business operations as well as providing opportunity for the non-executive directors to have access to senior management.

Our dividend

The board adopts 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 paid an interim dividend this year of 1.5p per share (2015: Nil) and subject to approval at the Company's AGM, will pay a final dividend of 3.3p per share (2015: 1.7p per share) on 9 December 2016.

Our people

Revolution Bars Group 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.

Our future
The right brands can succeed in this market and we believe we have the right brands. Our continued progress on our growth strategy is delivering positive results. Our recent trading has seen positive like-for-like sales of +1.8% in the first twelve weeks of the new financial year.

Our performance in FY16 continues to provide a solid platform on which to grow. Our current pipeline of new bars gives us the confidence that we can achieve our targets for the growth of both of our brands. We are obviously operating in an uncertain economic environment but with a clear and focused strategy and our depth of management experience, we remain confident that the business is well positioned for future growth, and we expect to make further progress in 2017.

Keith Edelman
Chairman

CEO'S STATEMENT

In this, our first full year since Listing, I am delighted that we have taken the 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 plan.

- Clear strategic plan for growth
- Strong results for FY16 with positive like-for-like performance
- Confirmed development pipeline with attractive sites across the UK

Our results for FY16 confirmed our progress. Like-for-like sales* were +2.3% overall. Revenue rose by 6.9% in the year to £119.5 million (2015: £111.8 million).

The underlying result, as measured by adjusted EBITDA** of £15.6 million (2015: £14.6 million), benefitted not only from the positive like-for-like sales in the core estate but also from the contributions from the five new bars that we opened during the year.

Revolucion de Cuba has been the focus of our growth this year. Of the five sites we opened, four of these were Revolucion de Cuba sites. Before Christmas, we opened Revolución de Cuba sites at Milton Keynes, Leeds and Nottingham and followed these with a large Revolucion de Cuba site in Liverpool's Albert Docks in the second half. There is significant growth opportunity for Revolution too. We opened a new Revolution in Stafford in May 2016.

We now trade from 62 bars across the UK and we have a strong pipeline for future growth.

Summary

- Positive set of results for the financial year ended 30 June 2016
- Existing site portfolio achieving positive like-for-like sales of +2.3%
- Five new bars opened in FY16 and trading well
- Zero net debt platform at 30 June 2016

** Like-for-like sales are defined as total retail sales from bars that have been trading continuously for at least twelve months.*
*** Adjusted EBITDA excludes the effects of exceptional items and non-recurring costs of openings new sites.*

Our strategy continues to focus on:

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

Existing site profit improvement

It is important that the existing estate continues to deliver in line with its historic returns profile. In order for this to happen, we have to target improvements in the existing estate each year. Clearly like-for-like sales growth is always key but efficiency improvements can also be useful in improving profits. We have underway a programme of targeted efficiencies, focusing on key costs lines, principally payroll.

Growth

The primary driver for growth continues to be organic site acquisition for our two brands. The sites opened in the year and the current pipeline have been developed wholly on that basis.

From time to time, the market presents opportunities for further expansion. During FY16, we identified a premium operation which we considered a good fit for our business and we deployed our resources to make an acquisition. In the wake of the Brexit vote, we concluded that, despite the attractiveness of the target to our business, the timing was not right. We continue to monitor the market and to examine appropriate opportunities as they arise.

Product
We continue to innovate our product in order to improve the appeal of our brands and to increase our profits. During the year, we installed commercial blenders in all of our bars, enabling us to deliver a new range of frozen cocktails, in some cases using our bespoke flavours. Our food business, in addition to seasonal menu changes, saw a stratification of the estate, enabling our offering to be tailored to the local market. Product innovation through specials, started at the end of last year, was a feature of our food offering throughout FY16.

Estate expansion
Our pipeline of new sites for FY17 looks strong. We will open a new Revolucion de Cuba site in Harrogate and we will follow this with sites in Aberdeen and Reading in the first half year. All of these locations are known to us and are capable of trading strongly and in line with our returns expectations.

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 the year and for their contribution to our success.

Mark McQuater
Chief Executive Officer

FINANCIAL REVIEW

Revenue for the year was £119.5 million (FY15: £111.8 million), a +6.9% increase compared with the prior year. This revenue increase was comprised of sales contributions from the five new sites opened during the year, as well as an increased revenue contribution from established sites. On a like-for-like* basis, sales rose by +2.3%.

**Like-for-like sales are defined as total retail sales from bars that have been trading continuously for at least twelve months.*

The underlying result, as measured by adjusted EBITDA **, was £15.6 million (FY15: £14.6 million), equivalent to 13.1% of revenue, consistent with the prior year. The result also represents a 6.8% increase over the prior year, as the Group continued to benefit from capital investment in the bars as well as amended product line-ups and enhanced commercial arrangements.

***Adjusted EBITDA excludes exceptional items and non-recurring opening costs.*

The Group's reported pre-tax profit rose to £7.1million (FY15: £2.9 million) although both of these measures have been affected by exceptional items or non-recurring items. The Board's preferred profit measure is adjusted pre-tax profit, which excludes exceptional items and the non-recurring opening costs relating to the opening of new sites. On this basis, adjusted pre-tax profit rose to £9.2 million (FY15: £8.3 million), an increase of 10.8%.

£m	**FY16**	**FY15**
Reported pre-tax profit	7.1	2.9
Exceptional items	1.4	5.4
Non-recurring costs	0.7	-
Adjusted pre-tax profit	**9.2**	**8.3**

Exceptional items and non-recurring opening costs

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 £1.4 million (FY15: £5.4 million), principally relating to professional fees associated with an aborted acquisition. Non-recurring opening costs refer to costs incurred between the site being acquired and the site opening and include property costs such as rent and rates and staff costs. Such costs are expensed in full on the day of opening and do not recur. In the prior year, there were no new openings.

The Board believes that the performance measures, adjusted EBITDA, adjusted operating profit and adjusted pre-tax profit, give a clearer indication of the underlying performance of the business.

Finance revenue and cost

Finance costs of £0.1m in the year (FY15: £0.1 million) reflect the Group's use of its committed Revolving Credit Facility during the year and non-utilisation costs at other times.

Taxation

The net income tax charge of £1.1 million (FY15: £0.6 million) consists of current income tax expense arising from the standard rate of UK corporation tax, as adjusted for brought forward corporation tax losses and permanent and temporary timing differences and the effect of changes in tax rate.

Earnings per share

The basic earnings per share for the year were 12.1 pence (FY15: 4.6 pence). Adjusting for exceptional items and non-recurring opening costs means that the adjusted EPS for the year was 14.6 pence (FY15: 12.8 pence), an increase of 1.8 pence per share.

Dividend

The Board has recommended a final dividend of 3.3 pence per share (FY15: 1.7 pence) and this will be proposed at the Company's AGM on 1 December 2016.

Chris Chambers
Chief Financial Officer

Condensed consolidated statement of profit or loss and other comprehensive income

for the 53 weeks ended 2 July 2016

	2016	2015
	£'000	£'000
Revenue	**119,491**	111,760
Cost of sales	**(28,618)**	(27,124)
Gross profit	**90,873**	84,636
Operating expenses:		
– operating expenses, excluding exceptional items	**(82,208)**	(76,237)
– exceptional items	**(1,392)**	(5,405)
Total operating expenses	**(83,600)**	(81,642)
Operating profit	**7,273**	2,994
Finance income	**-**	1
Finance expense	**(129)**	(94)
Profit on ordinary activities before taxation	**7,144**	2,901
Tax on ordinary activities	**(1,075)**	(580)
Profit and total comprehensive income for the period	**6,069**	2,321
Earnings per share		
- basic (pence)	12.1	4.6
- diluted (pence)	11.5	4.4
Dividend declared per share (pence)	5.0	1.5

Non-GAAP measure		
Revenue	**119,491**	111,760
Operating profit	**7,273**	2,994
Exceptional items	**1,392**	5,405
Non recurring opening costs	**680**	—
Adjusted operating profit	**9,345**	8,399
Finance expense	(129)	(93)
Adjusted profit before tax	**9,216**	8,306
Depreciation	**6,263**	6,211
Adjusted EBITDA	**15,609**	14,610

Condensed consolidated statement of financial position

at 2 July 2016

	2 July 2016 £'000	27 June 2015 £'000
Assets		
Non-current assets		
Property, plant and equipment	**53,300**	46,726
Current assets		
Inventories	**3,504**	2,984
Trade and other receivables	**9,502**	9,237
Cash and cash equivalents	**2,770**	2,652
	15,776	14,73
Total assets	**69,076**	61,599
Liabilities		
Current liabilities		
Financial liabilities	**—**	—
Trade and other payables	**(20,398)**	(18,440)
Tax payable	**(1,798)**	(529)
	(22,196)	(18,969)
Non-current liabilities		
Deferred tax liability	**(3,183)**	(3,377)
Financial liabilities	**(500)**	—
Provisions	**(1,126)**	(1,870)
Other liabilities	**(889)**	(808)
	(5,698)	(6,055)
Total liabilities	**(27,894)**	(25,024)
Net assets	**41,182**	36,575
Equity attributable to equity holders of the Parent		
Issued share capital	**50**	50
Merger reserve	**11,645**	11,645
Reserves	**29,487**	24,880
Total equity	**41,182**	36,575

Condensed Consolidated statement of cash flow

for the 53 weeks ended 2 July 2016

	2016 **£'000**	2015 £'000
Cash flow from operating activities		
Profit after tax from operations	**6,069**	2,321
Net finance costs	**129**	93
Depreciation of property, plant and equipment	**6,263**	6,210
Tax expense	**1,075**	580
(Increase) / decrease in inventories	**(521)**	322
Increase in trade and other receivables	**(265)**	(1,578)
Increase in trade and other payables	**1,434**	1,051
Tax paid	**—**	—
Net cash flow generated from operating activities	**14,184**	8,999
Cash flow from investing activities		
Purchase of property, plant and equipment	**(12,837)**	(5,719)
Proceeds from disposal of property, plant and equipment	**—**	—
Net cash flow used in investing activities	**(12,837)**	(5,719)
Cash flow from financing activities		
Equity dividend paid	**(1,600)**	(4,000)
Interest received	**—**	1
Interest paid	**(129)**	(94)
Drawdown of borrowings	**500**	—
Net cash flow used in financing activities	**(1,229)**	(4,093)
Net increase / (decrease) in cash and cash equivalents	**118**	(813)
Opening cash and cash equivalents	**2,652**	3,465
Closing cash and cash equivalents	**2,770**	2,652

Condensed consolidated statement of changes in equity

for the 53 weeks ended 2 July 2016

	Issued share capital £'000	Reserves: Merger reserve £'000	Reserves: Retained earnings £'000	Total shareholders' equity £'000
At 28 June 2014	—	11,645	26,559	38,204
Total comprehensive income for the period	—	—	2,321	2,321
Issued share capital	50	—	—	50
Dividend	—	—	(4,000)	(4,000)
At 27 June 2015	50	11,645	24,880	36,575
Total comprehensive income for the period	—	—	6,069	6,069
Issued share capital	—	—	—	—
Share based payment	—	—	138	138
Dividend	—	—	(1,600)	(1,600)
At 2 July 2016	**50**	**11,645**	**29,487**	**41,182**

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. References to 2016 relate to the 53 week period ended 2 July 2016 and references to 2015 relate to the 52 week period ended 27 June 2015 unless otherwise stated

The financial information, which comprise the statement of profit or loss and other comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity, consolidated cash flow statement and notes, 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 4 October 2016 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 2016 as defined in section 434(1) and (2) of the Companies Act 2006 (the 'Act').

The Group's auditor has reported on the FY15 and F16 financial statements. Its reports were unqualified and did not contain statements under section 498 of the Act. The F15 statutory accounts have been delivered to Registrar of Companies and the statutory accounts for F16 will be delivered in due course.

Going concern basis

Based on the Group's cash flow forecasts and projections, the Board is satisfied that the Group will be able to operate within the level of its bank facilities for the foreseeable future. For this reason the Group continues to adopt the going concern basis in preparing its financial statements

Accounting Policies

There have been no significant changes to accounting under IFRS which have affected the Group's results. The only changes to the IFRS, IFRS IC interpretations and amendments that are effective for the first time in this financial year are the Annual Improvements to IFRSs: 2011-2013 cycle. These have not had a material impact on the Group. The following IFRS have been issued but are not yet effective:

- IFRS 16 'Leases' was issued on 13 January 2016 and is effective for periods beginning on or after 1 January 2019. Early adoption is permitted if IFRS 15 'Revenue from Contracts with Customers' has also been applied. The standard is yet to be endorsed by the EU. The standard represents a significant change in the accounting and reporting of leases for lessees as it provides a single lessee accounting model, and as such, requires lessees to recognise assets and liabilities for all leases unless the underlying asset has a low value or the lease term is 12 months or less. The impact of the standard on the Group is currently being assessed and it is not yet practicable to quantify the effect of IFRS 16 on these consolidated financial statements;
- IFRS 9 'Financial Instruments' replaces all phases of the financial instruments project and IAS 39 'Financial Instruments: Recognition and Measurement'. The standard is effective from 1 January 2018 and introduces: new requirements for the classification and measurement of financial assets and financial liabilities; a new model based on expected credit losses for recognising provisions; and provides for simplified hedge accounting by aligning hedge accounting more closely with an entities risk management methodology. There is no expected impact of adoption to the Group; and
- - IFRS 15 'Revenue from Contracts with Customers' is effective for periods beginning on or after 1 January 2018 with early adoption permitted. It has not yet been endorsed by the EU. The standard establishes a principles based approach for revenue recognition and is based on the concept of recognising revenue for obligations only when they are satisfied and the control of goods or services is transferred. There is no expected impact of adoption to the Group.

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.

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. Within the ongoing business, 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 2016 £’000	Year ended 30 June 2015 £’000
Revenue	**119,491**	111,760
Cost of sales	**(28,618)**	(27,124)
Gross profit	**90,873**	84,636
Administrative expenses		
– operating expenses, before exceptional items	**(82,208)**	(76,237)
– exceptional items	**(1,392)**	(5,405)
Total administrative expenses	**(83,600)**	(81,642)
Operating profit	**7,273**	2,994

The CODM receives information on each bar and each bar is considered an operating segment. In line with IFRS 8, each operating segment has the same characteristics and consequently the bars are aggregated to form the “Ongoing” reportable segment.

Operating expenses

	Year ended 30 June 2016 £’000	Year ended 30 June 2015 £’000
Administrative expenses	**9,185**	8,622
Sales and distribution	**74,415**	73,020
Total operating expenses	**83,600**	81,642
Exceptional items		
Administrative expenses		
– Professional fees for initial public offering	**—**	4,193
– Property with onerous lease	**—**	1,212
– Professional fees for aborted corporate transaction	**1,063**	—
– Contract termination	**329**	—
Total exceptional items	**1,392**	5,405

Exceptional items included:

- professional fees for an aborted corporate transaction.
- contract termination

In the year ended 30 June 2015, exceptional items amounted to £5.4 million in respect of professional fees incurred for the initial public offering on the premium segment of the London Stock Exchange and an onerous lease provision in respect of a property in Lancaster.

Taxation
The major components of income tax for each period are:

	Year ended 30 June 2016 £'000	Year ended 30 June 2015 £'000
Analysis of charge in the year		
Current tax		
UK corporation tax on the profit for the period	**1,269**	480
Deferred tax		
Origination and reversal of timing differences	**(194)**	100
Adjustment in respect of prior periods	**-**	—
	1,075	580
Factors affecting current tax charge for each period		
Profit on ordinary activities before taxation	**7,144**	2,901
Profit on ordinary activities at standard rate of UK corporation tax rate (2015: 20.75%; 2016: 20%)	**1,429**	602
Effects of:		
– Origination and reversal of timing differences	**(194)**	100
– Adjustment in respect of prior periods	**(429)**	-
– Group relief	**-**	(1,220)
– expenses not deductible for tax	**488**	1,190
– capital allowances in excess of depreciation	**(219)**	(92)
Tax charge for the year	**1,075**	**580**

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 2016 has been calculated based on the rate of 18% substantively enacted at the balance sheet date.

The Group paid £100,000 to acquire non-trade relationship deficits totalling £5,508,423 from Caspian Holdco Limited as per section 99 of the Corporation Tax Act 20110 as provided for in section 183 of the Corporation Tax Act 2010.

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

	Year ended 30 June 2016	Year ended 30 June 2015
Profit for the period (£'000)	**6,069**	2,321
Weighted average number of shares (as adjusted for share subdivision)	**50,000,000**	50,000,000
Basic earnings per Ordinary Share (pence)	**12.1**	4.6
Weighted average diluted number of shares (as adjusted for share subdivision)	**52,900,000**	52,900,000
Diluted earnings per Ordinary Share (pence)	**11.5**	4.4

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.

Adjusted EPS	Year ended 30 June 2016 £'000	Year ended 30 June 2015 £'000
Profit before tax	**7,144**	2,901
Exceptional items and non-recurring opening costs	**2,072**	5,405
Adjusted profit before tax	**9,216**	8,306
Taxation on ordinary activities	**(1,075)**	(580)
Adjust for tax losses and exceptional items	**(860)**	(1,350)
Adjusted profit after tax	**7,281**	6,376
Number of shares	**50,000,000**	50,000,000
Adjusted EPS (pence per share)	**14.6**	12.8

Cash and cash equivalents

	2016 £'000	2015 £'000
Cash and cash equivalents	**2,770**	**2,652**

Cash and cash equivalents consist 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.