

Interim Results: Six months ended 30 September 2019

Chief Executive :

John Foster

Chairman :

Robin Williams





Overview : Six months ended 30 September 2019

- ❖ **Satisfactory trading . PBT down £0.1m (-7.6%) on H1 last year**
- ❖ **Group revenue £19.4m (2018 : £19.6million)**
- ❖ **Underlying Pre tax profits £1.25m (2018: £1.35m)**
 - ❖ **FIC: PBT up 55% at £0.70m (2018: £0.45m).** Recovery in house sales, good retail growth and increase in property rental income.
 - ❖ **Momart: PBT down £0.33 million** to £0.05m impacted by H1 slow down in commercial art market.
 - ❖ **PHFC: 3.2% decline in passenger numbers, PBT -3.0% at £0.49m (2018: 0.51m)**
 - ❖ **IFRS 16 :** Group Results reported under IFRS16 but no material impact on P&L
- ❖ **Diluted EPS 7.6p (2018: 8.3p)**
- ❖ **Interim dividend increased to 1.80p per share (1.65p 2018) payable in January 2020 (covered 4.2x)**
- ❖ **Cash balances increased by £3.4m to £9.6m (March 2019: £6.2m)**
- ❖ **Net bank borrowings £6.8m vs £6.6m at 31 March 2019**
- ❖ **Good medium term growth prospects from steadily developing FIC**



Trading Overview : Six months ended 30 September

Six months ended 30 September	2019 £'000	2018 £'000	Change %
Group Turnover	19,430	19,585	-0.8%
Operating profit	1,694	1,564	8.3%
FIC Pension scheme financing costs	(60)	(60)	-
IFRS 16: finance expense on rental lease liabilities	(52)	-	100.0%
Pontoon & HP lease interest	(117)	(117)	-
Net Bank interest payable	(215)	(34)	532.4%
Net financing costs	(444)	(211)	110.4%
Profit Before Tax	1,250	1,353	-7.6%
Avg Shares	12,500	12,430	0.56%
Diluted EPS on profit after tax	7.6p	8.3p	-8.4%

Split by Business : Six months ended 30 September

Six months ended 30 September	2019 £'000	2018 £'000	Change %
Turnover			
FIC	9,084	7,972	13.9%
PHFC	2,314	2,342	-1.2%
Momart	8,032	9,271	-13.4%
Group Turnover	19,430	19,585	-0.8%
Underlying profit before tax			
FIC	704	454	55.1%
PHFC	490	505	-3.0%
Momart	56	394	-85.8%
Underlying profit before tax	1,250	1,353	-7.6%

Falkland Islands Company (FIC)



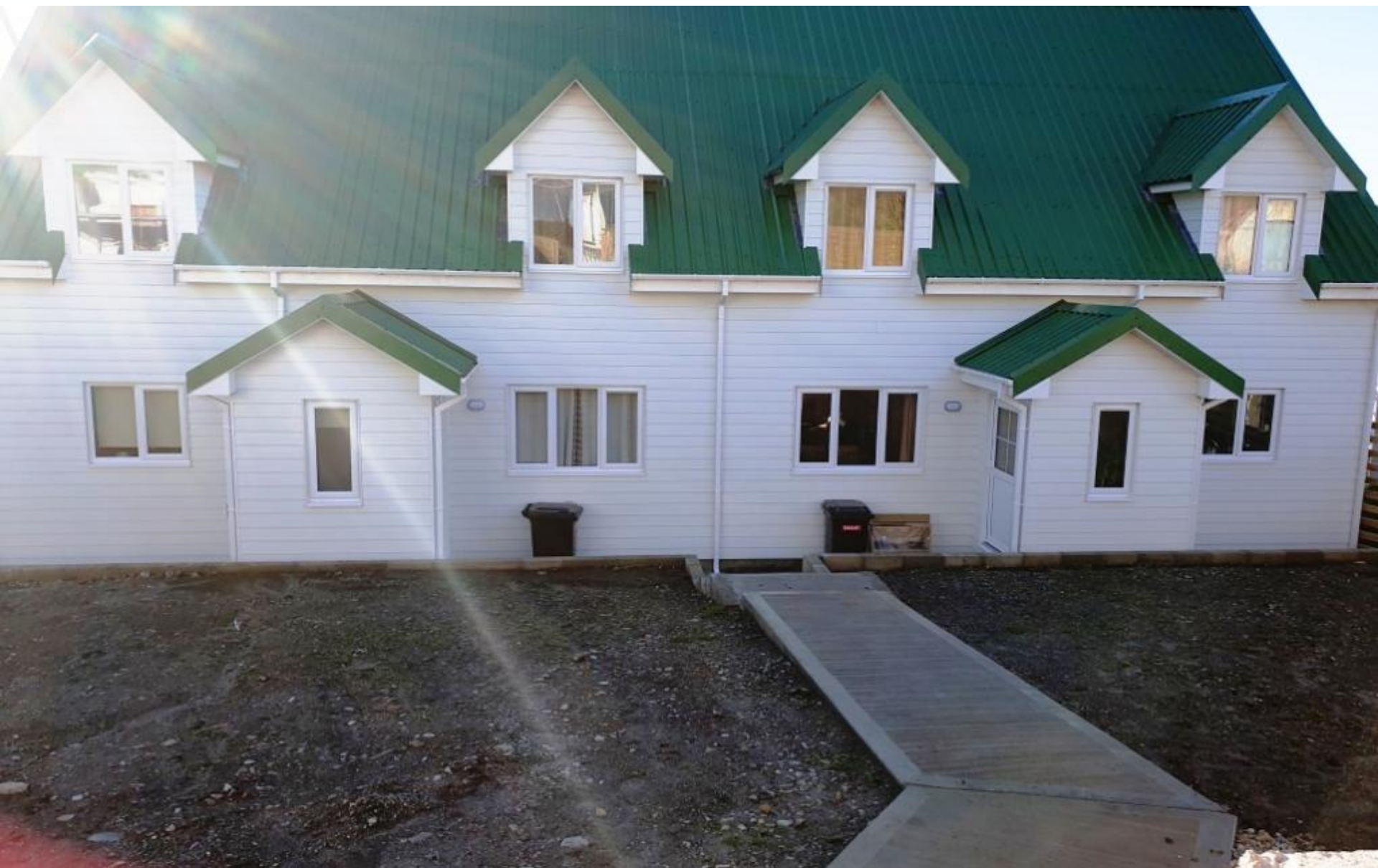
FIC : Trading overview

Six months ended 30 September	2019 £'000	2018 £'000	Change %
Revenue			
Retail	4,458	4,203	6.0
FBS (construction)	1,540	846	82.0
Falklands 4x4	1,638	1,535	6.7
Freight & Port Services	373	425	-12.2
Support Services	776	735	5.6
Property Rental	299	226	32.3
Total FIC Revenue	9,084	7,970	14.0%
Trading profit	668	412	62.1
Consumer Finance income	94	78	20.5
Finance income	3	24	-87.5
Defined Benefit pension - finance expense	-60	-60	-
Unwinding of rental leases	-1	-	100.0
Underlying profit before tax	704	454	55.1%

FIC Overview : Six months ended 30 September 2019

- ❖ **Encouraging growth in traditionally quiet H1**
- ❖ **FIC Revenue ahead by 14% to £9.1m (2018 £8.0m) :** Strong recovery in FBS kit home sales, increased Retail and 4x4 revenues & stronger rental income from enlarged property portfolio.
- ❖ **Retail** sales up 6.0%, with stronger sales mix and margins. Home Living + 23%
- ❖ **FBS** (construction) Kit home sales £1.5m vs £0.9m, +82% (11 units vs 4 in 2018)
- ❖ **4x4 Sales** up 7% to £1.64m (2018: £1.54m) with stronger hire income and parts sales **Property rental** income +32% to £0.299m – portfolio expanded to 58 units vs 50 in Sept 2018
- ❖ **Port Services & 3rd party freight** income down 12.2%, due to the timing of vessels in H1.
- ❖ **Fishing Agency** – Weaker illex catch in Q1 saw Agency sales down 21% offset by new airport transport contracts for Penguin Travel.
- ❖ **Consumer Finance Income (Car / Retail HP and charge-cards)** + 20% to £94k
- ❖ **H1 PBT** +55% to **£0.70m** (2018: £0.45m)

FIC : New Rental units in Stanley



New Apartments & Penguin Travel Bus



FIC : Outlook

- ❖ Further increase in FBS kit home completions and completion of FIG contract for 18 FIG council houses. Further tenders due for larger housing contracts in H2.
- ❖ New weekly air link with Sao Paulo due to start on 20 November 2019 – potential longer term game-changer for land based 5 star eco-tourism.
- ❖ Steady contribution from established core Retail & 4x4 businesses .
- ❖ Further growth in property rental portfolio with further 14 under construction in prime central Stanley site.
- ❖ Steady expansion of construction capability – prospect of more FIG and MoD tender work for infrastructure projects.
- ❖ Increased outsourcing by FIG and MoD offers prospects for further expansion of support services.
- ❖ Tenders for oil support services due in H2 with final decision from Premier Oil on Sea Lion expected later in 2020.
- ❖ Medium term prospects encouraging.

Momart : 6 months ended 30 September 2019





Momart : H1 Trading

Six months ended 30 September	2019 £'000	2018 £'000	Change %
Revenue			
Museums & Exhibitions	4,298	4,599	-6.5
Commercial Galleries and Auction Houses	2,699	3,670	-26.5
Art Storage	1,035	1,002	3.3
Total Revenue	8,032	9,271	-13.4%
Trading profit	265	411	-35.5
Bank loan & hire purchase interest	(184)	(17)	982.4
Unwinding of rental leases	(25)	-	100.0
Profit before tax	56	394	-85.8%



Momart : Six months ended 30 September 2019

- ❖ **Revenue** down 13.4% to £8.0m - notable slow- down in commercial art market
- ❖ **Gallery Services** revenue down 26.5% to £2.7m (mirroring decline in global H1 auction revenues of -20%).
 - ❖ Lower activity by commercial galleries , auction houses and private collectors in early mid-summer
 - ❖ Some pick up seen in Autumn
- ❖ **Museum Exhibitions** Revenues down 6.5% to £4.3m but stronger sales mix with more domestic work saw increased contribution vs H1 last year.
 - ❖ Notable recent exhibitions:, “Mary Quant” and “Cars” at the V&A, Antony Gormley at the Royal Academy, “Ashruburnipal” at the British Museum, “Olifur Eliasson” at Tate Modern and “Van Gogh” at Tate Britain
- ❖ **Art storage income** +3% to £1.03m despite lower opening base revenue. Warehouse spare capacity reduced to 84% with new client wins. Positive outlook for 2020 following recent wins.
- ❖ **H1 disappointing : PBT £0.06m (2018: £0.39m) -86%**
- ❖ **Strong museum order book (+50%) and new client wins should underpin stronger H2 trading**

Momart : Leyton Units now 84% full – 16k sq ft to let





Gosport Ferry (PHFC)





PHFC : H1 Trading

Six months ended 30 September	2019 £'000	2018 £'000	Change %
Revenue			
Ferry fares	2,146	2,182	-1.6
Cruising and Other income	168	160	5.0
Total Ferry Revenue	2,314	2,342	-1.2%
Trading profit	667	663	0.6
Bank loan & hire purchase interest	(151)	(158)	-4.4
Unwinding of rental leases	(26)	-	100.0
Profit Before Tax	490	505	-3.0%



Gosport Ferry : Six months ended 30 September 2019

- ❖ **Ferry revenues down 1.2%** to £2.31m (2018: £2.34m)
- ❖ **Summer cruising** , advertising and other Income +5% to £0.17m
- ❖ **Fare rises** averaging 3% in June 2019
 - ❖ Adult Return fare now £3.70 (2018: £3.60)
 - ❖ OAPs £2.60 , Adult 10 Trip £16.50 (£1.65 per trip)
 - ❖ Promotional fares to boost demand (Bikes Go Free / Family Saver tickets, Park & Float)
- ❖ **Continued attrition in passenger volumes** -3.2% (2018-19: -4.0%)
 - ❖ Still impacted by heavily subsidised Park & Ride scheme & low petrol prices
 - ❖ Less Dockyard & MoD activity – with vessels in Gulf and HMS Queen Elizabeth overseas.
 - ❖ Quieter retail backdrop – saw reduced weekend leisure ferry travel
 - ❖ H1 Pax 1.30million (2018: 1.35m) -3.2%
- ❖ **PBT** (after overhead allocation) 3% lower at £490k (2018: £505k)

Gosport Ferry (PHFC)



FIC:

- ❖ Expansion of FBS Construction activities – focus on larger house build contracts and straightforward civils work.
- ❖ Development of support services to take on outsourced FIG and MoD work
- ❖ Longer term development of tourist amenities in Camp once new weekly flight firmly established
- ❖ Preparation for oil production if Sea Lion given green light

Momart :

- ❖ Focus on filling storage capacity of 16k sq ft (+ £0.4m pa)
- ❖ Maintain brand reputation as market leader in quality & service

PHFC:

- ❖ Maintain steady profits & strong cash flow



Outlook – November 2019

❖ FIC:

- ❖ Strong pipeline of FBS kit home sales in H2
- ❖ Further expansion of property portfolio over next 9 months from 58 to 70 units
- ❖ FIG and MoD housing and infrastructure tenders expected in H2
- ❖ Oil tenders for onshore services also expected in H2 – Final decision from Premier Oil in 2020
- ❖ New air link with Sao Paulo commences on 20 November 2019 – potential game changer for land based tourism especially linked to cruise ships.
- ❖ Further stimulus from FIG / MoD capital projects expected in medium term.

❖ Momart :

- ❖ Continued focus on filling storage capacity (16%) in next 12 months to boost bottom line
- ❖ Strong Museum order book and encouraging activity at Frieze London in October will help deliver improved performance in H2

❖ PHFC :

- ❖ Relatively stable profits and cash flow provided, passenger volume attrition remains limited .
- ❖ Prince of Wales carrier expected December 2019 – further expansion of Portsmouth naval base.
- ❖ Redevelopment of old MoD base infrastructure offers more positive longer term outlook .

❖ Overall:

- ❖ Continued investment in FIC Stanley to fully exploit significant medium term growth opportunities Solid profitability and cash flow to be maintained in 2019-20.
- ❖ Sound long term prospects for all 3 group businesses.

Appendices

Cash Flow, Balance sheet, Net borrowings & liquidity,



Cash flow - for the six months ended 30 September

Cash Flow	2019 £'000	2018 £'000
Operating Profit	1,694	1,564
Depreciation and amortisation	823	698
IFRS 16, rental lease depreciation	159	0
Provision for share based payments	49	38
Increase in working capital & Other	-293	-1,639
Net Cash Flow from Operations	2,432	661
Tax paid	-265	-270
Capital expenditure	-1,267	-1,044
Dividend paid	-419	-373
Other	-264	-14
Net cash flow before loan repayments & interest paid	-2,215	-1,701
	-10,659	-495
Bank & HP Interest and Borrowings repayments	13,819	137
Total decrease in Cash	3,377	-1,398
Closing Cash balance	9,561	15,620



Balance sheet

All figs £ '000's	30 Sept 2019	31 March 2019	30 Sept 2018
Tangible Fixed Assets	38,439	38,664	18,907
Investment properties at net book value	5,843	5,239	4,348
Right to use assets: rental leases	2,894	-	-
Goodwill & Intangibles	11,739	11,766	11,799
Deferred tax, Joint Venture & HP due after 1 year	1,668	1,652	1,465
Total non current assets	60,583	57,321	36,519
Working Capital - Net	4,506	4,555	3,961
Cash	9,561	6,184	15,620
Corporation tax payable	-422	-399	-387
Bank Loans etc due within 1 year	-1,182	-10,645	-644
Rental leases due within 1 year	-110	-	-
Net Current Assets	12,353	-305	18,550
Bank Loans etc due after 1 year	-15,429	-2,453	-2,727
Rental leases due after 1 year	-2,992	-	-
Finance Lease re Pontoon due after 1yr	-4,677	-4,695	-4,712
Pension Provisions & Def. Tax	-5,313	-5,301	-5,170
Equity Shareholders funds	44,525	44,567	42,460



Borrowings, Cash & Liquidity

All figs £ '000's	30 Sept 2019	31 March 2019	30 Sept 2018
Bank Loans due within 1 year	-1,075	-10,530	-519
Bank Loans due after 1 year	-15,294	-2,284	-2,552
Total Bank borrowings	-16,369	-12,814	-3,071
Cash	9,561	6,184	15,620
Net Bank borrowings / Cash	-6,808	-6,630	12,549
Rental Lease Liabilities (IFRS 16)	-3,102	-	-
Hire Purchase	-205	-248	-265
Long term Pontoon Finance Lease	-4,714	-4,731	-4,747
Net borrowings (bank loans , HP and pontoon lease less cash)	-14,829	-11,609	7,537
Net Tangible Assets	32,786	32,801	30,661
*Bank loan interest: 10 year £13.8 million mortgage fixed at 3.0% pa to June 2029			

