

Full Year Results: Year ended 31 March 2020

Chairman: Robin Williams

Chief Executive : John Foster

23 June 2020



♦ Underlying pre tax profits £3.7m, down 3.9% (2019: £3.9m)

- **♦ FIC**: Profits up 37% to £2.1m (2019 : £1.5m) − Increased housebuilding & expanded rental portfolio.
- ❖ Momart: PBT down 35% at £1.0m (2019 £1.6m) due to weakness in global commercial art market and early impact of COVID-19.
- **PHFC**: Profits lower by £0.14m to £0.64m reflecting early impact of coronavirus.
- **COVID-19** hit of £0.25m to March profits in PHFC and Momart.
- Non cash impairment charge of £7.5m to write down goodwill in UK businesses post COVID-19 Reported Pre Tax Loss £3.8m (2019: Profit £3.9m)
- Diluted EPS on underlying PBT 21.7p (24.1p) -10.1% -Nb higher future UK tax rate
- Cash balances at 31 March £9.1m (2019: £6.2m)
- * Bank debt £15.7m (2019: £12.8m) including £13.5m long term mortgage.
- **£5m CBILS facility secured** in June 2020 giving additional flexibility
- Final dividend cancelled due to impact of COVID-19 (2019: 3.35 pence)

FIH Group: Impact of Covid -19

Short Term - Hit of £0.25m to profits in y/e 31 March 2020

- ❖ PHFC: Ferry passenger volumes fell sharply from mid March creating losses in final month (£0.15m hit to profit)
- **♦ Momart**: Cancellation of international art movements from late February (£0.1m hit)
- FIC: No material impact but some cancellation of cruise ship visits in March 2020.

Post Lock Down

- ❖ PHFC: Passenger volumes down 90% in April − 1 vessel service maintained, 50% of staff furloughed. £90k additional grant support agreed by local councils.
- Momart: Complete shut down in art handling with closure of galleries and museums. 80% of Momart staff furloughed. Storage income of £0.2m pcm maintained.
- **FIC :** Effective quarantining and containment of virus in Stanley Islands now virus free. Some minor disruption but continued profitable trading.
- Q1 losses in UK businesses despite cost savings and furlough grants.
- **Cash position remains strong** and additional £5m interest free CBILS loan secured.
- **Cost cutting enacted and further measures being reviewed** as speed and shape of recovery become clearer post furlough .

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FIH March 2020 Results: Trading Overview

❖ FIC·

- FIC revenue up 23% to £21.7m (2019: £17.6m) Operating profit + 37% at £2.1m (2019: £1.6m).
- Strong growth in FBS house sales tripling prior year revenue to £5.0m. First FIG contract for 18 houses 63% complete at 31 March with further expansion post year end.
- 43% increase in rental income from expanded portfolio of 65 residential properties to £0.7m.
- Solid performance from Retail, 4x4 and Support Services

Momart:

- Challenging year with 9% decline in revenue. Operating profit down 15% to £1.5m.
- 22% decline in commercial GS sales due to weakness in global art market .
- Stronger H2, but tailed off in March due to COVID-19.
- Storage ahead by 6% to £2.2m. 87% let at 31 March 2020.

PHFC:

- Revenues 5.5% down at £4.1m (3.5% due to CV-19 in March)
- Passenger volumes down 7.5% to 2.36million (2019: 2.56m).
- ❖ PBT down £0.14m to £0.64million (2019: £0.78m)

Overall solid trading despite early impact of Covid 19

Trading Overview : Year ended 31 March 2020

FIH group plc	2020 £'000	2019 £′000	Change %
	44.600	42.520	4.0
Group Revenue	44,600	42,528	4.9
Underlying trading profit	4,565	4,377	4.3
FIC Pension scheme financing costs	(65)	(72)	-9.7
Lease interest (2020 per IFRS 16)	(340)	(235)	44.7
Net Bank interest payable	(451)	(212)	112.7
Net financing costs	(856)	(519)	-64.9
Underlying Pre Tax Profit (PBT)**	3,709	3,858	-3.9
Non cash impairment charge	(7,479)	-	_
Profit /(Loss) Before Tax	(3,770)	3,858	-197.7
Diluted EPS on taxed underlying PBT	21.7р	24.1p	-10.1
**Underlying PBT = profit before taxation and non trading items			



FIH group plc	2020 £'000	2019 £'000	Change %
Revenue			
FIC	21,671	17,554	23.5
PHFC	4,125	4,367	-5.5
Momart	18,804	20,607	-8.7
Total Revenue	44,600	42,528	4.9
Underlying Pre-tax profit			
FIC	2,057	1,505	36.7
PHFC	635	784	-19.0
Momart	1,017	1,569	-32.2
Underlying pre-tax profit (PBT)	3,709	3,858	-3.9



Falkland Islands Company (FIC)



FIC: Trading overview

Year ended 31 March	2020	2019	Change
	£ million	£ million	%
Revenue			
Retail	10.02	9.72	3.1
Falklands 4x4	3.18	3.05	4.3
FBS (construction)	5.01	1.53	224.8
Freight & Port services	0.75	0.78	-4.2
Support Services	2.04	2.00	1.9
Property Rental	0.67	0.47	43.3
Total FIC revenue	21.67	17.55	23.5
FIC underlying profit before tax	2.12	1.57	35.5
Net interest expense	(0.06)	(0.06)	6.7
Profit Before Tax	2.06	1.51	36.7

FIC Overview: Year ended 31 March 2020

- Revenue ahead by 23.4% at £21.7m (2019: £17.6m) to record levels
- PBT +37% at £2.1m (2019: £1.6m).
- Retail Overall sales +3.1% to £10.0m. Small increase in overall contribution.
 - West Store sales + 3.8%. Strong foodhall sales but competitive pressure reduced margins on non-food sales
 - Home Living (home and furniture) sales + 7.2% helped by lower margin special order trade sales.
 - Home Builder (builders' merchant & tools) sales 2.6%.
- **FBS** (construction) Revenue up 225% at £5.0m.
 - * Kit home sales resumed, 22 units sold vs 6 in prior year with new release of government building plots.
 - First govt housing contract of 18 houses 63% complete £1.9m of revenue in 2019-20
 - House building teams also added 10 properties to residential portfolio (now 65) with 10 in WIP at y/e.
 - Record FBS order bank for new kit homes at 31 March 2020.
 - First time contribution from new 4 man road building team focussed on govt contract work
- Property rental income +43% at £0.67m 65 unit portfolio fully let . NBV £5.7m (MV £7.3m).
- **4x4 Sales** +4.3% to £3.2m (2019: £3.0m).
- * 71 vehicle sales vs 76 sales but better sales mix more Used vs New sales
- Increased car hire, parts and service income

FIC – New rental properties completed during year



FIC Overview continued: Year ended 31 March 2020

- 3rd party freight & Port Services down 4.2% at £0.75m
- **Support Services -** Revenues + 1.9% to £2.04m.
 - Mixed performance but contribution up 5% vs prior year
 - Fishing Agency weaker illex squid catch in April / May 2019.
 - Penguin Travel revenues -10% down in face of increased local competition from privateers.
 - Professional Training Services continued growth from new income stream.
 - Security Services new outsourced contract from MoD small initially
 - Financial Services further growth in consumer finance offering
 - Insurance & Travel further steady progress revised contract with govt.
- Oil Tenders Sea Lion Project mothballed by Premier Oil post COVID-19.
- Port Development low cost replacement option being pursued by FIG but spin off work expected in next 3-5 years
- **£2.7m of capex investment** incl £1.4m of residential properties for rental
- FIC Strong growth in contribution based on steadily expanding service offering
- **PBT +37% at £2.1m** (2019: £1.5m).

FIC – FIG Contract – New build by FBS



FIC: Outlook June 2020

- Core domestic business stable.
- Residential rental portfolio to be grown further
- * FBS activity maintained plus new tender opportunities with FIG / MoD
- Further income from specialist civils team and road construction etc
- Coronavirus expected to severely restrict cruise ship and tourist income in 2020/21
- Unclear when commercial airlinks with South America will be re-established
- Development of land based tourism pushed back by COVID-19
- Sea Lion development deferred dependent on recovery in oil price
- Longer term substantial infrastructure / support services and tourism growth opportunities remain.



Momart: Fine art storage facilities, Leyton East London



Momart : Trading Summary

Revenue	2020	2019	Change
	£ 000's	£ 000's	%
Museums & Public Exhibitions	10,772	11,003	-2.1
Gallery Services	5,848	7,539	-22.4
Storage	2,184	2,065	<i>5.8</i>
Total Revenue	18,804	20,607	- 8.7
Operating Profit	1,469	1,730	-15.1
Bank & Lease Interest	(452)	(161)	180.7
Pre Tax Profit	1,017	1,569	-35.2
Operating profit margin	7.8%	8.4%	-6.9

Momart: Year ended 31 March 2020

- **Overall revenue lower by 15.1% (-£1.8m) at £18.8m (2019: £20.6m)**
- Exhibition / Museum revenue down 2.1% to £10.8m (2019: £11.0m),
 - But UK market share maintained for large exhibitions.
- GS Revenues down £1.7m (-22.4%) to £5.9m.
 - Weak global commercial art market in H1
 - Stronger in H2 but impacted by COVID-19 in March 2020
 - Loss of £0.2m sales and c £0.1m of contribution linked to COVID-19
- Storage revenue + 6% to £2.18m (2019 £2.06m)
 - Break-even achieved at 40% capacity
 - Occupancy improved from 81% to 87% at year end
 - Capacity to add £0.4m of revenue when fully let
- Operating Profit down £0.26m (-15%) to £1.47m
- Full year mortgage interest fixed @ 2.9% by swap, £0.4m plus lease interest
- **PBT down 15.1% at £1.01m (2019: £1.57m)**



Momart: Leyton Units now 87% full – 13k sq ft to let



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Momart – Current Trading and Outlook

- Lock- down and social distancing has led to temporary closure of galleries, museums and cancellation of all major art fairs.
- Storage income maintained but loss of all normal art handling revenue in Q1
- Decline in revenue has led to losses despite govt furlough scheme and cost cutting measures
- Gradual relaxation of social distancing rules will see slow recovery in revenues over next 3-9 months but museum revenues and budgets expected to be constrained for some time.
- More rapid recovery in overseas markets should help lift exports
- Commercial activity recovering but art fairs still problematic and non-economic until social distancing rules relaxed.
- UHNW Collector demand closely linked to performance of global financial markets, investor confidence and resumption of safe air travel.
- Cost cutting plans being finalised before govt furlough scheme ends in October.
- Some disruption at EU/ UK borders possible from Brexit in early 2021
- Return to profitability will depend on speed of market recovery
- Full recovery likely to be delayed until well into 2021.

Gosport Ferry (PHFC)



Gosport Ferry (PHFC) – Trading P&L

Revenues	2020	2019	Change
	£ million	£ million	%
Ferry fares	3.93	4.15	-5.1
Other revenue	0.20	0.22	-13.0
Total Revenue	4.13	4.37	-5.5
Operating Profit	0.98	1.08	-9.9
Net Bank interest	(0.07)	(0.07)	-8.3
Pontoon lease finance interest	(0.27)	(0.23)	21.2
Profit before tax	0.64	0.78	-19.0
Operating profit margin	23.6%	24.8%	-4.6
Passenger journeys (000s)	2,365	2,556	-7.5

Gosport Ferry: Year ended 31 March 2020

- Ferry revenues fell by 5.5%, to £4.13m (2019: £4.37m).
- Passenger volumes hit hard in March by early impact of COVID-19
- More than 50% of overall revenue reduction in year was due to coronavirus lockdown.
- Fare rises averaged 3% in June 2019.
 - Adult Return fares £3.70 (June 2019: £3.60)
 - 10 Trip tickets from £1.65 per adult trip (2019: £1.60)
 - Promotional fares to boost demand (Bikes Go Free / Family Saver tickets, Park & Float).
- 2.37m passenger journeys (2019: 2.56m) -7.5%.
- Pre CV-19 rate of attrition -4.8% vs -2.1% in previous year .
- PBT down £0.14m (-19%) at £0.64m (2019: £0.78m).
- Limited capex underlying cash flow strong in FY 2019-20.



Gosport Ferry – Current Trading and Outlook

- Lock-down had dramatic effect on passenger traffic from mid March 2020
- Volumes down 90% in April only essential workers travelling
- 50% of workforce furloughed and 20% pay cuts accepted by all ferry personnel.
- Heavy Q1 losses despite cost saving measures
- One vessel, 17 ½ hours per day service maintained
- Summer leisure cruise programme, cancelled
- £90k of exceptional grants promised by local councils
- Passenger volumes slowly recovering as lock down eases
- Reopening of Gunwharf Quays shopping centre in mid June positive
- Volumes not constrained by capacity 40% of maximum can be accommodated even with social distancing
- However, concerns over safety of public transport remain and will hamper recovery pending development of a vaccine.
- Speed and scale of recovery will also depend on resilience of local businesses and impact on jobs in the local economy.
- Further cost cutting options being prepared if revenue recovery is delayed beyond the end of furlough scheme in October.
- Return to "new normal" likely to be delayed until well into 2021.

Gosport Ferry (PHFC)



Outlook - June 2020

FIC:

- FIC remains profitable domestic demand has been substantially unaffected by COVID-19
- Reduction in tourist numbers expected to dampen normal uplift in activity in austral summer.

Momart :

- Currently loss making
- Gradual re-opening of art market commenced from early June
- Speed and scale of recovery to be assessed as furlough scheme tapers to a close in October
- Cost base to be adjusted to reflect revised prospects for revenue in next 12 months.

PHFC :

- Currently loss making
- Passenger volumes recovering as lock-down eases
- Cost base to be kept under review
- Full recovery not expected until 2021

Overall:

- The Group's UK businesses have been hit hard loss making likely in current year pending further recovery in revenue.
- * Action has been taken to mitigate cash losses while limiting long term damage to UK businesses.
- Group has sufficient liquidity to weather the storm and resume long term development in a post virus world.



Short term focus on mitigating impact of COVID-19 in UK, preserving cash resources and essential fabric of UK operations.

FIC:

- Maintain strength of core services in Stanley.
- Expand low risk property rental portfolio and construction arm.
- Opportunities from government & MoD infrastructure projects and outsourcing of services.
- Longer term development of land based tourism. Oil?

Momart:

- Focus on filling storage capacity of £13k sq ft (+ £0.4m pa).
- Maintain brand reputation as market leader in quality & service.

PHFC:

Defensive posture to maintain steady profits & strong cash flow.

Group:

Post recovery – renewed focus on maximising opportunities from existing group operations.

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Cash flow - for the year ended 31 March

Cash Flow	2020 £'000	2019 £′000
Operating profit	4,565	4,377
Depreciation and amortisation * (2020 per IFRS 16)	2,063	1,437
Provision for share based payments	97	69
Tax paid	(659)	(560)
Increase in working capital	(1,444)	(2,470)
Fall in HP debtors & cash in/(out) on share option exercises	55	108
Net Cash Flow from Operations	4,677	2,961
Capital expenditure	(3,388)	(22,432)
Dividends paid	(644)	(579)
Other	38	158
	(3,994)	(22,853)
Increase / (reduction) in Bank Borrowings and HP incl. interest paid	2,241	9,058
Total increase / (decrease) in Cash (incl. exch gains)	2,924	(10,834)

Balance sheet at 31 March

All figs £ '000's	2020	2019	
Tangible Fixed Assets	41,712	38,664	
Investment properties at net book value	6,458	5,239	
Goodwill & Intangibles	4,246	11,766	
Deferred tax asset & HP receivable after 1 year	1,543	1,652	
Total non current assets	53,959	57,321	
Working Capital - Net	5,518	4,555	
Cash	9,108	6,184	
Corporation tax payable	(233)	(399)	
Bank Loans & leases due within 1 year	(1,165)	(10,645)	
Net Current Assets	13,228	(305)	
Bank Loans due after 1 year	(15,127)	(2,284)	
Hire Purchase – Momart trucks	(520)	(169)	
Leases (2020 figs under IFRS 16)	(7,295)	(4,695)	
Pension Provisions & Def. Tax	(5,453)	(5,301)	
Equity Shareholders funds	38,792	44,567	

Borrowings, Cash & Liquidity

All figs £ '000's	31-Mar	31-Mar	
	2020	2019	
Bank Loans	(15,734)	(12,814)	
Property leases (2020 under IFRS 16)*	(1,889)	-	
HP on Momart Trucks	(691)	(248)	
Total borrowings & HP	(18,314)	(13,062)	
Cash balances	9,108	6,184	
Net (debt) / cash excl. Pontoon lease	(9,206)	(6,878)	
Long term Pontoon Finance Lease**	(5,793)	(4,731)	
Total Net (debt) / cash	(14,999)	(11,609)	

^{*2020} liabilities reflect on balance sheet treatment of all property leases (as per IFRS 16) In accordance with IFRS 16 , 2019 liabilities have not been re-stated

^{**}Under IFRS 16 as at 31 March 2020 the pontoon finance lease also includes the ground rental lease, which also runs for 41 years until June 2061

