

Full Year Results: Year ended 31 March 2021

Chief Executive : John Foster
Chief Financial Officer: Stuart Munro

6 July 2021



Results Overview : Year ended 31 March 2021

- ❖ Profits hit hard by impact of Covid-19 in UK businesses but worst effects mitigated by robust trading in Falklands to produce small underlying Group profit.
- ❖ Underlying pre-tax profits £0.1m (2020: £3.7m)
 - ❖ FIC: Profits held up well at £1.8m (2020 : £2.1m) despite loss of tourist related income
 - ❖ Momart: Profits down but some recovery evident in second half. Full year revenue down 45% to £10.3m, with pre-tax loss of £0.5m (2020 Profit £1.0m)
 - ❖ PHFC: Badly affected by successive lockdowns with further losses in H2. Full year Loss of £1.2m (2020: Profit £0.6m) but passenger volumes recovering with easing of lockdown
- ❖ Restructuring reduced UK headcount by 37 (22%). Cost £0.44m producing annual savings of £1.6m
- ❖ Non-trading income of £0.5m from writeback of surplus accruals
- ❖ PBT £0.2m (2020: Loss £3.8m after impairment charges of £7.5m)

Results Overview : Year ended 31 March 2021

- ❖ Cash balances at 31 March 2021 £14.6m (2020: £9.1m) - £5.0m of CBILS loans repaid in June 2021 leaving underlying cash balances (excl CBILS cash) of £9.6m.
- ❖ Positive underlying cash flow £0.5m after scheduled bank loan repayments £0.6m
- ❖ Bank debt (excl CBILS loan) £15.1m (2020: £15.7m) including £13.2m long term mortgage.
- ❖ Appreciation in value of freehold property at Leyton (cost £19.6m in Dec 2018)
- ❖ No dividend recommended – Under review until recovery well established



Current Trading and Outlook Y/e 31 March 2022

- ❖ **H1 - 2021-22**
- ❖ UK businesses steadily recovering but now with only limited furlough support
- ❖ Ferry passenger volumes have steadily improved , with re-opening of shops etc doubling since end of March 2021 to c 2/3rds of pre Covid levels but still only at break-even
- ❖ Momart – Museums and galleries now open but limited activity as confidence builds in traditionally quieter H1 - main recovery set for autumn onwards
- ❖ No major Brexit issues evident – some limited border friction for art transfers to EU
- ❖ Falklands - continued profitability in quieter austral winter
- ❖ **Full Year Outlook**
- ❖ Return to profitability for Group as a whole anticipated in FY 2021-22 as market demand recovers, but heavily weighted to second half as UK businesses move back to sustainable profit generation
- ❖ Group set to remain cash positive with continued reduction in bank debt

Split by Business : Year ended 31 March 2021

FIH group plc	2021 £'000	2020 £'000	Change %
Revenue			
FIC	20,874	21,671	(3.7)
PHFC	1,445	4,125	(65.0)
Momart	10,259	18,804	(45.4)
Total Revenue	32,578	44,600	(27.0)
Underling pre-tax profit			
FIC	1,784	2,057	(13.3)
PHFC	(1,185)	635	(286.7)
Momart	(454)	1,017	(144.7)
Underlying pre-tax profit (PBT)	145	3,709	(96.1)



Falkland Islands Company (FIC)



FIC : Trading overview

FIC	2021 £m	2020 £m	Change %
Revenue			
Retail	9.7	10.0	(3.0)
Falklands 4x4	2.8	3.2	(12.5)
FBS (construction)	5.3	5.0	6.0
Property rental	0.8	0.7	14.3
Support services	2.3	2.8	(17.9)
Total FIC revenue	20.9	21.7	(3.7)
FIC underlying operating profit	1.85	2.12	(12.7)
Net interest expense	(0.06)	(0.06)	-
Underlying profit before tax	1.78	2.06	(13.4)



FIC Overview : Year ended 31 March 2021

- ❖ **Revenue** held up well at £20.9m (2020: £21.7m) despite impact of Covid
- ❖ **PBT £1.78m** (2020: £2.06m). FBS growth offsetting lack of tourists and cruise ship visits
- ❖ **Retail** - Overall sales -3.0% to £9.7m. H2 impacted by absence of direct and indirect tourist spend
 - ❖ West Store sales -5.6% - Weaker H2 sales of gifts , clothing and consumer electrical goods
 - ❖ Home Living (home and furniture) sales + 5% positive impact of Covid on domestic spend.
 - ❖ Home Builder (builders' merchant & tools) sales +10%
- ❖ **FBS** (construction) Revenue up 6% to £5.3m (2020 £5.0m).
 - ❖ Solid home sales to 3rd parties - 15 vs 22 units last year despite increased focus on FIG work.
 - ❖ Extension of FIG housing contract from 18 to 26 units –now almost complete – further Govt work expected
 - ❖ FBS also added 10 properties to residential portfolio (now 75) with 7 under construction at y/e .
 - ❖ Strong FBS order bank for new kit homes at 31 March 2021.
 - ❖ Strong contribution from FBS road building team govt contract work
- ❖ **Property rental** income +14% at £0.8m – 75 unit portfolio fully let . NBV £5.8m (MV £8.5m).



FIC Overview cont. : Year ended 31 March 2021

- ❖ **4x4** - Overall sales down 12.5%% to £2.8m (2020: £3.2m)
 - ❖ Decline in vehicle hire and maintenance revenue.
 - ❖ But vehicle sales unchanged at 71 units with more Used vs New sales
- ❖ **Support Services** – Revenue down 18% to £2.3m (2020 £2.8m)
 - ❖ **Fishing Agency** – illex squid catch in April / May 2020 disrupted by Covid .
 - ❖ **Penguin Travel** - restricted to local shuttle bus travel – overall revenues down £0.47m.
 - ❖ **Insurance ,Financial Services & Other professional services** - stable
- ❖ **Sea Lion Project** mothballed in 2020 but now under review by Harbour Energy
- ❖ **Port Development** – No current activity on inner harbour replacement but spin off work expected in next 3-5 years
- ❖ **£1.1m of capex investment** incl £0.7m of residential properties for rental – ongoing housing shortage providing boost to rental yields and demand for new homes.
- ❖ **FBS team being strengthened** : Focussed Recruitment to widen FBS capabilities and allow tendering and completion of large infrastructure and construction contracts for FIG and MoD

FIC : Civils work for FIG on West Falkland





FIC : Outlook July 2021

- ❖ Core domestic business stable and will bounce back once tourist flights resume.
- ❖ Demand for FBS services from first time house buyers and FIG remains strong
- ❖ Opportunities for larger construction contracts from FIG and MoD – backlog of capital projects
- ❖ Further income from specialist civils team and road construction etc
- ❖ Limited tourist income anticipated in 2021/22 – tourist flights unlikely until 2022 dependent on vaccination progress in Chile.
- ❖ Development of land based tourism pushed back by COVID-19 but remains an FIG priority
- ❖ Sea Lion development uncertain but recent recovery in oil price may encourage Harbour Energy
- ❖ Longer term substantial infrastructure / support services and tourism growth opportunities remain.

Momart : Fine art storage facilities, Leyton East London





Momart : Trading Overview

Revenue	2021 £m	2020 £m	Change %
Museums and public exhibitions	4.5	10.8	(58.3)
Gallery services	3.4	5.8	(41.4)
Storage	2.4	2.2	9.1
Total Revenue	10.3	18.8	(45.5)
Operating profit	-	1.5	(100.0)
Bank & lease interest	(0.5)	(0.5)	-
Pre tax profit	(0.5)	1.0	(150.0)
Operating profit margin	0.0%	7.8%	(100.0)



Momart : Year ended 31 March 2021

- ❖ **Overall Revenue lower by 45% at £10.3m (2020: £18.8m)**
- ❖ Exhibition / Museum revenue down 58% to £4.5m (2020: £10.8m)
 - ❖ Impact of museum closures in UK and overseas but increased activity in H2 despite lockdown
- ❖ GS Revenues – down to £3.4m (-41%) (2020 £5.9m) .
 - ❖ Global art fairs cancelled throughout 2020-21
 - ❖ Move to online sales and virtual auctions helped mitigate impact of pandemic
- ❖ Storage revenue + 9% to £2.36m (2020 £2.18m)
 - ❖ Break-even achieved at 40% capacity
 - ❖ Occupancy 83% at year end – down from 87% due to returns from temporary contracts.
 - ❖ Lockdown restricted ability for new contract wins but capacity to add £0.3m of revenue when fully let
- ❖ Traditionally stronger H2 saw increase in sales and recovery to profitability at Operating level. Operating Loss in H1 £0.3m, H2 Profit £0.3m
- ❖ Mortgage & lease interest essentially unchanged at £0.5m (2.9% swap interest on mortgage debt)
- ❖ **Pre Tax loss £0.45m (2020 Profit £1.01m)**



Momart – Outlook

- ❖ Reduction in headcount has lowered Momart's cost base by £1.2m pa
- ❖ UK galleries and museums now re-opened but footfall in London remains low.
- ❖ Slow recovery expected as confidence slowly builds
- ❖ Major art fairs scheduled to cautiously resume from late summer .
 - ❖ **Art Basel** moved from June to September 2021
 - ❖ **London Frieze** on schedule for October 2021
- ❖ UK museums managing budgets carefully – extending duration of big shows – full recovery not expected this year.
- ❖ Overseas museums recovering slowly linked to vaccination programmes and release from social distancing.
- ❖ Storage income base slightly lower than in March 2020 but renewed priority on winning new clients amid highly competitive storage market.
- ❖ Full recovery likely to be delayed until at least 2022.



Gosport Ferry (PHFC)



Gosport Ferry (PHFC) – Trading Overview

Revenue	2021 £m	2020 £m	Change %
Ferry fares	1.4	3.9	(64.1)
Other revenue	-	0.2	(100.0)
Total revenue	1.4	4.1	(65.9)
Operating (Loss)/Profit	(0.9)	1.0	(190.0)
Net bank interest	-	(0.1)	(100.0)
Pontoon lease finance interest	(0.3)	(0.3)	-
Profit before tax	(1.2)	0.6	(300.0)
Operating profit margin	-64.3%	23.6%	(351.0)
Passenger journeys (000's)	808	2,365	(65.8)

Gosport Ferry : Year ended 31 March 2021

- ❖ Ferry revenues fell by 64%, to £1.4m (2020: £4.1m) under impact of Covid linked government travel restrictions.
- ❖ Swing from PBT of £0.6m in 2020 to loss of £1.2m in y/e March 2021
- ❖ Sacrifices by staff with 20% reduction in pay for 5 months helped mitigate losses
- ❖ Support from local councils in summer 2020 - £90k grant
- ❖ Restructuring in October 2020 saw 26% reduction in headcount with cost savings compensating for reduced furlough income
- ❖ Recovery in passenger volumes in summer 2020 put into reverse by 4 months of lockdown in H2 with volumes dropping to 20% of pre Covid levels in January 2021
- ❖ Steady recovery in volumes post March 2021 with easing of movement restrictions on April 12th and May 17th
- ❖ Return to profitability anticipated in summer months – subject to no reimposition of movement restrictions
- ❖ Launch of new “Park & Float” scheme on 28 June 2021 – Joint tickets using council car parks supported by push to encourage use of public transport
- ❖ Scale of future hybrid/home working unclear but Gunwharf Quays & Naval Base likely to remain key destinations for ferry passengers.



Gosport Ferry (PHFC)



Outlook – July 2021

❖ **FIC:**

- ❖ Core profitability remains stable with potential growth from new FIG and MoD construction related contracts
- ❖ Tourism not expected to return to normal until 2022-23 though some expedition vessels may visit in current year if effectiveness of vaccination programme continues

❖ **Momart :**

- ❖ Art market still not fully recovered but client confidence slowly returning
- ❖ Museum demand likely to lag commercial market
- ❖ Marked improvement in activity not expected until late summer / autumn 2021
- ❖ Lowered cost base will help recovery towards consistent profitability

❖ **PHFC :**

- ❖ End of movement restrictions in July 2021 should see further recovery in passenger numbers and return to profitability
- ❖ Hybrid working may limit full recovery but Park & Float should provide compensating boost

❖ **Overall:**

- ❖ The Group's UK businesses are set for a slow but steady recovery as lockdown restrictions are removed and confidence returns.
- ❖ Falklands domestic market remains robust with opportunities for growth from FIC's expanded construction capabilities and the gradual resumption of international travel in 2022.
- ❖ Strengthening of FIH Exec team will allow increased focus on transformational acquisitions that will increase Group's scale and investor interest

FIH : Business Development Strategy

- ❖ **Short term focus on consolidating recovery and delivering return to pre Covid levels of profitability over next 2-3 years. Return to payment of dividends once sustained profitability re-established**
- ❖ **FIC:**
 - ❖ **Growth prospects remain encouraging-** opportunities from government & MoD infrastructure projects, outsourcing of services and longer term development of land based tourism. Development of oil still a possibility
- ❖ **Momart:**
 - ❖ Renewed focus on filling storage capacity of 17k sq ft and building on brand reputation as market leader in quality & service.
- ❖ **PHFC:**
 - ❖ Work with Councils and local businesses to re-emphasise benefits of using public transport to accelerate recovery in passenger volumes

FIH : Business Development Strategy

❖ **Group:**

- ❖ Increased focus on securing transformational strategic acquisitions with recruitment of Stuart Munro as CFO
- ❖ Use of cash and borrowings to acquire a business with complementary characteristics , established profits and cash flow with real opportunity for sustainable growth
- ❖ Aim to create a larger more profitable more investable group within two years

Appendices

P&L , Cash Flow, Balance Sheet, Net Borrowings & Liquidity.



Group P&L : Year ended 31 March 2021

FIH group plc	2021 £'000	2020 £'000	Change %
Group revenue	32,578	44,600	(27.0)
Underlying trading profit	1,026	4,565	(77.5)
FIC Pension scheme financing costs	(64)	(65)	(1.6)
Lease interest per IFRS 16	(348)	(340)	2.4
Bank interest payable	(469)	(451)	4.0
Net financing costs	(881)	(856)	2.9
Underlying pre tax profit (PBT)**	145	3,709	(96.1)
Non Trading Items net	57		
Non cash impairment charge	-	(7,479)	-
Profit / (loss) before tax	202	(3,770)	(105.4)
Diluted EPS on taxed underlying PBT	0.0p	21.7p	-

***underlying PBT = profit before taxation and non trading items*



Cash flow - for the year ended 31 March

Cash Flow	2021 £'000	2020 £'000
Underlying profit before tax	145	3,709
Depreciation & amortisation	2,293	2,063
Net interest	881	856
Underlying EBITDA	3,319	6,628
Non-trading, cash items	(443)	-
Decrease / (increase) in working capital	995	(1,444)
Tax paid and other	(210)	(507)
Net cash flow from operations	3,661	4,677
Capital expenditure	(1,531)	(3,375)
Net bank and lease liabilities interest paid	(817)	(818)
Bank lease liability repayments	(1,273)	(11,350)
Bank and lease liabilities draw down	5,408	14,380
Dividends paid	-	(644)
Total increase in cash	5,448	2,870



Balance sheet at 31 March

£'000	2021	2020
Tangible fixed assets	40,361	41,712
Investment properties at net book value	7,123	6,458
Goodwill & intangibles	4,183	4,246
Deferred tax asset & HP receivable after 1 year	1,676	1,543
Total non current assets	53,343	53,959
Working capital - net	5,288	5,518
Cash	14,556	9,108
Corporation tax payable	(113)	(233)
Bank loans & leases due within 1 year	(3,424)	(1,165)
Net current assets	16,307	13,228
Bank loans due after 1 year	(17,313)	(15,127)
Hire purchase - Momart trucks	(672)	(520)
Leases	(6,814)	(7,295)
Pension provisions & deferred tax	(5,955)	(5,453)
Equity shareholders funds	38,896	38,792



Borrowings, Cash & Liquidity

£'000	2021	2020
Bank loans	(20,110)	(15,734)
Cash balances	14,556	9,108
Net Bank borrowings	(5,554)	(6,626)
Property leases	(1,475)	(1,889)
HP Momart trucks	(892)	(691)
Long term Pontoon finance lease	(5,746)	(5,793)
Total net debt	(13,667)	(14,999)

