

Interim Results: Six months ended 30 September 2021

Chief Executive :

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Interim 2021 Results Highlights

- ❖ **Recovery well established and gathering pace.**
- ❖ UK activity increased markedly in Q2 with both PHFC and Momart moving back into profitability.
- ❖ Group revenue in H1 £17.3m +20% (2020: £14.4m)(2019 £19.4m).
- ❖ Pre Tax Profit of £0.36m vs loss £0.25m (2019: Profit £1.25m).
 - ❖ **FIC: PBT £0.6m** (2020: £0.8m). Planned investment in senior staff and temporary slow down in construction activity offset increase in agency income linked to squid. Robust domestic demand largely unaffected by Covid.
 - ❖ **Momart: Pre-Tax Loss reduced to £0.2m** (2020: Loss £0.5m). Recovering commercial art market, especially in Q2 but museums activity still restricted. Overall revenue increased by 53% to £5.9m but still well below pre-Covid levels of £8.0m in 2019.
 - ❖ **PHFC: Break-even achieved** vs pre-tax loss of £0.4m in 2020. Revenue +87% at £1.5m. Steadily improving passenger volumes saw return to profitability in Q2
 - ❖ **Interim Dividend of 1 pence per share (£125k) payable in January 2022**
- ❖ **Healthy cash balances of £8.0m** following repayment of £5m CBILS loan in June.
- ❖ **Bank borrowings £14.6m** (£20.1m at 31 March 2021) including £12.9m long dated commercial mortgage on Leyton freehold.



Outlook

- ❖ **H2 Outlook – Continuing recovery provided pandemic continues to subside. Seasonal H2 uplift expected at Momart and FIC.**
- ❖ **FIC :** Healthy outlook for core FIC business with normal uplift in seasonal demand expected (despite continued lack of tourists) plus increased activity from FBS construction and property rental.
- ❖ **PHFC :** Passenger volumes at 80% of pre-covid levels set to underpin modest profitability in quieter winter months.
- ❖ **Momart :** Slow revival in museum activity should help continued recovery in H2. Commercial art market increasingly buoyant but remains highly competitive. Return to normal trading conditions not expected until late 2022
- ❖ **Cash :** Strong cash position allows continued investment in group's core business while providing flexibility to support acquisitions.
- ❖ Option for Sale and Leaseback of Leyton freehold gives additional cash options if required.
- ❖ Continuing search for strategic acquisitions in parallel to taking advantage of growth opportunities in existing businesses.



Trading Overview

| Six months ended 30 September | 2021 £'000 | 2020 £'000 | Change % |
|---|---------------|---------------|--------------|
| Group Turnover | 17,267 | 14,384 | 20% |
| Profit From Operations | 828 | 327 | 153% |
| Restructuring costs | -44 | -102 | -57% |
| Operating profit | 784 | 225 | 248% |
| Interest payable on bank loans | -217 | -252 | -14% |
| Lease Finance & Pensions charges | -204 | -220 | -7% |
| Financing costs | -421 | -472 | -11% |
| Profit/ (Loss) Before Tax | 363 | -247 | -247% |
| Avg Shares in issue | 12,517 | 12,508 | 0% |
| EPS on loss after tax* | (1.3p) | (1.5p) | -15% |
| * Impact of 2021 Deferred tax charge of £0.4m due to incr in future CT rates to 25% | | | |



Split by Business:

| Six months ended 30 September | 2021 £'000 | 2020 £'000 | Change % |
|-------------------------------------|---------------|---------------|----------------|
| Turnover | | | |
| FIC | 9,895 | 9,735 | 1.6% |
| PHFC | 1,496 | 800 | 87.0% |
| Momart | 5,876 | 3,849 | 52.7% |
| Group Turnover | 17,267 | 14,384 | 20.0% |
| Profit before tax | | | |
| FIC | 616 | 805 | -23.5% |
| PHFC | -29 | -435 | -93.3% |
| Momart | -180 | -515 | -65.0% |
| Restructuring costs | -44 | -102 | -56.9% |
| Profit / (Loss) before tax | 363 | -247 | -247.0% |

Falkland Islands Company (FIC)





FIC Trading Overview

| Six months ended 30 September | 2021 £'000 | 2020 £'000 | Change % |
|---|---------------|---------------|---------------|
| Revenue | | | |
| Retail | 4,738 | 4,587 | 3.3% |
| FBS (construction) | 1,743 | 2,044 | -14.7% |
| Falklands 4x4 | 1,615 | 1,619 | -0.2% |
| Other Services | 1,380 | 1,091 | 26.5% |
| Property Rental | 419 | 394 | 6.3% |
| Total FIC Revenue | 9,895 | 9,735 | 1.6% |
| | | | |
| Trading profit | 651 | 867 | -24.9% |
| | | | |
| Defined Benefit pension - finance expense | -35 | -62 | -43.5% |
| Underlying profit before tax | 616 | 805 | -23.5% |



FIC Overview

- ❖ Steady trading performance in line with expectations
- ❖ FIC Revenue ahead by 1.6% to £9.9m but H1 PBT lower at £0.62m (2020 £0.81m) due to planned investment in senior management and absence of Covid related grant income.
- ❖ **Retail** sales up 3% to £4.74m (2019 £4.59m) but increased wage costs and absence of Covid related grant support seen in 2020 saw squeeze on net margins.
- ❖ **FBS** (construction). Sales lower by 15% at £1.74m (2020 £2.04m) due to slippage in contract start on FIG work expected to correct in H2
 - ❖ Pipeline for kit homes, infrastructure works and road maintenance for FIG remains strong
- ❖ **4x4** Sales steady at £1.6m (2020: £1.6m) despite fewer new vehicle sales
- ❖ **Other Services** – Revenue +26.5% at £1.38m (2020 £1.1m). Insurance and freight steady and Agency income boosted by strong illex catch in April / May 2021
- ❖ **Property rental income** essentially unchanged at £0.4m (2020 £0.4m) –portfolio now 80 units- income held back pending arrival of new long term tenants in 10% of units.



FIC : New Housing Units for FIG





FIC : Outlook

- ❖ Steady profitability expected in H2 based on solid domestic demand despite continuing embargo on civilian flights and lack of cruise ship visitors.
- ❖ Repetition of FIG voucher scheme £500 per adult will again support local spending on tourism.
- ❖ Strong order book for kit homes and new FIG construction/ road maintenance contracts underpins healthy FBS performance in H2.
- ❖ Renewed MoD interest in modernising facilities at Mount Pleasant base offers significant opportunities in medium term.
- ❖ High Brent crude prices have improved economics for developing Sea Lion but FIC growth not dependent on oil .
- ❖ Longer term – tourism, infrastructure and outsourcing by FIG and MoD give significant growth opportunities.



Momart





Momart : H1 Trading

| Six months ended 30 September | 2021 £'000 | 2020 £'000 | Change % |
|---|---------------|---------------|----------------|
| Revenue | | | |
| Museums & Exhibitions | 2,420 | 1,307 | 85.2% |
| Commercial Galleries and Auction Houses | 2,303 | 1,350 | 70.6% |
| Art Storage | 1,153 | 1,192 | -3.3% |
| Total Revenue | 5,876 | 3,849 | 52.7% |
| | | | |
| Trading profit/ (Loss) | 54 | -273 | -119.8% |
| Finance expense | -234 | -242 | -3.3% |
| Loss before tax | -180 | -515 | -65.0% |



Momart : Overview

- ❖ **Revenue** up 53% to £5.9m (2020 £3.85m) as art market gradually re-opened but still well down on pre-Covid levels (2019 £8.0m)
- ❖ Reduced headcount with lower cost base enabled small operating profit of £54k (2020 Loss £273k)
- ❖ Pre-tax losses reduced from £515k to £180k in traditionally quieter H1
- ❖ Marked recovery in activity from late summer onwards
- ❖ **Museums & Exhibitions :**
 - ❖ Revenue increase from £1.3m to £2.4m but still well down on pre-Covid levels of £4.3m
 - ❖ Museums: most stayed closed until late June or July and then reopened with restrictions on visitor numbers.
 - ❖ Museum planners severely reduced number of new blockbuster shows to limit losses
- ❖ **Gallery Services**
 - ❖ Revenue recovered from £1.35m to £2.3m much closer to pre-Covid levels of £2.7m
 - ❖ Auction Houses active with online sales ,UK galleries re-opened in mid May.
 - ❖ Commercial art market increasingly buoyant with first art fairs in Europe for 2 years – Art Basel late September , Frieze London in mid October.
- ❖ **Storage :** Revenue held up well at £1.15m despite difficulty in securing new business to replace planned client returns



Gosport Ferry (PHFC)





PHFC: H1 Trading

| Six months ended 30 September | 2021 £'000 | 2020 £'000 | Change % |
|-------------------------------|---------------|---------------|----------------|
| Revenue | | | |
| Ferry fares | 1,490 | 800 | 86.3% |
| Cruising and Other income | 6 | 0 | 0.0% |
| Total Ferry Revenue | 1,496 | 800 | 87.0% |
| | | | |
| Trading profit/ (loss) | 123 | -267 | -146.1% |
| Finance expense | -152 | -168 | -9.5% |
| Loss Before Tax | -29 | -435 | -93.3% |

PHFC : Overview

- ❖ Ferry revenue recovered to £1.5m (2020 £0.8m) but still well down on pre-covid levels (2019: £2.3m)
- ❖ Small operating profit achieved of £123k compared to loss of £267k in 2020
- ❖ After pontoon finance costs, pre-tax losses almost eliminated. (2020 Loss before tax £0.44m (after allocated overheads) (2019 Profit £0.5m)
- ❖ Summer cruising programme cancelled again – lost income £0.2m
- ❖ But one vessel Service maintained -17½ hours each day
- ❖ Steady recovery evident as lock-down restrictions eased and passenger numbers increased month by month . April 45% of Pre- Covid , September 80%.
- ❖ Extent of future hybrid / home working may constrain passenger numbers although some indications of increased weekend travel may offset this
- ❖ Local council support for Park & Float scheme encouraging, albeit uptake has been slow
- ❖ Increasing govt focus on “green” public transport will assist over medium term
- ❖ £56m Transforming Cities Fund investment to regenerate harbour region will also help.
- ❖ Initial plans for redevelopment of Gosport waterfront and new transport hub based around ferry terminal will yield benefits in medium term.
- ❖ Large local employers increasingly looking to green transport solutions for staff



Outlook – November 2021

❖ FIC:

- ❖ Solid profitability underpinned by robust domestic demand as in 2020-21
- ❖ Strong pipeline of FBS kit home sales & work for FIG in H2
- ❖ Further stimulus from FIG / MoD capital projects expected in medium term.

❖ Momart :

- ❖ Further improvement expected in traditionally stronger H2
- ❖ Commercial art market continuing to recover helped by increasing international air travel
- ❖ Museums activity likely to remain below Pre-Covid levels until well into Summer 2022
- ❖ Options for additional storage facilities being investigated

❖ PHFC :

- ❖ Ferry now returned to consistent profitability subject to no Covid related setbacks
- ❖ Annual cost base lowered by £0.35m as a result of headcount savings in autumn 2020 will help offset any impact on passenger volumes from hybrid working.
- ❖ Move towards “green” public transport initiatives & regeneration of Gosport waterfront offer more positive medium term outlook

❖ Overall:

- ❖ Continued recovery in UK operations in H2 provided no further Covid related setbacks.
- ❖ Solid trading from FIC expected underpinned by strong FBS pipeline
- ❖ Full return to pre-Covid levels of trading not expected until well into 2022
- ❖ Encouraging medium term opportunities particularly in FIC.



FIH : Strategy

FIC:

- ❖ Further expansion of FBS Construction activities – focus on larger house build contracts and straightforward civils work.
- ❖ Development of support services and outsourcing with FIG and MoD
- ❖ Post Covid, longer term opportunities for development of land-based tourism remain

Momart :

- ❖ Maximise opportunities for growth by staying close to key institutional and commercial clients as recovery progresses
- ❖ Further expansion of storage facilities
- ❖ Complementary acquisitions and JV's being explored.

PHFC :

- ❖ Tight cost control – Work with local councils to develop Park & Float amenities and redevelopment of waterfront

Corporate :

- ❖ Pursue value enhancing strategic acquisition opportunities

Appendices

Cash Flow, Balance sheet, Net borrowings & liquidity,



Cash flow - for the six months ended 30 September

| Cash Flow | 30-Sep 2021 £'000 | 30-Sep 2020 £'000 |
|--|-------------------------|-------------------------|
| Operating Profit | 784 | 225 |
| Depreciation and amortisation | 1,215 | 1,175 |
| Provision for share based payments | 10 | 22 |
| Increase in working capital & Other | (1,311) | 643 |
| Net Cash Flow from Operations | 698 | 2,065 |
| Tax paid | 47 | (64) |
| Capital expenditure | (1,105) | (662) |
| Dividend paid | - | - |
| Other | (60) | (81) |
| Net cash flow before loan repayments & interest | (1,118) | (807) |
| Bank Loan & HP repayments | (5,774) | (587) |
| Bank & Lease interest paid | (386) | (412) |
| Bank & HP draw downs | | 5,000 |
| Total increase/(decrease) in Cash | (6,580) | 5,259 |
| | | |
| Opening Cash balance | 14,556 | 9,108 |
| Closing Cash balance | 7,976 | 14,367 |



Balance sheet

| All figs £ '000's | 30-Sep 2021 | 30-Sep 2020 | 31-Mar 2021 |
|---|----------------|----------------|----------------|
| Tangible Fixed Assets | 39,552 | 40,940 | 40,361 |
| Investment properties at net book value | 7,794 | 6,691 | 7,123 |
| Goodwill & Intangibles | 4,167 | 4,212 | 4,183 |
| Deferred tax, Joint Venture & HP due after 1 year | 1,691 | 1,525 | 1,676 |
| Total non current assets | 53,204 | 53,368 | 53,343 |
| Working Capital - Net | 6,862 | 5,475 | 5,522 |
| Cash | 7,976 | 14,367 | 14,556 |
| Corporation tax payable | (237) | (112) | (113) |
| Interest bearing loans and liabilities | (1,403) | (1,468) | (3,424) |
| Derivative financial instruments | - | (537) | - |
| Net Current Assets | 13,198 | 17,725 | 16,541 |
| Interest bearing loans and liabilities | (21,046) | (27,037) | (24,799) |
| Derivative financial instruments | (234) | - | (234) |
| Employee benefits | (2,828) | (2,615) | (2,842) |
| Deferred tax liabilities | (3,559) | (2,849) | (3,113) |
| Net Assets / Equity Shareholders funds | 38,735 | 38,592 | 38,896 |



Borrowings, Cash & Liquidity

| All figs £ '000's | 30-Sep 2021 | 30-Sep 2020 | 31-Mar 2021 |
|---|----------------|----------------|----------------|
| Bank Loans due within 1 year | -940 | -926 | -2797 |
| Bank Loans due after 1 year | -13,702 | -19,638 | -17,313 |
| Total Bank borrowings * | -14,642 | -20,564 | -20,110 |
| Cash | 7,976 | 14,367 | 14,556 |
| Net Bank borrowings / Cash | -6,666 | -6,197 | -5,554 |
| | | | |
| Lease Liabilities due within 1 year | -463 | -542 | -627 |
| Lease Liabilities due after 1 year ** | -7,344 | -7399 | -7486 |
| Net Debt | -14,473 | -14,138 | -13,667 |
| | | | |
| Net Tangible Assets | 34,568 | 34,380 | 34,713 |
| * Includes £12.9m mortgage on Leyton fixed at 3.0% pa | | | |
| ** includes Ferry pontoon lease of £5.7m renewable after 2061 | | | |

