



SUTTON
HARBOUR
HOLDINGS PLC

Marine Operations and Waterfront Destination Specialist



**Interim results
for six-month period ended
30 September 2016**

December 2016

Graham Miller – Chairman
Jason Schofield – Chief Executive
Natasha Gadsdon – Finance Director

Sutton Harbour Holdings plc

Key facts



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- Marine Operations and Waterfront Destination Specialist
 - 543 berths in two marina locations
 - Plymouth Fisheries (2nd largest in England)
 - 391 public car park spaces
 - 144,533 sq ft of commercial investment property
- AIM Listed since 1996
- Based in Plymouth, Devon
- Asset backed with £45m property portfolio
- 'Vision' for the area of Sutton Harbour
Creation of a destination of regional importance and national significance through delivery of c.£100m regeneration over 5-10 years

Net Asset Value
£40.025m

H1 Revenue
£3.633m

H1 Adj. Profit
£0.232m[#]

No. of Employees
36

Bank Facility
£25.0m

Gearing
56.8%

Market Capitalisation
£24.3m (25.25p*)

NAV discount
39% (25.25p*)

[#] Excluding Fair Value adjustments

* Share price at 14 December 2016

First Half Year 2016/17

Financial Highlights



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Financial Highlights	30 Sept 2016	30 Sept 2015
(Loss)/Profit before tax	£0.038m	£1.261m
Profit before tax (excluding revaluation, impairments)	£0.232m	£0.249m

	30 Sept 2016	31 Mar 2016
Net Assets	£40.025m	£40.869m
Net Asset Value per share	41.6p	42.4p
Net Debt*	£22.737m	£22.213m
Gearing	56.8%	54.4%
* Net Debt = Net bank debt + Lease financing		

Highlights year to date:

- The Marina at Sutton Harbour hosted the start of the Trans Atlantic Race 2016
- Further representations submitted to public consultation stages of the new Joint Local Plan in respect of both the Derriford area (former airport site) and Sutton Harbour areas
- Marketing process for Sugar House (East Quays) land



Company strategy overview

Current priorities



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- Strategic Review of Options
 - Ongoing process to identify options for best shareholder outcome
- Realisation of development inventory
 - Preparation of comprehensive evidence base to prove benefits of alternative use of former airport site, ready for Examination in Public of proposed Plymouth Plan (2017-2031)
 - Marketing of Sugar House (East Quays)
 - Statutory consents awaited for 'Boardwalk'
- Targeted investment into infrastructure for revenue growth and cost saving
 - Marinas WiFi upgrade, LED energy saving lighting, car parks number plate recognition and signage, fisheries shoreside services, further pontoons at King Point Marina



Interim results

Income statement



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- Revenue
 - Stable revenue performance
- Impairment
 - Relates to adoption of external JLL valuation of King Point Marina. Previously recorded at 'value in use' due to immaturity of trading asset
- Gross Profit
 - Excl. impairment £1.513m (2015: £1.465m)
- Fair value adjustment
 - Valuation surplus on external valuation of investment property assets as at 30 Sept 2016
- Administrative costs
 - Some one-off costs in H1
- Finance expenses
 - Slightly lower servicing costs of new facility

Summary Income Statement	30 Sep 2016 £000	30 Sep 2015 £000
Revenue	3,633	3,674
Cost of sales	(2,120)	(2,209)
Impairment	(553)	-
Gross Profit	960	1,465
Administrative expenses	(770)	(664)
Fair value adjustments	283	1,012
Operating profit	473	1,813
Net finance costs	(511)	(552)
Profit before tax	(38)	1,261
Taxation charge	7	(252)
Profit after tax	(31)	1,009
PBT excluding adj. for valuation, impairment, provisions	232	249
Adjusted Earnings per share	0.24p	0.26p

Interim results

Balance sheet



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- Non current assets
 - Incorporating JLL valuation as at 30 September 2016
- Inventories
 - Primarily development land inventory including Former Airport Site
- Bank and finance leases
 - Infrastructure and planning costs
 - Cash cycle trough in Autumn
- Derivatives
 - Arising from LIBOR swap
- Net assets per share
 - H1 valuation effect: -1.05p per share

	30 Sept 2016 £000	30 Sept 2015 £000	31 March 2016 £000
Non-current assets	45,613	47,271	46,645
Current assets			
- Inventories	20,389	20,012	20,097
- Trade and other debtors	1,818	1,671	2,057
Liabilities			
- Bank and finance leases	(22,737)	(22,256)	(22,213)
- Deferred income	(979)	(981)	(1,542)
- Provisions	(110)	(160)	(141)
- Deferred tax	(1,622)	(1,789)	(1,629)
- Trade and other creditors	(1,010)	(1,126)	(1,118)
- Government grants	(1,193)	(1,018)	(1,214)
- Derivatives	(144)	(94)	(73)
Net assets	40,025	41,530	40,869
Net assets per share	41.6p	43.1p	42.4p



Interim results

Cash position and banking

- **Highlights**
 - Normal H1 trading cash cycle, as marina fees received H2
- **Banking Facility**
 - £25.0m facility to March 2019

Net debt movement 6m to 30 Sept 2016	Lease Financing	Net Bank Debt	Total
Opening net debt	(£0.4m)	(£21.8m)	(£22.2m)
Movement	£0.1m	(£0.6m)	(£0.5m)
Closing net debt	(£0.3m)	(£22.4m)	(£22.7m)
Max Facility	(£0.55m)	(£25.0m)	

Bank Facility (RBS)

- LIBOR swap on £10m at 87bps until March 2019
- Gearing 56.8% at 30 Sept 2016 (31 March 16: 54.4%)
- Facility expires March 2019
- All covenants met in period

Cash Flow Summary 6m to 30 Sept 2016	Total
Net trading	£0.1m
Capital Expenditure (net of grants)	(£0.1m)
Interest and bank fees	(£0.5m)
Movement	(£0.5m)

Interim results

Segmental performance



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- Overall
 - Stable performance, +3% growth in core trading gross profit
- Real Estate
 - Reduced occupancy to 87.0%, but benefits of recent new lettings coming through
- Car Parking
 - Continued growth profile, despite no Easter in FY 2016/17
- Regeneration
 - Costs of former airport site management
- Marine
 - Continued good fuel sales and margins
 - Slower marina bookings offset by Transat event income

Revenue	30 Sept 2016 £000	30 Sept 2015 £000
Real Estate	808	778
Car Parking	296	279
Regeneration	-	-
Marine	2,529	2,617
Core trading revenue	3,633	3,674

Gross profit before impairments, provisions or fair value adjustment	30 Sept 2016 £000	30 Sept 2015 £000
Real Estate	628	616
Car Parking	180	171
Regeneration	(56)	(64)
Marine	761	742
Core trading gross profit	1,513	1,465

Property and regeneration

The investment portfolio



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- General
 - General improvement reflecting recent lettings, lease terms and occupier covenant
- North Quay House
 - Valuation deficit due to vacant floor
- Lockyers/NMA estate
 - Increase reflects review of lease terms

Investment Portfolio at valuation £000	30 Sept 2016	31 March 2016
North Quay House	3,300	3,425
Barbican Market estate	3,825	3,825
Lockyers/NMA estate	4,650	4,525
Fisheries merchant units	1,500	1,550
Other	6,185	6,025
	19,460	19,350
Valuer	JLL	JLL



Investment KPIs	Sept 2016	Mar 2016
Net initial yield	7.60%	8.30%
Reversionary yield	8.40%	9.20%
Occupancy rate	87.0%	96.20%
ERV vacant units	£0.139m	£0.039m
Average, unexpired lease	9.8 years	10.0 years



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Property and regeneration

The owner-occupied portfolio

- Sutton Harbour Marina
 - Slower marina trading and valuation sentiment is reflected in -7% downgrade
- King Point Marina
 - Business maturing per expectations
 - Valuation downgrade resulting from future revenue projections and market sentiment
 - Self-standing asset not part of the Sutton Harbour estate
- Plymouth Fisheries
 - No change in H1
- Car Parks
 - Sustained revenue growth
 - Cost savings from LED lighting project reflected

Owner occupied portfolio at valuation £000	30 Sept 2016	31 Mar 2016
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Owner Occupied Portfolio – at valuation		
Marina at Sutton Harbour	12,200	13,150
King Point Marina	2,950	*3,550
Plymouth Fisheries	6,500	6,500
Car Parks	3,950	3,550
	25,600	26,750
Valuer	JLL	JLL

*'Value in use' valuation accounted for at 31 March 2016 due to immaturity of trading asset. Operational for three years as at 30 September 2016 and adoption of external JLL valuation.

Property and regeneration

Current project inventory



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- Sites around Sutton Harbour
 - 'The Boardwalk' site at Sutton Harbour has planning consent. Works to procure marine statutory consents underway
 - Sugar House, East Quay – current marketing of site with draft plans
- Portland
 - Value in leasehold tranches and IP
- Former Airport Site (113 acres)
 - Evidence backed representations to draft Joint Local Plan public consultation
 - Comprehensive programme of stakeholder engagement
 - Government report awaited
 - Examination in Public of new Local Plan due Autumn 2017 to determine land use allocation

Project inventory	30 Sept 2016 £000	31 Mar 2016 £000
Sites around Sutton Harbour	8,184	8,104
Portland	200	206
Former Airport Site	11,885	11,721
	20,269	20,031



Summary



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- **Debt Reduction**
 - Focus on realisation of key inventory sites to reduce debt
- **Development Opportunities**
 - Representations to secure planning allocations on development sites
- **Growth from core activities**
 - Targeted infrastructure improvements and new marketing initiatives
- **Strategic Review of Options**
 - Board to update shareholders in due course





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