

## Marine Operations and Waterfront Destination Specialist



**Preliminary Announcement  
of Results for the year ended  
31 March 2016**

**June 2016**

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

# Sutton Harbour Holdings plc

## Key facts



- Marine Operations and Waterfront Destination Specialist
  - 543 berths in two marina locations
  - Plymouth Fisheries (2<sup>nd</sup> 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 £46m property portfolio
- 'Vision' for the area of Sutton Harbour. (Creation of a leading visitor destination)
- Rothschild appointed to undertake 'Strategic Review\*\*' in April 2016

\* Adjusted PBT excludes fair valuation adjustment and impairments

\*\* which could lead to a sale of the Company

Net Asset Value  
£40.9m

Revenue  
£6.509m

PBT  
£1.590m  
\*Adjusted PBT  
£0.410m

No. of Employees  
35 (FTE)

Bank Facility  
£25.0m

Gearing  
54.4%

Market Capitalisation  
£26m (SP:27p)

NAV discount  
36% (SP:27p)



# Financial Year 2015/16

## Financial Highlights

Trading Result	31 March 2016	31 March 2015
Profit before tax	£1.590m	£0.861m
Profit before tax (excluding revaluation, impairments)	£0.410m	£0.347m

Balance Sheet	31 March 2016	31 March 2015
Net Assets	£40.869m	£40.459m
Net Asset Value per share	42.4p	42.0p
Net Debt*	£22.213m	£21.458m
Gearing	54.4%	53.0%

\* Net Debt = Net bank debt + Lease financing

## Operational Highlights

- Peak letting occupancy rate 96.2% (31 March 2015: 93.3%)
- Grant supported infrastructure programme completed by December 2015
- Representations to Plymouth Plan public consultation submitted in respect of Former Airport Site and Sutton Harbour
- Sutton Harbour hosted 2016 Trans Atlantic Race start in April 2016



# Company strategy overview

## Current priorities



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- Maximising future growth potential
  - Strategic Review\* process underway
- Realisation of development inventory
  - representations to Plymouth Plan, stakeholder consultation and preparation of evidence in advance of public enquiry
  - marketable scheme proposals for Sugar House
  - statutory consents application for 'Boardwalk'
- Targeted investment into infrastructure
  - grant matched programme completed Dec 2015
- Operational change to grow revenue
  - seasonal and flexible pricing strategies
  - WiFi and IT improvements at marina
- Funding for revenue and asset growth building
  - bank facility renewal completed March 2016

\*which could lead to a sale of the Company



# Results

## Income Statement



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- Revenue
  - revenue reduction due to fall in oil price.
  - 2016 fuel sales £1.901m (2015: £2.492m), on same volume but improved margin
- Gross Profit
  - +5% (excluding impairment)
  - depreciation (net of grant amortisation) included in CoS: £209k (2015: £123k)
- Fair value adjustment
  - surplus on valuation of investment property assets by JLL as at 31 March 2016
- Administrative expenses (Overheads)
  - stable cost base
- Finance expenses
  - reflecting slightly increased debt level
  - capitalisation of interest: £50k (2015: £122k)

Summary Income Statement	31 Mar '16 £000	31 Mar '15 £000
Revenue	6,509	6,955
Cost of sales	(3,960)	(4,528)
Impairment	(272)	(403)
Gross Profit	2,277	2,024
Administrative expenses	(1,082)	(1,153)
Fair value adjustments	1,452	917
Operating profit	2,647	1,788
Net finance costs	(1,057)	(927)
Profit before tax	1,590	861
Taxation charge	(93)	(206)
Profit after tax	1,497	655

Earnings per share	1.55p	0.68p
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Adjusted PBT (£'000)	410	347
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# Results

## Balance sheet



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- Non current assets
  - incorporating JLL valuation as at 31 Mar '16
  - portfolio growth partly offset by revaluation of airport chattels and occupied property
  - unexpected SDLT impact
- Trade and other debtors
  - increase arising from prepayment of bank facility arrangement fee and accounting for accrued rental income
- Bank and finance leases
  - infrastructure and planning costs
- Government grants
  - Fisheries infrastructure grants and historic airport grant
- Derivatives
  - arising from LIBOR swaps

	<b>31 March 2016 £000</b>	<b>31 March 2015 £000</b>
Non-current assets	46,645	46,084
Current assets		
- Inventories	20,097	19,894
- Trade and other debtors	2,057	1,544
Liabilities		
- Bank and finance leases	(22,213)	(21,458)
- Deferred income	(1,542)	(1,504)
- Provisions	(141)	(177)
- Deferred tax	(1,629)	(1,536)
- Trade and other creditors	(1,118)	(1,241)
- Government grants	(1,214)	(994)
- Derivatives	(73)	(153)
<b>Net assets</b>	<b>40,869</b>	<b>40,459</b>
<b>Net assets per share</b>	<b>42.4p</b>	<b>42.0p</b>

# Results

## Cash position and banking



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- Highlights
  - ice plant equipment re-financed through Lombard facility
  - infrastructure expenditure on chillers
- Banking Facility
  - £25m committed facility to March 19

Net debt movement 12m to 31 March 2016	Lease Financing	Net Bank Debt	Total
Opening net debt	(£0.1m)	(£21.4m)	(£21.5m)
Movement	(£0.3m)	(£0.4m)	(£0.7m)
<b>Closing net debt</b>	<b>(£0.4m)</b>	<b>(£21.8m)</b>	<b>(£22.2m)</b>
<b>Max Facility</b>	<b>(£0.55m)</b>	<b>(£25.0m)</b>	

### Bank Facility (RBS)

- LIBOR swap on £15m at 145bps until June 2016
- LIBOR swap on £10m at 87bps , June 2016 - June 2019
- Gearing 54.4% at 31 March 2016 (31 March 15: 53.0%)
- New 3 year committed facility expires March 2019
- All covenants met in period

Cash Flow Summary 12m to 31 March 2016	Total
Net trading	£0.6m
Capital Expenditure (net of grants)	(£0.3m)
Interest and bank fees	(£1.0m)
<b>Movement</b>	<b>(£0.7m)</b>

# Results

## Segmental performance



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- Overall
  - steadily improving annuity contributions with no development profits
- Real Estate
  - improved income following new lettings
- Car Parking
  - continuing growth trend
- Regeneration
  - costs of former airport site management
- Marine
  - gross profit after depreciation of £231k charge (2015: £118k charge)
  - slower demand for berthing at the Marina at Sutton Harbour

Revenue	31 March 2016 £000	31 March 2015 £000
Real Estate	1,580	1,513
Car Parking	480	422
Regeneration	-	-
Marine	4,449	5,020
<b>Core trading revenue</b>	<b>6,509</b>	<b>6,955</b>

Gross profit before impairments, provisions or fair value adjustment	31 March 2016 £000	31 March 2015 £000
Real Estate	1,196	971
Car Parking	276	240
Regeneration	(178)	(229)
Marine	1,255	1,445
<b>Core trading gross profit</b>	<b>2,549</b>	<b>2,427</b>



# Property and regeneration

## The investment portfolio



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- General
  - general improvement reflecting recent lettings; notably The Stable and Boston Tea Party
- Barbican Market Estate
  - Quay Road outside tables and chairs reclassified from marina asset adding £909k
  - additional seasonal pitches available
- Lockyers/NMA estate
  - increase reflects review of lease terms

Investment Portfolio at valuation	31 March 2016 £000	31 March 2015 £000
North Quay House	3,425	3,275
Barbican Market estate	3,825	2,500
Lockyers/NMA estate	4,525	3,710
Fisheries merchant units	1,550	1,500
Other	6,025	5,620
	<b>19,350</b>	<b>16,605</b>
Valuer	JLL	JLL

Investment KPIs		
Net initial yield	8.30%	8.60%
Reversionary yield	9.20%	9.70%
Occupancy rate	96.20%	93.30%
ERV vacant units	£0.039m	£0.119m
Average, unexpired lease	10.0 years	10.0 years



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# Property and regeneration

## The owner-occupied portfolio

- Sutton Harbour Marina
  - reclassification of £909k Quay Road space to investment properties
- Plymouth Fisheries
  - incorporation of ice plant and new chillers into Fisheries valuation
- Car Parks
  - strong growth, 3 year revenue CAGR 12.4%
- King Point Marina
  - immature asset carried at 'value in use'
  - improving revenue, but higher costs

<b>Owner occupied portfolio at valuation £000</b>	<b>31 March 2016</b>	<b>31 March 2015</b>
	<b>£000</b>	<b>£000</b>

<b>Owner Occupied Portfolio – at valuation</b>		
Marina at Sutton Harbour	13,150	14,000
Plymouth Fisheries	6,500	6,700
Car Parks	3,550	3,500
	<b>23,200</b>	<b>24,200</b>
Valuer	JLL	JLL

<b>Immature Asset- at 'value in use'</b>		
King Point Marina	3,550	3,889

<b>Total Carrying Value</b>	<b>26,750</b>	<b>28,089</b>
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# Property and regeneration

## Current project inventory



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- Sites around Sutton Harbour
  - Marine statutory consents awaited for the planning approved 'Boardwalk' scheme. (7,800 sq ft F&B space)
  - Sugar House, East Quay – advanced stage of marketing to developer/investor partners
- Portland
  - Impairment to recognise ageing of development consents and plans
  - Leasehold interest in land
- Former Airport Site (113 acres)
  - Representations to Plymouth Plan public consultation
  - Comprehensive stakeholder engagement
  - Government report due 2016, but 'Examination in Public' due mid 2017

Project inventory	31 March 2016 £000	31 March 2015 £000
Sites around Sutton Harbour	8,104	7,861
Portland	200	406
Former Airport Site	11,721	11,568
	<b>20,025</b>	<b>19,835</b>



# Summary



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## The Vision

- to further develop Sutton Harbour as a leading visitor destination

## New Development

- market ready schemes for new development at Sutton Harbour

## Core activities

- recent investment to drive medium term growth

## Funding

- 'Strategic Review' by Rothschild to examine options to overcome capital constraints and expedite growth opportunities, which could lead to a sale of the Company





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