



SUTTON
HARBOUR
HOLDINGS PLC

Marine Operations and Waterfront Destination Specialist



**Preliminary Announcement
of Results for six month period
ended
30 September 2015**

December 2015

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 £46m property portfolio
- 'Vision' for the area of Sutton Harbour
 - Creation of a destination of regional importance and national significance through delivery of c.£75m regeneration over 5-10 years

Net Asset Value
£41.530m

H1 Revenue
£3.674m

H1 PBT
£1.261m

No. of
Employees
39

Bank Facility
£22.5m

Gearing
53.6%

Market
Capitalisation
£28.4m (29.5p)

NAV discount
32% (29.5p)

First Half Year 2015/16

Financial Highlights



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Financial Highlights	30 Sept 2015	30 Sept 2014
Profit before tax	£1.261m	£0.661m
Profit before tax (excluding revaluation, impairments)	£0.249m	£0.155m

	30 Sept 2015	31 Mch 2015
Net Assets	£41.530m	£40.459m
Net Asset Value per share	43.1p	42.0p
Net Debt*	£22.256m	£21.458m
Gearing	53.6%	53.0%
* Net Debt = Net bank debt + Lease financing		

Highlights year to date:

- Further lettings increasing occupancy rate to 96.2% (31 March 2015: 93.3%)
- Grant supported infrastructure programme completed by December 2015
- Publication of socio-economic information about benefits of development of Former Airport Site and Sutton Harbour
- Plymouth announced as departure port for 2016 Trans Atlantic Race with the Marina at Sutton Harbour hosting race yachts



Company strategy overview

Current priorities



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- Realisation of development inventory
 - representations to Plymouth Plan process to position the development potential of the former airport site
 - marketable scheme proposals for Sugar House
 - statutory consents application for 'Boardwalk'
- Targeted investment into infrastructure
 - grant matched programme completes Dec 2015
- Operational change to grow revenue
 - peak season tariffs introduced (marina, parking)
 - WiFi and IT improvements at marina
- Funding for revenue and asset growth building
 - Bank facility renewal in progress



Results

Income Statement



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- Revenue
 - Revenue reduction due to fall in fuel commodity price. H1 fuel sales £1.259m (2014: £1.524m), yet +9.2% sales volume
- Gross Profit
 - Improvement (+10.6%) resulting from core activities
- Fair value adjustment
 - Valuation surplus on external valuation of investment property assets as at 30 Sept 2015
- Costs
 - Stable cost base
- Finance expenses
 - Reflecting slightly increased debt level
 - No capitalisation of interest in H1 (2014: nil)

Summary Income Statement	30 Sep 2015 £000	30 Sep 2014 £000
Revenue	3,674	3,837
Cost of sales	(2,209)	(2,513)
Gross Profit	1,465	1,324
Administrative expenses	(664)	(645)
Fair value adjustments	1,012	506
Operating profit	1,813	1,185
Net finance costs	(552)	(524)
Profit before tax	1,261	661
Taxation charge	(252)	(132)
Profit after tax	1,009	529
PBT excluding adj. for valuation, impairment, provisions	249	155
Earnings per share	0.26p	0.16p

Results

Balance sheet



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- Non current assets
 - Incorporating JLL valuation as at 30 September 2015
- Trade and other debtors
 - Lower trade debtors offset by prepaid costs
- Bank and finance leases
 - Infrastructure and planning costs.
 - Cash cycle trough in Autumn.
- Government grants
 - Match funding received for chillers
- Derivatives
 - Arising from LIBOR swap
- Net assets per share
 - H1 valuation effect: 1.05p per share increase

	30 Sept 2015 £000	31 March 2015 £000	30 Sept 2014 £000
Non-current assets	47,271	46,084	43,746
Current assets			
- Inventories	20,012	19,894	19,809
- Trade and other debtors	1,671	1,544	1,996
Liabilities			
- Bank and finance leases	(22,256)	(21,458)	(21,136)
- Deferred income	(981)	(1,504)	(907)
- Provisions	(160)	(177)	(197)
- Deferred tax	(1,789)	(1,536)	(1,463)
- Trade and other creditors	(1,126)	(1,241)	(1,809)
- Government grants	(1,018)	(994)	(767)
- Derivatives	(94)	(153)	(103)
Net assets	41,530	40,459	39,169
Net assets per share	43.1p	42.0p	40.7p



Results

Cash position and banking

- **Highlights**
 - Normal H1 trading cash cycle, as marina fees received H2
 - Ice plant equipment re-financed through Lombard facility
 - Infrastructure expenditure on chillers
- **Banking Facility**
 - £22.5m facility to Oct 2016
 - Facility re-finance work underway

Bank Facility (RBS)

- LIBOR swap on £15m at 145bps until June 2016
- Gearing 53.6% at 30 Sept 2015 (31 March 15: 53.0%)
- Facility expires October 2016
- All covenants met in period

Net debt movement 6m to 30 Sept 2015	Lease Financing	Net Bank Debt	Total
Opening net debt	(£0.1m)	(£21.4m)	(£21.5m)
Movement	(£0.4m)	(£0.4m)	(£0.8m)
Closing net debt	(£0.5m)	(£21.8m)	(£22.3m)
Max Facility	(£0.55m)	(£22.5m)	

Cash Flow Summary 6m to 30 Sept 2015	Total
Net trading	£0.0m
Capital Expenditure (net of grants)	(£0.2m)
Interest and bank fees	(£0.6m)
Movement	(£0.8m)

Results

Segmental performance



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- Overall
 - Improving annuity contributions with no development profits
- Real Estate
 - Some reclassification of fishmarket rents to marine segment
 - Improved underlying income from new lettings
- Car Parking
 - Peak season tariff during summer months
- Regeneration
 - Costs of former airport site management
- Marine
 - Recovery in fuel sales margins
 - Improved ice sales revenues new plant
 - King Point Marina trade maturing

Revenue	30 Sept 2015 £000	30 Sept 2014 £000
Real Estate	778	813
Car Parking	279	251
Regeneration	-	-
Marine	2,617	2,773
Core trading revenue	3,674	3,837

Gross profit before impairments, provisions or fair value adjustment	30 Sept 2015 £000	30 Sept 2014 £000
Real Estate	616	519
Car Parking	171	159
Regeneration	(64)	(66)
Marine	742	712
Core trading gross profit	1,465	1,324

Property and regeneration

The investment portfolio



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- General
 - General improvement reflecting recent lettings and establish trades ; notably The Stable and Boston Tea Party
- Barbican Market Estate
 - Quay Road outside tables and chairs reclassified from marina asset adding £900k.
 - Additional seasonal pitches available.
- Lockyers/NMA estate
 - Increase reflect review of lease terms

Investment Portfolio at valuation £000	30 Sept 2015	31 March 2015
North Quay House	3,425	3,275
Barbican Market estate	3,600	2,500
Lockyers/NMA estate	4,035	3,710
Fisheries merchant units	1,550	1,500
Other	5,920	5,620
	18,530	16,605
Valuer	JLL	JLL

Investment KPIs	Sept 2015	Mch 2015
Net initial yield	8.30%	8.60%
Reversionary yield	9.20%	9.70%
Occupancy rate	96.20%	93.30%
ERV vacant units	£0.040m	£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 £900k Quay Road space to investment properties. Underlying +£400k.
- Plymouth Fisheries
 - Incorporation of £800k ice plant. Underlying -£400k, but reflects incomplete infrastructure work underway at 30 Sept 2015.
- Car Parks
 - H1 gross revenues up 11% on previous year
 - Strong potential for future growth as 'Vision' for the area of Sutton Harbour takes shape.
- King Point Marina
 - Immature asset carried at 'value in use'.
 - Business maturing well.
 - Self-standing asset not part of the Sutton Harbour estate.

Owner occupied portfolio at valuation £000	30 Sept 2015	31 Mch 2015
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Owner Occupied Portfolio – at valuation		
Marina at Sutton Harbour	13,500	14,000
Plymouth Fisheries	7,100	6,700
Car Parks	3,500	3,500
	24,100	24,200
Valuer	JLL	JLL

Immature Asset- at 'value in use'		
King Point Marina	3,840	3,889

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 – next stage of project formulation underway prior to approaching funding/delivery partners
- Portland
 - Value in leasehold tranches and IP
- Former Airport Site (113 acres)
 - Evidence backed representations to Plymouth Plan public consultation
 - Comprehensive programme of stakeholder engagement
 - Government report due early 2016, but 'Examination in Public' due mid 2017

Project inventory	30 Sept 2015 £000	31 March 2015 £000
Sites around Sutton Harbour	7,930	7,861
Portland	406	406
Former Airport Site	11,605	11,568
	19,941	19,835



Summary



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Debt Reduction

- Focus on realisation of key inventory sites to reduce debt

New Opportunities

- New scheme proposals for Sutton Harbour to deliver 'Vision' for the area

Growth from core activities

- Successful strategies to improve profitability and sustainability of core activities

Funding

- Renewal of bank facility in progress





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