

5 September 2019

FIH group plc

AGM Statement

FIH group plc (“FIH”, “the Company” or the “group”), the AIM quoted international services group that owns essential services businesses in the Falkland Islands and the UK, is holding its Annual General Meeting (“AGM”) at the offices of FTI Consulting at 200 Aldersgate, London EC1A 4HD at 2.00 p.m. today.

At the meeting, Chairman, Robin Williams, will make the following statement:

“On behalf of the board, I am delighted to welcome shareholders to the FIH group AGM. I am pleased to say that in the year to 31 March 2019 the group made further progress producing Profit Before Tax of £3.9 million, an increase of 19% over the prior year. I would also like to note that since the year end the group’s available cash reserves have been strengthened by the draw-down of a long-term commercial mortgage on the group’s freehold property at Leyton, which boosted cash balances by £3.9 million.

Proposed Final Dividend

“As announced in the group’s annual report issued on 11 June 2019, subject to approval by shareholders at today’s AGM, a final dividend of 3.35 pence per FIH share will be paid on 20 September 2019 to shareholders on the register at the close of business on 16 August 2019. This will take the total dividend paid for the year to 31 March 2019 to 5.0p per share, up 11.1% on the 4.5p dividend paid last year. The full 2018-19 dividend, if approved by shareholders, will be covered 4.8 times by the group’s reported earnings per share of 24.1p per share.

Update on Trading and Liquidity

“Trading at the group’s fine art handling and storage company, Momart, has started slowly with activity in both the commercial art market and public sector being noticeably more subdued than normal. In contrast, Momart’s large Exhibitions order book for the remainder of the financial year is ahead of the comparable period last year and despite the slow start the board is confident that Momart’s performance will improve as the year progresses.

“At the Falklands Islands Company, (“FIC”), trading has started the year in line with our expectations and the company has built up a record order book for houses to be built in the current year.

“At Portsmouth, trading at the group’s ferry business in Portsmouth Harbour, has been satisfactory and broadly in line with last year.

“The group’s liquidity position has strengthened since the beginning of the financial year and at 31 August 2019 the group’s cash reserves were £10.5 million (31 March 2019: £6.2 million). Following the aforementioned mortgage draw down for the group’s Leyton property, bank borrowings at 31 August were £16.4 million comprised of a new £13.9 million ten year commercial mortgage with interest rates fixed at 3% and other long term loans of £2.5 million. Total bank borrowings of £16.4 million compare to £12.8 million at 31 March 2019 giving net bank debt at 31 August of £5.9 million (31 March 2019 £6.6 million).

Developments in the Falklands

“Development of oil production in the Falklands remains uncertain and has been adversely affected by the weaker outlook for the price of oil, which has led to delays in the investment decision by licence holder, Premier Oil, on whether to proceed with development of the Sea Lion field.

“On a more positive note prospective government and military infrastructure projects in the Falklands are still moving forward, albeit slowly and in a highly competitive environment. Despite this the group remains well placed to take advantage of the expected flow of

contracts over the medium term. At FIC's house building division, Falklands Building Services, a record order book including FIC's first government housing contract means a strong recovery in house sales is expected in the current financial year.

Impact of Brexit

"Uncertainty over Brexit has already negatively impacted trading in the current financial year and may cause some further slow-down in activity at least in the immediate autumn period, if there is any physical disruption at ports of entry or any adverse changes in UK / EU customs and taxation arrangements.

"Of the group's companies, Momart is the most exposed but with careful planning we are seeking to mitigate potential disruption to the movement of art works in and out of Europe however, it will not be possible to ensure complete insulation from the expected short-term negative impacts of a disorderly Brexit. The precise extent of any problems (and potential opportunities) will become clearer over the next 12 months as will the impact of possible tariffs on Falklands-caught squid exported to the EU, which although not directly involving FIC, is a key driver of the Falklands economy.

"In overall terms we expect the impact of Brexit on the group's current year's trading to be negative although the exact extent is difficult to judge.

Outlook

"Investment in property assets and capital projects is continuing in the Falklands with a further strengthening of the team in Stanley to manage expected medium-term growth.

"At Momart, management energies are focussed on recovering the shortfall experienced in the first five months of the year and in continuing the sale of spare capacity at the company's art storage facilities at Leyton. A further strengthening of the executive team is also being put in place to underpin the company's long term future.

"The long-term outlook for all the group's businesses remains strong. However with the costs of strengthening the operational management teams across the group, the absence of the one-off credits reported last year, plus the uncertainty caused by Brexit and wider geo-political instability, the near term outlook, in line with analysts' forecasts, is for a consolidation of earnings in the current year at a level below that seen in 2018-19.

"Once through the choppy waters we foresee in the near term, with its strong balance sheet and embedded market positions across its diverse trading companies, your board remains confident that the group remains well placed to deliver growth over the medium-term."

- **Ends** -

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FIH group plc

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