

**17 September 2020**

**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 its offices at Kenburgh Court, 133-137 South Street, Bishop's Stortford, Hertfordshire CM23 3HX at 2.00 p.m. today.

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

"On behalf of the board, I am pleased to welcome shareholders to the FIH group AGM which due to the coronavirus restrictions is being held virtually.

The group's results for the year to 31 March 2020 were published in late June and showed a satisfactory underlying trading performance. In the Falklands, FIC produced record profits, up 37% compared to 2019, and in the UK both the group's businesses delivered solid profits despite the impact of Covid-19 in the last weeks of the financial year. Liquidity remained strong and the group ended the year with healthy closing cash balances of £9.1million.

**Cash Position**

Since 31 March 2020, the group has maintained an active focus on cash management and the group's liquidity position remains strong. On 30 June, £5.0 million was drawn-down from the government's Coronavirus Business Interruption Loan Scheme to add to our cash reserves and at the end of August 2020 the Group had £14.1 million of cash.

**Trading**

From the start of the current financial year, trading has been adversely affected by the impact of Covid-19 with a significant loss of revenue in both UK businesses. At our ferry business, PHFC, passenger traffic dwindled to a small number of essential workers and at the Group's fine art handling business, Momart, although storage revenues held up well, art handling revenue dried up to virtually zero as the commercial art market and museums both at home and abroad closed down for several months.

With the gradual easing of lockdown restrictions, revenue in both businesses is steadily recovering but remains well below prior year levels. Timely cost cutting actions have mitigated the effects of lost revenue and full use has been made of the UK government's excellent furlough scheme, but nonetheless, significant losses have arisen in the UK businesses in the first 5 months of the new financial year. At Momart which saw almost no new client commissions in the first quarter and where the prospects for a rapid recovery look uncertain, a programme of redundancies over the summer has reduced the company's headcount by 25% down to 100 staff.

At PHFC the ferry service was maintained throughout the lockdown and in July the company was successful in securing limited but welcome grant assistance from local government.

Reflecting reduced demand, and to save costs the company has ceased operating its second peak period vessel. However, passenger numbers have been recovering steadily since Lock-down and by August had reached 50% of prior year levels. With the return of children to school in September and a wider return to work in local businesses we hope to see further growth in volumes that will move the company back to profitability. The position is being kept under close review as financial support from central government's furlough scheme reduces and finally ceases at the end of October. If losses do not recede, further restructuring at the ferry cannot be ruled out.

In contrast in the Falklands where initial infections were brought quickly under control, profitable trading has been maintained. Retail sales have remained strong and house building has continued after a brief hiatus but these positive developments have been largely offset by a poor illex squid catch and weaker demand for local support services. The cessation of

commercial air services to and from the Islands and the necessary quarantine measures that have been put in place to protect the local community mean the prospects of the normal seasonal uplift for the Falklands economy from tourism in the austral summer now look unlikely. With the fall in oil prices brought about by the pandemic, on 20 August Premier Oil announced that further development of Sea Lion would be temporarily suspended and as a result prospects for the imminent development of oil in the Falklands have receded. Taken together, we still expect the Falklands to make a profitable contribution to the Group for the year but it is unlikely to reach previous levels.

**Dividend**

As previously announced, the final dividend for the year to 31 March 2020 was cancelled and the board is not proposing an interim dividend for the current year.

**Outlook**

We still expect to record a loss for the financial year, though, before the costs of redundancies, at a lower underlying level than when we reported to shareholders in June. In the second half, with recovering revenues we hope to see the UK operations reduce losses and move back steadily towards monthly profitability. However, the rate of progress is hard to predict not least because of the potential for second spikes in the virus and further lock-downs or the arrival of a vaccine. At this juncture, the outlook for the financial year remains necessarily uncertain although the Group's UK businesses are secure and absent further setbacks are steadily recovering. We hope to be able to give shareholders a clearer picture when the group's Interim results for the 6 months to 30 September are published in mid-November.

- Ends -

**Enquiries:**

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