



# Fishing Republic plc

## Introductory Presentation

17 March 2018

# Presentation Team

## ► **Steve Kyriacou, COO**

- 20 years' experience in delivering change management programmes
  - including for divisions of major organisations, such as Primark, Barclays Bank, Morrisons and BT
- Joined Fishing Republic in December 2017, and was appointed to the Board in March 2017.
- Steve is leading an operational change programme following a comprehensive review commenced in November 2017

# Overview of Business

- ▶ One of the largest fishing tackle retailers in the UK – currently 18 stores
- ▶ Joined AIM in June 2015
- ▶ Multi-channel model - combining 'destination' stores and online sales
- ▶ Extensive product range, catering for all fishing disciplines
- ▶ Revenue growth:
  - H1 to 30 June 2017: £4.09m (2016: £2.50m)
  - FY to 31 December 2016: £5.80m (2015: £4.12m)
- ▶ Fishing tackle marketplace is highly fragmented – dominated by small owner-managed businesses
- ▶ Significant opportunity to consolidate the sector
  - roll-out of 'destination' store format to create a national network
  - expand online sales

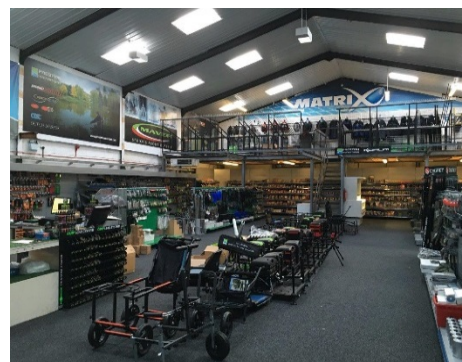
# The Market

- ▶ Angling is the 6<sup>th</sup> largest UK sport (as measured by once per month participation) <sup>1</sup>
- ▶ Highly fragmented market – approx. 2,300 specialist fishing tackle retailers in the UK in 2015
- ▶ Growth challenges for smaller retailers include:
  - stock range – increasing requirement for broader range, including high-tech tackle items
  - difficulty in obtaining bank financing
  - lack of easy exit route
- ▶ Government is supporting fishing with a National Angling Strategy, 2013-18 <sup>1</sup>
  - to encourage participation in fishing and address the environmental issues facing angling

(1) “Fishing For Life: a national strategy for getting people fishing”, published by The Angling Trust, November 2012



# Stores

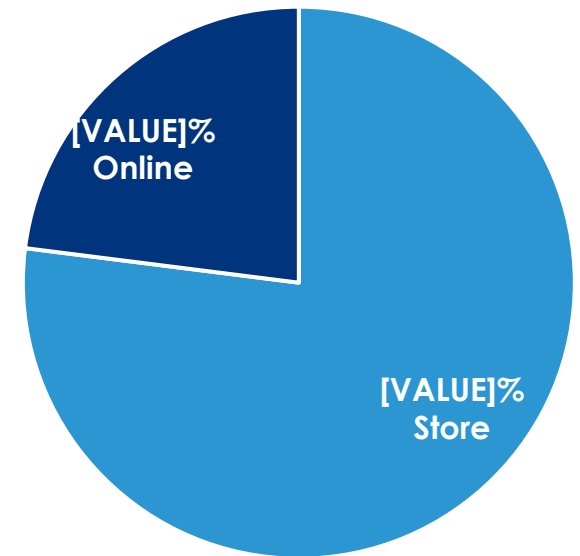


- Stores at IPO, 4 June 2015
- Stores added between IPO & FY2016
- Stores added in 2017

**Fishing  
REPUBLIC**

# Stores

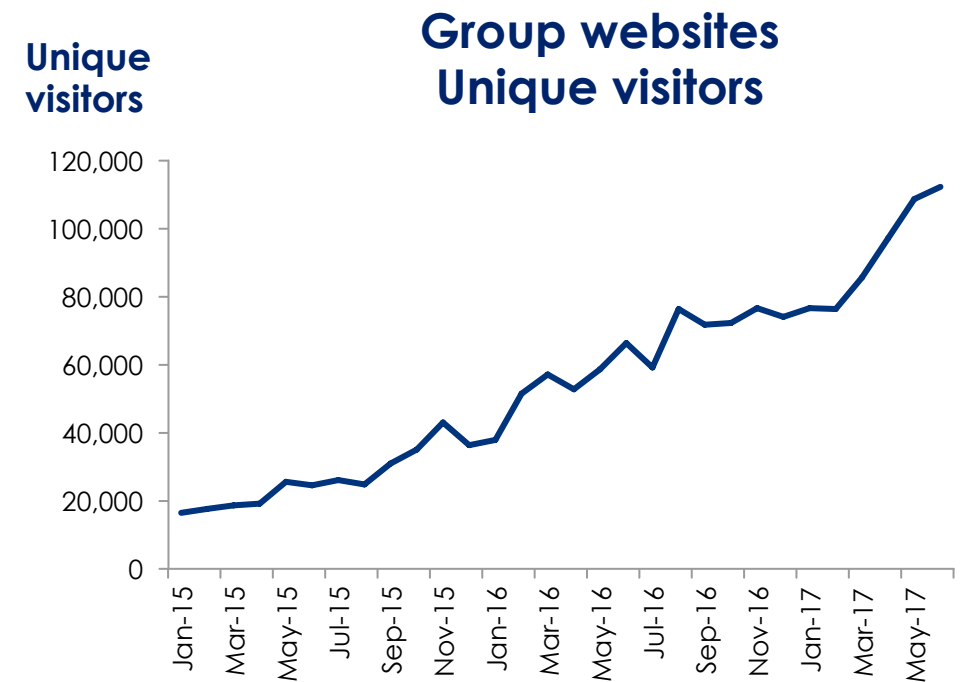
- ▶ Currently 18 'destination' stores :
  - 4,000 sq ft +
  - extensive product range, catering for all fishing disciplines
  - typically located on out-of-town, light industrial estates
  - convenient access and easy parking
  - draws customers from a wide radius
- ▶ Since IPO in June 2015, Company opened 10 new stores
  - widened geographic reach from core Yorkshire base
- ▶ Store sales accounted for 77% of revenues in H12017, which reflected store opening programme



**H117 Revenue Split**

# Online

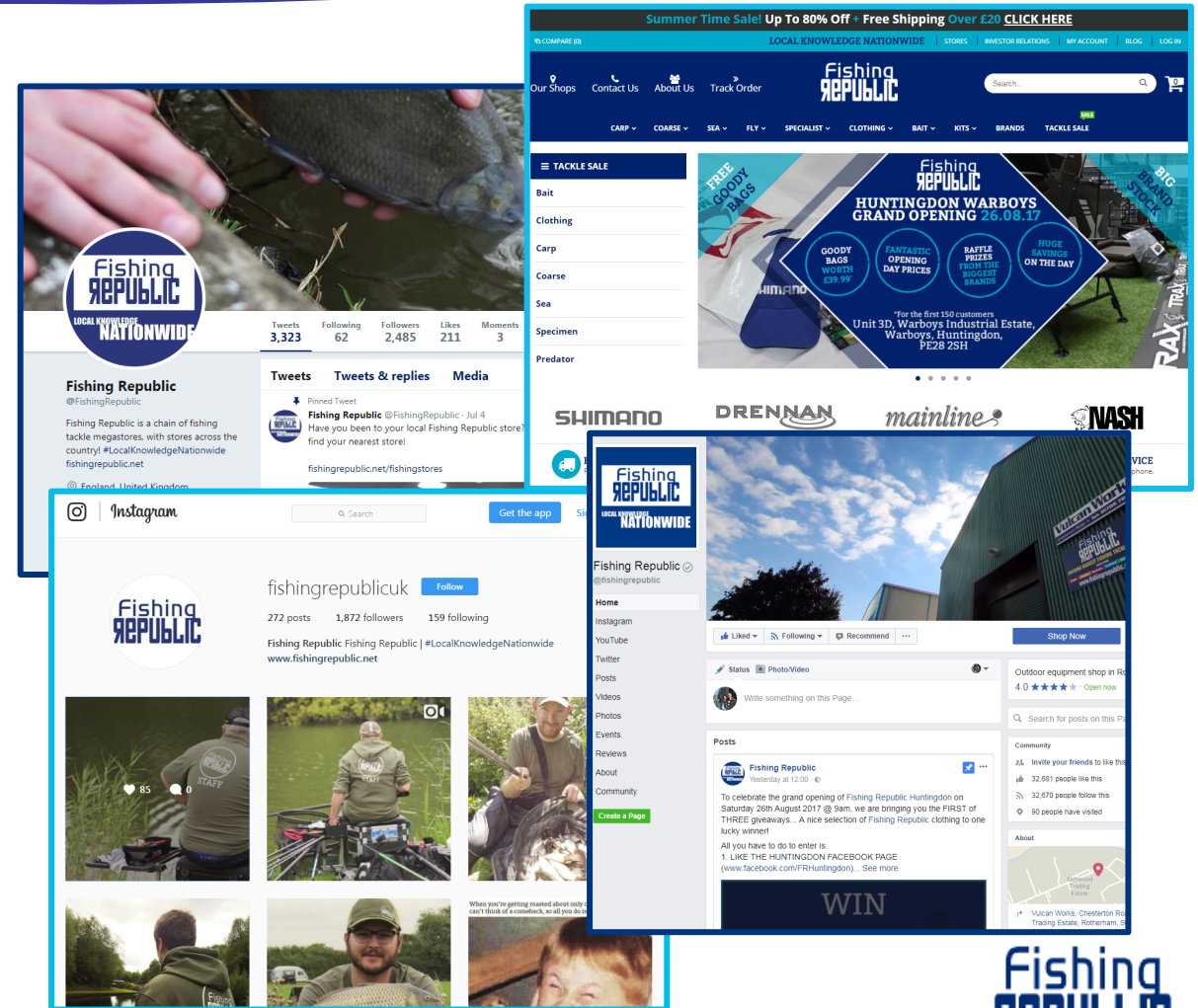
- ▶ Historically, the Group's online sales was generated principally from third party platforms
- ▶ Strategy to transition to own-website sales, away from third party:
  - in 2015, only 16% of online sales were via own-websites
  - by 2016, own-website sales accounted for 40% of online sales
- ▶ In H1 2017, total online sales accounted for around a quarter of Group sales
- ▶ New enhanced fishingrepublic.net website launched in March 2017





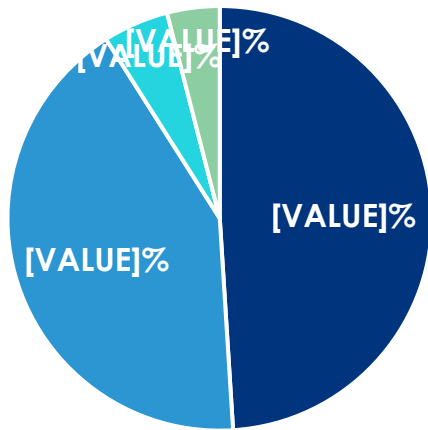
# Online – strategy

- ▶ Increased online resource – from website development to marketing
- ▶ Enhance fishingrepublic.net website
  - optimised for mobile
  - increased search category options
  - improved checkout process
  - new services: *Click & Collect*
  - built-in flexibility – easier to adapt
- ▶ Social Media
  - Facebook
  - Twitter
  - Instagram
- ▶ Continuing content development e.g. Blog provides “inspiration and advice”



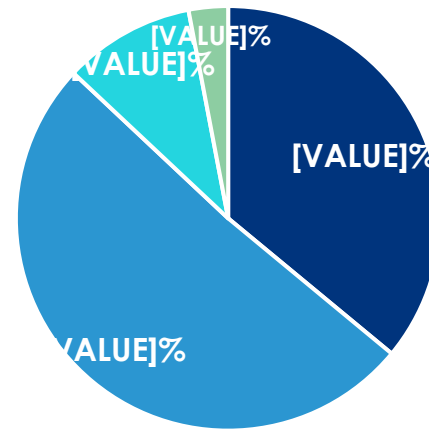
# H1 2017 Sales Split – by discipline

H1 2017



■ Carp ■ Coarse ■ Game ■ Sea

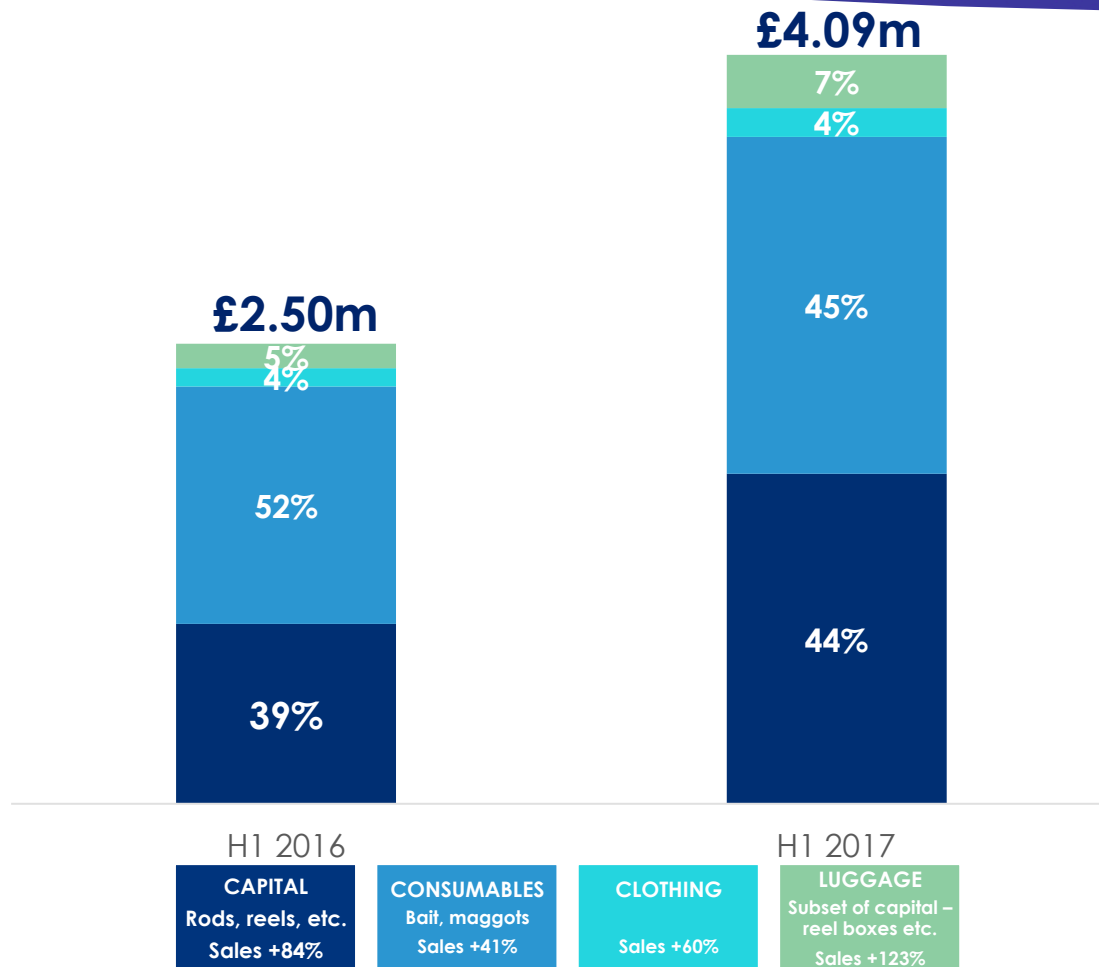
H1 2016



■ Carp ■ Coarse ■ Game ■ Sea

- Carp fishing – most popular discipline in the UK today

# H1 2017 Sales Split – by category



- ▶ H1 17 sales increased across all categories:
  - capital goods
  - consumables
  - clothing
  - luggage
- ▶ Change in sales mix in H1 17 – mainly reflected promotional activity across new stores
  - discount offers on capital items to attract customers
- ▶ Consumables are typically seen as recurring revenues



# Financial Key Points - H1 2017

- ▶ H1 2017 revenues up 64% to £4.09m (2016: £2.50m)
  - like-for-like sales up 22% with additional growth from store expansion programme
- ▶ Gross profit of £1.46m (2016: £1.25m)
  - gross margin down y/y due to sales mix (capital items vs. consumables)
  - expect more normal mix in H2
- ▶ Loss before tax of £0.12m (2016: profit of £0.16m)
  - reflected accelerated investment into store and online initiatives
- ▶ Loss per share of 0.25p (2016: earnings per share of 0.47p)
- ▶ Capital expenditure of £0.88m (2016: £0.28m)
- ▶ Net cash balance at 30 June 2017 of £0.68m (2016: £3.65m)

# Recent Events

- ▶ Company experienced a significant deterioration in trading performance, reported in a Trading Update in November 2017
- ▶ As result, an Operational Review was commenced and Board changes made
- ▶ Focus on improving Group's operational effectiveness – particularly e-commerce operations
- ▶ Key appointments have been made to strengthen the senior management team:
  - COO
  - Head of Merchandising and Buying
  - Head of Logistics
  - Head of Retail
- ▶ £1.3m raised via a share placing in January 2018 – supported by new and existing shareholders, including Directors

# Summary & Outlook

- ▶ Senior management team has been significantly strengthened
- ▶ New growth initiatives in place
- ▶ Non-performing store closed
- ▶ Significant opportunity to consolidate the fishing tackle market place remains
- ▶ Supportive shareholders – including
- ▶ Publication of full year's results expected in April 2018

# Supplementary Information

- ▶ H1 2017 PERFORMANCE
- ▶ SIGNIFICANT SHAREHOLDERS
- ▶ DIRECTORS' BIOGRAPHIES
- ▶ HISTORY
- ▶ OWN BRANDS
- ▶ THE MARKET
- ▶ FISHING DISCIPLINES

# Income Statement – H1 2017

£	Six months to 30 June 2017 Unaudited	Six months to 30 June 2016 Unaudited	Year to 31 December 2016 Audited
<b>Revenue</b>	<b>4,094,653</b>	<b>2,503,175</b>	<b>5,799,065</b>
Cost of sales	(2,632,451)	(1,248,445)	(3,038,895)
<b>Gross profit</b>	<b>1,462,202</b>	<b>1,254,730</b>	<b>2,760,170</b>
Other income	11,006	3,013	5,155
Selling and distribution costs	(814,088)	(604,714)	(1,303,721)
Administrative expenses	(766,849)	(487,298)	(1,041,638)
Operating (loss)/profit	(107,729)	165,731	419,966
Finance costs	(9,815)	(8,383)	(17,065)
<b>(Loss)/profit on ordinary activities before taxation</b>	<b>(117,544)</b>	<b>157,348</b>	<b>402,901</b>
Income tax	23,509	(31,470)	(82,130)
<b>(Loss)/profit after taxation</b>	<b>(94,035)</b>	<b>125,878</b>	<b>320,771</b>
<b>(Loss)/earnings per share – basic</b>	<b>(0.25)p</b>	<b>0.47p</b>	<b>0.99p</b>

# Balance Sheet – H1 2017

£	As at 30 June 2017 Unaudited	As at 30 June 2016 Unaudited	As at 31 December 2016 Audited
<b>Non-current assets</b>			
Property, plant & equipment	1,412,847	365,762	795,495
Intangible assets	613,880	154,092	445,283
	2,026,727	519,854	1,240,778
<b>Current assets</b>			
Inventories	5,286,718	3,293,632	4,256,630
Trade and other receivables	453,261	183,536	205,678
Cash and cash equivalents	681,409	3,907,419	2,055,699
	6,421,388	7,384,587	6,518,007
<b>Total assets</b>	<b>8,448,115</b>	<b>7,904,441</b>	<b>7,758,785</b>
<b>Non-current liabilities</b>			
Interest bearing loans and borrowings	-	231,977	-
<b>Current liabilities</b>			
Trade and other payables	1,681,930	1,006,017	880,056
Deferred tax liability	17,880	-	41,389
Loans and borrowings	-	24,000	-
	1,699,810	1,030,017	921,445
<b>Total liabilities</b>	<b>1,699,810</b>	<b>1,261,994</b>	<b>921,445</b>
<b>Equity</b>			
Share capital	378,562	378,268	378,268
Share premium	5,057,639	5,052,933	5,052,933
Revenue reserve	1,312,104	1,211,246	1,406,139
<b>Total equity</b>	<b>6,748,305</b>	<b>6,642,447</b>	<b>6,837,340</b>
<b>Total equity and liabilities</b>	<b>8,448,115</b>	<b>7,904,441</b>	<b>7,758,785</b>



# Cash Flow – H1 2017

£	Six months to 30 June 2017 Unaudited	Six months to 30 June 2016 Unaudited	Year to 31 December 2016 Audited
<b>Operating activity</b>			
Operating (loss) / profit	(117,544)	157,348	402,901
Depreciation charge	97,214	27,153	70,962
Interest expense	9,815	8,383	17,065
Increase in inventories	(1,030,088)	(846,727)	(1,809,725)
(Increase)/decrease in receivables	(247,583)	62,060	30,645
Increase in payables	801,874	567,122	517,339
<b>Net cash generated from operations</b>	<b>(486,312)</b>	<b>(24,661)</b>	<b>(770,813)</b>
<b>Investing activity</b>			
Purchase of property, plant and equipment	(713,941)	(203,924)	(612,100)
Acquisition of intangible assets	(169,222)	(76,805)	(220,901)
Outflows in respect of business combinations	-	-	(212,462)
<b>Net cash used in investing activities</b>	<b>(883,163)</b>	<b>(280,729)</b>	<b>(1,045,463)</b>
<b>Financing activity</b>			
<b>Net cash (outflow)/ inflow from financing activities</b>	<b>(4,815)</b>	<b>3,566,506</b>	<b>3,225,672</b>
<b>Net (decrease)/ increase in cash and cash equivalents</b>	<b>(1,374,290)</b>	<b>3,261,116</b>	<b>1,409,396</b>
Cash and cash equivalents at start of year	2,055,699	646,303	646,303
<b>Cash and cash equivalents at year end</b>	<b>681,409</b>	<b>3,907,419</b>	<b>2,055,699</b>

# Significant Shareholders

Name	Number of shares	% of share capital
Stephen Gross	11,240,822	21.7%
Miton Group plc	5,411,733	10.4%
Sir Terry Leahy	4,857,143	9.4%
William Currie	4,857,143	9.4%
Clare and Richard Hughes	2,214,286	4.2%
Adam Kamani	2,214,285	4.2%

- ▶ As at 21 February 2018
- ▶ 51,856,199 ordinary shares of 1p each in issue
- ▶ The percentage of ordinary shares deemed not to be held in public hands is 34.4%

# Directors' Biographies

<b>James Newman</b> <b>OBE</b>	<i>Non-executive Chairman</i>	<ul style="list-style-type: none"><li>- joined Fishing Republic in October 2014</li><li>- highly experienced Group FD, previously at Kelda Group plc, Bridon plc and Watmoughs (Holdings) PLC</li><li>- Chairman of Finance Yorkshire and former Chairman of Sheffield City Region Local Enterprise Partnership</li><li>- former Chairman/NED of a number of quoted companies, including Dignity plc and Straight plc (Chairman)</li></ul>
<b>Steve Gross</b>	<i>Founder &amp; Executive Director</i>	<ul style="list-style-type: none"><li>- 30 years' experience of fishing tackle industry</li><li>- extensive marketing and wholesale knowledge</li><li>- Board Director at the UK industry's two guiding bodies, Angling Trade Association and the Angling Foundation</li><li>- former Captain of England's under-21 fly fishing team</li></ul>
<b>Steve Kyriacou</b>	<i>Chief Operating Officer</i>	<ul style="list-style-type: none"><li>- 20 years' experience in delivering change management programmes</li><li>- Joined from Primark stores, where he was Programme Director for Oracle Retail and Financials</li><li>- Previously held roles in the divisions of major organisations, including Barclays Bank, Morrisons and BT</li></ul>
<b>Ed McDermott</b>	<i>Non-executive Director</i>	<ul style="list-style-type: none"><li>- corporate finance adviser at Optiva Securities Ltd (M&amp;A and capital raising experience)</li><li>- keen angler and owner of Farlows Lake, coarse fishery in Buckinghamshire</li></ul>
<b>Iain McDonald</b>	<i>Non-executive Director</i>	<ul style="list-style-type: none"><li>- joined the Board February 2017</li><li>- over 20 years' experience in investment, especially in retail and e-commerce</li></ul>

# History

1985	Steve Gross, 13, began selling specialising in the typing of flies and making fly tying materials for wholesalers
1991	Fly fishing wholesale business incorporated as Lureflash Products Ltd
1997	Procurement started from Far East for own brand products
1999	First retail site opened in Rotherham – traded as Yorkshire Game Angling
2001	Diversification into all types of fishing for wholesale market
2005	First store opened under 'Fishing Republic' brand , in Barnsley & 30,000 sq ft warehouse opened in Rotherham
2006	Fishing Republic store opened in Manchester and Hull
2007	Fishing Republic store opened in Sheffield and Sunderland
2008	Fishing Republic store opened in Doncaster
2010	Mail order operation centralised at Rotherham Warehouse site
2013	7 <sup>th</sup> Fishing Republic store opened at Rotherham Warehouse site
2015	Admission to AIM; further placing in December; Swindon store acquired
2016	Opened 5 stores – in Birmingham, Crewe, Hull, Lincoln and Mildenhall; Placing raised £3.75m
2017	Opened 7 stores to date – Essex, Gloucester, Huntingdon, Ipswich, Kings Lynn, Milton Keynes and Reading

# Own Brands



THESEUS

Waterproof  
& Breathable





# Fishing Disciplines

## Coarse fishing

- ▶ Most popular type of angling in England
- ▶ Any freshwater fish – excluding salmon or trout – incl. carp, barbel, pike, perch, roach, tench, bream & chub
- ▶ Rivers, canals, lakes and ponds (Commercial Fisheries)
- ▶ Techniques – float fishing, pole fishing, ledgering and spinning
  - different rods used for each technique
- ▶ Main season: Easter - Sept for matches/ anglers fish all year
- ▶ Excluding carp, 42% of H1 2017 sales



## Game fishing

- ▶ Freshwater fishing for 'game' fish including salmon, brown trout, sea trout and rainbow trout
- ▶ Streams, rivers, lakes & reservoirs
- ▶ 'Fly fishing' most common type of game fishing
- ▶ Main season: Feb - Oct/Nov
- ▶ 5% of H1 2017 sales



## Carp fishing

- ▶ Fastest growing UK market – especially popular with younger fishermen
- ▶ Subset of coarse fishing category
- ▶ Freshwater fishing for various species of specimen carp
- ▶ Carp highly prized and difficult to catch
- ▶ Main season: Easter - Sept for 'fairweather' anglers/ most anglers fish all year round
- ▶ 49% of H1 2017 sales



## Sea fishing

- ▶ Sea & estuaries
- ▶ Species include bass, cod, plaice, mullet, haddock & mackerel
- ▶ Techniques include bait, lure, spinning and fly fishing
  - wide variety of specific fishing tackle
- ▶ Two main seasons: March - Oct (for 'boat' anglers) and Aug - March (for 'shore' anglers)
- ▶ 3% of H1 2017 sales

