

**WZ Ltd**

**2013 - 2020**

# WZ Ltd – commentary

- When Covid hit, Rubicon 3 had just completed its four year programme of expansion, building the fleet from 1-4 yachts and committing £553,000 in refurbishment costs.
- The Company was funded by a combination of founders' equity and unsecured family loans, investors' equity, a secured loan from a long-term client/investor, customer advance payments (insured by ABTOT), and retained profits.
- We had achieved record sales of £791k for the 9 months of the financial year we traded (£88k per month) and would have hit £1.1m turnover for the year.
- However, we could not have been more vulnerable when the pandemic hit. After such significant capital expenditure and having ramped up the central HQ team to deliver the operation, our cash reserves were low. We also had yachts around the world, ready to run sailing holidays (we never actually had a season with all four yachts operating).
- Just as Rubicon 3 was about to reap the rewards of the last 6 years, we were stopped in our tracks.
- The following slides show our P&L by year, the Cashflow and our final position in February 2020

# WZ Ltd – Profit and Loss

P&L (£)	2014	2015	2016	2017	2018	2019
Turnover	135,386	169,233	247,080	424,977	594,599	813,004
Growth		25.0%	46.0%	72.0%	39.9%	36.7%
Direct costs	28,431	69,385	93,890	178,490	255,678	325,202
Gross profit	106,955	99,847	153,189	246,487	338,921	487,802
Gross profit (%)	79%	59%	62%	58%	57%	60%
Expenses	8,529	25,673	53,517	161,672	178,095	283,609
EBITDA	98,426	74,175	99,672	84,815	160,826	204,193
EBITDA (%)	73%	44%	40%	20%	27%	25%
Interest	6,490	1,343	9,003	19,518	29,824	27,927
Depreciation	12,013	13,177	14,970	25,580	50,379	66,095
EBIT	86,413	60,998	84,702	59,235	110,447	138,098

## Yachts in operation

- **2014**                    **1**
- **2015**                    **1**
- **2016**                    **1**
- **2017**                    **1.5**
- **2018**                    **2.5**
- **2019**                    **3.4**

## Commentary

Turnover was double digit growth every year. 2014 profit % higher as the directors ran the sole yacht. Due to yacht purchase and refit dates, 2018 only had 2.5 yachts operating, and 2019 only 3.4. This is critical as central expenses do not change from 2-4 yachts and the extra yacht delivers c. £250k gross profit . (Covid hit just before we could run the 4 yachts we spent 4 years buying and refitting).

# WZ Ltd – Cashflow

Cashflow (£)	Actual WZ Ltd						
	2013	2014	2015	2016	2017	2018	2019
EBITDA		98,426	74,175	99,672	84,815	160,826	204,193
Interest out		(6,490)	(1,343)	(9,003)	(19,518)	(29,824)	(27,927)
Capital expenditure - yacht purchase	(80,000)	-	-	(110,000)	(108,000)	(98,000)	-
Capital expenditure - yacht refit	-	-	(54,998)	(65,012)	(63,629)	(193,290)	(175,785)
Capital expenditure - one off expenses	-	-	-	-	-	-	(78,192)
Total Capex	(80,000)	-	(54,998)	(175,012)	(171,629)	(291,290)	(253,977)
Debt		129,797	(30,014)	50,256	4,388	121,484	57,163
ABTOT bond		20,198	32,520	48,993	78,334	55,823	65,481
Cash at start			4,336	24,676	39,582	15,972	32,991
Cash at end		4,336	24,676	39,582	15,972	32,991	77,924

## Yachts in operation

- **2014** **1**
- **2015** **1**
- **2016** **1**
- **2017** **1.5**
- **2018** **2.5**
- **2019** **3.4**

## Commentary

We spent £950k in total capital expenditure. (Post purchase refurbishment costs for each yacht averaged £138k). This was part funded by debt of £333,074. The ABTOT bond was customer deposits. They could be for trips run any number of years in the future, so do not reflect actual income or expenditure for that year. One off expenses in 2019 were two highly unusual yacht accidents

# WZ Ltd – Pre pack administration

- After open discussion with all creditors, ABTOT, shareholders and professional advisors the Board decided that a pre-pack administration was the best available option for all parties.
- Quantuma was appointed and after a price discovery process WZ's assets were sold to Blueco Holdings. Importantly, secured and unsecured lenders had their positions reinstated and WZ shareholders were allocated shares in Blueco.
- Client communications were carefully and sensitively managed. All clients received a full refund of their payments (via either ABTOT or credit card companies) and the majority rebooked with Blueco which continues to operate under the Rubicon 3 brand.
- The main 'loser' was ABTOT who had to pay out under their insurance policy, mitigated largely by credit card reclaims. As a travel company insurer, this was one of many claims that it had to pay out for as a result of the pandemic.