James Fisher and Sons plc

The UK's leading Marine Service Company

Half year results for the six months ended 30 June 2020

25 August 2020

Key points

- Key priority remains safety and wellbeing of employees and customers
- Swift response to Covid-19 to reduce costs, optimise cash flow and protect liquidity
- Resilient trading performance
- £30m reduction in debt
- Interim dividend of 8.0p

Swift response to Covid-19

Employees
- Health and safety
- Homeworking through Covid-19

Customers and suppliers
- Continued delivery / workarounds
- Support through lockdown

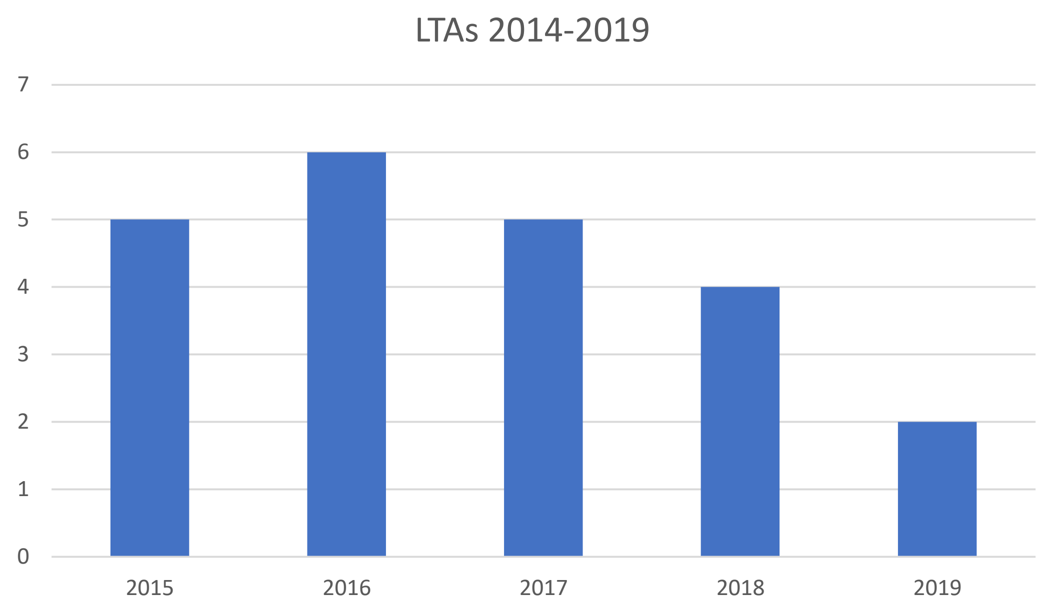
Shareholders
- Reduced discretionary spend
- Senior team and Board pay reduction
- Cash conversion

Protecting our employees

Initiatives

- Proactive Covid-19 response to protect employees, customers and suppliers
- Emphasis on safety and protecting jobs
- 900+ working from home
- Prompt response to Covid-19 outbreak in Mozambique

Lost time accidents



2020 half year results

	H1 2020	H1 2019	change
revenue (£m)	**258.1**	286.9	***(10)%***
underlying operating profit* (£m)	**19.5**	24.5	***(20)%***
underlying profit before tax* (£m)	**15.1**	20.9	***(28)%***
underlying diluted eps* (p)	**23.6**	33.2	***(29)%***
cash conversion	**312%**	106%	
interim dividend per share (p)	**8.0**	11.3	***(29)%***

- Positive Q1, Q2 impacted by Covid-19
- Swift actions to reduce costs
- Strong cash conversion of 312%
- Interim dividend of 8.0p

* before separately disclosed items

H1 results by division

	revenue			underlying operating profit *		
	H1 2020	H1 2019	change %	**H1 2020**	H1 2019	change %
Marine Support	**121.2**	140.0	*(13)*	**4.8**	6.7	*(28)*
Specialist Technical	**65.7**	74.1	*(11)*	**7.5**	9.3	*(19)*
Offshore Oil	**41.3**	39.6	*+4*	**5.4**	4.4	*+23*
Tankships	**29.9**	33.2	*(10)*	**3.6**	5.9	*(39)*
central costs				**(1.8)**	(1.8)	*-*
total	**258.1**	286.9	*(10)*	**19.5**	24.5	*(20)*

- Resilient performance across each division
- All divisions profitable in each month of Q2
- Offshore Oil underlying operating profit 23% ahead
- Actions to reduce costs mitigated impact on operating profit

* before separately disclosed items

Income statement

	H1 2020		H1 2019		change %
revenue	258.1		286.9		(10%)
cost of sales	(187.2)		(204.9)		
gross profit	70.9	27.5%	82.0	28.6%	(14%)
SG&A	(51.4)		(57.5)		(11%)
underlying operating profit*	19.5	7.6%	24.5	8.5%	(20%)
net finance expense	(4.4)		(3.6)		22%
underlying PBT*	15.1		20.9		(28%)

- Gross margin percentage held up
- £6m reduction in SG&A
- Underlying operating margin resilient at 7.6% (2019: 8.5%)

* before separately disclosed items

Finance and tax

net finance expense	H1 2020 £m	H1 2019 £m
bank loans and overdrafts	3.3	2.4
rou operating lease	0.8	0.9
other	0.3	0.3
net finance charge	4.4	3.6

- Increased borrowings

tax		
underlying profit before taxation*	15.1	20.9
tax on underlying profit before taxation*	3.1	4.2
effective tax rate	20.7%	20.0%

- UK HMRC reversion to 19% from planned 17% adds c. 1%

* before separately disclosed items

Separately disclosed items

	H1 2020 £m	H1 2019 £m
acquisition related income and charges:		
costs incurred on acquisitions	(0.2)	(0.5)
amortisation of acquired intangibles	(1.5)	(1.5)
contingent consideration release	-	3.5
	(1.7)	1.5
material marine support restructure	(1.5)	-
cost of material litigation	-	(1.5)
impairment	(4.8)	-
	(8.0)	-

Impairment	£m
Marine Support	1.7
Specialist Technical	0.9
Offshore Oil	2.2
	4.8

- Marine Support restructure ongoing at 30 June
- Cash impact in H1 of £1.1m

Cash flow

	H1 2020 £m	H1 2019 £m
underlying operating profit *	19.5	24.5
depreciation and amortisation (IAS 17)	16.5	15.3
underlying ebitda *	36.0	39.8
working capital	24.7	(7.1)
pension / other	0.2	(6.7)
operating cash flow	60.9	26.0
cash outflow on separately disclosed items	(1.1)	(0.6)
interest paid & tax	(8.8)	(6.2)
net capital expenditure	(12.7)	(38.2)
businesses acquired	(4.5)	(13.6)
dividends paid	-	(11.1)
other	(3.9)	(2.1)
decrease / (increase)	29.9	(45.8)
net borrowings at 1 January (IAS 17)	(203.0)	(113.6)
net borrowings at 30 June (IAS 17)	(173.1)	(159.4)

* before separately disclosed items

- £29.9m reduction in net debt (IAS 17)
- cash conversion of 312% (2019: 106%) (operating cash flow / underlying operating profit)
- Fathom - £1.2m, deferred consideration - £2.7m
- Net debt:ebitda – 1.9x (2019: 1.7x)

Balance sheet

	30.06.20 £m	31.12.19 £m	30.06.19 £m
intangible assets	208.4	215.2	212.5
property, plant and equipment	208.2	210.6	172.8
right-of-use assets	24.4	27.1	30.7
investments	10.3	9.9	11.0
working capital	78.6	101.8	94.8
deferred consideration	(3.3)	(3.7)	(3.6)
tax	(6.7)	(10.7)	(8.3)
pensions	(5.2)	(5.8)	(10.7)
capital employed	514.7	544.4	499.2
net borrowings (IAS 17)	(173.1)	(203.1)	(159.4)
right-of-use leases	(25.4)	(27.3)	(31.1)
equity	316.2	314.0	308.7
balance sheet gearing (IAS 17)	55%	64%	52%

Committed bank facilities at 30 June 2020

unsecured revolving credit facilities	drawn £m	available £m	Expiry
Barclays £47.5m (5yr)	**36.5**	**11.0**	2024
DBS £40m (5yr)	**37.0**	**3.0**	2024
HSBC £72.5m (5yr)	**35.4**	**37.1**	2022
Lloyds £30m (3+1+1) £20m (1yr)	**5.0** **13.5**	**25.0** **6.5**	2022 2021
Handelsbanken £40m (3+1+1)	**40.0**	**-**	2024
Santander £20m (3+1+1)	**17.0**	**3.0**	2021
Bank of Ireland £30m (3+1+1)	**-**	**30.0**	2025
	184.4	**115.6**	

covenants		**30.06.20**	30.06.19
net debt* : ebitda	< 3.5	**2.5**	2.3
interest cover	> 3.0	**9.8**	12.5

facilities

expiring	**2021**	**2022**	**2023**	**2024**
£m	40.0	102.5	30.0	127.5

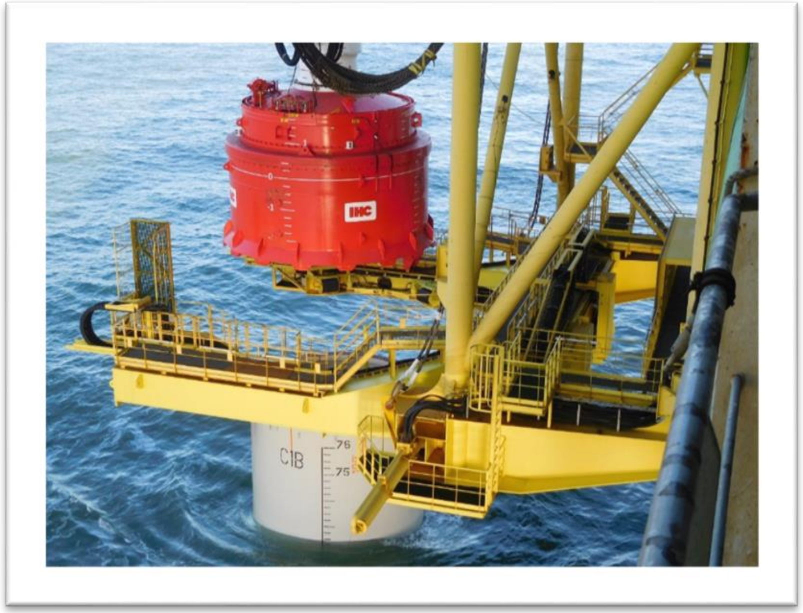
* includes bonds and guarantees of £60.3m (2019: £55.9m)

- £50m of Revolving Credit Facilities added in H1 – total £300m (2019:£250m)
- CCFF facility of £60m signed July 2020

Marine Support

	H1 2020	H1 2019	change
revenue (£m)	**121.2**	140.0	*(13)%*
profit (£m)	**4.8**	6.7	*(28)%*
margin (%)	**4.0**	4.8	*(80)bps*
ROCE (%)	**4.4**	6.7	*(230)bps*

- Ship-to-ship revenue 20% higher
- Deferral / cancellation of subsea projects in renewables and oil & gas in Middle East and West Africa
- Swift actions to reduce costs
- Good performance from 2019 acquisitions: Martek, Continental (Brazil)



Specialist Technical

	H1 2020	H1 2019	%change
revenue (£m)	65.7	74.1	(11)%
profit (£m)	7.5	9.3	(19)%
margin (%)	11.4	12.6	(120)bps
ROCE (%)	13.4	16.1	(270)bps

- Challenges in completing projects in Asia Pacific and in supply chain for products
- Innovative InVicto ventilator designed in response to Covid-19 crisis
- Fathom Systems acquired – diving comms and controls; gas analysis
- NATO (UK, France, Norway) submarine rescue service contract extended for 3 years
- Nuclear decommissioning revenue up 3%

Offshore Oil

	H1 2020	H1 2019	change
revenue (£m)	**41.3**	39.6	*+4%*
profit (£m)	**5.4**	4.4	*+23%*
margin (%)	**13.1**	11.1	*+200bps*
ROCE (%)	**8.6**	6.8	*+180bps*

- Good momentum from H2 2019 into Q1
- Demand for well life extension products and services held up
- Good growth in supplying compressors for bubble curtains in renewables
- Cutting tool demand for decommissioning projects continues to grow

Tankships

	H1 2020	H1 2019	change
revenue (£m)	**29.9**	33.2	*(10)%*
profit (£m)	**3.6**	5.9	*(39)%*
margin (%)	**12.0**	17.8	*(580)bps*
ROCE (%)	**24.3**	40.7	*(1640)bps*

- 2 fewer tankers in H1
- Sharp reduction in utilisation in May
- Improvement in June continued into July

Proven and consistent strategy

- Leverage extensive marine service skills to global markets
- Bolt on acquisitions to broaden service offering
- Leading market positions and operational niches
- Integration of niche service into wider James Fisher offering
- Operational excellence
    - Operating margins >10%
    - Cash generative
    - ROCE >15%
- Revisit, retest and create a plan for future growth

Strategic review to build on past success

Operational Review

- Where to play / how to win choices
- More rigorous capital allocation for M&A and organic investment
- Organise for success

Purpose Development

- Define the future role and impact of JFS
- Bring sustainability goals (employees, customers and suppliers, local communities, the environment and shareholders) into the heart of that future
- Continue long-term sustainable performance

Values and Behaviours

- Reinforce culture for success
- Grow collaboration across Group
- Build leadership cadre
- Transition entrepreneurs into business leaders

Summary and outlook

- H1 was one of the most challenging periods the Group has faced
- Remarkable response from our people
- Resilient performance across the business
- Performance expected to improve through the second half
- Well positioned to benefit from any improvement in market conditions

Appendix A - Our divisions

Marine Support

47% of group revenue

Ship-to-ship

Renewables

Marine, diving and structural services

Specialist Technical

25% of group revenue

Submarine rescue

Diving equipment

Nuclear decommissioning

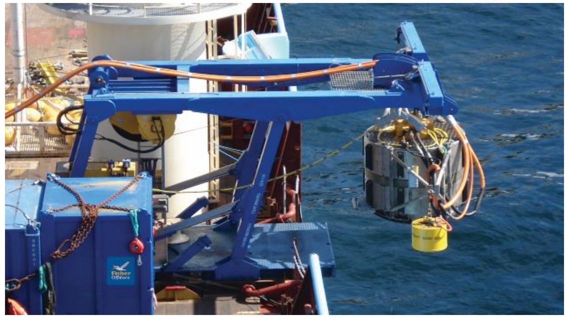
Offshore Oil

16% of group revenue

Hire of specialist equipment and people

Well testing

Artificial lift



Tankships

12% of group revenue

Coastal transportation of clean petroleum products

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