James Fisher and Sons plc
Marine Services Worldwide

Full year results

Year ended 31 December 2020

Pioneering safe and trusted solutions

11 March 2021

Agenda

- Overview
- Financial review
- Operational review
- Strategic review update
- Summary and outlook
- Q&A

Overview

- **Key priority throughout the year was safety and wellbeing of employees and customers**
- **Group faced dual challenges of Covid-19 and energy prices**
- **Covid-19 - swift management actions taken to**
  - Reduce discretionary spend
  - Optimise cash flow
  - Protect liquidity
- **Underlying operating profit at top end of guidance**
- **Strong cash performance**
- **Strategic review progressing well**

Financial review

- **Revenue 16% lower**
  - Q4 sequentially 7% ahead
- **Rapid actions reduced admin costs by 17%**
- **Underlying operating margin resilient at 7.8% (2019: 10.7%)**
- **Strong cash conversion reduced net borrowings by £32.3m**
- **Headroom on committed facilities increased to £120.2m (2019: £41.7m)**

Revenue	£518.2m	2019: £617.1m	(16)%
Underlying operating profit *	£40.5m	2019: £66.3m	(39)%
Cash conversion	217%	2019: 99%	+118pp
Net borrowings	£198.1m	2019: £230.4m	(14)%

* before separately disclosed items

Income statement

	2020 £m		2019 £m	
revenue	518.2		617.1	
cost of sales	(380.6)		(432.4)	
gross profit	137.6	*26.6%*	184.7	*29.9%*
administrative expenses	(98.7)		(119.2)	
associates / jvs	1.6		0.8	
underlying operating profit *	40.5	*7.8%*	66.3	*10.7%*
net finance charge	(9.0)		(7.8)	
underlying profit before taxation *	31.5		58.5	
tax on underlying pbt *	(7.2)		(11.6)	
underlying profit after tax *	24.3		46.9	
effective tax rate	22.8%		19.8%	

Gross margin impacted by lower volumes; prices held up

£20.5m (17%) reduction

No material currency impact – GBP:USD average of $1.29 (2019: $1.28)

Due to increased borrowings at start of year

Unrelieved losses pushed up tax rate

* before separately disclosed items

Separately disclosed items and statutory operating profit

	2020 £m	2019 £m
underlying *	**40.5**	66.3
acquisition related	**(3.9)**	(0.2)
business disposals	**(3.5)**	-
impairments:		
DSVs	**(31.6)**	-
intangible assets	**(19.4)**	-
tangible fixed assets	**(2.4)**	(2.7)
receivables	**(19.3)**	(6.3)
Marine Support restructure	**(3.9)**	-
costs of material litigation	**-**	(1.5)
total separately disclosed items	**(84.0)**	(10.7)
statutory	**(43.5)**	55.6

£3.5m credit for deferred consideration in 2019

German instrumentation business

£17m Marine Support goodwill; £2.4m of IP and devex

£17m on 3 projects in challenging locations

c. 200 people; annualised saving of £8.0m

cash flow	**2020 £m**
acquisition related	**(0.7)**
Marine Support restructure	**(3.9)**
business disposals	**1.3**
Net	**(3.3)**

* before separately disclosed items

Summarised cash flow

	2020 £m	2019 £m
underlying operating profit *	40.5	66.3
depreciation and amortisation	34.2	29.9
underlying ebitda *	74.7	96.2
working capital	19.5	(21.3)
pension / other	(6.5)	(9.1)
operating cash flow	87.7	65.8
cash outflow on separately disclosed	(3.9)	(7.4)
interest paid & tax	(14.6)	(14.6)
net capital expenditure	(17.8)	(90.2)
businesses acquired / disposed	(7.1)	(19.1)
dividends paid	(4.0)	(18.4)
other	(1.9)	(0.6)
decrease / (increase) in debt	38.4	(84.5)
net borrowings # at 1 January	(203.0)	(113.6)
non-cash movements	(10.4)	(4.9)
net borrowings # at 31 December	(175.0)	(203.0)

Ebitda 22% lower

Cash conversion of 217% (2019: 99%)

Fathom £1.2m, deferred consideration £6.0m, jv's £0.5m, m&a costs £0.7m, disposals (£1.3)m

Interim divided of 8.0p per share

Net debt : ebitda 2.3 times (2019: 2.1 times)

* before separately disclosed items

before operating leases of £23.1m (2019: £27.4m)

Liquidity and balance sheet

Liquidity	2020 £m	2019 £m
unsecured RCFs	300.0	250.0
headroom	120.2	41.7
covenant calculations:		
net debt : ebitda *	2.7	2.7
interest cover (>3.0)	6.1	12.3

Expiry	£m
2021 (December)	20.0
2022 (£50m Jan, £112.5m Jul/Aug)	162.5
2023	-
2024 (July)	87.5
2025 (March)	30.0
	300.0

net debt : ebitda covenant	
31.12.20	3.95
30.06.21	3.75
31.12.21	3.50

* includes bonds and guarantees £28.3m (2019: £54.8m)

Balance Sheet	31.12.20 £m	31.12.19 £m
intangible assets	186.6	215.2
property, plant and equipment	188.9	237.7
investments	8.9	9.9
working capital	65.7	106.3
deferred consideration	(1.7)	(8.2)
tax	(4.1)	(10.7)
pensions	(10.3)	(5.8)
capital employed	434.0	544.4
net borrowings #	(175.0)	(203.0)
right-of-use operating leases	(23.1)	(27.4)
equity	235.9	314.0

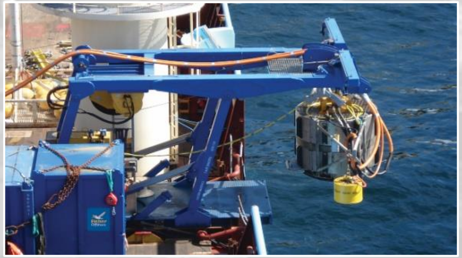
- Working capital : sales 13% (2019: 17%)

before operating leases

Operational review

	revenue			underlying operating profit *		
	2020 £m	2019 £m	% change	**2020 £m**	2019 £m	% change
Marine Support	**249.4**	311.6	(20)	**10.1**	24.5	(59)
Specialist Technical	**130.4**	149.4	(13)	**14.0**	18.4	(24)
Offshore Oil	**78.0**	88.2	(12)	**11.2**	14.2	(21)
Tankships	**60.4**	67.9	(11)	**8.0**	12.0	(33)
Corporate costs	**-**	-		**(2.8)**	(2.8)	
Group	**518.2**	617.1	(16)	**40.5**	66.3	(39)

- **Three divisions (ST, OO,T) resilient through pandemic**
  - Revenue 12% down
  - UOP 25% lower
- **Marine Support**
  - Subsea projects c. £70m lower
  - One-off restructuring
- **SG&A lower in all divisions**

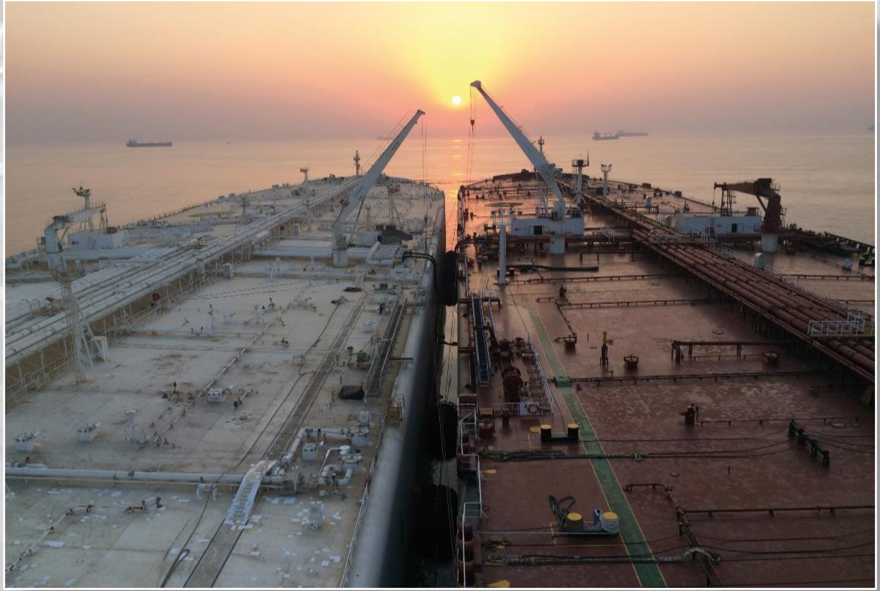


* before separately disclosed items

Marine Support

- **Ship-to-ship services**
  - Strong H1 helped by energy price-driven trading activity
  - Making promising inroads into growing LNG markets
- **Subsea**
  - Many projects delayed or cancelled due to weak oil & gas market
  - Dive support vessels underutilised
  - Actions taken on costs; new management in place with focus on sustainable growth
- **Renewables**
  - Offshore wind projects delayed by Covid-19
  - Leveraging strength in niche applications
  - Growing order backlog in UK, Taiwan, US

	2020	2019
revenue (£m)	**249.4**	311.6
underlying operating profit * (£m)	**10.1**	24.5
underlying operating margin * (%)	**4.0**	7.9



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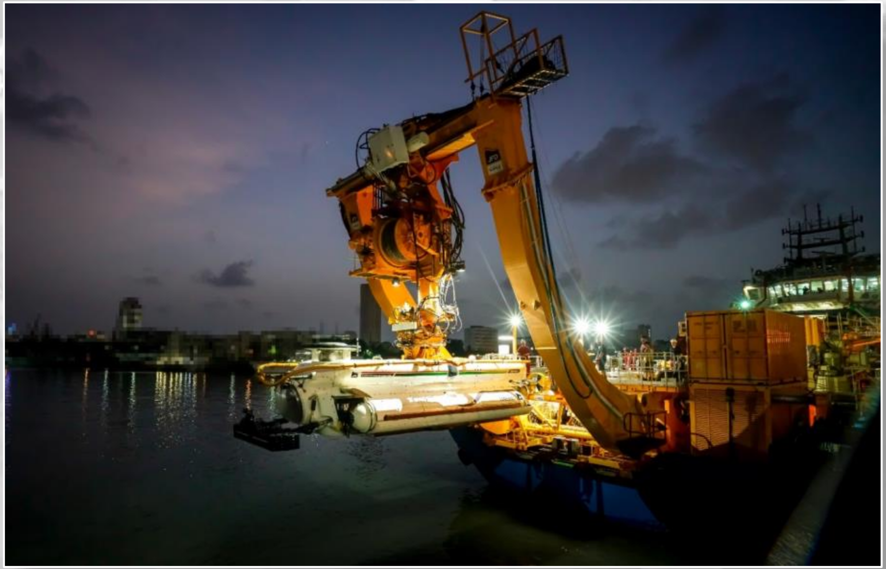
Specialist Technical

- **JFD**
  - Resilient financial performance in challenging environments
  - Covid-19 impact felt in Asia Pacific project delays, product supply chain disruptions, and sub rescue service delivery
  - World-first 500m saturation diving system delivered for commissioning
  - Customer handover completed for six swimmer delivery vehicles

- **JF Nuclear**
  - Excellent customer collaboration helped mitigate Covid-19 impacts
  - Good revenue growth and improving profitability
  - Growing volumes at Dounreay rig hall

	2020	2019
revenue (£m)	**130.4**	149.4
underlying operating profit * (£m)	**14.0**	18.4
underlying operating margin * (%)	**10.7**	12.3



* before separately disclosed items

Offshore Oil

- **Scantech AS**
  - Strong customer relations sustained business through series of lockdowns in Norway
  - New opportunities outside core oil & gas market
- **Scantech Offshore**
  - Strong financial performance underpinned by long-term fleet rental model
  - New opportunities in offshore wind bubble-curtains
- **JF Offshore**
  - High demand for decommissioning cutting services
  - Strong improvement in subsea excavation
- **RMSpumptools**
  - Sustained strong demand for artificial lift technology which extends life of production wells

	2020	2019
revenue (£m)	78.0	88.2
underlying operating profit * (£m)	11.2	14.2
underlying operating margin * (%)	14.4	16.1

* before separately disclosed items

Tankships

- **Sharp drop in demand in May 2020 due to Covid-19**
- **Gradual recovery thereafter**
  - c. 90% utilisation through Q4
- **Ongoing fleet renewal**
  - One older vessel (Galway Fisher) sold
  - Developing plan to access dual fuel tonnage by 2022
- **Cattedown operations resilient notwithstanding lockdowns**

	2020	2019
revenue (£m)	60.4	67.9
underlying operating profit * (£m)	8.0	12.0
underlying operating margin * (%)	13.2	17.7

* before separately disclosed items

Strategic review – introduction

- Embarked on full portfolio review early 2020; objective to revisit and retest our Group strategy
- Good progress made prior to Covid-19
- Management focus shifted to deal with Covid-19 disruption, but significant work continued
- Commenced cultural transition to a purpose-led, values-driven, sustainable company
- Focus on delivering sustainable financial returns and more effective engagement with all stakeholders
- Capital Markets Day H1 2021

Strategic review – context

Strong fundamentals	Scope for significant improvement
Strong track record of EPS and dividend growth, and cash generation since 2001	• Last 5 years: flat operating margin and declining ROCE → Portfolio simplification to improve quality of earnings → Renewed capital allocation discipline
Innovative, niche player responding to demanding and technical challenges	• Complex organisational structure → Operational improvement opportunities → Exit low-margin businesses outside our focus markets
Highly skilled, dedicated and pioneering workforce	• Need for increased engagement → Overdue investment in our people → Enthusiastic response to purpose and values
Operating in diverse end markets	• Refocus on attractive segments of marine, defence and energy markets → Concentrating on niche markets where we can add value and grow profits sustainably

Strategic review – opportunities

- **Refocus on structurally growing niche segments in marine, defence and energy markets**
- **Drive growth across the energy mix**
  - Invest in current and adjacent activities benefiting from the energy transition
  - Support growing focus on efficiency improvement and emissions reductions
  - Broaden offshore wind capabilities, deploying new technologies and supporting maturing installed base
- **Accelerate growth in developing geographies**
  - Asia, Africa, Latin America – extend to maximise profitable growth
  - Partner to leverage local knowledge and resources
- **Explore potential to expand into adjacent end markets**

Strategic review – critical enablers

- **Four strategic enablers and their supporting processes will assist delivery**

1. **Strategy and planning**
    - Robust, data-driven process to underpin investment priorities
2. **Capital allocation**
    - Focus on capital efficiency and increasing returns on investments
    - Invest in organic growth opportunities
    - Selective M&A – fill gaps in portfolio, broaden geographies, increase service offering
3. **Commercial excellence**
    - Value selling, stakeholder management, price optimisation
4. **Operational excellence**
    - Project management, performance management, risk management

Strategic review – back to basics

Refocus on:

- Quality of earnings
- Driving gross margin improvements
- Sustainable, profitable growth derived from USPs

Invest where:

- Markets are growing
- We have competitive advantage
- Opportunity for higher margins

Sustainable growing business delivering value for all stakeholders

Summary and outlook

- **Resilient performance during Covid-19 by majority of the business**
- **Trading in line with expectations**
- **Broad spread of end markets, customers and geographies**
- **Track record of converting operating profit into cash**
- **Continued focus on ESG**
- **Strategic review aims to deliver significant improvement**
  - Quality of our business
  - Grow operating margins
  - Sustainably increase the return to our stakeholders

Questions and answers

Free cash flow

Appendix 1

£m	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Underlying ebitda	**49.9**	**57.6**	**64.4**	**72.6**	**68.8**	**75.4**	**81.4**	**90.5**	**94.3**	**74.7**
Working capital movement	(9.3)	1.6	7.6	(11.9)	(22.9)	(19.0)	(43.9)	11.1	(21.3)	19.5
DB pensions / other	(2.7)	(2.8)	(9.4)	(4.1)	(2.7)	(4.4)	(6.2)	(5.4)	(6.7)	(6.5)
Operating cash flow	**37.9**	**56.4**	**62.6**	**56.6**	**43.2**	**52.0**	**31.2**	**96.2**	**66.3**	**87.7**
Interest & tax	(9.3)	(8.3)	(10.1)	(9.1)	(12.2)	(10.9)	(12.9)	(13.3)	(14.6)	(14.6)
Maintenance capex	(8.4)	(11.8)	(9.9)	(11.4)	(9.8)	(7.4)	(6.9)	(21.3)	(13.3)	(7.4)
Other	(1.2)	(0.5)	(2.2)	(2.9)	(2.3)	(0.5)	(0.8)	(0.8)	(9.9)	(5.8)
Free cash flow	**19.0**	**35.8**	**40.4**	**33.2**	**19.0**	**33.3**	**10.5**	**60.8**	**28.5**	**59.9**

3 year average	49.7
5 year average	38.6
10 year average	34.1

Net borrowings

Appendix 2

	2020 £m	2019 £m	% change
net borrowings - IFRS 16 basis	**198.1**	230.4	(32.3)
right of use * operating leases	**(23.1)**	(27.4)	4.3
net borrowings - IAS 17 basis	**175.0**	203.0	(28.0)
bonds / guarantees under bank covenants	**28.3**	54.8	(26.5)
net borrowings for bank covenants	**203.6**	257.8	(54.5)

* Total right of use lease liabilities of £32.5m (2019: £30.2m) include £9.4m (2019: £2.8m) classified as finance lease under IAS 17

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