



Results for the year ended 31 December 2019





- **Revenue up 10%**
- **Underlying operating profit 7%**
 - **Offshore Oil & Tankships grew strongly**
 - **Specialist Technical broadly similar versus strong comparator**
 - **Marine Support weaker despite strong STS performance**
- **Capital investment of £90m, including 2 dive support vessels for £56m**
- **3 bolt-on acquisitions for £14m**
- **Contract awards in renewables, submarine rescue and Mozambique**
- **Dividend increased for 25th consecutive year**



*before separately disclosed



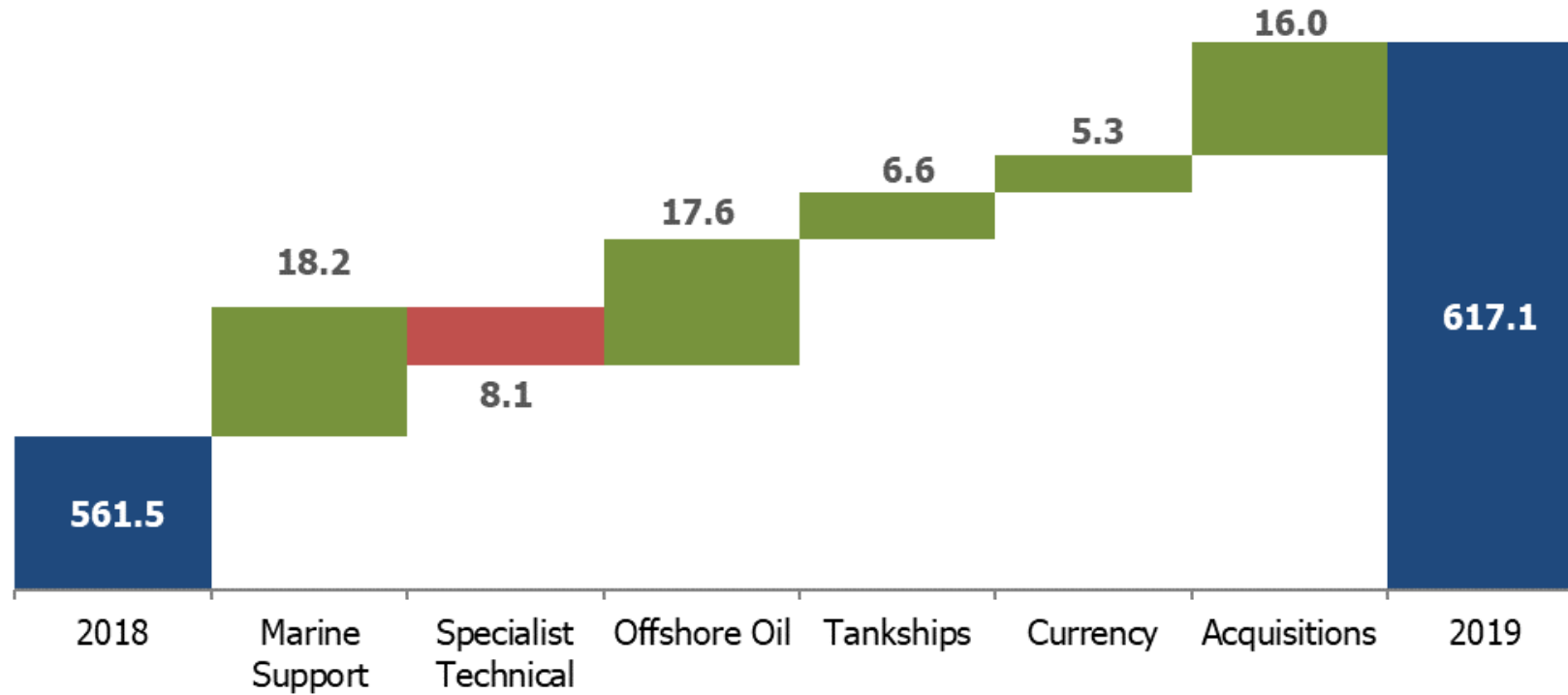
	2019	2018	change
revenue (£m)	617.1	561.5	+10%
underlying operating profit* (£m)	66.3	62.1	+7%
underlying profit before tax* (£m)	58.5	56.1	+4%
underlying diluted eps* (p)	92.8	89.5	+4%
dividend per share (p)	34.7	31.6	+10%

- **Group revenue up 10%**
- **Underlying operating profit up 7% driven by strong Offshore Oil performance**
- **Underlying PBT and EPS up 4%**
- **Dividend increased by 10%**

* before separately disclosed items



	2019 £m	2018 £m	change %	organic* %
Marine Support	306.1	269.8	+13	+7
Specialist Technical	152.7	159.6	(4)	(5)
Offshore Oil	90.4	71.4	+27	+24
Tankships	67.9	60.7	+12	+11
Group	617.1	561.5	+10	+6



* organic growth is at constant currency and adjusted for business acquisitions



	underlying operating profit*				underlying operating margin	
	2019 £m	2018 £m	change %	organic+ %	2019 %	2018 %
Marine Support	25.1	28.2	(11)	(16)	8.2	10.5
Specialist Technical	18.4	20.9	(12)	(12)	12.1	13.1
Offshore Oil	13.6	5.9	+131	+114	15.0	8.3
Tankships	12.0	9.9	+21	+17	17.7	16.3
Corporate costs	(2.8)	(2.8)	-	-		
Group	66.3	62.1	+7	+3	10.7	11.0

- **Underlying operating profit up 7%; organic growth of 3%**
 - **Strong progress in Offshore Oil with margins increased to 15.0% (2018: 8.3%)**
 - **Tankships – Raleigh Fisher contract + 1 more vessel in H1**
 - **Marine Support suffered contract losses and provisions but strong performance in STS**
 - **Specialist Technical held back by under-performance in Nuclear**
- **USD:GBP 1.28 (2018: 1.33) - £0.6m benefit net of hedging**

+organic growth is at constant currency and adjusted for business acquisitions

* before separately disclosed items

Summary income statement



	2019 £m	2018 £m	
revenue	617.1	561.5	
gross profit	184.7	166.6	← Gross margin 29.9% (2018: 29.7%)
administrative expenses	(119.2)	(106.4)	
share of joint venture results	0.8	1.9	
underlying operating profit*	66.3	62.1	← £1.0m uplift from IFRS 16
net finance charge	(7.8)	(6.0)	← £1.7m increase from IFRS 16
underlying profit before taxation*	58.5	56.1	← Net IFRS 16 impact reduced underlying PBT by £0.7m
tax on underlying pbt*	(11.6)	(10.5)	
effective tax rate	19.8%	18.7%	

- **Gross margin ticked up – improvement in Offshore Oil offset Marine Support**
- **Administrative expenses increased by 12%**
 - Debtor provisions added 150 basis points (bps)
 - Investment in digital & nuclear instrumentation development added 100 bps
 - Balance is businesses acquired and investment in people
- **Effective tax rate being pushed up by overseas profits**

* before separately disclosed items

Separately disclosed items



	2019 £m	2018 £m
acquisition relation income and expenses	(0.2)	(0.7)
costs of material litigation	(1.5)	-
impairment charge	(9.0)	-
separately disclosed items before tax	(10.7)	(0.7)

£m	2019	2018
release of contingent consideration	3.5	2.6
amortisation of acquired intangibles	(3.1)	(2.6)
transaction costs	(0.6)	(0.7)
acquisition related expense	<u>(0.2)</u>	<u>(0.7)</u>

- **Acquisition related broadly similar to 2018**
- **Material litigation was a contested contract claim, lost on appeal**
- **Impairment charge relates to Murjan**

Summarised cash flow



	2019 £m	2018 £m	
underlying operating profit*	66.3	62.1	
depreciation and amortisation	29.9	28.4	
underlying ebitda*	96.2	90.5	← Underlying ebitda +6%
working capital	(21.3)	9.4	← Working capital:sales 17% (2018: 17%)
pension / other	(9.1)	(2.3)	← One-off pension catch up of £3.8m
operating cash flow	65.8	97.6	← Cash conversion of 99% (2018: 157%)
interest paid & tax	(14.6)	(13.3)	
net capital expenditure	(90.2)	(35.7)	← Includes £56m for two dsvs and £9m for Raleigh Fisher
businesses acquired	(19.1)	(12.5)	← £14.4m on Martek, Continental and Ortega
cash outflow on separately disclosed	(7.4)	-	← £1.5m litigation costs
dividends paid	(18.4)	(15.2)	← £16.4m (2018: £14.9m) to shareholders
other	(5.5)	(2.0)	
(increase) / decrease in debt	(89.4)	18.9	
net borrowings at 1 January	(113.6)	(132.5)	← Net debt: Ebitda 2.1 times (2018: 1.3 times)
net borrowings at 31 December	(203.0)	(113.6)	← IFRS 16 lease liability of £27.4m (2018: £nil)

* before separately disclosed items



	30.12.19 £m	31.12.18 £m
intangible assets	215.2	197.5
property, plant and equipment	210.6	145.4
right-of-use assets	27.1	-
investments	9.9	9.6
working capital	106.3	96.3
deferred consideration	(8.2)	(6.0)
tax	(10.7)	(6.7)
pensions	(5.8)	(16.1)
capital employed	544.4	420.0
net borrowings	(203.0)	(113.6)
right-of-use leases	(27.4)	-
equity	314.0	306.4
net borrowings : equity	65%	37%

Committed bank facilities 31 December 2019



unsecured revolving credit facilities	drawn £m	available £m	Expiry
Barclays £47.5m (3yr+1+1)	40.8	6.7	2024
DBS £40m (5yr)	30.2	9.8	2024
HSBC £72.5m (5yr)	51.3	21.2	2022
Lloyds £30m (3+1+1)	26.0	4.0	2022
Handelsbanken £40m (3+1+1)	40.0	-	2024
Santander £20m (3+1+1)	20.0	-	2021
	208.3	41.7	

covenants

		31.12.19	31.12.18
net debt* : ebitda	< 3.5	2.7	1.9
interest cover	> 3.0	12.3	12.4

facilities

expiring	2021	2022	2023	2024
£m	20.0	102.5	-	127.5

* includes bonds and guarantees of £54.8m (2018: £44.0m)

➤ Handelsbanken and DBS refinanced in H1; Barclays in H2



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Marine Support



Specialist Technical



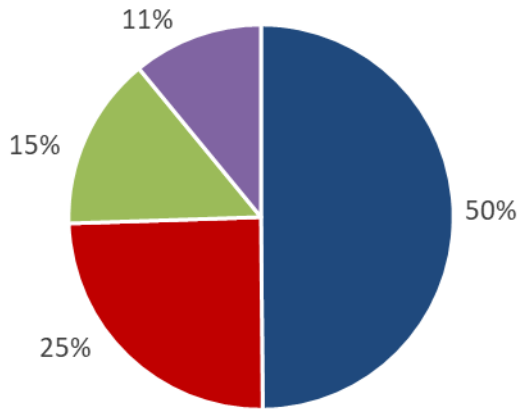
Offshore Oil



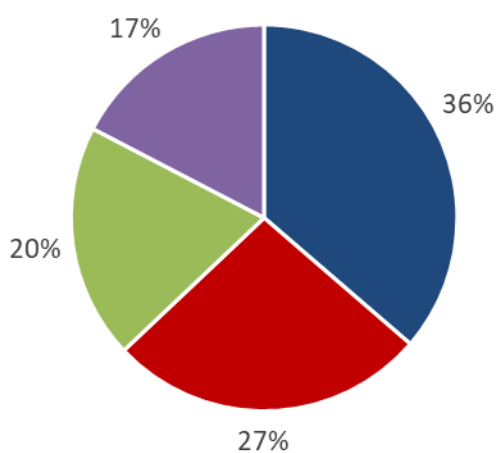
Tankships



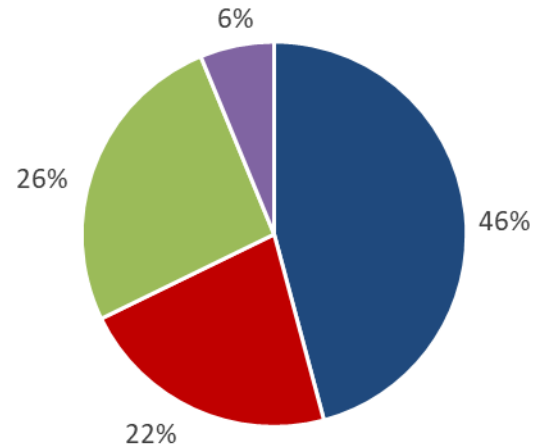
Revenue



Profit



Assets



■ Marine Support ■ Specialist Technical ■ Offshore Oil ■ Tankships



	2019	2018	change
revenue (£m)	306.1	269.8	+13%
profit (£m)	25.1	28.2	(11%)
margin (%)	8.2	10.5	(240 bps)
ROCE (%)	12.5	17.9	(470 bps)

➤ Renewables

- Further work on East Anglia One
- First work scopes on Triton Knoll
- 15 year operations and maintenance contract won on Greater Gabbard
- First work in Taiwan

➤ Ship-to-ship services

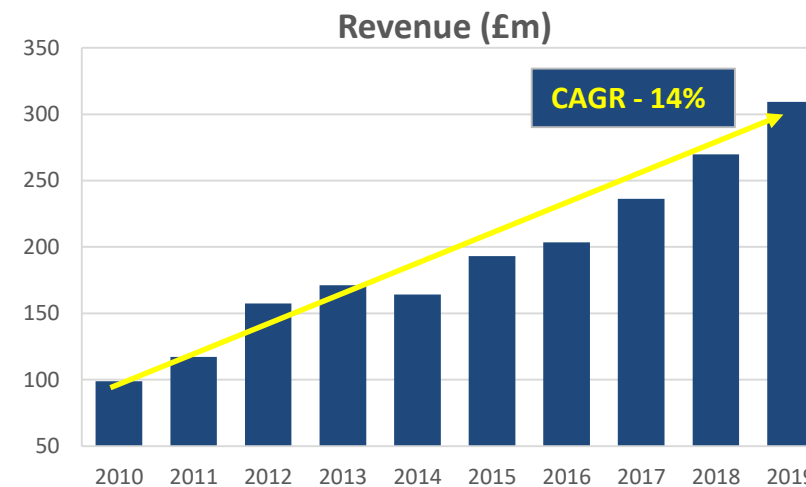
- Strong second half, especially in South America
- Emergency FPSO work boosted H2

➤ Marine

- 2 dive support vessels acquired for West African market
- Paladin operated in Q4, Swordfish available in Q1 2020
- £30m, 2 year contract in Mozambique commenced

➤ Acquisitions

- Martek Marine (£8.0m)
- Continental (Brazil) (£5.8m)

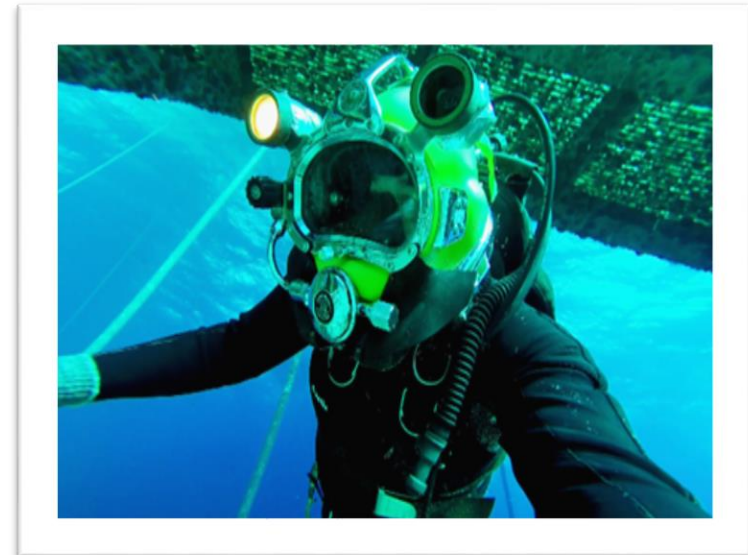
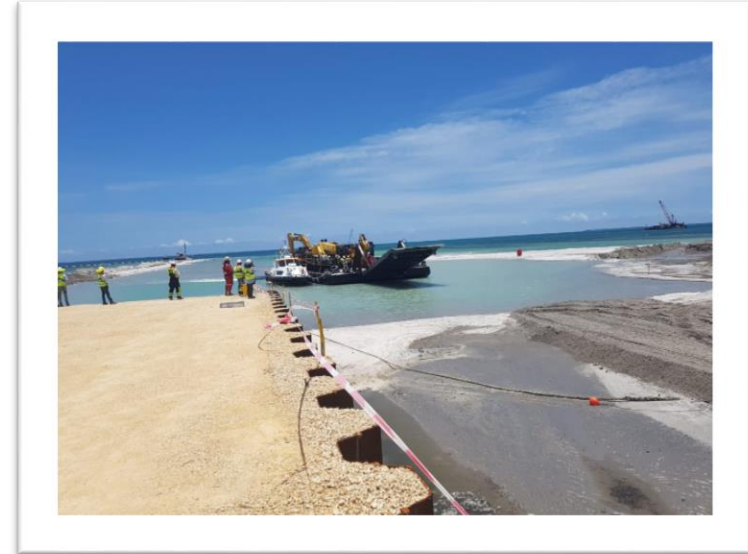




- **Mozambique Early Beach Landing Contract**
 - \$40m
 - 2 year

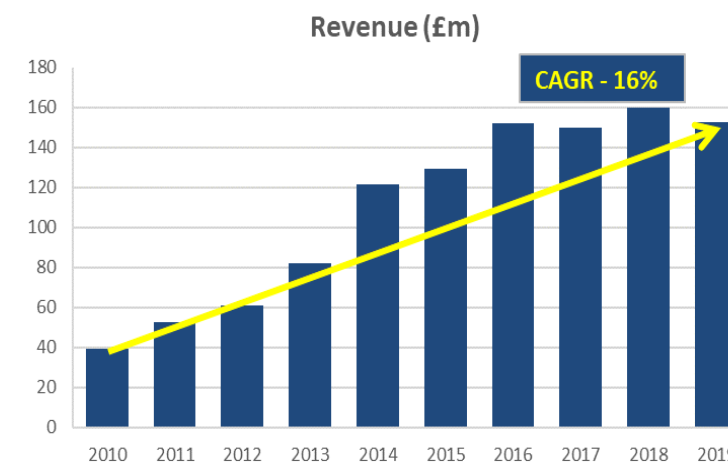
- **Tendered for further \$23m of work**

- **Brazil acquisition of Continental**
 - Brazil will be largest subsea market in the world
 - Continental are third largest air diving company





	2019	2018	change
revenue (£m)	152.7	159.6	(4%)
profit (£m)	18.4	20.9	(12%)
margin (%)	12.1	13.1	(100 bps)
ROCE (%)	17.0	18.5	(150 bps)

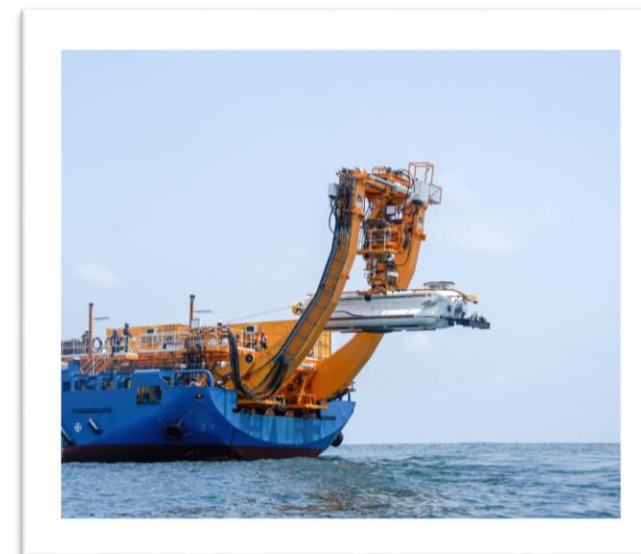


➤ JFD

- Robust financial performance against strong prior period comparative
- Two new orders for submarine rescue vehicles
- Delivered the first saturation diving products rated to 500m depth
- Ortega submersibles acquired
- 4 year extension service contract for Australian Navy

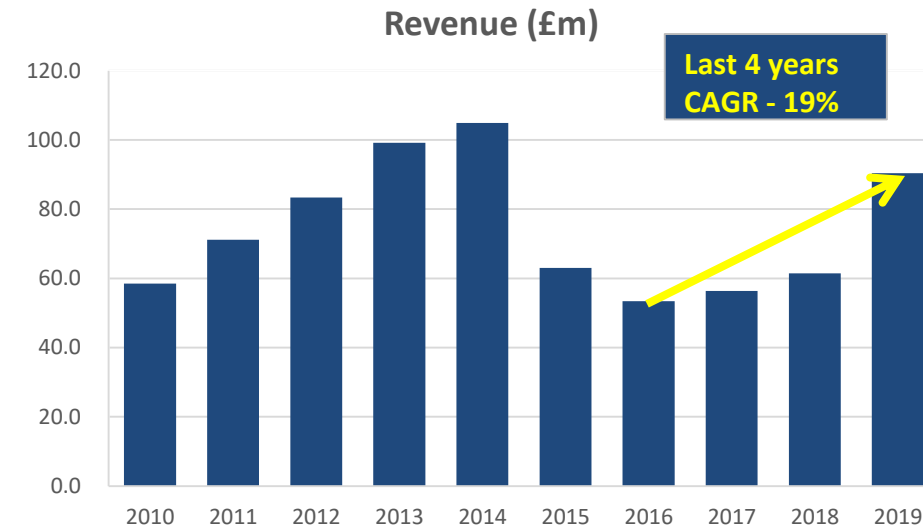
➤ JF Nuclear

- Disappointing financial performance with challenges on project delivery

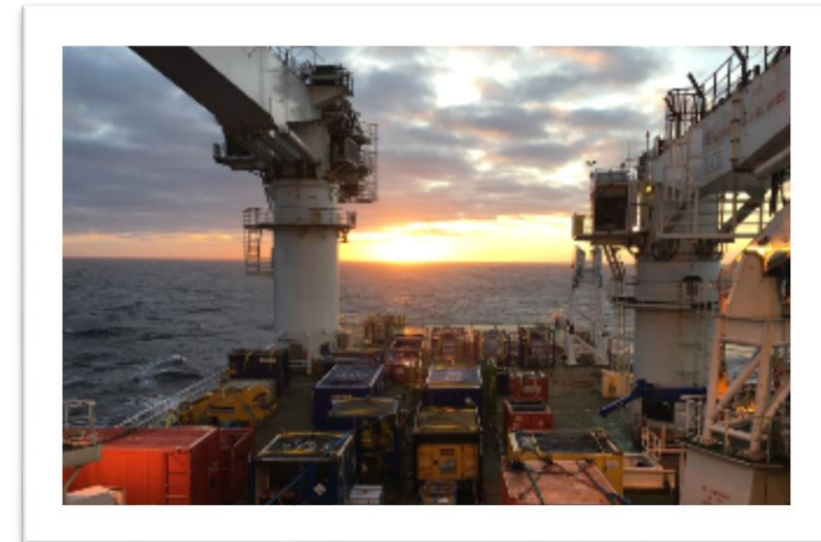




	2019	2018	change
revenue (£m)	90.4	71.4	+27%
profit (£m)	13.6	5.9	+131%
margin (%)	15.0	8.3	+660 bps
ROCE (%)	9.9	4.6	+530 bps



- **Operational gearing increased margin by 660 basis points**
- **Underlying Ebitda up 63% to £25.3m (2018: £15.5m)**
- **Strong year from artificial lift business, RMSpumptools**
- **Improved financial performance in Norway**





	2019	2018	change
revenue (£m)	67.9	60.7	+12%
profit (£m)	12.0	9.9	+21%
margin (%)	17.7	16.3	+140 bps
ROCE (%)	40.2	37.8	+140 bps

- **Additional vessel in H1**
- **Raleigh Fisher contract commenced in July 2019 for 5 years (+options)**
- **Refueling of Prince of Wales carried out in H2**
- **Ebitda up 19% to £16.1m (2018: £13.5m)**



Well established strategy for long term growth



- **Entrepreneurially led businesses with leading market positions in operational niches**
- **Leverage UK skills to the global Marine Services market**
 - **targeting less mature markets**
- **Integration of niche services into wider service offering**
- **Focus on operational excellence**
 - **operating margins >10%**
 - **cash generative**
 - **ROCE >15%**
- **Bolt-on acquisitions to broaden service offering**



➤ Summary

- **Revenue up 10%, UOP up 7%**
- **Capital investment for future growth of £105m**
- **Strong year of contract wins**

➤ Outlook

- **Continuing growth in renewables**
- **Strong pipeline of opportunities in JFD**
- **Offshore Oil looks set to continue steady progress**
- **Leading position across broad spread of services in diverse locations gives confidence in ability for continued growth in shareholder value**

Appendix 1 - pensions



	Shore Staff £m	MNOFP £m	MNRPF £m	2018 £m	2017 £m
At 1 January	4.6	5.1	6.4	16.1	19.8
contributions	(1.6)	(1.9)	(5.1)	(8.6)	(5.4)
actuarial (gain) / loss	(2.9)	-	0.7	(2.3)	1.1
income statement	0.2	0.2	0.1	0.5	0.6
	0.4	3.4	2.1	5.8	16.1

- **£8.6m paid in 2019 (MNRPF catch up of £3.8m)**
- **Estimated £5.3m payable in 2020**



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