



James Fisher and Sons plc

The UK's leading Marine Service Company



Preliminary results for the year ended 31 December 2016

1 March 2017

Profitable growth

- Continued strong underlying operating profit growth from Marine Support, Tankships & Specialist Technical
 - ❑ combined growth of 21%
 - ❑ combined operating margin up 120 bps to 12.0%

- Underlying profit before tax 11% higher at £45.8m (2015: £41.2m)

- Underlying diluted earnings per share up 11% to 76.3p (2015: 68.5p) per share

- Continued strong cash conversion of 103% (2015: 95%)

- Final dividend raised by 10% to 17.6p per share reflecting continued profitable growth

Continued momentum

■ Contract wins

- Galloper wind farm (£25+m over 18 months)
- India DSRV (c.£80m build + 25 year service contract)
- Winfrith core reactor decommissioning (c.£60m over 4 years)
- Shanghai Salvage saturation diving system (c.£35m over 30 months)

■ Recent acquisitions

- Lexmar, Singapore (£10m)
- Hughes Sub-Surface Engineering, UK (£7m)
- Return to Scene, UK (£2m)

■ Offshore Oil

- Profitable, gross margins continue to hold up
- Revenue & profit similar in last three halves

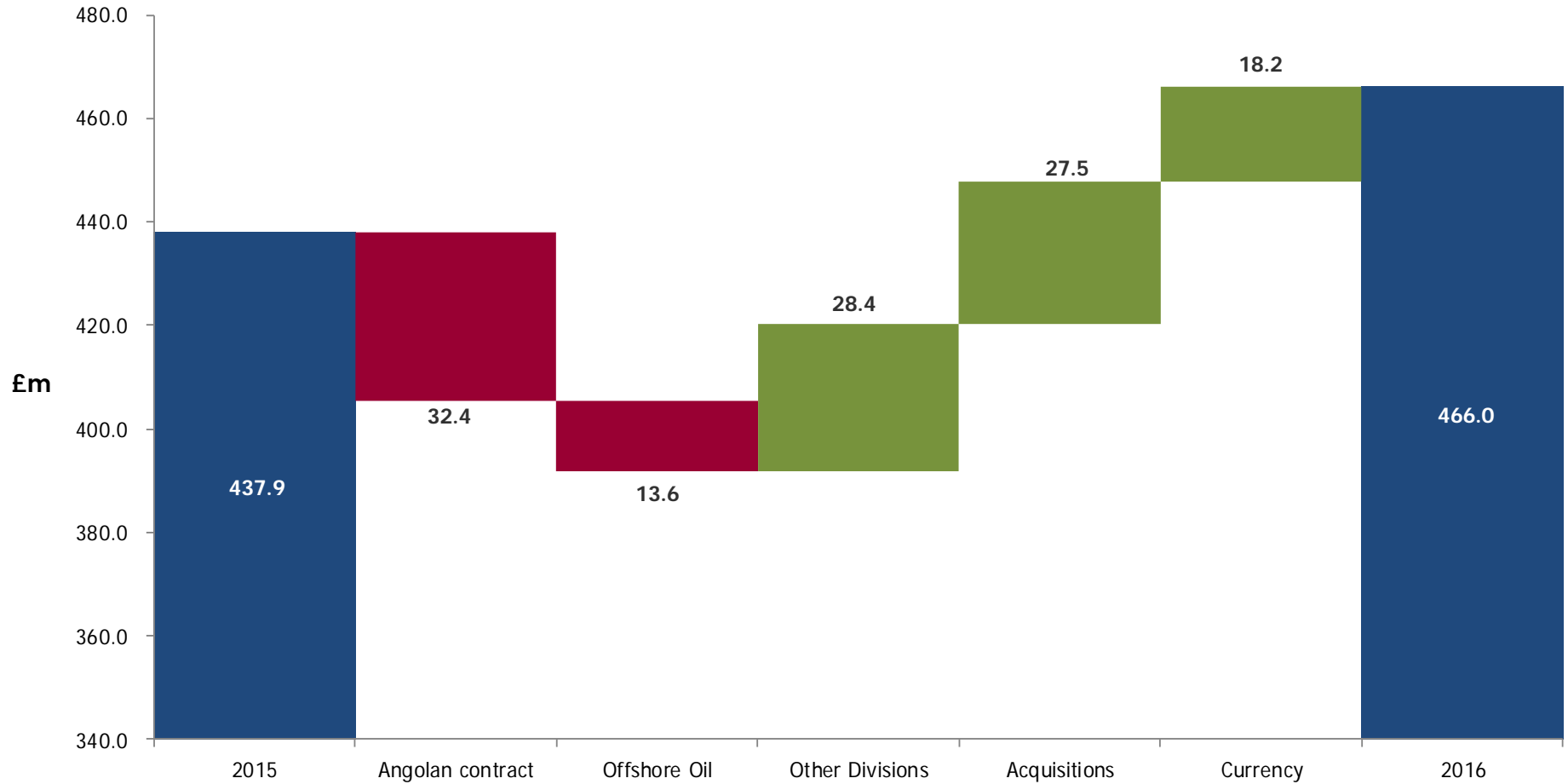
Financial highlights

	2016	2015	change
revenue (£m)	466.0	437.9	+6%
underlying operating profit* (£m)	50.8	45.6	+11%
<i>underlying operating margin* (%)</i>	<i>10.9</i>	<i>10.4</i>	<i>+50bps</i>
underlying profit before tax*	45.8	41.2	+11%
underlying diluted eps* (p)	76.3	68.5	+11%
final dividend per share (p)	17.6	16.0	+10%
cash conversion (%)	103	95	+8%

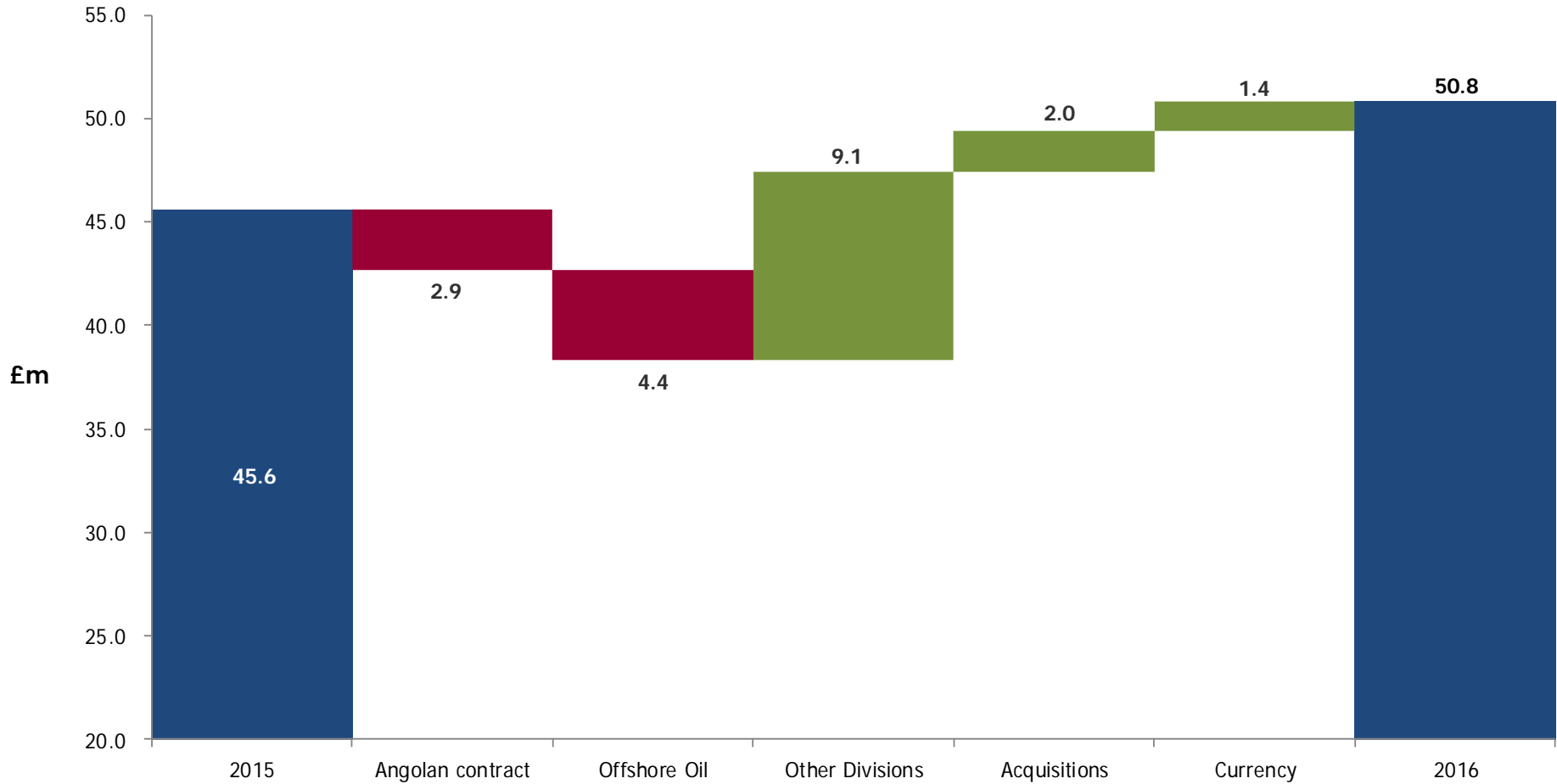
* before separately disclosed items



Revenue bridge



Underlying operating profit bridge



Results by division

	Revenue £m		change	adjusted +	Underlying operating profit* £m		change	adjusted +
	2016	2015	%	%	2016	2015	%	%
Marine Support	203.6	193.0	5	9	21.0	19.4	8	23
Specialist Technical	151.8	129.4	17	9	19.9	13.9	43	31
Offshore Oil	55.1	63.0	(12)	(20)	4.2	7.4	(43)	(50)
Tankships	55.5	52.5	6	3	8.2	7.1	15	15
Common costs					(2.5)	(2.2)		
	466.0	437.9	6	3	50.8	45.6	11	10

* before separately disclosed items

+ adjusted for businesses acquired, for constant currencies and for the cessation of the Angolan contract in Marine Support

Currency exposure

- USD cash flow transactions
- Translation of overseas results – NOK, Singapore \$, Australian \$

	Revenue		Operating profit	
	Gross exposure \$m	Currency impact 2016 £m	Net exposure \$m	Currency impact 2016 £m
USD cash flows	180.0	15.0	75.0	6.0
USD cash flow hedges		-		(3.5)
Impact of unpegging Nigerian Naira against USD (30%)		-		(1.5)
Translation of overseas results		3.2		0.4
	180.0	18.2	75.0	1.4

Average rates:

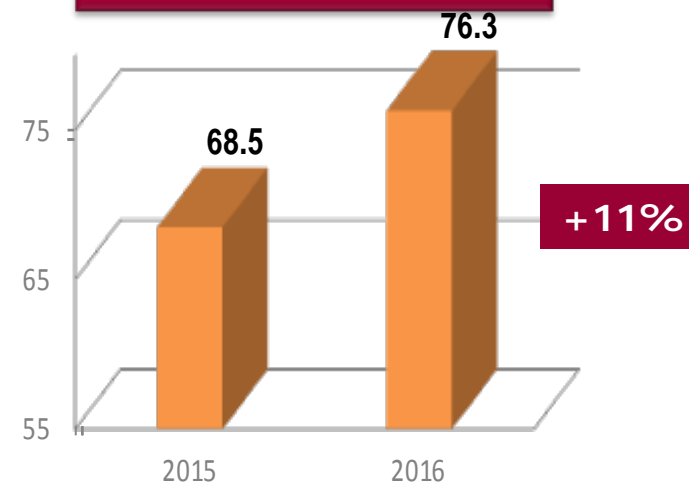
2016 - \$1.36 = £1

2015 - \$1.53 = £1

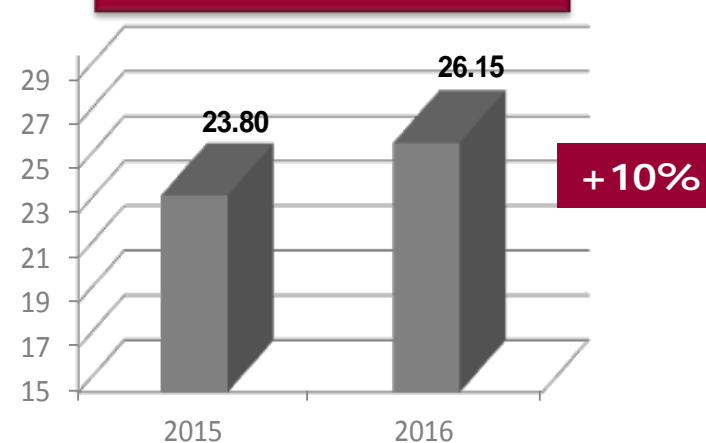
Interest and tax

	2016	2015
Net finance charge	£m	£m
Bank	3.8	3.4
Pension	1.0	0.8
Contingent consideration	0.2	0.2
	5.0	4.4
Tax	£m	£m
Underlying profit before tax	45.8	41.2
UK rate of 20.0% (2015: 20.3%)	9.2	8.3
Tonnage tax benefit	(1.0)	(0.9)
Overseas tax rates	0.4	0.5
Over provision in previous years	(0.8)	(2.0)
UK deferred tax rate reduction	(0.7)	-
	7.1	5.9
Effective tax rate on underlying PBT	15.4%	14.3%

Earnings per share



Dividend per share



Separately disclosed items

	2016 £m	2015 £m
Acquisition related (income) & expense:		
Costs of acquiring businesses	0.7	1.4
Amortisation of acquired intangibles	1.2	1.2
Contingent consideration release	(3.4)	(8.5)
	(1.5)	(5.9)
Provision for early contract cessation in Angola	2.3	-
Loss on disposal of business	-	1.0
Separately disclosed items before tax	0.8	(4.9)
Tax on separately disclosed items	(0.2)	(0.4)
	0.6	(5.3)

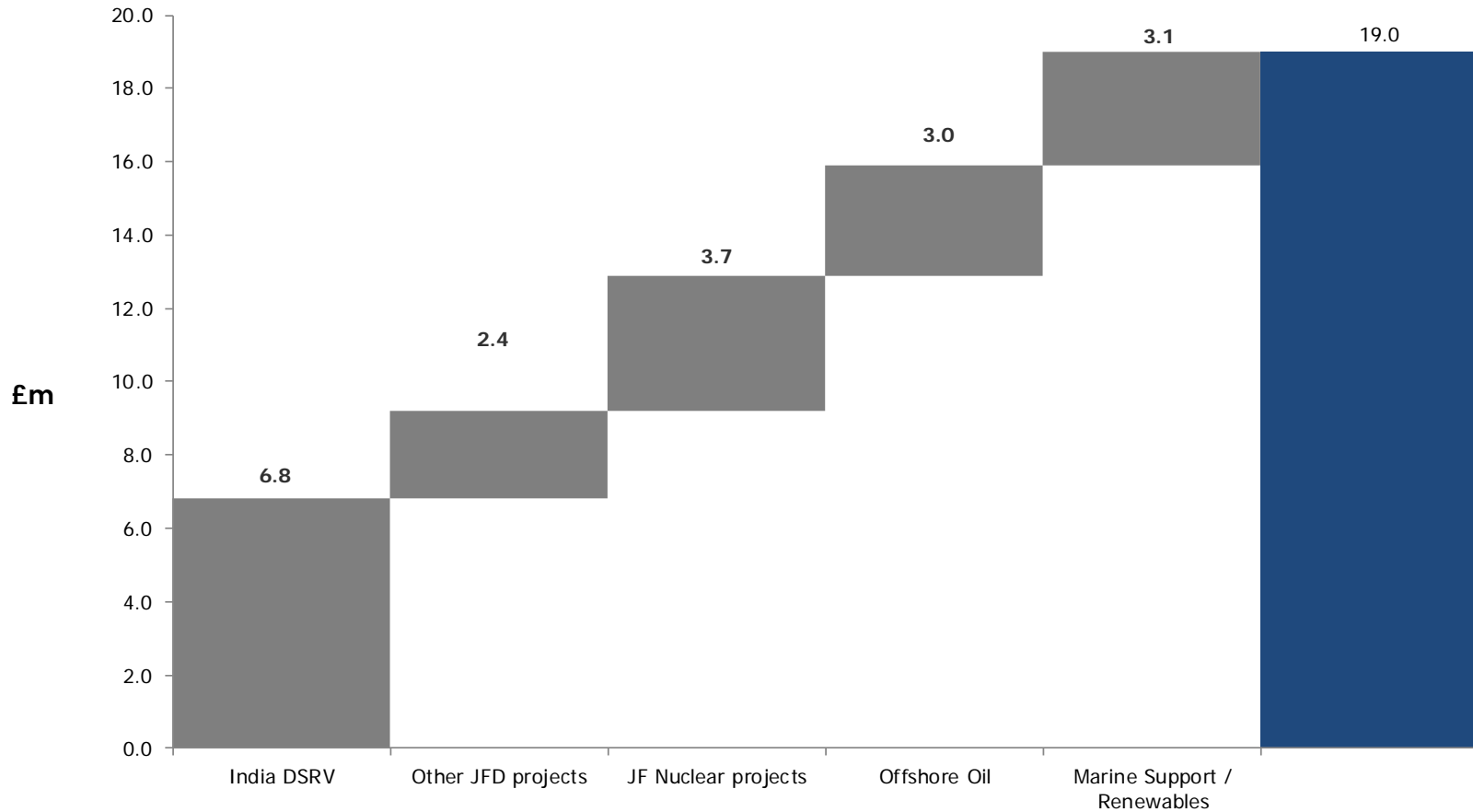
Cash flow

	2016 £m	2015 £m													
underlying operating profit *	50.8	45.6	Underlying Ebitda +10%												
depreciation and amortisation	24.6	23.2													
underlying ebitda *	75.4	68.8	Cash conversion of 103% (2015: 95%)												
working capital	(19.0)	(22.7)													
pension / other	(4.3)	(2.7)													
operating cash flow	52.1	43.4	Capex 27% lower												
interest paid & tax	(10.8)	(12.2)													
net capital expenditure	(14.8)	(20.2)	<table border="0"> <tr> <td></td> <td>£m</td> </tr> <tr> <td>Lexmar</td> <td>5.0</td> </tr> <tr> <td>Hughes</td> <td>7.3</td> </tr> <tr> <td>Other 2016</td> <td>5.4</td> </tr> <tr> <td>Acquired in 2015</td> <td>6.9</td> </tr> <tr> <td></td> <td><hr/>24.6</td> </tr> </table>		£m	Lexmar	5.0	Hughes	7.3	Other 2016	5.4	Acquired in 2015	6.9		<hr/> 24.6
	£m														
Lexmar	5.0														
Hughes	7.3														
Other 2016	5.4														
Acquired in 2015	6.9														
	<hr/> 24.6														
businesses acquired	(24.6)	(27.2)													
dividends paid to shareholders	(12.3)	(11.4)													
other	(1.5)	(3.9)													
net increase in debt	(11.9)	(31.5)	Net debt: Ebitda 1.4 times (2015: 1.4 times)												
net debt at 1 January	(93.8)	(62.3)													
net debt at 31 December	(105.7)	(93.8)													

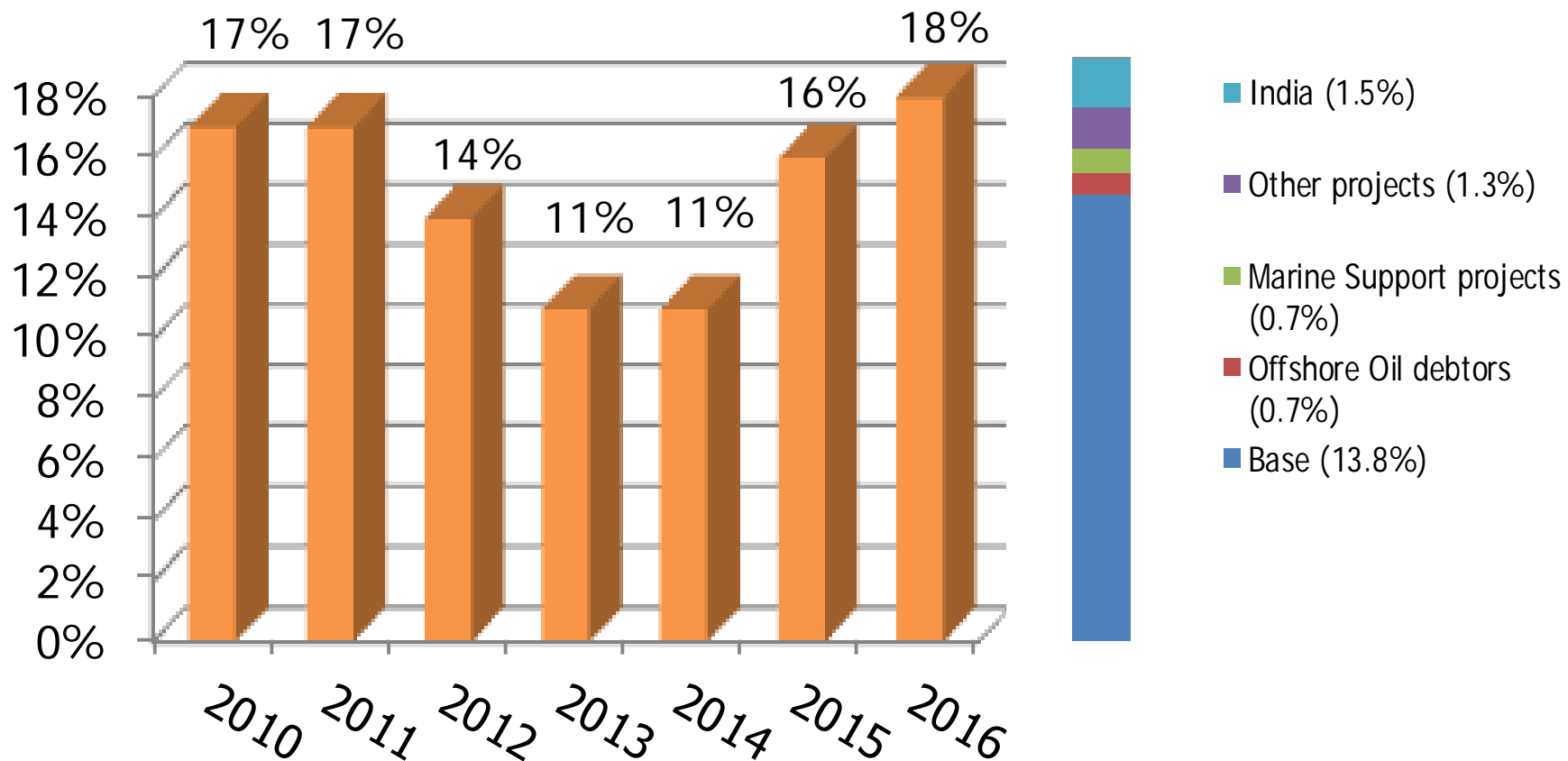
* before separately disclosed items



Working capital cash flow



Working capital:sales



Balance sheet

	31.12.16 £m	31.12.15 £m
intangible assets	180.5	156.5
property, plant and equipment	131.0	127.6
investments	7.8	7.7
working capital	86.3	68.1
contingent consideration	(9.2)	(14.5)
tax	(5.6)	(4.2)
pensions	(26.8)	(27.0)
capital employed	364.0	314.2
net debt	(105.7)	(93.8)
equity	258.3	220.4
net gearing	41%	43%
return on capital employed (post-tax)	13.0%	13.5%

- Gearing of 41% (2015: 43%) confirms balance sheet strength
- Pensions contributions of £4.4m (2015: £3.5m)
- c.£4m of contingent consideration potentially payable in 2017
- Expected working capital outflow of c.£12m-£15m in 2017 from Indian submarine rescue project

Committed bank facilities at 31 December 2016

Unsecured revolving credit facilities	drawn £m	available £m	Expiry
Barclays £40m	37.8	2.2	2020
DBS £30m	27.0	3.0	2019
HSBC £40m	35.5	4.5	2019
Lloyds TSB £30m	-	30.0	2020
Handelsbanken £25m	25.0	-	2020
Santander £10m	-	10.0	2019
	125.3	49.7	




† plus accordion facilities of £27.5m in addition

Covenants		31.12.16	31.12.15
Net debt* : EBITDA	< 3.5	1.9	1.5
Interest cover	> 3.0	14.1	14.6

Facilities				
expiring	2017	2018	2019	2020
£m	-	-	80	95

* includes bonds and guarantees of £42.5m (2015: £5.9m) within net debt

Results by Division

Marine Support	Specialist Technical	Offshore Oil	Tankships
44% of group revenue	32% of group revenue	12% of group revenue	12% of group revenue
39% of group profit*	38% of group profit*	8% of group profit*	15% of group profit*
1,050 employees	950 employees	350 employees	330 employees
			

* underlying operating profit

Marine Support

	2016	2015	change
revenue (£m)	203.6	193.0	5%
profit (£m)	21.0	19.4	8%
margin (%)	10.3	10.0	-
ROCE (%)	13.9	14.8	-

Mooring Services

- Ship-to-ship (STS) transfer volumes up 10%
- STS Asia Pacific strongly ahead
- FPSO offloading project in Ghana
- STS trial operation completed in Brazil
- Contract cessation in Angola

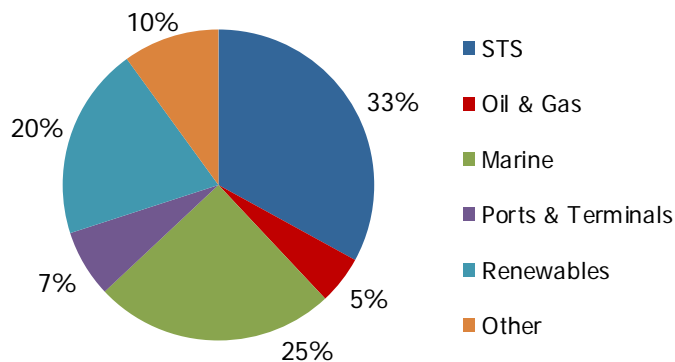
Renewables

- Tidal and windfarm renewable energy revenue up 40%
- Galloper wind farm contract worth £25m+ commenced in February; operational October
- Hughes Sub-Surface acquired in August and integrated into JF Marine Services

Testing Services

- Container Weight System installed in 15 ports around the world

Revenue by Sector



Specialist Technical

- Divisional profits up 43% despite slowdown in Nuclear order book in H2

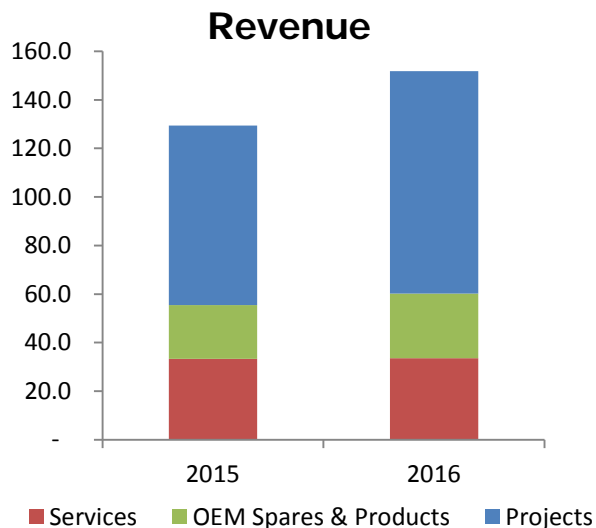
JFD

- Order book enhanced
 - ❑ Indian Navy submarine rescue contract for £83m commenced March, for delivery end 2018
 - ❑ Shanghai Salvage, £35m, 500m saturation diving system for delivery in 2019
 - ❑ Shanghai Salvage 300m system through China JV
- Commenced order for six self-propelled hyperbaric lifeboats
- Product sales up 23%
- Acquired Singapore based saturation diving system supplier, Lexmar

JF Nuclear

- Commenced four year, £60m contract to decommission core reactor at Winfrith
- Lower order intake in H2 - Sellafield

	2016	2015	change
revenue (£m)	151.8	129.4	17%
profit (£m)	19.9	13.9	43%
margin (%)	13.1	10.7	-
ROCE (%)	27.8	20.9	-

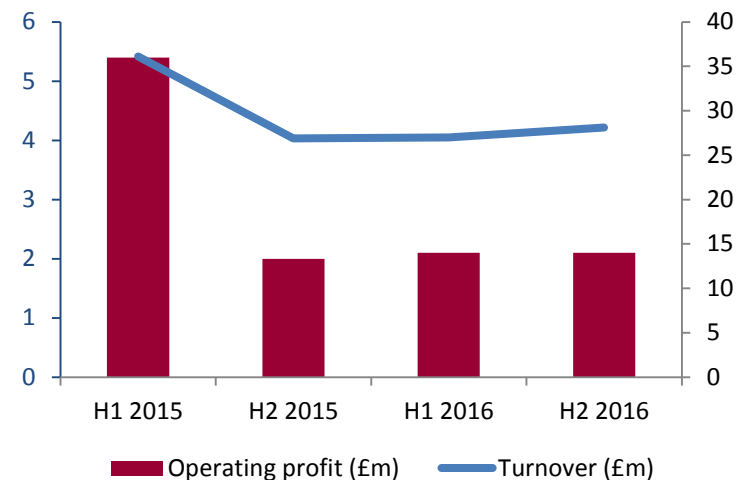
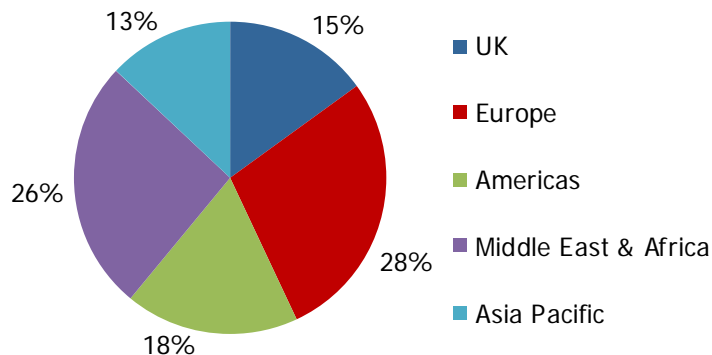


Offshore Oil

	2016	2015	change
revenue (£m)	55.1	63.0	(12)%
profit (£m)	4.2	7.4	(43)%
margin (%)	7.6	11.7	-
ROCE (%)	3.5	6.2	-

- Revenue and profits similar over last three halves
- Gross margins similar to 2015
- Underlying ebitda of £15.2m (2015: £18.2m)
- Overhead base is 21% lower than 2014
- Asset integrity management business, Return to Scene acquired in June 2016 for £1.9m
- Improvement in order book in Norway should benefit 2017

Revenue by Geography



Tankships

	2016	2015	change
revenue (£m)	55.5	52.5	6%
profit (£m)	8.2	7.1	15%
margin (%)	14.8	13.5	-
ROCE (%)	31.9	28.5	-

- 15 vessels (2015: 14)
- 828 voyages (2015: 806)
- 2.8m metric tonnes transported
- Port volumes up 6% at Plymouth port
- Older vessels entering replacement cycle



Strategy for delivering growth



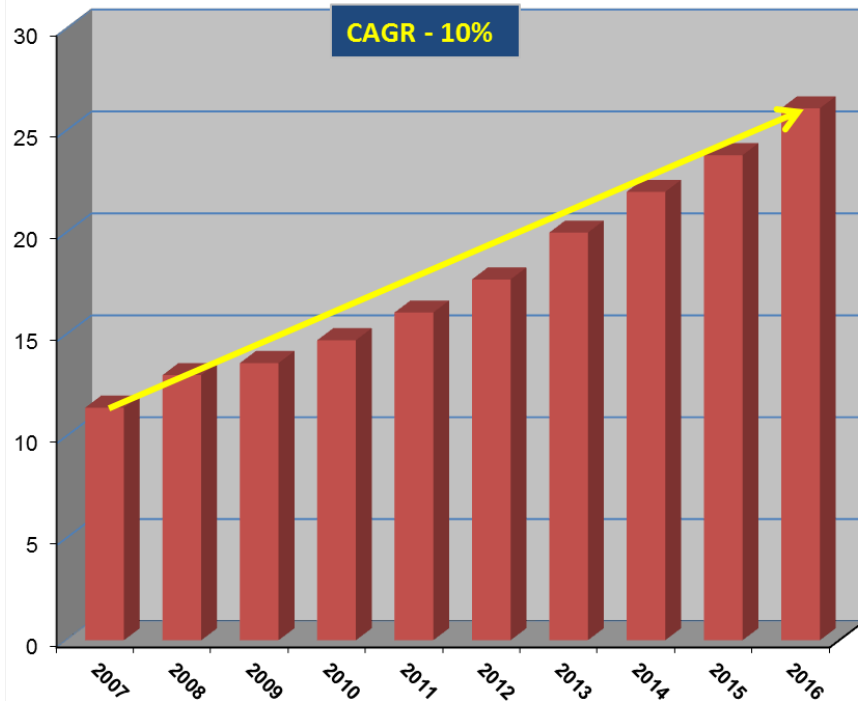
- Entrepreneurially led business with leading market positions in operational niches
- Leverage UK skills to the global Marine Services market
 - ❑ targeting less mature, faster growing markets
- Integration of niche services into wider service offering
- Focus on operational excellence
 - ❑ operating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

Progress against strategy

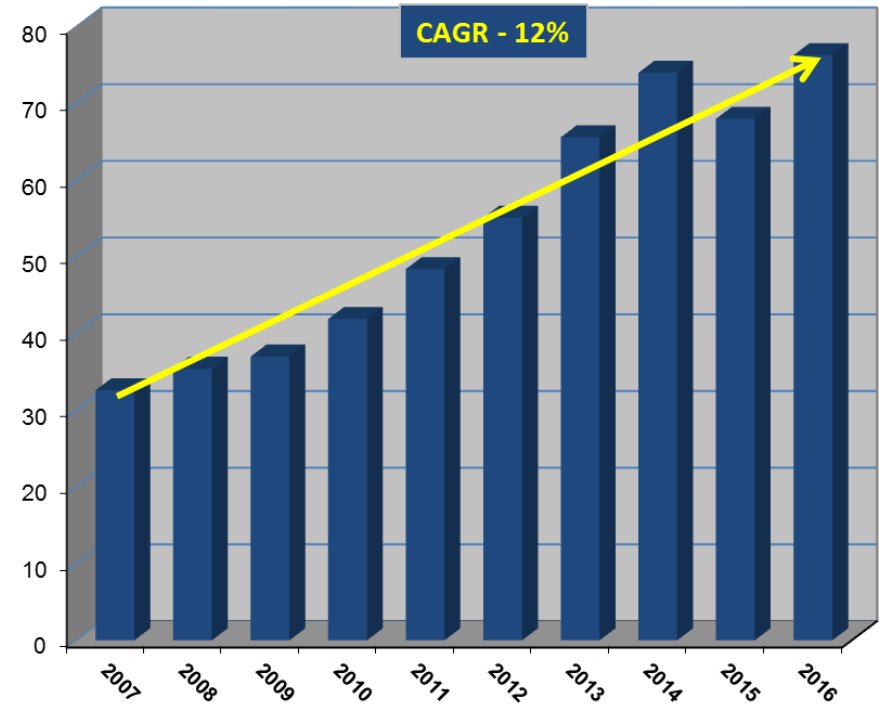
- Underlying operating margin increased by 50bps to 10.9%
- Cash conversion of 103% (five year average of 115%)
- Significant contract wins in niche areas
 - ❑ Indian Navy submarine rescue - £83m
 - ❑ Shanghai Salvage saturation diving - £35m+
 - ❑ Winfrith nuclear decommission - £60m
 - ❑ Galloper wind farm - £25m+
- Four bolt-on acquisitions
 - ❑ Lexmar positioned in Asia Pacific market
 - ❑ Hughes integrated into renewables / marine services offering
 - ❑ SWT rigcooling capability added in Norway
 - ❑ Return to Scene adds asset management integrity

Delivery against strategy

Dividends per share



Underlying diluted earnings per share



- 22 consecutive years of dividend increase
- Compound annual growth over 10 years
 - dividends 10%
 - earnings per share 12%

Outlook

- Strong order book in Specialist Technical to be delivered over next two-three years
- Growing presence in renewable energy
- Tankships stable
- Offshore Oil customers indicating improved 2017
- Opportunities for further bolt-on acquisitions, supported by strong balance sheet
- Well placed to provide further growth and value to shareholders

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