

10 September 2024

James Fisher and Sons plc

Results for the half year ended 30 June 2024

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Agenda

01. Introduction

02. Financial results

03. Strategic progress and outlook

04. Q&A

A photograph of two men in naval uniforms. The man in the foreground is wearing a white-topped officer's cap with a gold crest and a dark jacket. He is looking slightly to the right. Behind him, another man in a similar uniform and glasses is visible, also looking forward. A white line graphic, consisting of a vertical line and a diagonal line forming an arrow shape, points from the left towards the text.

01 Introduction

1H 2024 Business highlights

Focus

- 1H performance in line with expectations
- Successful sale of RMSpumptools and Martek
- Significantly deleveraged our balance sheet

Simplify

- Functional strengthening and Executive Committee in place
- Strong capital discipline through Investment Committee
- Progress on unified company priorities

Deliver

- Improved cash management and collection
- Targeted investment on high value growth markets
- Integrating supply chain and embedding NPD discipline

Delivering the business turn-around

A photograph of an offshore wind farm with several wind turbines visible against a dramatic sunset sky with orange and blue hues. The turbines are silhouetted against the bright horizon. A white line graphic, consisting of a vertical line and a horizontal line meeting at a right angle, with the horizontal line extending into a large arrow pointing right, is positioned in the upper left quadrant of the image.

02 Financial results

First half in line with expectations, strengthening our financial position

Revenue down
12.1%
(flat excl.
Subtech Europe and Swordfish)

Underlying
operating profit up¹
20.0%

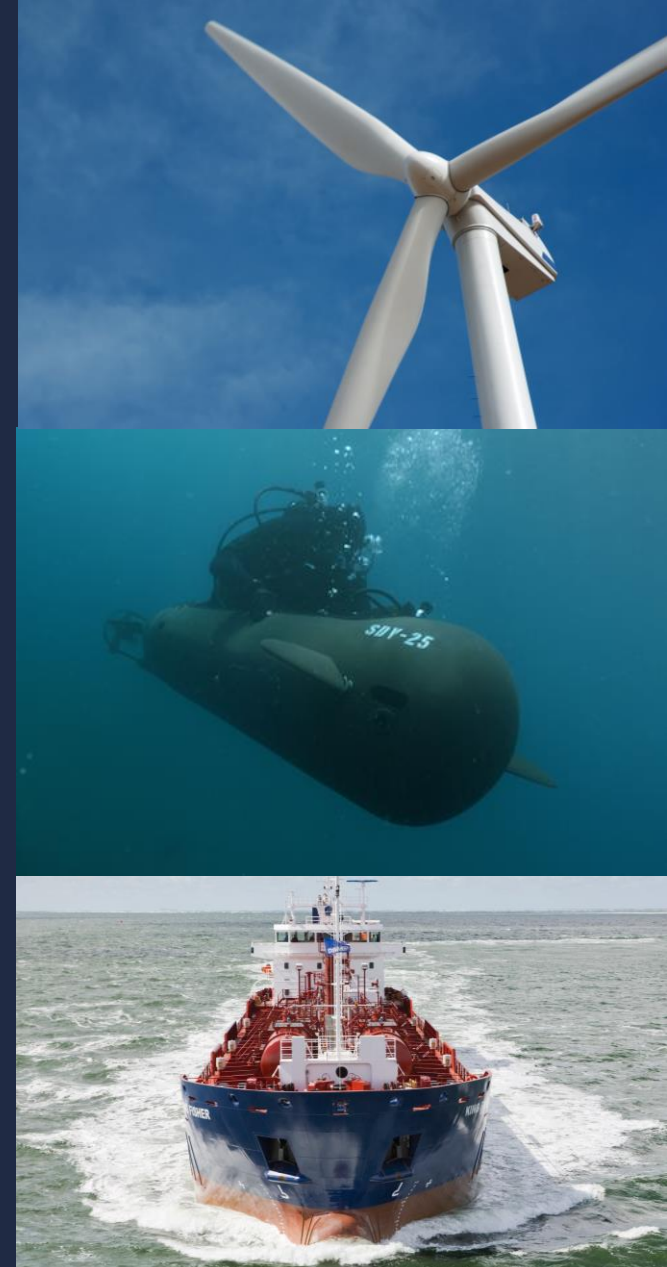
Underlying operating
margin¹ (up 200 bps)
7.6%

Net debt ²
(covenant basis)
£144.8m

Net debt ²
to EBITDA
2.6x

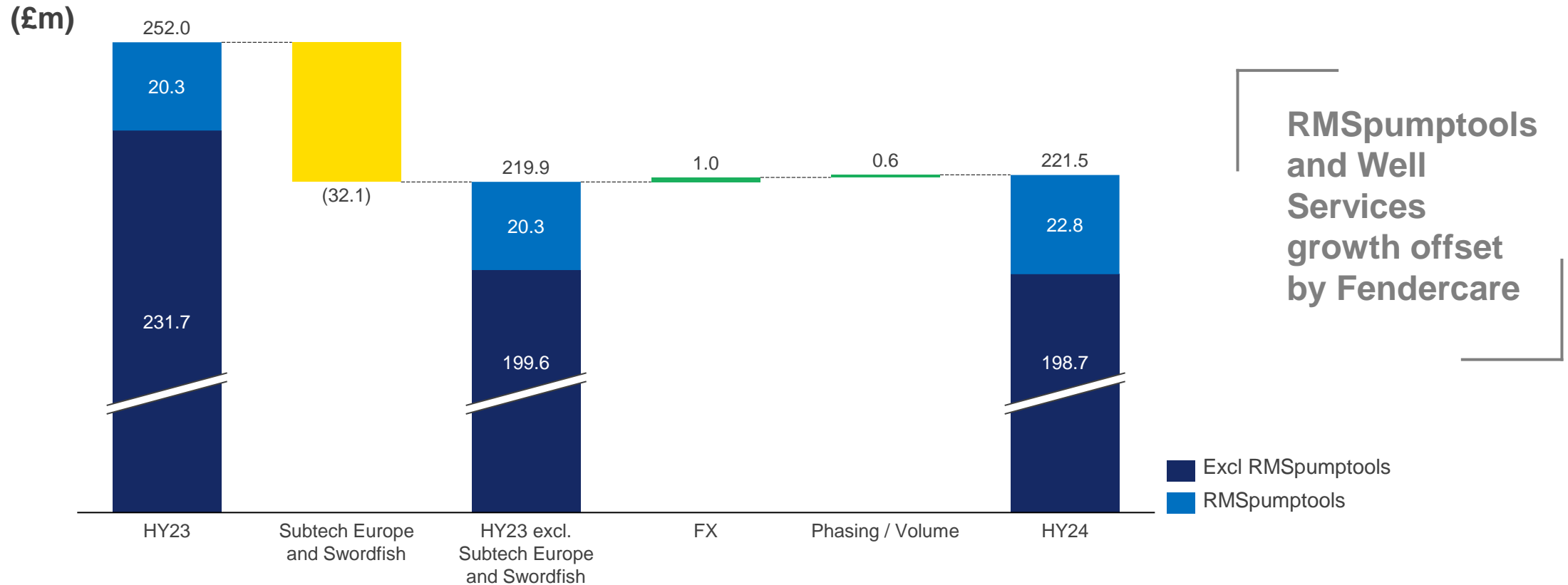
ROCE³
(up 280bps)
7.5%

1. Underlying operating profit is defined as operating profit from continuing operations adjusted for acquisition related income and expense (amortisation or impairment of acquired intangible assets, acquisition expenses, adjustments to contingent consideration), the costs of a material restructuring, litigation, asset impairment and profit/loss relating to the sale of businesses or any other significant one-off adjustments to income or expenses (adjusting items).
2. Net debt is calculated using net borrowings including guarantees and collateral deposits, excluding right-of-use operating leases.
3. Group ROCE (Return on Capital Employed) is defined as underlying operating profit, less notional tax, divided by average capital employed.
Capital employed is defined as net assets less right-of-use assets, less cash and cash equivalents and after adding back borrowings.



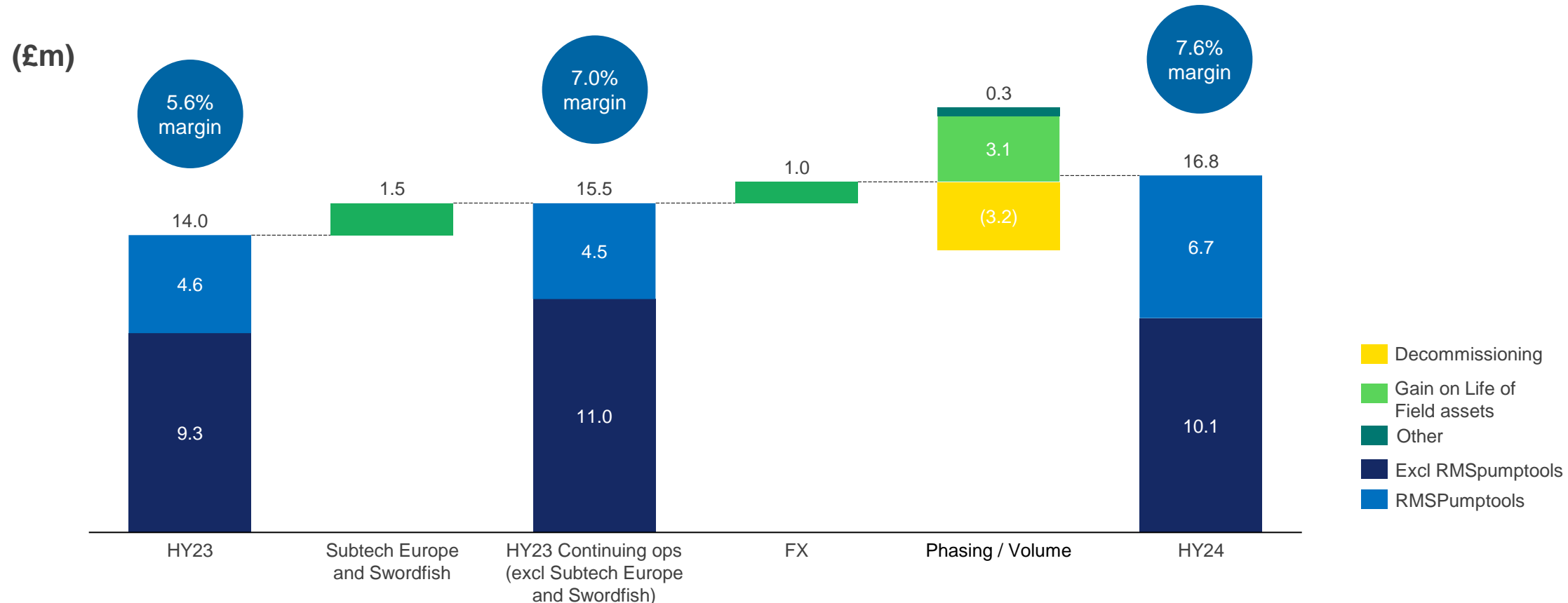
Revenue down 12.1%

Revenue was flat excluding the closure of Subtech Europe and the impact of Swordfish



Operating profit up 20%

Focus on improving margins, investing in capability and improved financial discipline







Underlying operating profit is defined as operating profit from continuing operations adjusted for acquisition related income and expense (amortisation or impairment of acquired intangible assets, acquisition expenses, adjustments to contingent consideration), the costs of a material restructuring, litigation, asset impairment and profit/loss relating to the sale of businesses or any other significant one-off adjustments to income or expenses (adjusting items)

Energy

**Strong
performance in
Well Services**

Underlying results for the six months
ended 30 June

		2024 £m	2023 £m	Change
	Total revenue	110.2	134.0	(17.8%)
	Operating profit	15.0	7.5	100.0%
	Margin	13.6%	5.6%	800 bps
	ROCE	14.1%	8.2%	590 bps

Revenue down 17.8%

- Revenue increase of 8.1% if adjusted for Subtech Europe and Swordfish
- Good performance across Well Services – 14.4% increase
- Bubble Curtain solutions growth in Taiwan and USA - ongoing capital investment
- Offset by reduced revenues in Renewables
- Good growth in IRM in Brazil and Africa

Operating profit doubled

- Higher margin activity
- Cost base discipline
- Gain on Life of Field supporting challenging Decommissioning business





Disposals

- RMSpumptools sale completed in July 2024 reducing Group leverage

Defence

Opportunities
are progressing
and pipeline
remains strong

Underlying results for the six months
ended 30 June

		2024 £m	2023 £m	Change
	Total revenue	36.5	37.0	(1.4%)
	Operating profit	(0.4)	0.6	n/m
	Margin	(1.1%)	1.6%	(270 bps)
	ROCE	0.6%	1.8%	(120 bps)

Revenue decreased 1.4%

- Underperforming revenue due to cancellation of US award
- Offset by stable delivery services to existing Defence customers
- Continued good performance for our commercial diving and hyperbaric systems
- NATO submarine rescue contract progressing well

Operating loss of £0.4m

- Cost base will not increase to secure and service new contracts
- Phasing of project awards





Investment

- Strengthening service offering in Australia and US
- New to market product lines

Maritime transport

Focus on margin improvement and portfolio rationalisation

Underlying results for the six months ended 30 June

		2024 £m	2023 £m	Change
	JF Tankships	40.4	39.6	2.0%
	Fendercare	34.4	41.4	(16.9%)
	Total revenue	74.8	81.0	(7.6%)
	Operating profit	8.2	10.0	(18.0%)
	Margin	11.0%	12.3%	(130 bps)
	ROCE	27.8%	24.1%	370 bps

Revenue decreased 7.6%

- Strong Tankships and Cattedown performance with good spot and utilisation rates – similar level to 1H 2023
- Fendercare's revenue decreased due to low LNG ship-to-ship market demand

Operating profit down 18%

- Fendercare – impacted by a lull in LNG ship-to-ship activity as global stocks remain high

Investment in fleet

- 4 new vessel contracts signed - fleet replacement programme underway
- Martek sale completed in September 2024

Underlying results impacted by higher finance charges

Underlying results for the six months ended 30 June

	2024 £m	2023 £m
Revenue	221.5	252.0
Operating profit	16.8	14.0
Finance income	1.5	1.1
Finance charges	(14.0)	(8.7)
Profit before tax	4.3	6.4
Taxation	(1.3)	(1.7)
Profit after tax	3.0	4.7
Underlying earnings per share – continuing (pence)	6.4	21.5

Reported results

Results for the six months ended 30 June

	2024 £m	2023 £m
Underlying operating profit	16.8	14.0
Impairment charges	-	0.3
Refinancing	(2.5)	(9.3)
Restructuring costs	(0.4)	(1.4)
Disposal of Subtech Europe Assets	3.6	-
Other disposal of businesses and assets ¹	(4.1)	1.1
Other	(0.7)	(1.5)
Reported operating profit	12.7	3.2
Loss for the year from discontinued operations, net of tax	-	(6.4)

1. Other disposal of businesses and assets includes costs of £4.2m in relation to the transaction costs for the disposal of RMSpumptools

Cash flow

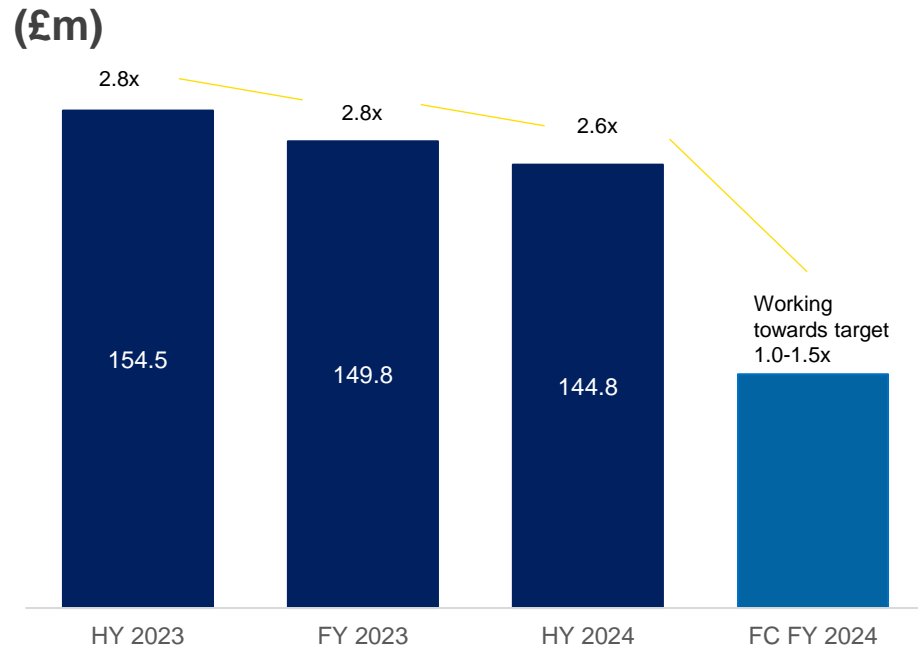
Free cash flow from continuing operations for six months ended 30 June

	2024 £m	2023 £m
Underlying operating profit from continuing operations	16.8	14.0
Depreciation and amortisation	18.3	20.8
Net working capital inflow/(outflow)	12.2	(8.4)
Net interest paid	(8.1)	(5.1)
ROU ¹ operating lease rentals paid (IFRS 16)	(7.8)	(7.3)
Tax paid	(6.0)	(4.1)
Capex and development spend	(17.6)	(17.7)
Net proceeds from disposal of assets and business	14.2	18.1
Refinancing related costs	(2.5)	(9.3)
Other ²	(10.2)	(11.3)
Movement in net debt (excl. guarantees and collateral deposits)	9.3	(10.3)
Net debt (excl. guarantees and collateral deposits)	(134.9)	(152.9)

1. Right-of-use asset

2. Other includes £7.8m IFRS 16 lease payments, £4.2m transaction costs associated with the disposal of RMSpumptools, and other net inflows of £1.8m

Continuing to strengthen our balance sheet



Sale of RMSpumptools accelerated sustainable recovery and provided the right platform to refinance the Group

Results for the six months ended 30 June

	2024 £m	2023 £m
Net Borrowings	186.6	203.5
Less: right-of-use lease (ROU) liability	(53.9)	(56.3)
Add: ROU liability associated to finance leases (under IAS 17)	2.2	5.7
Add: guarantees and collateral deposits (includes one-time JFN settlement of £5m in 2024)	9.9	1.6
Net debt - covenant basis	144.8	154.5

Covenants

Net debt to EBITDA¹ (2024 <4.0x, 2023 <3.5x)	2.6x	2.8x
Interest cover (2024 >1.5x, 2023 >2.5x)	2.0x	3.2x

1. Covenant EBITDA for 12 months ended June 2024: £54.7m, 2023: £55.4m.



2024 Guidance

- 3Q 2024 to date, performance is in line with the Board's expectations and the outlook for the full year remains unchanged
- Looking forward, we continue to see supportive end markets in 2024 and would expect to deliver further benefits from our turn-around initiatives
- Refinancing well progressed, to be completed in due course

Technical Guidance

- Portfolio adjustment:
 - Subtech Europe, ceased operations in December 2023, contributed c.£40m of revenue to continuing operations in 2023
 - RMSpumptools, sale in July 2024, contributed revenue of £22.8m and £6.7m of EBITDA to continuing operations in 1H 2024
 - Martek, sale in September 2024, contributed revenue of £5.6m and £0.5m of EBITDA to continuing operations in 1H 2024
- Disposals will result in a slimmed down cost base
- Interest cost improvement of c.150 bps
- Capex at similar levels to 2023
- Underlying effective tax rate of c.29%



03 Strategic progress and outlook



Progress on turn-around

Delivering the OJF strategy

Progress on 'focus, simplify and deliver', including financial strengthening and company priorities

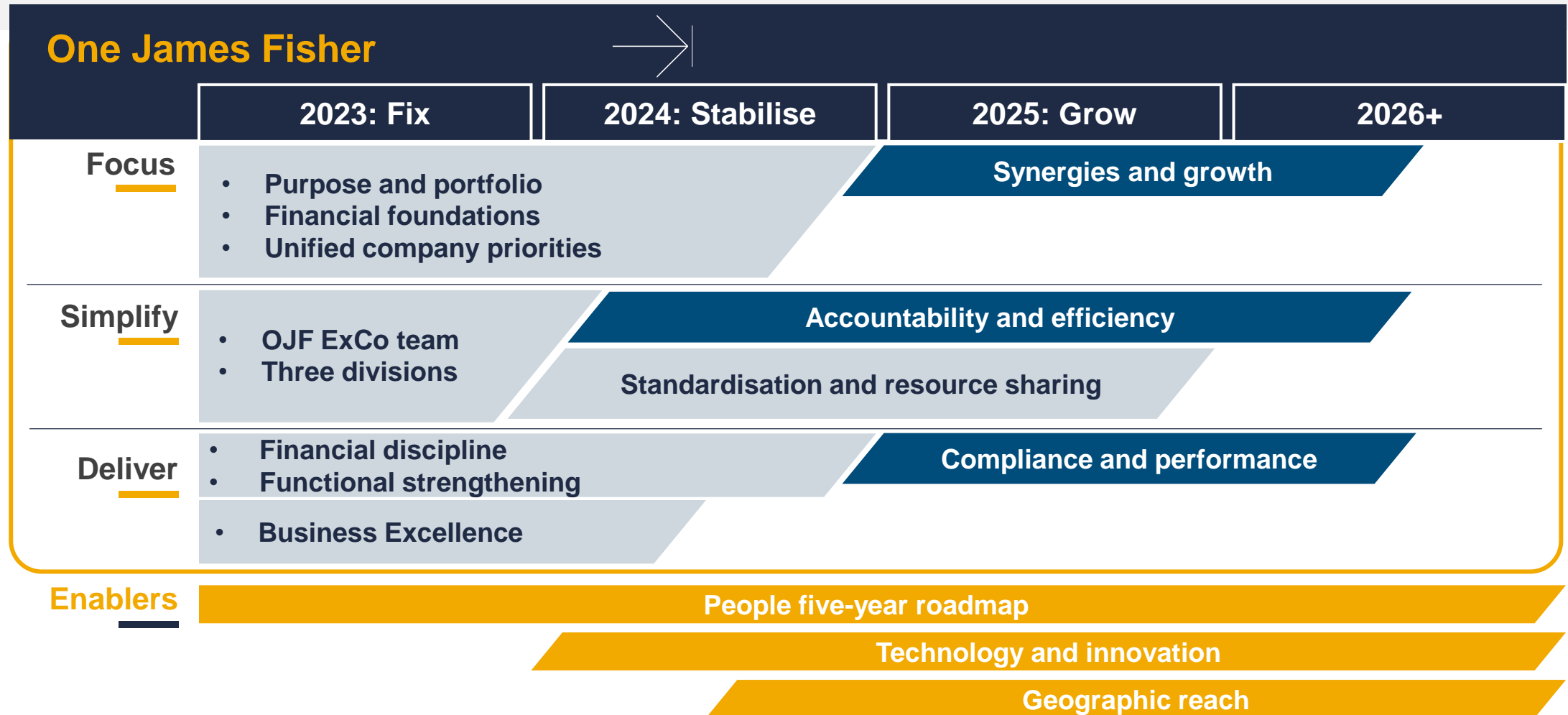
Supportive markets

Robust end markets across all Divisions, long-term customer base with healthy order book

















Positioning for growth

Targeted regional growth underpinned by people, technology and innovation

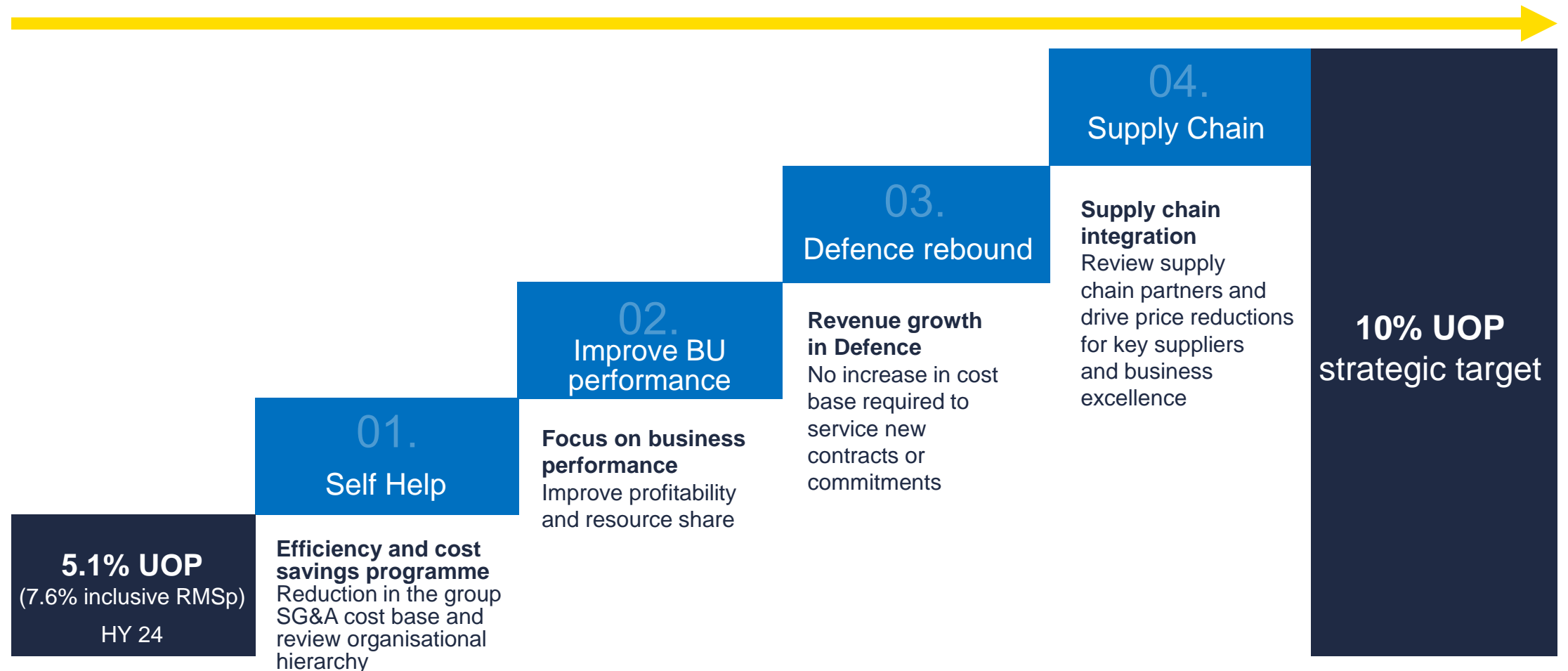
18 months into turn-around strategy



Progress on 2024 priorities

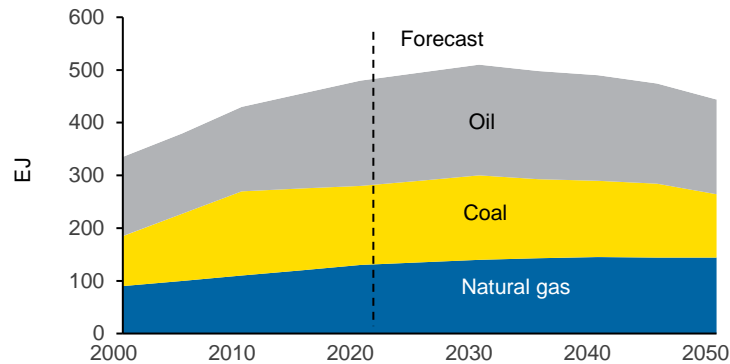
PRIORITY		OBJECTIVE	2024 YTD
Exceptional safety 		Lost Time Injury Frequency no greater than 0.44	
		Total Recordable Case Frequency no greater than 2.09 and no fatalities	
Foundations for growth 		Complete RMSpumptools sale	
		Reduce debt towards our net debt/EBITDA target of 1.0-1.5x	
		Progress towards strategic target 10% UOP	
		Progress towards strategic target 15% ROCE	
Pipeline of talent 		Attrition rates lower than 12%	
		Female gender diversity minimum 26%	
Employee engagement 		Gallup mean score increased to 3.95	
Strong supply chain 		Launch central procurement for indirect services	
		Define scope 3 emissions for Group	

Moving towards our 10% UOP strategic target



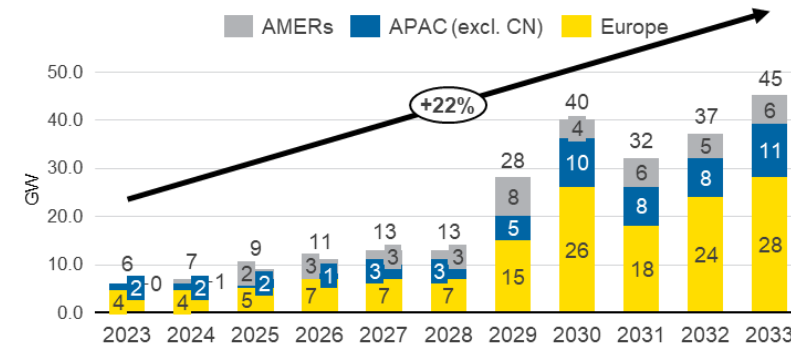
Supportive end-market exposures

ENERGY: Forecast fossil fuel demand¹



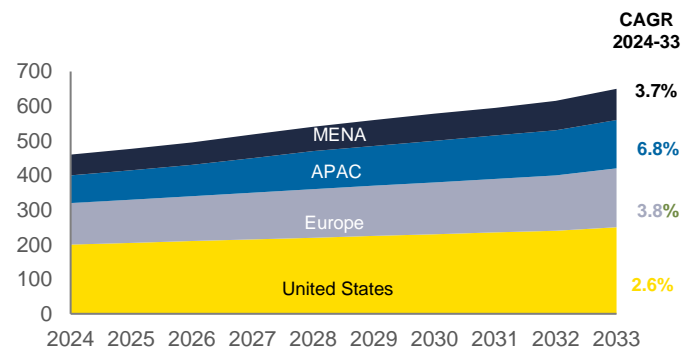
- Demand forecast to peak in 2030, levelling into 2050
- Investment focused on maximising production while minimising carbon footprint
- Emerging markets key contributor to increasing demand

ENERGY: Offshore wind capacity demand increase²



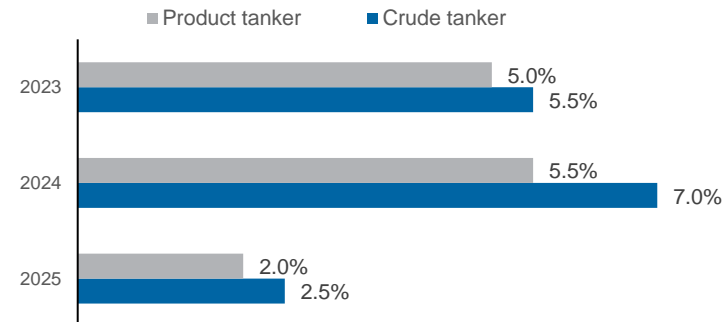
- Global climate commitments driving demand for offshore wind
- Europe leading, with additional growth in APAC and Americas

DEFENCE: Investment spend (£bn)³



- Global geopolitical tensions driving increase investment
- Maritime defence spending increasingly focused on underwater capabilities & systems

MARITIME TRANSPORT: Tanker demand growth⁴



- Vessel capacity supply is tightening in coastal shipping markets
- Supports investment in mid-sized fleet replacement

Sources: 1) IEA. 2) Brinkmann. 3) RSAdvisors International Defence Budget data base, RSAdvisors analysis. 4) BIMCO

Robust, blue-chip customer base underpinned by long-term relationships

Our high-quality offerings across divisions has resulted in a strong customer base



ENERGY

TOP 10 CUSTOMER BASE

Average: **9 years**
Range: **3-20 years**

Example customers



DEFENCE

TOP 10 CUSTOMER BASE

Average: **19 years**
Range: **3-40 years**

Example customers



MARITIME TRANSPORT

TOP 10 CUSTOMER BASE

Average: **14 years**
Range: **2-40 years**

Example customers



Delivering our growth strategy



ENERGY

Transition to clean, efficient energy production

#1

Provider of bubble curtains in North America



Unique technology: ST3100, SeaBass™ & Cable Guardian

RECENT AWARD

Type: Offshore wind construction
Country: North America
Purpose: Marine protection
Tech: ST3100 air compressor



DEFENCE

Build undersea and special operations capabilities

#1

Provider of sub rescue systems & saturation diving



Leading global provider of commercial dive equipment

RECENT AWARD

Type: Military diving
Country: Confidential
Purpose: Equipment & training services
Tech: Stealth military rebreather



MARITIME TRANSPORT

Delivering cleaner, more efficient shipping operations



Leading European provider of coastal shipping services

#1

Global provider of oil and natural gas ship-to-ship transfers

RECENT AWARD

Type: LNG STS transfer
Country: UK
Purpose: Complex gas-up & cool-down
Tech/people: Specialised people expertise

SYNERGIES: CUSTOMERS, MARKETS, TECHNOLOGIES, EXPERTISE



Geographical growth markets



ENERGY

- Existing footprint in key energy hubs
- Targeted growth in UK and Europe, North & Latin America, Asia Pacific, Middle East
- Focus on IRM, offshore wind, digital and data



DEFENCE

- Home markets in UK and Europe, Australia, Asia and India
- Targeted growth in the US and Asia Pacific
- Focus on special forces platforms, military diving, submarine rescue and submarine platforms



MARITIME TRANSPORT

- Existing footprint in UK and Europe, Asia, Latin America, Caribbean
- Targeted growth in Asia and Latin America
- Focus on driving synergies around tankships and STS



**We deliver
safe, efficient
operations to
our customers
in ~25 countries
world-wide.**

Conclusion

01. Results in line with expectations and the outlook for the full year remains unchanged

02. Good progress on our turn-around strategy and positioning for future growth

03. Significantly deleveraged our balance sheet

04. End-markets providing tailwinds to our growth strategy

Through our growth pillars, we will deliver the second phase of the business turn-around



Appendix

Income Statement

	2024 £m	2023 £m
Continuing Operations		
Revenue	221.5	252.0
Cost of sales	(155.5)	(186.5)
Gross profit	66.0	65.5
Administrative expenses	(51.3)	(52.0)
Impairment charges	-	(0.1)
Refinancing costs	(2.5)	(9.3)
Restructuring costs	(0.4)	(1.4)
Share of post-tax results of associates	0.9	0.5
Operating profit	12.7	3.2
Investment income	1.5	1.1
Finance expense	(14.0)	(8.7)
Profit/(loss) before taxation	0.2	(4.4)
Tax (expense)/income	(1.2)	1.2
Loss for the period	(1.0)	(3.2)
Loss for the period from discontinued operations, net of tax	-	(6.4)
Loss for the period	(1.0)	(9.6)
Attributable to:		
Owners of the Company	(0.8)	(9.6)
Non-controlling interests	(0.2)	-
	(1.0)	(9.6)
Loss per share	pence	pence
Basic and diluted	(1.7)	(19.0)
Loss per share – continuing activities	pence	pence
Basic and diluted	(1.7)	(6.3)

Underlying operating profit - 2024

	As reported £m	Refinancing £m	Restructuring £m	Disposal of businesses and assets £m	Other/Tax £m	Underlying results £m
Continuing operations						
Revenue	221.5	–	–	–	–	221.5
Cost of sales	(155.5)	–	–	–	–	(155.5)
Gross profit	66.0	–	–	–	–	66.0
Administrative expenses	(51.3)	–	–	0.5	0.7	(50.1)
Refinancing costs	(2.5)	2.5	–	–	–	–
Restructuring costs	(0.4)	–	0.4	–	–	–
Share of post-tax results of associates	0.9	–	–	–	–	0.9
Operating profit	12.7	2.5	0.4	0.5	0.7	16.8
Investment income	1.5	–	–	–	–	1.5
Finance expense	(14.0)	–	–	–	–	(14.0)
Profit before taxation	0.2	2.5	0.4	0.5	0.7	4.3
Income tax	(1.2)	–	–	–	(0.1)	(1.3)
(Loss)/profit for the period from continuing operations	(1.0)	2.5	0.4	0.5	0.6	3.0
Profit for the period from discontinued operations, net of tax	-	–	–	–	–	-
(Loss)/profit for the period	(1.0)	2.5	0.4	0.5	0.6	3.0
Operating margin (%)	5.7%					7.6%
Segmental underlying operating profit is calculated as follows:						
Energy	14.4	–	0.2	0.2	0.2	15.0
Defence	(0.5)	–	0.1	–	–	(0.4)
Maritime Transport	8.1	–	0.1	–	–	8.2
Corporate	(9.3)	2.5	–	0.3	0.5	(6.0)
Operating Profit	12.7	2.5	0.4	0.5	0.7	16.8

Underlying operating profit - 2023

	As reported £m	Impairment reversals £m	Refinancing £m	Restructuring £m	Disposal of businesses and assets £m	Other / Tax £m	Underlying results £m
Continuing operations							
Revenue	252.0	–	–	–	–	–	252.0
Cost of sales	(186.5)	–	–	–	(1.1)	–	(187.6)
Gross profit	65.5	–	–	–	(1.1)	–	64.4
Administrative expenses	(52.0)	–	–	–	–	1.5	(50.5)
Impairment charges	(0.1)	(0.3)	–	–	–	–	(0.4)
Refinancing costs	(9.3)	–	9.3	–	–	–	–
Restructuring costs	(1.4)	–	–	1.4	–	–	–
Share of post-tax results of associates	0.5	–	–	–	–	–	0.5
Operating profit/(loss)	3.2	(0.3)	9.3	1.4	(1.1)	1.5	14.0
Investment income	1.1	–	–	–	–	–	1.1
Finance expense	(8.7)	–	–	–	–	–	(8.7)
(Loss)/profit before taxation	(4.4)	(0.3)	9.3	1.4	(1.1)	1.5	6.4
Income tax	1.2	–	–	–	–	(2.9)	(1.7)
(Loss)/profit for the period from continuing operations	(3.2)	(0.3)	9.3	1.4	(1.1)	(1.4)	4.7
Loss for the period from discontinued operations, net of tax	(6.4)	–	–	–	–	–	(6.4)
(Loss)/profit for the period	(9.6)	(0.3)	9.3	1.4	(1.1)	(1.4)	(1.7)
Operating margin (%)	1.3%						5.6%
Segmental underlying operating profit is calculated as follows:							
Energy	6.9	(0.5)	–	0.4	0.4	0.3	7.5
Defence	0.7	(0.3)	–	0.2	–	–	0.6
Maritime Transport	10.0	0.5	–	0.8	(1.5)	0.2	10.0
Corporate	(14.4)	–	9.3	–	–	1.0	(4.1)
Operating profit	3.2	(0.3)	9.3	1.4	(1.1)	1.5	14.0