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2023 Interim Results Presentation

21 September 2023

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Agenda

- Introduction
- Financial Headlines
- Business Review
- Summary and Outlook
- Questions and Answers

Summary H1 2023

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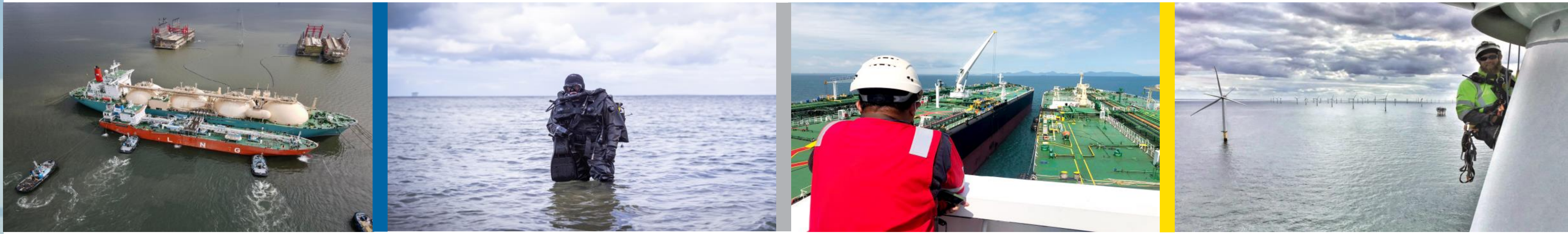

FINANCIAL PERFORMANCE

- **Strong revenue growth** of 17.2% to £252.0m (H1 22: £215.0m)
- **Underlying operating profit up** £2.6m to £14.0m (H1 22: £11.4m) and **operating margin enhancement** of 30bps
- **Loss before tax** of £4.4m (H1 22: profit £5.2m): refinancing advisory costs of £9.3m; higher interest rates
- **Reduction in leverage** vs H1 22 to 2.8x (H1 22: 3.3x; FY 22: 2.7x)
- **Refinancing completed**
  - £210m RCF (a reduced ask) with existing six lenders; March 2025 maturity
  - Stable platform from which to deliver turnaround
  - Expensive process; margin reflects market and business; covenant suite that matches business plan to deleverage

Summary H1 2023

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OPERATIONAL PROGRESS

- Continued momentum behind **Group simplification**
  - Sales of Swordfish DSV; Nuclear Decommissioning business and obsolete assets
- **Focus, Simplify and Deliver**
  - Moving towards One James Fisher operating model
  - 3 divisions (Energy, Defence, Maritime Transport) aligned to market verticals
  - Business Excellence function to drive improvements and consistency; priority HSEQ and project management
  - Key hires across divisional and functional leadership

Progress against 2023 priorities

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Guiding principle of working as "One James Fisher"

Priority	Our 'internal' KPI scorecard	H1 23 Progress
1 The best at HSE Any incident is one too many	**10%** improvement on 2022	LTIF: **0.53** vs target **0.48** TRCF: **2.38** vs target **2.39**
2 Meet our budget and forecasts Improve forecast accuracy	Reduce revenue and margin deviations vs Budget and Bid	Revenue on track; some significant margin deviations in Europe
Improve cash collection	DSO + Internal DSO improvements	DSO: **70** days vs **83** H1 2022
3 Divisional success Energy / Defence / Maritime Transport	Mid-term targets **>10%** OP margin; **>15%** ROCE - Product lines above targets = grow - Product lines below targets = fix / improve	Defence and MT divisions improved OP margin. Energy and MT improved ROCE
4 Employee engagement and D&I Everything starts with our team	Gallup Q12 engagement score **3.95**	Annual survey to be conducted in November

Financial Headlines

Financial Summary

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Continuing operations £m	H1 23	H1 22	Change
Revenue	252.0	215.0	+17.2%
Underlying operating profit	14.0	11.4	+22.8%
Underlying operating profit margin	5.6%	5.3%	+30bps
Operating profit	3.2	9.8	-67.3%
(Loss) / profit before tax	(4.4)	5.2	n/m
ROCE	4.7%	2.7%	200bps

- Strong revenue growth of 17.2% vs H1 22; relatively weak comparator period; particularly strong growth from the Energy division
- Underlying operating profit growth of 22.8% to £14.0m, which includes the negative impact of an onerous contract provision of £1.7m
- Modest margin enhancement of 30bps as growth and improvement initiatives offset inflation and central function investments
- One-off advisory costs of refinancing (£9.3m) were a principal contributor to reduced operating profit
- Loss before tax reflects positive underlying trading performance offset by refinancing costs and higher interest rates
- Improvement in ROCE to 4.7%, recognising that there is significant work to do to reach mid-term target

Divisional Performance Overview

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	Revenue			Underlying operating profit		
£m	**H1 23**	**H1 22**	**Change**	**H1 23**	**H1 22**	**Change**
Energy	134.0	106.1	26.3%	7.5	6.2	21.0%
Maritime Transport	81.0	76.3	6.2%	10.0	8.4	19.0%
Defence	37.0	32.6	13.5%	0.6	(1.3)	n/m
Central				(4.1)	(1.9)	
Total	252.0	215.0	17.2%	14.0	11.4	22.8%

- All divisions delivered revenue and underlying operating profit growth
- **Energy** growth driven by price increases and well-testing, artificial lift and bubble curtains
- **Maritime Transport** growth from high tanker fleet utilisation and good day rates, LNG STS, and operating leverage from cost savings in 2022
- **Defence** seeing strong demand for diving equipment and good service revenues, projects remains at a low point; profitable following cost savings in 2022
- **Central costs** increase disproportionately affected by accrual of performance related pay plus investments in Business Excellence and central functions / Group-wide governance improvement programmes

Cashflow

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	H1 23 £m	H1 22 £m
(Loss) / profit for the period	**(9.6)**	2.0
Tax (credit) / charge	**(1.2)**	1.2
Adjustments to reconcile profit / (loss) before tax to net cash flows		
Depreciation and amortisation	**20.8**	20.4
Other non-cash items	**(2.5)**	(1.4)
Impairments	**(0.3)**	-
(Gain) / loss on disposal of businesses, net of disposal costs	**2.1**	-
Net finance expense	**7.5**	4.6
Net working capital movements	**(8.4)**	(24.2)
Defined benefit pension cash contributions less service cost	**(0.8)**	0.6
Cash generated from operations	**7.6**	3.3
Income tax payments	**(4.1)**	(4.4)
Cash flow from operating activities	**3.5**	(1.1)
Investing activities		
Dividends from joint venture undertakings	**-**	1.0
Proceeds from sale of assets and businesses	**18.1**	1.5
Finance income	**1.2**	0.2
Acquisition of subsidiaries, net of cash acquired	**-**	(1.4)
Acquisition of property, plant and equipment	**(16.8)**	(10.7)
Development expenditure	**(0.9)**	(0.6)
Cash flows from/(used in) investing activities	**1.6**	(10.0)
Financing activities		
Finance costs	**(6.3)**	(3.1)
Capital element of lease repayments	**(8.5)**	(7.0)
Proceeds from borrowings	**26.5**	100.0
Repayment of borrowings	**(19.1)**	(104.0)
Cash flows used in financing activities	**(7.4)**	(14.1)
Net (decrease)/increase in cash and cash equivalents	**(2.3)**	(25.2)

- Working capital is being rebalanced:
  - Debtor days reduced from 83 to 70
  - Creditor days reduced from 97 to 82
- £18.1m net proceeds generated from sale of Swordfish, obsolete / underutilised assets and JFN
- Increased capex of £16.8m (H1 22: £10.7m) due to investment in 23 new compressors to meet bubble curtain demand; forecast ROCE significantly in excess of Group target
- Seasonal nature of the business means expectation of further net debt reduction and deleveraging by end of 2023

Borrowing Facility

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	H1 23	H1 22	FY22
Net debt : EBITDA actual (target)	2.8 (< 3.5)	3.3 (< 3.5)	2.7 (< 3.5)
Interest cover actual (target)	3.2 (> 2.5)	4.5 (> 3)	3.5 (> 3)
Covenant net debt (£m)	154.5	172.4	142.1

- **New secured RCF signed in June 2023 with existing six lenders:**
  - Maturity 31 March 2025
  - £210m facility with step-downs in September (£15m), December 2023 (£10m) and June 2024 (£10m)
  - Quarterly covenant tests aligned with business plan, including headroom
    - Leverage steps down in increments from 3.5x in Jun 23 to 2.5x from Sept 24
    - Interest cover flexes from 2.5x down to 1.75x in Dec 23 and up to 2.75x in Mar 25
    - 31 December covenants: leverage < 3.25x; interest cover > 1.75x
  - Margin of 250bps (< 1x) to 500bps (> 3x) depending on leverage

Division Performance

Energy

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- **IRM delivered good revenue growth**, including the impact of having the Swordfish fully operational. European business experienced underutilisation of a seasonal vessel resulting in £1.7m provision
- **Artificial lift product sales increased by 43%,** with forward looking order book at record levels.
  - New manufacturing plant opened in Saudi Arabia to support regional growth strategy
- **Well-testing and bubble curtain businesses** delivered **47% revenue growth** in strong market conditions.
  - New compressor fleet commissioned and quickly deployed on US East Coast windfarm projects. Significant market opportunity
- **Decommissioning faced some challenges**, with revenue down 39%. **Potential to pivot the business model,** leverage technology strength and focus on selective opportunities that deliver topline growth
- **Offshore wind**, including operations and maintenance, delivered **strong revenue growth** and modest operating profit.
  - Rapid market expansion and exciting levels of tendering activity; differentiated portfolio of services

	H1 23	H1 22	Change
Revenue	134.0	106.1	26.3%
UOP	7.5	6.2	21.0%
UOP margin	5.6%	5.8%	(20)bps
ROCE	8.2%	6.3%	190bps

Maritime Transport

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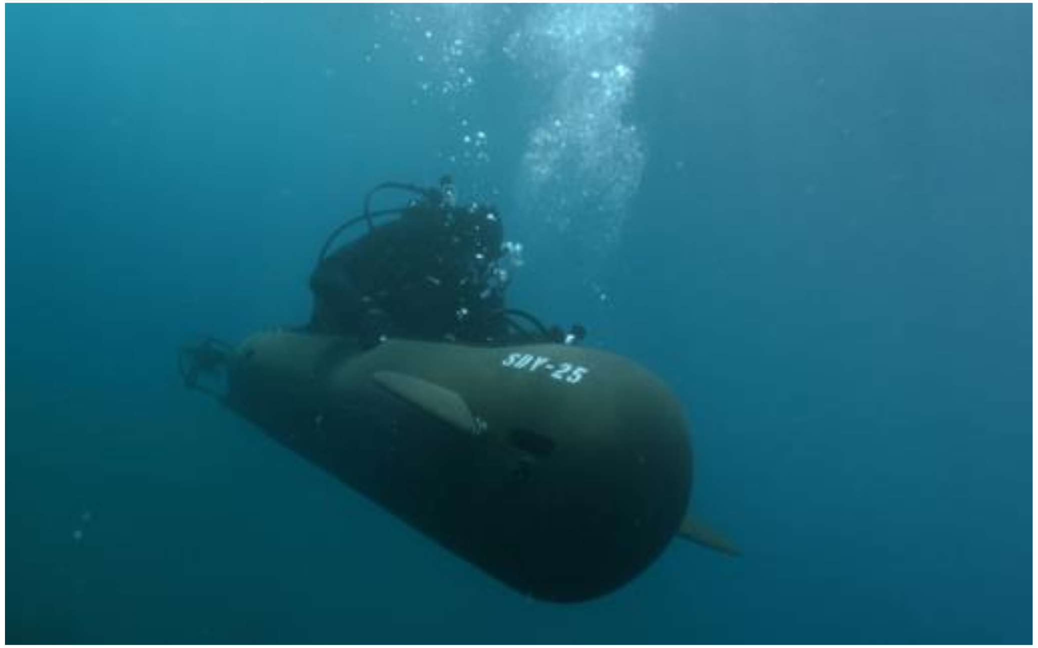
- **High utilisation of tanker fleet** (91% vs 88% H1 22) and continued good day rates for spot charters
- **Lady Maria Fisher** joined the fleet and is on charter
- Mersey Fisher reached end of commercial life and was sold in the period for $3.3m
- Fendercare’s **STS business has stabilised**, with H1 23 in line with H2 22
- A fourth LNG STS was purchased in the period with a customer retainer agreement quickly executed
- Cost saving measures taken in 2022 helped to **improve operating margin** and Fendercare continues to optimise its operating bases, taking the decision to exit its site in Malaysia due to market conditions

	H1 23	H1 22	Change
Revenue	81.0	76.3	6.2%
UOP	10.0	8.4	19.0%
UOP margin	12.3%	11.0%	130bps
ROCE	24.1%	14.9%	920bps

Defence

- **Strong demand for commercial diving equipment** in the period, consistent with higher activity levels in the Energy division’s diving activities
- Development work underway on **next generation products**
- Services **revenues were robust**, with continued good progress being made in India following challenges in 2022
- **Third generation of NATO submarine rescue** services contract went live in July 2023
- Forward order book of £224.5m (31 Dec 22: £245.0m)
- Sales funnel includes ~£270m of near-term and well qualified opportunities and **market dynamic is favourable** for JFD’s portfolio

	H1 23	H1 22	Change
Revenue	37.0	32.6	13.5%
UOP	0.6	(1.3)	n/m
UOP margin	1.6%	(4.0%)	560bps
ROCE	1.8%	2.6%	(80)bps



Summary and Outlook

Our roadmap 2023 – 2027

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1 **Focus**

2 **Simplify**

3 **Deliver**

4 **Positioning for growth: A leading authority, contributing to a sustainable, changing world.**

2023 – 2024

Deploy marine engineered solutions

- Defence
- Energy
- Transport

One James Fisher

- Three divisions
- Customer engagement
- Service delivery
- New Exco

Deliver on our commitments

- Impeccable HSE and quality
- Financial
- Sustainability

2025… and another 175 years

Tier 1 provider, chosen by our customers because of our:

- Engaged, global, diverse, mobile talent
- Consistent, high standards of service – in all geographies
- Agile innovation and increased IP
- Partner of choice

Summary and Outlook

- **Solid financial performance in H1 2023**
  - Strong revenue growth; some modest operating leverage progress
  - Refinancing costs and higher interest rates holding back improved pre-tax profitability

- **Continued progress against Focus, Simplify and Deliver objectives**
  - Divisional structure embedded
  - Business Excellence function established and delivering on HSEQ and project management priority areas
  - Strengthening of divisional and functional leadership
  - Ongoing review of portfolio against strategic and financial criteria

- **Trading in July and August in line with expectations**

- **Full year outlook unchanged**
  - Markets currently robust against macroeconomic uncertainties (interest rates, inflation, recession threat)
  - Expect to make continued financial progress and reduce leverage by end of 2023

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Appendix

Income Statement

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	Note	Six months ended 30 June 2023	Six months ended 30 June 2022 restated*	Year ended 31 December 2022
		£m	£m	£m
Continuing operations				
Revenue	4	**252.0**	215.0	478.1
Cost of sales		**(186.5)**	(159.9)	(350.9)
Gross profit		**65.5**	55.1	127.2
Administrative expenses		**(62.4)**	(45.9)	(104.4)
Impairment of trade and other receivables		**(0.4)**	(0.8)	0.3
Share of post-tax results of associates		**0.5**	1.4	1.6
Operating profit	4	**3.2**	9.8	24.7
Finance income	6	**1.1**	0.2	0.7
Finance expense	6	**(8.7)**	(4.8)	(10.9)
(Loss)/profit before taxation		**(4.4)**	5.2	14.5
Income tax	7	**1.2**	(1.6)	(5.5)
(Loss)/profit for the period from continuing operations		**(3.2)**	3.6	9.0
Loss for the period from discontinued operations, net of tax	5	**(6.4)**	(1.6)	(19.8)
(Loss)/profit for the period		**(9.6)**	2.0	(10.8)
Attributable to:				
Owners of the Company		**(9.6)**	1.9	(11.1)
Non-controlling interests		**-**	0.1	0.3
		(9.6)	2.0	(10.8)
(Loss)/Earnings per share		**pence**	pence	pence
Basic	8	**(19.0)**	3.7	(22.1)
Diluted	8	**(19.0)**	3.7	(22.1)
(Loss)/Earnings per share - continuing activities		**pence**	pence	pence
Basic	8	**(6.3)**	6.9	17.4
Diluted	8	**(6.3)**	6.9	17.4

Underlying Operating Profit H1 23

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	Continuing operations								
	As reported £m	Impairment charges/ (reversals) £m	Re-financing £m	Re-structuring £m	Disposal of businesses and assets £m	Other/ Tax £m	Underlying results £m	Discontinued operations £m	Total underlying results £m
Continuing operations									
Revenue	252.0	-	-	-	-	-	252.0	6.7	258.7
Cost of sales	(186.5)	-	-	-	(1.1)	-	(187.6)	(6.0)	(193.6)
Gross profit	65.5	-	-	-	(1.1)	-	64.4	0.7	65.1
Administrative expenses	(62.4)	(0.3)	9.3	1.4	-	1.5	(50.5)	(7.2)	(57.7)
Impairment of trade receivables	(0.4)	-	-	-	-	-	(0.4)	-	(0.4)
Share of post-tax results of associates	0.5	-	-	-	-	-	0.5	-	0.5
Operating profit/(loss)	3.2	(0.3)	9.3	1.4	(1.1)	1.5	14.0	(6.5)	7.5
Finance income	1.1	-	-	-	-	-	1.1	-	1.1
Finance expense	(8.7)	-	-	-	-	-	(8.7)	-	(8.7)
Profit/(loss) before taxation	(4.4)	(0.3)	9.3	1.4	(1.1)	1.5	6.4	(6.5)	(0.1)
Income tax	1.2	-	-	-	-	(2.9)	(1.7)	0.1	(1.6)
Profit/(loss) for the year from continuing operations	(3.2)	(0.3)	9.3	1.4	(1.1)	(1.4)	4.7	(6.4)	(1.7)
Discontinued operations									-
(Loss)/profit for the year from discontinued operations, net of tax	(6.4)	-	-	-	-	-	(6.4)	6.4	-
Profit/(loss) for the period	(9.6)	(0.3)	9.3	1.4	(1.1)	(1.4)	(1.7)	-	(1.7)
Operating margin (%)	1.3%						5.6%	(97%)	2.9%

Segmental underlying operating profit is calculated as follows:

	As reported £m	Impairment charges/ (reversals) £m	Re-financing £m	Re-structuring £m	Disposal of businesses and assets £m	Other/ Tax £m	Underlying results £m
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)
Continuing	3.2	(0.3)	9.3	1.4	(1.1)	1.5	14.0

Underlying Operating Profit H1 22

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	Continuing operations							
	As reported restated £m	Amortisation of acquired intangible assets £m	Impairment charges/ (reversals) £m	Disposal of businesses and assets £m	Other/ Tax £m	Underlying results £m	Discontinued operations £m	Total underlying results £m
Continuing operations								
Revenue	215.0	-	-	-	-	215.0	23.4	238.4
Cost of sales	(159.9)	-	-	(1.0)	-	(160.9)	(21.8)	(182.7)
Gross profit	**55.1**	**-**	**-**	**(1.0)**	**-**	**54.1**	**1.6**	**55.7**
Administrative expenses	(45.9)	1.1	-	-	1.5	(43.3)	(3.5)	(46.8)
Impairment of trade receivables	(0.8)	-	-	-	-	(0.8)	-	(0.8)
Share of post-tax results of associates	1.4	-	-	-	-	1.4	0.0	1.4
Operating profit/(loss)	**9.8**	**1.1**	**-**	**(1.0)**	**1.5**	**11.4**	**(1.9)**	**9.5**
Finance income	0.2	0.0	-	-	-	0.2	0.0	0.2
Finance expense	(4.8)	0.0	-	-	-	(4.8)	(0.1)	(4.9)
Profit/(loss) before taxation	**5.2**	**1.1**	**-**	**(1.0)**	**1.5**	**6.8**	**(2.0)**	**4.8**
Income tax	(1.6)	0.0	-	-	(0.2)	(1.8)	0.4	(1.4)
Profit/(loss) for the year from continuing operations	**3.6**	**1.1**	**-**	**(1.0)**	**1.3**	**5.0**	**(1.6)**	**3.4**
Discontinued operations								
(Loss)/profit for the year from discontinued operations, net of tax	(1.6)	-	-	-	-	(1.6)	1.6	-
Profit/(loss) for the period	2.0	1.1	-	(1.0)	1.3	3.4	(0.0)	3.4
Operating margin (%)	4.5%					5.3%	(8%)	4.0%

Segmental underlying operating profit is calculated as follows:

Energy	5.4	0.8	-	-	-	6.2
Defence	(1.4)	0.1	-	-	-	(1.3)
Maritime transport	9.1	0.2	-	(1.0)	-	8.4
Corporate	(3.4)	-	-	-	1.5	(1.9)
Continuing	9.8	1.1	-	(1.0)	1.5	11.4