James Fisher and Sons plc

The UK's leading Marine Service Company

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Preliminary Results for the Year Ended 31 December 2012

6 March 2013

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2012 Financial Highlights

			2012	2011
revenue	(£m)	+18%	**363.3**	307.6
underlying operating profit *	(£m)	+14%	**41.3**	36.1
underlying profit before tax *	(£m)	+18%	**35.4**	30.0
diluted earnings per share *	(p)	+15%	**55.7**	48.4
dividend per share	(p)	+10%	**17.70**	16.08
statutory diluted earnings per share	(p)	+65%	**79.1**	48.0
cash conversion	(%)	+26%	**132**	105

- Marine services revenue up 25% to £302m
  - Specialist Technical benefitted from Angola contract
  - Improved market conditions in Offshore Oil
- Net borrowings reduced to £63.1m (gearing: 39%; net debt/ebitda: 1.2 times)
- Sold non-core business for £25.5m, realising gain of £20.9m

* Underlying profit is before separately disclosed items

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Strategy

- Leveraging UK skills to the global Marine Services market
- Niche businesses
- Operating margins >10%
- Cash generative
- Value creation by exceeding 15% ROCE
- Targeting rapidly growing markets – Asia Pacific, South America, Africa - 60% of sales outside UK
- Bolt-on acquisitions to broaden service offering

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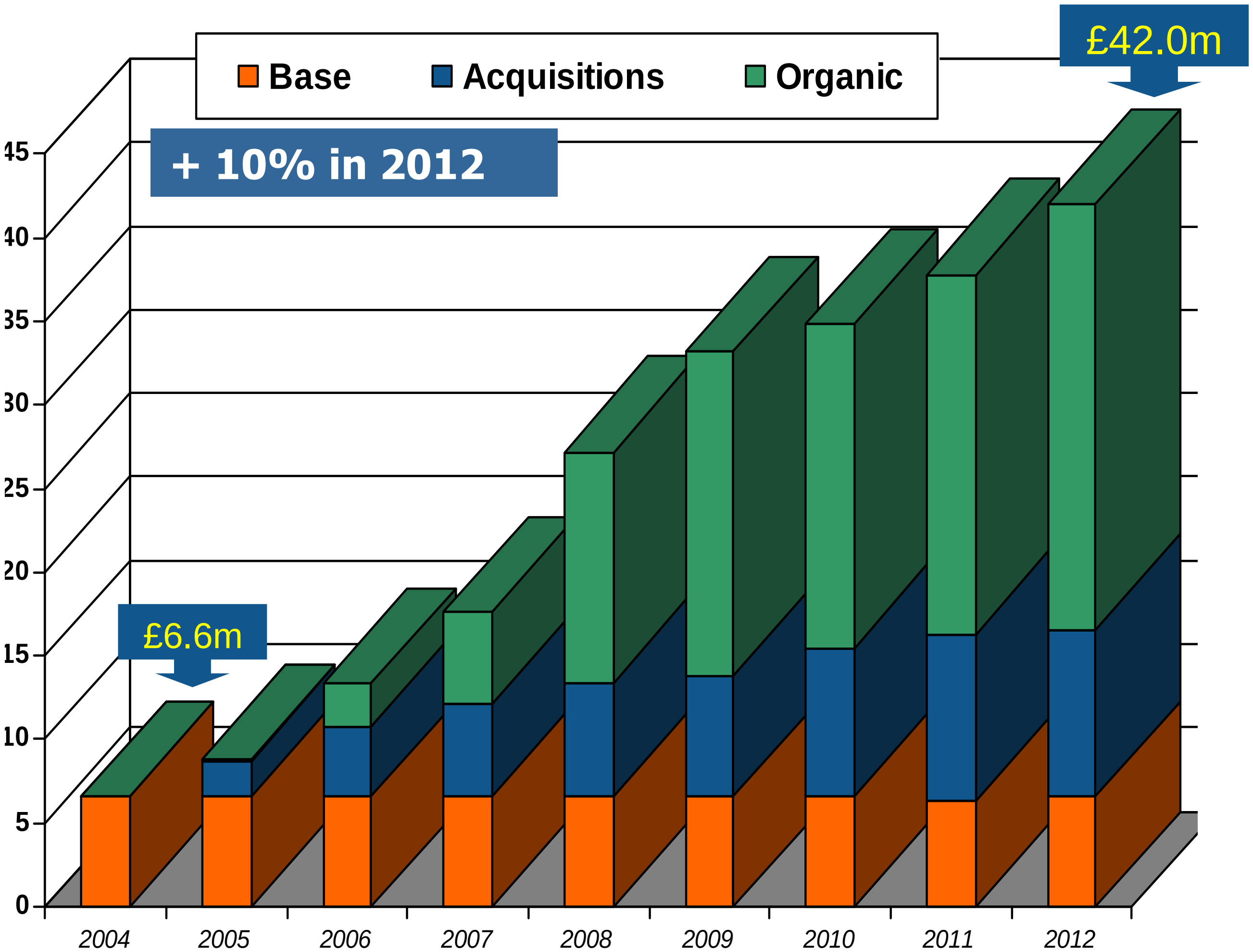
Organic Growth : Marine Services Ebit



- CAGR since 2004 of 26%
- 17 acquisitions since 2004
- Organic growth is 72% of total

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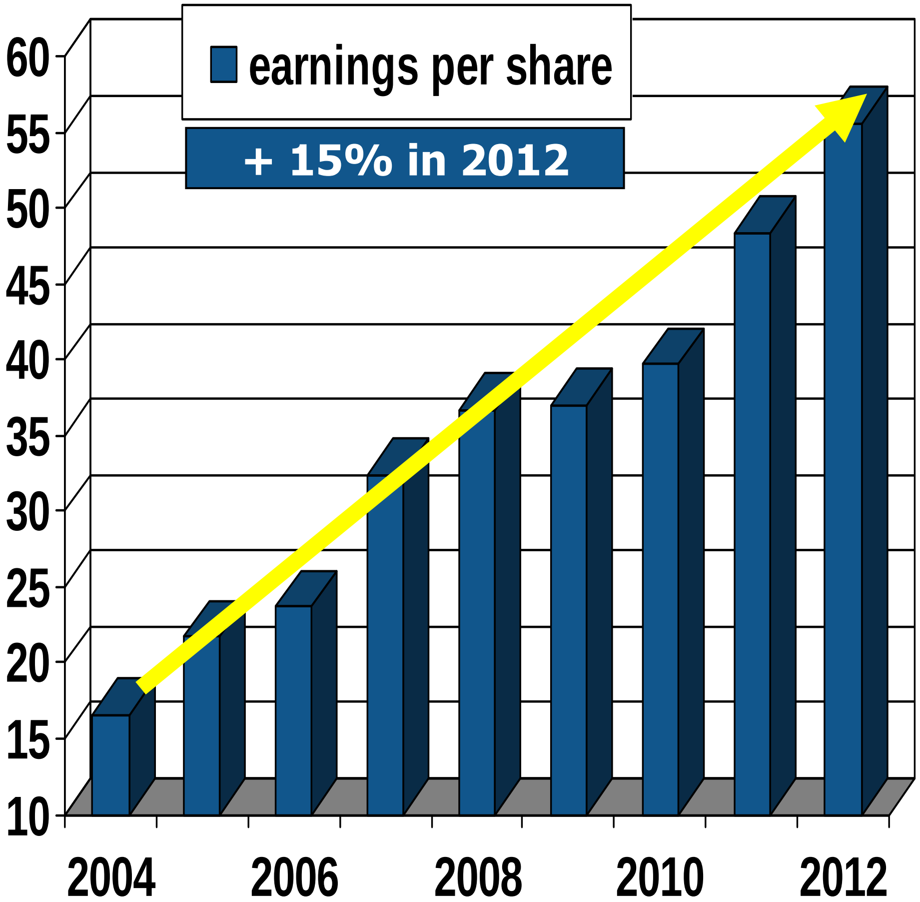
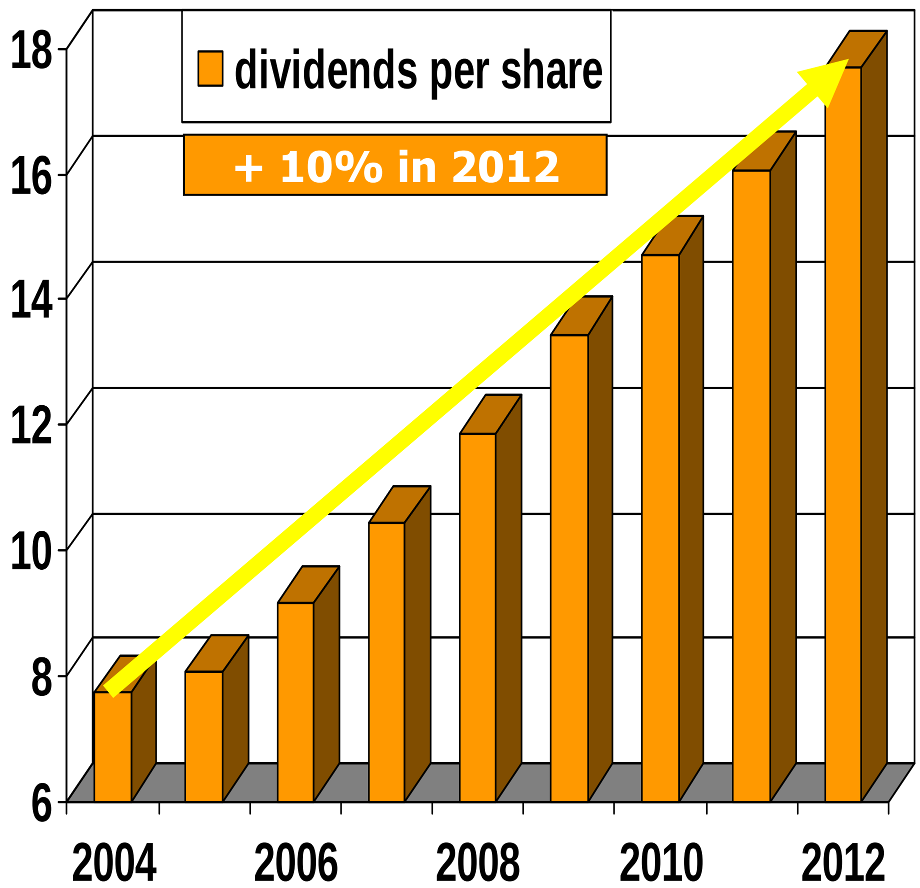
Earnings per share and dividends



CAGR – 16%



CAGR – 11%

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Sale of The Railway Engineering Co (TRE)

- Acquired in 2006 when Strainstall Group was purchased for £11m
- Sold for £25.5m in cash, completed on 31 December 2012; gain of £20.9m
- Provided signalling simulation software to Network Rail and others
- Revenue in 2012 of £7.0m; Ebit of £3.1m

Purchase of Divex

- Initial consideration of £20m
- 2012 – Revenue of £34.2m; Ebitda of £4.6m
- Global market leader in Dive Systems
- Niche market position in Saturated Diving Systems (SDS)
- Supplies SDS to dive support vessels in Oil & Gas
- Global player with HQ in Aberdeen and branches in Perth, Cape Town and Dubai
- Sells to navies; supplier into submarine rescue which fits with JF Defence
- Potential deferred consideration based on future profitability - max £13m

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Results by division

	2012 £m			2011 £m		
	revenue	profit	*margin %*	revenue	profit	*margin %*
Specialist Technical	194.8	22.4	*11.5*	141.5	19.8	*14.0*
Offshore Oil	83.4	17.2	*20.7*	71.2	12.8	*18.0*
Defence	23.3	2.4	*10.3*	28.1	5.5	*19.6*
Marine Services	301.5	42.0	*13.9*	240.8	38.1	*15.8*
Marine Oil	61.8	2.4	*3.9*	66.8	1.1	*1.6*
common costs		(3.1)		-	(3.1)	*-*
	363.3	41.3	*11.4*	307.6	36.1	*11.7*
finance costs		(5.9)			(6.1)	
profit before tax *		35.4			30.0	

* before separately disclosed items

+18%

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Separately disclosed items

	2012 £m	2011 £m
Proceeds from sale of TRE	25.5	-
Net assets sold (inc goodwill of £1.2m)	(4.6)	-
Profit on disposal	20.9	-
Vessel impairment	(9.2)	-
Amortisation of acquired intangibles	(0.3)	(0.3)
Separately disclosed items	11.4	(0.3)

- TRE sold for cash on 31 December 2012;
- Vessel impairment is continuation of policy to match fleet size to contract cover and reflects current realisable values in depressed global shipping market;
- Amortisation of acquired intangibles and costs of making acquisitions.

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Taxation

		2012 £m	2011 £m
UK corporation tax	- current year	3.7	3.8
Overseas tax	- current year	3.4	2.2
Tax over provided in previous years		(0.4)	(0.3)
		6.7	5.7
Effective rate on underlying profit		19%	19%

reconciliation of UK standard rate to effective rate	2012 £m	2012 %
UK standard rate	8.7	24.5
Benefit of tonnage tax	(0.5)	(1.4)
Lower rates on overseas earnings	(0.6)	(1.8)
Tax over provided in previous years	(0.4)	(1.1)
Other	(0.5)	(1.2)
	6.7	19.0

Cash flow

	2012 £m	2011 £m
underlying operating profit *	**41.3**	36.1
depreciation	**16.4**	13.8
working capital	**0.5**	(10.1)
pension contributions	**(4.8)**	(4.2)
joint venture dividend less profit	**1.5**	0.2
other	**(0.1)**	2.1
operating cash	**54.8**	37.9
interest paid	**(4.6)**	(4.4)
tax paid	**(3.7)**	(4.9)
net capital expenditure	**(26.2)**	(17.1)
businesses acquired	**-**	(0.2)
businesses sold	**25.1**	-
dividends paid to shareholders	**(8.3)**	(7.5)
other	**(1.4)**	(2.3)
net	**35.7**	1.5
net debt b/f	**(98.8)**	(100.3)
net debt c/f	**(63.1)**	(98.8)

EBITDA* up 16% to £57.7m (2011: £49.9m)

	2012	2011
Net debt : EBITDA	**1.2**	**2.1**

cash conversion (operating cash: underlying operating profit) – 132% (2011: 105%)

	2012 £m	2011 £m
capex	***(25.9)***	*(17.6)*
development expenditure	***(2.5)***	*(2.8)*
disposals	***2.2***	*3.3*
	(26.2)	*(17.1)*

* before separately disclosed items

Committed bank facilities at 31 December 2012

		drawn £m	available £m	expiry
Barclays				
£27.5m RCF	- unsecured	**11.8**	**15.7**	2014
DBS				
£20m RCF	- unsecured	**16.5**	**3.5**	2015
HSBC				
£10m RCF	- unsecured	3.7	6.3	2014
£20m RCF	- unsecured	9.9	10.1	2018
		13.6	**16.4**	
Lloyds TSB				
£30m RCF	- unsecured	**-**	**30.0**	2017
Handelsbanken				
£20.4m RCF	- unsecured	**20.4**	**-**	2015
Yorkshire				
£20m RCF	- unsecured	**20.0**	**-**	2016
		82.3	**65.6**	

Covenants		**2012**
• **net debt : EBITDA**	**< 3.5**	**1.2**
• **interest cover**	**> 3.0**	**8.7**
• **fixed charge**	**> 1.5**	**2.2**

Facilities

expiring	**2013**	**2014**	**2015**	**2016+**
£m	-	38	40	70

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Balance sheet

	31.12.12 £m	31.12.11 £m	31.12.10 £m
intangible assets	92.6	93.2	89.3
property, plant and equipment	103.5	103.9	104.6
investments	13.8	13.9	13.1
working capital	49.0	52.8	46.3
tax	(4.8)	(3.2)	(5.4)
pensions	(27.1)	(30.1)	(29.8)
capital employed	227.1	230.5	218.1
net debt	(63.1)	(98.8)	(100.3)
equity	163.9	131.7	117.8

net gearing	39%	75%	85%
return on capital employed (post tax)	15%	14%	12%

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Pensions

	31.12.12 £m	31.12.11 £m
Shore staff scheme		
assets	47.4	44.0
liabilities	(57.1)	(54.8)
deficit	(9.7)	(10.8)
MNOPF	(17.4)	(19.3)
Total deficit	(27.1)	(30.1)

- MNOPF - draft March 2012 valuation indicated and in consultation period
- Contributions estimated at £4.6m in 2013 (2012: £4.8m) subject to above
- Group notified of potential liability following Stena case allowing trustees of Ratings fund (MNRPF) to seek contributions from former employers as well as current. Mid 2014 before clarity on additional deficit and cash flow

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James Fisher Divisions

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	Specialist Technical	Offshore Oil	Defence	Marine Oil
				
Turnover	54%	23%	6%	17%
Assets	36%	44%	8%	12%

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Specialist Technical

	2012	2011	2010
profit £m	22.4	19.8	18.5
margin	11.5%	14.0%	15.8%
ROCE	24.9%	22.9%	23.9%

Mooring and strain gauge applications

- Fisher's largest division – 13% increase in profits
- strong growth from Asia Pacific, Africa and South America
- revenue growth 38%, reflecting commencement of BP Angola contract
- underlying margins strong but dilution due to chartering in vessels for contracts
- continued organic growth in Ship-to-Ship Operations (STS)
- contract wins in UK renewables

James Fisher Nuclear

- significantly improved result over 2011
- completion of Olympic Games contract in H2 produced one-off gain
- stronger order book for decommissioning projects
- diversified customer base
- investments in Righall and Calibration facilities producing expected returns

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Offshore Oil

	2012	2011	2010
profit £m	17.2	12.8	11.0
margin	20.7%	18.0%	18.8%
ROCE	15.0%	12.2%	11.9%

- revenue +17% and profits +34%
- underlying margins strong – improvement reflects rental businesses
- strong market in both North Sea (particularly Norway) and new oil regions
- all growth organic
- capex of £13m to drive future growth
- R&D in new products beginning to pay off (particularly weak link bail and switch)
- post-Macondo push for higher quality equipment driving demand for Norwegian quality equipment outside of Norway
- contract gains in Brazil, Africa and Asia Pacific

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Defence

	2012	2011	2010
profit £m	2.4	5.5	5.3
margin	10.3%	19.6%	24.9%
ROCE	12.3%	23.7%	26.4%

Subsea

- completion of Swedish contract (URF) in H2
- good performance of service contracts in Singapore, Australia and UK
- delays to contract wins in H2 reduced profits
- funding for next stage of swimmer delivery vehicle (SDV) secured

Surface ships

- Foreland profits reduced as previously flagged due charter rates for ships 5&6
- MOD renegotiation of Foreland contract completed and ships 5&6 to be disposed of in 2013

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Divex

	2012	2011	2010
revenue £m	34.2	34.3	41.4
profit £m	4.1	2.6	4.2
margin	12.0%	7.6%	10.1%
ROCE	33.7%	22.9%	39.7%

- sale of diving equipment
  - 3rd party & own design
  - benefits of installed base
- service contracts – Royal Navy & Royal Australian Navy
- projects
  - saturated diving systems
  - hyperbaric chambers
  - gas systems
- common customers
  - dive support vessel (DSV) operators
  - oil majors
  - navies

Marine Oil

	2012	2011	2010
profit £m	2.4	1.1	0.7
margin	3.9%	1.6%	1.0%
ROCE	6.0%	2.7%	1.6%

- policy remains to match capacity to customer contracted demand
- improved profits reflect capacity reduction in 2011 (3 ships) and further reduction of 2 ships; Chartsman (Feb 2012) and Steersman (Jan 2013) – fleet now 17 ships
- produced ebitda of £7.1m (2011: £6.0m)
- no improvement in global market for vessel sales – impairment
- now only 12% of Group assets

Outlook

- continued focus on niche capabilities with good opportunities in the growing marine markets of Asia Pacific, Africa and South America
- strong market in offshore oil and gas
- prospects for marine service integrated contracts in offshore oil and gas, and UK renewables
- opportunities for further bolt-on acquisitions from cash generation
- well placed to provide growth and value to shareholders
- 2013 trading to management expectations

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Appendix 1 – Proforma balance sheet - impact of Divex

	As reported £m	Divex 30.11.12 £m	Proforma £m
intangible assets	92.6	19.5	112.1
property, plant and equipment	103.5	1.3	104.8
investments	13.8	-	13.8
working capital	49.0	12.4	61.4
deferred consideration	-	(13.0)	(13.0)
tax	(4.8)	(0.2)	(5.0)
pensions	(27.1)	-	(27.1)
capital employed	227.0	20.0	247.0
net debt	(63.1)	(20.0)	(83.1)
equity	163.9	-	163.9
net gearing	39%		51%
Net debt: Ebitda (times)	1.2		1.4

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