

James Fisher and Sons plc
Pioneering Sustainably



Full Year Results

for the year ended 31 December 2021

10 March 2022

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Eoghan O'Lionaird

Chief Executive Officer

Duncan Kennedy

Chief Financial Officer



Overview

- **A challenging year for the Group**
 - Markets did not recover at expected rates; underestimated business headwinds
 - Revenue -£24m (-5%) vs 2020; Underlying operating profit -£12.5m (-31%) vs 2020
 - H1 affected by UK lockdown; H2 further affected by project delays and provisions
- **Turnaround activities underway**
 - Sale of Paladin and two businesses generated c.£20m cash; Swordfish on hire for 2022
 - New contract wins in EDS (£40m+ over 15 years) validating our renewables value proposition
 - Good access to financing with £200m facilities secured until at least 2024
- **2022 priorities are clear**
 - Focus the business on core markets and reduce net debt
 - Drive change agenda, focused on improving operational and financial performance
 - Recruit and retain key talent against backdrop of inflationary and competitive pressures



Financial Review





Financial Summary

	Underlying*			Statutory		
	2021	2020	Change %	2021	2020	Change %
Revenue (£m)	494.1	518.2	(5)	494.1	518.2	(5)
Operating profit/(loss) (£m)	28.0	40.5	(31)	(20.7)	(43.5)	52
Profit/(loss) before tax (£m)	19.7	31.5	(37)	(29.0)	(52.5)	45
Diluted EPS (p)	20.0	47.9	(58)	(55.2)	(114.2)	52
Dividend per share (p)	-	8.0		-	8.0	

- Sequential improvement from Q1 to Q3 was stalled in Q4 by project delays and provisions
- Currency headwind impacted revenue by 2.1% and operating profit by 4.5%
- Loss before tax of £29m, albeit a reduction in separately disclosed items compared to 2020
- The Board has not recommended a final dividend

* excludes separately disclosed items



Income Statement Summary

	2021	Margin %	2020	Margin %
Revenue	494.1		518.2	
Cost of sales	(374.1)		(380.6)	
Gross profit	120.5	24.4%	137.6	26.6%
Admin expenses	(92.5)		(97.1)	
Underlying operating profit*	28.0	5.7%	40.5	7.8%
Net finance expense	(8.3)		(9.0)	
Underlying PBT*	19.7		31.5	

- Robust gross margins at 24%; rolling out an operational excellence programme aimed at improvements
- Gross margin mix affected by reduced, higher margin, STS contribution
- c.£5m reduction in SG&A vs 2020
- UOP margin reduced to 6%; bad debt and inventory provisions dilutive to margin by 70bps
- Actions in place to manage impact of inflationary pressures on cost base in 2022

* excludes separately disclosed items



Divisional Performance

	Revenue			Underlying operating profit*		
	2021	2020	Change %	2021	2020	Change %
Marine Support	214.5	249.4	(14)	5.0	10.1	(50)
Specialist Technical	133.2	130.4	2	9.9	14.0	(29)
Offshore Oil	86.3	78.0	11	11.1	11.2	(1)
Tankships	60.1	60.4	-	4.8	8.0	(40)
Central costs				(2.8)	(2.8)	-
Total	494.1	518.2	(5)	28.0	40.5	(31)

- All 4 divisions profitable against a backdrop of challenging end markets
- Marine Support down due principally to STS; inventory provision of £2.7m against Fendercare products
- Robust trading performance in Specialist Technical offset by £2.5m write-off
- Good growth in Offshore Oil; continued momentum in bubble curtains; bad debt provisions of £1.8m
- Tankships recovered well from a poor H1 following UK lockdown; margins under pressure from additional COVID-related operating costs and lower spot charter rates during 2021

* excludes separately disclosed items



Cash flow

	2021 £m	2020 £m
Underlying operating profit *	28.0	40.5
Depreciation and amortisation (IAS 17)	28.1	34.2
Underlying EBITDA *	56.1	74.7
Working capital	(8.1)	19.5
Pension / other	(0.9)	(6.5)
Operating cash flow	47.1	87.7
Cash outflow on separately disclosed items	(1.7)	(3.9)
Interest paid & tax	(13.2)	(14.6)
Net capital expenditure	(8.9)	(17.8)
Businesses acquired/disposed	5.1	(7.1)
Other	(0.8)	(5.9)
Net cash inflow	27.6	38.4
Net borrowings at 1 January (IAS 17 basis)	(175.0)	(203.0)
Non-cash movements	-	(10.4)
Net borrowings at 31 December (IAS 17 basis)	(147.4)	(175.0)

➤ Improvement in working capital position in H2 21 following receipt of JFD milestone and Mozambique monies

➤ 2021 includes \$17.3m (£12.6m) Paladin proceeds

2021:
➤ Acqn of Subsea Engenuity
➤ Sale of JFTS and NDT

2020:
➤ Acqn of Fathom plus deferred payments on prior transactions

* excludes separately disclosed items



Committed Bank Facilities

Headroom at 31 December	Drawn	Undrawn
Existing facilities	176.0	111.5

Covenants		31.12.21	31.12.20
Net debt* : EBITDA	< 3.5x	2.9x	2.8x
Interest cover	> 3.0x	5.4x	6.1x

* includes bonds and guarantees of £8.4m (2020: £28.3m)

Facilities maturity profile – with/without extensions** (£m)

Expiring	2022	2023	2024	2025	2026
With	40	-	87.5	30	130
Without	40	47.5	200	-	-

New syndicated facility:

- £130m committed from 3 existing lenders
- £60m accordion allows for new lenders
- 3+1+1 term
- Covenants in line with current facilities
- Pricing grid competitive vs facilities being refinanced

** Most facilities include standard +1 extension provisions that are expected to be renewed in the normal course, providing access to £247.5m of agreed facilities until 2024

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Operating Review





Marine Support

Marine Contracting:

- £40m+ 15-year contracts won by EDS for monitoring high voltage cabling performance at 3 offshore wind farms
- Swordfish on hire for entirety of 2022
- James Fisher Renewables brand launched, underpinning a coordinated market approach
- Contractual dispute in Mozambique settled before year end. Awaiting instruction for project recommencement

Fendercare:

- Ship-to-ship revenue 36% lower than a record 2020; unfavourable market developments in Malaysia and Brazil
- Continuing growth in inquiries for LNG STS services

DDS:

- Straininstall behind 2020 due to reduced construction activity
- AIS won contracts for Digital Twin solutions with BP and Chevron
- Beginning to see traction in offshore wind installations

	2021	2020
Revenue (£m)	214.5	249.4
Profit (£m)	5.0	10.1
Margin (%)	2.3	4.0
ROCE (%)	3.5	5.0





Specialist Technical

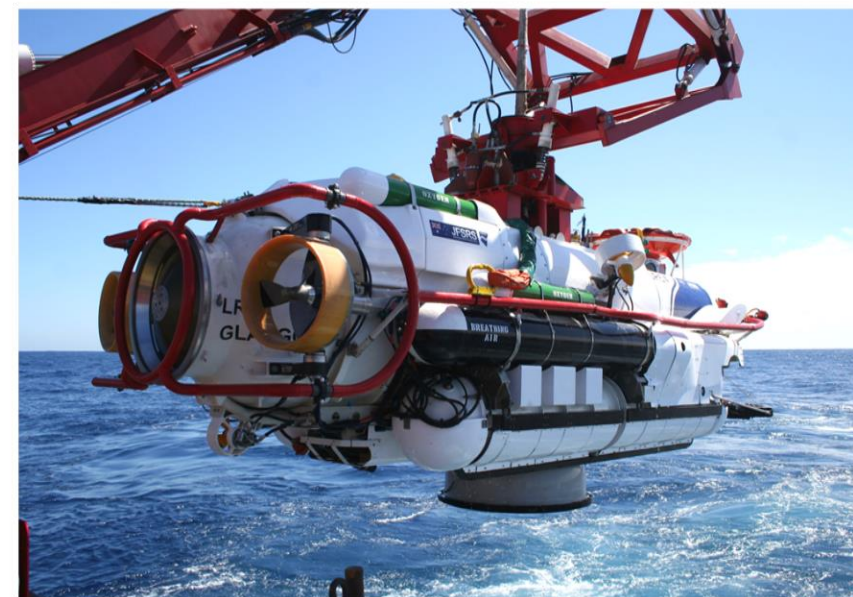
JFD:

- Submarine rescue vehicle successfully delivered to Korean customer in December
 - Additional cash milestones due in 2022 in relation to completion of multi-year projects: 500m saturation diving spread, swimmer delivery vehicles
- £20m four-year contract with UK MoD; first time JFD has been appointed as a prime contractor
- > £400m sales funnel of opportunities across all product and service lines; new project wins key for 2022 and beyond
- Some COVID-related delays in short-cycle diving equipment order intake

JFN:

- JFN's major nuclear decommissioning project at Sellafield continuing with new contracts signed in the period
- Good level of tendering activity in Q1 22 following a disappointing Q4 21

	2021	2020
Revenue (£m)	133.2	130.4
Profit (£m)	9.9	14.0
Margin (%)	7.4	10.7
ROCE (%)	9.8	12.9





Offshore Oil

Scantech:

- Strong growth in both Scantech businesses
- Bubble curtain demand continues to rise in renewables; noise attenuation mandatory in most territories worldwide; revenue increased from £3.9m in 2020 to £7.4m in 2021

RMSpumptools:

- Results are behind a very strong 2021 which included the completion of projects begun pre-pandemic
- Adverse FX impact as largely a USD revenue business
- Order book for 2022 in line with 2021

James Fisher Offshore:

- Strong order book frustrated by project delays
- Despite delays, decommissioning revenues increased by 13% to £8.0m
- Poor financial health of customer led to bad debt provision
- COVID-related challenges still hampering projects

	2021	2020
Revenue (£m)	86.3	78.0
Profit (£m)	11.1	11.2
Margin (%)	12.9	14.4
ROCE (%)	10.2	8.9





Tankships

- UK lockdown early in 2021 adversely affected Q1 performance
- Good recovery after a short-term dip in utilisation in September
- Increase in operating costs due to quarantining and other preventative measures; continue to prioritise the health and safety of our employees and crews
- Utilisation and day rates improving so far in Q1 22
- Two new dual-fuel vessels with reduced emissions commissioned; Delivery slated for late 2022/early 2023
- New charter in the Caribbean region commenced end 2021
- Cattedown Wharves volumes approaching levels achieved pre-pandemic

	2021	2020
Revenue (£m)	60.1	60.4
Profit (£m)	4.8	8.0
Margin (%)	8.0	13.2
ROCE (%)	14.7	25.5



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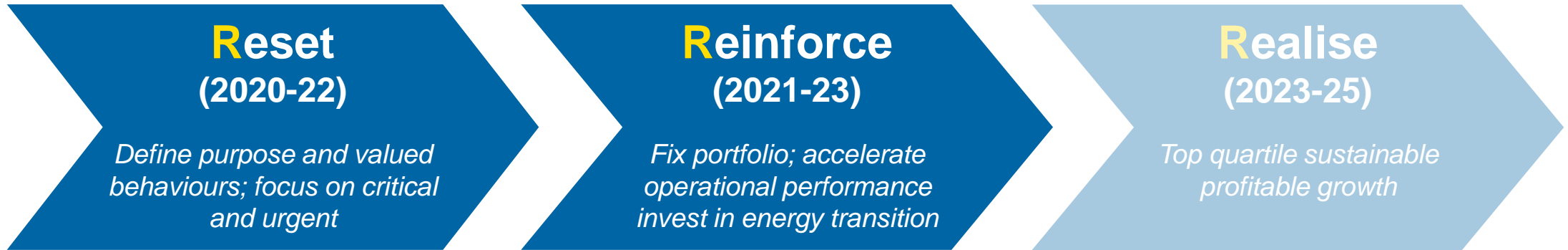
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Strategy and Outlook



Strategic Roadmap



- Reset to a “back to basics” approach
- Focus on select market niches
- Actively re-engage all stakeholders
- Fix or exit underperforming businesses and assets



- Reinforce foundations on which sustainable profitable growth will be built
- Define and deploy KPIs across all stakeholders
- Continue active portfolio management
- Invest in technology to fuel the energy transition



- Realise medium-term environmental and financial targets
- Deliver top quartile industry sustainable growth
- Accelerate growth of new business in energy transition

● Complete ● Underway



Change Agenda

➤ People

- Strengthened operational control through enhanced divisional structures
 - Marine Support divided into three managerial units
 - Divisional MDs added to the Group's Executive Team
- Externally supported employee engagement survey providing catalyst for ongoing improvements

➤ Process

- Driving Gross Margin improvements through operational excellence (Lean) and commercial excellence (Miller Heiman) programmes
- More rigorous monthly business forecasts and focused cash management
- Risk management and internal financial control improvement programmes underway
- Finance system enhancements, starting in Fendercare and ScanTech

➤ Portfolio

- Focus on core markets through simplification and rationalisation of the portfolio
- Mid-to-long term growth opportunities identified



Outlook

- The Group is stabilising as we enter 2022, though markets remain somewhat unpredictable
 - Performance in January and February 2022 was in line with management's expectations
- Key factors influencing 2022:
 - STS performance, particularly in Malaysia and Brazil
 - New project wins for JFD
 - Strength of the mid-year “busy season” for marine projects
 - Ability to manage inflationary pressures on costs
 - Geopolitical environment
- H1:H2 weighting anticipated to be in line with 2021
- Continue to address high leverage, including through ongoing portfolio rationalisation
- Renewables and decommissioning continue to present compelling mid/long-term opportunities
- Confident in our ability to deliver on our financial targets
 - > 10% underlying operating profit margin; > 15% ROCE
 - Commitment to reinstating a progressive dividend policy at the right time

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Appendix





Group overview

Marine Support

~40% of group revenue

- Ship-to-ship
- Renewables
- Marine, diving and structural services



Specialist Technical

~30% of group revenue

- Submarine rescue
- Diving equipment
- Nuclear decommissioning



Offshore Oil

~20% of group revenue

- Hire of specialist equipment and people
- Well testing
- Artificial lift



Tankships

~10% of group revenue

- Coastal transportation of clean petroleum products



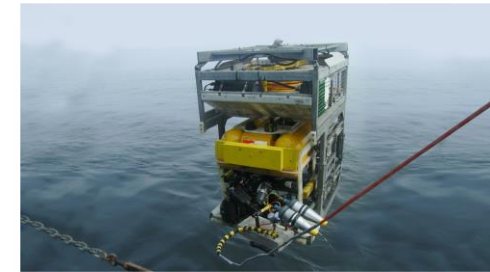


Leading positions in attractive niches of global markets

Ship-to-ship transfer
#1 Global Provider



Unexploded ordnance
#1 in removal
offshore



Submarine rescue
#1 Global Provider



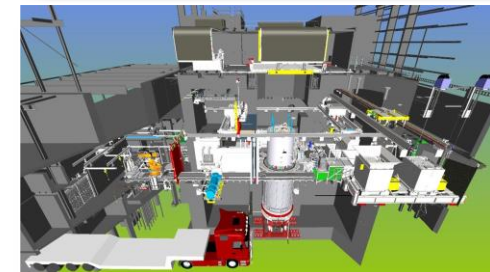
Tankships
#1 in the UK across
clean petroleum
product delivery



Offshore Wind
#1 in high voltage
connections
made



Nuclear
1st to decommission
a Magnox reactor





Income Statement

	Year ended 31 December 2021			Year ended 31 December 2020		
	Before separately disclosed items £m	Separately disclosed items £m	Total £m	Before separately disclosed items £m	Separately disclosed items £m	Total £m
Revenue	494.1	-	494.1	518.2	-	518.2
Cost of sales	(373.6)	(11.0)	(384.6)	(380.6)	(43.2)	(423.8)
Gross profit	120.5	(11.0)	109.5	137.6	(43.2)	94.4
Administrative expenses	(94.5)	(37.7)	(132.2)	(98.7)	(40.8)	(139.5)
Share of post-tax results of associates	2.0	-	2.0	1.6	-	1.6
Operating profit/(loss)	28.0	(48.7)	(20.7)	40.5	(84.0)	(43.5)
Net finance expense	(8.3)	-	(8.3)	(9.0)	-	(9.0)
Profit/(loss) before taxation	19.7	(48.7)	(29.0)	31.5	(84.0)	(52.5)
Income tax	(10.1)	10.9	0.8	(7.2)	2.4	(4.8)
Profit/(loss) for the year	9.6	(37.8)	(28.2)	24.3	(81.6)	(57.3)
Attributable to:						
Owners of the Company	10.0	(37.8)	(27.8)	24.1	(81.6)	(57.5)
Non-controlling interests	(0.4)	-	(0.4)	0.2	-	0.2
	9.6	(37.8)	(28.2)	24.3	(81.6)	(57.3)
Loss per share			pence			pence
Basic			(55.2)			(114.2)
Diluted			(55.2)			(114.2)



Separately disclosed items

	2021	2020
	£m	£m
Acquisition related income and (expense):		
Costs incurred in acquiring businesses	(0.5)	(1.0)
Amortisation of acquired intangibles	(2.9)	(2.9)
	<u>(3.4)</u>	<u>(3.9)</u>
Marine support restructure	-	(3.9)
Disposal of businesses	0.3	(3.5)
Disposal of Dive support vessel	0.3	-
Costs of material litigation	(3.1)	-
Impairment charges:		
Intangible assets	(29.2)	(19.4)
Dive support vessels	-	(31.6)
Tangible fixed assets	(9.3)	(2.4)
Receivables	(4.3)	(19.3)
Separately disclosed items before taxation	<u>(48.7)</u>	<u>(84.0)</u>
Tax on separately disclosed items	10.9	2.4
	<u>(37.8)</u>	<u>(81.6)</u>



Finance and Tax

	2021	2020
	£m	£m
Net finance expense		
Bank loans and overdrafts	6.0	7.0
ROU operating lease	2.2	1.8
Other	0.1	0.2
Net finance charge	8.3	9.0
Tax		
Underlying profit before taxation*	19.7	31.5
Tax on underlying profit before taxation*	(10.1)	(7.2)
Effective tax rate	51.3%	22.8%

- Overseas tax adds 11pps to UK standard rate of 19%
- Losses not recognised as deferred tax assets adds 13pps
- Restatement of deferred tax balances to reflect future 25% UK corporate tax rate adds 7pps
- Separately disclosed item: £7.9m deferred tax asset recognised in the period

* excludes separately disclosed items