



James Fisher and Sons plc

The UK's leading Marine Service Company

Preliminary results for the year ended 31 December 2017

27 February 2018



Highlights

- Revenue up 9%, exceeding £500m for the first time
- Underlying operating profit up 10%
 - Increased profit in Marine Support, Specialist Technical and Tankships
 - Marine Support ahead 17%
- Underlying profit before tax 10% higher at £50.3m
- Dividends increased for 23rd consecutive year, up 10% to 28.7p per share

	2017	2016	change
revenue (£m)	505.4	466.0	+9%
underlying operating profit* (£m)	55.8	50.8	+10%
underlying operating margin* (%)	11.0	10.9	+10bps
underlying profit before tax*	50.3	45.8	+10%
underlying diluted eps* (p)	81.4	76.3	+7%
total dividend per share (p)	28.70	26.15	+10%

* before separately disclosed items

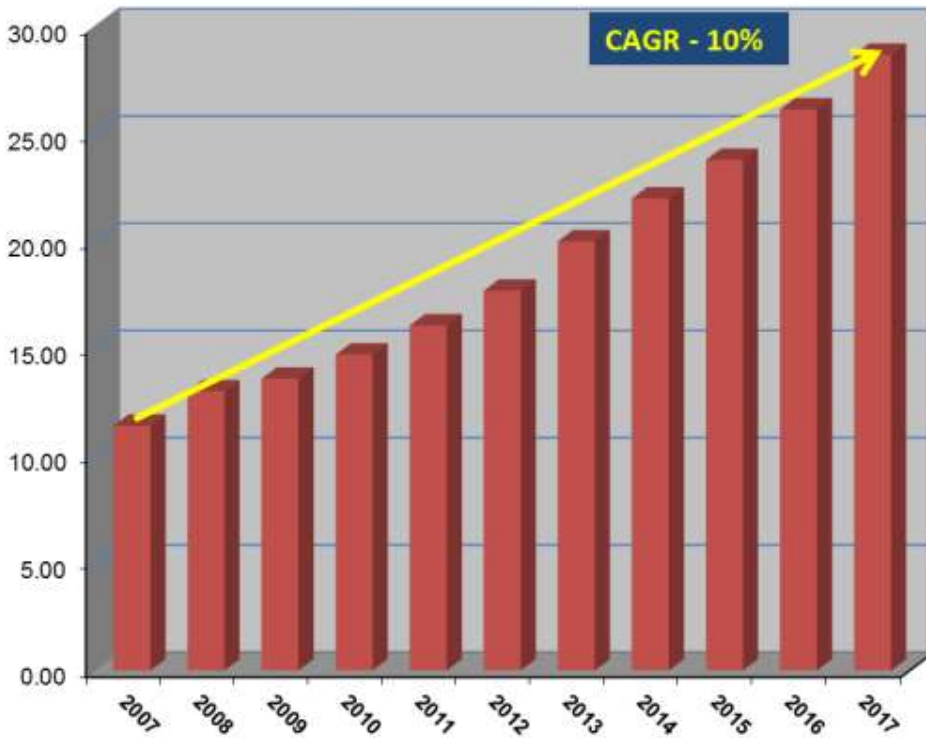
Strategy for delivering growth



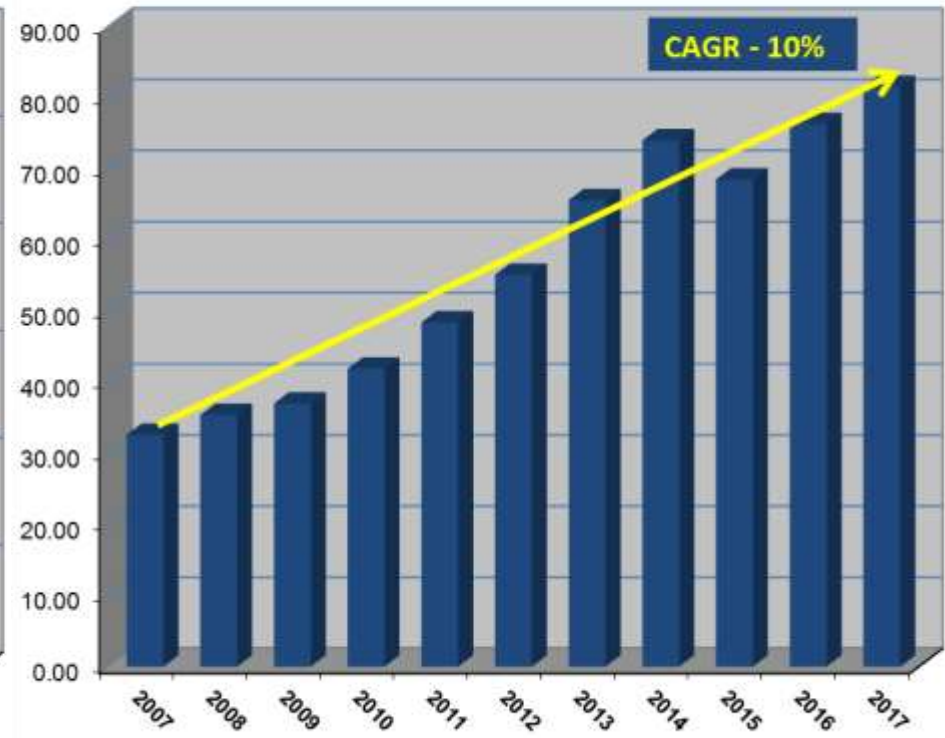
- **Entrepreneurially led business with leading market positions in operational niches**
- **Leverage UK skills to the global Marine Services market**
 - ❑ **targeting less mature, faster growing markets**
- **Integration of niche services into wider service offering**
- **Focus on operational excellence**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

Delivery against strategy

Dividends per share



Underlying diluted earnings per share



- 23 consecutive years of dividend increase



Three and Five Year Growth

	Underlying operating profit excluding Offshore Oil			5 year CAGR	3 year CAGR
	2012	2014	2017		
Marine Support	19.9	14.2	24.5	4%	20%
Specialist Technical	4.9	13.3	21.1	34%	17%
Tankships	2.4	4.7	8.8	29%	23%
Common costs	(3.0)	(3.1)	(2.4)		
	24.2	29.1	52.0	17%	21%

- Compound growth in underlying operating profit, excluding offshore oil, of 21% since 2014
- Offshore oil profit since 2014 reduced by c. £18m
- Organic growth of 60% since 2014
- Longer term trend of organic growth is 65-70%



Results by division

	Revenue £m		change	Underlying operating profit* £m		change
	2017	2016	%	2017	2016	%
Marine Support	236.3	203.6	16	24.5	21.0	17
Specialist Technical	155.7	151.8	3	21.1	19.9	6
Offshore Oil	56.4	55.1	2	3.8	4.2	(10)
Tankships	57.0	55.5	3	8.8	8.2	7
Common costs				(2.4)	(2.5)	
	505.4	466.0	9	55.8	50.8	10

- **Constant currency growth**
 - **Revenue - 7%**
 - **Underlying operating profit - 8%**

* before separately disclosed items



Income Statement

	2017	2016	% change
	£m	£m	
Revenue	505.4	466.0	+9
Underlying operating profit	55.8	50.8	+10
Net finance expense	(5.5)	(5.0)	
Underlying profit before taxation	50.3	45.8	+10
Income tax	(8.7)	(7.1)	
Non controlling interests	(0.5)	(0.2)	
Underlying profit for year	41.1	38.5	
Underlying diluted eps (p)	81.4	76.3	+7
Statutory diluted eps (p)	79.5	78.7	+1

Due to	£m
Increased debt	(0.4)
Decreased cost	0.1
Interest element on cash flow hedges	(0.5)
Pension	0.3
	(0.5)

	2017	2016
Effective tax rate (ETR)	17.2%	15.4%

% increase lower than underlying PBT due to
- Higher ETR
- Increase in NCI



Cash flow

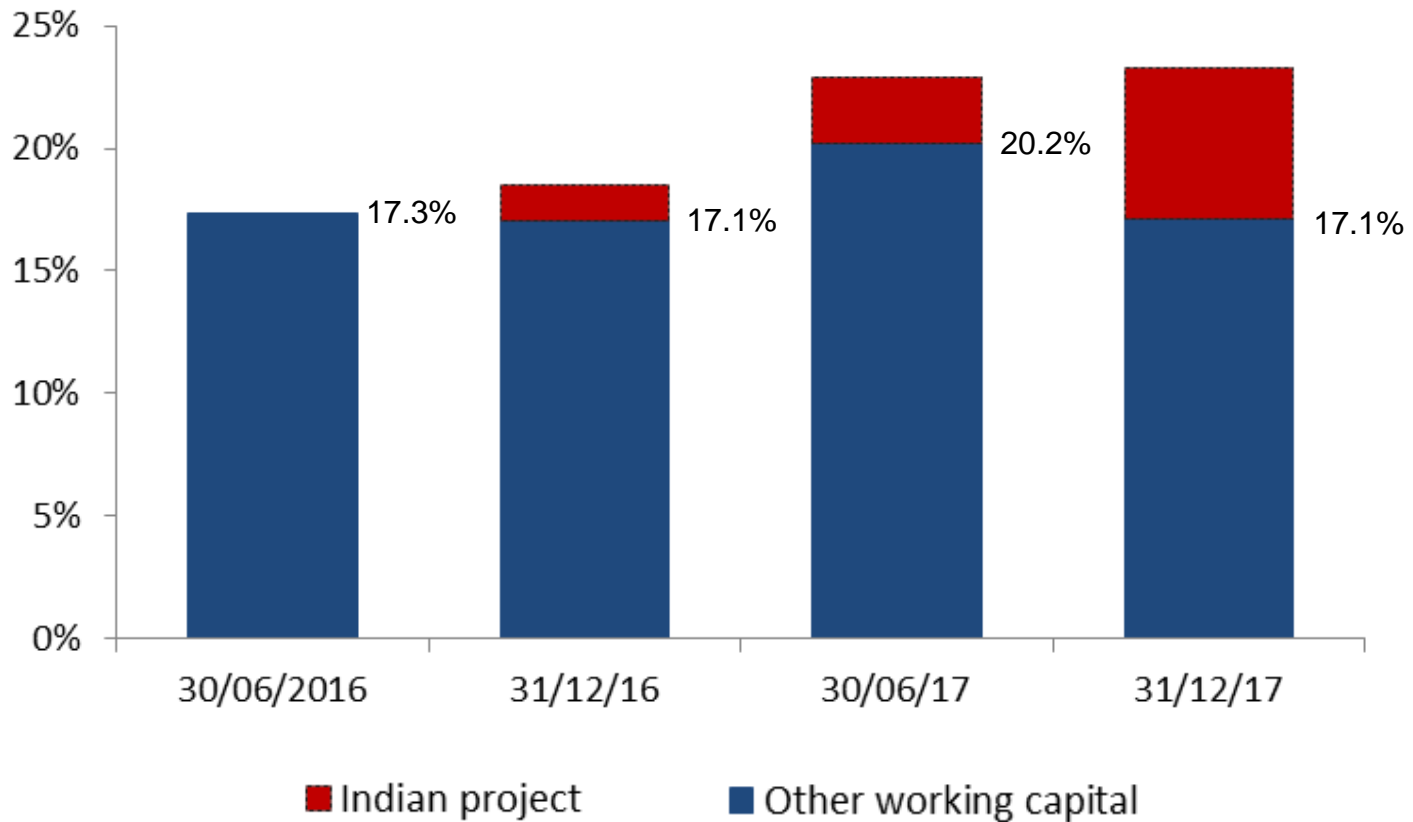
	2017 £m	2016 £m													
Underlying operating profit *	55.8	50.8	Underlying Ebitda +8%												
Depreciation and amortisation	25.4	24.6													
Underlying ebitda *	81.2	75.4	Cash conversion of 56% (2016: 103%) 99% excluding India DSRV project												
Working capital – India DSRV	(24.4)	(6.8)													
Working capital – other	(19.5)	(12.2)													
Pension / other	(6.2)	(4.3)	61% Marine Support 20% Specialist Technical												
Operating cash flow	31.1	52.1													
Interest paid & tax	(12.9)	(10.8)	<table border="1"> <thead> <tr> <th></th> <th>£m</th> </tr> </thead> <tbody> <tr> <td>Acquired</td> <td>2.3</td> </tr> <tr> <td>Deferred</td> <td>1.5</td> </tr> <tr> <td>Wuhu JV China investment</td> <td>0.6</td> </tr> <tr> <td>Acquisition costs</td> <td>0.8</td> </tr> <tr> <td></td> <td><u>5.2</u></td> </tr> </tbody> </table>		£m	Acquired	2.3	Deferred	1.5	Wuhu JV China investment	0.6	Acquisition costs	0.8		<u>5.2</u>
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Deferred	1.5														
Wuhu JV China investment	0.6														
Acquisition costs	0.8														
	<u>5.2</u>														
Net capital expenditure	(24.7)	(14.8)													
Businesses acquired	(5.2)	(24.6)													
Dividends paid to shareholders	(13.9)	(12.3)													
Other	(1.2)	(1.5)	* EDS £9m paid January 2018												
Net increase in debt	(26.8)	(11.9)	Net debt: Ebitda 1.6 times (2016: 1.4 times)												
Net debt at 1 January	(105.7)	(93.8)													
Net debt at 31 December	(132.5)	(105.7)													

* before separately disclosed items



Effect of India DSRV contract on working capital

Working capital:sales





Balance sheet

	31.12.17 £m	31.12.16 £m		£m
Intangible assets	199.2	180.5	←	Rotos 360 5.3
Property, plant and equipment	132.5	131.0		EDS 12.9
Investments	9.4	7.8		Other 0.5
Working capital – India DSRV	31.2	6.8		18.7
Working capital – other	86.6	79.5		
Contingent consideration	(12.8)	(9.2)	←	c.£2m of contingent consideration potentially payable in 2018
Tax	(7.6)	(5.6)		
Pensions	(19.8)	(26.8)	←	Contributions 4.5
Capital employed	418.7	364.0		Actuarial gain 3.2
Net debt	(132.5)	(105.7)		P & L expense (0.7)
Equity	286.2	258.3		7.0
Net gearing	47%	41%	←	Gearing of 47% (2016: 41%) confirms balance sheet strength
Return on capital employed (post-tax)	12.2%	13.0%		



Committed bank facilities at 31 December 2017

Unsecured revolving credit facilities	drawn £m	available £m	Expiry
Barclays £47.5m	26.5	21.0	2020
DBS £30m	30.0	-	2019
HSBC £62.5m	11.7	50.8	2022
Lloyds £30m + £10m	40.0	-	2019/2021
Handelsbanken £35m	35.0	-	2020
Santander £10m	10.0	-	2020
	153.2	71.8	

† plus accordion facilities of £20m in addition

Covenants		31.12.17	31.12.16
Net debt* : EBITDA	< 3.5	2.2	1.9
Interest cover	> 3.0	12.8	14.1

- India contract has increased ND:Ebitda by 0.6 times

Facilities					
expiring	2018	2019	2020	2021	2022
£m	-	40	92.5	30	62.5

* includes bonds and guarantees of £44.5m (2016: £42.5m) within net debt



Operations

Marine Support

47% of group revenue

42% of group profit*

1,078 employees



Specialist Technical

31% of group revenue

36% of group profit*

927 employees



Offshore Oil

11% of group revenue

7% of group profit*

315 employees



Tankships

11% of group revenue

15% of group profit*

320 employees



* underlying operating profit

Marine Support

	2017	2016	change
revenue (£m)	236.3	203.6	16%
profit (£m)	24.5	21.0	17%
margin (%)	10.4	10.3	-
ROCE (%)	15.5	13.9	-



Mooring Services

- Ship-to-ship (STS) operations initiated in Santos Basin, Brazil
- FPSO offloading project continued in Ghana

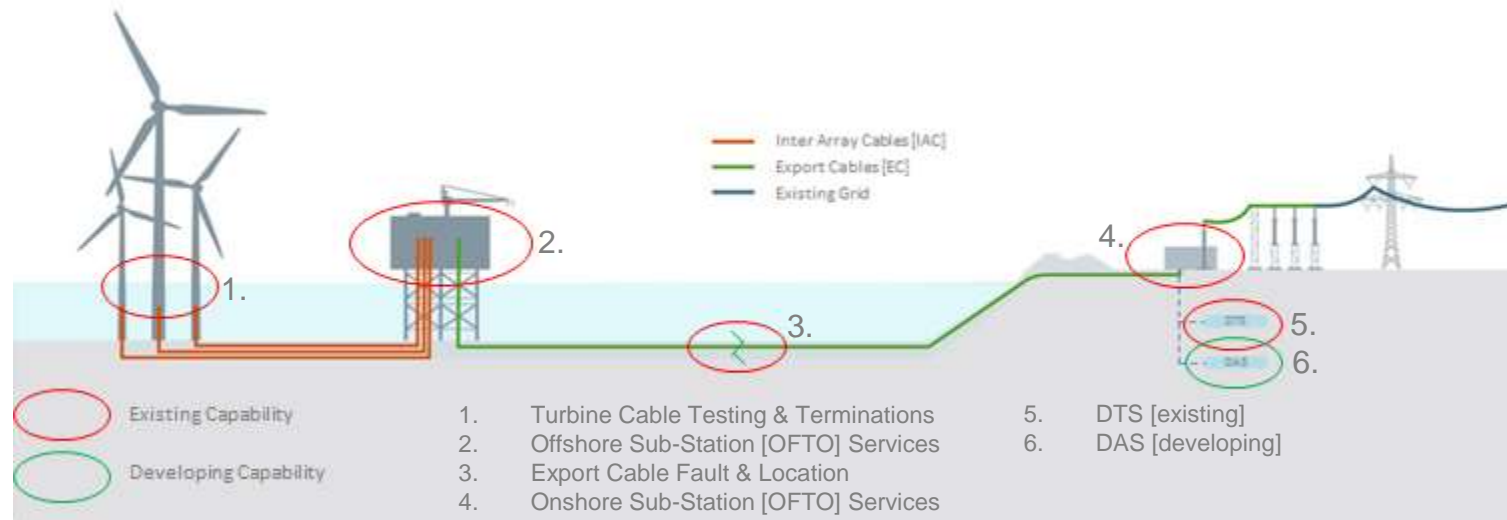
Renewables

- Galloper wind farm contract worth £30m made good progress
- Wind turbine blade repair business, Rotos 360, acquired in March 2017 for £1.5m
 - £3.4m contract to repair 27 turbine blades at Lynn & Inner Dowsing
- £3.1m initial package of integrated marine services on East Anglia One

Subsea

- Diving and cable laying projects won in Ghana, Nigeria and Saudi Arabia
- Maputo port project in Mozambique successfully delivered

EDS HV Group Limited



- Acquired in December 2017 for £14.6m (£9m initial)
 - High Voltage Engineers and Contractors

Construction

- EON Rampion project during 2017 worth £5m
- Only company to have worked on 66kva infrastructure

Cable Repair

- Involved in every emergency repair in UK in 2017

Monitoring service

- Agreements with Vattenfall and Innogy



Specialist Technical

	2017	2016	change
revenue (£m)	155.7	151.8	3%
profit (£m)	21.1	19.9	6%
margin (%)	13.6	13.1	-
ROCE (%)	19.7	27.8	-



JFD

- Indian Navy submarine rescue contract for £83m progressed well
 - First vessel to be delivered Q1 2018; Second vessel Q4 2018
- 25 year service contract to commence post sea trials in India
- Successful submarine exercises completed
 - Black Carillon (Australian Navy) and Dynamic Monarch (NATO)
- Compact Bailout Rebreathing Apparatus (COBRA) launched
- Acquisition of Australian based Cowan in February 2018
 - Portable hyperbaric chambers

JF Nuclear

- Four year, £60m contract to decommission core reactor at Winfrith achieved scheme design completion milestone
- First drone survey at Sellafield

Offshore Oil

	2017	2016	change
revenue (£m)	56.4	55.1	2%
profit (£m)	3.8	4.2	(10)%
margin (%)	6.7	7.6	-
ROCE (%)	3.2	3.5	-



- Profits in H2 were more than two times greater than H1
- H2 revenue up 4% on H2 2016
- Underlying Ebitda of £13.5m (2016: £15.2m)
- Downhole artificial lift business, RMSpumptools gradually increasing orderbook
- £5.0m Johan Sverdrup lifting package delivered successfully in Norway
- Indications of improved activity in 2018

Tankships

	2017	2016	change
revenue (£m)	57.0	55.5	3%
profit (£m)	8.8	8.2	7%
margin (%)	15.4	14.8	-
ROCE (%)	34.2	31.9	-



- 1 fewer vessel in 2017
- High vessel utilisation and tight control of operating costs drove profit uplift
- Milford Fisher exited fleet at end of 2017
- More modern, second hand, 4KT vessel to be purchased in Q1 2018
- HMS Queen Elizabeth refuelling trials successfully completed



Outlook

- Good prospects in Marine Support in renewables and subsea projects
- Specialist Technical working through strong order book and good pipeline of prospects
 - Timing of awards of new projects will determine profit growth
- Tankships stable profit and cash generation
- Offshore Oil customers indicating improved 2018 activity
- Opportunities for further bolt-on acquisitions, supported by strong balance sheet
- Well placed to provide further growth and value to shareholders

Separately disclosed items

Appendix 1

	2017 £m	2016 £m
Acquisition related (income) & expense:		
Costs of acquiring businesses	1.0	0.7
Amortisation of acquired intangibles	2.0	1.2
Contingent consideration release	(1.7)	(3.4)
	1.3	(1.5)
Provision for early contract cessation in Angola	-	2.3
Separately disclosed items before tax	1.3	0.8
Tax on separately disclosed items	(0.4)	(0.2)
	0.9	0.6

Pensions

Appendix 2

£m	Shore Staff	MNOFP	MNRPF	2017	2016
At 1 January	10.1	8.5	8.2	26.8	26.9
Contributions	(1.5)	(1.9)	(1.2)	(4.5)	(4.4)
Actuarial (gain) / loss	(3.2)	-	-	(3.2)	3.1
Income Statement	0.4	0.2	0.2	0.7	1.2
	5.8	6.8	7.2	19.8	26.8

- £7.0m reduction in net liability
- Shore staff valuation 31/7/16 – no change to contributions
- MNOFP valuation 31/3/15 – no additional contributions
- MNRPF valuation 31/1/17 – further cash call expected during 2018



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