

James Fisher and Sons plc

The UK's leading Marine Service Company



Interim Results for the Six Months ended 30 June 2013

20 August 2013



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Highlights

			H1 2013	H1 2012 restated **
revenue	(£m)	+7%	200.7	188.3
underlying operating profit *	(£m)	+11%	22.2	20.1
underlying profit before tax *	(£m)	+15%	19.4	16.9
diluted earnings per share *	(p)	+15%	29.9	26.1
dividend per share	(p)	+10%	6.46	5.87
cash conversion	(%)	+28%	134	105

* underlying profit is before separately disclosed items

** 2012 restated for a change to pension accounting

- Double digit growth in underlying profits and earnings
- Niche diving equipment supplier, Divex, made an excellent initial contribution
- Strong cash conversion

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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 – approx 2/3 of sales outside UK
- Bolt-on acquisitions to broaden service offering

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Acquisitions & Disposals – August 2013

1. Foreland Shipping

- disposal of 25% interest for £11.4m in cash
- potential further proceeds from sale of ships 5 and 6
- contributed £1.6m in 2012 and 0.7m in H1 2013
- reduces gearing by 8%
- proceeds will be utilised to fund further growth in Marine Services through capital expenditure and bolt-on acquisitions

2. Osiris Marine

- acquired for £3.25m in cash plus potential earn out of £1.25m in 2014/2015
- diving and marine services to the renewables sector
- based in Keighley, Yorkshire - 13 employees
- pre-tax profits of £0.9m in year ended 31 March 2013

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Business segment changes



FENDERCARE
marine

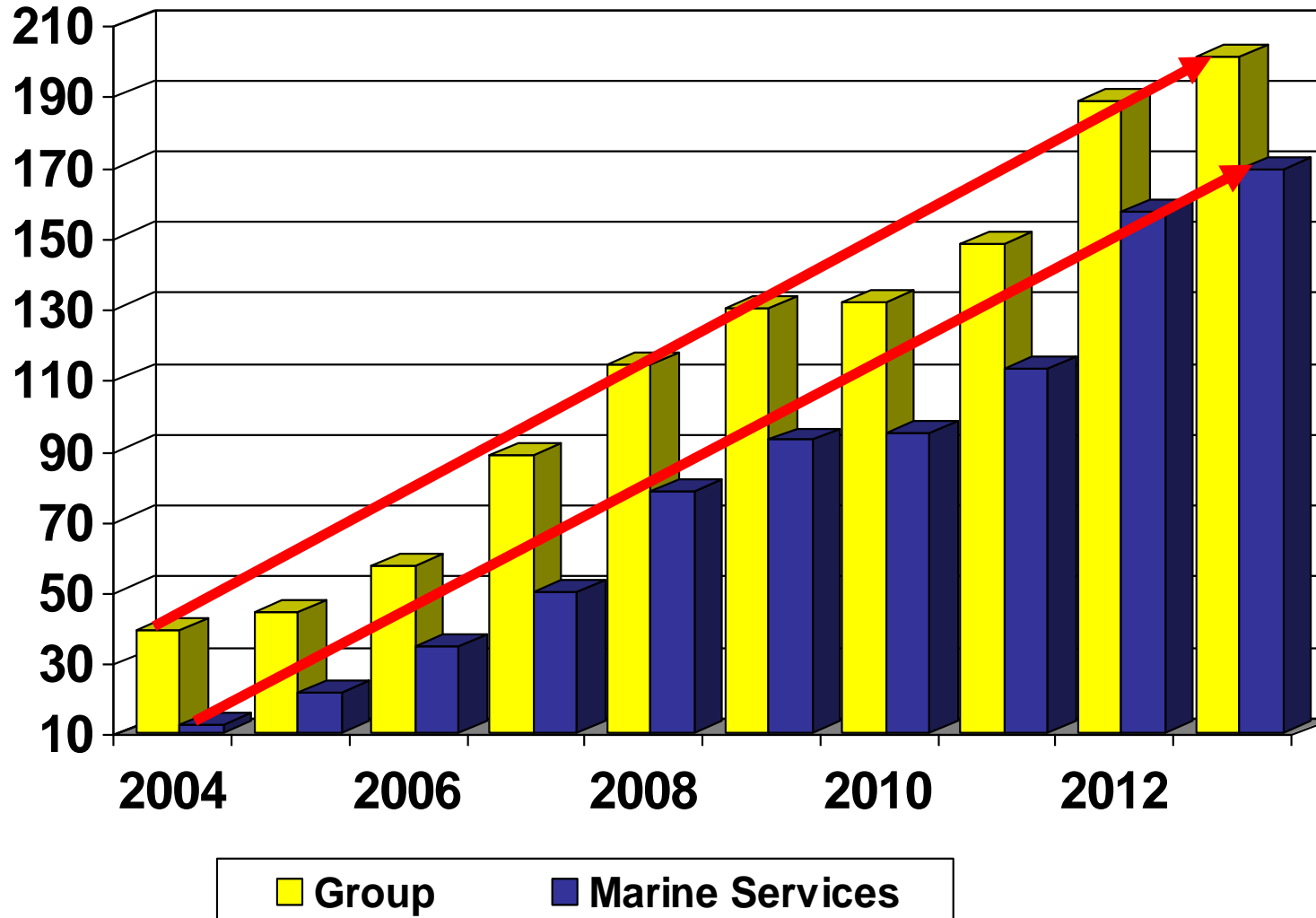
- Dec 2012 – sold non-core TRE for £25.5m
- March 2013 – Niche diving equipment specialist, Divex acquired
- Divex provides products and services to Defence and Energy sectors
- August 2013 – sold PFI Ro-Ro owner, Foreland, for £11.4m
- Moved JF Defence and Divex into Specialist Technical division with JF Nuclear
- Fendering, mooring, strain-gauge and maritime services become Marine Support division

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H1 Revenues



Marine Services –
CAGR of 34%

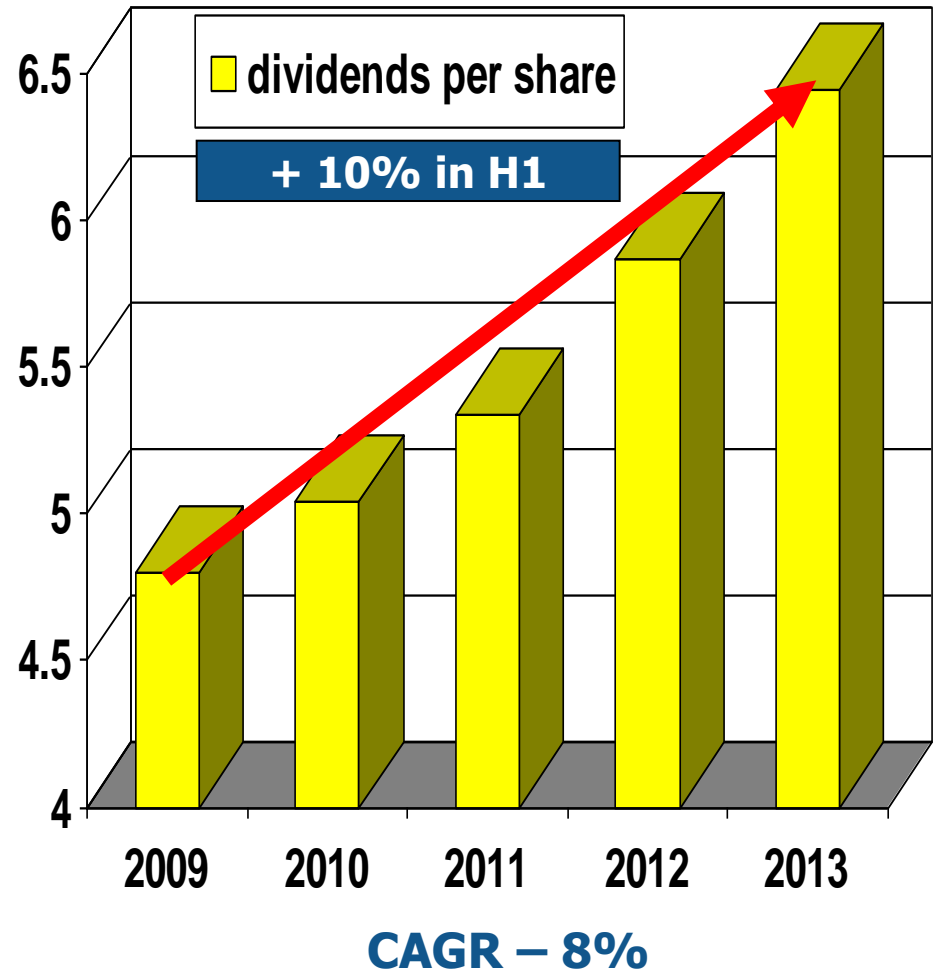
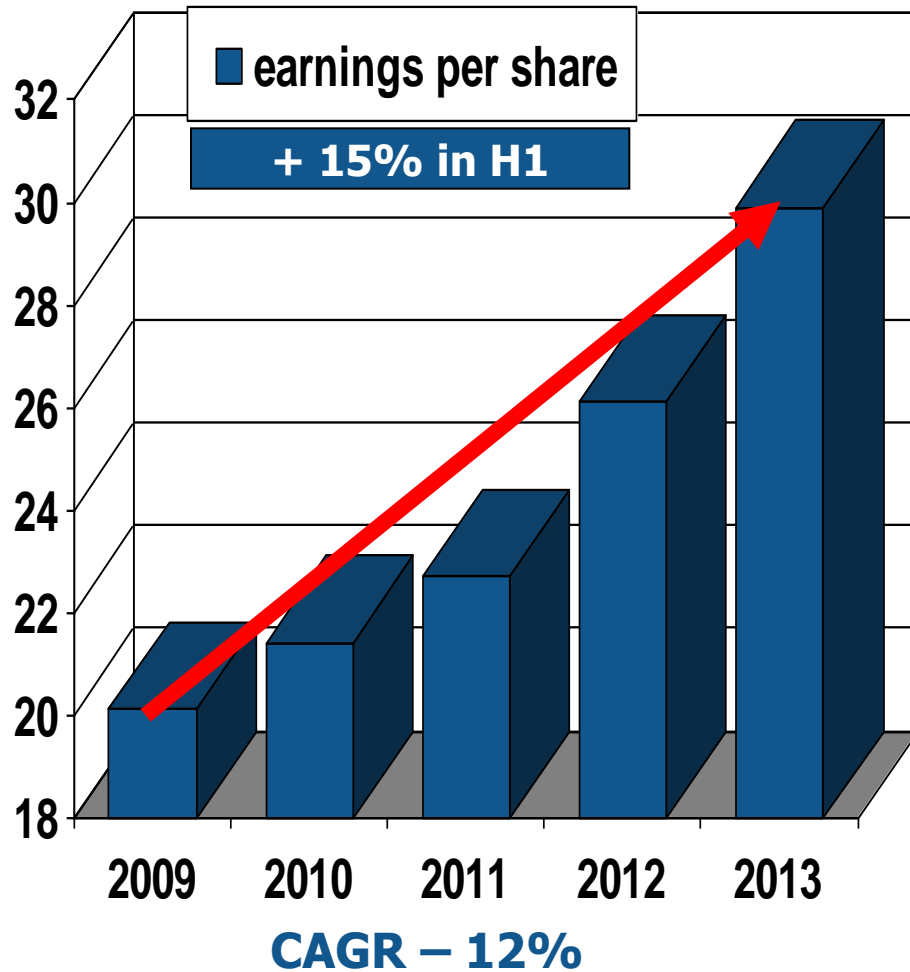
Organic growth
accounts for
approximately 2/3 of
total growth since
2004

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Earnings per share and dividends



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Results by division

	H1 2013 £m			H1 2012 restated ** £m		
	revenue	profit	margin %	revenue	profit	margin %
Marine Support	80.6	9.4	11.7	83.9	8.8	10.5
Specialist Technical	42.3	3.7	8.8	34.8	3.8	10.7
Offshore Oil	46.4	9.0	19.4	38.4	7.8	20.4
Marine Services	169.3	22.1	13.1	157.1	20.4	13.0
Tankships	31.4	1.7	5.3	31.2	1.2	3.8
common costs		(1.6)		-	(1.5)	-
	200.7	22.2	11.1	188.3	20.1	10.6
finance costs		(2.8)			(3.2)	
profit before tax *		19.4			16.9	

* before separately disclosed items

+15%

** 2012 restated reducing PBT by £200k for pension accounting changes in IFRS

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Cash flow

	H1 2013 £m	H1 2012 £m
underlying operating profit *	22.2	20.1
depreciation	8.6	7.7
working capital	0.4	(3.7)
pension contributions	(2.5)	(2.5)
joint venture dividend less profit	(0.2)	(0.9)
other	1.4	0.4
operating cash	29.9	21.1
interest paid	(1.6)	(2.7)
tax paid	(3.7)	(1.3)
net capital expenditure	(12.8)	(10.6)
businesses acquired	(15.2)	-
dividends paid to shareholders	(5.9)	(5.3)
other	(3.7)	(1.4)
net	(13.0)	(0.2)
net debt b/f	(63.1)	(98.8)
net debt c/f	(76.1)	(99.0)

EBITDA* up 11% to **£30.8m** (2012: £27.8m)

£3m contract advance in working capital June 2013

cash conversion (operating cash: underlying operating profit) – **134%** (2012: 105%)

acquired Divex for £20.8m less £6.3m cash

	H1 2013	H1 2012
Net debt : EBITDA	1.4	1.9

* before separately disclosed items

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Committed bank facilities at 30 June 2013

		drawn £m	available £m	expiry
Barclays				
£27.5m RCF	- unsecured	27.5	-	2014
DBS				
£20m RCF	- unsecured	20.0	-	2015
HSBC				
£10m RCF	- unsecured	7.9	2.1	2014
£20m RCF	- unsecured	6.0	14.0	2018
		13.9	16.1	
Lloyds TSB				
£30m RCF	- unsecured	8.1	21.9	2017
Handelsbanken				
£20.4m RCF	- unsecured	20.2	0.2	2015
Yorkshire				
£20m RCF	- unsecured	20.0	-	2016
		109.7	38.2	

Covenants	30.6.13
• net debt : EBITDA < 3.5	1.4
• interest cover > 3.0	10.8
• fixed charge > 1.5	3.6

Facilities	2014	2015	2016	2017+
expiring				
£m	38	40	20	50

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Balance sheet

	30.06.13 £m	31.12.12 £m	30.06.12 £m
intangible assets	111.4	92.6	93.8
property, plant and equipment	108.7	103.5	106.2
investments	15.1	13.8	14.2
working capital	52.4	49.0	57.3
deferred consideration	(11.2)	-	-
tax	(2.2)	(4.8)	(5.0)
pensions	(29.7)	(27.1)	(29.8)
capital employed	244.5	227.1	236.7
net debt	(76.1)	(63.1)	(99.0)
equity	168.4	163.9	137.7
net gearing	45%	39%	72%
return on capital employed (post tax)	16%	15%	14%

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Pensions

	30.06.13 £m	31.12.12 £m
Shore staff scheme	9.1	11.3
MNOPF	20.6	18.3
Total deficit	29.7	29.6

- MNOPF – Finalisation of March 2012 valuation increased deficit by £4.4m, annual contributions by £0.3m
- Contributions expected to be £4.9m in 2013 (2012: £4.8m);
- Nov 2012 - 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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Marine Support



Specialist Technical



Offshore Oil



Tankships



Turnover

40%

21%

23%

16%

Assets

28%

19%

42%

11%

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Marine Support

Mooring and strain gauge applications

- continued organic growth in Ship-to-Ship Operations (STS) – particularly in Asia Pacific
- Angola financial performance in line with expectations
- contract win for mooring maintenance off West Africa
- profits increased by 20% if exclude TRE from prior period
- contract win for Tension Leg Platform System for Total off West Africa
- contract wins in Renewables sector in UK
- acquisition of Osiris Marine provides diving services to renewables sector
- contract win for Forth Bridge monitoring

H1	2013	2012
profit £m	9.4	8.8
margin	11.7%	10.5%
ROCE	28.7%	23.0%

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Specialist Technical

Subsea

- good start from Divex
 - saturation Diving System for Russian Navy nearing completion
 - letter of award for 2 further systems – delivery 2015 - 2016
 - integration going well – synergies in Australia, Singapore and Scotland
- service contracts performing well
- Royal Australian Navy diver training capability acquired

Nuclear

- strong trading with enhanced order book
- contract wins at Dounreay and Aldermaston widen customer base
- financial performance similar to 2012 which had Olympic contract
- new calibration facility opened

H1	2013	2012
profit £m	3.7	3.8
margin	8.8%	10.7%
ROCE	14.1%	20.3%



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Offshore Oil

- revenue up 21%; profits up 15%
- strong market conditions in North Sea and Norwegian market
- all businesses performing well
- well testing contracts in Brazil won from Halliburton and Schlumberger (20 and 12 compressors respectively)
- further capital investment of £7.7m committed to meet contracted demands
- new Switch product successfully displayed at Houston Oil & Gas exhibition in May

H1	2013	2012
profit £m	9.0	7.8
margin	19.4%	20.4%
ROCE	15.3%	14.3%



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Tankships

- mv Steersman early termination of charter in January 2013
- Ministry of Defence charter for 2 vessels to December 2013
- 2 vessels chartered out to reduce capacity
- operating fleet reduced to 14 vessels
- King Fisher and Knight Fisher to be managed by JFS
- now only 11% of Group assets

H1	2013	2012
profit £m	1.7	1.2
margin	5.3%	3.8%
ROCE	11.0%	5.9%



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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
- 2nd half trading to management expectations

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Appendix 1 – Business segments

H1 2012 as previously reported	Revenue	Underlying operating profit	Capital employed
	£m	£m	£m
Specialist Technical	104.5	10.6	91.5
Offshore Oil	38.4	7.8	108.5
Defence	14.3	1.9	23.2
Marine Oil	31.2	1.2	40.8
Corporate	-	(1.4)	(126.3)
Total	188.3	20.1	137.7

H1 2012 segments revised	Revenue	Underlying operating profit	Capital employed
	£m	£m	£m
Marine Support	83.9	8.8	76.6
Specialist Technical	34.8	3.8	38.1
Offshore Oil	38.4	7.8	108.5
Tankships	31.2	1.2	40.8
Corporate	-	(1.5)	(126.3)
Total	188.3	20.1	137.7

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Appendix 2 – Restatement of prior year

	Reported £m	Adjustment £m	Restated £m
Six months ended 30 June 2012			
Underlying operating profit	20.1	-	20.1
Underlying profit before tax	17.1	(0.2)	16.9
Year ended 31 December 2012			
Underlying operating profit	41.2	(0.1)	41.1
Underlying profit before tax	35.3	(0.3)	35.0

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Appendix 3 - Specialist Technical

Revenue	2010 £m	2011 £m	2012 £m
Specialist Technical as reported	39.2	52.3	60.8
Divex	41.4	34.3	34.2
Proforma revenue	80.6	86.6	95.0

Operating profit	2010 £m	2011 £m	2012 £m
Specialist Technical as reported	6.3	6.9	5.5
Divex	4.2	2.6	4.1
Foreland	(2.3)	(2.9)	(1.6)
Proforma operating profit	8.2	6.6	8.0