

James Fisher and Sons plc

The UK's leading Marine Service Company



Preliminary results for the year ended 31 December 2014

3 March 2015



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Highlights

			2014	2013
revenue	(£m)	+8%	444.8	413.7
underlying operating profit *	(£m)	+11%	51.5	46.6
underlying profit before tax *	(£m)	+13%	46.9	41.4
diluted earnings per share *	(p)	+13%	74.0	65.6
dividend per share	(p)	+10%	22.0	20.0
cash conversion	(%)	(19%)	109	134

- Revenue of Marine Service divisions (Marine, Offshore & Specialist Technical) up 11%
- Strong profit growth at Specialist Technical and Offshore Oil
- Enhanced order book at Specialist Technical
- Strong cash conversion at 109%; balance sheet gearing of 31% (2013: 30%)
- Dividend raised for 20th consecutive year to 22.0p (2013: 20.0p)
- Acquisition of Subtech announced today

* Underlying profit is before separately disclosed items

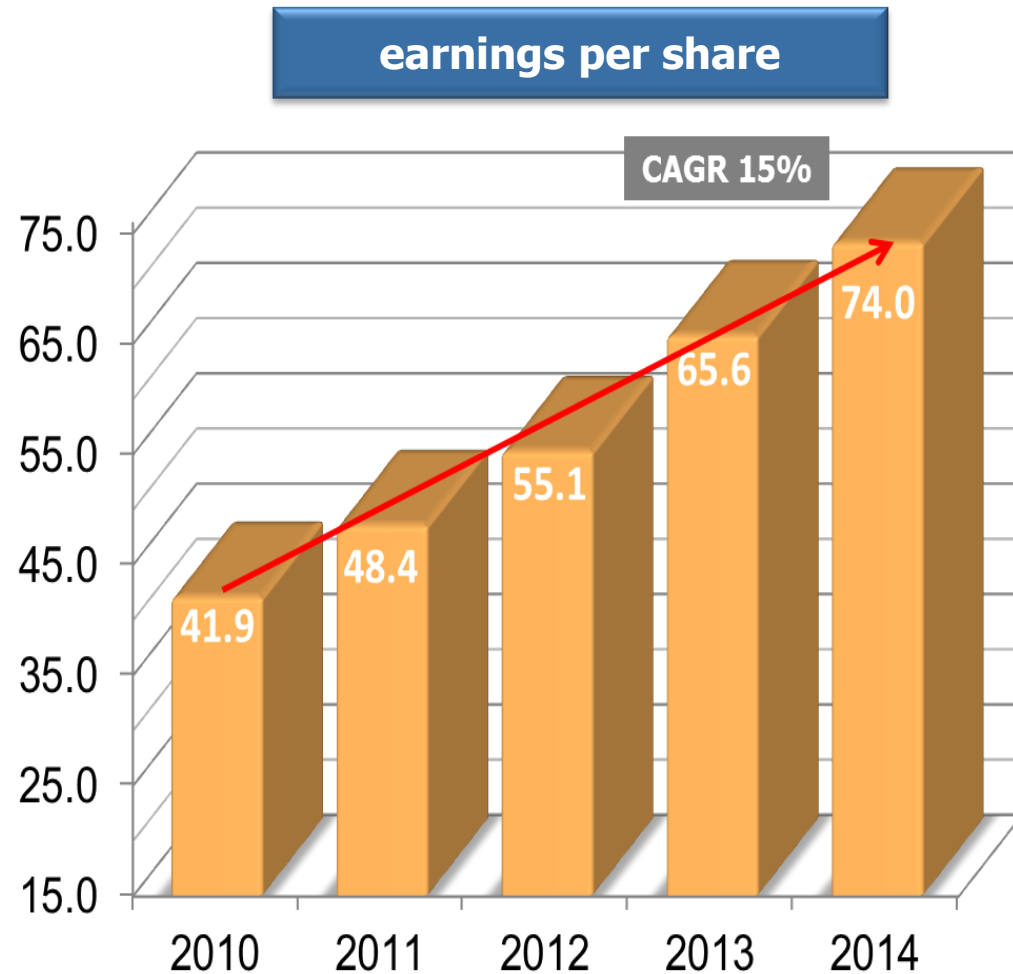
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Strategy

- 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
- Bolt-on acquisitions to broaden service offering



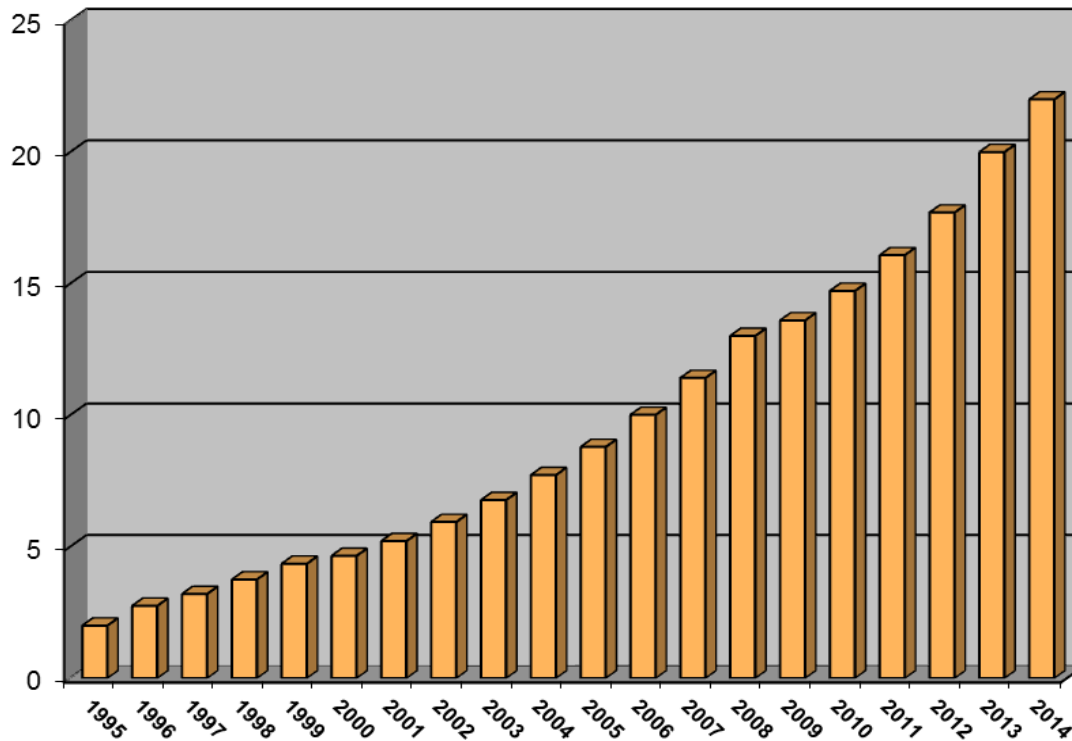
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Performance

dividends per share



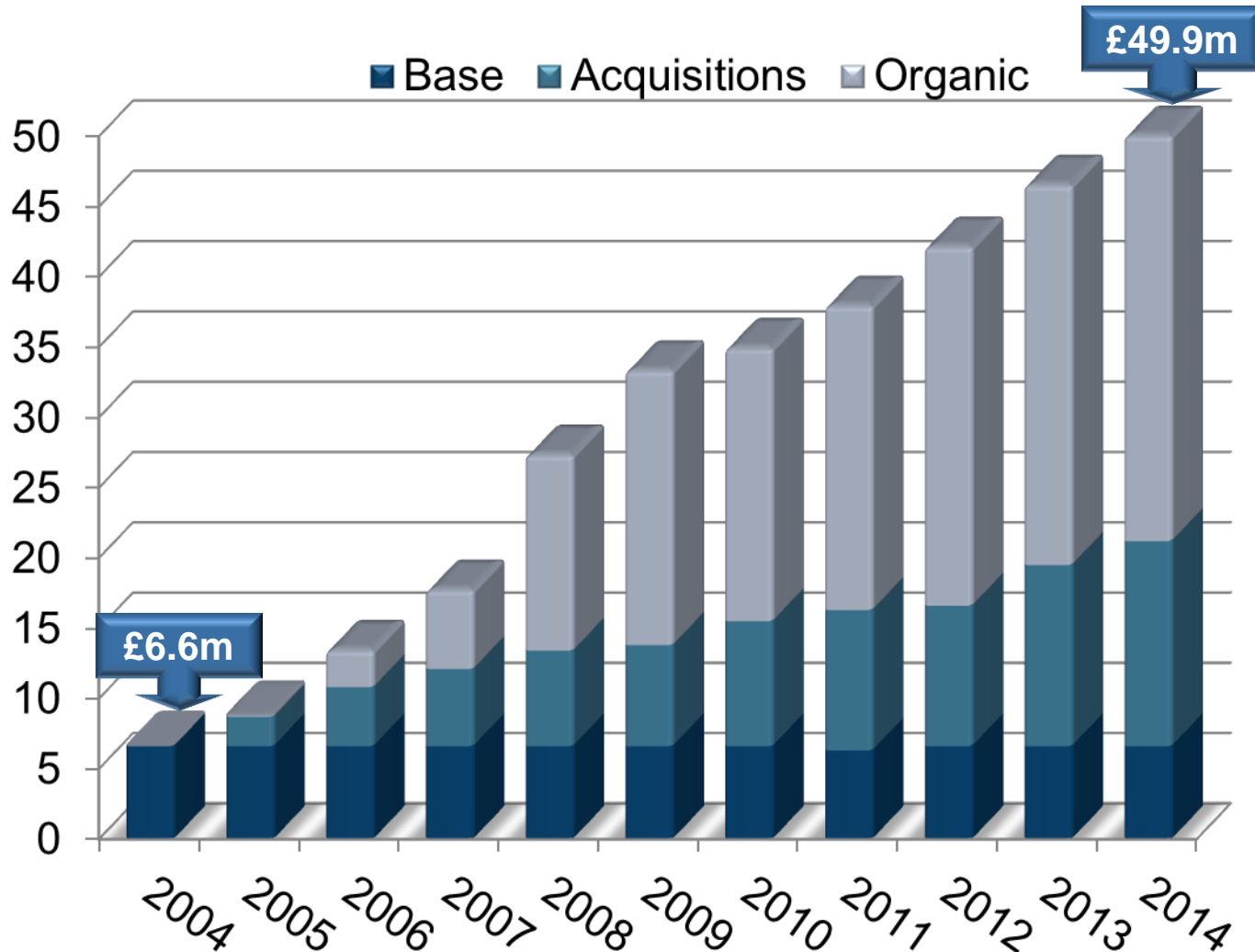
- 20th consecutive year of dividend increase
- Compound annual growth rate (CAGR) of 14%
- underlying diluted eps CAGR in last 5 years of 15%
- 10% increase in 2014

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Organic Growth : Marine Services underlying operating profit



- Organic growth is 2/3 of total
- CAGR since 2004 of 22%

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Results by division

	Revenue				Underlying operating profit*			
	2014 £m	2013 £m	Change	Adjusted ⁺	2014 £m	2013 £m	Change	Adjusted ⁺
Marine Support	164.2	171.3	- 4%		14.2	18.3	- 22%	
Offshore Oil	104.9	99.2	+ 6%		22.4	19.7	+ 14%	
Specialist Technical	121.4	81.9	+ 48%		13.3	8.5	+ 56%	
Marine Services	390.5	352.4	+ 11%	+ 11%	49.9	46.5	+ 7%	+ 11%
Tankships	54.3	61.3	- 11%		4.7	3.2	+ 47%	
Common costs	-	-			(3.1)	(3.1)		
Total	444.8	413.7	+ 8%	+ 8%	51.5	46.6	+ 11%	+ 15%
Interest					(4.6)	(5.2)		
Underlying profit before tax*					46.9	41.4	+ 13%	

* before separately disclosed items

+ adjusted for changes in currency and businesses acquired and sold

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Interest & tax

		2014 £m	2013 £m	
Interest				
Defined benefit pension		1.0	1.1	
Bank and other interest		3.7	4.1	← Lower average cost of borrowing
		4.7	5.2	
Tax				
UK corporation tax @ 21.5%	- current year	6.7	4.4	
Overseas tax	- current year	3.3	4.0	
Deferred taxation		(1.0)	(0.7)	
		9.0	7.7	
		%	%	
UK underlying rate		21.5	23.3	
Tonnage tax		(1.4)	(1.5)	
Overseas businesses		-	(1.0)	
Prior year adjustments		(0.9)	(0.5)	
Future UK rate impact		-	(1.7)	← Effect of UK rates going to 20% in 2015
Effective rate on underlying profit		19.2	18.6	

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Separately disclosed items

	2014 £m	2013 £m	
Underlying profit before tax	46.9	41.4	+ 13%
Separately disclosed items :			
Sale of business	-	6.6	← Foreland sold in 2013
Costs incurred on acquisitions	(0.7)	(0.9)	← 3 acquisitions in 2014
Amortisation of acquired intangibles	(1.0)	(0.8)	
Deferred consideration adjustments	4.1	-	← Divex
Total separately disclosed	2.4	4.9	
Statutory profit before tax	49.3	46.2	+ 7%
Underlying diluted earnings per share (p)	74.0	65.6	+ 13%
Statutory diluted earnings per share (p)	79.2	75.7	+ 5%

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Free cash flow

	2014 £m	2013 £m
underlying operating profit *	51.5	46.6
depreciation	18.9	17.7
working capital	(11.9)	7.7
pension contributions	(4.7)	(10.1)
other	2.6	0.4
operating cash flow	56.4	62.3
interest paid	(3.5)	(4.1)
tax paid	(5.6)	(6.1)
net capital expenditure	(28.6)	(22.7)
ESOP purchase of own shares	(2.9)	(2.2)
free cash flow	15.8	27.2

Ebitda increased by 9% to £70.4m
(2013: £64.3m)

Cash conversion of 109%
(2013: 134%)

	2014 £m	2013 £m
<i>capex</i>	<i>(32.2)</i>	<i>(24.9)</i>
<i>development expenditure</i>	<i>(2.2)</i>	<i>(1.4)</i>
<i>disposals</i>	<i>5.8</i>	<i>3.6</i>
	<i>(28.6)</i>	<i>(22.7)</i>

* before separately disclosed items

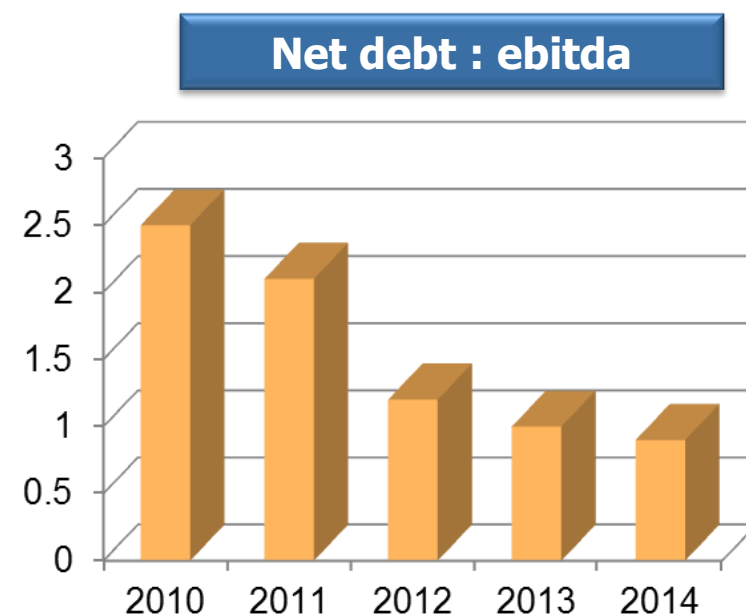
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Cash flow

	2014 £m	2013 £m
free cash flow	15.8	27.2
businesses acquired	(12.2)	(19.2)
businesses sold	-	12.8
dividends paid	(10.3)	(9.1)
	(6.7)	11.7
net debt 1 January	(54.3)	(63.1)
exchange adjustments	(1.3)	(2.9)
net debt 31 December	(62.3)	(54.3)
net debt*: Ebitda	1.0x	1.0x



* including bonds and guarantees

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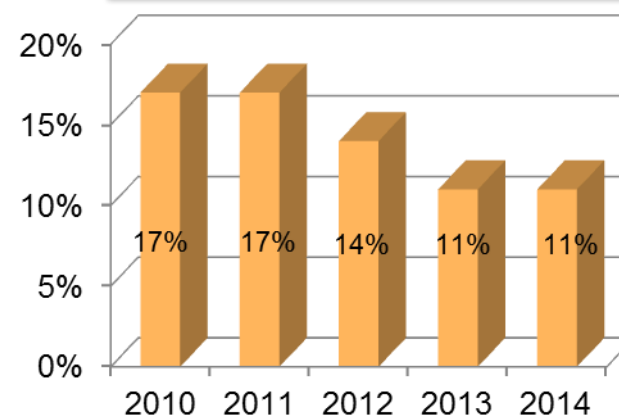
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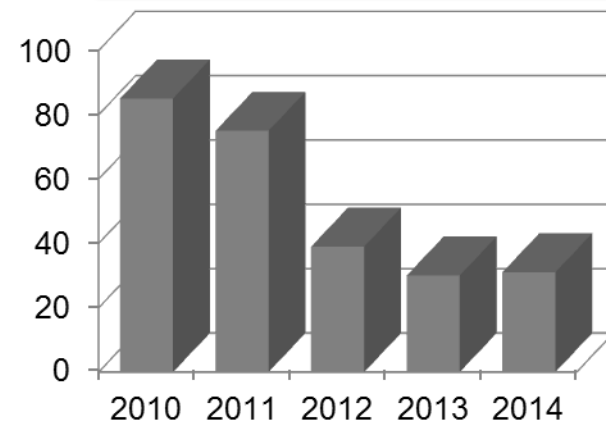
Balance sheet

	31.12.14 £m	31.12.13 £m
intangible assets	127.1	113.7
property, plant and equipment	116.6	108.2
investments	10.6	10.8
working capital	49.6	44.8
provision for contingent consideration	(9.1)	(12.1)
tax	(6.5)	(4.2)
pensions	(21.8)	(23.1)
capital employed	266.5	238.1
net debt	(62.3)	(54.3)
equity	204.2	183.8
working capital : sales (%)	11%	11%
net gearing	31%	30%
return on capital employed (post tax)	17%	17%

working capital:sales



Gearing



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Committed bank facilities at 31 December 2014

Unsecured revolving credit facilities	drawn £m	available £m	Expiry
Barclays £27.5m	13.1	14.4	2019
DBS £20m	20.0	-	2019
HSBC £20m		20.0	2018
£20m	16.5	3.5	2019
	16.5	23.5	
Lloyds TSB £30m	3.0	27.0	2017
Handelsbanken £25m	14.4	10.6	2020
Yorkshire £20m	13.0	7.0	2016
	80.0	82.5	

Covenants		31.12.14	31.12.13
Net debt : EBITDA	< 3.5	1.0	1.0
Interest cover	> 3.0	16.0	12.5
Fixed charge	> 1.5	3.9	3.2

Facilities				
expiring	2016	2017	2018	2019+
£m	20	30	20	92.5

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Pension – defined benefit

	Shore Staff £m	MNOPF £m	2014 £m	2013 £m
Assets	53.8	80.1	133.9	126.3
Liabilities	(64.3)	(91.4)	(155.7)	(149.5)
Net	(10.5)	(11.3)	(21.8)	(23.1)

- Assets up by 5% but lower discount rate increased liabilities by 10%
- 10 / 11 year deficit contribution plan
- MNOPF liability reduced from £20.7m at 31.12.10 to £11.2m
- Annual contributions estimated at £3.5m in 2015
- MNRPF additional liability likely to be determined in 2015

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Operating Review

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Marine Support



Revenue ⇒ **37%**

Profit ⇒ **26%**

Assets ⇒ **34%**

Offshore Oil



Revenue ⇒ **24%**

Profit ⇒ **41%**

Assets ⇒ **42%**

Specialist Technical



Revenue ⇒ **27%**

Profit ⇒ **24%**

Assets ⇒ **16%**

Tankships



Revenue ⇒ **12%**

Profit ⇒ **9%**

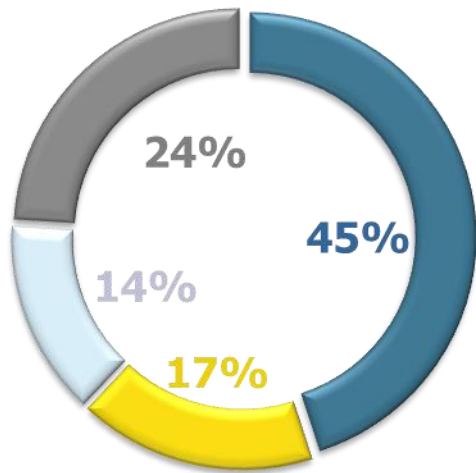
Assets ⇒ **8%**

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Geographical spread



- UK
- Asia Pacific
- Europe
- Middle East, Africa & The Americas

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Marine Support

- Ship to ship transfers lower in South Asia and West Africa in Q1
- H2 ship to ship transfers affected by glut of supply
- Subdued markets in Australia, Brazil and Middle East
- Margins impacted by strong GBP : USD
- Three Corvettes delivered to Indonesian Navy
- Renewables contract gains
 - Meygen contract commenced Q4
- Acquired Testconsult (£8m) and Subsea Vision (£2.2m)

	2014	2013
profit (£m)	14.2	18.3
margin	8.6%	10.7%
ROCE	14.4%	29.4%

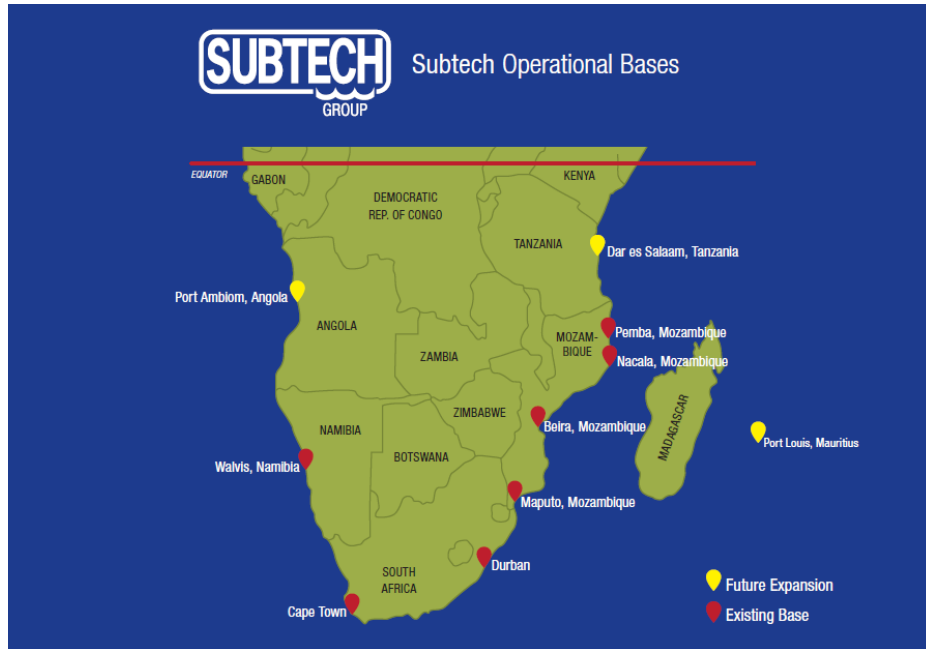


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Subtech Group



Revenue	circa £10m
Ebitda	circa £0.8m

Upfront	£3.4m
Y1 based on profit target	£3.3m
Potential earnout year 3 based on profit targets	£6.7m

- Diving & salvage
- Marine construction
- Marine services

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Offshore Oil

- Good organic growth with revenue up 6% and profit up 14%
- Circa two thirds of revenue outside North Sea
- Challenging H2 in Norway as customer restructuring stalled decision making
- Contract wins for zone 2 equipment in Africa and South America
- One-off profit on well testing order in Brazil
- Further growth capital investment of £16.7m

	2014	2013
profit (£m)	22.4	19.7
margin	21.4%	19.9%
ROCE	18.3%	16.4%



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Specialist Technical

- Keppel Singmarine saturation diving system award
- Divex Defence merged into JFD and project assembly base established in Glasgow, UK
- Royal Australian Navy 5 year contract award
- Winner of 3 major industry awards
- Preferred tenderer of NSRS
- Acquired DCE (Sweden), swimmer delivery vehicles
- Bolt-on National Hyperbaric acquired in February 2015 for initial £3.5m
- Nuclear won £150m Sellafield consortium contract (25% share)

	2014	2013
profit (£m)	13.3	8.5
margin	11.0%	10.5%
ROCE	31.6%	21.8%



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Tankships

- Capacity reduction of approximately 2 vessels on average
 - increased utilisation
 - less exposure to spot market
- Profits increased by 47%
- 2 vessels chartered to MoD for most of 2014
- Capital employed circa 8% of Group
- Humber Fisher sold in December 2014 for £2.1m

	2014	2013
profit (£m)	4.7	3.2
margin	8.7%	5.2%
ROCE	19.9%	10.0%



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Outlook

- healthy order book in specialist technical
- continued focus on niche capabilities with good opportunities in the growing marine markets of Asia Pacific, Africa and South America
- strong market position in offshore, marine and nuclear sectors
- opportunities for further bolt-on acquisitions, supported by strong balance sheet
- well placed to provide growth and value to shareholders

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James Fisher and Sons plc
Fisher House, PO Box 4, Barrow in Furness, Cumbria, LA14 1HR
Telephone +44 (0) 1229 615400