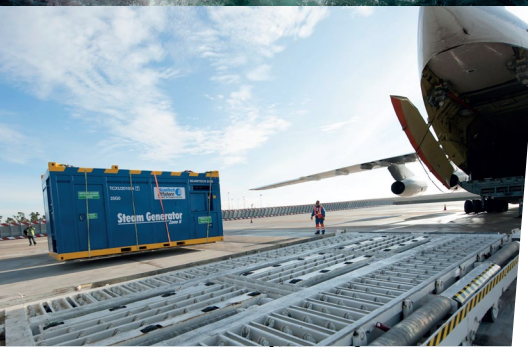
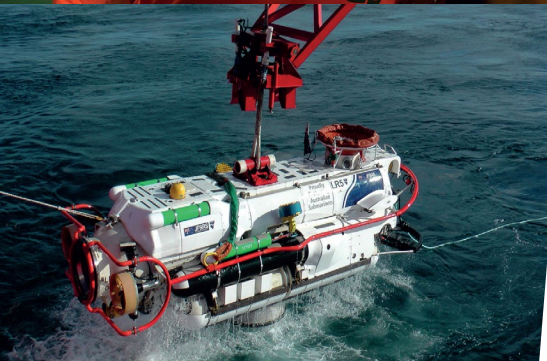




## James Fisher and Sons plc

*The UK's leading Marine Service Company*



**Preliminary results for the year  
ended 31 December 2018**  
**26 February 2019**



- Underlying operating profit +15%
- Revenue +13%
- All four divisions profit growth > 10%
- Almost all growth organic
- Renewables growth – 5 year maintenance contract
- Delivery of two submarine rescue systems for Indian navy
- Net debt/ebitda reduced to 1.3 times
- Acquisitions in January of Martek Marine and Murjan





	2018	2017 restated	change
revenue (£m)	561.5	499.3	+13%
<b>underlying operating profit* (£m)</b>	<b>62.1</b>	54.1	<b>+15%</b>
underlying operating margin	11.0%	10.8%	+20 bps
<b>underlying profit before tax* (£m)</b>	<b>56.1</b>	48.6	<b>+15%</b>
underlying diluted eps* (p)	89.5	78.7	+14%
<b>dividend per share (p)</b>	<b>31.6</b>	28.7	<b>+10%</b>
cash conversion	157%	57%	

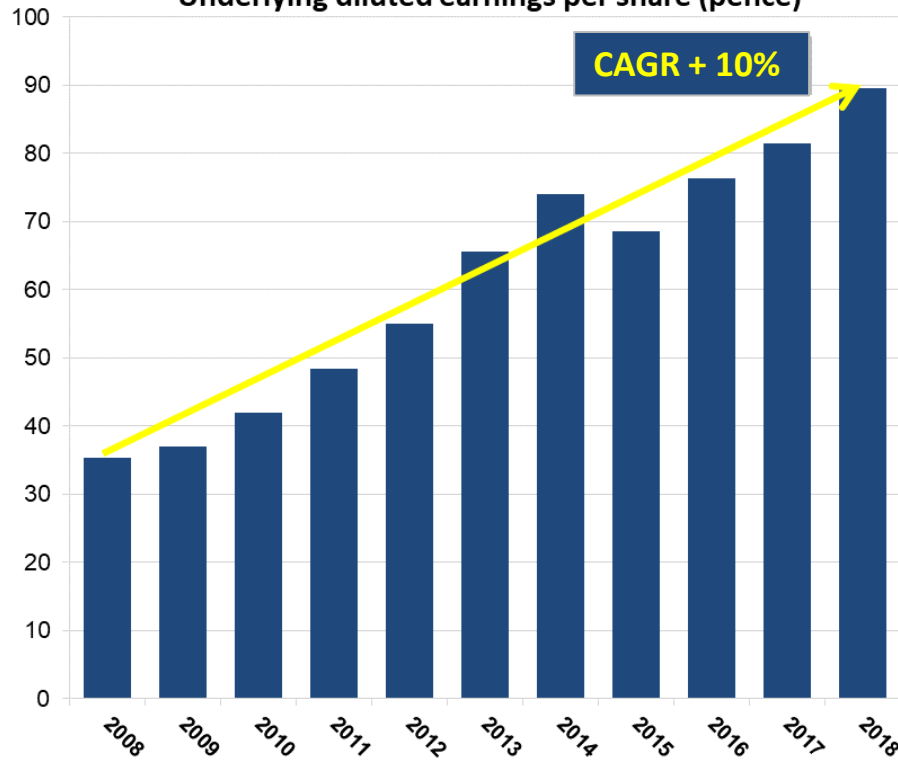
- All divisions increased revenue and underlying operating profit
- Strong cash conversion driven by working capital inflow on Indian navy project
- Dividend raised by 10% to 31.6p per share

\* before separately disclosed items

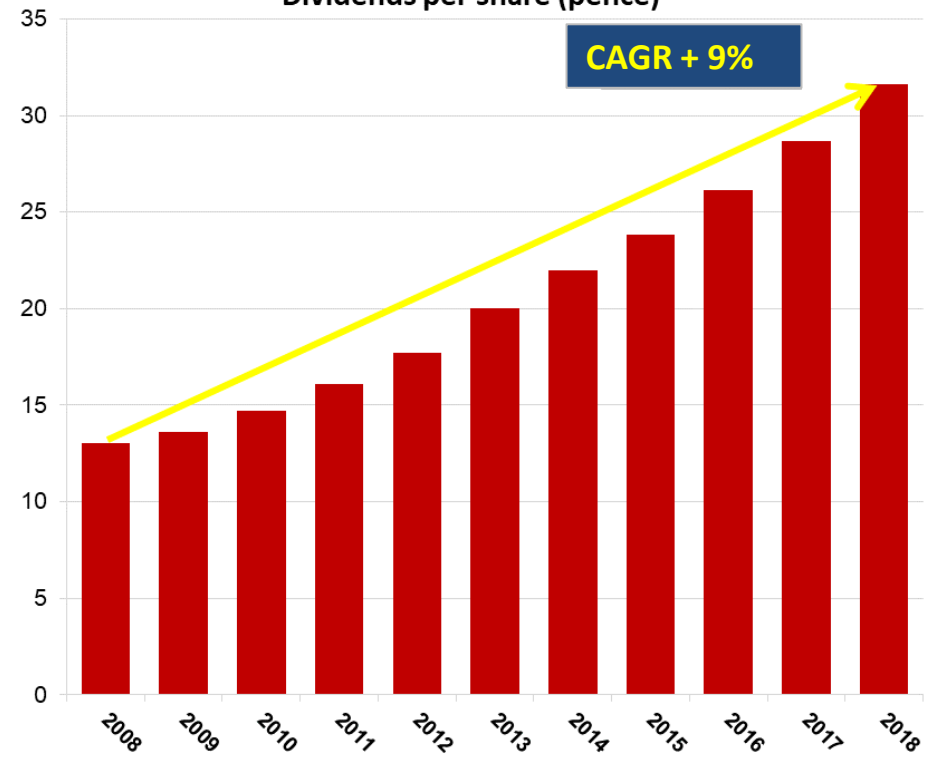
2017 restated for IFRS 15 (see appendix 3)



### Underlying diluted earnings per share (pence)



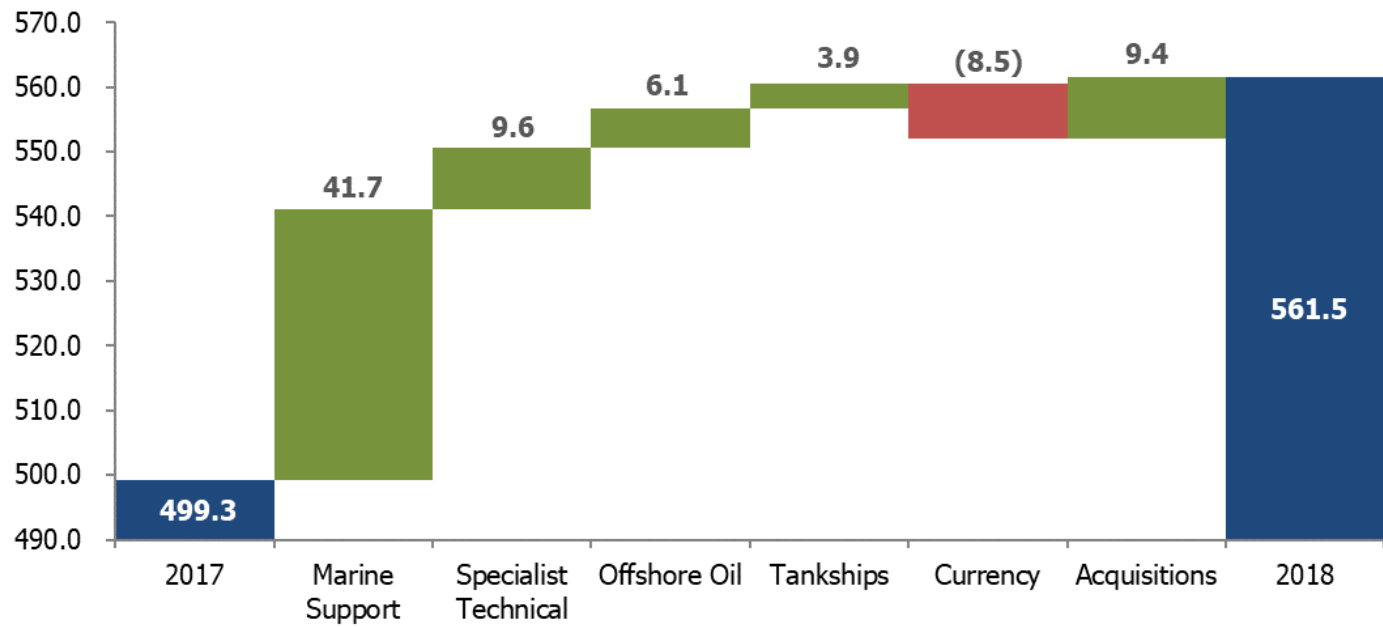
### Dividends per share (pence)



- 24 consecutive years of dividend increase



			change	organic*
Revenue (£m)	2018	2017 restated	%	%
<b>Marine Support</b>	<b>279.7</b>	236.3	<b>18.4</b>	<b>17.5</b>
Specialist Technical	159.6	149.6	6.7	6.6
<b>Offshore Oil</b>	<b>61.5</b>	56.4	<b>9.0</b>	<b>11.0</b>
Tankships	60.7	57.0	6.5	6.9
<b>Group</b>	<b>561.5</b>	499.3	<b>12.5</b>	<b>12.3</b>



\* organic growth is at constant currency and adjusted for business acquisitions

# Underlying operating profit



## underlying operating margin

	2018 £m	2017 restated £m	change %	organic* %		2018 %	2017 restated %
Marine Support	29.0	25.3	14.6	20.0		10.4	10.7
Specialist Technical	20.9	18.8	11.2	12.3		13.0	12.6
Offshore Oil	5.1	3.6	41.7	57.6		8.3	6.4
Tankships	9.9	8.8	12.5	14.2		16.3	15.4
Corporate costs	(2.8)	(2.4)					
<b>Group</b>	<b>62.1</b>	<b>54.1</b>	<b>14.8</b>	<b>18.8</b>		<b>11.0</b>	<b>10.8</b>

- 19% organic growth
- Strong organic growth across all four divisions
- Underlying operating margins rose in three divisions to 11.0% overall
- USD:GBP 1.33 (2017: 1.30) - £1.2m reduction net of hedging

\* organic growth is at constant currency and adjusted for business acquisitions



	Underlying operating profit excluding Offshore Oil		5 year CAGR
	2013	2018	
<b>Marine Support</b>	18.3	29.0	10%
<b>Specialist Technical</b>	7.7	20.9	22%
<b>Tankships</b>	4.0	9.9	20%
<b>Common costs</b>	(3.1)	(2.8)	
	26.9	57.0	16%

- Underlying operating profit, excluding Offshore Oil, more than doubled in last 5 years
- CAGR of 16% since 2013
- Offshore Oil profit £17m lower in 2018 than 2014
- Longer term trend of organic growth is c. 2/3 organic; 1/3 acquired



change

	2018	2017 restated	%
Underlying operating profit	62.1	54.1	14.8
Net finance charge	(6.0)	(5.5)	9.1
Underlying profit before tax	56.1	48.6	15.4
Taxation	(10.5)	(8.3)	26.5
Separately disclosed items	(0.3)	(0.9)	
Profit after taxation	45.3	39.4	15.0
Underlying diluted eps (p)	89.5	78.7	
Effective tax rate (ETR) (%)	18.7	17.2	

- Higher borrowings funding large projects
- Lower pension charge

2017	17.2
Tonnage tax	(0.6)
Overseas profits	2.1
2018	18.7



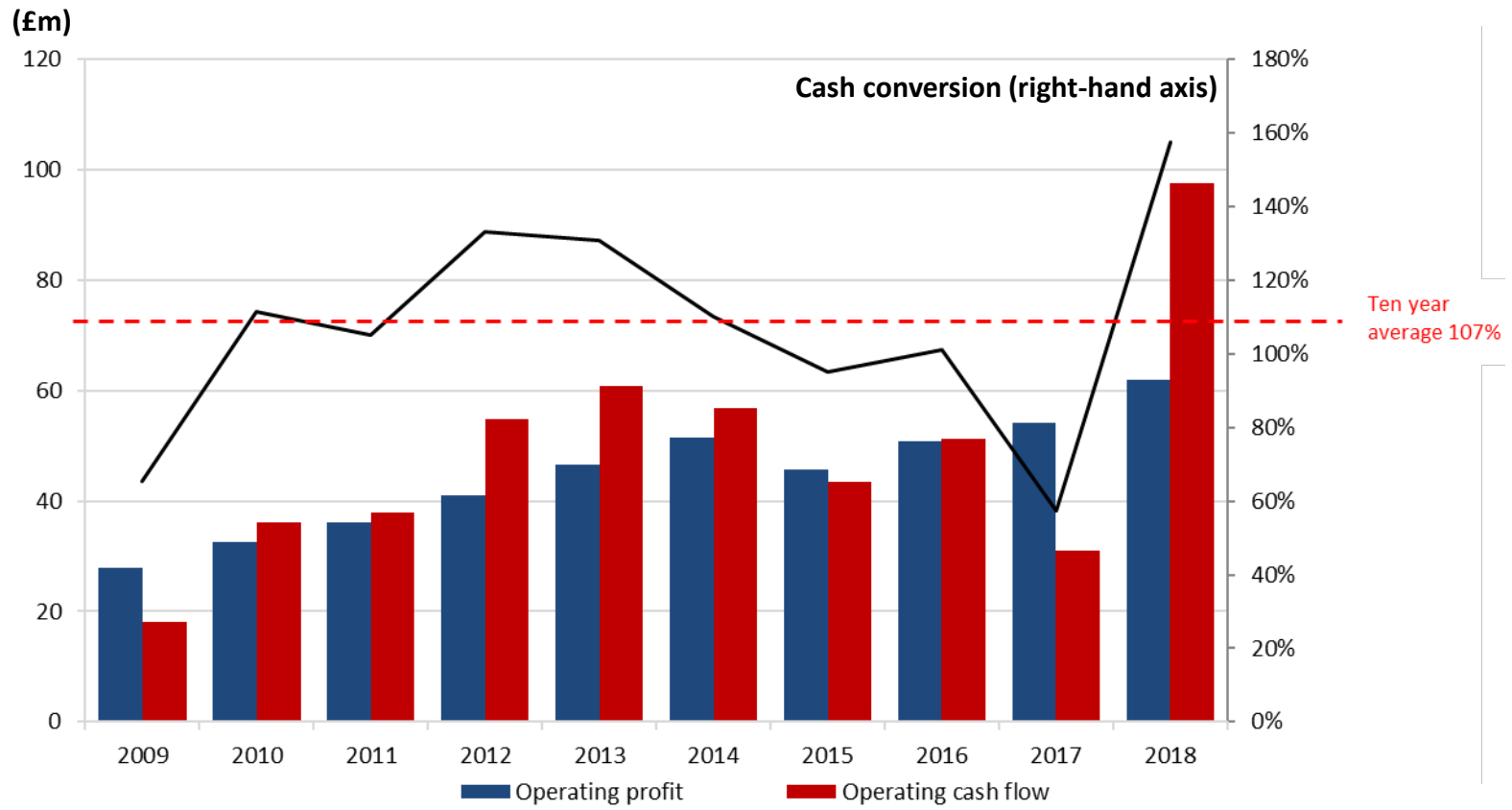


	2018 £m	2017 £m	
Underlying operating profit *	62.1	54.1	
Depreciation and amortisation	28.4	25.4	
Underlying ebitda *	90.5	79.5	← Underlying ebitda +14%
Working capital	9.4	(42.2)	← Working capital:sales 17% (2017: 22%)
Pension / other	(2.3)	(6.2)	
Operating cash flow	97.6	31.1	← Cash conversion of 157% (2017: 57%)
Interest paid & tax	(13.3)	(12.9)	
Net capital expenditure	(35.7)	(24.7)	← Capex excluding £10.6m for two second hand tankers = 88% depreciation
Businesses acquired	(12.5)	(5.2)	
Dividends paid to shareholders	(15.2)	(13.9)	
Other	(2.0)	(1.2)	
Decrease / (increase) in debt	18.9	(26.8)	
Net debt at 1 January	(132.5)	(105.7)	
Net debt at 31 December	(113.6)	(132.5)	← Net debt: Ebitda 1.3 times (2017: 1.7 times)

\* before separately disclosed items



• Last three years	£m
- operating cash	180
- underlying operating profit	167
- cash conversion	108%



- Nearly £100m of operating cash in 2018
- Average cash conversion of 107% over last 10 years



	<b>30.12.18</b>	31.12.17
	<b>£m</b>	restated £m
intangible assets	197.5	199.2
<b>property, plant and equipment</b>	<b>145.4</b>	132.5
investments	9.6	9.4
<b>working capital</b>	<b>96.3</b>	109.5
deferred consideration	(6.0)	(12.8)
<b>tax</b>	<b>(6.7)</b>	(6.5)
pensions	(16.1)	(19.8)
<b>capital employed</b>	<b>420.0</b>	411.5
net debt	(113.6)	(132.5)
<b>equity</b>	<b>306.4</b>	279.0
<b>net debt: equity</b>	<b>37%</b>	47%

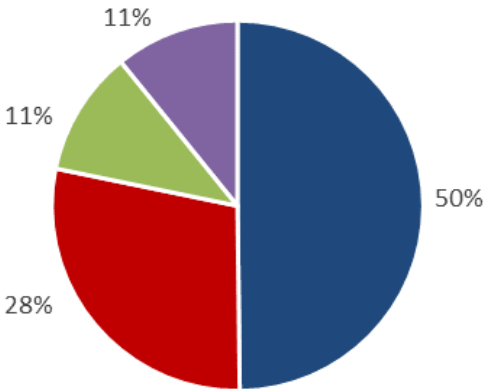
- £225m (2017: £225m) of Revolving Credit Facilities : £92.4m of headroom (2017: £71.8m)
- Net debt (including bonds and guarantees) : Ebitda 1.9 times (2017: 2.2 times)



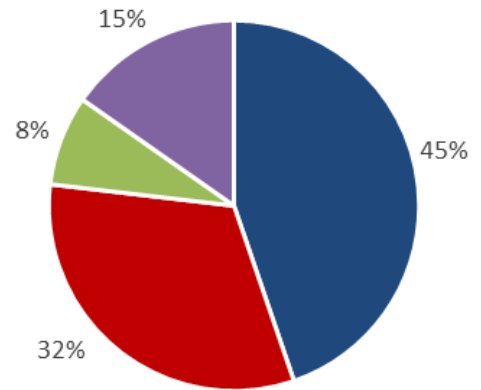
## James Fisher and Sons plc



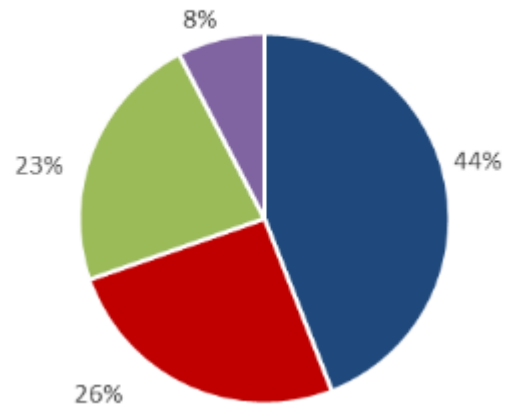
**Revenue**



**Profit**



**Assets**



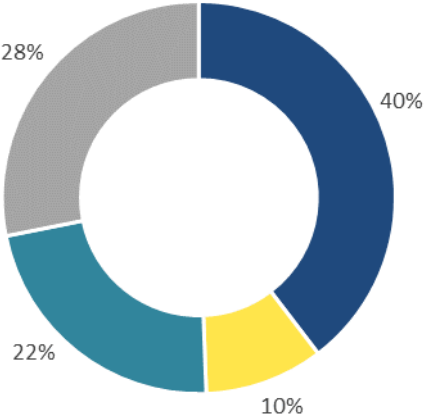
■ Marine Support ■ Specialist Technical ■ Offshore Oil ■ Tankships



- **Entrepreneurially led businesses with leading market positions in operational niches**
- **Leverage UK skills to the global Marine Services market**
  - **targeting less mature 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**



## Revenue by destination 2018



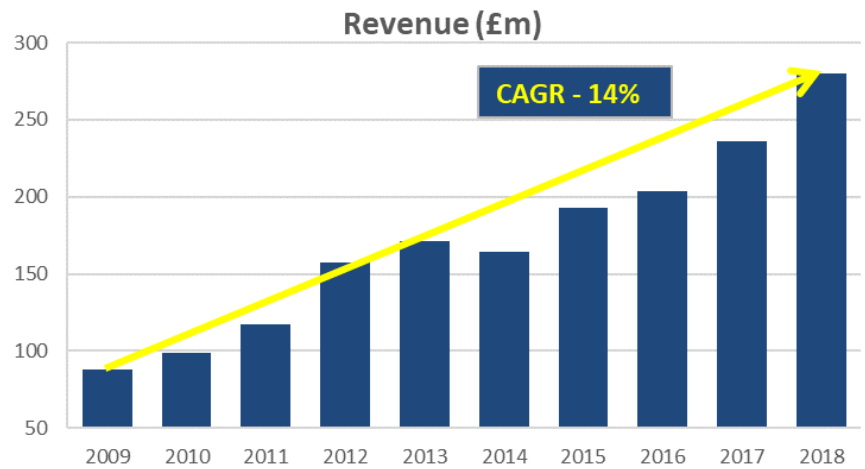
- UK
- Europe
- Middle East, Africa & the Americas
- Asia Pacific

## Locations





	2018	2017	change
revenue (£m)	279.7	236.3	+18%
profit (£m)	29.0	25.3	+15%
margin (%)	10.4	10.7	(30) bps
ROCE (%)	17.3	16.5	+80 bps



### Renewables

- East Anglia One windfarm commenced pre-works
- 1<sup>st</sup> long term maintenance award on London Array

### Ship-to-ship services

- Further progress in Brazil & Latin America

### Marine

- 10 year mooring services contract for UK refinery
- Diving & pipeline maintenance projects in West Africa and Middle East
- Mass flow excavation much improved
- South African market weak

### Acquisitions

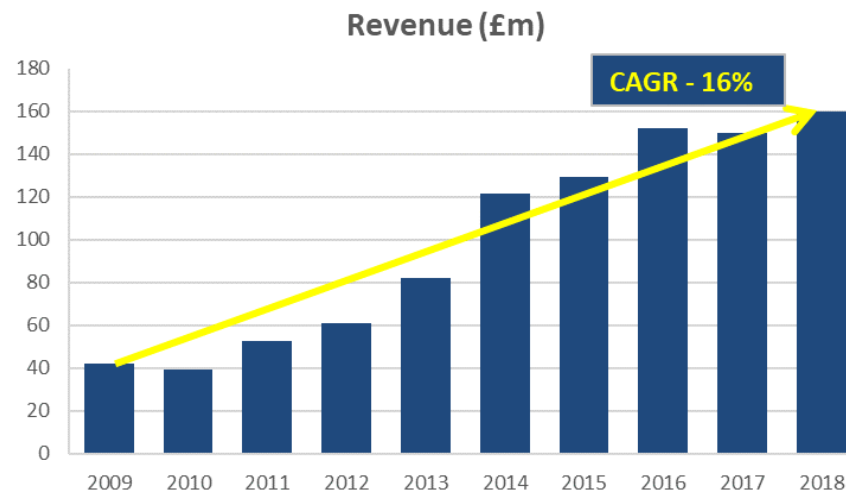
- Martek Marine
- Murjan







	2018	2017	change
revenue (£m)	159.6	149.6	+7%
profit (£m)	20.9	18.8	+11%
margin (%)	13.0	12.6	+40 bps
ROCE (%)	18.5	18.5	-



## JFD

- Delivered two submarine rescue vessels to Indian navy
- Progressed well on saturation diving systems for Shanghai Salvage
- £30m submarine rescue order from South Korean navy for delivery by 2021
- Orders for 6 swimmer delivery vehicles worth £20m
- Cobra wins subsea industry award for innovation in safety
- New defence rebreather launched

## JF Nuclear

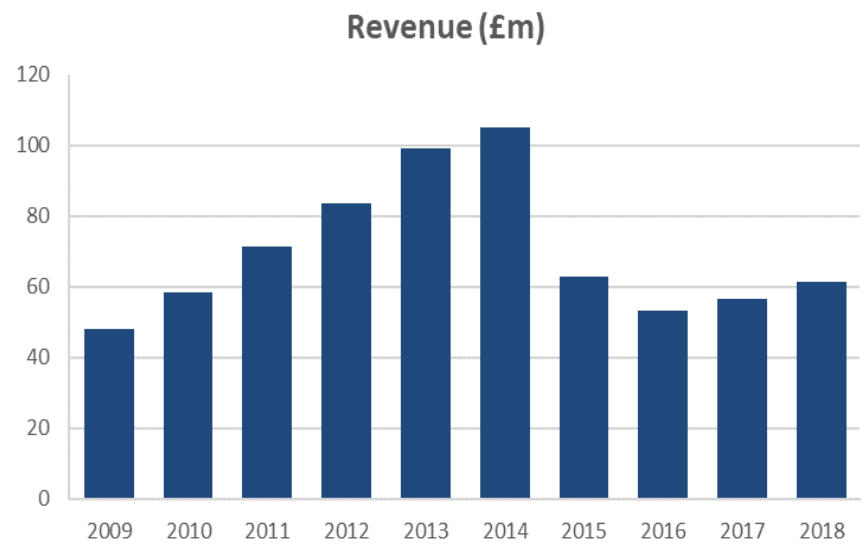
- Contract to decommission core reactor at Winfrith delayed by 18 months







	2018	2017	change
revenue (£m)	61.5	56.4	+9%
profit (£m)	5.1	3.6	+42%
margin (%)	8.3	6.4	+190 bps
ROCE (%)	4.3	3.0	+130 bps

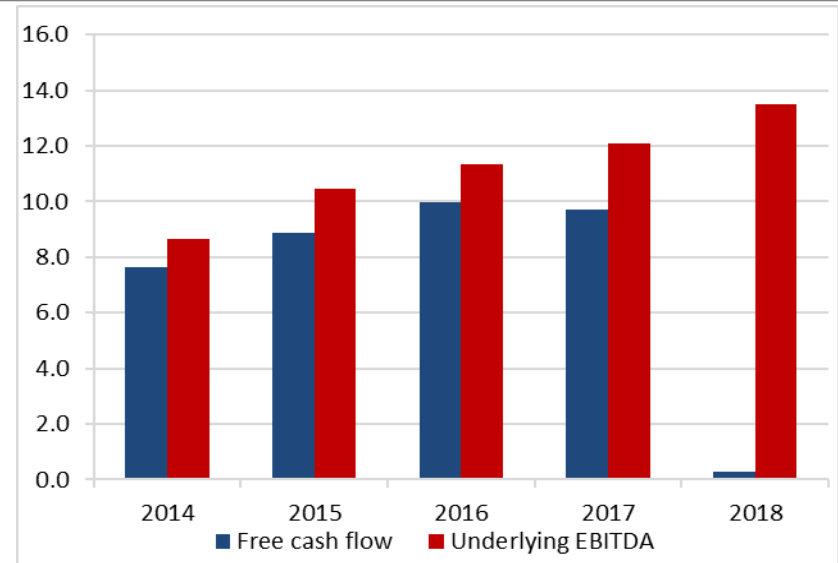


- Positive revenue trend +9% in 2018 (2017: +2%)
- Strong profit growth drives margin up 190 basis points
- Underlying Ebitda up 17% to £15.5m (2017: £13.2m)
- Strong year from artificial lift business, RMSpumptools
- Improved financial performance in Norway
- Subsea market flat but improving prospects





	2018	2017	change
revenue (£m)	60.7	57.0	+7%
profit (£m)	9.9	8.8	+13%
margin (%)	16.3	15.4	+90 bps
ROCE (%)	37.8	34.2	+360 bps



- High vessel utilisation and operating cost savings drove profit growth
- Ebitda of £13.5m (2017: £12.1m)
- Operating margin up 90bps to 16.3%
- 2 more modern, second hand vessels acquired under fleet modernisation program for £10.6m





## **Marine Support**

- Well positioned for integrated service contracts in offshore wind
- Good order book in Middle East and Africa
- World leader in ship-to-ship services

## **Specialist Technical**

- Secured South Korean submarine rescue vessel
- Strong pipeline of opportunities but no influence over timing of contract wins

## **Offshore Oil**

- Well positioned for further upturn in sector

## **Tankships**

- Good market position with strong cash generation

## **Bolt-on Acquisitions**

- Martek acquired for £9m in January 2019
- Murjan acquired for £4m in January 2019



	Shore Staff £m	MNOFP £m	MNRPF £m	2018 £m	2017 £m
At 1 January	5.8	6.8	7.2	19.8	26.8
<b>Contributions</b>	(1.8)	(1.8)	(1.8)	(5.4)	(4.5)
Actuarial loss / (gain)	0.3	-	0.8	1.1	(3.2)
<b>Income statement</b>	0.3	0.1	0.2	0.6	0.7
	4.6	5.1	6.4	16.1	19.8

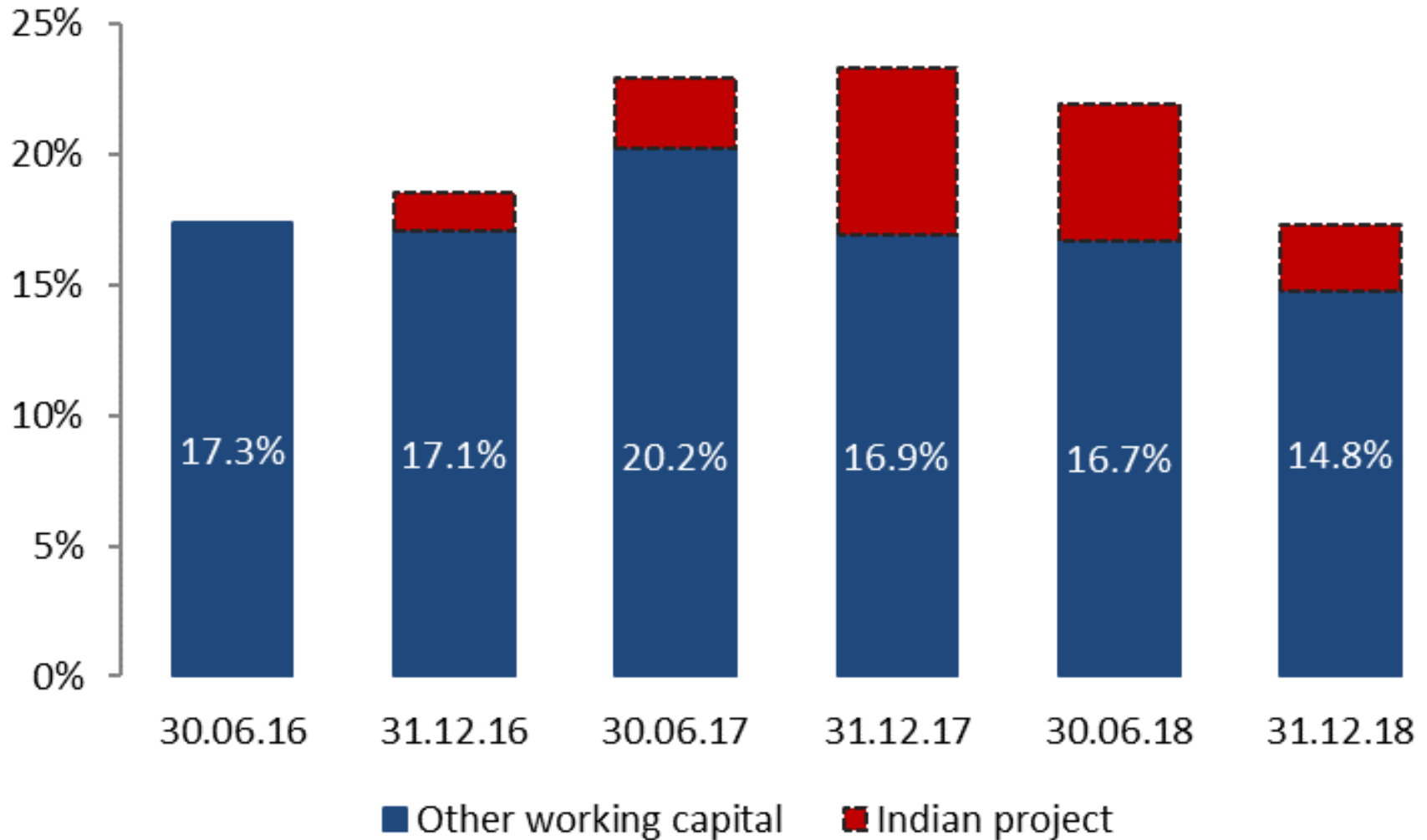
- £3.7m reduction in net liability
- £5.4m paid in 2018; c. £9m for 2019 (MNRPF catch up of £4m)



## Effect of India submarine rescue vessels on working capital

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### Working capital:sales





## IFRS 15 adjustments to 2017 full year

	2017 as reported £m	adjustments £m	2017 restated £m
revenue	505.4	(6.1)	499.3
cost of sales	(350.9)	4.3	(346.6)
gross profit	154.5	(1.8)	152.7
administrative expenses	(98.7)	0.1	(98.6)
underlying operating profit	55.8	(1.7)	54.1
separately disclosed items	(1.3)	-	(1.3)
interest	(5.5)	-	(5.5)
profit before taxation	49.0	(1.7)	47.3
taxation	(8.3)	0.4	(7.9)
retained profit	40.7	(1.3)	39.4



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