James Fisher and Sons plc
Pioneering Sustainably

Presentation of Results for year ended 31 December 2024

Speakers:
Jean Vernet, Chief Executive Officer
Karen Hayzen-Smith, Chief Financial Officer

Thursday 20 March 2025

Welcome

Heather Nisbet, Group Treasurer, James Fisher and Sons plc

Good morning, everyone.

Thank you for joining our presentation today.

I'm Heather Nisbet, Director of Treasury and Investor Relations at James Fisher.
I'm pleased to welcome those in the room - and on our webcast.

Before we start, I'd like to run through some housekeeping and logistics with you.

Firstly, for those in the room, we're not expecting any fire drills today so if there is an alarm, please follow the instructions and make your way to the nearest exits, as indicated.

Please turn all mobile phone devices off or on to silent.

After the presentation there will be an opportunity for Q&A, both in the room and via the webcast.

If you are on the webcast, please add your question in to the Q&A function.

Disclaimer

Finally, please note the disclaimer on slide 2.

And with that, I'll hand over to our Chief Executive Officer, Jean Vernet.

Agenda

Jean Vernet, Chief Executive Officer, James Fisher and Sons plc

Good morning, everyone, and thank you for joining our 2024 full year results earnings call.

I am pleased to be joined by our Chief Financial Officer, Karen Hayzen-Smith.

Together, we will provide an update on our full year results.

I will start by going through the business highlights and Karen will provide an overview of our 2024 financial results.

I will then give a strategic update on the progress of our business turnaround, on how we are positioning the Company for growth.

At that point we will conclude and turn to Q&As.

Highlights

We are now two years into our business turnaround, and we have made solid progress.

The first phase around 'focus and simplify' is nearly complete, guided by our OJF operating model.

Our organisation now creates greater synergies and builds strength - with a simplified portfolio that is better aligned to our customer verticals.

Our leadership team is accountable, cohesive and unified in driving execution.

The divestitures we completed in 2024 - at good value for shareholders - were necessary to de-lever the Group and strengthen our financial foundations; this allowed us to successfully refinance our debt with less onerous facilities last September.

We are now on stronger footings to move in 2025 to the next phase of our turnaround, positioning ourselves for growth in aligned markets and subsegments.

We will continue to improve our safety, talent, innovation and productivity through a focus on execution and accountability.

Now let's spend a minute on our business portfolio as it stands today, and as it will drive the Company going forward.

We are James Fisher

Our purpose at James Fisher is to solve our customer challenges in the Blue Economy.

Our activities serve three business verticals, with growing convergence between Energy and Defence.

The Energy division helps our customers meet a growing global Energy demand, more efficiently, safely and sustainably as they progress through their Energy Transition roadmap.

For example, our oil and gas services make our customers' operations safer and less carbon intensive, while in offshore wind, we protect the sea life during construction, and we lower operating costs through smart monitoring and repair services of components such as high voltage cables and blades.

The Defence Division supports and saves lives under water thanks to our global leadership in submarine rescue, rebreathers for combat divers, and stealth mobility solutions for Special Forces.

We deploy and serve our customers wherever they need us in the world, promoting interoperability across partner nations.

Maritime Transport ensures on-time delivery of critical Energy products through coastal shipping in selected geographies but also enables ship-to-ship transfer of oil and gas third party cargoes, globally.

We have the highest reputation for safety and quality, and this explains why we have some customer relationships extending over decades.

We will continue to simplify our portfolio; and constantly review the FIT of its components, while at the same time, we will focus and invest in opportunities where we can scale profitably.

I will cover this with more colour, later. But I'll now handover to Karen who will walk you through our Financial Results.

Over to you, Karen.

Financial results

Karen Hayzen-Smith, Chief Financial Officer, James Fisher and Sons plc

Thank you, Jean and good morning, everyone.

I am pleased that we have been able to end the 2024 year in a stronger position and with a positive set of results.

Overall, we have continued to deliver on our key turnaround priorities.

Proceeds from the sale of businesses and assets provided funds to pay down debt and strengthen our balance sheet.

We refinanced our facilities on better terms in September and continued our focus on cash management, increasing profitability and improving margins.

Financial headlines

I will start today with the headlines.

Given the disposals, it is more appropriate if we consider the results adjusted for the impact of these and illustrate growth on a like for like basis.

Revenue was up 8.6% driven by a stronger than expected second half performance, mainly in the Energy division.

Operating profit was up 31% to £22m excluding disposals with a margin of 5.4%.

Although the margin was up 90 basis points it has reduced on a restated basis given RMSpumptools was a higher margin business.

In the unadjusted position revenue was down 11.8% overall and operating profit was flat.

And net debt was £61m on a covenant basis to give a net debt to EBITDA ratio of 1.4 at 31st of December - within our target range.

Lastly, Return on Capital Employed also increased to 8.2% which is a 160-basis point uplift reflecting our continued focus on profitability and improvements in working capital.

Revenue bridge

If we now turn to the next slide and look at the revenue bridge where I have a few movements to explain.

Revenue declined year on year by £68m due to the impact of the closure of the Subtech Europe business and activities related to the sale of the Sword-Fish vessel in 2023 which was operating in the inspection, repair and maintenance part of the business.

Revenue was also impacted by the RMS disposal from July last year and the disposal of Martek Marine. Excluding these, revenue increased by 8.6% year on year.

On the continuing businesses there was an £18m increase. This is explained by Energy services having good revenue growth with a strong performance in Well Services and also in the Bubble Curtain product offerings.

Tankships had a solid year with Defence also having an uplift in revenue.

However, this was offset by a decline in the ship-to-ship transfer Product Line due to a quieter year with a lack of LNG transfers and experiencing timing delays in the sale of fender products.

Operating profit

Moving on to operating profit where there are also a number of moving parts.

Although revenue declined significantly due to Subtech Europe and Swordfish closures, there was minimal impact at an operating profit level as Subtech Europe had been loss making and the vessel activities were low margin.

Excluding disposals, profit was up 31% from £16.8m to £22m.

There was also a net profit impact of £1.2m from the volume changes highlighted on the previous slide - with the Energy division up, offset by Maritime Transport being down.

I will also highlight a few points in the Energy division to explain some non-recurring items.

In the year, we continued to review our asset portfolio and sold assets in the Life of Field business, generating a gain of £3.5m.

This was more than offset by losses in the Decommissioning business. We are focused on the turnaround of this business which is now moving closer to a sustainable breakeven position.

Lastly, as highlighted at the recent trading update, 2024 benefitted from additional profit on a Mozambique contract which will not repeat in 2025 given the conclusion of the project in Q1 this year.

Overall, the net impact of these three items is around £3m non-recurring.

Finance performance

The next slide provides a profile of the continuing businesses following the simplification of the Group and illustrates growth on a like for like basis.

We achieved a CAGR of 6% looking back over the last few years. And as we look forward, we do recognise that there are businesses that are not quite performing at their full potential or at desired hurdle rates.

We have made progress in the year, and we will continue to assess or turnaround these in 2025.

Following the disposals, the profit margin is 5.4% for 2024. Therefore, we are focused on increasing this by reducing our overall cost base and have made savings in 2024 and will continue to do so throughout 2025 with a programme in place to accelerate our efforts.

The efficiencies would be from self-help, supply chain and productivity initiatives and driving businesses to perform at our hurdle rates which Jean will discuss in more detail later.

We will be balancing these actions with a desire to build capabilities to ensure we have a platform from which to grow.

Energy

If we now turn to look across the divisions.

Energy was restructured organisationally in the year into Energy Services, Renewables and Inspection, Repair and Maintenance.

Overall, the Energy Division had a good year with revenue up almost 18% before disposals: Energy Services benefitted from projects continuing beyond the normal seasonal timeframes in the Well Services business.

There was strong activity in Bubble Curtain which crosses both Energy Services and Renewables in our existing markets of the Middle East and Africa and newer markets of Taiwan and the US.

Renewables now accounts for approximately 33% of Bubble Curtain revenue
(up from 30% in 2023).

We are well positioned to adjust resources to take account of macro and political changes across both Energy Services and Renewables Product Lines.

IRM delivered a 60% increase in revenue, rising from £40m to just under £63m. This growth was primarily driven by strong performance in Africa on a major port infrastructure project in Mozambique which is nearing completion.

Operating profit excluding disposals increased to £18m in the year mainly from volume uplifts and benefitting from the non-recurring items outlined earlier.

The Energy division is focussed on achieving synergies and efficiencies to improve profitability further across its Product Lines.

Defence

Moving on to the Defence division.

Revenue increased year on year to £80m, driven by a good performance in submarine rescue, Defence diving, and submarine platforms, together with a small increase in operating profit to just under £2m.

The lower operating profit also reflects the continued investment in capabilities to scale the business and develop new products.

The outcomes for the year do not fully reflect the progress or potential in Defence. I am pleased to say that the order book has seen improvement in the last quarter of 2024 and finished the year with an order book of £306m, up **37%** on the prior year.

This includes orders for submarine rescue services and the largest order we have received to date is for a number of Tactical Diving Vehicles.

Whilst some procurement processes are slower than we had hoped, we anticipate growth in Defence across all Product Lines.

The division also focused on strengthening its service offerings in Australia and establishing a US presence.

Maritime Transport

If we turn to Maritime Transport.

The division had a solid performance in Tankships with revenue up 5.8%.

We had less vessels in the year but managed to retain revenue at £80m.

The spot market held up well and utilisation of the fleet was 89%.

The Cattedown business also had a strong year with increased activity through the port.

If I strip out Martek from the figures for Fendercare shown on the slide 13, revenue was down 10.6% from £70m to £62m which was a disappointing performance.

The LNG market has not recovered in 2025 (which is a profitable part of the business).

Although there is good market growth potential in LNG, the conditions have just not been right to drive the LNG transfers.

Brazil continued to perform well but higher vessel costs impacted profitability in an otherwise strong market. In addition, 2024 was impacted by product orders for fenders slipping into 2025.

Operating profit overall was down reflecting the drop from the Martek disposals and the revenue shortfalls as just outlined.

Underlying results

Let me move on to some of the other areas of the income statement.

Net finance charges were down from £21.3m to £17.6m reflecting the drop on interest costs as a result of the debt levels being reduced in the year.

The tax expense on underlying profits from continuing operations for the year is £6.4m representing an underlying effective tax rate of 28%.

Statutory reporting

If we turn to the statutory reported figures, I will just pick up on a few items on this slide.

The operating profit finishes the year at £73m.

You will note the gain of £55m arising from the disposals of assets and businesses in the year.

We continued to incur advisory costs related to managing the revolving credit facility of £3.5m up until the refinancing in September 2024 (but a significant reduction on the prior year and should be at minimal levels going forward).

Cash Flow

If we turn to the cash flow, I will pick out a few points of note:

Working capital continues to be well managed and we saw a net working capital inflow of £4.2m.

The improved cash collection also reflected in DSO days which dropped to **42 days** from 45 days in the prior year.

Net interest paid was £17.4m with an average interest rate of around 10% for the year - which is £20.4m of bank interest offset by £2.8m interest income.

Capex including development expenditure was £31.7m.

This included investment in further compressors and other equipment to meet continuing demand in Energy Services and deposits on the Tankships rebuild programme together with investment in new product development in Defence.

Net disposal proceeds in the period of £106m related to the business and asset disposals already discussed.

This gave an overall net debt movement inflow of around £88m taking net debt to £56m.

Net Debt

Continuing on the subject of debt, this slide shows the progress made over the last year in reducing our debt and financing costs.

The interest rate has dropped by 150 BPS to around 8.5% as planned with significant savings in legal and other banking fees.

Net debt finished the year at £61m on a covenant basis giving a net debt to EBITDA of 1.4. We will seek to maintain debt within our target range although we are expecting an increase at H1 due to the seasonality of the businesses and contract phasing.

The graph on the right shows interest cover which is 9.6 times at 31st of December as the calculation was boosted by interest rate swap terminations - this will drop to around 5 times during the year.

In support of our growing Defence business, we have agreed a £12.5m General Export Facility this month split £7m to fund working capital and £5.5m to allow issuance of bank guarantees.

We remain focused on working capital in managing our inventory levels and on debtor collection.

Guidance for 2025

Turning to Guidance for 2025.

Our core markets remain positive, and guidance is unchanged. As with 2024, it is weighted towards H2.

I have a few points of technical guidance to finish:

RMSpumptools contributed £24m of revenue and £6.8m of EBITDA.

Martek contributed £7.5m of revenue and £0.7m EBITDA.

2025 revenue should also be adjusted for the Mozambique contract concluding in Q1 2025 (full year impact is around £35m).

Capital and development expenditure is expected at similar levels to 2024 at £30 -£35m.

We remain focused on affordability, payback and meeting our hurdle rates before capex expenditure is approved.

We expect bank interest rates of around 8.5% (before base rate reductions).

And on tax, we are continuing to guide to an effective tax rate of 29%.

Results wrap-up

Therefore, to wrap up the financial update, I would say that:

- We had a decent second half with an overall improved 2024 performance.
- We delivered on our important turnaround actions, deleveraging and strengthening the balance sheet, improving our cash position, and simplifying the business.
- Overall, we have stabilised the Group in the year to position for growth but there is more to do to improve our performance and increase margins in the medium term.

  I will of course answer questions later, but I will now hand back to Jean to take us through the rest of the presentation.

Turnaround Update

Jean Vernet, Chief Executive Officer, James Fisher and Sons plc

Thank you, Karen.

Initial chapter of turnaround complete as planned

During our interim results, we provided an update on progress as we reached the half-way point of our business turnaround.

Since then, we have simplified the portfolio further through the sale completion of RMSpumptools and Martek.

One of the significant milestones achieved since our interim results, is the successful refinancing of our Revolving Credit Facility.

The Group’s new facilities, contracted with four major banks, significantly reduce administrative costs and provide increased flexibility to support the business.

I would like to thank our lenders for their trust and continued support as we enter the next chapter of our turnaround.

To support simplification and delivery - we have now recruited our full executive team, implemented our OJF business model and launched a ‘self-help’ programme.

We are also encouraged by the additional progress made with our Company Priorities, which underpins our business turnaround strategy which I will now cover.

2024 Company Priorities

Exceptional Safety – although overall performance fell slightly short of our ambitions for the year, two of our three divisions achieved or surpassed their safety goals. We made positive progress through improved awareness, enhanced training and comprehensive procedures and protocols which we are now embedding in the 2025 objectives of all employees.

Foundations for Growth – as I explained earlier, we successfully refinanced our bank facilities and made good progress towards our medium-term financial targets. I'll talk shortly about the pathway to achieve our underlying operating profit targets.

Pipeline of Talent – the pace of our five-year people strategy was impacted by our new CHRO only joining in the second half of 2024. Nevertheless, we launched an enhanced performance management process, new rewards project and apply informed and consistent decisions on people and talent. We value diversity and support our apprentice and cadetship programmes.

Employee Engagement – during another significant year of change, our employee engagement survey scores improved. We remain committed to strengthening our engagement, which is a key element needed to inspire and deliver on the One James Fisher vision as a team.

Strong Supply Chain – a new cross-Divisional supply chain function was established in 2024, with a central procurement function that has already achieved £1m in cost savings. This is very early-stage, and we look onwards to delivering much greater savings from our chain of suppliers.

What we have achieved in the two years

Reflecting on the last two years, we have achieved quite a lot through our commitment to 'focus, simplify and deliver'. And I would like to thank once again all our colleagues who have been driving and executing on this agenda through their hard work.

We have reset the financial baseline of the business and Karen has already covered this; in two years, the UOP margin has increased by 120 BPS and ROCE by 290 BPS. We have also downsized our credit facilities and built a healthier balance sheet.

A key enabler of the turnaround has been disciplined and rational investments decisions.

As Karen mentioned, we have invested around £30m in capex projects delivering superior returns - well above our hurdle rates - while ensuring the continued modernisation of our Tankships fleet.

I am also encouraged by the steps we have taken to improve financial discipline and compliance across the business, which is essential to manage our risks and deliver more effectively.

Overall, the hard work is paying off and as we enter the next chapter of our turnaround, our priorities are clear.

But our recovery is still early stage, and our priorities for 2025 are designed to solidify our recovery.

Company Priorities for the next chapter

Exceptional Safety – remains our number one priority, embedding a culture that protects our people from harm under any circumstances. This will continue to be measured through a reduction in total recordable case frequencies, which is a standard measure of safety.

Customer Excellence – places our customers at the centre of the business. Building on last year, we are implementing a commercial framework and a culture of the highest standard consistently across all our business units. A culture that enables us to bring novel solutions that solve our customers' biggest challenges. This will be measured against progress on our UOP and ROCE targets.

Pipeline of Talent – we will continue to execute on our five-year strategy to attract, retain and invest in our talents and expertise. As a service technology company, our colleagues are the key agents of our success. We will gauge progress through our engagement score.

New Product Development – we will drive innovation and a pipeline of unique solutions that make our customers more competitive. This will be measured by our ability to introduce differentiated products and to grow revenue vitality.

Strong Supply Chain – building on the early progress from last year, we will continue to drive supply chain integration, building stronger strategic partnerships, driving greater efficiency and supporting our global reach. This will be measured through our cost savings and is a key contributor to Gross Margin and ROCE improvement.

As you can see, these priorities continue some of the long-term programmes we started in 2024, complemented with new priorities which position us for growth.

I'd like now to walk through our bridge to achieving 10% underlying operating performance - key measure of our turnaround.

Key drivers to our 10% UOP target

We are acting on four levers to step-up our UOP margin to 10%, with each contributing almost equally to our target.

First, continuing to improve business performance within the portfolio, every business unit must achieve returns above our hurdle rates; we have seen good progress made in Energy.

We also see additional opportunities to improve performance across the board.

In addition, in 2024 we launched a self-help programme. The goal is to calibrate and reshape our support functions; to design an organisation that better supports the business units so that, when they scale, support functions drive productivity, leading to higher profit fall-through.

Thirdly, Defence revenue base has been sub-scale; and yes, we have seen green shoots of recovery, driving up order pipeline at the end 2024.

A lot more needs to be achieved, and the leadership team is driving this hard.

The division currently has the resources to drive this inflection in revenue, and on that basis, a step-up in revenue will result in healthy fall through to operating margins.

Last year, we started a three-year Supply Chain transformation journey to integrate the function and harness an expert, leaner, fitter practice that can strategically support our business globally.

This will be measured by shorter on-time delivery and will result in a lower cost base that will make us more competitive.

Of course, we do not intend to stop our ascent once we get to 10% UOP - we have within the Company the potential to reach higher grounds by increasing differentiation through technology and thanks to strong market tailwinds.

I'll now spend a few minutes on the market verticals and the trends that affect us, and how we position the Company for growth.

Positioning for growth

Transition slide – no commentary

Supportive end markets and megatrends

There are five megatrends affecting our market verticals, which are particularly relevant to Energy and Defence.

First, as Energy demand will continue to rise robustly, global warming will become worse, and decarbonisation will continue to drive the demand for safe, efficient, and sustainable sources of energy.

This is coupled with our second trend - the need for Energy security and reliable supply.

Third, the geopolitical environment is rapidly changing, reverting to a world governed through spheres of influence.

Government spend is about to step-up significantly across our home markets; while emerging global threats are driving record levels of spending in Defence, including marine warfare.

Digitalisation, Automation and AI will accelerate in transforming how business and broader society operate. It will provide an exciting option for us to bring greater efficiency, and faster decision making.

Finally, we are seeing increased localisation. Policies moving to favour a 'buy and spend local' approach, with the US leading the way through higher tariffs.

Within a fast-changing world, our end markets prospects are very exciting, but we must remain vigilant to keep our three Divisions aligned to these trends while continuously adapting.

Positioning for growth

We are positioning the Company for growth, acting upon the three levers which will lead to strategic growth.

1. Aligned strategic markets – our capabilities are tailored to growth areas of future spending, across the global Energy and Defence areas, while Maritime Transport must build higher barriers to entry, so we can preserve a predictable and attractive cash flow generation.

2. People and capabilities – we leverage our human capital through expertise, a spirit of service and some unique capabilities which can be deployed to customers around the world. We know how to operate safely in complex and hazardous environments, and we have done this for 178 years.

3. Innovation and technology – we partner with customers to provide new, innovative products that bring a competitive edge across a broad range of ecosystems. Our evolving product pipeline is tailored to growing markets and megatrends, including security, autonomy and electrification. Now, let's spend a few minutes on each of these levers, first on the markets.

Aligned strategic markets, seven key focus areas

Within our current business portfolio, we have identified seven sub-segments across Energy and Defence, which have the potential to accelerate our growth and our size because they are heavily aligned to the macro trends.

We have a proven track record for some of these sub-segments which demonstrates that when we focus, we can deliver fast and scale operations.

These include Big Bubble Curtains, submarine rescue and tactical diving vehicles, where we invented these products and services, and continue to innovate ahead of the competition.

Across all seven subsegments, we differentiate and see opportunity for sustainable growth against the underlying market.

We have set four key criteria that will allow us to select and scale these businesses.

Across Big Bubble Curtain, well services, and all Defence segments, our experience and attractive market share puts us in an excellent position to embrace the secular inflection points we see in these markets.

In the case of offshore wind power generation (cable, blades and O&M), the market is extremely fragmented and nascent, and this presents an opportunity.

I believe that the new technologies which we are developing at pace to solve the massive challenges of this industry will be a strong driver of our growth. I will provide more colour shortly on two examples.

And of course, in Maritime Transport, we are already investing in our fleet replacement programme, to meet long-term demand for significantly more efficient and sustainable tankers.

People and capabilities

When it comes to the second lever - people and capabilities - we are a service technology

Company at heart.

We employee nearly 1,900 people globally across 23 countries in most major operating regions.

We differentiate ourselves by being a trusted advisors with deep expertise working in complex and hazardous environments. This is demonstrated through credibility, superior service, and our ability to innovate.

Energy is an excellent example of this, where we pivoted our oil and gas expertise in air compression for the emerging offshore wind market, and I will illustrate that in a moment.

In Defence, we continue to lead the industry through customer intimacy and understanding. Our ability to translate this into a bespoke product or service is what makes our name.

In Maritime Transport where reliability is paramount, customers trust our reliability because of the safe, professional and diligent care for our seafarers on every voyage, every single day.

Our employee engagement score is a key measure of employee satisfaction.

Innovation and technology

Innovation and technology are key elements to our success.

Following the appointment of our new Chief Technology Officer in early 2024, we developed and embedded a new product development engine to be deployed across the entire company.

This is key to building a continuous pipeline of new products that address the evolving needs, always keeping in mind reliability, efficiency and sustainability.

By leveraging partnerships with customers, academia and our supply chain, we can deliver an agile innovation pipeline.

Our technology effort is guided by our business strategy and can be directed organically - or complemented through partnering with smaller entrepreneurial companies - to co-develop early-stage technologies.

In 2025, we are making this approach to third-party technology, methodical through the launch of a Corporate Venture Capital practice. This will be measured through vitality - our revenue generated by the technology invested.

Big Bubble Curtains in action

Let me now illustrate how we combine expertise, technology and partnerships using the example of Bubble Curtains.

With offshore wind set to build an additional 120GW by 2030, (excluding China), the industry was looking for a solution that would reduce environmental noise pollution to protect the sea life during piledriving operations.

Six years ago, through a strategic partnership, James Fisher led the way in advanced compressed air solutions design for big bubble curtains.

This technology is proven to be the most effective method for reducing underwater noise by up to 95% with our compressor design, reducing carbon emissions by up to 40% compared to standard compressors.

This has been a steep learning curve, from understanding the market opportunity and positioning ourselves in the customer value chain, through to improving operational delivery and efficiency.

Over five years we are now winning repeat business and are a global market leader. I will now walk you through this journey in a little more detail.

How we scaled Bubble Curtains

This timeline shows our agile business model, pivoting into growing nascent markets, scaling our operations through quick decision making and engineering expertise.

From an idea in 2018 to scaling operations in 2024, we have listened to the customer pain points and have provided a solution the reduces customer cost to deploy through reducing vessel requirements, resulting in approximately 30% cost saving whilst being more efficient.

We are proud of this product offering as it is truly sustainable and plays an important role to protect our marine environment.

Looking forward, it is easy to move this product globally as it is vessel agnostic (which differentiates us from others). Market tailwinds, combined with a growing adoption of sea life protection policies across nations, give us confidence in its further potential across North East Asia, Northern Europe and North America, where we are already the market leader.

Defence in action

Moving on to Defence, let's talk about submarine rescue.

Firstly, it is worth noting some of our statistics:

We are responsible for 4 out of 5 of the world's fly away rescue systems.

We have delivered 5 out of 6 of the world's free swimming rescue vehicles.

We have 40 years of expertise in the industry, delivering for navies with year-on-year contract renewals.

Our customers depend on 'rescue readiness'. These systems and their teams must be ready to deploy at short notice every day of the year.

We deliver 98% availability supported by our locally based, globally deployable teams; this availability is well above most naval vessels and systems.

Submarine rescue is one of the areas we have selected to grow the business as trends shows a significant inflection growth in the size of submarine fleets, and the need for more inter-operability between partner nations.

We also see an increasing convergence between submarine rescue and deep diving, as navies develop new ways to protect critical underwater infrastructure.

We have differentiated ourselves from others, as we have looked for ways to continuously improve our service through technology, for example, enhancing our digital communication tools and upgrading our digital monitoring of casualties' health to ensure injured submariners receive proper care as soon as possible.

To invest in these growth opportunities, we must be rigorous with our use of funds, and I will now talk about how we achieve this through our capital allocation framework.

Our Capital Allocation Framework

The financial discipline we implemented over the past two years enabled us to have a much better handle on managing our free cash flows.

We also have designed an organisation that puts capital allocation at the centre of business decisions. This is guided by simplicity and focus, avoiding distractions with more time to spend on the most promising of our opportunities.

In the capital allocation pecking order, organic investment is first: we invest £30m to £35m a year on capex in opportunities with compelling economics, with strong business rationale, that support better delivery to customers, minimise the risks we don’t control, and therefore enhance our growth potential.

We will not discard opportunistic small bolt-on investments, but with higher hurdle rates on business rationale and financial metrics.

The second priority is to use funds to maintain a conservative capital structure.

You saw our progress in 2024 to rebalance our debt/equity, and our leverage is now within an acceptable range. We will closely monitor to stay within that range and continue to optimise by controlling our cost of debt.

Priority number three, ordinary dividends. Although the Company is healthier than three years ago, we are unable to reinstate a dividend in 2024.

But we are committed to doing so once we are confident that we have regained a predictable and repeatable annual return in excess of our investment needs.

Conclusion and 2025 outlook

In conclusion, I am encouraged by our 2024 performance, ending the year in a stronger financial position and with our business better positioned for growth.

We are delivering on our business turnaround strategy and while much remains to be done, we are moving forward.

We have reduced our leverage significantly, which allowed us to refinance the debt under improved terms. This provides a stable capital structure from which to grow the business and execute our strategy.

We are progressing towards our strategic financial targets of 10% UOP and 15% ROCE through a combination of improved business unit performance, self-help, rebound of the Defence business, and continued supply chain integration.

Once we have reached our financial hurdle rates, there is no reason to stop there - supported by the market tailwinds of Energy and security - and driven by innovation.

Market conditions remain supportive, but we are mindful of the near-term geopolitical and macro-economic uncertainties.

Our February year to date trading was in line with management expectations and we remain confident about making further progress this year.

We have the passion to succeed, and we are committed to achieving these strategic ambitions.

Our purpose and mission remain unchanged, to harness the Blue Economy through the provision of safe, innovative solutions that solve our customers' complex challenges.