James Fisher and Sons plc
Pioneering Sustainably

Full Year Results

for the year ended 31 December 2021

10 March 2022

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Eoghan O'Lionaird

Chief Executive Officer

Duncan Kennedy

Chief Financial Officer

Overview

- **A challenging year for the Group**
  - Markets did not recover at expected rates; underestimated business headwinds
  - Revenue -£24m (-5%) vs 2020; Underlying operating profit -£12.5m (-31%) vs 2020
  - H1 affected by UK lockdown; H2 further affected by project delays and provisions
- **Turnaround activities underway**
  - Sale of Paladin and two businesses generated c.£20m cash; Swordfish on hire for 2022
  - New contract wins in EDS (£40m+ over 15 years) validating our renewables value proposition
  - Good access to financing with £200m facilities secured until at least 2024
- **2022 priorities are clear**
  - Focus the business on core markets and reduce net debt
  - Drive change agenda, focused on improving operational and financial performance
  - Recruit and retain key talent against backdrop of inflationary and competitive pressures

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Financial Review

Financial Summary

	Underlying*			Statutory		
	2021	2020	*Change %*	**2021**	2020	*Change %*
Revenue (£m)	**494.1**	518.2	*(5)*	**494.1**	518.2	*(5)*
Operating profit/(loss) (£m)	**28.0**	40.5	*(31)*	**(20.7)**	(43.5)	*52*
Profit/(loss) before tax (£m)	**19.7**	31.5	*(37)*	**(29.0)**	(52.5)	*45*
Diluted EPS (p)	**20.0**	47.9	*(58)*	**(55.2)**	(114.2)	*52*
Dividend per share (p)	**-**	8.0		**-**	8.0	

- Sequential improvement from Q1 to Q3 was stalled in Q4 by project delays and provisions
- Currency headwind impacted revenue by 2.1% and operating profit by 4.5%
- Loss before tax of £29m, albeit a reduction in separately disclosed items compared to 2020
- The Board has not recommended a final dividend

* excludes separately disclosed items

Income Statement Summary

	2021	Margin %	2020	Margin %
Revenue	**494.1**		518.2	
Cost of sales	**(374.1)**		(380.6)	
Gross profit	**120.5**	*24.4%*	137.6	*26.6%*
Admin expenses	**(92.5)**		(97.1)	
Underlying operating profit*	**28.0**	*5.7%*	40.5	*7.8%*
Net finance expense	**(8.3)**		(9.0)	
Underlying PBT*	**19.7**		31.5	

- Robust gross margins at 24%; rolling out an operational excellence programme aimed at improvements
- Gross margin mix affected by reduced, higher margin, STS contribution
- c.£5m reduction in SG&A vs 2020
- UOP margin reduced to 6%; bad debt and inventory provisions dilutive to margin by 70bps
- Actions in place to manage impact of inflationary pressures on cost base in 2022

* excludes separately disclosed items

Divisional Performance

	Revenue			Underlying operating profit*		
	2021	2020	*Change %*	**2021**	2020	*Change %*
Marine Support	**214.5**	249.4	*(14)*	**5.0**	10.1	*(50)*
Specialist Technical	**133.2**	130.4	*2*	**9.9**	14.0	*(29)*
Offshore Oil	**86.3**	78.0	*11*	**11.1**	11.2	*(1)*
Tankships	**60.1**	60.4	-	**4.8**	8.0	*(40)*
Central costs				**(2.8)**	(2.8)	-
Total	**494.1**	518.2	*(5)*	**28.0**	40.5	*(31)*

- All 4 divisions profitable against a backdrop of challenging end markets
- Marine Support down due principally to STS; inventory provision of £2.7m against Fendercare products
- Robust trading performance in Specialist Technical offset by £2.5m write-off
- Good growth in Offshore Oil; continued momentum in bubble curtains; bad debt provisions of £1.8m
- Tankships recovered well from a poor H1 following UK lockdown; margins under pressure from additional COVID-related operating costs and lower spot charter rates during 2021

* excludes separately disclosed items

Cash flow

	2021 £m	2020 £m
Underlying operating profit *	**28.0**	40.5
Depreciation and amortisation (IAS 17)	**28.1**	34.2
Underlying EBITDA *	**56.1**	74.7
Working capital	**(8.1)**	19.5
Pension / other	**(0.9)**	(6.5)
Operating cash flow	**47.1**	87.7
Cash outflow on separately disclosed items	**(1.7)**	(3.9)
Interest paid & tax	**(13.2)**	(14.6)
Net capital expenditure	**(8.9)**	(17.8)
Businesses acquired/disposed	**5.1**	(7.1)
Other	**(0.8)**	(5.9)
Net cash inflow	**27.6**	38.4
Net borrowings at 1 January (IAS 17 basis)	**(175.0)**	(203.0)
Non-cash movements	**-**	(10.4)
Net borrowings at 31 December (IAS 17 basis)	**(147.4)**	(175.0)

* excludes separately disclosed items

- Improvement in working capital position in H2 21 following receipt of JFD milestone and Mozambique monies

- 2021 includes $17.3m (£12.6m) Paladin proceeds

2021:
- Acqn of Subsea Engenuity
- Sale of JFTS and NDT

2020:
- Acqn of Fathom plus deferred payments on prior transactions

Committed Bank Facilities

Headroom at 31 December	Drawn	Undrawn
Existing facilities	176.0	**111.5**

Covenants		31.12.21	31.12.20
Net debt* : EBITDA	< 3.5x	**2.9x**	2.8x
Interest cover	> 3.0x	**5.4x**	6.1x

* includes bonds and guarantees of £8.4m (2020: £28.3m)

Facilities maturity profile – with/without extensions (£m)**

Expiring	2022	2023	2024	2025	2026
With	40	-	87.5	30	130
Without	40	47.5	200	-	-

New syndicated facility:

- £130m committed from 3 existing lenders
- £60m accordion allows for new lenders
- 3+1+1 term
- Covenants in line with current facilities
- Pricing grid competitive vs facilities being refinanced

** Most facilities include standard +1 extension provisions that are expected to be renewed in the normal course, providing access to £247.5m of agreed facilities until 2024

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Operating Review

Marine Support

Marine Contracting:

- £40m+ 15-year contracts won by EDS for monitoring high voltage cabling performance at 3 offshore wind farms
- Swordfish on hire for entirety of 2022
- James Fisher Renewables brand launched, underpinning a coordinated market approach
- Contractual dispute in Mozambique settled before year end. Awaiting instruction for project recommencement

Fendercare:

- Ship-to-ship revenue 36% lower than a record 2020; unfavourable market developments in Malaysia and Brazil
- Continuing growth in inquiries for LNG STS services

DDS:

- Strainstall behind 2020 due to reduced construction activity
- AIS won contracts for Digital Twin solutions with BP and Chevron
- Beginning to see traction in offshore wind installations

	2021	2020
Revenue (£m)	**214.5**	249.4
Profit (£m)	**5.0**	10.1
Margin (%)	**2.3**	4.0
ROCE (%)	**3.5**	5.0

Specialist Technical

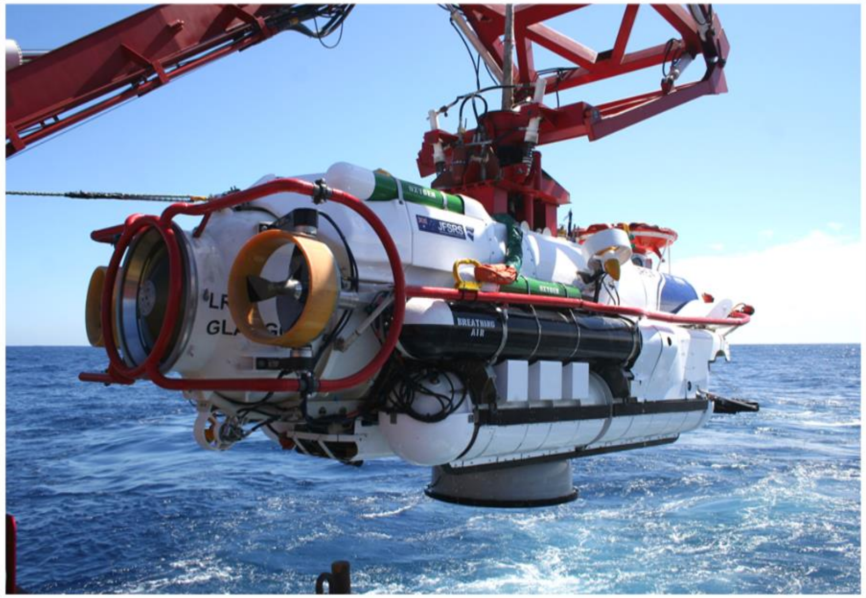
JFD:

- Submarine rescue vehicle successfully delivered to Korean customer in December
  - Additional cash milestones due in 2022 in relation to completion of multi-year projects: 500m saturation diving spread, swimmer delivery vehicles
- £20m four-year contract with UK MoD; first time JFD has been appointed as a prime contractor
- > £400m sales funnel of opportunities across all product and service lines; new project wins key for 2022 and beyond
- Some COVID-related delays in short-cycle diving equipment order intake

JFN:

- JFN's major nuclear decommissioning project at Sellafield continuing with new contracts signed in the period
- Good level of tendering activity in Q1 22 following a disappointing Q4 21

	2021	2020
Revenue (£m)	**133.2**	130.4
Profit (£m)	**9.9**	14.0
Margin (%)	**7.4**	10.7
ROCE (%)	**9.8**	12.9



Offshore Oil

Scantech:

- Strong growth in both Scantech businesses
- Bubble curtain demand continues to rise in renewables; noise attenuation mandatory in most territories worldwide; revenue increased from £3.9m in 2020 to £7.4m in 2021

RMSpumptools:

- Results are behind a very strong 2021 which included the completion of projects begun pre-pandemic
- Adverse FX impact as largely a USD revenue business
- Order book for 2022 in line with 2021

James Fisher Offshore:

- Strong order book frustrated by project delays
- Despite delays, decommissioning revenues increased by 13% to £8.0m
- Poor financial health of customer led to bad debt provision
- COVID-related challenges still hampering projects

	2021	2020
Revenue (£m)	**86.3**	78.0
Profit (£m)	**11.1**	11.2
Margin (%)	**12.9**	14.4
ROCE (%)	**10.2**	8.9

Tankships

- UK lockdown early in 2021 adversely affected Q1 performance
- Good recovery after a short-term dip in utilisation in September
- Increase in operating costs due to quarantining and other preventative measures; continue to prioritise the health and safety of our employees and crews
- Utilisation and day rates improving so far in Q1 22
- Two new dual-fuel vessels with reduced emissions commissioned; Delivery slated for late 2022/early 2023
- New charter in the Caribbean region commenced end 2021
- Cattedown Wharves volumes approaching levels achieved pre-pandemic

	2021	2020
Revenue (£m)	**60.1**	60.4
Profit (£m)	**4.8**	8.0
Margin (%)	**8.0**	13.2
ROCE (%)	**14.7**	25.5

Strategy and Outlook

Strategic Roadmap

Reset (2020-22)

Define purpose and valued behaviours; focus on critical and urgent

Reinforce (2021-23)

Fix portfolio; accelerate operational performance invest in energy transition

Realise (2023-25)

Top quartile sustainable profitable growth

Reset

- Reset to a "back to basics" approach — Complete
- Focus on select market niches — Underway
- Actively re-engage all stakeholders — Complete
- Fix or exit underperforming businesses and assets — Underway

Reinforce

- Reinforce foundations on which sustainable profitable growth will be built — Complete
- Define and deploy KPIs across all stakeholders — Underway
- Continue active portfolio management — Underway
- Invest in technology to fuel the energy transition — Underway

Realise

- Realise medium-term environmental and financial targets
- Deliver top quartile industry sustainable growth
- Accelerate growth of new business in energy transition

Complete | Underway

Change Agenda

- **People**
  - Strengthened operational control through enhanced divisional structures
    - Marine Support divided into three managerial units
    - Divisional MDs added to the Group’s Executive Team
  - Externally supported employee engagement survey providing catalyst for ongoing improvements
- **Process**
  - Driving Gross Margin improvements through operational excellence (Lean) and commercial excellence (Miller Heiman) programmes
  - More rigorous monthly business forecasts and focused cash management
  - Risk management and internal financial control improvement programmes underway
  - Finance system enhancements, starting in Fendercare and ScanTech
- **Portfolio**
  - Focus on core markets through simplification and rationalisation of the portfolio
  - Mid-to-long term growth opportunities identified

Outlook

- The Group is stabilising as we enter 2022, though markets remain somewhat unpredictable
  - Performance in January and February 2022 was in line with management's expectations
- Key factors influencing 2022:
  - STS performance, particularly in Malaysia and Brazil
  - New project wins for JFD
  - Strength of the mid-year "busy season" for marine projects
  - Ability to manage inflationary pressures on costs
  - Geopolitical environment
- H1:H2 weighting anticipated to be in line with 2021
- Continue to address high leverage, including through ongoing portfolio rationalisation
- Renewables and decommissioning continue to present compelling mid/long-term opportunities
- Confident in our ability to deliver on our financial targets
  - > 10% underlying operating profit margin; > 15% ROCE
  - Commitment to reinstating a progressive dividend policy at the right time

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Appendix

Group overview

Marine Support

~40% of group revenue

- Ship-to-ship
- Renewables
- Marine, diving and structural services

Specialist Technical

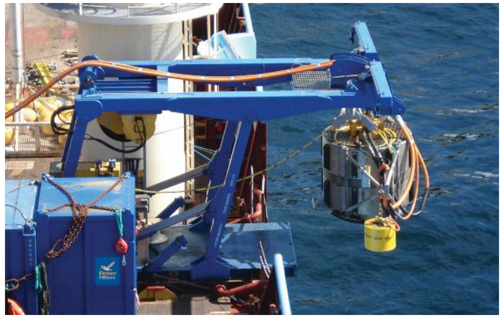
~30% of group revenue

- Submarine rescue
- Diving equipment
- Nuclear decommissioning

Offshore Oil

~20% of group revenue

- Hire of specialist equipment and people
- Well testing
- Artificial lift



Tankships

~10% of group revenue

- Coastal transportation of clean petroleum products

Leading positions in attractive niches of global markets

Ship-to-ship transfer
#1 Global Provider

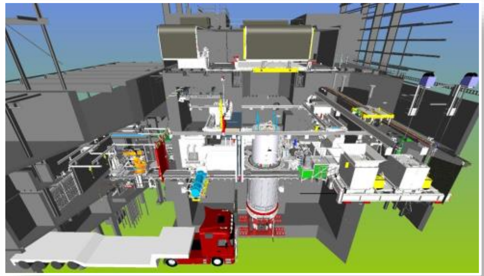
Unexploded ordnance
#1 in removal offshore

Submarine rescue
#1 Global Provider

Tankships
#1 in the UK across clean petroleum product delivery

Offshore Wind
#1 in high voltage connections made

Nuclear
1st to decommission a Magnox reactor



Income Statement

	Year ended 31 December 2021			Year ended 31 December 2020		
	Before separately disclosed items £m	Separately disclosed items £m	Total £m	Before separately disclosed items £m	Separately disclosed items £m	Total £m
Revenue	**494.1**	**-**	**494.1**	518.2	-	518.2
Cost of sales	**(373.6)**	**(11.0)**	**(384.6)**	(380.6)	(43.2)	(423.8)
Gross profit	**120.5**	**(11.0)**	**109.5**	137.6	(43.2)	94.4
Administrative expenses	**(94.5)**	**(37.7)**	**(132.2)**	(98.7)	(40.8)	(139.5)
Share of post-tax results of associates	**2.0**	**-**	**2.0**	1.6	-	1.6
Operating profit/(loss)	**28.0**	**(48.7)**	**(20.7)**	40.5	(84.0)	(43.5)
Net finance expense	**(8.3)**	**-**	**(8.3)**	(9.0)	-	(9.0)
Profit/(loss) before taxation	**19.7**	**(48.7)**	**(29.0)**	31.5	(84.0)	(52.5)
Income tax	**(10.1)**	**10.9**	**0.8**	(7.2)	2.4	(4.8)
Profit/(loss) for the year	**9.6**	**(37.8)**	**(28.2)**	24.3	(81.6)	(57.3)
Attributable to:						
Owners of the Company	**10.0**	**(37.8)**	**(27.8)**	24.1	(81.6)	(57.5)
Non-controlling interests	**(0.4)**	**-**	**(0.4)**	0.2	-	0.2
	9.6	**(37.8)**	**(28.2)**	24.3	(81.6)	(57.3)
Loss per share			**pence**			pence
Basic			**(55.2)**			(114.2)
Diluted			**(55.2)**			(114.2)

Separately disclosed items

	2021 £m	2020 £m
Acquisition related income and (expense):		
Costs incurred in acquiring businesses	**(0.5)**	(1.0)
Amortisation of acquired intangibles	**(2.9)**	(2.9)
	(3.4)	(3.9)
Marine support restructure	**-**	(3.9)
Disposal of businesses	**0.3**	(3.5)
Disposal of Dive support vessel	**0.3**	-
Costs of material litigation	**(3.1)**	-
Impairment charges:		
Intangible assets	**(29.2)**	(19.4)
Dive support vessels	**-**	(31.6)
Tangible fixed assets	**(9.3)**	(2.4)
Receivables	**(4.3)**	(19.3)
Separately disclosed items before taxation	**(48.7)**	(84.0)
Tax on separately disclosed items	**10.9**	2.4
	(37.8)	(81.6)

Finance and Tax

Net finance expense	2021 £m	2020 £m
Bank loans and overdrafts	**6.0**	7.0
ROU operating lease	**2.2**	1.8
Other	**0.1**	0.2
Net finance charge	**8.3**	9.0

Tax		
Underlying profit before taxation*	**19.7**	31.5
Tax on underlying profit before taxation*	**(10.1)**	(7.2)
Effective tax rate	**51.3%**	22.8%

- Overseas tax adds 11pps to UK standard rate of 19%
- Losses not recognised as deferred tax assets adds 13pps
- Restatement of deferred tax balances to reflect future 25% UK corporate tax rate adds 7pps
- Separately disclosed item: £7.9m deferred tax asset recognised in the period

* excludes separately disclosed items