

# James Fisher and Sons plc

*The UK's leading Marine Service Company*



## Final results for the year ended 31 December 2013

4 March 2014



# James Fisher and Sons plc

The UK's leading Marine Service Company



## Highlights

			2013	2012 **
revenue	(£m)	+14%	<b>413.7</b>	363.3
underlying operating profit *	(£m)	+13%	<b>46.6</b>	41.1
underlying profit before tax *	(£m)	+18%	<b>41.4</b>	35.0
diluted earnings per share *	(p)	+19%	<b>65.6</b>	55.1
final dividend per share	(p)	+15%	<b>13.54</b>	11.83
cash conversion	(%)	-	<b>131</b>	132

- Offshore Oil increased revenue by 19%, and profit by 15% due to strong market conditions in Norway and developing markets
- Specialist Technical 55% higher following Divex acquisition
- Double digit growth at Marine Support
- Separately disclosed profit of £6.8m on sale of Foreland
- Strong cash generation with gearing reduced to 30%
- Final dividend raised by 15% making 20.0p for year (2012:17.7p)

\* Underlying profit is before separately disclosed items;

\*\* Restated for ifrs changes to pensions

# James Fisher and Sons plc

*The UK's leading Marine Service Company*



## Business model & strategy

### Business model

- Businesses linked together by common marine services skills
- Entrepreneurial culture
- High quality services provided to demanding environments
- Investment

### 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

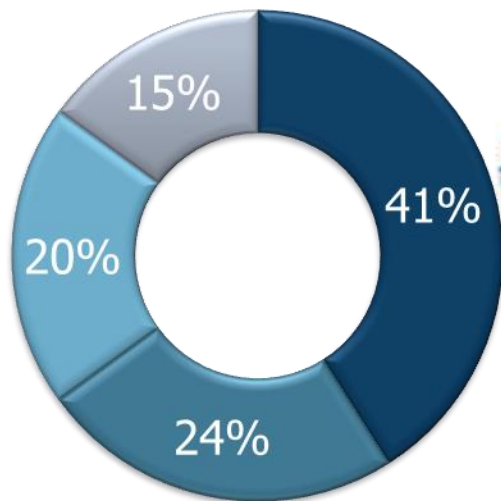
# James Fisher and Sons plc

The UK's leading Marine Service Company



## Group Overview

Revenue - £413.7m



- Marine Support
- Specialist Technical
- Offshore Oil
- Tankships

- Marine Support
- Offshore Oil
- Specialist Technical
- ☆ Joint



# James Fisher and Sons plc

The UK's leading Marine Service Company



## Five Year Performance

**EPS growth**  
**CAGR +13% pa**



(pence per share)

**Dividend growth**  
**CAGR +9% pa**



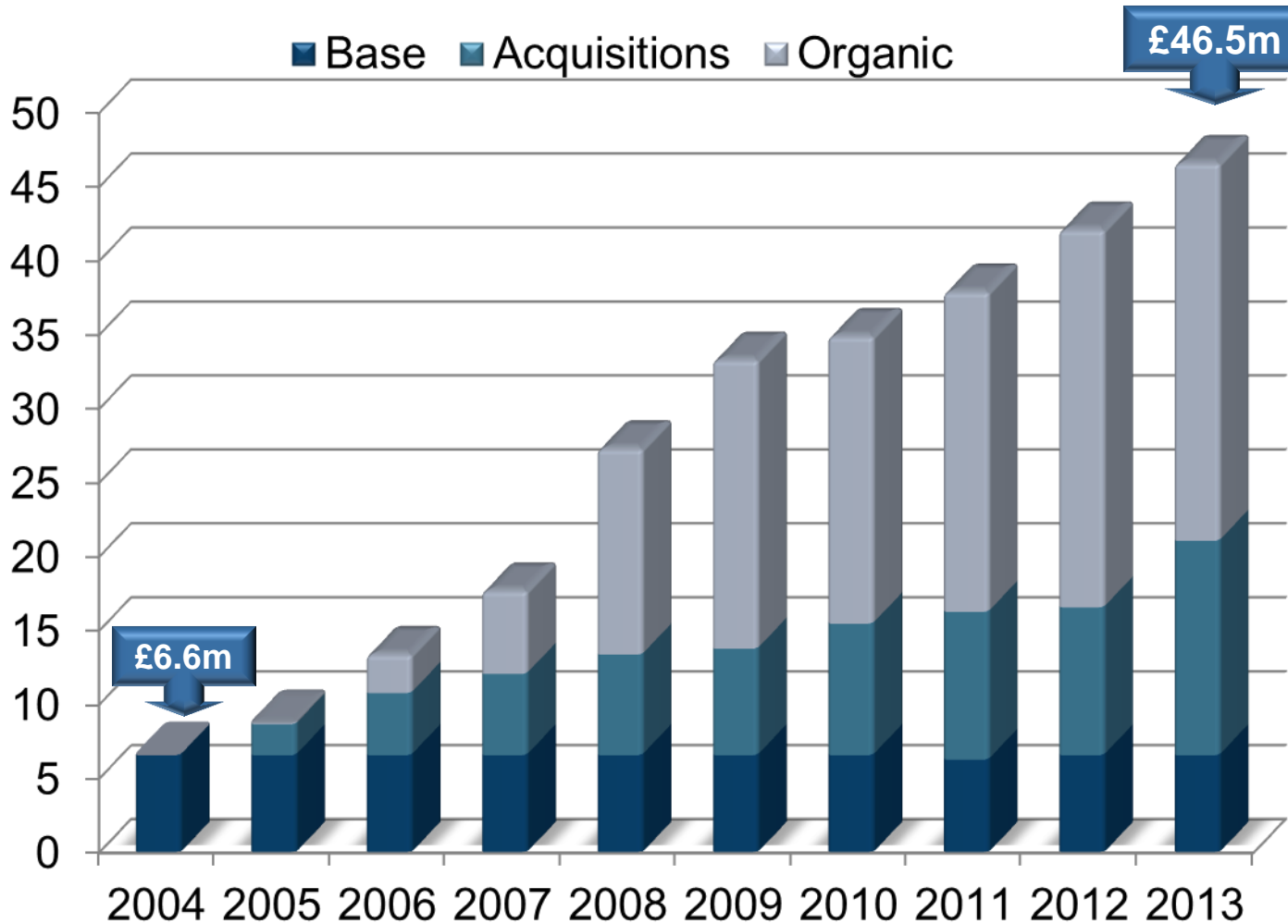
(pence per share)

# James Fisher and Sons plc

The UK's leading Marine Service Company



## Organic Growth : Marine Services underlying operating profit



- CAGR since 2004 of 24%
- Organic growth is two thirds of total

# James Fisher and Sons plc

The UK's leading Marine Service Company



## Results by division

	Revenue			Underlying operating profit*		
	2013 £m	2012 £m		2013 £m	2012 £m	
<b>Marine Support</b>						
Ongoing	<b>171.3</b>	150.3	+ <b>14.0%</b>	<b>18.3</b>	16.2	+ <b>13.0%</b>
Disposed (TRE)	-	7.0		-	3.1	
Total	<b>171.3</b>	157.3	+ 8.9%	<b>18.3</b>	19.3	- 5.2%
<b>Offshore Oil</b>	<b>99.2</b>	83.4	+ <b>18.9%</b>	<b>19.7</b>	17.1	+ <b>15.2%</b>
<b>Specialist Technical</b>						
Ongoing	<b>81.9</b>	60.8	+ <b>34.7%</b>	<b>7.6</b>	3.9	+ <b>94.9%</b>
Disposed (Foreland)	-	-		<b>0.9</b>	1.6	
	<b>81.0</b>	60.8	+ 34.7%	<b>8.5</b>	5.5	+ 54.5%
<b>Tankships</b>	<b>61.3</b>	61.8	- <b>0.8%</b>	<b>3.2</b>	2.4	+ <b>33.3%</b>
Common costs				<b>(3.1)</b>	(3.2)	
<b>Group</b>	<b>413.7</b>	363.3	+ <b>13.9%</b>	<b>46.6</b>	41.1	+ <b>13.1%</b>
Interest				<b>(5.2)</b>	(6.1)	
<b>Underlying profit before tax*</b>				<b>41.4</b>	35.0	+ <b>18.2%</b>

\* before separately disclosed items



# James Fisher and Sons plc

The UK's leading Marine Service Company



## Divisional kpis

	2013	2012	2011
<b>Marine Support <sup>1</sup></b>			
Operating margin	10.7%	10.8%	14.0%
Return on net operating assets	29.4%	21.7%	22.6%
<b>Offshore Oil</b>			
Operating margin	19.9%	20.6%	18.0%
Return on net operating assets	16.4%	15.0%	12.2%
<b>Specialist Technical <sup>2</sup></b>			
Operating margin	9.4%	6.3%	7.4%
Return on net operating assets	19.5%	12.7%	11.6%
<b>Tankships</b>			
Operating margin	5.2%	3.9%	1.7%
Return on net operating assets	10.0%	7.3%	2.7%

<sup>1</sup> Excludes TRE (sold December 2012)

<sup>2</sup> Excludes Foreland (sold August 2013)

\* impact of Angola contract on marine support operating margin in 2012 approximately 3 percentage points



# James Fisher and Sons plc

The UK's leading Marine Service Company



## Income statement

	2013 £m	2012 restated £m	
Revenue	413.7	363.3	+ 13.9%
Underlying operating profit	46.6	41.1	+13.4%
Interest – pension	(1.0)	(1.4)	
Interest – bank	(4.2)	(4.7)	
<b>Underlying profit before tax</b>	<b>41.4</b>	35.0	<b>+18.2%</b>
Tax	(7.7)	(6.7)	
Separately disclosed items after tax	5.1	11.7	
<b>Profit after tax</b>	<b>38.8</b>	40.0	
Minority interest	(0.5)	(0.6)	
<b>Profit for the period</b>	<b>38.3</b>	39.4	
<b>Underlying eps (p)</b>	<b>65.6</b>	55.1	<b>+19.1%</b>

Lower discount rate and lower deficit

Lower borrowings - £0.4m, lower rates - £0.1m

Effective underlying tax rate of 18.6%  
(2012: 19.1%)

	2013 £m	2012 £m
Profit on disposal of business	6.6	20.9
Business acquisition related	(1.5)	-
Vessel impairment	-	(9.2)
	<b>5.1</b>	<b>11.7</b>

# James Fisher and Sons plc

*The UK's leading Marine Service Company*



## Taxation

	2013 £m	2012 £m
UK corporation tax @ 23.25% - current year	4.3	3.7
Overseas tax - current year	3.9	3.4
Tax over provided in previous years	(0.5)	(0.4)
	7.7	6.7
Effective rate on underlying profit	18.6%	19.1%

- Rate dependent on mix of overseas and UK profits
- Tonnage tax on Tankships profits reduced effective rate by 1.5 percentage points in 2013
- From July 2013 UK deferred tax restated to 20% which reduced effective rate by 1.7 percentage points

# James Fisher and Sons plc

The UK's leading Marine Service Company



## Cash flow

	2013 £m	2012 £m
underlying operating profit *	46.6	41.1
depreciation	17.7	16.4
working capital	7.7	0.7
pension contributions	(10.1)	(4.8)
joint venture dividend less profit	-	1.5
other	(1.0)	(0.1)
<b>operating cash flow</b>	<b>60.9</b>	54.8
interest paid	(4.1)	(4.6)
tax paid	(6.1)	(3.7)
net capital expenditure	(23.2)	(26.2)
businesses acquired	(19.3)	-
businesses sold	12.8	25.4
dividends paid to shareholders	(9.1)	(8.3)
foreign exchange	(3.1)	(1.7)
net	8.8	35.7
net debt b/f	(63.1)	(98.8)
net debt c/f	(54.3)	(63.1)

**EBITDA\* up 12% to £64.3m (2012: £57.5m)**

	2013	2012
<b>Net debt : EBITDA</b>	<b>1.0</b>	<b>1.2</b>

**cash conversion (operating cash: underlying operating profit) – 131% (2011: 132%)**

	2013 £m	2012 £m
<i>capex</i>	<b>(24.9)</b>	(25.9)
<i>development expenditure</i>	<b>(1.4)</b>	(2.5)
<i>disposals</i>	<b>3.1</b>	2.2
	<b>(23.2)</b>	(26.2)

\* before separately disclosed items

# James Fisher and Sons plc

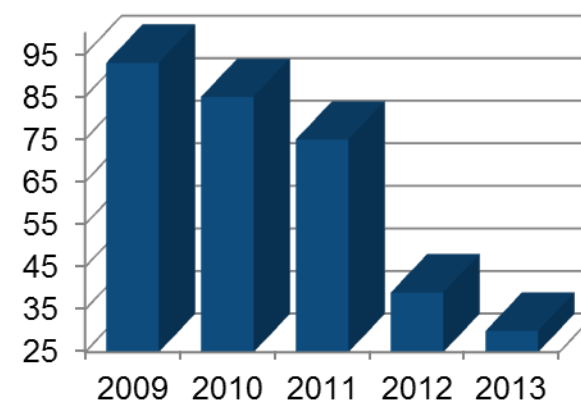
The UK's leading Marine Service Company



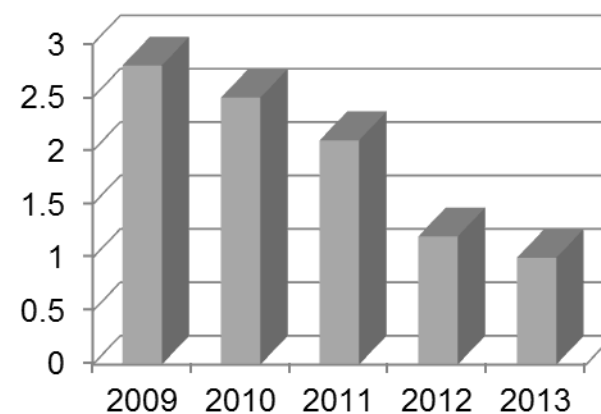
## Balance sheet

	31.12.13 £m	31.12.12 £m
intangible assets	113.7	92.6
property, plant and equipment	108.2	103.5
investments	10.8	13.8
working capital	44.8	49.1
deferred consideration	(12.1)	-
tax	(4.2)	(4.8)
pensions	(23.1)	(27.1)
capital employed	238.1	227.1
net debt	(54.3)	(63.1)
equity	183.8	164.0
working capital : sales (%)	11%	14%
net gearing	30%	39%
return on capital employed (post tax)	17%	15%

### Gearing



### Net debt : ebitda



# James Fisher and Sons plc

The UK's leading Marine Service Company



## Committed bank facilities at 31 December 2013

		drawn £m	available £m	expiry
<b>Barclays</b>				
£27.5m RCF	- unsecured	<b>8.4</b>	<b>19.1</b>	2019
<b>DBS</b>				
£20m RCF	- unsecured	<b>20.0</b>	-	2015
<b>HSBC</b>				
£10m RCF	- unsecured	7.3	2.7	2015
£20m RCF	- unsecured	1.9	18.1	2018
		<b>9.2</b>	<b>20.8</b>	
<b>Lloyds TSB</b>				
£30m RCF	- unsecured	<b>2.0</b>	<b>28.0</b>	2017
<b>Handelsbanken</b>				
£20.4m RCF	- unsecured	<b>19.5</b>	<b>0.9</b>	2015
<b>Yorkshire</b>				
£20m RCF	- unsecured	<b>20.0</b>	-	2016
		<b>79.1</b>	<b>68.8</b>	

### Covenants 31.12.13

• net debt : EBITDA	< 3.5	<b>1.0</b>
• interest cover	> 3.0	<b>12.5</b>
• fixed charge	> 1.5	<b>3.2</b>

### Facilities

expiring	2014	2015	2016	2017+
£m	-	50	20	78

# James Fisher and Sons plc

*The UK's leading Marine Service Company*



## Pensions

	Shore Staff £m	MNOPF £m	2013 £m	2012 £m
at 1 January	9.7	17.4	27.1	30.1
income statement	0.5	0.1	0.6	1.6
normal contribution	(1.7)	(3.3)	(5.0)	(4.7)
one-off contribution	-	(5.2)	(5.2)	-
actuarial	1.2	4.4	5.6	0.1
at 31 December	9.7	13.4	23.1	27.1

- One-off £5.2m contribution in December saving £1.7m cash
- March 2012 valuation of MNOPF increased deficit by £4.4m
- Annual contributions estimated at £4.7m in 2014
- No update on potential MNRPF potential liability
- 2012 restated for IAS 19 changes (appendix 2)

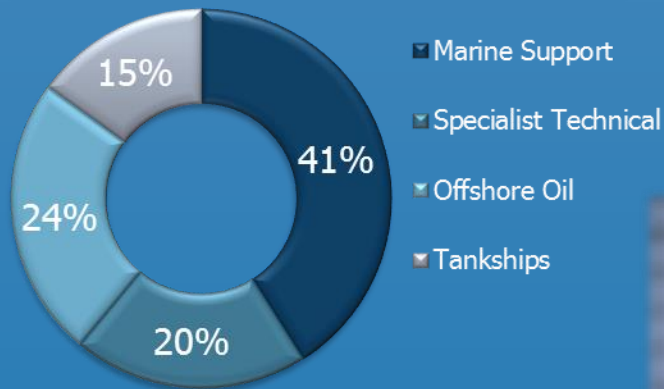
# James Fisher and Sons plc

The UK's leading Marine Service Company

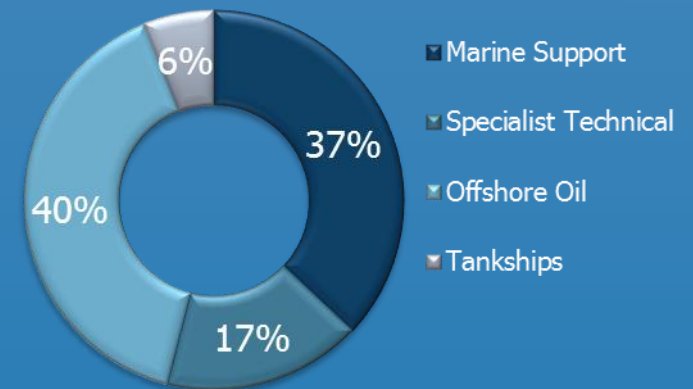


## Operating Review

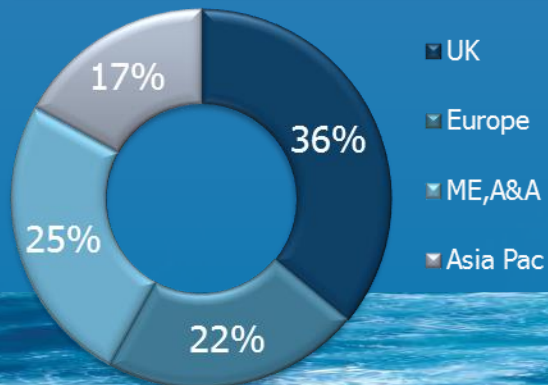
### Revenue



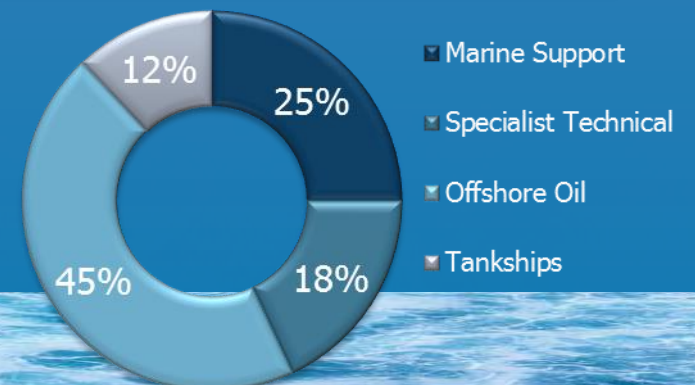
### Profit



### Geographical Revenues



### Assets





# James Fisher and Sons plc

*The UK's leading Marine Service Company*



## Marine Support

- Underlying profit growth of 13% \*
- Ship to ship transfers increased
- First open seas LNG ship to ship operations completed
- West African mooring buoy refurbishment
- Acquired Osiris Marine and Subsea Vision for £5.8m
- Contract wins in UK renewables

\* excluding TRE which was sold on 31 December 2012

	2013	2012	2011
profit £m	<b>18.3</b>	19.3	18.4
margin	<b>10.7%</b>	12.3%	15.7%
ROCE	<b>29.4%</b>	25.2%	25.5%



# James Fisher and Sons plc

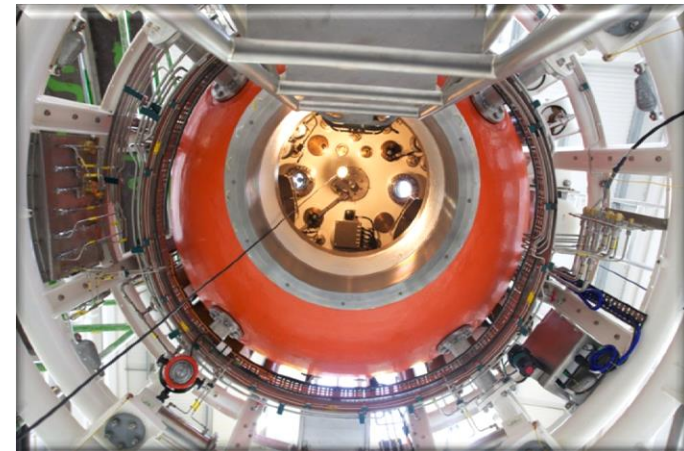
*The UK's leading Marine Service Company*



## Specialist Technical

- Divex completed major saturation diving project and made strong contribution since acquisition
- Orders for 2 further saturation diving systems
- Joint Divex and JF Defence project assembly base in Glasgow, UK
- Integrating contracts with Australian Navy
- Separately disclosed profit of £6.8m on sale of Foreland
- Nuclear – healthy order book

	2013	2012	2011
profit £m	8.5	5.5	6.9
margin	10.5%	9.0%	13.2%
ROCE	21.8%	16.5%	18.4%



# James Fisher and Sons plc

*The UK's leading Marine Service Company*



## Offshore Oil

- Strong organic growth with revenue up 19% and profit up 15%
- Contract wins for zone 2 equipment in Africa and South America
- One-off profit on well testing order in Brazil
- Switch displayed at Houston Oil & Gas workshop
- Pyro Sentry wins industry award

	2013	2012	2011
profit £m	<b>19.7</b>	17.1	12.8
margin	<b>19.9%</b>	20.6%	18.0%
ROCE	<b>16.4%</b>	15.0%	12.1%



# James Fisher and Sons plc

*The UK's leading Marine Service Company*



## Tankships

- mv Steersman and mv Asperity sold reducing fleet size
- Milford Fisher chartered to Mediterranean market
- King Fisher and Kestrel Fisher introduced
- MoD chartered 2 vessels for most of 2013

	2013	2012	2011
profit £m	3.2	2.4	1.1
margin	5.2%	3.9%	1.7%
ROCE	10.0%	7.3%	2.7%



# James Fisher and Sons plc

*The UK's leading Marine Service Company*



## Outlook

---

- 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
- healthy order book in specialist technical
- opportunities for further bolt-on acquisitions, supported by strong balance sheet
- well placed to provide growth and value to shareholders
- 2014 trading in-line with management expectations

# James Fisher and Sons plc

The UK's leading Marine Service Company



## Appendix 1 – Business segment revisions to 2012 comparative

2012 as previously reported	Revenue £m	Underlying operating profit £m	Capital employed £m
Specialist Technical	194.8	22.4	89.8
Offshore Oil	83.4	17.1	113.2
Defence	23.3	2.4	19.3
Marine Oil	61.8	2.4	32.8
Corporate	-	(3.2)	(91.2)
Total	363.3	41.1	163.9

2012 segments revised	Revenue £m	Underlying operating profit £m	Capital employed £m
Marine Support	157.4	19.3	74.7
Specialist Technical	60.8	5.5	34.4
Offshore Oil	83.4	17.1	113.2
Tankships	61.8	2.4	32.8
Corporate	-	(3.2)	(91.2)
Total	363.3	41.1	163.9

# James Fisher and Sons plc

*The UK's leading Marine Service Company*



## Appendix 2 – Restatement of prior year

	Reported £m	Adjustment £m	Restated £m
<b>Year ended 31 December 2013</b>			
Underlying operating profit	41.3	(0.2)	41.1
Underlying profit before tax	35.4	(0.4)	35.0



# James Fisher and Sons plc

*The UK's leading Marine Service Company*



## Disclaimer

---

This presentation is confidential and is solely for the use of the recipient. Neither the whole nor the part of the information contained in the presentation may be disclosed to, or used or relied upon by, any other person or used for any other purpose without the prior written consent of James Fisher and Sons plc (JFS).

The information contained in the presentation, and upon which the presentation is based, has been derived from publicly available information. None of the information on which the presentation is based has been independently verified by any member of JFS nor any of its connected persons. Accordingly, no member of JFS nor any of its connected persons make any representation or warranty, express or implied, with respect to the accuracy of the information contained in the presentation, or on which the presentation is based, or that this information remains unchanged after the issue of the presentation.

The presentation is not to be construed as carrying the endorsement of JFS or any of its connected persons. Consequently, neither JFS nor any of its connected persons can be held liable to any person to whom information derived from the presentation is made available for the accuracy of the information contained in it.

The presentation is not intended to recommend any strategic decision by the Company and should not be considered as a recommendation supporting any of the options discussed herein by any member of JFS or any of its connected persons to any recipient of the information. Each person to whom the information is made available must make their own independent assessment of the options available.

Nothing in the presentation is, or should be relied upon as, a promise or representation as to the future.

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