Interim Results Presentation
James Kidwell, Chief Executive Officer
Martin Beer, Finance Director
Johnny Plumbe, Executive Director
29 October 2014
## Divisional service overview

### Shipbroking
- Tanker chartering – Crude oil, Clean Petroleum Products, LPG, LNG, Chemicals, FFAs, Projects (time charter)
- Sale & purchase – second hand, newbuilding, recycling, valuations
- Dry Bulk chartering
- Offshore – chartering and sale & purchase
- Container – chartering and sale & purchase
- Research and consultancy

### Technical
- Vessel surveys
- LNG vessel consulting
- Marine engineering
- Ship construction supervision
- Marine warranty surveys
- Energy loss adjusting
- Incident response and pollution control
- Environmental consultancy

### Logistics
- Branded Cory Brothers & Cory Logistics
- Port & Liner agency
- Hub agency
- Freight forwarding
- Project cargoes
- Customs clearance

[www.braemar.com](http://www.braemar.com)
Operational highlights

– Merger with ACM Shipping Group completed on 25 July 2014

– Action taken to reduce cost base of merged shipbroking business expected to achieve £4 million annualised cost saving by the year end

– Profit from the Technical division is down from the exceptional level achieved in the same period last year

– Outlook for full year profits continues to be in line with the Board’s expectations
A year of transformation

• Merger with ACM
  – Shipbroking teams now co-located
  – Systems and processes integration well under way
  – Team structure defined and efficiencies realised
  – Process under way to merge teams to one site in London
  – Net £4m annualised saving

• Across the Group
  – Environmental now forms part of the Technical division
  – Management changes in Cory Brothers are already delivering benefits
  – Initiatives under way to integrate back office systems and processes to deliver future benefits
## Financial highlights

### Revenue

<table>
<thead>
<tr>
<th></th>
<th>H1 2014 £m</th>
<th>Restated H1 2013 £m</th>
<th>FY 13/14 £m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shipbroking</td>
<td>21.0</td>
<td>19.0</td>
<td>40.9</td>
</tr>
<tr>
<td>Technical*1</td>
<td>22.9</td>
<td>23.8</td>
<td>45.7</td>
</tr>
<tr>
<td>Logistics</td>
<td>20.6</td>
<td>21.1</td>
<td>38.9</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>64.5</strong></td>
<td><strong>63.9</strong></td>
<td><strong>125.5</strong></td>
</tr>
</tbody>
</table>

* Restated to exclude Casbarian (discontinued operations)

### EBITA

<table>
<thead>
<tr>
<th></th>
<th>H1 2014 £m</th>
<th>Restated H1 2013 £m</th>
<th>FY 13/14 £m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shipbroking</td>
<td>1.4</td>
<td>1.1</td>
<td>2.6</td>
</tr>
<tr>
<td>Technical*1</td>
<td>2.3</td>
<td>3.4</td>
<td>6.9</td>
</tr>
<tr>
<td>Logistics</td>
<td>1.0</td>
<td>1.3</td>
<td>2.0</td>
</tr>
<tr>
<td>Unallocated costs</td>
<td>(1.1)</td>
<td>(1.1)</td>
<td>(2.2)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>3.6</strong></td>
<td><strong>4.7</strong></td>
<td><strong>9.3</strong></td>
</tr>
</tbody>
</table>

*1 Including Environmental

ACM contribution for 1 month: Revenue: £1.8m, EBITA: £0.1m
Shipbroking - merger with ACM

- Established shipbroking division, Braemar ACM Shipbroking
- Merger has created one of the largest full-service shipbrokers in the world
- Division has performed ahead of the same period last year
- Collective shipbroking forward order book increased 12% from the same point last year
- Shipbroking division has been significantly strengthened post the completion of the merger with ACM, creating a more profitable and successful shipbroking business with enhanced market coverage
- Offices co-located in Singapore and Shanghai with shipbroking desks co-located in London

**Divisional results summary**

<table>
<thead>
<tr>
<th></th>
<th>H1 2014 £’m</th>
<th>H1 2013 £’m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue*</td>
<td>21.0</td>
<td>19.0</td>
</tr>
<tr>
<td>Operating profit*</td>
<td>1.4</td>
<td>1.1</td>
</tr>
<tr>
<td>Forward order book ($m)</td>
<td>56</td>
<td>50</td>
</tr>
</tbody>
</table>

*ACM contribution for 1 month: Revenue: £1.8m; EBITA: £0.1m*
Enhanced global broking coverage

No. of brokers

Braemar
Asia

Braemar ACM
Australia

Braemar
EMEA

Braemar ACM
USA

Research
Tankers
SNP
Offshore
LNG
Dry
Container
Shipping market drivers

Major seaborne cargo developments

- Seaborne Crude Oil and Oil Products
- Seaborne Dry Bulk Cargo
- Seaborne Containerised Cargo

Source: MSI / Braemar ACM Shipbroking

Global GDP and seaborne trade developments

Average overall five year old prices

Global fleet growth and time charter rates

- Container Fleet, Mn Tonnes (based on 14T per TEU)
- Crude Oil and Oil Products Tankers, Mn Dwt
- Bulker Fleet, Mn Dwt
- Average 1 Year Time Charter for all Shiptypes

www.braemar.com
Market volatility creates opportunity

Braemar ACM's chronology of main events affecting oil & tanker markets

- **DeepWater Horizon Oil Leak 04/2010**
- **'Arab Spring': Libyan Oil Supply suspended (02/2011) & Japanese Tsunami (03/2011)**
- **Iranian Sanctions**
- **Asian economies growing strongly**

- **1/3rd of Japan's nuclear reactors shut down due to safety concerns (from April 2003)**
- **Iraq War tension mounts (01/2003), War starts 03/2003**
- **Dot com bubble builds 1995, bursts in March 2000, leading to global economic contagion. Stock market**
- **Hurricane Ivan in Gulf of Mexico 09/2004**
- **Hurricanes Dennis(07/2005), Katrina (08/2005) and Rita (09/2005) hit oil installations in the Gulf of Mexico**
- **PDVSA workers strike in Venezuela (11/2003)**
- **12 Sep 2005: IEA Releases 30m bbl of SPR**
- **Prudhoe Bay Oil Spill 03/2006**
- **13th of Japan's nuclear reactors shut down due to safety concerns (from April 2003)**
- **12 Sep 2005: IEA Releases 30mbbls SPR over 30 days.**
- **23 Jun 2011: IEA releases 30mbbls SPR over 30 days.**

- **Prestige oil spill (Nov 2002)**
- **12 Sep 2005: IEA Releases 30m bbl of SPR**
- **Prudhoe Bay Oil Spill 03/2006**

**VLCC Average Rates ('000s Dollars per Day)**
Source: Braemar ACM Shipbroking research

**Europe Brent Spot Price FOB (Dollars per Barrel)**
Source: EIA
Technical - headlines

- Remains the largest contributor to group profit
- Offshore activity in the Far East has returned to more normal levels after a strong H1 2013
- Sales and profits up in Braemar Adjusting, Braemar Engineering and Braemar Salvage Association
- Substantial ongoing LNG projects underway in Braemar Engineering
- Environmental division incorporated into Technical division in order to improve synergies across the group

<table>
<thead>
<tr>
<th>Divisional results summary</th>
<th>H1 2014</th>
<th>H1 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>22.9</td>
<td>23.8</td>
</tr>
<tr>
<td>Operating profit</td>
<td>2.3</td>
<td>3.4</td>
</tr>
<tr>
<td>Staff numbers</td>
<td>415</td>
<td>396</td>
</tr>
</tbody>
</table>

H1 2013 restated to exclude Casbarian and include Environmental division
Technical - overview

- Full suite of technical service solutions for the marine and energy industries
- Demonstrating broad-ranging capability with a widespread global presence
- Provision of expertise to large, long-term oil and gas projects
- World leader in the field of LNG carrier design and construction supervision
- 150 year old connection to the marine insurance market through Braemar Salvage Association
Logistics - headlines

- Management change has reduced cost base and improved sales and marketing focus
- Sale of seasonal non-core Tours business
- Exciting new Project Forwarding opportunities
- Trading in European tanker agency has remained steady over the period despite challenging markets
- Restructuring delivering improvements and improved sales and marketing focus
- Opening of Houston office to maximise opportunities in North America – already covering its costs

Divisional results summary

<table>
<thead>
<tr>
<th></th>
<th>H1 2014</th>
<th>H1 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>20.6</td>
<td>21.1</td>
</tr>
<tr>
<td>Operating profit</td>
<td>1.0</td>
<td>1.3</td>
</tr>
<tr>
<td>Staff numbers</td>
<td>195</td>
<td>213</td>
</tr>
</tbody>
</table>

H1 2013 includes results of small seasonal Tours business disposed of in April 2014
Logistics - overview

- Worldwide services for Port Agency, Liner and Logistics
- A network of offices and trusted partners
- Leading UK player with scope to expand
- Challenger to global players
- Cory Brothers is a long-established name with over 170 years in shipping agency in the UK

Revenue split

*Stated as margin after deduction of direct costs of freight
### Income Statement

<table>
<thead>
<tr>
<th></th>
<th>H1 14/15 £m</th>
<th>H1 13/14 * £m</th>
<th>FY 13/14 £m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>64.5</td>
<td>63.9</td>
<td>125.5</td>
</tr>
<tr>
<td>EBITA</td>
<td>3.6</td>
<td>4.7</td>
<td>9.3</td>
</tr>
<tr>
<td>Amortisation of acquired goodwill</td>
<td>(0.3)</td>
<td>(0.3)</td>
<td>(0.4)</td>
</tr>
<tr>
<td>Exceptional items</td>
<td>(3.0)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>EBIT</td>
<td>0.3</td>
<td>4.4</td>
<td>8.9</td>
</tr>
<tr>
<td>Net finance (expense) / income</td>
<td>(0.1)</td>
<td>0.1</td>
<td>0.2</td>
</tr>
<tr>
<td>Share of Joint Venture</td>
<td>-</td>
<td>-</td>
<td>(0.1)</td>
</tr>
<tr>
<td>PBT</td>
<td>0.2</td>
<td>4.5</td>
<td>9.0</td>
</tr>
<tr>
<td>Tax</td>
<td>(0.3)</td>
<td>(1.1)</td>
<td>(2.3)</td>
</tr>
<tr>
<td>Earnings</td>
<td>(0.1)</td>
<td>3.4</td>
<td>6.7</td>
</tr>
<tr>
<td>EPS - normalised</td>
<td>11.7p</td>
<td>16.1p</td>
<td>31.9p</td>
</tr>
</tbody>
</table>

- Includes one month of ACM
- Amortisation will reflect accounting value of ACM forward order book
- Exceptional items - £0.9m acquisition related, £2.1m restructuring
- Finance expense to increase in second half
- Effective tax rate improved 1% to 25%
- Earnings impacted by exceptional items

*Restated to exclude Casbarian (discontinued operations)
## Cashflow

<table>
<thead>
<tr>
<th></th>
<th>H1 14/15 £m</th>
<th>H1 ‘13/14 £m</th>
<th>FY 13/14 £m</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBITA</td>
<td>3.6</td>
<td>4.7</td>
<td>9.3</td>
</tr>
<tr>
<td>Change in Receivables</td>
<td>(3.2)</td>
<td>(5.7)</td>
<td>(4.2)</td>
</tr>
<tr>
<td>Change in Payables</td>
<td>(2.4)</td>
<td>(9.3)</td>
<td>(3.3)</td>
</tr>
<tr>
<td>Restructuring related</td>
<td>(1.0)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other items / non-cash charges</td>
<td>1.2</td>
<td>0.8</td>
<td>0.4</td>
</tr>
<tr>
<td>Cash (used in) / generated from operations</td>
<td>(1.8)</td>
<td>(9.5)</td>
<td>2.2</td>
</tr>
<tr>
<td>Net interest (paid) / received</td>
<td>(0.1)</td>
<td>0.1</td>
<td>0.2</td>
</tr>
<tr>
<td>Tax paid</td>
<td>(2.1)</td>
<td>(0.7)</td>
<td>(1.4)</td>
</tr>
<tr>
<td>Business acquisitions / disposals</td>
<td>(10.2)</td>
<td>(0.3)</td>
<td>(0.5)</td>
</tr>
<tr>
<td>Net capital expenditure</td>
<td>(1.1)</td>
<td>(0.5)</td>
<td>(1.3)</td>
</tr>
<tr>
<td>Dividends paid</td>
<td>(3.5)</td>
<td>(3.5)</td>
<td>(5.4)</td>
</tr>
<tr>
<td>Proceeds from borrowings</td>
<td>14.8</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Exchange</td>
<td>0.2</td>
<td>(1.7)</td>
<td>(3.2)</td>
</tr>
<tr>
<td>Other items</td>
<td>-</td>
<td>(0.1)</td>
<td>(0.2)</td>
</tr>
<tr>
<td>Cash (decrease) / increase</td>
<td>(3.8)</td>
<td>(16.2)</td>
<td>(9.6)</td>
</tr>
</tbody>
</table>

- £5m decrease in bonus accrual
- Underlying working capital stable
- Tax paid reflects improved profitability in Asia last year
- £10.2m cash portion of ACM merger costs
- Capital expenditure on mostly IT projects
- Second half will have an extra £2m of capital on fit out cost of new London office
- Further cash costs of restructuring to come through in second half
### Balance sheet

<table>
<thead>
<tr>
<th></th>
<th>Aug 14 £m</th>
<th>Aug 13 £m</th>
<th>Feb 14 £m</th>
</tr>
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<tbody>
<tr>
<td>Goodwill and other intangibles</td>
<td>80.6</td>
<td>31.6</td>
<td>31.5</td>
</tr>
<tr>
<td>Fixed asset and investments</td>
<td>12.4</td>
<td>8.9</td>
<td>9.5</td>
</tr>
<tr>
<td>Current assets</td>
<td>57.2</td>
<td>50.4</td>
<td>47.4</td>
</tr>
<tr>
<td>Current liabilities</td>
<td>(37.5)</td>
<td>(29.0)</td>
<td>(35.4)</td>
</tr>
<tr>
<td>Employee benefits</td>
<td>(1.4)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Provisions / Other</td>
<td>(3.5)</td>
<td>(0.9)</td>
<td>(1.4)</td>
</tr>
<tr>
<td></td>
<td>14.8</td>
<td>20.5</td>
<td>10.6</td>
</tr>
<tr>
<td>Net (debt) / cash</td>
<td>(4.9)</td>
<td>7.1</td>
<td>13.7</td>
</tr>
<tr>
<td>Net assets</td>
<td><strong>102.9</strong></td>
<td><strong>68.1</strong></td>
<td><strong>65.3</strong></td>
</tr>
</tbody>
</table>

- Increased goodwill from ACM merger
- Other asset movement levels reflect take on of ACM balance sheet
- Includes a small defined benefit pension scheme with net liability of £1.4m
- Provisions / other increase is due to integration / redundancies and deferred tax
Dividend

<table>
<thead>
<tr>
<th></th>
<th>2009/10</th>
<th>2010/11</th>
<th>2011/12</th>
<th>2012/13</th>
<th>2013/14</th>
<th>2013/14</th>
</tr>
</thead>
<tbody>
<tr>
<td>Half year</td>
<td>8.75</td>
<td>9.00</td>
<td>9.00</td>
<td>9.00</td>
<td>9.00</td>
<td>9.00</td>
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<tr>
<td>Full year</td>
<td>16.25</td>
<td>17.00</td>
<td>17.00</td>
<td>17.00</td>
<td>17.00</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>25.0</td>
<td>26.0</td>
<td>26.0</td>
<td>26.0</td>
<td>26.0</td>
<td>9.0</td>
</tr>
<tr>
<td>Cover (x) *</td>
<td>2.1</td>
<td>2.1</td>
<td>1.5</td>
<td>1.5</td>
<td>1.3</td>
<td></td>
</tr>
</tbody>
</table>

*Based on adjusted earnings

- First half profit down on last year
- Second half expected to benefit from ACM for full period
- Second half expected to benefit from cost savings
- Full year expected to remain unchanged
- Interim dividend remains unchanged
Summary

- ACM merger – wider scale, stronger broking teams, greater market coverage, enhanced broking synergies
- Full year numbers will include a full contribution in the second half from ACM
- Opportunity for long term cyclical recovery in shipping markets
- Structural changes within Technical and Logistics divisions for future growth
- Strong balance sheet and dividend maintained
- Confident of meeting market expectations for the full year