

BRAEMAR



Braemar Shipping Services plc

Interim Results Presentation

October 2019

Key Highlights – Shipbroking leads stronger performance

- Revenue growth of 4% in strong shipbroking market
- Successful disposal of Technical Services businesses completed
- Board refreshed with new Chairman & Finance Director
- Underlying Operating Profit maintained at £3.7m
- Interim dividend maintained at 5p
- Net debt £18.8m 2018/19: (£9.3m)
- Underlying EPS 9.4p (2018/19: 9.8p)
- Reported EPS (4.4)p vs (2018/19: (9.0p)
- Trading in line with market expectations

Ron Series
Chairman

Chairman of Braemar Shipping Services plc. Ron has held executive and non-executive positions at a number of companies with international operations in transport and logistics. He is currently chairman of DX (Group) plc, and was until 2018 the senior independent director at Clipper Logistics plc. Ron is a member of the Braemar Executive Committee.

Nick Stone
Group Finance Director

Group Finance Director of Braemar Shipping Services plc. Nick was most recently CFO of the Appointments Group, and has held CFO roles at listed companies such as Hornby plc and KBC Advanced Technologies plc. Nick is a member of the Braemar Executive Committee.

Divisional Heads

James Gundy
CEO**Braemar ACM Shipbroking Ltd**

CEO of Braemar Shipbroking division. James started his career at Clarksons in 1981, working in London and New York in dry cargo and then tanker broking. He joined ACM Shipping in 1991, and became CEO in 2012 and following ACM's merger with Braemar in 2014, he became CEO of the combined shipbroking business. James is a member of the Braemar Executive Committee.

Axel Siepmann
Managing Director**Braemar Naves Corporate Finance**

Managing Director of Braemar Naves Corporate Finance. Axel's career started at PWC Corporate Finance, then at Sietz and Partners and MPC Capital MG. He co-founded Naves Corporate Finance in 2009, which was acquired by Braemar in 2017. Axel is a member of the Braemar Executive Committee.

Peter Wilson
Managing Director**Cory Brothers Shipping Agency Ltd**

Managing Director of Cory Brothers Shipping Agency Ltd. Peter started at Cory Brothers in 1998 and developed significant expertise in Port Agency, Hub Service and commercial management. He was appointed Managing Director in 2017, and is a member of the Braemar Executive Committee.

Sheila McClain
Managing Director
Braemar Wavespec

Managing Director of Braemar Wavespec. Sheila has 19 years of project management experience in the LNG industry. She joined Braemar in 2009 and has been involved in the overview of LNG shore-based technologies and several marine shipping projects of various build cargoes. Sheila is a member of the Braemar Executive Committee.

Braemar at a glance

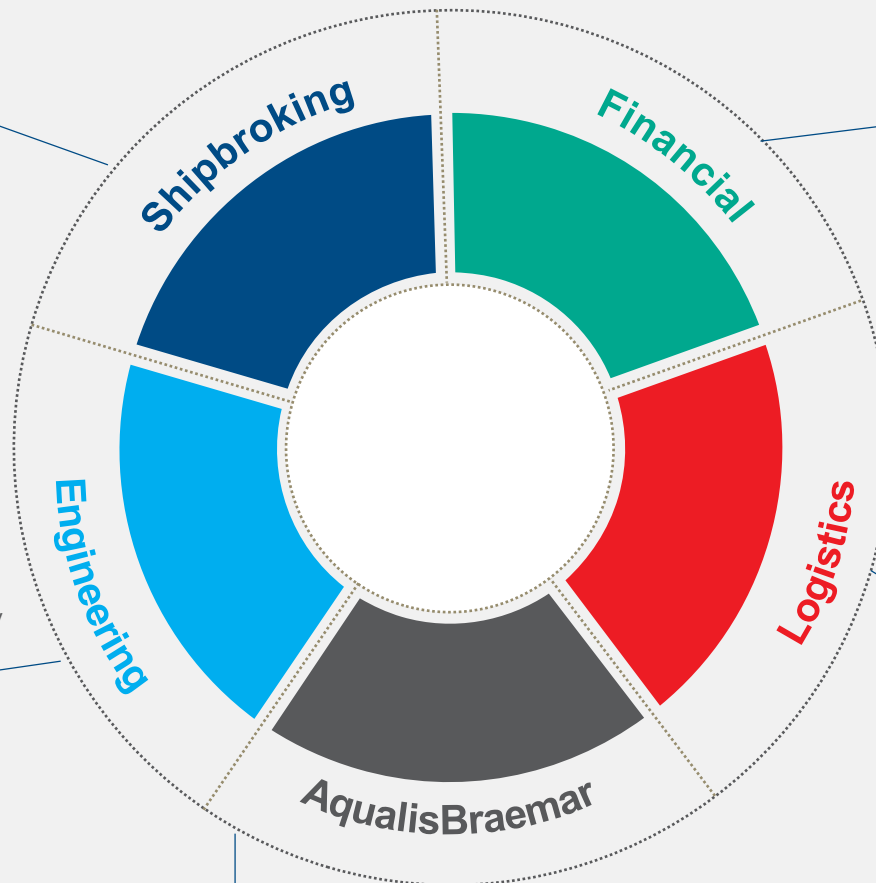
Four wholly owned divisions and one associate

BRAEMAR ACM SHIPBROKING

- Chartering
- Sale & purchase
- Freight derivatives
- Valuations
- Research

BRAEMAR WAVESpec

- Specialist engineering & consultancy services
- LNG services
- Vessel design
- Vessel newbuild & conversion



BRAEMAR | NAVES CORPORATE FINANCE

- Transactions advisory
- Financing advisory & capital raising
- Restructuring & insolvency advisory
- Asset & loan management

CORY BROTHERS



- Port agency
- Hub agency
- Liner agency
- Logistic services

AQUALIS BRAEMAR

- 27% equity ownership
- Adjusting & Marine surveys
- Offshore energy marine warranty services (MWS)
- Expert witness & consultancy
- Salvage and wreck removal

Shipping Market Commentary

All sectors being impacted by IMO fuel quality changes

- Supply of vessels reduced by refit activity
- Higher bunker bill expected to increase freight costs
- Push for cleaner fuels presents new opportunities for fleet investment

Strong tanker market

- Voyage length increasing as trade patterns change
- Floating storage and sanctions are reducing tanker supply
- Geo-political nervousness makes market more volatile

Healthy dry cargo market

- Strong dry cargo demand from China and India
- Iron ore supply restored after Brumadinho
- Index at 5-year highs

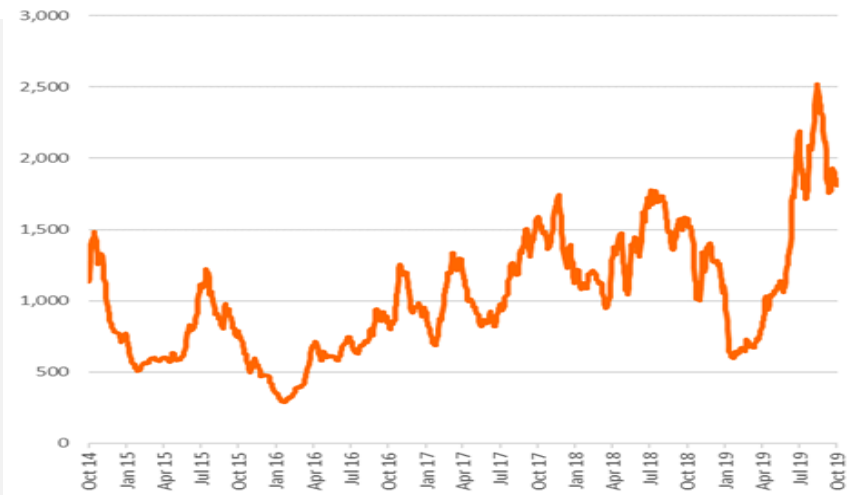
S&P market robust

- Newbuilding markets poised for growth
- New opportunities from alternative fuels
- Second-hand activity robust, prices higher

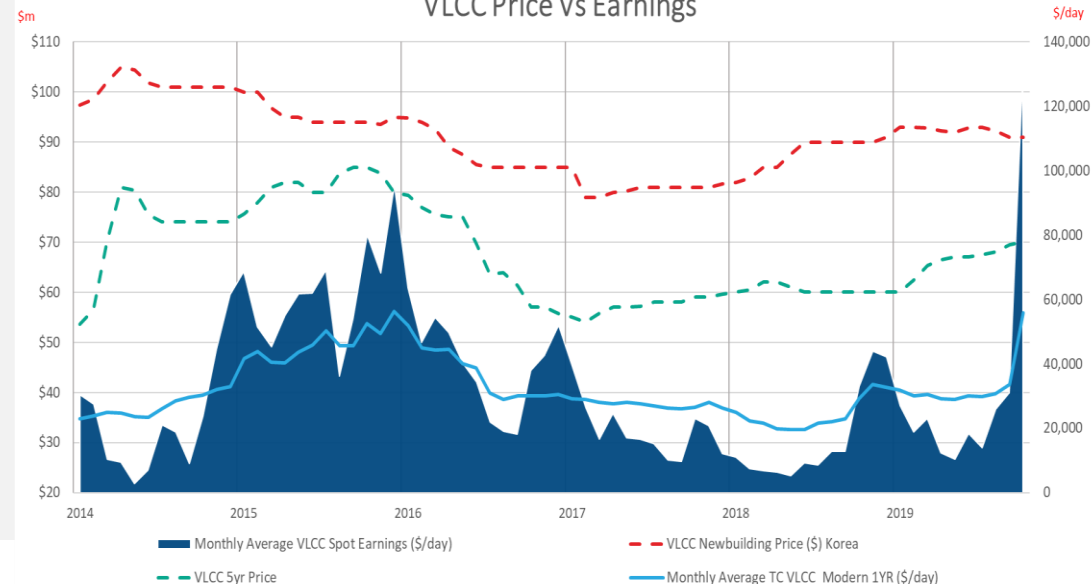
Growth in LPG and LNG shipping

- US exports continue to transform the market

Baltic Dry Index



VLCC Price Vs Earnings



Shipbroking – how we make our money

Chartering

- Single voyage (spot) charter - commission from shipowner on gross freight (\$/tonne) - revenue increases as voyage costs rise thanks to voyage delays, higher bunker bills, stronger market
- Term (time-charter) - commission from shipowner on \$/day charter hire - revenue increases as market improves or time charter activity increases

Sale & Purchase

- Newbuilding orders and second-hand sales – commission from shipowner on total value of newbuildings orders (\$) – revenue rises as newbuilding prices increase
- Demolition sales – commission from shipowner on total value of steel and spare parts (\$/ldt) – revenue increases as scrap steel prices rise
- Market activity levels can vary for sale & purchase, but we always aim to build market share

FFAs

- Commission (cents/tonne) from buyer and seller on contracts for future cost of transportation (cash-delivered) on specific shipping trades – revenue increases as market sentiment improves
- Market activity typically increases as the physical market improves and becomes more volatile, but we always aim to build market share

Structured deals

- Commission from projects that combine elements of our Sale & purchase and Chartering brokerage services, often with participation from our corporate finance

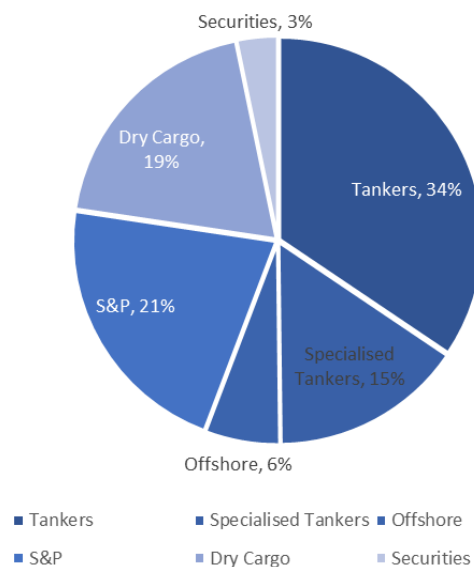
How we build market share

- Build information flow by growing global broking presence
- Add value through strong market intelligence and business advisory services (Braemar Research)
- Add value through strong post-fixture operation team
- Add value by adopting and supporting best of breed technology

Shipbroking – Revenue Analysis

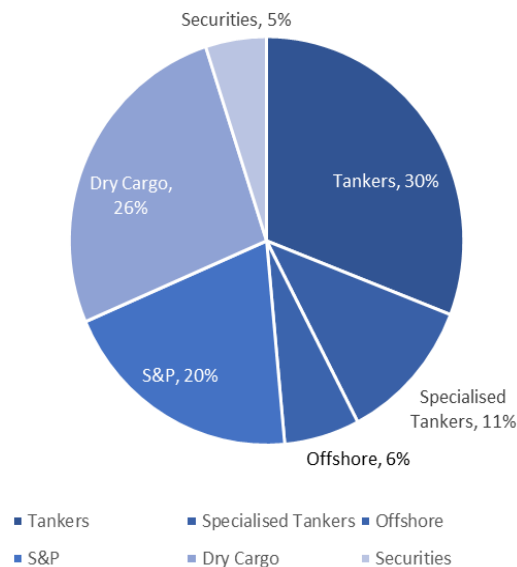
Revenue £38.7m

HY 2019/20

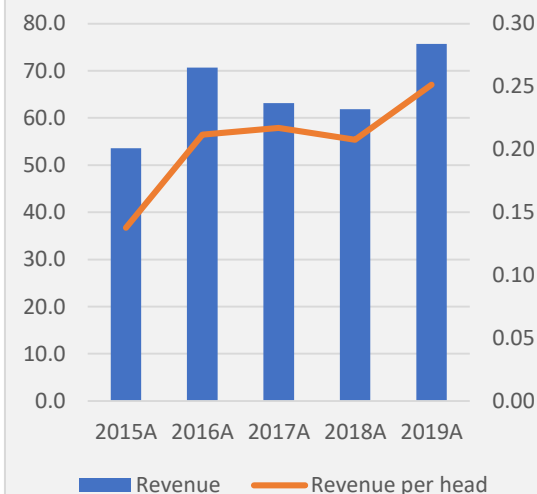


Revenue £35.4m

HY2018/19



Revenue & Revenue Per Head (GBP'm)



	Heads	Revenue per head
Tankers	103	£180k
Dry	93	£77k
S&P	45	£178k
Total	320	£119k

	Heads	Revenue per head
Tankers	108	£133k
Dry	86	£106k
S&P	40	£170k
Total	296	£117k

Summary Results

£m	H1 2019/20		H 1 2018/19	FY 2018/19
Revenue	59.5	4%	57.4	117.9
Underlying Operating Profit	3.7	0%	3.7	9.1
Underlying Profit before tax	3.0	(14)%	3.5	8.9
Reported loss before tax	(1.3)	53%	(2.8)	(4.7)
Underlying EPS	9.4p	(4%)	9.8p	23.32
Dividend per share	5.0p		5.0p	15.0p
Dividend cover	1.9		2.0	1.4

- Revenue growth 4%
- Underlying operating profit maintained
- Proposed Interim dividend of 5p payable on 13th December 2019

Underlying Results

H1 2019/20		
Revenue £m	Profit £m	Margin %
38.7	4.9	13%
3.3	0.9	27%
15.6	0.6	4%
1.9	(0.5)	-
	(2.1)	
59.5	3.7	6%

H1 2018/19		
Revenue £m	Profit £m	Margin %
35.4	4.2	12%
4.4	1.7	39%
15.9	0.5	3%
1.8	0	-
-	(2.6)	-
57.4	3.7	6%

FY 2018/19		
Revenue £m	Profit £m	Margin %
75.7	9.3	12.3%
7.0	2.1	30.0%
32.1	0.8	2.5%
3.1	(0.3)	(9.7)
-	(2.8)	-
117.9	9.1	7.7%

Shipbroking

Financial

Logistics

Engineering

Central

Shipbroking Division

“Buoyant markets currently”

	H1 2019/20	H1 2018/19	FY 2018/19
Revenue	£38.7m	£35.4m	£75.7m
Underlying Operating Profit	£4.9m	£4.2m	£9.3m
Margin	12.7%	11.9%	12.3%
Forward Order Book	\$42.6m	\$46m	\$43.1m
Total Transactions	2,758	3,069	5,948

- Revenue growth of 9%
- Improving margins reflecting USD strength and investment in last two years
- Forward order book maintained from last year end

Financial Division

“High activity levels – timing of reward is variable”

	H1 2019/20	H1 2018/19	FY 2018/19
Revenue	3.3	£4.4m	£7.0m
Underlying Operating Profit	0.9	£1.7m	£2.1m
Operating Margin	27.3%	38.6%	30.0%

- Higher volume of mandates but lower completed transactions
- Presence established in London and Singapore
- Several significant transactions in progress
- Increasing integration with other Braemar divisions
- Diversified client base
- Retainer income covering operating costs

	#Oct 19	#Oct18
Retainer only	20	16
Retainer + success fee	1	5
Success fee only	12	9
Number of clients	33	30
	£m	£m
Retainer income	1.9	1.8
Success fees	1.4	2.6
Income	3.3	4.4

Logistics Division

“Restructuring benefits coming through – contracts renewed”

Port Agency

	H1 2019/20	H1 2018/19	FY 2018/19
Revenue	£4.2m	£4.1m	£8.2m
Underlying Operating Profit	£0.4m	£0.4m	£0.7m
Operating Margin	9.5%	9.7%	8.5%

Freight Forwarding

	H1 2019/20	H1 2018/19	FY 2018/19
Revenue	£11.4m	£11.8m	£23.9m
Underlying Operating Profit	£0.2m	£0.1m	£0.1m
Operating Margin	1.8%	0.8%	0.4%

- Cost management programme underway to improve margins
- Focus on diversification away from oil and gas

Engineering Division

“LNG markets offer future opportunities”

	H1 2019/20	H1 2018/19	FY 2018/19
Revenue	£1.9m	£1.8m	£3.1m
Underlying Operating Profit / (loss)	(0.5)	0	(£0.3m)

- Mismatch of project resources
- Cost management programme underway
- Significant disruption from Aqualis transaction

Group Balance Sheet

	H1 2019/20 £m	H1 2018/19** £m	FY 2018/19 £m
Goodwill and other intangibles	86.2	92.3	86.0
Non-Current Assets*	20.2	8.3	5.7
Investment in AqualisBraemar	8.9	-	-
Current assets	44.3	60.3	37.1
Current liabilities*	(52.8)	(49.2)	(46.4)
Convertible loan notes and deferred consideration	(19.7)	(14.4)	(16.9)
Net Assets held for sale (net of cash)	-	-	3.9
Provisions / Other long term liabilities*	(14.5)	(4.7)	(3.2)
Net (debt) / Cash	(18.8)	(9.3)	(7.8)
Net Assets	53.8	83.3	58.4

*Includes assets and liabilities reclassified under IFRS 16 – see Slide 21

**Restated

Group cash flow

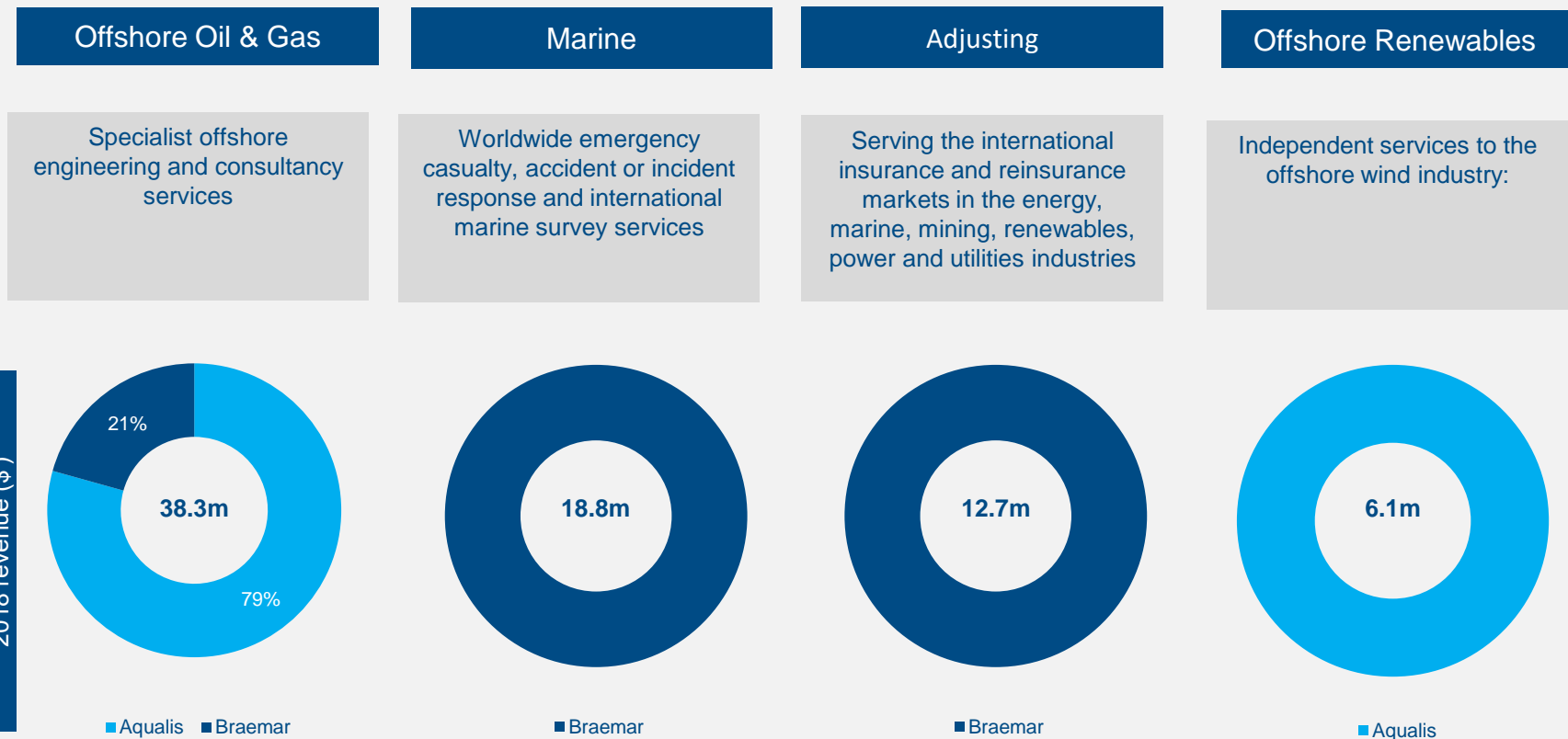
	H1 2019/20 £m	H1 2018/19 £m	FY 2018/19 £m
Opening Cash	7.5	5.4	5.4
Cashflow from continuing trading operations	0.5	(2.3)	8.9
Discontinued operations & specifics	(1.7)	-	1.1
Movement on borrowings and liabilities	6.8	6.4	8.2
Net interest payment	(0.8)	(0.5)	(0.9)
Net capital expenditure	(1.4)	(0.9)	(2.8)
Tax paid	(0.8)	(0.2)	(1.1)
Acquisition payments	(1.6)	(0.1)	(1.7)
Dividends/purchase of own shares	(3.1)	(3.7)	(6.3)
FX Impact	(0.6)	0.9	(1.1)
Movements in cash	(2.7)	(0.4)	2.1
Net cash	4.8	5.0	7.5
Short term borrowings	(23.6)	(14.3)	(15.3)
(NET DEBT)	(18.8)	(9.3)	(7.8)

AqualisBraemar

27% ownership to be accounted for on an equity basis.

No material impact on current period

Warrants could take ownership up to 33% in 2021, depending on performance



Note: Based on unaudited revenue for the year ended 28 February 2019 for BTS, and revenue for the year ended 31 December 2018 for Aqualis. Average monthly USD/GBP FX rates have been used to translate GBP

Sources: Aqualis and Braemar management information

Summary and Outlook

- Strong performance in **Shipbroking**
- Shipping market continues to show positive outlook
- **Finance** division remains busy, even though revenue timing variable
- **Logistics** remains steady with contract renewals
- **Engineering** – significant focus in developing LNG opportunities

The Board is continually reviewing Braemar Group's resourcing to exploit opportunities, and to work together to optimise stakeholder value.

BRAEMAR



Ronald Series, Chairman

E: ronald.series@braemar.com

T: +44 (0) 20 3142 4100

Nick Stone, Group Finance Director

E: nick.stone@braemar.com

T: +44 (0) 20 3142 4100

Group Specific Items

	H1 2019/20 £m	H1 2018/19 £m	FY 2018/19 £m
Amortisation	-	(1.0)	(1.1)
Restructuring Costs	(1.3)	-	(0.8)
Gain of revaluation of investment	-	-	0.5
Share of associate profit	0.8	-	-
Acquisition related items:			
• Braemar ACM	(0.1)	(0.1)	(0.1)
• Braemar Naves	(2.7)	(3.6)	(7.9)
• Atlantic	(0.6)	(1.4)	(2.5)
• Attributed Interest	(0.4)		-
Loss from discontinued operations	(0.7)	(2.5)	(22.7)
TOTAL	(5.0)	(8.6)	(34.6)

Discontinued Operations

Disposal of Braemar Technical Services

	H1 2019/20 £m	H1 2018/19 £m	FY 2018/19 £m
Post Tax trading (loss)/profit	(0.8)	(0.7)	(1.6)
Restructuring cost & interest			(0.6)
Write down of intangible assets			(6.1)
Estimated impairment			(13.0)
Profit on disposal of BTS	0.1		
Braemar Response		(1.8)	(1.4)
Total reported loss	(0.7)	(2.5)	(22.7)

Investment in AqualisBraemar to be accounted for on an equity basis for Braemar's share of profits and net assets

Financial Impact of Application of IFRS 16

Non-current assets
Property, plant & equipment
Other receivables
Current assets
Finance lease receivable
Current liabilities
Short term borrowings
Non-current liabilities
Long term borrowings

H1 2019/20
10.9
2.3
0.6
(3.4)
(11.4)

Combination of **Technical** with Aqualis

Key features



- Creates market leading position with genuine global coverage
- Continuing use of the Braemar brand, through **AqualisBraemar**
- Retains Offshore recovery upside potential. Market consolidation opportunities.
- Simplifies the Group - easier to understand and establishes a value for Braemar's Technical Services assets
- Aqualis management team has a strong track record of operating and growing marine consulting businesses and realising value through mergers
- Expected synergies derived from scale, efficiency and utilisation
- Ongoing relationship, joint branding and joint marketing capability
- Braemar to become a 26% shareholder with warrants giving opportunity to become 33%
- Ron Series, Chairman, has been appointed to the Board of **AqualisBraemar**

Combination of Technical with Aqualis Transaction Overview

Transaction implementation

AQUALIS

100% acquisition of shares

Braemar Technical Services Holding Limited
Holding company of Braemar Technical Services
assets to be acquired

Consideration

Consideration equal to 33.0% of the Diluted Aqualis Share Capital to be paid in:

- Initial consideration shares representing 26.0% of the Enlarged Aqualis Share Capital, with a 2 year lock up period for this portion of consideration
- 2 equal tranches of performance-based warrants, with performance measured from 1 April 2019:
- Tranche 1: based on AqualisBraemar's average annual, adjusted EBITDA¹ over 2 years with an average EBITDA performance floor of \$4.5m and a ceiling of \$7.5m for proportional nil / max. vesting
- Tranche 2: based on average annual, aggregate adjusted gross profit² for the former Braemar Adjusting and Marine divisions over two years, with a performance floor of \$12.6m and a ceiling of \$14.3m for proportional nil / max. vesting

Board and management

- 5 member board
- Braemar has the right to nominate 1 member to the AqualisBraemar Board – Ronald Series, Chairman of Braemar
- Chairman of Board is to be Glen Rødland, Chairman of Aqualis
- Gross Management AS, the largest pre-transaction Aqualis shareholder (see right), Ronald Series has been appointed to the Board.
- Shares quoted on Oslo Bors (OB: AQUA)

Post-transaction top 10 shareholders

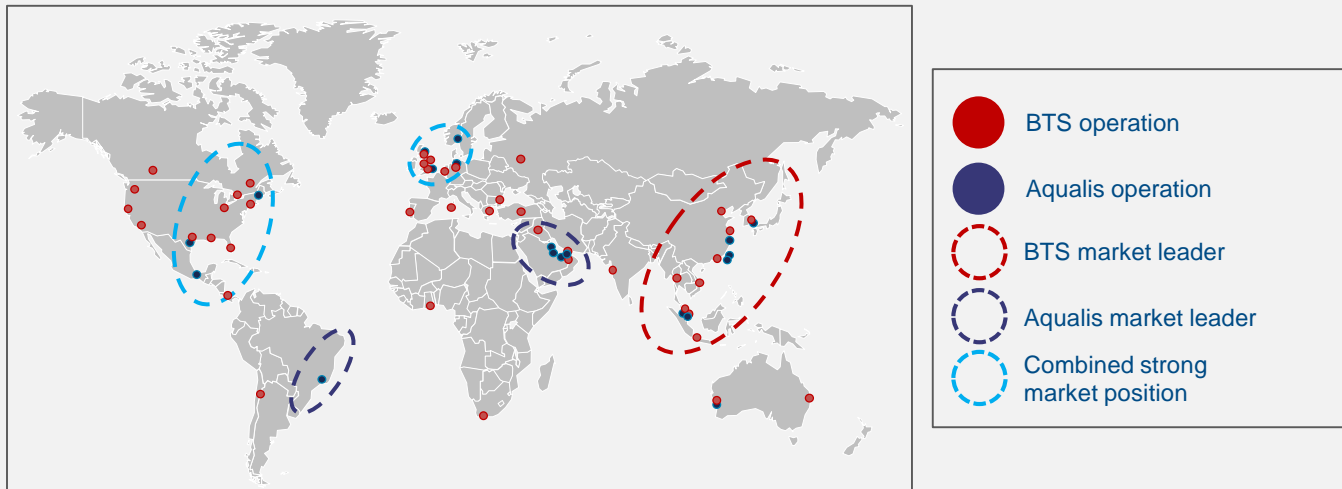
#	Shareholder	Shares (m)	%
1	Braemar Shipping Services plc	14.9m	26.0%
2	Gross Management AS (Glen Rødland)	7.4m	12.9%
3	Carnegie Investment Bank AB	2.7m	4.7%
4	Tigerstaden AS	1.9m	3.3%
5	Danske Bank A/S	1.7m	3.0%
6	MP Pensjon PK	1.5m	2.6%
7	Lgt Bank AG	1.4m	2.5%
8	Oma Invest AS	1.4m	2.4%
9	Saxo Bank A/S	1.3m	2.3%
10	Badreddin Diab	1.0m	1.8%
Top 10 shareholders		35.1m	61.1%

¹Adjusted EBITDA: earnings before interest, foreign exchange gains or losses, tax, depreciation and amortization for the consolidated combined business of Aqualis and BTS

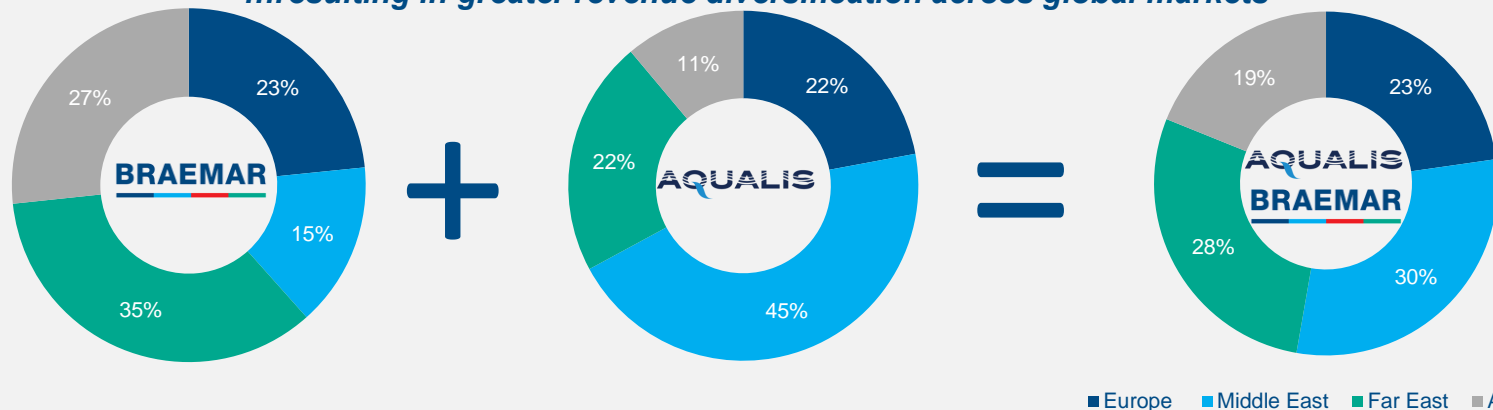
²Adjusted gross profit: gross profit, being revenue less cost of sales and direct costs, for the former Braemar Adjusting and Marine businesses

AqualisBraemar – global coverage

A combination of two businesses with market leading positions in different regions, and little client overlap...



...resulting in greater revenue diversification across global markets



Note: Based on unaudited revenue for the year ended 28 February 2019 for BTS, and revenue for the year ended 31 December 2018 for Aqualis. Average monthly USD/GBP FX rates have been used to translate GBP
Sources: Aqualis and Braemar management information

NAVES consideration breakdown

TRANCHE	DATE	€'000	€'000	COLLATERAL
<u>Initial consideration</u>	26-Sep-2017	7,400		cash
	26-Sep-2017	7,400		convertible loan notes (all sellers)
	26-Sep-2017	1,505		shares (non-management sellers)
			16,305	
<u>First deferred consideration</u> All sellers	26-Sep-2018	700		cash
	26-Sep-2018	700		convertible loan notes
	26-Sep-2019	700		cash
	26-Sep-2019	700		convertible loan notes
	26-Sep-2020	700		cash
	26-Sep-2020	700		convertible loan notes
			4,200	
<u>Second deferred consideration</u> Management only	26-Sep-2018	699		convertible loan notes
	26-Sep-2019	699		convertible loan notes
	26-Sep-2020	699		convertible loan notes
	26-Sep-2021	699		convertible loan notes
	26-Sep-2022	699		convertible loan notes
			3,495	
			24,000	
<u>Max earn-out consideration</u> Management only €2.0m-€4.375m	31-Aug-2018	3,667		convertible loan notes
	31-Aug-2019	3,667		convertible loan notes
	31-Aug-2020	3,667		convertible loan notes
			11,000	
Total maximum payout			35,000	

Management sellers represented 69.9% of the total sellers (non-management = 30.1%)

Interest on Loan Notes are payable at 3% p.a. (in March and September) and payable from date of completion (initial and first deferred) or date of issue (second and earn-out)

Market rebounded to highest level for nearly a decade

Baltic Dry Index



Baltic Dry Index



Deferred contracts below year ago levels, but they've recovered their 2019 losses

Capesize FFAs

\$/day

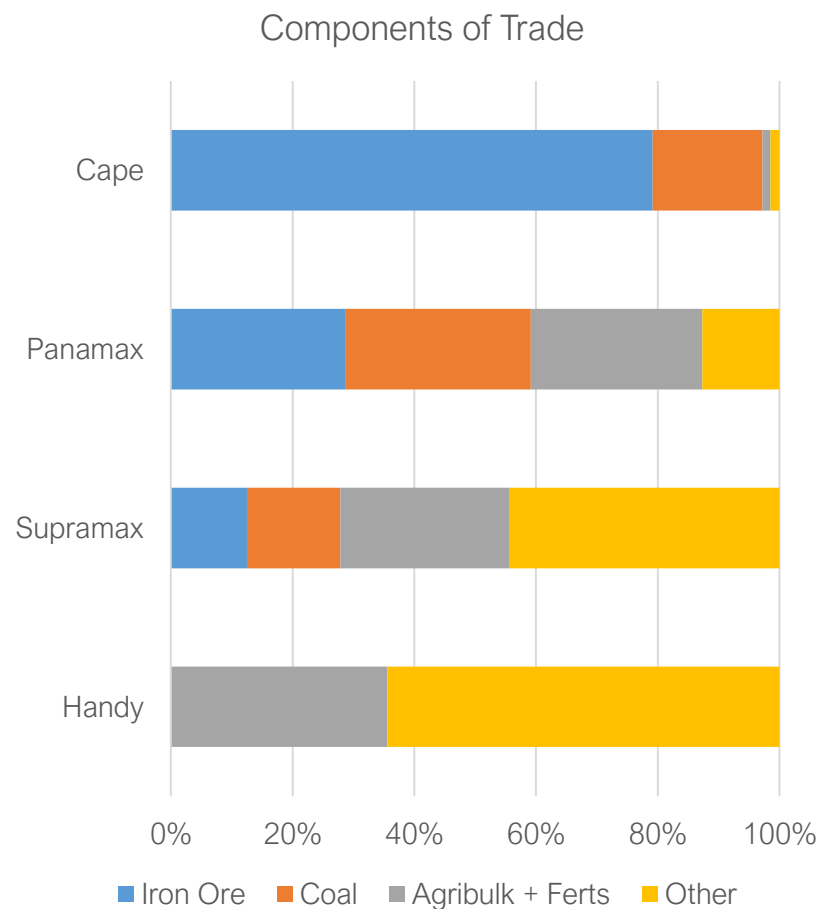
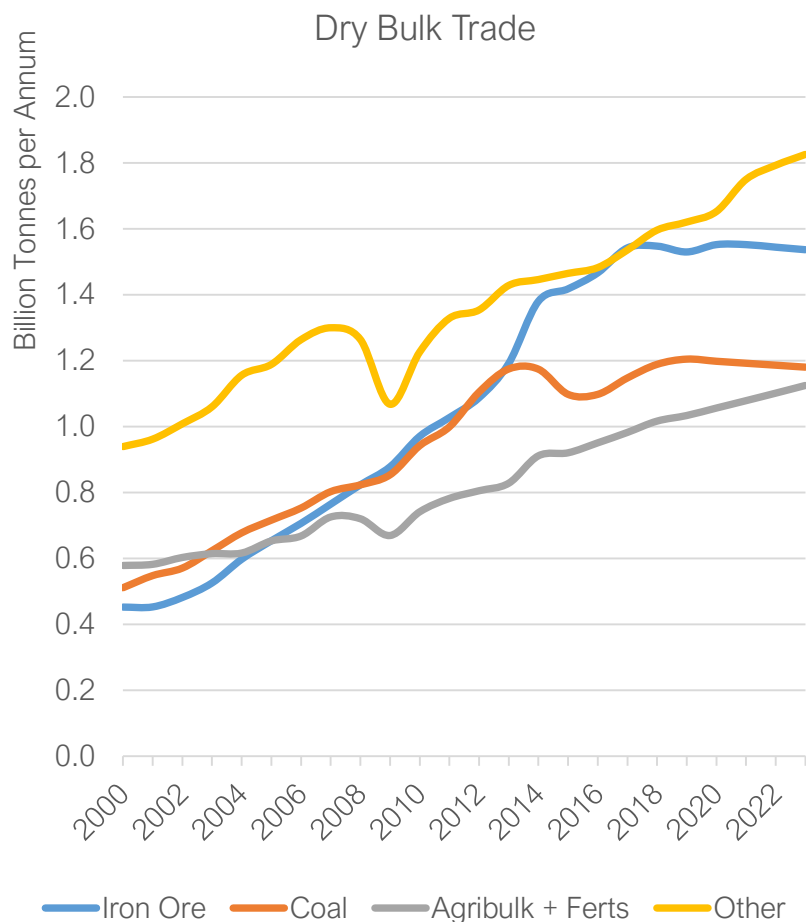


Panamax FFAs

\$/day



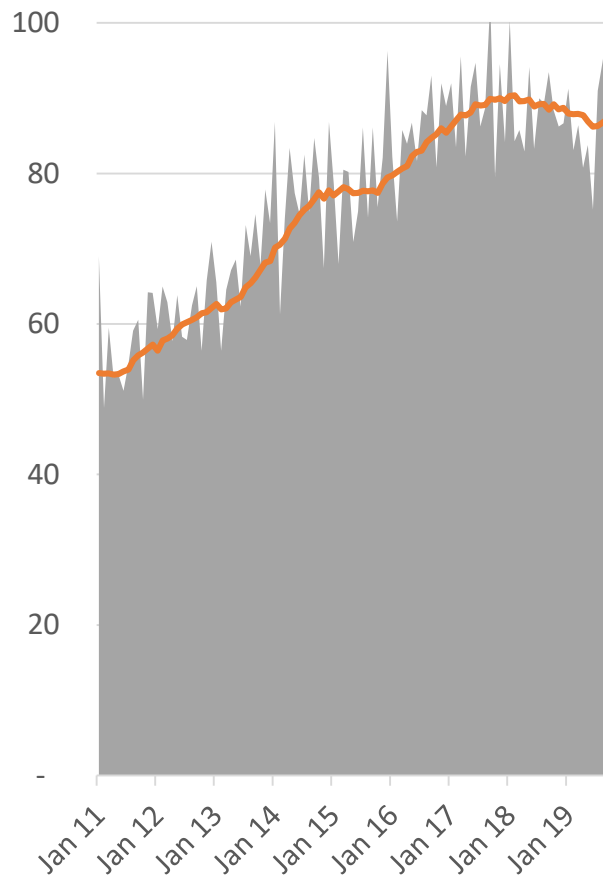
Demand growth is not evenly spread across sectors



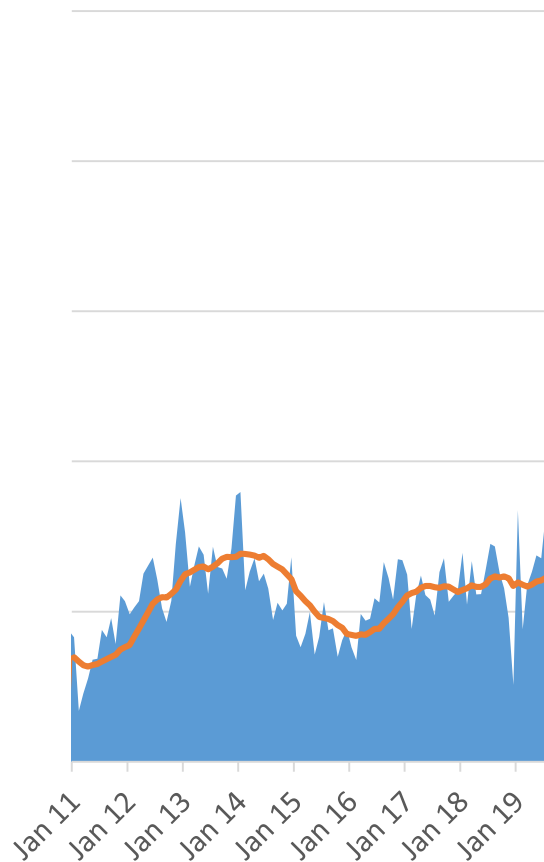
China iron ore imports jump up as availability improves

Chinese Imports
million tonnes / month

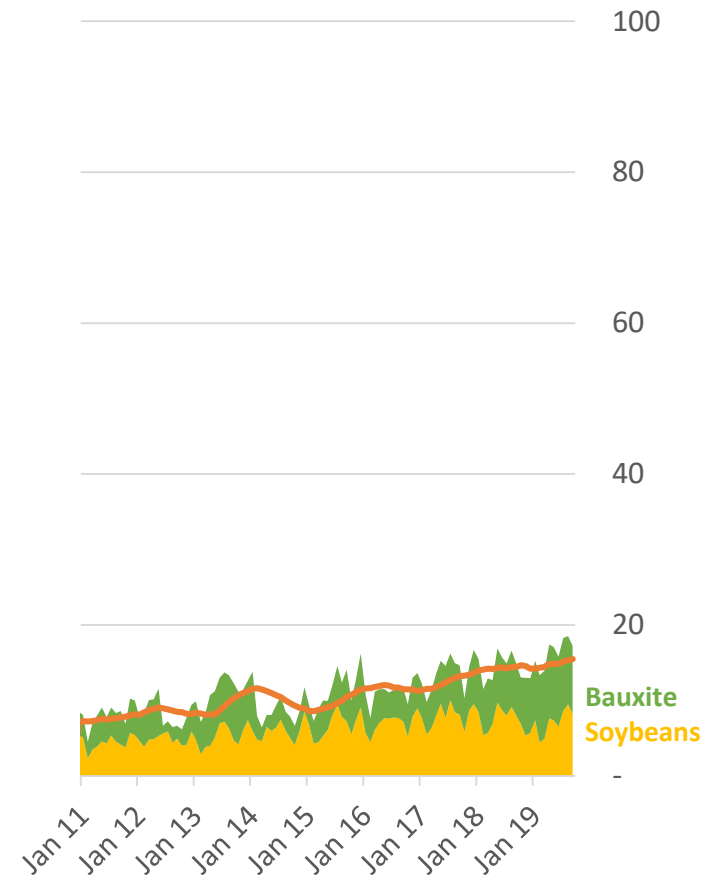
Iron Ore



Coal

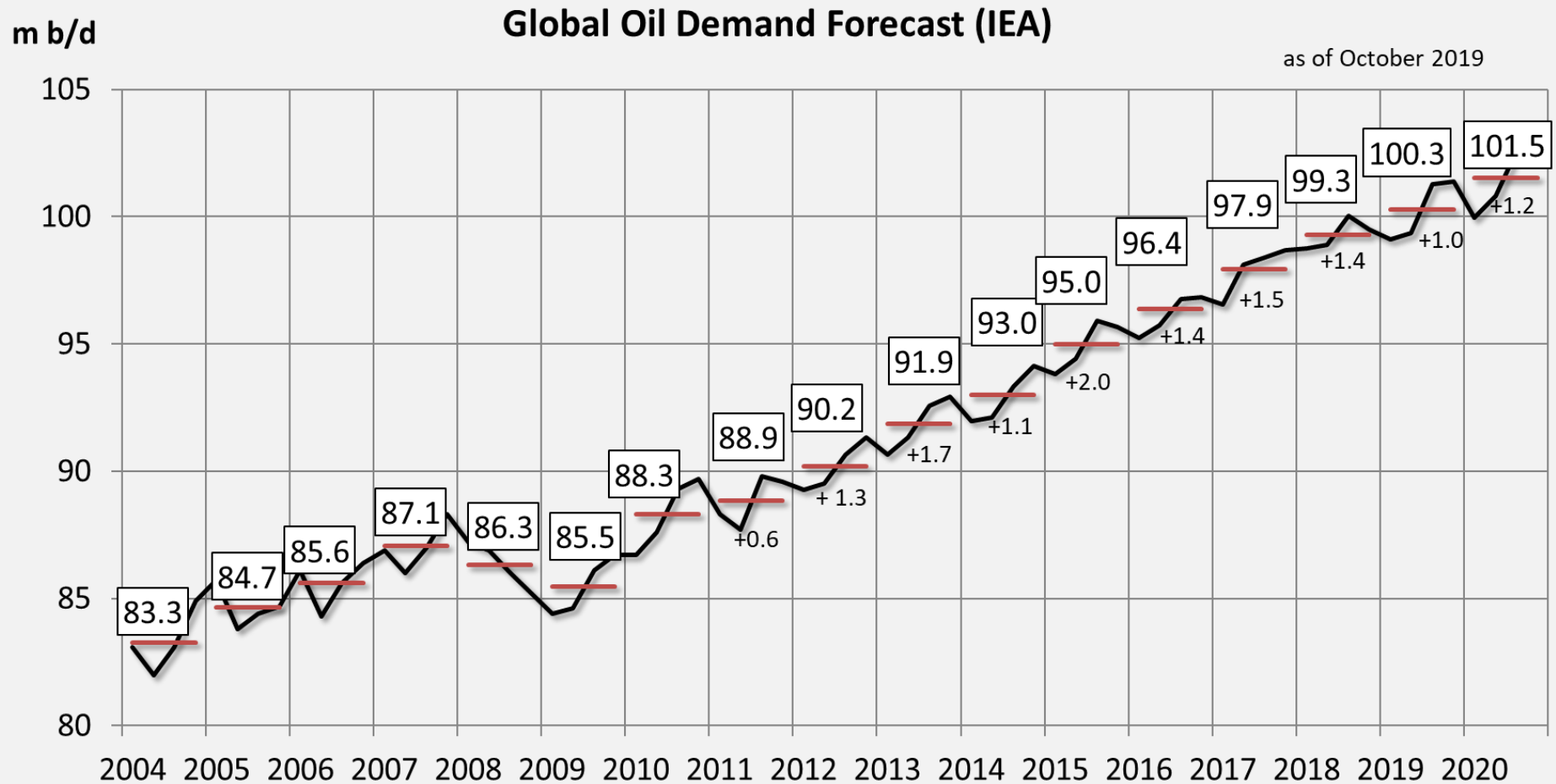


Bauxite & Soybeans

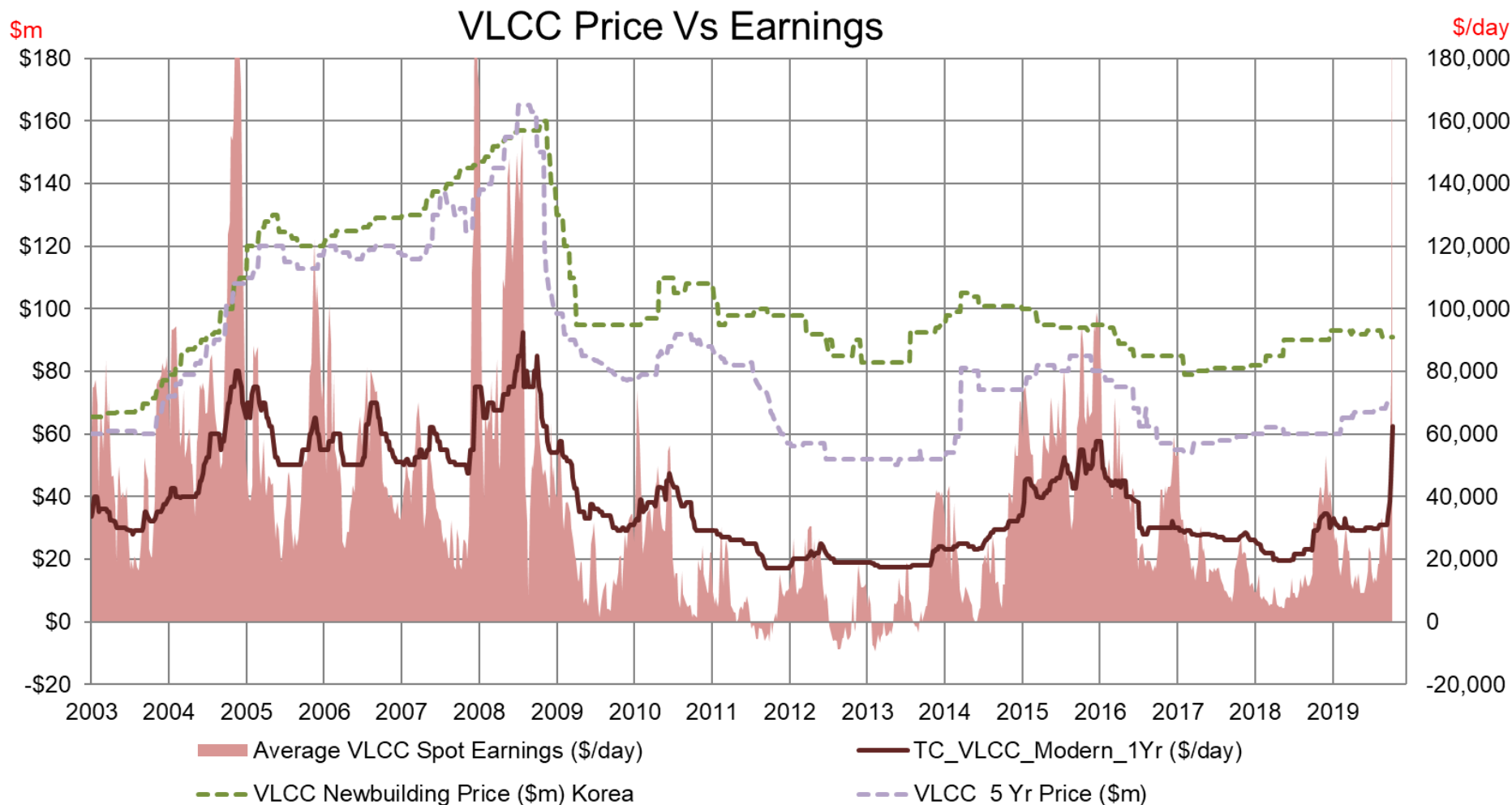


— 12 MMA

Outlook for oil demand

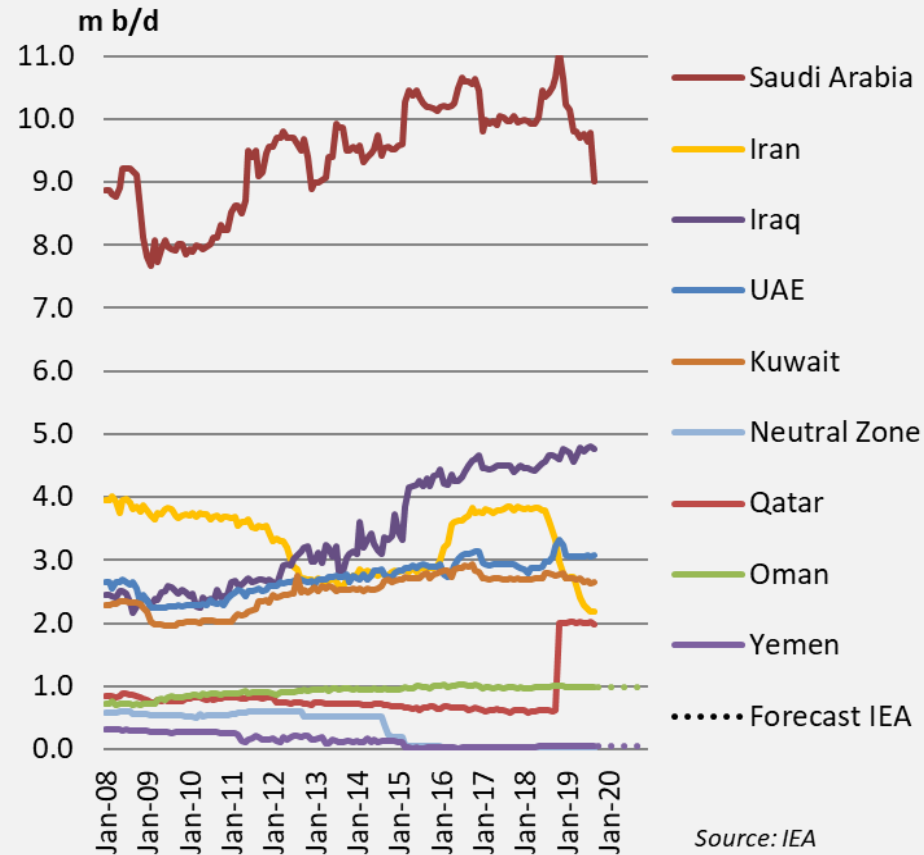


VLCC Price Vs Earnings

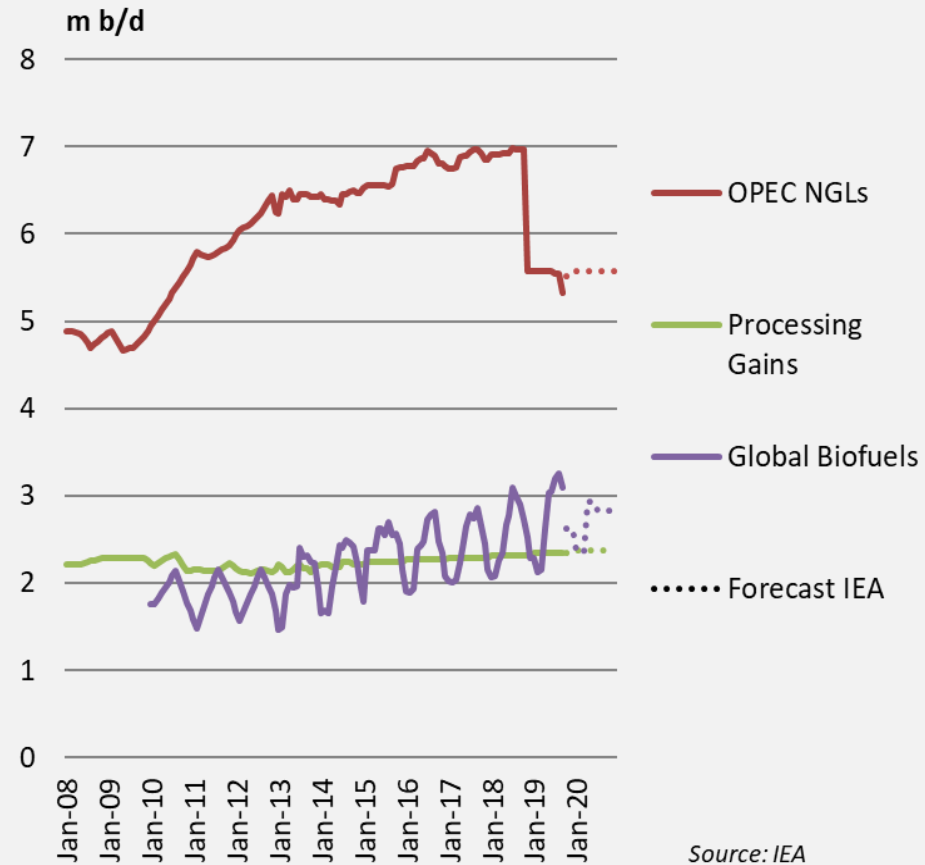


Oil Production

Oil Production in AG / RSea (Key Net Exporters)

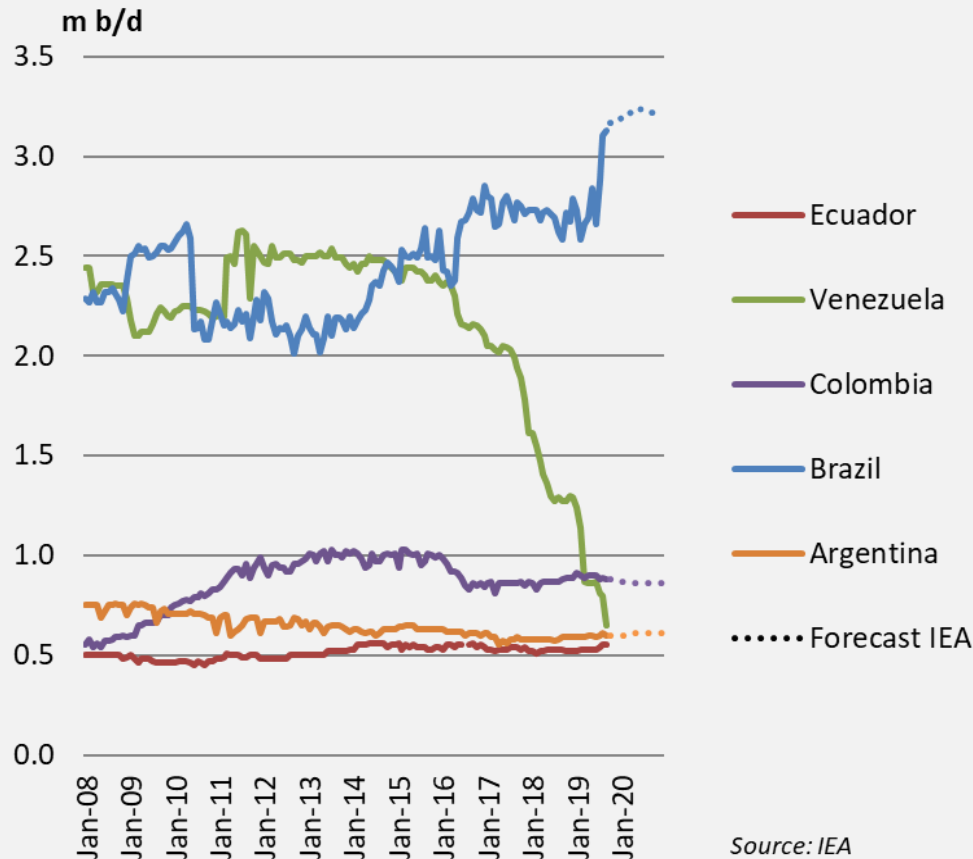


'Other' Oil Production

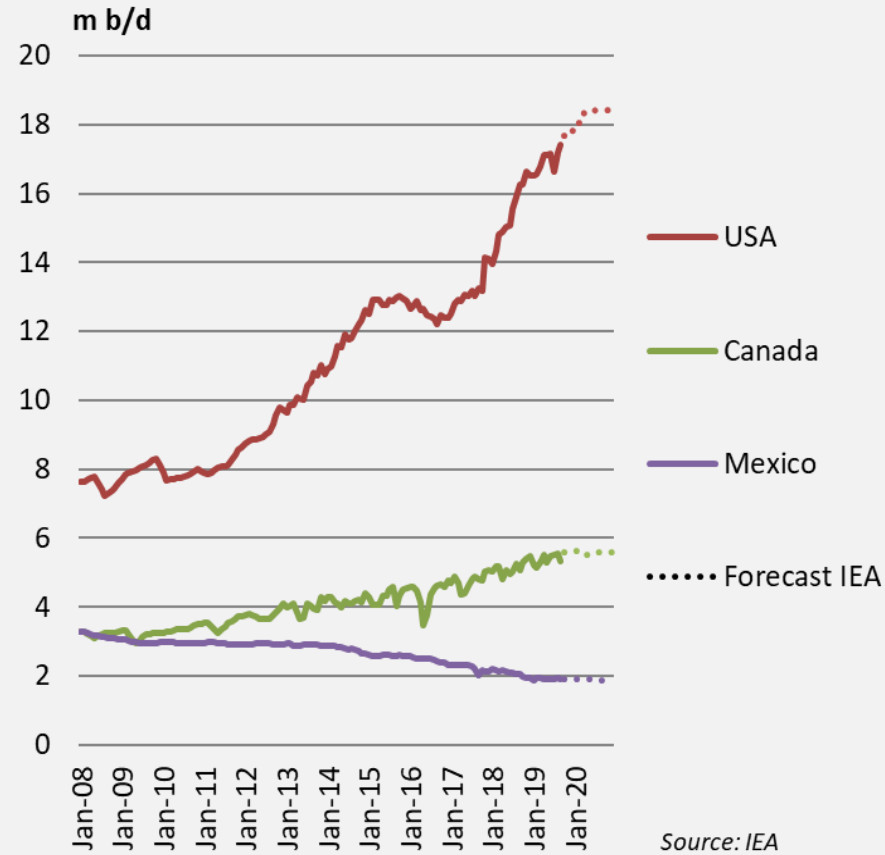


Oil Production

Oil Production in South America (Key Net Exporters)



Oil Production in North America



International Maritime Organisation regulations

- Market Opportunities

- IMO's global 0.5% (presently 3.5%) fuel sulphur content cap regulation in force from 1 Jan 2020
- 0.1% sulphur cap Emission Control Areas (ECAs) in the Baltic Sea, North Sea and US coastline. Other countries implementing their own regulations
- Conundrum for shipowners. Choices with an uncertain pay-back
- Refiners will make configuration and production changes to meet demand, but at what pace?
- Marine Gas Oil (MGO) premium to Heavy Sulphur Fuel Oil (HSFO) has averaged \$250 /tonne
- Global MGO and ULSFO (0.1% Ultra Low Sulphur Fuel Oil) availability and storage opportunities
- Impact of reduced fleet capacity while vessels dry-dock to fit a scrubber (capex ~\$3m)
- Dis-location and freight pricing effects
- Longer term fuel choices for newbuildings (e.g. LNG)

Disclaimer

This presentation (this "presentation") is for general information only and is the property of Braemar Shipping Services Plc ("Braemar"). Making this presentation available in no circumstances whatsoever implies the existence of a commitment or contract by or with Braemar, or any of its affiliated entities, or any of its or their respective subsidiaries, directors, officers, representatives, employees, advisers or agents ("Affiliates") for any purpose. This presentation as well as any other related documents or information do not purport to be all inclusive or to contain all the information that you may need. There is no obligation of any kind on Braemar or its Affiliates to update this presentation. No representation or warranty, express or implied, is or will be made in relation to, and no responsibility or liability is or will be accepted by Braemar or its Affiliates as to, or in relation to, the accuracy, reliability, or completeness of any information contained in this presentation and Braemar (for itself and on behalf of its Affiliates) hereby expressly disclaims any and all responsibility or liability (other than in respect of a fraudulent misrepresentation) for the accuracy, reliability and completeness of such information. This document contains forward-looking statements, including, without limitation, statements containing the words "targets", "believes", "expects", "estimates", "intends", "may", "plan", "will", "anticipates" and similar expressions (including the negative of those expressions). Braemar believes that the expectations reflected in these statements are reasonable, but forward-looking statements involve unknown risks, uncertainties and other factors which may cause the actual results, financial condition, performance or achievements of Braemar, or industry results, to be materially different from any future results, performance or achievements expressed or implied by those forward-looking statements. Factors that might cause a difference include, but are not limited to, the risk factors set out in Braemar's latest Annual Report, which is available from its website. The forward-looking statements contained in this document are made on the date of this document, and Braemar is not under any obligation to update those forward-looking statements in this presentation to reflect actual future events or developments.

To the extent information has been sourced from a third party, this information has been accurately reproduced and, as far as Braemar is aware, no facts have been omitted which may render the reproduced information inaccurate or misleading.

You should not do anything (including entry into any transaction of any kind) or forebear to do anything on the basis of this presentation. Before entering into any arrangement, commitment or transaction you should take steps to ensure that you understand the arrangement, commitment or transaction and have made an independent assessment of the appropriateness of the arrangement, commitment or transaction in light of your own objectives and circumstances, including the possible risks and benefits of entering into such an arrangement, commitment or transaction. No information, representations or opinions set out or expressed in this presentation will form the basis of any contract. This presentation is not directed to, or intended for distribution to or use by, any person or entity that is a citizen or resident or located in any locality, state, country or other jurisdiction where such distribution or use would be contrary to law or regulation or which would require any registration or licensing within such jurisdiction.

Braemar uses alternative profit measures ("APMs") as key financial indicators to assess underlying performance of the Group. Management considers the APMs used by the Group to better reflect business performance and provide useful information to investors and other interested parties. Our APMs include underlying operating profit and underlying basic earnings per share. Explanations of these and their calculations are shown in details in our annual report.