



BRAEMAR

Braemar Shipping Services Plc

Interim Results Presentation

Targeted growth strategy

A strong performance in H1

November 2021

Strong performance laying foundations for growth



Strong growth in revenue and profit



Streamlined business refocused on Shipbroking



Trading continues in line with upgraded expectations



Balance Sheet Strengthened



New Ambitions

- Double the size of our business over the next 4 years
- Achieve optimum scale and market share
- Utilise our position as a UK listed company

How we achieve this:

- Organic growth
- Targeted acquisitions
- New products coverage
- Utilise technology
- Strengthen our business infrastructure

Strategic Progress Since Year End

Board changes

- Nigel Payne, Chairman
- Tris Simmonds, COO
- Elizabeth Gooch, NED

Rescheduling of Naves acquisition liabilities

- £2.5m previously due for repayment before the end of December 2022 deferred to be paid no earlier than September 2025. Further amount of £0.6m to be equity settled
- Balance sheet strengthening and improved short-term liquidity
- Planned integration of Financial and Shipbroking Divisions
- Combined expertise in shipping investment and risk management

Strategic Progress Since Year End

Disposal of non-core investment in AqualisBraemar

- Total cash proceeds of £7.9m
- Further balance sheet strengthening

Planned joint venture between the Logistics Division, Cory Brothers, and Vertom

- Significant stake in much larger combined European port agency business
- Prospects for scale and faster growth as a combined business

Trading Overview

- Revenue up 11%, Underlying Operating Profit up 10%
- **Shipbroking** markets strong in Dry Cargo, Sale & Purchase and Securities, Tankers now showing signs of recovery
- Significant success fees for **Naves**, revenue up by 49%
- Revenue and profit growth in **Cory Brothers**
- Operating profit, including Cory Brothers, up by 23%
- Full year trading outlook in line with market expectations

Summary Results

£m	H1 2021/22	%	H1 2020/21	FY 2020/21
Revenue	47.4	11%	42.8	111.8
Underlying Operating Profit	5.6	10%	5.1	8.9
Underlying Operating Profit, including Cory Brothers	6.9	23%	5.6	8.9
Reported Profit before tax	7.2	118%	3.3	9.4
Underlying EPS	18.0p	11%	16.2p	14.0p
Dividend per share	2.0p		0.0p	0.0p
Operating cash flow	2.3		6.6	12.7
Net bank debt	8.0	(9%)	19.3	8.8
Total net debt (including acquisition liabilities)	14.7	(23%)	30.2	19.1

- Underlying operating profit increase of 10% from 11% higher revenue
- Operating profit including Cory Brothers increased 23%
- Underlying EPS increase of 11%
- Total debt down 23%

Shipping market commentary

- Shipbroking set for consolidation
- Shipping faces regulatory challenges over carbon reduction
- Slow steaming is expected and as a result longer charters
- COVID-19 disruption is set to continue meaning more congestion and longer discharge time
- IEA expects oil demand to recover
- New building orders at 20-year low
- Older vessels are becoming obsolete and finding a new cleaner fuel solution a challenge

Future Direction

Growth Opportunities

- Strategic organic growth to increase market share
- Acquire new businesses to complement existing markets
- Increase geographical presence
- Expand derivatives coverage
- Develop new products for a changing regulatory environment

	Tankers	Specialised	Derivatives	Dry Cargo	Sale and Purchase	Offshore & Renewables	Finance			
London										Very Strong
Europe										Strong
Middle East										Moderate
Apac										Opportunities
Americas										

Future Direction

Growth Opportunities

- A Strategic Investment in technology via our joint venture with Zuma Labs
- A comprehensive solution for all our broking desks
- An improved workflow with better access to markets
- A complete set of data and market information that is easily accessible for our brokers and clients

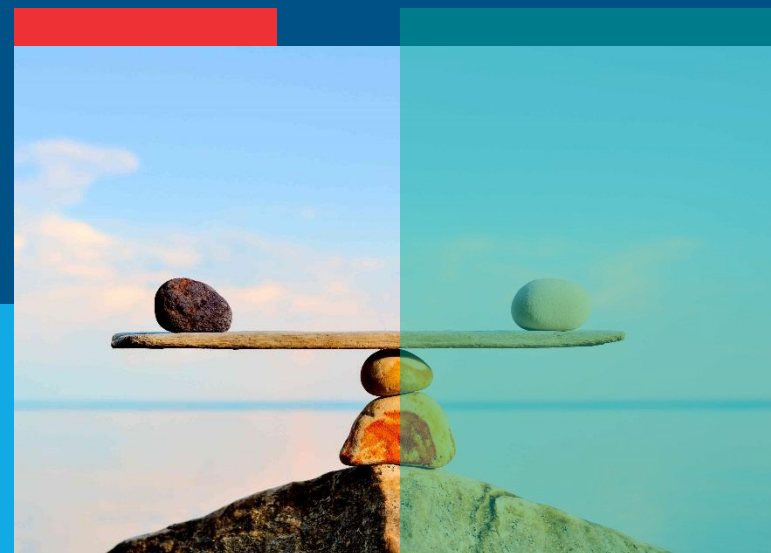
To date:

- The successful launch of a bespoke platform for Dry FFA
- The 'Venetian' platform an access point for external and internal price sharing across desks
- Revenue from Dry FFA desk has increased by ~400% since inception
- Has enabled us to differentiate ourselves and grow market share
- Has delivered usable solutions to our broking desks



Cory Vertom Joint Venture rationale

- ✓ Combined port agency and freight forwarding operation
- ✓ History of two existing JVs together for ~10 years
- ✓ Complementary cultures and values
- ✓ Cost and operational synergies
- ✓ Will allow broader European and Global coverage
- ✓ Create a stronger business promoting quicker growth

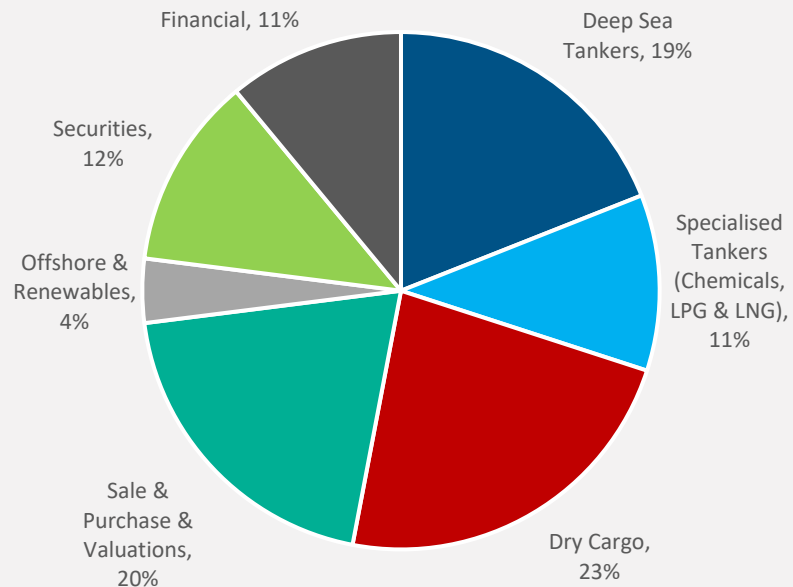


Vertom Agencies Group BV is part of a privately owned ship owning, charterer and agency business based in the Netherlands, established in 1974

Revenue Analysis

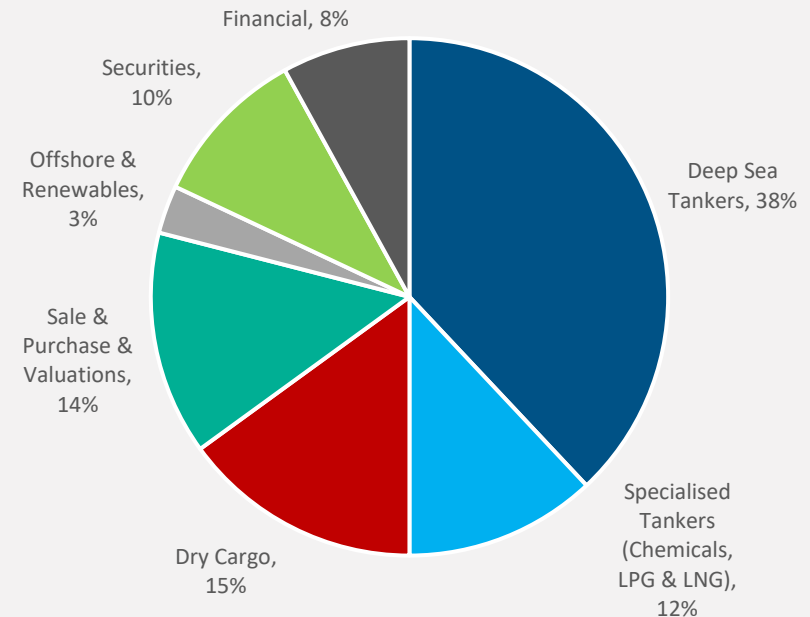
£47.4m

HY22 - Revenue



£42.8m

HY21 - Revenue



Shipbroking

	H1 2021/22	H1 2020/21	FY 2020/21
Revenue	£42.2m	£39.3m	£77.7m
Underlying operating profit	£5.9m	£6.1m	£10.1m
Margin	14.0%	15.5%	13.0%
Forward Order Book	\$55.5m	\$42.4m	\$43.4m

- Revenue growth from Dry Cargo, Sale and Purchase and Securities in H1
- Tanker market still impacted by COVID-19 but signs of recovery starting to show
- Margins impacted by higher deferred share charges and investment costs
- Forward order book now increased to over \$59m
 - \$29.5m deliverable in H2

Financial Division

	H1 2021/22	H1 2020/21	FY 2020/21
Revenue	£5.2m	£3.5m	£6.0m
Underlying profit	£1.7m	£0.7m	£1.0m
Operating margin	32.7%	20.0%	16.7%

- More transactions completed
- Higher success fees driven by two large transactions
 - Sale of container boxes
 - Refinancing
- Increased collaboration with shipbroking

	#Oct 21	#Oct 20
Retainer only	6	4
Retainer + success fee	8	11
Success fee only	8	15
Number of clients	22	30
	£m	£m
Retainer income	1.5	1.6
Success fees	3.7	1.9
Income	5.2	3.5

Cory Brothers

Port Agency

	H1 2021/22	H1 2020/21	FY 2020/21
Revenue	£4.4m	£4.0m	£8.1m
Underlying Operating Profit	£0.5m	£0.4m	£1.0m
Operating Margin	11.4%	10.0%	12.3%

Freight Forwarding

	H1 2021/22	H1 2020/21	FY 2020/21
Revenue	£16.9m	£9.5m	£20.0m
Underlying Operating Profit	£0.9m	£0.1m	£0.2m
Operating Margin	5.3%	1.1%	1.0%

- Strong growth in Freight Forwarding – Brexit driven increase in demand for services
- Agency revenues grew despite reduced oil product movements
- Benefits from cost management and restructuring

Summary and Outlook

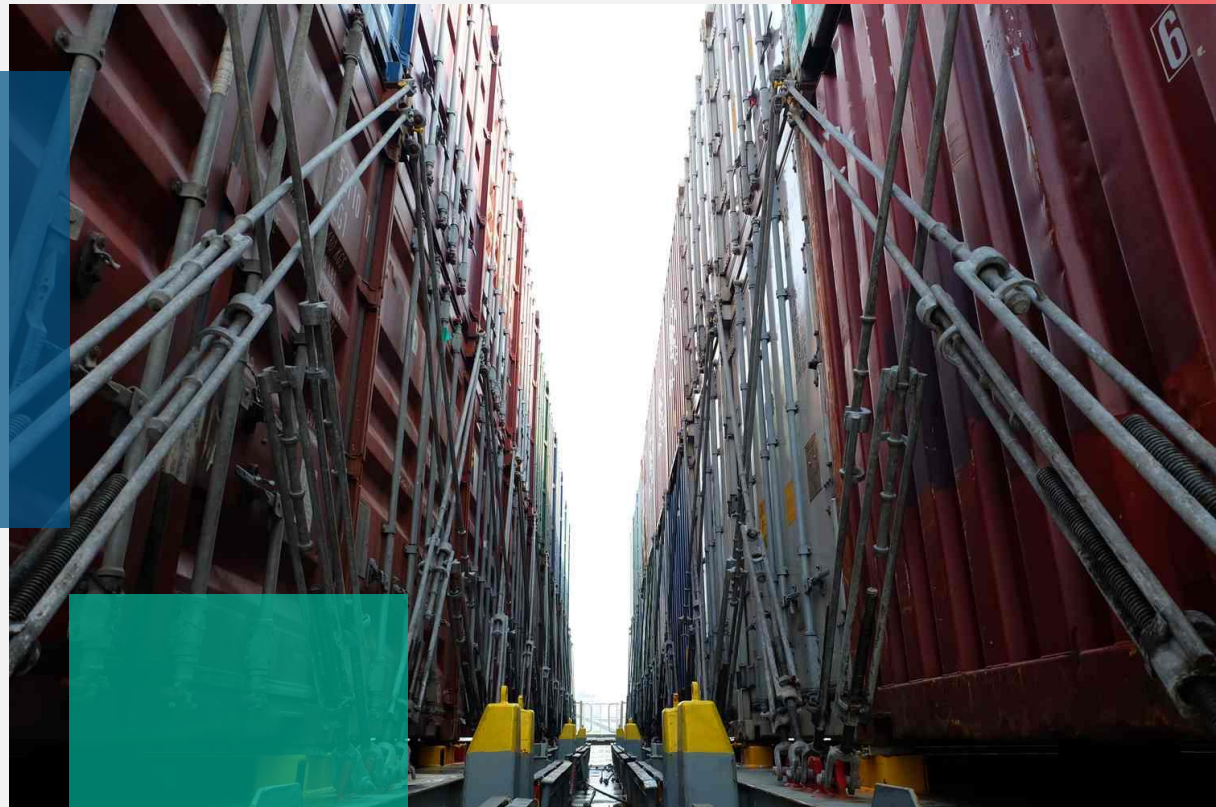
Summary

- **Strong Shipbroking** performance driven by Dry Cargo, Securities and Sale and Purchase
- Higher success fees in **Naves**, two significant transactions closing in the period
- **Strong** trading in **Cory Brothers** as a result of pressure on container space and Brexit-related import/export complexities
- Disposal of Wavespec and non-core investment in AqualisBraemar completed
- Ambitious growth strategy outlined

Current Trading and Outlook

- **Continued strength** in Dry Cargo, Securities, Sale and Purchase looks set to continue
- Recovery in tanker market expected
- Third significant Financial transaction expected to close before the end of the financial year
- Prospect of faster growth in Logistics as a result of planned Vertom JV
- **Trading in line with full year expectations**

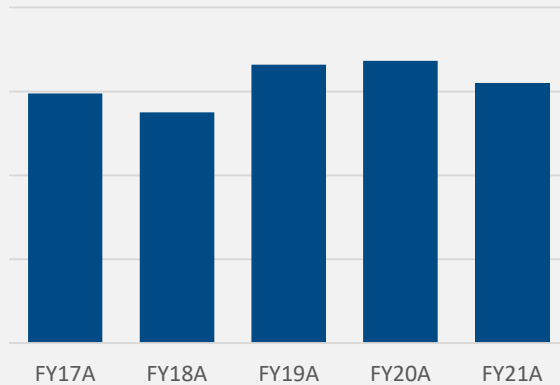
Q&A



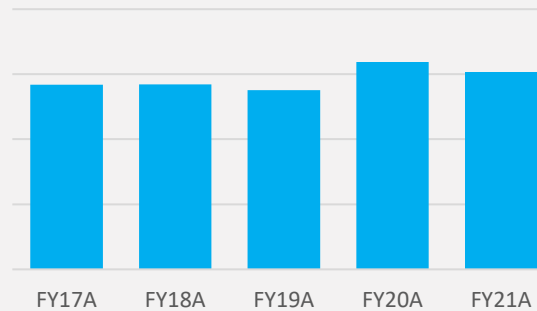
Appendices

Key Performance Indicators

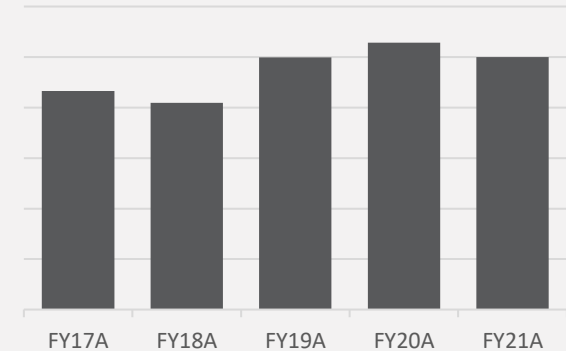
Revenue Per Head



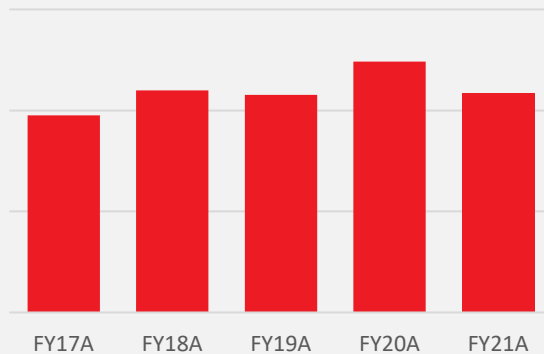
Underlying Operating Profit Margin (%)



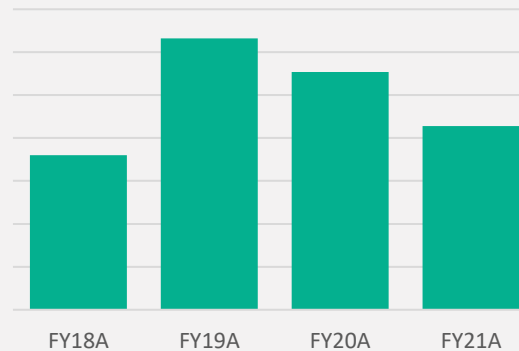
Revenue



Forward Order Book



Total Leverage Debt Ratio Annual Average



Note:

Shipbroking data only apart from leverage ratio

Revenue From Continuing Operations

Revenue	H1 2021/22 £m	H1 2020/21 £m	Change %
Dry Cargo	10.9	6.5	68%
Sale & Purchase	9.8	5.7	72%
Deep-sea Tankers	8.9	16.3	(45%)
Securities	5.5	4.2	31%
Financial	5.2	3.5	49%
Specialised Tankers (including Chemicals, LPG, LNG and Gas)	5.1	5.2	(2%)
Offshore and Renewables	2.0	1.4	43%
Total	47.4	42.8	11%

Group Balance Sheet

	H1 2021/22 £m	H1 2020/21 £m	FY 2020/21 £m
Goodwill and other intangibles	81.2	85.8	86.1
Non-Current Assets	15.3	19.1	16.7
Investment in AqualisBraemar	-	7.1	3.8
Current assets*	50.1	36.5	37.5
Current liabilities*	(51.2)	(45.6)	(48.1)
Convertible loan notes and deferred consideration	(6.7)	(11.0)	(10.3)
Net Assets held for sale (net of cash)	-	-	-
Provisions / Other long term liabilities	(12.4)	(13.5)	(13.3)
Net bank debt / Cash	(8.0)	(19.3)	(8.8)
Net Assets	68.3	59.1	63.6

*Balance sheet presentation of cash and overdrafts restated in statutory accounts

Group Cash Flow

	H1 2021/22 £m	H1 2020/21 £m	FY 2020/21 £m
Opening Cash	14.2	28.8	28.8
Cashflow from continuing trading operations	3.9	8.1	14.7
Movement on borrowing and liabilities	(5.4)	(24.0)	(32.4)
Net interest payment	(0.6)	(0.6)	(1.3)
Net capital expenditure	(1.1)	(0.5)	(1.1)
Tax paid	(1.0)	(0.9)	(0.8)
Acquisitions/disposals	7.6	0.7	7.0
FX impact	(0.6)	1.1	(0.7)
Movements in cash	2.8	(16.1)	(14.6)
Net cash	17.0	12.7	14.2
Short term borrowings/held for sale	(25.0)	(32.0)	(23.0)
(NET BANK DEBT)	(8.0)	(19.3)	(8.8)

Group Specific Items

	H1 2021/22 £m	H1 2020/21 £m
Acquisition related items:		
• Braemar ACM	-	(0.1)
• Braemar Naves	2.3	(0.7)
• Atlantic	-	(0.2)
• Attributed interest	-	(0.2)
Gain/(loss) from discontinued operations	3.5	(2.8)
Taxation	-	-
Total	5.8	(4.0)

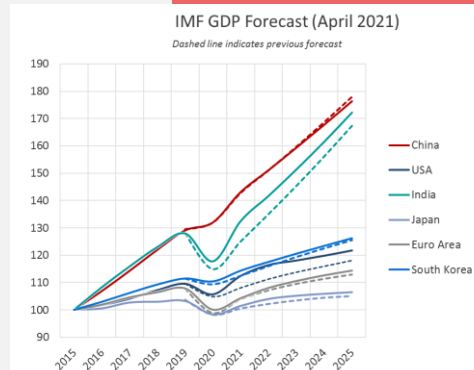
Discontinued Operations

Wavespec and AqualisBraemar Disposals & Cory Brothers Held for Sale

	H1 2021/22 £m	H1 2020/21 £m
Post tax trading loss	(0.1)	(0.5)
Estimated impairment	-	(1.5)
Loss on disposal	(0.8)	-
Cory Brothers trading profit	1.1	0.5
AqualisBraemar disposal	4.4	(0.2)
Total reported loss	4.6	(1.7)

Shipping market drivers

Economic recovery underway



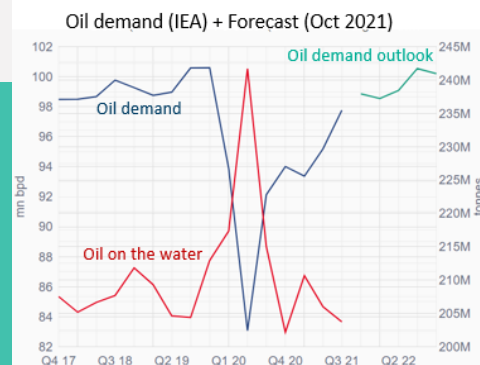
Chinese economic growth has barely missed a beat

Chinese and other East Asian imports are the key drivers of tanker and bulk demand

IMF Growth forecasts for 2021 and beyond seemingly unaffected by Covid

Tanker market weakness today is expected to be short-lived as oil demand recovers and OPEC opens its taps

The IEA expects oil demand to recover quickly compared to post financial crisis



Source: BraemarMarkets

Shipping market drivers

Dry Cargo demand has proved more stable through the Covid pandemic



Dry bulk demand has been shielded from the pandemic thanks to stimulus spending – particularly on infrastructure projects

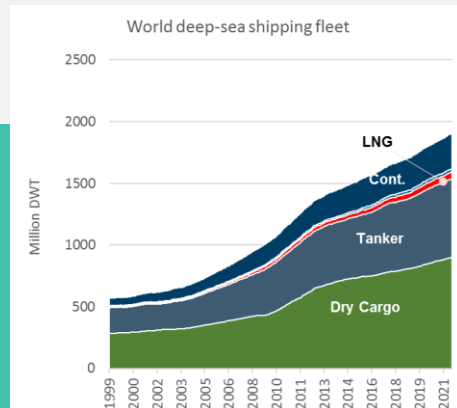
Strong Chinese economic growth and population expansion are key supports to bulk demand

Shipping demand has doubled since the financial crisis

Demand for shipping has doubled in the past decade

Larger fleets increase opportunities for shipbroking sector

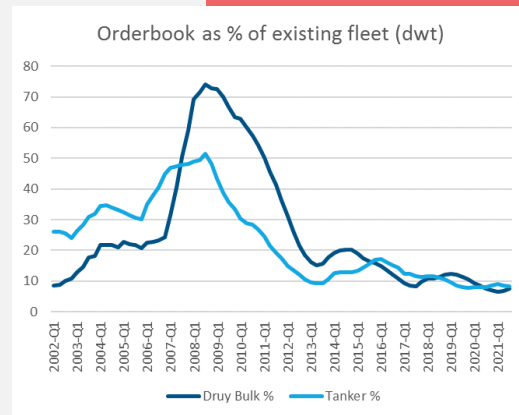
Trade growth broadly follows the economic growth of key importing nations



Source: BraemarMarkets

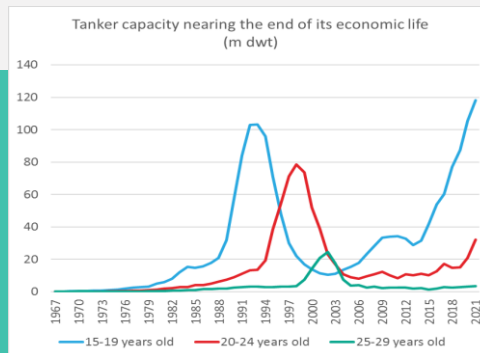
Shipping market drivers

Historically limited ordering of new ships bodes well for stronger markets



Strong freight markets rely on demand for shipping outpacing its supply
Today's small inventory of newbuilding projects is a strong market signal

New building orders at 20-year low



Source: BraemarMarkets

Many charterers are looking for younger, more efficient vessels – hastening the exit of older units
ESG increasingly influential in ship finance and chartering markets

Older vessels becoming obsolete

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