

BRAEMAR



Braemar Shipping Services plc
Preliminary Results Presentation

May 2016

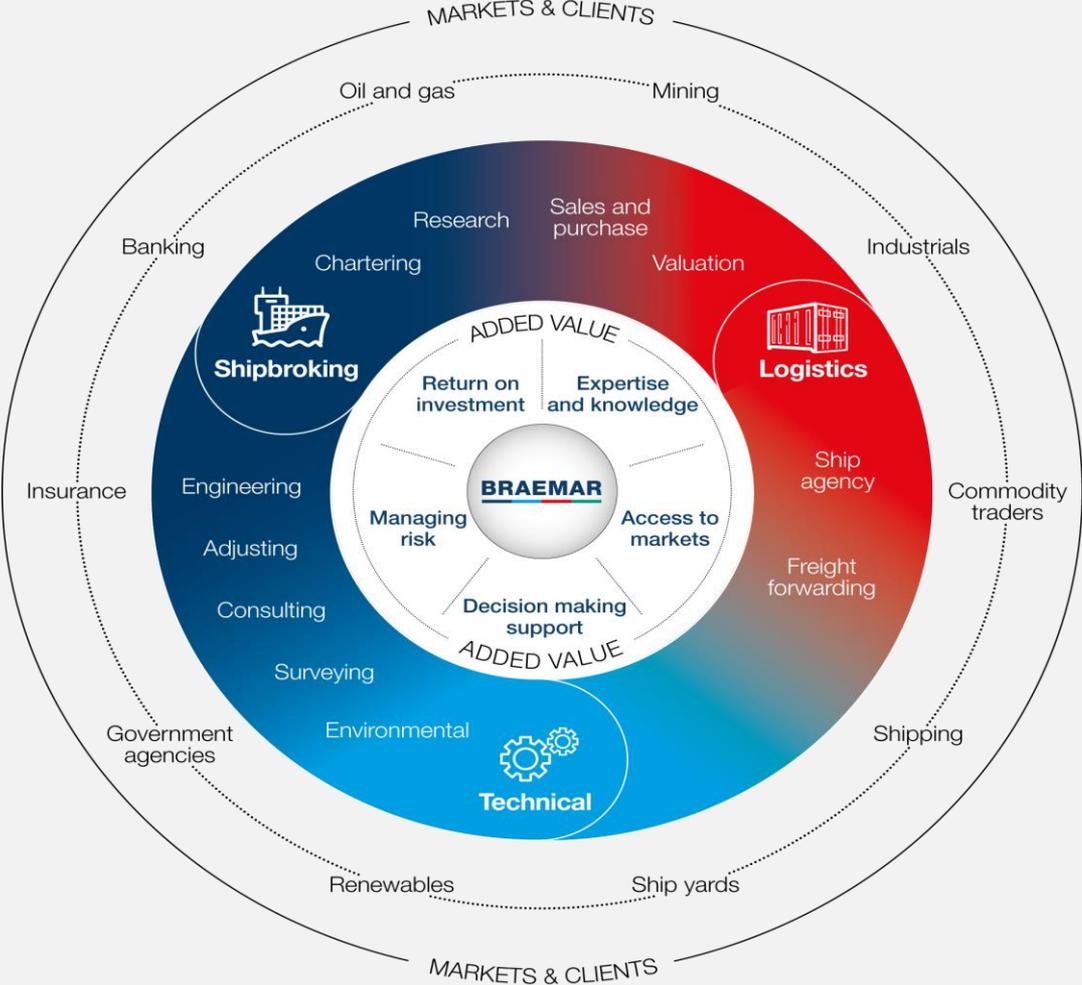
Agenda

- Group Strategy and Business Model
- Group Financial Highlights
- Shipbroking Division
- Technical Services Division
- Logistics Division
- Group Results
- Outlook

Group Strategy

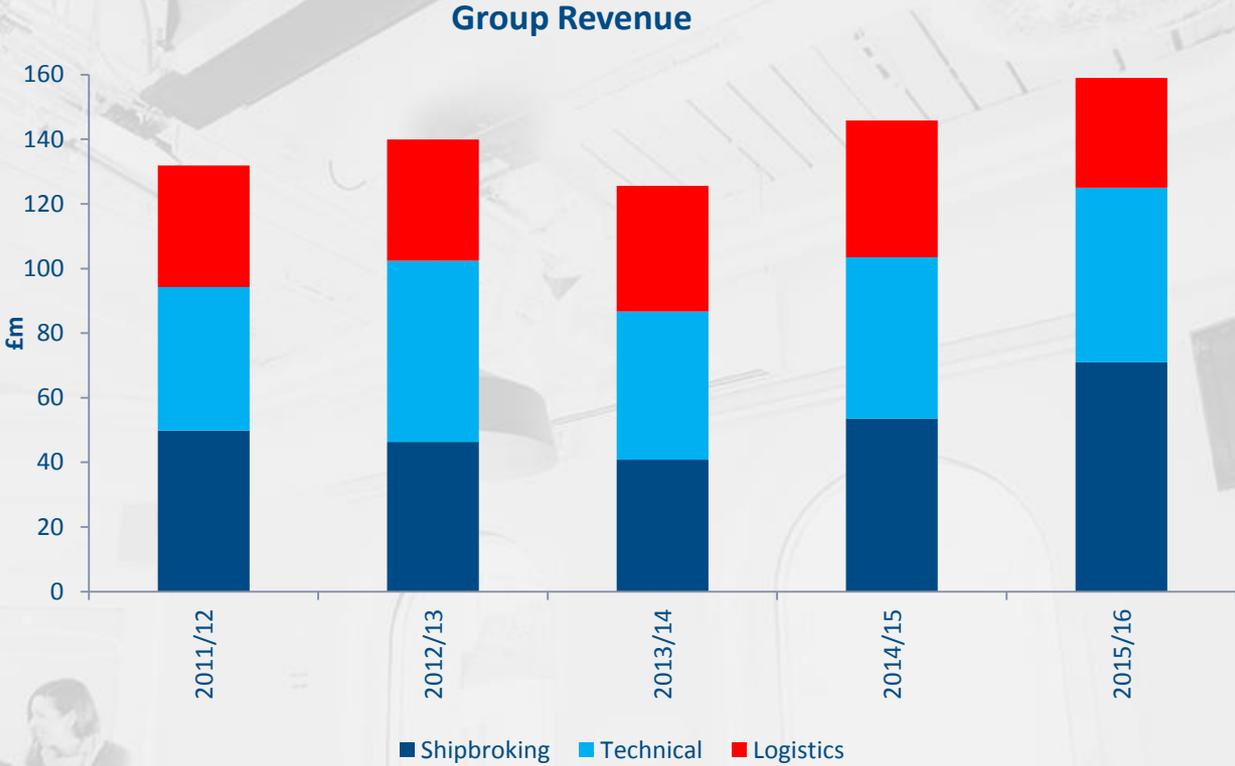
- To continue to build our diversified global portfolio of businesses in growth sectors
- To continue to develop service provision to shipping, marine, energy, offshore and insurance markets
- To continue to grow our global, integrated geographic footprint
- Shipbroking division to maintain its strong position in a global market with opportunity for further organic and acquisitive growth
- Technical division is a blend of complementary businesses with opportunities for organic and acquisitive growth
- Logistics division capable of operational improvement and geographic expansion
- Build dividend cover and cash generation to deliver sustainable shareholder returns

Our Business Model



Successful Execution of Strategy

Long-term growth in volatile markets



Note that 2014/15 includes 7 months of ACM revenue within the Shipbroking section

Group Financial Highlights

	FY 2015/16	FY 2014/15 [▲]	FY 2013/2014
Revenue	£159.1m	£145.6m	£125.5m
Underlying* Pre-Tax Profit	£13.8m	£11.5m	£9.3m
Underlying* EPS	34.70p	32.28p	33.51p

* Excluding acquisition related expenses and non-recurring items

▲ Restated following closure of Brazil operations

Financial Highlights

- Revenue from underlying operations up by over 9%
- 20% increase in underlying operating profit
- 7.5% increase in underlying EPS
- Strong free cashflow of £13.5m and closing net cash of £9.2m
- Proposed full year dividend maintained at 26p per share

Shipbroking Division - Operating Review

WHAT WE DO

- Tanker chartering
 - Crude Oil
 - Clean Petroleum Products
 - Liquefied Petroleum Gas (“LPG”)
 - Liquefied Natural Gas (“LNG”)
 - Specialised tankers
 - Forward Freight Agreements (“FFA”)
 - Projects
- Sale and Purchase
 - Second hand
 - Newbuilding
 - Recycling
 - Valuations
- Dry Bulk Chartering
- Offshore
 - Chartering
 - Sale & Purchase
- Research & Consultancy



BUSINESS GROWTH DRIVERS

- Seaborne Trade
- Transaction volumes
- Freight rates
- Vessel values
- Quality and number of brokers
- Geographic presence

Shipbroking Division - Operating Review

	FY 2015/16	FY 2014/15	FY 2013/14
Revenue	£70.7m	£53.6m	£40.9m
Underlying* Operating Profit	£9.7m	£5.6m	£2.6m

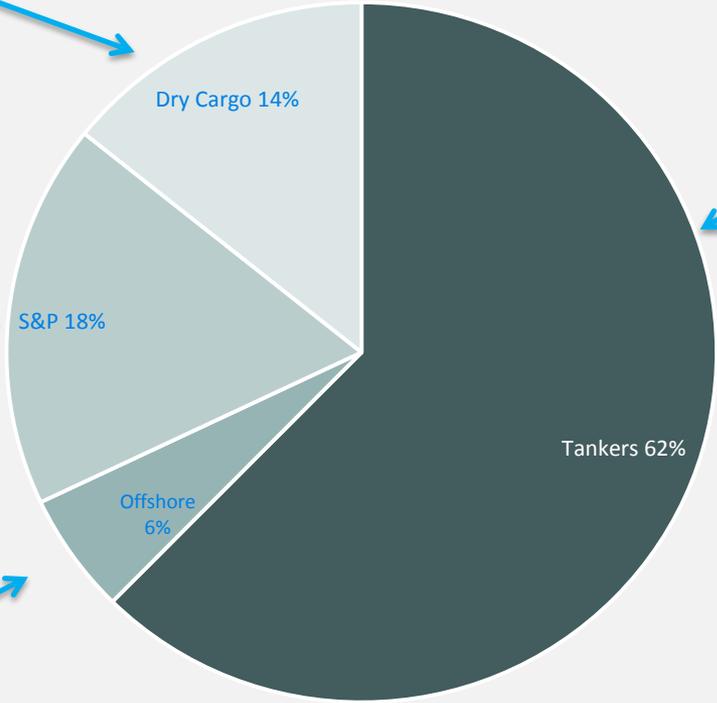
- Underlying operating profit increased by over 70%, following our 2014 merger to form Braemar ACM Shipbroking
- Diversity of Shipbroking activity has ensured growth in volatile markets. Currently responding to strength in the tanker market
- Desks are well managed and flexible to exploit market changes, including selective recruitment in Offshore and Dry Cargo
- Strong forward order book consistent at \$49m, of which \$26 million relates to 2016/17

Shipbroking Division – 2015/16 Revenue

- Bottom of cycle
- Long term growth opportunity
- Strength in Asia/Australia

- Major player
- Synergy with Tankers project team

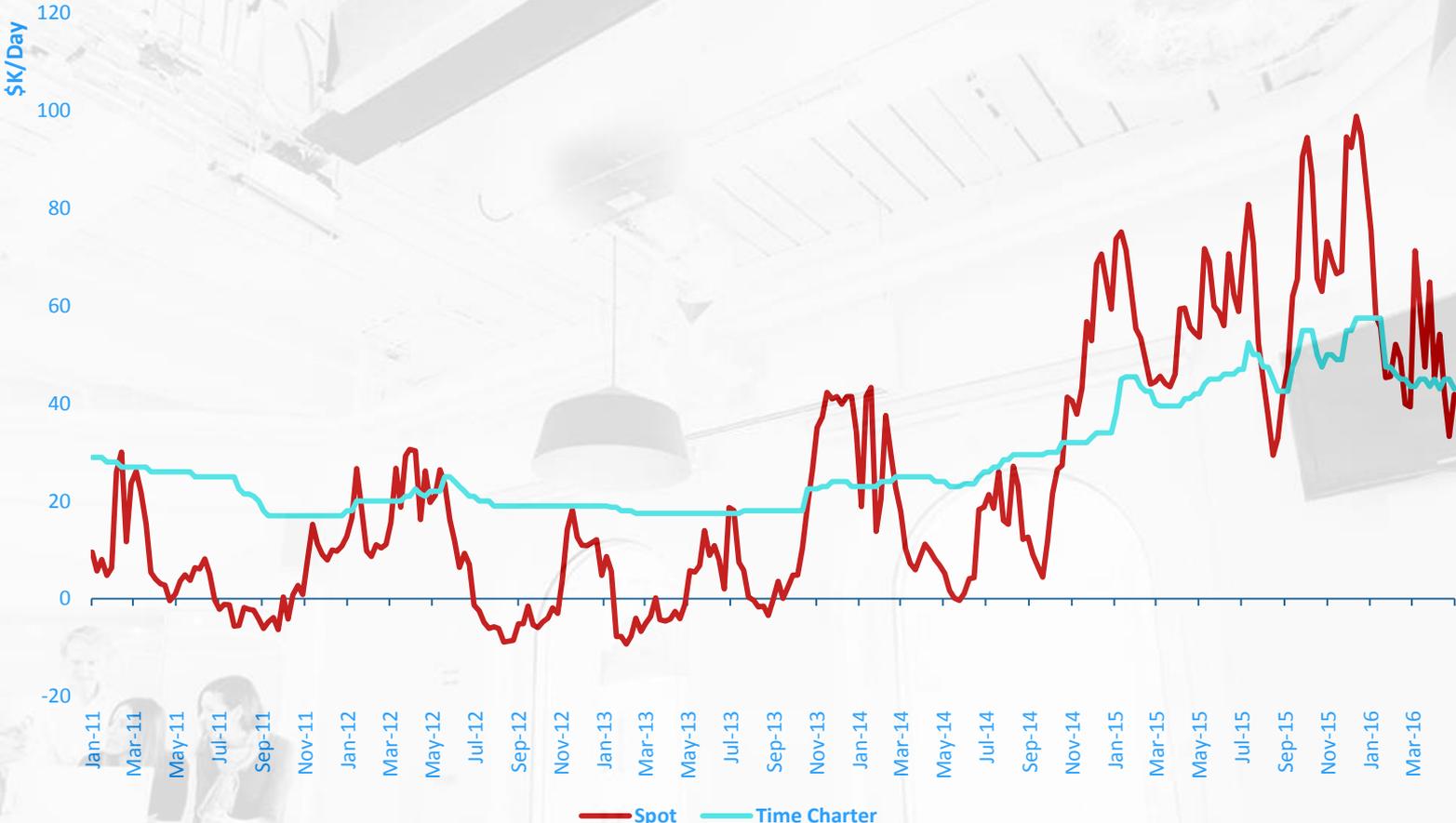
- Offshore activity led
- Short-term challenge
- Long-term opportunity



- Strong current market
- Oil production driven
- Leader in market sector

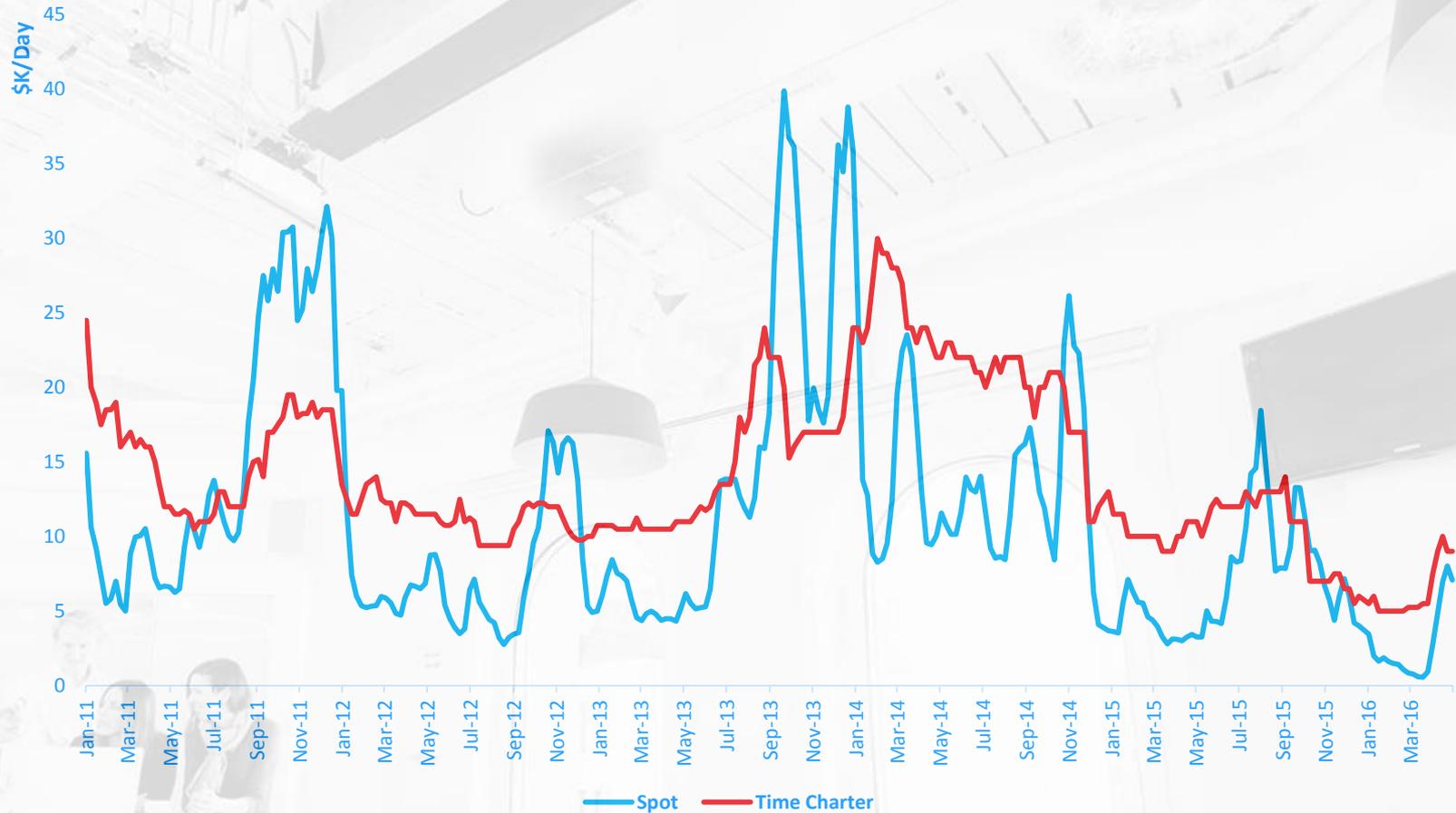
Tanker Rates

Tankers - VLCC Spot vs Time Charter (1 year)

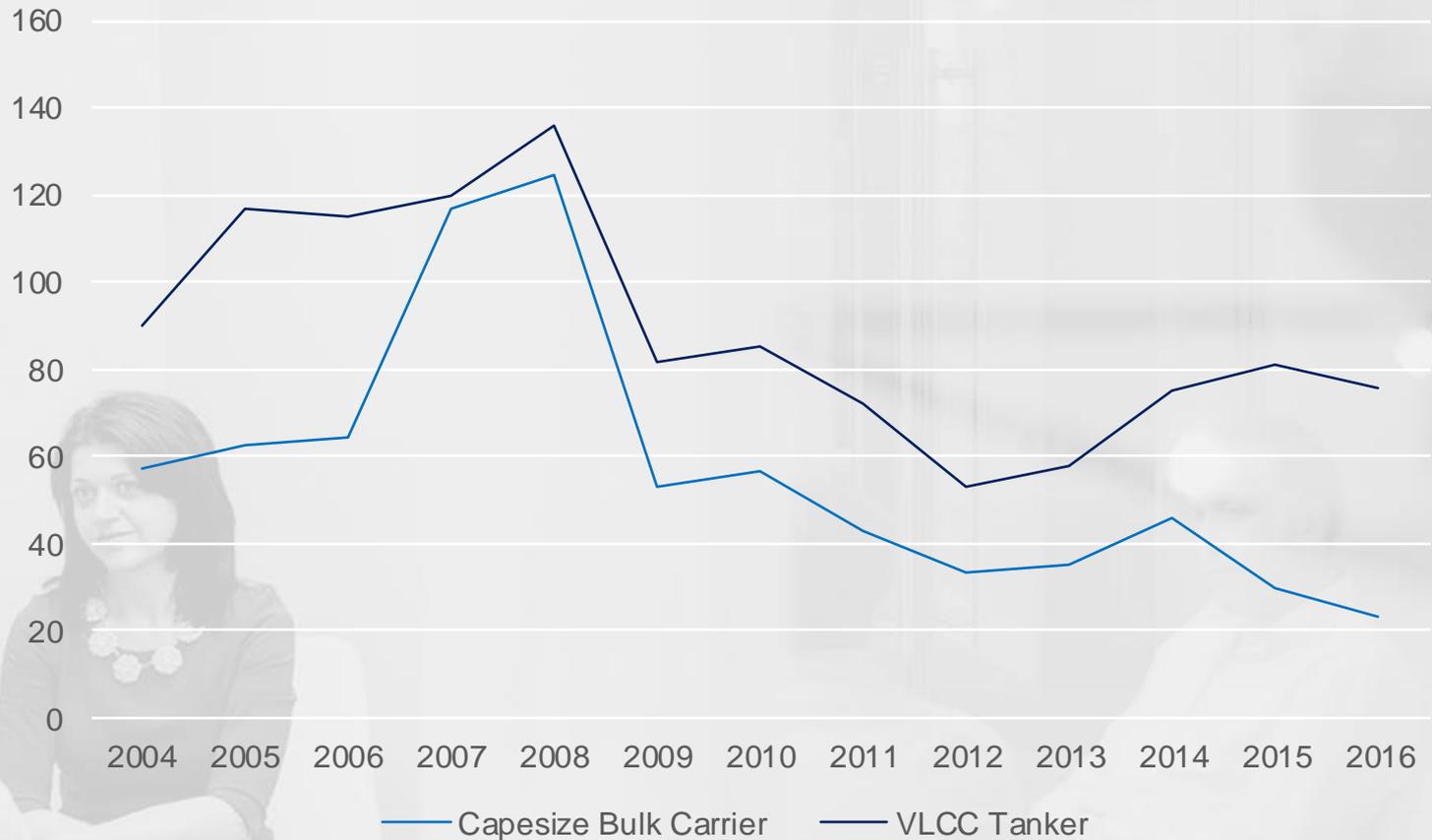


Dry Bulk Carrier Rates

Dry Cargo - Capesize Spot vs Time Charter (1 Year)



Five year old yearly average vessel prices (\$m)



Technical Division - Operating Review

WHAT WE DO

- Vessel surveys
- Liquefied Natural Gas consulting
- Marine engineering
- Ship construction – supervision
- Marine warranty surveys
- Energy loss adjusting
- Incident response and pollution control
- Environmental consultancy



KEY BUSINESS DRIVERS

- Number and scale of assignments
- Staff utilisation
- Diversity and depth of knowledge and skill base
- Volume of activity in Offshore and LNG industry sectors
- Geographic presence

Technical Division – Operating Review

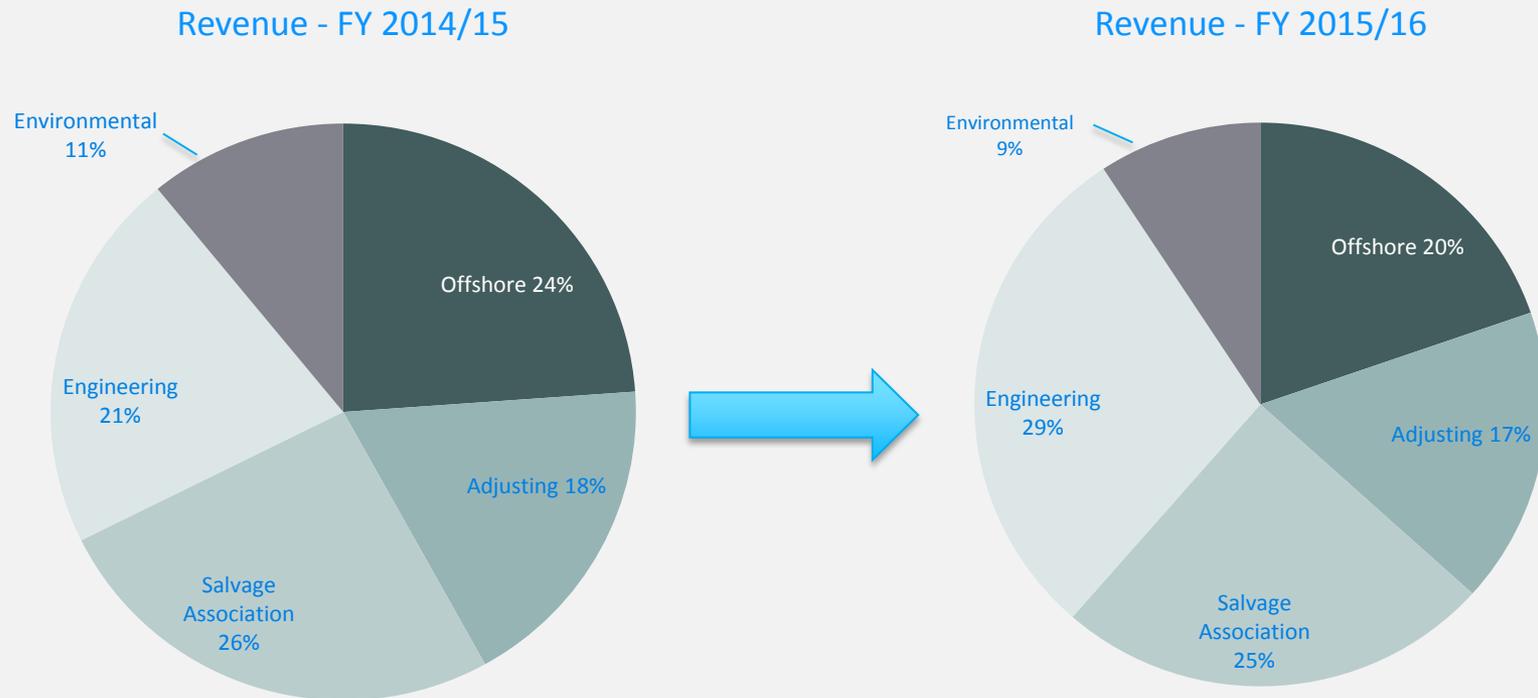
	FY 2015/16	FY 2014/15 [⬆]	FY 2013/14
Revenue	£54.3m	£49.6	£45.7m
Underlying* Operating Profit	£5.2m	£6.3m	£6.9m

[⬆] Restated following closure of Brazil operations

- Profitability reduced by exploration and production expenditures reductions in energy sector but we are maintaining/increasing our market share in key markets
- LNG focused Engineering business had a strong year
- Restructured divisional management focused on long term organic and acquisitive growth opportunities
- Target staff utilisation and key client engagement to improve margins
- Opportunities for high quality recruitment to expand service offering

Technical Division – Revenue Diversity

Diversified portfolio allows revenue growth in variable market conditions



Logistics Division - Operating Review

WHAT WE DO

- Port & Liner Agency
- Hub Agency
- Freight Forwarding
- Customs clearance



KEY BUSINESS DRIVERS

- Key long term client relationships
- Geographical presence
- Bespoke project management capability
- Brand recognition – “Cory Brothers”
- Integration with Braemar’s other services

Logistics Division - Operating Review

	FY 2015/16	FY 2014/15	FY 2013/14
Revenue	£34.1m	£42.4m	£38.9m
Underlying* Operating Profit	£1.6m	£2.3m	£2.0m

- Challenging year as management repositioned business to focus on higher value work
- Key client relationships targeted for long term growth
- Investment in geographic expansion, particularly in USA and Europe
- Business development activity has generated new work for 2016/17

Group Income Statement

	FY 2015/16 £m	FY 2014/15 [Ⓜ] £m	FY 2013/14 £m	
Revenue	159.1	145.6	125.5	Performance improvement from acquired businesses and organic growth
Underlying profit	13.8	11.5	9.3	
Exceptional Items	<u>(3.4)</u>	<u>(5.9)</u>	<u>(0.4)</u>	Exceptional items relate to ACM Merger
Operating profit	10.3	5.6	8.9	
Net finance Income/(expense)	<u>(0.4)</u>	<u>(0.5)</u>	<u>0.1</u>	
Profit before tax	9.9	5.1	9.0	
Tax	(2.8)	(2.2)	(2.3)	Effective tax of 23.9% (2015: 25.9%) reflecting disallowed business costs and overseas repatriation tax charges
Profit after tax	<u>7.1</u>	<u>2.9</u>	<u>6.7</u>	

[Ⓜ] Restated following closure of Brazil operations

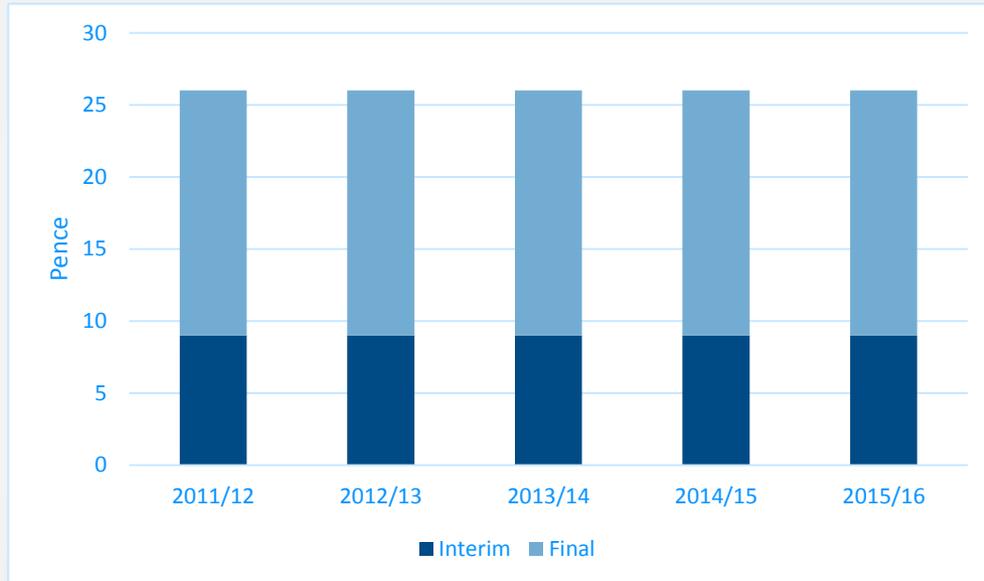
Group Balance Sheet

	FY 2015/16 £m	FY 2014/15 £m	FY 2013/14 £m	
Goodwill and other intangibles	79.6	79.4	31.5	Goodwill on acquisition of ACM in 2014
Fixed assets and investments	9.2	8.2	9.5	
Current assets	58.1	57.4	48.0	Increased working capital due to business growth
Current liabilities	(44.7)	(43.0)	(35.0)	
Pension	(1.2)	(1.5)	-	ACM DB Scheme closed to future accrual
Provisions / Other	(2.9)	(3.5)	(2.4)	
Net Cash	9.2	7.2	13.7	
Net Assets	<u>107.3</u>	<u>104.3</u>	<u>65.3</u>	

Group Cashflow Statement

	FY 2015/16 £m	FY 2014/15 £m	FY 2013/14 £m	
Cashflow from operations	10.4	3.4	1.0	
Acquisitions (net)	-	(0.5)	(0.5)	
Capital Expenditure	(2.2)	(4.9)	(1.3)	Infrastructure Development
Net Borrowings	(6.8)	9.1	-	Debt Repayment
Dividends/purchase of own shares	<u>(7.7)</u>	<u>(5.8)</u>	<u>(5.6)</u>	Increased share volume following ACM merger
Movements in cash	<u>(6.3)</u>	<u>1.4</u>	<u>(6.4)</u>	
Cash at period end	<u>11.5</u>	<u>16.3</u>	<u>13.7</u>	
Net cash	<u>9.2</u>	<u>7.2</u>	<u>13.7</u>	

Dividend



- Strong and consistent dividend yield of c.5.7%
- Proposed final dividend of 17p remains unchanged (Full Year: 26p)
- Objective remains to build cover to 1.5x
- Purchase of own shares of £0.4m during year

	2011/12	2012/13	2013/14	2014/15	2015/16 [⏏]
Half year	9.0	9.0	9.0	9.0	9.0
Full year	<u>17.0</u>	<u>17.0</u>	<u>17.0</u>	<u>17.0</u>	<u>17.0</u>
Total (pence)	26.0	26.0	26.0	26.0	26.0
EPS* (pence)	33.8	32.8	32.3	31.3	34.7
Cover	1.3	1.3	1.3	1.2	1.3

* Based on earnings before acquisition expenses and non-recurring costs

[⏏] Restated following closure of Brazil operations

Braemar Outlook

- Similar market conditions expected to continue during 2016/17
- Diversified portfolio of businesses enables Braemar to handle market volatility so we expect to maintain current activity levels
- Opportunity for medium and long term organic growth
- Strong balance sheet offers potential to take advantage of opportunities for acquisitive growth in Technical and Shipbroking divisions

Board of Directors

Executive Directors

Chief Executive Officer James Kidwell

Finance Director Louise Evans

Non-Executive Directors

Chairman David Moorhouse CBE

Non-Executive Directors Jurgen Breuer

Alastair Farley Senior Independent Director

Mark Tracey

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