

# Braemar Plc

# Mid-Year Results Presentation

James Gundy – CEO

Nick Stone – CFO

Tris Simmonds – COO

15 NOVEMBER 2022



# Introduction

- Mid-year results significantly ahead of original expectations.
- Revenue and fixture volumes continue to grow, and profits doubled.
- Success due to focus on core strengths and executing the shipbroking-centred growth strategy.
- Growth is due to increased scale, global reach, sectoral diversification, and strong brand.





# Trading results

- Revenue is up 46%; underlying operating profits up 95%.
- No bank debt; (£20m) in Feb 2020. Net cash of £1.8m and a stronger balance sheet.
- Continuing to increase transaction volumes.
- Strong FX tailwinds for FY22/23.
- Very strong operating cashflow supports a progressive dividend policy.
- Interim dividend doubled to 4p.



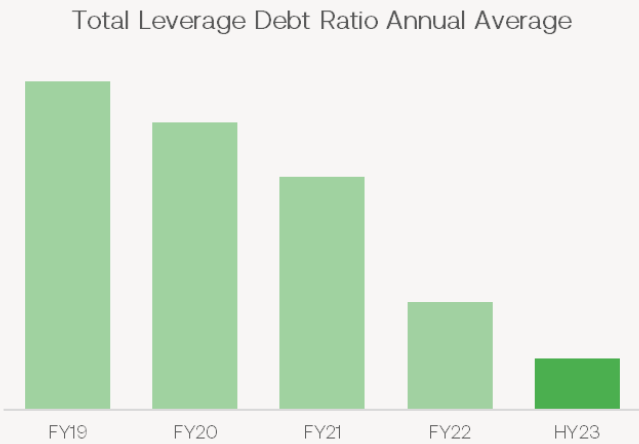
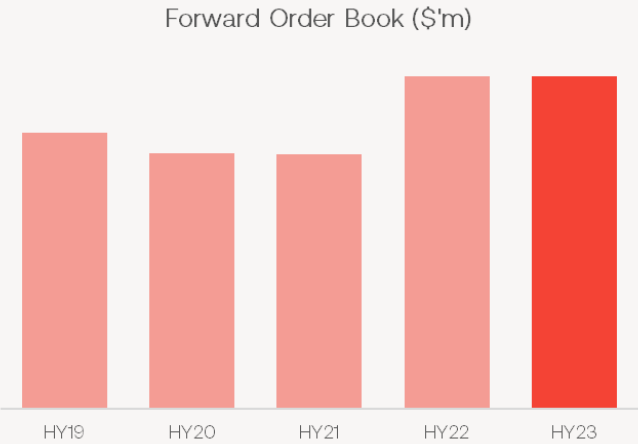
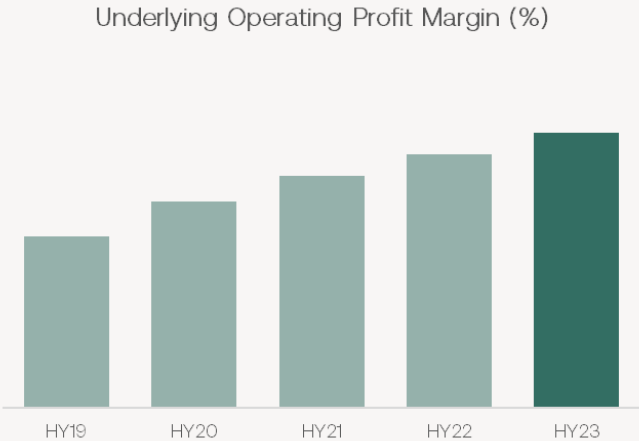
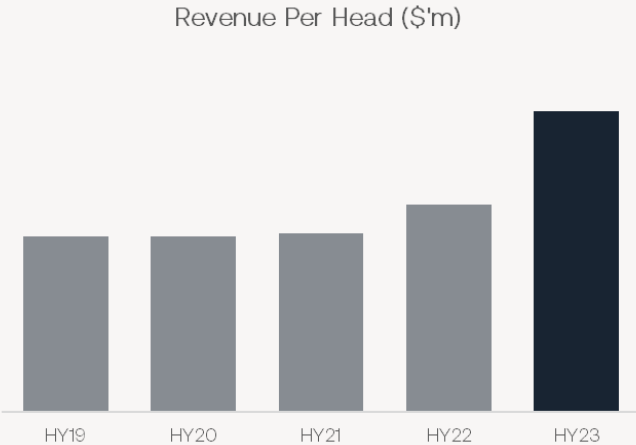
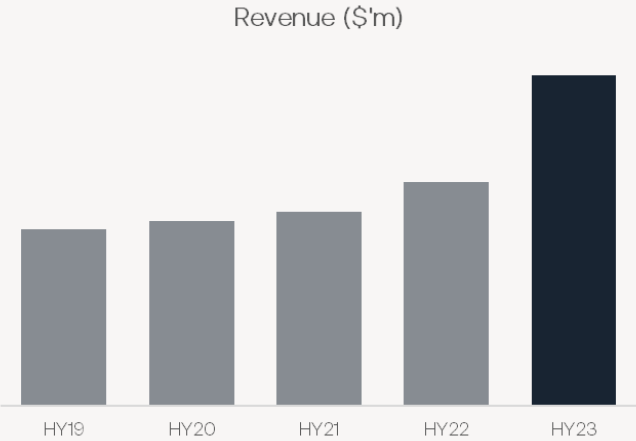
# Financial summary

	Aug - 22		Aug - 21
Revenue	£69.4m	46%	£47.4m
Underlying operating profit	£10.9m	95%	£5.6m
Reported profit	£10.5m	114%	£4.9m
Operating cashflow	£12.3m	223%	£3.8m
Interim dividend	4p	100%	2p
			Feb - 22
Net bank cash/(debt)	£1.8m	-	(£9.3m)
Forward order book	\$55.5m	11%	\$50.0m

# Growth and KPIs

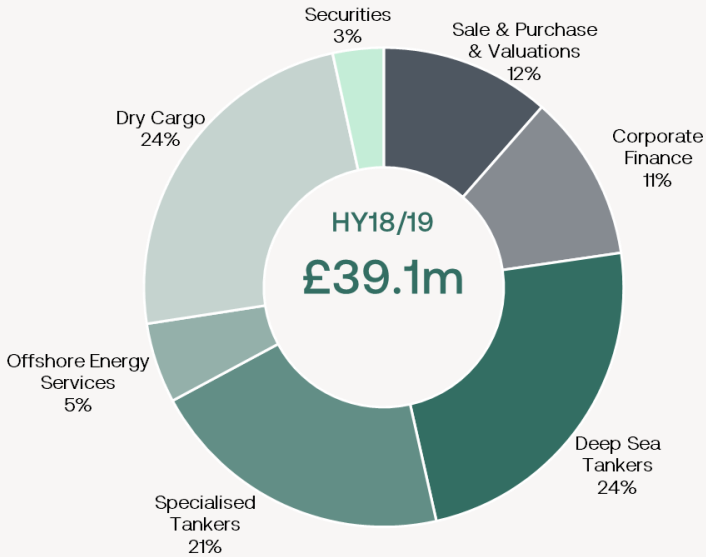
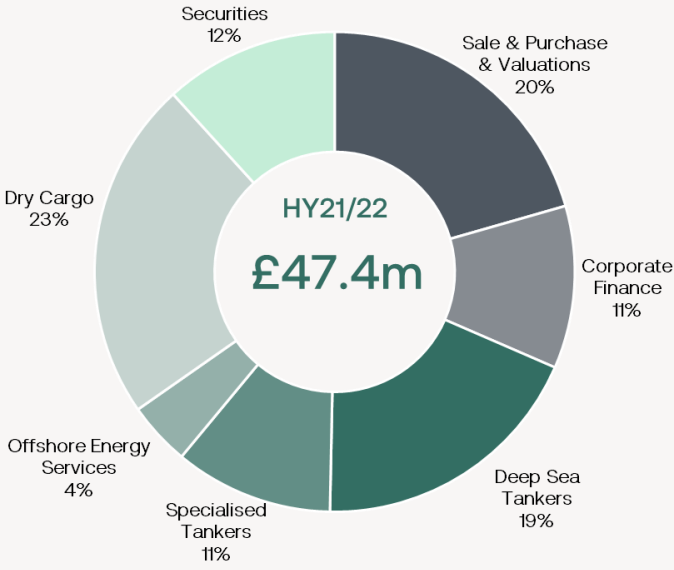
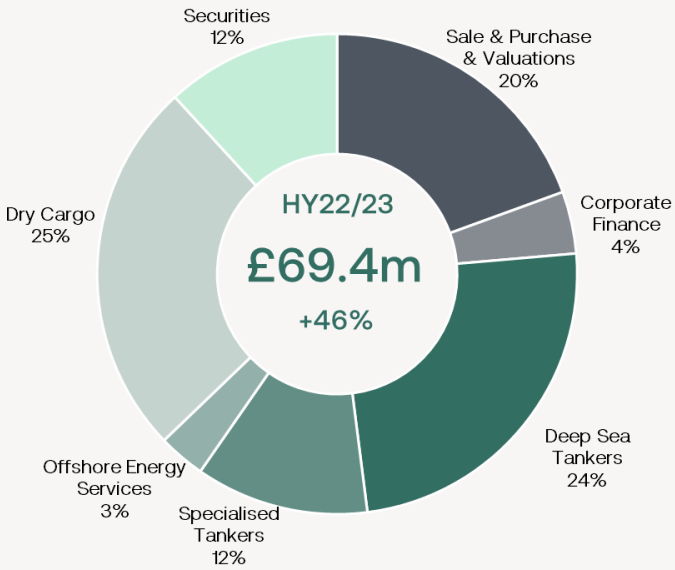
MEASUREMENT OF GROWTH PLANS

Shipbroking data only  
apart from leverage ratio



# Revenue – Split by Desk

DIVERSIFIED REVENUES



# Revenue split by segment

- **Chartering: Revenue is up 68% and underlying operating profit is up 176% on HY21/22**
  - Tanker and Offshore outlooks continue to be favourable.
  - Rates expected to remain firm.
  - Dry Cargo rates have declined from major highs,
  - Lack of newbuildings for 2022-24 creates a rate floor.
- **Shipping Investment Advisory: Revenue is up 9% and underlying operating profit is down 12% on HY21/22**
  - S&P deal flow continues to be strong
  - Success fees in Corporate Finance earned unevenly over the financial year.
- **Shipping Risk Advisory: Revenue is up 46% on HY21/22, and underlying operating profit is up 50%**
  - Supply and demand inefficiencies are major drivers.
  - Braemar Screen continues to be a differentiator.
  - Wet FFA JV with GFI is now two-decades strong.





# Enhancing Securities offering

- New products added.
- Natural Gas desk introduced to help clients navigate fluctuations in the energy market.
- A natural complement to our market-leading shipping Securities desks.
- Securities offering has grown from 3% of revenue in HY18/19 to 12% in HY22/23.





# Opportunities for growth

	Tankers	Specialised	Derivatives	Dry Cargo	Sale and Purchase	Offshore and Renewables	Finance
London			✓	✓			✓
Europe		✓	✓	✓		✓	
Middle East	✓	✓	✓	✓	✓	✓	✓
Apac		✓	✓			✓	✓
Americas	✓	✓	✓		✓	✓	✓

# Shipping Market Outlook

- Huge opportunities in majority of shipping sectors.
- Strong dynamics in most of Braemar's core markets.
- Freight rates and vessel second-hand prices remain high.
- Sanctions are materially altering trade routes.
- Major growth in ton-miles, and likely to be sustained
- Tankers, Offshore, and Dry Cargo newbuild orderbooks are at their lowest in years,
- Minimal shipyard capacity for newbuilds pre-2025.
- Huge focus on ESG regulation increasing demand for eco vessels.





# Braemar outlook

- Trading is exceeding expectations, and FY22/23 is looking very positive.
- Success due to outstanding team and continued execution of growth strategy.
- On target to double the underlying operating profit to £18m within four years – as promised in October 2021.
- Free of bank debt.
- Continuing to achieve uncorrelated fixture volume growth
- Braemar brand is a market leader.
- Leadership team with huge depth of industry experience.
- Sectoral diversification reduces exposure to individual markets.
- Strong performer throughout the business cycle.
- Stronger balance sheet that enables growth and M&A.



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**TRIS SIMMONDS**

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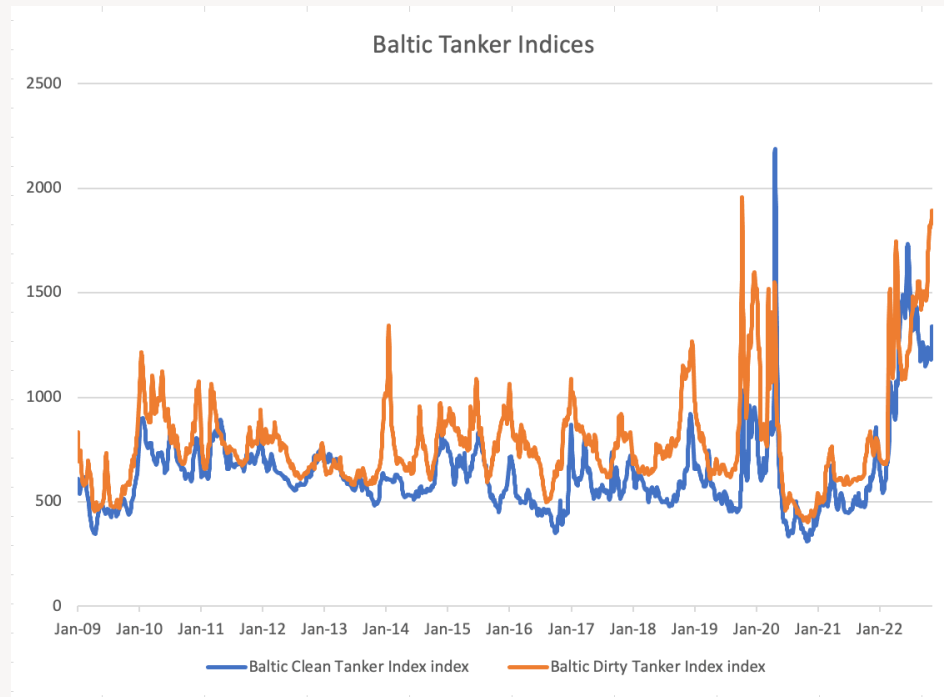
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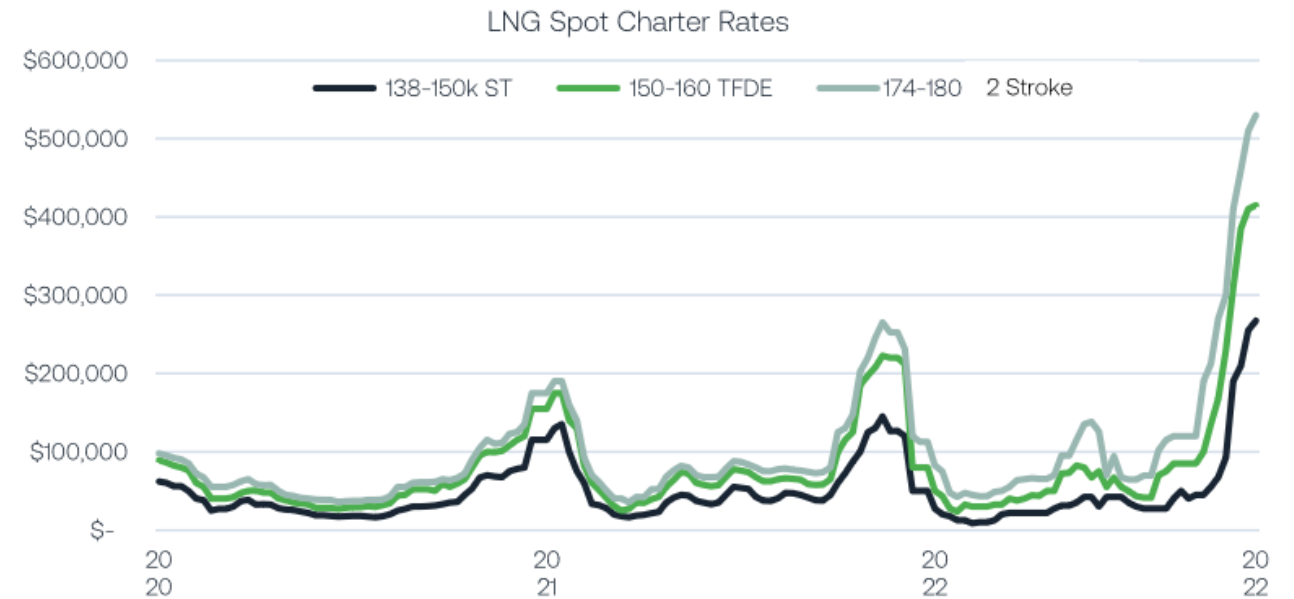


# Appendix



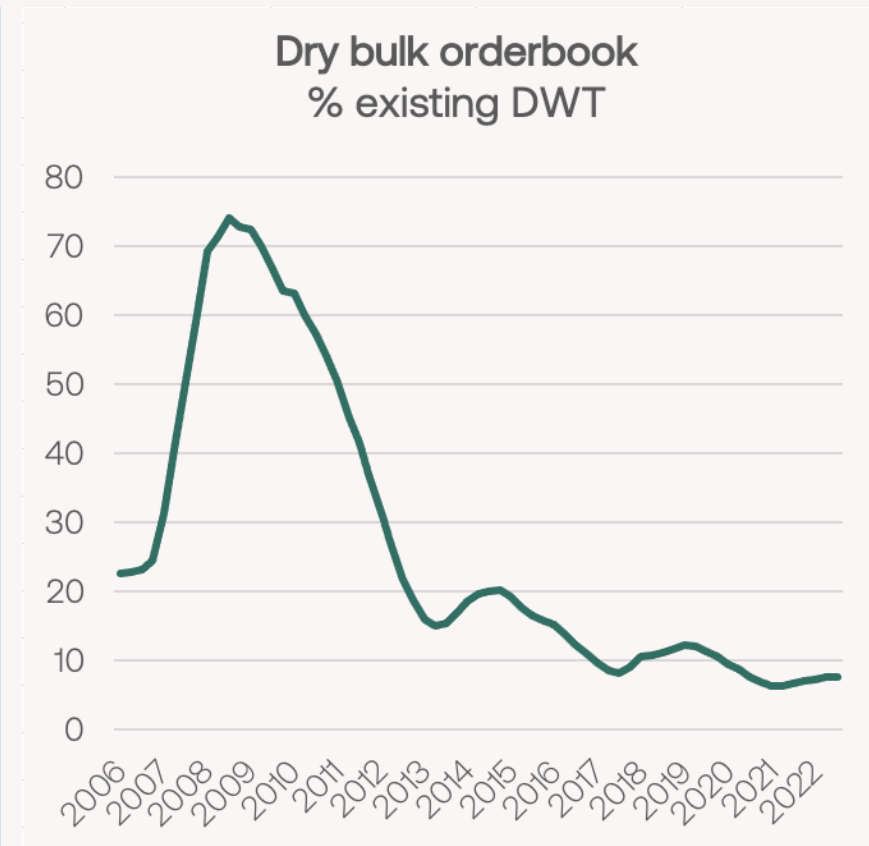
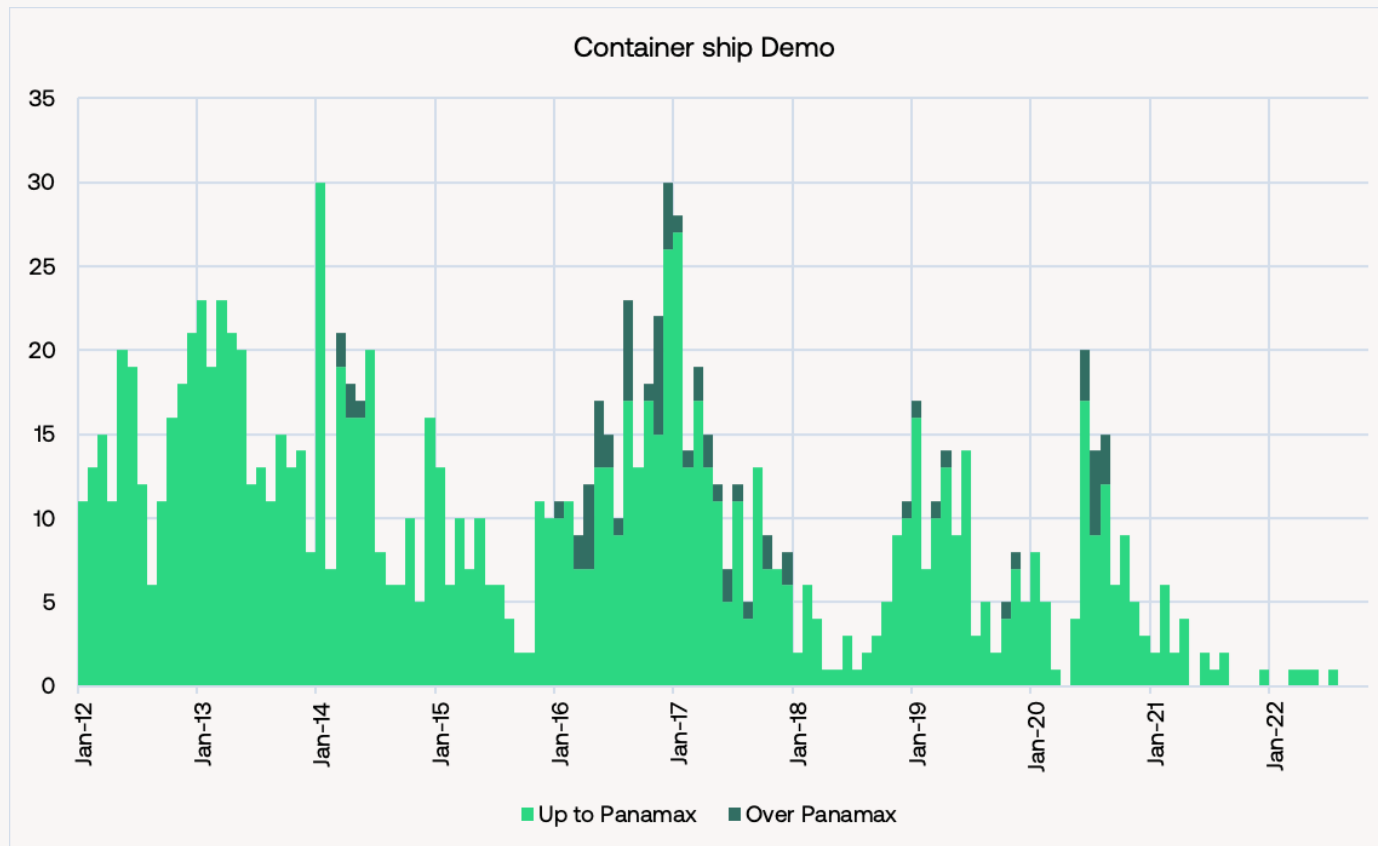


## Spot Shipping Market



- Sanctions are shifting trade flows, and supply chain inefficiencies are making average voyages longer.
- Earnings have increased substantially in all vessel classes.
- Oil demand likely to continue to increase in the medium-term.
- Tanker orderbook at one of its lowest ever levels.
- Due to high oil prices there remains a large premium for 'eco' vessels, as well as those fitted with scrubbers.

- The LNG market has been redefined by Russia's invasion of Ukraine.
- Increasing focus on energy security and sustainability benefitting LNG.
- Arb between American and Asian / European benchmarks expected to remain wide in 2023, encouraging greater export flows.
- Very limited vessel availability in the market continues to support and enhance rates.



- In two years the timecharter rate increased by 10x. Rates now returning to normal as supply chain inefficiencies ease.
- Distance-adjusted demand has grown slower than fleet capacity.
- Impact on container lines will depend upon how capacity is managed.
- Fleet age profile supports substantial vessel scrapping, as well as additional S&P opportunities.

- The orderbook-to-fleet ratio is historically low, creating a floor on rates. Fleet age supports increased scrapping.
- A growing focus on energy security has reinvigorated coal flows, especially in Europe. Distance-adjusted demand likely to grow in 2023.
- Further stimuli from Beijing expected to help support China's property sector.