

# FY23 Finals & H1 FY24 Interims Results Presentation

*Growing scale and building an  
increasingly resilient business*

29 November 2023



# Management team



## James Gundy – Chief Executive Officer

James has worked in shipbroking for over 35 years, specialising in Tankers and Sale & Purchase projects. He became the Chief Executive Officer of Braemar's Shipbroking Division after our merger with ACM Shipping Group PLC, where he had also served as CEO. James was appointed Group CEO in January 2021 and remains an active broker



## Grant Foley FCA – Chief Financial Officer

Grant joined in August 2023 with over 25 years of experience in leading public and private companies in the financial services and technology sectors, including a number of broking businesses. As Group Chief Financial Officer and Chief Operating Officer of CMC Markets plc, he was instrumental in the company's successful IPO



## Tris Simmonds – Chief Operating Officer

Tris has over 30 years of experience in the commodities industry. He worked at GFI Group for 14 years before founding Atlantic Brokers in 2013, which was sold to Braemar in 2018 to create its derivative brokerage business. He joined the Board of Braemar Shipping Services PLC in August 2021

# Executive summary

WE HAVE DELIVERED STRONG RESULTS AND ARE WELL PLACED TO CONTINUE TO BUILD UPON THIS

## FY23

-  **Record revenue and profits**  
Revenue of £152.9m (increase of 51%), underlying profit of £20.1m (increase of 100%)
-  **Full year dividends up 33% on prior year**  
12p dividend for full year, FY22 9p
-  **Strengthening liquidity**  
Net debt moved from £9.3m to a positive cash position of £6.9m
-  **Targeted growth opportunities**  
Selective hiring to grow and enhance our existing business  
  
Acquisitions to accelerate growth in target markets

## H1 FY24

-  **Strong H1 performance**  
Revenue of £74.9m, an increase of 8% on H1 FY23's strong performance
-  **Growth strategy**  
Both recent acquisitions are already realising synergies and adding immediate value to the group
-  **Interim dividend of 4p**  
Unchanged year on year



# Strategic update

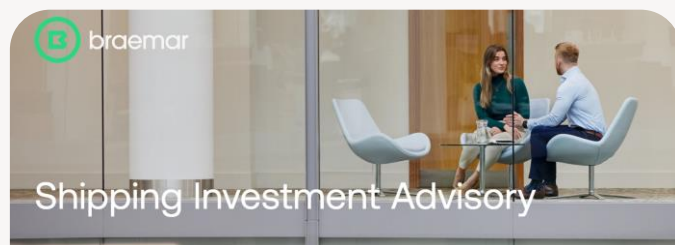
James Gundy, CEO



# Our business

A FULLY INTEGRATED PRODUCT OFFERING FOR OUR CLIENTS

We provide expert services to our clients, arranging deals and earning commissions in our three business segments



- Ⓢ New Build
- Ⓢ Sale & Purchase
- Ⓢ Valuation
- Ⓢ Offshore
- Ⓢ Recycling/End of Life
- Ⓢ Corporate Finance

H1 FY24 Revenue: £12.4m (17%<sup>1</sup>)



- Ⓢ Tankers
- Ⓢ Dry Cargo
- Ⓢ Specialised Tankers
- Ⓢ Offshore & Renewables
- Ⓢ LPG/LNG

H1 FY24 Revenue: £52.6m (70%<sup>1</sup>)



- Ⓢ Securities
  - Forward Freight Agreements ("FFAs")
  - Coal
  - Natural Gas
  - Oil

H1 FY24 Revenue: £9.9m (13%<sup>1</sup>)



17 Global Offices



15 Sectors



+400 Employees

Notes: <sup>1</sup> % share of H1 FY24 Total Revenue



# Two years on . . . .

THE FIRST PHASE OF THE PLAN HAS BEEN SUCCESSFULLY ACHIEVED



## Dispose of non-core businesses

Cory Brothers, AqualisBraemar and Wavespec disposals



## Focus on shipbroking and diversify within that space

Acquired Southport Maritime Inc. and Madrid Tanker Desk (“MSA”)  
Launched Natural Gas and Oil derivatives desks



## Reduce debt and cut cost

Net cash of £6.9m vs net debt of £9.3m a year earlier. Dividend up 33% on prior year



## Leadership

New growth focussed Board and Executive that have ‘Broking DNA’



## Legacy issues

Capital reduction and investigation complete



# Independent investigation complete



## Issue

Historical 2006 to 2013 transactions



## Internal independent investigation

Committee chaired by Non-Executive Chairman



## External advisors

Investigation completed by FRP Advisory with external legal counsel



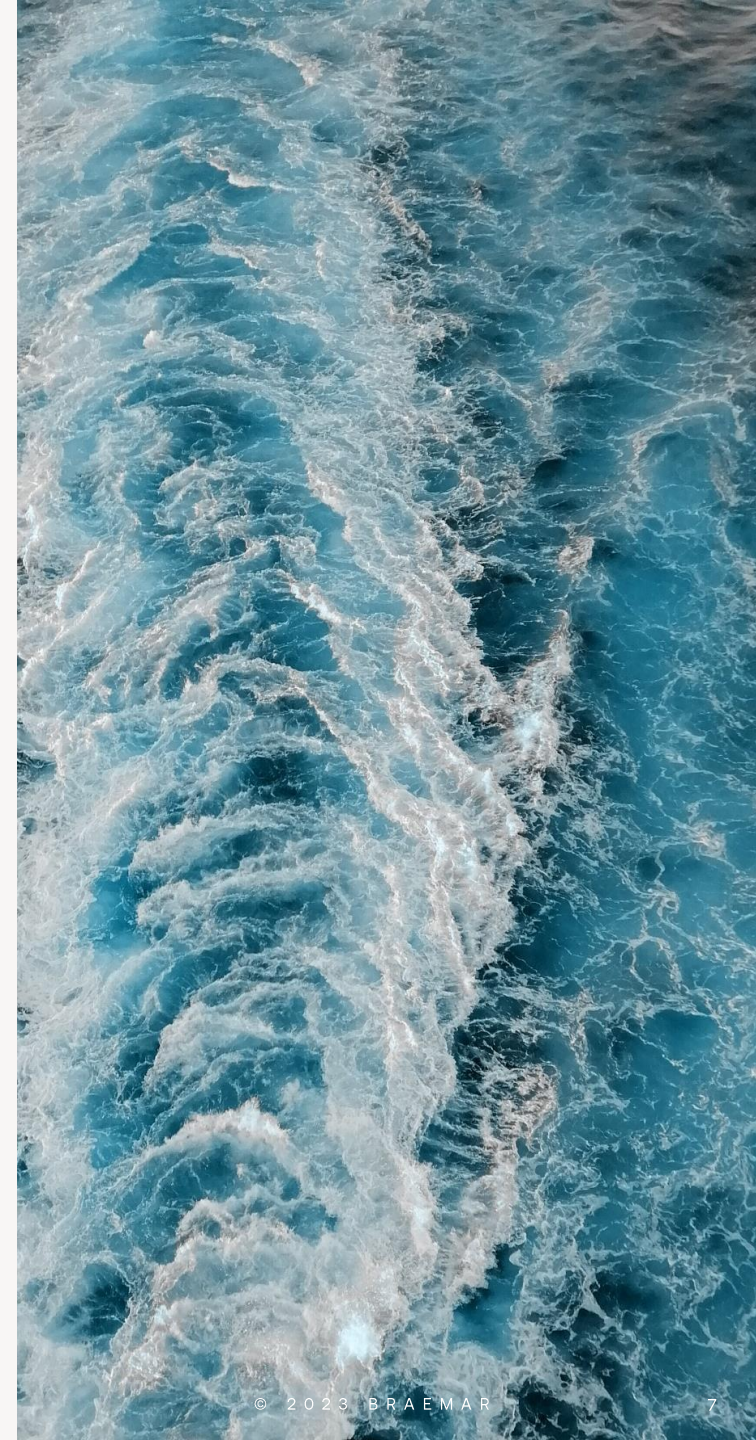
## Outcome

- Investigation was thorough, time consuming and complex
- Ultimately focussed on a small number of transactions from 2006 to 2013
- No impact on FY23 underlying profits
- Provision of c.£2m has been established
- Cost of c.£2.5m



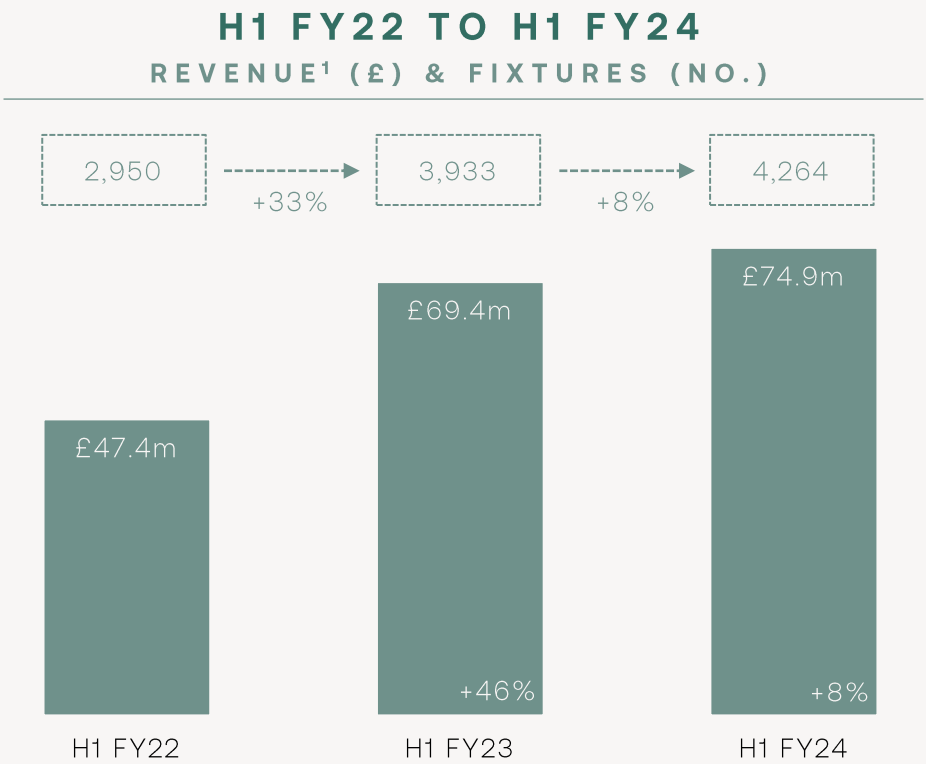
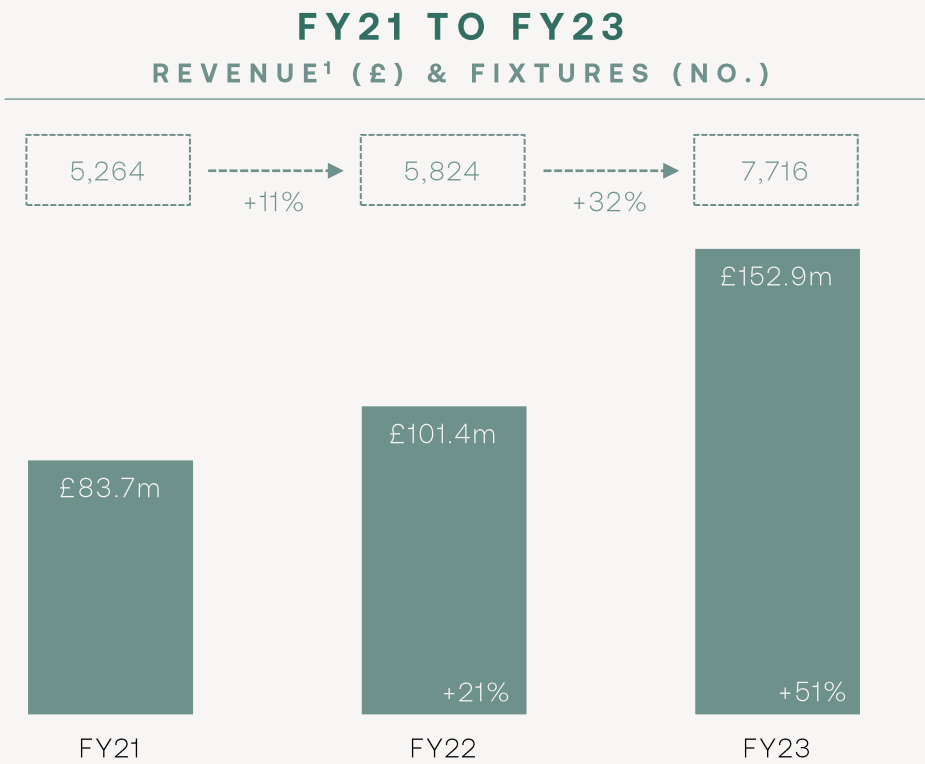
## Looking ahead

Investigation now complete, the leadership team is fully focused on growth



# Clear strategy is delivering growth, diversification and resilience

REVENUE AND FIXTURE NUMBERS HAVE GROWN SIGNIFICANTLY OVER THE PAST TWO YEARS, AS WELL AS MARKET SHARE FOR SECURITIES



Notes

<sup>1</sup>Revenue is adjusted to show only continuing operations



# Financial performance Full Year FY23

Grant Foley, CFO



# Income statement<sup>1</sup>

## STREAMLINED BUSINESS DELIVERED OUTSTANDING PERFORMANCE

	FY23	FY22	VAR %
Revenue	£152.9m	£101.3m	51%
Operating expenses	£132.8m	£91.3m	46%
<b>Underlying operating profit</b>	<b>£20.1m</b>	<b>£10.1m</b>	<b>100%</b>
<b>Profit before tax (statutory)</b>	<b>£9.5m</b>	<b>£8.5m</b>	<b>11%</b>
Underlying EPS	46.22p	27.95p	65%
Total dividend	12p	9p	33%

Strong revenue performance across all business segments, with fixture numbers up 32% year on year and the Group benefiting from a stronger US dollar

Operating expenses increase reflects higher broker remuneration, in line with business model

Underlying operating profit up 100% on prior year to £20.1m

Specific charges including £9m impairment, reducing statutory profit before tax to £9.5m

Full year dividend of 12p, up 33% on prior year

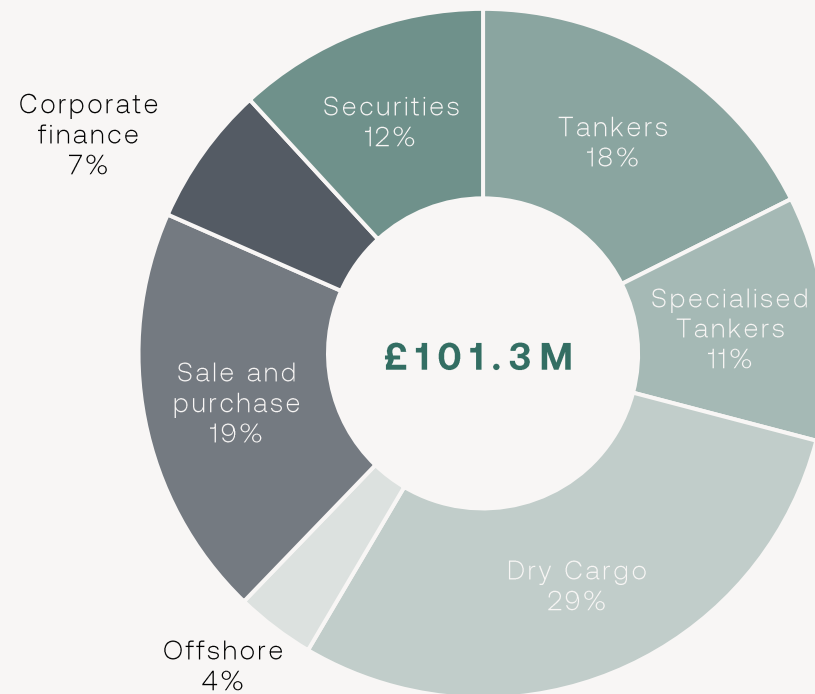
### Notes

<sup>1</sup> Income statement figures show only continuing operations

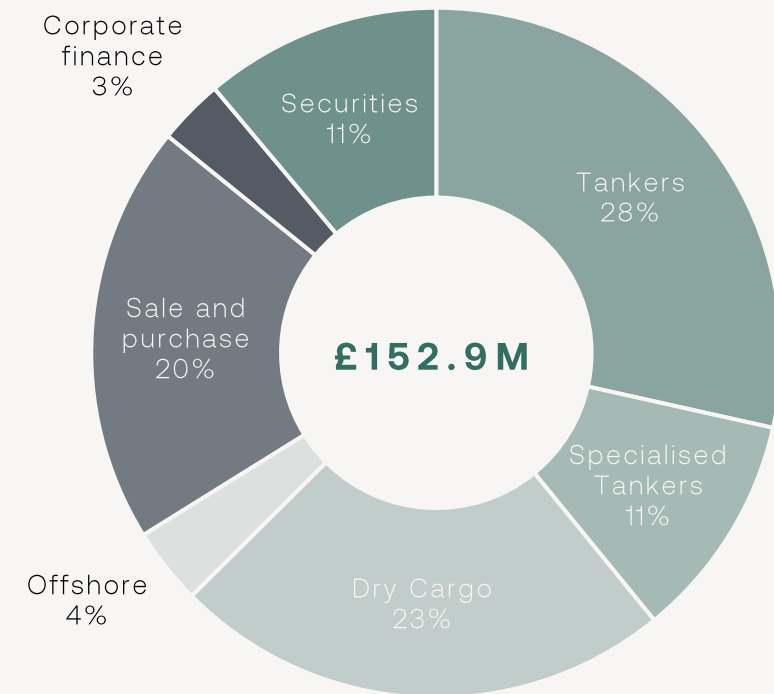
# Well balanced revenue mix

BALANCED REVENUE MIX WITH GROWTH IN ALL AREAS, HELPING TO BUILD RESILIENCE THROUGH THE CYCLE

FY22



FY23

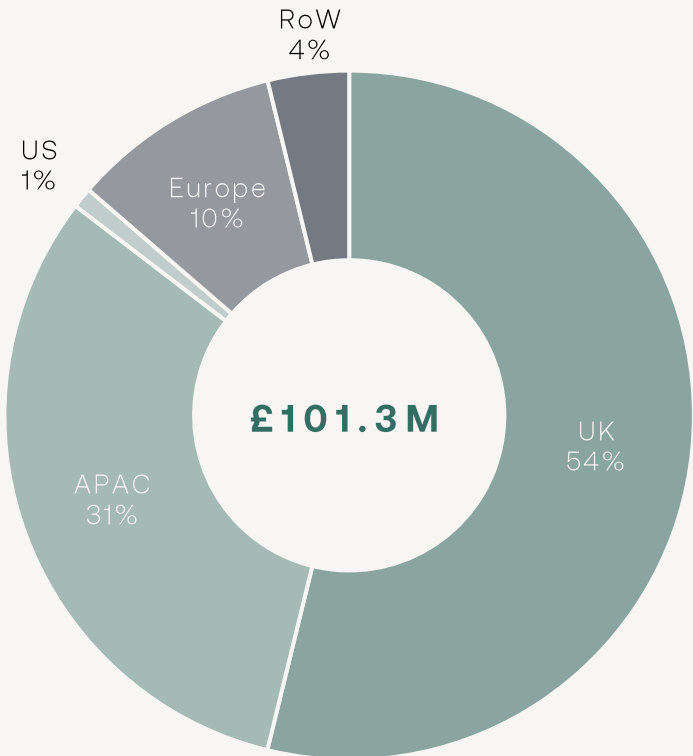




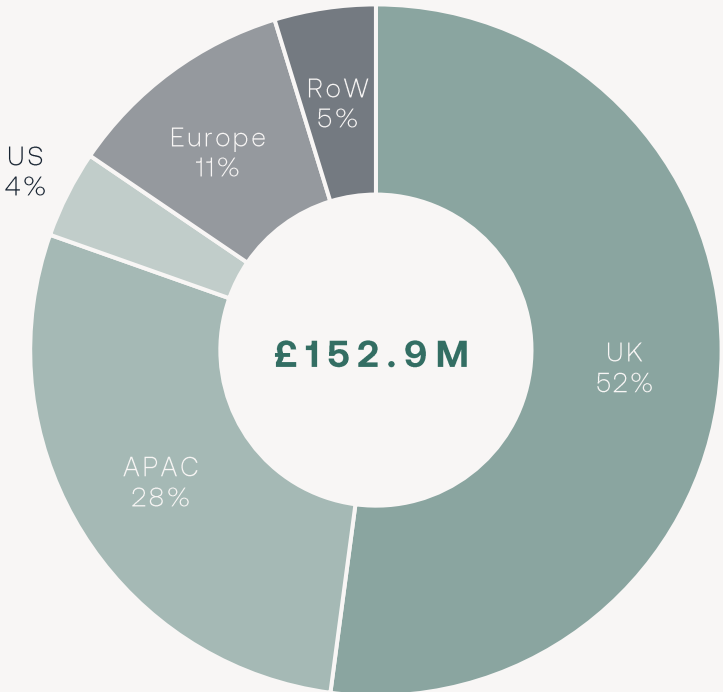
# Geographically diverse

ACQUISITIONS WILL FURTHER IMPROVE GEOGRAPHIC REACH AND DIVERSITY

FY22



FY23



# Operating expenses

AS EXPECTED, INCREASE IN REVENUE DRIVING INCREASED BROKER COSTS



# Liquidity

STRONG UNDERLYING PERFORMANCE RESULTING IN IMPROVED CASH POSITION,  
PROVIDING THE BUSINESS WITH LIQUIDITY FOR INVESTMENT

	FY23	FY22	VARIANCE
Cash and cash equivalents	£34.7m	£14.0m	£20.8m
Borrowings	(£27.8m)	(£23.3m)	(£4.6m)
<b>Net cash / (debt)</b>	<b>£6.9m</b>	<b>(£9.3m)</b>	<b>£16.2m</b>

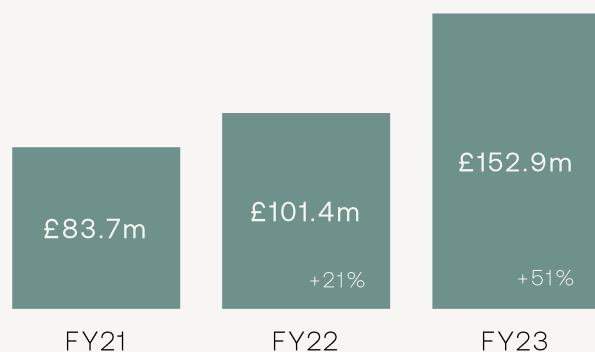
Movement in net debt includes receipt from the disposal of Cory Brothers (£6.5m), as well as the cash acquisition costs of Southport Maritime Inc. (£6.0m) and Madrid Tanker Desk (£1.3m)



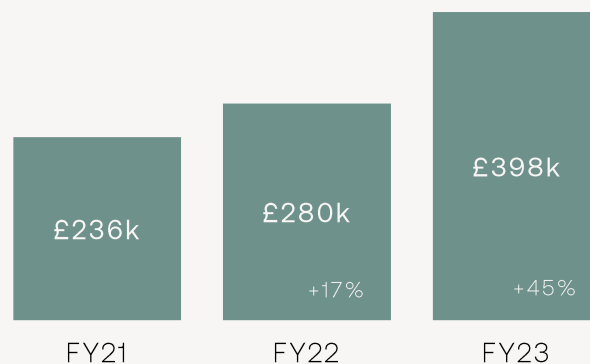
# Key performance indicators

CLEAR STRATEGY DELIVERING IMPROVEMENTS ACROSS ALL KPIS

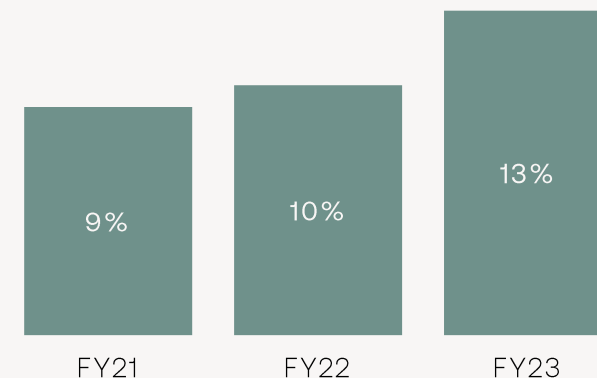
## REVENUE



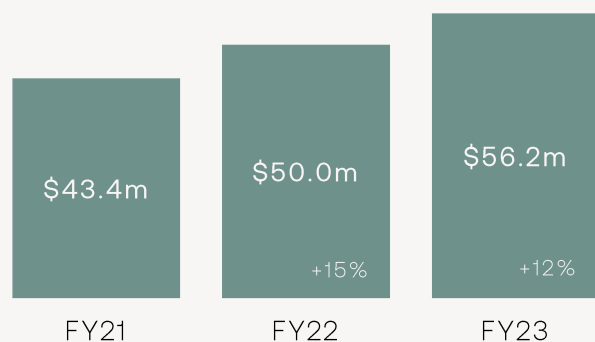
## REVENUE PER HEAD



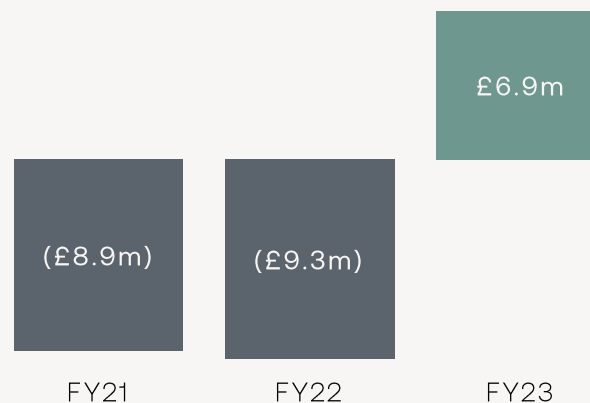
## OPERATING PROFIT MARGIN<sup>1</sup>



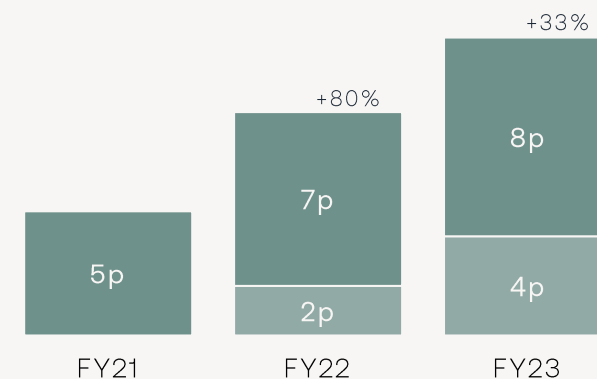
## FORWARD ORDER BOOK



## NET (DEBT)/CASH



## DIVIDENDS



Notes: <sup>1</sup> Represents Underlying Operating Profit margin

# Financial performance H1 FY24



# H1 FY24 Income statement

THE BUSINESS CONTINUES TO GENERATE STRONG RESULTS

	H1 FY24	H1 FY23	VAR %
Revenue	£74.9m	£69.4m	8%
Operating expenses <sup>1</sup>	(£66.6m)	(£60.5m)	10%
<b>Underlying operating profit</b> (before foreign exchange and acquisition-related expenditure)	<b>£8.4m</b>	<b>£8.9m</b>	<b>(6%)</b>
Foreign exchange	(£0.8m)	£2.0m	(139%)
Acquisition-related expenditure <sup>2</sup>	(£0.9m)	-	-
<b>Reported underlying operating profit</b>	<b>£6.7m</b>	<b>£10.9m</b>	<b>(38%)</b>
<b>Profit before tax (statutory)</b>	<b>£1.9m</b>	<b>£10.1m</b>	<b>(81%)</b>
Underlying EPS	17.43p	31.84p	(45%)
Interim dividend	4p	4p	-

Revenue and fixture numbers increased by 8% driven by strong Tanker performance, partially offset by a weaker Dry Cargo market and Investment Advisory performance. In US dollars, revenue was up 5%

The increase in operating expenses is mainly due to new businesses and an increase in broker headcount to drive future growth

Underlying operating profit (before FX and acquisition-related expenditure) was down 6% due to increasing cost driven by new businesses

Interim dividend of 4p

## Notes

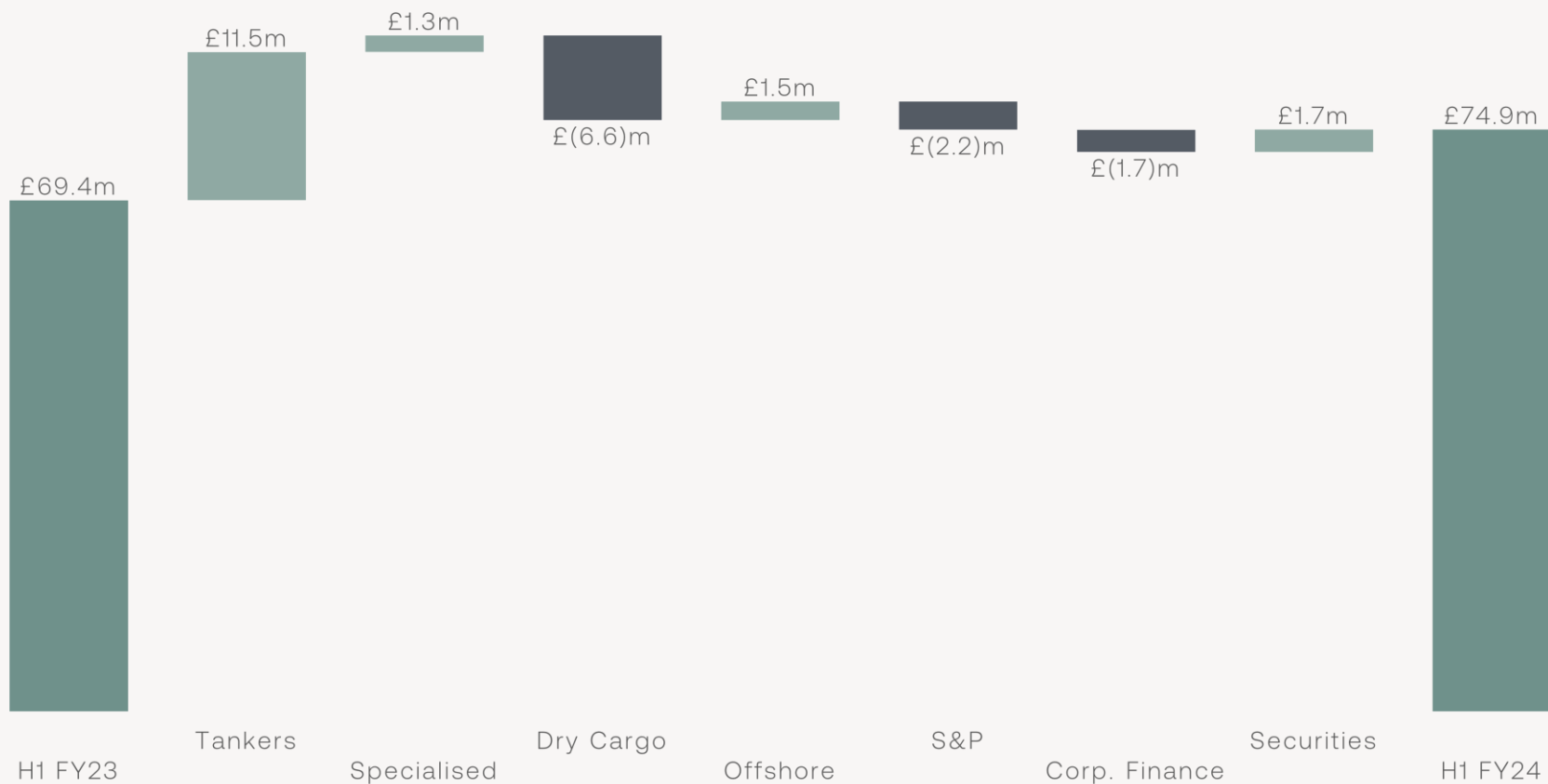
<sup>1</sup> Operating expenses excludes foreign exchange and acquisition-related expenditure

<sup>2</sup> Acquisition-related expenditure is the cost relating to the addition of the Madrid tanker desk



# Resilient revenue mix in H1

INCREASING DIVERSIFICATION PROVIDING A BALANCE AGAINST WEAKER MARKETS

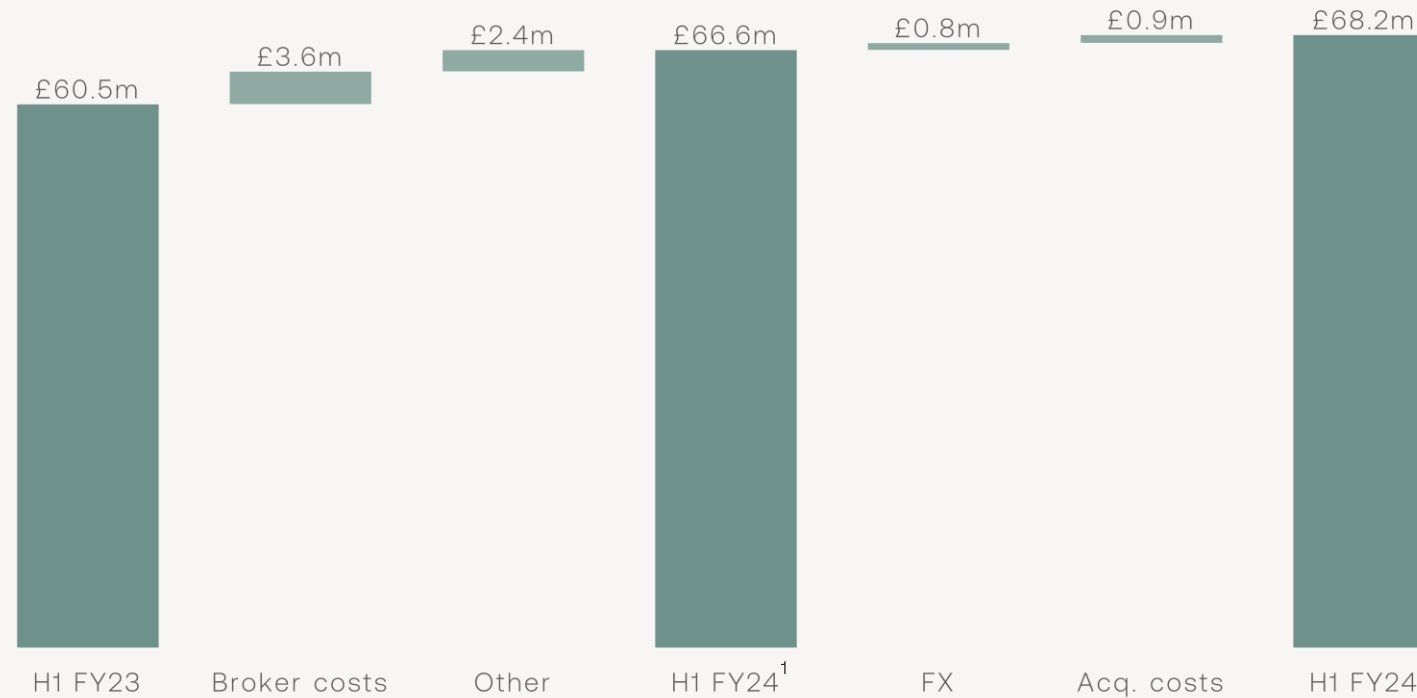


Strong Tanker and Securities performance, more than offsetting weaker Dry Cargo and Corporate Finance revenues



# H1 Operating expenses

INCREASE IN OPERATING EXPENSES PRIMARILY DUE TO INCREASED BROKER COSTS FROM HIGHER REVENUE



## Notes

<sup>1</sup>Excludes foreign exchange and acquisition-related expenditure

# H1 Liquidity

LIQUIDITY POSITION CONTINUES TO PROVIDE THE BUSINESS WITH CAPACITY TO MAKE INVESTMENTS FOR FUTURE GROWTH

	H1 FY24	H1 FY23	VARIANCE
Cash and cash equivalents	£29.1m	£24.1m	£5.0m
Borrowings	(£25.9m)	(£22.3m)	(£3.7m)
<b>Net cash</b>	<b>£3.1m</b>	<b>£1.8m</b>	<b>£1.3m</b>

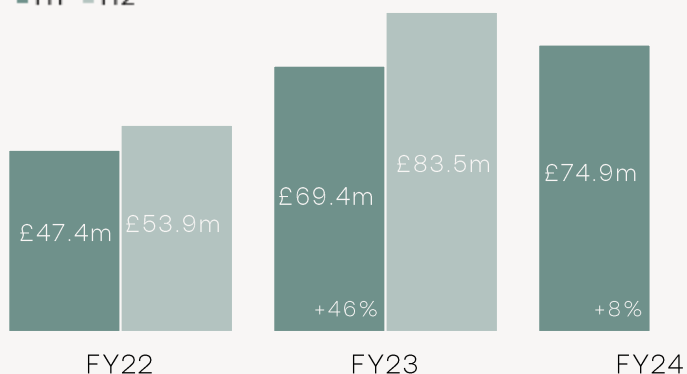


# H1 Key performance indicators

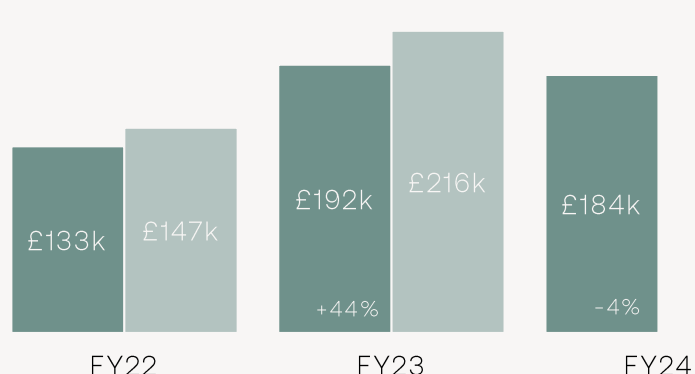
REVENUE GROWTH OF 8% ACHIEVED WITH WEAKER OPERATING PROFIT MARGIN DUE TO INVESTMENTS

## REVENUE

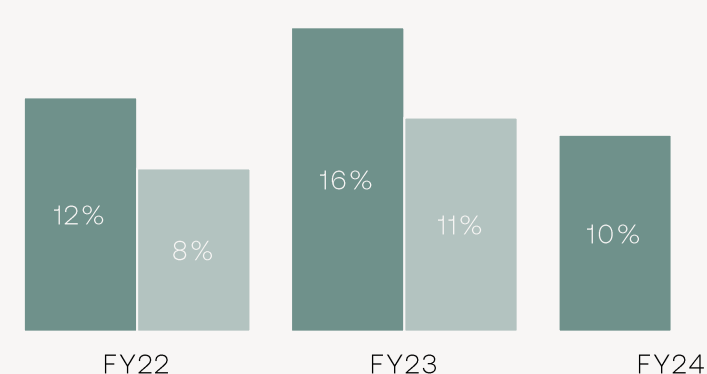
■ H1 ■ H2



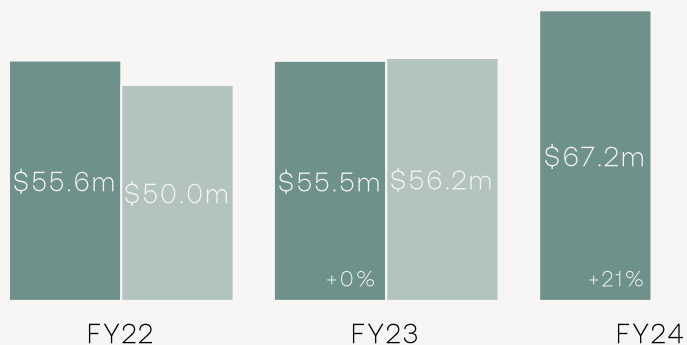
## REVENUE PER HEAD



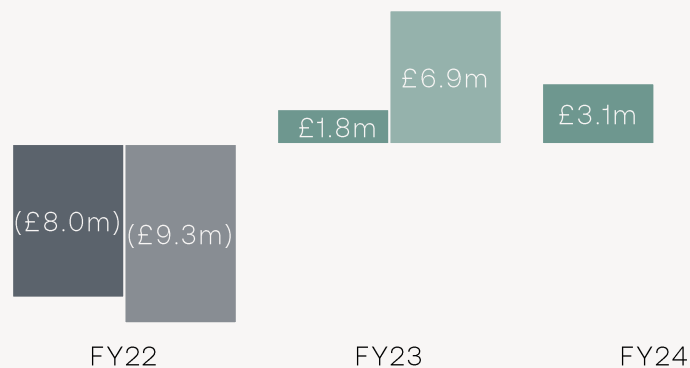
## OPERATING PROFIT MARGIN<sup>1</sup>



## FORWARD ORDER BOOK



## NET (DEBT)/CASH



## DIVIDENDS



Notes: <sup>1</sup> Represents Underlying Operating Profit margin (before acquisition-related expenditure)

# Growth opportunities

Tris Simmonds, COO





# Identifying opportunities

WE HAVE A CLEAR AND FOCUSSED APPROACH TO GROWTH OPPORTUNITIES



## Profit enhancing

Business/team needs to be profitable with clearly identifiable revenue and cost synergies



## Complimentary / Additive

Must compliment or be additive to our existing geographic coverage and expertise



## Diversifying

Must increase the Group's diversification by client, region or product  
Continued investment in technology infrastructure and data capabilities



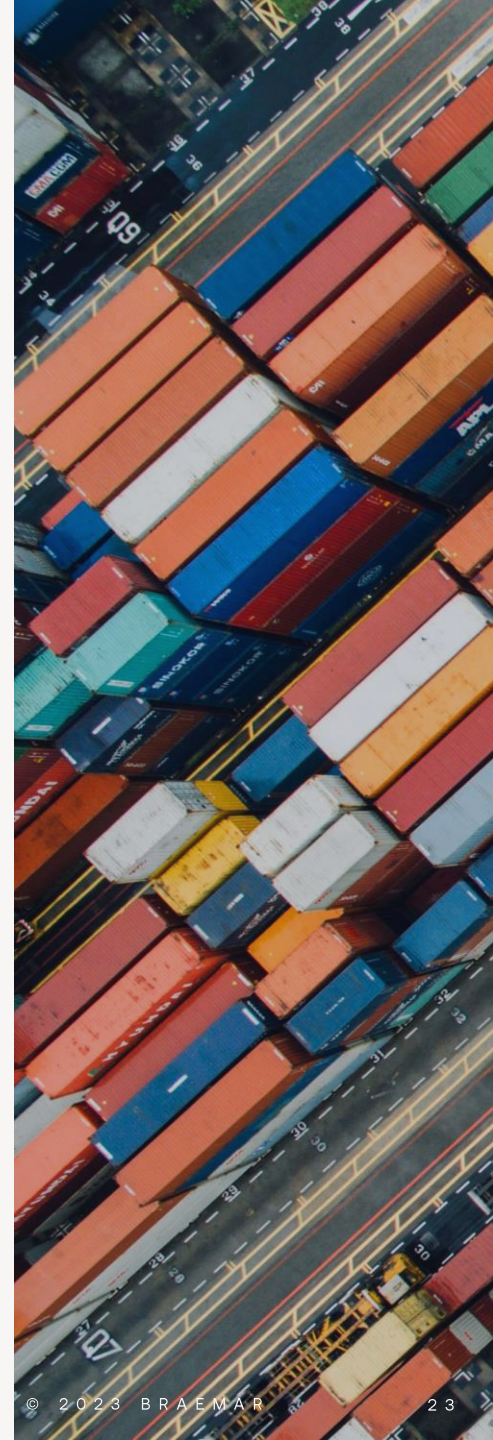
## Further Growth

Opportunities need to be able to grow further as part of the Group



## Fit

An excellent fit with the Group from a cultural and client perspective





# Growth opportunities

MULTIPLE OPPORTUNITIES REMAIN ACROSS ALL VERTICALS AND GEOGRAPHIES

	TANKERS	SPECIALISED	SECURITIES	DRY CARGO	S & P	OFFSHORE	CORP. FINANCE
UK							
Europe							
Middle East							
APAC							
Americas							

Acquired Madrid Tanker Desk

Hired Natural Gas team & launched Oil derivatives

Hired Dry Cargo team

Acquired Southport Maritime Inc.



# Successful execution

ACQUISITIONS ARE REALISING SYNERGIES AND ADDING VALUE TO THE GROUP



## **SOUTHPORT MARITIME INC.**

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Florida based, significantly enhancing the Group's coverage of the Americas

Leader in crude and refined products

Highly complementary to the Group's existing coverage

Southport team can leverage Braemar's global data asset

Team of 18



## **MADRID SHIPPING ADVISORS**

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Acquired Madrid-based tanker team to establish Madrid Shipping Advisors

Strengthening global coverage further

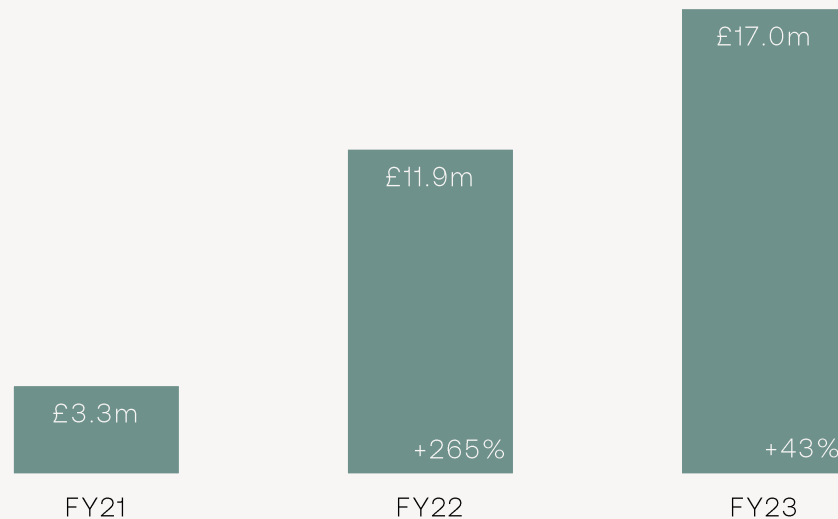
Specialists in crude fuel oil and clean products

Team of 10

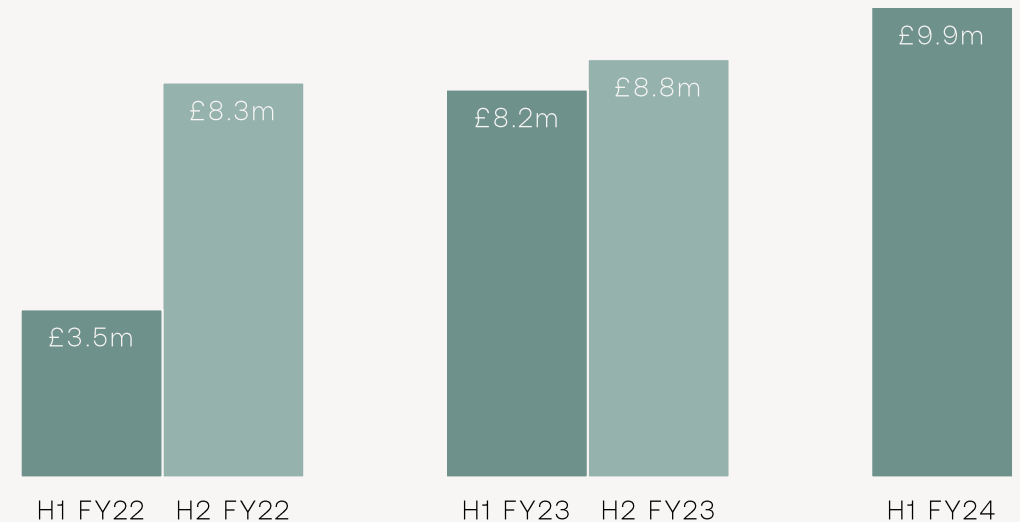
# Securities

SIGNIFICANT REVENUE GROWTH IN 3 YEARS, WITH FURTHER OPPORTUNITIES FOR GROWTH

## FY21 TO FY23 FULL YEAR REVENUE



## H1 FY22 TO FY24 H1 REVENUE



Securities offering is highly complementary to our shipbroking offering

Provides insight to our clients and an integrated offering

Significant opportunities for further growth with additional products and move into new geographies

# Growth for FY25 onwards

## INTERNAL AND EXTERNAL OPPORTUNITIES TO DRIVE GROWTH



### Shipbroking – a fully integrated global offering

Group is well positioned to support clients through the 'Green Energy Transition'

Continued selective hiring

Move into new markets

Targeted acquisitions in a fragmented market



### Securities – a platform for growth

EU ETS – provide a service for our shipping clients to manage the physical purchase of carbon credits in EU ETS

Expand our client coverage through new broker and products

Energy and Commodities is showing clear consistent growth across the industry





# Summary and outlook

James Gundy, CEO





# Outlook

FY23 WAS A RECORD PERFORMANCE FOR THE GROUP

## FY24

- Revenue in line with market expectations
- Underlying operating profit (excluding acquisition-related expenditure) in line with consensus<sup>1</sup>
- Maintain progressive dividend policy

## FY25

- Forward Order Book continues to strengthen
- Remain positive for shipping industry
- At this stage, expect performance to be in line with FY24

### Notes

<sup>1</sup> Consensus underlying operating profit (before acquisition-related expenditure) is £18m



# To conclude

## BUILDING AN INCREASINGLY RESILIENT BUSINESS



### SHIPBROKING

Grow market share

- Ⓢ Acquisitions
- Ⓢ Hiring
- Ⓢ New markets
- Ⓢ Underpinned by balance sheet strength



### SECURITIES

Grow Securities offering

- Ⓢ Establish OTF
- Ⓢ Launch new complementary products



### PROFIT

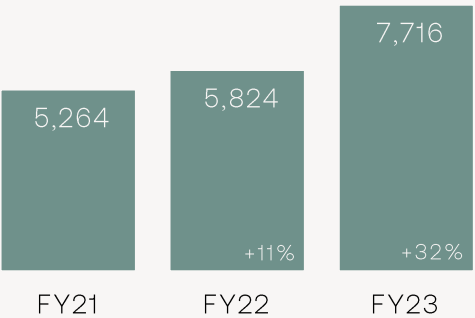
Deliver sustainable underlying operating profit of not less than £18m from FY25 onwards



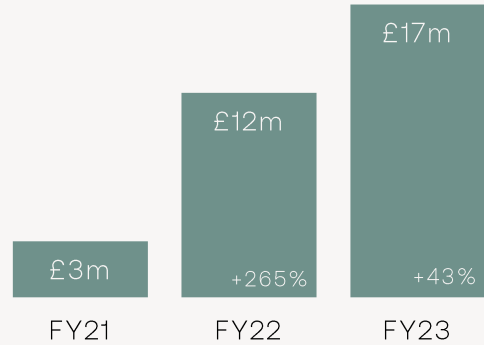
### DIVIDEND

Maintain progressive dividend policy

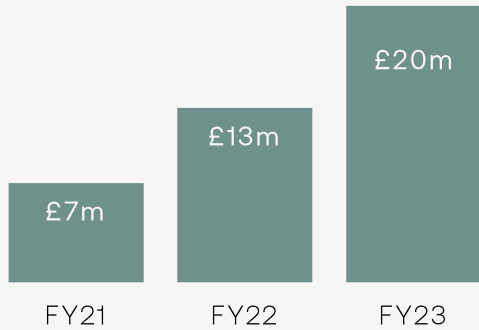
Fixtures (no.)



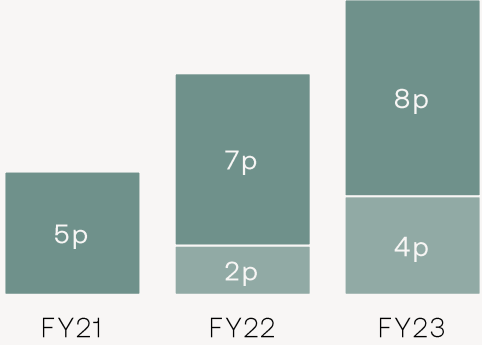
Securities revenue (£)



Underlying operating profit (£)



Dividend (pence)

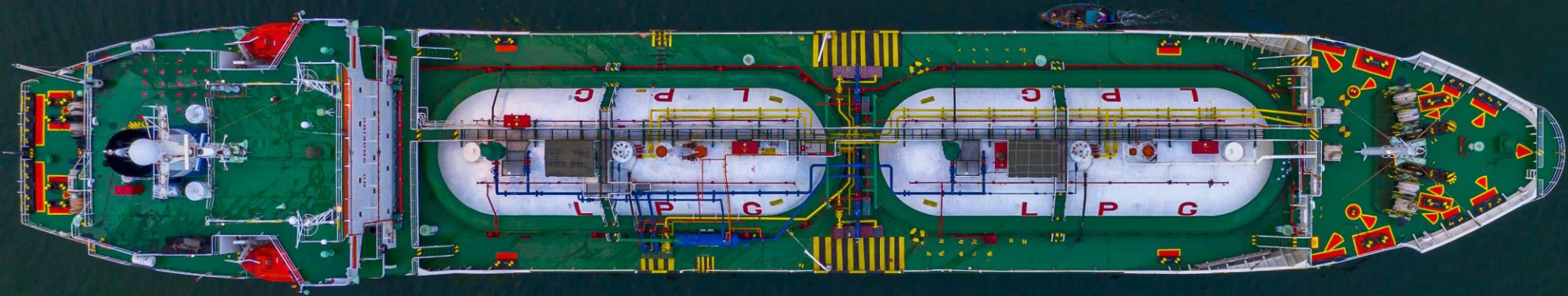




# Q & A



# Appendix



# EPSG

## MAKING A POSITIVE IMPACT



### ENVIRONMENT

#### Goal

- Net zero by 2050
- Protect 10,000km<sup>2</sup> of marine biodiversity area by 2030
- Facilitate responsible and sustainable shipping

#### Actions

- Focus on reducing our carbon footprint
- Offset our carbon footprint through the purchase of carbon credits



### PEOPLE

#### Goal

- Activate global programmes for bringing diverse talent into the workforce

#### Actions

- Develop diverse talent through recruitment
- Focus on employee engagement
- Improve our gender diversity



### SOCIAL

#### Goal

- Think globally, act locally to drive benefit to our communities

#### Actions

- Strengthening charity partnerships



### GOVERNANCE

#### Goal

- Collect data and report on ESG metrics aligned to strategy

#### Actions

- Board oversight
- Frameworks and policies in place



# Facilitate climate-smart shipping

We incorporate climate-smart expertise into our client services, and we will collaborate with the maritime industry to achieve shared ESG goals.

## OFFER CARBON OFFSETS

Braemar's Carbon Offsets platform was launched in April 2022. We are the first shipping service company to offer a service that allows clients to offset their chartering activities online through globally accredited projects.

## ENABLE EU-ETS COMPLIANCE

Ships calling at EU ports become subject to the European Union's Emissions Trading System (ETS) in 2024. Through Braemar you can ensure your vessels' compliance via physically delivered, and exchange cleared EU Allowances (EUAs).

## STRATEGIC ADVISORY

To enable clients to futureproof their business, Braemar provides comprehensive guidance on the challenges and opportunities posed by new environmental legislation, future fuels, and green technologies.



# Revenue Split

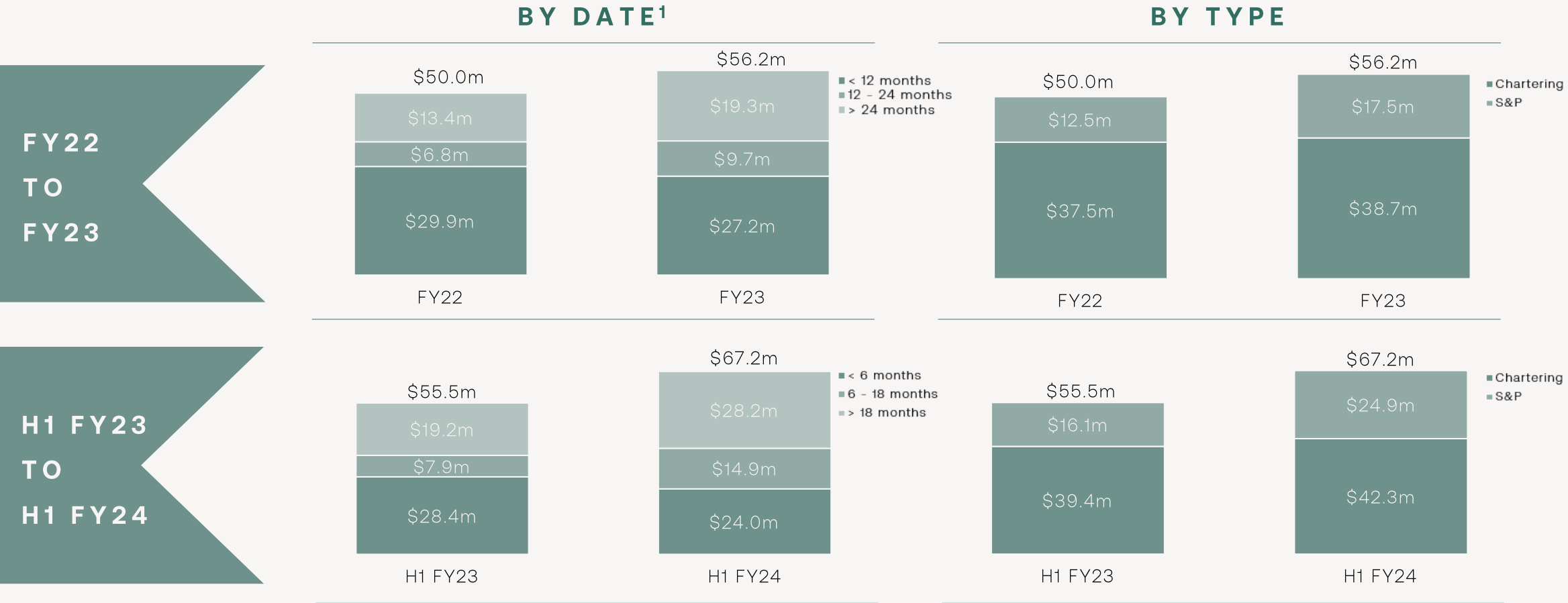
WITH STRONG GROWTH ACROSS ALL BUSINESS LINES

	FY23	FY22	VAR %	H1 FY24	H1 FY23	VAR %
Investment advisory	£36.8m	£26.3m	40%	£12.4m	£16.3m	-24%
Chartering	£99.2m	£63.0m	57%	£52.6m	£44.9m	17%
Risk Advisory	£17.0m	£12.0m	42%	£9.9m	£8.2m	21%
Total	£152.9m	£101.3m	51%	£74.9m	£69.4m	8%

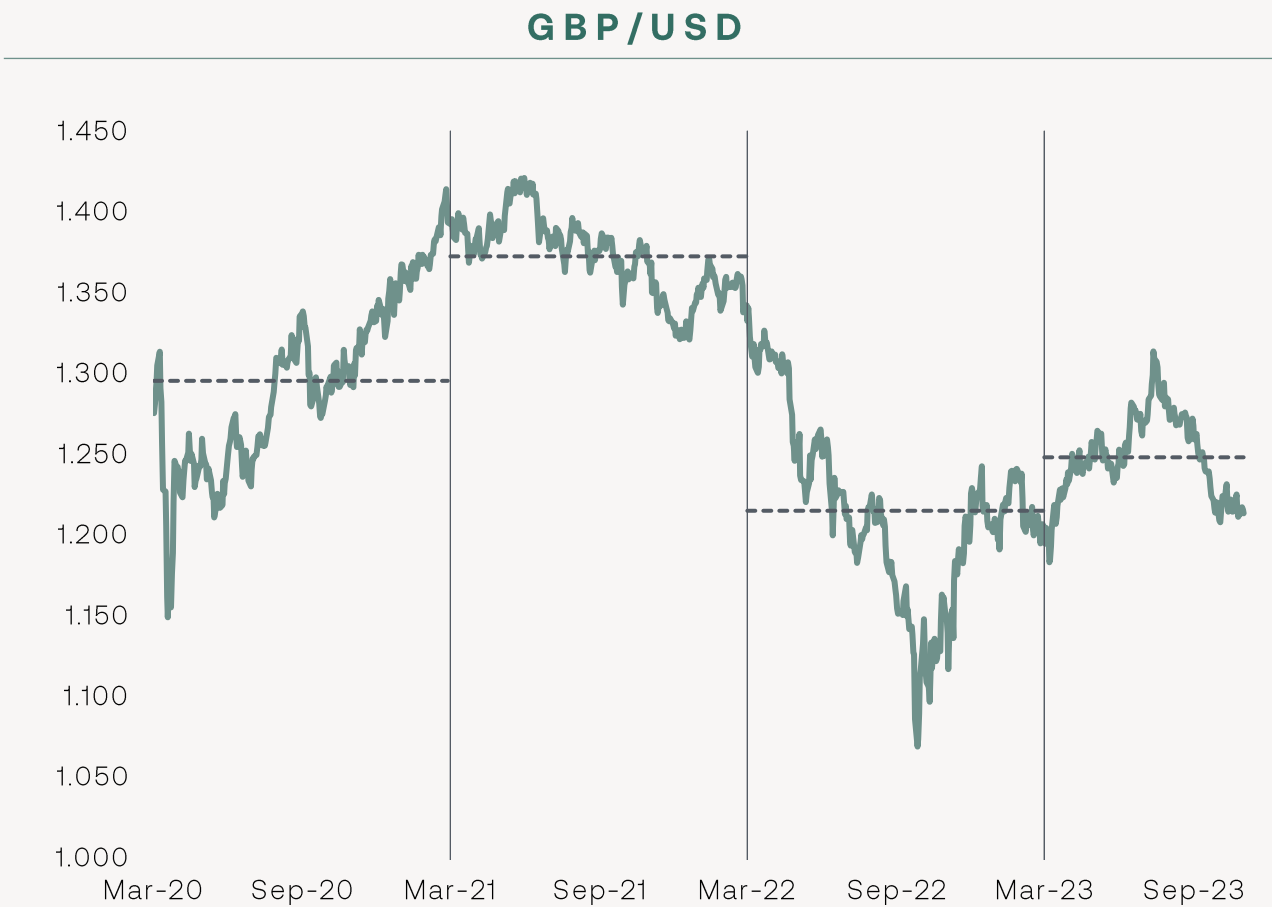


# Forward order book (USD)

FORWARD ORDER BOOK IS 21% HIGHER THAN AT H1 IN THE PRIOR YEAR



# GBP-USD rates



	FY 23	FY 22
Average rate	1.2145	1.3723
Spot rate (28-Feb)	1.2020	1.3419

	H1 FY 24	H1 FY 23
Average rate	1.2544	1.2473
Spot rate (31-Aug)	1.2673	1.1622

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# Thank You

