CLARKSONS

Interim Results Presentation

30 June 2022

Andi Case & Jeff Woyda

8 August 2022

CLARKSON PLC

Financial results

Jeff Woyda
Chief Financial Officer and Chief Operating Officer

Results summary

To 30 June

	2022 £m	2021 £m	
Revenue	**266.7**	190.1	+40.3%
Underlying profit before taxation (Before acquisition related costs)	**42.2**	27.5	+53.5%
Acquisition related costs	**(0.2)**	(0.2)	
Profit/(loss) before taxation (after acquisition related costs)	**42.0**	27.3	+53.8%
Underlying earnings per share (Before acquisition related costs)	**98.9p**	64.0p	+54.5%

Segmental performance

Revenue, profit and margin

	Revenue 2022 £m	Revenue 2021 £m	**Profit 2022 £m**	Profit 2021 £m	**Margin 2022**	Margin 2021
Broking	**211.2**	142.7	**47.0**	30.3	**22.3%**	21.2%
Financial	**27.6**	24.7	**5.7**	5.3	**20.7%**	21.5%
Support	**18.3**	14.1	**2.0**	1.5	**10.9%**	10.6%
Research	**9.6**	8.6	**3.4**	3.1	**35.4%**	36.0%

USD v GBP Exchange Rate

GBP 1 is worth the following in USD

	2022	2021
Arithmetic average for the half year to June	**1.2858**	1.3911
Spot rate at 30 June	**1.2172**	1.3814

Sea/ related IT costs

to 30 June

	Jun 2022 £m	Jun 2021 £m
Items taken to income statement		
Non capitalized items (**Sea/** only)	**(4.0)**	(5.9)
Amortisation	**(1.9)**	(0.3)

	Jun 2022 £m	Dec 2021 £m	Jun 2021 £m
Software-related intangible assets as at 1 January	**17.1**	15.6	15.6
Additions	**1.2**	2.9	1.7
Amortisation	**(1.9)**	(1.4)	(0.3)
Software-related intangible asset as at 31 December	**16.4**	17.1	17.0

The intelligent marketplace for fixing freight.

Management Progress

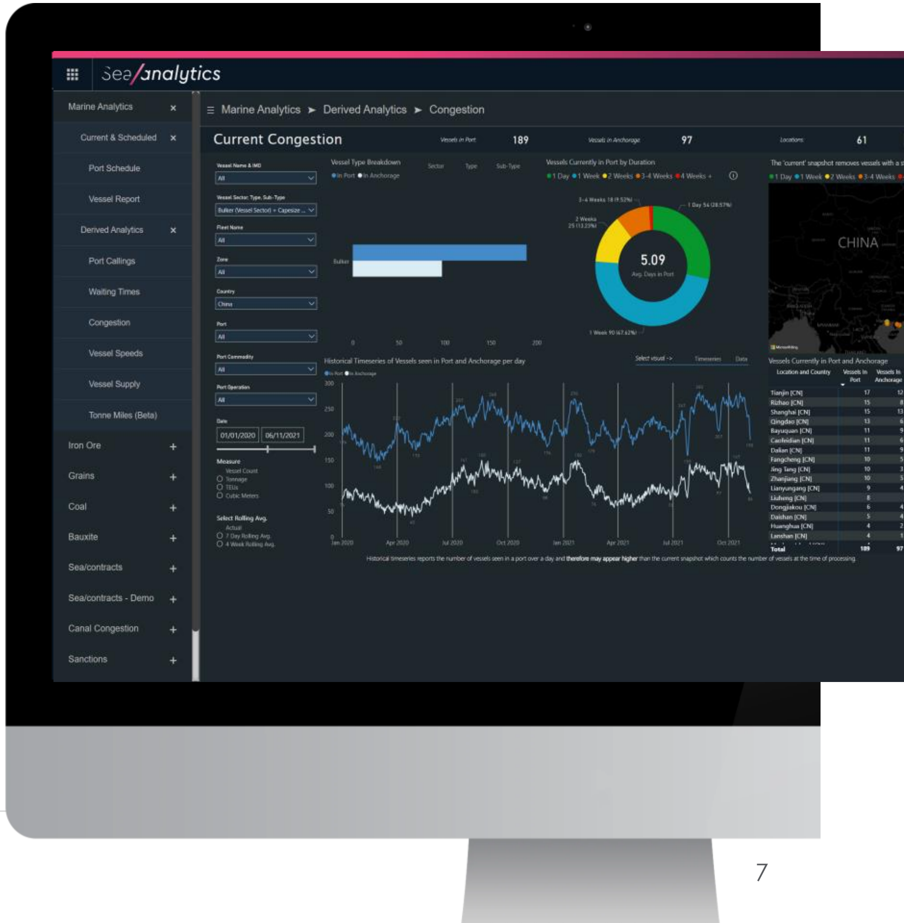
- Appointed Peter Schroder as CEO of Maritech
- Fully established Senior leadership team, incorporating CTO, CPO, CCO, CFO, CSO,CDO and an HR business partner
- Restructuring offshoring development resources

SeaFix

- Full value benefit analysis identified following first year of adoption
- 2 additional major miners added to the platform
- 120% growth in fixture volumes y-o-y
- $4.6bn of gross freight covering the transportation of 281m of cargo negotiated on platform
- Plan for roll out beyond miners in H2
- Continued increase in broker adoption

SeaIntelligence

- Offering expanded
- 60% growth in customers
- Tracked 1,200 voyages in H1 reporting on 3.2m tons of CO_2



Balance sheet

At 30 June

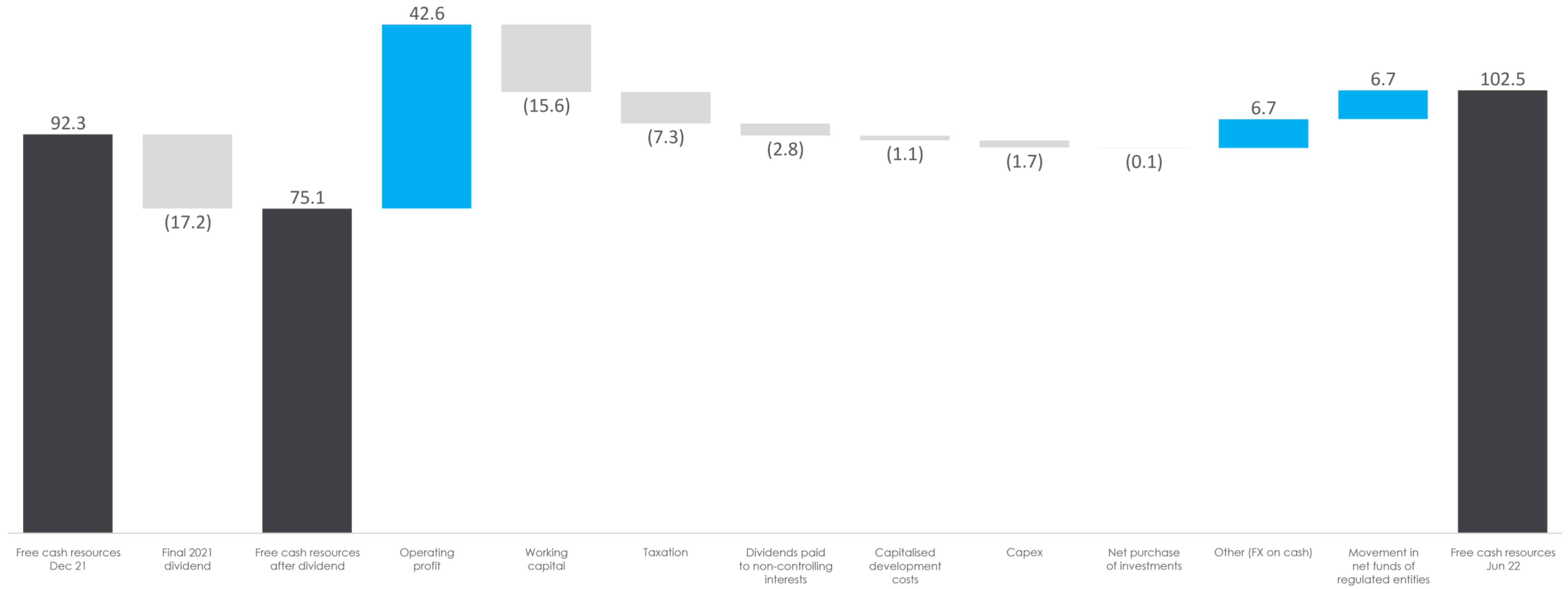
	Dec 2018 £m	Dec 2019 £m	Dec 2020 £m	Dec 2021 £m	**Jun 2022 £m**
Tangible fixed assets	29.3	28.9	28.6	24.7	**24.1**
Intangible fixed assets (software only)	5.4	9.9	15.6	17.1	**16.4**
Investments (relating to convertible bonds)	6.7	6.7	5.5	0.7	**0.7**
Investments (other)	4.8	4.8	2.9	1.0	**1.2**
	46.2	**50.3**	**52.6**	**43.5**	**42.4**
Working capital	18.9	14.0	10.4	19.1	**31.0**
Net available funds	73.4	84.7	95.4	122.3	**125.8**
	92.3	**98.7**	**105.8**	**141.4**	**156.8**
Pensions	14.0	11.0	12.0	22.0	**25.5**
Deferred tax	2.2	3.1	1.8	(0.5)	**(2.1)**
Leases	(8.1)	(10.8)	(11.1)	(10.9)	**(9.8)**
Net assets before intangibles	**146.6**	**152.3**	**161.1**	**195.5**	**212.8**
Intangibles (excluding software above)	288.0	228.3	167.3	166.1	**165.9**
Net assets	**434.6**	**380.6**	**328.4**	**361.6**	**378.7**

Net available funds and free cash resources

	30 June 2022 £m	31 December 2021 £m
Cash and cash equivalents	**231.6**	261.6
Interest-bearing loans and borrowing	**-**	-
Current investment deposits	**5.4**	9.6
Net cash equivalents	**237.0**	**271.2**
Reserved for bonus (full cost)	**(111.2)**	(148.9)
Net available funds	**125.8**	122.3
Held by regulatory businesses	**(23.3)**	(30.0)
Free cash resources	**102.5**	92.3

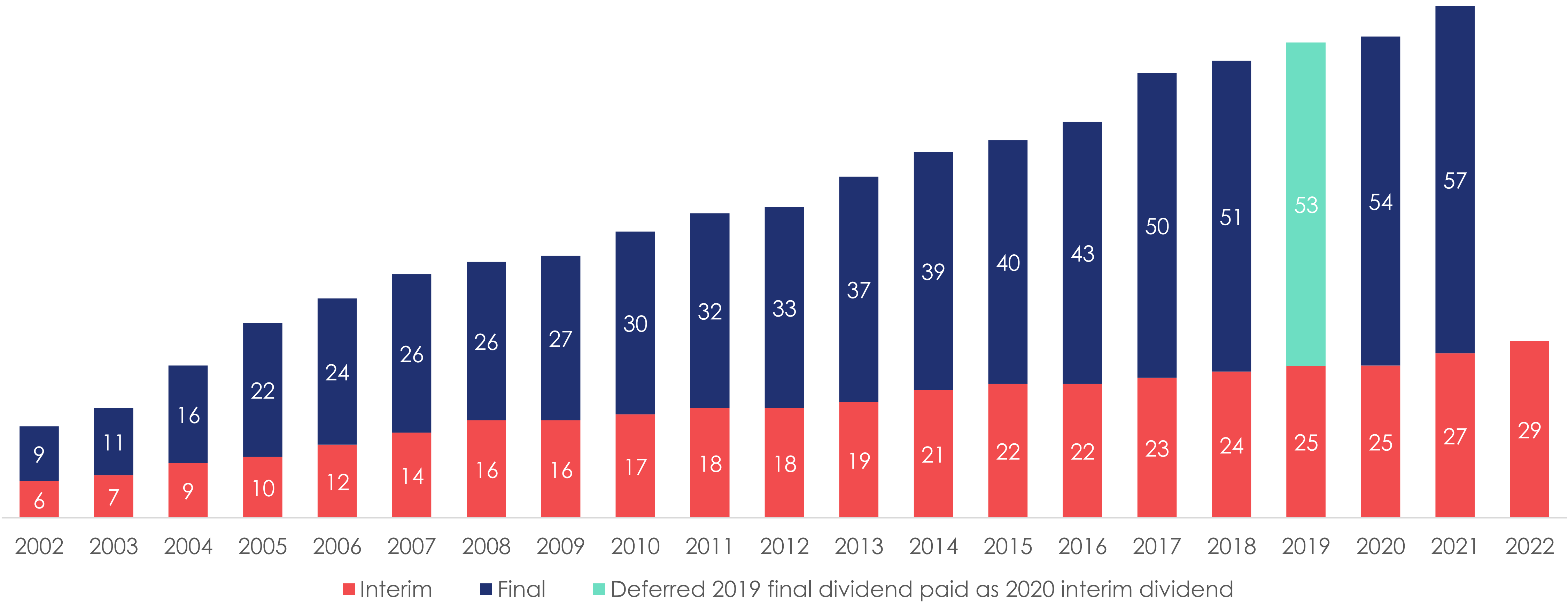
Movement in free cash resources

1 January 2022 to 30 June 2022



Dividend history

20 years of progressive dividend



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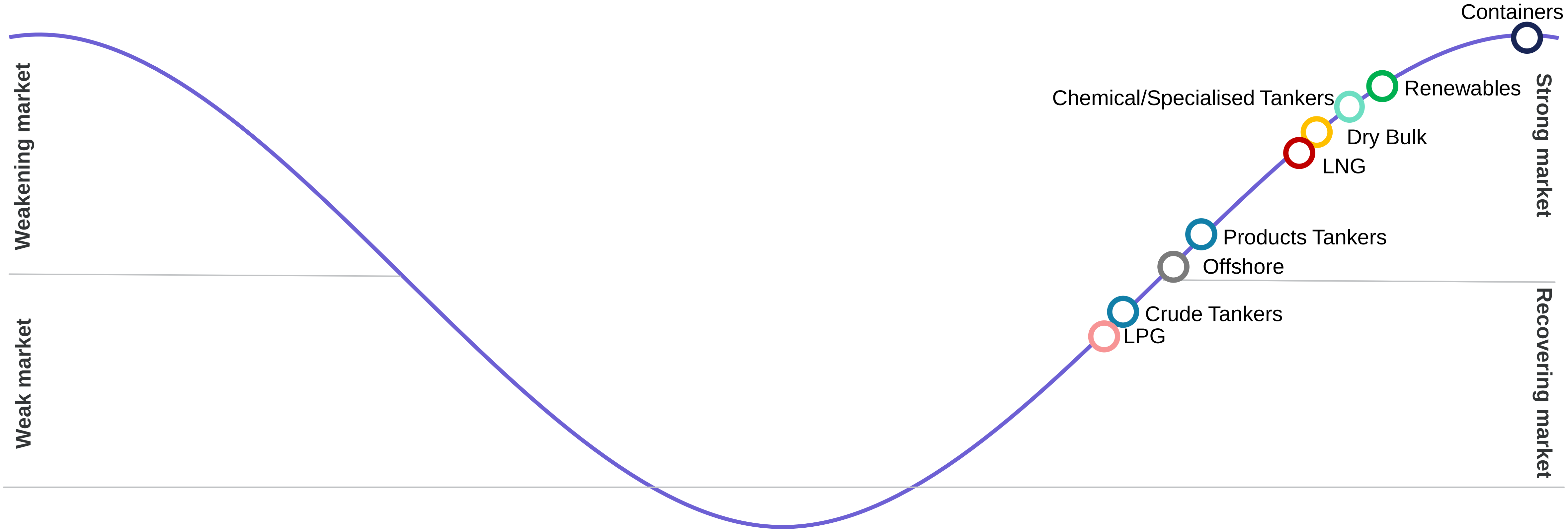
Markets

Andi Case
Chief Executive Officer

Where are we in the cycle?

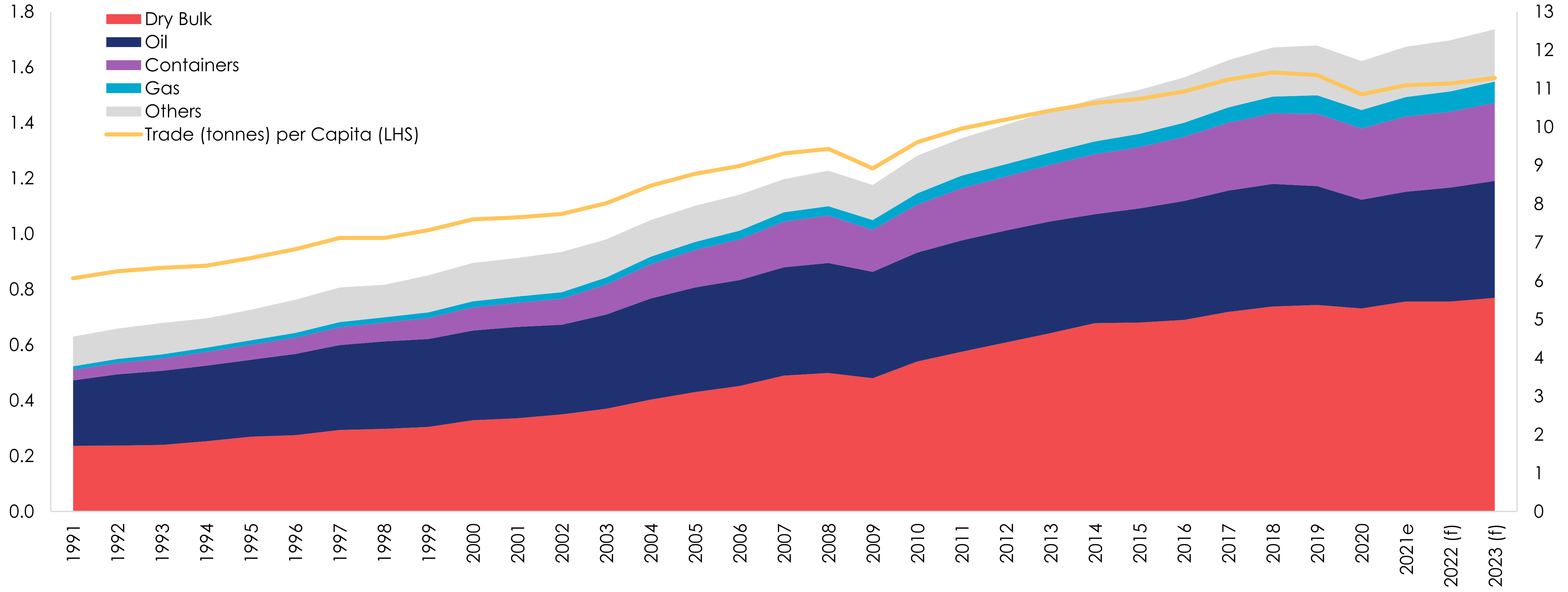
Timeline of each cycle not defined and varies



Seaborne Trade Recovery

Strong Covid-19 recovery, growth now slowing in 2022 on macroeconomic headwinds…

Global Seaborne Trade, bn tonnes

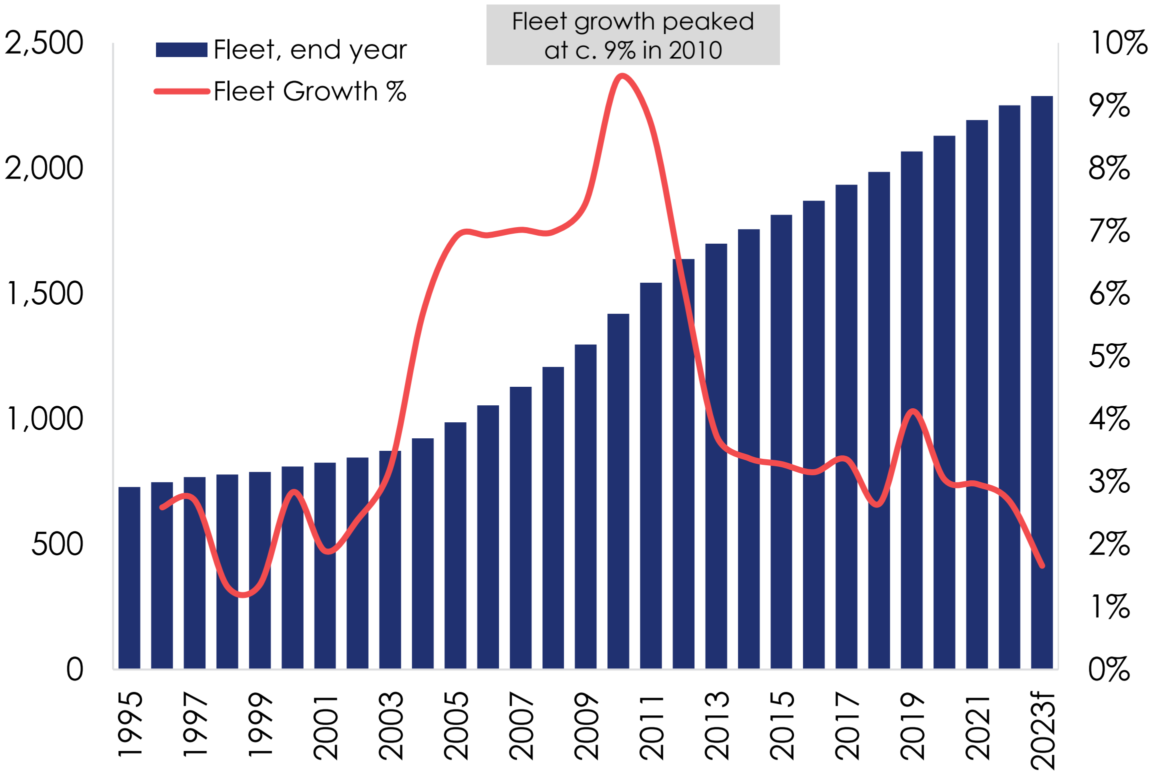


Source: Clarksons Research.

Fleet & Orderbook Development Still Supportive

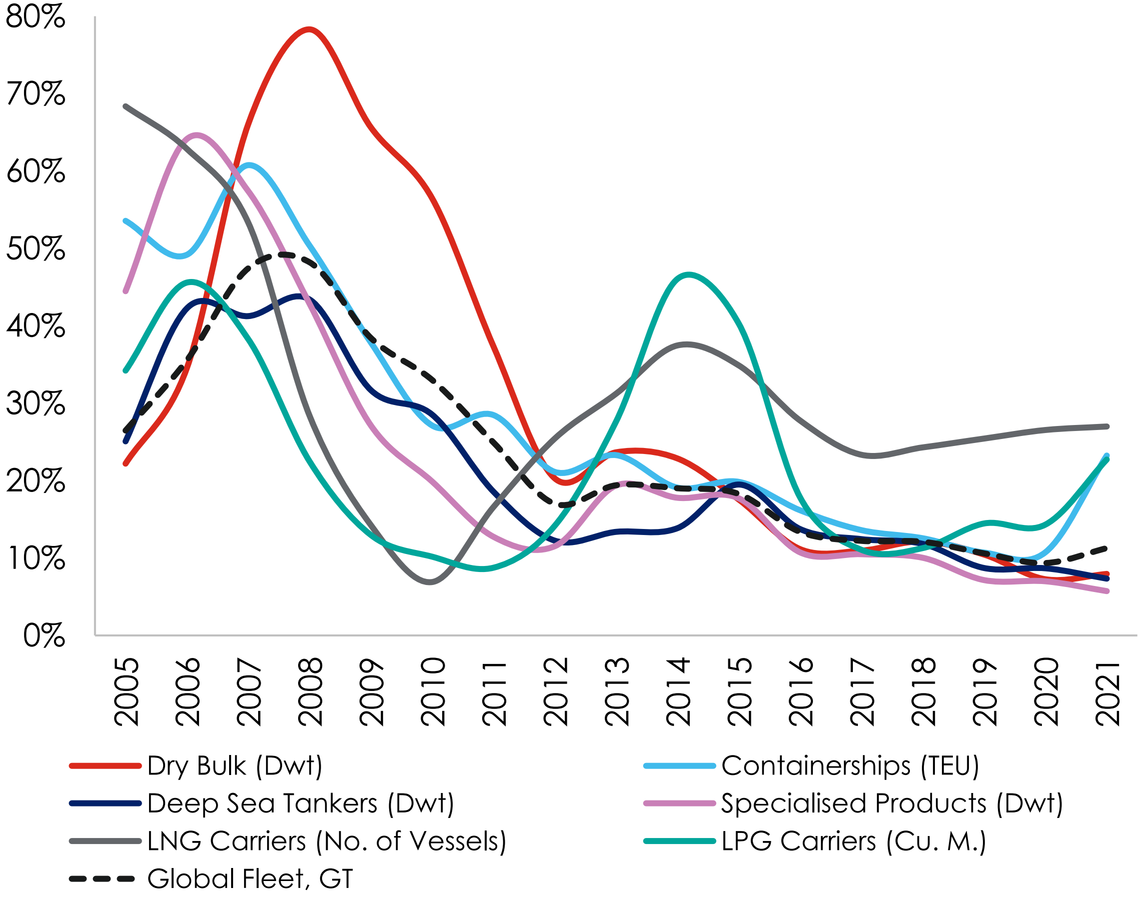
Fleet growth generally manageable; orderbook up from recent c.30 year lows but still 'short' at 10% of fleet DWT…

Development of World Fleet, m dwt



- World fleet c.80% larger than 2008
- c.40% more cargo being moved than 2008

Orderbook as % Fleet, end year

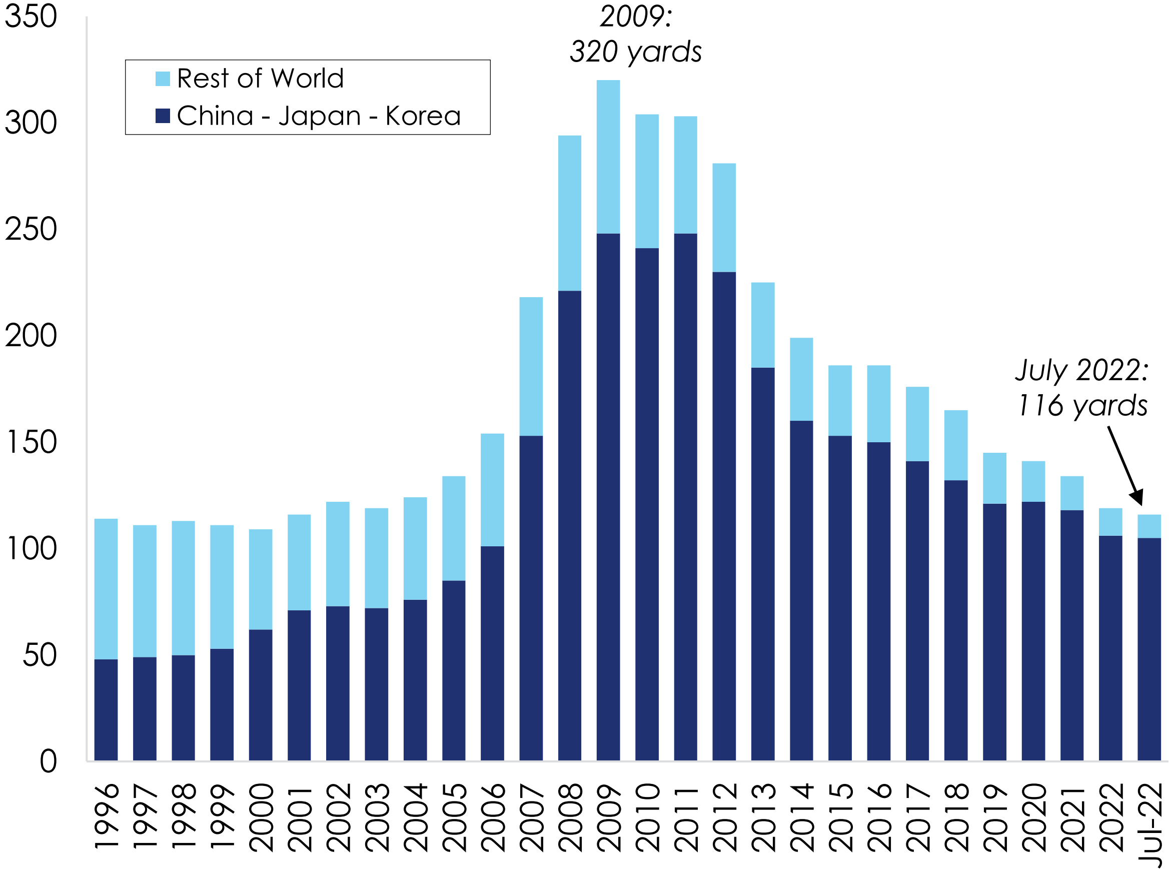


Source: Clarksons Research, July 2022

Shipyards & Contracting

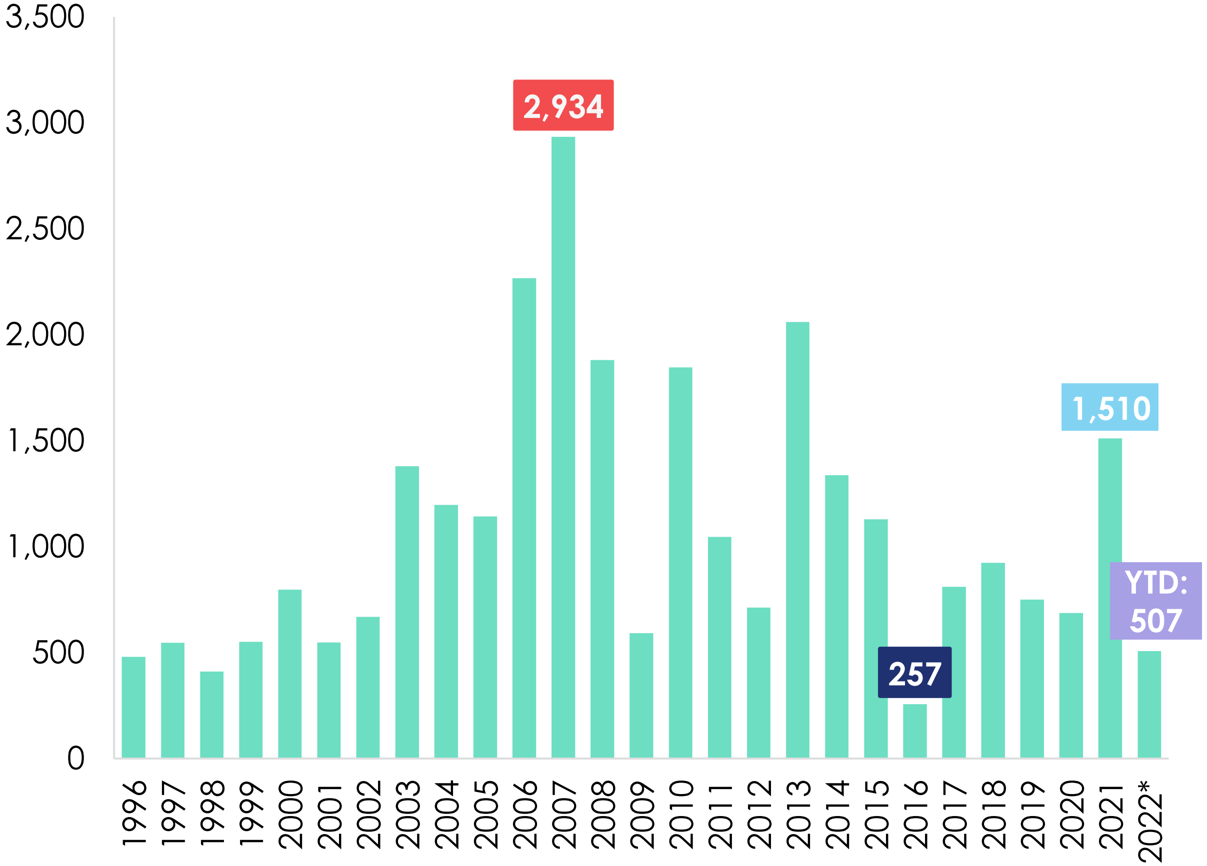
Capacity has been consolidating; newbuild ordering has picked up, modest capacity growth expected…

No. Of Active Yards



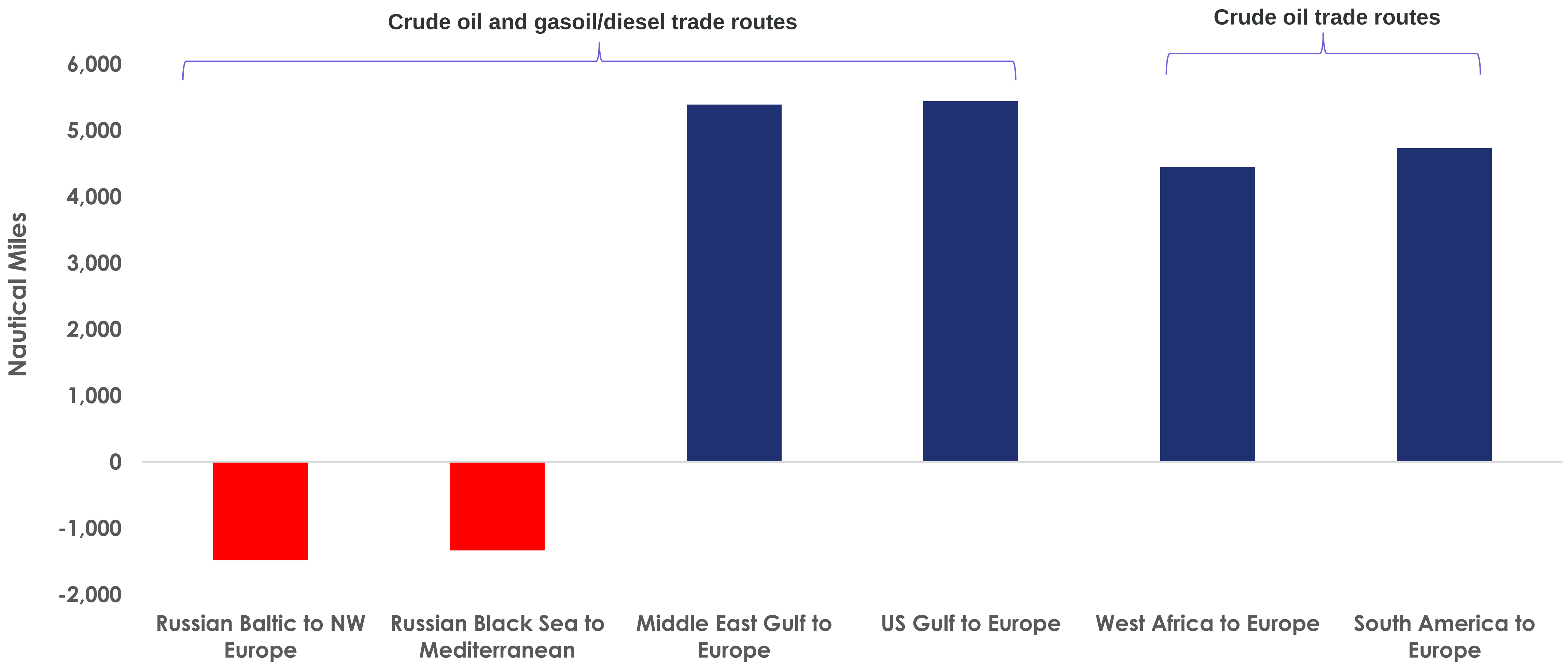
Source: Clarksons Research. Data as of July 2022. Retrospective changes to number of shipyards may occur due to late reporting and other factors. Number of yards with at least one vessel of 20,000+ dwt on order.

No. Of Global Newbuilding Orders



Source: Clarksons Research. Data as of July 2022. Retrospective changes to number of orders may occur due to late reporting and other factors. Vessels of 20,000+ dwt.

Crude and Products Trade Distances (Replacement Cargoes into Europe)

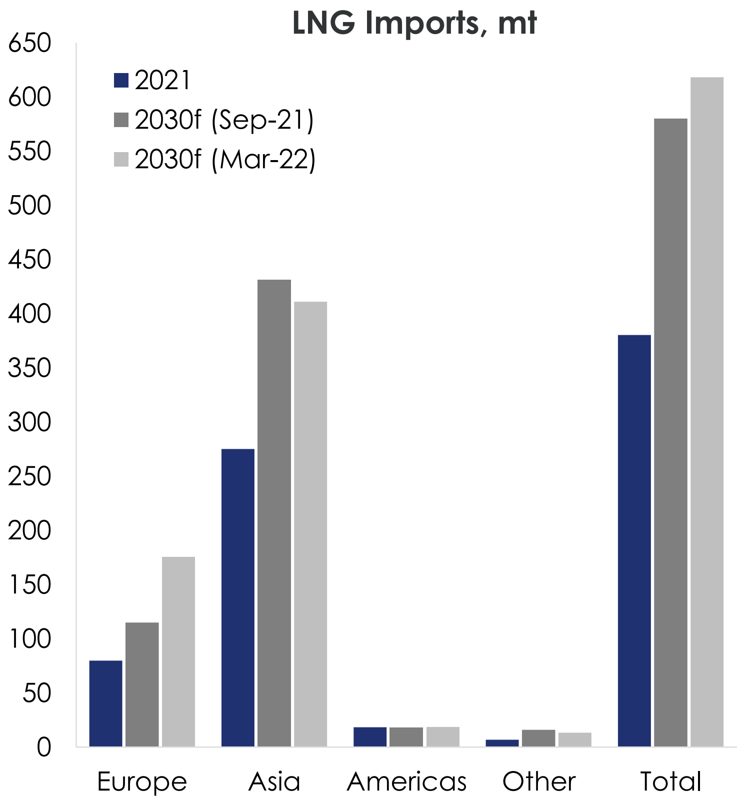


Source Clarksons

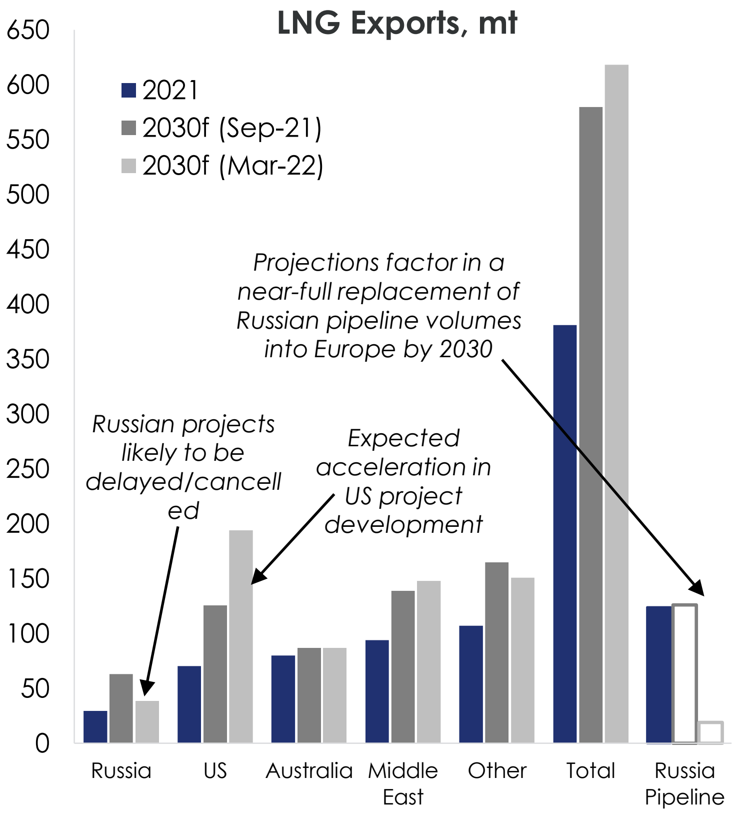
Security Of Energy Supply: Increased Long-Term LNG Trade Potential

Security of energy supply moving rapidly up the agenda with Russia-Ukraine conflict…

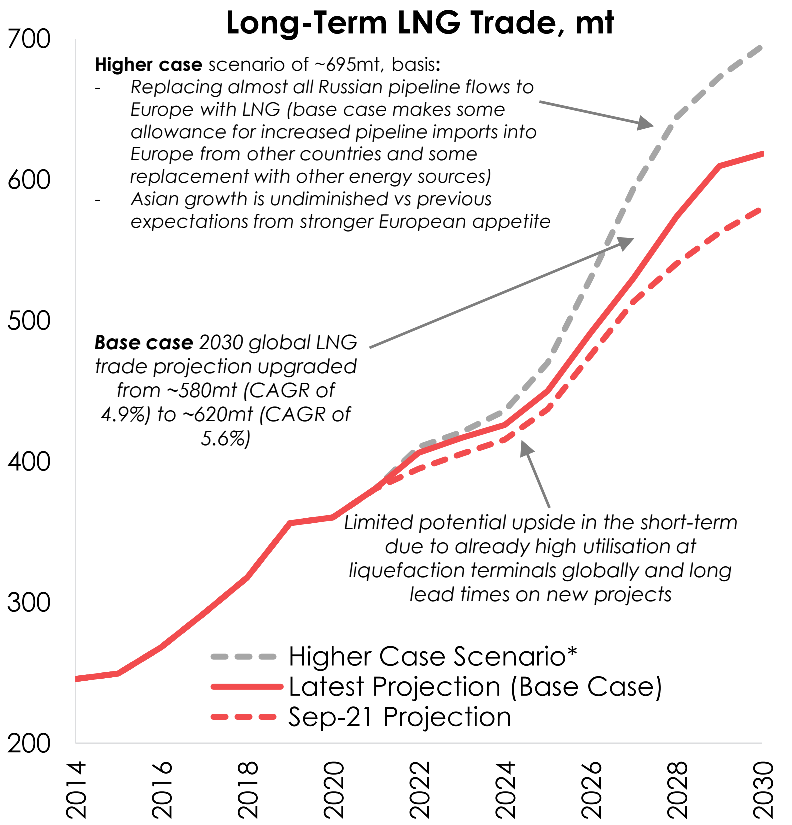
Stronger expectations for European LNG imports by 2030, slightly softer outlook for Asian growth, boost to global volumes…



Most additional production comes from the US amid high gas prices, elevated investment; some loss of Russian vols…



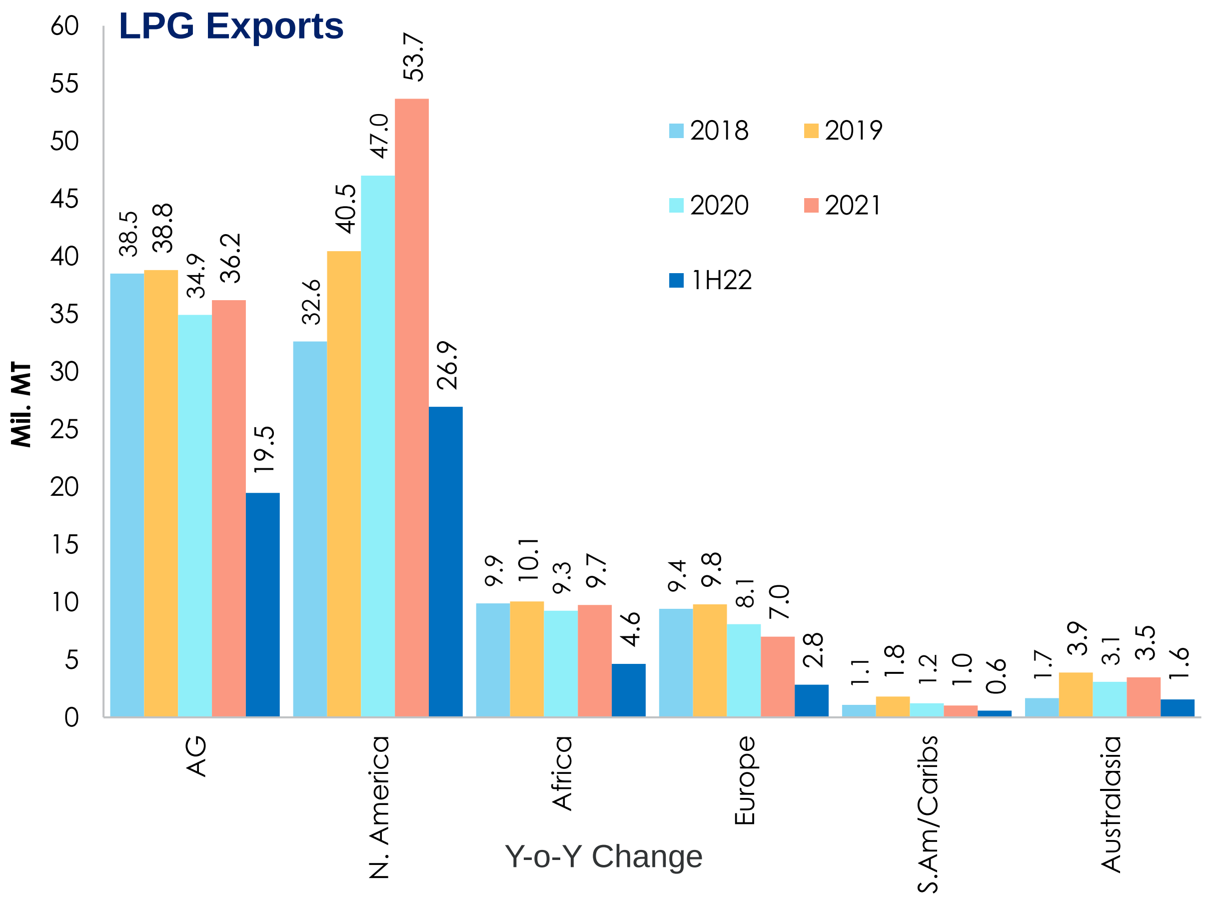
Long-run LNG trade outlook to 2030 stronger on increased investment in US export capacity…



Source: Clarksons Research. Russian pipeline volumes converted into mt LNGe.

LPG Trade continues to rise

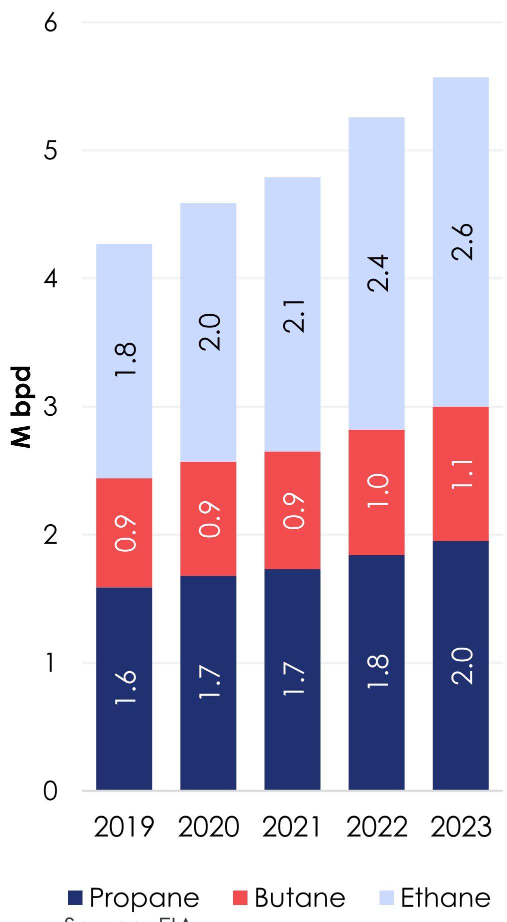
…exports from the Middle East have registered the largest % growth 1H22. US to rise 2H22/'23, raising tonne-miles



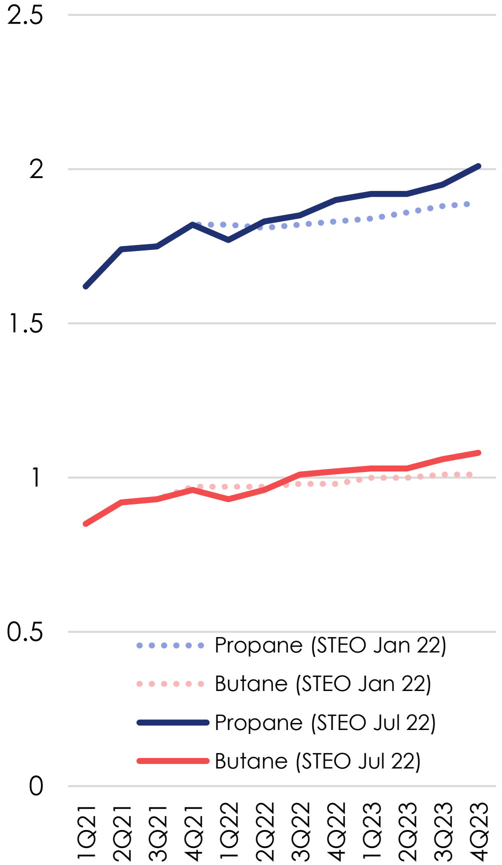
+11.4%	+2%	-4.2%	-13.5%	-10.2%	-4.9%

Source: Waterborne, Customs Stats

U.S Natural Gas Processing LPG Production raised for '22 & '23



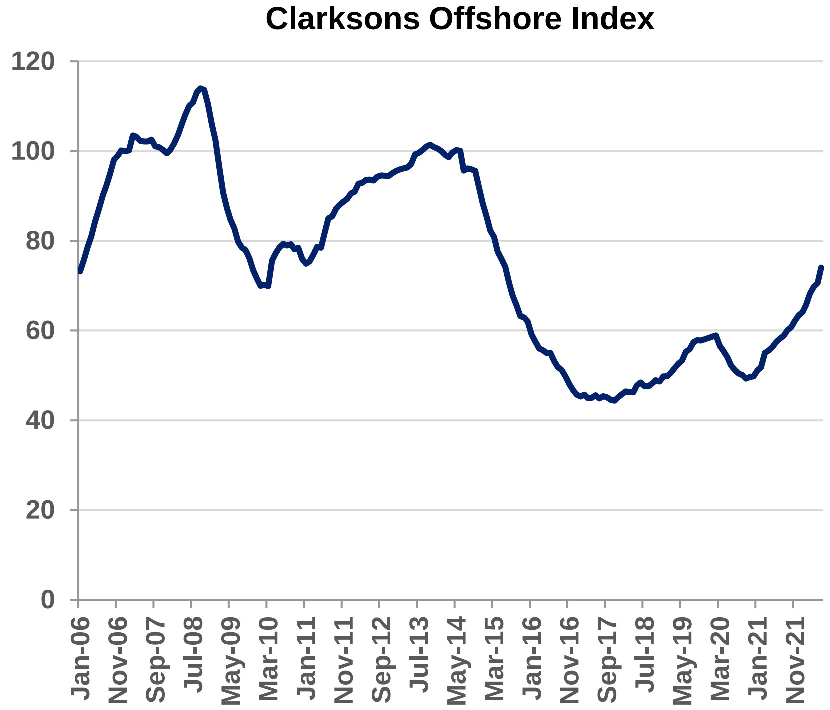
Source: EIA



Offshore & Renewables market strengthening significantly

Likely to see a multi-year upcycle, following several years of downturn in traditional offshore oil and gas

Clarksons Offshore Index at highest level in 7 years



The index tracks dayrates across all major offshore categories (rigs, subsea, OSVs etc.), weighted by number of assets in each asset category

Offshore Oil & Gas and Renewables strengthening significantly

Strong market improvement in offshore oil and gas and strong renewables growth already prior to Russia/Ukraine situation

- Oil and gas spending and activity levels recovering after years of underinvestment
- Renewables/Offshore wind continuing very strong growth on back of decarbonization focus and energy transition

Russia/Ukraine situation adds further momentum to this

- Increased focus on energy security and desire to diversify away from Russian oil and gas lead to further ramp-up in activity levels in offshore globally
- Significantly increased targets for renewables capacity generation lead to even higher activity levels in Offshore Wind. Offshore Wind increasingly global, expanding from NW Europe

Limited asset supply (rigs, vessels) after almost a decade of no newbuilding activity

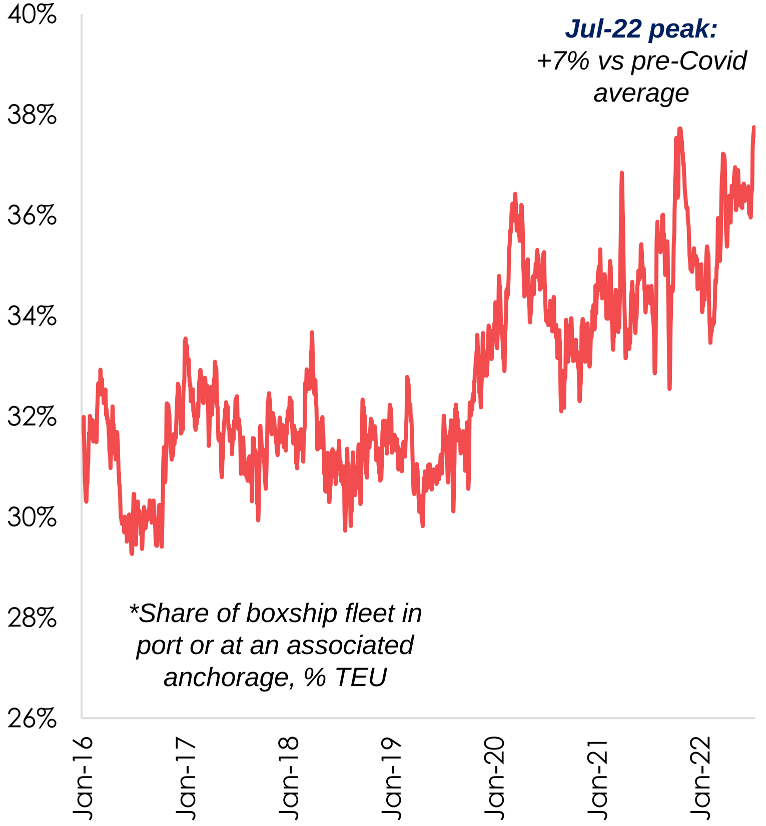
- Utilization and rates increasing strongly
- Still seeing low/no ordering activity
- Offshore Wind will need significant marine assets

Data Source: Clarksons Research Services Ltd; Clarksons Offshore & Renewables

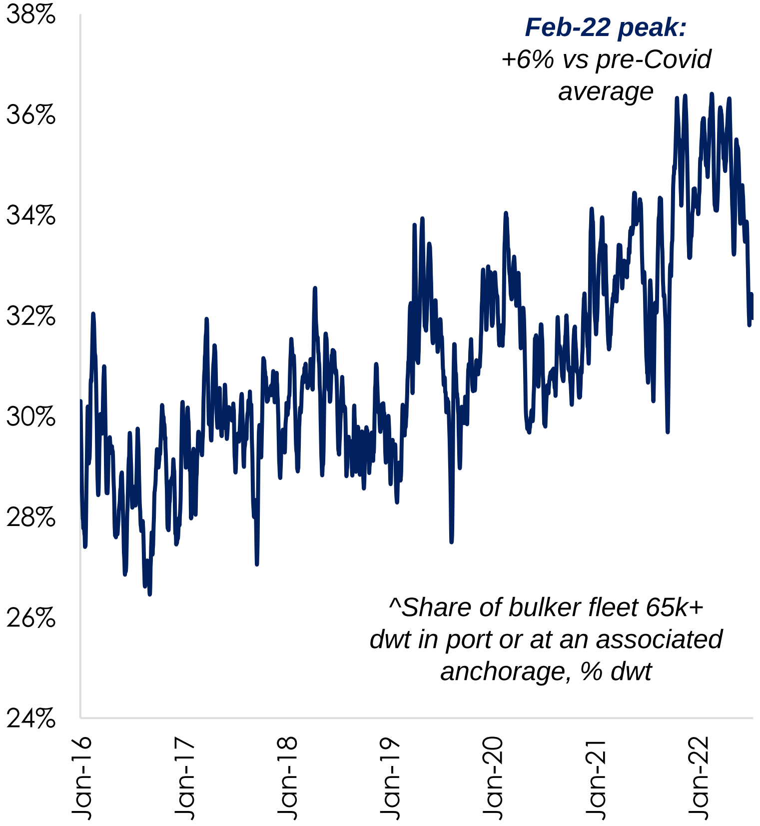
Congestion Remains Elevated

Congestion has had a major impact over the last year or so; will likely take some time to unwind fully…

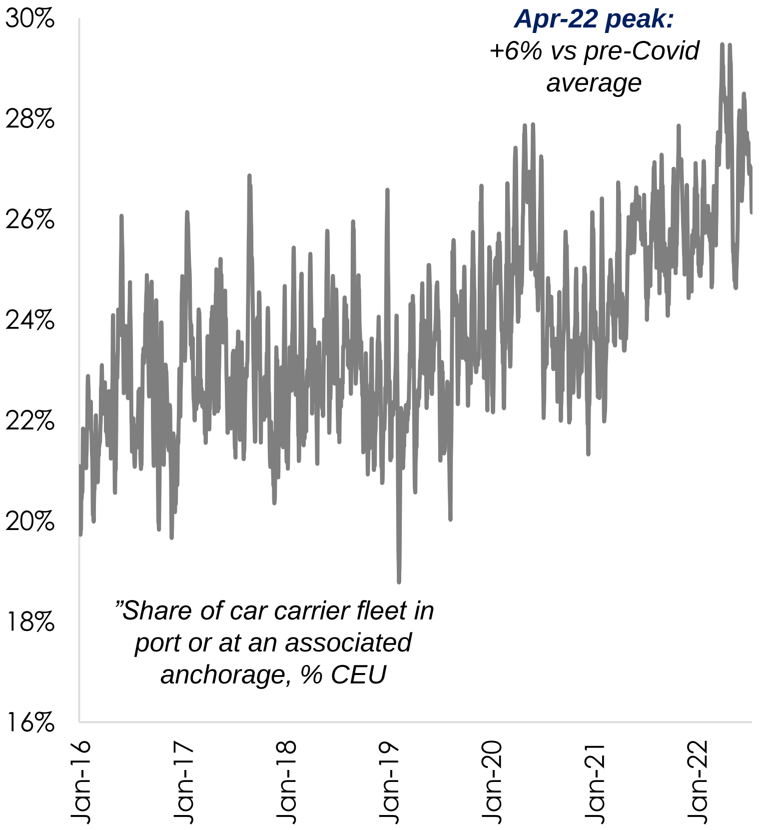
Containership Congestion Index*, % TEU



Bulkcarrier Congestion Index^, % dwt



Car Carrier Congestion Index", % CEU

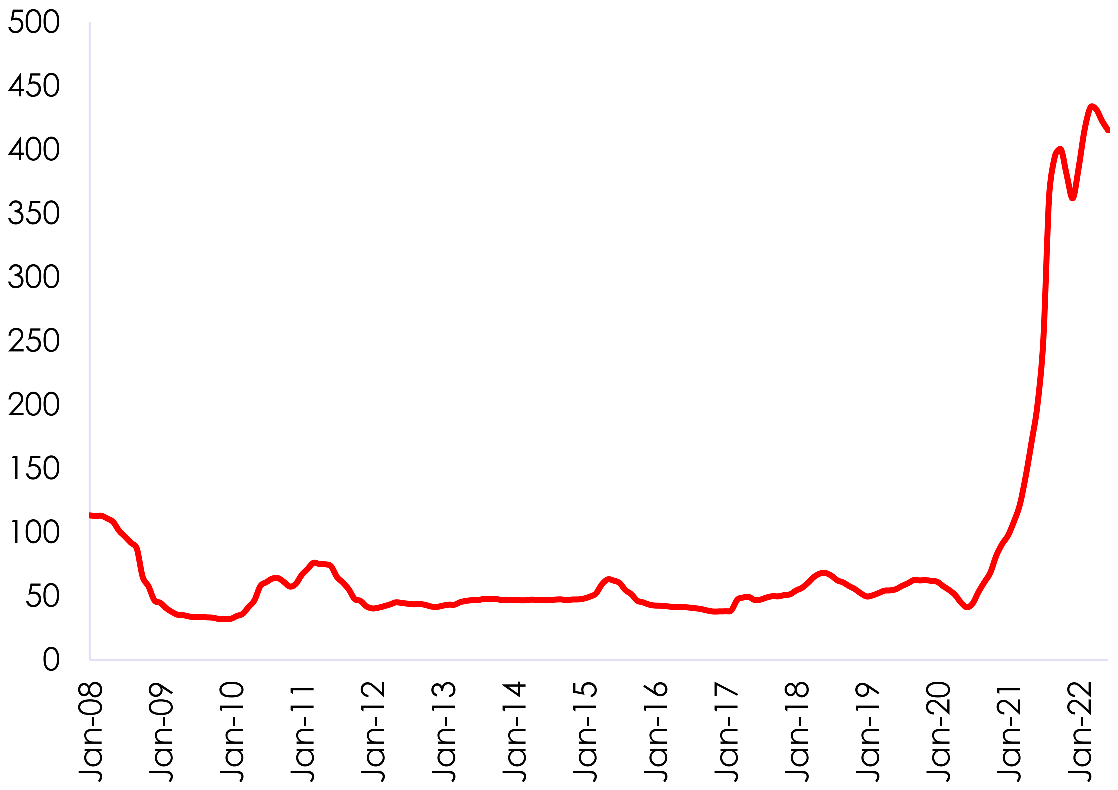


Source: Clarksons Research. Data based on the proportion of vessels in the fleet in a defined port or anchorage location based on vessel's closest to midday AIS signal on the date specified. Where a vessel has not transmitted on a particular day, the last position transmitted within the previous 30 days is used. Excludes vessels last seen 30 or more days ago from the date specified.

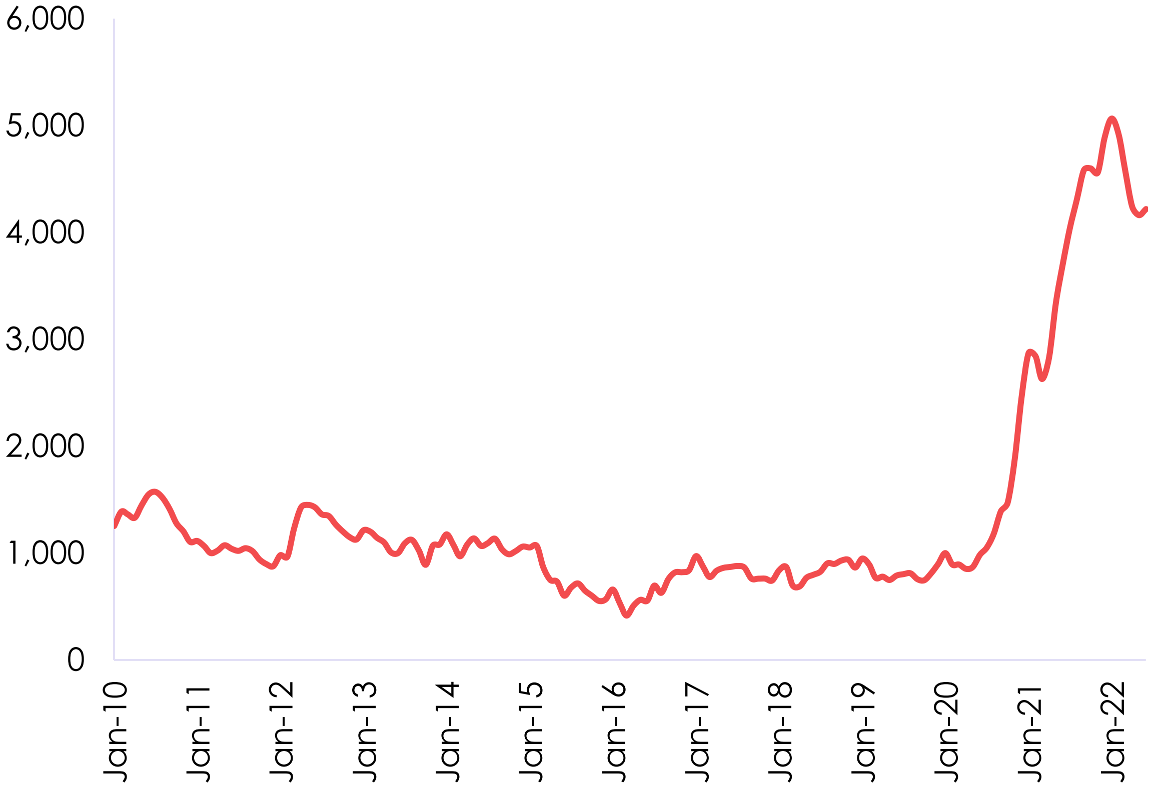
Container Shipping Market Trends

Charter & freight markets remain extraordinary, continuing to be supported by major "disruption upside"

Containership Charter Rate Index



Spot Container Freight Rate Index (SCFI)

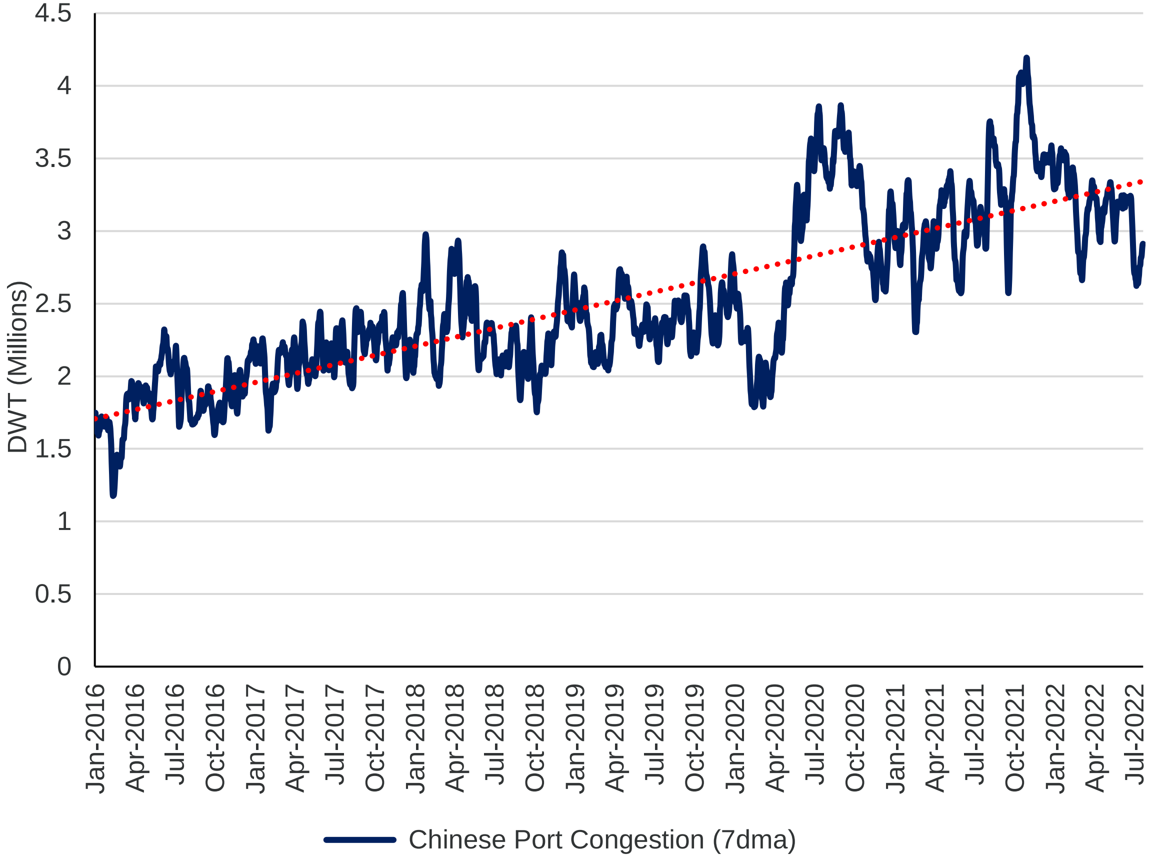


Source: Clarksons Research, Shanghai Shipping Exchange

Chemical Tanker Congestion Fuelling Rise in Freight Rates

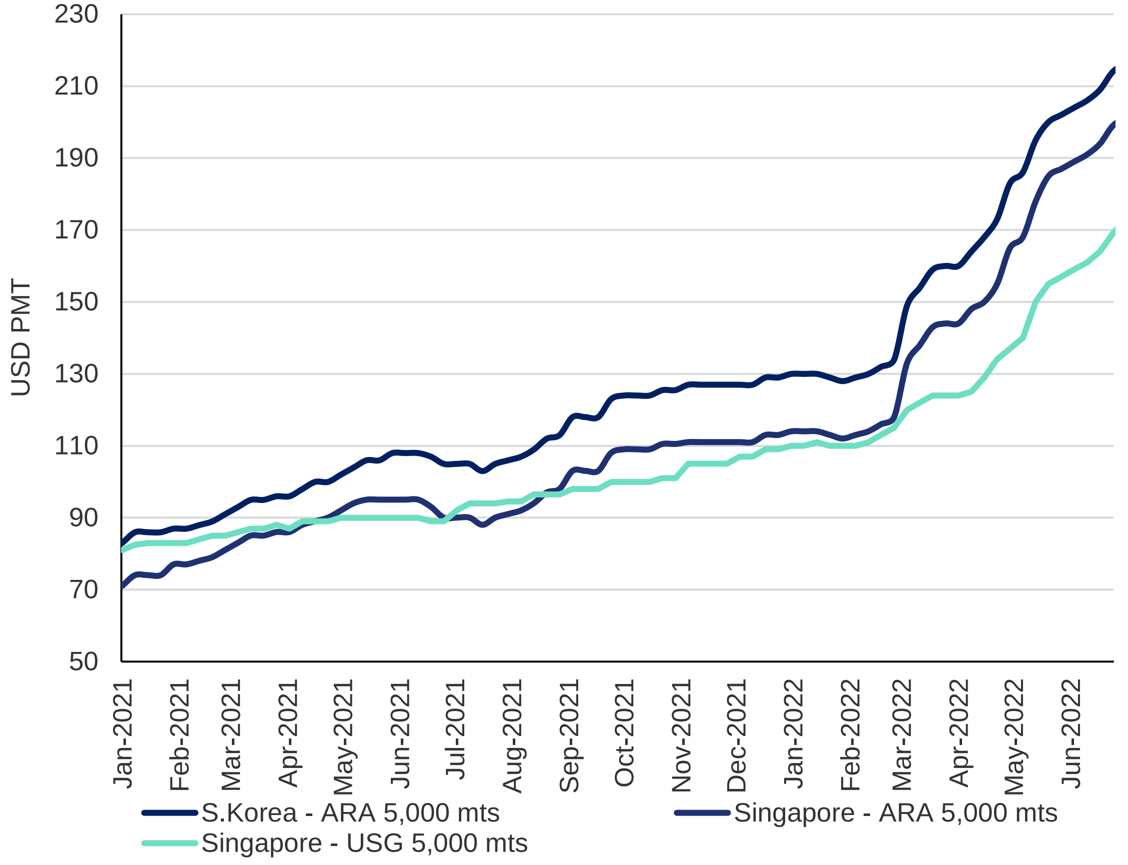
Increased Waiting Times Impacting Productivity & Driving Freight Upwards

China ‘Zero’ COVID Policy Driving An Increase in Port Congestion, Restricting Available Supply



January 2021 to date

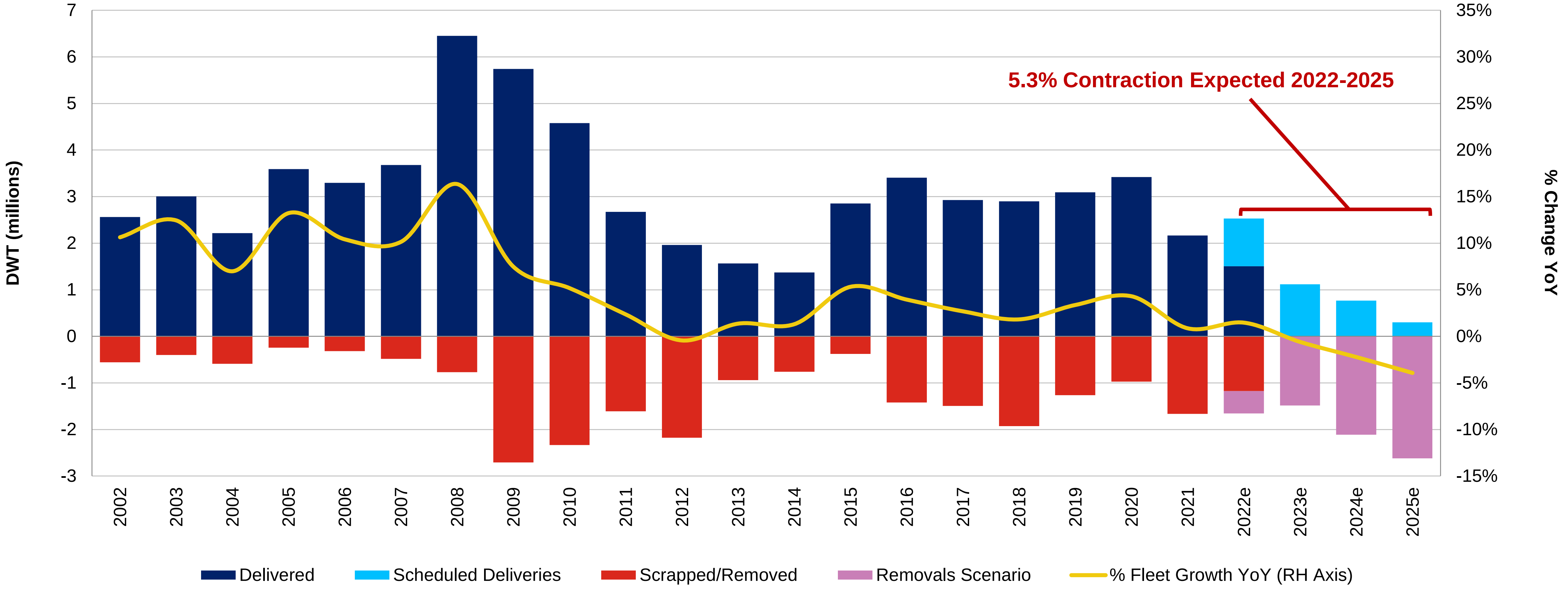
Increase of 173% to Europe & 112% to US



Data Source: Clarksons Research & Clarksons, NB: Congestion data basis chemical tankers 100+ GT in the fleet in a defined port or anchorage location based on vessel's closest to midday AIS signal. Where a vessel has not transmitted on a particular day, the last position transmitted within the previous 30 days is used. Excludes vessels last seen 30 or more days ago from the date specified.

Chemical Tanker Fleet Development & Outlook

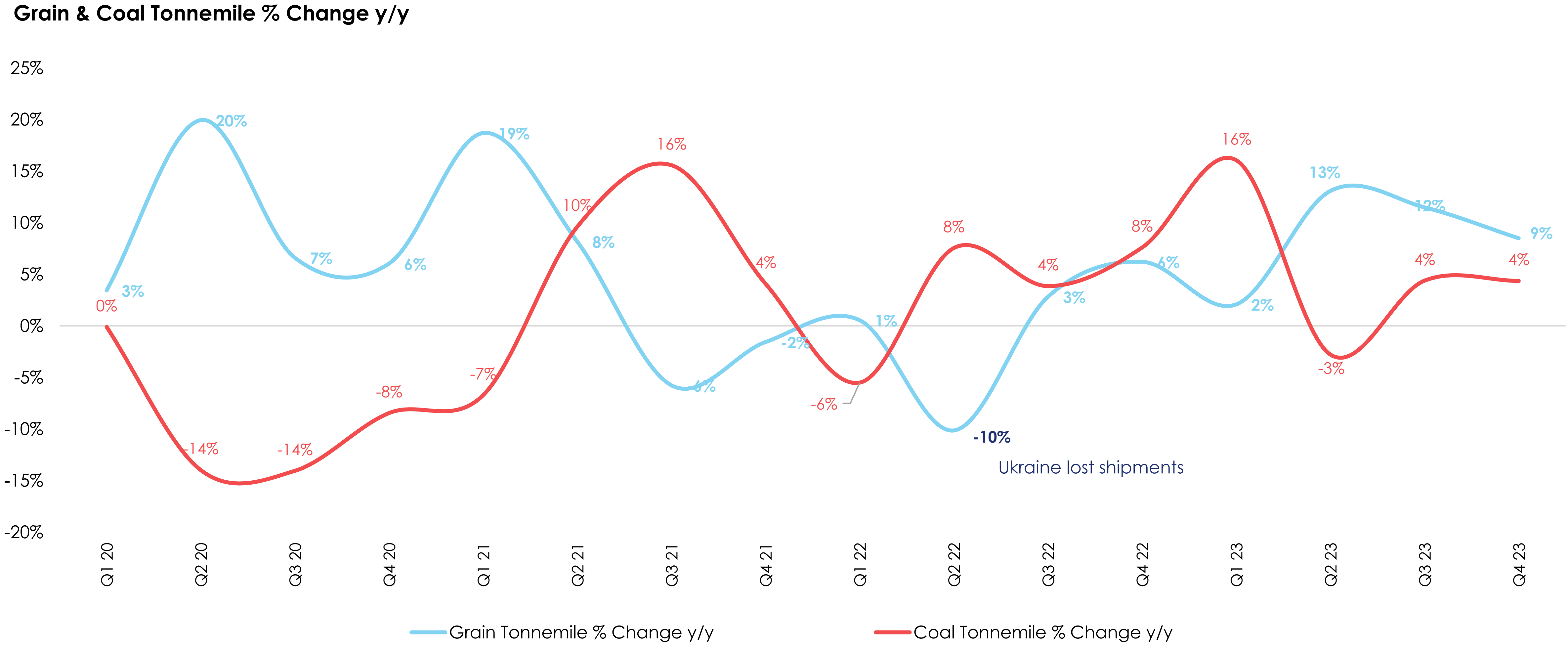
Marginal Fleet Growth Expected in Future Years With Contraction Expected from 2023 Onward – Orderbook Stands at 5.9% of In-Service DWT



Data Source: Clarksons, NB: Data correct as of 1st July 2022

Dry Bulk Commodity Growth Needed to Ease Inflation

Increase in supply and redirection of key routes will add to tonne & tonne-mile growth

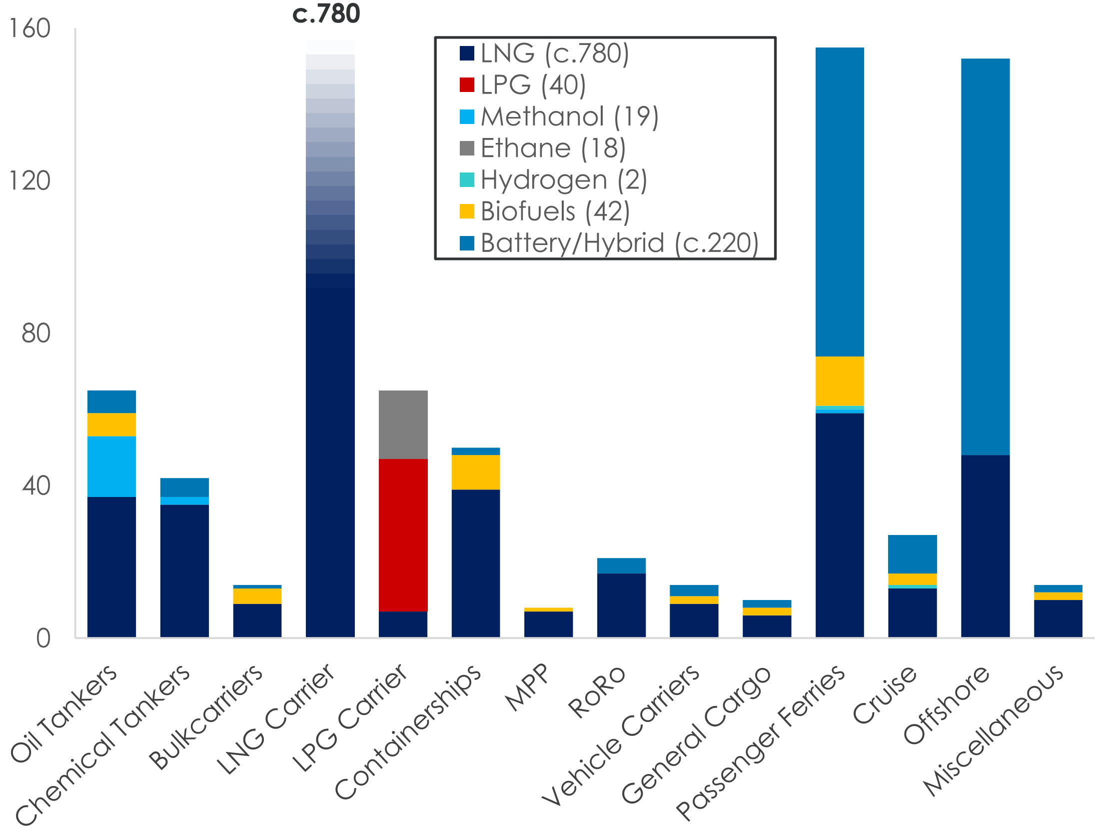


Data Source: Clarksons

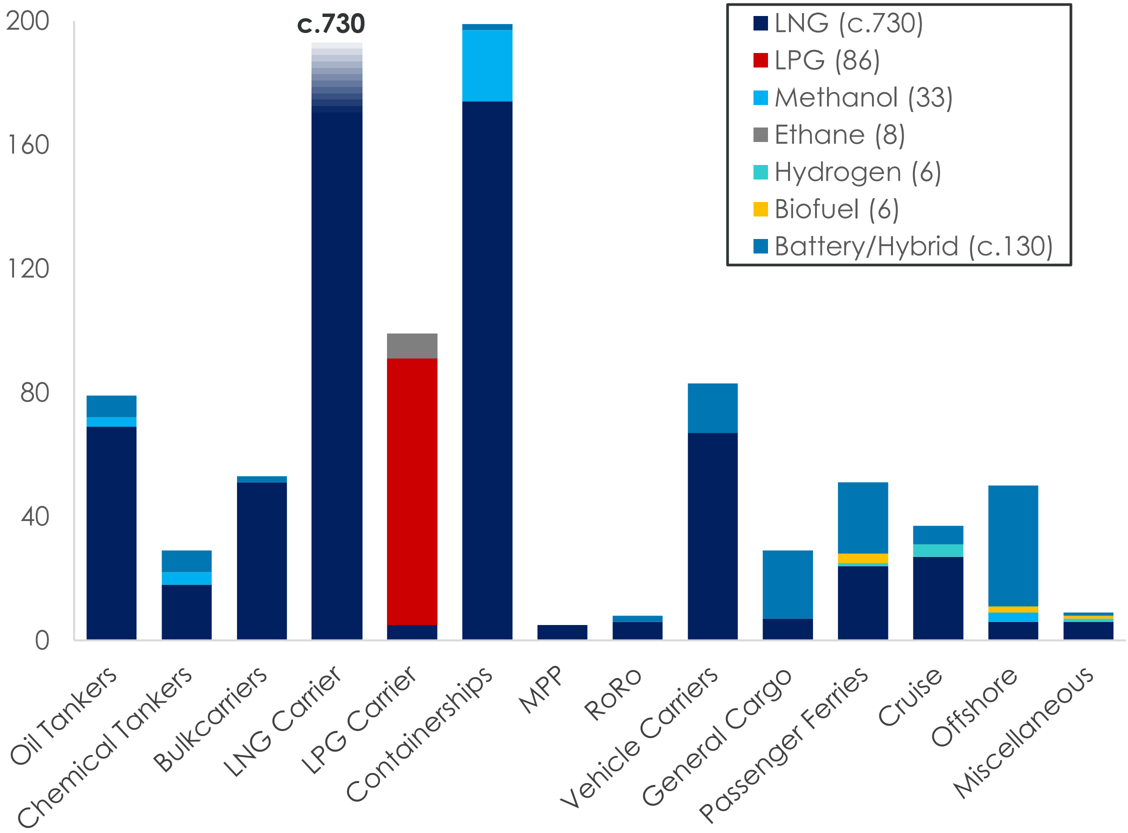
LNG Fuel Gaining Traction

But no clear ‘winner’ yet; LPG traction on LPG carriers; recent high-profile methanol/‘alt. fuel ready’ orders…

Fleet (2,000+ GT) Using Alternative Fuels (5% of fleet by GT)



Orderbook (2,000+ GT) Set To Use Alt. Fuels (42% by GT)

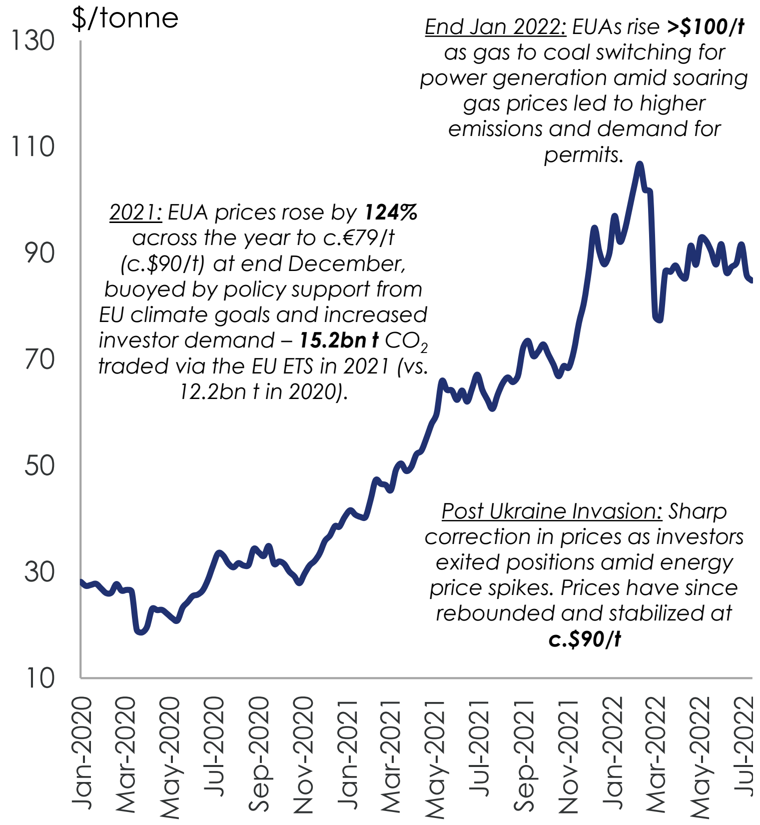


Source: Clarksons Research, Data as of 19st July 2022. ‘Biofuel’ includes vessels reported to be using or designed for biofuels; many other vessels in the fleet are also capable of using biofuel blends. All ethane fuelled vessels are ethane/LPG or ‘multigas’ carriers.

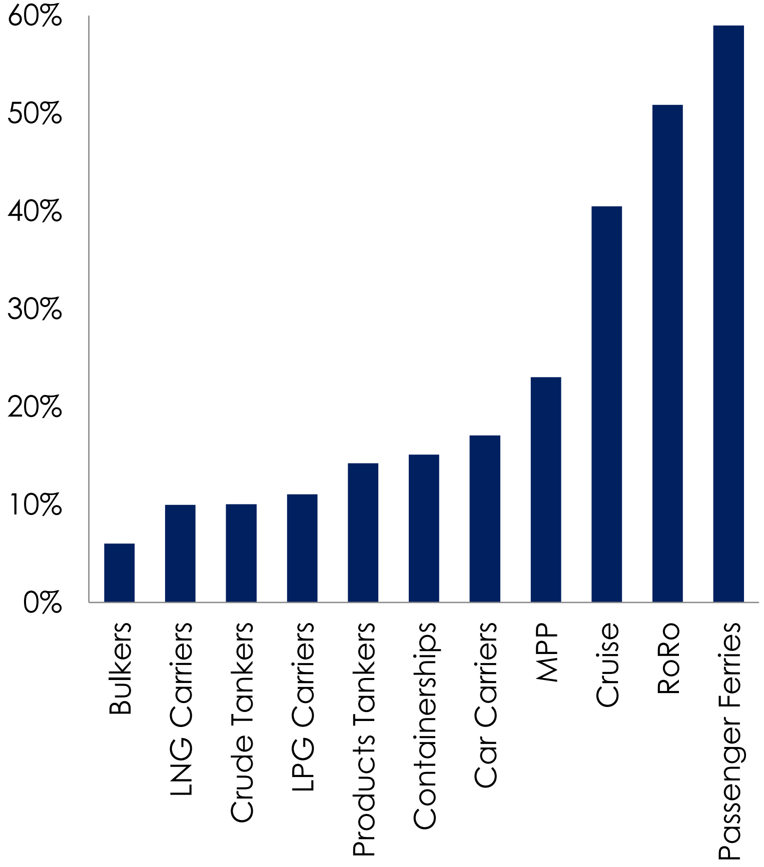
EU Emissions Trading System (ETS)

Inclusion of shipping in ETS could generate potentially significant additional voyage costs

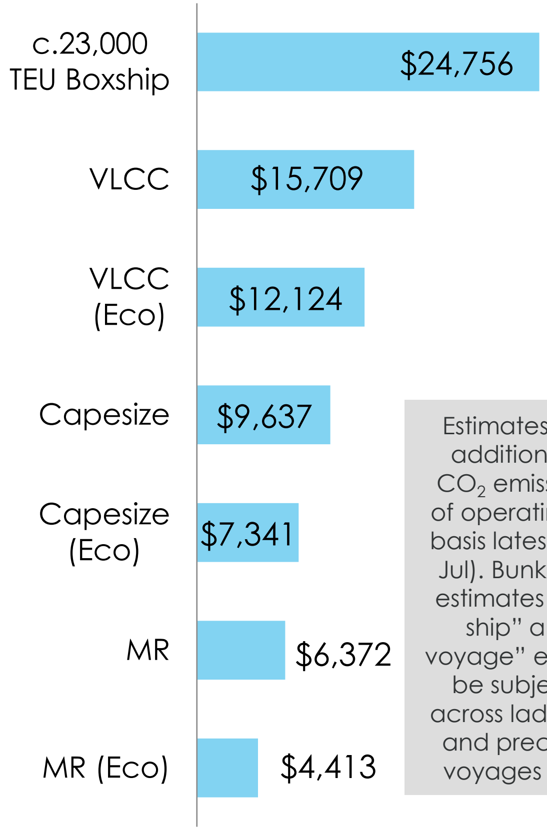
European Climate Exchange EUA Nearest December Futures Price, Weekly Avg



% Sector Port Calls In EU*, GT, 2021



Potential Additional Costs ‘in EU’, $/day



Estimates basis potential additional daily cost of CO_2 emission allowances of operating within the EU, basis latest CO_2 prices (18-Jul). Bunker consumption estimates basis “standard ship” and “standard voyage” estimates; likely to be subject to variation across laden/ballast status and precise fuel grades, voyages and ship types.

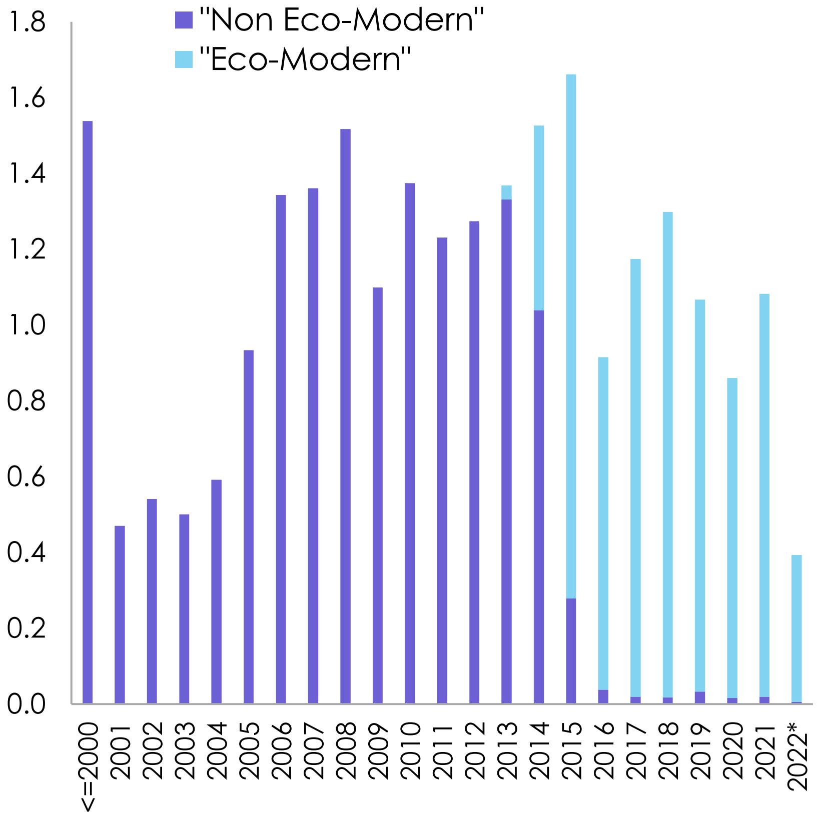
Source: Clarksons Research, July 2022. *Basis calls under EU jurisdiction, Norway and Iceland as per scope of ETS. Vessels 5,000+ GT. Costs for non-eco VLCC, MR & Capesize basis c.2010-built vessel, ‘eco’ vessels basis c.2015-built vessel.

Significant Containership Fleet Renewal Requirements

"Green Transition" & decarbonisation regulations will increasingly impact containership supply/demand balance

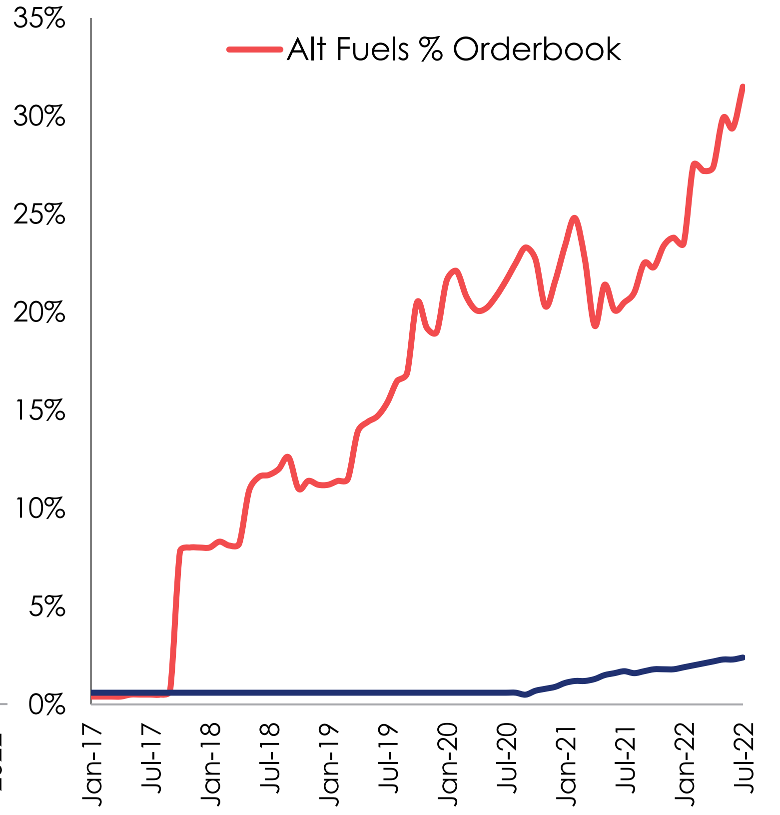
Age Profile Will Drive Renewal Requirement

Containership Fleet By YOB & "Eco" Split, M TEU



Alternative Fuels "Ramping Up"

Alternative Fuel "Capable" Units, % Fleet/Orderbook (TEU)



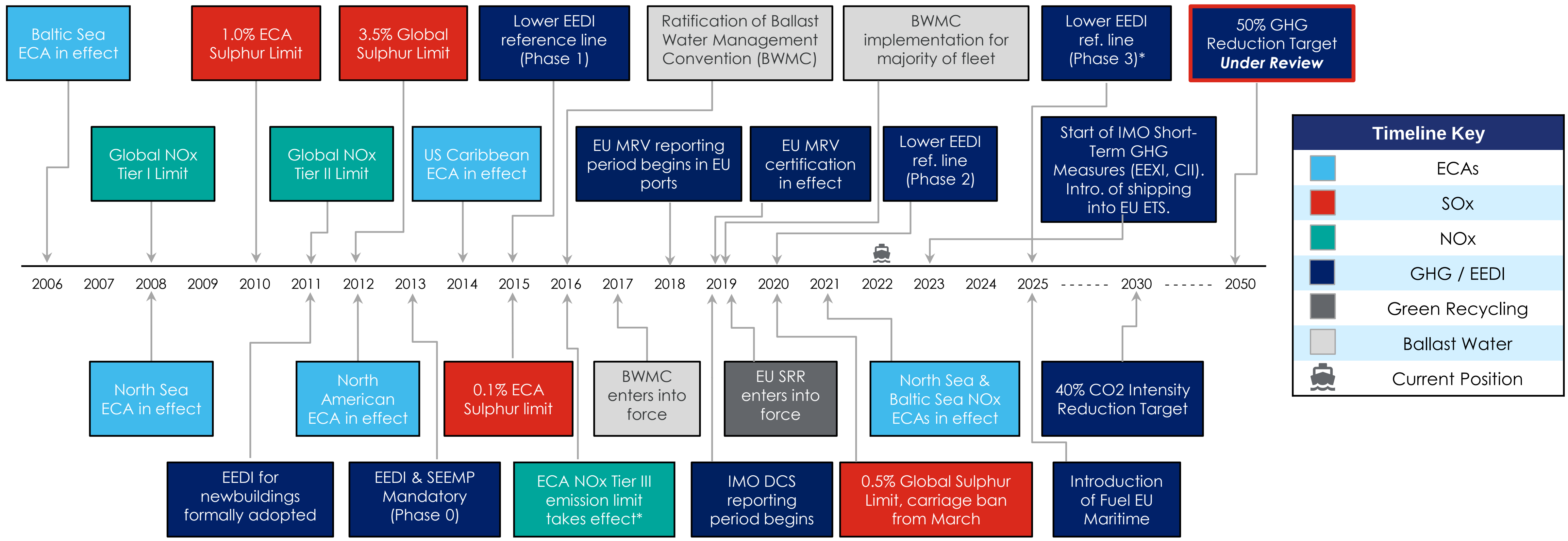
Decarbonisation To Drive Supply Disruption

- Container shipping is very close to the consumer consciousness. There has been a ramp up in expectations from shippers and end users amid pressure from consumers to be "green through the supply chain" (e.g. "coZEV", "Ship It Zero").
- At start Jul-22, 66% of boxship fleet capacity defined as "non eco-modern" and 26% was 15 years or older.
- **Uptake of alternative fuel is increasing, 32% of overall orderbook capacity at start Jul-22 set to be alternative fuel "capable".**
- Decarbonisation regulations and policies likely to have increasing impacts on boxship fleet **with potential for 1) slower speeds, 2) retrofitting time for energy saving technologies (ESTs), 3) increased demolition.**
- **Overall impact likely to disrupt and constrain available capacity.**

Source: Clarksons Research. Note: 2022* - ytd basis start July. "Eco modern" - vessels with electronic injection main engine contracted after 1st January 2012.

Environmental Pressures Building

IMO targets 50% CO2 reduction by 2050, pressure for more ambition; regulatory timeline accelerating, policy ramping up; technology uncertain; Green Transition key industry focus…

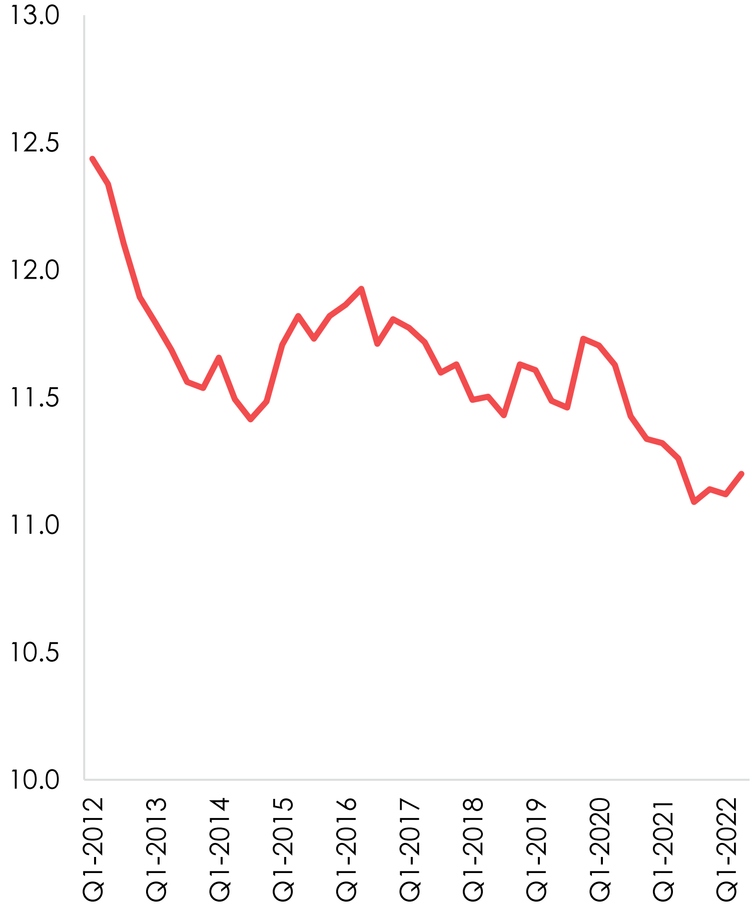


Source: Clarksons Research, June 2022. *EEDI phase 3 requirements brought forward to April 2022 for containerships, gas carriers, general cargo ships and most cruise ships..

Vessel Speed Trends: Emissions Policy May Impact

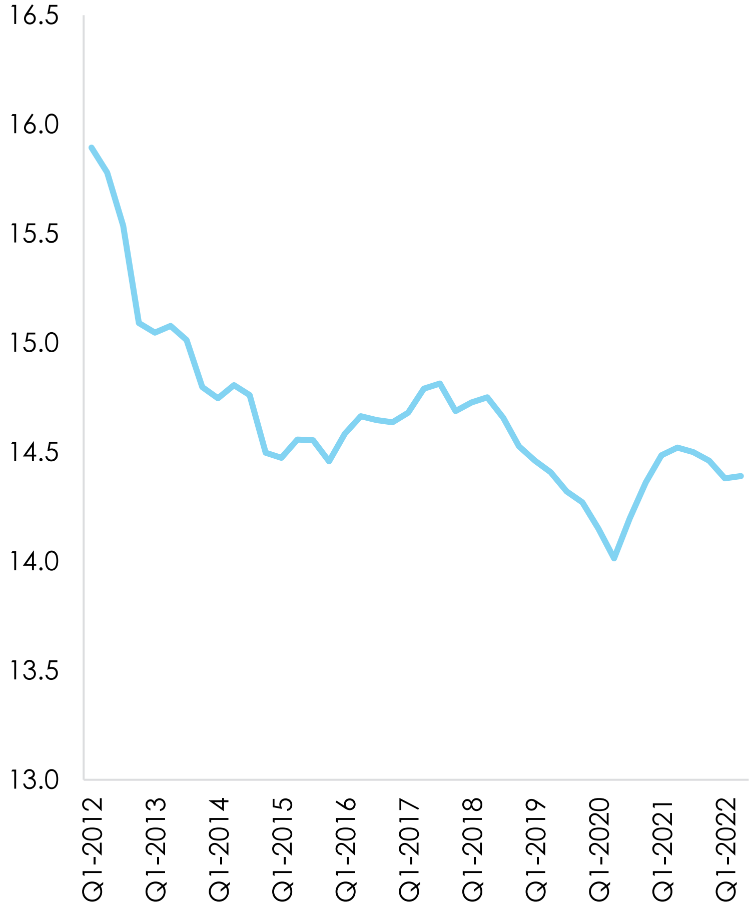
Speeds still well down on decade-ago levels despite improvements in market conditions…

Crude Tanker Speeds, knots



Bulkcarrier Speeds, knots

Containership Speeds, knots



Source: Clarksons Research.

Decarbonisation Impact on Shipping Markets

A Set of IMO and European Union regulations aimed at restricting carbon emissions to be introduced in 2023 and 2024 = Cross-Sector impact on tonnage availability

- IMO regulations in force from 1st January 2023
- Emissions reduction measures will likely lead to a decrease in speed of global fleet, leading to a fall in productivity and knock-on impact in freight rates as tonnage tightens
- Retrofitting of energy efficiency systems will lead to increased dry dock time, further effecting tonnage availability
- Increased acceleration of vessel redundancy with regulations leading to poor voyage economics and higher scrapping levels, higher levels of fleet contraction expected
- Historically low orderbook means redundant tonnage will take time to be replaced, leading to a prolonged period of short shipping
- EU regulation expected from January 2024 to impact the voyage cost base via the compulsory purchase of carbon credits for vessels calling ports in EU waters

CLARKSON PLC

Outlook

Outlook

Tailwinds vs Headwinds

Headwinds...?

Sentiment

Global GDP contraction?

Inflation?

Covid & War

Covid-19 - is it over?

War – how long and how deep?

Exchange rate

USD vs GBP,NOK…Head wind or tailwind ?

Tailwinds

Markets

Supply side challenged

- Lack of finance
- Shipyard sustainability
- Design evolution
- Inflation

Regulation & Client GHG Focus

- 2030
- 2050

Renewables & Energy mix

Growing global market requiring maritime skills

Sea/

Company

Forward order book

Evolving through the year

Cash generation and debt free

Progressive dividend policy in 20th year

CLARKSON PLC

Thank you

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