Clarkson PLC

9 August 2021

Clarkson PLC (Clarksons) is the world's leading provider of integrated shipping services. From offices in 23 countries on six continents, we play a vital intermediary role in the movement of the majority of commodities around the world.

Interim results

Clarkson PLC today announces unaudited Interim results for the six months ended 30 June 2021.

Summary

- Strong trading across all areas of the business
- Underlying profit before taxation of £27.5m (2020: £21.1m), an increase of 30.3%
- Underlying earnings per share increased by 24.5% to 64.0p (2020: 51.4p)
- Robust balance sheet, with £73.9m of free cash resources[1] (31 December 2020: £81.1m)
- Increased interim dividend of 27p per share (2020: 25p per share)

[1] Free cash resources are cash and cash equivalents and current investment deposits, after deducting amounts accrued for performance-related bonuses, outstanding loans and monies held by regulated entities.

	Six months ended 30 June 2021	Six months ended 30 June 2020
Revenue	**£190.1m**	£180.4m
Underlying profit before taxation*	**£27.5m**	£21.1m
Reported profit before taxation	**£27.3m**	£20.9m
Underlying earnings per share*	**64.0p**	51.4p
Reported earnings per share	**63.5p**	50.6p
Interim dividend per share	**27p**	25p

* Before acquisition-related costs of £0.2m (2020: £0.2m).

Andi Case, Chief Executive Officer, commented:

"I am delighted by the performance of Clarksons over the first half of the year. We have built a diverse, market-leading business and the strategy continues to deliver shareholder value.

"The Company generated significantly increased profits in the first half of the year, aided by a robust performance in our Broking division and a strong recovery from our Financial division. I am also excited by the progress and momentum that our **Sea/** platform is building.

"A huge thanks goes to all my colleagues for their hard work and commitment throughout what has been a challenging period for us all. We are confident in the outlook for Clarksons, which is well placed to capitalise on an improving demand/supply dynamic within shipping, offshore and renewables and from the wider global economic recovery."

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Forward-looking statements

Certain statements in this interim report are forward-looking. Although the Group believes that the expectations reflected in these forward-looking statements are reasonable, it can give no assurance that these expectations will prove to have been correct. Because these statements involve risks and uncertainties, actual results may differ materially from those expressed or implied by these forward-looking statements. The Group undertakes no obligation to update any forward-looking statements whether as a result of new information, future events or otherwise.

Alternative performance measures (APMs)

Clarksons uses APMs as key financial indicators to assess the underlying performance of the Group. Management considers the APMs used by the Group to better reflect business performance and provide useful information. Our APMs include underlying profit before taxation and underlying earnings per share. An explanation and reconciliation of the term 'underlying' and related calculations are included within the Chief Executive Officer's review.

About Clarkson PLC

Clarkson PLC is the world's leading provider of integrated services and investment banking capabilities to the shipping and offshore markets, facilitating global trade.

Founded in 1852, Clarksons offers its diverse and growing client base an unrivalled range of shipbroking services, sector research, on-hand logistical support and full investment banking capabilities in all key shipping and offshore sectors. Clarksons continues to drive innovation across its business, developing digital solutions which underpin the Group's unrivalled expertise and knowledge with leading technology.

The Group employs over 1,600 people in 54 different offices across its four divisions and is number one or two in all its market segments.

The Company has delivered 18 years of consecutive dividend growth. The highly cash-generative nature of the business, supported by a strong balance sheet, has enabled Clarksons to continue to invest to position the business to capitalise on opportunities in its markets.

Clarksons is listed on the main market of the London Stock Exchange under the ticker CKN and is a member of the FTSE 250 Index.

For more information, visit www.clarksons.com.

This announcement contains inside information as defined in Article 7 of the retained EU law version of the Market Abuse Regulation No 596/2014 ("UK MAR") and has been announced in accordance with the Company's obligations under Article 17 of UK MAR.

Chair's review

As highlighted at the end of 2020, we went into 2021 with an improving demand/supply balance, which has provided the backdrop to more positive shipping markets. The ClarkSea Index, reflecting the weighted average of earnings for all main vessel types, averaged US$20,717 per day in the first half, an increase of 27% year-on-year, the benefit of which was in part offset by the stronger sterling/US dollar exchange rate.

The quality of the Clarksons business and its market-leading position has meant that it has weathered the global crisis caused by the COVID-19 pandemic as it did the credit crisis of 2008 and 2009 when it continued to grow, generate cash flow, and increase its dividend. Clarksons is a robust, cash-generative business which has delivered increasing Total Shareholder Return and 18 consecutive years of dividend growth, despite a decade long malaise in freight rates.

I am delighted to report the Group's strong financial performance over the first half of 2021, with underlying profit before tax of £27.5m, an increase compared to the same period last year, of £6.4m or 30.3%. This Group performance was driven by our market-leading Broking teams, significantly increasing both spot and forward business, a strong performance from our Financial division following a return in capital markets activity, and steady performance from both Research and Support. Our innovative technology platform **Sea/**, which offers interoperable modules which together provide an end-to-end solution to support the freight supply chain, also progressed well in the first half of the year. During these challenging times I would like to thank the Clarksons team for the extraordinary efforts that they have delivered in these half year results.

We have a diverse business model and multiple market-leading positions in nearly all the verticals in which we operate, and our sector teams have the best in-depth market knowledge and intelligence, which is a key differentiator for our clients. It is this diversity alongside a focused strategy that is the strength of the business.

We were pleased to welcome Martine Bond as an independent Non-Executive Director to the Board, and a member of the Audit and Risk Committee, during the first half. Martine has extensive experience in the financial services industry and her skills and expertise in electronic trading and technical solutions complement the existing skills of the Board. As previously announced, Marie-Louise Clayton stepped down from the Board with effect from 31 January 2021 and I would like to thank her for her contribution to Clarksons.

The outlook for Clarksons as a Group is strong and the Board believes we are in the early stages of a recovery in the shipping markets after a decade of unfavourable demand/supply dynamics.

Sir Bill Thomas
Chair
6 August 2021

Chief Executive Officer's review

As we have been predicting for some years now, the demand/supply dynamics of the shipping market have turned positive, aided by the green transition, its impact on the global shipping fleet and the beginnings of economic recovery from the pandemic. The Group's first half performance reflected the early days of these changing trends and we have positioned the business to capitalise on these dynamics.

The results that the business continues to deliver are a testament to our strategy which has consistently delivered shareholder value. We have built a diverse business, which is market-leading in nearly all its verticals and we have developed a positive culture which puts our clients and their needs first.

I would like to thank all my colleagues for their immense dedication and the hard work they have shown over the period. Despite the ever-changing requirements and restrictions around COVID-19, their skill has enabled the business to thrive and deliver an excellent performance over the first half.

Market backdrop

Shipping markets entered 2021 with the supply side reflecting the lowest order book of new ships for 30 years, significant structural reduction in shipbuilding capacity globally compared to 2008, material cost increases, continued challenges in the availability of finance and a change in regulation around emissions impacting the world fleet and the need for alternative fuelling. On the demand side, following a COVID-19 induced fall in seaborne trade in 2020 of some 0.5bn tonnes, we have started to see the beginnings of the anticipated upswing in demand from Government stimulus, investment in infrastructure and a rebound in consumer spending. This recovery of demand should mean that in 2021 seaborne trade will exceed 12bn tonnes.

Broking

During the first six months of the year, the improvement in freight rates and market outlook gave rise to a buoyant sale and purchase market. Asset prices started to recover while secondhand sales volumes increased by more than 100% compared to the first half of 2020. Regulation concerning GHG emissions and the green transition continued to play a large part in decision-making around investment in newbuildings and longer-term projects. Nevertheless, the order book remains at only approximately 4% of the fleet as the market is deliberating suitable fuel choices for the green transition. Clarksons has built a cross disciplinary green transition team in order to play an important role in the global shipping fleet's evolution and de-carbonisation, through research and analytics, consultancy and execution in broking and financing through the Financial division.

The recovery in freight rates within the dry cargo and container markets, initially seen in the latter part of 2020, continued apace. The container market was buoyant as demand increased due to both restocking and consumers buying physical goods in place of spending their disposable income on foreign travel and other leisure activities. Disruption from the Ever Given in the Suez Canal impacted most shipping markets, and we saw rates in the container market being pushed up further by congestion in ports due to COVID-19 and a physical shortage of containers due to market dislocation.

The dry bulk market was strong in the first half of 2021, reflecting the beginning of what many predict to be a commodity boom as previously highlighted government stimuli focuses spend on infrastructure. There was also significant activity in the gas markets where the Clarksons team covers both the freight and the underlying product.

The tanker market was weak due to low demand for oil which is still 10% below pre-COVID-19 levels. A reduction in international travel has dented demand for oil, causing an excess of supply of tankers, a stark difference to the first quarter of 2020 which benefited from cheap oil and the tanker market's role in the contango trade. Whilst tanker earnings averaged their lowest half year period for over 30 years, the medium-term outlook is better as stockpiles of oil have now fallen to pre-pandemic levels and we are beginning to see some increases in both spot and longer-term business.

The offshore energy market is improving as activity picks up and the offshore wind market continues to grow rapidly. Continued momentum in this renewables market is fundamentally important if global emissions targets are to be met and we see this as a long-term driver of our business.

Overall, divisional profit from Broking of £30.3m was up £0.9m on the same period last year, reflecting a margin of 21.2%. This result was negatively impacted by the movement in the GBP/USD exchange rate from an average of 1.2615 in the first half of 2020 to 1.3911 in the first half of 2021. On a constant currency basis, profit would have been £35.0m, up £5.6m on reported first half 2020. Broking has continued to grow its significant forward order book as spot business concluded in the first half is invoiced on delivery, or end of voyage, in the second half and beyond.

Financial

In the Financial division, activity within Clarksons Platou Securities has improved significantly following several years of restricted opportunity for shipping and offshore in the capital markets. The first half of 2021 has seen increased ECM, DCM and M&A activity and the pipeline remains strong. The project finance markets were also buoyant, with our real estate team continuing the growth seen in the second half of 2020. Overall, our Financial division produced a profit of £5.3m on revenues of £24.7m in the first half compared with a loss of £1.6m on revenue of £13.3m in the same period last year.

Support

The Support business performed well producing £1.5m profit and a 10.6% margin in the first half of 2021 (2020: £0.2m and 1.7%). Agency, renewables, customs clearance, safety & survival and supplies activities continued in the recovery phase following the significant reduction in activity in the first half of 2020 due to COVID-19 and the changes from Brexit. We now have increased opportunities for growth from this solid platform.

Research

The Research business increased sales of digital products, which included the launch of Renewables Intelligence Network, to go alongside our market-leading products, Shipping Intelligence Network and Offshore Intelligence Network. However, this increase was in part offset by the US dollar-based valuations business suffering in translation from a stronger sterling. Nevertheless, the division made a solid profit of £3.1m (2020: £3.1m) and the timing of subscription renewals should provide additional reported revenue growth in the second half.

Digitalisation

Our **Sea/** platform has seen continued momentum. Client adoption is growing, as clients seek to increase risk control, audit, compliance, efficiency, communication and data integrity, together with enhanced analytics and validation to enable better decision-making. The trajectory of new customer uptake is positive, and we are seeing both very encouraging retention rates on client renewals and clients broadening their product uptake once invested in the platform. We have a promising pipeline of new customers with **Sea/fix** proving to be a significant value proposition for our clients.

Results

Total revenue in the first half was £190.1m (2020: £180.4m) and underlying administrative expenses were £153.9m (2020: £151.2m). Underlying profit before taxation was £27.5m (2020: £21.1m), which, after acquisition-related costs of £0.2m (2020: £0.2m), resulted in a reported profit before taxation of £27.3m (2020: £20.9m). Underlying earnings per share, before acquisition-related costs, were 64.0p (2020: 51.4p). Reported earnings per share were 63.5p (2020: 50.6p).

	2021 £m	2020 £m
Underlying profit before taxation	**27.5**	21.1
Acquisition-related costs	**(0.2)**	(0.2)
Reported profit before taxation	**27.3**	20.9

Cash and dividends

Clarksons has generated strong levels of cash in the period and maintains a healthy balance sheet, with cash balances at 30 June 2021 of £152.9m (31 December 2020: £173.4m) and a further £2.8m (31 December 2020: £22.8m) in short-term deposit accounts, classified as current investments on the balance sheet. Net cash and available funds, after deducting amounts accrued for performance-related bonuses but including these short-term investments, amounted to £87.3m (31 December 2020: £95.4m). This is lower, partly due to the payment of the 2020 final dividend in May, and also because the second quarter was particularly busy with much of the increased revenue reflected in trade debtors. These debtors should be converted into cash in the third quarter. Free cash resources, after deducting monies held by regulated entities, amounted to £73.9m (31 December 2020: £81.1m).

Due to confidence in the current year business outlook and continuing its 18 consecutive year progressive dividend policy, the Board has declared an increased interim dividend of 27p per share (2020: 25p per share) which will be paid on 17 September 2021 to shareholders on the register at the close of business on 3 September 2021.

Outlook

The outlook for the business is strong. Improving demand/supply dynamics is positive to the rate environment across shipping, offshore and renewables markets, driven by the green transition, increasing demand for bulk commodities and the global economic recovery after the COVID-19 induced recession. We have made a strong start to the second half, there is increasing momentum across the business and we believe that Clarksons will continue to benefit from its leading market position and diverse offering.

Andi Case
Chief Executive Officer
6 August 2021

Business Review

Broking

Revenue: £142.7m (2020: £147.1m)
Segment underlying profit: £30.3m (2020: £29.4m)

Dry cargo

Asia-led demand drove record levels of seaborne trade volumes whilst COVID-19 related bottlenecks ensured fleet supply remained tight. An unusually strong first quarter set the basis for further improvement in freight rates to multi-year highs. Clarksons weighted average bulk carrier earnings index reached a 13-year high at the end of June.

Capesize rates increased by nearly 300% year-on-year and increased by over 125% since the start of the year. A mild rainy season in Australia and Brazil ensured higher export volumes further supported by record iron ore prices. However, COVID-19 related mining protocols restricted the expansion of mining capacity within the first half of the year.

Smaller vessels found support in China's buoyant grain buying programme, particularly oilseeds and corn, as part of the first phase of the US/China trade deal. Coal demand bounced back with increased energy demand as industries reopened and greener energy supplies were unable to meet the pent-up demand. Construction industries in Asia have been benefiting from infrastructure-led economic stimuli. Seaborne volumes in the smaller vessels sectors set a record first half, resulting in a 7.5% year-on-year increase.

Meanwhile, fleet growth has moderated while fleet inefficiency increased due to heightened COVID-19 related protocols as the third wave sweeps through. The additional sailing and port days further tightened the fleet supply and kept the market tightly balanced.

Market fundamentals remain supportive of continued strength in the freight market. However, any delays in infrastructure spending or measures taken to slow inflation could slow demand.

Containers

Both box freight and containership charter markets saw record conditions in the first half of 2021 as the container shipping market experienced strongly recovering box trade volumes combined with port congestion on the West Coast US and in Southern China, and logistical issues including a shortage of box availability in Asia. By the end of May, the containership charter market had reached a new all-time high, surpassing the previous record levels seen in 2005, whilst the spot container freight market saw its strongest six month period on record in the first half.

Box spot freight rates have surged globally; the SCFI Index achieved new record levels on a number of occasions in the first half of 2021, reaching the highest level on record of 3,785 at end June 2021, and averaging 3,019, up more than 230% year-on-year. Liner companies have reported record operating margins. Containership charter rates have seen equally extraordinary gains, with the 'basket' index standing at an all-time high of 218 points at the end of June 2021, up more than 130% since the start of the year, and by more than 400% year-on-year. Multi-year vessel charter periods have become the norm. The containership sale and purchase market saw record volumes.

Capacity availability has tightened significantly, and the supply side continues to provide underlying support; containership fleet capacity grew by 2.2% in the first six months of 2021, according to Clarksons Research, following 2.9% in full year 2020. However, the vastly improved market conditions and sentiment have seen boxship newbuild investment surge, much of it focused on 2023 delivery. The order book has risen to 20% of fleet capacity. Operating speeds have continued to increase and were 4% higher year-on-year in June, though still 25% below 2008 levels.

The near-term outlook remains positive, with trade expected to remain firm with global box trade projected to grow by a firm 6.3% in TEU terms in full year 2021 and disruption continuing for a prolonged period. Uncertainties clearly remain, and while moderate supply growth in 2022 could provide further support, fresh capacity due for 2023 delivery may subsequently exert material pressure.

Tankers

Tanker markets saw generally low levels of earnings in the first half of 2021. Low levels of oil demand and refinery runs and ongoing crude oil production cuts from the 'OPEC+' group of countries were the key drivers of reduced tanker demand and earnings. Global oil demand in the first half of the year was assessed to be 5% lower than the average level in 2019, prior to the COVID-19 related disruption, while global oil supply was assessed to be some 7% lower than the average level in 2019.

Clarksons' assessed average earnings for VLCCs were 96% lower than in the very strong first half of 2020 and 83% lower than in the second half of 2020. Clarksons' assessed average suezmax and aframax earnings fell by 86% and 76% respectively year-on-year compared to the first half of 2020.

The products tanker market also witnessed similar weakness in earnings. Assessed earnings for LR2s on the benchmark Middle East to Far East route fell by 86% year-on-year in the first half of 2021 when compared to the first half of 2020. Assessed earnings for LR1s on the same route fell by 80% year-on-year in comparison to the first half 2020. Meanwhile, assessed average clean MR earnings declined by 71% in the first half of 2021 compared to the first half of 2020.

Key energy agencies expect global oil demand to rise sharply in the second half of the year, projecting a rise of 4-5% on average compared to the first half of the year, due to rebounding economic growth and lifting of restrictions on travel. If this increase in demand materialises, refinery runs and oil supply are also expected to increase sharply and drive a strong rebound in tanker demand. However, many uncertainties remain about the timing and magnitude of any rebound in oil demand and increases in oil supply.

Tanker earnings may remain subject to potential volatility, not only due to the ongoing uncertainties regarding the outlook for oil demand and supply, but also geo-political developments, weather events and possible unexpected oil or tanker industry events that have been particularly prevalent over the past two years.

Specialised products

It has been a challenging six months for the specialised products markets, with spot freight rates depressed across the board. The weakness of the petroleum products market led to an oversupply of part-capable IMO MR tonnage which competed with traditional chemical carriers in both the edible oils and bulk chemicals sectors. However, underlying chemical and edible oil demand remained robust with high Contract of Affreightment (CoA) coverage providing a floor to freight rates. Overall seaborne trade performance showed a much lower decrease than was expected at the outset of the COVID-19 pandemic underlying the resilience of the specialised products market compared to other shipping sectors where demand destruction was more evident.

The spot freight rates on some trade lanes have improved slightly as the year has progressed. This has been driven by higher bunker prices, trade flow disruption caused by severe weather in Houston in February and to a lesser extent the blockage of the Suez Canal. The Clarksons Platou Specialised Products Bulk Chemical Index recorded an 8.1% rise in the year, whilst the Clarksons Platou Specialised Products Edible Oils Index has seen a 13% increase. However, spot freight rates remain below the long run average of the last 12 years.

The order book still remains at its lowest level in 20 years at 5.9% of the in-service tonnage. This is not expected to change in the medium term, with financing difficult to source and yard availability tightening due to investment by other sectors.

CoA nominations are healthy which suggests underlying demand is increasing. Seaborne trade is expected to recover this year by about 3.6% as pent-up consumer demand and large fiscal stimuli, particularly for infrastructure projects, drives economies and manufacturing supply chains. When combined with the limited additional supply, this suggests a firming sentiment in the market. The degree to which, and when, this occurs will be heavily influenced by the recovery in the petroleum products markets. We expect that towards the end of the year there will be some improvements, but until that occurs the freight rate environment in the short term will remain challenging.

Gas

VLGC rates increasingly came under pressure as the first quarter progressed, largely as a result of the dip in weather-related US exports. Nevertheless, they rebounded through April and May with the benchmark Arabian Gulf-Japan rate averaging US$50 per metric tonne (pmt) in April and just shy of US$60 pmt in May. With demand in the East buoyant, waiting time through Panama continued to take its toll as containerships, LNG and dry bulk carriers competed for booking slots. In the first half, nine vessels were delivered with a balance of 11 units to be absorbed into the fleet by the year end.

To date, no vessels have been removed from the fleet, although we have seen units taken out for drydocking and also for dual fuel retrofitting. Despite continued growth in North American exports, which have risen 15% in the first half of this year, recent strengthening of LPG prices over the course of the last month have placed pressure on arbitrage margins, and spot rates have fallen to below US$35 pmt Arabian Gulf-Japan as of mid-July.

The size sectors below have not followed the upward directional movement noted in the VLGCs from March onwards. The Clarksons-assessed 12-month time charter rate on a 38,000 cbm midsize unit remained relatively flat until the end of the first quarter and into the start of the second quarter before dropping to US$830,000 pcm in June. Likewise, the assessed rates on the 20,500 cbm semi-refrigerated vessels have hovered around US$670,000 pcm before softening a little towards the end of the period. The handysizes have suffered from the downturn in petrochemical volumes out of the US and, although volumes have recovered thereafter, there has been no discernible impact on freight rates.

Once again, the fortunes of the smaller sized units fared less favourably than the larger units over the first half of 2021. Freight rates across most of the size categories below 15,000 cbm have at best remained the same due to unscheduled outages at a number of petrochemical facilities and downtime at coastal refineries and although there are very few new vessels on order, there is expected to be limited change in the near term. However, a deteriorating age profile in the smaller semi-refrigerated sector may start to result in some upward pressure on freight rate levels.

The interest in newbuilding contracting has continued apace over the last six months, but the impact will not be felt until 2023 and will, to some extent, be mitigated by the removal of older vessels and the impact of EEXI on the demand/supply balances. Additionally, the more recent recovery in oil and gas prices may help to stimulate a recovery in LPG production levels and continued bottlenecks through Panama could continue to extend tonne-miles.

LNG

LNG freight rates surged in the first half of 2021, on the back of strong heating and restocking demand in Asia and Europe, several LNG exports plants outages in the Pacific and Middle East backfilled by US LNG export cargoes and severe delays for LNG carriers via the Panama Canal, especially in the first quarter.

The spot headline rates for conventional 160,000 cbm Tri-Fuel Diesel Electric (TFDE) tonnage climbed 45.9% year-on-year averaging US$71,800 per day in the first half of 2021. However, the trading environment was particularly volatile, with spot freight rates rallying to an all-time high of US$262,000 per day on a round trip basis in early January, then plummeting to less than US$20,000 per day in early March before recovering to US$75,000 per day during the second quarter, driven by long haul US LNG exports to the Far East, widening gas spreads and limited vessels availability, amid strong multi-month activity.

LNG tonnage demand continued to grow in the first half of 2021 by 14.7%. The average laden distance sailed by LNG carriers was up 9.2% to 4,495 nm in the first half of 2021, compare to 4,115 nm a year ago, driven by LNG shipments from US to Japan-Korea-Taiwan-China area.

Global LNG trade volumes rose by 5% to 194.0m mt in the first half of 2021, as higher volumes from US and Egypt were partially offset by losses from Norway, Trinidad & Tobago, Nigeria and Angola.

On the demand side, Japan-Korea-Taiwan remained the largest demand area with 72.2m mt of imports, but China overtook Japan as the world's biggest LNG importer at 39.6m mt against Japan's LNG imports of 39.4m mt.

29 conventional LNG carriers and two FSRUs were delivered in the first half of 2021, 16 more than the 13 LNG carriers delivered in the first half of 2020, when one FSRU was also delivered. 19 conventional LNG carriers were ordered in the first half of 2021, with three ordered in the first half of 2020. Newbuild ordering is expected to continue into 2021, supported by several liquefaction projects which anticipate reaching final investment decision this year, by portfolio players holding long-term FOB supply contracts from projects under construction and by players looking at renewing existing tonnage with more efficient LNG carriers.

Sale and purchase

Secondhand

A year ago the sale and purchase (S&P) markets were struggling with huge COVID-19 economic uncertainty and the wide ranging logistical challenges of delivering a ship. While difficulties remain (especially around crew transfer), sales volumes have picked up to record levels with over 84m dwt of tonnage bought and sold in the first half and, in some segments, significant asset value increases.

After the early disruption in 2020, S&P volumes rebounded in the second half of that year and achieved a record 84m dwt (worth more than US$22bn) in the first half of 2021. Improving charter markets (tankers aside) and optimism around economic recovery, relatively low newbuilding order books and the potential impact of emissions regulation have all helped. On the operational side, COVID-19 clauses are now embedded in most sales forms; inspections are often more streamlined but challenges around crew transfer remain.

A quarter of sales during the first half (representing 256 vessels of 0.9m TEU and worth in excess of US$5bn) were in the container market. The biggest uplift across all our price indices was for a 4,500 TEU ten-year-old panamax, up by 200% from US$19m to US$60m; two years ago such a design was selling for US$10m. The largest number of sales were in the traditional volume market of bulkers (with more than 525 sales of 36m dwt with value of US$8bn). The Clarksons Research 5 Year Old Price Index increased by 38%.

Tanker activity (reporting 282 sales of 35m dwt and worth more than US$6bn) and pricing for a five-year-old vessel was 12% higher at the end of the first half compared to the year-end, in sharp contrast to the struggling spot markets. Cash generated from the two relatively recent 'spikes' in late 2019 (sanctions) and the second quarter of 2020 (floating storage driven) alongside buyers seeking counter-cyclical opportunities (including owners that operate 'mixed' fleets across dry and wet) have helped support pricing. Additionally, escalating newbuild pricing (driven by improved demand, especially in containers, but also escalating steel prices and exchange rates) and surging scrap prices (VLCC scrap values have risen from US$17m to US$24m) have also provided support. Greek companies led both the buyers' and sellers' charts, reinforcing their asset player tradition, closely followed by China on the buying side and Japan on the selling side.

Newbuilding

Global newbuild activity picked up significantly in the first half, with orders surpassing full year 2020 volumes and reaching 24m CGT valued at US$55bn. This represents the strongest level of orders since the first half of 2014 and was supported by improved economic outlook and strong conditions in a number of shipping markets. There was particularly strong newbuild investment in the containership segment, with orders totalling 2.9m TEU worth US$26bn. Newbuild prices have also increased, impacted by increased demand and rising steel prices and exchange rate movements.

Although the newbuilding order book has edged up during the first half to 80.9m CGT and US$245bn, it remains a relatively low 8% of the world fleet. Shipyard output remained relatively stable year on year, with deliveries reaching 17m CGT according to Clarksons Research; Chinese yards delivered 40% of tonnage, followed by South Korea (35%) and Japan (17%).

The focus on emissions reduction and the green transition continues to accelerate, with significant announcements from the IMO, in relation to ship efficiency and reduced emissions (EEXI and CII), and by the EU, including the extension of shipping to the Emissions Trading Scheme (ETS). There is increased focus across our client base on de-carbonisation and underlying trends towards alternative fuels and fuel-efficient ships with Energy Saving Technologies (ESTs) continue, with nearly 30% of the newbuild order book by tonnage now alternative fuelled. The global Clarksons Platou newbuilding

teams had a very active first half, including supporting a number of major clients with fleet renewal and alternative fuelled projects.

Offshore

General

The first half of 2021 saw slightly improved sentiment across the offshore oil and gas sector. Overall, the global offshore rig count seems to have bottomed out and we currently expect a slight increase throughout the remainder of 2021. Several restructurings have completed with, for example, some of the drillers emerging from Chapter 11 proceedings. The offshore renewables (wind) sector continues to see high activity levels and a steady stream of new development projects being sanctioned.

Drilling rig market

At the end of June 2021, global rig demand stood at 465 units, split between 116 floaters and 349 jackups – similar levels to those seen at the end of 2020. We see signals indicating that global rig activity has bottomed out and likely will start to increase slightly throughout the rest of the year. Several regions see increasing tender activity currently and oil companies are re-initiating activities that were stalled last year. Industry-wide utilisation however remains challenging, and there is limited change to contracted day rates.

Going forward, we expect more consolidation in the rig sector as more drilling contractors complete restructuring processes. Further consolidation is likely to lead to gradually improving bidding discipline and day rates. Even though this will take time, we expect it to result in more sustainable earnings for the drilling contractors.

Subsea and field development market

Leading contractors in 2021 have continued to build backlog, albeit moderately. Major contractors, however, continue to face low fleet utilisation and declining revenues and earnings due to lag-effects. Consequently, several contractors have released chartered vessels back to the market and announced cost reduction efforts. This has had an adverse impact on subsea vessel owners who have continued to struggle to secure utilisation for their vessels. There is also so far limited improvement in the market for subsea inspections, maintenance and repairs (IMR), something which has further contributed to depressed fleet utilisation. Continued strong activity in the offshore wind segment has helped, but this is far from sufficient to cover the shortfall in subsea EPC/project work and IMR.

Following backlog-build for the major contractors, more offshore field development work is expected to be executed in 2022 and beyond. This is likely to coincide with increased IMR activities within oil and gas and continued high activity in wind. Combined, this should improve prospects for fleet utilisation and day rates.

Offshore support vessels (OSVs)

The market for OSVs generally remains challenging and is still characterised by significant vessel overcapacity. Current day rates are generally in line with, or slightly above, vessel operating expenses. All regions are seeing weak rates and low utilisation, which leads to significant financial stress for owners. Multiple owners have been, or are still, going through financial restructuring, and the S&P market has been particularly challenging with few industrial owners left with capacity to transact. Chartering volumes are however currently indicating a pickup, but we likely need to see higher activity levels particularly in the drilling market to see a more meaningful recovery for the OSV segment.

Renewables (wind)

The offshore renewables market continued apace in the first half of 2021. The pipeline of projects until 2025-26 is starting to firm up, with good visibility on projects and timing. The level of Final Investment Decisions (FIDs) started off at a good pace in the first quarter, but slowed down somewhat in the second quarter. FID levels, usually tilted towards the second half of the year, are expected to increase and reach similar record levels to those seen in 2020.

The globalisation of the offshore wind market continues apace. Several offtake agreements have been awarded during the first half of the year. The Polish Energy Regulatory Office (ERO) has awarded several contracts for 5.9GW of Polish offshore wind projects, to both local and foreign energy companies. The first commercial US project, Vineyard Wind, has seen positive regulatory feedback and is starting to move forward, with major contracts awarded in the first quarter.

As highlighted previously, investor focus on ESG and infrastructure investments is on the rise. As an example, just after the end of the first quarter, Norway's sovereign wealth fund (NBIM) made its first direct investment in renewable energy, paying more than US$1.6bn. Copenhagen Infrastructure Partners also closed its global greenfield renewable energy fund after commitments from investors across the Nordics, Europe, North America, Asia, and Australia. The fund was oversubscribed and closed at €7bn.

The first half has also seen increased investments in offshore wind vessels. With the upsizing trend of key equipment needed to build and operate a windfarm, such as the wind turbine, the current vessel fleet is not capable of building and supporting the planned industry growth in the years post 2024. In the first half of 2021, we have seen several orders in both the CSOV, CTV and WTIV space, from both incumbents and newcomers.

Futures

Dry FFAs

Dry FFA rates have seen a solid first half with increases in Chinese demand along with suitable weather factors playing a major role in sustaining rates at levels not seen in the last 10 years. The returns have been even more pronounced for smaller size ships. Average FFA earnings in the first half of 2021 for various sectors were: capesize US$24,487 per day, panamax US$22,126 per day, supramax US$21,957 per day and handysize US$20,657 per day. Dry options have also seen increased volumes similar to swaps.

The forward curve remains strong and, with newbuilds focusing on containers, the dry bulk sector should remain positive into 2022.

Wet FFAs

Wet FFA rates are low and volumes are down 23% year-on-year across both clean and dirty. The TD3 fourth quarter 2021 rate is currently pricing lower than the settlement of any fourth quarter in the last 20 years although the options market has picked up.

Financial

Revenue: £24.7m (2020: £13.3m)
Segment underlying profit: £5.3m (2020: £1.6m loss)

Securities

The first half of 2021 witnessed an impressive recovery for the global financial markets. Stock markets have consistently performed well throughout the period, supported by historically low interest rates, stimulus packages and record high household savings allocated into capital markets. Deal activity in the capital markets has reached record levels during the first half; initial public offerings in the US have already broken 2020's record levels with six months to go. Global indices have seen all time high levels during the first six months of 2021, despite delayed re-openings, fears of rising bond yields and fears of high structural inflation.

Clarksons Platou Securities has had a strong start to 2021 in all the four core sectors we cover and in total raised approximately US$2bn for clients.

The shipping market started well in 2021, especially within the container and dry bulk markets. As the container market continues to set new records, Clarksons Platou Securities has supported clients in M&A transactions amounting to more than US$600m. In addition, Clarksons Platou Securities was retained as joint bookrunner in the IPO on NYSE of Zim Integrated Services in January 2021.

Within the renewable energy space, optimism and deal activity remained high with several transactions completed during the first half of 2021.

The high deal activity also applies for the metals and minerals team, which completed a total of six transactions during the first half raising a total of US$1bn through both ECM and DCM transactions. Fiscal policy continues to drive iron ore demand from infrastructure investments and has contributed to the record levels seen in the iron ore spot market. The continued transition to electrical vehicles and battery components also helps the metals and minerals team.

Within the offshore segment, deal activity has been quite soft with continued oversupply within oil service segments. US drillers emerging from Chapter 11 with leaner balance sheets, may create solid platforms for industry consolidation. As oil prices gain firm footing, trading at over US$70/bbl and over 40% higher than at the end of 2020, the outlook keeps on improving. Despite the soft deal activity, Clarksons Platou Securities has still been active in the offshore segment, including the first at the market transaction in the US for Borr Drilling, starting in July 2021.

Project finance

Shipping

Following more than a decade of investors focusing on real estate investments, a booming container market and a strong dry bulk market in the first half has generated interest from investors and shipowners for diversification back into shipping. Both banks and alternative sources of finance are offering higher leverage finance at lower margins, making project finance structured shipping deals more competitive.

In the first half of 2021 we have structured shipping deals with a total project price above US$300m. The majority of these deals have been for 11 dry bulk vessels. We have also arranged the financing of a cruise vessel with seven years' time charter, three newbuilding container vessels with eight years' time charter and two offshore supply vessels with five years' bareboat charter. In addition to new acquisition projects, we have sold three container vessels and one chemical tanker from existing projects, generating a good return for the investors.

The total fleet under our corporate management is now above 60 vessels, including tankers, bulkers, container vessels, heavy lift, cruise and offshore vessels. The total value of the fleet is considerably higher than at the start of the year and secondary trading in shares in many projects was concluded at prices which generated a good return to the sellers.

Real estate

In the Norwegian real estate market, nothing is normal. In a period where a number of commentators have predicted the death of office working, we have seen record high prices for the purchase and sale of office buildings, and record high rents achieved. In the most attractive and central areas it is expected there will be almost full occupancy.

Much of the increase in property prices can be explained by both the low interest rates and the lack of alternative investments. Three month NIBOR bottomed out at an all-time low of 0.2% compared with 1.9% in March 2020. Even with three month NIBOR just below 2.0%, there was an active transaction market with record low yields. The Norwegian Bank currently forecasts three month NIBOR will increase to approximately 0.8% before the end of the year.

In the first half of 2021, eight new projects have been structured and four existing projects have been sold with good returns for investors. The largest single project was the purchase of Strandveien 4-8 and 10 with a property value of just over NOK1bn.

The general investor appetite for commercial real estate is still expected to be high, where an associated active transaction market constantly offers interesting investment opportunities. Real estate is cyclical, where the consensus is that it will be more challenging to create returns for investors in the future only on the basis of declining yields and return requirements in the financial market. With expected higher interest rates in the next six months and beyond, this is also

unlikely. We expect some investors might want to reallocate risk by weighting themselves from cash flow projects over to more actively-managed operational/development-oriented projects.

We are specifically looking at these actively-managed projects for our new fund – Oslo Opportunity II AS (OO2). OO2 was fully subscribed with NOK750m in equity during the first half of the year. We already have some of these projects in the portfolio, and here the development work is with assistance from our development company Clarksons Platou Project Development.

In addition to launching our new fund OO2, which is already in the process of making its first two investments, there has been high activity in Oslo Opportunity AS (OO1), which is now in an exit phase. The fund sold three of its properties in the first half of 2021 and is in bid acceptance with two more properties.

Our technical manager and due diligence advisor, Vaxa Property, has also grown strongly in the past year and now covers property management, fire protection, project management and due diligence. The company's management portfolio has reached approximately 300,000m^2 with several projects in the pipeline.

Structured asset finance

In the first half of 2021, for the right deal, there was plenty of availability of funds from the traditional banks, often backed by ECA facilities. The number of shipping finance banks remains relatively stable with CBA being the only high-profile name to exit ship finance this year, however there were also no new significant entrants to the segment.

Overall, the key drivers for credit approvals remain the same, that is, debt service visibility, residual value exposure (increasingly apparent as S&P valuations continue to rise) and the 'green credentials' of the borrower, the project and the asset.

Chinese leasing companies were substantially more active in the first half of 2021 with some being able to offer terms directly comparable with banking facilities on pricing, yet on greater volumes, higher advance ratios, more residual risk appetite and better structural flexibility. The emergence of a 'two-tier' market in Chinese leasing is apparent: as leading lessors are improving their terms, smaller leasing companies are unable to compete.

The Japanese leasing market continues to seek quality projects in shipping either via Japanese owner financing or directly financing blue chip owners and end-users.

Alternative finance providers (now called 'the direct financiers') have firmly established their positions and are providing funding to mid-tier owners. While the deals are smaller and pricier than in the "mainstream" financing, they can also be more flexible in their solutions, deploy capital faster and may consider older tonnage.

For the long-term project finance-type transactions, for example for offshore wind vessels, we are seeing the traditional banks and insurance companies being the most competitive, with their ability to write long tenors at very low margins based on top credit utility as the ultimate counterpart.

We maintain good relationships with key players in all shipping finance segments described above and managed to conclude a number of transactions in the first half of this year covering a variety of financial sources.

Support

Revenue: £14.1m (2020: £11.5m)
Segment underlying profit: £1.5m (2020: £0.2m)

Overall, especially relative to the challenged trading period in the first half of 2020, the Support segment has performed well.

Agency - UK

The Agency business in the UK was profitable in the first half of 2021; in the equivalent period in 2020 it was loss making.

The stevedoring business had a tough six months; export volumes were always likely to be weak following the worst harvest in 40 years in 2020, but the effect was compounded by Brexit which saw much of the exportable volume moved before the end of 2020 meaning little left to go in the first half of 2021. The 2021 harvest is expected to give rise to better trading conditions and volumes in the second half.

Our agency offices faced different challenges. Where offices have offshore or windfarm work, core import accounts or support from dry bulk operators, they have performed well. Those offices focusing on grain exports or facing terminal issues or a lack of project work, fared less well. Overall agency operations were ahead of expectations.

The short sea broking division performed well in very strong market conditions. We expect the market to ease somewhat as it remains stronger than the balance between the fundamental cargo volume demand and ship fleet tonnage supply would suggest.

Customs clearance work after 31 December 2020 generated good returns and the expectation is that the amount of work in the clearance sector will continue to grow as the UK steadily erects its borders post-Brexit.

Gibb Group

The Gibb business has performed ahead of expectations despite it being in a sustained period of refocusing away from a reliance on the oil and gas sector. Gibb Group, through its tooling and supplies, safety and survival and hire divisions, continues to grow, securing key customer accounts in offshore renewable and other sectors. The business expects to expand in the second half with a new operation in Ijmuiden in the Netherlands opened in July. This is the first of a number of initiatives to develop the company in line with its strategic plan over the next three to five years.

Agency and Liners - Egypt

Port call numbers have increased by 56% in the first half of 2021 compared with the same period in 2020. Transit operations have declined as established clients changed their routings but recent agreements with new clients should help build volumes. The liner business, which offers operational services, continues to generate stable returns.

Research

Revenue: £8.6m (2020: £8.5m)
Segment underlying profit: £3.1m (2020: £3.1m)

Research performed robustly during the first half, with revenue increasing to £8.6m (2020: £8.5m) and profits of £3.1m (2020: £3.1m). A strong pipeline of product development and sales enquiry, alongside an increase in pre-booked revenues, is also in place for the second half of 2021. Our flow of high quality and market-relevant research output, including our green transition and COVID-19 impact focus, has continued with excellent client feedback. Data and research support to the Broking, Financial and Port Services segments of the Clarksons Group also continues alongside enhanced support to the Maritech technology business.

There was encouraging growth across our digital product range during the first half, with underlying sales up 13% year-on-year and continued growth of the subscriber base. Sales of our market-leading Shipping Intelligence Network (SIN) have benefited from our excellent research around shipping market supply and demand and the introduction of expanded near-term data, including port calling and vessel activity indices generated by our Data Analytics team. During May, we published our latest COVID-19 Shipping Market Impact Assessment documenting that a year on from peak disruption to maritime trade, volumes have now returned to pre-pandemic levels while our ClarkSea Index averaged its best half year period since 2008 at US$20,717 per day, supported by all-time high charter rates across the containership market.

Although 'green' data and analysis has already been embedded across our offering, a specific Green module has now been developed and launched for SIN and the World Fleet Register (WFR). Sales of our WFR grew 20% year-on-year during the first half, continuing the strong growth of recent years and benefiting from the platform's environmental regulation, green technology and emissions tracking content. We have also consolidated individual intelligence report access into our digital platform during the first half.

Our long-term strategy to focus on data, intelligence and insights around the green transition continued in the first half with increasing client appetite as stakeholders across maritime look to embed 'green' and 'tech' in their 'build back better' post COVID-19 planning. There has been a positive reaction from our clients to the wide-ranging research and data already developed and published and in April we issued a further update of our Fuelling Transition report series, profiling the 2.4% of global CO_2 emitted by the shipping industry and tracking the take up of alternative fuels and Energy Saving Technologies (ESTs) to date. Research has also been supporting Clarksons' group-wide initiatives to partner clients through their de-carbonisation pathways, contributing to internal training initiatives and to emissions benchmarking data supporting the carbon module within the **Sea/** suite.

The development of our new offering, Renewables Intelligence Network (RIN), a specific data and intelligence website focused on renewables within the maritime setting, has successfully continued during the first half. This offering includes both macro and granular data, intelligence and forecasts around: long term Energy Transition modelling; project tracking of offshore wind farms; detailed country briefs and forecasts; profiles of all developers; the offshore 'wind' fleet and the vessels, owners and yards involved; green technology across this fleet; dashboard analytics; dynamic mapping and deployment analysis; port analysis; tidal, hydrogen and carbon capture projects; and a comprehensive intelligence report series. While this is a competitive research area, initial marketing has been successful and feedback from clients and the Broking, Financial and Port Services teams has been positive. Our overall offshore digital sales, including oil and gas data and analysis, were up an encouraging 21% year-on-year during the first half.

Our data services and consultancy teams performed well in the first half. Interest in data contracts, including API delivery, remains high and our services team continues to secure a flow of new sales. We completed several successful consultancy projects during the first half, including industry sections for capital market documents, studies for governments and policy makers and several consultancy projects working closely with the Broking and Financial teams. Our global sales and business development team also have a good pipeline of enquiry across our standard products. Despite some challenges around currency movements and the reduction of European bank ship finance portfolios, Clarksons Valuations remain market leaders and further strengthened their team during the first half. There was also increased marketing to ship finance and leasing institutions, including in Asia. A review of new European Banking Authority (EBA) guidelines issued to financiers around property and maritime valuations has been carried out with additional documentation produced and enhancements to the Clarksons Valuations digital delivery tool in progress. As the industry standard source in the provision of authoritative, consistent, independent and well documented valuations delivered through a dedicated team, Clarksons Valuations continue to be well placed to support financial institutions. A number of valuation clients have now also been provided with emissions benchmarks alongside their traditional asset valuations, with the valuation team increasingly analysing the impact of alternative fuels and Energy Saving Technologies (ESTs) on fleet value as the Fuelling Transition gathers pace. The Clarksons Valuations team has been actively supporting the sale and purchase broking teams of Clarksons Platou.

Clarksons Research remain market leaders in the provision of data, intelligence and analysis around shipping, trade, offshore and energy having strengthened their position during the challenging COVID-19 period with highly market relevant content and insights. Supported by an innovative and dedicated global team with a strong Asian presence, together with important investments into underlying data, our digital offering and research content has good momentum.

Directors’ responsibilities statement

The Directors confirm that:

- these interim financial statements have been prepared in accordance with UK-adopted International Accounting Standard 34, ‘Interim Financial Reporting’, as adopted in the United Kingdom; and

- the interim report includes a fair review of the information required by:

  (a) DTR 4.2.7R, being an indication of important events that have occurred during the first six months of the financial year ending 31 December 2021, and their impact on the interim financial statements; and a description of the principal risks and uncertainties for the remaining six months of the financial year; and

  (b) DTR 4.2.8R, being material related party transactions that have taken place in the first six months of the financial year ending 31 December 2021, and any material changes in the related party transactions described in the 2020 annual report.

A list of the current Directors is maintained on the Clarkson PLC website: www.clarksons.com.

The maintenance and integrity of the Clarkson PLC website is the responsibility of the Directors; the work carried out by the Auditors does not involve consideration of these matters and, accordingly, the Auditors accept no responsibility for any changes that may have occurred to the interim financial statements since they were initially presented on the website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

On behalf of the Board

Sir Bill Thomas
Chair
6 August 2021

Independent review report to Clarkson PLC

Report on the condensed consolidated interim financial statements

Our conclusion

We have reviewed Clarkson PLC's condensed consolidated interim financial statements (the "interim financial statements") in the Interim results of Clarkson PLC for the six month period ended 30 June 2021 (the “period”).

Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with UK-adopted International Accounting Standard 34, ‘Interim Financial Reporting’ and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom’s Financial Conduct Authority.

What we have reviewed

The interim financial statements comprise:

- the Consolidated balance sheet as at 30 June 2021;
- the Consolidated income statement and Consolidated statement of comprehensive income for the period then ended;
- the Consolidated statement of changes in equity for the period then ended;
- the Consolidated cash flow statement for the period then ended; and
- the explanatory notes to the interim financial statements.

The interim financial statements included in the Interim results of Clarkson PLC have been prepared in accordance with UK-adopted International Accounting Standard 34, ‘Interim Financial Reporting’ and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom’s Financial Conduct Authority.

Responsibilities for the interim financial statements and the review

Our responsibilities and those of the Directors

The Interim results, including the interim financial statements, is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the Interim results in accordance with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom’s Financial Conduct Authority.

Our responsibility is to express a conclusion on the interim financial statements in the Interim results based on our review. This report, including the conclusion, has been prepared for and only for the Company for the purpose of complying with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom’s Financial Conduct Authority and for no other purpose. We do not, in giving this conclusion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What a review of interim financial statements involves

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, ‘Review of Interim Financial Information Performed by the Independent Auditor of the Entity’ issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We have read the other information contained in the Interim results and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial statements.

PricewaterhouseCoopers LLP
Chartered Accountants
London
6 August 2021

Consolidated income statement

for the half year to 30 June

	Notes	2021 Before acquisition-related costs £m*	2021 Acquisition-related costs (note 4) £m*	2021 After acquisition-related costs £m*	2020 Before acquisition-related costs £m*	2020 Acquisition-related costs (note 4) £m*	2020 After acquisition-related costs £m*
Revenue	3	190.1	-	190.1	180.4	-	180.4
Cost of sales		(7.9)	-	(7.9)	(6.2)	-	(6.2)
Trading profit		182.2	-	182.2	174.2	-	174.2
Administrative expenses		(153.9)	(0.2)	(154.1)	(151.2)	(0.2)	(151.4)
Operating profit	3	28.3	(0.2)	28.1	23.0	(0.2)	22.8
Finance income		1.2	-	1.2	0.5	-	0.5
Finance costs		(2.1)	-	(2.1)	(2.5)	-	(2.5)
Other finance income - pensions	9	0.1	-	0.1	0.1	-	0.1
Profit before taxation		27.5	(0.2)	27.3	21.1	(0.2)	20.9
Taxation	5	(5.9)	-	(5.9)	(4.9)	-	(4.9)
Profit for the period		21.6	(0.2)	21.4	16.2	(0.2)	16.0
Attributable to:							
Equity holders of the Parent Company		19.5	(0.2)	19.3	15.6	(0.2)	15.4
Non-controlling interests		2.1	-	2.1	0.6	-	0.6
Profit for the period		21.6	(0.2)	21.4	16.2	(0.2)	16.0
Earnings per share							
Basic	6	64.0p		63.5p	51.4p		50.6p
Diluted	6	63.8p		63.3p	51.3p		50.6p

* *Unaudited*

Consolidated statement of comprehensive income

for the half year to 30 June

	2021 £m*	2020 £m*
Profit for the period	21.4	16.0
Other comprehensive income:		
Items that will not be reclassified to profit or loss:		
Actuarial gain on employee benefit schemes – net of tax	6.8	0.9
Changes in the fair value of equity instruments at fair value through other comprehensive income	(1.7)	-
Items that may be reclassified subsequently to profit or loss:		
Foreign exchange differences on retranslation of foreign operations	(3.0)	1.5
Foreign currency hedges recycled to profit or loss – net of tax	(1.2)	1.5
Foreign currency hedge revaluations – net of tax	0.7	(2.7)
Other comprehensive income	1.6	1.2
Total comprehensive income for the period	23.0	17.2
Attributable to:		
Equity holders of the Parent Company	20.9	16.7
Non-controlling interests	2.1	0.5
Total comprehensive income for the period	23.0	17.2

* *Unaudited*

Consolidated balance sheet
as at 30 June

	Notes	2021 £m*	2020 £m*	31 December 2020 £m#
Non-current assets				
Property, plant and equipment		**23.1**	25.4	24.3
Investment properties		**1.1**	1.2	1.2
Right-of-use assets		**42.5**	52.5	47.0
Intangible assets	8	**182.8**	238.4	182.9
Trade and other receivables		**2.5**	2.1	3.1
Investments		**1.3**	4.7	2.9
Employee benefits	9	**24.7**	18.4	18.1
Deferred tax assets		**9.4**	8.6	10.6
		287.4	351.3	290.1
Current assets				
Inventories		**1.4**	1.3	1.3
Trade and other receivables		**95.2**	76.1	76.6
Income tax receivable		**0.8**	0.3	0.2
Investments	10	**4.0**	14.4	31.1
Cash and cash equivalents	11	**152.9**	158.9	173.4
		254.3	251.0	282.6
Current liabilities				
Interest-bearing loans and borrowings		**-**	(3.3)	-
Trade and other payables		**(126.1)**	(117.1)	(160.6)
Lease liabilities		**(8.2)**	(9.2)	(8.4)
Income tax payable		**(6.5)**	(7.8)	(7.9)
Provisions		**(0.5)**	(0.5)	(0.5)
		(141.3)	(137.9)	(177.4)
Net current assets		**113.0**	113.1	105.2
Non-current liabilities				
Interest-bearing loans and borrowings		**-**	(0.1)	(0.1)
Trade and other payables		**(3.0)**	(3.1)	(2.7)
Lease liabilities		**(42.6)**	(52.0)	(47.7)
Provisions		**(1.6)**	(1.5)	(1.5)
Employee benefits	9	**(3.8)**	(6.4)	(6.1)
Deferred tax liabilities		**(12.0)**	(7.2)	(8.8)
		(63.0)	(70.3)	(66.9)
Net assets		**337.4**	394.1	328.4
Capital and reserves				
Share capital	12	**7.6**	7.6	7.6
Other reserves		**104.0**	157.8	104.6
Retained earnings		**222.0**	226.9	211.9
Equity attributable to shareholders of the Parent Company		**333.6**	392.3	324.1
Non-controlling interests		**3.8**	1.8	4.3
Total equity		**337.4**	394.1	328.4

** Unaudited* *# Audited*

Consolidated statement of changes in equity

for the half year to 30 June

	Notes	Attributable to equity holders of the Parent Company					
		Share capital £m*	Other reserves £m*	Retained earnings £m*	Total £m*	Non-controlling interests £m*	Total equity £m*
Balance at 1 January 2021		**7.6**	**104.6**	**211.9**	**324.1**	**4.3**	**328.4**
Profit for the period		-	-	19.3	19.3	2.1	21.4
Other comprehensive income		-	(3.5)	5.1	1.6	-	1.6
Total comprehensive income for the period		-	(3.5)	24.4	20.9	2.1	23.0
Transactions with owners:							
Share issues		-	0.6	-	0.6	-	0.6
Employee share schemes		-	2.3	1.0	3.3	-	3.3
Tax on other employee benefits		-	-	0.9	0.9	-	0.9
Tax on other items in equity		-	-	0.1	0.1	-	0.1
Dividend paid	7	-	-	(16.3)	(16.3)	(2.6)	(18.9)
Total transactions with owners		-	2.9	(14.3)	(11.4)	(2.6)	(14.0)
Balance at 30 June 2021		**7.6**	**104.0**	**222.0**	**333.6**	**3.8**	**337.4**

	Notes	Attributable to equity holders of the Parent Company					
		Share capital £m*	Other reserves £m*	Retained earnings £m*	Total £m*	Non-controlling interests £m*	Total equity £m*
Balance at 1 January 2020		7.6	158.4	211.5	377.5	3.1	380.6
Profit for the period		-	-	15.4	15.4	0.6	16.0
Other comprehensive income		-	0.4	0.9	1.3	(0.1)	1.2
Total comprehensive income for the period		-	0.4	16.3	16.7	0.5	17.2
Transactions with owners:							
Employee share schemes		-	(1.0)	(0.3)	(1.3)	-	(1.3)
Tax on other employee benefits		-	-	(0.6)	(0.6)	-	(0.6)
Dividend paid	7	-	-	-	-	(1.7)	(1.7)
Acquisition of non-controlling interest		-	-	-	-	(0.1)	(0.1)
Total transactions with owners		-	(1.0)	(0.9)	(1.9)	(1.8)	(3.7)
Balance at 30 June 2020		7.6	157.8	226.9	392.3	1.8	394.1

* *Unaudited*

Consolidated cash flow statement
for the half year to 30 June

	Notes	**2021 £m***	2020 £m*
Cash flows from operating activities			
Profit before taxation		**27.3**	20.9
Adjustments for:			
Foreign exchange differences		**(1.8)**	(0.6)
Depreciation		**6.3**	7.1
Share-based payment expense		**0.9**	0.8
Gain on sale of property, plant and equipment		**(0.1)**	-
Loss on sale of investments		**-**	0.1
Amortisation of intangibles		**0.4**	0.2
Difference between pension contributions paid and amount recognised in the income statement		**(0.1)**	-
Finance income		**(1.2)**	(0.5)
Finance costs		**2.1**	2.5
Other finance income – pensions		**(0.1)**	(0.1)
Increase in inventories		**(0.1)**	(0.2)
(Increase)/decrease in trade and other receivables		**(17.4)**	4.1
Decrease in bonus accrual		**(31.3)**	(36.8)
Increase/(decrease) in trade and other payables		**2.8**	(0.5)
Increase in provisions		**0.1**	0.1
Cash utilised from operations		**(12.2)**	(2.9)
Income tax paid		**(4.1)**	(5.3)
Net cash flow from operating activities		**(16.3)**	(8.2)
Cash flows from investing activities			
Interest received		**0.1**	0.5
Purchase of property, plant and equipment		**(1.3)**	(1.8)
Purchase of intangible assets		**(1.7)**	(3.1)
Proceeds from sale of investments		**6.8**	7.6
Proceeds from sale of property, plant and equipment		**0.2**	0.2
Purchase of investments		**(1.2)**	(10.9)
Transfer from current investments (funds on deposit)		**20.0**	-
Acquisition of subsidiaries		**-**	(1.2)
Cash acquired on acquisitions		**-**	0.7
Net cash flow from investing activities		**22.9**	(8.0)
Cash flows from financing activities			
Interest paid and other charges		**(2.1)**	(1.6)
Dividend paid	7	**(16.3)**	-
Dividend paid to non-controlling interests		**(2.6)**	(1.7)
Proceeds from borrowings		**-**	2.1
Payments of lease liabilities		**(4.3)**	(4.5)
Proceeds from shares issued		**0.6**	0.1
Acquisition of non-controlling interests		**-**	(0.1)
ESOP shares acquired		**(0.1)**	(0.1)
Net cash flow from financing activities		**(24.8)**	(5.8)
Net decrease in cash and cash equivalents		**(18.2)**	(22.0)
Cash and cash equivalents at 1 January		**173.4**	175.7
Net foreign exchange differences		**(2.3)**	5.2
Cash and cash equivalents at 30 June	11	**152.9**	158.9

* *Unaudited*

Notes to the interim financial statements

1 Corporate information

The interim financial statements of Clarkson PLC for the six months ended 30 June 2021 were authorised for issue in accordance with a resolution of the Directors on 6 August 2021. Clarkson PLC is a public limited company, listed on the London Stock Exchange, incorporated and registered in England and Wales and domiciled in the UK.

The interim financial statements do not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. Statutory accounts for the year ended 31 December 2020 were approved by the Board of Directors on 5 March 2021 and delivered to the Registrar of Companies. The Auditors' report on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under section 498 of the Companies Act 2006. The interim financial statements have been reviewed, not audited.

2 Statement of accounting policies

2.1 Basis of preparation

The interim financial statements for the six months ended 30 June 2021 have been prepared in accordance with the Disclosure Guidance and Transparency Rules sourcebook of the Financial Conduct Authority and with IAS 34 'Interim Financial Reporting' as contained in UK-adopted International Accounting Standards ('IAS 34').

The interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2020, which were prepared in accordance with International Financial Reporting Standards (IFRS) and IFRS Interpretations Committee interpretations in conformity with the Companies Act 2006 and pursuant to Regulation (EC) No 1606/2002 as it applies to the European Union. In respect of accounting standards applicable to the Group in the current period, there is no difference between IFRS in conformity with the Companies Act 2006, the UK-adopted IFRS and International Accounting Standards Board (IASB)-adopted IFRS.

The annual financial statements for the year ending 31 December 2021 will be prepared in accordance with IFRS as adopted by the UK Endorsement Board. This change in basis of preparation is required by UK company law for the purposes of financial reporting as a result of the UK's exit from the EU on 31 January 2020 and the cessation of the transition period on 31 December 2020. This change does not constitute a change in accounting policy but rather a change in framework which is required to ground the use of IFRS in company law. There is no impact on recognition, measurement or disclosure between the two frameworks in the period reported.

The Group has considerable financial resources available to it, a strong balance sheet and has consistently generated an underlying operating profit and good cash inflow. As a result of this, the Directors believe that the Group is well placed to manage its business risks successfully, despite the challenging market backdrop created by COVID-19. Management has stress tested a range of scenarios, modelling different assumptions with respect to the Group's cash resources. Areas considered include varying levels of profit and cash generation to reflect a significant impact on world seaborne trade similar to that experienced in the global financial crisis in 2008 and the period thereafter. Under all these scenarios, the Group is able to generate profits and cash, and has positive net funds available to it. Accordingly, the Directors have a reasonable expectation that the Group has sufficient resources to continue in operation for at least the next 12 months. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

The interim consolidated income statement is shown in columnar format to assist with understanding the Group's results by presenting profit for the period before acquisition-related costs; this is referred to as 'underlying profit'. The column 'acquisition-related costs' includes the amortisation of acquired intangible assets and the expensing of the cash and share-based elements of consideration linked to ongoing employment obligations on acquisitions.

2.2 Accounting policies

The accounting policies adopted in the preparation of the interim financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2020, except as described below:

- Taxes on income in the interim period are accrued using the tax rate that would be applicable to expected total annual profit or loss.

A number of amended standards are effective for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards.

As at the date of authorisation of these interim financial statements, a number of amendments to standards and interpretations were in issue but not yet effective. The Group has not applied these standards and interpretations in the preparation of these financial statements and does not expect these to have a material impact on the Group.

2.3 Accounting judgements and estimates

The preparation of the interim financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

In preparing these interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2020, with the exception of changes in estimates that are required in determining the provision for income taxes.

2.4 Seasonality
The Group's activities are not subject to significant seasonal variation.

3 Segmental information

	Revenue		Results	
	2021 £m	2020 £m	**2021 £m**	2020 £m
Broking	**142.7**	147.1	**30.3**	29.4
Financial	**24.7**	13.3	**5.3**	(1.6)
Support	**14.1**	11.5	**1.5**	0.2
Research	**8.6**	8.5	**3.1**	3.1
Segment revenue / underlying profit	**190.1**	180.4	**40.2**	31.1
Head office costs			**(11.9)**	(8.1)
Operating profit before acquisition-related costs			**28.3**	23.0
Acquisition-related costs			**(0.2)**	(0.2)
Operating profit after acquisition-related costs			**28.1**	22.8
Finance income			**1.2**	0.5
Finance costs			**(2.1)**	(2.5)
Other finance income - pensions			**0.1**	0.1
Profit before taxation			**27.3**	20.9
Taxation			**(5.9)**	(4.9)
Profit for the period			**21.4**	16.0

All revenue is generated externally.

4 Acquisition-related costs

Included in acquisition-related costs are cash and share-based payment charges and amortisation of intangible assets of £0.2m (2020: £0.1m) relating to the Martankers acquisition and £nil (2020: £0.1m) relating to previous acquisitions. These are contingent on employees remaining in service and are therefore spread over the service period.

5 Taxation

Income tax expense is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year. The estimated annual tax rate, excluding acquisition-related costs, used for the year to 31 December 2021 is 21.5% (the estimated annual tax rate used for the six months ended 30 June 2020 was 23.2%). The effective tax rate, after acquisition-related costs, is 21.6% (2020: 23.4%).

6 Earnings per share

Basic earnings per share amounts are calculated by dividing profit for the period attributable to ordinary equity holders of the Parent Company by the weighted average number of ordinary shares in issue during the period.

Diluted earnings per share amounts are calculated by dividing profit for the period attributable to ordinary equity holders of the Parent Company by the weighted average number of ordinary shares in issue during the period, plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

The following reflects the income and share data used in the basic and diluted earnings per share computations:

	2021 £m	2020 £m
Underlying profit for the period attributable to ordinary equity holders of the Parent Company	**19.5**	15.6
Reported profit for the period attributable to ordinary equity holders of the Parent Company	**19.3**	15.4

	2021 Million	2020 Million
Weighted average number of ordinary shares – basic	**30.4**	30.3
Weighted average number of ordinary shares – diluted	**30.5**	30.4

7 Dividends

	2021 £m	2020 £m
Declared and paid during the period:		
Final dividend for 2020 of 54p per share	**16.3**	-
Payable (not recognised as a liability at 30 June):		
Interim dividend equivalent to deferred 2019 final dividend of 53p per share	**-**	16.1
Interim dividend for 2021 of 27p per share (2020: 25p per share)	**8.2**	7.6

To enable the business to assess the impact of COVID-19, the 2019 final dividend was deferred from May 2020 and subsequently paid as an interim dividend in September 2020.

8 Intangible assets

Included within Intangible assets is £165.4m (31 December 2020: £166.8m; 30 June 2020: £225.0m) of goodwill, £17.0m (31 December 2020: £15.6m; 30 June 2020: £12.7m) of development costs and £0.4m (31 December 2020: £0.5m; 30 June 2020: £0.7m) of other intangible assets. Where these arose on acquisitions, these are held in the currency of the businesses acquired and are subject to foreign exchange retranslations to the closing rate at each period end.

In light of COVID-19 and the resulting global macro-economic uncertainty, the Board keeps the carrying value of goodwill under constant review. The Board has considered and not identified any indication of impairment of these assets at 30 June 2021. However, in the event that any of the markets in which we operate has a sustained downturn, an impairment of the relevant CGU's goodwill may be required. See note 14 on page 155 of the 2020 annual report for specific sensitivity disclosures, in particular in relation to the Offshore broking and Securities CGUs.

9 Employee benefits

The Group operates three final salary defined benefit pension schemes, being the Clarkson PLC scheme, the Plowrights scheme and the Stewarts scheme.

The following tables summarise amounts recognised in the Consolidated balance sheet and the components of the net benefit charge recognised in the Consolidated income statement.

Recognised in the balance sheet

	30 June 2021 £m	30 June 2020 £m	31 Dec 2020 £m
Fair value of schemes' assets	**197.0**	201.8	204.5
Present value of funded defined benefit obligations	**(170.5)**	(185.1)	(188.6)
	26.5	16.7	15.9
Effect of asset ceiling in relation to the Plowrights scheme	**(5.6)**	(4.7)	(3.9)
Net benefit asset recognised in the balance sheet	**20.9**	12.0	12.0

The above is recognised on the balance sheet as an asset of £24.7m (31 December 2020: £18.1m; 30 June 2020: £18.4m) and a liability of £3.8m (31 December 2020: £6.1m; 30 June 2020: £6.4m). A deferred tax asset on the benefit liability amounting to £1.1m (31 December 2020: £1.2m; 30 June 2020: £1.2m) and a deferred tax liability on the benefit asset of £6.2m (31 December 2020: £3.4m; 30 June 2020: £3.5m) is also recognised on the balance sheet.

Recognised in the income statement

	2021 £m	2020 £m
Recognised in other finance income – pensions:		
Expected return on schemes' assets	**1.4**	2.0
Interest cost on benefit obligation and asset ceiling	**(1.3)**	(1.9)
Recognised in administrative expenses:		
Scheme administrative expenses	**(0.1)**	(0.2)
Net benefit charge recognised in the income statement	**-**	(0.1)

10 Investments

Included within current investments are deposits totalling £2.8m (31 December 2020: £22.8m; 30 June 2020: £1.8m) with maturity periods greater than three months. Also included is £1.2m (31 December 2020: £8.3m; 30 June 2020: £12.6m) relating to the convertible bonds business within the Financial segment. In order to hedge against price movements of the equity portion of these investments, the Group has short-sold related equity securities. The £0.4m balance as at 30 June 2021 (31 December 2020: £2.8m; 30 June 2020: £2.8m) is shown under trade and other payables.

11 Cash and cash equivalents

	30 June 2021 £m	30 June 2020 £m	31 Dec 2020 £m
Cash at bank and in hand	**151.9**	157.1	172.4
Short-term deposits	**1.0**	1.8	1.0
	152.9	158.9	173.4

Net available funds, after deducting amounts accrued for performance-related bonuses but including current investments, amounted to £87.3m (31 December 2020: £95.4m; 30 June 2020: £100.3m). Free cash resources, being net available funds less monies held by regulated entities at 30 June 2021 were £73.9m (31 December 2020: £81.1m; 30 June 2020: £88.8m).

12 Share capital

	30 June 2021 Million	30 June 2020 Million	31 Dec 2020 Million	**30 June 2021 £m**	30 June 2020 £m	31 Dec 2020 £m
Ordinary shares of 25p each, issued and fully paid	**30.4**	30.4	30.4	**7.6**	7.6	7.6

13 Contingencies

From time to time, the Group is engaged in litigation in the ordinary course of business. The Group carries professional indemnity insurance. There is currently no litigation expected to have a material adverse financial impact on the Group's consolidated results or net assets.

14 Principal risks and uncertainties

The Directors consider that the nature of the principal risks and uncertainties which may have a material effect on the Group's performance in the second half of the year is little changed from those identified in the risk management section of the 2020 annual report on pages 73 to 77. The principal risks are loss of key personnel – Board members, economic factors, cyber risk and data security, loss of key personnel – normal course of business, adverse movements in foreign exchange, financial loss arising from failure of a client to meet its obligations, breaches in rules and regulations and changes in the broking industry. Note 28 of the 2020 annual report sets out the financial risk management objectives and policies of the Group. These are also unchanged from the year-end.

Previous analysis considered climate change as part of the overall risk assessment, however this is now recognised as a risk due to increased interest by shareholders and investors. Further information will be included in the 2021 annual report.

15 Financial instruments

IFRS 13 requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2); and
- inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the Group's assets and liabilities that are measured at fair value.

	30 Jun 2021		30 Jun 2020		31 Dec 2020	
	Assets £m	**Liabilities £m**	Assets £m	Liabilities £m	Assets £m	Liabilities £m
Investments at fair value through profit or loss (FVPL) – Level 1	**0.8**	**-**	0.4	-	0.5	-
Investments at fair value through profit or loss (FVPL) – Level 2	**1.7**	**-**	13.1	-	9.0	-
Investments at fair value through other comprehensive income (FVOCI) – Level 3	**-**	**-**	3.8	-	1.7	-
Foreign currency contracts – Level 2	**4.0**	**-**	0.7	1.5	4.6	-
Other payables – Level 1	**-**	**0.4**	-	2.8	-	2.8
	6.5	**0.4**	18.0	4.3	15.8	2.8

The method for determining the hierarchy and fair value is consistent with that used at the year-end, see note 29 on page 170 of the 2020 Annual Report.. The fair values of financial instruments that are held at amortised cost are not materially different from their carrying amounts.

Net losses on level 3 instruments, being financial assets at fair value through other comprehensive income, were £1.7m (31 December 2020: £2.1m; 30 June 2020: £nil). These losses are recognised in other comprehensive income and are the only movement between the opening balance of £1.7m (31 December 2020: £3.8m; 30 June 2020: £3.8m) and the closing balance of £nil (31 December 2020: £1.7m; 30 June 2020: £3.8m).

16 Related party disclosures

The Group's significant related parties are as disclosed in the 2020 annual report. There were no material differences in related parties or related party transactions in the period ended 30 June 2021.