Financial results

Jeff Woyda
Chief Financial Officer and Chief Operating Officer
## Results summary

To 30 June

<table>
<thead>
<tr>
<th></th>
<th>2022 £m</th>
<th>2021 £m</th>
<th>Change (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>266.7</td>
<td>190.1</td>
<td>+40.3%</td>
</tr>
<tr>
<td>Underlying profit before taxation (Before acquisition related costs)</td>
<td>42.2</td>
<td>27.5</td>
<td>+53.5%</td>
</tr>
<tr>
<td>Acquisition related costs</td>
<td>(0.2)</td>
<td>(0.2)</td>
<td></td>
</tr>
<tr>
<td>Profit/(loss) before taxation (after acquisition related costs)</td>
<td>42.0</td>
<td>27.3</td>
<td>+53.8%</td>
</tr>
<tr>
<td>Underlying earnings per share (Before acquisition related costs)</td>
<td>98.9p</td>
<td>64.0p</td>
<td>+54.5%</td>
</tr>
</tbody>
</table>
## Segmental performance

### Revenue, profit and margin

<table>
<thead>
<tr>
<th>Segment</th>
<th>Revenue 2022 £m</th>
<th>Revenue 2021 £m</th>
<th>Profit 2022 £m</th>
<th>Profit 2021 £m</th>
<th>Margin 2022</th>
<th>Margin 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Broking</td>
<td>211.2</td>
<td>142.7</td>
<td>47.0</td>
<td>30.3</td>
<td>22.3%</td>
<td>21.2%</td>
</tr>
<tr>
<td>Financial</td>
<td>27.6</td>
<td>24.7</td>
<td>5.7</td>
<td>5.3</td>
<td>20.7%</td>
<td>21.5%</td>
</tr>
<tr>
<td>Support</td>
<td>18.3</td>
<td>14.1</td>
<td>2.0</td>
<td>1.5</td>
<td>10.9%</td>
<td>10.6%</td>
</tr>
<tr>
<td>Research</td>
<td>9.6</td>
<td>8.6</td>
<td>3.4</td>
<td>3.1</td>
<td>35.4%</td>
<td>36.0%</td>
</tr>
</tbody>
</table>
GBP 1 is worth the following in USD

<table>
<thead>
<tr>
<th>Arithmetic average for the half year to June</th>
<th>2022</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1.2858</td>
<td>1.3911</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Spot rate at 30 June</th>
<th>2022</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1.2172</td>
<td>1.3814</td>
</tr>
</tbody>
</table>
## Sea/ related IT costs

to 30 June

<table>
<thead>
<tr>
<th>Items taken to income statement</th>
<th>Jun 2022 £m</th>
<th>Jun 2021 £m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non capitalized items (Sea/ only)</td>
<td>(4.0)</td>
<td>(5.9)</td>
</tr>
<tr>
<td>Amortisation</td>
<td>(1.9)</td>
<td>(0.3)</td>
</tr>
</tbody>
</table>

| | 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 CO2
## Balance sheet

At 30 June

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

<table>
<thead>
<tr>
<th></th>
<th>30 June 2022 £m</th>
<th>31 December 2021 £m</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash and cash equivalents</strong></td>
<td>231.6</td>
<td>261.6</td>
</tr>
<tr>
<td><strong>Interest-bearing loans and borrowing</strong></td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Current investment deposits</strong></td>
<td>5.4</td>
<td>9.6</td>
</tr>
<tr>
<td><strong>Net cash equivalents</strong></td>
<td>237.0</td>
<td>271.2</td>
</tr>
<tr>
<td><strong>Reserved for bonus (full cost)</strong></td>
<td>(111.2)</td>
<td>(148.9)</td>
</tr>
<tr>
<td><strong>Net available funds</strong></td>
<td>125.8</td>
<td>122.3</td>
</tr>
<tr>
<td><strong>Held by regulatory businesses</strong></td>
<td>(23.3)</td>
<td>(30.0)</td>
</tr>
<tr>
<td><strong>Free cash resources</strong></td>
<td>102.5</td>
<td>92.3</td>
</tr>
</tbody>
</table>
### Movement in free cash resources

1 January 2022 to 30 June 2022

<table>
<thead>
<tr>
<th>Description</th>
<th>January 2022</th>
<th>June 2022</th>
<th>Movement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Free cash resources Dec 21</td>
<td>92.3</td>
<td>75.1</td>
<td>(17.2)</td>
</tr>
<tr>
<td>Final 2021 dividend</td>
<td>(15.6)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Free cash resources after dividend</td>
<td>(7.3)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating profit</td>
<td>42.6</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Working capital</td>
<td>(2.8)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Taxation</td>
<td>(1.1)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dividends paid to non-controlling</td>
<td>(1.7)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>interests</td>
<td>(0.1)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capitalised development costs</td>
<td>6.7</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capex</td>
<td>6.7</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net purchase of investments</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other (Fx on cash)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Movement in net funds of regulated</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>entities</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Free cash resources Jun 22</td>
<td>102.5</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Dividend history

20 years of progressive dividend

Interim  Final  Deferred 2019 final dividend paid as 2020 interim dividend
Markets

Andi Case
Chief Executive Officer
Where are we in the cycle?

Timeline of each cycle not defined and varies
Strong Covid-19 recovery, growth now slowing in 2022 on macroeconomic headwinds…

Source: Clarksons Research.

Global Seaborne Trade, bn tonnes
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
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

July 2022: 116 yards

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

Crude oil and gasoil/diesel trade routes

- Russian Baltic to NW Europe
- Russian Black Sea to Mediterranean
- Middle East Gulf to Europe
- US Gulf to Europe
- West Africa to Europe
- South America to Europe

Crude oil trade routes

- Russian Baltic to NW Europe
- Russian Black Sea to Mediterranean
- Middle East Gulf to Europe
- US Gulf to Europe
- West Africa to Europe
- South America to Europe

Nautical Miles

Source: Clarksons
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.

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

Security of energy supply moving rapidly up the agenda with Russia-Ukraine conflict...
LPG Trade continues to rise

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

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**

**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

---

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

Data Source: Clarksons Research Services Ltd; Clarksons Offshore & Renewables
Congestion has had a major impact over the last year or so; will likely take some time to unwind fully...

---

**Congestion Remains Elevated**

Containership Congestion Index*, % TEU

- Jul-22 peak: +7% vs pre-Covid average

---

Bulkcarrier Congestion Index^, % dwt

- Feb-22 peak: +6% vs pre-Covid average

---

Car Carrier Congestion Index", % CEU

- Apr-22 peak: +6% vs pre-Covid average

---

**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

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.

January 2021 to date
Increase of 173% to Europe & 112% to US

S.Korea - ARA 5,000 mts
Singapore - ARA 5,000 mts
Singapore - USG 5,000 mts
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

Grain & Coal Tonnemile % Change y/y

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…

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.

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 19th 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.
Inclusion of shipping in ETS could generate potentially significant additional voyage costs

European Climate Exchange EUA Nearest December Futures Price, Weekly Avg

- End Jan 2022: EUAs rose >$100/t as gas to coal switching for power generation amid soaring gas prices led to higher emissions demand for permits.
- 2021: EUA prices rose by 124% across the year to c.€79/t (c.$90/t) at end December, buoyed by policy support from EU climate goals and increased investor demand – 15.2bn t CO₂ traded via the EU ETS in 2021 (vs. 12.2bn t in 2020).
- Post Ukraine Invasion: Sharp correction in prices as investors exited positions amid energy price spikes. Prices have since rebounded and stabilized at c.$90/t.

% Sector Port Calls In EU*, GT, 2021

Potential Additional Costs ‘in EU’, $/day

<table>
<thead>
<tr>
<th>Ship Type</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>c.23,000 TEU Boxship</td>
<td>$24,756</td>
</tr>
<tr>
<td>VLCC</td>
<td>$15,709</td>
</tr>
<tr>
<td>VLCC (Eco)</td>
<td>$12,124</td>
</tr>
<tr>
<td>Capesize</td>
<td>$9,637</td>
</tr>
<tr>
<td>Capesize (Eco)</td>
<td>$7,341</td>
</tr>
<tr>
<td>MR</td>
<td>$6,372</td>
</tr>
<tr>
<td>MR (Eco)</td>
<td>$4,413</td>
</tr>
</tbody>
</table>

Estimates basis potential additional daily cost of CO₂ emission allowances of operating within the EU, basis latest CO₂ 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.

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

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.
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: Clarkson’s 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
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

Company
Forward order book
Evolving through the year

Cash generation and debt free
Progressive dividend policy in 20th year

CLARKSON PLC

Results Presentation | 30 June 2022
Andi Case & Jeff Wayda | 8 August 2022
Thank you

Commodity Quay
St. Katharine Docks
London, E1W 1BF
UK

www.clarksons.com
The material and the information (including, without limitation, any future rates and/or forward looking predictions) contained herein (together, the "Information") are provided by Clarkson PLC (Clarksons) for general guide.

The Information is provided on 'as is' and 'as available' basis. Clarksons and all its Group companies make no representations or warranties of any kind, express or implied about the completeness, accuracy, reliability, suitability or availability with respect to the Information. Any reliance placed on such Information is therefore strictly at the recipient's own risk and no responsibility is accepted for any loss or damage howsoever arising. Please note that future rates and/or forward looking predictions are for illustration purposes only and given without guarantee; the ultimate outcome may be different.

This Information is not for reproduction or distribution without Clarksons’ prior written consent. Especially, the Information is not to be used in any document for the purposes of raising finance whether by way of debt or equity. All intellectual property rights are fully reserved by Clarksons, its Group companies and/or its licensors.

This disclaimer shall be governed by and construed in accordance with English law.

Commodity Quay, St. Katharine Docks, London, UK, E1W 1BF