

Interim Results Presentation

30 June 2021

Andi Case and Jeff Woyda
9 August 2021



Clarkson PLC



Agenda

1 Financial results

2 Markets

3 Outlook



Financial results

Jeff Woyda
Chief Financial Officer &
Chief Operating Officer



Results summary to 30 June

	2021 £m	2020 £m	
Revenue	190.1	180.4	+5.4%
Underlying profit before taxation (Before acquisition-related costs)	27.5	21.1	+30.3%
Acquisition-related costs	(0.2)	(0.2)	
Profit before taxation (After acquisition-related costs)	27.3	20.9	+30.6%
Underlying earnings per share (Before acquisition-related costs)	64.0p	51.4p	+24.5%
Earnings per share (After acquisition-related costs)	63.5p	50.6p	+25.5%

Segmental performance

Revenue, profit and margin to 30 June

	Revenue 2021 £m	Revenue 2020 £m	Profit 2021 £m	Profit 2020 £m	Margin 2021	Margin 2020
Broking	142.7	147.1	30.3	29.4	21.2%	20.0%
Financial	24.7	13.3	5.3	(1.6)	21.5%	n/a
Support	14.1	11.5	1.5	0.2	10.6%	1.7%
Research	8.6	8.5	3.1	3.1	36.0%	36.5%

Segmental performance

Revenue, profit and margin to 30 June

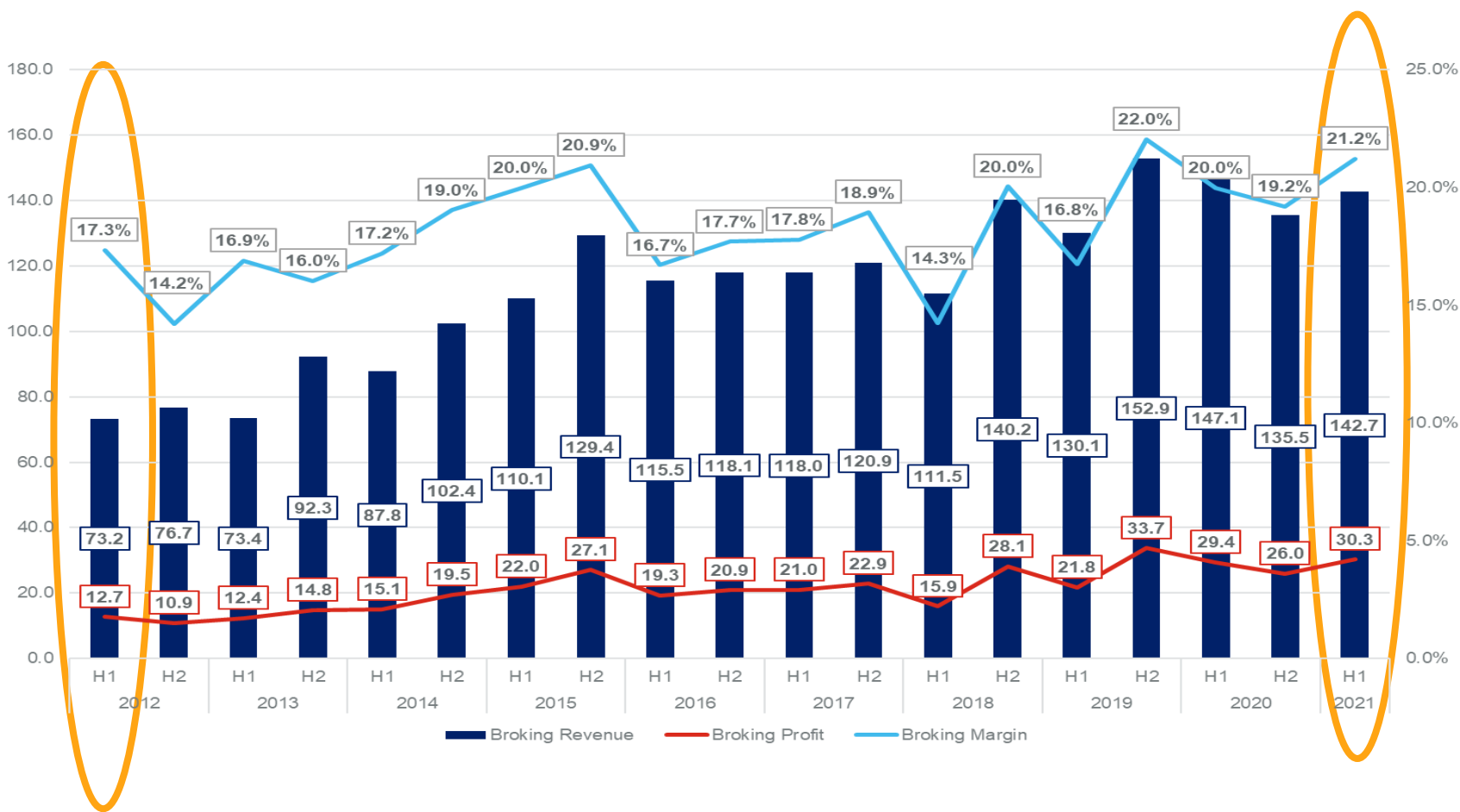
	Revenue 2021 US\$m	<i>Revenue 2020 (Decrease) US\$m</i>	<i>Increase/ (Decrease) US\$m</i>	Reported Revenue 2021 £m	<i>Reported Revenue 2020 £m</i>	Reported Increase/ (Decrease) £m	Reported Profit 2021 £m	<i>Reported Profit 2020 £m</i>	Reported Increase/ (Decrease) £m	Margin 2021	<i>Margin 2020</i>
Broking	197.6	<i>184.1</i>	<i>13.5</i>	142.7	<i>147.1</i>	(4.4)	30.3	<i>29.4</i>	0.9	21.2%	<i>20.0%</i>
Financial	34.4	<i>16.8</i>	<i>17.6</i>	24.7	<i>13.3</i>	11.4	5.3	<i>(1.6)</i>	6.9	21.5%	<i>n/a</i>
USD Spot				<i>1.3814</i>	<i>1.2356</i>		<i>1.3814</i>	<i>1.2356</i>		<i>1.3814</i>	<i>1.2356</i>
USD Average				<i>1.3911</i>	<i>1.2615</i>		<i>1.3911</i>	<i>1.2615</i>		<i>1.3911</i>	<i>1.2615</i>

Segmental performance

Revenue, profit and margin to 30 June

	Revenue 2021 US\$m	Revenue 2020 (Decrease) US\$m	Increase/ (Decrease) US\$m	Reported Revenue 2021 £m	Constant Currency Revenue 2021 £m	Reported Revenue 2020 £m	Constant Currency Increase/ (Decrease) £m	Reported Increase/ (Decrease) £m	Reported Profit 2021 £m	Constant Currency Profit 2021 £m	Reported Profit 2020 £m	Constant Currency Increase/ (Decrease) £m	Reported Increase/ (Decrease) £m	Margin 2021	Constant Currency Margin 2021	Margin 2020
Broking	197.6	184.1	13.5	142.7	155.9	147.1	8.8	(4.4)	30.3	35.0	29.4	5.6	0.9	21.2%	22.4%	20.0%
Financial	34.4	16.8	17.6	24.7	26.9	13.3	13.6	11.4	5.3	6.2	(1.6)	7.8	6.9	21.5%	23.1%	n/a
USD Spot				1.3814	1.2356	1.2356			1.3814	1.2356	1.2356			1.3814	1.2356	1.2356
USD Average				1.3911	1.2615	1.2615			1.3911	1.2615	1.2615			1.3911	1.2615	1.2615

Broking 10-year trend



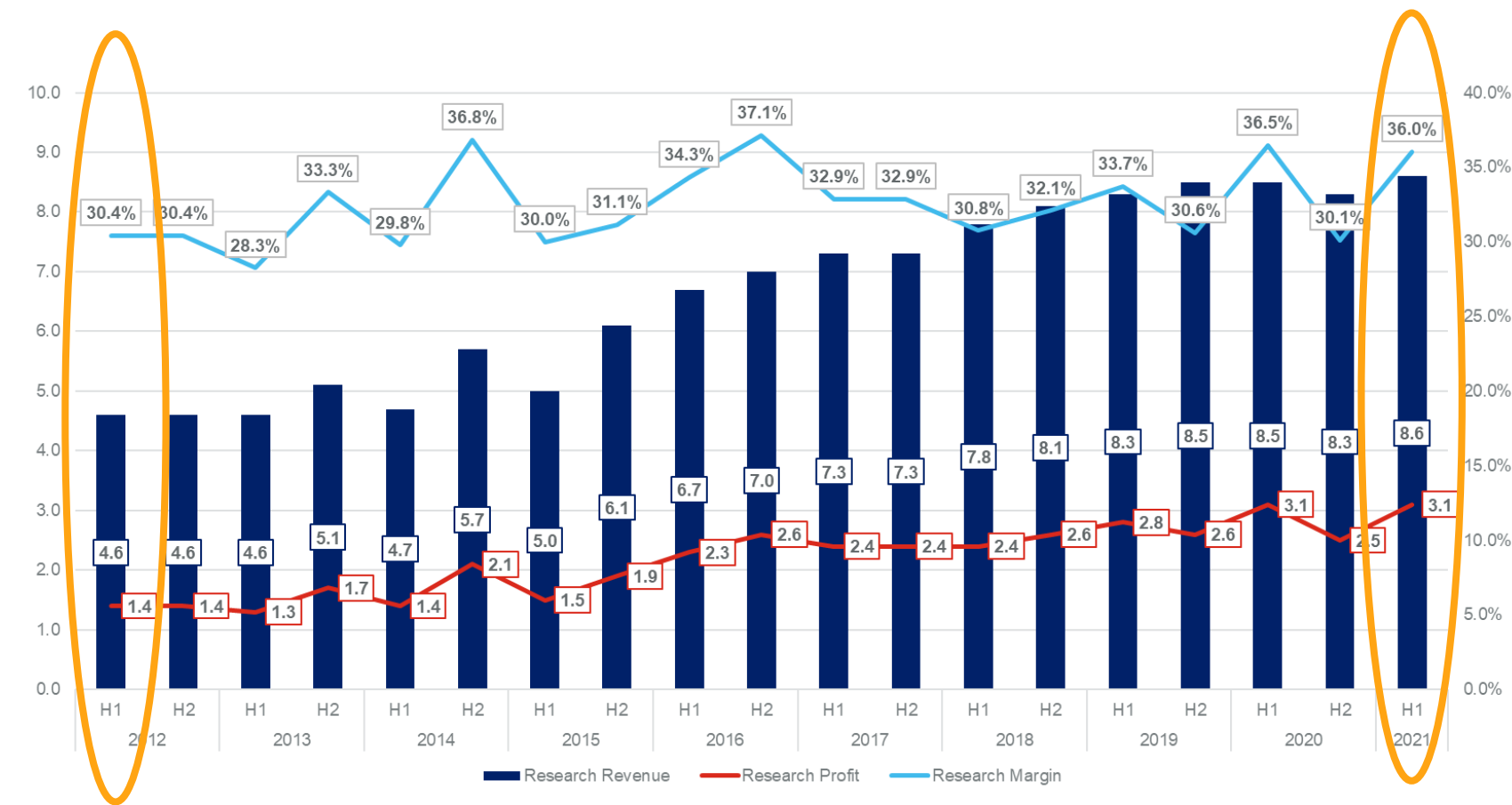
Revenue growth +95%

Profit growth +139%

Margin growth

Consistency of performance

Research 10-year trend



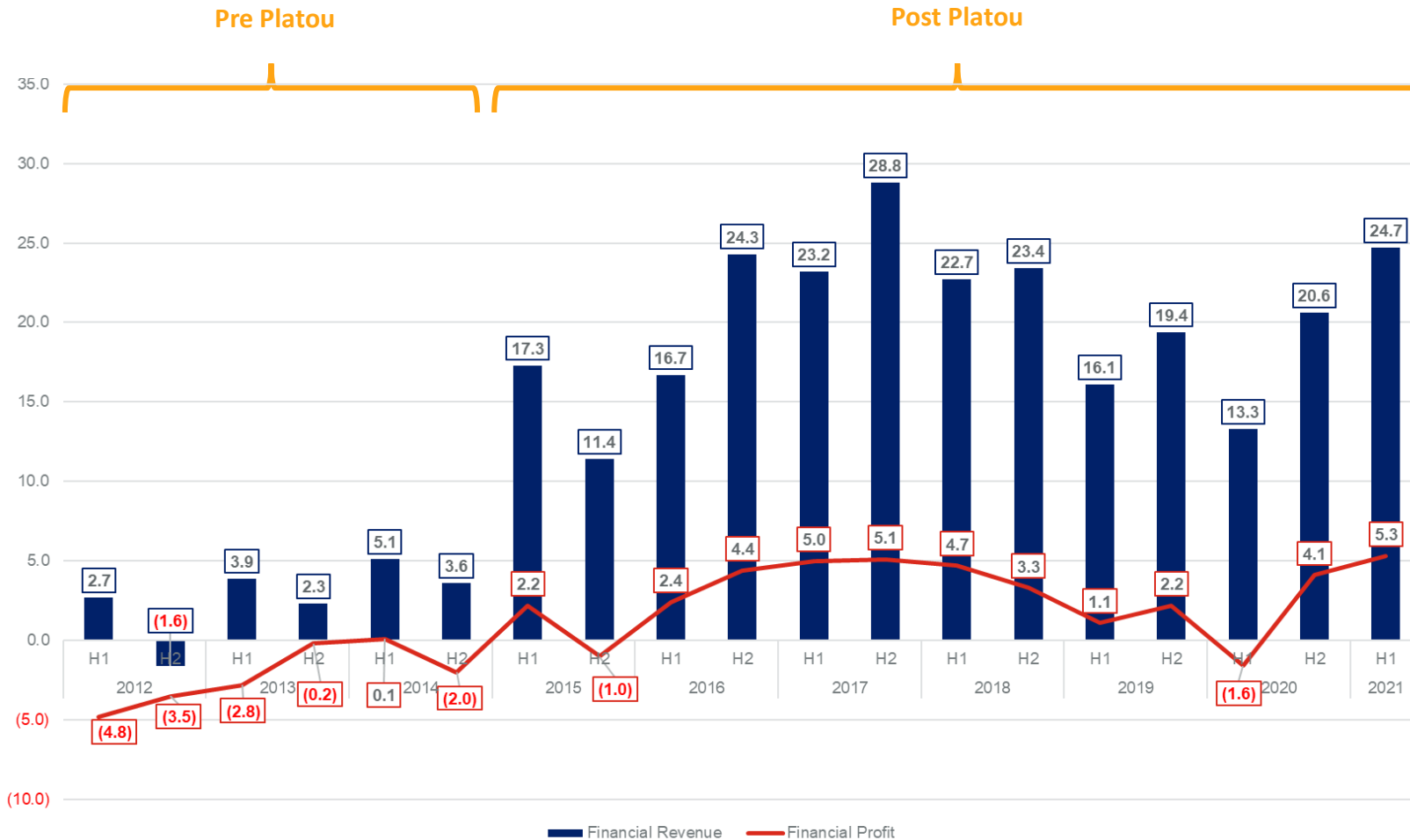
Revenue growth +87%

Profit growth +121%

Margin growth

Consistency of performance

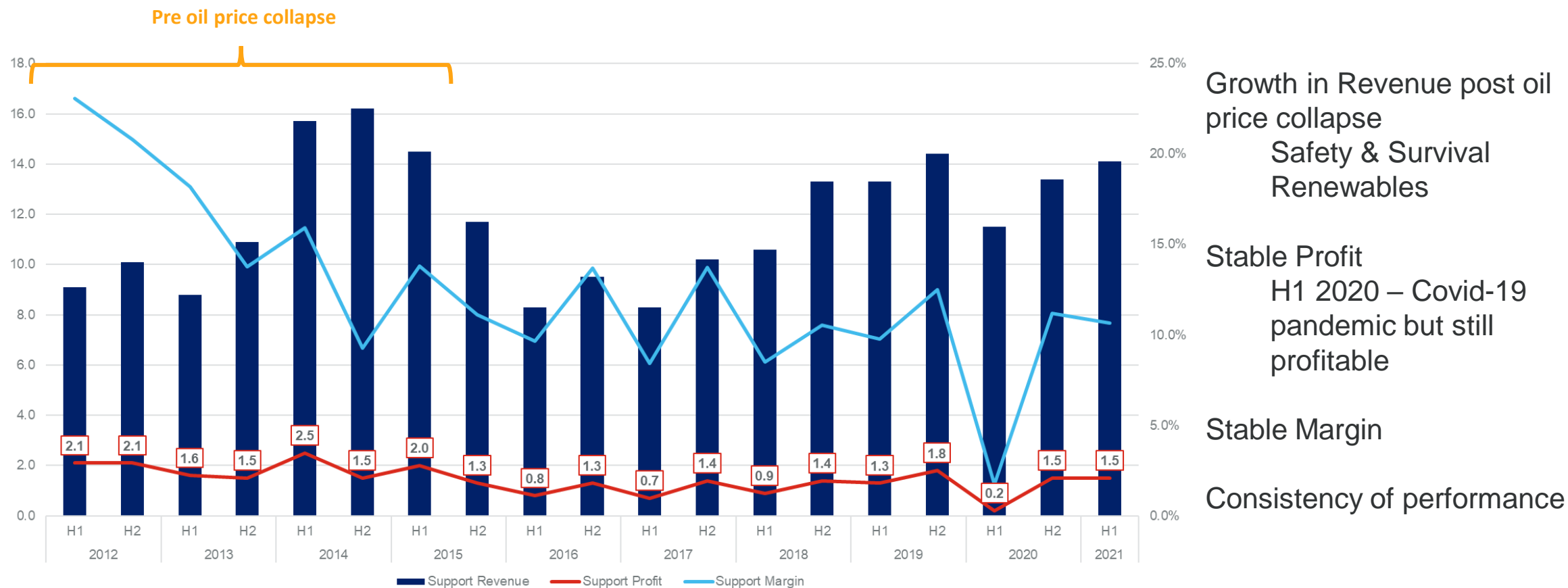
Financial 10-year trend



- Growth in Revenue post Platou
- Profitable except H2 2015 & H1 2020
- Sustainable business
- Full capability to service client need

Support

10-year trend



Balance sheet

	Dec 2017 £m	Dec 2018 £m	Dec 2019 £m	Dec 2020 £m	Jun 2021 £m
Tangible fixed assets	33.3	29.3	28.9	28.6	26.7
Intangible fixed assets (software only)	1.5	5.4	9.9	15.6	17.0
Investments (relating to convertible bonds)	—	6.7	6.7	5.5	0.8
Investments (other)	4.9	4.8	4.8	2.9	1.3
	39.7	46.2	50.3	52.6	45.8
Working capital	8.8	18.9	14.0	10.4	30.6
Net available funds	79.1	73.4	84.7	95.4	87.3
	87.9	92.3	98.7	105.8	117.9
Pensions	12.3	14.0	11.0	12.0	20.9
Deferred tax	4.6	2.2	3.1	1.8	(2.6)
Leases	(9.2)	(8.1)	(10.8)	(11.1)	(10.4)
Net assets before intangibles	135.3	146.6	152.3	161.1	171.6
Intangibles (excluding software above)	288.1	288.0	228.3	167.3	165.8
Net assets	423.4	434.6	380.6	328.4	337.4

Sea/ related IT costs

	30 June 2021 £m		30 June 2020 £m
Items taken to Income Statement			
Non capitalised items (Sea/ only)	(5.9)		(3.8)
Amortisation	(0.3)		(0.2)
	30 June 2021 £m	31 Dec 2020 £m	30 June 2020 £m
Software-related intangible asset as at 1 January	15.6	9.8	9.8
Additions	1.7	6.3	3.1
Amortisation	(0.3)	(0.5)	(0.2)
Software-related intangible asset as at 30 Jun / 31 Dec	17.0	15.6	12.7

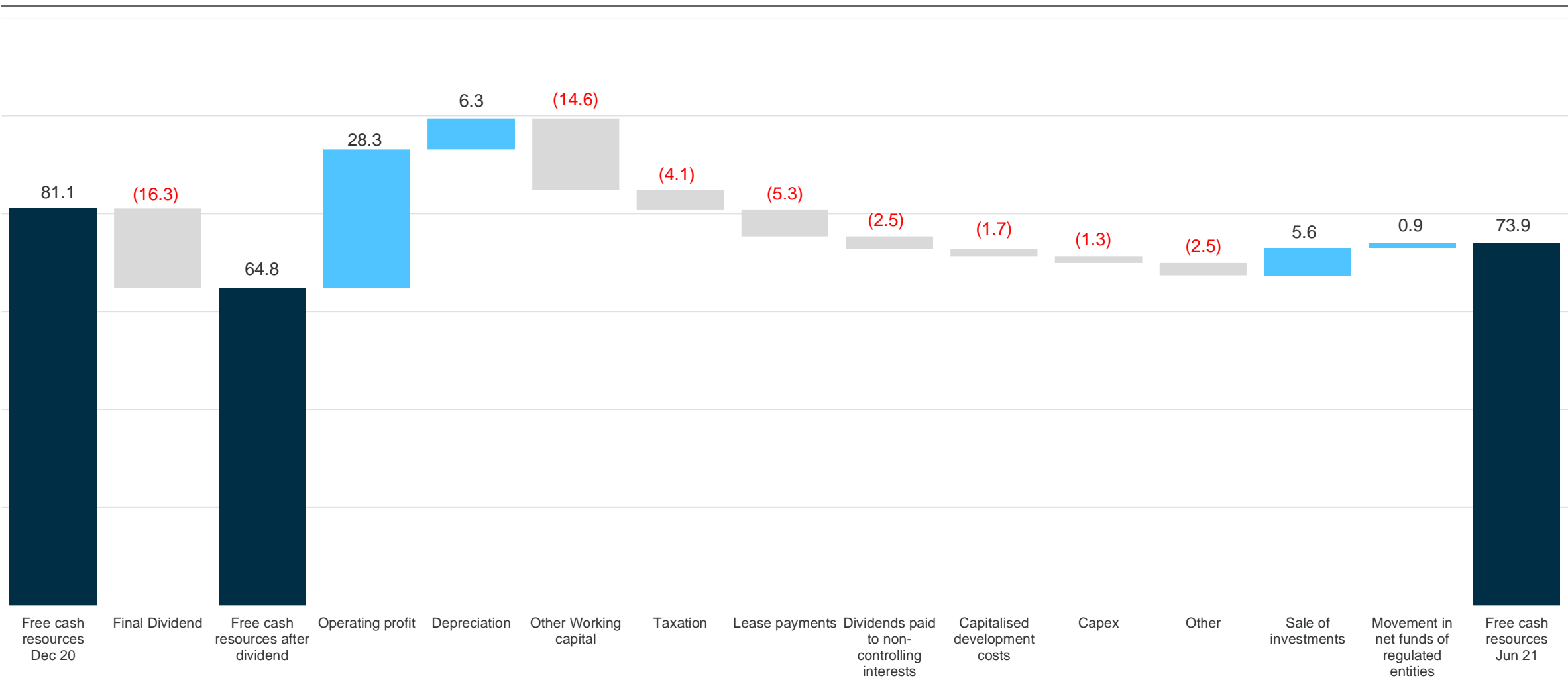
Trade Debtors

	30 Jun 2021 £m	31 Dec 2020 £m	Increase/ (Decrease)
0-3 months	63.6	51.5	12.1
3-12 months	10.2	8.7	1.5
	73.8	60.2	13.6

Net available funds and free cash resources

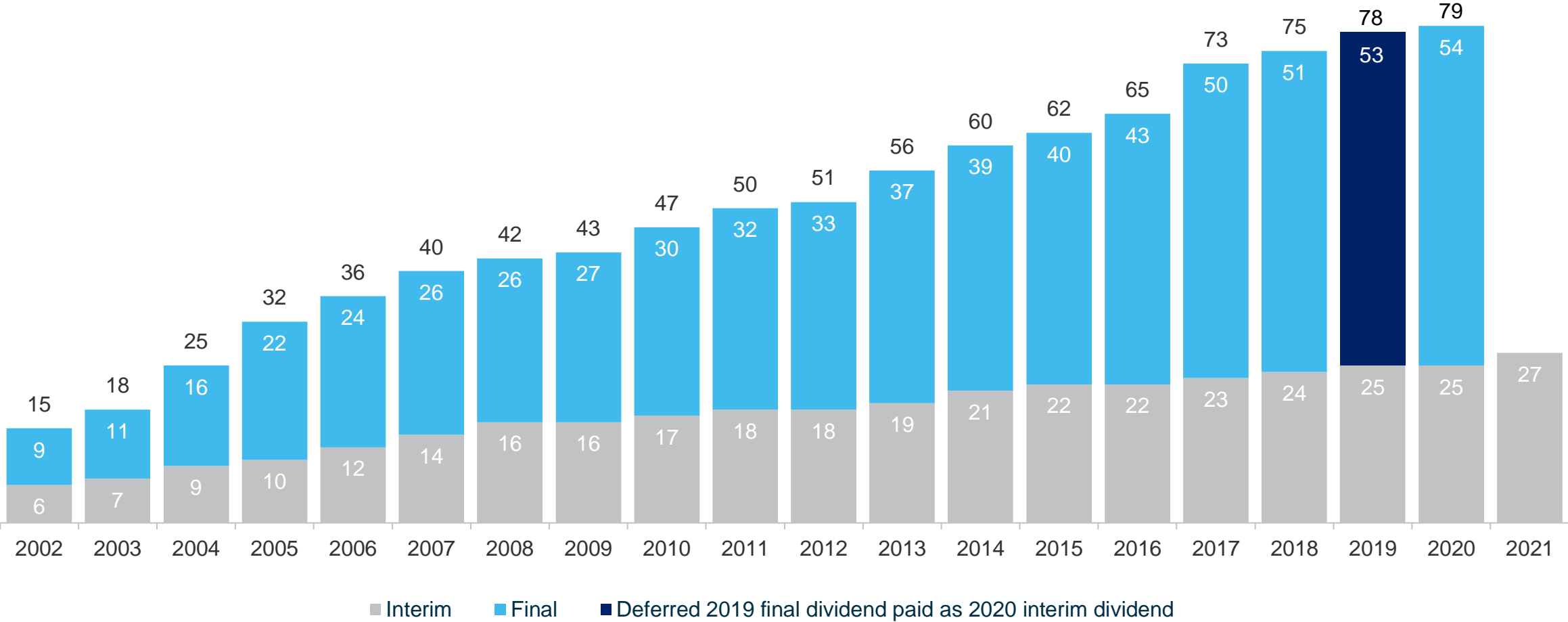
	30 June 2021 £m	31 Dec 2020 £m	Increase/ (Decrease) £m
Cash and cash equivalents	152.9	173.4	(20.5)
Interest-bearing loans and borrowings	-	(0.1)	0.1
Current investment deposits	2.8	22.8	(20.0)
Net cash equivalents	155.7	196.1	(40.4)
Reserved for bonus (full cost)	(68.4)	(100.7)	32.3
Net available funds	87.3	95.4	(8.1)
Held by regulatory businesses	(13.4)	(14.3)	0.9
Free cash resources	73.9	81.1	(7.2)

Movement in free cash resources



Dividend history

18 years of progressive dividend...

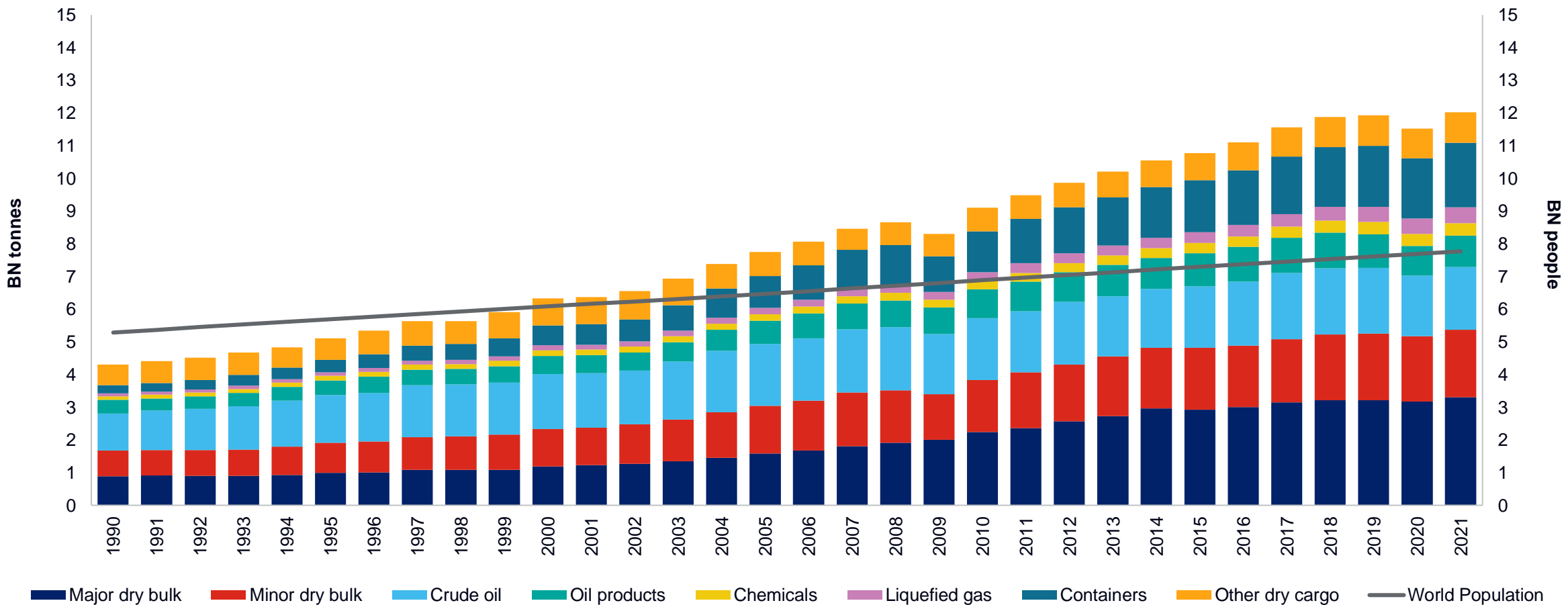


Markets

Andi Case Chief Executive Officer



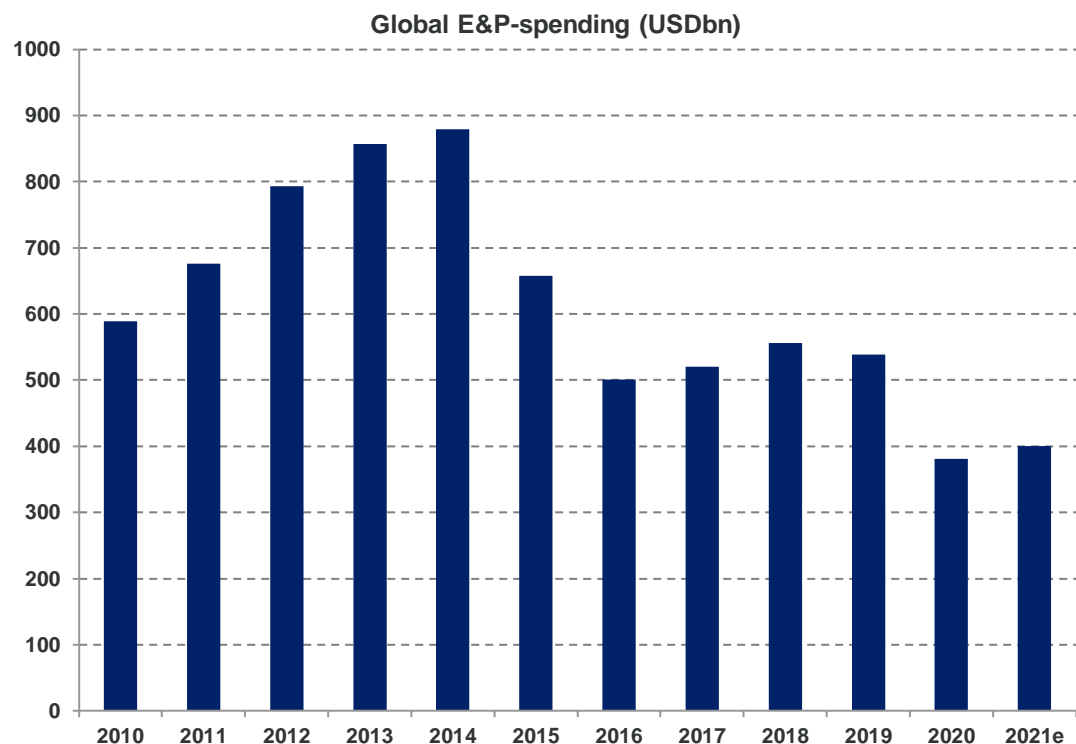
World Seaborne Trade & Population Growth



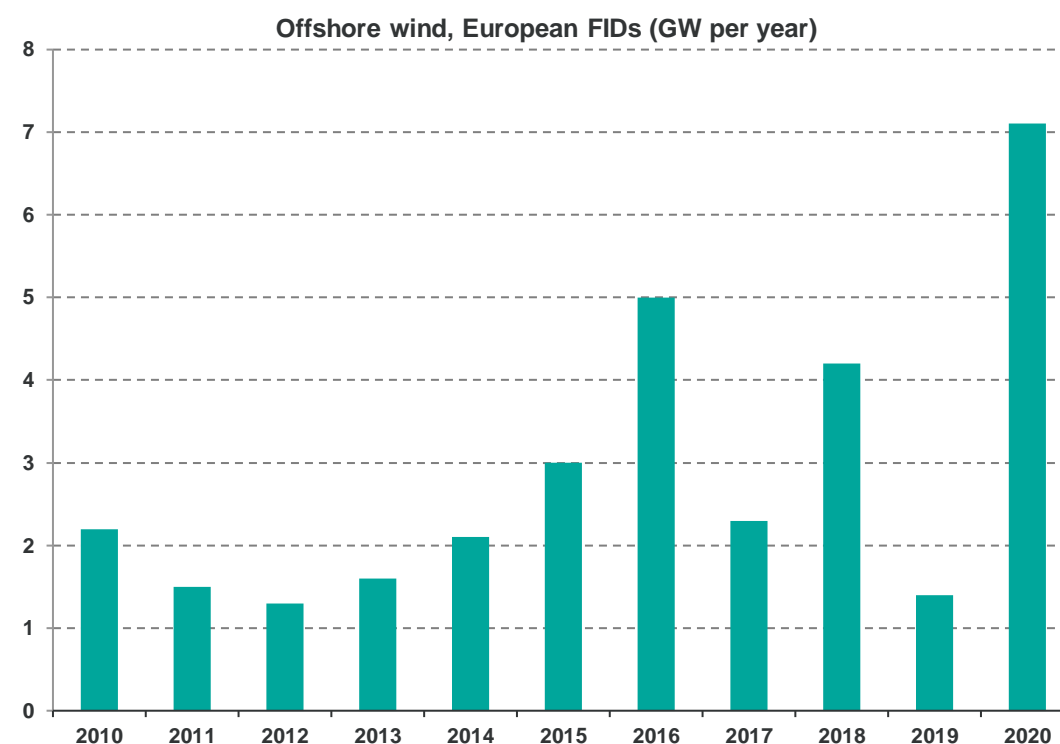
Source: Clarksons/US Census Bureau

Offshore and Renewables: Improving market conditions in Offshore Oil & Gas and full speed ahead within Renewables

Starting to see market improvement in O&G despite flat E&P-spending

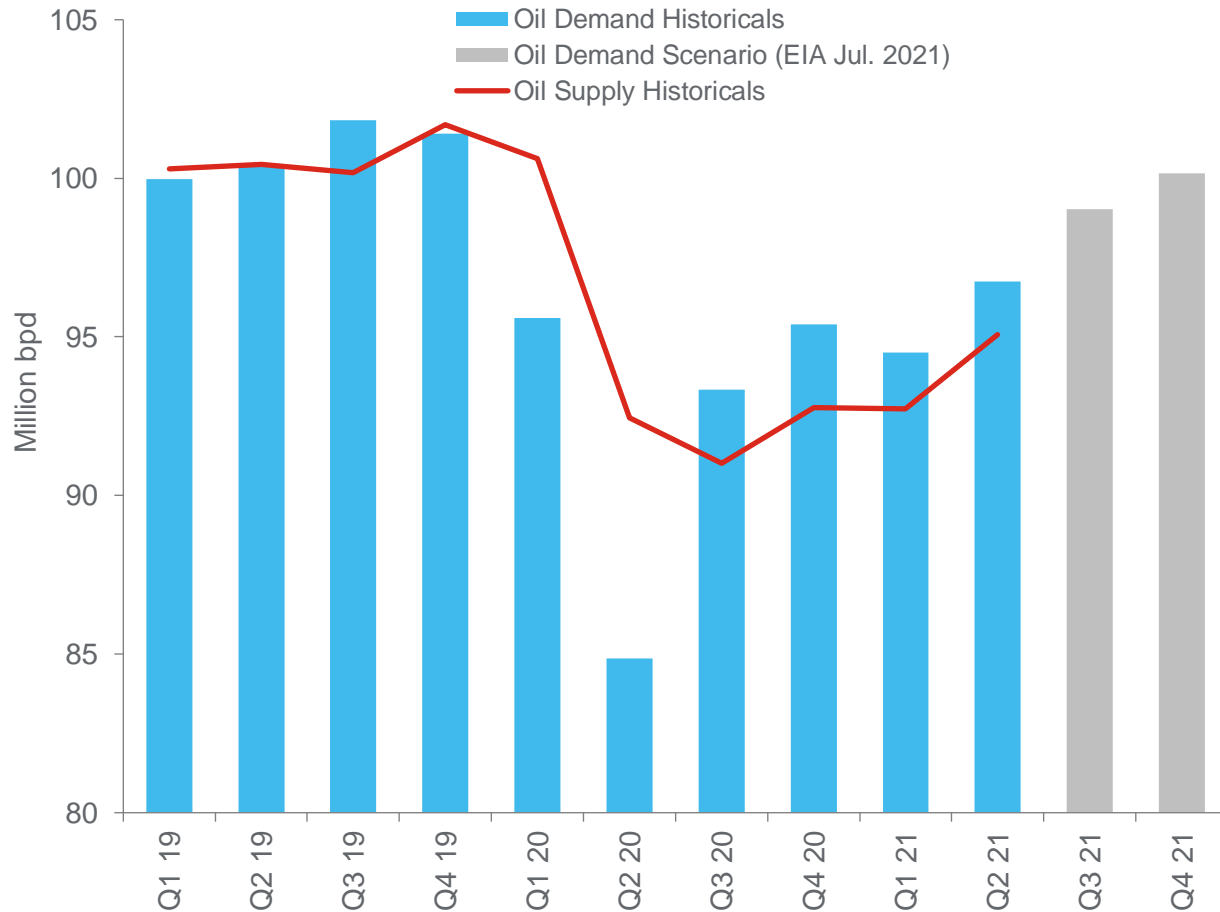


Offshore Renewables/Wind continues to see full speed ahead



Source: Rystad Energy; Clarksons Research Limited; Clarksons Platou Offshore

Tanker Market Recovery

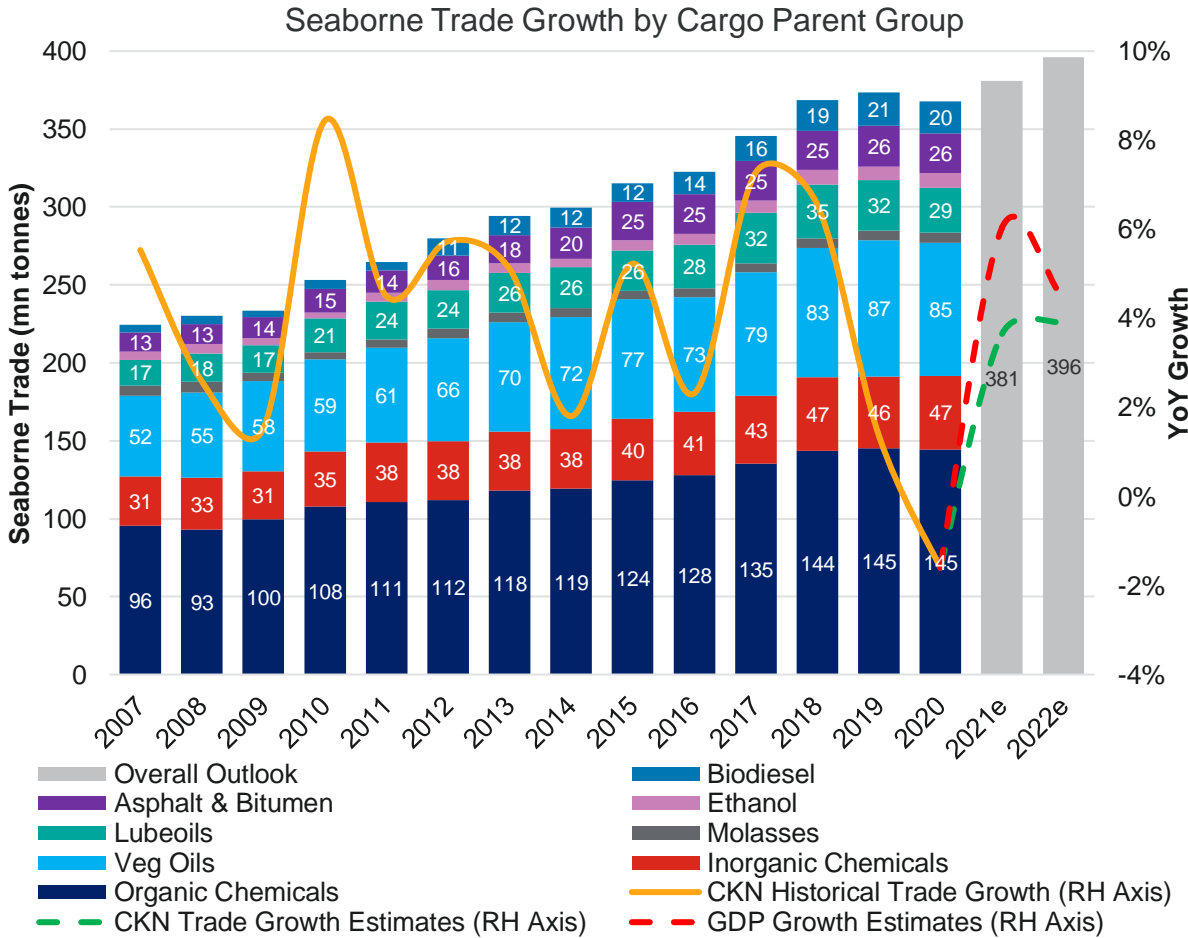
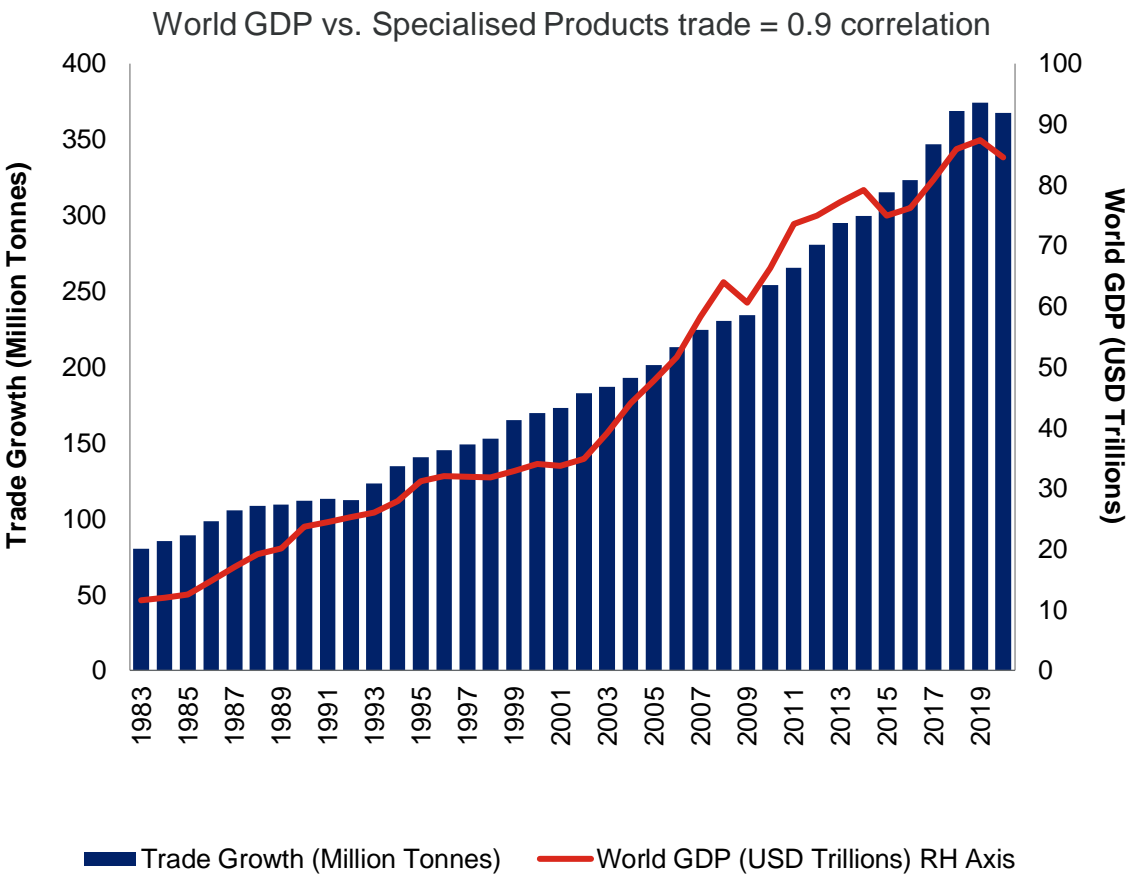


- Oil demand, oil supply and refinery runs projected to recover strongly in 2nd half of 2021, driving a rebound in tanker demand.
- Recently agreed OPEC+ plan allows for 400k bpd increases in group supply per month going forwards.
- Newbuilding deliveries set to remain modest (below the 25-year average).
- High scrap prices and fleet demographics point to potential for further increase in vessels being sold for recycling.

Source: Clarksons / U.S. Energy Information Administration (Jul. 2021)

Specialised Products Seaborne Trade Development

Trade Growth Contracted in 2020 Due to COVID-19 but at a Lower Rate than Expected, Recovery Due 2H 2021

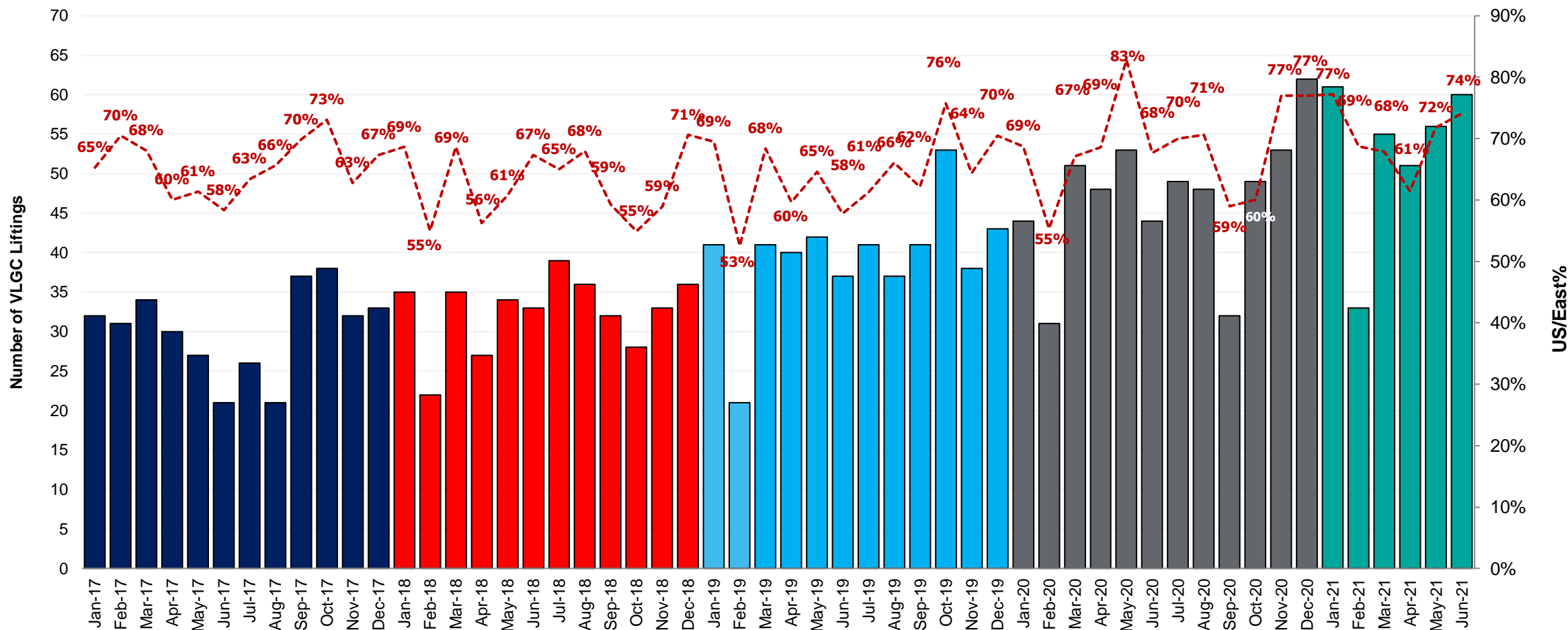


Data Source: Clarksons Platou

The number of VLGC liftings into the East accelerated October onwards



Despite some fluctuation in 2021, US/East movements comprised 70% of total VLGC liftings ex US (vs. 69% in 2020)

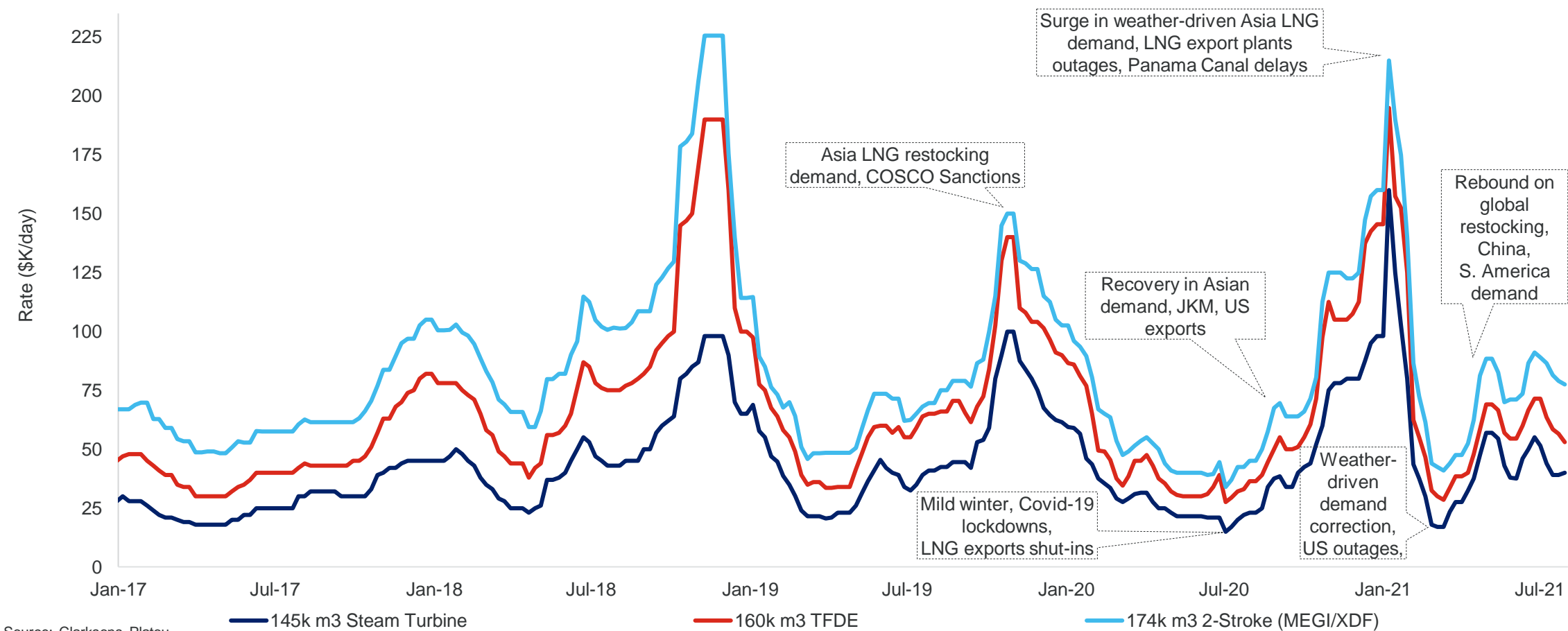


Source: Clarksons | Provisional numbers subject to change

*VLGC liftings from 2017 onwards are based on the number of vessels that departed a U.S. port within the specified month.

The spot LNG freight market on a year-long rollercoaster ride

Rates recovery driven by improved economics for US LNG exports on long-haul voyages to Asia

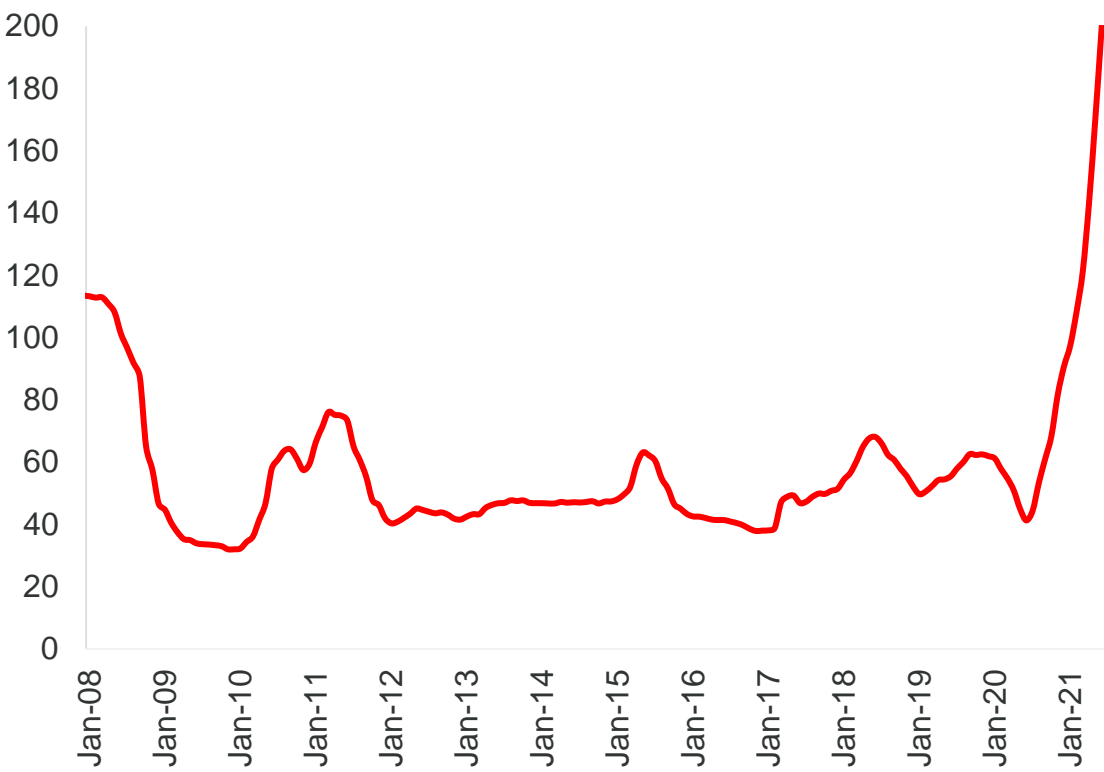


Source: Clarksons Platou

Container Shipping Market Trends

Box freight and vessel charter markets hit new record highs in 1H 2021

Containership Charter Rate Index



Spot Container Freight Rate Index (SCFI)



Source: Clarksons Research, SSE

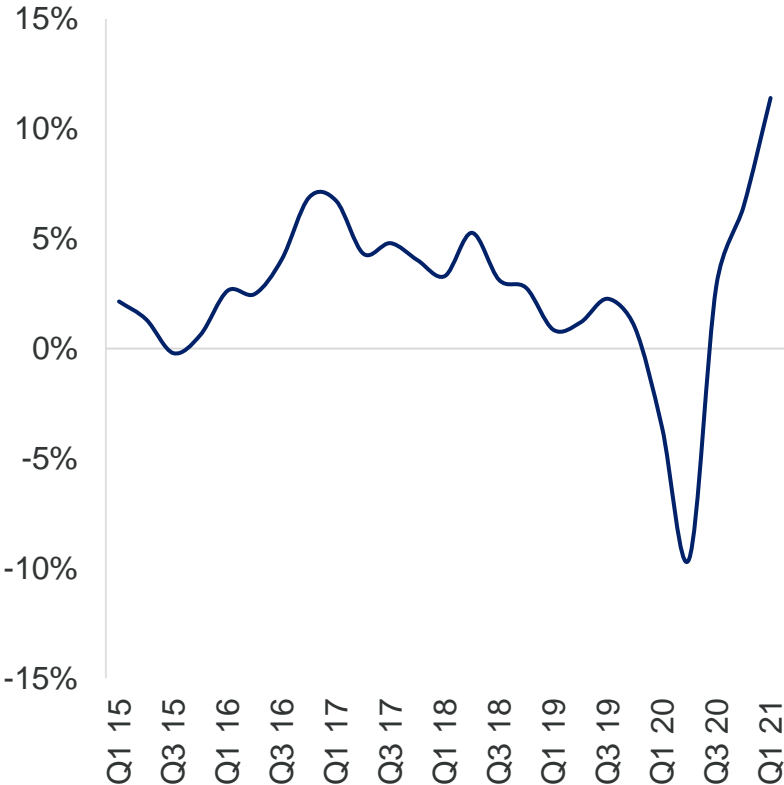
Strong Global Box Trade Growth

Firm rebound in box trade continuing following 1H20 downturn

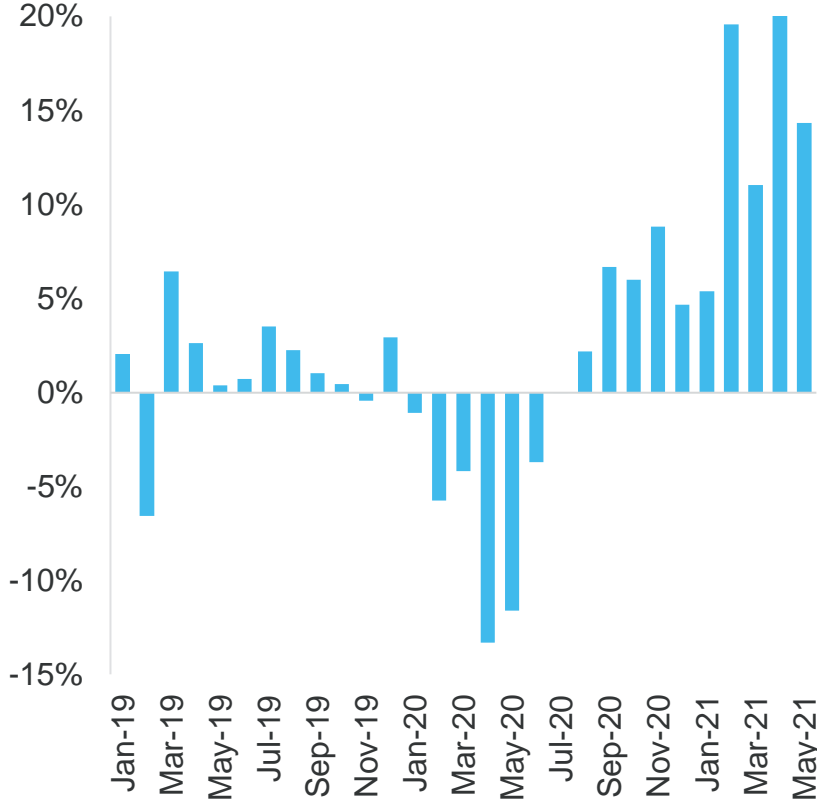
Annual Growth, % TEU



Quarterly Growth, % y-o-y



Monthly Growth, % y-o-y



Note: Quarterly and monthly data from Container Trades Statistics basis selected 'basket' of trades representing around 85% of global container trade

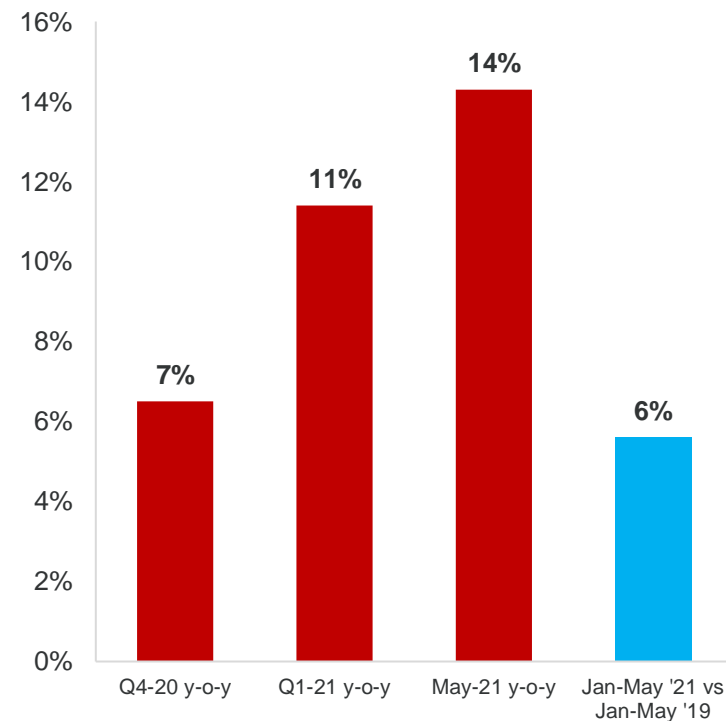
Source: Clarksons Research, CTS

Container Shipping Sector “Perfect Storm”

Returning volumes, “disruption upside”, and manageable supply growth

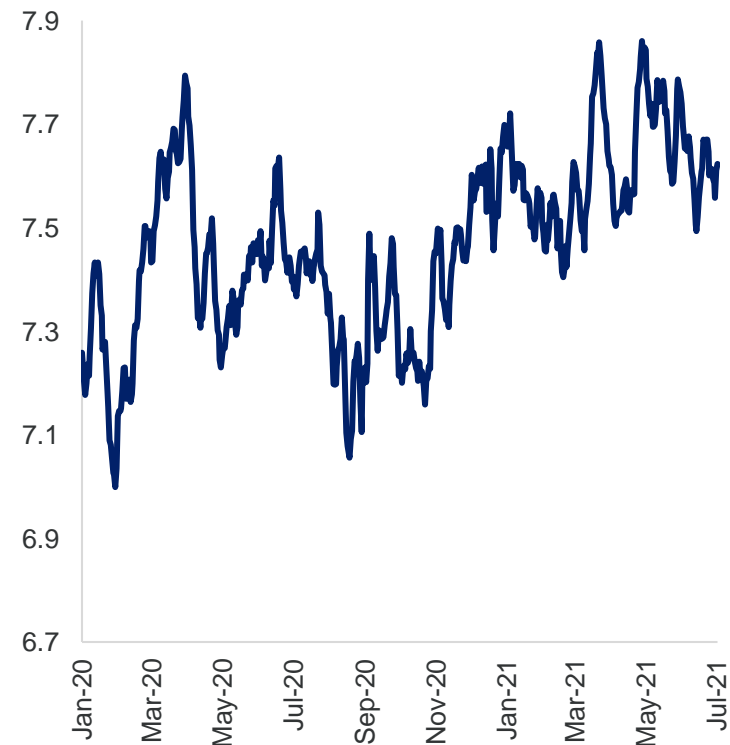
Rebounding Volumes

Global Container Trade



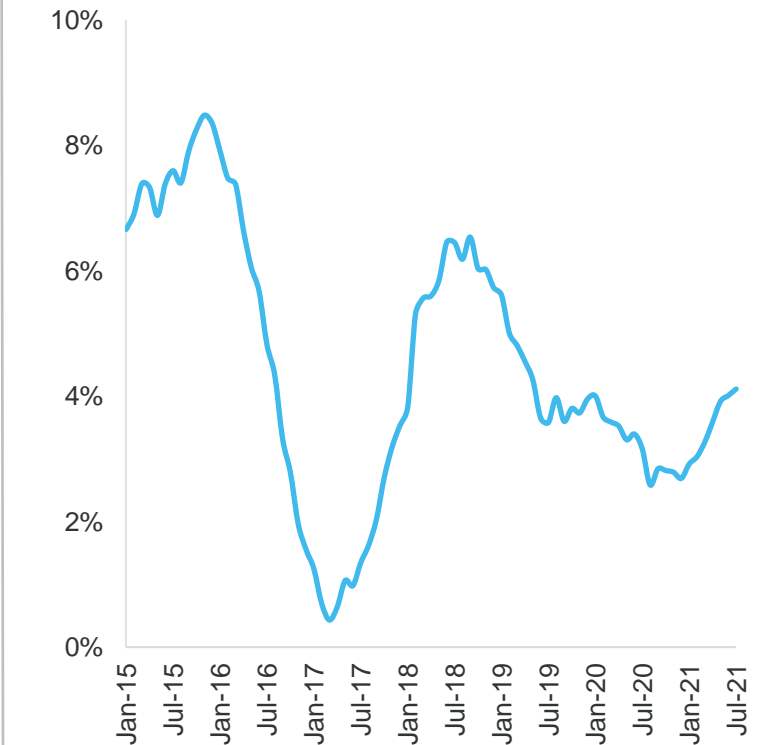
“Disruption Upside”

Boxships In Ports Globally, mTEU, 7 dma



Manageable Supply Growth

Containership Fleet Capacity Growth, % y-o-y



Source: Clarksons Research, CTS

Dry Bulk Market: Shock, Reposition, Rebound & Reflation

Earnings responded strongly to seaborne trade rebound

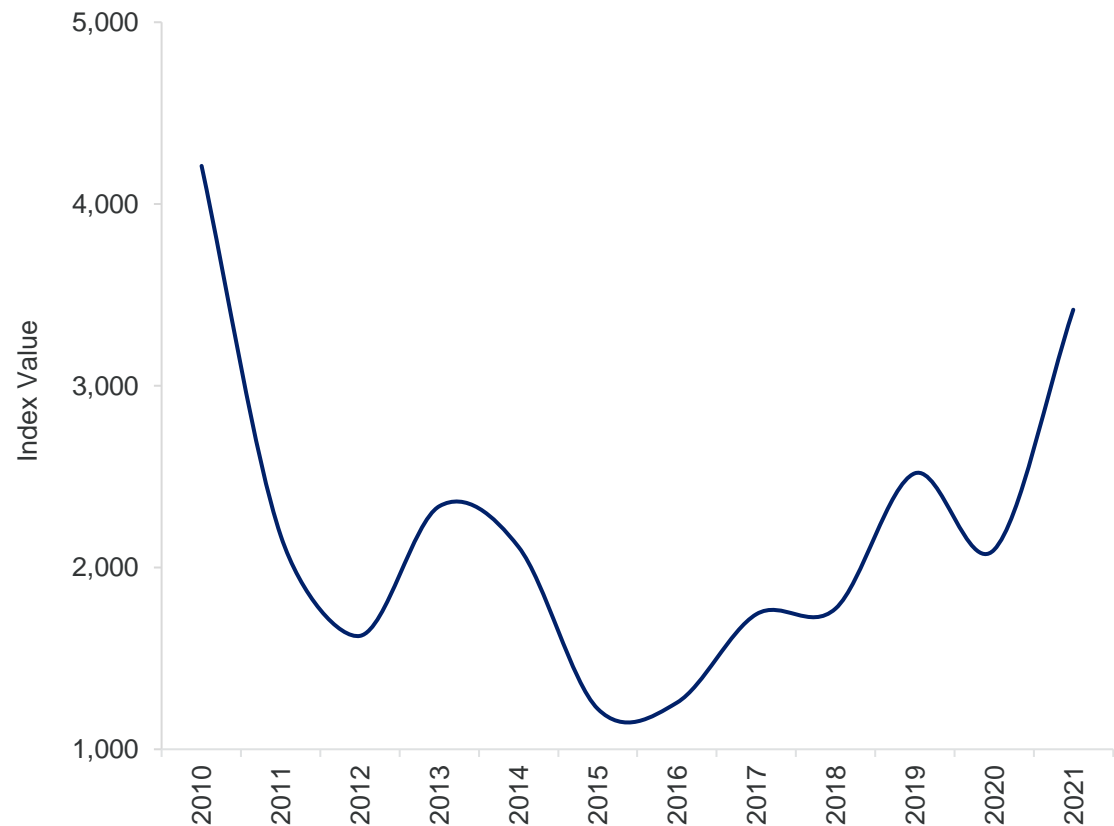
Baltic Dry Index vs Seaborne Trade



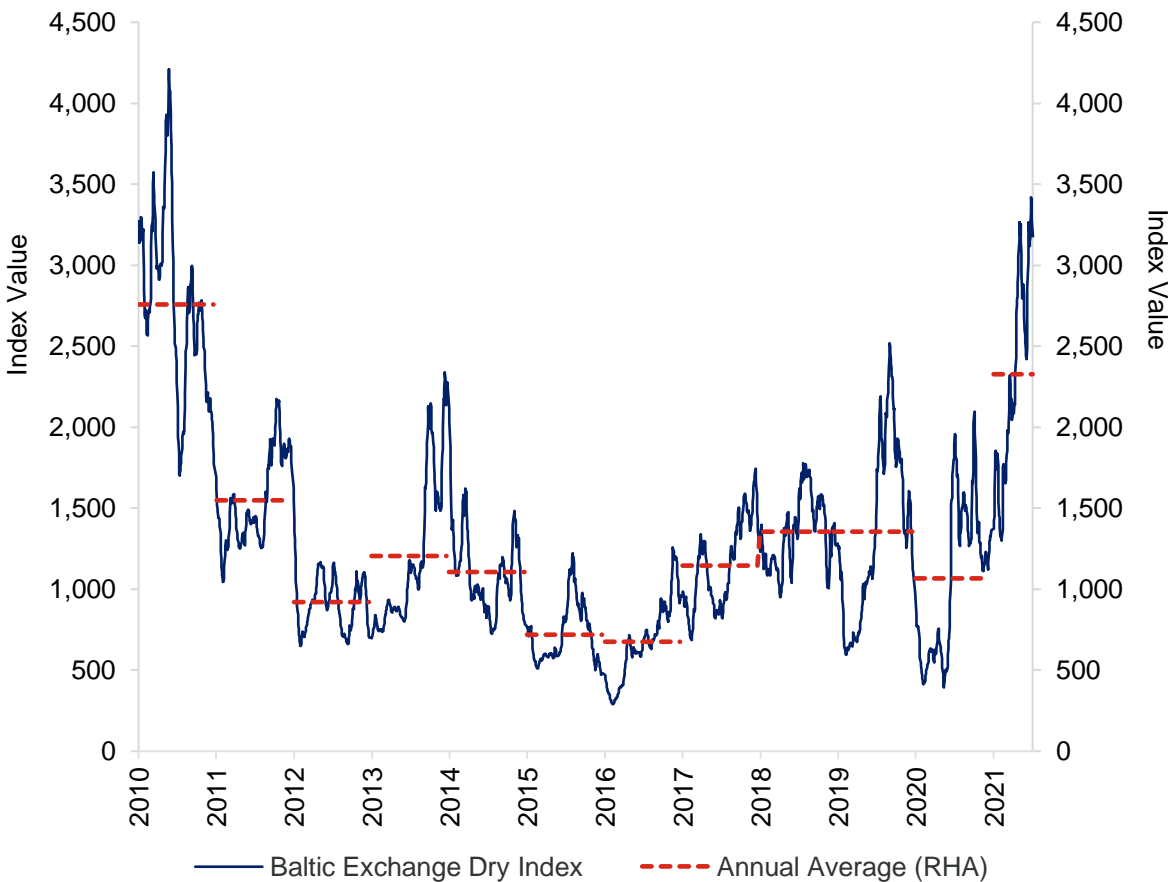
Baltic Dry Indices

Earnings at 10-year high

Baltic Dry Index



Baltic Dry Index from 2010

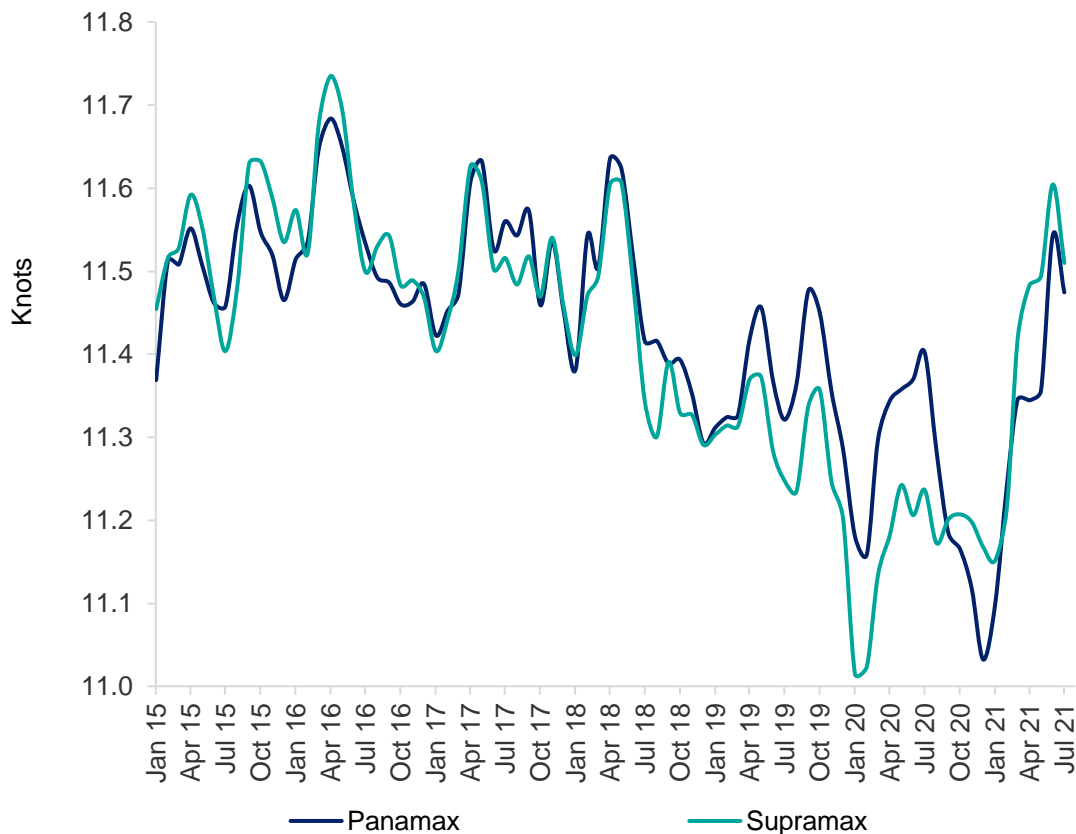


Source: Baltic Exchange, Clarksons SIN

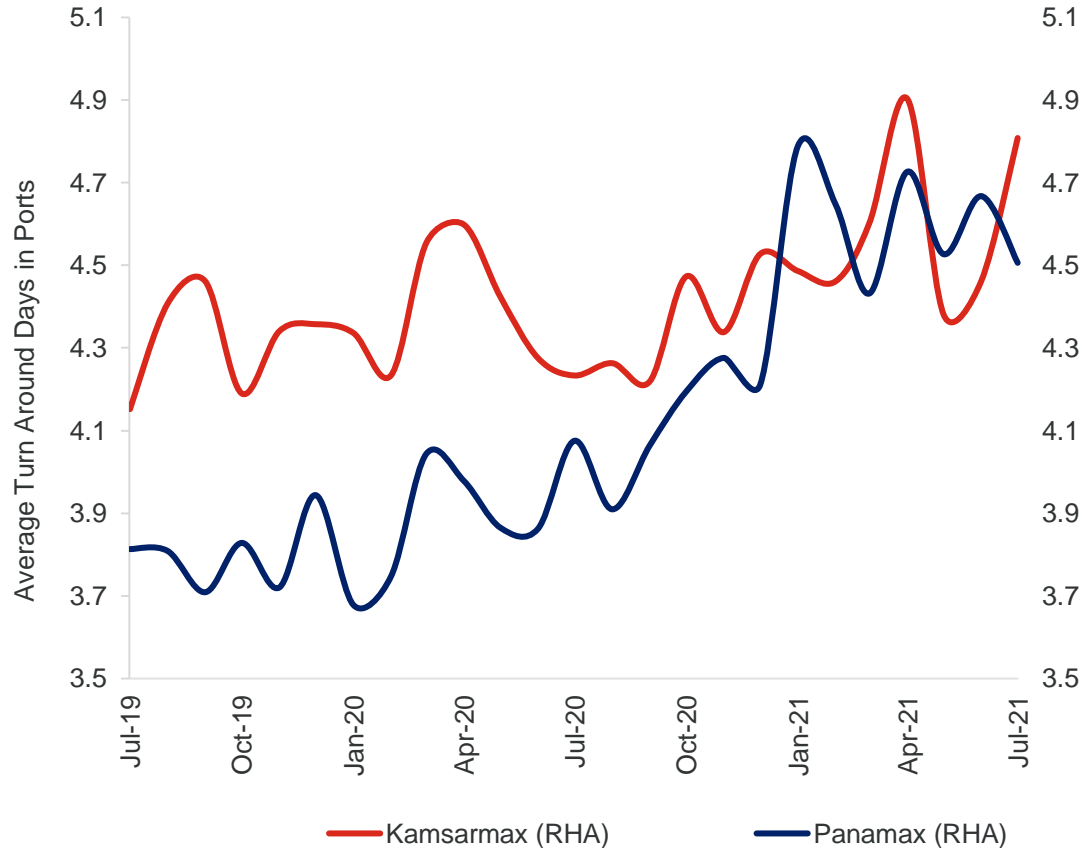
Fleet Speed & Turnaround Times

Speed improved on higher earnings although capped by CO2 limits:
Covid-induced increase in port turnaround times

Monthly Avg Panamax & Supramax Speeds



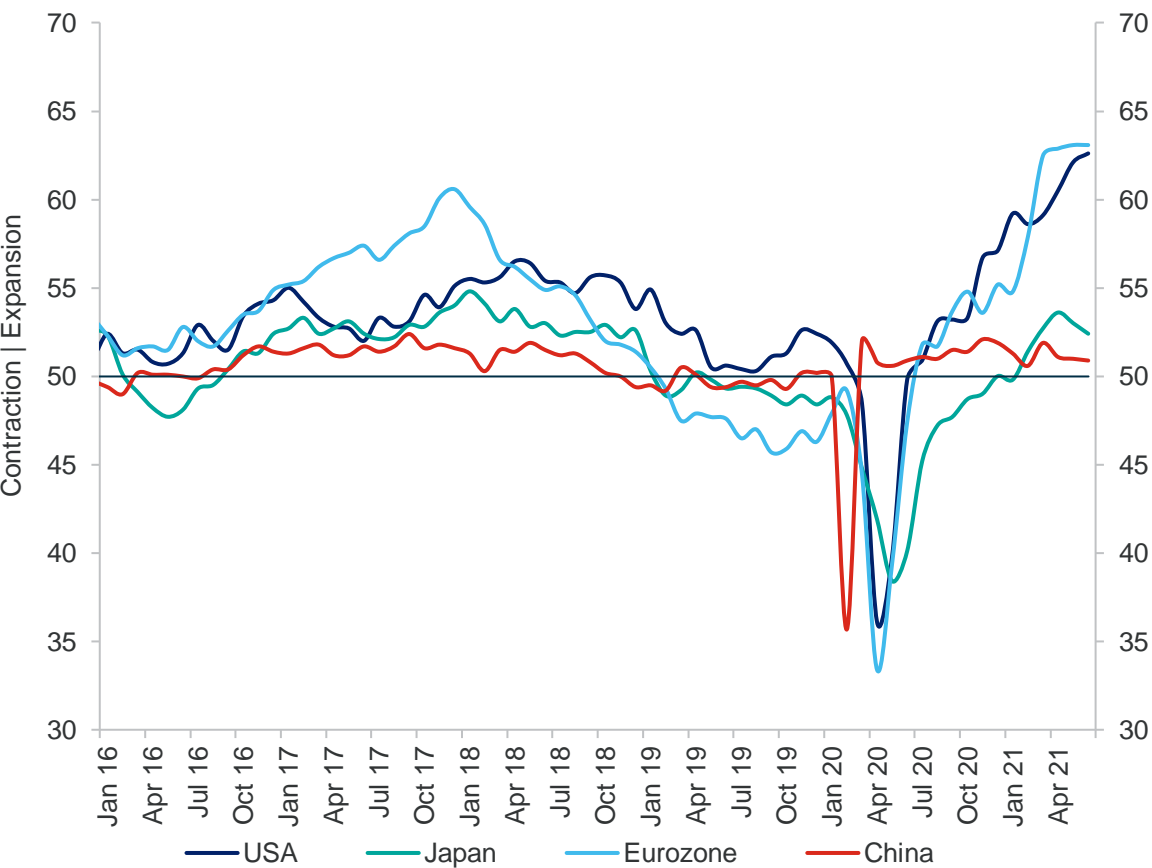
Panamax Average Port Turnaround Times



Sources: Clarksons Sea/Net

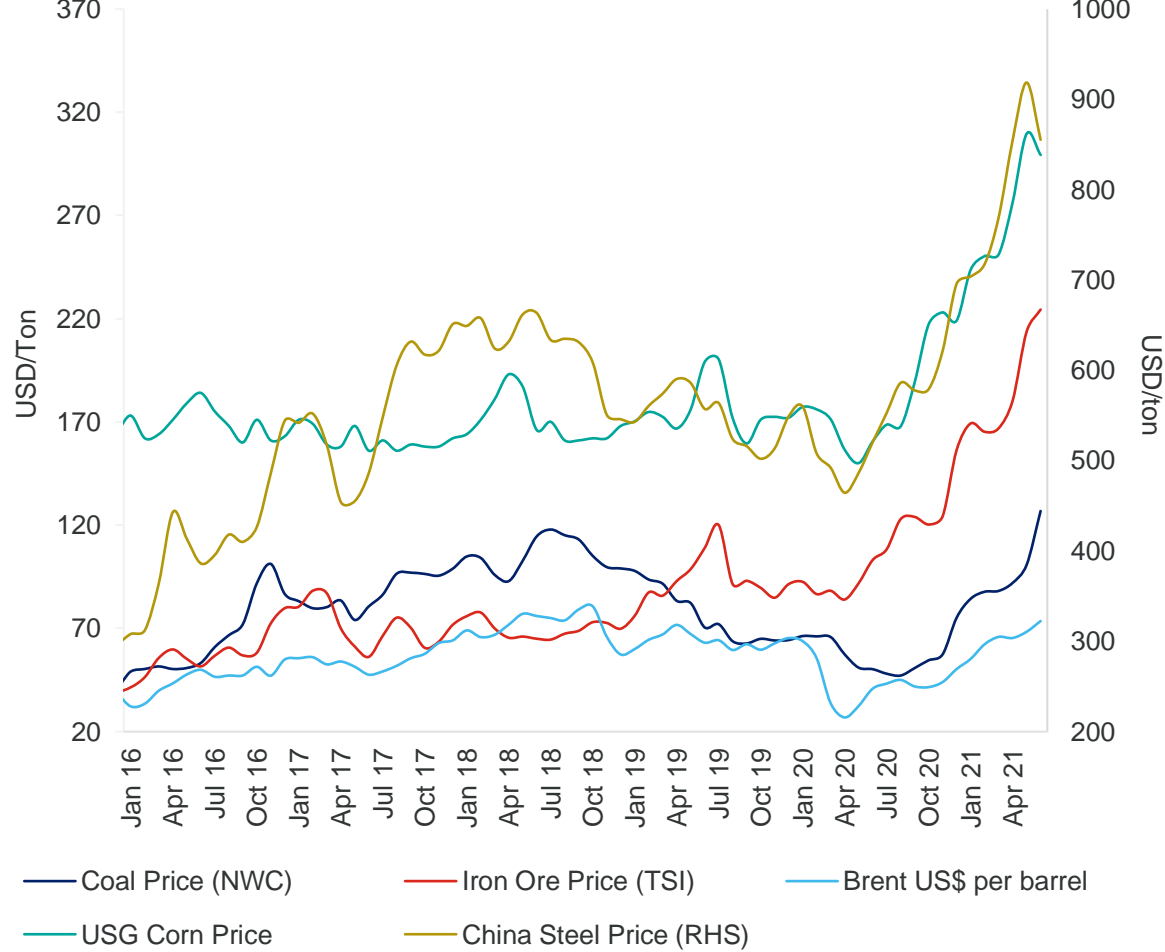
Rebound in support of steel complex driving a construction commodity boom

Manufacturing PMI's in Big 4 Economies

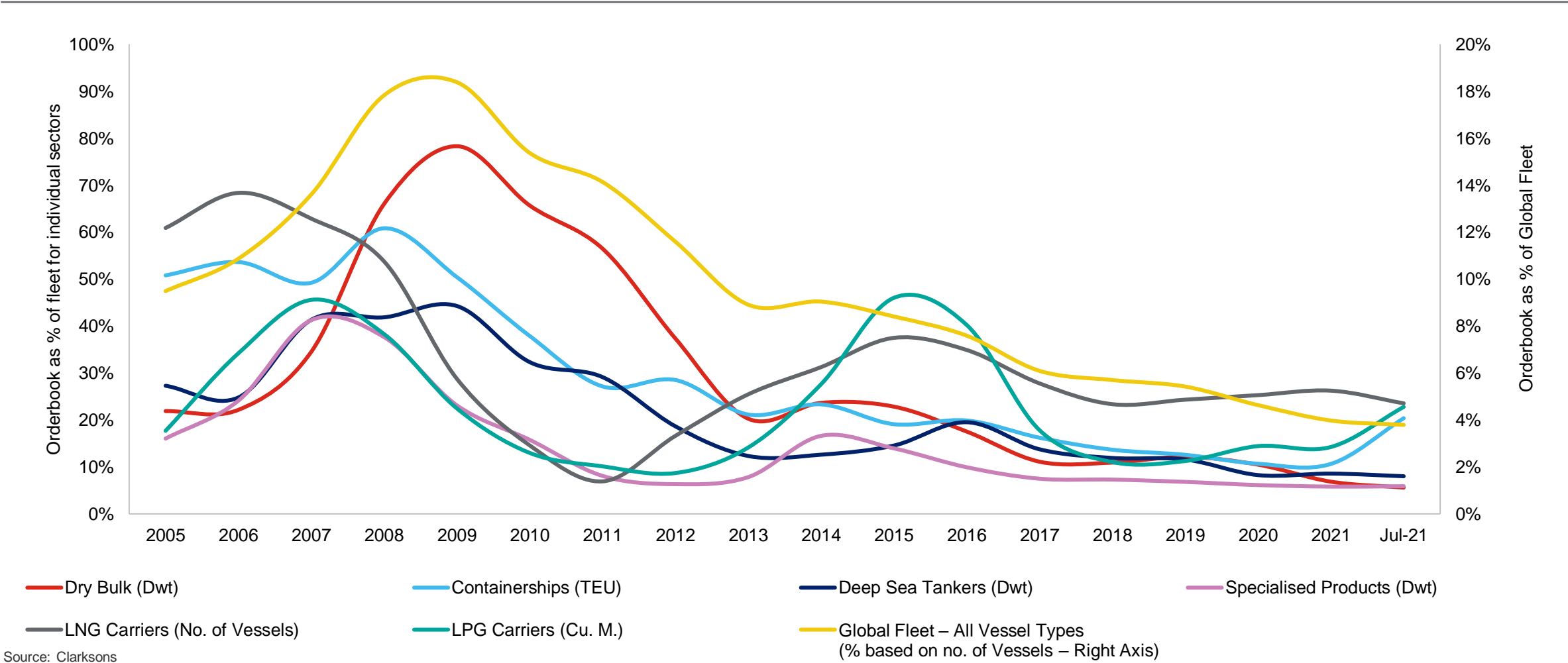


Source: Markit, Caixin, Refinitiv, Clarksons Research

Selection of Commodity Prices



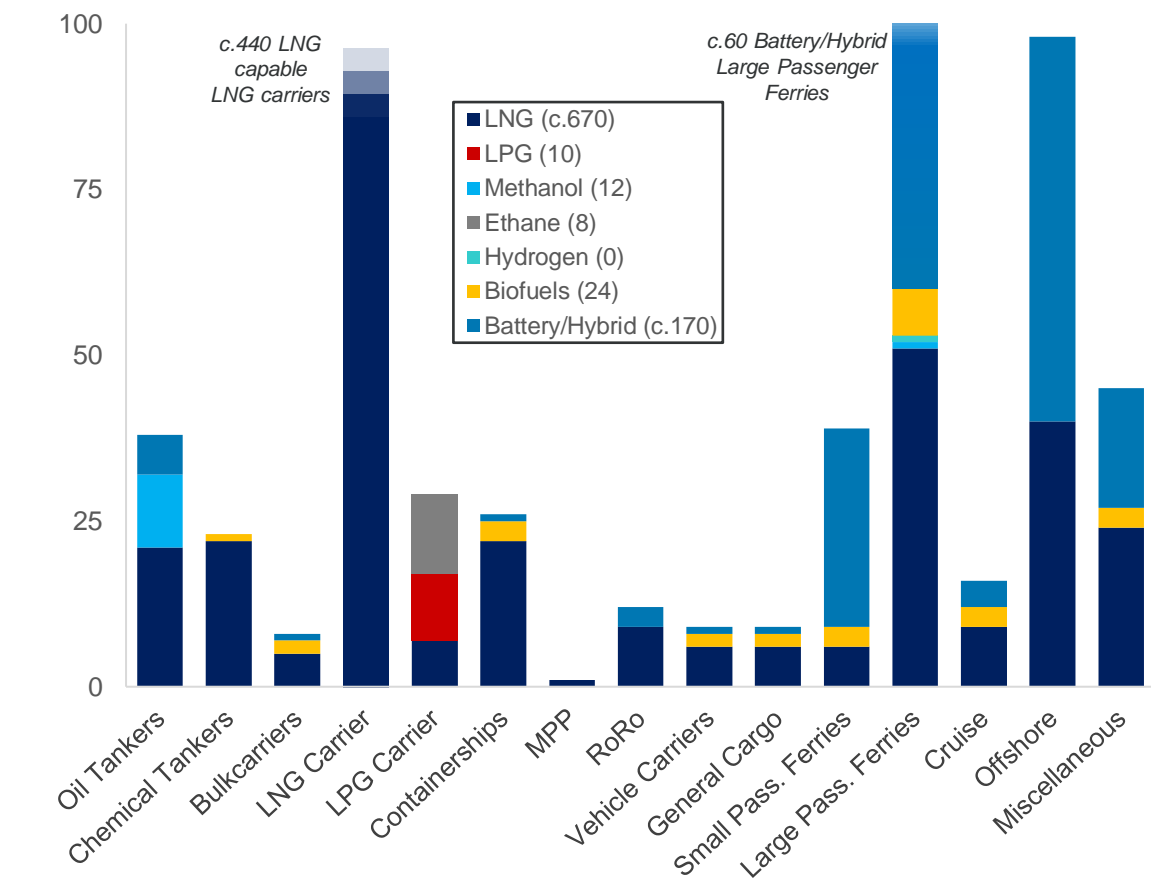
Orderbook as a % of the Fleet



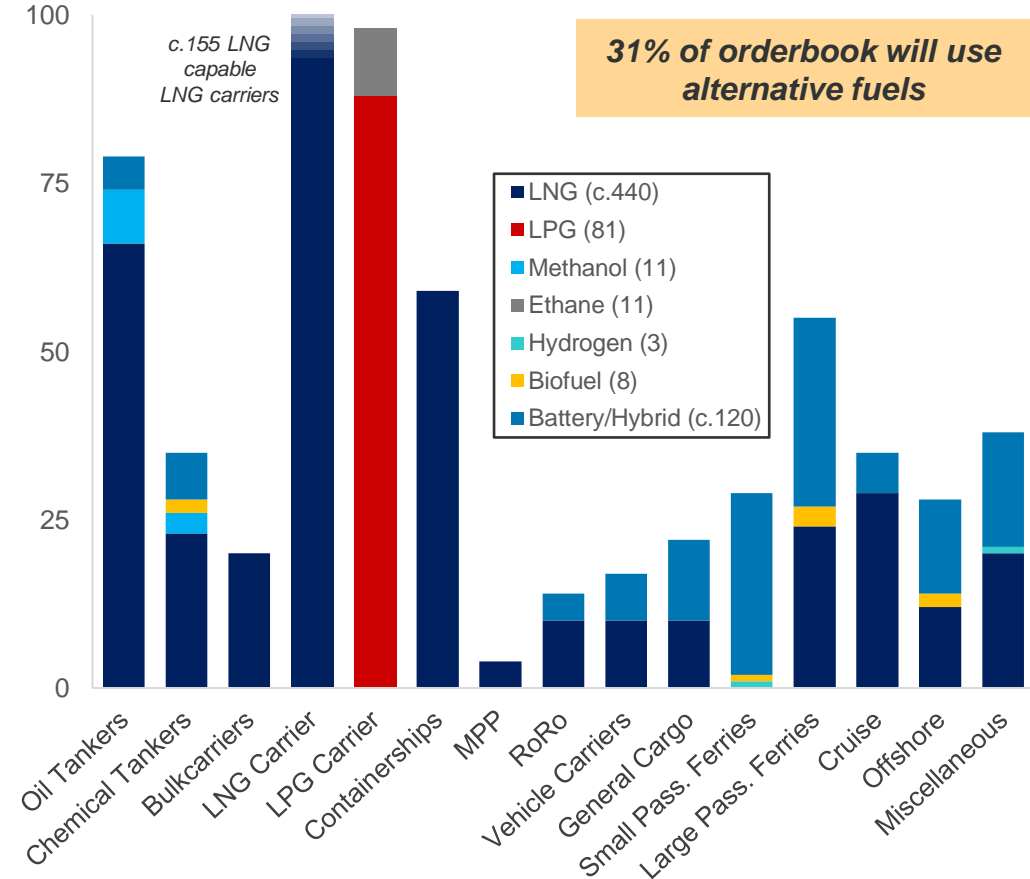
Alternative Fuels: Current Uptake By Sector

LNG Fuel Gaining Traction But Huge Uncertainty Over Longer-Term ‘Solution’

Fleet (100+ GT) Using Alternative Fuels



Orderbook (100+ GT) Set To Use Alternative Fuels

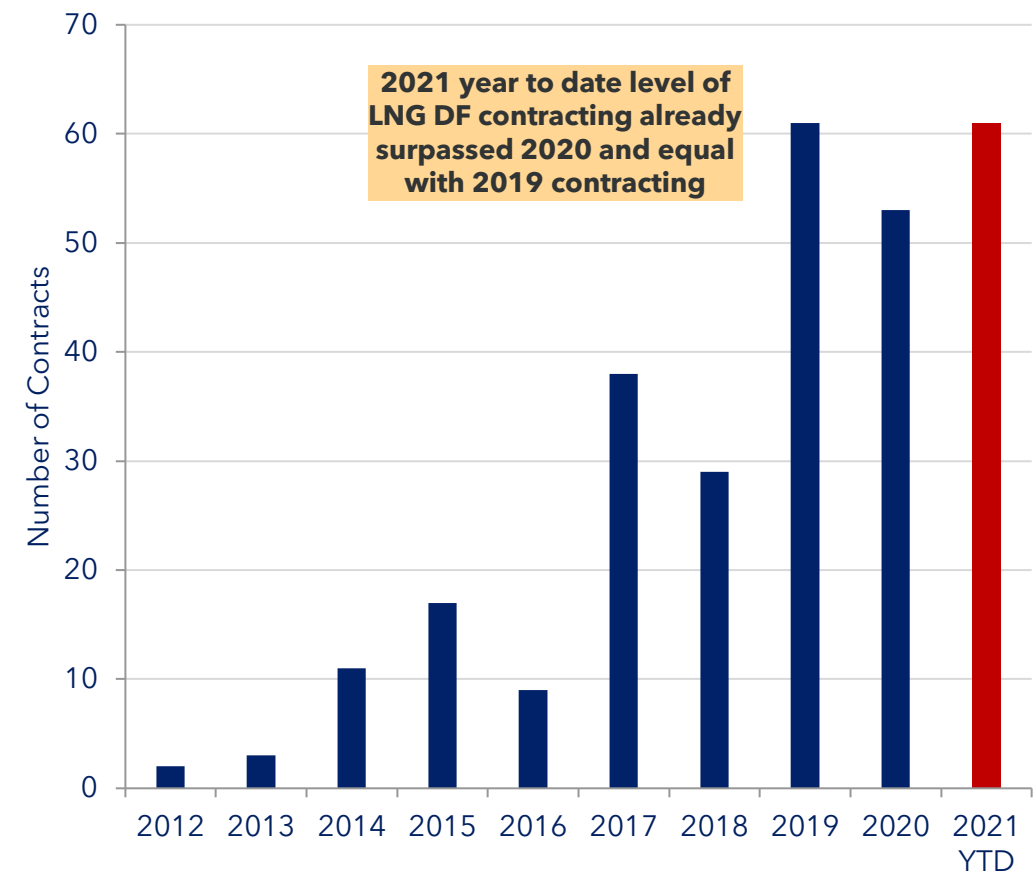


Source: Clarksons Research, Data As Of June 2021. World Fleet Register.
'Biofuel' includes vessels reported to be using or designed for biofuels; many other vessels in the fleet are also capable of using biofuel blends. All ethane fuelled vessels are ethane/LPG or 'multigas' carriers.

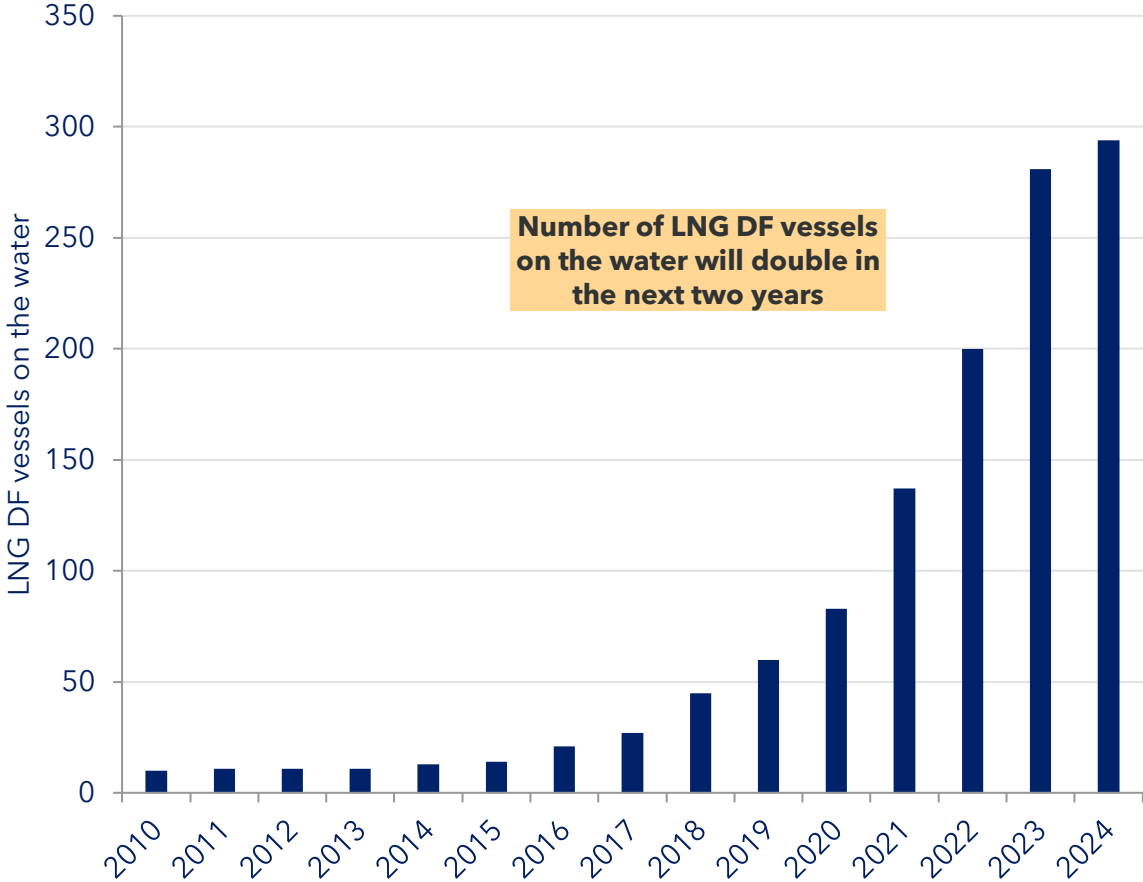
LNG Dual Fuel Fleet Development

Sustained and substantial uptake of LNG dual fuel vessels across shipping sectors

LNG Dual Fuel Contracting



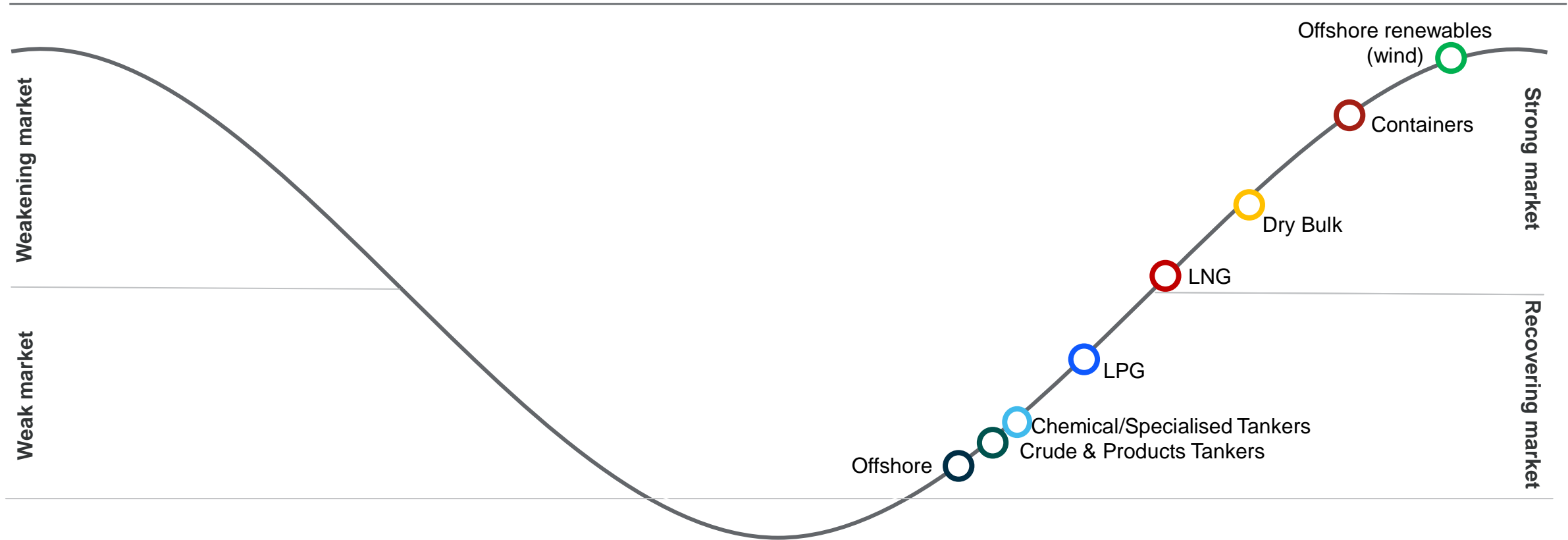
LNG Dual Fuel Vessels on the Water



Source: Clarksons Research. As of June 2021

Where are we in the cycle?

Timeline of each cycle not defined and varies



Good progress in upward swinging core sectors and markets

Solid path towards improving profitability

- **Re-organization completed in 2020 reduced cost base from USD 25m to USD 20m on full year basis**
 - Adjustments to organization to ensure right person in right role
 - Selective new hires recently on the back of strong deal activity, increasing staff from low of 55 to currently 60
- **Strong start to 2021 with contribution from all teams and sectors**
 - ZIM USD 208m IPO on NYSE and USD 320m secondary placement, several large block transactions in dry cargo stocks
 - Rana Gruber USD 108m IPO in Oslo and Copper Mountain USD 250m bond offering
 - Borr Drilling USD 46m equity offering and sale of Seabed Geosolutions
 - Good momentum in renewables team with several small/medium sized transactions completed including Green Cap and Ocean Geoloop
- **Strong Project Finance results across Real Estate, Offshore and Shipping**

Embracing the Green Transition and growth opportunities

- **A low carbon society is dependent on new Metals & Minerals**
 - CPS adding coverage in new high interest areas in both Metals & Minerals and Renewables
 - EV demand set to grow significantly and the EU sounds alarm on critical raw material shortages - infrastructure spending also contributing to strong demand as seen in dry cargo markets
- **The world wants renewable energy – and is willing to pay for it**
 - EU's Green Deal will mobilize north of EUR 1 trillion in sustainable investments
- **Oil Services looks increasingly interesting**
 - Ownerless brand new rigs and distressed operators on back of robust oil price
- **Shipping adapting to new regulations and upward markets**
 - Need of financing for new fuel technology
 - Opportunities for growth and M&A activity

SeaFix

- USD 1bn of Freight traded on platform (CMD – USD235m)
- Moving 57m Tonnes of Cargo (CMD – 22m)
- 720 Corporate Clients (CMD – 650)
- 4,400 users
- 12 modules
- 26 countries



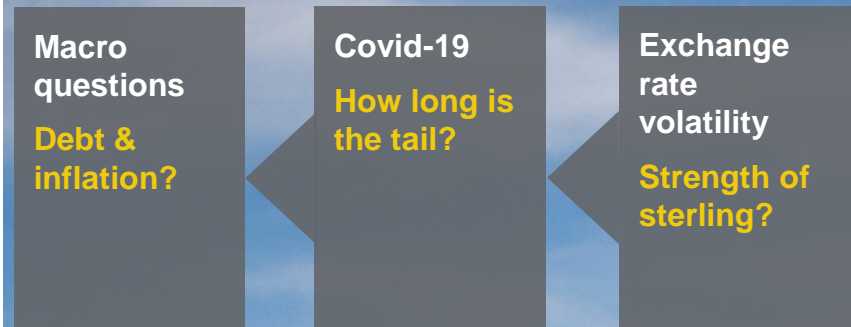
Outlook



Financial Outlook

Tailwinds vs Headwinds

Headwinds...?



Tailwinds



Thank you



Clarkson PLC



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