



## HY19 Roadshow Presentation

Tekmar Group plc - Stock Code: TGP.L



Strictly Confidential

December 2018

# Agenda

- 🕒 Presentation Team
- 🕒 HY19 Summary
- 🕒 Comparisons and Business KPI's
- 🕒 Market Updates
- 🕒 Subsea Innovations
- 🕒 Business Structure
- 🕒 Growth Strategy and M&A
- 🕒 Summary
- 🕒 Tekmar Overview (Recap)



# Disclaimer

This presentation contains certain forward-looking statements, including but not limited to, the statements and expectations contained in the “Financial Outlook” section of this presentation. Statements herein, other than statements of historical fact, regarding our future results of operations, financial condition, cash flows, business strategy, plans and future objectives are forward-looking statements. Words such as “targets”, “believe”, “expect”, “aim”, “intend”, “plan”, “seek”, “will”, “may”, “should” “anticipate”, “continue”, “predict” or variations of these words, as well as other statements regarding matters that are not historical fact or regarding future events or prospects, constitute forward-looking statements.

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# Presentation Team



**James Ritchie**  
CEO

- Joined Tekmar in 2008 as first employee.
- **10 years** as an executive director and strong heritage within offshore wind.
- **Led the management buy-out** of Tekmar Energy in September 2011 with Elysian Capital and consequently became CEO
- Chairman of Energi Coast and committee member of Subsea North East.



**Sue Hurst**  
CFO

- Joined Tekmar in 2012
- Over **25 years' experience in large companies** covering sectors from Oil & Gas and Transportation through to IT and Outsourcing
- **Strong background in manufacturing and process driven industry** with a focus on continuous improvement and cost control
- Extensive experience of **finance & commercial team management** as well as Board level experience



**Clear vision to develop a  
group of companies to  
leverage skills and  
relationships to become the  
“partner of choice for the  
supply and installation  
support of subsea protection  
equipment to the global  
offshore energy markets”**



# HY19 Summary



- Successful IPO and restructuring of the balance sheet.
- Largest orderbook in company history £12.9m with 28% revenue diversified from outside of O&G in H1.
- Product margins , strong market share and enquiry conversion targets maintained
- Restructured the business to support a group offering and allow for future M&A.
- Completed our first top-line acquisition with Subsea Innovation at a 4 x multiple on earnout.
- Looking at consolidating facilities in the North East to reduce group overhead following acquisition.
- First UK manufacturing company to be awarded the new ISO 45001 certificate for health and safety from DNV.
- KPI's for markets show increased future year growth.
- Committed to next top-line acquisition and exploring several bolt-on possibilities before the year end FY19.



- Secured 100% market share for our core product "TEKLINK® 8<sup>th</sup> Gen" CPS within the EU for O&G.
- Confirmed two strategic frameworks with our biggest customers
- Opened APAC office while supplying products into China, Taiwan and South Korea.
- First projects delivered "In Kingdom" for Saudi and predicting future Middle East growth within O&G.



- Launched its new cloud service and has increased external sales by 165%.



- Secured three new contracts post acquisition and is forecasting to be back to profitability before the year end.

# HY19 Summary

## Financial overview:

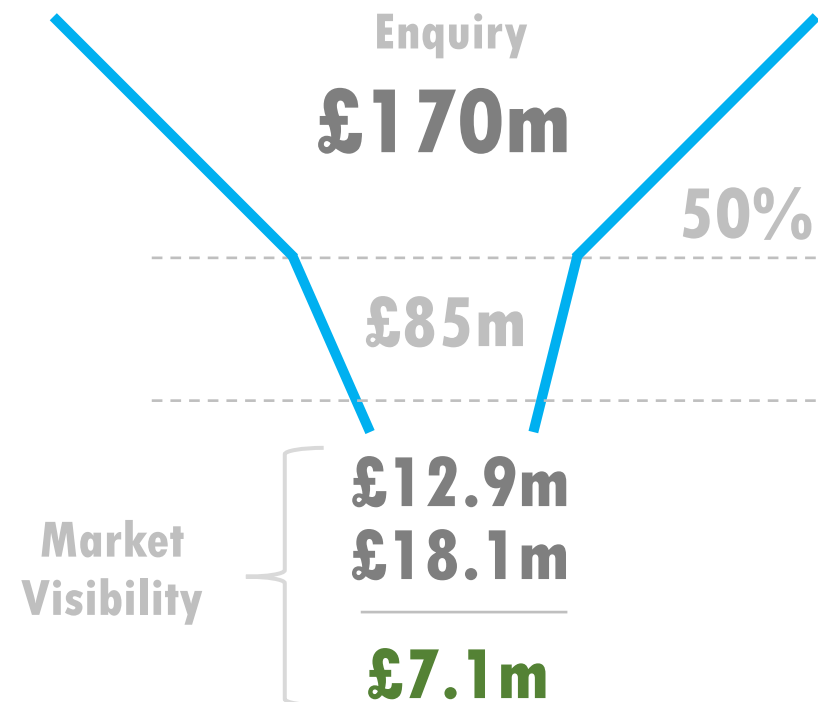
- Revenue of £7.1m (HY18 £11.4m)
- Adjusted EBITDA loss £0.8m (HY18 profit £2.8m)
- Cash Reserves £7.6m (HY18 net debt £37.4m)

## Sales KPI's:

- Order Book : £12.9m (HY18 £8.9m) **44% increase**
- Preferred Bidder : £18.1m (HY18 £2.9m) **524% increase**
- Enquiry : £170m (HY18 £127m) **33% increase**
- LTM conversion: 50% (HY18 25%) **100% increase**
- Market Visibility £38.1 (HY18 £23.2m) **64% increase**

## Outlook:

- OWF outlook 115GW (HY18 95GW) **21% increase**
- Revenue predicted to be up from FY18
- EBITDA margin flat and predicted to be inline with FY18



# HY19 Comparisons

	Financials	
	HY19	HY18
Revenue	£7.1m	£11.4m
EBITDA	(£0.8m)	£2.8m
Cash Reserves	£7.6m	£1.0m
Total Assets	£41.8m	£34.1m
Total Liabilities	£3.8m	£43.9m

	Sales	
	HY19	HY18
Order Book	£12.9m	£8.9m
Preferred Bidder	£18.1m	£2.9m
Enquiry Level	£170m	£127m

	Business KPI	
	HY19	HY18
LTI <small>Lost Time Incident</small>	0	1.22
NCR <small>Non Conformity Report</small>	0	1
Staff	154	97
Conversions LTM	50%	25%
EU IAC CPS OWF	100%	55%
Other Revenue	28%	17%
Market Visibility	£38.1m	£23.2m

	Market KPI		
	HY19	HY18	IPO
OWF GW / 10-year CAGR	112 / 20%	95 / 15%	102 / 17.3%
O&G \$ICE Brent	\$72	\$57	\$73

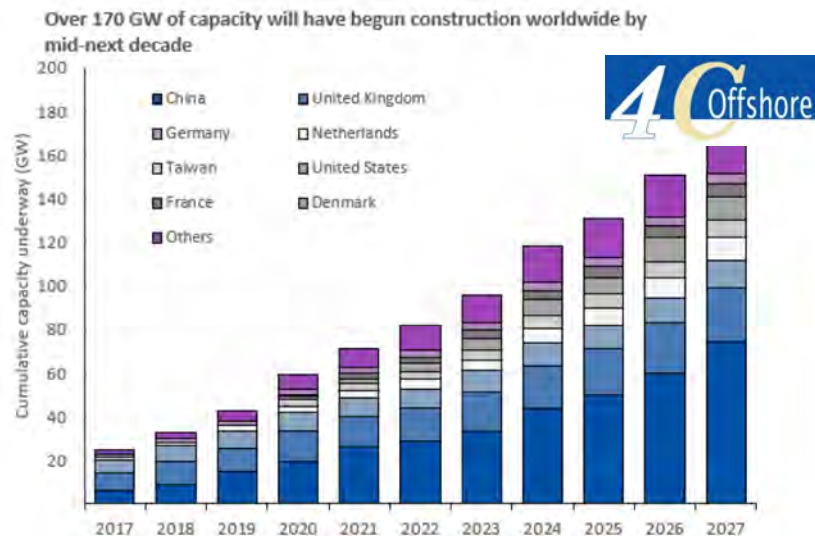


# Offshore Wind Outlook Increased

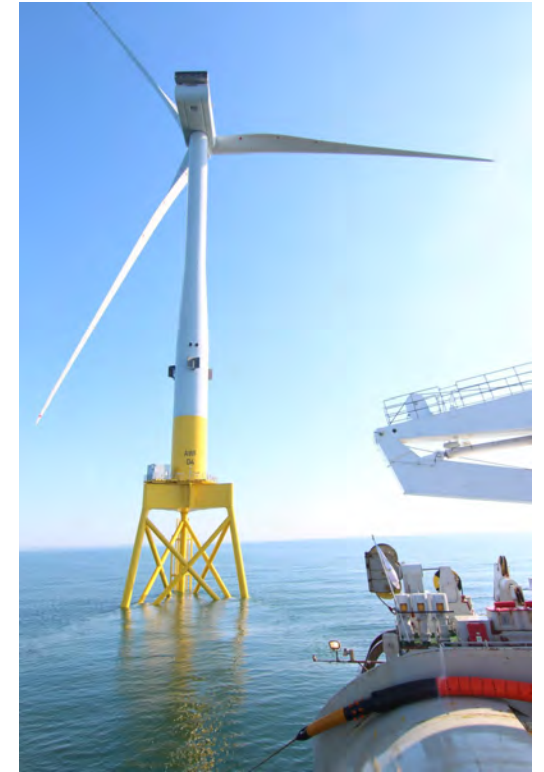
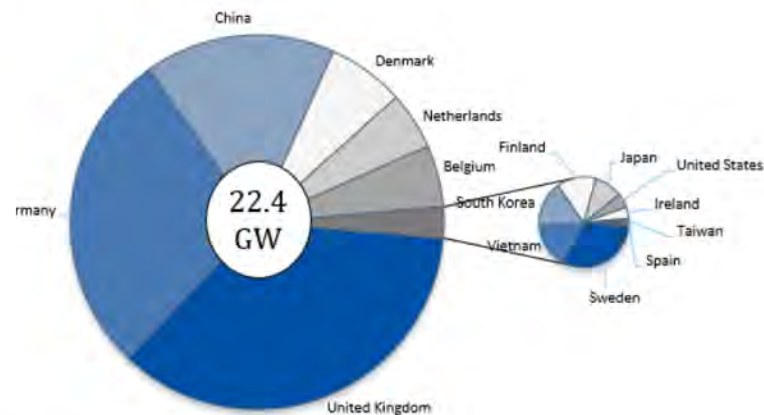


# Offshore Wind Macro View

- Analysts increase outlook to 112GW from 95GW and accelerated CAGR from 15% to now 20%
- Emerging markets; Taiwan, France, Vietnam and USA expected to contribute in coming years.
- New markets; India, Australia and Poland currently under consideration for further upside.
- UK set clear plans to support 30GW by 2030 (Currently 8GW) and path to 0 subsidies for round 4.
- Tekmar is pleased with our market penetration, product propositioning and customer concentration.
- Clients in H1 include; VBMS, Van Oord, Orsted, JDR, Tideway, Prysmian, Iberdrola.
- TEL: Supplying first floating renewable CPS system, TEKLINK® 8<sup>th</sup> Generation has secured 100% EU IAC market share.
- TEL: Supplied CPS to the biggest OWF in China (Binhai P2), and the follow-on project Dafeng H3.



UK and Germany continue to dominate global market  
Installed capacity (MW) by country





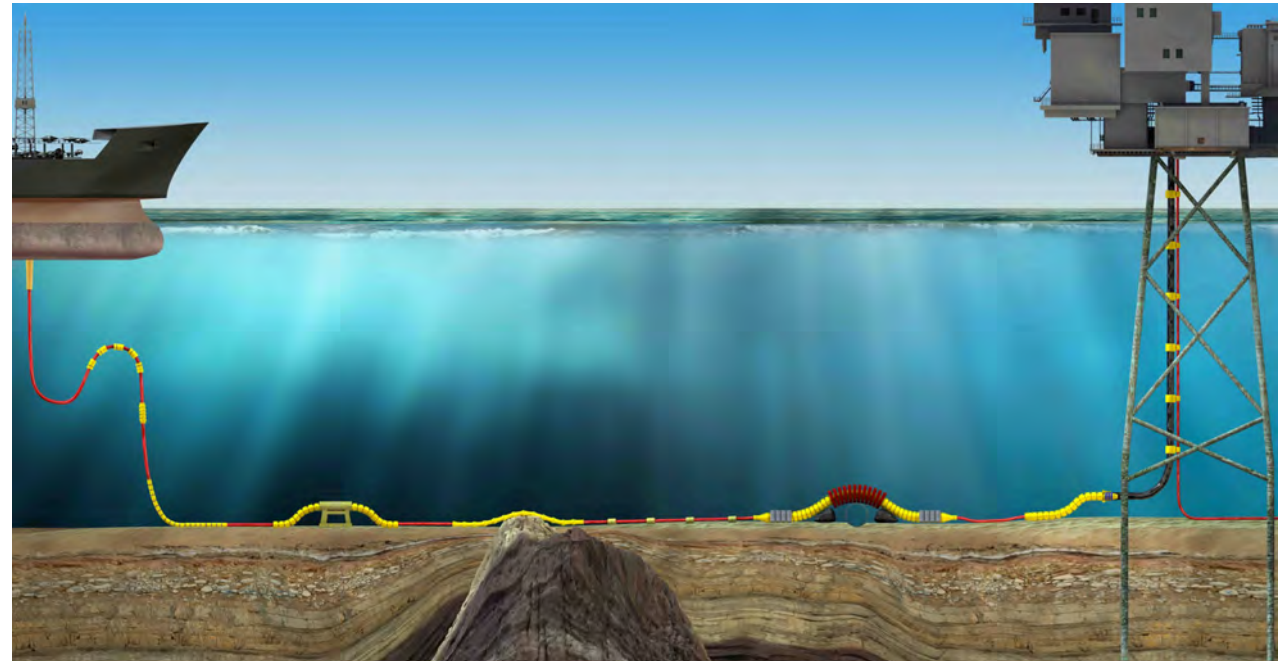
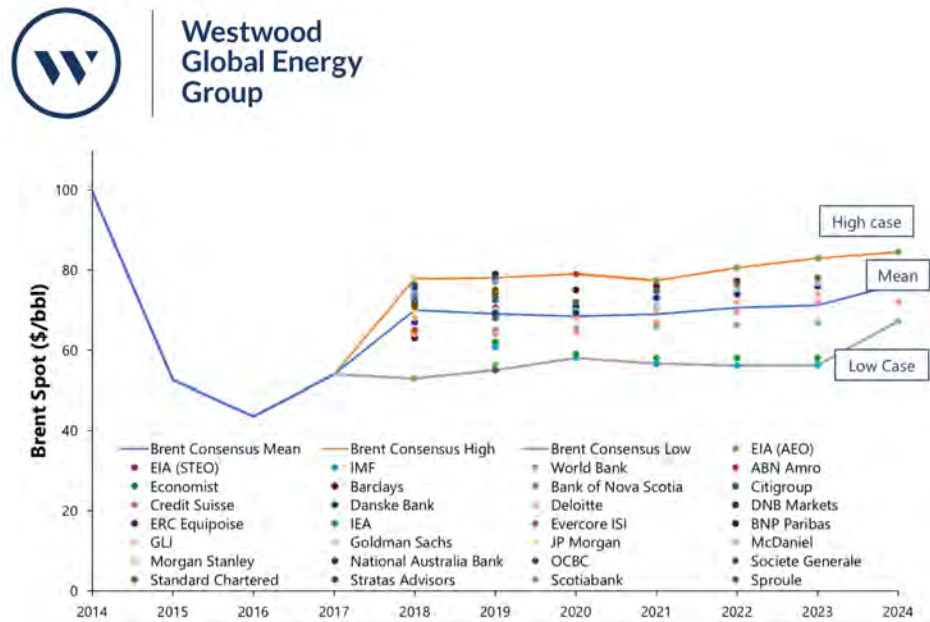
# Oil & Gas Growth Opportunity Stable





# Oil & Gas Macro View

- Analysts increase outlook for brent to \$66/bbl and supply chain requirement towards \$54/bbl.
- TGP: Main focus markets are ME and local UK customers for export.
- TGP: Clients in H1 include; Deepocean, NPCC, GE, Technip, NSW, EMAS, Hellenic, Subsea 7, IHC, Saipem.
- TEL: Supplying first in country content in Saudi, first API products to GE, expecting 42% growth from FY18.
- SIL: Supplying 3 bespoke engineering packages for IHC for backdeck pipelay, new generation of pipe-in-pipe seal for Subsea 7 and several pipeline repair solutions.



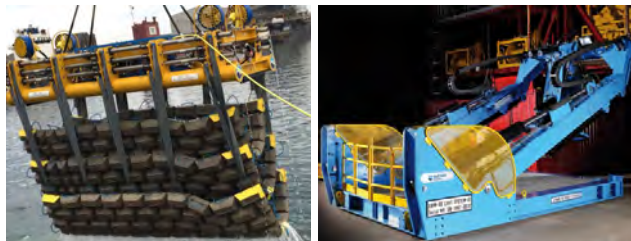


# Subsea Innovation

## Deal Structure;

- Maximum consideration of approximately £4 million.
- The Proposed Acquisition includes the purchase of a high specification 40,000 sq ft manufacturing and office facility and its fixtures and fittings, which, combined, amount to approximately £3 million in assets.
- £2 million in cash and £1 million through the issue of 645,161 new ordinary shares. An earn-out consideration of £1 million in cash will be payable based on the profits being not less than £500,000 prior to 31 March 2020.

## Intellectual property



## Facilities & Engineering Capacity



## Customers Leverage

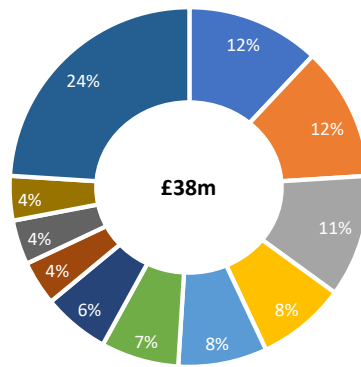


# Integration of SII

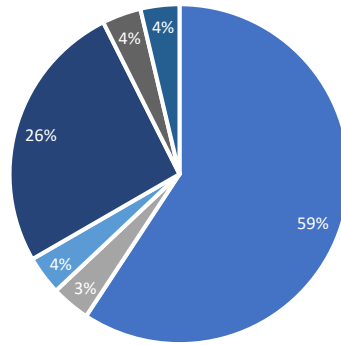


## Customers\*

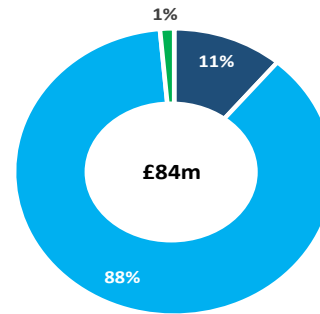
+11 AVL



- Subsea7
- TMT
- Technip
- IHC
- Sai pem
- DeepOcean
- IKM
- Ras Gas
- SMD
- EMAS
- Other



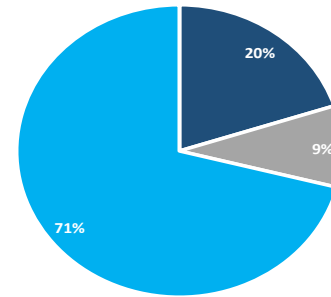
- Projects & Engineering
- Sales
- Financial & Legal
- Production
- HSQE
- Admin
- Board



## Sectors\*

+£38m O&G

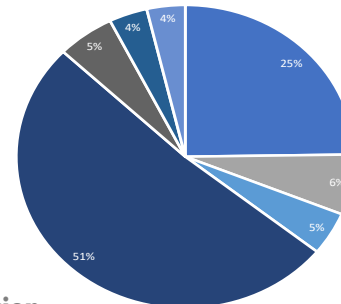
- O&G
- OWF
- AEL



## Products\*

+14 TRL

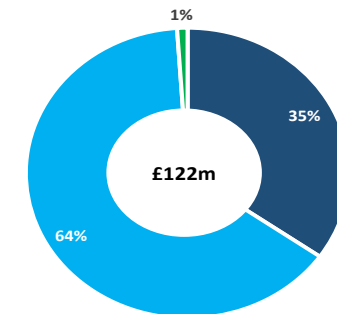
- SURF
- Other
- TEKLINK



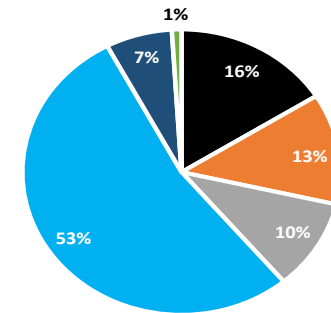
## People

+17 Engineers

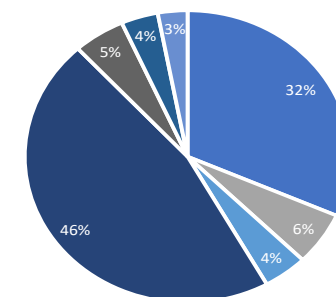
- Projects & Engineering
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- O&G
- OWF
- AEL



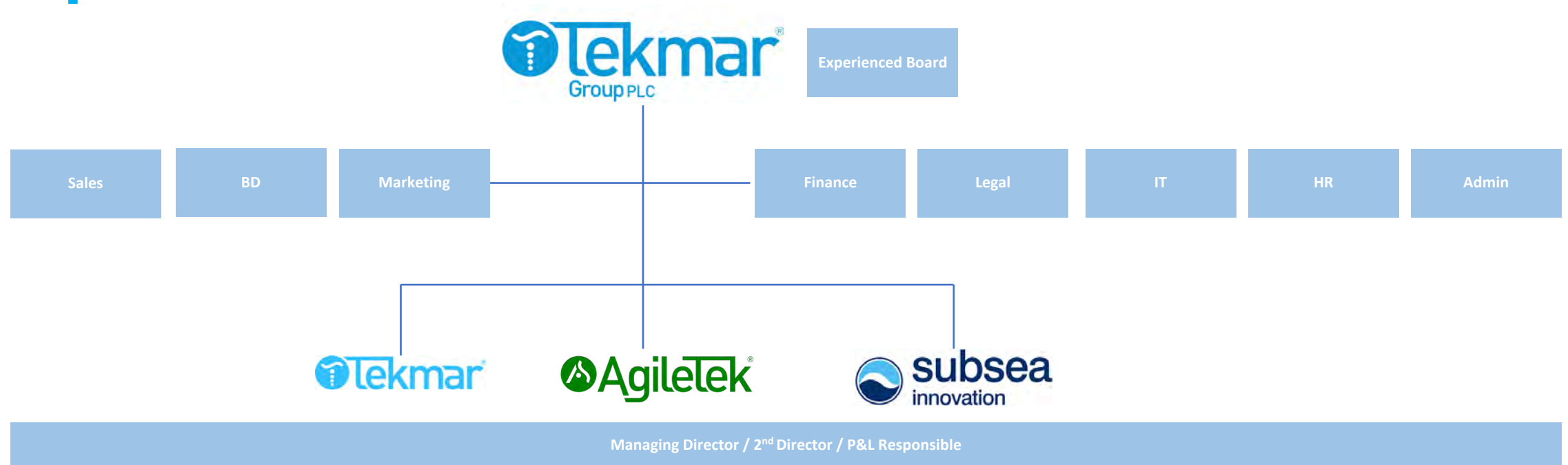
- Backdeck
- Pipeline
- Other
- TEKLINK®
- SURF
- Engineering



- Projects & Engineering
- Sales
- Financial & Legal
- Production
- HSQE
- Admin
- Board

\*Cumulative revenue over the past 5-years and based on March FY18 position

# Updated Structure



## Factories & Offices

Head Quarters



Newton Aycliffe, UK

New Acquisition



Darlington, UK

Agiletek



London, UK

New Office



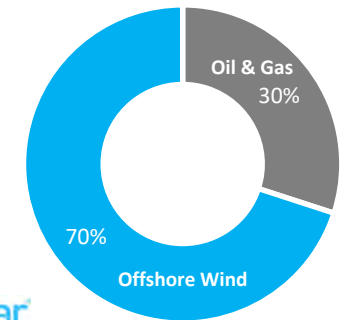
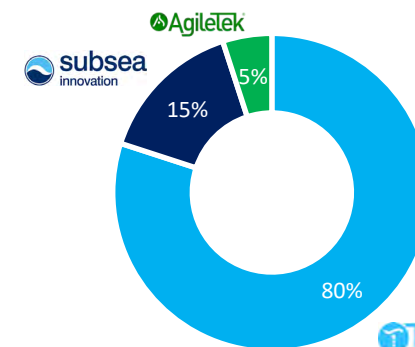
Shanghai, China

Factory



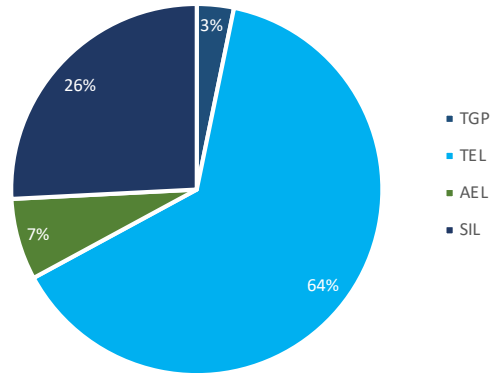
Newton Aycliffe, UK

## Expected Business / Sector Split (%)

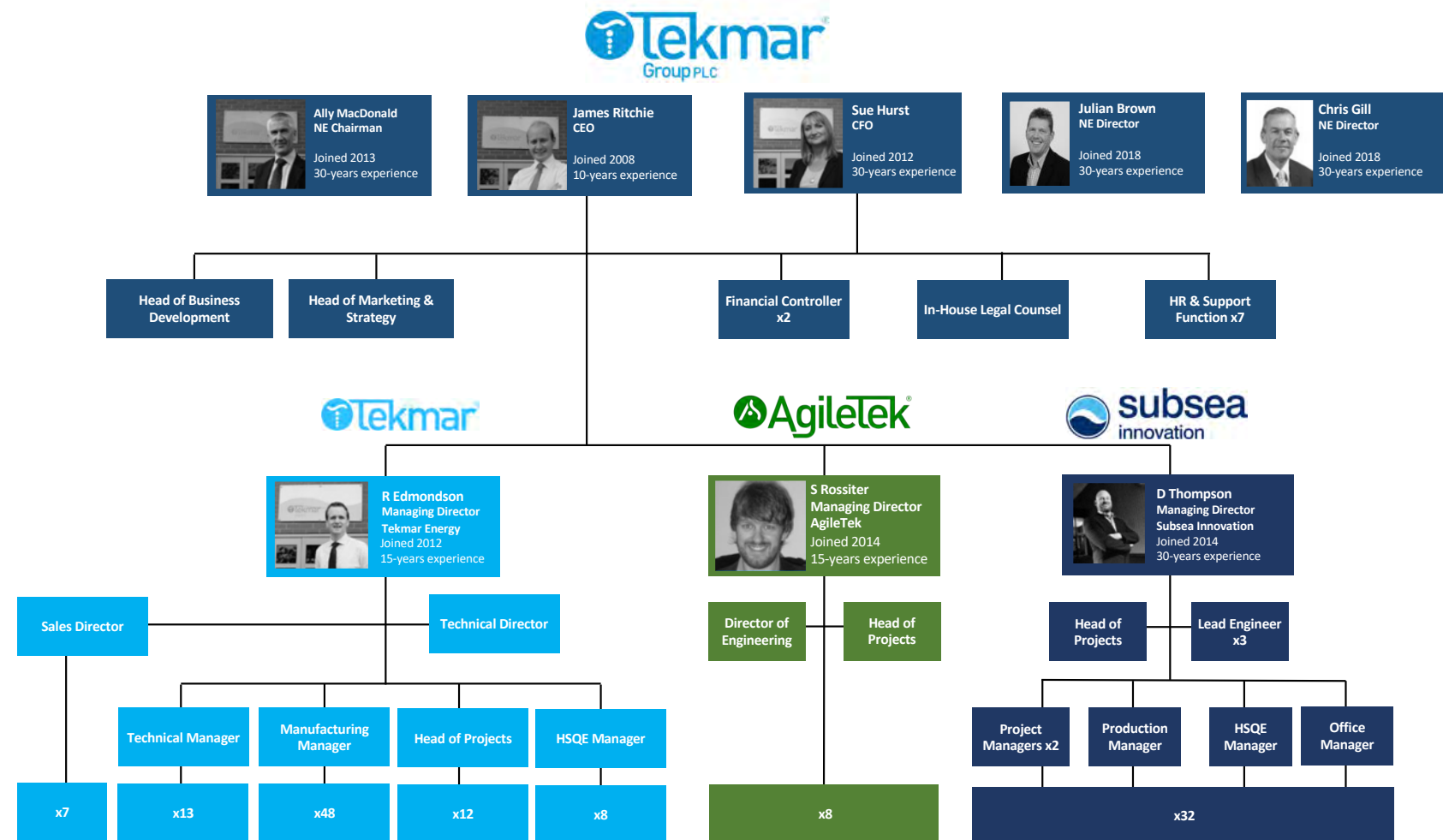
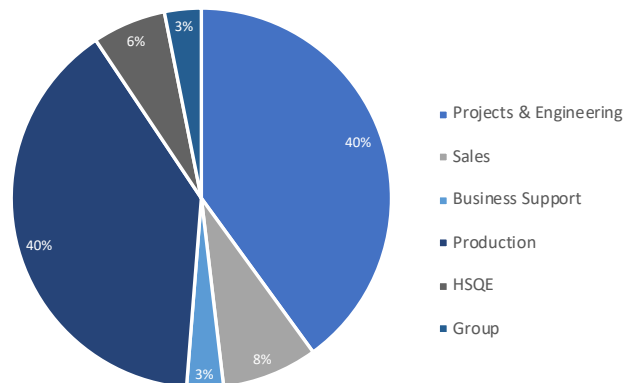


# Update People

Breakdown by entity



Breakdown by discipline



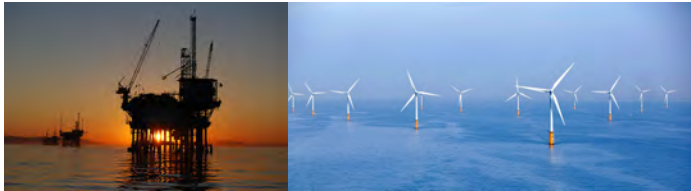
INVESTORS  
IN PEOPLE

Staff HY19 / HY18:

154 / 97



# Growth Strategy Process



## A: Organic Growth

OWF growing at 20% CAGR  
Oil and Gas recovered >\$50 PBL

## B: Accelerated Growth

Expand overseas  
Investment in new technology  
Operational efficiency

## C: Acquisition Strategy

Shared vision  
Technology and sector focus.  
Leverage group support  
Share customers

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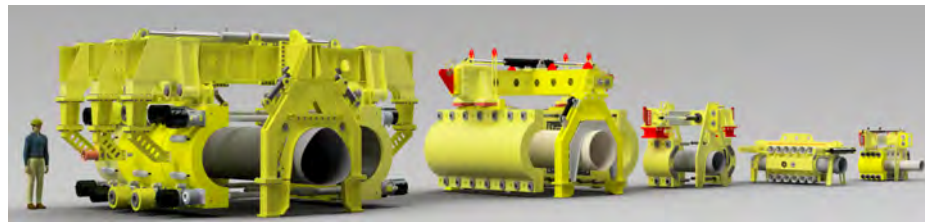
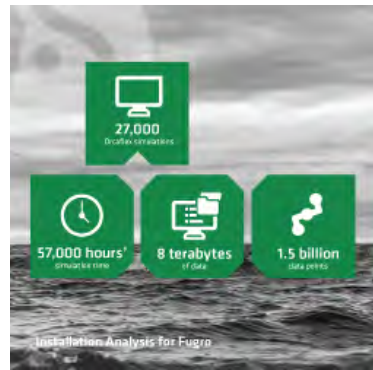
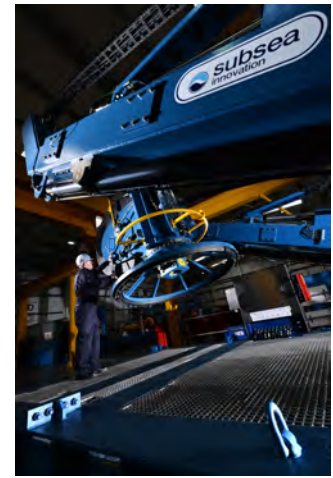


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# Appendix



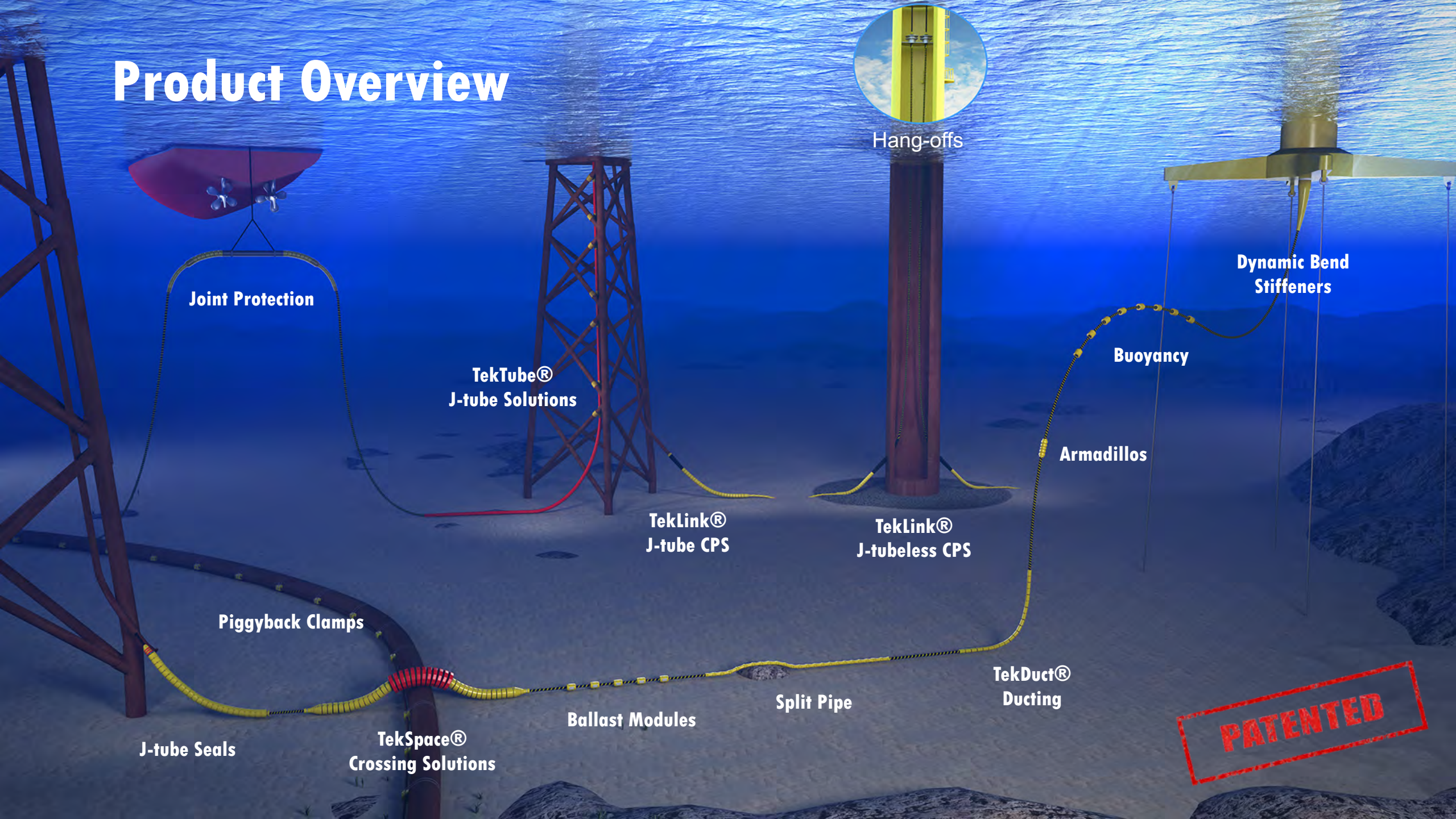


**Tekmar is the market leading supplier for subsea cable protection systems into offshore wind.**





# Product Overview



Joint Protection

TekTube®  
J-tube Solutions

TekLink®  
J-tube CPS

TekLink®  
J-tubeless CPS

Piggyback Clamps

J-tube Seals

TekSpace®  
Crossing Solutions

Ballast Modules

Split Pipe

TekDuct®  
Ducting

Armadillos

Buoyancy

Dynamic Bend  
Stiffeners

Hang-offs

**PATENTED**



# Offshore Wind Track Record



Your global partner for offshore cable protection systems

## The Market Leaders 21GW of energy infrastructure

Engineering: 65 Projects  
 Array CPS: 54 Projects 6,300 Systems  
 Export CPS: 40 Projects 109 Systems  
 Hang-offs: 8 Projects 515 Units

### 31 Project Developers



### 20 Installation Contractors



### 12 Cable Manufacturers



#### Generation 1

1 Hooksiel

#### Generation 2

2 Bard I  
3 Alpha Ventus

#### Generation 3

4 Walney I  
5 Ormonde  
6 Greater Gabbard  
7 Thornton Bank II  
8 Walney II  
9 Gwynt-y-Mor  
10 Borkum West II

#### Generation 4

11 Anholt  
12 Riffgat  
13 Teesside  
14 Thornton Bank III  
15 Global Tech I  
16 Dan Tysk

#### Generation 5

17 West of Duddon  
18 Baltic I  
19 Meerwind  
20 Amrumbank  
21 Belwind Demonstator  
22 Baltic II  
23 Westernmost Rough  
24 Borkum Riffgrund  
25 Butendiek  
26 Luchterduinen  
27 Cape Wind  
28 Westernmeerwind  
29 Code Wind

#### Generation 6

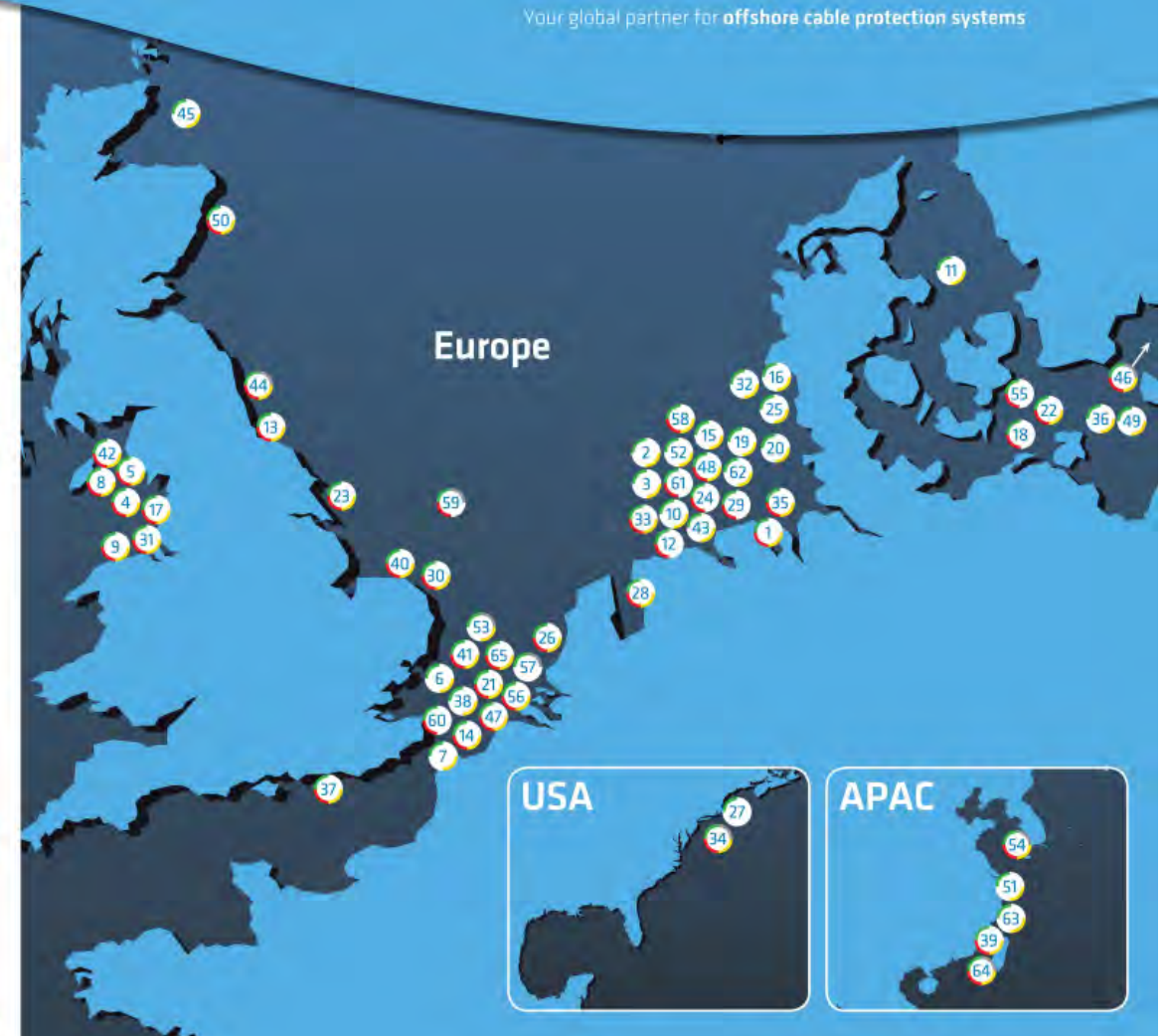
30 Gudgeon  
31 Burbo Bank Extension  
32 Sandbank  
33 Gemini Phase I  
34 Block Island  
35 Nordegrunde  
36 Wikinger  
37 Rampton  
38 NobelWind  
39 Formosa I P1

#### Generation 7

40 Race Bank  
41 Galloper  
42 Walney Extension  
43 Borkum Riffgrund II  
44 Blyth Demonstrator  
45 Beatrice  
46 Pori Tahkoluoto  
47 Rentel  
48 Merkur  
49 Arkona  
50 Aberdeen  
51 Binhai Phase II  
52 Høhe See  
53 East Anglia I  
54 Southwest Demo  
55 Kriegers Flak OSS  
56 Borssele I&II  
57 Northern DSS  
58 Albatros

#### Generation 8

59 Hornsea ONE  
60 Modular Offshore Grid  
61 BorWin 3  
62 Deutsche Bucht  
63 Dafeng H3  
64 Formosa I P2  
65 Borssele III & IV





# TGP Clients





# TGP Case Studies



“Tekmar win Borssele 1,2,3,4 with Ørsted and Van Oord.” 27/11/18

“100% market share of all cable protection systems into European offshore wind projects.”



“AgileTek sign collaborative agreement with Blue Wind Engineering.” 26/09/18

“AgileTek launch cloud software service AgileDat to revolutionise modern engineering practise.”



“Subsea Innovation announce high profile contract with Royal IHC.” 29/11/18

“Subsea Innovation win with Subsea 7.” 17/10/18



# SIL Case Studies



## State of the Art Pipeline Repair and Reinforcement Technologies

Up to 42" pipeline  
Weight up to 90 tonnes;  
Cost circa £2m each

subsea 7



## Launch & Recovery Systems

Go on back deck of vessels  
Weight up to 27 tonnes,  
Cost circa £350k + ongoing maintenance  
revenue streams



# End of Document

**James Ritchie (CEO Tekmar Group)**

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