

Disclaimer

This presentation contains certain forward-looking statements, including but not limited to, the statements and expectations contained in the 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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Unless required by law, Tekmar is under no duty and undertakes no obligation to update or revise any forward-looking statement after the distribution of this presentation, whether as a result of new information, future events or otherwise.

Unless stated all the numbers are as of 30.09.2019 and exclude the impact from the Acquisition of Pipeshield International Ltd RNS Number : 3657P on 10 October 2019

Presentation Team



James Ritchie
CEO

- Joined Tekmar in 2008
- Over 10 years as an executive director and passionate entrepreneur supported by a 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 30 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

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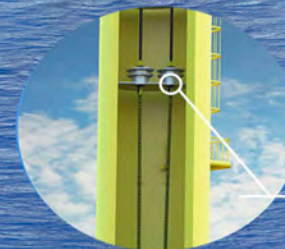




Vessel Back Deck Equipment Design (SIL)



Mooring Solutions (RYD)



Hang-offs (TEL, SIL)



Offshore installation analysis (AEL)

Geotechnical Foundation Design (RYD)



TekTube® J-tube Solutions (TEL)

TekLink® J-tubeless CPS (TEL)

Structural Finite Element Analysis (AEL, SIL)



Bend Stiffeners (TEL)

Buoyancy (TEL)

Piggyback Clamps (TEL)

TekLink® J-tube CPS (TEL)

Armadillos (TEL)

J-tube Seals (TEL)

Flange Connectors (SIL)

TekDuct® Ducting (TEL)

Sleeve Connectors (SIL)

Vertebrae Bend Restrictors (TEL)

TekSpace® Crossing Solutions (TEL)

Split Pipe (TEL)

Emergency Pipeline Repair Systems (SIL)

Ballast Modules (TEL)

Cable burial risk assessment
Geotechnical route data and design
Burial and trenching optimisation (RYD)

Vision

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

Key Objectives

- 1) Sustainable Growth
- 2) Focus on value added technology for subsea and offshore (Niche IP).
- 3) Develop ways to get into projects early and stay in for longer (Full life cycle).
- 4) Leverage group support between companies (Synergies).

Values



Safety



Heritage



Innovation



Collaboration



People

Key Enablers

- 1) Our core values
- 2) Growing global demand >20% CAGR
- 3) Strong brand and outstanding reputation
- 4) Balance sheet post IPO
- 5) Our core strategy

HALF YEAR HIGHLIGHTS

- Inline with expectations and firmly on track to meet expectations for FY20
- Successfully delivering diversification strategy after completing first full year as a PLC
 - Record revenues of £17.1m up 141% YOY
 - Record order book of £15.9m a 23.26% increase YOY
- Acquisitions making valued contribution with Subsea and Ryder into profit and Pipeshield acquired after the half year
- Tekmar Energy maintains a high market share with revenues up by 73% YOY, strengthening its position overseas securing work in APAC and USA
 - Maintain a debt free and cash positive position
- Long term global markets outlook continues to be positive with oil price stable above \$50 a barrel and the offshore wind GW targeting increasing by 43.5% YOY

KPI's and Comparisons (As of 30.09.2019)

Item	HY18	HY19	HY20	Comparison	%CAGR	FY19
Enquiry Book ⁽¹⁾	£127m	£170m	£186m	↑	9.4%	13.56% £195m
Sales Conversion ⁽²⁾	25%	50%	56%	↑	12%	62%
Preferred Bidder ⁽³⁾	£2.9m	£18.1m	£7.5m	↓	-58.56%	£15.0m
Order Book ⁽⁴⁾	£8.9m	£12.9m	£15.9m	↑	23.26%	£7.2m
Revenue	£11.4m	£7.1m	£17.1m	↑	140.8%	£28.1m
Market Visibility ⁽⁵⁾	£23.2m	£38.1m	£40.5m	↑	6.3%	20.41% £50.2m
Lost Time Incident	1.22	0	0	↑	0	0
People	109	154	175	↑	13.6%	17.09% 180
OWF outlook GW ⁽⁶⁾	150	170	244	↑	43.5%	17.61% 227
O&G \$ppbl ⁽⁷⁾	67.6	72	60.9	↓	-15.42%	69.0

(1) All active lines of enquiry within the Tekmar Group. Expected revenue recognition within 5 years.

(2) H1 conversion rate; Total Enquiry (Bid) to Win ratio.

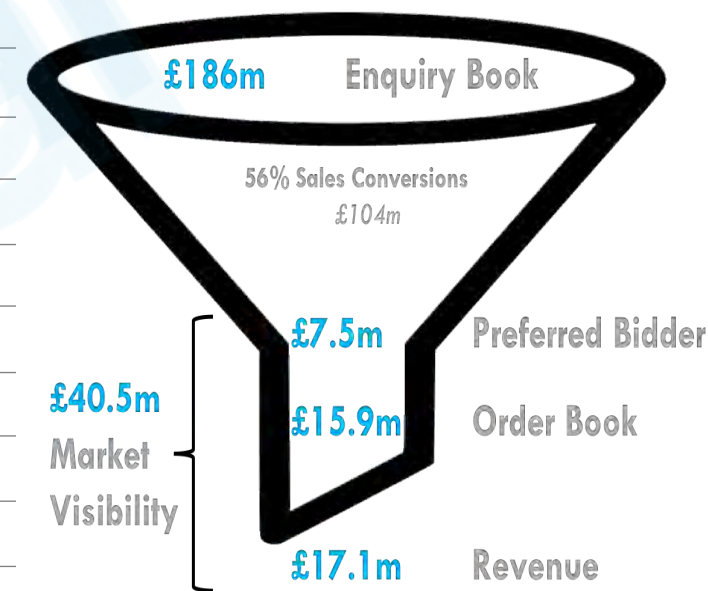
(3) Preferred bidder defined as: out of competitive tender process, selected as sole bidder in active contract negotiations. Expected revenue recognition within 12 months.

(4) Order Book is defined as signed contracts with clients. Expected revenue recognition within 6 months.

(5) Market Visibility is defined as: H1 Revenue + Order Book + Preferred Bidder.

(6) Improvement in Offshore Wind Market Outlook September 2018 vs September 2019, Source: 4C Offshore Wind Farm Global Market Overview Report.

(7) Oil spot rate for Brent \$ppbl IB.1:IEU



Financials Highlights

Results By Business And Market (£m)

BY BUSINESS				BY MARKET			
	HY20	HY19	FY19		HY20	HY19	FY19
REVENUE				REVENUE			
Tekmar Energy	11.6	6.7	24.1	Offshore wind	9.8	5.4	19.7
Subsea Innovation	4.9	0.2	3.5	Subsea	7.3	1.7	8.4
AgileTek	1.1	0.4	1.0				
Intercompany elimination	(0.5)	(0.2)	(0.5)				
Total	17.1	7.1	28.1	Total	17.1	7.1	28.1
GROSS PROFIT				GROSS PROFIT			
Tekmar Energy	3.4	1.3	8.2	Offshore wind	4.3	2.3	9.6
Subsea Innovation	1.3	0.0	1.1	Subsea	2.1	0.3	2.8
AgileTek	0.7	0.3	0.6	Unallocated costs	(1.0)	(1.0)	(2.5)
Total	5.4	1.6	9.9	Total	5.4	1.6	9.9
ADJUSTED EBITDA							
Tekmar Energy	1.5	(0.5)	4.6				
Subsea Innovation	0.5	(0.1)	0.5				
AgileTek	0.2	0.1	0.1				
Group	(0.2)	(0.3)	(0.4)				
Total	2.0	(0.8)	4.8				

Key financials (£m)

	HY20	HY19	FY19
Revenue	17.1	7.1	28.1
Adjusted EBITDA	2.0	(0.8)	4.8
Cash	3.9	7.6	4.2
Market Visibility	40.5	38.1	50.2

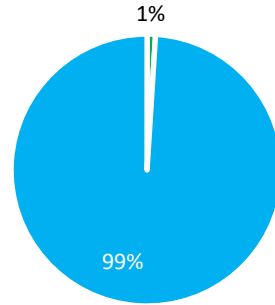
Sales KPIs (£m)

	HY20	HY19	FY19
Order Book	15.9	12.9	7.2
Preferred Bidder	7.5	18.1	15.0
Enquiry Book	186	170	195
LTM sales conversion	56%	50%	62%

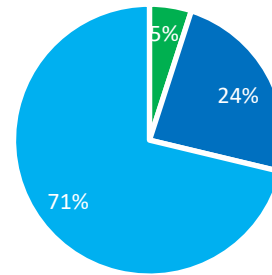
Revenue Diversification

COMPANY:

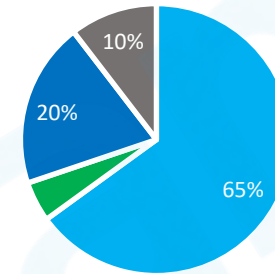
FY18 Actual



FY19 Actual



FY20 Outlook



Key

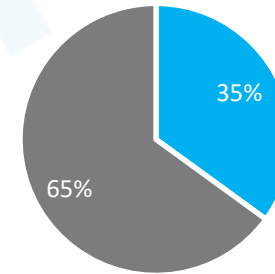
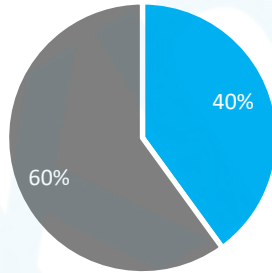
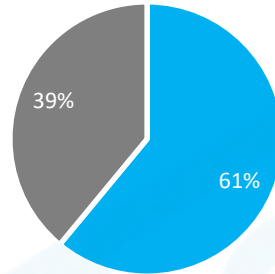
TEL

PIL

SIL

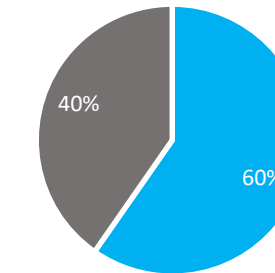
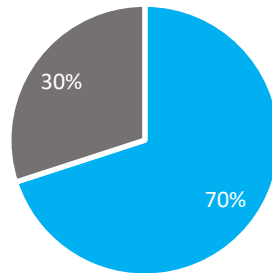
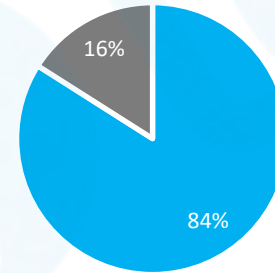
AEL

PRODUCT:



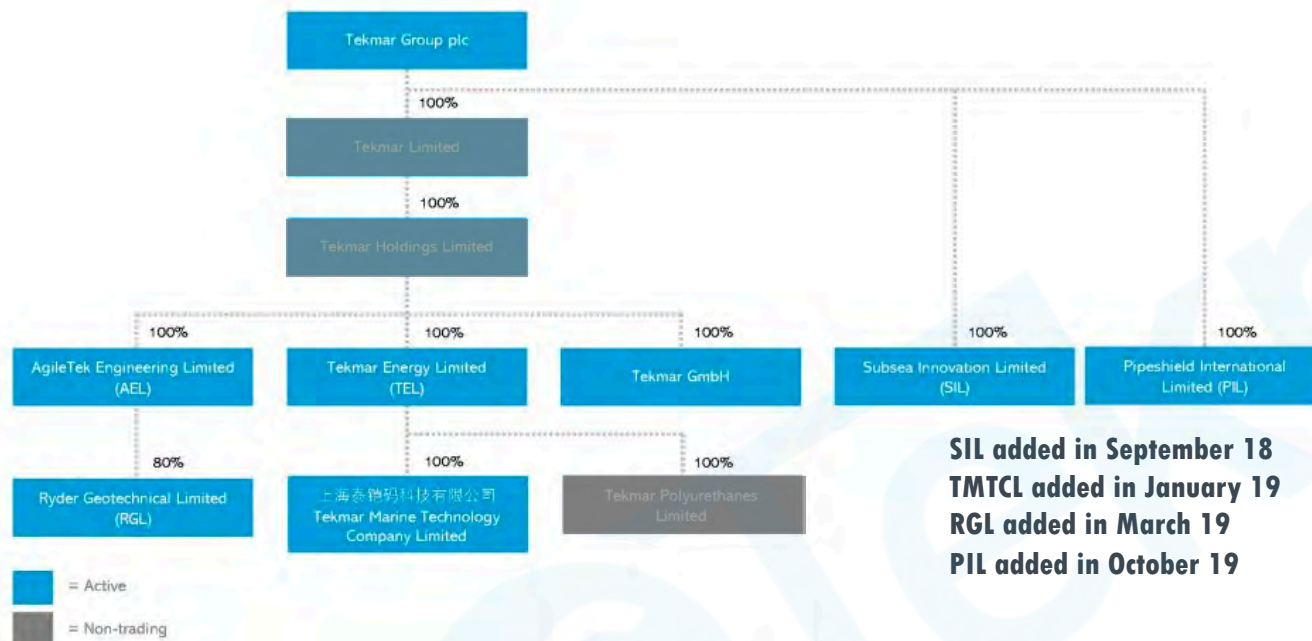
TEKLINK CPS
Other Subsea

SECTOR:



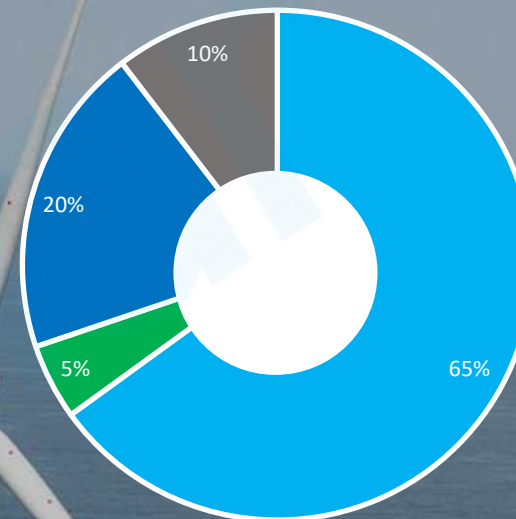
Offshore Wind
Subsea

Group Structure



SIL added in September 18
TMTCL added in January 19
RGL added in March 19
PIL added in October 19

Revenue Split:



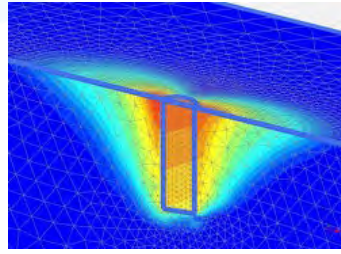
Company Overview



	Turnover FY19	People HY20	Focus Technology (>70%*)	Main Application (>75%*)	Main Market (> 50%*)	Focus Material (> 90%*)	Emerging Geography	Top 3 Customers (> 40%*)	Locations
TEL	£24m	107	Cable Protection Systems (CPS)	Power Cables	OWF	Polymer	APAC	Boskalis Orsted JDR	Newton Aycliffe** Shanghai
SIL	£3.5m	45	Back Deck Equipment	Vessels	O&G	Metals	EU	IHC Subsea7 Saipem	Darlington**
AEL	£1m	15	Engineering Consultancy	Software	Engineering	Data	NA	London Array Global Marine Tekmar Energy	London** Newcastle
PIL	£6.6m	25	Subsea Mattresses	Seabed	Marine	Concrete	ME	NPCC All Seas Van Oord	Lowestoft** Blyth Montrose Abu Dhabi

* Typical Revenue

** Head Office



HY20 Group News



10/10/19

Tekmar Group makes third acquisition with Pipeshield International Ltd



30/09/19

Ryder Geotechnical announce opening of new London based office



09/09/19

Tekmar selected for Changhua offshore wind farm by Jan De Nul



08/08/19

Subsea Innovation delivers new Launch and Recovery Systems to global clients



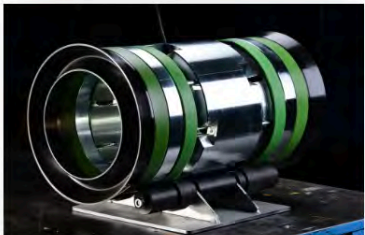
02/08/19

Tekmar to Supply the World's Largest Offshore Wind Farm, Hornsea Two



23/07/19

Tekmar Energy launch new Mental Health and Wellbeing initiative



15/08/19

Subsea Innovation announces contract win in Norway with TechnipFMC



13/08/19

Tekmar selected for Formosa 1 Phase 2



09/08/19

Tekmar Group plc company Ryder Geotechnical expands with new headquarters in Newcastle



17/07/19

Tekmar Group plc Annual Report FY19 available for download



27/06/19

Tekmar Group appointed new Brand Ambassador



29/04/19

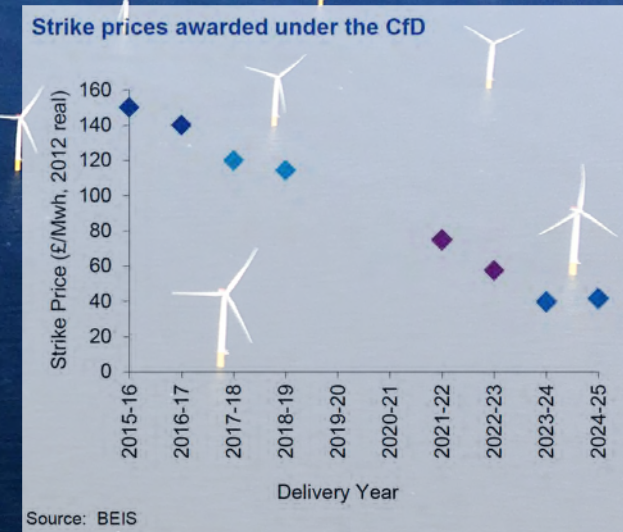
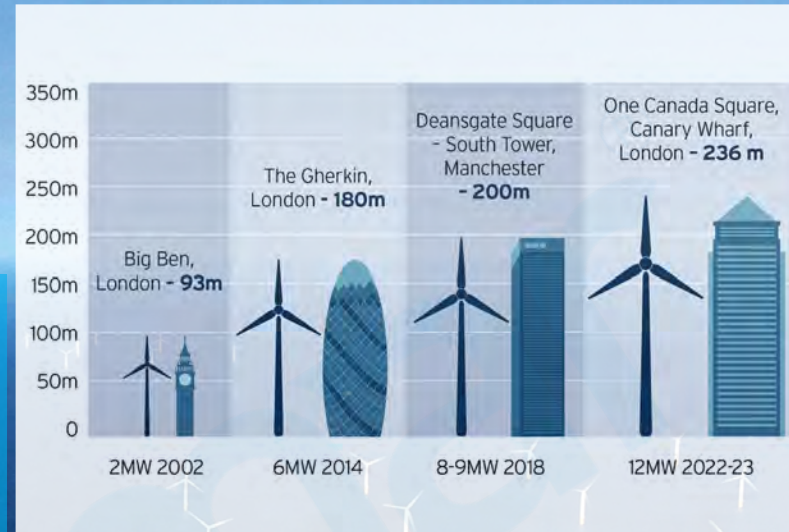
Subsea Innovation deliver Rapid Response Repair Clamps in under 10 weeks

Markets



Benefits of Offshore Wind

- Sustainable clean renewable energy
- A domestic energy source
- Proximity based near densely populated coastal areas
- Scale
- Speed
- Low Cost
- Reliability
- Local economic prosperity
- Inspiration for future generations



Market Review - Offshore Wind

Key Points

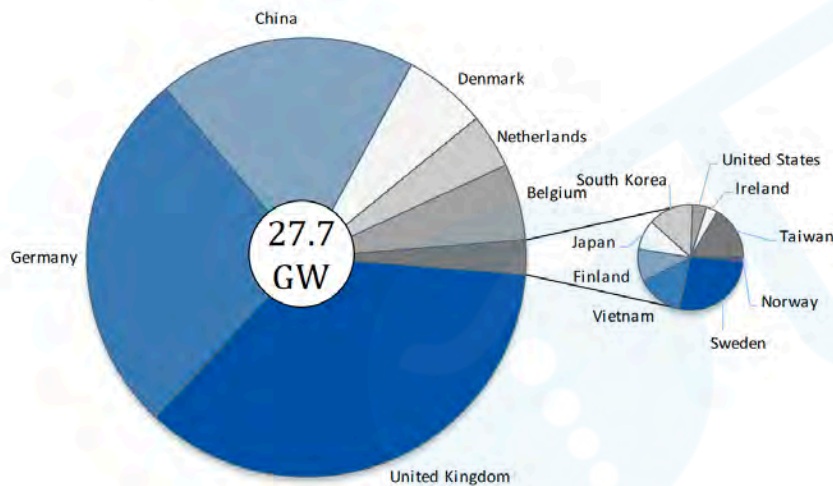
- Cost reduction is increasing demand.
- 20x growth predicted by EWA by 2050 targeting 450 GW
- 15x growth globally over next 20 years according to EIA.
- Live project planning shows visibility on 216 GW or 8x growth within next 10 years.

£550 Bn

Estimated Spend over 10 years
(90% CAPEX 10% OPEX)

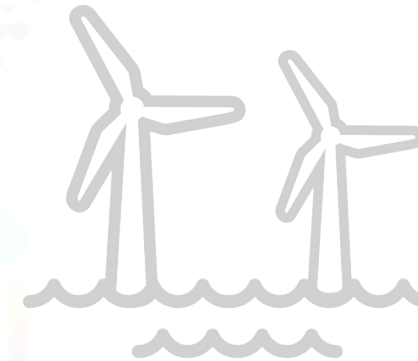
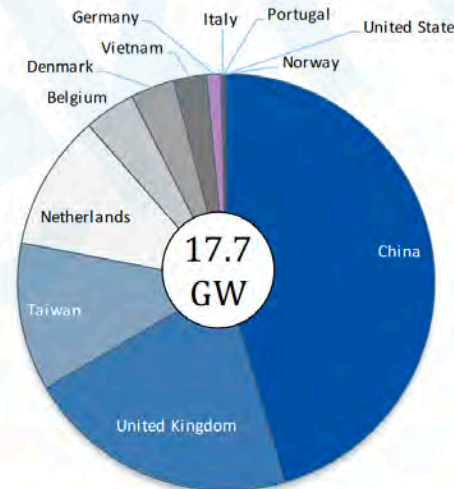
UK and Germany continue to dominate global market

Installed capacity (MW) by country



China continues rapid industry acceleration

Under Construction and Pre-Construction capacity (MW) yet to be installed



150GW



Mar18

227GW



Mar19

244GW

198.9GW

17.7 GW
27.7 GW

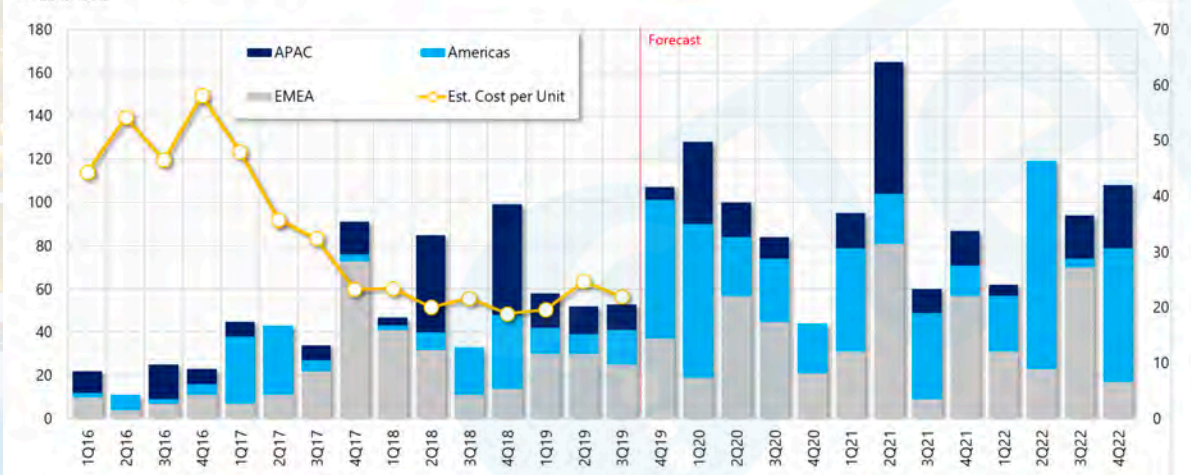
Sep 19

Market Review – Subsea

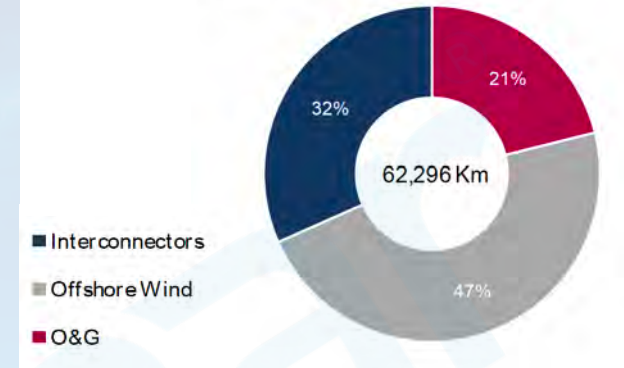


Global Subsea Tree Orders by Quarter

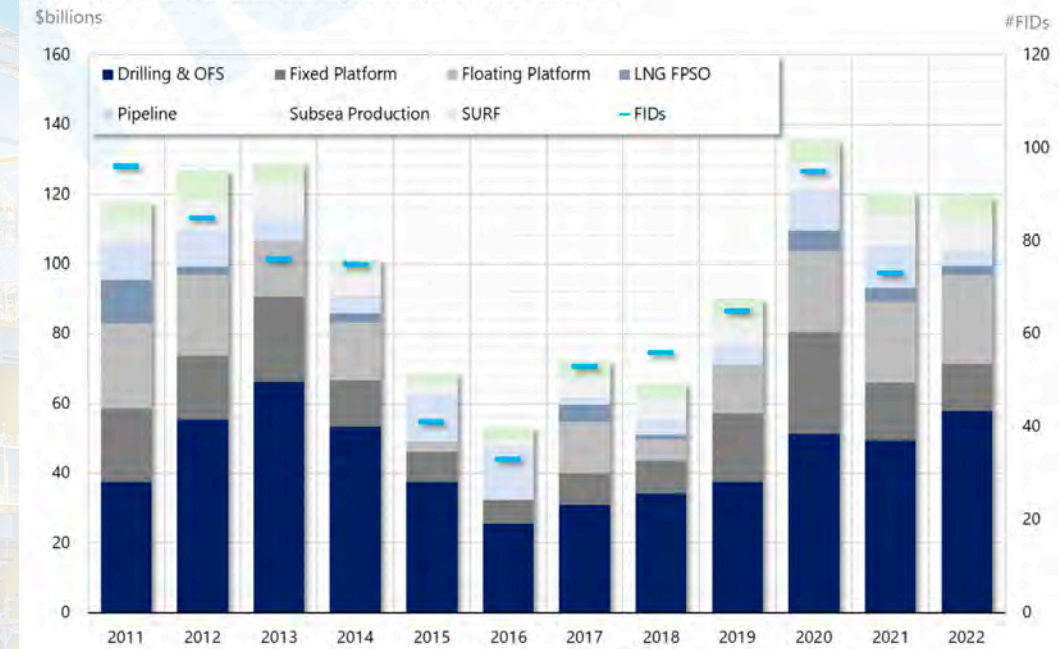
Subsea Trees



Cable Installation 2020 -2025



Offshore E&P Greenfield Capital Expenditure & FIDs:



Growth Strategy



Growth Strategy Action

Organic Growth

Markets growing;
OWF growing at >20% CAGR
Oil and Gas stable >\$50 PBL

Half Year Update;

- 1) 141% Revenue growth
- 2) Largest orderbook £15.9m
- 3) Sales KPI's on track

Related Risk Factors: General Economic Environment, Project timings, Technology, Key Staff Members



Accelerated Growth

Investment in new technology,
operational efficiency, expand
overseas

Half Year Update;

- 1) TEL securing work in Asia and USA
- 2) SIL undergoing large product development
- 3) AEL delivering more external work with cloud solutions
- 4) 21 people added
- 5) Zero lost time incidents

Related Risk Factors: Technology and competition, Risk of claims

Acquisition Strategy

M&A targets;
Shared vision
Technology and sector focus
Leverage group support
Share customers
Project Life cycle

Half Year Update;

- 1) 3 since IPO (June 18)
- 2) Pipeshield adding £45m of enquires

Related Risk Factors: Systems and Processes, Availability of capital





Financials

HY20 Consolidated Statement of Comprehensive Income

£000 (year ended 31 March)	HY20	HY19	FY19
Revenue	17,093	7,121	28,082
Cost of sales	(11,653)	(5,488)	(18,190)
Gross profit	5,440	1,633	9,892
	31.8%	22.9%	35.2%
Net operating expenses	(4,645)	(3,240)	(6,987)
Group operating profit	795	(1,607)	2,905
Analysed as:			
Adjusted EBITDA ⁽¹⁾	1,975	(763)	4,833
Depreciation	(545)	(236)	(808)
Amortisation	(306)	(175)	(476)
Share based payments charge	(260)	(186)	(418)
Exceptional Items	(69)	(247)	(226)
Group operating profit	795	(1,607)	2,905
Net finance costs	31	(1,005)	(919)
Profit/(loss) before taxation	826	(2,612)	1,986
Taxation	(102)	161	407
Profit/(loss) for the period	724	(2,451)	2,393

COMMENTARY

- Revenue has increased significantly across all businesses in the half year, including Subsea Innovation being included for the full period (HY20 £4.9m; HY19 £0.2m)
- Improvement in gross profit as we delivered a higher weighting of offshore wind projects
- Adjusted EBITDA is a primary measure across the group.
- Depreciation and amortisation now include charges relating to Subsea Innovation for the whole period
- Share based payments charge reflects the full period whereas FY19 was only 9 months (from IPO)
- Net finance costs relate to interest costs for bank guarantees and movement in revaluation of forward foreign currency contracts, the latter being a positive impact of £77k

Note 1: Adjusted EBITDA is profit before finance costs, tax, depreciation, amortisation, share based payments charge and exceptional items

HY20 Consolidated Balance Sheet

£000 (year ended 31 March)	HY20	HY19	FY19
Property, plant & equipment	5,198	3,681	5,501
Other non-current assets	21,679	21,786	21,837
Non Current Assets	26,877	25,467	27,338
Inventory	2,137	1,741	1,914
Trade and other receivables	19,976	6,958	19,996
Cash	3,867	7,605	4,190
Current Assets	25,980	16,304	26,100
Total Assets	52,857	41,771	53,438
Share Capital & Share Premium	64,607	65,600	64,607
Merger relief reserve	993	-	993
Merger reserve	(12,685)	(12,685)	(12,685)
Retained losses	(9,121)	(14,989)	(10,098)
Total equity	43,794	37,926	42,817
Long Term borrowings	314	-	487
Trade and other payables	359	1,000	361
Non Current Liabilities	673	1,000	848
Trade and other payables	8,004	2,711	9,395
Provisions	-	134	-
Other borrowings	386	-	378
Current Liabilities	8,390	2,845	9,773
Total Liabilities	9,063	3,845	10,621
Total Equity and Liabilities	52,857	41,771	53,438

COMMENTARY

- Property, plant & equipment – similar levels to year end – movement from HY19 relates to Subsea Innovation acquisition
- Other non-current assets – goodwill arising on original management buy-out (£19.6m); intangible assets re acquisition of Subsea Innovation; and product development (£1.0m)
- Trade & other receivables – includes £15.5m accrued income; Tekmar Energy £13m Subsea Innovation £2.3m
- Trade and other payables (current) includes £1m earn-out due under the SIL acquisition agreement
- The group also has bank guarantees of £3.2m in place which are off balance sheet

HY20 Consolidated Cash Flow Statement

£000 (year ended 31 March)	HY20	HY19	FY19
Adj. EBITDA	1,975	(763)	4,833
<i>Exceptional items</i>	(69)	(247)	(226)
<i>Others</i>	(31)	-	(168)
Movement in inventories	(223)	349	176
Movement in debtors	(349)	2,112	(10,493)
Movement in creditors	(1,390)	(2,607)	2,876
Movement in provisions	-	3	(131)
Tax recovered (paid)	211	134	180
Net cash from operating activities	124	(1,019)	(2,953)
Purchase of property, plant & equipment	(243)	(176)	(996)
Purchase of intangible assets	(69)	(266)	(865)
Acquisition of subsidiary net of cash acquired	-	(181)	(168)
Other investing activity	78	1	150
Net cash from investing activities	(234)	(622)	(1,879)
Net payment of borrowings	(166)	(34,829)	(35,053)
Proceeds from issue of shares	-	49,429	49,429
Expenses of the IPO	-	(400)	(400)
Interest paid	(47)	(7,571)	(7,571)
Net cash from financing activities	(213)	6,629	6,405
Net increase / (decrease) in cash	(323)	4,988	1,573
Cash & Cash equivalent	3,867	7,605	4,190

COMMENTARY
<ul style="list-style-type: none"> Project timings continue to impact our working capital with debtors unwinding slower than expected Closed the period with £3.9m of free cash On 9th October 2019 we completed the acquisition of Pipeshield International Limited, with a cash payment of £3m, offset by £1.1m of cash and £1.7m of working capital within this business

A photograph of an offshore wind farm with several white wind turbines in a row over a blue sea under a hazy sky. A small boat is visible in the distance.

Chairman's Statement

Ally McDonald

CHIARMAN'S OUTLOOK STATEMENT

“We have made great progress in the first half of the year, delivering record revenue growth and securing the Company's largest ever Orderbook. All our businesses performed well, the outlook remains very positive with our core market, offshore wind, forecast to grow substantially in the long term and the integration of our acquisitions and long-term strategy have progressed well. We believe that the Group is firmly on track to meet our expectations in the current year with positive market indications for the future.”

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