

H1 2021 Results Presentation

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Presentation Team



Alasdair MacDonald
Chief Executive Officer

- Joined Tekmar in 2013
- Over 30 years' experience in the energy sector holding senior executive positions including CEO at Wellstream Holdings plc, a FTSE 250 company
- Spent 19 years with Technip including Managing Director of Technip Umbilicals Limited
- Various Director roles within Private Equity backed businesses



Sue Hurst
Financial Officer

- Joined Tekmar in 2012
- Over 30 years' experience in large companies covering sectors from Energy 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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H1 2021 Highlights

H1 2021 Highlights

Financial Highlights

- Revenue £15.2m (H120 £17.1m)
- EBITDA £0.8m (H120 £2.0m)
- Closing cash £3.6m (H1 20 £3.9m)
- H1 21 OW Revenue consistent with H1 20
- Year end extended to Sept 21

Market Highlights

- All indicators point to growth and significant investment in OW
- Enquiry book up 21% at £225m v HY20
- Global OW forecast capacity increased to 233GW by 2030 (current 28.9GW)
- UK capacity forecast increased by 10GW to 40GW by 2030 (current 10.4GW)
- EU offshore target 60GW by 2030 (current 12GW, Target 300GW by 2050)
- Short term circa 18.6% CAGR on global OW by 2024

Operational Highlights

- Maintained LTI free days in period
- SIL > 7 years, TEL > 3 years, PIL > 5 years
- Key priority safety & well being of employees & customers
- Operations continued through C-19 impact, quick response to reduce costs
- Delay in intake & change in customer behaviour
- Reduced costs to protect liquidity
- Offshore wind revenue 66% of group revenue in period

Strategic Highlights

- Focussed on growth in the OW market
- Group integration & reorganisation plan implemented
- Introduction of our Generation 10 cable protection system
- Further growth in the OW OPEX market
- Board appointments
- Second joint broker appointed

The long term fundamentals in the offshore wind (OW) market remain compelling

Operational Highlights

- Review and reorganisation of the business to deliver operational cost savings and further integration efficiencies across the Group
- International expansion continues with first OWF contracts secured in France and Japan
- Growth in OWF OPEX Service offering with ongoing projects
- Significant contract award in China market
- Preferred bidder for significant contract for Pipeshield business, highest ever value contract
- Supply ongoing to world's largest offshore wind farm on Hornsea 2
- Inhouse capacity developed for water stop products, pipe repair clamps and connector solutions with four projects delivered in period
- Offshore grouting product line launched
- Consultancy support to US offshore wind farms and floating wind feasibility studies
- Digitalisation of software analysis tool progressed
- Developed new generation cable protection system, Generation 10

Generation 10

The same familiar cable protection systems :



Redeveloped for future project demands:

Bigger Turbines | Larger Cables | New Climatic Conditions | Latest Installation Techniques | Utilising Improved Cable Data



Performance

Re-engineered in preparation of future project demands and their subsea conditions



Cross Compatible

Generation 10 brings cross compatibility between both TekLink® + TekTube®, offering a more tailored solution



Thermal

Improved thermal performance to accommodate future projects operating in warmer climates with higher output cables

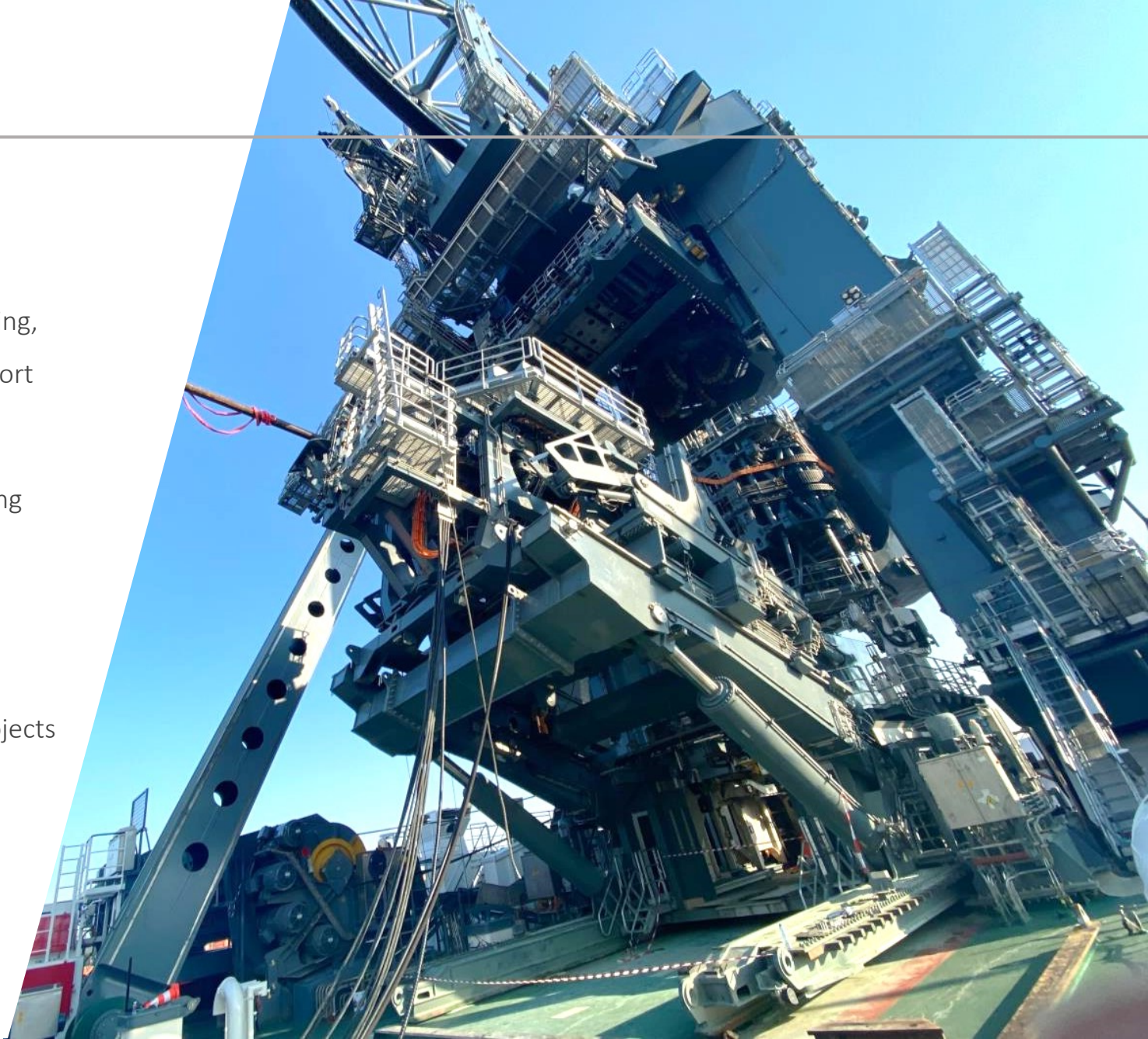


Life Extension

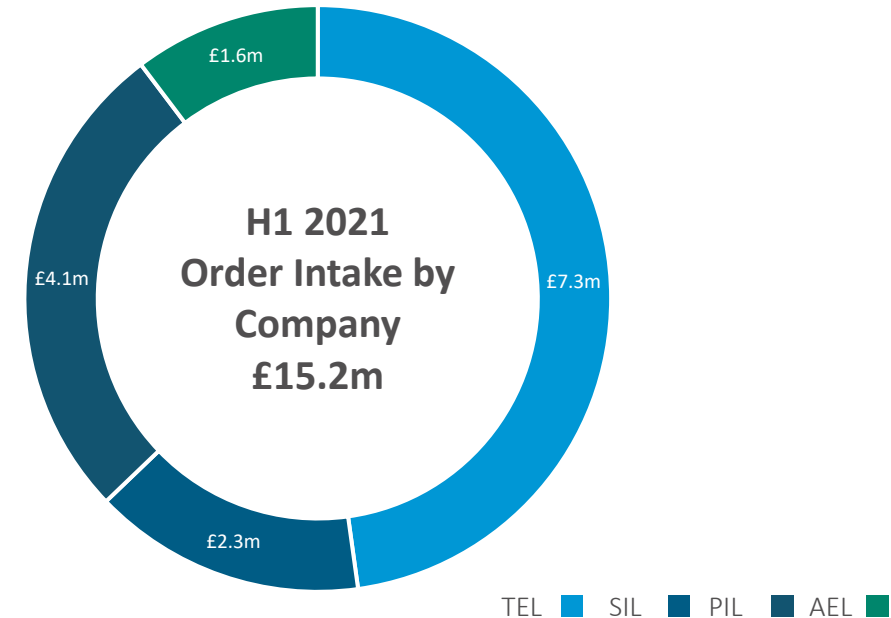
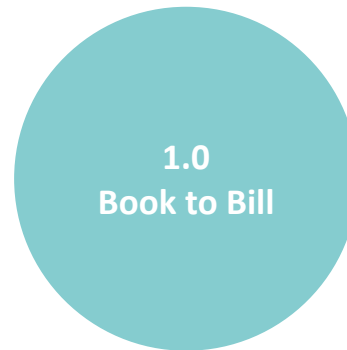
Generation 10 caters for projects with extended life requirements, including increased levels of abrasion resistance and corrosion protection

PLET Handling Spread

- Our largest and most complex engineering project to date delivered
- Turnkey: concept development, detailed design and engineering, manufacturing, pre-assembly and onsite commissioning support
- Over 20,000 engineering hrs over 18-month period
- Deliverables: Bespoke Pipeline End Termination (PLET) handling spread
- 406 tonnes of fabricated structure, lifting cylinders and an integrated hydraulic & electrical control system
- Demonstrates our ability to undertake significant turnkey projects of both scale and complexity



H1 2021 Order Book / Order Intake



Key Highlights

- Three new offshore wind contracts in China
- First major offshore wind project in Japan
- First project in the Middle East, in KSA
- CPS supply contract for offshore wind remedial works in Germany
- Remedial engineering and build of retrofit CPS clamps and cleaning tool UK offshore wind
- Supply of pipe-in-pipe water stops to customers in Gulf of Mexico, Middle East and Asia

KPI's & Comparisons

KPI	HY18	FY18	HY19	FY19	HY20	FY20	H121	% Change ⁽¹⁾
Lost time incident rate	1.22	1.22	0	0	0	0	0	0
Enquiry book	£127m	£145m	£170m	£195m	£186m	£224m	£230.5m	23%
Preferred bidder	£2.9m	£7.6m	£18.1m	£15.0m	£7.5m	£14.6m	£11.3m	50%
Order book	£8.9m	£5.4m	£12.9m	£7.2m	£15.9m	£10.0m	£10m	- 37%
Revenue	£11.4m	£21.9m	£7.1m	£28.1m	£17.1m	£40.9m	£15.2m	- 11%
Market Visibility	£23.2m	£34.9	38.1m	£50.2m	£40.5m	£65.5m	£35.5	- 12 %
People (2)	97	109	154	180	175	206	198	13%

Market Measures

OWF outlook GW (3)	95	150	170	227	244	216	233	- 4%
Oil price \$ppbl	\$57.0	\$67.6	\$72.0	\$69.0	\$60.9	\$22.7	\$40.9	- 32%

Notes

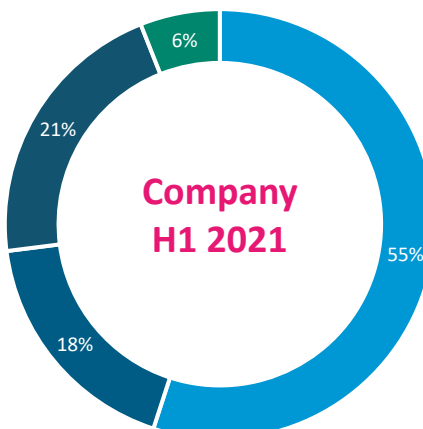
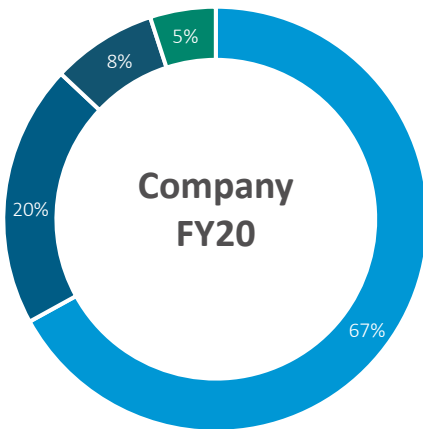
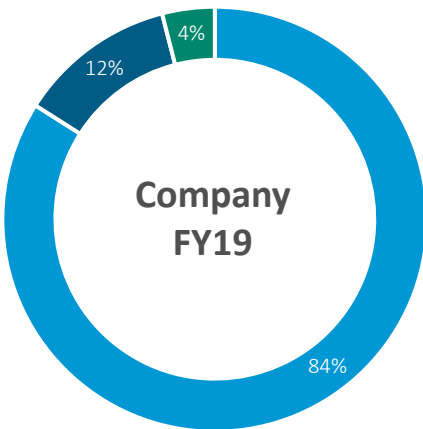
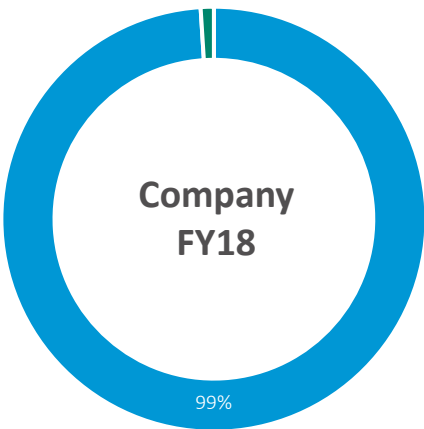
HY – Half Year is the 6 months ending 30 September
FY - Full Year is the months ending 31 March

(1) % change is from HY20 to HY21

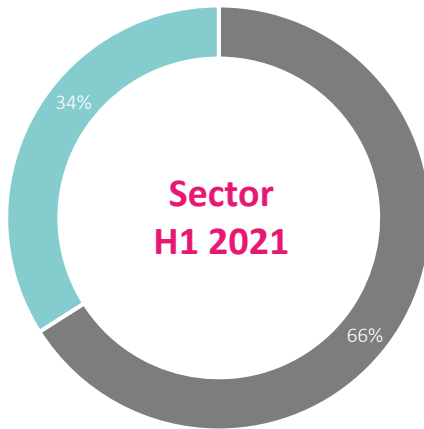
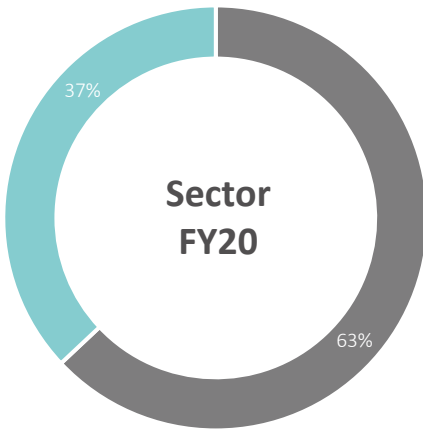
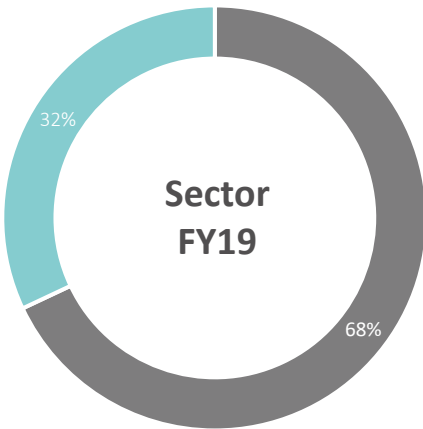
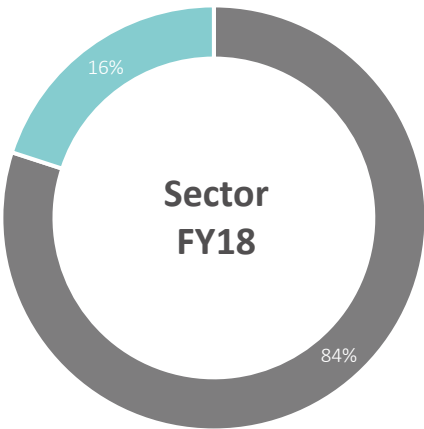
(2) People – number of employees at the end of each period

(3) OWF outlook source: 4C Offshore Wind Farm Global Market Overview

Revenue Diversification



■ TEL ■ SIL ■ PIL ■ AEL



■ Offshore Wind ■ Offshore Other

Market Overview

Why Offshore Wind

- Now a mature industry
- Global expansion progressing based on European experience
- More than 70% of the planet is covered by sea with stronger wind speeds
- Sustainable clean renewable energy
- A domestic energy source
- Proximity to densely populated coastal areas
- Scale
- Speed
- Low cost
- Reliability
- Local economic prosperity
- Inspiration for future generations
- Strong political support globally
- Aligns with do-carbonisation strategic drivers

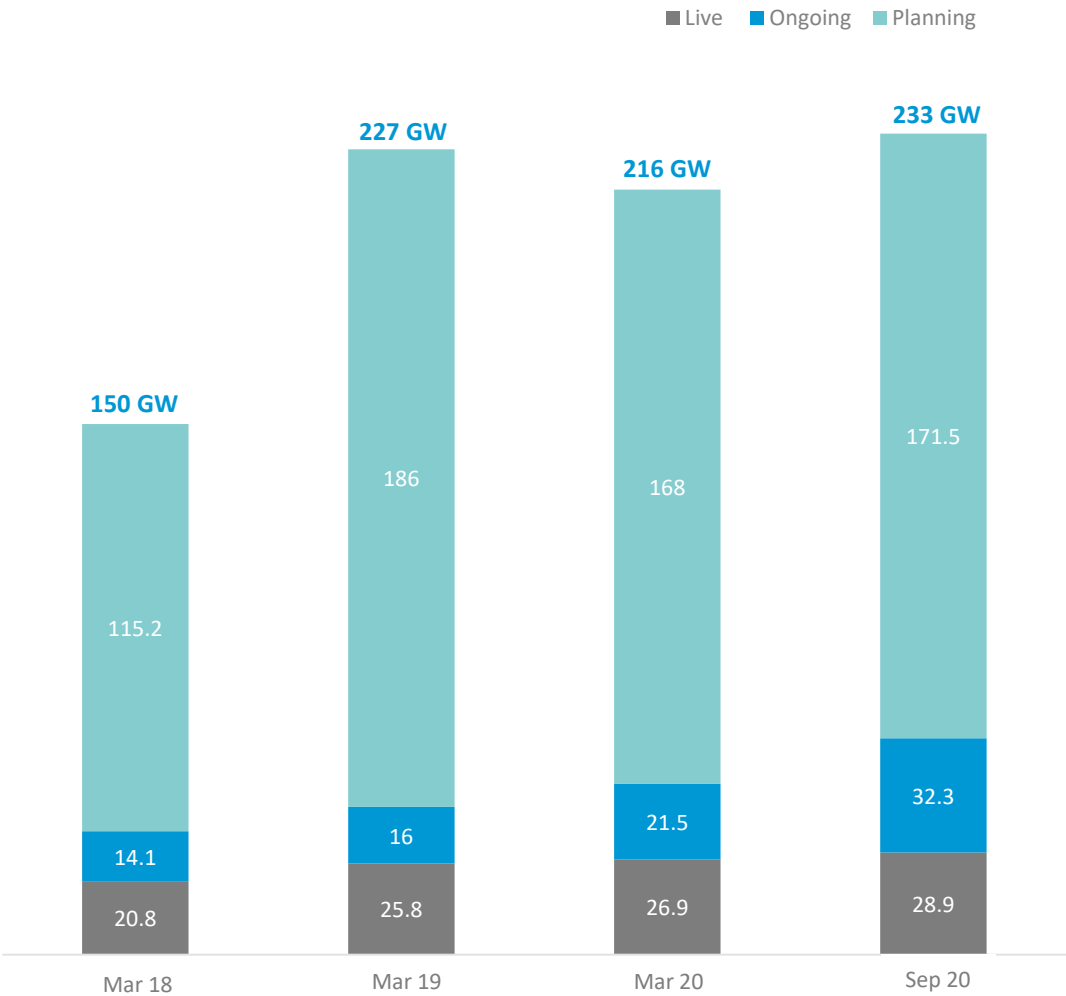


Global Offshore Wind Outlook

- 7.9% market increase to 2030 outlook in last 6 months
- >18.6% CAGR for new generation capacity forecast to 2024
- Live project visibility on +350 projects (171GW) due for construction by 2030
- GWEC predicts annual installations to exceed 20GW by 2025

Political Support

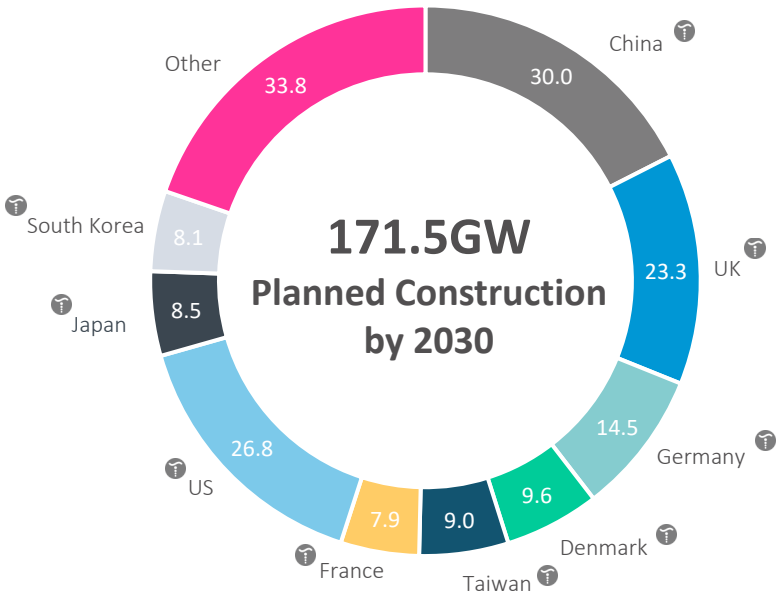
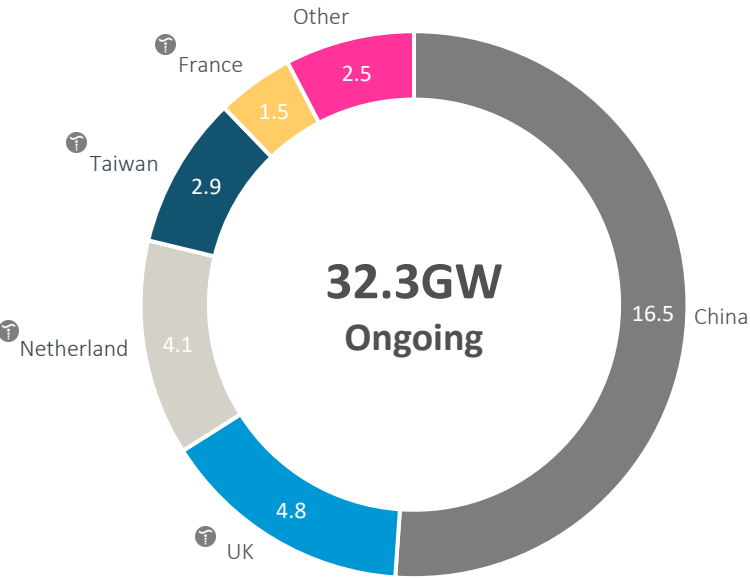
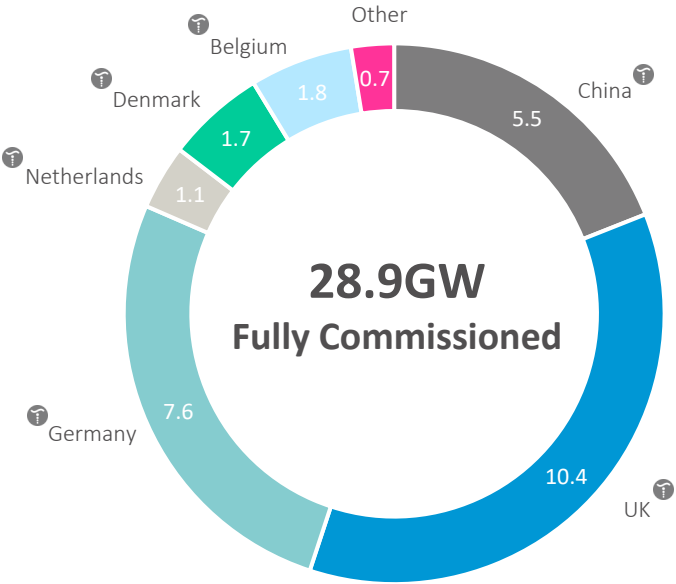
- UK Government sets out 10 point plan to Build Back Greener, including:
 - Commitment to 40GW of offshore wind by 2030
 - CfD AR4 to support 12GW of new projects up from 5.8GW CfD AR3
 - £160m pledged to develop ports and infrastructure in Northern England, increasing UK exporters competitive standing on the global stage
- Increased political lobbying for greater UK content on UK energy projects
- Pro-wind Biden Administration expected to speed up offshore wind in the US
- EU Offshore Renewables Strategy foresees 300GW capacity in the EU by 2050



Global Offshore Wind Market Outlook to 2030

Source: GWEC Global Offshore Wind Report 2020 & 4C Offshore Global Market Overview Q3 2020

Global Wind Outlook to 2030

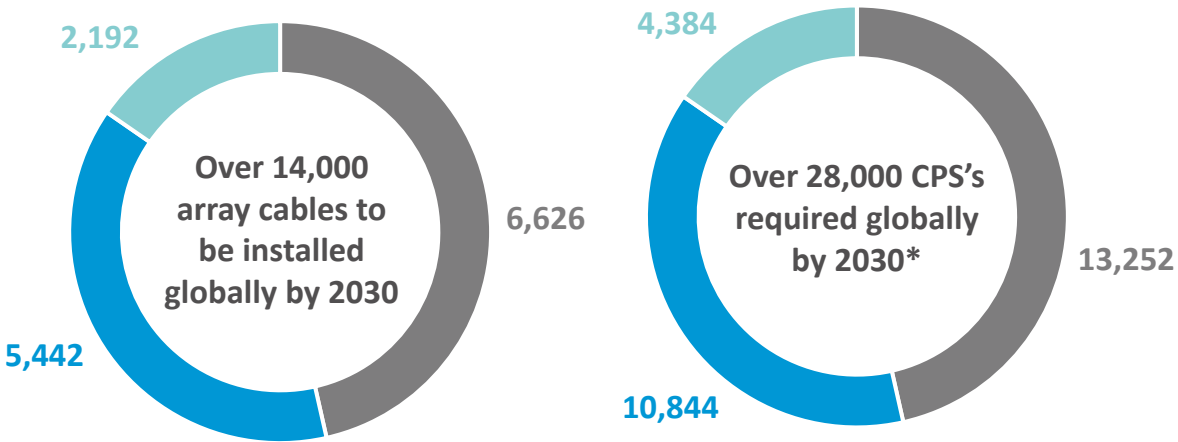
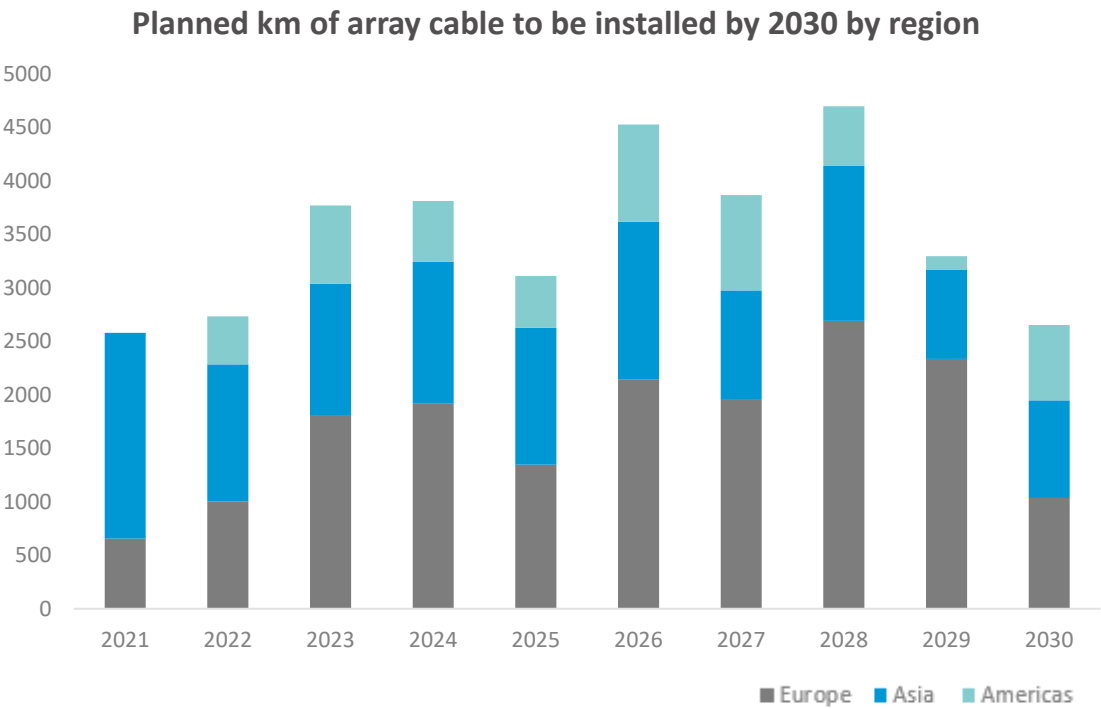


 Tekmar Group has delivered offshore wind projects in these countries

Source: 4C Offshore Global Market Overview Q3 2020

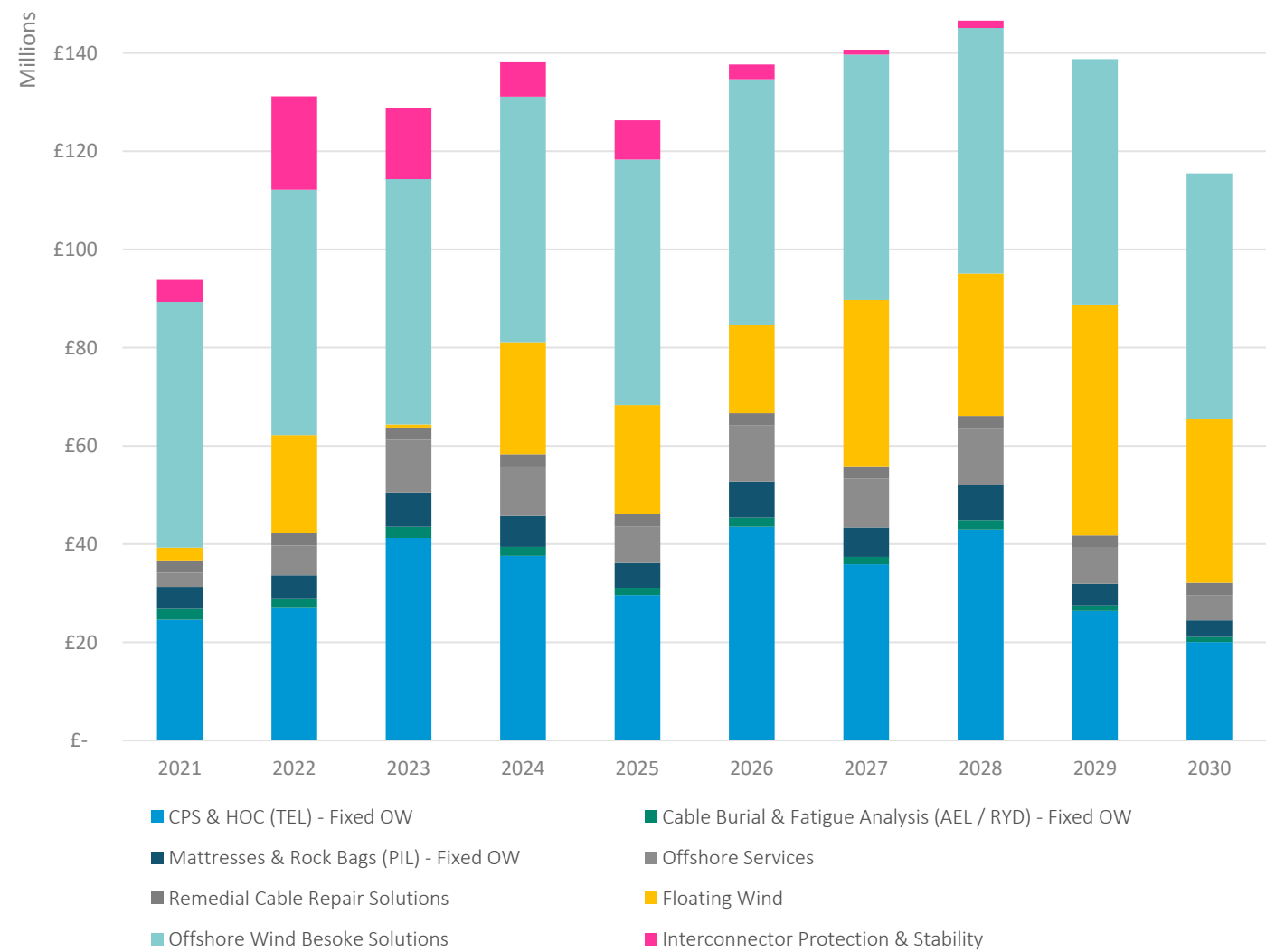
Subsea Cable Outlook

- Estimated €50bn global spend on cable procurement and installation in the next decade with over 61,800km of array and export cable to be installed between 2020-2029
- Substantial opportunity for geotechnical route analysis, cable burial risk assessments, installation analysis, protection and stabilisation solutions, and cable installation and handling equipment



Source: 4C Offshore Subsea Cable Forecast 2020-2029 & Offshore Wind Farms Database : Subsea Cable Edition | *Estimated CPS requirement

Addressable Market to 2030



Estimated Market Potential to 2030

- £400m CAPEX potential in fixed OW
- £25m OPEX potential in fixed OW
- £230m CAPEX potential in floating OW
- £500m market potential for bespoke solutions
- £60m CAPEX potential in Interconnector market

Source: 4C Offshore Wind Farms Database : Subsea Cable Edition

Emerging Markets in Offshore Wind

Group is well positioned for growth in emerging offshore wind markets

China | 30GW planned capacity by 2030

- Company in Shanghai (Tekmar Energy China)
- Supplied to 13 OWF projects in the region including 3 new projects secured in H1 2021

United States | 26.8GW planned capacity by 2030

- First mover into US OWF CPS market
- Multiple group companies now supporting all operational and under construction wind farms in the region including Block Island and CVOW

Japan | 8.4GW planned capacity by 2030

- First mover into Japanese OWF CPS market
- Supplying to Akita and Noshiro, the first utility scale offshore wind projects in the region

South Korea | 8.1GW planned capacity by 2030

- Supplied the first phase of Southwest Offshore windfarm, the largest offshore wind project in South Korea
- Local representation in place

France | 7.9GW planned capacity by 2030

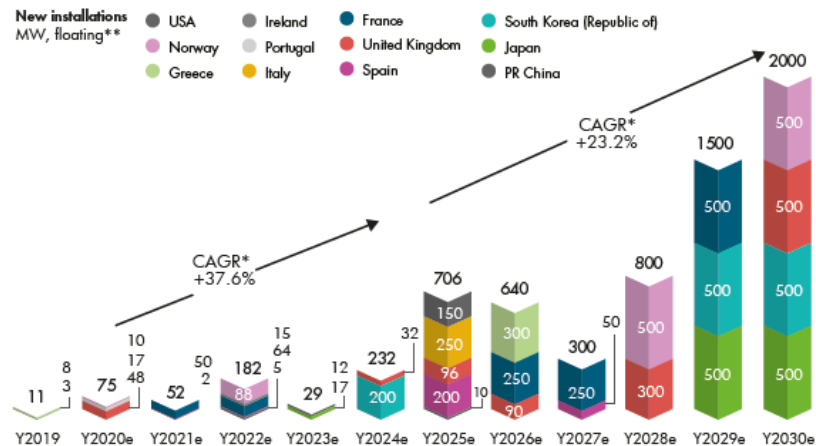
- First mover in French CPS market
- Multiple group companies supplying Saint Nazaire, the first commercial offshore wind farm in France

Taiwan | 9GW planned capacity by 2030

- Supplied to multiple projects in the region including Changhua, Formosa 1 and Yunlin

Floating Wind Outlook

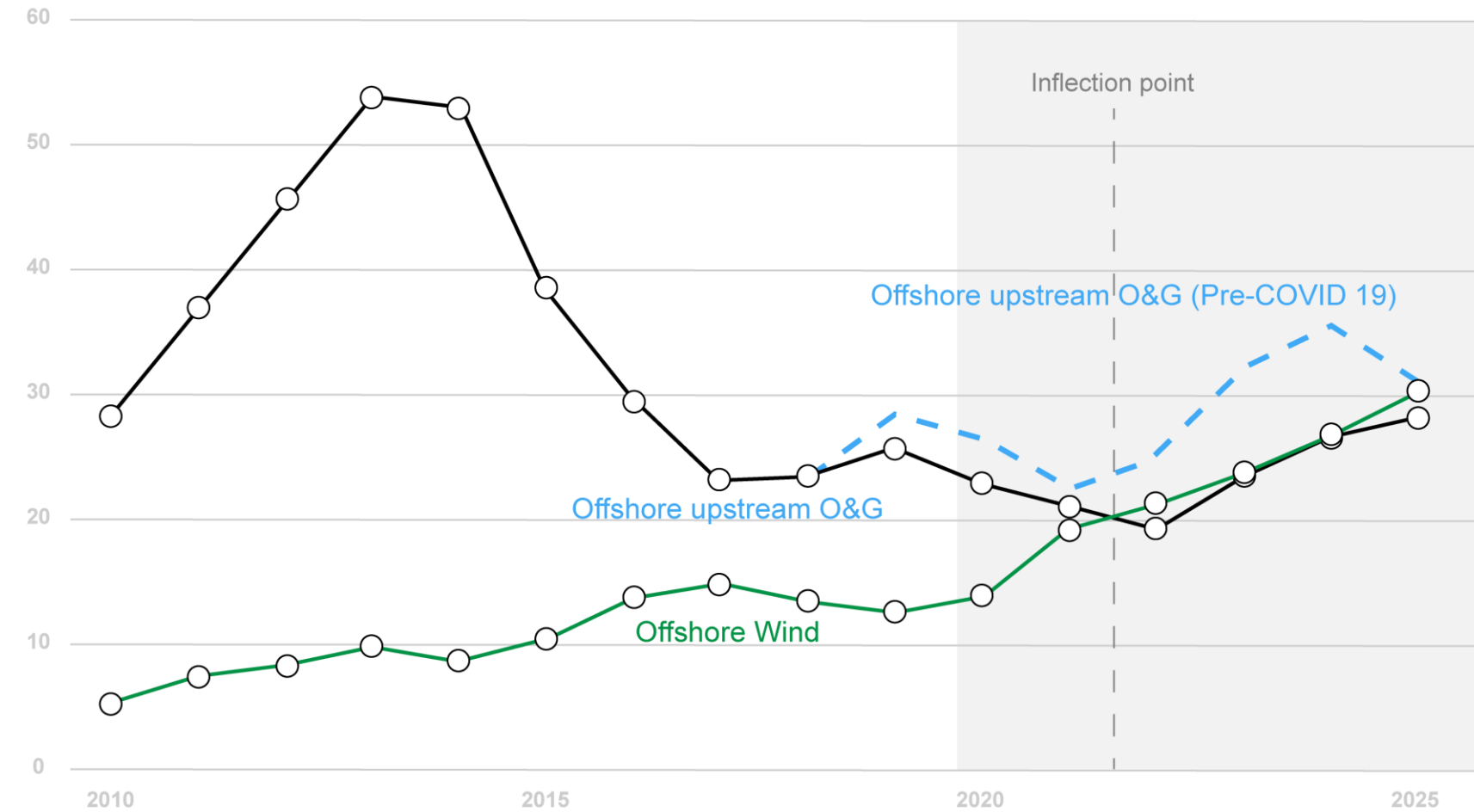
- GWEC predict 6.2GW of floating wind will be built in the next 10 years
- 2030 forecast suggests up to 19GW possible by 2030 subject to LCO
- >37.6% CAGR for new floating wind forecast to 2024
- Market to switch gear in 2025
- UK has set new target of 1GW of floating wind by 2030
- Developing new technologies and services for the floating wind market



Source: GWEC Global Offshore Wind Report 2020

Offshore Wind vs. Oil & Gas

Annual offshore oil & gas capex vs. offshore wind capex, Europe
Billion USD



Source: Rystad Energy Research and Analysis, UCube

Growth Strategy

Increased revenue per project by combined product offering

Organic Growth

Markets growing.

OWF growing at 18.6% CAGR 2021/25

Successes in the year:

1. Enquiry book grew by 21% to £225m v HY20 & similar level to FY20
2. Restructure following appointment of new CEO to capitalise on Group synergies and alignment of Groups core skills
3. Appointment of Operations Director and Finance Director to strengthen executive team
4. Ongoing development of Generation 10 cable protection systems
5. In line with our increasing activities in the OPEX market, we will further develop this service offering as an additional revenue stream as a life of field service/product line

Accelerated Growth

Investment in new technology, operational efficiency, expansion overseas

Successes in the year:

1. Consolidated local presence in ME with LLC's established in UAE and KSA
2. Secured several projects in Marine Civils sector
3. Geographical expansion in emerging OWF markets with projects in France and Japan, and new awards in China
4. Launched new products including grouting solution and fronded PRP units
5. Group companies offering combined on O&M projects

Acquisition Strategy

M&A targets;

Shared vision

Technology and sector focus

Leverage group support,

Share customers,

Project Life cycle

Successes in the year:

1. Acquisitions integrations progressed
2. Increase in the number of collaborative projects to global offshore
3. Continue to explore complementary bolt-on technologies that align with our offshore wind focused growth plan
4. Significant value add through acquired businesses



H1 2021 Results

H1 2021 P&L

£000	H1 2021	H1 2020	FY 2020
Offshore Wind	10,095	9,809	25,706
Other offshore	5,143	7,284	15,237
Revenue	15,238	17,093	40,943
Cost of sales	(10,501)	(11,653)	(28,671)
Gross profit	4,737	5,440	12,272
	31%	32%	30%
Overheads	(3,942)	(3,465)	(7,577)
Adjusted EBITDA	795	1,975	4,695
Depreciation & amortisation	(1,231)	(851)	(2,087)
Share based payments charge	441	(260)	(454)
Exceptional costs	0	(69)	(109)
Group operating profit	5	795	2,045
Net finance costs	(258)	31	(86)
(Loss)/Profit before taxation	(253)	826	1,959
Taxation	66	(102)	3
(Loss)/Profit for the year	(187)	724	1,962

Commentary

Offshore wind accounted for 66% of Group revenue. Other offshore includes oil & gas, interconnectors, wave & tidal

Maintained level of gross margin returns

Overheads include Pipeshield £626k (H1 20: nil)

Amortisation increase relates to acquisition of intangible assets on purchase of PIL. Credit to SBPC relates to the options withdrawn due to James Ritchie leaving the business

H1 2021 Balance Sheet

£000	H1 2021	H1 2020	FY 2020
Fixed assets	5,476	5,198	5,892
Goodwill & other intangibles	25,816	21,600	26,294
Deferred tax asset	0	79	0
Non Current Assets	31,292	26,877	32,186
Inventory	2,192	2,137	2,536
Trade and other receivables	20,271	19,976	26,819
Cash	3,613	3,867	2,130
Current Assets	26,076	25,980	31,485
Total Assets	57,368	52,857	63,671
Total equity / (deficit)	45,372	43,794	45,976
Non Current Liabilities	1,050	673	1,134
Short Term Borrowings	3,265	386	504
Trade and other payables	7,681	8,004	16,057
Current Liabilities	10,946	8,390	16,561
Total Liabilities	11,996	9,063	17,695
Total Equity and Liabilities	57,368	52,857	63,671

Commentary

Goodwill & other intangibles include acquired intangible assets and goodwill for PIL (£4.6m)

Trade receivables £7.3m and accrued income £12.4m, driven by being a project based business with 5-6 payment milestones across large value projects. This is a rolling balance not an old balance.

Addition of PIL property lease (IFRS 16)

Includes £3m CBILS loan repayable April 2021

Includes £1.25m deferred payment for PIL acquisition

Bank guarantees of £4.4m are held off balance sheet

H1 2021 Cash Flow

£000	H1 2021	H1 2020	FY 2020
Adj. EBITDA	795	1,975	4,695
<i>Exceptional items & others</i>	52	(100)	(75)
Movement in inventories	344	(223)	(512)
Movement in debtors	6,572	(349)	(4,393)
Movement in creditors	(8,403)	(1,390)	2,357
Tax recovered (paid)	0	211	209
Net cash from operating activities	(640)	124	2,281
Purchase of property, plant & eqpt	(253)	(243)	(1,704)
Purchase of intangible assets	(86)	(69)	(729)
Acquisition of subsidiary	0	0	(1,637)
Interest received	0	78	84
Net cash from investing activities	(339)	(234)	(3,986)
Net borrowings	2,720	(166)	(355)
Interest paid	(258)	(47)	0
Net cash from financing activities	2,462	(213)	(355)
Net increase / (decrease) in cash	1,483	(323)	(2,060)
Cash & Cash equivalent	3,613	3,867	2,130

Commentary

Movement in debtors reflects an unwinding of debtors and accrued income in the Period

Movement in creditor include £1.5m deferred payment for PIL and unwinding of project costs from year end peak

Borrowings include drawdown of the £3m CBILS loan which was provided in April 2020

Appendix

Innovative Marine Technology

Working together to provide leading technology and services to the global offshore energy markets



£40.9m
Group
Turnover

SIX
Group
Companies

17
Locations
Worldwide

206
Employees

Over
35 Years
Experience

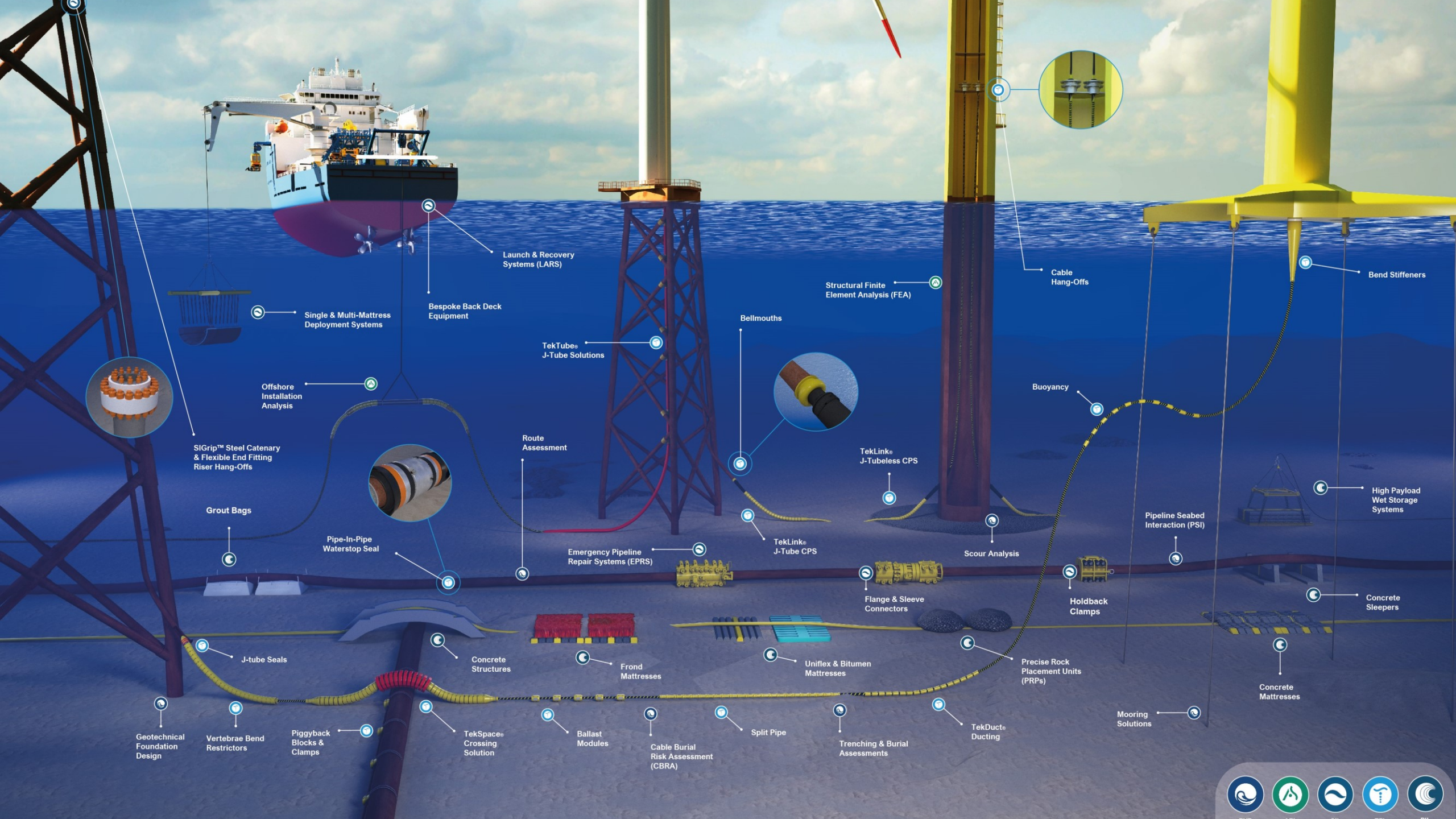
Over
80,000
hours of geotechnical &
engineering analysis

Over
30,000
bespoke concrete
mattresses delivered

Over
8,000
TekLink cable
protection systems
delivered

Over
120
Emergency Pipeline
Repair Systems
(EPRS) delivered

Over
200
Launch & Recovery
Systems delivered or
and maintained



Launch & Recovery Systems (LARS)

Bespoke Back Deck Equipment

Single & Multi-Matress Deployment Systems

Offshore Installation Analysis

SlGrip™ Steel Catenary & Flexible End Fitting Riser Hang-Offs

Grout Bags

Pipe-In-Pipe Waterstop Seal

Route Assessment

TekTube® J-Tube Solutions

Bellmouths

Structural Finite Element Analysis (FEA)

Cable Hang-Offs

Bend Stiffeners

Buoyancy

High Payload Wet Storage Systems

Pipeline Seabed Interaction (PSI)

Scour Analysis

TekLink® J-Tubeless CPS

TekLink® J-Tube CPS

Emergency Pipeline Repair Systems (EPRS)

Flange & Sleeve Connectors

Holdback Clamps

Concrete Sleepers

Concrete Mattresses

Precise Rock Placement Units (PRPs)

Mooring Solutions

Trenching & Burial Assessments

Split Pipe

Cable Burial Risk Assessment (CBRA)

Ballast Modules

TekSpace® Crossing Solution

Piggyback Blocks & Clamps

Vertebrae Bend Restrictors

Geotechnical Foundation Design

Fron Mattresses

Uniflex & Bitumen Mattresses

J-tube Seals

Concrete Structures



Global Reach



Vision & Values

Vision

Our vision is to be the leading provider of technology and services to the global offshore energy markets

Key Objectives

1. Sustainable Growth
2. Focus on value added technology for subsea and offshore (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



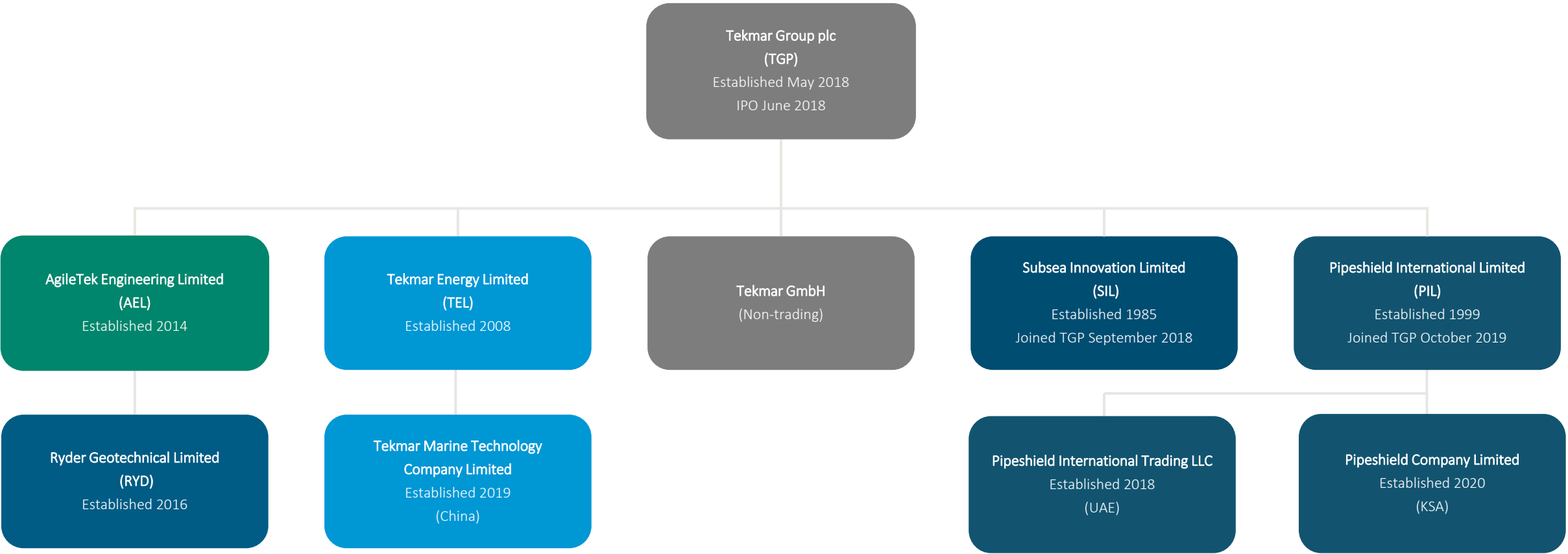
People

Key Enablers

1. Our core values
2. Growing global demand
3. Strong brand and outstanding reputation
4. Balance sheet
5. Our core strategy



Group trading entities



Group Companies Overview



Key Clients	Boskalis, Ørsted, JDR	Global Offshore, Operators, Tekmar Energy	Subsea 7, IHC, Saipem	NPCC, Allseas, Van Oord
Focus Technology	Cable Protection Systems (CPS)	Subsea Analysis	Bespoke Back-Deck Equipment	Subsea Mattresses
Typical Application	Subsea Power Cables	Vessels	Subsea Pipelines	Seabed
Primary Market	Offshore Wind	Offshore Wind	Subsea	Marine
Material Specialty	Polymers	Data	Metals	Concrete
Core Competency	Technology Manufacturing	Engineering	First Principle Design	Technology Manufacturing
Emerging Geography	APAC	US	EU	ME
Main Competitors	Trelleborg, Balmoral	BPP, JEE	Houder, Stats	SPS, ULO
Locations	Newton Aycliffe UK, Shanghai China	London, Newcastle UK	Darlington UK	Lowestoft UK, EU, Middle East, Africa, Asia
Products	15	16	16	13
Staff	105	22	43	23

H1 2021 Group News Highlights



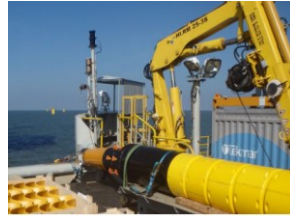
02/11/20

Tekmar Energy achieves three years without a lost time incident



15/10/20

Tekmar Group plc appoints new CEO



02/10/20

Tekmar Energy secures multiple cable protection system contracts in China



18/09/20

Our most advanced cable protection system yet!



16/09/20

Subsea Innovation delivers bend stiffener repair hang-off clamp to Flexlife



28/08/20

Tekmar Energy bolsters management team with the appointment of new directors



20/08/20

Tekmar Group awarded significant contracts to supply subsea asset protection technology in the Middle East



18/08/20

Pipeshield International delivers concrete mattresses for Saint Nazaire Offshore Wind Farm



10/08/20

Tekmar Group share suite of solutions for floating wind



23/07/20

Tekmar Energy secures first major CPS contract in Japan



26/05/20

Tekmar Group strengthens its presence in the US offshore wind sector with multiple group companies working on CVOW.



21/06/20

Tekmar Group Appoint Chief Technology Officer



22/05/20

Subsea Innovation seals multiple contracts for Pipe-in-Pipe Waterstops.



14/05/20

Pipeshield opens a strategic supply base at Mukran Port in the Baltic Region



21/04/20

Pipeshield International receives a fourth Queen's Award



14/04/20

Subsea protection specialists from Tekmar Group rally to protect the NHS in the fight against COVID-19



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