

H1-H2 2021 Results Presentation

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Presentation Team and Agenda



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Agenda

- Results Overview, CEO Perspectives & KPIs
- Financial Performance
- Operational Focus and Market Overview
- Strategic Plan
- Near-term Outlook and Summary

Results Overview, CEO Perspectives and KPIs

H1-H2 2021 Highlights

Financial Stability

- Continued business resilience with Group reporting modest EBITDA loss for 12m to 31/3/21
- 45% growth in order book and 22% increase in enquiry book supports near-term outlook

Growth Markets

- 65% of group revenues within offshore renewables market
- Lead indicators highlight attractive industry fundamentals medium to long term

Commercial Leadership

- Landmark contracts secured including:
- > £4.5m retrofit Cable Protection System O&M project in the UK
- > £4m contract award for Pipeshield, its largest contract win to date

Clear Strategy

- Strategic review concluded and ambitious growth targets set
- Focus remains on offshore wind and deepening and extending technology leadership

Operational Focus

- Key senior management appointments made or in progress to support execution of the strategic plan
- Measures implemented to drive business improvement through integration efficiencies and reduced cost-base

CEO Perspectives

- Opportunity to build a more dominant position in the wider offshore wind market, building on our leading position in the CPS market
- Strong industry fundamentals
- Industry landscape characterised by requirement for more technically demanding solutions going forward, which the Tekmar Group is well positioned to support
- Product offering supports the current offshore market demand well; Tekmar will continue to expand the portfolio with high value niche technology bolt-ons
- Continue investment in engineering solutions - the core of the business
- Implementation of a wider People strategy to support the delivery of the strategic plan
- Changes to the operational leadership team implemented and ongoing
- Well positioned to support the recovery in energy markets



KPI's & Comparisons

KPI	FY19	FY20	H1-H2 ⁽¹⁾	% Change ⁽²⁾
Lost time incident rate	0	0	0	0
Enquiry book	£195m	£224m	£273m	22
Order book	£7.2m	£10.0m	£14.5m	45
Revenue	£28.1m	£40.9m	£29.1m	-29
Order intake	£29.9m	£43.7m	£35.7m	-18
Book to Bill	1.06	1.07	1.23	16
Market Measures				
OWF outlook GW ⁽⁴⁾	227	216	238	10
Oil Price \$/bbl	69	32.1	63.7	98

Notes

1. H1-H2 is to March 21
2. % change is from FY20 to H1-H2 2021
3. OWF outlook source: 4C Offshore Global Market Overview

Financial Performance

H1-H2 2021 P&L

£000	H1-H2 2021	FY 2020
Offshore Wind	18,883	25,706
Other offshore	10,256	15,237
Revenue	29,139	40,943
Cost of sales	(20,820)	(28,671)
Gross profit	8,319	12,272
	29%	30%
Overheads	(8,655)	(7,577)
Adjusted EBITDA	(336)	4,695
Depreciation & amortisation	(2,390)	(2,087)
Share based payments charge	397	(454)
Exceptional costs	(36)	(109)
Group operating profit	(2,365)	2,045
Net finance costs	(89)	(86)
(Loss)/Profit before taxation	(2,454)	1,959
Taxation	104	3
(Loss)/Profit for the year	(2,350)	1,962

Commentary

Offshore wind accounted for 65% of Group revenue. Other offshore includes marine civils and oil & gas

includes full year of Pipeshield [2020: 6 months]

Release of the SBPC for lapsed options due to James Ritchie leaving the business in August 2020

H1-H2 2021 Balance Sheet

£000	H2 2021	FY 2020
Fixed assets	5,386	5,892
Goodwill & other intangibles	25,721	26,294
Non Current Assets	31,107	32,186
Inventory	2,508	2,536
Trade and other receivables	18,546	26,819
Cash	3,781	2,130
Current Assets	24,835	31,485
Total Assets	55,942	63,671
Total equity / (deficit)	43,469	45,976
Non Current Liabilities	964	1,134
Short Term Borrowings	3,088	504
Trade and other payables	8,421	16,057
Current Liabilities	11,509	16,561
Total Liabilities	12,473	17,695
Total Equity and Liabilities	55,942	63,671

Commentary

Trade receivables reduced broadly in line with revenue.

Includes receipt of £3m CBILS

Includes £3m CBILS loan repayable October 2021

Reduction includes payment of £2.75m deferred payments for PIL

H1-H2 2021 Cash Flow

£000	H2 2021	FY 2020
Adj. EBITDA	(336)	4,695
<i>Exceptional items & others</i>	229	(75)
Movement in inventories	28	(512)
Movement in debtors	8,273	(4,393)
Movement in creditors	(7,889)	2,357
Tax recovered (paid)	225	209
Net cash from operating activities	530	2,281
Purchase of property, plant & eqpt	(756)	(1,704)
Purchase of intangible assets	(508)	(729)
Acquisition of subsidiary	0	(1,637)
Interest received	5	84
Net cash from investing activities	(1,259)	(3,986)
Net borrowings	2,517	(355)
Interest paid	(137)	0
Net cash from financing activities	2,380	(355)
Net increase / (decrease) in cash	1,651	(2,060)
Cash & Cash equivalent	3,781	2,130

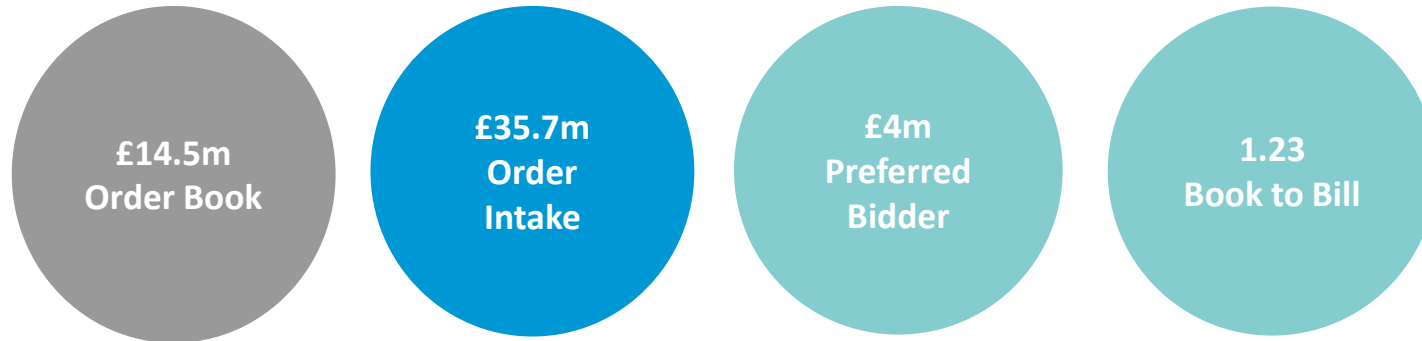
Commentary

Includes the £2.75m deferred payment for PIL (in April & October 2020). Underlying working capital remains positive with significant movement in trade receivables

Includes the £3m CBILS loan provided in April 2020

Operational Focus and Market Overview

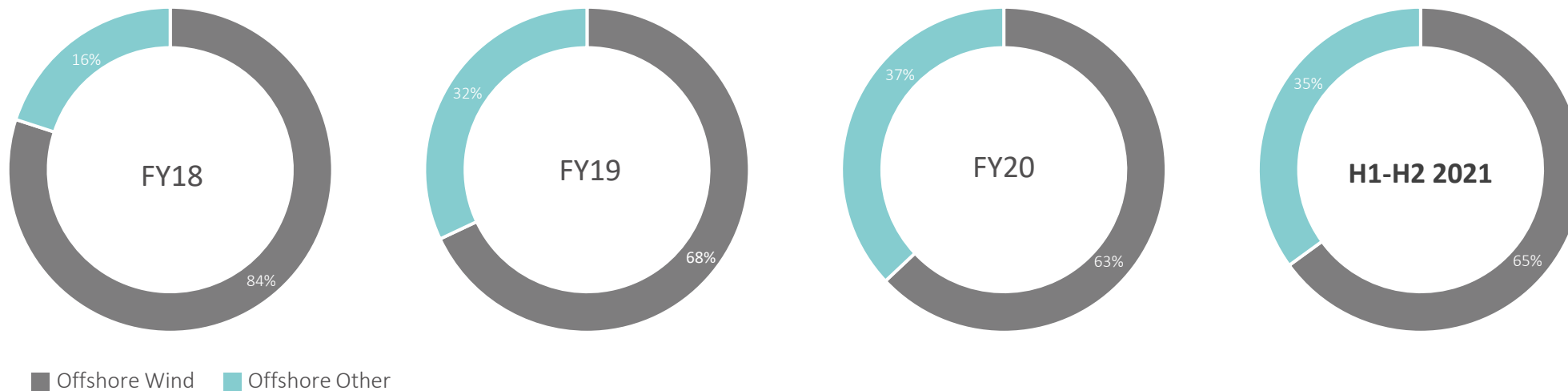
H1-H2 2021 Sales Outlook



Key Highlights

- Maintained strong position in OW market
- Orderbook up 45% v FY20
- Order intake down 18% (improved in H2 v H1)
- Book to Bill @ 1.23 (H2 at 1.55)
- Enquiry book strong at £273m
- Order conversion delays continuing

Revenue Diversification



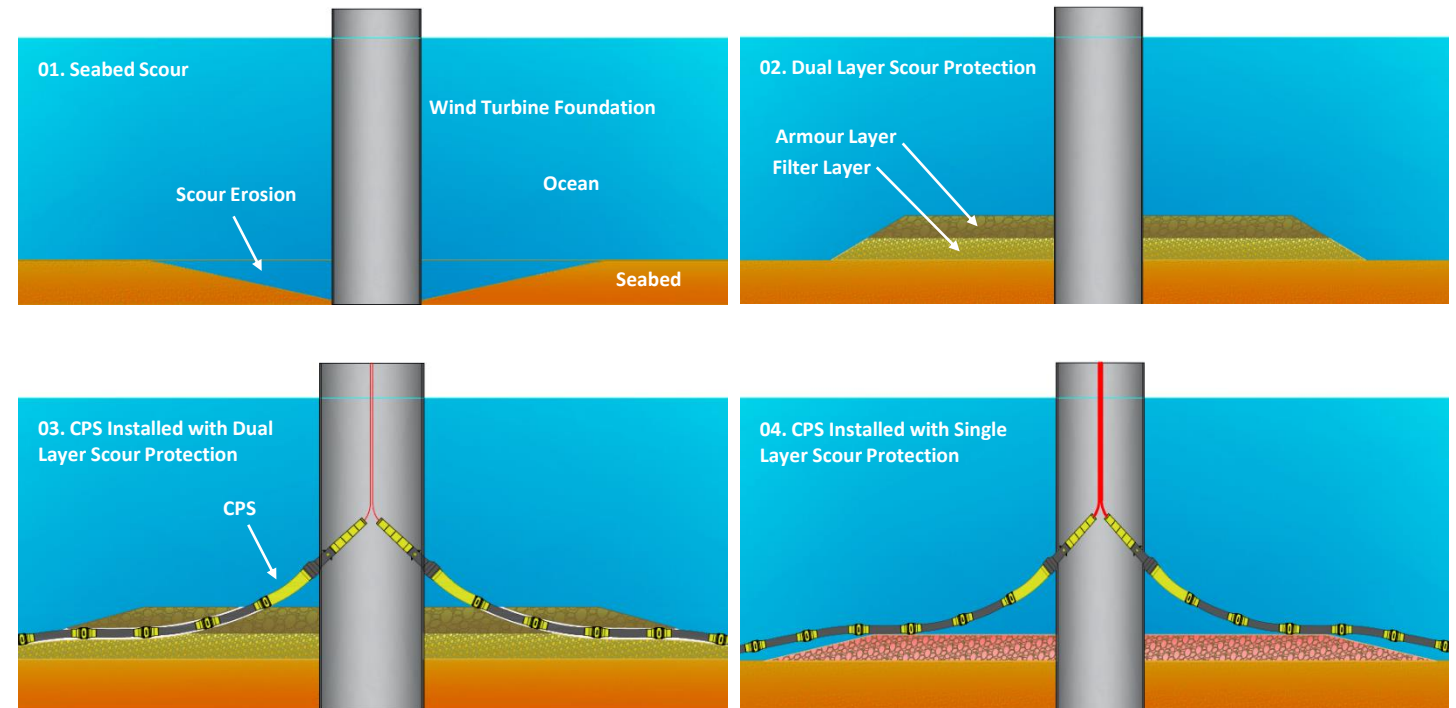
Operational Focus - Offshore Wind O&M

- Awarded significant O&M contract in Q1 2021 for UK OWF
- 2021 Scope:
 - Analysis of 3rd party CPS and cable failure (AEL)
 - Supply of retrofit Dynamic Bend Stiffener (DBS) assemblies (TEL)
 - Supply of DBS installation tooling (SIL)
- Delivered two installation tools which are commissioned and operational offshore
- Contract secured on back of successful O&M projects for same client between 2019-2020
- O&M market traction - foundation for growth



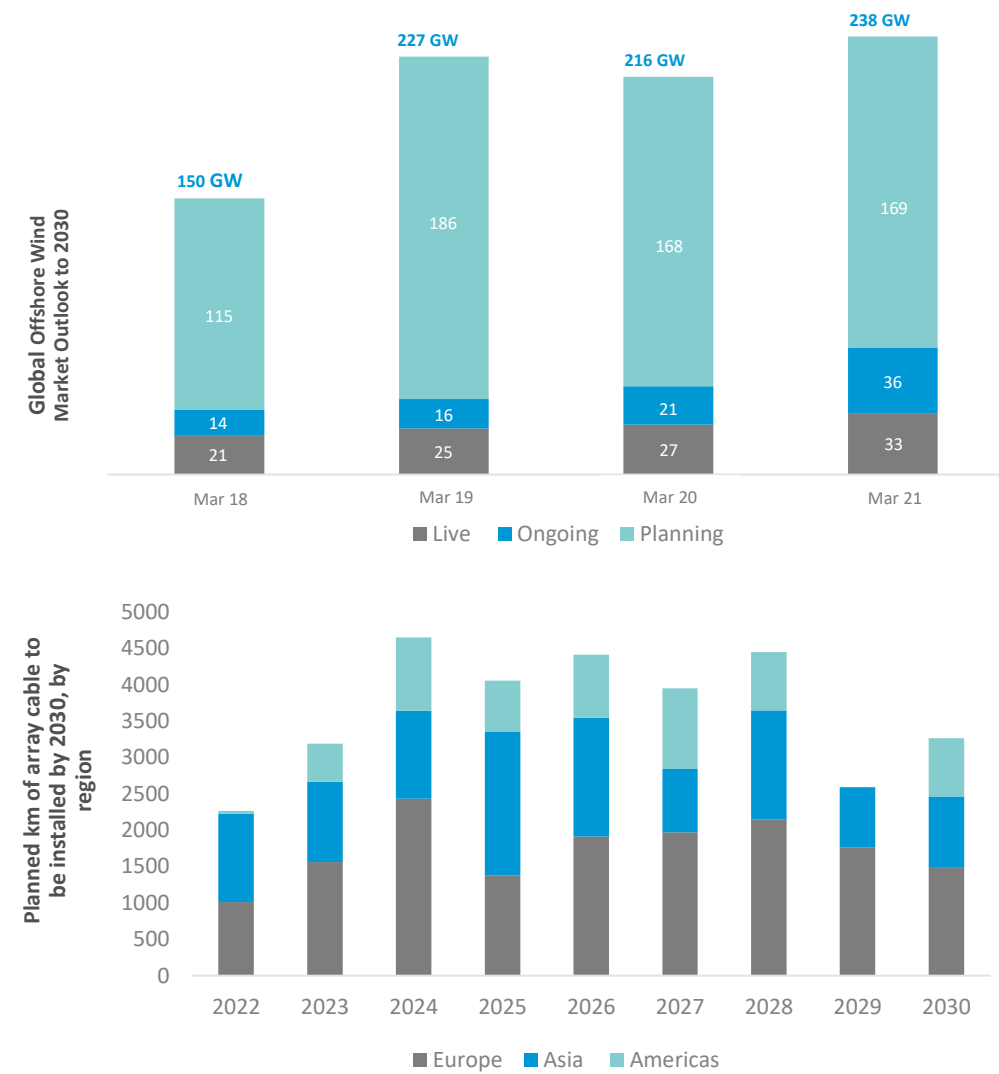
Operational Focus - Scour Erosion and Protection

- **01:** The turbulent flow of water causes local erosion (Scour) around piled foundations
- **02:** Scour protection is typically deployed around the foundation base (rock dump) to mitigate the risk
- Dual layer scour protection is traditionally installed comprising a filter layer to stabilize the seabed and an armour layer to protect and stabilize the filter layer
- **03:** Dual layer scour protection also sandwiches the CPS and cable to provide a high degree of stability
- **04:** Single layer scour protection consisting of a single filter layer was subsequently introduced by the industry to reduce cost
- Single layer protection reduces scour erosion and cost, but without the armour layer the CPS can experience substantially more movement over the filter layer
- Movement alone will not cause cable or CPS damage but in onerous shallow water conditions abrasion against the filter layer has in some instances led to damage
- Dual layer scour protection is expected to be reintroduced by the industry, where required, going forward



Market Global Wind Outlook to 2030

- 10% market increase to 2030 outlook compared to same period 2020
- >13.5% CAGR for new generation capacity forecast to 2030
- Project visibility on +350 projects (169GW) due for construction by 2030
- UK Commitment to increase capacity from 10GW to 40GW of offshore wind by 2030
- U.S. sets national target of 30 GW of installed offshore wind capacity by 2030, which amounts to the current total installed global capacity to date



Source: 4C Offshore - Offshore Wind Farms Project Opportunity Pipeline (POP) Database / 4C Offshore Global Market Overview Q1 2021

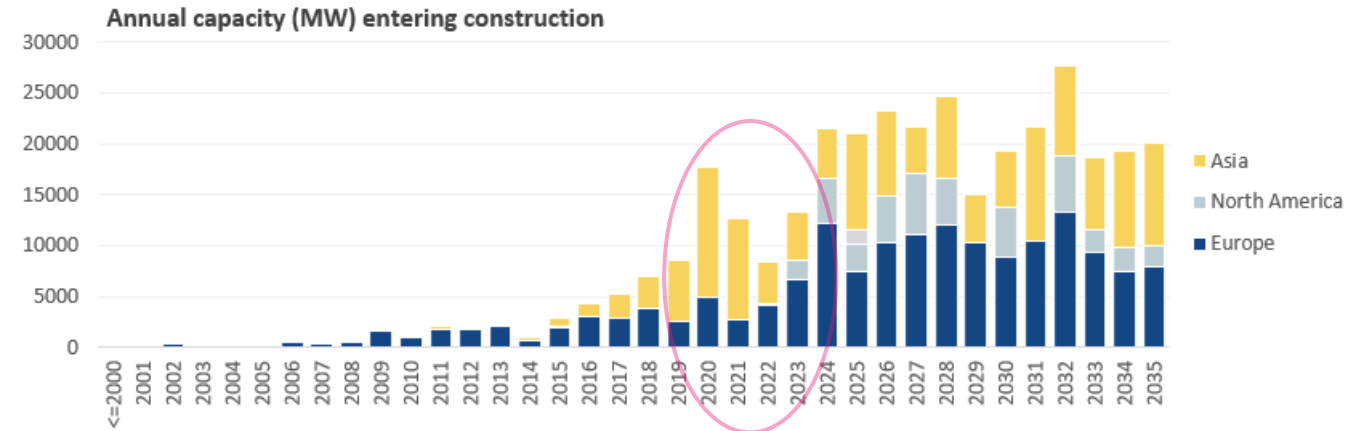
Offshore Wind Timing

2020 Market Overview (Excluding China)

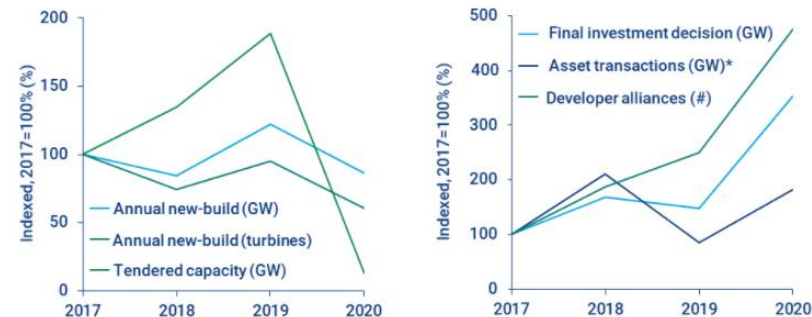
- Global capacity increased by 21% to 25.5GW year on year (YOY)
- New additions decreased by 19% YOY
- New tenders decreased by 93% YOY
- No. turbines connected in 2020 was lowest in eight years

2020-2021 Market Development

- FID's an all time high with 9GW secured in 2020
- FID pick up will increase annual installations from 2022
- Project transactions grew 112% YOY
- 38 alliances signed, involving 82 Developers - 90% increase YOY
- Offshore wind ambition ramped up across the world
- Tender activity increasing in 2021 with the award of a record 23+ GW anticipated across seven markets
- [Installed capacity 33GW to 238GW plans in action](#)



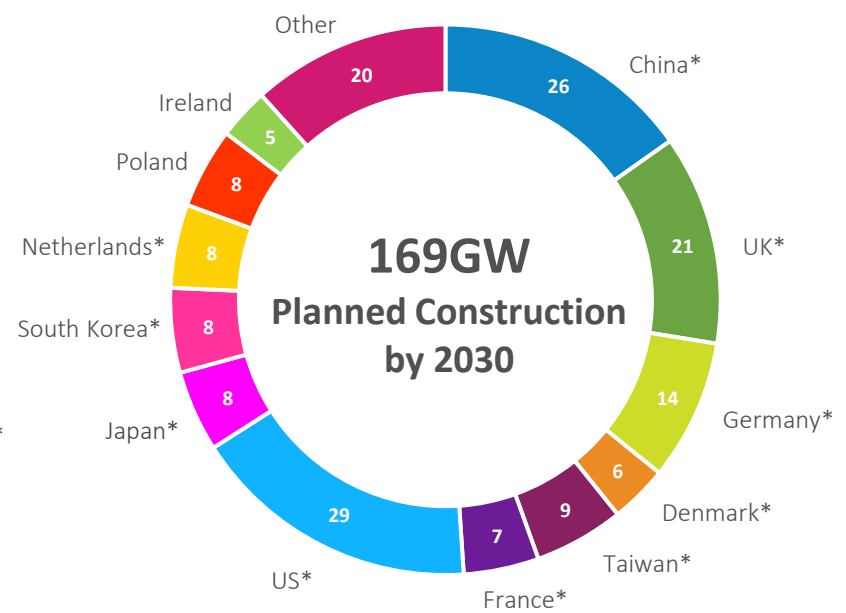
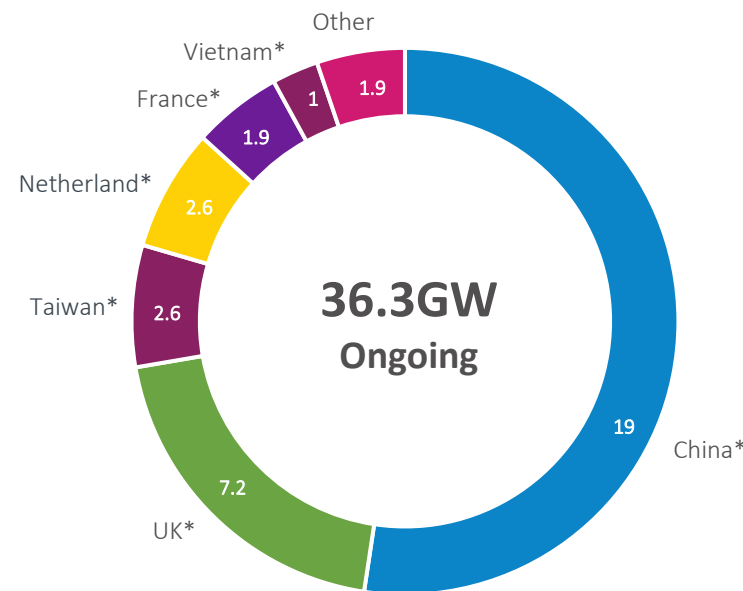
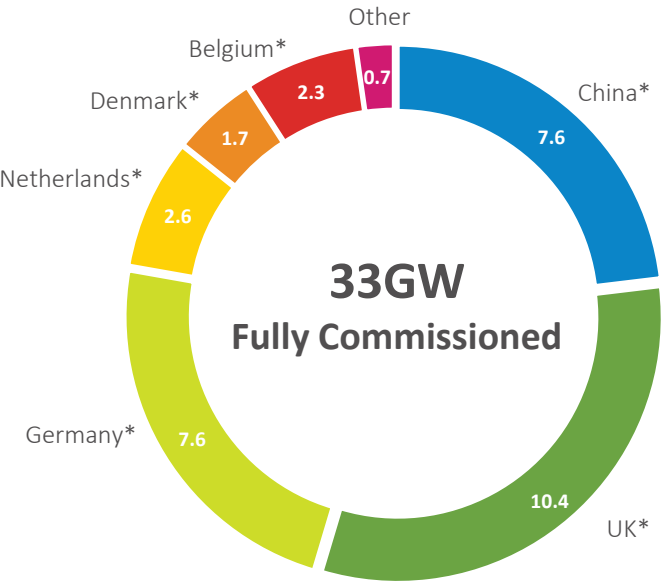
Declining (left) and increasing (right) offshore wind trends



Note: All values exclude China

Source: Wood Mackenzie / 4C Offshore - Offshore Wind Farms Project Opportunity Pipeline (POP) Database

Regional Wind Outlook to 2030

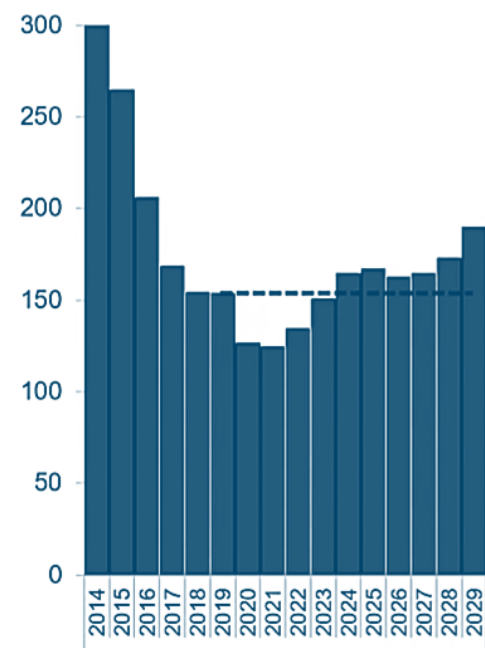


*Tekmar Group has delivered offshore wind projects in these countries

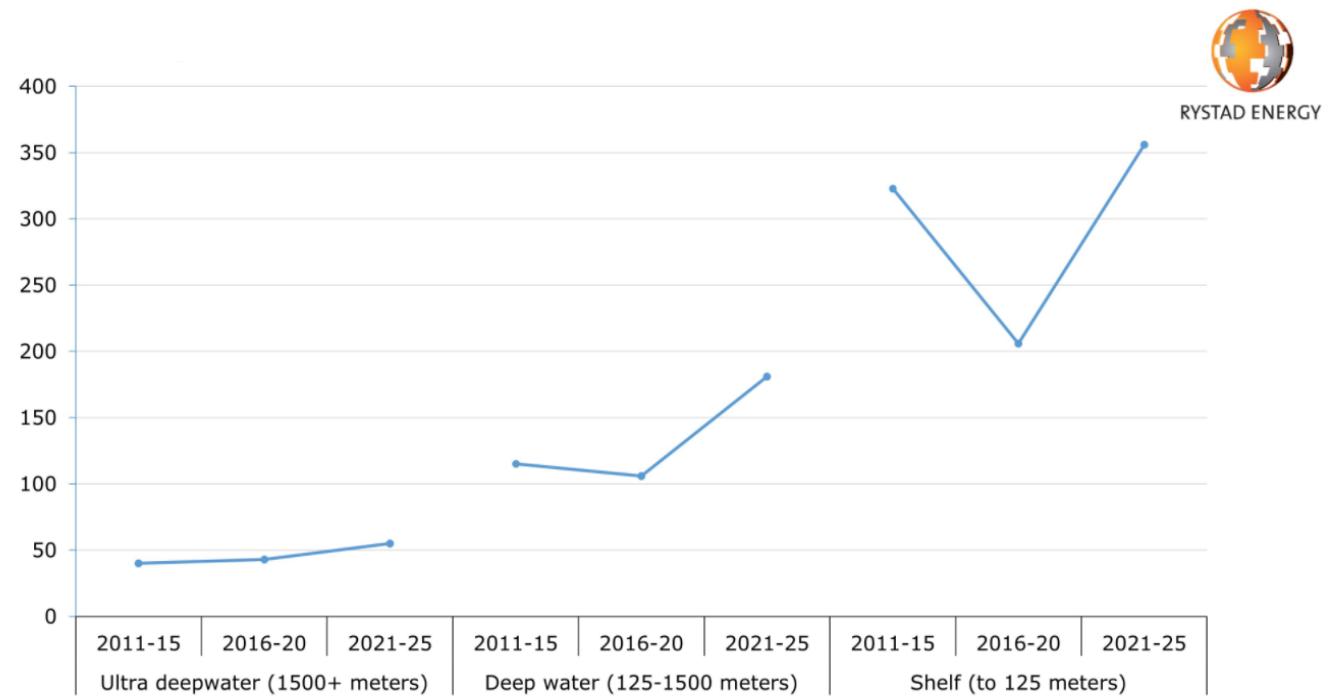
Source: 4C Offshore Global Market Overview Q1 2021

Offshore Oil & Gas Market Recovery

Offshore Upstream Investments by Supply Source
USD Billion (Nom)



Global Offshore Project Commitments, Split by 5 year periods
Number of Projects



Source: Rystad Energy

5 Year Strategic Plan

Our strategic value creation roadmap builds on our strong foundations - our industry leadership and expertise and our innovative, technology-led solutions and services - in attractive end-markets which are growing, maturing and evolving

Leverage market mega-trends in offshore wind and cleaner energy

Expand and deepen the value we offer customers



Enable our people to succeed

Create a more valuable and sustainable business

Ambition to double organic revenue growth over the next 5 years from FY20 revenue of ~£40m

Deliver a sustainable mid-to high teen EBITDA margin in the later years of the plan

Self-fund investment from cash generated by the business

Growth Journey



01 Historic

2007 – 2020 Building the foundation

- Development and launch of a pioneering technology into the new emerging offshore wind market
- IPO in 2018 to support the growing opportunity within the global offshore energy markets
- Broadening and strengthening the portfolio, including acquisition strategy



02 Current

2020 – 2022 Transition for growth

- Refreshed strategic plan implemented
- Repositioning aligned to timing of new projects in the market
- Key themes as we position the business for accelerated growth
 - Technology transition
 - Broadening the portfolio
 - Investment in People strategy, process and systems



03 Future

2022– 2026 Accelerated growth

- Market recovery and structural growth
- New geographies coming online
- Floating wind coming into play
- New technology transition
- The refocussed group looks to double in revenue over the next 5 years

Growth Strategy

By focusing the business on clear growth initiatives, combined with business improvement and our commitment to building a sustainable business, we will deliver a transformation in sustainable, profitable growth over the five years of the Plan



01 Organic Growth

Delivering a transformation in profitable growth by focusing the business on clear opportunities in Offshore Wind and Offshore Infrastructure

- Strengthen the core business , to maintain market leading position
- Expand Tekmar's technical capability, building on its established track record
- Diversify Tekmar's offering to adjacent markets, technologies and services where our capability will resonate
- Efficient investment



02 Acquisition Strategy

Bolt-on technologies and services that align with our offshore wind focused growth plan

- Previous acquisitions now integrated for greater efficiency
- Proven synergistic benefits seen through large multi-company awards and greater cross sells
- Key themes identified and potential targets shortlisted for future acquisition
- Acquisition candidates will share a similar customer base and allow us to leverage existing relationships in diversifying into new products, markets or regions



03 Sustainable Business

As part of our refreshed strategy, we will position Tekmar to sustain its industry leadership position over the long-term for the benefit of our customers, our employees and our shareholders

- Enabling our people to succeed with our People strategy
- Doing business the right way with our ESG strategy
- Ongoing Business Improvement and evolution of the business model to drive further value

Key Investment Themes

Through investment in key areas, we expect the see the current group double its revenue in the next 5 years, with further growth coming from M&A activities

£10-12m investment earmarked over the course of the plan, with ~half on the below priorities

Investment anticipated to be self-funded from cash generation

Key Investment Areas



(1) Offshore Infrastructure' relates to major offshore and marine construction projects across multiple sectors (e.g., offshore energy, port and harbor developments, subsea foundations, etc.)

Near-term Outlook

“The Board remains cautious on the near-term commercial environment”

- Ongoing Covid disruption across the industry
- Stable financial performance expected in the third half of the extended financial year
 - Similar revenue run-rate in the third half to each of the first two interim periods
 - Broadly similar performance at Adjusted EBITDA level – with at least break-even position for the 18 month period
- Company’s cash position means it remains well placed to manage the commercial impact of Covid disruption until more normalised activity levels return



Summary

Financial Stability

Growth Markets

Commercial Leadership

Clear Strategy

Operational Focus





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