

Capital Markets Day

Why Offshore Wind, Why Tekmar



The Challenge – Net Zero by 2050



Offshore Wind is fundamental to securing this energy transition



Tekmar – a key part of the industry response

- Acceleration in Offshore Wind
- Energy transition and the role to play of Oil & Gas
- Exponential growth in the O&M market
- Maturing industry, including the emergence of floating wind

Last 30 Years

33GW

Next 10 Years

210GW

Required Investment

\$600bn

A Roadmap for the Global Energy Sector

Presenters



Alasdair MacDonald
Chief Executive Officer



Derek Bulmer
Chief Financial Officer

Our Ambition

Double Tekmar's revenue within 5 years through organic growth and complement this growth through targeted M&A

Deliver a sustainable mid to high teens EBITDA margin in the later years of the 5-year plan

Reinforce Tekmar's industry leadership position as a trusted partner

Expand Tekmar's technical capability, its service and geographical reach to capitalise on expanding global offshore wind markets

Provide our people with the platform to drive success

Strong Leadership Team To Deliver Our Strategy

The Board



Julian Brown
Non-executive Chairman
Julian joined Tekmar Group in 2018 and is prominent figure within the UK Renewables manufacturing supply chain



Christopher Gill
Non-executive Director
Chris is a chartered accountant with extensive experience in the subsea sector. Chris joined the board in 2018



Ian Ritchey
Non-executive Director
Ian is an experienced engineering leader with over 30 years experience in the Energy, Aerospace, Defence and Marine sectors



Alasdair MacDonald
Chief Executive Officer
Ally joined Tekmar in 2013. He brings over 30 years' offshore energy industry experience and has an Honours degree in Mechanical Engineering



Derek Bulmer
Chief Financial Officer
Derek is a qualified Chartered Accountant and Barrister with significant experience in senior finance and management roles at public companies



Sue Hurst
Director
Sue joined Tekmar Energy in 2012. Sue is a Chartered Management Accountant with over 30 years' experience in private and plc companies

Management Team



Fraser Gibson
MD Ryder & Agiletek
Fraser is a Chartered Engineer with over 15 years geotechnical engineering experience. Fraser set up Ryder in 2016



Dave Thompson
MD Subsea Innovation
Dave is a Chartered Engineer with over 30 years experience in the subsea engineering sector. Dave joined Subsea Innovation in 2014



Russell Edmondson
MD Tekmar Energy
Russell joined Tekmar Energy in 2012 and has over 20 years management experience in the construction and manufacturing industries



Steve Howlett
MD Pipeshield
Steve established Pipeshield in 1999 and has over 20 years' experience of managing the company as it grew into a global market leader



Angela Lock
GM APAC Tekmar Energy
Angela joined Tekmar Energy in 2018 and played a key role in establishing the company in China



Gary Howland
Group Sales Director
Gary joined Tekmar in 2021 and brings 20 years experience from the offshore renewable and energy sector



Marc Bell
Group Operations Director
Marc is an industry professional with over 20 years of technical and operational management experience in the offshore energy sector



Tekmar Group - Innovative Marine Technology

What We Do – Innovative Marine Technology

Assess

|

Analyse

|

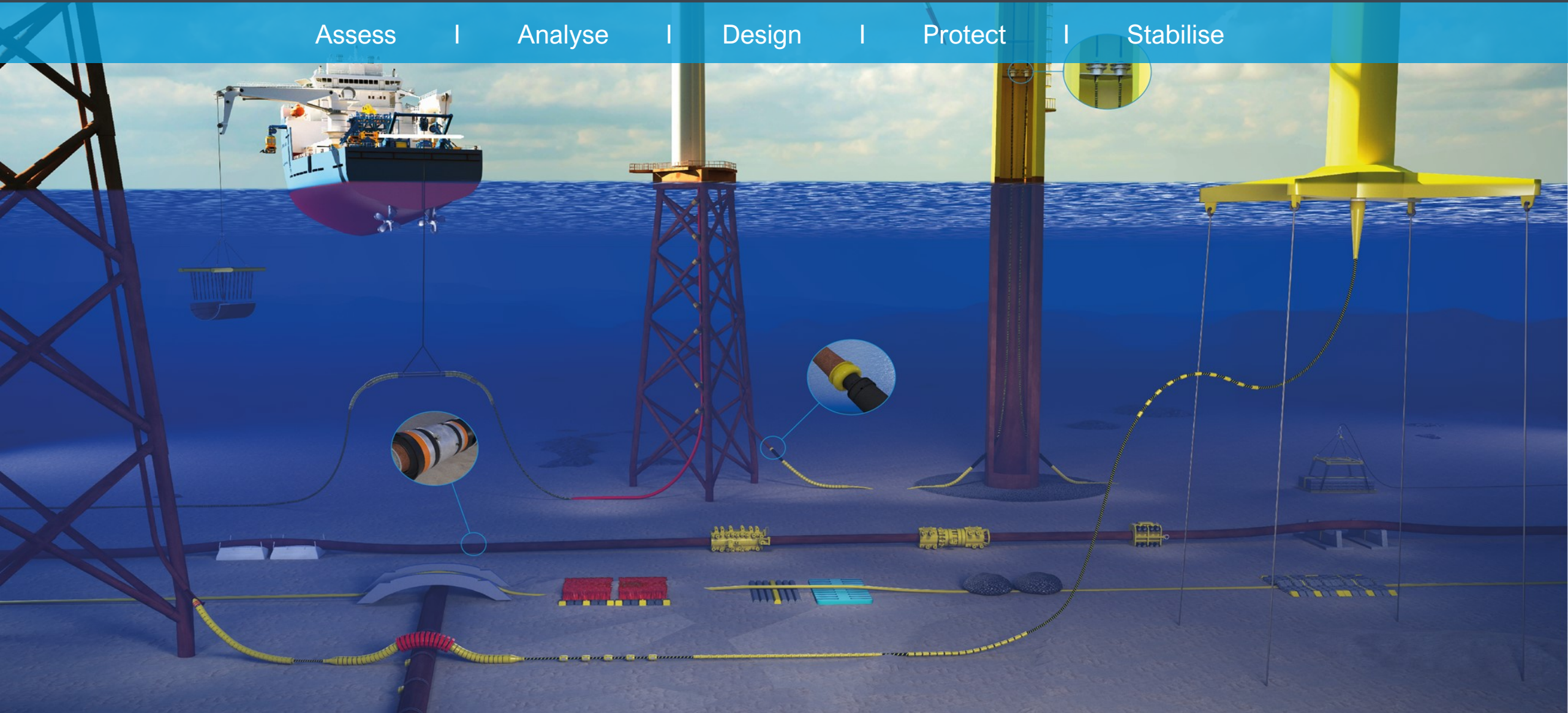
Design

|

Protect

|

Stabilise

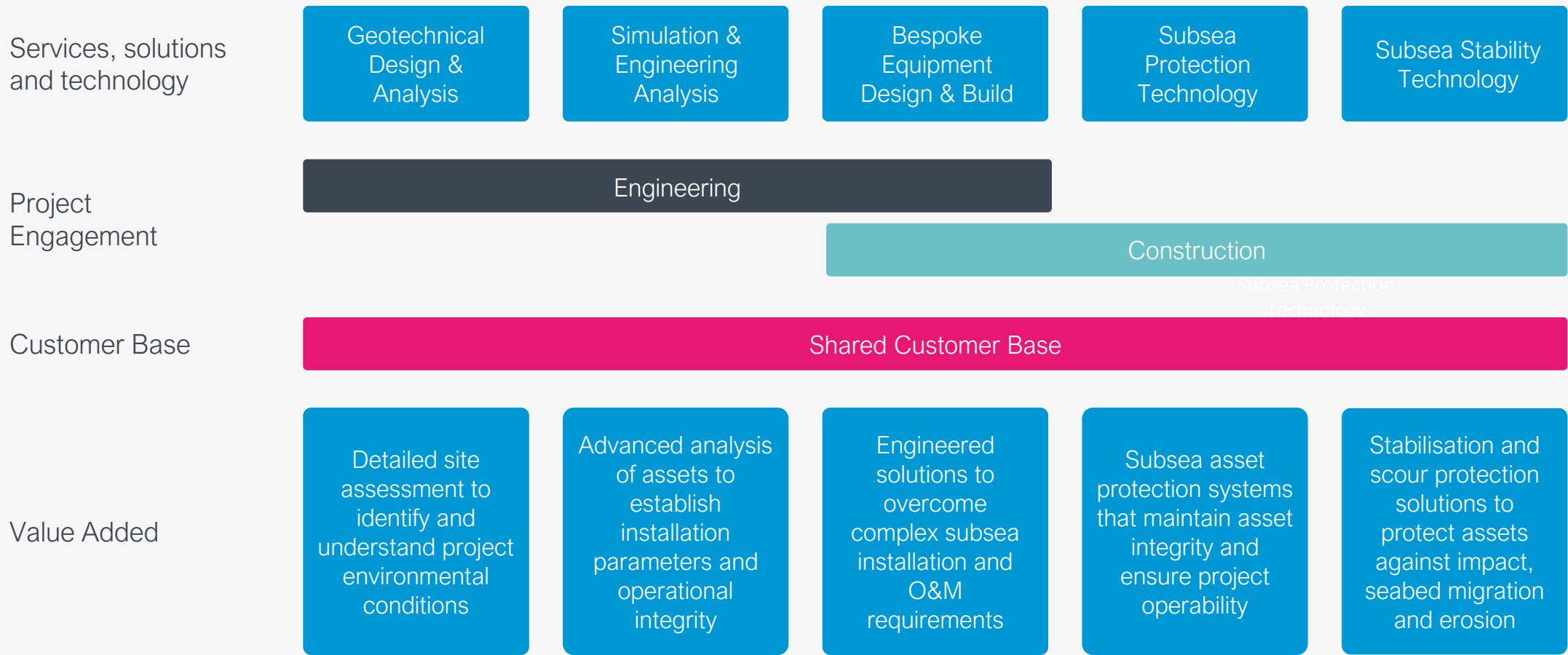


Superior Global Reach



Our Value Proposition

We optimise and de-risk projects, solve customer’s engineering challenges, improve safety and lower project costs



Applied Engineering Solutions Addressing Complex Industry Problems Are In Our DNA



Emergency Pipeline Repair System (EPRS)



PLET Installation Tower



Cable Protection Systems (CPS)



N2 Block



CPS Cleaning Tool



High Payload Wet Storage Unit

Unrivalled Engineering Capabilities

An unrivalled service and technology offering spanning the project timeline



Competitor 1

Competitor 2

Competitor 3

Competitor 4

Competitor 5

Geotechnical Design & Analysis	Simulation & Engineering Analysis	Bespoke Equipment Design & Build	Subsea Protection Technology	Subsea Stability Technology
✓	✓	✓	✓	✓
✓	✓		✓	
	✓			
✓				
				✓
	✓	✓		

Customers

The breadth of our relationships across the industry creates a clear platform for growth

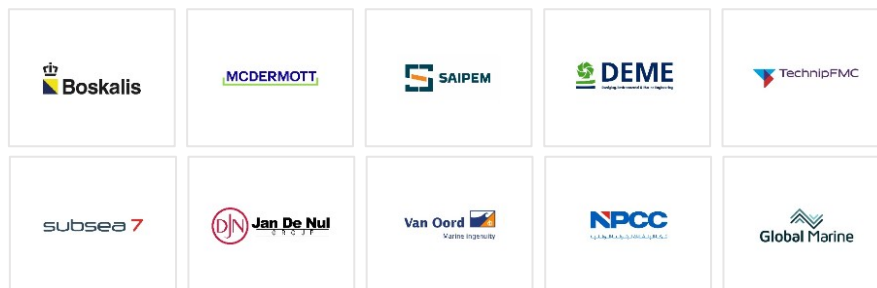
Energy Companies



Reduce Levelised Cost of Energy (“LCoE”)

Reduce cost over the project lifecycle

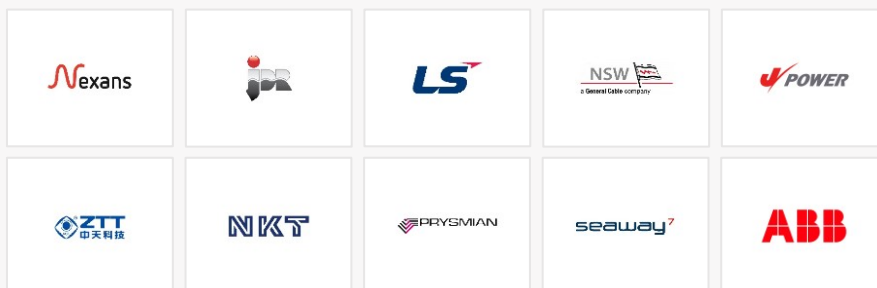
Tier 1 Contractors



Reduce installation time and manage risk

Product life extension

Manufacturers



Partner of choice for manufacturers - strong relationship

Ensure customer assets are protected

Sustainable Competitive Advantage

A comprehensive suite of products and services combined with a global track record and a recognised position as market leader in established and emerging markets



Strong Industry Leadership

- Track record
- Global client base
- Brand equity



Highly Engineered Solutions

- IP for market leading products
- Proprietary systems and software
- Reputation for bespoke, highly technical problem solving



Unrivalled Group Offering

- Whole project life cycle solutions
- Strategically located to leverage target markets and expertise
- Superior global footprint

The Market Trends Align With Tekmar's Strategy

Strong Political Support

Global capacity to increase by 210GW in the next ten years

UK commits to
40GW by 2030

EU commits to
60GW by 2030

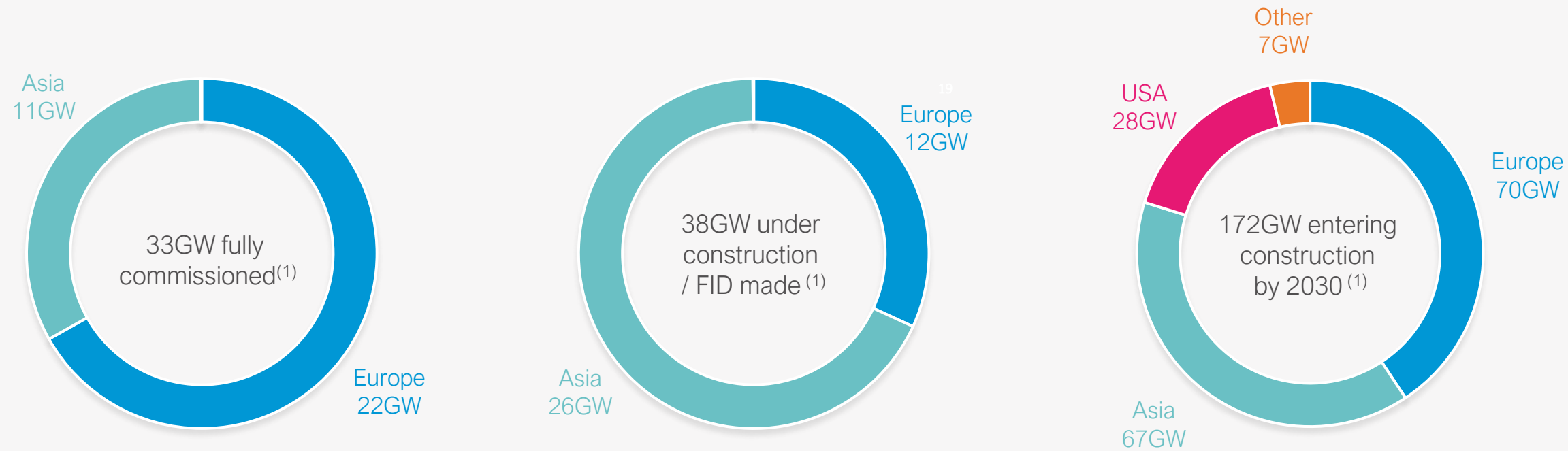
US commits to
30GW by 2030
& re-enters the
Paris Agreement

G7 commits to
**half carbon
emissions** by
2030

G7 commit
**\$100bn per
year for green
growth** in
developing
countries

Global Wind Outlook To 2030

Project visibility on +350 projects for construction by 2030

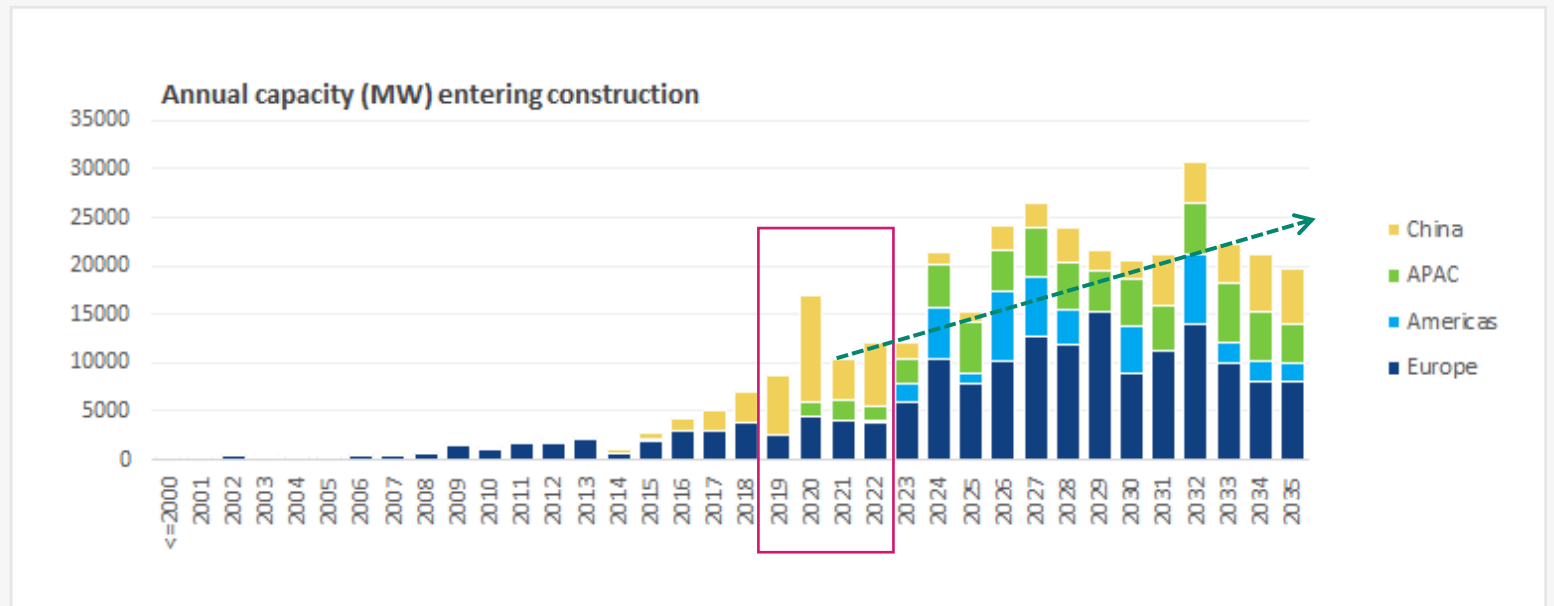


(1) 4cOffshore - Global Market Report, 07 June 2021

Offshore Wind Market Growth

The lead indicators highlight recovery and growth in construction activity from 2022 following a slowdown in new project and tender activity in 2019 and 2020. This momentum will support Tekmar's growth plan over the period

- New projects and tenders decreased by 19% and 93% respectively from 2019 to 2020 (excluding China)⁽¹⁾
- 9GW of Final Investment Decision ("FID") secured in 2020 (all time high)⁽¹⁾
- Tender activity increased in 2021 (award of a record 23GW+ anticipated worldwide)⁽¹⁾

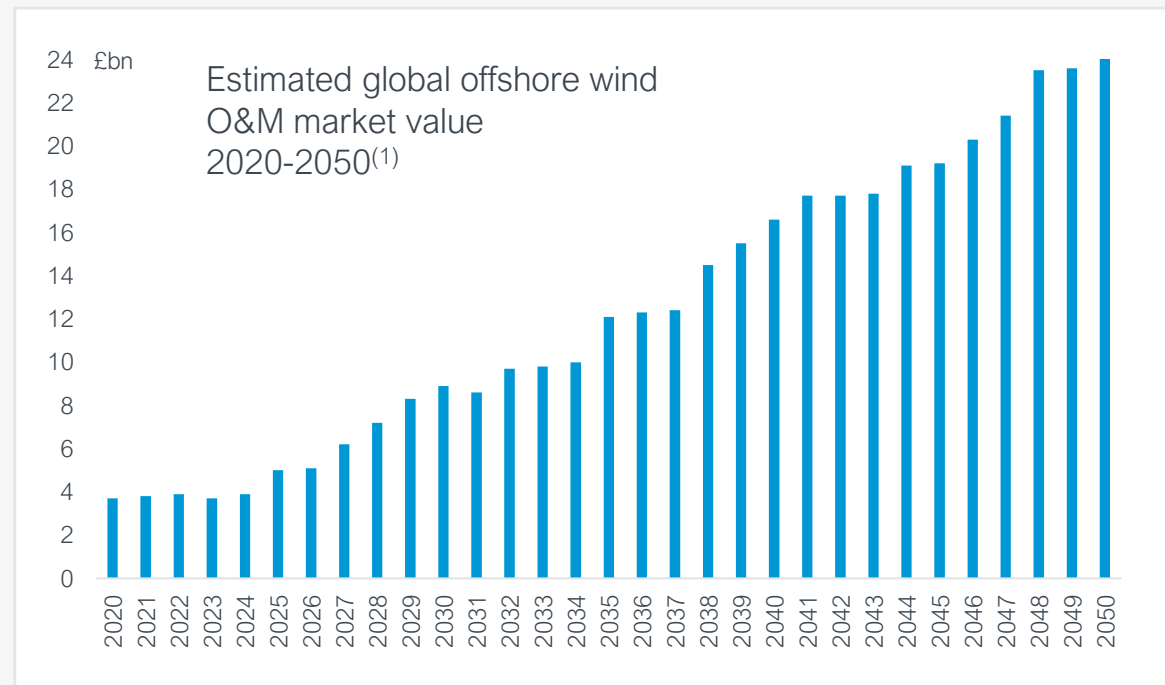


(1) Wood Mackenzie, Offshore Wind 2021: long term promise after short-term decline, 04 February 2021

O&M Market - A Major Emerging Addressable Market For Tekmar

As the offshore wind market scales up and matures, the strong relative growth in O&M provides a major opportunity for Tekmar to grow in this OpEx segment of the market by leveraging our existing technologies and customer relationships

- Global O&M market valued at £8.9bn per year by 2030⁽¹⁾
- UK O&M market alone valued at £1.3bn per year by 2030⁽¹⁾
- Exponential growth in the nascent O&M market will lead to significant opportunities for Tekmar



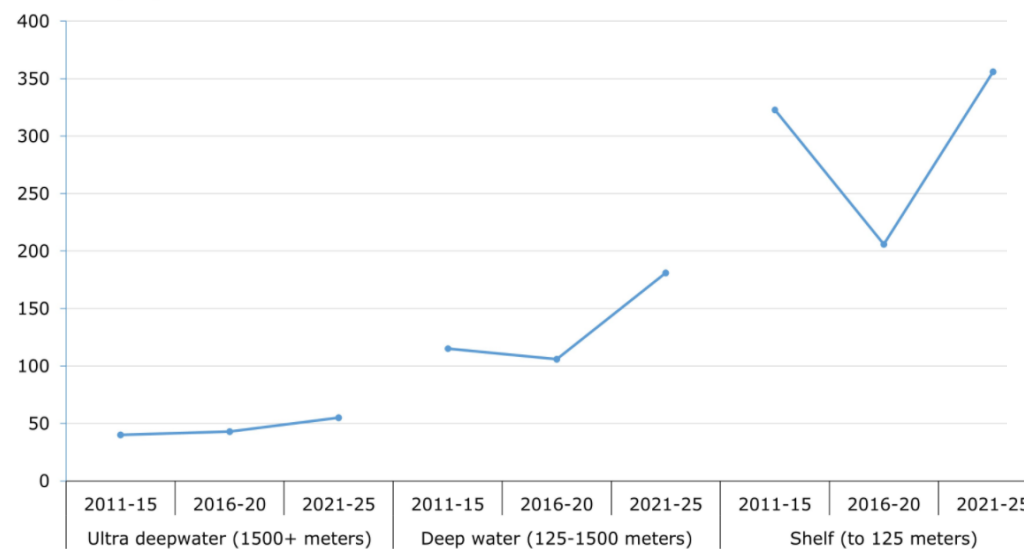
(1) ORE Catapult - Offshore Wind Operations and Maintenance, A £9 billion per year opportunity by 2030 for the UK to seize

Offshore Infrastructure

Offshore Infrastructure⁽¹⁾ activities provide both balanced growth for Tekmar and the opportunity to support the transition to cleaner energy

“The oil and gas industry could play a key role in helping to develop at scale a number of clean energy technologies such as CCUS, low-carbon hydrogen, biofuels and offshore wind. Scaling up these technologies and bringing down their costs will rely on large-scale engineering and project management capabilities, qualities that are a good match to those of large oil and gas companies.”⁽²⁾

Global Offshore Project Commitments, Split by 5 year periods
Number of Projects ⁽³⁾



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

(2) IAE Report - Net Zero by 2050 , A Roadmap for the Global Energy Sector, Flagship Report - May 2021

(3) Rystad Energy - Oil Market Webinar, January 2021

Market Fundamentals Underscore The Growth Opportunity For Tekmar

More complex projects require more technically advanced solutions

Acceleration in offshore wind capacity

Emerging markets will look to Tekmar for skills and expertise

Exponential Growth in the O&M market

Stable competitive environment

Industry innovation – floating offshore wind

Energy Transition and the role of Oil & Gas companies





Our Strategy Achieves A Doubling Of Organic Revenue And Mid To High Teens EBITDA Margin Over The Five Years Of The Plan

5 Year Strategic Plan - Delivering On The Opportunity

“The next phase of Tekmar’s strategy will see us capitalise on our **strong foundations**, **diversifying further into the Offshore Wind Industry** by **disciplined investment** in new technology and innovation”



Growth Journey



01 Historic

Building the foundations

- 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 acquisitions



02 Current

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

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

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

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

M&A complements the strategy – bolt-on technologies and services that align with our offshore wind focused growth plan



01 Organic Growth

- Strengthen the core business
- Maintain and enhance market leading positions
- Expand Tekmar's technical capability
- Diversify Tekmar's offering
- Self-funded investment



02 Sustainable Business

- Deliver People strategy
- Deliver ESG strategy
- Ongoing Business Improvement



03 Acquisition Strategy

- Previous acquisitions now integrated for greater efficiency
- Proven synergistic benefits
- Acquisition candidates will share a similar customer base and support diversification into new products, markets or regions

Key Investment Themes



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

The incremental investment required under these growth initiatives is relatively modest, building on prior investment in both core technologies and acquisitions

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.)

Investment In Product And Market Development

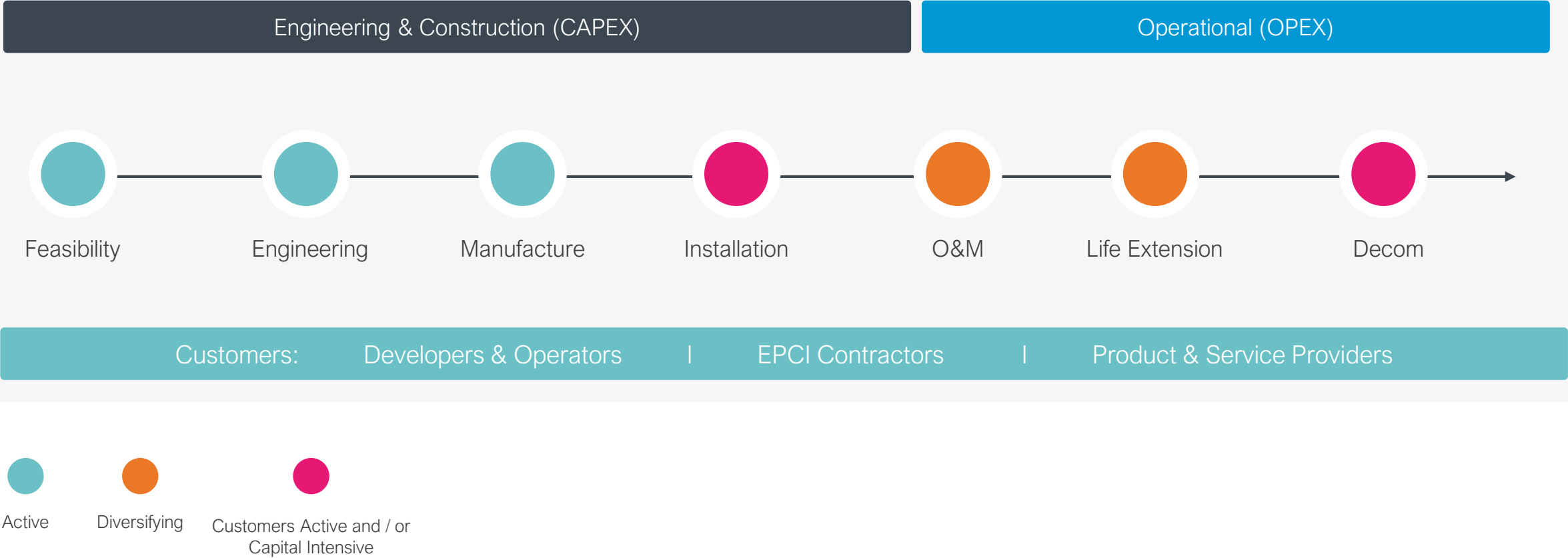


Incremental investment in priority areas to drive growth in significant markets

	Strategic Initiative	Outcome	Addressable Market (per annum) ⁽¹⁾	Phasing
Offshore Wind Technology Development (Fixed)	Product Development & Market Expansion	Maintain market position and future proof our technology in our core market	£60-£70m	Ongoing
Grouting Division	Product Diversification	Build on existing concrete solutions capability	£40-50m	Ongoing
Offshore Wind O&M	Market & Product Diversification	Leverage existing customer relationships, our technology and our track record to expand into a growth market	£20-£30m	Near-term
New Geographies	Market Diversification	Leverage existing customers and relevant track record to expand footprint in new markets and increase revenue generating opportunities	£40-£50m	Near-term
Floating Offshore Wind	Market & Product Diversification	Position Tekmar to benefit from the major contribution anticipated from floating offshore wind from circa 2030	£70-£80m	Mid-term

(1) Tekmar Group Estimates

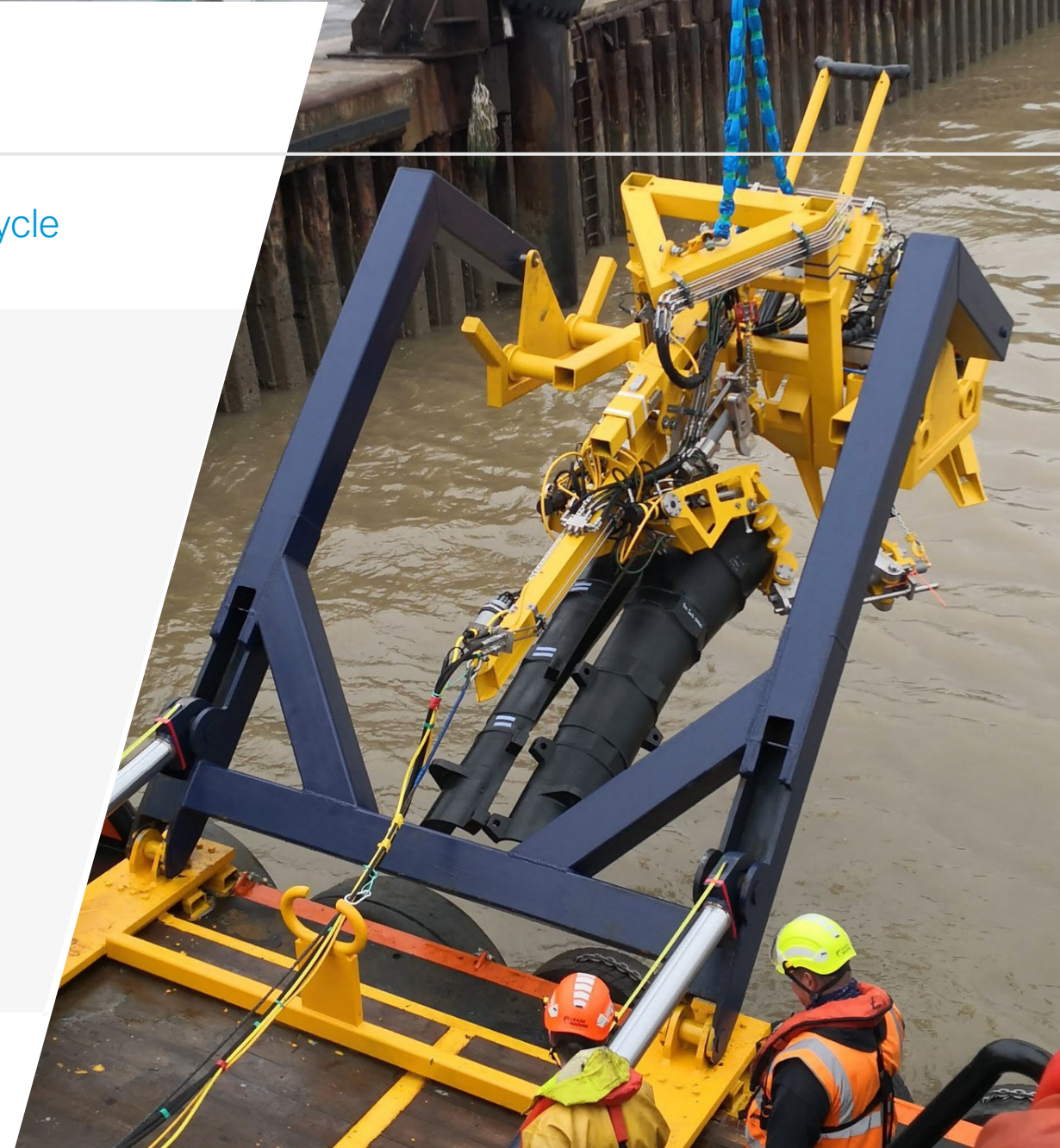
Organic growth through increased involvement in all aspects of the project lifecycle – commonality of customers enhances the Tekmar value proposition



Diversification - O&M Case Study

Applied Engineering Expertise Across The Whole Project Lifecycle

- Customer Engineering Challenge – life extension of installed equipment
- Tekmar analysed potential failure
- Tekmar designed a remedial solution
- Tekmar engineered and manufactured retrofit solutions and associated installation equipment
- Solution in action protecting subsea cables



Board commitment to a sustainable future is aligned with broader value creation strategy

- Developed our ESG strategy
- Adopted appropriate UN SDG's
- Assessed the here and now
- Developing a roadmap for improvement
- Identify targets and measures
- Committed to annual disclosure

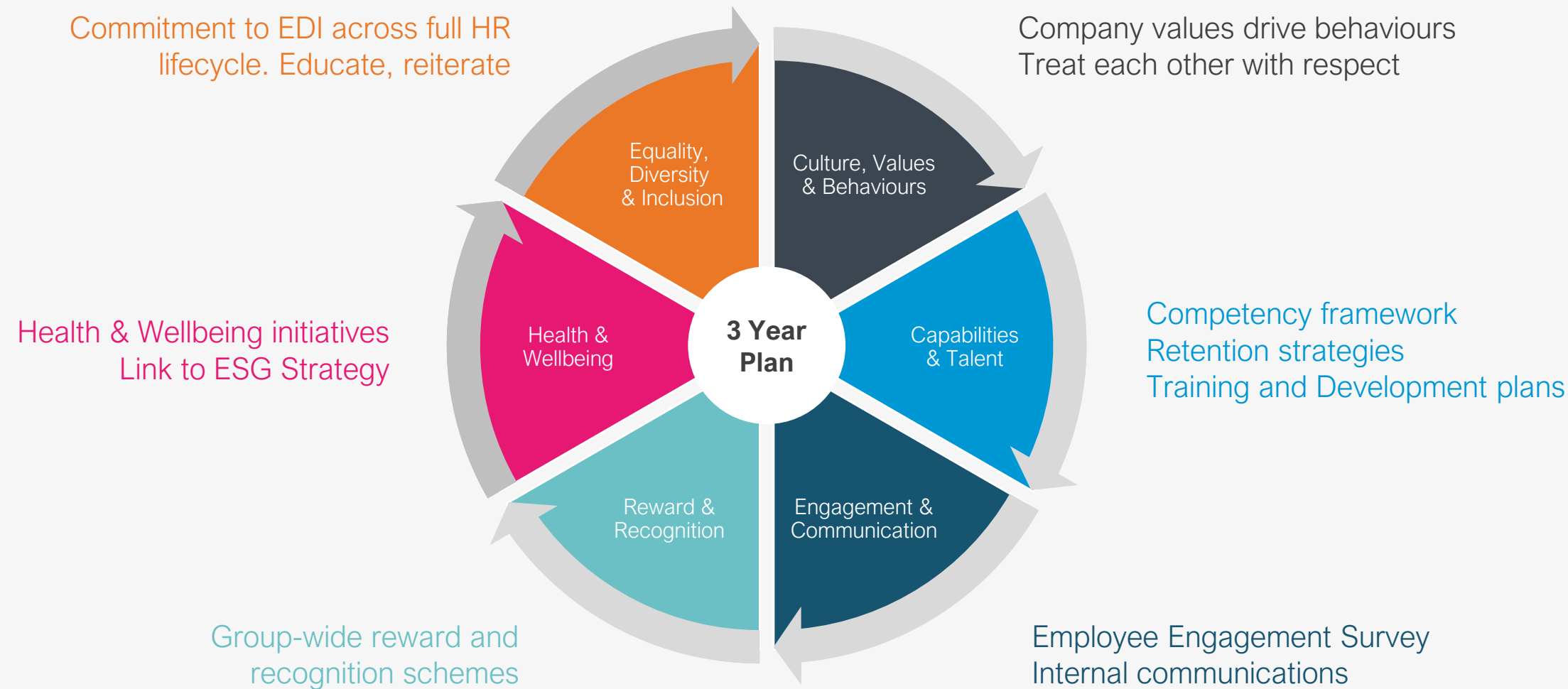


Tekmar was amongst the first cohort of companies to be awarded the Green Economy Mark in October 2019

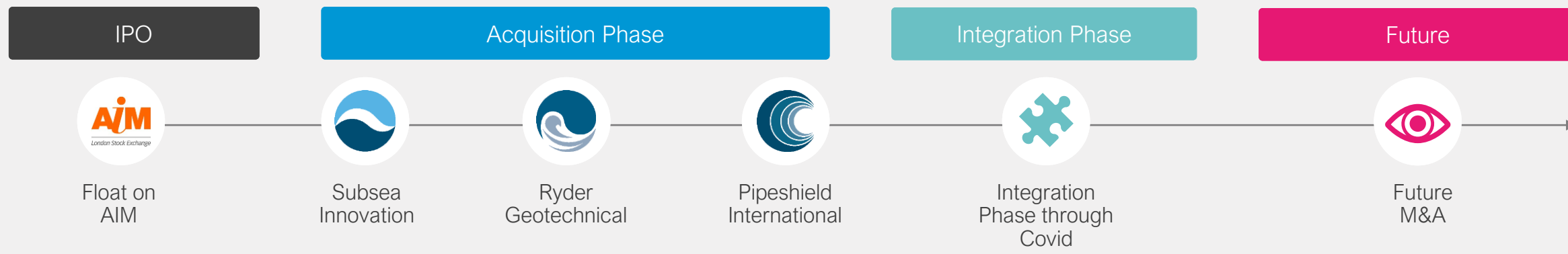
To qualify for the Green Economy Mark, companies must generate 50% or more of their total annual revenues from green activities



People Strategy - Investing In Our People



M&A focused on technologies and services that strengthen our position in offshore wind



M&A Execution

- 3 acquisitions completed within 18 months of IPO
- Previous acquisitions now integrated for greater efficiency - integration completed despite the challenges of Covid 19
- Proven commercial benefits
 - Pipeshield secured largest contract award to date (£4m)
 - Subsea Innovation secured high profile contract with Royal IHC
 - Ryder provides early visibility for offshore projects

Clear, Consistent and Robust Rationale

- Forward thinking – anticipating the evolving needs of the industry
- Creates the platform for growth through diversification
- Common customer base and expands revenue streams across a project's lifecycle
- Applied engineering and technology solutions to address complex industry problems

Commercial Outlook

Enquiry Book growing in line with market demand, with most awards expected to be in offshore wind.
Order Book anticipated to be boosted by contracts currently in negotiation

**£320m
Enquiry Book**

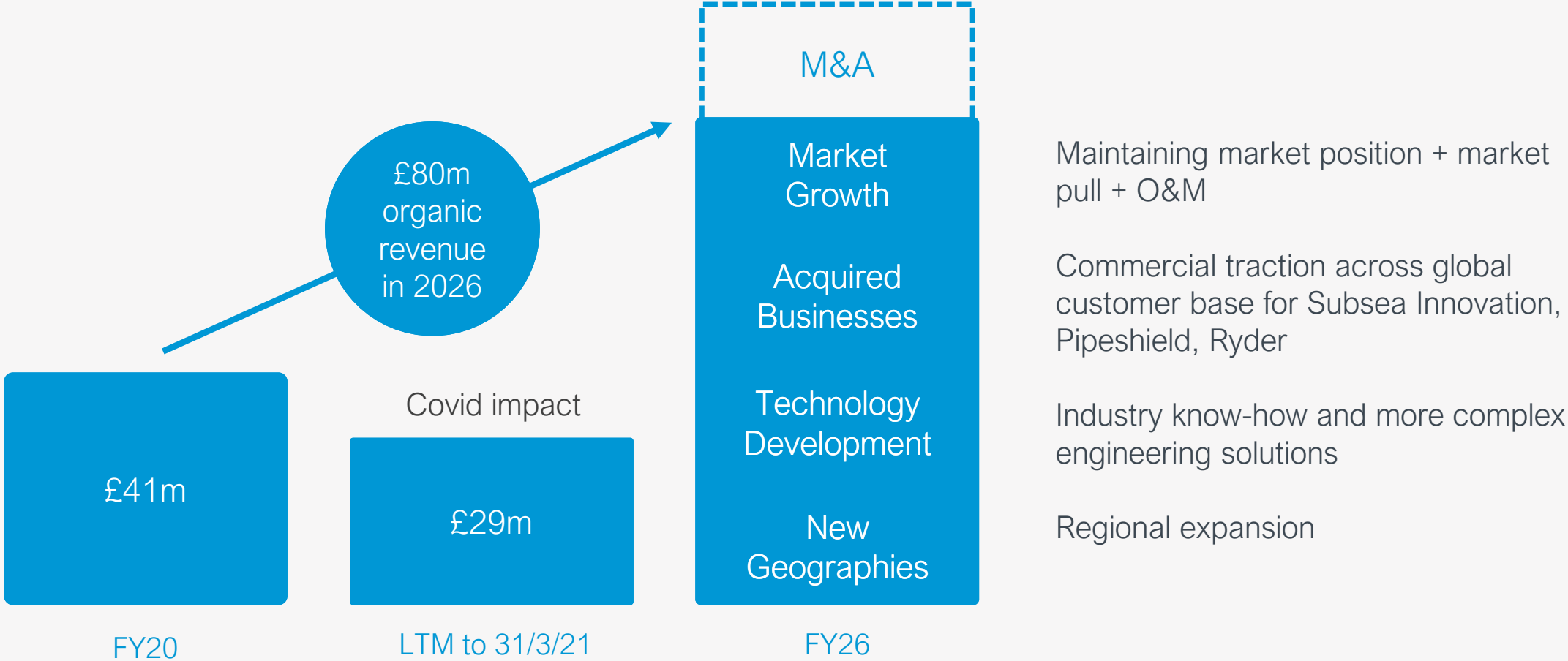
**£13m
Order Book**

**~£10m
in advanced
negotiation**

Enquiry Book up 17% since H2 with stable Order Book. Ongoing project deferrals affecting order intake

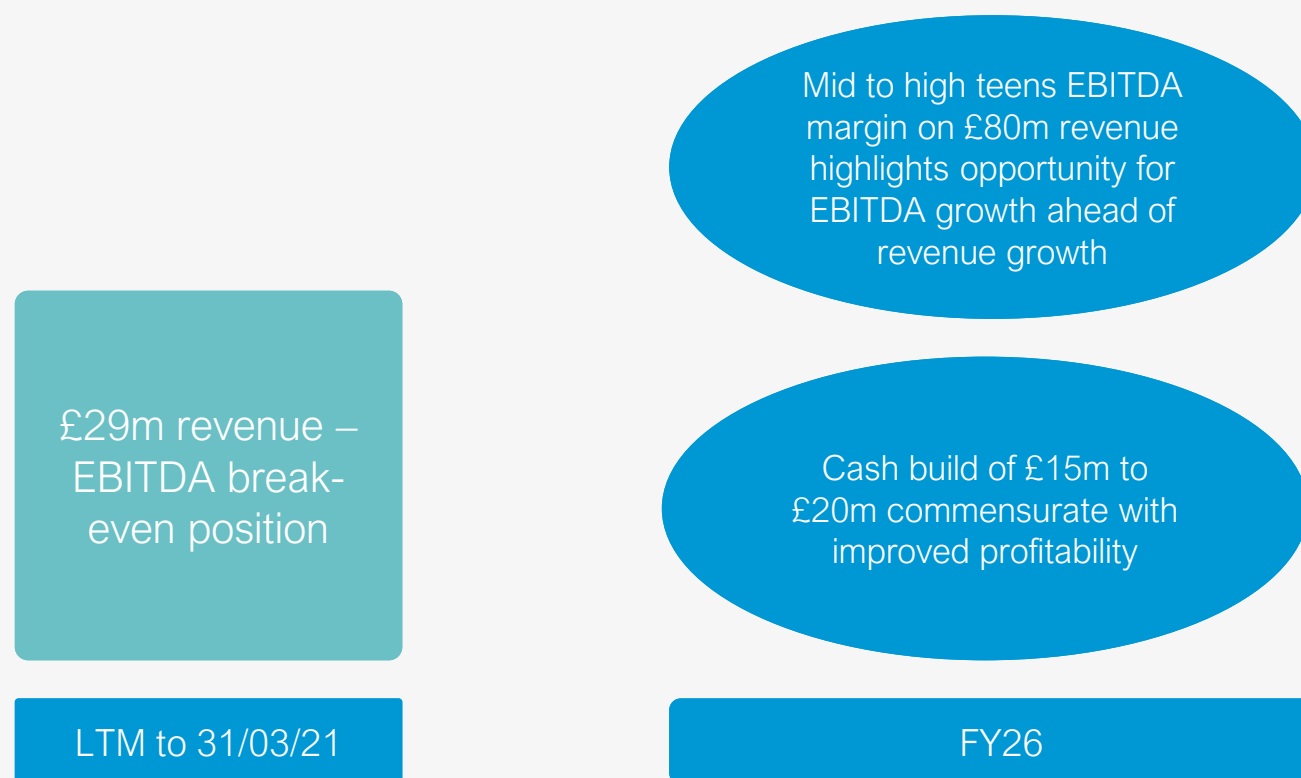
Revenue Characteristics - Diversifying Further Into Offshore Wind

Our strategy sees us maintaining our balance as a business strongly weighted to Offshore Wind



Geared For Profitable Growth

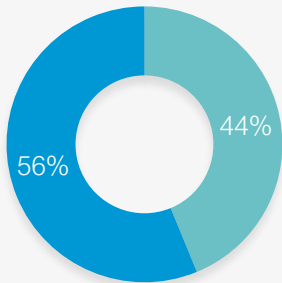
- Operational leverage drives accelerated EBITDA growth from EBITDA break-even at revenue of ~£30m
- Model is geared for growth - with stable cost base, revenue growth flows through to improved EBITDA
- Mid to high teens % EBITDA margin expected in outer years of the plan drives attractive cash conversion and free cash flow



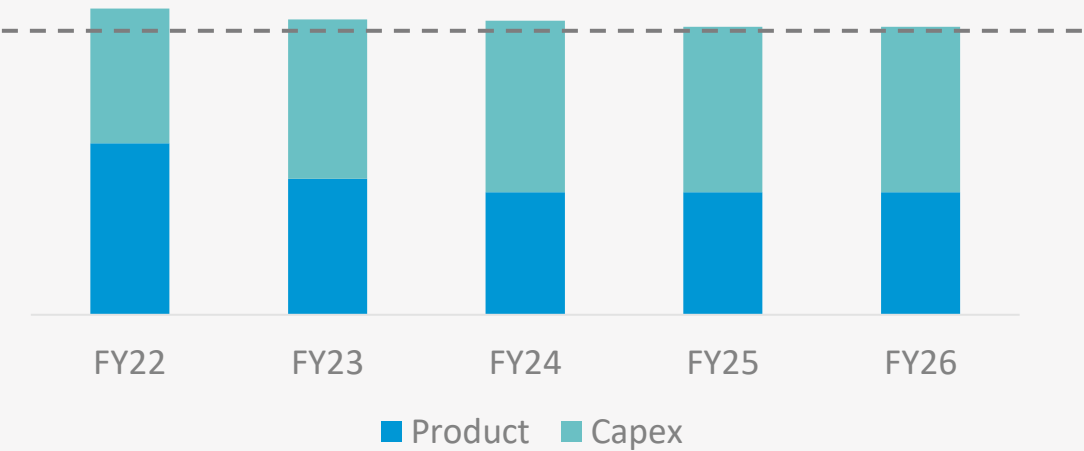
Investment Is Self-funded Under The Plan

Targeted investment of £10m-£12m in plant, technology, product development and regional footprint

~£10m-£12m investment over 5 years



Average annual spend is evenly phased over the 5 years



~£6.0m investment on priority growth initiatives

- O&M represents the single largest investment under the plan, primarily capex and technology, phased equally over the period
- Material investment in Grouting capital equipment
- Relatively modest investment requirement across the other key initiatives includes product development in existing offshore wind capability and floating wind

Broadly, the balance of other investment ear-marked under the plan is in line with historic run-rate capex and developments

Balance Sheet Strengthens And Liquidity Improves Significantly

Net cash generation of £15m-£20m, post the £12m investment programme

Liquidity

Recently upgraded bank funding through:

- CBILs and Working Capital Facility of £6m (previously £3m)
- Guarantee (bond) facility to c.£7m (previously £6m)

Working Capital

Commercial Discipline and Continued Focus on Cash

- Group credit controller to cover complex projects and global expansion into regions
- Refresh commercial systems, procedures and protocols
- Exploration of local and global innovation funding programs to support capex and technology developments currently cautiously excluded from the plan

Commercial Discipline

Disciplined Approach to M&A

M&A Activity

- Potential significant M&A activity excluded from the plan
- Tekmar has a track record of successful acquisitions and integration of Subsea Innovation, Ryder and Pipeshield

Summary



Strong Foundations



Global Customer Base



Significant Market Opportunity



Sustainable Competitive Advantage



Clear Growth Strategy



“

Building on our early success within Offshore Wind, the next phase of Tekmar's strategy will see us capitalise on our strong foundations, diversifying further into the Offshore Wind Industry by investing in new technology and innovation both organically as well as through complementary acquisitions.

This will enable us to benefit from more predictable, higher quality of earnings, significantly increasing our revenue with the ambition to deliver £80m revenue by FY26 with improved EBITDA and cash generation.

Ally Macdonald, CEO

”

