

Investor Meet Company  
Innovative Marine Technology

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# Presentation Team & Agenda



**Alasdair MacDonald**  
CHIEF EXECUTIVE OFFICER



**Leanne Wilkinson**  
CHIEF FINANCIAL OFFICER

**01**



Tekmar's Value Proposition

**02**



Market Trends

**03**



Strategic & Operational Review

**04**



Summary & Outlook

# Tekmar Group plc - clear ambition and building on strong foundations

Our ambition is to build a leading global offshore wind services business over time with the potential to create significant value for public market investors



**Business stabilised and positioned for sustained profitable growth**



**Balanced portfolio across energy and subsea markets supports positive near-term outlook**

**£35m turnover**

**135 Employees**



**Leveraging our relationship with SCF to drive transformational growth, including M&A**



**Positive outlook in medium to longer-term with exceptional structural market growth**

**39 Years**



**4 Group Companies**

**Global Coverage**





Tekmar Group plc - Innovative Marine Technology

# Tekmar Group - Key Milestones

A technology and engineering-led business supporting global offshore wind and other offshore energy infrastructure

**1985**

**Tekmar Founded**

Tekmar is founded by two commercial divers working off the Norwegian coast in the O&G sector, initially providing a design consultancy service. In 1995 Tekmar relocates to Teesside and forms a UK limited company.

**2008**

**Tekmar Energy Limited Established**

Tekmar Energy Limited is established in the UK as a dedicated design, engineering and manufacturing specialist of subsea cable protection systems, umbilicals and flexible pipelines. Tekmar Energy leverages its expertise gained in the O&G sector and responds to the demands of offshore renewables.

**2014**

**Launch of Agiletex Engineering Limited**

Tekmar Energy Limited launches a new group company AgileTek Engineering Limited, to offer advancements in subsea engineering analysis.

**2018**

**Tekmar Group floats on AIM**

Tekmar Group plc is floated on the AIM market (London Stock Exchange). This marks the next stage of the Group's expansion and development plan.

**2019 - March**

**Acquisition of Ryder Geotechnical Limited**

Tekmar Group acquires Ryder Geotechnical Limited, adding geotechnical capability to the group and greatly increases project visibility whilst working at the front end of high-profile subsea projects.

**2019 - October**

**Acquisition of Pipeshield International Limited**

Tekmar Group acquires Pipeshield, strengthening the Group's technology, offering to include bespoke concrete protection and stabilisation solutions, whilst extending the groups track record in offshore wind and O&G.

**2019 - October**

**Green Economy Mark**

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



**2023 - April**

**Strategic investment from SCF Partners**

Tekmar Group secures a significant strategic investment of £22m from private equity investor SCF Partners to accelerate its growth strategy in the global offshore energy markets.



**2024 - May**

**Milestone results and disposal of Subsea Innovation Limited**

Tekmar announced its strongest 6- month period results in four years and separately the disposal of its subsidiary Subsea Innovation Limited, resulting in a more streamlined business supporting more consistent near-term profit growth



# Delivering customer value through an integrated platform

Our range of engineering services, solutions and technology spans the offshore project cycle and a shared customer base

Our consultancy services give early visibility and project engagement

Tekmar Energy and Pipeshield are the primary profit generators for the Group

Business



Services, solutions and technology

Geotechnical Design & Analysis

Simulation & Engineering Analysis

Bespoke Equipment Design & Build

Subsea Protection Technology

Subsea Stability Technology

Project Engagement

Engineering

Construction

O&M

Customer Base

Shared Customer Base

# We support a broad range of customers and partners

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

## 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





## Market Trends

We are well positioned for growth across an evolving offshore energy market

# Offshore wind – a maturing market with improving commercial outlook



## The Challenge – Net Zero by 2050



## Offshore Wind is fundamental to securing this energy transition

- Political support to deliver 261GW by 2030
- Beyond 2030, Governments' declared ambitions to increase installed capacity to 758GW, an 11x increase



## 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

Fully Commissioned

70GW

By 2030

261GW

Beyond 2030

758GW

Data from 4C Offshore Q1 24

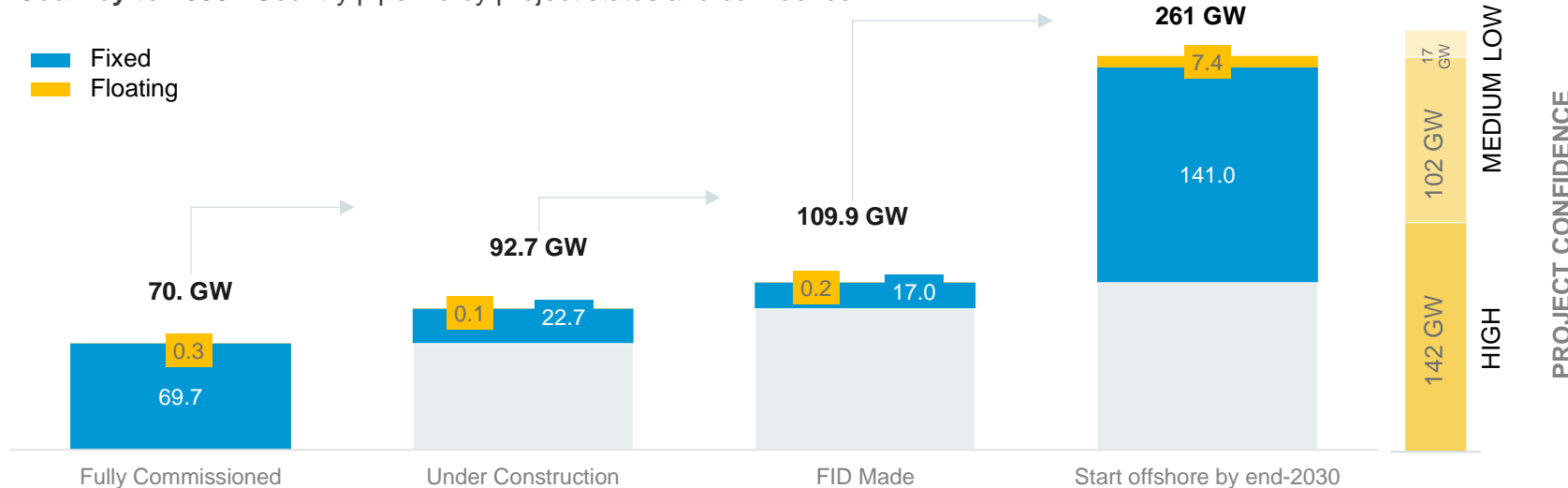
# Offshore Wind Market Trends

Industry forecasts supports positive outlook for Tekmar

-  **70 GW is fully commissioned**
-  **40GW in construction or FID**
-  **13.6% CAGR to 2030**
-  **High probability projects represent 102% increase by 2030**

## Visibility of over 300 projects

**Journey to 2030 - Country pipeline by project status and confidence. \***



**2030 = 2.7x increase**

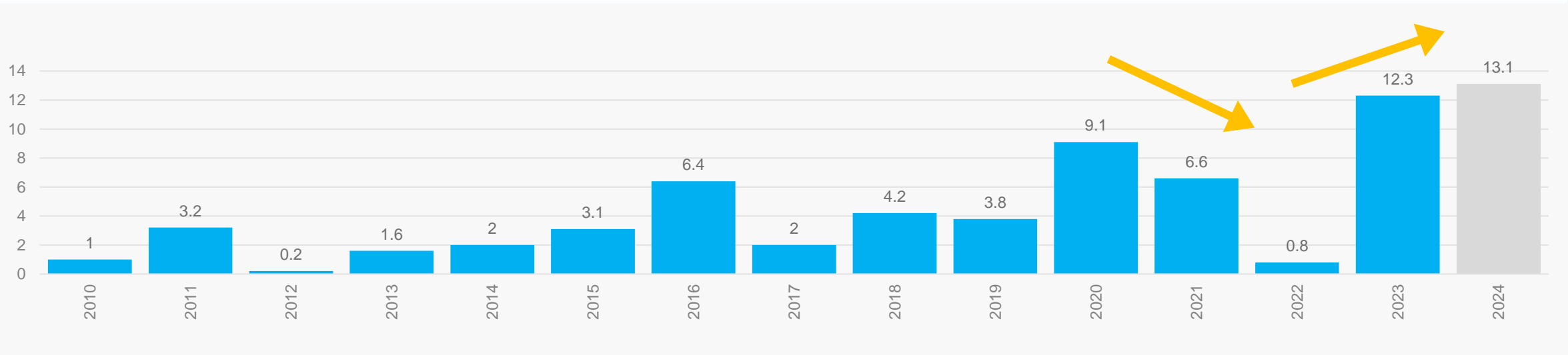
Data from 4C Offshore Q1 24

# Offshore Wind Market Trends

We are experiencing continuing market improvement in 2024, FID\* at 12.3GW and 13.1GW respectively for 2023 and 2024



**12.3GW Record year for FID\* supporting volume growth in offshore wind projects for Tekmar Group**



**The positive macro view needs to be tempered in the near-term as the timing and phasing of projects remains unpredictable**

\*Final Investment Decision ("FID")  
Data is Excluding China

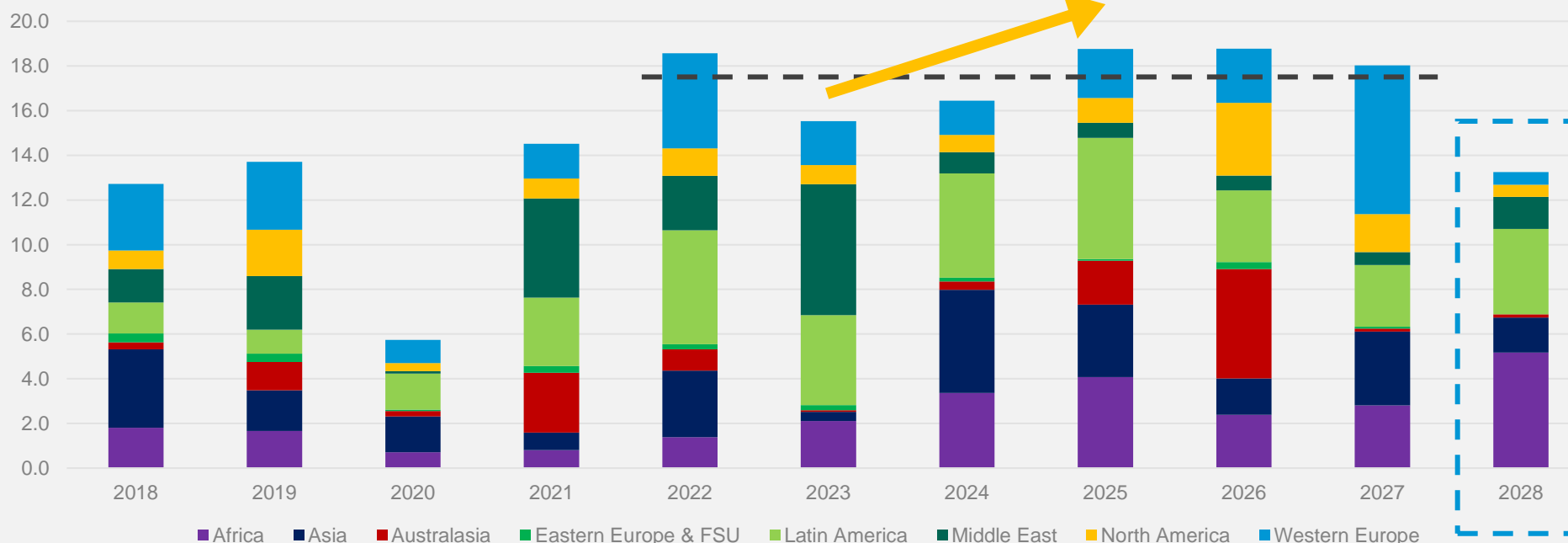
Data from 4C Offshore Q1 24

# Global Energy Transition Market Outlook

Market conditions expected to remain supportive of an upturn in global spend with Tekmar well positioned to take advantage of this forecast growth

 We see a sustained upcycle in the offshore EPC forecast through 2023 - 2028, with EPC spending expected to total \$91bn. This is a 21% increase compared to the preceding five-year period.

Market Spend by region (\$ billion)



2021 – 2027+ consistency of higher CAPEX spend in this cycle

2023 – 2025 marked increase in spend

2028 and onwards market visibility still low and will likely increase.

Data from Westwood Subsea Logix



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Strategic & Operational Update  
A review of near-term priorities

# Path to sustained profitability

For FY24, we expect a further year of profit improvement and to benefit from our balanced portfolio. Further ahead, we expect to benefit from the positive multi-year market growth outlook across our energy markets

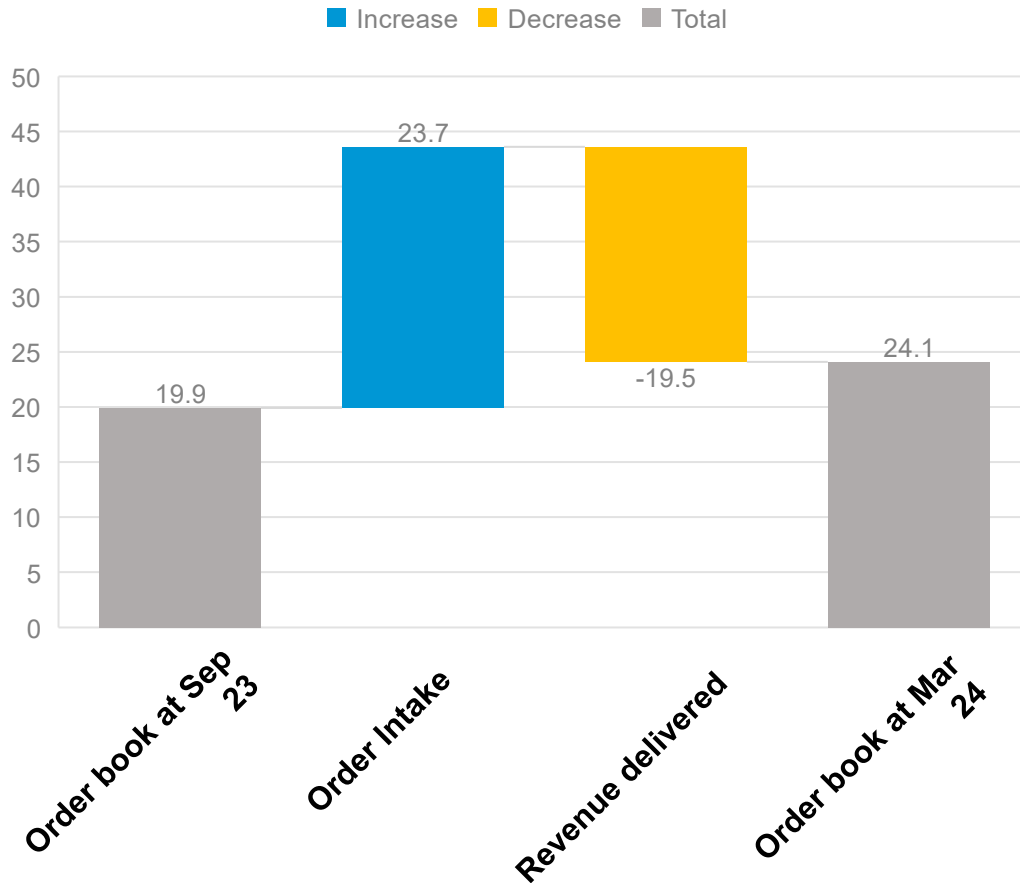
	6m Mar-24	6m Sep-23	6m Mar-23	6m Sep-22	6m Mar-22	6m Sep-21	6m Mar-21	6m Sep-20	6m Mar-20
<b>Revenue</b>	16.2	19.7	15.9	17.2	13.0	17.9	13.9	15.2	23.8
<b>Gross Margin</b>	33%	20%	28%	24%	22%	16%	26%	31%	28%
<b>Adjusted EBITDA<sup>1</sup></b>	1.8	0.0	0.6	(0.3)	(1.8)	(1.8)	(1.1)	0.8	2.7

The 6-month periods ending Mar-24, Sep-23 and Mar-23 have been amended to exclude the results of Subsea Innovation Limited as this is reported as a discontinued operation

- **Marine Civils** delivered Adjusted EBITDA of £1.5m on revenue of £9.8m in HY24
- **Offshore Energy** Adjusted EBITDA of £1.4m on revenue of £6.4m in HY24
- Expectation that both divisions will continue to deliver positive EBITDA in FY24

# Building a better-quality pipeline and order book

Current order intake of £24m achieved at a blended gross margin of 31%



## Balanced contract awards across Energy Transition and Offshore Wind projects

- Higher quality projects being secured
- Improving risk/reward balance
- More selective tendering
- Improving supply chain pricing to acceptable margin levels
- Encouraged by the strength of the enquiry book, indicating a recovering market

Risks remain impacting the phasing of major projects, however we are encouraged by the opportunities for material order intake in the remainder of the current financial year.

Order book and order intake figures include Subsea Innovation Limited. Revenue delivered excludes revenue from Subsea Innovation Limited as treated as discontinued operations.

# Strengthening the business – cashflow & liquidity

The Board is focused on disciplined capital allocation and strengthening the Group's cashflow as the business scales



**£5.3m (net) raised in April 2023 to stabilise the balance sheet**



**£18m investment available through SCF Partners to support strategic growth**



**£7m available bank facilities includes £3m CBILs facility and up to £4m trade loan. The annual renewal of these banking facilities is currently underway**



**£3m improvement in operating cash flow in HY24. Bank facilities remain important to support the working capital requirements of the Group**

**The disposal of Subsea Innovation Limited highlights our disciplined approach to capital allocation and efficient portfolio management**



# Measured Investment

Disciplined approach to capex and investing for growth. We anticipate capex for FY24 of up to £2m, with approximately half covered by investment in near-term growth opportunities



1

## Teklink

Product & Analysis Evolution supported by regionalised engineering consultancy strategy



2

## Grouting

Grow footprint in energy transition and extend into offshore wind and marine civils markets



3

## Subsea and Marine Civils

Further enhance subsea and port scour prevention solutions with existing and new products



# Strengthening the business – M&A

Our ambition is to build a leading global offshore wind services business over time with the potential to create significant value for public market investors



**Build value through scale and quality of earnings**



**Alert to energy transition opportunities**



**Strengthen the technology and services we offer our customers through complementary product/market synergies**



**Leverage our relationship with SCF including the £18m capital available through the CLN**



“Helping build energy services, products, and technology companies”

**370 Growth Investments**



**18 Offshore energy services platform companies**

**78 Platform Companies**



**18 Public Companies built**



**34 Years of Investing**

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# Summary and Outlook

# Key Performance Indicators

Our Key Performance Indicators highlight the successful period of business improvement, with the business now positioned to scale through disciplined organic growth and M&A


	6m to Mar-24 £m	6m to Mar-23 £m	12m to Sep-23 £m
<b>Revenue</b>	<b>£16.2</b>	£15.9	£35.6
<b>Gross Margin</b>	<b>33%</b>	28%	23%
<b>Adjusted EBITDA<sup>1</sup></b>	<b>1.8</b>	0.6	0.6
<b>Net Cash</b>	<b>(3.6)</b>	(3.2)	(2.9)
<b>Order Book<sup>2</sup></b>	<b>£24.1</b>	£23.7	£19.9
<b>Order Intake<sup>3</sup></b>	<b>£23.7</b>	£24.5	£44.2

\*Order Book and order Intake include Subsea Innovation Limited for current year and comparative periods. Revenue, Gross Margin and Adjusted EBITDA exclude Subsea Innovation Limited for HY24 as held as a discontinued operation. Comparative figures exclude Subsea Innovation Limited figures.

Footnotes are set out on slide 23



# Summary and Outlook



**Market conditions are positive in the near-term, albeit we remain cautious on timing of project awards and starts; mid to long term the market projections are for strong growth**



**Trading profit of £1.8m for H124 is highest in four-year period, driven by 33% gross profit margin and the return to profitability of our Offshore Energy division**



**We expect FY24 to deliver a clear improvement in trading profit over the prior year. FY24 order intake is robust with a blended gross margin of 31%**



**The disposal of Subsea Innovation Limited strengthens our platform for consistent growth**



**We continue to pursue M&A opportunities with a focus on scale, quality of earnings and strengthening our services offerings**





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Appendices



# Tekmar Group plc

## Our footprint



# HY24 Results – Summary Income Statement

Continuing strong performance from the Marine Civils division, supported by a return to trading profitability for the Offshore Energy division

	6m to Mar-24 £m	6m to Mar-23 £m	12m to Sep-23 £m
Revenue	16.2	15.9	35.6
Gross Profit	5.4	4.4	8.3
Adjusted EBITDA <sup>(1)</sup>	1.8	0.6	0.6
(LBT)	(0.4)	(1.2)	(8.5)
EPS	(0.55p)	(2.87p)	(10.70p)
Adjusted EPS <sup>(4)</sup>	(0.06p)	(1.74p)	(4.50p)

## Revenue

- Revenue broadly in line with the prior year

## Gross Profit

- 33% in HY24 compared to 28% in HY23
  - Marine Civils (Pipeshield) – increased from 34% in HY23 to 39% in HY24
  - Offshore Energy (mostly wind) – increased from 22% in HY23 to 30% in HY24

## Adjusted EBITDA

- Improvements in EBITDA as a result of the improved gross profit margin and the return to profitability of the offshore energy business unit
- Tight control of operating costs despite wage inflation

## Loss Before Tax

- Improvement largely due to improvements in Gross Profit margins

All figures exclude Subsea Innovation Limited as treated as discontinued operations.

Footnotes are set out on slide 23

# HY24 Results – Summary Balance Sheet

Balance sheet excludes the £18m convertible loan note from SCF Partners, available to drive strategic growth

<b>Balance Sheet</b>			
<b>£m</b>	<b>As at Mar-24</b>	As at Mar-23	As at Sep-23
Fixed Assets	<b>6.7</b>	6.3	6.5
Intangible assets	<b>18.9</b>	23.9	18.9
Inventory	<b>3.2</b>	5.4	2.0
Trade & other receivables	<b>15.1</b>	16.5	17.2
Assets held for sale	<b>5.0</b>	3.2	5.0
Cash	<b>2.7</b>	3.8	3.5
Current liabilities	<b>(13.5)</b>	(18.4)	(15.6)
Liabilities held for sale	<b>(2.8)</b>	(2.1)	(1.8)
Non-current liabilities	<b>(1.4)</b>	(1.4)	(1.1)
Equity	<b>(33.9)</b>	(37.2)	(34.6)

- Intangible assets - Goodwill impairment charge in FY23 of £4.6m relating to offshore energy division
- Inventory – reduction in WIP relating to timing of Marine Civils projects
- Trade Receivables
  - overdue billed ME and China debt persists with payment plans in place
  - wider collections well managed
- Cash position of £2.7m, supported by banking facilities £6.3m.
  - Net debt of (£3.6m)
- Current liabilities – reduction in deferred income due to project timing

Assets and Liabilities held for sale relate to Subsea Innovation Limited disposal.

# HY24 Results - Summary Cash Flow

Cash from operations improved in the period, with a stable working capital position. Capex expected to be up to £2m for FY24

Cash flows from operating activities	6 months HY24 £m	6 months HY23 £m	12 months FY23 £m
Loss before taxation	<b>(0.7)</b>	(1.8)	(9.9)
Adjustments for:			
Depreciation / Amortisation	<b>1.0</b>	1.1	1.8
Net finance costs	<b>0.3</b>	0.1	0.6
Share based payments charge			0.5
Other	-	(0.1)	4.7
<b>Changes in working capital:</b>			
(Increase) in inventories	<b>(1.1)</b>	(0.9)	2.5
Decrease / (Increase) in trade and other receivables	<b>0.2</b>	(5.5)	(6.0)
(Decrease)/Increase in trade and other payables	<b>(0.3)</b>	3.3	(0.3)
Increase / (Decrease in Provisions)	<b>(0.2)</b>	-	0.5
<b>Net cash (outflow) / inflow from operating activities</b>	<b>(1.0)</b>	(3.8)	(5.7)

Cash flows from investing and financing activities	6 months HY24 £m	6 months HY23 £m	12 months FY23 £m
Purchase of PPE / Intangible assets	<b>(0.5)</b>	(0.6)	(1.3)
Other investing activities	<b>(0.1)</b>	0.1	
Bank borrowing & repayments	<b>(0.3)</b>	(0.0)	(0.4)
Repayment of lease obligations	<b>(0.3)</b>	(0.2)	(0.4)
Share Issue			5.3
Interest paid	<b>(0.3)</b>	(0.1)	(0.5)
<b>Net cash inflow / (outflow) from investing and financing activities</b>	<b>(1.5)</b>	(0.8)	2.7
Net (Decrease) / Increase in cash and cash equivalents	<b>(2.5)</b>	(4.6)	(3.0)
Cash and cash equivalents as beginning of year	<b>5.2</b>	8.5	8.5
Effect of foreign exchange rate changes	<b>(0.1)</b>	(0.2)	(0.3)
<b>Cash and cash equivalents</b>	<b>2.7</b>	3.7	5.2