CLARKSON PLC

4 March 2024

Clarkson PLC ('Clarksons') is the world's leading provider of integrated shipping services. From offices in 24 countries on six continents, we play a vital intermediary role in the movement of the majority of commodities around the world.

Preliminary results

Clarkson PLC today announces preliminary results for the 12 months ended 31 December 2023.

Summary

- Record underlying profit before taxation* of £109.2m (2022: £100.9m), an increase of 8.2%
- Underlying earnings per share* increased 9.9% to 275.0p (2022: 250.3p)
- Full year dividend of 102p, giving rise to a 21st consecutive year of dividend growth
- Forward order book for invoicing in 2024 was US$217m (2022: US$216m)
- Strong balance sheet with free cash resources* of £175.4m (2022: £130.9m) available for future investment

	Year ended 31 December 2023	Year ended 31 December 2022
Revenue	**£639.4m**	£603.8m
Underlying profit before taxation*	**£109.2m**	£100.9m
Reported profit before taxation	**£108.8m**	£100.1m
Underlying basic earnings per share*	**275.0p**	250.3p
Reported basic earnings per share	**275.2p**	247.9p
Dividend per share	**102p**	93p

* Classed as an Alternative Performance Measure ('APM'). See 'Other information' at the end of this announcement for further information.

Andi Case, Chief Executive Officer, commented:

"2023 was a year of disruption in the maritime markets and I am enormously proud we have achieved another record year.

"The business today is a reflection of two decades' investment in our strategy, and we are confident in our outstanding team, our breadth of market-leading services, our technologies and our geographic reach to meet the growing needs of our clients in a world which is ever more complex.

"We are optimistic for Clarksons in the near, medium and long-term future."

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Alternative performance measures (‘APMs’)

Clarksons uses APMs as key financial indicators to assess the underlying performance of the Group. Management considers the APMs used by the Group to better reflect business performance and provide useful information. Our APMs include underlying profit before taxation and underlying earnings per share. An explanation and reconciliation of the term ‘underlying’ and related calculations are included within the ‘Other information’ section at the end of this announcement. All APMs used within this announcement are denoted by an asterisk (*).

About Clarkson PLC

Clarkson PLC is the world’s leading provider of integrated services and investment banking capabilities to the shipping and offshore markets, facilitating global trade.

Founded in 1852, Clarksons offers its diverse and growing client base an unrivalled range of shipbroking services, sector research, on-hand logistical support and full investment banking capabilities in all key shipping and offshore sectors. Clarksons continues to drive innovation across its business, developing digital solutions which underpin the Group’s unrivalled expertise and knowledge with leading technology.

The Group employs over 2,000 people in over 60 different offices across its four divisions and is number one or two in all its market segments.

The Company has delivered 21 years of consecutive dividend growth. The highly cash-generative nature of the business, supported by a strong balance sheet, has enabled Clarksons to continue to invest to position the business to capitalise on opportunities in its markets.

Clarksons is listed on the main market of the London Stock Exchange under the ticker CKN and is a member of the FTSE 250 Index.

For more information, visit www.clarksons.com

This announcement contains inside information for the purposes of Article 7 of EU Regulation 596/2014 as it forms part of domestic law of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018, as amended (together, ‘MAR’). Upon the publication of this announcement, this inside information is now considered to be in the public domain.

Chair’s review

Overview

As the Chair of Clarkson PLC, I am privileged to report another set of record results. As I reflect on the drivers of this performance, despite all the disruptions to shipping faced throughout the year, I believe it comes down to a number of key factors, the seeds of which were planted many years ago. For a number of years, Clarksons has consistently invested in line with its strategy to build breadth and depth of services to its clients with leading positions in each segment. As a result, it has created a truly global company with local teams across all the key shipping geographies which are intrinsically connected to those localities.

Over this time, Clarksons has also built a large market data and intelligence capability and a technology platform, providing best-in-sector tools for trade so our outstanding colleagues can offer clients the best, most informed advice. We have strategically invested in the trends which drive our industry, whether it be the financing of the industry or, more recently, in shipping’s green transition. With global trade continuing to grow in both volume and complexity, these strategic pillars of Clarksons are providing our clients with sector-leading advice, market intelligence and capabilities.

Results

The results for 2023 reflect the strength and diversity of our business model, as well as our ability to adapt to changing market conditions. Revenue increased by 5.9% to £639.4m, driven by strong growth in our Broking, Support and Research divisions, as well as responsible treasury management. Underlying profit before taxation* increased by 8.2% to £109.2m. We have maintained a strong balance sheet, with net assets of £456.6m (2022: £413.2m) and free cash resources* of £175.4m as at 31 December 2023 (2022: £130.9m).

Dividend

In line with our progressive dividend policy, the Board has recommended a final dividend of 72p per share, bringing the total dividend for 2023 to 102p per share, an increase of 10% compared to 2022. This reflects our confidence in the future prospects of the Group and our commitment to continued delivery of shareholder returns. We are proud of our dividend growth track record, 2023 being our 21st year of consecutive dividend increases.

People

Our people are unquestionably our most important and valuable asset and the key to our success. We have a talented, diverse and dedicated team of over 2,000 employees across more than 60 offices in 24 countries, who share our vision and values. We continue to invest in their development, wellbeing and engagement, as well as in attracting and retaining the best talent in the industry. Our specialist teams are deeply embedded in their markets, enabling us to retain our market-leading positions across each market segment. I would like to take this opportunity to thank all my colleagues for their hard work, commitment and dedication to both Clarksons and to our clients.

Giving back

We are proud of our long-standing tradition of contributing to the communities where we operate and the causes we care about. In 2023, through The Clarkson Foundation, we made donations to various charitable initiatives, both at home and around the world. We have also supported many of our employees’ volunteering efforts throughout the year.

We are also leading positive change by continuing to invest in the growth of our Green Transition team, which is importantly helping our clients to reduce the impact of shipping on the environment.

Board

I am grateful to my fellow Board members, whose strengths and diversity of experience bring a range of skills and perspectives to the boardroom table. In February 2024, Birger Nergaard had served nine years on the Clarksons Board. He has agreed to stay on the Board until our AGM in May 2024 where he will not be standing for re-election. A search for a new non-executive director has commenced and we will make a further announcement when appropriate. We thank Birger for his important contribution to the development and governance of the Group and wish him well for the future.

Outlook

We are optimistic about the route ahead of us. Sector trends remain favourable, global trade continues to grow in both scale and complexity, and the green transition in shipping is moving ahead apace. We believe that Clarksons is well-positioned to capitalise on these trends and opportunities, with a consistent and clear strategy, and a strong market position serving a loyal client base which is having to navigate more challenges. Sustained investment in our strategy has given us a competitive edge. With a record forward order book of secured 2024 revenues of US$217m, the Board looks to the future with confidence. I would like to take this opportunity to thank my colleagues, our clients and our shareholders for their support as Clarksons continues to play a critical role in powering, feeding and connecting the world, regardless of the unexpected challenges the trading world presents. Clarksons is an outstanding business.

Laurence Hollingworth
Chair
1 March 2024

Chief Executive Officer's review

2023 was a year of disruption in the maritime markets and I am enormously proud of, and grateful to, my colleagues across the business, who have together achieved another record year. Seaborne trade has continued to grow, and the increase in shipping demand has been exacerbated by tonne-mile impact arising from a variety of disruptions, be they climate or geo-political-related. Our results reflect our resilience, agility, and market leadership as we provide integrated advice, intelligence and services to clients, helping them make better decisions in increasingly complex times.

We have highlighted the impact of supply and demand dynamics in the shipping industry for the past few years, and the supply side remains tight in most sectors. Shipbuilding capacity is limited, the cost of building new vessels has risen with increased input costs, and financing is expensive. The green transition and the need for alternate-fuelled ships has exacerbated the squeeze, with owners being hesitant to commit to newbuilds while uncertainty remains about which fuelling technology to move forward with. As a result, the average age of the global fleet is increasing. The global fleet grew by just 3% during the year, and the global orderbook, which is still only 12% of the fleet, is highly skewed towards container and gas in the near term, which is likely to result in constraints for other markets.

Demand-supply dynamics have supported various growth drivers including global seaborne trade, increased complexity in the energy supply chain, global economic growth and rising global energy consumption. Climate, environmental issues and the green transition have played a part here too. Vessels are being run at reduced speeds to lower emissions as corporates and consumers intensify their scrutiny on carbon emissions, and reduced water levels in the Panama Canal have slowed the passage of ships through the waterway and forced many to take alternative, longer routes. The inclusion of shipping in the EU's Emissions Trading System has created even greater demand for vessels, both now and for the future, which meet the requirements of both customers, who are demanding more carbon-efficient journeys, and the regulators.

The shipping markets have also had little respite from geo-political challenges since the turn of the decade. Disruptions to trade routes in any form pose challenges that reach far beyond the world of shipping. The need for the movement and surety of food, energy and goods is paramount to keeping both businesses and countries moving globally. It is in times such as these that the shipping industry has to adapt to meet new challenges. Clarksons' data and intelligence, market coverage, flexibility and depth of connectivity ensures that our clients have the tools and information to make the best decisions and maintain trade flows as efficiently as possible.

Broking

The Broking division had another successful year. Energy shipping led the way, with gas, tankers, specialised products, offshore and car carriers all experiencing strong conditions and dry bulk and containers freight rates rallying later in the year.

As global trends evolve, Clarksons' strategy to invest in all areas of shipbroking has ensured that we are able to support our clients across both mainstream and more niche markets, in every vertical. Within the car carrier market, electric vehicle manufacturers and their customers are increasingly requiring carbon-neutral delivery of both components and end products, and Clarksons' expertise in the green transition has enabled us to assist our clients' investment into this important market.

The offshore sector has seen a recovery this year as global disruption to energy supplies has created a buoyant market in which increased utilisation rates have led to a supportive rate environment. When Clarksons acquired RS Platou in 2015, we became the world's largest offshore broker with a team of unrivalled scale and expertise in the marketplace. This market-leading position now optimally positions us to capitalise on the sector recovery in 2024 and beyond as long-term targets for energy security, offshore supply and renewable energy are becoming increasingly important.

The sale and purchase team had another very successful year as demand for secondhand vessels was high, and we delivered strong newbuilding activity within the Group. Clarksons' market-leading global teams and analysts have again assisted our clients with their strategy and execution.

Segmental profit before taxation from Broking was £121.2m, up £3.6m over the year, with a margin of 23.5%.

Financial

The Financial division had a more challenging year as the real estate sector and global capital markets remained quiet. Many clients in shipping have taken advantage of the markets to pay down debt, however the team has been involved in most of the sizeable transactions in the shipping industry and continues to develop and evolve its offering to meet clients' needs. The Financial division plays a critical role in Clarksons' integrated offering for clients and secures Clarksons' position as the only full service provider in the sector. The Financial division produced a segmental profit before taxation of £6.6m in 2023 compared, with £7.8m in 2022.

Support

The Support division in the UK, EU and Egypt had an excellent 12 months as its agency, customs clearance, canal transit and Gibb Group, its PPE and safety & survival supplier, all performed very well. Clarksons Port Services acquired DHSS early in 2023. This business is now fully integrated and has exceeded management's expectations at the time of the acquisition. Investment in office and warehouse facilities in Aberdeen has introduced new technology and capacity, enabling us to serve more clients and work more efficiently.

The Support division produced a segmental profit before taxation of £6.4m and a 11.3% margin in 2023 (2022: £5.0m and 12.8%).

Research

Clarksons Research is renowned as the standard bearer across the industry, with the division delivering proprietary data to both our teams and our clients to enable better decision-making. The quality of the team's unparalleled analysis and understanding of global megatrends and trade complexities, including the green transition, energy transition and fleet evolution, has resulted in recurring revenues in excess of 85% as clients seek consistently high-quality data and commentary to manage their business decisions.

The division increased segmental profit before taxation by 20.0% to £8.4m (2022: £7.0m).

Sea

We are very pleased with the progress the Sea platform has made this year as regulation, risk requirements and increasing trade complexities have led clients to seek improved governance and efficiencies in their contract management. Our investment in Sea has created an opportunity from this market trend. Revenue, both one-off and recurring, has increased, and the volume of contracts fixed on the platform continues to rise. We acquired MarDocs and brought Recap Manager back into the business over the period, further accelerating Sea's progress in digitising and managing chartering workflows from pre-fixture negotiation to at-fixture documentation.

Outlook

The business today is a reflection of two decades' investment in our strategy, and we are confident in our outstanding team, our breadth of market-leading services, our technologies and our geographic reach to meet the growing needs of our clients in a world which is ever-more complex. We nurture long-term relationships with clients and we have built a business which helps support them with their decision-making.

These investments have set the foundations for the business into the future and we are optimistic in the outlook for Clarksons in the near, medium and long term. We are unwavering in our commitment to growth and our strong forward order book for delivery in 2024 only, which stands at US$217m, together with our much larger forward orderbook which stretches further into the future, gives us growing forward visibility and the confidence to continue to invest in our capabilities across the business. Our strategy of investing in market-leading positions, pioneering technology, top teams, and continually increasing the breadth and depth of our advisory capabilities has optimally positioned us to capture future opportunities in the global shipping markets. We will continue all elements of this investment strategy and seek further opportunities for M&A.

Supply and demand dynamics and the impact of the green transition, which is still in its early stages, ongoing trade disruptions and other geo-political, economic and environmental challenges will require more insights, experience, advice and connectivity than ever before. Clarksons is uniquely positioned to help guide its clients through this challenging and ever-evolving environment.

Andi Case
Chief Executive Officer
1 March 2024

Financial review

Revenue: £639.4m (2022: £603.8m)
Underlying profit before taxation*: £109.2m (2022: £100.9m)
Reported profit before taxation: £108.8m (2022: £100.1m)
Dividend per share: 102p (2022: 93p)

Introduction

The Group delivered another excellent financial performance in 2023, with revenue of £639.4m (£2022: £603.8m) and underlying profit before taxation* of £109.2m (2022: £100.9m), both ahead of the comparative period. Underlying basic earnings per share* grew 9.9% to 275.0p (2022: 250.3p).

Reported profit before tax and basic earnings per share were £108.8m (2022: £100.1m) and 275.2p (2022: 247.9p) respectively. In line with the progressive dividend policy, the recommended full year dividend of 102p, as described in more detail below, represents the 21st consecutive year of growth.

Free cash resources* increased to £175.4m (2022: £130.9m); the Group's strong cash-generative position enables us to continue investing in the best people, market intelligence and technology to support and advise our clients. The Group also actively pursues M&A activity where this is complementary to the broader strategy.

2023 performance overview

The Broking division performed strongly, with revenues of £516.8m (2022: £495.5m) representing an increase of 4.3%. The division enhanced its market-leading position across every segment of shipping and remains well placed to advise clients in the face of ongoing trade disruptions, environmental concerns and geopolitical changes affecting the industry. The division generated a segmental profit of £121.2m (2022: £117.6m) at a margin of 23.5% (2022: 23.7%).

Energy-related markets performed strongly in 2023, including gas, tankers and specialised products. Offshore markets also performed well, supported by concerns around energy security and a focus on renewable alternatives. The environment was more challenging for freight rates in dry cargo and containers, although these remain above historical levels and saw improvement into 2024 following disruption to Red Sea trade routes.

Increased scale and complexity of global trade, higher asset utilisation and environmental concerns created the backdrop for strong asset pricing and another successful year for the sale and purchase team. We continue to support clients with their asset investment strategies for both new and secondhand vessels, aligned to the wider industry focus on the green transition.

The Financial division reported revenues of £44.1m (2022: £49.8m). A challenging economic backdrop and increase in interest rates reduced revenue and profitability from real estate and project finance business. This reduction was partially offset by growth in banking where, despite more challenging capital markets, the division increased revenue, focused in M&A advisory. The offshore energy services team also had a strong year, executing a range of transactions for clients following increasing investor confidence. The division generated a segmental profit of £6.6m (2022: £7.8m) for the year.

In Support, both revenue and segmental profit increased compared to the previous year at £56.6m (2022: £39.0m) and £6.4m (2022: £5.0m) respectively. The division's core agency business performed well in both the UK and Egypt, the latter benefiting from strategic partnerships with major clients. Gibb Group also performed very strongly, investing in new facilities and people to meet strong client demand for specialist tools and safety equipment for the offshore industry. The division benefited from new business opportunities following the acquisition of DHSS, which contributed £10.8m of revenue during the year.

The Research division reported revenue of £21.9m (2022: £19.5m) and a segmental profit of £8.4m (2022: £7.0m) following continued investment in market intelligence, expanding both the breadth and depth of coverage and insight into evolving market trends. In particular, the division's strategy to provide leading data and insights around the green transition evolved in 2023, meeting strong client appetite to understand the maritime sector's decarbonisation pathway. As a market leader in its sector, the division remains well placed to provide high-quality information and analysis to clients, enabling them to make the best decisions for their business.

Administrative expenses

The Group incurred underlying administrative expenses* of £508.8m (2022: £481.2m), representing an increase of 5.7%. The main driver of this increase was variable compensation, aligned to the improvement in underlying profitability. In addition, the Group continued to invest in new people and teams, in training and developing our existing talent, in expanding our product footprint and in developing market-leading tools and intelligence. We remain committed to investing in all areas of the business to ensure that we can service the growing needs of our clients globally.

Acquisitions

At the beginning of the year, the Group completed the acquisition of DHSS, a renewables-focused port services business based in the Netherlands for an initial consideration of £4.1m. DHSS (now rebranded to Clarkson Port Services B.V.) has had a successful year, exceeding management's first year expectations and making a meaningful contribution to the Support division's segmental performance. The business increases the breadth of our offering in the offshore renewables sector, as part of our wider investment and focus on the green transition across the business.

The Group also invested in Sea during the year, adding the MarDocs digital platform for consideration of £1.2m. In addition, the commercial management of Recap Manager was brought back into the Group following an agreement with the London Tanker Broker Panel. Both transactions complement the Setapp and Chinsay acquisitions made in 2022 and leave the Group strongly positioned for growth in this area.

In November 2023, the Group expanded its global coverage in dry cargo broking with the acquisition of a new team in Rio de Janeiro to complement the existing offshore and specialised product expertise locally.

Acquisition-related costs of £2.6m (2022: £0.8m), which include the above transactions, have been disclosed separately in the consolidated income statement, and relate to the amortisation of intangibles and variable remuneration recognised over the employee service periods. We estimate acquisition-related costs for 2024 to be £2.1m assuming no further acquisitions are made.

Dividend

The Board is recommending a final dividend in respect of 2023 of 72p (2022: 64p) which, subject to shareholder approval, will be paid on 24 May 2024 to shareholders on the register at the close of business on 10 May 2024.

Together with the interim dividend in respect of 2023 of 30p (2022: 29p), this would give a total dividend of 102p for 2023, an increase of 10% on 2022 (2022: 93p) and representing the 21st consecutive year the Group has increased returns to shareholders. In reaching its decision, the Board took into consideration the Group's 2023 performance, balance sheet strength, ability to generate cash and forward order book.

Exceptional items

In December 2023, the Group completed the sale of an industrial unit that it had owned for several years. The property's favourable location as part of a wider site redevelopment meant a sale in excess of market value was achieved, which resulted in an exceptional gain of £3.5m after transaction fees and costs. The Group donated £1.3m of the proceeds to The Clarkson Foundation for use in charitable projects. An exceptional net gain of £2.5m including tax credits of £0.3m has been disclosed separately in the consolidated income statement.

Finance income and costs

The Group reported finance income of £10.5m (2022: £1.9m), benefiting from active treasury management, a high interest rate environment and strong underlying cash generation from the business. Finance costs remained at £2.2m (2022: £2.2m) and are mainly comprised of interest expenses on lease liabilities from the Group's application of IFRS16.

Taxation

The Group reported an underlying effective tax rate* of 21.4% (2022: 20.4%). The Group's underlying tax rate remains stable, with the lower rate reported in 2022 including a one-off US tax credit. The effective tax rate is reflective of the broad international operations of the Group. The Group's reported effective tax rate was 21.1% (2022: 20.5%).

Foreign exchange

The average sterling exchange rate during 2023 was US$1.25 (2022: US$1.23). At 31 December 2023, the spot rate was US$1.27 (2022: US$1.21).

Free cashflow

The Group ended the year with cash balances of £398.9m (2022: £384.4m) and a further £39.9m (2022: £3.1m) held in short-term deposit accounts and government bonds, classified as current investments on the balance sheet.

Net cash and available funds*, being cash balances after the deduction of the total cost of accrued bonuses, at 31 December 2023 were £201.1m (2022: £161.7m). The Board uses this figure as a better representation of the net cash available to the business since bonuses are typically paid after the year-end, hence an element of the year-end cash balance is earmarked for this purpose. It should be noted that accrued bonuses include amounts relating to the current year and amounts held back from previous years which will be payable in the future.

A further measure used by the Board in taking decisions over capital allocation is free cash resources*, which deducts monies held by regulated entities from the net cash and available funds* figure. Free cash resources* at 31 December 2023 were £175.4m (2022: £130.9m).

In addition to these free cash resources*, the Group has a strong balance sheet and has consistently generated an underlying operating profit and good cash inflow. Management has stress tested a range of scenarios, modelling different assumptions with respect to the Group's cash resources and, as a result, continues to adopt the going concern basis in preparing the financial statements.

Balance sheet

Net assets at 31 December 2023 were £456.6m (2022: £413.2m). The balance sheet remains strong, with net current assets and investments exceeding non-current liabilities (excluding pension assets and lease liabilities as accounted for under IFRS 16 'Leases') by £206.5m (2022: £163.6m). The Group's pension schemes had a combined surplus before deferred tax of £13.4m (2022: £15.4m).

Forward order book ('FOB')

The Group earns some of its commissions on contracts where the duration extends beyond the current year. Where this is the case, amounts that can be invoiced during the current financial year are recognised as revenue accordingly. Those amounts which are not yet invoiced, and therefore not recognised as revenue, are held in the FOB. In challenging markets, such amounts may be cancelled or deferred into later periods.

The Directors review the FOB at the year-end and only publish the FOB items which will, in their view, be invoiced in the following 12 months. At 31 December 2023, this estimate was US$217m (31 December 2022: US$216m).

Subsequent Events

In February 2024, the Group completed the acquisition of Trauma & Resuscitation Services Limited. The investment increases our service offering to the oil and gas, marine and renewable energy sectors through the provision of market-leading advanced first aid training for the offshore wind sector.

Alternative Performance Measures ('APMs')

Clarksons uses APMs as key financial indicators to assess the underlying performance of the Group. Management considers the APMs used by the Group to better reflect business performance and provide useful information. Our APMs include underlying profit before taxation, underlying earnings per share, net funds and free cash resources.

Jeff Woyda
Chief Financial Officer & Chief Operating Officer
1 March 2024

Business review

Broking

Revenue: £516.8m (2022: £495.5m)
Segmental split of underlying profit before taxation: £121.2m (2022: £117.6m)
Forward order book for 2024: US$217m ^ (At 31 December 2022 for 2023: US$216m^)

^ Directors' best estimate of deliverable forward order book ('FOB')

Dry cargo

Supporting a range of important industrial sectors including construction, energy and agriculture, the dry cargo sector moved over 5.5bn tonnes of cargo in 2023 across a range of dry bulk commodities, including metals and minerals, agricultural products and some semi-processed goods. The dry bulk market in 2023 was characterised by very firm cargo volumes despite the macro-economic backdrop, a series of weak economic data points and headlines in key economies, and higher interest rates. However, continued fleet growth plus an unwinding in congestion meant that dry cargo markets were relatively subdued for much of 2023, with weighted bulkcarrier earnings averaging US$12,371/day, down 40% year on year and close to the long-term trend.

Market conditions took a sharp upward turn in the final quarter of the year, as a surge in Capesize cargoes from the Atlantic combined with a rise in congestion at Chinese discharge ports to create an upturn in Capesize earnings, peaking at approximately US$50,000 per day, their highest level since October 2021. At the same time, a firm grain export programme from Brazil plus sustained strength in Asian coal markets boosted demand for mid-size tonnage against a backdrop of growing restrictions around Panama Canal transits. Further trade flow disruption emerged at the end of the year with many owners choosing to avoid the Suez Canal due to attacks on ships in the Red Sea. This has led to increasingly significant re-routing of ships, longer voyages, vessel positioning disruption and some upside pressure on freight rates.

Looking forward to 2024, another year of moderate fleet expansion is projected, particularly in the mid-size sectors, while demand is generally expected to remain firm, even if growth may moderate from last year's strong rates. Emerging markets look likely to drive the majority of trade growth, while the outlook for Chinese seaborne demand (particularly around coal) is uncertain after record volumes in 2023.

Headline supply-demand fundamentals in the bulker sector seem fairly balanced, while there is some potential for gains to materialise through the year, especially given typical seasonal trends. Port congestion and disruption from the re-routing of trade flows towards longer distance routes may also impact vessel demand, while the accelerating environmental and regulatory agenda (including the EU ETS), alongside volatility and risks to markets from geo-political and weather events, could add additional complexity to markets in 2024. These weather events include the developing El Niño event and its influence on commodity supply.

Our dry cargo shipbroking team are market leaders and achieved strong increases in volumes across all desks in 2023, including significant increases in transactions and fixtures. We increased headcount, including an expansion into South America that created the dry cargo team's first footprint in the region. Following previous investments, we have also significantly increased our forward orderbook through increased period fixture activity. Our investments in the green transition supported a successful tender to become exclusive brokers for a green steel project in Northern Europe.

Containers

The container sector facilitates transportation of a wide range of goods, often high-value, including consumer and industrial goods, foodstuffs, chemicals and other manufactures. Container shipping markets saw a downward trend across most of 2023, after a sharp normalisation in the second half of 2022 from the previously exceptional levels, amid lower levels of port congestion, an accelerated expansion in fleet capacity and weak container trade trends. As a result, container freight rates and containership timecharter earnings faced negative pressure and declined through large parts of the year with the SCFI spot box freight index falling to a three-year low by the end of September, close to the pre-COVID-19 trend. The Clarksons charter rate index remained marginally above the pre-COVID-19 trend but also slipped to a three-year low. However, late 2023 saw major disruption to liner services due to the rapidly evolving events in the Red Sea region. This tightened the container freight market notably, including a sharp spike in Far East-Europe spot box freight rates.

Supply expansion was the key driver of container market pressure in 2023, with capacity growth of 8% and record deliveries (2.3m TEU), although some excess supply was absorbed by slower speeds (decreased by 3% to a record low). Newbuild ordering remained active in 2023 overall, with 1.6m TEU contracted, led by liner fleet renewal efforts, while 83% of capacity ordered was alternative fuel capable (mostly methanol, but also LNG). Seaborne container trade remained weak in 2023 with growth estimated at just 0.4% in TEU (1.4% in TEU-miles) amid macro-economic headwinds on key trades, though more robust volume trends were seen in exports from Asia to developing economies, and volumes globally began to stabilise in the second half.

Looking ahead, the positive freight market impetus from the Red Sea disruption at the outset of the year adds significant uncertainty. The base case outlook for container shipping markets through 2024 suggests, once disruption eases, further softening across freight and charter markets. A second consecutive year of accelerated supply expansion (7.3% projected with record deliveries of 2.6m TEU) looks set to impact, even if global seaborne container trade has the potential to improve in 2024 (TEU growth of more than 3% forecast) as economic headwinds moderate. However, the duration of disruption in the Red Sea remains highly uncertain and the scenario of a prolonged period of re-routing containerships around the Cape of Good Hope would have significant demand implications, providing the possibility of significant upside to the market outlook.

In 2023, our containership broking teams were able to assist in several long-term charters of new generation vessels, helping to secure liner companies' access to cheaper and more fuel-efficient tonnage going forward. Working with our Green Transition advisory team, we also assisted many containership investors globally evaluate the various cleaner fuel types that will be available in the coming years and this is expected to remain a major theme going forward.

Tankers

The tanker sector plays a crucial role in global energy supply chains, moving crude oil and refined oil products to facilitate their eventual use as transportation fuels, for heating and electricity generation, and as industrial feedstocks.

Overall, 2023 was another very strong year for tanker markets. There was some divergence in the trajectory of earnings across the various size ranges, with large crude tankers performing particularly well relative to 2022 and Aframax and product tankers easing slightly but remaining at historically strong levels. The VLCC market benefited from a rebound in Chinese crude imports from low levels across 2021-22 due to COVID-19-related disruption. OPEC+ production cuts implemented from November 2022, and successive additional voluntary cuts, proved to be headwinds to the market. However, rising production and exports from Atlantic Basin producers lent support. The net effect of these developments, and limited newbuilding deliveries, was that average VLCC earnings* increased by 81% year on year in 2023, bringing earnings back above longrun average levels. The Suezmax and Aframax sectors continued to be heavily influenced by the impact of the Russia-Ukraine conflict and the resultant rearrangement of crude oil trading patterns, including longer transport distances for European crude oil imports and Russian crude oil exports. An increase in volumes loaded from the Atlantic also aided this sector, with average Suezmax earnings rising 21% year on year, while average Aframax earnings were broadly steady. Products tanker earnings generally softened marginally from very strong 2022 levels, though remained historically firm.

* All earnings basis non-eco, non-scrubber fitted units.

Earnings for LR2s on the Middle East-Far East route fell 7% year on year in 2023, while earnings for LR1s on the same route declined by 16% year on year and average earnings for clean trading MRs fell by a similar extent. Earnings in all three sectors remained well above long-run averages. Products tanker markets were also supported by increases in clean products shipments from the Middle East, as well as disruption at the Panama Canal.

Looking ahead, the tanker sector is expected to see a continuation of strong but volatile market conditions. The supply side remains very supportive with newbuilding deliveries set to fall to extremely low levels in 2024, while fleet carrying capacity is also expected to be constrained by environmental regulations. On the demand side, additional OPEC+ production cuts announced at the end of November 2023 are expected to be a short-term headwind. However, projections for rising oil demand and growth in long-haul Atlantic–Asia crude oil trade point to further growth in vessel demand. In the products tanker markets, further increases in refinery throughput in the Middle East look set to provide market support. Ongoing geo-political uncertainties point to the potential for further volatility in the markets. Geo-political and weather developments have brought uncertainty to two key transit areas, namely the Bab al-Mandeb Strait in the Red Sea and Panama Canal, which have the potential to create a substantial increase in vessel demand should disruption persist or worsen.

Supported by our scale, regional breadth, expert analysis and technology tools, our tanker shipbroking team performed exceptionally in 2023 as we supported our clients through disrupted and volatile markets. In the current volatile geo-political environment, our teams reacted proactively to changes in key market dynamics, supported in particular by our expert analyst team. All of our core hub offices benefited from the power of our global teams working together, driving information flows and commercial advantage across our key markets, and our successful strategy to grow our time charter team has resulted in increased period fixture business and forward orderbook. Growth of teams in key emerging markets, including India, Dubai, Brazil and China, is planned for 2024.

Specialised products

The chemical tanker fleet within the specialised products market transports a wide range of liquid chemical cargoes, supporting the supply chains of a diverse range of sectors across global industry, including manufacturing and agriculture.

The specialised products tanker market remained healthy in 2023, with a number of factors including the ongoing Russia-Ukraine conflict and the associated re-routing of chemical, biofuel and CPP trade flows, as well as the separate Panama and Suez Canal disruption, supporting the markets despite some economic and demand headwinds. Bulk chemical freight rates fell by 14% in 2023, albeit from firm levels in 2022. Freight increased by 9% in the second half of the year and freight rates ended the year 30% higher than levels reported in 2008. Elsewhere, competition for CoA volumes rose with owners looking for longer-term coverage to ensure cargo cover, rather than purely relying on the spot market.

Looking at 2024 and beyond, the ongoing disruption in the Middle East and Panama Canal will continue to have an impact on fleet productivity and trading distances, at least in the short term. Demand headwinds look set to be in place for the next few months, so overall fixture numbers are likely to remain stable, at least in the first half of the year. The prevailing medium to long-term picture is however more optimistic, with supply side constraints from low, or even negative, fleet growth expected to impact.

With the ongoing geo-political and macro-economic upheaval taking place around the world, our specialised products shipbroking team once again proved its resilience throughout 2023 with a strong trading performance. Our unmatched knowledge, expertise and global breadth of coverage in this sector ensured our customer portfolio was maintained and their requirements exceeded. Our market-leading analysis allowed us to deepen relationships with the senior management teams of owners, pools and charterers and we also spent time, supported by the carbon broking desk at Clarksons, advising our client base on the impact of the EU ETS. We stand at the forefront of the specialised products markets, mitigating client freight risk by utilising our global network of offices and local knowledge to provide an unmatched breadth of service provision in what is a challenging and complex marketplace.

Gas

The gas shipping markets move liquefied petroleum and other gases, supporting a wide range of sectors, from plastics and rubber production to industrial and domestic energy markets. Around 130mt of LPG was moved in 2023, as well as smaller quantities of ammonia, ethane and petrochemical gases.

2023 was a record-breaking year for VLGC earnings, as increased vessel demand and market inefficiencies outweighed the delivery of 42 newbuild units into the trading fleet. The benchmark Ras Tanura-Chiba spot rate reached a record US$183/mt in late September 2023 ($5.3m per month on a TCE basis) and averaged a record US$109/mt across the full year. Market strength in 2023 came on the back of firm growth in US LPG exports (+13% year on year), which surprised to the upside, while severe disruption at the Panama Canal also played a key role, particularly in the fourth quarter as transit limits came into force amid low water levels. The resulting switch in most US-Asia trade to much lengthier alternative routings drove a major uplift in tonne-mile demand, which has recently been further complicated by ongoing security issues in the Red Sea.

Exceptional spot market strength in the largest segment trickled down to smaller vessel sizes, with one-year TC rates for MGCs ending the year at US$1.25m per month, also an all-time high. In the petchems sector, a pivotal shift in the market dynamics saw the balance of power transitioning from charterers to owners. Rates grew consistently in the smaller semi-ref and pressure segments that are active in petrochemical gases, and asset utilisation is reaching high levels across the fleet. Sentiment remains generally positive in the smaller ship segments against a limited orderbook as we enter 2024, albeit against a backdrop of a tricky European petrochemical climate.

The buoyant chartering environment supported both newbuild and secondhand sale and purchase (‘S&P’) activity, with asset prices rising firmly. In terms of longer-term trends, newbuild activity was focused on Very Large Ammonia Carriers ('VLACs'), with 21 units ordered. From being a non-existent segment previously, VLACs accounted for the bulk of the 40 newbuild VLGC orders placed in 2023. Decarbonisation was also an evident theme in the smaller sizes, with the first ever ammonia-fuelled vessels ordered, as well as the first ever speculative newbuild liquefied CO2 ('LCO2') carriers. Already involved in these orders, Clarksons further deepened its visible commitment to the emergent LCO2 segment by joining the UK’s Carbon Capture and Storage Association (‘CCSA’), becoming the first shipbroker to take advantage of the opportunities offered by this high-profile business and networking platform. The Clarksons gas chartering teams performed exceptionally across 2023, particularly in the LPG sector.

LNG

The LNG shipping market moved 400mt of liquefied natural gas in 2023 on a fleet of highly specialised vessels. This sector is critical to both energy transition and energy security, particularly in the wake of the Russia-Ukraine conflict and subsequent diminishing of Russia-Europe gas pipeline trade, and is set for a major phase of expansion in the coming years.

LNG carrier market conditions remained strong in 2023, though spot rates dropped on an annual basis from the record levels seen in 2022, largely on the back of a narrower US LNG export arbitrage and reduced security of gas supply concerns. The headline spot rate for a conventional 160k cbm TFDE unit averaged US$97,100 per day in 2023, down 26% year-on-year.

LNG tonne day demand was up 6.3% to 7,553 million tonne days in 2023, driven by longer voyage duration, floating storage and higher LNG trade flows. LNG tonne-mile demand was up 3.3% year on year, driven by higher LNG trade flows on long-haul voyages. Global LNG trade volumes rose by 2.0% to 413.7m mt in 2023, as the US became the world’s largest exporter. Meanwhile, project sanctioning continued at a firm pace, with over 40mtpa of liquefaction capacity reaching FID, while a similar volume could take FID in 2024. Newbuild activity remained healthy in 2023, with 64 LNG carriers ordered, though this was down from the record levels seen in 2022. Newbuild ordering has started 2024 on a strong note, with several berths declared for Qatari units in early January 2024, while the outlook for the rest of 2024 and further beyond is positive.

Looking ahead, LNG tonnage demand and freight rates in the first part of 2024 could be impacted by strong gas inventory levels in Europe, while firm fleet growth may impact rates later in the year. However, Panama Canal restrictions and Red Sea re-routing could support freight, depending on the level of disruption, while IMO and EU ETS carbon regulations could also impact productivity and tighten the market. Clarksons remains very active in the expanding LNG market, with leading teams across spot, period, newbuilding and sale and purchase.

Sale and purchase ('S&P')

Secondhand

2023 was another active year for secondhand sales activity, with over 2,200 vessels of a combined 130m dwt reported sold across the full year, in line with the 2022 total (which was the second firmest level on record after 2021) and remaining around 32% above the 10-year trend in tonnage terms.

Containership sales increased by 19% year on year in 2023 to circa 800,000 TEU but remained well down from the remarkable record 1.6m TEU set in 2021, while bulkcarrier sales also increased by 16% year on year to 55m dwt. Activity in both sectors remained above the average levels seen in the previous 10 years. Tanker sales slowed marginally in 2023 to 57m dwt, but this was still the second highest level on record (after 2022) and remained 41% above the 10-year trend. Both Chinese and Greek owners were particularly active in S&P markets in 2023. Secondhand pricing in the tanker sector continued to firm through 2023, with our Tanker Secondhand Price Index rising by a further 16% to a new 15-year high by the end of the year, on the back of continued firm market conditions. Our Bulkcarrier Secondhand Price Index also increased, by 11%, while our Containership Secondhand Price Index declined by 12% across the full year, taking the total decline since early 2022's 14-year high to 59% by the end of the year.

Our global S&P broking teams saw continued strong volumes in 2023 and a healthy increase in the total value of transactions, reflecting an increase in tanker asset values which outweighed weaker containership pricing. There was also a focus on higher value transactions which yielded notable success in the larger tanker segments. Our industry-leading expertise allowed our teams to benefit from the firm markets, with divisions globally growing their market shares. We made headcount investments in key regions globally, cementing our market-leading positions in London, Oslo, Singapore, Tokyo and Athens. This expansion, alongside a new team in Dubai, helped drive progress forwards in 2023 and positions the division well to leverage opportunities in 2024, when volatility and market dynamics relating to Red Sea disruption and positive tonne-mile growth trends look likely to remain in focus.

Newbuilding

The newbuilding market saw a good flow of orders in 2023, with ordering volumes down in CGT and value from 2022, but up in dwt (by 5% to 109m dwt). Tanker contracting increased (albeit from a low base), with bulkcarrier ordering up slightly. Although containership ordering eased back (by 43% in TEU), this still represents historically high volumes, supported by liner companies continuing to invest in green fleet renewal programmes. It was a record year for car carrier orders (80 orders of US$8.1bn) and there were also good order volumes for gas carriers. There were also some good volumes (and with innovative alternative fuel/ESTs) in the smaller ship market (for example short sea/MPP, offshore wind, ferry) and, with the cruise market recovering, some big ship project discussions started. Reflecting the uptick in tanker orders, Greek investors committed 60% more newbuild investment (and their highest in dwt since 2013), and European owners committed more investment than Asian owners for the first time in six years.

Newbuild prices increased further through 2023, supported by inflationary pressures and increased forward cover at yards. Our Newbuilding Price Index rose by 10% across the year, and now stands at the highest level since 2008 (within 7% of the 2008 peak, but still down circa 35% on an inflation-adjusted basis). Despite the good order flow, the global orderbook backlog increased only marginally across 2023 (by 4% in CGT) to remain at historically low levels (12% of fleet capacity). However, the share of tonnage on order that is alternative fuel capable moved to nearly 50% by GT. Global shipyard output increased last year, by 11% to 36.5m CGT, with China delivering 50% of output by CGT for the first time, with Chinese yards also dominating ordering (60% by CGT).

Our global newbuilding broking team retained its market-leading position, working with a wide range of major cargo and industrial players globally besides leading shipowners in each sector on their fleet renewal programmes. We were also very active in placing alternative fuel newbuild orders for our clients, including dual fuel LNG, methanol and ammonia projects.

Offshore and Offshore Renewables

The offshore sector supports the development, production and support of offshore oil and gas fields and renewables, with over 13,000 mobile assets playing a vital role in supporting operations across the lifecycle of offshore energy projects.

Overall, 2023 saw continued strengthening in the global offshore market, with drilling and field development activity increasing, and the offshore renewables (wind) sector continuing to expand. Global offshore E&P spending increased, with capex reaching an eight-year high. Utilisation and dayrates have trended higher across the segments to elevated levels, driven by a combination of moderate demand gains and a significant reduction in supply of assets since the cyclical downturn started in 2014/15. With almost no new capacity coming into the market, and with demand expected to continue to strengthen in 2024, the market outlook appears optimistic for the coming years. We expect our market-leading offshore broking teams to continue to leverage these market opportunities in 2024, following a strong performance in 2023 that reflected our global scale and deep expertise.

Drilling market

Mobile drilling units (comprising jack-ups, semi-submersible units and drillships) drill wells in the sea floor to locate and facilitate extraction of oil and gas. The rig markets strengthened further in 2023, with demand increasing and supply constrained. Global floater utilisation rose to 90%, the highest level since 2014, while the jack-up segment also continued to strengthen, particularly due to significant contracting by Saudi Aramco. Idle capacity is currently limited, there are almost no remaining stranded assets at shipyards and stacked pools are largely exhausted. The market outlook for next year appears positive, with high offshore activity levels providing more project opportunities for contractors and supporting demand for rigs.

Subsea field development market

The subsea sector involves the usage of a range of assets, with capabilities in lifting, pipelay, cable lay, diving and ROV support, to install and maintain subsea production infrastructure. The subsea field development market continued to improve in 2023, with further increases in the backlog for the major EPC contractors. The subsea vessel market also continued the improving trend that started in 2022, with rates and contract durations generally increasing. The main drivers remain improving demand in subsea oil and gas, combined with continued demand for many of the same vessels from the offshore wind sectors. The outlook for 2024 appears positive, with high offshore activity levels supporting project opportunities for smaller contractors and increasing vessel demand.

Offshore support vessels

The OSV sector provides towage and support duties to drilling rigs, mobile production units and fixed production platforms. The OSV market strengthened significantly in 2023. Demand increased across most regions and tonnage availability remains constrained, with virtually no newbuild orders having been placed since 2014, the stacked pool now standing close to exhausted, and with few newbuilds remaining at shipyards. There was a sharp increase in sale and purchase activity, with values rising. Rates are expected to continue to move higher due to lack of available capacity and expected continued high demand.

Offshore renewables

The offshore renewables industry continues to expand, and going forward is expected to account for a growing share of the global energy mix supported by the increased focus on decarbonisation and energy security. However, the offshore wind sector experienced some challenges in 2023 amid pressures from inflation, supply chain issues and delays. Still, new project investment increased to reach a new record, and construction activity continues to run high. While current sentiment amongst industry stakeholders is mixed, the long-term outlook for growth in the sector remains very positive, and developers are working to improve project economics. Increased project investment is expected in China and the US next year, which could support another new high in global capex commitments. From a vessel perspective, rate increases have been notable across segments, and owners are becoming more confident, with end-users fixing earlier and for longer. In the CSOV segment, a key sector for Clarksons, limited deliveries in 2023 have led to more interest from charterers, which is likely to keep rates elevated in 2024. Following significant investments in our broking and advisory capacity, Clarksons has developed a dedicated team focused on the offshore renewables market that is a market leader and performed well during 2023 while leveraging synergies with the Financial, Support and Research divisions of Clarksons. There has been a significant increase in demand for specialised green offshore vessels, particularly in the offshore wind and renewables sector, and we are actively engaging in discussions with end-user clients regarding technical green solutions and initiatives. As more of the energy mix shifts towards renewables, offshore wind and renewables is becoming a larger part of the Clarksons offshore business. While there remains uncertainty around future technology choices and the overall cost landscape, by leveraging our expertise and forging partnerships we continue to help stakeholders navigate the evolving landscape and contribute to the successful green transition in the offshore sector.

Futures

Clarksons Futures is the leading provider of freight derivative products, helping shipping companies, banks, investment houses and other institutions seeking to manage freight exposure by increasing or reducing risk. It leverages the expertise and market dynamics of the wider Group to offer best-in-class execution services to derivatives markets across freight, iron ore and carbon. Against the backdrop of increased regulatory requirements, Clarksons Futures has, with support from the wider Clarksons team, positioned itself at the forefront of the sector.

2023 was a positive year for Tanker FFAs, with the desk remaining a strong market leader, reaching new records in terms of volumes, and bringing in new counterparts. Prospects for 2024 appear positive with a continued stream of new market participants. In the dry futures business, lower rates led to a tough start to the year, but as the year progressed volumes reached new highs, negating the impact of lower rates. In the fourth quarter, the combination of high volumes and stronger rates led to a strong close. The swaps business grew, with our market share increasing significantly late in the year. In the options market, our market share increased again. Our Dry FFA team benefited from strategic hires in 2023, developing synergies with the securities team in Oslo and improved technology tools.

Financial

Revenue: £44.1m (2022: £49.8m)
Segmental split of underlying profit before taxation: £6.6m (2022: £7.8m)

Securities

General

Clarksons Securities is a sector-focused investment bank for the shipping, offshore energy, renewables and minerals industries, with deep sector knowledge and global reach driven by research and relationships. In 2023, activity in Clarksons Securities' core sectors was positive relative to a backdrop of continued volatility in commodity prices, interest rates and credit spreads, but also with underlying markets generally improving. Investment banking performance was supported by firmer activity in the debt capital markets which more than offset slower equity capital markets. Offshore energy services was the strongest performing sector, with transactions completed across the product offering, testament to Clarksons Securities' long-standing relationships and its ability to provide actionable advice to clients through the market cycle. Revenues from secondary trading also rose, both in bonds and equities; and a number of companies within oil services completed refinancings in 2023, attracting interest from generalist and 'long-only' funds. Clarksons Securities remains the preferred adviser and speaking partner for its clients, creating opportunities by connecting capital and good ideas within its core sectors.

Shipping

In 2023, shipping stocks experienced a modest performance, with continued good cashflow and upward pressure on asset pricing in a number of sectors. Capital markets activity remained muted, with listed shipping companies largely remaining focused on returning capital to shareholders and de-leveraging balance sheets. Nonetheless, Clarksons Securities was active, participating in IPOs in both Oslo and New York, multiple capital raisings and leasing transactions.

Energy services

Capital markets activity within offshore energy services continued to strengthen in 2023, driven by increased investor appetite, despite ongoing macro-economic uncertainty (although the markets for offshore wind vessel owners became more challenging with increased uncertainty around project economics impacting). Clarksons Securities capitalised by executing a range of transactions for its clients, with refinancing of existing debt facilities in the high yield bond market contributing significantly to overall transaction volumes.

Metals and minerals

2023 saw continued volatility in the metals and minerals sector driven by uncertainty around demand for industrial/infrastructure-related commodities, and in future-facing sectors, including battery-related minerals. Clarksons Securities participated in multiple transactions during the year across products and, whilst seeing continued support from the industrial minerals segment, remains well positioned to assist clients in meeting demand for commodities driven by the green transition.

Renewables

The renewable energy sector continues to see impressive growth. Traditional technologies such as wind and solar are continuing to expand while emerging technologies such as hydrogen and carbon capture and storage are developing significantly and the expansion of the dedicated offshore wind fleet requires substantial capital funding. However, as expected, 2023 proved to be a slower year for transactions across the renewable energy sectors, though M&A and private equity markets remain firm. Last year, the Clarksons Securities renewables team completed transactions for public and private clients within sectors such as solar, hydrogen, e-fuels, charging infrastructure and heat pumps, and maintains a healthy pipeline of transactions.

Exploration & Production ('E&P')

Against a backdrop of renewed global activity in oil and gas E&P in recent years, particularly offshore, Clarksons Securities aims to work with high quality assets and operators to develop oil and gas fields fit for the future. In 2023, following the return to a focus on E&P in the previous year, the team continued to develop.

Debt capital markets

Following a challenging 2022 in the credit markets, 2023 saw increased primary activity supported by improved risk appetite and ample cash positions among investors, despite an uncertain macro-economic outlook and rising interest rates. With the oil services sector seeing a resurgence, capital markets opportunities emerged for international drilling and offshore companies and Clarksons Securities engaged in a firm volume of debt capital market transactions. At the end of 2023, falling corporate capital costs coupled with robust investor confidence and liquidity looked set to stimulate good volume in the credit markets.

Project finance

Our project finance business is a leading Nordic player within shipping and real estate project finance, which in recent years has offered investment opportunities in modern fuel (and carbon) efficient shipping and offshore assets, with a focus on assisting the shipping and offshore industry in transitioning to be more sustainable and less carbon-intensive. 2023 was an active year in the Norwegian project finance market and our team structured and placed a number of new projects across the dry bulk, containership, offshore, tanker and expedition cruise sectors whilst asset sales across tankers, offshore and dry bulk generated strong cash returns for investors. The real estate market in Norway in 2023 was heavily impacted by high inflation, rising interest rates and macro-economic uncertainty, and market activity weakened with investor sentiment. These conditions made 2023 the most challenging year in recent times and impacted our real estate business. Overall transaction volumes were down on 2022, although activity was maintained throughout the year. 2023 also saw the first investment from one of the team's newly established real estate funds.

Structured asset finance

Our structured asset finance business maintains relationships with asset financiers globally including around their activities and headline terms, with a view to helping our broking clients understand the sources of finance available to them and providing introductions where relevant. It acts as an exclusive mandated financial adviser, structurer and arranger working closely with newbuilding and strategy teams on large long-term strategic procurement projects for end-users and cargo interests.

2023 was characterised by reductions in leverage and the re-financing of existing facilities on lower margins, as owners reacted to increased liquidity from improved earnings. This was partially offset by the higher interest rate environment, increased liquidity costs and corresponding upward pressure on margins for some of the mainstream traditional shipping banks.

The mortgage-backed debt market appears 'three-tiered'. Firstly, the Poseidon Principles group of banks, aligning their portfolios to key (now 'net zero' and 'well-to-wake') emissions targets, continues to focus on lending to top-tier borrowers, linked to 'green' vessels and/or sustainability-focused projects. Secondly, banks outside this group, especially in Cyprus, Greece and Scandinavia, remain a competitive source able to focus on opportunities to finance or re-finance tonnage, especially for slightly older units and/ or projects with less 'green' credentials (although new EU reporting rules may place pressure on these shipping banks to focus on more fuel-efficient vessels). Thirdly, a growing tier of mortgage-backed debt lenders includes credit funds and the providers of private credit facilities, typically seeking higher margins but offering reasonable leverage and with appetite for a far wider range of tonnage. Leasing remains the other main asset-backed finance product in the shipping sector and here the market is also tiered. The first tier, comprising the larger Chinese leasing companies but also including (for transactions that qualify) the growing French tax lease product and to a lesser extent the Japanese tax-based JOLCO product, is able to compete with the mainstream traditional shipping banks, and saw portfolios increase during 2023. The second tier comprises some of the smaller Chinese leasing companies, some European leasing companies, and some of the credit funds that also offer leasing products. This sector has seen some of the largest early re-payments over the last year due to increased borrower earnings. Overall, although debt service visibility remains a key criterion for all asset-based financiers, there is capacity available to be deployed to finance 'good' projects.

The Clarksons structured asset finance business had a successful 2023, concluding further mandates with a number also active going into 2024. It continues to fulfil a specific highly value-adding role, with an excellent reputation and first-class execution track record. Against a backdrop of developing sources of asset finance, the emergence of alternative fuels and propulsion methods and growing ESG considerations, and with a range of financing choices available to our clients for longer-term strategic tonnage procurement, we continue to provide highly valuable expertise and service.

Support

Revenue: £56.6m (2022: £39.0m)
Segmental split of underlying profit before taxation: £6.4m (2022: £5.0m)

Stevedoring

In 2023, our stevedoring business, highly experienced in loading and discharging bulk cargoes, performed much in line with expectations. Export volumes began the year strongly, but the second half of the year was adversely affected by weakened UK grain harvest volumes that reduced both the harvest quality and the exportable surplus. Nonetheless the year as a whole saw export tonnage rise by 64,000 tonnes. Import volumes were in line with expectations and down by 35,000 tonnes, in part due to the very high stock in store for a leading customer at the end of 2022.

Shortsea broking

Following exceptional freight rates in 2022, our shortsea broking business which, with specialist skills, in-depth knowledge and strong relationships, provides market-leading brokerage services for shortsea dry cargo shipping, saw market freight levels down circa 35% in 2023, though still ahead of long-term averages. This, coupled with lower grain volumes shipped, saw revenues fall last year. The business has been planning diversification away from its traditional reliance on agricultural volumes, working in conjunction with other parts of the Clarksons Group, and expects to see revenues from the transportation of scrap markedly improve in the future.

Agency and customs clearance

Through exceptional port agency and first-class logistics services, our business provides a range of solutions for clients in the marine and energy sectors. Aside from an anticipated reduction in trading volumes (related to the reversion to more normal container freight markets), in 2023 the business generally met expectations. A market need for customs advice was recognised, particularly in the offshore renewables market. Working with windfarm developers and their suppliers offers consultancy opportunities going forward. The acquisition of DHSS early in 2023 allowed the UK business to extend its services to include (from the fourth quarter) helicopter transfer crew changes, initially from Aberdeen. As windfarms on average are becoming located further offshore, helicopter transfers become more central to customer needs.

Clarkson Port Services B.V. ('CPS BV')

DHSS was acquired in February 2023, and its performance exceeded expectations in the remainder of the year. The business was rebranded CPS BV and fully integrated into the Clarksons Group. Its commercial team has dovetailed with the existing business and this has led to fresh income both in the UK and in The Netherlands. Meanwhile, we have invested in a new quayside multi-user office, warehouse and yard facility in Eemshaven, which will meet considerable customer demand as an installation and O&M base for offshore energy projects. CPS BV is very well placed to take advantage of the quickly developing offshore energy market in the UK, Dutch and German sectors of the North Sea.

Gibb Group

Gibb Group is the industry's leading provider of PPE and MRO products and services as well as one of the offshore renewable energy sector's most experienced, qualified suppliers. In 2023, the business saw revenue and profits grow as it continued to respond to customer demand and the growth of offshore energy by opening a new facility in Rhode Island which will begin trading from 2024; relocating its Aberdeen facility into a much larger modern facility and investing in that new facility to allow its Safety & Survival business to expand markedly; investing in further staff and facilities in IJmuiden; and developing its Middlesbrough location to meet rapidly growing customer demand for locally serviced needs. We expect to open a new facility in Immingham in 2024 to meet the growing customer needs in the region as further windfarm development is announced at locations close to the Humber. We have also recognised changing customer needs for hire fleet assets, and additional service, inspection and repair, on site and on customers' premises.

Egypt agency

The Suez Canal is a vital trade route between Europe and Asia, and our regional experts in Egypt deliver on-the-ground expertise around transit and port agency. Our Egypt agency business proved successful in 2023 despite regional geo-political pressures, developing strategic partnerships with major clients and local authorities. Increased canal transits and port calls (especially grain volumes) saw the business gain market share, whilst chartering revenues were down in 2023 and liner service activity was steady. Significant opportunities in the Egyptian market remain, although late in the year Suez Canal transits and activity in the region were disrupted by events around the Bab al-Mandab Strait, which has led to significant uncertainty over future trends.

Research

Revenue: £21.9m (2022: £19.5m)
Segmental split of underlying profit before taxation: £8.4m (2022: £7.0m)

Clarksons Research, the data and analytics arm of Clarksons, is a market-leading provider of independent data, intelligence and analysis around shipping, trade, offshore and energy transition in the maritime context. Millions of data points are processed and analysed each day to provide trusted and insightful intelligence to support the workflows and decision making of thousands of organisations across the increasingly complex and dynamic maritime industry.

Research performed strongly across 2023. Continuing a long-term growth trajectory, with high levels of recurring revenue and client retention, Research provided a unique flow of market-leading sector research and data across the year, including a focus on the building complexities in global trade and developments around maritime energy transition. Our Research output also continues to support the Broking, Financial, Support and technology businesses of Clarksons with differentiating data, intelligence and profile.

Our strategy to provide leading data and insights around the green transition continues, meeting strong client appetite to understand the maritime sector's decarbonisation pathway. This has included tracking of shipping's carbon footprint and increasingly complex emissions regulation; monitoring green technology uptake including alternative fuel; and understanding impacts on shipping's cargo base and activity as energy transition develops while important global energy security is also managed. We are also focusing investment into our research and understanding of global maritime trade flows as they are increasingly impacted, and disrupted, by geopolitical developments, helping meet growing client requirements.

Organisationally, we continue to invest in our people and are implementing headcount growth across our teams with a specific focus on IT development, data analytics and sales. Our strong Asian and emerging market position was cemented by the expansion of our operations in Delhi in 2023. Following a successful external audit in June, Clarksons Research has been awarded ISO 27001 information security standard certification.

Digital

Sales across our digital platform grew by an encouraging 21% year on year, supported by our product investment strategy, a constant flow of high-quality and market-relevant analysis and an expansion of the depth and breadth of our wide-ranging proprietary database. The benefits of our major 2022 upgrade roll-out, and individual improvements programmes for each product, continue to be realised. Our platform provides immediate access to our intelligence for over 4,000 maritime companies and 12,000 individual users via a single-access integrated platform.

Principal digital products include:

Shipping Intelligence Network ('SIN') provides wide-ranging data and analysis tracking and projects shipping market supply and demand, freight, vessel earnings, indices, asset values and macroeconomic data around trade flows and global economic developments. Sales of SIN increased significantly across the year as we closely tracked Chinese economic trends and growing disruption and complexity in maritime trade, including Ukraine grain exports, Panama Canal restrictions and, at the close of the year, Red Sea disruption. Our Red Sea impact assessments were particularly well received and sourced across the global business media. Shipping market themes tracked on SIN across the year included: tanker, gas, car carrier and offshore markets that experienced strong conditions; soft bulk carrier markets but an improved fourth quarter; weak container market conditions but a late rally following Red Sea disruption; building complexities in global trade as it reached 12.4bn tonnes; a shipping supply side experiencing low orderbooks and some limitations in shipbuilding capacity; and growing market impacts from emissions policies.

World Fleet Register ('WFR') provides data and intelligence around the world fleet, vessel equipment and technology, companies, shipbuilding, emissions regulation, fuelling transition and alternative fuels. A focus on tracking green technology and decarbonisation across the shipping industry, aligning with the broader Group's investments around the green transition, helped support a robust increase in sales of WFR. During the year, impact assessments around new IMO short-term measures and the EU ETS were released. A new dashboard on ship repair and green technology retrofits was released in late 2023 and progress towards the release of a data focused on 'green' investments at ports and vessel activity analytics dashboards continues.

Offshore Intelligence Network ('OIN') provides data and analysis of utilisation, day rates and market supply and demand of the offshore fleet including rigs, OSVs, subsea and floating production. Sales of OIN are up robustly year on year; there has been a positive product upgrade over 2023; and there is a good pipeline of client enquiry. Market improvements in the offshore oil and gas vessel markets, alongside an energy security focus, continued in 2023, with OIN now tracking 14-year high day rates and an offshore oil and gas industry contributing 16% of global energy supply.

Renewables Intelligence Network ('RIN') provides comprehensive data, intelligence and analysis around every offshore wind farm in the world and the fleet of vessels that support development and maintenance. Although the offshore wind market experienced some weaker sentiment in 2023 due to inflationary pressures and some project slippage, we still believe the industry will play a vital role in global energy transition (we forecast growth from 13,000 turbines offshore today to 28,000 by 2030) and project it could provide between 7% and 9% of global energy supply by 2050 (today it is 0.4%). Vessel markets remained relatively tight with improvements in day rates. Despite the weaker backdrop, RIN saw good sales growth and we continue to invest heavily in the platform. We are increasingly working with the insurance industry to provide reference data on offshore wind infrastructure and believe this will lead to good sales opportunities.

Sea Net has been developed in conjunction with the Clarksons technology business, Maritech. This vessel movement system blends satellite and land-based AIS data with the Clarksons Research leading database of vessels, ports and berths. Working with Maritech, Research continues to improve the depth of our underlying movement and deployment data.

Services

Our dedicated services and consultancy team was very active during the year, focusing increasingly on data contracts to key corporates across maritime (increasingly via API delivery) and multi-year research agreements. There was strong client attendance at our shipping and offshore forecasting forum events in March 2023 and September 2023 while the team also worked successfully on a number of IPO industry sections.

The Research client base continues to expand and diversify, building strong long-term relationships with leading companies involved in maritime and with good market penetration across shipowning, charterers, shipbuilding, marine equipment, oil service, insurance and government.

Clarksons Valuations, the market-leading provider of authoritative, consistent and independent valuation services to shipowners and financiers, continues to successfully invest in analysis and technology to support financial institutions, including to meet new European Banking Authority guidelines on valuations and to understand the emissions profile of their debt portfolios and the impact of technology and emissions policies on value. The valuations team performed well in 2023, with good volumes and sales, and was active in supporting the S&P broking teams of Clarksons.

Sea

2023 has been a year of strong growth and progress for our technology arm, Sea, with good product development, expansion in client base and the execution of strategic acquisitions and new partnerships. Sea is now focused around three business areas. Firstly, the long-term development of our platform supporting the digitalisation of freight and fixtures ('the intelligent marketplace for fixing freight'), secondly, our digital platform for soft commodity contracts ('the intelligent contracts platform for commodities') and thirdly, our custom software development team. During 2023, Sea has made significant progress in all three of these areas, resulting in significant revenue and customer growth. We are strongly committed to 'powering better decisions to enable sustainable shipping'.

Intelligent marketplace

Over the past year, the positive development of our single platform connecting charterers, brokers and owners through streamlined prefixture workflows continued. The platform enables greater collaboration and stronger governance across the chartering ecosystem, while also allowing users to optimise their freight and emissions. In addition to our continued platform development, we made important strategic moves in 2023, including the acquisitions of MarDocs and Chinsay (which Sea acquired in late 2022) and the successful migration of all customers to a consolidated platform. In addition, Sea took full control of Recap Manager, the leading online tool for the tanker sector, thus creating the leading contract management platform for the shipping industry resulting in over 45,000 charterparties and recaps being conducted on our platform. During the year we have significantly expanded the client base, widening the network of charterers, brokers and owners on our platform and receiving positive feedback from across the customer base on our development pathway. We have also expanded our network of industry-leading partners, allowing us to provide an increasingly seamless user experience to our client base. We implemented a successful brand refresh during the year, providing a new visual identity and website upgrade while showing the direction of our business and our purpose of 'powering better decisions to enable sustainable shipping'. During the year we gained new customers, expanded current engagements and developed new solutions as we cement our position as 'the intelligent marketplace for fixing freight.'

ICP commodities

The ICP commodities platform, acquired as part of our acquisition of Chinsay, delivers an industry-leading solution. Whenever a commodity is being transacted there is a need for a standardised and digitised contract to form the basis of the transaction. ICP commodities provides this, enabling data-driven decision-making and insights to commodities trading. We expanded existing customer relationships and gained new customers in 2023. We expect continued growth in this business unit, along with a potential workflow connection between our commodity contract and freight transaction platforms in the future.

Custom software development

The development of our custom software development business unit follows our full integration with Setapp (acquired in the fourth quarter of 2022). The team’s expertise in maritime software development has been instrumental in creating bespoke software solutions for our customers, while allowing Sea to insource all software development and drive down our cost base.

Risk management

Full details of our principal risks and how we manage them will be included in the risk management section of the 2023 Annual Report, together with our viability and going concern statements.

Our principal risks are:

- Macro-economic and geo-political factors
- Changes in the broking industry
- Adverse movements in foreign exchange
- Financial loss arising from failure of a client to meet its obligations
- Cyber risk and data security
- Breaches in rules and regulations
- Loss of key personnel – normal course of business
- Loss of key personnel – Board members

Directors' responsibilities statement

The statement of Directors' responsibilities below has been prepared in connection with the Group's full Annual Report for the year ended 31 December 2023. Certain parts of the Annual Report have not been included in this announcement as set out in note 1 of the financial information.

We confirm that:

- to the best of our knowledge, the consolidated financial statements, which have been prepared in accordance with UK-adopted international accounting standards, give a true and fair view of the assets, liabilities and financial position of the Group; and

- to the best of our knowledge, the Strategic Report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties that it faces; and

- we consider the Annual Report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy.

This responsibilities statement was approved by the Board of Directors on 1 March 2024 and is signed on its behalf by:

Laurence Hollingworth
Chair
1 March 2024

Consolidated income statement

for the year ended 31 December

	2023				2022		
	Before exceptional items and acquisition-related costs £m	**Exceptional items £m**	**Acquisition-related costs £m**	**After exceptional items and acquisition-related costs £m**	Before acquisition-related costs £m	Acquisition-related costs £m	After acquisition-related costs £m
Revenue	**639.4**	**-**	**-**	**639.4**	603.8	-	603.8
Cost of sales	**(30.4)**	**-**	**-**	**(30.4)**	(21.8)	-	(21.8)
Trading profit	**609.0**	**-**	**-**	**609.0**	582.0	-	582.0
Administrative expenses	**(508.8)**	**2.2**	**(2.6)**	**(509.2)**	(481.2)	(0.8)	(482.0)
Operating profit/(loss)	**100.2**	**2.2**	**(2.6)**	**99.8**	100.8	(0.8)	100.0
Finance income	**10.5**	**-**	**-**	**10.5**	1.9	-	1.9
Finance costs	**(2.2)**	**-**	**-**	**(2.2)**	(2.2)	-	(2.2)
Other finance income – pensions	**0.7**	**-**	**-**	**0.7**	0.4	-	0.4
Profit/(loss) before taxation	**109.2**	**2.2**	**(2.6)**	**108.8**	100.9	(0.8)	100.1
Taxation	**(23.4)**	**0.3**	**0.1**	**(23.0)**	(20.6)	0.1	(20.5)
Profit/(loss) for the year	**85.8**	**2.5**	**(2.5)**	**85.8**	80.3	(0.7)	79.6
Attributable to:							
Equity holders of the Parent Company	**83.8**	**2.5**	**(2.5)**	**83.8**	76.3	(0.7)	75.6
Non-controlling interests	**2.0**	**-**	**-**	**2.0**	4.0	-	4.0
Profit/(loss) for the year	**85.8**	**2.5**	**(2.5)**	**85.8**	80.3	(0.7)	79.6
Earnings per share							
Basic	**275.0p**			**275.2p**	250.3p		247.9p
Diluted	**273.5p**			**273.6p**	248.5p		246.1p

Included in the consolidated income statement are net impairment losses on financial assets amounting to £3.9m (2022: £5.8m)

Consolidated statement of comprehensive income

for the year ended 31 December

	2023 £m	2022 £m
Profit for the year	**85.8**	79.6
Other comprehensive (loss)/income:		
Items that will not be reclassified to profit or loss:		
Actuarial loss on employee benefit schemes – net of tax	**(1.6)**	(5.5)
Items that may be reclassified subsequently to profit or loss:		
Foreign exchange differences on retranslation of foreign operations	**(17.5)**	13.5
Foreign currency hedges recycled to profit or loss – net of tax	**2.1**	3.3
Foreign currency hedge revaluations – net of tax	**5.7**	(8.9)
Other comprehensive (loss)/income	**(11.3)**	2.4
Total comprehensive income for the year	**74.5**	82.0
Attributable to:		
Equity holders of the Parent Company	**72.8**	78.0
Non-controlling interests	**1.7**	4.0
Total comprehensive income for the year	**74.5**	82.0

Consolidated balance sheet
as at 31 December

	2023 £m	2022 £m
Non-current assets		
Property, plant and equipment	**28.5**	25.5
Investment properties	**1.0**	1.0
Right-of-use assets	**35.9**	39.3
Intangible assets	**182.9**	188.9
Trade and other receivables	**4.4**	2.6
Investments	**1.3**	1.2
Employee benefits	**13.8**	15.8
Deferred tax assets	**16.8**	14.6
	284.6	288.9
Current assets		
Inventories	**3.3**	2.4
Trade and other receivables	**147.5**	150.1
Income tax receivable	**1.2**	3.0
Investments	**40.1**	3.5
Cash and cash equivalents	**398.9**	384.4
	591.0	543.4
Current liabilities		
Trade and other payables	**(339.4)**	(335.9)
Lease liabilities	**(10.4)**	(9.9)
Income tax payable	**(20.9)**	(19.8)
Provisions	**(0.6)**	(0.6)
	(371.3)	(366.2)
Net current assets	**219.7**	177.2
Non-current liabilities		
Trade and other payables	**(3.2)**	(5.8)
Lease liabilities	**(32.8)**	(37.7)
Provisions	**(1.9)**	(1.9)
Employee benefits	**(0.4)**	(0.4)
Deferred tax liabilities	**(9.4)**	(7.1)
	(47.7)	(52.9)
Net assets	**456.6**	413.2
Capital and reserves		
Share capital	**7.7**	7.7
Other reserves	**104.9**	114.8
Retained earnings	**340.0**	287.2
Equity attributable to shareholders of the Parent Company	**452.6**	409.7
Non-controlling interests	**4.0**	3.5
Total equity	**456.6**	413.2

Consolidated statement of changes in equity
for the year ended 31 December

	Attributable to equity holders of the Parent Company					
	Share capital £m	**Other reserves £m**	**Retained earnings £m**	**Total £m**	**Non-controlling interests £m**	**Total equity £m**
Balance at 1 January 2023	**7.7**	**114.8**	**287.2**	**409.7**	**3.5**	**413.2**
Profit for the year	**-**	**-**	**83.8**	**83.8**	**2.0**	**85.8**
Other comprehensive loss	**-**	**(9.4)**	**(1.6)**	**(11.0)**	**(0.3)**	**(11.3)**
Total comprehensive (loss)/income for the year	**-**	**(9.4)**	**82.2**	**72.8**	**1.7**	**74.5**
Transactions with owners:						
Share issues	**-**	**1.9**	**-**	**1.9**	**-**	**1.9**
Employee share schemes	**-**	**(2.4)**	**(1.1)**	**(3.5)**	**-**	**(3.5)**
Tax on other employee benefits	**-**	**-**	**(0.2)**	**(0.2)**	**-**	**(0.2)**
Tax on other items in equity	**-**	**-**	**0.1**	**0.1**	**-**	**0.1**
Dividend paid	**-**	**-**	**(28.3)**	**(28.3)**	**(1.1)**	**(29.4)**
Other movements	**-**	**-**	**0.1**	**0.1**	**(0.1)**	**-**
Total transactions with owners	**-**	**(0.5)**	**(29.4)**	**(29.9)**	**(1.2)**	**(31.1)**
Balance at 31 December 2023	**7.7**	**104.9**	**340.0**	**452.6**	**4.0**	**456.6**

	Attributable to equity holders of the Parent Company					
	Share capital £m	Other reserves £m	Retained earnings £m	Total £m	Non-controlling interests £m	Total equity £m
Balance at 1 January 2022	7.6	104.0	245.3	356.9	4.7	361.6
Profit for the year	-	-	75.6	75.6	4.0	79.6
Other comprehensive (loss)/income	-	7.9	(5.5)	2.4	-	2.4
Total comprehensive income for the year	-	7.9	70.1	78.0	4.0	82.0
Transactions with owners:						
Share issues	0.1	2.6	-	2.7	-	2.7
Employee share schemes	-	0.3	(1.3)	(1.0)	-	(1.0)
Tax on other employee benefits	-	-	(0.2)	(0.2)	-	(0.2)
Tax on other items in equity	-	-	(0.4)	(0.4)	-	(0.4)
Dividend paid	-	-	(25.9)	(25.9)	(4.3)	(30.2)
Other movements	-	-	(0.4)	(0.4)	(0.9)	(1.3)
Total transactions with owners	0.1	2.9	(28.2)	(25.2)	(5.2)	(30.4)
Balance at 31 December 2022	7.7	114.8	287.2	409.7	3.5	413.2

Consolidated cash flow statement
for the year ended 31 December

	2023 £m	2022 £m
Cash flows from operating activities		
Profit before taxation	**108.8**	100.1
Adjustments for:		
Foreign exchange differences	**6.8**	(0.5)
Depreciation	**14.7**	13.7
Share-based payment expense	**1.9**	1.8
(Gain)/loss on sale of property, plant and equipment	**(3.6)**	1.5
Amortisation of intangibles	**4.8**	4.1
Difference between pension contributions paid and amount recognised in the income statement	**0.6**	0.4
Finance income	**(10.5)**	(1.9)
Finance costs	**2.2**	2.2
Other finance income – pensions	**(0.7)**	(0.4)
Increase in inventories	**(0.9)**	(0.9)
Decrease/(increase) in trade and other receivables	**2.0**	(26.1)
Increase in bonus accrual	**58.7**	88.8
(Decrease)/increase in trade and other payables	**(7.2)**	16.2
Increase in provisions	**0.1**	0.5
Cash generated from operations	**177.7**	199.5
Income tax paid	**(22.4)**	(20.6)
Net cash flow from operating activities	**155.3**	178.9
Cash flows from investing activities		
Interest received	**10.3**	1.3
Purchase of property, plant and equipment	**(8.0)**	(7.6)
Purchase of intangible assets	**(2.8)**	(2.0)
Purchase of investments	**(0.3)**	(0.6)
Proceeds from sale of investments	**0.3**	1.0
Proceeds from sale of property, plant and equipment	**3.9**	0.7
Transfer from current investments (cash on deposit and government bonds)	**-**	6.8
Transfer to current investments (cash on deposit and government bonds)	**(36.8)**	(0.3)
Acquisition of subsidiaries, net of cash acquired	**(5.3)**	(4.9)
Dividends received from investments	**0.1**	0.2
Net cash flow from investing activities	**(38.6)**	(5.4)
Cash flows from financing activities		
Interest paid and other charges	**(2.0)**	(2.2)
Dividend paid	**(28.3)**	(25.9)
Dividend paid to non-controlling interests	**(1.1)**	(4.3)
Repayment of borrowings	**(0.5)**	(0.6)
Principal elements of lease payments	**(10.5)**	(11.2)
Proceeds from shares issued	**1.9**	2.7
Contributions to non-controlling interests	**-**	(1.3)
ESOP shares acquired	**(49.5)**	(20.4)
Net cash flow from financing activities	**(90.0)**	(63.2)
Net increase in cash and cash equivalents	**26.7**	110.3
Cash and cash equivalents at 1 January	**384.4**	261.6
Net foreign exchange differences	**(12.2)**	12.5
Cash and cash equivalents at 31 December	**398.9**	384.4

Notes to the preliminary financial statements

1 Corporate information

The preliminary financial statements of Clarkson PLC for the year ended 31 December 2023 were authorised for issue in accordance with a resolution of the Directors on 1 March 2024. Clarkson PLC is a public limited company, listed on the London Stock Exchange, incorporated and registered in England and Wales and domiciled in the UK.

The preliminary financial information ('financial information') set out in this announcement does not constitute the consolidated statutory financial statements for the years ended 31 December 2022 and 2023, but is derived from those financial statements. Statutory financial statements for 2022 have been delivered to the Registrar of Companies and those for 2023 will be delivered following the Company's Annual General Meeting. The External Auditor has reported on the financial statements for 2022 and 2023; their reports were unqualified, did not draw attention to any matters by way of emphasis without qualifying their report and did not contain statements under s498(2) or (3) Companies Act 2006.

2 Statement of accounting policies

2.1 Basis of preparation

The financial information set out in this announcement is based on the consolidated financial statements, which are prepared in accordance with UK adopted international accounting standards in conformity with the requirements of the Companies Act 2006 and the Disclosure Guidance and Transparency Rules Sourcebook of the United Kingdom's Financial Conduct Authority.

The Group has considerable financial resources available to it, a strong balance sheet and has consistently generated an underlying profit and good cash inflows. As a result of this, the Directors believe that the Group is well placed to manage its business risks successfully, despite the challenging market backdrop and geo-political tensions.

Management has stress tested a range of scenarios, modelling different assumptions with respect to the Group's cash resources. Three different scenarios were considered:

- Management modelled the impact of a reduction in profitability to £30m (a level of profit the Group has exceeded in every year since 2013), whilst taking no mitigating actions: the Group remained cash-generative before dividends.

- Management assessed the impact of a significant reduction in world seaborne trade similar to that experienced in the global financial crisis in 2008, the pandemic in 2020 and the Ukraine conflict in 2022: seaborne trade recovered in 2009, 2021 and 2023 along with the profitability of the Group. Since 1990 no two consecutive years have seen reductions in world seaborne trade.

- Management undertook a reverse stress test over a period of three years to determine what it might take for the Group to encounter financial difficulties. This test was based on current levels of overheads, the net cash and available funds* position at 31 December 2023, the collection of debts and the invoicing and collection of the forward order book. This test determined that, in the absence of any mitigating action which would be applied in these circumstances, no new business would be required to remain cash positive for at least the next 12 months.

Under the first two scenarios, the Group is able to generate profits and cash, and has positive net cash and available funds* available to it. In the third scenario, current net cash and available funds* together with the collection of debts and the forward order book would leave sufficient cash resources to cover at least the next 12 months without any new business.

Accordingly, the Directors have a reasonable expectation that the Group has sufficient resources to continue in operation for at least the next 12 months. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

The consolidated income statement is shown in columnar format to assist with understanding the Group's results by presenting profit for the year before acquisition-related costs; this is referred to as 'underlying profit'. Items which are non-recurring in nature and considered to be material in size are shown as 'exceptional items'. The column 'acquisition-related costs' includes the amortisation of acquired intangible assets, the costs of acquiring new businesses and the expensing of the cash and share-based elements of consideration linked to ongoing employment obligations on acquisitions, see note 5.

2.2 Accounting policies

The financial information is in accordance with the accounting policies set out in the 2023 financial statements and has been prepared on a going concern basis.

The Group has applied the following amendments for the first time for their annual reporting period commencing 1 January 2023:

- Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2;
- Definition of Accounting Estimates – Amendments to IAS 8; and
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendment to IAS 12.

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for 31 December 2023 reporting periods and have not been early adopted by the Group. These standards, amendments or interpretations are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

2.3 Accounting judgements and estimates

The preparation of the preliminary financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

2.4 Forward-looking statements

Certain statements in this announcement are forward-looking. Although the Group believes that the expectations reflected in these forward-looking statements are reasonable, it can give no assurance that these expectations will prove to have been correct. Because these statements involve risks and uncertainties, actual results may differ materially from those expressed or implied by these forward-looking statements. The Group undertakes no obligation to update any forward-looking statements whether as a result of new information, future events or otherwise.

3 Segmental information

Business segments		Revenue		Results
	2023 £m	2022 £m	**2023 £m**	2022 £m
Broking	**516.8**	495.5	**121.2**	117.6
Financial	**44.1**	49.8	**6.6**	7.8
Support	**56.6**	39.0	**6.4**	5.0
Research	**21.9**	19.5	**8.4**	7.0
Segment revenue/profit	**639.4**	603.8	**142.6**	137.4
Head office costs			**(42.4)**	(36.6)
Operating profit before exceptional items and acquisition-related costs			**100.2**	100.8
Exceptional items			**2.2**	-
Acquisition-related costs			**(2.6)**	(0.8)
Operating profit after exceptional items and acquisition-related costs			**99.8**	100.0
Finance income			**10.5**	1.9
Finance costs			**(2.2)**	(2.2)
Other finance income – pensions			**0.7**	0.4
Profit before taxation			**108.8**	100.1
Taxation			**(23.0)**	(20.5)
Profit for the year			**85.8**	79.6

4 Exceptional items

In December 2023, the Group completed the sale of an industrial unit, which resulted in a gain of £3.5m, after transaction fees and costs. Following the sale, the Group donated £1.3m of the proceeds to The Clarkson Foundation. The net gain of £2.2m is shown as an exceptional item.

5 Acquisition-related costs

Included in acquisition-related costs is £0.2m (2022: £0.2m) relating to amortisation of intangibles acquired and £0.3m (2022: £0.3m) of cash and share-based payment charges relating to previous acquisitions.

Also included is £0.3m (2022: £nil) relating to amortisation of intangibles acquired and £1.6m (2022: £nil) of cash and share-based payment charges relating to current year acquisitions.

Included in administrative expenses is £0.2m (2022: £0.3m) of transaction costs relating to acquisitions in the current year.

6 Taxation

The major components of the income tax charge in the consolidated income statement are:

	2023 £m	2022 £m
Profit at UK average standard rate of corporation tax of 23.5% (2022: 19%)	**25.6**	19.0
Expenses not deductible for tax purposes	**2.4**	2.3
Non-taxable income	**(1.2)**	-
(Lower)/higher tax rates on overseas earnings	**(3.3)**	0.4
Other	**(0.5)**	(1.2)
Total tax charge in the income statement	**23.0**	20.5

7 Earnings per share

Basic earnings per share amounts are calculated by dividing profit for the year attributable to ordinary equity holders of the Parent Company by the weighted average number of ordinary shares in issue during the year.

Diluted earnings per share amounts are calculated by dividing profit for the year attributable to ordinary equity holders of the Parent Company by the weighted average number of ordinary shares in issue during the year, plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

The following reflects the income and share data used in the basic and diluted earnings per share computations:

	2023 £m	2022 £m
Underlying profit for the year attributable to ordinary equity holders of the Parent Company*	**83.8**	76.3
Reported profit for the year attributable to ordinary equity holders of the Parent Company*	**83.8**	75.6

	2023 Million	2022 Million
Weighted average number of ordinary shares - basic	**30.5**	30.5
Weighted average number of ordinary shares - diluted	**30.7**	30.7

8 Dividends

The Board is recommending a final dividend of 72p (2022: 64p), giving a total dividend of 102p (2022: 93p).

9 Intangible assets

On 6 February 2023, Clarkson Port Services B.V. (subsequently Clarkson Port Services Holdings B.V.) acquired 100% of the share capital of DHSS Service B.V., DHSS Logistics B.V., DHSS Projects B.V. and DHSS Aviation B.V., located in The Netherlands. The initial cash consideration was €4.6m (£4.1m), with a further €6.2m payable depending on the achievement of post-transaction earnings targets and ongoing employment.

On 22 December 2023, DHSS Aviation B.V., DHSS Logistics B.V. and DHSS Projects B.V. were merged into DHSS Service B.V. and on 29 December 2023, DHSS Service B.V. changed its name to Clarkson Port Services B.V.

On 28 March 2023, Maritech Services Limited acquired 100% of the MarDocs digital platform business from Marcura Platform Solutions Fze. Total consideration was US$1.5m (£1.2m).

On 31 March 2023, a further acquisition was completed by Maritech Services Limited. 100% of the share capital of Recap Manager Limited was acquired from the London Tanker Brokers' Panel Limited.

On 31 October 2023, Clarksons Brasil Ltda entered into an Asset Purchase Agreement with a seller group, comprising Leme Chartering Comercio Maritimo Ltda and four individuals. Initial consideration was US$0.1m (£0.1m), with a further maximum amount payable of US$0.7m dependant on earn-out targets.

The above acquisitions resulted in goodwill of £1.2m and other intangible assets of £3.1m.

10 Investments

Included within current investments are deposits totalling £37.8m (2022: £3.1m) with maturity periods greater than three months, in addition to £2.1m (2022: £nil) of government bonds.

11 Cash and cash equivalents

	2023 £m	2022 £m
Cash at bank and in hand	**281.2**	320.1
Short-term deposits	**117.7**	64.3
	398.9	384.4

12 Employee benefits

The Group operates three final salary defined benefit pension schemes, being the Clarkson PLC scheme, the Plowrights scheme and the Stewarts scheme.

The following tables summarise amounts recognised in the Consolidated balance sheet and the components of the net benefit charge recognised in the Consolidated income statement.

Recognised in the balance sheet

	2023 £m	2022 £m
Fair value of schemes' assets	**131.3**	134.7
Present value of funded defined benefit obligations	**(115.5)**	(115.2)
	15.8	19.5
Effect of asset ceiling in relation to the Plowrights scheme	**(2.4)**	(4.1)
Net benefit asset recognised in the balance sheet	**13.4**	15.4

The above is recognised on the balance sheet as an asset of £13.8m (2022: £15.8m) and a liability of £0.4m (2022: £0.4m).

A deferred tax asset on the benefit liability amounting to £nil (2022: £0.1m) and a deferred tax liability on the benefit asset of £3.5m (2022: £3.9m) is also recognised on the balance sheet.

Recognised in the income statement

	2023 £m	2022 £m
Recognised in other finance income – pensions:		
Expected return on schemes' assets	**6.5**	3.6
Interest cost on benefit obligation and asset ceiling	**(5.8)**	(3.2)
Recognised in administrative expenses:		
Schemes' administrative expenses	**(1.0)**	(0.8)
Net benefit charge recognised in the income statement	**(0.3)**	(0.4)

13 Share capital

	2023		2022	
	Million	**£m**	Million	£m
Ordinary shares of 25p each, issued and fully paid	**30.7**	**7.7**	30.6	7.7

During the year, the Company issued 103,388 shares (2022: 141,346) in relation to the ShareSave scheme.

14 Contingencies

From time to time, the Group is engaged in litigation in the ordinary course of business. The Group carries professional indemnity insurance. There is currently no litigation that is expected to have a material adverse financial impact on the Group's consolidated results or net assets.

15 Related party disclosures

The Group's significant related parties will be disclosed in the 2023 Annual Report. There were no material differences in related parties or related party transactions in the year, from the year ended December 2022.

16 Events occurring after the reporting period

In February 2024, Gibb Group Ltd acquired 100% of the share capital of Trauma & Resuscitation Services Limited for a cash consideration of £2.0m and additional maximum deferred consideration (including earn-out) of £3.3m.

Other information

Alternative Performance Measures

The Directors believe that alternative performance measures can provide users of the financial statements with a better understanding of the Group's underlying financial performance, if used properly. Directors' judgement is required as to what items qualify for this classification.

Adjusting items

The Group excludes adjusting items from its underlying earnings metrics with the aim of removing the impact of one-offs which may distort period-on-period comparisons.

The term 'underlying' excludes the impact of exceptional items and acquisition-related costs, which are shown separately on the face of the income statement. Management separates these items due to their nature and size and believes this provides further useful information, in addition to statutory measures, to assist readers of the Annual Report to understand the results for the year.

Underlying profit before taxation

Reconciliation of reported profit before taxation to underlying profit before taxation for the year.

	2023 £m	2022 £m
Reported profit before taxation	**108.8**	100.1
Less exceptional items	**(2.2)**	-
Add back acquisition-related costs	**2.6**	0.8
Underlying profit before taxation	**109.2**	100.9

Underlying effective tax rate

Reconciliation of reported effective tax rate to underlying effective tax rate.

	2023 %	2022 %
Reported effective tax rate	**21.1**	20.5
Adjustment relating to exceptional items	**0.7**	-
Adjustment relating to acquisition-related costs	**(0.4)**	(0.1)
Underlying effective tax rate	**21.4**	20.4

Underlying profit for the year attributable to equity holders of the Parent Company

Reconciliation of reported profit attributable to equity holders of the Parent Company to underlying profit attributable to equity holders of the Parent Company.

	2023 £m	2022 £m
Reported profit attributable to equity holders of the Parent Company	**83.8**	75.6
Less exceptional items	**(2.5)**	-
Add back acquisition-related costs	**2.5**	0.7
Underlying profit attributable to equity holders of the Parent Company	**83.8**	76.3

Underlying basic earnings per share

Reconciliation of reported basic earnings per share to underlying basic earnings per share.

	2023 Pence	2022 Pence
Reported basic earnings per share	**275.2**	247.9
Less exceptional items	**(8.4)**	-
Add back acquisition-related costs	**8.2**	2.4
Underlying basic earnings per share	**275.0**	250.3

Underlying administrative expenses

Reconciliation of reported administrative expenses to underlying administrative expenses for the year.

	2023 £m	2022 £m
Reported administrative expenses	**509.2**	482.0
Add back exceptional items	**2.2**	-
Less acquisition-related costs	**(2.6)**	(0.8)
Underlying administrative expenses	**508.8**	481.2

Operational metrics

The Group monitors its cash and liquidity position by adjusting gross balances to reflect the payment of obligations to staff and restricted monies held by regulated entities.

Net cash and available funds

The Board uses net cash and available funds as a better representation of the net cash available to the business, since bonuses are typically paid after the year-end, hence an element of the year-end cash balance is earmarked for this purpose. It should be noted that accrued bonuses include amounts relating to the current year and amounts held back from previous years which will be payable in the future.

Reconciliation of reported cash and cash equivalents to net cash and available funds reported.

	2023 £m	2022 £m
Cash and cash equivalents as reported	**398.9**	384.4
Add cash on deposit and government bonds included within current investments	**39.9**	3.1
Less amounts reserved for bonuses included within current trade and other payables	**(237.7)**	(225.8)
Net cash and available funds	**201.1**	161.7

Free cash resources

Free cash resources is a further measure used by the Board in taking decisions over capital allocation. It deducts monies held by regulated entities from the net cash and available funds figure.

Reconciliation of reported cash and cash equivalents to reported free cash resources.

	2023 £m	2022 £m
Cash and cash equivalents as reported	**398.9**	384.4
Add cash on deposit and government bonds included within current investments	**39.9**	3.1
Less amounts reserved for bonuses included within current trade and other payables	**(237.7)**	(225.8)
Less net cash and available funds held in regulated entities	**(25.7)**	(30.8)
Free cash resources	**175.4**	130.9