



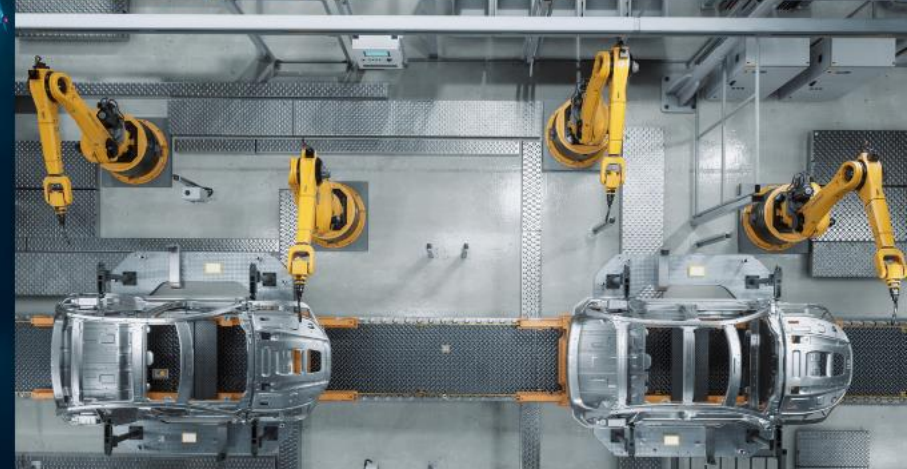
CLARKSON PLC

# Results Presentation

30 June 2024

Andi Case & Jeff Woyda

5 August 2024





CLARKSON PLC

# Financial Results



**Jeff Woyda**

Chief Financial Officer &  
Chief Operating Officer

**The profile of revenue recognition within  
the FOB means 2024 second half weighted**

New business transacted in broking higher y-o-y  
FOB developing well

22<sup>nd</sup> year of progressive dividend



# Results summary

To 30 June

	2024 £m	2023 £m	
Revenue	310.1	321.1	(3.4%)
Underlying profit before taxation (Before acquisition-related costs)	51.5	53.1	(3.0%)
Acquisition-related costs	(1.4)	(0.9)	
Profit before taxation (after acquisition-related costs)	50.1	52.2	(4.0%)
Underlying earnings per share (Before acquisition-related costs)	129.1p	133.5p	(3.3%)

## Segmental performance

Revenue, profit and margin

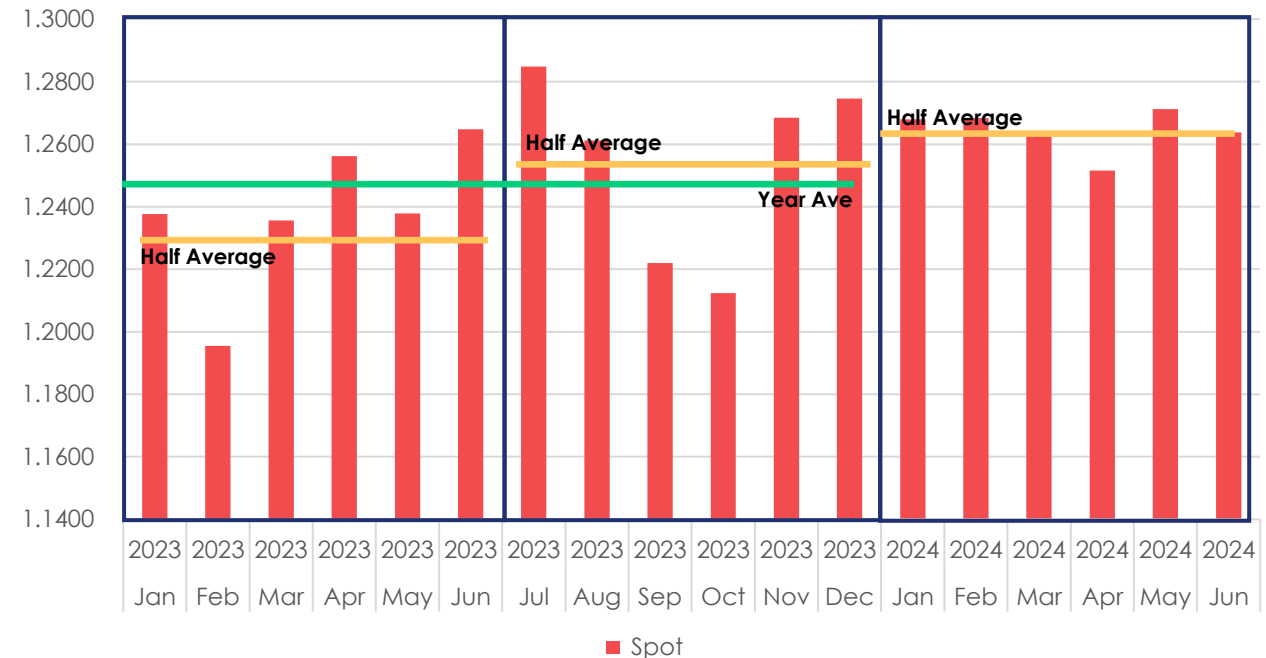
	<b>Revenue 2024 £m</b>	Revenue 2023 £m	<b>Profit 2024 £m</b>	Profit 2023 £m	<b>Margin 2024</b>	Margin 2023
Broking	<b>247.7</b>	257.2	<b>53.4</b>	58.2	<b>21.6%</b>	22.6%
Financial	<b>18.3</b>	26.5	<b>1.2</b>	5.0	<b>6.6%</b>	18.9%
Support	<b>32.3</b>	27.2	<b>4.0</b>	3.4	<b>12.4%</b>	12.5%
Research	<b>11.8</b>	10.2	<b>4.6</b>	3.7	<b>39.0%</b>	36.3%

# USD v GBP Exchange Rate

GBP 1 is worth the following in USD

	June 2024	June 2023
<b>Arithmetic average for the period January to June</b>	1.2644	1.2379
<b>Spot rate as at 30 June</b>	1.2637	1.2648

	December 2023
<b>Arithmetic average for the period June to December</b>	1.2539
<b>Arithmetic average for the period January to December</b>	1.2459
<b>Spot rate as at 31 December</b>	1.2746







# The intelligent marketplace for fixing freight

## Key areas of progress H1 2024

28 new customers Joined Sea in H1, 2024

Charterparty volumes annualized > 50,000 - 10% increase in 6 months

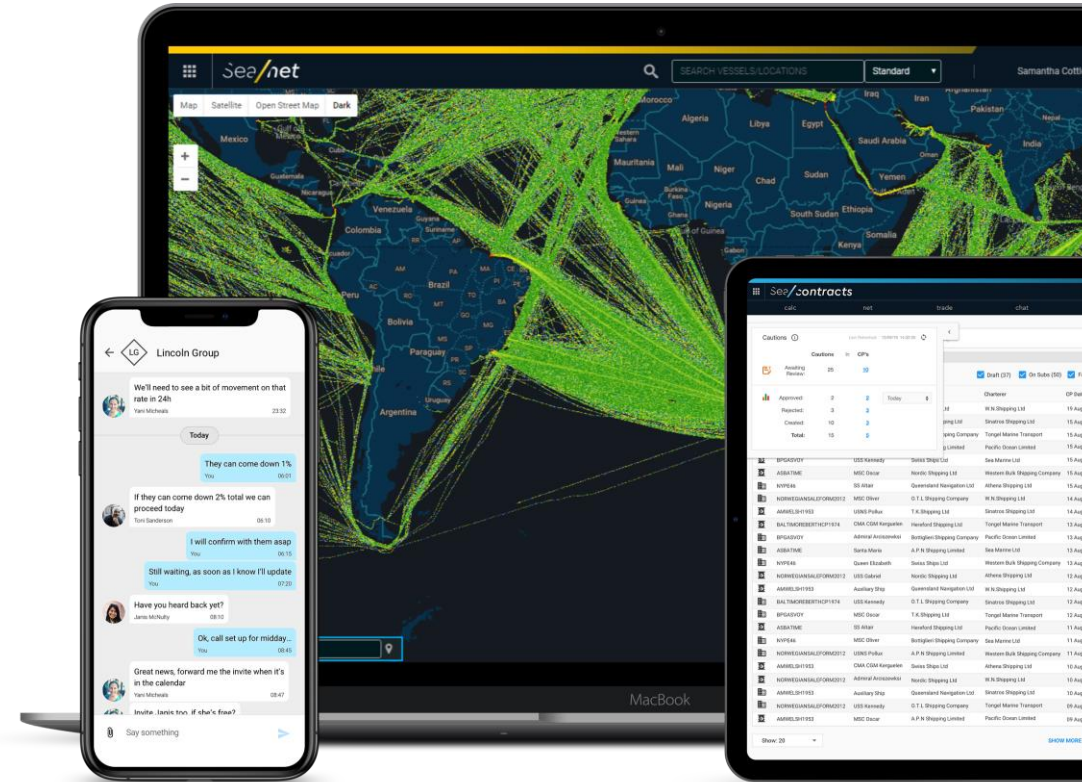
700 Broking entities active on the platform

Compliance Manager launched within workflow

Trade 2.0 released with first client migrated

New platform is the engine for rapid growth & development

\$1.8bn Iron ore freight traded through Sea trade in H1



## Balance sheet

At 30 June (comparatives are at December year-end)

	Dec 2020 £m	Dec 2021 £m	Dec 2022 £m	Dec 2023 £m	Jun 2024 £m
Tangible fixed assets	28.6	24.7	29.1	33.9	31.2
Intangible fixed assets (software only)	15.6	17.1	15.1	14.9	14.2
Investments (relating to convertible bonds)	5.5	0.7	0.4	0.2	0.2
Investments (other)	2.9	1.0	1.2	1.3	1.7
	<b>52.6</b>	<b>43.5</b>	<b>45.8</b>	<b>50.3</b>	<b>47.3</b>
Working capital	10.4	19.1	19.8	26.0	39.1
Net available funds	95.4	122.3	161.7	201.3	201.5
	<b>105.8</b>	<b>141.4</b>	<b>181.5</b>	<b>227.3</b>	<b>240.6</b>
Pensions	12.0	22.0	15.4	13.4	11.9
Deferred tax	1.8	(0.5)	7.5	7.4	11.8
Leases	(11.1)	(10.9)	(10.8)	(9.8)	(9.5)
<b>Net assets before intangibles</b>	<b>161.1</b>	<b>195.5</b>	<b>239.4</b>	<b>288.6</b>	<b>302.1</b>
Intangibles (excluding software above)	167.3	166.1	173.8	168.0	165.4
<b>Net assets</b>	<b>328.4</b>	<b>361.6</b>	<b>413.2</b>	<b>456.6</b>	<b>467.5</b>

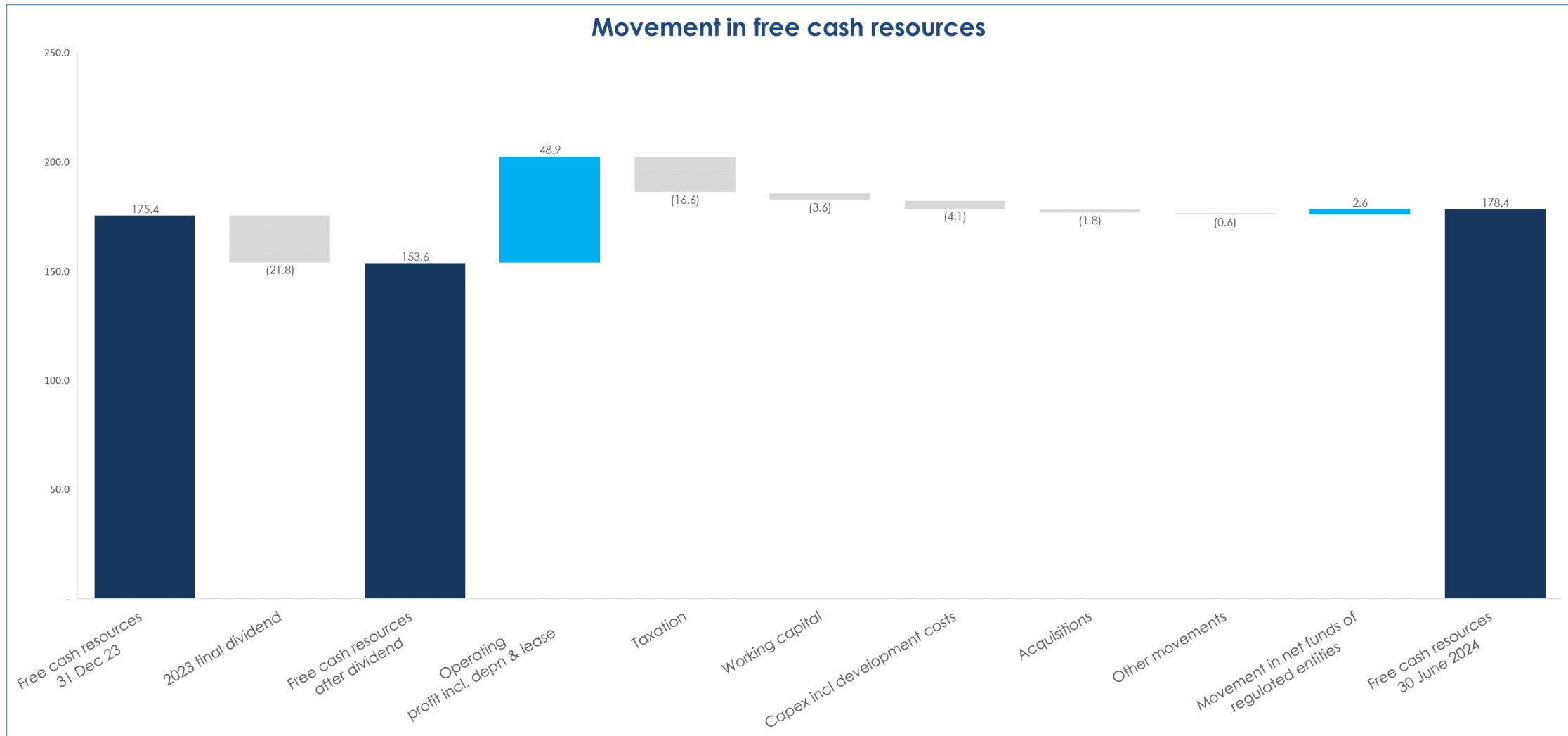
## Net available funds and free cash resources

	<b>30 June 2024 £m</b>	31 December 2023 £m	<b>30 June 2023 £m</b>
Cash and cash equivalents	<b>276.3</b>	398.9	275.7
Interest-bearing loans and borrowing	-	-	-
Current investment deposits	<b>45.3</b>	39.9	9.9
<b>Net cash equivalents</b>	<b>321.6</b>	<b>438.8</b>	<b>285.6</b>
Reserved for bonus (full cost)	<b>(120.1)</b>	(237.7)	(136.7)
<b>Net available funds</b>	<b>201.5</b>	<b>201.1</b>	<b>148.9</b>
Held by regulatory businesses	<b>(23.1)</b>	(25.7)	<b>(20.7)</b>
<b>Free cash resources</b>	<b>178.4</b>	<b>175.4</b>	<b>128.2</b>



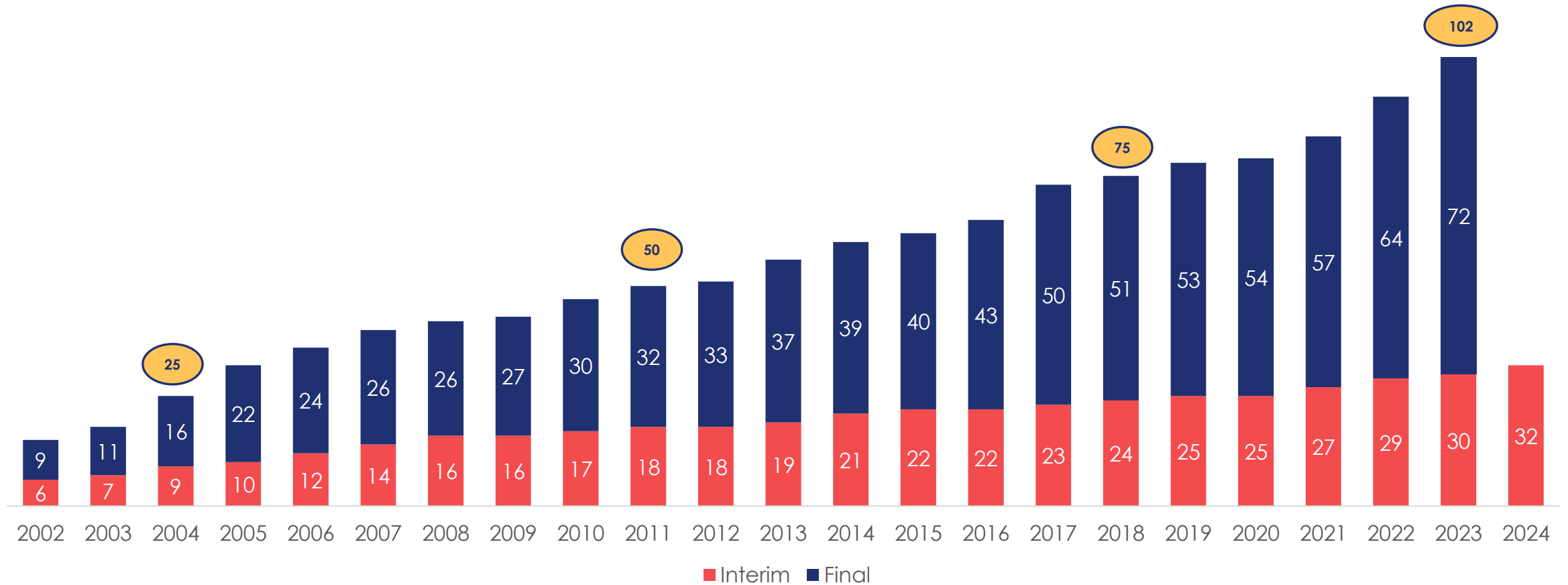
# Movement in free cash resources

1 January 2024 to 30 June 2024



# Dividend history

22 years of progressive dividend



Note: During Covid 2019 final dividend was paid as an additional interim dividend in 2020

# Our markets



**Andi Case**  
Chief Executive Officer

# Key Market Dynamics

a half year of robust cross-market strength

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## Rates & Activity

- Strong day rates across all major shipping sectors including tankers, gas, bulkers, container and offshore
- Strong S&P activity continues, good flow of newbuild orders particularly in tankers and gas

## Seaborne Trade

- Underlying volume growth with shipping demand enhanced by additional distances of trade
- Geo-politics driven changes in trading patterns remain supportive despite disruption (e.g. Russian oil flows, Red Sea)
- Energy security focus supporting investment in LNG and offshore renewables, oil and gas

## Supply of Shipping

- Supply side constraints continue in some segments with low orderbooks in bulkers and tankers
- Shipbuilding market remains “tight” with long lead times despite some capacity reactivations
- Impacts of decarbonisation policies evident in accelerating regulation, alternative fuel newbuilding orders, growing fleet renewal requirements and speed of ships

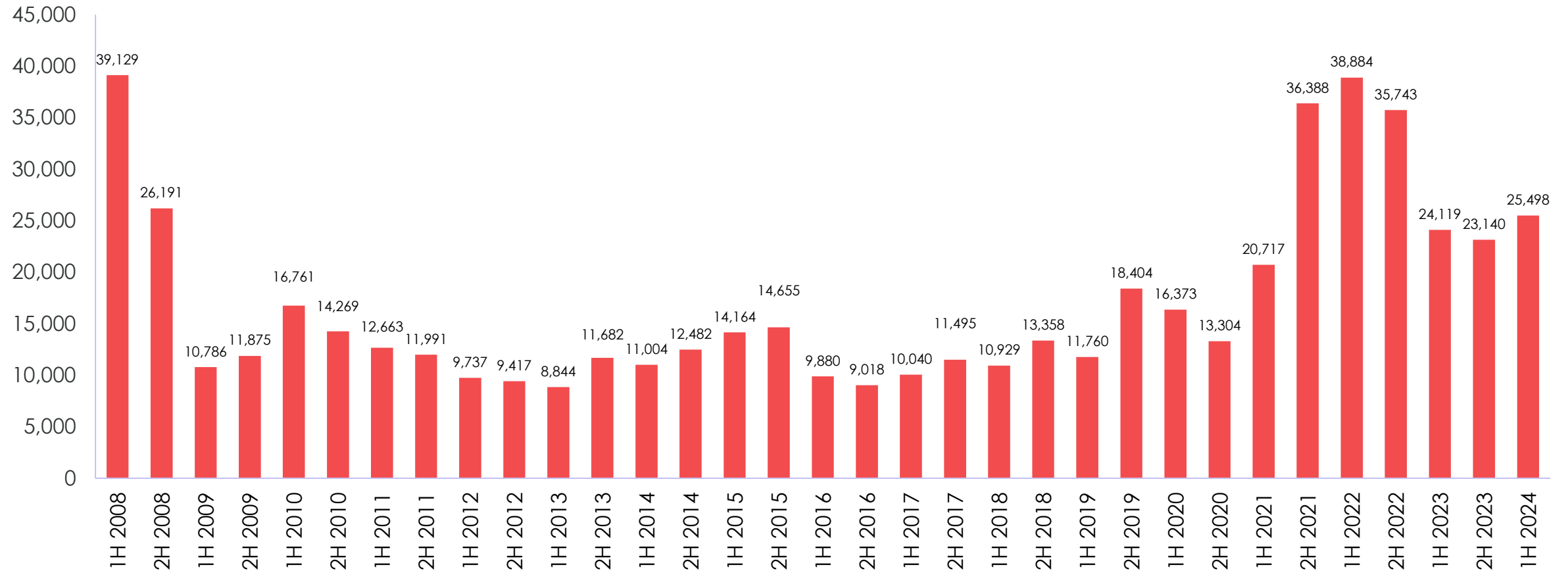
## Energy Transition

- Offshore wind markets playing vital role in energy transition
- Emerging gas trades including Ammonia and CO2

# ClarkSea Index: Remains Elevated

Cross sector day rate index +6% y-o-y in 1H 2024 and +43% on the 10-year trend ...

## Half Yearly Averages, \$/day



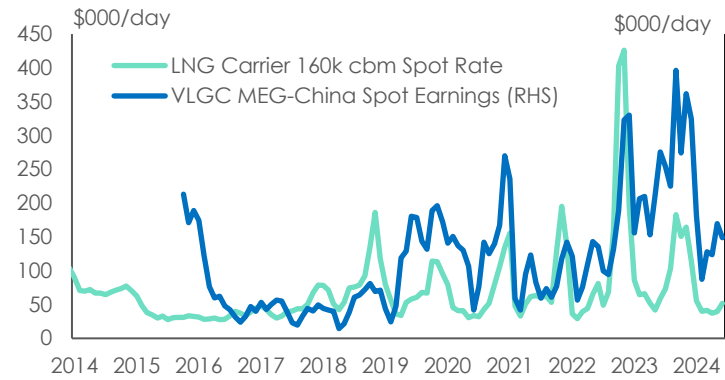
Source: Clarksons Research. The ClarkSea Index is a weekly indicator of earnings across the main commercial vessel types including bulkcarriers, tankers, containerships and gas carriers, weighted by the number of ships in each sector.

# Vessel Earnings Trends By Sector

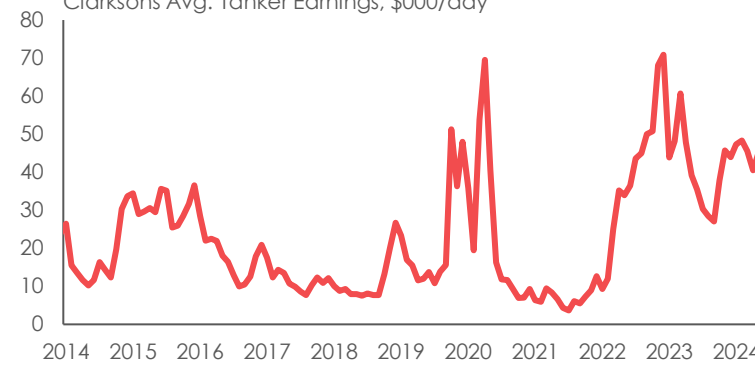
All key sectors performing well in 2024; tankers still firm, bulkcarriers & containers much improved this year...

## Strong markets continuing into 2024

Gas Carriers: LPG "healthy", LNG softer

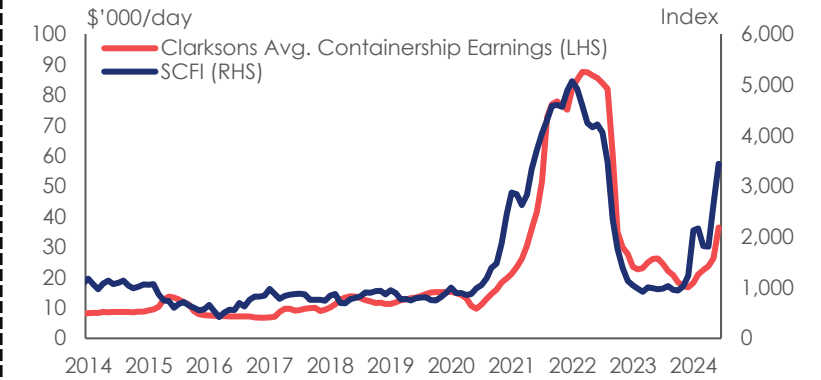


Tankers: still going strong  
Clarksons Avg. Tanker Earnings, \$000/day

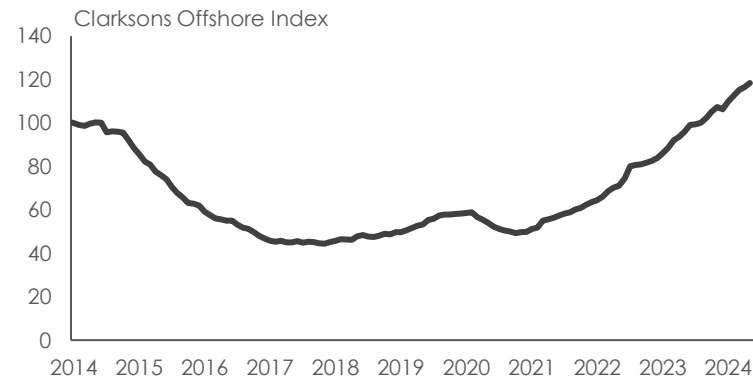


## Markets strengthening in 1H 2024

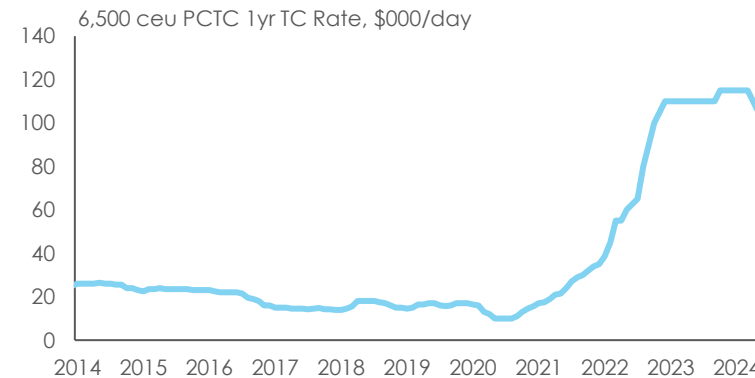
Containerships: surging upwards



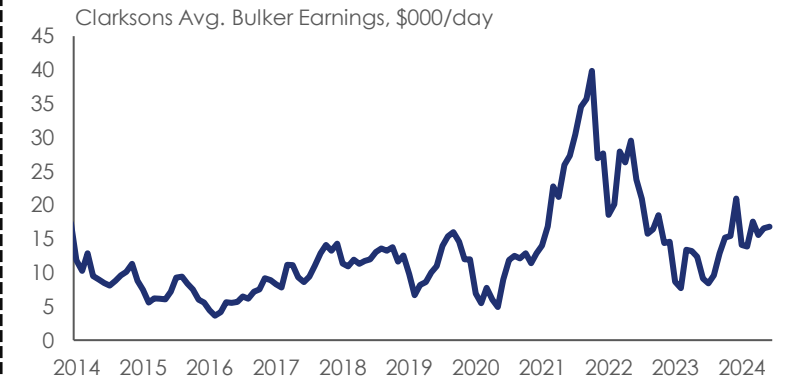
Offshore: more than decade highs



Car Carriers: slight easing from peak



Bulkcarriers: renewed positivity



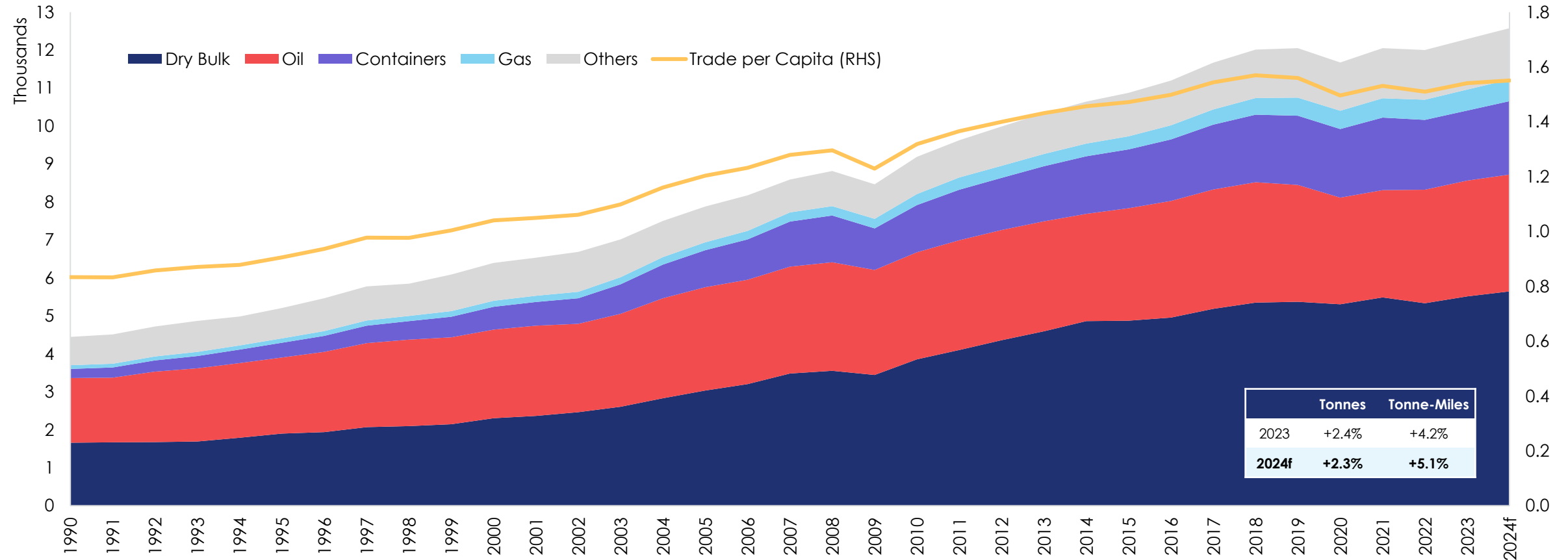
Source: Clarksons Research



# Seaborne Trade: Growth, Complexity & Disruption

volume growth of 2.3% projected in 2024, tonne-miles firmer at 5.1% given longer trade distances...

## Global Seaborne Trade, bn. tonnes

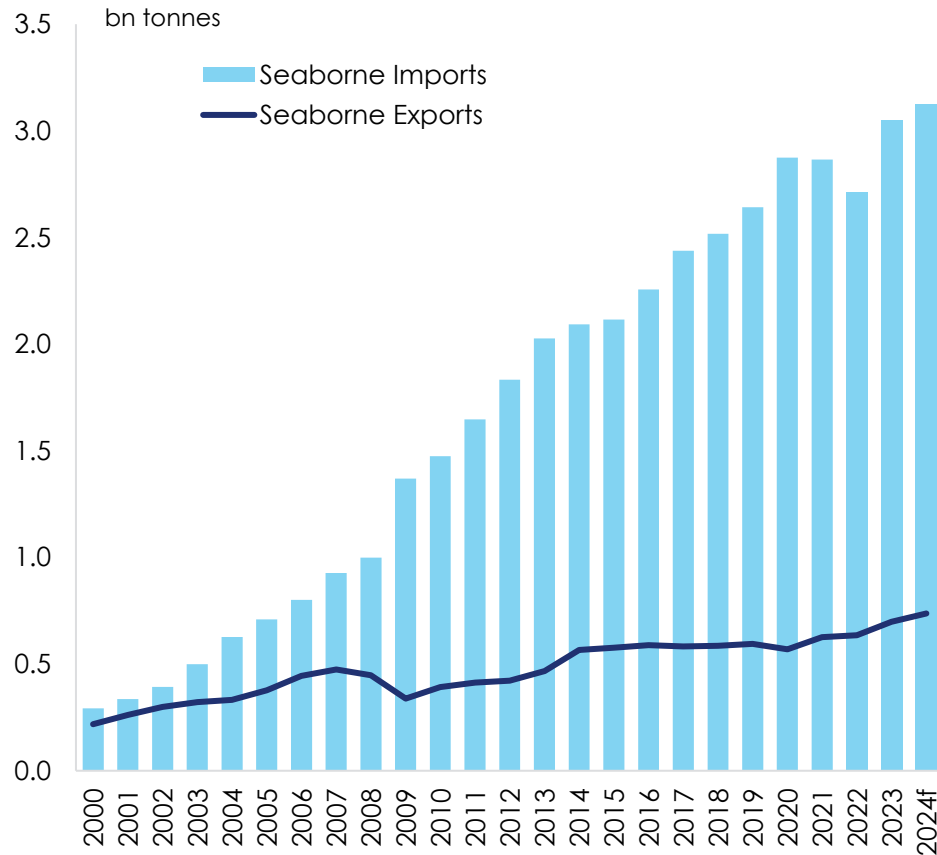


Source: Clarksons Research, July 2024. ^Monthly seaborne trade series based on 'basket' of dry bulk, oil, container, gas, chemical and car trades, representing c.80% of global seaborne trade.

# Chinese Economy: Strong Imports 2023 & 1H 2024

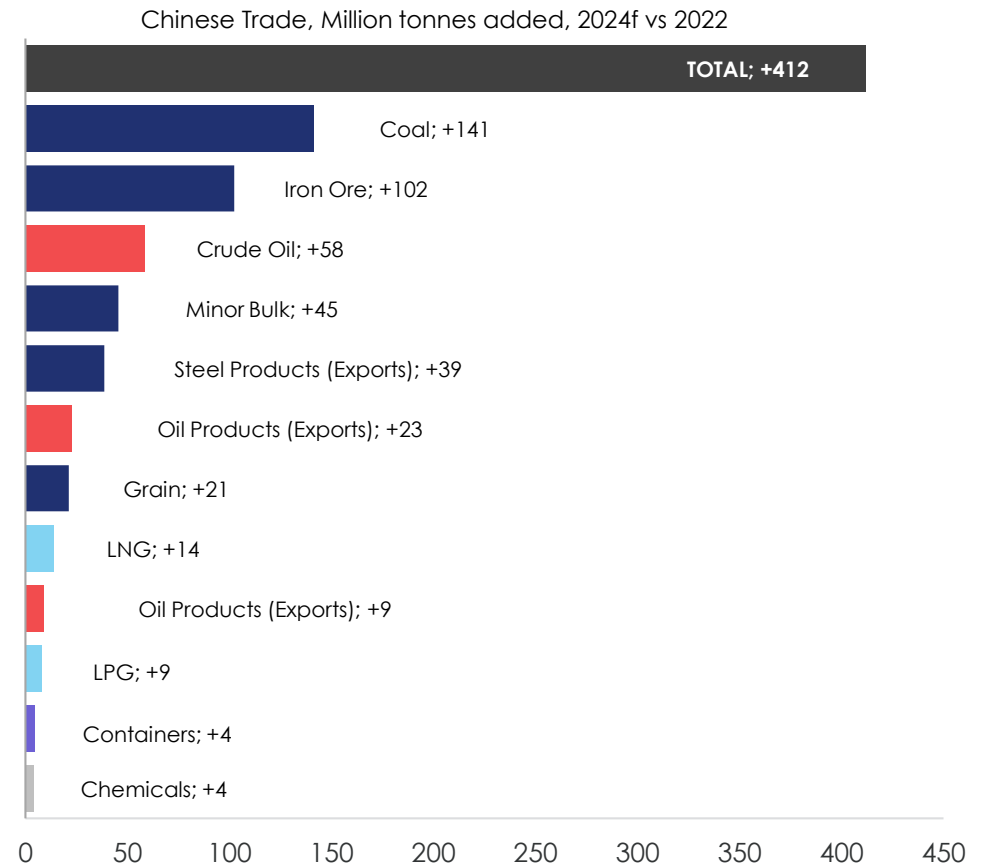
Chinese commodity import growth firm in 2023 & 1H 2024, inventories of some commodities now elevated ...

**Seaborne imports hit a record 3 billion tonnes in 2023; on track to increase slightly further in 2024 despite risks...**



Source: Clarksons Research.

**Imports of iron ore, coal and crude oil have been amongst the major drivers of imports growth recently...**



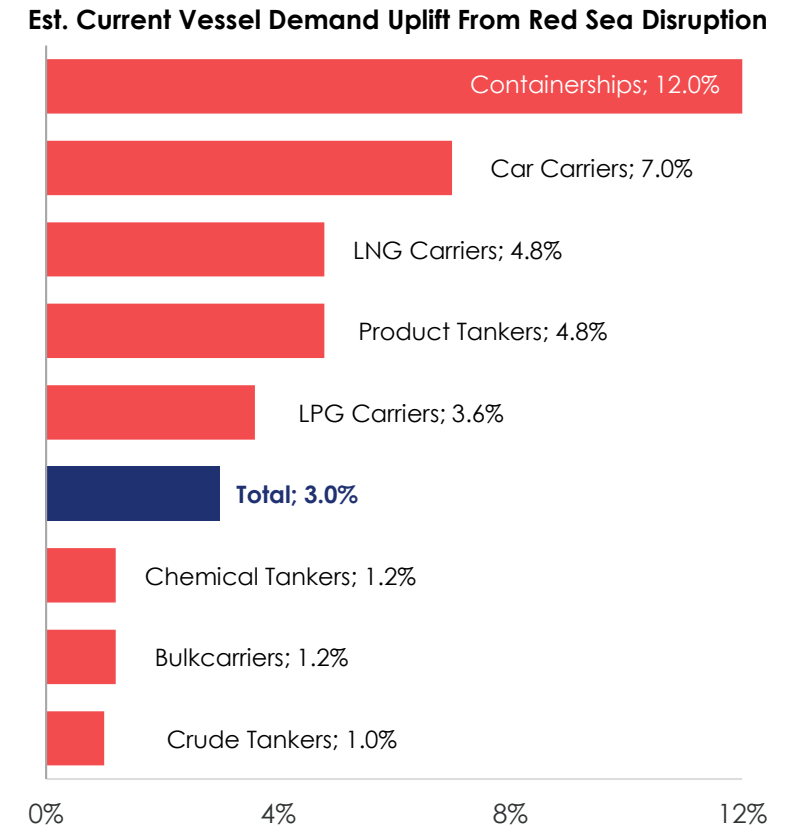
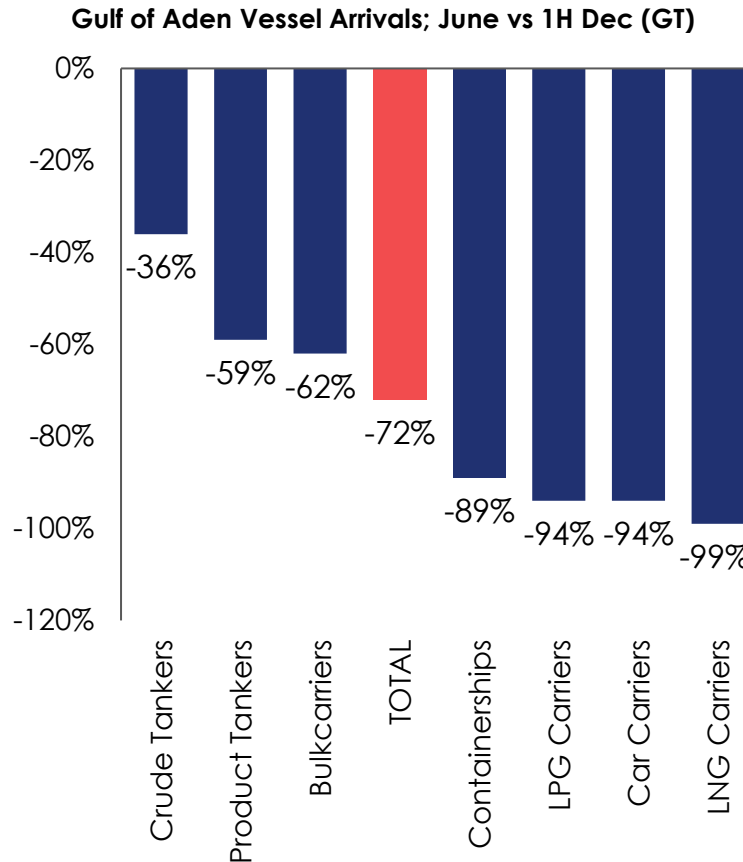
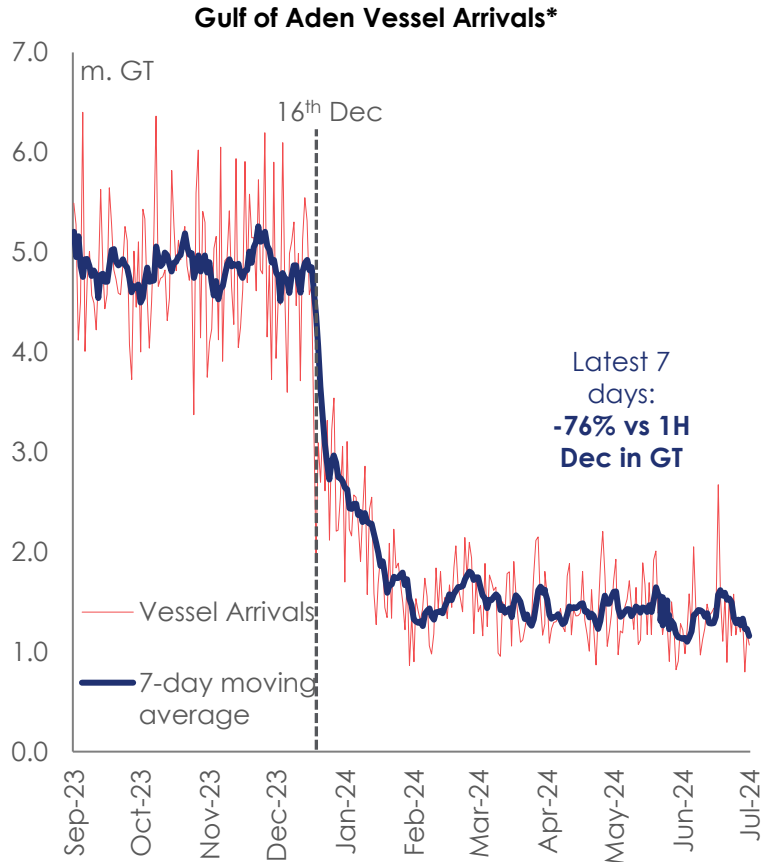
# Disruption: Red Sea Rerouting Increasing Vessel Demand

increasing tonne miles; re-routing impact greatest in containership and product tankers, duration uncertain

## Vessels passing through the Red Sea fell sharply, now stable at limited levels...

Tankers & bulkers down more modestly than gas & liner shipping...

## Impacts on vessel demand have varied by sector; largest for containerships



Source: Clarkson Research. \*Data basis vessels arriving in the region from either the Red Sea or Indian Ocean, whether or not undertaking a complete 'transit'; basis date vessel first recorded in Gulf Of Aden. Basis data derived from AIS vessel movements data; timeseries subject to variations in movements data coverage over time.

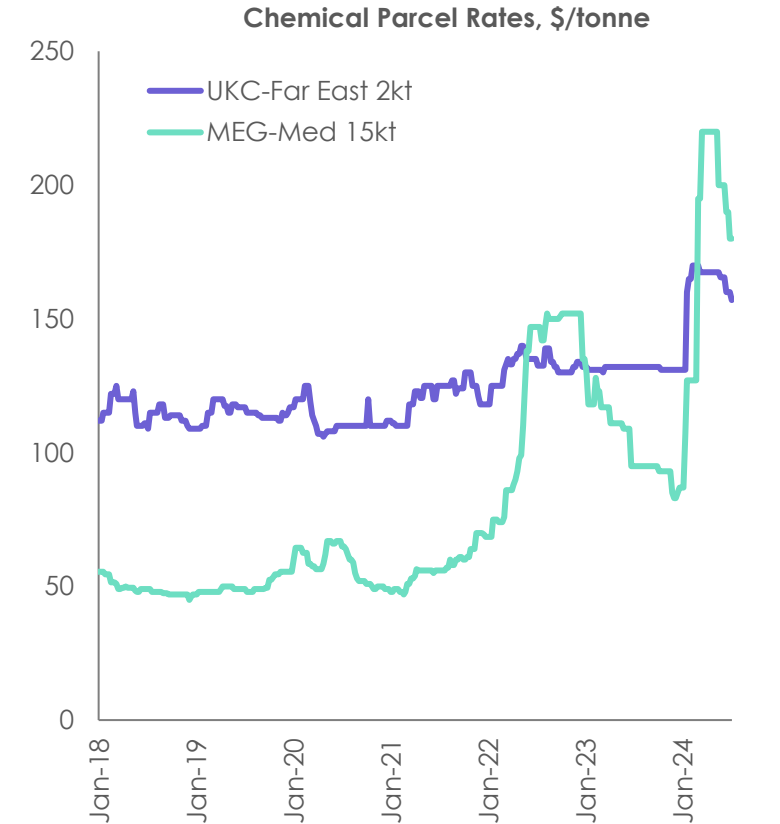
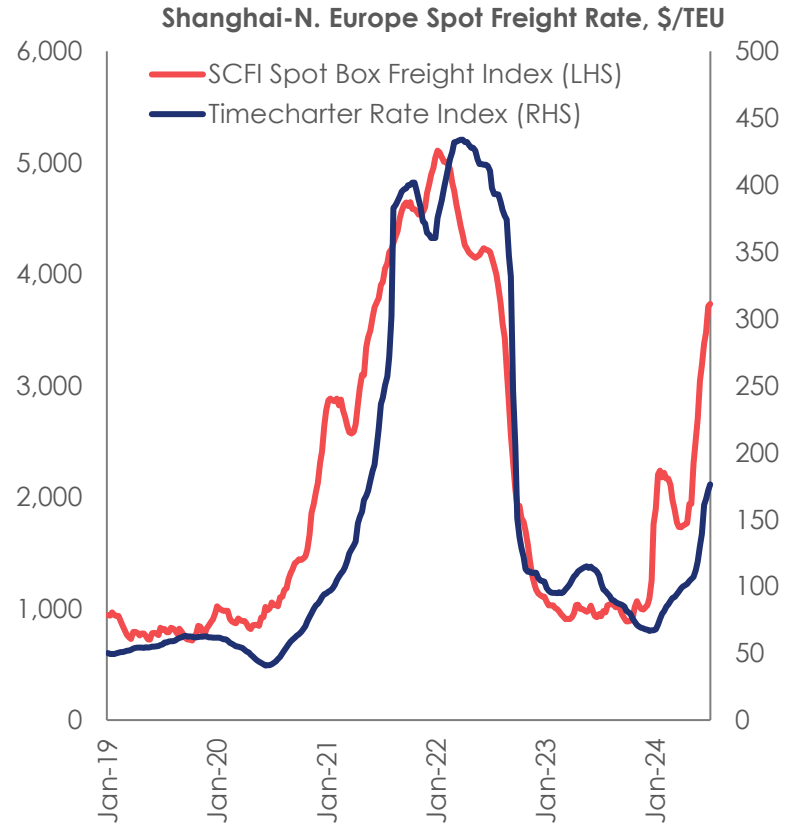
# Disruption: Red Sea Freight Market Impacts

Rerouting of capacity via Cape impacting freight rate; container markets tightening dramatically

## Container freight rates have jumped to the highest levels since post-Covid disruption

Products tanker rates in the region remain elevated after jumping in January

Chemical parcel freight rates have also jumped on routes through the region

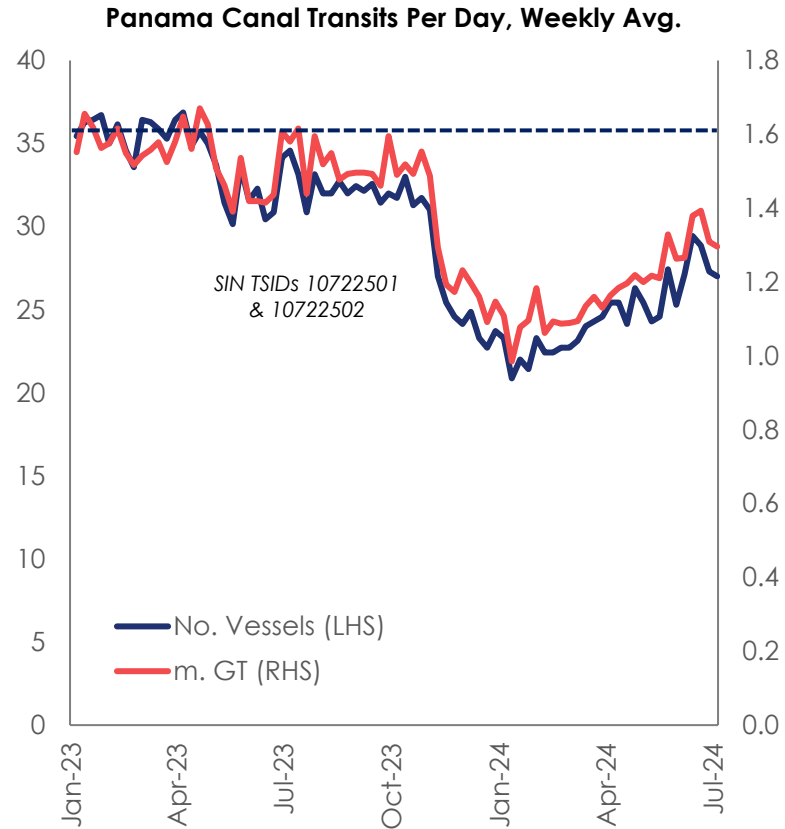


Source: Clarksons Research

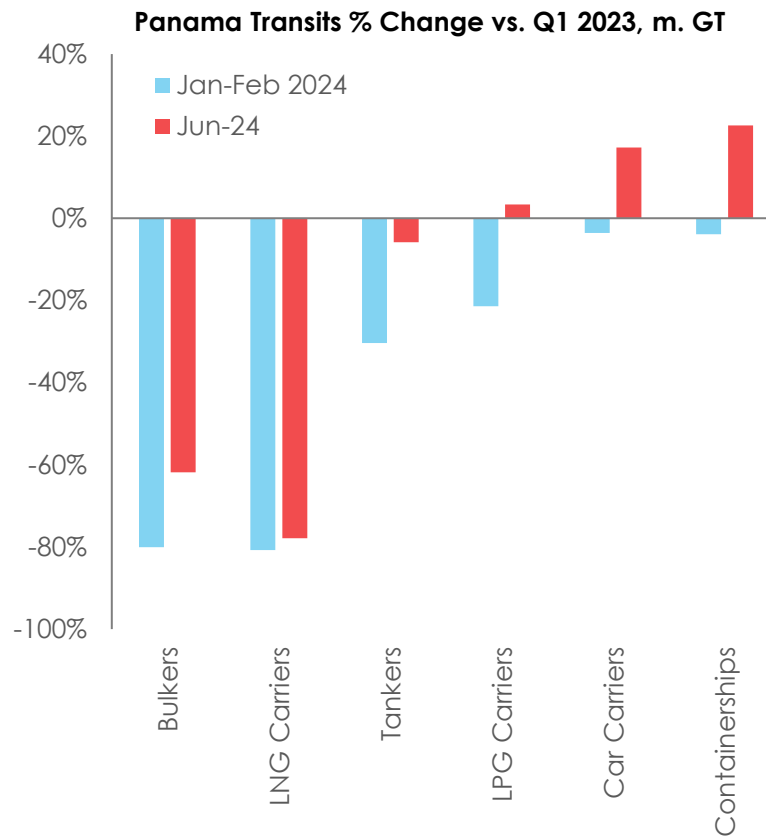
# Disruption: Panama Canal Transits Starting To Normalise

Transits in June reached the highest levels since October, returning towards 'normal' levels as restrictions ease

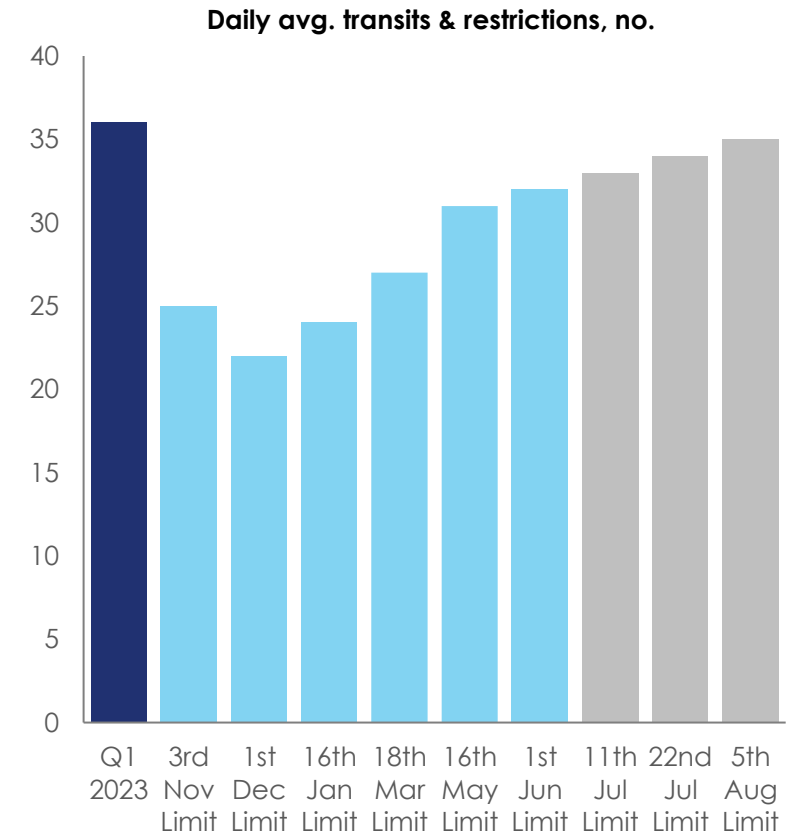
Panama Canal transits remain below 'normal' levels overall but have steadily increased from Jan-Feb lows...



Containership transits now back above pre-restriction levels, while bulkers & LNG carriers are still down...



Panama Canal Transits Restrictions: Set to continue to ease, taking transits back towards 'normal' levels...

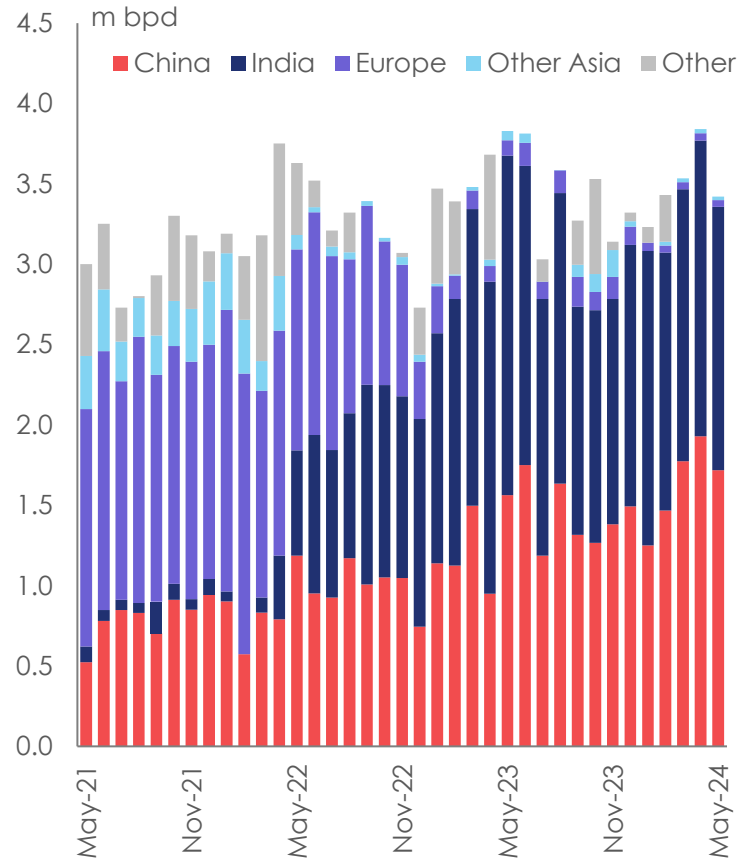


Source: Clarksons Research.

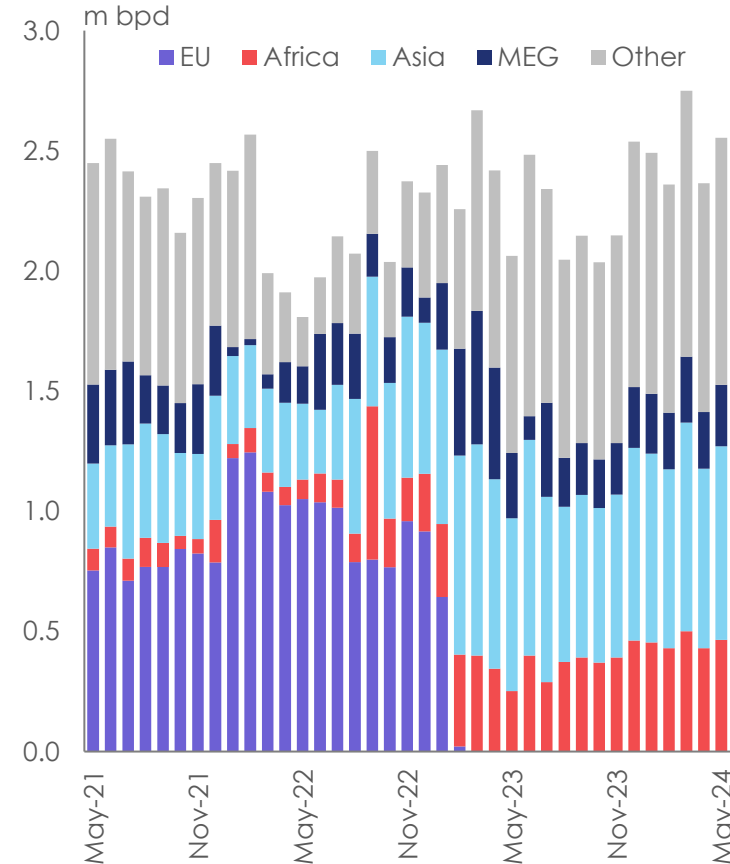
# Disruption: Russia-Ukraine Impacts Ongoing

flow shifts increase tanker tonne-miles; Ukrainian grain exports disrupted but improving, pipeline replaced by LNG

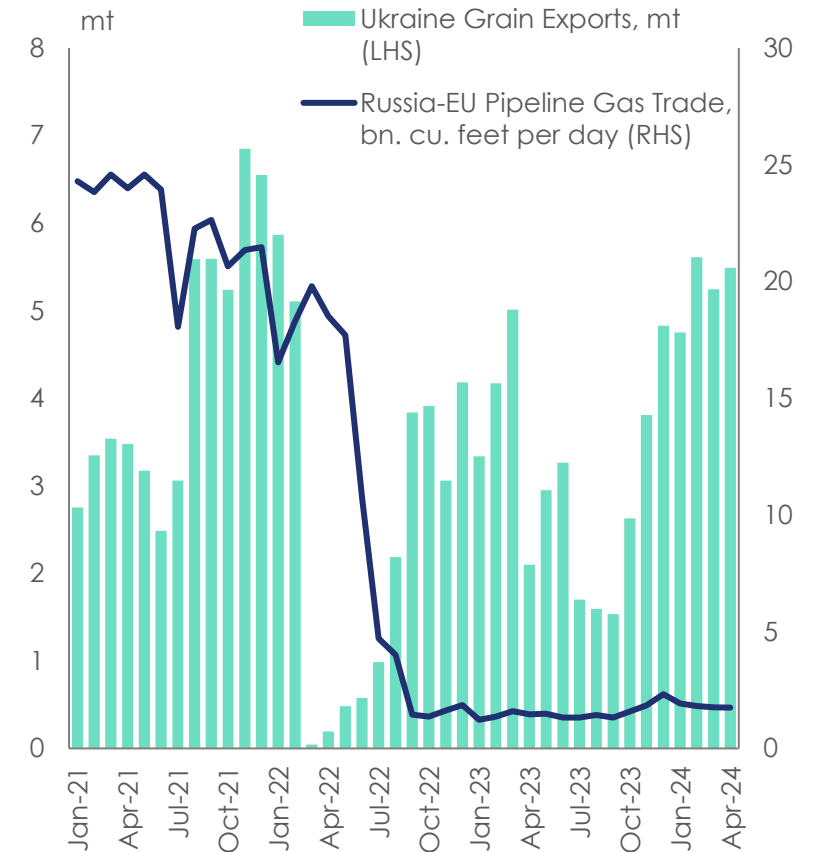
## Russian Crude Exports: Significant swing from European to Asian destinations



Russian Products Exports: Increased shipments to Asia and Africa



## Other trade impacts; Ukraine grain exports & Russia-EU pipeline gas volumes



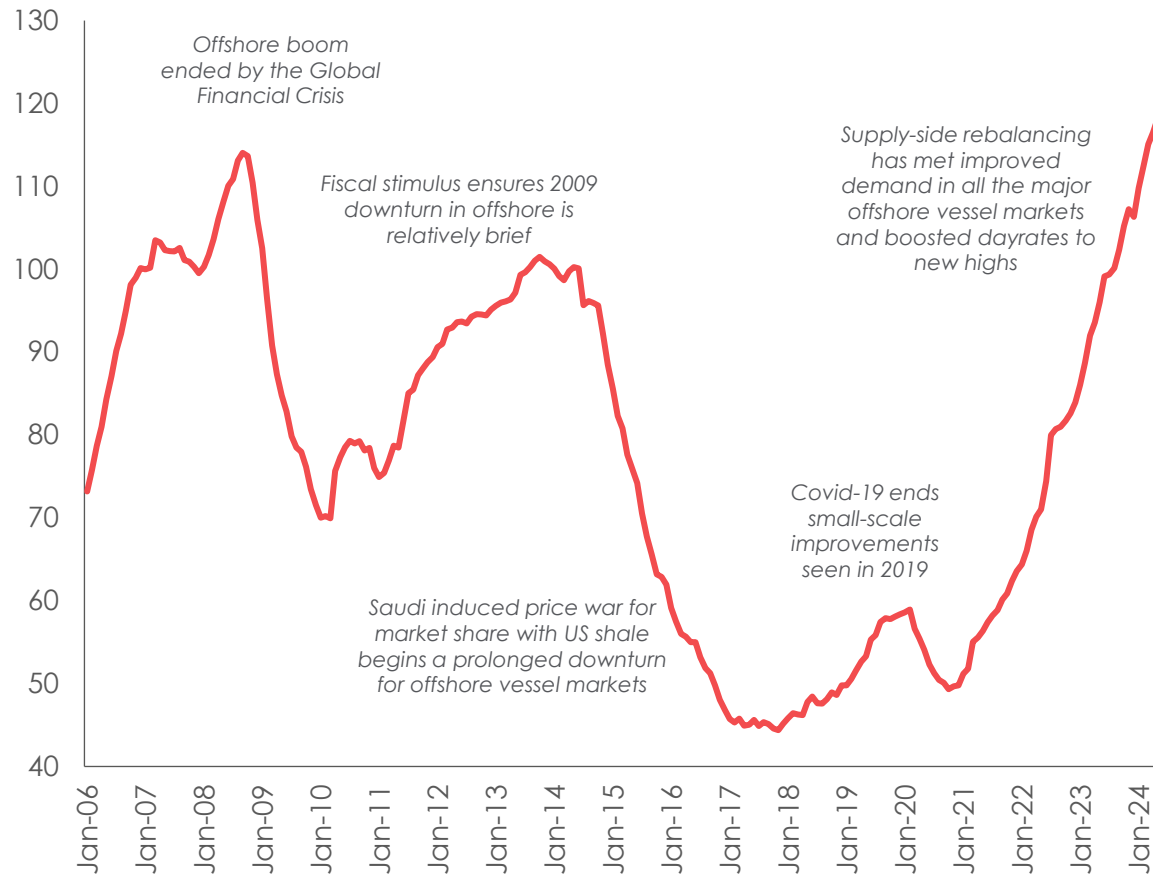
Source: Clarksons Research



# Energy Security: Offshore Oil & Gas Still 16% Of Global Energy Supply

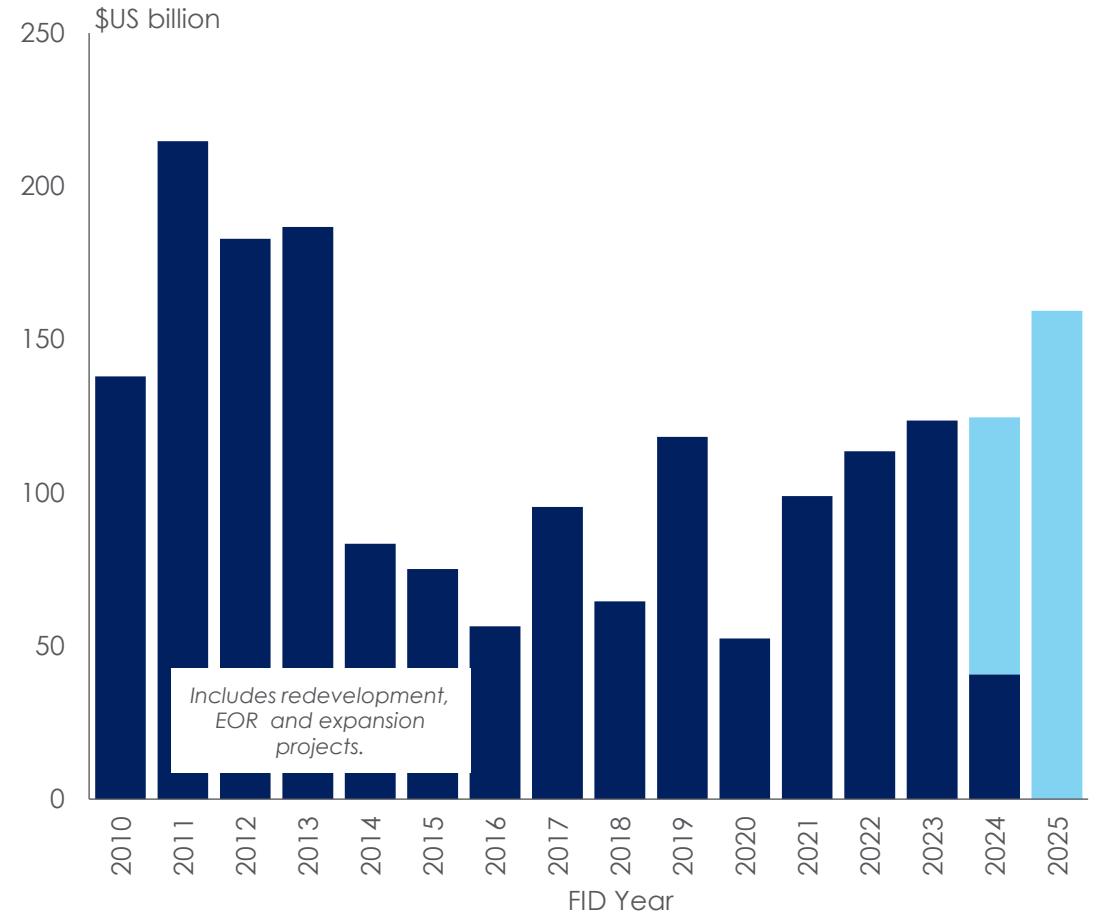
Offshore Dayrates have made a strong recovery across the last three years, exceeding previous highs

## Clarksons Offshore Dayrate Index (AHTS, PSV, jack-ups, floaters and subsea MSVs)



Fleet-size weighted index of dayrates across AHTS, PSVs, Jack-up drilling units, floating drilling units and subsea MSVs.

## Offshore Oil & Gas Investment



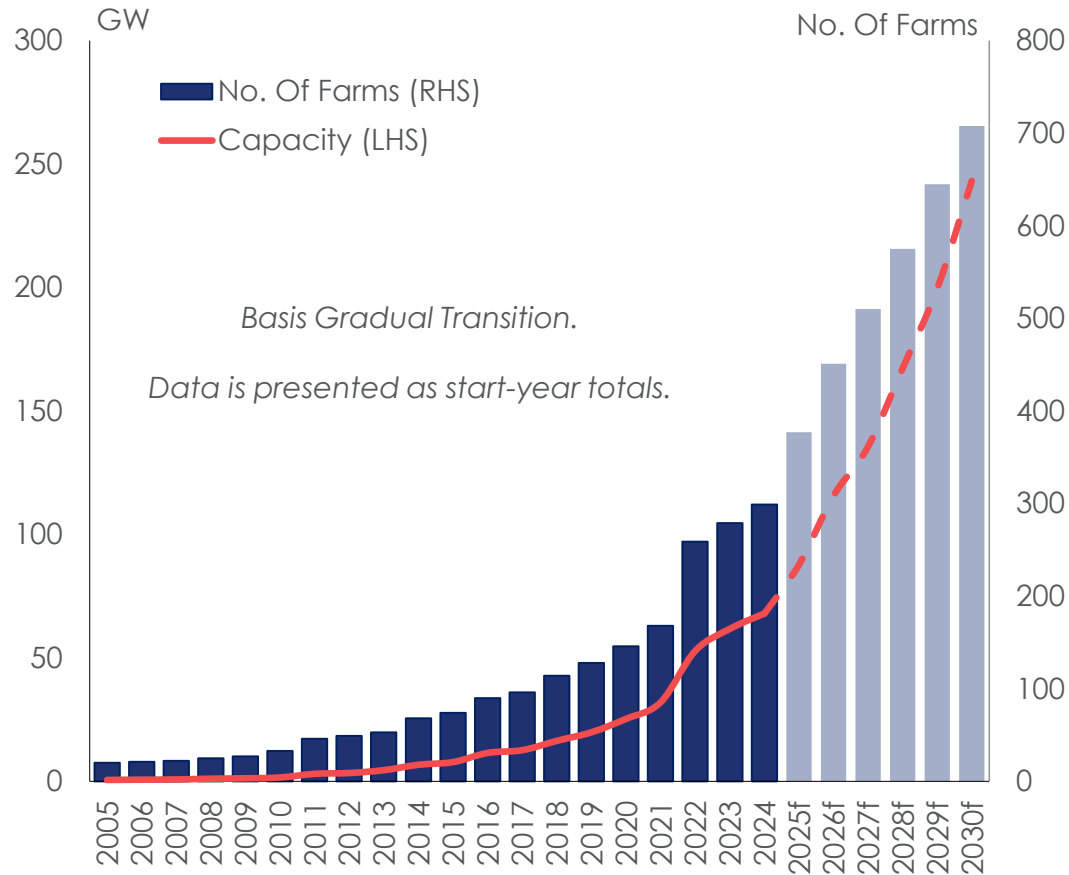
CAPEX data as specified by project operators. Where no definitive figure is given, estimates derived from assessment of comparable projects with known CAPEX.

Source: Clarksons Research

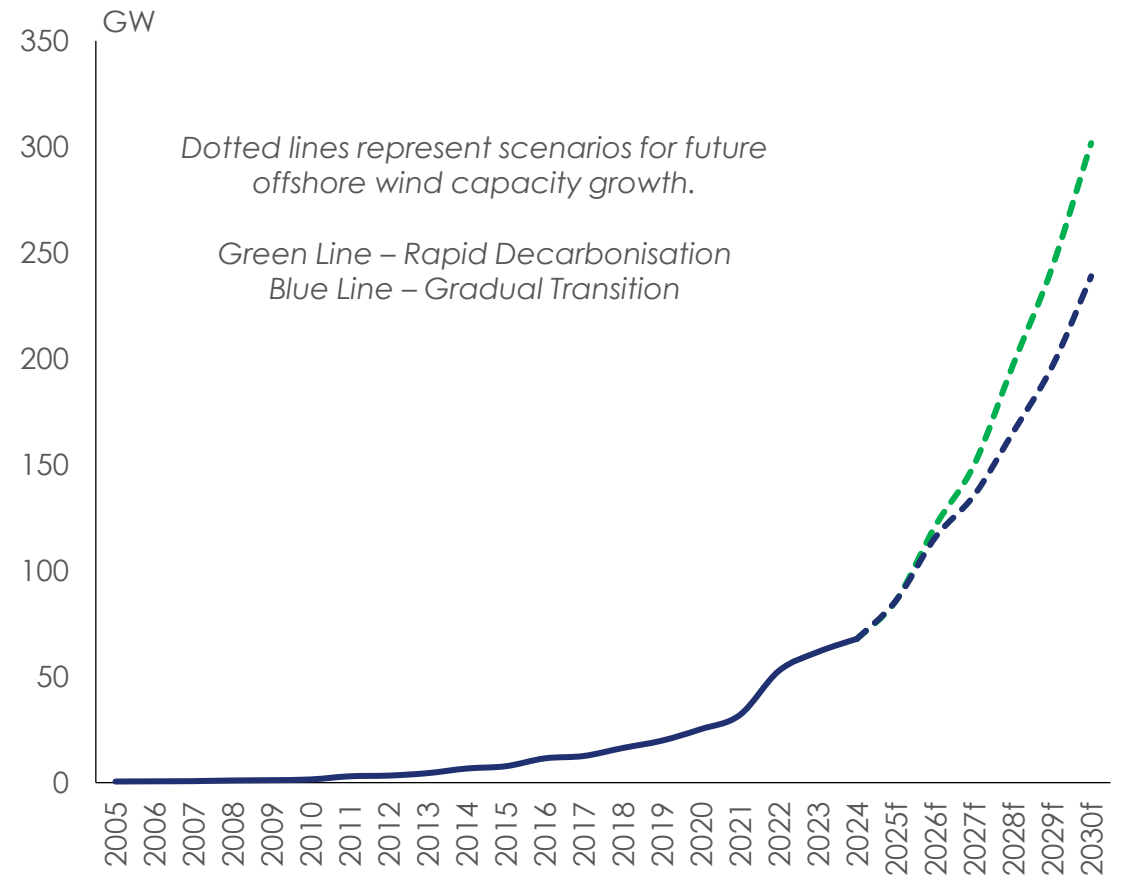
# Energy Transition and Energy Security: Offshore Wind Growing & Will Play Vital Role

Long-term outlook positive despite recent inflationary pressures; ~240 GW projected by 2030 (68 GW today)

## The Growth Of Offshore Wind



## Offshore Wind In The Energy Transition

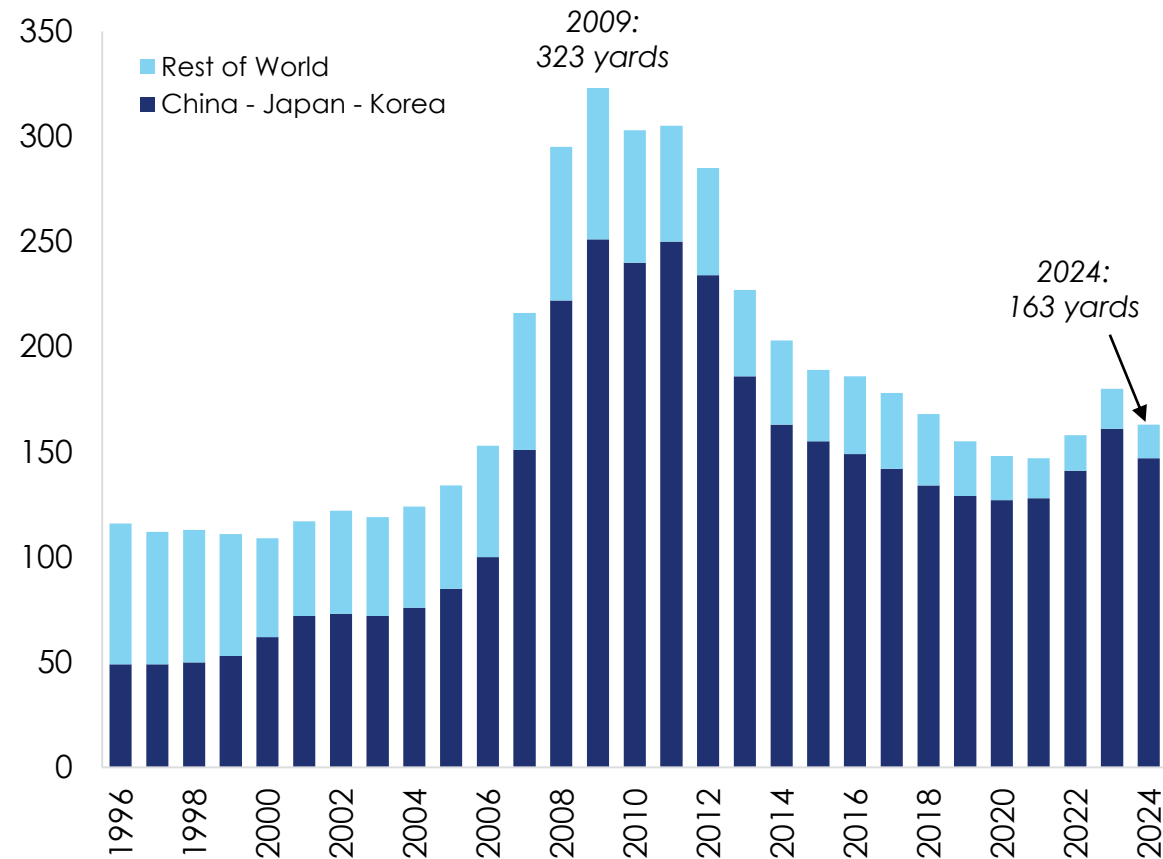


Source: Clarksons Research. All data available on *Renewables Intelligence Network*.

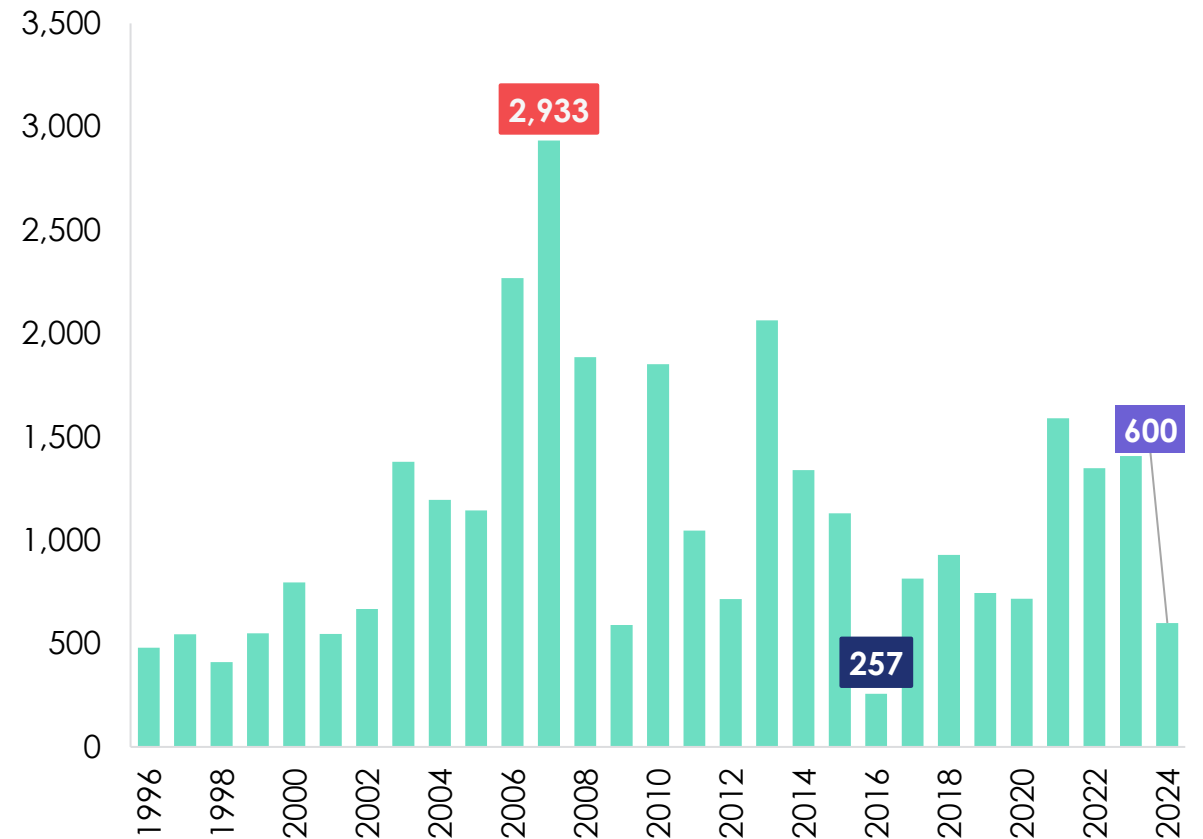
# Supply side constraints: Shipyards & Orders

Some shipyard capacity reactivation but capacity still “tight”; lead times ~3.4 years vs. ~ 2.4 years in 2020

## No. Of Active Yards



## No. Of Global Newbuilding Orders



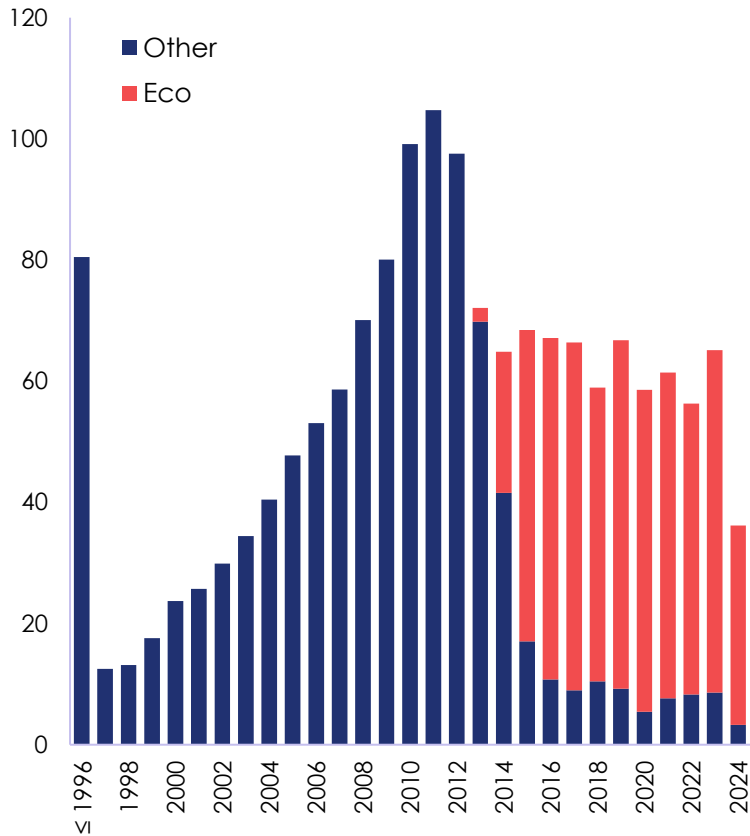
Source: Clarksons Research. Data as of July 2024. Retrospective changes to number of shipyards may occur due to late reporting and other factors. Number of yards with at least one vessel of 20,000+ dwt on order.

Source: Clarksons Research. Data as of July 2024. Retrospective changes to number of orders may occur due to late reporting and other factors. Vessels of 20,000+ dwt.

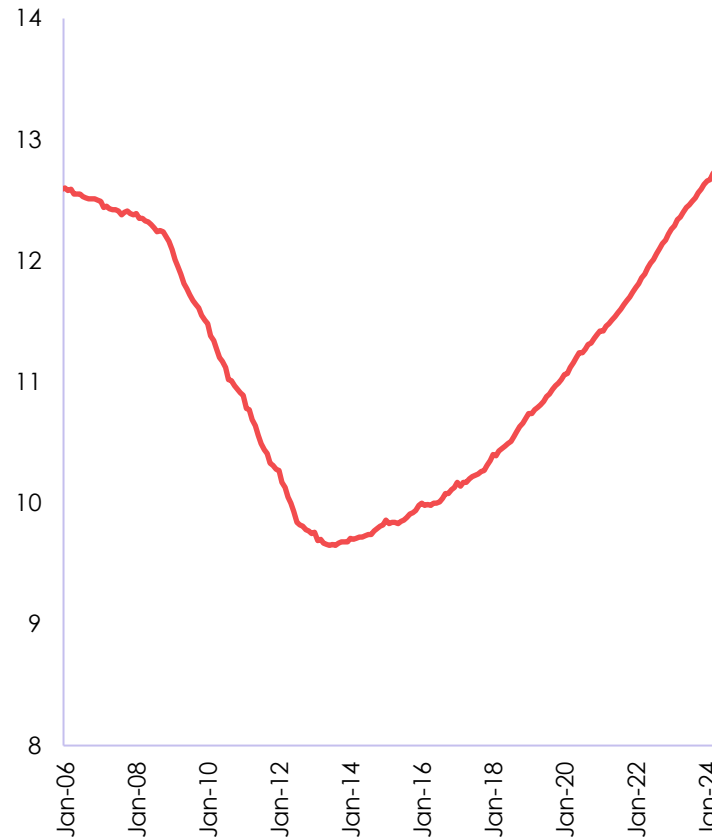
# Fleet Renewal: Ageing Fleets & Supply Side Constraints

Average fleet age increasing, around a third of fleet capacity is now over 15 years old

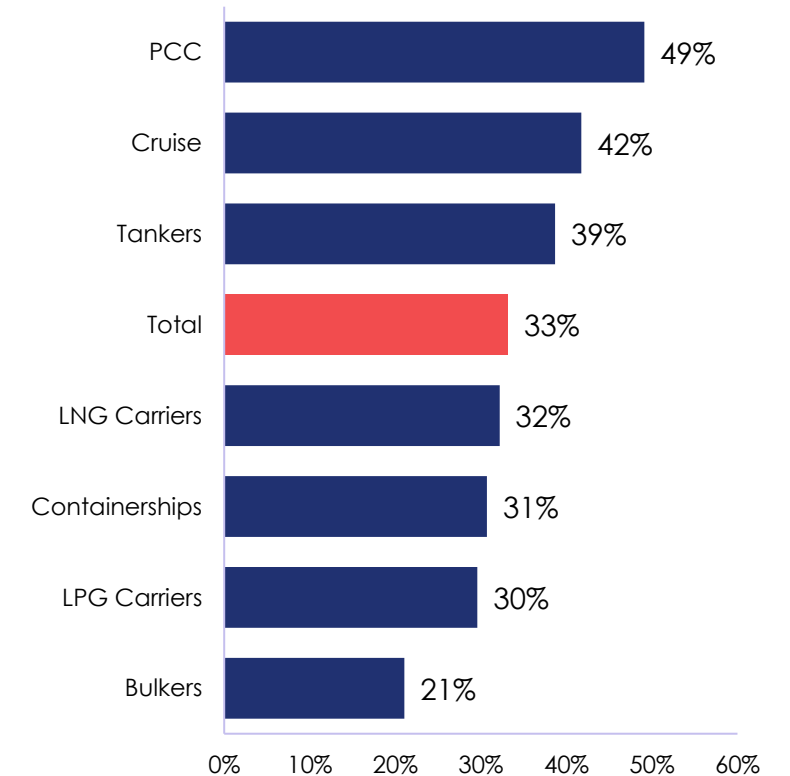
### Fleet Age Profile, m GT



### Global Fleet Avg. Age (GT Weighted)



### Proportion Of Fleet >15 Years Old

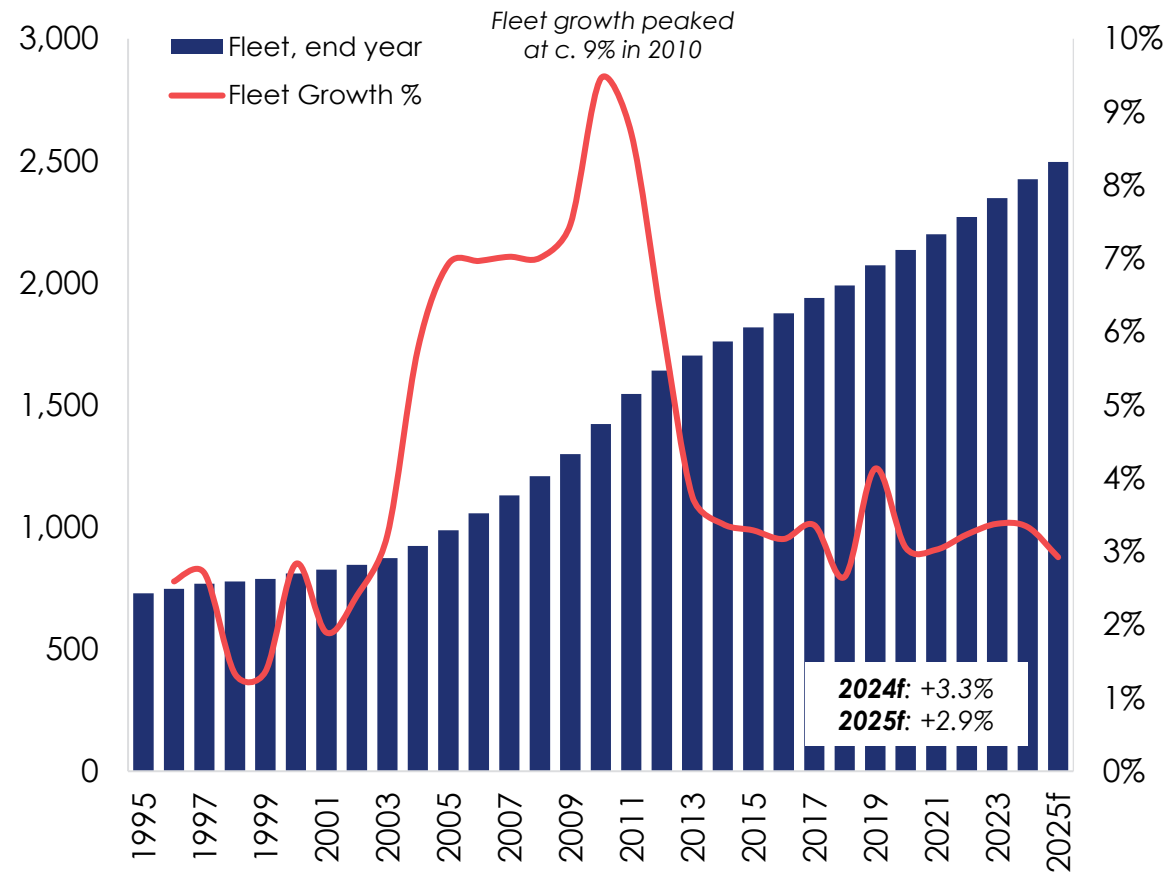


Source: Clarksons Research, July 2024. "Eco" – defined as vessel with modern electronic main engine. Average age of vessels 100+ GT. Proportion of fleet >15 years old in spec unit.

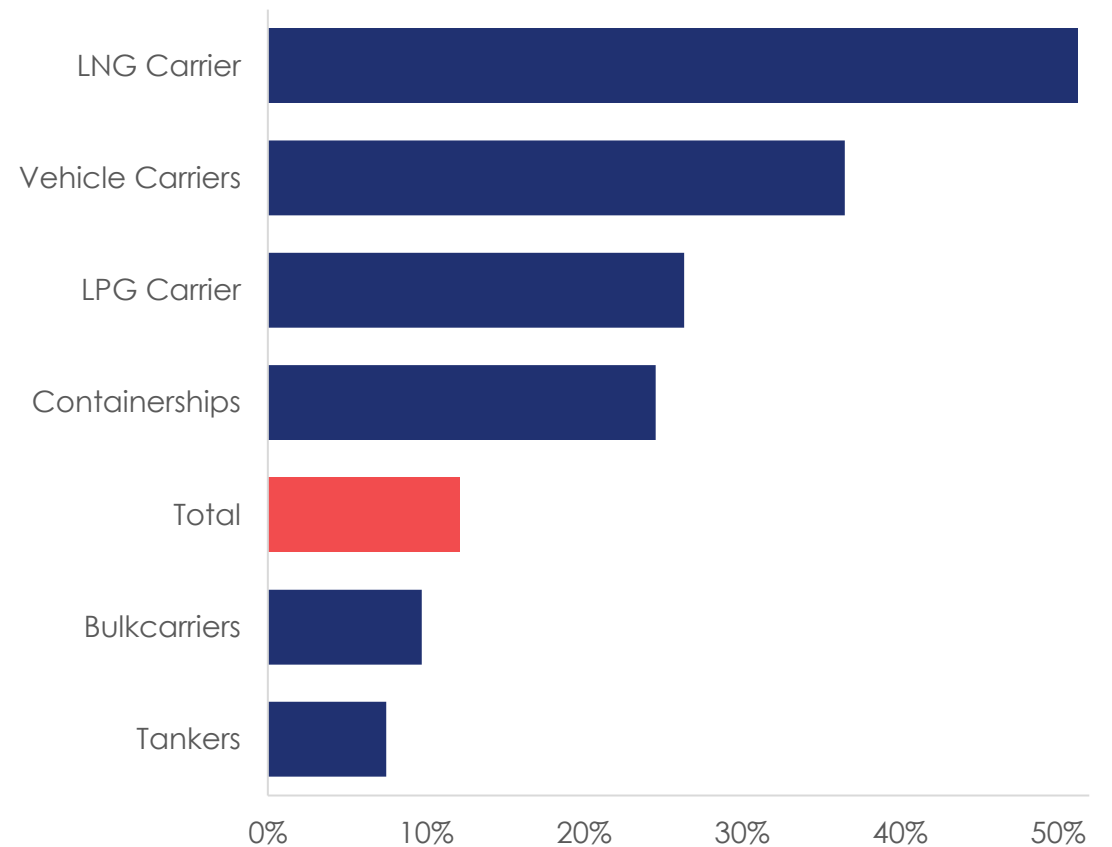
# Supply side constraints remain in key markets

total orderbook remains limited by historical standards at ~12% of fleet but uneven by sector

## Global Fleet Development, m dwt

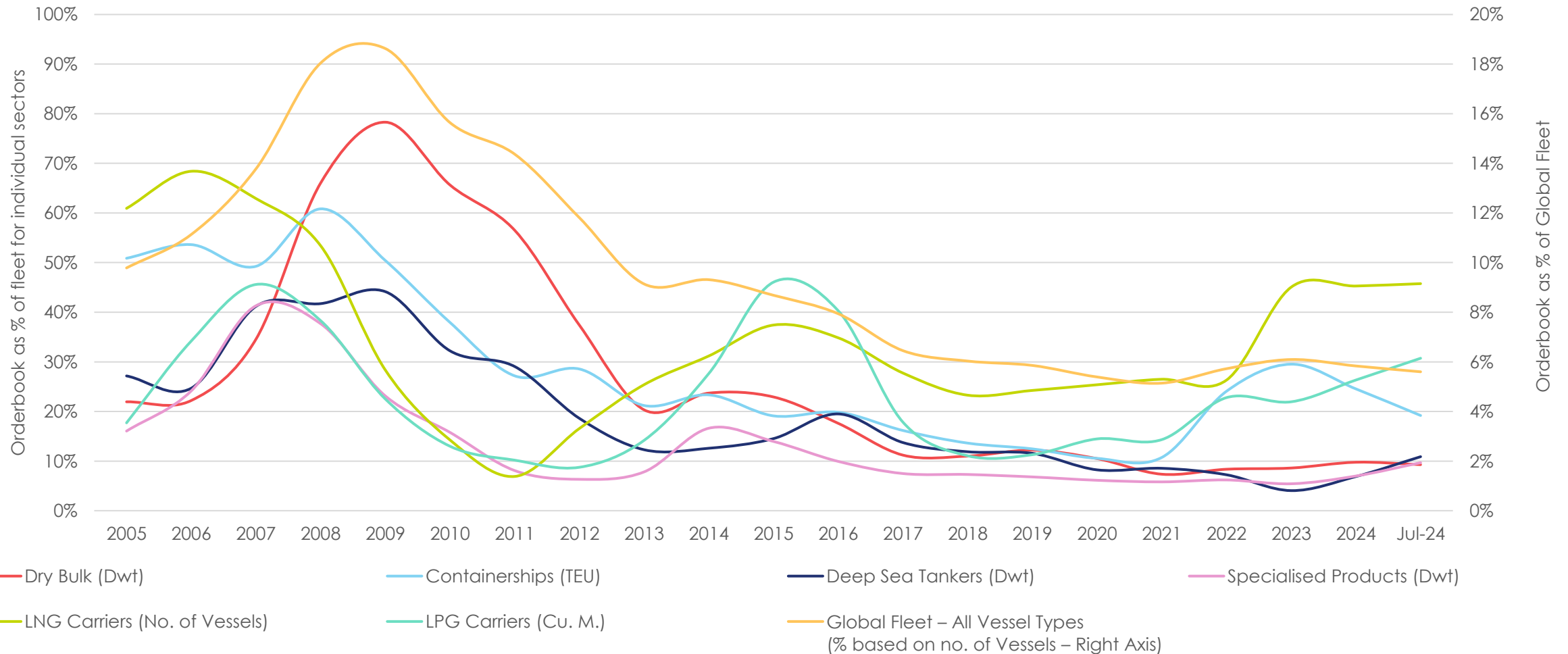


## Orderbook As A Percentage Of Fleet Capacity



Source: Clarksons Research, July 2024. Orderbook as a percentage of the fleet in terms of spec. unit by sector and dwt for global total.

# Orderbook as % of Fleet



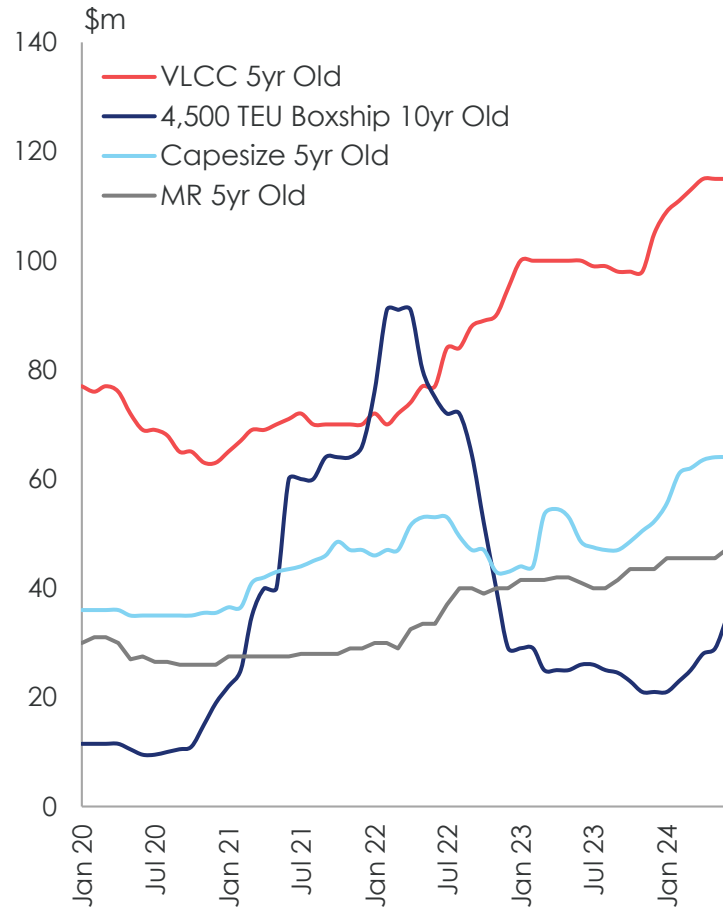
Source: Clarksons. Start of the year. Data to Jul 2024



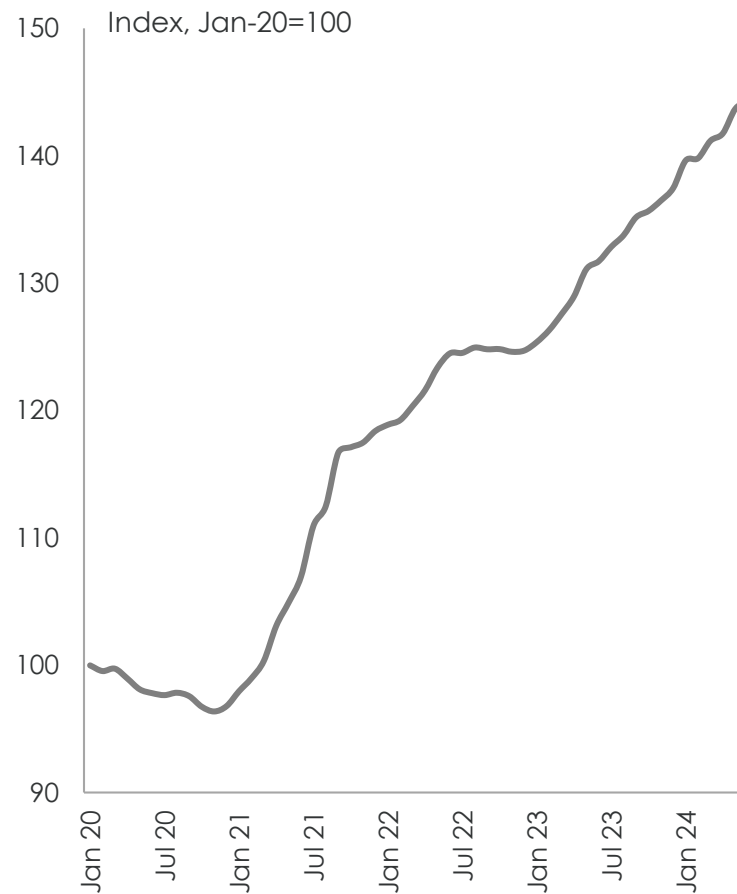
# Asset Markets: Strong Transactional Volumes, Prices Elevated

Strong S&P volumes, good flow of newbuild orders especially tankers and gas; scrap volumes low

## Secondhand Prices



## Newbuilding Price Index



## Indian Scrap Price

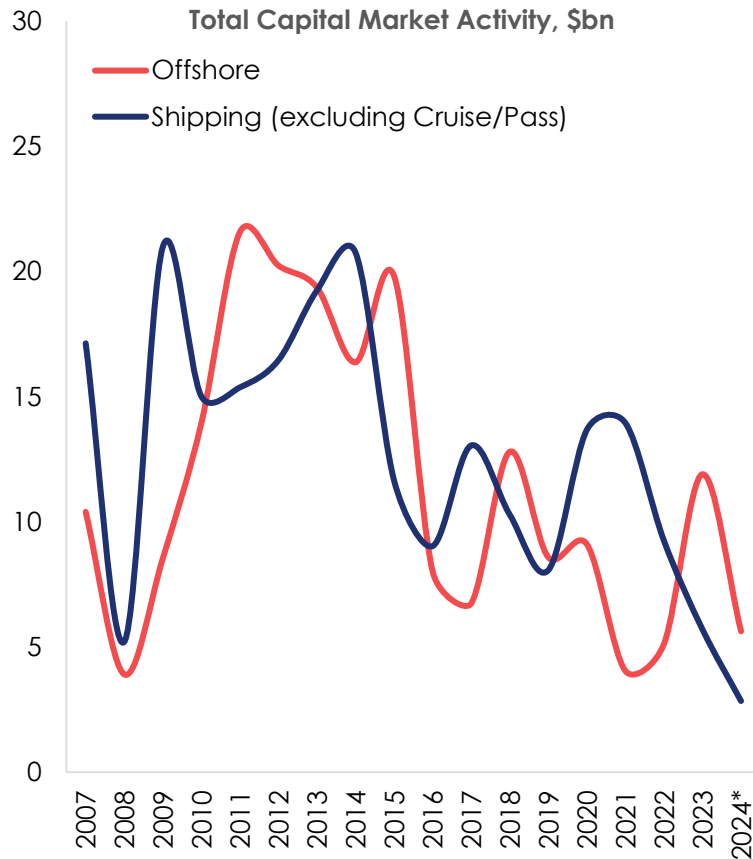


Source: Clarksons Research. Prices as at end month. Scrap price basis Capesize bulker.

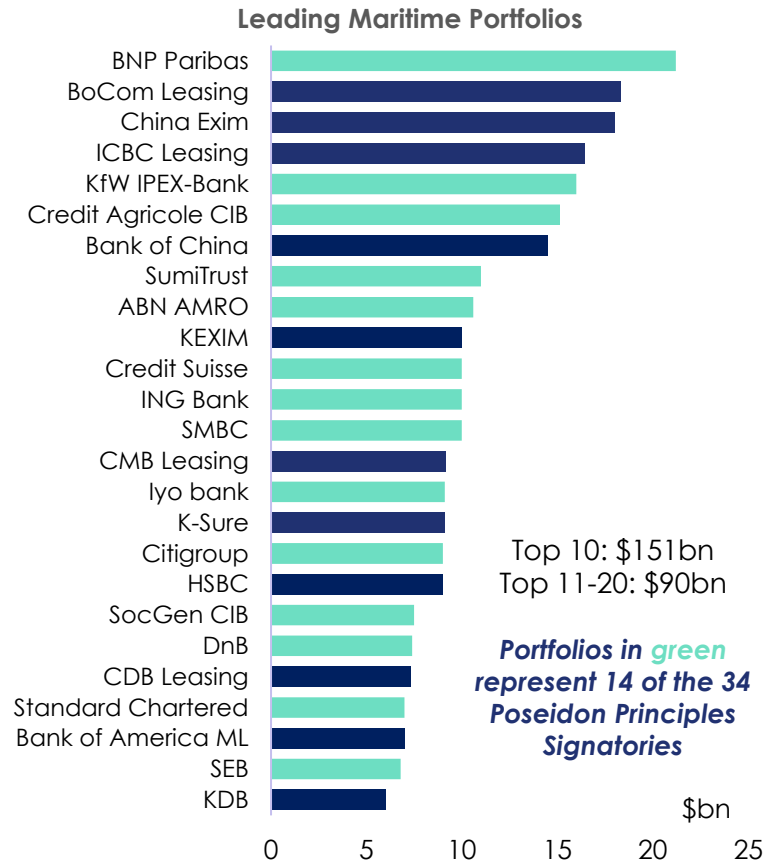
# Shipping Is Hugely Capital Intensive

Fleet & orderbook valued at ~\$2.0 trillion, finance needed for fleet renewal / green ships, capital markets slow in 1H

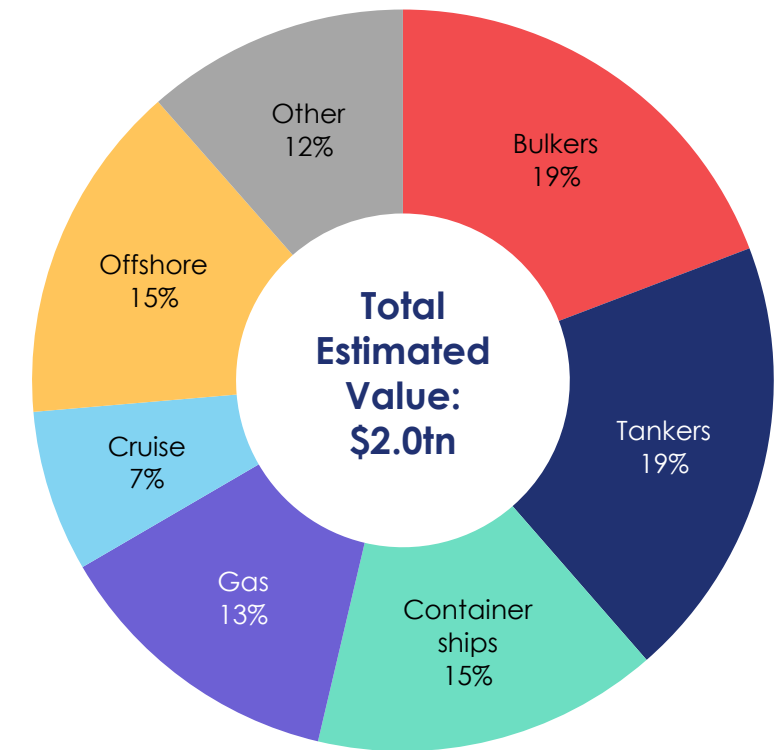
## Shipping capital markets quieter in 2023 but strong year for offshore bond market



## Continuing complexities in ship finance market



## Total world fleet and orderbook value now standing at \$2.0tn

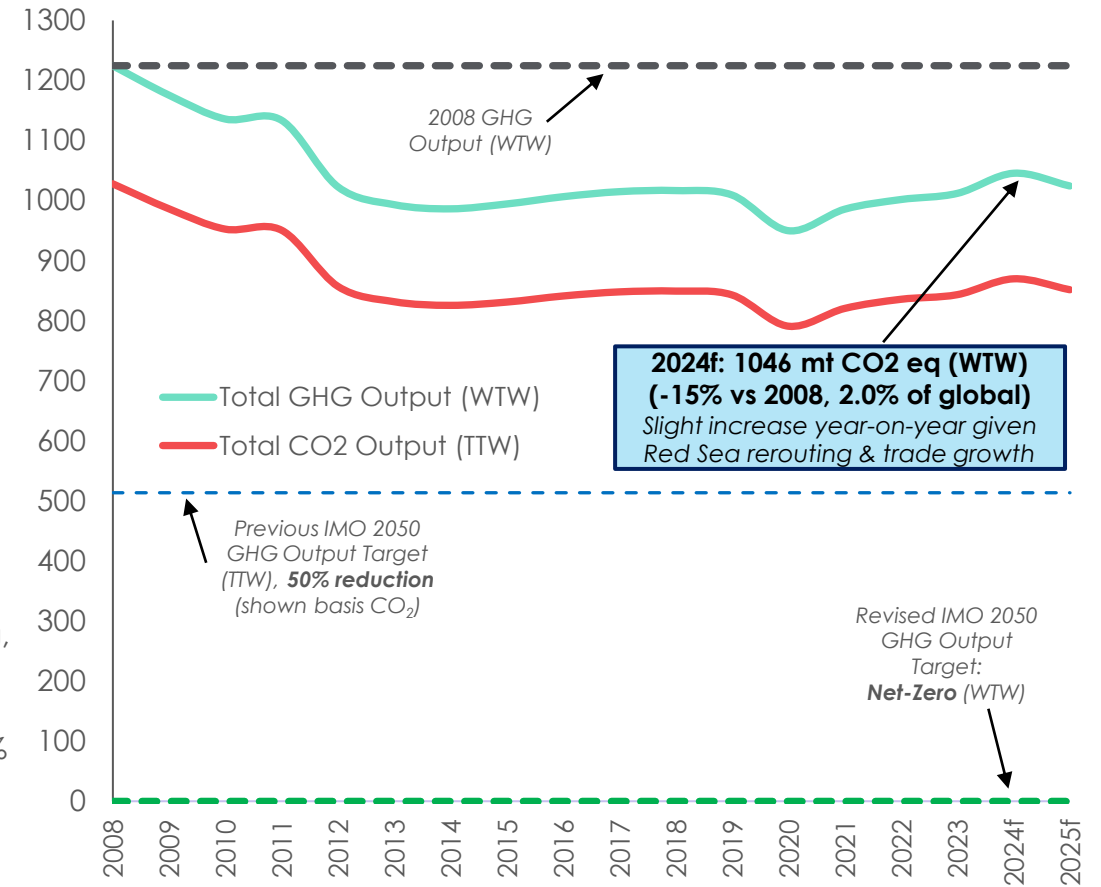
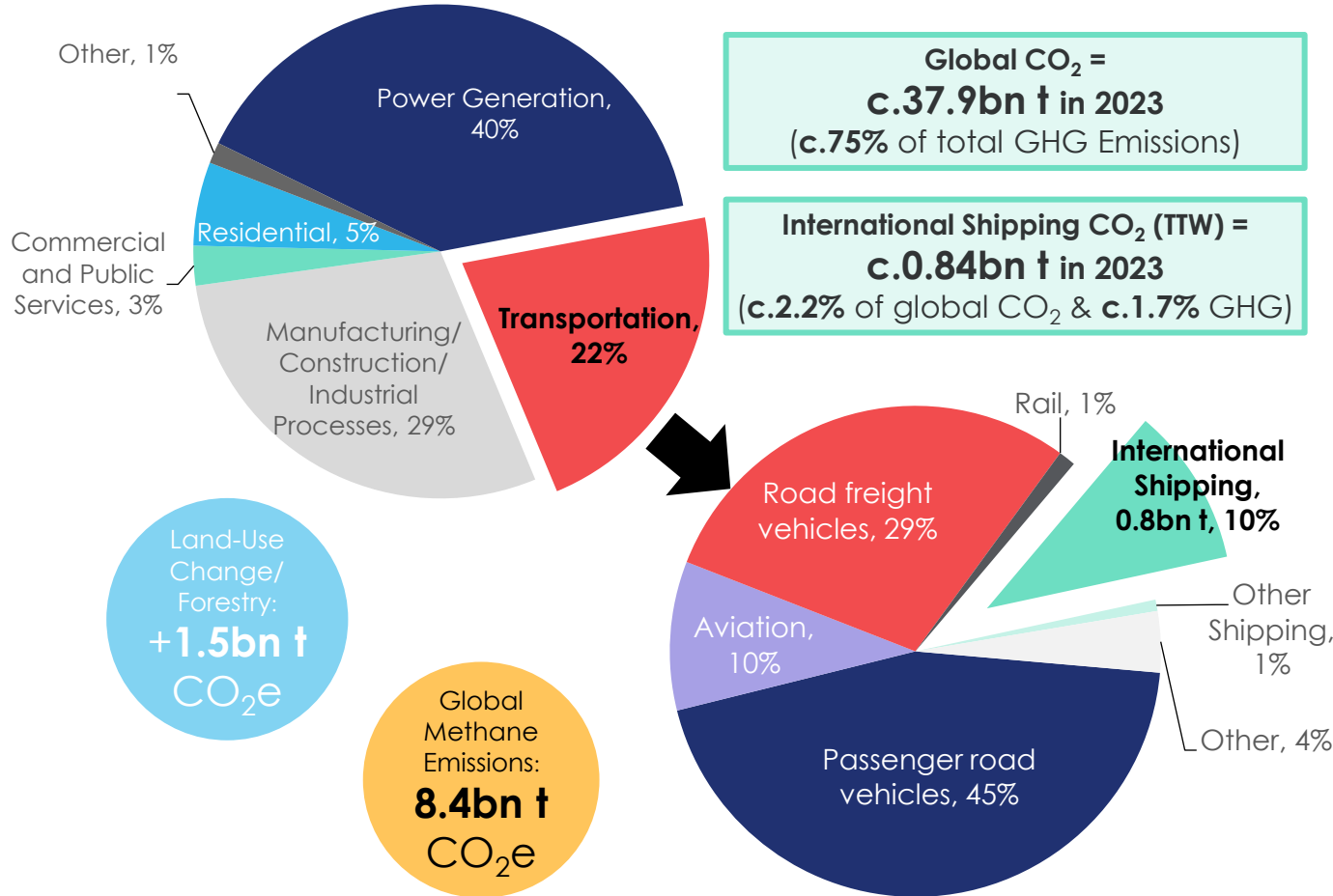


Source: Clarksons Research. \*1H 2024. Portfolios and fleet/orderbook value as at mid-2024.

# Decarbonisation Scenarios - Shipping's Emissions In Context

emissions <2008 but increasing in 2024 ; ~2% of global 'well-to-wake' GHG; very efficient vs. other transport modes

## Global CO<sub>2</sub> Emissions By Sector (2022), tonnes CO<sub>2</sub>

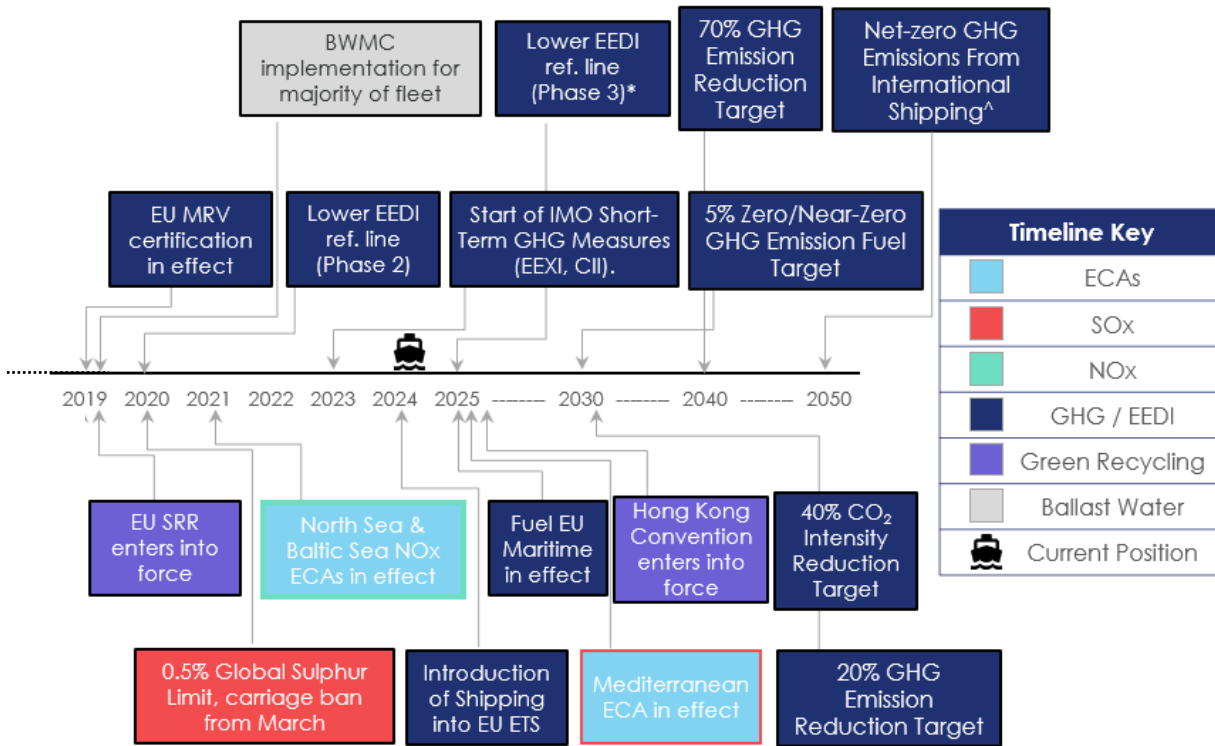


**NB.** Shipping much more efficient per tonne than road/rail/air. From 2008 to 2018, aviation CO<sub>2</sub> emissions increased by 20%, car and truck increased by 15-20% and rail declined by 10%.

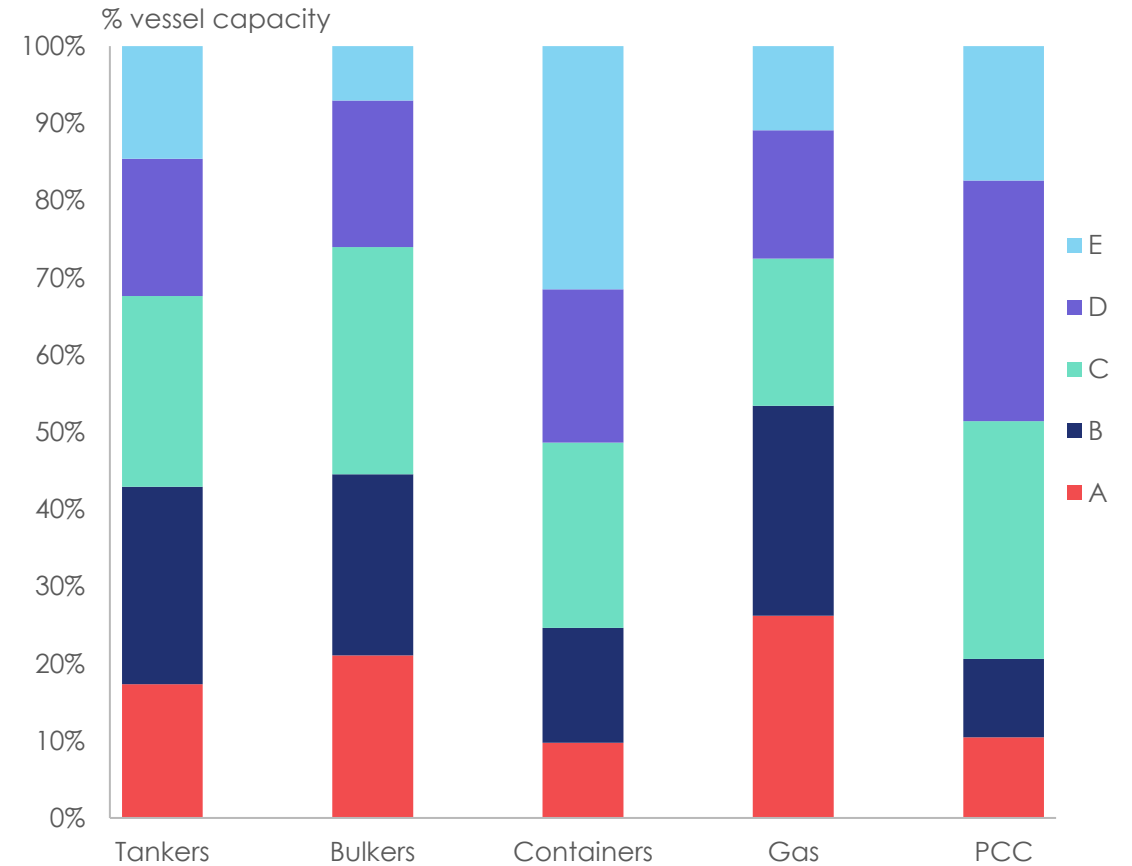
Source: Clarksons Research. World Resources Institute/Climate Watch. Global Carbon Project. IEA. Global CO<sub>2</sub> excluding LUCF.

# Fleet Renewal... Accelerating Regulatory timetable

## Regulatory Timeline Accelerating



## Deep Sea Cargo Fleet By Operational 2023 CII Rating<sup>^</sup>



Source: Clarksons Research. Data as of March 2024. <sup>^</sup>Ratings basis 2023 operational data, where AER metrics are estimated based on Clarksons Research calculations and assumptions combined with operational AIS data for the relevant period. AER estimates are subject to variations in movements data coverage.

# Accelerating Regulation: EU Emissions Trading System (ETS) & FuelEU Maritime

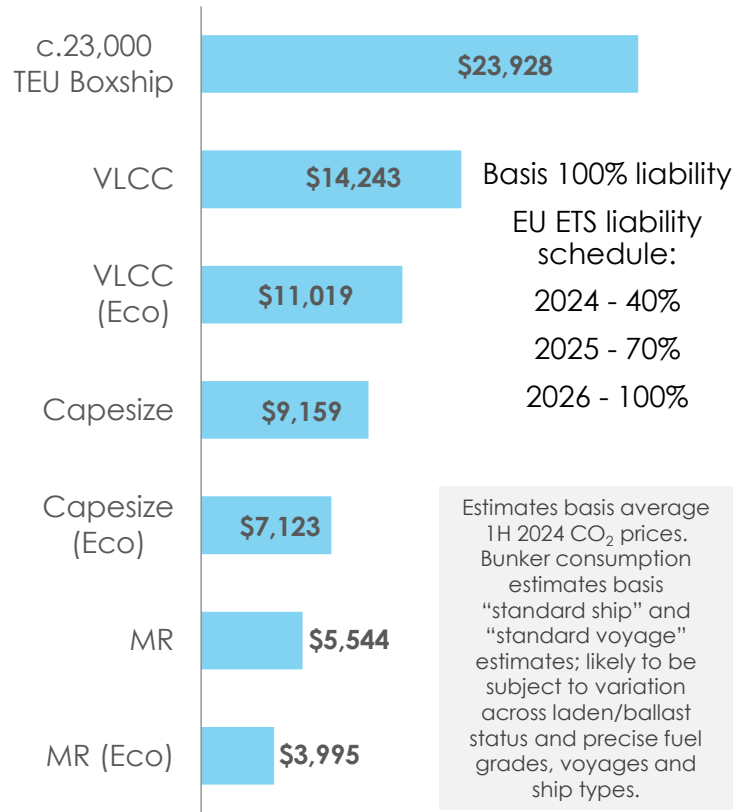
Shipping included in EU ETS from start 2024; Fuel EU Maritime will limit GHG fuel intensity on EU voyages from 2025

**Price of EU emissions allowances (EUAs) has averaged \$70/t CO<sub>2</sub> in 1H 2024...**



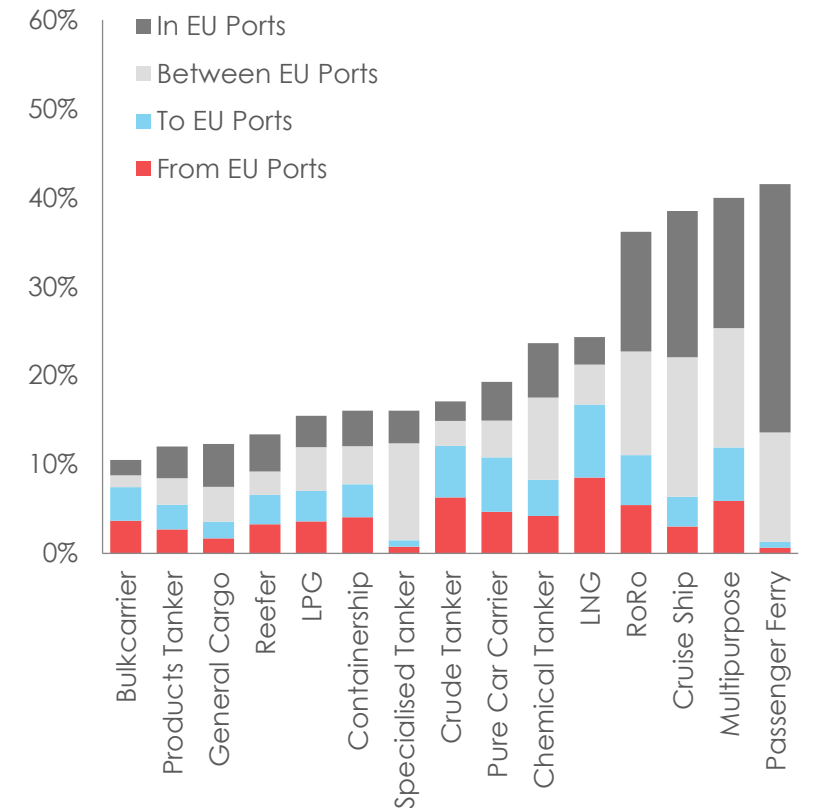
... adding costs for shipping, though ETS liability is being phased in across 2024-26...

## Estimated Additional Costs "In EU" (\$/day)



EU ETS and FuelEU Maritime more significant for some shipping sectors than others

## % Days Spent On EU Voyages, 2023\*

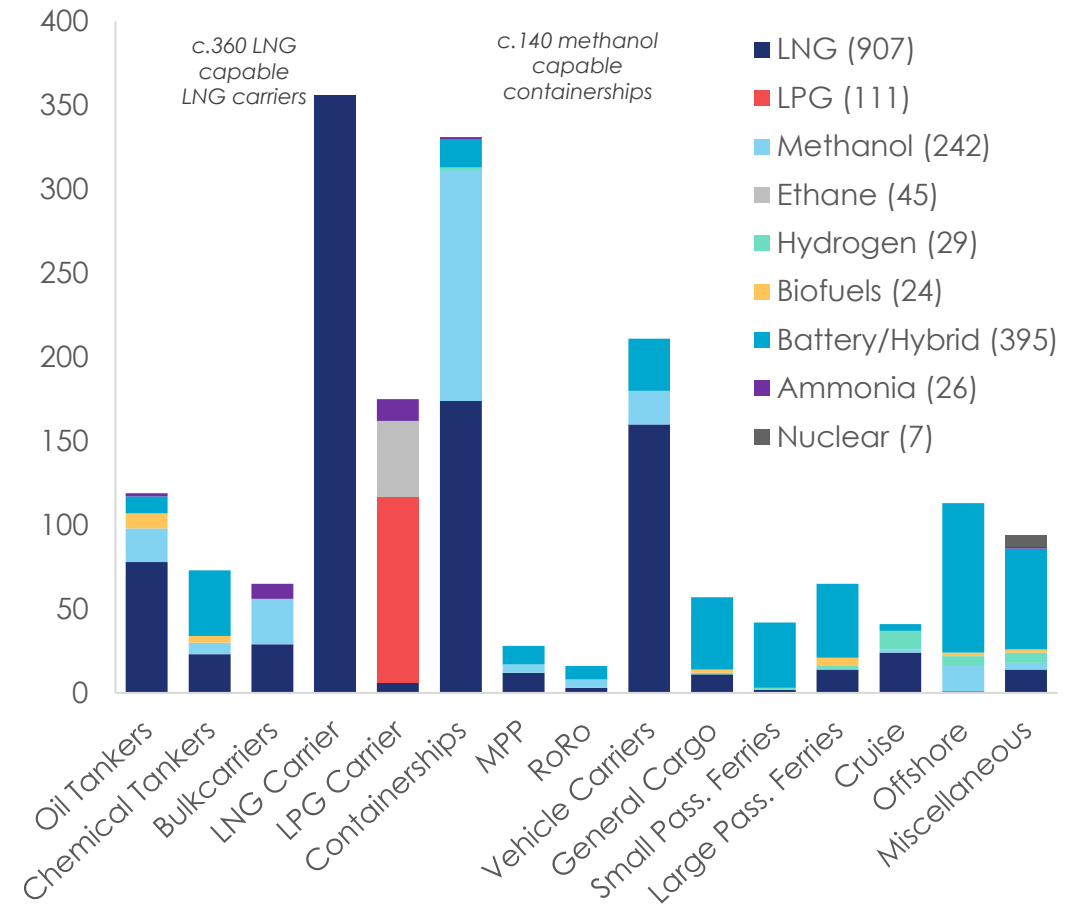
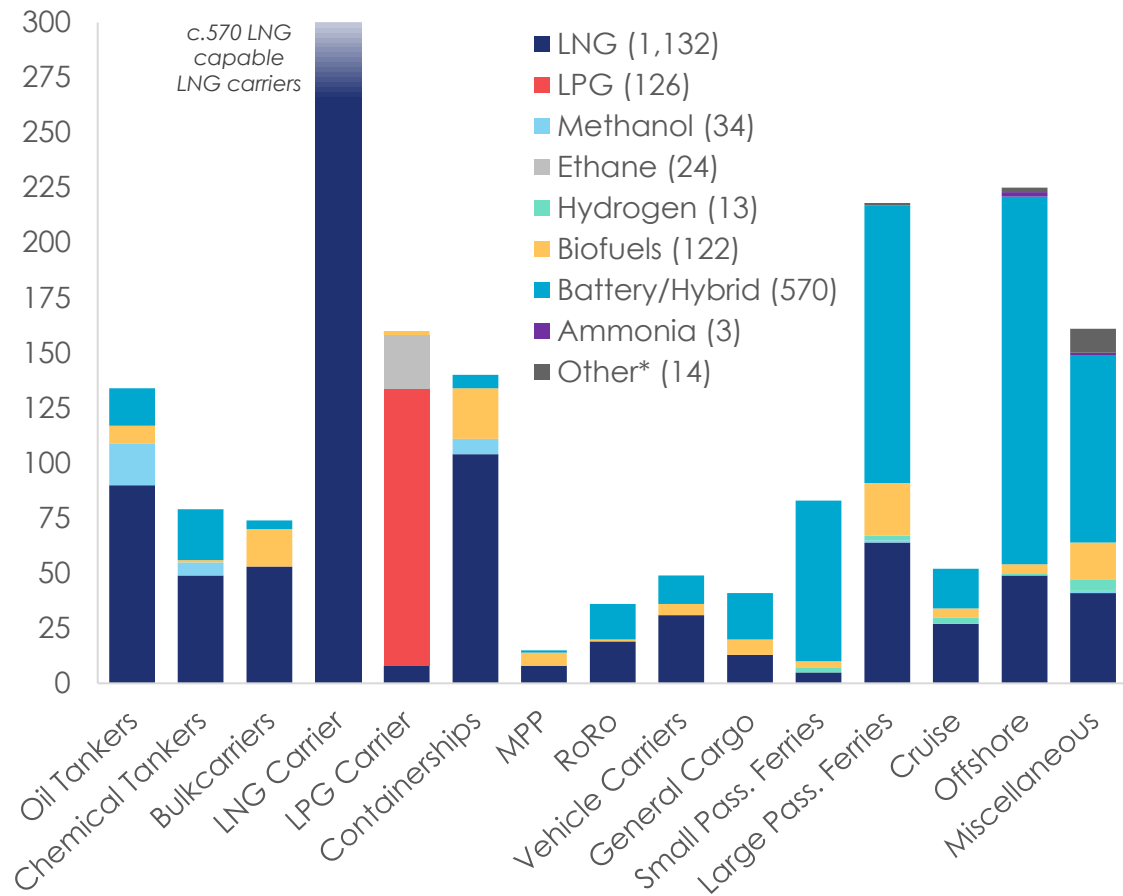


Source: Clarksons Research, July 2024. \*Basis port calls under EU jurisdiction, Norway and Iceland (as per scope of ETS). Vessels 5,000+ GT. Costs for non-eco VLCC, MR & Capesize basis c.2010-built vessel, 'eco' vessels basis c.2015-built vessel.

# Alternative Fuels: Current Uptake By Sector

LNG fuel gaining traction again but uncertainty over longer-term 'solution'

**Fleet (100+ GT) Using Alt. Fuels (~7% Of Fleet GT), No.**

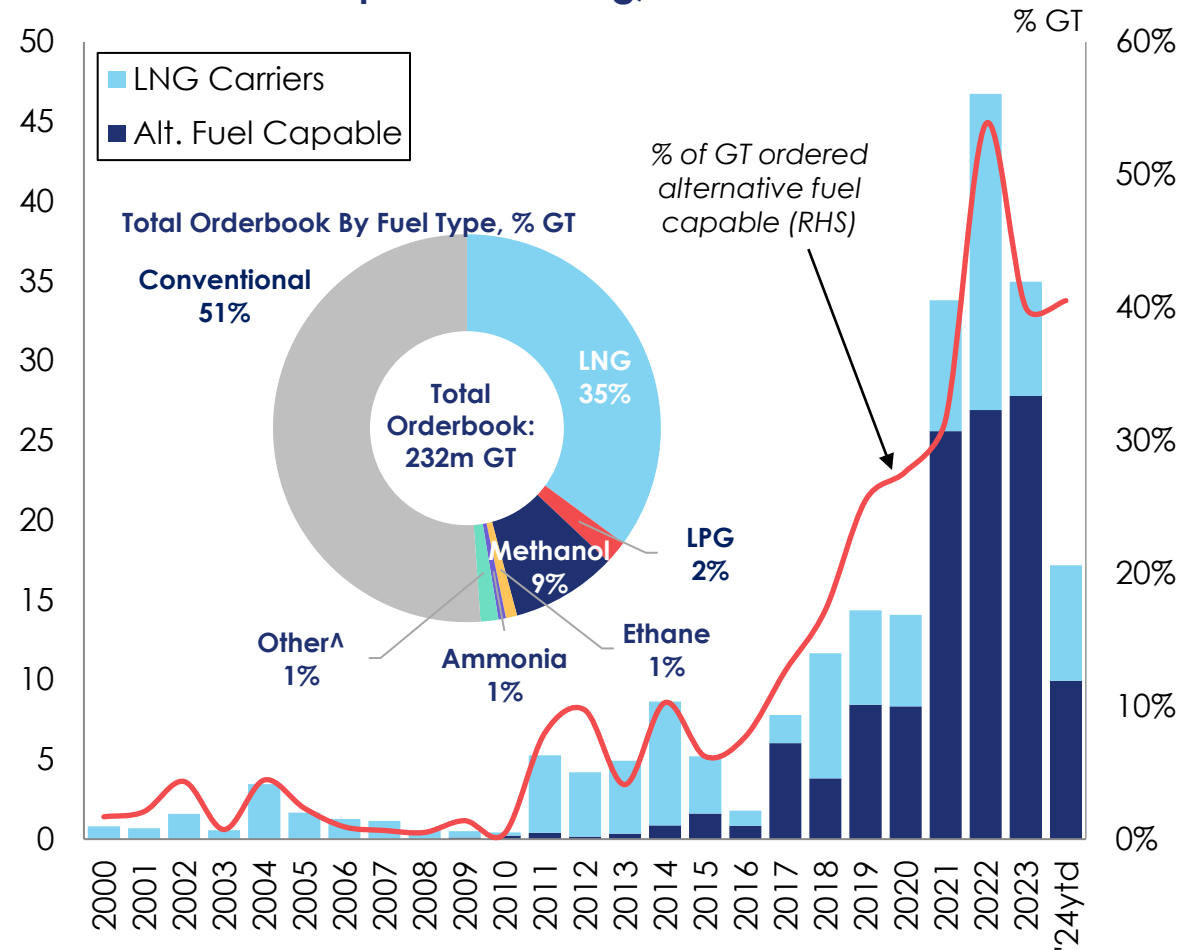


Source: Clarksons Research, Data as of 1<sup>st</sup> July 2024. Biofuel\* includes vessels reported to be using or designed for biofuels; many other vessels in the fleet are also capable of using biofuel blends. All ethane fuelled vessels are VLECs or 'multigas' carriers. \*Other includes nuclear and CNG capable vessels.

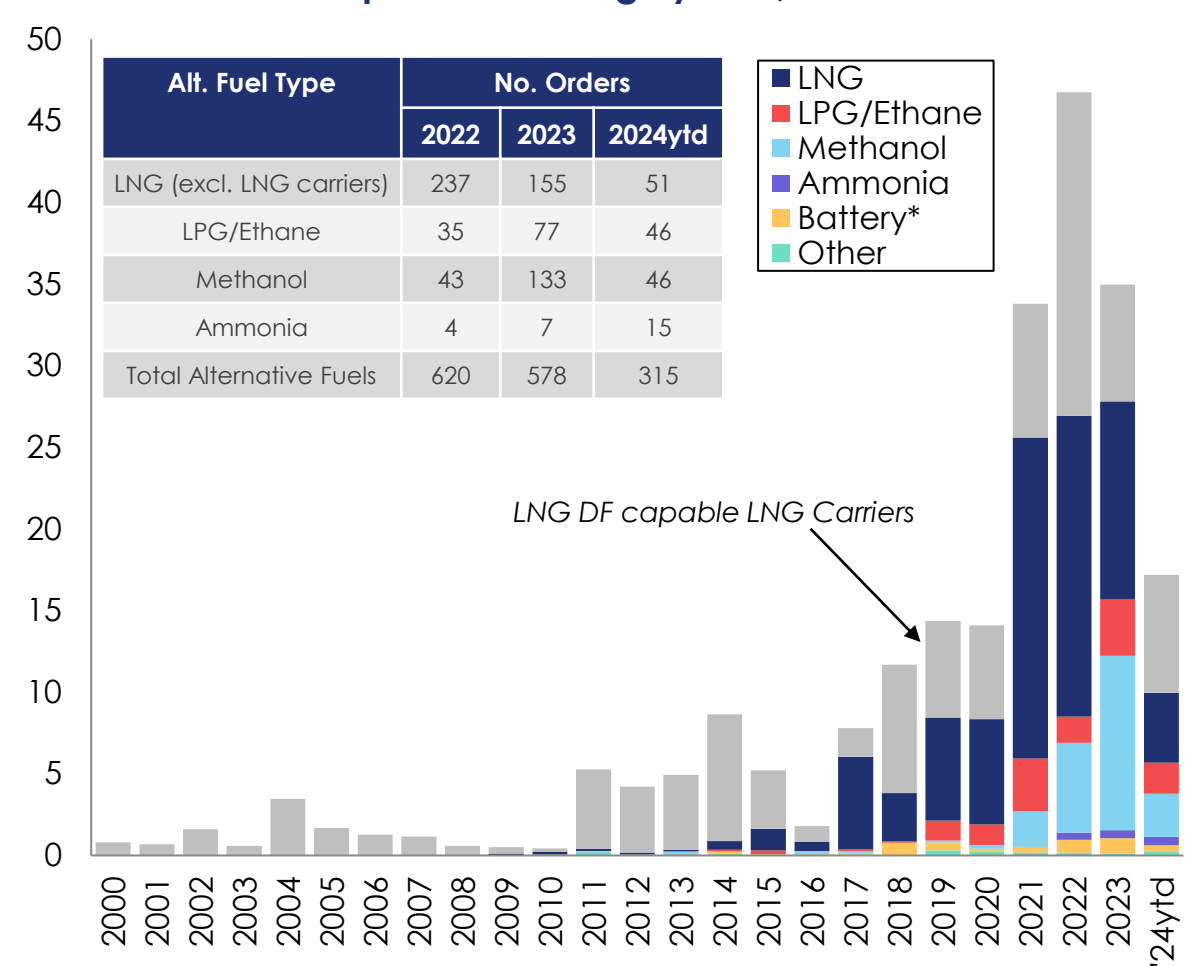
# Alternative Fuels: Investment Continuing

Alternative fuel vessels account for >40% of GT ordered this year, down slightly on 2022

## Alternative Fuel Capable Ordering, m GT



## Alternative Fuel Capable Ordering By Fuel, m GT



Source: Clarksons Research. July 2024. Vessels 100+ GT. \*Battery excludes ships with alternative fuel capabilities. Note: Totals exclude ships using biofuels. ^Other includes hydrogen, nuclear and battery/hybrid.

# Outlook



**Andi Case**  
Chief Executive Officer



# Outlook

## Tailwinds vs Headwinds

### Headwinds / global factors

#### Sentiment

Global GDP contraction?

Inflation?

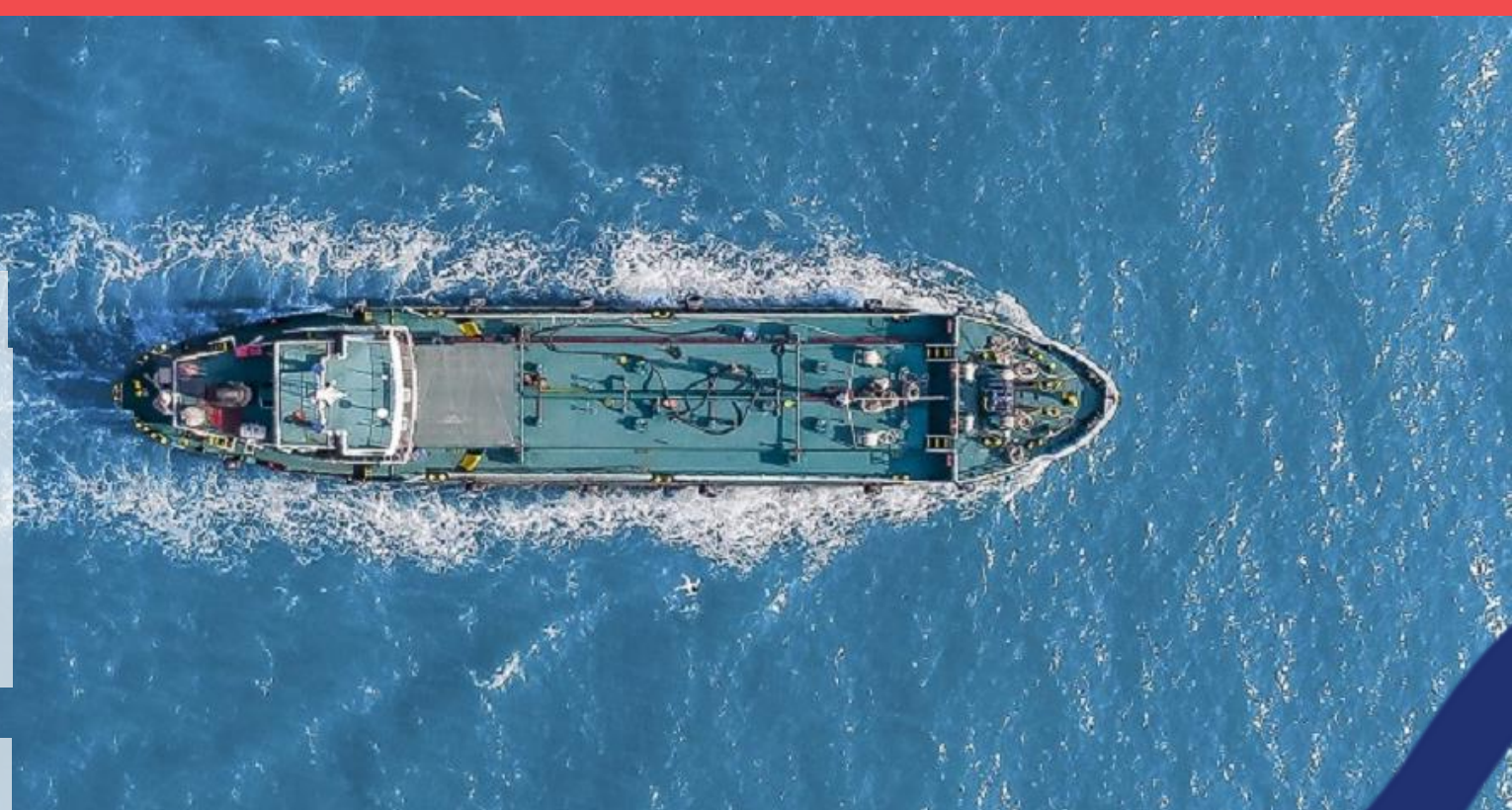
#### Geopolitical

Conflicts – how long and how deep?

Elections

#### Exchange rate

USD vs GBP, NOK...  
**Headwind?**



### Tailwinds

#### Markets

#### Supply side challenged

- Lack of finance
- Shipyard sustainability
- Design evolution
- Inflation
- X Factors

#### Regulation & Client GHG Focus

- 2030
- 2050

#### Renewables & Energy mix

Growing global market requiring maritime skills-  
Energy security



#### Company

#### Forward order book

Developing through the year

#### Financial Position

Cash generative  
Debt Free  
22<sup>nd</sup> year of Progressive Dividend Policy



**CLARKSON PLC**

**Thank you**

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