CLARKSON PLC

Results Presentation

31 December 2022

Andi Case & Jeff Woyda

6th March 2023

CLARKSON PLC

Financial results

Jeff Woyda
Chief Operating Officer &
Chief Financial Officer

Another record financial performance

Strong cash generation enables our progressive dividend policy which is now in its 20th year.

Results summary

To 31 December

	2022 £m	2021 £m	
Revenue	**603.8**	443.3	+36.2%
Underlying profit before taxation (Before acquisition related costs)	**100.9**	69.4	+45.4%
Acquisition related costs	**(0.8)**	(0.3)	
Profit before taxation (after acquisition related costs)	**100.1**	69.1	+44.9%
Underlying earnings per share (Before acquisition related costs)	**250.3p**	165.6p	+51.1%

Segmental performance

Revenue, profit and margin

	Revenue 2022 £m	Revenue 2021 £m	**Profit 2022 £m**	Profit 2021 £m	**Margin 2022**	Margin 2021
Broking	**495.5**	340.0	**117.6**	73.6	**23.7%**	21.6%
Financial	**49.8**	56.0	**7.8**	13.3	**15.7%**	23.8%
Support	**39.0**	29.6	**5.0**	3.3	**12.8%**	11.1%
Research	**19.5**	17.7	**7.0**	6.1	**35.9%**	34.5%

USD v GBP Exchange Rate

GBP 1 is worth the following in USD

	2022	2021
Arithmetic average for the year	**1.2300**	1.3760
Spot rate at year end	**1.2057**	1.3496

Sea/ related IT costs
To 31 December

	2022 £m	2021 £m
Items taken to income statement		
Non capitalized items (**Sea/** only)	**(9.2)**	(8.5)
Amortisation	**(4.0)**	(1.4)

	2022 £m	2021 £m
Software-related intangible assets as at 1 January	**17.1**	15.6
Additions	**2.0**	2.9
Amortisation	**(4.0)**	(1.4)
Software-related intangible asset as at 31 December	**15.1**	17.1

The intelligent marketplace for fixing freight

Key areas of progress 2022

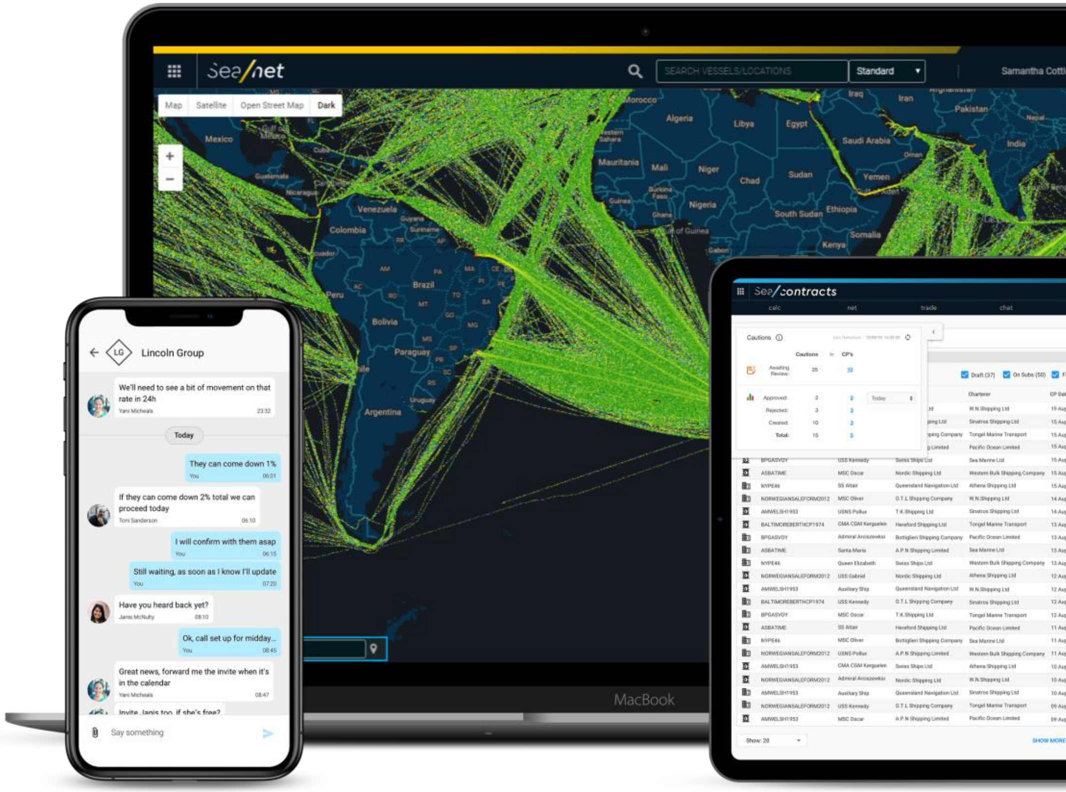
- Experienced management team in place
- Global presence – UK, Singapore, Denmark, Sweden, UAE, USA & Poland
- 30% of estimated fixture volume in Dry & Wet recaps & CP’s
- Over 37,000 fixtures annually
- Over 500 broker clients
- 80% of seaborne iron ore volumes
- Enhancement of functionality re GHG emissions
- ISO 27001 certified

M&A Completed

- Settapp – a maritime software development resource in Poland
- Chinsay – a predominantly dry cargo focussed contract management solution

Targets for 2023

- Launch trading solution for
  - Coal, Grains and other dry bulk markets
  - One additional major trading segment
- Significant increase in client adoption and ARR by December 2023



Balance sheet

At 31 December

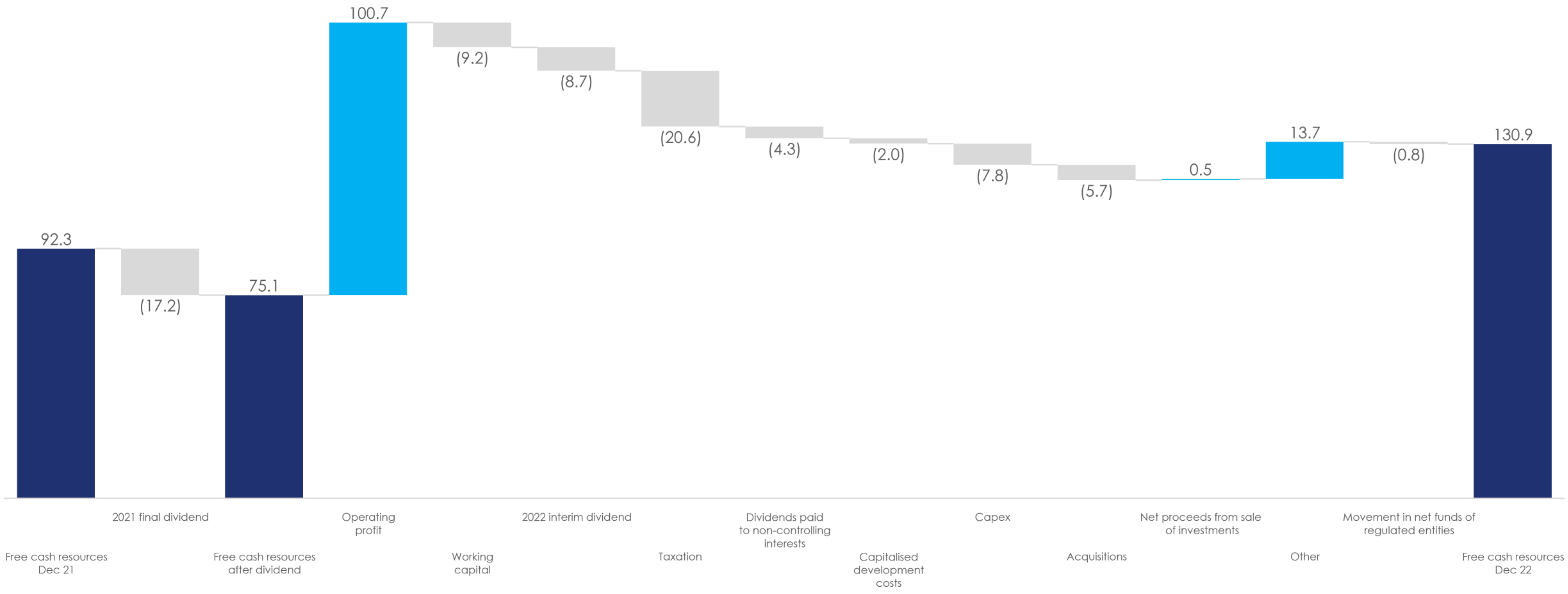
	2018 £m	2019 £m	2020 £m	2021 £m	**2022 £m**
Tangible fixed assets	29.3	28.9	28.6	24.7	**29.1**
Intangible fixed assets (software only)	5.4	9.9	15.6	17.1	**15.1**
Investments (relating to convertible bonds)	6.7	6.7	5.5	0.7	**0.4**
Investments (other)	4.8	4.8	2.9	1.0	**1.2**
	46.2	**50.3**	**52.6**	**43.5**	**45.8**
Working capital	18.9	14.0	10.4	19.1	**19.8**
Net available funds	73.4	84.7	95.4	122.3	**161.7**
	92.3	**98.7**	**105.8**	**141.4**	**181.5**
Pensions	14.0	11.0	12.0	22.0	**15.4**
Deferred tax	2.2	3.1	1.8	(0.5)	**7.5**
Leases	(8.1)	(10.8)	(11.1)	(10.9)	**(10.8)**
Net assets before intangibles	**146.6**	**152.3**	**161.1**	**195.5**	**239.4**
Intangibles (excluding software above)	288.0	228.3	167.3	166.1	**173.8**
Net assets	**434.6**	**380.6**	**328.4**	**361.6**	**413.2**

Net available funds and free cash resource

	31 December 2022 £m	31 December 2021 £m
Cash and cash equivalents	**384.4**	261.6
Interest-bearing loans and borrowing	**-**	-
Current investment deposits	**3.1**	9.6
Net cash equivalents	**387.5**	**271.2**
Reserved for bonus (full cost)	**(225.8)**	(148.9)
Net available funds	**161.7**	**122.3**
Held by regulatory businesses	**(30.8)**	(30.0)
Free cash resources	**130.9**	**92.3**

Movement in free cash resources

1 January 2022 to 31 December 2022



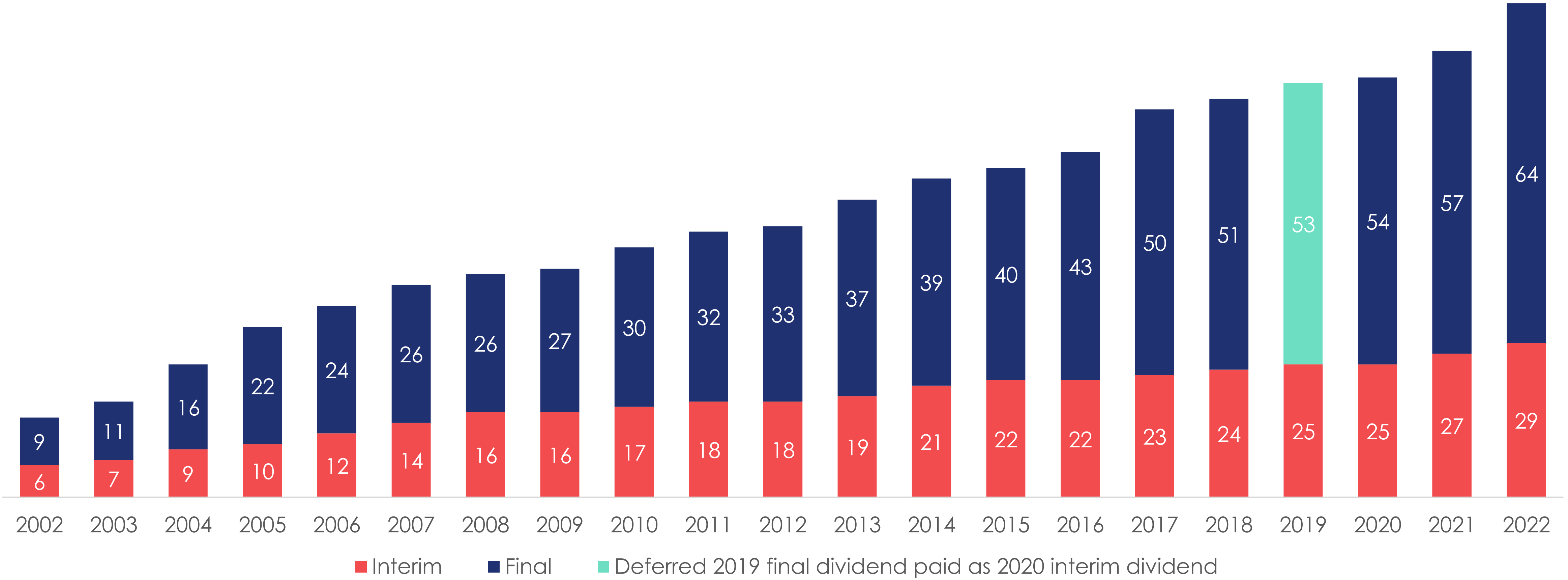
Forward Order Book (FOB)

For invoicing in the following year only

	2022 for 2023 US $m	2021 for 2022 US $m
Directors' best estimate of deliverable FOB	**216**	165

Dividend history

20 years of progressive dividend



CLARKSON PLC

Our markets

Andi Case
Chief Executive Officer

2022 was a year of massive change and complexity.

Clarksons rose to the challenge whilst also positioning itself well for the near and mid term.

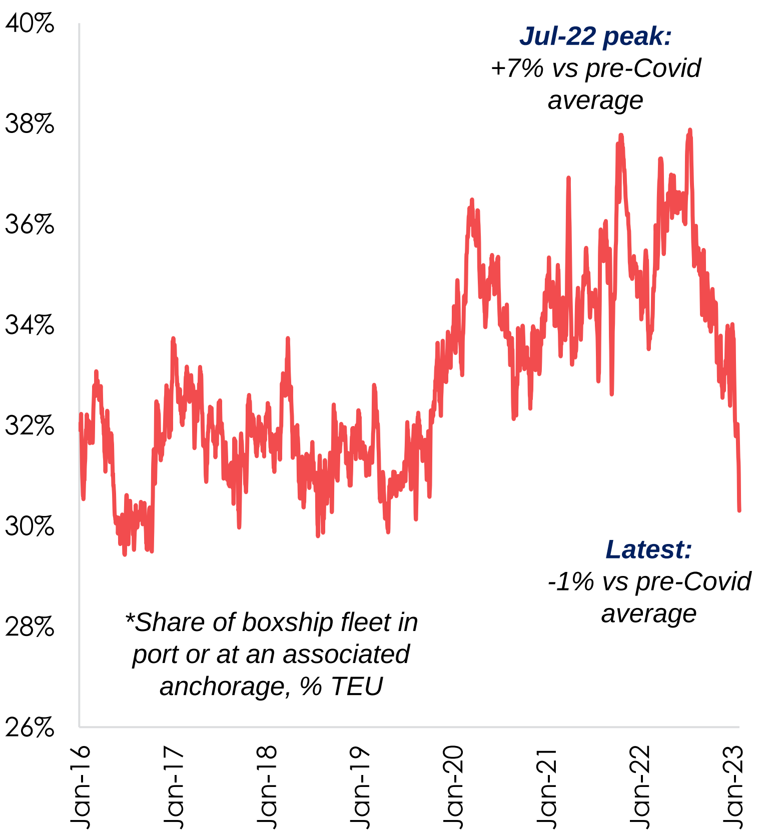
Key market Dynamics 2022

- **Covid** – congestion and unravelling
- **Russian / Ukraine** – trade flows and energy security
- **Green Transition and regulation**

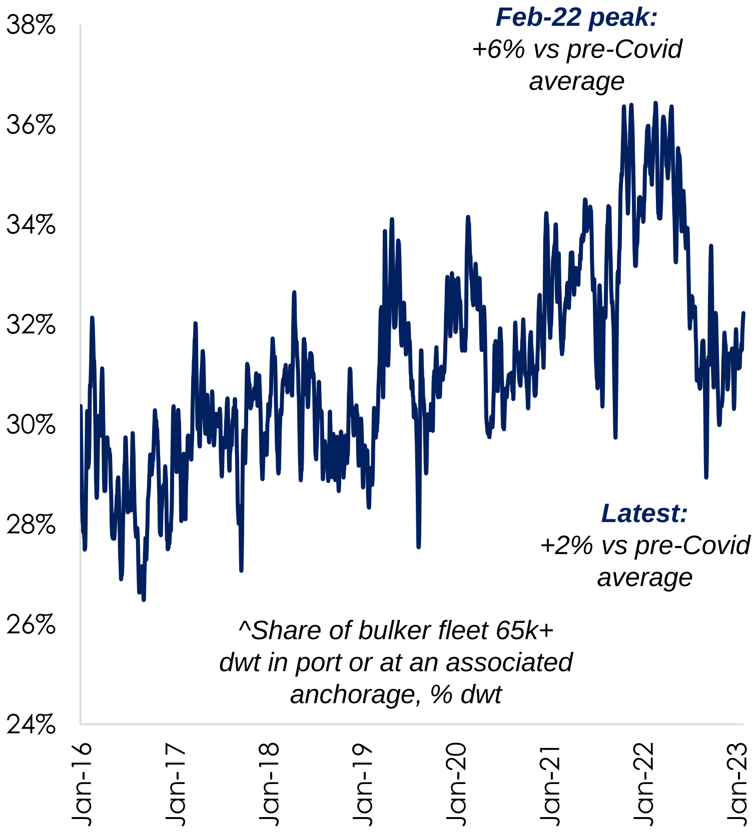
Congestion Easing

Containership port congestion back to pre-Covid levels, bulker and PCC congestion 4% below peak

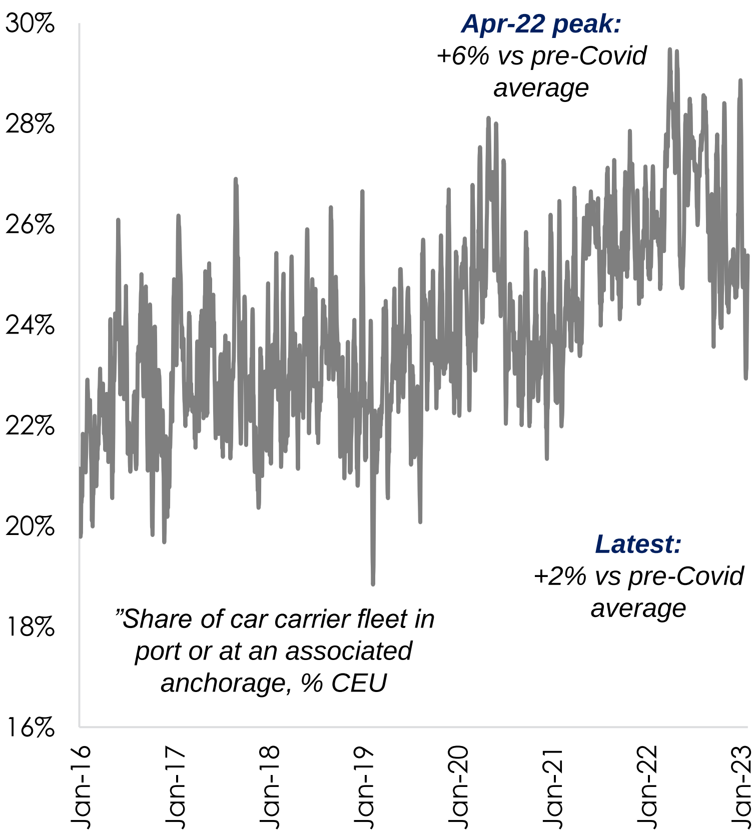
Containership Congestion Index*, % TEU



Bulkcarrier Congestion Index^, % dwt



Car Carrier Congestion Index", % CEU

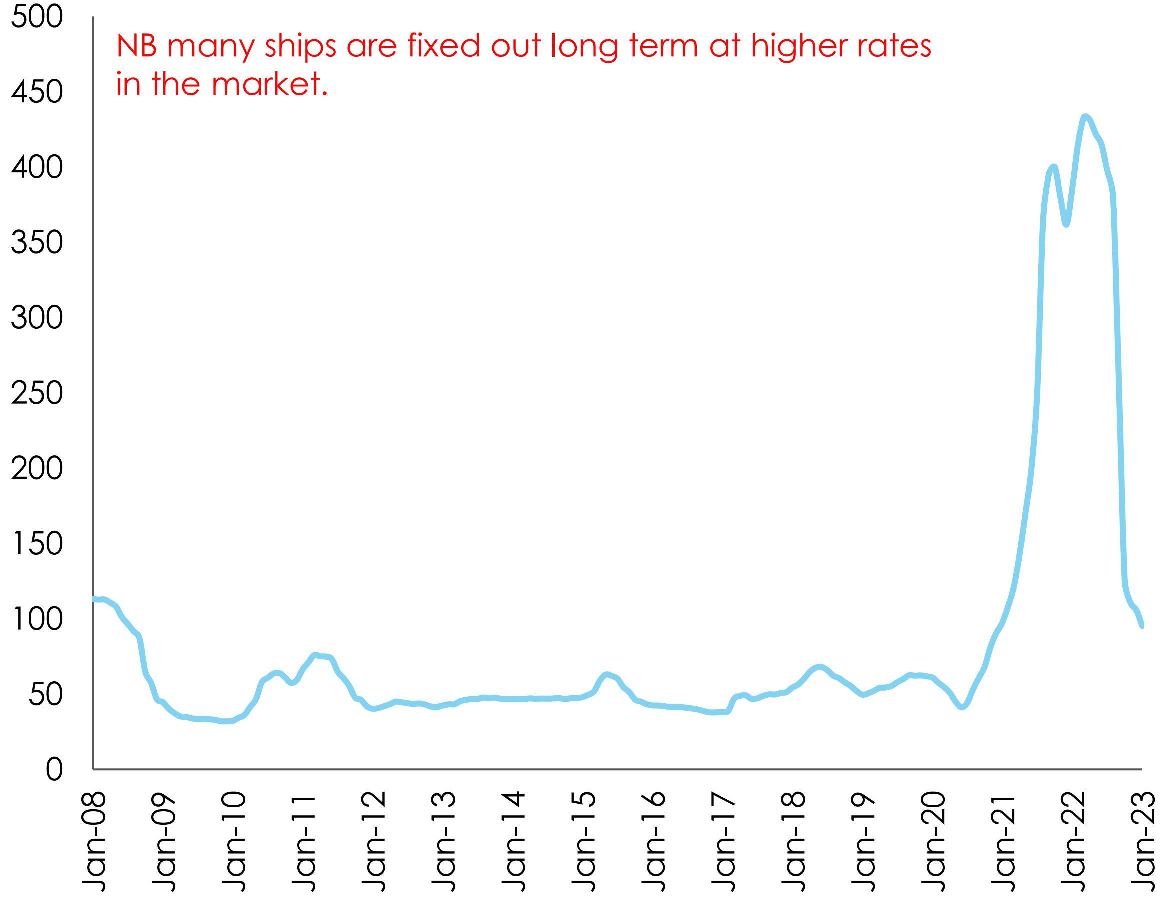


Source: Clarksons Research. Data based on the proportion of vessels in the fleet in a defined port or anchorage location based on vessel's closest to midday AIS signal on the date specified. Where a vessel has not transmitted on a particular day, the last position transmitted within the previous 30 days is used. Excludes vessels last seen 30 or more days ago from the date specified.

Container Shipping Market Trends

Major softening in freight and charter rates, back into 'normal' territory from previously extraordinary (record) levels

Containership Charter Rate Index



Spot Container Freight Rate Index (SCFI)

Source: Clarksons Research, Shanghai Shipping Exchange

Baltic Dry Market impacted by macro factors

Pandemic, War in Ukraine, Energy crunch & inflation…….

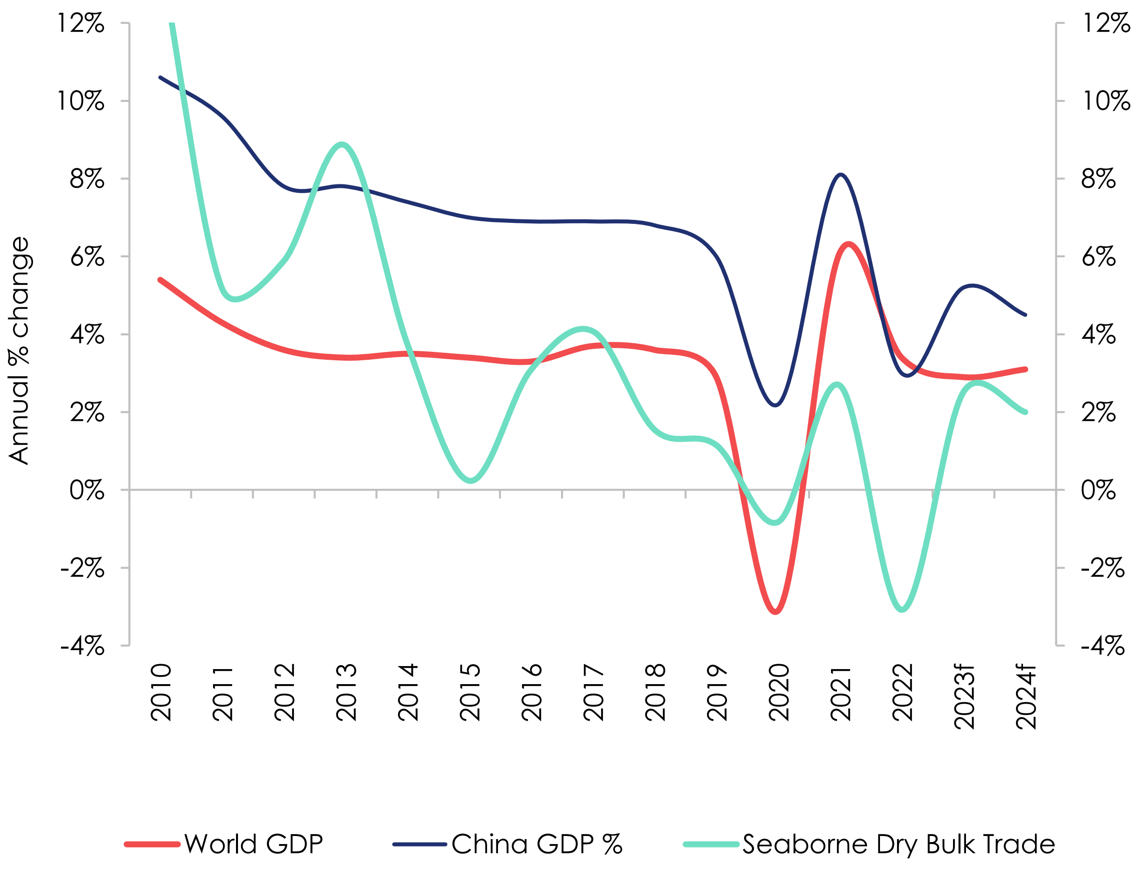
Baltic Dry Bulk Index (BDI) vs Dry Bulk Seaborne Trade

Source: Baltic Exchange

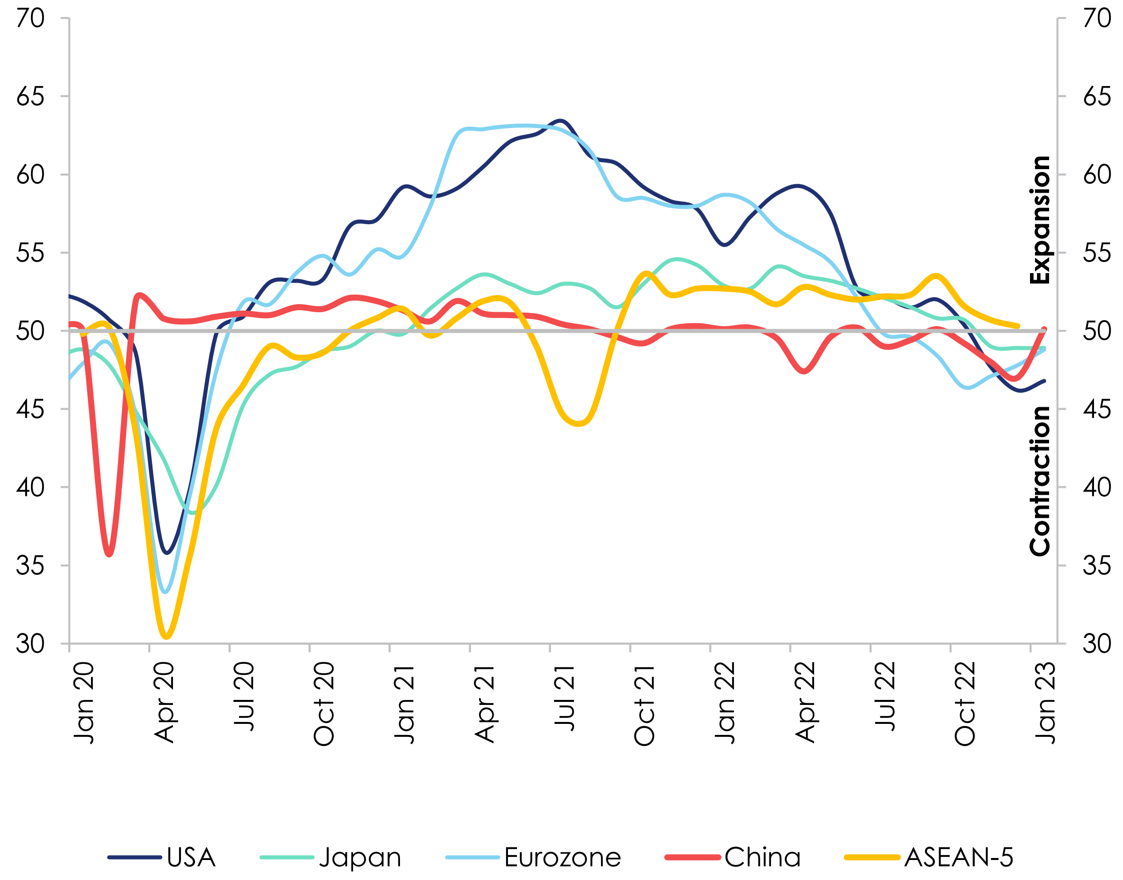
China's economic rebound to underpin growth in the dry bulk sector

Beijing's commitment to growth will drive Asian industrial demand recovery while contraction in EU & USA slows

GDP Growth & Dry Bulk Seaborne Trade Growth



Manufacturing PMI's in 4 Big Economies & ASEAN

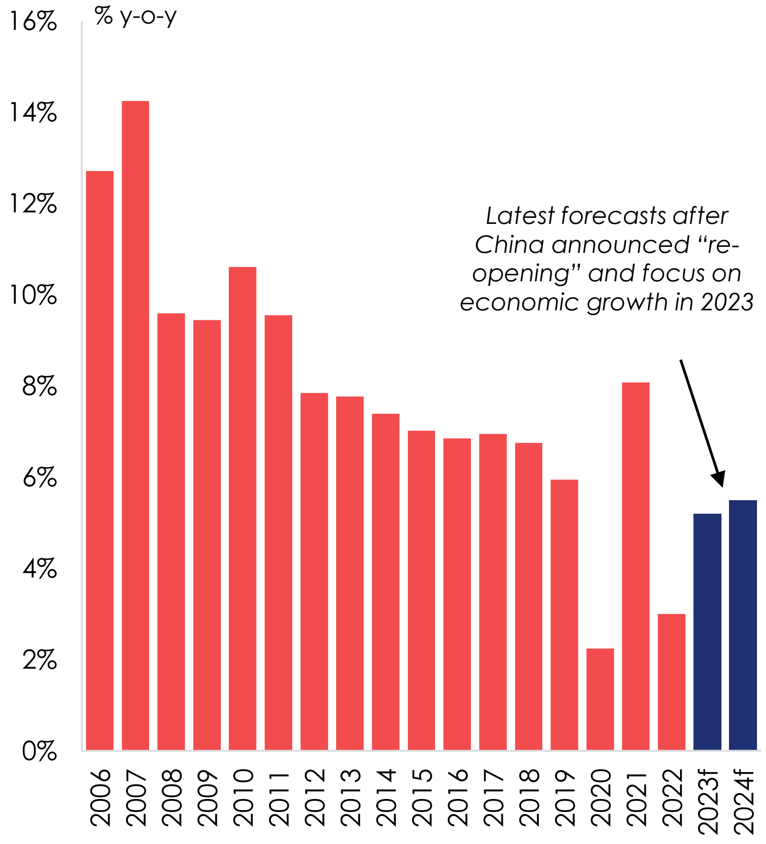


Source: Trading Economics, IMF, MacroMicro.com

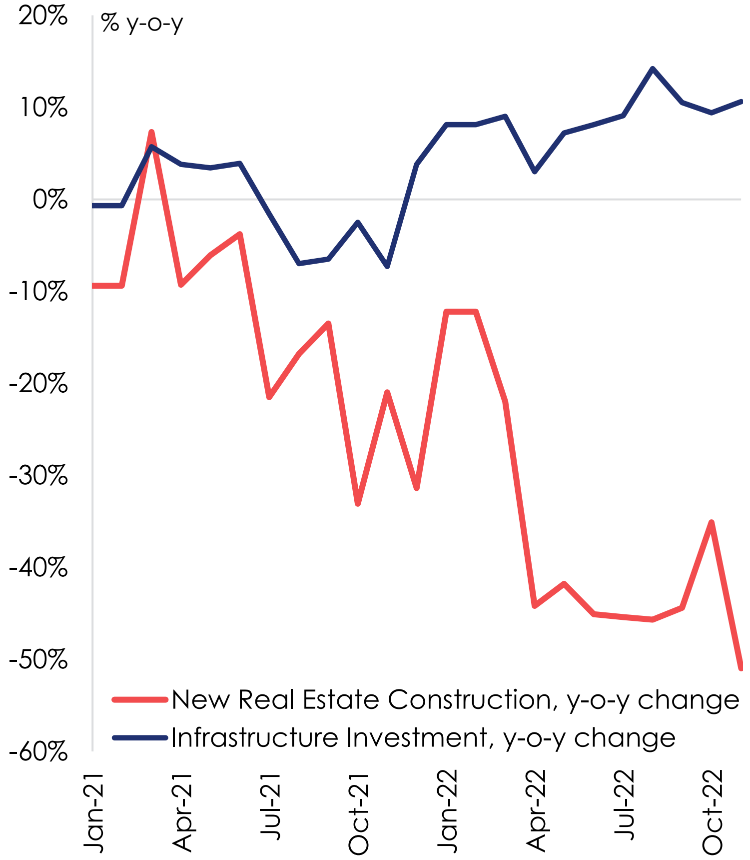
Chinese Economy & Seaborne Trade: Covid Disruption & 'Re-Opening'

Significant impacts from Covid on economy and trade in 2022, end to 'zero-Covid' policy may now provide support

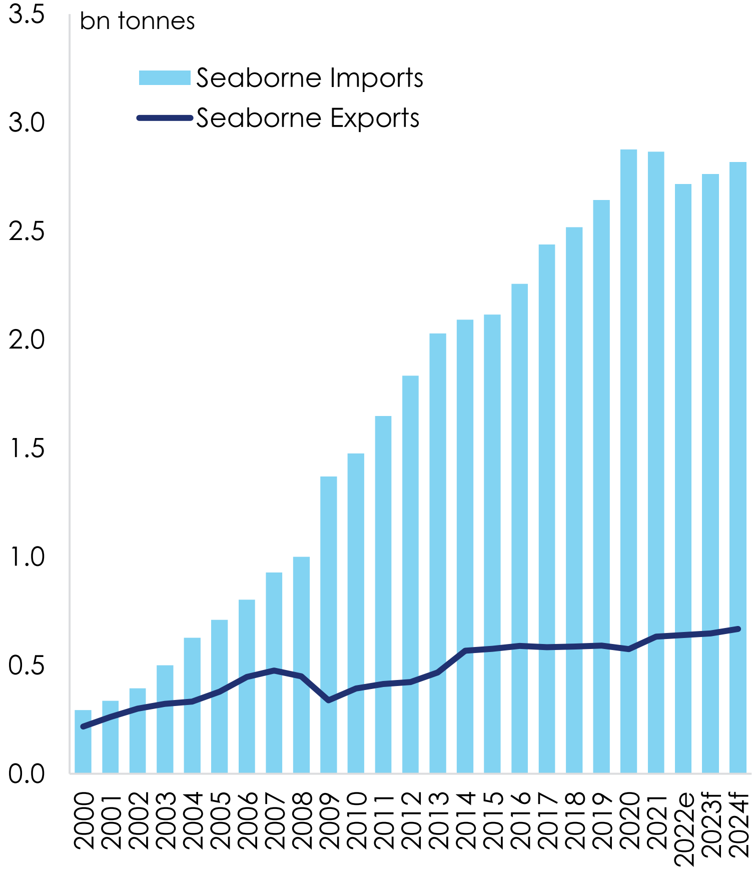
Chinese GDP Growth Slowed Sharply In 2022 On Covid Disruption; Expected Rebound In 2023 As Economy 'Re-Opens'



Challenges From Ongoing Property Sector Crisis, But Infrastructure Investment Improving

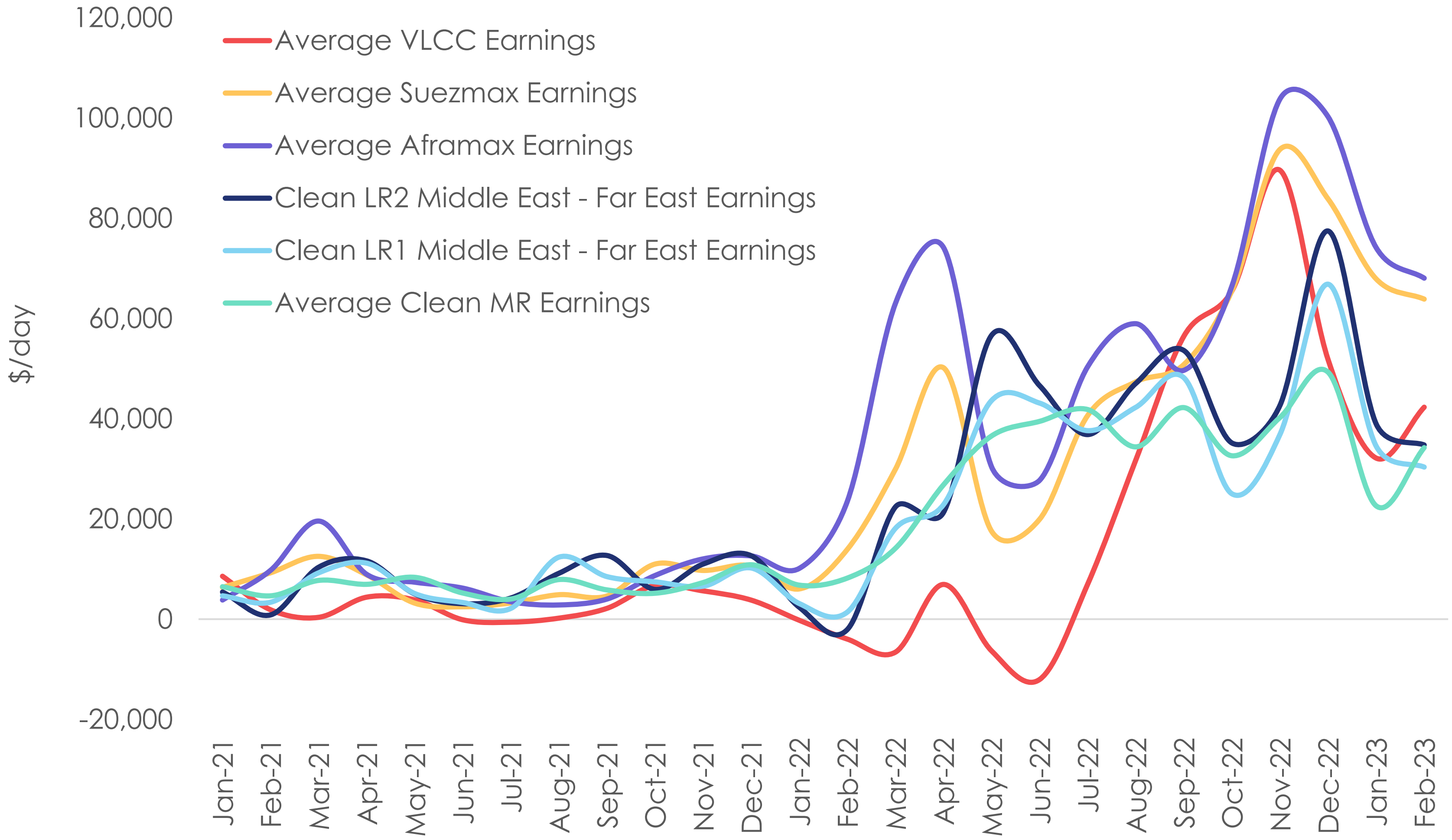


Chinese Seaborne Imports Fell In 2022 For Second Consecutive Year; Expected Return To Growth In 2023



Source: Clarksons Research.

Tanker Earnings



Data Source: Clarksons

Significantly stronger tanker market influenced by:

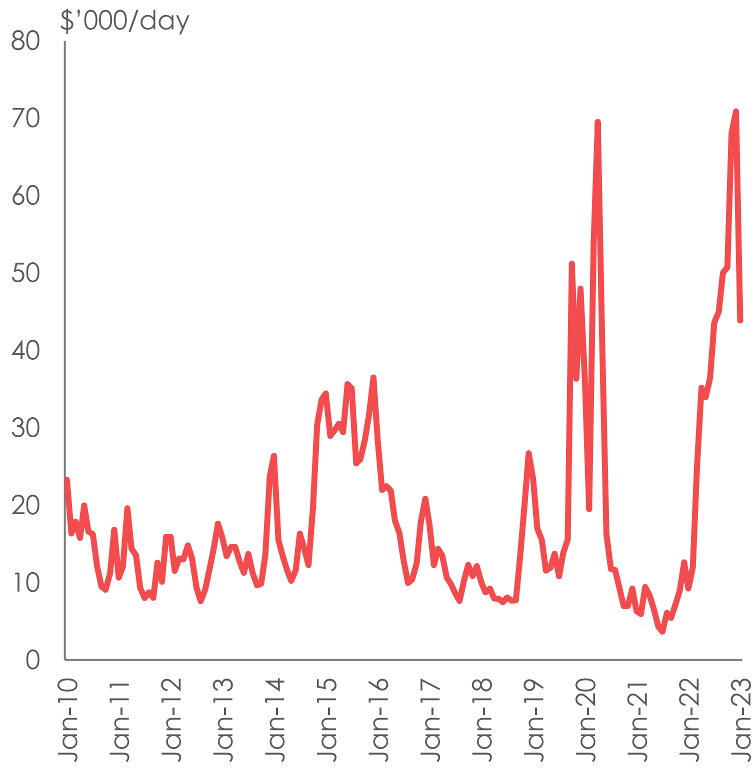
- re-arrangement of oil trade patterns
- rebound in demand as COVID related restrictions have eased

Further re-arrangement of trade patterns and emergence from COVID related restraints taking place in 2023

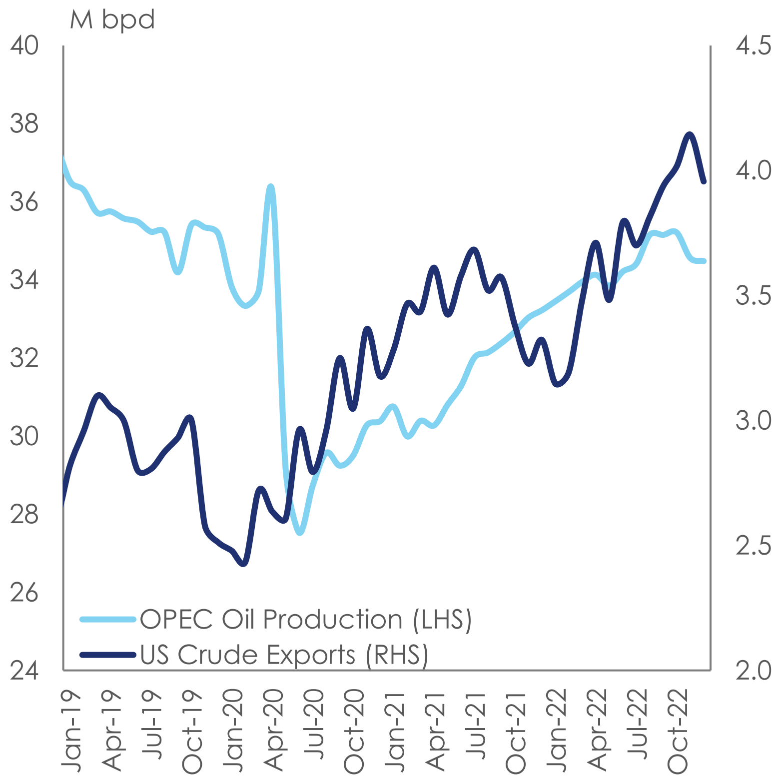
Ukraine Conflict: Improvements In Tanker Demand Driving Strong Markets

Support from trade flow shifts from Rus-Ukr conflict, rebounding OPEC/US exports and refinery capacity trends

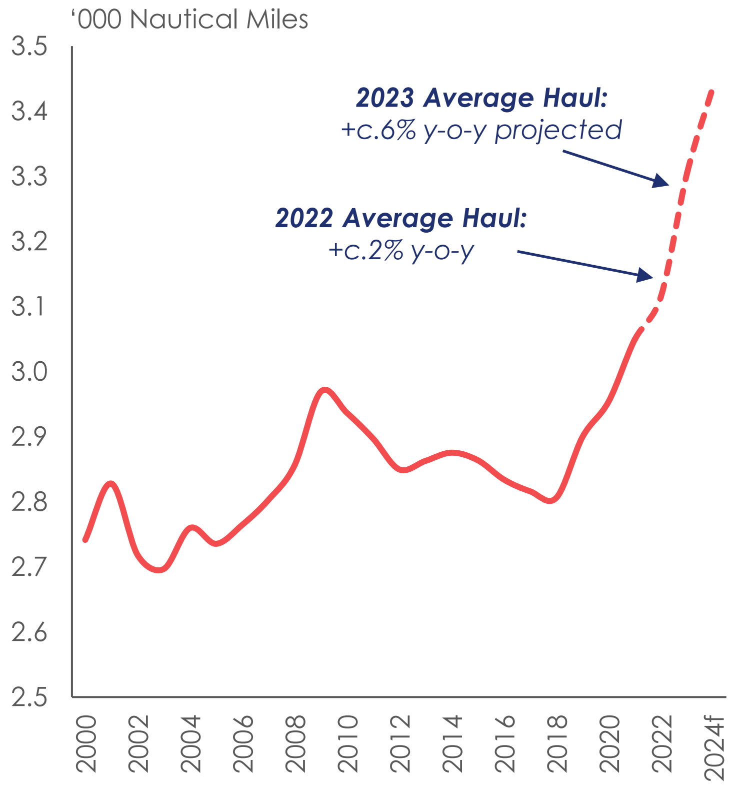
Average tanker earnings reach second highest month on record in December amid ongoing shifts in trade patterns



Rebounding OPEC production and record US crude exports supporting overall increase in crude tanker activity…



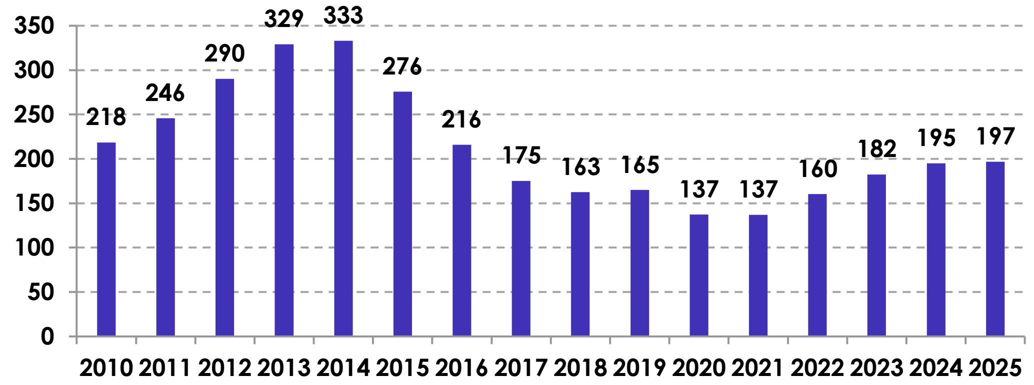
Upwards trend in products average haul from Russia-Ukraine impacts and shifts in refinery capacity during Covid…



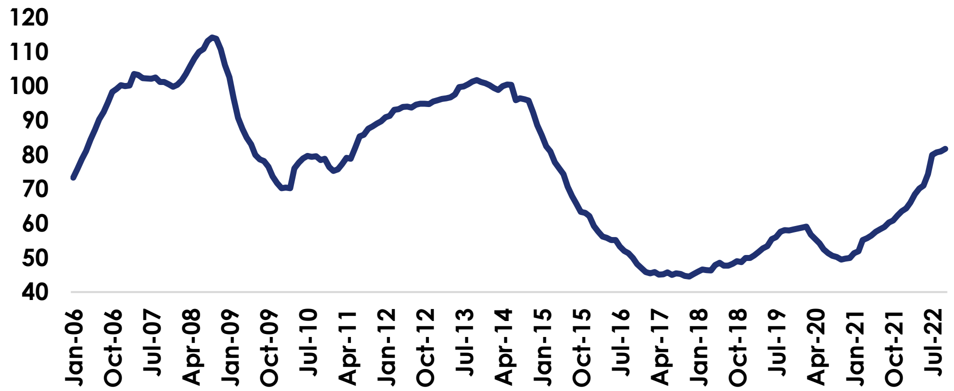
Source: Customs Data, EIA, IEA, Clarksons Research

Offshore market improving strongly and likely to continue strengthening

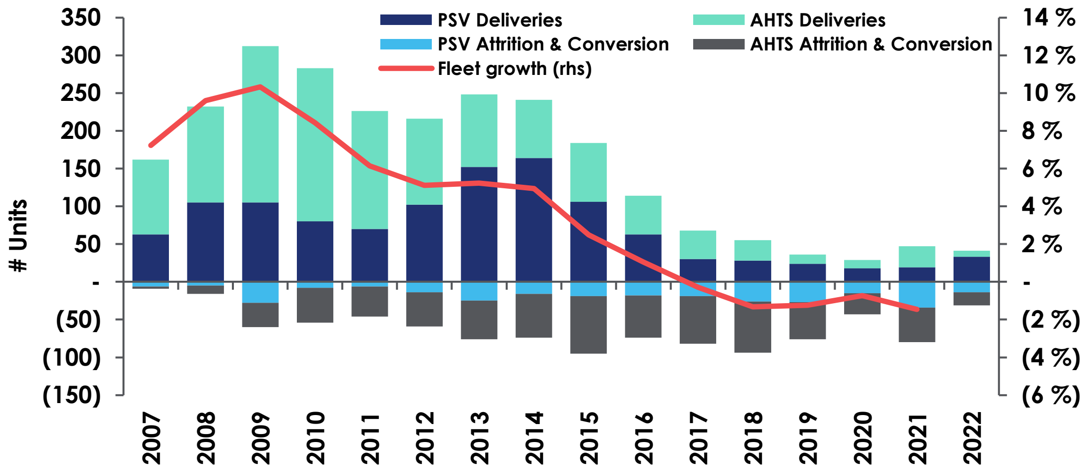
Global Offshore capex increasing strongly (USDbn)



Rates improving across asset categories (Clarksons Offshore Index)



Negative fleet growth, no real order-book, and no-one ordering assets

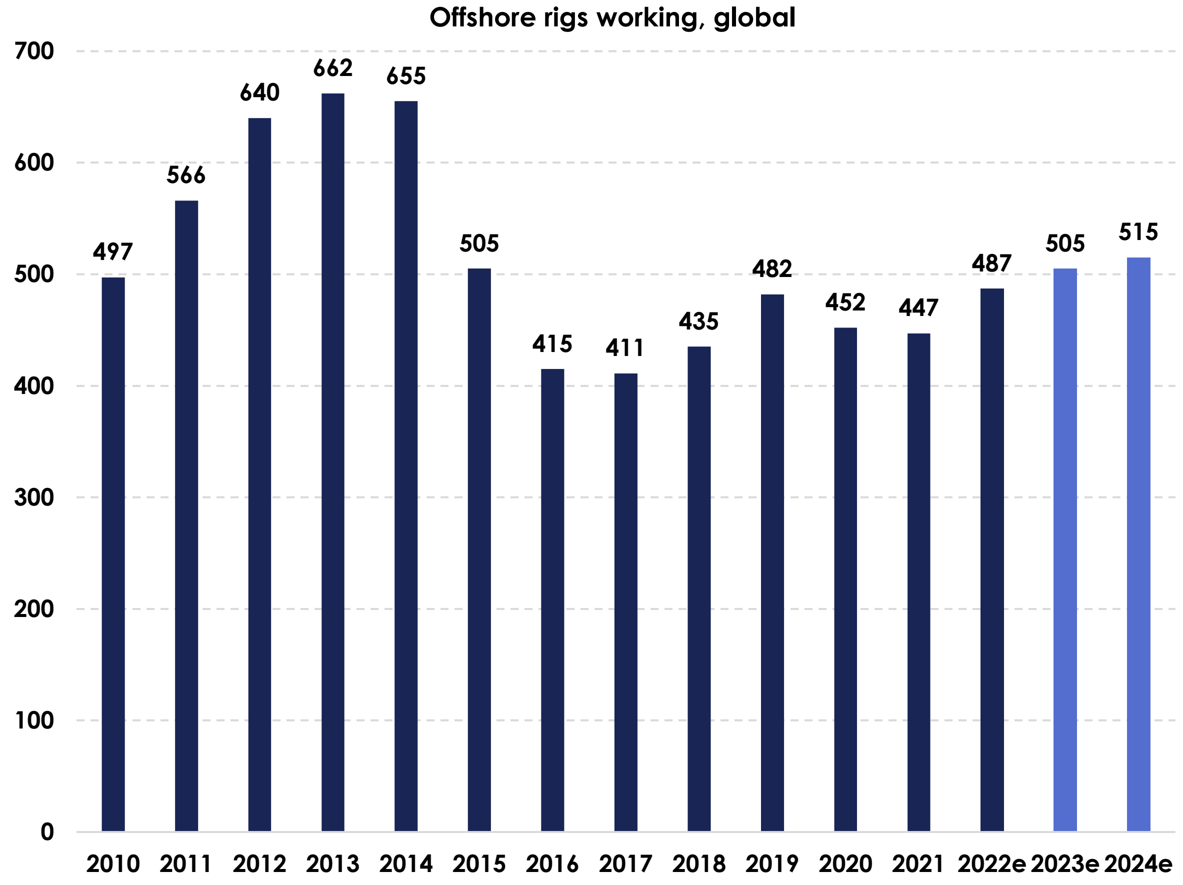


Source: Rystad Energy; Clarksons

Comments

- Global Offshore capex (E&P-spending) +17% in 2022 and forecast to increase by another 13% in 2023
- Likely upside to spending estimates as asset inflation continues and demand for capacity remains high across segments
- Active utilization across most segments already 90%+ and increasing. Rates already up strongly across assets and regions and likely to increase further. Lead times and contract lengths increasing
- Stacking pools largely exhausted
- No new capacity coming into the market, and yet key market participants are so far not placing any newbuild orders
- S&P-activity and values increasing

Global rig activity recovering both for floaters and jackups

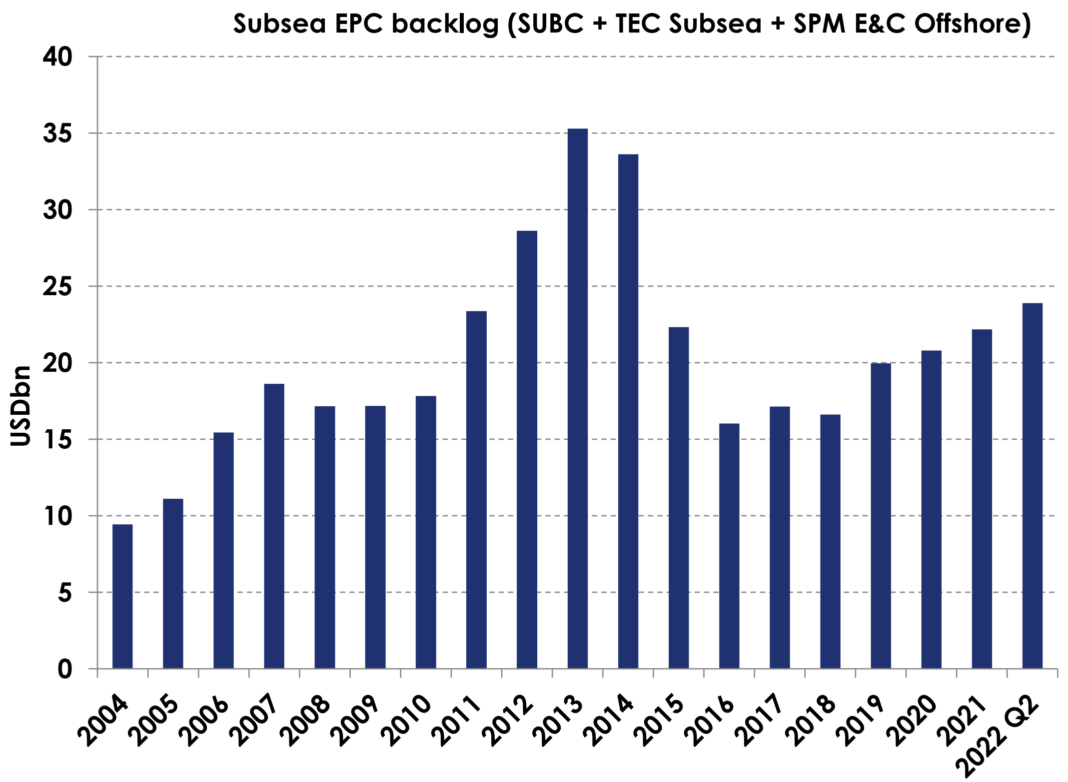


- There has been a significant pick-up in chartering activity both for floaters and jackups and global active offshore rigcount is improving strongly
- Tendering activity remains high
- Active utilization both in UDW floater and high-end jackup market above 90% and rates rising strongly
- Key deepwater areas – Brazil/South America, US GoM and West Africa seeing significantly strengthening activity levels
- Saudi Aramco contracted 30+ jackups in 2022 and is around 50 jackups on contract over the last years to 80-100 units on contract going forward, representing a new all-time high level

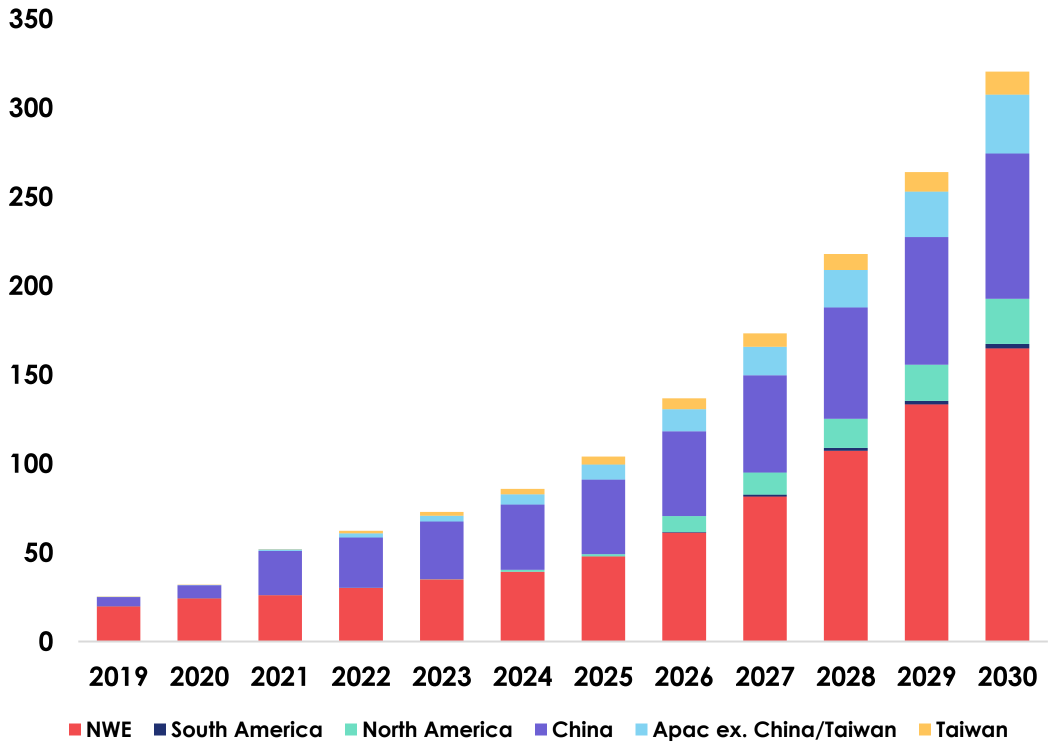
Note: Graph corresponds to average number of contracted rigs through each year and includes both Floaters (drillships, semis) and Jackups
Source: RigLogix; Clarksons

The Subsea Oil & Gas market is strengthening significantly, and offshore wind activity remains at very high levels

Subsea EPC: Backlog development for the leading three contractors



Offshore wind (bottom-fixed): Cumulative GW development

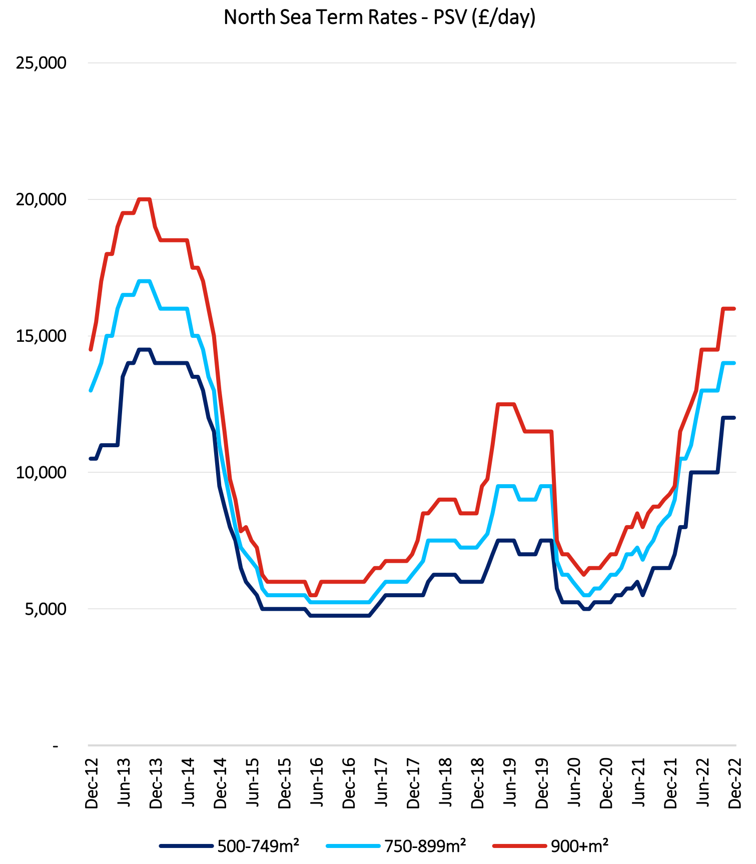


Legacy Subsea O&G vessels that have been working in Wind increasingly migrating back to O&G, leaving shortage in the Wind sector

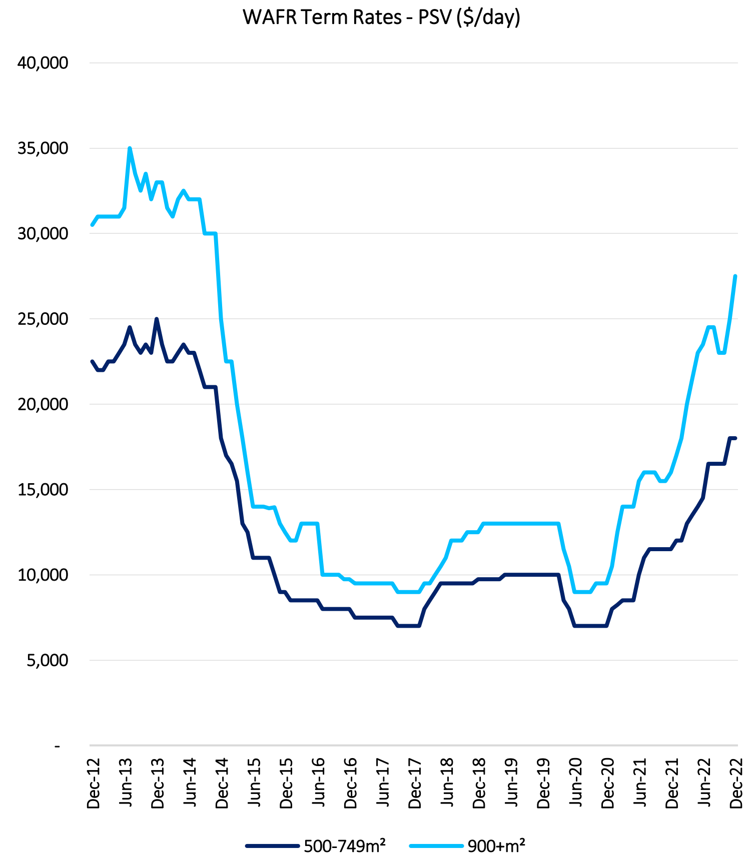
Source: Subsea 7; TechnipFMC; Saipem; Clarksons

OSV market is already tight, as reflected in rates across regions (I)

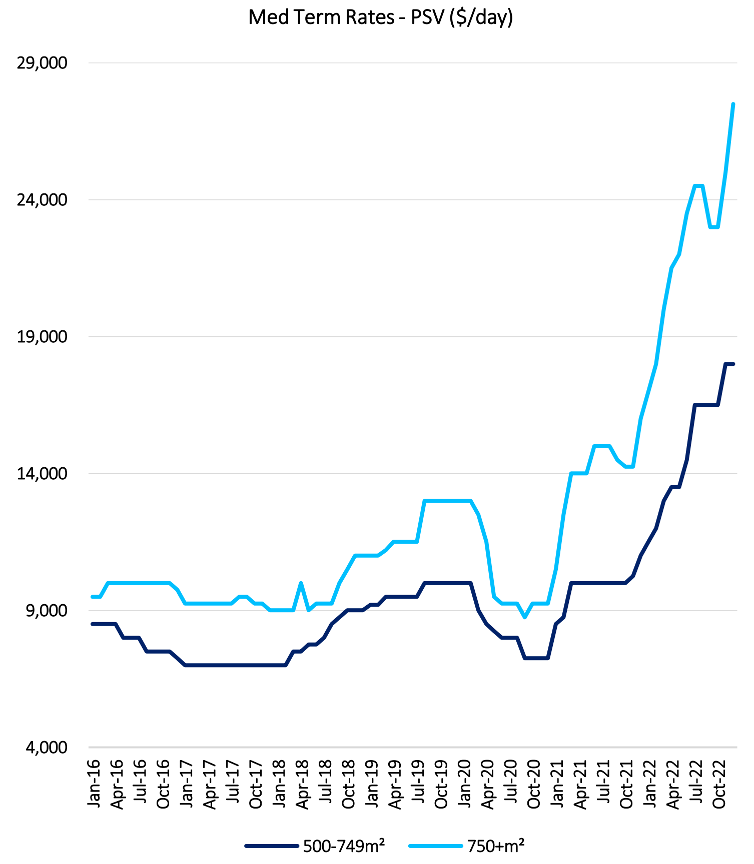
North Sea



West Africa



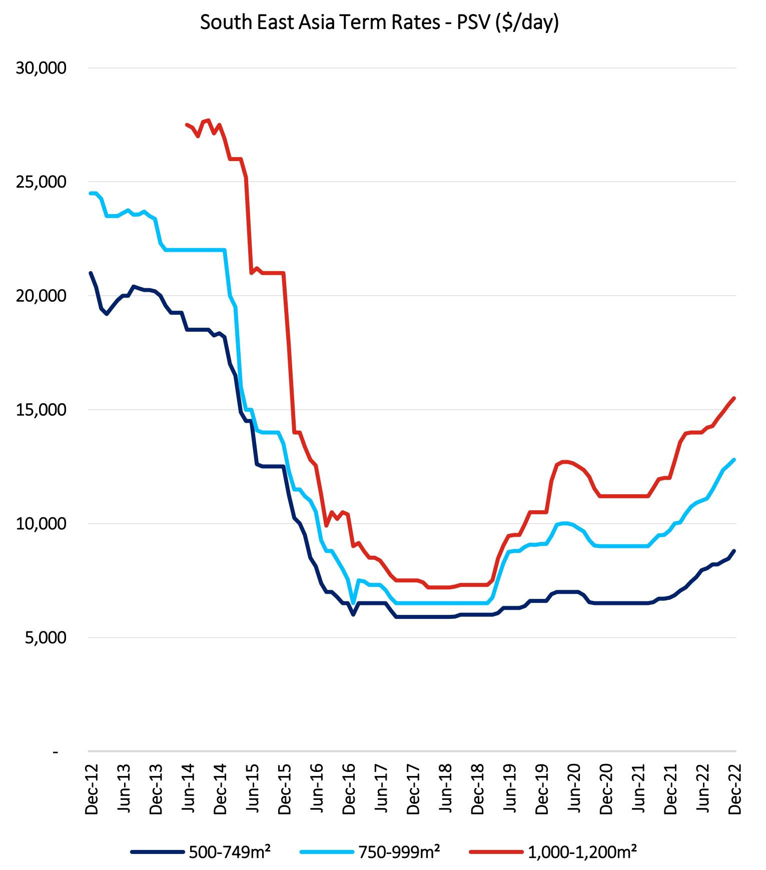
Mediterranean



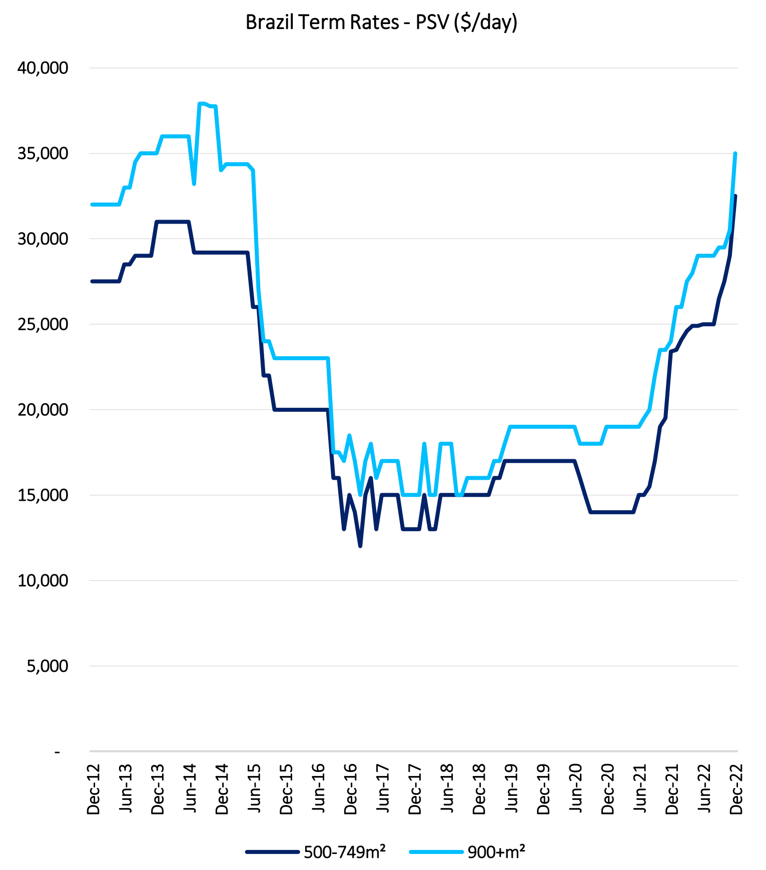
Note: OSV = Offshore Service Vessel
Source: Clarksons

OSV market is already tight, as reflected in rates across regions (II)

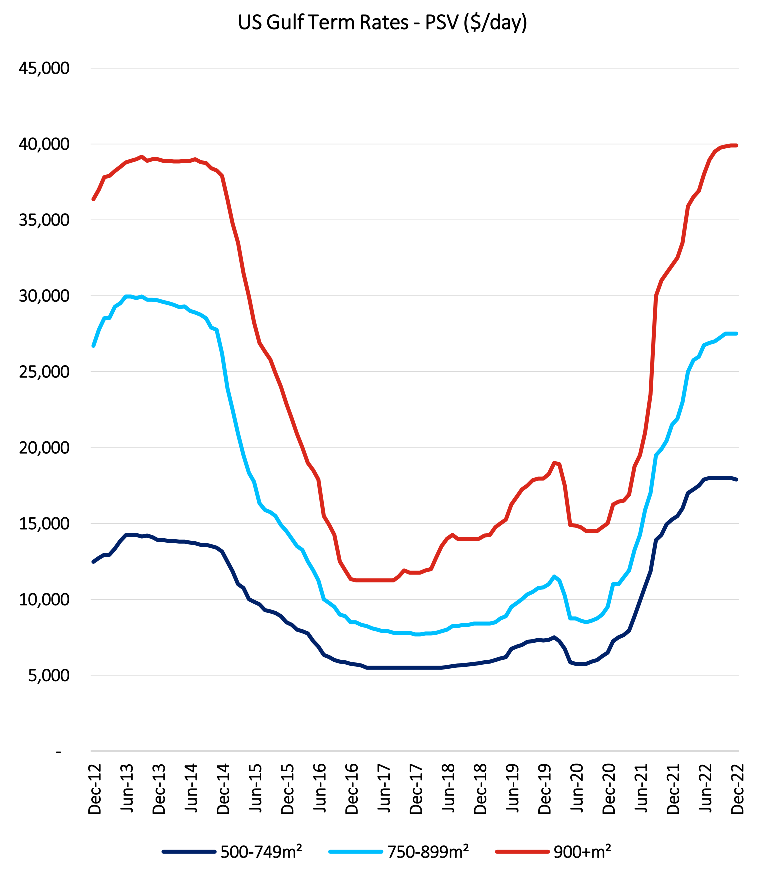
SE Asia



Brazil



US Gulf

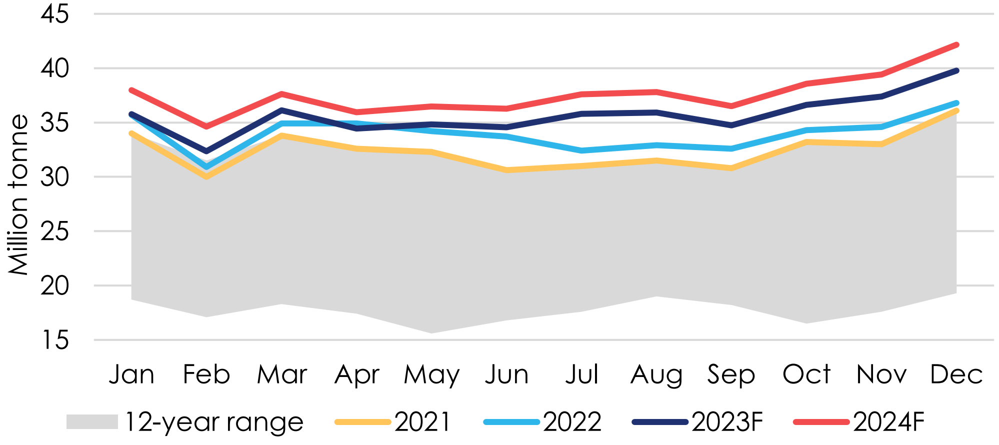


Note: OSV = Offshore Service Vessel
Source: Clarksons

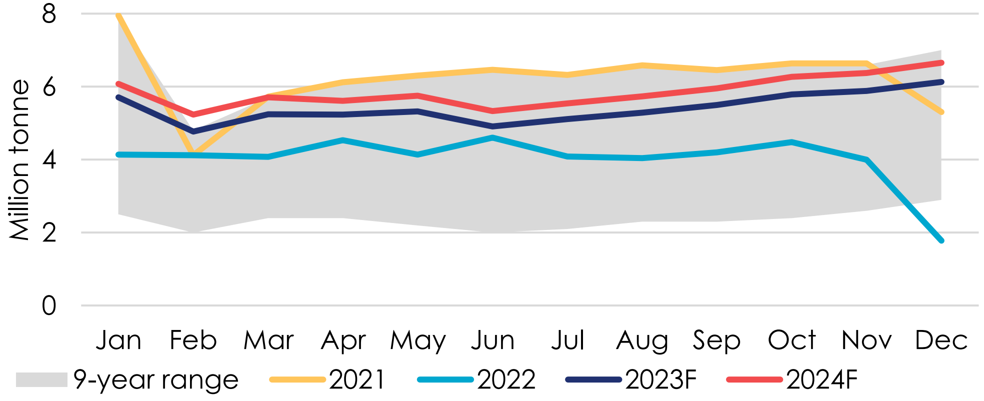
LNG trade at all-time high in 2022 and expected to grow further through 2030

Strong Europe LNG imports and rising import in China and rest of Asia are expected to lift global LNG demand

LNG trade flows were up 4.8% y-o-y to 407.7MT in 2022 and are expected to rise further in 2023 and 2024

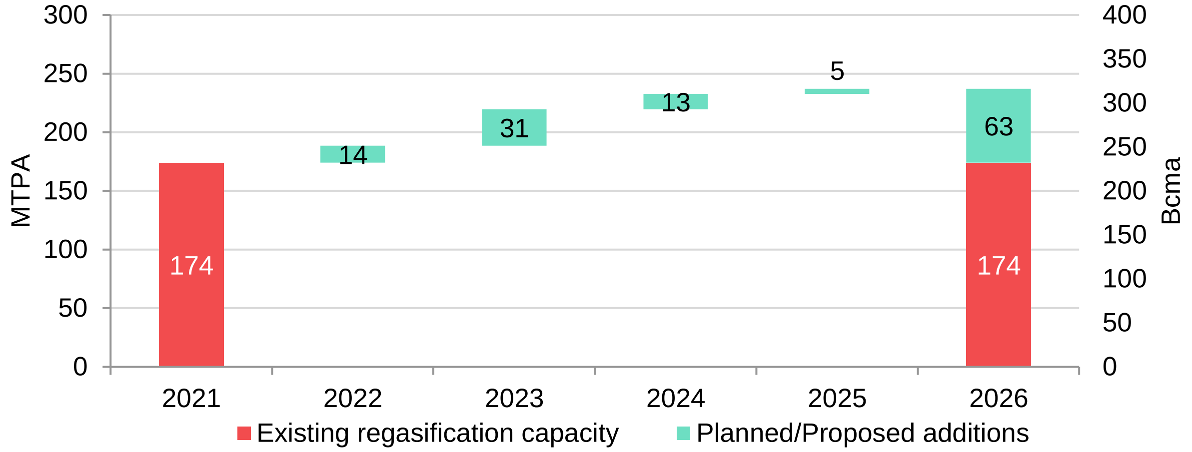


Atlantic to Pacific trade flows expected to rebound in 2023-24



- LNG export facilities are expected to produce at virtually full available capacity through 2024, driven by competition between Europe and Asia for spot LNG cargoes, leave balance very tight.
- Some 28 MTPA of new export capacity has been taken FID or started construction in 2022 and some 63 MTPA in long term contract capacity were signed, with more expected in 2023 from European buyers.
- There are 152 MTPA of export project capacity under construction, starting up in 2023-2027.
- There are 120 MTPA of planned and proposed project capacity which might take FID by 2025, starting up in 2025-2030.
- A major driver of future LNG demand is set to be Europe, which it's investing to expand import capacity by 36% or 63 MTPA to 237 MTPA by 2026, including 14 FSRUs terminals.

Europe's regasification capacity outlook

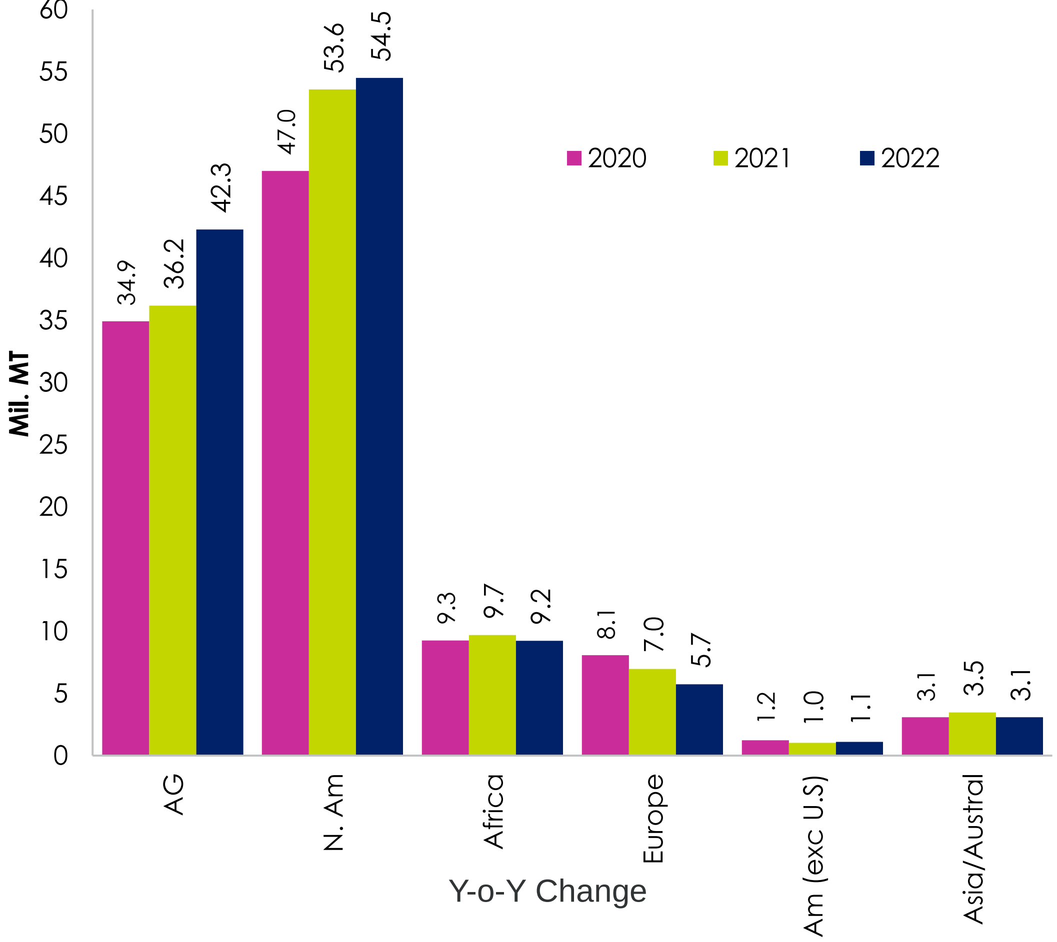


Note: LNG trade flows include re-exports volumes Source: Clarksons Platou

LPG Trade continues to rise

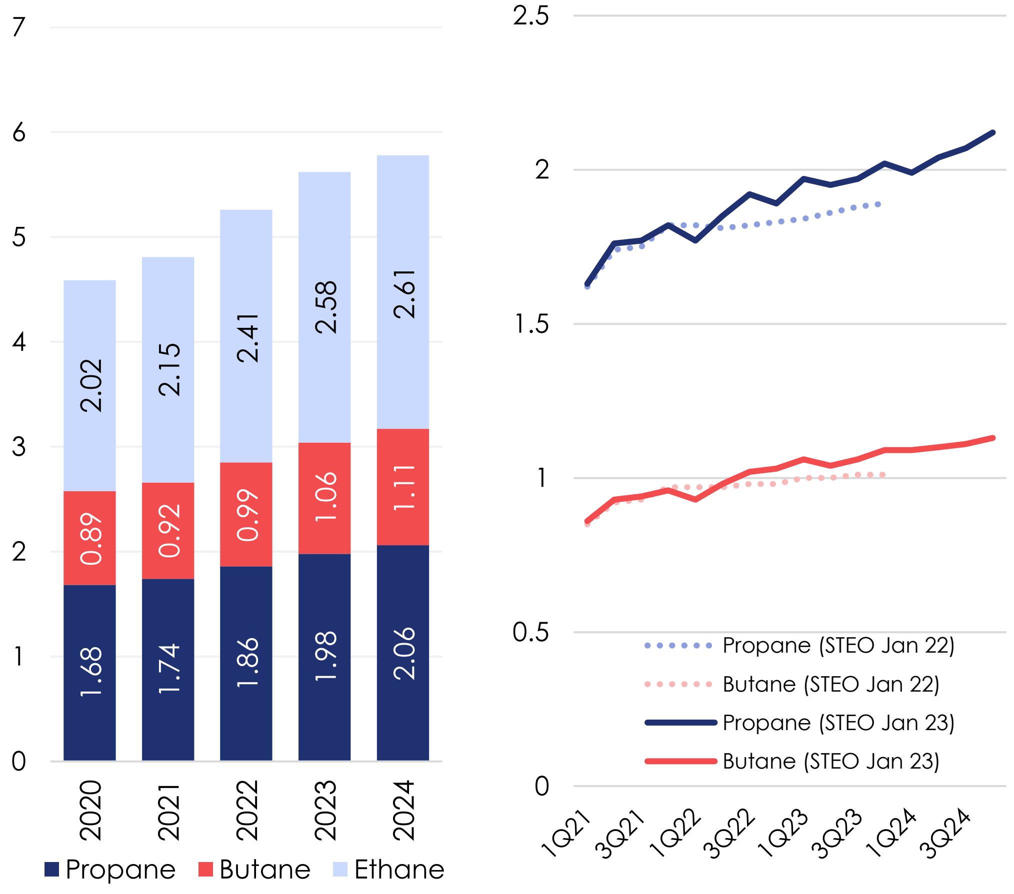
…with growth ex M.East, tonne-mile effect from North America not felt in '22 but expected 23/24

LPG Exports



Source: Waterborne, Customs Stats

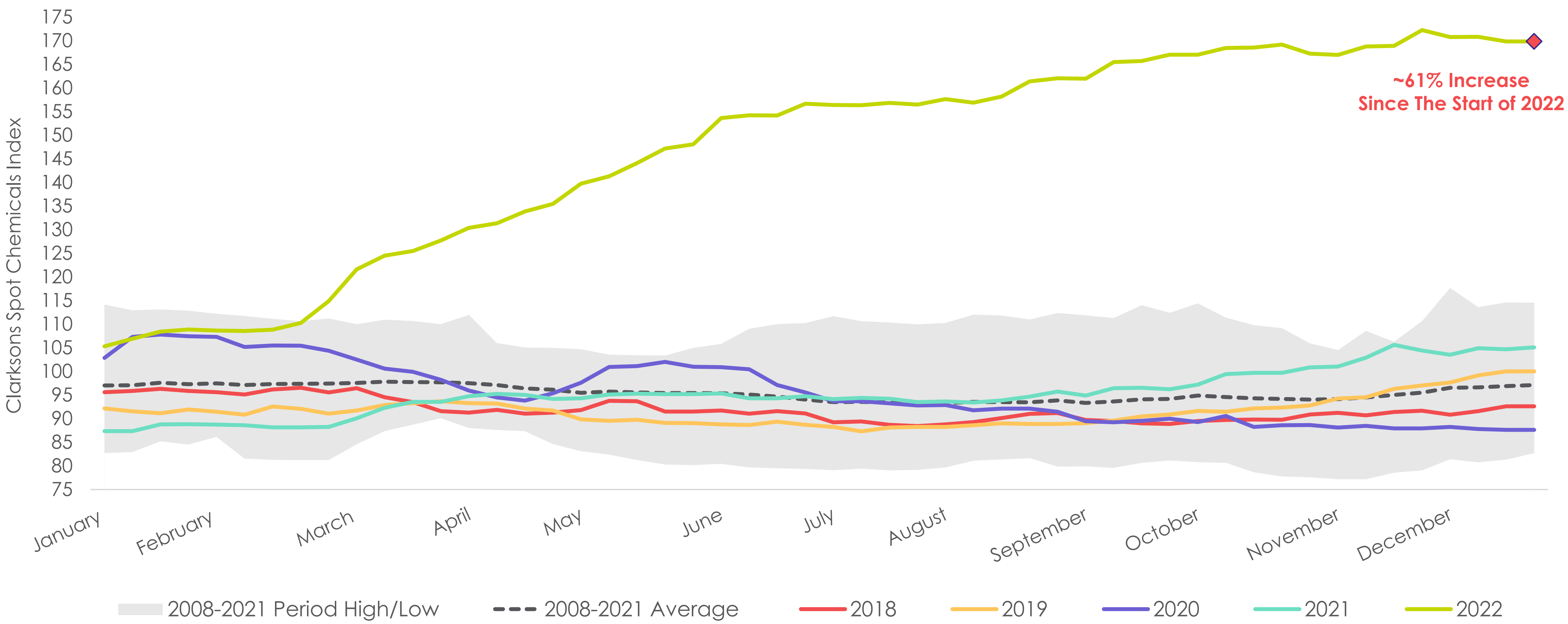
U.S Natural Gas Processing LPG Production raised for '23 & '24



Source: EIA

Chemical Tankers Seasonality

Spot freight rates now at highest level in last 13 years, driven by higher bunker pricing, a tight Asia market and buoyant CPP sector

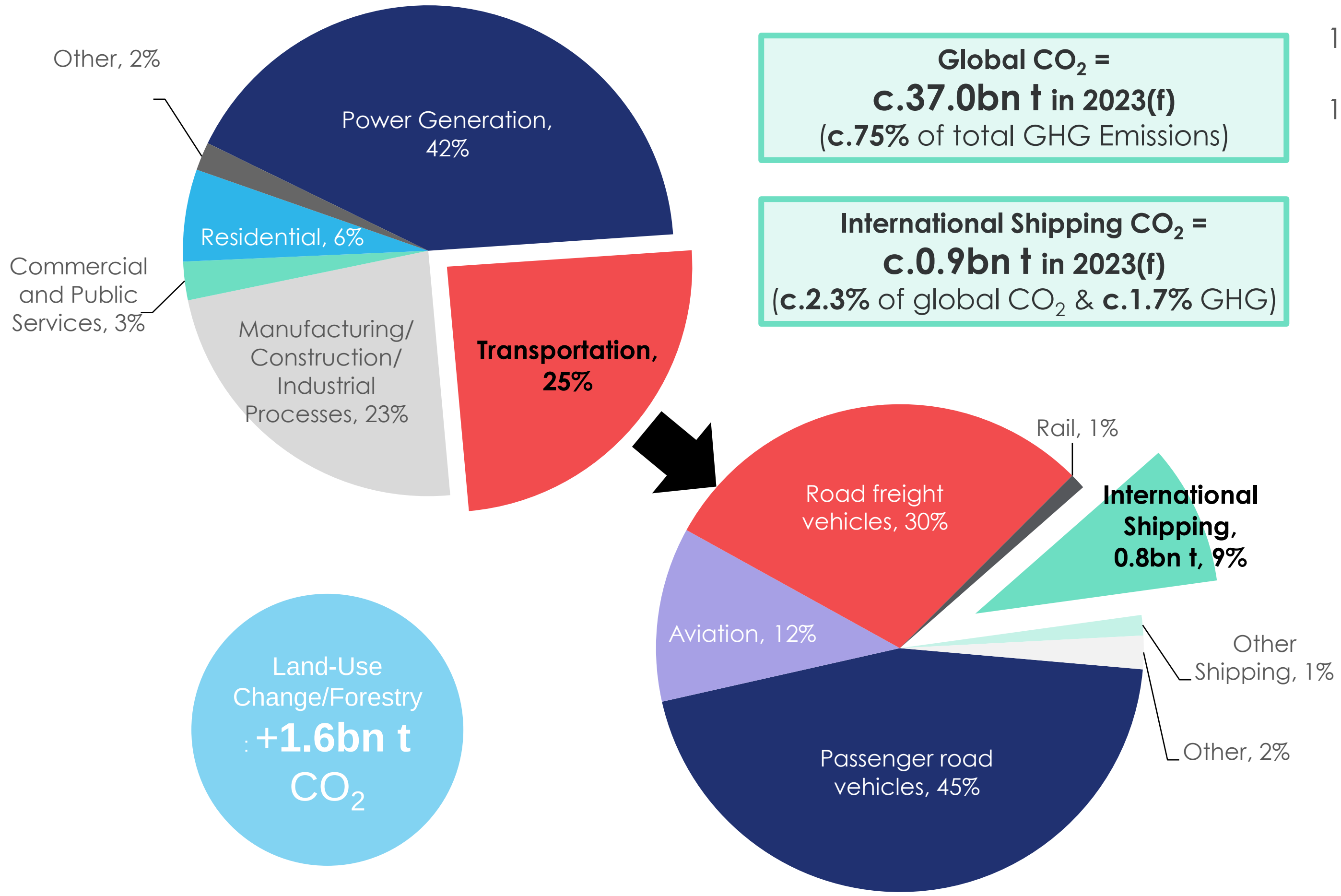


Source: Clarksons

Decarbonisation Scenarios - Shipping's CO_2 Emissions In Context

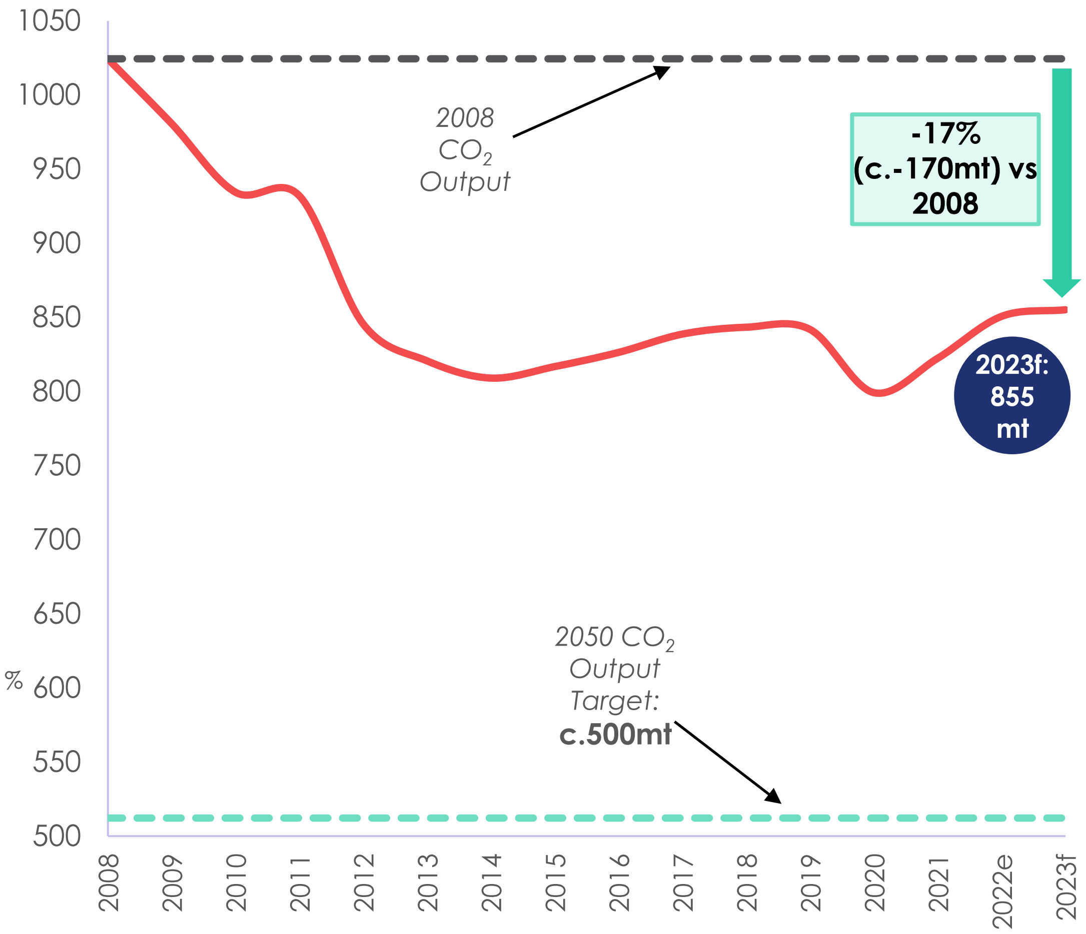
International shipping CO_2 output up in 2022, plateauing in 2023? Still c.2.3% of global in 2023(f), <2% of global GHG,

Global CO_2 Emissions By Sector (2019), tonnes CO_2



Global CO_2 =
c.37.0bn t in 2023(f)
(**c.75%** of total GHG Emissions)

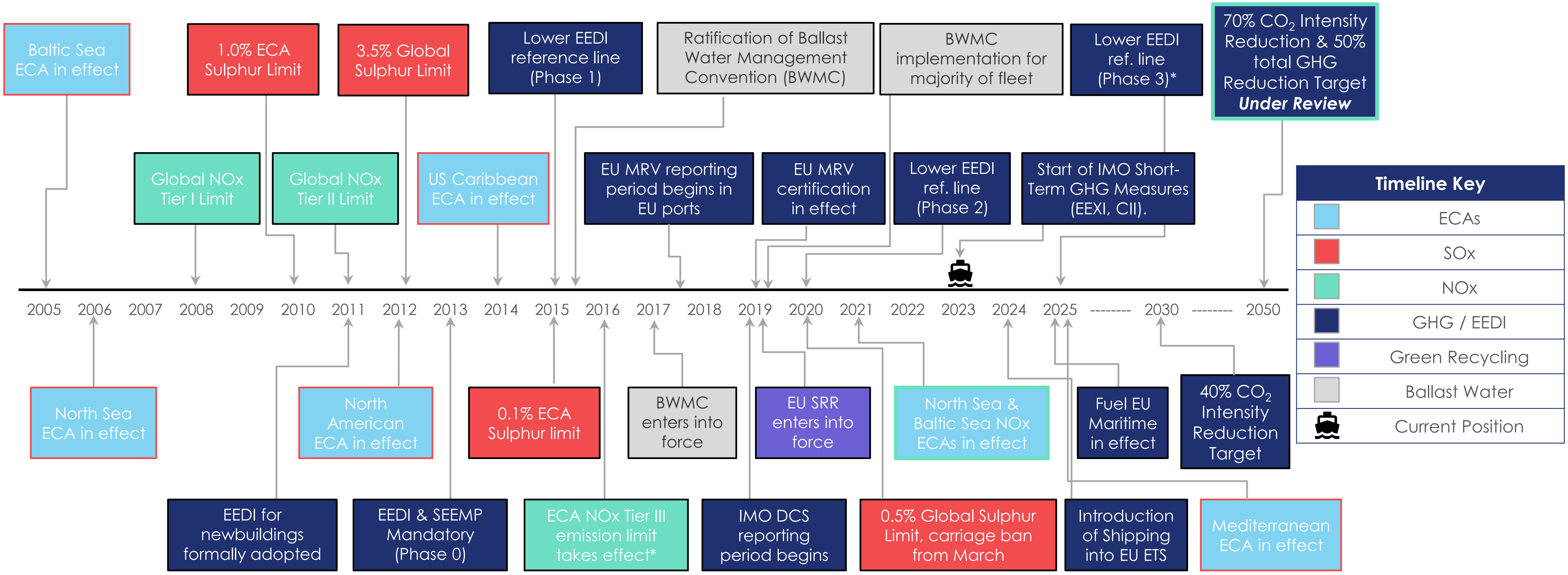
International Shipping CO_2 =
c.0.9bn t in 2023(f)
(**c.2.3%** of global CO_2 & **c.1.7%** GHG)



Source: Clarksons Research. World Resources Institute/Climate Watch. Global Carbon Project. IEA. Global CO_2 excluding LUCF.

Environmental Regulation Accelerating

Regulatory timeline accelerating and remains key industry focus, IMO currently targets 50% GHG reduction by 2050 but under pressure for net-zero; policy ramping up with new GHG regulation in effect; technology uncertain

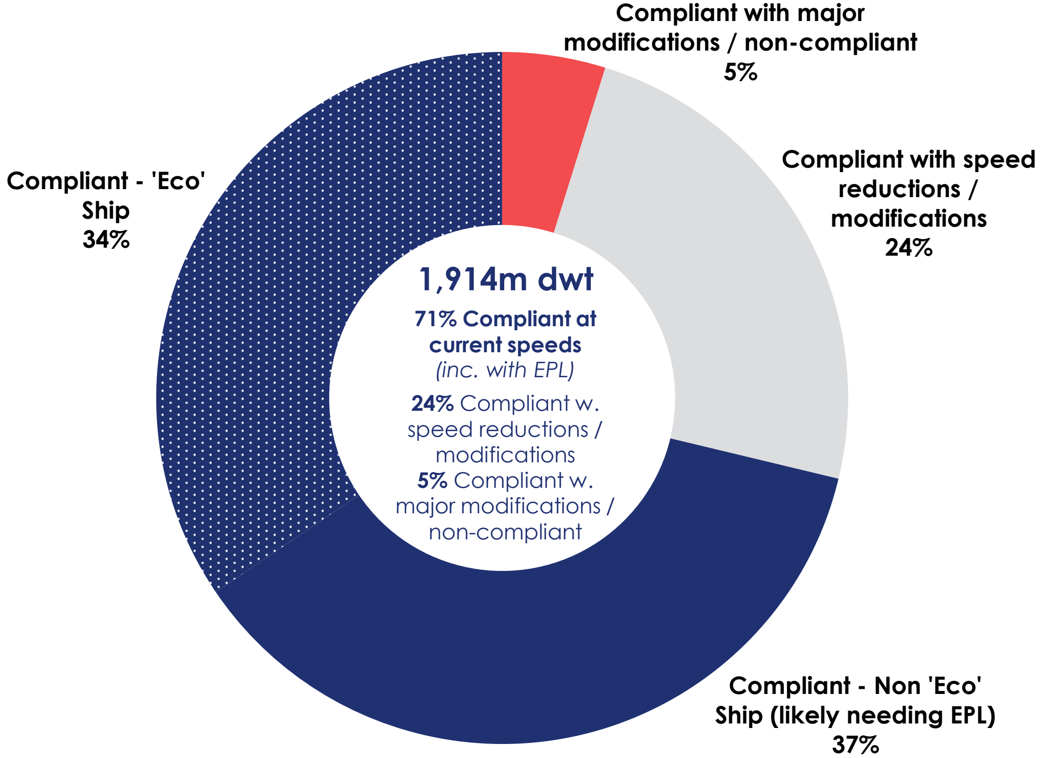


Source: Clarksons Research, January 2023. *EEDI phase 3 requirements brought forward to 2022 for gas carriers, general cargo ships and containerships.

IMO Short-Term Measures: EEXI & CII Impact Analysis - Provisional

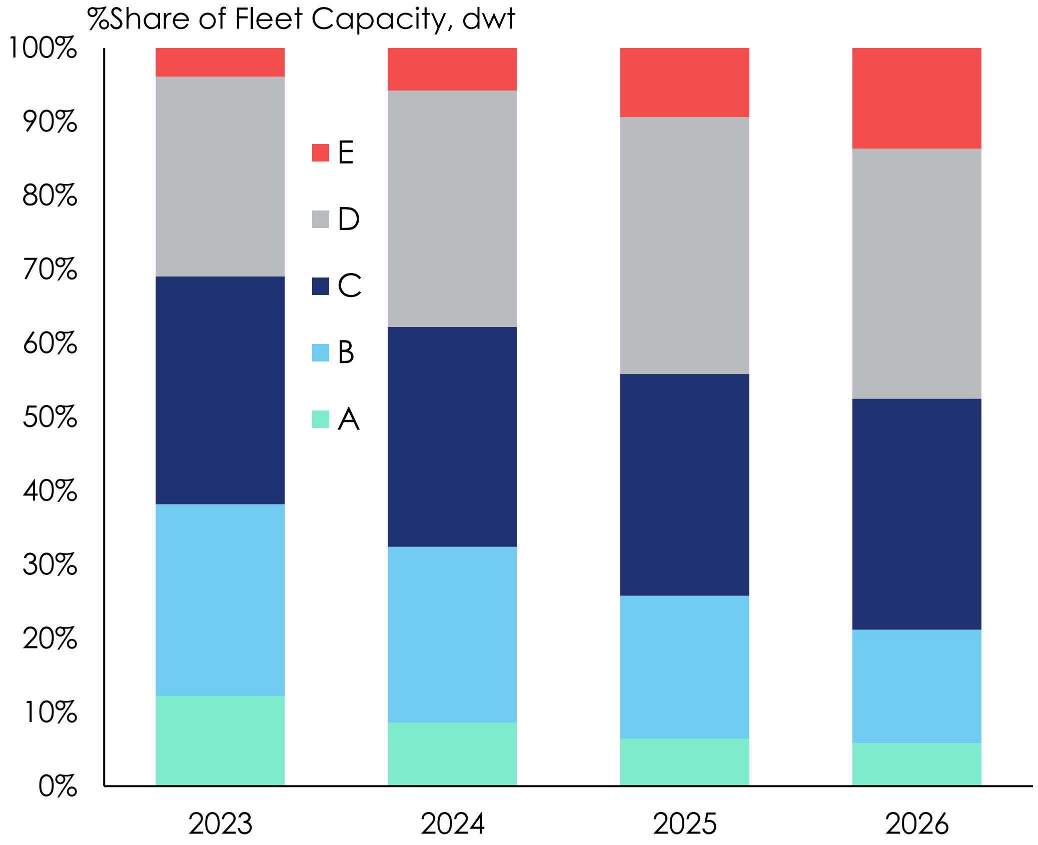
How might EEXI & CII regulations impact the major cargo fleets?

Deep Sea Cargo Fleet Capacity By Theoretical Compliance Level with 2023 EEXI Requirements At Current Speeds*, dwt



*Assessed basis vessels travelling at 'today's speeds' (as per CRS 'standard ship' speeds). EEXI target improvements equivalent to Phase 2 EEDI standards for Tankers, Bulkers & Car Carriers and Phase 3 EEDI standards for Containerships & VLGCs from 2023. EPL: Engine Power Limitation.

Deep Sea Cargo Fleet Capacity Split By Theoretical CII Rating in 2023-26



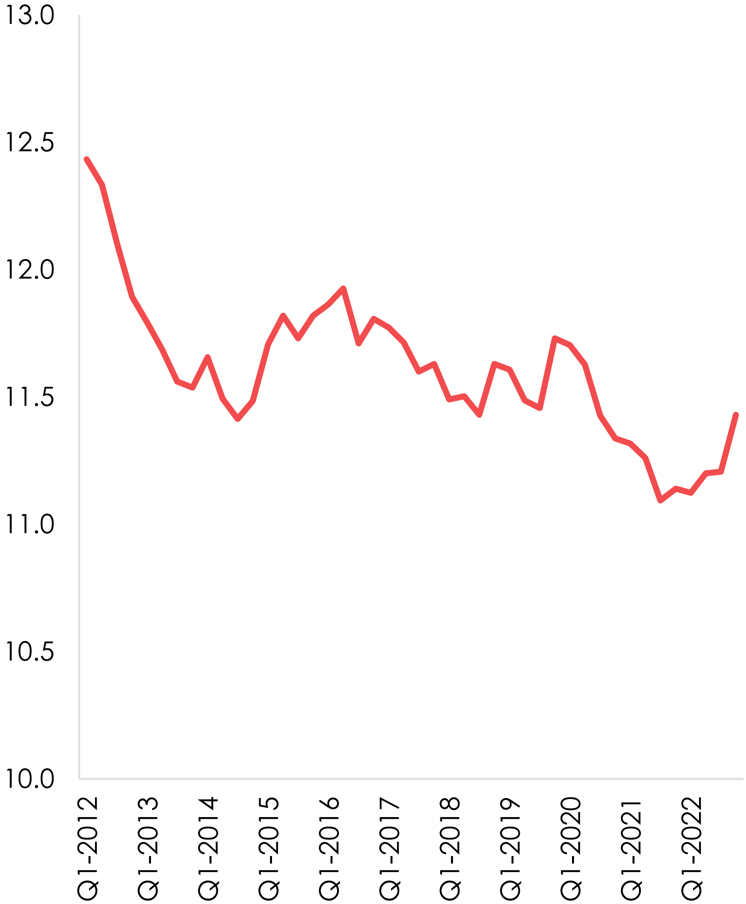
Analysis carried out for Oil Tanker & Bulkcarrier fleets 25k+ dwt, Containerships, VLGCs and PCCs, basis mapping of vessels in the current fleet to Clarksons Research Standard Ships.

Source: Clarksons Research. Fleet data as of 1st January 2023. Provisional CII analysis uses CRS emissions benchmarks (estimated AERs). CRS benchmark AERs calculated as averages across a 'basket' of standard voyages. Rating assessments based on the current fleet only, and do not take into account improvements in vessel efficiency/fuelling/speed etc. going forwards.

Vessel Speed Trends: Emissions Policy May Impact

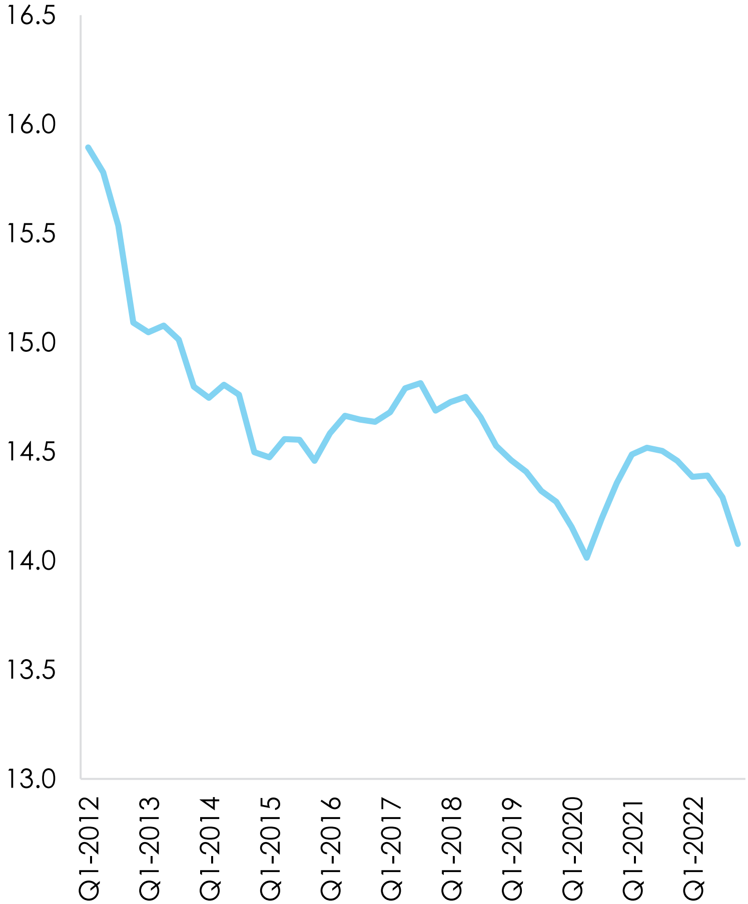
Speeds continuing to trend down; some uptick in tanker speeds amid firm market conditions

Crude Tanker Speeds, knots



Bulkcarrier Speeds, knots

Containership Speeds, knots

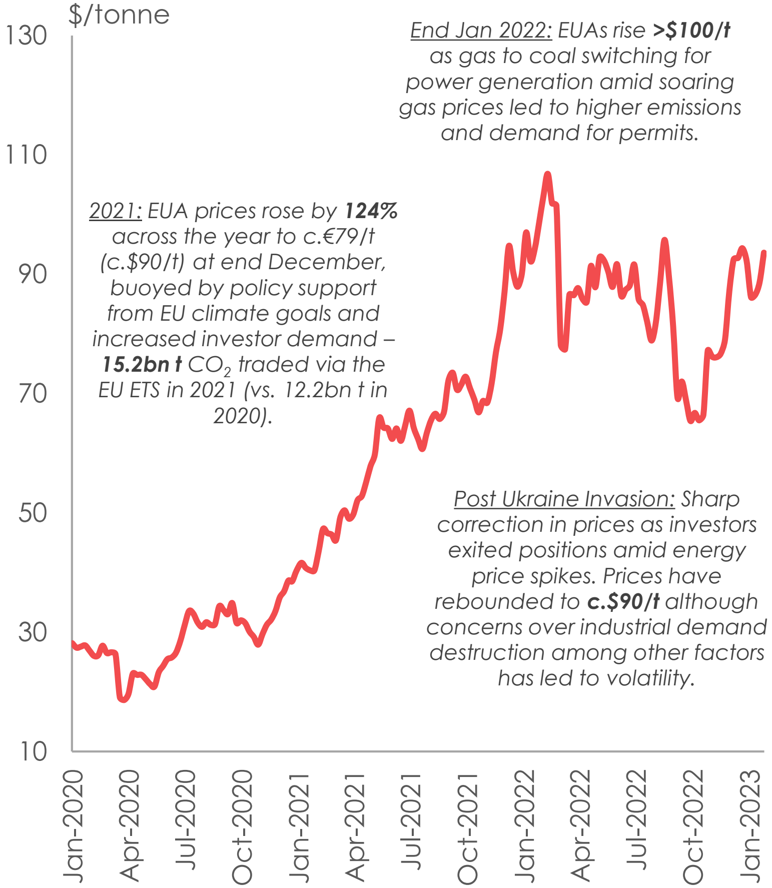


Source: Clarksons Research.

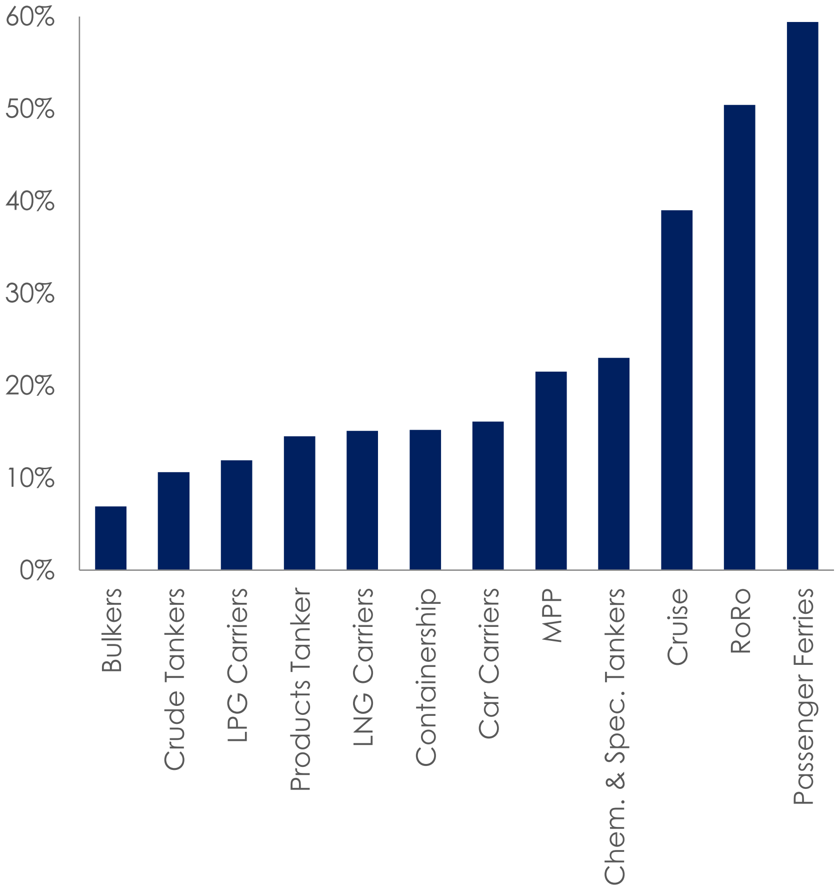
EU Emissions Trading System (ETS)

Inclusion of shipping in ETS could generate potentially significant additional voyage costs

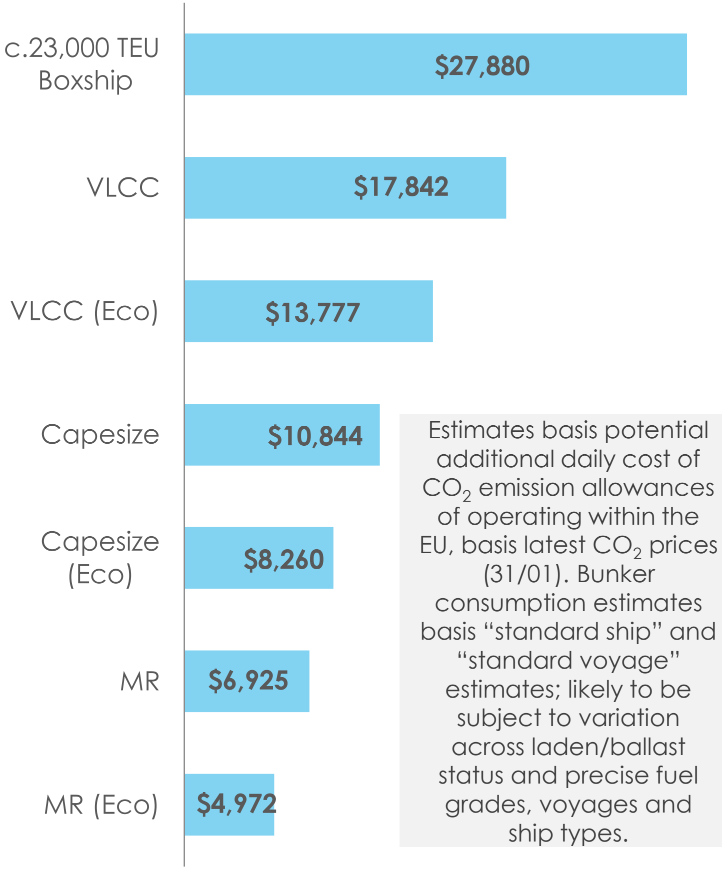
European Climate Exchange EUA Nearest December Futures Price, Weekly Avg



% Sector Port Calls In EU*, GT, 2022



Potential Additional Costs 'in EU', $/day



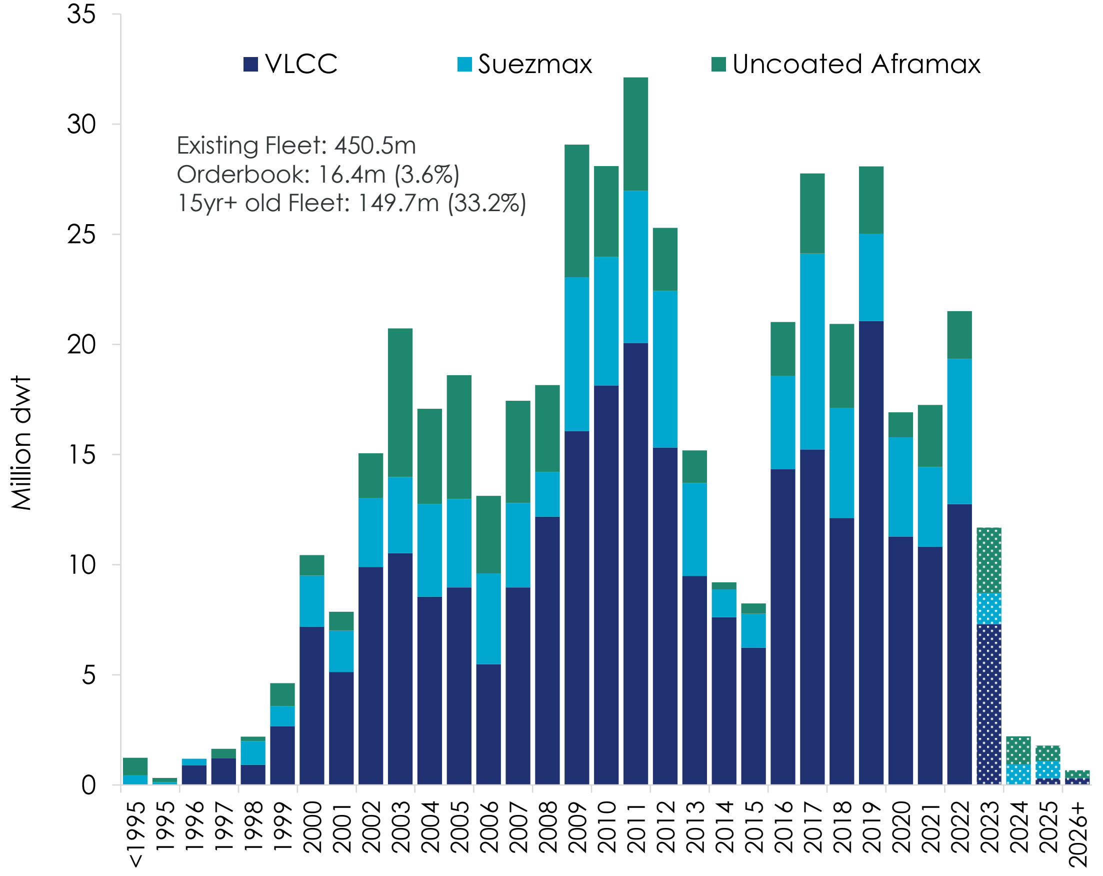
Estimates basis potential additional daily cost of CO_2 emission allowances of operating within the EU, basis latest CO_2 prices (31/01). Bunker consumption estimates basis "standard ship" and "standard voyage" estimates; likely to be subject to variation across laden/ballast status and precise fuel grades, voyages and ship types.

Source: Clarksons Research, January 2023. *Basis 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.

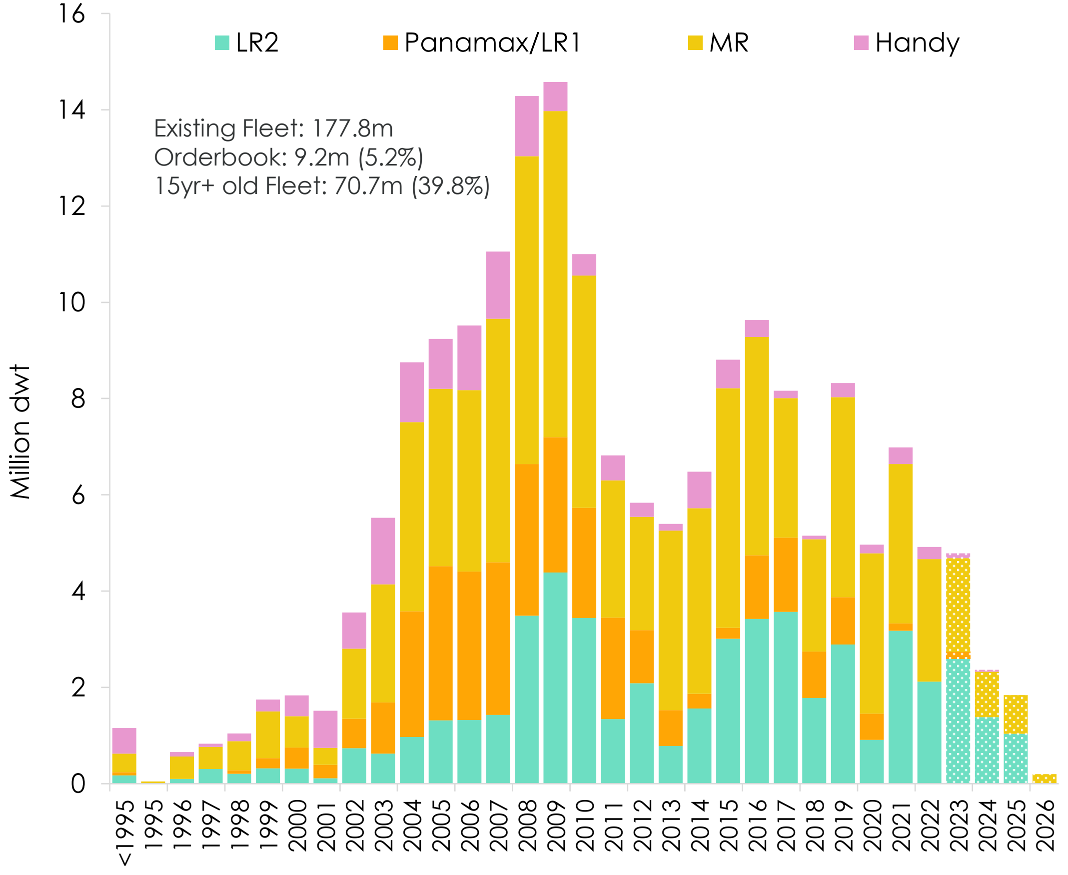
Tanker Fleet Age Profiles

Tanker fleet supply constrained by extremely low newbuilding orderbooks

Crude

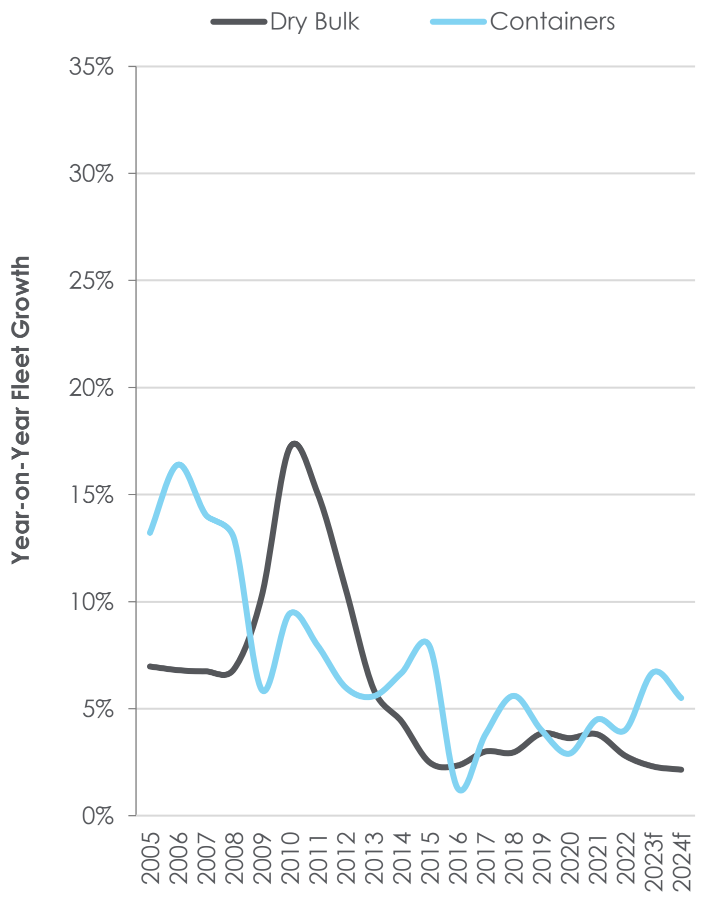


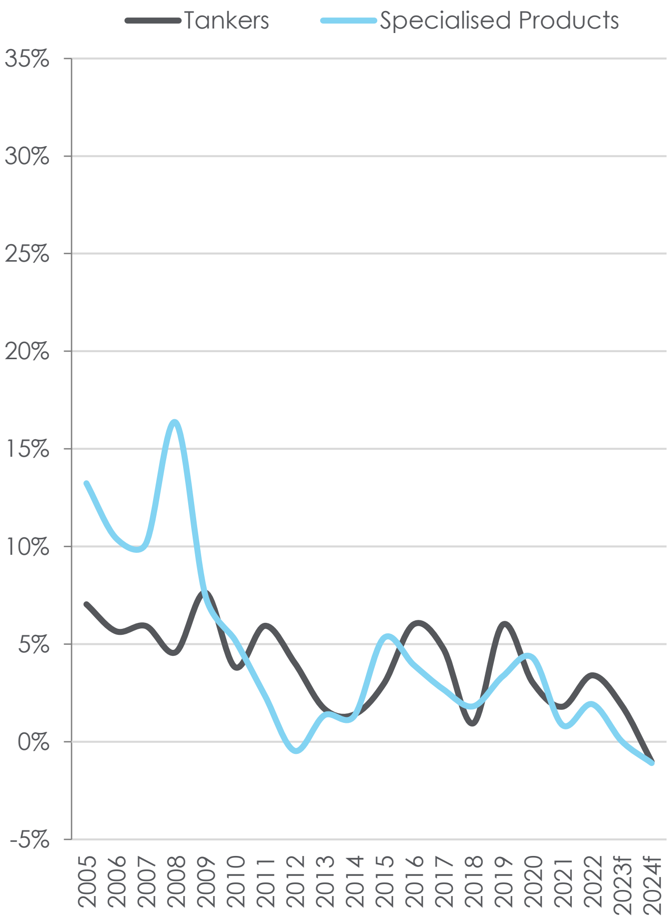
25-125k dwt Products

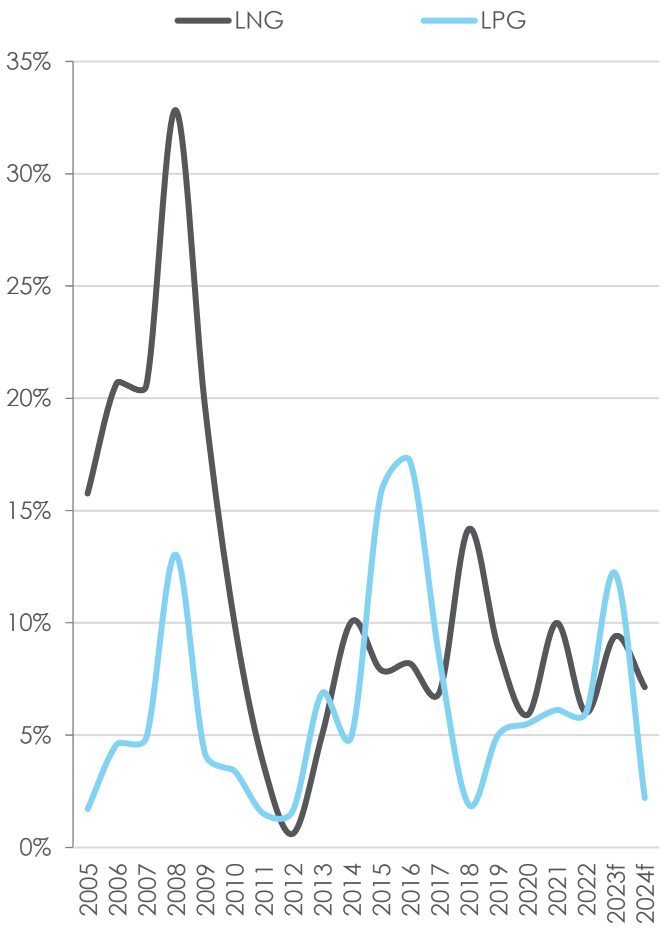


Data Source: Clarksons. Updated start of January 2023.

Fleet Growth across the Sectors





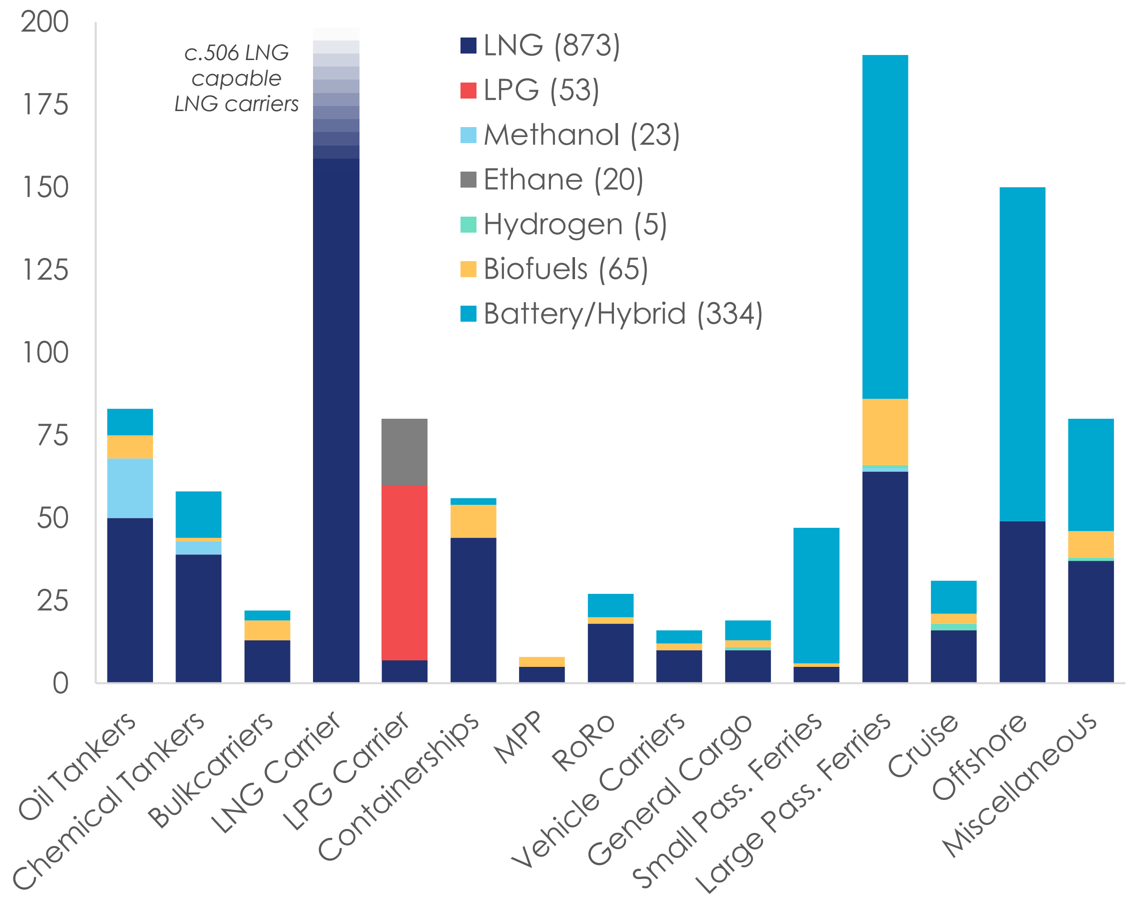


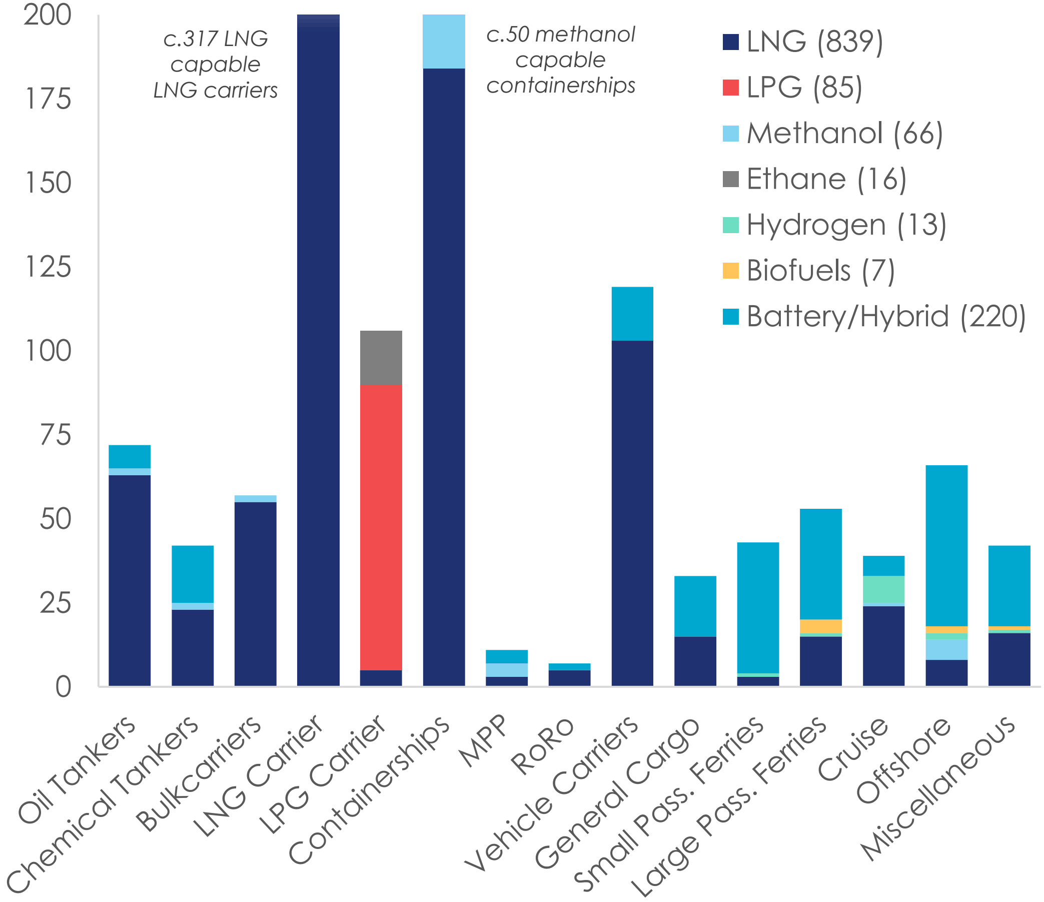
Source: Clarksons

Alternative Fuels: Current Uptake By Sector

LNG fuel continuing to gain traction, though increased interest in methanol; first methanol capable bulkers ordered

Fleet (100+ GT) Using Alternative Fuels

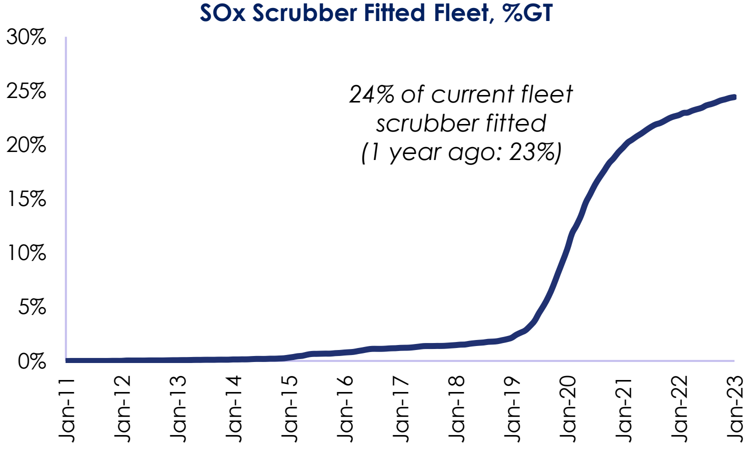


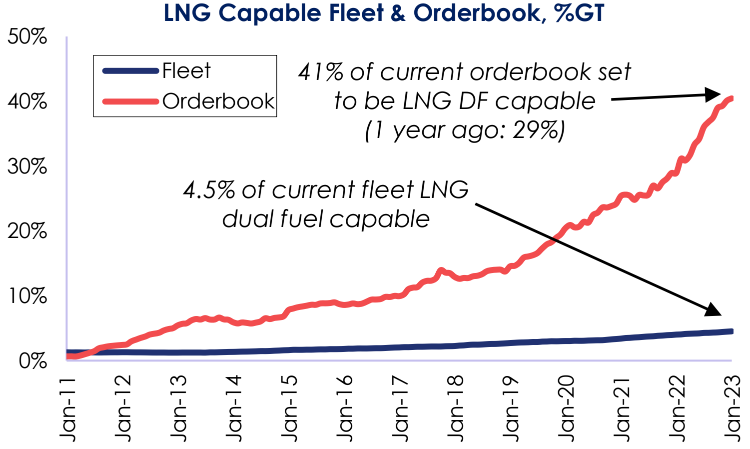


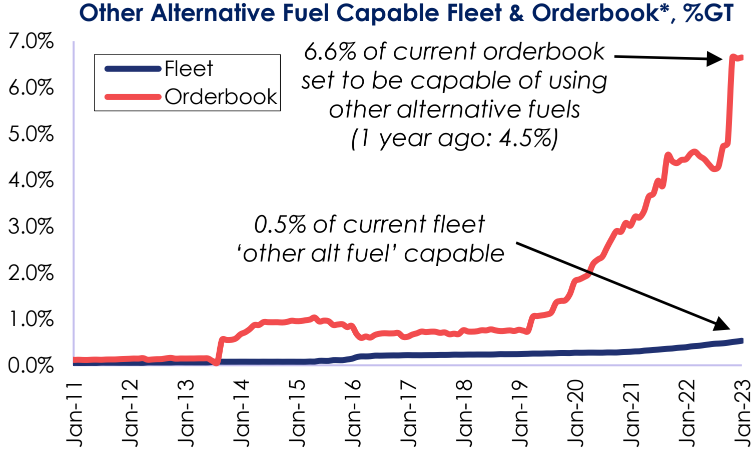
Source: Clarksons Research, Data As of January 2023. Biofuel' includes vessels reported to be using or designed for biofuels; many other vessels in the fleet are also capable of using biofuel blends. All ethane fuelled vessels are ethane/LPG or 'multigas' carriers. Large ferries includes all RoPax vessels and passenger ferries above 200 passengers.

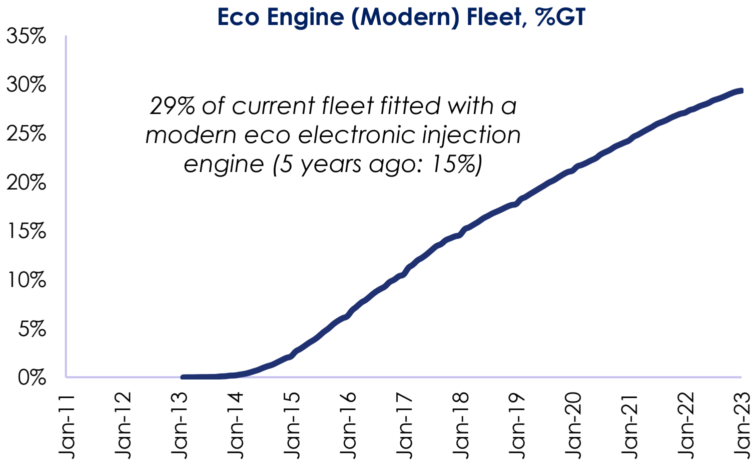
Tracking "Green" Technology Uptake

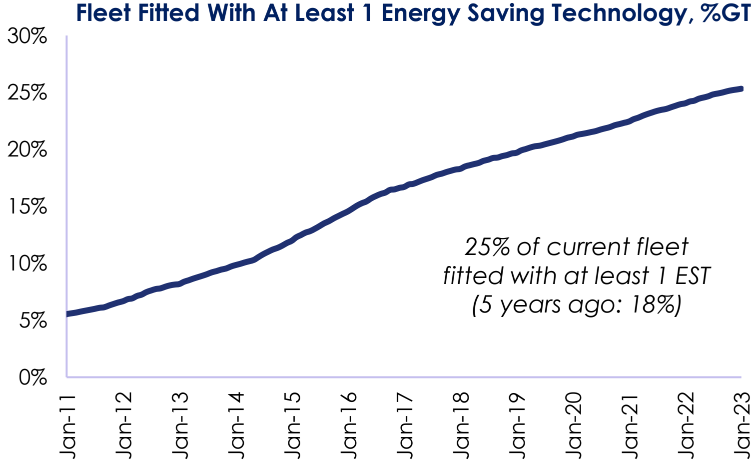
Timing & Technology? Our 8th Update of Fuelling Transition is now available on World Fleet Register

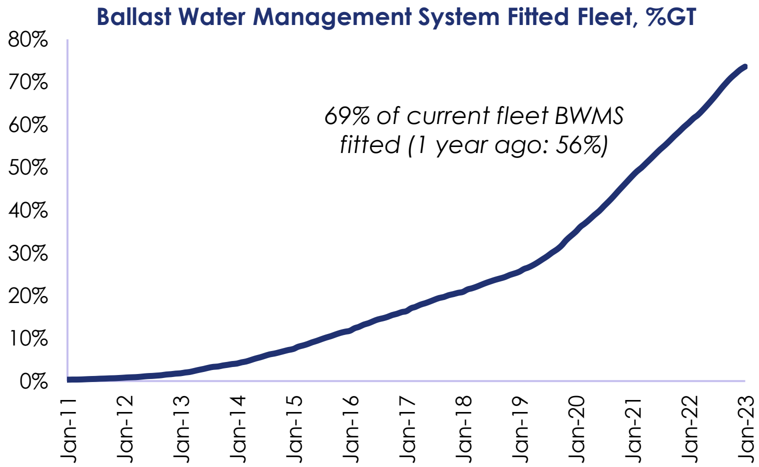












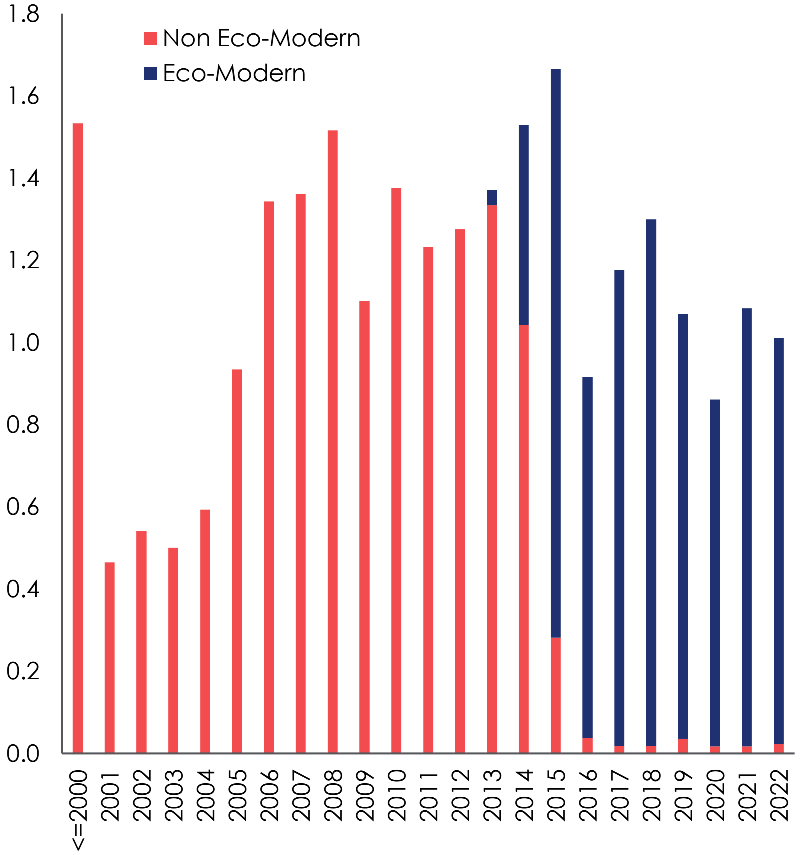
Clarksons Research. As of 1st January 2023, World Fleet Register. *Other alternative fuel capable totals include vessels capable of using alternative fuels other than LNG.

Significant Containership Fleet Renewal Requirements

"Green Transition" & decarbonisation regulations will increasingly impact containership supply/demand balance

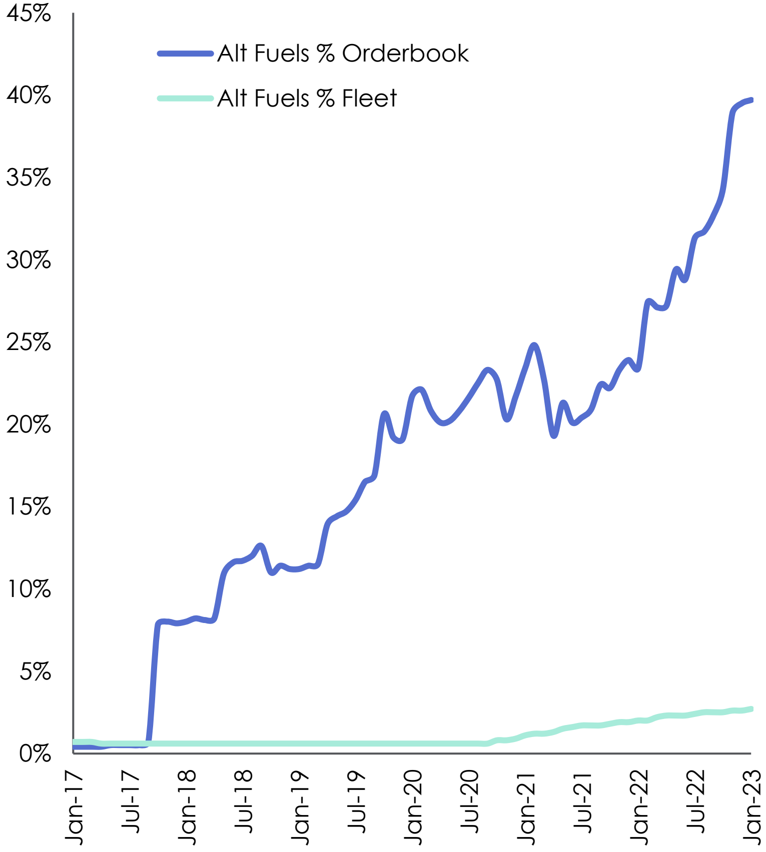
Age Profile Will Drive Renewal Requirement

Containership Fleet By YOB & "Eco" Split, M TEU



Alternative Fuels "Ramping Up"

Alt. Fuel "Capable" Units, % Fleet/Orderbook (TEU)



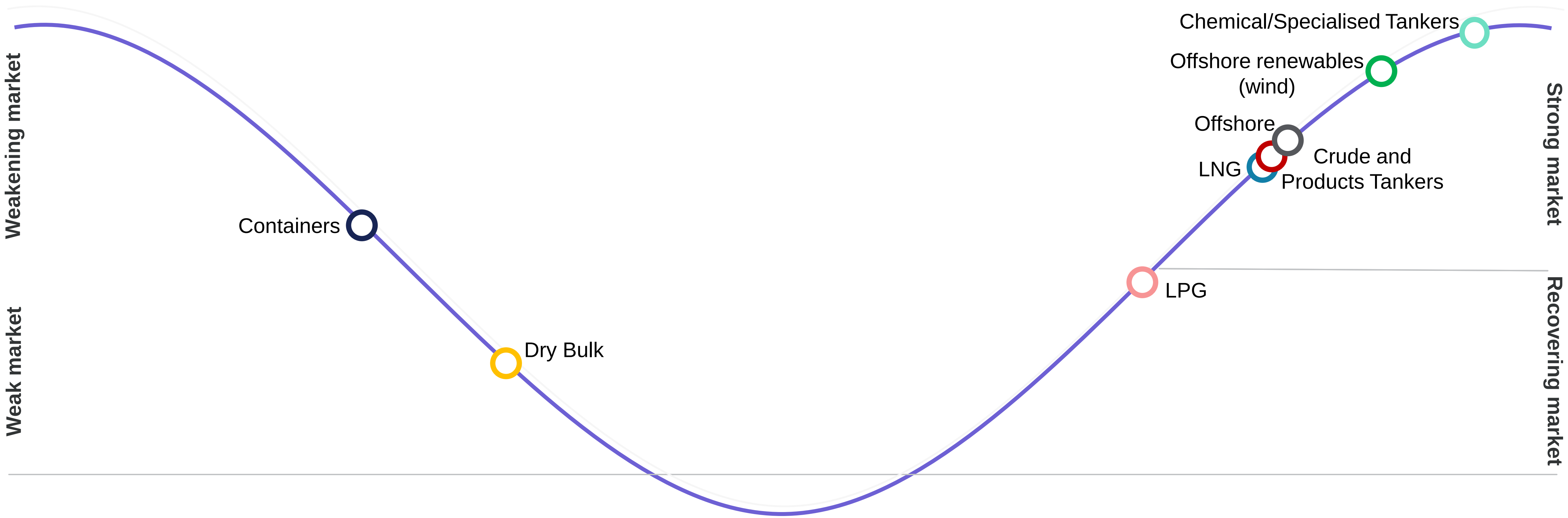
Decarbonisation To Drive Supply Disruption

- **Container shipping is very close to the consumer consciousness.** There has been a ramp up in expectations from shippers and end users amid pressure from consumers to be "green through the supply chain" (e.g. "coZEV", "Ship It Zero").
- **At start Jan-23, 64% of boxship fleet capacity was "non eco-modern" and 28% was 15 years or older.**
- Uptake of alternative fuel is increasing, 40% of overall orderbook capacity at start Jan-23 set to be alternative fuel "capable".
- **Newly introduced IMO environmental regulations a major milestone for shipping decarbonisation.** Uncertainty remains and scenarios vary, but potential material impact on the boxship fleet through disruption / constrained available supply through slower speeds and retrofit time.
- **Longer-term fleet renewal likely to be "uneven", potential for fleet removal / bottlenecks where renewal not fully aligned** (due to fuelling uncertainty, regulations, age profile, yard capacity and finance).

Source: Clarksons Research. Note: as at start January 2023. "Eco-modern" - vessels with electronic injection main engine contracted after 1st January 2012.

Where are we in the cycle?

Timeline of each cycle not defined and varies



CLARKSON PLC

Outlook

Andi Case
Chief Executive Officer

2023 starts with many geo political issues impacting our markets

Against this backdrop, Clarksons is well positioned for the year ahead.

A real endorsement to our continuing strategy and investment

Outlook

Tailwinds vs Headwinds

Headwinds / global factors

Sentiment

Global GDP contraction?

Inflation?

Geopolitical

War – how long and how deep?

Exchange rate

USD vs GBP,NOK…

Headwind or tailwind ?

Tailwinds

Markets

Supply side challenged

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

Regulation & Client GHG Focus

- 2030
- 2050

Renewables & Energy mix

Growing global market requiring maritime skills- Energy security

Sea/

Company

Forward order book

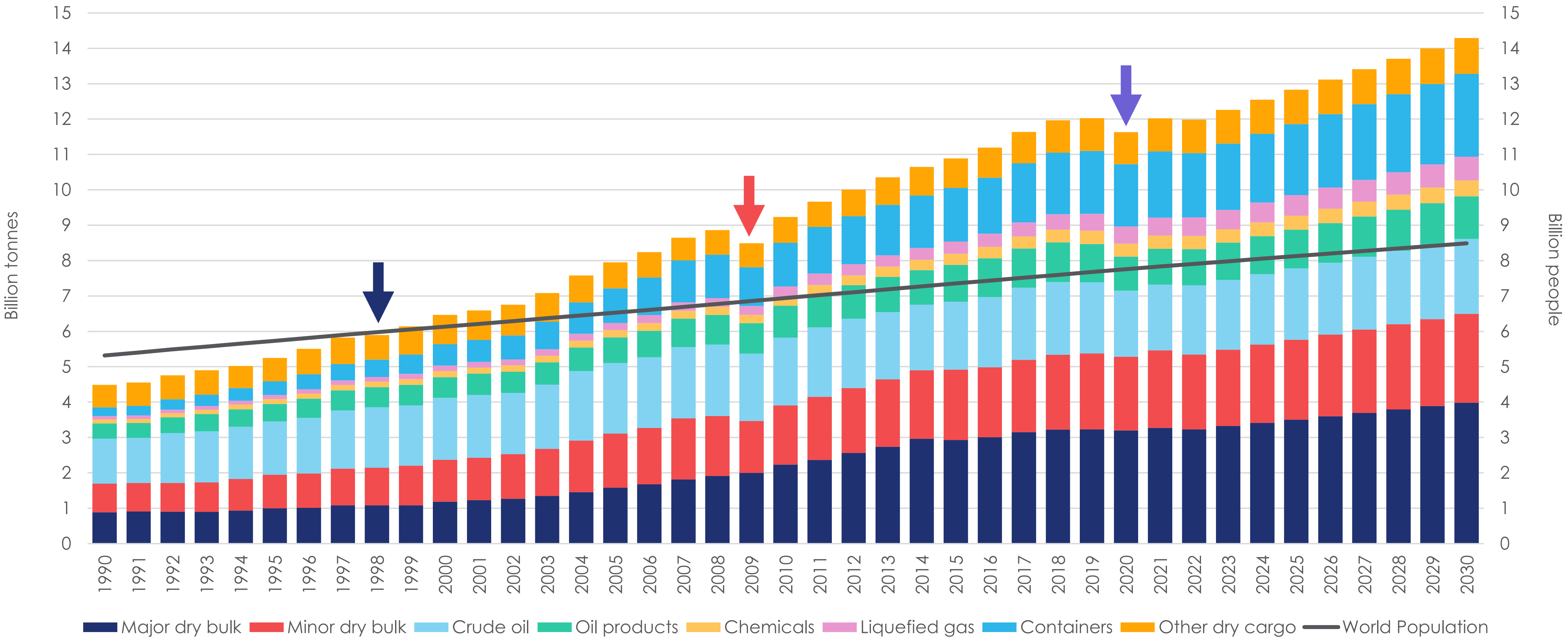
Evolving through the year

Cash generation and debt free

Progressive dividend policy in 20th year

World Seaborne Trade & Population Growth – The Future

Trade per Capita 2023–2030 Extrapolated Based on Average Absolute Growth Rate 1990–2022



Source: Clarksons/US Census Bureau

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Thank you