# 2022 Results Presentation

May 2023


Ashtead Technology

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# Leading position & positive market backdrop driving strong growth

Increased confidence in outlook for the business underpinned by customers reporting highest backlogs in a decade

**Strong revenue growth across all markets**

- FY22 revenues +31.0% - growth across all geographic markets, driven by higher demand in both offshore renewables and offshore oil and gas
  - 23.7% organic growth (renewables growth of 22% and oil and gas growth of 35%)
  - 5.5% revenue benefit from favourable FX
  - 1.7% growth in reported revenue from acquisitions
- Higher cost utilisation and improved pricing driving improvement in gross margins (FY22: 74.2%, FY21: 72.7%)

**Positioning the business to capture the market opportunity**

- Investment of £13.1m in equipment fleet during 2022, focused on increasing both breadth and depth of the fleet
- 27% headcount increase in year with further investment in senior leadership team
- Completion of two acquisitions in H2 2022 to further expand mechanical solutions offering. Fully integrated and demonstrating synergies
- Continuing to build M&A pipeline

**Structural tailwinds & positive outlook continues**

- Energy trilemma resulting in tightening marketing conditions favourable to AT
  - >50% increase in quote value in FY22 compared to FY21, trend continued in Q1 2023
- The Board is encouraged by the Group's performance in Q1 2023 which provides increased confidence in the outlook for the business and expects FY23 to be materially ahead of guidance
- Targeting low double-digit organic revenue growth in the medium-term

# Ashtead Technology overview

- Providing equipment rental, advanced underwater technologies & integrated support services to the global offshore energy sector
- Clear growth strategy through expanding the breadth, depth and reach of our operations both organically and through M&A

Over **38** years experience

**£129m** cost of rental fleet

**19,000 +** rental assets

**7** acquisitions since 2017

Supporting the **renewables** and **oil & gas** markets

**3** expanding service lines

**260 +** employees globally

Supported customers in over **80** countries

**£80.9m** FY2022 revenue (1)

**£34.4m** FY2022 EBITDA (1)

Invested circa **£13m** in rental fleet capex

Safely delivered engineered solutions on over **220** projects

(1) FY2022 proforma



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# Financial Overview

# 2022: Delivering beyond expectations

Robust first year trading as a plc driven predominately by organic growth

| Metric | 2022 | FY21 |
|---|---|---|
| Revenue | **£73.1m** | FY21: £55.8m |
| Adjusted EBITA | **£20.1m** | FY21: £13.7m |
| Cost Utilisation | **44%** | FY21: 43% |
| Net debt / Adjusted EBITDA | **1.0x** | FY21: 1.0x |
| Adjusted EBITA Margin | **27.5%** | FY21: 24.6% |
| Adjusted EPS | **19.6p** | FY21: 13.2p |
| ROIC | **21%** | FY21: 17% |
| Total Recordable Incident Rate | **0.48** | FY21: 0 |



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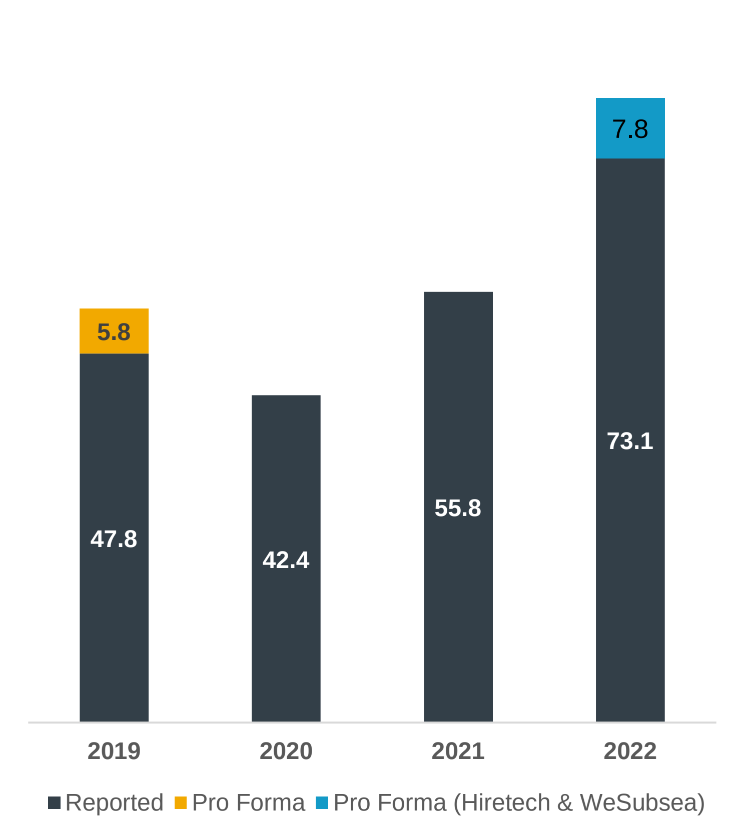
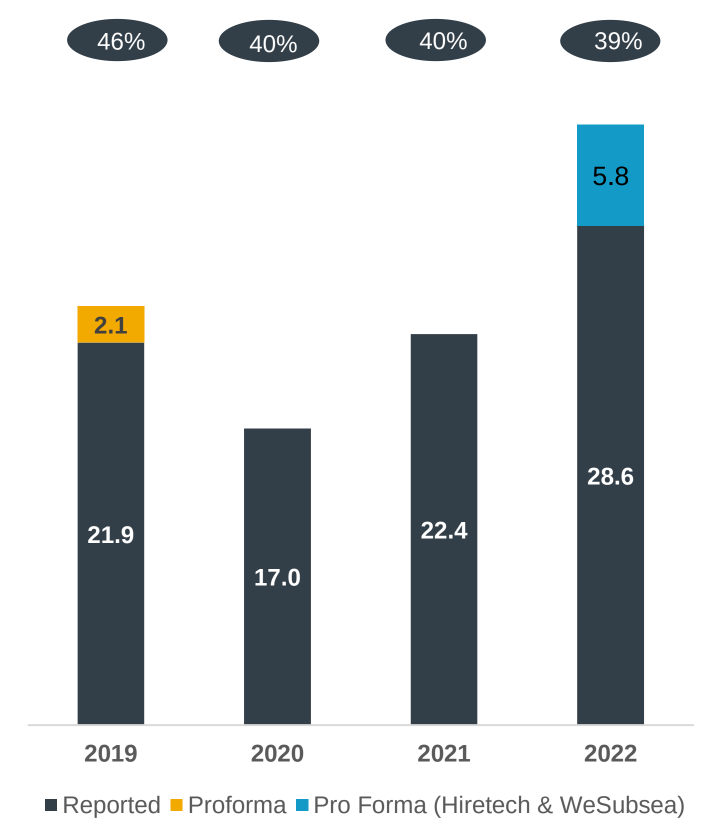
# Track record of strong financial performance

FY22 demonstrates continued strong organic growth supplemented by two H2 acquisitions

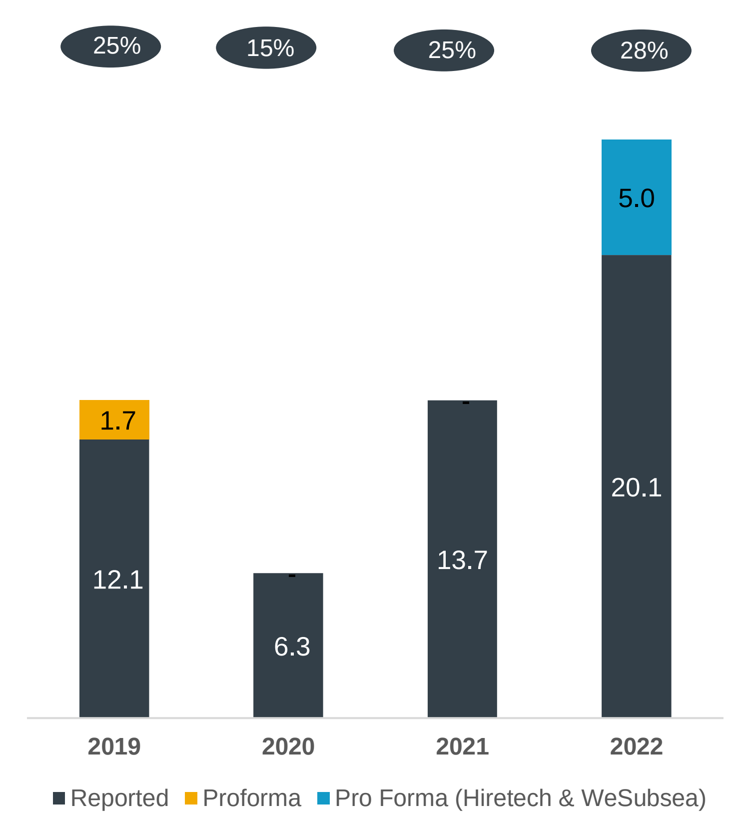
## Revenue[1,4] (£m)




## Adjusted EBITDA[1,2,4] (£m)




## Adjusted EBITA[1,3,4] (£m)






(1) AT proforma figures for 2019 include acquisitions completed in 2019
(2) Adjusted EBITDA is defined as operating profit adjusted to add back depreciation, amortisation, foreign exchange movements and non-trading items as described in Note 28 to the accounts
(3) Adjusted EBITA is defined as operating profit adjusted to add back amortisation, foreign exchange movements and non-trading items as described in Note 28 to the accounts
(4) 2022 pro forma indicates full year impact of Hiretech and WeSubsea acquisitions

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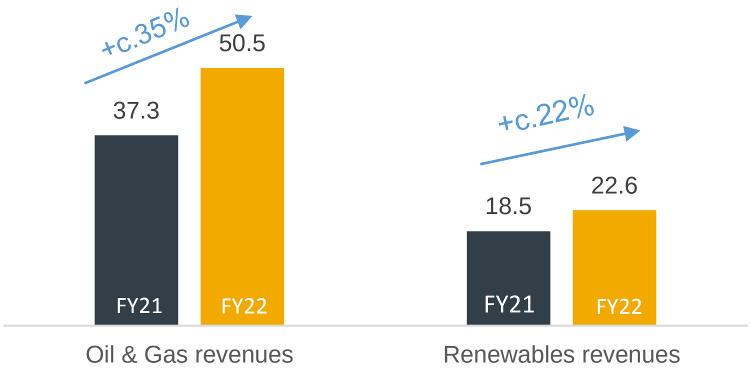
# Profit & Loss

## Profit and loss demonstrates first full year of plc costs

| £m | FY21 | FY22 |
|---|---|---|
| **Revenue** | **55.8** | **73.1** |
| *YoY performance* | *31.6%* | *31.0%* |
| Cost of sales | (15.3) | (18.8) |
| **Gross profit[1]** | **40.5** | **54.3** |
| *Gross margin %* | *72.7%* | *74.2%* |
| Admin expense[1] | (19.0) | (26.5) |
| Other operating income[1] | 0.9 | 0.8 |
| **Adjusted EBITDA[1]** | **22.4** | **28.6** |
| *Adjusted EBITDA margin %* | *40.1%* | *39.1%* |
| Depreciation | (8.7) | (8.4) |
| **Adjusted EBITA[1]** | **13.7** | **20.1** |
| *Adjusted EBITA margin %* | *24.5%* | *27.5%* |
| Finance cost[1] | (2.9) | (1.4) |
| **Adjusted profit before tax[1]** | 10.8 | 18.7 |
| *Taxation[1]* | (1.4) | (3.1) |
| **Adjusted profit after tax[1]** | 9.4 | 15.6 |
| **Adjusted EPS** | *13.2p* | *19.6p* |
| *Dividend per share[2]* | - | *1.0p* |

**Overview**

- FY22 revenues +31.0% - growth across all geographic markets, driven by higher demand in both offshore renewables and offshore oil and gas
  - 23.7% organic growth (renewables growth of 22% and oil and gas growth of 35%)
  - 5.5% revenue benefit from favourable FX
  - 1.7% growth in reported revenue from acquisitions
- Driven by an increase in demand from both offshore renewables and offshore oil and gas markets
- Overhead increased 39% year on year – first full year as a plc, investment in employees and reintroduction of bonus scheme
- Growth achieved across all regions
- EBITA margin of 27.5% demonstrates strong returns



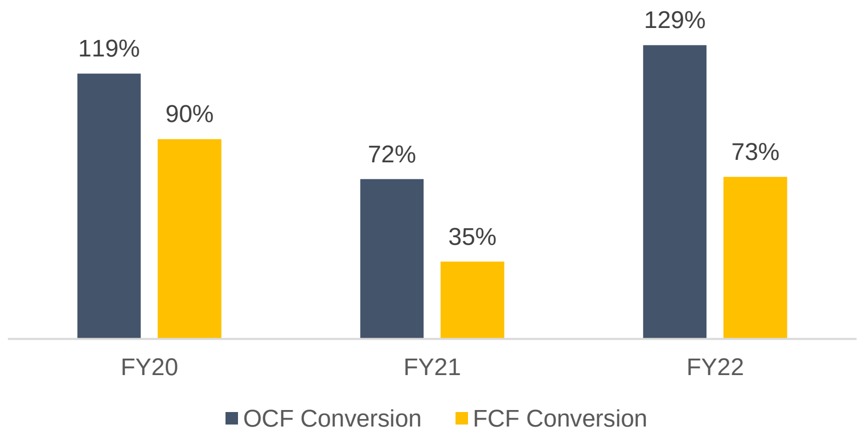

[1] See appendix for adjustments and reconciliation to reported figures
[2] Recommended for 2022

# Cashflow

## Track record of delivering strong operating and free cash flow conversion

| £m | FY21 | FY22 |
|---|---|---|
| Adj. EBITDA | 22.4 | 28.6 |
| Exceptional costs | (4.5) | (0.9) |
| Gain on sale of fixed assets | (0.9) | (0.8) |
| Other | (0.2) | 0.8 |
| **Cash generated before working capital movements** | **16.8** | **27.7** |
| Working Capital Movement | (5.1) | 8.3 |
| Cash inflow from operations ("OCF") | 11.7 | 36.0 |
| **OCF (pre-exceptionals)** | **16.2** | **36.9** |
| **OCF Conversion (pre-exceptionals)** | **72.3%** | **129.0%** |
| Tax | (0.9) | (2.0) |
| Disposal of Fixed Assets | 1.5 | 1.5 |
| Capex | (7.9) | (14.5) |
| Lease Payments | (1.0) | (1.1) |
| Free Cash Flow* | 3.4 | 19.9 |
| **FCF (pre-exceptionals)** | **7.9** | **20.8** |
| **FCF Conversion (pre-exceptionals)** | **35.3%** | **72.7%** |

**Operating and free cash flow conversion FY20 to FY22 (pre exceptionals)**




- Free cash flow conversion driven by positive working capital and capex
- Working capital inflow due to improvement in debtor days (+£0.8m), bonus accrual (+£2.5m) and timing of capex spend (+£2.4m)
- £14.5m capex spend in year, £13.1m invested in rental equipment, maintaining position as largest independent fleet in the industry

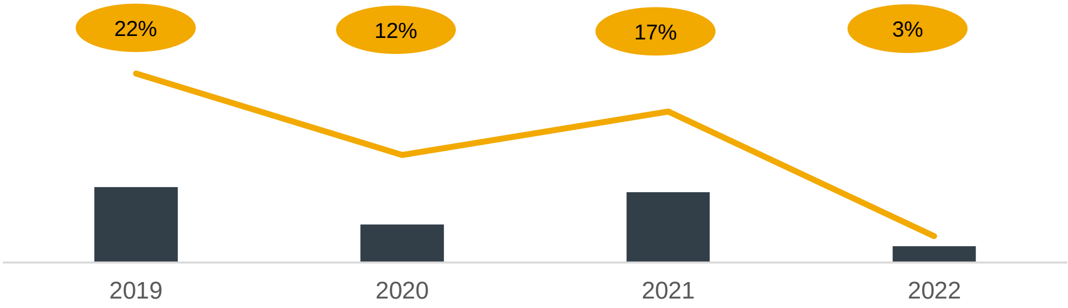
Note all financials are non-proforma and under IFRS
*calculated pre cost of acquisitions

# Balance sheet

## Strong balance sheet with year end net debt leverage at 1.0x

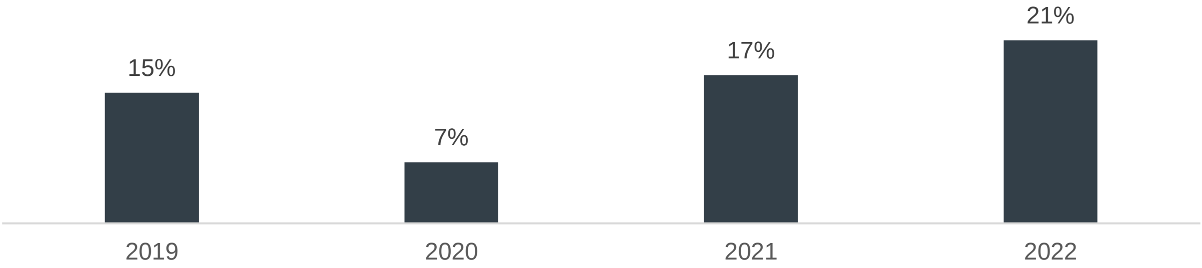
| £m | FY21 | FY22 |
|---|---|---|
| GBV of rental fleet | 104.9 | 129.1 |
| Accumulated depreciation of rental fleet | (85.6) | (99.0) |
| NBV of rental fleet | 19.2 | 30.1 |
| Goodwill | 48.7 | 66.0 |
| Intangible assets | 1.8 | 6.0 |
| Right-of-use assets | 2.9 | 2.6 |
| Other non-current assets | 2.6 | 1.7 |
| Inventory | 1.8 | 1.9 |
| Trade and other receivables | 17.2 | 19.5 |
| Trade and other payables | (9.4) | (19.1) |
| Tax | (0.8) | (1.8) |
| Net Debt (inc. leases) | (22.7) | (28.7) |
| Provisions | (0.1) | (0.1) |
| Deferred tax liability | - | (2.2) |
| Net Assets | 61.1 | 75.8 |

**Working Capital to Revenues**




- Working capital has reduced to £2.3m in the year due to improvement in debtor days (£0.8m), bonus accrual (£2.5m), remaining consideration and other payables due in relation to acquisitions (£1.6m) and timing of capex impacting trade payables (£2.4m)

**ROIC [1]**




- ROIC significantly ahead of cost of capital

1. ROIC calculated as Adjusted EBITA / average equity plus average net debt



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# Capital allocation priorities focus on investment in growth

First dividend recommended and refinancing completed to support future growth

**Medium Term Leverage Policy**

Adjusted Net Debt to EBITDA: 1.0x – 2.0x

| Organic fleet growth | Bolt-on acquisitions | Shareholder returns |
| --- | --- | --- |
| *Continued investment in maintenance and capability of the fleet. Expansion to meet demand and broaden product offering* | *Deploy free cash flow and balance sheet capacity on complementary bolt-on M&A* | *Sustainable progressive final dividend for shareholders. Recommended dividend of 1p per share for 2022* |

**Targeting industry/sector leading ROIC and low double digit organic revenue growth complemented by bolt-on M&A**

## Refinancing overview

- Refinancing completed April 2023
- £100m facility with £50m accordion (subject to credit)
- Four year term to April 2027 with 1x year extension option
- ABN and Citi added to Clydesdale and HSBC
- Pricing similar to previous facility
- Covenants provide increased flexibility:
    - 4:1 EBITDA to interest cover
    - 3.0x leverage



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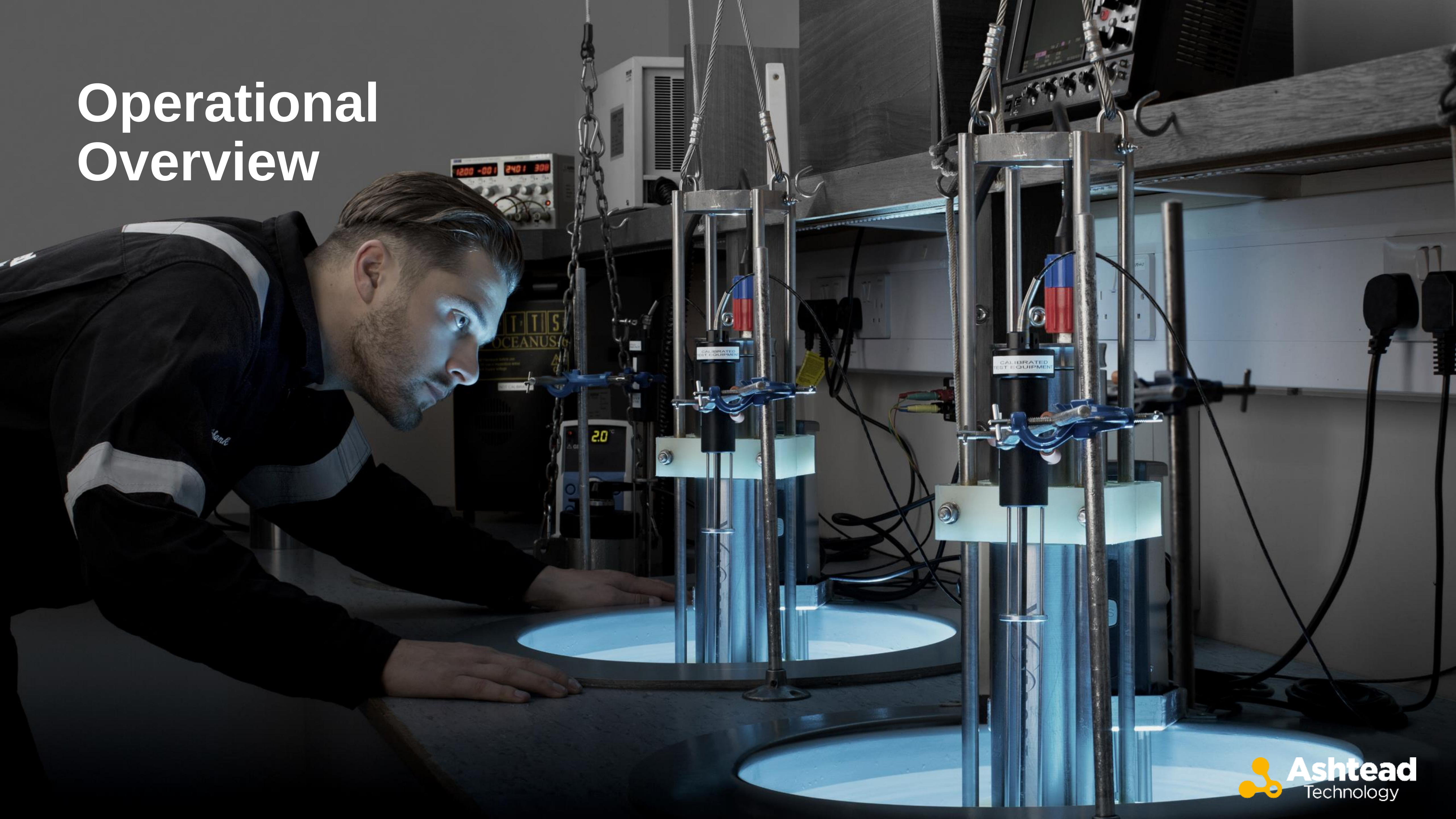
# Operational Overview

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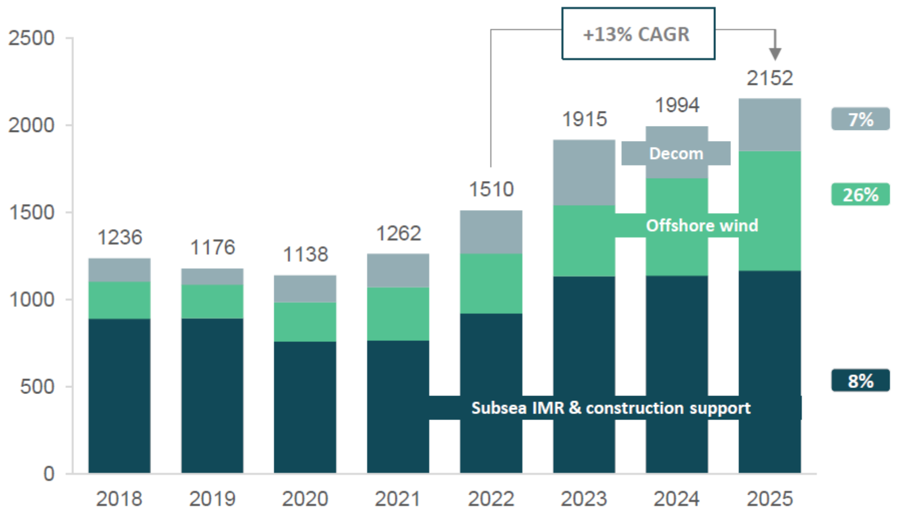
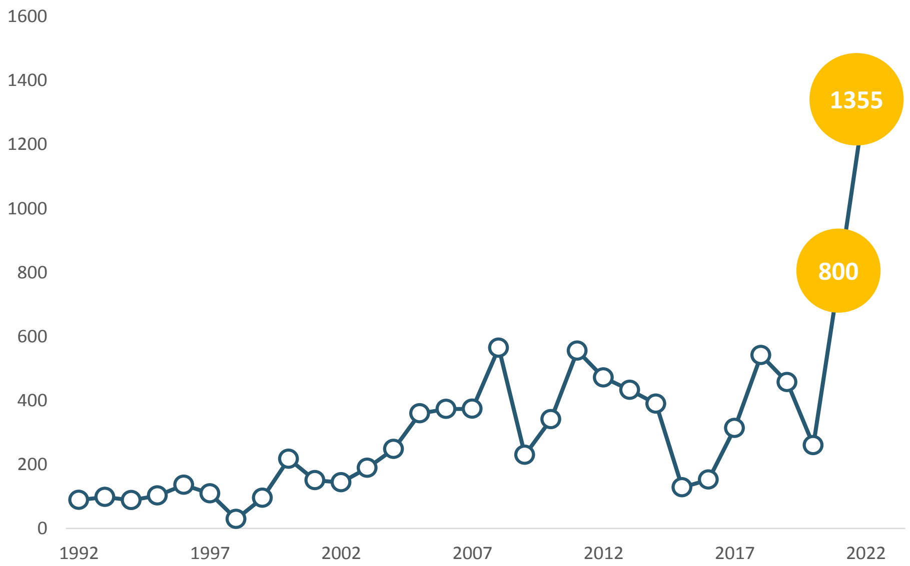
# Market backdrop supportive of continued growth

Ashtead Technology’s addressable market is expected to reach more than $2bn by 2025 supported by record global O&G upstream free cash flows

## Total addressable market by cost group[1]




## Total free cash flows from Global O&G upstream portfolio
Billion USD




**Capital discipline**
Public upstream players have rewarded shareholders with share buybacks in 2022

**Oil & gas expenditure**
Oil and gas producers are again looking to sanction new projects due to the current price environment

**New energy segments**
Operators are utilizing record free cash flows to embark into new energy segments such as offshore wind, CCUS, hydrogen and solar

- Overall CAGR of 13% forecast from 2022 to 2025
- Record free cash flows from global O&G upstream operations supporting investment in both oil & gas and new energy segments
- Increased focus on energy security and affordability supportive of Ashtead Technology’s activities
- 26% CAGR from offshore wind forecast driven by energy sustainability focus

Source: Rystad Energy, Management Information
1 Excludes China



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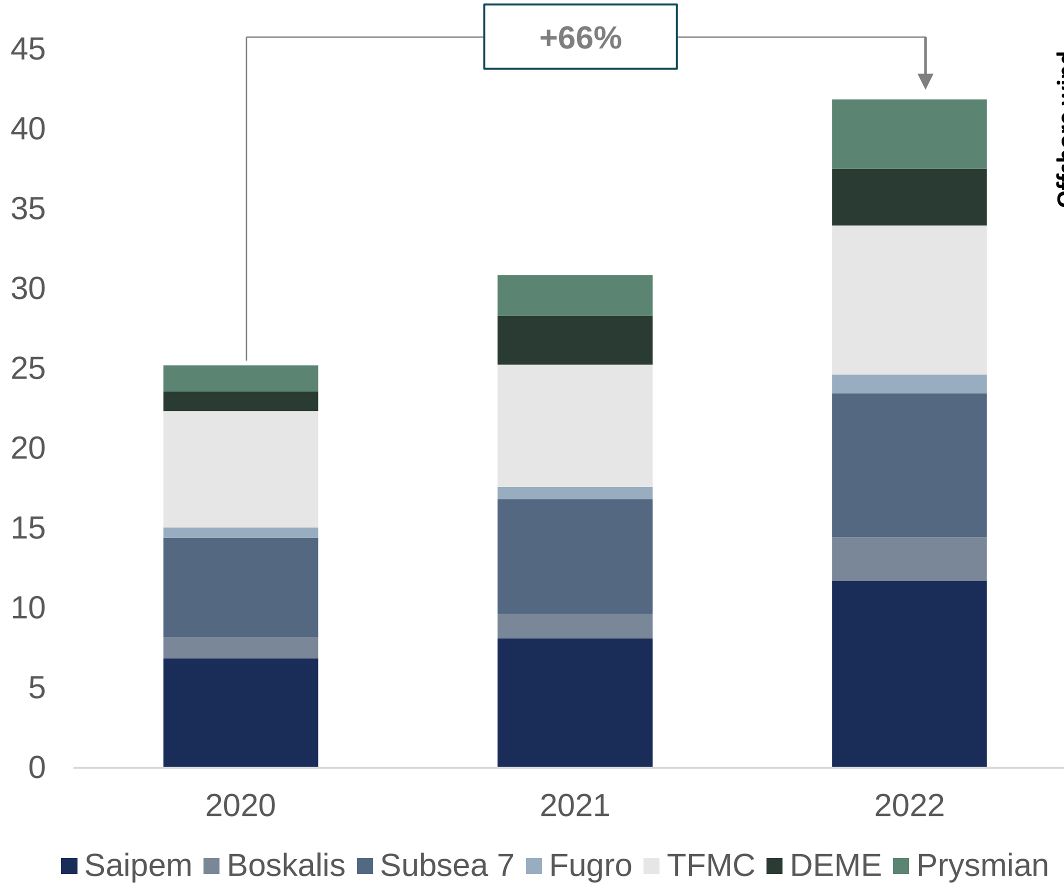
# Record backlogs for key Ashtead Technology customers

Significant uplift in customer backlogs driving market tightness for equipment and personnel in turn driving higher propensity to rent

**Offshore relevant backlog**
Billion USD[1]




**Offshore wind specialists**

Prysmian Group: "Record results in 2022, supported by the excellent results in the Energy segment. The group expects results to grow" — *2022Q4 Press Release*

DEME Offshore: "Record high orderbook due to healthy market and positioning" — *2022Q4 Report*

**O&G**

**O&G focussed**

TechnipFMC: "We are in the midst of a multi-year growth cycle. Full-year inbound orders grew 20% versus 2021" — *2022Q4 Presentation*

**Cross-segment clients**

Fugro: "While offshore wind developments are gearing up, we also see renewed interest in gas, to support energy security" — *2022Q4 Report*

Subsea 7: "Highest order intake since 2013 at over 7 billion. (…) Pricing power has returned to the sector" — *2022Q4 Presentation*

Boskalis: "Order books increased to an all-time high level (…) services clusters all having a very strong year" — *2022Q4 Press release*

Saipem: "Backlog continues shifting towards offshore. Higher volumes across all regions" — *2022Q4 Presentation*

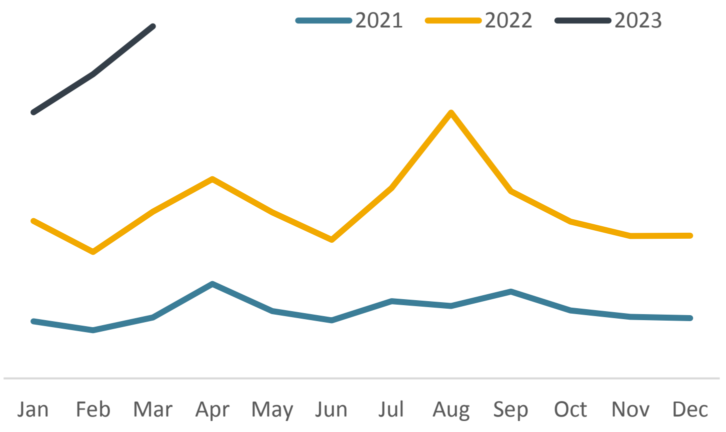
1. Total backlog, except for: DEME – Offshore Energy, Saipem – E&C Offshore, Boskalis – Offshore Energy, Fugro – Marine (next 12 months), Prysmian – Submarine Power

Source: Rystad Energy research and analysis; Saipem; Boskalis; Subsea 7; Fugro; DEME; Prysmian; TechnipFMC

# Pricing & utilisation show continued positive trends

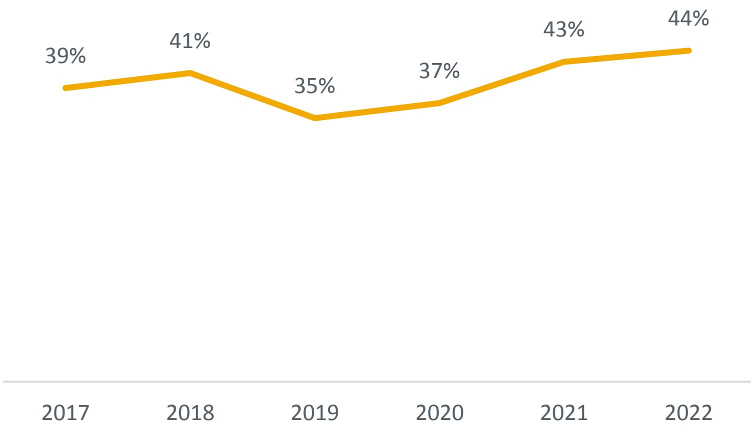
A tightening market is continuing to drive strong utilisation and increased pricing

## Tendering activity increasing



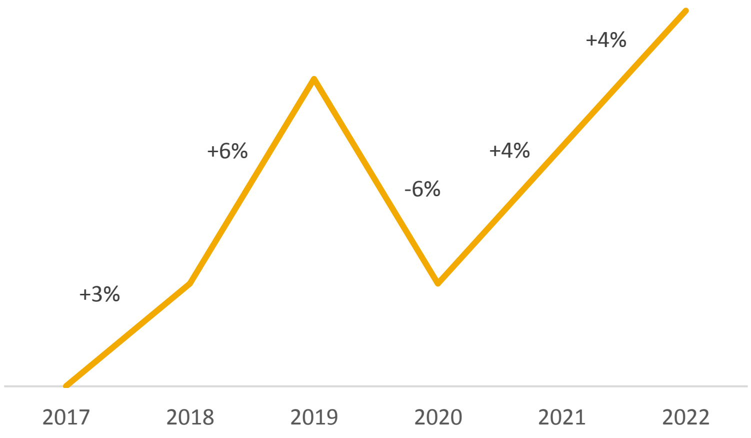

- Tendering activity up by value materially on prior years
- Value of quotes in Q1, 2023 >50% ahead of Q1, 2022
- Witnessing increasing propensity to rent trend

## Consistent Cost Utilisation[1]




- Cost utilisation further increased to 44% in the year
- Scope to achieve c.45%+ in the medium term
- Continuous growth in offshore renewables coupled with a significant increase in oil and gas activity resulting in tightening market conditions

## Disciplined Pricing




- Further pricing increase of 4% (point to point), representing a 8% price uplift, achieved through 2022 as the market tightened and pricing momentum continued to build through the year
- Increased pricing offsetting wage and supply chain inflation

1 Defined as the daily average of itemised fleet on rent weighted as a percentage of original equipment cost



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# Other operational updates

## Continued investment in people, equipment and processes for growth

- Employee headcount increased to 260, positioning the business for continued growth
- Further strengthening of the senior team across the service lines, regions and group support
- Investment of £13.1m in equipment rental fleet during 2022, focused on increasing both breadth and depth of the fleet
- Fully integrated Hiretech and WeSubsea acquisitions completed during H2, both demonstrating synergies

### Service line delivery

**Phil Middleton**
Head of Survey & Robotics

seatronics
MacArtney

**James Christie**
Regional Director (Asia) & Head of Mechanical Solutions

subsea 7

**Ross MacLeod**
Integrated Projects Director

seatronics

### Regional delivery

**Scott Stephen**
General Manager (Middle East)

RSL

### Group support

**Bob Gillespie**
Commercial Director

TechnipFMC
DOF Subsea
Havfram

**Hugo Fisher**
QHSE Director

TechnipFMC
ROVOP

2022 new hire
2022 new or revised role



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# M&A strategy

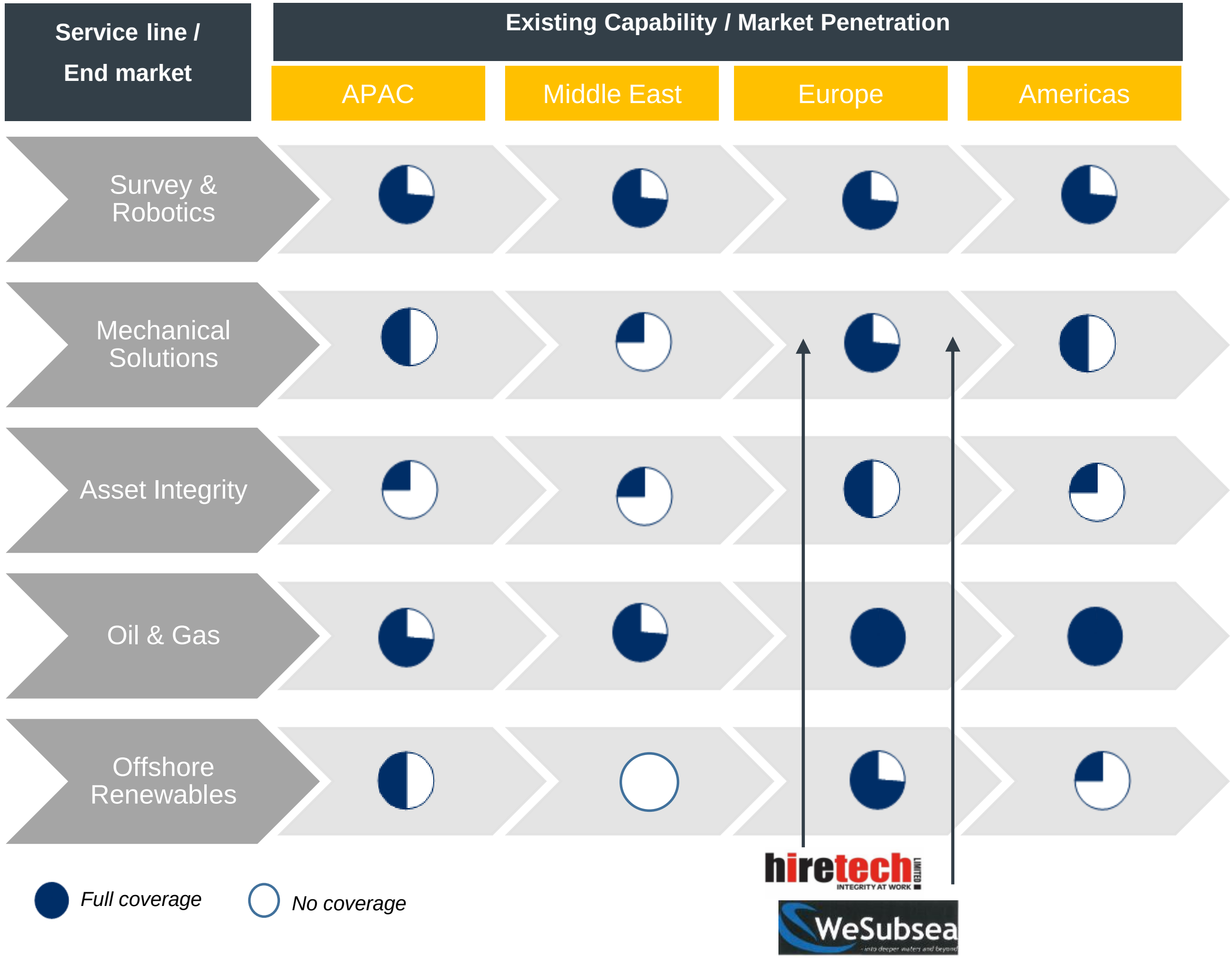
M&A strategy set out at IPO continues with focus on expanding operational breadth, depth and reach

## A clear and focused set of M&A criteria…

- Consolidation of a highly fragmented market
- Geographic expansion
- Product and solution expansion
- Expansion of offshore wind solutions offering

## What we look for…

- Strong cultural alignment
- Market leading expertise
- Long term customer relationships
- Opportunities to grow service lines and regional capability
- Pull through revenue synergies



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# Hiretech acquisition

Strong synergies and complementary capabilities to expand our mechanical solutions service line

### Background

- Founded in 2011, providing back deck and subsea equipment along with a suite of complementary support
- 80% of revenues derived from equipment rental
- Pre-acquisition supported customers globally from a single operating site in Aberdeen, UK
- c.70% of revenues from decommissioning and renewables markets

### Rationale

- Highly complementary to our mechanical solutions service line
- Significant opportunity to expand the business through Ashtead Technology's international network
- Attractive margins and accretive to Group's earnings from FY23

### Deal metrics

- Deal completed December 2022 based on October 2022 TTM revenue £6.5m, EBITDA £4.1m, EBITA £3.4m
- Debt/cash free consideration of £20m represents 4.9x EBITDA on TTM to October
- TTM EBITDA as of March 2023 increased to £5.7m





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# Environmental, Social, Governance

A clear commitment to the energy transition and focus on ESG ensures Ashtead Technology is well positioned to benefit all stakeholders


## 2022 achievements

**Focus on offshore renewables**

- 22% growth in renewables revenues
- Appointed global business development manager for renewables
- Developed new engineering solutions designed to support windfarm installation and operations

**Progressing QHSE**

- Recruited global QHSE director
- Zero lost time incidents
- Achieved ISO14001 certification and consolidated ISO certification with one accreditation body

**Employee engagement**

- Introduced Ashtead Technology Star Awards – global employee recognition programme
- Rolled out community involvement programme
- Introduced STEM ambassador programme

Ashtead Technology is committed to ensure its focus on ESG is pervasive through the business

# Outlook – positive momentum continues

Positive momentum on pricing and utilisation has continued through the traditionally seasonally weaker Q1

**Leading position & positive market backdrop driving strong growth**

- **Continued to perform strongly in the first three months of 2023**, supported by strengthening customer demand across both offshore renewables and oil and gas end markets
- Remain **well placed to support the changing requirements of the global offshore energy sector** as the transition to more renewable sources of energy continues apace
- **Remain confident of making further progress in 2023**, with a clear organic growth strategy and pipeline of acquisition opportunities
- **Activity levels continue to increase**, with utilisation rates remaining strong supporting increasing pricing
- Completed **refinancing** in April 2023, positioning the business to fund further organic and M&A growth initiatives

Given the performance to date in 2023, **the Board expects outturn for the year to be materially ahead of its previous expectations**

# Appendix

# Reconciliation – 2022 adjusted to reported figures

| Adjusted profit & loss (£m) | Adjusted | Acquisition Costs | Restructuring Costs | Other | Reported |
|---|---|---|---|---|---|
| Revenue | 73.1 | - | - | - | 73.1 |
| Gross profit | 54.3 | - | - | - | 54.3 |
| Administration expenses | (36.2) | 0.8 | - | - | (37.0) |
| Other operating income | 0.8 | - | - | - | 0.8 |
| Operating profit | 18.9 | 0.8 | - | - | 18.1 |
| Finance cost | (1.4) | - | - | - | (1.4) |
| Profit before tax | 17.5 | 0.8 | - | - | 16.6 |
| Tax | (4.0) | - | - | - | (4.0) |
| Profit after tax | 13.5 | 0.8 | - | - | 12.7 |
| Foreign exchange | - | | | | |
| Amortisation | 1.2 | | | | |
| Tax impact of adjustments | - | | | | |
| Remove US deferred tax recognition | 0.9 | | | | |
| Adjusted profit after tax for EPS calculation | 15.6 | | | | |

| Adjusted EBITDA / EBITA / Profit before tax (£m) | |
|---|---|
| Reported operating profit | 18.1 |
| Depreciation | 8.4 |
| Amortisation | 1.2 |
| Reported EBITDA | 27.7 |
| Acquisition costs | 0.8 |
| Restructuring costs | - |
| Other | - |
| FX | - |
| Adjusted EBITDA | 28.6 |
| Depreciation | (8.4) |
| Adjusted EBITA | 20.1 |
| Finance cost | (1.4) |
| Adjusted profit before tax* | 18.7 |

*excludes amortisation

# Overheads

## Overhead increased 39% year on year – first full year as a plc, investment in employees and re-introduction of bonus scheme

| £m | FY21 | FY22 |
|---|---|---|
| **Revenue** | **55.8** | **73.1** |
| *YoY performance* | *31.6%* | *31.0%* |
| Bonus | 0.3 | 2.5 |
| LTIP | 0.0 | 0.8 |
| Staff costs | 13.5 | 15.3 |
| Facilities costs | 0.3 | 0.5 |
| Other overheads | 4.4 | 6.7 |
| **Sub-total** | **18.5** | **25.8** |
| Amortisation | 1.5 | 1.2 |
| Depreciation | 8.7 | 8.4 |
| **Total overheads (exc. Exceptionals)** | **28.7** | **35.4** |
| Impairment loss on trade receivables | 0.5 | 0.8 |
| Exceptional costs | 4.7 | 0.8 |
| **Total overheads** | 33.9 | 37.0 |
| Staff costs % of revenues | 24.2% | 20.9% |
| Other overheads % of revenues | 8.6% | 9.2% |

**Overview**

- Staff costs increased due to:
  - Increase in employees from 204 to 260
  - 3% pay increase implemented in January 2022
  - Re-introduction of annual bonus scheme
  - Introduction of LTIP
- Other overheads relate to travel, marketing, legal & professional, insurance, IT etc.
  - Increases due to increased scale and activity post COVID
  - Additional costs of being listed – first full year as a plc
- Exceptional costs in year mostly relate to acquisitions (2021: IPO)


Ashtead
Technology