# HY 2023 Results Presentation

September 2023

Ashtead Technology


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# Continuing to deliver strong growth

Increased confidence in outlook for the business underpinned by strengthening market

**Continued revenue growth across end markets**

- HY23 revenues +57.1% on prior year
- Continued strengthening of market conditions across both offshore renewables and offshore oil and gas
  - 40.5% organic growth
  - 13.9% growth from acquisitions completed during H2 2022
  - 2.7% revenue benefit from favourable FX
- Higher cost utilisation and pricing driving continued growth in gross margins (HY23: 78.8%, HY22: 73.4%)

**Ongoing investment positioning the business for the future**

- Investment of £8m in capex (£7.7m, in rental fleet), with FY23 forecast spend of £20m
- 11% headcount increase YTD with the growth predominantly coming from further expansion of our technical and sales teams
- Appointed first HR Director
- Hiretech and WeSubsea acquisitions integrated and demonstrating strong synergies
- Continued to build M&A pipeline

**Structural tailwinds & positive outlook continues**

- Positive momentum continues within the offshore market by the continued need for energy security
  - >50% increase in tendering activity compared to HY22
- HY23 performance and market activity provides increased confidence in the outlook for the business and the Board expects FY23 to be comfortably ahead of its expectations
- Targeting low double-digit organic revenue growth in the medium-term

# Ashtead Technology delivers services across the full offshore lifecycle

A technology and service capability that spans the lifecycle of offshore energy infrastructure

### Site characterisation

Survey technologies & autonomous solutions for data acquisition

### Construction & installation

Asset integrity solutions that provide actionable, timely and relevant data

### Operations & maintenance

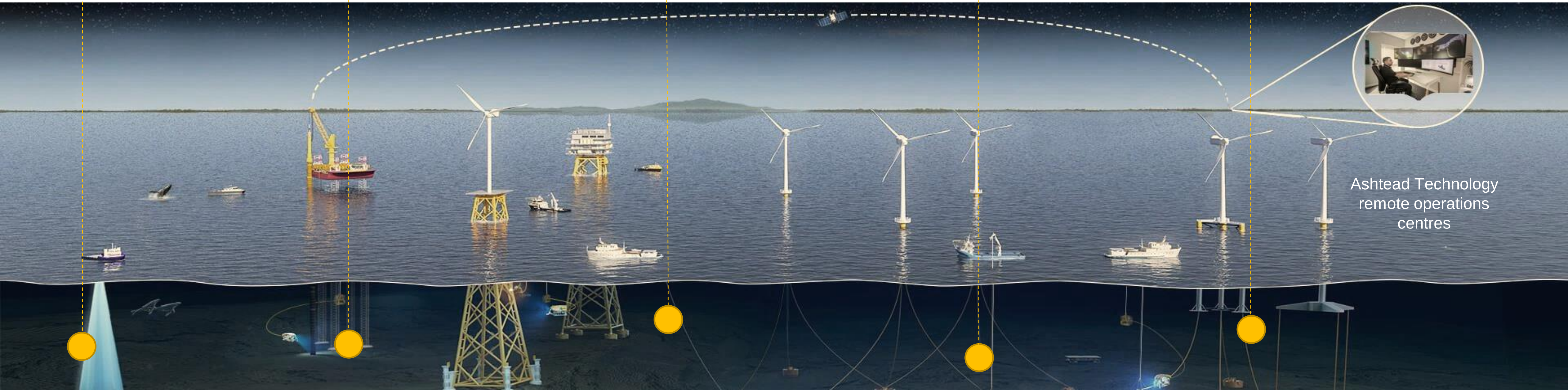
Subsea technologies and services for inspection, repair & maintenance

### Life extension

Technologies & methodologies to prolong the life of subsea assets

### Decommissioning

Specialist equipment & services for the removal of ageing infrastructure




Current focus

| | Site characterisation / Construction & installation | Operations & maintenance / Life extension | Decommissioning |
|---|---|---|---|
| | Future growth opportunity | Main current focus area | Targeted growth opportunity / area for growth |
| | Main current focus area | Targeted growth opportunity / area for growth | Future growth opportunity |

# What makes Ashtead Technology unique?

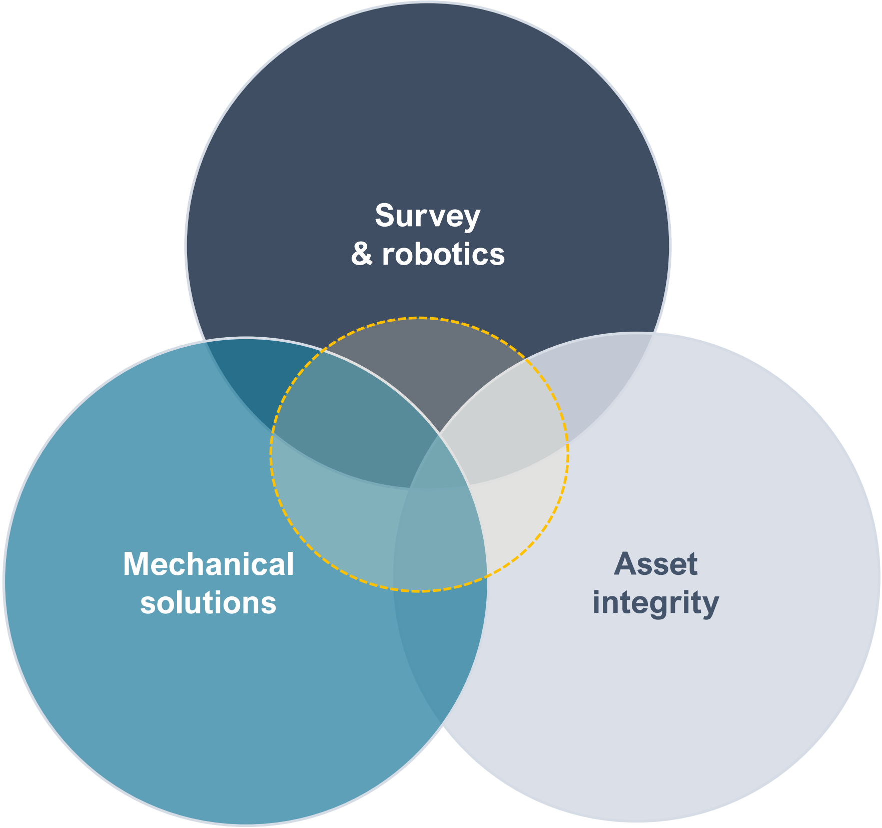
A key strength is our collective capability delivered through our “one team” integrated project approach, delivering vessel time savings & customer project efficiencies

Trusted partner

Largest independent fleet

Expert team

Global reach




Building capability

Plugging technology gaps

Project efficiency

Committed to quality

**Agility** | **Collaboration** | **Excellence**

# Financial overview

# HY 2023 highlights: A strong start to the year

Record growth and strong returns delivered in H1

**Revenue** (↑ 57%)
**£49.8.m**
HY22: £31.7m

**Adjusted EBITA** (↑ 92%)
**£15.7m**
HY22: £8.2m

**Cost Utilisation** (↑)
**45%**
HY22: 44%

**Net debt / Adjusted EBITDA** (↓)
**0.7x**
HY22: 0.9x

**Adjusted EBITA Margin** (↑)
**31.4%**
HY22: 25.8%

**Adjusted Basic EPS** (↑ 72%)
**14.2p**
HY22: 8.3p

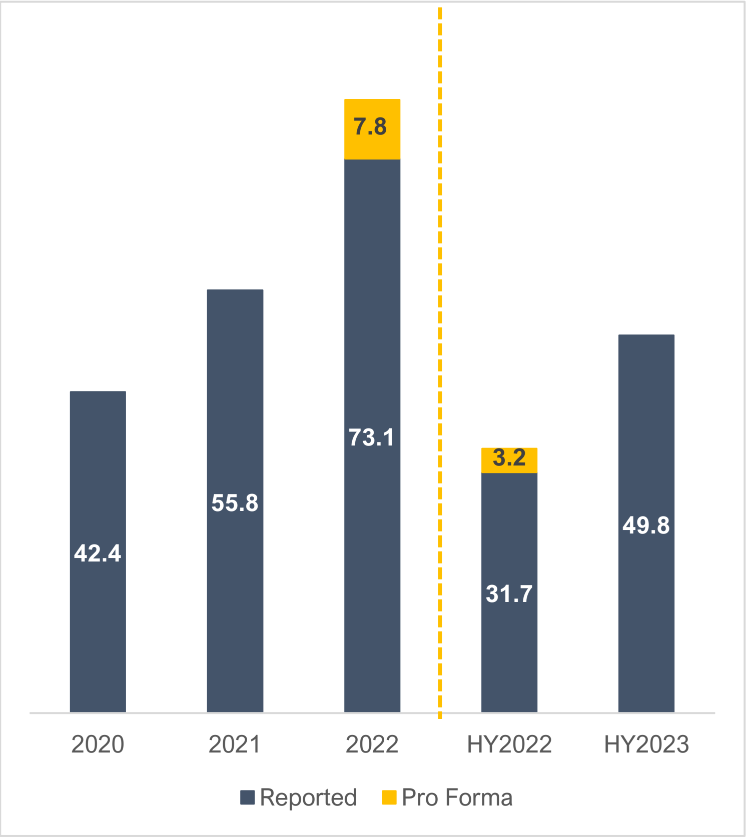
**ROIC** (↑)
**25.5%**
HY22: 19.1%

**Total Recordable Incident Rate**
**0**
HY22: 0

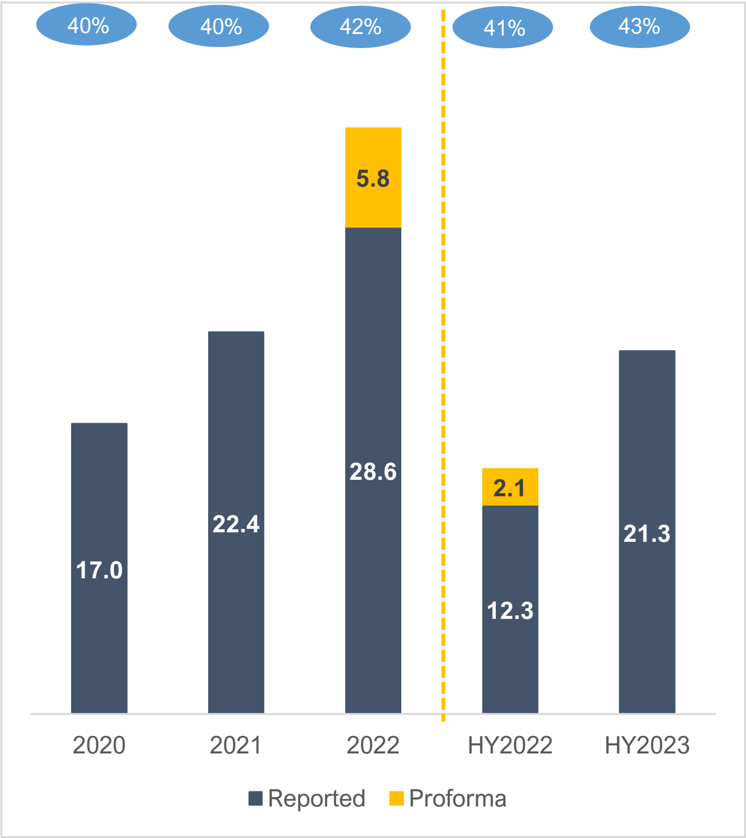
# Continuing track record of growth and strong financial performance

Track record of growth and delivering solid margins

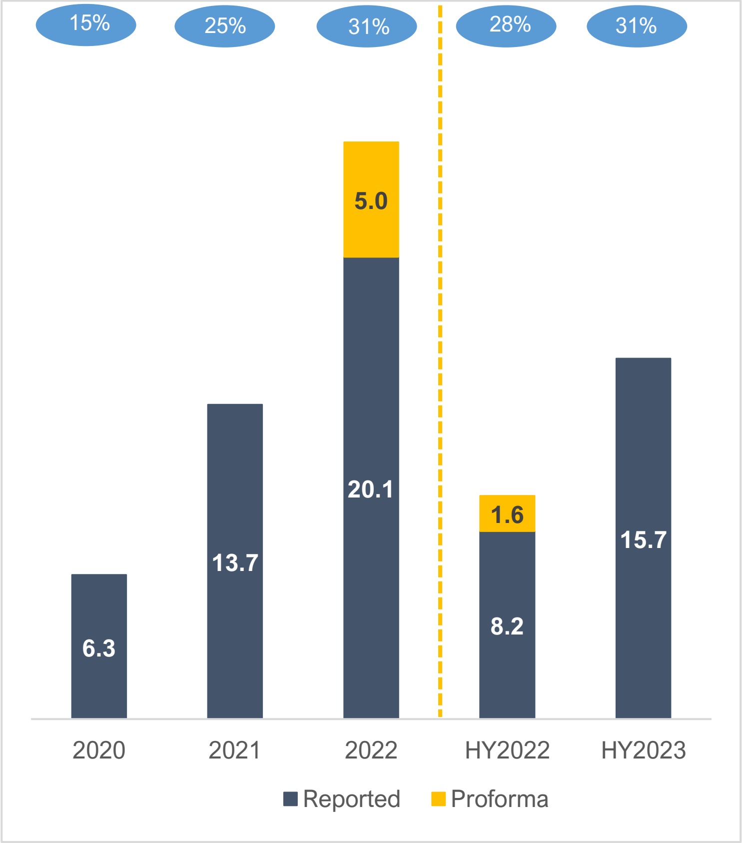
## Revenue[1] (£m)




## Adjusted EBITDA[1,2] (£m)




## Adjusted EBITA[1,3] (£m)




(1) 2022 and HY2022 proforma figures include WeSubsea and Hiretech. Bubbles represent margins as a % of revenue
(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 18 of the HY 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 18 to the HY accounts

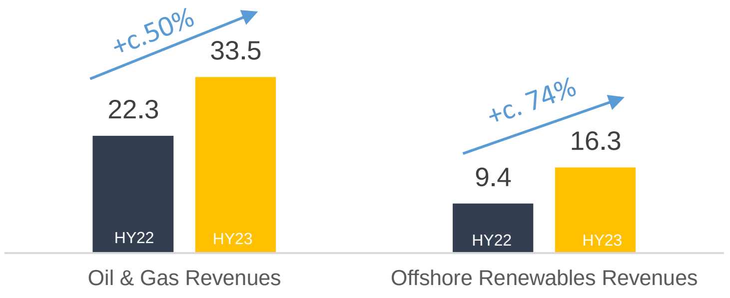
# Profit & loss

Continued organic growth alongside positive impact of M&A delivers strong profit growth

| £m | HY22 | HY23 |
|---|---|---|
| **Revenue** | **31.7** | **49.8** |
| *YoY performance* | *28.5%* | *57.1%* |
| Cost of sales | (8.5) | (10.6) |
| **Gross profit[1]** | **23.3** | **39.3** |
| *Gross margin %* | *73.4%* | *78.8%* |
| Admin expense[1] | (11.6) | (18.5) |
| Other operating income[1] | 0.6 | 0.5 |
| **Adjusted EBITDA[1]** | **12.3** | **21.3** |
| *Adjusted EBITDA margin %* | *38.6%* | *42.7%* |
| Depreciation | (4.1) | (5.6) |
| **Adjusted EBITA[1]** | **8.2** | **15.7** |
| *Adjusted EBITA margin %* | *25.8%* | *31.4%* |
| Finance cost[1] | (0.6) | (1.4) |
| **Adjusted profit before tax[1]** | 7.6 | 14.3 |
| *Taxation[1]* | (1.0) | (2.9) |
| **Adjusted profit after tax[1]** | 6.6 | 11.4 |
| **Adjusted basic EPS (p)** | *8.3* | *14.2* |

**Overview**

- Revenue grew by 57.1% from HY22 to HY23
  - 40.5% organic growth – driven by continued growth in offshore oil and gas, and renewables activity
  - 13.9% growth from M&A – WeSubsea and Hiretech deals closed H2 2022
  - 2.7% growth from FX
- Margin increase reflects growth in rental revenues, increased pricing and economies of scale
- Adjusted basic EPS of 14.2p, an increase of 71% on prior year



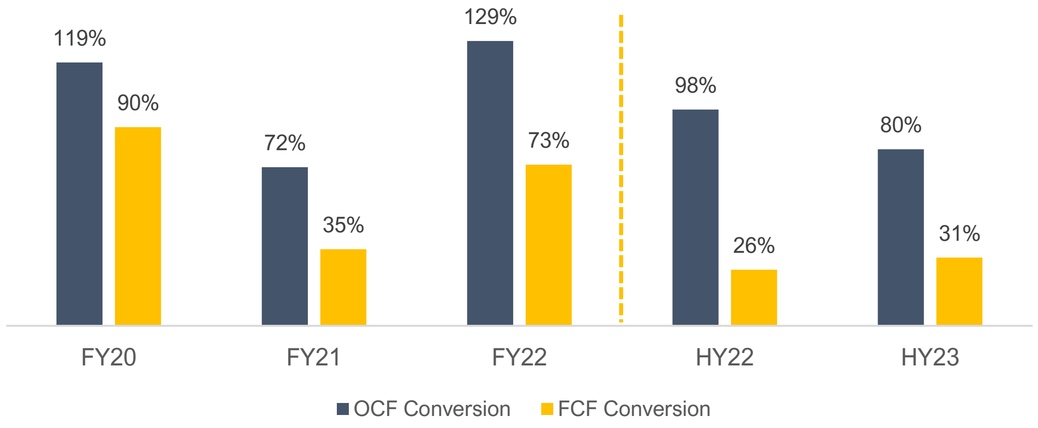

(1) see Note 18 of HY23 accounts for adjustments and reconciliation to reported figures

# Cashflow

Continuing track record of delivering strong operating cash flow conversion

| £m | HY22 | HY23 |
|---|---|---|
| Adj. EBITDA | 12.3 | 21.3 |
| Exceptional costs | (0.1) | (0.0) |
| Gain on Sale of fixed assets | (0.6) | (0.5) |
| Other | 0.5 | 1.6 |
| **Cash generated before working capital movements** | **12.1** | **22.4** |
| Working Capital Movement | (0.1) | (5.4) |
| Cash Generated from Operating Activities (“OCF”) | 11.9 | 17.0 |
| **OCF (pre-exceptionals)** | **12.0** | **17.0** |
| **OCF Conversion (pre-exceptionals)** | **98%** | **80%** |
| Tax | (1.1) | (2.5) |
| Disposal of Fixed Assets | 0.8 | 0.8 |
| Capex (inc. intangibles) | (7.8) | (8.0) |
| Payment of related party creditor | (0.3) | 0.0 |
| Lease Payments | (0.5) | (0.6) |
| Free Cash Flow | 3.0 | 6.6 |
| **FCF (pre-exceptionals)** | **3.1** | **6.6** |
| **FCF Conversion (pre-exceptionals)** | **25.5%** | **31.0%** |

**Operating and free cash flow conversion (pre exceptionals)**




- Operating cash flow conversion of 80%
- Working capital outflow linked to growth
- Cash tax increase due to strong financial performance
- £8m of capex spend (HY22: £7.8m)
- Net effect results in slightly higher free cash flow conversation year on year



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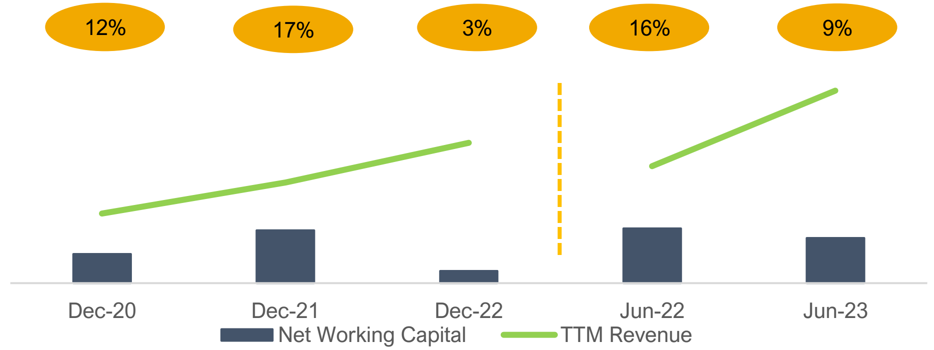
# Balance Sheet

Further strengthened balance sheet with leverage at 0.7x and delivering increased asset returns (ROIC of 26%)

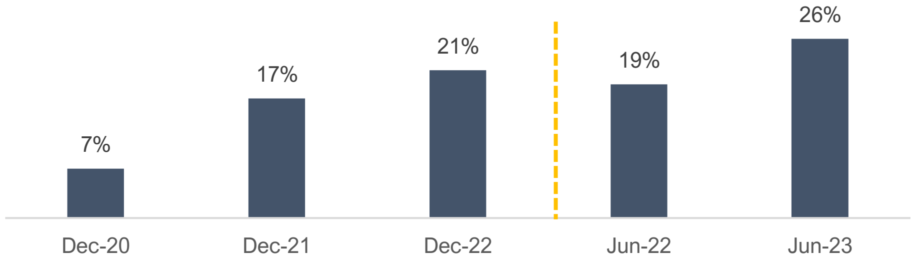
| £m | HY22 | FY22 | HY23 |
|---|---|---|---|
| GBV of rental fleet | 115.0 | 129.1 | 130.3 |
| Accumulated depreciation of rental fleet | (90.9) | (99.0) | (97.6) |
| NBV of rental fleet | 24.1 | 30.1 | 32.6 |
| | | | |
| Goodwill | 49.2 | 66.0 | 65.8 |
| Intangible assets | 1.3 | 6.0 | 5.4 |
| Right-of-use assets | 2.7 | 2.6 | 2.3 |
| Other non-current assets | 2.8 | 1.8 | 1.6 |
| Inventory | 2.4 | 1.9 | 2.7 |
| Trade and other receivables | 21.7 | 19.4 | 24.3 |
| Trade and other payables | (14.2) | (19.2) | (18.8) |
| Tax | (0.6) | (1.8) | (1.9) |
| Net Debt (inc. leases) | (21.2) | (28.7) | (26.4) |
| Provisions | (0.1) | (2.3) | (2.3) |
| Net Assets | 68.1 | 75.8 | 85.3 |
| Net debt / EBITDA (leverage) | 0.9x | 1.0x | 0.7x |

## Working Capital to Revenues




- Working capital at 9% of TTM revenues (proforma for acquisitions)
- Medium term normalised working capital / TTM revenues likely to be c. 10%

## ROIC [1]




- ROIC remains significantly ahead of cost of capital and ahead of mid to high teens medium term target

(1) ROIC calculated as last 12 months Adjusted EBITA / average equity plus average net debt

# Maintaining capital discipline with focus on investment in growth

Focussed on building long-term value for shareholders

## 1 Organic fleet growth

Continued investment in maintenance and capability of the fleet. Expansion to meet demand and broaden offering

New additions to the rental fleet of £13.1m in FY22 and £7.7m in HY23

Full year capex budget of £20m

## 2 Bolt-on acquisitions

Deploy free cash flow and balance sheet capacity on complementary bolt-on M&A

Acquisitions of **WeSubsea** and **Hiretech** completed H2 2022

Integrated and demonstrating synergies

Focus on quality M&A continues

## 3 Shareholder returns

Sustainable progressive final dividend for shareholders

Dividend of 1p per share paid June 2023

No interim dividend proposed with focus on annual dividend payout

Small, progressive dividend policy

**Targeting industry/sector leading ROIC, 1-2x leverage, and low double digit organic revenue growth complemented by bolt-on M&A**

# Operational overview

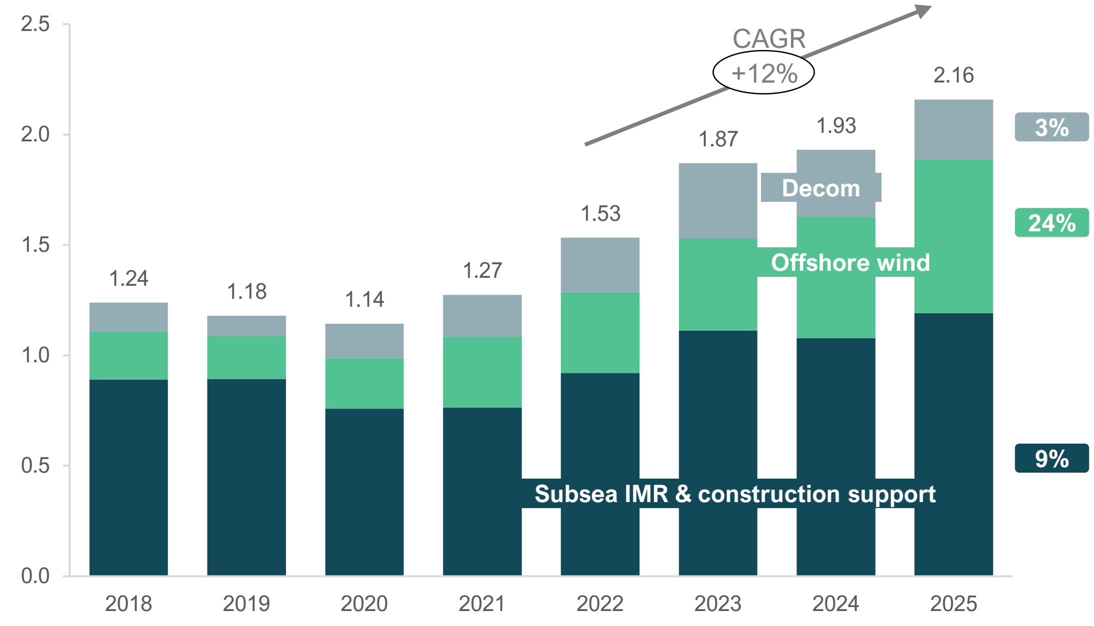


Ashtead Technology

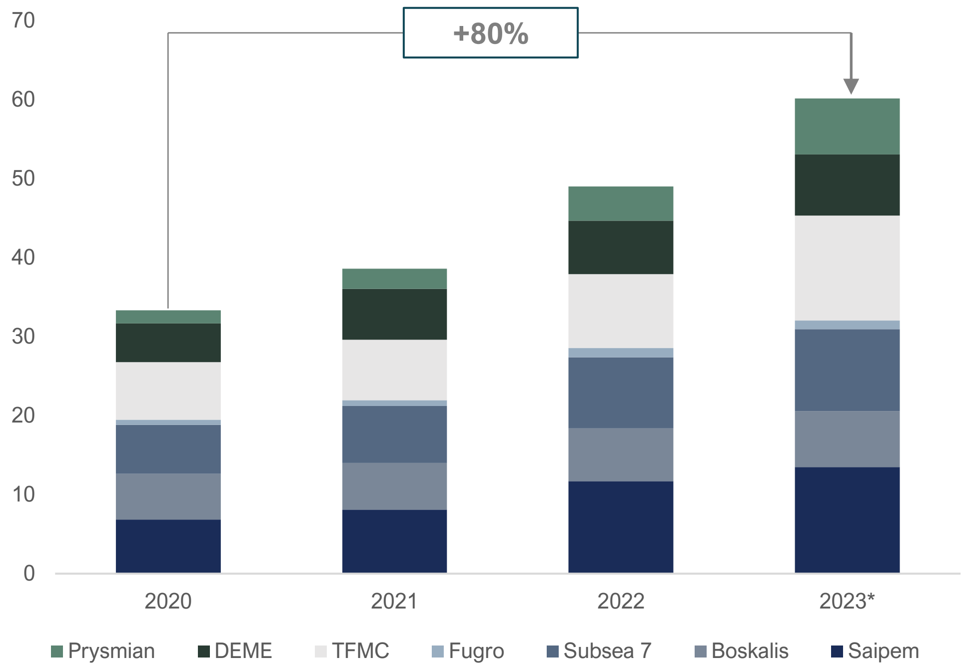
# Market backdrop supportive of continued growth

Ashtead Technology's addressable market is expected to reach more than $2bn by 2025 resulting in record high customer backlogs

**Addressable market[1] by cost group**
BUSD




**Customer backlogs reach new record levels[2]**
BUSD




- The total addressable market for Ashtead Technology is set to grow to more than 2.1 billion USD by 2025
- Offshore wind is forecast to see the largest annual growth of 24% from 2022 to 2025, while subsea is expected to grow at 9% and decom at 3% per year

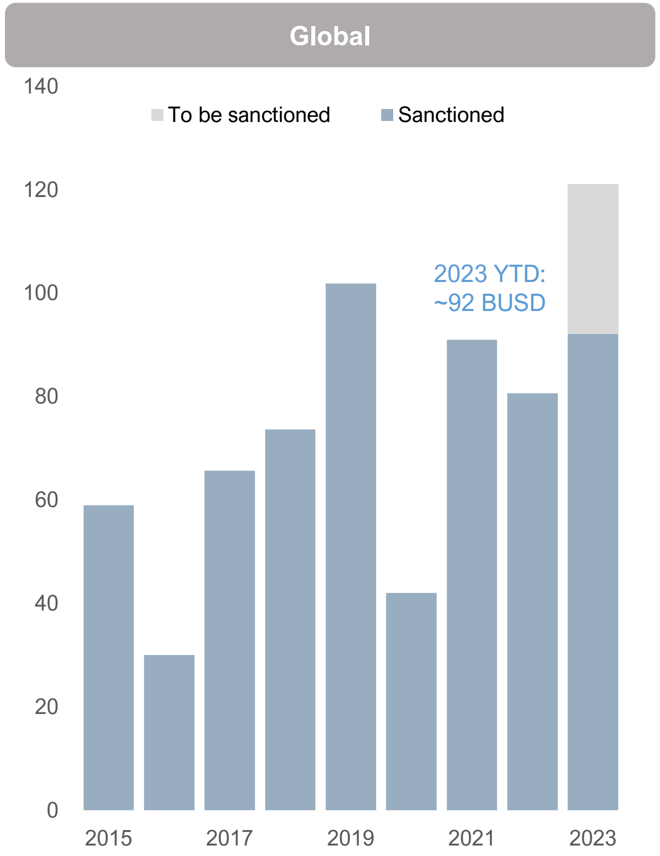
- Customer published backlogs continued to reach new record levels
- Backlogs growing across both oil and gas, and offshore wind
- Further expansion of backlog driving increased tightness and higher propensity to rent
- Customer multi-year backlog provides visibility and confidence of future growth for our business

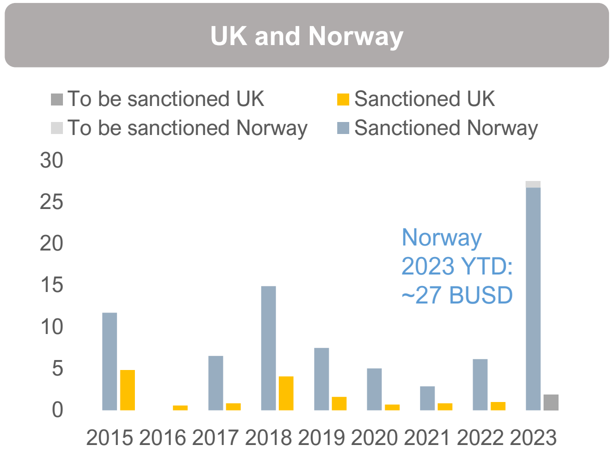
Source: Rystad Energy research and analysis; Saipem; Boskalis; Subsea 7; Fugro; DEME; Prysmian; TechnipFMC
(1) Excludes China
(2) Total backlog, except for: Saipem – Asset based services, Fugro – Marine (next 12 months), Prysmian – Submarine Power 2. Most recent available announcement made in 2023

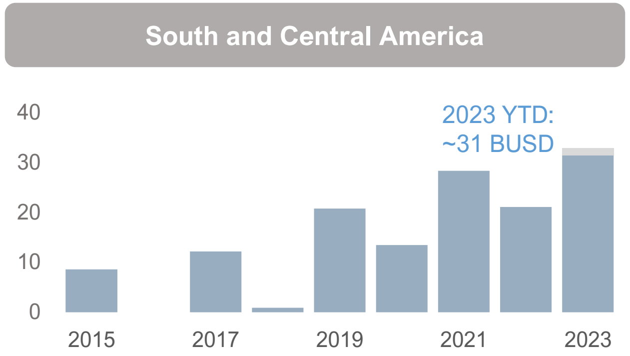
# Offshore oil and gas sanctioning activity provides multi-year visibility

UK oil and gas greenfield sanctioning down whilst Norway and Latin America booming

**Sanctioning offshore greenfield investments (Capex committed)[1]**
**Billion USD**



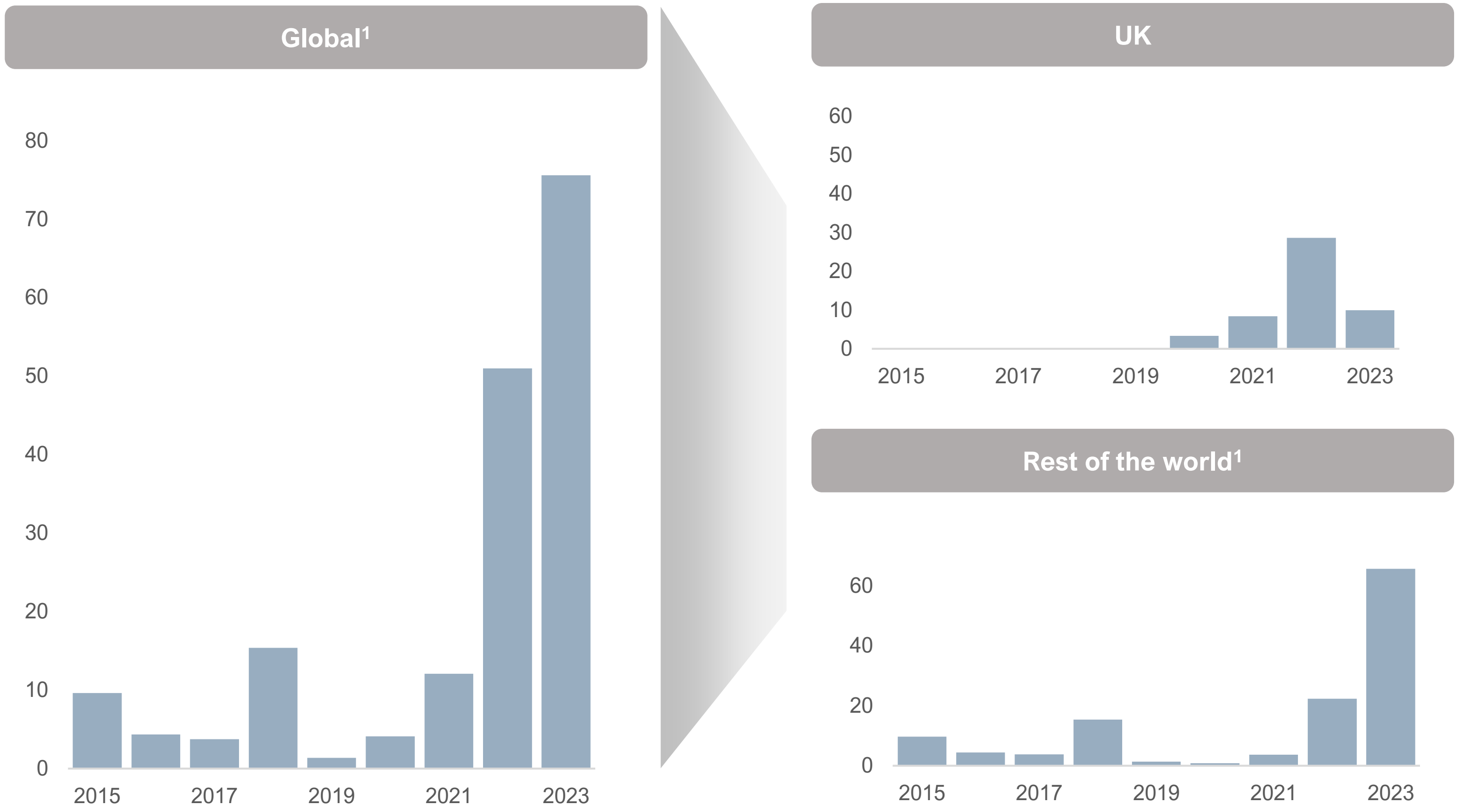

- Globally, offshore oil & gas greenfield sanctioning 35% higher YTD than the average last 8 years, with more to come
- Large regional differences; UK down while Norway and Latin America are booming
- Resultant subsea EPC backlogs are at record highs
- Sanctioning of new projects provides multi-year visibility on activity, with Ashtead Technology able to participate across all stages of offshore development
- Our global fleet allows us to benefit from growth in expenditure across all geographies

(1) 100% of a project greenfield capex is allocated in the sanctioning/approval year. Actual spend is typically spread

# Growth of offshore wind in international markets

High auctioning levels support strong backlogs with industry expanding across the globe

**Awarded capacity through auctions per year[1] (2023 based on planned/announced awards)**
**GW, per year**



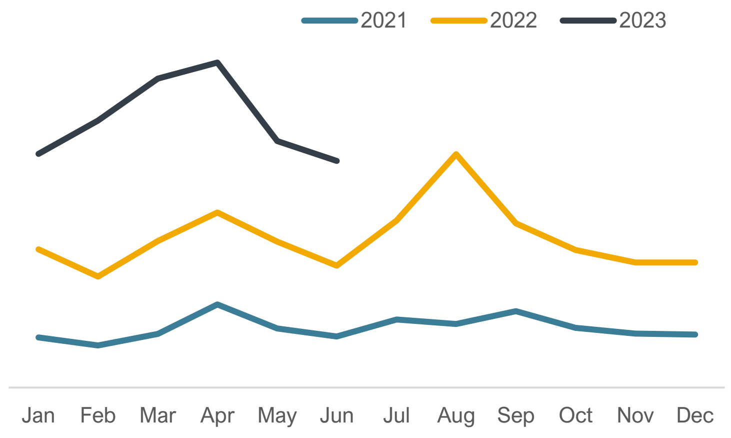

- 2023 is expected to surpass 2022 auctioning levels with over 70 GW on offer
- 10 GW of auctions expected in UK in 2023, less than record year 2022
- UK held 40% of all wind auctions over the last 8 years but this is now shifting to other regions
- Turbine installation vessel fleet forecast expected to more than double between 2022 and 2026
- Offshore wind backlogs for selected EPC companies has increased by 135% since 2020[2]
- Ashtead Technology's equipment fleet is >85% fungible across oil and gas, and renewables markets

(1) Excluding China
(2) NKT, Prysmian, SS7

# Pricing & utilisation show continued positive trends

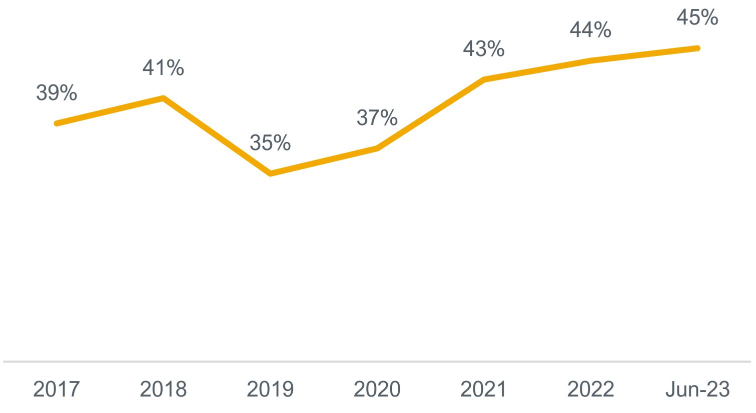
A tightening market is contributing to strong utilisation and increased pricing

## Tendering activity remains high



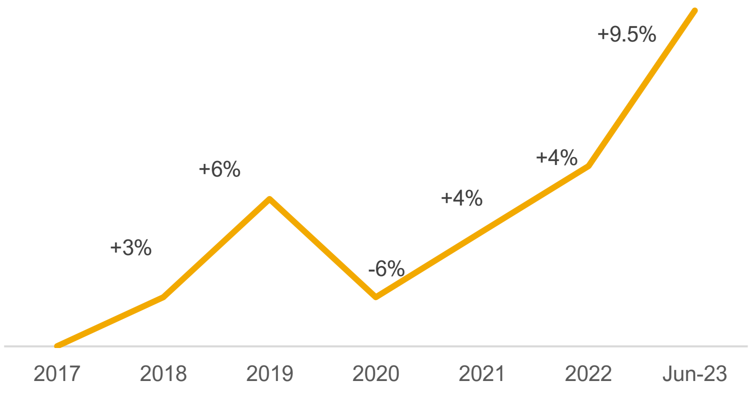

- Tendering activity up by value materially on prior years
- Value of quotes in H1 2023 >50% ahead of H1 2022
- Increasing propensity to rent trend

## Consistent cost utilisation[1]




- Average cost utilisation further increased to 45% in the year to June 2023
- Scope to maintain c.45%+ in the medium term
- Continued focus on energy security driving increase in activity and resulting in tightening market conditions.
- Long-term growth cycle forecast

## Disciplined pricing




- Continued focus on pricing has driven further increase of 9.5% through to June, represents actual increase of 22% H1 YoY
- 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

## Investing in senior team

- Christine Cochrane, first HR Director appointed to further strengthen leadership team
- Over 20 years' experience in a breadth of HR disciplines covering talent acquisition, training & competency, employee relations, reward, leadership development and organisational culture and design

## Investing for growth

- Employee headcount increased to 289 (11% increase YTD), with recruitment focussed on expanding our sales and technical capacity for continued growth
- Investment of £7.7m in equipment rental fleet during HY23
- Launched a new website to better showcase the depth and breadth of our expertise

## Quality focus

- ISO 9001, 14001 and 45001 accreditation renewal successfully completed in June demonstrating consistency in quality

## Integration

- Integrated Hiretech and WeSubsea acquisitions both demonstrating synergies
- Restructuring current UK based mechanical solutions organisation to drive further efficiencies and deliver next growth phase

Christine Cochrane, HR Director

WeSubsea showcase at Open Day

Successful integration of Hiretech



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# M&A: strategic rationale

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

| | WeSubsea | hiretech |
|---|---|---|
| **Transaction structure** | Completed September 2022<br><br>Acquisition revenues of £1.9m, adjusted EBITDA of £1.1m. Debt / cash free consideration represented c.5.0x EBITDA | Completed December 2022<br><br>TTM revenues of £6.5m, EBITDA £4.1m. Debt / cash free consideration of 4.9x EBITDA |
| **Deal rationale** | Highly complementary to MS business<br><br>Own design, build and rental of subsea dredges and associated equipment | Highly complementary to MS business<br><br>Critical back deck equipment often required as part of mechanical solutions spread, ensured continuity of supply |
| **Integration status** | Fully integrated<br><br>Business fully transferred into ATL[1] as of October 2022<br><br>WeSubsea brand retained in relation to equipment only | Fully integrated<br><br>Business transferred to ATL[1] with legacy customer contracts phased out<br><br>Full re-brand to remove Hiretech ongoing |
| **Expansion opportunities** | International expansion ongoing<br><br>>40% of dredges relocated outside of the UK with >50% utilisation achieved<br><br>Rental equipment pool expansion build programme ongoing | Cross selling opportunities secured internally and externally<br><br>International expansion slower than planned due to existing equipment in high demand<br><br>Rental equipment pool expansion build programme ongoing |

(1) Ashtead Technology Limited

# Enabling growth through focused and targeted M&A

M&A strategy set out at IPO remains focused on expanding operational breadth, depth and reach

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

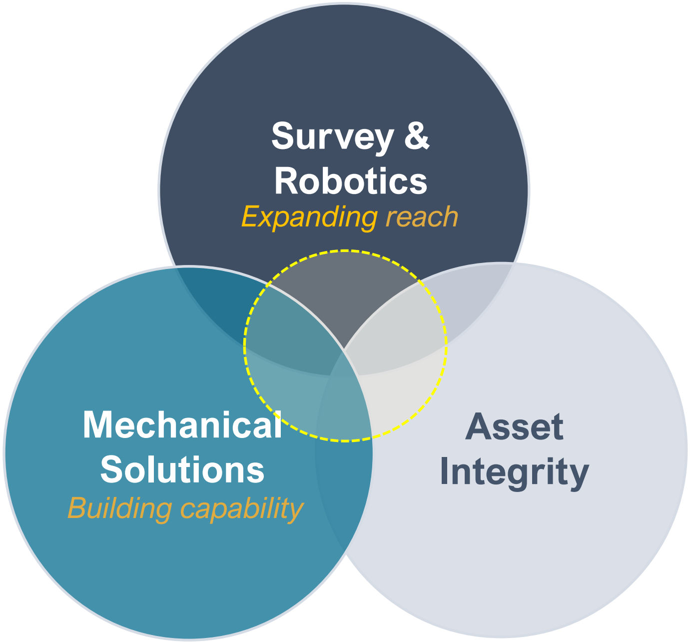
- Consolidation of a highly fragmented market
- Geographic expansion
- Product and solution expansion
- Expansion of offshore wind solutions offering

**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

**Disciplined approach…**

- Aligned to strategy
- Focused on value creation, synergies and return on capital
- Accretive to earnings
- Maintenance of leverage at 1-2x




| | Site characterisation | Construction & installation | Operations & maintenance | Life extension | Decommissioning |
|---|---|---|---|---|---|
| S&R | √ | | √ | √ | |
| MS | | √ | √ | √ | √ |
| AI | Organic growth focus | | | | |

√ Key M&A focus areas

# Outlook – positive momentum continues

Positive momentum continues into Q3 but H2 growth to moderate vs strong prior year comparators

## Strategic positioning

- Remain **well placed to support the changing requirements of the global offshore energy sector** as the market continues to evolve with increased need for energy security and continued shift towards renewables
- **Continuing to invest both organically and inorganically**, with a clear strategy to increase the breadth and depth of our fleet and the services we offer to our customers

## Market indicators

- **Strong HY23** results with **positive market momentum** across both offshore wind, and oil and gas
- **Activity levels remain high**, with equipment utilisation rates strong supporting increased pricing
- **Continued investment** in our fleet to **expand our offering** whilst growing in our existing markets

Given unseasonal strength of Q4 2022, year-on-year growth forecast to moderate in second half

HY23 performance and market activity provides **increased confidence** in the outlook for the business and the Board expects FY23 to be **comfortably ahead** of its expectations

# Appendices

# Sustainability

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


## HY 23 achievements

### Focus on offshore renewables

- 74% growth in renewables revenues
- Completed first scope of work directly for offshore wind operator through Q1
- Secured new significant offshore wind project mainly for execution through 2024/25
- Continued development of new engineering solutions designed to support windfarm installation and operations

### Progressing QHSE

- Zero lost time incidents
- Successful completion of ISO certification audits

### Employee focus

- Recruited first HR Director to bolster senior team with focus on training, development and competency

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

# Reconciliation – HY23 adjusted to reported figures

| Adjusted profit & loss (£m) | Adjusted | Restructuring Costs | Other | Reported |
|---|---|---|---|---|
| Revenue | 49.8 | - | - | 49.8 |
| Gross profit | 39.3 | - | - | 39.3 |
| Administration expenses | (24.6) | 0.0 | - | (24.6) |
| Other operating income | 0.5 | - | - | 0.5 |
| Operating profit | 15.1 | 0.0 | - | 15.1 |
| Finance cost | (1.4) | - | 0.5 | (1.9) |
| Profit before tax | 13.7 | 0.0 | 0.5 | 13.2 |
| Tax | (2.8) | - | - | (2.8) |
| Profit after tax | 10.9 | 0.0 | 0.5 | 10.4 |
| Foreign exchange | (0.4) | | | |
| Amortisation | 0.9 | | | |
| Tax impact of adjustments | (0.1) | | | |
| Adjusted profit after tax for EPS calculation | 11.4 | | | |

| Adjusted EBITDA / EBITA / Profit before tax (£m) | |
|---|---|
| Reported operating profit | 15.1 |
| Depreciation | 5.6 |
| Amortisation | 0.9 |
| Reported EBITDA | 21.6 |
| Restructuring costs | 0.0 |
| FX | (0.4) |
| Adjusted EBITDA | 21.3 |
| Depreciation | (5.6) |
| Adjusted EBITA | 15.7 |
| Finance cost | (1.4) |
| Adjusted profit before tax* | 14.3 |

*excludes amortisation

Note: slight rounding differences throughout analysis



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# Overheads

Overhead increases with staff and other overhead costs reducing as a % of revenue

| £m | HY22 | HY23 |
|---|---|---|
| **Revenue** | **31.7** | **49.8** |
| *YoY performance* | *28.5%* | *57.1%* |
| Salaries | 6.3 | 8.6 |
| Overtime and offshore contractor/ allowances | 1.4 | 2.3 |
| Bonus | 1.2 | 2.5 |
| LTIP | 0.0 | 1.3 |
| Facilities costs | 0.3 | 0.4 |
| Other overheads | 2.4 | 3.5 |
| **Sub-total** | **11.6** | **18.5** |
| Amortisation | 0.8 | 0.9 |
| Depreciation | 4.1 | 5.6 |
| **Total overheads (exc. Exceptionals)** | **16.5** | **25.0** |
| Exceptional costs (inc. FX) | (0.1) | (0.4) |
| **Total overheads** | 16.4 | 24.6 |
| Staff costs % of revenues[1] | 24.3% | 21.7% |
| Other overheads % of revenues | 7.6% | 7.0% |

**Commentary**

- Salaries increased due to:
  - Increase in employees from 219 to 289, growth predominantly coming from further expansion of our technical and sales teams
  - 7% pay increase implemented in January 2023
- Bonus uplifted in H1 to reflect overperformance to budget (maximum payout expected)
- Introduction of LTIP
- Other overheads relate to travel, marketing, legal & professional, insurance, IT etc. Increases due to:
  - Acquisitions
  - Increased business scale
  - Inflationary increases
- Minimal exceptional overhead costs. FX gain of £0.4m adjusted for in Adjusted figures.

(1) Staff costs being salaries plus overtime and offshore contractor / allowances



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