# 2023 Results Presentation

April 2024


Ashtead Technology

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# Continued strengthening of the business and its markets

Confidence in outlook for the business underpinned by increasing customer backlogs

**Strong revenue growth across both end markets**

- Revenues increased by 51% with growth across all geographic markets, driven by continued strong demand
  - 35% organic growth
  - 17% growth from M&A
  - -1% FX impact
- Renewables revenue growth of 50%, with renewables representing 31% of total revenue
- Higher cost utilisation and improved pricing drove improvement in gross margins (FY23: 78.1%, FY22: 74.2%)

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

- Investment of £19.1m in equipment fleet during 2023, focused on building out breadth and depth
- 25% organic headcount increase, and a further 203 FTEs added through the acquisition of ACE Winches taking total headcount to >520
- Completed integration of 2022 acquisitions and acquired ACE Winches in Nov 2023
- Disciplined approach to M&A

**Structural tailwinds & positive outlook continues**

- Market growth across both oil and gas, and renewables driving continued customer backlog build
- The Board is encouraged by the Group's performance in Q1 2024 and our full year 2024 expectation remains unchanged
- 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 **39** years experience

**£161m** gross cost of rental fleet

**23,000 +** rental assets

**8** acquisitions since 2017

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

**3** expanding service lines

**>520** employees globally

Supported customers in over **80** countries


**£149.6m** FY2023 proforma revenue (1)

**£60.9m** FY2023 proforma Adjusted EBITDA (1)

Invested circa **£19.1m** in rental fleet capex in 2023

Delivering our services safely with a TRIR of **0**

ISO **9001, 14001** and **45001** certified

(1) FY2023 proforma includes full year impact of ACE Winches acquisition completed on 30 November 2023



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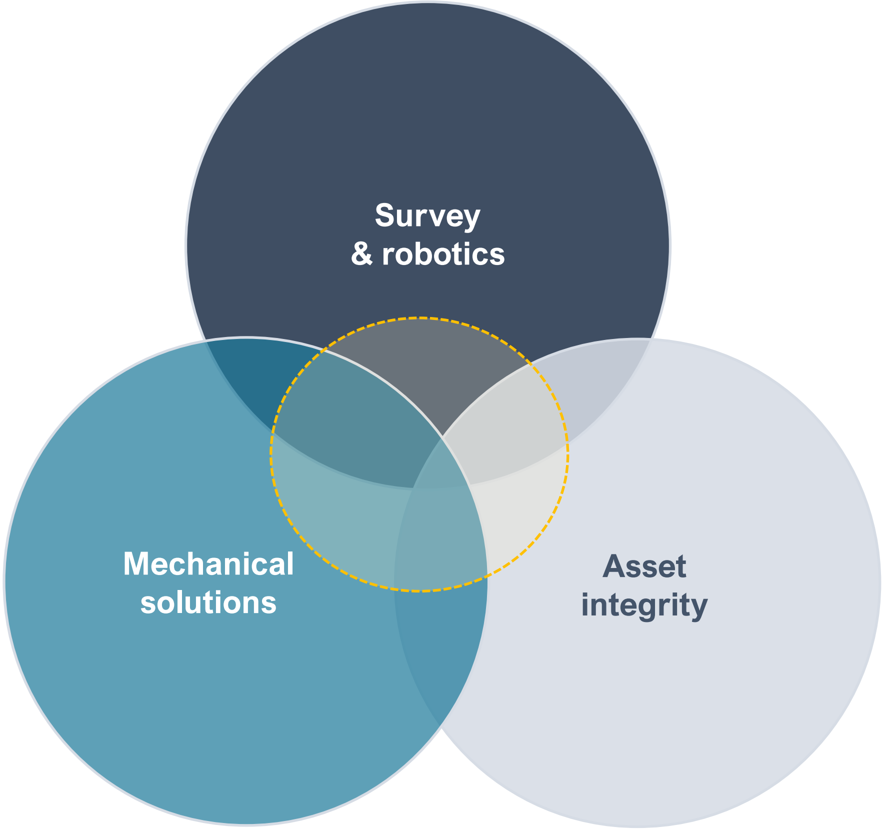
# Well positioned for continued growth

Delivering customer value through an unrivalled capability and a “one team” integrated project approach





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

# Financial Overview



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# 2023: Delivering strong growth

Record growth delivered organically supplemented by M&A

| | | FY22 |
|---|---|---|
| Revenue | **£110.5m** | FY22: £73.1m |
| Adjusted EBITA | **£36.2m** | FY22: £19.9m |
| Cost Utilisation | **45%** | FY22: 44% |
| Net debt / Adjusted EBITDA | **1.3x** | FY22: 1.0x |
| Adjusted EBITA Margin | **32.8%** | FY22: 27.1% |
| Adjusted EPS | **33.4p** | FY22: 19.3p |
| ROIC | **28%** | FY22: 21% |
| Total Recordable Incident Rate | **0.0** | FY22: 0.48 |



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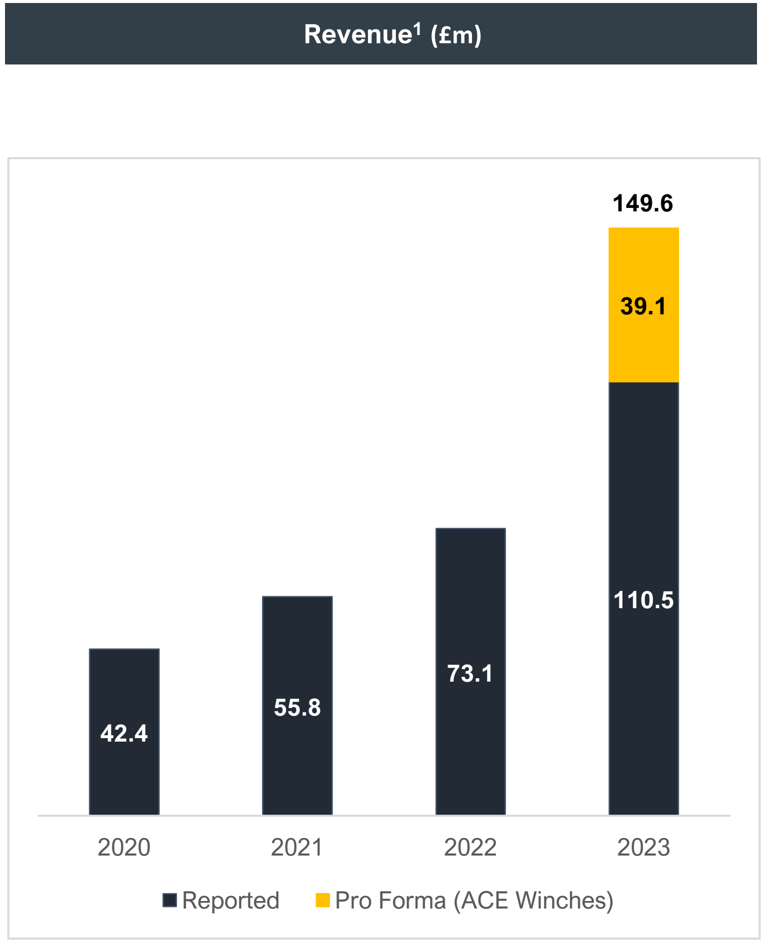
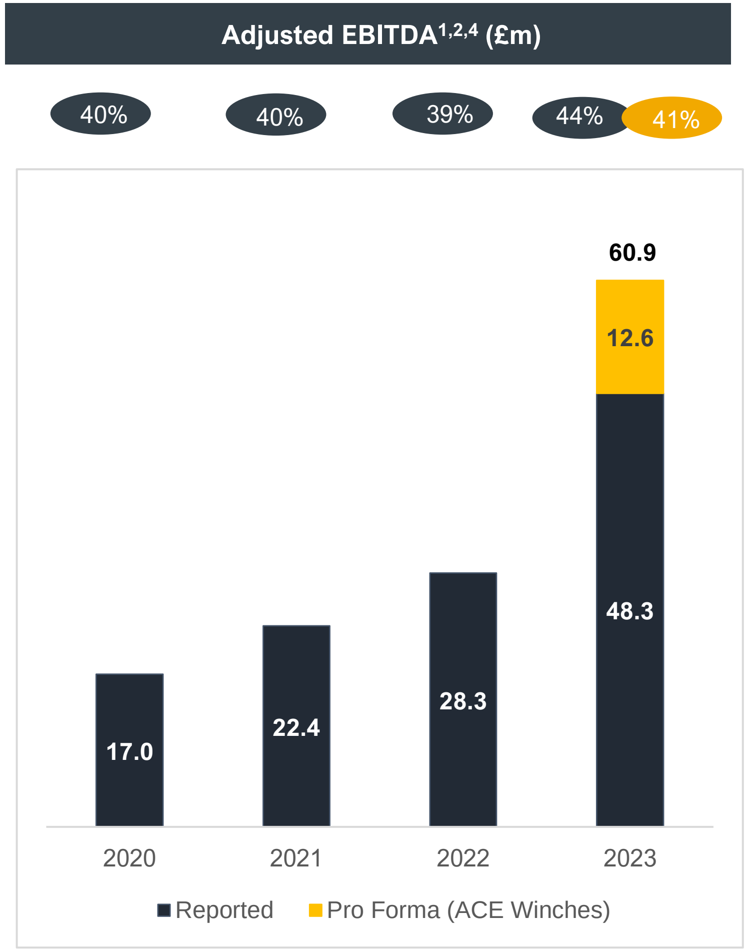
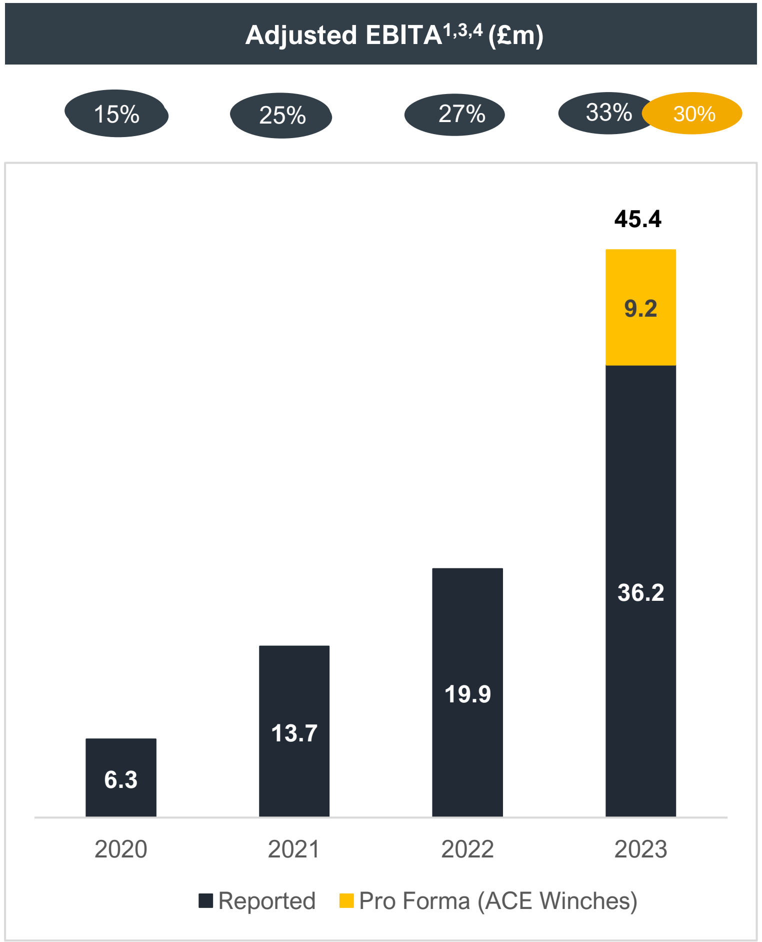
# A track record of growth and strong financial performance

Strong organic growth supplemented by the acquisition of ACE Winches




- 2023 actuals include one-month trading for ACE Winches

(1) AT proforma figures for 2023 include full year impact of ACE Winches. Actuals include 1 month
(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) Black %s are actual, yellow %s are pro forma to add 11 months of ACE Winches



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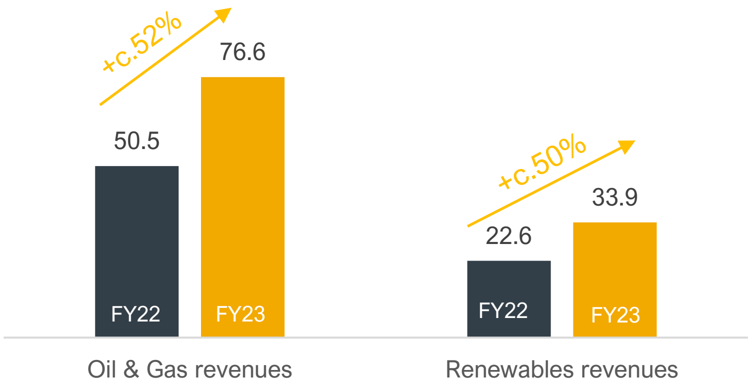
# Profit & Loss

Record organic growth alongside positive impact of M&A delivered strong profit growth

| £m | FY22[3] | FY23 |
|---|---|---|
| **Revenue** | **73.1** | **110.5** |
| *YoY performance* | *31.0%* | *51.1%* |
| Cost of sales | (18.8) | (24.2) |
| **Gross profit[1]** | **54.3** | **86.3** |
| *Gross margin %* | *74.2%* | *78.1%* |
| Admin expense[1] | (26.8) | (38.7) |
| Other operating income[1] | 0.8 | 0.7 |
| **Adjusted EBITDA[1]** | **28.3** | **48.3** |
| *Adjusted EBITDA margin %* | *38.7%* | *43.7%* |
| Depreciation | (8.4) | (12.0) |
| **Adjusted EBITA[1]** | **19.9** | **36.2** |
| *Adjusted EBITA margin %* | *27.1%* | *32.8%* |
| Finance cost[1] | (1.4) | (3.2) |
| **Adjusted profit before tax[1]** | 18.4 | 33.0 |
| Taxation[1] | (3.1) | (6.3) |
| **Adjusted profit after tax[1]** | 15.3 | 26.7 |
| **Adjusted EPS** | 19.3p | 33.4p |
| *Dividend per share[2]* | 1.0p | 1.1p |

**Overview**

- FY23 revenues +51.1%
  - 35% organic growth
  - 17% growth from M&A – ACE Winches deal completed Nov 2023
  - -1% FX impact
- Growth delivered across both end markets and all regions
  - 52% increase in oil & gas revenues
  - 50% increase in renewables revenue to £33.9m, representing 31% of total revenue
- Increase in overhead reflects the impact of acquisitions (full-year of 2022 acquisitions and 1-month ACE Winches), increase in headcount and general overhead reflecting a larger business and continued investment in growth
- Adjusted EBITA margin of 32.8% demonstrates strong returns
- Adjusted basic EPS of 33.4p, an increase of 73% on the prior year




[1] See appendix for adjustments and reconciliation to reported figures
[2] Recommended for 2023
[3] 2022 figures updated to reflect prior year adjustment relating to treatment of software capitalisation. Profit impact of £0.3m.



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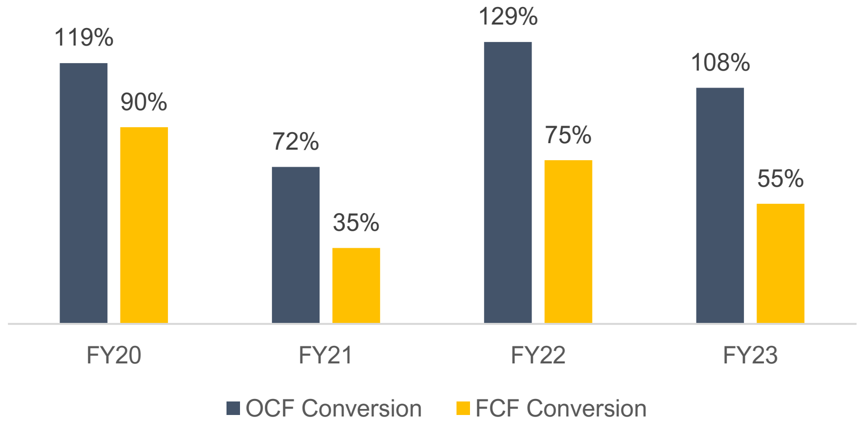
# Cashflow

Strong operating and free cash flow conversion

| £m | FY22 | FY23 |
|---|---|---|
| Adj. EBITDA | 28.3 | 48.3 |
| Exceptional costs & FX | (1.3) | (3.6) |
| Gain on sale of fixed assets | (0.8) | (0.7) |
| Other | 0.8 | 3.0 |
| **Cash generated before working capital movements** | **27.0** | **47.0** |
| Working Capital Movement | 8.2 | 1.8 |
| Cash inflow from operations ("OCF") | 35.3 | 48.8 |
| **OCF (pre-exceptionals)** | **36.6** | **52.4** |
| **OCF Conversion (pre-exceptionals)** | **129.0%** | **108%** |
| Tax | (2.0) | (6.7) |
| Disposal of Fixed Assets | 1.5 | 1.4 |
| Capex | (13.7) | (19.5) |
| Lease Payments | (1.1) | (1.2) |
| Free Cash Flow* | 20.0 | 22.8 |
| **FCF (pre-exceptionals)** | **21.3** | **26.4** |
| **FCF Conversion (pre-exceptionals)** | **75.3%** | **54.7%** |

**Operating and free cash flow conversion FY20 to FY23 (pre exceptionals)**




- Free cash flow conversion driven by trading performance and positive working capital
- Working capital inflow due to improvement in debtor days
- £19.5m capex spend in year, £19.1m invested in rental equipment, maintaining position as largest independent fleet in the industry

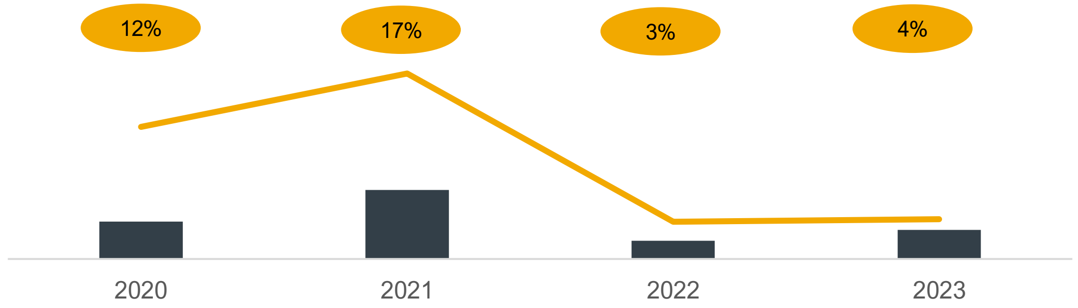
Note all financials are non-proforma and under IFRS
*calculated pre cost of acquisitions

# Balance sheet

Strong balance sheet with year end net debt leverage at 1.3x (1.0x proforma)

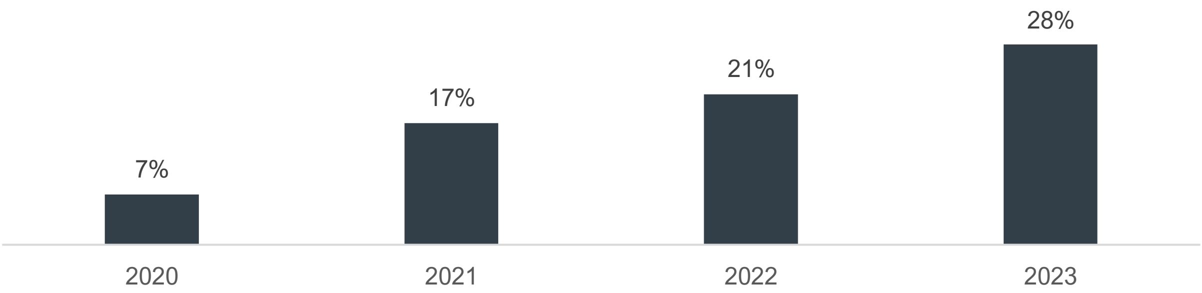
| £m | FY22[2] | FY23 |
|---|---|---|
| GBV of rental fleet | 129.1 | 160.7 |
| Accumulated depreciation of rental fleet | (99.0) | (97.7) |
| **NBV of rental fleet** | **30.1** | **63.0** |
| Goodwill | 66.0 | 77.7 |
| Intangible assets | 4.6 | 17.7 |
| Right-of-use assets | 2.6 | 2.6 |
| Other non-current assets | 1.7 | 5.8 |
| Working capital | 2.5 | 4.1 |
| Tax | (1.8) | (2.2) |
| Net Debt (inc. leases) | (28.7) | (61.7) |
| Deferred tax & provisions | (2.1) | (9.4) |
| **Net Assets** | **74.9** | **97.6** |

**Working Capital to Revenues**




- Working capital in line with prior year. Business targets 10% working capital to revenue ratio or better

**ROIC [1]**




- ROIC significantly ahead of cost of capital

1. ROIC calculated as Adjusted EBITA / average equity plus average net debt
2. Intangible assets in 2022 restated to reflect IAS38 prior year adjustment



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# Capital allocation priorities focus on investment in growth

Consistent priorities with a sustainable, progressive dividend

**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 1.1p per share for 2023* |

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

### Debt overview

- Exercised one year extension option to April 2028
- £100m facility with £50m accordion (subject to credit)
- Net debt of 1.3x at year end (1.0x proforma)
- Significant headroom to covenants



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# Sustainability

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


**2023 achievements**

### Focus on offshore renewables

- 50% growth in renewables revenues
- Renewables projects completed across 3 of our 4 regions
- Continued to develop our offshore renewables toolkit through innovative products

### Progressing QHSE

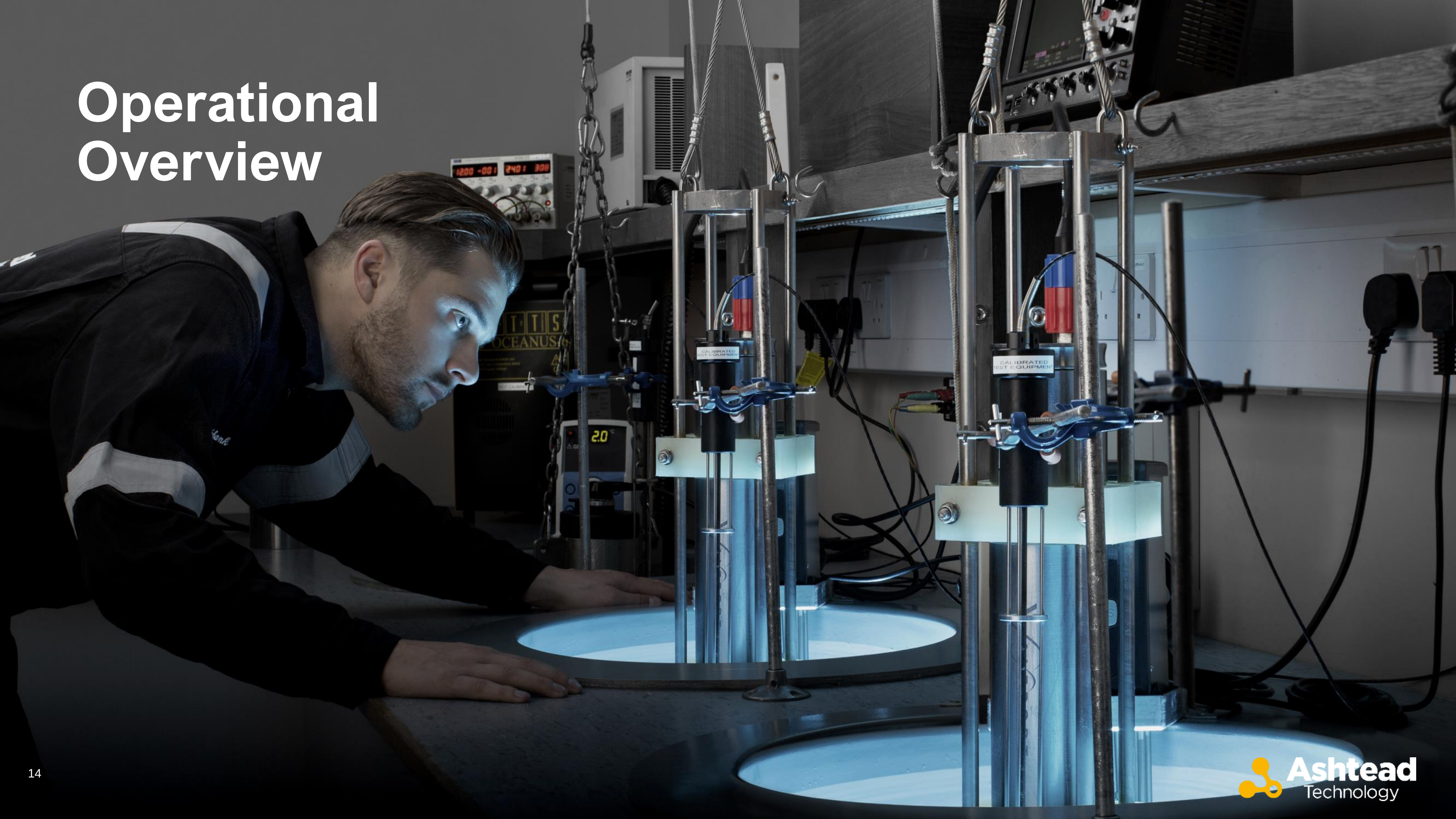
- Zero lost time incidents
- Increased investment in QHSE team globally
- Successful completion of ISO certification audits

### Employee focus

- Recruited first HR Director to bolster senior team with focus on training, development and competency
- Increased focus on mental health first-aid and employee wellbeing
- Ongoing employee engagement

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

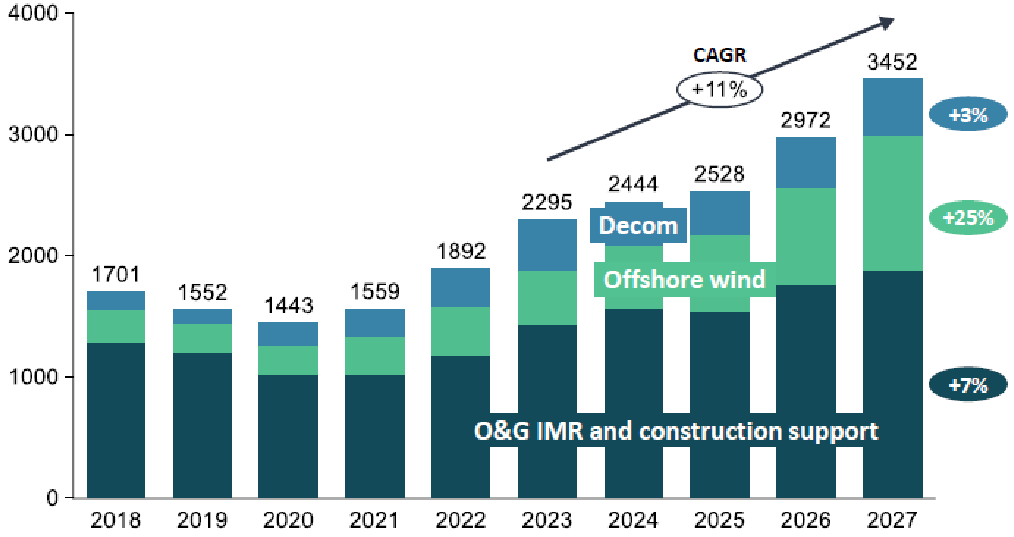
# Operational Overview



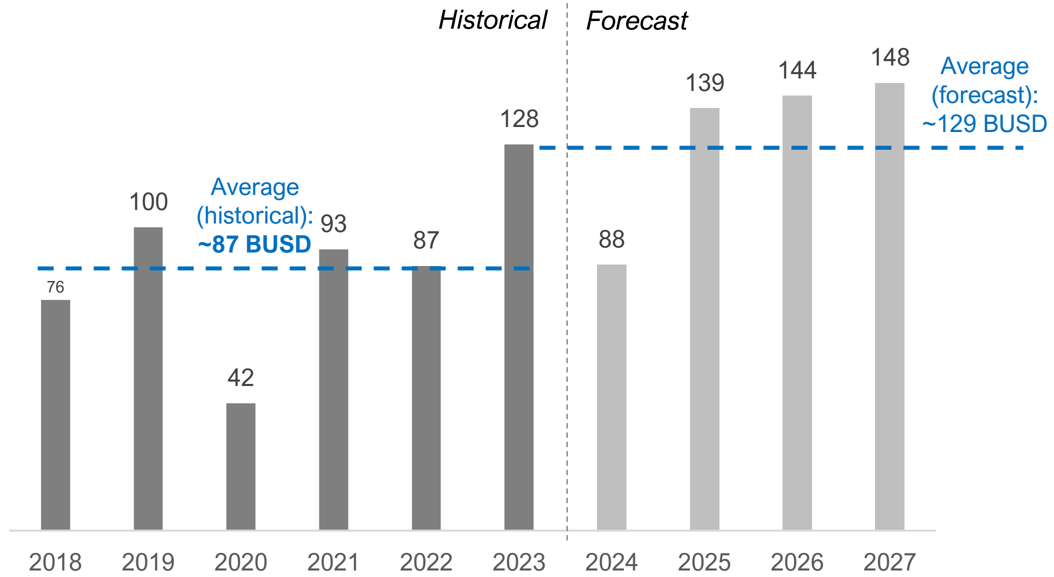
# Market backdrop strengthening, supportive of continued growth

Ashtead Technology's addressable market is expected to reach c.$3.5bn by 2027

## Total addressable market by cost group[1]




## Offshore greenfield investment by sanctioning year (capex committed)[1]

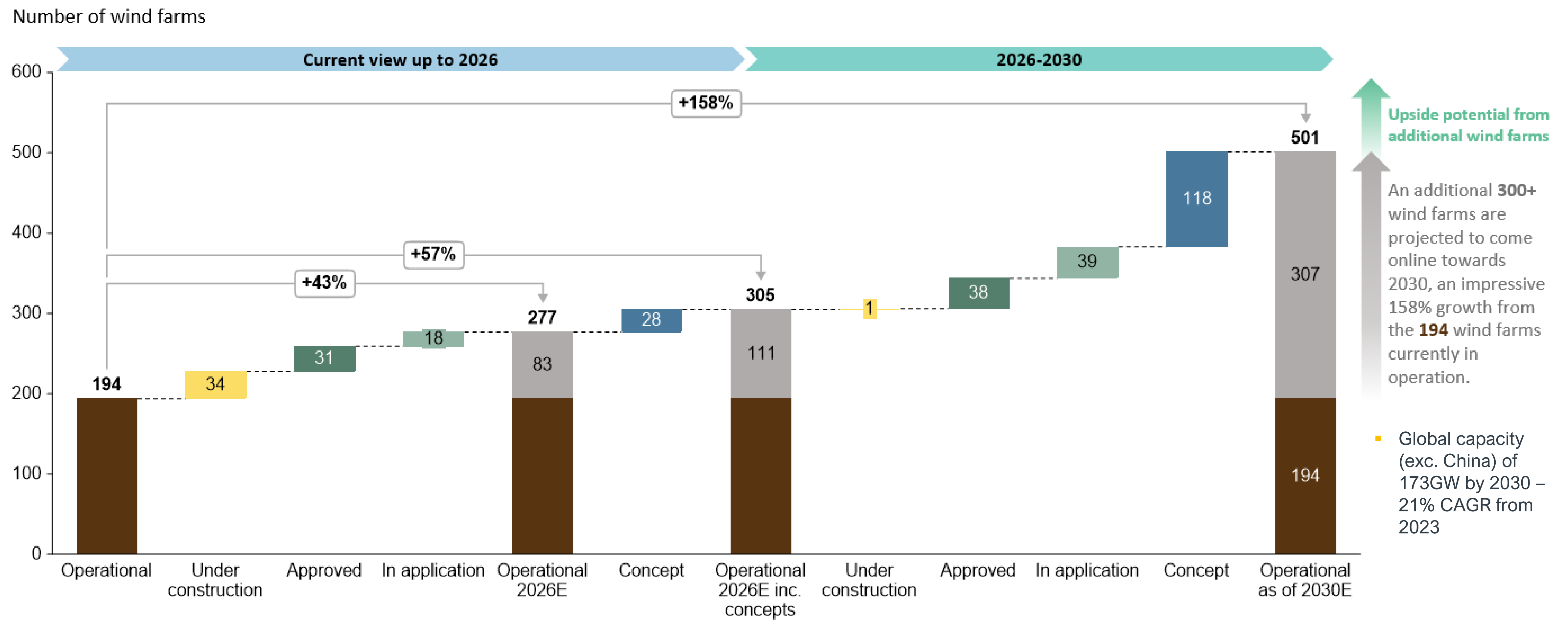



- Ashtead Technology's total addressable market is expected to grow to circa US$3.5bn by 2027, increased 30% through the ACE Winches acquisition
- The need for a balanced energy transition is resulting in significant investment across all sectors
- Strong growth in offshore renewables expected through the rest of the decade, despite recent headwinds
- 25% CAGR from offshore wind forecast with 11% CAGR combined across all markets through to 2027
- Step increase in forecast average offshore greenfield investment by sanctioning year from 2023 expected to create multi-year activity increase
- Europe is largest contributor to overall growth at 19% CAGR 2023 to 2027

Source: Rystad Energy, Management Information
1 Excludes China

# Significant growth in offshore renewables forecast through to 2030

194 offshore wind farms operational as of March 2024, forecast to exceed 500 by 2030




- Global capacity (exc. China) of 173GW by 2030 – 21% CAGR from 2023

Source: Rystad Energy, Management Information
1 Excludes China



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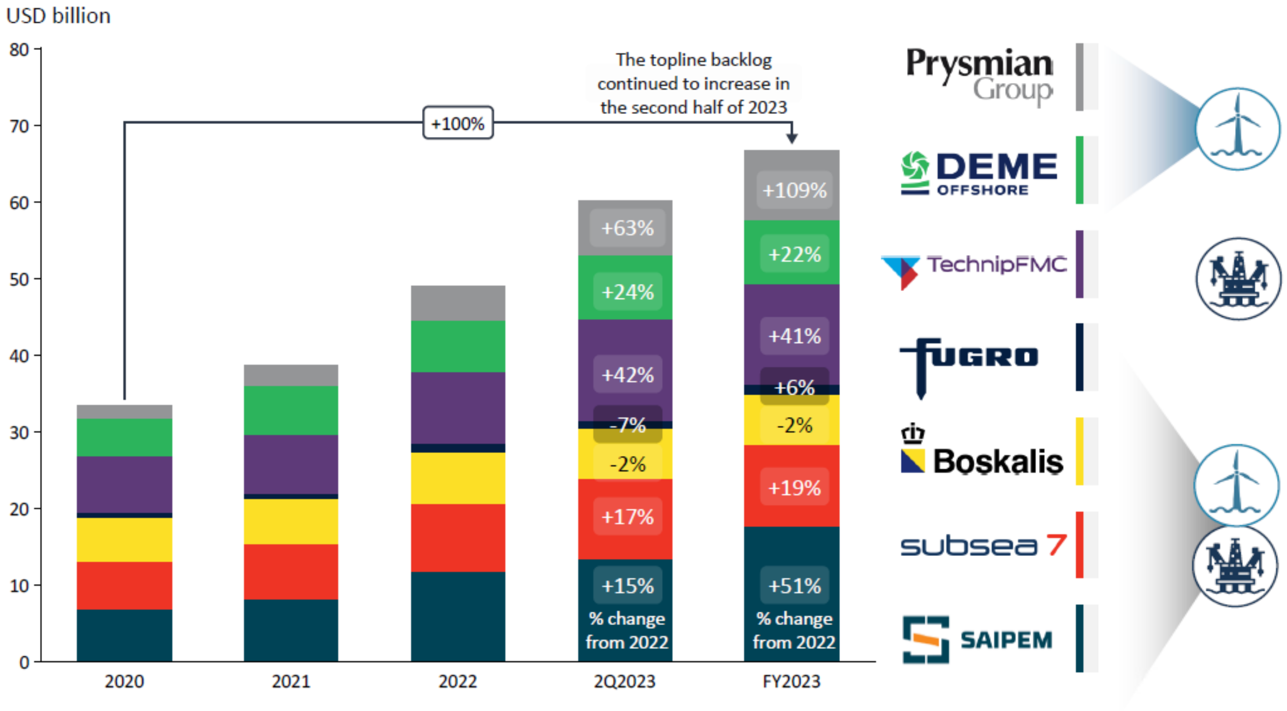
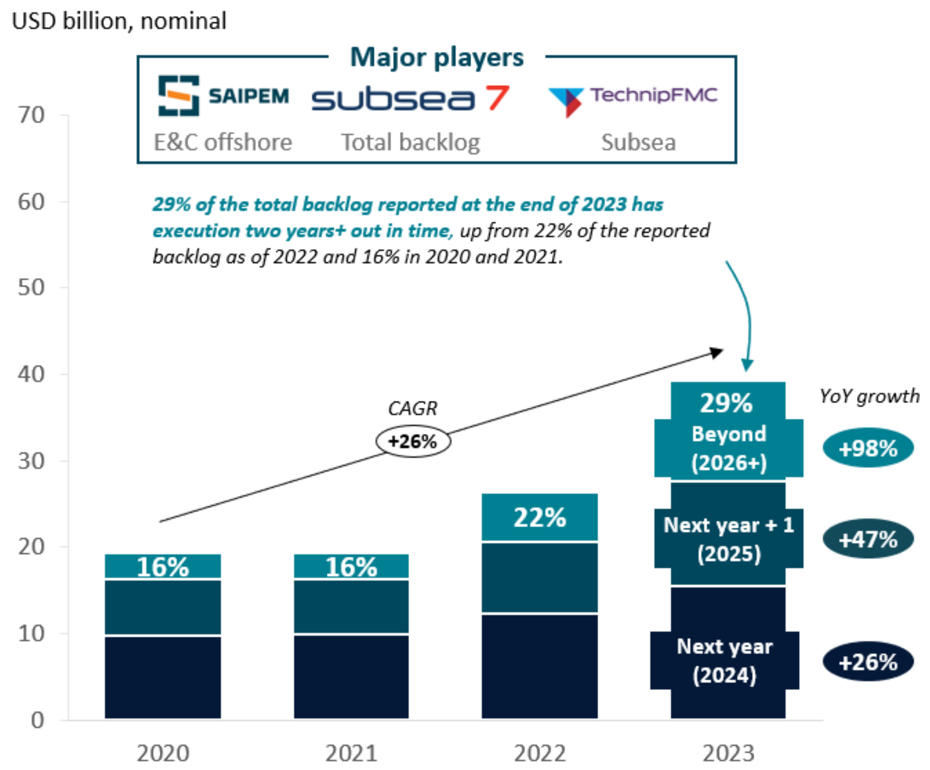
# Key Ashtead Technology customers continue to build backlog

Multi-year customer backlogs provides confidence on longevity of outlook

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




**Subsea EPC backlog development by execution year per reported year**




- Customer published backlogs have doubled in the past three years, driven by higher activity across both offshore renewables and oil & gas

- Backlog schedule distribution together with an expansion in backlogs gives greater visibility for future activity

[1] Total backlog, except for: Saipem – E&C Offshore, Fugro – Marine (next 12 months), Prysmian – Submarine Power
Source: Rystad Energy research and analysis; Saipem; Boskalis; Subsea 7; Fugro; DEME; Prysmian; TechnipFMC



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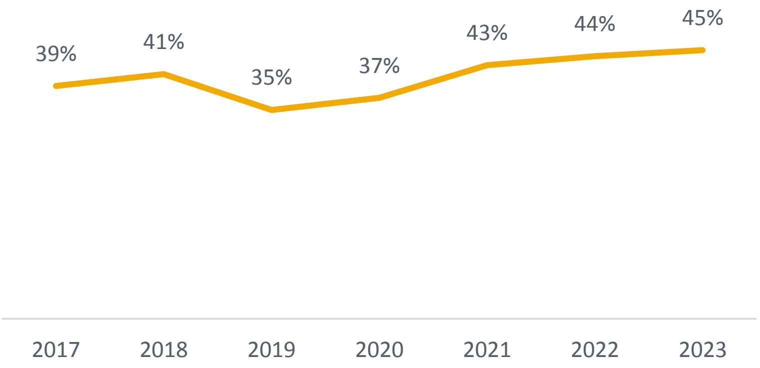
# Pricing & utilisation show continued positive trends

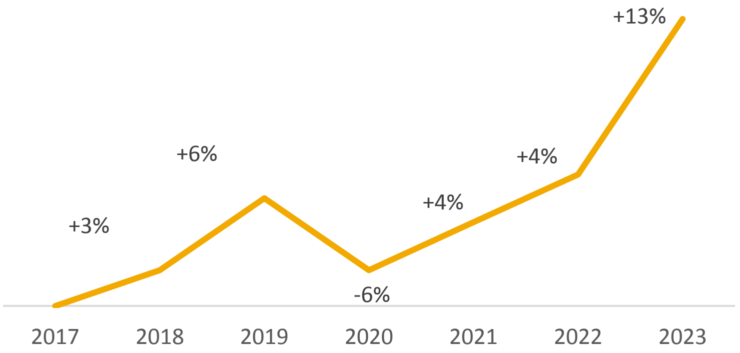
A tightening market is continuing to drive strong utilisation and increased pricing

## Cost utilisation continues to trend up[1,2]




- Cost utilisation continued to increase through 2023
- Scope to maintain c.45%+ in the medium term
- Increasing customer backlogs driving increased propensity to rent

## Maintaining a price leadership position [2]




- Further pricing increase of 13% (point to point) achieved through 2023
- Increased pricing offsetting wage and supply chain inflation

1 Defined as the daily average cost of itemised fleet on rent weighted as a percentage of original equipment cost
2 Data excludes ACE Winches



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# 2022 acquisitions performing ahead of expectations

Combined revenue growth of 30% since acquisition

- Highly complementary to mechanical solutions service line
- Fully integrated into the Ashtead Technology group with legacy entities wound up
- Investment in rental fleet adding additional capacity
- Increased bundling of equipment packages adding value to customers

**WeSubsea**

- Acquired in September 2022 (5.0x EBITDA)
- Own design, build and rental of subsea dredges and associated equipment
- Trading ahead of expectations, with 2023 revenue of £2.9m, 53% ahead of LTM acquired revenues
- Fleet dispersed and generating revenues across all regions
- Cost synergies achieved

**hiretech**

- Acquired in December 2022 (4.9x EBITDA)
- Critical back deck equipment required as part of mechanical solutions spreads
- Trading ahead of expectations, with 2023 revenues of £8m, 23% ahead of LTM acquired revenues
- Acquisition ensured continuity of supply through vertical integration

# Continuing our focused M&A strategy

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

## ACE Winches fits with our clear M&A strategic themes

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

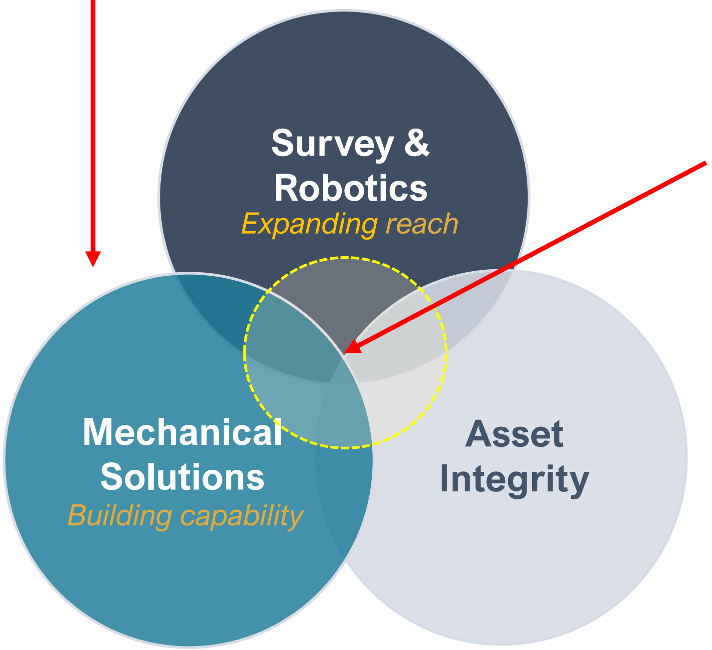
## ACE Winches demonstrates attributes we look for in acquisitions

- 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 ✓

ACE Winches




Synergistic opportunities to enhance integrated solutions through deploying ACE Winches skills and capabilities to group opportunities especially focused on offshore renewables and decommissioning

| | Site characterisation | Construction & installation | Operations & maintenance | Life extension | Decommissioning |
|---|---|---|---|---|---|
| ACE | | ✓ | ✓ | ✓ | ✓ |

√ All key M&A focus areas which ACE Winches covers



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# ACE Winches acquisition

A strategically and financially compelling acquisition

### Background

- UK headquartered ACE Winches is a market-leader in the design, assembly and rental of lifting, pulling and deployment solutions to the offshore energy industry

### Rationale

- Acquisition further strengthens Ashtead Technology's mechanical solutions capability, deepening existing and delivering new customer relationships
- Strong synergistic fit providing further growth opportunities for the combined group globally
- Attractive deal dynamics, maintaining capital discipline and financially compelling returns

### Deal metrics

- Deal completed November 2023 based on estimated 2023 TTM revenue £43.4m, adjusted EBITDA of £13.7m and adjusted EBITA of £10.0m
- Debt/cash free consideration of £53.5m represents 3.9x EBITDA on estimated 2023 EBITDA (1)

### Integration

- New promoted management team, reporting to Brett Lestrange, Regional Director – Europe
- Norway entity renamed Ashtead Technology Norge AS to launch Ashtead Technology full-service operation, Middle East and USA operations folded into local Ashtead Technology entities
- Initial focus on fully implementing Ashtead Technology sales, commercial and financial processes and controls
- Current trading in line with expectations

**Highly complementary to Ashtead Technology**

**c80% revenue derived from outside the UK**

**>£25 Million**

**Rental fleet assets (original cost)**

**Sector Agnostic**

Multi-purpose rental fleet

**Over 30 Years**

Industry track record

**200+**

Highly skilled employees

(1) Actual adjusted 2023 EBITDA was in line with expectations



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# Outlook – positive momentum continues

Positive momentum continuing into 2024 supported by a strong market backdrop

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

- **Continued to perform strongly in the first three months of 2024**, 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 need for a balanced transition remains clear
- **Remain confident of making further progress in 2024**, with a clear organic growth strategy and pipeline of acquisition opportunities

- The Board is encouraged by the Group's performance in Q1 2024 and our full year 2024 **expectation** remains **unchanged**

# Appendix


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# Reconciliation – 2023 adjusted to reported figures

| Adjusted profit & loss (£m) | Adjusted | Amortisation | FX | Acquisition Costs | Restructuring Costs | Software Costs | Deferred finance cost | Other | Reported |
|---|---|---|---|---|---|---|---|---|---|
| Revenue | 110.5 | - | - | - | - | - | - | - | 110.5 |
| Gross profit | 86.3 | - | - | - | - | - | - | - | 86.3 |
| Administration expenses | (52.2) | - | (0.2) | 2.5 | 0.2 | 0.7 | - | 0.4 | (55.8) |
| Other operating income | 0.7 | - | - | - | - | - | - | - | 0.7 |
| Operating profit | 34.8 | - | (0.2) | 2.5 | 0.2 | 0.7 | - | 0.4 | 31.2 |
| Depreciation | 12.0 | - | - | - | - | - | - | - | 12.0 |
| Amortisation | 1.4 | - | - | - | - | - | - | - | 1.4 |
| EBITDA | 48.3 | - | (0.2) | 2.5 | 0.2 | 0.7 | - | 0.4 | 44.7 |
| Depreciation | (12.0) | - | - | - | - | - | - | - | (12.0) |
| EBITA | 36.2 | - | (0.2) | 2.5 | 0.2 | 0.7 | - | 0.4 | 32.6 |
| Amortisation | - | 1.4 | - | - | - | - | - | - | (1.4) |
| Finance cost | (3.2) | - | - | - | - | - | 0.5 | - | (3.7) |
| Profit before tax | 33.0 | 1.4 | (0.2) | 2.5 | 0.2 | 0.7 | 0.5 | 0.4 | 27.5 |
| Tax | (6.4) | - | - | - | (0.1) | (0.2) | (0.1) | (0.1) | (5.9) |
| Profit after tax | 26.7 | 1.4 | (0.2) | 2.5 | 0.2 | 0.5 | 0.4 | 0.3 | 21.6 |