

Cape plc

Interim Results 2009



Martin May – Chief Executive Officer
Richard Bingham – Chief Financial Officer

BP Magnus Platform, North Sea, UK

Important Notice



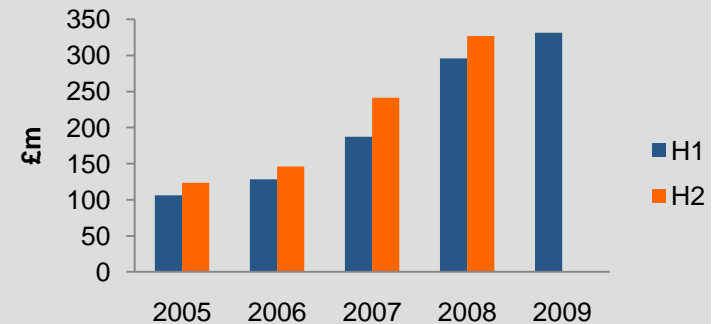
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Headlines

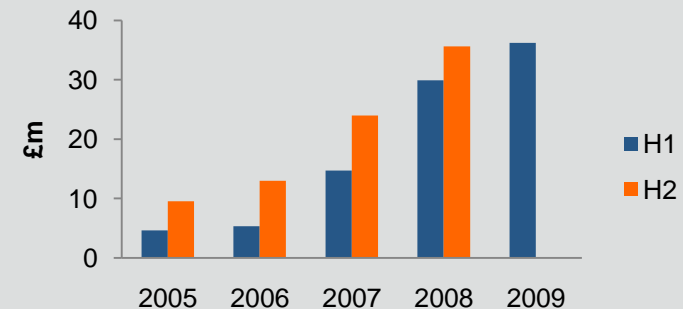


- First half performance demonstrates resilience of Cape's business model
- Revenue up 12% to £331.6m (2008: £295.9m)
- Profit before tax up 85% to £27.7m (2008: £14.7m)
- Order book increased by 48% since start of year
- Key strategic maintenance contract wins
- Net debt⁴ reduced to £151.5m (2008: £199.0m)
- Net debt⁴ to EBITDA¹⁰ of 1.7 times (2008: 2.6 times)
- Operating margin progression driven by increasing international focus and bundled services

5 Year Revenue Growth



5 Year Profit Growth



- Some positive signs:
 - Industry analysts now see 2010 global oil industry capex at least flat on 2009
 - Most Tier 1 E&C customers posting increasing backlogs
 - Progress with approvals on several large projects in key emerging markets for Cape
 - Increased tendering activity across our growth regions
- ...however, some start dates still experiencing delays (H1 2010)
- Cape well positioned in key emerging markets with lower development costs
 - Reinforced dominant position in home market with BE fleet wide contract in H1
 - Focus on downstream production assets, positions Cape at lower risk end of global OFS space with no exposure to drilling/exploration/well support activities

“Business driven by demand for energy....not short term changes in spot price of oil”

Medium term growth strategy based upon:

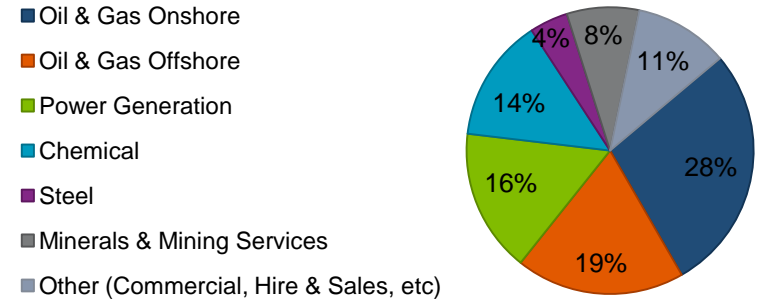
- Increasing levels of maintenance and capital spending to maintain / extend life of aging energy infrastructure in UK
- Strong positions in higher growth international markets such as Gulf / Middle East and Far East / Pacific Rim with high levels of committed capex on energy infrastructure projects
- Increasing trend towards cost effective bundled multi-disciplinary services from single source provider, owner / operators de-layering
- Strong safety proposition with strive to provide injury free project execution
- World class reputation built on track record for consistent execution and delivery of projects on time and on budget - peace of mind

“A leading international provider of non-mechanical industrial services to the downstream energy infrastructure sector”

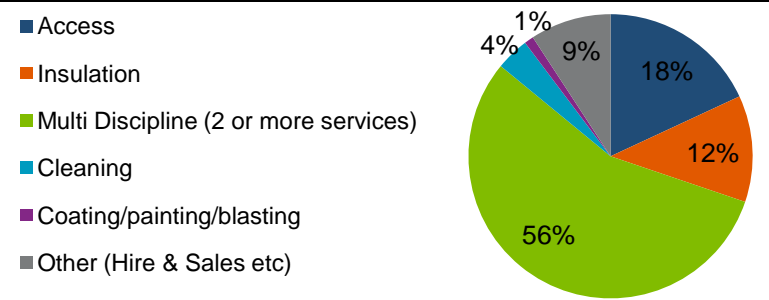
A bundled service provider to the energy sector



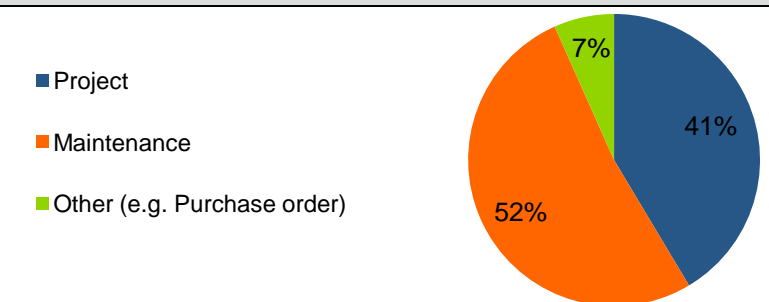
Sector	UK	G/ME	CIS, M & NA	FE/PR	Total
Oil & Gas Onshore	6%	53%	77%	19%	28%
Oil & Gas Offshore	38%	2%	15%	4%	19%
Power Generation	35%	4%	0%	0%	16%
Chemical	11%	29%	0%	1%	14%
Steel	4%	5%	0%	5%	4%
Minerals & Mining Services	0%	0%	0%	44%	8%
Other (Commercial, Hire & Sales, etc)	7%	7%	8%	26%	11%



Discipline	UK	G/ME	CIS, M & NA	FE/PR	Total
Access	18%	16%	33%	15%	18%
Insulation	2%	34%	1%	3%	12%
Multi Discipline (2 or more services)	69%	46%	37%	48%	56%
Cleaning	9%	0%	0%	0%	4%
Coating/painting/blasting	0%	0%	14%	0%	1%
Other (Hire & Sales etc)	2%	3%	15%	34%	9%



Type of work	UK	G/ME	CIS, M & NA	FE/PR	Total
Project	13%	73%	87%	38%	41%
Maintenance	85%	26%	6%	36%	52%
Other (e.g. Purchase order)	2%	1%	7%	26%	7%



“Maintenance activities now represent 52% of revenues”

Financial Review

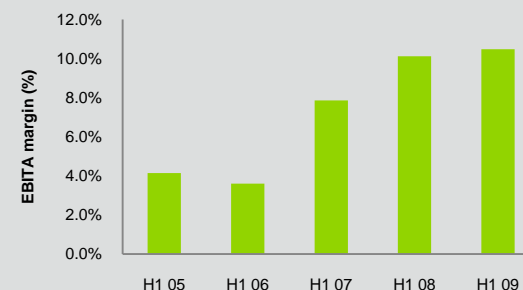


Income Statement

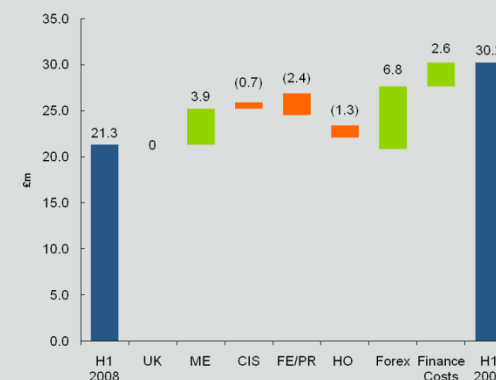


£m	FY 2008	H1 2009	H1 2008	
Revenue	622.7	331.6	295.9	+12%
Operating profit	65.0	34.7	29.9	+16%
Operating profit margin⁵	10.4%	10.5%	10.1%	+4% pts
JV Income	0.5	1.5	-	
Total operating profit²	65.5	36.2	29.9	+21%
Exceptional items	(4.1)	0.0	(3.5)	
IDC charge	(5.7)	(2.0)	(2.7)	
Amortisation of intangible assets	(2.7)	(1.4)	(1.4)	
Profit before interest & tax	53.0	32.8	22.3	+47%
Net finance charges	(15.2)	(5.6)	(7.6)	
Profit before tax	37.8	27.2	14.7	+85%
Tax charge	(5.9)	(6.8)	(0.6)	
Profit after tax	31.9	20.4	14.1	+45%
Tax rate	15.6%	25.0%	4.1%	
Basic earnings per share	26.7	16.6	11.5	+44%
Adjusted PBT⁶	48.3	30.2	21.3	
Adjusted diluted earnings per share³	30.0	18.1	13.1	+38%

EBITDA margin trends – Positive margin progression



Adjusted PBT Bridge H1 2008 to H1 2009



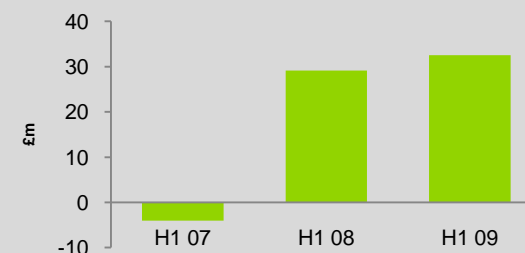
“A robust performance benefiting from favourable exchange movements and lower financing costs”

Cash Flow

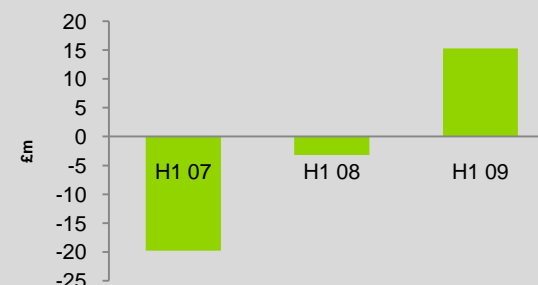


£m	FY 2008	H1 2009	H1 2008
EBITA	64.8	36.2	29.7
Depreciation and other non-cash items	15.2	8.4	8.4
Gross cashflow	80.0	44.6	38.1
Working capital movement	(5.3)	(12.1)	(9.0)
Cash generated from operations	74.7	32.5	29.1
<i>Operating cash conversion %</i>	<i>115%</i>	<i>90%</i>	<i>98%</i>
Exceptional items	(4.1)	0.0	(3.5)
Capital expenditure (net of disposals)	(23.5)	(5.7)	(16.2)
Tax	(4.8)	(5.3)	(3.2)
Net interest	(18.6)	(6.2)	(9.4)
Free cash flow	23.7	15.3	(3.2)
Share issue	1.2	0.0	0.6
Acquisitions	(4.5)	0.0	(4.5)
Dividend paid to minority	(0.4)	0.0	0.0
Translation difference	3.7	(1.3)	(2.7)
Movement in net debt⁴	23.7	14.0	(9.8)
Opening net debt ⁴	(189.2)	(165.5)	(189.2)
Closing net debt⁴	(165.5)	(151.5)	(199.0)

Cash Generated from Operations



Free Cash Flow



“Positive cash generation demonstrates flexibility & scalability of capex”

Balance Sheet – Continues to Strengthen

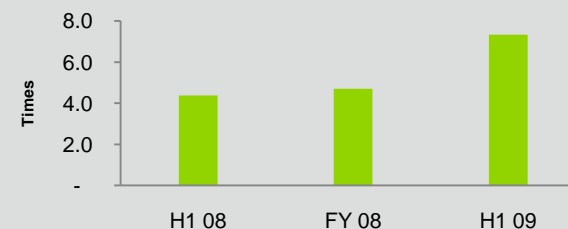


£m	FY 2008	H1 2009	H1 2008
Intangibles	188.0	188.3	181.4
Managed assets¹²:			
Tangible fixed assets	152.3	140.4	142.0
Debtors & WIP	201.9	190.7	175.8
Other net working capital	(133.0)	(109.9)	(99.7)
Total managed assets	221.2	221.2	218.1
Provisions, tax and other	(25.3)	(26.7)	(14.5)
IDC provision	(9.7)	(9.7)	(8.0)
	374.2	373.1	377.0
Funded by:			
Debt/(funds)	165.5	151.5	199.0
IDC restricted funds	(37.5)	(35.8)	(38.1)
Shareholders funds	246.2	257.4	216.1
Total	374.2	373.1	377.0
Gearing ⁸	67.2%	58.9%	92.1%
ROMA ¹¹	31.6%	31.4%	29.3%
Interest Cover ¹³	3.6	5.7	3.3
Net debt ⁴ / adjusted EBITDA ¹⁰	2.0	1.7	2.6

Improved gearing



Interest Cover (times)



“Gearing reduced to 59% with ratio of net debt to EBITDA of 1.7 times”

Operating Review



Regional Performance Summary

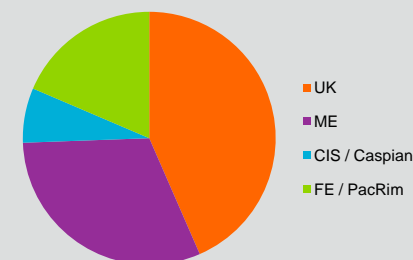


£m		FY 2008	H1 2009	H1 2008	Growth
UK	Revenue	309.0	144.1	143.5	-
	Operating Profit	27.0	10.8	10.8	-
	Operating margin (%)	8.7%	7.5%	7.5%	-
Gulf / Middle East	Revenue	112.0	102.7	49.6	+107%
	Operating Profit	23.1	20.6	11.6	+78%
	Operating margin (%)	20.6%	20.1%	23.4%	
CIS / Caspian	Revenue	54.4	23.2	27.9	-17%
	Operating Profit*	6.3	3.9	3.4	+15%
	Operating margin (%)	11.6%	16.8%	12.2%	
Far East / Pacific Rim	Revenue	147.3	61.6	74.9	-18%
	Operating Profit	16.1	4.5	6.4	-30%
	Operating margin (%)	10.9%	7.3%	8.5%	
Group	Revenue	622.7	331.6	295.9	+12%
	Operating Profit	72.5	39.8	32.2	+24%
	Operating margin (%)	11.6%	12.0%	10.9%	

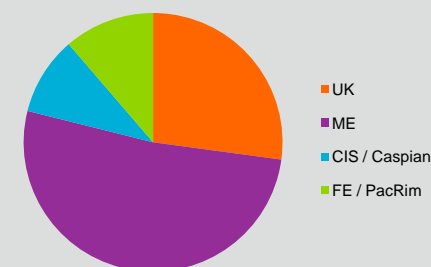
Note: Operating profit stated before head office, IDC, amortisation & exceptional items

* Includes JV profit

Revenue per Region - H1 2009



Operating Profit per Region - H1 2009



“Some 73% (H1 2008: 67%) of profits generated outside the UK”

UK Region



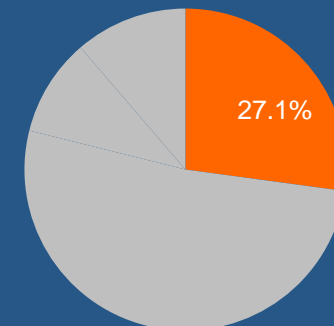
UK Region (£m)

	FY08	H1 2009	H1 2008	Growth
Revenue	309.0	144.1	143.5	-
EBITA	27.0	10.8	10.8	-
<i>EBITA Margin %</i>	8.7%	7.5%	7.5%	-
Share of group EBITA	37.5%	27.1%	33.5%	
Headcount	4,662	4,154	4,544	-9%

H1 Highlights:

- Resilient performance with margins maintained
- Significant contract wins onshore notably British Energy
- Additional offshore activity but margin pressure
- Focus on overhead reduction / de-layering and exiting low margin business

Share of Group EBITA



Gulf / Middle East Region



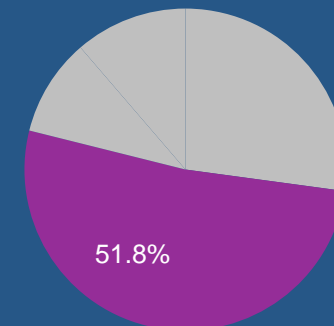
Gulf / Middle East Region (£m)

	FY08	H1 2009	H1 2008	Growth
Revenue	112.0	102.7	49.6	+107.1%
EBITA	23.1	20.6	11.6	+77.6%
EBITA Margin %	20.6%	20.1%	23.4%	-14.2%
Share of group EBITA	32.1%	51.8%	36.0%	
Headcount	4,797	6,682	4,484	+49.0%

H1 Highlights:

- High levels of activity in region with 55% underlying revenue growth (headline numbers also reflect exchange benefit)
- Margins consistent with year end at c.20%
- New term maintenance contracts with Qatargas, ORYX GTL and BAPCO
- Continued extensive project work on Kayan and Yansab in Saudi Arabia and third NGL Train and Habshan in Abu Dhabi but evidence of slippage / deferral of start dates

Share of Group EBITA



CIS, Mediterranean & North Africa Region



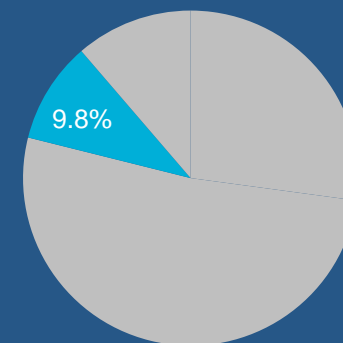
CIS, Mediterranean & North African Region (£m)

	FY08	H1 2009	H1 2008	Growth
Revenue	54.4	23.2	27.9	-16.8%
EBITA	6.3	3.9	3.4	+14.7%
<i>EBITA Margin %</i>	11.6%	16.8%	12.2%	+37.9%
Share of group EBITA	8.7%	9.8%	10.6%	
Headcount	1,057	437	1,298	-66.3%

H1 Highlights:

- As expected lower revenues following completion of Sakhalin 1 & 2 project last year but continued awards for our base on the island
- Significant activity in Kazakhstan both onshore and offshore Kashagan and 4th Train expansion at Karachaganak
- Successful completion of Adriatic LNG project with Cape-Resa JV
- Opened facility in Arzew, Algeria

Share of Group EBITA



Far East / Pacific Rim Region



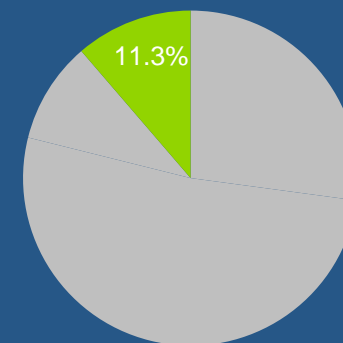
Far East / Pacific Rim Region (£m)

	FY08	H1 2009	H1 2008	Growth
Revenue	147.3	61.6	74.9	-17.8%
EBITA	16.1	4.5	6.4	-29.7%
<i>EBITA Margin %</i>	10.9%	7.3%	8.5%	-14.5%
Share of group EBITA	22.4%	11.3%	19.9%	
Headcount	3,028	2,889	2,822	+2.4%

H1 Highlights:

- Result impacted by project delays, deferral of non-essential maintenance expenditure and decline in commercial and residential scaffold hire markets in Australia
- Contract wins include Pluto LNG project, Murrin Murrin nickel refinery maintenance and offshore Brunei project for Shell

Share of Group EBITA



Outlook



- Increasing forward order book
- Revenue visibility improving in each of our chosen markets
- Full year outcome will be at least in line with market expectations
- Continued focus on cost management, maximising free cash generation and net debt reduction



Outlook – 2010 and beyond



- Growing maintenance market where the efficiency of Cape's bundled services model remains compelling
- Margin maintenance based on solid project execution and bundling services
- Lengthening prospect lists in all regions with improving signs of activity in Australia and North Africa
- Our major E&C clients are reporting increasing activity and backlogs



“Prospects across key markets continue to improve. Cape is confident of maintaining growth”

1. Constant currency figures reflect actual 2009 interim results retranslated using the foreign currency exchange rates used for the interim 2008 reporting.
2. Adjusted operating profit (EBITA) comprises profit before interest and taxation of £32.8m (2008: £22.3m), adjusted for exceptional items of £nil (2008: £3.5m), IDC charge of £2.0m (2008: £2.7m) and amortisation of intangible assets of £1.4m (2008: £1.4m).
3. Adjusted diluted earnings per share is calculated by dividing adjusted operating profit, net of tax, by the weighted average number of ordinary shares in issue during the period adjusted to assume conversion of all potentially dilutive ordinary shares.
4. Net debt is calculated by deducting current borrowings of £35.8m (2008: £36.9m) and non current borrowings of £148.4m (2008: £177.8m) from cash and cash equivalents of £32.7m (2008: £15.7m).
5. Operating profit margin is calculated as adjusted operating profit of £36.2m (2008: £29.9) less the share from joint ventures of £1.5m (2008: £nil) divided by revenue of £331.6m (2008: £295.9).
6. Headline PBT comprises profit before tax of £27.2m (2008: £14.7m), adjusted for exceptional items of nil (2008: £3.5m), IDC charge of £2.0m (2008: £2.7m), IDC finance income of £0.4m (2008: 1.0m) and amortisation of intangible assets of £1.4m (2008: £1.4m).
7. Operating cash conversion is defined as cash generated from operating activities of £32.5m (2008: £25.6m) divided by adjusted EBITDA¹⁰.
8. Gearing is net debt divided by total equity.
9. Ratio of net debt to annualised adjusted EBITDA is calculated by dividing the net debt figure at the period end of £151.5m (2008: £199.0m) by twice the adjusted EBITDA of £44.0m (2008: £37.6m).
10. Adjusted EBITDA is calculated by adding back depreciation of £7.8m (2008: £7.7m) to adjusted operating profit of £36.2m (2008: £29.9m).
11. ROMA is calculated as annualised operating profit (before share from joint ventures) of £34.7m (2008: £29.9m) divided by average managed assets.
12. Managed assets is calculated by deducting the trade and other payables of £109.9m (2008: £99.7m) from the sum of property, plant and equipment of £140.4m (2008: £142.0m), inventories of £12.5m (2008: £18.5m) and trade and other receivables of £178.2m (2008: £157.3m).
13. Interest cover is calculated by dividing the adjusted EBITA of £36.2m (2008: £29.9m) by the finance costs of £6.4m (2008: £9.0m).

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