Preliminary Results 2010

2 March 2011

cape

Intelligent solutions for industrial services

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

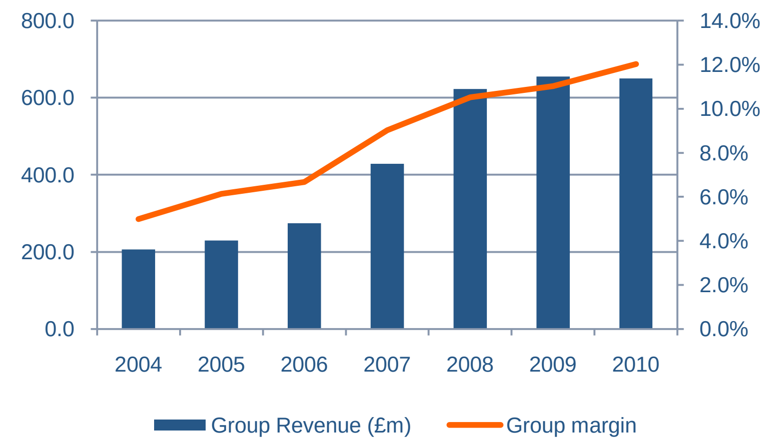
Important Notice

- This document has been prepared by Cape plc (the Company) solely for use at presentations held in connection with the preliminary results announcement of 2 March 2011. The information in this document has not been independently verified and no representation or warranty, express or implied, is made as to, and no reliance should be placed on, the fairness, accuracy, completeness or correctness of the information or opinions contained herein. None of the Company or any of its affiliates, advisors or representatives shall have any liability whatsoever (in negligence or otherwise) for any loss whatsoever arising from any use of this document, or its contents, or otherwise arising in connection with this document.
- This document does not constitute or form part of any offer or invitation to sell, or any solicitation of any offer to purchase any shares in the Company, nor shall it or any part of it or the fact of its distribution form the basis of, or be relied on in connection with, any contract or commitment or investment decisions relating thereto, nor does it constitute a recommendation regarding the shares of the Company.
- Certain statements in this presentation are forward looking. By their nature, forward looking statements involve a number of risks, uncertainties or assumptions that could cause actual results or events to differ materially from those expressed or implied by the forward looking statements. These risks, uncertainties or assumptions could adversely affect the outcome and financial effects of the plans and events described herein. Forward looking statements contained in this presentation regarding past trends or activities should not be taken as representation that such trends or activities will continue in the future. You should not place undue reliance on forward looking statements, which speak as only of the date of this presentation.
- The Company is under no obligation to update or keep current the information contained in this presentation, including any forward looking statements, or to correct any inaccuracies which may become apparent and any opinions expressed in it are subject to change without notice.

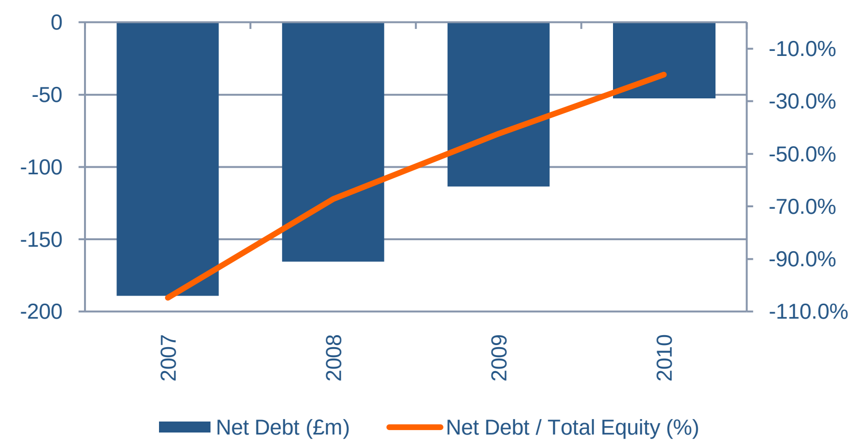
Headlines

- Adjusted Profit Before Tax[1] up 13.8% to £69.1m (2009: £60.7m) at AER[10] and up 10.2% at CER[10]
- Adjusted operating profit margin[2] improved by 120bps to 12.0% (2009: 10.8%) reflecting strong margin progression in overseas markets and restructuring in UK
- Adjusted diluted earnings per share[3] up 13.6% to 42.6p (2009: 37.5p)
- Net debt[6] reduced by 53.4% to £52.9m (2009: £113.6m) with net debt to adjusted EBITDA[8] reducing to 0.6 times (2009: 1.3 times)
- Proposed final dividend of 8p per share (2009: nil) making a full year dividend of 12p (2009: nil)
- 58% of revenues generated from maintenance and shutdown (production support) activities
- Appointment of Tim Eggar, former Energy Minister, as non executive chairman
- On track for move to Main List in Q2 2011

Revenue & EBITA Margin



Net Debt Gearing



"Cape delivers another record operating performance"

A continuing transformation

- Adjusted diluted EPS more than quadrupled over the past five years
- Strength of the business now fully visible in margins
- A highly cash generative business
- Emphasis now on achieving controlled value enhancing growth

SUMMARY FINANCIALS						
YE 31 Dec (£m)	2005	2006	2007	2008	2009	2010
Revenue	**229.8**	**274.0**	**428.8**	**622.7**	**655.1**	**650.1**
Growth (%)	*(3.8%)*	*19.2%*	*56.5%*	*45.2%*	*5.2%*	*(0.8%)*
EBITA	**12.4**	**18.3**	**38.7**	**65.5**	**72.2**	**78.1**
Margin (%)	*5.4%*	*6.7%*	*9.0%*	*10.5%*	*11.0%*	*12.0%*
EBITDA	**17.9**	**25.1**	**47.4**	**80.8**	**88.0**	**95.5**
Margin (%)	*7.8%*	*9.2%*	*11.1%*	*13.0%*	*13.4%*	*14.7%*
Capex	(8.8)	(8.9)	(25.3)	(19.9)	(10.0)	(11.9)
Change in working capital	3.9	(8.3)	(29.4)	(2.1)	(6.6)	1.8
Cash flow	**13.0**	**7.9**	**(7.3)**	**58.8**	**71.4**	**85.4**
Adjusted diluted EPS (pence)	**9.6**	**14.0**	**24.1**	**30.0**	**37.5**	**42.6**
Growth (%)	*(17.9%)*	*45.8%*	*72.1%*	*24.5%*	*25.0%*	*13.6%*

"Five consecutive years of uninterrupted earnings growth"

Strategy for growth….is all about focus

What non mechanical industrial services

Where on and offshore across our existing footprint

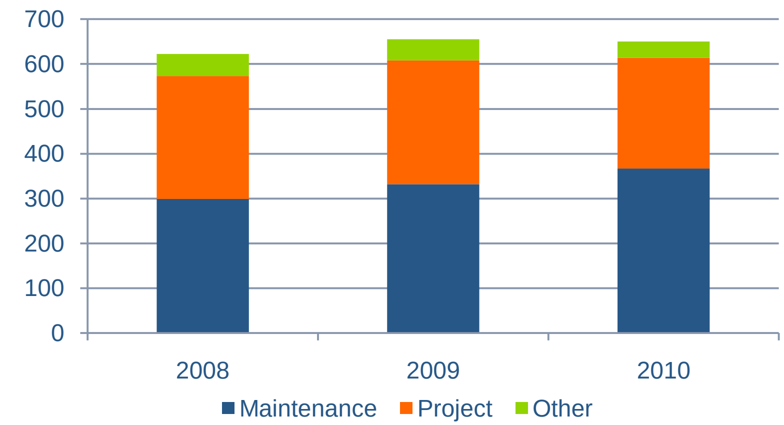
When throughout the life cycle of large secure industrial assets

Who plant operators in the energy and resources sectors and global E&C contractors

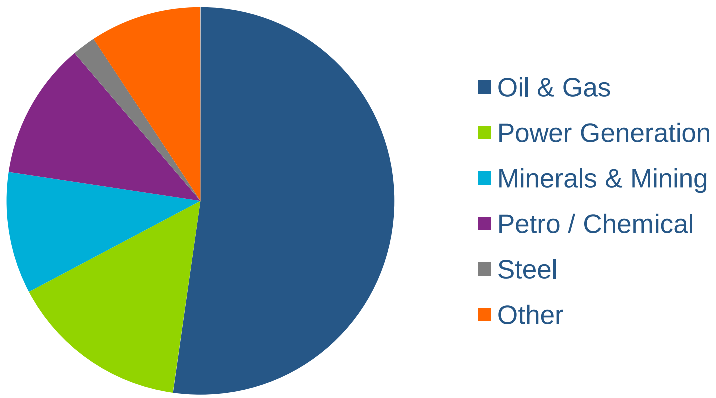
How safely, on time, peace of mind

Why intelligent, international, relationships

Maintenance / Construction Support Revenues (£m)



Over 79% of revenues from energy sector

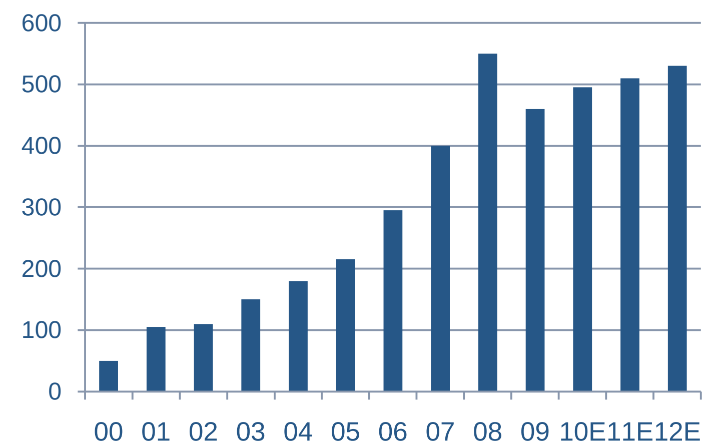


"Over half of revenues derived from multi-year maintenance contracts"

Well positioned in high growth markets

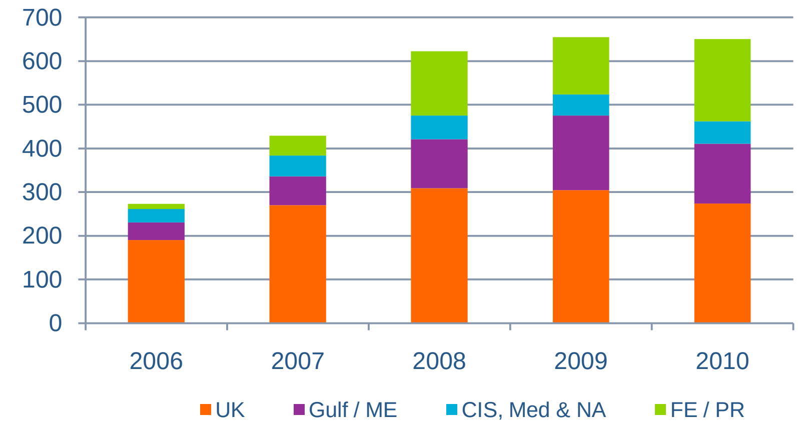
- A compelling combination of services with exposure to both opex and capex trends in energy and resources sectors
- Leading positions in onshore and offshore maintenance markets across our footprint
- Rapid growth in international markets - led by construction support services on large E&C projects
- Positions of scale in two of the three big E&C markets; downstream Gulf/ME and gas/LNG in FE/PR
- Safety is at the core of everything we do

Global E&P Capex Spend (US $bn)



Source: BofA Merrill Lynch Global Research

Revenues by Region (£m)



"Target to double EPS over next 5 years"

Some significant contract awards and renewals

Customer	Asset	Service	Value	Territory
Shell	Malampaya	Maintenance	Undisclosed	Far East / Pacific Rim
BP	Offshore , North Sea	Maintenance	£150 million	UK
Total	Offshore ,North Sea	Maintenance	>€15 million	UK
CCIC & Linde Engineering	Borouge III	Construction support	US$18 million	Gulf / ME
RWE npower	UK Power Stations	Maintenance	£16 million	UK
Samsung, Hyundai & GS Construction	Karan and Manifa Gas plants	Construction support	US$20 million	Gulf / ME
Snamprogetti Chiyoda Saipem	Arzew	Construction support	€27 million	CIS, Med & NA
Drax Power Limited	Drax Power Station	Maintenance	£6 million	UK
BAE Systems	Royal Navy Aircraft carriers	Construction support	>£100 million	UK
Amec-Tekfen-Azfen	West Chirag platform	Construction support	Undisclosed	CIS, Med & NA
Greenergy Biofuels	Immingham, UK	Maintenance	Undisclosed	UK
Tata Steel	Teeside	Maintenance	Undisclosed	UK
BHP	Offshore, Liverpool Bay	Maintenance	£7.5 million	UK
Macquarie Generation	Liddell Power Station	Maintenance	AU $8 million	Far East / Pacific Rim
Incitec Pivot	Aurora	Construction support	AU $10 million	Far East / Pacific Rim
Scottish & Southern	Ferrybridge Power Station	Maintenance	Undisclosed	UK

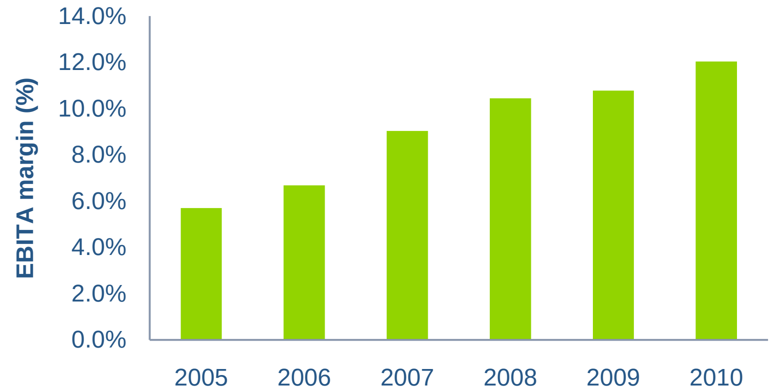
“Winning quality contracts across the footprint”

Financial Review

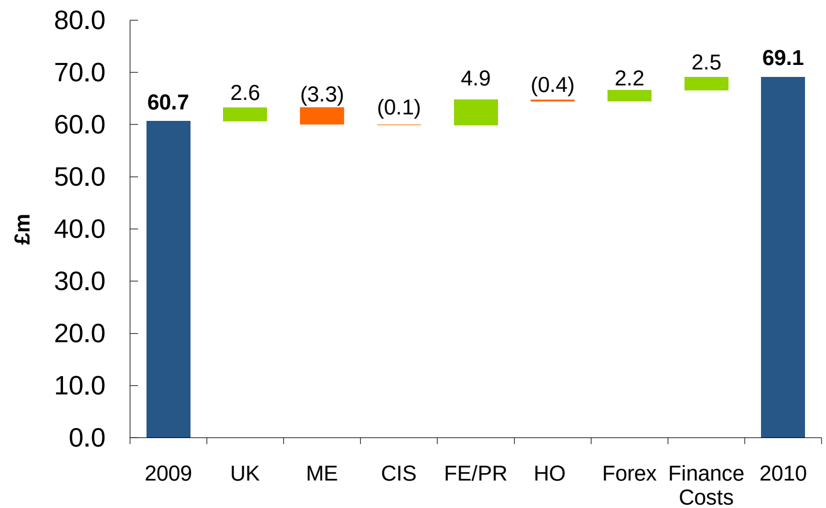
Income Statement

£m	FY 2010	FY 2009	
Revenue	**650.1**	655.1	**-1%**
Operating profit	**78.2**	70.6	**+11%**
Operating profit margin(5)	***12.0%***	*10.8%*	**+120 bps**
Amortisation of intangible assets	(2.6)	(2.9)	
IDC charge	(0.4)	(74.2)	
JV Income	(0.1)	1.6	
Profit before interest & tax	**75.1**	**(4.9)**	
Net finance charges	(8.0)	(10.7)	
Unwind of discount relating to asbestos provision	(4.0)		
Profit before tax	**63.1**	**(15.6)**	
Tax charge / (credit)	(10.8)	14.1	
Profit after tax	**52.3**	(1.5)	
Adjusted PBT(1)	69.1	60.7	**+14%**
Adjusted diluted earnings per share(3)	**42.6**	**37.5**	**+14%**

Operating Profit Margin Progression



Adjusted PBT Bridge 2009 to 2010

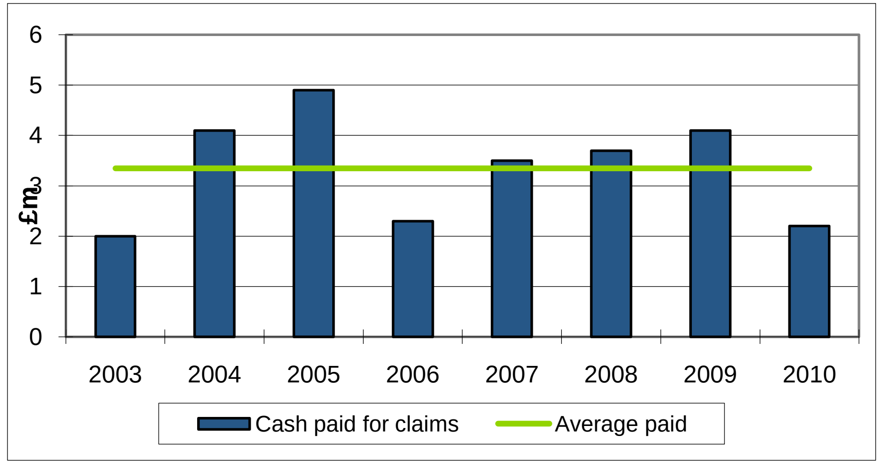


"Adjusted PBT up 13.8% driven by FE/PR performance, favourable exchange and reduced finance charge"

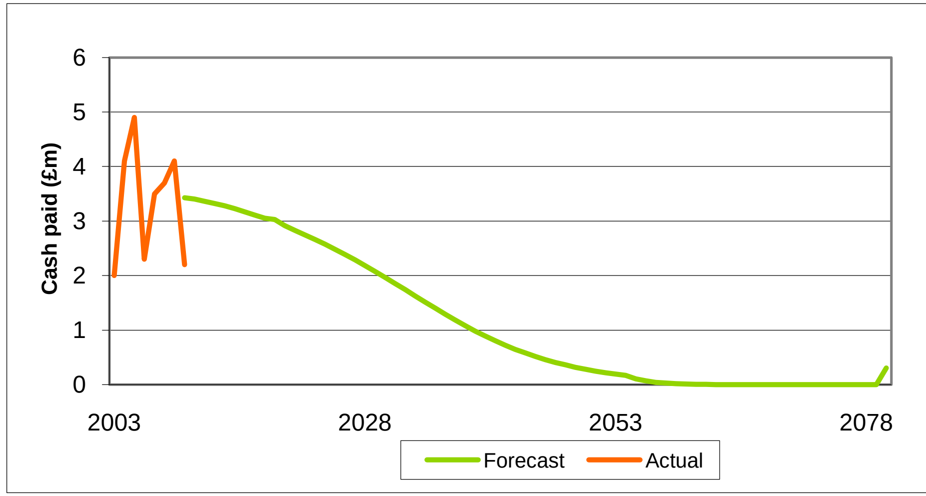
Industrial disease costs

- P&L charge of £0.4m related to industrial disease defence costs
- Finance charge of £4.0m in relation to the unwind of the industrial disease discount
- Claims experience continues to track to actuarial forecast
- Settlements and costs paid less than trend average at £2.2m with Scheme funds reducing to £31.6m
- Interest earned of £1.0m (no cash interest received) with funds locked into longer term deposits yielding 3.2%
- Triennial independent actuarial review completed December 2010 with no significant change

Average Cash Paid



Value of Scheme Claims

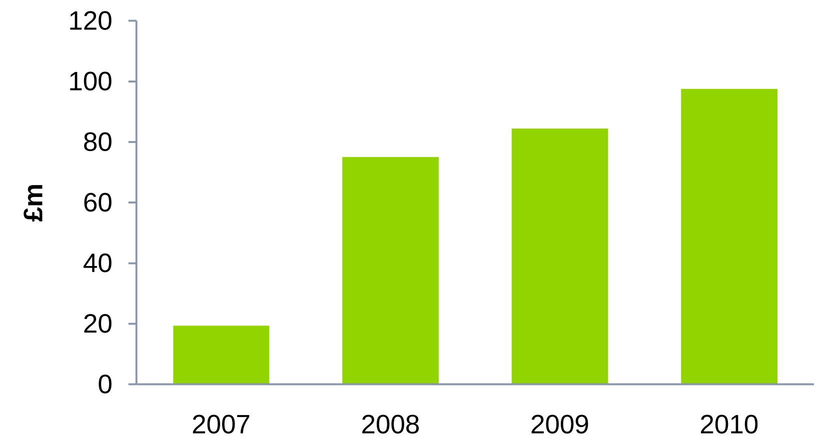


"Claims received continue to track to actuarial forecast"

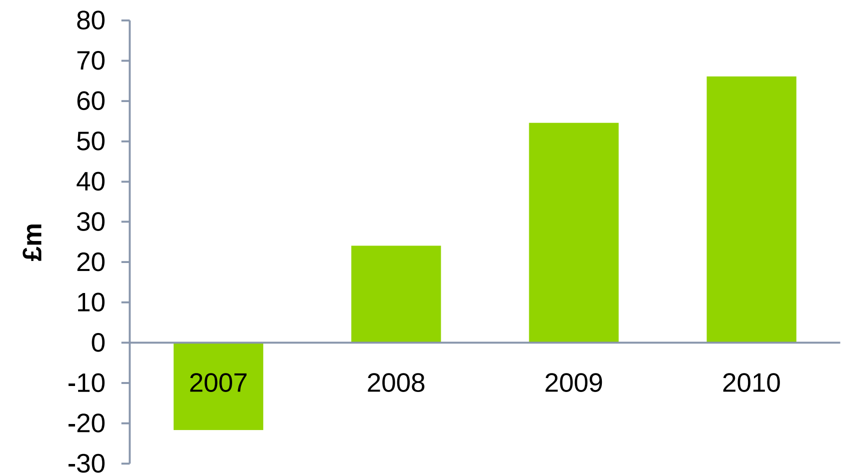
Cash Flow

£m	FY 2010	FY 2009
EBITDA	**95.6**	**88.0**
Other non-cash items	1.1	3.0
Gross cashflow	**96.7**	**91.0**
Working capital movement	1.8	(6.6)
Cash generated from operations	**98.5**	**84.4**
Operating cash conversion %	***103%***	***96%***
Capital expenditure (net of disposals)	(11.6)	(10.8)
Tax	(11.5)	(7.6)
Net interest	(7.4)	(11.4)
Free cash flow	**68.0**	**54.6**
Share issue	1.8	0.9
Dividend paid to minority	(1.3)	(0.2)
Dividend paid to shareholders	(4.7)	-
Other movement in net debt	(3.1)	(3.4)
Movement in net debt	**60.7**	**51.9**
Opening net debt	**(113.6)**	**(165.5)**
Closing net debt	**(52.9)**	**(113.6)**

Cash Generated from Operations



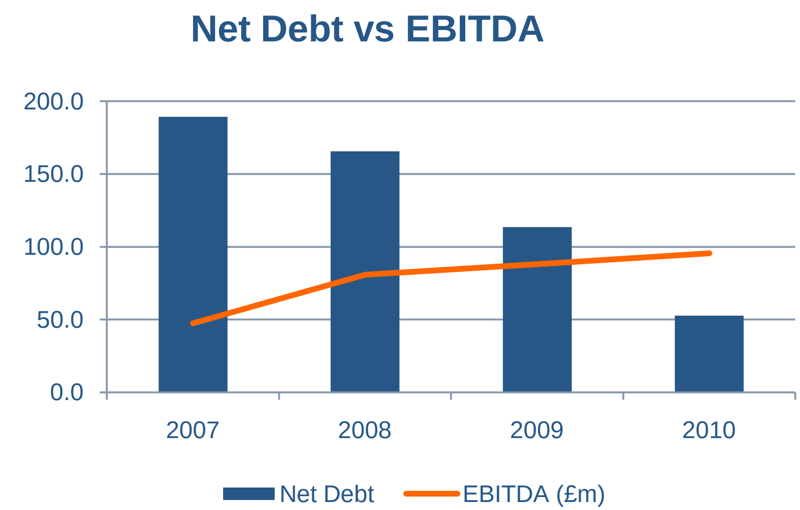
Free Cash Flow

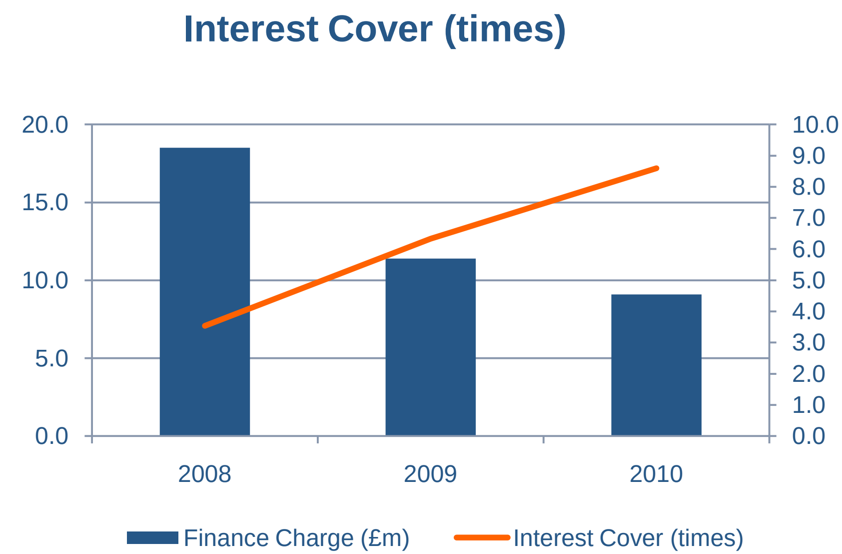


"Another strong year of cash generation with operating cash conversion of 103%"

Balance Sheet

£m	FY 2010	FY 2009
Intangibles	241.5	210.5
Managed assets		
Tangible fixed assets	154.3	142.9
Debtors & WIP	178.9	173.3
Other net working capital	(100.3)	(95.7)
Total managed assets	**232.9**	**220.5**
Provisions, tax and other	(2.6)	(3.3)
IDC provision	(81.7)	(80.2)
	390.1	**347.5**
Funded by:		
Debt/(funds)	52.9	113.6
IDC restricted funds	(31.6)	(33.8)
Shareholders funds	368.8	267.7
Total	**390.1**	**347.5**
Gearing	14.3%	42.4%
ROMA	33.6%	32.0%
Interest Cover	8.6	5.7
Net debt / adjusted EBITDA	0.6	1.3





"Balance sheet continues to strengthen"

Debt refinancing

Refinance

- The Group successfully refinanced its existing Senior Finance Facilities that were due to expire in Sept 2012.

Benefits

- Increased flexibility
- Favourable rates
- Working capital adequacy
- 4 cornerstone banking relationships

Impact on 2011

- Additional amortisation of bank arrangement fees and costs

Key Terms	Details
Purpose:	General purpose to fund capital expenditure, working capital and potential small bolt-on acquisitions
Amount:	£220,000,000 Revolving Credit Facilities: - £150m of GBP loans or GBP equivalent; - AUS$30m of loans - £50m of Bond, Indemnity & Guarantees
Term:	Four years and six months
Covenants:	Leverage and interest cover only - tested bi-annually
Margins:	Ratchet margins on EBITDA to Net Borrowings

"More flexible facility to support future growth"

Tax & Effective tax rate

Tax charge

- Total tax charge of £10.8m (2009: credit of £14.1m)

ETR

- Underlying tax rate of 21.1% (2009: 23.5%). Reduced rate reflects increased profits in low tax jurisdictions (e.g. Abu Dhabi & Qatar)
- Significant review and planning undertaken during year to reduce tax rate further - both to the underlying operational tax rate and one-off benefits to the Group's overall charge

Singapore International Headquarters

- The Group has secured a beneficial tax incentive following the proposal to establish International Headquarters in Singapore. Further planning will be undertaken to maximise this incentive

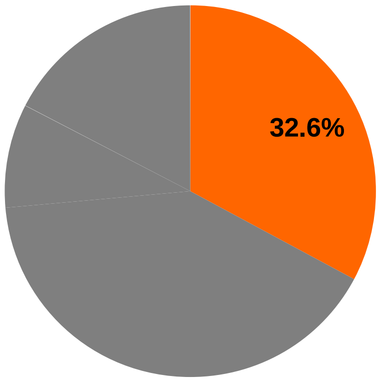
	2010 £'m	2009 £'m
Ongoing operations		
PBT from ongoing operations	69.2	59.1
Tax on ongoing operations	(14.6)	(13.9)
Underlying ETR	**21.1%**	**23.5%**
Other items		
PBT from other items *	(6.1)	(74.7)
Tax on other items	3.8	28.0
Reported PBT	63.1	(15.6)
Net tax (charge) / credit	**(10.8)**	**14.1**

* Excludes discontinued items but includes JV. Tax on joint venture was immaterial during 2010

"Lower ETR as a result of change in geographic mix of profit generation"

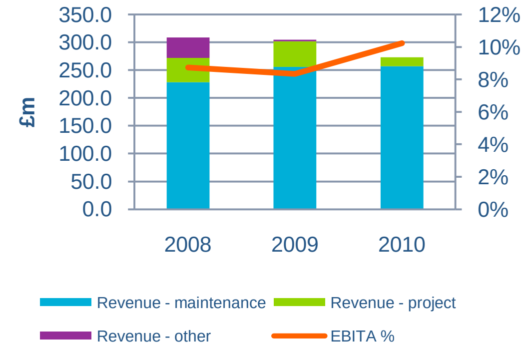
Operating Review

Share of Group EBITA



United Kingdom

	FY 2010	FY 2009	Growth
Revenue	273.4	304.7	-10.3%
EBITA	28.0	25.4	+10.2%
EBITA Margin %	**10.2%**	8.3%	
Share of group EBITA	**32.6%**	31.9%	
People	3,789	4,380	-13.5%



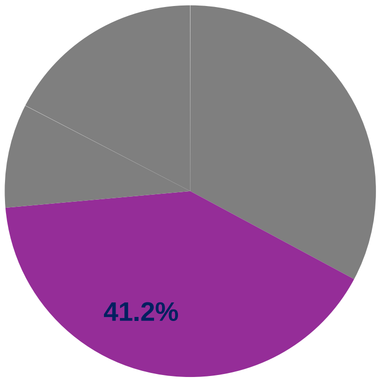
- Operating profits up 10.2% despite reduced revenue reflecting completion of low margin projects, closure of hire & sale business and benefits of restructuring activities carried out in 2009
- Lower outage (shutdown) spend onshore although some 89% (2009: 84%) of revenues now derived from plant maintenance activities
- Offshore Cape established a presence in Norway and Netherlands and won first offshore contract in the Dutch sector with Total

2011 preview

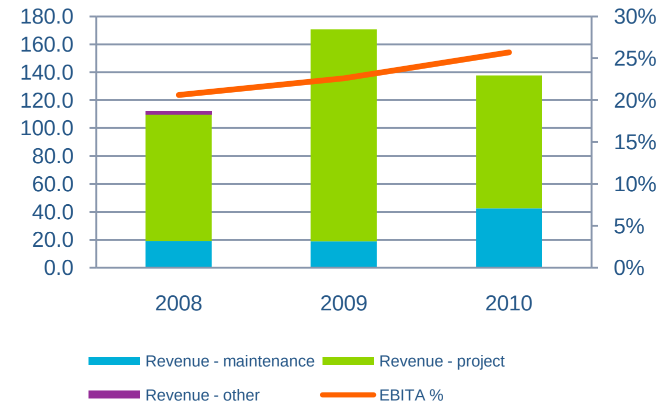
- Expect modest increase in activity levels in 2011 driven by increased number of major outages in the power generation sector planned for this year

Gulf / Middle East

Share of Group EBITA



	FY 2010	FY 2009	Growth
Revenue	137.7	170.7	-19.3%
EBITA	35.4	38.6	-8.3%
EBITA Margin %	**25.7%**	22.6%	
Share of group EBITA	**41.2%**	48.5%	
People	8,520	7,719	+10.4%

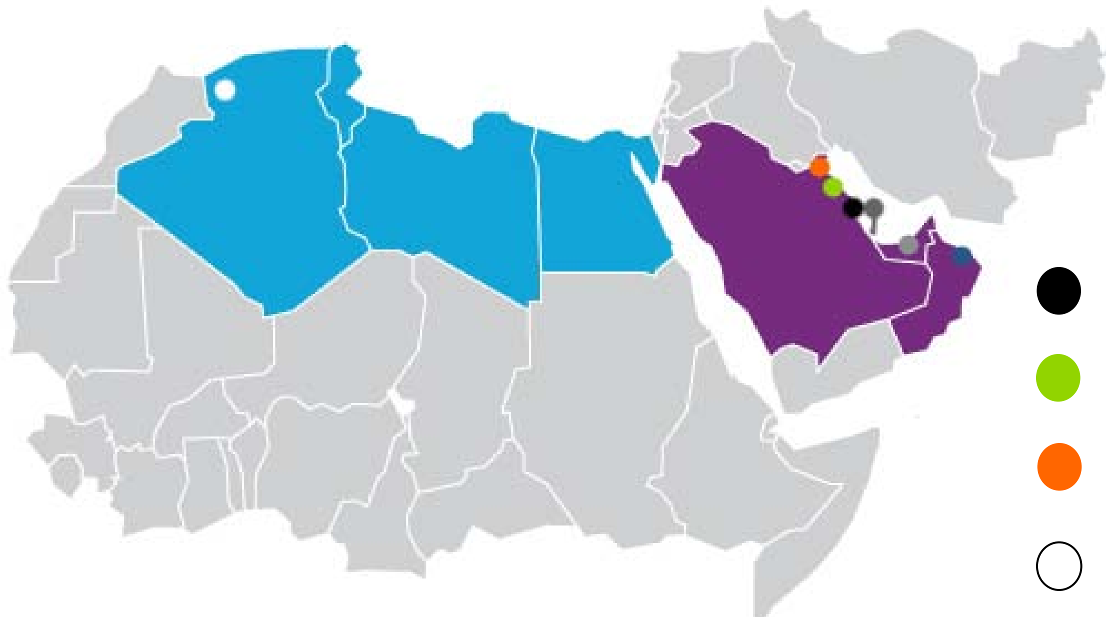


- As anticipated, revenue down 19.3% at CER driven by slowdown/pause in construction support activity although maintained the stronger margin performance
- Continued to increase maintenance revenues by 127% and now represent 31% of revenue
- Cape benefitted from substantial (high manpower and short duration) shutdown contracts and push to complete major projects e.g. Shell Pearl GTL, Saudi Kayan and Borouge II

Gulf / Middle East

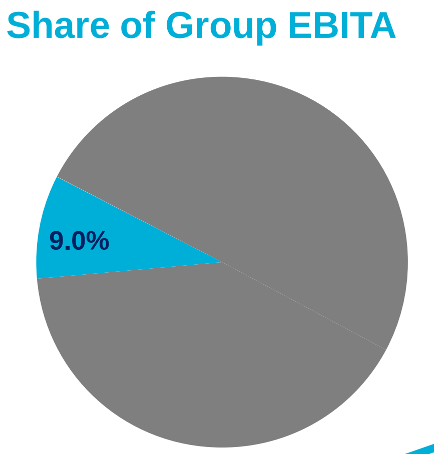
2011 preview

- Expect activity levels to reduce further until Q4 when several large downstream onshore projects commence
- Foothold established in India, first project awarded on Petronet's LNG Terminal at Cochin.
- Group sees no effect from current situation in Middle East as majority of operations in large, secure industrial facilities in remote, unpopulated locations predominantly in Qatar, Abu Dhabi and Saudi Arabia.



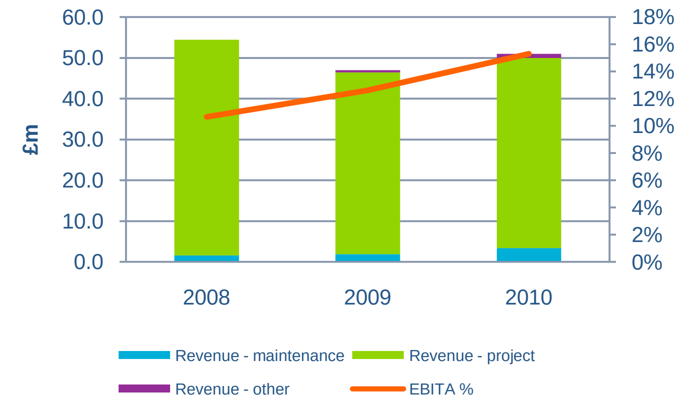
Bahrain: 5%	Oman: 5%
Saudi Arabia: 24%	Abu Dhabi: 23%
Kuwait: 1%	Qatar: 42%
Algeria - project to commence in 2011	

"International footprint, local company"



CIS, Mediterranean & North Africa

	FY 2010	FY 2009	Growth
Revenue	51.0	48.4	+5.4%
EBITA	7.8	6.1	+27.9%
EBITA Margin %	**15.3%**	12.6%	
JV (post tax)	-0.1	1.6	
Total EBITA	7.7	7.7	
Share of group EBITA	**9.0%**	9.7%	
People	2,010	1,910	+5.2%

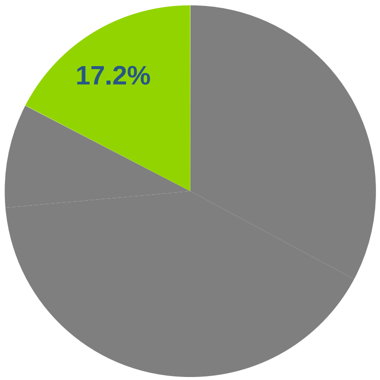


- Almost all revenues relate to activities in Kazakhstan (Kashagan, Karachaganak) and Sakhalin - single project JV (Adriatic LNG) completed last year
- Awarded £23m contract for GL3-Z in Arzew, Algeria to commence Q2 2011
- JV established with SOCAR in Azerbaijan and awarded first contract with ATA (West Chirag topsides)

2011 preview

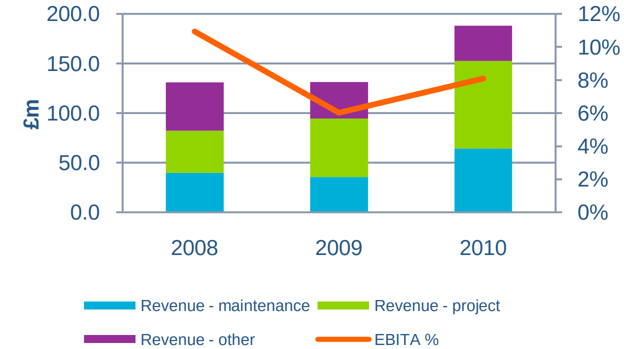
- Some Kazakhstan projects expected to complete mid year with focus transferring to Algeria and Azerbaijan

Share of Group EBITA



Far East / Pacific Rim

	FY 2010	FY 2009	Growth
Revenue	188.0	131.3	+43.2%
EBITA	14.8	7.9	+87.3%
EBITA Margin %	**7.9%**	6.0%	
Share of group EBITA	**17.2%**	9.9%	
People	3,716	3,063	+21.3%



- Revenue increased by 43.2% and 25.8% at CER and now Cape's largest revenue generating region outside the UK
- Strong EBITA margin progression +190bps reflecting recovery in construction support services driven by Pluto (West Australia) and SPT (Singapore)
- Continued progress with transition to Industrial Services business now representing 88% of revenues (2009: 83%) with maintenance services provided at 15 sites across the region

2011 preview

- We expect little change in activity levels until the final quarter
- Several major projects such as Gorgon and PNG now underway with award of contracts for Cape's range of services anticipated in the second half for commencement of works in 2012
- Considering small bolt on acquisition in Hong Kong

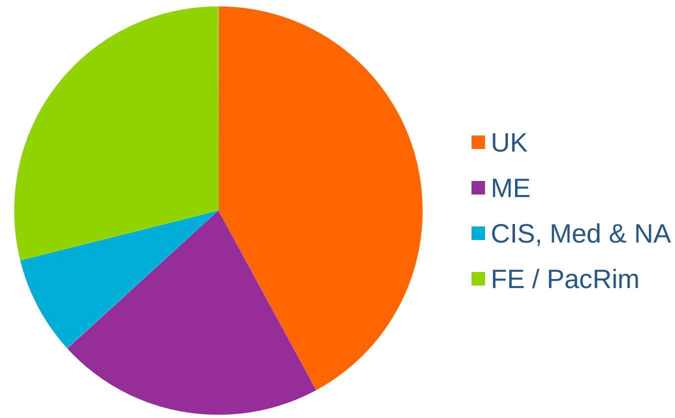
Regional Performance Summary

£m		FY 2010	FY 2009	Growth
UK	Revenue	**273.4**	304.7	-10%
	Operating Profit	**28.0**	25.4	10%
	Operating margin (%)	***10.2%***	*8.3%*	
Gulf / Middle East	Revenue	**137.7**	170.7	-19%
	Operating Profit	**35.4**	38.6	-8%
	Operating margin (%)	***25.7%***	*22.6%*	
CIS, Med & NA	Revenue	**51.0**	48.4	5%
	Operating Profit*	**7.7**	7.7	0%
	Operating margin (%)	***15.1%***	*15.9%*	
Far East / Pacific Rim	Revenue	**188.0**	131.3	43%
	Operating Profit	**14.8**	7.9	87%
	Operating margin (%)	***7.9%***	*6.0%*	
Group	Revenue	**650.1**	655.1	-1%
	Operating Profit	**85.9**	79.6	8%
	Operating margin (%)	***13.2%***	*12.2%*	

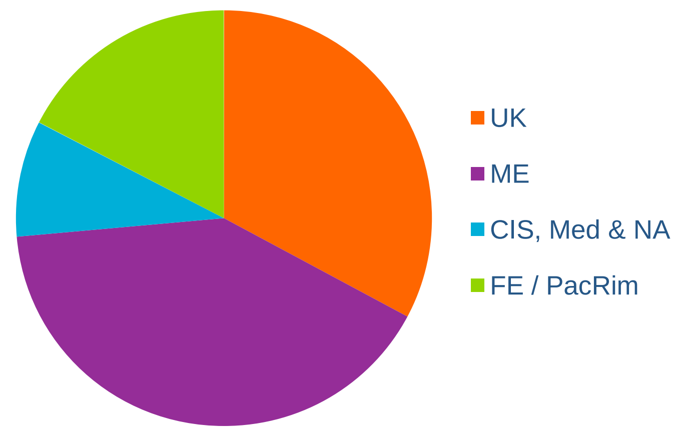
Note: Operating profit stated before head office, IDC, amortisation & exceptional items

* Includes JV profit

Revenue per Region 2010



Operating Profit per Region 2010



"A balanced international portfolio with 58% of revenues & 67% of profits generated outside UK"

Outlook

Outlook

Expect return to sustained organic revenue growth from H2 2011

Major driver will be construction support services as large capital funded E&C projects commence in gas (LNG) in Far East/Pacific Rim Region and downstream Gulf/Middle East

Expect more modest growth in maintenance support services driven by increasing safety requirements

Group looks forward to a sustained period of high earnings growth from now towards 2015.

Definitions

1 Adjusted PBT comprises profit/(loss) before tax of £63.1m (2009: loss of £15.6m), adjusted for the IDC charge of £0.4m (2009: £74.2m), IDC finance income of £1.0m (2009: £0.8m), unwind of discount in respect of IDC provision £4.0m (2009: £nil) and amortisation of intangible assets of £2.6m (2009: £2.9m).
2 Adjusted operating profit margin is calculated as operating profit before other items of £78.2m (2009: £70.6m) divided by revenue of £650.1m (2009: £655.1m).
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 year adjusted to assume conversion of all potentially dilutive ordinary shares.
4 Free cash flow is defined as cash generated from operations of £98.5m (2009: £84.4m) adjusted for the impact of interest of £8.2m (£2009: £10.7m), tax of £11.5m (2009: £7.6m), net capital expenditure of £11.6m (2009: £8.9m) and the amortisation of the bank fee of £0.8m (2009: £0.7m).
5 Operating cash conversion is defined as cash generated from operations of £98.5m (2009: £84.4m) divided by adjusted EBITDA(8).
6 Net debt is calculated by deducting borrowings of £148.7m (2009: £180.3m) from cash and cash equivalents of £95.8m (2009: £66.7m).
7 Ratio of net debt to adjusted EBITDA is calculated by dividing the net debt figure at the year end of £52.9m (2009: £113.6m) by the adjusted EBITDA of £95.5m (2009: £88.0m).
8 Adjusted EBITDA is calculated by adding back depreciation of £17.4m (2009: £15.8m) to adjusted operating profit of £78.1m (2009: £72.2m).
9 Based on 2011 consensus revenues of £705.0m.
10 Constant currency figures reflect actual 2010 results retranslated using the foreign currency exchange rates used for the 2009 reporting. The average exchange rates for the year ended 31 December 2010 were GBP/AUD 1.6901 and GBP/USD 1.5526 (2009: GBP/AUD 1.9828 and GBP/USD 1.5513).
11 Adjusted operating profit (EBITA) comprises profit/(loss) before interest and taxation of £75.1m (2009: £(4.9)m), adjusted for IDC charge of £0.4m (2009: £74.2m) and amortisation of intangible assets of £2.6m (2009: £2.9m).
12 Gearing is net debt divided by total equity.
13 Return on Managed Assets (ROMA) is calculated as operating profit before other items of £78.2m (2009: £70.6m) divided by managed assets.
14 Managed assets is calculated by deducting the trade and other payables of £100.3m (2009: £95.7m) from the sum of property, plant and equipment of £154.3m (2009: £142.9m), inventories of £14.3m (2009: £17.3m) and trade and other receivables of £164.6m (2009: £156.0m).
15 Interest cover is calculated by dividing the operating profit before other items of £78.2m (2009: £70.6m) by the finance costs (excluding unwind of discount in respect of IDC provision of £4.0m (2009: nil)) of £9.1m (2009: £12.3m).
16 Asset replacement ratio is calculated by dividing the capex spend for the year £12.4 (2009: £11.6) by depreciation charge £17.4 (2009: £15.8)