

# Interim Results 2011

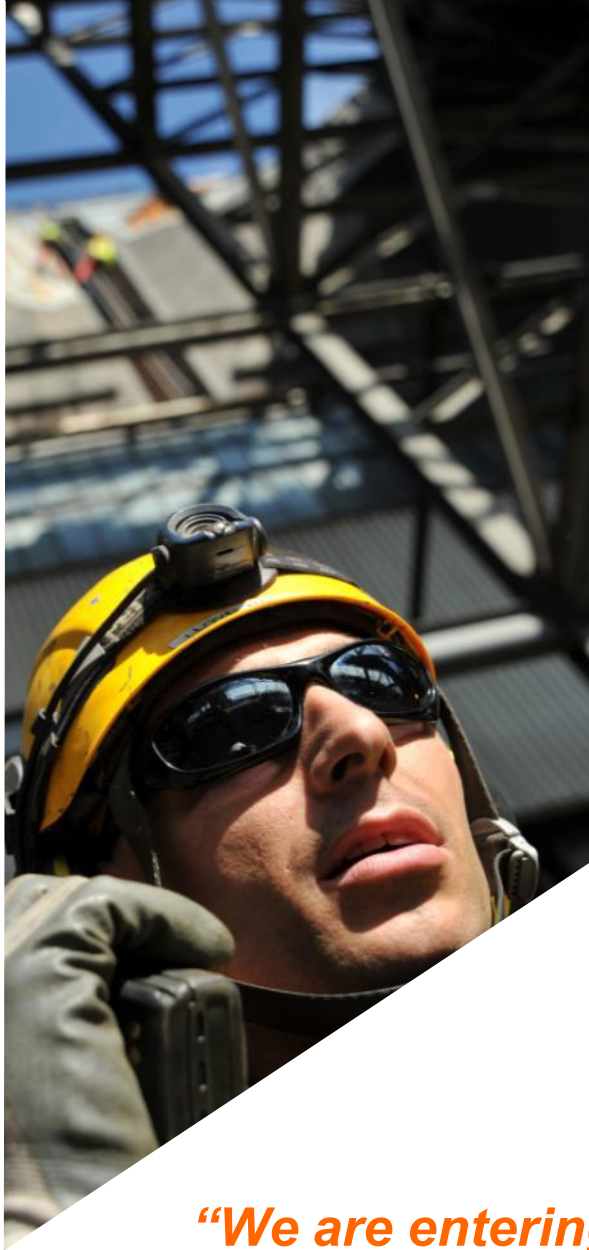
31 August 2011



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

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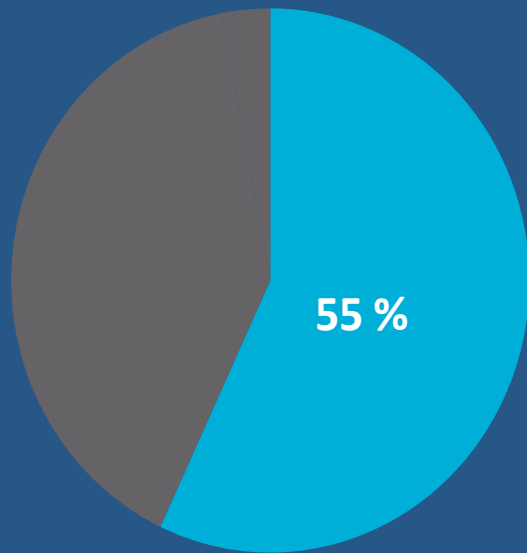
## Headlines

- Solid operational performance with continued strong execution and margin capture
- Strong performances in Far East/Pacific Rim and CIS/Med & North Africa regions offsetting anticipated lower activity in Gulf/Middle East region
- Adjusted PBT of £34.0m (2010: £35.5m) with Adjusted diluted EPS of 20.9p (2010: 21.0p)
- Interim dividend of 4.5p per share (2010: 4.0p)
- Admission to the London Stock Exchange Main Market in June 2011 with anticipated entry to the FTSE 250 index in September
- Increasing bid pipeline with momentum building in key markets
- On track to return to revenue growth in-line with our double digit target range in the second half
- Investment underway to facilitate significant business opportunities in H2 and beyond

***“We are entering a sustained period of growth for Cape’s services”***

# Maintenance Support Services

## Share of Group Revenue

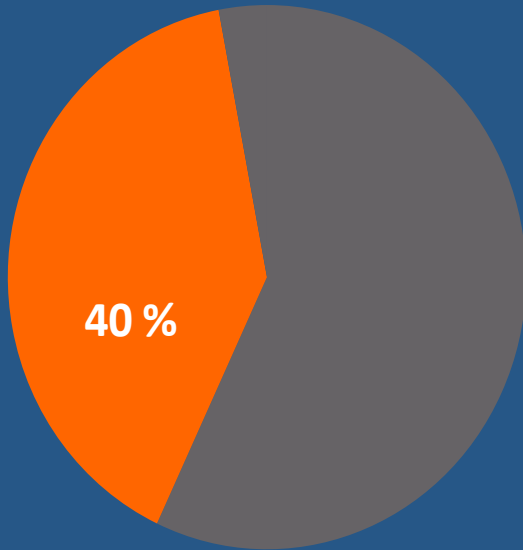


- Cape provides essential support to our clients plant maintenance and shutdown programmes
- Unrivalled breadth and scale – with services provided at 244 industrial assets in the first half
- Compelling bundled service offering with tangible benefit to client of reduced supplier interface and administration costs
- Expertise and reputation recognised by blue chip clients including BP, Shell, ExxonMobil, EDF, Aramco, Qatargas, SABIC and BHP
- Major client wins in the first half included E.ON in the UK

***“Growth drivers are ageing infrastructure (rust!) and increasing client and regulator focus on plant safety”***

# Construction Support Services

## Share of Group Revenue



- Cape delivered construction support services on 64 major construction projects in H1
- International reputation for highest safety standards combined with ability to deliver major projects in challenging and remote environments
- Major clients for Construction Support Services in the period included:
  - Foster Wheeler (*Pluto LNG*)
  - Wood Group (*Shell Northern Plants*)
  - Shaw Stone & Webster (*Exxon SPT*)
  - JGC (*NCP Saudi Arabia*)
  - Fluor (*Odoptu / Chayevo*)

***“Growth drivers are increased capital spending in the sector and the global demand for energy”***

# Forward Order Book

- Forward Order Book at 30 June of c.£850m with some 91% of Full Year consensus revenues for 2011 secured (2010: 90%)
- The Group's Forward Order Book comprises:

## **Maintenance Support Services: £600m**

The estimated value of future services to support contractually committed base maintenance programmes for the contractual term period only and shutdowns/outages where firm order received

## **Construction Support Services: £250m**

The value of services to be provided on current contracts based on client work schedules together with confirmed new orders received

- Good visibility of future sources of revenue and healthy pipeline of bidding opportunities in Construction Support Services

***“A healthy pipeline of bid prospects across the footprint”***



# Corporate Growth Strategy

- Medium term growth plans based on a mix of organic growth, bolt-on acquisition programme and entry into new territories
- Organic growth driven by:
  - exposure to key growth markets (LNG/Gas in the Far East/Pacific Rim and downstream in the Gulf/Middle East)
  - increasing maintenance requirements of ageing infrastructure
  - the increasing focus of plant operators on safety
- Completed two bolt-on acquisitions and list of opportunities continues to grow
- Established operational bases in three new territories:
  - Papua New Guinea (PNG)
  - India
  - Turkmenistan

***“Solid progress in H1 with 2 bolt-on acquisitions and 3 new territories”***

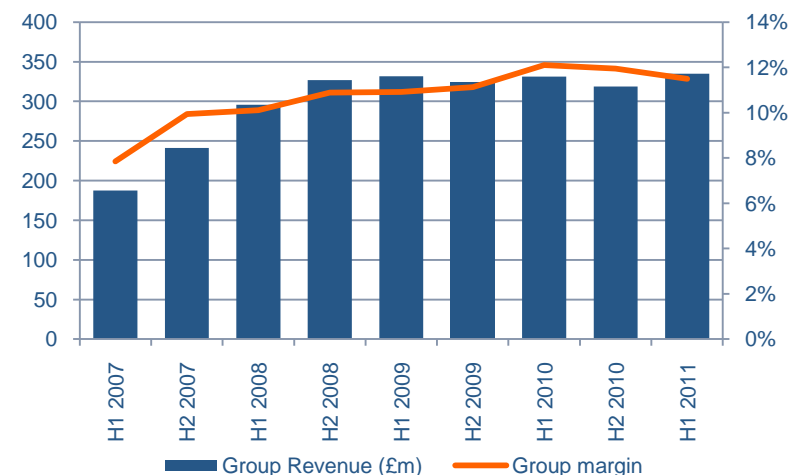
# Financial Review



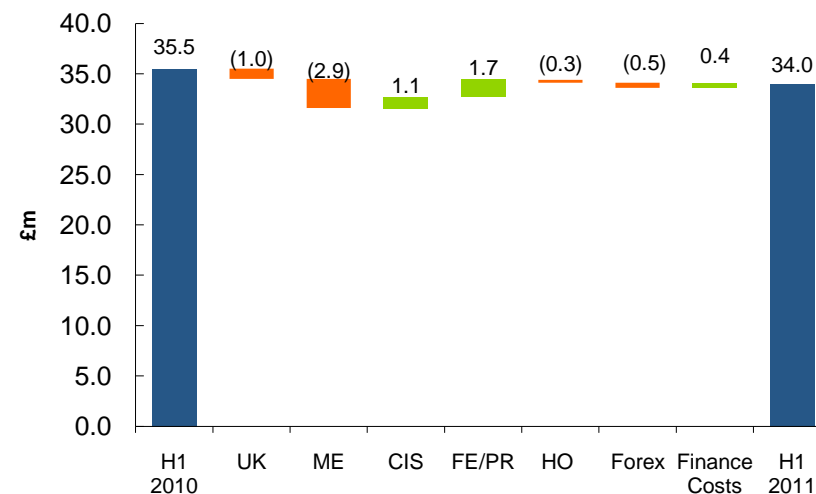
# Income Statement

£m	H1 2011	H1 2010	
Revenue	335.0	331.3	+1%
Operating profit EBITA	38.5	40.1	-4%
Operating profit margin	11.5%	12.1%	-60 bps
Amortisation	(0.4)	(1.3)	
Corporate expenses	(2.0)	-	
Industrial Disease costs	(0.2)	-	
JV Income	(0.3)	-	
<b>Profit before interest &amp; tax</b>	<b>35.6</b>	<b>38.8</b>	<b>-8%</b>
Net finance charges	(5.0)	(4.1)	+22%
Unwind of discount relating to asbestos provision	(2.0)	(2.0)	
<b>Profit before tax</b>	<b>28.6</b>	<b>32.7</b>	<b>-13%</b>
Tax charge	(6.0)	(7.5)	-20%
<b>Profit after tax</b>	<b>22.6</b>	<b>25.2</b>	<b>-10%</b>
<b>Adjusted PBT</b>	<b>34.0</b>	<b>35.5</b>	<b>-4.2%</b>
Adjusted diluted earnings per share	20.9	21.0	-0.5%
Interim dividend per share (p)	4.5	4.0	+12.5%

## Operating Profit Margin Progression



## Adjusted PBT Bridge H1 2010 to H1 2011



**“As expected, no overall revenue growth in H1 with margin impacted by mix”**

# Non-operating Other Items

Non-operating other items charge after tax totalled £4.5m (2010: £2.1m charge) including:

## Recurring

- £2.0m charge - unwind of discount on long term IDC liability
- £0.5m income - interest income accrued on IDC Scheme funds

## Non-recurring corporate expenses

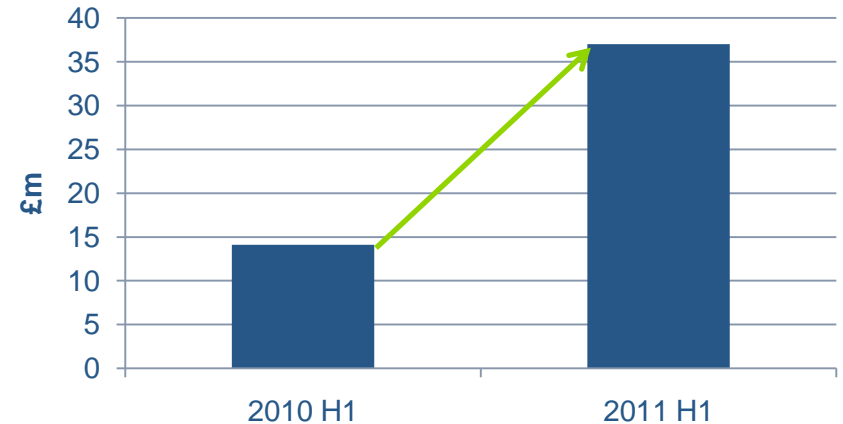
- £2.0m charge - costs of move to LSE Main Market and restructuring
- £1.3m charge - unamortised facility fees from early cancellation of 2007 syndicated banking facility

***“Additional £3.3m non-recurring corporate expenses in H1 ”***

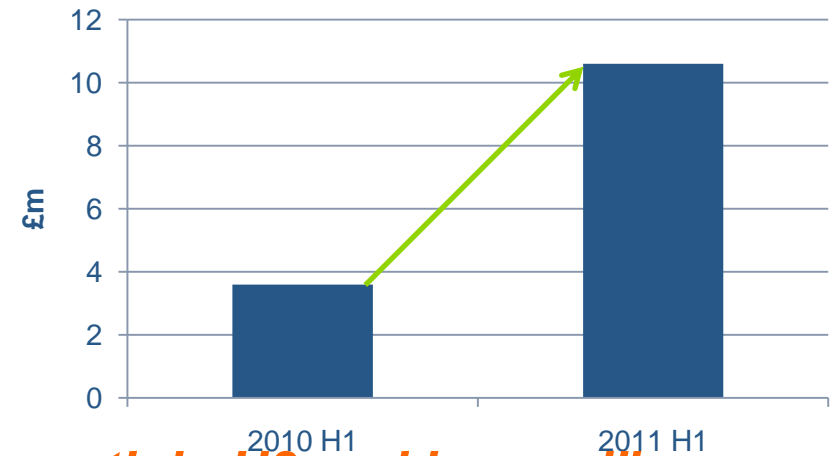
# Cash Flow

£m	H1 2011	H1 2010
<b>EBITDA</b>	<b>45.4</b>	<b>48.8</b>
Other non-cash items	1.1	0.8
<b>Gross cashflow</b>	<b>46.5</b>	<b>49.6</b>
Working capital movement	(37.0)	(14.1)
<b>Cash generated from operations</b>	<b>9.5</b>	<b>35.5</b>
<b>Operating cash conversion %</b>	<b>21%</b>	<b>73%</b>
Capital expenditure (net of disposals)	(10.6)	(3.6)
Tax	(4.0)	(7.9)
Unamortised banking fee	(3.1)	0.0
Net interest	(2.7)	(4.7)
<b>Free cash flow</b>	<b>(10.9)</b>	<b>19.3</b>
Share issue	1.6	0.1
Dividend paid to minority	(2.0)	(1.4)
Dividend paid to shareholders	(9.4)	
Other movement in net debt	(1.9)	0.5
<b>Movement in net debt</b>	<b>(22.6)</b>	<b>18.5</b>
Opening net debt	(52.9)	(113.6)
<b>Closing net debt</b>	<b>(75.5)</b>	<b>(95.1)</b>

## Working Capital Investment



## Capex Investment



**“Investment underway to facilitate growth in H2 and beyond”**



# Balance Sheet Investment

## Step up in working capital

Significant drivers:

- Increased level of UK outages
- Kashagan project growth, Kazakhstan
- Commencement of GL3-Z LNG project, Arzew, Algeria
- Transition to Industrial Services in East Australia with projects including Aurora and Wonthaggi
- New projects start in Northern Gulf – Karan Gas (Hyundai) & Manifa Gas (GS Construction)

## Capital expenditure

Significant drivers:

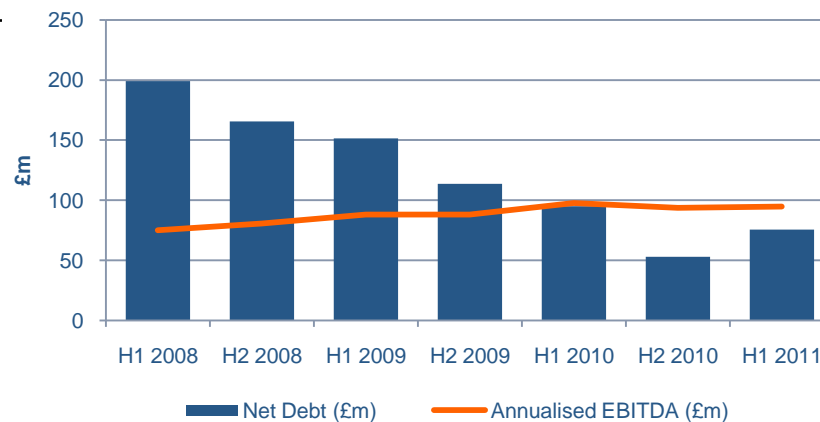
- SPT contract - £2.1m
- Middle East - £3.4m
- UK outages - £2.7m
- Insulation CNC machinery for Algeria and Australia

***“Funding growth and new business opportunities in H2 and beyond”***

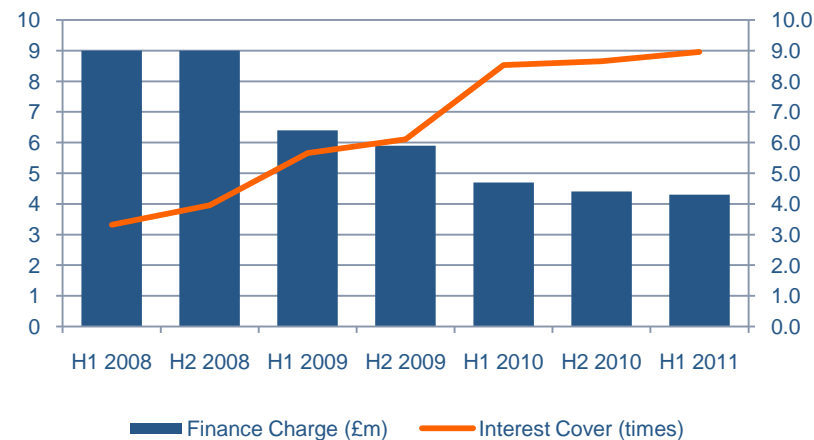
# Balance Sheet

£m	H1 2011	H1 2010	FY 2010
Intangibles	244.7	209.2	241.5
<b>Managed assets</b>			
Tangible fixed assets	159.3	141.2	154.3
Working capital	114.6	94.3	78.6
<b>Total managed assets</b>	<b>273.9</b>	<b>235.5</b>	<b>232.9</b>
Provisions, tax and other	(4.7)	(3.7)	(2.6)
IDC Provision	(83.1)	(81.2)	(81.7)
	<b>430.8</b>	<b>359.8</b>	<b>390.1</b>
<b>Funded by:</b>			
Debt/(funds)	75.5	95.1	52.9
IDC restricted funds	(31.0)	(32.9)	(31.6)
Shareholders funds	386.3	297.6	368.8
<b>Total</b>	<b>430.8</b>	<b>359.8</b>	<b>390.1</b>
Gearing	19.5%	32.0%	14.3%
ROMA	28.1%	34.1%	33.6%
Interest Cover	9.0	8.5	8.6
Net debt / adjusted EBITDA	0.8	1.0	0.6

## Net Debt vs Annualised EBITDA



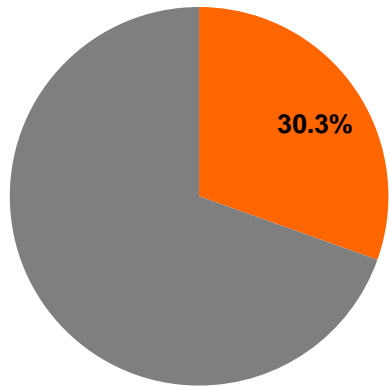
## Interest Cover (times)



# Operating Review

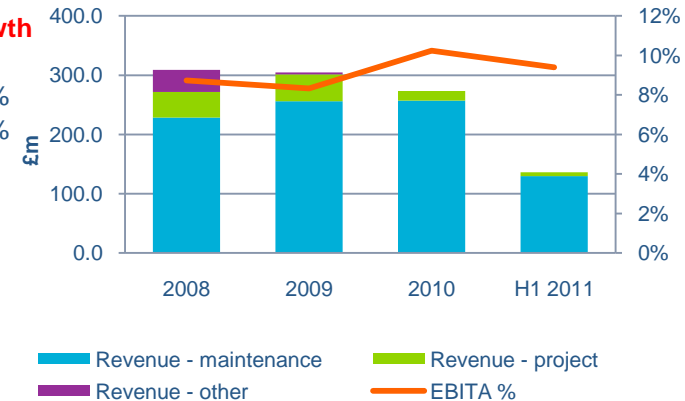


## Share of Group EBITA



# United Kingdom

	FY 2010	H1 2011	H1 2010	Growth
Revenue	273.4	136.2	138.9	-2%
EBITA	28.0	12.8	13.8	-7%
EBITA Margin %	10.2%	9.4%	9.9%	
Share of group EBITA	32.6%	30.3%	31.4%	

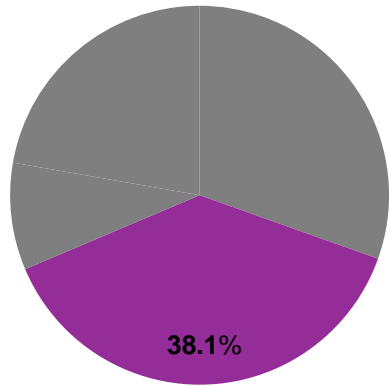


- EBITA decreased by 7% to £12.8m (2010: £13.8m) driven by a 2% fall in revenue to £136.2m (2010: £138.9m) combined with a 0.5% reduction in operating margin to 9.4% (2010: 9.9%)
- Solid Onshore performance whilst Offshore revenues reduced by 9% due to aggressive competition in the UKCS bidding arena

## Full Year Outlook

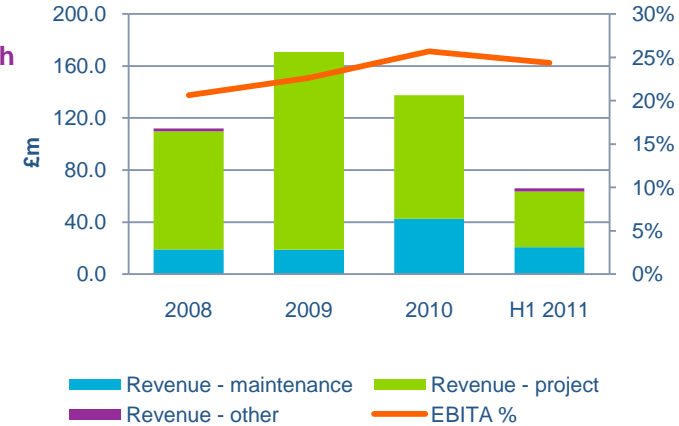
- The number of planned outages in the power sector is expected to drive higher revenues in H2 and we continue to target a 10% operating margin

## Share of Group EBITA



## Gulf / Middle East

	FY 2010	H1 2011	H1 2010	Growth
Revenue	137.7	66.1	80.1	-18%
EBITA	35.4	16.1	19.8	-19%
EBITA Margin %	25.7%	24.4%	24.7%	
Share of group EBITA	41.2%	38.1%	45.1%	

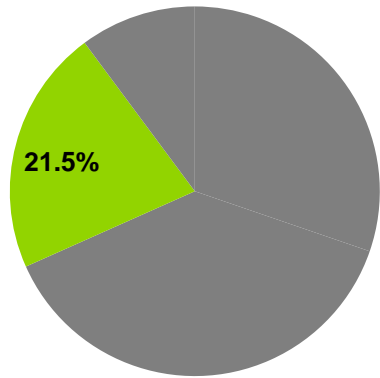


- As anticipated, revenues reduced by 17.5% (CER: -13.5%) to £66.1m (2010: £80.1m) as major projects completed
- Significant contract awards in the first six months (GASCO 4th NGL, Habshan 5, Borouge 3, Jubail Export Refinery and QAPCO LDPE expansion)

### Full Year Outlook

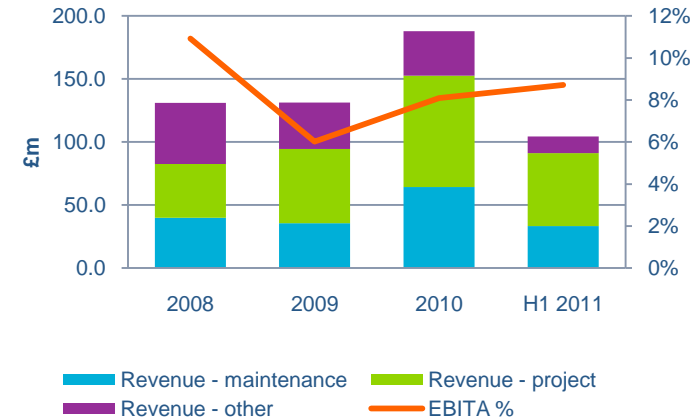
- Full Year activity levels expected to be similar to last year dependent, however, on timing of releases of work packages
- Operating margins in H2 will reflect the completion of the higher margin compression and acceleration works and the project profile changes

## Share of Group EBITA



## Far East / Pacific Rim

	FY 2010	H1 2011	H1 2010	Growth
Revenue	188.0	104.4	90.4	16%
EBITA	14.8	9.1	7.0	30%
EBITA Margin %	7.9%	8.7%	7.7%	
Share of group EBITA	17.2%	21.5%	15.9%	

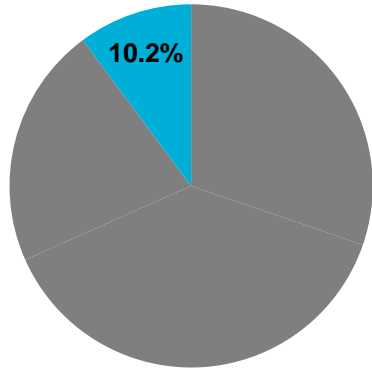


- EBITA increased by 24.3% at CER to £9.1m driven mainly by continued improvement in margin performance - increased by 100bps to 8.7% (2010: 7.7%)
- Revenue increased by 5.6% at CER to £104.4m driven by Pluto LNG and SPT projects
- Increased tendering activity both onshore and offshore

### Full Year Outlook

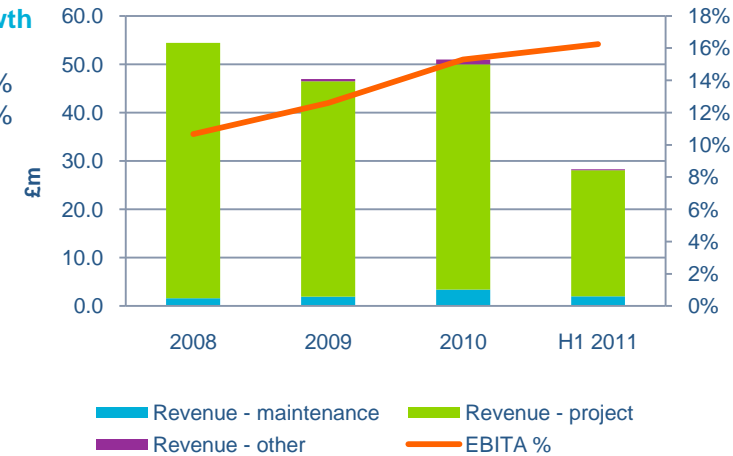
- Activity levels to remain at least at H1 levels with continued focus on margins

## Share of Group EBITA



# CIS, Mediterranean & North Africa

	FY 2010	H1 2011	H1 2010	Growth
Revenue	51.0	28.3	21.9	29%
EBITA	7.8	4.6	3.3	39%
<i>EBITA Margin %</i>	15.3%	<b>16.3%</b>	15.1%	
JV (post tax)	-0.1	-0.3	0.0	
Total EBITA	7.7	4.3	3.3	
<i>EBITA Margin % (post JV)</i>	15.1%	<b>15.2%</b>	15.1%	
Share of group EBITA	9.0%	<b>10.2%</b>	7.5%	



- Revenues increased by 38.8% at CER in H1 to £28.3m generating EBITA of £4.6m (2010: £3.3m)
- Growth driven by increased activity at Kashagan (Island D) and Algeria GL3-Z LNG

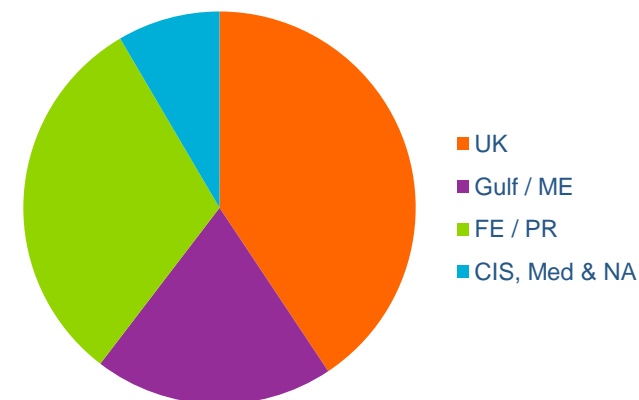
## Full Year Outlook

- Activity expected to continue at H1 levels with operating margins remaining stable as reduction in Kazakhstan (Karachaganak/Kashagan) mitigated by expected ramp up of work in Algeria

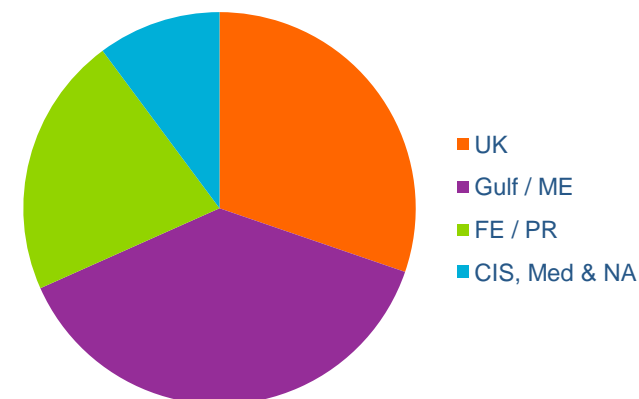
# Regional Performance Summary

£m		FY 2010	H1 2011	H1 2010	Growth
UK	Revenue	273.4	136.2	138.9	-2%
	Operating Profit	28.0	12.8	13.8	-7%
	Operating margin (%)	10.2%	9.4%	9.9%	↓ 50bps
Gulf / Middle East	Revenue	137.7	66.1	80.1	-18%
	Operating Profit	35.4	16.1	19.8	-19%
	Operating margin (%)	25.7%	24.4%	24.7%	↓ 30bps
Far East / Pacific Rim	Revenue	188.0	104.4	90.4	16%
	Operating Profit	14.8	9.1	7.0	30%
	Operating margin (%)	7.9%	8.7%	7.7%	↑ 100bps
CIS, Med & NA	Revenue	51.0	28.3	21.9	29%
	Operating Profit*	7.7	4.3	3.3	30%
	Operating margin (%)	15.1%	15.2%	15.1%	↑ 10bps
Group	Revenue	650.1	335.0	331.3	1%
	Operating Profit	85.9	42.3	43.9	-4%
	Operating margin (%)	13.2%	12.6%	13.3%	↓ 70 bps

## Revenue per Region H1 2011



## Operating Profit per Region H1 2011



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

\* Includes JV profit / (loss)

# Outlook





# Outlook

## Full year outcome

Well positioned to achieve full year targets and no change to full year guidance

## Looking further ahead...

Strengthening bid pipeline with progress with major project investment decisions in our key geographies continue to indicate we are entering a sustained period of demand growth for Cape's services

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