



Cape plc

Overview

December 2010

cape

Intelligent
solutions
for industrial
services

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Summary

Cape is one of the leading international providers of specialty multi-disciplinary industrial services to the downstream energy infrastructure sector

Cape has delivered five consecutive years of growth with compound annual growth in adjusted diluted earnings per share of 41%

Headquartered near London in the UK, Cape has employs over 17,000 people across 28 countries

In 2009, approximately 70% of the Group's revenue was generated from capital and maintenance expenditures by customers in the oil & gas and power generation sectors

The Group's customers comprise two groups:

- Plant operators in the oil and gas, petrochemical, power generation, mining and mineral resources sectors; and
- Major Engineering & Construction (E&C) contractors

Summary cont.

The Group's specialty multi-disciplinary services are required on an ongoing basis throughout the lifecycle of large industrial infrastructure assets from:

- the construction commissioning of new facilities
- ongoing maintenance, inspection and turnaround
- plant expansion and rejuvenation projects; to the
- decommissioning and abandonment of retired facilities

Clients choose Cape for its proven ability to:

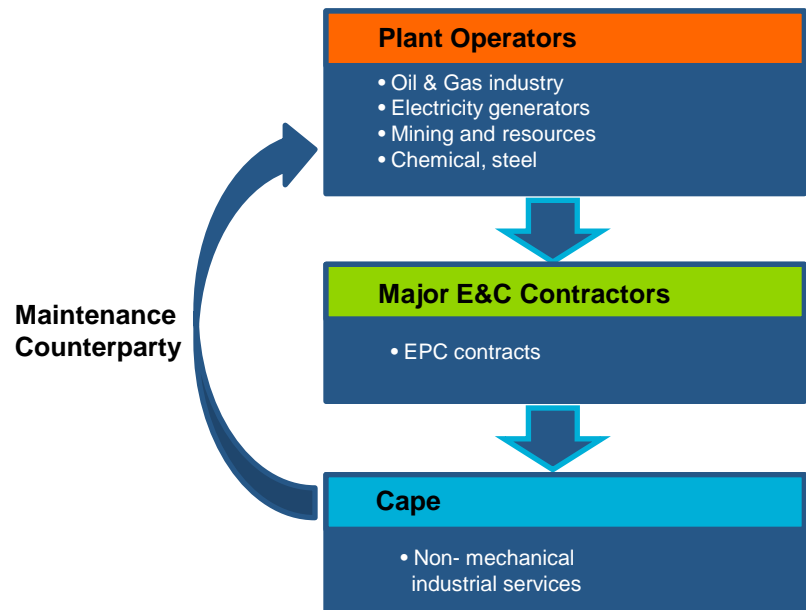
- Provide a multi-discipline, "bundled services" solution with a single point of contact and management responsibility
- Deliver the highest standards of safety performance in industrial environments
- Execute large and complex projects requiring the supply and management of large numbers of skilled operatives and volumes of equipment



Customers, services and contracts

Key customers

- Cape has strong, longstanding relationships with its largest customers
- The ten largest customers by revenue accounted for 31% of 2009 revenues with the largest customer accounting for 8%
- Cape's involvement in the construction phase of a plant, ideally positions us to undertake the ongoing maintenance activities direct for the plant operator



Customers, services and contracts

Industry sector overview

Onshore oil & gas



28%

Offshore oil & gas



22%

Power generation



17%

Chemical/petrochem



12%

Other (Hire & Sales etc)



11%

Minerals & mining



7%

Steel



3%

Customers, services and contracts

Range of services

Access services

- Access to high, often irregular shaped structures at industrial facilities to enable ongoing maintenance, inspection, periodic turnarounds, capital improvements and repairs
- Includes front-end application design, skilled labour for the erection and dismantlement and full-cycle project management
- Typically Cape provides and manages a common user scaffold service available to all onsite trades, ensuring consistently high safety standards and cost-effective utilisation
- Includes other specialist work access solutions such as rope access

Insulation

- Installation and removal of insulation materials of any composition, on mechanical piping and equipment, to assist customers to achieve desired results for corrosion prevention, process temperature conservation, noise reduction, waterproofing and personnel protection. Insulation is installed in new facilities or in connection with capital improvements, maintenance and repair activities
- Refractory - both lining contract work and materials supply for the interior of very high temperature (above 1100°C) and high pressure environments

Coating / Painting / Blasting

- Inspection, removal and application of various coating materials to protect equipment and facilities from corrosion and abrasion.
- Painting and coating work is recurring in nature, as customers regularly inspect, evaluate and replace the protective paints and coating on their facilities

Industrial Cleaning

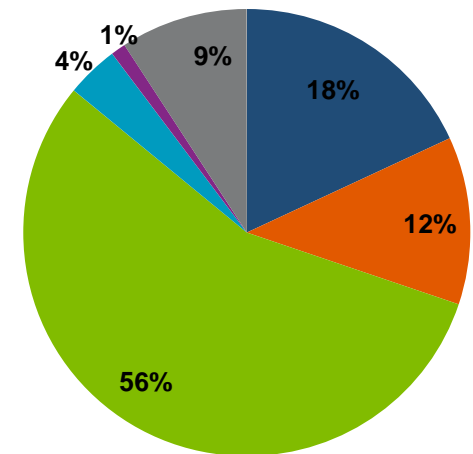
- Specialist “heavy-end” industrial cleaning both onshore and offshore
- Cleaning of contaminated tanks, vessels, pipes, drains, heat exchangers and surfaces as well as waste handling and site support services

Other (Hire & Sales etc.) Other services include:

- **Asbestos removal** - a comprehensive asbestos handling services including asbestos management and removal
- **Offshore services** - an extensive range of offshore support services
- **Sales of materials and equipment and (dry) hire of equipment** - supply of insulation and refractory materials and associated equipment Hire or sale of a range of equipment to the civil engineering, construction and ship building industries as well as plant owners

Multi-disciplinary

- Combination of two or more services
- Largely maintenance “SIP” contracts



Customers, services and contracts

Types of contract

Project

41%

- For project work, Cape is typically commissioned by major E&C contractors. The market thus refers to Cape as a “Tier 2” service provider
- Once a build project is completed, Cape is well positioned to secure long-term maintenance and campaign contracts that follow

Maintenance

52%

- At 31 December 2009, 52% of the Group’s revenues were maintenance based
- Typically multiple-year agreements of up to 7 years duration. Cape has historically enjoyed very high contract renewal rates due in large part to the embedded nature of the services
- These services form a critical part of the ongoing fabric maintenance of our customers’ facilities. The successful execution of recurring maintenance helps Cape’s customers avoid unplanned down-time and ultimately optimises the efficiency of their facilities

Other

7%

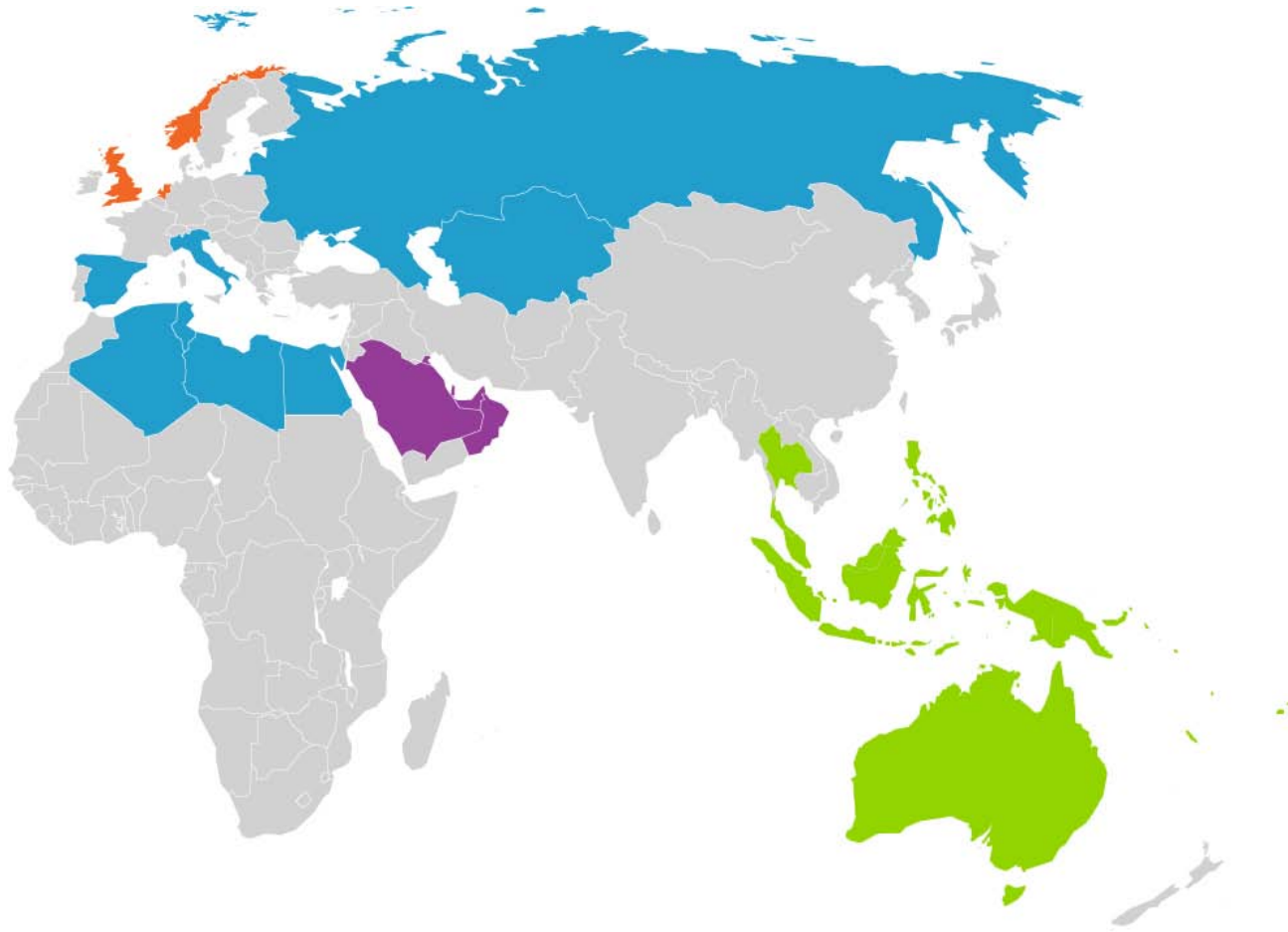
- Includes materials and equipment sales and short-term hire of equipment



Percentage of annual revenue in 2009

Footprint and organisational structure

Our international footprint



Group		
Countries	Principal locations	People
28	84	17,062

United Kingdom		
Countries	Principal locations	People
5	19	4,380

CIS, Med & N.Africa		
Countries	Principal locations	People
9	12	1,910

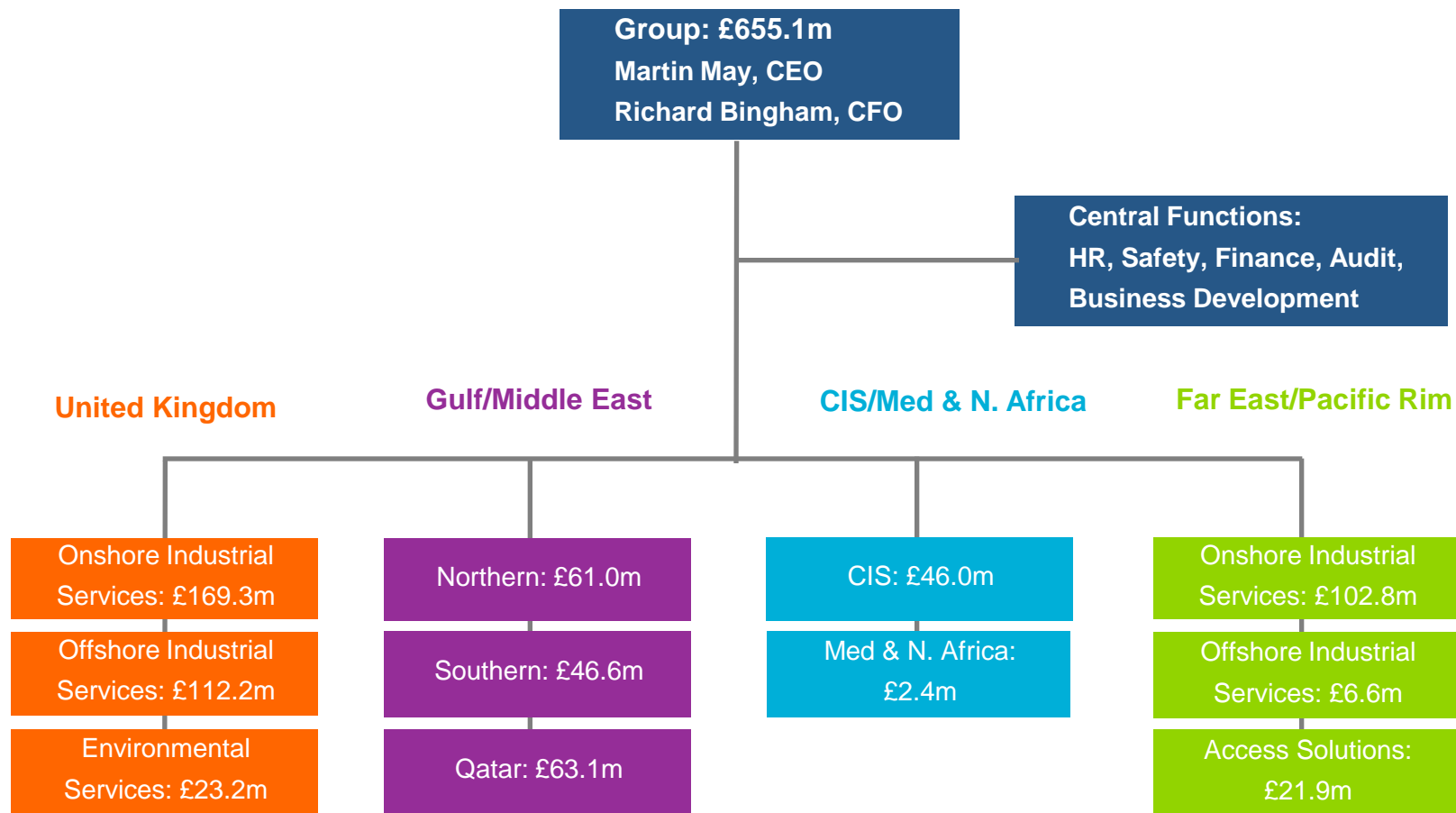
Gulf/Middle East		
Countries	Principal locations	People
6	25	7,719

Far East/Pacific Rim		
Countries	Principal locations	People
8	28	3,063

Cape operates 24 hours a day, 365 days a year in 28 countries

Footprint and organisational structure

11 Business Units in 4 Regions



2009 Revenues in £GBP



Market overview

UK region

Offshore Industrial Services

- Cape estimates the total market value for its offshore services at approx.£400m pa
- Cape is one of three major players all with similar market share (others are BIS-Salamis and RBG)
- Cape currently operates on 45 offshore installations plus various partly manned and partly unmanned units

Onshore Industrial Services

- Installations comprise the downstream energy sector such as power stations and oil and gas refineries, heavy industrial plants such as steel plants, bulk and speciality chemical plants, nuclear reprocessing plants, and pharmaceutical plants
- The total value of the onshore market for Cape's services is estimated at £1bn pa with Cape being the largest supplier in the market with a market share of c17%. (Major competitors include Hertel UK, DSL Ltd, Interserve)
- Cape currently operates on 24 of the 50 largest power stations in the UK (>500MW generating capacity)

Environmental Services

- Cape estimates the UK market for its environmental services at approximately £300 million giving a market share of around 8%
- The UK market has a highly fragmented industrial cleaning supplier base with numerous smaller owner managed contractors in regional locations



Market overview

Gulf / Middle East region

- Cape currently provides services at 50 of the 80 large-scale industrial complexes in the region requiring significant ongoing maintenance, shutdowns and capital programs
- The market continues to expand and despite the slowdown in key energy markets, the new build pipeline in the region remains strong
- The region's customer base reflects the mix of work with NOC's such as Saudi Aramco, QP, PDO, ADNOC, ADGAS, KNOC and BAPCO as well major petro-chemical plant operators such as SABIC, KAYAN, SIPCHEM, QCHEM and QAFCO
- Apart from the refractory market, where the Group is recognised as the dominant service provider in the Gulf with over 50 per cent market share, the market for the Group's services is highly fragmented with many local small companies offering single discipline services



Market overview

CIS, Med and North Africa region

CIS

- Cape's three centres of operation in Kazakhstan continue to offer opportunities for growth (Kashagan, Karachaganak and Tengiz)
- Our dominant position on Sakhalin Island continues with an improving work load including project works at Odoptu and Chayvo in addition to the Sakhalin 2 maintenance contract
- Medium term growth is also anticipated from smaller operations in Azerbaijan (with established JV with NOC SOCAR), Russia (Khabarovsk) and Turkmenistan

Mediterranean & North Africa

- The Cape Resa JV has now successfully completed the major work scope undertaken on the Adriatic LNG project with Aker for ExxonMobil
- In North Africa, target projects are in Algeria and Libya. Cape secured a contract for insulation works for the Sonatrak GL3-Z LNG Project in Arzew to commence Q2 2011



Market overview

Far East and Pacific Rim region

- Identified as the most promising medium term growth market for Cape's services
- The key market sectors in Australia are the oil and gas sector and mining and mineral refining sector. Cape completed three strategic acquisitions in 2007 and has been involved in the construction of all 5 LNG Liquefaction trains in Australia
- LNG production represents one of the most important growth segments for Cape with 15 large scale projects all progressing towards FID over the next 5 years (including Chevron's Gorgon LNG, Woodside's Pluto LNG and ExxonMobil's PNG LNG all now in construction)
- Cape also provides plant maintenance services across the region to BP, Shell, Exxon, Alcoa, BHP, Minara, Rio Tinto and Nyrstar
- Australian E&C related capital expenditure is forecast to double from A\$60bn to A\$120bn in next four years driven by the substantial rise in LNG investments
- In addition, the Group continues to provide scaffold hire services to the commercial and residential construction market

Corporate strategy

Medium term growth strategy based upon

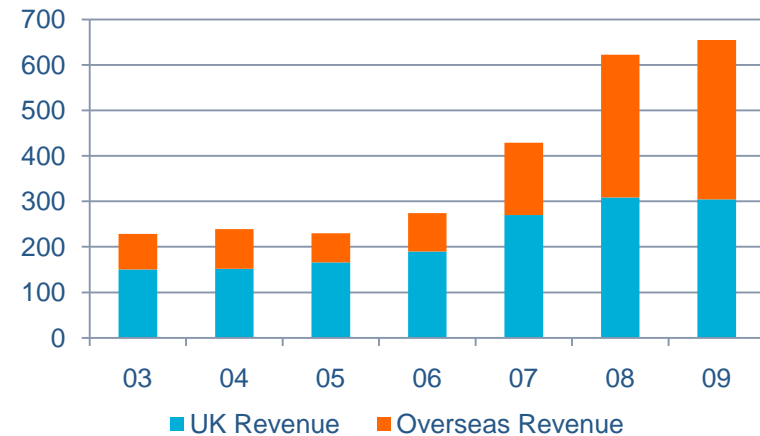
- 1** Increasing levels of maintenance and capital spending to maintain /extend life of ageing energy infrastructure in UK
- 2** Strong positions in higher growth international markets such as Gulf/Middle East and Far East/Pac Rim with high levels of committed cap-ex on energy infrastructure projects
- 3** Increasing trend towards cost effective bundled multi –disciplinary services from single source provider
- 4** Strong safety proposition with strive to provide injury free project execution
- 5** World class reputation built on track record for consistent execution and delivery of projects on time and on budget

Financial performance

Consistent top line growth

- Revenue has increased from £228m in 2003 to £655m for 2009 through a combination of acquisitions and organic growth
- Increased focus on overseas markets with more than 50% of revenue and 75% of EBITA generated outside UK

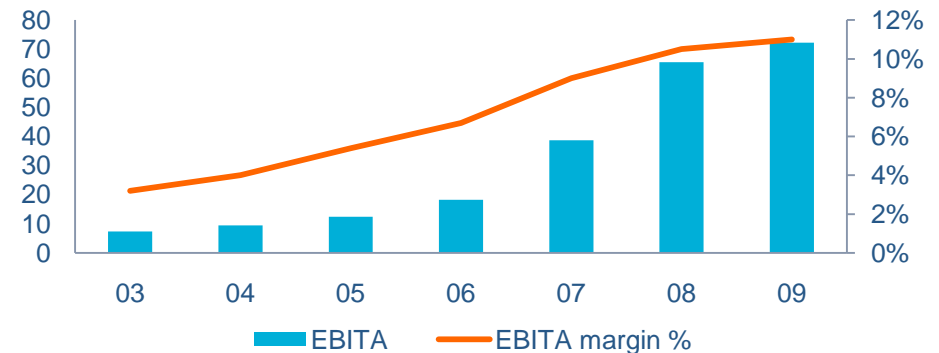
Revenue (£m)



Consistent margin progression

- Tenfold increase in EBITA from £7m in 2003 to £72m in 2009
- Improvement reflects increased EBITA margin to 11% with increased higher margin project work in high growth regions

EBITA (£m) and margin (%)



Source: Audited financial statements

Financial performance

YE 31 Dec (£m)	2004	2005	2006	2007	2008	2009
Revenue	238.8	229.8	274.0	428.8	622.7	655.1
<i>Growth (%)</i>	4.6%	(3.8%)	19.2%	56.5%	45.2%	5.2%
EBITA²	9.5	12.4	18.3	38.7	65.5	72.2
<i>Margin (%)</i>	4.0%	5.4%	6.7%	9.0%	10.5%	11.0%
EBITDA	14.7	17.9	25.1	47.4	80.8	88.0
<i>Margin (%)</i>	6.2%	7.8%	9.2%	11.1%	13.0%	13.4%
Capex	(7.3)	(8.8)	(8.9)	(25.3)	(19.9)	(10.8)
Change in working capital	0.2	3.9	(8.3)	(29.4)	(2.1)	(5.6)
Cash flow	7.6	13.0	7.9	(7.3)	58.8	71.6
Adjusted diluted EPS (pence)	11.7	9.6	14.0	24.1	30.0	37.5
<i>Growth (%)</i>	69.6%	(17.9%)	45.8%	72.1%	24.5%	25.0%

1 Source: Audited financial statements

2 EBITA is stated before other items (amortisation, exceptional items and industrial disease costs) and includes income from joint ventures



Key business strengths

- Compelling offer as a single source provider of multi-disciplinary services
- Quality customer base with longstanding relationships
- Low risk cost reimbursable business model
- Broad geographic footprint with co-located sites at customers' facilities
- High levels of revenue visibility
- Safety first culture
- Multi-year capital projects position Cape well for long term maintenance contracts that follow

Appendices



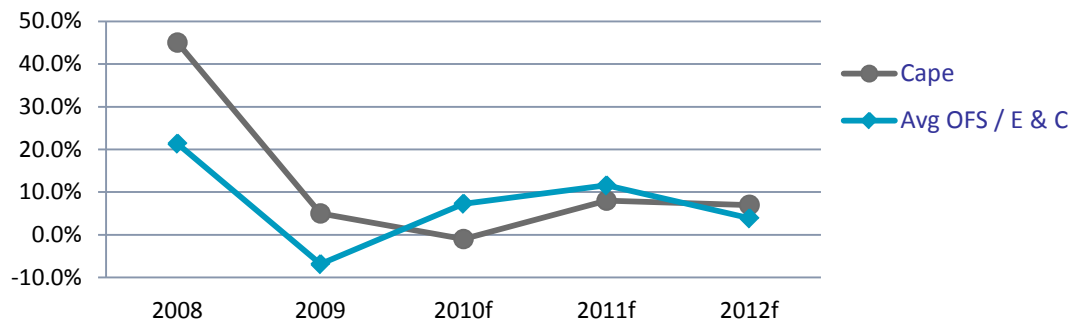
Appendix 1

European Oil Services (E&C sub set) revenue growth & EBITDA margin estimates

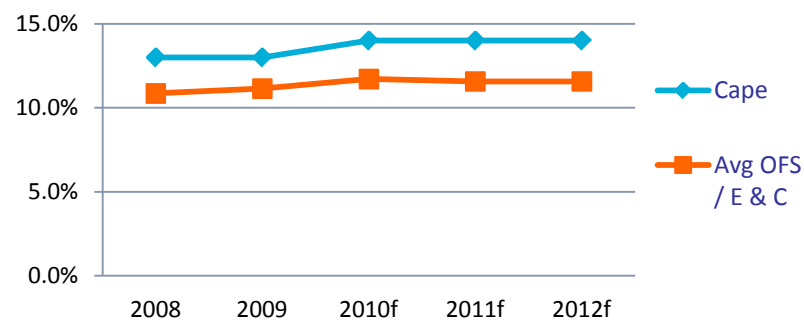
OFS / E & C SECTOR ANALYSIS		Revenue Growth Rate					EBITDA				
		2008	2009	2010f	2011f	2012f	2008	2009	2010f	2011f	2012f
Company	Ticker	Growth	Growth	Growth	Growth	Growth	Margin	Margin	Margin	Margin	Margin
Wood Group	WG	18%	-6%	0%	3%	0%	10%	9%	8%	9%	9%
Petrofac	PFC	36%	10%	20%	11%	3%	13%	15%	17%	13%	11%
Amec	AMEC	11%	-3%	12%	11%	5%	8%	9%	9%	9%	10%
Lamprell	LAM	59%	-43%	9%	26%	10%	14%	10%	13%	14%	15%
Saipem	SPM	6%	2%	8%	10%	1%	14%	16%	16%	17%	17%
Technip	TEC	-5%	-14%	-8%	9%	7%	11%	13%	13%	13%	13%
Technicas	TRE	24%	6%	10%	11%	1%	6%	6%	6%	6%	6%
Avg European OFS / E & C		21%	-7%	7%	12%	4%	11%	11%	12%	12%	12%
Cape		45%	5%	-1%	8%	7%	13%	13%	14%	14%	14%

Source: Financial Statements and broker forecasts

EUROPEAN Oil Services/E&C - Revenue Growth Rate

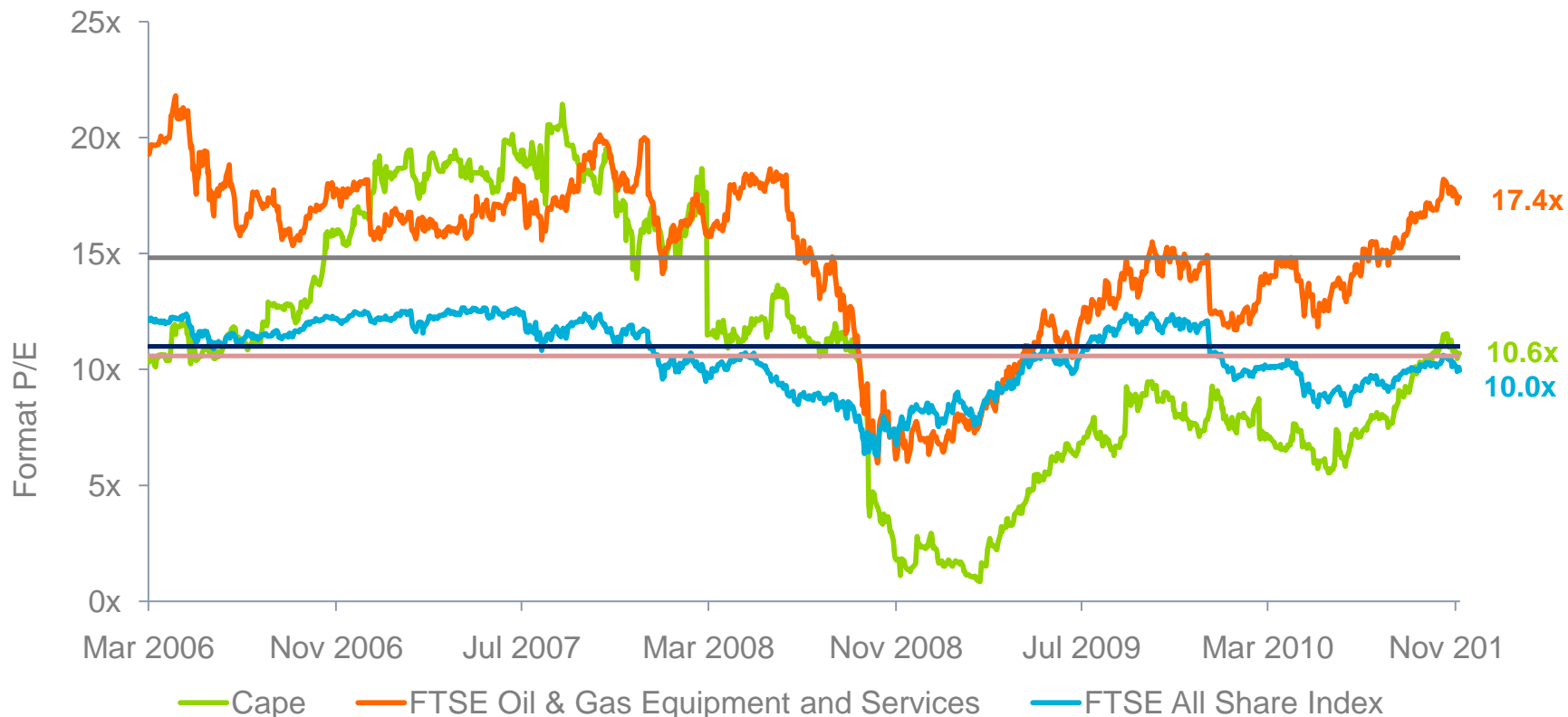


EUROPEAN Oil Services /E&C – EBITDA Margins



Appendix 2

Historic rating vs. key indices



Source: Bloomberg (forward year P/E)

Cape rating has not recovered to pre-crash levels and continues at a significant discount to the sector

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