Final Results Announcement

Year ended 31 December 2009

Andi Case & Jeff Woyda
11 March 2010
www.clarksons.com
Agenda

- **Financial overview** – Jeff Woyda, CFO
- **Market overview** – Andi Case, CEO
- **Outlook** – Andi Case, CEO
Financial Review
### Results summary

<table>
<thead>
<tr>
<th></th>
<th>2009 £m</th>
<th>2008 £m</th>
<th>Change %</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Continuing operations</td>
<td>£176.7m</td>
<td>£250.3m</td>
<td>-29%</td>
</tr>
<tr>
<td><strong>EBIT</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Continuing operations before exceptionals</td>
<td>£23.7m</td>
<td>£38.9m</td>
<td>-39%</td>
</tr>
<tr>
<td><strong>Profit before taxation</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Continuing operations before exceptionals</td>
<td>£22.5m</td>
<td>£39.2m</td>
<td>-43%</td>
</tr>
<tr>
<td><strong>Profit before taxation</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Continuing operations after exceptionals</td>
<td>£22.5m</td>
<td>£18.2m</td>
<td>+24%</td>
</tr>
<tr>
<td><strong>Earnings per share</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Continuing operations after exceptionals</td>
<td>90.0p</td>
<td>41.9p</td>
<td>+115%</td>
</tr>
<tr>
<td><strong>Dividend per share</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>43.0p</td>
<td>42.0p</td>
<td>+2%</td>
</tr>
</tbody>
</table>
### Clarksons

<table>
<thead>
<tr>
<th></th>
<th>2009 Revenue £m</th>
<th>2008 Revenue £m</th>
<th>2009 Result £m</th>
<th>2008 Result £m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Broking</td>
<td>139.1</td>
<td>193.3</td>
<td>26.7</td>
<td>44.9</td>
</tr>
<tr>
<td>Financial</td>
<td>14.9</td>
<td>33.9</td>
<td>(0.5)</td>
<td>4.2</td>
</tr>
<tr>
<td>Support</td>
<td>16.0</td>
<td>17.0</td>
<td>(0.4)</td>
<td>(3.8)</td>
</tr>
<tr>
<td>Research</td>
<td>6.7</td>
<td>6.1</td>
<td>1.1</td>
<td>0.8</td>
</tr>
</tbody>
</table>
Profit & Loss

- Broking Revenue
  - Transaction volumes increased
  - Reduced average rates

- Reduction in overheads
  - Impact of bonus “pressure valve”
  - Tight cost control
  - Merging dry cargo HK & Singapore
  - Closure of Paris
  - Downsizing of South Africa

- Investment opportunity
  - New hires - S&P, Tanker projects, Offshore, Containers, Specialised products, Derivatives etc.

- Growth in research
  - New products

- Support Revenue
  - Growth in Port & Agency
  - Growth in technical services

- Securities
  - Higher transaction volumes at lower rates and smaller clips
  - New Container derivative
  - Burgeoning commodity business

- Taxation
  - Foreign dividends
  - Changes in advisers
Profit & Loss

- All areas of the business were in profit except:

  - **Investment Services**
    - Signing and working mandates
    - Market “tough”

  - **Fund Management**
    - Assets under management shrunk to $32.8m
    - Performance in Clarkson shipping hedge fund +5.5%
    - New freight derivatives fund +15.4% final quarter 2009

  - **Logistics**
    - Hermien - sole remaining vessel
    - Passed special survey
    - Commercially managed
Dividend

Pence per Share

<table>
<thead>
<tr>
<th>Year</th>
<th>Final</th>
<th>Interim</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002</td>
<td>9</td>
<td>6</td>
</tr>
<tr>
<td>2003</td>
<td>11</td>
<td>7</td>
</tr>
<tr>
<td>2004</td>
<td>16</td>
<td>9</td>
</tr>
<tr>
<td>2005</td>
<td>22</td>
<td>10</td>
</tr>
<tr>
<td>2006</td>
<td>24</td>
<td>12</td>
</tr>
<tr>
<td>2007</td>
<td>26</td>
<td>14</td>
</tr>
<tr>
<td>2008</td>
<td>26</td>
<td>16</td>
</tr>
<tr>
<td>2009</td>
<td>27</td>
<td>16</td>
</tr>
<tr>
<td>Net Funds</td>
<td>31 December 2009 £m</td>
<td>31 December 2008 £m</td>
</tr>
<tr>
<td>---------------------------------------</td>
<td>---------------------</td>
<td>---------------------</td>
</tr>
<tr>
<td>Cash and short term deposits</td>
<td>£143.2m</td>
<td>£184.4m</td>
</tr>
<tr>
<td>Reserved for Bonus (full cost)</td>
<td>(£56.7m)</td>
<td>(£92.0m)</td>
</tr>
<tr>
<td>Net Cash</td>
<td>£86.5m</td>
<td>£92.4m</td>
</tr>
<tr>
<td>Borrowings</td>
<td>(£48.3m)</td>
<td>(£54.0m)</td>
</tr>
<tr>
<td>Net available Funds</td>
<td>£38.2m</td>
<td>£38.4m</td>
</tr>
</tbody>
</table>

Reserved for Final Dividend: (£5.1m) (£4.9m)
## Balance Sheet

<table>
<thead>
<tr>
<th></th>
<th>2005 £m</th>
<th>2006 £m</th>
<th>2007 £m</th>
<th>2008 £m</th>
<th>2009 £m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixed Assets</td>
<td>26.5</td>
<td>27.2</td>
<td>25.4</td>
<td>29.1</td>
<td>27.4</td>
</tr>
<tr>
<td>Intangibles</td>
<td>17.7</td>
<td>42.4</td>
<td>47.2</td>
<td>32.3</td>
<td>32.5</td>
</tr>
<tr>
<td></td>
<td><strong>44.2</strong></td>
<td><strong>69.6</strong></td>
<td><strong>72.6</strong></td>
<td><strong>61.4</strong></td>
<td><strong>59.9</strong></td>
</tr>
<tr>
<td>Investments</td>
<td>2.1</td>
<td>14.0</td>
<td>16.4</td>
<td>16.1</td>
<td>14.9</td>
</tr>
<tr>
<td>Working Capital</td>
<td>(12.4)</td>
<td>(18.0)</td>
<td>(25.8)</td>
<td>(22.0)</td>
<td>(9.3)</td>
</tr>
<tr>
<td>Net Funds</td>
<td>14.3</td>
<td>(7.3)</td>
<td>10.9</td>
<td>38.4</td>
<td>38.2</td>
</tr>
<tr>
<td></td>
<td><strong>1.9</strong></td>
<td><strong>(25.3)</strong></td>
<td><strong>(14.9)</strong></td>
<td><strong>16.4</strong></td>
<td><strong>28.9</strong></td>
</tr>
<tr>
<td></td>
<td><strong>4.0</strong></td>
<td><strong>(11.3)</strong></td>
<td><strong>1.5</strong></td>
<td><strong>32.5</strong></td>
<td><strong>43.8</strong></td>
</tr>
<tr>
<td>Net Assets before pensions</td>
<td><strong>48.2</strong></td>
<td><strong>58.3</strong></td>
<td><strong>74.1</strong></td>
<td><strong>93.9</strong></td>
<td><strong>103.7</strong></td>
</tr>
<tr>
<td>Pensions</td>
<td>(0.4)</td>
<td>7.1</td>
<td>9.9</td>
<td>8.5</td>
<td>(6.9)</td>
</tr>
<tr>
<td>Net Assets</td>
<td><strong>47.8</strong></td>
<td><strong>65.4</strong></td>
<td><strong>84.0</strong></td>
<td><strong>102.4</strong></td>
<td><strong>96.8</strong></td>
</tr>
</tbody>
</table>
## Forward Order Book (for invoicing in the following year)

<table>
<thead>
<tr>
<th></th>
<th>2009* $m</th>
<th>2008* $m</th>
<th>2007 $m</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Broking</strong></td>
<td><strong>108</strong></td>
<td>106</td>
<td>131</td>
</tr>
<tr>
<td><strong>Financials</strong></td>
<td><strong>5</strong></td>
<td>12</td>
<td>26</td>
</tr>
<tr>
<td><strong>Total FOB</strong></td>
<td><strong>113</strong></td>
<td>118</td>
<td>157</td>
</tr>
</tbody>
</table>

*Best estimates of deliverable FOB*
The Market
Clarksea Index

$000/day

Jan-98 Jan-99 Jan-00 Jan-01 Jan-02 Jan-03 Jan-04 Jan-05 Jan-06 Jan-07 Jan-08 Jan-09 Jan-10
Long-Term Demand Growth

Global Container Trade Expansion

% change yoy

0%
10%
20%

-10%


Source: Clarkson Research Services
Containership Orderbook

- Record surge in ordering created a huge containership orderbook; at one point reached over 60% of the existing fleet.

- 61% of capacity on order is in the 8000 TEU & above (VLCS) size range.

- 46% capacity originally scheduled for delivery failed to enter the fleet due to slippage or cancellation.
NB tanker prices

### VLCC
- 5yr Avg: 131.9
- Jan-10: 99
- Drop: 25%

### Suezmax
- 5yr Avg: 80.4
- Jan-10: 61.5
- Drop: 24%

### Aframax
- 5yr Avg: 65.6
- Jan-10: 49
- Drop: 25%

### Panamax
- 5yr Avg: 56.5
- Jan-10: 45
- Drop: 20%

### MR
- 5yr Avg: 46.0
- Jan-10: 34
- Drop: 26%

### Handy
- 5yr Avg: 41.1
- Jan-10: 30
- Drop: 27%

### Average Drop
- 25%
Tanker Slippage 2009

<table>
<thead>
<tr>
<th>Type</th>
<th>Proportion of Slippage vs Schedule (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>All Tankers</td>
<td>24</td>
</tr>
<tr>
<td>VLCC</td>
<td>20</td>
</tr>
<tr>
<td>Suezmax</td>
<td>35</td>
</tr>
<tr>
<td>Aframax</td>
<td>11</td>
</tr>
<tr>
<td>Panamax</td>
<td>30</td>
</tr>
<tr>
<td>MR</td>
<td>28</td>
</tr>
<tr>
<td>Handy</td>
<td>43</td>
</tr>
<tr>
<td>Small</td>
<td>44</td>
</tr>
</tbody>
</table>
5yr old tanker prices

<table>
<thead>
<tr>
<th></th>
<th>5yr Avg</th>
<th>Jan-10</th>
<th>Drop</th>
</tr>
</thead>
<tbody>
<tr>
<td>VLCC</td>
<td>117.1</td>
<td>79.8</td>
<td>32%</td>
</tr>
<tr>
<td>Suezmax</td>
<td>79.4</td>
<td>57.9</td>
<td>27%</td>
</tr>
<tr>
<td>Aframax</td>
<td>61.6</td>
<td>42.6</td>
<td>31%</td>
</tr>
<tr>
<td>Panamax (Coated)</td>
<td>50.3</td>
<td>35.8</td>
<td>29%</td>
</tr>
<tr>
<td>MR</td>
<td>43.6</td>
<td>24.4</td>
<td>44%</td>
</tr>
<tr>
<td>Handy</td>
<td>37.7</td>
<td>20.5</td>
<td>46%</td>
</tr>
<tr>
<td>Average</td>
<td></td>
<td>35%</td>
<td></td>
</tr>
</tbody>
</table>
Crude Earnings (TCE) – 1990-2000

$ per day

Jan-90 Jan-91 Jan-92 Jan-93 Jan-94 Jan-95 Jan-96 Jan-97 Jan-98 Jan-99 Jan-00

VLCC Suezmax Aframax
Crude Earnings (TCE) – 1990-09

$ per day

Jan-90, Jan-91, Jan-92, Jan-93, Jan-94, Jan-95, Jan-96, Jan-97, Jan-98, Jan-99, Jan-00, Jan-01, Jan-02, Jan-03, Jan-04, Jan-05, Jan-06, Jan-07, Jan-08, Jan-09, Jan-10

VLCC  Suezmax  Aframax
Drybulk seaborne trade

2000
1.75bn tonnes

2009
2.86bn tonnes

- Iron ore: 25%
- Coal: 28%
- Grains: 10%
- Steel: 8%
- Fertilisers: 2%
- Cement: 2%
- Forest Products: 1%
- Aluminium Raws: 11%
- Sugar: 1%
- Ferrous Scrap: 1%
- Non-Ferrous Ores: 1%
- Others: 28%

2009 compared to 2000:
- Iron ore: 30% increase
- Coal: 11% increase
- Grains: 8% increase
- Steel: 2% increase
- Fertilisers: 1% decrease
- Cement: 1% decrease
- Forest Products: 1% decrease
- Aluminium Raws: 11% decrease
- Sugar: 1% decrease
- Ferrous Scrap: 1% decrease
- Non-Ferrous Ores: 1% decrease
- Others: 28% decrease
China’s demand for raw materials drives the drybulk freight market

Chinese Dry Bulk Imports

- 63% of China’s growth in imports was iron ore. Iron ore imports increased from 70 mt in 2000 to 628 mt in 2009. Chinese iron ore imports constitute 75% of global iron ore seaborne trade in 2009 (up from 52% in 2008).

- China became a net importer of coal in 2009 - imports grew by 208% to 126 mt. Coking coal imports by China and India will remain robust in line with steel production expansions.

- India has embarked on huge coal power station expansions and imports are expected to reach 80 mt or more by 2015.
2009 Delivery was 61% of orderbook

Drybulk delivery progress

- Scheduled deliveries
- Actual deliveries

61%
Financial

- **Derivatives**
  - Profitable year
  - Increased transaction volumes, lower clip sizes, lower rates
  - Launch of Container Swap
  - Market volume now Cleared
  - Iron Ore and LPG

- **Fund Management**
  - Good performance
  - Launch of new fund

- **Investment Services**
  - First transactions executed
  - Broad spectrum of mandates being worked
  - Teams in place
Research

- Relaunch and increased sales for Shipping Intelligence Network on its 10th Anniversary
- World Fleet database hit 80,000 vessels
- Valuations service Non stop growth since 2005
- Launch of new publications
  - World Fleet Monitor
  - Offshore Intelligence Monthly
Outlook
Outlook

• **Uncertainty of pace of global recovery, however...**
  • India and China
  • Global reach more important than ever

• **The benefits of product diversity remain**
  • Target areas include Containers and offshore.
  • Leading teams in all broking areas

• **Client demand driving diversification**
  • Container swaps
  • LPG and Iron Ore

• **Strong balance sheet**
  • Enables investment in teams
  • Underpins future

• **Other factors**
  • FOB
  • Exchange rate