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BRAEMAR SHIPPING SERVICES PLC
("Braemar", the "Company" or the "Group")

**Trading and Strategic Update
and
Board Change**

Braemar, a leading international Shipbroker and provider of expert advice in shipping investment, chartering and risk management, is pleased to provide a trading and strategic update for the year ended 28 February 2021.

Trading Update

- Strong trading in the last two months has meant that underlying trading performance for the year ended 28 February 2021 will be above market expectations*. Revenue has been higher than expected and cost levels continue to benefit from lower company expenses due to the COVID-19 restrictions. Underlying operating profit is expected to be at least £8.7m (29 February 2020: £9.6m).
- The Shipbroking Division, in particular, traded well in the second half. Market share was maintained in weaker tanker markets and Dry Cargo and Sale and Purchase desks outperformed expectations with stronger performances than in the first half of the year. The forward order book is expected to close at around \$43m, compared with \$50m last year, which was unusually high due to the strong tanker market in the months running up to 29 February 2020. Further additions have been made since the year end in a strong start to the new financial year.
- The Financial Division, Braemar Naves, earned several transaction-based success fees in the second half of the year and will end the year in line with the previous year. However, its deal flow pipeline is strong and there are multiple current mandates and live transactions that are expected to close in the coming months.
- The Logistics Division, Cory Brothers, traded well and finished slightly ahead of the previous year.
- The Group's associate, AqualisBraemar LOC, has reported a profit of \$1.5m for its year to 31 December 2020 of which Braemar's share is £0.3m. The Group has received dividends from AqualisBraemar LOC of £0.6m during the year ended 28 February 2021.
- 9.6m shares in AqualisBraemar LOC were sold by the Group in January 2021 for net proceeds of £6.0m which has reduced our ownership from c20% to c10% and significantly reduced our closing net debt.

- Net bank debt is expected to be substantially reduced at around £10m at 28 February 2021 (£21m: 29 February 2020) and total net debt including deferred acquisition consideration around £18m (£30m: 29 February 2020).
- Results for the year ended 28 February 2021 will be announced on 3 June 2021.

Strategic developments

Several steps have also been made in the rationalisation of Braemar's business towards the development of a new strategy centred on Shipbroking:

Braemar Naves – extension of payment timeline

- A rescheduling of deferred consideration amounts still owed to the previous owners in respect of the 2017 acquisition of Naves has recently been agreed in principle. It means that over €2.9m of amounts due for payment in the next 12 months will be rescheduled to be paid no earlier than September 2025.
- In addition, Braemar will be able to satisfy up to €0.75m of outstanding payments by the issue of new equity in place of certain deferred consideration payments and thereby tie in the management and extend their commitment to the Group.
- The agreement will also see the integration of the Financial Division into the Shipbroking Division (with their results being reported together). This combined approach will further improve collaboration and enhance client service.
- A further announcement will be made in due course with more detail once the agreements have been completed.

Wavespec

- The sale process for the Group's Engineering Division, Wavespec, is ongoing and the Board will make a further announcement on the process when appropriate.

Cory Brothers

- A non-binding term sheet has been signed with Vertom UCS Holdings BV with the intention of forming a joint venture with Cory Brothers to create a port agency business with stronger reach and breadth than either business alone. The two businesses already work together with smaller scale joint ventures in the Amsterdam/Rotterdam region and in Gibraltar.
- It is intended that the two businesses will work more closely together in the coming year with certain profit-sharing arrangements to be put in place, with a view to exploring a full corporate joint venture in the future.
- The Board believes that by working together Cory and Vertom will have the prospect of growing faster as a larger combined business than either could whilst operating alone.

Following the completion of these steps, Braemar will have a more focussed look and structure. Braemar's heritage was centred on Shipbroking, which has also been its most successful Division in recent years and is now once again the main focus of future strategy and growth.

Braemar has a broad and increasingly diverse footprint within global Shipbroking markets and a very strong reputation and brand name that is highly regarded in the business. To build on this strong base, new geographies and markets are being identified in which to invest and further increase the scale and success of the business. Growth areas will include strengthening our presence in the US market, focussing on the offshore renewables market, and widening the capability within the Securities business to complement the physical markets that are already covered. Opportunities have also been identified for further technology products to offer our clients as part of the recent

collaboration with Zuma Labs and in support of efforts within the shipping industry to introduce carbon offsetting for voyages.

Balance Sheet strengthening

The Group will look to strengthen its balance sheet further in the coming months, in order to improve its ability and flexibility to refocus and invest in its Shipbroking Division. In doing so, the Board will be looking to achieve a net debt to EBITDA ratio sustainably below 1.5 times on average over the seasonal working capital cycle. Net debt to EBITDA is expected to be around 1.7 times at 28 February 2021 and on average approximately 2.2 times during the 2020 / 2021 financial year.

Dividends

The Board's renewed focus on growth opportunities means that it will continue to review the Group's ability to recommend a dividend as part of its determination of the optimum use of available profits/free cash flow. It will not be recommending a dividend until the balance sheet has been strengthened sufficiently to support the growth ambitions.

Board Changes

Braemar also announces today that the Chairman, Ronald Series, has decided to step down from the Board of the Company. Ron joined the Board as Chairman in April 2019 and stepped up to become Executive Chairman on the retirement of the CEO, James Kidwell, in July 2019, with a strong emphasis on restructuring and refocussing the strategy on Braemar's shipbroking heritage, and positioning the Company for growth. Both of these objectives have now been achieved, and with the recent appointment of shipbroking head James Gundy as Group Chief Executive Officer driving the new strategy, Ron felt that this was an appropriate time to step down.

Ron will stay on as Chairman until a suitable successor has been appointed. A search process is underway and is progressing well.

Capital Markets Event

Group Chief Executive Officer, James Gundy, and other members of the management team will be presenting Braemar's growth strategy and its view on shipping markets at a virtual capital markets event scheduled for 15.00 London time today. The presentation is taking place for institutional investors and sell-side analysts, but the slides will be made available on Braemar's website shortly before the presentation commences.

Please contact Buchanan at [Braemar@buchanan.uk.com](mailto:braemar@buchanan.uk.com) if you wish to attend.

Outlook

- Braemar is confident that shipping markets will steadily recover from the COVID-19 slow down over the coming year and the freight forward rates in Braemar's markets are already indicating increases later in 2021.
- Braemar earns the majority of its income in US Dollars and, whilst the coming year is expected to show revenue growth in original currency terms, if the Sterling exchange rate remains at current levels, it will mean a reduction in Sterling terms. A hedging program is in place, which provides a significant protection of the Sterling value worth £1.7m at current levels but is not expected to close the gap in full.

James Gundy, Group Chief Executive Officer of Braemar commented: *'I am looking forward to completing the rationalisation of the historic divisional structure and the continuation of the growth of the Shipbroking business at the heart of Braemar's future growth strategy. I would also like to pay tribute to all of our employees who have maintained an excellent service to our clients during the unprecedented challenges caused by the COVID-19 pandemic, and I am looking forward to welcoming them back into our offices as soon as it is safe to do so.'*

** Market expectations mean the forecasts from finnCap prior to the date of this announcement.*

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Notes to Editors:

About Braemar

Braemar is a leading international Shipbroker and provider of expert advice in shipping investment, chartering and risk management. Braemar employs approximately 530 people in 30 locations worldwide across its Shipbroking, Financial and Logistics divisions.

Braemar joined the Official List of the London Stock Exchange in November 1997 and trades under the symbol BMS.

For more information, including our investor presentation, visit www.braemar.com