

James Fisher and Sons plc

22 March 2024

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THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION

For immediate release

22 March 2024

James Fisher and Sons plc

Proposed disposal of RMSpumptools business

James Fisher and Sons plc (FSJ.L) ("**James Fisher**" or the "**Company**" and, together with its subsidiaries, the "**Group**"), today announces that it has entered into an agreement for the sale of the entire issued share capital of RMSpumptools Limited ("**RMS**") to ChampionX UK Limited, a wholly-owned subsidiary of ChampionX Corporation ("**ChampionX**" or the "**Purchaser**") for a total enterprise value of £90 million (the "**Disposal**").

Transaction highlights

- Agreement to sell RMS to the Purchaser for a total enterprise value of £90 million;
- The Disposal value implies a multiple of approximately 7.4 times RMS's estimated EBITDA for the 12-month period ended 31 December 2023;
- After taking into account cash-like and debt-like items and estimated transaction costs, the net proceeds are expected to be approximately £83 million in cash, subject to certain customary closing adjustments (the "**Net Proceeds**");
- The Net Proceeds will be used to reduce leverage and strengthen the Group's balance sheet. The Disposal is expected to support a reduction in leverage towards a target range of 1.0 to 1.5 times Net Debt to EBITDA;
- The Disposal is in line with James Fisher's strategy to simplify and focus its portfolio through the sale of non-core assets;
- While RMS is a leader in its markets, it is a product business operating in the oil and gas industry that has minimal synergies with the rest of the Group and does not strongly align with James Fisher's strategy of focusing on maritime services to its core Energy, Defence and Marine Transport markets;
- The Disposal has been unanimously agreed by the board of directors of James Fisher (the "**Board**") to be in the best interests of James Fisher's shareholders;
- The Disposal constitutes a Class 1 transaction for the purposes of the Listing Rules and therefore requires the approval of James Fisher's shareholders. A circular containing further details and timetable of the Disposal will be sent to James Fisher's shareholders in due course; and
- The Disposal is expected to complete early in H2 2024, subject to approval by James Fisher's shareholders, merger control clearance from the Saudi Arabian General Authority for Competition and certain other conditions.

Jean Vernet, Chief Executive Officer of James Fisher, said:

"The sale of RMS marks a significant step in simplifying our portfolio to further strengthen our financial position and create a platform for sustained recovery. We believe the transaction represents good value for our shareholders, reflecting RMS's strong performance in recent years. The disposal allows James Fisher to continue its strategy of focusing and simplifying the Group, investing in the core portfolio and innovative new technologies that will deliver future growth.

"We would like to thank the whole RMS team for their hard work and dedication to James Fisher over so many years. With its business portfolio, this is a great opportunity for ChampionX to build on RMS's success and for our colleagues at RMS to benefit from the focus that this change of ownership will bring."

Enquiries

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This announcement contains inside information for the purposes of Article 7 of the Market Abuse Regulation (EU) No. 596/2014, as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 (as amended).

The person responsible for making this announcement on behalf of the Company is Jean-François Bauer, Group General Counsel.

James Fisher and Sons plc

Proposed disposal of RMSpumptools business

1. Introduction

The Company today announces it has agreed to sell RMS to ChampionX for a total enterprise value of £90 million, representing a multiple of approximately 7.4 times RMS's estimated EBITDA for the 12-month period ended 31 December 2023. After taking into account cash-like and debt-like items and estimated transaction costs, the net proceeds are expected to be approximately £83 million in cash, subject to certain customary closing adjustments.

On 28 April 2023, James Fisher announced an updated strategy aimed at improving the Group's operational performance and driving sustainable and profitable growth through the provision of innovative marine service solutions to the market verticals of Energy, Defence and Maritime Transport. Delivering this strategy would, in turn, require a reshaping of the Group to simplify and streamline its portfolio of businesses, alongside the implementation of new operating and reporting structures under the 'One James Fisher' model, to realise synergies and operational efficiencies.

In reviewing the portfolio, James Fisher identified a number of non-core businesses which it considered did not align with its strategic objectives, either as a consequence of their specific activities, or where their financial profile was inconsistent with the Group's long-term targets. Whilst RMS is a leader in its markets and is expected to have delivered a robust financial performance in FY 2023, the Board considers it to be non-core from a strategic perspective and with minimal synergies with the rest of the Group.

The Board believes the value to be achieved by the Disposal represents an attractive outcome for James Fisher's shareholders (the "**Shareholders**"). The Net Proceeds will be used to reduce leverage and strengthen the Group's balance sheet. As such, the Disposal has been unanimously agreed by the Board to be in the best interests of James Fisher's shareholders.

Owing to its size, the Disposal constitutes a Class 1 transaction for the purposes of the Listing Rules, and therefore requires the approval of Shareholders. A circular containing further details of the Disposal and a notice convening a general meeting of the Company (the "**General Meeting**") for the purpose of seeking Shareholder approval for the Disposal (the "**Disposal Resolution**") will be sent to Shareholders in due course.

The Directors of the Company intend to recommend that Shareholders vote in favour of the Disposal Resolution at the General Meeting as they intend to in respect of their holdings.

2. Background to and Reasons for the Disposal

In 2023, James Fisher set out an updated strategy aimed at driving sustainable and profitable growth through the provision of innovative marine service solutions to the market verticals of Energy, Defence and Maritime Transport. Alongside this, the Board identified a clear requirement to reduce the Group's net financial indebtedness to improve James Fisher's financial resilience, reduce its borrowing costs and provide funding capacity for future growth investment.

In order to achieve these strategic objectives, the Board initiated a review of James Fisher's business and asset portfolio, with the objective of achieving a number of specified goals:

- simplifying the Group's operational, commercial and financial structure, by reducing the number of operating entities;
- transitioning James Fisher from being a collection of disparate businesses into a group with more coherent activities, that is better able to realise synergies between its businesses;
- focusing the Group on businesses with attractive end markets where James Fisher has a clear competitive advantage;
- enhancing overall Group financial performance, by improving individual business performance and exiting activities not capable of achieving specific returns targets or where markets are subject to excessive volatility; and
- reducing financial net indebtedness to strengthen the Group's financial position and provide funding capacity for growth investment opportunities.

To date, the Company has made good progress in simplifying the Group, exiting several business areas including Subtech Europe and James Fisher Nuclear, as well as divesting non-core assets including Prolec, Mimic, Strainstall and two dive support vessels. In total, this programme has generated gross proceeds in excess of £60 million in the past three years.

The Group's Energy division comprises a number of specialist businesses providing critical products and services to international customers operating throughout the value chains of the oil & gas and renewable energy industries. The Board believes that the structural drivers across these sectors provide the Energy division with a highly attractive long term growth opportunity through the provision of specialist and high value-added services to these markets.

To allow for the Group to capitalise on this opportunity, the Board is seeking to establish, within the Energy division, a synergistic portfolio of specialist businesses which have a higher weighting to service delivery over product manufacture and sale.

RMS provides products and components to the international oil and gas industry, with a leading position in certain geographic markets. Whilst RMS is a leader in its markets and is able to command attractive margins through its differentiation and operational efficiency, its product-led offering means that it is less well aligned with the Company's forward-looking services focused strategy. Furthermore, RMS is a standalone business and has minimal synergies with the rest of the Group.

In conjunction with the review of the Group's portfolio, the Board has been seeking actively to reduce the Company's net indebtedness and strengthen its financial position. On 6 June 2023, the Company entered into a new £210 million revolving credit facility (the "**Revolving Credit Facility**"), which has a maturity date of March 2025. The Revolving Credit Facility capacity as of 31 December 2023 was £193 million following a stepdown and amortisation of the facility. The Revolving Credit Facility is subject to certain leverage and interest cover covenants, as well as a number of undertakings in respect of the conduct of the Group's business.

As of 31 December 2023, approximately £168 million of the Revolving Credit Facility was drawn and the Group had net debt for covenant purposes of approximately £150 million, with leverage (net debt / EBITDA) of 2.8 times and interest cover of 2.2 times. Whilst the Board expects the Group to continue to retain sufficient liquidity and operate within its covenants, as the benefits of the business improvement actions being taken translate into improved and more consistent financial performance, it remains mindful that demand and operating conditions in a number of its markets remain volatile. In addition, the Board believes that reducing the Company's current level of leverage and net indebtedness will enhance its ability to refinance the Revolving Credit Facility ahead of its maturity and to do so on more attractive terms.

Against this background, the Board believes that the Disposal is in the best interests of the Company, its Shareholders and its other stakeholders, for the following reasons:

- (A) the Net Proceeds will be used to reduce leverage, strengthen the Group's balance sheet and increase headroom to the facility covenants thereby providing a stronger position from which to refinance the Revolving Credit Facility ahead of its maturity;
- (B) the Disposal value implies an EV/EBITDA multiple of approximately 7.4 times based on the estimated EBITDA for the 12-month period ended 31 December 2023 for RMS; and
- (C) the Disposal is in line with the Company's strategy to focus its portfolio through the sale of non-core assets.

3. Information on RMS

RMS designs and manufactures completion systems and components for Electrical Submersible Pump (ESP) applications in the artificial lift segment of the oil and gas industry. Products include ESP dual systems, downhole sensors, mechanical, electrical and subsea electrical products. The business operates from four locations in the UK.

Saudi Arabia and the United Arab Emirates.

RMS serves international customers in the oil and gas industry and often works directly with operators, usually in partnership with ESP providers, to design bespoke products and solutions for customer requirements.

In total, the business employs around 130 people. RMS's management team includes Doug Harwell (Managing Director), Martin Marsh (Finance Director) and Ted Boueri (Sales Director), who plan to remain with the RMS business after completion of the Disposal ("**Completion**"). In the year ended 31 December 2023, RMS is estimated to have generated revenues of £43 million, EBITDA of £12 million and operating profit of £11 million. As of 31 December 2023, RMS had total assets of approximately £26 million.

4. Use of Proceeds and Financial Effects of the Disposal

Use of proceeds

The Net Proceeds arising from the Disposal are expected to be approximately £83 million, subject to certain customary adjustments. The Net Proceeds will be used to strengthen the Group's balance sheet and support a reduction in leverage towards a target range of 1.0 to 1.5 times Net Debt to EBITDA.

Financial effects of the Disposal

In FY23, RMS is estimated to have contributed sales of £43 million and operating profit of £11 million to James Fisher. Following Completion, the Group will no longer receive the contribution that RMS makes to the consolidated results of the Group. As a result of the anticipated reduction in indebtedness, following Completion, the Group's interest costs are expected to reduce which will, in part, offset the loss of the contribution that RMS would have made to the future consolidated results of the Group.

5. Information on Future Strategy of the Group

Following Completion, James Fisher will continue to pursue its strategy of focusing on the market verticals of Energy, Defence and Maritime Transport where it has a sustainable competitive advantage. James Fisher will continue to implement its internal change agenda, including a focus on improvement and simplification, aimed at creating a more focused, sustainable business and targeting a value enhancing return on capital employed.

The Group will continue to operate across three business units, aligned with the attractive market verticals identified:

- Energy - supporting the energy transition through the provision of responsible services and innovative renewable energy solutions, including; oil and gas well testing and intervention, IRM, decommissioning and digital solutions; and renewable offshore wind services across the construction, installation, operations and maintenance lifecycle;
- Defence - providing life support services and equipment to subsea defence markets, such as submarine rescue, special operations vehicles, diving equipment and mobility solutions; and
- Maritime Transport - providing maritime coastal shipping and ship-to-ship transfer services, alongside a range of marine products and services to the broader industry.

Going forward, James Fisher will have a strong platform to deliver on its strategy to support its customers in unlocking sustainability and benefit from significant growth opportunities in its market verticals.

6. Information on the Purchaser

ChampionX is a global leader in chemistry solutions and highly engineered equipment and technologies that help companies drill for and produce oil and gas safely and efficiently around the world. ChampionX's products provide efficient functioning throughout the lifecycle of a well with a focus on the production phase of wells. ChampionX has a presence in over 60 countries around the world and has approximately 7,100 employees, with revenues of approximately \$3.8 billion for the year ended 31 December 2023.

RMS will be integrated into ChampionX's Production & Automation Technologies (PAT) division, which offers technology and services that facilitate the safe, efficient, and cost-effective extraction of oil and gas through artificial lift and digital automation applications. ChampionX PAT designs, manufactures, markets, and services a full range of artificial lift equipment, end-to-end automation and digital solutions as well as other production equipment and emissions monitoring solutions.

7. Principal Terms of the Disposal

On 21 March 2024, the Company and its wholly-owned subsidiary James Fisher Holdings UK Limited ("**RMS Holdco**") entered into a sale and purchase agreement with the Purchaser (the "**Sale and Purchase Agreement**"), pursuant to which the Company and RMS Holdco has agreed, on the terms and subject to the conditions of the Sale and Purchase Agreement, to sell RMS to the Purchaser. The total enterprise value for the Disposal is £90 million, subject to certain customary adjustments.

The Sale and Purchase Agreement contains certain warranties and indemnities given by James Fisher, RMS Holdco and the Purchaser which are customary for a transaction of this nature.

Completion of the Disposal is conditional upon the satisfaction (or waiver, where applicable) of the following conditions:

- (i) the passing of the Disposal Resolution by Shareholders at the General Meeting;
- (ii) the release of all security and guarantees granted pursuant to the Revolving Credit Facility by or in respect of RMS by the relevant security agent (requiring consent of the lenders under the Revolving Credit Facility);
- (iii) no Material Adverse Change (being any event, circumstance, occurrence or fact between the date of the Sale and Purchase Agreement and the Completion Date resulting in: (i) a reduction in the value of the RMS shares by 20% or more, other than certain customary global and market conditions; or (ii) the Group or RMS becoming subject to sanctions), having occurred between signing and the fulfilment of all other conditions; and
- (iv) obtaining merger control clearance, approval and/or non-objection from the Saudi Arabian General Authority for Competition regarding the Disposal.

The Board expects that, subject to the satisfaction and/or waiver (where applicable) of the conditions, Completion is expected to occur early in H2 2024.

8. Financial advice

The Board has received financial advice from Gleacher Shacklock in respect of the Disposal. In providing its financial advice to the Board, Gleacher Shacklock has relied upon the Board's commercial assessment of the Disposal.

Enquiries

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James Dawson, Philippe Bégin

Peel Hunt (Sponsor and Corporate Broker)

Mike Bell, Tom Graham

Investec (Corporate Broker)

Chris Sim, Nick Prowting

Appendix

Bases and Sources

1. **Enterprise value:** Throughout the announcement, the enterprise value of RMS is stated on a debt free, cash free basis and before taking into account any adjustments required under the terms of the Disposal and associated transaction costs.
2. **2023 financial information relating to RMS:** Unless otherwise indicated, the historical financial information relating to RMS for the year ended 31 December 2023 included in this document is unaudited and has been extracted without material adjustment from the underlying consolidation schedules and accounting records that underlie James Fisher's consolidated financial statements.
3. **The Disposal value implies a multiple of approximately 7.4 times RMS's estimated EBITDA for the 12-**

month period ended 31 December 2023: Calculation is based on £90 million enterprise value and the estimated EBITDA of approximately £12 million for the 12-month period ended 31 December 2023. EBITDA is defined as operating profit before depreciation and amortisation expenses.

4. **Rounding:** Certain figures in this announcement have been subject to rounding adjustments.

IMPORTANT NOTICE

This announcement contains inside information and is issued on behalf of the Company by Jean-François Bauer, Group General Counsel.

This announcement is not intended to, and does not constitute, or form part of, any offer to sell or issue or any solicitation of an offer to purchase, subscribe for, or otherwise acquire, any securities or a solicitation of any vote or approval in any jurisdiction. James Fisher's shareholders are advised to read carefully the Circular once it has been published. Any response to the Disposal should be made only on the basis of the information in the Circular to follow.

Gleacher Shacklock LLP ("**Gleacher Shacklock**") is authorised and regulated by the Financial Conduct Authority (the "FCA") in the United Kingdom, is acting as financial adviser exclusively for the Company and no one else in connection with the Disposal and the matters set out in this announcement and will not regard any other person (whether or not a recipient of this announcement) as its client in relation to the Disposal and will not be responsible to anyone other than the Company for providing the protections afforded to clients of Gleacher Shacklock or its affiliates, or for providing advice in relation to the Disposal or any other matters referred to in this announcement or any other matter referred to herein.

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Neither the contents of the Company's website nor any website accessible by hyperlinks on the Company's website is incorporated in, or forms part of, this announcement.

This announcement includes statements that are, or may be deemed to be, "forward-looking statements" which includes all statements other than statements of historical fact, including, without limitation, those regarding the Company's financial position, business strategy, plans and objectives of management for future operations, or any they might statements preceded by, followed by or that include the words "targets", "believes", "expects", "aims", "intends", "will", "may", "anticipates", "would", "could" or similar expressions or negatives thereof. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors beyond the Company's control that could cause the actual results, performance or achievements of the Company to be materially

Company's control that could cause the actual results, performance or achievements of the Company to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Company's present and future business strategies and the environment in which the Company will operate in the future. These forward-looking statements speak only as at the date of this announcement. None of the Company, Peel Hunt, Gleacher Shacklock or their respective affiliates undertakes or is under any duty to update this announcement or to correct any inaccuracies in any such information which may become apparent or to provide you with any additional information, other than any requirements that the Company may have under applicable law or the Listing Rules, the Prospectus Rules, the Disclosure Guidance and Transparency Rules or the UK Market Abuse Regulation. To the fullest extent permissible by law, such persons disclaim all and any responsibility or liability, whether arising in tort, contract or otherwise, which otherwise have in respect of this announcement. The information in this announcement is subject to change without notice.

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