

2016 Full Year Results

Gulf Marine Services

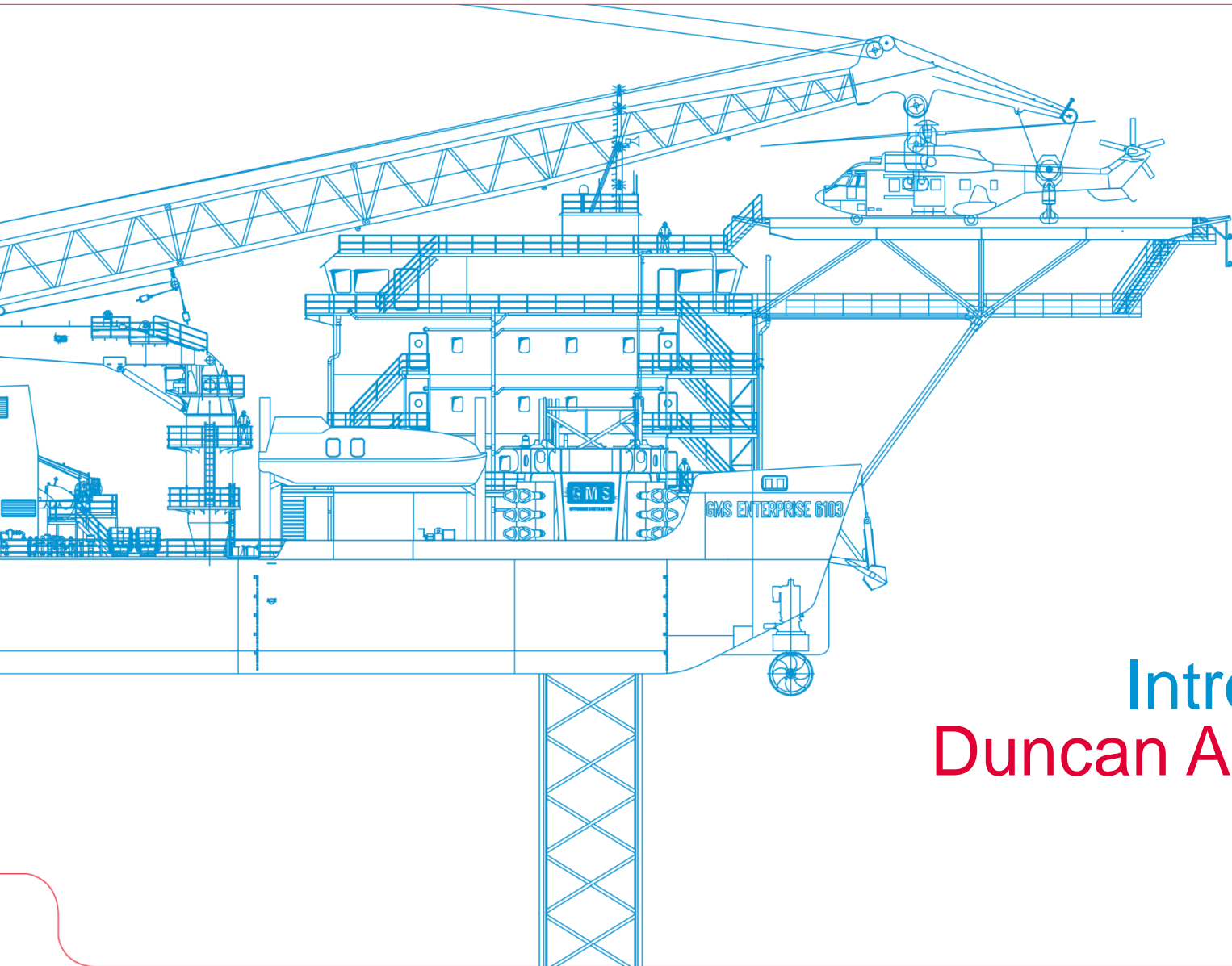
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Introduction

Duncan Anderson

CEO

Operator of a fleet of 15 self-propelled self-elevating support vessels (SESVs)

- SESVs provide a stable platform from which clients perform a wide range of activities throughout the lifecycle of the offshore oil, gas and renewable energy projects
- Small, Mid-Size and Large Class SESVs are capable of supporting worldwide operations in variable water depths (45m – 80m) and weather conditions
 - All self-propelled, four-legged design, with fast jacking and accurate positioning equipment
 - With specific characteristics (accommodation capacity, crane tonnage, deck space, leg size, well intervention capability) that increases attractiveness to clients
 - Development of cantilever system offers a wider range of services
- Serving blue chip clients in MENA and North West Europe regions
- Operational expertise from experienced management team and workforce
- In-house construction facility to maintain, modify and build our vessels
- Expanding capability through technological innovation



Cost-effective technically advanced fleet

2016 Full Year Results Summary

- SESV utilisation of 70% despite a challenging market
- Six new contracts since interim results (including two long-term)
- Secured backlog of US\$ 209.2 million as at 1 March 2017
- New build programme completed with two SESVs delivered
- Development and installation of a pioneering cantilever system on GMS Evolution
- Strong HSE performance maintained in a busy year
- Expect to deliver previously announced annualised cost-savings initiatives

Adjusted EBITDA
US\$ 106.8 million

Adjusted EBITDA Margin
60%

Full Year Dividend
1.61p / share

Contract Backlog
US\$ 209.2 million

Performance in line with expectations

Increasing tender opportunities in core regions of Europe and the Middle East

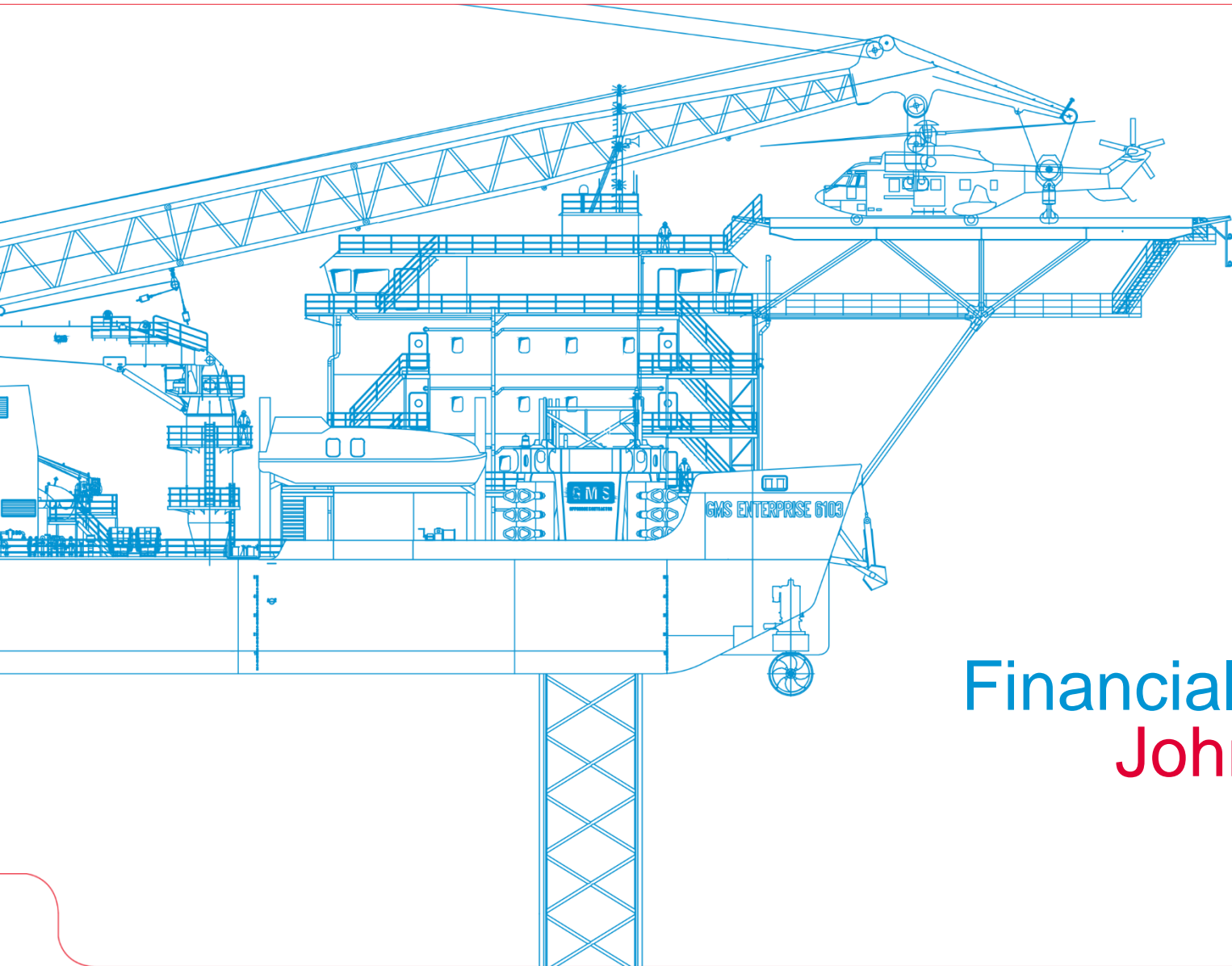
Clients expected to return focus to production targets

Opportunities in decommissioning and renewable energy sectors, Europe

Cantilever capability will further expand prospects in well intervention operations (Q2 2017 onwards)



Well-positioned to capitalise on market recovery



Financial Review

John Brown CFO

Trading Summary

(US\$m)	2016	2015	% Change
Revenue	179.4	219.7	-18%
<i>Revenue from SESVs</i>	178.5	215.3	-17%
<i>Revenue from non-core assets</i>	0.9	4.4	-80%
Adjusted Gross profit	95.6	132.2	-28%
General & Administrative expenses	21.6	20.9	4%
Adjusted EBITDA*	106.8	138.5	-23%
Adjusted EBITDA margin*	60%	63%	-3%
Finance Costs	20.1	33.5	-40%
Net profit	29.4	75.0	-61%
Adjusted net profit**	50.7	84.9	-40%
Adjusted EPS (US cents)**	14.54	24.22	-40%
Proposed final dividend per share (pence)	1.20	1.20	-

- Revenue reflects the impact of the sustained low oil price and subsequent pressure on certain charter rates and vessel demand
- Adjusted EBITDA was US\$ 106.8 million with a margin of 60%
- An impairment charge of US\$ 21.3 million recognised in cost of sales relates to the non-core assets and a leased vessel
- Adjusted net profit after taxation for the year was US\$ 50.7 million
- Final dividend held constant year on year. Total dividend for the year of 1.61 pence per share (2.04 cents).

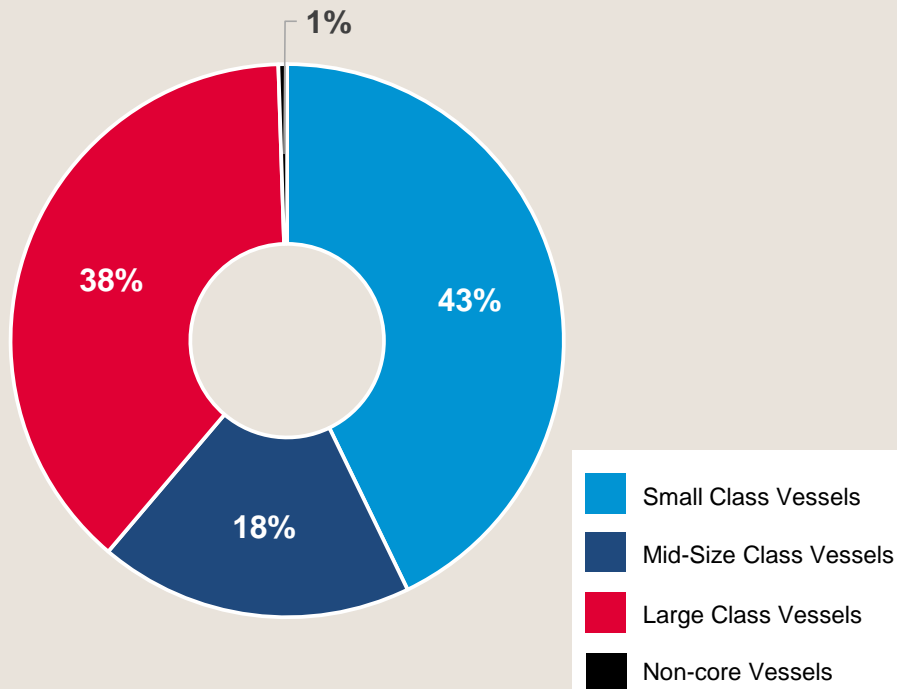
Satisfactory results in a challenging market

*Representing operating profit after adding back depreciation and amortisation and, non-operational impairment charges in 2016.

**Representing operating profit after adding back non-operational impairment charges in 2016 and non-operational refinancing costs in 2015.

Revenue Analysis

Revenue by Segment in 2016



Revenue by Activity

2016

2015

Oil and Gas
– Opex-led activities

76%

80%

Oil and Gas
– Capex-led activities

24%

18%

Renewable Energy

-

2%

Revenue by Region

2016

2015

MENA

74%

72%

Europe

26%

28%

Continued significant contribution from brownfield opex-led activities

Managing our Costs Appropriately

Expect to deliver the previously announced annualised cash cost saving targets:

- over 10% in our vessel operating costs
- over 15% in our general and administrative costs

Cost-saving initiatives implemented include:

- lowering of crew costs and overheads through reductions in headcount and salaries
- achieving efficiencies within our supply chain and operations
- reduction in rental costs for our principal yard and quayside space

No significant capital expenditure planned in 2017*, maintenance capex expected to be approximately US\$ 10 million per annum

Cash conservation and deleveraging are key priorities

*Assuming leased Small Class vessel is not purchased.

Primary SESV Performance Indicators

	Small Class (8 vessels)		Mid-Size Class (3 vessels)		Large Class (3 vessels)		Total SESVs (14 vessels)	
	2016	2015	2016	2015	2016	2015	2016	2015
Utilisation	64%	96%	61%	100%	91%	100%	70%	98%
Average charter day rate excluding hotel services (US\$000)	35	40	51	54	64	82	-	-
Average daily vessel operating costs (US\$000)*	9	10	13	17	14	21	-	-

- Continued focus on maximising utilisation, 70% for year – satisfactory overall
- Lower charter rates reflecting some clients' focus on costs over production
- Average daily vessel opex decreased mainly through focus on cost saving initiatives
- 2016 Adjusted EBITDA margin of 60% (2015: 63%)
- Strategic investment in new Large Class and Mid-Size Class SESVs validated by current higher utilisation of these vessels

Managing utilisation and costs appropriately to maximise margins

*Excluding periods that certain vessels were warm stacked.

(US\$m)	At 31 December 2016	At 31 December 2015
Cash at Bank	61.6	60.8
Bank Debt	423.6	365.1
Net Debt	362.0	304.3
Obligations under finance leases*	40.1	94.6

Strong cash generated from operations of US\$ 126.3 million (2015: US\$ 125.0 million)

Net debt leverage at 31 December 2016 was 3.4x Adjusted EBITDA, well below the maximum leverage ratio of 5x

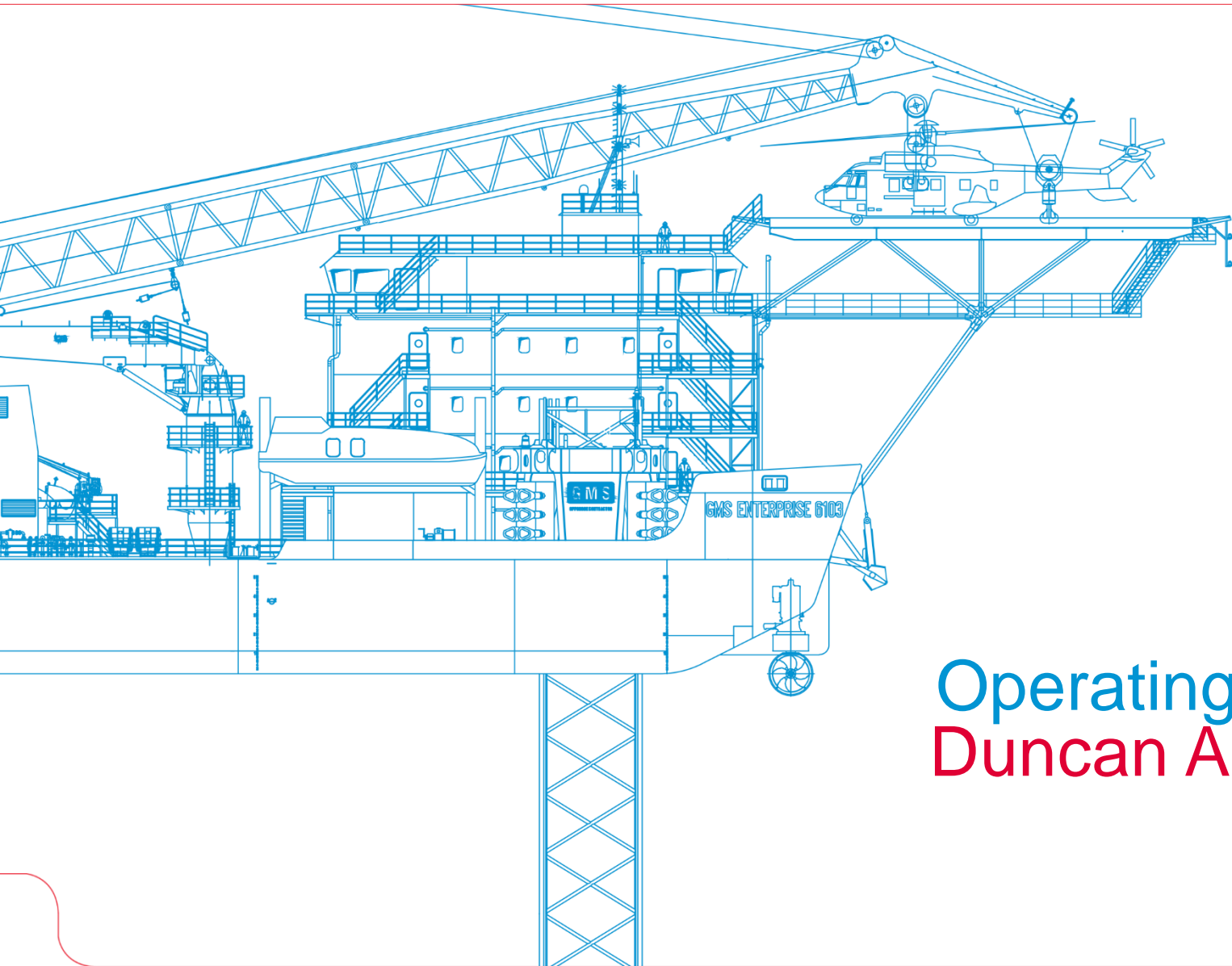
At the year end the Group was in full compliance with all of its banking covenants and expects to remain so

Committed undrawn bank facilities of US\$ 145.0 million at year end with debt facility maturing in 2021

Expected peak net debt level of around US\$ 375.0 million in Q1 2017 before reducing to approximately US\$ 335.0 million at the end of 2017

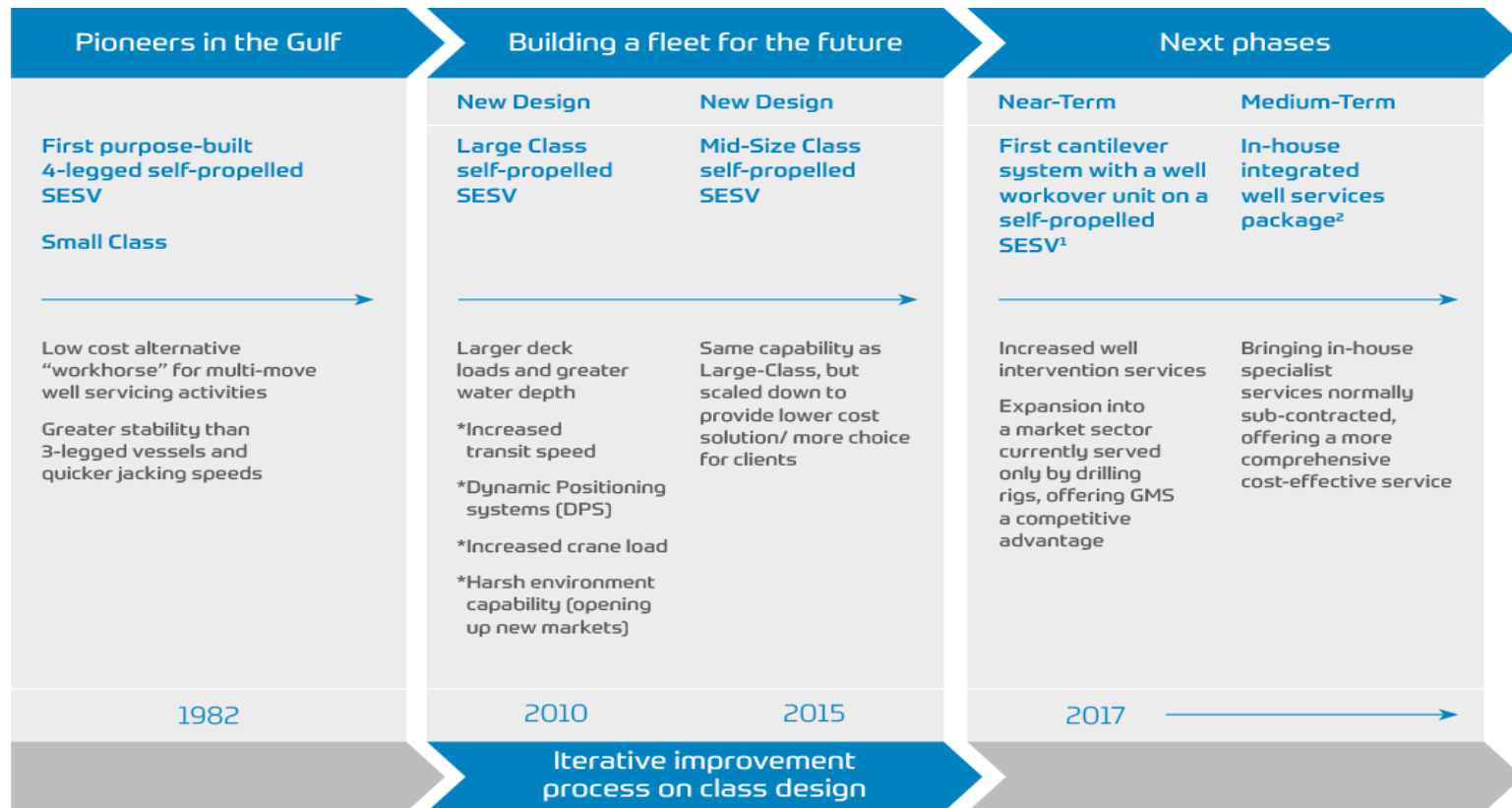
Stable balance sheet, with good liquidity and robust operating cash flows

*Finance lease obligation shown in 2016 includes an option to purchase the vessel in August 2017 which the Group is unlikely to exercise. The Group has no contractual liability to purchase the vessel as no commitment has been made and it is excluded from bank covenant tests unless option exercised.



Operating Review Duncan Anderson CEO

Expanding Capability through Innovation



- Continual technological innovation and design enhancement of our SESVs, providing flexible, efficient and cost-effective offshore support solutions tailored to our clients’ requirements
- Expanded fleet has significantly increased the scope of GMS’ service offering, validated by the current higher utilisation of new Large and Mid-Size Classes (management estimates currently fewer than 15 comparable SESVs globally)
- World’s first well workover cantilever system on an SESV, broadening our range of well intervention services and opening up new markets for GMS
- Future increase in our offering, e.g. in-house integrated well services package, further differentiating GMS

Cantilever System – Status



- Commissioning and testing progressing well, final sea trials expected Q2 2017
- First SESV capability to deliver well intervention services previously only carried out by drilling rigs, providing significant cost savings
- Very encouraging interest from existing and prospective clients
- Expect to roll out cantilever systems on all our Large Class SESVs in time as capability realised

GMS Evolution's cantilever load testing to 250 tonnes

Focus remains on maximising utilisation

Increasing tender activity - significant opportunities for GMS in core regions

Expect the pace of recovery to build momentum, with utilisation increasing ahead of day rates

Optimistic about pioneering cantilever potential – good level of interest from existing and prospective clients

Key priorities: cost management, cash conservation, maintain stable capital structure and deleveraging

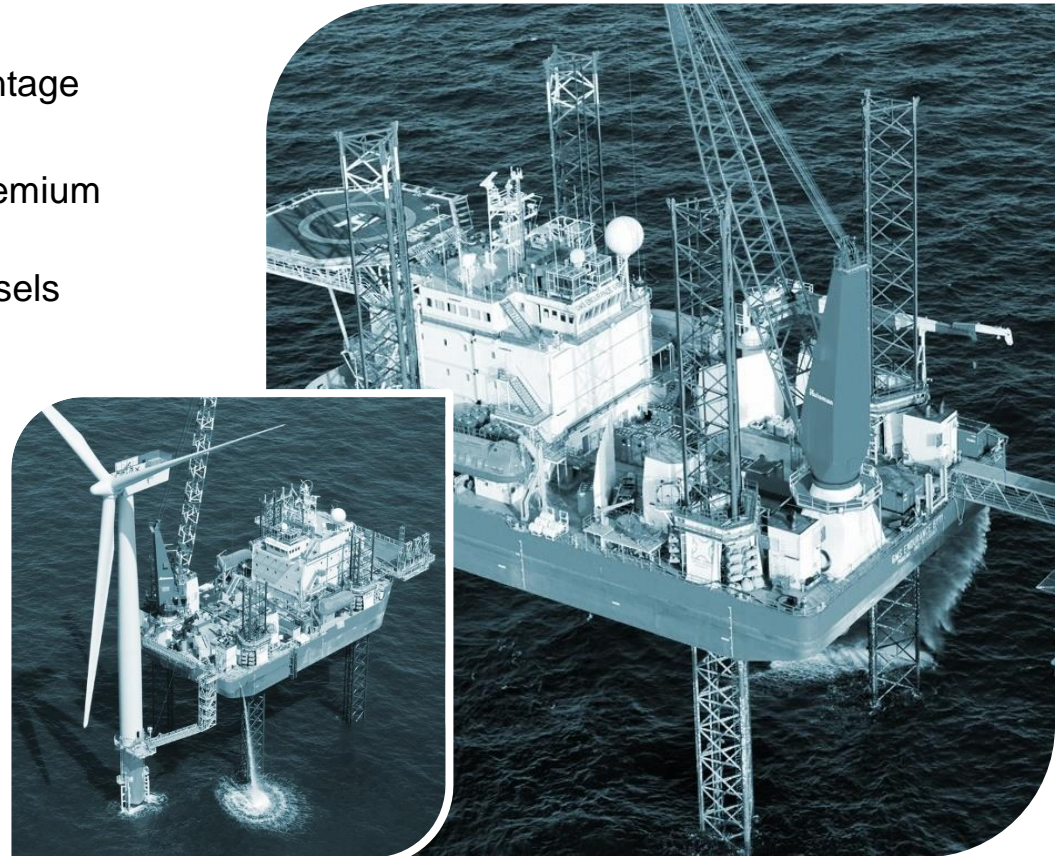
Well-positioned to capitalise on new contract opportunities and grow the business as markets recover

Modern fleet, leading operational expertise and expanding technological capability

Thank you – Any Questions?



- Clients
- Core Strengths and Competitive Advantage
- SESV Cantilever System v Drilling Rig
- Fleet Overview – High specification premium fleet
- Fleet Overview – Three classes of vessels serve a range of client needs
- Large Class SESV Overview
- Mid-Size Class SESV Overview
- Small Class SESV Overview
- Significant Barriers to Entry
- In-House Construction Facility
- Fluid and Flexible New Build Programme.
- Historic Results
- Board Composition



Clients - a well-diversified blue chip client base

Oil and Gas

ConocoPhillips



Schlumberger



أرامكو السعودية
Saudi Aramco



Renewable Energy



Vestas



ABB

SIEMENS

Core Strengths and Competitive Advantage

YOUNG TECHNICALLY ADVANCED FLEET

The youngest fleet in the industry due to GMS' new build and replacement programme.

COST EFFECTIVE

GMS builds and maintains its fleet at its yard in the UAE to international standards with construction, modification and repairs significantly cheaper and more time-efficient compared to third party yards.

FLEXIBLE

Being both builder and operator, GMS can efficiently tailor vessels to clients' requirements.
GMS SESVs frequently supplant drilling rigs.

FASTER

Faster moves in-field than conventional jackups and no need for anchor handling or tug support.

BARRIERS TO ENTRY

Successfully operating SESVs in GMS' markets presents significant barriers to entry for new entrants and incumbents.

HSE PERFORMANCE

Strong HSE record across our global operations.

OPERATIONAL EXPERTISE

40 years of operational experience.

EXPERIENCED MANAGEMENT TEAM

Strong proven track record of delivering successful operational and financial performance.

Well-positioned to manage the current industry challenges

SESV Cantilever System v Drilling Rig

GMS is the first to introduce a cantilever capability on a self-propelled SESV, significantly increasing our market opportunities. Allowing delivery of well intervention services previously only carried out by drilling rigs including:

- Change out of electric submersible pumps
- Completions
- Running casing
- Plugging and abandonment
- Light drilling

An SESV, with a cantilever system, can complete work in one location and be operational at a new location in less than one day compared to around three days or more for a drilling rig, this is because it has:

- Faster jacking capability
- No need for costly towing tugs
- Quicker transit time between locations
- Less downtime waiting for clear weather window to move location

The combination of the above capabilities and efficiencies provides a circa 25% time saving on an average well intervention activity compared to the same activity performed by a drilling rig (excluding any further economies that may be achieved from lower SESV charter rates)

Significant interest in the cantilever system from existing and potential clients

We expect to roll this out on all our Large Class SESVs over time as value recognised by clients

A compelling low-cost solution for clients' well servicing operations

Fleet Overview

High specification premium fleet

Comparative Vessel Capabilities

	GMS fleet	Jackup drilling rigs	Semi-subs/Construction vessels	Accommodation rigs	WTIVs (3)
Construction and Maintenance					
Construction & installation support	✓	X	✓	X	X
Maintenance support	✓	X	✓	X	X
Diving support	✓	✓	X	X	X
Accommodation	✓	X	✓	✓	X
Remove/decommission topside modules	✓	X	✓	X	X
Well Servicing & EOR					
Coiled tubing	✓	✓	X	X	X
Wireline	✓	✓	X	X	X
Well workover	✓	✓	X	X	X
Well testing/early production	✓	✓	X	X	X
Wind					
Installation	✓	X	✓	X	✓
Maintenance & Repair	✓	X	✓	X	✓

Flexibility and Cost Efficiency	Mobility	Fleet self-propelled
	Rig move	Faster jacking time
	Accurate Positioning	Large and Mid-Sized both DP2
	Accommodation Capacity	50 PoB to a total of 300 PoB
	Weather Tolerance	Ability to operate in harsh weather conditions ⁽¹⁾
Reliability	Operator Experience	In excess of 35 years
	Technically Advanced and Young Fleet	Under 10 years old on average ⁽²⁾
Safety	Operator Safety	No serious incidents UKCS qualified
	Number	Stable 4-legged platform

Flexible fleet results in high vessel utilisation

(1) Applies to Large and Mid-Size Vessels only. (2) Age at 1 March 2015.

(3) WTIVs have the potential to offer construction & maintenance support and well servicing activities, subject to fulfilling legislative H.S.E. requirements.

Three classes of vessels serve a range of client needs

Large Class



- 4 units
- Avg age: 4 yrs
- Water Depth: 65-80m
- Accommodation for up to 300 people
- 1000m2 Deck Area
- Main Crane: 300 / 400 Tonne
- Harsh weather capable

Mid-Size Class



- 3 units
- Age: 2 yrs
- Water Depth: 55m
- Accommodation for up to 300 people
- 850m2 Deck Area
- Main Crane: 150 Tonne
- Harsh weather capable

Small Class



- 8 units
- Avg age: 12 yrs (9yrs excl Naashi)
- Water Depth: 45m
- Accommodation for up to 300 people
- 600m2 Deck Area
- Main Crane: 36 / 45 Tonne

- The vessels are constructed and maintained at the GMS yard in the UAE
- This provides cost-effective construction facilities, which can often deliver cost savings per vessel
- Production can be scaled up and down rapidly and is flexible for new vessel designs

Large Class SESV Overview

The flagship of the GMS fleet



Up to 80m water depth capability

- 94.2m to 100m leg length
- Able to work in up to 80m water depth, and 50m in harsh environments

Dynamic positioning

- Dynamic positioning system (DP2)
- Fast and precise positioning at location
- Variable load 1400 tonnes

Accommodation

- Accommodates 150 people which can be expanded to 300

Main crane

- 300 tonnes & 400 tonnes
- Heavy oil & gas lifting
- Wind turbine installation

Four-leg design

- Stable and more positioning flexibility
- Faster rig jacking
- Reduces punch-through risk

Large deck area

- 1000m2 deck area
- Ability to carry oil & gas equipment, wind turbines

Self-propelled

- Speed of 8 knots
- Can carry load from shore to job location
- Eliminates need for tugs or support vessels
- Reduced mobilisation time and significant cost savings

Gusto MSC 2500X design

- Offering higher technical and operational capabilities
- Harsh weather capabilities, opened up SNS market
- Fully complies with the latest MOU and meets all of the SNAME(1) requirements

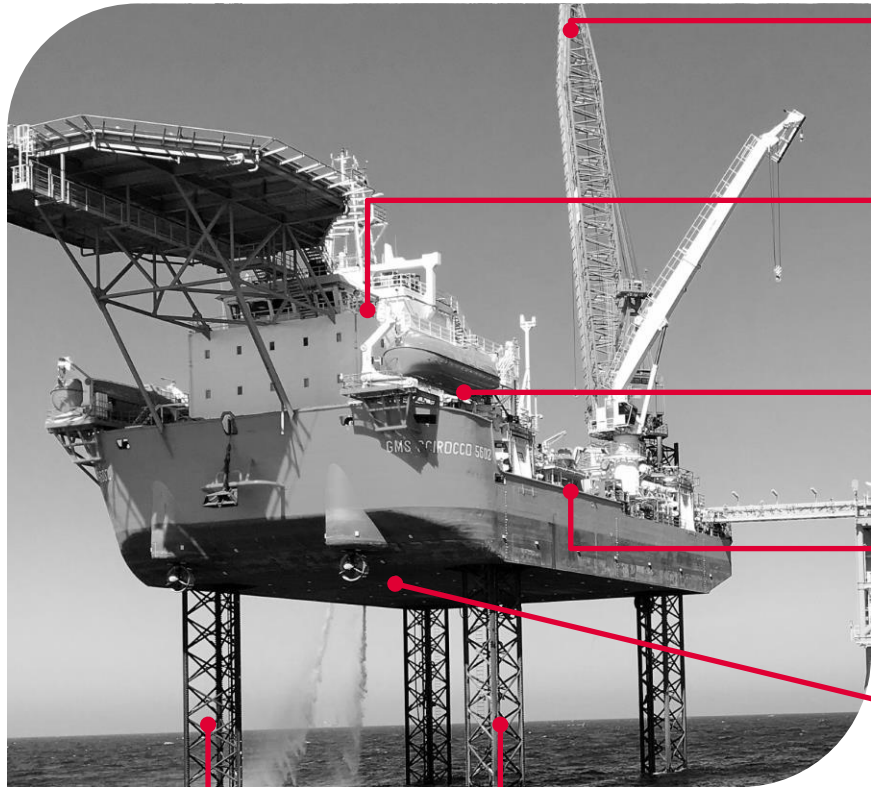
Priority regions of operation

- GCC
- North West Europe
- South East Asia,
- West Africa

(1) The Society of Naval Architects and Marine Engineers.

Mid-Size Class SESV Overview

New generation addition to the GMS fleet



Four-leg design

- Stable and more positioning flexibility
- Faster rig move
- Reduces punch-through risk

Dynamic positioning

- Dynamic positioning system (DP2)
- Fast and precise positioning at location

Main crane

- 150 tonne main
- 15 tonne auxiliary

Accommodation

- Accommodates 150 people which can be expanded to 300

55m water depth capability

- 75m leg length

Large deck area

- 850m² deck area
- Variable load – 800 tonnes

Self-propelled

- Speed of 7 knots
- Can carry load from shore to job location
- Eliminates need for tugs or support vessels
- Reduced mobilisation time and significant cost savings

Gusto MSC NG1800-X Design

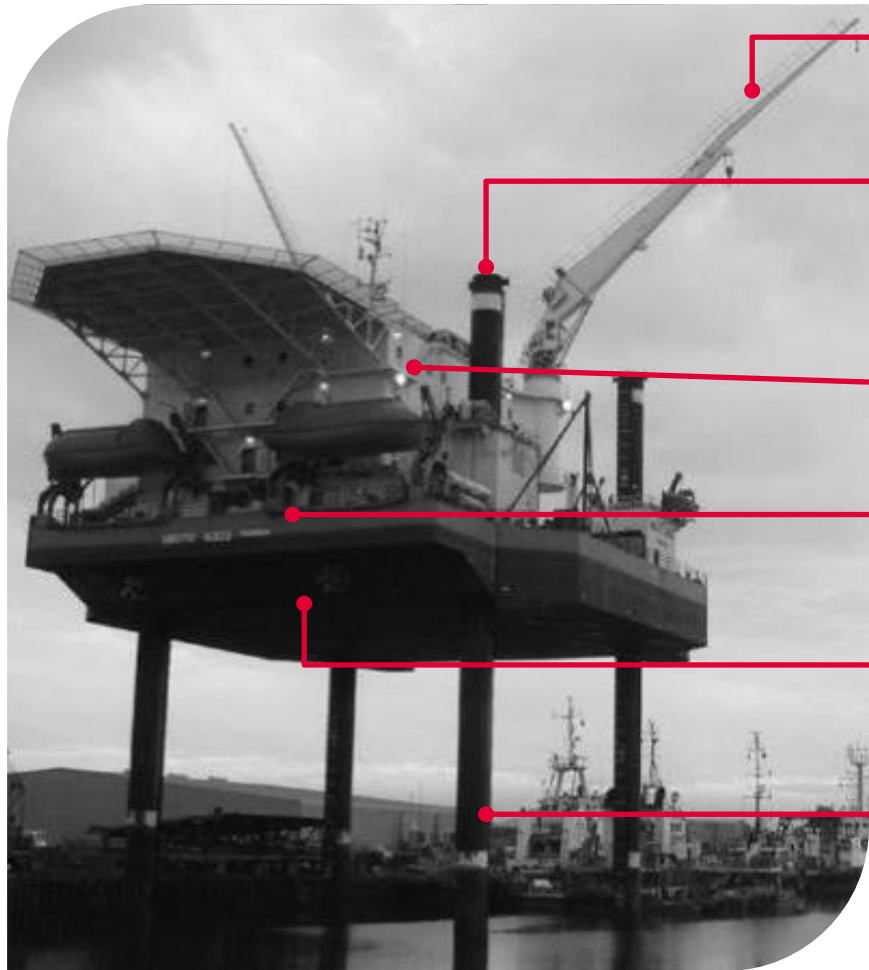
- Proven technology with high reliability and flexibility
- Harsh weather capability

Areas of operation

- GCC
- North West Europe
- South East Asia
- West Africa

Small Class SESV Overview

The backbone of the GMS fleet



Main crane

- 36-45 tonnes
- Oil & gas lifting

Four-leg design

- Stable and more positioning flexibility
- Faster rig move
- Reduces punch-through risk

Accommodation

- Accommodates 150 people which can be expanded to 300

Large deck area

- 600m² deck area

Self-propelled

- Speed of up to 4 knots
- Eliminates need for tugs and support vessels

45m water depth capability

- 68m leg length
- Able to work in 45 m water depth

Wärtsilä design

- Proven technology with high reliability and flexibility
- Units constantly tested and very well known in the core Arabian Gulf market

Areas of operation

- GCC
- South East Asia
- West Africa

Significant Barriers to Entry

Successfully operating SESVs in GMS' markets has a number of challenges for new entrants and incumbents:

1 Operational Track Record Essential to Secure Contracts

- NOC pre-qualification 1 – 2 years
- Operational experience is explicitly required
- Strong safety performance

2 Safety Case Required for North West Europe O&G work

- Extensive accreditation process – harsh weather capability essential
- Few qualified SESV operators

3 Capital Intensive Business

- GMS' in-house construction facility offers significant savings when compared to purchasing from a third party shipyard
- GMS' extensive operational experience is used to maximise the design of its vessels thereby offering the greatest operational efficiencies to clients
- Customers unlikely to pre-contract inhibiting debt financed new builds

Replicating GMS' fleet and operations could take at least four years and would require significant investment and would still not be able to realise the benefits of GMS' longer operational track-record or integrated model

GMS SHAMAL and GMS SCIROCCO



Two Mid-Size Class SESVs under construction at the Group's in-house facility in Abu Dhabi.

Competitive Advantage

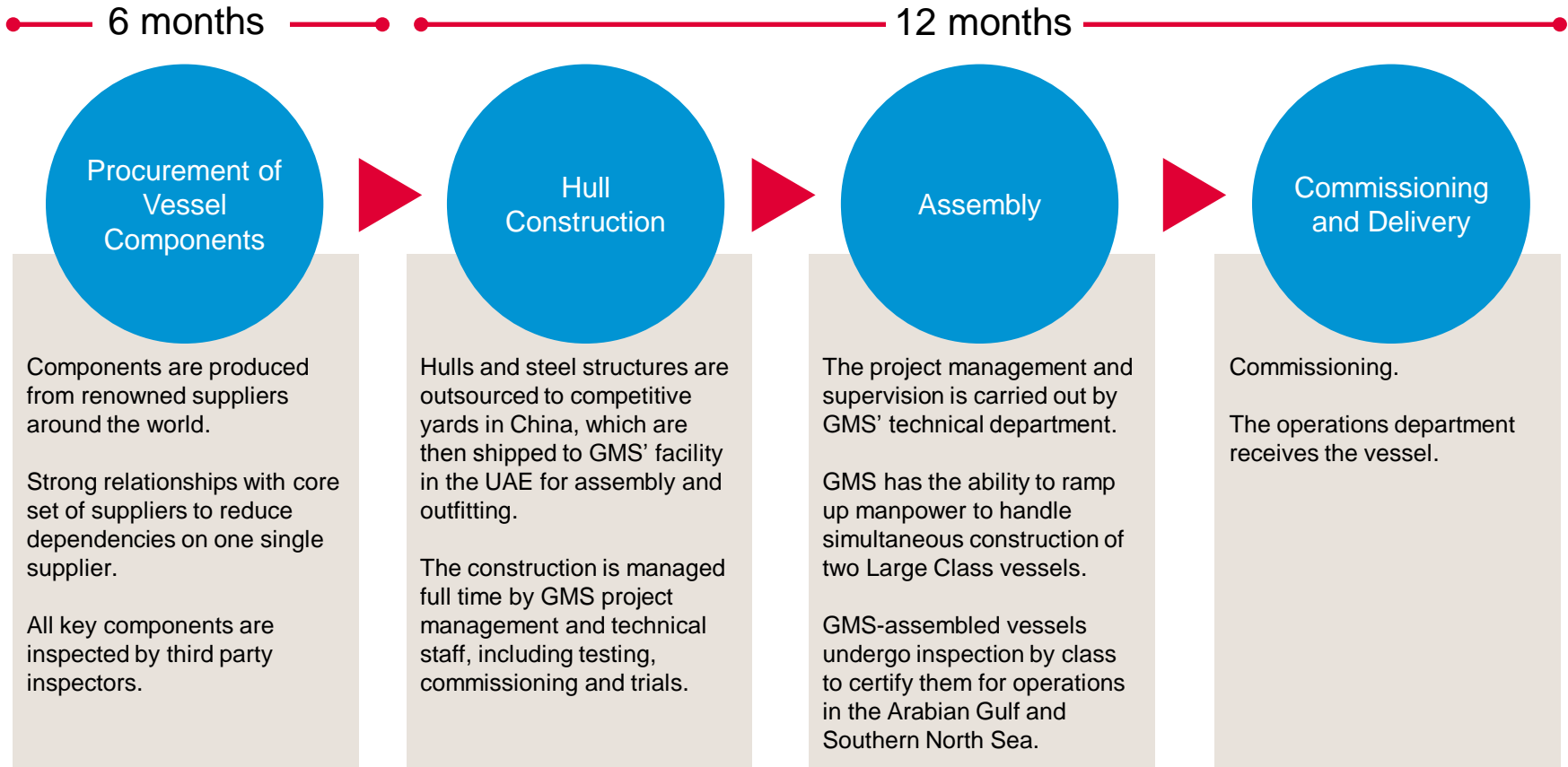
- Full in-house project management and technical supervision capabilities
- Direct control of new build construction, with cheaper build we are better placed to secure contracts
- Enhanced offering (bespoke build/modifications) provides clients with cost-saving solutions, especially relevant in the current low oil price environment
- Proven track-record of on time delivery
- Flexible cost and operating structure facilitating timely manpower ramp up or downscaling

Strategic Location

- First class yard facility at Zayed Port, Abu Dhabi
- Fabrication and logistical base with the capacity to assemble / outfit three vessels concurrently
- No third party work performed. Focussed on GMS SESVs

Competitive advantage in a challenging environment

Fluid and Flexible New Build Programme

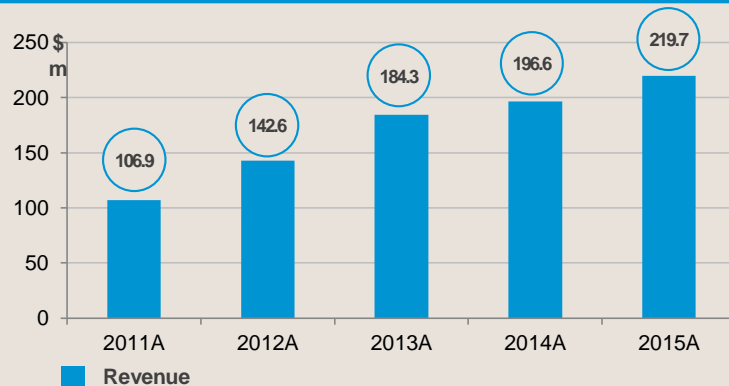


A number of vessels can be simultaneously at various stages of the build programme e.g. procurement occurs throughout the entire process with some components added at the end

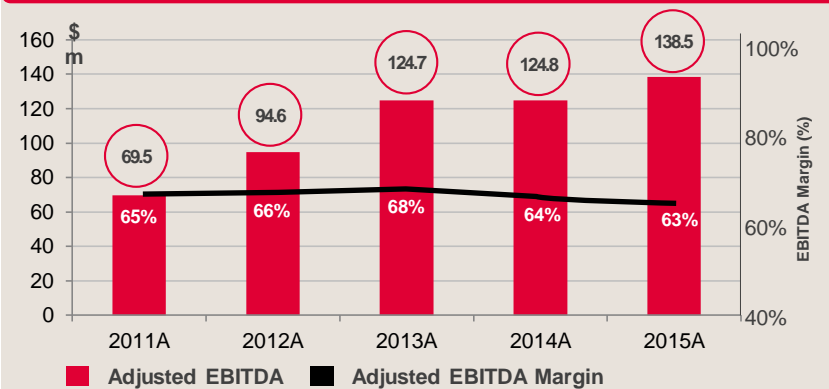
Historic Results

Operational and financial performance - a successful track record

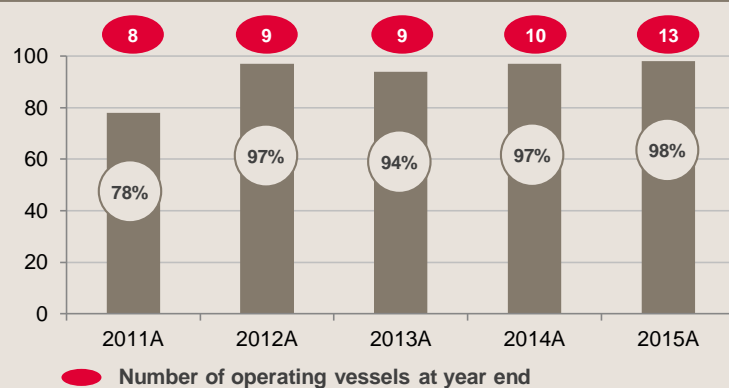
Revenues



Adjusted EBITDA ⁽¹⁾ and Margin



SESVs Fleet Utilisation Rates ⁽²⁾



- (1) Calculated as net profit before tax plus depreciation of property, plant and equipment, amortization of intangibles and dry docking expenditure, share appreciation rights, net finance cost and foreign exchange losses; minus miscellaneous income, foreign exchange gains and any one-off or non-recurring costs.
- (2) Calculated as average between Large, Mid-size and Small Vessels. Based on total Large, Mid-size and Small Vessel days available, including days of planned maintenance and mobilisation.

Board Composition



Simon Heale:
(Chairman)
Independent Non-Executive Chairman

- Non-Executive Chairman at Kaz Minerals plc
- Non-Executive Chairman at Marex Spectron
- Multiple previous directorships and executive positions
- UK Chartered Accountant , degree in Philosophy, Politics and Economics



Duncan Anderson:
Chief Executive Officer

- Joined GMS in 2007
- Previously COO of Lamnalco Group and Gulf Offshore
- UK Chartered Engineer, BSc (Hons) Marine Machinery Monitoring Control



Simon Batey:
Senior Independent Non-Executive Director

- Capital programme consultancy work
- Previously independent Non-Executive Director and Chairman of the Audit Committee at Telecity Group
- Previously NED of Arriva and THUS Group
- UK Chartered Accountant, MA in Geography



Richard Anderson:
Independent Non-Executive Director

- Chairman of the Board at Vanguard Natural Resources LLC (NASDAQ)
- Non-Executive Director of Soma Oil & Gas
- Previously, CFO at Eurasia Drilling Company and Board member
- 37 years' experience in oil & gas industry related finance
- US Certified Public Accountant, BSc in Business, MA in Taxation



Dr Karim El Solh:
Non-Executive Director

- Co-Founder and CEO of Gulf Capital
- Previously CEO of The National Investor
- Over 21 years' experience in private equity investment banking and real estate
- US B.S Degree in Civil Engineering, Doctorate in Economics (France)

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