

2017 Interim Results



Gulf Marine Services

19 September 2017 | www.gmsuae.com



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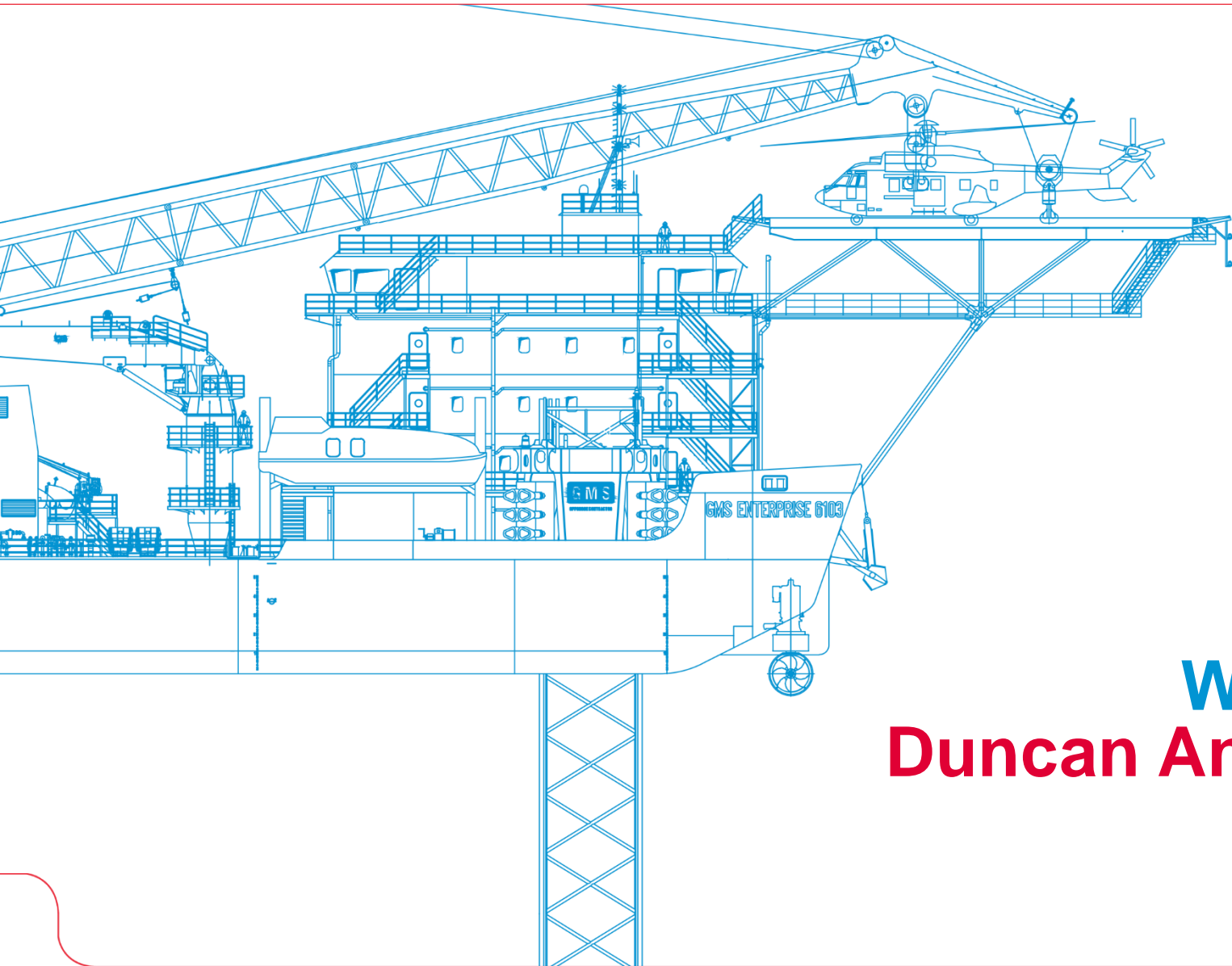
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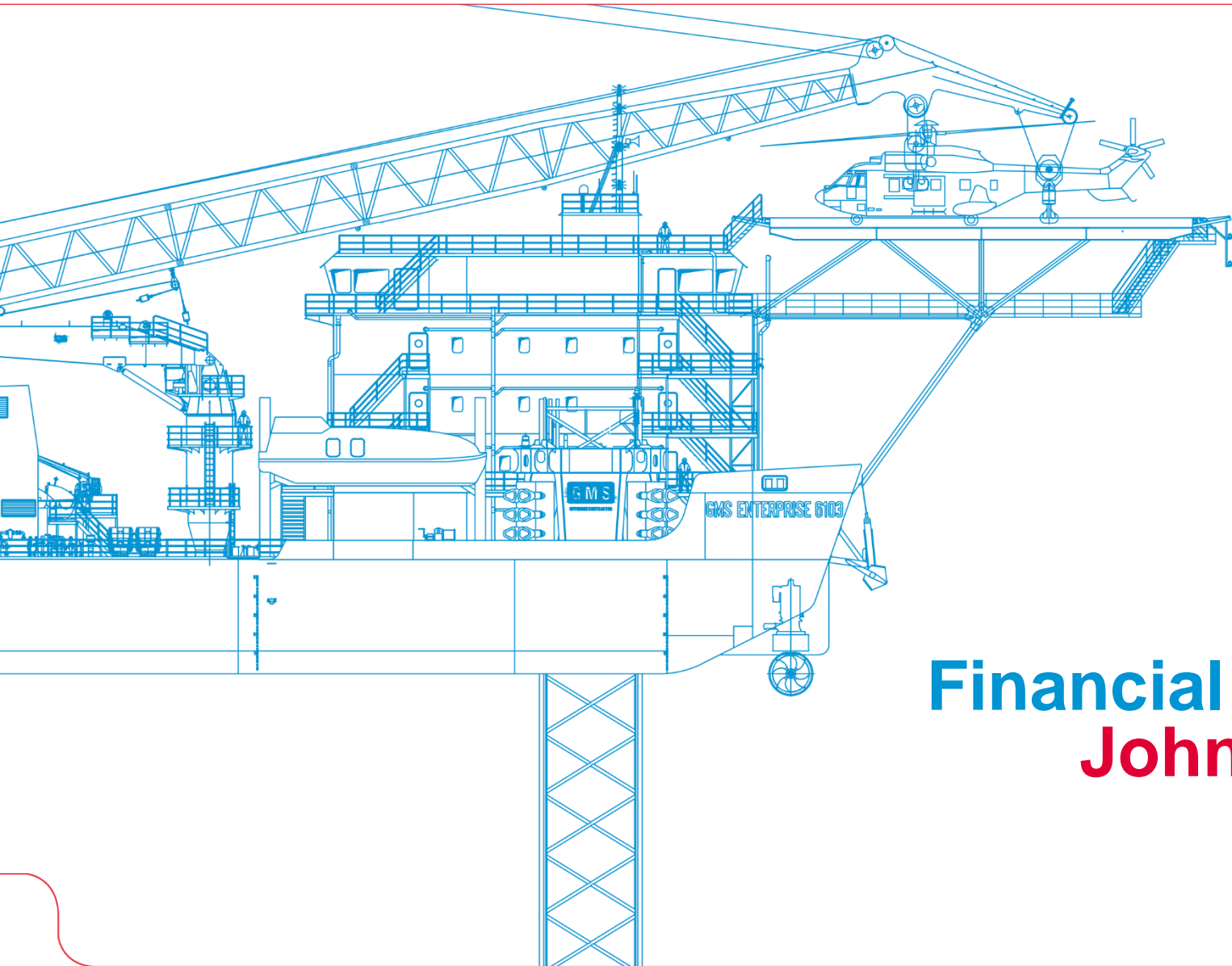
Agenda

- 1 Welcome
- 2 Financial Review
- 3 Operational Review
- 4 Market Prospects
- 5 Appendices





Welcome
Duncan Anderson
CEO



Financial Review

John Brown CFO

Interim Results Summary



- Cost reduction programme implemented, adjusted EBITDA margin of 59%
- Impairment of US\$ 7.3 million on a 35-year old Small Class SESV, average age of the rest of the fleet is six years
- Amended bank facility covenants to provide operational and financial flexibility
- Number of measures taken to manage and improve the Group's gearing. No interim dividend to be paid
- 2017 guidance for adjusted EBITDA, adjusted net income and year end net debt reiterated

Adjusted EBITDA
US\$ 34.5m

Adjusted EBITDA Margin
59%

Net Bank Debt at 30 June 2017
US\$ 378.2m

Trading Summary

(US\$m)	H1 2017	H1 2016	% Change
Revenue	58.5	110.4	-47%
<i>Revenue from SESVs</i>	58.5	109.5	-47%
<i>Revenue from non-core fleet</i>	-	0.9	-100%
Adjusted Gross profit**	26.5	67.2	-61%
General & Administrative expenses	7.8	12.7	-38%
Adjusted EBITDA***	34.5	70.7	-51%
Adjusted EBITDA margin***	59%	64%	-5%
Net profit	0.7	27.8	-97%
Adjusted net profit****	9.4	41.9	-78%
Adjusted EPS (US cents)****	2.63	12.00	-78%
Interim dividend per share (pence)	-	0.41	-100%

- Revenue decreased by 47% against H1 2016 (comparative of limited use given market downturn)
- Whilst revenue halved, cash cost of sales* as a percentage of revenue was limited to 29% in H1 2017 (H1 2016: 25%)
- G&A expense reduction of 38% to H1 2016, although expected to be somewhat higher in H2 2017
- EBITDA margin of 59% for H1 2017. Anticipate EBITDA margin of above 50% for the full year

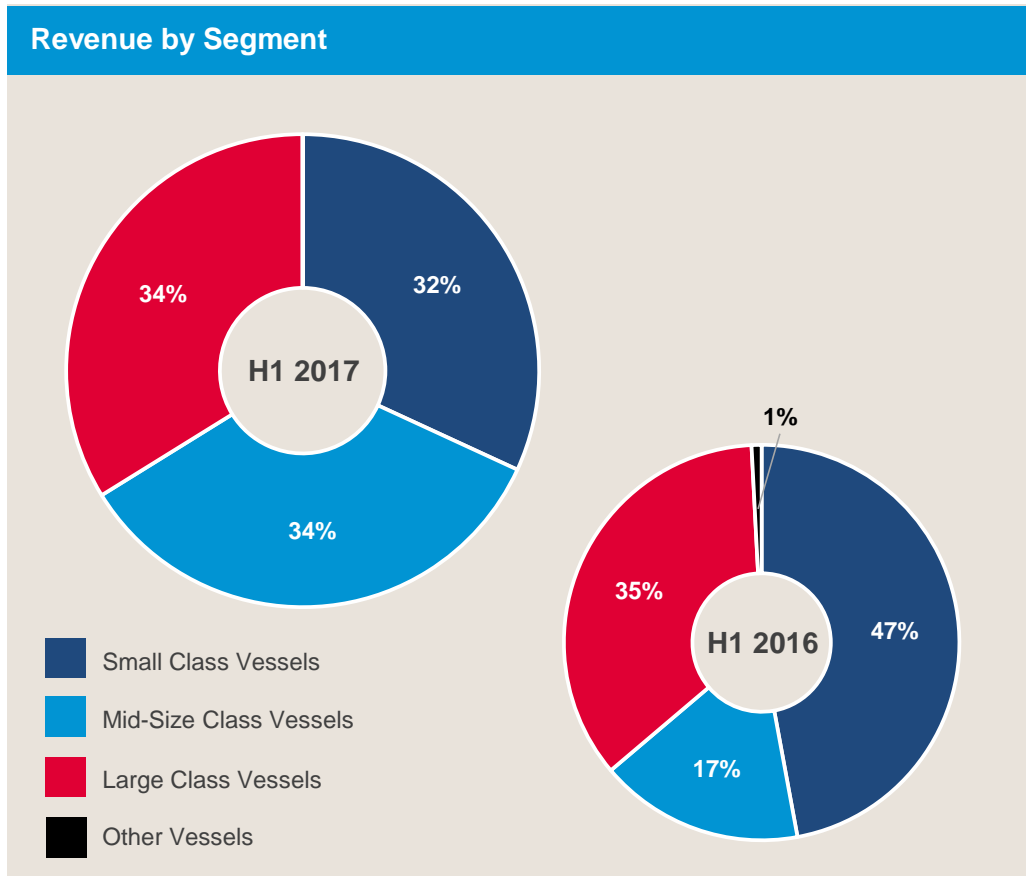
*Representing cost of sales excluding depreciation, amortisation and impairment charges.

**Representing gross profit after adding back non-operational impairment charges.

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

****Representing operating profit after adding back non-operational impairment charges and written off unamortised loan commitment fees in H1 2017.

Revenue Analysis



Revenue by Activity

Activity	H1 2017	H1 2016
Oil and Gas – Opex-led activities	83%	70%
Oil and Gas – Capex-led activities	17%	30%

Revenue by Region

Region	H1 2017	H1 2016
MENA	72%	77%
Europe	28%	23%

Continued significant contribution from brownfield opex-led activities

SESV Performance Indicators

	Small Class (8 vessels)		Mid-Size Class (3 vessels)		Large Class* (3 vessels)		Total SESVs (14 vessels)	
	H1 2017	H2 2016	H1 2017	H2 2016	H1 2017	H2 2016	H1 2017	H2 2016
Utilisation	41%	41%	79%	45%	72%	83%	56%	51%
Average charter day rate excluding hotel services (US\$000)	27	31	42	49	54	59	-	-
Average daily vessel operating costs (US\$000)	9	9	13	13	14	14	-	-

SESV fleet

- Utilisation of 56% in H1 2017, 10 percentage points improvement on Q4 2016
- Comparative charter day rates reflect the unwinding of contracts won prior to the market downturn
- Cost reduction programme implemented from mid-2016 onwards

Relatively resilient performance in a tough market environment

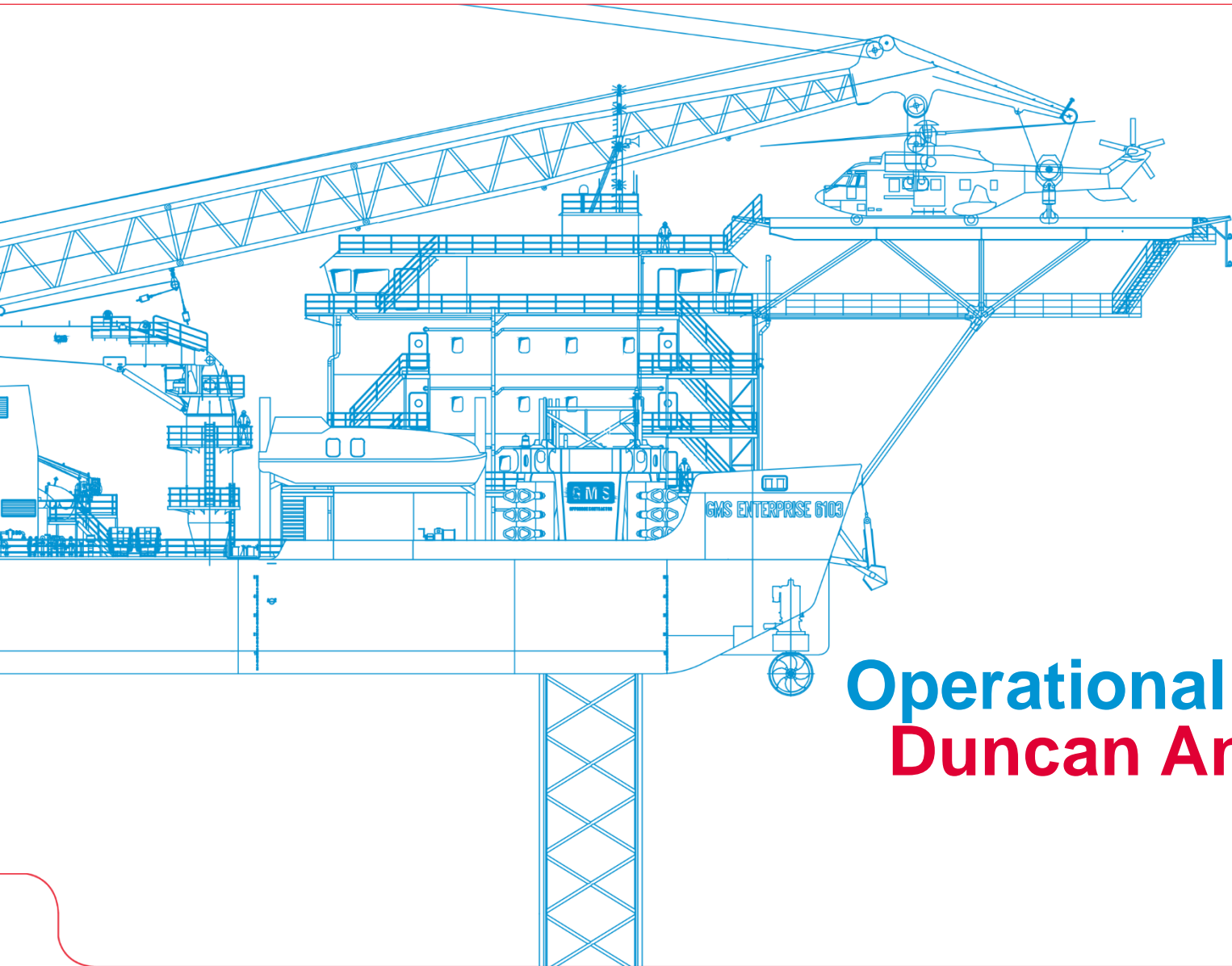
*Excludes GMS Evolution that was delivered in July 2017.

Capital Structure

(US\$m)	At 30 June 2017	At 31 December 2016
Cash at Bank	35.9	61.6
Bank Debt	414.1	423.6
Net Debt	378.2	362.0
Obligation under finance lease	38.8	40.1

- Total net borrowings reduced in August 2017 by US\$ 38.8 million following the termination of a lease on a Small Class vessel
- Undrawn committed bank facilities of US\$ 50.0 million and Group cash balance of US\$ 35.9 million at 30 June 2017
- Amendments to certain loan covenants in August 2017 to provide operational and financial flexibility for the Group
- Net debt level of US\$ 360.0 million - 370.0 million expected at year end
- No significant capital expenditure for the remainder of 2017 and beyond
- Dividend payments to be resumed when reasonable financial prudence allows

Operating cash flows to progressively reduce leverage



Operational Review

Duncan Anderson

CEO

Operational Highlights

- Three new long-term contracts and two new eight-month contracts secured (mainly from 2018 and beyond). All contracts include option periods
- SESV utilisation of 56% in H1 2017 (H1 2016: 89%) showing 10 percentage points' improvement on Q4 2016
- Large Class and Mid-Size Class vessels achieved utilisation above 70% in H1 2017
- Secured backlog* (including options) as at 31 August 2017 is US\$ 193.1 million
- GMS Evolution with cantilever commissioned and ready for operations
- Expanded GMS operational base in Saudi Arabia to support increased activity
- Continued excellent safety performance



*Includes effects of contracts awarded subsequent to 31 August 2017.

Cantilever System Update

- Successful sea trials, commissioning completed and ready for operations
- First SESV in the world capable of delivering well intervention services previously only carried out by drilling rigs
- Good interest from IOCs and NOCs looking to reduce their costs
- The cantilever can be retrofitted on other Large Class SESVs as its capability is realised



GMS Evolution's cantilever load testing to 250 tonnes

Market Prospects

Continue to see good levels of tender activity in Europe and parts of the Middle East

Encouraged by demand for GMS SESVs, particularly the Large Class and Mid-Size Class

We believe clients will prefer younger technologically-advanced vessels such as GMS SESVs

Focus on increasing vessel utilisation, with timing of contract awards driven by clients' own requirements

Well-placed to capitalise on further contract opportunities as the market recovers

**Topside
Maintenance**

**Well
Intervention**

**Commissioning &
Accommodation**

**Wind Turbine
Installation &
Maintenance**



Vessel flexibility – expanding opportunities

Appendices

- 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 and Modification Facility
- Historic Results
- Clients
- Board Composition



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

The cantilever can be retrofitted on other Large Class SESVs over time as its value is 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.

Fleet Overview

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

Small Class



- 7 units
- Avg age: 13 yrs (10yrs excl Naashi)
- Water Depth: 45m
- Accommodation for up to 300 people
- 600m² Deck Area
- Main Crane: 36 / 45 Tonne

Note: number of vessels shown are as of 19 September 2017.

Large Class SESV Overview



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

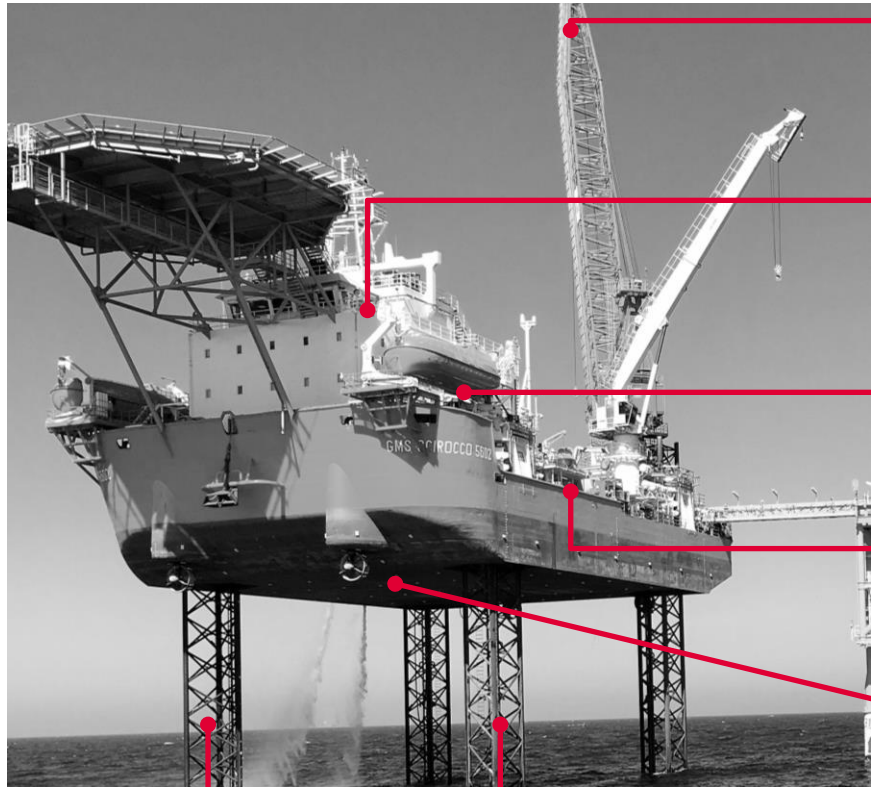
- Offering higher technical and operational capabilities
- Harsh weather capabilities, opened up SNS market
- Fully complies with the latest MOU and meets all of the SNAME(1) requirements

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



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

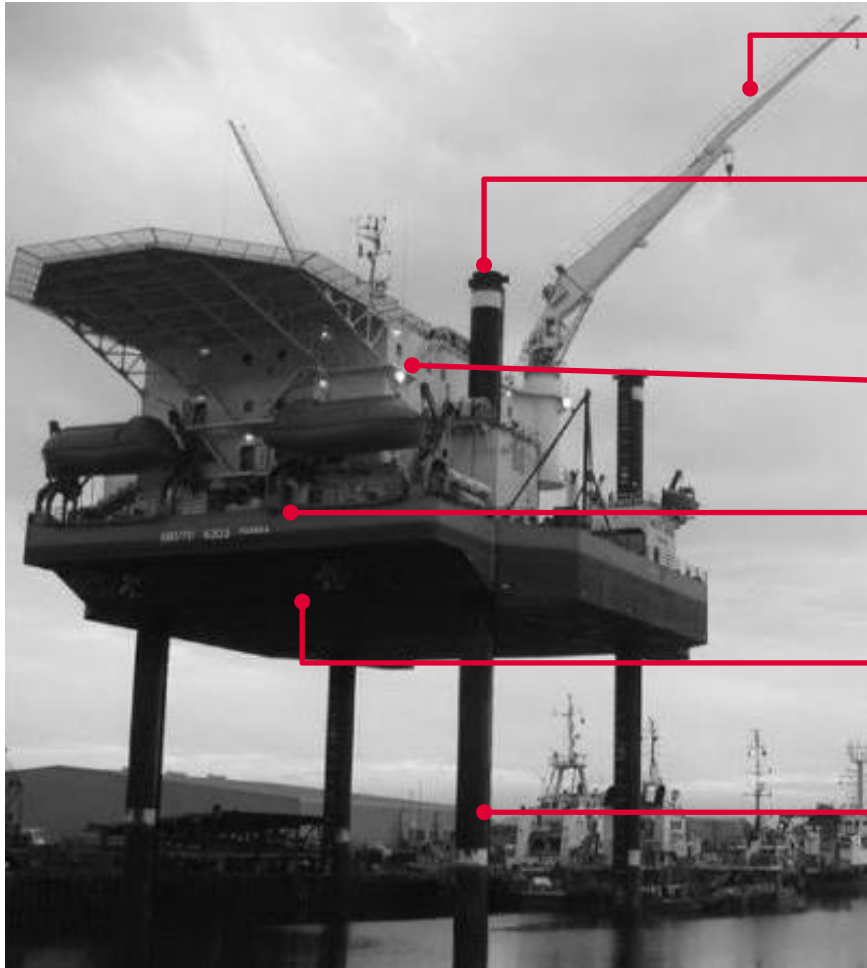
Gusto MSC NG1800-X Design

- 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



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

In-House Construction and Modification Facility

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

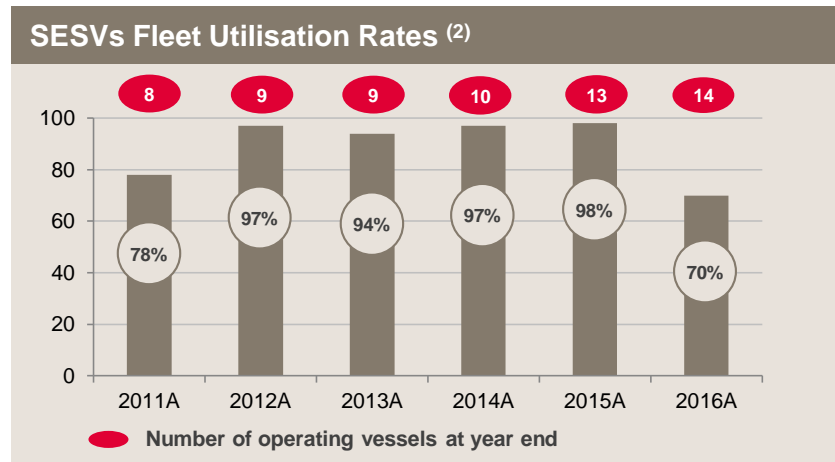
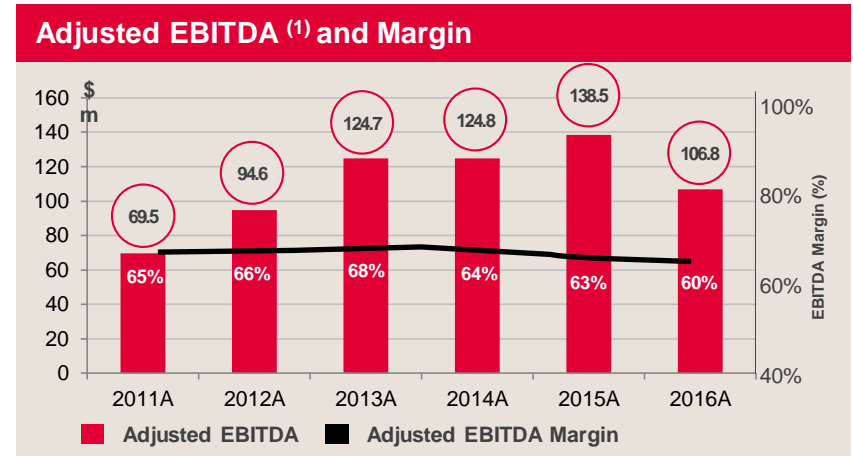
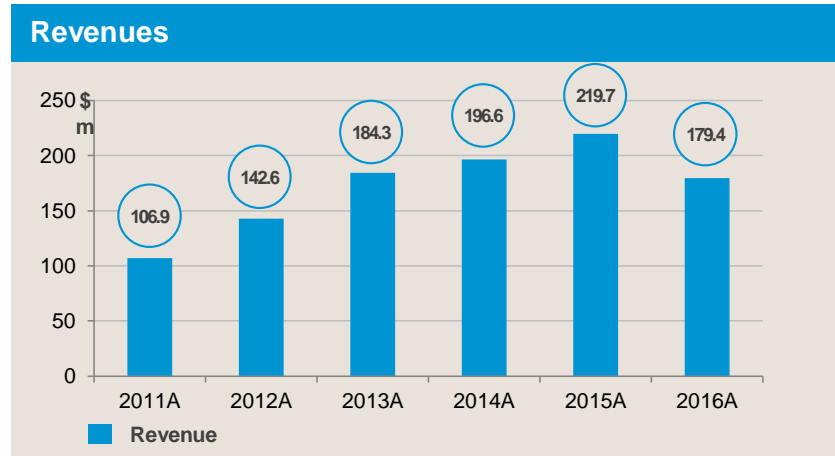
Strategic Location

- 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

Historic Results

Operational and financial performance - a successful track record



(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.

Clients – a well-diversified blue chip client base



Oil and Gas

ConocoPhillips



Schlumberger



TOTAL



أرامكو السعودية
Saudi Aramco



HYUNDAI
HEAVY INDUSTRIES CO.,LTD.

قطر للبترول
Qatar Petroleum



BG GROUP



Statoil



مؤسسة دبي للبترول
DPE
Dubai Petroleum Establishment



Renewable Energy

VATTENFALL



Vestas



ABB

SIEMENS

Board Composition



Simon Heale
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 Non-Executive Director 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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