

2017 Full Year Results

Gulf Marine Services

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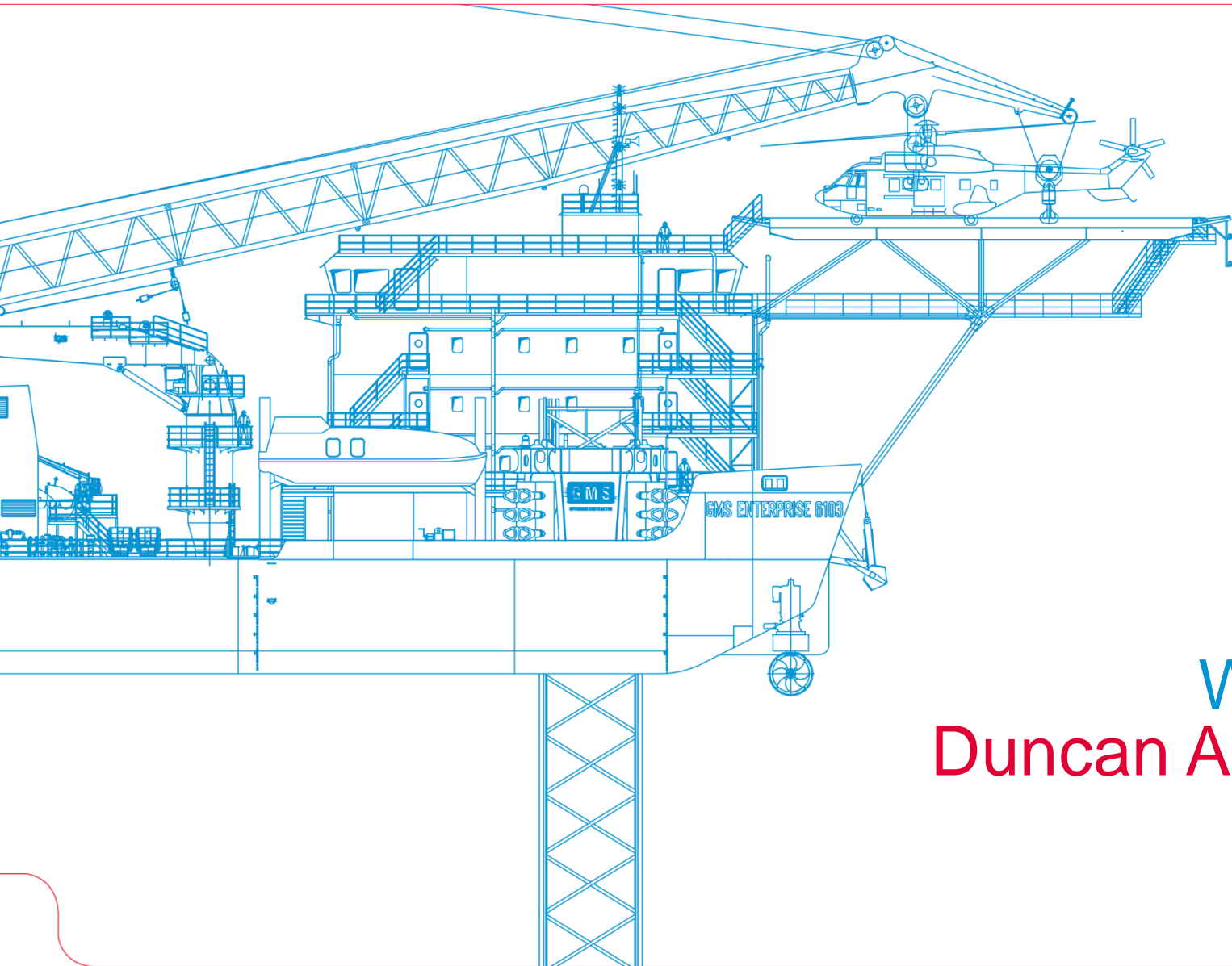
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- 1 Welcome
- 2 Financial Review
- 3 Operational Review
- 4 Outlook
- 5 Appendices

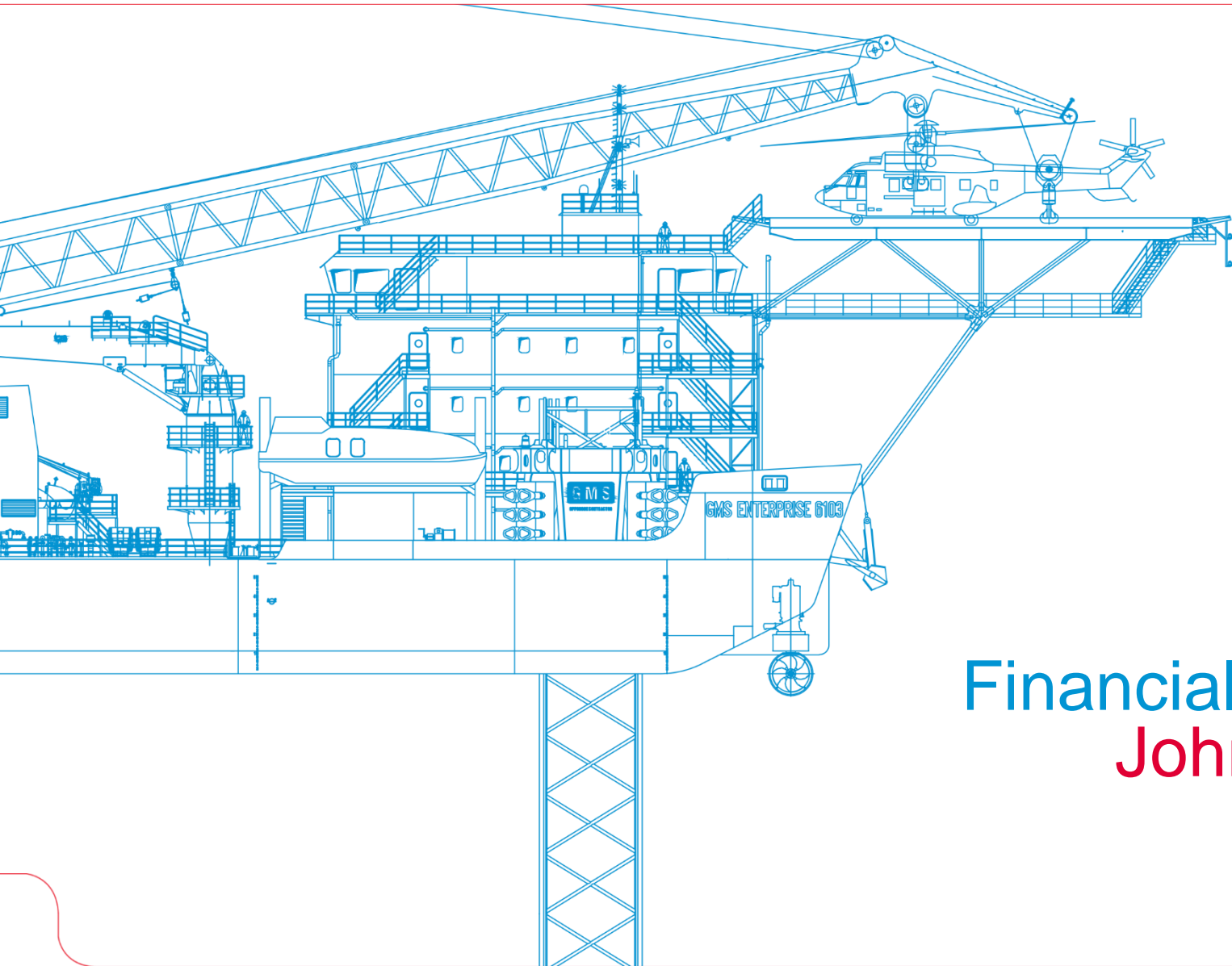




Welcome
Duncan Anderson
CEO

- Navigated a challenging 2017 – utilisation improved, maintained EBITDA margin > 50%
- Improving commercial environment – increasing levels of enquiries and tender activity
- Broadening our markets:
 - reduced dependency on a single geography
 - significant contracts won for renewables projects
 - expanded our services offering through innovation (e.g. cantilever system and a crew transfer tower)
- Well-placed to capitalise on a market recovery with a young, flexible fleet





Financial Review

John Brown CFO

2017 Full Year Results Summary

- Continued focus on cost management delivered an adjusted EBITDA margin of over 50%
- Good progress made in reducing total net borrowings* at year end to US\$ 372.8 million (2016: US\$ 413.6)
- No dividend to be paid for 2017 as the Group focuses on reducing bank debt, will resume when financial prudence allows
- Bank facility agreement amended in the year, increasing liquidity and financial flexibility

Adjusted EBITDA
US\$ 58.5 million

Adjusted EBITDA Margin
52%

Net cash inflows
US\$ 56.3 million

Net bank debt at year end
US\$ 372.8 million

**Total net borrowings represents total bank debt plus finance leases less cash.*

Trading Summary

(US\$m)	2017	2016	% Change
Revenue	112.9	179.4	-37.1%
Revenue from SESVs	112.9	171.4	-34.1%
Revenue from other vessels	-	8.0	-100%
Adjusted Gross profit*	43.3	95.6	-54.7%
General & Administrative expenses	16.7	21.6	-22.7%
Adjusted EBITDA**	58.5	106.8	-45.2%
Adjusted EBITDA margin**	52%	60%	-13.3%
(Loss) / profit for the year	(18.2)	29.4	-161.9%
Adjusted net profit***	4.8	50.7	-90.5%
Adjusted EPS (US cents)***	1.26	14.35	-91.2%
Final dividend per share (pence)	-	1.20	-100%

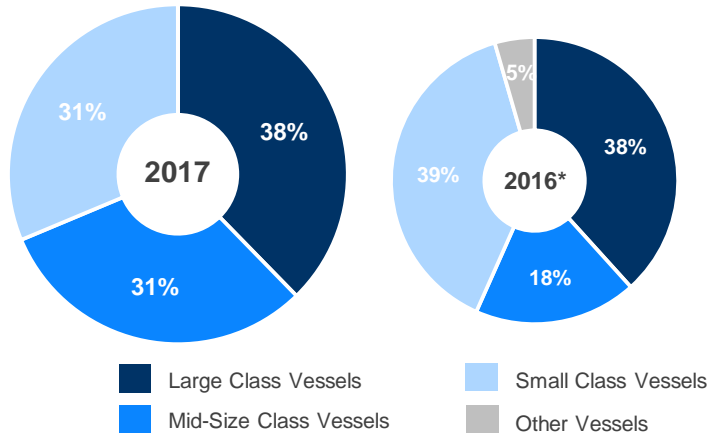
- Decrease in revenue reflects reduction in core SESV fleet utilisation and overall lower charter day rates during the year
- Previously announced impairment charge of US\$ 7.3 million in H1 on a 35-year-old vessel
- US\$ 15.6 million finance expense relating to debt modification
- Continued focus on cost management with cost saving targets delivered. G&A expected to be at higher level going forward
- Expect gradual recovery to be reflected in 2018 results

*Representing gross profit after adding back impairment charges.

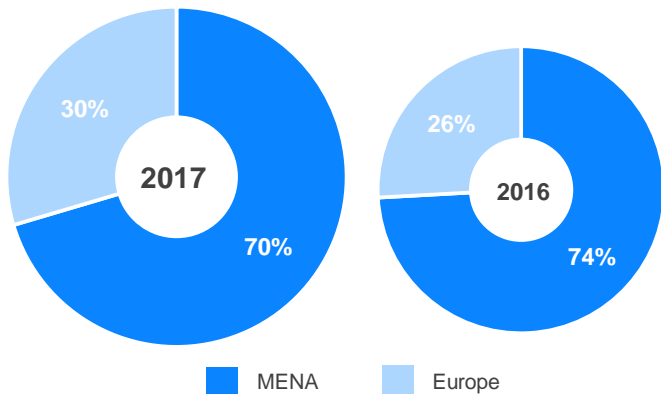
**Representing operating profit after adding back depreciation, amortisation and impairment charges.

***Representing operating profit after adding back impairment charges, and finance costs relating to acquisition of a new bank facility.

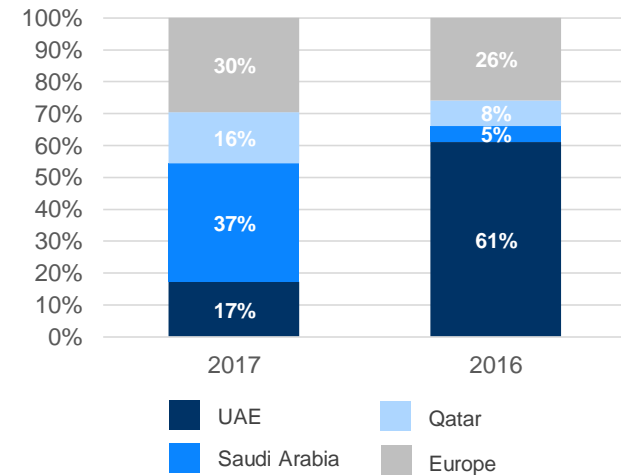
Revenue by vessel class



Revenue by region



Revenue by geographical location



- Diversified revenue mix within the MENA region
- Significant growth in Saudi Arabia, now largest market
- 71% of total 2017 revenue from opex led activities, 29% capex led activities (2016: 76% and 24%)

Performance Indicators for Core SESV Fleet

	Small Class (6 vessels)*		Mid-Size Class (3 vessels)		Large Class (4 vessels)		Total Core SESVs (13 vessels)*	
	2017	H2 2016**	2017	H2 2016**	2017	H2 2016**	2017	H2 2016**
Utilisation	53%	44%	71%	45%	70%	83%	61%	53%
Average charter day rate excluding hotel services (US\$'000)	25	31	41	49	52	59	-	-
Average on hire daily vessel operating costs (US\$'000)***	9	9	13	13	14	14	-	-

- Core SESV fleet utilisation of 61%, 13 percentage points' improvement compared to Q4 2016
- Comparative charter day rates reflect the unwinding of contracts secured prior to the market downturn
- Cost reduction programme successfully implemented from mid-2016 onwards (circa 25% reduction to 2015 daily opex)

*Comparative figures shown have been restated to reflect the reclassification of Naashi from Small Class Vessels to Other Vessels segment.

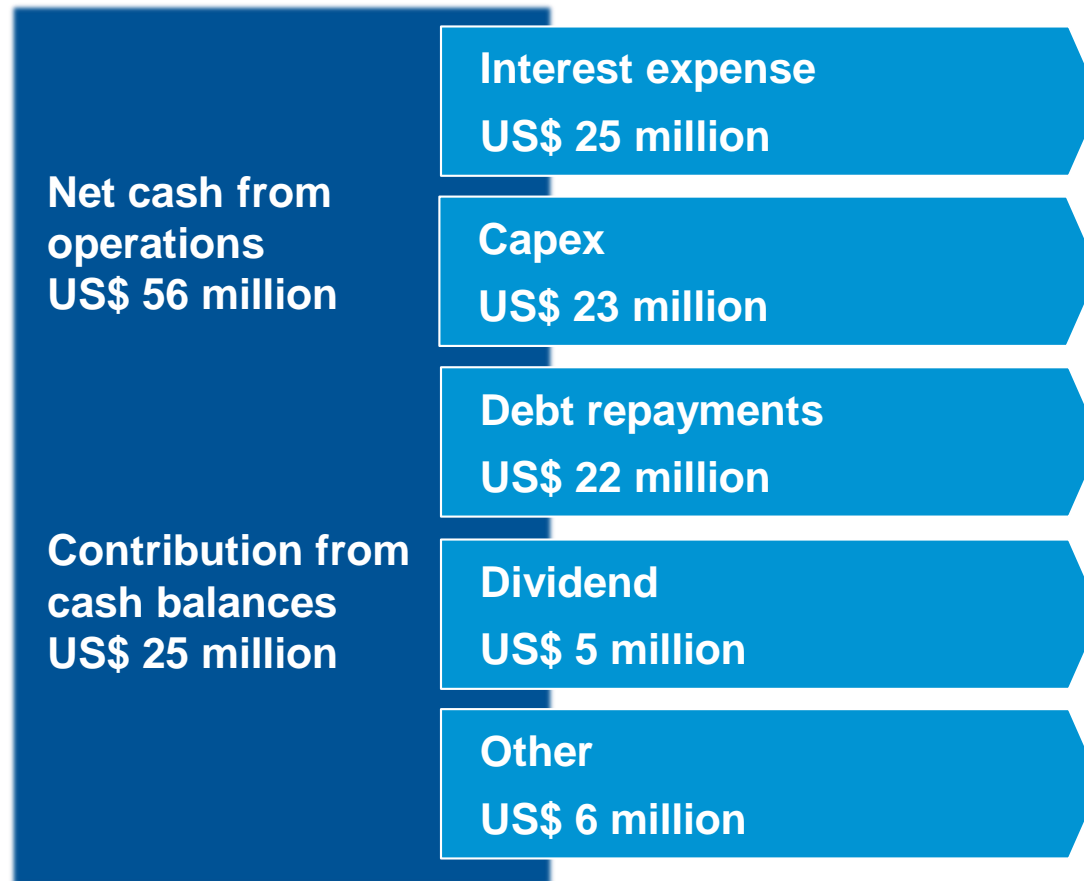
**H2 2016 is believed to be a more meaningful comparative period.

***Excluding periods that certain vessels were warm stacked.

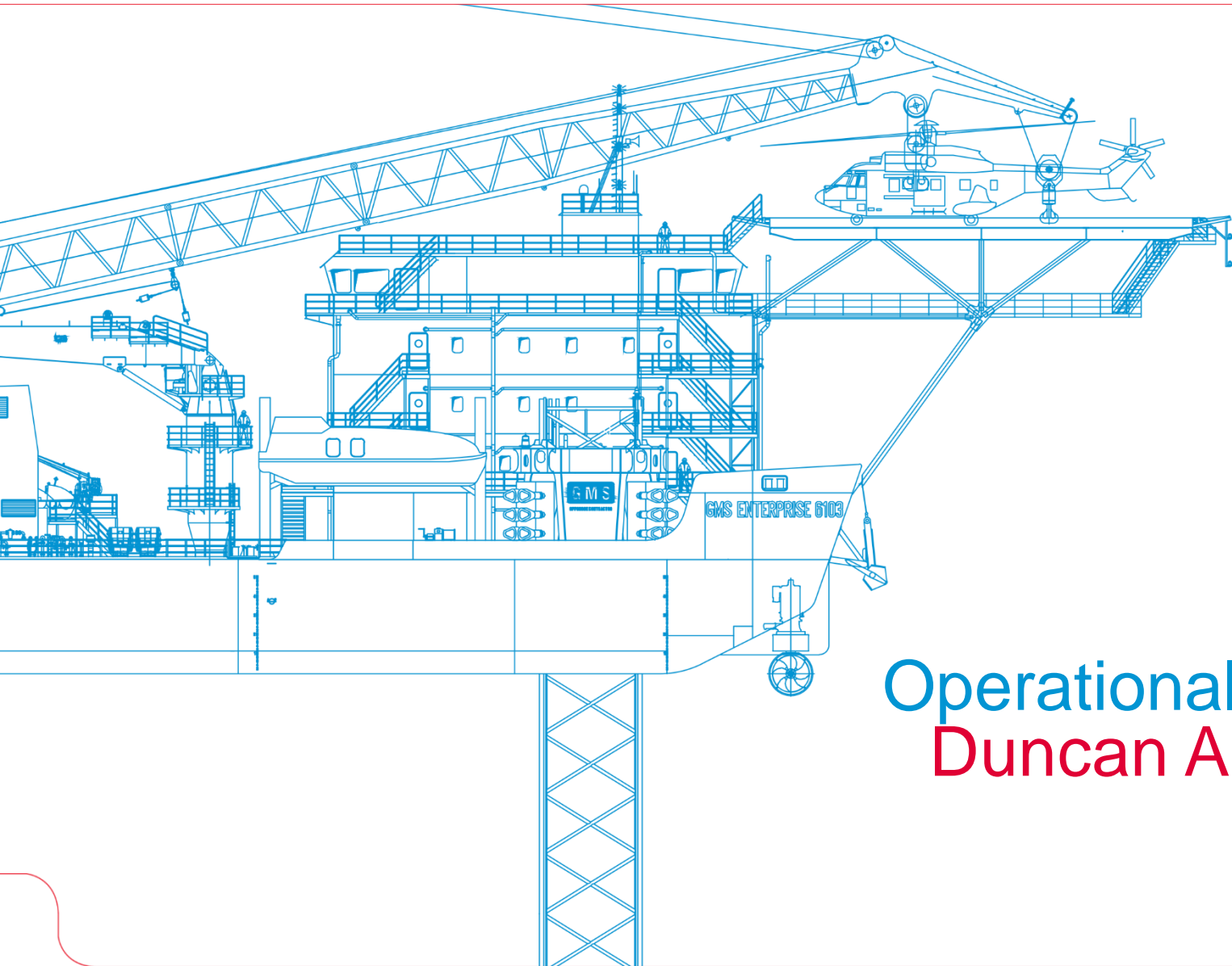
(US\$m)	At 31 December 2017	At 31 December 2016
Bank Debt	411.8	435.1
Obligations under finance lease	-	40.1
Cash at Bank	(39.0)	(61.6)
Total Net Debt	372.8	413.6

- Bank facility amended in 2017 to secure increased liquidity and financial flexibility:
 - Increase in tenure of the loan facility by two years with maturity revised to 2023
 - Reduction in scheduled loan repayments by two-thirds in both 2018 and 2019
 - Certain restrictions agreed on capital expenditure and dividend payments
 - Cash sweep mechanism, up to 75% of surplus free cash flows applied towards repayment of bank debt
 - EBITDA based covenants are now calculated on a proforma EBITDA basis to provide forward look
 - Current interest rate of approximately 7% on amended bank facility
- Undrawn revolver facility of US\$ 50.0 million at year end
- No significant capital expenditure planned for 2018 and beyond as new build construction activities have ceased

2017 application of funds



Deleveraging is a key priority



Operational Review

Duncan Anderson

CEO



- Core SESV fleet utilisation of 61% (13 percentage points' improvement on Q4 2016)
- Large Class and Mid-Size Class vessel utilisation above 70% for both classes. Good coverage for 2018 with six out of seven of these vessels chartered from Q2 onwards
- Secured five new contracts* in 2017 with a total charter period of just under eight years
- 16-month contract extension awarded for a Small Class vessel in early 2018
- Secured backlog of US\$ 160.6 million (including options) as at 1 March 2018
- Rationalised non-core fleet (sale of two non-core assets, return of a leased vessel to owner)
- Expanded GMS' operational base in Saudi Arabia to support increased activities
- Achieved a very low level of technical and operational downtime for chartered vessels (less than 1%)
- Excellent HSE performance, with zero lost time injuries in the year

**All contracts include option periods.*

Cantilever

- World's first cantilever system for an SESV installed on GMS Evolution
- UK Safety Case for well operations approved
- Cantilever system expands our scope of services, able to supplant higher cost drilling rigs on well workover projects
- Encouraging interest from clients (GMS Evolution, including cantilever, will become available following a long-term charter that commences in Q2 2018)



Crew Transfer Tower

- Innovative crew transfer tower fitted to GMS Endeavour
- Retractable access tower enables movement of personnel to and from transfer vessels



Helping clients to realise cost efficiencies in their own operations

- Increasing levels of enquiries and tender activities in the Middle East and Europe
- Expect improving oil price to have a positive influence on clients' activity levels
- Encouraged by Large and Mid-Size Class performance
- Expect to see a return to higher levels of utilisation for Small Class vessels as demand recovers
- Focus remains on maximising utilisation, with utilisation expected to increase ahead of day rates
- Managing costs appropriately and deleveraging a priority



GMS well-placed with a modern fleet, industry-leading operational expertise and technological capability

**Topside
Maintenance**

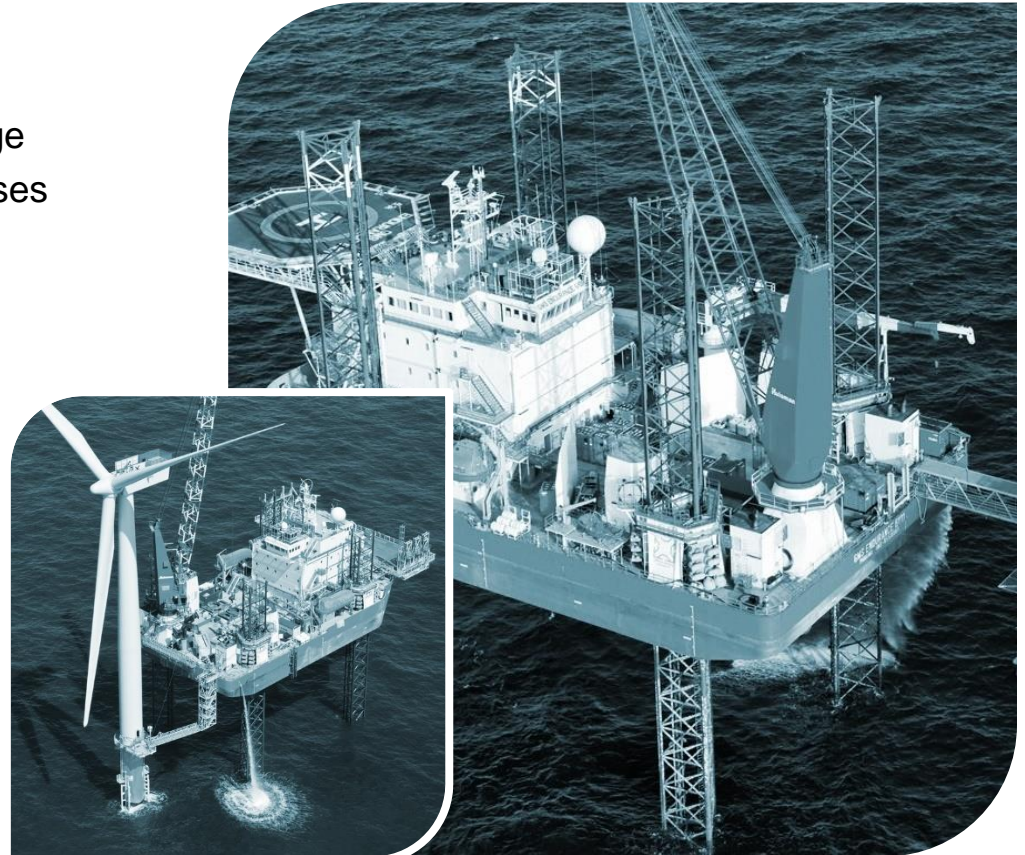
**Well
Intervention**

**Commissioning &
Accommodation**

**Wind Turbine
Installation,
Maintenance &
Accommodation**



- Introduction to GMS
- Clients
- Key Strengths and Competitive Advantage
- Core SESV Fleet Overview – Three classes of vessels serve a range of client needs
- High specification premium fleet
- Large Class SESV Overview
- Mid-Size Class SESV Overview
- Small Class SESV Overview
- SESV Cantilever System v Drilling Rig
- Significant Barriers to Entry
- Historic Results
- Timeline of Achievements and Growth
- Board Composition



Operator of a core fleet of 13 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
- GMS fleet is one of the youngest in the industry, average age seven years
- Large, Mid-Size and Small Class SESVs are capable of supporting worldwide operations in variable water depths (up to 80m) and weather conditions
 - All self-propelled, four-legged design and rapid jacking capability
 - Flexible fleet with specific characteristics (accommodation capacity, crane tonnage, deck space, leg size, well intervention capability) that increase attractiveness to clients
 - Dynamic positioning on fleet of seven Large and Mid-Size Class vessels
 - Cantilever system offers a wider range of well intervention services
- Serving blue chip clients in MENA and North West Europe regions
- Operational expertise from experienced management team and workforce
- Quayside yard facility to maintain, modify and build our vessels
- Supplying clients with bespoke solutions so they can realise cost efficiencies in their own operations



Clients – a well-diversified blue chip client base

Oil and Gas



Renewable Energy



Key Strengths and Competitive Advantage

YOUNG TECHNICALLY ADVANCED FLEET	GMS core SESV fleet of 13 vessels youngest in the industry, with an average age of seven years.
FLEXIBLE	GMS ensures its fleet is highly flexible in order to provide a variety of offshore solutions to clients.
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	More than 40 years of operational experience.
EXPERIENCED MANAGEMENT TEAM	Strong proven track record of delivering successful operational and financial performance.
YARD CAPACITY	GMS maintains its fleet at its yard in the UAE to international standards with modification, repairs and construction significantly cheaper and more time-efficient compared to third party yards.

Well-positioned to manage the current industry challenges

Core SESV Fleet Overview

Large Class



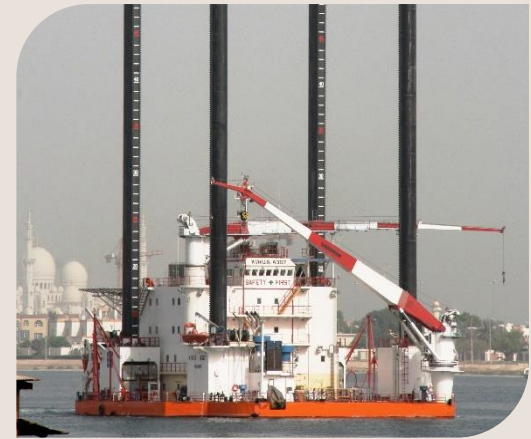
- 4 units
- Avg age: 5 years
- Water Depth: 65-80m
- Accommodation for up to 300 people
- 1000m² Deck Area
- Main Crane: 300 / 400 Tonne
- Harsh weather capable
- Dynamic Positioning (DP2)

Mid-Size Class



- 3 units
- Age: 3 years
- Water Depth: 55m
- Accommodation for up to 300 people
- 850m² Deck Area
- Main Crane: 150 Tonne
- Harsh weather capable
- Dynamic Positioning (DP2)

Small Class



- 6 units
- Avg age: 11 years
- Water Depth: 45m
- Accommodation for up to 300 people
- 600m² – 800m² Deck Area
- Main Crane: 36 / 45 Tonne

Three classes of vessels serve a range of client needs

Comparative Vessel Capabilities

	GMS fleet	Jackup drilling rigs	Semi-sub/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.

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

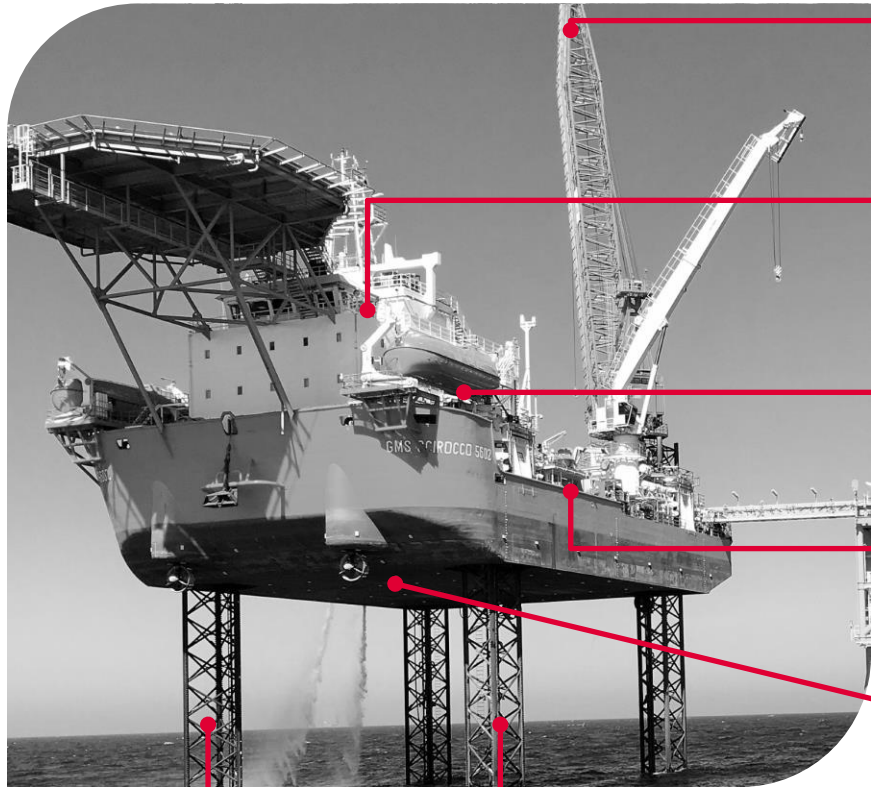
Priority regions of operation

- 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 origins 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 45m 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

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

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
- Good reputation with clients and other stakeholders
- Demonstrable strong safety performance

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

- Extensive accreditation process – harsh weather capability essential
- Limited number of SESVs qualified in North West Europe

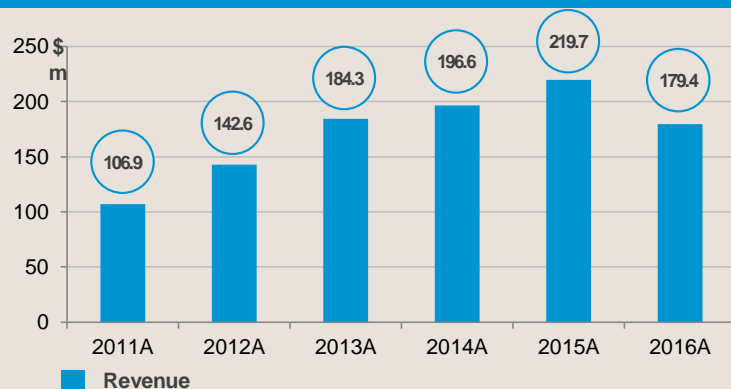
3 Capital Intensive Business

- Customers unlikely to pre-contract inhibiting debt financed new builds
- GMS' extensive operational experience is used to maximise the design of its vessels thereby offering the greatest operational efficiencies to clients

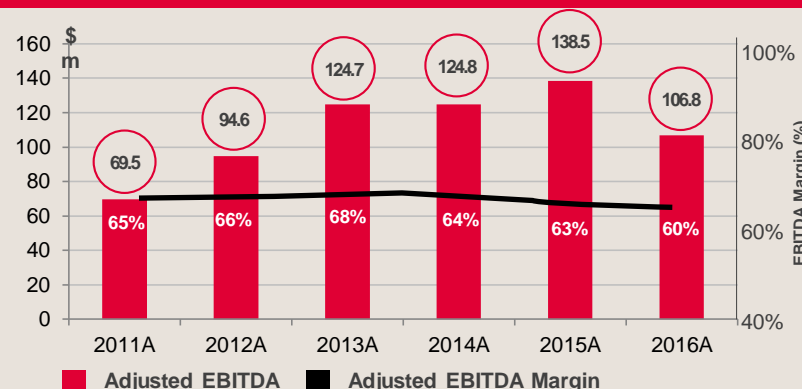
Replicating GMS' fleet and operations would require significant investment and would still not be able to compete with GMS' long, successful operational track-record

Operational and financial performance - a successful track record

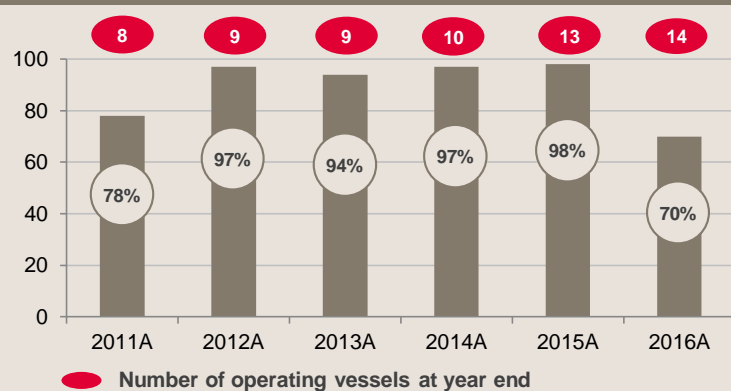
Revenues



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.

Timeline of Achievements and Growth

1977 - 2006	<ul style="list-style-type: none"> ▪ Establishment of Gulf Marine Services ▪ Four Small Class SESVs built (including the world's first 4-leg SESV 1982)
2007 - 2008	<ul style="list-style-type: none"> ▪ Acquisition of GMS by Gulf Capital (2007) ▪ Appointment of new CEO and Management team ▪ New strategy: began disposal of non-core assets and investment in new vessels ▪ Fifth Small Class SESV delivered
2009 - 2010	<ul style="list-style-type: none"> ▪ Accreditations: ISO 9001, 14001, OHSAS 18001 ▪ Sixth Small Class SESV delivered ▪ First Large Class SESV delivered
2011 - 2014	<ul style="list-style-type: none"> ▪ Two Large Class SESVs delivered ▪ Entered offshore renewable energy market in North West Europe ▪ Established UK office (2011) ▪ Seventh Small Class SESV delivered ▪ UK Safety Case approved
2014 - 2014	<ul style="list-style-type: none"> ▪ Third Large Class SESV delivered ▪ Development of Mid-Size Class SESV design ▪ IPO in March 2014 – Listed on the London Stock Exchange
2015 - 2017	<ul style="list-style-type: none"> ▪ Eighth Small Class SESV delivered (enhanced design) ▪ Three Mid-Size Class SESVs delivered ▪ Development of world's first cantilever system for an SESV (2016) ▪ Fourth Large Class SESV delivered with cantilever (2017)
2018 -	<ul style="list-style-type: none"> ▪ UK Safety Case for GMS Evolution with cantilever for well operations approved ▪ Innovative access tower for crew transfers to and from an SESV in renewables industry

Board Composition



Simon Heale
Independent Non-Executive Chairman

- Non-Executive Chairman at Energean Oil and Gas
- 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

- CEO and Non-Executive Director of Soma Oil & Gas Holdings
- Member of the Board at Eurasia Drilling Company
- Previously Chairman of the Board at Vanguard Natural Resources LLC (NASDAQ)
- 39 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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