2019 Interim Results

Gulf Marine Services

30 September 2019

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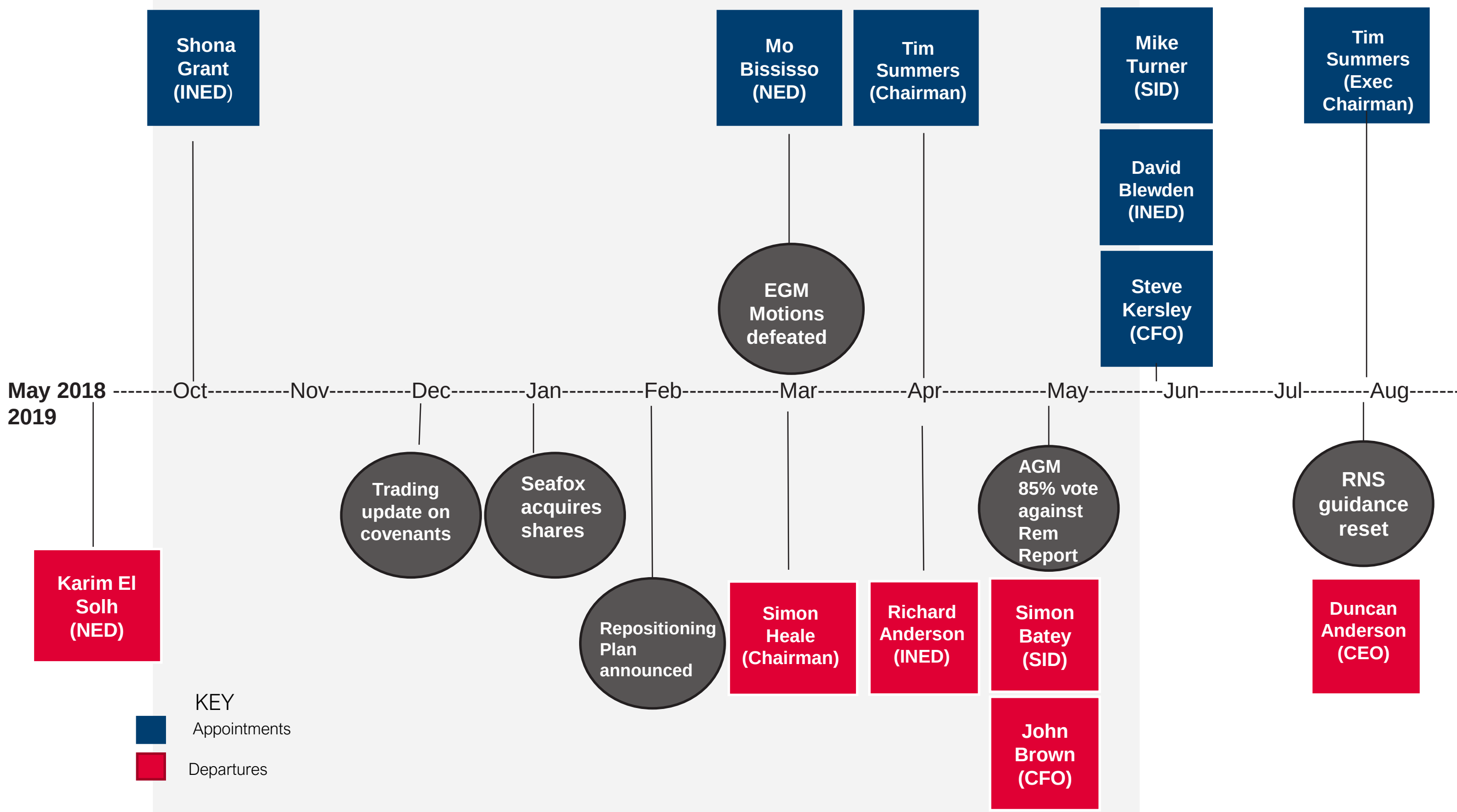
Governance



New Board has breadth of experience:

- Oil & Gas sector
- Business turnaround
- Operational excellence
- Middle East
- Managing highly leveraged businesses
- Oilfield services

Current Status

Safe and Reliable Operations
Continued strong safety performance: zero lost time injuries incurred (H1 2018: zero)

RNS 21 August 2019
CEO change
Guidance reset
Banking update

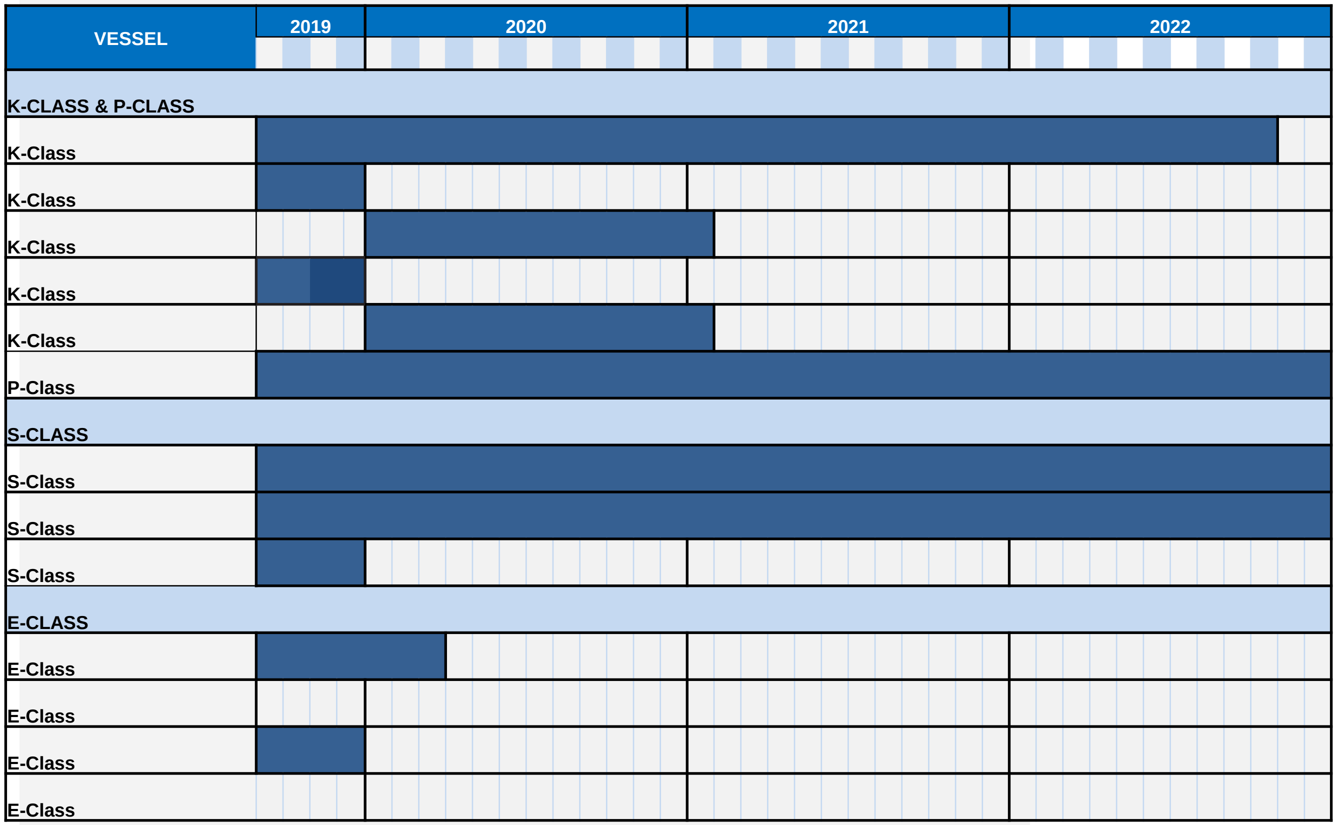
H1 2019 Results
Adjusted EBITDA: US$ 22.3 million (H1 2018: US$ 25.4 million)
Adjusted EBITDA margin: 41% (H1 2018: 45%)
Adjusted EBIT: US$ 5.1 million, margin 9.3%

Financing
Waiver in place for 30 June covenants
Amendment and extension to debt facilities negotiations
Liquidity tight; bonding in place

Vessel Utilisation Increasing Slowly
H1 2019: 69% (H1 2018: 62%)

Increased Middle East Market Activity
Current backlog US$ 210.5 million (vs US$ 121.1 million a year ago)
Six vessels fully contracted for 2020
ADNOC tendering for 11 vessels, Aramco tendering for 7 vessels

Contract Backlog Strengthening



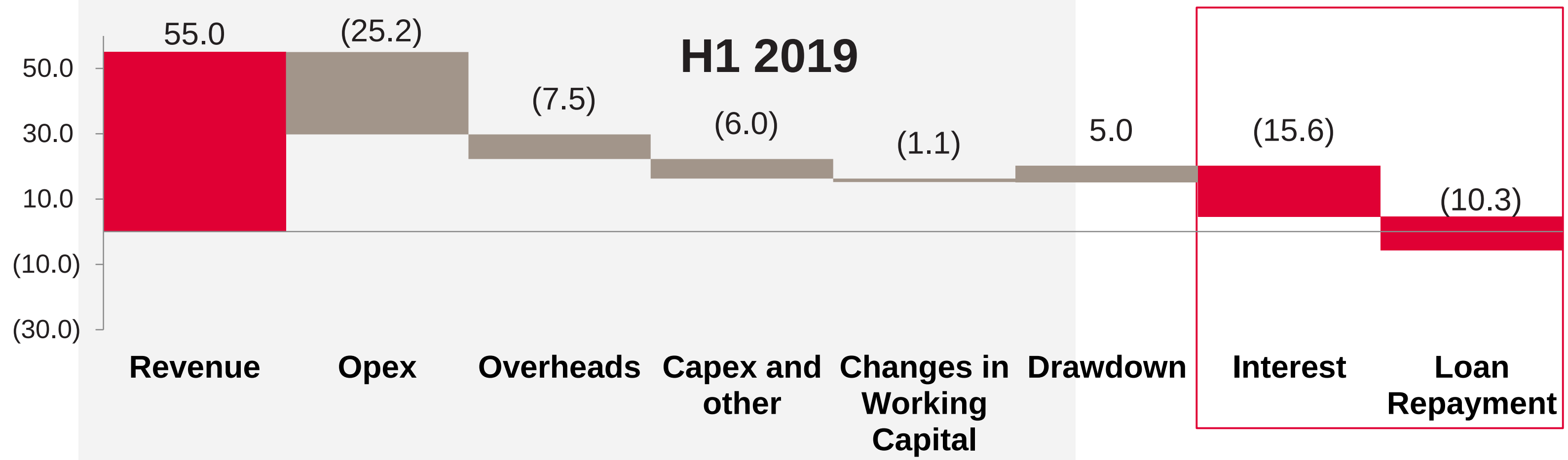
- Demand in the Middle East is strengthening
- Backlog improving: US$ 210.5m as at 29 September 2019 comprising US$ 136.1m firm and US$ 74.4m options (September 2018: US$ 121.1 million)
- Utilisation for the coming financial year is 46% firm, compared to 15% this time last year

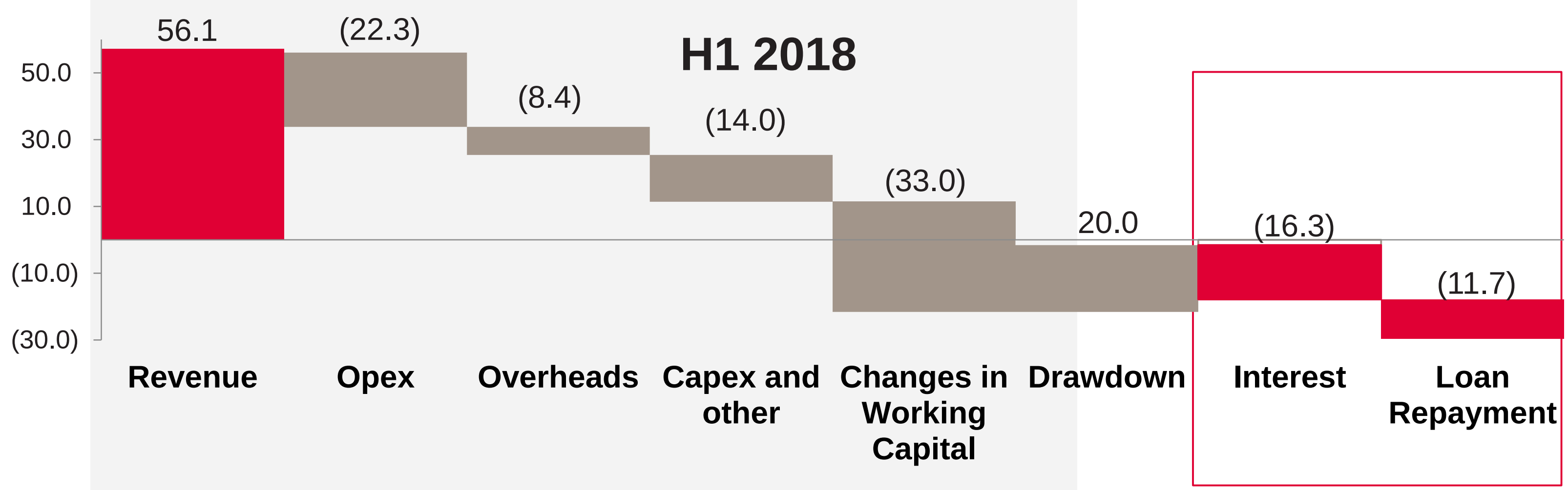
H1 2019 Income Statement

US$ million	H1 2018	H1 2019
Revenue	56.1	55.0
Cost of sales	(34.8)	(40.9)
Impairment charge	-	(4.6)
General and administrative expenses	(9.1)	(8.6)
EBITDA	25.4	17.7
Adjusted EBITDA	25.4	22.3
Loss for the period	(4.4)	(16.9)
Loss per share:		
Basic and diluted (cents per share)	(1.42)	(4.88)

- Revenue flat at US$ 55.0 million
- Utilisation improved but pressure on vessel day rates remained
- Impairment relates to US$ 1.8 million on a 37-year-old non-core vessel and US$ 2.8 million on other vessel equipment
- General and administrative costs 5% lower in H1 2019
- Reduction in adjusted EBITDA arises from impact on margins of lower rates

Sources and Uses of Cash





Balance Sheet

Summary

Our fleet

- Net book value US$ 730.0m
- Dry docking US$ 3.4m

Working capital

- Working capital excluding bank borrowings and lease liabilities of US$ 19.1m
- Bank borrowings included in short term liabilities given material uncertainties deriving from recent covenant breaches

Stable net debt

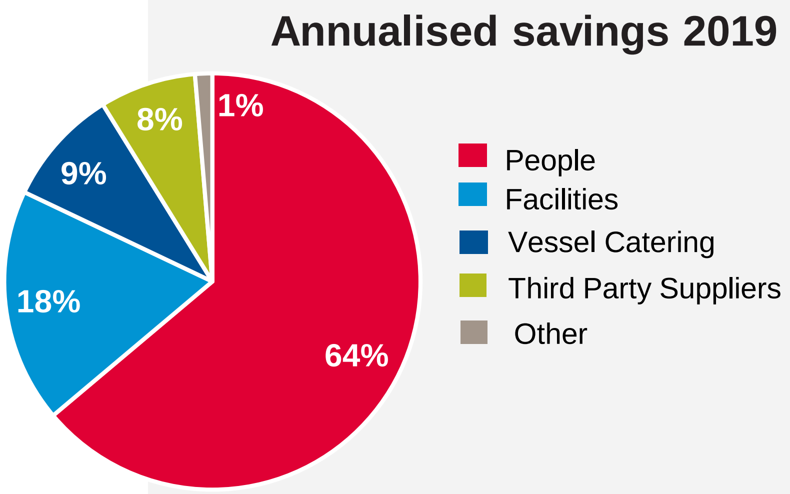
US$ m	31 Dec 2018	30 Jun 2019
Bank debt	411.5	406.4
Cash	(11.0)	(2.9)
Net debt	**400.5**	**403.5**

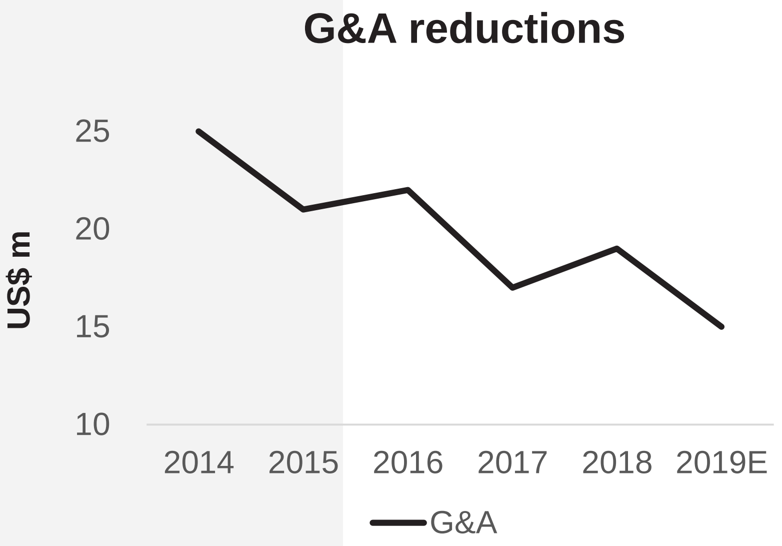
- Impairment: US$ 1.8 million on Naashi, a 37-year-old non-core vessel and US$ 2.8 million on other vessel equipment (cantilever)
- At the testing date, GMS will not meet interest cover and leverage financial covenants with reference to the 30 June 2019 half year financial results as reported previously
- Liquidity tight in H1 and is expected to continued in H2
- As a result of breaches and liquidity, there is a material uncertainty over the Group’s ability to continue as a going concern described in our financial statements

Vessel Performance

	K-Class (Small) (6 vessels)		S-Class (Mid) (3 vessels)		E-Class (Large) (4 vessels)		Total Core SESVs (13 vessels)	
	H1 2018	**H1 2019**	**H1 2018**	**H1 2019**	**H1 2018**	**H1 2019**	**H1 2018**	**H1 2019**
Utilisation based on calendar days	58%	65%	74%	96%	48%	54%	62%	69%
Average charter day rate excluding hotel services (US$'000)	24	21	42	34	49	43	-	-
Average on hire daily vessel operating expenses (US$'000)	9	9	12	12	15	15	-	-

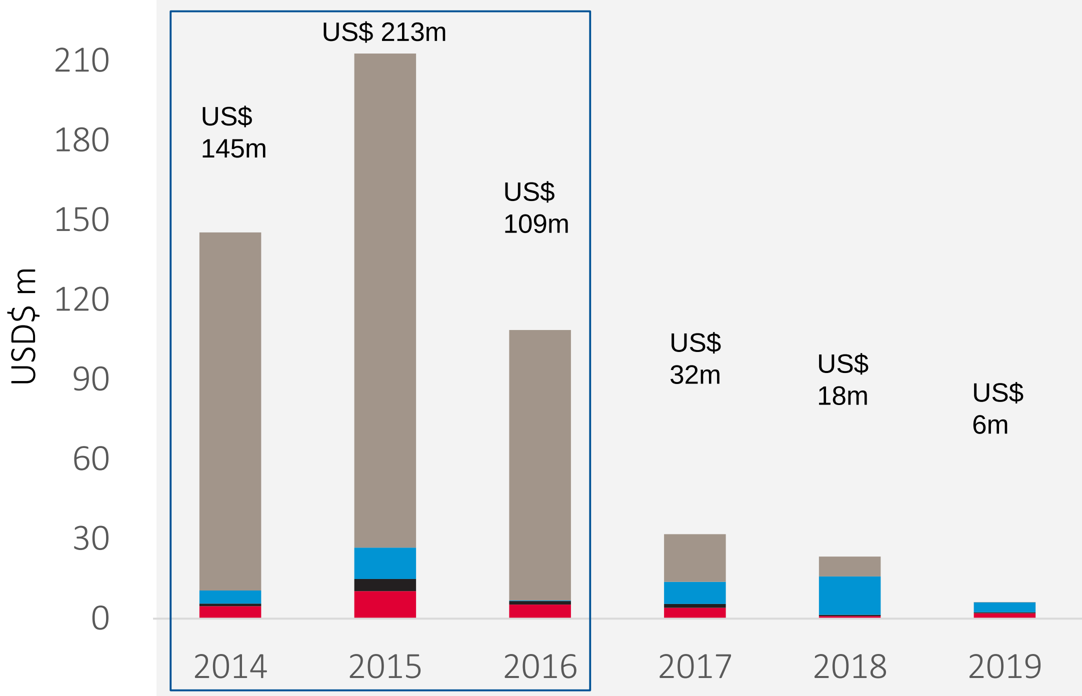
Cost Savings Ahead of Target





- Target for annualised savings (US$ 6.0 million) exceeded; revised target US$ 8.5 million.
- Total in year savings of US$ 2.5 million in G&A, US$ 2.4 million in operating costs and US$ 0.5 million in capex
- Further opportunities are being pursued through greater use of competitive tendering, manpower reductions, more efficient use of assets, process improvements

Capital Expenditure at Minimal Levels



Maintenance Capex
Ensures vessels remain operational

Reimbursable Capex
Capex incurred, paid for partially/fully by client

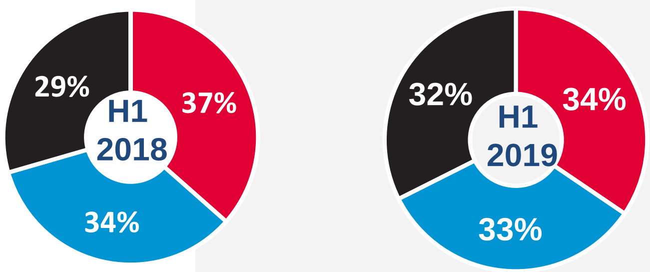
Client Specific
Required to meet contract requirements

Discretionary Capex
Vessel investment related. The majority is new build

2014-16 significant new build spend to increase number of vessels; GMS fleet is currently one of the youngest in the industry with an average age of eight years and a lifespan of more than 25 years

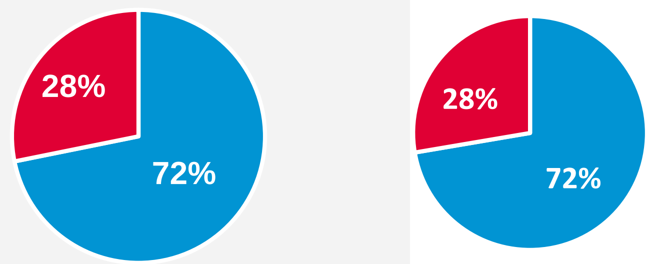
Revenue Mix

Revenue by vessel class



E-Class (Large) Vessels
S-Class (Mid) Vessels
K-Class (Small) Vessels

Revenue by geographical location

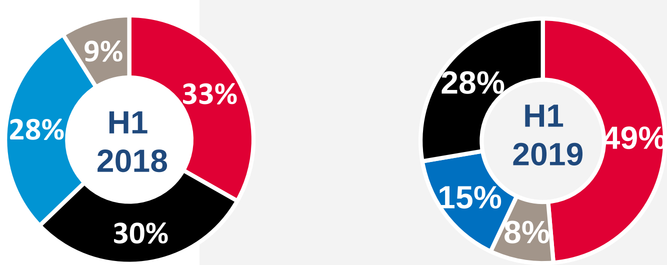


H1 2018

NW Europe
Middle East

H1 2019

Revenue by customer



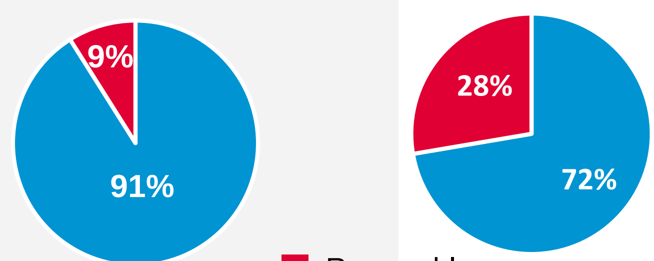
EPC

Offshore Wind

National Oil Company

International Oil Company

Revenue by type

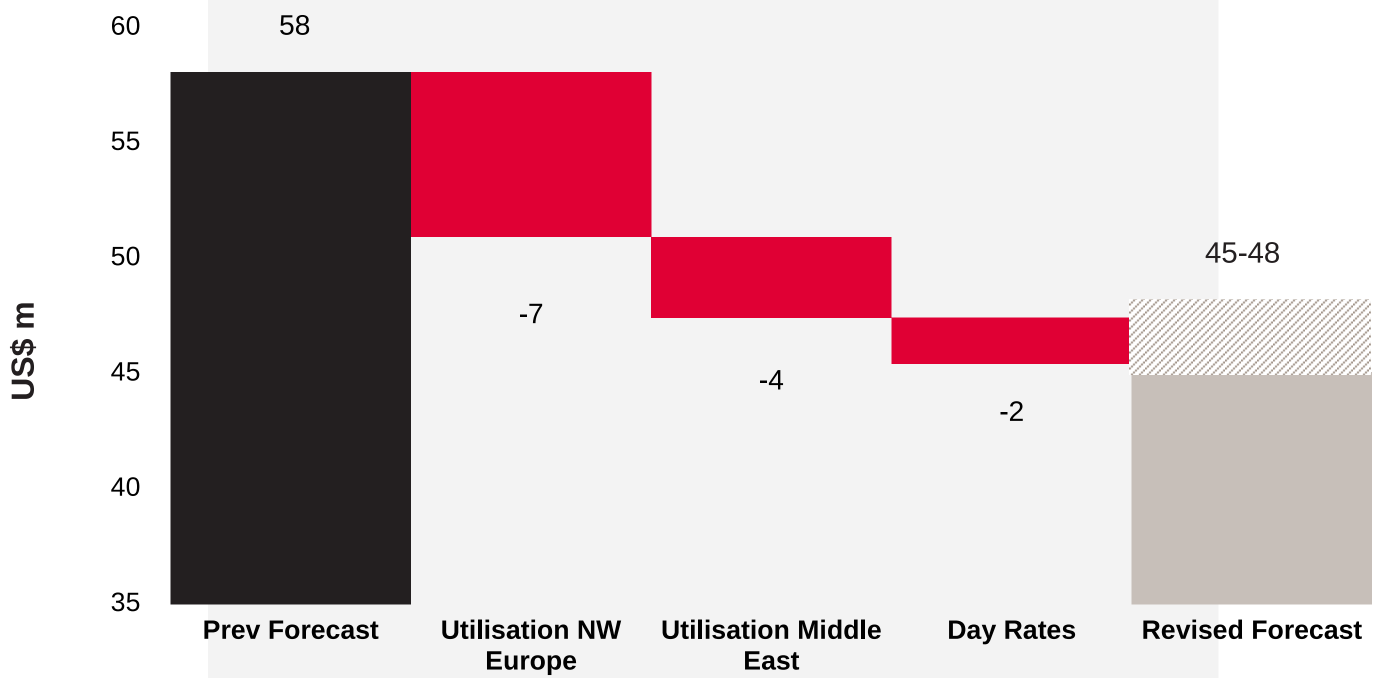


H1 2018

Renewables
Oil & Gas

H1 2019

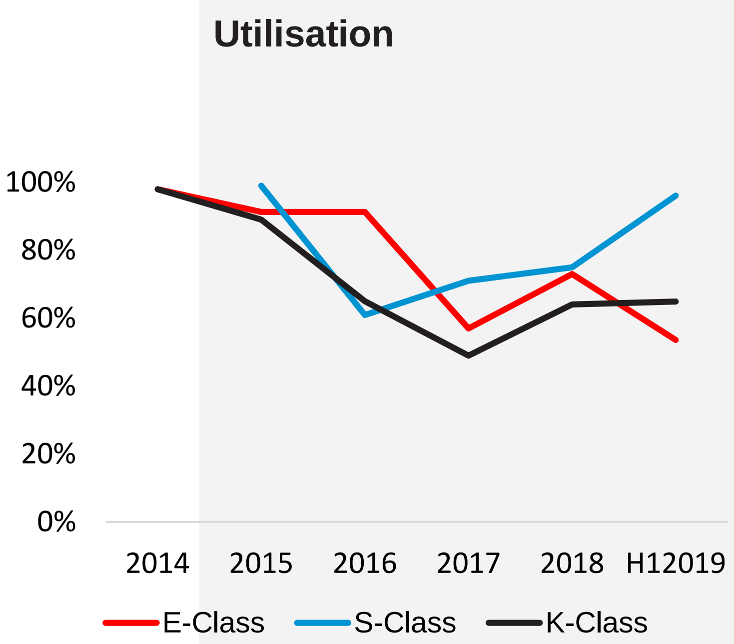
2019 EBITDA Guidance Reset (RNS 21 August 2019)

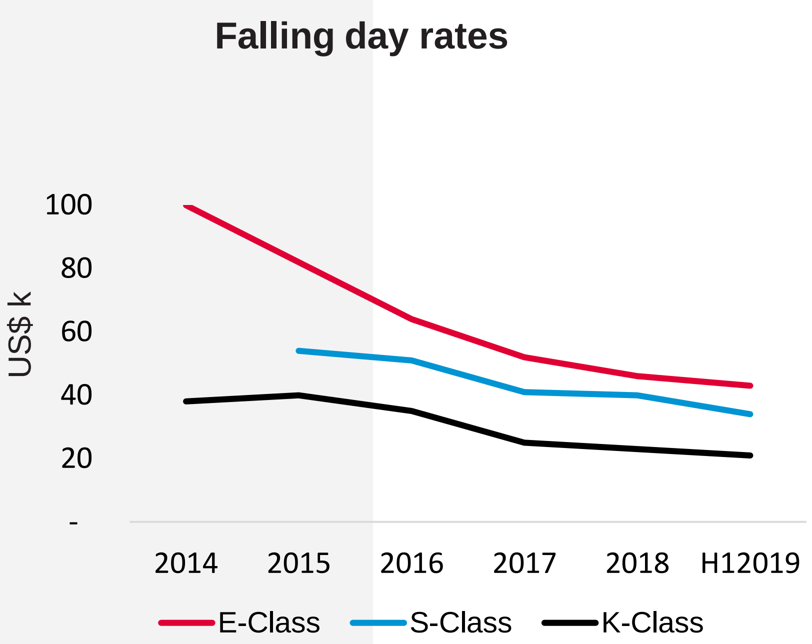


Bank Negotiations

- Intensive discussions between lenders and new Board and management over the last three months over provision of a waiver and rephasing of the bank facilities
- Waiver for 30 June covenant test agreed. Access to bonding facilities granted. Working capital facility rolled over until 31 December 2019
- Amend and extend proposal submitted in mid-July; revised business plan prepared by GMS management team submitted as part of process and discussions ongoing
- Relationships developed at senior level with key lending banks; supportive and constructive tone – focused on achieving pragmatic solution

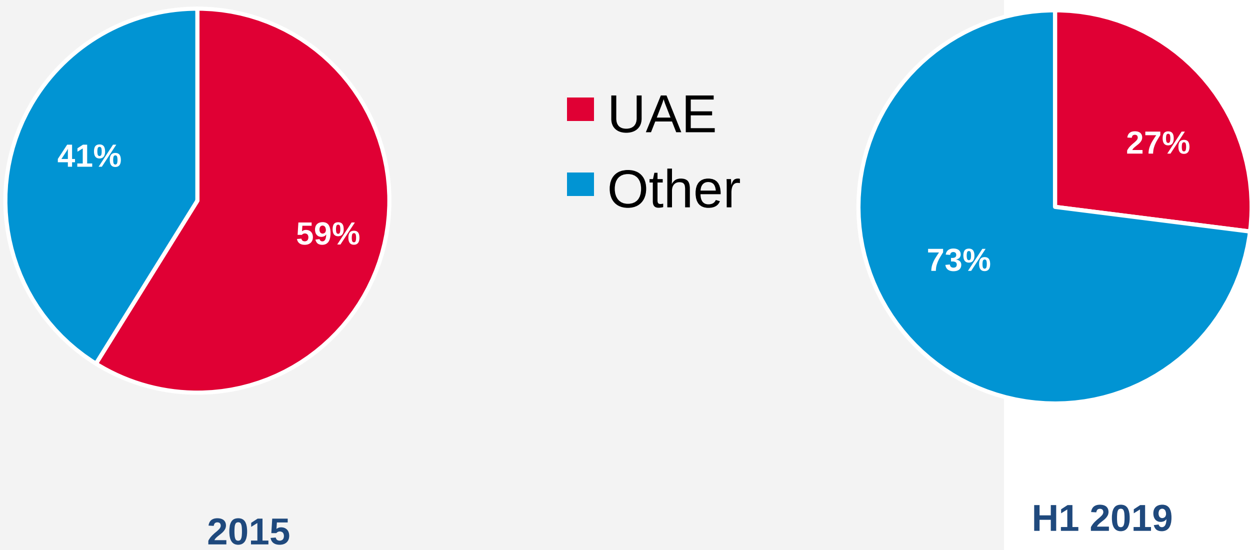
Challenging Conditions since IPO





Customer Diversification

Geography



Middle East Outlook

Next five years and beyond:

High levels of E&P investment: US$ 134 billion expected on regional offshore activities to 2023

ADNOC – increasing production capacity from 3.5MMbpd in 2018 to 4MMbpd by 2020 and 5MMbpd by 2030

Qatar Petroleum to invest US$ 10 billion in offshore production over the next five years

Saudi Aramco to spend US$ 133 billion on upstream activities over the next decade

Outlook: Current industry vessel oversupply should tighten and lead to utilisation and pricing growth

Significant increase in SESV demand in GMS' key markets expected:

Enhanced oil recovery critical to offsetting natural production decline and NOCs achieving production targets

Middle East accounts for 37% of global shallow water supply; expected to increase output by 12% by 2030

Just under 600 platforms (exc. Iran) with average water depth 37.9m and average age 28 years

Estimated 175 additional platforms should be installed across the Middle East over the next five years

Source: Westwood Global Energy Group

NW Europe Outlook

GMS

Renewables

- Commissioning of Round 3 Offshore Wind Farm projects UK expected to stretch existing SESV capacity
- Markets such as Germany continue to contribute to SESV demand; utilisation for premium assets anticipated to grow c 90% by 2021
- 4,520 turbines expected to be installed over the 2019-25 period
- Potential shortage of SESVs in the European wind sector by 2024/25

Outlook
- Activity flat for 2020
- Significant medium-term opportunities

Oil & Gas

- Recent restructuring of the E&P landscape (from major IOCs to smaller E&P companies) has caused pause in investment as new entrants refocus efforts to maximise the basin's remaining potential.
- 250 offshore facilities over 30 years of age and nearing end of useful life
- c.139 platforms will be removed in 2029-25 equalling 400,000MT of topsides and 1,532 wells to be plugged & abandoned

Outlook
- Activity flat for 2020
- Strong fundamentals going forward, particularly in decommissioning

Source: Westwood Global Energy Group

Summary

Safe and reliable

- Continue to deliver excellent safety and operational performance
- Continue to deliver operational efficiencies to customers

Low-cost operations

- Annualised savings target exceeded (US$ 8.5m vs US$ 6m)
- Further opportunities to drive cost improvements

Strengthening position in core markets

- Six of our fleet already fully contracted for 2020
- Significant tender opportunities in the Middle East
- Subdued North West Europe market in the near term

Sustainable capital structure

- Waiver agreed with banks
- Liquidity will be carefully managed
- Negotiations to amend and extend debt ongoing

Focused on the future

- Continue the business transformation to drive efficiencies
- Market and commercial development – increase revenue and EBITDA

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