

2016 Interim Results

Gulf Marine Services

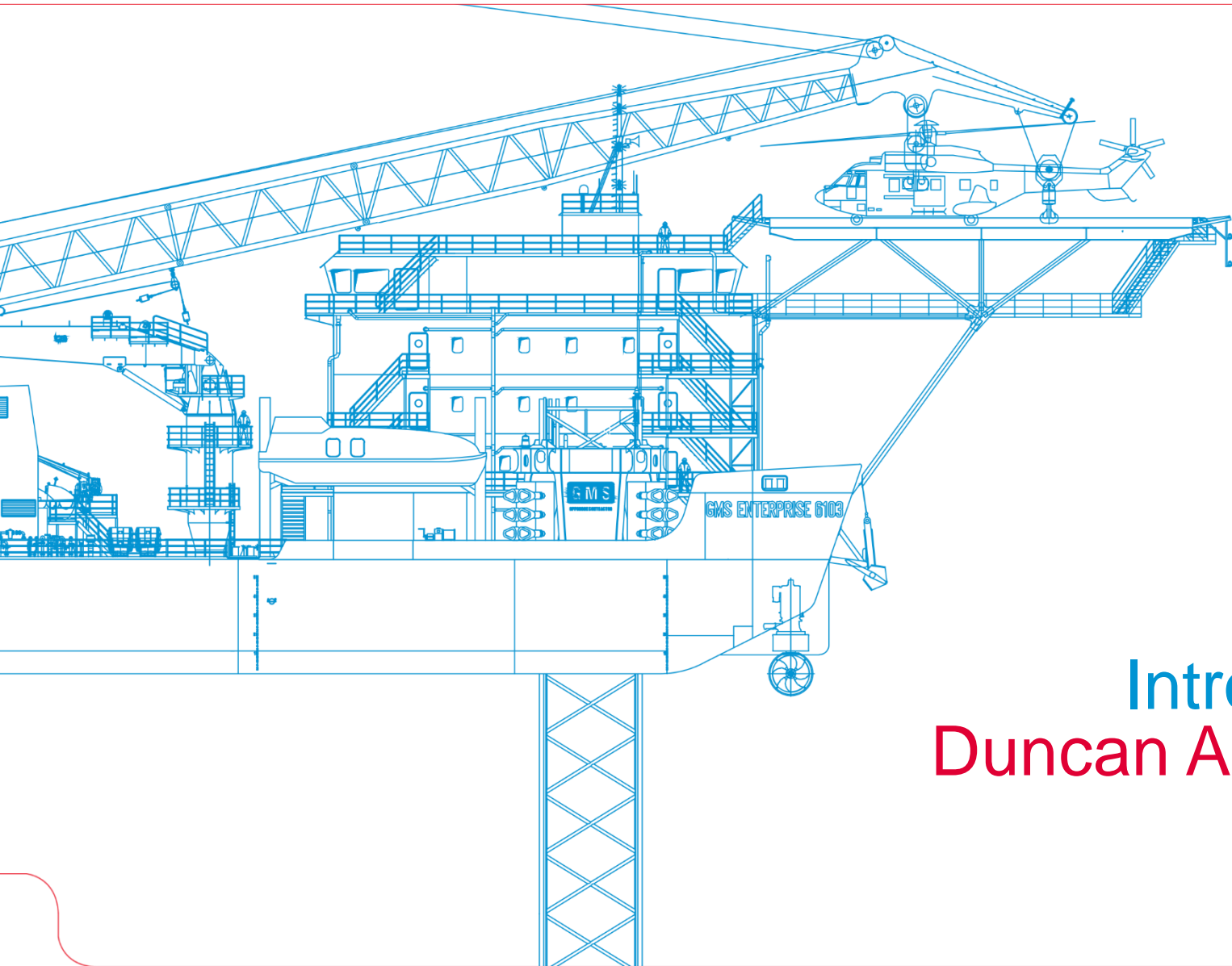
31 August 2016 | www.gmsuae.com



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Introduction

Duncan Anderson

CEO

- Solid first half performance
- SESV utilisation of 89% for the period with overall healthy charter rates
- Contract award for Mid-Size Class vessel and contract extension for Small Class vessel (August 2016)
- LOI signed for new 18-month contract (incl. options) for a Large Class vessel in Europe (August 2016)
- Challenging business environment, three contracts terminated early, and an option period not exercised
- Development & construction of pioneering cantilever systems for vessels progressing to schedule
- Reiterating previous guidance for FY 2016
- Net debt of US\$ 371.4 million at 30 June 2016

EBITDA
US\$ 70.7 million

EBITDA Margin
64%

Dividend
0.41p / share

Contract Backlog
US\$ 170.5 million

HSE
TRIR* 0.06

Solid first half with strong margin performance

*Total Recordable Injury Rate (H1 2015: 0.23).

Actions to Address Period of Industry Uncertainty

Managing our cost base appropriately, number of initiatives implemented

Renegotiated debt covenants to ensure adequate headroom

Diversifying our offering:

- Continuing decommissioning work and life extension projects in the North Sea
- Pioneering cantilever system to broaden services offered and increase work opportunities

Business development programme in new regions e.g. South East Asia

Well-positioned to manage the current industry challenges

Cantilever systems will allow GMS to:

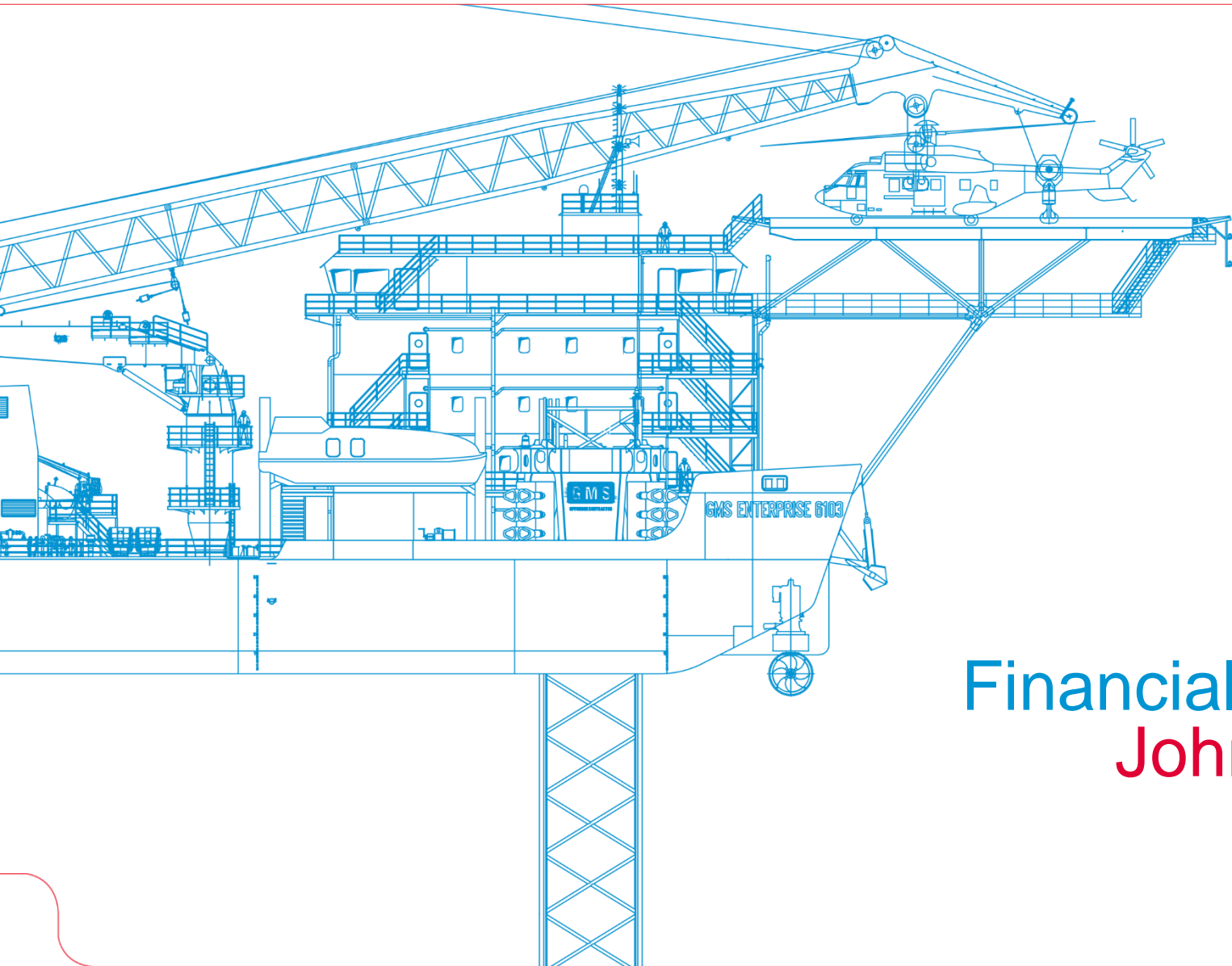
Deliver existing well intervention activities more efficiently and cost effectively

Provide a wider range of services from our SESVs

Compete for workover activity previously only able to be carried out from jackup drilling rigs
– significant expansion of market opportunities



Significant interest from market on cantilever delivering operational efficiencies and cost savings for clients



Financial Review

John Brown CFO

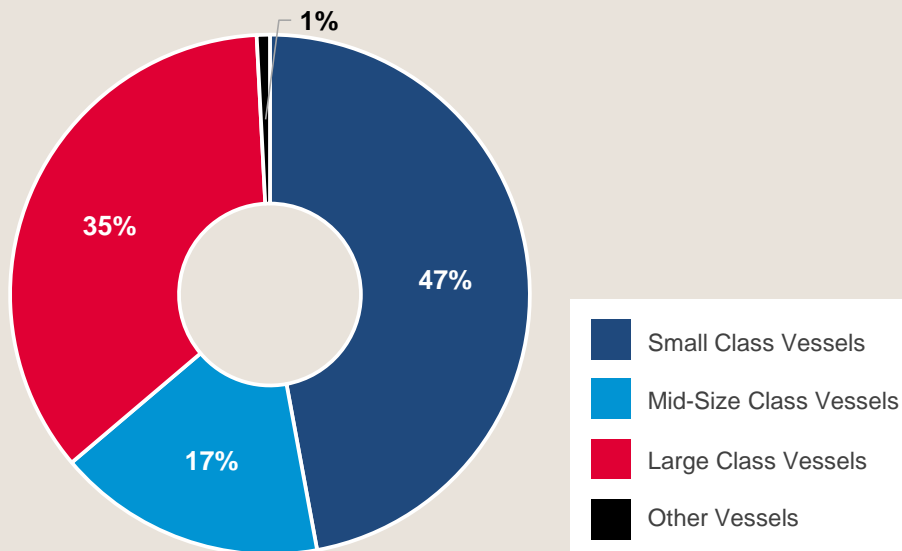
(US\$m)	H1 2016	H1 2015	% Change
Revenue	110.4	98.2	12%
<i>Revenue from SESVs</i>	109.5	95.7	14%
<i>Revenue from non-core fleet</i>	0.9	2.5	-64%
Gross profit	53.1	58.2	-9%
General & Administrative expenses	12.7	10.3	23%
EBITDA	70.7	60.1	18%
EBITDA margin	64%	61%	5%
Net profit	27.8	35.0	-21%
Adjusted net profit*	41.9	35.0	20%
Adjusted EPS (US cents)*	12.00	9.95	21%
Interim dividend per share (pence)	0.41	0.41	-

- Revenue increased by 12% reflecting fleet expansion, continued high SESV utilisation levels and overall healthy charter rates
- EBITDA was up 18% to US\$ 70.7 million with a high EBITDA margin of 64%
- An impairment charge of US\$ 14.2 million recognised on the non-core vessels
- Adjusted net profit after taxation for H1 2016 increased by 20% to US\$ 41.9 million
- Interim dividend per share held constant at 0.41 pence

Solid performance in challenging market conditions

*Representing operating profit after adding back an impairment on non-core vessels (2 anchor tug supply vessels and an accommodation barge) in H1 2016.

Revenue by Segment in H1 2016



Revenue by Activity

Oil and Gas – Opex-led activities	70%
Oil and Gas – Capex-led activities	30%

Revenue by Region

MENA	77%
Europe	23%

Focus on maximising utilisation levels

SESV Performance Indicators

	Small Class (8 vessels)		Mid-Size Class (3 vessels)		Large Class (3 vessels)		Total SESVs (14 vessels)	
	H1 2016	2015	H1 2016	2015	H1 2016	2015	H1 2016	2015
Utilisation	88%	96%	80%	100%	100%	100%	89%	98%
Average charter day rate excluding hotel services (US\$000)	37	40	52	54	69	82	-	-
Average daily vessel operating costs (US\$000)	9	10	16	17	15	21	-	-

SESV fleet

- High utilisation across the SESV fleet of 89% in H1 2016 with overall healthy charter rates achieved
- Charter rates denominated in Euro and GBP on certain Large Class vessels affected by foreign exchange rate fluctuations
- Cost saving initiatives partly reflected in above opex, impact greater on annualised basis

Overall good performance on the SESV fleet

Initiatives implemented include:

- Opex reductions through vendor discounts and improved supply chain management
- Salary reductions and work force rationalisations for both crew and onshore staff

Expected annualised cash savings from above:

- Cash operating costs of our vessels to reduce by more than 10% (US\$ 8 million)*
- General and administrative expenses to reduce by more than 15%

Warm stacking off-hire vessels in MENA at our yard facility in Abu Dhabi can reduce the daily operating costs to around US\$ 2000

Continued focus on cash generation - cost management and capex reduction

*Guidance on operating expenditure is dependent on utilisation levels achieved.

Remaining capital expenditure for 2016 is approximately US\$ 40 million (includes non-new build capex of US\$ 16 million)

Current new build programme due to complete in Q4 2016, the new build team will then be scaled down

No significant capital commitments planned from 2017 onwards

Annual maintenance capex will be around US\$ 10 million

Significant capital expenditure ends in 2016

Managing the Balance Sheet

(US\$m)	At 30 June 2016	At 31 December 2015
Cash at Bank	32.7	60.8
Bank Debt	404.1	365.1
Net Debt	371.4	304.3
Obligation under finance lease*	41.5	94.6
Net Debt (including finance lease obligations)	412.9	398.9

Continued healthy cash generation from operations of US\$ 63.9 million (H1 2015: US\$ 45.9 million)

Net debt at 30 June 2016 was 2.8x EBITDA**, well below the maximum leverage ratio permitted by bank facility agreement of 5x

The net debt level (being bank borrowings less cash) is expected to increase by year end to approximately US\$ 395 million and then reduce thereafter as the Group's capital expenditure levels decrease significantly

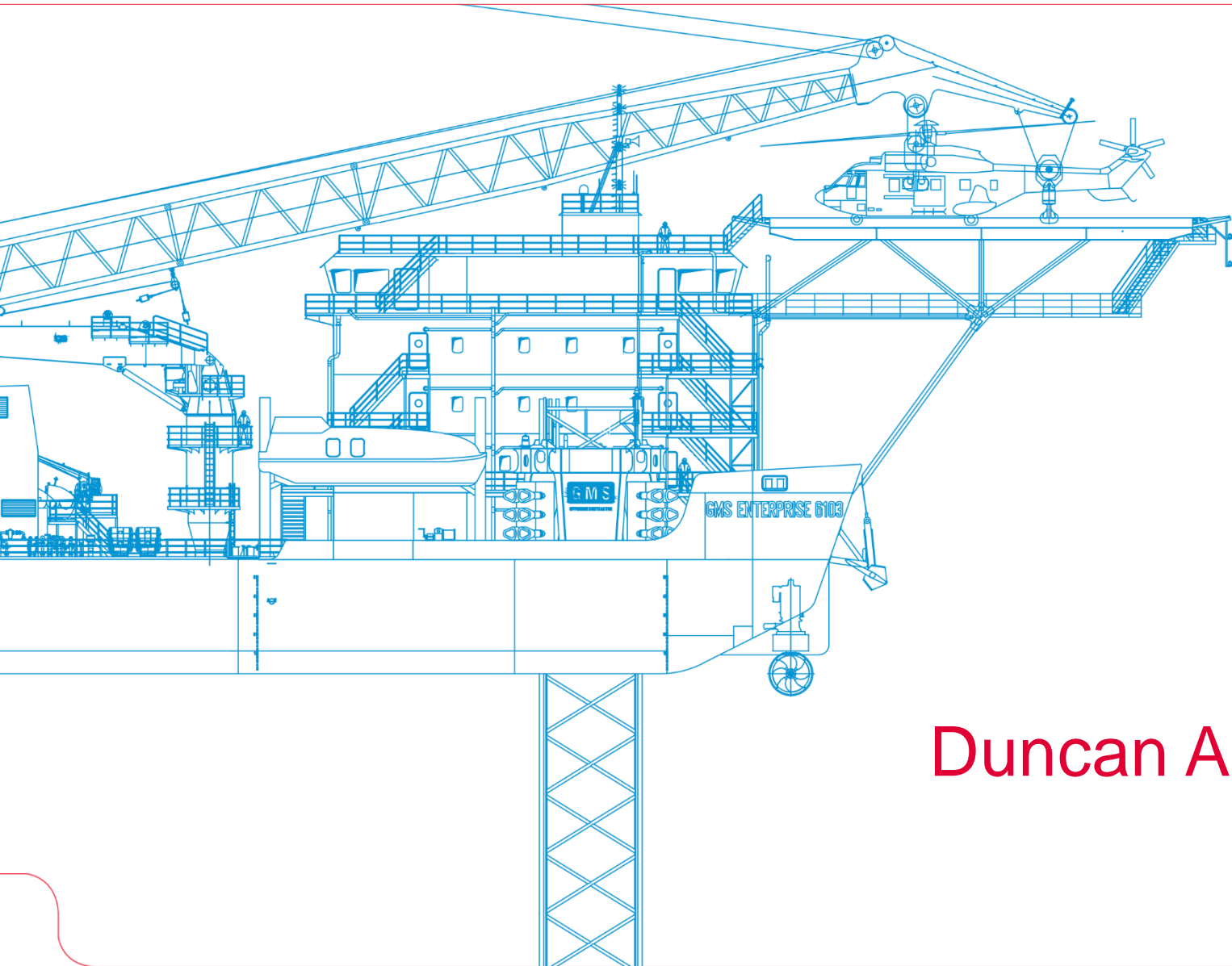
No material bank debt maturities falling due in the near term. Current debt facility matures in 2021

Committed undrawn bank facilities of US\$ 175.0 million and Group cash balance of US\$ 32.7 million at 30 June 2016

Sound balance sheet with a focus on deleveraging in 2017 and beyond

*Finance lease obligation shown includes an exercisable option to purchase the vessel. The Group has no contractual liability to purchase the vessel as no commitment has been made and is excluded from bank covenant tests unless option exercised.

**Covenant leverage ratio is based on last twelve months of EBITDA.



Outlook Duncan Anderson CEO

Market Conditions

- Market outlook remains uncertain, with expected lower vessel utilisation stemming from budgetary constraints applied by clients
- GMS is well-positioned to capture additional work when the market resumes higher levels of activity:
 - Tender opportunities continue as clients focus on production
 - Decommissioning work continuing and demand for GMS vessels in this sector anticipated to increase

Navigating through the Challenges

- Manage costs appropriately, cash conservation and deleveraging key priorities
- Maximise utilisation by:
 - Focussing on diversification (decommissioning) and expanding well services (cantilever)
 - Pursuing new charter opportunities across several regions
 - Providing most cost-effective offshore solutions with a modern and flexible fleet and leading operational expertise
- Maintain competitive advantage, with Opex-focused business model

Continued delivery in a challenging market

Thank You – Any Questions?

**Topside
Maintenance**

**Well
Intervention**

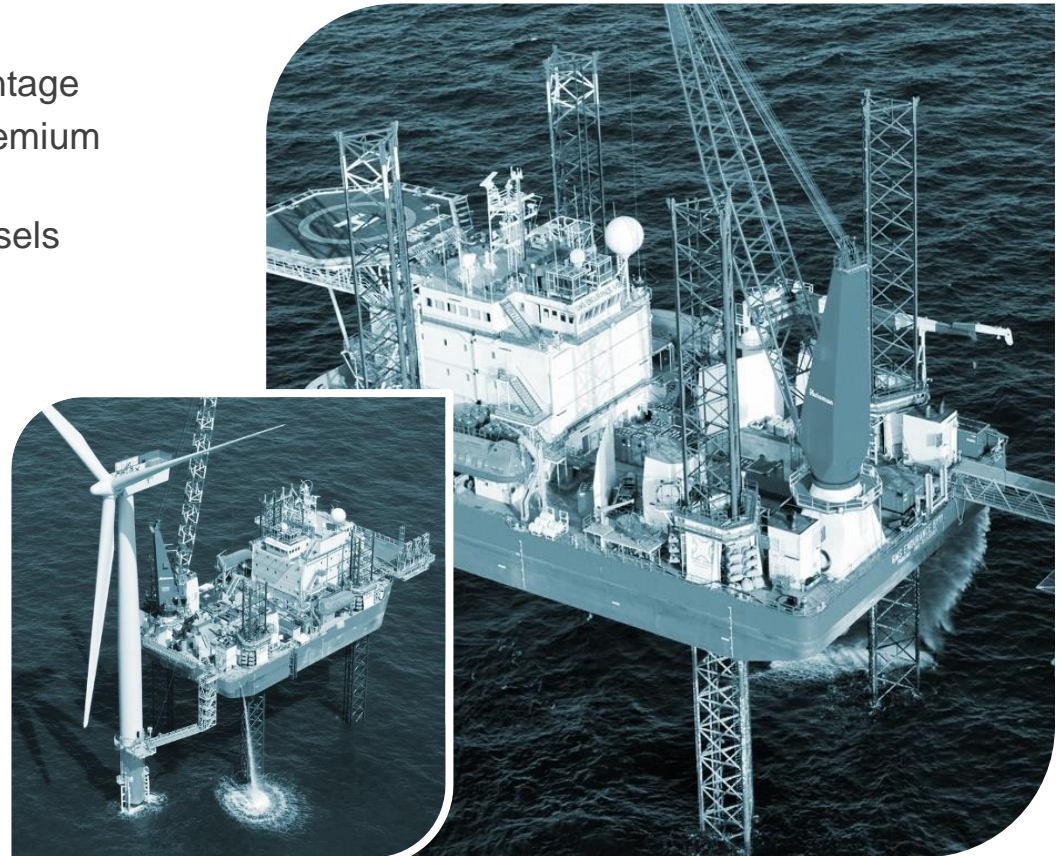
**Commissioning &
Accommodation**

**Wind Turbine
Installation &
Maintenance**



Vessel flexibility – expanding opportunities

- Clients
- Core Strengths and Competitive Advantage
- 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



Oil and Gas

ConocoPhillips



Schlumberger



TOTAL



أرامكو السعودية
Saudi Aramco



HYUNDAI
HEAVY INDUSTRIES CO., LTD.

قطر للبترول
Qatar Petroleum



BG GROUP



مؤسسة دبي للبترول
DPE
Dubai Petroleum Establishment



Renewable Energy

VATTENFALL



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

In excess of 35 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

Fleet Overview

High specification premium fleet

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	by her 1anoExpandable 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



- 3 units + 1 to be completed Q4 2016
- 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: delivered in 2015 & 2016
- 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: 11 yrs (8yrs 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 with approximately 30% 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



Four-leg design

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

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

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

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

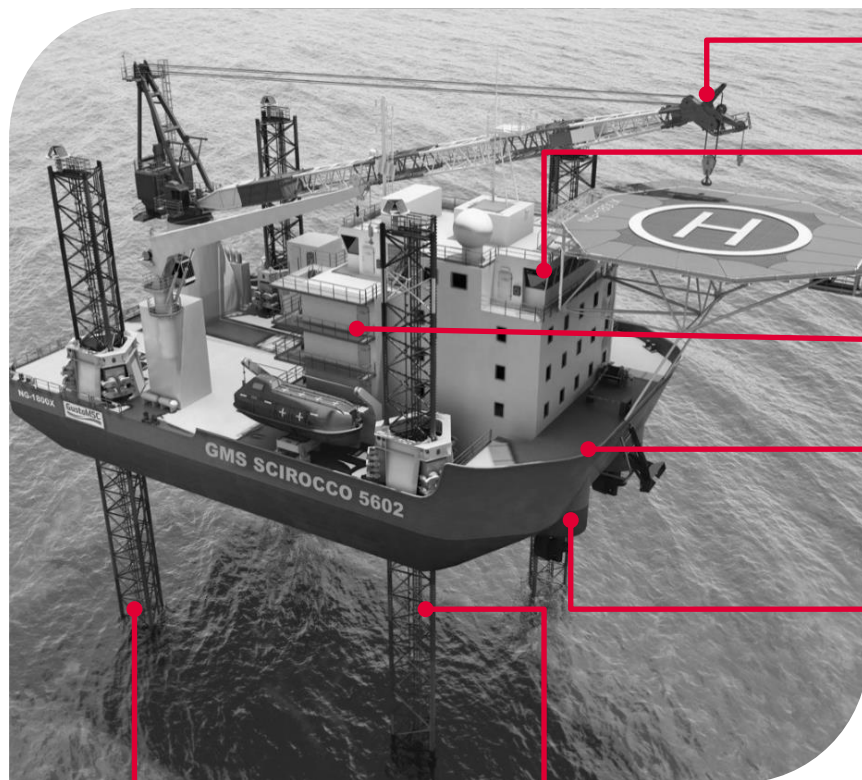
Priority regions of operation

- 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

45m water depth capability

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

Accommodation

- Accommodates 150 people which can be expanded to 300

Self-propelled

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

Large deck area

- 600m2 deck area

Four-leg design

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

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

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

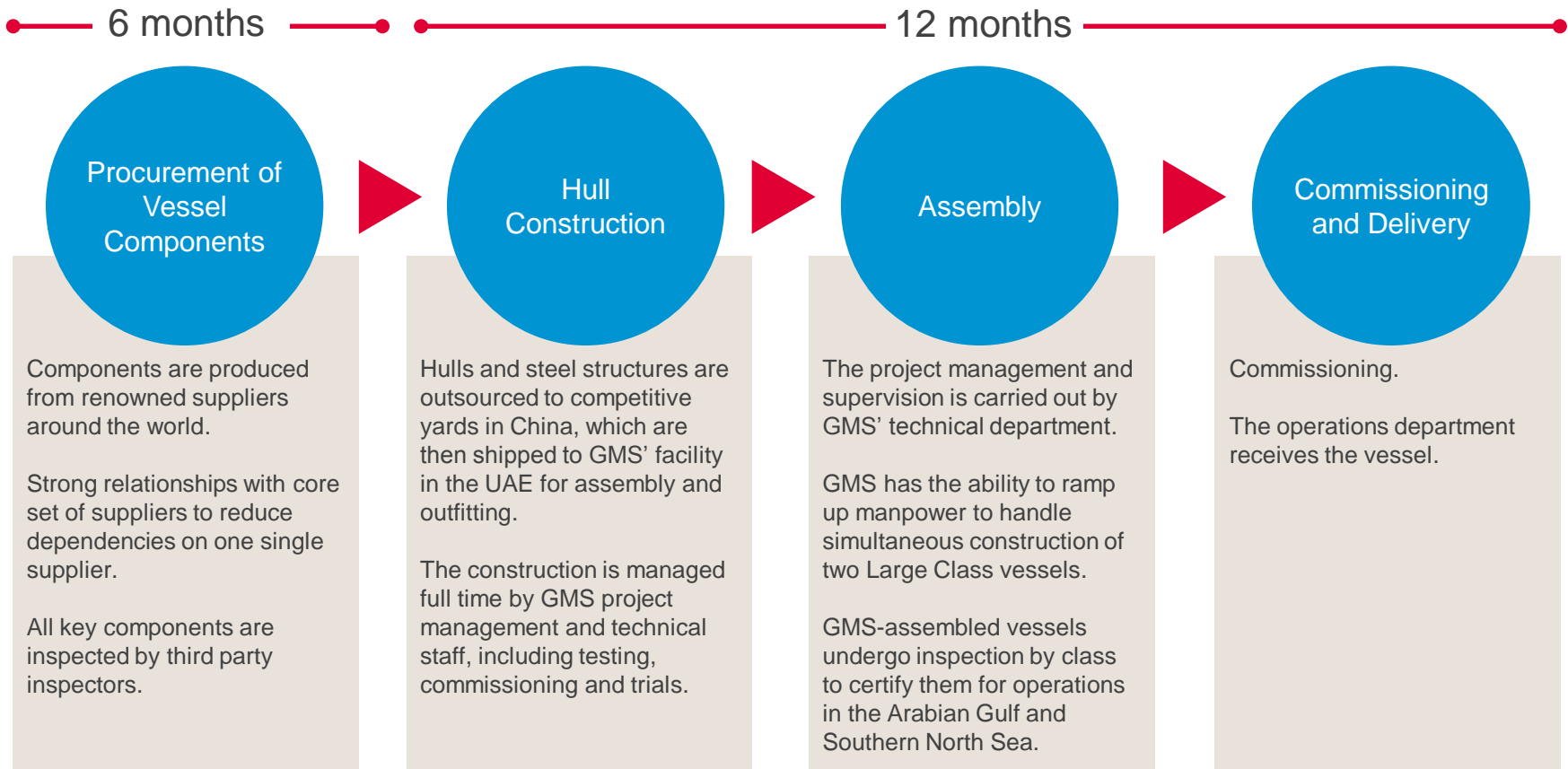
- Full in-house project management and technical supervision capabilities
- Direct control of new build construction, with cheaper build we are better placed to secure contracts
- Enhanced offering (bespoke build/modifications) provides clients with cost-saving solutions, especially relevant in the current 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
- 42,600 sq. ft. 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

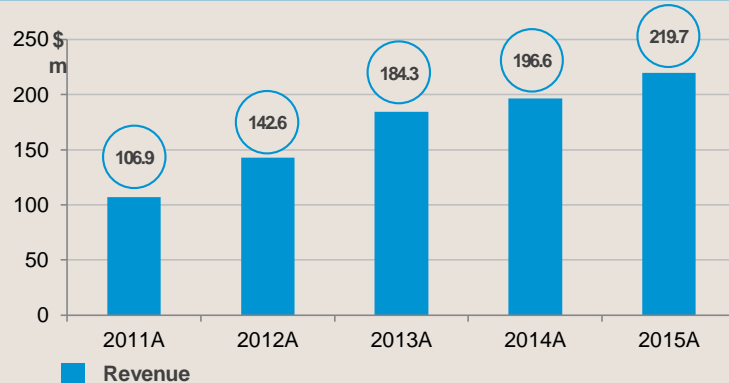
Fluid and Flexible New Build Programme



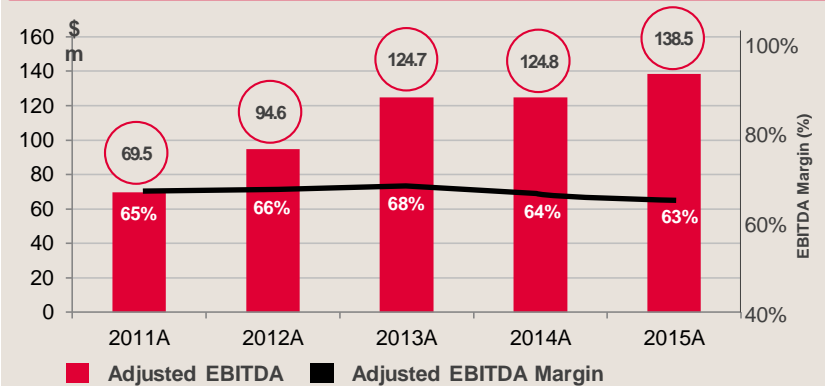
A number of vessels can be simultaneously at various stages of the build programme e.g. procurement occurs throughout the entire process with some components added at the end

Operational and financial performance - a successful track record

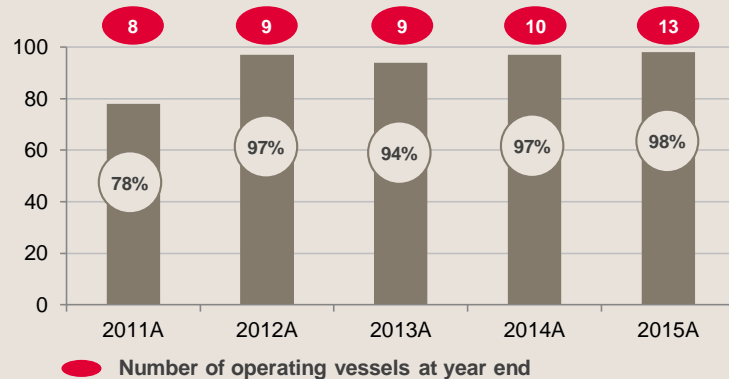
Revenues



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



Mike Straughen
Independent Non-Executive Director

- Non-Executive Director of Core Laboratories and three privately owned oilfield services businesses
- Formerly CEO of the Engineering Division at Wood Group plc
- Previously with AMEC for 25 years, latterly as Group MD
- UK Chartered Engineer, BSc (Hons) Mechanical Engineering



Rick Dallas
Non-Executive Director

- Managing Director Gulf Capital
- Previously MD of Oryx Capital International and a Partner at Gibson, Dunn & Crutcher
- US A.B. degree in Economics (Hons), J.D. degree.



Dr Karim El Solh
Non-Executive Director

- Co-Founder and CEO of Gulf Capital
- Co-Managing Partner of Gulf Related
- Chairman of Reach Group
- Previously Chairman of Metito
- 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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