

# 2019 FULL YEAR RESULTS

Gulf Marine Services PLC

May 2020

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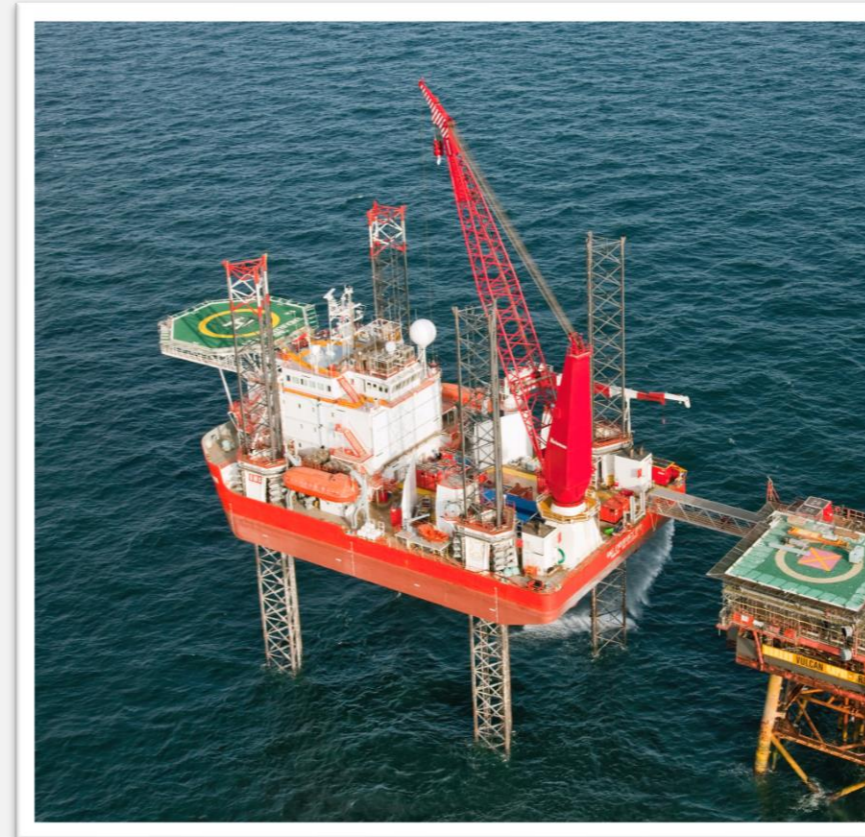
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# COVID-19 UPDATE

# COVID-19 Managing Business Impact

## Group

- Routine Board updates
- Restricted travel
- Critical supplier analysis
- Onshore and offshore contingency plans
- Daily Management Call

## Onshore

- Organisation size reduced
- Staff working from home
- Working hours and salaries reduced
- Leave and business travel

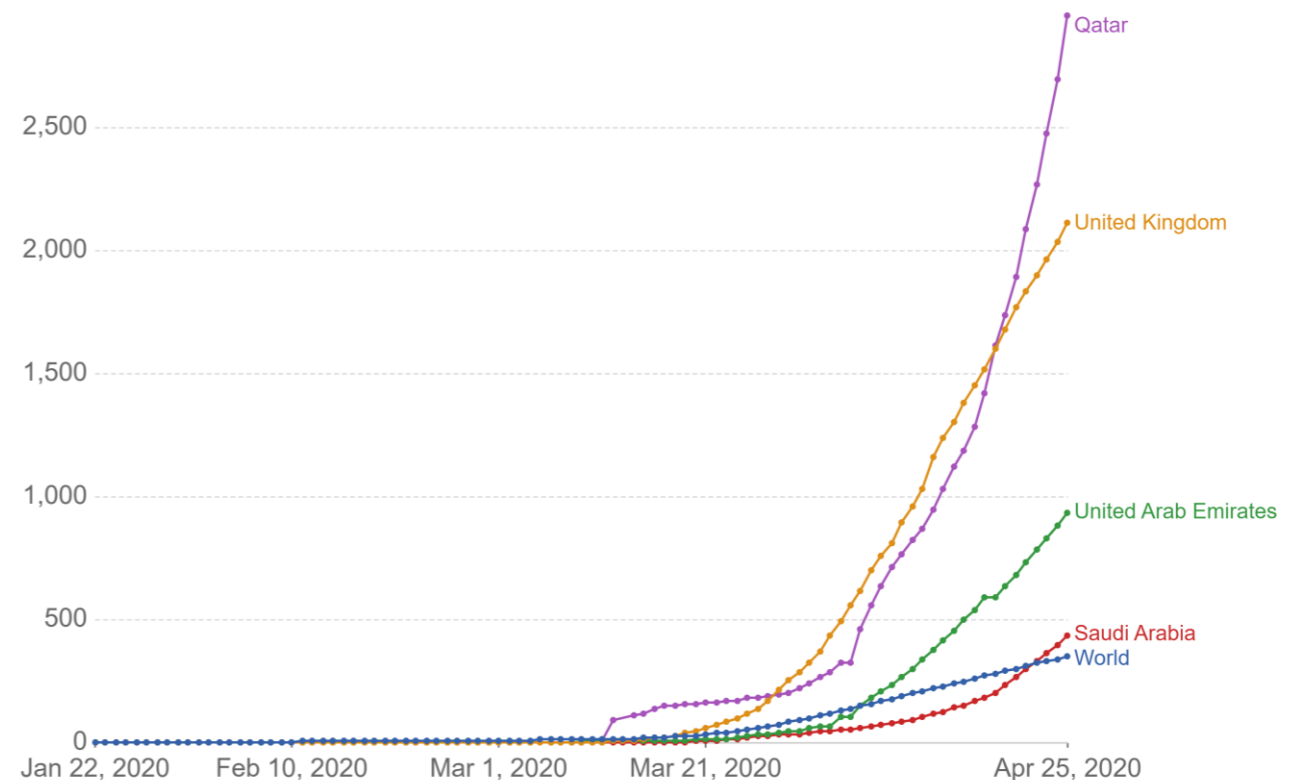
## Offshore

- Crew rotations frozen
- Rotation schedule extended
- COVID-19 cases on 2 vessels

## Total confirmed COVID-19 cases per million people

The number of confirmed cases is lower than the number of total cases. The main reason for this is limited testing.

Our World  
in Data



Source: European CDC – Situation Update Worldwide – Last updated 25th April, 15:45 (London time) OurWorldInData.org/coronavirus • CC BY

**2019 REVIEW, CURRENT  
STATUS & TRADING UPDATE**

# 2019



## Safe and Reliable Operations

- Secure performance and delivery during transformational change

## Governance

- Overhaul of Board and Senior Management Team
- Remuneration Policy aligned with performance
- Reform of management oversight: financial; cost control; risk

## Cost Savings

- US\$ 13m annualised savings
- 30% reduction in onshore headcount

## 2019 Results

- Revenue: US\$ 108.7m (2018: US\$123.3m)
- Adjusted EBITDA: US\$ 51.4m (2018: US\$ 58.0m)
- Net cash flow before debt service US\$ 41.9m (2018: US\$ 5.9m)

## Utilisation and Backlog

- 13 years of new contracts delivered plus 2 years of extensions



# Current Status

## Capital Structure

- Post year-end, term sheet agreed
- Documentation to be completed by 30 June 2020

## Market Activity

- Tender activity continuing in Middle East
- Relocation of two E-Class vessels to Middle East
- Continued demand within renewables market in NW Europe

## Strong Contract Backlog

| Year | Secured utilisation | Secured utilisation as at 1 <sup>st</sup> April 2019 |
|------|---------------------|--|
| 2019 | 69%                 | 54%  |
| 2020 | 76%                 | 27%  |
| 2021 | 49%                 | 23%  |



# Trading Update

- 1Q 20 results ahead of Business Plan
- 83% of 2020 Business Plan revenues secured (including contracted options)
- Blue chip clients with strong, long term relationships
- Some pressure for short term rate reductions
- GMS will update promptly on significant developments





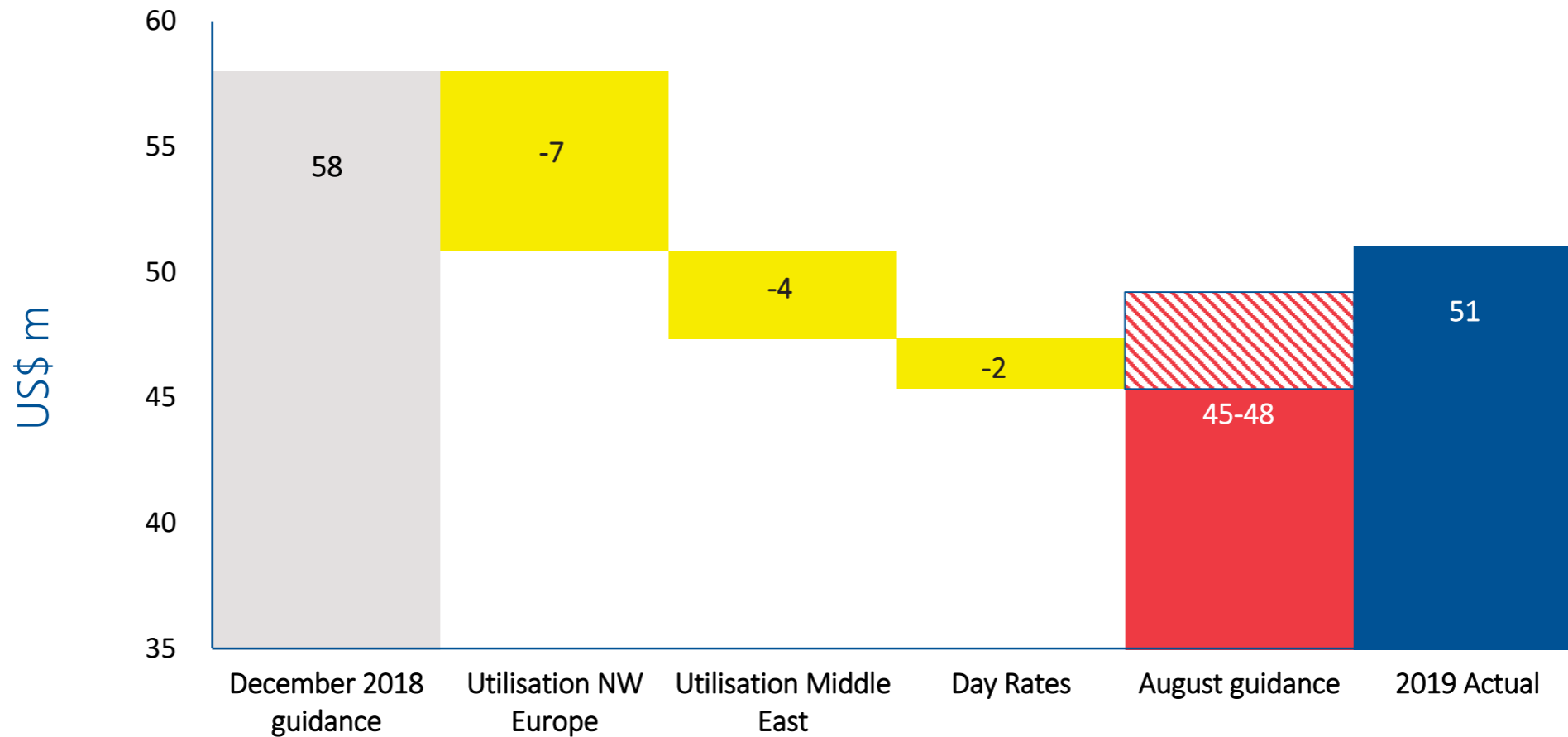
# 2019 FINANCIAL RESULTS

# 2019 Income Statement

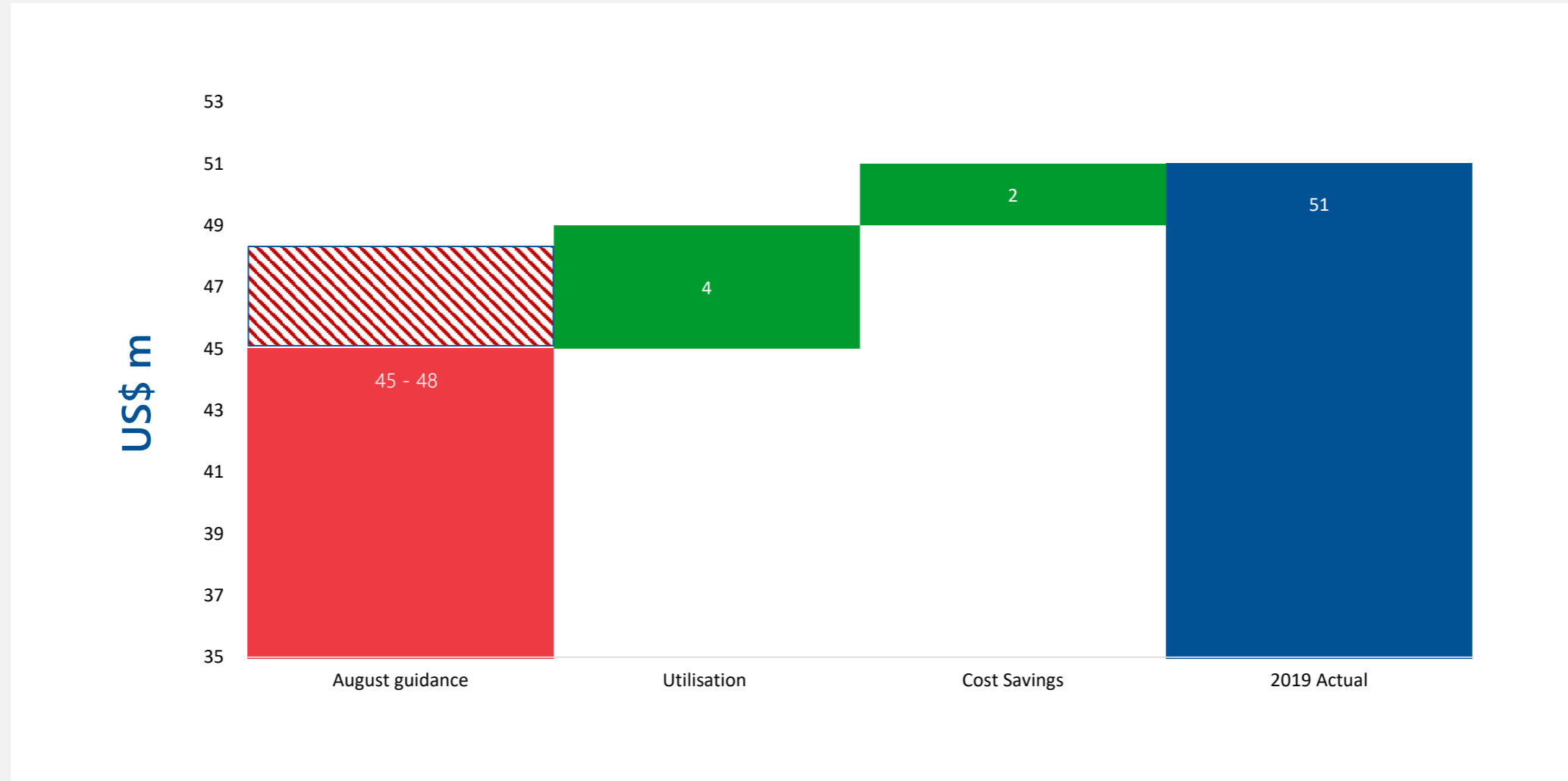
| US\$ m                                     | FY 2019        | FY 2018 |
|--|----------------|---------|
| <b>Revenue</b>                             | <b>108.7</b>   | 123.3   |
| Cost of sales less impairment *            | (74.6)         | (76.3)  |
| Impairment charge                          | (59.1)         | -       |
| General and administrative expenses *      | (17.8)         | (18.6)  |
| Restructuring Costs                        | (6.3)          | -       |
| <b>EBITDA</b>                              | <b>(14.1)</b>  | 58.0    |
| <b>Adjusted EBITDA</b>                     | <b>51.4</b>    | 58.0    |
| <b>Loss for the period/year</b>            | <b>(85.5)</b>  | (5.1)   |
| Loss per share:                            |                |         |
| <b>Basic and Diluted (cents per share)</b> | <b>(24.48)</b> | (1.75)  |

\* 2019 figures include depreciation and amortisation of US\$31.3m in cost of sales and US\$3.7m in G&A

# August 2019 EBITDA Guidance



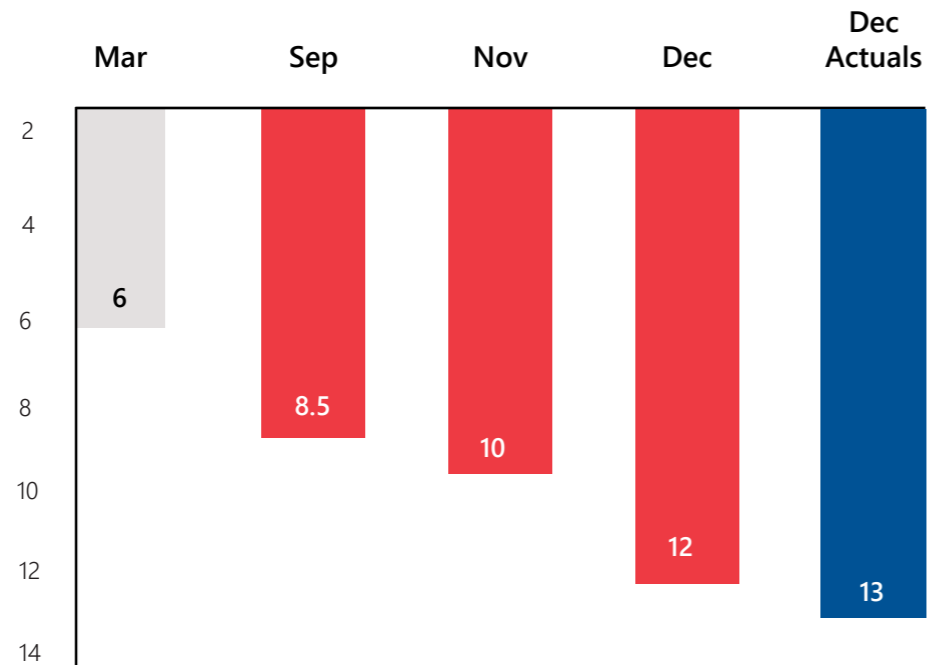
# August EBITDA Guidance Outperformed



# Continuous Drive to Reduce Costs

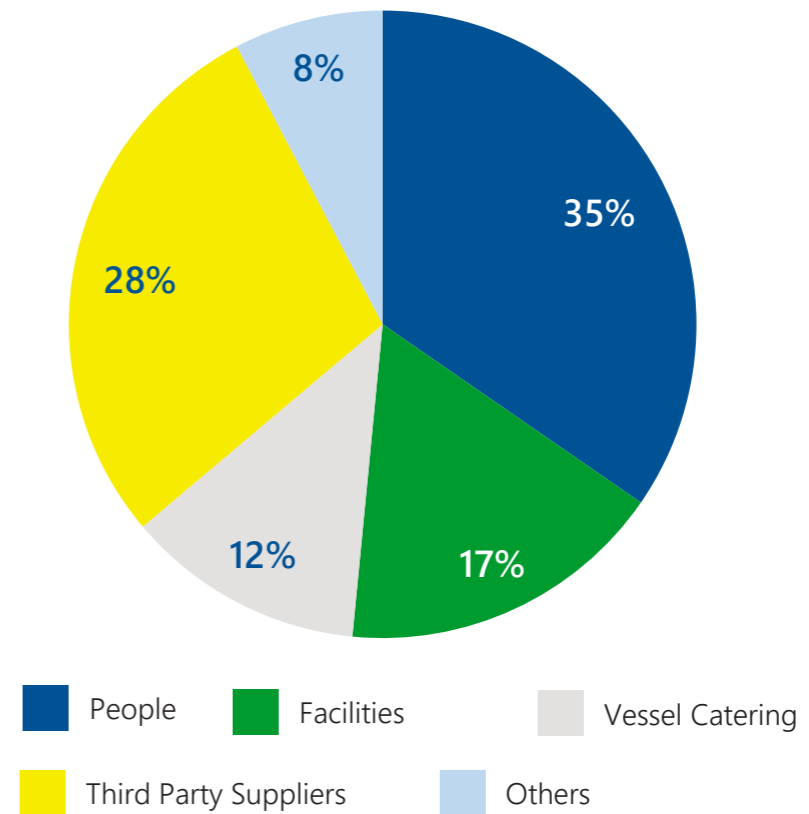
## Cost Savings Timeline

All amounts in US\$ m



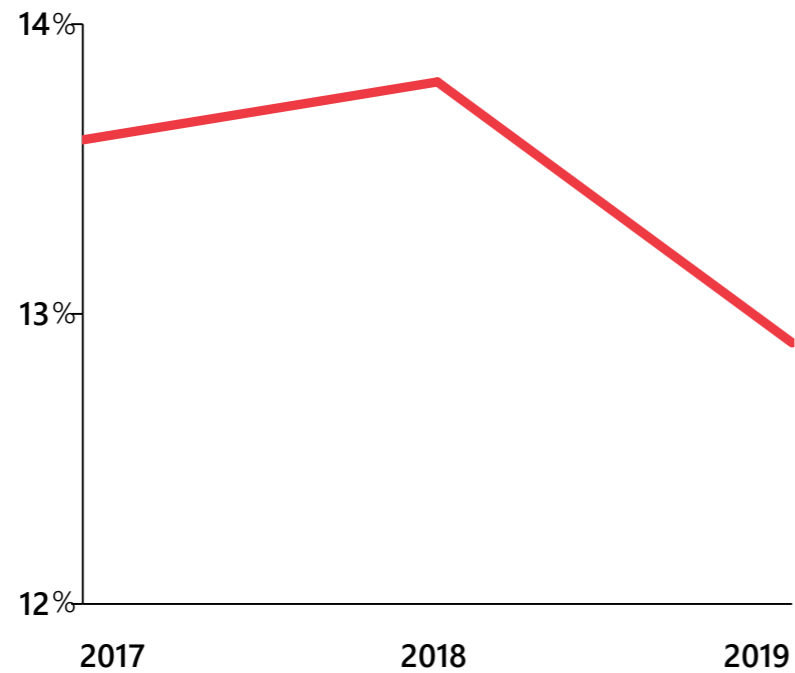
Cost savings programme currently delivering more than double amount announced in March 2019

## US\$ 13m Annualised Savings

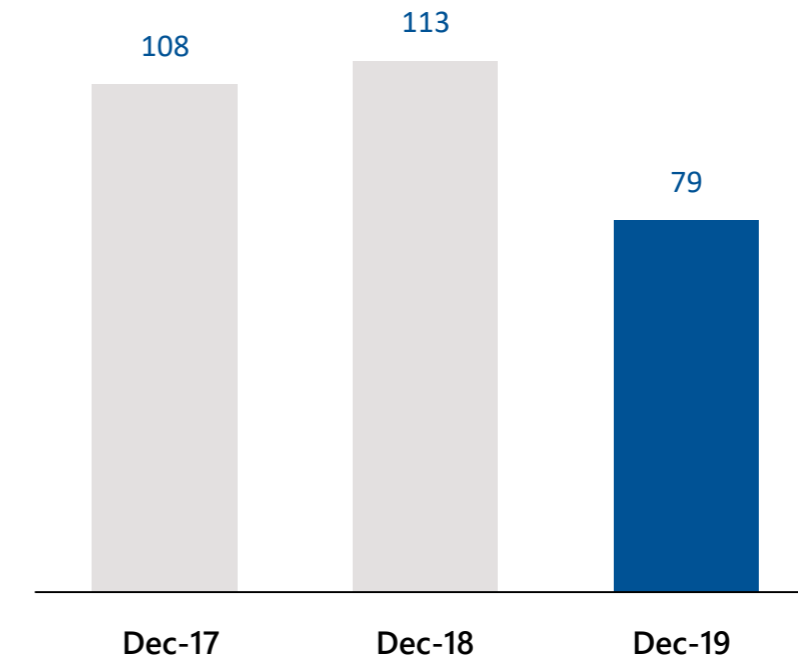


# Significant Headcount Reduction

## G&A as % of Revenue



## Onshore Headcount

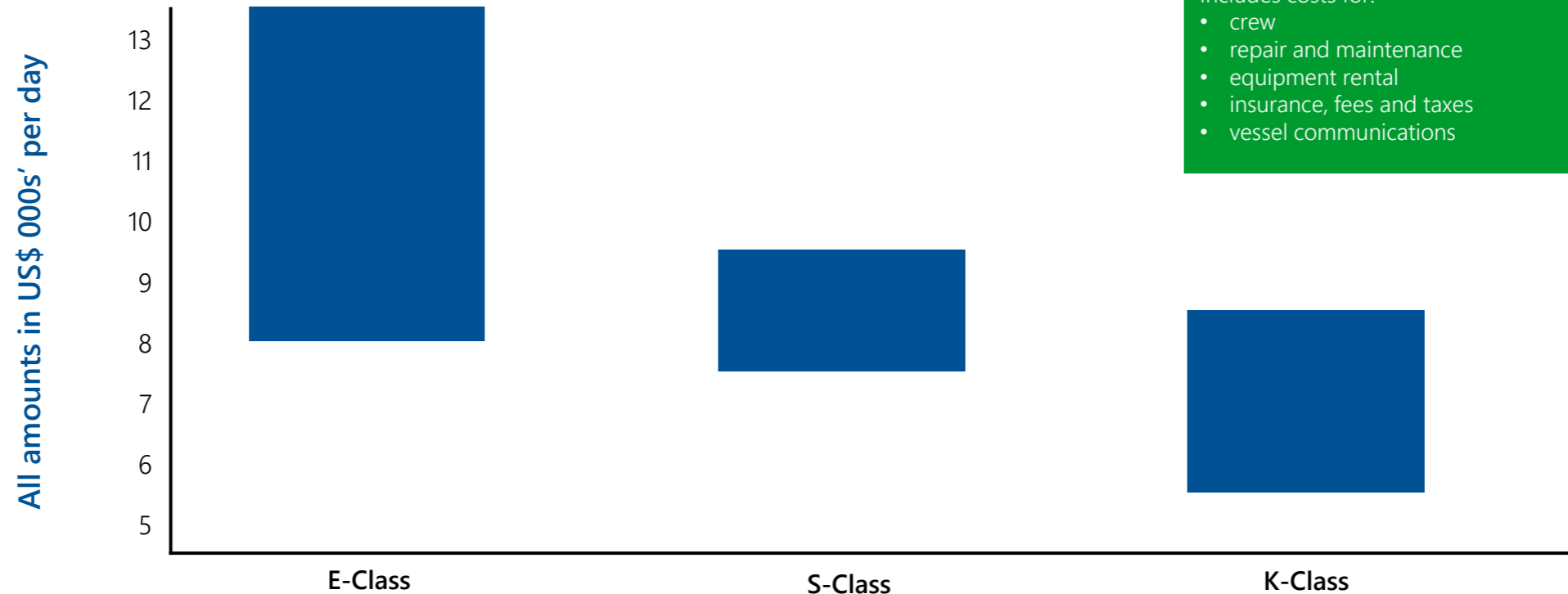


30% headcount reduction in 2019



# Driving Operational Efficiencies

## Vessel Core Opex (VCO)

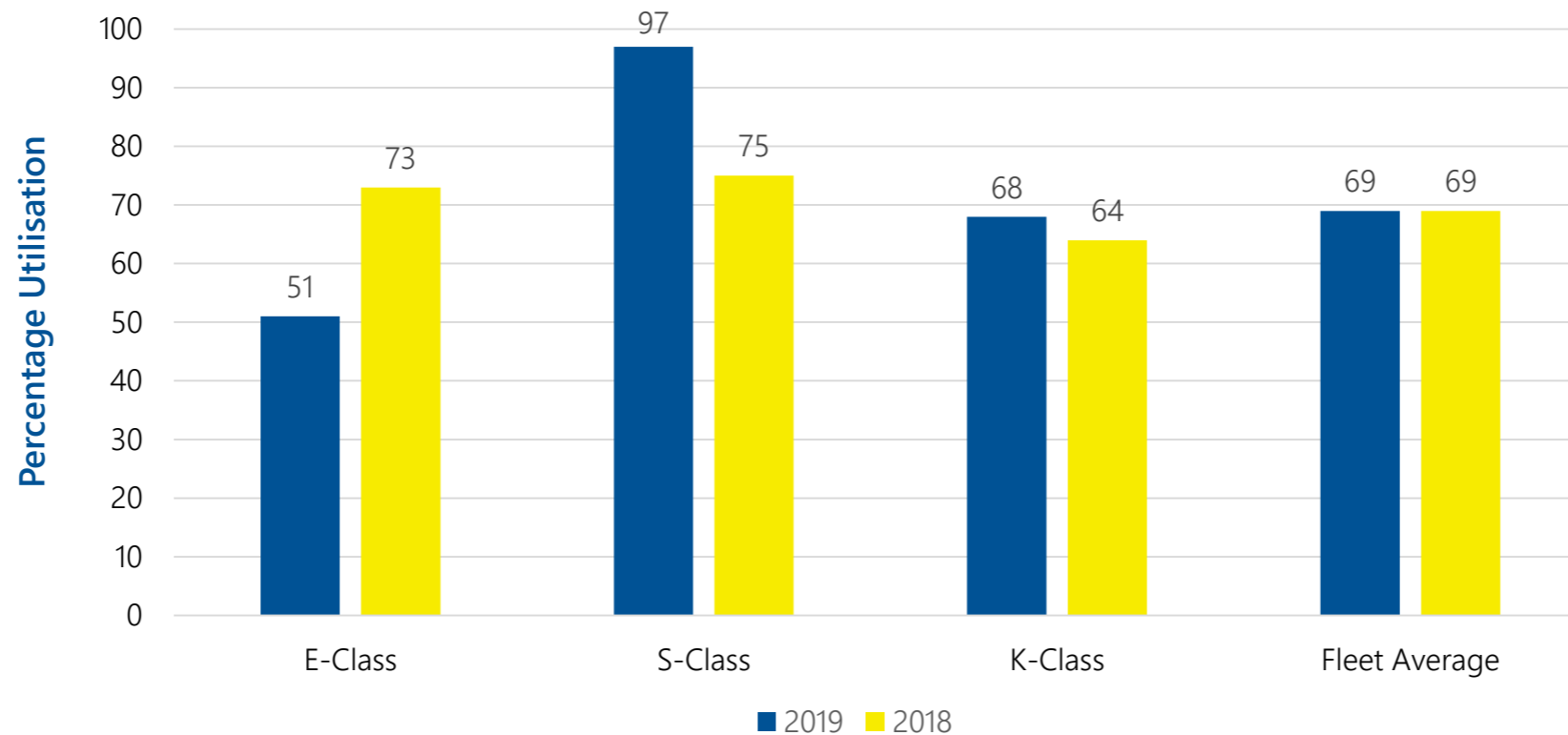


VCO is the underlying cost per day of running a vessel, excluding costs arising from client specific requests.

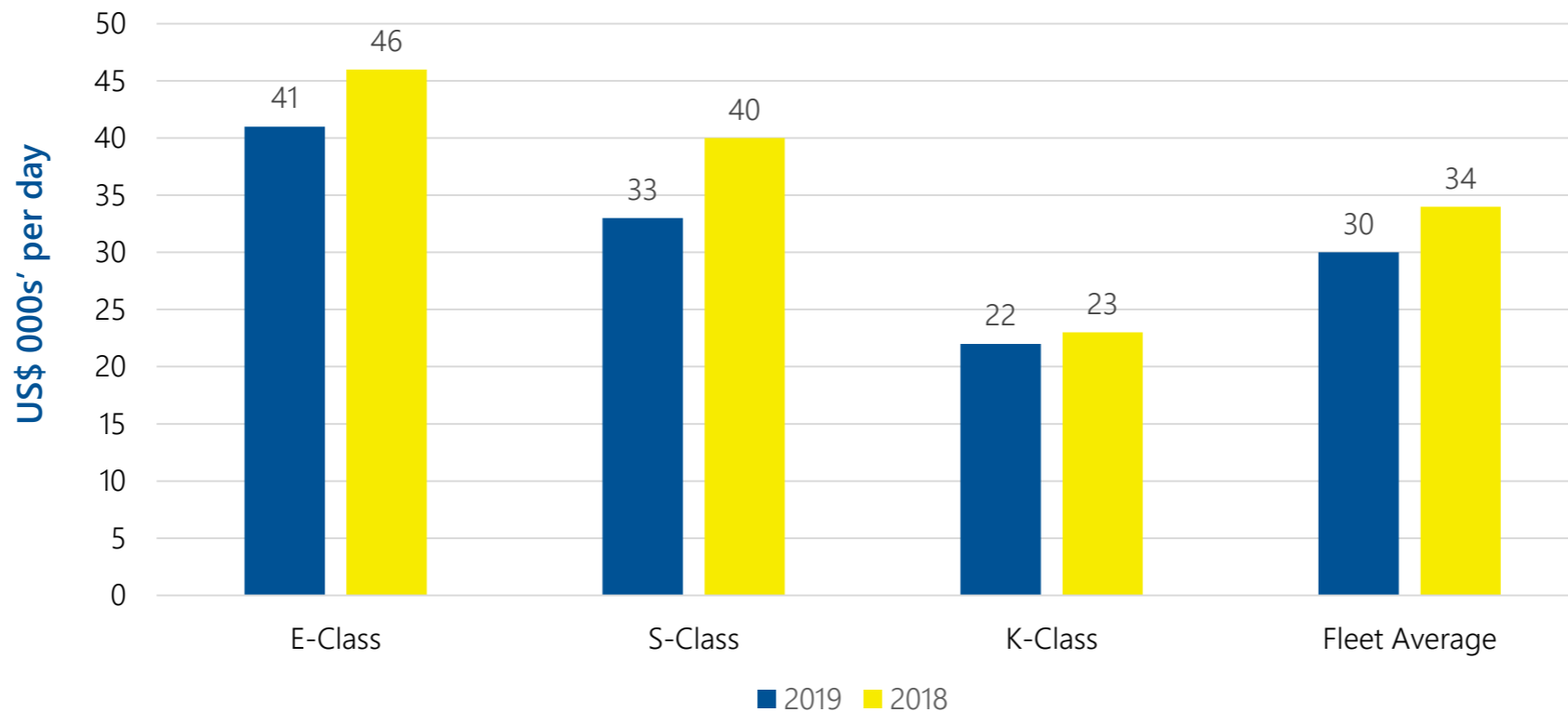
Includes costs for:

- crew
- repair and maintenance
- equipment rental
- insurance, fees and taxes
- vessel communications

# Fleet Utilisation in 2019 Overall Stable



# Day Rates Lower but Stable



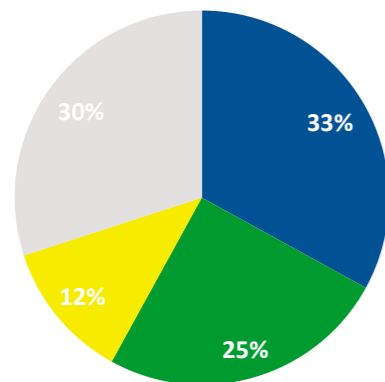
# Balanced Revenue Streams

## Revenue by Geographical Location

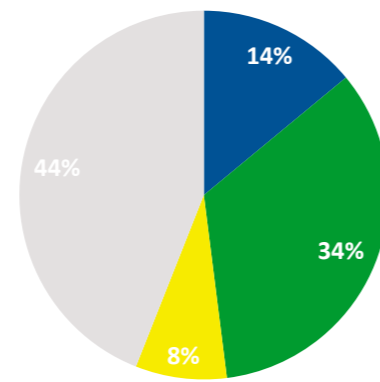


**Strong presence in all three Middle East markets**

- UAE: position strengthening reflecting improving relationships
- KSA: Remains around a third of our total revenue with continued utilisation for one key client
- Qatar: an important growth market

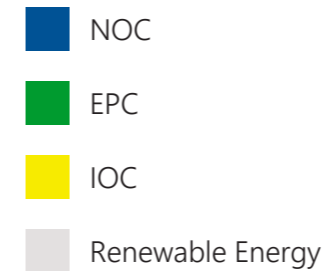


2019

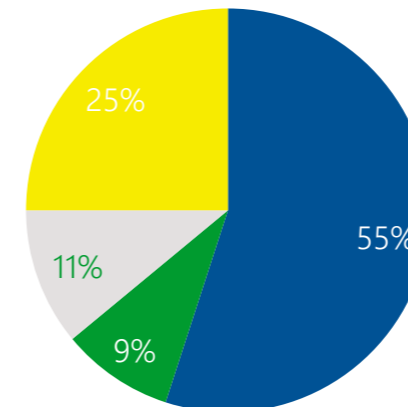


2018

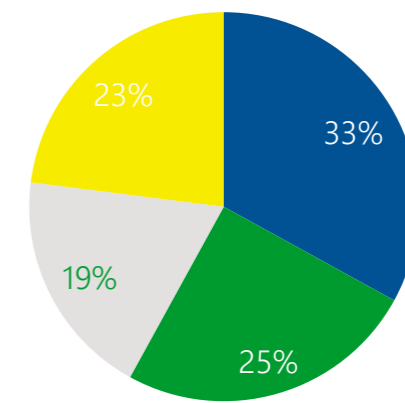
## Revenue by Customer



- Increase in revenue from NOCs following strengthened relationships
- Renewables market remained stable despite two contracts concluding

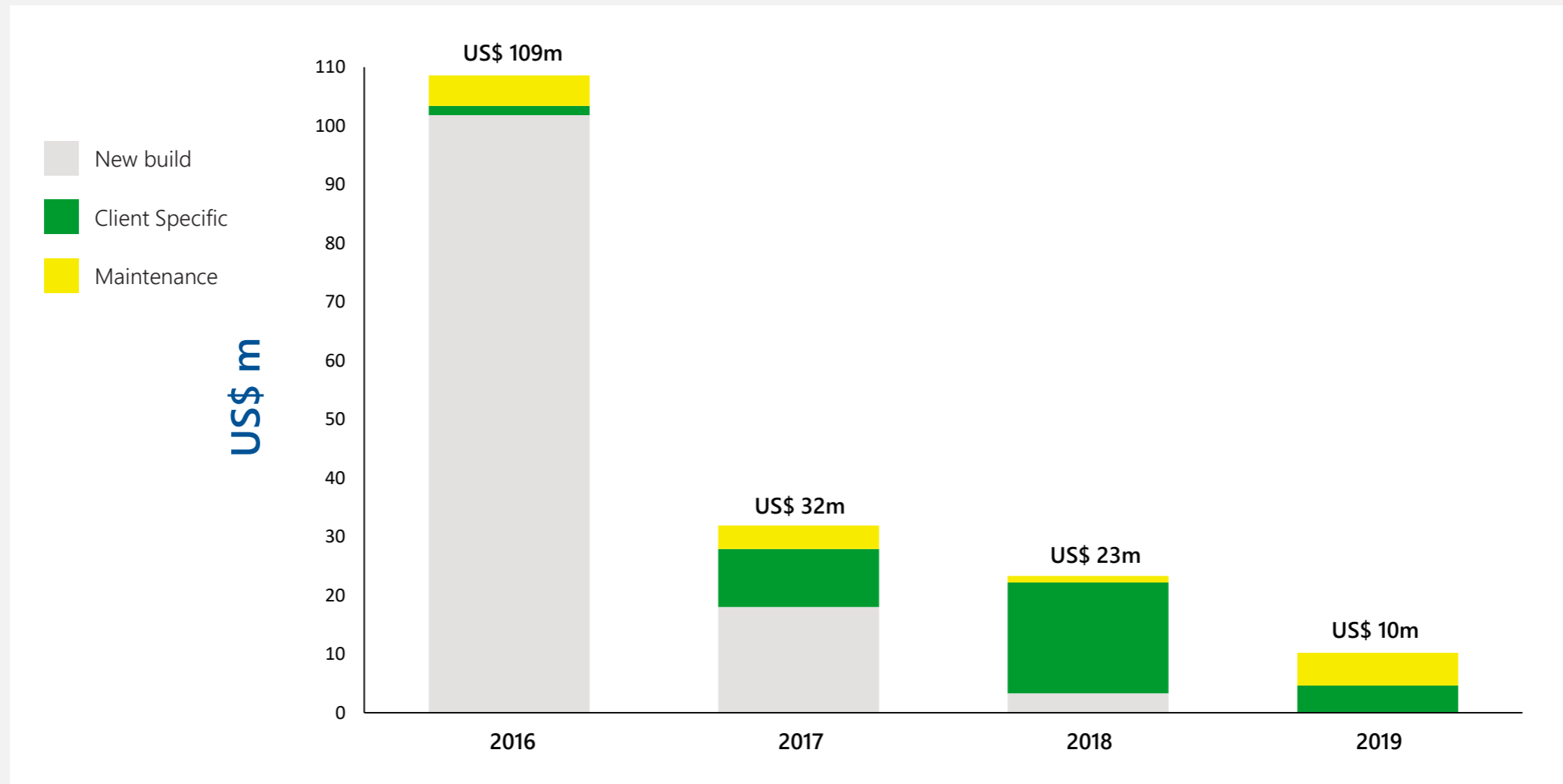


2019



2018

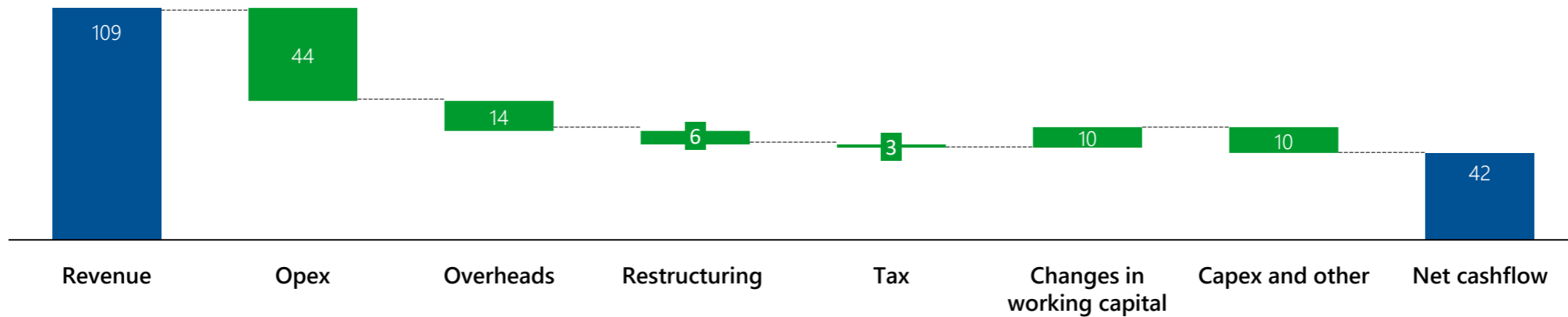
# Capex Discipline



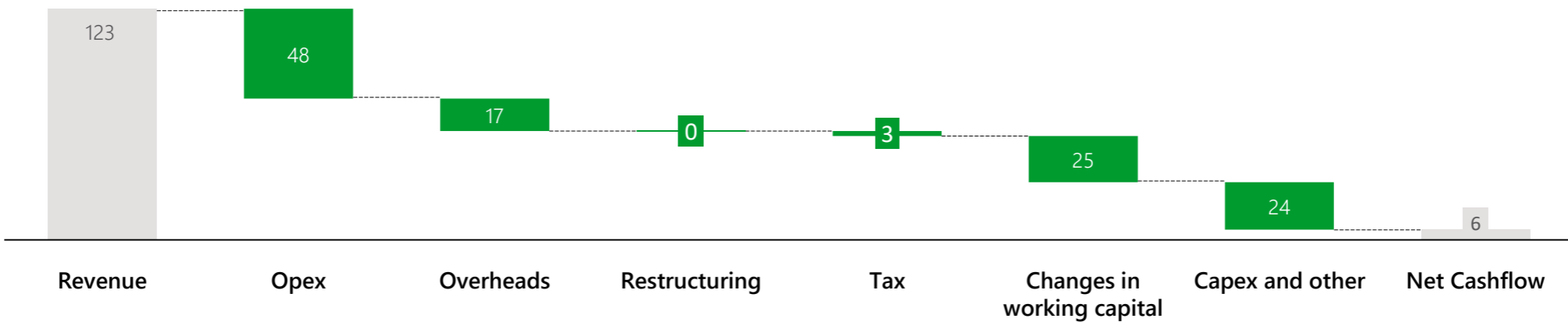
# Focus on Cash Flow

FY 2019

All amounts in US\$ m



FY 2018





# Summary Balance Sheet

## Our fleet

- Net book value US\$ 662.7m
- US\$ 59.1m impairment

\$54m impairment on 2 E-Class vessels, plus \$5m relating to scrapping of obsolete vessel and equipment

## Working capital

| US\$ m                     | Dec 2018    | Dec 2019    |
|----------------------------|-------------|-------------|
| Trade Receivables          | 33.0        | 25.1        |
| Trade Payables             | (9.0)       | (11.5)      |
| <b>Net Working Capital</b> | <b>24.0</b> | <b>13.6</b> |

## Net Debt

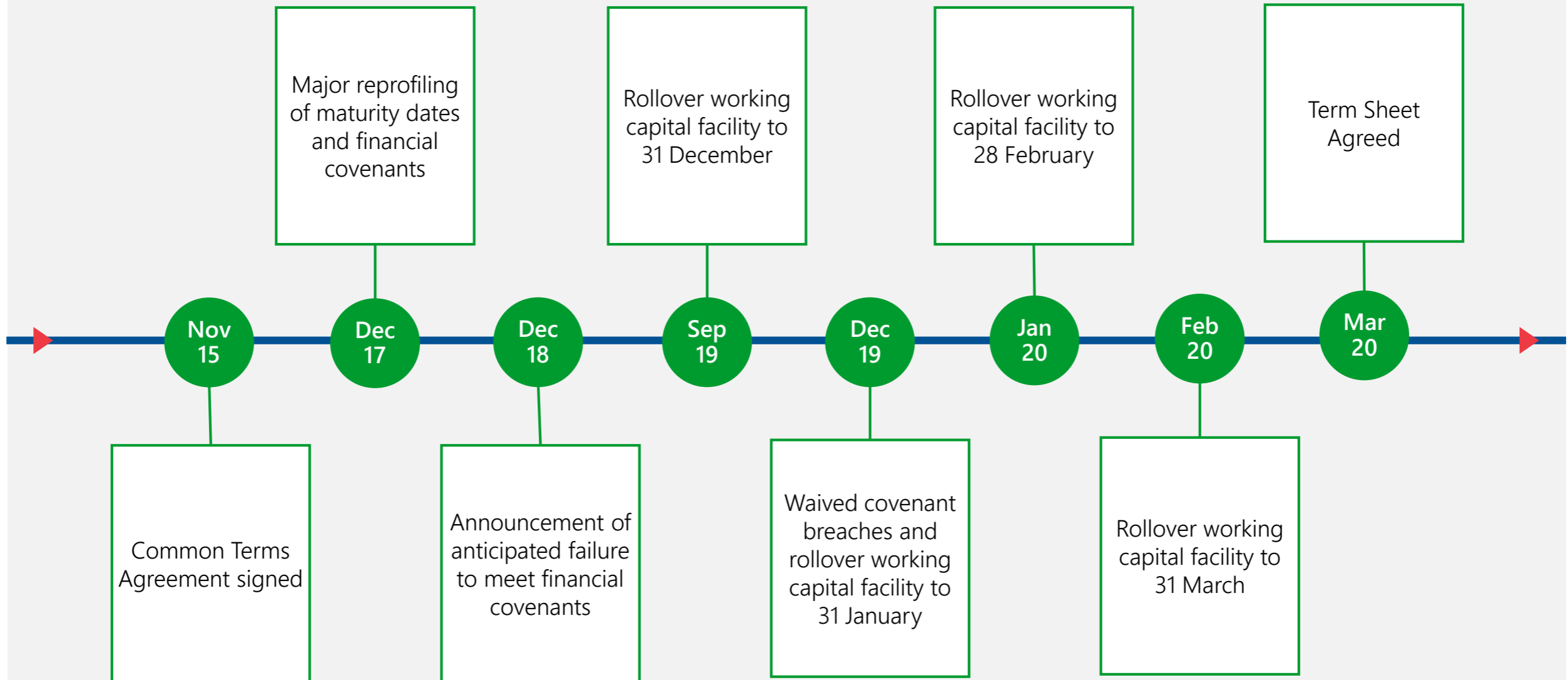
| US\$ m          | Dec 2018     | Dec 2019     |
|-----------------|--------------|--------------|
| Bank debt       | 411.5        | 398.5        |
| Cash            | (11.0)       | (8.4)        |
| <b>Net debt</b> | <b>400.5</b> | <b>390.1</b> |

# New Loan Facilities

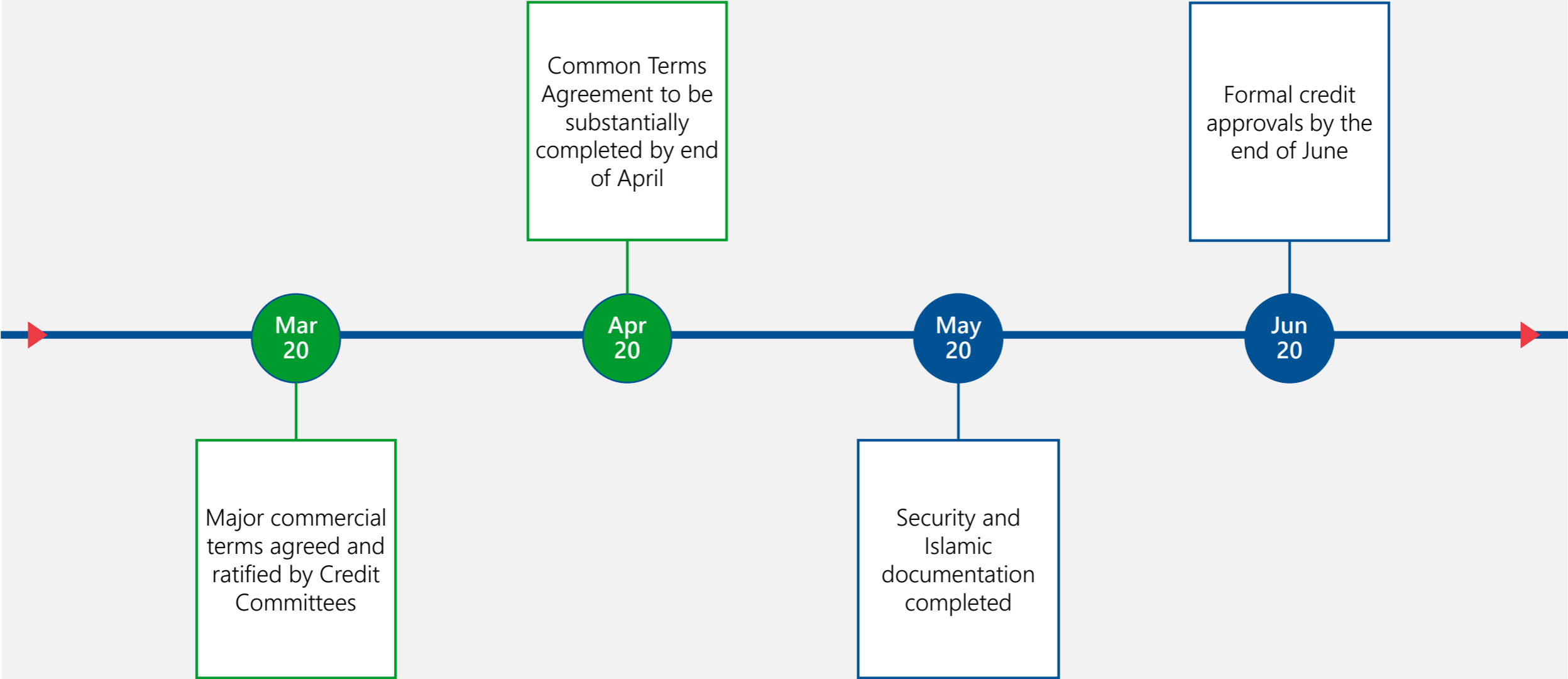
- Term sheet agreed
- Extended maturity to 30 June 2025
- Enhanced liquidity through new US\$ 50m working capital facility
- Re-phased amortisation
- Increased Financial Covenant headroom
- Incentives to de-lever through shareholder equity injection
  - PIK interest
  - Contingent equity warrants
- Legal documentation finalised by 30 June 2020



# Bank Negotiations: Timeline



# Banking Process Forward Plan



# 2020 FORWARD VIEW

# 2020 Operations Update

- 12 of 13 vessels in fleet currently on hire
- 5 vessels on multi-year contracts
- Backlog as at 1 April 2020: US\$ 239.7m
- Robust supply chain
- 83% of business plan revenues already secured (80% excluding options)
- Pressure on day rates
- Clear procedures in place for COVID-19

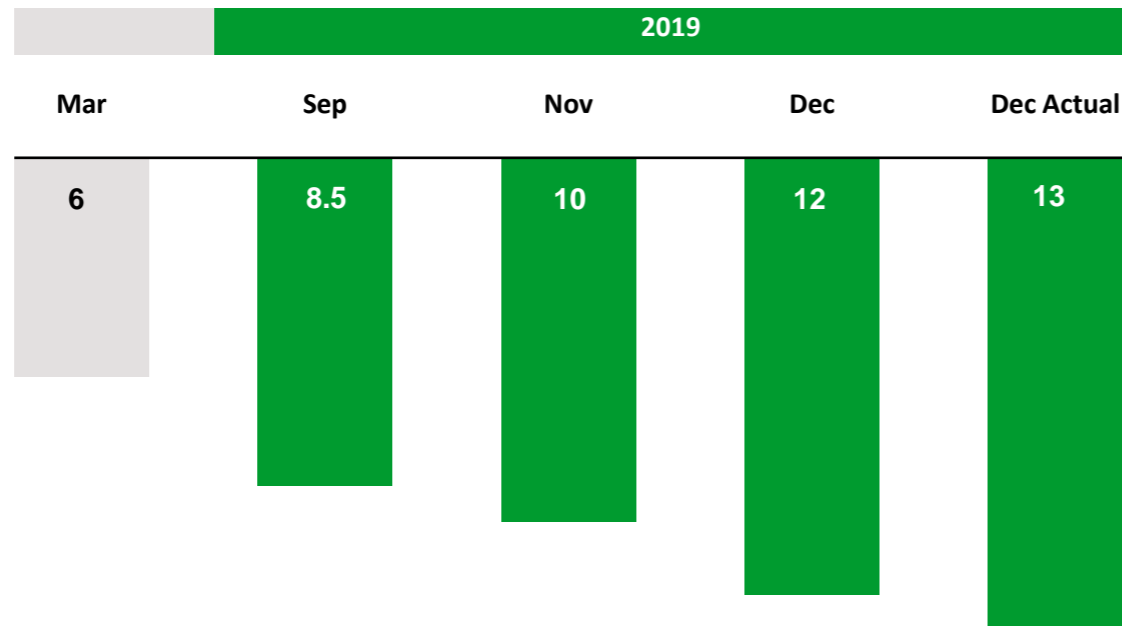




# Cost Update

## Cost Savings Timeline

All amounts in US\$ m

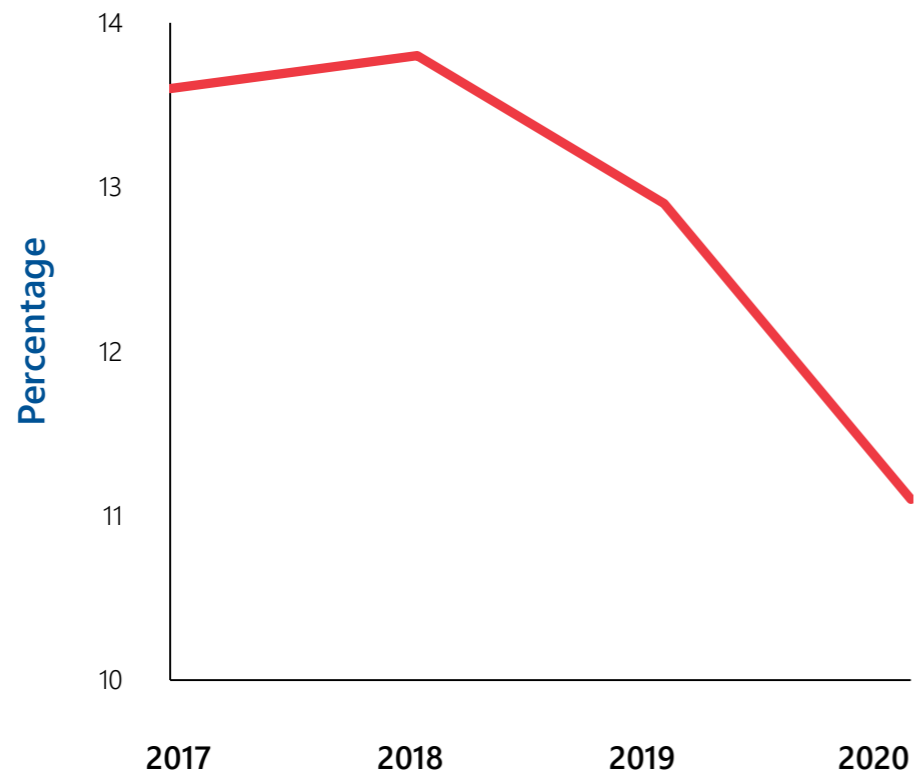


### April 2020

- Further cost savings have been achieved from:
- Operational optimisation
  - Supplier contract renegotiations
  - Further headcount reductions

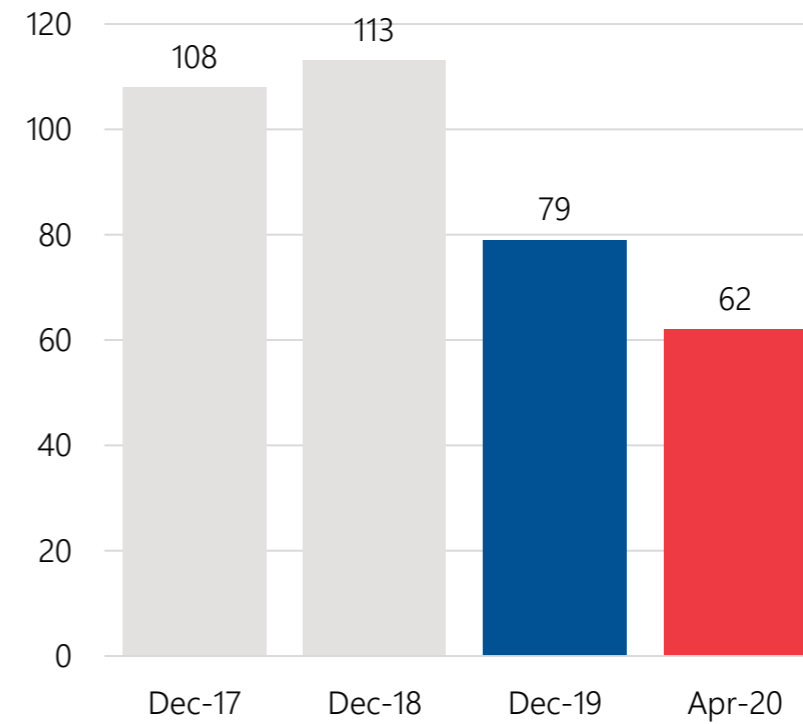
# G&A Update

## G&A as % of Revenue



## Onshore Headcount

22% reduction during 2020



# Summary

## Safe and reliable

- Continue to deliver excellent safety and operational performance

## Low-cost operations

- Cost savings programme currently delivering ahead of plan
- Actions in place to drive further cost improvements

## Strengthening position in core markets

- Backlog strengthening substantially
- 76% of 2020, 49% of 2021, 35% of 2022 utilisation secured

## Sustainable capital structure

- Amortisation and covenant tests restructured
- New US\$ 50m working capital facility

## Managing an uncertain environment

- Clear procedures in place for COVID-19
- 1Q 20 results ahead of Business Plan

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