

# Interim Results

Gulf Marine Services

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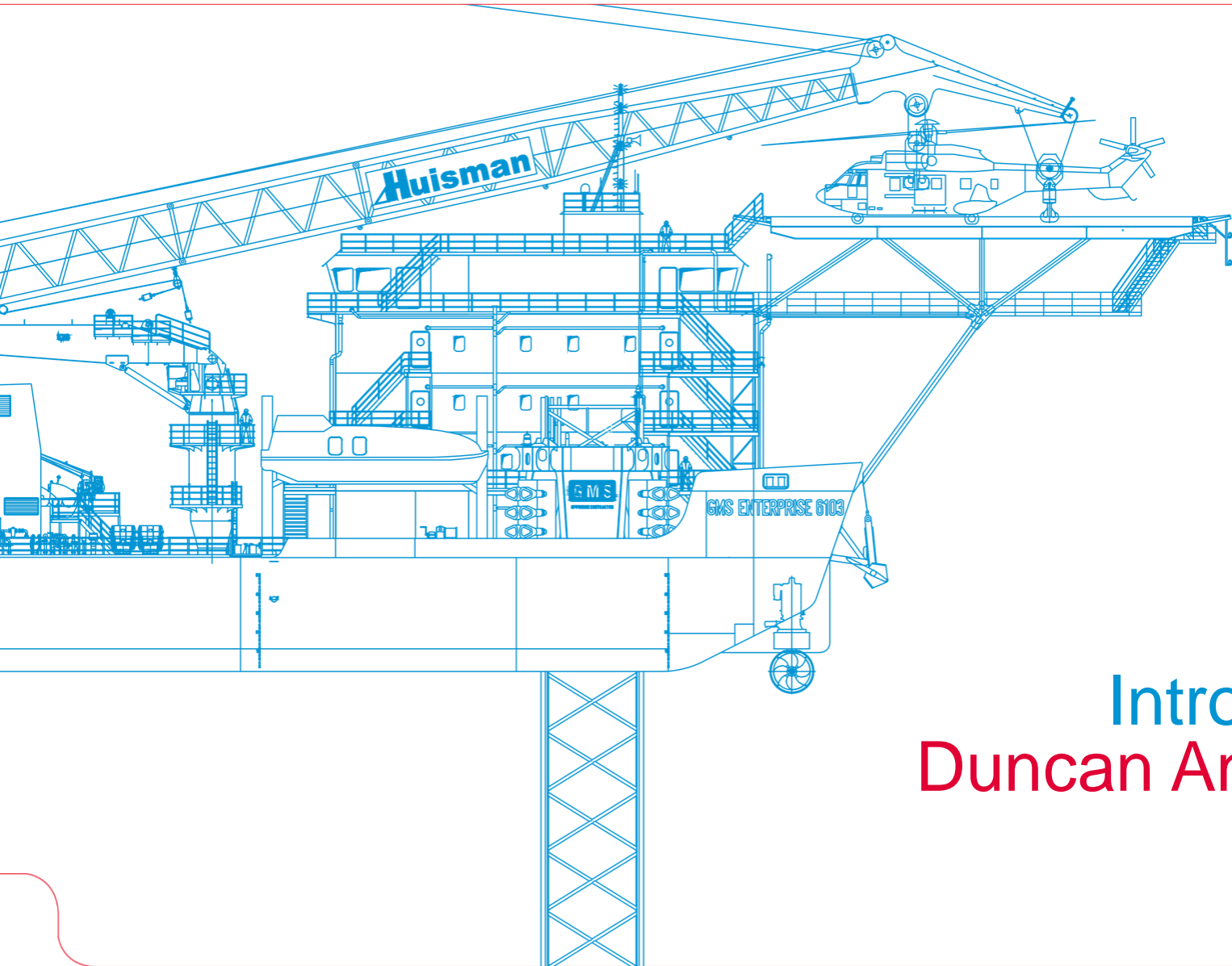
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# Introduction Duncan Anderson CEO

## Operator of a fleet of 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 industries
- Small, Mid-Size and Large Class SESVs are capable of supporting worldwide operations in variable water depths and weather conditions
  - All self-propelled, four-legged design, with fast jacking and accurate positioning equipment
  - With specific characteristics (accommodation capacity, crane tonnage, deck space, leg size, well intervention capability) that increases attractiveness to clients
- Serving blue chip clients in MENA and North West Europe regions
- Operational expertise from a highly skilled and experienced management team and workforce
- In-house construction facility to build and modify our own vessels



A market-leading operator of a technically advanced and cost-effective SESV fleet

# A Reminder of our Strategic Focus



## Fleet Expansion

- Continued strong demand for GMS' SESVs
- Complete the 2014 – 2016 new build programme
- Intention to continue to grow the fleet over time



## Operational Expertise

- Reputation as a quality provider of an advanced adaptable fleet
- Provide safe and effective solutions to clients' needs



## Flexibility of our Vessels

- Design, build and maintain a technologically advanced flexible fleet of modern SESVs
- Cost-effective solutions and efficiencies delivered to clients help generate high utilisation and charter rates
- Capable of operating in a number of industry segments



## Growth in Existing and New Markets

- Brownfield market within the oil and gas sector in the MENA and North West Europe regions
- Expand the existing services the fleet can deliver
- Enter other geographical regions subject to vessel availability
- Offshore renewable energy market



## Financial Management

- Managing finances in a prudent manner
- Responsible investment of capital to maximise shareholder returns

**Focussed on providing flexible solutions for a wide range of offshore operations**

# 2015 Interim Results Highlights

## Solid first half for 2015

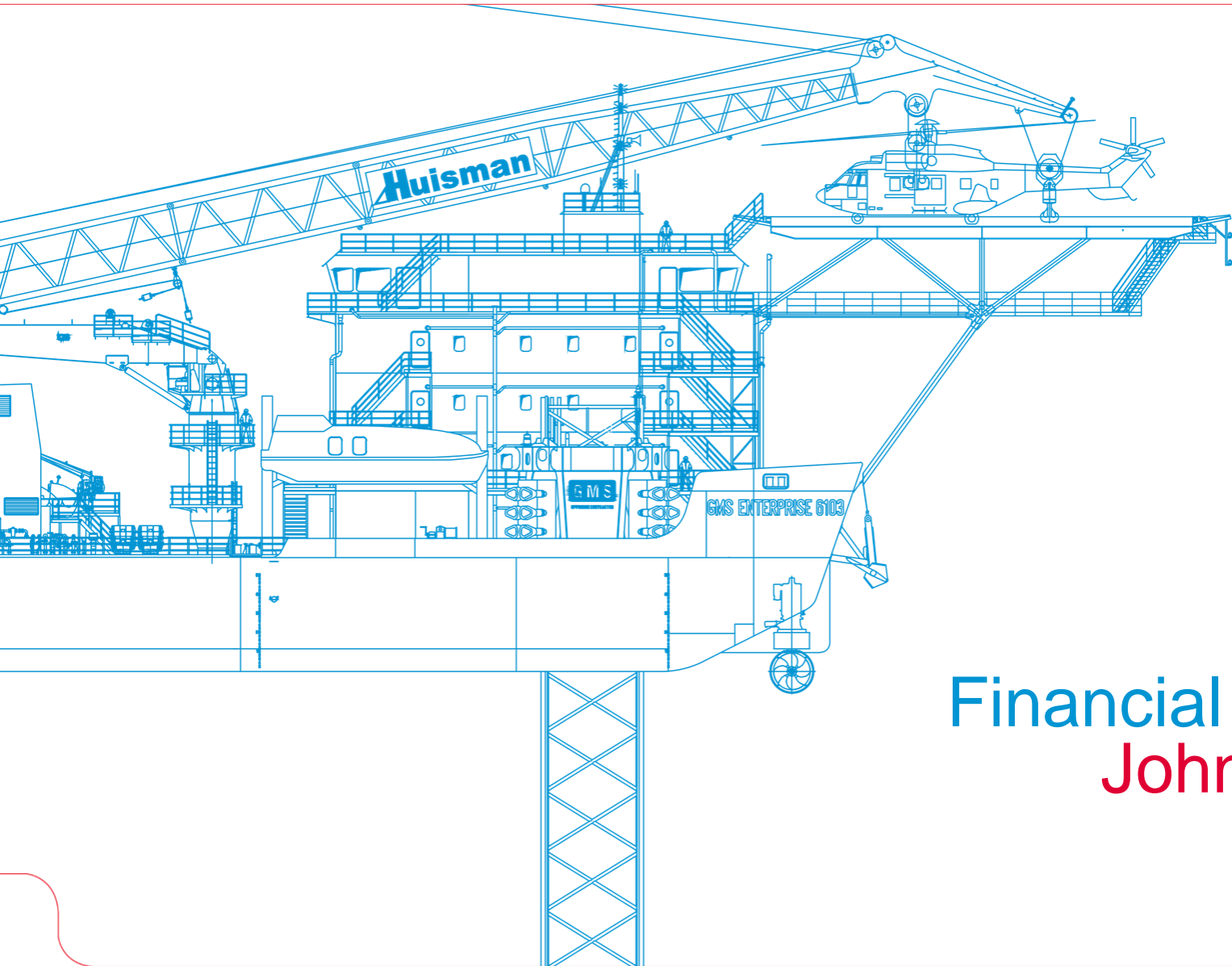
- Revenue increased by 8% to US\$ 98.2 million (11% increase on a constant currency\* basis)
- Robust cash flows generated from operations, adjusted EBITDA up 2% to US\$ 60.1 million (7% increase on constant currency\* basis)
- Adjusted net profit for the period of US\$ 35.0 million (broadly flat on constant currency\* basis)
- Adjusted earnings per share in the period of 9.95 US cents
- Interim dividend of 0.41 pence per share (7% of adjusted net profit for the period)
- Healthy secured backlog of US\$ 664.0 million as at 1 August 2015 comprising US\$ 341.9 million firm and US\$ 322.1 million extension options
- Continued high SESV fleet utilisation for the period of 98%, with charter day rates in line with guidance

- Our major fleet expansion programme is now more than half completed, and continues to be on time and to budget
- The three new vessels most recently commissioned have been immediately deployed to new contracts
- Encouraging signs for a first charter for new Mid-Size vessel GMS Scirocco following delivery in Q3 2015
- Large number of special projects on new and existing vessels with 10% of available days\*\* used on special projects in H1 2015. Significant increase in earnings expected in H2 2015

## Delivering on the Group strategy

\*Constant currency results are calculated by retranslating the comparative period results using current period exchange rates. \*\*Available days are the number of days during which an SESV is available for hire. Periods during which the vessel is not available for hire due to planned upgrade work, transit time for long-term relocation to a new region or construction are excluded from the available days.





# Financial Review

## John Brown CFO



(US\$m)	H1 2015	H1 2014	% Change
<b>Revenue</b>	<b>98.2</b>	<b>90.7</b>	8%
<i>Revenue from SESVs</i>	<i>95.5</i>	<i>84.0</i>	14%
<i>Revenue from non-core fleet</i>	<i>2.7</i>	<i>6.7</i>	-60%
<b>Gross profit</b>	<b>58.2</b>	<b>58.7</b>	-1%
<b>General &amp; Administrative expenses**</b>	<b>10.3</b>	<b>8.4</b>	22%
<b>Adjusted EBITDA***</b>	<b>60.1</b>	<b>58.6</b>	2%
<b>Adjusted EBITDA margin</b>	<b>61%</b>	<b>65%</b>	-4%
<b>Net profit</b>	<b>35.0</b>	<b>33.1</b>	6%
<b>Adjusted net profit****</b>	<b>35.0</b>	<b>38.1</b>	-8%
<b>Adjusted EPS (US cents)***</b>	<b>9.95</b>	<b>11.45</b>	-13%
<b>Proposed interim dividend per share (pence)</b>	<b>0.41</b>	<b>0.41</b>	-

- Revenue increased by 8% mainly due to an increase in SESV fleet size, with constant currency\* revenue growth of 11%
- Revenue increase of 14% on our core fleet of SESVs with high utilisation of 98% across the fleet
- Increase in operating expenses of US\$4.4 million and increase in depreciation charges on vessels of US\$3.6 million arising from new vessels delivered in period
- As a percentage of revenue, general and administrative expenses excluding non-recurring costs was 10.5% (H2 2014: 10.7%)
- Adjusted net profit broadly flat on a constant currency\* basis
- Particularly high level of special projects in H1 2015. Reduction of these in H2, together with the benefits of new vessels being added, means a significant increase in earnings expected in H2 2015
- Net income for the full year is expected to be broadly in line with expectations

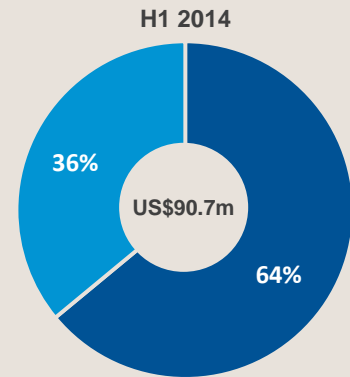
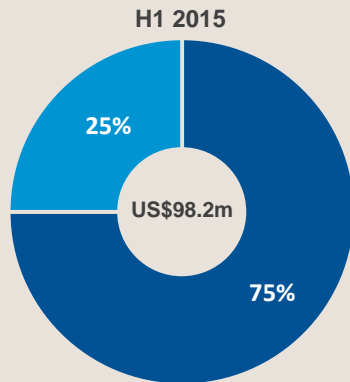
## A significant increase in earnings expected in H2 2015

\*Constant currency results are calculated by retranslating the comparative period results using current period exchange rates. \*\*Excluding IPO costs in H1 2014 of US\$ 5.0 million.

\*\*\*Representing operating profit after adding back depreciation, amortisation and non-recurring H1 2014 IPO related costs. \*\*\*\*After adding back non-recurring H1 2014 IPO costs.

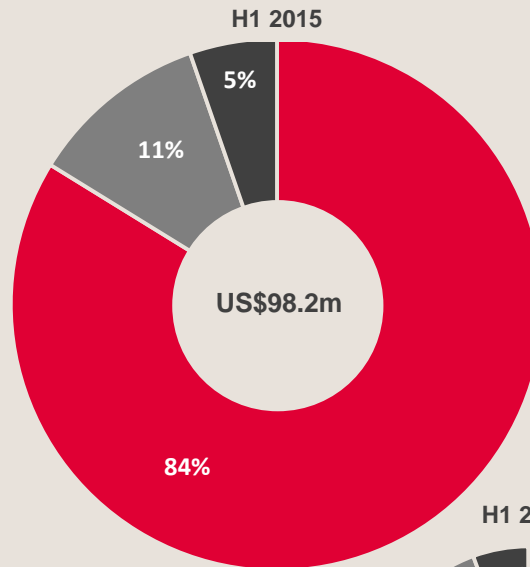
# Revenue Analysis

## Revenue by Region



MENA Europe

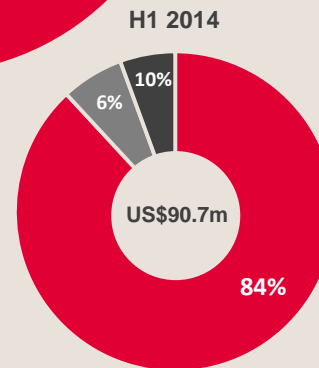
## Revenue by Activity



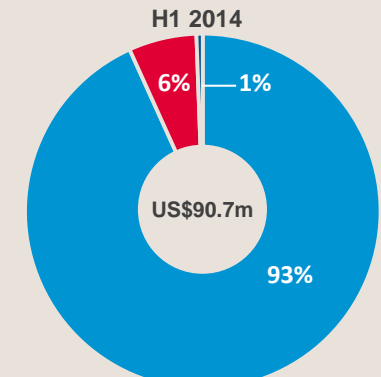
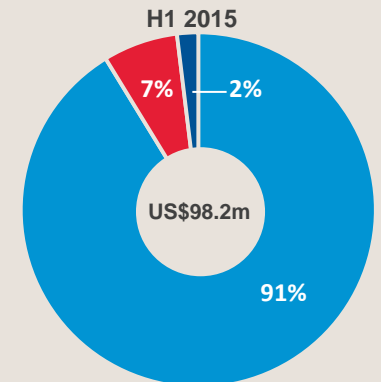
Oil and Gas –  
Opex-led activities

Oil and Gas –  
Capex-led activities

Renewable Energy



## Revenue by type of Income



Charter Hire Hotel Services\* Other Income\*\*

**Continued focus on brownfield Opex cycle**

\*Hotel Services relates to income earned for the provision of messing and accommodation services including catering services. \*\*Other Income includes contract mobilisation/demobilisation revenue, maintenance income and sundry income.

# Primary SESV Performance Indicators

	Small Class		Large Class		Total SESVs	
	H1 2015	H1 2014	H1 2015	H1 2014	H1 2015	H1 2014
Utilisation	97%	100%	100%	75%	98%	94%
Average charter day rate excluding hotel services (US\$000)	40	38	85	103		
Average daily vessel operating costs (US\$000)	11	11	21	21		

- Large Class utilisation level of 100% and Small Class utilisation of level of 97%
- Average daily vessel Opex maintained at constant levels on both Large-Class and Small-Class
- Given Mid-Size vessel only on hire at the very end of Q2, performance statistics not included above

- Two of the Large Class vessels' charter contracts are non-US\$ denominated
- Charter day rates for all new contracts entered into in the period are in line with previous guidance
- 55% of revenue came from Small Class vessels (H1 2014: 57%)

**Strong fleet performance**

# Funding Summary

(US\$m)	At 30 June 2015	At 31 December 2014
Cash at Bank	51.1	59.5
Bank Debt	328.4	249.2
Obligations under finance leases	97.0	83.9
Net Debt	374.3	273.6

- US\$ 116.7 million costs capitalised on the new build programme (H1 2014: US\$ 60.0 million)

- Working capital balance, including cash, at 30 June 2015 increased to US\$ 18.9 million (31 December 2014: US\$ 9.7 million)

- Continued strong cash-generation with cash generated from operations of US\$ 45.9 million (H1 2014: US\$ 41.2 million)

- Committed undrawn bank facilities of US\$ 45 million at 30 June 2015

- Net debt at 30 June 2015 was 2.6x Adj. EBITDA, well below the maximum leverage ratio permitted by bank facility agreement (4x)

- Intention not to exceed 3x Net Debt/EBITDA leverage ratio

**Robust and well financed balance sheet**



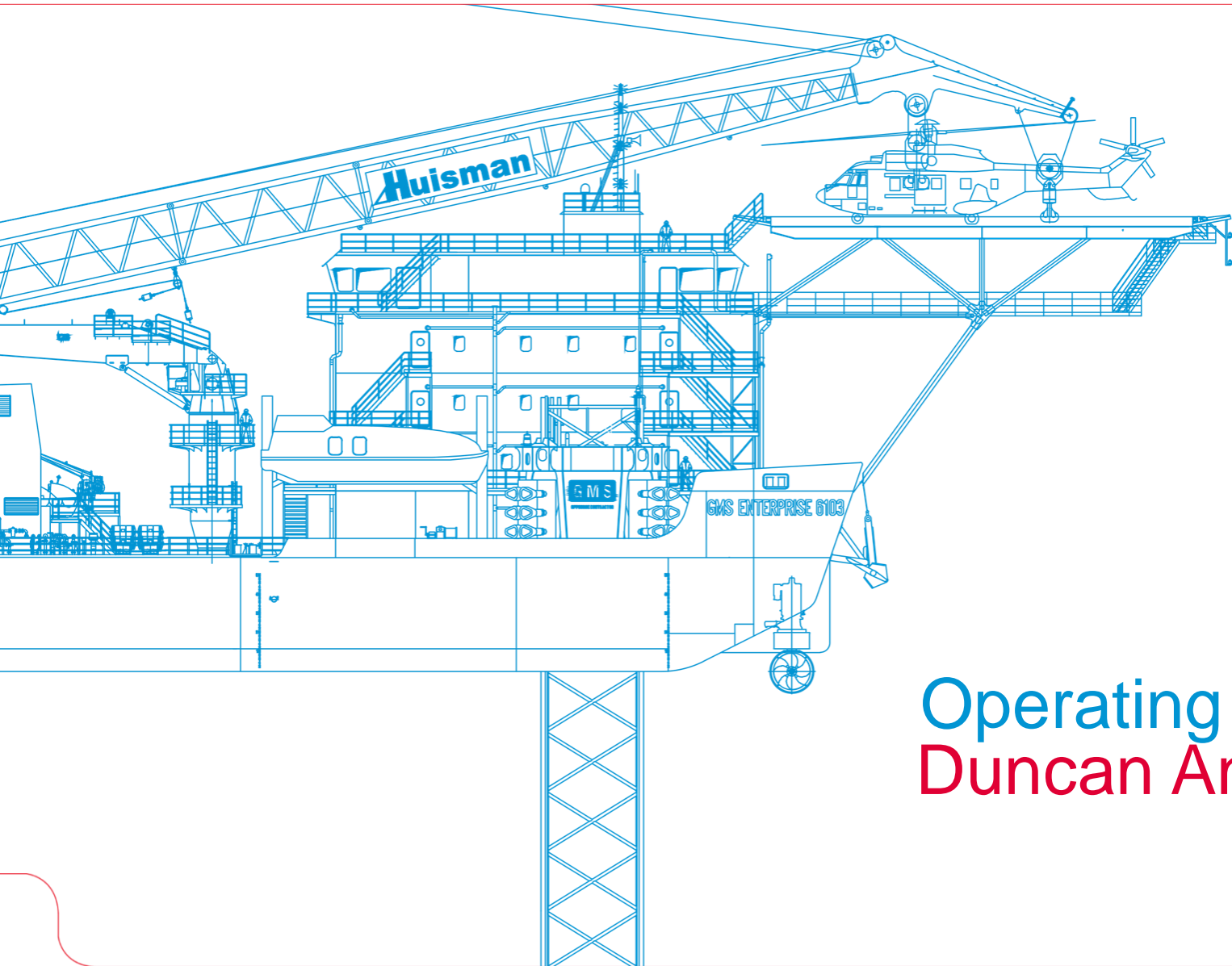
Completing the 2014 to 2016 Capex plan communicated at IPO will increase the fleet by 66% to 15 SESVs

(US\$m)	2015	2016	Total
Large Class construction	48.0	41.0	89.0
Mid-Size Class construction	80.0	6.0	86.0
Intended Leased purchases	37.5*	51.0**	88.5
	<b>165.5</b>	<b>98.0</b>	<b>263.5</b>

- Fully-financed in-house new build construction programme
- During H1 2015 approximately \$100 million was spent on the above fleet expansion programme

**Current fleet expansion plans are well progressed and on track**

\* We have acquired an existing Small Class vessel in 2015 for US\$ 37.5 million at the end of its finance lease period (with plans to purchase a second existing Small Class vessel in 2017 for the same purchase price at the end of its finance lease). \*\* A leased Enhanced Small Class was delivered in Q1 2015. The current intention is to purchase the vessel in 2016 for US\$ 51 million.



# Operating Review Duncan Anderson CEO

## Demand for the Group's SESVs continues to be strong

- 1 new contract win for an existing vessel
- First decommissioning contract secured: a new service offering for the Group
- Three SESVs delivered to new long-term contracts during the period
- Particularly busy period for special projects

## Continued high SESV fleet utilisation of 98%

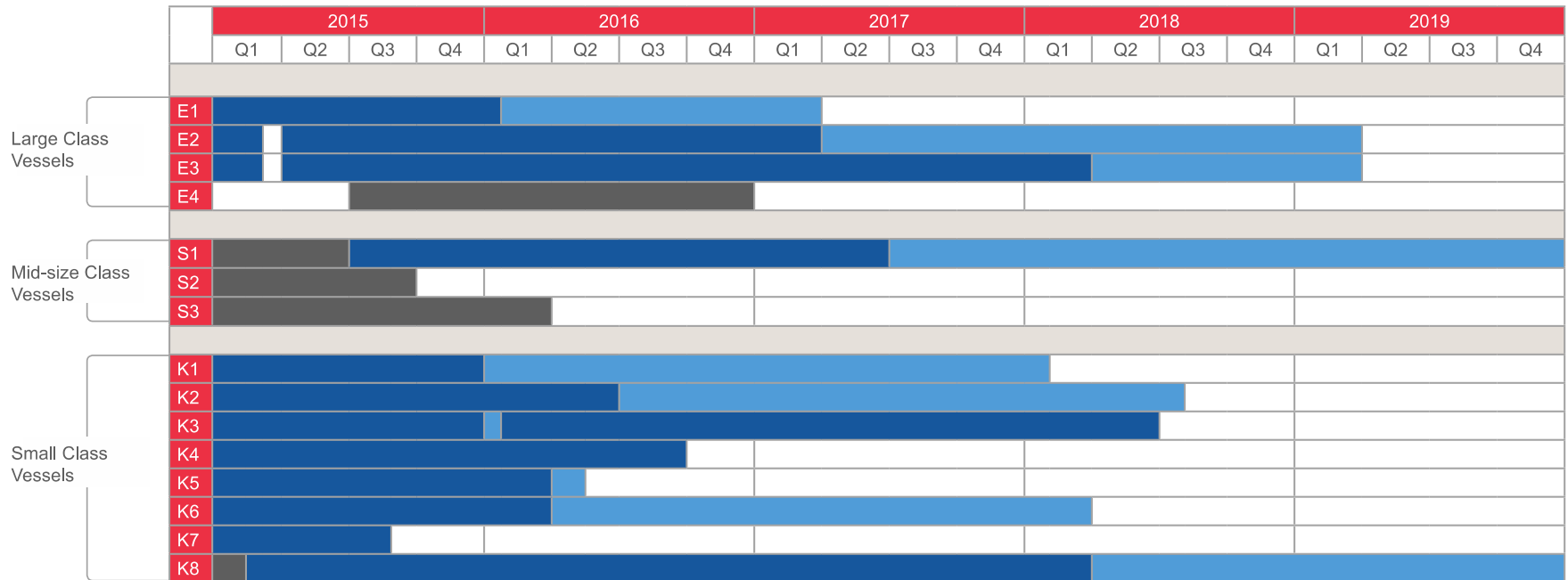
- Reflects the Group's focus on providing innovative and flexible solutions to its clients
- Demonstrates our cost-effective solutions for Opex-focussed oil and gas clients who seek to maximise value from their offshore assets; increasingly relevant in the current oil price environment

## New build programme is progressing on time and to budget

- SESV fleet on track to be expanded from 9 to 15 vessels during the period 2014 to 2016
- 3 SESVs delivered on time and to budget, on charter to date
- 3 SESVs under various stages of construction on time and to budget
- Encouraging signs for first charter for GMS Scirocco
- Our intention is to make further additions to the fleet, on a vessel by vessel basis, beyond 2016, subject to our view on market demand and investment returns

**Continued solid performance and well-positioned for growth**

### SESVs contract duration as at 1 August 2015



- Most contracts comprise of a firm period with client's option to extend for a further period
- Recurring client demand presents retendering opportunities
- Since 2007, in excess of 90% of contract extension options have been exercised
- Vast majority of backlog in Opex-led activities

#### Key



Firm



Options



Under Construction

**Total secured backlog:**  
**US\$ 664m**



Firm: **US\$ 342m**



Options: **US\$ 322m**



# A Favourable Position for Continued Growth

## Healthy Backlog



Provides good revenue visibility

## Focus on Brownfield Opex-led Activities



More than 90% of backlog is on Opex-based contracts



Our vessels can reduce our clients' costs

## Long-term Contracts



Strong client relationships with retendering opportunities



High vessel utilisation

## MENA Operations



Low production cost region



Clients are NOCs



Around 60% of backlog in MENA

## Market Opportunities



Delivery of innovative and cost-effective solutions attracts new business



Recently entered decommissioning sector. Future expansion capability for other new sectors including plug and abandonment



Entrance into new regions

**Solid performance and flexibility for delivery now and in the future**

# Outlook - Delivering on our Strategy

- The Group is well-placed to continue progress with robust operating cash flows and clear revenue visibility from a healthy backlog
- Due to the significant reduction of planned special projects in the second half of the year, together with the benefits of new vessels being added, significant increase in earnings expected in H2 2015
- Net income for the full year is expected to be broadly in line with expectations

- The new build programme, which commenced in 2014, will expand the SESV fleet by 66% by the end of 2016. Given the Group's continued success in winning contracts for the new vessels, we expect to see growth in our revenue earning capacity feeding through to the bottom line in 2016 and thereafter
- Demand in MENA remains particularly buoyant; we are therefore continuing to review the prospects for further development of the scale of our fleet beyond the current expansion programme

Topside Maintenance

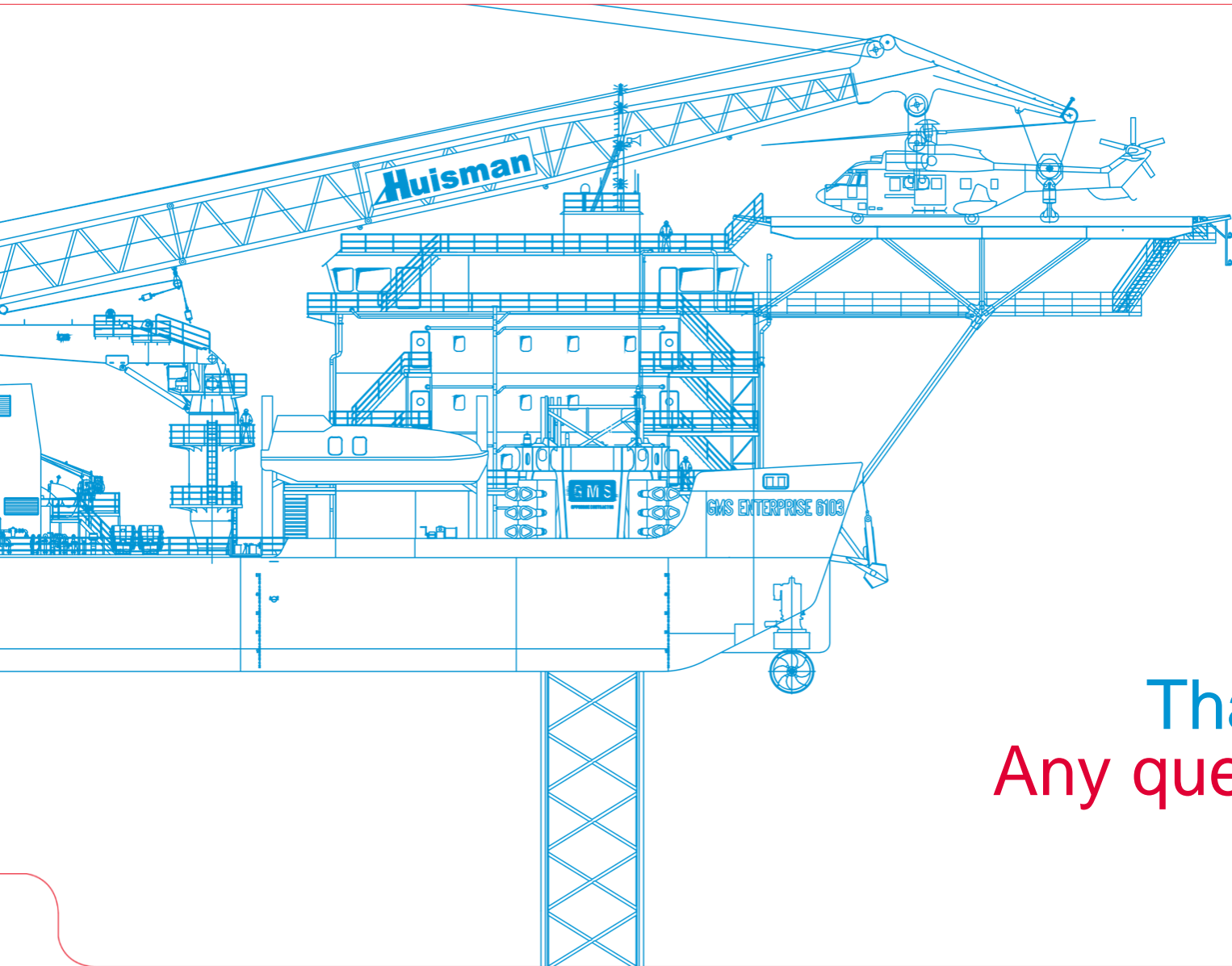
Well Intervention

Commissioning & Accommodation

Wind Turbine Installation & Maintenance

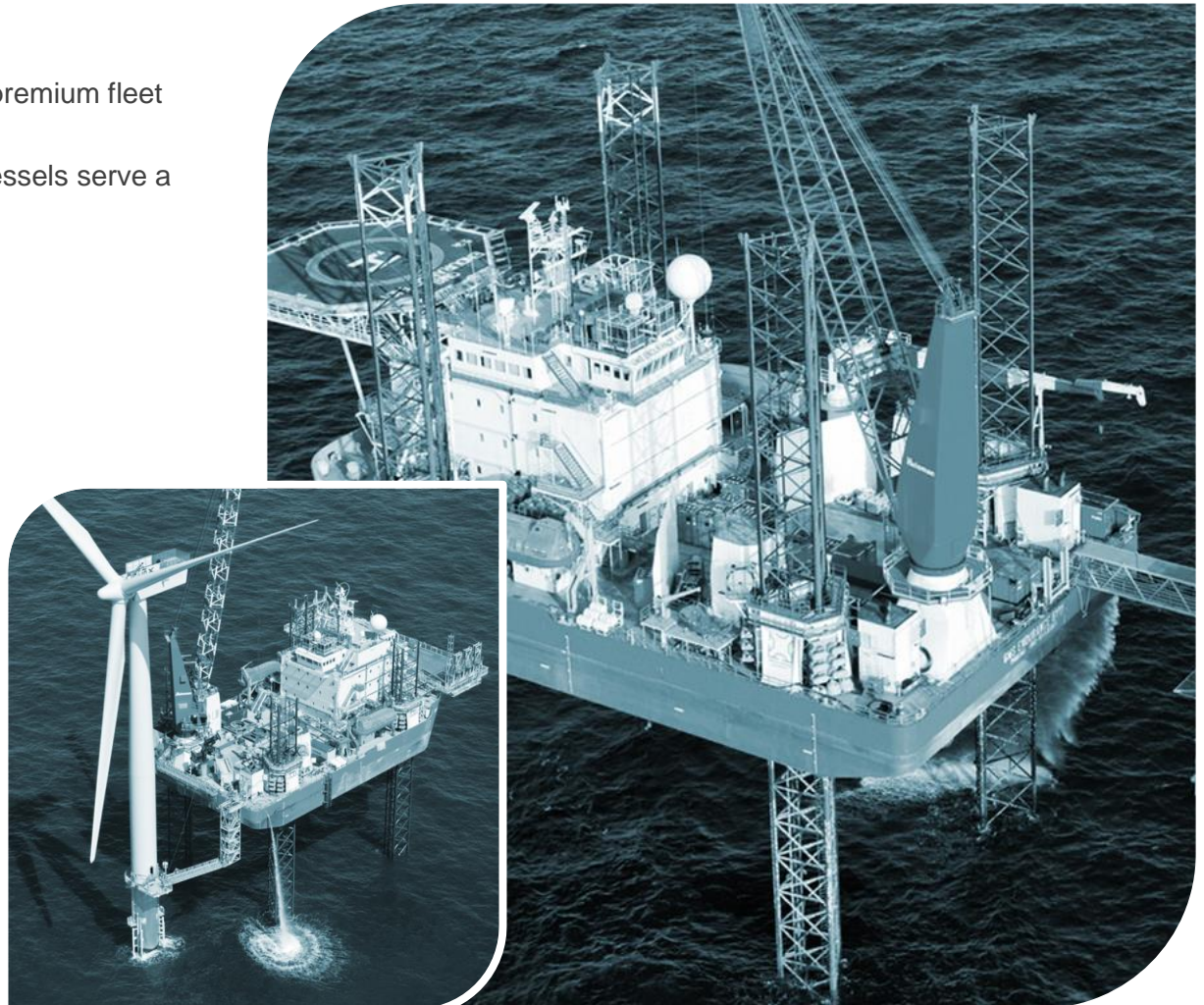


**Positive outlook for H2 2015 and beyond**



Thank you  
Any questions?

- Clients
- 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
- Fluid and Flexible New Build Programme
- In-House Construction Facility
- Historic Results
- Estimated Total Market Demand
- Board Composition





## Oil and Gas

ConocoPhillips



Schlumberger



TOTAL



أرامكو السعودية  
Saudi Aramco



**HYUNDAI**  
HEAVY INDUSTRIES CO., LTD.



BG GROUP



Dubai Petroleum Establishment



## Renewable Energy



Vestas



**ABB**

**SIEMENS**

### Comparative Vessel Capabilities

	GMS fleet	Jackup drilling rigs	Semi-subs/Construction vessels	Accommodation rigs	WTIVs (3)
Construction and Maintenance					
Construction & installation support	✓	✗	✓	✗	✗
Maintenance support	✓	✗	✓	✗	✗
Diving support	✓	✓	✗	✗	✗
Accommodation	✓	✗	✓	✓	✗
Remove/decommission topside modules	✓	✗	✓	✗	✗
Well Servicing & EOR					
Coiled tubing	✓	✓	✗	✗	✗
Wireline	✓	✓	✗	✗	✗
Well workover	✓	✓	✗	✗	✗
Well testing/early production	✓	✓	✗	✗	✗
Wind					
Installation	✓	✗	✓	✗	✓
Maintenance & Repair	✓	✗	✓	✗	✓

### GMS Vessel Advantage

Flexibility and Cost Efficiency	Mobility	Fleet self-propelled
	Rig move	Faster jacking time
	Accurate Positioning	Large and Mid-Sized both DP2
	Accommodation Capacity	Expandable by another 150 PoB to a total of 300 PoB
	Weather Tolerance	Ability to operate in harsh weather conditions <sup>(1)</sup>
Reliability	Operator Experience	In excess of 35 years
	Technically Advanced and Young Fleet	Under 10 years old on average <sup>(2)</sup>
Safety	Operator Safety	No serious incidents UKCS qualified
	Number of Legs	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 constructed
- Avg age: 2 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



- 1 unit + 2 to be constructed
- Age: delivered 2015
- 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 (7 yrs 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

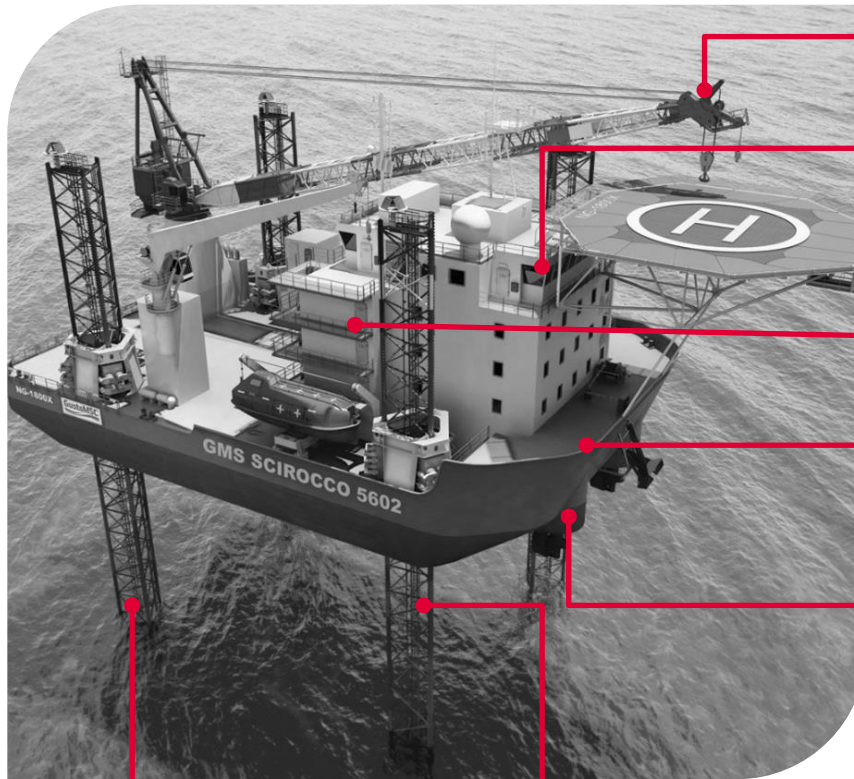
## Priority regions of operation

- GCC
- North West Europe
- South East Asia,
- West Africa



# 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

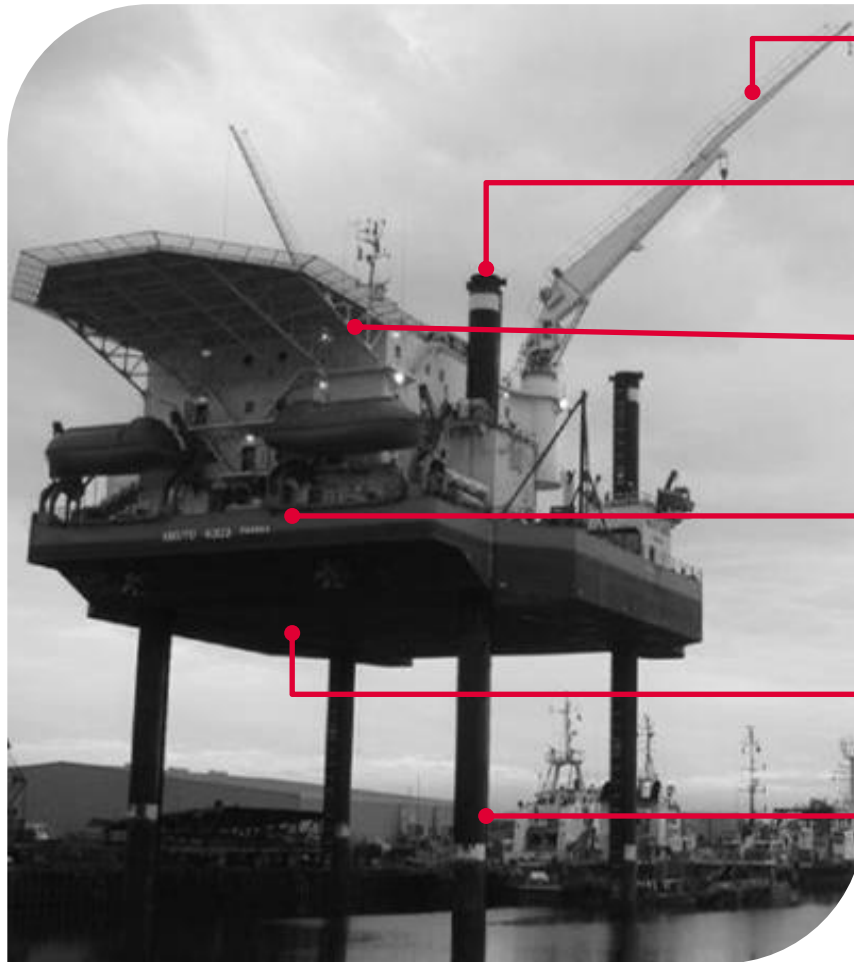
- Proven technology with high reliability and flexibility
- Units constantly tested and very well known in the core Arabian Gulf market

## 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

# 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

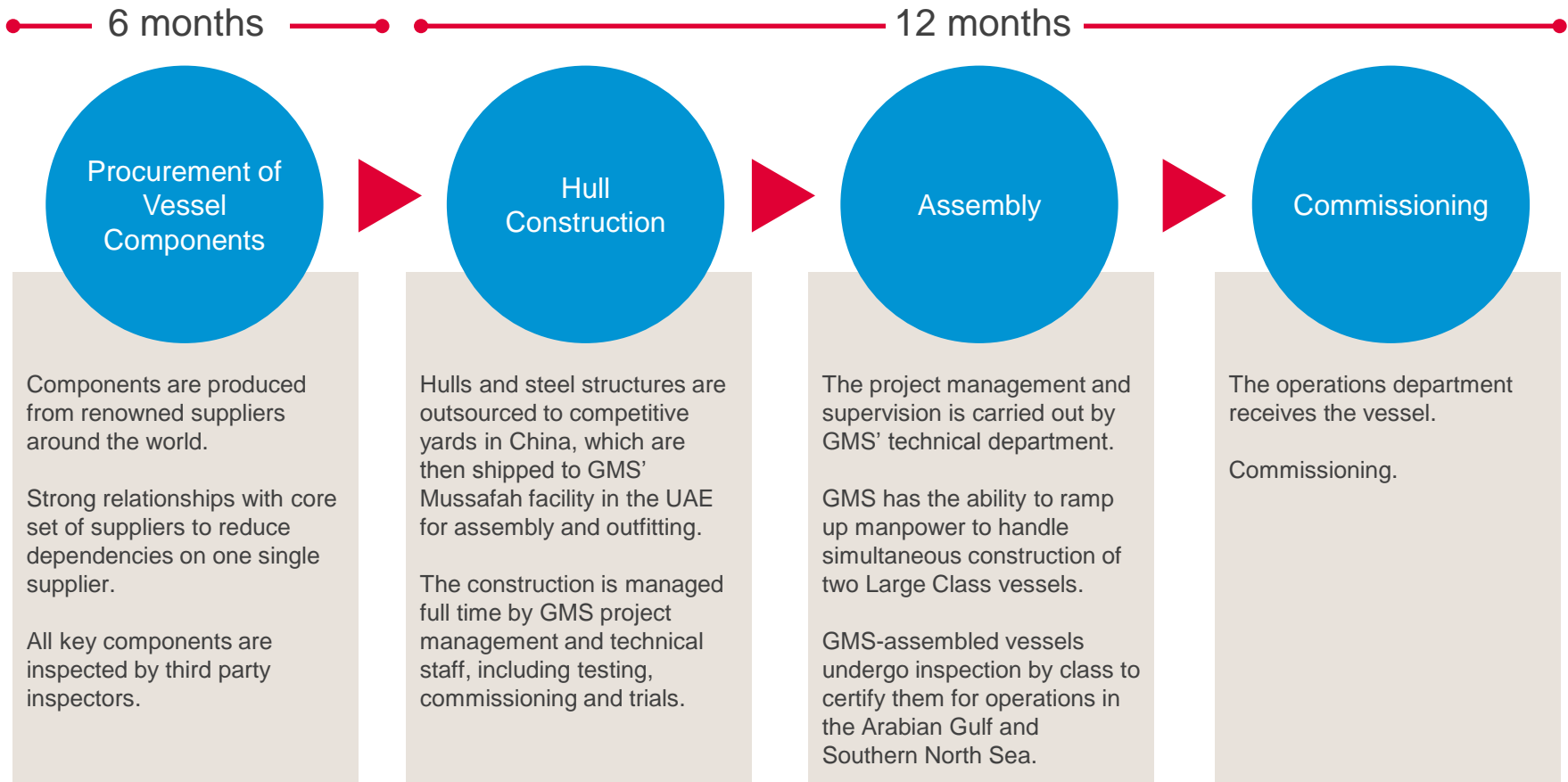
## 3 Capital Intensive Business

- E-Class costs approximately US\$130m for a third party with operational expertise critical to managing new build construction
- Customers don't pre-contract inhibiting debt financed new builds

**Replicating GMS' fleet and operations could take at least four years and would require over \$1 billion and would still not be able to realise the benefits of GMS' longer operational track-record or integrated model\***







\* Assumes new entrants would have to build 7 Small Vessels at \$37.5m each (the cost GMS acquires them for), 4 Large Vessels at \$130m each (the amount it costs a third party to build them), 3 Mid-Size vessels at \$85m each (the amount it costs a third party to build them ) and 1 Small Enhanced Vessel at \$51m (the price GMS is paying for it). New entrants would also require a maintenance base and suitable levels of working capital adding further significant costs.

# 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**

# Fleet Expansion Programme on Track

	2014		2015				2016			
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<b>New SESVs</b>										
Enterprise (Large)										
Pepper (Enhanced Small)										
Shamal (Mid-Size)										
Scirocco (Mid-Size)										
Sharqi (Mid-Size)										
Evolution (Large)										



Delivery date of vessel



Scheduled delivery date of vessel

The fleet expansion programme is on track to deliver growth in revenue-earning capacity

## GMS SHAMAL and GMS SCIROCCO



**Two Mid-Size Class SESVs under construction at the Group's in-house facility in Mussafah, 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

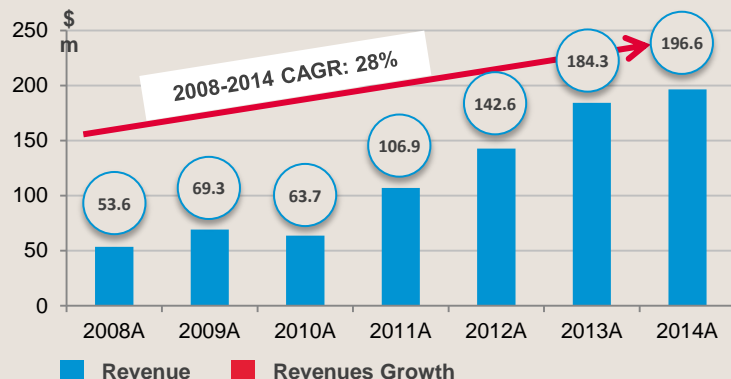
- Mussafah base is the HQ of GMS, strategically located on the waterfront of the Mussafah industrial area in Abu Dhabi
- 34,820m<sup>2</sup> fabrication and logistical base with the capacity to assemble / outfit three vessels concurrently
- No third party work performed. Focussed on GMS SESVs

**Competitive advantage in a challenging environment**

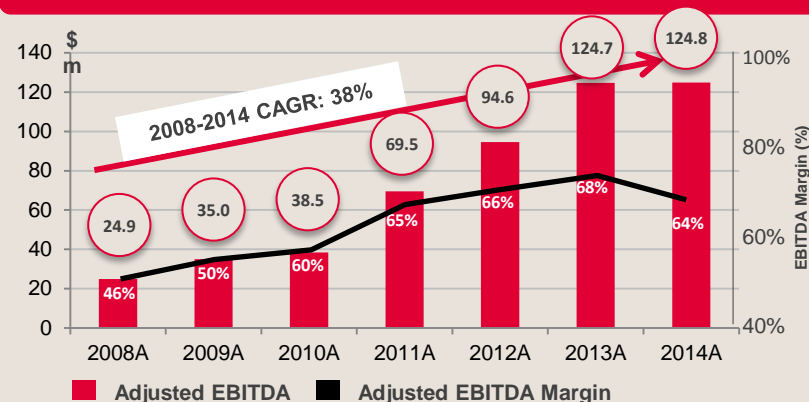


## Operational and financial performance - a successful track record

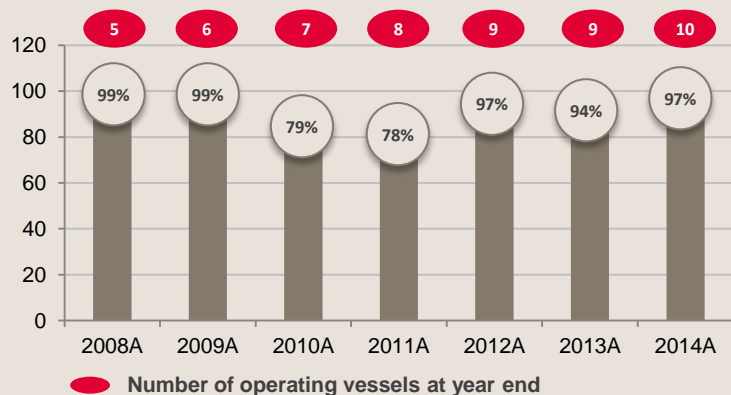
### Revenues



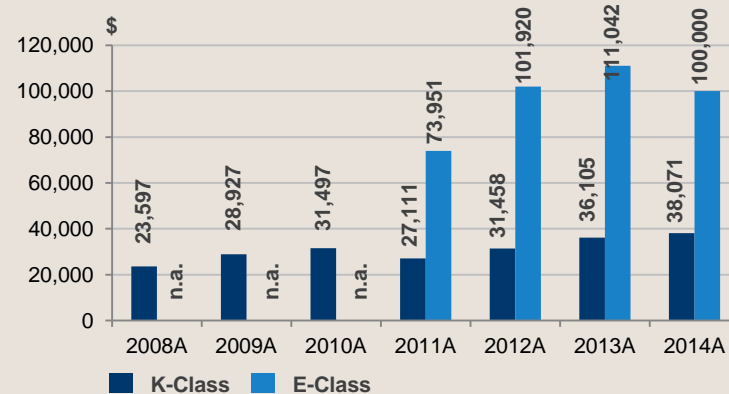
### Adjusted EBITDA <sup>(1)</sup> and Margin



### SESVs Fleet Utilisation Rates <sup>(2)</sup>



### SESV Fleet Average Day Rates <sup>(3)</sup>

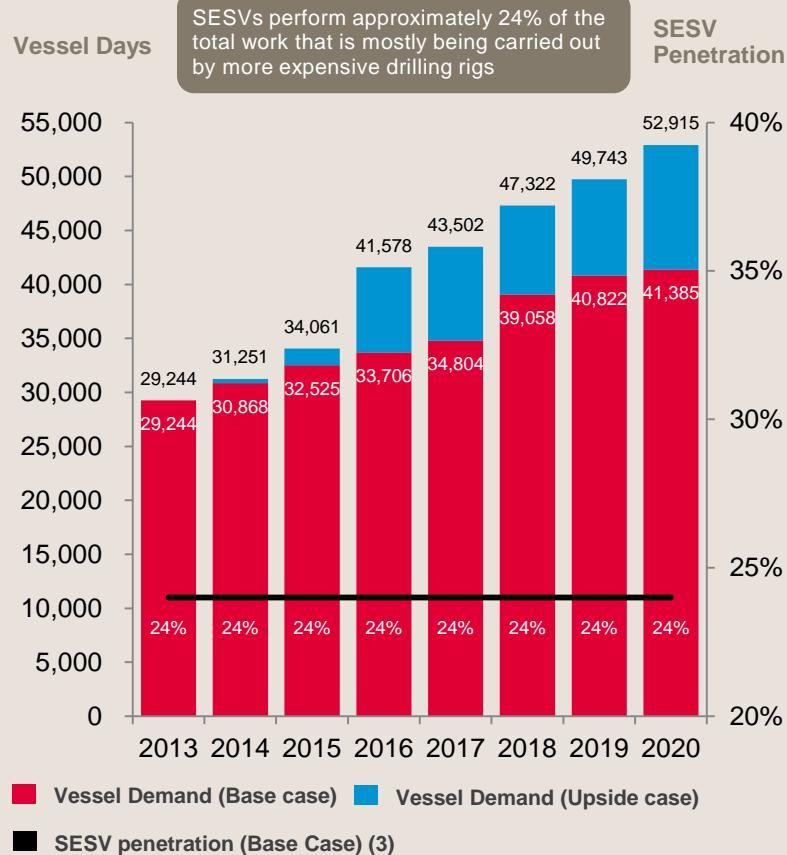


- (1) Calculated as net profit before tax plus depreciation of property, plant and equipment, amortization of intangibles and dry docking expenditure, share appreciation rights, net finance cost and foreign exchange losses; minus miscellaneous income, foreign exchange gains and any one-off or non-recurring costs.
- (2) Calculated as average between Large and Small Vessels. Based on total Large and Small Vessel days available, including days of planned maintenance and mobilisation.
- (3) Average day rates of contracts ongoing in each year. Note, K-Class excludes contracts under 100 days.

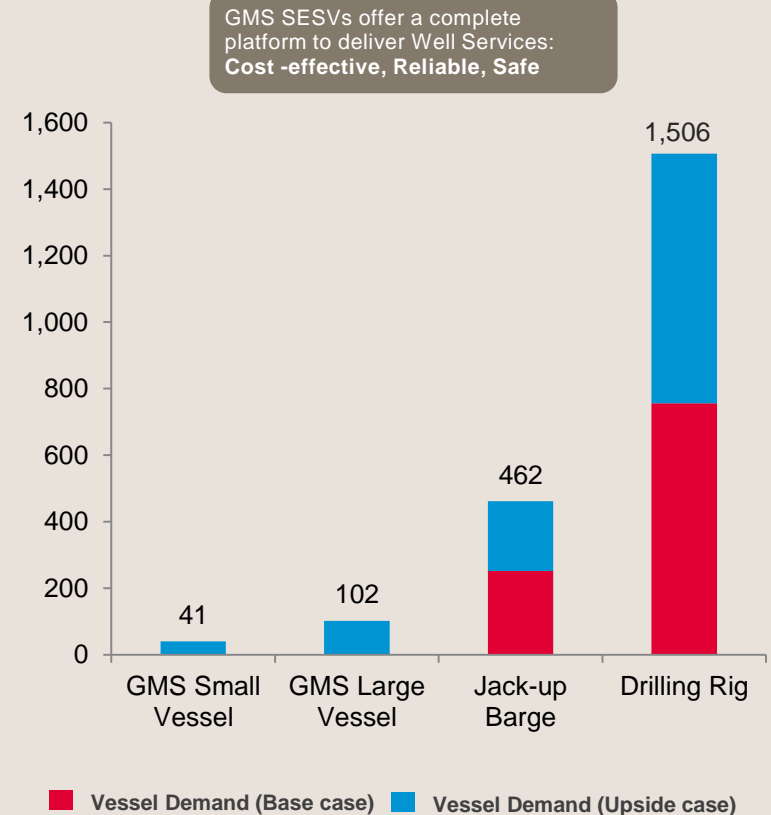
# Estimated Total Market Demand

SESVs are well-placed to win market share from alternative providers

## Significant expansion opportunity



## Cost Advantage of SESVs over other types of vessel of up to \$1.4m / move



Source: Douglas Westwood report carried out at time of IPO 2014. (1) Assumes SESVs require 1 day of charter hire for relocation, non-propelled vessels would require up to 3 days of charter hire for relocation, up to 3 support vessels, up to 7 days of hire for each vessel. (2) Assumes asset is non-propelled. (3) Refers to oil & gas market. Note: penetration rates are illustrative.

# Board Composition



**Simon Heale (Chairman)**  
**Independent Non-Executive Chairman**

- Non-Executive Chairman at Kaz Minerals plc
- Multiple previous directorships and executive positions
- UK Chartered Accountant, degree in Philosophy, Politics and Economics



**Richard Anderson**  
**Independent Non-Executive Director**

- Non Executive Director of Soma Oil & Gas
- Member of the Board at Eurasia Drilling Company, latterly as CFO
- Chairman of the Board at Vanguard Natural Resources LLC (NASDAQ)
- 36 years' experience in oil & gas industry related finance
- US Certified Public Accountant, BSc in Business, MA in Taxation



**Simon Batey**  
**Senior Independent Non-Executive Director**

- 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



**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



**Mike Straughen**  
**Independent Non-Executive Director**

- Non-Executive Director of 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
- 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)

## Contact

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