# GulfMark Offshore, Inc.

## Pareto Oil and Offshore Conference

September, 2004

**Cautionary Statement Regarding Forward-Looking Statements**

This presentation includes forward-looking statements and projections, made in reliance on the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. The Company has made every reasonable effort to ensure that the information and assumptions on which these statements and projections are based are current, reasonable, and complete. A variety of factors, however, could cause actual results to differ materially from the projections, anticipated results or other expectations expressed in this presentation. While the Company makes these statements and projections in good faith, neither the company nor its management can guarantee that the anticipated future results will be achieved. Reference should be made to the Company's Securities and Exchange Commission filings for additional important factors that may affect actual results. This discussion is available at the SEC website, www.sec.gov. or the Company's website at www.gulfmark.com.

In this presentation, EBITDA is used as a financial measure to compare historical and projected performance of the Company as well as industry peers. In accordance with Regulation G under the Securities Exchange Act, a reconciliation of EBITDA with earnings from operations for the relevant periods accompanies this presentation.

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# Market Focus

- Improving Oilfield Service Market
  - Increased Spending by Majors & Independents
  - Emphasis is on International Requirements
  - Vessel Order Book Declining

# Improving Markets

## Increased E&P Spending

- Recent spending surveys estimate increases in international spending in 2004, coupled with further increases in 2005

## Improving International Markets

- Identified projects should mean more drilling rigs, development projects, and construction support activity

## Increased Demand for Newer Vessels

- Customers are demanding newer, modern vessels with greater functionality and reliability as the average industry vessel age continues to increase

# E&P Spending Survey

- At December of 2003 Worldwide E&P spending forecasted to rise 4.4% in 2004
  - North America – only 0.6%
  - International – 6.4%
- 2004 Mid-year review – revised Worldwide E&P spending forecasted to rise 9%
  - North America – 4%
  - International – 12%
- 60% intend to increase E&P spending in 2005
  - 50% plan on double digit increases (primarily US independents)

Source: Lehman Brothers and Citigroup

# Estimated E&P Spending

- In total, 2004 budget additions were driven by the independents (adding $5.4 billion to 2004 budgets), primarily for international projects (adding $4.1 billion).
  - The majors also increased their 2004 budgets by $3.2 billion
    - Primarily outside North America – adding $2.6 billion

Source: Lehman Brothers' E&P Spending Survey – Midyear Update.

# Increased International E&P Spending

| ($ millions) | May 2004 2004E Budget | December 2003 2004E Budget | % Change |
|---|---|---|---|
| BG plc | 1,535 | 865 | 77.5% |
| Royal Dutch Shell | 9,595 | 5,850 | 64.0% |
| Repsol | 2,720 | 1,900 | 43.2% |
| Petrobras | 5,282 | 3,825 | 38.1% |
| Unocal | 1,180 | 890 | 32.6% |
| ConocoPhillips | 3,289 | 2,725 | 20.7% |
| TotalFina Elf | 6,500 | 5,715 | 13.7% |
| Eni SpA | 5,435 | 5,040 | 7.8% |
| PEMEX | 10,100 | 9,500 | 6.3% |
| Exxon Mobil | 8,900 | 8,475 | 5.0% |

Source: Lehman Brothers' E&P Spending Survey – Midyear Update.

# Budget Announcements

- **<u>ChevronTexaco</u> targets capex of $8.5bn in 2004, of which 75% ($6.4bn) will be used for E&P.**
  - This is $223mm above the previous estimate, and 6% above the targeted level for 2003.
- **<u>Burlington</u> is planning to spend $1.5bn in E&P spending, which is 1% above the estimate and roughly the same level as in 2003.**
- **<u>Pertamina</u>, Indonesia's state oil company, plans to spend $694mm on exploration and development in 2004.**
  - This is 28% above the $541 mm targeted level for 2003.
- **<u>Nexen</u>, a Canadian E&P company, expects to spend about $1.4bn in capex next year, which is 16% above the 2003 level.**
- **<u>Pemex</u> has also indicated a significant rise in the targeted level for next year.**
  - Recent $1.4bn raised in US bonds and lowered the effective tax on oil and gas production.
- **<u>Pioneer Natural Resources</u>: $550-600mm in 2004, 10-15% above 2003 level**
- **<u>Murphy</u>: $650mm, 7% below last year's $700mm – the only negative one we have seen**
- **<u>Shell</u>, increases European budget $150 mm**

Source: Carnegie Securities Research.

# Balanced Spending in 2004

- 7% growth in avg. worldwide rig count is anticipated in 2004
  - More balanced mix of onshore and offshore
- Revenues likely to grow 6-8% for service companies, skewed toward the international markets due to significantly higher revenue intensity
- 2004 growth expected to be diversified
  - In addition to Mexico, solid growth has occurred in China, India, Brazil and Venezuela

Source: Citigroup

# Reserve Reductions

- On January 9th, Royal Dutch/Shell slashed its proven oil and natural gas reserves by 20%
  - Nearly 4 billion barrels
  - Will boost cap-ex in 2004 from $13 billion to between $14.5-$15 billion
  - Will concentrate the extra spending on "high margin" projects in U.K. and U.S.
- On January 27th, Forest Oil reduced its proven oil reserves by 74 million barrels of oil equivalent (mmboe), or 28% of total 2002 proven reserves
- On February 18, following and independent review by outside auditors, El Paso reduced its proven reserves by 1.8 trillion cubic feet – 41%
- On February 18, Vintage Petroleum also revised downward by 5% the Company's total proved reserves
  - Over 26 million barrels of oil equivalent
- On March 12, BP disclosed in its annual report that it reduced proven oil and natural gas reserves by 2.5%
  - Approximately 445 million barrels

# Potentially Improving Markets

- There is belief that West African, Indian, Southeast Asian and Middle Eastern Offshore drilling markets will be significant sources of incremental rig demand in balance of 2004 – 2005.
  - In December, 2003, the view was that Intl. offshore drilling markets (ex. U.S. GOM and North Sea) would collectively see a demand for 30-55 incremental offshore rigs in 2004 based on the expected tenders
  - As of June 7, 2004, ODS-Petrodata's research division estimated that global offshore rig demand could increase by as many as 30 rigs over the balance of 2004

Source: Stifel, Nicolaus & Company Incorporated, "Oilfield Services Update", December 17, 2003.
Offshore International Newsletter – June 7, 2004.

# North Sea Outlook

- UK Department of Trade and Industry (DTI) 2004 Survey
  - Operators expected drilling activity to increase ~30% in 2004
  - Intentions higher for next three years than in recent years
- Southern Basin expected to be 70% higher
- West of Shetland expectations are higher
- Northern and Central North Sea regions remain as the areas with the highest expectations

Source: Lehman Brothers and Citigroup

# UK Government Stimulus

- **Fallow Fields**
  - In 2002 over 200 blocks turned fallow
  - In 2003 a further 172 blocks turn fallow
- **Access to Infrastructure**
  - Changes being put into place to prevent infrastructure owners from taking disproportionate share of rewards from new field developments
- **Cooperation with Norway**
  - New agreement between U.K. and Norway paves way for Ormen Lange gas field development
  - Allows more flexible use of infrastructure on both sides of the median line
- **New Licensing**
  - Introduction of "Promote" licenses in the U.K. 21st round lowers threshold for UK acreage
  - Introduction of "Frontier" License in the U.K. 22nd round, the largest in 40 years, will cut the rental fee by 90% for the first two years in the west of Shetland region
- **Fiscal Regime**
  - Abolishment of 12.5% royalty charge on pre-1982 fields and PRT on new field developments
  - 100% capital allowances will be carried forward

Source: Simmons & Company International

# Barents Sea

- Government approval to begin E&P operations
- Integrated management plan for Barents Sea created
- Operators will collaborate over drilling campaign to efficiently utilize rigs
- Aim to start drilling as early as Spring 2005

Source: Statoil

# Expanded Demand - Norway

- Norsk Hydro's Ormen Lange is scheduled for development in 2005. Hydro has recently awarded contracts worth NOK 22 billion, of the total cost of NOK 66 billion.
- Approx. NOK 19.5 billion will be spent on Langeled - the world's longest subsea export pipeline, which will run 1200 kilometers from Aukra, Norway to Essington, England.
- Statoil awarded Transocean Searcher one year program for Aasgard field
- Statoil chartered Transocean Leader for 15 months + options with expectation of workscope on Heidrum and Norne fileds from May 04
- Norsk Hydro extended West Venture working Troll by two years

# Expanded Demand - Norway

- Polar Pioneer transfers from Hydro to Statoil in September for Snovit development work
- Deepsea Bergen will complete drilling on Glitne and Heidrum and then go to the UK for one year on the BP Rhum project and then start the Marathon Alvheim Field development work in Norway lasting at least 10 wells
- ConocoPhillips will use jackup Maersk Innovator for four to five months in UK from mid 2004 followed by four year drilling program on Ekofisk field in Norway.
- Ocean Rig's Erik Raude, already booked to fourth quarter 2005 for programs with BG, Norsk Hydro and Statoil
- Norsk Hydro contracted the Stena Dee for two years from early 2005, replacing Polar Pioneer for Troll Field Drilling

# Mediterranean

- All Rigs in the Region are Likely to Work in 2004
- Deepwater drilling expanding in Egypt with Atwood Hunter having started a ten well program for Burullus (BG) and Scarabeo 6 expected to start a two year program shortly
- Stena Tay completed Egyptian program and finishes Shell contract with Moroccan well
- Shallow water demand continues
  - Programs in Black Sea and the removal of most US sanctions and return of US oil companies to Libya will increase focus on the region

# Offshore Brazil

- Sixth Annual Auction of Oil E&P Licenses
  - 24 oil companies, including global oil majors, took part – twice as many as in 2003
    - Properties seen as holding better promise
    - Extensions of tax breaks on imported equipment for oil exploration
  - Participants included: Statoil, Royal Dutch/Shell, EnCana, Repsol, Sk Corp, Kerr-McGee, and Devon among others

# West Africa

- The “Promised Land”
- Many programs announced but slow to start
- 2005 Programs
  - TFE – Dalia (Blk17), Akpo
  - Chevron/Texaco – Agbami
  - Shell – Bonga
  - BP – Block 31

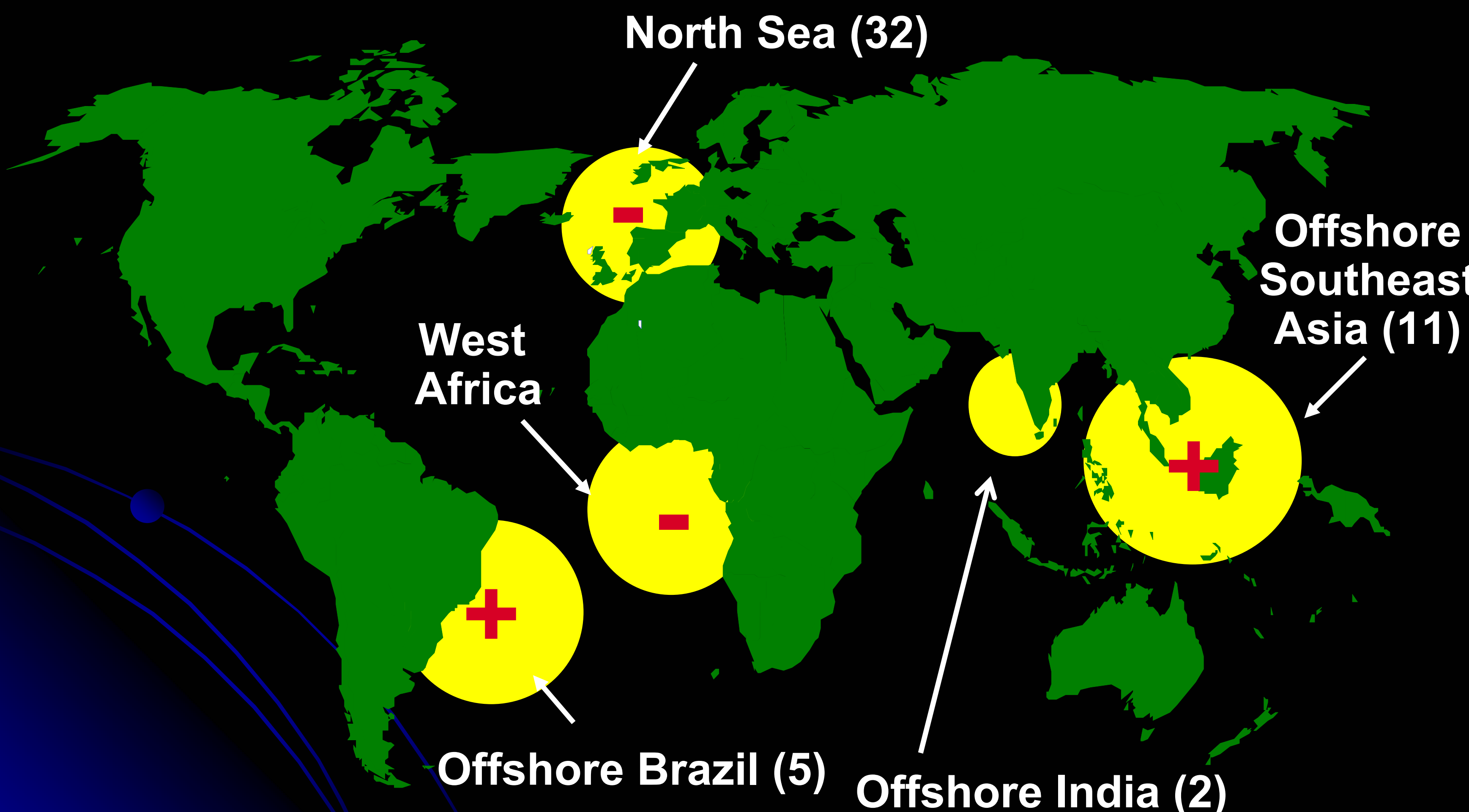
# Other Areas

- Far East – India
  - Deepwater program now underway in India
  - South East Asia very strong in 2003 – 2004 and expected to continue in 2005
- Mexico
  - 17+ jack-ups in 2003 and record high capital expenditures of $10.3 billion
  - 2004  final capex expected to be over $10 billion

# Marketing Strategy

- GulfMark maintains operational flexibility and manages risk through its contract terms
  - Long-term contracts
  - Short-term contracts
  - Profit sharing arrangements
  - Vessel pooling
- GulfMark works with customers to determine their operational needs and provide vessels and equipment to efficiently deliver a total solution

# Overview of Company*



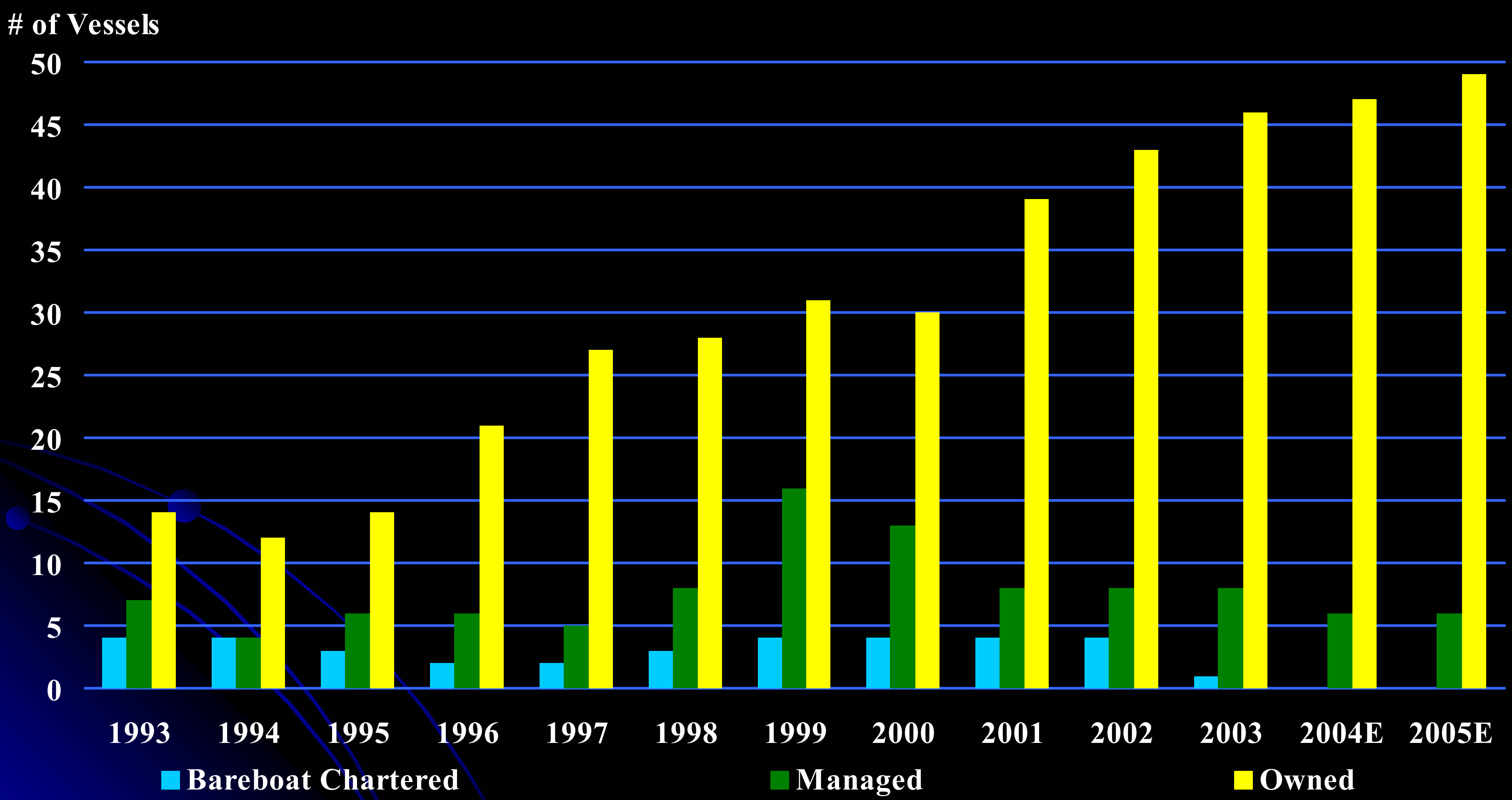

* As of August, 2004.

# Fleet Summary*

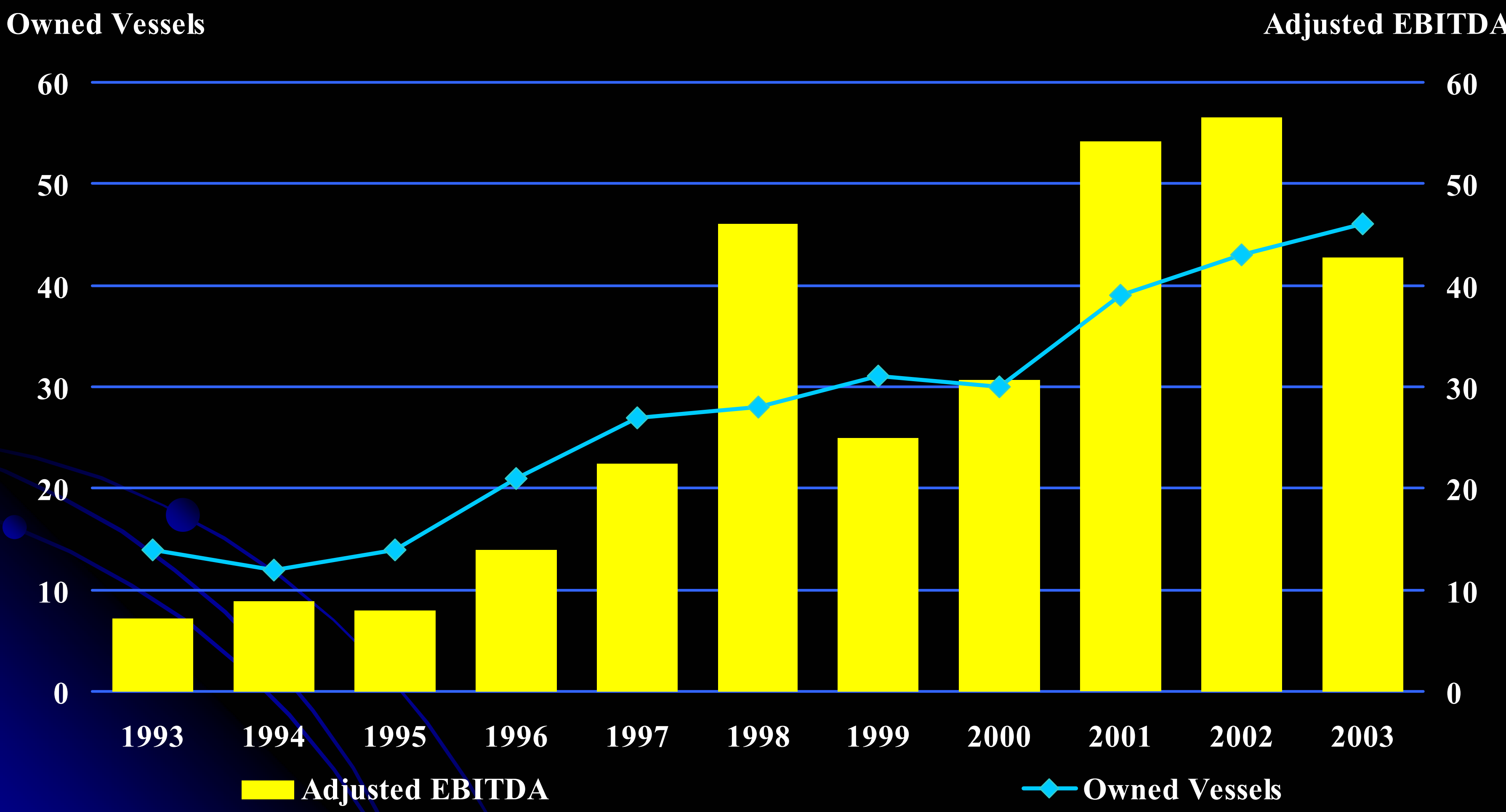
| | North Sea | Southeast Asia | Brazil | India | Total |
|---|---|---|---|---|---|
| PSVs | 23 | 3 | 3 | 2 | 31 |
| AHTS | 3 | 8 | 1 | 0 | 12 |
| SPVs | 6 | 0 | 1 | 0 | 7 |
| Total | 32 | 11 | 5 | 2 | 50 |
| Owned | 27 | 11 | 5 | 1 | 44 |
| Avg. Age (Yrs.)** | 9.3 | 21.9 | 12.5 | 7.6 | 13.9 |

(1) As of July 2004.
(2) Average age of owned vessels, excluding SPV's.

# Fleet Growth



# The Power of Ownership



# Future Additions

| | Expected Delivery | Contract Term |
|---|---|---|
| UT 719-2 MPSV (Austral Abrohlos)(1) | Q3 2004 | 5 yrs. |
| 6000 BHP AHTS (TBN I)(2) | Q1 2005 | 5 yrs. |
| 6000 BHP AHTS (TBN II)(2) | Q1 2005 | 5 yrs. |

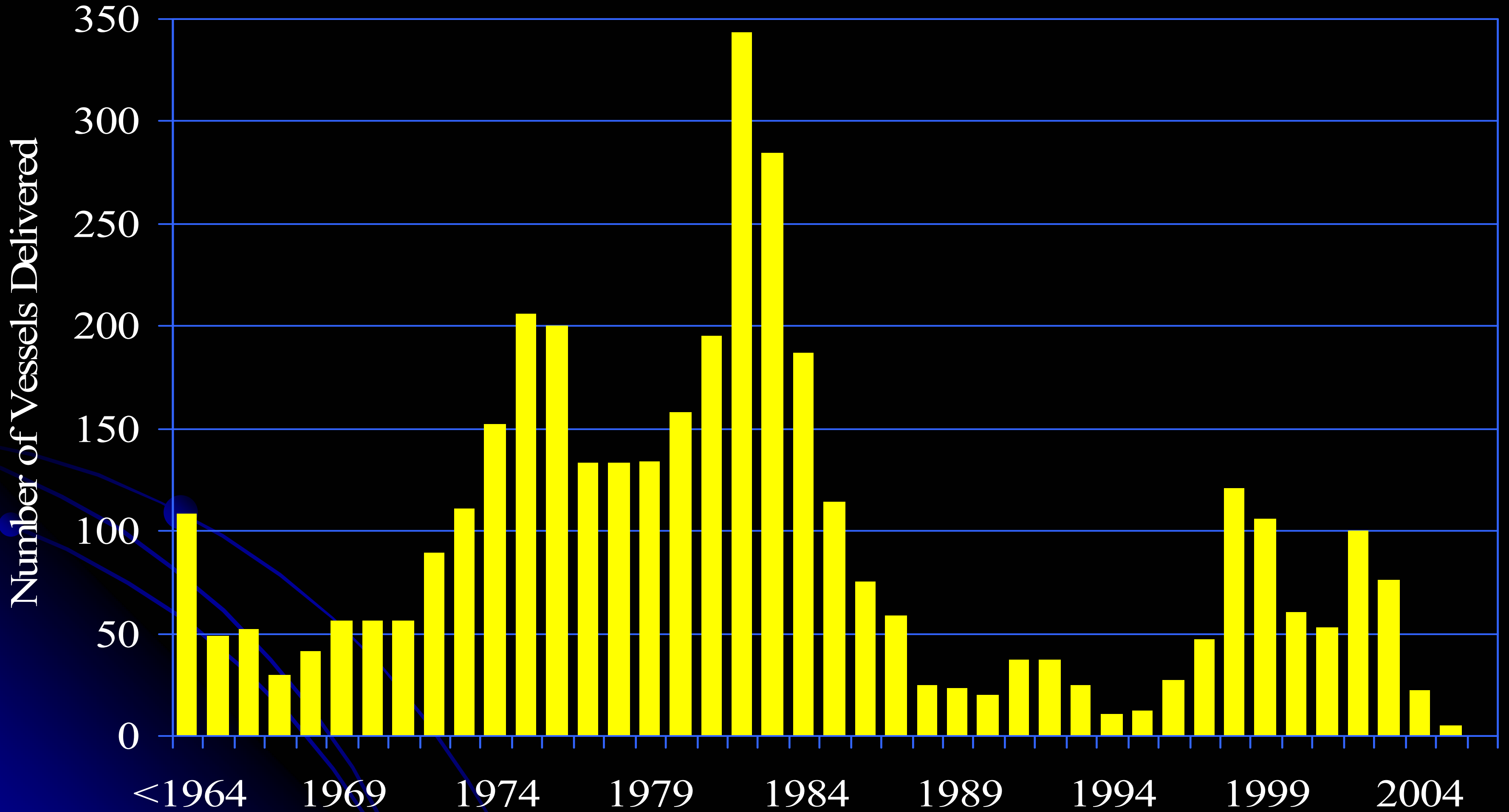
(1) Built specifically for a contract with Shell/Enterprise for offshore work in Brazil.
(2) Built specifically for a contract with PEMEX for offshore work in Mexico.

# Newbuild Order Book

- At mid-year 2004 the order book for large supply vessels from European yards dropped to 0 AHTSs above 10,000 BHP.
- For PSVs above 3000 dwt, the order book slimmed down from 27 to 13.
  - Four of the 13 vessels in the order book have term contracts

Source: RS Platou

# Historical Offshore Supply Vessel Deliveries




Source: Source Research, Jefferies & Company, Inc.

# Demand for High-Capacity Supply Vessels

***International demand for high-capacity supply vessels has shown impressive growth since 1997***

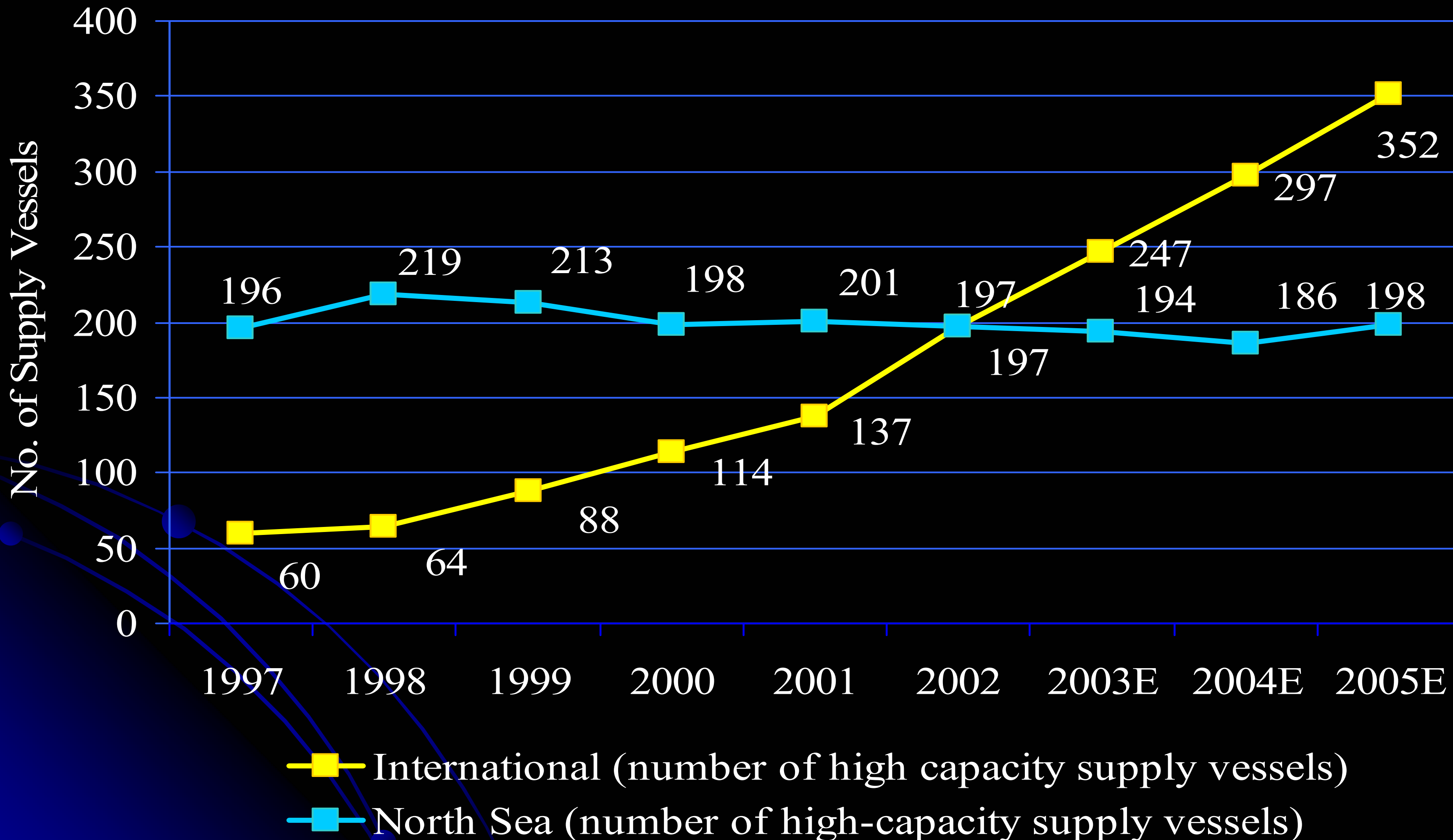
- **Increased deepwater activity – creating new demand.**
- **Improved efficiency – replacing older vessels.**
- **Health and safety plus environmental issues – replacing older vessels.**

**The number of high-capacity supply vessels in the North Sea has been relatively stable at around 200 units since 1997 (a slight downward trend).**

**However, international demand over the same period showed impressive growth - total units have increased from 60 to 197 units. The first year in which the number of international high-capacity vessels exceeded the number of vessels available in the North Sea was 2002.**

Source: Enskilda Securities

# North Sea vs. International




Source: R.S. Platou Offshore, Enskilda Securities

# FINANCIAL

# Selected Financial Data

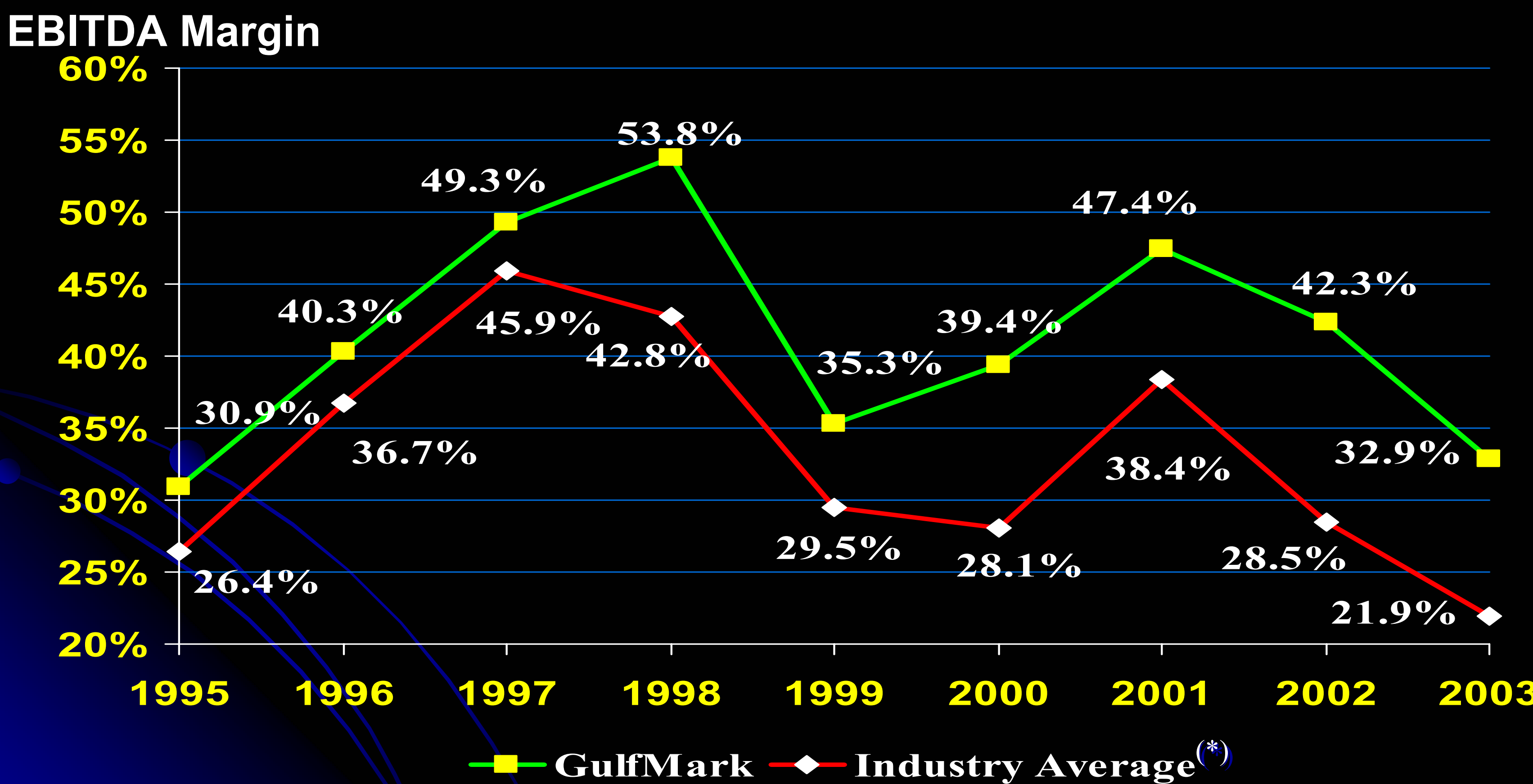
*($ Millions, except per share amounts)*

| | 1998(*) | 1999 | 2000(*) | 2001(**) | 2002 | 2003 | 1st Call 2004E(*) |
|---|---|---|---|---|---|---|---|
| EBITDA | $46.4 | $24.9 | $30.7 | $54.1 | $56.6 | $42.8 | $52.0 |
| Net Income | $18.9 | $1.9 | $5.4 | 22.2 | $24.0 | $0.5 | $1.4 |
| Share O/S | 16.6 | 16.6 | 16.6 | 16.8 | 19.6 | 20.3 | 20.0 |
| E.P.S. | $1.14 | $0.11 | $0.33 | $1.32 | $1.22 | $0.03 | $0.07 |

* Excludes gain on sale of vessels.
** Excludes deferred tax reversal.

# EBITDA Margin

## Consistent Outperformer




* Average of Seabulk, Trico, Seacor and Tidewater through 12/31/03.

# Capital Expenditures

| ($ Millions) | 2001 | 2002 | 2003 | 2004E | 2005E |
|---|---|---|---|---|---|
| New Build Program | $28.5 | $79.4 | $76.8 | $ 0.0 | $0.0 |
| Brazil New Build | 0.0 | 7.0 | 8.1 | 9.5 | 0.0 |
| Mexico New Build | 0.0 | 0.0 | 3.1 | 14.0 | 4.2 |
| Dry Docking Costs | 4.9 | 6.2 | 7.5 | 6.6 | 8.5 |
| Other /Enhancements | 1.5 | 1.7 | 3.6 | 1.8 | 1.0 |
| Acquisitions | 50.3 | 0.0 | 0.0 | 0.0 | 0.0 |
| Total | $85.2 | $94.3 | $99.1 | $31.9 | 13.7 |

# Summary

- Premier World Class Fleet
- Attractive Dynamics in Markets of Operation
- Newbuild Vessels Nearing Completion
- Powerful Upside Exposure

# Reconciliation of Adjusted EBITDA

| ($ Millions) | | | | | | Three Months Ended March 31, | |
|---|---|---|---|---|---|---|---|
| | 1999 | 2000 | 2001 | 2002 | 2003 | 2003 | 2004 |
| Net (loss) income | $ 1.9 | $ 7.9 | $ 37.9 | $ 24.0 | $ 0.5 | $ (3.3) | $ (3.9) |
| Interest expense, net | 9.5 | 10.7 | 11.6 | 10.9 | 12.8 | 3.4 | 4.1 |
| Income tax (benefit) | 0.3 | 3.1 | (12.2) | 3.0 | 0.2 | (0.2) | 0.5 |
| DD&A | 12.4 | 12.6 | 15.3 | 21.4 | 28.0 | 6.7 | 8.2 |
| **EBITDA** | **24.1** | **34.3** | **52.6** | **59.3** | **41.5** | **6.7** | **8.9** |
| Adjustments: | | | | | | | |
| Gain on sale of assets | - | (3.7) | - | (0.2) | (0.0) | - | - |
| Loss from unconsol. ventures | 0.9 | 0.2 | - | 0.3 | 0.1 | - | - |
| Minority interest | - | - | 1.5 | (0.2) | - | - | - |
| Other income (expense), net | - | (0.2) | (0.0) | (2.6) | 1.2 | 0.4 | 0.1 |
| **Adjusted EBITDA** | **$ 25.0** | **$ 30.7** | **$ 54.1** | **$ 56.6** | **$ 42.8** | **$ 7.1** | **$ 9.0** |

**EBITDA is defined as net income (loss) before interest expense, net, income tax provision, and depreciation and amortization. Adjusted EBITDA is calculated by adjusting EBITDA for certain items that we believe are non-cash or unusual, consisting of: (i) gain on sale of assets; (ii) loss from unconsolidated ventures; (iii) minority interest; and (iv) other (income) expense, net. EBITDA and Adjusted EBITDA are not measurements of financial performance under GAAP and should not be considered as an alternative to cash flow data, a measure of liquidity or an alternative to income from operations or net income as indicators of our operating performance or any other measures of performance derived in accordance with GAAP. EBITDA and Adjusted EBITDA are presented because we believe they are used by security analysts, investors and other interested parties in the evaluation of companies in our industry. However, since EBITDA and Adjusted EBITDA are not measurements determined in accordance with GAAP and are thus susceptible to varying calculations, EBITDA and Adjusted EBITDA as presented may not be comparable to other similarly titled measures of other companies.**