

Offshore Connect, Singapore 2016

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19th April 2016

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GMS Background

- ☐ Established in USA in 1992....The world's largest cash buyer of vessels for recycling
- ☐ World's FIRST ISO 9001:2000 certified Cash Buyer.
- ☐ Offices in Dubai (Head Office) Shanghai, Singapore , Tokyo , Hamburg, Seoul and the USA
- ☐ Market leader in all major recycling centres of Sub continent, Turkey and China
- ☐ Typical annual transaction volume of between 200 – 300 vessels since 2012
- ☐ Leader in Green Recycling:
 - ☐ IMOs Hong Kong Convention
 - ☐ Development of Green Yards
 - ☐ Tailor made green recycling programs



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Global Recycling Centres



Number of active yards per Country:

- Indian subcontinent
 - India (75 of 172)
 - Bangladesh (45 of 70)
 - Pakistan (65 of 129)
- China (16 of 20)
- Turkey (20)



Note: all figures are approximates

- These 5 countries recycle more than 95% of the world's fleet.

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Green Recycling



- Increasing importance, especially from Offshore companies which may be listed or have well developed CSR policies
- **HONG KONG CONVENTION** – most relevant set of guidelines and four yards in India are now certified as being HK Convention compliant
- This has led to a two tier market with a 'Green' price substantially below conventional price as a result of limited supply
- **BASEL CONVENTION** – not so suited to recycling of offshore assets but it is being applied by certain companies selling offshore assets, complex rules and involves getting Governmental approvals

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Project Management / As is Deliveries



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Project Management



- Take over 'as is' at a yard or layup facility
- Negotiation with yard and local authorities for departure
- Inspection by MWS to approve tow and tug for final voyage
- Preparation of the tow for final voyage
- Arrangement of insurance for final voyage
- Inward clearance, beaching arrangements on arrival

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Innovative Delivery Solutions



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Equipment – Spares and Capital Equipment



- Major value to be realised in the value of spares and equipment which are sold with Rigs, FPSOs, AHTSs and PSVs
- Typical Semi sub Rig inventory value is between US\$ 5 – 8 million, this is spares alone not including capital equipment
- Examples include tubulars, new iron roughnecks, major spares for BOPs, new cranes, pumps, top drives and other high value equipment.
- Unlocking the extra value in these spares will allow us to bid more than our competitors and also realise extra value for the sellers – in the AHTS / PSV space equipment might make the difference between a positive price and a negative price.

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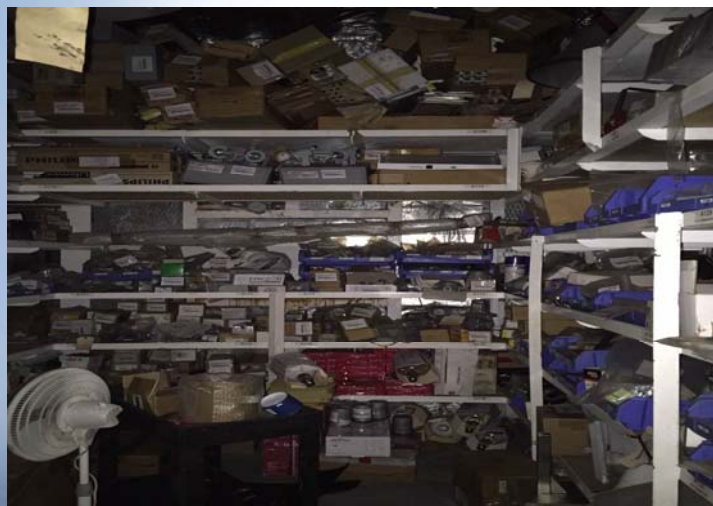
Equipment and Spares



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Equipment and Spares



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Equipment and Spares



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New Recycling Centres in SE Asia?



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Conclusion

- New sector – for both Cash buyers and owners of offshore assets so it is a steep learning curve on both sides.
- We believe we have now established a unique skill set to allow us to handle the take over and movement of these assets from yards and layup facilities to the breaking yards.
- There is a great deal more to be done in terms of equipment sales but this area is going to be key to realising value in a low steel price environment
- New recycling centres will develop and this will give more choice to sellers, in particular we believe Batam holds great potential and are working to develop this further