

Edgar Filing: GULFMARK OFFSHORE INC - Form 8-K

GULFMARK OFFSHORE INC

Form 8-K

August 31, 2001

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SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

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Form 8-K  
CURRENT REPORT PURSUANT  
TO SECTION 13 OR 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934  
-----

Date of Report (Date of Earliest Event Reported): August 31, 2001

GulfMark Offshore, Inc.

-----  
(Exact Name of Registrant as Specified in its Charter)

Delaware

-----  
(State or Other Jurisdiction of Incorporation)

000-22853

-----  
(Commission File Number)

76-0526032

-----  
(I.R.S. Employer Identification No.)

4400 Post Oak Parkway, Suite 1170, Houston, Texas

-----  
(Address of Principal Executive Offices)

77027

-----  
(Zip Code)

(713) 963-9522

-----  
(Registrant's Telephone Number, Including Area Code)

N/A

-----  
(Former Name or Former Address, if Changed Since Last Report)

(Exhibit Index Located on Page 3)

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ITEM 9. REGULATION FD DISCLOSURE

## Edgar Filing: GULFMARK OFFSHORE INC - Form 8-K

This filing contains certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, which involve known and unknown risk, uncertainties and other factors. Among the factors that could cause actual results to differ materially are: price of oil and gas and their effect on industry conditions; industry volatility; fluctuations in the size of the offshore marine vessel fleet in areas where the Company operates; changes in competitive factors; delay or cost overruns on construction projects and other material factors that are described from time to time in the Company's filings with the SEC. Consequently, the forward-looking statements contained herein should not be regarded as representations that the projected outcomes can or will be achieved. Readers should consider all of these risk factors as well as other information contained in this report.

On September 4, 2001, Bruce A. Streeter, President and COO of the Company, will make a public presentation at the Lehman Brothers CEO Energy Conference in New York. The presentation will focus on a review of the growth of the Company over the last decade and the significant events which have resulted in such growth. He will highlight the acquisitions and events which have occurred in 2001 and disclose the estimated relative contribution of each of the events to the estimated doubling of earnings per share from 2001E to 2004E (Slide 4). The nine vessel newbuild program will be highlighted with the estimated earnings per share contribution from the vessels and earnings before interest, taxes and depreciation (EBITDA) also disclosed (Slide 12). This information was based on assumptions regarding dayrates (average of trailing twelve months at April 30, 2001 for the newbuild vessel estimates) and utilization consistent with current market conditions. There is no assurance that these conditions will prevail in the forecasted periods. Updates to the forward contract cover for the Company's owned fleet for 2001 and 2002 will also be presented (Slide 20 & 21).

The following slides make up the complete presentation excluding introductory matters. In providing this information, the Company is not claiming or confirming that the delivery schedule of the newbuild vessels will be achieved or that the estimated earnings per share or EBITDA contributions will in fact be achieved.

The information contained in the slides is summary information that is intended to be considered in the context of our SEC filings and other public announcements that we may make, by press release or otherwise, from time to time. We undertake no duty or obligation to publicly update or revise the information contained in this report, although we may do so from time to time as our management believes is warranted. Any such updating may be made through the filing of other reports or documents with the SEC, through press releases or through other public disclosures.

The information included pursuant to this Item 9 shall not be deemed to be incorporated by reference into any filing made by the Company pursuant to the Securities Act of 1933.

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Slide #1

Company Overview  
(\$ in millions except per share amounts)

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Shares Outstanding	8,199,137
Current Market Cap	\$289.0
Long Term Debt	\$173.8
Working Capital	\$ 27.2
EPS:	
1999A	\$ 0.22
2000A	\$ 0.65*
First Call Est.:	
2001E	\$ 2.51
2002E	\$ 3.83

\*Excludes gain on sale of assets.

Slide #2

Fleet Summary

	North Sea	Southeast Asia	Brazil	West Africa	Total
	-----	-----	-----	-----	-----
PSVs	24	1	1	2	28
AHTS	2	10	1	1	14
SPVs	6	1	1	0	8
	-----	-----	-----	-----	-----
Total	32	12	3	3	50
	-----	-----	-----	-----	-----
Owned	22	12	2	1	37
	-----	-----	-----	-----	-----
Avg. Age (Years)	11.3	18.8	13.9	NM	14.5

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Slide #3

Measured Growth for Last Decade

	Vessels	Event
	-----	-----
1990	11	Lehman Brothers' Investment
1992	15	BP Shipping Acquisition
1994	20	

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1996	23	Maritime Pte. Acquisition
1998	42	UT755 New Build Design, Highland Spirit, Brovig Acquisition, Bender New Builds
2000	47	New Build Program
2001	50	Clear Seas Acquisition, Tonnage Tax Election, Patriot Acquisition, Sea Truck Acquisition
2003	54	

### Slide #4

#### Income Per Share Growth 2001E - 2004E

	2001	2002	2003	2004
	-----	-----	-----	-----
1st Call Base Line (1/1/01)	\$1.50	\$1.50	\$1.50	\$1.50
Estimated Impact of:				
Newbuild Program	.15	.75	1.75	2.75
Day Rate/Utilization	.46	.79	.79	.79
Sea Truck Acquisition	.20	.45	.45	.45
H. Patriot Acquisition	.16	.18	.18	.18
Clear Seas Acquisition	.04	.16	.17	.18
	-----	-----	-----	-----
Revised Estimate	\$2.51	\$3.83	\$4.84	\$5.85

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### Slide #5

#### Positive Services Outlook % Increase in E&P Expenditures

	Global	International
	-----	-----
2000A	15.0%	6.0%
2001E 12/00 Survey	19.1%	19.0%
2001E 06/01 Survey	23.4%	24.4%

- Cash Flows Drive E&P Expenditures

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- Half of the Companies Project 10+% Increases in 2002

Source: Lehman Brothers' Equity Research.

### Slide #6

#### Business Strategy - Near Term

- Focus on Customer Needs, Deepwater and Project Requirements
- Replace Bareboat Chartered Vessels with Owned Vessels Having Specs in Demand by Customers
- Increase Term Contract Cover
- Maximize Benefit from "Profit Share" and "Vessel Pools"
- Acquire Vessels with Immediate/Sustained Earnings
- Identify Specialized Diversification Situations Yielding High Rates of Return

### Slide #7

#### Clear Seas Acquisition

- 2 Special Purpose/Multi-Role Vessels Acquired
- Cost of GBP6.0 Million (\$8.7 Million)
- 1 Year Charter Extension of 6 Year Relationship - BHP
- Annual Income Contribution = \$0.14 - \$0.16
- 2.8 Year Payback
- Additional Equipment Enhances Market Niche

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### Slide #8

#### Summary - Recent Acquisitions

	Sea Truck	H. Patriot
	-----	-----
Number of Vessels	5	1
Average Length of Charter*	25 Months	33 Months
Purchase Price	\$61.8 Million	\$6.9 Million
Annual Net Income Per		
Share Contribution	\$0.40 - \$0.50	\$0.16 - \$0.20
Project Payback (Unleveraged)	6.5 Yrs.	2.0 Yrs.
Annual EBITDA	\$9.4 Million	\$3.4 Million

\*Includes Options

### Slide #9

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### New Build Program Summary

- 9 Latest Design & Widely Accepted Vessels
  - 6 PSVs: 2 - UT 745 and 4 - UT 755/L
  - 3 UT 722 L AHTS
- \$184.0 Million Cost - 100% Hedged
- Staggered Delivery
  - 3Q2001 through 4Q2003
- \$35 MM Incremental EBITDA on a Trailing 12 Month Rate
- Highland Fortress Contracted for 2 Years

Slide #10

### New Build Program - Construction Timeline

	Start Date -----	Delivery Date -----
UT 755 L 133 HF	06/00	07/01
UT 745 138	11/00	02/02
UT 745 134 HN	02/01	03/02
UT 755 094	09/01	10/02
UT 722 - L 139	10/01	12/02
UT 755 - L 095	02/02	03/03
UT 755 096	05/02	06/03
UT 722 - L 140	06/02	09/03
UT 722 - L 141	09/02	12/03

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Slide #11

### New Build Expenditures \$ in Millions

Year	Qtr. 1	Qtr. 2	Qtr. 3	Qtr. 4	Total
-----	-----	-----	-----	-----	-----
2001	3.8	7.8	11.7	3.0	26.3
2002	34.1	1.5	2.2	36.3	74.1
2003	13.8	12.6	24.2	24.2	74.8
					-----
Total					175.2
					-----

Slide #12

### New Build Program - Estimated Annual EBITDA/EPS

Vessels	Delivery Date	Annualized EBITDA(*)	Annualized EPS Contribution(*)
-----	-----	-----	-----

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H. Fortress (PSV)	7/12/01	\$ 3.4	\$ 0.25
H. Navigator (PSV)	1st Q 2002	\$ 3.0	\$ 0.24
UT 745 (PSV)	1st Q 2002	\$ 3.0	\$ 0.24
UT 755 (PSV)	3rd Q 2002	\$ 2.7	\$ 0.21
UT 722L (AHTS)	4th Q 2002	\$ 5.8	\$ 0.46
UT 755L (PSV)	1st Q 2003	\$ 2.7	\$ 0.21
UT 755 (PSV)	2nd Q 2004	\$ 2.7	\$ 0.22
UT 722L (AHTS)	3rd Q 2004	\$ 5.8	\$ 0.46
UT 722L (AHTS)	4th Q 2004	\$ 5.8	\$ 0.46
		-----	-----
Total		\$ 34.9	\$ 2.75

\*Assumes 95% and 80% Utilization for PSV's & AHTS Respectively and Trailing 12 Mo. Avg. Day Rates (4/01) applied to 2004

Slide #13

Newbuild Vessel  
Competitive Advantage

- Timing
- Cost
- Market Presence
- Cash Flows

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Slide #14

Worldwide Vessel Activity by Region  
(PSVs > 2,200 dwt & AHTS > 10,000 bhp)

	March '01	March '00
	-----	-----
North Sea	50%	58%
Far East	13%	13%
S. America	13%	12%
N. America	10%	9%
Africa	10%	6%
Med. Sea	4%	2%
Total Vessels	267	263

Slide #15

North Sea Dynamics  
Current Newbuild Cycle More Attractive than Prior Cycle

Period	North Sea	Non-North Sea	Vessel Deliveries
-----	-----	-----	-----

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1996-1999	78%	22%	95
2001-2003	57%	43%	61

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Slide #16

Regional Comparisons

	North Sea -----	Southeast Asia -----	Brazil -----	West Africa -----
Total Vessels				
(Owned Vessels)	30 (22)	12 (12)	3 (2)	3 (1)
PSVs	24	1	2	2
Utilization Rate				
1H 2000	86%	58%	96%	N Sea
1H 2001	96%	85%	94%	N Sea
Average Day Rate				
1H 2000	\$ 8,838	\$ 3,866	\$7,869	N Sea
1H 2001	\$10,069	\$ 4,321	\$9,425	N Sea
EBITDA Contribution*	80%	15%	5%	N Sea

\*Approximate amounts.

Slide #17

Consistent Fleet Utilization

	North Sea -----	Southeast Asia -----
1995	96.4%	80.5%



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1996	95.1%	77.5%
1997	96.5%	75.2%
1998	98.6%	83.5%
1999	88.2%	62.9%
2000	92.8%	67.2%
2001 1H	95.7%	85.2%
Goal	95.0%	85.0%

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Slide #18

Historical Financial Data

	1996	1997	1998*	1999	2000*	1st Half 2001**
	-----	-----	-----	-----	-----	-----
EBITDA	\$14.0	\$22.4	\$46.4	\$24.9	\$30.7	\$ 20.6
Net Income	\$ 3.6	\$ 8.2	\$18.9	\$ 1.9	\$ 5.4	\$ 7.9
Shares O/S	6.8	7.4	8.3	8.3	8.3	8.4
E.P.S.	\$0.54	\$1.11	\$2.29	\$0.22	\$0.65	\$ 0.94
First Call:						
3rd Quarter						\$ 0.77
Total Year						\$ 2.51

\* Excludes gain on sale of vessels.

\*\*Excludes deferred tax recapture.

Slide #19

Operating Leverage

- New Vessel Deliveries
- Increase in Day Rates:
  - \$100 Per Day in North Sea = \$0.09 Per Share\*
  - \$100 Per Day in SEA/Brazil = \$0.02 Per Share
- Low Capex/Maintenance Requirements - (\$4.0-\$5.0 Million/Year)
- Consolidating Markets/Additional Acquisitions

\*Exchange rate of GBP=\$1.40.

Slide #20

Contract Cover - Last Half 2001

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Region*	Firm	Including Options
North Sea	89.7%	92.0%
Southeast Asia	67.3%	67.3%
Brazil	73.4%	80.8%
All Vessels	81.8%	83.8%

\*Excludes sub-charters and pooling arrangements.

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Slide #21

Contract Cover - 2002

Region*	Firm	Including Options
North Sea	47.0%	80.1%
Southeast Asia	10.2%	17.0%
Brazil	0.0%	6.2%
All Vessels	32.8%	56.2%

\*Excludes sub-charters and pooling arrangements.

Slide #22

Financial Policies

- Minimize Currency Exposure
- Elect into Tonnage Tax Regimes
- Hedge New Build Program
- Balance Charter Portfolio
- Minimize Credit Risk

Slide #23

Summary

- Premier World Fleet of Technologically Advanced Vessels
- Minimum Maintenance Capital Expenditures
- Dependable Vessels with High Utilization Rates
- Efficient Multi-use Vessels with Work Roles In/Out of Oil Service
  
- Premium Day Rates
- Strong Forward Contract Cover
- Powerful Upside Exposure
- Doubling of Income Per Share Within 3 Years

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

GulfMark Offshore, Inc.

By: /s/ Edward A. Guthrie

-----  
Edward A. Guthrie  
Executive Vice President and  
Chief Financial Officer

Date: August 31, 2001

