- Seafox Further Statement re Possible Offer for GMS
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PRESS RELEASE

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FOR IMMEDIATE RELEASE

4th May 2020

Seafox International Limited

("Seafox")

Further statement regarding Possible Offer for Gulf Marine Services plc ("GMS" or the "Company")

Seafox is releasing this statement following the announcement made by GMS earlier today relating to Seafox's non-binding proposal to the Board of GMS on Sunday 26 April 2020 regarding a possible cash offer for the entire issued and to be issued share capital of GMS by a wholly owned subsidiary of Seafox, at a value of US $0.09 per GMS ordinary share (the "**Proposal**")..

Challenges facing GMS' business

Seafox believes that:

- the impact of COVID-19 on demand for oil is likely to require a structural adjustment to supply and demand in the industry, leading to oil price weakness for the foreseeable future;
- accordingly, oil companies will reduce capital and operating expenditure; and
- this is likely to lead to delays in new contract awards together with the possible cancellation or renegotiation of contracts that have already been awarded.

In the last sustained period of depressed oil prices, GMS saw its secured backlog fall by over 75% in just one year (from US $615.9 million in November 2015 to just US $137.3 million in November 2016).

A combination of the above factors leads Seafox to believe that GMS' secured backlog of US $240 million as at 31 March 2020 may face some deterioration, especially in the short and medium term, as a result of client requests for discounts and possible early termination. This would obviously have an negative impact on GMS' 2020 and 2021 EBITDA, which Seafox believes is the reason for GMS' lack of published guidance.

GMS' requirement for further capital

GMS has renegotiated with its lenders nearly every year since its IPO at a material cost to its shareholders.

At present, GMS has a strained balance sheet with a net debt of US $390 million and a net debt to Adjusted EBITDA multiple of more than 7.5x as at 31 December 2019. GMS' agreement with its lenders to restructure its debt facilities announced on 31 March 2020 (the "**A&E Agreement**") has extended the Company's runway to execute its business plan, but requires significant deleveraging to avoid warrants being issued and/or PIK interest being incurred to GMS' syndicate of banks (in each case under the terms of the A&E Agreement).

Without Seafox's support - both for its pro rata portion or for additional shares - the chances of GMS achieving a substantial equity raise is highly uncertain. It is Seafox's view that any capital raise would, at best, be highly dilutive to existing shareholders. Should GMS be unable to secure sufficient equity investment and if the warrants are issued and/or PIK interest is incurred, this will severely depress returns for GMS' shareholders.

Seafox is keen to support GMS strategically rather than solely financially. However, in the event that an offer is made on the same terms as the Proposal or otherwise and such offer is unsuccessful, then Seafox would not be supportive of any future equity raise by GMS.

Rationale for Seafox's Proposal

Despite all of these challenges, Seafox made its Proposal to GMS because it believes it can achieve value through synergies and cost savings and not because the current GMS fleet cannot be replicated at a lower cost than the current enterprise value of GMS. It is Seafox's view that it can replicate (or indeed improve upon) the GMS fleet, at a lower cost not only to the book value of the GMS vessels, but also to the value implied by GMS' enterprise value. If Seafox's Proposal is rejected, then an efficient strategy to deploy its capital would be to acquire new such vessels on its own balance sheet.

The rationale for Seafox's Proposal stems solely from the synergies and cost savings which would be achieved through a review of any duplicative functions and roles in both head offices, a reduction in operating expenses attributable to each GMS vessel as a result of Seafox's relationships and buying power with third party service providers and removal of GMS' listing functions and costs (assuming a delisting of GMS).

Seafox attaches great importance to retaining the skills, knowledge and expertise of GMS's operational teams and employees who would continue to operate the vessels under Seafox ownership.

Conclusion

Seafox is requesting shareholders to support its Proposal and any offer which may be made on the same terms as the Proposal or otherwise, as it offers shareholders a substantial premium to the price of GMS prior to Seafox's approach; offers certainty in light of the business and market challenges GMS has been facing and continues to face; avoids the requirement to participate in an equity raise and the substantial dilution of existing equity that would accompany any equity raise; and in the alternative, removes the exposure to the risk of warrants or preferential securities being issued and/or PIK interest being incurred to GMS' syndicate of banks.

A further announcement will be made if and when appropriate.

Enquiries:

Perella Weinberg UK Limited (Financial adviser to Seafox)

Matthew Smith	+44 207 268 2800

About Seafox

Seafox is a leading global offshore jack-up company, providing services to support the oil & gas and renewable industry. Seafox owns and exclusively manages eleven self-elevating jack-up units. Seafox's customers benefit from its wealth of experience in accommodation & crane support, well testing & workover, transport & installation and decommissioning. Furthermore, Seafox offers temporary accommodation units for offshore locations and on board vessels.

Website publication

In accordance with Rule 26.1 of the Code, a copy of this announcement will be published on the Company's website at www.Seafox.com promptly and by no later than 12 noon (London time) on the business day following this announcement. The content of this website is not incorporated in, and does not form part of, this announcement.

Definitions, bases of calculation and sources of information

(a) The following figures are taken from GMS' preliminary results announcement dated 1 May 2020:

   a. net borrowings of US $390.1 million as at 31 December 2019;

   b. Adjusted EBITDA of US $51.4 million as at 31 December 2019; and

   c. secured backlog of US $240 million as at 31 March 2020.

(b) Net borrowings of GMS as at 31 December 2019 of US $390.1 million and adjusted EBITDA of US $51.3 million are taken from GMS' preliminary results announcement dated 1 May 2020;

(c) On 11 November 2015, GMS announced that, as of 1 November 2015 it had a current secured backlog of US $615.9 million. GMS issued further announcements on 22 March 2016, 11 May 2016 and 5 July 2016 that secured backlog had reduced to US $443.9 million, then to US $413.1 million and US $257 million respectively. By 1 November 2016, GMS had announced that, as of 1 November 2016, its secured backlog had fallen to just US $137.3 million. All references to secured backlog include both firm contracts and options held by GMS' clients.

(d) Net debt to Adjusted EBITDA is 7.589. This figure has been calculated by dividing GMS' net borrowings of US $390.1 million by its Adjusted EBITDA of US $51.4 million, each as of 31 December 2019.

(e) On 1 December 2015, GMS announced that it had secured a new debt facility of US $620 million. On 9 August 2017 GMS announced that it had revised certain financial covenants in its facility agreement and on 15 January 2018 it announced that it had amendment further terms of the facility including extending the term of the facility and reducing loan repayments in both 2018 and 2019. On 27 September 2019 GMS announced that it had signed a formal waiver agreement with its banks in relation to the covenants to be tested with reference to its half year results and also to rollover its working capital facility. On 31 March 2020 GMS made a further announcement that it had reached agreement with its banks on heads of terms for the restructuring of its debt facilities. As of 1 May 2020 this agreement remained legally non-binding and subject to the completion of the necessary documentation.

Important information

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Cautionary note regarding forward looking statements

This Announcement may contain statements which are, or may be deemed to be, forward looking statements. All statements other than statements of historical fact are, or may be deemed to be, forward looking statements. Forward looking statements are statements of future expectations that are prospective in nature, are based on management's current expectations and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in these statements. These forward looking statements are identified by their use of terms and phrases such as "anticipate", "believe", "could", "estimate", "expect", "goals", "intend", "may", "objectives", "outlook", "plan", "probably", "project", "risks", "seek", "should", "target", "will" and similar terms and phrases.

There are a number of factors that could affect the future operations of Seafox and GMS that could cause results to differ materially from those expressed in the forward looking statements included in this Announcement. All forward looking statements contained in this Announcement are expressly qualified in their entirety by the cautionary statements contained or referred to in this section. Readers should not place undue reliance on forward looking statements.

Each forward looking statement speaks only as of the date of this Announcement. Seafox does not undertake any obligation to publicly update or revise any forward looking statement as a result of new information, future events or otherwise, except to the extent legally required. Although it is believed that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given by Seafox. that such expectations will prove to have been correct and you are therefore cautioned not to place undue reliance on these forward-looking statements which speak only as at the date of this Announcement. Neither Seafox nor any of its associates or directors, officers or advisers, provides any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in this announcement will actually occur.

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