

Gulf Marine Services PLC
(‘Gulf Marine Services’, ‘GMS’, ‘the Company’ or ‘the Group’)

TRADING UPDATE

Gulf Marine Services (LSE: GMS), the leading provider of advanced self-propelled self-elevating support vessels (SESVs) serving the offshore oil, gas and renewable energy sectors, provides the following trading update for the period 16 May 2017 to 1 August 2017.

Overall the Group is continuing to see good levels of tender activity and is progressing a number of opportunities, but is encountering some delays in contract awards and commencement dates.

Discussions with a client regarding two new contracts for SESVs in the MENA region are well advanced and the Group is anticipating that these will be finalised shortly. The contracts, which are currently expected to commence at the end of Q1 2018, are for a Large Class vessel with a charter period of eight months (including options) and a Mid-Size Class vessel with a charter period of eight months (including options).

A contract extension has been confirmed for one of the Group's Mid-Size Class vessels currently operating in the MENA region, the extension period is for five months (including options) to the end of 2017. A contract extension to the end of Q1 2018 has also been agreed for a Small Class vessel in the MENA region. As scheduled, a Large Class vessel has commenced a previously announced 18-month charter (including options) in Europe.

A Large Class vessel, operating in Europe, will complete a two-year firm charter period at the end of Q3 2017. Two additional 12-month extension options are unlikely to be exercised by the client. This vessel will be utilised on a previously announced long-term contract for a renewable energy client in Europe commencing in Q2 2018.

Financial Position

The Group's operational update on 16 May 2017 noted that the actual timing of contract awards is dependent on its clients' operational requirements. As certain potential contract awards and commencement dates have been delayed, the Group is now expecting 2017 EBITDA to be US\$ 58.0 million – 68.0 million, (equivalent to an EBITDA margin above 50%), with this guidance subject to the precise timing of contract awards. The Group continues to generate positive operating cash flows, with net debt anticipated to be US\$ 360.0 million – 370.0 million at the end of 2017. Net income in 2017 is expected to be US\$ 1.0 million – US\$ 10.0 million.

The Group is in constructive dialogue with its banking syndicate on appropriate covenant amendments following the deferment of potential contract awards and the Board remains confident of the banks' continued support. A further announcement will be made once negotiations have been finalised.

Duncan Anderson, Chief Executive Officer of GMS, said:

“Demand for our Large Class and Mid-Size Class vessels is good, with the strategic reshaping of our fleet through our new build programme investment in these larger vessels proving prescient. While we are seeing good levels of tender activity in Europe and parts of the Middle East, these are taking longer to convert into contracts than has been typically the norm. The precise timing of contract awards is inevitably subject to our clients' own operational requirements, and in the current environment can be delayed as a consequence of a protracted tender evaluation and award process.

“Discussions are progressing with a number of clients about our cantilever innovation, reinforcing our view that the cantilever has the potential to deliver significant cost efficiencies in a broader range of work scopes for our SESVs.

“GMS has an exceptional fleet of advanced SESVs and our flexibility makes us very attractive for clients seeking safe and highly cost-effective offshore support solutions. We are confident we have the right business model and strategy in place to ensure we are in the best possible position to secure new contracts as the market environment improves.”

This announcement contains inside information.

John Brown
Company Secretary (responsible for arranging the release of this announcement)
Gulf Marine Services PLC
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Notes to Editors:

Gulf Marine Services PLC ('GMS', 'the Company' or 'the Group'), a company listed on the London Stock Exchange, was founded in Abu Dhabi in 1977 and has become the leading provider of advanced self-propelled self-elevating support vessels (SESVs) in the world. The fleet serves the oil, gas and renewable energy industries from its offices in the United Arab Emirates, Saudi Arabia, Malaysia and the United Kingdom. The Group's assets are capable of serving clients' requirements across the globe, including the Middle East, South East Asia, West Africa and Europe.

The GMS SESV fleet of 14 vessels is amongst the youngest in the industry, with an average age of eight years. The vessels support GMS' clients in a broad range of offshore oil and gas platform refurbishment and maintenance activities, well intervention work and offshore wind turbine maintenance work (which are opex-led activities), as well as offshore oil and gas platform installation and decommissioning and offshore wind turbine installation (which are capex-led activities).

The SESVs are four-legged vessels and are self-propelled, which means they do not require tugs or similar support vessels for moves between locations in the field; this makes them significantly more cost-effective and time-efficient than conventional offshore support vessels without self-propulsion. They have a large deck space, crane capacity and accommodation facilities that can be adapted to the requirements of the Group's clients. A well workover cantilever system that has been developed for the Large Class vessels will be available to clients for the first time in 2017. Developed in partnership with leading Norwegian designer Dwellop A.S., the innovative cantilever allows GMS to significantly increase the level and type of well intervention activities that can be carried out from these vessels to include operations that have traditionally been performed by more expensive non-propelled drilling rigs.

The fleet is categorised by size into Large Class vessels (operating in water depth of up to 80m, with crane capacity of up to 400 tonnes and accommodation for up to 300 people), Mid-Size Class vessels (operating in water depth up to 55m, with crane capacity of up to 150 tonnes and accommodation for up to 300 people) and Small Class vessels (operating in water depth of up to 45m, with crane capacity of up to 45 tonnes and accommodation for up to 300 people).

Demand for GMS' vessels is predominantly driven by their premium and cost-effective capabilities, underpinned by the need to maintain ageing oil and gas infrastructure and the increasing use of enhanced oil recovery techniques to offset declining production profiles.

Gulf Marine Services PLC's Legal Entity Identifier is 213800IGS2QE89SAJF77

www.gmsuae.com

Disclaimer

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