

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.

Results for the full year 2018 are expected to be broadly in line with the guidance previously issued by the Company at the time of interim results. The Company expects to have calendar day utilisation of its overall core fleet of approximately 70% in 2018 (2017: 58%). However, the delay in signing recently awarded contracts means that the mobilisation of these contracts will be delayed into 2019, with the consequence that the Company is expecting to be in breach of certain banking covenants at the end of 2018. A recovery in day rates in the industry continues to be deferred due to a number of factors including current oversupply of vessels across the industry against tender demand, exacerbated by extended contract award delays, and volatile oil prices. Whilst the Board believes that day rates will recover over time, the Board is of the view that these factors will continue to impact day rates in 2019 and the anticipated recovery in day rates will be slow to materialise in the next twelve months. As a consequence, the Company does not expect a recovery in its trading performance in 2019 despite continuing improving levels of utilisation. The timing of recovery in day rates beyond 2019 remains uncertain.

Accordingly, this will have an impact on the Group’s rate of deleveraging and its ability to service its scheduled increased debt repayments from 2020 onwards. Whilst the Group can continue to trade effectively in the near-term, the Board is currently considering a number of ways of addressing the Group’s long-term capital structure. Discussions have already commenced with the Group’s banking syndicate, to address the expected covenant breach, and with the aim of establishing an appropriate long-term capital structure for the business. Against the background of these discussions the Board will consider all available options to reinforce the balance sheet.

The Board is confident that the strong pipeline of contract tenders in the Middle East should eventually lead to an increase in charter rates. The Group’s fleet is one of the youngest and well invested in the industry, with an expected future useful life of more than 25 years, which means GMS is well-placed to capitalise on a market recovery when it does materialise.

A further update will be provided when appropriate.

- Ends -

This announcement contains inside information and is provided in accordance with the requirements of Article 17 of the EU Market Abuse Regulation.

John Brown
Company Secretary (responsible for arranging the release of this announcement)
Gulf Marine Services PLC
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Enquiries

For further information please contact:

Gulf Marine Services PLC

Duncan Anderson
John Brown
Tel: +971 (2) 5028888
Anne Toomey
Tel: +44 (0) 1296 622736

Brunswick

Patrick Handley – UK
Will Medvei – UK
Tel: +44 (0) 20 7404 5959
Jade Mamarbachi - UAE
Tel: +971 (0) 50 600 3829

Notes to Editors:

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

The GMS core fleet of 13 SESVs is amongst the youngest in the industry, with an average age of seven 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 categorised by size – Small, Mid-Size and Large Class – with these capable of operating in water depths of 45m to 80m depending on leg length. The vessels are four-legged 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 (for up to 300 people) that can be adapted to the requirements of the Group's clients. In addition, an innovative well workover cantilever system commissioned on a Large Class SESV in 2017 allows GMS to increase the well intervention activities carried out from the vessel and to supplant higher cost non-propelled drilling rigs.

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

www.gmsuae.com

Disclaimer

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