

**Gulf Marine Services PLC**  
**(“Gulf Marine Services”, “GMS”, “the Company” or “the Group”)**

**OPERATIONAL 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 Operational Update for the period 1 January 2016 to 10 May 2016, ahead of its AGM today.

GMS continues to focus on maximising vessel utilisation<sup>1</sup> and maintained a high rate of 93% for Q1 2016. The secured backlog as at 1 May 2016 (as shown in the table below) is US\$ 413.1 million.

<i>Secured backlog<sup>2</sup> as at 1 May 2016: (US\$ millions)</i>	<i>Firm</i>	<i>Options</i>	<i>Total</i>
	179.8	233.3	413.1

In March 2016 GMS reported that it was working with its clients to help them achieve cost efficiencies in this current low oil price environment. There is no further update at this time.

### **Fleet Additions**

New build SESV GMS Sharqi, which was completed on time and within budget, was delivered at the end of Q1 2016 and has commenced its inaugural charter in the MENA region for two months (one month firm and a one month option).

The Large Class vessel GMS Evolution remains on schedule for delivery in Q4 2016, completing the new build programme. There are no current plans to increase the fleet size beyond this.

### **Financial Position**

As at 1 May 2016, the Group had net debt of approximately US\$ 408.5 million (including obligations under finance leases of US\$ 41.7 million) together with undrawn bank facilities of US\$ 200.0 million. Current trading is in line with previously issued guidance for 2016 results.

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<sup>1</sup> Utilisation is defined as the percentage of available days in a relevant period during which an SESV is under contract and in respect of which a customer is paying a day rate for the charter of the SESV.

<sup>2</sup> Secured backlog consists of firm contracts and options held by clients. The backlog does not include any charter rate changes currently under review with clients as discussions have not yet been concluded. A schematic summary of the backlog by vessel as at 1 May 2016 is available at: <http://www.gmsuae.com/investor-relations/results-and-presentations/>

Given the current market environment, the Group has implemented a number of cost-saving measures and will continue to manage its cost base appropriately as the new build programme concludes.

**Duncan Anderson, Chief Executive Officer of GMS, said:**

“The sustained low oil price continues to affect our industry and our focus remains on maximising vessel utilisation and maintaining our strong client relationships in the MENA region and Europe, while managing our costs appropriately. Our clients are seeking to lower their overall costs and we are confident we have the right business model in place to meet their needs, helping them carry out their operations as efficiently as possible using our young and flexible fleet of sophisticated SESVs.”

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**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 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 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.

GMS’ current new build programme to increase the fleet size by 66% to 15 vessels is almost complete, with the final vessel scheduled for delivery at the end of 2016. Further additions to the fleet will be driven by our assessment of market demand.

The Group’s SESV fleet, which currently comprises 14 vessels, is technically advanced and amongst the youngest in the industry, with an average age of seven years. 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.

These 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) and offshore oil and gas platform installation and offshore wind turbine installation (which are capex-led activities).

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) 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). A new third class, the 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) was added to the fleet in 2015.

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

[www.gmsuae.com](http://www.gmsuae.com)

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