

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, today publishes its Operational Update for the period 1 January to 6 May 2015.

GMS’ solid performance has continued with high utilisation across the SESV fleet of 95% up to the end of Q1 2015 and charter day rates being maintained at good levels.

The current secured backlog (as shown in the table below) of \$685 million provides good visibility on future earnings.

¹ Secured backlog as at 1 April 2015: (\$ millions)	Firm	Options	Total
	367	318	685

¹ Secured backlog consists of firm contracts and options held by clients. More than 90% of client-held options have been exercised in the period since 2007. An updated schematic summary of the backlog by vessel is available at: <http://www.gmsuae.com/investor-relations/results-and-presentations/>

As announced on 28 January 2015, a major new contract was awarded for one of our Large Class vessels to support Opex work for a national oil company (NOC) in the MENA region. The four-year charter (three years firm with a one-year option) commenced as scheduled at the end of Q1 2015.

The Group’s new Enhanced Small Class vessel was delivered as planned and proceeded to its first five-year charter (three years firm with a two-year option) for an NOC in the MENA region in Q1 2015.

Our new build programme, which will increase the fleet size by two-thirds during the period 2014 to 2016, continues to progress well and is on schedule and on budget. The next three vessels to be built at the Group’s facilities in Abu Dhabi are Mid-Size Class vessels. GMS Shamal will be completed in Q2 2015 when it will proceed directly to its first charter for an NOC in the MENA region. As previously announced, the contract is for five years (two years firm with three one-year options). The hull of GMS Scirocco arrived at GMS’ yard during the period and is scheduled for delivery in Q3 2015. GMS Sharqi is due to be delivered in Q1 2016.

Financial Position

The Group has a strong balance sheet and robust cash-generation from operations. As at the end of Q1 2015, the Group had net debt (including obligations under finance leases of \$97.8 million) of approximately \$355.1 million (cash of \$37.4 million, bank debt of \$294.7 million) together with undrawn bank facilities of \$92.5 million. Current trading is in line with expectations.

Duncan Anderson, Chief Executive Officer of GMS, said:

"GMS has had a good first quarter and we are continuing to maintain a very healthy backlog, all of which is Opex-based work. The flexibility of our vessels, which can be adapted to support diverse operations from well service and maintenance to well abandonment and decommissioning, and their ability to move efficiently under their own propulsion from one project to the next means we are able to offer our clients competitive solutions that are particularly helpful in the current low oil price environment.

"The outlook continues to be for strong demand driven primarily by our core Opex-related brownfield oil and gas client base, and in particular in the low cost production areas of the Middle East."

Enquiries

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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 one of the leading providers of 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 has an ongoing new build programme which will increase the fleet size by 66% to 15 vessels during the period 2014 to the end of 2016, in response to continued strong customer demand and an anticipated growing market in the foreseeable future.

The Group's SESV fleet, which currently comprises 12 vessels is technically advanced and amongst the youngest in the industry, with an average age of eight years.

The SESVs are four-legged vessels that move independently, with no requirement for anchor handling or tug support. 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 Q2 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. This focus on Opex brownfield work positions GMS well against a current background of challenging macroeconomic conditions.

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