

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

**OPERATIONAL AND 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, today publishes its Operational and Trading Update for the period 1 July 2015 to 1 November 2015.

GMS’ robust performance has continued with high utilisation<sup>1</sup> across the SESV fleet of 98% up to the end of Q3 2015 and charter day rates being maintained at around previous levels.

The current secured backlog (as shown in the table below) of \$615.9 million (1 November 2014: \$547 million; 1 August 2015 \$664 million) provides good visibility on future earnings.

<i>*Secured backlog as at 1 November 2015: (\$ millions)</i>	<i>Firm</i>	<i>Options</i>	<i>Total</i>
	295.5	320.4	615.9

*\* 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. A schematic summary of the backlog by vessel as at 1 November 2015 is available at: <http://www.gmsuae.com/investor-relations/results-and-presentations/>*

As announced on 6 July 2015, one of the Group’s Large Class SESVs has been contracted for a decommissioning project, a new activity for GMS. The vessel commenced this work in the Southern North Sea for an existing international oil company client in Q4, with a firm charter period through to Q2 2016 and an option for a further 13 months extension.

The Group’s new build programme, which will increase the fleet from nine to 15 SESVs during the period 2014 to 2016, is progressing well. The latest vessel, the Mid-Size Class GMS Scirocco, was completed ahead of schedule and under budget and commenced its first four-month contract for an engineering, procurement and construction contractor in the MENA region during Q4 2015. GMS Sharqi, a Mid-Size Class SESV, is currently being built at the Group’s yard in Abu Dhabi, with completion due at the end of Q1 2016. A further Large Class SESV, GMS Evolution, is scheduled for delivery in Q4 2016. Both of these vessels are progressing on schedule and within budget. The Group will continue to keep under review the levels of market demand to determine the timing of future fleet expansion.

<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.*

## **Financial Position**

The Group has a healthy balance sheet and strong cash-generation from operations. As at the end of Q3 2015 the Group had net debt (including obligations under finance leases of \$95.8 million) of approximately \$385.8 million (cash of \$29.4 million, bank debt of \$319.4 million) together with undrawn bank facilities of \$25.0 million. Growth in earnings in H2 2015 has been significantly higher than in the first half of the year due to the reduction of planned special projects, together with the benefits of the new vessels added to the fleet.

## **2015 Financial Outturn**

Underlying trading in 2015 is broadly in line with market expectations. However, the weakness of sterling and the euro compared to the US dollar is expected to have a negative impact of approximately \$8 million for the year. GMS' geographic focus on the low cost oil production MENA region, and the focus on maintenance rather than capex activities, offers protection from the most challenging effects of the low oil price environment and demand for our vessels remains high. The low oil price has had some effect on contract pricing and whilst this has not been material, continued oil price weakness could have a further impact as existing contracts come up for renewal.

## **New Yard**

In October 2015, the Group signed a contract with Abu Dhabi Ports for the lease of a new yard facility at Zayed Port in Abu Dhabi. The strategic location of the new yard is operationally more efficient than the Group's existing yard in Mussafah, Abu Dhabi, with access to the sea now requiring just one day's passage instead of up to six days required from Mussafah due to tidal conditions in the channel. The facility is also larger and will support the maintenance of the Group's increased fleet as well as the new builds. In addition, GMS will now be able to carry out more of its own fabrication work in-house, for example future vessel enhancement projects, vessel legs and pipes. The Group's original yard next to its head office will continue to be used for supplementary support purposes.

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

"GMS has shown a robust performance during the period, maintaining a healthy order book, commencing our first decommissioning project and securing an inaugural contract for our latest new build SESV. I am also very pleased to announce our recent yard move. This new facility significantly increases our operational efficiency, which is beneficial to both GMS and our clients, and demonstrates to our shareholders our commitment to the Group's long-term growth strategy through ongoing investment.

"Demand for our SESVs remains strong. While the rapid decline in the oil price is significantly affecting the oil and gas sector, we have been afforded some protection from this as the majority of our business is opex-related brownfield work and most of our fleet is operational in the low cost Middle East region. The cost-effectiveness and flexibility of our offshore support solutions continues to be very relevant in the current oil price environment as we maintain our competitive position in the market."

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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 13 vessels is technically advanced and amongst the youngest in the industry, with an average age of seven 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 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.

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

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