

Gulf Marine Services PLC - GMS





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FOR IMMEDIATE RELEASE

7 May 2020

Gulf Marine Services PLC

**Confirmation of 2020 EBITDA guidance
Rejection of Seafox Proposal**

The Board of Gulf Marine Services PLC ("**GMS**" or the "**Company**") today announces:

- Confirmation of guidance for 2020 EBITDA within the previously announced range of \$57 - \$62 million
- Rejection of Seafox's 10 pence per share proposal, which continues to fundamentally undervalue GMS

Tim Summers, Chairman of GMS, said today:

"GMS continues to perform well and confidence in our previously issued EBITDA guidance for 2020 remains firm. GMS is a transformed business from a year ago and our prospects are strong. It is not surprising that we would attract interest from Seafox at this time, but shareholders should ignore any attempt to buy their shares far below their true value."

2020 EBITDA Guidance

On 4 May 2020, Seafox International Limited ("**Seafox**") made a statement about GMS's lack of published guidance and speculated about the reasons for this. Seafox's statement was incorrect given that on 16 January 2020, GMS had published clear guidance for 2020 EBITDA of \$57 - \$62 million. As Seafox's advisers should be well aware, the Takeover Code regime places certain restrictions on profit forecasts made during an offer period, which apply to GMS's EBITDA guidance.

The Board of GMS confirms that this guidance remains accurate and that its current expectations for 2020 EBITDA remain within the range of \$57 - \$62 million.

Indeed, since the guidance was published on 16 January 2020, several factors underpinning our expectations for 2020 have already been significantly advanced:

- new business has been successfully secured with five new contracts awarded so far this year;
- 80% of the 2020 Business Plan revenues are now covered by firm contracts and this rises to 83% if contracted options are exercised;
- two E-Class vessels have been relocated from Europe to Middle East in Q1 2020, arriving safely, on budget and on schedule in February;
- all available vessels in the fleet are currently contracted;
- the cost savings programme has delivered further gains during 2020 and is currently running ahead of plan;
- in-principle agreement with lenders has been reached on revised terms for a restructuring of our bank debt including access to new working capital facilities, which will provide a firm financial platform to move the business forward through 2020 and beyond; and
- current year-to-date Adjusted EBITDA for Q1 2020 is slightly better than the Company's 2020 Business Plan.

This guidance constitutes a Profit Forecast under the Takeover Code. Please see the Takeover Code Directors' Confirmation below.

Rejection of Seafox proposal

The Board of GMS has reviewed the announcement by Seafox on 5 May 2020 of an increase in its proposal to 10 pence per share (or \$0.09 per share if higher) along with a 'no increase' statement (the "**Seafox Proposal**"). The Board of GMS has now met and confirms that it has unanimously rejected the Seafox Proposal, which fundamentally undervalues GMS.

The Board's confidence in GMS's future value creation as an independent company is underpinned by continued strong operational performance and reconfirmation of 2020 EBITDA Guidance.

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Linklaters LLP has been retained as legal advisers.

As required under Rule 2.5 of the City Code on Takeovers and Mergers (the "Takeover Code"), GMS confirms this announcement is made without the consent of Seafox. There can be no certainty that any offer will be made.

Takeover Code Directors' Confirmations

The statement above with respect to projected ranges of EBITDA for 2020 constitutes a profit forecast for the purposes of the Takeover Code (the "**Profit Forecast**"). The Profit Forecast has been prepared on a basis consistent with GMS's accounting policies, which are in accordance with International Financial Reporting Standards ("**IFRS**").

The Profit Forecast is based on the following assumptions:

Factors within the control of GMS

- there will be no material acquisitions or disposals by GMS prior to 31 December 2020;
- there will be no material disruption in the supplier base of GMS;
- there will be no material change in the business or operational strategy of GMS; and
- there will be no material changes to the management of GMS.

Factors outside the control of GMS

- there will be no material changes to the conditions of the markets in which GMS operates, including material changes in the capital spending of GMS' customers;
- foreign currency exchange rates, interest rates and tax rates in the geographic markets in which GMS operates will remain materially unchanged from the currently prevailing rates;
- the announcement of the agreement with GMS's syndicate of banks or the Seafox Proposal will not impact customer orders;
- there will be no early terminations of GMS's existing contracts;
- documentation of the revised debt terms and access to new working capital facilities will be completed in 2020;
- there will be no material regulatory developments that affect GMS's operations or the operations of its customers; and
- there will be no material adverse events that have a significant impact on GMS' financial condition.

The Directors of GMS confirm that the Profit Forecast has been properly compiled on the basis of the assumptions stated above and the basis of accounting used in preparing the Profit Forecast is consistent with the accounting policies of GMS.

PUBLICATION ON WEBSITE

In accordance with Rule 26.1 of the Takeover Code, a copy of this announcement will, subject to certain restrictions relating to persons resident in restricted jurisdictions, be available at www.gmsuae.com/offer by no later than 12 noon (London time) on the business day following the date of this announcement. For the avoidance of doubt, the content of the website referred to above is not incorporated into and does not form part of this announcement.

FURTHER INFORMATION

Evercore Partners International LLP ("Evercore"), which is authorised and regulated by the Financial Conduct Authority in the UK, is acting exclusively as financial adviser to GMS and no one else in connection with the matters described in this announcement and will not be responsible to anyone other than GMS for providing the protections afforded to clients of Evercore nor for providing advice in connection with the matters referred to herein. Neither Evercore nor any of its subsidiaries, branches or affiliates owes or accepts any duty, liability or responsibility whatsoever (whether direct or indirect, whether in contract, in tort, under statute or otherwise) to any person who is not a client of Evercore in connection with this announcement, any statement contained herein, any offer or otherwise. Apart from the responsibilities and liabilities, if any, which may be imposed on Evercore by the Financial Services and Markets Act 2000, or the regulatory regime established thereunder, or under the regulatory regime of any jurisdiction where exclusion of liability under the relevant regulatory regime would be illegal, void or unenforceable, neither Evercore nor any of its affiliates accepts any responsibility or liability whatsoever for the contents of this announcement, and no representation, express or implied, is made by it, or purported to be made on its behalf, in relation to the contents of this announcement, including its accuracy, completeness or verification of any other statement made or purported to be made by it, or on its behalf, in connection with GMS or the matters described in this document. To the fullest extent permitted by applicable law, Evercore and its affiliates accordingly disclaim all and any responsibility or liability whether arising in tort, contract or otherwise (save as referred to above) which they might otherwise have in respect of this announcement or any statement contained herein.

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The information contained within this announcement is considered by the Company to constitute inside information as stipulated under the Market Abuse Regulation (EU) No. 596/2014. Upon the publication of this announcement via a Regulatory Information Service, this inside information will be considered to be in the public domain.

The person responsible for arranging for the release of this announcement on behalf of GMS is Tony Hunter, Company Secretary.

ABOUT GMS

GMS, a company listed on the London Stock Exchange, was founded in Abu Dhabi in 1977 and has become a world-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, North America, the Gulf of Mexico and Europe.

The GMS fleet of 13 SESVs is amongst the youngest in the industry, with an average age of eight years. The vessels support GMS's 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 - K-Class (Small), S-Class (Mid) and E-Class (Large) - 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.

The Company's Legal Entity Identifier is 213800IGS2QE89SAJF77.

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