



COMPANY ANNOUNCEMENT

MEDSERV P.L.C.
(THE “COMPANY”)

Interim Report

Date of Announcement	30 April 2018
Reference	170/2018
Listing Rule	LR 5.16

QUOTE

Financial Summary

	Qtr 1 2018	Qtr 1 2017	Year 2018F	Year 2017A
	€ Million	€ Million	€ Million	€ Million
Turnover	8.3	7.0	36.7	28.8
- Integrated Logistics Support Services (ILSS)	4.9	2.8	18.4	14.0
- Oil Country Tubular Goods (OCTG)	3.3	4.1	17.8	14.3
- Photovoltaic Farm	0.1	0.1	0.5	0.5
EBITDA	1.4	0.9	6.8	4.4
EBITDA margin in %	16.9%	12.9%	18.5%	15.3%

Turnover for the first quarter of 2018 is 19% higher than that achieved in the first quarter of year 2017, resulting in EBITDA improving by 56% over same period last year.

Trading Update

For the past five years, the Company has pursued a strategy of geographic expansion and extension of the services offered in the markets in which the Group operates. The acquisition of METS in 2016 was a notable success for the Group. Currently, the Group is present in eight countries, centred in North Africa and the Middle East. Six out of the seven operating bases are active and profitable supported by long term contracts for its services.



We expect the income and results achieved in the first quarter 2018 to improve for the full year and register further growth in 2019.

The Group's integrated logistics business ("ILSS") is primarily made up from operations in Libya, Cyprus and Egypt. Improved business for the Group's shore bases is being felt as offshore gas projects in each country are developed as a priority by the International Oil Companies (IOCs) within this region.

As regards Cyprus, the recent Calypso gas find earlier this year has the potential to be a game-changer in the Eastern Mediterranean region and a source of work for the Limassol base for years to come. It is considered as valuable as the Egyptian Zohr field. Further drilling is planned, and other IOCs are mobilising for new drilling activity. The Company has submitted a tender to a new IOC for the provision of shore base logistics from the Limassol base which is in advance stage of evaluation.

The award of a long-term logistics contract in December 2017 to Medserv Egypt for the management of five logistics sites across the Nile delta has opened the market for the Group's logistics and oil country tubular goods ("OCTG") pipe businesses. Egypt is a well-established market and the Group is investing heavily in this country to maximise the advantages it brings to the market. There is significant scope to provide both offshore and onshore logistics support to the market with the potential to further develop the scope of the current contract as well as secure new business from other IOCs and OCTG pipe suppliers.

Offshore Libya, Medserv has secured extensions to its long-term contracts to provide ongoing production support for the offshore activity. This core work is expected to increase in line with ENI's published strategy to potentially develop two new structures, named A & E structure, in Bahr Essalam offshore gas and condensate field. This will increase the production support activities and add the potential for construction and subsea support activities for the Malta base. The Group expects its engineering support services to grow on the back of this development.

The Portugal base remains in mothball pending the resolution of environmental issues relating to the offshore drilling plans of Medserv Portugal's client.

The Group's OCTG business in the Middle East region continues to gather momentum. As already reported, this service line is expected to provide significant growth for the Group in the near term.

Supply Chain Management ("SCM") in Oman continues to grow year on year, with a 15% volume (tonnage) increase. The addition of the new 117,000 m² base in Duqm has added a range of new services for the Group, in particular the "Mill to Rig" integrated logistics service which provides rig-ready OCTG pipe at point of need. With the success of Duqm, the Sohar facility is being downsized. However, there are sufficient new business projects to indicate that business will be maintained at Sohar for the foreseeable future.

The premium threading machine shop in the United Arab Emirates has its forward order book full for the first six months of 2018. We are again receiving and threading new pipe-activities which were non-existent for most of 2017.



The Iraq business remains weak through Q1 2018. However, the forward order position is much healthier for the second quarter of 2018 and those levels are expected to be maintained. The medium-term forecast on Iraq remains positive with the number of land rigs mobilized to oil fields showing a healthy increase over 2017. This flows through as more demand for the METS Iraq's services.

The "Mill to Rig" model being applied in Oman between pipe manufacturers and their clients is expected to be adopted by other IOCs in the Middle East. This is expected to result in significant business growth in the Group's OCTG business as it continues to successfully deliver SCM to the leading pipe manufacturers.

Projects in new territories arising primarily from organic growth are scheduled to come online before the end of 2018. The Company is awaiting adjudication on a tender for the provision of machine shop services in Uganda. This is a long-term contract with consistent, dependable revenues. The Company is experiencing an increasing number of tendering opportunities within its core ILSS and OCTG competencies and is in discussions with IOCs to develop a service which encompasses both OCTG and ILSS service lines.

2018 also brings about developments to the senior management structure of the Group. As previously announced, Mr Carmelo *sive* Karl Bartolo has been appointed CEO of the Group, whilst Mr Anthony S. Diacono (previously Group CEO) will continue to occupy the Chairmanship of the Group and will assume an executive position focusing on Group Strategy. Mr Silvio Camilleri has also been appointed Group CFO, after having acted as Financial Controller since 13 February 2017.

The Board of Directors is confident that these changes will continue to strengthen the Group's senior executive management structure.

Outlook

The Company makes reference to Company Announcement 168/2018 wherein the Board of Directors informed the market that they have been made aware that the major shareholders of the Company, that is, Malampaya Investments Limited (beneficially owned by Anthony J. Duncan) and Anthony S. Diacono, both Executive Directors of the Company and who together hold 65.5% of the Company's issued share capital intend to source a strategic purchaser to acquire their shareholding in the Company. The sale may refer to all or part of the Major Shareholders' holdings in the Company.

As set out in the said company announcement, the said shareholders are of the view that sourcing a strategic purchaser should accelerate and further augment the Group's growth and internationalisation strategy.

The Board is confident that, with the Group's strong business pipeline, the current and prospective business opportunities are achievable independently of the sale by the said major shareholders to a strategic purchaser. On the other hand, the Board shares the major



shareholder's view that should such a purchaser be sourced, the Group's growth and internationalisation strategy could be accelerated and augmented further.

UNQUOTE

A handwritten signature in blue ink, appearing to read 'Laragh Cassar'.

Laragh Cassar
Company Secretary