



COMPANY ANNOUNCEMENT

MEDSERV P.L.C.
(THE “COMPANY”)

Directors’ Interim Statement

Date of Announcement	27 November 2018
Reference	179/2018
Listing Rule	LR5.16

The Company has secured long term contracts with significant business activity across all its operating segments. Medserv is also well positioned to secure new contracts some of which are expected to materialize in the first half of 2019. This enhances the forecast earnings for the coming years.

The Integrated Logistic Support Services (ILSS) segment includes the Malta shore base which remains the appointed logistics base by the international oil companies (IOCs) and its subcontractors for the upcoming major projects offshore Libya. Apart from the exploratory drilling, such projects include the development of two new offshore structures by an IOC.

Medserv Cyprus shore base is active, supporting a strategic offshore exploration drilling campaign for an American oil major. As recently reported, the award of this contract coupled with the existing secured business from other IOCs in both Cyprus and Egypt has positioned the Group at the forefront of the significant developments in the Eastern Mediterranean.

As regards the Group’s operations in Portugal, the client confirmed its intention to discontinue its project following the ruling by the Portuguese courts to suspend the Galp-Eni license. As a result, a decision has been taken by the Company to close down the base in Portugal by end of the year. The impact on the Group’s earnings before interest, tax, depreciation and amortisation (EBITDA), will be minimal as the contribution from this subsidiary amounted to less than 5%.

The recent contract award valued \$30.6 million in Suriname, South America for the provision of shore base services over a fifteen-month period commencing 1 January 2019 is a major development for the Group’s strategy to increase the Group’s client base and geographic reach. The Group forecasts healthy margins to be registered from servicing this shore base project.



The Oil Country Tubular Goods (OCTG) operating segment to date operating solely in the Middle East remains a key contributor to the Group's earnings and is expected to grow further in the coming years. Oman and UAE continue to generate substantial earnings. Iraq business unit is being restructured and a business plan is currently in the process of being implemented to ensure this business unit generates positive earnings for the coming four years. The restructuring process is expected to be completed by first quarter 2019.

The Group is awaiting the adjudication of its tender for the provision of premium threading services in Uganda. A successful award of this tender would provide the Group with another long-term contract with consistent revenues.

The Group is also awaiting the adjudication of an award of additional Supply Chain Management contracts in the Middle East in 2019, the volumes of which would be equivalent to those currently being managed by METS in Oman. The Group's operational reach in the Middle East, South America and Africa is presenting new opportunities for both ILSS and OCTG business.

The Company is confident it will achieve the published EBITDA for the year amounting to €6.8 million, a 54% increase over the amount generated in year 2017.

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 Company has been informed by the two major shareholders that this process is ongoing.

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

Laragh Cassar
Company Secretary