



COMPANY ANNOUNCEMENT

MEDSERV P.L.C.
(THE “COMPANY”)

Interim Report

Date of Announcement	30 May 2020
Reference	209/2020
Listing Rule	LR 5.16

QUOTE

Financial Summary

	Qtr 1 2020	Qtr 1 2019	Qtr 1 2018	Year 2020F
	€ Million	€ Million	€ Million	€ Million
Revenue	8.8	12.5	8.3	26.5
- Integrated Logistics Support Services (ILSS)	4.6	9.0	4.9	12.3
- Oil Country Tubular Goods (OCTG)	4.1	3.4	3.3	13.7
- Photovoltaic Farm	0.1	0.1	0.1	0.5
Earnings before interest, tax, depreciation and amortisation (EBITDA)	1.5	3.6	1.4	5.5
EBITDA margin in %	17.0%	28.8%	16.9%	20.8%

Revenue for the first quarter of year 2020 was 29.6% lower than that registered last year as the Suriname drilling project ended in December 2019. The lost revenue from Suriname was forecast to be recovered from the new drilling projects that were scheduled to commence in Cyprus in the second quarter of year 2020. The postponement of offshore drilling in Cyprus and suspension of other similar offshore drilling projects due to the pandemic has resulted in the Company revising downwards its budget revenue for the year 2020 to €26.5 million. Furthermore, EBITDA for year 2020 is estimated at €5.5 million, adjusted to reflect the impact of the postponement of drilling. These figures represent the Company’s present projections for the current year, however investors ought to be aware that the full effects of the COVID-19 pandemic on the Group and the markets in which it operates are still very fluid. More detailed forecasts will be issued by the Company in line with its obligation to publish a financial analysis summary by 30 June 2020.



Trading Update

The Company's facilities remain operating uninterruptedly and continue servicing clients. The COVID-19 pandemic coupled with both the collapse in price and demand for oil as well as geopolitical events resulted in international oil companies (IOCs) cutting back on capital expenditure and demanding discounts.

Medserv's budgeted earnings for year 2020 were impacted and had to be readjusted. Offshore drilling activity in Libya has been suspended. Cyprus postponed drilling effecting the provision of Integrated Logistics Support Services (ILSS)/shore base services. This was mainly due to the inability of providing a safe working environment, consequent to travel bans and closure of ports imposed by Governments. Drilling and project development in Egypt remain ongoing and expected to be maintained at current levels.

As planned the drilling campaign in Suriname ended at the end of 2019 but despite resizing our setup in Suriname the Company is committed to maintain its presence in the region. The large finds in Guyana, Trinidad and Tobago, as well as future activity planned in Suriname itself makes this region an exciting area for exploration in the oil and gas industry.

The current global downturn had minimal effect on earnings from the supply chain management of Oil Country Tubular Goods (OCTG) segment of the Company which is driven by onshore drilling activity in the Middle East. Demand for supply chain management services remain strong as National Oil Companies of this region did not suspend any onshore drilling and continue to confirm their commitment to approved projects.

The rest of the year is expected to be a challenging period for the Company as it manages the economic impact of COVID-19. The Company's objective is to preserve its liquidity and ensure that it continues to register positive EBITDA during this period. Immediate cost containment measures have been put in place across the Company. These include restructuring to the new norm and postponing any capital expenditure plans. Such measures ensure that the Company will have sufficient funds to meet its obligations as they arise and fall due through the course of the year.

The Company still enjoys a strong business pipeline across its core markets, being North Africa, Eastern Mediterranean and the Middle East. Once travel bans are lifted the long-term energy projects for which the Company is already contracted to service will resume. The main reason for resumption being that the cost of commercialising these projects are low as the investment in the required infrastructure has already been done. Furthermore, they are located close to the market or are needed for national consumption.

Additionally, the Company is awaiting adjudication of several tenders including ILSS services to an IOC operating offshore Egypt and Supply Chain Management for OCTG contracts in the United Arab Emirates.



Industry Outlook

We project offshore exploratory drilling and development in the Company's operating markets to resume in second quarter of next year, paving the way for the Company to return to the pre-COVID-19 trading levels.

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

Laragh Cassar
Company Secretary