



COMPANY ANNOUNCEMENT
MEDSERV P.L.C.
(THE “COMPANY”)

Interim Report

Date of Announcement	27 November 2020
Reference	227/2020
Listing Rule	LR 5.16

QUOTE

Financial Summary

	Qtr 3 2020	YTD 30 Sep 20	Year 2020F	Year 2019A
	€ Million	€ Million	€ Million	€ Million
Revenue	6.3	24.8	26.5	68.7
- Integrated Logistics Support Services (ILSS)	2.9	12.6	12.3	52.2
- Oil Country Tubular Goods (OCTG)	3.3	11.8	13.7	16.0
- Photovoltaic Farm	0.1	0.4	0.5	0.5
Earnings before interest, tax, depreciation and amortisation (EBITDA)	1.0	4.1	5.5	12.7
EBITDA margin in %	15.9%	16.5%	20.8%	18.5%

Revenue and earnings before interest, tax, depreciation and amortisation (EBITDA) were significantly lower than that reported for the same period last year. The COVID-19 pandemic suspended most of the offshore drilling activity in the second quarter of 2020, mainly due to the inability of providing a safe working environment, consequent to travel bans and closure of ports imposed by Governments.

EBITDA registered for the reporting period is in line with budget and adequately covers the Company’s finance costs. The Company expects the results for the year to be in line with the published forecasts.

Trading Update

The Company has managed to preserve its liquidity through immediate action taken by management to adapt its cost base through lowering operating costs, as well as benefitting from several government measures in response to COVID-19. This includes



€5 million financing granted under the COVID-19 Guarantee Scheme (CGS) offered by the Malta Development Bank.

All operating companies, other than the UAE business unit, are registering positive EBITDA in 2020. The securing of the new business in Abu Dhabi announced on 14 October 2020 will allow the operation in the UAE to generate positive EBITDA by the second quarter of next year.

The Company has significant growth potential in all its operating markets. The Company has a substantial business pipeline stemming from the existing long-term contracts. The mega development project for the installation of production platforms offshore Libya is on track to commence late next year. This project is expected to be completed over the coming years. Drilling in Cyprus is to resume in the second half of the year and to continue through to 2022. The order book in the Middle East is also forecasted to strengthen in the second quarter of 2021 to reach pre-COVID-19 levels. The large finds in Guyana, Trinidad and Tobago, as well as the recent discoveries and future planned activity in Suriname makes this region an exciting growth area for the oil and gas industry. The Company has signed a Memorandum of Understanding (MOU) with Kuldipsingh Port Facility N.V which will allow the Company to effectively participate in the upcoming business in this region. Kuldipsingh is the private port operator from which Medserv carried out the logistical support for the Staatsolie Nearshore Drilling project in Suriname last year.

The Company continued to secure work in the second half of this year across the Group. The Company has participated in new tenders in Egypt and two new African markets which are at an advanced stage of being adjudicated.

The Board's Outlook

As reported earlier this year, the Company projected offshore drilling to resume in the second quarter of 2021, paving the way for the Company to return to pre-COVID-19 trading levels. This is substantiated by the strong business pipeline resulting from the existing and recently announced long-term contracts and is expected to materialise into further active projects.

The Board continues to adopt a dual strategy, that of securing sustainable growth through its pipeline and of strengthening the Company's balance sheet. The board of directors and senior management are actively pursuing a number of options to secure this outcome.

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Laragh Cassar
Company Secretary