

Gulf Island Fabrication, Inc. (NASDAQ: GIFL)

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RESEARCH NOTE

CFO DAVID SCHORLEMER RESIGNS, OUTLOOK UNCHANGED

This report should be read in conjunction with GVRC's initiation report, dated 4/9/2018 and Gulf Island Fabrication, Inc.'s regulatory filings with the U.S. Securities and Exchange Commission.

Gulf Island Fabrication, Inc. ("Gulf Island") announced after trading hours on August 14, 2018, that CFO David Schorlemer had tendered his resignation, effective August 15, 2018.

Immediately following this announcement, Global Value Research Company (GVRC) spoke with CEO Kirk Meche. Mr. Meche confirmed that Mr. Schorlemer's resignation was for personal reasons, including the proximity of his home to Gulf Island's Houston headquarters. GVRC believes that circumstances surrounding Mr. Schorlemer's resignation were amicable and do not reflect interpersonal disagreements in the executive suite or Mr. Schorlemer's personal outlook for Gulf Island's future financial results and condition.

As GVRC stated in its April 9, 2018 initiation report, Mr. Meche has been the CEO of Gulf Island since January 2013 and has been with the company since 2001. He has extensive experience in marine engineering and project management, and his tenure in the industry has resulted in several professional relationships which GVRC believes are material to the company. While Mr. Schorlemer's departure leaves open an important position at a company that has only recently resolved an impending liquidity crunch, GVRC does not view it as detrimental to the business.

Gulf Island is currently orchestrating a strategic pivot to shift its focus from traditional offshore oil and gas markets toward markets such as shipbuilding, onshore petrochemical infrastructure development, and offshore wind. GVRC believes these markets represent potentially meaningful sources of future growth. Gulf Island's backlog stood at \$306.4 million as of June 30, 2018 and had grown to \$347.6 million by August 9, 2018, when the company filed its most recent Form 10-Q. The exercise of all options under current contracts would expend the company's backlog to well over \$560 million. Additionally, Gulf Island is actively bidding for several onshore petrochemical and offshore wind fabrication projects. GVRC believes Gulf Island is competitively positioned in these bids.

GVRC believes Gulf Island's current enterprise value is well below the company's intrinsic value, although refrains from assigning a specific valuation in this note. For a complete discussion on valuation, please reference GVRC's June 26, 2018 research report.

PLEASE SEE ANALYST CERTIFICATION AND IMPORTANT DISCLOSURES ON PAGE 2.

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