

ANNOUNCEMENT

Seafox International Limited (“Seafox”)

RESPONSE TO GMS ANNOUNCEMENT 8TH MARCH 2019

8th March 2019

Gulf Marine Services plc (“GMS”)

Seafox International Limited ("Seafox"), a 13.7% shareholder in GMS, makes the following statement in response to the GMS 8th March 2019 announcement.

We refer to today’s statement by GMS and we would like to provide some commentary:

- 1) Seafox has been a catalyst for positive change by putting pressure on the management and the Board to deliver e.g. Chairman stepping down, further cost cutting and Board changes etc. In other words, what we have stated previously in terms of weaknesses are correct.
- 2) Please find in the appendix attached Seafox H1 2018 audited summary results, that do not take into consideration any sale of Seafox 5 (sale took place in December 2018), that clearly shows our ability to produce better results than GMS whether in EBITDA or EBITDA margin.
- 3) As we stated before, the core opex per day for the 2 self-propelled vessels, included in our portfolio companies, is c\$6.5k per day when operational, compared to \$9k per day as per GMS interim results. This is a comparison of two similar vessels performing similar duties. We also note that despite GMS statement today referring to GMS having achieved 22% reductions on daily opex, it is surprising that the GMS interim results presentation (see below) shows core opex per day for both Small and Large vessels, have remained exactly the same as 2017, with no reduction reported.

GMS INTERIM RESULTS 2018	Small Class (6 vessels)		Mid-Size Class (3 vessels)		Large Class (4 vessels)	
	H1 2018	H1 2017	H1 2018	H1 2017	H1 2018	H1 2017
Average on hire daily vessel opex (US\$'000)	9	9	12	14	15	15

- 4) As a further example of a cost structure that needs seriously revisited, we are including below the GMS interim results that contrary to their statement today, which referred to 12% achieved reductions in SG&A, shows an SG&A that actually increased by 17% between H1 2017 and H1 2018.

GMS INTERIM RESULTS 2018 (US\$m)	H1 2018	H1 2017
Revenue	56.1	58.5
Cost of sales	34.8	33.5
Gross profit	21.3	19.1
General & Administrative expenses	9.1	7.8

- 5) Finally, while we appreciate the cost cutting initiatives announced by GMS, we believe that \$6m is well below our target of the \$15m – \$20m required. We continue to believe that our suggested Nominees will bring the necessary oversight required as a part of an overhauled Board.

SEAFOX INTERNATIONAL LIMITED

Appendix 1 Seafox Audited Summary Results H1 2018

EBITDA Calculations	
As of YTD 30th June, 2018	
Seafox International and Subsidiaries	30-Jun-18
Revenue	\$77,458,326
EBITDA YTD – 30 June 2018	\$40,762,455
EBITDA Margin	53%