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If you have sold or otherwise transferred, or you sell or otherwise transfer, all of your registered holding of GMS ordinary shares, please immediately forward this document to the purchaser or transferee or to the stockbroker, bank or other agent through or by whom the sale or transfer was or is effected for onward delivery to the purchaser or transferee. If you have sold or otherwise transferred, or you sell or otherwise transfer, only part of your registered holding of GMS ordinary shares, please immediately contact your stockbroker, bank or other agent through or by whom the sale or transfer was effected.

GULF MARINE SERVICES PLC **(“GMS” or the “Company”)**

(a public limited company incorporated in England and Wales with registered number 08860816)

Directors

Simon Heale (*Independent Non-Executive Chairman*)
Duncan Anderson (*Chief Executive Officer*)
Simon Batey (*Senior Independent Non-Executive Director*)
Richard Anderson (*Independent Non-Executive Director*)
Dr Shona Grant (*Independent Non-Executive Director*)
Mohammed Bississo (*Non-Executive Director*)

Registered Office

6th Floor
65 Gresham Street
London
EC2V 7NQ

8 March 2019

To Shareholders and, for information only, to holders of share options and/or awards under any of the Company’s employee share schemes

Dear Shareholder

Statement circulated at the request of Seafox International Limited (“Seafox”) and response from GMS

1 Introduction

Further to the publication of a shareholder circular (the “**Circular**”) on 22 February 2019 which included a notice of a general meeting requisitioned by several GMS shareholders to be held on 18 March 2019 (the “**Requisitioned General Meeting**”), the Board received a letter from Seafox on 1 March 2019 requiring the Directors to circulate to all Shareholders a statement in relation to the Requisitioned General Meeting.

Under the Companies Act 2006, Seafox is entitled (at its expense) to require the Company to circulate to Shareholders a statement, of not more than 1,000 words, with respect to the business to be dealt with at the Requisitioned General Meeting. Seafox supplied the Company with such a statement on 1 March 2019, and also with a longer-form statement of more than 1,000 words. On 1 March 2019, Seafox released the longer-form statement by RNS. In the interest of ensuring that all Shareholders have access to the same information, the Company has agreed, at the request of Seafox (and at its expense), to circulate the longer-form statement with this letter. That statement (the “**Seafox Statement**”) is attached to this letter.

Shareholders should note that the Board is not responsible for the content of the Seafox Statement, and has not verified its accuracy.

As stated in the Company’s announcement dated 4 March 2019, the Board believes that the Seafox Statement contains numerous inaccuracies, displays a lack of understanding of GMS’s business and

contains nothing to suggest that the nominees proposed by Seafox to be appointed to the Board, namely Abdullah Mazrui and Hisham Halbouny (together, the “**Seafox Nominees**”), would be additive to the Company’s governance. Please refer to section 3 of this letter for a detailed response from your Board to the Seafox Statement.

2 Withdrawal of Seafox’s support for resolutions 1 and 2

In the Seafox Statement, Seafox has stated that it has withdrawn its support for resolution 2 (proposing to appoint Andrew Knight as a director of the Company) set out in the notice of meeting contained in the Circular. Subsequently, on 4 March 2019, Seafox notified the Company that it has also withdrawn its support for resolution 1 (proposing to remove Simon Heale as a director and Chairman of the Company) set out in the notice of meeting contained in the Circular.

The Company therefore intends to seek the consent of the Requisitioned General Meeting to withdraw resolutions 1 and 2, and not put them to a vote. Further, Seafox has indicated that it intends to abstain on each of resolutions 1 and 2 at the Requisitioned General Meeting, should they be put to a vote.

Despite Seafox’s withdrawal of its support for resolutions 1 and 2, the Board continues to urge Shareholders to continue to complete, sign and return forms of proxy to **VOTE AGAINST** all of the proposed resolutions, including resolutions 1 and 2, as indicated in the red boxes on the forms of proxy as soon as possible, but in any event so as to be received by post or, during normal business hours only, by hand, by the Registrar, Equiniti Limited, at Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA, **by no later than 9.00 a.m. on Thursday, 14 March 2019.**

3 Response from the Board to the statement from Seafox

Introduction

The Seafox Statement does not contain any information to change the Board’s view of the resolutions requisitioned by Seafox.

As set out in the Circular, the Board has already initiated a repositioning plan to address the Company’s operational performance, governance and capital structure. This process was underway before Seafox became a shareholder in GMS and we have already taken significant steps to address the issues identified. An update on the recent actions the Board has taken is set out in section 4 of this letter below.

In contrast, the Seafox Statement contains no tangible or deliverable proposals to address any of the issues facing the Company. In particular, the Board would like to draw Shareholders’ attention to the following three key GMS responses to the Seafox Statement:

(i) Seafox’s speculation about GMS’s costs

Seafox’s claims regarding the potential cost savings for SG&A reductions at GMS are made without any support being provided, and display both a lack of understanding of GMS’s business, which has been operating through a prolonged oil price recession, and a lack of familiarity with GMS’s operations.

Seafox’s attempt to compare its own vessel operating costs to those of GMS is misleading for a number of reasons, including differing fleet composition, differing service provision in some assets and a differing approach to maintenance of assets.

While both companies can compete for the same contracts, GMS’s vessels have a wider range of capabilities and technologies compared to those of Seafox. Our self-propelled vessels provide a flexible and holistic solution to clients without the need of costly support vessels to move and position assets. Less sophisticated, non-propelled assets, such as Seafox’s will naturally have a lower operating cost due to the lack of thrusters, associated power plant and positioning technology, but financials will not capture the cost borne by the client to use these assets, making them less attractive to clients.

In addition, we provide a wider range of services and additional equipment, which typically run at a higher opex cost which usually translate into long-term multi-year contracts. Seafox’s remaining two self-propelled assets are not directly comparable with any of the three classes of assets that GMS operates with regard to either the design or the ancillary services, such as well intervention, which GMS currently provides to its clients.

There is little information on Seafox in the public domain, with almost no public disclosure of its activities or performance. In particular, Seafox does not disclose any:

- audited or unaudited financial results or other financial performance data;
- details of its governance structure or the identity of its directors; or
- operational data or fleet ownership details.

The fact that Seafox does not publish audited financials prevents a comprehensive and objective comparison being made between the two companies' real underlying performance. We note that the limited and selective historical data disclosed by Seafox does not reflect the impact of the disposals of assets such as the announcement of the sale of their stake in the Seafox 5 vessel in December 2018, which we believe (based on our acquisition discussions with Seafox last year) will have had a material effect on their financial performance.

(ii) The Seafox Nominees

The Board notes the biographies of the Seafox Nominees included in the Seafox Statement. The Board believes these contain nothing to suggest that the Seafox Nominees would be additive to the Company's governance.

The Board continues to regard Seafox as a competitor and, far from adding value to the Company, the appointment of representative(s) of Seafox on the Board would raise significant concerns in relation to conflict of interests and potentially result in the sharing of sensitive commercial information with, and influence on the operations of, GMS by directors with a conflict of interest, which could be prejudicial to the performance of the Company. In this context, the Board notes the confirmation by Seafox that Mr Halbouny has been an active member of Seafox's board of directors for the past three years.

(iii) Seafox's proposals in relation to GMS's capital structure

The Board notes that the Seafox Statement contains no proposals in relation to a longer term solution to the Company's capital structure and no indication as to how Seafox believes it could be additive to the Company's plans to address this issue.

Conclusion

The Board is pleased to note that Institutional Shareholder Services Inc. (ISS), one of the leading independent proxy advisers, has published a report on the Requisitioned General Meeting with a recommendation for Shareholders to vote against all resolutions proposed by Seafox and the consortium of Shareholders represented by Ithmar Capital Partners Limited (together, the "**Ithmar Requisitionists**").

In light of all of the above, the Board continues to believe that the requisition from Seafox has caused unnecessary expense, uncertainty and disruption to the Company and unanimously recommends Shareholders to **VOTE AGAINST** all of the resolutions proposed to be considered at the Requisitioned General Meeting.

4 Update on repositioning plan

The Board is pleased to provide the following update on its plan to reposition the Company and optimise its future prospects.

(i) Operational review

The previous two rounds of cost saving initiatives led by the Board have already achieved reductions of:

- 22% on daily opex across the Company's fleet;
- 12% on general and administrative expenses; and
- 91% on newbuild related personnel.

The Board and the Company's management have now completed the evaluation of the third round of cost savings and efficiency opportunities. This process has identified c. \$6m of potential annualised savings. Implementation has already begun and the Board expects that the full \$6m of savings will be realised by 2020.

As an example of the cost saving initiatives underway, the Company ran a competitive tendering exercise for its catering contract in H2 2018. The renegotiated rate represents an assumed estimated cost saving of c. \$1.7m per annum based on current utilisation levels, the full benefit of which will be realised in 2019.

Further operational efficiencies continue to be implemented across the organisation including for example:

- Scaled back quayside facility in order to reduce costs;
- An organisational restructuring to allow further downsizing in headcount; and
- Effective management of discretionary capital expenditure across the Company and its group.

The Board will continue to review the Company's operations and implement appropriate strategies and initiatives, including in relation to utilisation and revenue.

(ii) Capital structure

The Company and its management team have excellent long-standing relationships with the Company's banking syndicate. Many of the institutions who lend to the Company have supported the Company since before its IPO in 2014 and continued their participation through various refinancing activities. Following the successful amendment to the financial covenant schedule for the year ended 31 December 2018, the Company has continued its active dialogue with its banks and is reviewing, together with its financial advisors, a range of long term refinancing options.

(iii) Governance

The search process for a new Chair, run by Spencer Stuart, has progressed well and several high-quality candidates have been identified. The Board is actively considering these candidates and is targeting the announcement of the new Chair by the time of the company's Preliminary Results on Tuesday 26th March 2019.

As announced by the Company on 22 October 2018, 14 February and 25 February 2019, the Board has recently appointed Dr Grant as an independent non-executive director, Mr Jackson as Chief Financial Officer and, in accordance with standard UK market practice, an executive director of the Company, effective from early summer 2019 and Mr Bissiso as a non-executive director.

Following the above Board appointments, the Board will have, excluding the Chair, three independent directors and three non-independent directors, such composition being in compliance with the UK Corporate Governance Code which requires at least half the Board, excluding the Chair, to be independent. The Board believes that this Board composition is the appropriate size for a company such as GMS. Further additions of non-independent non-executive directors would require the Board to appoint additional independent directors to remain compliant with the UK Corporate Governance Code. The Board believes that, in order to be effective and efficient, the number of directors should not be increased beyond the point at which the Board becomes unwieldy and expensive to operate and rapid decision-making is compromised.

As stated in the Circular, the Board expects to give further detail of the plan to reposition the Company and optimise its future prospects following the appointment of the new Chair, and in the interim will continue to update Shareholders of major developments as appropriate.

5 Action to be taken

Shareholders will find enclosed with the Circular dated 22 February 2019 a form of proxy for use in connection with the Requisitioned General Meeting. Whether or not you intend to be present at the Requisitioned General Meeting, you are urged to complete, sign and return the form of proxy in accordance with the instructions printed thereon as soon as possible, but in any event so as to be

received by post or, during normal business hours only, by hand, by the Company's registrar, Equiniti Limited, at Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA, as soon as possible and **by no later than 9.00 a.m. on Thursday, 14 March 2019** (or, in the case of an adjournment of the Requisitioned General Meeting, not later than 48 hours before the time fixed for the holding of the adjourned meeting (excluding any part of a day that is not a business day, being a day which is not a Saturday, Sunday or public holiday in England on which clearing banks are open for business in the City of London)). If you are posting your completed form of proxy, you may do so using the pre-paid envelope provided.

Appointing a proxy in accordance with the instructions set out above will enable your vote to be counted at the Requisitioned General Meeting in the event of your absence. The completion and return of the form of proxy will not prevent you from attending and voting at the Requisitioned General Meeting, or any adjournment thereof, in person should you wish to do so.

If you have any questions on how to complete the form of proxy, please contact the Company's registrar, Equiniti Limited, on 0371 384 2030. If you are calling from overseas please call on +44 (0) 121 415 7047. Calls from outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 8.30 a.m. – 5.30 p.m., Monday to Friday, excluding public holidays in England and Wales. Please note that Equiniti Limited cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

6 Recommendation of the Board

The Board continues to consider that the resolutions 1 to 5 proposed by Seafox and the Ithmar Requisitionists are NOT in the best interests of the Company or its Shareholders as a whole. Accordingly, the Board unanimously recommend that Shareholders VOTE AGAINST all of the resolutions to be proposed at the Requisitioned General Meeting.

Yours faithfully

Simon Batey
Senior Independent Non-Executive Director

Attachment – The Seafox Statement

THE SEAFOX STATEMENT DOES NOT REPRESENT THE VIEWS OF YOUR BOARD.

THE BOARD IS NOT RESPONSIBLE FOR THE FOLLOWING STATEMENT AND HAS NOT VERIFIED ITS ACCURACY.

ANNOUNCEMENT

Seafox International Limited (“Seafox”)

1st March 2019

Gulf Marine Services plc (“GMS”)

GMS: HISTORY OF MISTAKES AND A BOARD THAT NEEDS TO BE OVERHAULED

In this document we address GMS’ mistakes, are we a competitor, how efficient is GMS, suggested action plan and revised resolutions, in light of the announcement by the current Chairman to step down. We are also attaching the biographies on Mr Mazrui and Mr Halbouny.

MISTAKES DID NOT START IN THE LAST 3 MONTHS BUT IN THE LAST 3 YEARS

- 1. Backlog / Revenues:** GMS’s decline started in 2016 when ADNOC fired the company by early termination of 30/40% of GMS’s business and contracts. This led to substantial destruction of shareholder value.
- 2. Costs:** We believe that GMS’s inability to understand the new reality is similar to an investment bank still operating with a pre-2008 financial crisis cost structure. In our view, we are better-positioned than most financial investors to determine whether core opex for a particular asset is right or not. As a matter of fact, our industry knowledge suggests that core opex needs to drop by at least 15%, catering costs by 25% and SG&A costs are just unacceptable.
- 3. Governance:** GMS’s public announcements have missed almost all guidance for the last 4 years, including EBITDA, Net Debt, FCF and repeatedly the timing of market recovery.
- 4. Debt:** GMS has renegotiated its debt facility almost every year since IPO as a result, in our view, of a lack of planning, at a significant cost to the company and its shareholders.

RECENT DECISIONS

- 1.** In October 2018, the CFO announced suddenly his decision to resign, with no apparent succession planning. In December 2018, this was followed by an announcement that led to a 1 day drop in share price of 75%.
- 2.** In January 2019, Seafox became an investor in GMS, requesting an overhaul to the Board, further cost cutting and a long-term solution to the capital structure.
- 3.** The Board scrambled with announcements to defend itself, reaffirming that we are effectively correct in our assessment (Chairman steps down, vague announcement on further cost cutting, etc..).
- 4.** So now we are being asked as one of the largest shareholders to trust the Board’s recent decisions and recommendations, yet again? Our opinion is categorically NO: leaving aside all of the mistakes, and a reactive, not proactive, Board what is worrying is the company’s announcement that the new CFO starting date is “early summer”. By trying to find a solution before the general meeting, the Board appears to have agreed to hire a CFO who is yet to agree with his current employer a release date (Ergomed PLC 13th Feb 2019 RNS Number : 8274P). The GMS announcement included that the new CFO will be appointed to the Board. Whilst possibly customary, it appears to us to be a clear attempt by the Board to try and reduce the number of Board positions available to shareholders as the outgoing CFO was not a Board Member since IPO.

ARE WE A COMPETITOR?

1. We are an investment vehicle that invests in OFS. One of our holdings is the ownership of a company (MOS Superholdings) that owns 2 self-propelled vessels that compete with GMS, the other 9 vessels are converted non self-propelled drilling rigs with an average age of 30 years, mainly in the accommodation segment. This does not make us a direct competitor despite the minor overlap. Our investment in GMS is not held through MOS Superholdings, but directly by us in a different vehicle. Perhaps the confusion came from the vessels carrying the same name. As a matter of fact, a separate vehicle used to own 51% of Seafox 5 with Keppel, one of the largest Singaporean listed companies owning the other 49%. We sold our investment in Seafox 5 at 1.5X at the end of last year. We are in the business of making financial returns.
2. Seafox investors invested their capital at the same time as the GMS IPO, and so far we have returned to our shareholders over 35% in USD, with still meaningful investments. This compares to GMS returning 14% in USD, including dividends, over the same period.
3. We have no intention to merge any of our portfolio companies into GMS.
4. There are a number of global precedents of activist and investors owning shares of different companies in the same space.

ARE OUR PORTFOLIO COMPANIES LESS EFFICIENT THAN GMS?

1. Our portfolio companies' H1 2018 EBITDA stood at \$40.8m (EBITDA margin of 53%), compared with GMS H1 2018 EBITDA of \$25.4m (EBITDA margin of 45%), despite the fact that we operate in a different segment, that warrants lower margins, a lower number of vessels and an older fleet. We believe our catering costs are lower by at least 25%.
2. On Slide 13 of the 2018 Interim results, GMS states that its small vessels core opex is \$9k per day, the equivalent in our portfolio companies is \$6.5k per day – i.e. \$2.5k saving on just a single asset leading to a saving of \$0.9m p.a. per vessel.
3. All of this should lead, excluding SG&A reductions, to savings of \$10 – 12m p.a.

SO WHAT DID WE ASK FOR IN TERMS OF BOARD REPRESENTATION?

1. One Board Member – namely Mr Halbouny, in a Board of 9 members. We have also proposed that Mr Mazrui be appointed as a Non-Executive Director. It should be noted that Mr Mazrui is not affiliated with Seafox, except his belief in the improved changes we are trying to implement. Mr Mazrui currently owns 5.3% of GMS shares.
2. Mr Knight's suggested appointment is withdrawn as explained below.
3. The current Board has had 3 years to stabilise GMS. They haven't. It is time to overhaul the Board.
4. The Ithmar requisition has nothing to do with the Seafox request.
5. Guidance under the UK Corporate Governance Code suggests that at least half the members of the Board should be independent. Many other FTSE 350 companies do not comply with all aspects of the Code especially following such disappointing results and performance. Many companies value the presence of representatives of their major shareholders on the board.

THE RESOLUTIONS (OVERHAULING A BOARD NOT JUST A NOMINATION ISSUES)

1. Given the announcement that the Chairman of GMS has elected to resign and that any Chairman appointment will go through the Nomination Committee and selected Advisor, we are withdrawing our proposed resolution for the appointment of Mr Knight as Director, as previously announced. In the event that the resolution needs to be put in the meeting we will abstain. Rather, we respectfully request that the Board and the Nomination Committee consider Mr Knight as one of the potential group of candidates for the role of Chairman of GMS. We would note that GMS has already agreed in principle to put him forward as an Independent Board member in a letter dated 14th November 2018, and we quote "specifically Andrew Knight – we are happy to put this before our Nomination Committee with the expectation he would be appointed to the Board".

2. Appointment of Mr Mazrui as a Non-Executive Director. Mr Mazrui serves as Chairman of the Emirates Insurance Company, as well as board member of Investcorp Bank, Dun & Bradstreet, among others. Mr. Mazrui has cemented his standing as a leader of the Arab Oil & Gas industry through key strategic business partnerships: Baker Hughes since the 80s, Schlumberger and Cameron International since the 90s. Former positions included Managing Director of National Bank of Abu Dhabi and a Member of Management Committee Currency Board of the UAE Central Bank. Mr. Mazrui has been listed as one of the world's most influential and respected Arab businessmen. Given this track record, we believe Mr Mazrui is uniquely qualified to be on the Board. Biography enclosed in Appendix.
3. Appointment of Mr Halbouny as a Non-Executive Director. Mr Halbouny is a Partner of Man Capital LLP, the investment arm of the Mansour group, based out of London. Prior to that a former investment banker with one of the leading investment banks in MENA. He brings a wealth of knowledge and contacts in the region. He has been an active board member of Seafox for the past 3 years and has significant knowledge of the sector and is fully aware of the operational improvements required in order to make GMS more effective. Effectively, he would be our representative, on a Board of 9, with full financial and operational knowledge that will be crucial to help deliver the improved numbers. Biography enclosed in Appendix.

SUMMARY OF SUGGESTED ACTION PLAN

Overhauling the Board to create shareholder value for all. We are an activist / investment vehicle looking for returns and with deep knowledge of the sector. GMS stated that 2019 EBITDA will stay at c\$60m and that there is no market recovery in sight. With an estimated \$30m interest, capex and tax of \$13m, this leaves c\$17m to deleverage a c\$380m debt. In our view, this is unacceptable for shareholders. EBITDA needs to improve to at least \$75m through the cost cutting that we can bring, a significantly reduced interest bill as a result of our relationships with lenders so that the stock rerates upwards allowing the company to deliver for shareholders. It is not just about one nomination but a full overhaul of the board.

We may make further public announcements in respect of the above, which we trust GMS will upload to its website to achieve full shareholder transparency.

APPENDIX – BIOGRAPHIES NON-EXECUTIVE DIRECTORS

MR ABDULLAH M. AL MAZRUI

Abdullah Mohammed Al Mazrui is an Emirati businessman and entrepreneur from Abu Dhabi who founded his family business, Mazrui International, in 1974. This privately-held diversified company operates across numerous industries and asset classes with a current footprint spanning the Middle East and Europe. It is one of the region's premier family businesses. The group's companies, a wide physical presence on the business landscape are market leaders in several different sectors, including: Oil & Gas, Construction & Building Materials, Retail, Real Estate, Industrial, Education and Healthcare. Mr. Mazrui has cemented his standing as a leader of the Arab Oil & Gas industry through key strategic business partnerships: Baker Hughes since the 80s, Schlumberger and Cameron International since the 90s. Recent Joint Ventures with ENI Versalis, Woodserv, and Ramco reflect his influence and standing in the Oil & Gas sector. Mr. Mazrui holds other major investments and relationships. He currently serves as Chairman of Emirates Insurance Company and Aramex. He was previously a Member of the Arab Bankers Association, London, a Director of Abu Dhabi Education Council and Abu Dhabi Economic Council. He was also previously a Member of the Advisory Board of INSEAD Business School, Abu Dhabi and EDHEC Business School, France. Former roles also include Managing Director of National Bank of Abu Dhabi and a Member of the Management Committee Currency Board of the UAE Central Bank. Mr. Mazrui has been listed as one of the world's most influential and respected Arab businessmen. He received a Bachelor of Arts, Honors, from Chapman University of California, USA.

MR HISHAM HALBOUNY

Hisham Halbouny is a Partner at Man Capital LLP, the London-based investment arm of the Mansour Group. Mr. Halbouny leads MAN Capital's global private equity investment platform where he focuses on identifying and executing investments as well as working with management on post-investment strategy. Additionally, he works closely with the Group's existing portfolio companies, focusing on capital structure optimization, corporate finance, M&A and operational value-added activities. Mr. Halbouny holds various board and committee seats.

Mr. Halbouny has been an active Board Member with Seafox Group for over 3 years. He has been closely involved with various initiatives with the company particularly those relating to operational efficiencies, margin enhancement, and strategic decision making. He worked closely with the company's management team on an OPEX and cost reduction plan which resulted in a significant uplift to the company's operating profits. His three years on the Board have provided him with invaluable experience in the oil services sector both in the GCC and the North Sea.

Prior to joining Man Capital, Mr. Halbouny was a Managing Director at EFG Hermes, where he co-led the GCC Investment Banking operations out of Dubai. During his 11-year tenure with EFG-Hermes, he leveraged his strong regional network to expand the division's regional presence and executed several high-profile mergers and acquisitions, debt and equity transactions as well as numerous regional initial public offerings.

Prior to joining EFG Hermes, Mr. Halbouny was an analyst in the structured finance team at Société General bank.

