



MERMAID MARITIME PUBLIC COMPANY LIMITED

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MERMAID REPORTED STRONGEST FIRST QUARTER RESULTS IN FIVE YEARS WITH NET PROFITS OF USD 13.3 MILLION ON BACK OF ROBUST PERFORMANCES IN BOTH SUBSEA AND DRILLING SEGMENTS

Mermaid Maritime Public Company Limited (“Mermaid”) on 12 February 2014 announced first quarter 2014 net profits of USD 13.3 million with its subsea business leading the recovery and drilling business also doing well. In addition to the financial results and reports released on that date, Mermaid wishes to add the following highlights:

Growing strong in both subsea and drilling business

Total revenue of USD 83.8 million, up 58.2% year-on-year, was mainly driven by higher contributions from the subsea business, as more full service contracts were being performed. Its subsea business report a 71% growth in revenue backed by higher day rates and utilization rates. It achieved utilization of 85.9% in 1FQ2014, up from 50.6% utilization in 1FQ2013. Providing wide range of services also resulted in increased direct costs, which increased by 52.8% year on year to USD 67.5 million in 1FQ2014. SG&A grew by 11.5% year on year to USD 6.2 million due to increased personnel in the Middle East region.

The drilling business reported a 25% increase in revenue despite a decline in utilization rate. Mermaid Drilling achieved 50% utilization rate in 1FQ2014 down from 67% in 1FQ2013. MTR-2 was employed at 100% utilization and MTR-2 was on standby throughout 1FQ2014 while MTR-2 achieved 45% utilization and MTR-1 achieved 100% utilization in 1FQ2013. The robust result in drilling business was evidenced in equity income, which jumped from losses of (0.4 million) in 1FQ2013 to profits of USD 7.1 million in 1FQ2014. This was due to strong contributions from Mermaid’s 33.76% owned associate company Asia Offshore Drilling Limited (“AOD”) as all three high-specification jack-up rigs, AOD I, AOD II and AOD III, commenced their three-year contracts with Saudi Aramco.

In all, Mermaid saw an increase of 200% year on year in EBITDA to USD 25.9 million.

Outlook remains optimistic

Mermaid is optimistic that the outlook in the offshore oil and gas industries will remain positive, given the stable oil price and continued spending by oil and gas companies in exploration and production activities. Mermaid is continuing to see demand for its subsea vessels and related services as evidenced by contract awards secured as well as ongoing additional requirements from existing and potential customers. The tender rig market is a niche market with around 30 units globally, including those under construction. The demand-supply dynamics of the tender rig market appears to remain favorable as indicated by industry day rates and utilisation, with customer preference for newer rigs.

The overall demand for jack-up drilling rigs has improved globally and the demand for premium jack-up rigs has remained strong in all relevant regions, particularly in Asia and the Middle East. Oil and gas companies continue to show their preference for newer rigs such as those owned by Asia Offshore Drilling, an associated company.

New rig and vessel orders

On 9 January 2014, Mermaid entered into the agreements to build two new tender rigs and one new Dive Support Vessel ("DSV") with China Merchants Industry Holdings Co., Ltd. for an aggregate sum of USD 436 million (USD 149 million for each tender rig and USD 138 million for DSV). The two new-build tender rigs are scheduled to be delivered in 1FQ2016 and 2FQ2016 respectively while the new-build DSV to be delivered in 3FQ2016.

The new rig and vessel orders are arranged to be paid into two installments: 15% of the order values are required to be paid within the 30-days post the execution of the contracts and the remaining 85% are required be paid on the delivery date. As of today, Mermaid has already paid the first part of installments, using the proceeds raised from 2013's right issues. Mermaid plans to fund the remaining 85% due on delivery by retained earnings and debt.

The newbuild rigs and vessel will not only enhance Mermaid's market position in terms of the modernisation of its fleet, but also expand the size of the rigs and vessels in order to enhance its offshore oil and gas support services and achieve greater economies of scale.

Please be informed accordingly.

Vincent Siaw
Director, Corporate Strategy
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