

MERMAID MARITIME

1Q 2015 Results

May 15, 2015



Mermaid
SUBSEA SERVICES



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Agenda

- **CEO Report**
- **Financial Review**
- **Business Outlook & Strategy**



MERMAID MARITIME
PUBLIC COMPANY LIMITED

CEO Report

Chalermchai Mahagitsiri

Executive Vice Chairman



1Q 2015 Highlights

Weak 1Q performance mainly due to low season and dry dock program

Three high performing vessels redelivered to key sites post successful periodical dry docking; cost within budget

Subsea has seen turnaround in cable laying business

Cold stack MTR-1 and MTR-2 tender rigs; prospective buyers secured

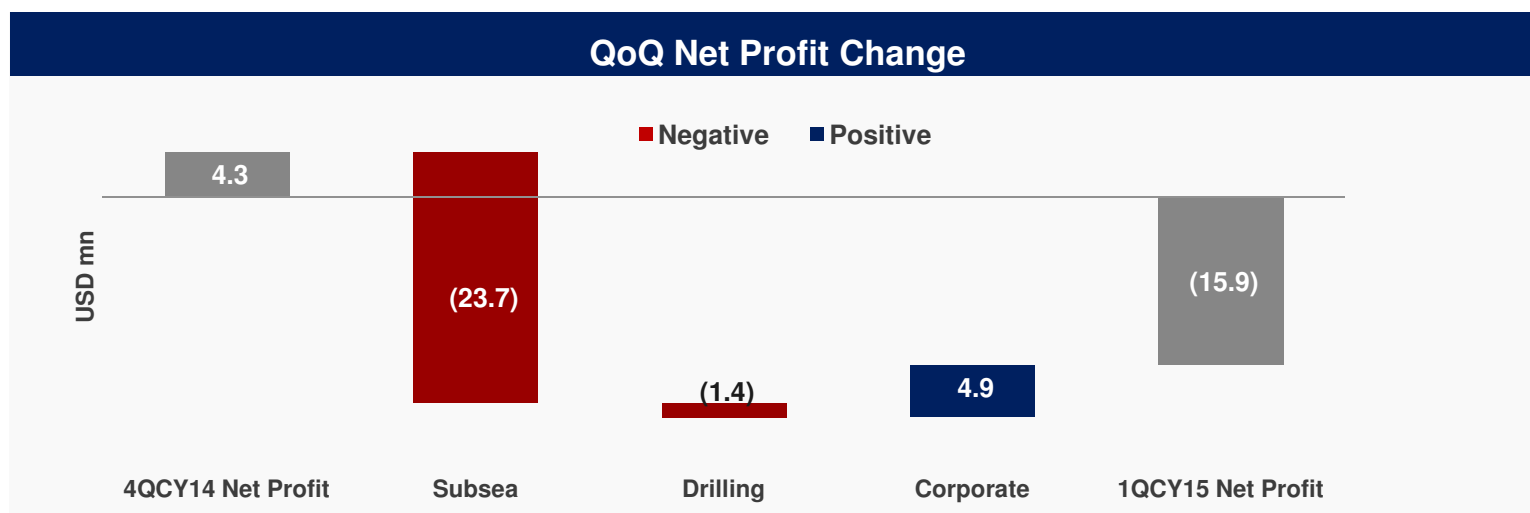
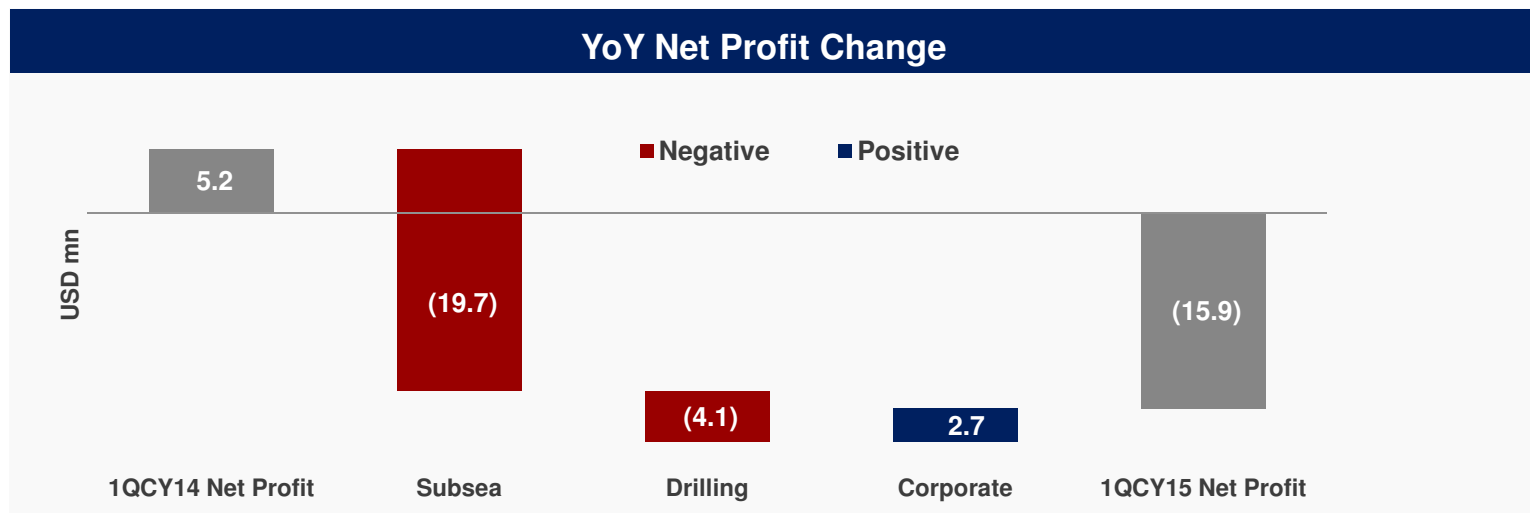
Resilient order book (excl. Asia Offshore Drilling) at USD443m

2C Emphasis: Cost Reduction with target US\$10m cost savings and Cashflow Preservation

Set up Multi-Currency Debt Issuance (MTN) program



1Q 2015 Net Loss US\$16m on Subsea Weakness





Vessel dry dock weighed on subsea performance

LOSS

USD 9.2 MN*

* Combined loss arising from Asiana, Endurer & Commander as well as Bourbon 806 chartered-in vessel

- Coinciding with the low season, Mermaid Subsea schedule to dry dock its three highest earning (large) vessels, Asiana, Endurer and Commander in 1Q FY2015
- First ever 5-year Special Survey dry dock for Asiana and Endurer, off-hire for 76 and 75 days respectively
- Commander dry docked for Intermediate Survey (48 days), last Special Survey was in 2013
- Chartered in high cost Bourbon 806 vessel to replace Asiana
- Vessels have since immediately been redeployed profitably to sites post dry docking

Special Survey Dry Dock

Periodical 5-year inspection and maintenance of major departments of vessel e.g. hull, engine, deck etc. to ensure compliance with Class requirements



SIAM CHALLENGER

SAPPHIRE



(LARGE)

COMMANDER

ASIANA

ENDURER

	2010	2011	2012	2013	1Q14	2Q14	3Q14	4Q14	1Q15	2 - 4Q15	2016
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Intermediate Survey

Periodical inspection and maintenance on major departments of vessel to ensure compliance with Class requirement, but less scope than Special Survey Survey to be carried out not more than 36 months from last Survey, generally 30 months



SIAM

CHALLENGER



(LARGE)

COMMANDER

COMMANDER

TOTAL DRY DOCK DAYS

55

51

85

17

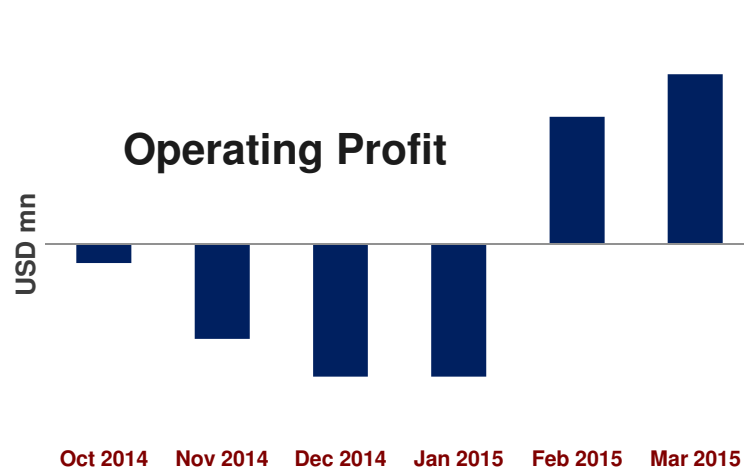
31



Most dry dock days in a single quarter



Cable laying turning profitable



- New cable laying business starting to turnaround mid-February
- Positive momentum continued to April with the business gaining traction with customers
- Initial steep learning curve resulted in losses
- Better execution as the group tightened project and risk management process

	Cable Laying				
	Project I	Project II	Project III	Project IV	Project V
Subsea Vessel	Daya II	Supporter	Bourbon 806	Supporter	Daya II
Profitability	Loss	Loss	Profit	Profit	Profit
Status	Completed	Completed	Ongoing	Ongoing	Ongoing
Period	Sep 14 - Jan 15	Jul 14 - Jan 15	Start Oct 14	Start Oct 14	Start Mar 15

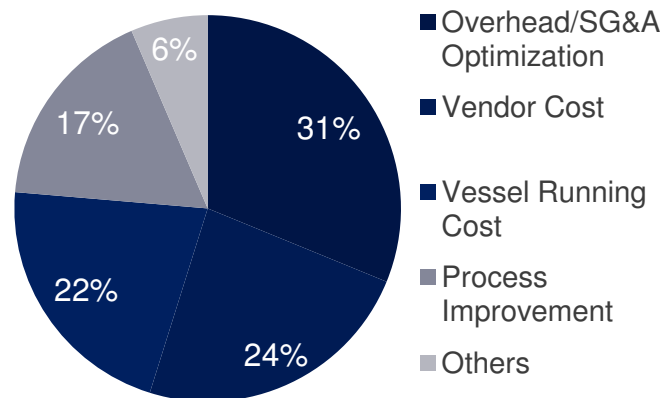


2C Emphasis (Cost & Cash Flow)

Driving Further Cost Savings and Operating Efficiency

- Streamline process to improve efficiency and reduce cost
- Enhanced risk management to mitigate excessive cost exposure
- Tighter cost management

Target US\$10m Costs Reduction Program



Prioritizing Cash Flow

- Increased focus on DSO (days sales outstanding) improvement
- Assigning high values to the earlier milestones to improve project cash flows
- More prudent Capex decisions, in terms of cash flows
- Renegotiate payment terms with vendors, without compromising on the Group reputation
- More focus on increasing overall financing capability



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Financial Review

Katarat Suksawang
Chief Financial Officer

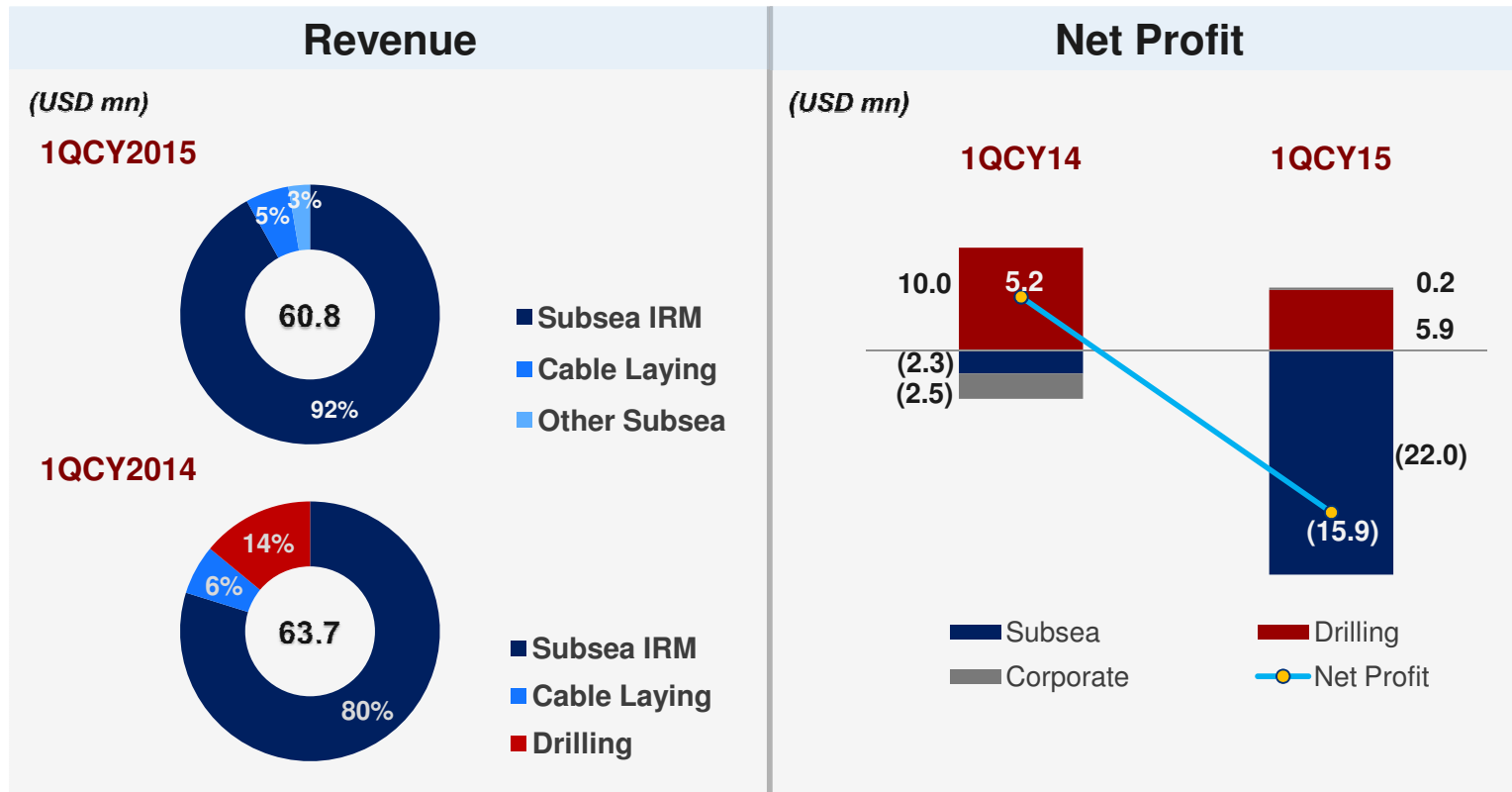


Profit & Loss

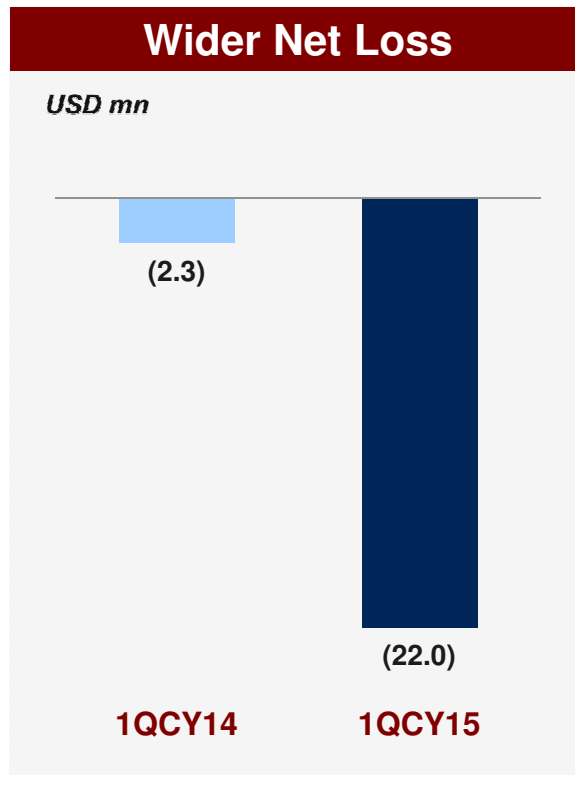
USD mn	1QCY15	1QCY14	Δ %
Turnover	60.8	63.7	(4.6)
EBITDA	(15.9)	5.7	(378.9)
Profit from Operations	(14.8)	6.5	(327.7)
EBIT	(22.0)	(2.1)	(974.6)
Associates & JV Equity Income	7.2	8.6	(16.3)
Finance Cost	(0.8)	(1.0)	(20.0)
Profit before Tax	(15.6)	5.5	(383.6)
Tax	(0.3)	(0.3)	-
Net Profit	(15.9)	5.2	(405.8)
EPS (US cents)	(1.1)	0.4	(375.0)



Segmental Contribution



Subsea weighed by dry docking programs and low season

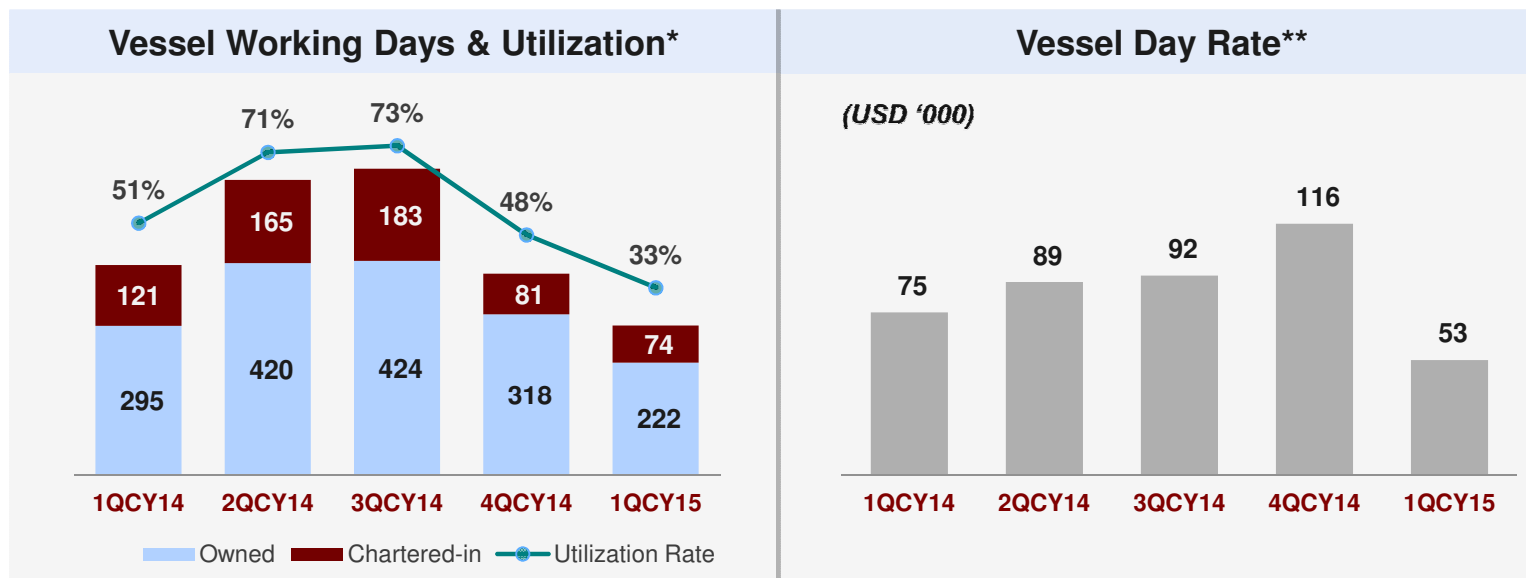


Subsea Net Loss at US\$ 22 Million

- 1QCY15 turnover at USD 60.8 Mn up 11%, underpinned by the group's expanded service offering
- Three high performing own-vessels underwent dry docking; negatively impacting overall vessel utilization
- Continued high charter in cost from uncontracted Windermere vessel; the group continues to aggressively bid for work
- Low demand quarter due to the region' monsoon season



Lower Subsea Utilization & Day Rate



- Fleet utilization rate declined to 33% in 1QCY15 mainly due to three of our own vessels undergoing scheduled mandatory dry docking maintenance and low season demand
- Excluding dry dock impact, fleet utilization rate was 42% (4QCY14: 50%)
- Absence of higher day rate earning vessels; Commander, Endurer and Asiana affected overall day rates during quarter

1Q15 Vessel Dry Dock Program			
Commander	48 days		
Endurer	75 days		
Asiana	76 days		
	Jan-15	Feb-15	Mar-15

* Total Working Days / Total Vessel Calendar Days

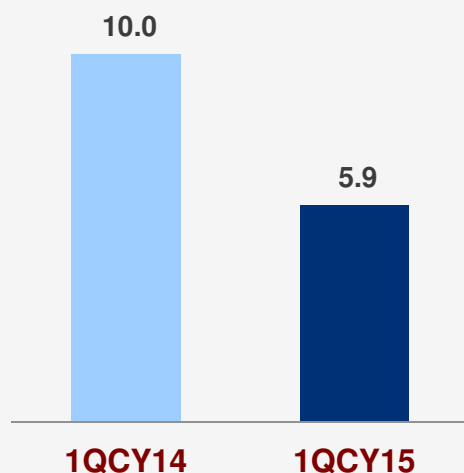
** Vessel Earned Revenues / Total Working Days

Drilling impacted by uncontracted tender rigs



Lower Drilling Net Profits

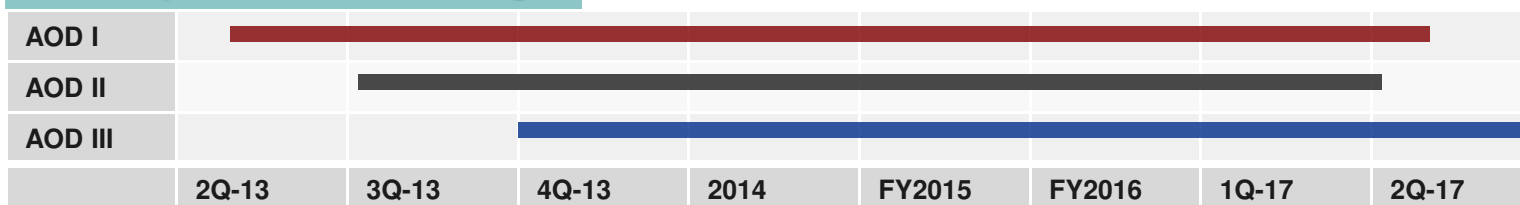
(USD mn)



Drilling Net Profit at US\$ 6 Million

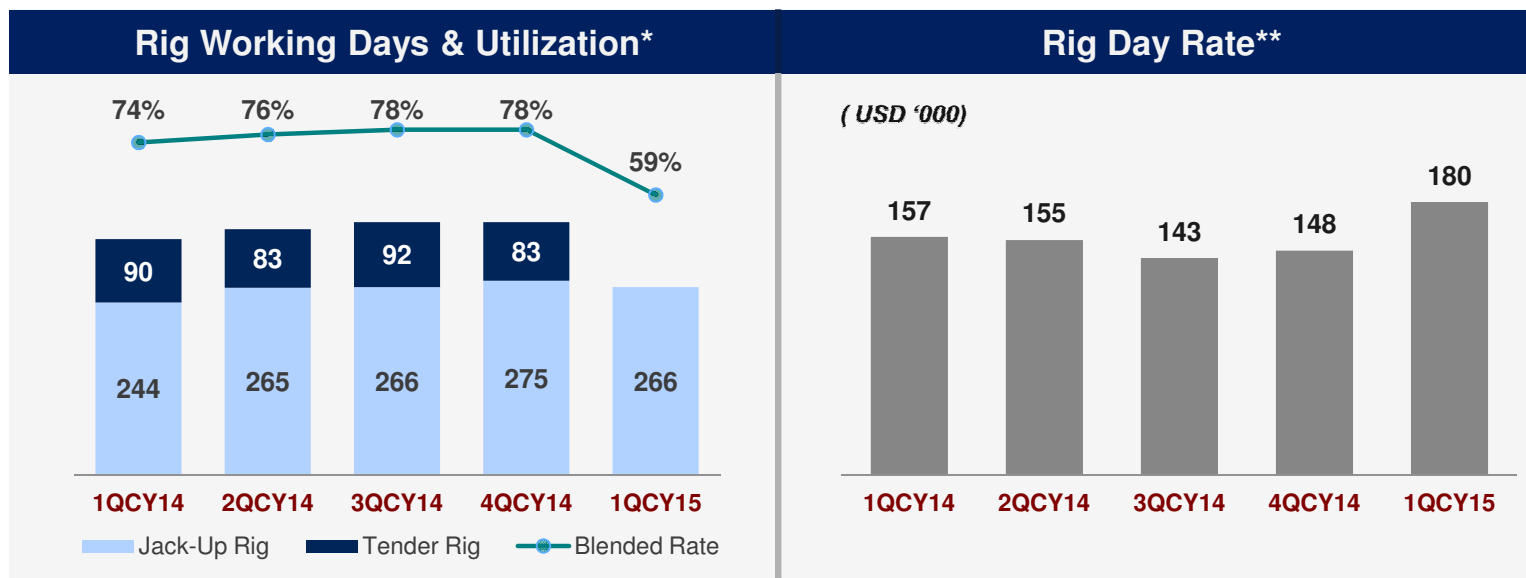
- MTR-1 and MTR-2 remain uncontracted with MTR-2 in December having pre-mature contract termination due to customer's inability to secure drilling permit
- Cold stack both MTR-1 and MTR-2 tender rig with both transferred to Asset for Sale, prospective buyers secured
- Associate company, Asia Offshore Drilling ("AOD") continued to perform strongly with all three jack-up rigs operating at high utilization

Jack-Up Contract Coverage





Steady Jack-Up Drilling Performance



- Rig utilization rate fell to 59%, due to uncontracted tender rigs
- Asia Offshore Drilling continues to perform strongly with high yoy jack-up rig utilization
- Higher effective rig day rates given non-utilization of lower day rate tender rigs

* *Total Working Days / Total Rig Calendar Days*

** *Rig Earned Revenues / Total Working Days*



Statement of Financial Position

USD mn	31 Mar 2015	31 Dec 2014	Δ (%)
Current Assets	267.5	228.8	16.9
Non-Current Assets	478.0	534.5	(10.6)
Total Assets	745.5	763.3	(2.3)
Current Liabilities	100.6	87.4	15.1
Non-Current Liabilities	101.2	110.0	(8.0)
Total Liabilities	201.8	197.4	2.2
Total Equity	543.7	565.9	(3.9)
Property, Plant and Equipment	320.9	378.3	(15.2)
Bank Balances, Deposits and Cash	84.8	93.4	(9.2)
Total Borrowings	111.0	112.7	(1.5)



Group Free Cash Flow

USD mn	31 Mar 2015	31 Mar 2014
CASH FLOW FROM OPERATING ACTIVITIES		
Before Changes in Working Capital	(15.7)	5.7
Changes in Working Capital	24.4	(1.8)
Tax Paid	(2.5)	(0.9)
Others	(1.0)	(1.0)
	5.2	2.0
CASH FLOW FROM INVESTING ACTIVITIES		
Divestments, Dividend and Interest Income	6.8	0.1
Capital Expenditure & Investments	(12.5)	(69.2)
	(5.7)	(69.1)
FREE CASH FLOW	(0.5)	(67.1)

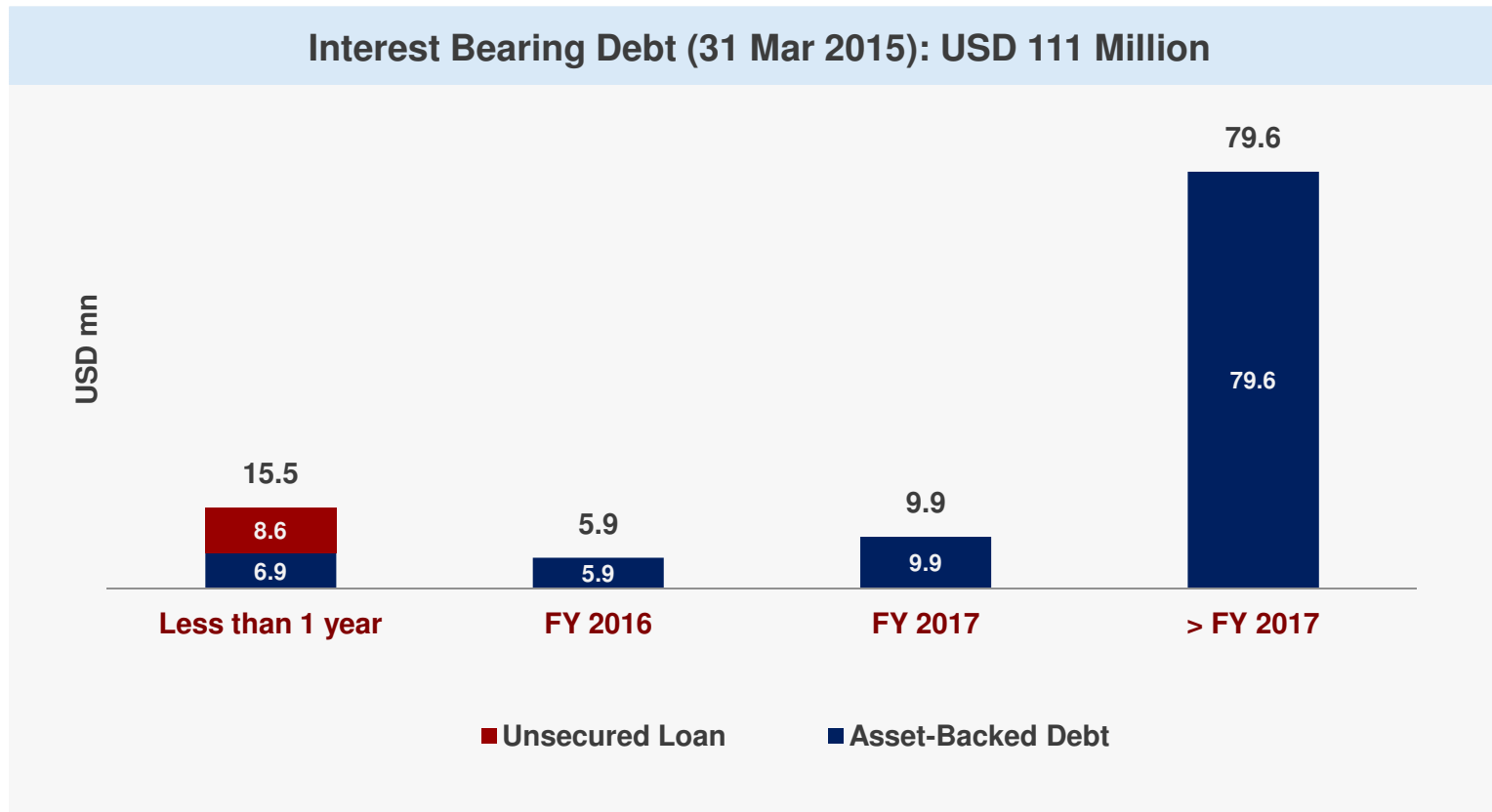


Borrowings

USD mn	31 Mar 2015	31 Dec 2014	30 Sep 2014
Interest Bearing Debt			
Asset-backed Financing	102.3	104.0	105.0
Unsecured Loan	8.6	9.4	10.1
	110.9	113.4	115.1
Cash and Cash Equivalent	(84.8)	(93.4)	(84.9)
Net Debt / (Cash)	26.1	20.0	30.2
Shareholder Funds	543.7	565.9	561.8
Net Gearing	4.8%	3.5%	5.4%



Debt Maturity Profile





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Business Outlook & Strategy

Joseph Chia
Executive Director



Strategy Leveraging on our Strengths

To be the Preferred Global Oil Service Specialist Partner

**Leading Global Subsea Specialist
'From Tonnage to Service Provider'**

**Premium Drilling Asset Owner & Operator in
particular South East Asia**

**Established
Dual Core
Competency**

+

**Superior
Market
Position &
Client Base**

+

**Strong
Business
Model &
Focus**

- Solid track record
- Unified subsea brand gaining recognition
- Subsea expanding product & region
- Established operator in less competitive tender rigs

- Strong position in lower oil cost producing region
- Superior client base (predominantly NOCs)
- Cross-sell abilities
- Resilient contract coverage

- Focused on drilling and subsea with complementary contract durations
- Stable & resilient IRM business (day rate)
- Gradually moving up subsea value chain eg. cable laying

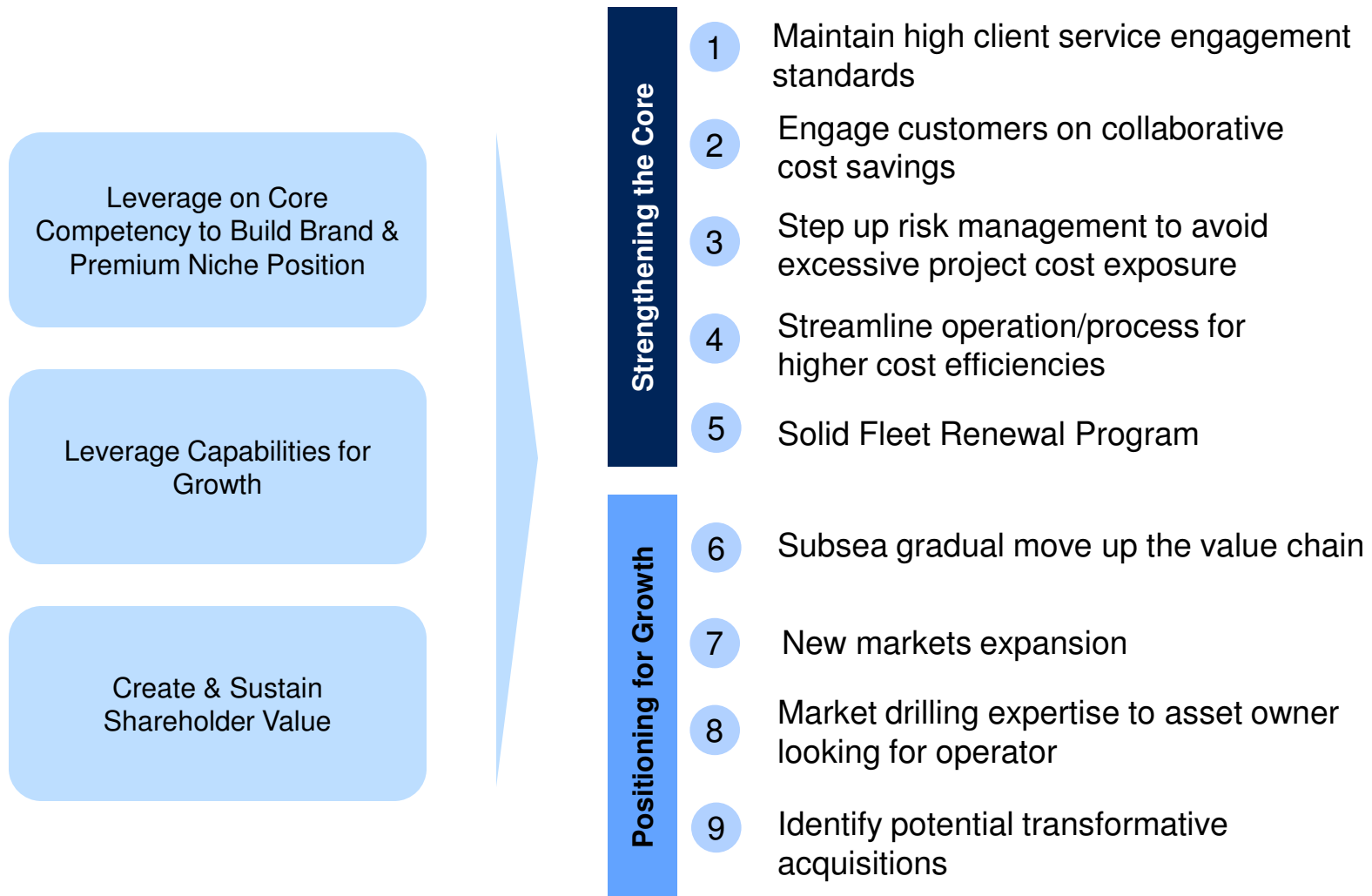
Leverage on Core Competency to Build Brand & Premium Niche Position

Leverage Capabilities for Growth

Create & Sustain Shareholder Value



Strategic Initiatives





Market Outlook

Industry under pressure to reduce spending

- Oil prices to stay lower and unpredictable for now, given oversupplied situation
- Industry revising capex down with global E&P spending expected to decline by 5%
- Oil service revenues under pressure given industry cost deflation
- Oil majors calling to renegotiate contracts across the globe

Utilization & Rates Under Pressure, Cashflow key

- Shrinking demand, and new supply of capacity will weigh on utilization and rates
- Day rates expected to remain under pressure until mid 2017
- Several multi billion dollar competitors have shut the doors in 1Q
- Positive cashflow generation key to stay in business
- Retire aging and uncompetitive assets



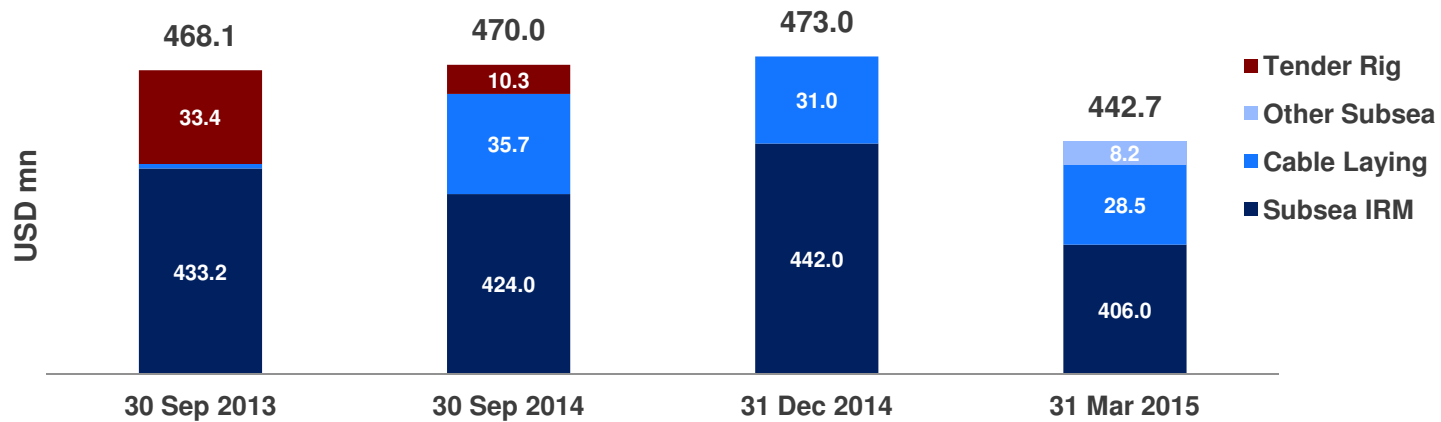
Strong position to weather downturn

- Spending at back-end of the E&P supply chain, ie production phase is less susceptible to cut-back
- E&P spending in the main market we operate ie Middle East still forecasted to show growth in 2015
- Proactive engagement with customers on collaborative cost savings
- Still relatively high contract backlog with limited risk for cancellation
- Superior balance sheet with limited leverage

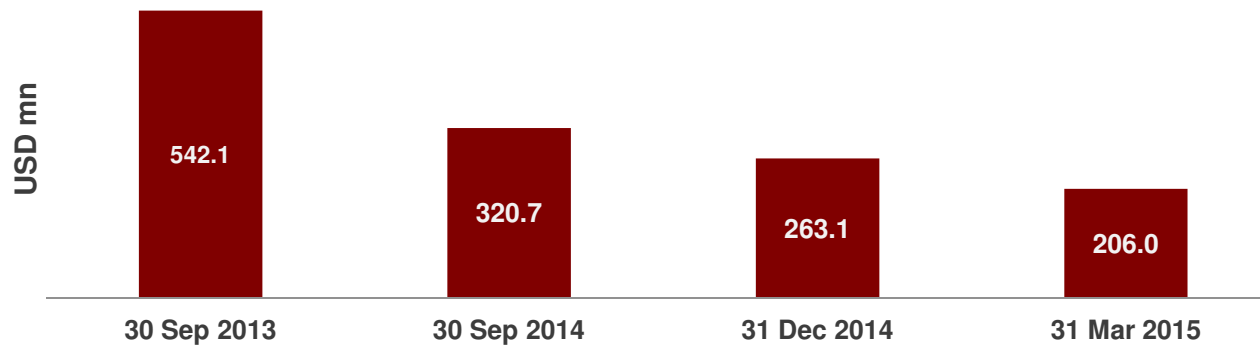


Solid Order Book

Order Book (excluding Asia Offshore Drilling)



Asia Offshore Drilling Order Book*

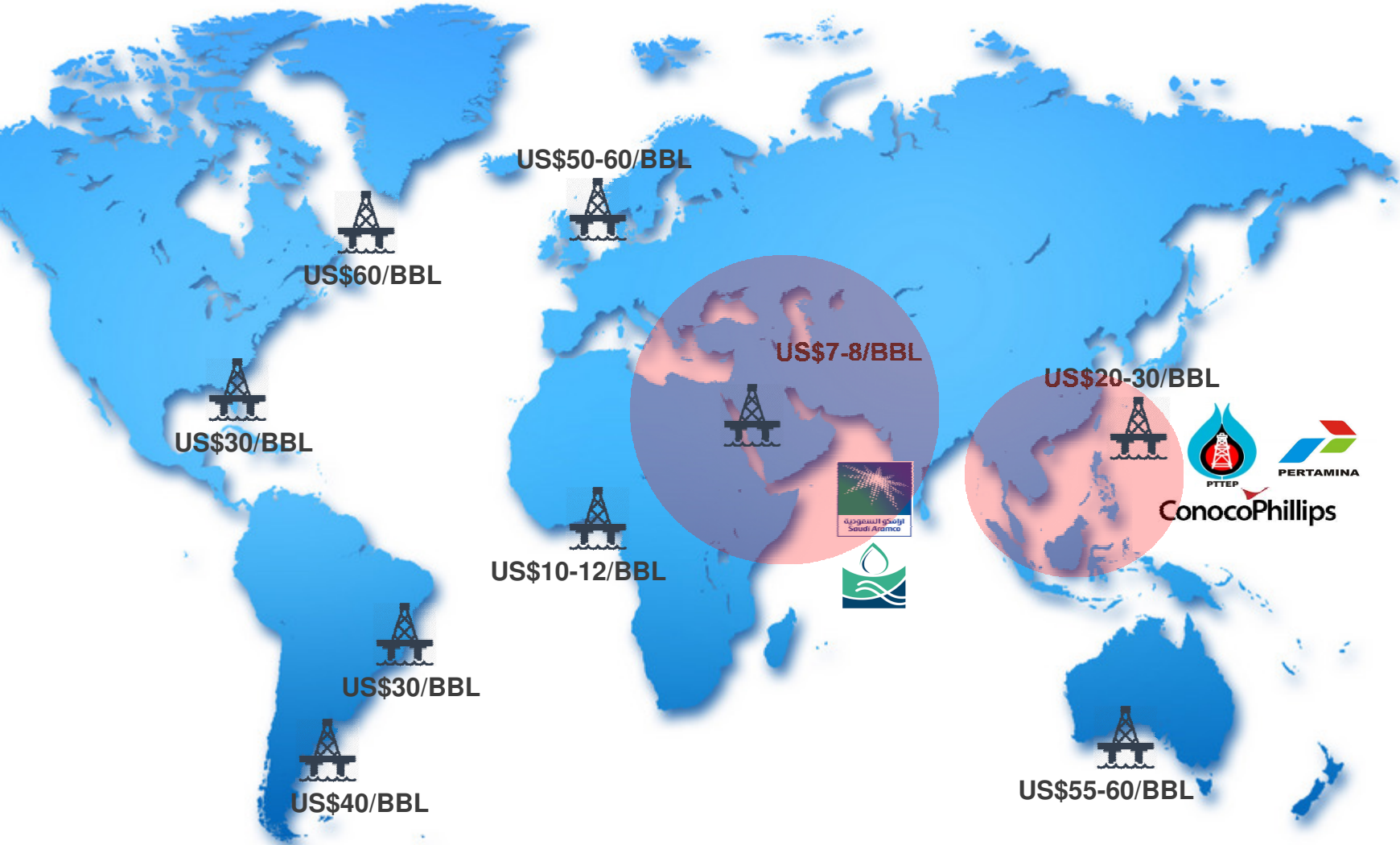


* Mermaid Maritime owns 33.76% stake in Asia Offshore Drilling

Focusing on low oil cost producing markets



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