Mermaid Maritime Plc

2Q 2016 Results

August 2016

Agenda

- Business Report
- Financial Review
- Business Outlook

Business Report

2Q 2016 Highlights

- **Management promotions** to strengthen the core and support growth ambitions.
- Earnings were positive driven by **substantial cost savings**.
- **USD 25MM Positive Cash Flow from Operation** generated in 1H2016
- Balance sheet remained in healthy position. Covenant breached has been solved, all lenders agreed for waiving.
- Through out the unfavorable market conditions, revenue dropped by 54% YOY due to **slowdown in cable lay** and **lower utilisation of subsea fleet**.
- **Re-chartering of 'Mermaid Nusantara'** was on the back of anticipated continual demand in SEA.
- AOD I & II contracts got extended for 3 years.
- **Newbuild delivery dates postponed** for both rigs to the end of 2016 and for the vessel to 30 June 2017.
- Order book (excl. AOD) stood at USD 247M by the end of June

Management promotion to leadership roles

Succession planning actioned

Vincent Siaw : Executive Vice President & Chief Operating Officer

- Vincent joined Mermaid in 2005 and in the past 11 years has held key management positions in Mermaid including SVP Group Legal & Corporate Affairs, Head of Strategy and Investor Relations.

Darren Morgan : Executive Vice President for Subsea Services

- Darren joined Mermaid in 2015 and is a Chartered Engineer with over 20 years of experience in the offshore, deep-sea mining, underwater salvage and nuclear industries within Europe, Australia and South-East Asia.

Raza Khan : Chief Financial Officer

- Raza joined Mermaid in 2009 and over the past six years has been responsible for the accounting and reporting function of Mermaid’s Middle East business division.

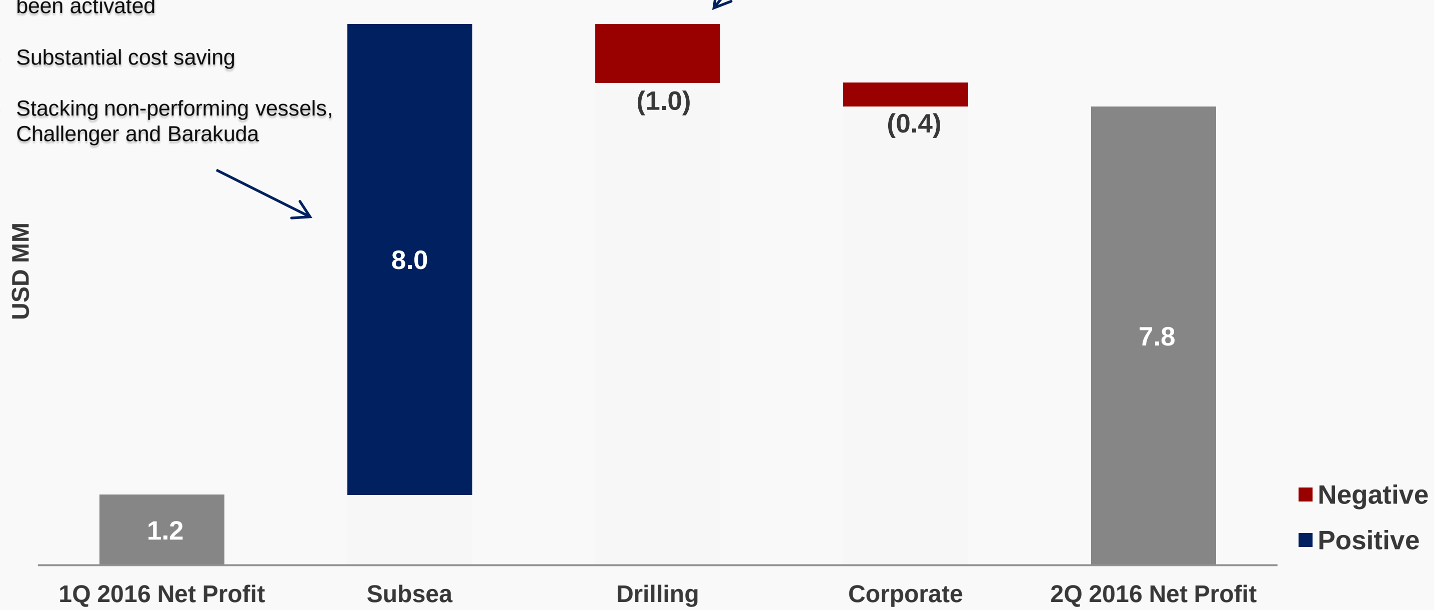
Mermaid's 2Q earnings improved QoQ

Mainly from subsea units

QoQ Net Profit Change

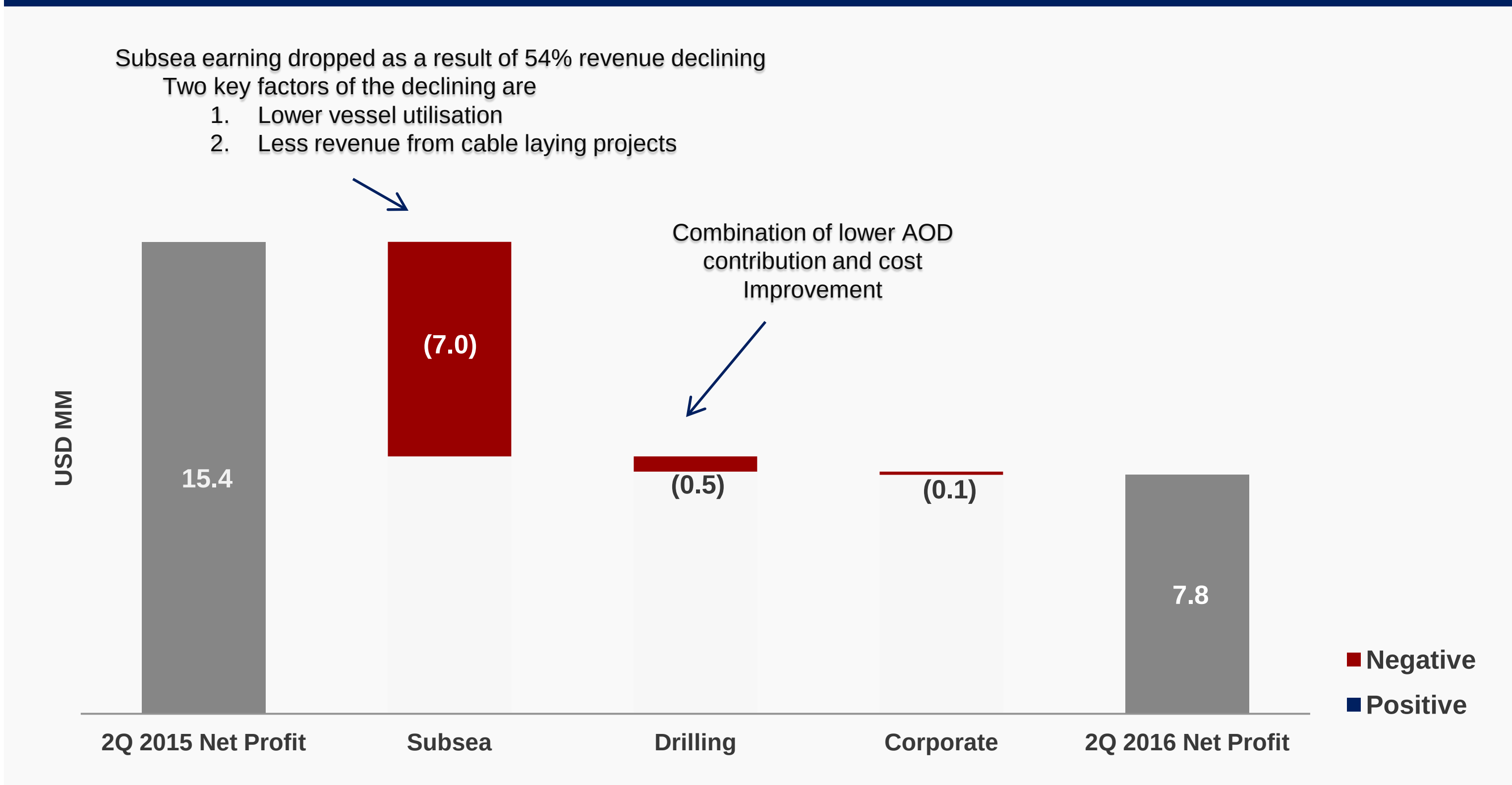
- Two major vessels , Endurer & Commander, started working in the second quarter
- A new cable laying project has been activated
- Substantial cost saving
- Stacking non-performing vessels, Challenger and Barakuda

Lower contribution from AOD due to day rate reduction

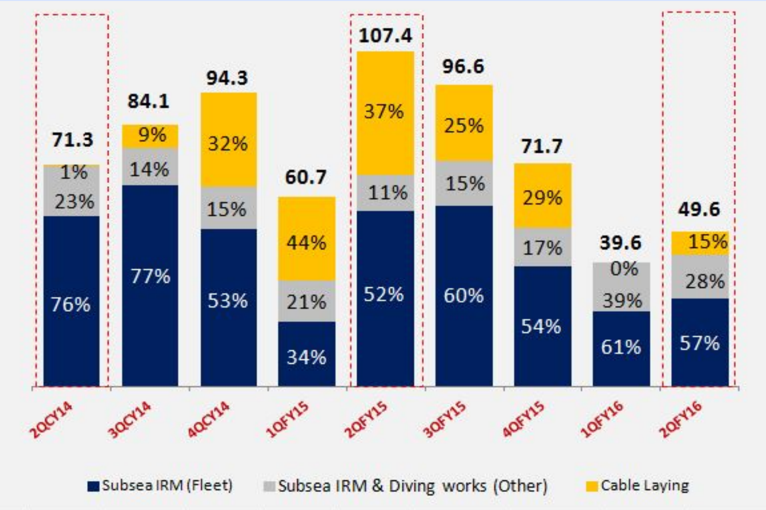


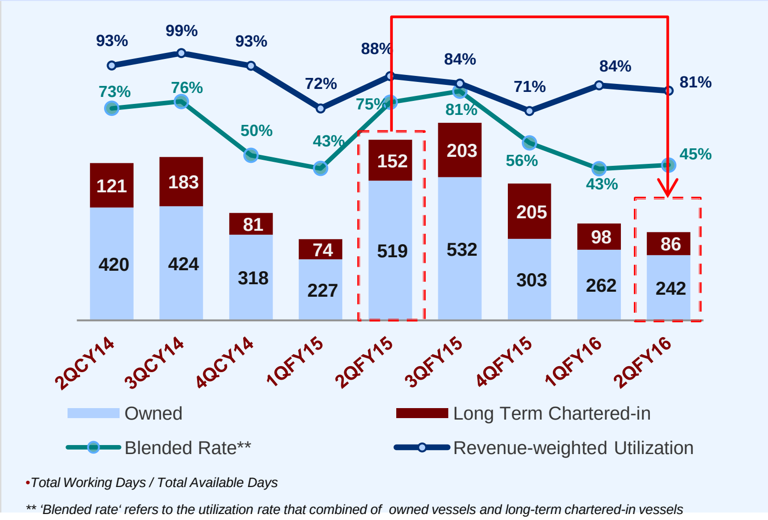
Mermaid’s 2Q earnings declined 45%YoY

YoY Net Profit Change



Subsea fleet utilisation maintained from the last quarter, but lower than last year





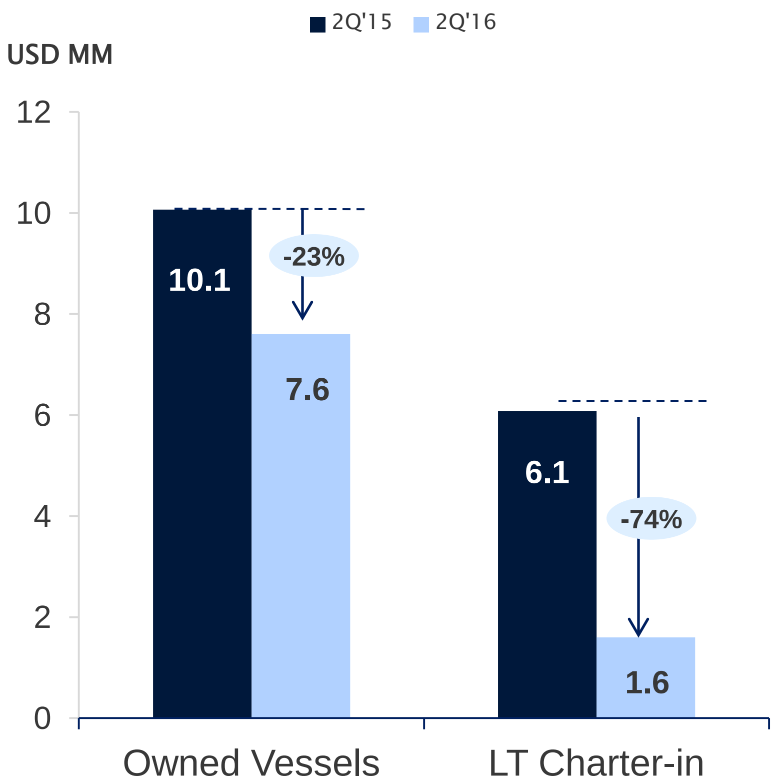
2Q'16 vessel utilisation dropped to 45%, compare to 75% of the same period last year

- Mermaid Commander scheduled to work in June to November for its regular annual IRM campaign, while last year the similar campaign been performed since early of 2Q during April to September.
- Mermaid Challenger has been stacked in 2Q'16 after finished a 1+1 yr bareboat chartered contract.

One main cable laying project has been completed in Q2'16, contributed revenue of $7.5mm

41% reduction in Subsea Vessel Running Costs

Vessel Running Costs Reduction



Description of Key Drivers

Owned vessels

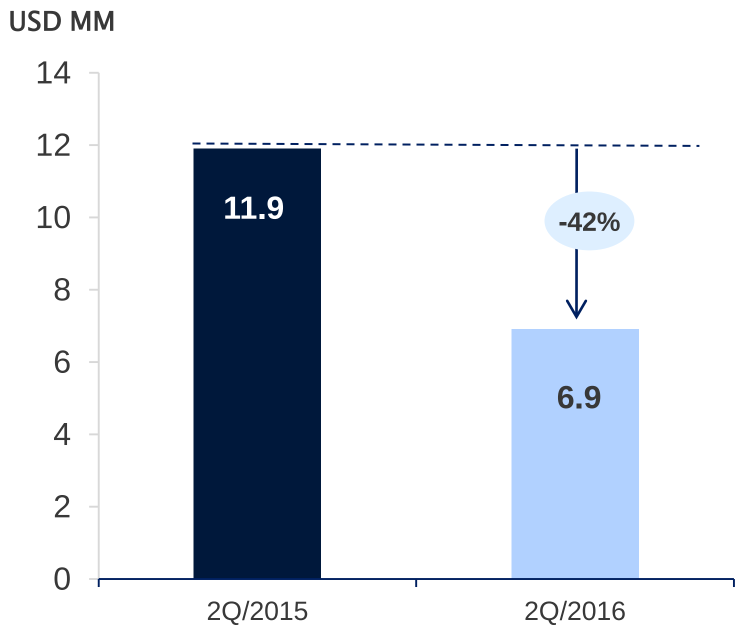
- Cold stacking non-performing vessels;
  - Mermaid Siam in 1Q'16
  - Mermaid Challenger in 2Q'16
  - SS Barakuda in 2Q'16
- VRC reductions on active vessels:
  - Most of reduction was in Marine Crew and Dive Tech expenses

Long-term chartered-in vessels

- Only one vessel left, the 'Resolution', remains on hire vessel in Q2'16
- Two vessels, 'Endeavour' and 'Nusantara', returned to Owner in 1Q'16 when on-going contracts were completed.
- Nonetheless, 'Nusantara' is re-chartering back in Q3'16 to carry out projects in the backlog.

Tightened up SG&A expenses remained in focus

SG&A Expense Reduction

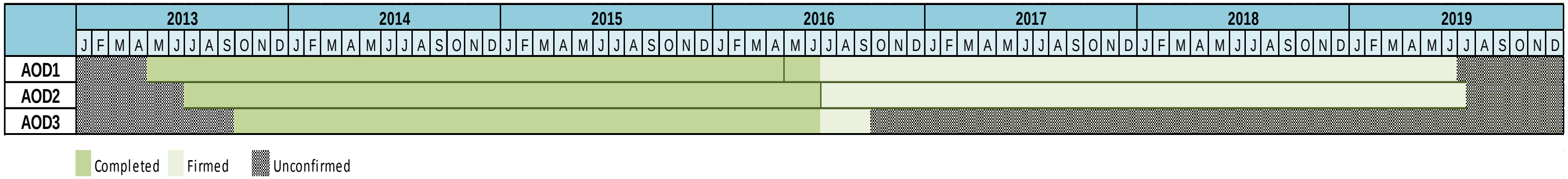


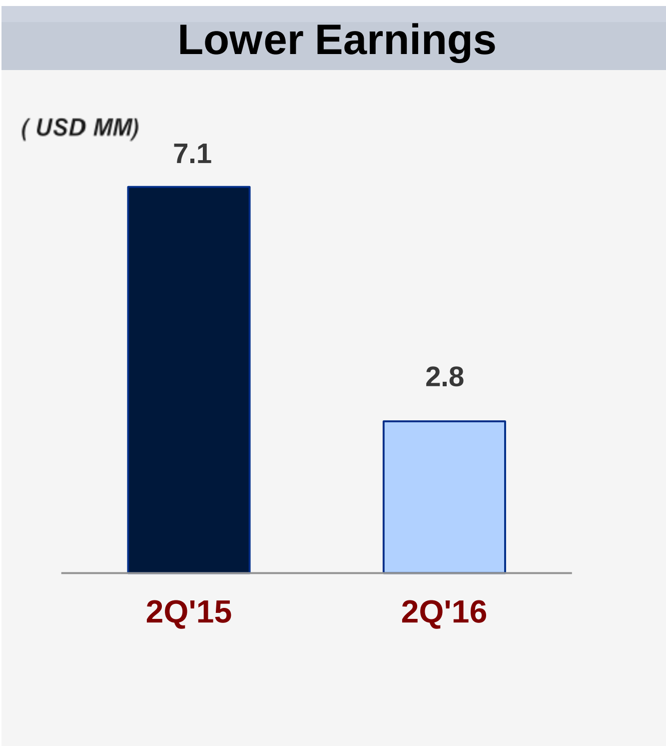
Description of Key Drivers

- Cost savings program delivered strong results -42% YOY
- Decrease was mainly driven by the headcount reduction and resulting savings on staff-related costs
- Other categories with large reductions include traveling, hotel, and bank charges

AOD I & II got extended for another 3 year

Lower earnings in consequence of rate reduction





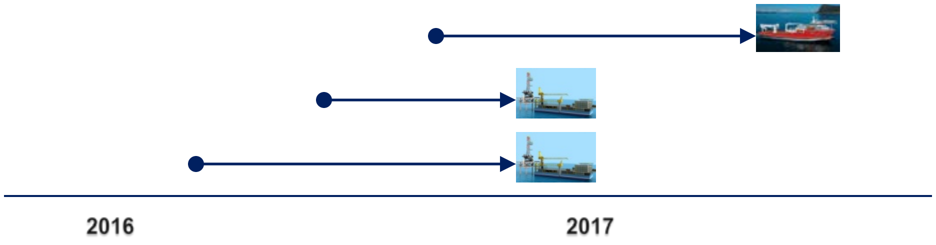
- In 2Q/2016, 100% average utilization for 3 rigs
- Rate reduction effective on 1st of January 2016 and resulting bareboat charter decrease led to a lower contribution YoY
- Contract extensions
  - AOD I extended to the end of June 2019
  - AOD II extended to the 17th of July 2019
  - AOD III existing contract expire in 10th of October 2016. Extension is under negotiation.

Postponed delivery dates of the 3 newbuilds

To align strategic initiatives with market conditions

Extension to delivery dates

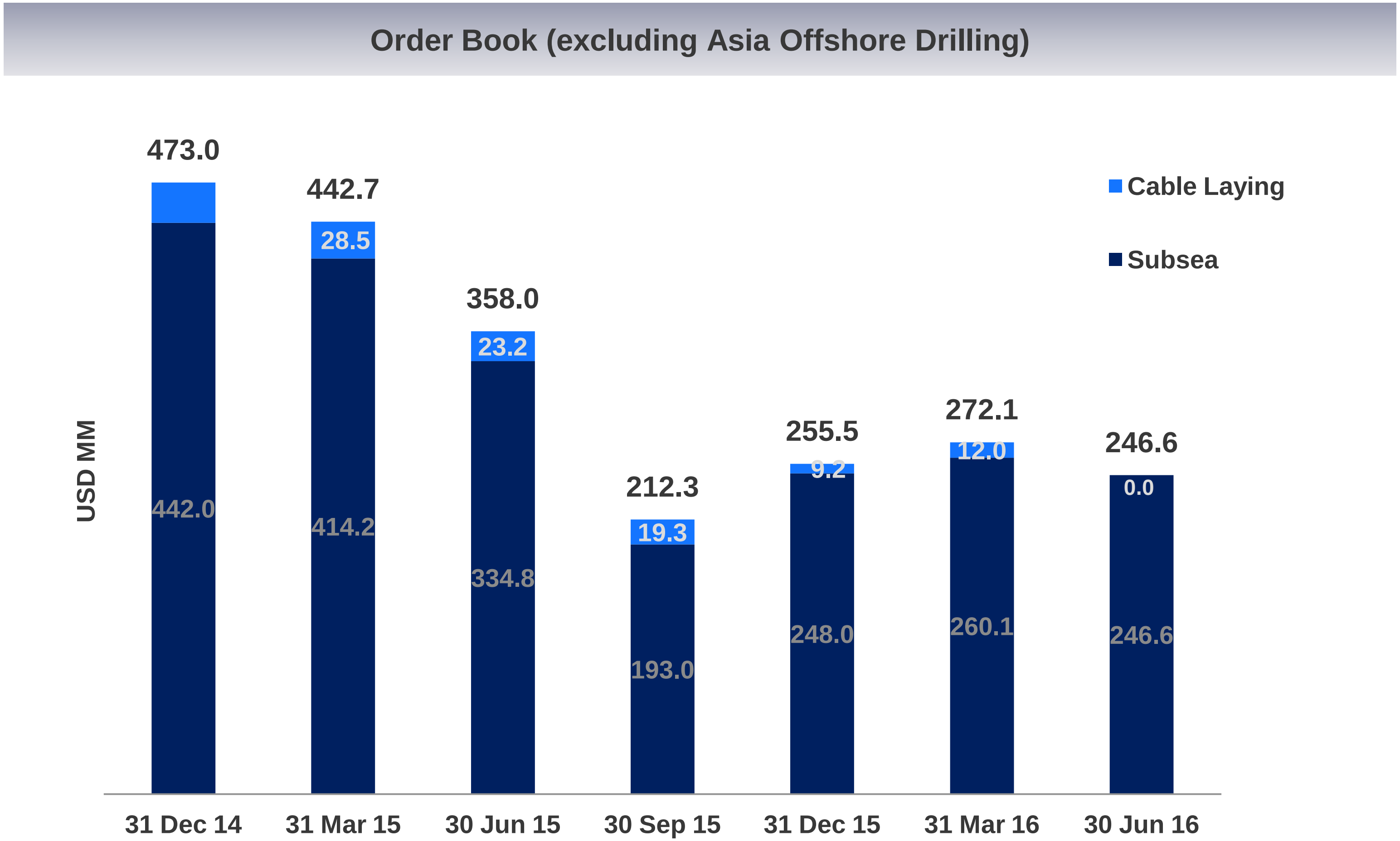
	Expected Date of Delivery	
	Original date	Revised date
MTR-3	1Q of 2016	31-Dec-16
MTR-4	2Q of 2016	31-Dec-16
Mermaid Ausana	3Q of 2016	30-Jun-17



Rationalization of the postponement

- Extended delivery time allows the Group to align strategic initiatives with market conditions.
- The Group to consider and implement preferred courses of action which including of take delivery, sale and disposal of the same to interested third parties
- To mitigate financial exposure, entire deposit and associated costs have been write-off in its 2015 Financial statements

Order book stood at USD 247M as the end of 2Q



Financial Review

1H 2016 Profit & Loss

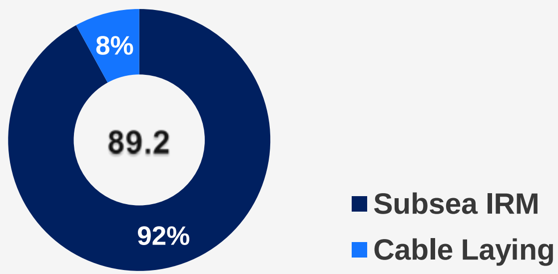
USD MM	1H 2016	1H 2015	∆ %
Turnover	89.2	168.2	(47.0)
EBITDA	12.5	1.7	656.7
Profit from Operations	9.9	1.8	441.6
EBIT	2.2	(12.9)	NM
Associates & JV Equity Income	7.7	14.8	(47.8)
Finance Cost	(1.7)	(1.6)	3.9
Profit before Tax	8.2	0.2	NM
Tax benefit (expense)	0.8	(0.6)	NM
Net Profit	9.0	(0.4)	NM
EPS (US cents)	0.6	-	100

1H 2016 Segmental Contribution

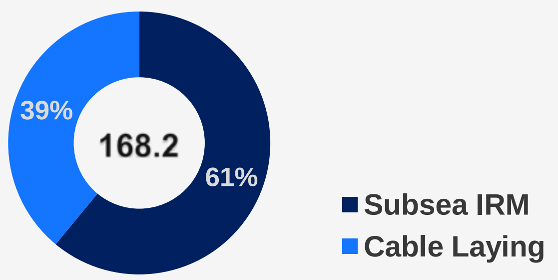
Revenue

(USD MM)

1H 2016

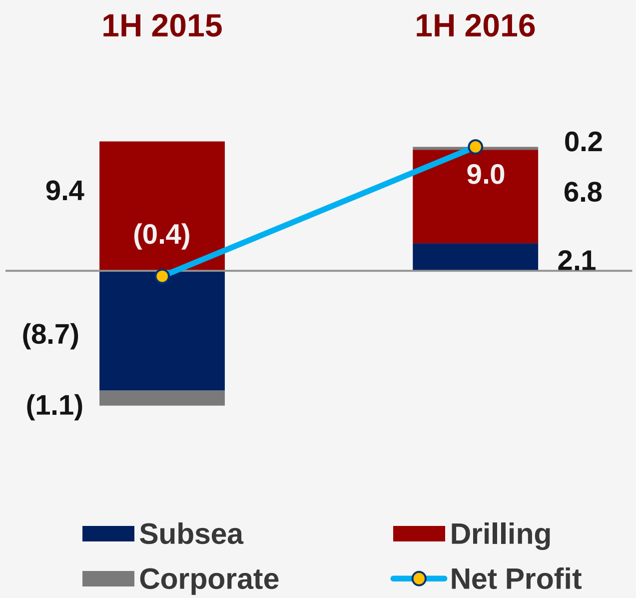


1H 2015



Net Profit*

(USD MM)



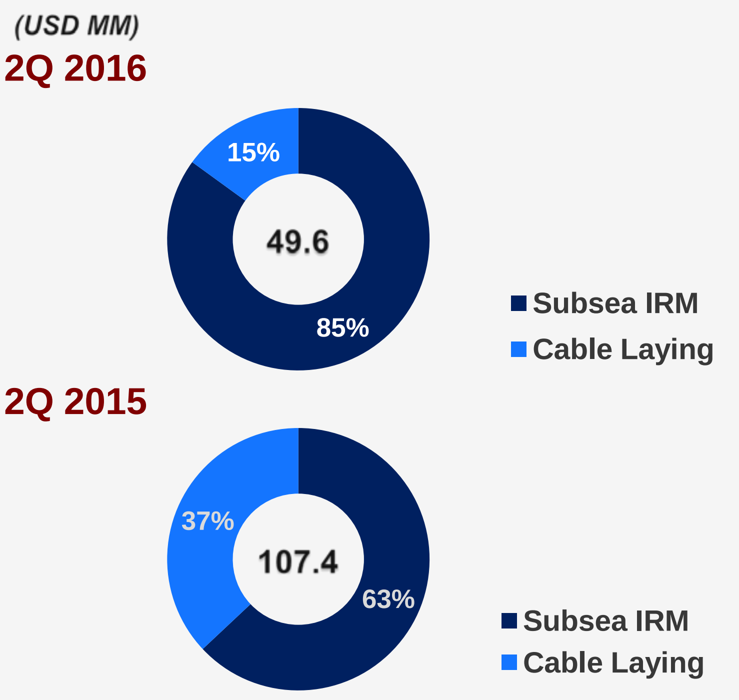
** FX effects from intercompany loans have been eliminated*

2Q 2016 Profit & Loss

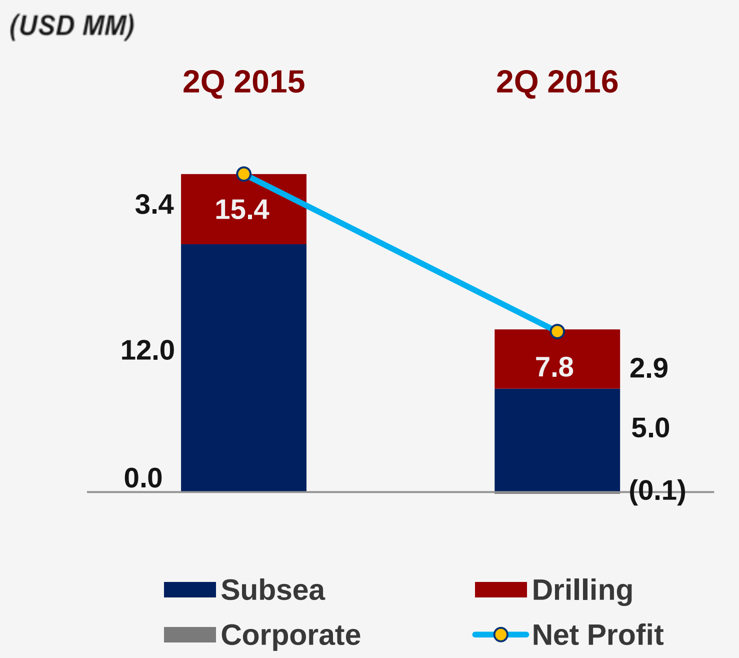
USD MM	2Q 2016	2Q 2015	∆YOY %
Turnover	49.6	107.5	(63.1)
EBITDA	10.4	18.1	(42.5)
Profit from Operations	8.7	16.6	(47.5)
EBIT	5.2	9.1	(42.7)
Associates & JV Equity Income	3.5	7.5	(53.3)
Finance Cost	(0.9)	(0.8)	9.5
Profit before Tax	7.8	15.7	(50.5)
Tax benefit (expense)	-	(0.3)	NM
Net Profit	7.8	15.4	(49.4)
EPS (US cents)	0.5	1.1	(54.6)

2Q 2016 Segmental Contribution

Revenue



Net Profit*



* FX effects from intercompany loans have been eliminated

1H 2016 resulted in positive Cash Flows

USD MM		1H 2016	1H 2015
CASH FLOW FROM OPERATING ACTIVITIES			
Before Changes in Working Capital		15.8	7.0
Changes in Working Capital		14.0	(11.0)
Tax Paid		(3.0)	(4.1)
Others		(1.8)	(1.8)
	Net positive cash flow from Operation →	**25.0**	**(9.9)**
CASH FLOW FROM INVESTING ACTIVITIES			
Dividend and Interest received		6.9	6.9
Capital Expenditure, Investments and Deposit		(1.1)	(21.9)
		5.8	**(15.0)**
FREE CASH FLOW		**30.8**	**(24.9)**

Balance Sheet remains healthy

USD MM	30 Jun 2016	31 Dec 2015	Δ (%)
Current Assets	182.4	199.0	(8.3)
Non-Current Assets	299.1	300.8	(0.6)
Total Assets	**481.5**	**499.8**	**(3.7)**
Current Liabilities	146.0	172.9	(15.6)
Non-Current Liabilities	5.5	5.9	(6.8)
Total Liabilities	**151.5**	**178.8**	**(15.3)**
Total Equity	**330.0**	**321.0**	**2.8**
Property, Plant and Equipment	205.0	214.3	(4.3)
Bank Balances, Deposits & Cash	85.2	63.3	34.6
Total Borrowings	98.3	107.4	(8.5)

USD MM	30 Jun 2016	31 Dec 2015	31 Dec 2014
Interest Bearing Debt			
Asset-backed Financing	93.4	97.4	103.3
Unsecured Loan	4.9	10.0	9.4
	98.3	**107.4**	**112.7**
Cash and Cash Equivalent	**(85.2)**	**(63.3)**	**(93.4)**
Net Debt / (Cash)	**13.1**	**44.1**	**19.3**
Shareholder Funds	**330.0**	**321.0**	**565.9**
Net Gearing	**4.0%**	**13.7%**	**3.4%**

Liquidity indicators

- Cash Balance = USD 85.2mm
- Current Ratio = 1.25x

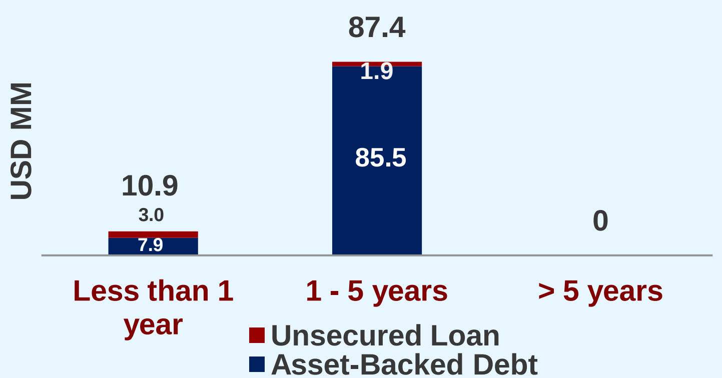
Leverage Ratio

- Debt to Equity Ratio = 0.46x
- Interest Bearing Debt to Equity = 0.30x
- Net Gearing = 4.0%
- DSCR = 1.31x

Debt Maturity Profile

Covenant breached has been solved, all lenders agreed for waiving

Interest-Bearing Debt Maturity
(30 June 2016)
USD 98.3 MM



- In Financial Statements, USD 87.4 MM of LT loans have been reclassified as current portion as a borrowing subsidiary breached certain loan covenants
- In 2Q'16, the Group received temporary waiver of the breach from all lenders.
- Principal repayment schedules remain unchanged

Business Outlook

Business Outlook

1. Oil prices have rebounded from their low point in Jan and stayed above $40/bbl in 2Q’16. yet remain relatively low.

2. Global Oil demand and supply are expected to reach its balance in 2017. Non-OPEC production forecast to be declined in 2016-17 driven by a drop in US tight oil production, while OPEC failed to cap it supply as Iran ramp up its oil production. (source: EIA)

3. Market recovery will take some time. Oil majors Capex budget have already been cut substantially since the onset of the oil price collapse. As a result, demand for Subsea and Drilling Services will remain under pressure in the ensuing months.

4. Subsea business remains the Group priority. The Group has managed to win lucrative contracts in both the Middle East and South East Asia, its core markets. The Group continues trying to secure new project awarded while maintain profitability level.

5. Leverage long-term relationships with clients and maintain track record of quality service are top priorities.

6. On the other hand, counterparty credit risk is being monitored and controlled more intensively.

Business Outlook

7. Cash preservation is a main concern. Costs savings have been implemented continually to counterbalance the negative effect of severe market downturn.

8. ‘MTR-1’ and ‘MTR-2’ are cold stacked and marketed for sale

9. For the new-builds (‘MTR 3 & 4’, and DSCV), options are being considered. This includes accepting delivery of one or more of these assets, or sale and disposal of the same to interested third parties. The Group will select the most financially sound

10. The Group is well positioned to capitalize on opportunistic expansion if and when potential distressed assets become available for sale.

Mermaid Maritime Plc

2Q 2016 Results

August 2016

Investor Relations

ir@mermaid-maritime.com