Mermaid Maritime Plc

1Q 2016 Results

May 23, 2016

Mermaid's Management in the meeting today

Paul Whiley
Managing Director Mermaid Subsea Services

Vinh Nguyen
Chief Financial Officer

Vincent Siaw
Senior Vice-President Legal & Corporate Affairs

Agenda

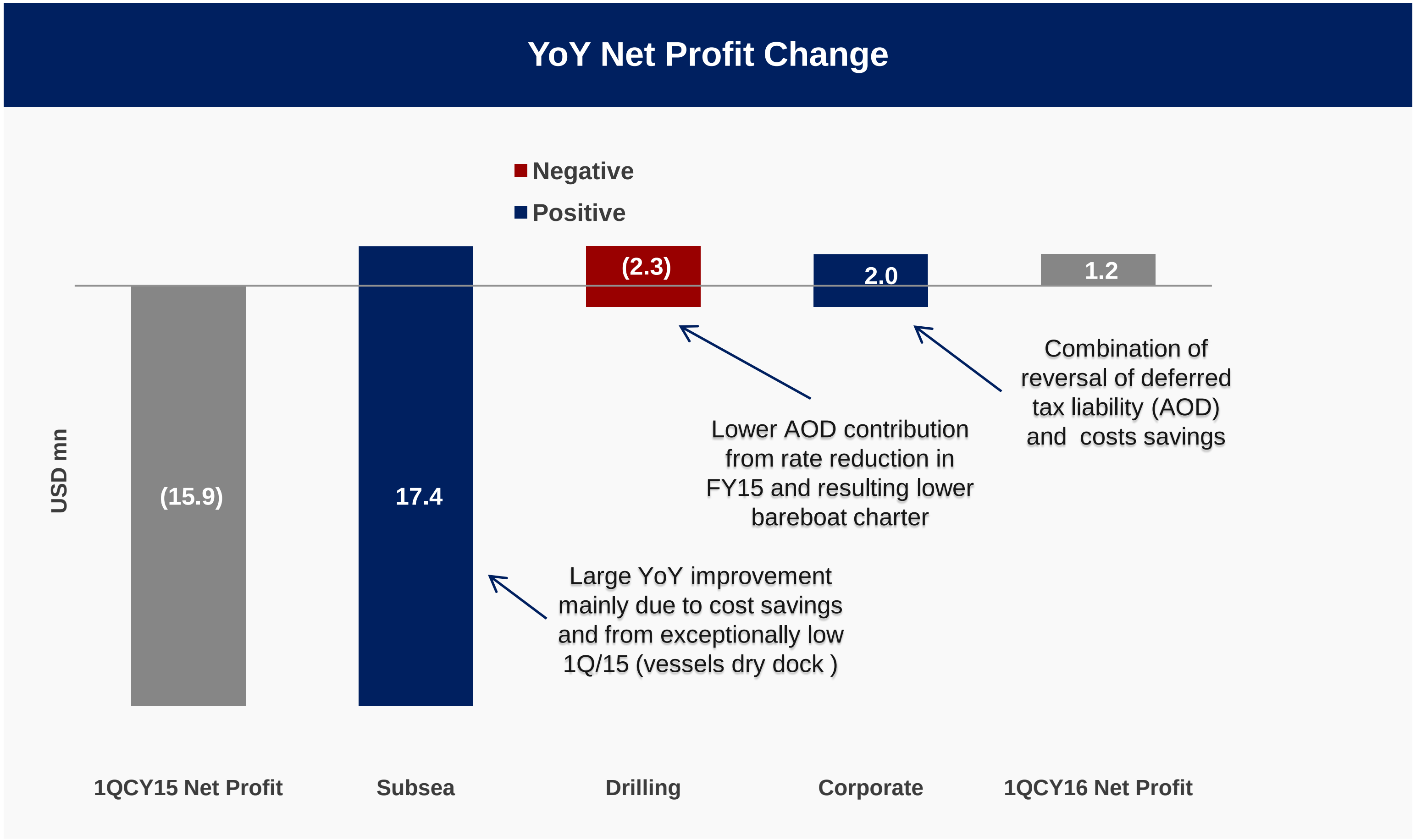
- Business Report
- Financial Review
- Business Outlook

Business Report

1Q 2016 Highlights

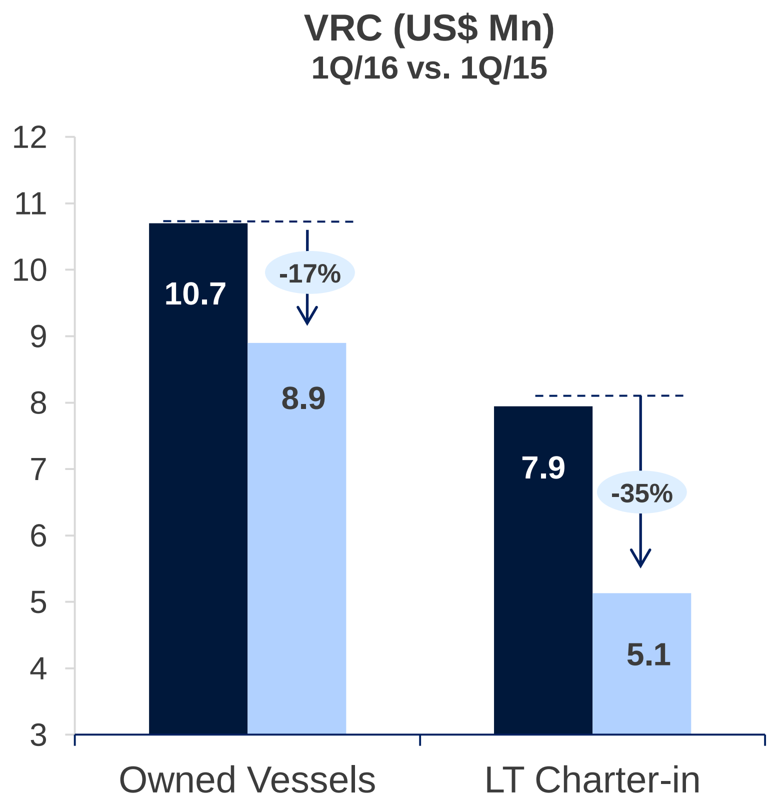
- In spite of seasonally low period and overall market downturn, **earnings improved** vs. 1Q/15 as the Group benefited from **large cost savings**
- Average utilization of Subsea vessels remain stable vs. 1Q/15. Available days increased YoY as 3 vessels were in Dry Dock in 1Q/15
- Revenue dropped -35% YoY driven by a **slowdown in Cable Lay**. Yet, excluding Cable Lay, **IRM/Diving revenue increased** +17% YoY
- Asia Offshore Drilling (“AOD”) contributed USD 4.2M
- Despite market conditions, the Group managed to slightly **increase the order book** (excl. AOD) to USD 272M as of end March 2016
- 1Q resulted in **positive Cash Flows.** Balance sheet remains healthy

Mermaid's 1Q earnings improved YoY



1Q results benefited from 25% reduction in Subsea Vessel Running Costs…

Vessel Running Costs Reduction



Description of Key Drivers

Owned Vessels

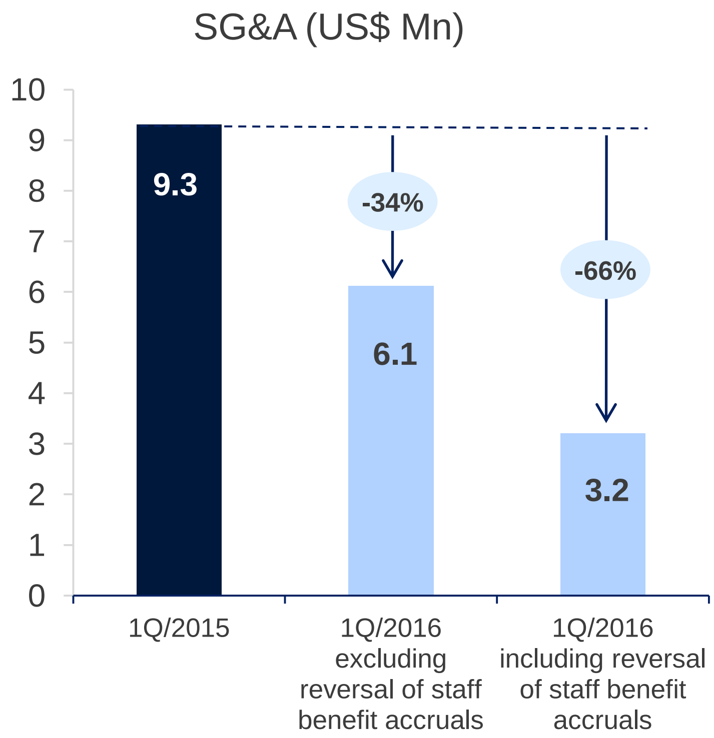
- Cold stacking non-performing vessel (Mermaid Siam)
- Limited VRC for Mermaid Challenger since on bareboat charter
- VRC reductions on active vessels:
  - ~3/4th of reduction was in Marine Crew and Dive Tech expenses
  - Other key categories reduced include Repair & Maintenance, Consumables as well as Insurance

Long Term Charter-in

- Reductions came as a result of the early termination of Long Term Charter-In Vessels
- 2 Vessels redelivered to Owner in February 2016 once on-going contracts were completed

… Combined with significant decrease in SG&A expenses

SG&A Expense Reduction



Note: SG&A exclude WHT

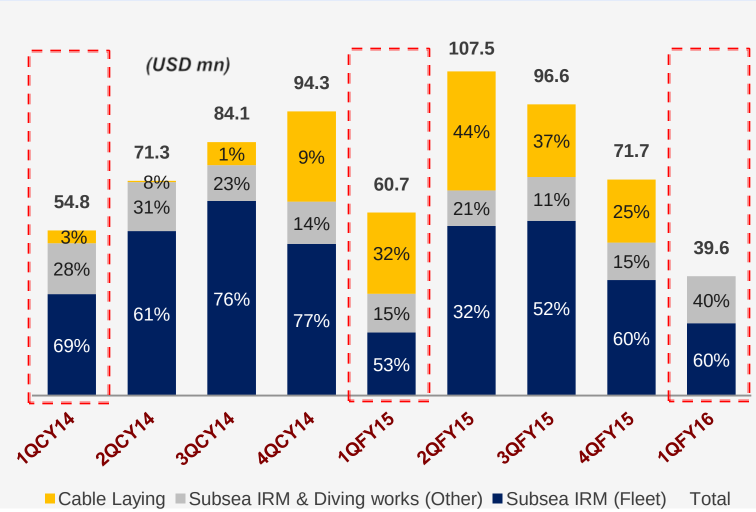
Description of Key Drivers

- Cost savings program delivered strong results -34% YOY even before reversal of accrued bonus
- Decrease was mainly driven by the headcount reduction and resulting savings on staff-related costs
- Other categories with large reductions include traveling and bank charges
- 34% reduction achieved is beyond target range of -15 to -20%

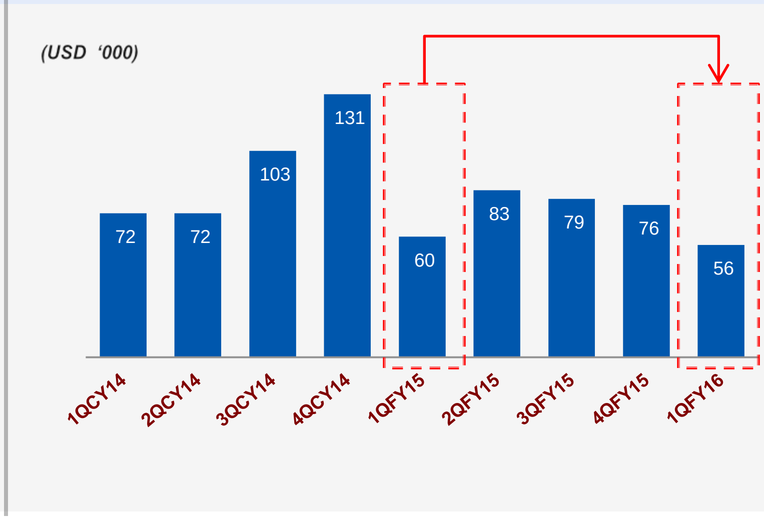
Revenue dropped due to a slowdown in cable lay

IRM/Diving revenue increased +17% YoY

Subsea Revenue



Average Day Rate - Subsea IRM (Fleet)

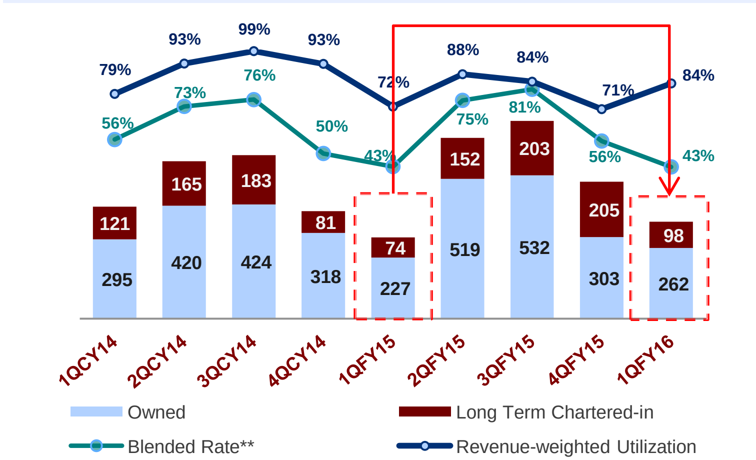


1Q/16 Revenue decreased 35%YoY due to less cable laying revenue

Subsea IRM/Diving revenue increased 17% YoY

- Average day rate decreased by 7% YoY
- Average utilization of Subsea vessels remain stable vs. 1Q/15.
- Available days increased YoY as 3 vessels were in Dry Dock in 1Q/15

Vessel Working Days & Utilization*



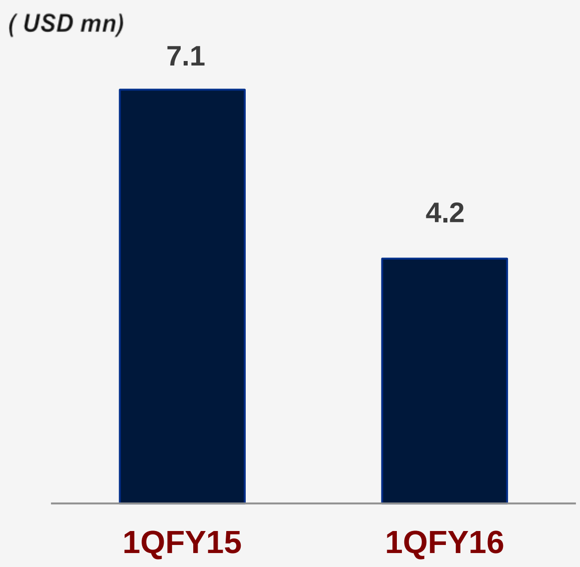
•Total Working Days / Total Available Days

*** 'Blended rate' refers to the utilization rate that combined of owned vessels and long-term chartered-in vessels*

AOD contributed 4.2m despite rate reduction

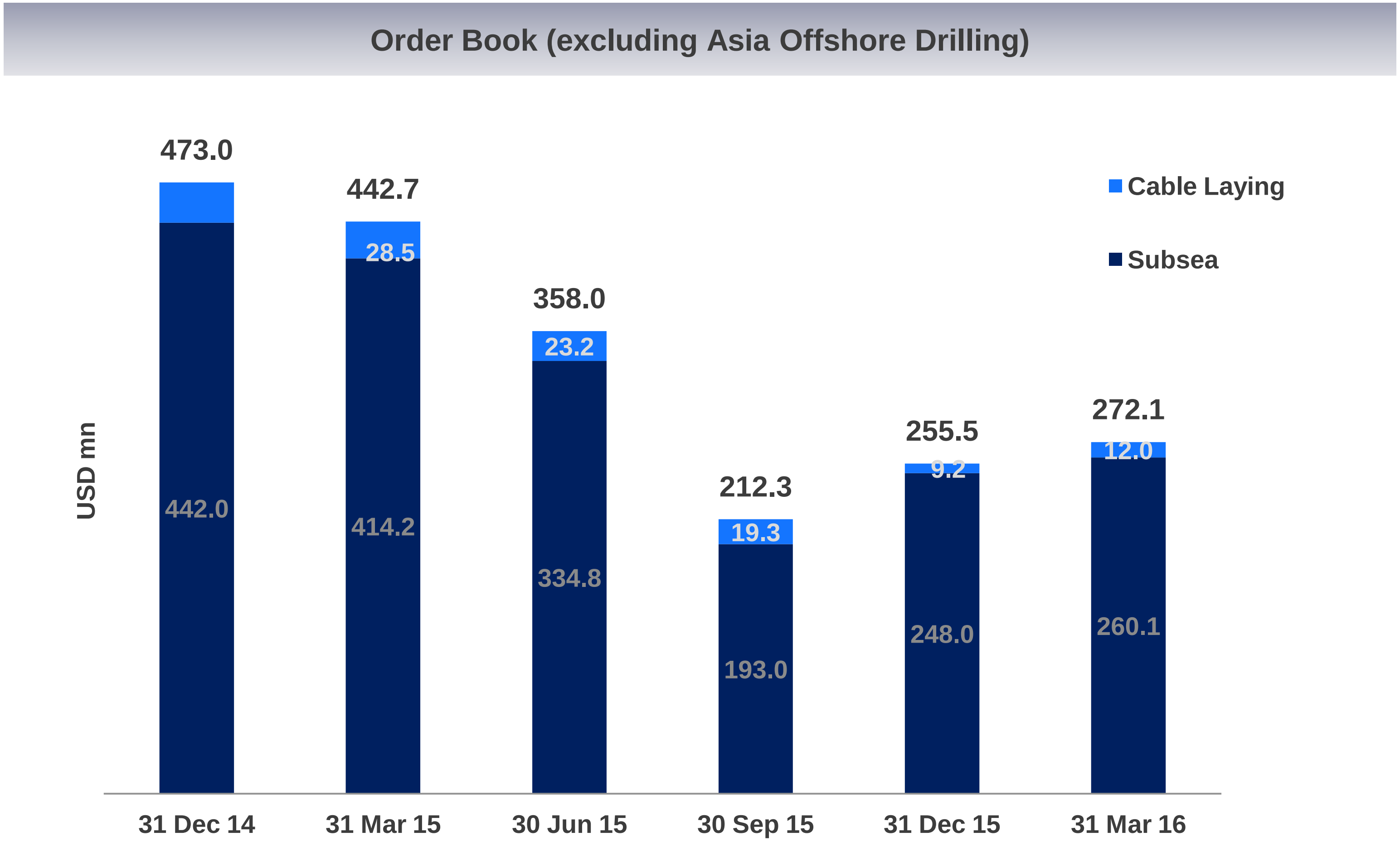
Rigs performed at 100% utilization

Lower Earnings



- In 1Q/2016, 100% average utilization for 3 rigs
- Rate reduction effective on 1st of April 2015 and resulting bareboat charter decrease led to a lower contribution YoY
- Contract extensions are under negotiation

Order-book increased slightly despite market conditions



Financial Review

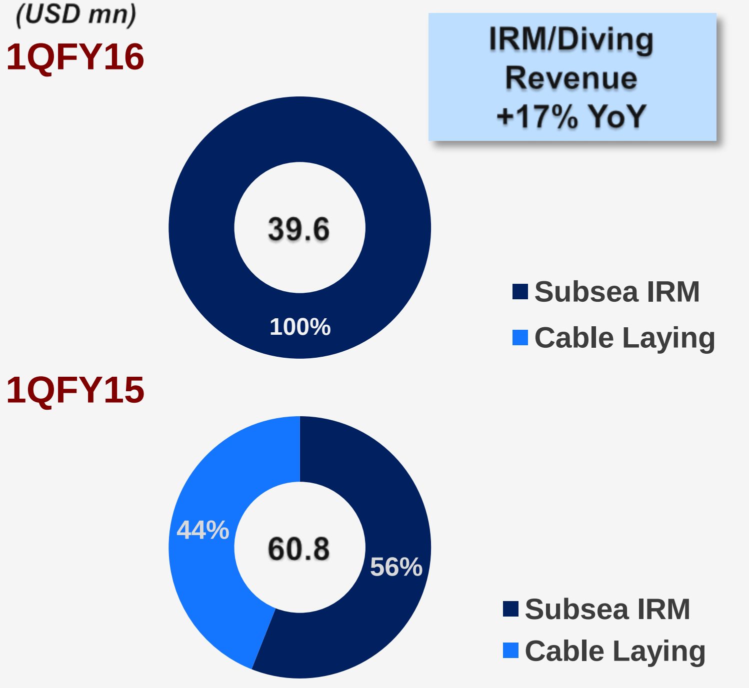
Mermaid's EBITDA and Net Earnings improved despite a drop in revenue

USD mn	1QFY16	1QFY15	∆ %
Turnover	39.6	60.8	(34.9)
EBITDA	2.1	(16.4)	112.8
Profit from Operations	1.2	(14.7)	108.2
EBIT	(3.0)	(22.0)	86.4
Associates & JV Equity Income	4.2	7.3	(42.5)
Finance Cost	(0.8)	(0.8)	0
Profit before Tax	0.4	(15.6)	102.6
Tax benefit (expense)	0.9	(0.3)	400.0
Net Profit	1.2	(15.9)	107.5
EPS (US cents)	0.1	(1.1)	109.1

Drop in revenue from less Cable Lay activity while IRM/Diving revenue increased

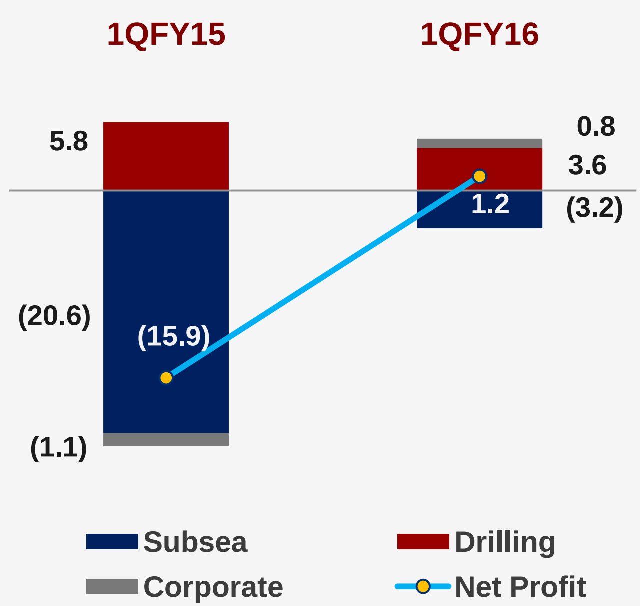
Revenue

(USD mn)



Net Profit*

(USD mn)



** FX effects from intercompany loans have been eliminated*

1Q/16 resulted in positive Cash Flows

USD mn	1QFY16	1QFY15
CASH FLOW FROM OPERATING ACTIVITIES		
Before Changes in Working Capital	3.9	(15.9)
Changes in Working Capital	11.8	24.6
Tax Paid	(2.0)	(2.5)
Others	(0.9)	(1.0)
	12.8	**5.2**
CASH FLOW FROM INVESTING ACTIVITIES		
Dividend and Interest received (Dividend from Associated Company)	6.8	6.8
Capital Expenditure, Investments and Deposit	(0.9)	(12.5)
	5.9	**(5.7)**
FREE CASH FLOW	**18.7**	**(0.5)**

Balance Sheet remains healthy

USD mn	31 Mar 2016	31 Dec 2015	∆ (%)
Current Assets	183.2	199.0	(7.9)
Non-Current Assets	300.3	300.8	(0.2)
Total Assets	**483.5**	**499.8**	**(3.3)**
Current Liabilities	156.1	172.9	(9.7)
Non-Current Liabilities	5.2	5.9	(11.9)
Total Liabilities	**161.3**	**178.8**	**(9.8)**
Total Equity	**322.3**	**321.0**	**0.4**
Property, Plant and Equipment	209.7	214.3	(2.1)
Bank Balances, Deposits & Cash	77.6	63.3	22.6
Total Borrowings	102.8	107.4	(4.3)

USD mn	31 Mar 2016	31 Dec 2015	31 Dec 2014
Interest Bearing Debt			
Asset-backed Financing	95.5	97.4	103.3
Unsecured Loan	7.3	10.0	9.4
	102.8	**107.4**	**112.7**
Cash and Cash Equivalent	**(77.6)**	**(63.3)**	**(93.4)**
Net Debt / (Cash)	**25.2**	**44.1**	**19.3**
Shareholder Funds	**322.3**	**321.0**	**565.9**
Net Gearing	**7.8%**	**13.7%**	**3.4%**

Liquidity indicators

- Cash Balance = USD 77.6mn
- Current Ratio
  - 1.17x
  - 2.78x (if adjust for reclassified LT portion of loans to current)

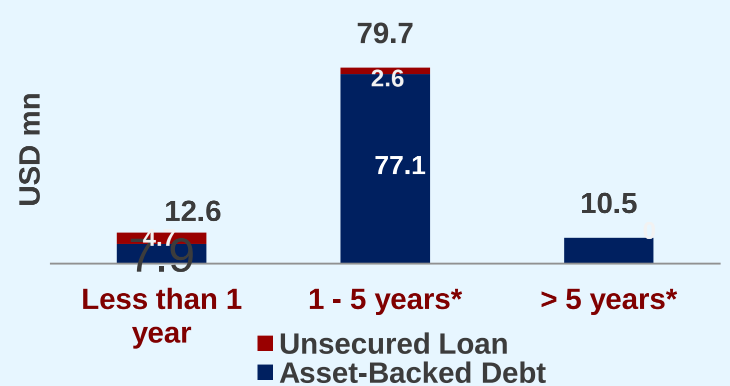
Leverage Ratio

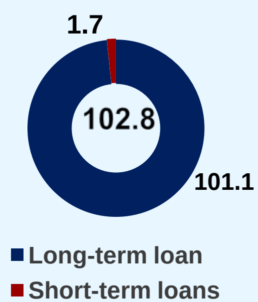
- Debt to Equity Ratio = 0.50x
- Net Gearing = 7.8%
- DSCR = 1.90x

Debt Maturity Profile

Waiver for breach of covenant obtained from the major lender

Interest Bearing Debt
(31 Mar 2016)
USD 102.8 Million





- In Financial Statements, US$90.6 Mn of LT loans have been reclassified as current portion as a borrowing subsidiary breached certain loan covenants
- End April 2016, the Group received a temporary waiver of the breach from one bank, with LT portion of US$88.0 Mn
- The Group is in the process of seeking a waiver from the remaining lender

** Loan profile above is shown before reclassification*

Business Outlook

Business Outlook

1. Oil prices have slightly rebounded from their low point in Jan. yet remain relatively low

2. Oil majors Capex budget have already been cut substantially since the onset of the oil price collapse. Further cuts have been announced

3. As a result, demand for Subsea and Drilling Services will remain under pressure in the ensuing months

4. A high profile IRM player recently entered into Administration. Many other Subsea companies are in restructuring discussions

5. Despite this difficult context, we have managed to continue winning Subsea contracts in both the Middle East and South East Asia, our core markets, and increase the backlog

6. Achievement comes as a result of its strategic geographical and value chain positioning combined with the ability to leverage on long term customer relationships

5\. 'MTR-1' and 'MTR-2' are cold stacked and marketed for sale

6\. For the new-builds ('MTR 3 & 4', and DSCV), discussions are on-going with shipyard. Options are being studied. The Group will select the most financially sound

7\. Given challenging conditions, the Group immediate focus remains to Strengthen the Core

Immediate priority is to strengthen the core

1 *Top line Revenue Protection*

2 *Cash Preservation/Investment prioritization*

3 *Streamline and Standardize the Organization*

We leverage long-term relationships and track record of quality service to increase backlog despite downturn

Cable Lay Project

- Mermaid Subsea Services LLC in Qatar awarded an additional subsea cable installation and related diving services assignment from an existing customer

- Estimated value of USD 10 million and is scheduled for completion within 3 months. Commencement date in April 2016

ROV Services Contract

- Mermaid Subsea Services (Thailand) Ltd. awarded a subsea ROV services contract in Gulf of Thailand with major upstream O&G company

- Awarded for a 2Y term, starting from Mar. 2016 to Mar. 2018, with an option for 1Y extension

- Estimated value of the contract for the initial term estimated to be USD 10 million

We are increasing targets for Costs Savings in light of progress achieved

	Description	Old Target	New Target

Non performing assets	• Retire aging and un-competitive assets
	• If no beneficial employment or sale opportunity, cold stack to:
	  • Minimize cash outlay
	  • While lower depreciation resulting from impairment will limit P&L impact
		Non utilized assets sold or cold stacked	Non utilized assets sold or cold stacked

Vessel Running Costs	• Reduce Marine Crew and Dive Technician expenses • Increase variable component of selected expense categories to align expenses with utilization • Further negotiate with suppliers to reduce expenses linked to asset market values or net book values	-5 to -10% YoY on Active Vessels	-7 to -12% YoY on Active Vessels
SG&A Reduction	• Further right-size organization to align with business activity • All categories targeted for reduction (i.e. Travel & Entertainment, accommodation, communications & supplies) • Centralize functions to realize economies of scale	-15 to -20% YoY	-20 to -25% YoY

Note: YoY targets are annual i.e. 12m FY16 vs. 12m FY15
Note: Vessel Running Costs above are for Owned Vessels
Note: SG&A reduction exclude one off reversal of accrued bonus

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Investor Relations

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