

21st November 2013

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Dear Sir/Madam,

2013 AGM: CHAIRMAN'S ADDRESS & MANAGING DIRECTOR'S PRESENTATION

Please find **attached** a copy of the Chairman's Address and Managing Director's Presentation to be presented to shareholders at today's Annual General Meeting for the Company.

Kind Regards
MERMAID MARINE AUSTRALIA LIMITED



DYLAN ROBERTS
Company Secretary

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Mermaid Marine Australia Limited

2013 Annual General Meeting

CHAIRMAN'S ADDRESS

Chairman's Address

Good morning ladies and gentlemen and welcome to Mermaid Marine Australia Limited's 2013 Annual General Meeting.

My name is Tony Howarth and I am the Chairman of Mermaid Marine.

Firstly, I would like to acknowledge that this meeting is being held on the traditional lands of the Noongar people, the custodians of this part of Western Australia, and pay my respects to their elders, both past and present.

The Company Secretary advises me that we have a quorum present and I am therefore pleased to declare this meeting open.

Meeting Format

You will have received the Notice of Meeting and the 7 items of business outlined in that Notice will be discussed in the formal part of the meeting.

Prior to that, I will present a summary of Mermaid Marine's performance for 2013 and how we see the outlook for the Company. Our Managing Director, Jeff Weber, will then give a more detailed presentation on the operations of the Company after which time I will return to conduct the formal proceedings.

Introduction of the Board

I would like to start by introducing your Directors present here today:

- Our Managing Director – Mr Jeffrey Weber;
- Non-Executive Director– Mr Andrew Edwards;
- Non-Executive Director – Mr Mark Bradley;
- Non-Executive Director – Ms Eve Howell; and
- Non-Executive Director – Mr Chiang Gnee Heng.

I would also like to introduce our Company Secretary – Mr Dylan Roberts.

There is one very notable absence from the Board this year, being that of founding director Captain Jim Carver. Captain Carver retired from the Board as a Non-Executive Director on the 15th July this year.

Captain Carver founded Mermaid Marine in 1982 and under his leadership and “can-do” attitude, the vessel fleet soon expanded and the land on which the Dampier Supply Base now sits, was secured.

Captain Carver was the first Chief Executive Officer of the Company when Mermaid Marine listed on the ASX in 1999, and since that time, he has contributed significantly to the Company’s growth and direction.

The Board and I are most grateful to Jim for his commitment and contribution to Mermaid Marine over the past 30 years and I wish him all the best on his retirement as a Director of the Company. I thank him, not only on behalf of the Board, but also on behalf of the entire Company for the legacy he has left us.

Our association with Jim has not come to an end as Captain Carver will continue to be engaged by the Company on a consultancy basis given his industry knowledge and affiliations.

Year in Review

I am very pleased to report that your Company continued its track record of strong earnings growth in 2013.

- Revenue for the year was \$450 million, an increase of 18% on 2012;
- Net Profit after Tax was up by 18% to \$60 million; and
- Earnings per Share increased by 15% to 26.9 cents per share.

MMA, once again, increased its dividend payment to shareholders, paying a total fully franked dividend of 12.5 cents per share for the year, up 14% on 2012.

The 2013 financial year highlighted the benefit of MMA’s diverse service offering with all of our business units combining to deliver overall growth in earnings for the year. For the first time in the Company’s history, our Dampier Supply Base generated a higher Earnings before Interest and Tax than our vessels business.

MMA continues to provide a range of services to support oil and gas related operations across all phases of the cycle from exploration to construction through to ongoing production.

Exploration activity is currently strong in the region with a number of drilling programmes being undertaken and significant new gas discoveries announced during the year by Chevron and Santos. MMA supported this exploration activity through its Supply Bases at Dampier and Broome. The Company was also awarded its first major vessel drilling support contract with the PSV, the Mermaid Leveque supporting a drilling programme being undertaken by Santos. This was an important milestone for the Company and validates our strategic rationale for entering the PSV market.

Construction activity also remains buoyant with four major LNG projects with a capital cost in excess of \$125 billion currently under construction off the coast of Western Australia. Chevron’s \$52 billion Gorgon Project continues to be a major user of MMA’s services and MMA was awarded a number of new scopes during the year. In addition, MMA was recently awarded a significant vessel contract with a value in excess of \$100 million, by Subsea 7 supporting the Heavy Lift and Tie-In-Scope of the Project. This is another significant

milestone for the Company, being the single largest contract the Company has won in its history.

Chevron's Wheatstone Project, INPEX's Ichthys Project and Shell's Prelude Project are also in the early stages of construction and MMA is tendering for a number of scopes on these projects.

Our Broome Supply Base, which we operate through a joint venture with Toll Holdings, has secured long-term 5 year contracts with both INPEX and Shell for the provision of supply base services and new facilities were recently completed on the Broome Base for these Projects. These projects are expected to drive strong demand for supply base and offshore vessel services in the region over the coming years.

During the year, Woodside announced that it would not be going ahead with its proposed LNG processing facility at James Price Point near Broome. They have since announced that they will investigate the use of Floating LNG technology as a more commercially viable alternative to developing the Browse gas reserves. The use of floating LNG will reduce the initial construction support opportunities for MMA but will provide greater longer term production support opportunities given these FLNG vessels will be moored offshore for many years.

On the production side, MMA continues to be the leading FPSO support operator in Australia. MMA currently supports twelve of the thirteen FPSO facilities operating in the North West Shelf of Australia as well as operating in the spot market in the Bass Strait. During 2013, MMA was successful in winning two new major long term production support contracts; a five year, \$50 million contract with BHP Billiton and a two year, \$15 million contract with Santos, as well as securing a number of contract extensions. Long-term production support contracts are an important part of balancing our portfolio with construction and spot market work, and this is a particular focus for the Company over the medium-term as the Australian market transitions from construction to production.

Internationally, the South East Asian market is showing signs of improvement with rates and utilisation increasing over the past 12 months. During the year, MMA had vessels operating in Malaysia, Myanmar, Thailand and Indonesia and further afield in Mexico. Importantly, the Company won its first longer term production support contract in Thailand during the year. MMA will continue to focus on expanding its presence internationally, particularly in the South East Asian market where demand for oil and gas support services is expected to remain strong over the coming years.

MMA continued to invest in its fleet with the addition of two new vessels during the year. The Mermaid Cove, a technically sophisticated Offshore Support Vessel was built in Singapore and delivered in January 2013. The Cove went straight into a five year production support contract with BHP Billiton Petroleum. The second vessel, also delivered in January, was an 87 metre PSV, the Mermaid Inscription, configured to meet the latest requirements of the oil and gas offshore drilling and construction markets. This vessel went on hire immediately on a pipe-lay support contract with Allseas. In addition, MMA has its fourth PSV, the Mermaid Leeuwin, currently under construction in Singapore and due for delivery in December 2013. MMA's PSV strategy has been successful to date with our vessels supporting a range of offshore projects in the region.

MMA also continued to upgrade its Supply Base facilities with upgrades made to the Mermaid Logistics Base and main Dampier Supply Base during the year as well as the previously mentioned new areas for Shell and INPEX on our Broome Supply Base.

Over the past five years, we have seen significant improvements in safety across the organisation. During the last year, we have invested significantly in rolling out our Target 365 Safety Strategy across the Company. The strategy focuses on everyone in the organisation coming to work each day with the aim of having a “Perfect Day”, that is a day without incidents or injuries. The strategy has been well received with many individual operating units achieving Perfect Quarters, Perfect Half Years and even Perfect Years. Disappointingly, it did not translate to a lower Total Recordable Case Frequency in 2013. However, we remain committed to achieving zero injuries and incidents across the organisation and we are confident that our Target 365 Strategy will deliver ongoing improvements in the safety of our people.

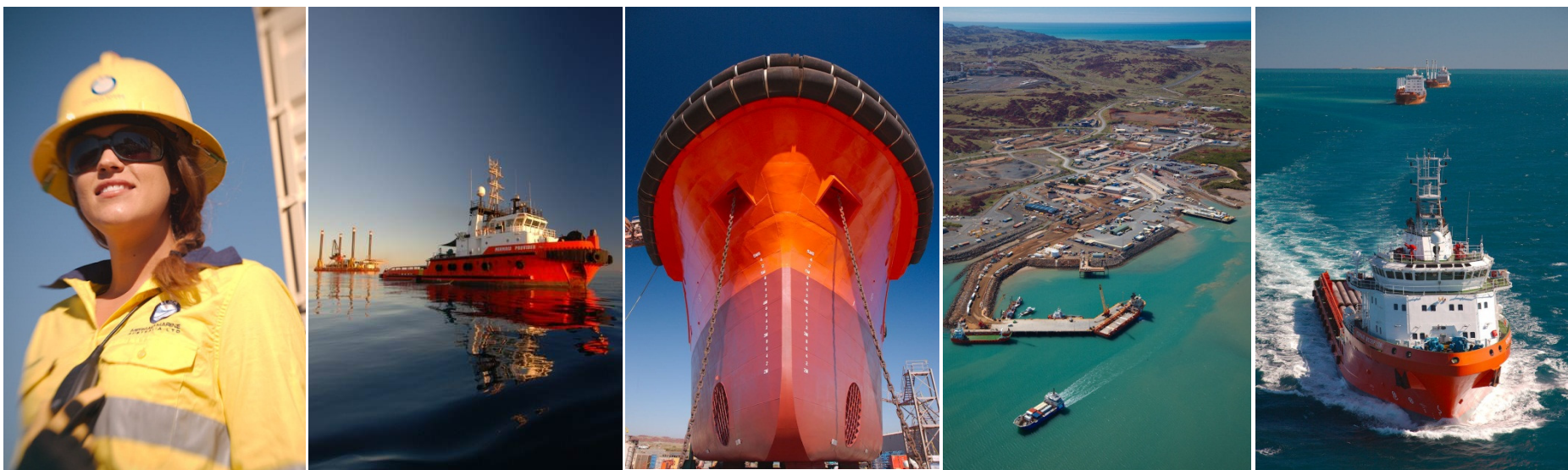
As was recently announced by the Company, trading performance for the first half of FY2014 is expected to be below expectations due to a number of key construction project scopes and drilling operations which have commenced or are commencing later than expected. Whilst the second half is expected to be stronger than expected, this is likely to result in lower overall growth in earnings for FY2014 than the Company has historically delivered. A number of variables will impact performance to the end of the year but the current expectation is for full year Net Profit after Tax in line with FY2013 with slightly over 60% of earnings weighted to the second half. Timing of project commencement is always a challenge for the Company in balancing vessel and supply base utilisation. However, the medium-term outlook for the Australian oil and gas industry remains positive with work scopes associated with three major projects: Prelude, Ichthys and Wheatstone all expected to commence in FY2015 and beyond.

Finally, I would like to take this opportunity to thank Mr Jeff Weber our Managing Director, the Executive Management Team and all of MMA’s staff for their hard work and dedication to the business during the year. I would also like to thank my fellow Board members for their valuable contribution during what was another successful year for the Company.

Mermaid Marine Australia Ltd

Managing Director's Address

Jeffrey Weber



We live our values: People – Customers – Team

www.mma.com.au

Introduction



- Delivered another year of strong earnings growth in FY13
- Heightened focus on safety across the organisation
- Continued to add to our fleet with larger and more technically sophisticated vessels
- Dampier Supply Base generated strong returns and cashflow
- Slipway performed well and continued to add value to vessel operations
- Broome Supply Base JV made a meaningful contribution to earnings with activity ramping up in the region
- Expanded our international presence
- Strong Balance Sheet with relatively low gearing
- Market outlook in Australia remains strong in the medium term with improving conditions internationally



2013 Highlights



- Revenue \$449.5 million, ↑18.2%
- Pre-tax profit \$83.8 million, ↑17.0%
- Net profit after tax \$60.3 million, ↑18.2%
- Earnings per share of 26.9c, ↑15.0%
- Return on Assets 15.0%
- Return on Equity 16.6%
- Dividends 12.5c per share ↑13.6%
- Operating Cashflow \$70.8 million, ↓ 11.1%
- Capex \$95.6 million
- Strong Balance Sheet – Gearing (Net Debt/Equity) 30%
- Cash at bank \$58.8 million

Profit before Tax \$83.8M ↑17.0%



EPS 26.9c ↑15.0%

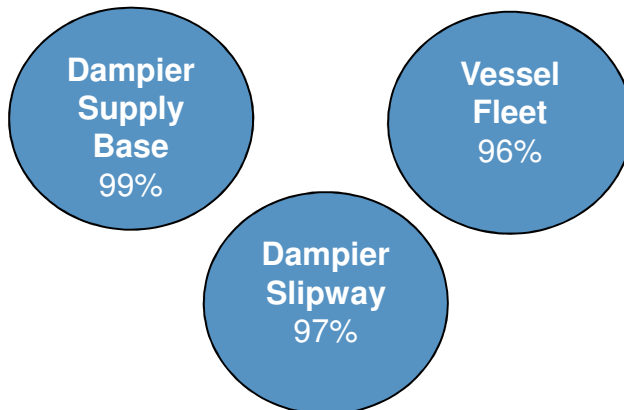


Safety and Environment

Relentless focus on the safety of our people

- Rolled out new Target 365 Safety Strategy
- Significant investment in safety leadership training across the organisation
- New GM HSEQ appointed – June 2013
- MMA remains committed to achieving zero injuries and incidents across the organisation
- New strategy starting to gain traction

Perfect Days Achieved – FY14 YTD



Vessel Operations

FY13 Vessels result impacted by lower third quarter utilisation

Financial Highlights – FY13:

- Revenue \$283.7 million, ↑ 3.0%
- EBITDA \$68.2 million, ↓ 6.6%
- ROA – 12.5% (impacted by 3rd quarter utilisation)
- Average utilisation 76.2%

Operational Update – YTD FY14

- Secured \$100m+ contract with Subsea 7
- Continuing to expand fleet – PSV Mermaid Leeuwin due for delivery Dec-13
- FY14 YTD Utilisation: Aust 75%; International 91%
- Continuing to broaden our international customer base
- Tendering a number of large contracts
- EBA negotiations ongoing
- Vessel project activity delayed relative to expectations but ramping up in November with forecast of strong second half



Vessel Operations



A PERFECT DAY EVERYDAY

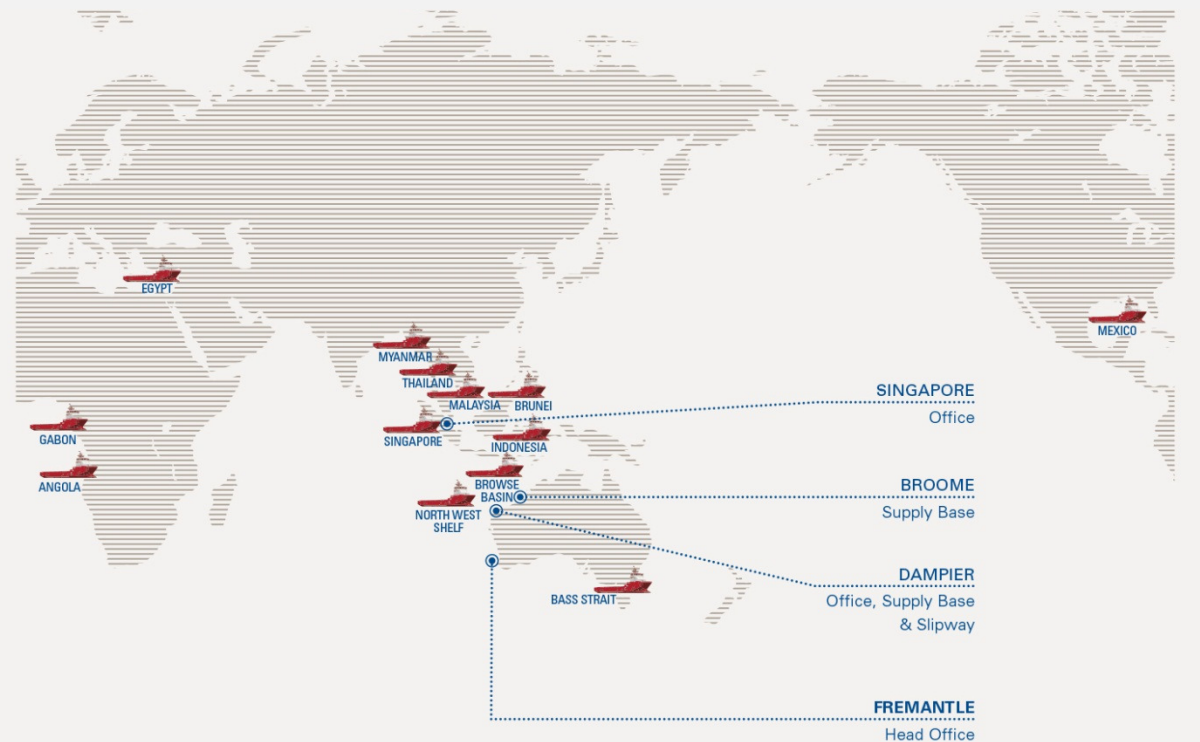


International Operations

Establishing relationships and experience to support ongoing international growth

- South East Asian vessel market improving
- During FY13, vessels worked in Malaysia, Myanmar, Indonesia, Thailand, Brunei and Mexico
- Secured term FPSO offtake support contract in Thailand
- Established a Malaysian subsidiary to enable bidding for longer term contracts
- Solid long term oil and gas demand forecast for the region
- Whilst still a relatively small percentage of earnings, international expansion is a key strategic growth area for the Company

Geographies MMA has operated in Internationally



Dampier Supply Base

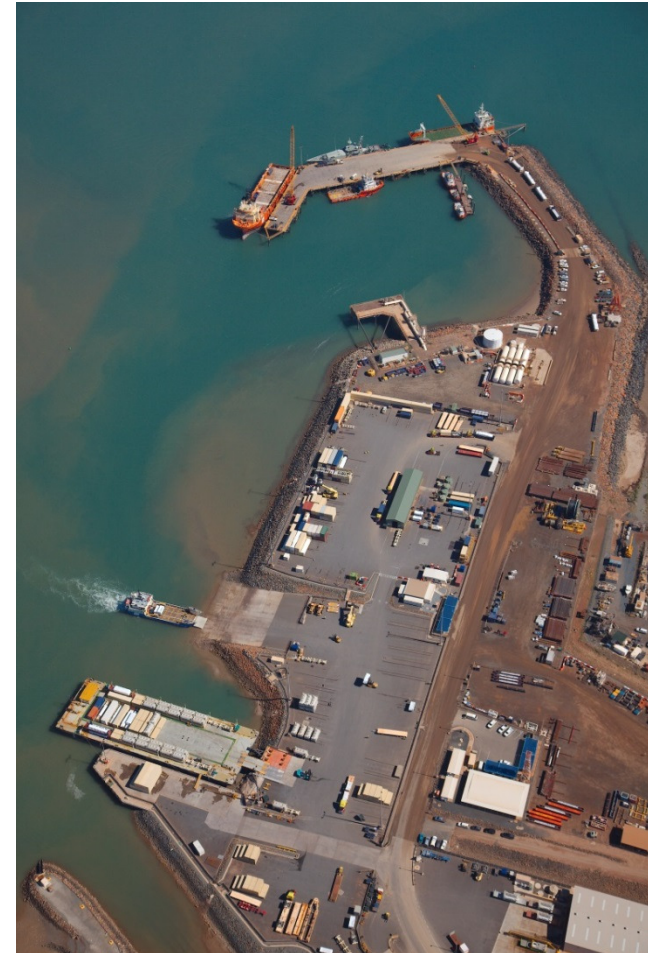
Strong earnings growth and return on assets

Financial Highlights – FY13:

- Revenue \$150.3 million, ↑ 62.3%
- EBITDA \$64.3 million, ↑ 54.2%
- Delivered strong ROA (boosted by BMF operation)
- Margins remained strong although impacted by rising costs

Operational Update – YTD FY14:

- First half activity lower than expected due to late commencement of drilling programmes and offshore construction work – both forecast to increase in the second half
- Gorgon cargo volumes expected to reduce over FY2014
- Looking to diversify service offering
- BMF operations expected to continue until July 2014
- Supply Base well positioned to support long term production and ongoing exploration and development activities in the region



Dampier Supply Base



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Dampier Slipway

Strong financial performance from a key strategic asset

Financial Highlights – FY13:

- Revenue \$24.9 million, ↑ 0.4%
- EBITDA \$4.2 million, ↑ 55.5%
- ROA 23.2%
- Margins boosted by a number of large and unique projects, improved work planning and cost control

Operational Update – FY14 YTD:

- Solid demand from third party offshore operators
- Term contracts with regional towage operators supports consistent utilisation
- Remains a key strategic asset – critical to maintaining performance of MMA's fleet



Broome Supply Base JV



Increased contribution from the Broome Supply Base JV

Financial Highlights - FY13:

- MMA's 50% share of NPAT - \$3.9m (FY12 \$0.4m)

Operational update – FY14

- Continuing to support exploration drilling programs for a range of clients (Conoco Phillips, Total, Shell with two more campaigns to commence this FY)
- Long term contracts in place with Shell and INPEX to provide supply base services
- Continuing to invest in infrastructure to meet demand in the region
- Activity levels set to increase as Shell's Prelude and INPEX's Ichthys Projects ramp up over the next 12-18 months



Note: The Broome Supply Base is operated under a Joint Venture with Toll Holdings

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Market Outlook



Medium term outlook remains strong with construction of a number of major projects underway

- **Construction Support**
 - Gorgon (\$52b) - construction to continue through FY14 and into FY15 – downstream cargo volumes decreasing but major upstream scopes mobilising
 - Wheatstone (\$29b) – nearshore works underway, MMA tendered for offshore scopes
 - Ichthys (\$32b) – Tendered major offshore subcontracts - yet to be awarded
 - Prelude FLNG (\$12b est) – a number of tender responses have been submitted, others to follow
- **Production Support**
 - Ongoing support of FPSO operations – secured long term contracts
 - Significant production support tenders submitted and under evaluation
- **Exploration / Seismic**
 - Chevron, Woodside, BHPB, Apache, Santos, Total, Eni, ExxonMobil, Conoco Phillips conducting drilling programs
 - Ongoing seismic support with Geokinetics internationally
- **Risks / Challenges**
 - Transition business to increase exposure to production support contracts and take advantage of new project construction activity in Australia and Internationally
 - International expansion to increase overall vessel utilisation
 - Negotiation of new marine EBAs



First half below expectations but forecasting strong second half

Vessels

- Vessels YTD performance below expectations
- Project activity delayed but now ramping up and will remain strong through the second half
- Mermaid Leeuwin to deliver December 2013 with good prospects in Australia and Internationally
- Vision, Leveque & Storm commence with Subsea 7 in December 2013
- Commenced additional tug and barge contract with KJVG

Supply Base

- YTD performance also affected by lower project and drilling activity
- Vessel visits down approximately 30% on pcp but increasing into second half
- Two additional rigs working through the base from December
- Commencement of Subsea 7 project will drive further wharf utilisation
- Broome (TMLB) trading in line with expectations

For further information contact



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Glossary of Terms



AHT	Anchor Handling Tug	JV	Joint Venture
AHTS	Anchor Handling Tug Supply Vessel	LNG	Liquefied Natural Gas
BMF	Burrup Materials Facility	MLB	Mermaid Logistics Base
EBA	Enterprise Bargaining Agreement	NPAT	Net Profit after Tax
EBIT	Earnings before Interest and Tax	NTA	Net Tangible Assets
EBITDA	Earnings before Interest, Tax, Depreciation and Amortisation	NWS	North West Shelf
EPS	Earnings per Share	OSV	Offshore Supply Vessel
FLNG	Floating Liquefied Natural Gas	PSV	Platform Supply Vessel
FPSO	Floating Production, Storage and Offloading vessel	ROA	Return on Assets
FY	Financial Year	SEA	South East Asia
GWF	Greater Western Flank	TRCF	Total Recordable Case Frequency
HSEQ	Health, Safety, Environment and Quality		



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