



4Q & FY2017 Results

27 Feb 2018



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Agenda



- Business Report
- Financial Review
- Business Outlook

Business Report

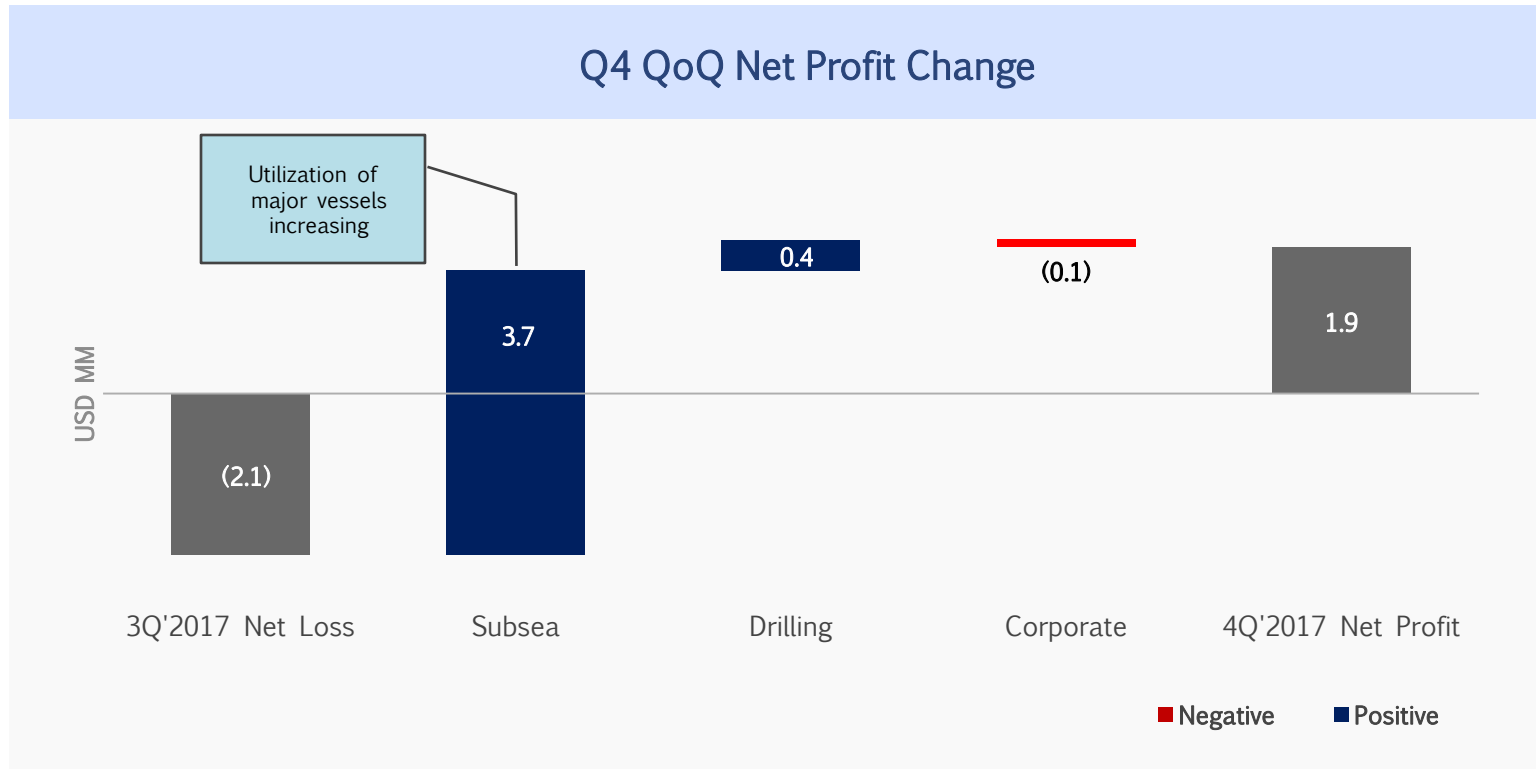


4Q 2017 Highlights

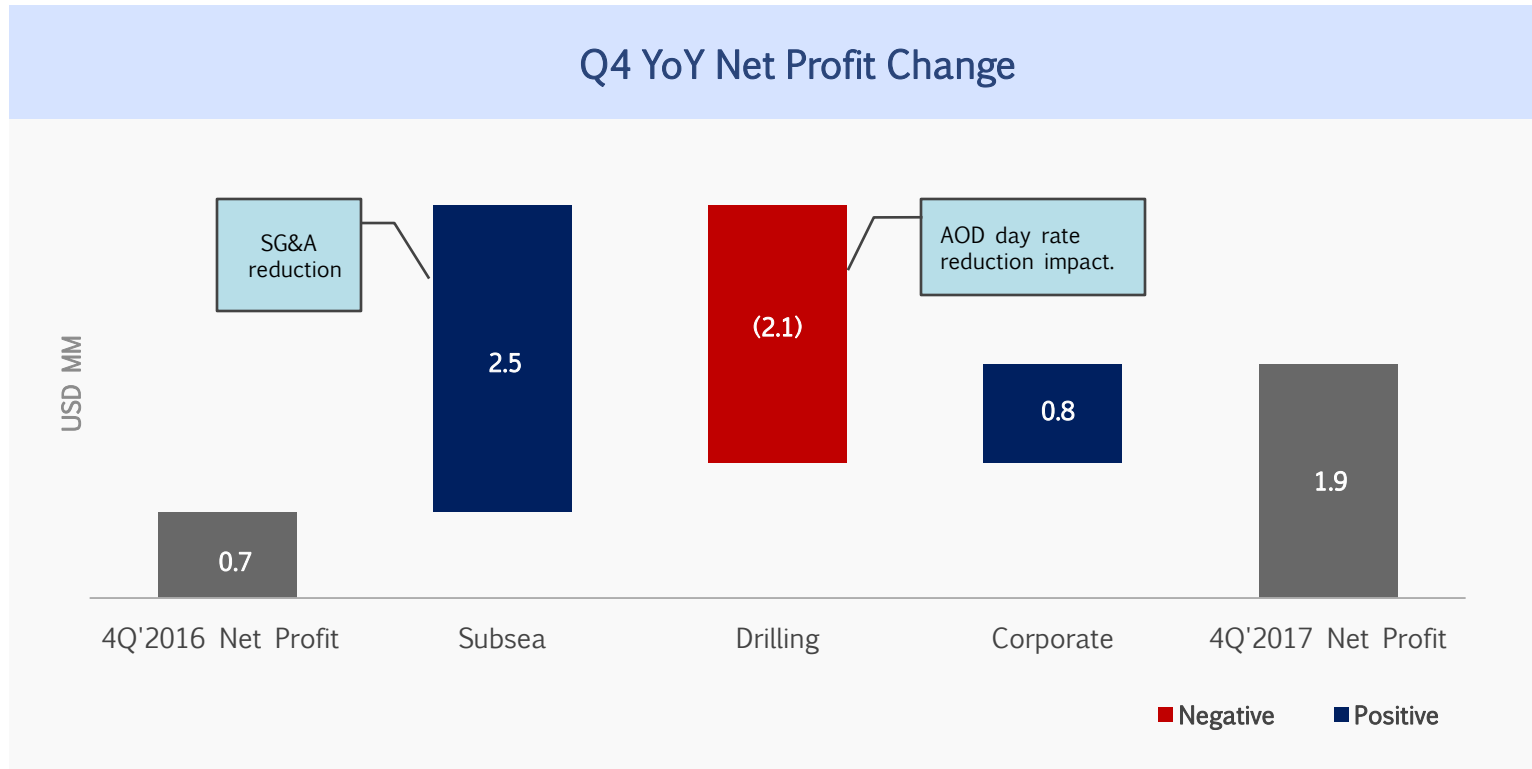


- Revenue increased 10.8% QoQ as a result of utilization for major vessels improved from last quarter.
- Recorded Q4 net profit USD 1.9m, recovered back from net loss USD 2.1m in last quarter due to higher fleet utilization.
- Order book (excl. AOD) stood at USD 148m at the end of December 2017.
- Robust positive cash flow from operation generated USD 11.3m in FY2017.
- Maintained a good fiscal discipline by retain a low gearing and balance sheet remained in a healthy position.

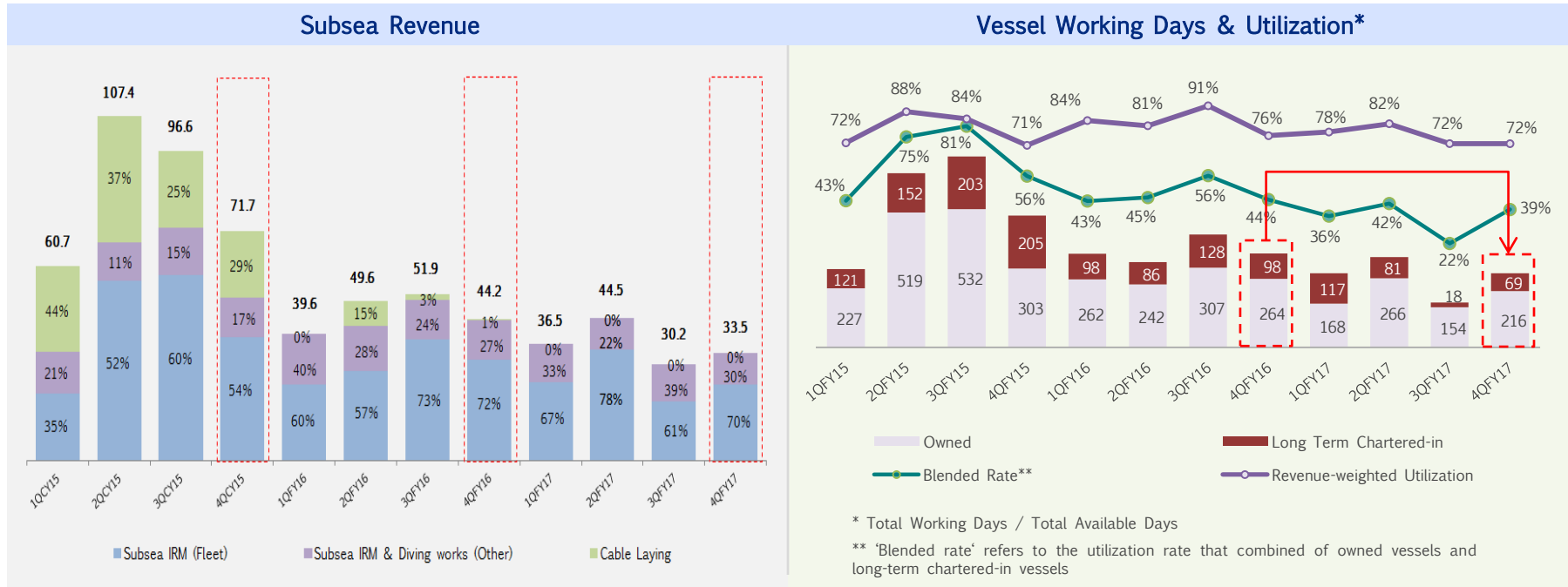
Higher utilization for key major vessels resulted in net profit in Q4



Net profit increased from SG&A reduction



4 Major vessels utilization dropped YoY but improved QoQ

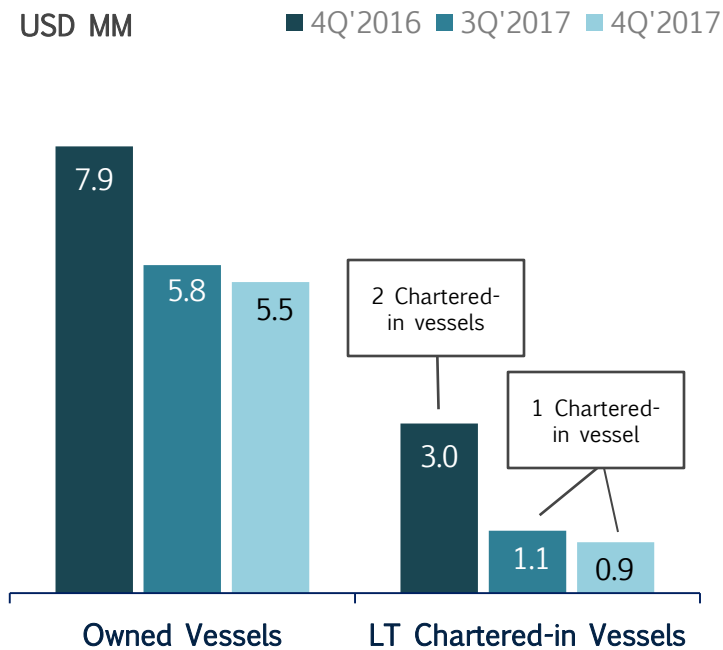


4Q'17 vessel utilization increased to 39%, compare to 22% of the last quarter but dropped from 44% of the same period last year.

- The drop YoY was a result of both Owned and Chartered-in vessels utilization decreasing.
- The 4 major vessels i.e. Mermaid Commander, Mermaid Asiana, Mermaid Endurer, and Mermaid Sapphire, had average utilization of 59% lower than the last year of 72% but higher than the last quarter of 42%.

Cost optimization still on focus

Vessel Running Costs Reduction



Description of Key Drivers

Owned vessels

- VRC reductions on active vessels:
 - Marine Crew expenses
 - Dive tech

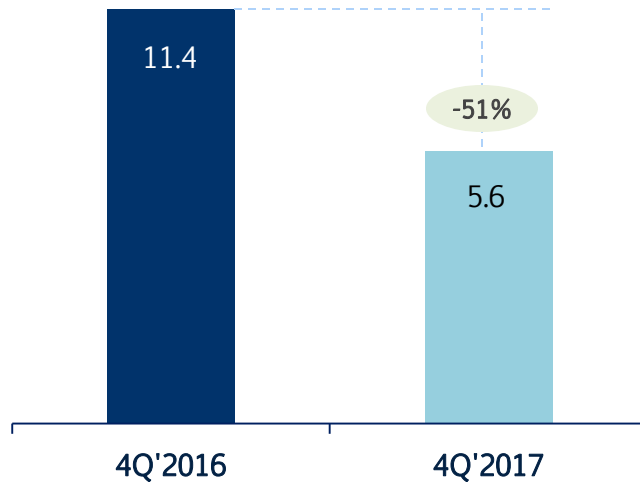
Long-term chartered-in vessels

- 'Nusantara' was returned to Owner during 3Q'17
- One vessel 'Resolution' remained after 3Q'17

SG&A improved 51% YoY by cost saving actions

SG&A Expense s Decreased

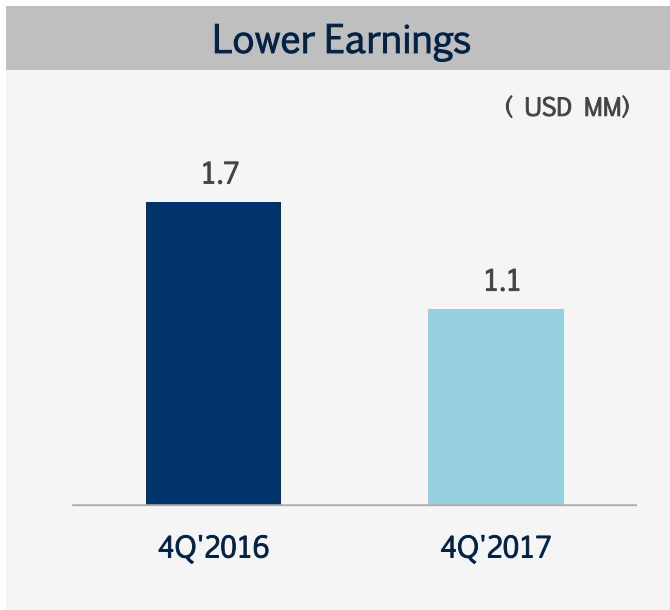
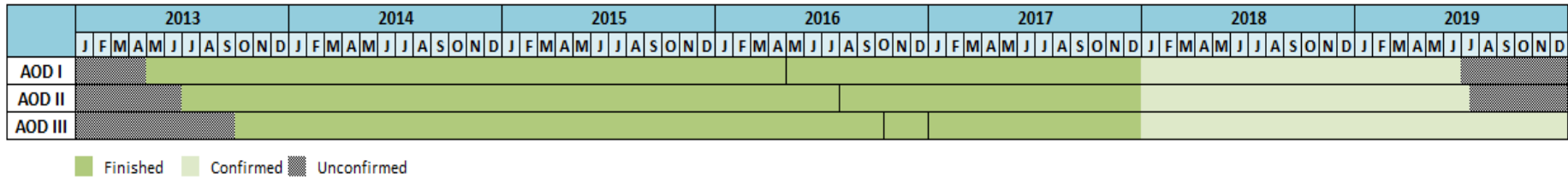
USD MM



Description of Key Drivers

- Cost savings program delivered a good results -51% YOY.
- Saving was mainly driven by staff and employee related expenses, bad debt provision and other expenses

AOD's earnings contribution dropped due to day rate reduction

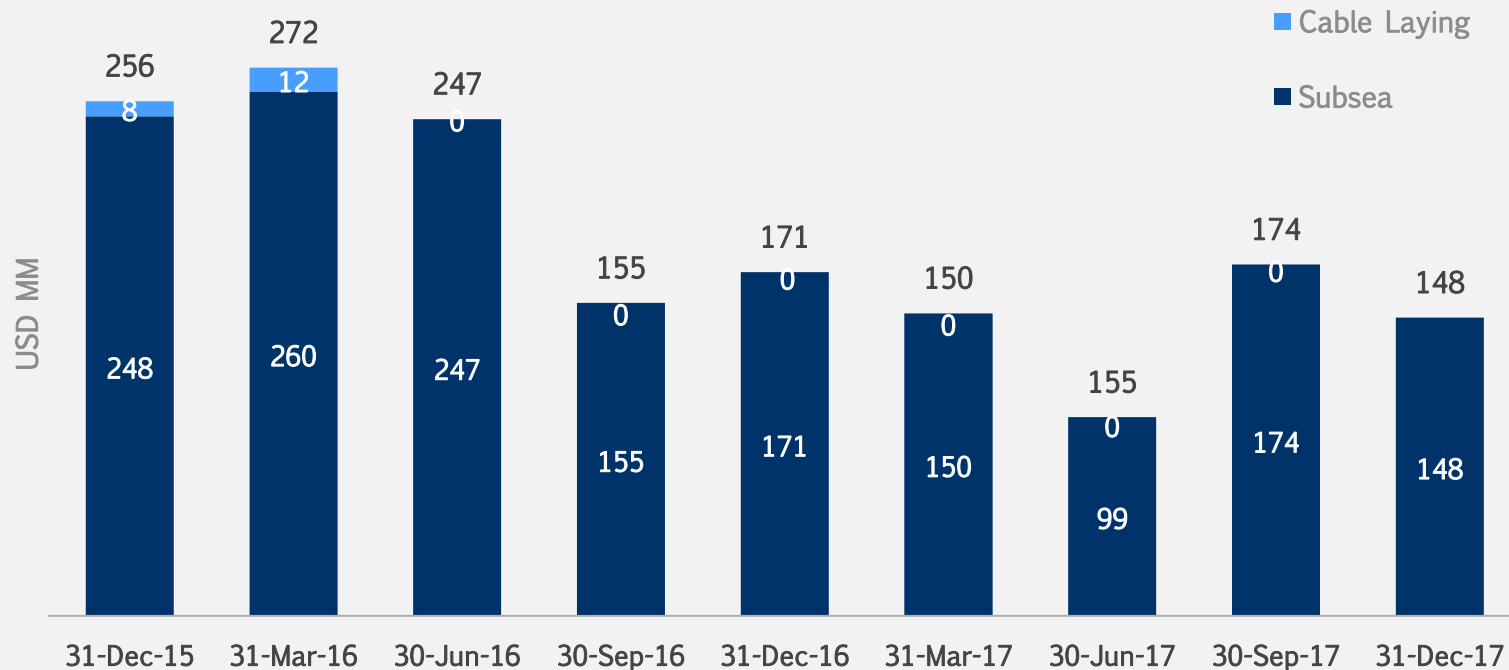


- In 4Q'2017, 100% average utilization for 3 rigs.
- Rate reduction effective during contract renewal in 2016 and resulting bareboat charter decrease led to a lower contribution YoY.
- Contract period
 - AOD I – 3 years expiring in June 2019
 - AOD II – 3 years expiring in July 2019
 - AOD III – 3 years expiring in December 2019

Order book stood at USD 148M as the end of 4Q'2017



Order Book (excluding Asia Offshore Drilling)



Financial Review

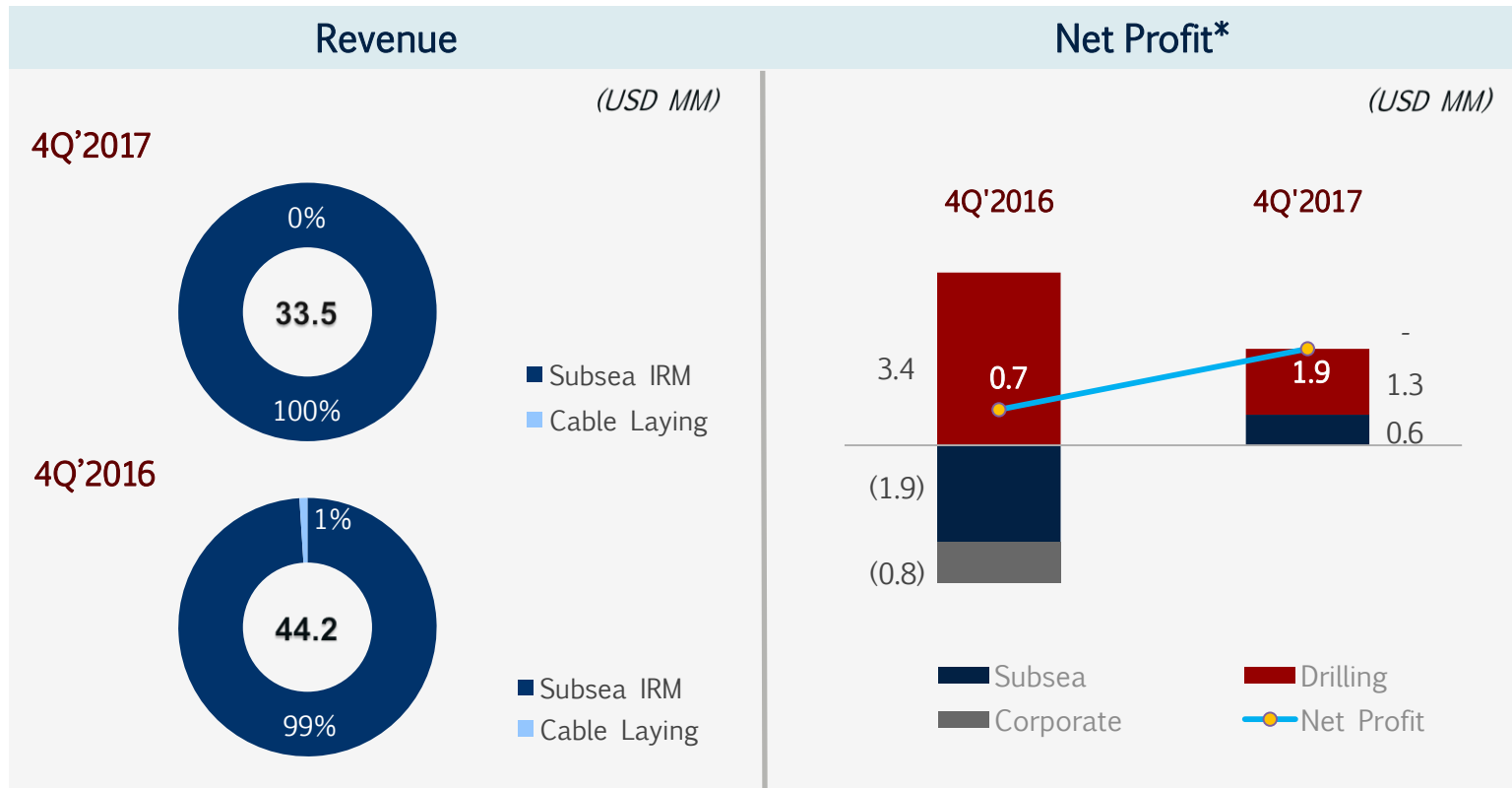


4Q'2017 Profit & Loss (3-month period)



USD MM	4Q'2017	4Q'2016	Δ %
Turnover	33.5	44.2	(24.2)
EBITDA	6.5	3.1	109.7
Profit From Operations	3.0	(0.5)	n/a
EBIT	1.8	(2.3)	n/a
Associates & JV Equity Income	1.2	1.8	(33.3)
Finance Cost	(0.9)	(0.9)	-
Profit Before Tax	2.1	(1.4)	n/a
Tax Benefit (Expense)	(0.2)	2.1	(109.5)
Net Profit	1.9	0.7	171.4
EPS (US cents)	0.1	0.0	100.0

4Q'2017 Segmental Contribution (3-month period)



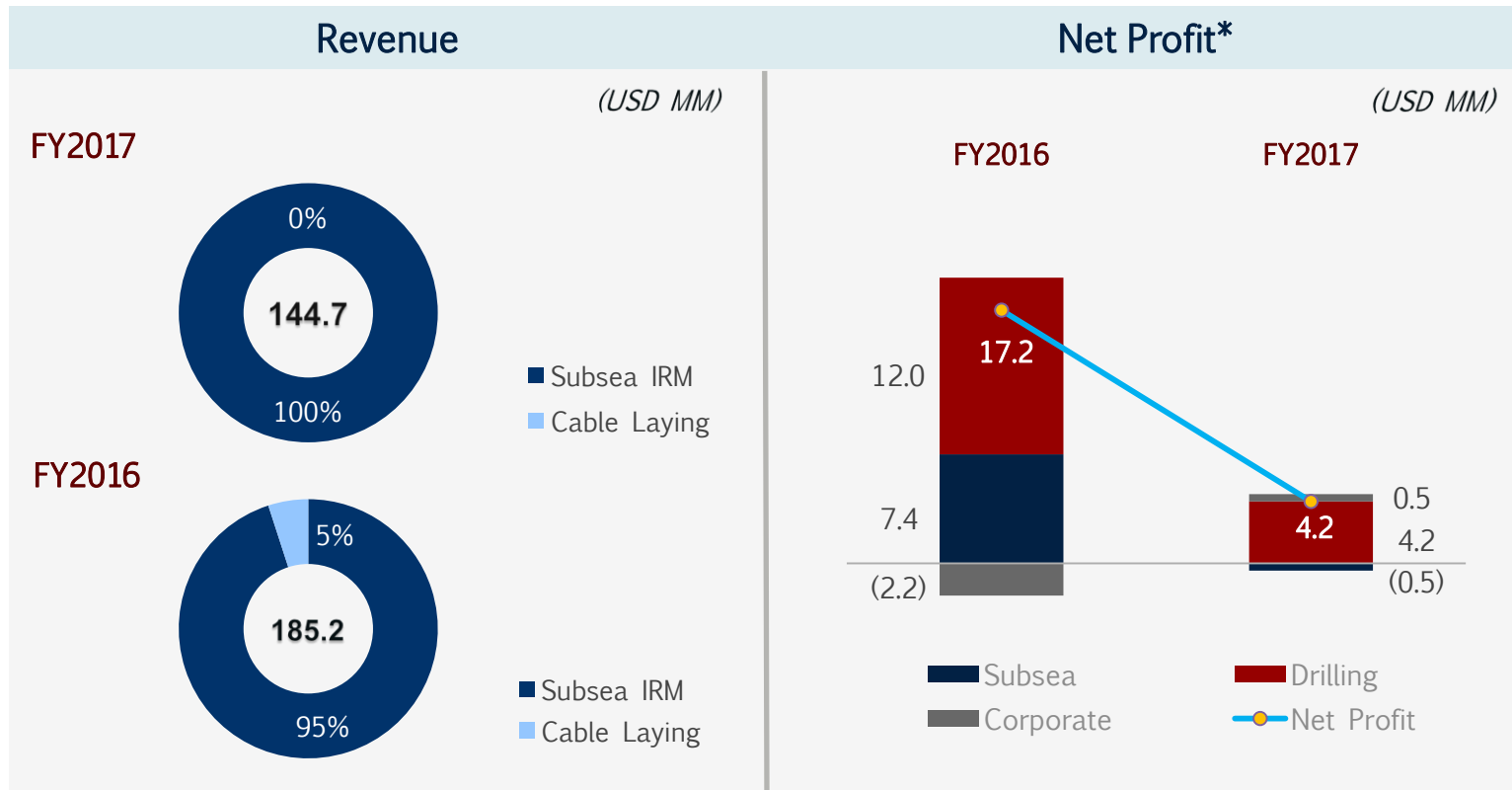
* FX effects from intercompany loans have been eliminated

FY2017 Profit & Loss (12-month period)



USD MM	FY2017	FY2016	Δ %
Turnover	144.7	185.2	(21.9)
EBITDA	22.7	27.4	(17.2)
Profit From Operations	7.9	17.9	(55.9)
EBIT	3.2	6.4	(50.0)
Associates & JV Equity Income	4.7	11.5	(59.1)
Finance Cost	(3.6)	(3.5)	2.9
Profit Before Tax	4.3	14.4	(70.1)
Tax Benefit (Expense)	(0.1)	2.8	(103.6)
Net Profit	4.2	17.2	(75.6)
EPS (US cents)	0.3	1.2	(75.0)

FY2017 Segmental Contribution (12-month period)



* FX effects from intercompany loans have been eliminated

FY2017 resulted in positive Cash Flows (12-month period)



USD MM	2017	2016
CASH FLOW FROM OPERATING ACTIVITIES		
Before Changes in Working Capital	23.4	37.5
Changes in Working Capital	(9.7)	19.1
Others	(2.4)	(4.2)
	11.3	52.4
CASH FLOW FROM INVESTING ACTIVITIES		
Dividend and Interest Received	0.9	7.0
Proceeds from (Increase in) ST Deposit at Financial Institutions	27.9	(27.9)
Increase in advance payment for investment	(17.3)	-
Acquisition of PPE and Intangible Assets	(3.0)	(5.3)
	8.5	(26.2)
CASH FLOW FROM FINANCING ACTIVITIES		
Finance Costs Paid	(3.5)	(3.4)
Repayment of Borrowings	(10.0)	(18.0)
	(13.5)	(21.4)
Net increase in cash and cash equivalents <i>(before effect of exc rate)</i>	6.3	4.8
Cash Balance as at 31 December	68.7	61.8

Balance Sheet remains healthy

USD MM	31 Dec 2017	31 Dec 2016	Δ (%)
Current Assets	141.8	174.1	(18.6)
Non-Current Assets	309.3	298.0	3.8
Total Assets	451.1	472.1	(4.4)
Current Liabilities	38.9	51.5	(24.5)
Non-Current Liabilities	70.0	82.3	(14.9)
Total Liabilities	108.9	133.8	(18.6)
Total Equity	342.2	338.3	1.2
Property, Plant and Equipment	182.9	198.2	(7.7)
Bank Balances, Deposits & Cash	81.5	97.7	(16.6)
Total Borrowings	79.6	89.5	(11.1)

Liquidity Indicators

- Cash & Deposits Balance = USD 81.5mm
- Current Ratio = 3.65x

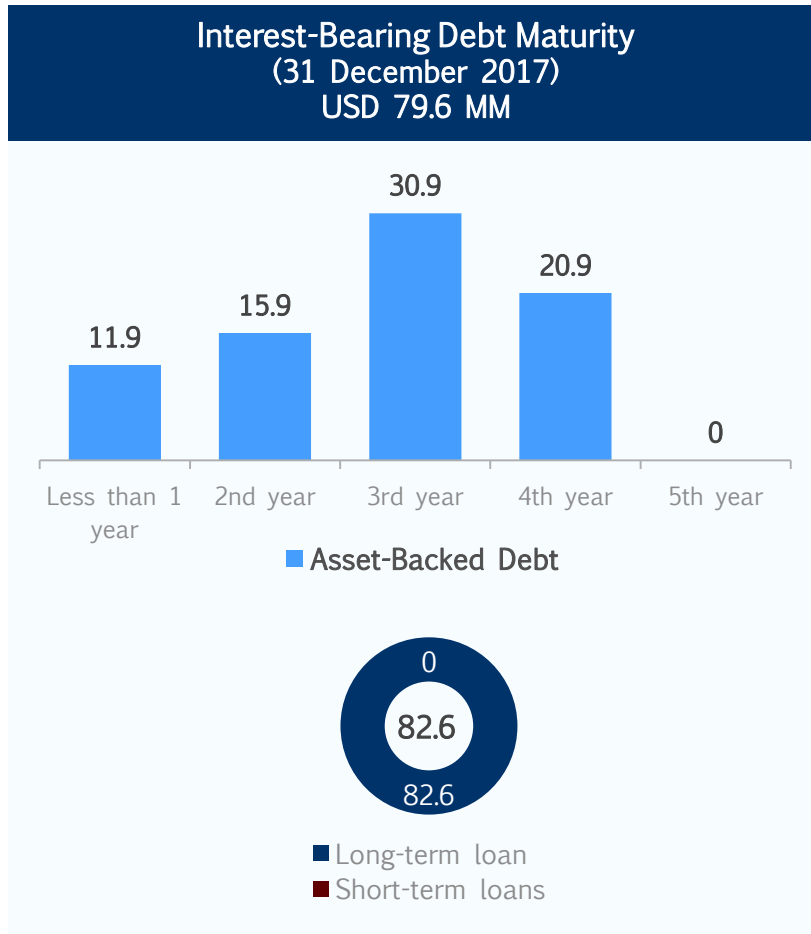
USD MM	31 Dec 2017	31 Dec 2016	31 Dec 2015
Interest Bearing Debt			
Asset-backed Financing	79.8	89.5	97.4
Unsecured Loan	-	-	10.0
	79.8	89.5	107.4
Cash and Cash Equivalent	(81.5)	(97.7)	(63.3)
Net Debt / (Cash)	(1.7)	(8.2)	44.1
Shareholder Funds	342.2	338.3	321.0
Net Gearing	N/A	N/A	13.7%

Leverage Ratio

- Debt to Equity Ratio = 0.32x
- Interest Bearing Debt to Equity = 0.23x
- **Net Gearing = N/A** *Net positive cash balance*
- DSCR = 1.67x

Debt Maturity Profile

Remains high financial liquidity and flexibility



In Financial Statements, USD **79.6M** of LT loans, majority of debt maturity profile is 3 years onward. Liquidity risk is low with high financial flexibility.

Business Outlook and Positioning



Business Outlook

1	In January, oil prices marked another month of increase. Brent Crude values averaged at over \$69 per barrel on the spot market, rising by over 7% month-on-month, and surpassing \$71 at one point for the first time since 2014.
2	Rival new-build saturation diving vessels continue to enter the market in 2018, with 2 such vessels entering our regional markets between Q1 & Q3 targeting Middle East, India and Far East regions.
3	Utilization of key owned assets, namely our large sat diving vessels is the high priority. Cost cutting and consolidation will continue throughout the year in an effort to maintain a cost base low enough for us to win work in these challenging times.
4	Regional repositioning of key assets is expected in 2018 as we look to achieve higher utilization figures given the overall reduction in the amount of subsea work available. The Mermaid Endurer and Sapphire have already been repositioned in the Middle East.
5	Offshore / subsea vessel companies are still expected to struggle financially in 2018 given the lack of construction and IRM work available, increased subsea tonnage entering the market and the consequential pressure on rates.

Business Outlook

6	All three jack-up drilling rigs 'AOD I', 'AOD II' and 'AOD III' remain on contract in the Middle East until 2019 thus reducing downside risk as market recovers. AOD loan refinancing continues in progress.
7	Mermaid Challenger, Barakuda, 'MTR-1' and 'MTR-2' are cold stacked to reduce cost and marketed for sale. In parallel, we are looking at financially viable ways to reactivate some of the cold-stacked vessels, such as the Siam, and to commit them to long-term bareboat charters with companies not competing directly with Mermaid.
8	Mermaid continues to preserve cash where possible, and to reduce CAPEX spending to the essentials. However, the company is exploring options to purchase distressed assets where appropriate, in preference to subcontracting in equipment & personnel.
9	Mermaid leveraging on reputation and stability to access additional geographical markets and to cross-sell services across regions. Recent successes in entering new countries in South East Asia and the Middle East, and in winning vessel-enabled survey work in the GCC countries will be built upon.

Mermaid Industry positioning



Wider geographical coverage

- Shallow water – more defensive and less affected by lower oil price. Several conventional projects will be carried-out in Mermaid’s home markets in 2018;
- Mermaid expansion geographically into other markets such as North Sea, West Africa, Malaysia and the Persian Gulf;



IRM focused, with an addition of Integrated service packages

- Remain focused on IRM scopes, success within the Group of cross-selling other services such as standalone ROV and survey work, and manpower support to other vessel owners;
- Offer an integrated range of subsea services with a revamped highly specialized workforce leading the company into a new era of subsea Installation engineering;



Track record of quality and safety, modern asset base

- Excellence operational and safety record and stable management team;
- Young subsea fleet with chartering-in plan to serve fluctuating demand.
- AOD’s three jack-up drilling rigs contract extended to 2019 in the Middle East;



Fiscal Discipline

- Retain low gearing and sufficient cash reserve;
- Flexibility to take advantage of any opportunistic and organic growth that may present itself in the present time;



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