



**MERMAID MARITIME PUBLIC COMPANY LIMITED**

**บริษัท เมอร์เมด มาริไทม์ จำกัด (มหาชน)**

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**For Immediate Release**

## **Mermaid Maritime Public Company Limited 2015 Third Quarter Financial Statements Announcement**

### **Highlights**

- **Group revenue increased 10.1% year-on-year to USD96.6 million, Subsea revenue increased by 14.9% supported by new cable lay projects in the Middle East**
- **In the joint venture with drilling associate, Asia Offshore Drilling, the Group's three high specification jack-up drilling rigs delivered satisfactory performance, with average utilization of 97 percent**
- **Order book of USD257 million for the Group and USD127 million for AOD underpin good revenue visibility for 2016**
- **'MTR-3' and 'MTR-4' currently under construction in China with delivery scheduled for 2016**
- **Cost management program initiated starting with 15% reduction in permanent workforce and improved efficiencies across the Group with target to deliver at least USD 12 million cost savings in 2016**
- **Group well-positioned to capitalize on opportunistic expansion if and when potential distressed assets in the market become available for sale**

*“The Group remains focused on developing its Subsea segment and while it is not entirely immune to industry weaknesses, it will continue to tender aggressively for contracts, keeping a keen eye out for opportunistic business created by the exit of its competitors and the availability of chartered-in vessels.*

*Moreover, as market conditions are expected to remain challenging throughout 2016, the Group has already initiated a cost management program. This strategy may have tough consequences for employees across the Group but it will place emphasis on our determination to maintain a long term vision on how we can best continue to deliver customer needs, reduce project costs and optimize business performance. Combined with the MTN programme, the Group’s strong balance sheet will provide a financial stronghold which will help the Group weather the downturn.”*

*Mr. Chalermchai Mahagitsiri, Chief Executive Officer*

*November 13, 2015*

	For the quarter ended 30 Sep, 2015	For the quarter ended 30 Sep, 2014	Change
	USD million	USD million	
Revenue from services	96.6	87.7	10.1%
Share of profit from associates	7.5	7.9	-5.3%
Profit attributable to shareholders	16.5	13.8	19.2%
Cash and cash equivalents at end of period	54.8	89.4	-38.6
Earnings per share	1.2 US cents	1.0 US cents	19.2%

**SINGAPORE & THAILAND** – 13 November 2015 – Mainboard-listed **Mermaid Maritime Public Company Limited** (“Mermaid”, “MMT” or the “Group”), a leading provider of subsea and drilling services for the offshore oil and gas industry, has announced the financial results for the three month ended 30 September 2015 (“3QFY2015”). Group reported earnings of USD16.5 million, compared to the earnings of USD13.8 million for the corresponding quarter in 2014 (“3QFY2014”).

Group reported total revenue of USD96.6 million for 3QFY2015, an increase of 10.1% year-on-year as compared to USD87.7 million for 3QFY2014. The Group reported a gross profit of USD20.9 million, representing an increase of USD\$2.5 million or 13.9% as compared to 3QFY2014.

Subsea Group reported service income of USD96.6 million for 3QFY2015, an increase of USD12.5 million, or 14.9%, compared to 3QFY2014. The increase was primarily attributed to the high value cable laying projects in the Middle East and also due to some non-performing vessels coming back on the projects. Subsea Group generated gross profit of USD22.7 million for 3QFY2015, an increase of USD3.7 million year on year, mainly due to the cessation of depreciation of certain vessel which was classified as “asset held for sales”.

Drilling Group reported nil service income for 3QFY2015, a USD3.6 million decrease as compared to 3QFY2014. Reduced expenses were mainly due to the management’s decision to cold stack the rigs. This has led to Drilling Group’s gross loss of USD1.8 million for the quarter, a decrease of USD1.1 million from the gross loss of USD0.7 million for 3QFY2014.

The share of profits from drilling associate Asia Offshore Drilling (“AOD”) for 3QFY2015 was USD7.3 million, a slight decrease of USD0.6 million year on year mainly due to higher operational costs. During the quarter, the three high specification jack-up rigs achieved an average utilization rate of 97%.

Overall, the Group reported a net profit attributable to shareholders of USD16.5 million for 3QFY2015, an increase of 19.2% year on year.

As of 30 September 2015, the Group had cash and cash equivalents of USD54.9 million (31 December 2014: USD89.4 million), a healthy net gearing ratio of 10.1% (31 December 2014: 4.1%), and net asset value per share of USD0.40 (31 December 2014: USD0.40).

## OUTLOOK

The global oil and gas industry continues to experience significant challenges in light of the uncertainties in the current oil price environment. Consequently, this has led to reduced oil and gas spending, activity and contract awards across the subsea and offshore drilling services segment as major oil companies aggressively pursue cost reduction and delay some of their projects. As an increased number of offshore rigs and subsea vessels in the market come off contract and newbuilds have yet to be delivered, the supply and demand imbalance will continue to have a negative impact on utilization and pricing in these market segments.

In the subsea business, the Group will remain dedicated to executing its current subsea contracts profitably and will continue to focus on the South East Asian and Middle East markets which are comparatively more stable.

In the drilling business, the Group continues to actively market the new tender rigs, 'MTR-3' and 'MTR-4', for production drilling contracts. These rigs are currently under construction in China with delivery scheduled for 2016. Compared to other tender rigs, the 'MTR-3' and 'MTR-4' both have advanced drilling capabilities and barge layout facilities providing a safer and more efficient work environment for drilling operations. The Group believes that there will be limited, or no, growth in the marketed fleet in this segment between now and 2018. The Group has also marketed the 'MTR-1' and 'MTR-2' for sale, given that these older units are more challenged to remain utilized due to the availability of more modern rigs during this downturn. Notwithstanding this, the light weight drilling package and fast rig up time of the 'MTR-2' continues to receive interest from potential customers and is also being evaluated for 2016 work opportunities in both South East Asia and West Africa.

The Group believes that though market conditions will remain challenging throughout 2016 it will continue to be proactive in order to maintain efficiencies through and beyond the current downturn. To do this, the Group has initiated a cost management program and targets an increased level of cost savings for 2016 without compromising safety and the quality of its services. As part of the program, it has already initiated a reduction in its

global permanent workforce by at least 15% with total targeted savings of approximately USD6 million to be achieved by end of 2016. This includes the release of its operations teams in its offshore drilling division but with plans for re-activation in the event of future contract award, and reduction in subsea operations staffing in the Singapore and Abu Dhabi offices with functions transferred to other offices within the region. On-site shipyard supervision of the three new builds under construction (i.e. one dive support and construction vessel and the 'MTR-3' and 'MTR-4') has also been withdrawn and the responsibility for oversight transferred to the existing asset management team at corporate office. The Group targets project cost savings of an additional USD6 million for the remaining project duration in 2016.

Overall, the Group remains vigilant for additional cost efficiency measures throughout the organization whilst carrying out immediate strategies such as the focus on adding to the order book, minimizing other overheads and maintaining a healthy level of utilization for its fleet.

**Mermaid Maritime Public Company Limited (Bloomberg Code: MMT SP)**

Mermaid is well established and recognized by the industry for its high quality services delivered professionally, safely and efficiently, and has developed a strong blue chip customer base that includes some of the world's largest Oil and Gas Majors. With world class operations, logistics and maintenance bases in key geographical locations, Mermaid is able to facilitate the expeditious and efficient mobilization of vessels, personnel and equipment to customer locations.

Mermaid's subsea division is represented by Mermaid Subsea Services, which operates as a unified structured unit across markets offering customers a comprehensive range of subsea solutions through a suite of specialized subsea vessels, diving equipment, remotely operated vehicles, and a highly competent technical and operations workforce operating out of Thailand, Indonesia, Singapore, Qatar, United Arab Emirates and Saudi Arabia.

Mermaid's drilling division comprises Mermaid Drilling, which provides tender-assist drilling and accommodation barge services through its ownership and investments of two (2) tender rigs, and associate interest in Asia Offshore Drilling with three (3) high specification premium jack-up drilling rigs recently delivered in 2013 from the construction yard in Singapore and now deployed in the Middle East. Mermaid Drilling also has an additional two (2) 'performance class' new build tender rigs under construction in China with delivery scheduled for 2016.

The company's vision is to be a premium service provider in the oil and gas services industry and to consistently deliver enhanced return to its shareholders. To this end, the company's mission is to deliver a world class service to the region from within the region.

For more information, please visit [www.mermaid-maritime.com](http://www.mermaid-maritime.com)

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Issued for and on behalf of Mermaid Maritime Public Company Limited By Financial PR Pte Ltd

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