



Mermaid
SUBSEA SERVICES



MERMAID MARITIME
PUBLIC COMPANY LIMITED



3Q 2017 Results

15 Nov 2017

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Agenda

- Business Report
- Financial Review
- Business Outlook

Business Report



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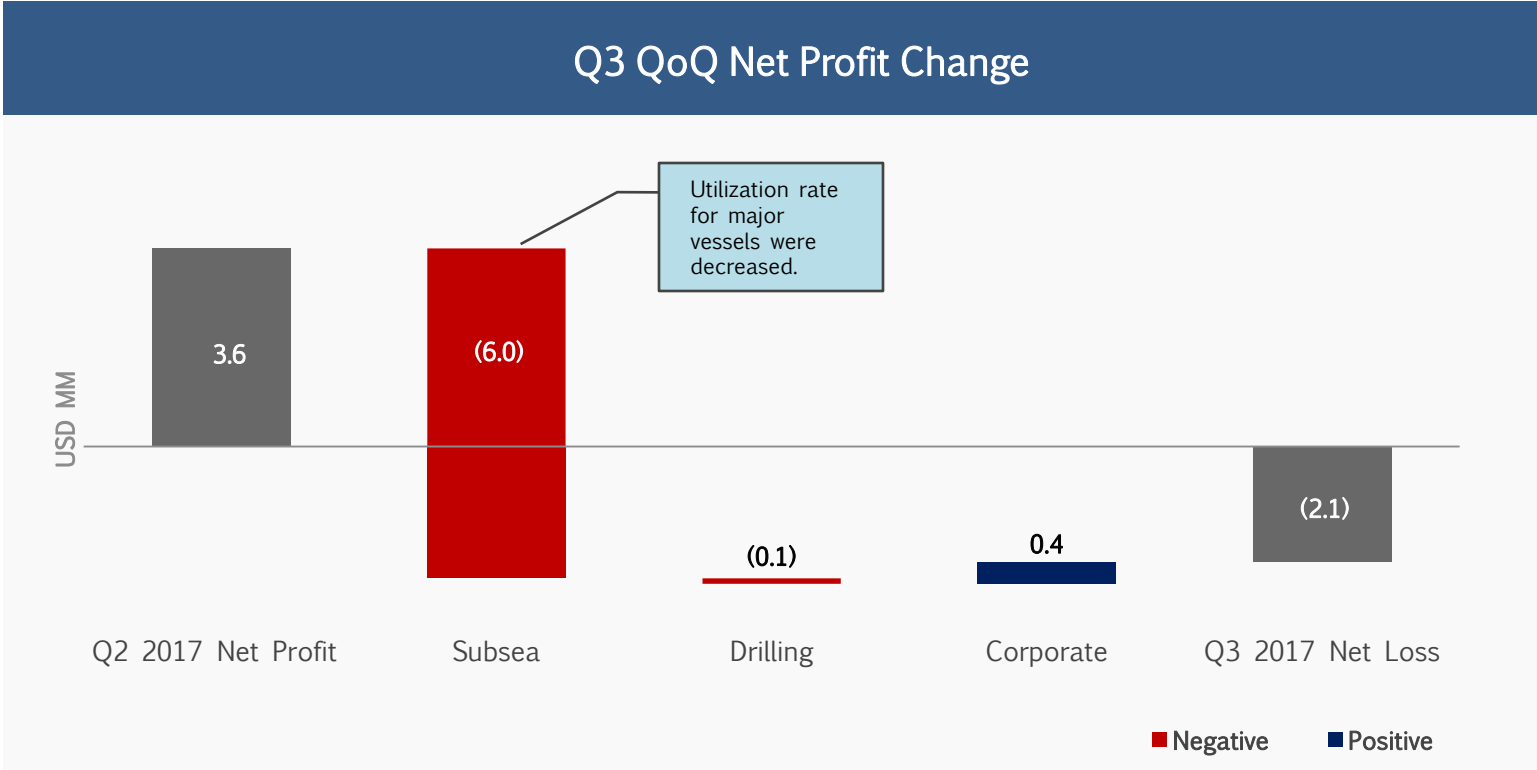




3Q 2017 Highlights

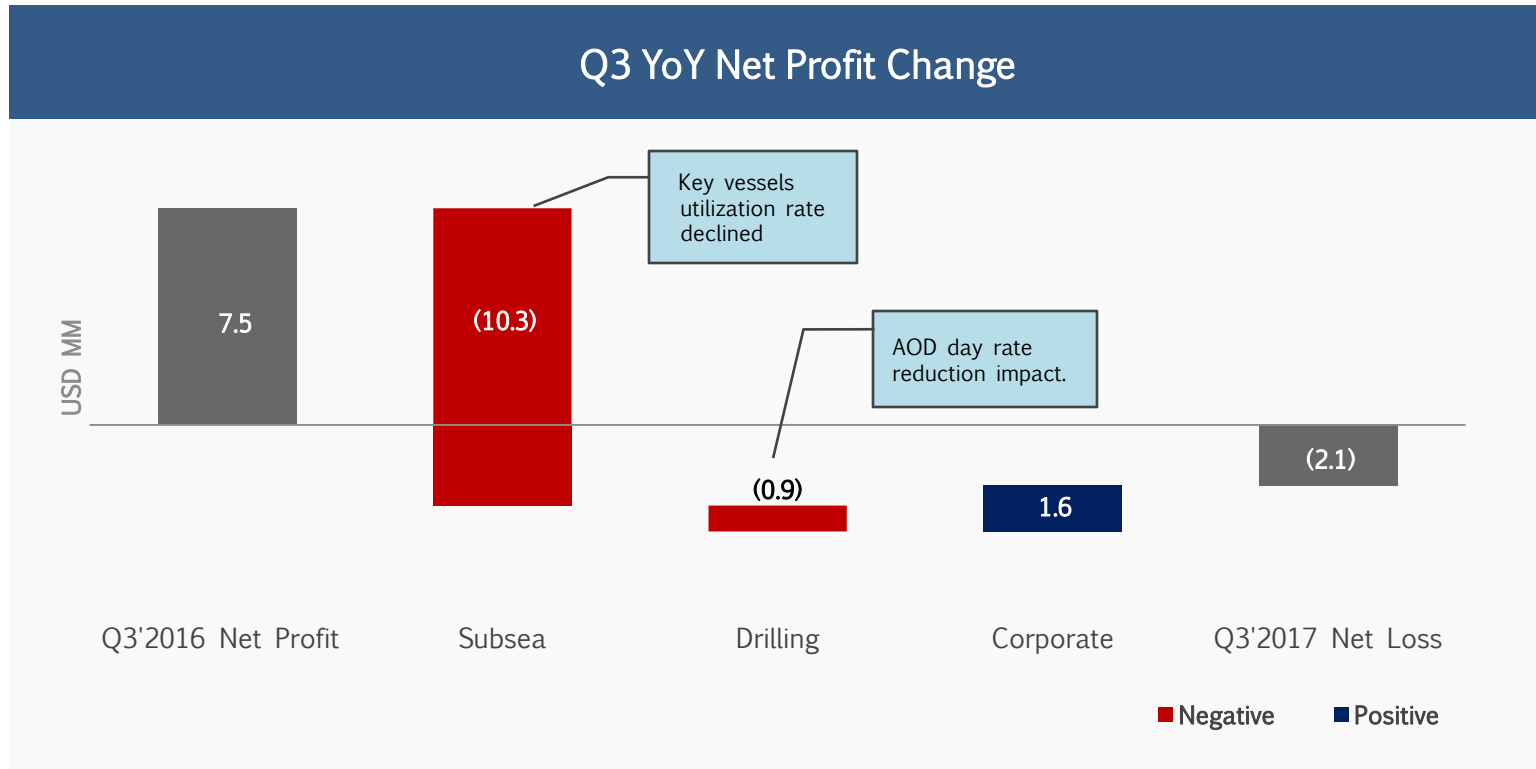
- Stronger backlog (excl. AOD) 76% increasing QoQ, stood at USD 174m at the end of September 2017.
- Focused strategic initiative to retain our key customers and to seek out new customers to deliver sustainable growth.
- Revenue dropped -41.8% YoY due to low utilization for major vessels.
- Net loss USD 2.1m as a result of revenue drop impact.
- Robust positive cash flow from operation USD 7.3m and balance sheet remained in a healthy position.

Low utilization for key major vessels impacted to Net loss in Q3



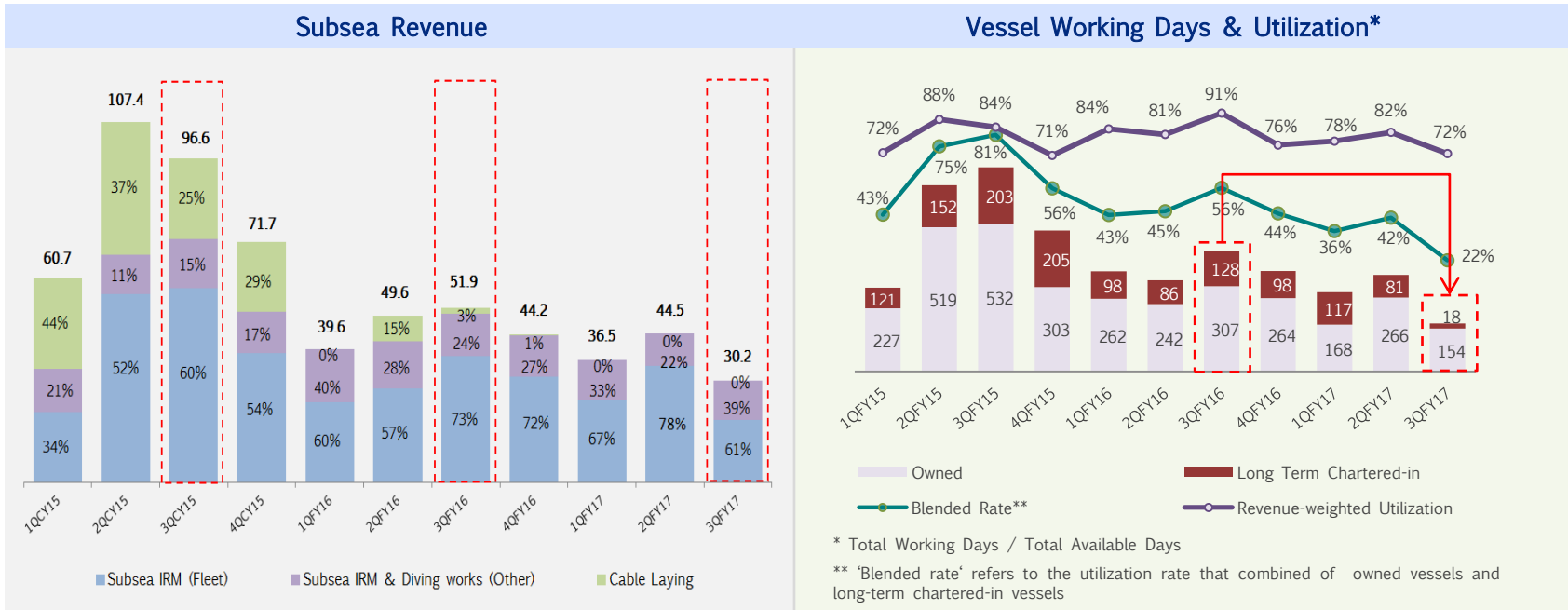


Net profit declined from lower utilization





4 Major vessels utilization dropped YoY



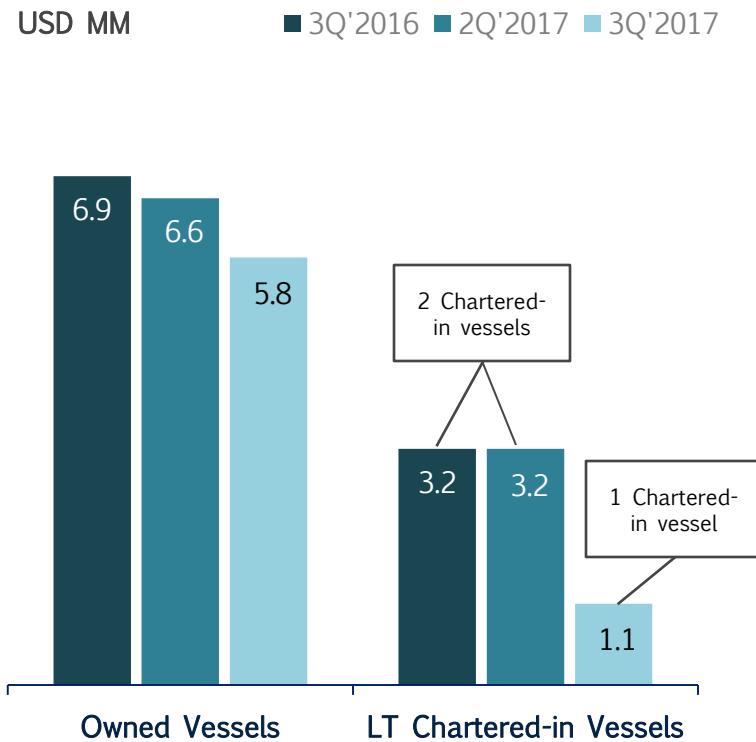
3Q'17 vessel utilization dropped to 22%, compare to 55% of the same period last year

- The drop 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 42% lower than the last year of 83%.



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

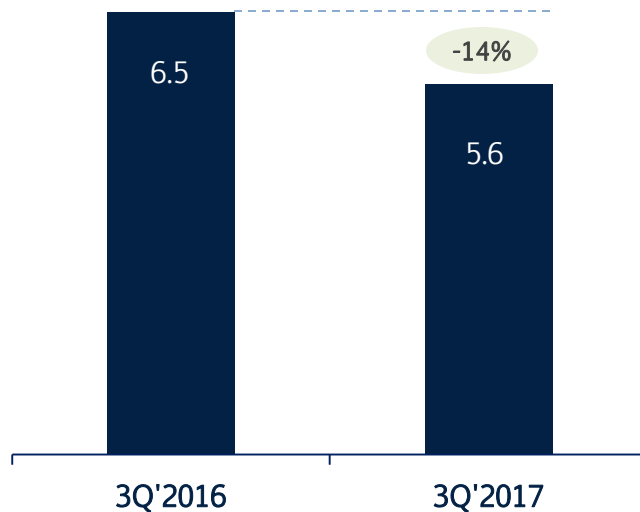
- 'Nusantara' was returned to Owner during 3Q'17
- One vessel 'Resolution' remained after 3Q'17



SG&A improved 14% YoY by cost saving actions

SG&A Expenses Decreased

USD MM



Description of Key Drivers

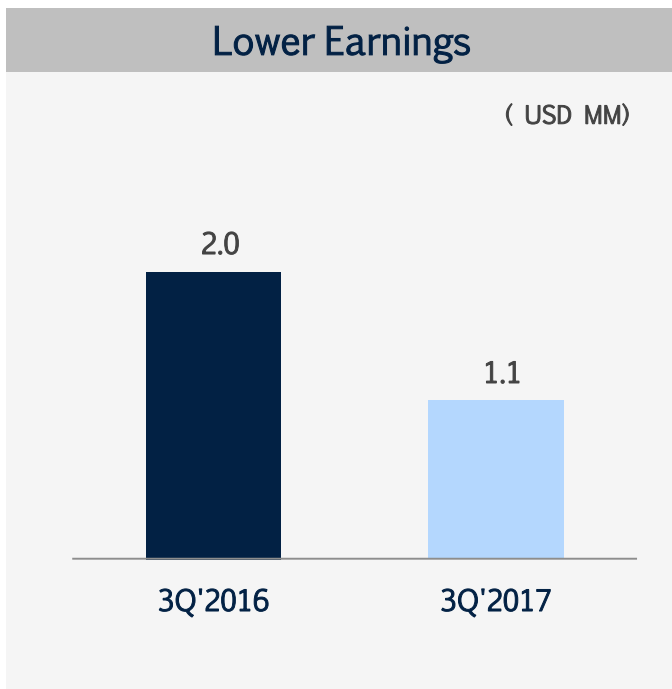
- Cost savings program delivered a good results -14% YOY.
- Saving was mainly driven by staff and employee related expenses.

AOD's earnings contribution dropped due to day rate reduction



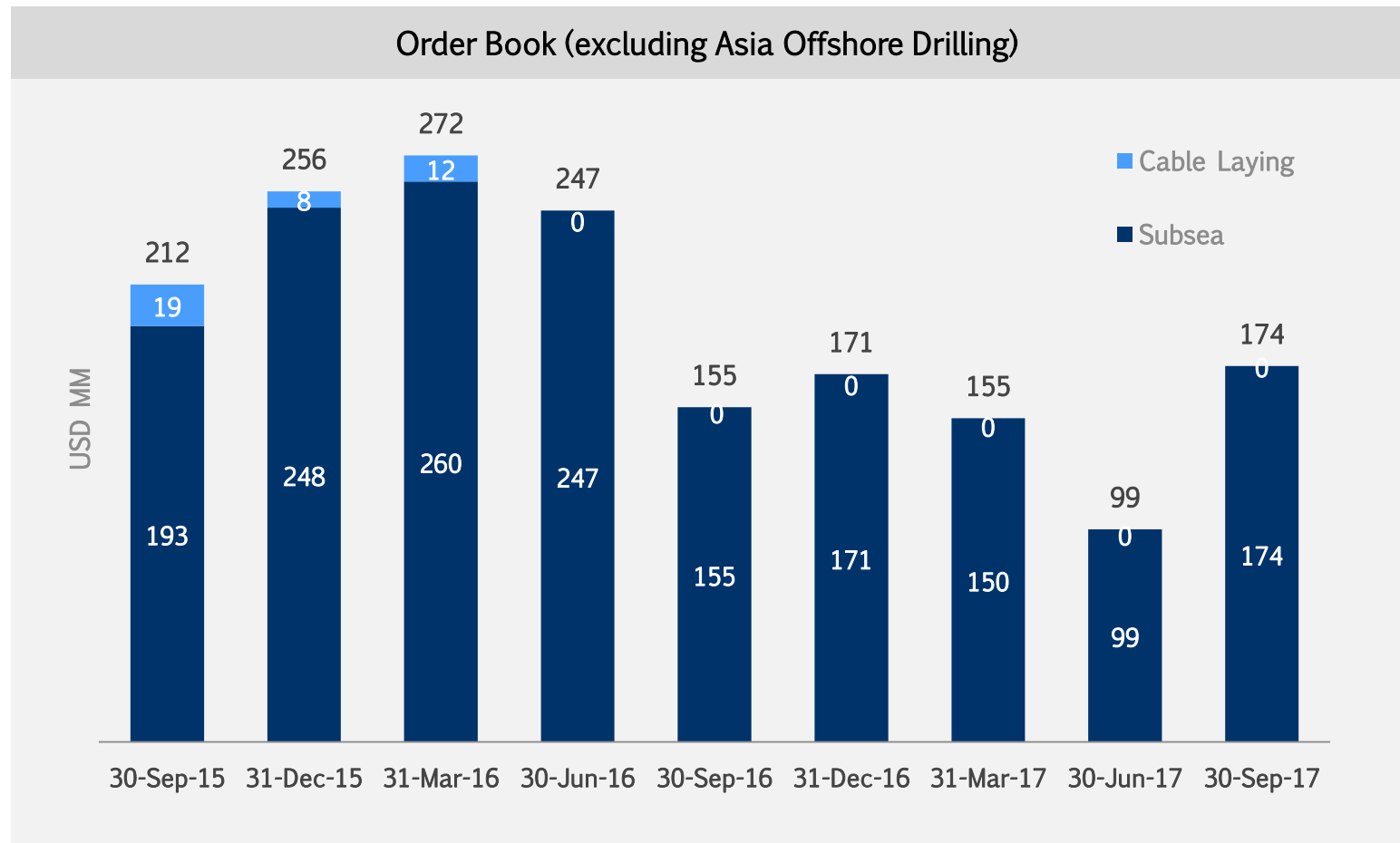
	2013				2014				2015				2016				2017				2018				2019																						
	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N
AOD I	Unconfirmed				Confirmed				Confirmed				Confirmed				Confirmed				Confirmed				Confirmed																						
AOD II	Unconfirmed				Confirmed				Confirmed				Confirmed				Confirmed				Confirmed				Confirmed																						
AOD III	Unconfirmed				Confirmed				Confirmed				Confirmed				Confirmed				Confirmed				Confirmed																						

■ Finished
 ■ Confirmed
 ■ Unconfirmed



- In 3Q'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 174M as the end of 3Q'2017



Financial Review



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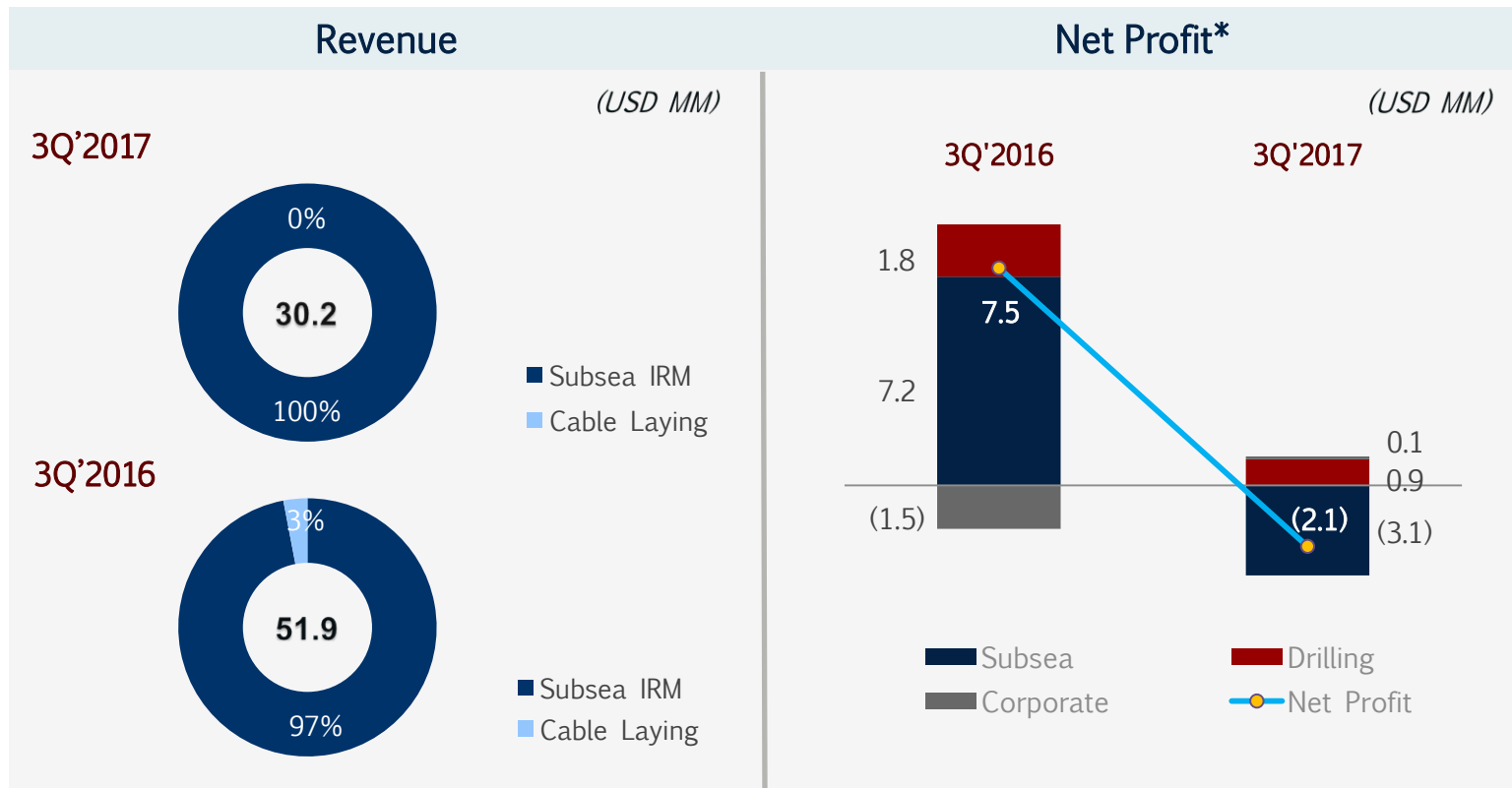




3Q'2017 Profit & Loss (3-month period)

USD MM	3Q'2017	3Q'2016	Δ %
Turnover	30.2	51.9	(41.8)
EBITDA	2.3	11.8	(80.5)
Profit From Operations	(1.4)	8.5	(116.5)
EBIT	(2.5)	6.5	(138.5)
Associates & JV Equity Income	1.1	2.0	(45.0)
Finance Cost	(0.9)	(0.9)	-
Profit Before Tax	(2.3)	7.6	(130.3)
Tax Benefit (Expense)	0.2	(0.1)	n/a
Net Profit	(2.1)	7.5	(128.0)
EPS (US cents)	(0.1)	0.5	(120.0)

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



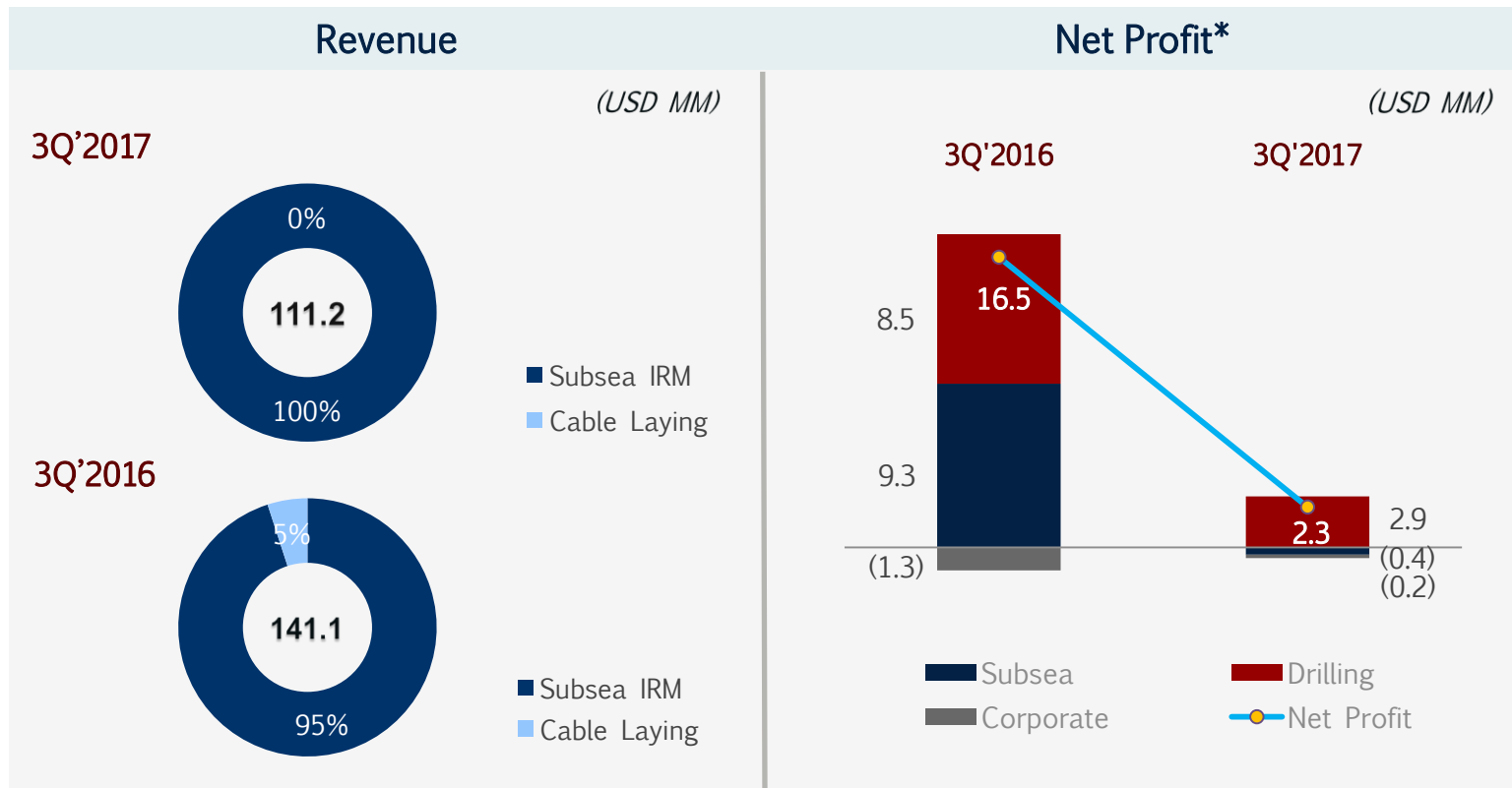
* FX effects from intercompany loans have been eliminated



3Q'2017 Profit & Loss (9-month period)

USD MM	3Q'2017	3Q'2016	Δ %
Turnover	111.2	141.1	(21.2)
EBITDA	16.2	24.3	(33.3)
Profit From Operations	4.8	18.4	(73.9)
EBIT	1.3	8.6	(84.9)
Associates & JV Equity Income	3.5	9.8	(64.3)
Finance Cost	(2.7)	(2.6)	3.8
Profit Before Tax	2.1	15.8	(86.7)
Tax Benefit (Expense)	0.2	0.7	(71.4)
Net Profit	2.3	16.5	(86.1)
EPS (US cents)	0.2	1.2	(83.3)

3Q'2017 Segmental Contribution (9-month period)



* FX effects from intercompany loans have been eliminated

3Q'2017 resulted in positive Cash Flows (9-month period)



USD MM	2017	2016
CASH FLOW FROM OPERATING ACTIVITIES		
Before Changes in Working Capital	17.5	28.7
Changes in Working Capital	(8.2)	16.2
Others	(2.0)	(3.2)
	7.3	41.7
CASH FLOW FROM INVESTING ACTIVITIES		
Dividend and Interest Received	0.6	7.0
Proceeds from (Increase in) ST Deposit at Financial Institutions	27.9	(27.9)
Acquisition of PPE and Intangible Assets	(1.8)	(4.1)
	26.7	(25.0)
CASH FLOW FROM FINANCING ACTIVITIES		
Finance Costs Paid	(2.6)	(2.5)
Repayment of Borrowings	(7.0)	(11.9)
	(9.6)	(14.4)
Net increase in cash and cash equivalents	24.4	2.3
Cash Balance as at 30 September	86.6	59.9



Balance Sheet remains healthy

Liquidity indicators

- Cash & Deposits Balance = USD95.9mm
- Current Ratio = 3.86x

Leverage Ratio

- Debt to Equity Ratio = 0.34x
- Interest Bearing Debt to Equity = 0.24x
- Net Gearing = N/A *Net positive cash balance*
- DSCR = 1.31x

USD MM	30-Sep-2017	31-Dec-2016	Δ (%)
Current Assets	164.4	174.1	(5.6)
Non-Current Assets	291.5	298.0	(2.2)
Total Assets	455.9	472.1	(3.4)
Current Liabilities	42.6	51.5	(17.3)
Non-Current Liabilities	72.9	82.3	(11.4)
Total Liabilities	115.5	133.8	(13.7)
Total Equity	340.4	338.3	0.6
Property, Plant and Equipment	185.5	198.2	(6.4)
Bank Balances, Deposits & Cash	95.9	97.7	(1.8)
Total Borrowings	82.6	89.5	(7.7)

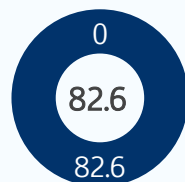
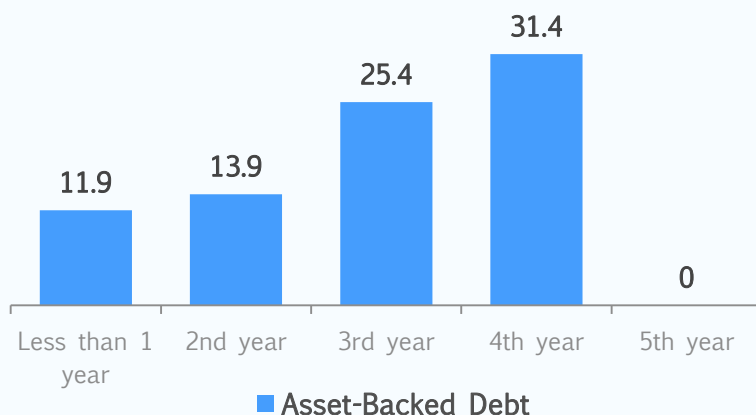
USD MM	30-Sep-2017	31-Dec-2016	31-Dec-2015
Interest Bearing Debt			
Asset-backed Financing	82.6	89.5	97.4
Unsecured Loan	-	-	10.0
	82.6	89.5	107.4
Cash and Cash Equivalent	(95.9)	(97.7)	(63.3)
Net Debt / (Cash)	(13.3)	(8.2)	44.1
Shareholder Funds	340.4	338.3	321.0
Net Gearing	N/A	N/A	13.7%

Debt Maturity Profile

Remains high financial liquidity and flexibility



Interest-Bearing Debt Maturity
(30 September 2017)
USD 82.6 MM



■ Long-term loan
■ Short-term loans

In Financial Statements, USD **82.6M** of LT loans, majority of debt maturity profile is 4 years onward, liquidity risk is low with high financial flexibility.

Business Outlook and Positioning



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Business Outlook

1	We still consider that the market reached its lowest point at the end of 2016, and we are now seeing the oil price slowly creeping up to around the USD59/bbl mark. We are experiencing a flurry of IRM work in Q4 2017, but whether this is oil companies using up existing budgets or the start of a period of sustained activity is unclear at this stage.
2	Rival new-build saturation diving vessels continue to enter the market in 2017, with 3 such vessels entering our regional markets in Q3, and with another 4 diving vessels expected to be delivered within the next 6 months.
3	Utilization of key owned assets, namely our large sat diving vessels is the high priority. Cost cutting and consolidation have continued 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 actually available.
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



Geographical coverage and shallow water focused

- 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 adjacent markets such as Malaysia and the Persian Gulf.



IRM focused, with additional value services packaged

- IRM – Core business remains focused on IRM scopes given the relative scarcity of subsea construction projects.
- Success within the Group of cross-selling other services such as standalone ROV and survey work, and manpower support to other vessel owners.



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.



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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15 Nov 2017

Investor Relations
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