






2Q 2020 RESULTS

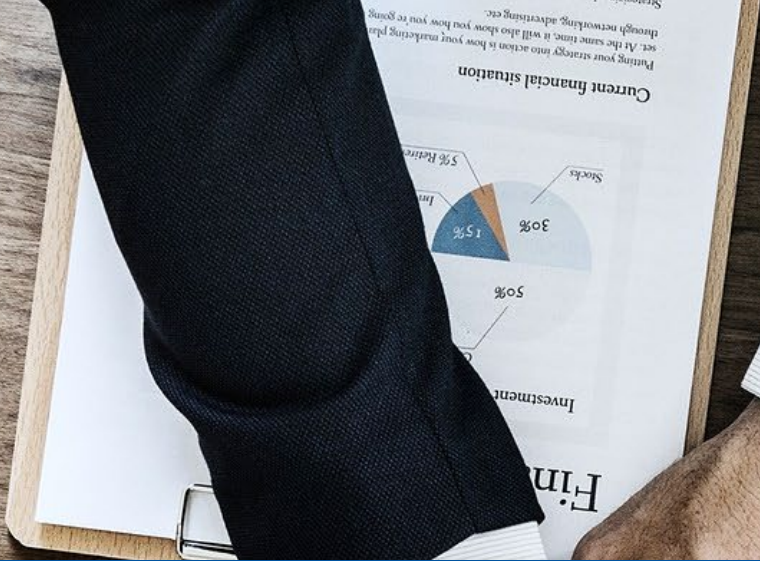
13 August 2020

www.mermaid-group.com

AGENDA

-  Business Report
-  Financial Review
-  Business Outlook

BUSINESS REPORT



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Are you innovative or are you the experienced typical or do you offer a high-cost, high-quality product, or slow-cost, high-value products? It's impossible to be both what your customers need you to be. Your brand is the main foundation of your success. You should be connected with your customers to communicate with your brand. Having a good brand strategy allows you to have a large advantage in gaining a competitive edge in your market. Increase in your market tells your customers what they can have or expect from the products and services you offer. Your branding strategy as it relates to branding consistency in the



2Q 2020 HIGHLIGHTS



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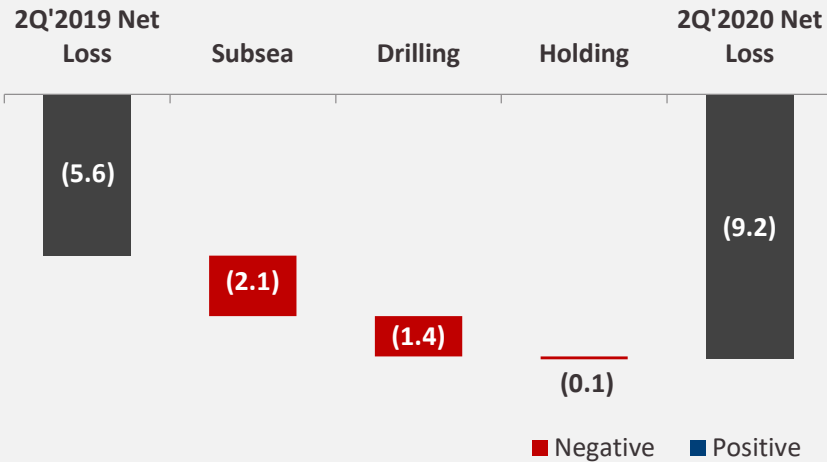
- Revenue from subsea sector decreased 35.5% YoY due to lower contribution margin and scheduled 5-years regulatory dry-docking activity
- EBITDA decreased YoY from (1.0)m in 2Q 2019 to (5.3)m in 2Q 2020 mainly because of the impact by dry-docking activity for Mermaid Endurer during this period.
- For 2Q 2020, the net positive cash flow from operations was at USD 4.7m as a result of receivable collections during the period
- As of the end of June 2020, the order book (excl. AOD) stood at USD 176m which is generated mainly from the subsea business Saudi Arabian 3-year contract extension and expected high potential awards in the Middle East.
- Balance sheet position was typically low risk at 5.5% Gearing Ratio, 1.89x Current Ratio and 0.22x D/E Ratio
- Referred to Singapore Governance and Transparency Index 2020, the Company has stepped up from rank 123rd last year to 85th

MOVEMENT IN KEY BUSINESS SEGMENT

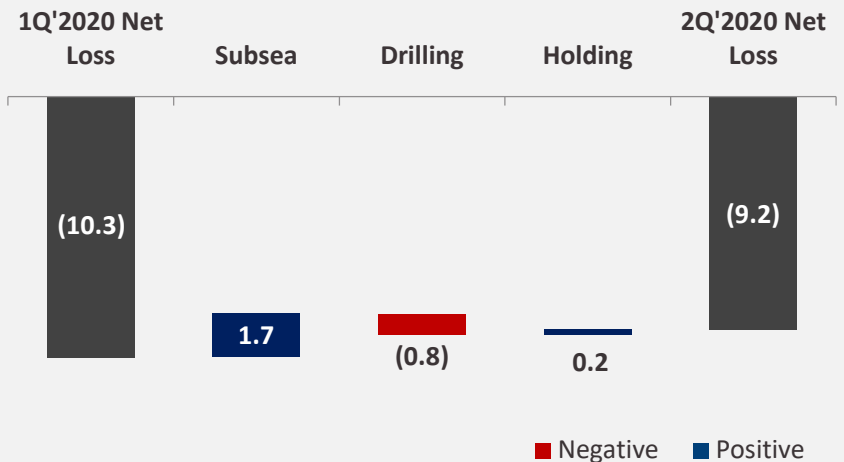


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2Q YoY Net Profit (Loss) Change



2Q QoQ Net Profit (Loss) Change

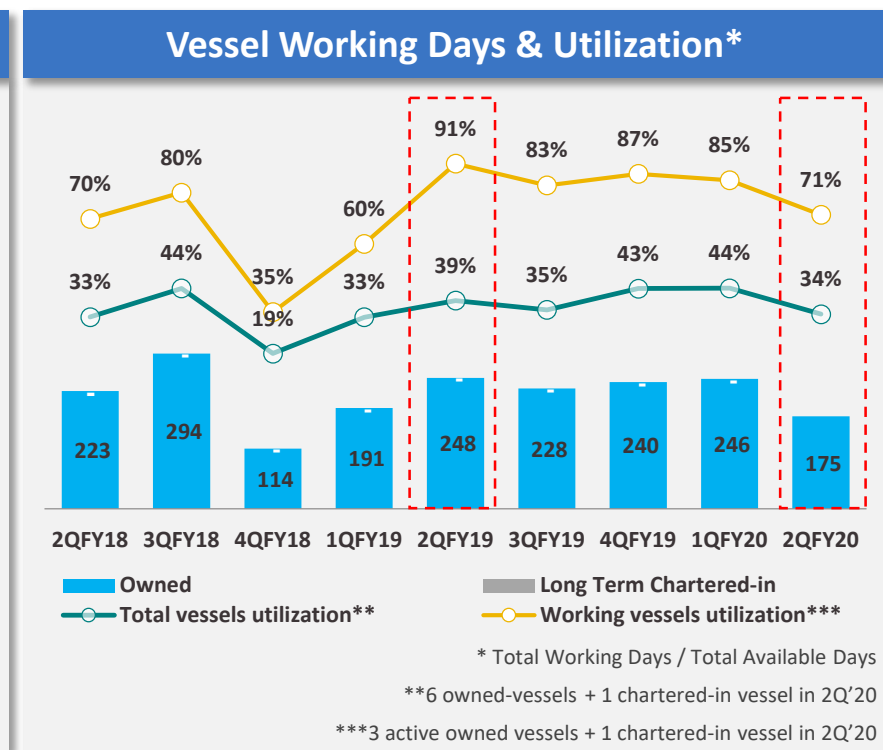
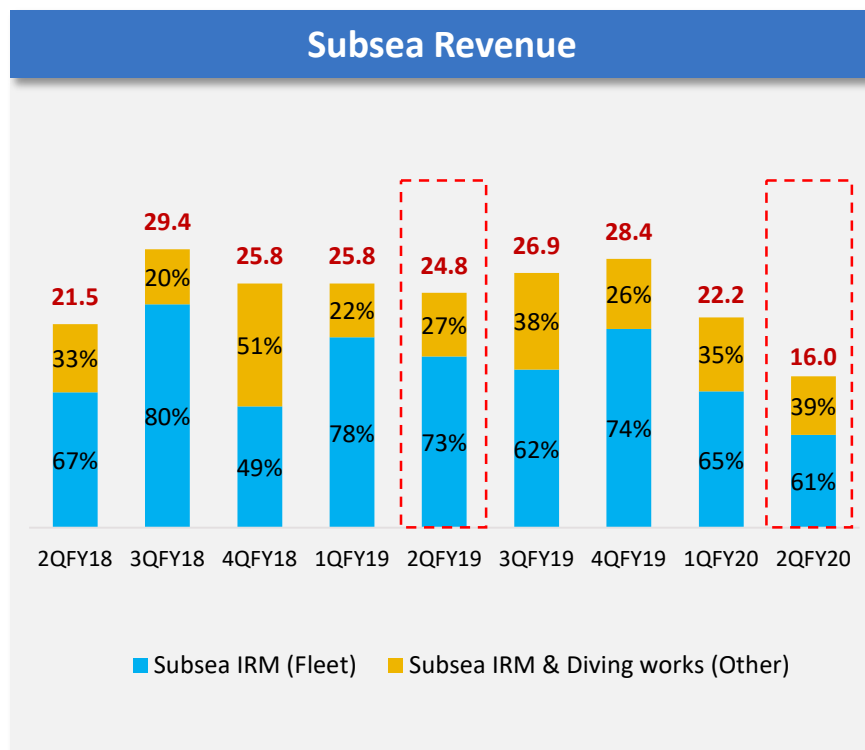


- Following by mandatory dry docking of Mermaid Asiana in 1Q, Mermaid Endurer executed for mandatory dry docking in 2Q which led to lower utilization and contribution margin in subsea sector YoY
- Despite lower utilization rates, the bottom line for subsea sector improved QoQ which was a result of lower chartering cost for replacement vessel and better contribution margin since Mermaid Asiana back to work

SUBSEA REVENUE AND UTILIZATION



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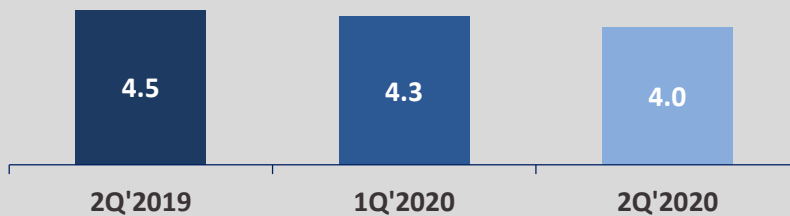
- Revenue from subsea sector decreased by USD 8.8m YoY and USD 6.2m QoQ.
- 2 active owned vessels working on projects in the Middle East, no long-term chartered-in vessel in this quarter.
- Lower utilization rate caused by owned vessel “Mermaid Endurer” has been dry-docked during 2Q’2020 while “Mermaid Asiana” has been back to work after dry-docking in 1Q’2020 and affected by COVID-19 Preventive Transportation Policy until May 2020. The company chartered-in one vessel to replace Asiana on the same project to cover the period but the day rate was reduced due to contract condition.

Remark: 175 operating days of vessels in 2Q’2020 has included short-term chartered-in vessel’s

COSTS & EXPENSES

Vessel Running Cost (owned vessels)

USD MM

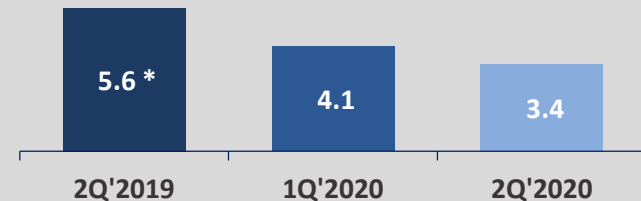


Owned Vessels

- VRC decreased YoY due to cold stacked vessel since 2Q'2019 and dry-docking of one vessel during 2Q'2020.
- VRC decreased QoQ as the result of one main vessel off-hired after returning from dry-docking and replaced by chartered-in vessel.

Selling and Administrative Expenses

USD MM



*restated in 2Q'2020 according to IFRS9 adjustments made in FY2019

Selling, General and Administrative Expenses

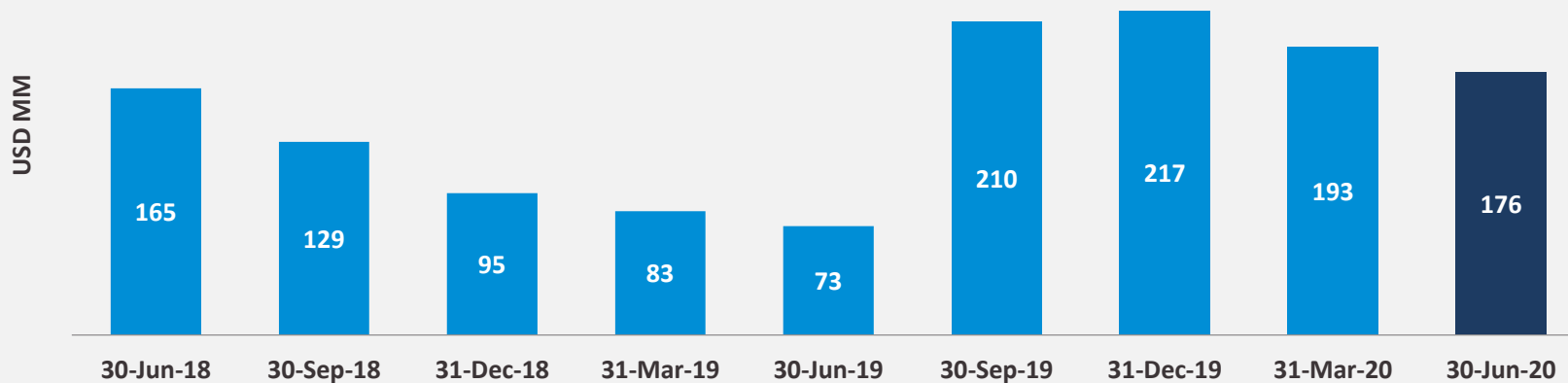
- Change in SG&A expenses YoY was mainly due to decrease in legal fee, employee benefits, traveling expenses, withholding tax and realized loss on sale of trading securities.
- SG&A expenses decreased QoQ due to lower employee benefits, traveling expenses and withholding tax.

ORDER BOOK

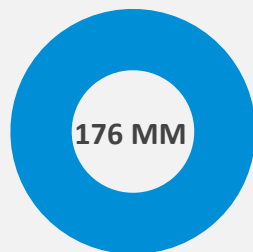


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Total Order Book (excluding AOD)

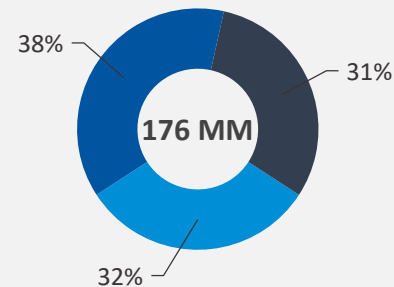


Order Book by Region



■ Middle East ■ Asia Pacific & SEA

Order Book by Year

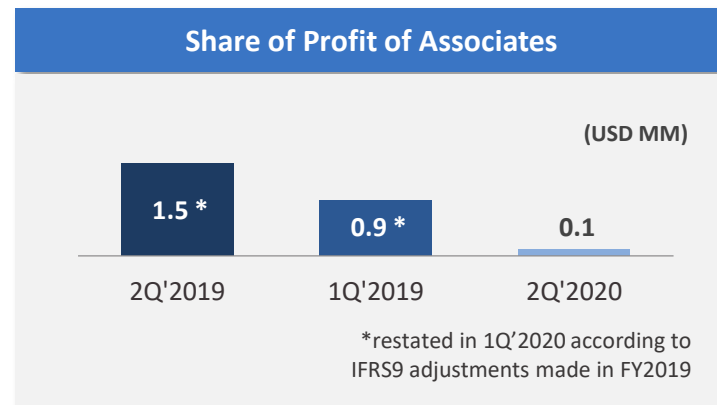
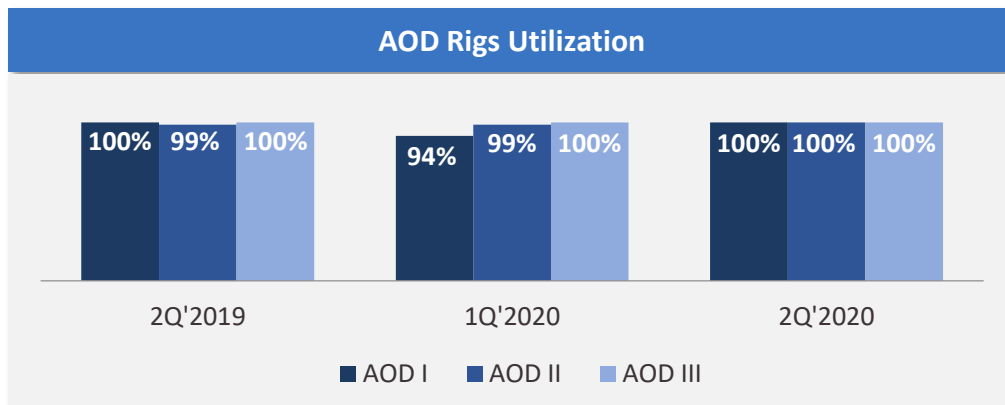


■ FY2020 ■ FY2021 ■ FY2022

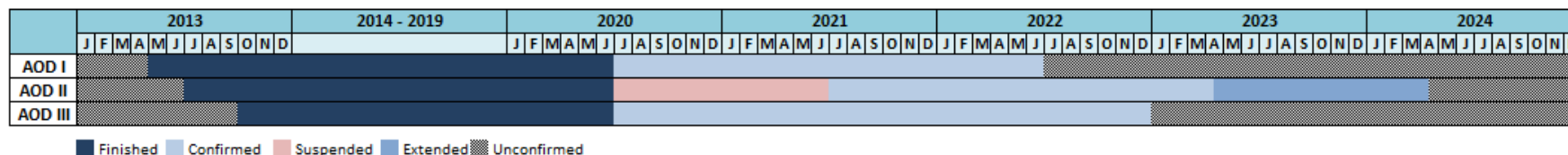
STRONG PERFORMANCE FOR 3 AOD'S RIGS



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- Excellent performance in 2Q'2020 with almost full utilization for 3 rigs
- Share of profits decreased YoY as a result of adjusted FY2019 AOD-I Bareboat Chartered rate
- The outstanding balance of Senior Secured Credit Facility as at 30 June 2020 remained at US\$ 210 million.
- AOD I contract committed until June 2022 and AOD III has secured a contract extension until December 2022.
- AOD II has temporarily suspended operations for a period of up to one year. The suspension is due to the impact to the ultimate customer's drilling program from adverse crude oil price movements affecting the oil & gas industry and offshore drilling services sector.
- This suspension will automatically extend the term of contract for a period equal to the suspension.





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FINANCIAL REVIEW



2Q 2020 PROFIT & LOSS



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(USD MM)	2Q 2020	2Q 2019	YoY Amount Change	1Q2020	QoQ Amount Change
Revenue					
Revenue from rendering of services	16.0	24.8	-8.8	22.2	-6.2
Interest income	-	0.2	-0.2	-	-
Net gain on foreign exchange	0.1	0.1	-	-	+0.1
Other income	0.1	0.1	-	0.1	-
Total revenue	16.2	25.2	-9.0	22.3	-6.1
Expenses					
Costs of rendering of services	21.5	25.5	-4.0	28.7	-7.2
Administrative expenses	3.4	5.6 ⁽¹⁾	-2.2	4.1	-0.7
Finance costs	0.6	0.9	-0.3	0.7	-0.1
Total expenses	25.5	32.0	-6.5	33.5	-8.0
Share of profit of associates and joint venture	0.1	1.5 ⁽¹⁾	-1.4	0.9	-0.8
Profit (loss) before income tax expense	(9.2)	(5.3)	-3.9	(10.3)	+1.1
Tax expense	-	0.3	-0.3	-	-
Profit (loss) for the period	(9.2)	(5.6)	-3.6	(10.3)	+1.1
Earnings (losses) per share (US Cents)	(0.7)	(0.4)	-0.3	(0.7)	-
Depreciation expenses and amortization expenses	3.4	4.9	-1.5	4.0	-0.6
EBITDA⁽²⁾	(5.3)	(1.0)	-4.3	(6.5)	+1.2

⁽¹⁾ Restated according to IFRS9 in FY2019

⁽²⁾ excluding share of profit of associates and joint venture

STATEMENT OF CASH FLOWS



Cash Flows (USD MM)	Six-month period ended 30 June	
	2020	2019
Cash Flow From Operating Activities:		
Before changes in working capital	(12.6)	(0.1)
Changes in working capital	17.9	(8.3)
Others	(0.6)	(0.2)
Net cash from (used in) operating activities	4.7	(8.6)
Cash Flow From Investing Activities:		
Proceed from sale of current investments	4.6	3.3
Acquisition of	-	(3.0)
Acquisition of property, plant and equipment	(7.6)	(1.4)
Interest received	0.1	0.4
Net cash used in investing activities	(2.9)	(0.7)
Cash Flow From Financing Activities:		
Repayment of short-term loans from financial institution	(0.2)	-
Proceeds from long-term loans from financial institution	6.5	-
Repayment of borrowings	(3.1)	(6.0)
Finance costs paid	(1.3)	(1.8)
Net cash used in financing activities	1.9	(7.8)
Net decrease in cash and cash equivalents	3.7	(17.1)
Effect of exchange rates	0.1	0.3
Beginning balance as at 1 January	22.5	36.5
Cash Balance as at 30 June (excluding restricted cash*)	26.3	19.7

*Restricted Cash = USD 10.9m

*Investment Cash = USD 7.6m

STATEMENT OF FINANCIAL POSITION



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Balance Sheet (USD MM)	30 Jun 2020	31 Dec 2019	Change
Cash & Cash Equivalents and Current Investment	33.9	34.7	-2.3%
Trade Accounts Receivable	20.9	42.2	-50.5%
Other Current Assets	11.9	11.8	0.8%
Total Current Assets	66.7	88.7	-24.8%
Restricted Deposit at Banks	10.9	11.3	-3.5%
Investment in Associates & Joint Venture	125.0	123.9	0.9%
Property, Plant and Equipment	146.6	145.2	1.0%
Other Non-Current Assets	4.9	4.9	-
Total Non- Current Assets	287.4	285.3	0.7%
Total Assets	354.1	374.0	-5.3%
Short-term borrowing from financial institutions	-	0.2	-100.0%
Trade Accounts Payable	9.1	8.3	9.6%
Current Portion of Long-term Borrowings	10.1	12.0	-15.8%
Other Payable	16.0	20.7	-22.7%
Total Current Liabilities	35.2	41.2	-14.6%
Long-Term Borrowings	49.2	43.8	12.3%
Other Non-Current Liabilities	2.2	2.0	10.0%
Total Non-Current Liabilities	51.4	45.8	12.2%
Total Liabilities	86.6	87.0	-0.5%
Total Equity	267.5	287.0	-6.8%

(USD MM)	30 Jun 2020	31 Dec 2019	31 Dec 2018
Interest Bearing Debt			
Asset-backed Financing	59.3	55.8	67.7
Unsecured Loan	-	0.2	-
Finance lease	0.2	-	0.1
Total Debt	59.5	56.0	67.8
Cash, Deposits and Bank Balances	(44.8)	(46.0)	(69.1)
Total Debt, Net of Cash	14.7	10.0	(1.3)
Shareholders' Equity	267.5	287.0	314.9
Net Gearing	5.5%	3.5%	N/A

Financial Ratio:

- Current Ratio = 1.89x
- Liabilities to Equity Ratio = 0.32x
- Net Debt to Equity Ratio = 0.22x
- Net Gearing = 5.5%

DEBT MATURITY PROFILE



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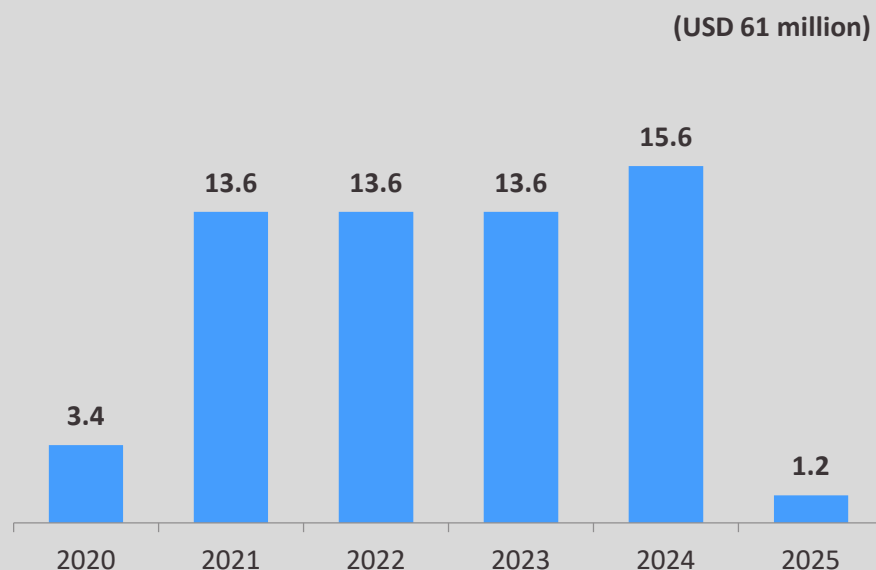
Interest-Bearing Debt Maturity

USD 59.5 MM

(30 June 2020)

- As at 30 June 2020, there is **USD 59.5 million** of long-term loan until 1Q'2025.
- In January 2020, the group entered into a new loan facility agreement with a financial statement to fund the maintenance and repair of its vessels. The loan facility is for up to USD 8.0 million. The drawdown amount made until 30 June 2020 was 6.5 million and was fully drawn in July 2020.
- Short-term liquidity risk is low.
- The Company got an approval from the Lender for the repayment suspension in 2Q'2020 and 3Q'2020 as a result of COVID-19 pandemic.

Yearly Repayment Scheme





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BUSINESS OUTLOOK



1 Brent crude oil spot prices averaged \$40/b in June, up \$11/b from May and up \$22/b from the multiyear lows from April. Prices rose as OPEC+ producers agreed to extend the deepest production cuts through July and as indications that many locations previously under lockdown orders were increasing liquid fuels demand.

2 Rystad Energy analysis reveals global upstream investments set for 15-year low, falling to \$383 billion in 2020, a 29% decrease of \$156 billion compared to 2019. About 125 E&P's have thus far communicated spending cuts, amounting to a reduction of \$100 billion in 2020.

3 The subsea market is not shielded from the pandemic. Major offshore projects are being pushed out by operators, and for those that are still on the table, service companies might struggle to secure financing in the current market.

4 Saudi Aramco is weighing bids for new long-term offshore maintenance contracts involving its huge Marjan oil field, which could be valued at \$1.5 billion to \$2 billion annually. Saudi Aramco has deferred plans to FID the \$5-billion Zuluf field until at least fourth-quarter 2021.

BUSINESS OUTLOOK



5 MSS continues to position itself to secure lucrative subsea installation engineering projects both in the Middle East & North Sea Regions. Additionally, MSS continues to focus on the Gulf of Thailand decommissioning projects with alignments with heavy lift service providers.

6 The Asiana, Endurer and Sapphire continue to operate in the Middle East and will remain in the region for the foreseeable future as we still expect to achieve higher utilization rates throughout 2020.

7 There remains to be highly competitive pricing landscape for Mermaid within its DSV IRM and ROV segments which continue to show depressed vessel rates. Mermaid continues to adjust its capabilities in offering a wider range of integrated subsea services and increasing its fleet capability by venturing into new markets in the North Sea, Mediterranean, Egypt and West Africa.

8 Global utilization for offshore rigs dropped by 7%. This is the largest percentage change in utilization that the rig market has seen in this time period. There has been numerous drilling rig contract cancellations due to the pandemic which continues to depress the global oil demand and lower the energy price environment.



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A Company Moving Forward

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