



3Q 2018 RESULT PRESENTATION

8 November 2018

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AGENDA



MERMAID

- Business Report
- Financial Review
- Business Outlook



BUSINESS REPORT

3Q 2018 HIGHLIGHTS



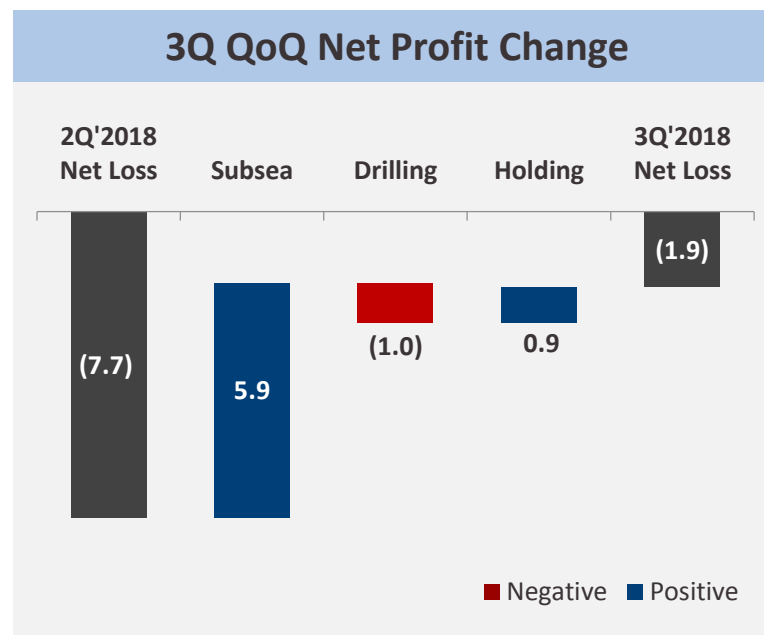
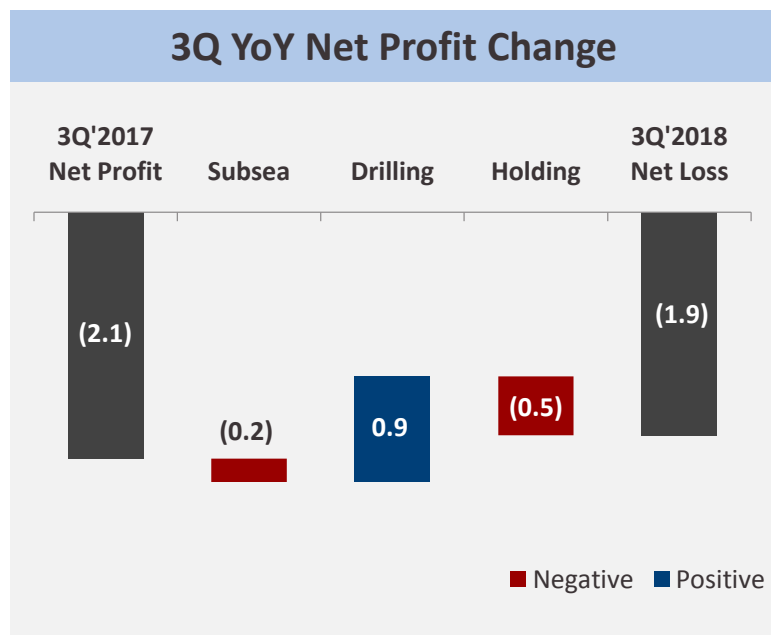
- Revenue increased 37% QoQ due to high utilization of four main owned vessels in this quarter.
- Recorded Q3 net loss USD 1.9m that improved from net loss USD 7.7m of previous quarter and USD 2.1 of same period last year.
- Positive EBITDA at USD 1.9m recorded in this quarter.
- Order book (excl. AOD) stood at USD 129m at the end of September 2018, decreased 26% YoY and 22% QoQ.
- Maintained a good fiscal discipline by retain a low gearing and balance sheet remained in a healthy position.

MOVEMENT IN KEY BUSINESS SEGMENT

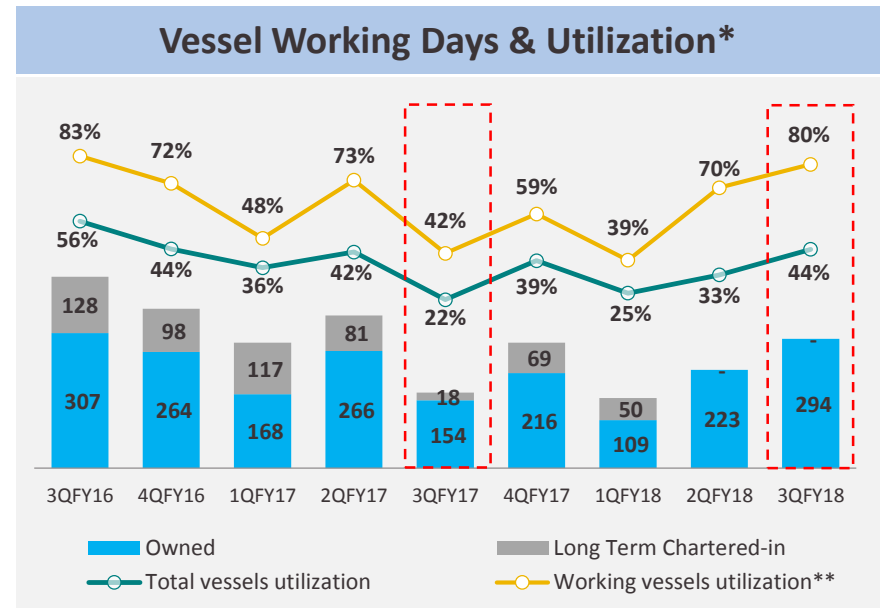
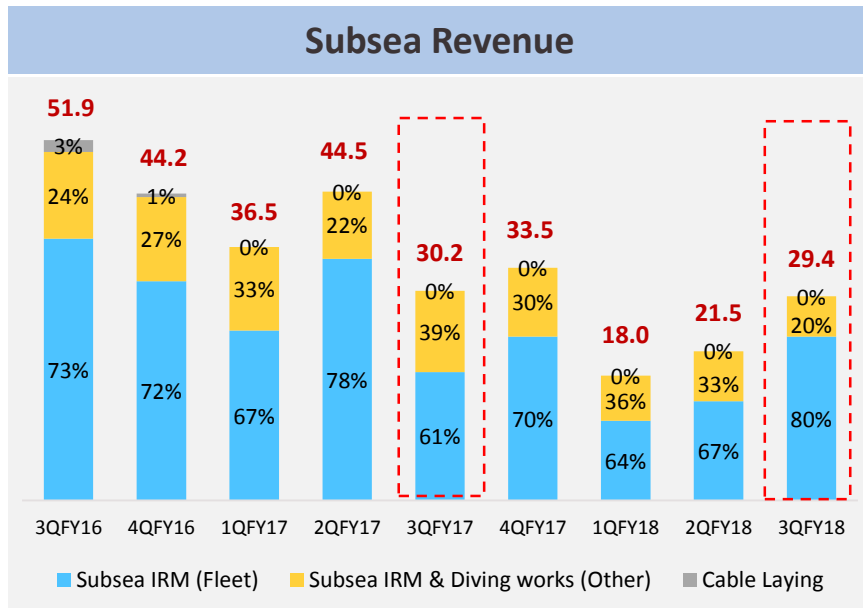


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- Performance improvement QoQ in Subsea division from higher utilization in this quarter.
- AOD's adjusted bareboat chartered rate improved a profit YoY in drilling division.
- FX change had positive impacted to Holding section when compared to last quarter.



UTILIZATION INCREASED BOTH QoQ AND YoY



* Total Working Days / Total Available Days

**4 main owned vessels (excluding chartered-in vessels)

3Q'18 vessel utilization increased to 44% from 33% of the last quarter and 22% of the same period last year.

- The increase YoY and QoQ was a result of 4 main vessels that work at very high utilization in this quarter.
- The 4 major vessels had average utilization of 80% which improved from 42% of last year and 70% of last quarter.
- Chartered-in vessel has been returned back to owner in this quarter.

VESSEL RUNNING COST SLIGHTLY IMPROVED



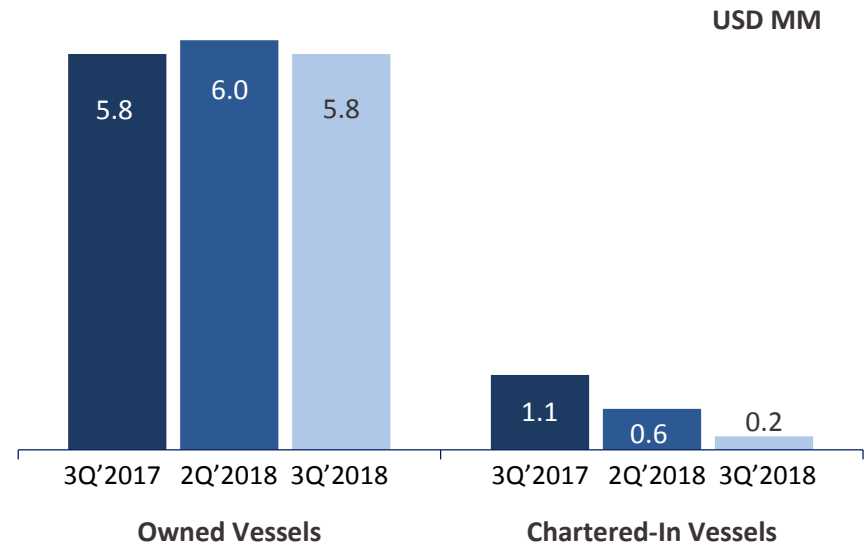
VRC decreased QoQ and YoY

Owned Vessels

- Vessel running costs slightly decreased QoQ and remained at the same level of last year

Chartered-In Vessels

- Resolution had no utilization and was returned to Owner during Q3'18.
- No chartered-in vessel remained in Q3'18.

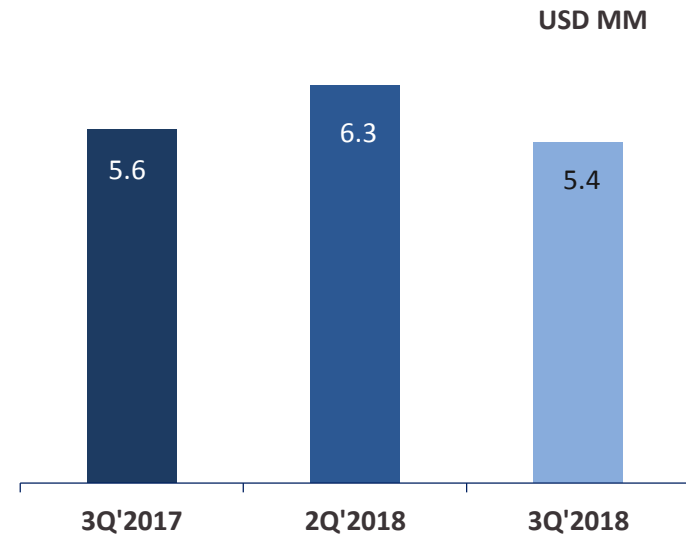


SELLING & ADMINISTRATIVE EXPENSES



SG&A Expenses decreased QoQ

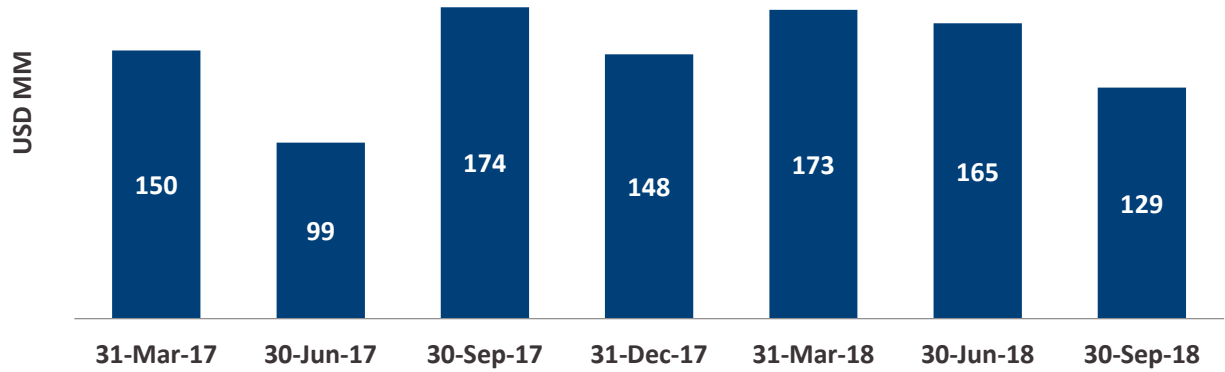
- SG&A was stable when compared to the same quarter last year.
- Decrease in SG&A compared to last quarter was mainly due to consultant fee and inventory write-off increasing that recorded in Q2 2018.



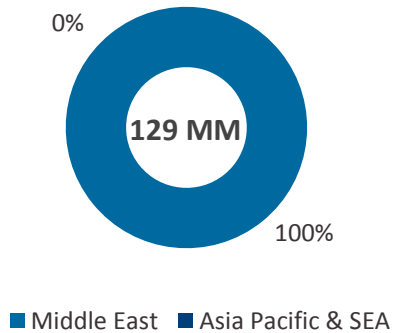
ORDER BOOK



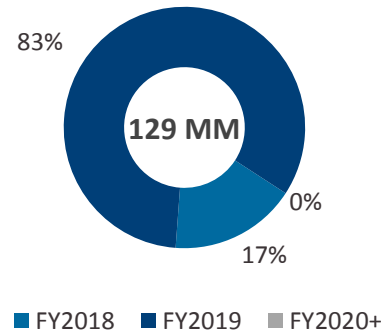
Total Order Book (excluding AOD)



Order Book by Region



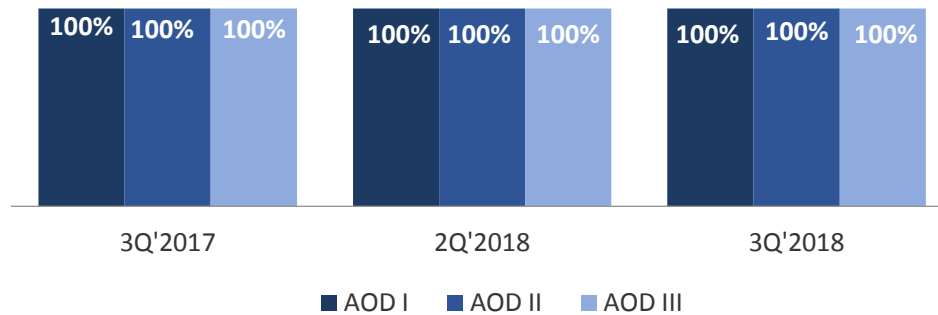
Order Book by Year



ADJUSTED BAREBOAT CHARTERED RATE RESULTED PROFIT IMPROVEMENT YoY

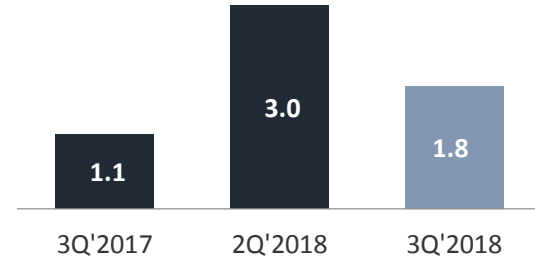


AOD Rigs Utilisation



Share of Profit of Associates

(USD MM)



- Excellence performance in 3Q'2018, 100% average utilisation for 3 rigs.
- Share of profits increased when compared to the same period last year due to Bareboat Chartered rate increasing but decreased from last quarter as rate was retro back updated to January 2018 that recorded in Q2 2018.
- The outstanding balance of Senior Secured Credit Facility as at 30 September 2018 remained at US\$ 210 million.

	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

FINANCIAL REVIEW

3Q 2018 PROFIT & LOSS



<i>(USD MM)</i>	3Q 2018	3Q 2017	YoY Change	2Q 2018	QoQ Change
Revenue from Rendering of Services	29.4	30.2	(0.8)	21.5	7.9
EBITDA	1.9	2.3	(0.4)	(5.0)	6.9
EBIT	(2.5)	(2.5)	-	(9.6)	7.1
Share of Profit of Associates & Joint Venture	1.8	1.1	0.7	3.0	(1.2)
Profit (Loss) From Operations	(0.7)	(1.4)	0.7	(6.6)	5.9
Finance Costs	(1.0)	(0.9)	0.1	(1.0)	-
Profit (Loss) Before Income Tax Expense	(1.7)	(2.3)	0.6	(7.6)	5.9
Tax (Expense) Income	(0.2)	0.2	(0.4)	(0.1)	(0.1)
Profit (Loss) for the Period	(1.9)	(2.1)	0.2	(7.7)	5.8
Earnings (Losses) Per Share (US cents)	(0.1)	(0.1)	-	(0.5)	0.4

STATEMENT OF CASH FLOWS



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Cash Flows (USD MM)	9-month Period	
	2018	2017
Cash Flow From Operating Activities:		
Before Changes in Working Capital	(6.3)	17.5
Changes in Working Capital	6.4	(8.2)
Others	(0.3)	(2.0)
	(0.2)	7.3
Cash Flow From Investing Activities:		
Increase in Current Investments	(17.8)	-
Proceeds from Short-term Deposit at Financial Institutions	-	28.0
Acquisition of Investment in Associate	(5.2)	-
Proceeds from Sale of Property, Plant and Equipment	4.0	-
Acquisition of Property, Plant and Equipment and Intangible Assets	(6.2)	(1.8)
Interest Received	0.4	0.5
	(24.8)	26.7
Cash Flow From Financing Activities:		
Repayment of Borrowings	(9.0)	(7.0)
Finance Costs Paid	(2.8)	(2.6)
	(11.8)	(9.6)
Net Increase (Decrease) in Cash and Cash Equivalents	(36.8)	24.4
Effect of Exchange Rates	(0.3)	0.4
Beginning Balance as at 1 January	68.7	61.8
Cash Balance as at 30 September*	31.6	86.6

*Excluding restricted cash

BALANCE SHEET REMAINED IN A STRONG POSITION



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Balance Sheet (USD MM)	30 September 2018	31 December 2017	Change
Current Assets	116.1	141.8	-18.1%
Non-Current Assets	313.4	309.3	1.3%
Total Assets	429.5	451.1	-4.8%
Current Liabilities	43.9	38.9	12.9%
Non-Current Liabilities	59.2	70.0	-15.4%
Total Liabilities	103.1	108.9	-5.3%
Total Equity	326.4	342.2	-4.6%

(USD MM)	30 September 2018	31 December 2017	Change
Property, Plant and Equipment	173.4	182.9	-5.2%
Bank Balances, Deposits & Cash	64.6	81.5	-20.7%
Total Borrowings	70.6	79.6	-11.3%

(USD MM)	30 September 2018	31 December 2017	31 December 2016
Interest Bearing Debt			
Asset-backed Financing	70.6	79.6	89.5
Unsecured Loan	-	-	-
Finance lease	0.2	0.2	-
Total Debt	70.8	79.8	89.5
Bank Balances, Deposits & Cash	(64.6)	(81.5)	(97.7)
Total Debt (Net of Cash)	6.2	(1.7)	(8.2)
Shareholders' Equity	326.4	342.2	338.3
Net Gearing	1.9%	-0.5%	-2.4%

Financial Ratio:

- Current Ratio = 2.64x
- Liabilities to Equity Ratio = 0.32x
- Net Debt to Equity Ratio = 0.22x
- Net Gearing = 1.9%
- DSCR = 0.08x

DEBT MATURITY PROFILE



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Interest-Bearing Debt Maturity

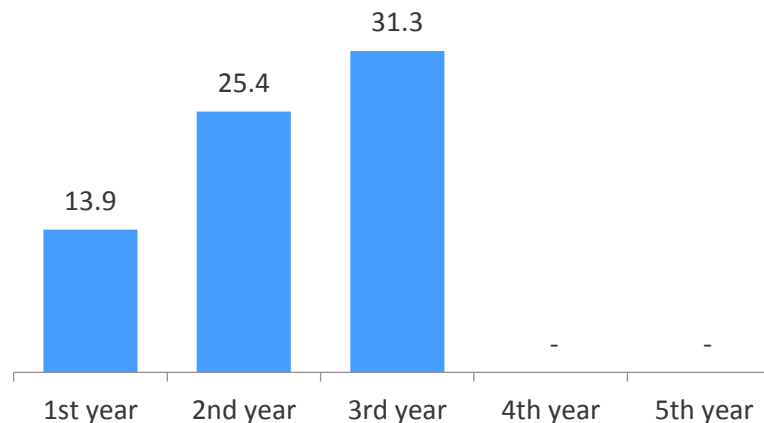
USD 70.6 MM

(30 September 2018)

- As at 30 September 2018, there is USD **70.6M** of long-term loan and no short-term loan.
- The majority of debt maturity profile is 3rd year onward.
- Liquidity risk is still low with high financial flexibility.

Asset-Backed Debt

USD 70.6 MM





BUSINESS OUTLOOK

BUSINESS OUTLOOK



1

Average Crude Oil Spot Price is at a current level of 75.36, up from 71.08 last month and up from 52.95 one year ago. This is a change of 6.02% from last month and 42.33% from one year ago.

2

The subsea marine market environment remains challenging, MSS continues to see a ever increasing tendering activity especially in the Middle East. Of significance MSS has been awarded another \$17mil project in the region.

3

For the 2019 demand growth, IEA has revised its outlook upwards, there are however considerable uncertainties. The risks to stable supply that will grow later this year could cause higher prices and thus impact demand growth. Another factor to consider is that trade tensions might escalate and lead to slower economic growth, and in turn lower oil demand.

4

The Mermaid Asiana, Sapphire and Endurer 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 the remaining part of 2018 and into 2019.

BUSINESS OUTLOOK

5

MSS is currently positioning itself with capturing lucrative cable and subsea engineering projects in the Mediterranean. Additionally, MSS is placing a tremendous commitment towards the decommissioning initiatives in the GoT which is will be kicking off in 2020.

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, Siam and Barakuda remain cold stacked to reduce cost and are marketed for sale. MSS is reviewing the option to secure large OSCV's to enhance it subsea engineering capability in Cable installations and Deepwater operations.

8

Mermaid continues to leverage on its reputation and stability to access additional geographical markets and services across regions with increased business development activities in the Americas which requires extensive subsea infrastructure. Additionally, Australia, Brazil & North Sea are targeted countries for Mermaid's subsea installation growth.

MERMAID'S 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 America's North Sea, West Africa, Mediterranean continues;



IRM focused, with an addition of Integrated service packages

- Remain focused on IRM scopes, further enhancement internally with fully fledged in-house engineering suite of services;
- 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

- Excellent operational and safety record and stable management team;
- Robust 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;



MERMAID

A Company Moving Forward

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