



Mermaid Maritime Plc

3Q 2016 Results

14 November 2016

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Agenda

- **Business Report**
- **Financial Review**
- **Business Outlook**



Business Report

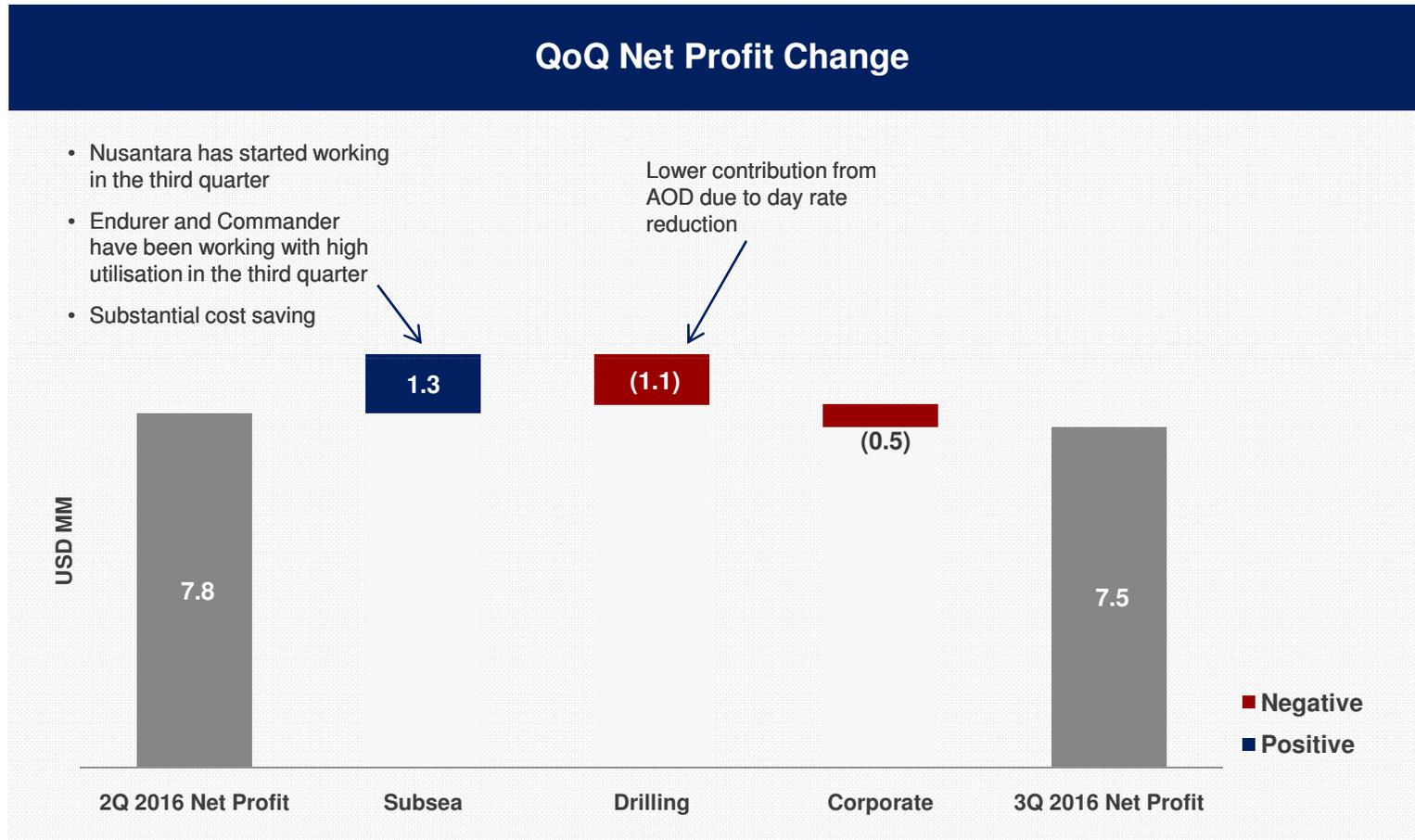


3Q 2016 Highlights

- ❑ Earnings were positive driven by **higher utilisation rate of major DSV vessels with lower day rate and substantial cost saving**
- ❑ Revenue dropped by 46% mainly due to **slowdown in cable lay.**
- ❑ **USD 39.2M Positive Cash Flow from Operation** generated in 9M16.
- ❑ **Balance sheet remained in healthy position** with cash ending balance of USD 95.4 M. As of 11 November 2016, MSST has made fully early repayment for a certain long-term loan USD 4.1M.
- ❑ AOD III contracts got extended to the end of December 2016.
- ❑ Order book (excl. AOD) stood at USD 155.3M by the end of September 2016.

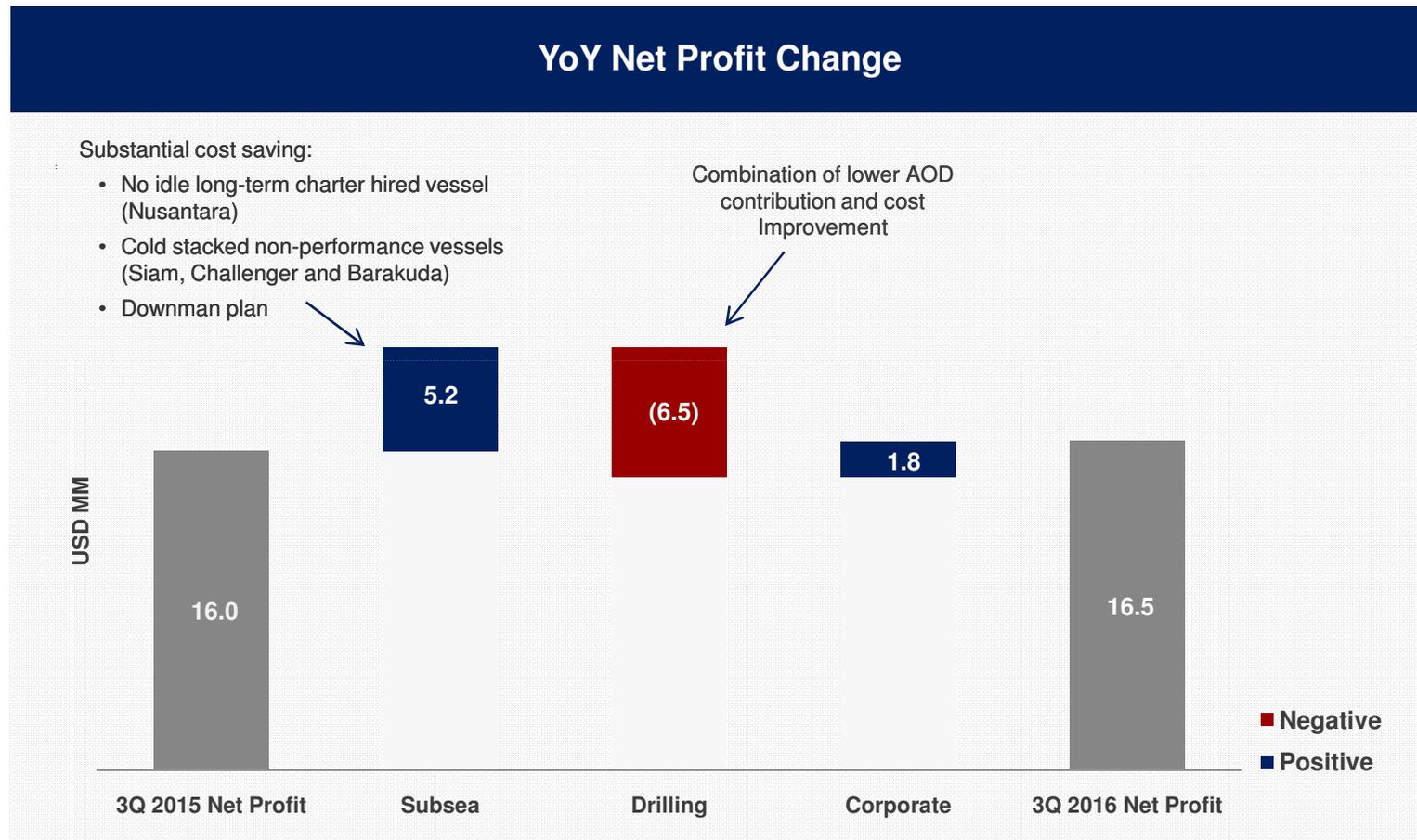


Mermaid's 3Q earnings remain stable QoQ



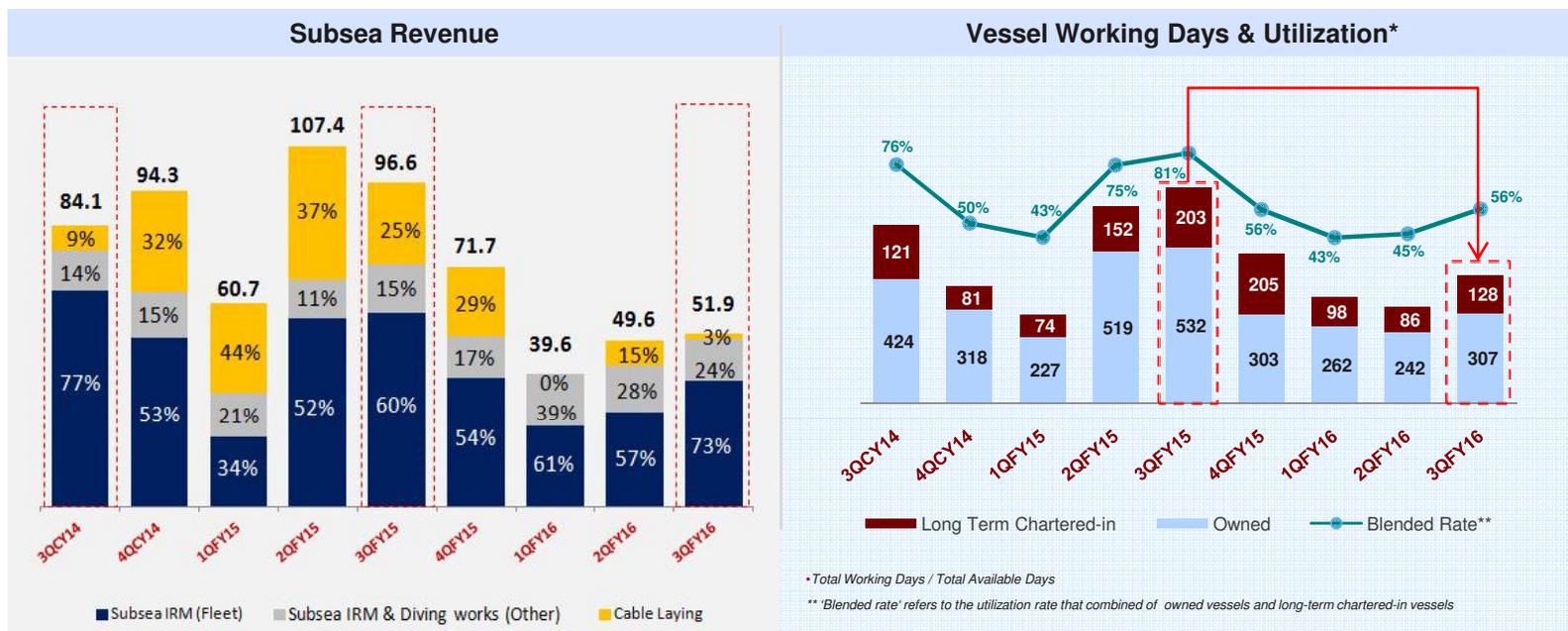


Mermaid's 3Q (9mth) earnings slightly increase YoY





Subsea fleet utilisation rose from the last quarter, but lower than last year



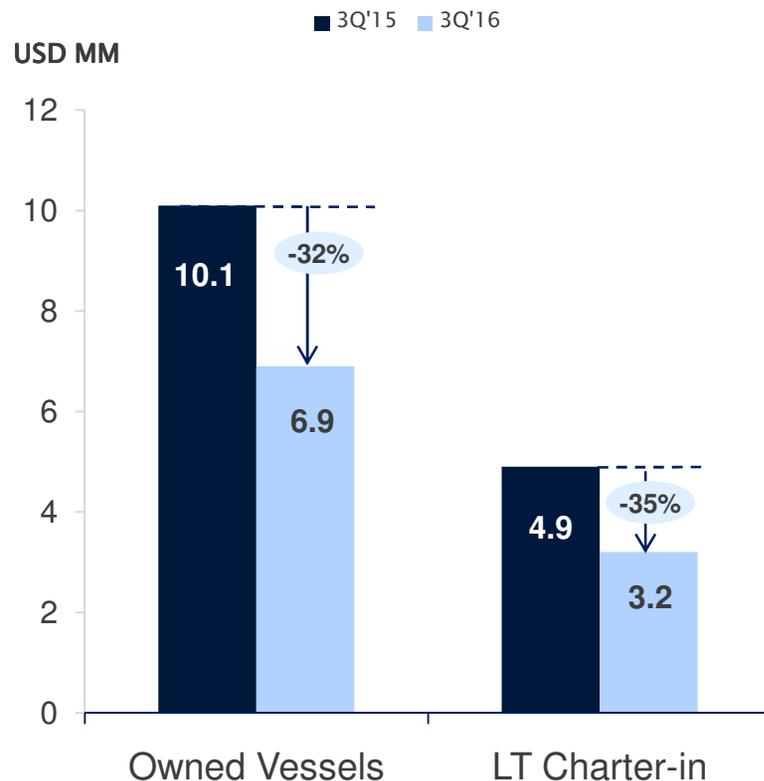
3Q'16 vessel utilisation dropped to 56%, compare to 81% of the same period last year

- The drop was mainly a result of three vessels stacked (Mermaid Siam, Mermaid Challenger, SS Barakuda)
- The 4 major vessels i.e. Mermaid Asiana, Mermaid Commander, Mermaid Endurer, and Mermaid Sapphire, have average utilisation of 83% slightly lower than the last year of 88%.



35% reduction in Subsea Vessel Running Costs

Vessel Running Costs Reduction



Description of Key Drivers

Owned vessels

- Cold stacking non-performing vessels;
 - Mermaid Siam in 1Q'16
 - Mermaid Challenger in 2Q'16
 - SS Barakuda in 2Q'16
- VRC reductions on active vessels:
 - Most of reduction was in Marine Crew and Dive Tech expenses

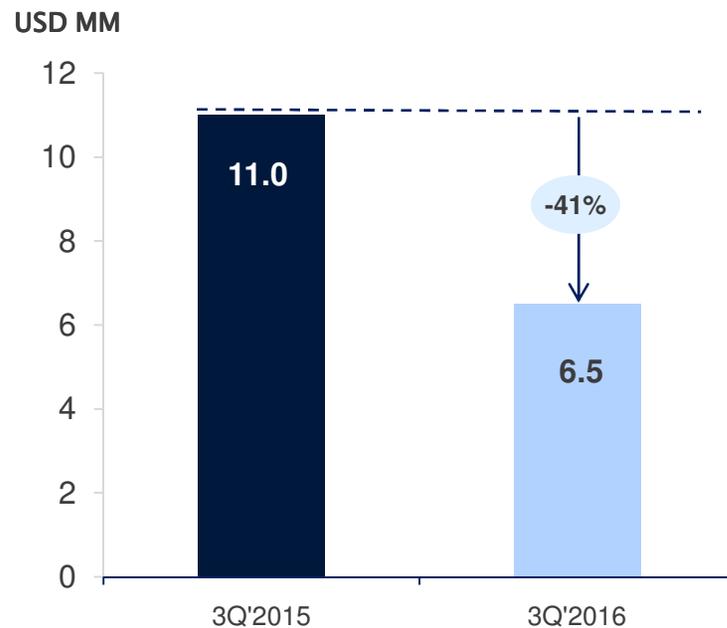
Long-term chartered-in vessels

- Two vessels, the 'Resolution' and 'Nusantara', remain on hire vessel in Q3'16
- Only one vessel, 'Endeavour', returned to Owner in 1Q'16 when on-going contracts were completed.
- 'Nusantara' has been re-chartered back in Q3'16 to carry out projects in the backlog.



Tightened up SG&A expenses remained in focus

SG&A Expense Reduction

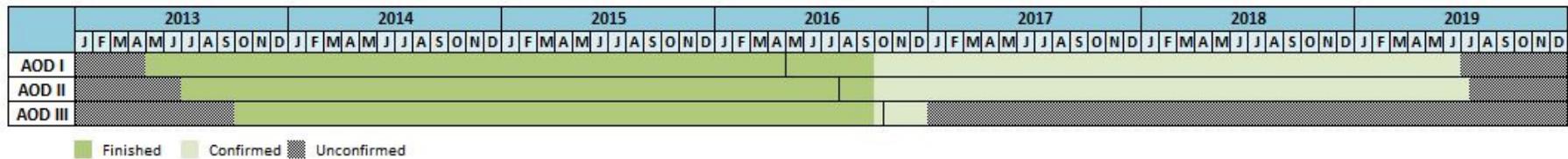


Description of Key Drivers

- Cost savings program delivered strong results -41% YOY
- Decrease was mainly driven by the headcount reduction and resulting savings on staff-related costs
- Other categories with large reductions include traveling, hotel, and bank charges



AOD III contract has extended to the end of December 2016



- In 3Q/2016, 99% average utilization for 3 rigs
- Rate reduction effective on 1st of January 2016 and resulting bareboat charter decrease led to a lower contribution YoY
- Contract extensions
 - AOD I – 3 years expiring in June 2019
 - AOD II – 3 years expiring in July 2019
 - AOD III – short-term expiring in December 2016

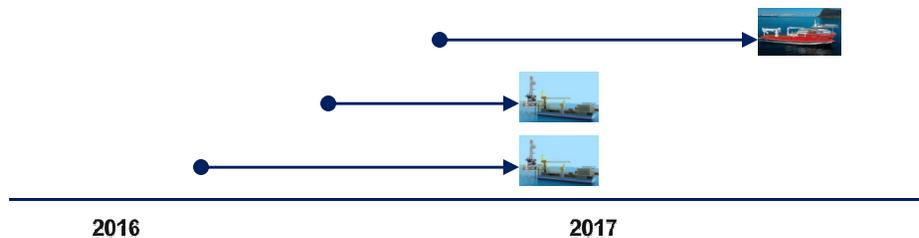


Postponed delivery dates of the 3 newbuilds

To align strategic initiatives with market conditions

Extension to delivery dates

	Expected Date of Delivery	
	Original date	Revised date
MTR-3	1Q of 2016	31-Dec-16
MTR-4	2Q of 2016	31-Dec-16
Mermaid Ausana	3Q of 2016	30-Jun-17



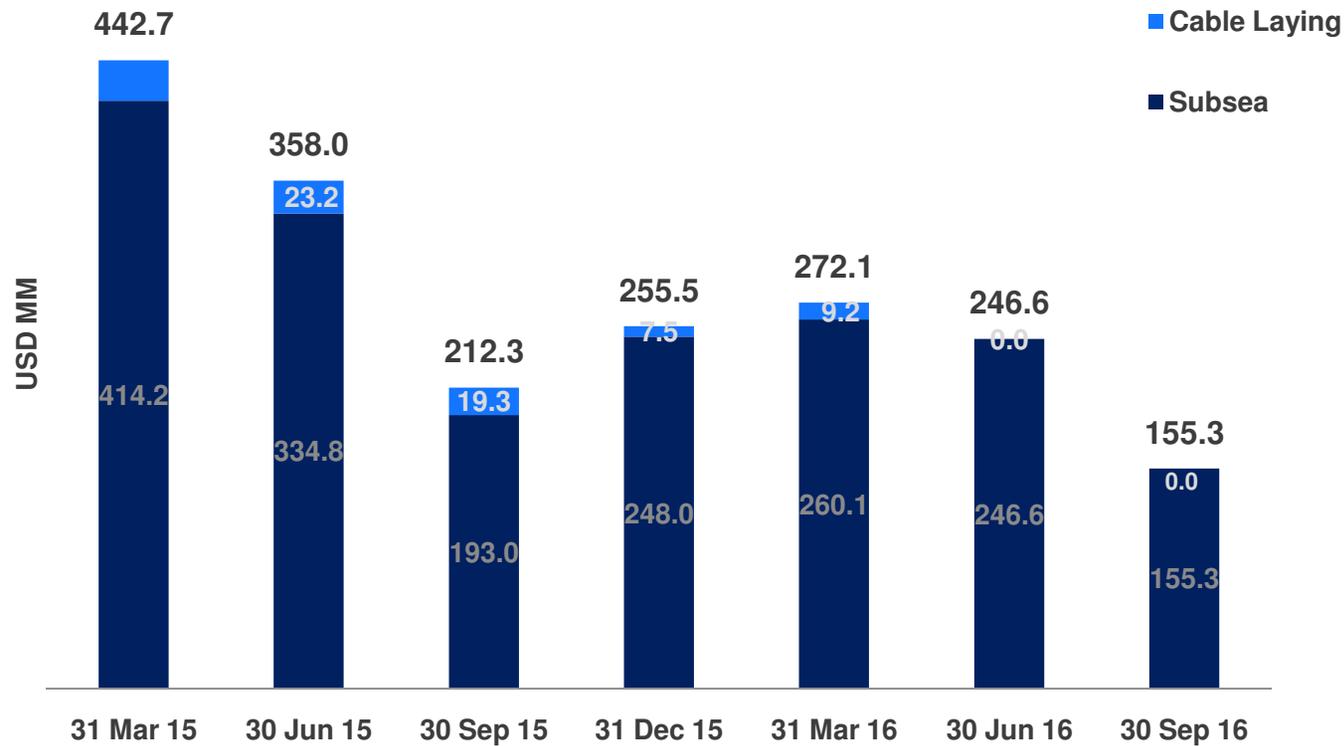
Rationalization of the postponement

- Extended delivery time allows the Group to align strategic initiatives with market conditions.
- The Group to consider and implement preferred courses of action which including of take delivery, sale and disposal of the same to interested third parties.
- Due to this postponement is no financial exposure its expect in 2016 or later.



Order book stood at USD 155.3M as the end of 3Q

Order Book (excluding Asia Offshore Drilling)





Financial Review

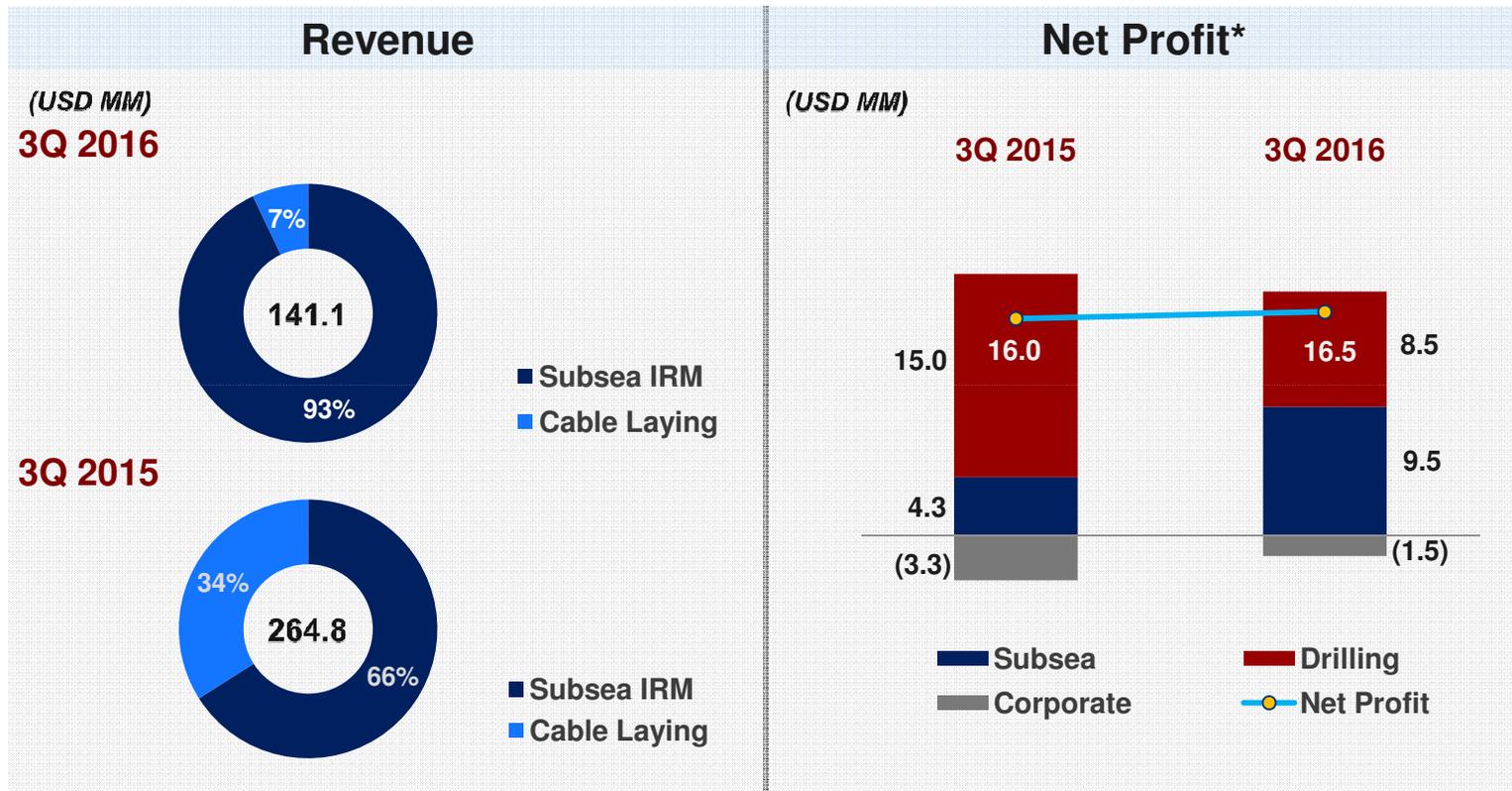


3Q 2016 (9mth) Profit & Loss

USD MM	3Q 2016	3Q 2015	Δ %
Turnover	141.1	264.8	(46.7)
EBITDA	24.3	19.6	24.0
Profit from Operations	18.4	19.9	(7.5)
EBIT	8.6	(2.4)	NM
Associates & JV Equity Income	9.8	22.3	(56.1)
Finance Cost	(2.6)	(2.5)	4.0
Profit before Tax	15.8	17.4	(9.2)
Tax benefit (expense)	0.7	(1.4)	NM
Net Profit	16.5	16.0	3.1
EPS (US cents)	1.2	1.2	0



3Q 2016 (9mth) Segmental Contribution



* FX effects from intercompany loans have been eliminated

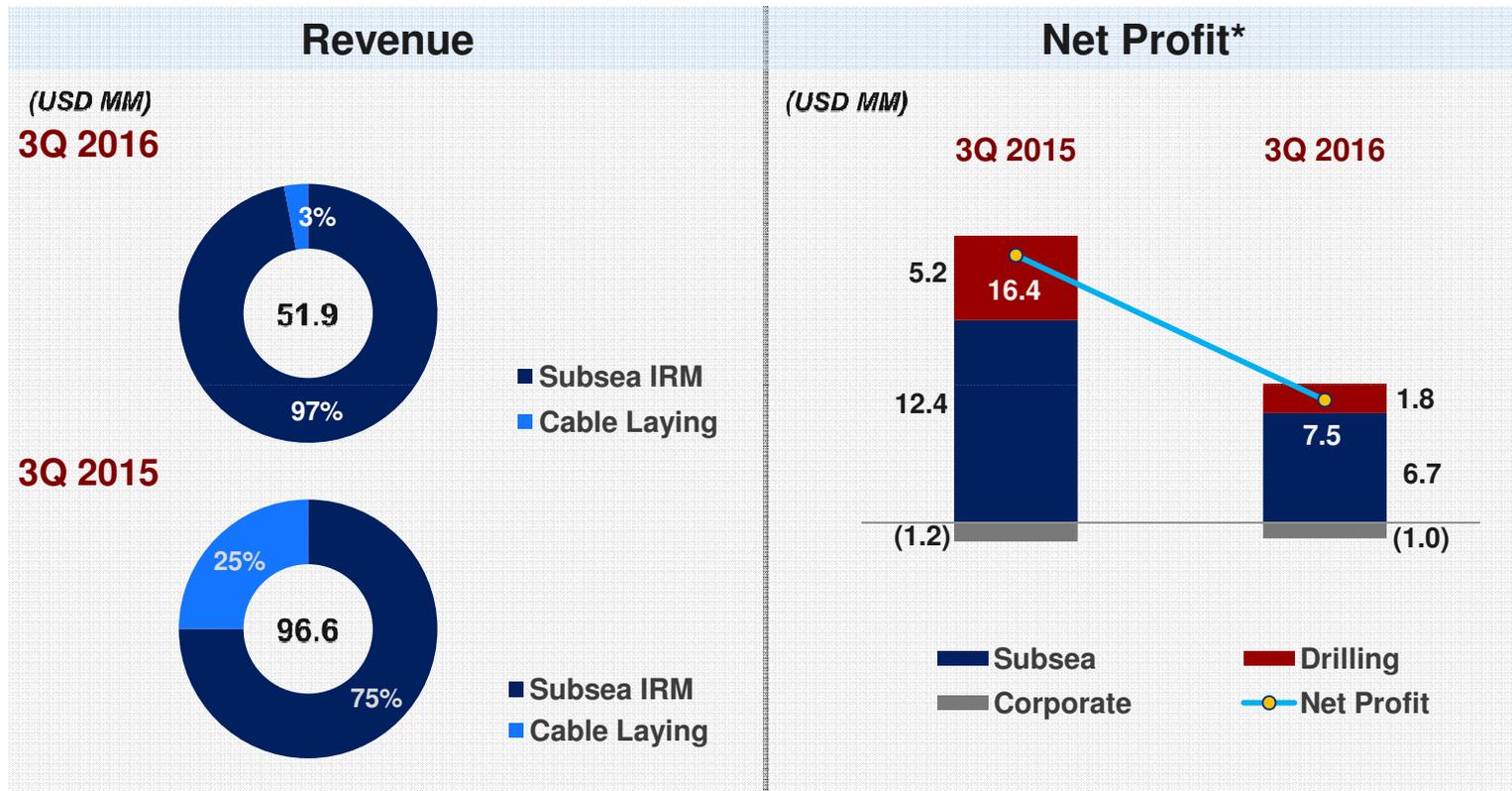


3Q 2016 (3mth) Profit & Loss

USD MM	3Q 2016	3Q 2015	ΔYOY %
Turnover	51.9	96.6	(46.3)
EBITDA	11.8	17.9	(34.1)
Profit from Operations	8.5	18.0	(52.8)
EBIT	6.5	10.5	(38.1)
Associates & JV Equity Income	2.0	7.5	(73.3)
Finance Cost	(0.9)	(0.9)	0
Profit before Tax	7.6	17.1	(55.6)
Tax expense	(0.1)	(0.7)	(85.7)
Net Profit	7.5	16.4	(54.3)
EPS (US cents)	0.5	1.2	(58.3)



3Q 2016 (3mth) Segmental Contribution



* FX effects from intercompany loans have been eliminated



3Q 2016 (9mth) resulted in positive Cash Flows

USD MM	3Q 2016	3Q 2015
CASH FLOW FROM OPERATING ACTIVITIES		
Before Changes in Working Capital	28.7	27.3
Changes in Working Capital	16.3	(22.5)
Tax Paid	(3.1)	(5.0)
Others	(2.6)	(2.8)
Net positive cash flow from Operation	→ 39.3	(3.0)
CASH FLOW FROM INVESTING ACTIVITIES		
Dividend and Interest received	7.0	6.9
Capital Expenditure, Investments and Deposit	(32.0)	(24.6)
	(25.0)	(17.7)
FREE CASH FLOW	14.3	(20.7)



Balance Sheet remains healthy

USD MM	30 Sep 2016	31 Dec 2015	Δ (%)
Current Assets	186.3	199.0	(6.4)
Non-Current Assets	300.6	300.8	(0.1)
Total Assets	486.9	499.8	(2.6)
Current Liabilities	143.7	172.9	(16.9)
Non-Current Liabilities	5.6	5.9	(5.1)
Total Liabilities	149.3	178.8	(16.5)
Total Equity	337.6	321.0	5.2
Property, Plant and Equipment	202.7	214.3	(5.4)
Bank Balances, Deposits & Cash	95.4	63.3	50.7
Total Borrowings	95.6	107.4	(11.0)

USD MM	30 Sep 2016	31 Dec 2015	31 Dec 2014
Interest Bearing Debt			
Asset-backed Financing	91.5	97.4	103.3
Unsecured Loan	4.1	10.0	9.4
	95.6	107.4	112.7
Cash and Cash Equivalent	(95.4)	(63.3)	(93.4)
Net Debt / (Cash)	0.2	44.1	19.3
Shareholder Funds	337.6	321.0	565.9
Net Gearing	0.1%	13.7%	3.4%

Liquidity indicators

- Cash Balance = USD 95.4mm
- Current Ratio = 1.30x

Leverage Ratio

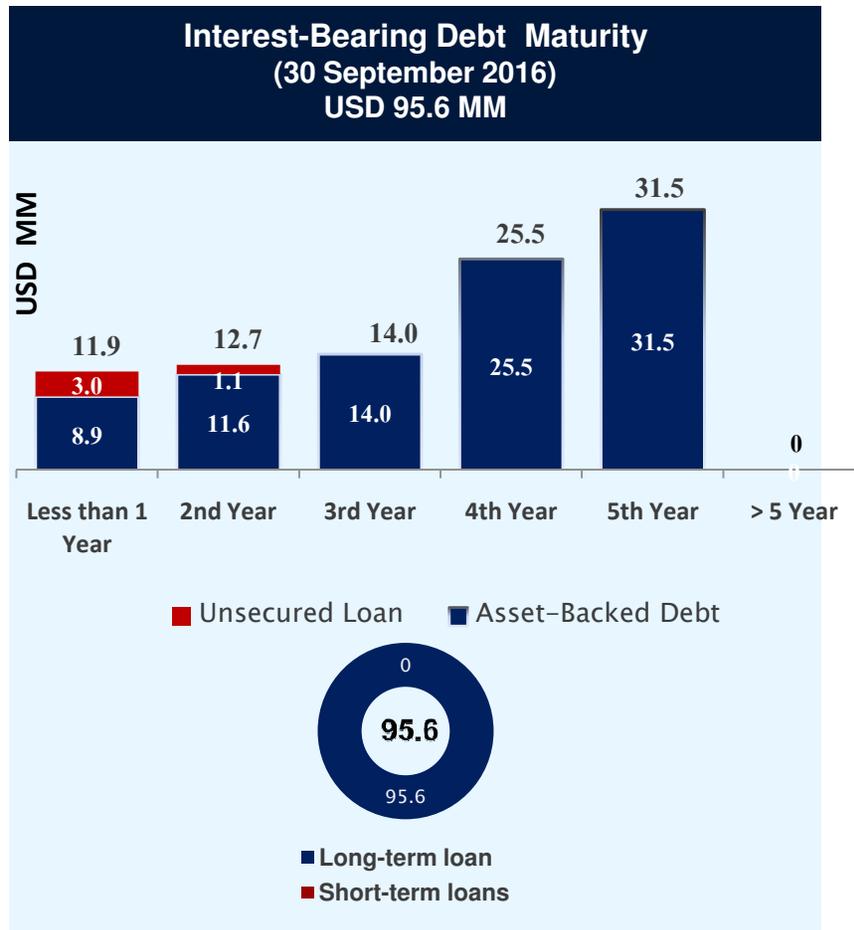
- Debt* to Equity Ratio = 0.44x
- Interest Bearing Debt to Equity = 0.28x
- Net Gearing = 0.1%
- DSCR = 1.17x

*Debt is Total Liabilities



Debt Maturity Profile

Covenant breached has been solved, all lenders agreed for waiving



- In Financial Statements, USD 83.7 MM of LT loans have been reclassified as current portion as a borrowing subsidiary breached certain loan covenants
- However, in 4Q'16, the breach of loan covenants will be resolved and LT loans in current portion will be reclassified back to long-term portion.
- Principal repayment schedules remain unchanged



Business Outlook



Business Outlook

1. Oil price is gradually rising Q3'16 (Brent US\$ 46.5/bbl average in Q3'16) but note the cyclical lag for subsea works.
2. Shrinkage of the competitor base as several subsea companies fail.
3. Cost cutting and consolidation are essential.
4. Utilisation of key assets remains more critical than ever yet harder to achieve.
5. Subsea firms need to become lean and mean but still retain the capacity to execute safely & efficiently, and expand when the turnaround hits.



Business Outlook

6. Potential distressed asset purchase for those with the resources, ambition & client contracts.
7. Cash preservation is important to remain resilient until market recovery. Costs savings have been implemented continually to counterbalance the negative effect of severe market downturn.
8. Mermaid Siam, Mermaid Challenger, Barakuda, MTR-1' and 'MTR-2' are cold stacked and marketed for sale.
9. Newbuild deliveries remain an option ('MTR 3 & 4', and DSCV). The Group will select the most financially sound option.
10. Mermaid leveraging on reputation and stability to access additional geographical markets and cross-sell services across regions.



Mermaid Maritime Plc

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November 2016

Investor Relations

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