



3Q 2019 RESULT PRESENTATION

14 November 2019




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AGENDA

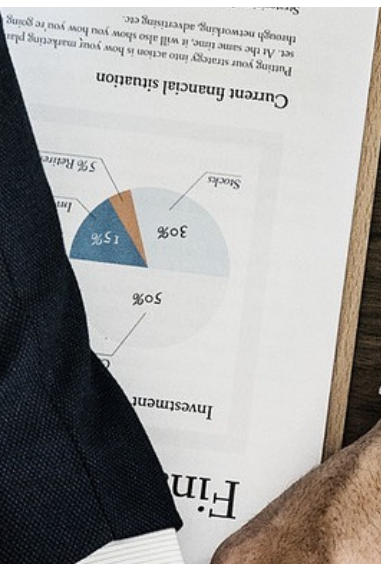


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-  Business Report
-  Financial Review
-  Business Outlook



BUSINESS REPORT



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#Citydailynews



of the n Union

Are you innovative or are you the experienced typical or do you offer a high-cost, high-quality product? It's slow-cost, high-quality products. It's impossible to be both. You should consider on thinking what your customers need you to be. Your brand is the most foundational matter. All the promotional materials should be connected with your logo 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 competition. Your brand tells your customers what they can have or expect from the products and services you sell. The branding strategy as it is consistent with the equity the



3Q-2019 HIGHLIGHTS



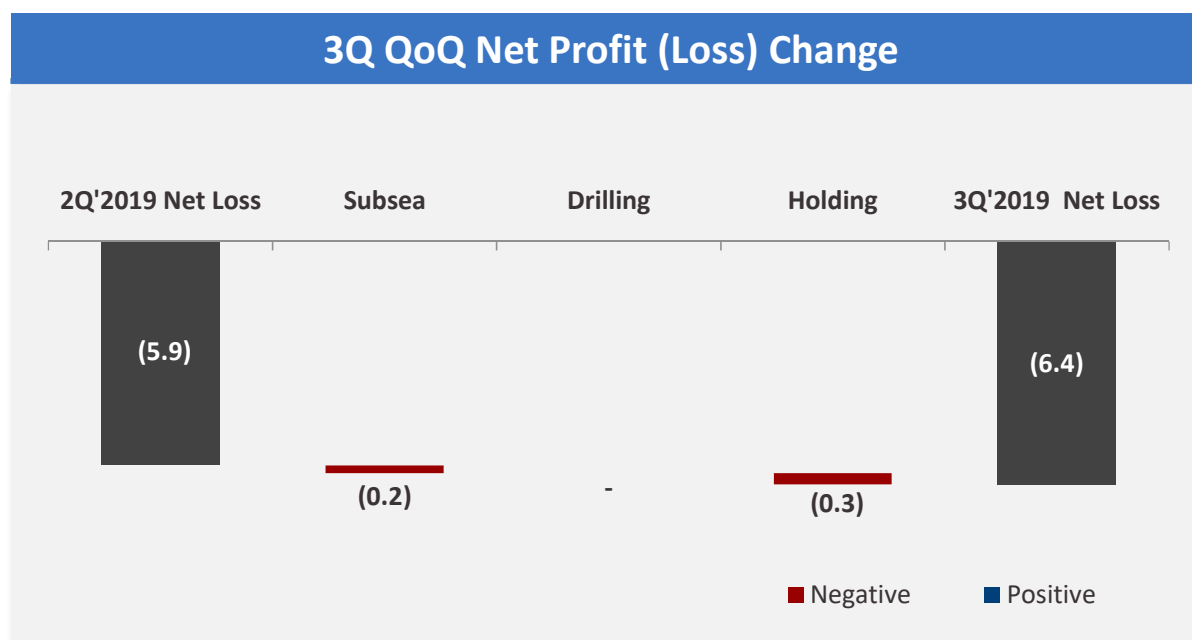
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- Revenue increased 8% QoQ due to owned fleet utilization rate at 83% and additional work in Gulf of Thailand
- Net cash flow from operation was USD (5.9)m for the year to date of FY2019, mainly resulted from receivables to be collected
- Order book (excl. AOD) leveled to USD 210m at the end of September 2019 since Mermaid had secured a contract extension for another 3 years worth USD 162m
- Balance sheet position was typically low risk at 4.1x Gearing Ratio, 2.1x Current Ratio and 0.2x D/E Ratio

MOVEMENT IN KEY BUSINESS SEGMENT



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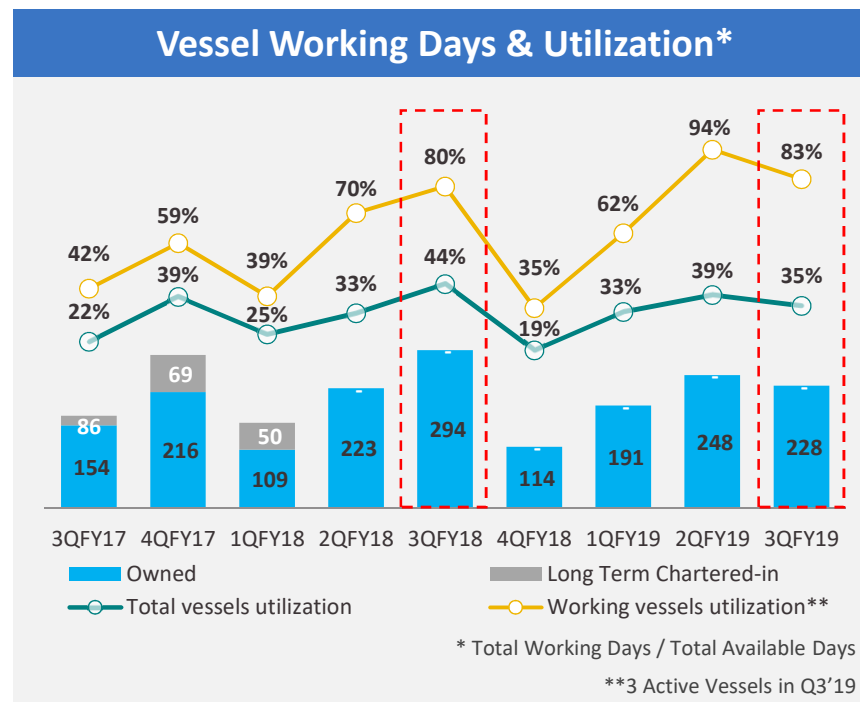
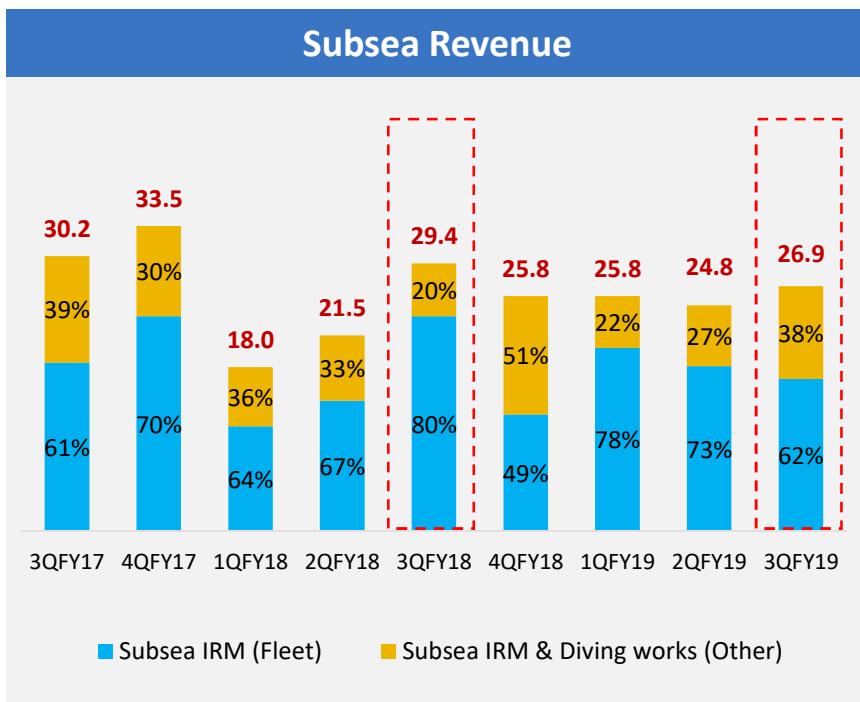


- Net loss increased to USD (6.4)m when compared QoQ as the consequence of higher cost of sales
- Movement in Holding section was the FX change

SUBSEA REVENUE AND UTILIZATION



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- Revenue from subsea sector decrease YoY but increase for USD 2.1m QoQ
- 3 active owned vessels working on projects in the Middle East, no long-term chartered-in vessel in this quarter
- Utilization rates decreased due to project completion and new project continuation waiting gap period

VESSEL RUNNING COST



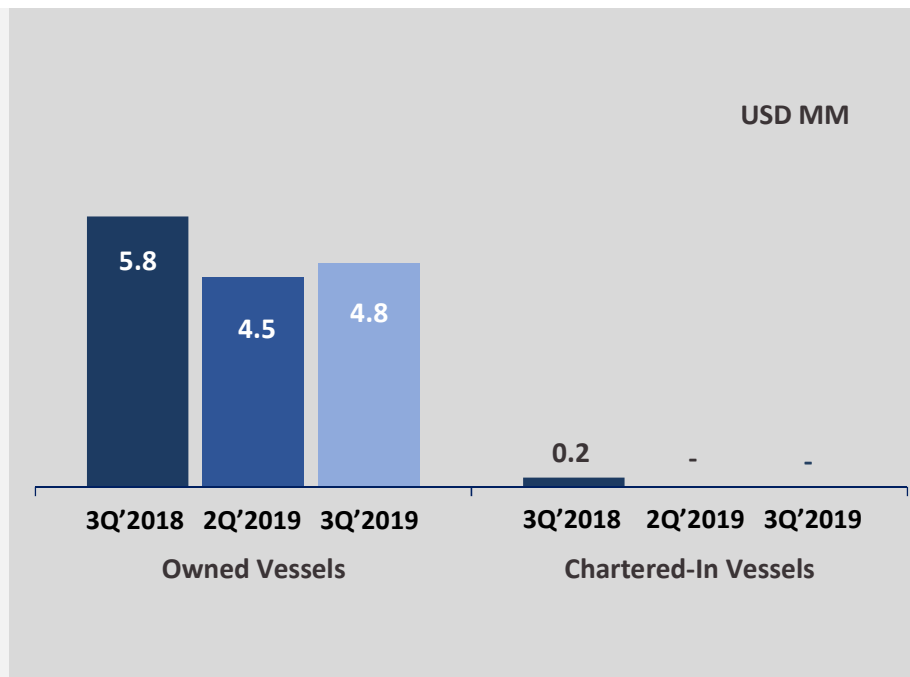
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Owned Vessels

- VRC decreased YoY due to cold stacked vessel in 2Q but increased for 6% QoQ due to additional maintenance and docking fuel

Chartered-In Vessels

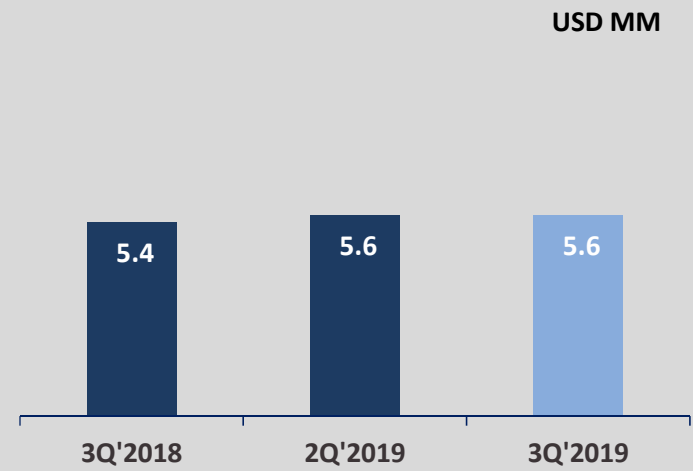
- No long-term chartered-in vessel in 3Q'2019.



SELLING, GENERAL & ADMINISTRATIVE EXPENSES



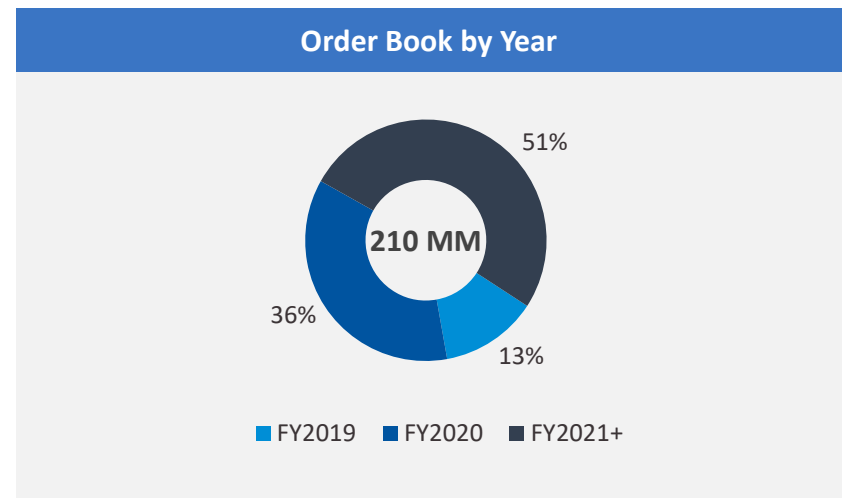
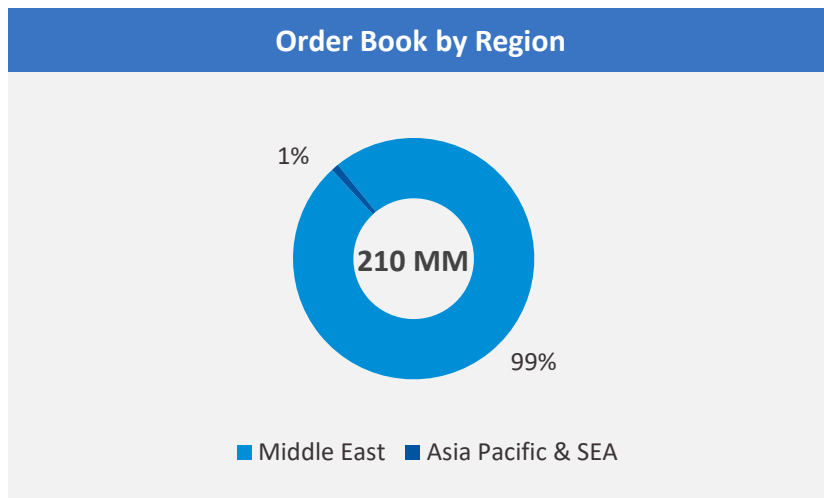
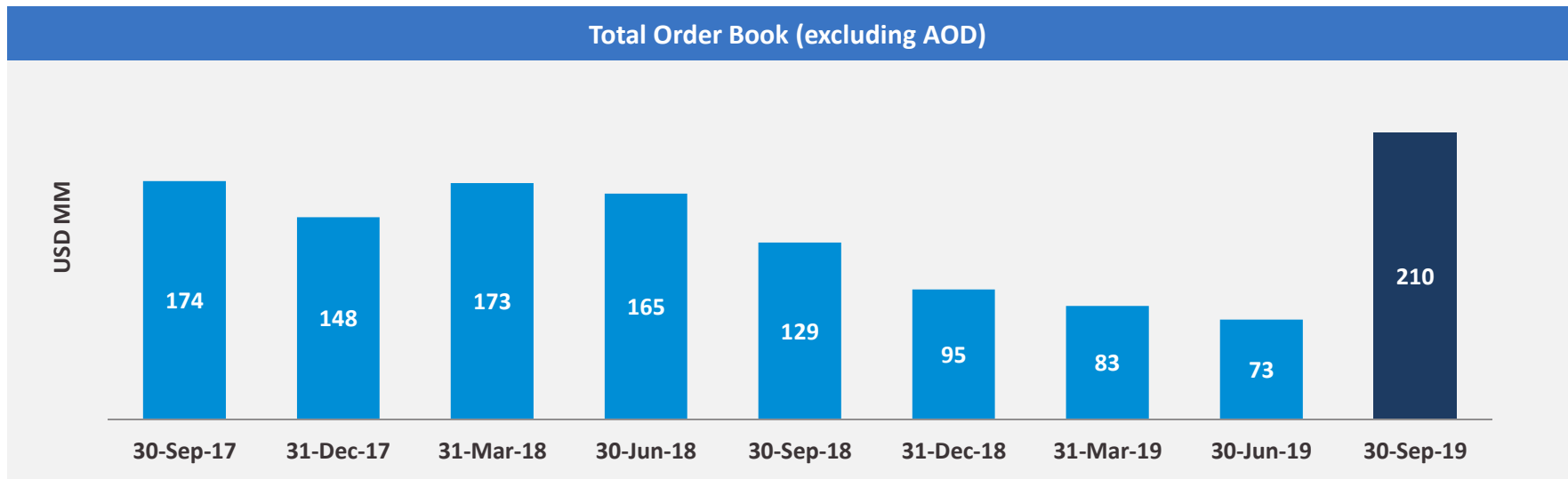
- Increase in SG&A expenses YoY was mainly due to employee benefit adjustment regarding to laws and regulation
- However, SG&A was in the same level as the previous quarter



ORDER BOOK



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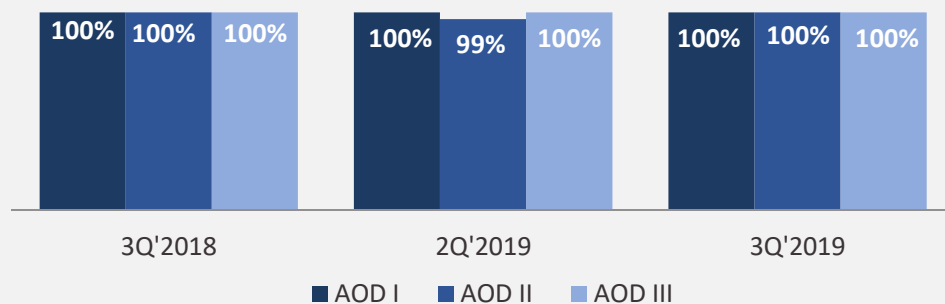


STRONG PERFORMANCE FOR 3 AOD'S RIGS

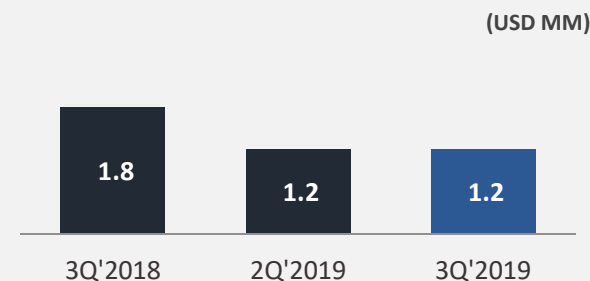


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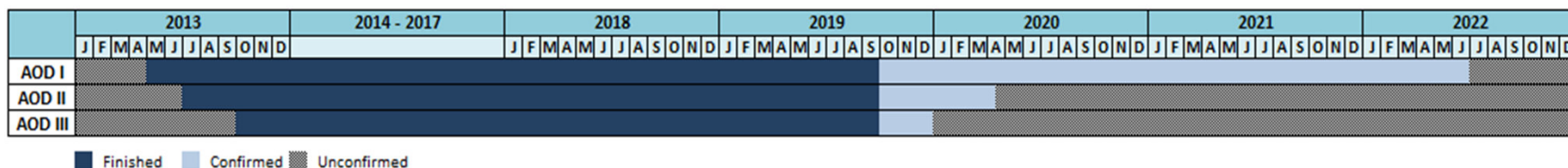
AOD Rigs Utilization



Share of Profit of Associates



- Continuing excellent performance in 3Q'2019 with almost full utilization for 3 rigs
- Share of profits remained the same with 2Q'2019 but decreased YoY as a result of adjusted FY2019 AOD-I Bareboat Chartered rate
- The outstanding balance of Senior Secured Credit Facility as at 30 Sep 2019 remained at US\$ 210 million
- AOD I secured a contract extension for another three years through June 2022
- AOD II has extended a contract for another six months with the same day rate through April 2020
- AOD III in the process of contract extension



■ Finished ■ Confirmed ■ Unconfirmed

FINANCIAL REVIEW

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Business items

3Q 2019 PROFIT & LOSS



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<i>(USD MM)</i>	3Q 2019	2Q 2019	QoQ Amount Change
Revenue from Rendering of Services	26.9	24.8	2.1
EBITDA	(2.0)	(1.0)	(1.0)
EBIT	(6.8)	(5.8)	(1.0)
Share of Profit of Associates & Joint Venture	1.2	1.2	-
Profit (Loss) From Operations	(5.6)	(4.6)	(1.0)
Finance Costs	(0.8)	(0.9)	0.1
Profit (Loss) Before Income Tax Expense	(6.4)	(5.5)	(0.9)
Tax Expense	-	(0.4)	0.4
Profit (Loss) for the Period	(6.4)	(5.9)	(0.5)
Earnings (Losses) Per Share (US cents)	(0.5)	(0.4)	(0.1)

STATEMENT OF CASH FLOWS



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Cash Flows (USD MM)	9-Month Period ended 30 Sep	
	2019	2018
Cash Flow From Operating Activities:		
Before Changes in Working Capital	(1.0)	(6.3)
Changes in Working Capital	(4.7)	6.4
Others	(0.2)	(0.3)
Net Cash Used in Operating Activities	(5.9)	(0.2)
Cash Flow From Investing Activities:		
Proceed from Sale of Current Investments	3.5	-
Acquisition of Current Investments	(2.0)	(17.8)
Acquisition of Investment in Associate	-	(5.2)
Proceeds from Sale of Property, Plant and Equipment	-	4.0
Acquisition of Property, Plant and Equipment	(1.4)	(6.2)
Interest Received	0.6	0.4
Net Cash Used in Investing Activities	(0.7)	(24.8)
Cash Flow From Financing Activities:		
Repayment of Borrowings	(9.0)	(9.0)
Finance Costs Paid	(2.6)	(2.8)
Net Cash Used in Financing Activities	(11.6)	(11.8)
Net Decrease in Cash and Cash Equivalents	(16.8)	(36.8)
Effect of Exchange Rates	0.2	(0.3)
Beginning Balance as at 1 January	36.5	68.7
Cash Balance as at 30 September (excluding restricted cash)	19.9	31.6

*Restricted Cash = USD 11.3m

*Investment Cash = USD 15.5 m

STATEMENT OF FINANCIAL POSITION



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Balance Sheet (USD MM)	30 Sep 2019	31 Dec 2018	Change
Cash & Cash Equivalents and Current Investment	35.4	54.5	-35.0%
Trade Accounts Receivable	47.1	35.9	31.2%
Other Current Assets	13.0	8.5	52.9%
Total Current Assets	95.5	98.9	-3.4%
Restricted Deposit at Banks	11.3	14.6	-22.6%
Investment in Associates & Joint Venture	125.2	121.5	3.0%
Property, Plant and Equipment	156.2	169.4	-7.8%
Other Non-Current Assets	5.1	5.2	-1.9%
Total Non- Current Assets	297.8	310.7	-4.2%
Total Assets	393.3	409.6	-4.0%
Trade Accounts Payable	7.9	5.2	51.9%
Current Portion of Long-term Borrowings	12.0	15.9	-24.5%
Other Payable	25.6	19.2	33.3%
Total Current Liabilities	45.5	40.3	12.9%
Long-Term Borrowings	46.8	51.8	-9.7%
Other Non-Current Liabilities	2.8	2.6	7.7%
Total Non-Current Liabilities	49.6	54.4	-8.8%
Total Liabilities	95.1	94.7	0.4%
Total Equity	298.2	314.9	-5.3%

(USD MM)	30 Sep 2019	31 Dec 2018	31 Dec 2017
Interest Bearing Debt			
Asset-backed Financing	58.8	67.7	79.6
Unsecured Loan	-	-	-
Finance lease	0.1	0.1	0.2
Total Debt	58.9	67.8	79.8
Cash, Deposits and Bank Balances	(46.7)	(69.1)	(81.5)
Total Debt, Net of Cash	12.2	(1.3)	(1.7)
Shareholders' Equity	298.2	314.9	342.2
Net Gearing	4.1%	N/A	N/A

Financial Ratio:

- Current Ratio = 2.10x
- Liabilities to Equity Ratio = 0.32x
- Net Debt to Equity Ratio = 0.20x
- Net Gearing = 4.1%

DEBT MATURITY PROFILE

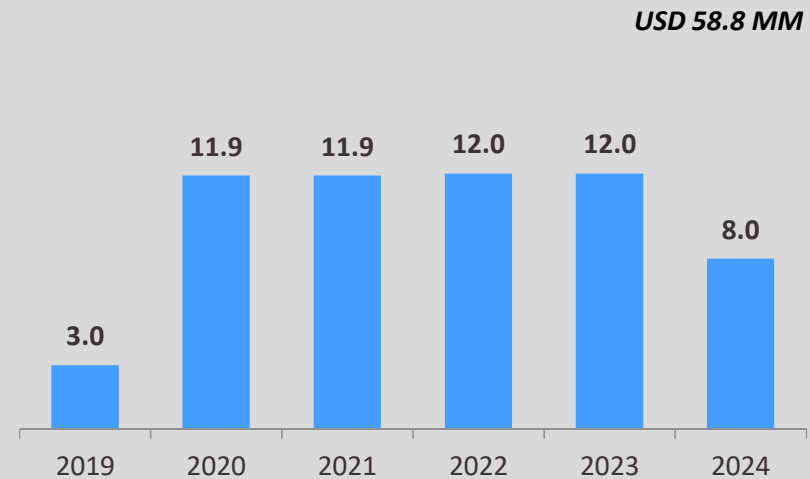


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Interest-Bearing Debt Maturity
USD 58.8 MM
(30 September 2019)

Yearly Repayment Scheme

- As at 30 September 2019, there is USD **58.8 million** of long-term loan until 1Q 2024 and no short-term loan.
- Short-term liquidity risk is still low.



BUSINESS OUTLOOK

BUSINESS OUTLOOK



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1

There is a global shift to renewable energy, Saudi Arabia intends to move to a power generation system based 30% on renewable energy and 70% on natural gas. Abu Dhabi aims to implement a 22% reduction in energy consumption by 2030 as it intends to diversify its power system to accommodate nuclear and renewable energy.

2

Oil prices have been under pressure as the protracted trade dispute between the U.S. and China erodes demand growth and clouds the worldwide economic outlook. Global markets are “awash” in crude amid booming output from U.S. shale fields.

3

According to Rystad offshore service segments can still realize positive revenue growth. Subsea equipment, SURF (subsea umbilical’s, risers, and flowlines) and offshore drilling can still accelerate in 2020. Despite near-term declines there is a positive outlook for the global oilfield services sector beyond 2020.

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 2019. Mermaid secured 3-year extension in KSA worth \$162mil.

BUSINESS OUTLOOK



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5

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

6

Mermaid Commander remains cold stacked and marketed for sale. The other non-performing assets i.e. Challenger, Siam and Barakuda remain cold stacked and are marketed for sale.

7

MSS is reviewing options to secure various vessels to enhance its subsea installation engineering capability in SURF, Cable installations operations to increase its business activities.

8

All three jack-up drilling rigs 'AOD I', 'AOD II' and 'AOD III' remain on contract in the Middle East thus reducing downside risk as market recovers.



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A Company Moving Forward

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