



FY2023 RESULTS

February 29th, 2024




www.mermaid-group.com

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AGENDA



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-  Business Report
-  Financial Review
-  Business Outlook

BUSINESS REPORT



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Are you innovative or are you the experienced type? Or do you offer a high-cost, high-quality product, or slow-cost, high-value products? It's impossible to be both. You should consider on thinking what your customers need you to be. Your brand is the main foundation of your logo. All the promotional materials should be connected with your logo to communicate with your brand. Having a good brand strategy allow you to have a large advantage in gaining your market. Your brand tells your customers what they can have or expect from the products and services you offer. The branding strategy you use from the products and services you offer should be consistent with the equity the brand should have.



FY 2023 HIGHLIGHTS



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- FY2023, **Mermaid Group reached USD 275.4 m. in revenue from rendering of services**, a marked increase of 23.0% compared to FY2022, as a result of a growth of two main sectors: Subsea IRM & Diving works and T&I and Decommissioning projects.
- The Group recorded a **net profit of USD 9.7 m.**, a significant turnaround, and reported **an EBITDA of USD 38.1 m.**, compared to USD 17.0 m for FY2022. An increase of EBTIDA and net profit is a consequence of revenue growth in various regions and the achievement of cost management and control.
- The higher profit led to net cash flow from operating activities at USD 10.0 m.
- At the end of December 2023, **the order book was at USD 734 m.** Mermaid Group has secured multiple project awards in South East Asia, the Middle East, North Sea and Western Sub Sahara region for both short-term and long-term throughout FY2026. The order book number included Cable Laying, Subsea Pipeline Tie-ins, Inspection, Repair and Maintenance and T&I and Decommissioning services.
- Balance sheet position represented at 1.05x Current Ratio and low-risk level of 0.48x D/E Ratio.

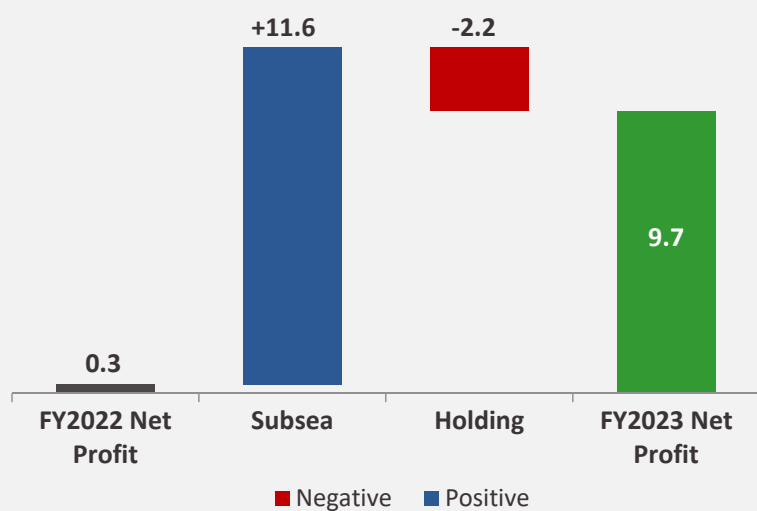
MOVEMENT IN KEY BUSINESS SEGMENT



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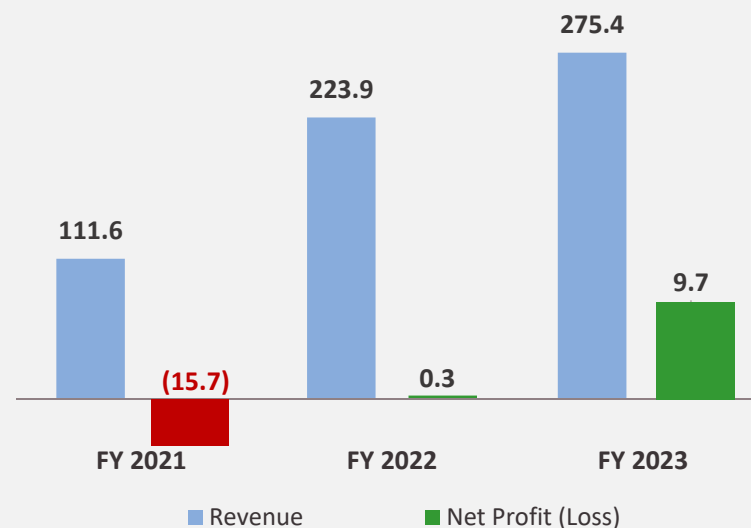
YoY Net Profit Change

(USD million)



Revenue and Net Profit

(USD million)

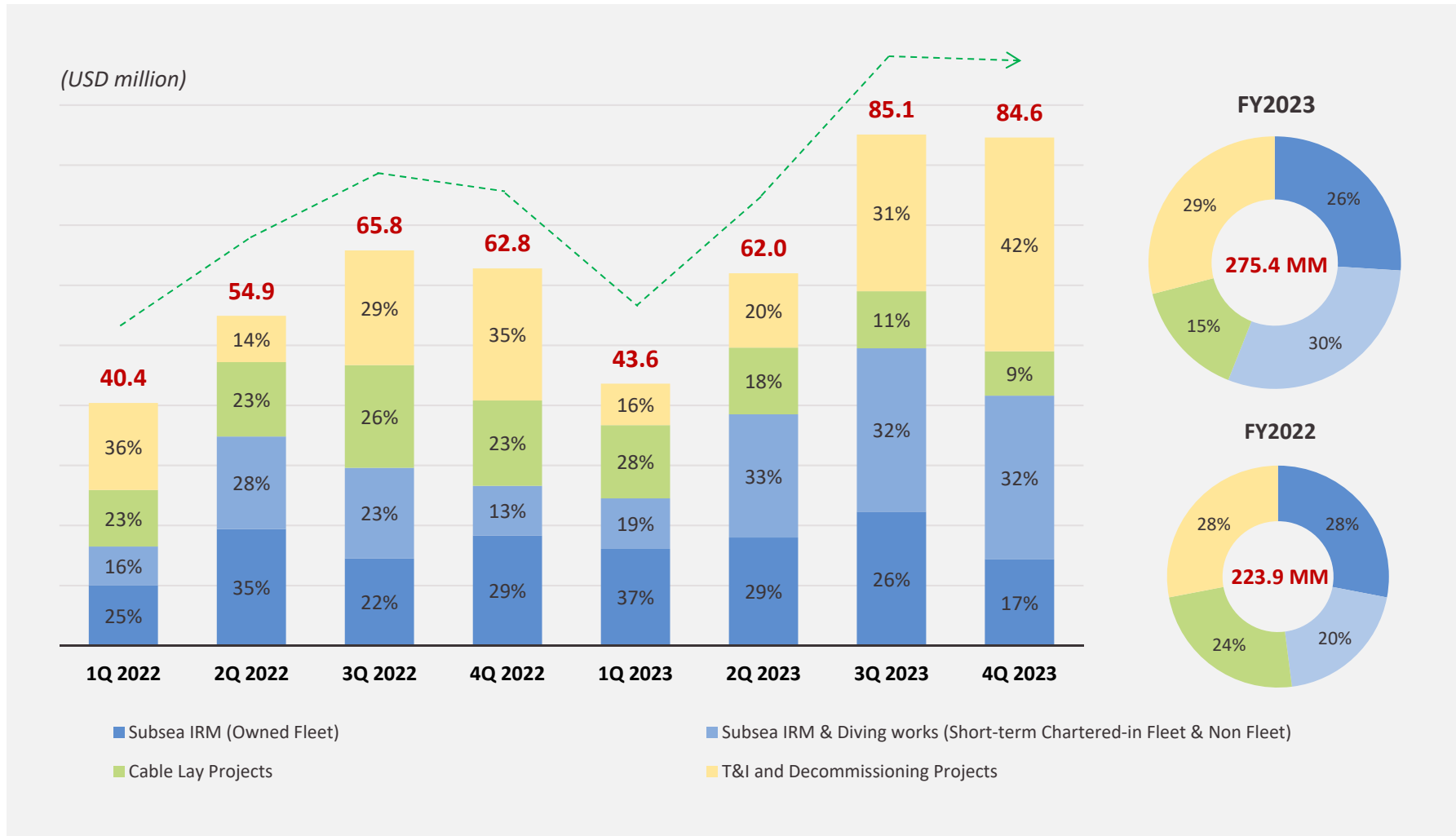


- There was a considerable growth of profit in subsea sector compared YoY:
 - Company's owned active vessels have been highly utilized during the year.
 - More subsea IRM projects for short-term chartered-in vessels and diving works for non-vessel.
 - New T&I projects have started since end of 1Q-2023 and 'Resiliant' has been utilized since mid of the year.
- A decrease in holding sector came from higher financial costs and a fluctuation of exchange rates.

REVENUE BREAKDOWN



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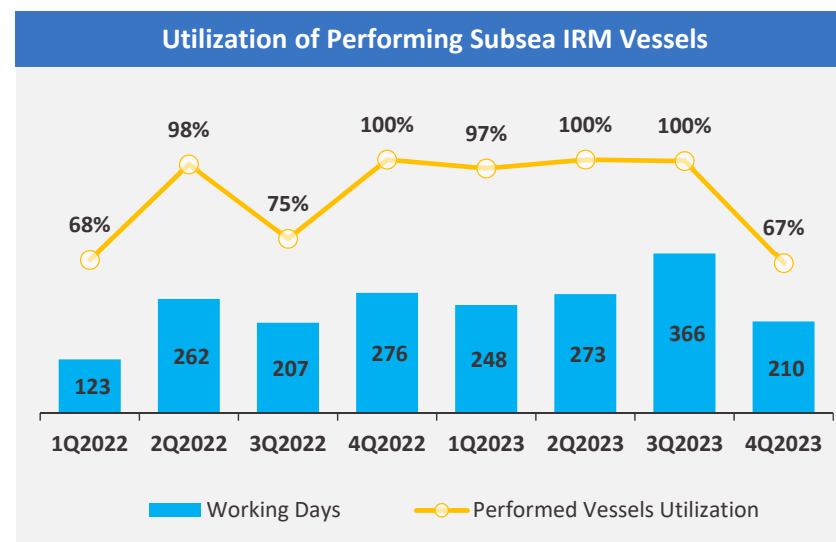
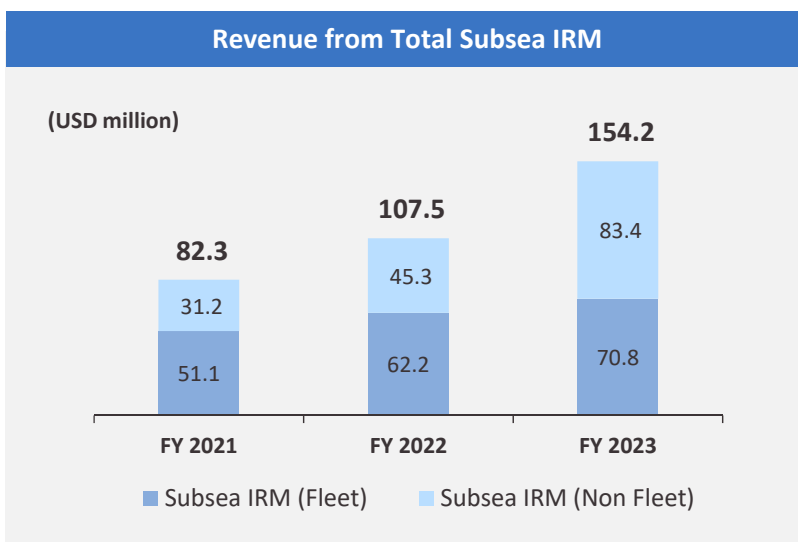


Revenue is higher in three business sectors except cable lay sector that one project has ended in 4Q 2023. In the meantime, the portion of subsea IRM and diving works is growing due to several additional projects during the year.

SUBSEA IRM SECTOR



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- In FY2023, the revenue from fleet subsea IRM business gradually increased YoY from USD 62.2m to USD 70.8m because four owned active vessels worked at high utilization:
 - **“Mermaid Asiana”** and **“Mermaid Endurer”** worked for major customers in the Middle East. In 4Q 2023, “Mermaid Endurer” went for dry docking after finished her work schedule in the Middle East.
 - **“Mermaid Sapphire”** has been chartered to related party and worked in South East Asia.
 - **“Mermaid Challenger”** has been reactivated and bareboat chartered to work for a project in South East Asia for a short period during the year.
- The revenue from other subsea IRM markedly grew YoY from USD 45.3m to USD 83.4m. This was mainly due to more inspection projects that using short-term chartered-in fleet as well as more survey projects.
- **“Mermaid Commander”** remained cold-stacked during the year and were considered for an option to sell or reactivate.

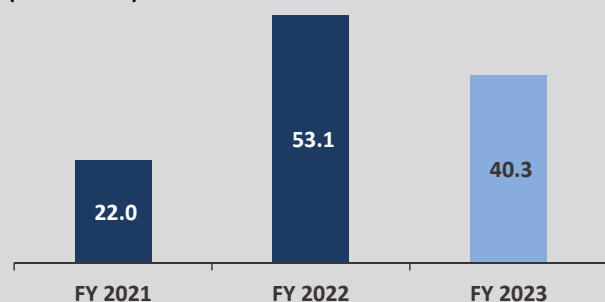
CABLE LAY SECTOR AND T&I AND DECOMMISSIONING SECTOR



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Revenue from Cable Lay Projects

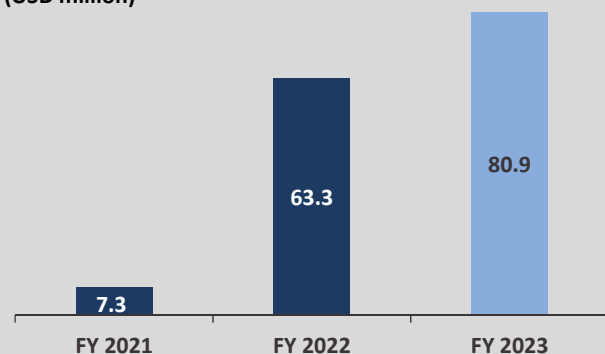
(USD million)



- Revenue from cable lay sector decreased by -24.1% from USD 53.1m in FY2022 to USD 40.3m in FY2023 as a result of several cable lay projects in the Middle East that have ended during the year. However, the new main project is going to start in the upcoming 1Q 2024.
- The vessel “Millennium 3” that owned by M3JV has been highly utilized for cable laying projects. During FY2023, Mermaid recognized USD 3.0m share profit from M3JV.

Revenue from T&I and Decommissioning Projects

(USD million)



- T&I and decommissioning sector has been significantly growing since FY2022.
- Revenue from this business increased YoY by +27.8% from USD 63.3m in FY2022 to USD 80.9m in FY2023 because:
 - Owned vessel “Resiliant” has been highly utilized offshore for a project in Gulf of Thailand since mid of the year.
 - Long-term chartered-in vessel “Van Gogh” has been working at high utilization rate for major projects in South East Asian region.
 - Also, the new large project in Gulf of Thailand has just started in 4Q 2023 and will continuously work throughout next year (3-years project).

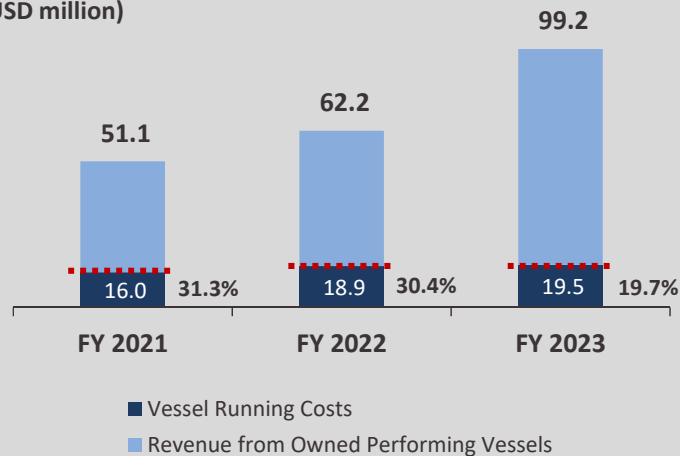
COSTS & EXPENSES



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Vessel Running Costs (Owned Performing Vessels)

(USD million)



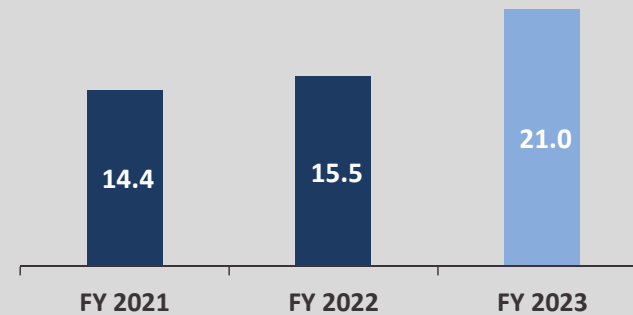
Owned Performing Vessels*

- VRC of owned performing vessels slightly increased YoY from USD 18.9m in FY2022 to USD 19.5m in FY2023.
- The ratio of VRC to the revenue generated from owned active vessels rapidly declined when compared to FY2022 because of “Resiliant” that has started working in South East Asia and generated revenue for the group during the year as well as higher revenue generated from “Mermaid Asiana” and “Mermaid Endurer” while their vessel running costs that decreased from last year.

*Mermaid Asiana, Mermaid Endurer, Mermaid Sapphire, Mermaid Challenger and Resiliant

Selling and Administrative Expenses

(USD million)



Selling, General and Administrative Expenses

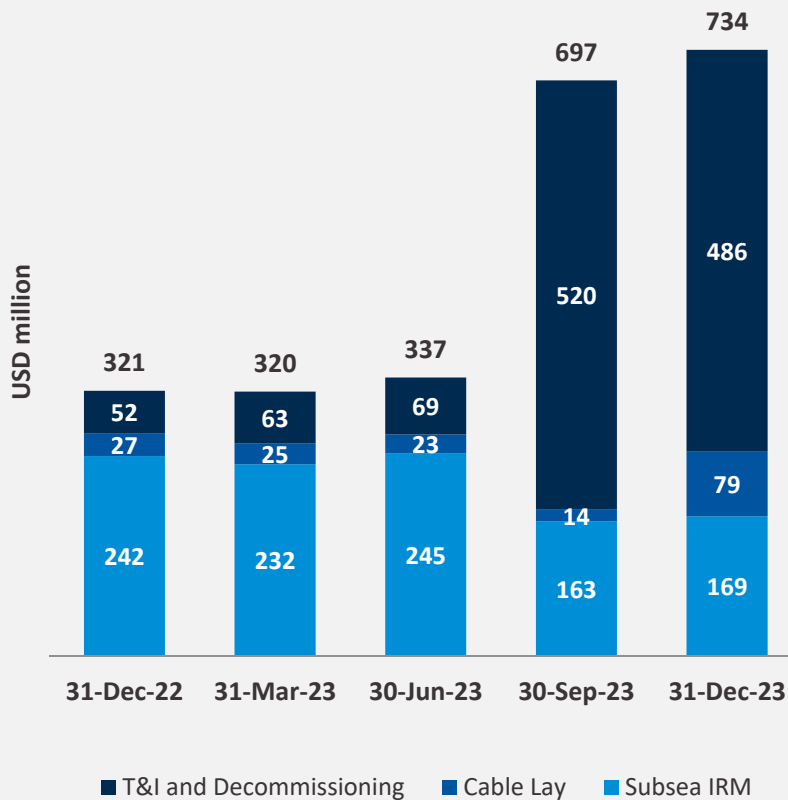
- SG&A expenses increased YoY from USD 15.5m in FY2022 to USD 21.0m in FY2023 mainly due to:
 - a reversal of impairment loss that made in FY2022
 - employee benefits expenses that increased in order to support projects expansion
 - other expenses such as consulting fee, bank commission and travelling fee etc.

ORDER BOOK

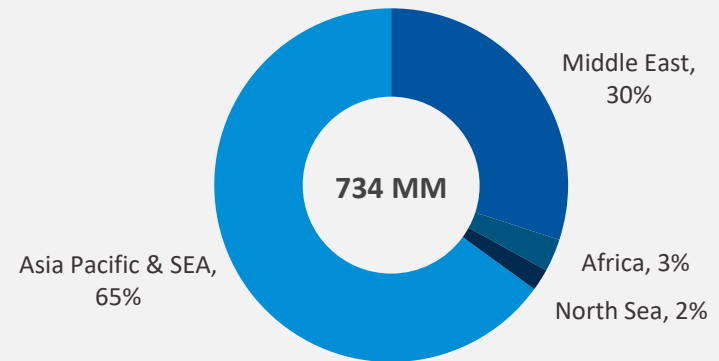


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Total Order Book



Order Book by Region



At the end of December 2023, the order book was at **USD 734 m**. Mermaid Group has secured multiple project awards in South East Asia, the Middle East, North Sea and Western Sub Sahara region for both short-term and long-term throughout FY2026. The order book number included Cable Laying, Subsea Pipeline Tie-ins, Inspection, Repair and Maintenance and T&I and Decommissioning services.

FINANCIAL REVIEW



FY 2023 PROFIT & LOSS



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(USD million)	FY 2023	FY 2022	YoY Amount Change
Income			
Revenue from rendering of services	275.4	223.9	+51.5
Interest income and other income	2.2	1.4	+0.8
Total income	277.6	225.3	+52.3
Expenses			
Costs of rendering of services	242.7	206.5	+36.2
Administrative expenses	21.0	15.5	+5.5
Net loss on foreign exchange	0.9	1.0	-0.1
Finance costs	5.7	3.3	+2.4
Total expenses	270.3	226.3	+44.0
Profit (loss) from operation	7.3	(1.0)	+8.3
Share of profit of joint ventures and associate	3.9	2.9	+1.0
Profit before income tax expense	11.2	1.9	+9.3
Tax expense	1.5	1.6	-0.1
Profit for the year	9.7	0.3	+9.4
Earnings per share (US Cents)	0.7	(0.0)	+0.7
Depreciation expenses and amortization expenses	25.1	18.7	+6.4
EBITDA⁽¹⁾	38.1	21.0	+17.1

Remark:

⁽¹⁾ Excluding share of profit (loss) of joint ventures and associate

4Q 2023 PROFIT & LOSS



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(USD million)	4Q 2023	4Q 2022	YoY Amount Change	4Q 2023	3Q 2023	QoQ Amount Change
Income:						
Revenue from rendering of services	84.6	62.8	+21.8	84.6	85.2	-0.6
Interest income and other income	0.7	0.3	+0.4	0.7	0.4	+0.3
Total income	85.3	63.1	+22.2	85.3	85.6	-0.3
Expenses:						
Costs of rendering of services	74.4	54.6	+19.8	74.4	71.7	+2.7
Administrative expenses	5.2	3.6	+1.6	5.2	5.4	-0.2
Net loss on foreign exchange	0.9	1.0	-0.1	0.9	0.3	+0.6
Finance costs	1.6	1.2	+0.4	1.6	1.4	+0.2
Total expenses	82.1	60.4	+21.7	82.1	78.8	+3.3
Profit from operation	3.2	2.7	+0.5	3.2	6.8	-3.6
Share of profit of joint ventures and associate	2.0	0.4	+1.6	2.0	0.7	+1.3
Profit before tax expense	5.2	3.1	+2.1	5.2	7.5	-2.3
Tax expense	0.8	0.4	+0.4	0.8	0.6	+0.2
Profit for the period	4.4	2.7	+1.7	4.4	6.9	-2.5
Earnings per share (US Cents)	0.3	0.2	+0.1	0.3	0.5	-0.2
Depreciation expenses and amortization expenses	6.4	6.0	+0.4	6.4	6.2	+0.2
EBITDA⁽¹⁾	11.2	9.9	+1.3	11.2	14.4	-3.2

Remark:

⁽¹⁾ Excluding share of profit (loss) of joint ventures and associate

STATEMENT OF CASH FLOWS



Cash Flows (USD million)	For the year ended 31 December	
	2023	2022
Cash Flow From Operating Activities:		
Before changes in working capital	39.3	20.5
Changes in working capital	(27.3)	10.6
Others	(2.0)	(2.7)
<i>Net cash from operating activities</i>	10.0	28.4
Cash Flow From Investing Activities:		
Proceed from sale of current investments	-	2.9
Proceeds from long-term loan to related party	-	1.1
Increase in short-term loan to related party	(2.0)	(1.3)
Proceeds from sale of property, plant and equipment and intangible assets	-	2.1
Acquisition of property, plant and equipment and intangible assets	(11.1)	(14.9)
Interest received	0.2	0.1
<i>Net cash used in investing activities</i>	(12.9)	(10.0)
Cash Flow From Financing Activities:		
Proceeds from borrowings from parent company	45.0	4.0
Proceeds from borrowings from financial institution	8.9	-
Repayment of borrowings	(14.3)	(14.3)
Payment of lease liabilities	(10.3)	(5.4)
Finance costs paid	(4.0)	(2.2)
<i>Net cash from (used in) financing activities</i>	25.3	(17.9)
Net increase in cash and cash equivalents	22.4	0.5
Effect of exchange rates	0.1	(0.7)
Cash and cash equivalent at 1 January	7.8	8.0
Cash and cash equivalent as at 31 December (excluding restricted cash*)	30.3	7.8

*Restricted cash = \$15.0m

STATEMENT OF FINANCIAL POSITION



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Balance Sheet (USD million)	31 Dec 2023	31 Dec 2022	Change
Cash & Cash Equivalents	30.3	7.8	+288.5%
Trade and Other Accounts Receivable	110.6	63.9	+73.1%
Other Current Assets	5.0	2.2	+127.3%
Total Current Assets	145.9	73.9	+97.4%
Restricted Deposit at Financial Institutions	15.0	8.4	+78.6%
Investment in Associates & Joint Ventures	28.6	28.5	+0.4%
Property, Plant and Equipment and Intangible Assets	129.4	134.2	-3.6%
Right-of-Use Assets	20.5	29.3	-30.0%
Other Non-Current Assets	17.2	17.2	0.0%
Total Non- Current Assets	210.7	217.6	-3.2%
Total Assets	356.6	291.5	+22.3%
Trade and Other Accounts Payable	77.8	54.2	+43.5%
Short-term and Current Portion of Long-term Borrowing from Parent Company	29.0	9.0	+222.2%
Short-term and Current Portion of Long-term Borrowings from Financial Institution	20.5	14.2	+44.4%
Other Current Liabilities	11.3	10.9	+3.7%
Total Current Liabilities	138.6	88.3	+57.0%
Long-Term Borrowings from Parent Company	25.0	-	+100.0%
Long-Term Borrowings from Financial Institution	6.8	18.3	-62.8%
Other Non-Current Liabilities	15.6	24.0	-35.0%
Total Non-Current Liabilities	47.4	42.3	+12.1%
Total Liabilities	186.0	130.6	+42.4%
Total Equity	170.6	160.9	+6.0%

(USD million)	31 Dec 2023	31 Dec 2022
Interest Bearing Debt		
Asset-backed Financing	27.3	32.5
Unsecured Loan	54.0	9.0
Total Interest Bearing Debt*	81.3	41.5
Cash and Restricted Deposit at Banks	(45.3)	(16.2)
Total Debt, Net of Cash	36.0	25.3
Shareholders' Equity	170.6	160.9
Net Gearing*	21.1%	15.7%

*Excluding lease liabilities

Financial Ratio	31 Dec 2023	31 Dec 2022
Current Ratio	1.05x	0.84x
Net Debt to Equity Ratio	0.60x	0.44x
Net Debt to Equity Ratio (excluded lease liabilities)	0.48x	0.26x
Liabilities to Equity	1.09x	0.81x
Liabilities to Equity (excluded lease liabilities)	0.96x	0.63x

DEBT MATURITY PROFILE



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Interest-Bearing Debt Maturity

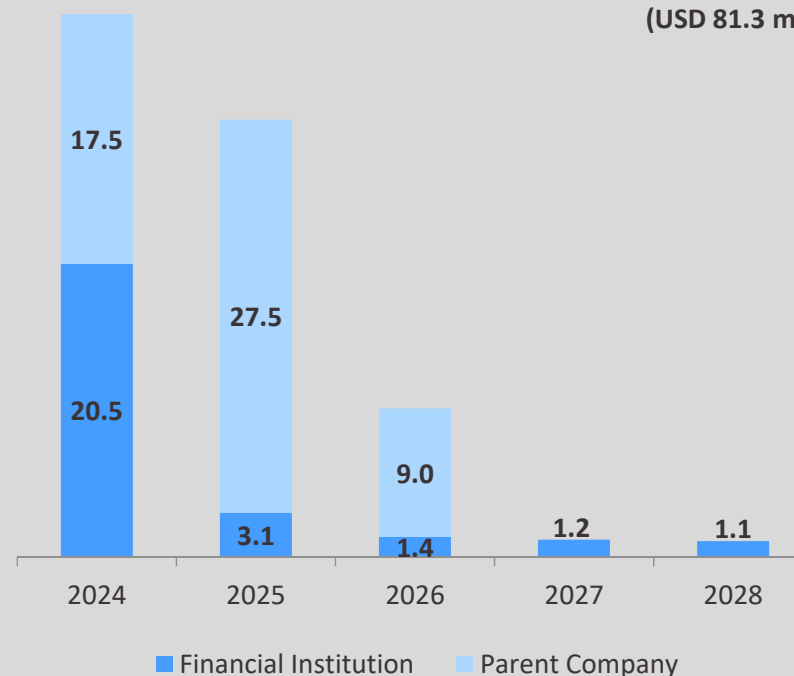
USD 81.3 M

(31 December 2023)

- As at 31st December 2023, there are **USD 14.6 million** of short-term loans (consisting of USD 3.1 million from financial institution and USD 11.5 million from parent company) and **USD 66.7 million** of long-term loans (consisting of USD 24.2 million from financial institution and USD 42.5 million from parent company).
- Next repayment will be at the end of 1st quarter, 2024.
- Short-term liquidity risk due to repayment capability is low.

Yearly Repayment Strategy

(USD 81.3 million)



BUSINESS OUTLOOK

BUSINESS OUTLOOK



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1

The February Short Term Energy Outlook (STEO) issued by the EIA notes the crude oil spot price forecast is expected to average USD 82 per barrel in 2024 and USD 79 per barrel in 2025. This upward trajectory aligns with increased exploration and production activities in the oil and gas sector, potentially resulting in heightened demand for Subsea services.

2

The Brent crude oil spot price surged recently, driven by mounting concerns surrounding global oil shipments amidst escalating attacks on vessels in the Red Sea. Anticipating a further uptick, EIA projects crude oil prices to hover around the mid-USD80/b range in the forthcoming months. Nevertheless, EIA anticipate a shift towards downward price trends in the second quarter of 2024, attributed to the anticipated rise in global oil inventories throughout the remainder of the forecast period. Despite this projection, persistent threats of supply disruptions in the Middle East present the potential for crude oil prices to exceed the forecasted levels.

3

The Middle East and Africa subsea Market is set for robust growth with a projected CAGR of 23.4% from 2024 to 2030, while the Asia-Pacific market has a projected CAGR of 18.7%. Conversely, Europe's subsea market is forecasted to grow at a more moderate rate of 8.7% by 2030. We will continue to capitalise on this expansion by increasing our market share in our target Subsea markets.

BUSINESS OUTLOOK



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4

The market uptick has resulted in our owned, jointly-owned, and chartered-in fleet achieving the targeted utilization figures. The intermediate outlook remains highly optimistic, with construction engagements actively mobilizing. The substantial investment plans of Middle Eastern Countries (Saudi, Qatar, UAE etc.) our biggest markets, remain strong, with significant increases expected in the intermediate term. Additionally, in the West African market, Majors have allocated significant budgets, as evident from the considerable gap in available tonnage. While Mozambique remains an integral part of our vision, it is essential to acknowledge the existing uncertainties in this region.

5

Our unwavering commitment to excellence in the Subsea Middle Eastern market is at the core of our strategic focus, resulting in commendable returns from short to long-term projects, particularly with leading Oil Majors. Our sustained success underscores our ability to navigate industry complexities with acumen, fostering robust relationships, strategic partnerships, and building on a history of success. This has propelled us to assert an expanded market presence, proudly increasing our market share. Looking ahead, our dedication to excellence positions us as a trusted and preferred partner, ready to enhance our leadership in the Subsea Middle Eastern sector through continued relationship cultivation, strategic partnerships, and a proven track record of success.

6

In alignment with our strategic planning, we are intensifying our focus on the realm of P&A activities for the intermediate term. In this context, the pursuit of synergies across the entire Group has received added emphasis due to government-mandated closures in the North Sea Segment. Similarly, attention is now shifting towards the abandonment of the Chevron field in Thailand and several marginal fields in Africa in the near future. Mermaid will continue to invest in people, plant and equipment in order to position ourselves to be part of these endeavors.

BUSINESS OUTLOOK



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7

The establishment of a dedicated business unit for the North Sea has generated considerable enthusiasm within the organization. Leveraging the expertise of seasoned professionals in the region, the Group is poised to expand upon their proven track record. Initial successes include the awarding of several medium-sized projects, with the team rapidly gaining momentum. Recognizing the abundant opportunities in decommissioning and diving, we are strategically positioned to capitalize in the North Sea market. Additionally, Mermaid is strategically positioned to venture into the renewables market in the near future, further enhancing our foothold in the region.

8

Africa remains a lucrative arena for growth, evidenced by Mermaid's recent successes securing multiple awards in the region. Alongside achievements in Angola, Mermaid has delivered highly profitable saturation interventions off the Eastern Seaboard of Africa. The company is now actively pursuing further opportunities across the continent. Encouraging feedback from clients reinforces our confidence in securing additional awards in the African market in the imminent future.

9

In the meantime, **Asiana**, **Endurer**, & **Millenium 3** continue to operate in the Middle East, whilst the **Van Gogh** focuses on the APAC region. The **Sapphire** is deployed at home (Thailand). We anticipate very high utilization throughout 2024-2026. Vessel mobility remains a crucial factor in terms of achieving organic growth.

10

Mermaid is making significant strides in reclaiming our market share in Thailand and is steadfast in bolstering our presence in the decommissioning and IRM markets across Thailand and its neighbouring water. While returns in this region are presently below expectations, the momentum is nevertheless on a positive upward trajectory.



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A Company Moving Forward

ir@mermaid-group.com

www.mermaid-group.com