



Mermaid
SUBSEA SERVICES



MERMAID MARITIME
PUBLIC COMPANY LIMITED



2Q 2017 Results

11 Aug 2017

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Agenda

- Business Report
- Financial Review
- Business Outlook

Business Report



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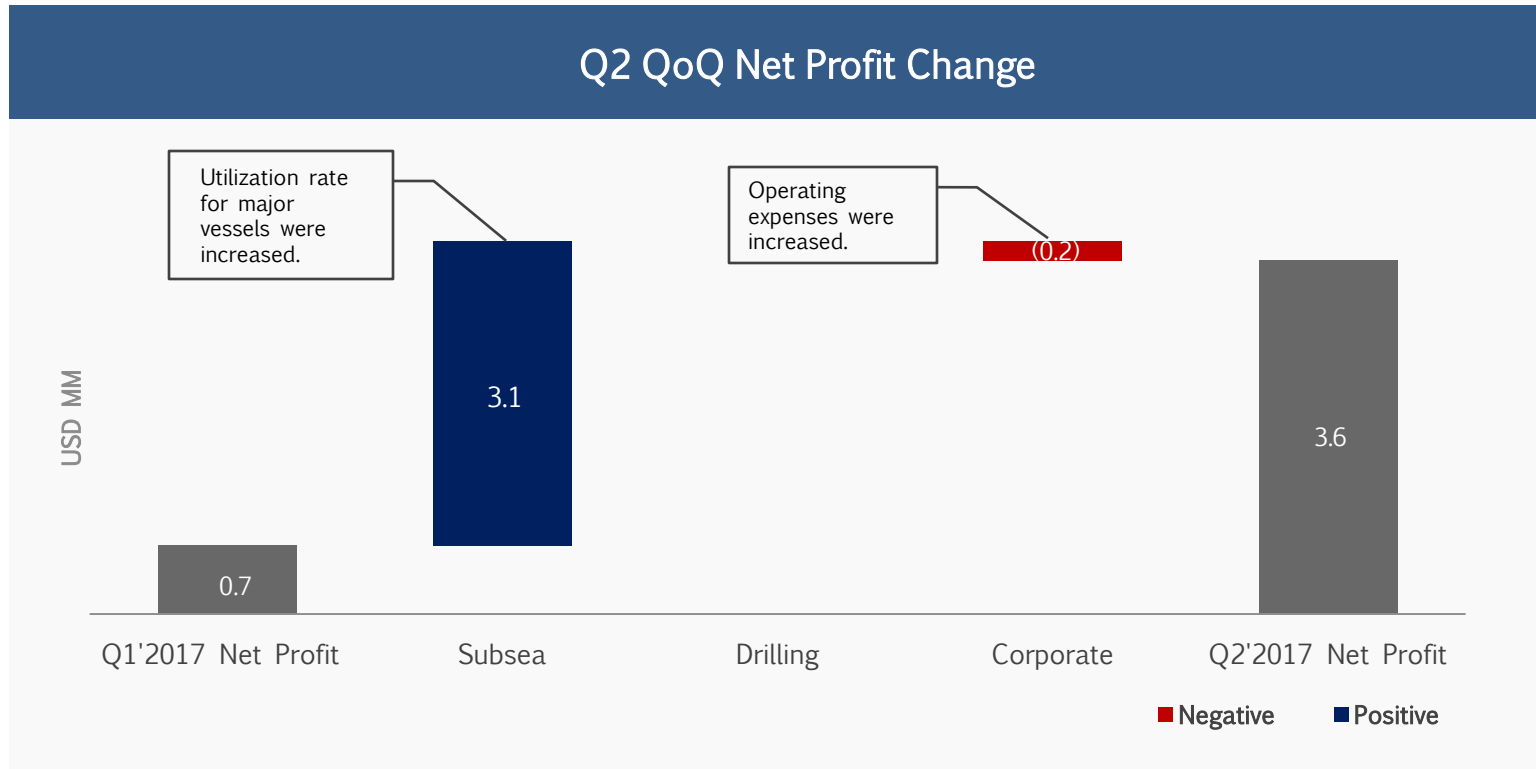




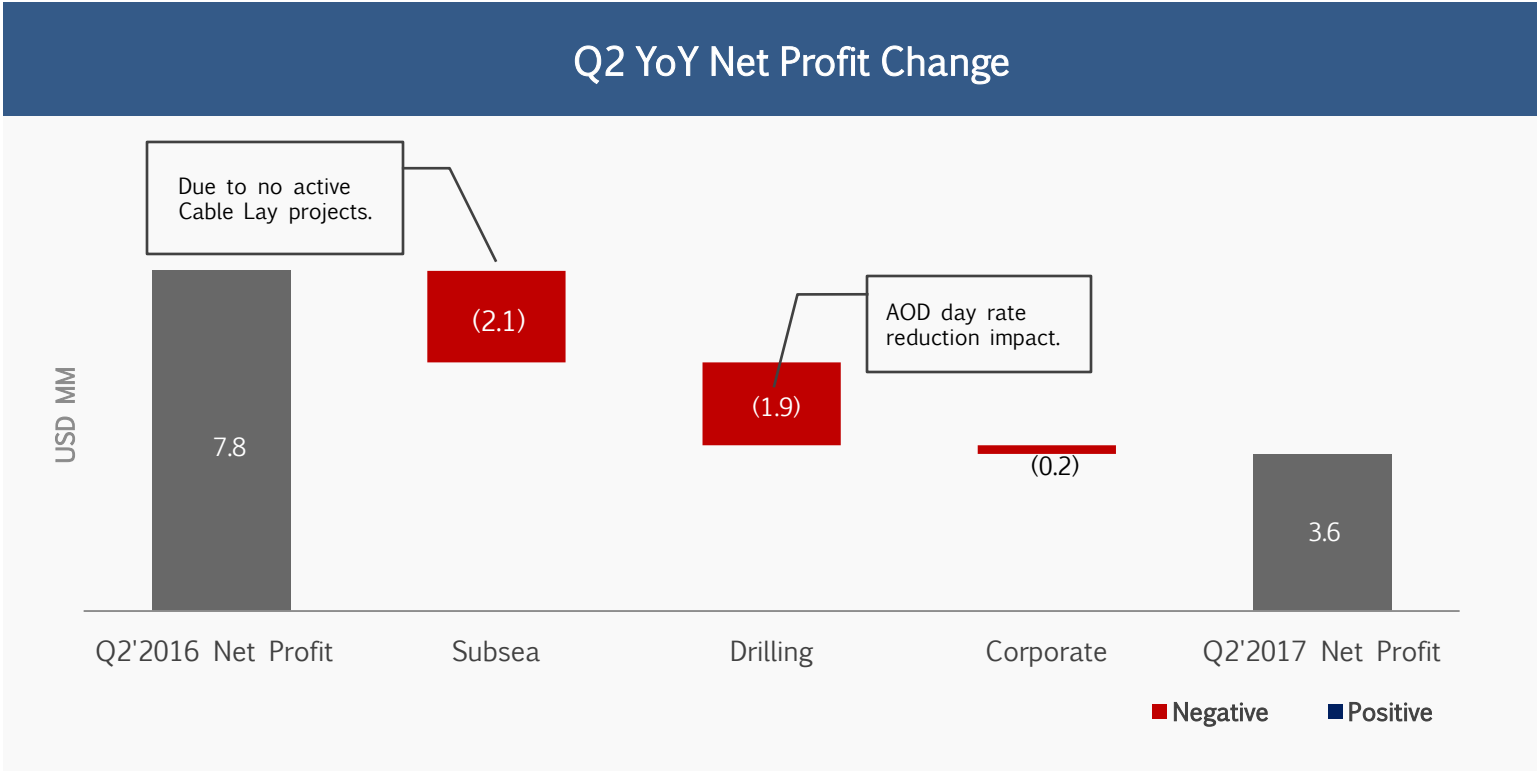
2Q 2017 Highlights

- Although an overall market challenge, utilization rate of major vessels still improved vs 2Q16.
- Revenue dropped -10.4% YoY due to no active cable lay projects in 2Q17.
- Net profit decreased as a result of lower AOD's profit sharing and revenue drop impact.
- Continued positive cash flow from operation USD 5.9M and balance sheet remained in healthy position.
- **Order book (excl. AOD) stood at USD 108m at the end of June 2017. *[To be updated].***
- Focused strategic direction to seek out new customer in new regions, Singapore and Middle East GCC country.

2Q earnings improved QoQ – Utilization pick up

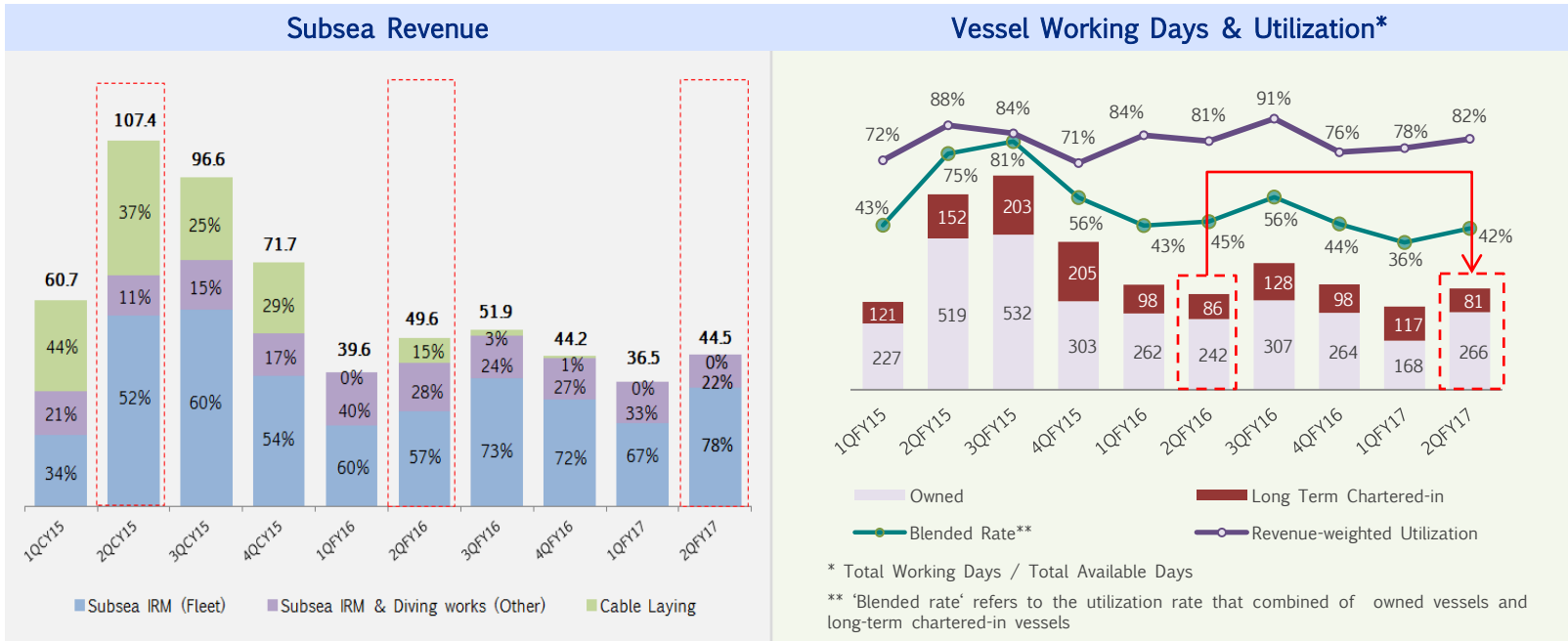


Net profit declined from Cable lay slow down and lower AOD's profit sharing





4 Major vessels utilization improved YoY



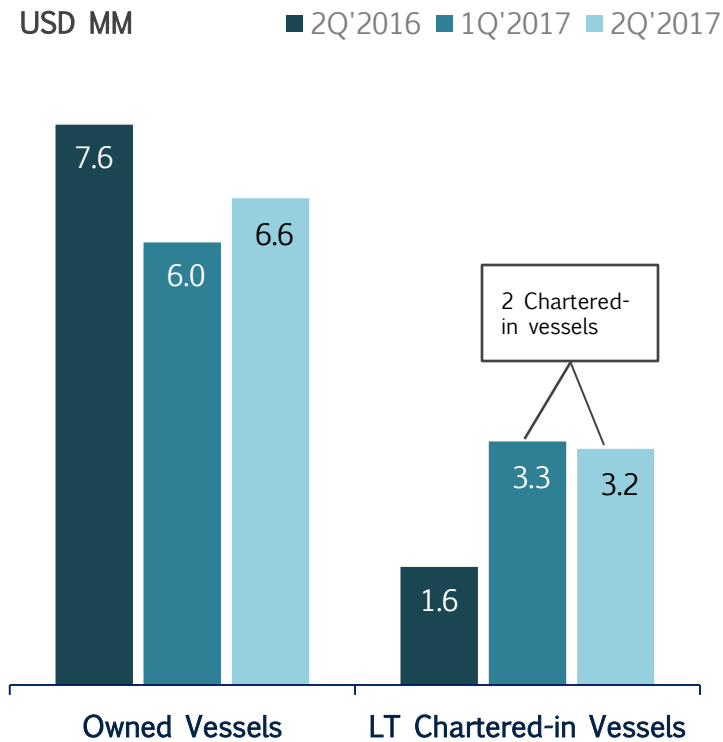
2Q'17 vessel utilization slightly dropped to 42%, compare to 45% of the same period last year

- The drop was mainly a result of Chartered-in vessels utilization decreasing.
- The 4 major vessels i.e. Mermaid Commander, Mermaid Asiana, Mermaid Endurer, and Mermaid Sapphire, had average utilisation of 73% higher than the last year of 66%.

Still remains focusing in cost optimization



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 expenses.

Long-term chartered-in vessels

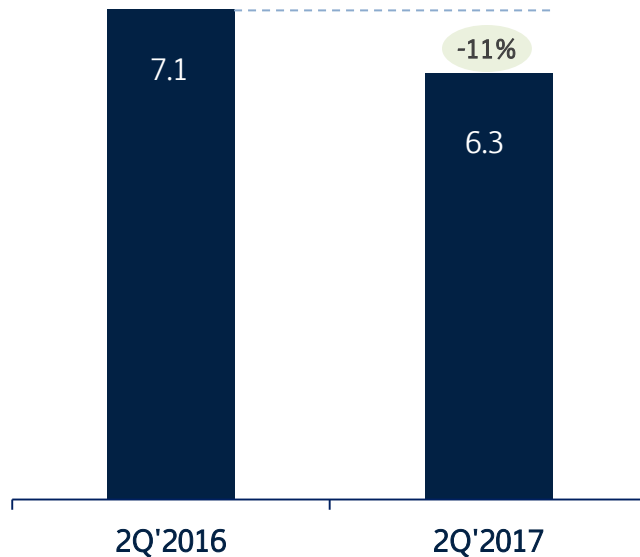
- Two vessels, the 'Resolution' and 'Nusantara', remain on hire vessel in Q2'17.
- 'Nusantara' was returned to Owner during 1Q – 2Q'16 when on-going contracts were completed.



SG&A improved 11% YoY by cost saving actions

SG&A Expenses Decreased

USD MM



Description of Key Drivers

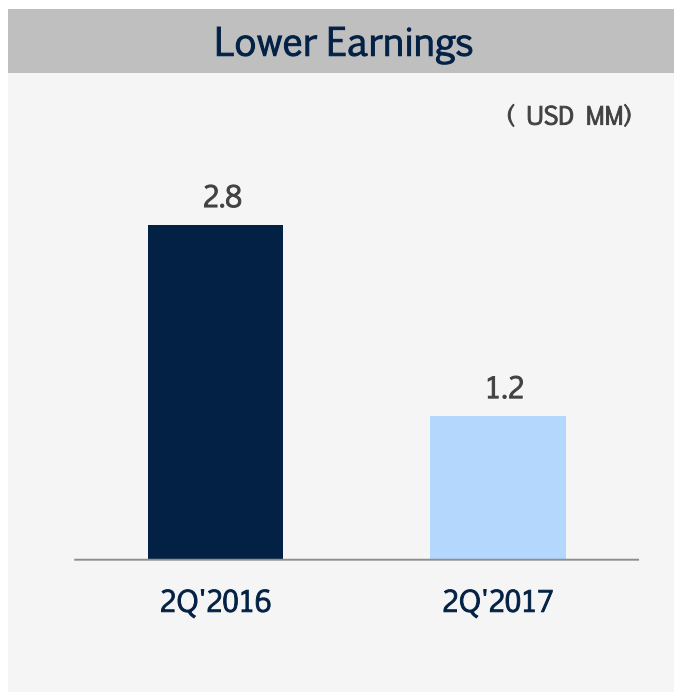
- Cost savings program delivered a good results -11% YOY.
- Saving was mainly driven by staff and employee related expenses.

AOD's earnings contribution dropped due to day rate reduction



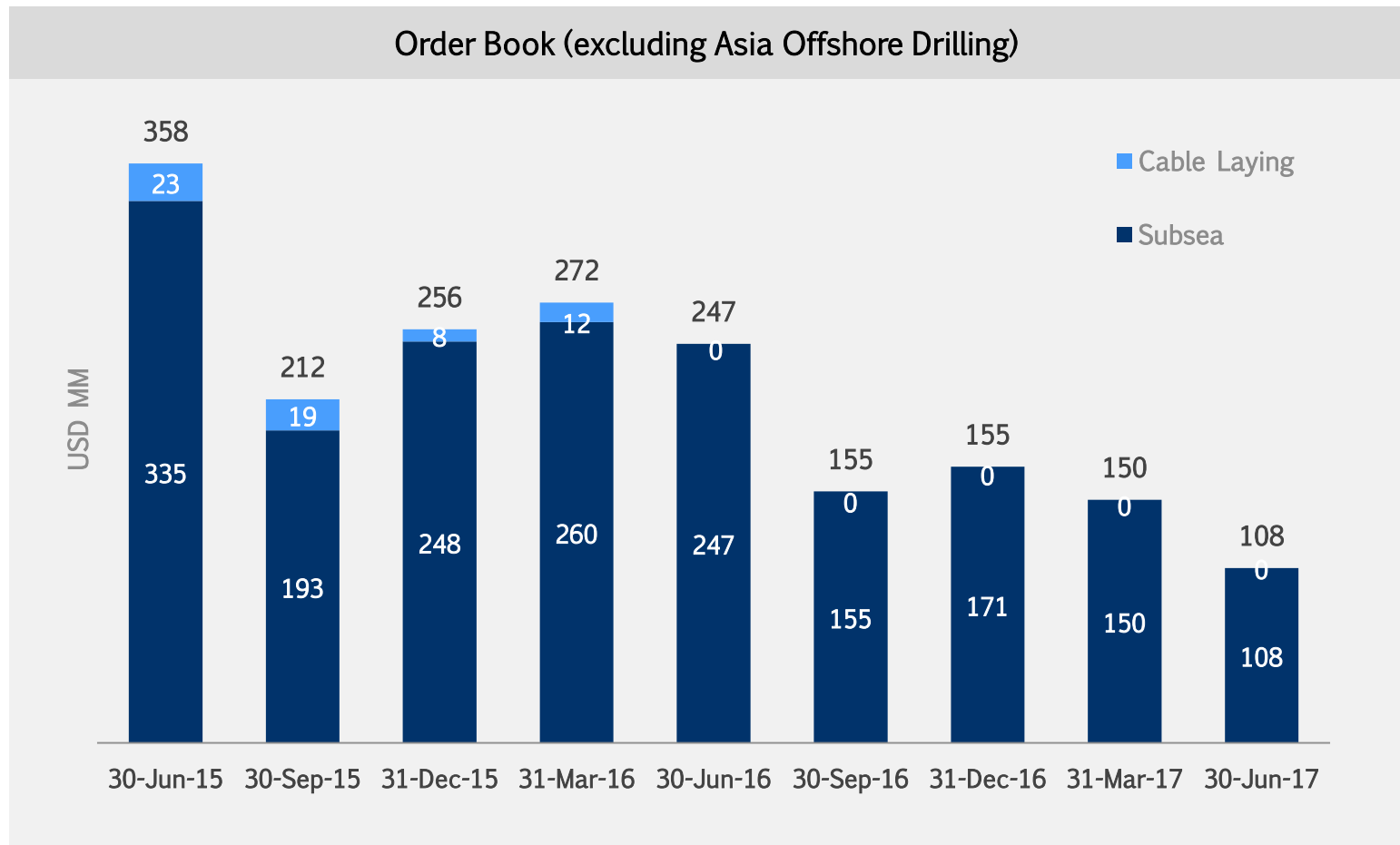
	2013				2014				2015				2016				2017				2018				2019																						
	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N
AOD I	Finished												Confirmed				Unconfirmed				Confirmed				Unconfirmed																						
AOD II	Unconfirmed				Finished								Confirmed				Unconfirmed				Confirmed				Unconfirmed																						
AOD III	Unconfirmed				Finished								Confirmed				Unconfirmed				Confirmed				Unconfirmed																						

■ Finished ■ Confirmed ■ Unconfirmed



- In 2Q/2017, 100% average utilization for 3 rigs.
- Rate reduction effective during contract renewal in 2016 and resulting bareboat charter decrease led to a lower contribution YoY.
- Contract period
 - AOD I – 3 years expiring in June 2019
 - AOD II – 3 years expiring in July 2019
 - AOD III – 3 years expiring in December 2019

Order book stood at USD 151M as the end of 2Q'2017 *[To be updated]*.



Financial Review



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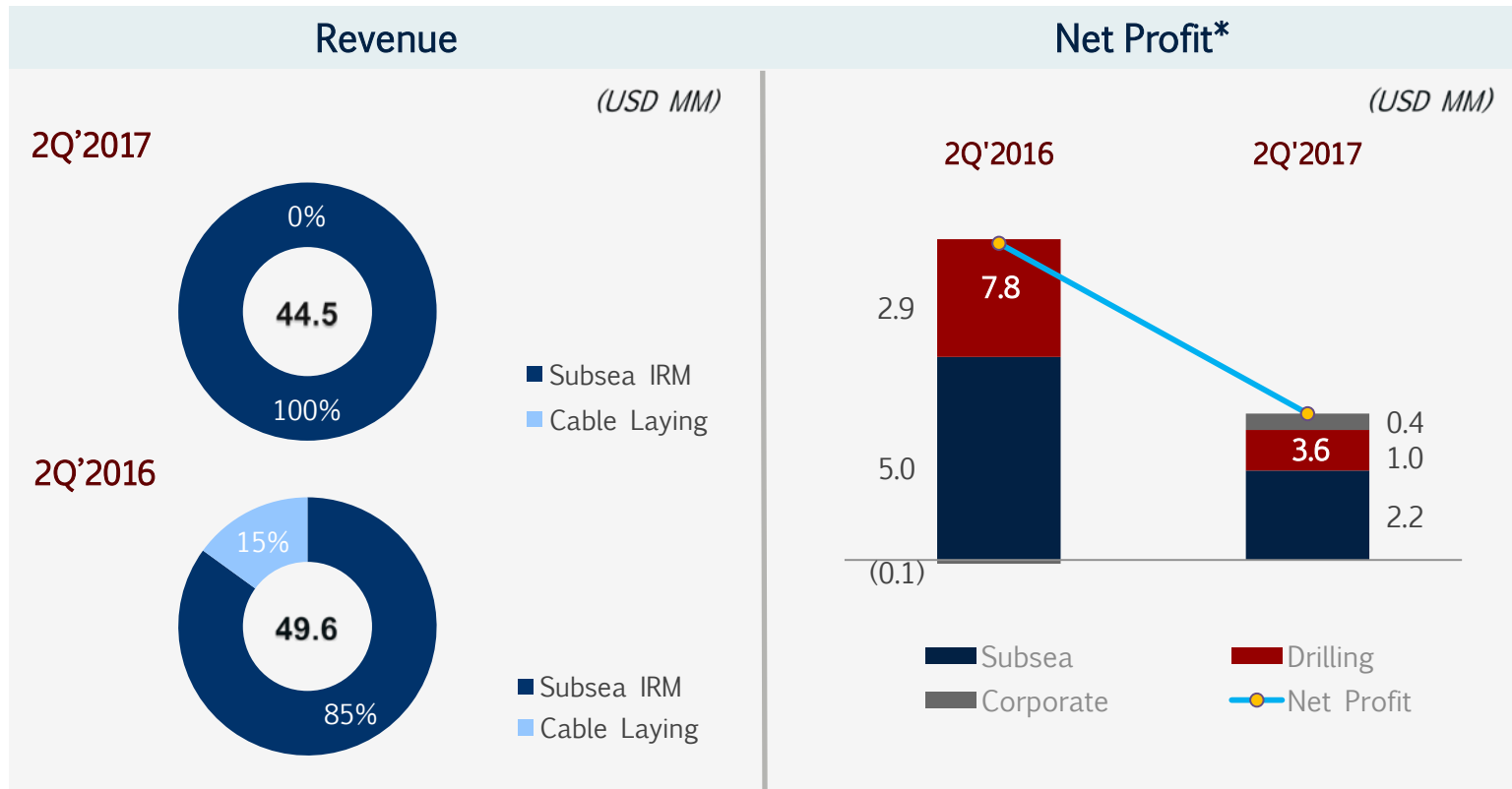




2Q'2017 Profit & Loss (3-month period)

USD MM	2Q'2017	2Q'2016	Δ %
Turnover	44.5	49.6	(10.3)
EBITDA	8.1	10.4	(22.1)
Profit From Operations	4.5	8.7	(48.3)
EBIT	3.3	5.2	(36.5)
Associates & JV Equity Income	1.2	3.5	(65.7)
Finance Cost	(0.9)	(0.9)	-
Profit Before Tax	3.6	7.8	(53.8)
Tax Benefit (Expense)	-	-	-
Net Profit	3.6	7.8	(53.8)
EPS (US cents)	0.3	0.5	(40.0)

2Q'2017 Segmental Contribution (3-month period)



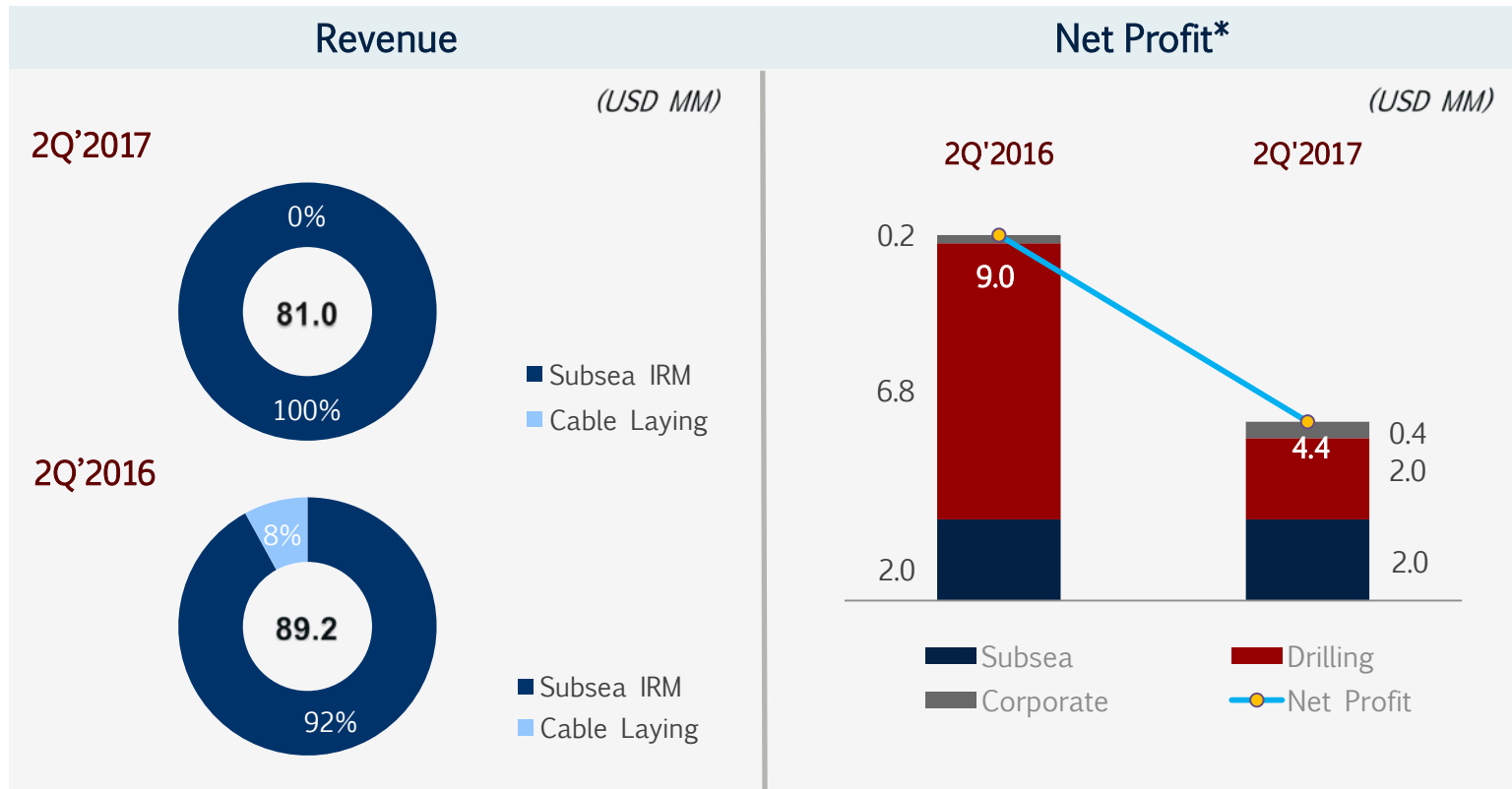
* FX effects from intercompany loans have been eliminated



2Q'2017 Profit & Loss (6-month period)

USD MM	2Q'2017	2Q'2016	Δ %
Turnover	81.0	89.2	(9.2)
EBITDA	13.8	12.5	10.4
Profit From Operations	6.2	9.9	(37.4)
EBIT	3.8	2.2	72.7
Associates & JV Equity Income	2.4	7.7	(68.8)
Finance Cost	(1.8)	(1.7)	5.9
Profit Before Tax	4.4	8.2	(46.3)
Tax Benefit (Expense)	-	0.8	(100.0)
Net Profit	4.4	9.0	(51.1)
EPS (US cents)	0.3	0.6	(50.0)

2Q'2017 Segmental Contribution (6-month period)



* FX effects from intercompany loans have been eliminated

2Q'2017 resulted in positive Cash Flows (6-month period)



USD MM	2017	2016
CASH FLOW FROM OPERATING ACTIVITIES		
Before Changes in Working Capital	13.9	15.2
Changes in Working Capital	(6.6)	14.6
Others	(1.4)	(3.1)
	5.9	26.7
CASH FLOW FROM INVESTING ACTIVITIES		
Dividend and Interest Received	0.4	6.9
Payment for Purchase of PPE and Intangible Assets	(1.1)	(1.1)
Short-term Deposit at Financial Institution	5.0	-
	4.3	5.8
CASH FLOW FROM FINANCING ACTIVITIES		
Interest Paid	(1.7)	(1.7)
Short-term and Long-term Loans from Financial Institutions	(4.0)	(9.1)
	(5.7)	(10.8)
Net increase in cash and cash equivalents	4.5	21.7
Cash Balance as at 30 June	66.8	79.3



Balance Sheet remains healthy

Liquidity indicators

- Cash & Deposits Balance = USD98.0mm
- Current Ratio = 3.85x

Leverage Ratio

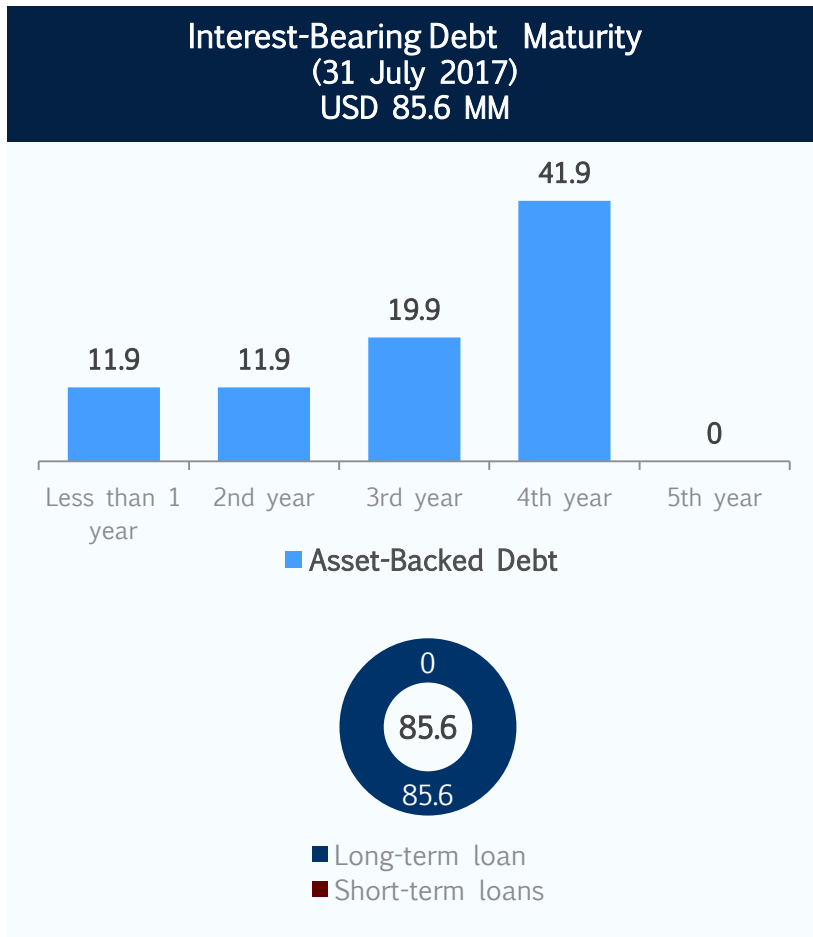
- Debt to Equity Ratio = 0.35x
- Interest Bearing Debt to Equity = 0.25x
- Net Gearing = N/A *Net positive cash balance*
- DSCR = 1.75x

USD MM	30-Jun-2017	31-Dec-2016	Δ (%)
Current Assets	171.1	174.1	(1.7)
Non-Current Assets	292.1	298.0	(2.0)
Total Assets	463.2	472.1	(1.9)
Current Liabilities	44.4	51.5	(13.8)
Non-Current Liabilities	76.3	82.3	(7.0)
Total Liabilities	120.7	133.8	(9.8)
Total Equity	342.5	338.3	1.2
Property, Plant and Equipment	189.6	198.2	(4.3)
Bank Balances, Deposits & Cash	98.0	97.7	0.3
Total Borrowings	85.6	89.5	(4.4)

USD MM	30-Jun-2017	31-Dec-2016	31-Dec-2015
Interest Bearing Debt			
Asset-backed Financing	85.6	89.5	97.4
Unsecured Loan	-	-	10.0
	85.6	89.5	107.4
Cash and Cash Equivalent	(98.0)	(97.7)	(63.3)
Net Debt / (Cash)	(12.4)	(8.2)	44.1
Shareholder Funds	342.5	338.3	321.0
Net Gearing	N/A	N/A	13.7%

Debt Maturity Profile

Remains high financial liquidity and flexibility



In Financial Statements, USD 85.6M of LT loans, majority of debt maturity profile is 4 years onward, liquidity risk is low with high financial flexibility.

Business Outlook and Positioning



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Business Outlook

- 1 Market appears to have bottomed-out, but oil prices have continued to hover around the USD50/bbl mark. This in turn has prevented several CAPEX projects going ahead and has severely reduced the amount of IRM work available.
- 2 Approximately 18 new-build SAT DSVs are expected to be completed in 2017 and 2018, with several set to join established or start-up contractors for direct entry in to the subsea market, whilst other new-builds are 'homeless' and remain owned by the shipyard as they were built speculatively or the original buyers have defaulted.
- 3 Utilisation of key assets remains a key revenue driver. Cost cutting and consolidation remain essential.
- 4 Regional repositioning of key assets may now be required by Mermaid as we look to achieve better utilization figures given the overall reduction in the amount of subsea work actually available.
- 5 Subsea firms need to become lean and mean but still retain the capacity to execute safely & efficiently.



Business Outlook

6

All three jack-up drilling rigs 'AOD I', 'AOD II' and 'AOD III' secured contract extensions in Middle East for another three years until 2019 thus reducing downside risk as market recovers. AOD loan refinancing continues in progress.

7

Mermaid Challenger, Mermaid Siam, Barakuda, 'MTR-1' and 'MTR-2' are cold stacked to reduce cost and marketed for sale.

8

Cash preservation is important to remain resilient until eventual market recovery. Yet remain open for opportunistic asset acquisitions.

9

Mermaid leveraging on reputation and stability to access additional geographical markets and cross-sell services across regions. Recent success in entering new countries in South East Asia and Middle East GCC.



Mermaid – Industry positioning



Geographical coverage and shallow water focused

- Shallow water – more defensive and less affected by lower oil price.
- Local joint venture in cabotage-protected markets serving NOCs in those countries, Qatar, Saudi Arabia and Indonesia.



IRM focused, new established cable laying and subsea engineering

- IRM – Medium to long-term demand is expected to remain relatively intact which should bode well for ongoing production requirement.
- Cable and flexible pipe lay service expansion, additional engineering services.



Track record of quality and safety, modern asset base

- Excellence operational and safety record and stable management team.
- Young subsea fleet with chartering-in plan to serve fluctuating demand.
- AOD's three jack-up drilling rigs contract extended to 2019.



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.



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Investor Relations
ir@mermaid-maritime.com