






# FY 2018 RESULT PRESENTATION

28 February 2019

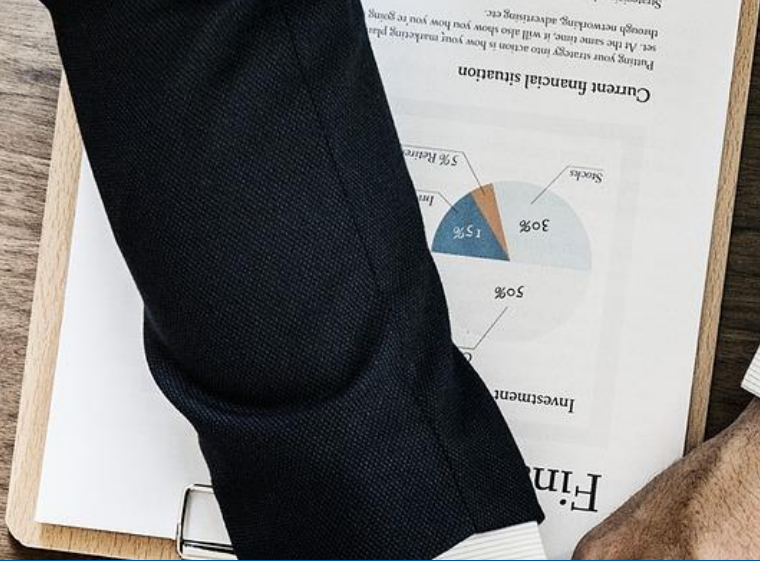
[www.mermaid-group.com](http://www.mermaid-group.com)

# AGENDA

---

-  Business Report
-  Financial Review
-  Business Outlook

# BUSINESS REPORT



Issue 764  
Monday, Jun 14, 2016  
#Citydailynews

## of the n Union

Are you innovative or are you the experienced type? Or do you offer a high-cost, high-quality product, or a low-cost, high-quality product? 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 allows you to have a large advantage in your market competition. Increase in your brand tells your customers what they can have or expect from the products and services you offer. From the branding strategy you have, the branding consistency at it will help you to acquire the right



# 4Q 2018 HIGHLIGHTS

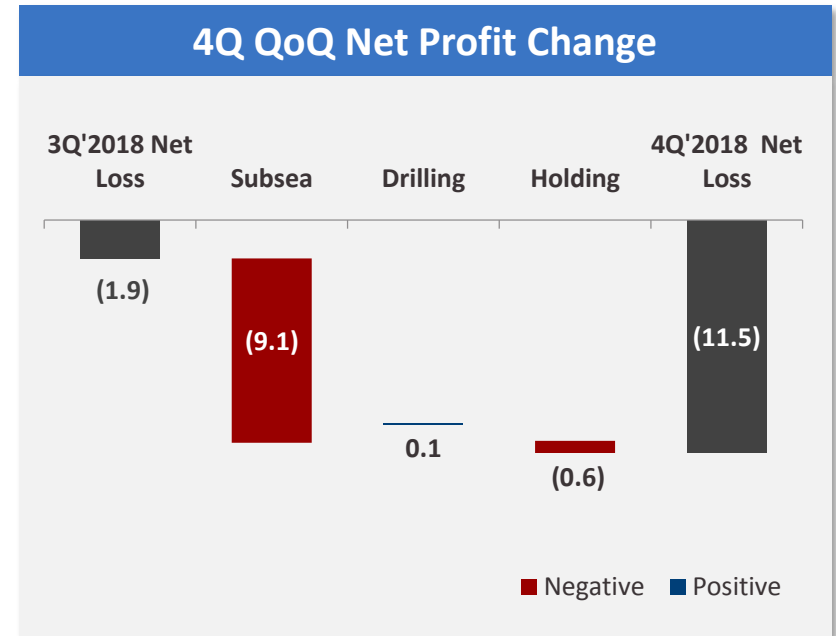
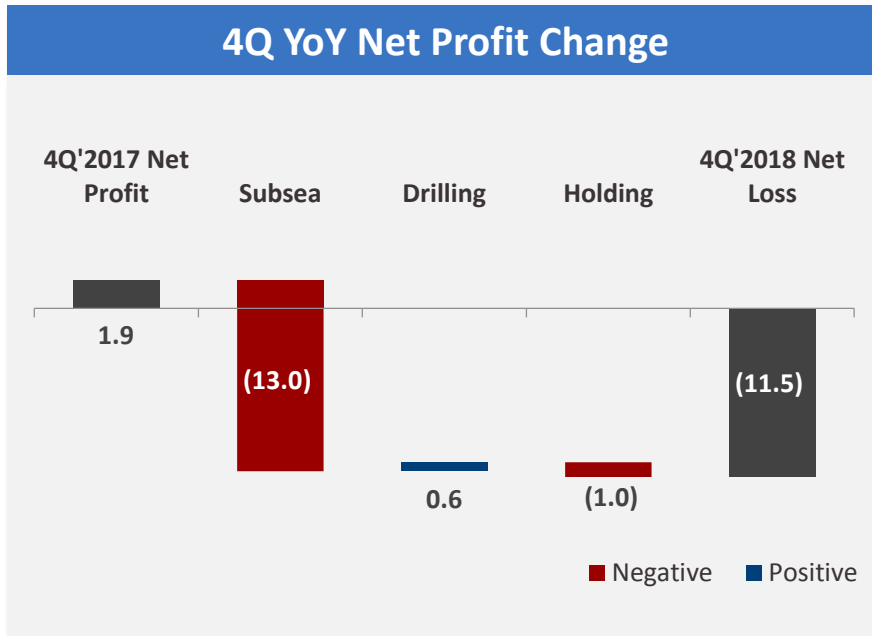


- Revenue decreased 12.2% QoQ due to lower utilization rate and dry docking for Mermaid Sapphire.
- Recorded Q4 net loss USD 11.5m as a result of revenue decreasing.
- Positive cash flow from operation USD 9.8m in FY2018.
- Order book (excl. AOD) stood at USD 95m at the end of December 2018.
- Maintained a good fiscal discipline by retain a low gearing and balance sheet remained in a healthy position.
- Secured 3 years contract extension for AOD-I.

# MOVEMENT IN KEY BUSINESS SEGMENT



MERMAID



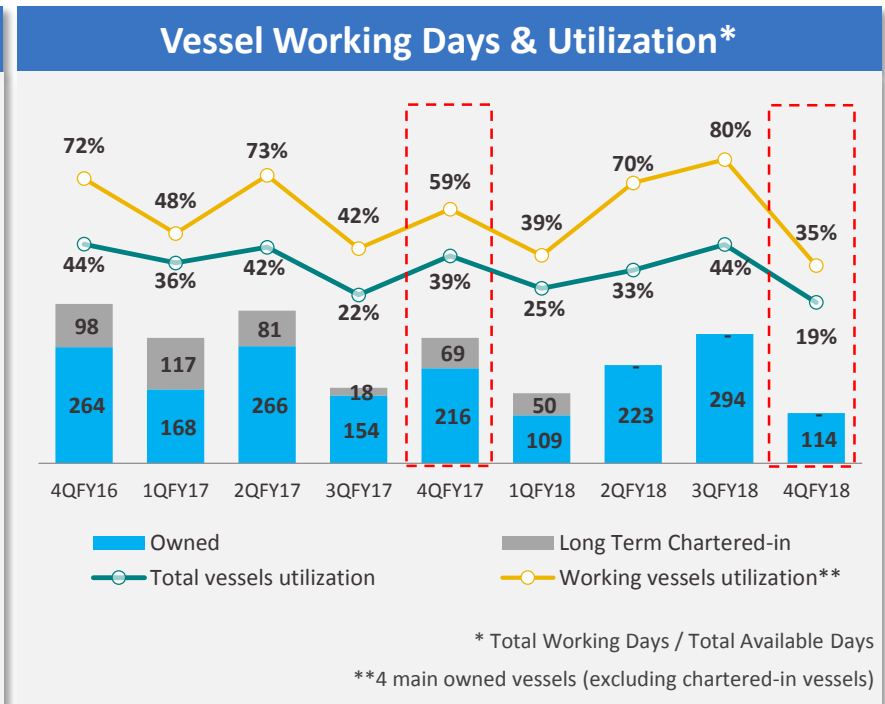
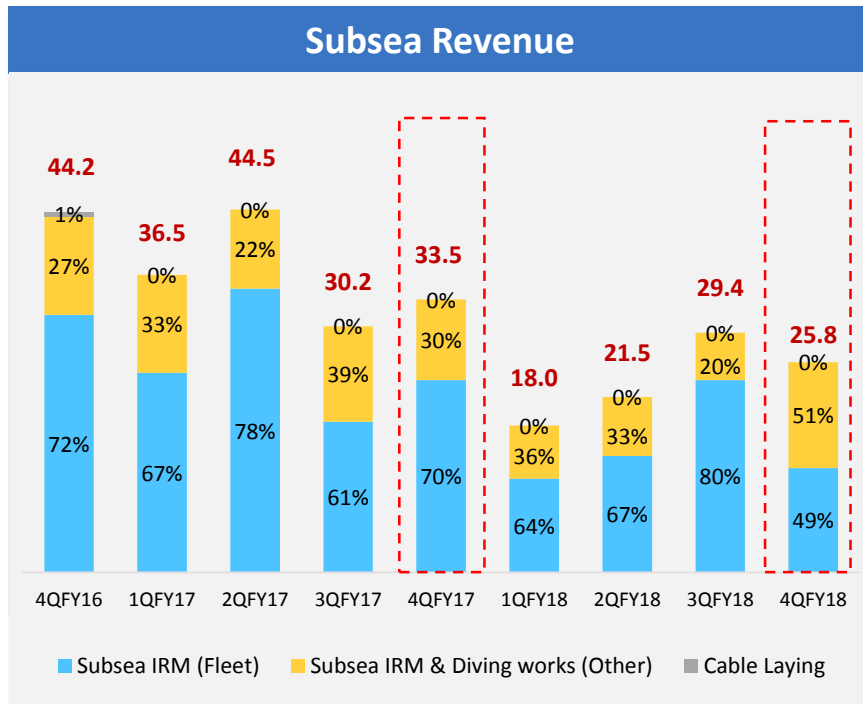
- Dry-docking and low utilization impacted to bottom line in Subsea division.
- AOD's adjusted bareboat chartered rate improved a profit YoY in drilling division.
- FX change had a negative impact to Holding section when compared YoY and QoQ.



# SUBSEA REVENUE AND UTILIZATION



MERMAID



**4Q'18 vessel utilization decreased to 19% from 44% of the last quarter and 39% of the same period last year.**

- The decrease YoY and QoQ was a result of main vessels that work at low utilization and Mermaid Sapphire was dry-docked in this quarter.
- The 4 major vessels had average utilization of 35% which decreased from 59% of last year and 80% of last quarter.
- No chartered-in vessel in this quarter.

# VESSEL RUNNING COST



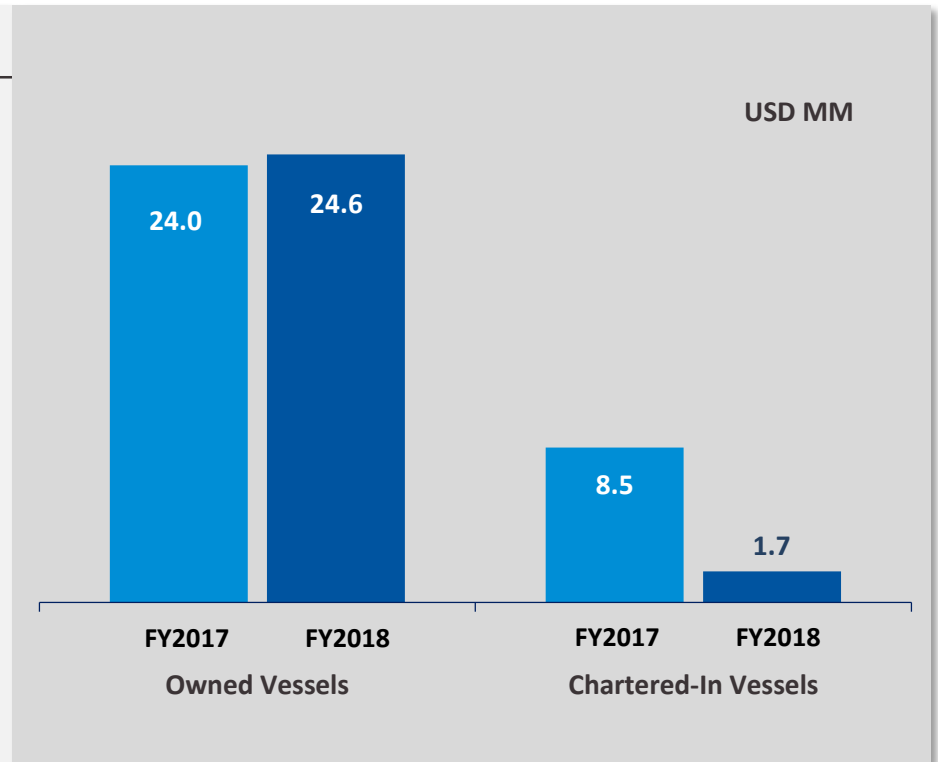
## Owned vessels VRC was stable

### Owned Vessels

- Vessel running costs was remained the same, slightly increased from last year due to repair and maintenance cost.

### Chartered-In Vessels

- Resolution had been chartered-in until end of July and was returned to Owner.
- No chartered-in vessel in Q4'18.

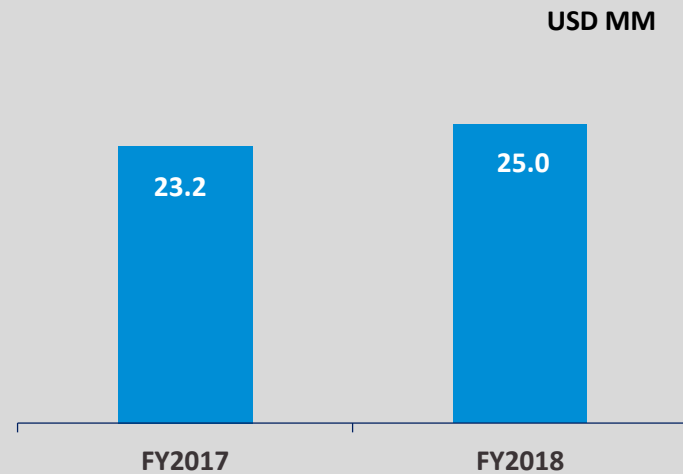


# SELLING & ADMINISTRATIVE EXPENSES



## SG&A Expenses Increased YoY

- Increase in SG&A compared to last year was mainly due to consultant fee and Accounts Receivable provision recorded during FY2018.



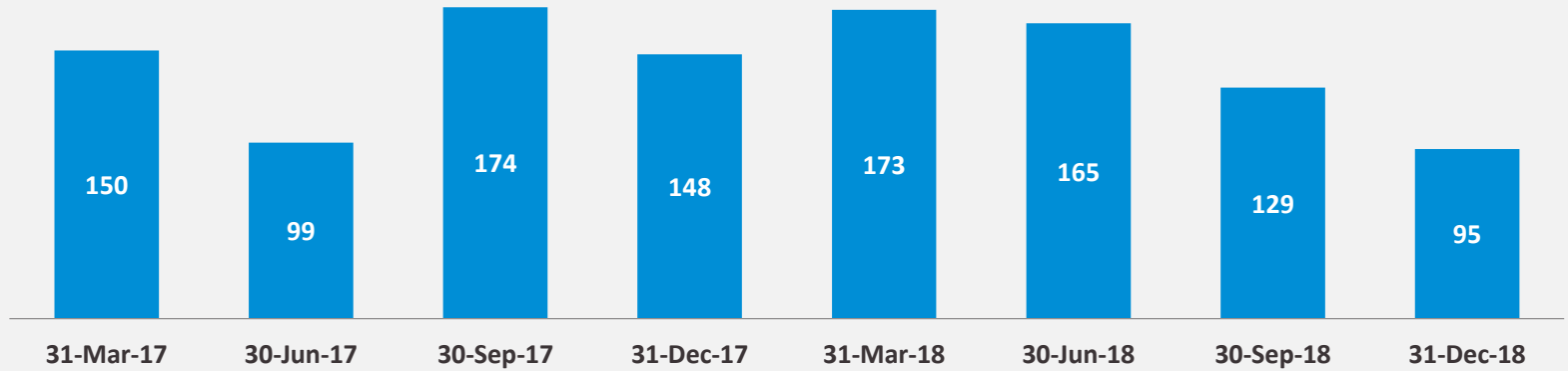


# ORDER BOOK

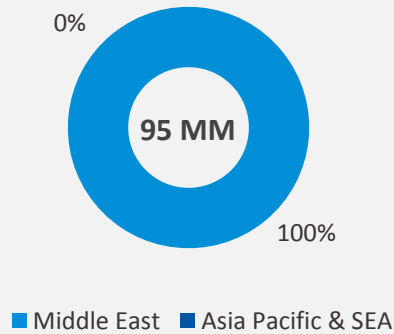


### Total Order Book (excluding AOD)

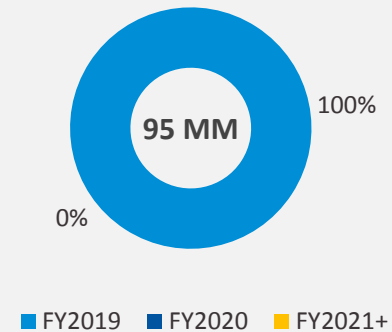
USD MM



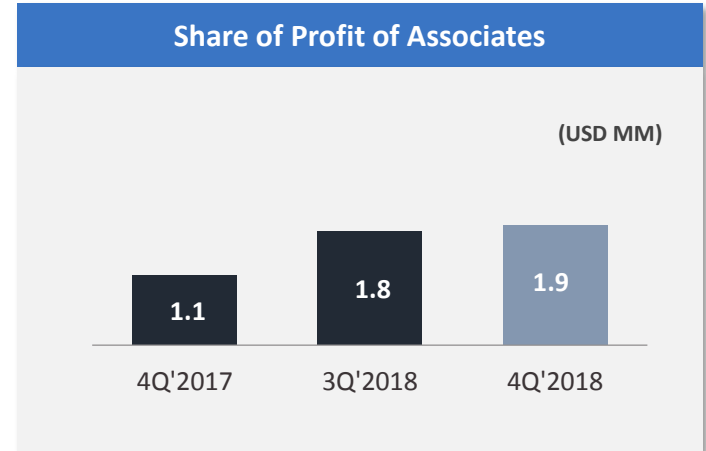
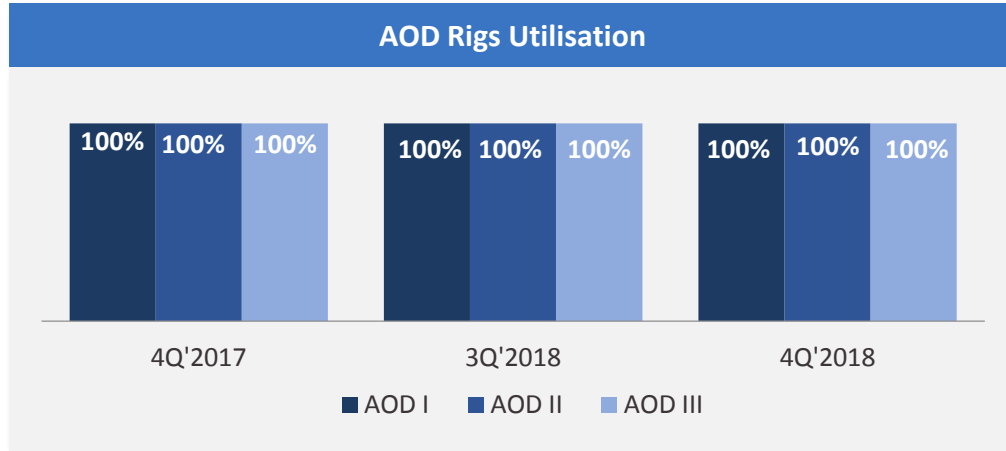
### Order Book by Region



### Order Book by Year



# ADJUSTED BAREBOAT CHARTERED RATE RESULTED PROFIT IMPROVEMENT YoY



- Excellent performance in 4Q'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.
- The outstanding balance of Senior Secured Credit Facility as at 31 December 2018 remained at US\$ 210 million.
- AOD I has secured contract extension for another three years with the same customer commencing from July 2019 through June 2022.

	2013			2014 - 2017					2018				2019				2020				2021				2022																						
	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																										
AOD II	Unconfirmed			Confirmed					Confirmed				Confirmed				Confirmed				Confirmed																										
AOD III	Unconfirmed			Confirmed					Confirmed				Confirmed				Confirmed				Confirmed																										

■ Finished   
 ■ Confirmed   
 ■ Unconfirmed

# FINANCIAL REVIEW



# FY 2018 PROFIT & LOSS



MERMAID

<i>(USD MM)</i>	FY 2018	FY 2017	YoY Amt Change
<b>Revenue from Rendering of Services</b>	<b>94.8</b>	<b>144.7</b>	<b>(49.9)</b>
<b>EBITDA</b>	(12.3)	22.7	(35.0)
<b>EBIT</b>	<b>(30.6)</b>	<b>3.2</b>	<b>(33.8)</b>
Share of Profit of Associates & Joint Venture	8.1	4.7	3.4
<b>Profit (Loss) From Operations</b>	<b>(22.5)</b>	<b>7.9</b>	<b>(30.4)</b>
Finance Costs	(3.9)	(3.6)	0.3
<b>Profit (Loss) Before Income Tax Expense</b>	<b>(26.4)</b>	<b>4.3</b>	<b>(30.7)</b>
Tax Expense	(0.9)	(0.1)	0.8
<b>Profit (Loss) for the Period</b>	<b>(27.3)</b>	<b>4.2</b>	<b>(31.5)</b>
Earnings (Losses) Per Share (US cents)	<b>(1.9)</b>	<b>0.3</b>	<b>(2.2)</b>

# STATEMENT OF CASH FLOWS



MERMAID

Cash Flows (USD MM)	12-Month Period	
	2018	2017
<b>Cash Flow From Operating Activities:</b>		
Before Changes in Working Capital	(10.2)	23.4
Changes in Working Capital	20.9	(9.7)
Others	(0.9)	(2.4)
	<b>9.8</b>	<b>11.3</b>
<b>Cash Flow From Investing Activities:</b>		
Increase in Current Investments	(17.8)	-
Proceeds from Short-term Deposit at Financial Institutions	-	28.0
Increase in advance payment for investment	-	(17.3)
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	(7.5)	(3.1)
Interest Received	0.7	0.9
	<b>(25.8)</b>	<b>8.5</b>
<b>Cash Flow From Financing Activities:</b>		
Repayment of Borrowings	(12.0)	(10.0)
Finance Costs Paid	(3.8)	(3.5)
	<b>(15.8)</b>	<b>(13.5)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(31.8)</b>	<b>6.3</b>
Effect of Exchange Rates	(0.4)	0.6
Beginning Balance as at 1 January	68.7	61.8
<b>Cash Balance as at 31 December *</b>	<b>36.5</b>	<b>68.7</b>

\*Excluding restricted cash

# BALANCE SHEET REMAINED IN A STRONG POSITION



MERMAID

Balance Sheet (USD MM)	31 Dec 2018	31 Dec 2017	Change
Current Assets	98.9	141.8	-30.3%
Non-Current Assets	310.7	309.3	0.5%
<b>Total Assets</b>	<b>409.6</b>	<b>451.1</b>	<b>-9.2%</b>
Current Liabilities	40.3	38.9	3.6%
Non-Current Liabilities	54.4	70.0	-22.3%
<b>Total Liabilities</b>	<b>94.7</b>	<b>108.9</b>	<b>-13.0%</b>
<b>Total Equity</b>	<b>314.9</b>	<b>342.2</b>	<b>-8.0%</b>

(USD MM)	31 Dec 2018	31 Dec 2017	Change
Property, Plant and Equipment	169.4	182.9	-7.4%
Bank Balances, Deposits & Cash	69.1	81.5	-15.2%
Total Borrowings	67.7	79.6	-14.9%

(USD MM)	31 Dec 2018	31 Dec 2017	31 Dec 2016
<b>Interest Bearing Debt</b>			
Asset-backed Financing	67.7	79.6	89.5
Unsecured Loan	-	-	-
Finance lease	0.1	0.2	-
<b>Total Debt</b>	<b>67.8</b>	<b>79.8</b>	<b>89.5</b>
Bank Balances, Deposits & Cash	(69.1)	(81.5)	(97.7)
<b>Total Debt (Net of Cash)</b>	<b>(1.3)</b>	<b>(1.7)</b>	<b>(8.2)</b>
Shareholders' Equity	314.9	342.2	338.3
<b>Net Gearing</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>

## Financial Ratio:

- Current Ratio = 2.45x
- Liabilities to Equity Ratio = 0.30x
- Net Debt to Equity Ratio = 0.21x
- Net Gearing = N/A (Positive cash balance)

# DEBT MATURITY PROFILE

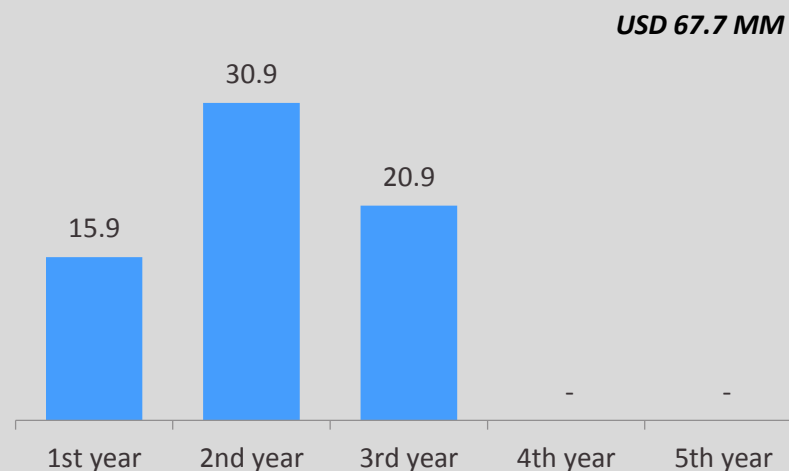


MERMAID

## Interest-Bearing Debt Maturity USD 67.7 MM (31 December 2018)

## Asset-Backed Debt

- As at 31 December 2018, there is USD **67.7 million** of long-term loan and no short-term loan.
- The majority of debt maturity profile is 2<sup>nd</sup> year onward.
- Liquidity risk is still low with high financial flexibility.







MERMAID



# BUSINESS OUTLOOK

# BUSINESS OUTLOOK



1

Brent crude oil averaged \$57/b in December 2018, down from an average of \$81/b in October 2018. The decline in late 2018 largely reflected rising oil inventories. Prices also fell as a result of uncertainties about global economic indicators and future oil demand growth.

2

The outlook for offshore service contractors including subsea service providers currently appears to be positive as more than 100 new projects are aiming to be sanctioned in 2019.

3

According to Rystad Energy, 30% of the 2019 projects value sits in Middle East, 25% in South America, 15% in both Africa and Asia, and the rest in Europe and North America combined.

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.

# BUSINESS OUTLOOK



5

MSS is currently positioning itself to secure lucrative cable and subsea engineering installation projects. Additionally, MSS continues to focus on the Gulf of Thailand decommissioning projects with alignments with heavy lift and decontaminate service providers.

6

Mermaid Commander is undergoing cold stacking. 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 larger DP3 OSCV's to enhance its subsea engineering capability in SURF, Cable installations and Deepwater operations to increase business activities in global markets.

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. AOD loan refinancing continues in progress.

# MERMAID'S POSITIONING



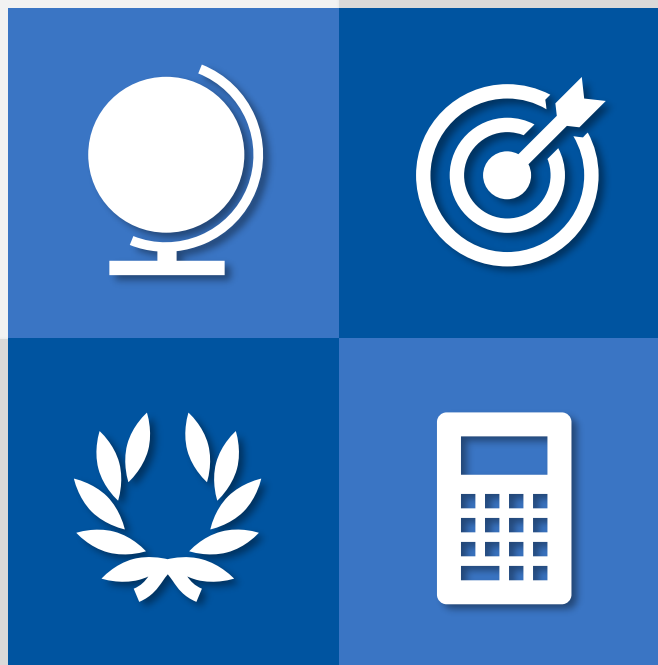
MERMAID

## 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 continues.
- Mermaid expansion geographically into other markets such as North Sea, West Africa, Mediterranean continues.

## 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.



## Core Business Focused, with an Addition of Integrated Service Packages

- Remain focused on IRM scopes, further enhancement internally with enhancing our in-house engineering suite of services.
- Offer an integrated range of subsea services with a revamped highly specialized workforce continues.

## 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*

✉ [ir@mermaid-group.com](mailto:ir@mermaid-group.com)

[www.mermaid-group.com](http://www.mermaid-group.com)