



## MERMAID PUBLIC COMPANY LIMITED

บริษัท เมอร์เมด มารีไทม์ จำกัด (มหาชน)

(Reg. No. 0107550000017)

26/28-29, 9<sup>th</sup> Floor Orakarn Bldg., Soi Chidlom, Ploenchit Road,  
Lumpinee, Pathumwan, Bangkok 10330, Thailand.

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### **Mermaid Delivered Best 3Q Results Ever, Improvements in Both Subsea and Drilling Divisions, Pursues Opportunistic Growth**

Mermaid Maritime Public Company Limited (“Mermaid” or “Company”) refers to its recent 3QFY14 financial results announcement released via SGX-ST on 13 August 2014 and hereby provide the following additional updates:

#### ***Back to normal season and delivered best 3Q ever***

The consolidated net profit from Mermaid was US\$ 13.0 million, up from US\$ 2.35 million in 3QFY13. This is attributed to stable demand for subsea vessels and related services driven by steady oil and gas offshore production and exploration activities. Additionally, the demand-supply dynamics of the tender rig market appears to remain favorable as indicated by industry day rates and utilization, and the overall demand for jack-up drilling rigs has improved globally.

#### ***Improvement both in Subsea and Drilling divisions***

Total revenue of US\$ 77.8 million is up 5% year-on-year. Revenue growth from subsea business was backed by 10% year-on-year higher day rates of total own vessels, notwithstanding average subsea vessel utilization rate in 3QFY14 was 66%, slightly lower than 75% in 3QFY13. Revenue from drilling business significantly increased with MTR-2 operating at 91% utilization. Mermaid has been actively marketing MTR-1 to secure either a sale or work for accommodation barge support unit contracts. The MTR-2 is currently on a 2-year drilling contract in Indonesia with Chevron. The unit is presently on work-over mode for a limited time and is expected to resume normal drilling upon Chevron’s permits being approved by the Indonesian Government. MTR-2 is then expected to continue working until the end of the contract in mid to end 2015.

Equity income increased from loss of USD 0.3 million in 3QFY13 to profits of US\$ 23.1 million in 3QFY14 due to contribution from Mermaid’s 33.8%-owned associate company Asia Offshore Drilling (“AOD”). AOD’s three high-specification jack-up rigs have commenced their three-year contracts with Saudi Aramco since 4QFY13. Gross profit declined slightly 7% year-on-year to stand at 29% gross margins resulting from one of subsea vessels on standby throughout 3QFY14 which is now resuming work, while SG&A rose by 7% year-on-year to US\$ 22.6 million due to increased personnel in the Middle East region to accommodate for growth. All in, EBITDA increased 24% year-on-year to US\$ 58.0 million.



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### *Pursues Opportunistic Growth*

Mermaid has an optimistic perspective that the outlook in oil and gas industries will remain positive in the next 12 months, given steady oil price and continued spending in exploration and production from oil & gas companies.

Mermaid continues to see stable demand for its subsea vessels and related services as evidenced by contract awards secured as well as ongoing additional requirements from both potential and ongoing customers. This is attributed from steady oil & gas offshore production and exploration activities achieved from satisfactory level of fossil energy prices coupled with World's economic recoveries led by major developed countries.

Mermaid also continues to emphasize on achieving high vessel utilization while at the same time, focusing on value-added services to customers and longer contract durations in growth areas e.g. South East Asia, the Middle East and the North Sea. Mermaid has placed an order for a new dive support and construction vessel with delivery scheduled for 2016.

The demand-supply dynamics of the tender rig market appears to remain favorable in particular for newer units. In January 2014, Mermaid placed an order for new build tender rigs MTR-3 and MTR-4 with delivery scheduled for 2016 and both rigs are currently in their design phase.

The overall demand for jack-up drilling rigs has improved globally and the demand for premium jack-up rigs has remained strong in all relevant regions, particularly in Asia and the Middle East. Oil and gas companies continue to show their preference for newer rigs such as those owned by AOD, an associated company which Mermaid holds 33.8% stake.

In this positive climate and outlook, Mermaid continues to pursue avenues for opportunistic growth in both its subsea and drilling businesses and will make additional announcements via SGX-ST in due course should such transactions materialize.

Please be informed accordingly.

Mr. Vincent Siaw  
Director, Corporate Strategy  
25 August 2014