



2Q 2018 RESULT PRESENTATION

15 August 2018

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AGENDA



MERMAID

- Business Report
- Financial Review
- Business Outlook



BUSINESS REPORT

2Q 2018 HIGHLIGHTS



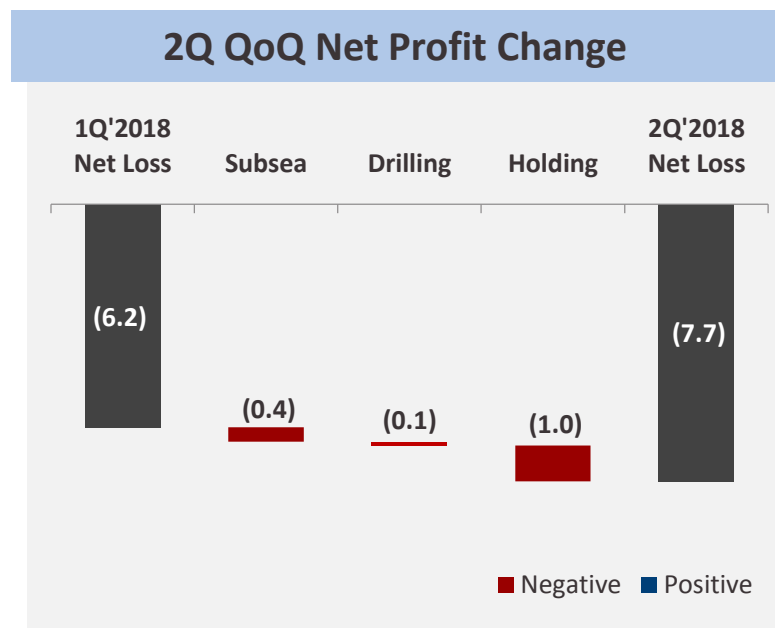
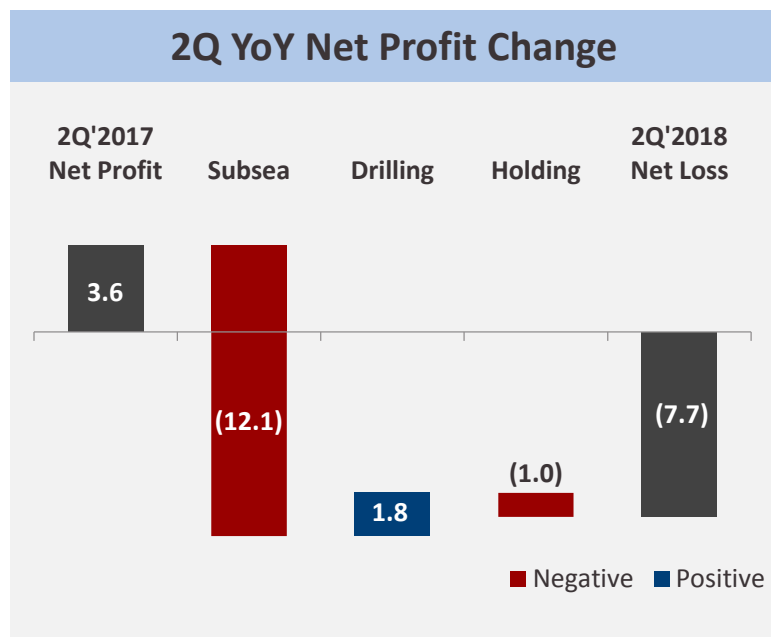
- Order book (excl. AOD) stood at USD 165m at the end of June 2018, increased 67% YoY but decrease 5% QoQ.
- Revenue dropped 51.7% YoY due to key vessel dry-docking and no Chartered-in vessel working in this quarter.
- Recorded Q2 net loss USD 7.7m due to low fleet utilization.
- Positive cash flow from operation generated USD 4.1m YTD 2Q 2018.
- Maintained a good fiscal discipline by retain a low gearing and balance sheet remained in a healthy position.

MOVEMENT IN KEY BUSINESS SEGMENT



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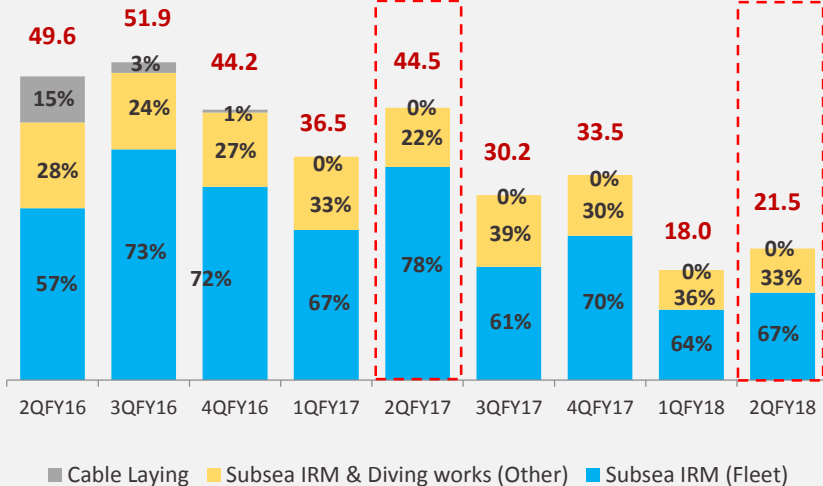
- Mermaid Asiana was dry docked during APR – MAY and no Chartered-in vessel working in this quarter resulted in Net Loss in 2Q 2018.
- AOD's adjusted bareboat chartered rate improved a profit in drilling division.
- FX change negative impacted to Holding section when compared to last year and last quarter.



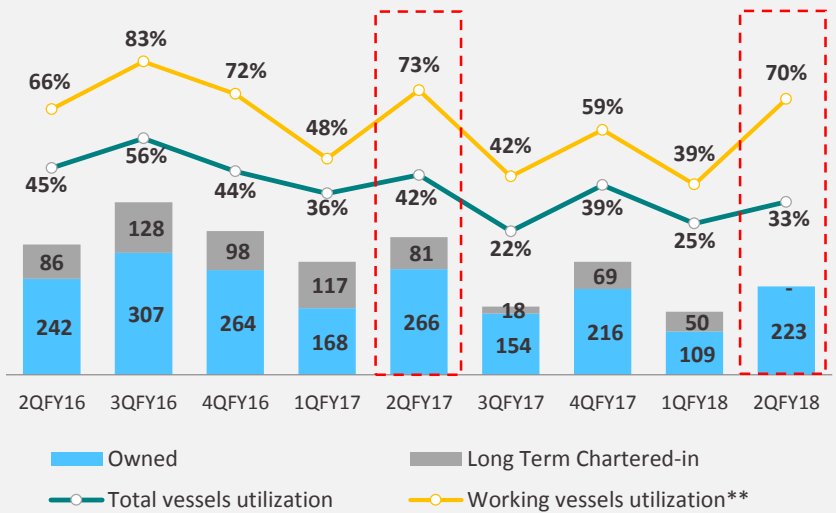
UTILIZATION INCREASED QoQ BUT DROPPED YoY



Subsea Revenue



Vessel Working Days & Utilization*



* Total Working Days / Total Available Days

**4 main owned vessels (excluding chartered-in vessels)

2Q'18 vessel utilization increased to 33%, compare to 25% of the last quarter, but decreased from 42% of the same period last year.

- The drop YoY was a result of both Owned and Chartered-in vessels utilization decreasing.
- The increase QoQ was due to Mermaid Endurer and Mermaid Commander back to work after dry docking in 1Q 2018.
- The 4 major vessels had average utilization of 70% which at the same level last year and improved from 39% in last quarter.
- No Chartered-in vessel working in this quarter.

VESSEL RUNNING COST SLIGHTLY IMPROVED



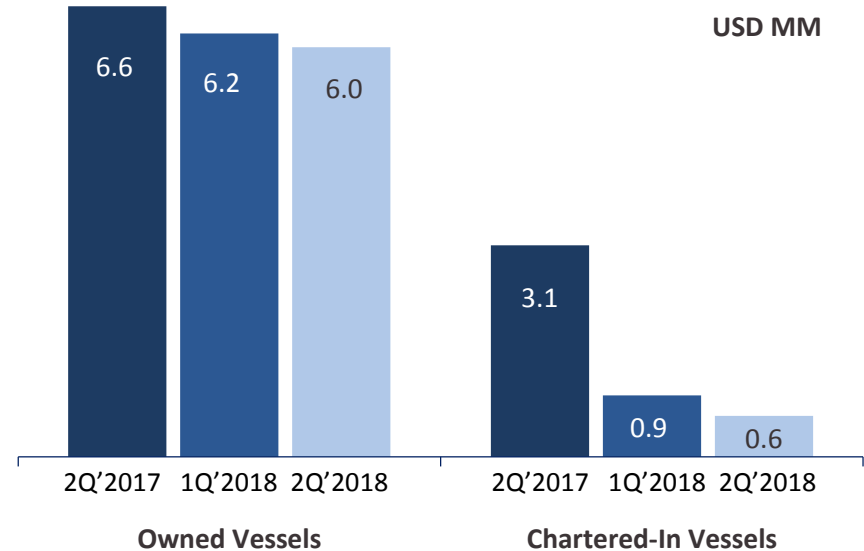
VRC decreased QoQ and YoY

Owned Vessels

- Vessel running costs decreased both QoQ and YoY mainly due to:
 - Vessel repair and maintenance costs
 - Vessel bunker consumption costs

Chartered-In Vessels

- Two vessels, the 'Resolution' and 'Nusantara', remained on hire vessel in Q2'17
- 'Nusantara' was returned to Owner during Q3'17
- Resolution have no utilization in Q2'18 and will return back to owner in Q3'18.

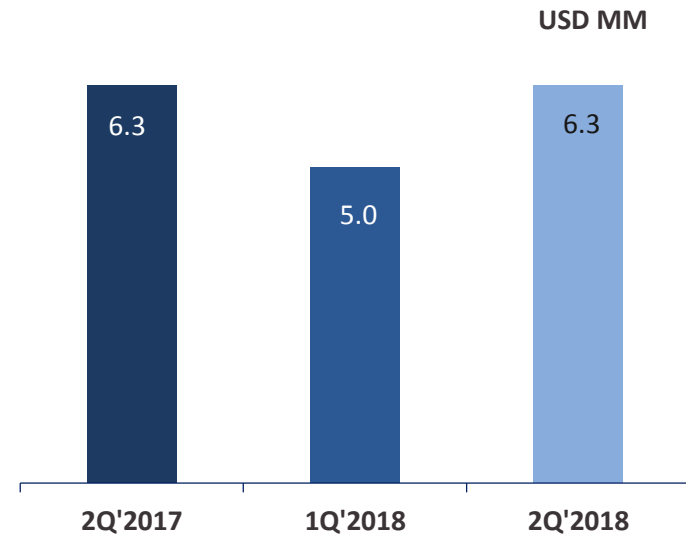


SELLING & ADMINISTRATIVE EXPENSES



SG&A Expenses increased QoQ

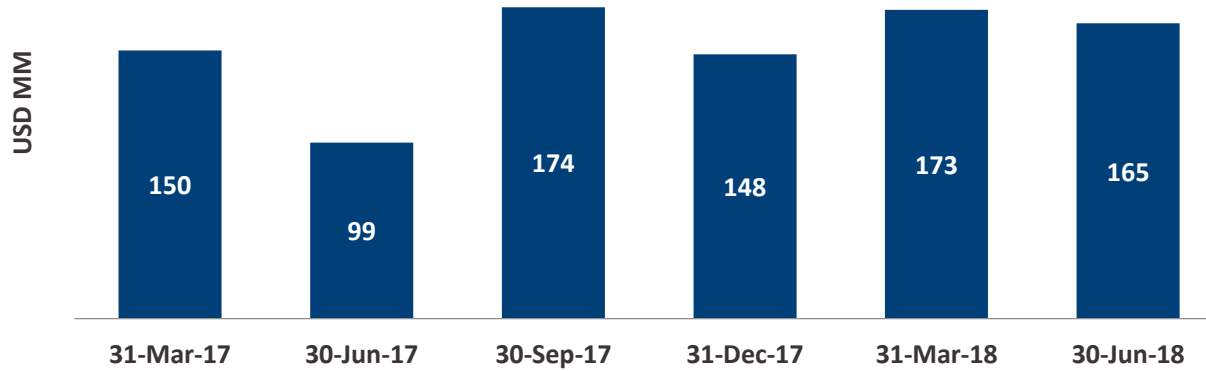
- SG&A was stable when compared to the same quarter last year.
- Increased SG&A compared to last quarter was mainly due to consultant fee and inventory write-off expenses.



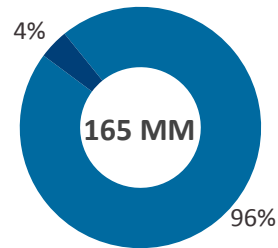
ORDER BOOK



Total Order Book (excluding AOD)

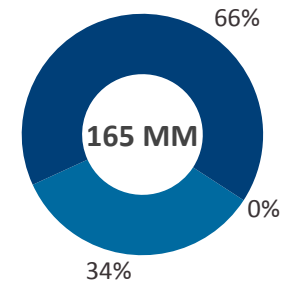


Order Book by Region



■ Middle East ■ Asia Pacific & SEA

Order Book by Year

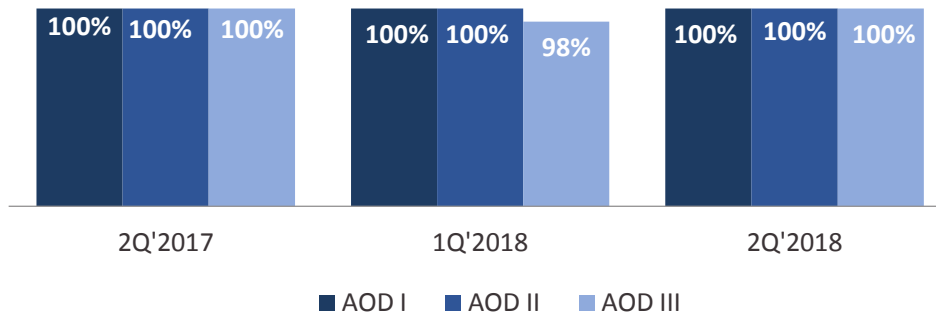


■ FY2018 ■ FY2019 ■ FY2020+

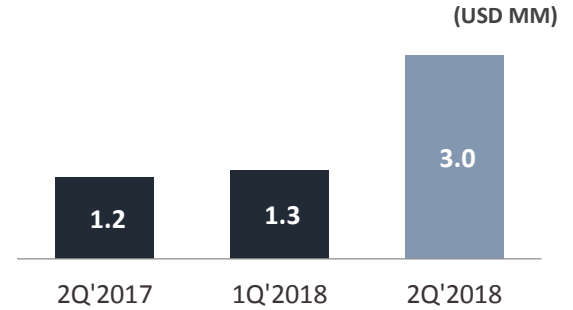
ADJUSTED BAREBOAT CHARTERED RATE RESULTED PROFIT IMPROVEMENT



AOD Rigs Utilisation



Share of Profit of Associates



- Excellence performance in 2Q'2018, 100% average utilisation for 3 rigs.
- Bareboat Chartered rate to AOD was adjusted and retro back updated to January 2018.
- The outstanding balance of Senior Secured Credit Facility as at 30 June 2018 remained at US\$ 210 million.

	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				Confirmed				Confirmed				Confirmed																						
AOD II	Unconfirmed				Confirmed				Confirmed				Confirmed				Confirmed				Confirmed																										
AOD III	Unconfirmed				Confirmed				Confirmed				Confirmed				Confirmed				Confirmed																										

■ Finished ■ Confirmed ■ Unconfirmed

FINANCIAL REVIEW

2Q 2018 PROFIT & LOSS



<i>(USD MM)</i>	2Q 2018	2Q 2017	YoY Change	1Q 2018	QoQ Change
Revenue from Rendering of Services	21.5	44.5	(23.0)	18.0	3.5
EBITDA	(5.0)	8.1	(13.1)	(2.2)	(2.8)
EBIT	(9.6)	3.3	(12.9)	(6.5)	(3.1)
Share of Profit of Associates & Joint Venture	3.0	1.2	1.8	1.3	1.7
Profit (Loss) From Operations	(6.6)	4.5	(11.1)	(5.2)	(1.4)
Finance Costs	(1.0)	(0.9)	0.1	(0.9)	0.1
Profit (Loss) Before Income Tax Expense	(7.6)	3.6	(11.2)	(6.1)	(1.5)
Tax Expense	(0.1)	-	0.1	(0.1)	-
Profit (Loss) for the Period	(7.7)	3.6	(11.3)	(6.2)	(1.5)
Earnings (Losses) Per Share (US cents)	(0.5)	0.3	(0.8)	(0.4)	(0.1)

POSITIVE CASH FLOW FROM OPERATION



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Cash Flows (USD MM)	6-month Period	
	2018	2017
Cash Flow From Operating Activities:		
Before Changes in Working Capital	(8.1)	14.3
Changes in Working Capital	12.4	(7.0)
Others	(0.2)	(1.4)
	4.1	5.9
Cash Flow From Investing Activities:		
Increase in Current Investments	(17.3)	-
Proceeds from Short-term Deposit at Financial Institutions	-	5.0
Acquisition of Investment in Associate	(4.6)	-
Proceeds from Sale of Property, Plant and Equipment	4.1	-
Acquisition of Property, Plant and Equipment and Intangible Assets	(5.5)	(1.1)
Interest Received	0.2	0.4
	(23.1)	4.3
Cash Flow From Financing Activities:		
Repayment of Borrowings	(6.0)	(4.0)
Finance Costs Paid	(1.9)	(1.7)
	(7.9)	(5.7)
Net Increase (Decrease) in Cash and Cash Equivalents	(26.9)	4.5
Effect of Exchange Rates	(0.5)	0.5
Beginning Balance as at 1 January	68.7	61.8
Cash Balance as at 30 June*	41.3	66.8

*Excluding restricted cash

BALANCE SHEET REMAINED IN A STRONG POSITION



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Balance Sheet (USD MM)	30 June 2018	31 December 2017	Change
Current Assets	116.2	141.8	-18.1%
Non-Current Assets	315.1	309.3	1.9%
Total Assets	431.3	451.1	-4.4%
Current Liabilities	38.9	38.9	-
Non-Current Liabilities	64.1	70.0	-8.4%
Total Liabilities	103.0	108.9	-5.4%
Total Equity	328.3	342.2	-4.1%

(USD MM)	30 June 2018	31 December 2017	Change
Property, Plant and Equipment	177.5	182.9	-3.0%
Bank Balances, Deposits & Cash	73.7	81.5	-9.6%
Total Borrowings	73.6	79.6	-7.5%

(USD MM)	30 June 2018	31 December 2017	31 December 2016
Interest Bearing Debt			
Asset-backed Financing	73.6	79.6	89.5
Unsecured Loan	-	-	-
Finance lease	0.2	0.2	-
Total Debt	73.8	79.8	89.5
Bank Balances, Deposits & Cash	(73.7)	(81.5)	(97.7)
Total Debt (Net of Cash)	0.1	(1.7)	(8.2)
Shareholders' Equity	328.3	342.2	338.3
Net Gearing	0.0%	-0.5%	-2.4%

Financial Ratio:

- Current Ratio = 2.99x
- Liabilities to Equity Ratio = 0.31x
- Net Debt to Equity Ratio = 0.22x
- Net Gearing = 0.0%
- DSCR = 0.10x

DEBT MATURITY PROFILE



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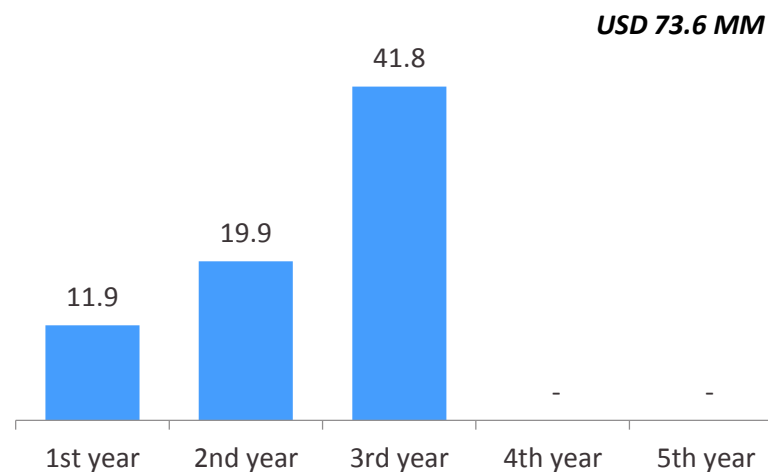
Interest-Bearing Debt Maturity

USD 73.6 MM

(30 June 2018)

- As at 30 June 2018, there is USD **73.6M** of long-term loan and no short-term loan.
- The majority of debt maturity profile is 3rd year onward.
- Liquidity risk is still low with high financial flexibility.

Asset-Backed Debt





BUSINESS OUTLOOK

BUSINESS OUTLOOK

1

Average Crude Oil Price is at a current level of \$73.43, up from \$68.79 last month and up from \$49.89 one year ago. This is a change of 6.74% from last month and 47.17% from one year ago. Positive outlook for 2018 continues albeit all eyes on Saudi Arabia for increased output & regional geo-politics.

2

Although the market environment remains challenging, MSS continues to see a gradual recovery in tendering activity especially in the Middle East. Of significance MSS has been awarded a \$16mil project with NOC in Qatar.

3

The current tailwind in the oil market is likely to propel 100 new offshore projects to be sanctioned in 2018. 30 project approvals to come through in Asia, including Pegaga in Malaysia and D6 in India. 30 in Europe, including Neptune Deep in Romania and the Penguins redevelopment in UK.

4

The Mermaid Asiana, Sapphire and Endurer continue to operate in Saudi Arabia and will remain in the Middle East for the foreseeable future as we still expect to achieve higher utilization rates in the region throughout 2018 and 2019.

5

Under a leverage position MSS is sourcing lucrative projects in Kuwait. Additionally, MSS is currently formulating a MOU with a European EPCI company to focus on GoT decommissioning works scheduled for 2019.

BUSINESS OUTLOOK



6

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

7

Mermaid Challenger, Siam and Barakuda remain cold stacked to reduce cost and are marketed for sale. 'MTR-1' and 'MTR-2' were delivered to buyer during Q2 2018.

8

Mermaid continues to preserve cash where possible, and to reduce CAPEX spending to the essentials. Mermaid continues to explore options to purchase distressed assets where appropriate, in preference to subcontracting in equipment & personnel.

9

Mermaid continues to leverage on its reputation and stability to access additional geographical markets and services across regions with increased business development activities in the Americas which requires extensive subsea infrastructure. Additionally, Australia, Brazil & North Sea are targeted countries for Mermaid's subsea installation growth.

MERMAID'S POSITIONING



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 in 2018;
- Mermaid expansion geographically into other markets such as North Sea, East Africa, Malaysia continues;



IRM focused, with an addition of Integrated service packages

- Remain focused on IRM scopes, further enhancement internally with fully fledged in-house engineering suite of services;
- Offer an integrated range of subsea services with a revamped highly specialized workforce leading the company into a new era of subsea Installation engineering;



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;



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

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www.mermaid-group.com