



Mermaid
SUBSEA SERVICES



Mermaid Maritime Plc

Q42016 & FY2016 Results

1st March 2017



Agenda

- **Business Report**
- **Financial Review**
- **Business Outlook**



Business Report

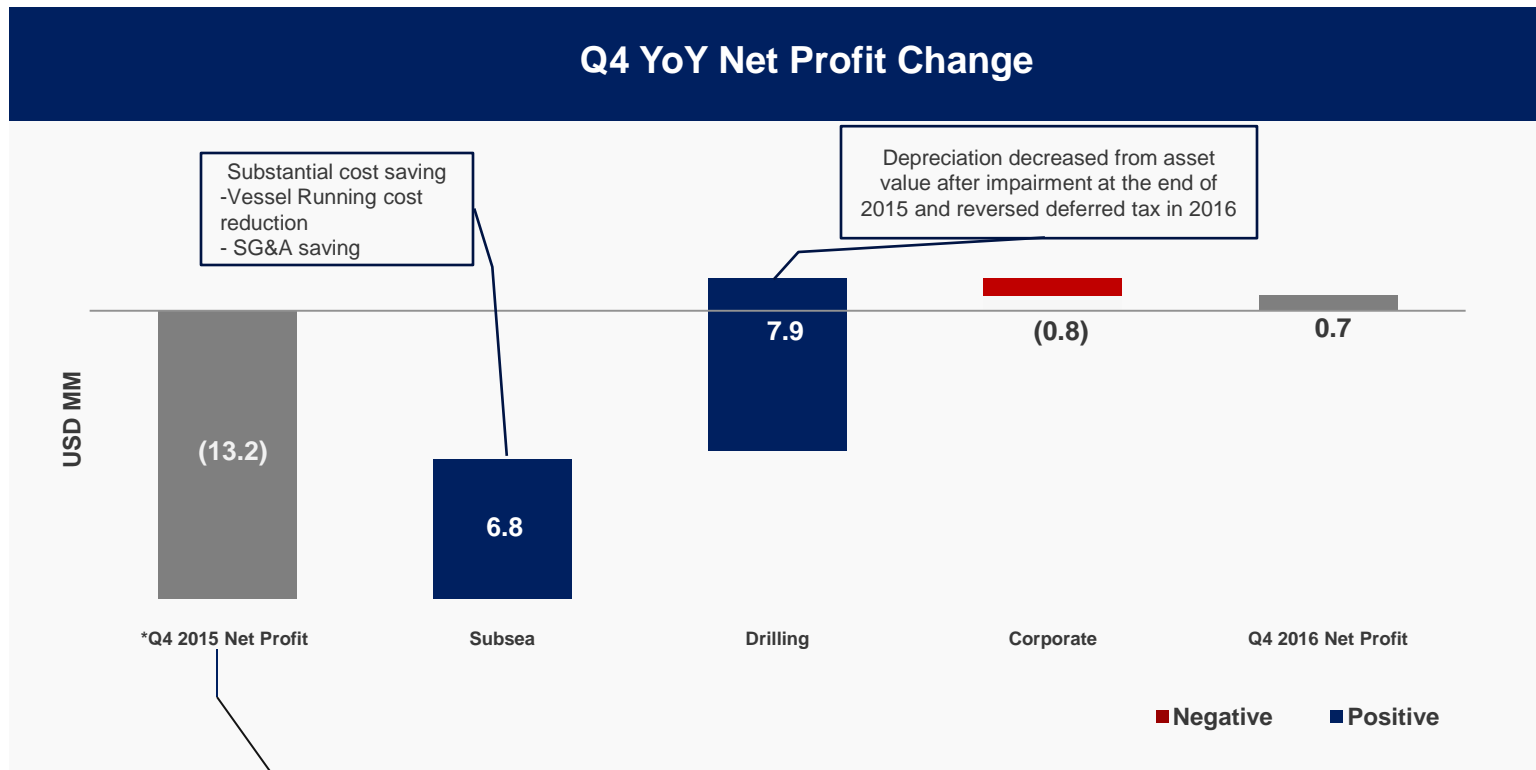


4Q 2016 Highlights

- ❑ Earnings were still positive driven for 4th consecutive quarter by high utilisation rate of major DSV vessels compared to market and substantial cost saving.
- ❑ **USD 49.0M Positive Cash Flow from Operation** generated in FY16.
- ❑ **Balance sheet remained in healthy position** with cash ending balance of USD 97.7 M, very low risk from net positive cash balance.
- ❑ Financial obligation USD378.8m for 3 newbuilds have been cancelled by mutual agreement.
- ❑ “Resolution” extended 1 + 1 year contract chartered-in to support continual demand in Indonesia and South East Asia region.
- ❑ AOD III contract got extended 3 years until December 2019.
- ❑ Order book (excl. AOD) stood at USD 170.6M at the end of December 2016, slightly increased 10% from last quarter.



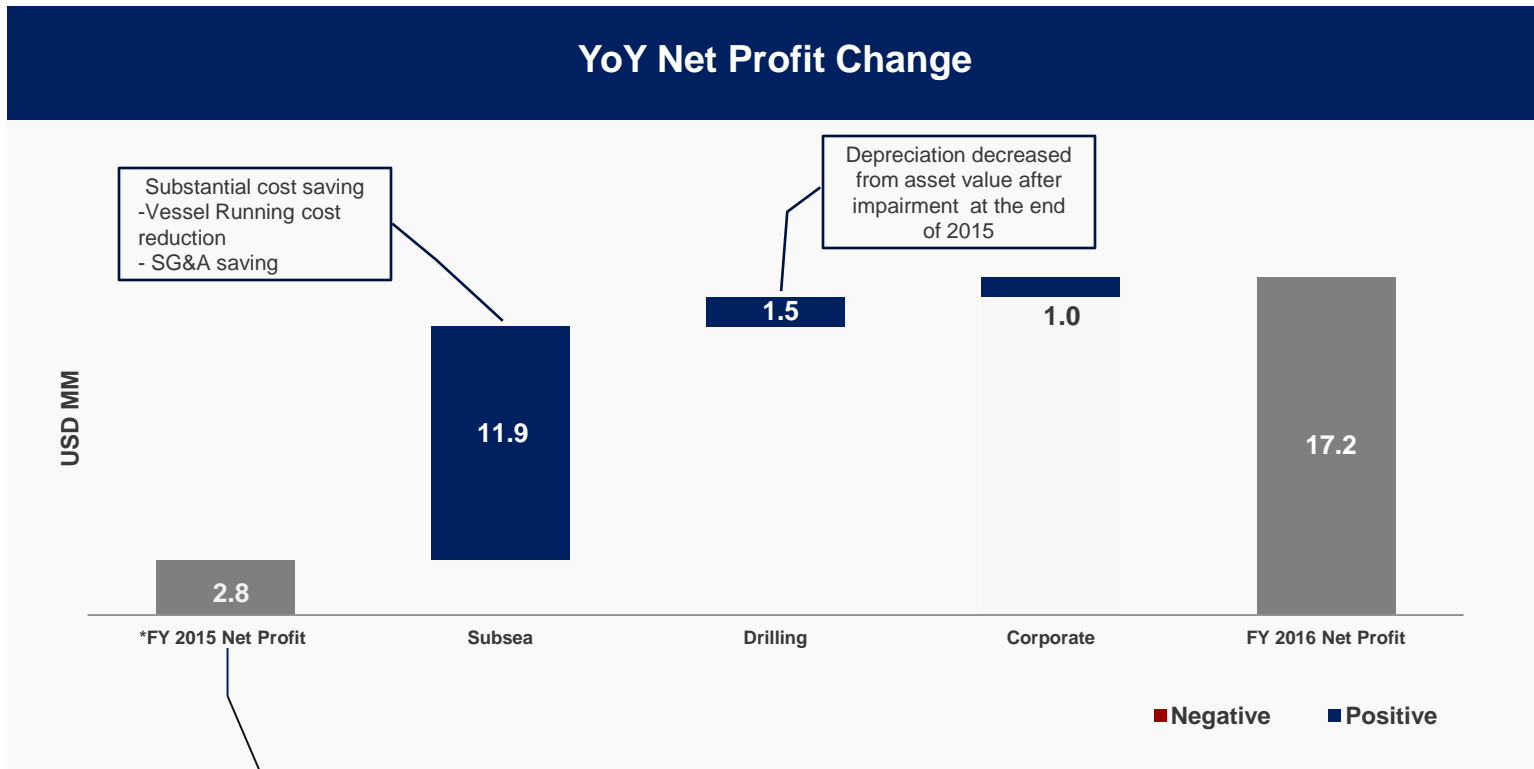
Earnings turnaround from Negative profit last year



* Net profit (excl non-recurring items)	USD MM
Net loss Q4 2015	(247.3)
Non-recurring items	243.1
Net loss excluding non-recurring items	(13.2)



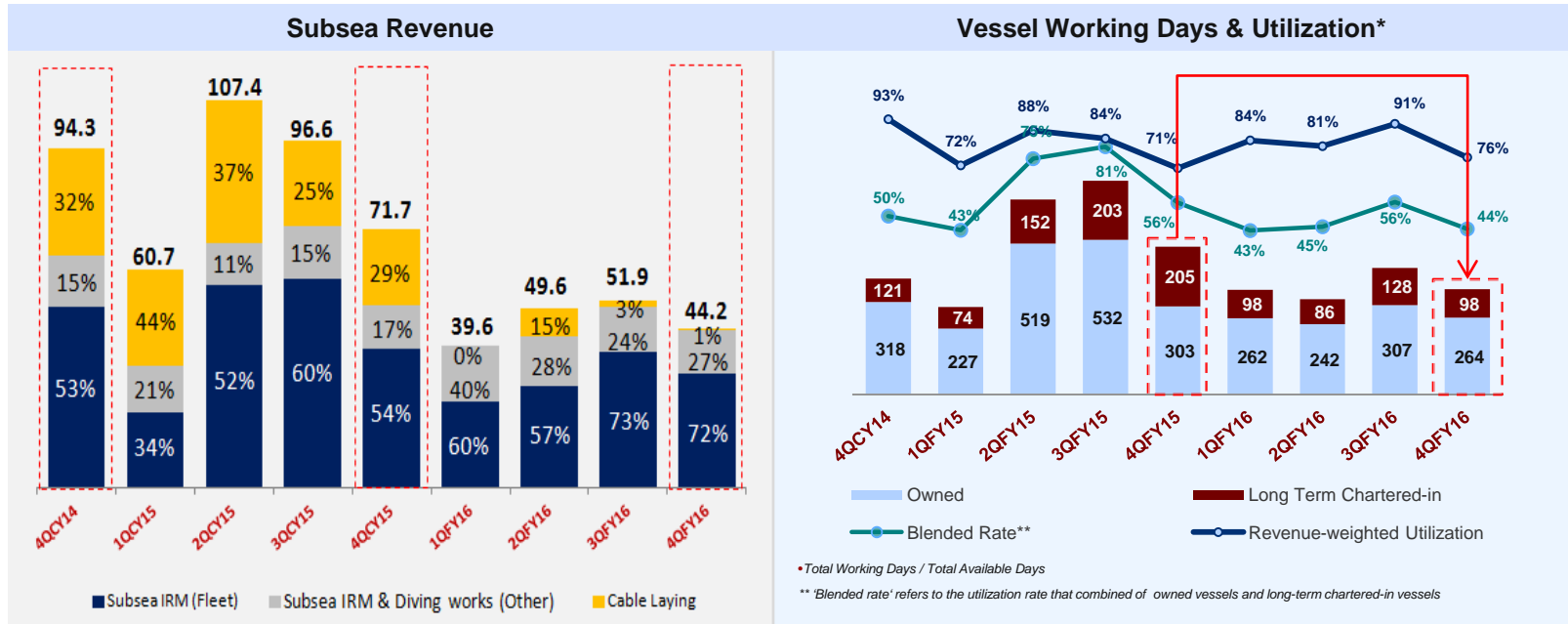
Subsea business boosted up 6 times earnings in 2016



* Net profit (excl non-recurring items)	USD MM
Net loss FY2015	(231.3)
Non-recurring items	243.1
Net profit excluding non-recurring items	2.8



Subsea fleet utilisation slightly drop from the last quarter and lower than last year



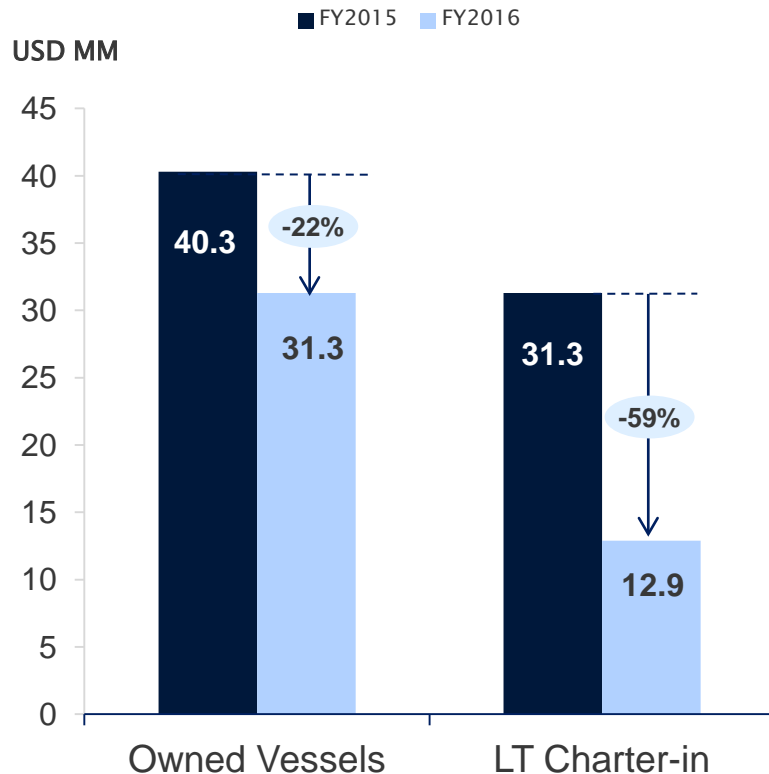
4Q'16 vessel utilisation dropped to 44%, compare to 56% of the same period last year

- The drop was mainly a result of three vessels stacked (Mermaid Siam, Mermaid Challenger, SS Barakuda)
- The 4 major vessels i.e. Mermaid Asiana, Mermaid Commander, Mermaid Endurer, and Mermaid Sapphire, have average utilisation of 72% higher than the last year of 48%.



38% reduction in Subsea Vessel Running Costs

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 and Dive Tech expenses

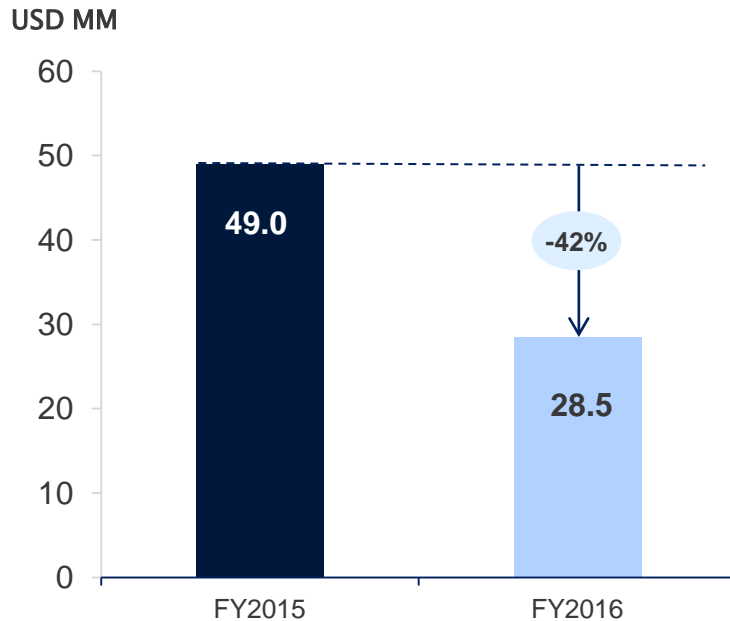
Long-term chartered-in vessels

- Two vessels, the 'Resolution' and 'Nusantara', remain on hire vessel in Q4'16
- Only one vessel, 'Endeavour', returned to Owner in 1Q'16 when on-going contracts were completed.
- 'Nusantara' has been re-chartered back in Q3'16 to carry out projects in the backlog.



Tightened up SG&A expenses remained in focus

SG&A Expense Reduction

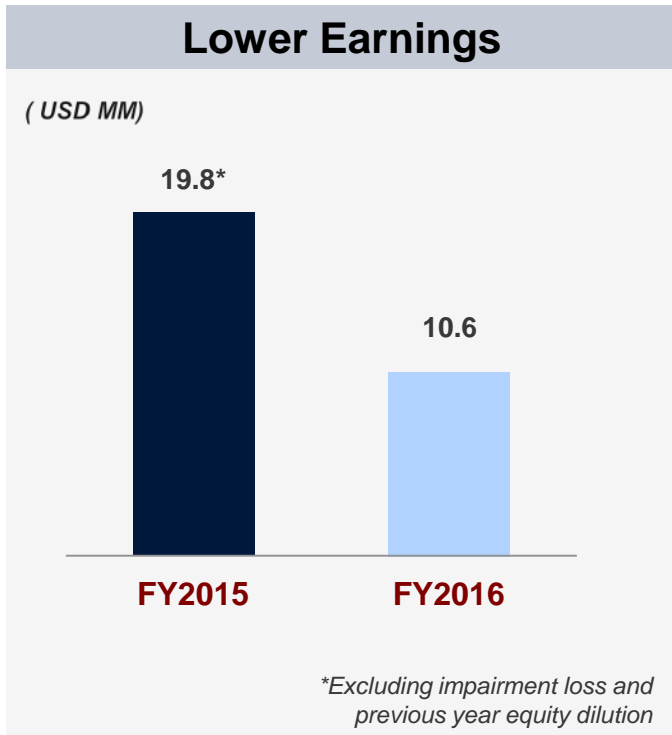
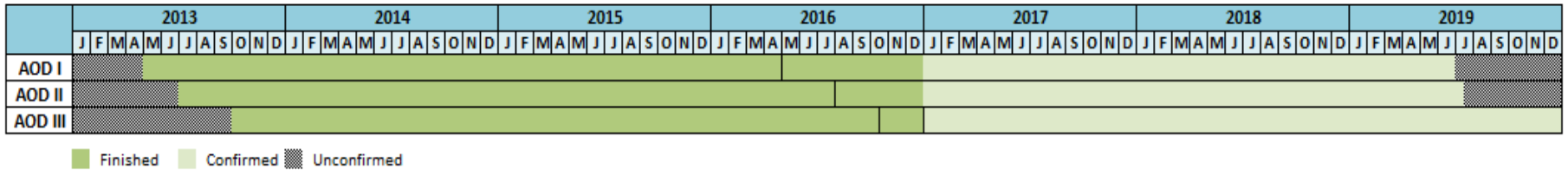


Description of Key Drivers

- Cost savings program delivered strong results -42% YOY
- Decrease was mainly driven by the headcount reduction and resulting savings on staff-related costs
- Other categories with large reductions include traveling, hotel, and bank charges



AOD III contract has extended to the end of December 2019



- In 4Q/2016, 100% average utilization for 3 rigs
- Rate reduction effective on 1st of January 2016 and resulting bareboat charter decrease led to a lower contribution YoY
- Contract extensions
 - AOD I – 3 years expiring in June 2019
 - AOD II – 3 years expiring in July 2019
 - AOD III – 3 years contract has been extended, expiring in December 2019

Financing Obligation lifted by 3 newbuilds cancellation

To align strategic initiatives with market conditions

Obligation risks were removed

	Total Contract (US\$m)	
	Pre-Paid	Balance
MTR-3 and 4	44	254
Mermaid Ausana	20.4	124.8



2 Tender Rigs



1 DSV

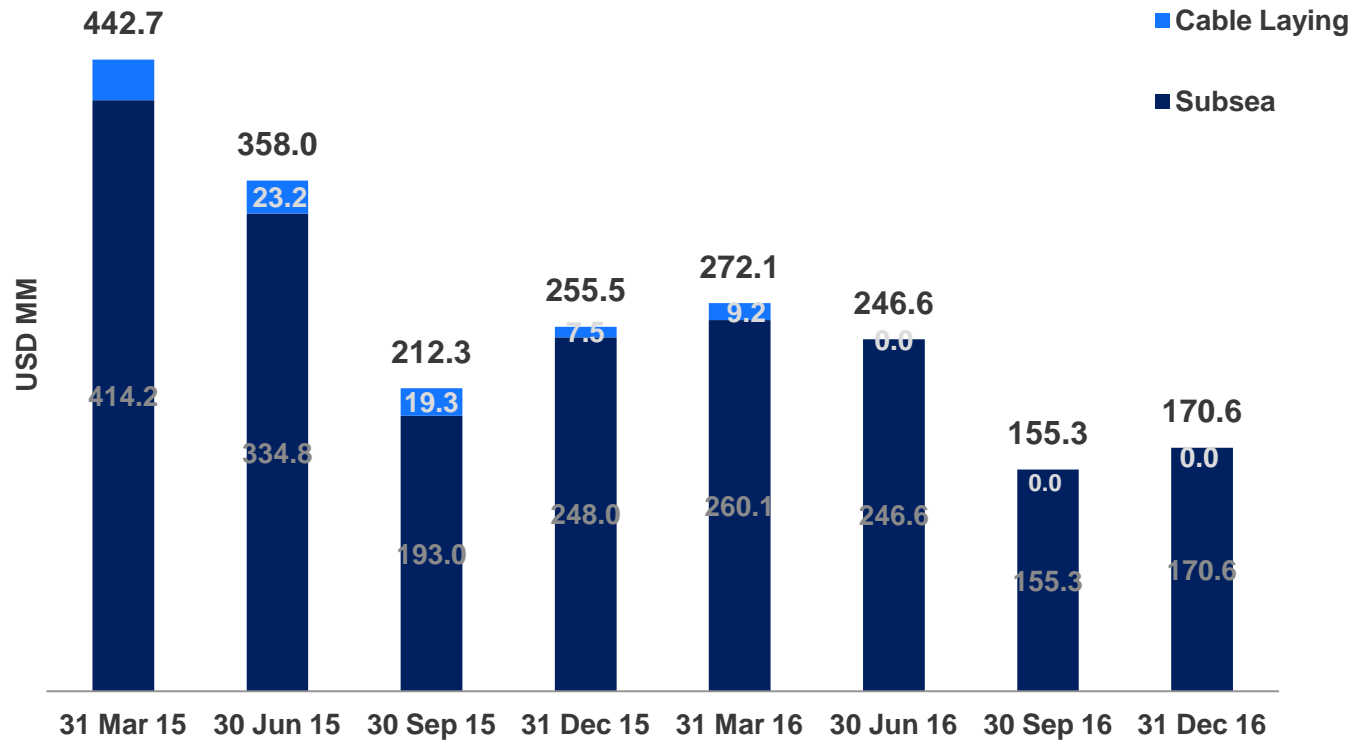
Rationalization of the cancellation

- Cancellation all newbuilds by mutual agreement with no penalty to align the Group strategic initiatives with market conditions.
- Sale and disposal to interested third parties was the alternative but no interest from buyer in the market.
- No further earning impact, entire deposit and associated costs have been written-off in its 2015 Financial statements.



Order book stood at USD 170.6M as the end of Y2016

Order Book (excluding Asia Offshore Drilling)





Financial Review



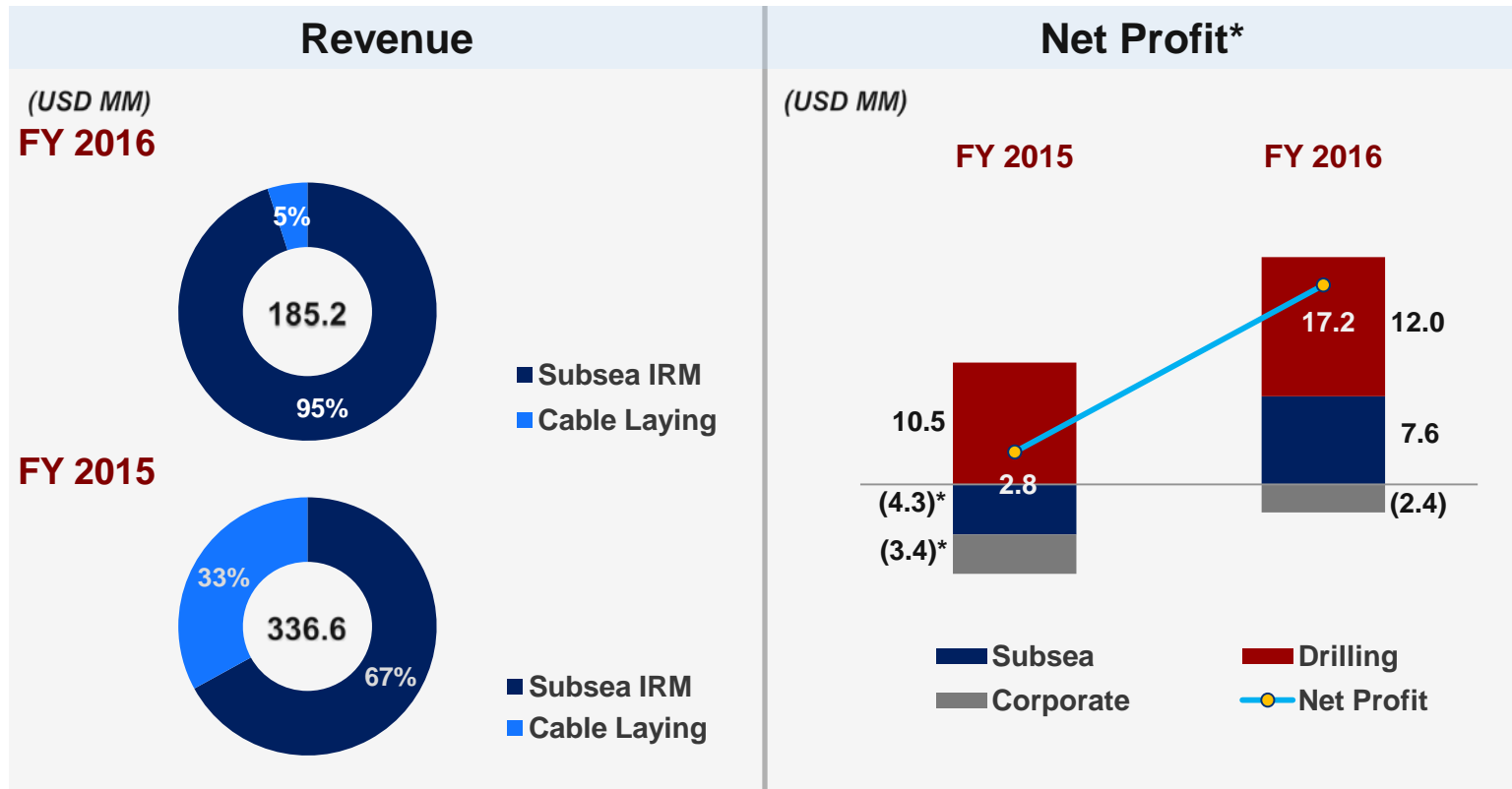
FY 2016 Profit & Loss

USD MM		FY 2016	FY 2015	Δ %
Turnover		185.2	336.6	(45.0)
EBITDA*	Day rate drop, cold stacked vessels and Cable lay slowdown	27.4	18.9	45.0
Profit From Operations (excluding on-recurring items)		17.9	6.7	167.2
Profit From Operations		17.9	(227.4)	NM
EBIT		6.4	(117.0)	NM
Associates & JV Equity Income		11.5	(50.4)	NM
Finance Cost		(3.5)	(3.4)	2.9
Profit Before Tax		14.4	(230.8)	NM
Tax Benefit (Expense)		2.8	(0.5)	NM
Net Profit (excluding non-recurring items)		17.2	2.8	514.3
Net Profit	Successful in Cost saving program	17.2	(231.3)	NM
EPS (US cents)	Impact from Impairment USD 228.5m	1.2	(16.2)	NM

* Excluding impairment loss



FY 2016 Segmental Contribution





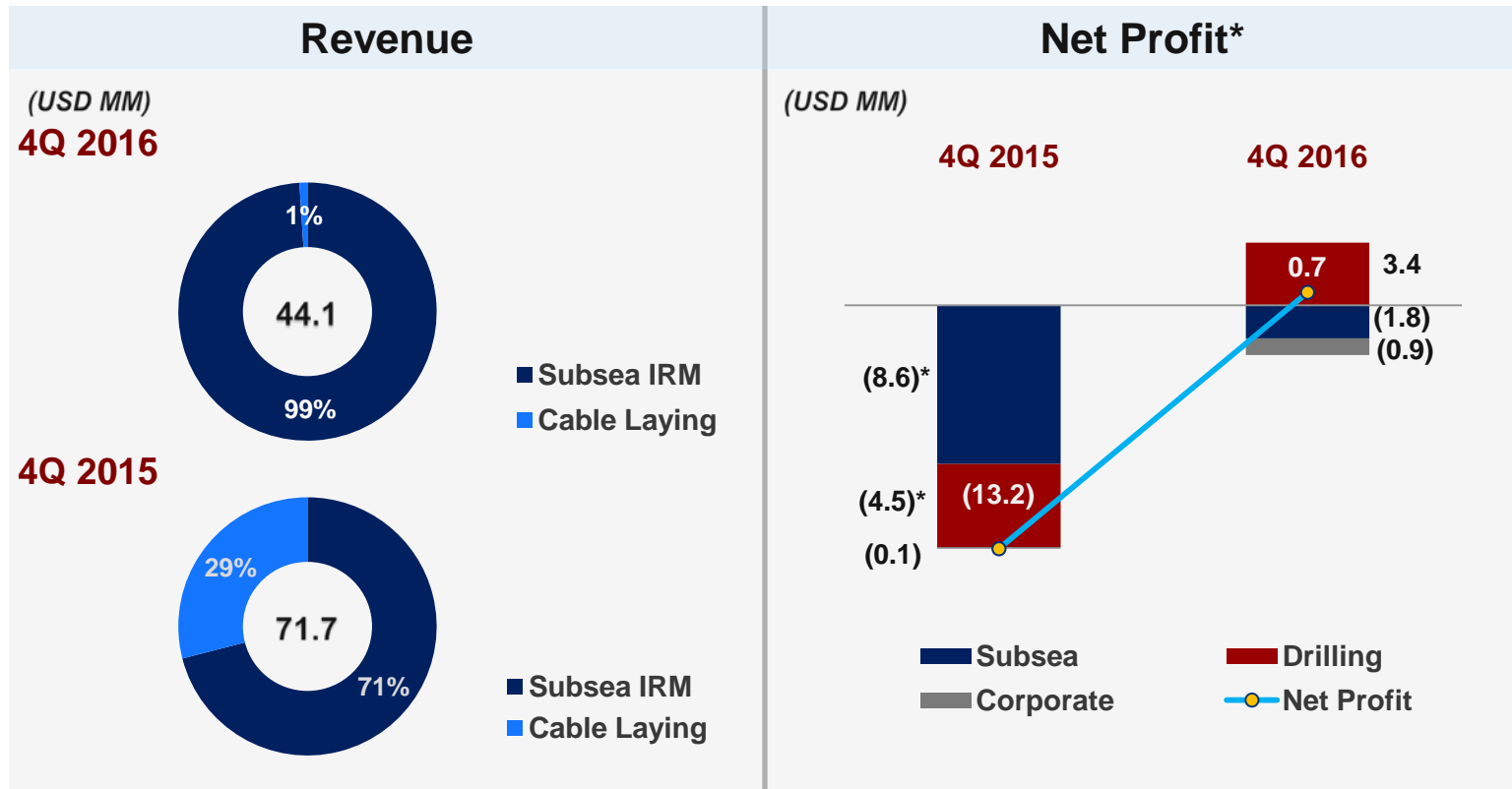
4Q 2016 Profit & Loss

USD MM		4Q 2016	4Q 2015	Δ %
Turnover		44.1	71.7	(38.5)
EBITDA*	Day rate drop, cold stacked vessels and Cable lay slowdown	3.1	(0.7)	NM
Profit From Operations (excluding on-recurring items)		(0.5)	(13.2)	96.2
Profit From Operations		(0.5)	(247.3)	99.8
EBIT		(2.2)	(174.7)	98.7
Associates & JV Equity Income		1.7	(72.6)	NM
Finance Cost		(0.9)	(0.9)	-
Profit Before Tax		(1.4)	(248.2)	99.4
Tax Benefit		2.1	0.8	162.5
Net Profit (excluding non-recurring items)		0.7	(13.2)	NM
Net Profit	Successful in Cost saving program	0.7	(247.3)	NM
EPS (US cents)		-	(17.4)	Impact from Impairment USD 228.5m

* Excluding impairment loss



4Q 2016 Segmental Contribution



* FX effects from intercompany loans have been eliminated



FY 2016 resulted in positive Cash Flows

USD MM	FY 2016	FY 2015
CASH FLOW FROM OPERATING ACTIVITIES		
Before Changes in Working Capital	37.5	34.4
Changes in Working Capital	19.1	(17.9)
Tax Paid	(3.7)	(6.6)
Others	(3.9)	(3.6)
Net positive cash flow from Operation	→ 49.0	6.3
CASH FLOW FROM INVESTING ACTIVITIES		
Dividend and Interest received	7.1	7.0
Capital Expenditure, Investments and Deposit	(33.3)	(26.6)
	(26.2)	(19.6)
FREE CASH FLOW	22.8	(13.3)



Balance Sheet remains healthy

USD MM	31 Dec 2016	31 Dec 2015	Δ (%)
Current Assets	174.1	199.0	(12.5)
Non-Current Assets	298.0	300.8	(0.9)
Total Assets	472.1	499.8	(5.5)
Current Liabilities	51.5	172.9	(70.2)
Non-Current Liabilities	82.3	5.9	1294.9
Total Liabilities	133.8	178.8	(25.2)
Total Equity	338.3	321.0	5.4
Property, Plant and Equipment	198.2	214.3	(7.5)
Bank Balances, Deposits & Cash	97.7	63.3	54.3
Total Borrowings	89.5	107.4	(16.7)

USD MM	31 Dec 2016	31 Dec 2015	31 Dec 2014
Interest Bearing Debt			
Asset-backed Financing	89.5	97.4	103.3
Unsecured Loan	-	10.0	9.4
	89.5	107.4	112.7
Cash and Cash Equivalent	(97.7)	(63.3)	(93.4)
Net Debt / (Cash)	(8.2)	44.1	19.3
Shareholder Funds	338.3	321.0	565.9
Net Gearing	N/A	13.7%	3.4%

Liquidity indicators

- Cash Balance = USD 97.7mm
- Current Ratio = 3.38x

Leverage Ratio

- Debt to Equity Ratio = 0.40x
- Interest Bearing Debt to Equity = 0.26x

• Net Gearing = N/A

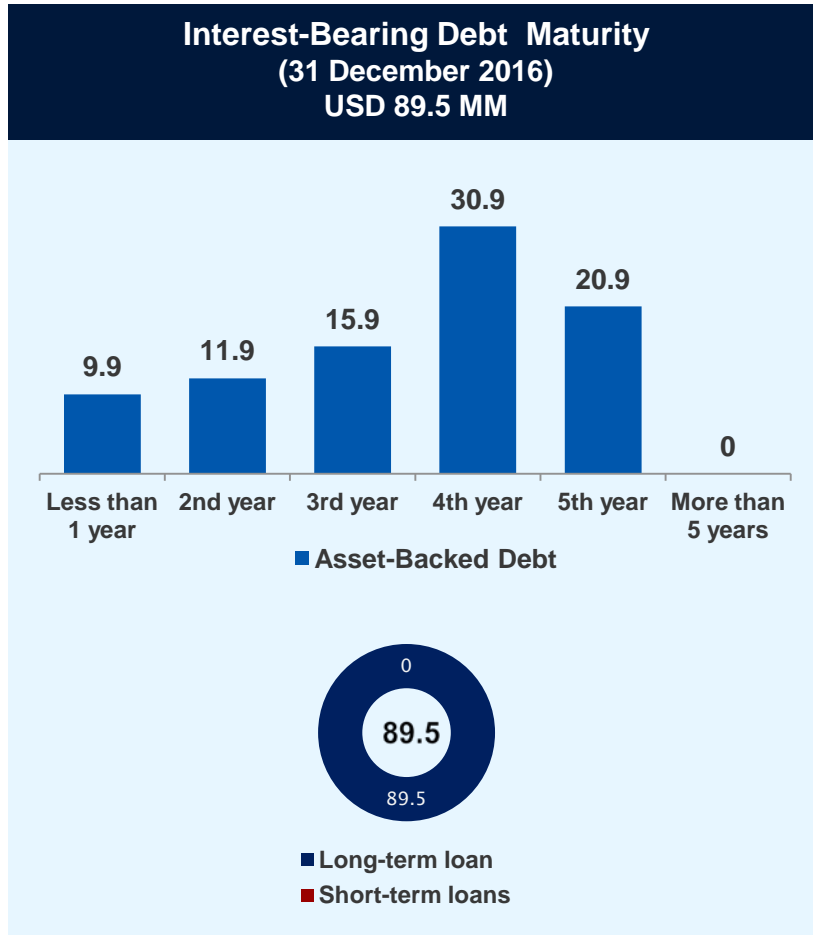
Net positive cash balance

- DSCR = 1.27x



Debt Maturity Profile

High liquidity and flexibility with long maturity mix



- In Financial Statements, USD 89.5M of LT loans, majority of debt maturity profile is 4 years onward, liquidity risk is low with high financial flexibility.



Business Outlook and Positioning



Business Outlook

1	Market appears to have turned the corner. Oil price is gradually stabilizing but note the time lag for subsea activity.
2	Competitor base has reduced as several other subsea companies exit. Remaining players in survival and adaptation mode.
3	Utilisation of key assets remains a key revenue driver. Cost cutting and consolidation remain essential.
4	Subsea firms need to become lean and mean but still retain the capacity to execute safely & efficiently, and expand when the turnaround happens.
5	Potential distressed asset purchases for those with the resources, ambition & client contracts.



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.
7	Mermaid Challenger, Barakuda, 'MTR-1' and 'MTR-2' are cold stacked to reduce cost and marketed for sale.
8	Cancellation of three new-builds ('MTR 3 & 4', and DSCV) in mutual agreement with shipyard puts to rest the risk of obtaining finance associated with those units.
9	Cash preservation is important to remain resilient until market recovery. Yet remain open for opportunistic asset acquisitions.
10	Mermaid leveraging on reputation and stability to access additional geographical markets and cross-sell services across regions.

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 fluctuate 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

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