






3Q 2020 RESULTS

12 November 2020

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AGENDA

-  Business Report
-  Financial Review
-  Business Outlook

BUSINESS REPORT



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of the n Union

Are you innovative or are you the experienced typical or do you offer a high-cost, high-quality product, or slow-cost, high-value products? It's impossible to be both what your customers need you to be. Your brand is the main foundation of your success. You should be connected with your customers to communicate with your brand. Having a good brand strategy allows you to have a large advantage in gaining a competitive edge in your market. Increase in your market tells your customers what they can have or expect from the products and services you offer. Your branding strategy is at the core of your business. It is the key to consistency in the market.



3Q 2020 HIGHLIGHTS



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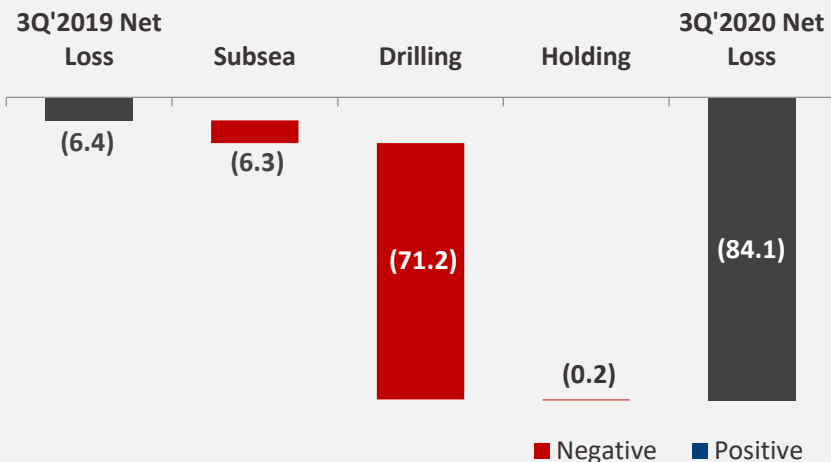
- Revenue from subsea sector increased 36.2% QoQ but decreased 18.9% YoY due to lower contribution margin and scheduled 5-years regulatory dry-docking activity since 2Q
- EBITDA decreased YoY from (2.1)m in 3Q'2019 to (8.4)m in 2Q'2020 mainly because of the (7.6)m provision for impairment recorded during this period.
- For 3Q'2020, the net negative cash flow from operations was at USD (2.3)m as a result of receivable collections during the period
- As of the end of September 2020, the order book stood at USD 179m which is generated mainly from long-term subsea business contracts and expected high potential awards in the Middle East
- Exercise for put option of AOD to sell all 33.76% shares (USD 31m as consideration)
- Balance sheet position was typically low risk at 2.40x Current Ratio and 0.33x D/E Ratio

MOVEMENT IN KEY BUSINESS SEGMENT

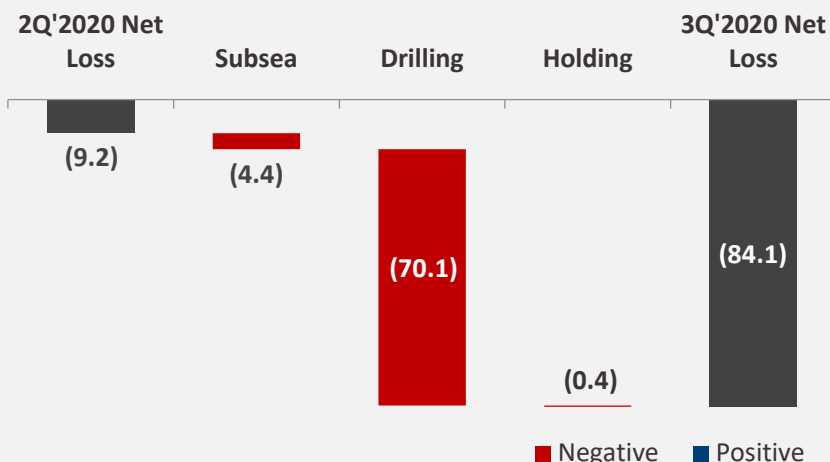


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3Q YoY Net Profit (Loss) Change



3Q QoQ Net Profit (Loss) Change

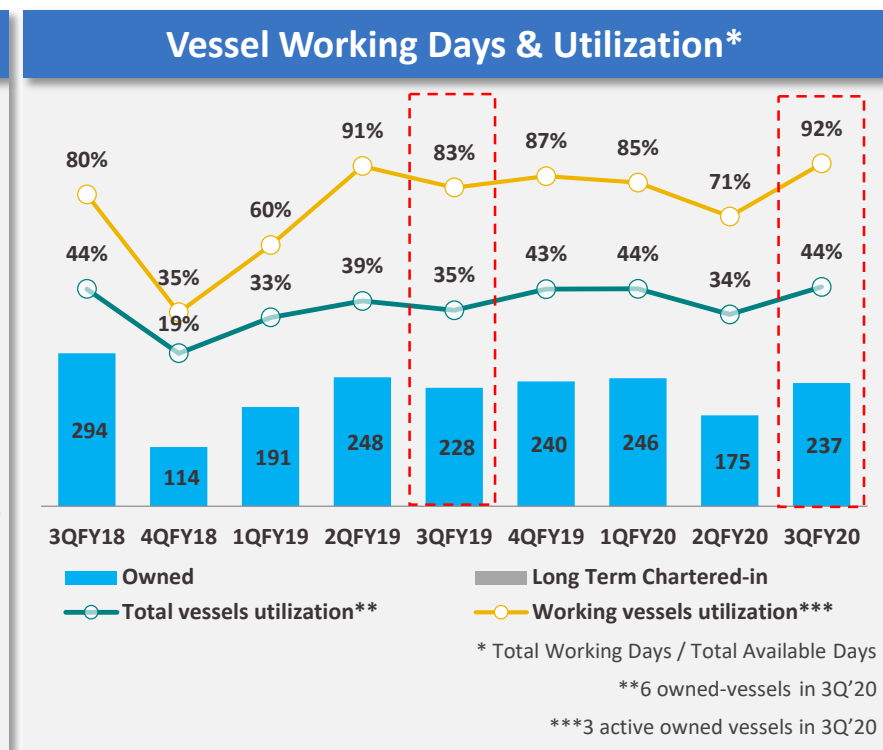
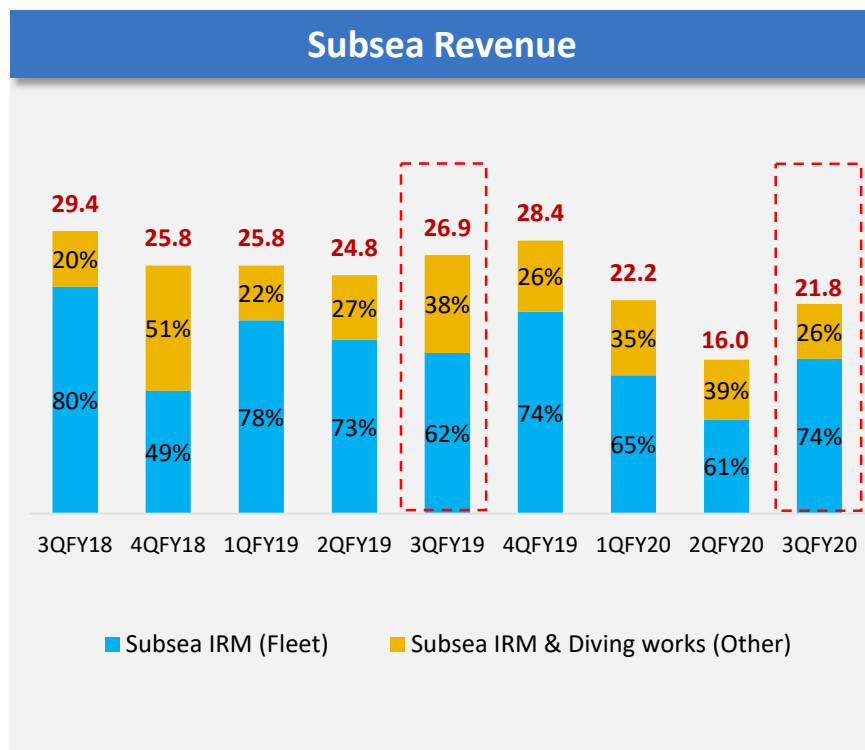


- Mermaid Endurer has executed for mandatory dry docking since 2Q until mid of 3Q which led to lower utilization and contribution margin in subsea sector YoY
- During 3Q'2020, the Group exercised Put Option in order to sell all of its shares in AOD (33.76%). Consequently, the Group needed to recognize a loss of USD (68.1)m as shown in the Drilling sector of the chart above

SUBSEA REVENUE AND UTILIZATION



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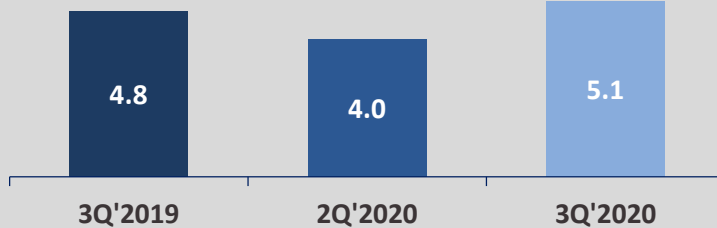


- Revenue from subsea sector increased by USD 5.8m QoQ but decrease by USD 5.1m YoY.
- 3 active owned vessels working on projects in the Middle East, no long-term chartered-in vessel in this quarter.
- Higher utilization rate caused by owned vessel “Mermaid Endurer” has been back to work after dry-docked since 2Q’2020

COSTS & EXPENSES

Vessel Running Cost (owned vessels)

USD MM

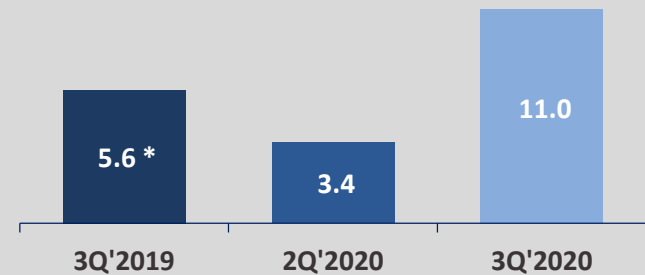


Owned Vessels

- VRC increased both YoY and QoQ essentially as a consequence of COVID-19 pandemic effect which related to quarantine policy of vessel crews

Selling and Administrative Expenses

USD MM



*restated in 3Q'2020 according to IFRS9 adjustments made in FY2019

Selling, General and Administrative Expenses

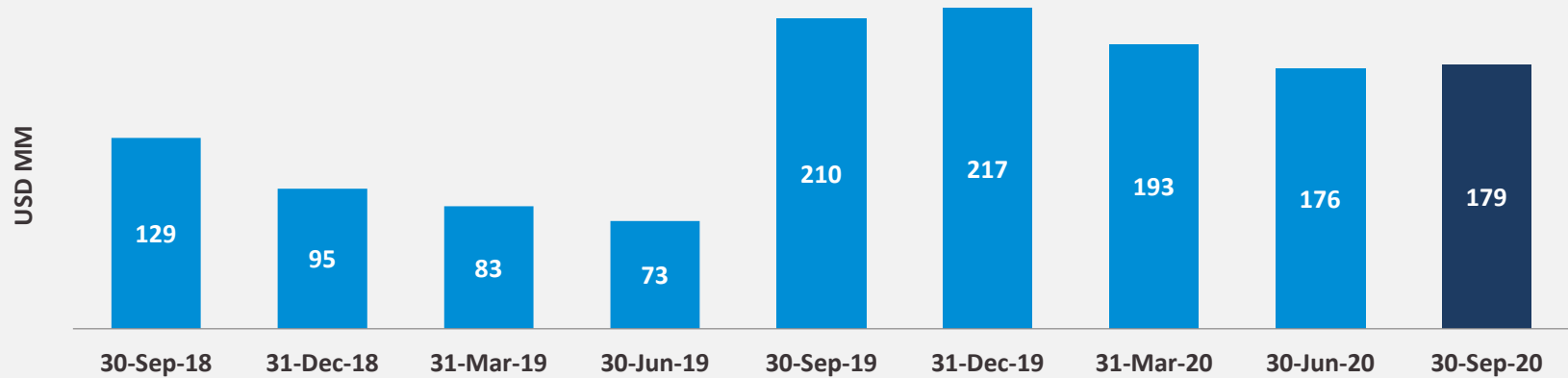
- SG&A expenses increased YoY mainly as a result of provision for impairment that recognized in 3Q'2020 for USD 7.6m.

ORDER BOOK

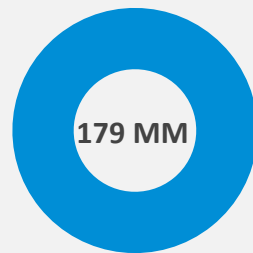


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Total Order Book

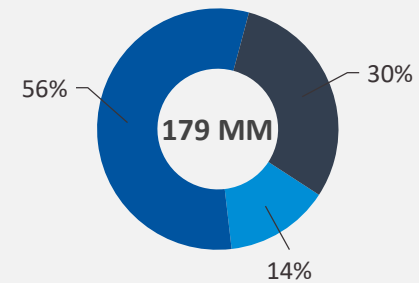


Order Book by Region



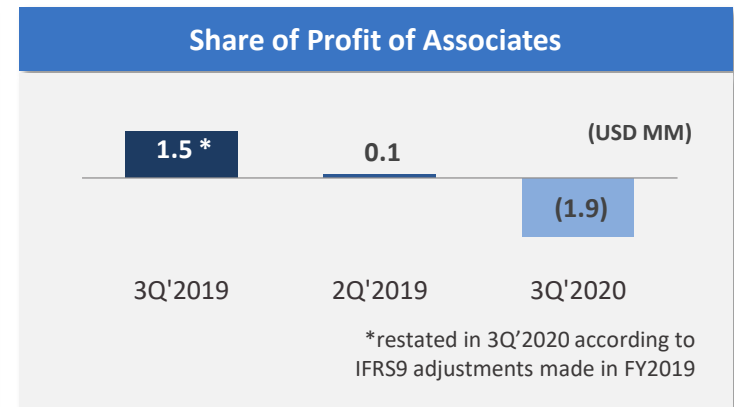
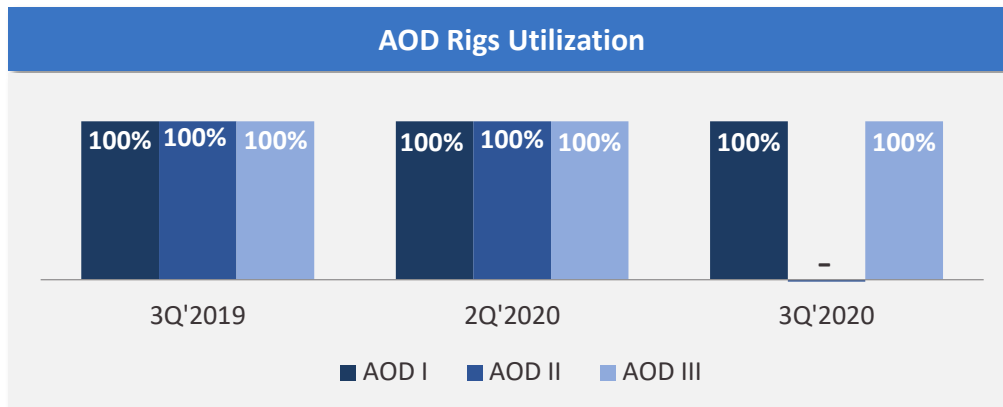
■ Middle East ■ Asia Pacific & SEA

Order Book by Year



■ FY2020 ■ FY2021 ■ FY2022

PERFORMANCE & PUT OPTION



- Full utilization performance in 3Q'2020 for AOD I and AOD III.
- AOD II has temporarily suspended operation for a period of up to one year since the end of June 2020.
- Share of profits decreased YoY as a result of adjusted FY2019 AOD-I Bareboat Chartered rate.
- On 11 September 2020, the group exercised the Put Option to sell all of its 33.76% shares in Asia Offshore Drilling Limited (“AOD”) for a consideration of USD 31.0m as return. By means of an accounting consequence, a loss needed to be recognized during this period for USD (61.8)m
- AOD was no longer an associated company of the Group as at 30 September 2020.

FINANCIAL REVIEW



3Q 2020 PROFIT & LOSS



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(USD MM)	3Q 2020	3Q 2019	YoY Amount Change	2Q2020	QoQ Amount Change
Revenue					
Revenue from rendering of services	21.8	26.9	-5.1	16.0	+5.8
Interest income	-	0.1	-0.1	-	-
Other income	-	0.1	-0.1	0.1	-0.1
Total revenue	21.8	27.1	-5.3	16.1	+5.7
Expenses					
Costs of rendering of services	22.7	28.3	-5.6	21.5	+1.2
Administrative expenses	11.0	5.7 ⁽¹⁾	+5.3	3.4	+7.6
Loss on disposal of investment in an associates	68.1	-	+68.1	-	+68.1
Net loss (gain) on foreign exchange	0.1	-	+0.1	(0.1)	+0.2
Finance costs	0.5	0.8	-0.3	0.6	-0.1
Total expenses	102.4	34.8	+67.6	25.4	+77.0
Share of profit of joint venture and associates	(1.9)	1.5 ⁽¹⁾	-3.4	0.1	-2.0
Profit (loss) before income tax expense	(82.5)	(6.2)	-76.3	(9.2)	-73.3
Tax expense	1.6	-	+1.6	-	+1.6
Profit (loss) for the period	(84.1)	(6.2)	-77.9	(9.2)	-74.9
Earnings (losses) per share (US Cents)	(6.0)	(0.4)	-5.5	(0.7)	-5.3
Depreciation expenses and amortization expenses	3.6	4.8	-1.2	3.4	+0.2
EBITDA⁽²⁾	(8.4)	(2.1)	-6.3	(5.3)	-3.1

Remark:

⁽¹⁾ Restated according to IFRS9 in FY2019

⁽²⁾ Excluding share of profit of associates and joint venture and loss on disposal of investment in an associate

STATEMENT OF CASH FLOWS



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Cash Flows (USD MM)	Nine-month period ended 30 September	
	2020	2019
Cash Flow From Operating Activities:		
Before changes in working capital	(14.5)	(1.0)
Changes in working capital	12.9	(4.7)
Others	(0.7)	(0.2)
<i>Net cash used in operating activities</i>	(2.3)	(5.9)
Cash Flow From Investing Activities:		
Proceed from sale of current investments	4.6	3.6
Acquisition of current investment	(2.0)	(2.0)
Acquisition of property, plant and equipment	(9.7)	(1.4)
Proceeds from sale of interest in associate	31.0	-
Interest received	0.1	0.6
<i>Net cash from investing activities</i>	24.0	0.8
Cash Flow From Financing Activities:		
Repayment of short-term loans from financial institution	(0.2)	-
Proceeds from long-term loans from financial institution	8.0	-
Repayment of borrowings	(3.1)	(9.0)
Finance costs paid	(1.8)	(2.7)
<i>Net cash from (used in) financing activities</i>	2.9	(11.7)
Net increase (decrease) in cash and cash equivalents	24.6	(16.8)
Effect of exchange rates	-	0.2
Beginning balance as at 1 January	22.5	36.5
Cash Balance as at 30 September (excluding restricted cash*)	47.1	19.9

*Restricted Cash = USD 10.3m

*Investment Cash = USD 9.6m

STATEMENT OF FINANCIAL POSITION



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Balance Sheet (USD MM)	30 Sep 2020	31 Dec 2019	Change
Cash & Cash Equivalents and Current Investment	56.7	34.7	+63.4%
Trade Accounts Receivable	26.0	42.2	-38.4%
Other Current Assets	3.8	11.8	-67.8%
Total Current Assets	86.5	88.7	-2.5%
Restricted Deposit at Banks	10.3	11.3	-8.8%
Investment in Associates & Joint Venture	24.0	123.9	-80.6%
Property, Plant and Equipment	144.6	145.2	-0.4%
Other Non-Current Assets	3.4	4.9	-30.6%
Total Non- Current Assets	182.3	285.3	-36.1%
Total Assets	268.8	374.0	-28.1%
Short-term borrowing from financial institutions	-	0.2	-100.0%
Trade Accounts Payable	6.5	8.3	-21.7%
Current Portion of Long-term Borrowings	13.5	12.0	+12.5%
Other Payable	16.0	20.7	-22.7%
Total Current Liabilities	36.0	41.2	-12.6%
Long-Term Borrowings	47.3	43.8	+8.0%
Other Non-Current Liabilities	2.3	2.0	+15.0%
Total Non-Current Liabilities	49.6	45.8	+8.3%
Total Liabilities	85.6	87.0	-1.6%
Total Equity	183.2	287.0	-36.2%

(USD MM)	30 Sep 2020	31 Dec 2019	31 Dec 2018
Interest Bearing Debt			
Asset-backed Financing	60.8	55.8	67.7
Unsecured Loan	-	0.2	-
Finance lease	0.1	-	0.1
Total Debt	60.9	56.0	67.8
Cash, Deposits and Bank Balances	(67.0)	(46.0)	(69.1)
Total Debt, Net of Cash	(6.1)	10.0	(1.3)
Shareholders' Equity	183.2	287.0	314.9
Net Gearing	N/A	3.5%	N/A

Financial Ratio:

- Current Ratio = 2.40x
- Liabilities to Equity Ratio = 0.47x
- Net Debt to Equity Ratio = 0.33x
- Net Gearing = N/A (negative total debt, net of cash)

DEBT MATURITY PROFILE



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Interest-Bearing Debt Maturity

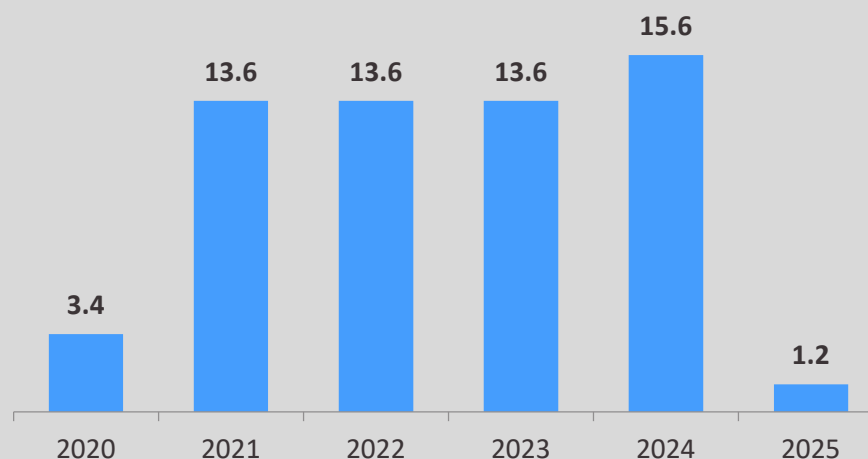
USD 61.0 MM

(30 September 2020)

- As at 30 September 2020, there is **USD 61.0 million** of long-term loan until 1Q'2025.
- Short-term liquidity risk is low.
- Since the Company got an approval from the Lender for the repayment suspension in 2Q'2020 and 3Q'2020 as a result of COVID-19 pandemic, next repayment will be at the end of 4Q'2020.

Yearly Repayment Scheme

(USD 61 million)





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BUSINESS OUTLOOK

BUSINESS OUTLOOK



1

The **outlook for subsea service providers**, though shaken by Global pandemic in short term, continues to be positive on a longer term basis, as new projects will be sanctioned. Saudi has plans to invest USD 440 billion on the Eastern Seaboard in various projects up to 2025. Qatar has plans to invest USD 27 Billion in Oil & Gas Sector. Furthermore, in the West African market Majors have allocated budgets of additional USD 123 Billion towards Subsea Sector, in addition to Mozambique USD 46.7 Billion for Subsea Projects.

2

We see the **Cable Division as the Single biggest driver towards a business turnaround** in the short term. No other business can offer us this sort of ROCE, and the upfront costs are low. Mermaid is good at Cable Laying, and we now have the right personnel in place to offer a decent backlog. Moreover, 2021, 2022 & 2023 look good in the Middle East. Furthermore, the revival of business in Zone 1 is of utmost importance for the Group.

3

MSS is currently actively liaising special **co-operation with Mubarak Marine**, and together working exclusively on LTAs with Saipem, Sapura & Subsea 7. With the freeze on projects in 2020, we expect a significant uptick in 2021-2023.

BUSINESS OUTLOOK



4

MSS is looking for options to initiate entry in to the Renewable Energy Business, and have re-structured the Group to explore significant opportunities in that space. We have developed a team with world class experience complete with some of the Pioneers in the Renewable sector. This will enable an increase our footprint in that sector.

5

The Mermaid **Asiana, Sapphire and Endurer** continue to operate in the Middle East, and will remain in the region for the foreseeable future. We expect to achieve higher utilization throughout 2021-2023. All three vessels are currently deployed. We are actively looking for contracts in Zone 1 and Africa - for Sapphire and Endurer. We see vessel mobility as a key vehicle towards achieving organic growth.

6

In order to be geographically closer to the proponent, MSS is working on establishing a **Dubai office, which will become a Hub** for controlling the Cable Projects, Group Engineering & engagements for East and West Africa. We have already set up a temporary office in DMC, whilst works are being performed to secure/set up permanent offices. Currently Subsea 7, Sapura, Saipem & McDermott are all incorporated with regional Head Offices operating out of Dubai.

7

There are a few nonperforming assets in the Group that have not yielded required returns for some years. We are actively working towards the disposal of such Assets including vessels, some ROVs, Mobile SAT Spreads etc.



MERMAID

A Company Moving Forward

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www.mermaid-group.com