






1Q 2020 RESULTS

14 May 2020

www.mermaid-group.com

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AGENDA

-  Business Report
-  Financial Review
-  Business Outlook

BUSINESS REPORT



1Q 2020 HIGHLIGHTS



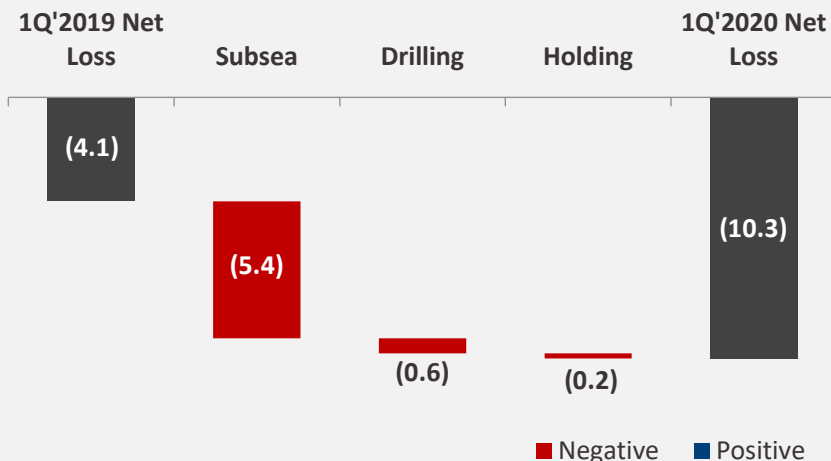
- Revenue decreased 14.0% YoY due to lower contribution margin
- EBITDA decreased YoY from 0.3m in 1Q 2019 to (6.5)m in 1Q 2020 but regulatory 5 years' dry-docking activity for Mermaid Asiana has been executed during this period.
- For 1Q 2020, the net positive cash flow from operations was at USD 0.3m which was a result of receivable collections during the period
- As of the end of March 2020, the order book (excl. AOD) is USD 193m which is generated mainly from the subsea business Saudi Arabian 3-year contract extension
- Balance sheet position was typically low risk at 5.4% Gearing Ratio, 1.80x Current Ratio and 0.20x D/E Ratio

MOVEMENT IN KEY BUSINESS SEGMENT

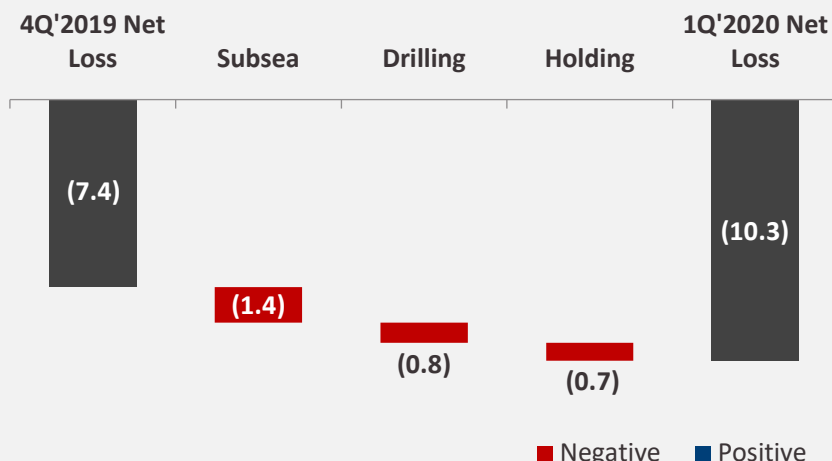


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1Q YoY Net Profit (Loss) Change



1Q QoQ Net Profit (Loss) Change



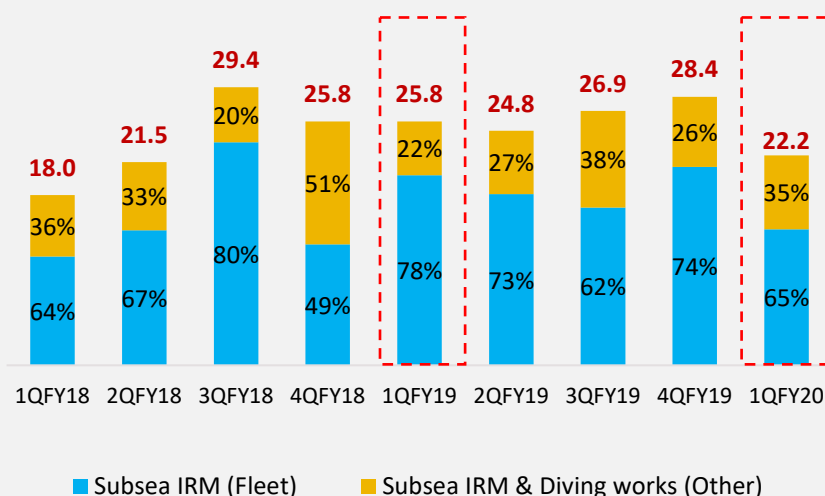
- Despite higher utilization rates, net loss increased both QoQ and YoY which was a result of the subsea sectors lower contribution margin.
- Mermaid Asiana underwent her mandatory dry-docking during 1Q'2020. During the dry docking the Asiana was replaced by a third-party vessel.
- Subsequent to the dry docking and due to COVID-19 restrictions imposed on Mermaid by the Saudi authorities, the Asiana was prohibited to return to Saudi Arabia for an extended period which increased project costs significantly.
- Bottom line for subsea sector decreased both QoQ and YoY.

SUBSEA REVENUE AND UTILIZATION

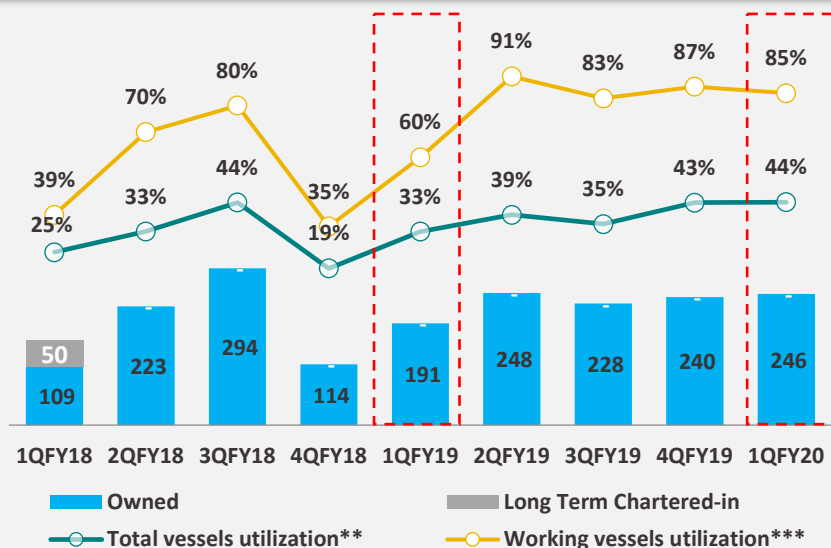


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Subsea Revenue



Vessel Working Days & Utilization*



* Total Working Days / Total Available Days

**6 owned-vessels + 1 chartered-in vessel in 1Q'20

***4 active owned vessels + 1 chartered-in vessel in 1Q'20

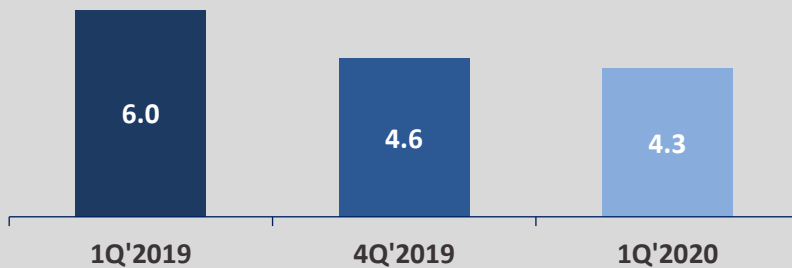
- Revenue from subsea sector decreased for USD 3.6m YoY and USD 6.2m QoQ.
- 2 active owned vessels working on projects in the Middle East, no long-term chartered-in vessel in this quarter.
- 1 owned vessel "Asiana" had been dry-docked during 1Q'2020 and affected by COVID-19 Preventive Transportation Policy. The company chartered-in one vessel to replace Mermaid Asiana on the same project to cover the period. The day rate was reduced.

Remark: 246 operating days of vessels in 1Q'2020 has included short-term chartered-in vessel's

COSTS & EXPENSES

Vessel Running Cost (owned vessels)

USD MM

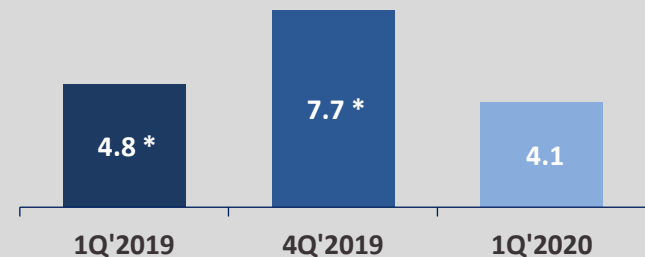


Owned Vessels

- VRC decreased YoY due to cold stacked vessel since 2Q'2019.
- VRC decreased QoQ as the result of one vessel dry-docking during 1Q'2020.

Selling and Administrative Expenses

USD MM



*restated in 1Q'2020 according to IFRS9 adjustments made in FY2019

Selling, General and Administrative Expenses

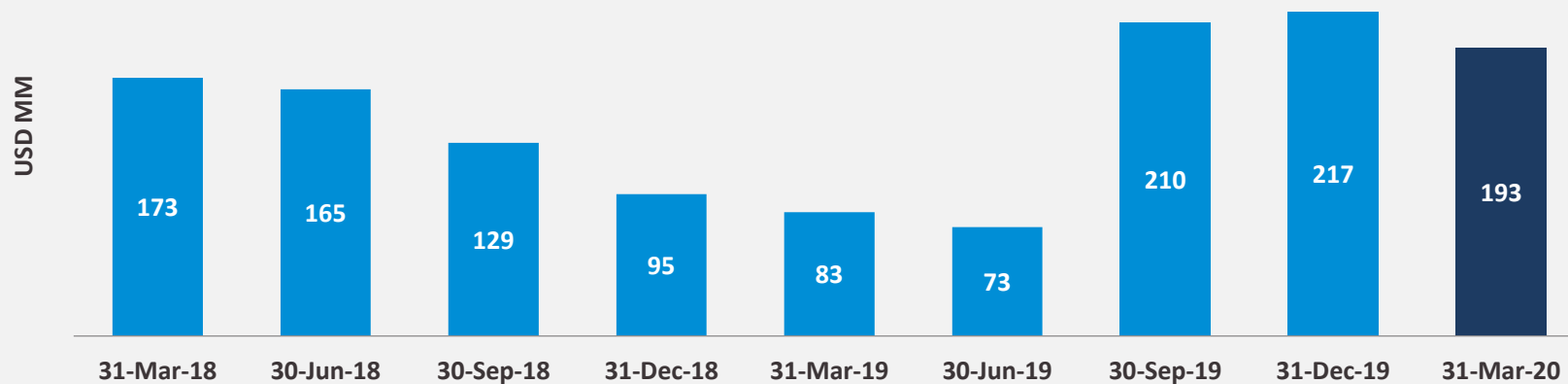
- Decrease in SG&A expenses YoY was mainly due to legal fee and reversal of bad and doubtful debt in 1Q'2020.
- SG&A expenses decreased QoQ due to impairment on assets that made in 4Q'2019

ORDER BOOK

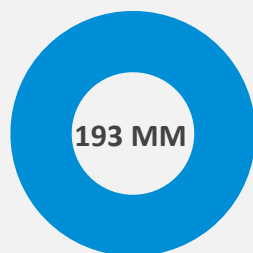


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Total Order Book (excluding AOD)

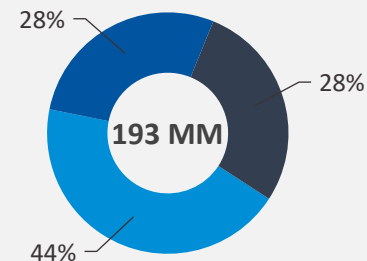


Order Book by Region



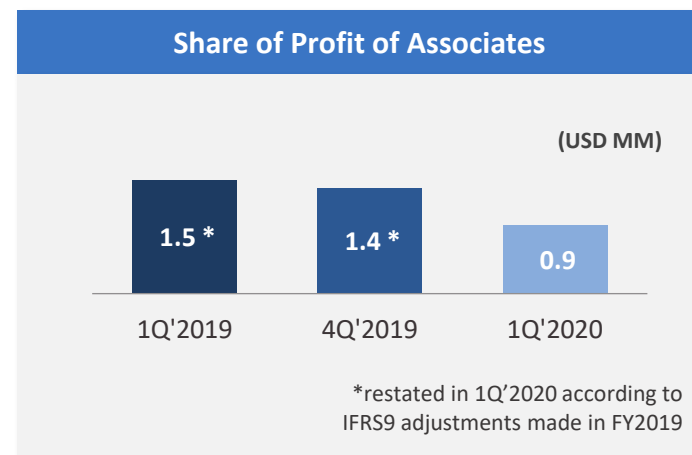
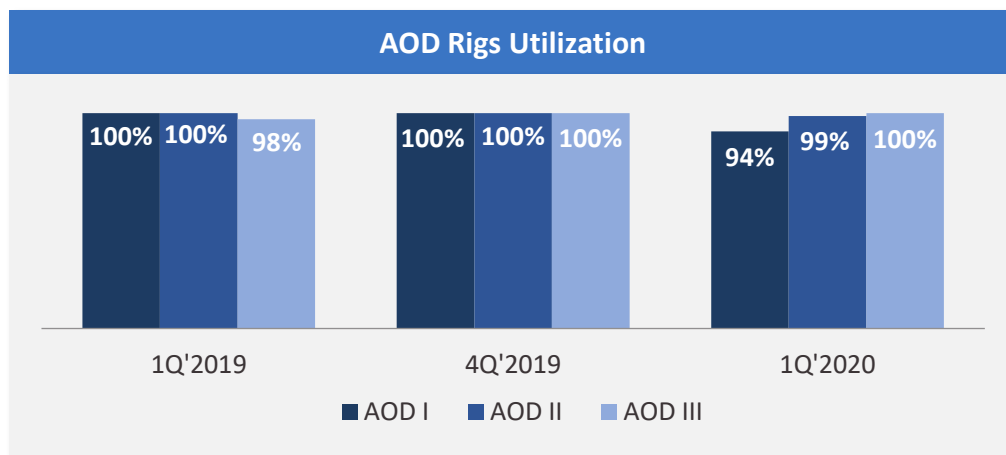
■ Middle East ■ Asia Pacific & SEA

Order Book by Year

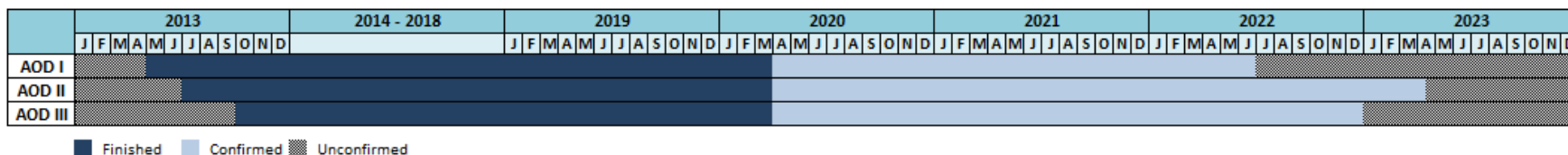


■ FY2020 ■ FY2021 ■ FY2022

STRONG PERFORMANCE FOR 3 AOD'S RIGS



- Excellent performance in 1Q'2020 with almost full utilization for 3 rigs
- Share of profits decreased YoY as a result of adjusted FY2019 AOD-I Bareboat Chartered rate
- The outstanding balance of Senior Secured Credit Facility as at 31 March 2020 remained at US\$ 210 million.
- AOD I contract committed until June 2022.
- AOD II and AOD III have secured a contract extension until April 2023 and December 2022, respectively.



FINANCIAL REVIEW



1Q 2020 PROFIT & LOSS



(USD MM)	1Q 2020	1Q 2019	YoY Amount Change
Revenue			
Revenue from rendering of services	22.2	25.8	-3.6
Interest income	-	0.2	-0.2
Net gain on foreign exchange	-	0.1	-0.1
Other income	0.1	0.1	-
Total revenue	22.3	26.2	-3.9
Expenses			
Costs of rendering of services	28.7	25.9	+2.8
Administrative expenses	4.1	4.8	-0.7
Finance costs	0.7	1.0	-0.3
Total expenses	33.5	31.7	+1.8
Share of profit of associates and joint venture	0.9	1.5	-0.6
Profit (loss) before income tax expense	(10.3)	(4.0)	-6.3
Tax expense	-	0.1	-0.1
Profit (loss) for the period	(10.3)	(4.1)	-6.2
Earnings (losses) per share (US Cents)	(0.7)	(0.3)	-0.4
Depreciation expenses and amortization expenses	4.0	4.8	-0.8
EBITDA*	(6.5)	0.3	-6.8

*excluding share of profit of associates and joint venture

STATEMENT OF CASH FLOWS

Cash Flows (USD MM)	Three-month period ended 31 March	
	2020	2019
Cash Flow From Operating Activities:		
Before changes in working capital	(10.0)	0.2
Changes in working capital	10.5	(8.3)
Others	(0.2)	(0.2)
<i>Net cash from (used in) operating activities</i>	0.3	(8.3)
Cash Flow From Investing Activities:		
Proceed from sale of current investments	3.0	-
Acquisition of property, plant and equipment	(3.4)	(0.9)
Interest received	0.1	0.2
<i>Net cash used in investing activities</i>	(0.3)	(0.7)
Cash Flow From Financing Activities:		
Repayment of short-term loans from financial institution	(0.2)	-
Proceeds from long-term loans from financial institution	1.3	-
Repayment of borrowings	(3.0)	(3.0)
Finance costs paid	(0.7)	(0.9)
<i>Net cash used in financing activities</i>	(2.6)	(3.9)
Net decrease in cash and cash equivalents	(2.6)	(12.9)
Effect of exchange rates	(0.1)	0.1
Beginning balance as at 1 January	22.5	36.5
Cash Balance as at 31 March (excluding restricted cash*)	19.8	23.7

*Restricted Cash = USD 10.8m

*Investment Cash = USD 8.7m

STATEMENT OF FINANCIAL POSITION



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Balance Sheet (USD MM)	31 Mar 2020	31 Dec 2019	Change
Cash & Cash Equivalents and Current Investment	28.5	34.7	-17.9%
Trade Accounts Receivable	36.0	42.2	-14.7%
Other Current Assets	12.3	11.8	4.2%
Total Current Assets	76.8	88.7	-13.4%
Restricted Deposit at Banks	10.8	11.3	-4.4%
Investment in Associates & Joint Venture	124.9	123.9	0.8%
Property, Plant and Equipment	144.8	145.2	-0.3%
Other Non-Current Assets	5.1	4.9	4.1%
Total Non- Current Assets	285.6	285.3	0.1%
Total Assets	362.4	374.0	-3.1%
Short-term borrowing from financial institutions	-	0.2	-100.0%
Trade Accounts Payable	9.3	8.3	12.0%
Current Portion of Long-term Borrowings	13.3	12.0	10.8%
Other Payable	20.1	20.7	-2.9%
Total Current Liabilities	42.7	41.2	3.6%
Long-Term Borrowings	40.8	43.8	-6.8%
Other Non-Current Liabilities	2.2	2.0	10.0%
Total Non-Current Liabilities	43.0	45.8	-6.1%
Total Liabilities	85.7	87.0	-1.5%
Total Equity	276.7	287.0	-3.6%

(USD MM)	31 Mar 2020	31 Dec 2019	31 Dec 2018
Interest Bearing Debt			
Asset-backed Financing	54.1	55.8	67.7
Unsecured Loan	-	0.2	-
Finance lease	0.2	-	0.1
Total Debt	54.3	56.0	67.8
Cash, Deposits and Bank Balances	(39.3)	(46.0)	(69.1)
Total Debt, Net of Cash	15.0	10.0	(1.3)
Shareholders' Equity	276.7	287.0	314.9
Net Gearing	5.4%	3.5%	N/A

Financial Ratio:

- Current Ratio = 1.80x
- Liabilities to Equity Ratio = 0.31x
- Net Debt to Equity Ratio = 0.20x
- Net Gearing = 5.4%

DEBT MATURITY PROFILE

Interest-Bearing Debt Maturity

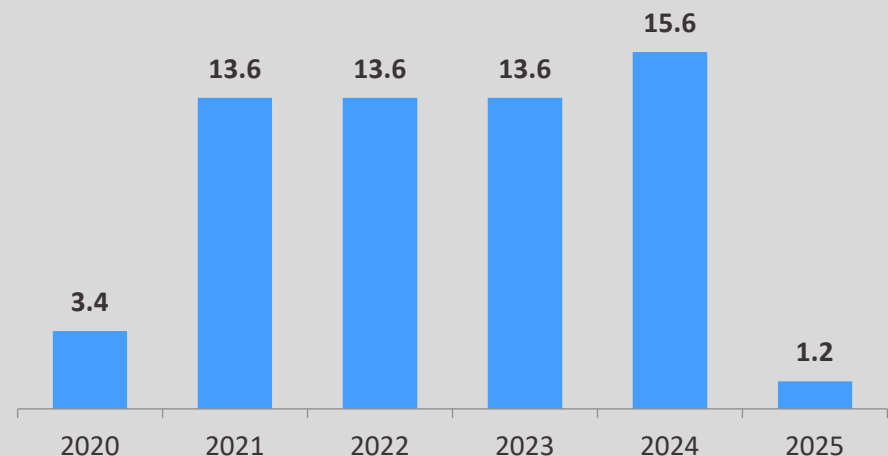
USD 54.4 MM

(31 March 2020)

- As at 31 March 2020, there is **USD 54.4 million** of long-term loan until 1Q'2024.
- In January 2020, the group entered into a new loan facility agreement with a financial statement to fund the maintenance and repair of its vessels. The loan facility is for up to USD 8.0 million. The drawdown amount made in 1Q'2020 was 1.4 million and expected to be fully drawn in 2Q'2020.
- Short-term liquidity risk is low.
- 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.

Yearly Repayment Scheme

(USD 61 million)



BUSINESS OUTLOOK

1

The International Energy Agency (IEA) warned that the biggest production cuts in history would fail to offset the deepest fall in demand in 25 years highlighting fears among oil traders that the recent OPEC deal on production cuts would prove to be “too little, too late”.

2

The collapse in oil demand has left the global market oversupplied with enough crude to overwhelm storage facilities for some time and even Assuming travel restrictions are eased in the second half of 2020, the IEA has advised that the global oil demand in 2020 would fall further.

3

For 2020, Rystad Energy estimates free cash flow for the E&P sector will shrink to \$141 billion, or one-third of what it was in 2019. This is based on base-case oil price scenario of \$34 per barrel in 2020 and \$44 per barrel in 2021, so there is a considerable downside risk if the current low-level prices persist.

4

To protect balance sheets and preserve cash, oil and gas companies have gone into survival mode, reducing forecast expenditure where possible to weather the impact of COVID-19 and oil market volatility. CAPEX cuts to upstream operations, exploration, unsanctioned field developments will have a knock-on effect to oil field service providers.

BUSINESS OUTLOOK



5 Rystad Energy expected upstream spending to fall about 20% this year as a result of the COVID-19 pandemic, which would have reduced investments by \$100 billion from the 2019 level. As companies have continued to crimp investments, upstream spending is expected to fall by 25% instead, from \$530 billion in 2019 to \$410 billion this year.

6 The 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 excellent utilization rates throughout 2020. All three jack-up drilling rigs 'AOD I', 'AOD II' and 'AOD III' remain on contract in the Middle East.

7 Mermaid is taking painful but necessary measures to lessen the impact of COVID-19 on our business by minimising the hire of third-party vessel charters and implementing further measures to reduce our workforce. Our focused priorities are to preserve the health of all our people, ensure business continuity and to reduce costs.

8 Cutting business spending while remaining competitive and operationally efficient will help Mermaid to weather the current instability.



MERMAID

A Company Moving Forward

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