



MERMAID MARITIME PUBLIC COMPANY LIMITED

บริษัท เมอร์เมต มารีไทม์ จำกัด (มหาชน)

(Reg. No. 0107550000017)

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

Tel.: +66 (0) 2-255-3115~6; Fax: +66 (0) 2-255-1079

ASIA OFFSHORE DRILLING LIMITED – EXERCISE OF PUT OPTION BY THE COMPANY

1. INTRODUCTION

Mermaid Maritime Public Company Limited (the "**Company**") refers to the Company's announcement dated 4 April 2018 entitled "Update on Asia Offshore Drilling Limited's Loan Refinancing and the Transaction Support Agreement" ("**2018 Announcement**").

In the 2018 Announcement, it was announced *inter alia* that the Company's wholly owned subsidiary, Mermaid International Ventures ("**MIV**"), had entered into a transaction support agreement dated 4 April 2018 ("**Transaction Support Agreement**") with Seadrill Limited ("**Seadrill**"), and that the Transaction Support Agreement provided *inter alia* that Seadrill would grant to MIV a put option ("**Put Option**") in respect of MIV's shares in Asia Offshore Drilling Limited ("**AOD**").

As at the date of this Announcement, AOD is an associated company of the Company and MIV holds a 33.76% stake in AOD with the remaining stake held by an affiliate of Seadrill.

On 11 September 2020, MIV exercised the Put Option to sell all of its shares in AOD, representing 33.76% of the issued and paid-up share capital of AOD ("**Sale Shares**"), to Seadrill (the "**Disposal**"). Upon the exercise of the Put Option by MIV, a binding contract for the sale of MIV's shares in AOD to an affiliate of Seadrill was deemed to be entered into between MIV and that affiliate of Seadrill, on the terms and subject to the conditions as set out in the Transaction Support Agreement.

2. INFORMATION ON THE DISPOSAL

The consideration for the Disposal is US\$31.0 million ("**Consideration**"), and will be satisfied wholly in cash.

The Consideration had been mutually agreed between MIV and Seadrill pursuant to the terms of the Transaction Support Agreement, taking into consideration, *inter alia*, two independent valuations of the three jack-up drilling rigs owned by AOD conducted in August 2020 and the net book value of the other net assets of AOD.



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The historical book value and net tangible asset value of the Sale Shares based on the Company's audited financial statements for the financial year ended 31 December 2019 ("FY2019") was approximately US\$99.94 million.

Completion of the Disposal shall take place on such date to be agreed between Seadrill and Mermaid (which shall be no later than the end of September 2020). The Company will update shareholders when completion has taken place.

3. FINANCIAL EFFECTS OF THE DISPOSAL

Purely for shareholders' information, the *pro forma* financial effects of the Disposal on the net tangible assets ("NTA") per share and the earnings per share ("EPS") of the Company have been set out below. Please note that they have been prepared purely for illustration only and do not reflect the actual financial situation of the Company after the Disposal. The *pro forma* financial effects have been prepared based on the latest announced audited consolidated financial statements of the Company for FY2019, being the most recently completed financial year of the Company.

3.1 NTA per share of the Company ("Share")

Purely for illustrative purposes only and assuming that the Disposal had been completed on 31 December 2019, being the end of FY2019, the effect on the NTA per Share as at 31 December 2019 is as follows:

As at 31 December 2019	Before the Disposal	After the Disposal
NTA (US\$'000)	284,873	215,933
NTA per Share (in US\$)*	0.20	0.15

Notes

* Based on 1,413,328,857 issued Shares as at 31 December 2019.

3.2 EPS

Purely for illustrative purposes only and assuming that the Disposal had been completed on 1 January 2019, being the beginning of FY2019, the effect on the EPS for FY2019 is as follows:



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	Before the Disposal	After the Disposal
Profit attributable to the shareholders of the Company (US\$'000)	(24,216)	(93,156)
EPS* (US cents)	(0.02)	(0.07)

Notes

* Based on 1,413,328,857 issued Shares as at 31 December 2019.

4. RATIONALE FOR THE DISPOSAL

The Board of Directors of the Company consider that the exercise of the Put Option and disposal of the Sale Shares is in the best interests of the Company and the shareholders as a whole for the following reasons:

The Company's core business is the provision of subsea and related services to the offshore oil and gas industry. The investment in AOD, which is in the offshore drilling services business, is a non-core asset of the Company. Due to challenging market conditions, the Company had already divested its own tender assist drilling rig business and disposed of its two remaining tender rigs in 2018, and had also entered into the Transaction Support Agreement which contained the Put Option in the same year. The disposal of the Sale Shares is thus in the ordinary course of business of the Company.

The Company is a minority shareholder in AOD and majority ownership and management control of AOD is with an affiliate of Seadrill. As such, the Company has no control over the business and operations of AOD.

In light of the Covid-19 pandemic, the offshore drilling industry has been seriously affected on all fronts, with a drought of new contracts, early termination of some existing drilling contracts and/or renegotiation of existing day rates.

As such, the Company's decision was to choose to exit AOD pursuant to the Put Option at this time in order to minimise its exposure to the challenging industry conditions and protect its cash position.

The disposal of the Sale Shares will also provide additional working capital, maintain liquidity and balance sheet strength during these market challenging times, and enable



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the Company to focus on growing its core and related businesses with the target to turn around a profit.

If the Company did not exercise the Put Option during this time and allowed it to expire on 30 September 2020, there would be no assurance that it would be able to exit from its investment in AOD in the future.

BY ORDER OF THE BOARD

Vincent Siaw

Executive Vice President & Chief Operating Officer

Corporate Business Ventures

15 September 2020