



# 1Q 2022 RESULTS

May 11<sup>th</sup>, 2022

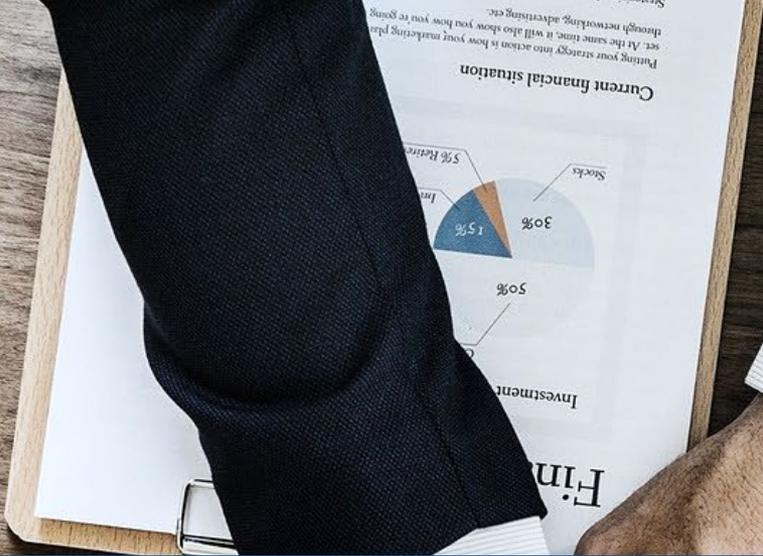
[www.mermaid-group.com](http://www.mermaid-group.com)

# AGENDA

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-  Business Report
-  Financial Review
-  Business Outlook

# BUSINESS REPORT



Issue 764  
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#Citydailynews

## y 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. All should be connected with your logo to communicate with your brand. Having a good brand strategy allows you to have a large advantage in gaining a competitive edge. Your brand tells your customers what they can have or expect from the products and services you offer. The branding strategy as it is consistent the



# 1Q 2022 HIGHLIGHTS



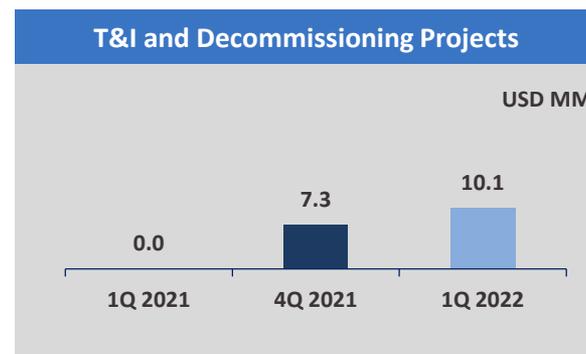
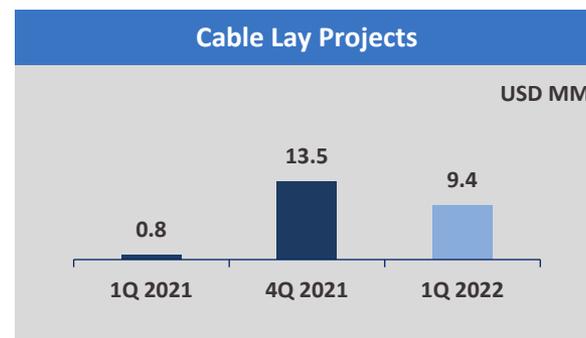
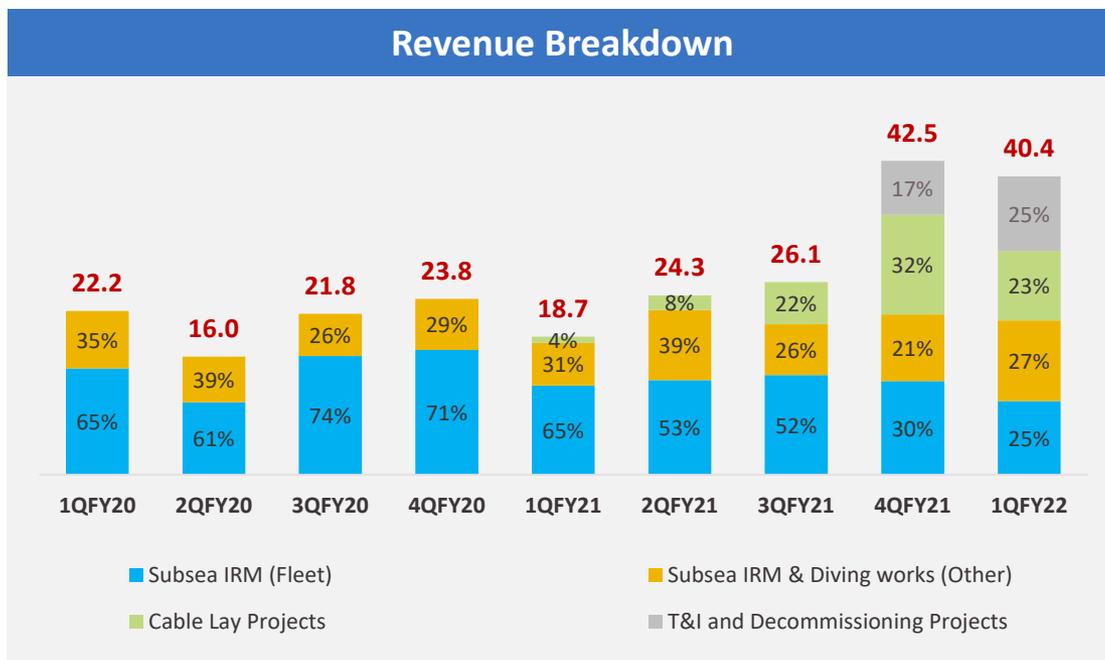
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- Revenue significantly increased by 116.1% YoY regarding to our capability to maintain core IRM business by owned active vessels along with recognized income of awarded cable lay projects and the growing performance of company's expansion in the field of T&I and Decommissioning.
- EBITDA for 1Q 2022 was USD (5.3) m. due to unexpected cost of rendering of services impacted by delay in operation schedule.
- For 1Q 2022, the net cash flow from operations was USD 6.9 m that led to the total increase in cash of USD 1.9m at the end of the period.
- At the end of 2022, the company order book was USD 271 m. This number mainly included the IRM business and the cable lay business in the Middle East and other regions. Also, it includes the works of Transportation, Installation and Decommissioning projects in South East Asia pursuant to company's active growing strategies.
- Balance sheet position was low risk at 1.18x Current Ratio and 0.32x D/E Ratio.

# REVENUE BREAKDOWN



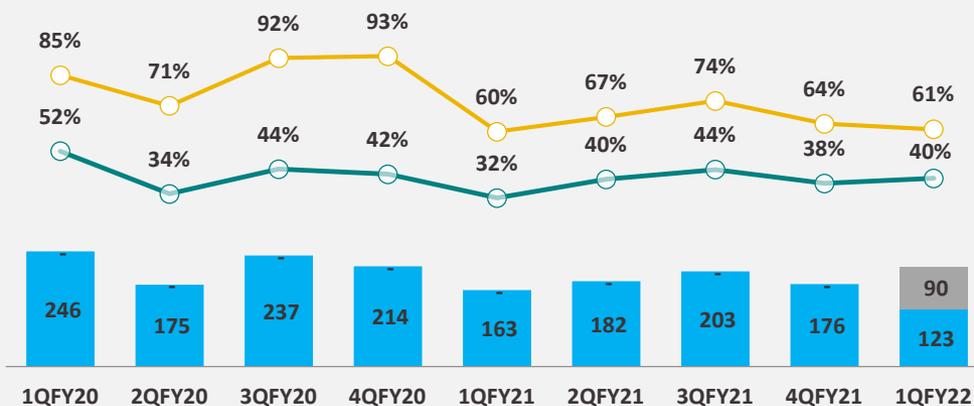
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- Total revenue significantly rose YoY from USD 18.7m to USD 40.4m as a main result of cable lay business and T&I and decommissioning business. However, it was slightly dropped by USD 2.1m QoQ.
- Revenue from cable lay business decreased QoQ from USD 13.5m to USD 9.4m mainly because of three projects ended in 1Q 2022 while there was one new project started in the period and expect more in the coming period.
- Revenue from T&I and decommissioning business increased QoQ by USD 2.8m
- Portions in business types demonstrated our risk mitigation effective strategies

# UTILIZATION

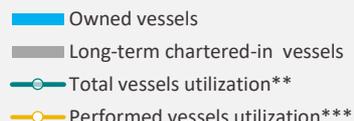
## Vessel Working Days & Utilization\*



\* Total Working Days / Total Available Days

\*\*Total 7 vessels in 1Q'22 (6 owned and 1 long-term chartered-in)

\*\*\*5 active vessels in 1Q'22 (4 owned and 1 long-term chartered-in)



- During 1Q 2022, “Mermaid Asiana” and “Mermaid Endurer” had planned maintenance for 42 and 48 days respectively and both were switched to work for the same project in the Middle East.
- “Mermaid Sapphire” utilization increased due to the new project in South East Asia that started during the end of Feb 2022.
- Mermaid completed a delivery of a new owned vessel “Resiliant” in Jan 2022 and currently plays a big part in the process of bidding for new projects.
- Millennium 3 has been chartered-in from M3JV and were fully utilized for cable laying projects. For 1Q 2022, Mermaid recognized USD 1.3m share profit from M3JV.

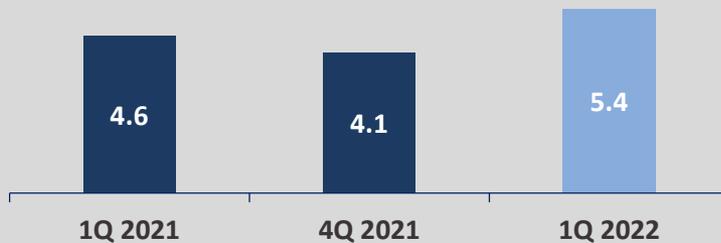
# COSTS & EXPENSES



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## Vessel Running Cost (owned vessels)

USD MM



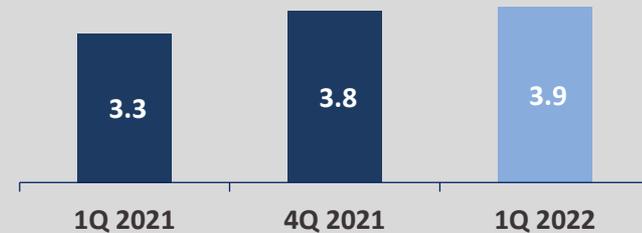
### Owned Vessels

VRC increase YoY (USD 0.8m) and QoQ (USD 1.3m) due to:

- scheduled maintenance of both Mermaid Asiana and Mermaid Endurer that occurred during 1Q 2022
- new acquired vessel 'Resiliant'

## Selling and Administrative Expenses

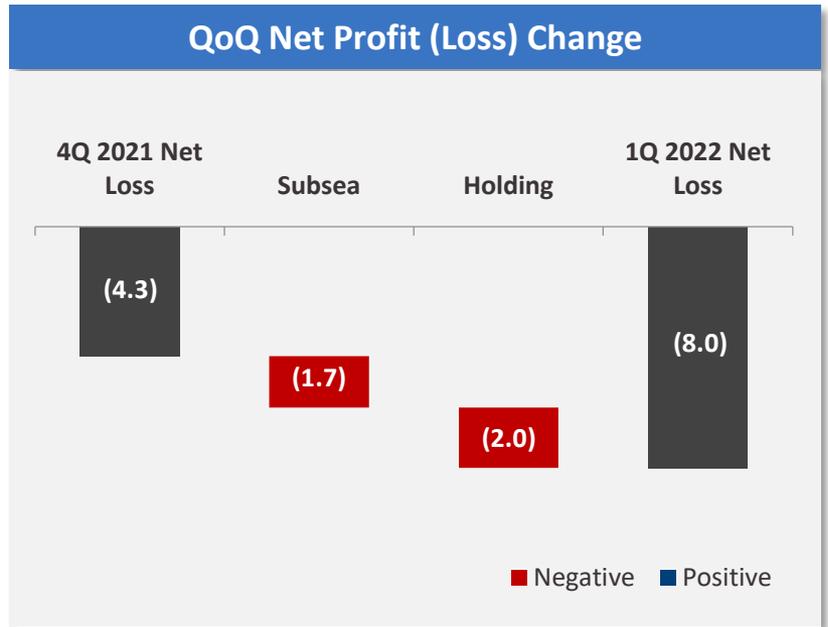
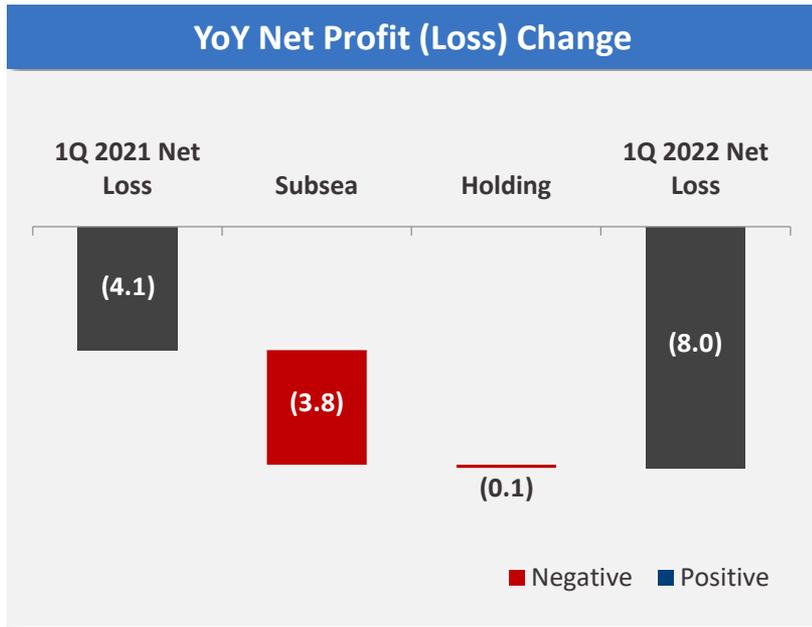
USD MM



### Selling, General and Administrative Expenses

- SG&A expenses increased YoY (USD 0.6m) as a result of employee benefit.

# MOVEMENT IN KEY BUSINESS SEGMENT

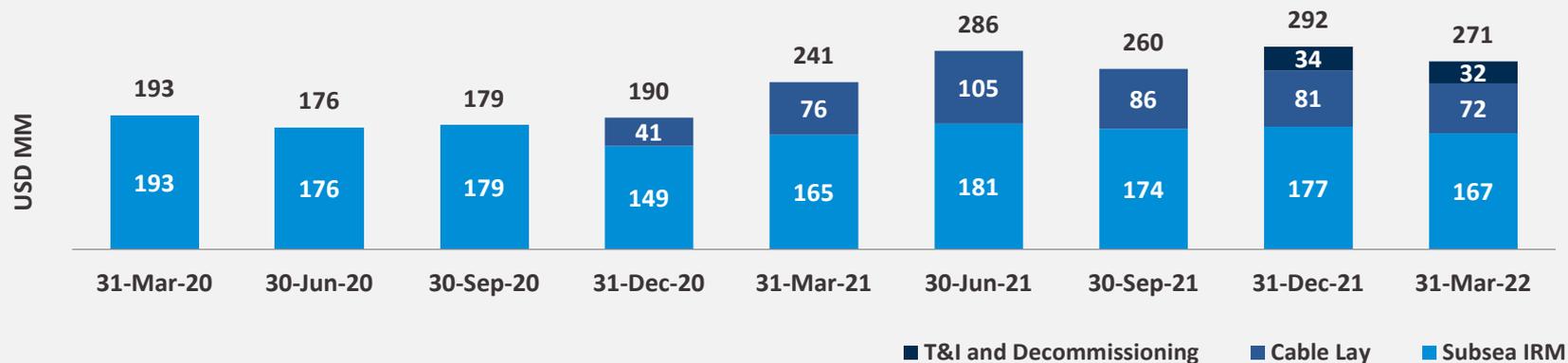


- A negative effect within subsea sector caused by unexpected high cost even though more revenue received
- “Mermaid Asiana” and “Mermaid Endurer” had an impact for the maintenance cost
- Cable lay business had a negative impact to bottom line regarding to delay in schedule creating unforeseen uncertainties
- Holding sector (QoQ) increased in SG&A (employee benefit)

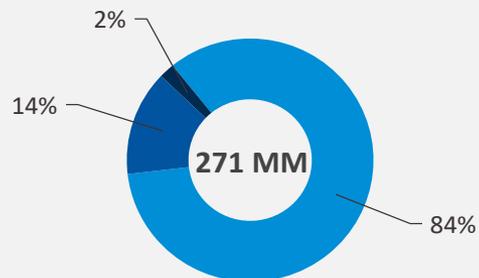
# ORDER BOOK



## Total Order Book

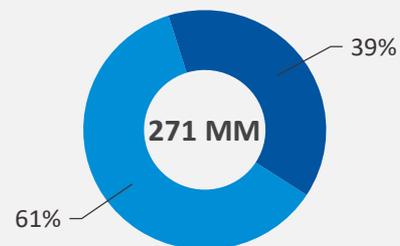


## Order Book by Region



■ Middle East ■ Asia Pacific & SEA ■ North Sea

## Order Book by Year



■ FY2022 ■ FY2023

# FINANCIAL REVIEW



# 1Q 2022 PROFIT & LOSS



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(USD MM)	1Q 2022	1Q 2021	YoY Amount Change	1Q 2022	4Q 2021	QoQ Amount Change
<b>Revenue</b>						
Revenue from rendering of services	40.4	18.7	+21.7	40.4	42.5	-2.1
Other income	0.2	0.8	-0.6	0.2	1.4	-1.2
<b>Total revenue</b>	<b>40.6</b>	<b>19.5</b>	<b>+21.1</b>	<b>40.6</b>	<b>43.9</b>	<b>-3.3</b>
<b>Expenses</b>						
Costs of rendering of services	45.2	19.4	+25.8	45.2	44.9	+0.3
Administrative expenses	3.9	3.3	+0.6	3.9	3.8	+0.1
Net loss on foreign exchange	0.1	-	+0.1	0.1	0.1	0.0
Finance costs	0.5	0.4	+0.1	0.5	0.4	+0.1
<b>Total expenses</b>	<b>49.7</b>	<b>23.1</b>	<b>+26.6</b>	<b>49.7</b>	<b>49.2</b>	<b>+0.5</b>
<b>Profit (loss) from operation</b>	<b>(9.1)</b>	<b>(3.6)</b>	<b>-5.5</b>	<b>(9.1)</b>	<b>(5.3)</b>	<b>-3.8</b>
Share of profit (loss) of joint ventures and associate	1.1	(0.2)	+1.3	1.1	1.1	0.0
<b>Profit (loss) before income tax expense</b>	<b>(8.0)</b>	<b>(3.8)</b>	<b>-4.2</b>	<b>(8.0)</b>	<b>(4.2)</b>	<b>-3.8</b>
Tax expense	-	0.3	-0.3	-	0.1	-0.1
<b>Profit (loss) for the period</b>	<b>(8.0)</b>	<b>(4.1)</b>	<b>-3.9</b>	<b>(8.0)</b>	<b>(4.3)</b>	<b>-3.7</b>
<b>Earnings (losses) per share (US Cents)</b>	<b>(0.6)</b>	<b>(0.3)</b>	<b>-0.3</b>	<b>(0.6)</b>	<b>(0.3)</b>	<b>-0.3</b>
Depreciation expenses and amortization expenses	3.3	3.8	-0.5	3.3	3.7	-0.4
Non-recurring items <i>(embedded in other income)</i>	-	-	0.0	-	(1.3)	+1.3
<b>EBITDA<sup>(1)</sup></b>	<b>(5.3)</b>	<b>0.6</b>	<b>-5.9</b>	<b>(5.3)</b>	<b>(2.5)</b>	<b>-2.8</b>

Remark:

<sup>(1)</sup> Excluding share of profit (loss) of joint venture and associate

# STATEMENT OF CASH FLOWS



Cash Flows (USD MM)	For the three-months period ended 31 March	
	2022	2021
<b>Cash Flow From Operating Activities:</b>		
Before changes in working capital	(5.0)	(2.1)
Changes in working capital	13.1	9.0
Others	(1.2)	(0.3)
<b><i>Net cash from operating activities</i></b>	<b>6.9</b>	<b>6.6</b>
<b>Cash Flow From Investing Activities:</b>		
Proceed from sale of current investment	2.9	-
Proceed from long-term loan to related party	1.1	-
Proceed from sale of property, plant and equipment and intangible assets	2.1	1.2
Acquisition of property, plant and equipment and intangible assets	(7.0)	(2.2)
<b><i>Net cash used in investing activities</i></b>	<b>(0.9)</b>	<b>(1.0)</b>
<b>Cash Flow From Financing Activities:</b>		
Repayment of borrowings	(3.7)	(3.4)
Repayment of lease liabilities	(0.0)	(0.1)
Finance costs paid	(0.4)	(0.4)
<b><i>Net cash used in financing activities</i></b>	<b>(4.1)</b>	<b>(3.9)</b>
<b>Net increase in cash and cash equivalents</b>	<b>1.9</b>	<b>1.7</b>
Beginning balance as at 1 January	8.0	37.8
<b>Cash Balance as at 31 March (excluding restricted cash*)</b>	<b>9.9</b>	<b>39.5</b>

\*Restricted cash = USD 8.1m

# STATEMENT OF FINANCIAL POSITION



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Balance Sheet (USD MM)	31 Mar 2022	31 Dec 2021	Change
Cash & Cash Equivalents and Current Investment	9.9	10.9	-9.2%
Trade and Other Accounts Receivable	76.2	75.7	+0.7%
Other Current Assets	1.1	0.3	+266.7%
<b>Total Current Assets</b>	<b>87.2</b>	<b>86.9</b>	<b>+0.3%</b>
Restricted Deposit at Banks	8.1	8.2	-1.2%
Investment in Associates & Joint Venture	28.0	26.9	+4.1%
Property, Plant and Equipment	136.0	132.8	+2.4%
Other Non-Current Assets	0.9	3.8	-76.3%
<b>Total Non- Current Assets</b>	<b>173.0</b>	<b>171.7</b>	<b>+0.8%</b>
<b>Total Assets</b>	<b>260.2</b>	<b>258.6</b>	<b>+0.6%</b>
Trade and Other Accounts Payable	56.4	42.8	+31.8%
Current Portion of Long-term Borrowings	3.0	3.0	0.0%
Short-Term Loan from Related Parties	14.2	14.2	0.0%
Other Current Liabilities	0.2	1.0	-80.0%
<b>Total Current Liabilities</b>	<b>73.8</b>	<b>61.0</b>	<b>+21.0%</b>
Long-Term Borrowings	2.0	2.0	0.0%
Long-Term Loan from Related Parties	28.9	32.5	-11.1%
Other Non-Current Liabilities	2.8	2.5	+12.0%
<b>Total Non-Current Liabilities</b>	<b>33.7</b>	<b>37.0</b>	<b>-8.9%</b>
<b>Total Liabilities</b>	<b>107.5</b>	<b>98.0</b>	<b>+9.7%</b>
<b>Total Equity</b>	<b>152.7</b>	<b>160.6</b>	<b>-4.9%</b>

(USD MM)	31 Mar 2022	31 Dec 2021	31 Dec 2020
<b>Interest Bearing Debt</b>			
Asset-backed Financing	43.1	46.7	57.4
Unsecured Loan	5.0	5.0	-
Finance lease	0.4	0.2	0.4
<b>Total Debt</b>	<b>48.5</b>	<b>51.9</b>	<b>57.8</b>
Cash, Deposits and Bank Balances	(18.0)	(19.1)	(56.7)
<b>Total Debt, Net of Cash</b>	<b>30.5</b>	<b>32.8</b>	<b>1.1</b>
Shareholders' Equity	152.7	160.6	177.3
<b>Net Gearing</b>	<b>20.0%</b>	<b>20.4%</b>	<b>0.6%</b>

## Financial Ratio:

- Current Ratio = 1.18x
- Liabilities to Equity Ratio = 0.70x
- Net Debt to Equity Ratio = 0.32x
- Net Gearing = 20.0%

# DEBT MATURITY PROFILE



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## Interest-Bearing Debt Maturity

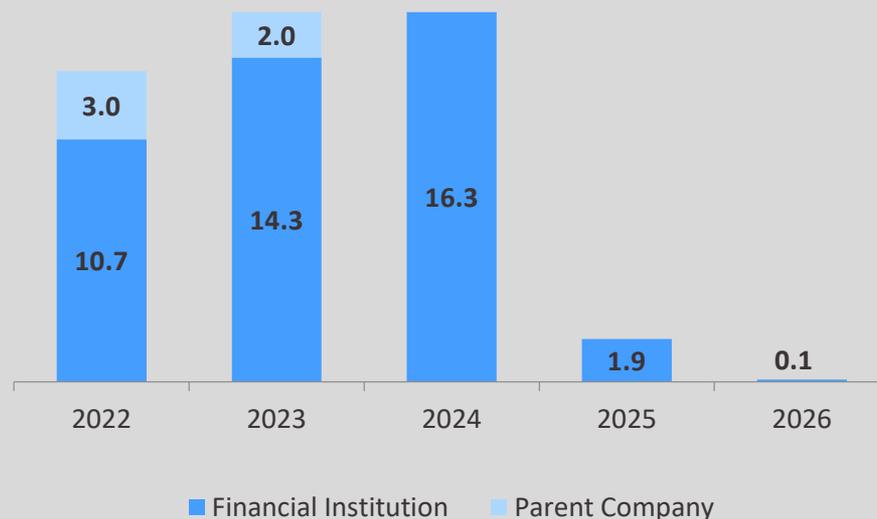
USD 48.3 M

(31 March 2022)

- As at 31<sup>st</sup> March 2022, there is **USD 48.3 million** of long-term loan (consisting of USD 43.3 million from financial institution and USD 5.0 million from parent company).
- In September 2021, Mermaid entered into a new loan facility agreement with a financial institution to support company's working capital. The loan facility is approximately USD 3.0 million. Mermaid also received USD 5.0 million loan from parent company in December 2021.
- Next repayment will be at the end of 2<sup>nd</sup> quarter, 2022 (USD 3.6m to the financial institution and USD 1.0m to parent company).

## Yearly Repayment Scheme

(USD 48.3 million)





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# BUSINESS OUTLOOK



# BUSINESS OUTLOOK



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1

Global oil supply growth is revised down by 0.3 million b/d for 2022, to 4.7 million b/d. Growth for 2023 is now seen at 3.5 million b/d according to S&P. Russian oil exports have yet to show a material decline from pre-war levels. Discounts on Russian crude, self-sanctioning, falling Russian wellhead output and growing restrictions on Russian oil purchases still point to significant Russian export decline looming. EU sanctions targeting Russian oil are in discussion. A second US SPR/IEA reserve release announced in early April brings the total emergency release to 280 million barrels, adding 1.3 million b/d of supply April-October.

2

Downside risks to supply are heightened. Prospects for an Iran nuclear deal are thinning. Spare capacity of just 1.5 million b/d by mid-2022 is an uncomfortably low road scenario for global supply. Oil prices are expected to average \$100-110/b throughout the Northern Hemisphere summer but remain very volatile as risks abound on both sides of the demand/supply equation.

3

Inflationary pressures are prompting many Central Banks to take a more hawkish stance on raising policy rates with some of the major Central Banks (Fed, BOE) having moved swiftly to address the situation by increasing rates. Many other key economies have raised rates significantly in recent times, with Russia increasing them by a staggering 20%. We will monitor inflationary pressure and responses closely in order to position ourselves appropriately.

4

The impact of coronavirus has waned and become supplanted by Russia's invasion of Ukraine with concomitant declines to consumer and business confidence. China's lockdowns of major cities as part of their "zero tolerance" policy to combat coronavirus has weakened oil demand noticeably, and impacted consumer activities. The likelihood of sharply higher interest rates, led by the US Federal Reserve, and the uncertain pathway for the Chinese economy are the two key variables impacting the outlook.

# BUSINESS OUTLOOK



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5

The market uptick has seen our owned, jointly-owned and chartered-in fleet securing the targeted utilisation figures. Two of the recently chartered -in vessels, namely the Van Gogh and Paladin are being made project ready. The Van Gogh was in particularly poor shape and the Paladin also requiring some much needed attention before they will be gainfully deployed. The intermediate outlook remains positive, as construction engagements actively mobilize after the relative inaction of the past two years. Saudi's investment plan remains largely unshaken, they plan to invest circa USD 500 billion on the Eastern Seaboard in various projects up to 2027. 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 127 Billion towards Subsea Sector. Considerable politically related violence has perpetuated a transient upheaval in Northern Mozambique and it is unclear at this stage when that region will return to business as usual. In the meantime Oil prices remain steady on the back of increasing demand.

6

In line with our planning, ambitions around P&A for the intermediate term are heightened. In this regard Group-wide synergies have been afforded extra impetus as the North Sea Segment has now had Governmental intervention to force closures. Likewise, the Chevron field in Thailand, and multiple marginal fields in Africa are now also coming in to focus for abandonment in the short term. Mermaid will continue to invest in people, plant and equipment in order to position ourselves to be part of these endeavors.

7

The decision around creating a business unit for the North Sea continues to elicit a solid response. The Group has engaged well known and experienced staff in that region, and looks to build on their past success. Some small projects are already awarded and the momentum is moving with the team. This North Sea market has huge decommissioning and diving requirements, upon which we are capitalizing. Moreover, Mermaid is well placed in this geography to enter the renewables market in the intermediate term.

# BUSINESS OUTLOOK



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8

Africa continues to yield rewarding opportunities, and Mermaid now have multiple awards in that space. In addition to further awards in Angola, Mermaid has also won some saturation interventions off the African Eastern Seaboard. The Endurer has made passage south to Durban, South Africa to commence works on an awarded project, and has secured a “Fly-By” opportunity to bolster its efforts on this continent.

9

In the meantime, the **Asiana** continues to operate in the Middle East, whilst the Van Gogh will focus in APAC immediately post reactivation. The Sapphire has completed works in the Gulf of Thailand on the Sapura/Chevron Decommissioning Project. Handover to ZeaQuest is expected to be completed Mid-May 2022. We expect very high utilization throughout 2022-2024 for our fleet and are already delivering on this expectation. Vessel mobility remains key in terms of achieving organic growth.

10

Mermaid is successfully reinstating our market share in Thailand, and continues to build around our aspirations to be involved in the decommissioning and IRM markets both in Thailand and the adjoining waters. Our shareholders are very pleased with the recent progress within the APAC region, and we will continue to focus positively in this space.

11

There are still some non-performing assets within the Group, which have not yielded required returns for some years. We continue to actively work towards the disposal of the same.



**MERMAID**

*A Company Moving Forward*

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