Singapore

ADD *(previously NOT RATED)*

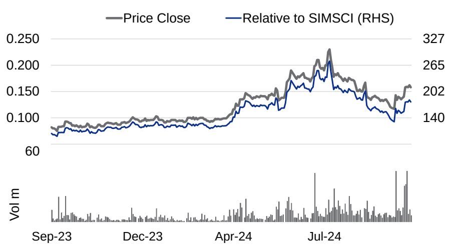
Consensus ratings*:	Buy 0	Hold 0	Sell 0

Current price:	S$0.158
Target price:	S$0.20
Previous target:	na
Up/downside:	26.6%
CGSI / Consensus:	na
Reuters:	MMPC.SI
Bloomberg:	MMT SP
Market cap:	US$173.8m
	S$223.3m
Average daily turnover:	US$1.26m
	S$1.66m
Current shares o/s:	47.32m
Free float:	28.7%

Source: Bloomberg

Key changes in this note

- NA



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	16.2	-19.4	105.2
Relative (%)	9.3	-27.2	84.5

Major shareholders	% held
Thoresen Thai Agencies Public	49.5
Mahagitsiri Chalermchai	10.6
Soleado Holdings	7.2

Mermaid Maritime

Charting new waters

- MMT's orderbook (OB) of US$976m, as of 2Q24, is at an 11-year high due to new decommissioning orders and renewal of IRM contracts at higher values.
- Limited newbuilds over the past decade have kept global vessel supply tight, driving MMT's fleet utilisation to over 80% in 1H24, up from 50% in 2021.
- We expect MMT to achieve net profit growth of 22%/70% in FY24F/25F from execution of larger-scale decom. projects and high-margin cable-lay orders.
- The stock trades at a 33% discount to global peers' 2025F P/E. We initiate on MMT with an Add call and TP of S$0.20, based on 11x 2025F P/E.

Rebound in orderbook to 11-year high

Mermaid Maritime (MMT) is a subsea services provider for the offshore oil & gas (O&G) industry worldwide. As per the company's 2Q24 presentation, it owns a fleet of 7 vessels (including 3 saturation diving support vessels (DSVs)) and 14 ROVs with around 47 third-party vessels chartered for projects in Southeast Asia, Middle East (ME), West Africa and North Sea. Over 2020-1H24, MMT grew its OB four-fold to US$976m, primarily on new larger-scale decommissioning contracts in Thailand and North Sea. It also renewed key subsea inspection, repair and maintenance (IRM) contracts in the ME at higher values.

Tight global vessel supply is driving higher subsea fleet utilisation

The global subsea vessel market is experiencing a supply crunch due to rising demand from O&G exploration and minimal newbuild orders. Clarksons data show that only 3 DSVs have been delivered since 2023, with 1 more on order. MMT has one of the largest DSV fleets (3 owned + 1 chartered) in the world, and improved utilisation of its IRM vessels to 80% in 1H24 from 50% in 2021. High global rig utilisation, which is expected to stay above 90% till 2028F, according to Westwood's Riglogix, puts MMT in a good position to capitalise on the sustained demand for subsea services, in our view.

Ageing oil & gas fields to catalyse large-scale decom. spend

With nearly 2,600 platforms in APAC and more than 1,300 wells in the UK Continental Shelf set to retire over the next decade (according to Wood Mackenzie and North Sea Transition Authority), we see multi-year industry tailwinds for MMT. Mermaid has been ramping up its Transportation & Installation (including decom.) segment since 2021 and added 3 large vessels on charter in YTD 2024. The segment's share of revenues rose to 60% in 2Q24 from 6% in 2021 on execution of large-scale orders won in 2023. We expect operational efficiencies in decom. projects and high-margin cable-lay order wins to cushion the net profit impact from two subsea IRM vessels going into dry-dock in 2025F.

Initiate with a TP of S$0.20

We initiate coverage on MMT with an Add call for its strategic position of benefiting from the global subsea vessel supply crunch. Our TP is based on 11x 2025F P/E, a c.15% discount to global peers given MMT's smaller scale. Key catalysts: order wins, higher-than-expected day rates and fleet utilisation, fleet expansion and M&A announcements. Downside risks include escalation of geopolitical tension in the Middle East, poor weather and prolonged dry-dock impacting vessel utilisation, and order cancellations.

Financial Summary	Dec-22A	Dec-23A	Dec-24F	Dec-25F	Dec-26F
Revenue (US$m)	223.9	275.4	519.1	623.2	687.5
Operating EBITDA (US$m)	21.00	38.10	45.80	59.72	67.59
Net Profit (US$m)	(0.19)	9.59	11.66	19.79	24.00
Core EPS (US$)	(0.000)	0.007	0.008	0.014	0.017
Core EPS Growth	(98.8%)		20.6%	69.7%	21.3%
FD Core P/E (x)	NA	17.98	14.90	8.78	7.24
DPS (US$)	-	-	-	-	-
Dividend Yield	0%	0%	0%	0%	0%
EV/EBITDA (x)	8.83	5.32	5.36	4.55	3.68
P/FCFE (x)	29.34	5.31	NA	4.58	2.45
Net Gearing	20.9%	29.9%	51.1%	58.5%	42.0%
P/BV (x)	1.08	1.02	0.96	0.86	0.77
ROE	(0.1%)	5.8%	6.6%	10.3%	11.2%
% Change In Core EPS Estimates					
EPS/Consensus EPS (x)					

SOURCES: CGSI RESEARCH, COMPANY REPORTS

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Valuation and recommendations

Initiate with TP of S$0.20

We initiate coverage on Mermaid Maritime (MMT) with an Add rating and target price of S$0.20, representing 26.6% upside potential from the 27 Sep 24 share price of S$0.16. We like MMT for its 1) strong rebound in orderbook, 2) strategic position that allows it to benefit from global tight supply of offshore vessels, and 3) favourable order bidding outlook across diversified business segments.

We expect MMT to achieve yoy attributable net profit growth of 22% in FY24F, 70% in FY25F and 21% in FY26F, driven by execution of larger-scale decommissioning projects and high-margin cable-lay orders. Our forecasts incorporate FY25F/26F ROE of 10.3%/11.2%, supported by MMT's asset-light strategy of maintaining a lean fleet of owned vessels and chartering in third-party vessels based on order flow.

Valuation methodology

We value MMT using a P/E valuation methodology as its strong order backlog and order win outlook support multi-year earnings visibility. We think MMT is undervalued as it is currently trading at 8.8x 2025F P/E, a 33% discount to average P/E of global peers. Our TP of S$0.20 is based on 11x 2025F P/E, a c.15% discount to global peers' 2025F P/E given MMT's smaller scale.

Potential re-rating catalysts and key downside risks

Re-rating catalysts include stronger-than-expected order wins, higher-than-expected day rates and fleet utilisation, fleet expansion and M&A announcements. We see downside risks from escalation of geopolitical tension in the Middle East, poor weather and prolonged dry-dock impacting vessel utilisation and order cancellations.

Figure 1: Peers comparison

Company	Bbg Ticker	Recom.	Price (lcl curr)	Target Price (lcl curr)	Market Cap (US$ m)	P/E (x) CY24F	P/E (x) CY25F	P/E (x) CY26F	2-year EPS CAGR (%)	P/BV (x) CY24F	P/BV (x) CY25F	Recurring ROE (%) CY24F	Dividend Yield (%) CY24F
Mermaid Maritime	MMT SP	Add	0.16	0.20	174	14.9	8.8	7.2	43.1%	0.96	0.86	6.6%	0.0%
Pacific Radiance Ltd	PACRA SP	NR	0.05	na	56	0.0	0.0	na	1454.8%	0.64	0.55	33.4%	na
Dyna-Mac Holdings Ltd	DMHL SP	NR	0.64	na	567	13.0	10.9	9.3	45.2%	na	na	na	2.7%
ASL Marine Holdings Ltd	ASL SP	NR	0.06	na	45	na	na	na	na	na	na	na	na
Marco Polo Marine Ltd	MPM SP	NR	0.05	na	158	6.5	6.0	na	17.7%	0.96	0.82	13.8%	1.9%
Kim Heng Ltd	KHOM SP	NR	0.09	na	51	na	na	na	na	na	na	na	na
Nam Cheong Ltd	NCL SP	NR	0.45	na	138	na	na	na	na	na	na	na	na
Singapore offshore - simple average						**8.6**	**6.4**	**8.3**	**390.2%**	**0.85**	**0.74**	**17.9%**	**1.5%**
Sapura Energy Bhd	SAPE MK	NR	0.04	na	178	na	4.6	4.4	na	na	na	na	na
Alam Maritim Resources Bhd	AMRB MK	NR	0.03	na	11	na	na	na	na	na	na	na	na
Icon Offshore Bhd	ICON MK	NR	1.07	na	162	62.9	12.7	10.7	205.5%	na	0.20	1.6%	0.0%
Perdana Petroleum Bhd	PETR MK	NR	0.30	na	162	na	na	na	na	na	na	na	na
Ea Technique M Bhd	EATECH MK	NR	0.31	na	100	na	na	na	na	na	na	na	na
Malaysia offshore - simple average						**62.9**	**8.7**	**7.6**	**205.5%**	**na**	**0.20**	**1.6%**	**0.0%**
Subsea 7 SA	SUBC NO	NR	170.1	na	4,872	20.2	10.3	8.4	457.9%	1.13	1.06	5.4%	3.5%
Mcdermott International Ltd	MCDIF US	NR	0.23	na	147	na	na	na	na	na	na	na	na
SEACOR Marine Holdings Inc	SMHI US	NR	9.49	na	262	na	na	na	61.8%	na	na	na	na
SEAMEC Ltd	SEAM IN	NR	1,435	na	436	30.5	na	na	na	na	na	na	na
Oceaneering International Inc	OII US	NR	24.04	na	2,440	17.6	13.3	11.0	36.4%	3.29	2.61	18.8%	0.0%
TechnipFMC PLC	FTI US	NR	25.26	na	10,821	18.7	13.5	10.4	278.9%	3.50	3.01	18.5%	0.9%
Shipping Corp of India Ltd	SCI IN	NR	267.7	na	1,491	18.4	na	na	na	na	na	na	na
Nexans SA	NEX FP	NR	130.6	na	6,379	17.6	16.0	14.1	26.9%	3.13	2.77	18.8%	2.0%
Deme Group NV	DEME BB	NR	147.6	na	4,171	14.1	13.1	11.9	32.3%	1.76	1.61	12.4%	2.2%
Global offshore - simple average						**20.4**	**13.1**	**11.1**	**149.0%**	**2.31**	**2.00**	**14.8%**	**1.7%**

SOURCES: CGSI RESEARCH ESTIMATES, COMPANY REPORTS, BLOOMBERG
Estimates for Not rated companies are based on Bloomberg consensus estimates
Data as at 27 Sep 2024

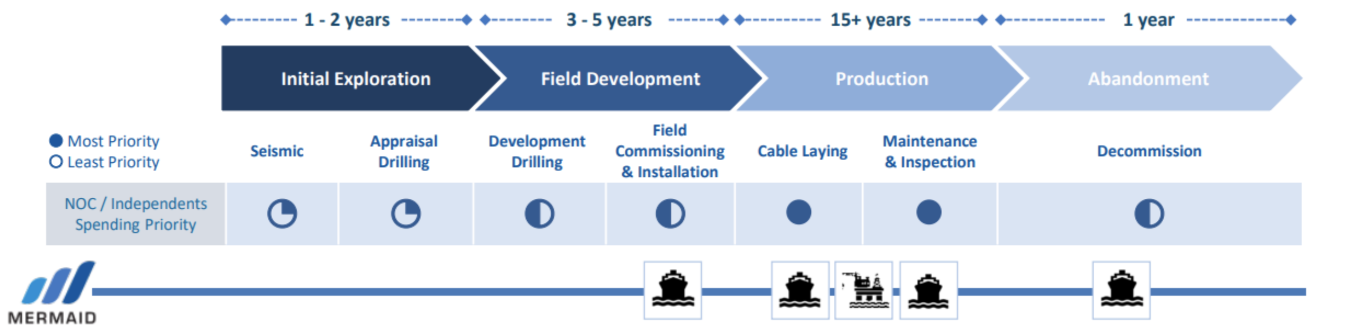
Company Background

Introduction

Mermaid Maritime is a subsea and offshore services provider for projects across the field development, production and abandonment phases of the global oil & gas value chain. MMT specialises in sub-sea engineering and inspection via divers and remotely operated vehicle (ROV) systems as well as owns and operates a fleet of offshore service vessels. Headquartered in Thailand, the company has operational bases across Southeast Asia, the Middle East, West Africa and the North Sea. As of Apr 24, MMT has a team of over 1,000 professional divers, technicians, surveyors, riggers, management, and support staff. Its three business segments are:

1. **Subsea Inspection, Repair, Maintenance (IRM):** Subsea support vessels, specialised divers and ROVs are used to assist in survey and preparations of the seabed and repair and maintain subsea pipelines and platforms. Primary locations: Middle East, West Africa.
2. **Cable-laying:** Provides installation of subsea cables for offshore energy projects, along with telecommunications, electric power transmissions, or other purposes. Primary location: Middle East.
3. **Transportation & Installation (including decommissioning work):** Offers transportation and installation services for offshore structures. Decommissioning projects involve the process of safely retiring oil and gas infrastructure through disconnecting and removing pipelines, wells, and subsea equipment. Primary locations: Gulf of Thailand, North Sea.

Figure 2: MMT's operations extend across field development, production and abandonment phases of the global O&G value chain



SOURCES: CGSI RESEARCH, COMPANY REPORTS

Figure 3: Revenue breakdown by segment

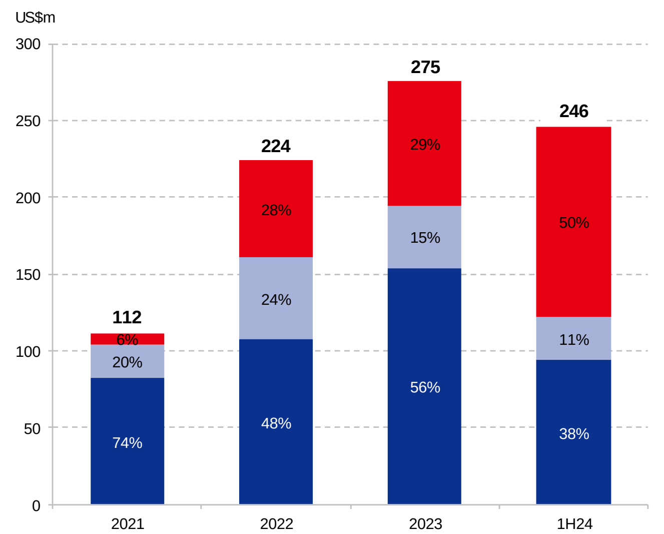
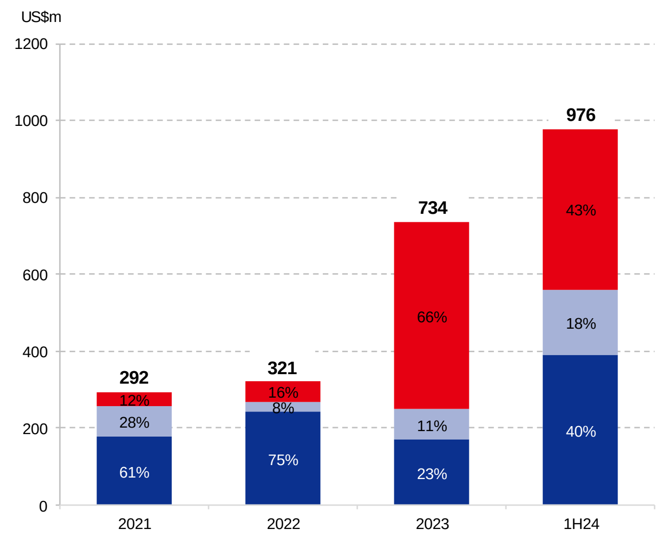


Figure 4: Orderbook breakdown by segment



SOURCES: CGSI RESEARCH, COMPANY REPORTS

SOURCES: CGSI RESEARCH, COMPANY REPORTS

Fleet ›

Offshore support vessels generally utilise specialised systems and equipment to undertake a wide range of projects. These vessels usually perform more than one function, such as diving, ROV support, survey, and construction support operations.

As of end-Jun 2024, MMT owned a fleet of 7 subsea support vessels (including 3 specialised dive support vessels) and 14 ROVs. Multiple third-party vessels are chartered in based on project requirements (refer to Fig 6 for geographical presence of MMT's entire owned and chartered-in fleet). Key types of vessels in MMT's portfolio include:

- **DSV:** Diving support vessels (DSVs) are specialised vessels designed to transport people and equipment to offshore locations and support various sub-sea engineering operations. They primarily assist in inspection, repair, and maintenance jobs of existing production facilities. DSVs include vessels with basic air diving spreads and purpose-built vessels with extensive and sophisticated saturation diving systems, which allow professional divers to live and work at depths greater than 160 feet for long periods at a time. Apart from acting as a floating base for commercial diving projects, DSVs usually include a dynamic positioning (DP) system to maintain the ship's position over a dive site by using multi-directional thrusters controlled by onboard computers.
- **ROV:** Remotely operated vehicles (ROVs) are highly maneuverable robots operated by a person aboard a vessel. ROV support vessels are usually built to accommodate and operate these ROVs, which are linked to the vessel by a tether, a group of cables that carry electrical power, video and data signals back and forth between the operator and the vehicle. They may include units with portable launching systems that allow for quick mobilisation/ demobilisation within short timeframes.
- **Construction support vessels:** Construction support vessels are primarily involved in the installation and decommissioning of subsea and surface structure installations.
- **Pipe-lay vessels:** These vessels may exhibit different design features and equipment but their primary purpose is the laying of pipes along designated seabed channels or routes.
- **Utility vessels:** These mini-supply vessels are typically used to support production operations, providing storage space, emergency standby, and transport of personnel between platforms. Utility boats are well suited to support smaller, near-shore production facilities.

Figure 5: Key vessels in MMT's current fleet portfolio

	Name	Stake	Type	Year built / converted	Year bought / contracted	Current location	Current work scope
1	Mermaid Endurer	100%	DP2 Dive Support Vessel (with saturation diving system)	2010	2010	Qatar	Subsea IRM
2	Mermaid Asiana	100%	DP2 Dive Support Vessel (with saturation diving system)	2010	2010	Saudi Arabia	Subsea IRM
3	Mermaid Sapphire	100%	DP2 ROV & Air Diving Support Vessel	2009	2009	Thailand	Subsea IRM
4	Mermaid Challenger	50%	DP1 Anchor-handling Vessel	2008	2008	Thailand	Subsea IRM
5	Mermaid Commander	100%	DP2 Dive Support Vessel (with saturation diving system)	1987	2005	NA	Cold-stacked
6	Resiliant	100%	Derrick Pipe Lay Barge / Accommodation	2007	2022	NA	Not on contract
7	Millennium 3	50%	DP2 Construction Support Barge	2011/2018	2021	Saudi Arabia	Cable Lay
8	Van Gogh	Chartered-in	DP2 Dive Support Construction Vessel (with sat. diving system)	2019	2022	Thailand	T&I
9	Island Valiant	Chartered-in	DP2 Light Construction Vessel / AHTS	2007	2024	UK	Decommissioning
10	Hilong 106	Chartered-in	Heavy-lift Pipe Lay Derrick Barge	2012	2024	Thailand	Decommissioning
11	Huan Qiu 1200	Chartered-in	DP2 Heavy-lift Pipe-lay Construction Vessel	2010	2024	Thailand	Decommissioning

SOURCES: CGSI RESEARCH, COMPANY REPORTS, MARITIME OPTIMA

Figure 6: Geographic presence of MMT's owned and chartered-in vessels (as of end-Jun 2024)

SOURCES: CGSI RESEARCH, COMPANY REPORTS

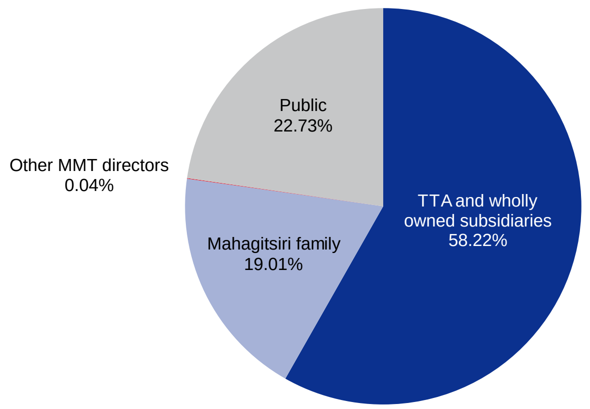
Figure 7: MMT's key vessels at a glance

SOURCES: CGSI RESEARCH, COMPANY REPORTS, UPSTREAM

A bit of history

Mermaid Maritime was founded in 1983 as Mermaid Marine Services by a group of Danish marine professionals, initially focusing on marine safety services. In 1995, the company merged with Thoresen Laem Chabang (Unlisted), resulting in an acquisition by Thoresen Thai Agencies (TTA TB, NR, CP: THB6.35). This deal marked TTA's strategic entry into Southeast Asia's growing offshore oil and gas services sector, diversifying from its traditional dry-bulk shipping business. As of Jul 2024, TTA remained the major shareholder, holding 58.2% of Mermaid. TTA's broader interests span various industries, including agrochemicals, logistics, and port management.

Figure 8: MMT shareholders as of Jul 2024



SOURCES: CGSI RESEARCH, COMPANY REPORTS

From 2003 onwards, MMT began expanding its capabilities, particularly in subsea engineering, with the purchase of its first ROV and air dive support vessel, Mermaid Supporter. In 2005, the company entered the offshore drilling market through the acquisition of two tender drilling rigs, MTR-1 and MTR-2. Mermaid raised S$246m in its initial public offering on the Singapore Stock Exchange in 2007 and subsequently exited its marine safety and ships chandlery services to focus exclusively on tender rig drilling and subsea engineering.

Mermaid significantly expanded its international presence between 2008 and 2014, strengthening operations in Southeast Asia and extending its reach to India, China, Brazil, and the North Sea. In 2010, the company set up Asia Offshore Drilling (AOD) (Unlisted) to own and operate jack-up rigs, partnering with Seadrill (SDRL US, NR, CP: US$39.15) for technical management of these assets. Three rigs were delivered by constructor Keppel FELS (KEP SP, Add, CP: S$6.62) in 2013 and contracted to Saudi Aramco (ARAMCO AB, NR, CP: SAR27.60).

The oil price decline in 2014 led Mermaid to implement cost-cutting measures, reducing overheads and vessel running costs, and cold-stacking underperforming vessels. The company secured repeat subsea IRM projects, which helped offset the downturn in its drilling business. In 2015, MMT cold-stacked its tender drilling rigs, eventually selling them to Indian ship recycling firm Star Matrix (Unlisted) in 2018. Despite challenging conditions, Mermaid maintained high utilisation rates for its AOD jack-up rigs, successfully renewing long-term contracts with Aramco through to 2019, albeit at reduced day rates. In 2020, Mermaid secured another round of three-year contract extensions for its AOD rigs. However, after Seadrill filed for Chapter 11 bankruptcy and the AOD-II rig experienced a one-year contract suspension, MMT exercised a put option to sell its 33.76% stake in AOD.

In early-2020, the company established a UK subsidiary to expand into the North Sea market. However, the Covid-19 pandemic slowed its expansion plans into the North Sea and West Africa. MMT minimised third-party vessel charters and implemented cost-cutting measures to adapt to the tighter, more volatile market conditions while continuing to meet contractual obligations. In response to growing demand for decommissioning services, Mermaid established a transportation & installation (T&I) and decommissioning unit to pursue projects in Thailand as part of its growth diversification strategy in 2020.

Since late-2021, MMT has been reinvesting in the business by expanding its owned and long-term chartered vessel capacity. Most notably, it purchased the DP2 construction support vessel Millennium 3, enhancing its ability to pursue subsea cable-laying opportunities in the Persian Gulf and other subsea projects. MMT also acquired Resiliant, a pipelay and accommodation work barge, which is well-suited for both decommissioning and cable-laying projects. In 2022, it added Van Gogh, a DP2 diving support construction vessel, on long-term charter for two years.

Key milestones ➤

Figure 9: Key milestones

Year	Event
1983	Founded by Danish mariners as Mermaid Marine Services
1995	Renamed to Mermaid Maritime after TTA acquired stake in the company
2003	Acquired first ROV and air dive support vessel
2005	Entered into drilling business by acquiring two tender drilling rigs, MTR-I and MTR-II
2007	Raised S$246m from its IPO on SGX
2008	Formed a partnership with Kencana Petroleum to jointly own drilling rigs and operate them in Malaysia. MMT committed to one new tender rig to be built by Kencana and has a letter of award for a five year contract in Malaysia with Petronas Carigali
	Acquired an 80% stake in Seascape Survey, a Southeast Asian-based provider of hydrographic and positioning services which was also MMT's largest sub-contractor
	Entered into China, India and Sakhlin
2009	Entered Middle East through a subsea construction support contract with NPCC in Abu Dhabi to provide air and saturation diving services and remotely operated vehicles in the Persian Gulf from the DP2 Dive Support Vessel 'Team Siam'
	Entered North Sea (UK) through its first complex ROV project in the North Sea with a new deepwater ROV
2010	Acquired Subtech, an IMCA diving and sub-sea contractor incorporated and based in Qatar, to expand subsea services in Middle East and Arabian Gulf
	Sold its investment in tender rig project with Kencana Petroleum after several delays in newbuild delivery
	49% stake in AOD (later changed to to 33.76% after a second PP in 2011, making Mermaid and Seadrill equal owners). Seadrill was responsible for technical management of the rigs
2013	Raised S$176.1m through a rights issue and private placement to repay existing loans, purchase drilling rigs and subsea vessels, acquisitions, and general corporate purposes
2014	Ordered 2 tender drilling rigs and 1 DP2 dive support & construction vessel to China Merchants Heavy Industries to be delivered in 2016
	Reorganised 4 subsea units - Subtech (West Africa & Middle East), Zamil (Saudi Arabia), Seascape (Singapore and Indonesia), Mermaid Offshore Services (Thailand) - and rebranded to Mermaid Subsea Services
2015	Cold stacked tender drilling rigs MTR-1, MTR-2 as a result of zero utilisation during industry downcycle
2016	AOD secured a three-year contract extension from Saudi Aramco for the 3 jack-up drilling rigs, AOD I, II and III till 2019
	Cold-stacked Mermaid Siam, Mermaid Challenger, SS Barakuda
	Terminated construction contracts for 2 tender drilling rigs and 1 DP2 dive support & construction vessel ordered to China Merchants by MMT, given challenging global oil and gas market situation
2018	Sold MTR-1 and MTR-2 to Star Matrix, an Indian ship recycling firm
2019	Cold-stacked Mermaid Commander
	Won another 3-year contract extension for AOD I, II, III till 2022-23 with Aramco
2020	Disposed its 33.76% stake in AOD to Seadrill through exercise of its put option
	Established T&I and Decommissioning business unit to start working on projects in Thailand
	Set up JV with PTTEP to establish ZeaQuest focusing on A.I. and underwater robotics for subsea engineering services
	Set up subsidiary in UK to expand into North Sea region
2021	Sold DP2 construction barge Mermaid Siam to Aladin Shipping, after being cold-stacked since 2016
	Set up Dubai office as a hub for controlling cable projects and group engineering work in East and West Africa through new subsidiary Mermaid Subsea Oil and Gas Services DMCEST
	Purchased 50% ownership in Millenium 3 with PT David Marine INC, an affiliate company of Mubarak Marine
	Purchased pipe-lay barge Resiliant for T&I and decommissioning projects
2022	Chartered in DP2 diving support construction vessel Van Gogh for 2 years with two 1-year extension options;
2023	Reactivated and sold Mermaid Challenger to new 50% JV Tan Cang Mermaid Subsea Services
	Awarded decommissioning projects by Chevron Thailand

SOURCES: CGSI RESEARCH, COMPANY REPORTS

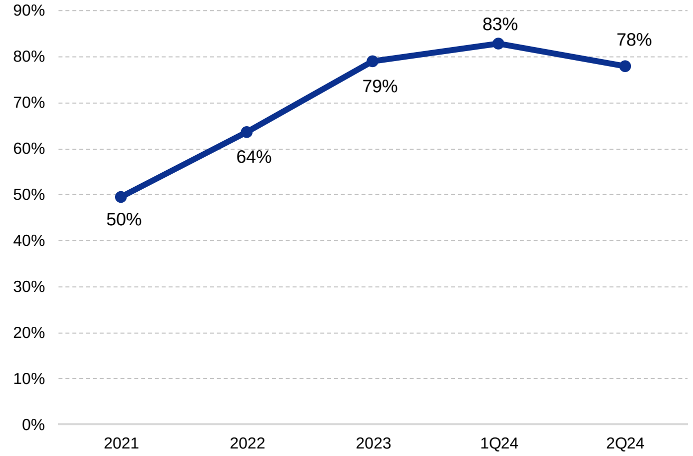
Investment thesis

Tight global supply of vessels is a key driver of Mermaid's fleet utilisation

The global offshore subsea vessel market is experiencing tight supply due to increased demand from both oil & gas exploration and offshore renewables projects. High utilisation rates have been observed by DSV owners globally. Rising capex in offshore fields and seabed infrastructure is fueling demand for subsea vessels. Mermaid's core subsea IRM segment, with its four deployed vessels, namely Mermaid Endurer and Asiana in the Middle East, and Mermaid Sapphire and Challenger in Thailand, has seen increased utilisation since 2021 (Fig 10). This aligns with high global rig utilisation, which is expected stay above 90% till 2028F, according to Westwood's Riglogix (Fig 11).

Despite the growing demand, the global supply of subsea construction vessels remains constrained as very few new vessels have been ordered since 2014 due to rising building costs and limited financing. We believe this tightening demand-supply gap has driven high utilisation rates and allowed vessel owners like Mermaid to benefit from improved day rates and sustained employment. Major offshore projects continue to absorb available capacity while limited fleet growth and vessel retirements further exacerbate supply shortages. With rig utilisation forecasts by Westwood's Riglogix remaining strong, we believe Mermaid Maritime is well-positioned to capitalise on the sustained demand for subsea IRM services.

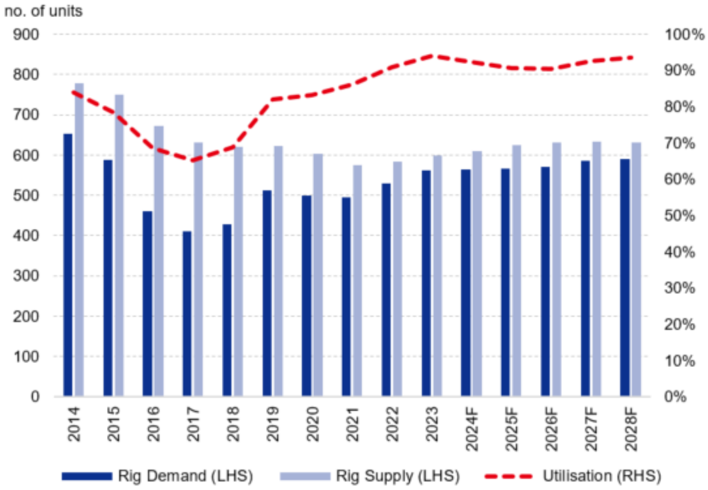
Figure 10: MMT's subsea IRM fleet* utilisation



** includes Mermaid Endurer, Asiana, Sapphire and Challenger*

SOURCES: CGSI RESEARCH, COMPANY REPORTS

Figure 11: Tightening global demand-supply gap has been driving high utilisation rates for rigs



SOURCES: CGSI RESEARCH, WESTWOOD RIGLOGIX ESTIMATES

Growing industry spend on retirement of ageing O&G fields has helped expand MMT's orderbook

Decommissioning offshore oil and gas fields is a process that involves dismantling rigs, platforms, pipelines, casings, and related infrastructure. Throughout YTD 2024, there has been significant decommissioning activity worldwide as oil majors face the challenge of deconstructing ageing platforms. McDermott recently completed the decommissioning of Santos's (STO AU, NR, CP: AUD6.84) Campbell platform off the coast of Western Australia. In Aug 2024, Petrobras (PBR US, NR, CP: US$14.56) issued a tender invitation for the decommissioning of old subsea equipment previously tied to six production platforms in Brazil's Marlim complex within the Campos basin. Petrobras plans to allocate US$11.4bn to decommissioning activities in Brazil by 2028F.

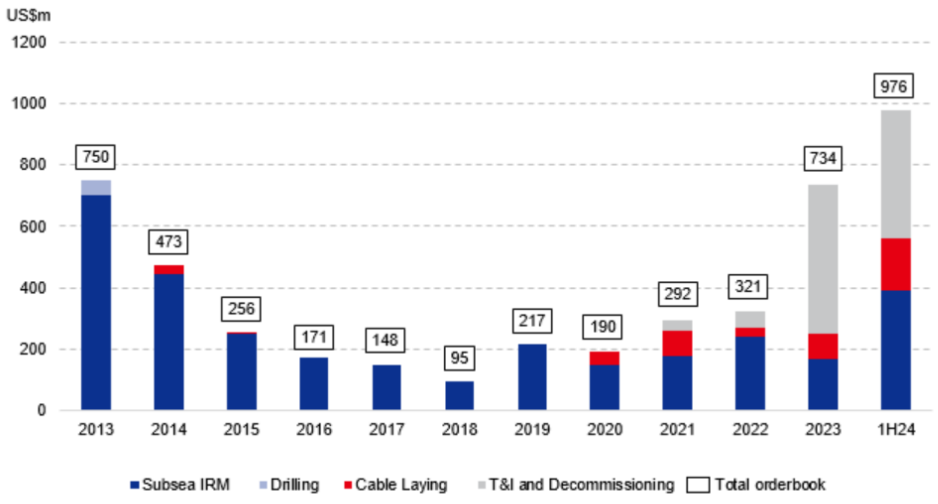
According to a study by Wood Mackenzie in 2018, the cost of decommissioning Asia-Pacific's offshore assets - including nearly 2,600 platforms and 35,000 wells

-could exceed US$100bn (S$129bn). Similarly, in the UK Continental Shelf, decommissioning activities scheduled from 2024 to 2032 are estimated to require £24bn (c.S$41bn), according to the North Sea Transition Authority. This includes plans to retire nearly 1,300 platform wells, 70 subsea wells, and various other structures.

From 2020 to 1H24, 53% of MMT's orderbook increase came from its T&I segment, including decommissioning projects. The segment contributed 60% of MMT's revenues in 2Q24, a significant increase from just 6% in 2021. Recent decommissioning projects in the Gulf of Thailand and the North Sea have fuelled this growth, with MMT establishing itself as a key player by expanding its vessel fleet, adding Hilong 106 and Huan Qiu 1200 in Thailand and Island Valiant in the UK.

With many offshore platforms built in the 1990s nearing the end of their operational lives, the demand for decommissioning services is rising globally. We believe MMT is well-positioned to capitalise on this growing demand given its expanding capabilities and increasing presence in key regions.

Figure 12: MMT's orderbook has rebounded to 11-year highs



SOURCES: CGSI RESEARCH, COMPANY REPORTS

MMT remained active even amidst industry consolidation

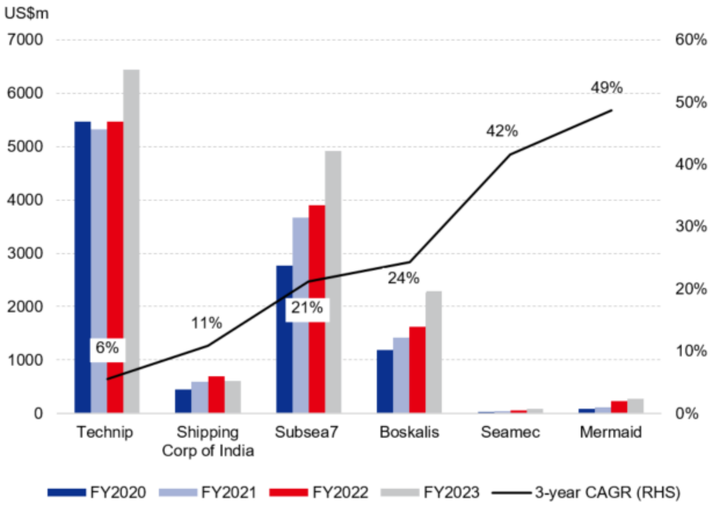
During the recent industry downturn, the offshore services sector saw a wave of consolidation and the exit of several regional players, such as Swiber Holdings and Ezra Holdings. This, coupled with the lack of significant investment by existing operators, has eased competitive pressure on Mermaid, in our view. As per Clarksons data, Mermaid has one of the largest DSV fleets globally, with four DSVs, including Mermaid Commander and Van Gogh. Most of the global DSV fleet is deployed in the North Sea and West Africa region while MMT's exposure is primarily in the Middle East and Southeast Asia. Compared to other global DSV owners' subsea-related segments, which saw average revenue CAGR of c.21% over 2020-2023 as per their annual reports, MMT has seen its revenues record a 49% CAGR over the same period.

Figure 13: MMT's DSV fleet vs. competitors

Company	No. of DSVs	Top locations of DSVs
Boskalis	6	Continental UK
Seamec	5	Indian Subcontinent, West Africa
Mermaid Offshore	4	Middle East, Southeast Asia
Al Mutawa Marine	4	Middle East
Subsea 7	4	Continental UK
Technip	4	West Africa, Continental UK
Harren & Partner	3	Southeast Asia, Continental UK
HydroDive	3	West Africa
Morrison	3	East Coast North America
Shipping Corp of India	3	Indian Subcontinent
Global total	**157**	

SOURCES: CGSI RESEARCH, COMPANY REPORTS, CLARKSONS SHIPPING INTELLIGENCE

Figure 14: MMT's revenues grew 49% over 2020-2023



Refers to Technip's Subsea segment, Boskalis' Offshore energy segment, Subsea7's Subsea and Conventional segment

Values for Shipping Corp of India and Seamec refer to FY20-21, FY21-22, FY22-23, FY23-24

SOURCES: CGSI RESEARCH, COMPANY REPORTS

Figure 15: In our view, MMT operates in a moderately competitive landscape

Buyer strength: Medium	Supplier strength: High	Industry rivalry: Medium	Threat of substitutes: Low	Threat of new entrants: Medium
• Large O&G companies usually have considerable bargaining power due to their size, financial strength, and ability to negotiate long-term contracts. • However, given tight demand-supply gap, subsea vessel owners are currently able to negotiate higher dayrates, thus slightly reducing the bargaining power of O&G clients.	• Given limited number of suppliers for critical components such as ROVs, diving systems, and high-tech subsea equipment, these vessel / equipment owners have high bargaining power in the current environment. • Shortage of talent (such as divers, and vessel operators) is leading to increasing labour costs for subsea companies.	• Large players like Subsea 7, McDermott, and Saipem dominate certain segments, while small-mid-sized companies like MMT compete in niche markets. • Over the years, MMT has built strong relationships in the Middle East and Southeast Asia that have allowed it to continuously renew contracts with clients in the region.	• While technological advances in unmanned subsea vehicles and autonomous underwater drones could reduce the need for human divers and some traditional subsea services, they are more likely to complement rather than replace existing subsea operations.	• Requires significant amount of time and capital to build fleet of specialised vessels, and hire teams with technical expertise. • Compliance with regulations can be expensive and time-consuming. • However, existing players in OSV-adjacent business areas could capitalise on relationships to provide subsea services.

SOURCES: CGSI RESEARCH, COMPANY REPORTS

Figure 16: SWOT analysis for MMT

STRENGTHS	WEAKNESSES
• Diversified operations across IRM, cable-laying, transportation, installation and decommissioning • Asset-light strategy of chartering vessels based on project flow • Experienced management team • Strong client relationships with NOCs and IOCs • Wide geographical coverage of operations	• Aging fleet of owned vessels could lead to higher repair and maintenance expenses and longer downtime during dry-docks • Inherent operational risks
OPPORTUNITIES	**THREATS**
• Geographical expansion through acquisitions • Higher capex spend and production activity by oil majors could prompt increased demand for subsea engineering and field maintenance • Increase in aging fields and stringent environmental laws could spur greater decommissioning contracts	• Escalation in geopolitical tensions in the Middle East could impact fleet utilisation • Lower capex spend by NOCs and IOCs due to fall in oil prices could negatively affect order pipeline • Order cancellations due to unforeseen events

SOURCES: CGSI RESEARCH, COMPANY REPORTS

Financials

FY24F revenue growth of 89% yoy is supported by tight supply of vessels

MMT's total orderbook grew to US$976m (+190% yoy) as of 2Q24, primarily from larger-scale decommissioning projects it received from Chevron Thailand, cable-laying orders in the Middle East and renewal of subsea IRM works in Saudi Arabia.

We expect subsea IRM revenues to grow 28% yoy in FY24F, on the back of a higher yoy fleet utilisation assumption of 83.3% and new contract wins. Recently in May 2024, MMT extended its IRM contract for Mermaid Asiana along with ROVs, specialised equipment and divers in the Middle East till 4Q25F for US$125m. We see further upside from potential renewal of contracts for Mermaid Endurer (end-2024F) and Mermaid Sapphire (mid-2025) at higher day rates. While we forecast fleet utilisation to remain above 83% in FY25F-26F, revenue growth is likely to soften in FY25F due to lower available days from dry-docking of 2 vessels. Mermaid Asiana is scheduled for its 5-year special survey dry-dock for c.60 days in 1H25F, and Mermaid Sapphire for a shorter dry-dock of 30 days towards the end of 2025F.

For the cable-lay segment, we expect strong revenue growth of 28%-71% over FY24F-26F on the back of its recent strong orderbook and potential improved day rates for Millennium 3. We forecast T&I revenues at US$258m (+219% yoy) in FY24F, riding on MMT's new vessel additions executing on recent order wins. In 2024, MMT added Hilong 106, Huan Qiu 1200 and Island Valiant to work on its decommissioning contracts. Although there was a two-month delay in the delivery of Hilong 106 due to project overruns by its previous charterer, the vessel has started working on MMT's contracts in the Gulf of Thailand.

Overall, we forecast Mermaid to generate total revenues of US$519m/623m/688m for FY24F/25F/26F.

Figure 17: MMT revenue forecasts by segment

						%yoy change		
(in US$m)	2022	2023	2024F	2025F	2026F	2024F	2025F	2026F
Subsea IRM	108	154	197	202	214	28%	2%	6%
Cable Laying and Engineering Services	53	40	64	110	140	59%	71%	28%
T&I and Decommissioning Services	63	81	258	312	334	219%	21%	7%
Total	**224**	**275**	**519**	**623**	**688**	**89%**	**20%**	**10%**

SOURCES: CGSI RESEARCH ESTIMATES, COMPANY REPORTS

Net profit to grow 22%/70% in FY24F/25F from execution of larger-scale decom. orders and high-margin cable-lay work

We forecast MMT's net profit to grow by 22% yoy in FY24F and 70% yoy in FY25F. Despite scheduled dry-docking of two subsea vessels in 2025F, the company's high-margin cable-laying projects and the operational efficiencies gained from deploying new vessels like the Hilong 106 and Huan Qiu 1200 for decommissioning work should cushion the impact, in our view.

Cable-laying projects, which typically yield higher gross margins compared to other segments, have been a major contributor to MMT's profitability recovery since 2022. The company's cable-laying OB has increased significantly, reaching US$171m in 2Q24, up from just US$23m a year earlier, due to successful project bids, particularly in the Middle East.

We forecast cable-laying margins at 12.6%/13.5%/13.5% for FY24F/25F/26F. The segment could see potential upside from the renewal of contracts at higher day rates for the Millennium 3, MMT's 50%-owned vessel currently executing cable-laying contracts in the Middle East. Cable-laying vessels are specialised ships designed to install subsea cables, mainly for offshore infrastructure, power transmission, and telecommunications. These vessels are equipped to carry and precisely lay large lengths of cable on the ocean floor.

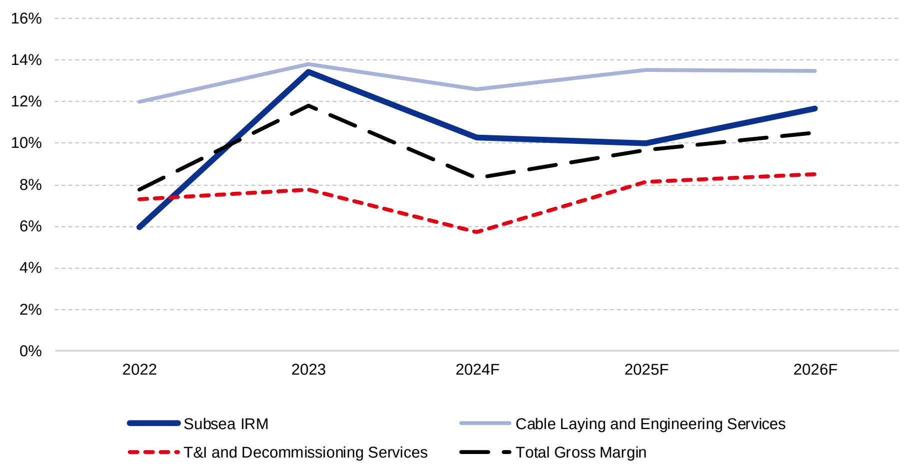
For the T&I segment, we expect FY24F gross margin of 5.7%, reflecting the impact from vessel delivery delays. We expect this to improve to 8.2% and 8.5% in FY25F and FY26F, respectively, as MMT begins to capture economies of scale on larger decom. projects. The segment should also benefit from operational efficiencies on its newly contracted vessels deployed in the Gulf of Thailand and the UK.

Figure 18: Cable-laying and T&I segment forecasts

	2022	2023	2024F	2025F	2026F
Cable Laying					
Orderbook (US$m)	27	79	190	205	186
Gross margin	12.0%	13.8%	12.6%	13.5%	13.5%
T&I and Decommissioning					
Orderbook (US$m)	52	486	382	310	226
Gross margin	7.3%	7.8%	5.7%	8.2%	8.5%

SOURCES: CGSI RESEARCH ESTIMATES, COMPANY REPORTS

Figure 19: We forecast FY24F/25F/26F total gross margins at 8.3%/9.7%/10.5%

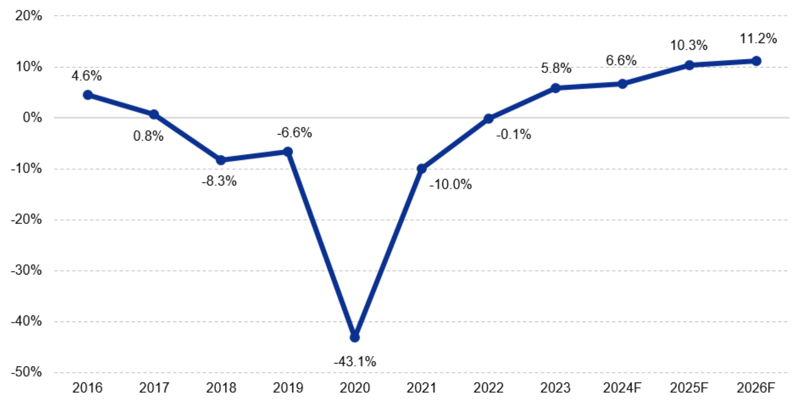


SOURCES: CGSI RESEARCH ESTIMATES, COMPANY REPORTS

MMT should see strong ROE improvments on the back of its asset-light strategy, in our view

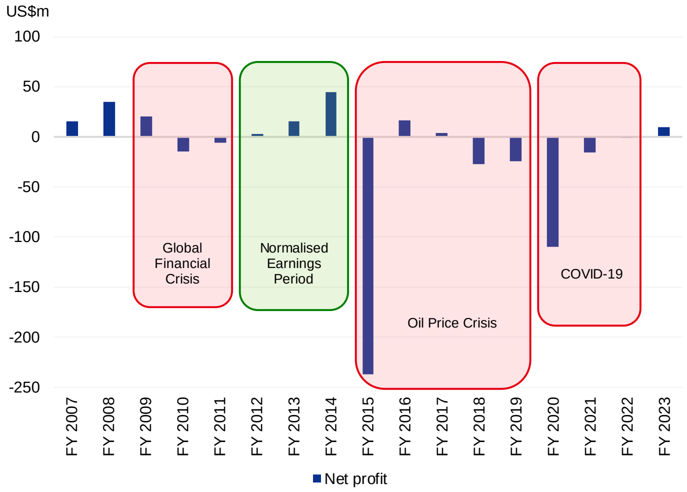
Post pandemic, MMT's asset light strategy has started to reap benefits as it was able to significantly improve its ROE to 5.8% in 2023 from a low of -43.1% in 2020. We forecast MMT to continue to deliver high ROE of 6.6%/10.3%/11.2% in FY24F/25F/26F.

Figure 20: MMT's ROE trend



SOURCES: CGSI RESEARCH ESTIMATES, COMPANY REPORTS

Figure 21: MMT's net profits during FY2007-2023: we believe MMT is headed into a period of normalised earnings, as seen during 2012-2014



SOURCES: CGSI RESEARCH, COMPANY REPORTS, BLOOMBERG

Figure 22: MMT's historical P/E from 2012 – 2014 (previous industry upcycle)

SOURCES: CGSI RESEARCH, COMPANY REPORTS, BLOOMBERG

Re-rating catalysts

Stronger-than-expected order wins

Over 2020-1H24, MMT has grown its orderbook 4-fold to US$976m. Apart from renewal of key subsea IRM contracts, MMT has been rapidly growing its cable-laying and decommissioning backlogs since 2023. Sustained increases in oil prices could spur capex spending by oil majors that could lead to higher-than-expected order wins for Mermaid.

Addition of new vessels to fleet

MMT currently has 7 owned vessels and multiple third-party chartered-in vessels in its fleet. The addition of new capacity, whether owned or on charter, would allow MMT to secure greater order wins and strategically capitalise on the high day rate environment.

M&A for geographic expansion

MMT has a long history of expanding across various geographies through the acquisition of local players. Any announcement of M&A deals would allow MMT to expand its geographic exposure and enter new markets.

Downside risks

Escalation of geopolitical tensions

Intensification of geopolitical tensions, especially in the Middle East, could lead to supply chain disruptions or operational challenges in oil producing fields in the region. This could potentially negatively impact MMT's fleet utilisation and future order wins.

Poor weather impacting vessel utilisation

Offshore operations often involve work in extreme weather and disruptive seas. Sustained poor weather, especially during winter months in the North Sea, would lead to lower-than-expected fleet utilisation.

Order cancellations

MMT's orderbook includes projects to be executed over 2024-2026F. Any adverse changes in capex plans or financial position of oil majors could prompt order cancellations, leading to loss of work for Mermaid.

Appendix

Key management team

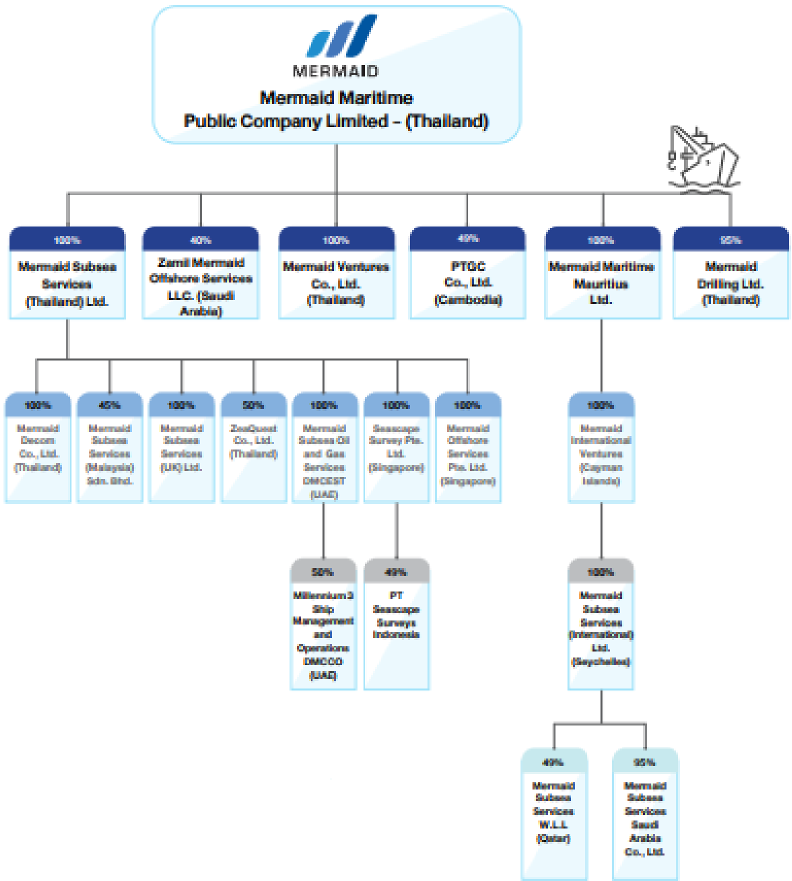
Figure 23: Key management team

Name	Title	Description
Mr. Prasert Bunsumpun	Non-Executive Chairman	With over 30 years of experience in the oil and gas industry, Mr. Prasert Bunsumpun has been the Chairman of Mermaid since 2012. He also serves as Chairman and director for various companies, including Thoresen Thai Agencies. Previously, he was President and CEO of PTT Plc, Thailand's state-owned O&G company, for over eight years. Mr. Prasert holds an MBA from Utah State University and a Bachelor of Engineering in Civil Engineering from Chulalongkorn University in Thailand.
Mr.Chalermchai Mahagitsiri	Chief Executive Officer, Executive Vice Chairman	Mr. Chalermchai Mahagitsiri has been the Chief Executive Officer since 2012. He also serves as CEO of PM Group, President and CEO of Thoresen Thai Agencies, and Chairman of PM Thoresen Asia Holdings. Mr. Chalermchai earned his M.Sc. in Finance from Boston University and a B.Sc. in Finance from Suffolk University.
Mr. Paul Burger Whiley	Chief Operating Officer, Executive Director	Mr. Paul Burger Whiley was appointed to the Mermaid Board in 2021 and serves as Chief Operating Officer. He co-founded Mermaid's business unit in the Middle East and played a key role in establishing its strong market position. He served as Executive Vice President for Mermaid's Subsea Services from 2012 to 2016. After resigning in 2016, he rejoined Mermaid in 2020 and has been serving as Chief Operating Officer since then. He is also a highly decorated Navy Diver in South African military history.
Mr. Phiboon Buakhunngamcharoen	Chief Financial Officer	Mr. Phiboon Buakhunngamcharoen joined Mermaid in 2005 and became Chief Financial Officer in 2017. He initially served as Financial Controller for Mermaid's Drilling Business Division, before being promoted to Finance Director in 2013, overseeing both Subsea and Drilling divisions. In 2016, he was appointed Compliance and Internal Audit Director. Prior to Mermaid, Mr. Phiboon worked at IBM Thailand, BristolMyers Squibb, and Exel Thailand. He holds a Bachelor's of Business Administration (Accounting) from Yonok University and an MBA in Finance from NIDA, Thailand.
Mr. Simon Wilde	Commercial Director	Mr. Simon Wilde has been with Mermaid since 2010 and rejoined the company in 2020 as Commercial Director based in Dubai. With a background in accounting and a focus on commercial and tendering in the subsea sector since 2008, he now oversees commercial activities for Mermaid across both eastern and western hemispheres.

SOURCES: CGSI RESEARCH, COMPANY REPORTS

Organisational structure

Figure 24: MMT's organisation structure (as of 31 Dec 23)



SOURCES: CGSI RESEARCH, COMPANY REPORTS

ESG in a nutshell

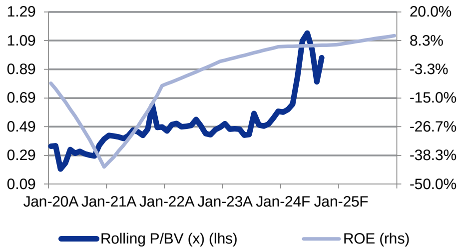
Mermaid Maritime has made a concerted effort to integrate ESG considerations into its core business operations. The most notable aspect is its success in reducing carbon intensity by 46% from 2019 to 2022 through optimised energy usage and advanced vessel technology. Year-on-year trends show continued progress in environmental stewardship, social responsibility, and governance enhancements, aligning the company with global sustainability goals. Upcoming inflection points include further reductions in GHG emissions and the potential addition of a female director by 2026.

Keep your eye on	Implications
Mermaid's growing reliance on Marine Gas Oil (MGO) for its expanded fleet is a key issue for carbon emissions.	While the company has reduced carbon intensity over FY19-23, the increased ship movements and fuel usage could offset these gains. We will monitor the company's carbon reduction initiatives to maintain long-term environmental performance.
ESG highlights	**Implications**
Mermaid's eCO2 intensity has been on a downward trend with a 46% reduction over 2019-2022. This was a result of optimisation of current ship engine usage through procedural changes and hardware modifications. However, the company's governance could be improved, as it currently lacks female representation on its board.	Mermaid's environmental efforts bolster its sustainability profile, which supports long-term operational efficiency. However, we believe the lag in governance, particularly the lack of female board members, may impact future corporate governance scores if not addressed promptly.
Trends	**Implications**
The most significant yoy change is the company's expansion from two to five vessels in FY23, alongside a push for sustainable ship engines and green fuel alternatives.	The increased fleet size poses risks of higher GHG emissions despite procedural optimisations. The successful deployment of biodiesel engines and continued reduction in eCO2 intensity will be critical.

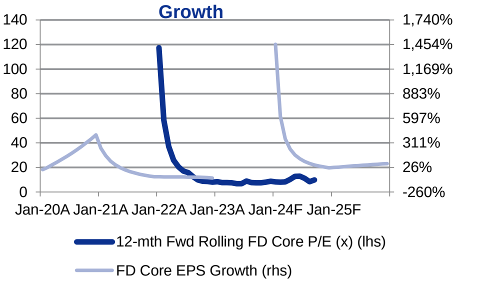
SOURCES: CGSI RESEARCH

BY THE NUMBERS

P/BV vs ROE



12-mth Fwd FD Core P/E vs FD Core EPS Growth



Profit & Loss

(US$m)	Dec-22A	Dec-23A	Dec-24F	Dec-25F	Dec-26F
Total Net Revenues	**223.9**	**275.4**	**519.1**	**623.2**	**687.5**
Gross Profit	**17.5**	**32.7**	**43.1**	**60.4**	**72.2**
Operating EBITDA	**21.0**	**38.1**	**45.8**	**59.7**	**67.6**
Depreciation And Amortisation	(18.7)	(25.1)	(26.8)	(29.0)	(28.5)
Operating EBIT	**2.3**	**13.0**	**19.0**	**30.7**	**39.1**
Financial Income/(Expense)	(3.3)	(5.6)	(7.5)	(9.9)	(13.3)
Pretax Income/(Loss) from Assoc.	2.9	3.9	2.8	3.2	3.0
Non-Operating Income/(Expense)	0.0	0.0	0.0	0.0	0.0
Profit Before Tax (pre-EI)	**1.9**	**11.3**	**14.3**	**24.0**	**28.8**
Exceptional Items	0.1	(0.1)	0.0	0.0	0.0
Pre-tax Profit	**1.9**	**11.2**	**14.3**	**24.0**	**28.8**
Taxation	(1.6)	(1.5)	(2.2)	(3.6)	(4.3)
Exceptional Income - post-tax					
Profit After Tax	**0.3**	**9.7**	**12.1**	**20.4**	**24.5**
Minority Interests	(0.5)	(0.1)	(0.4)	(0.6)	(0.5)
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
Net Profit	**(0.2)**	**9.6**	**11.7**	**19.8**	**24.0**
Recurring Net Profit	(0.2)	9.7	11.7	19.8	24.0
Fully Diluted Recurring Net Profit	**(0.2)**	**9.7**	**11.7**	**19.8**	**24.0**

Cash Flow

(US$m)	Dec-22A	Dec-23A	Dec-24F	Dec-25F	Dec-26F
EBITDA	21.00	38.10	45.80	59.72	67.59
Cash Flow from Invt. & Assoc.	(0.01)	0.00	0.00	0.00	0.00
Change In Working Capital	10.58	(27.30)	(46.62)	(7.20)	9.28
(Incr)/Decr in Total Provisions	0.36	0.44	0.00	0.00	0.00
Other Non-Cash (Income)/Expense	(0.94)	0.91	(3.87)	0.31	0.31
Other Operating Cashflow	(0.05)	(0.36)	0.00	0.00	0.00
Net Interest (Paid)/Received	(2.10)	(3.79)	(7.19)	(9.71)	(13.06)
Tax Paid	(2.56)	(1.83)	(2.17)	(3.60)	(4.32)
Cashflow From Operations	**26.29**	**6.17**	**(14.05)**	**39.52**	**59.80**
Capex	(14.93)	(11.12)	(20.76)	(62.32)	(34.38)
Disposals Of FAs/subsidiaries	2.12	0.03	0.75	1.29	0.00
Acq. Of Subsidiaries/investments	0.00	0.00	0.00	0.00	0.00
Other Investing Cashflow	2.72	(2.00)	0.25	0.50	0.50
Cash Flow From Investing	**(10.09)**	**(13.09)**	**(19.76)**	**(60.53)**	**(33.88)**
Debt Raised/(repaid)	(10.27)	39.64	30.32	59.00	45.00
Proceeds From Issue Of Shares					
Shares Repurchased					
Dividends Paid					
Preferred Dividends					
Other Financing Cashflow	(5.45)	(10.31)	(8.63)	(4.42)	(2.55)
Cash Flow From Financing	**(15.73)**	**29.33**	**21.69**	**54.58**	**42.45**
Total Cash Generated	0.47	22.41	(12.11)	33.57	68.37
Free Cashflow To Equity	**5.92**	**32.72**	**(3.49)**	**37.99**	**70.92**
Free Cashflow To Firm	**18.40**	**(2.93)**	**(26.30)**	**(11.08)**	**39.20**

SOURCES: CGSI RESEARCH, COMPANY REPORTS

BY THE NUMBERS… cont'd

Balance Sheet

(US$m)	Dec-22A	Dec-23A	Dec-24F	Dec-25F	Dec-26F
Total Cash And Equivalents	7.8	30.3	18.3	52.0	120.5
Total Debtors	65.2	113.8	145.2	173.2	190.4
Inventories	0.9	0.9	1.4	1.7	1.9
Total Other Current Assets	0.0	0.8	0.0	0.0	0.0
Total Current Assets	**73.9**	**145.9**	**165.0**	**226.9**	**312.7**
Fixed Assets	134.2	129.4	136.6	176.5	187.3
Total Investments	44.9	45.0	45.0	45.0	45.0
Intangible Assets	29.4	20.6	12.3	7.4	4.5
Total Other Non-Current Assets	9.1	15.8	43.8	38.8	21.8
Total Non-current Assets	**217.6**	**210.7**	**237.6**	**267.7**	**258.6**
Short-term Debt	4.0	14.6	0.0	0.0	0.0
Current Portion of Long-Term Debt	19.2	34.9	0.0	0.0	0.0
Total Creditors	54.2	77.8	91.3	107.9	118.0
Other Current Liabilities	10.9	11.3	2.1	2.1	2.1
Total Current Liabilities	**88.3**	**138.6**	**93.4**	**110.0**	**120.1**
Total Long-term Debt	18.3	31.8	111.7	170.9	216.0
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	23.9	15.6	14.8	10.7	7.6
Total Non-current Liabilities	**42.2**	**47.4**	**126.5**	**181.5**	**223.6**
Total Provisions	0.0	0.0	0.0	0.0	0.0
Total Liabilities	**130.6**	**186.0**	**219.9**	**291.6**	**343.7**
Shareholders' Equity	160.7	170.3	182.0	201.7	225.7
Minority Interests	0.2	0.3	0.7	1.3	1.8
Total Equity	**160.9**	**170.6**	**182.7**	**203.1**	**227.6**

Key Ratios

	Dec-22A	Dec-23A	Dec-24F	Dec-25F	Dec-26F
Revenue Growth	101%	23%	88%	20%	10%
Operating EBITDA Growth	N/A	81.4%	20.2%	30.4%	13.2%
Operating EBITDA Margin	9.4%	13.8%	8.8%	9.6%	9.8%
Net Cash Per Share (US$)	(0.024)	(0.036)	(0.066)	(0.084)	(0.068)
BVPS (US$)	0.11	0.12	0.13	0.14	0.16
Gross Interest Cover	0.69	2.31	2.53	3.09	2.94
Effective Tax Rate	82.4%	13.6%	15.2%	15.0%	15.0%
Net Dividend Payout Ratio	NA	NA	NA	NA	NA
Accounts Receivables Days	113.8	115.7	89.1	91.6	95.3
Inventory Days	1.14	1.42	0.91	1.02	1.05
Accounts Payables Days	85.68	99.22	65.01	64.60	67.01
ROIC (%)	1.3%	7.5%	9.9%	12.5%	13.6%
ROCE (%)	1.10%	5.74%	6.95%	9.20%	9.56%
Return On Average Assets	1.30%	4.75%	5.16%	6.76%	7.09%

Key Drivers

	Dec-22A	Dec-23A	Dec-24F	Dec-25F	Dec-26F
Subsea IRM fleet utilisation (%)	63.7%	79.0%	83.3%	83.9%	83.8%
Cable-laying orderbook (US$m)	27.0	79.0	190.0	205.5	185.7
T&I and Decomm. orderbook (US$m)	52.0	486.0	382.1	310.1	226.4

SOURCES: CGSI RESEARCH, COMPANY REPORTS

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Description:	Excellent	Very Good	Good	N/A	N/A

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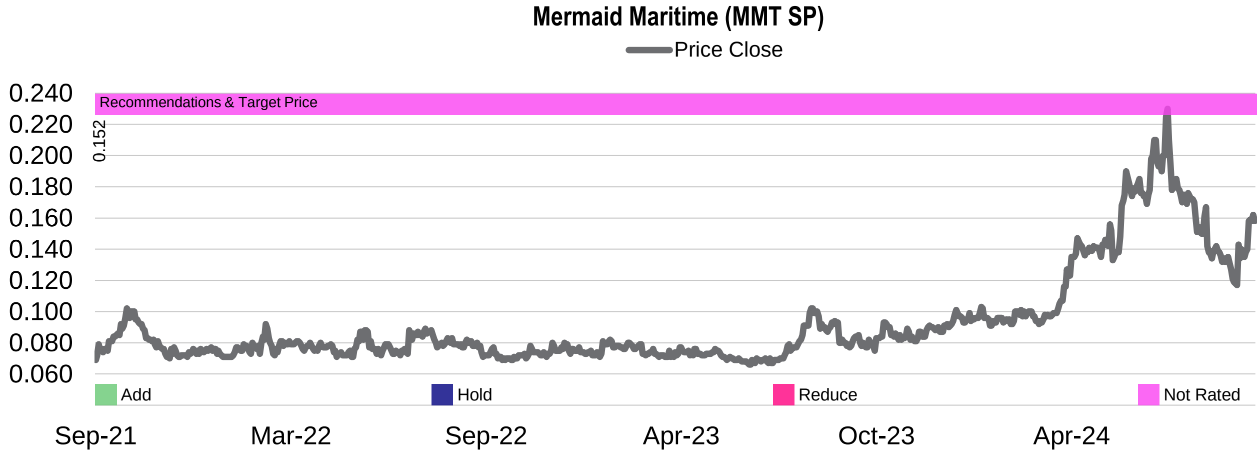
	Rating Distribution (%)	Investment Banking clients (%)
Add	65.0%	0.5%
Hold	25.3%	0.5%
Reduce	9.7%	0.3%

Spitzer Chart for stock being researched (2 year data)



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