

# MERMAID MARITIME PUBLIC COMPANY LIMITED (“MMPLC”)

Analyst Presentation

Financial year ending 30 September 2007

19 November 2007





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# Analysis of consolidated P&L statement





# 2007 vs 2006 Consolidated P&L Statement



	2007	2006	Changes		Ref.
	Baht	Baht	Baht	%	
Service income	4,130,308,851	3,116,050,235	1,014,258,616	32.5%	A
Sales	964,025	51,307,654	(50,343,629)	-98.1%	B
<b>Total sales and service income</b>	<b>4,131,272,876</b>	<b>3,167,357,889</b>	<b>963,914,987</b>	<b>30.4%</b>	
Cost of services	(2,813,738,530)	(2,131,670,646)	(682,067,884)	32.0%	A
Cost of sales	(931,479)	(35,055,767)	34,124,288	-97.3%	B
<b>Total cost of sales and services</b>	<b>(2,814,670,009)</b>	<b>(2,166,726,413)</b>	<b>(647,943,596)</b>	<b>29.9%</b>	
<b>Gross profit from sales and services</b>	<b>1,316,602,867</b>	<b>1,000,631,476</b>	<b>315,971,391</b>	<b>31.6%</b>	
Service and administrative expenses	(729,968,197)	(422,704,024)	(307,264,173)	72.7%	C
Interest income	11,052,673	2,259,527	8,793,146	389.2%	D
Gain/(loss) on exchange rates	114,493,191	149,674,655	(35,181,464)	-23.5%	E
Net gain /(loss) on disposal of and W/O PPE	(10,197,814)	9,266,867	(19,464,681)	-210.0%	F
Gain /(loss) on disposal of investments	2,994,986	-	2,994,986	N/A	G
Other income	22,389,394	29,769,880	(7,380,486)	-24.8%	H
<b>Operating profit</b>	<b>727,367,100</b>	<b>768,898,381</b>	<b>(41,531,281)</b>	<b>-5.4%</b>	



## 2007 vs 2006 Consolidated P&L (cont'd)



	2007	2006	Changes		Ref.
	Baht	Baht	Baht	%	
Interest expenses	(175,263,238)	(189,297,017)	14,033,779	-7.4%	I
<b>Profit before income taxes</b>	552,103,862	579,603,370	(27,499,508)	-4.7%	
Income taxes	(18,817,024)	(26,868,710)	8,051,686	-30.0%	J
<b>Profit before minorities</b>	533,286,838	552,734,660	(19,447,822)	-3.5%	
Profit (loss) attributable to minority interests	7,794,918	(14,397,302)	22,192,220	-154.1%	
<b>Net profit for the year</b>	541,081,756	538,337,358	2,744,398	0.5%	K
Depreciation and amortisation	507,461,393	443,650,135	63,811,258		
<b>EBITDA (Including FX Impact)</b>	<b>1,234,828,493</b>	<b>1,212,548,516</b>	<b>22,279,977</b>		
<b>EBITDA (Excluding FX Impact)</b>	<b>1,120,335,302</b>	<b>1,062,873,861</b>	<b>57,461,441</b>		



## Analysis of P&L statement: 2007 vs 2006



A	<p>Substantial increase in Offshore engineering services revenues, offset by drop in drilling revenues due to downtime. Revenues for Mermaid Offshore Services (“MOS”), the subsidiary providing sub-sea services, was Baht 2,867.4 million for 2007 as compared with Baht 1,724.3 million for the previous year. Drilling revenues was Baht 1,240.0 million in 2007 as compared with Baht 1,241.6 million in previous year.</p> <p>Cost of services increased in line with revenues growth.</p>
B	<p>Sales were generated from subsidiaries namely Mermaid Safety Services (“MSS”) and Mermaid Supply Services (“MSL”). MSS was sold to a third party at the beginning of Q1/07 and MSL was sold to third party in Q4/07, however, MSL’s ceased operations in Q2/07. Substantial drop in Sales and Cost of Sales resulted from discontinuation of this business.</p>
C	<p>Substantial increase in administrative expenses as result of fixed costs / ongoing maintenance of rigs during downtime periods totalling Baht 395.0 million, partially offset by decreased administrative expenses of MSS, MSL and Mermaid Maritime (Vietnam) Ltd. (“MMV”) which were sold during the year 2007.</p>
D	<p>Increase in interest income primarily from cash available in banks from disposals of two vessels of Darium Thai Offshore (“DTOL”), subsidiary during the year 2007. This company was dissolved and is being liquidated.</p>
E	<p>Gain on exchange rate was mainly unrealised gain on exchange rate of USD long-term loans outstanding at the balance sheet date. The exchange rate as at 30 September 2007 was USD 1/ Baht 34.3851 compared to USD 1/ Baht 37.6373 as at 30 September 2006. The gain on exchange rate in 2007 was less than 2006 as Baht strengthening in the period was not as substantial as previous year. Baht strengthened 3.2522 per USD 1 in 2007 financial year, as compared with Baht 3.4072 per USD 1 in 2006. In addition, USD loan balances were lowered due to repayments.</p>



## Analysis of P&L statement: 2007 vs 2006



F	In 2006, gain on disposal incurred from disposal of a vessel of DTOL. In 2007, gain on disposal was from disposal of two vessels of DTOL resulted gain of Baht 12.3 million offset with assets written off from fire incident of MTR-1 of Baht 24.6 million.
G	Gain on disposal of investments resulted from disposal of MSS, MMV, and MSL in 2007 as already mentioned in B above.
H	Other income in 2007 was mainly from recovery of crane bloom incident incurred nearly the end of 2006 of USD 379,437.70 or Baht 12.9 million. In 2006, the other income was penalty charged to seller for late delivery the vessel of USD 275,000 or Baht 11.22 million
I	Lower interest expense resulted from loan repayments during the year, as well as from strengthening of Thai Baht against USD loans.
J	Income tax for 2007 decreased mainly due to full year impact of BOI exemption as compared with 9 months income tax exemption in previous year as BOI approval was received at the end of year 2006.
K	Minimal increase in net profit as result of lost revenue during downtime on MTR 1 and MTR 2 and repair costs incurred for MTR 1



# Segmental analysis





## Mermaid Drilling: challenging year in 2007



### **MTR-1 : Total downtime of 191 days**

- Crane boom repair and 5 year Special Periodic Survey (Class Requirement)
- Fire incident

Loss of revenue and repair costs amounting to Baht 401.5 million

### **MTR-2 : Downtime of 76 days in the fourth quarter 2007**

- Commencement of Special Periodic Survey and change of specifications as agreed with Client

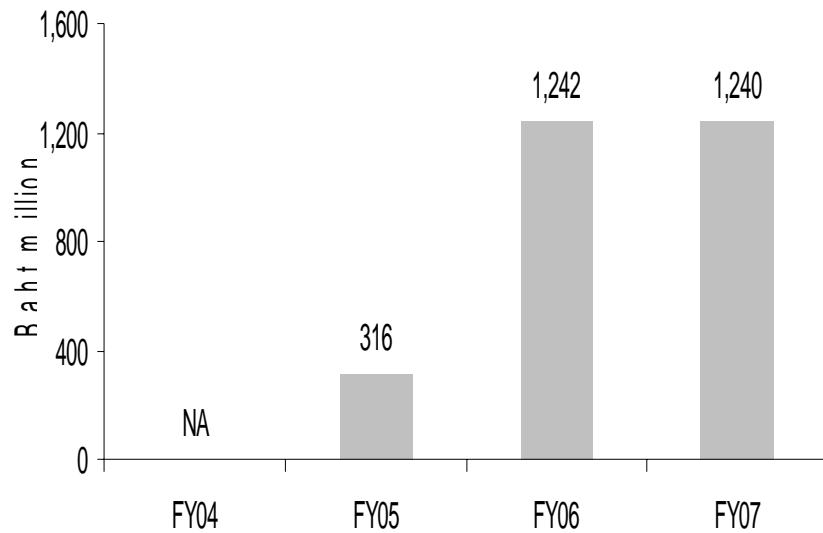
Loss of revenue of Baht 177.1 million



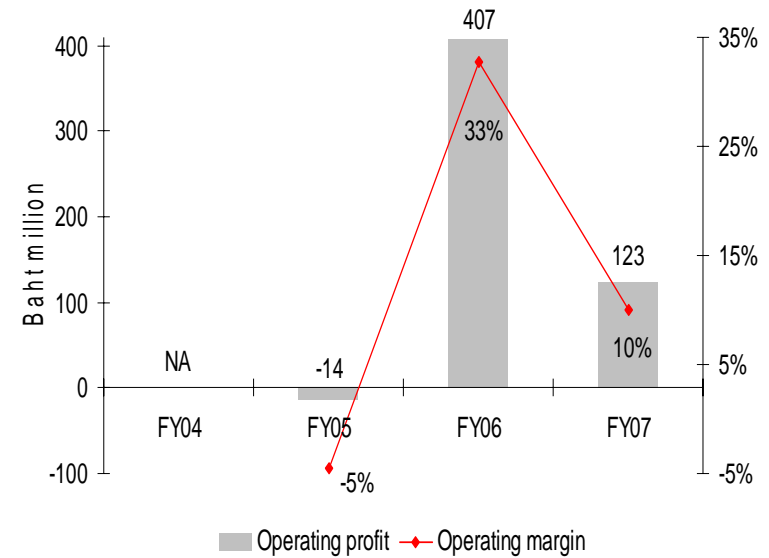
# ...with financial results negatively impacted by downtime and costs



## Sales



## Operating profit and margin



## Mermaid Drilling



## Mermaid Drilling has moved ahead with business expansion plans...



- 🚢 Establishment of Kencana Mermaid Drilling to provide drilling services in Malaysia
- 🚢 Establishment of MKR-1
- 🚢 Signing of newbuild contract with Kencana HL
- 🚢 Discussions ongoing with prospective regional clients for newbuilds





## ...and market outlook for drilling services remain robust



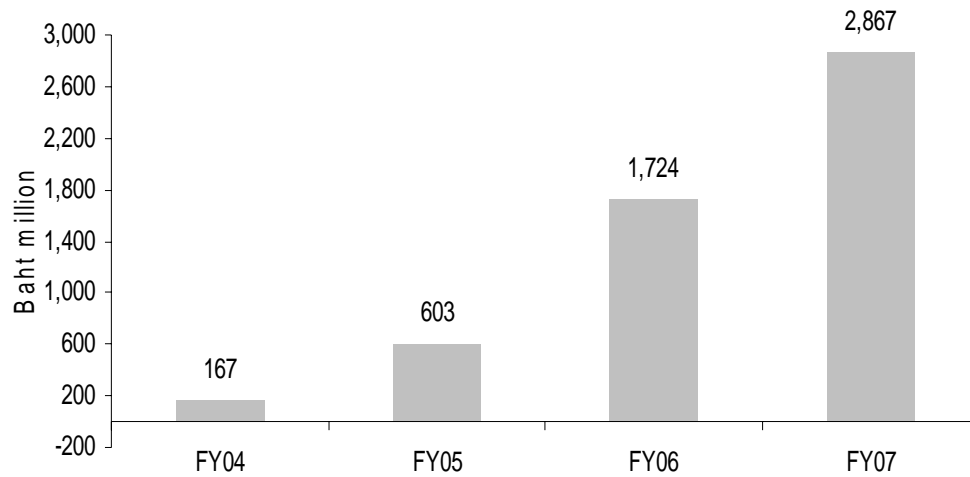
- 🚢 Tender Rig utilisation remains high
- 🚢 Day rates for new fixtures ranging between USD\$85,000 – 140,000
- 🚢 Operator planned activity still identifies tender rig shortfall
- 🚢 All drilling sectors / regions anticipating continued high utilisation coupled with high day rates



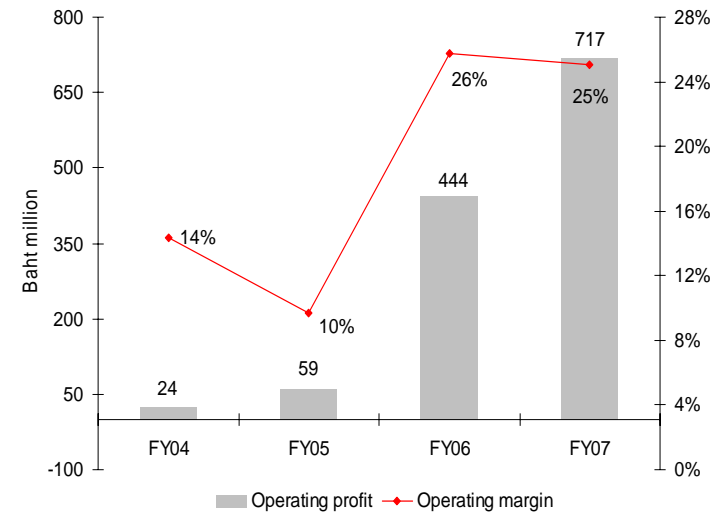
# Mermaid Offshore: excellent performance in 2007...



## Sales



## Operating profit and margin



**Mermaid Offshore**



## ...driven by rising day rates and higher utilisation across the fleet



- 🚢 Vessels adapted for modular configuration thereby increasing project opportunities
- 🚢 Under supply has customers committing to vessels longer term thereby improving utilisation
- 🚢 Higher day rates coupled with greater utilisation improves financial performance
- 🚢 MOS standards and reputation ensure repeat business



## MOS has a number of initiatives underway ...



- 🚢 Introduction of two new remote operated vehicles
  - Both units already secured on long term BP contract
  
- 🚢 Nearing completion to acquire a stake in a SEA sub-sea engineering company
  
- 🚢 Commitment made for DP 2 Newbuild ROV vessel – delivery mid 2009
  
- 🚢 Ongoing discussions for China and India targeted project work





## ...and outlook for 2008 is encouraging



- 🚢 Buoyant market still suffering from under supply of:
  - Quality equipment
  - Specialised vessels
  
- 🚢 High vessel utilisation expected in 2008
  - One vessel already fully committed
  
- 🚢 New fixtures continue to see increased day rates
  
- 🚢 Customers desiring longer term contracts

# Financial Ratios and Debt Repayment Schedule





## Selected financial ratios



	2007	2006
Average receivable turnover (days)	84	69
Average payable turnover (days)	34	25
Debt to equity ratio (Times)	0.83	1.13
Net asset value per share (Baht)	7.55	6.22
Debt to EBITDA (Times)	1.95	2.22

**Retaining financial flexibility to finance future opportunities**



# Debt repayment schedule



**As at 30 September 2007, total outstanding long-term debt was USD 63,496,044**

Due to repay in years (USD)	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
Repayment Amount	11,841,647	11,841,647	11,941,647	11,034,294	7,618,809	4,624,000	4,594,000

**85% of total debt denominated in USD**



# Balance Sheet Analysis





# Balance Sheets as at 30 September 2007 and 2006



Assets	30 Sep 07	30 Sep 06	Change		Ref.
	Baht	Baht	Baht	%	
Cash & Deposits	511,700,472	185,313,778	326,386,694	176.1%	I
Trade Debtors	966,139,602	937,000,841	29,138,761	3.1%	II
Related Debtors	260,453	15,505,297	(15,244,844)	-98.3%	
Spare Parts and Inventories	113,580,968	107,789,274	5,791,694	5.4%	
Other Current Assets	226,981,237	125,275,697	101,705,540	81.2%	III
Other L-T Assets	105,408,604	34,640,837	70,767,767	204.3%	IV
Fixed Assets and Intangible assets	4,021,658,707	4,089,514,639	(67,855,932)	-1.7%	V
<b>Total Assets</b>	<b>5,945,730,043</b>	<b>5,495,040,363</b>	<b>450,689,680</b>	<b>8.2%</b>	



# Balance Sheets as at 30 September 2007 and 2006



Liabilities	30 Sep 07	30 Sep 06	Change		Ref.
	Baht	Baht	Baht	%	
Trade Creditors	353,795,790	224,569,724	129,226,066	57.5%	VI
Related Creditors	46,778,383	35,882,162	10,896,221	30.4%	
S-T Debt	221,851,916	200,058,490	21,793,426	10.9%	
Current Portion: L-T Borrowings	412,255,317	279,367,717	132,887,600	47.6%	VII
Other Current Liabilities	234,096,436	147,355,930	86,740,506	58.9%	VIII
Other Non-Current liabilities	3,358,501	5,368,626	(2,010,125)	-37.4%	
L-T Borrowings	1,778,558,870	2,217,069,155	(438,510,285)	-19.8%	IX
<b>Total Liabilities</b>	<b>3,050,695,213</b>	<b>3,109,671,804</b>	<b>(58,976,591)</b>	<b>-1.9%</b>	



# Balance Sheets as at 30 September 2007 and 2006



Equity	30 Sep 07	30 Sep 06	Change		Ref.
	Baht	Baht	Baht	%	
Share Capital	1,609,557,722	1,609,557,722	-	0.0%	
Reserves	5,720,000	5,720,000	-	0.0%	
Shareholders Funds	1,139,216,986	598,135,230	541,081,756	90.5%	
Difference of translation adjustment	496,058	(4,137,868)	4,633,926	-112.0%	
Minorities	140,044,064	176,093,475	(36,049,411)	-20.5%	
<b>Total Equity</b>	<b>2,895,034,830</b>	<b>2,385,368,559</b>	<b>509,666,271</b>	<b>21.4%</b>	
<b>Total Liabilities + Equity</b>	<b>5,945,730,043</b>	<b>5,495,040,363</b>	<b>450,689,680</b>	<b>8.2%</b>	



# Analysis of Consolidated Balance Sheets between 30 September 2007 and 2006...



I	Increased in cash and cash equivalent was primarily a result of cash received from disposals of two vessels of DTOL.
II	Increase in Trade Debtors resulted from combination of increased revenues as well as increase in average receivable turnover days from 69 days in 2006 to 84 days in 2007.
III	Other current assets comprise value added tax refundable, prepaid expenses, advance for business, and deferred mobilisation fee. The increased was mainly from IPO expenses recognised as of 30 September 2007 approximately amounting to Baht 75 million and work in process of 27 million.
IV	Other long-term assets mainly comprised deferred tax assets of Baht 59.6 million and deposits for purchase of saturation equipment for MV. Asaiana of Baht 34 million, and for purchase of equipment for existing vessels of Baht 10 million.
V	Fixed assets increase was a result of additional payment for newbuild AHTS of Baht 289.03, ROV Quasar of Baht 121.30, ROV Planther Plus of Baht 37.30, new crane of Baht 98.5 million, capitalised expense of drydocking of Baht 109.60, and other equipments total Baht 47.3 million; partially offset by depreciation and amortisation expense of Baht 498.9 million, disposals of two vessels of DTOL at net book value of Baht 248 million and asset written off from fire incident of Baht 24 million.
VI	Payable balance increased in line with increase of service activity and longer average turnover days from 25 days in 2006 to 34 days in 2007.



## Analysis of Consolidated Balance Sheets between 30 September 2007 and 2006...



VII	Current portion of Long Term Debt increased due to end of grace period of loans of MTR1 and MTR2.
VIII	Other current liabilities comprised non-trade payable (for purchase of fixed assets), accrued expenses, accrued income tax, and withholding tax payable on monthly basis. The increase resulted primarily from accrued IPO expenses amounting to approximately Baht 75 million as at 30 September 2007.
IX	Loans denominated in USD and Baht which match to the majority of currency of revenue generated of each company. The interest rate as at 30 September 2007 are ranging between MLR-1 and MLR, and Libor + 2.25 and Libor + 2.75. The long-term repayment schedule is presented in another slide.



End

