

# MERMAID MARITIME PUBLIC COMPANY LIMITED

Management Presentation

*ASEAN Conference, Singapore, 25 January 2010*

*Organized by BNP Paribas Securities Asia*





# Presentation outline



- 🚢 Business Overview
- 🚢 Outlook and Recent Developments
- 🚢 Financial Overview
- 🚢 Conclusion
- 🚢 Questions & Answers

# BUSINESS OVERVIEW





# Mermaid's operations focuses in two specialized niches within the offshore production sector



<b>Area of focus</b>	Production drilling + workovers	Sub-sea engineering
<b>Key assets</b>	2 tender barge drilling rigs (+1 under construction)	9 vessels & supporting assets <sup>1</sup> (+2 under construction)
<b>FY 2009 Sales</b>	42%	58% <sup>2</sup>
<b>Contractual nature</b>	Typically long term	Short to mid term contracts with longer contracts emerging
<b>Demand drivers</b>	Additional and enhanced production	New and existing sub-sea infrastructures and geo expansion

**Business mix reduces earnings volatility**

1. Includes 2 vessels from AME (Mermaid affiliate)

2. Includes Seascope Surveys and Mermaid Training



# Strategy and key objectives



- ❖ Expand offshore drilling and sub-sea engineering operations
- ❖ Strengthen financial flexibility
- ❖ Exploit opportunities out of our primary geographical focus area
- ❖ Continue to develop strong client relationships
- ❖ Optimise mix of shorter-term and longer-term contracts



**Successfully Raised an Additional USD 110 million from Rights Issue**



# Blue chip client base



中国海洋石油总公司  
CHINA NATIONAL OFFSHORE OIL CORP.

ExxonMobil



Established, strong client relationships and operational track record



# Board of Directors



**M.L. Chandchutha Chandratat**  
Executive Chairman



**David Simpson**  
Managing Director



**Surasak Khaoroptham**  
Non-Executive Director



**Joey Horn**  
Non-Executive Director  
*Member, Nomination Committee*  
*Member, Remuneration Committee*



**Pichet Sithi-Amnuai**  
Independent Director  
*Chair, Audit Committee*



**Lim How Teck**  
Independent Director  
*Member, Audit Committee*



**Ng Chee Keong**  
Independent Director  
*Chair, Nomination Committee*  
*Chair, Remuneration Committee*



**Leslie Merszei**  
Independent Director  
*Member, Audit, Nomination and*  
*Remuneration Committee*

**Multi-disciplinary Board with half comprising Independent Directors**



# Management Team



**M.L. Chandchutha Chandratat**  
Executive Chairman



**David Simpson**  
Managing Director



**Sataporn Amornvorapak**  
Chief Financial Officer



**Mark Shepherd**  
Executive Director  
(Subsea Services)



**Simon Turner**  
General Manager  
(Subsea Services)



**Stephen Lenz**  
Executive Director  
(Drilling)



**Jeffery Breal**  
General Manager  
(Drilling)

**Seasoned Management Team and over 380 Personnel**





# Mermaid's subsea fleet



## Scope of services

- Inspection, repair and maintenance
- Infrastructure installation (EPIC)
- Deepwater ROV support
- Emergency call out services
- Salvage

## Driven by

Field development commitments

Increase in deepwater activity

Expansion of existing infrastructure

Increased maintenance of ageing fields

## M.V. Mermaid Commander

- DP2 Dive Support Vessel
- Twin Bell 16-Man Saturation System
- 60 Ton Capacity Crane
- Twin Moonpools
- Proven Work History
- Rough Weather Capabilities





## Mermaid's subsea fleet (cont'd)



### M.V. Team Siam

- DP2 Construction Support
- Saturation Diving System
- Central Moonpool
- 4 Point Mooring Capability
- Heavy Lift Capability



### M.V. Mermaid Sapphire

- DP2 ROV Support Vessel
- Ultra Deepwater Work Class ROVs
- Air Diving Capability
- Purpose Built (Not AHTS Conversion)
- Large Accommodation





## Mermaid's subsea fleet (cont'd)



### M.V. Mermaid Challenger

- DP1 Multi-Purpose Support Vessel
- ROV & Survey Support
- Fi-Fi 1 Rated
- 65 Ton Bollard Pull & Anchor Handling Capability



### M.V. Mermaid Responder

- Survey / ROV / Dive Support Vessel
- Air & Gas Diving System (Built In)
- Optional ROV Systems
- 4-Point Mooring Capability
- Proven Work History





## Mermaid's subsea fleet (cont'd)



### M.V. Mermaid Supporter

- Air & Mix Gas Diving Support (Built In)
- ROV & Survey Support
- Safety & Standby Vessel
- Slow-Speed Manoeuvring Capability



### M.V. Mermaid Performer

- Survey / ROV / Dive Support Vessel
- Proven Work History
- Safety & Standby Vessel
- Slow-Speed Manoeuvring Capability





## Mermaid's subsea newbuild deliveries



### M.V. Mermaid Asiana

- ❁ Purpose Built DP2 Dive Support and Light Construction Vessel
- ❁ 100-Tonne Heave Compensated Crane and 12-Man Single Bell Dive System
- ❁ Expected Delivery: FQ2/2010



### M.V. Mermaid Endurer

- ❁ Purpose Built DP2 Dive Support and Light Construction Vessel – Comfort Class
- ❁ Global Operations including Rough Weather
- ❁ 100-Tonne Heave Compensated Crane and 18-Man Single Bell Dive System
- ❁ Expected Delivery: FQ3/2010



**Future growth driven by additional asset investments**

(Note: Mermaid's Financial Year ends on 30 September)



# Mermaid's drilling rigs



## MTR-1

<b>Present Location:</b>	<b>Thailand</b>
<b>Status:</b>	<b>Repair &amp; Maintenance</b>
<b>Water Depth Rate:</b>	<b>100 meters</b>
<b>Drilling Depth Rate:</b>	<b>6,100 meters</b>



## MTR-2

<b>Present Location:</b>	<b>Indonesia</b>
<b>Status:</b>	<b>Working</b>
<b>Water Depth Rate:</b>	<b>100 meters</b>
<b>Drilling Depth Rate:</b>	<b>5,943 meters</b>



# Mermaid's newbuild drilling rig deliveries



## KM-1

<b>Present Location:</b>	<b>Malaysia</b>
<b>Status:</b>	<b>Under Construction</b>
<b>Water Depth Rate:</b>	<b>243 meters</b>
<b>Drilling Depth Rate:</b>	<b>7,600 meters</b>
<b>Expected Delivery:</b>	<b>FQ2/2010</b>

**Newbuild KM-1 already awarded 5 year drilling contract with Petronas in Malaysia to commence upon delivery**

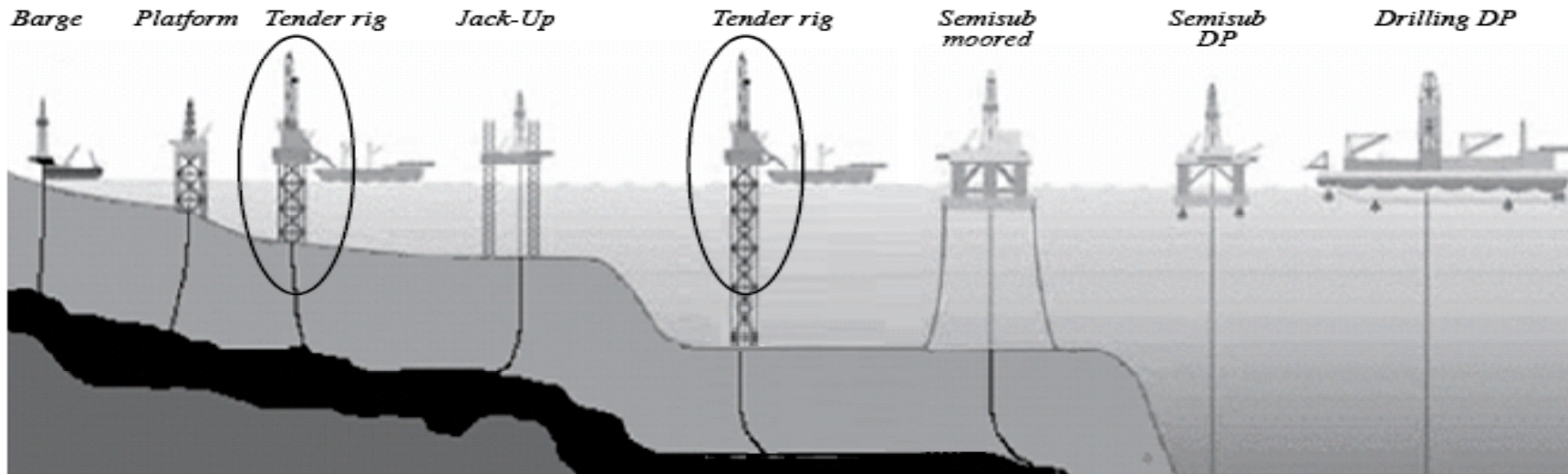
(Note: Mermaid's Financial Year ends on 30 September)



# Tender drilling rigs ideally suited for South East Asia and West Africa conditions



## Types of Drilling Units



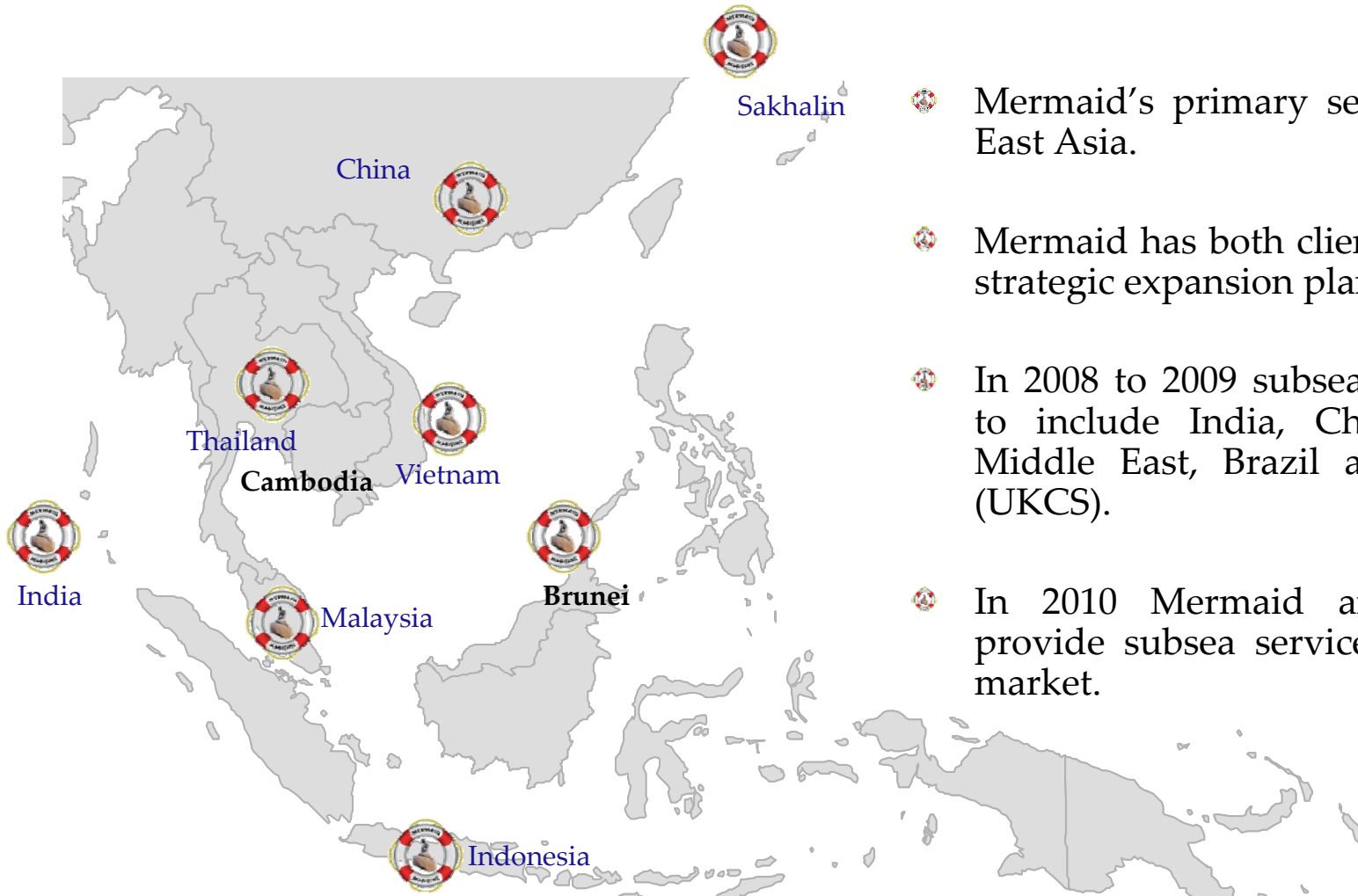
- ❁ 35 tender rig units globally including under construction, mainly deployed in South East Asia and West Africa
- ❁ South East Asia remains largest market for tender rigs.
- ❁ Traditionally high level of activity. Reduction in contract award and rates seen in 2009 but recovery in 2010 onwards expected.

- ❁ Cost-efficient production drilling
- ❁ Advantages over jackups:
  - ❁ Lower operating cost (hence day rates)
  - ❁ No restriction with sub-sea congestion
  - ❁ No restriction with sea bed composition
  - ❁ Increased water depth capabilities





# High growth industry with substantial opportunity for further expansion



- Mermaid's primary service area is South East Asia.
- Mermaid has both client and geographical strategic expansion plans.
- In 2008 to 2009 subsea services expanded to include India, China and Sakhalin, Middle East, Brazil and the North Sea (UKCS).
- In 2010 Mermaid announces plan to provide subsea services to the European market.

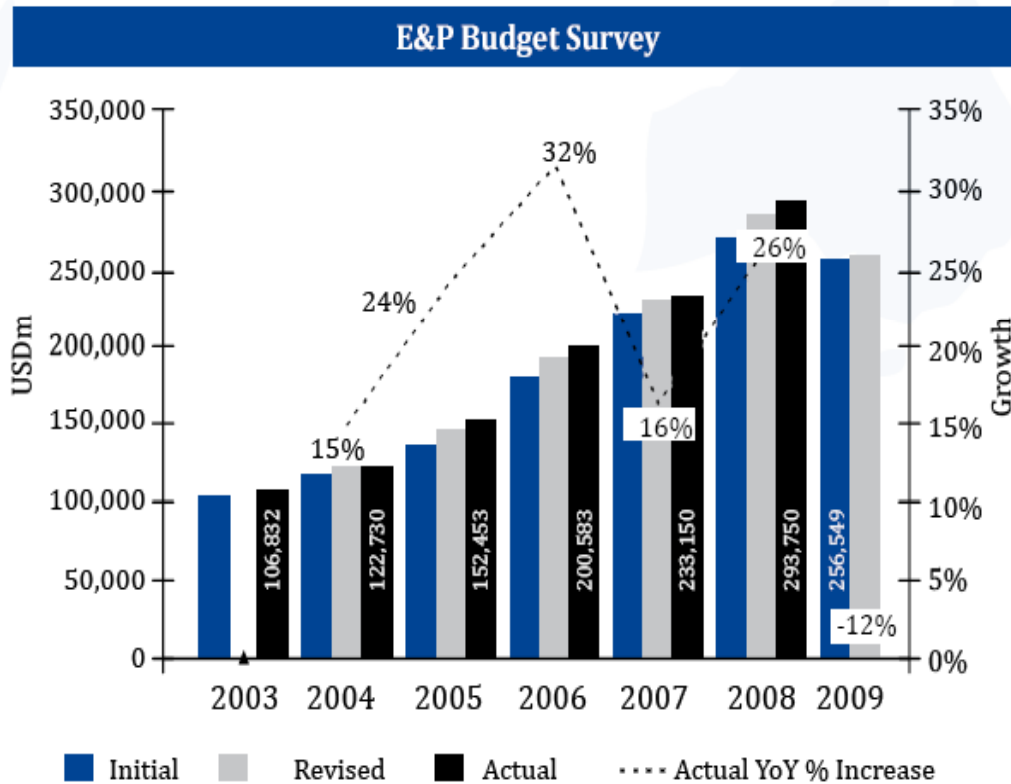
**Leveraging client relationships to expand geographically**

# OUTLOOK AND RECENT DEVELOPMENTS





# Capital expenditure outlook



Source: FearnleyFonds

- **Excess production capacity in OPEC countries continue to remain tight**
  - Unable to meet growing demand in the medium to long term.
  - Reserve-replacement ratio still below 100%.
  - Investments of up to US\$21.4 tr will have to be spent over the next 20 years to satisfy demand growth.
- **Oil and gas companies expected to resume necessary E&P spending**
  - Market trends impacted in short term
  - Still need replacement of reserves
  - Aging infrastructure
  - Reinvestment of oil revenues
- **Demand for offshore related services expected to resume**
  - Production drilling
  - Offshore repair and maintenance

Source: Broker and Analyst Reports

**Forecasted supply shortage infers eventual E&P spending recovery**



# Trends in the offshore services and drilling market



## Supply Factors

## Demand Factors

### Short term

- Opportunity exists for cashed-up companies to acquire assets at lower valuations from distressed companies, or to order newbuild assets due to shipyard availability and competitive pricing.
- Owner-operators with track record will benefit most.

- Production supply constraints and recovery in crude oil prices will continue to ensure spending on production and infrastructure.
- Operating projects will have continued needs for maintenance and drilling.

### Medium term

- Debt markets unlikely to remain closed for prolonged periods.
- Supply fundamentals will continue to rebalance as financing becomes available and demand increases.

- As markets recover and stabilize, overall demand likely to resume momentum.
- Operating projects will still require maintenance and drilling.

*Source: Company, Broker & Analyst Reports*

**The outlook for production drilling and offshore services continue to remain favourable in the medium to long term**



# Market observations and response



## Recovery signs seen...

- Increased inquiries received for vessel and services availability
- Increased momentum in tendering activities
- Emergence of longer term contracts (Sub-Sea)
- Client order book filling up



## ...with planned expansion

- Potential material revenue generating newbuilds expected to be delivered in the next few months.
- Further new investments under review utilizing additional funds received from recent rights issue.

**Expansion in drilling and sub-sea capabilities to accommodate recovery**

# FINANCIAL OVERVIEW

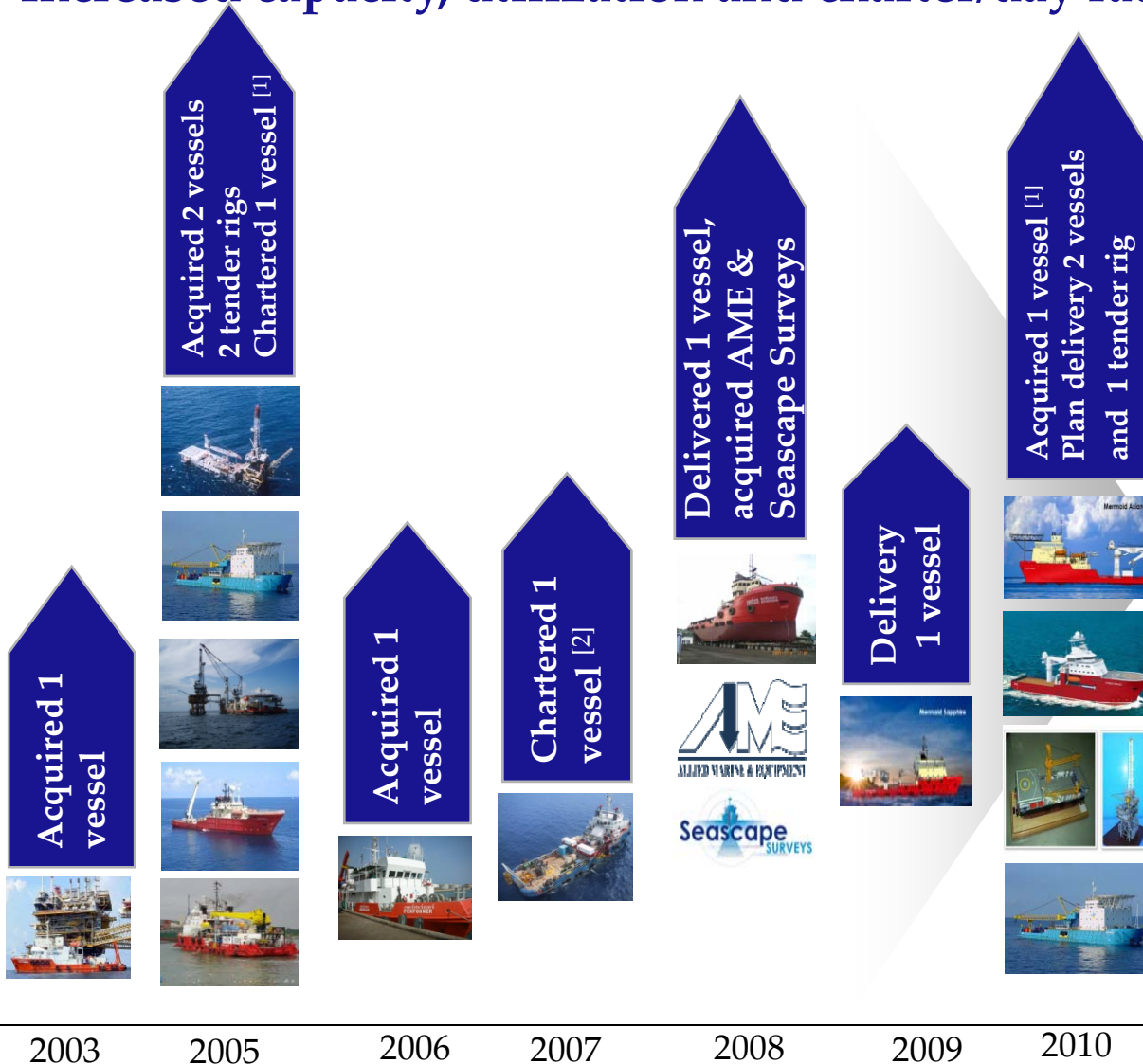




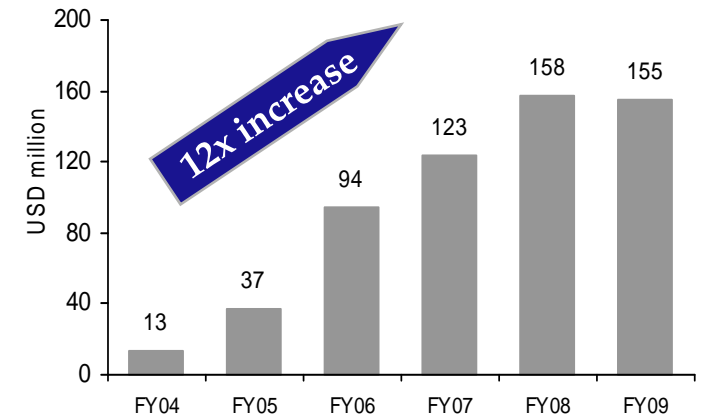
# High growth potential



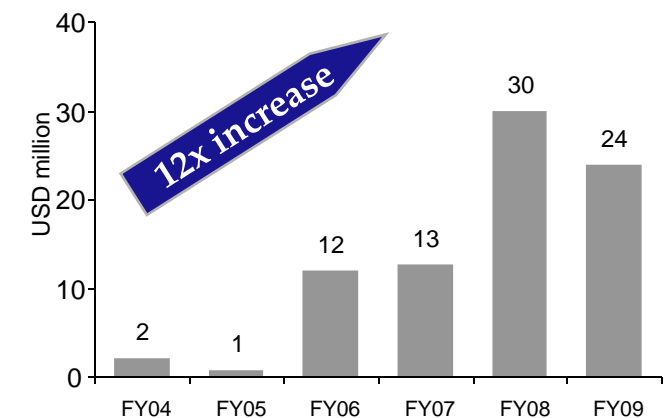
Increased capacity, utilization and charter/day rates have driven growth



## Group revenue



## Group net profit, (Excl. Forex)



[1] This chartered vessel "Team Siam" was purchased in 2010.

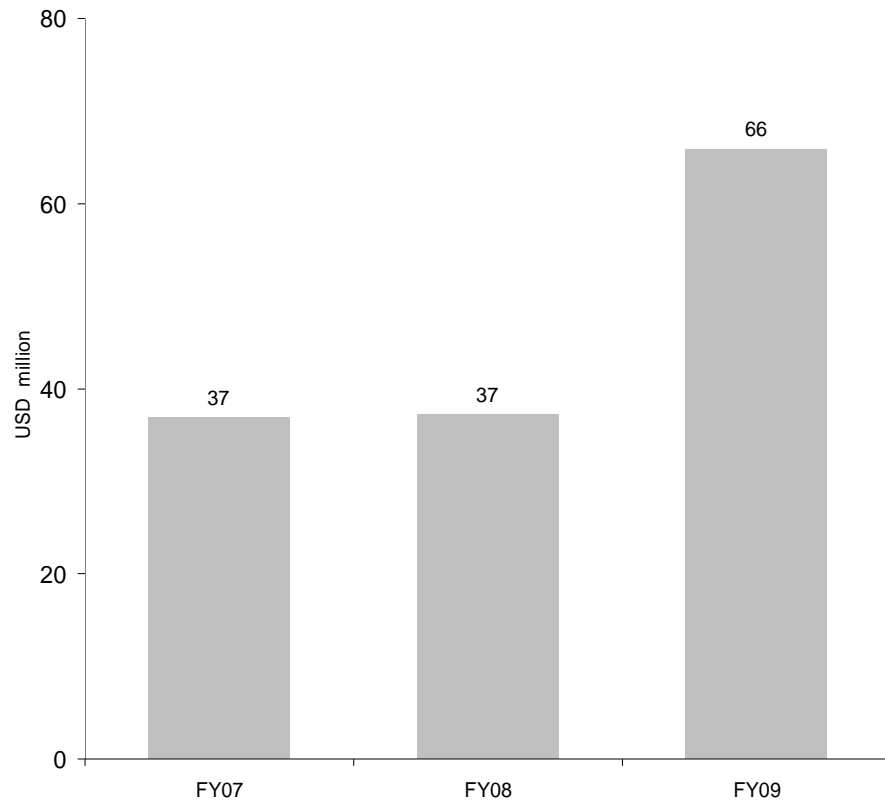
[2] The contract of this chartered vessel "Binh Minh" concluded in FQ4/2009.



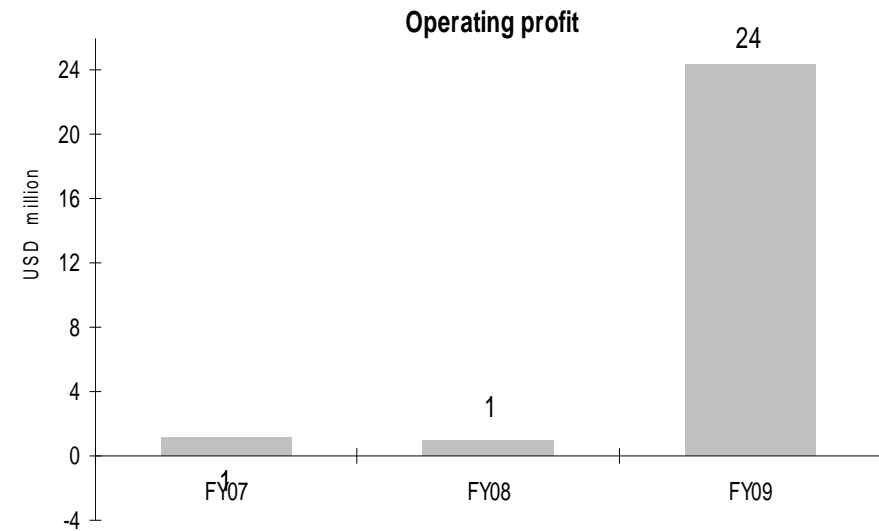
# Mermaid Drilling – performance by year



## Revenue



## Operating profit and margin (EBIT excl. FOREX)



Operating margin		
FY07	FY08	FY09
3%	3%	37%

**Mermaid Drilling resumed normalized operations**

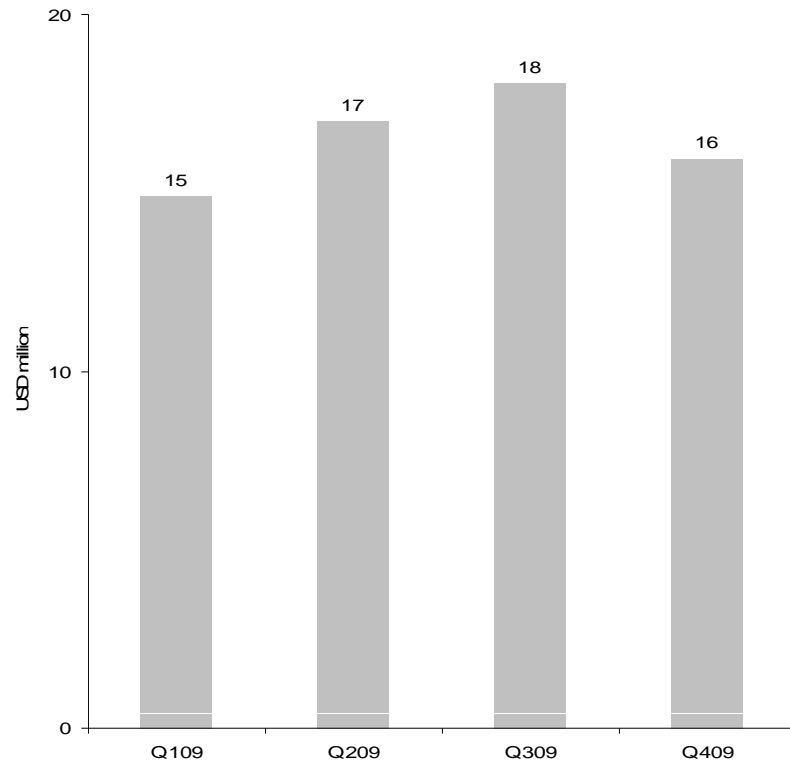




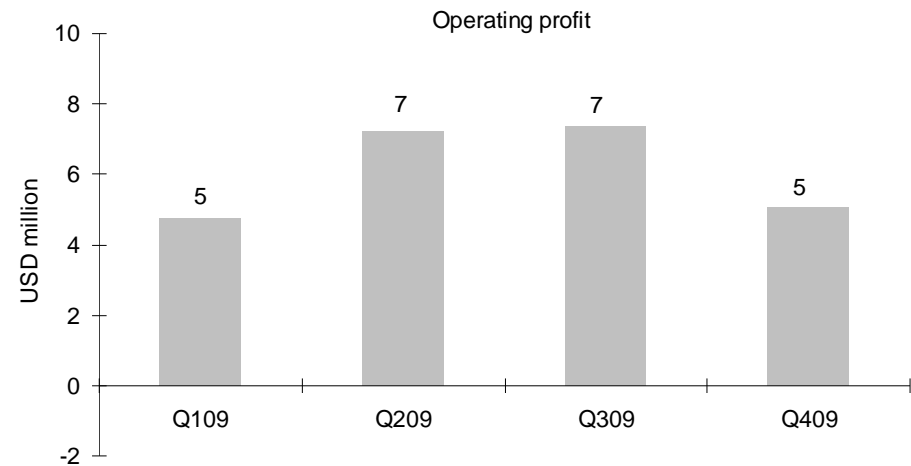
# Mermaid Drilling - performance by quarter



## Revenue



## Operating profit and margin (Excl. Forex)



Operating margin				
Q109	Q209	Q309	Q409	2009
32%	42%	41%	32%	37%

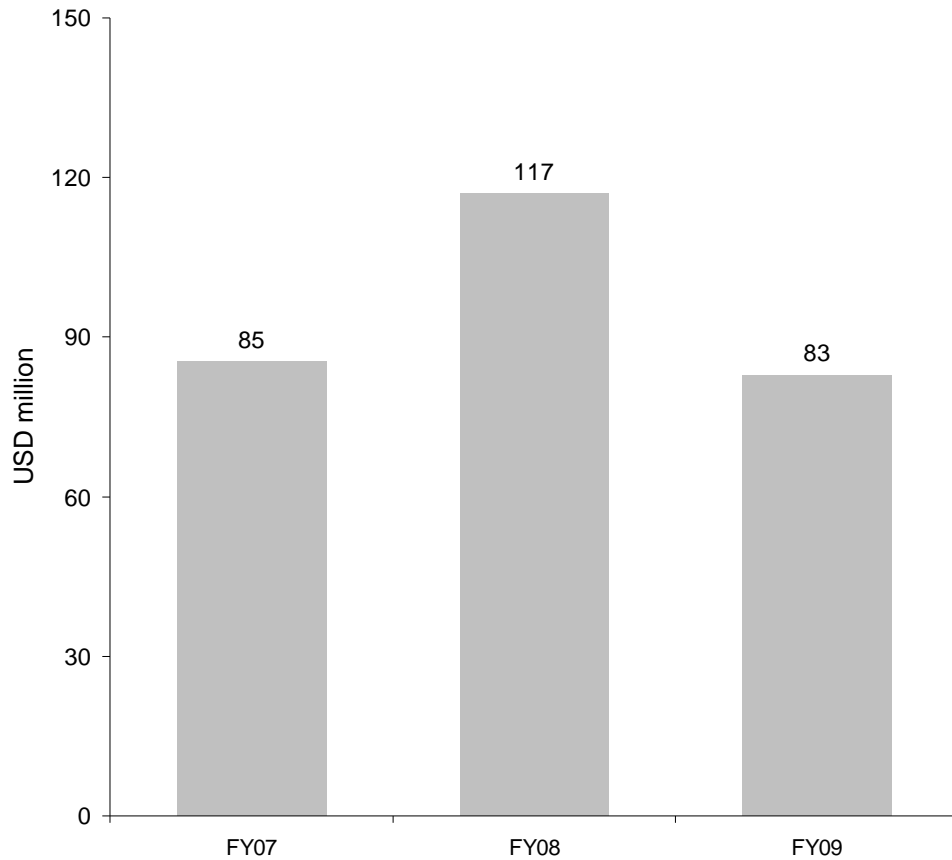
**Mermaid Drilling delivered strong performance in 2009**

Source: Q4/2009 Analyst Presentation

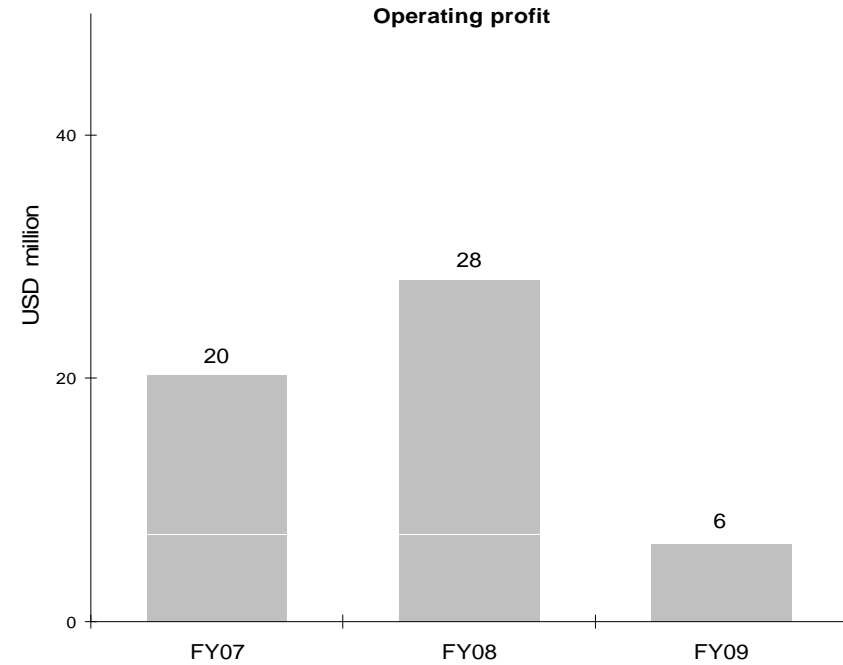


# Mermaid Offshore – performance by year

## Revenue



## Operating profit and margin (EBIT excl. FOREX)



Operating margin		
FY07	FY08	FY09
24%	24%	8%

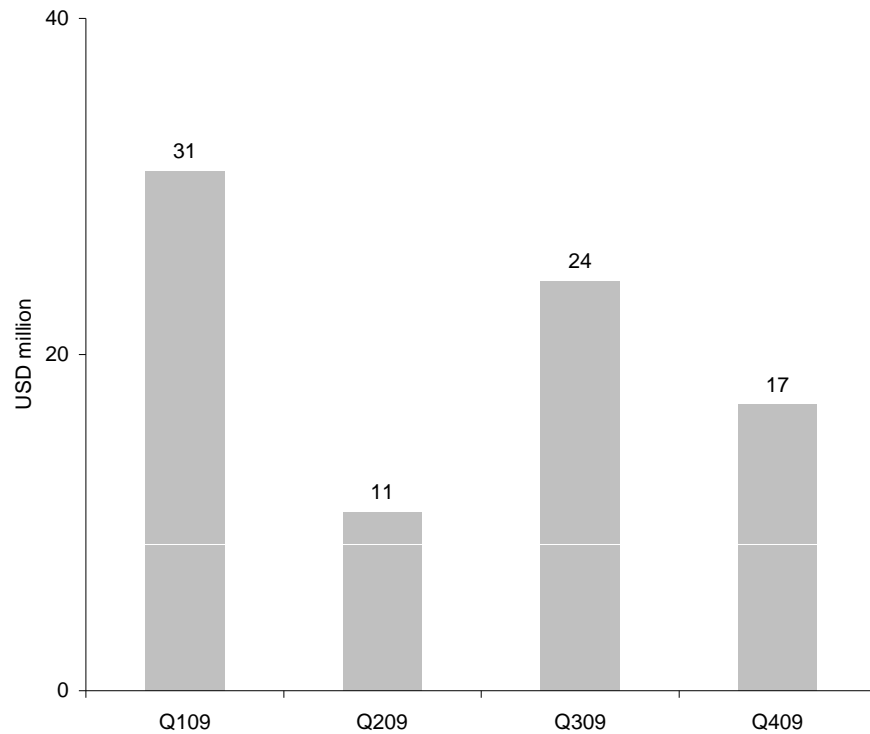
**Mermaid Offshore experienced lower utilization in 2009**



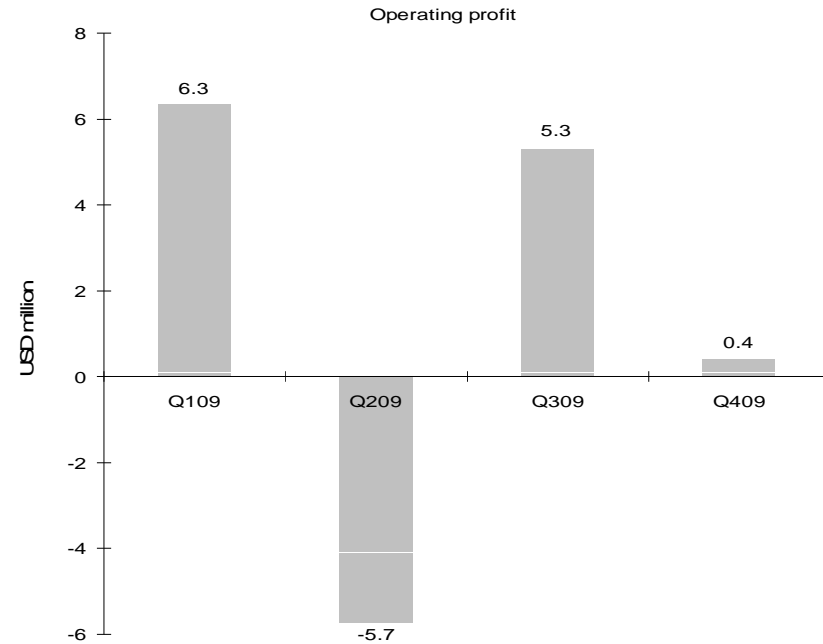
# Mermaid Offshore - performance by quarter



## Revenue



## Operating profit and margin (Excl. Forex)



Operating margin				
Q109	Q209	Q309	Q409	2009
21%	-54%	22%	3%	8%

**Recovery expected to commence from 2010 onwards**

Source: Q4/2009 Analyst Presentation



# Debt repayment schedule



I) As at 30 September 2009, total outstanding long-term debt was equivalent to USD 75.4 million

Unit: Million USD

	Paid		Outstanding loan repayments						
	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016
Repayment amount	12.3	13.7	13.9	21.4	19.2	9.7	9.2	1.6	0.4
Cashflows from operations	23.4	54.7							

A sufficient cashflows from operations to service debts.

II) A summary of undrawn loan facilities for vessel acquisitions.

Unit: Million USD

	30-Sep-09	25-Jan-10
Mermaid Sapphire	8.1	-
Mermaid Endurer	53.7	53.7
KM-1	68.0	52.1
Mermaid Siam ("Team Siam")	-	33.8
<b>Total</b>	<b>129.8</b>	<b>139.6</b>

**94% of total debt denominated in USD including loan swap**



## Strong balance sheet...

(USD million)	FY06	FY07	FY08	FY09
Shareholders' equity	71	86	288	318
Total debt	80	72	58	76
Cash and cash equivalents	6	15	85 <sup>[1]</sup>	43
<b>Ratio analysis</b>				
Total debt / equity	1.1x	0.8x	0.2x	0.2x
Total debt/ EBITDA	2.2x	1.9x	1.1x	1.6x
Total Debt/ operating cash flow	10.5x	2.7x	2.4x	1.3x
Net Asset Value/Share <sup>[2]</sup> (USD)	0.19	0.23	0.53	0.59
EPS <sup>[3]</sup> (USD)	0.04	0.04	0.06	0.04

Healthy ratios ensures sufficient balance sheet capacity for future expansion

[1] Included short-term loans to related parties which were subsequently fully repaid in November 2008

[2] Using outstanding issued shares at end of period

[3] Using weighted average numbers of issued shares during the period

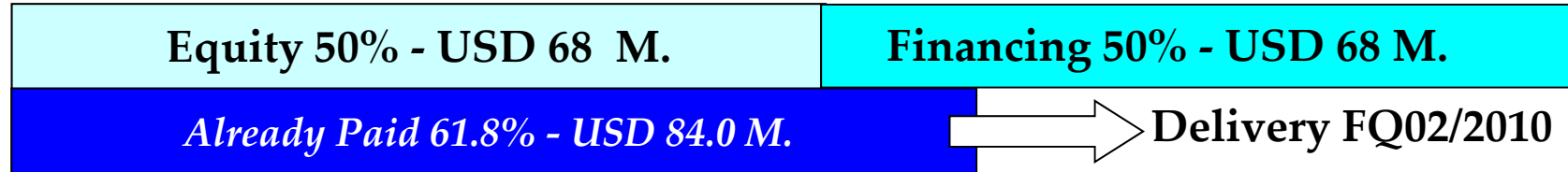
...maintained through high growth phase



# Newbuild projects – payment progress



- 🌀 Tender rig 'KM-1' - USD 136 M.



- 🌀 DP2 'Mermaid Endurer' - USD 91.0 M.



- 🌀 DP2 'M.V. Mermaid Asiana' - USD 78 M. (including acquisition cost of Nemo Subsea)



**Equity and loans secured.  
D/E ratio approximately 0.6 after full drawdown of these loans.**



# Update on Use Rights Issue Proceeds



Unit: Million USD				
Date / Quarters	Descriptions	Uses of Rights Issue		Balance
		Permanent	Temporary <sup>[1]</sup>	
23 Nov 2009	Received of Rights Issue			[2] <b>108.00</b>
Q1/2010	Purchase of M.V. Team Siam	7.38	22.12	
25 Jan 2010	Balance			[3] <b>100.62</b>

Notes:

[1] Funds temporarily used for cash management optimization purposes i.e. to reduce interest expense on borrowing as interest receivable from deposit is lower than interest payable on bank loans. However, funds will be recovered upon bank loan drawdown. "Team Siam" bank financing secured.

[2] Net of estimated issuing costs.

[3] Balance not including temporary uses.

**Cash reserves available for quick growth**

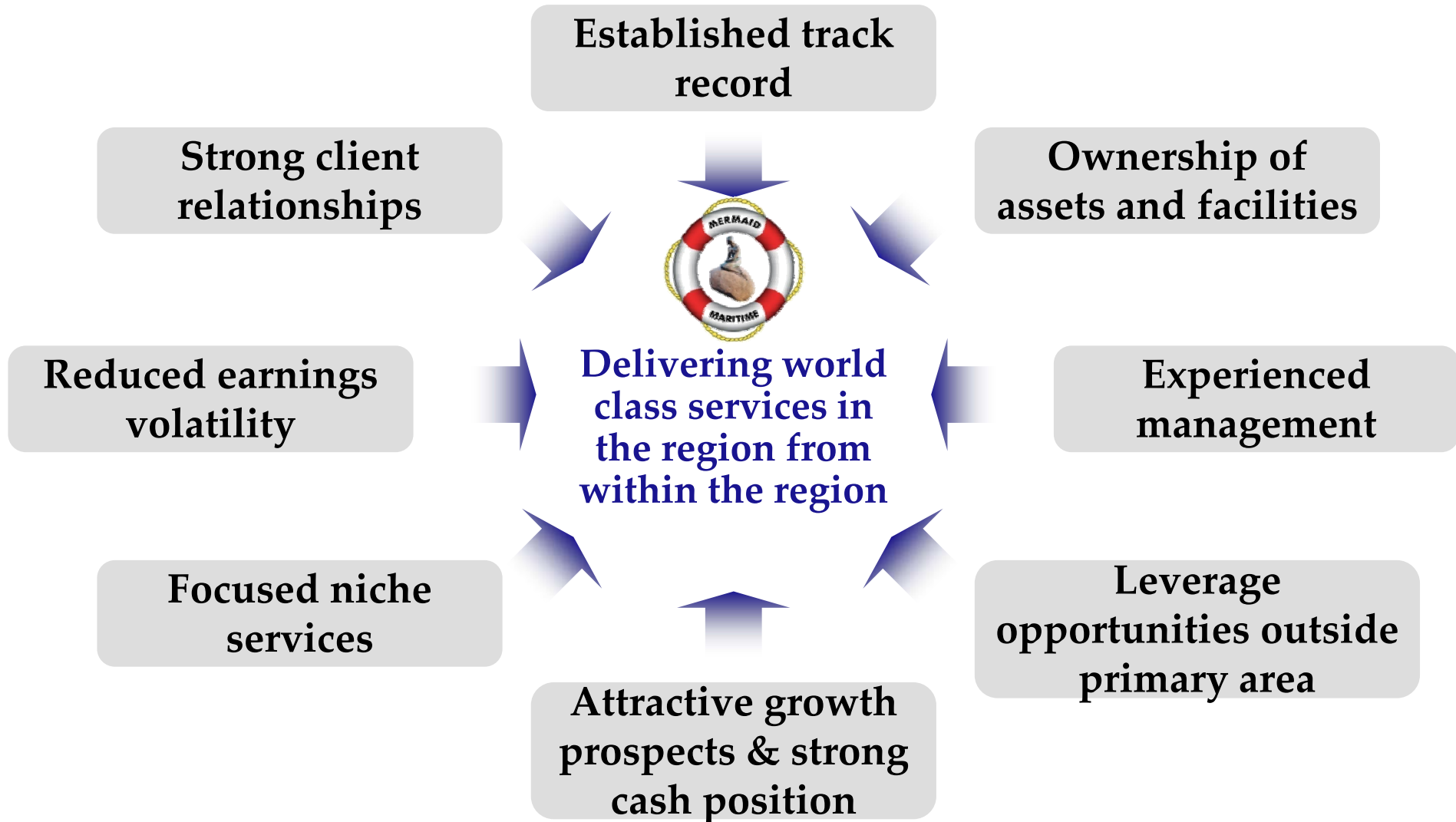
# CONCLUSION







# Mermaid is a leading offshore services provider





# Important Notice



- ❖ In the financial statements, all financial numbers are recorded and presented in Thai Baht in compliance with Thai Law. All financial numbers in this presentation are converted to USD to facilitate use and application by the reader. The conversion rate is the average exchange rate between the buying and selling rates as at 30 September 2009, which is Thai Baht 33.56/USD1.00.
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