



# Mermaid Maritime PLC

## BNP Paribas ASEAN Conference

*Thursday 3 March 2011*

*Conrad Hotel, Hong Kong*



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# Agenda

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- 1. Introduction**
- 2. Subsea Business Overview**
- 3. Drilling Business Overview**
- 4. Financial Overview**
- 5. Summary & Conclusion**
- 6. Questions & Answers**



# 1. Introduction

# An Introduction to the CEO



**Denis W. Welch**  
Chief Executive Officer

## *Professional History*

*Board level appointments in leading international companies across marine, construction, automotive, and aerospace industries.*

*Started career at UK shipbuilder, Swan Hunter as a Naval Architect before joining A&P Appledore ("A&PA"), a marine consultancy working on assignments in North and South America and across Europe.*

*Joined civil engineering company, Cleveland Bridge & Engineering as Deputy Managing Director responsible for manufacturing and commercial functions after which time he held Board positions in both the Automotive and Aerospace Industries.*

*Returned to the marine industry in 2001 taking equity and a directorship in a start-up company, Intelligent Engineering, in partnership with chemical giant BASF.*

*Most recent position as Chief Executive Officer of Drydocks World - Southeast Asia. Managed the post-acquisition merger and restructuring of Labroy Marine and Pan United Marine's rig construction, shipbuilding, shiprepair, and fleet businesses in Singapore and Indonesia into a single operation with central management and common operating system.*

- Aged 61
- Joined Mermaid Maritime as CEO on 15 February 2011
- Naval Architecture graduate from Newcastle University
- Elected member of the ABS

# Overview of Mermaid Maritime Plc



**27**  
Years since Mermaid Maritime's establishment



**5**  
regions in which Mermaid operates



**500**  
skilled workers, crews, technicians, service providers & management

## SUBSEA BUSINESS



**8**  
subsea vessels



**4**  
saturation diving systems



**14**  
remotely operated vehicles



## DRILLING BUSINESS

**2**  
Tender drilling rigs



**2**  
high-spec jack-ups\*



*\* 49% ownership through Asia Offshore Drilling Limited*

Subsea inspection, repair and maintenance

Subsea Infrastructure installation support

Subsea remotely operated vehicle support

Subsea emergency callout service

Subsea salvage

Accommodation rig services

Offshore drilling and workover services

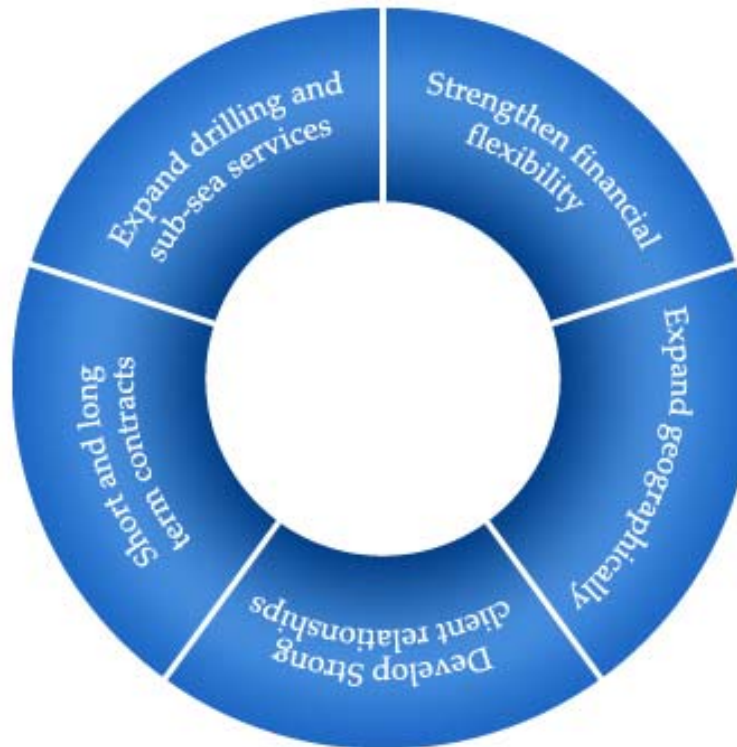


# Two Key Businesses to Balance Earnings



## SUBSEA BUSINESS

- Short to mid-term contracts
- Existing & new subsea infrastructure driven coupled with deeper exploration



## DRILLING BUSINESS

- Typically long-term contracts
- Additional and enhanced production





# Key Milestones

1983  
Established in Thailand

2003  
Purchased 'Mermaid Supporter' vessel

2005  
Expanded subsea business and purchased 'Mermaid Responder' and 'Mermaid Commander'.  
Incorporated Mermaid Drilling Ltd. and commenced offshore drilling services with purchase of tender rigs 'MTR-1' and 'MTR-2'.

2006  
Purchased 'Mermaid Performer'

2007  
Converted to a public company and listed on the Singapore Stock Exchange. IPO raised ~SGD 218 million. Ordered newbuild 'Mermaid Sapphire'.

2008  
Acquired Seascope Surveys for access to hydrographic and positioning services. Took delivery of 'Mermaid Challenger'. Acquired 20% of 'Mermaid Asiana' under construction.

2009  
Acquired 'Mermaid Endurer' under construction. Took delivery of 'Mermaid Sapphire' and purchased remaining 80% of 'Mermaid Asiana' under construction. Raised ~SGD 156 million from rights issue.

2010  
Acquired Subtech to expand subsea services in the Middle East and Persian Gulf. Disposed 'Mermaid Responder', purchased 'Mermaid Siam' and took delivery of 'Mermaid Endurer' and 'Mermaid Asiana' bringing total subsea fleet to 8 vessels. Acquired 49% equity stake in Asia Offshore Drilling with two high specification jack-ups under construction, bring the total potential drilling fleet investment to 4 rigs.



# Board of Directors



6

4

2

1

3

5

7

8

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

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

**5. Surasak Khaoroptham**  
Non-Executive Director

**8. Tom Springall**  
Non-Executive Director

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

**2. Rob Bier**  
Independent  
Non-Executive Director

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

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

**MULTI-DISCIPLINARY BOARD WITH HALF COMPRISING INDEPENDENT DIRECTORS**



# Executive Management



6

4

2

1

3

5

7

**4. Steve Davey**  
Executive Director  
*(Subsea Services)*

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

**5. Boris Vujcic**  
Commercial Manager  
*(Drilling)*

**6. James Nichol**  
General Manager  
*(Drilling)*

**2. Sataporn Amornvorapak**  
Chief Financial Officer

**3. Stephen Lenz**  
Executive Director  
*(Drilling)*

**7. Simon Turner**  
Commercial Director  
*(Subsea Services)*

**SEASONED MANAGEMENT TEAM WITH OVER 500 STAFF**

\* Mr. Denis W. Welch has not joined the company as CEO at the time the above photo was taken



## 2. Subsea Business Overview



# Subsea Services Overview

| Focus Areas                          | Services  |
|--------------------------------------|---|
| <b>Subsea Construction Support</b>   | <ul style="list-style-type: none"><li>• Seabed excavation and trenching</li><li>• Survey and visual inspection</li><li>• ROV/dive support</li><li>• Geotechnical drilling support</li></ul>   |
| <b>Subsea System Installations</b>   | <ul style="list-style-type: none"><li>• Subsea flow base, tree and manifold installation</li><li>• Flow line and umbilical installation and connection</li><li>• Well flow start up</li><li>• Step out of existing infrastructure</li></ul> |
| <b>Subsea Production Maintenance</b> | <ul style="list-style-type: none"><li>• Well intervention</li><li>• Inspection, Repair &amp; Maintenance (IRM)</li><li>• Subsea System Intervention</li></ul>   |
| <b>Vessel Charters</b>               | <ul style="list-style-type: none"><li>• Short and long-term charter of vessels</li></ul>  |

## Key Considerations

*The more complex the tasks, the lower the competition*

*Objective to provide maximum value-add on lump sum or day-rate basis to maximize revenue generation per vessel*

*In areas where company is not competitive, vessel charter approach may be adopted*

*Ideally to go long in a high market and short in a low market (40/60)*



# Subsea Positioning



## Mermaid 's Geographic Focus



## Mermaid's Customers



## Mermaid's Positioning

- Mcdermott (GoM)
- Clough (Australia)



- Technip
- Subsea 7
- Saipem



- MOS
- Microperi
- Seatrucks

### Direct Competitors:

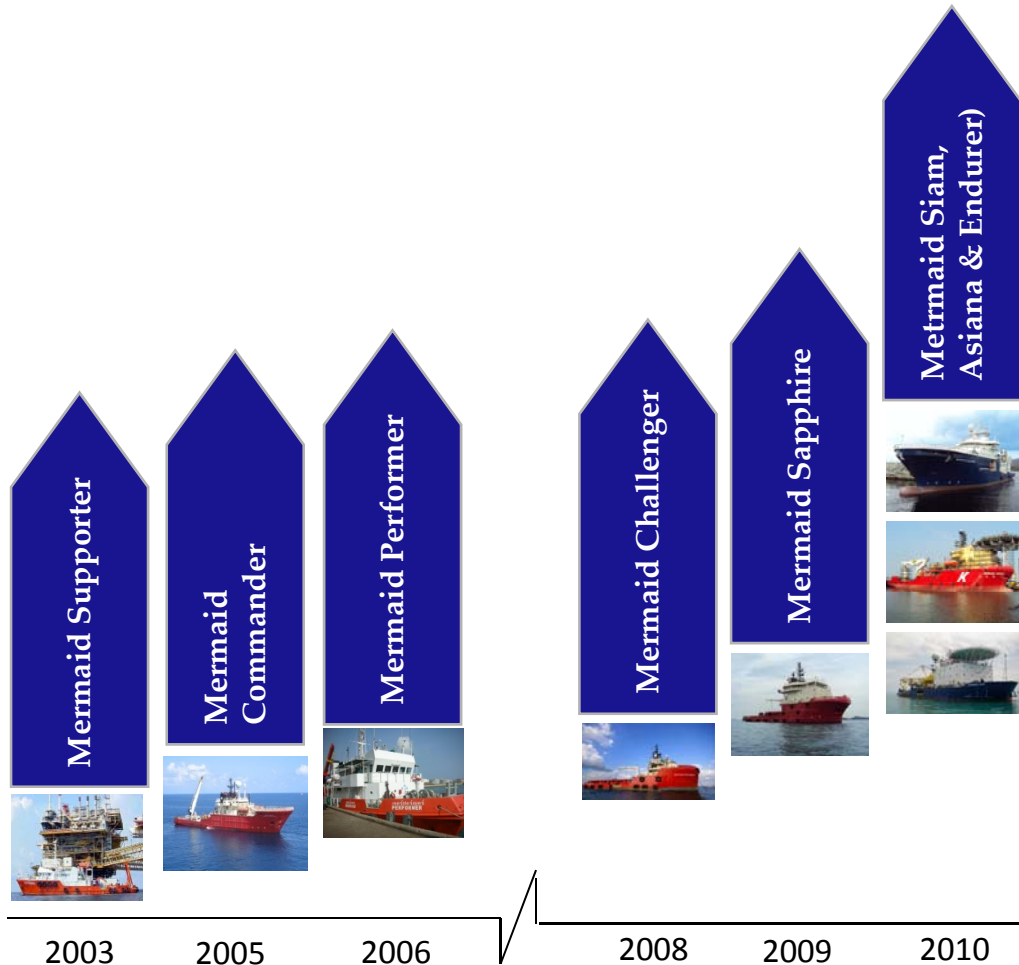
- Hallin
- Bibby
- Caldiva
- ISS

- Oceaneering
- Fugro
- DOF

## Mermaid's Priorities

- CAT 1 Services inclusive work for strategic oil clients**
- CAT 2 Services inclusive work for strategic contractor clients**
- CAT 3 Services/Vessel only for oil companies**
- CAT 4 Services/Vessel only for competitors**
- CAT 5 Services work for competitors**
- CAT 6 Vessel charter work for competitors**

# Subsea Assets Acquisition Program Complete











- *Eight vessels (8) in the subsea fleet all of which have now completed work. The technical performance of the vessels has been exceptional and justifies the investment.*
- *The Company now owns one of the youngest (Average fleet age: 11 years) and most modern fleet of high-spec subsea vessels in the Asia-Pacific region.*
- *The company continues to invest in the maintenance of the fleet and will have one vessel out for a scheduled dry docking in the next quarter.*

[1] This chartered vessel "Team Siam" was purchased in 2010.  
[2] Mermaid Responder was sold in 2010  
[3] Above refers to calendar year



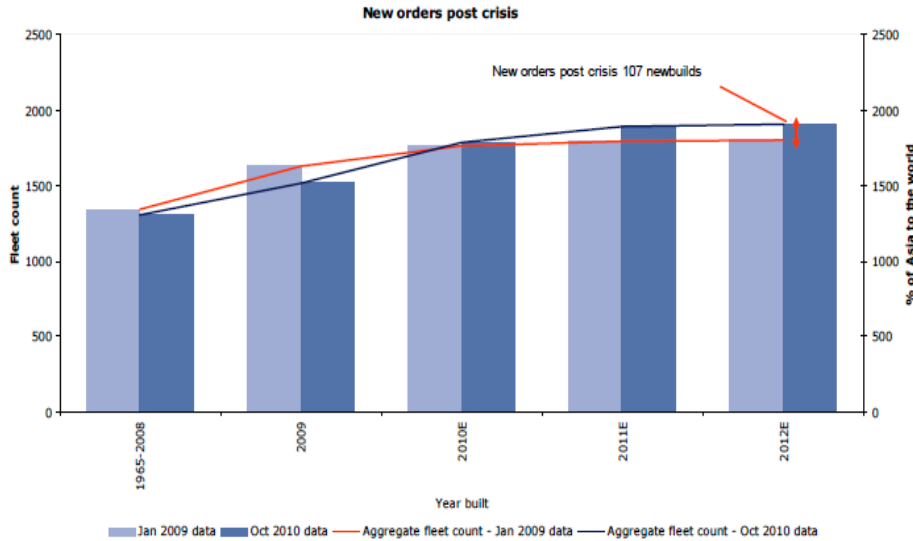


# Subsea Fleet – Vessel Type

| Vessel Type                                 | Purpose  | Vessels in Our Fleet   |
|---|--|--|
| <b><i>Diving Support Vessels (DSVs)</i></b> | <p>Diving support vessel is a vessel that is used as a floating base for commercial diving projects. It usually includes a Dynamic Positioning (DP) system to maintain the ships position over a dive site by using multi-directional thrusters controlled by onboard computers, and Saturation (SAT) Diving System, which allows professional divers to live and work at depths greater than 160 ft for days or weeks at a time. There are a number of support systems for the saturation system on a DSV, usually including a Remotely Operated Vehicle (ROV) and heavy lifting equipment.</p> |  <br>  |
| <b><i>Utility Vessels</i></b>               | <p>Utility boats (mini-supply vessels) are typically used to support production operations, providing storage space, emergency standby, and transporting personnel between platforms. Utility boats are well suited to support smaller, near-shore production facilities.</p>  |  <br>  |
| <b><i>ROV Support Vessel</i></b>            | <p>An ROV support vessels is usually built to accommodate and operate remotely operated underwater vehicle (ROVs), which are unoccupied, highly maneuverable robots operated by a person aboard a vessel. They are linked to the vessel by a tether (sometimes referred to as an umbilical cable), a group of cables that carry electrical power, video and data signals back and forth between the operator and the vehicle.</p>  |   |



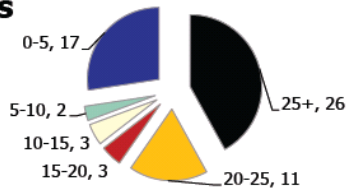
# Subsea Vessels Demand/Supply



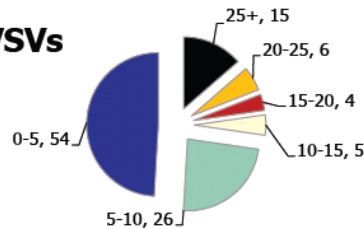
- Newbuild vessels that are coming into the market over the next 1-2 years, were largely ordered during the peak cycle in 2008-2009.

- Demand and supply balance has improved with slowing incremental (rate of acceleration) supply of vessels from 2011 onwards.

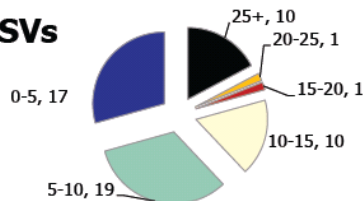
## DSVs



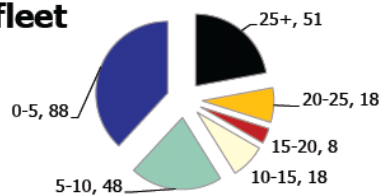
## ROSVs



## LAYSVs



## All fleet



- 65% of vessels more than 20 years old. 40% of vessels more than 25 years old. Vessel retirement can return market to balanced state.

- Mermaid competes primarily in the DSV market where the average age of the fleet is the oldest.

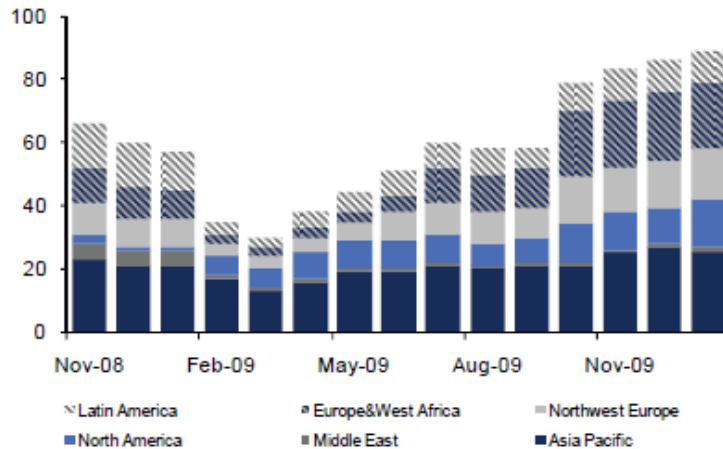




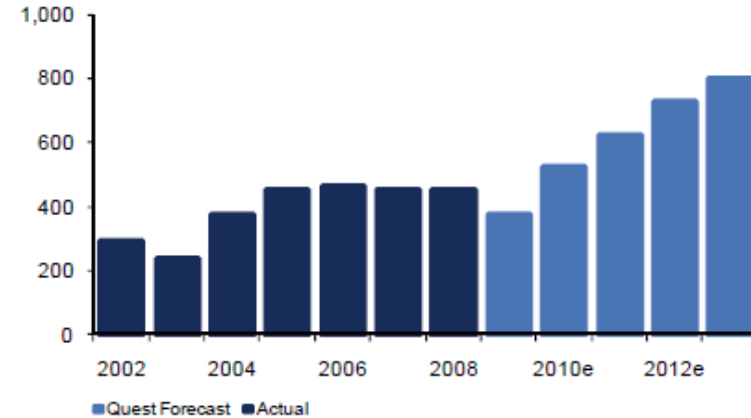
# Increasing tendering activity in the global subsea sector

## Global outstanding subsea tender requirements vs. number of expected subsea awards

No. of outstanding subsea tenders requirements



Subsea tree awards (no of trees)

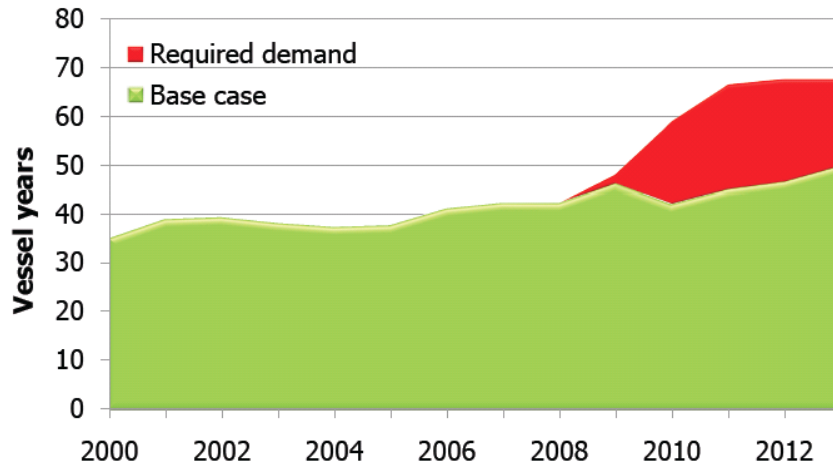


## Known offshore projects in South East Asia with first oil from '10e

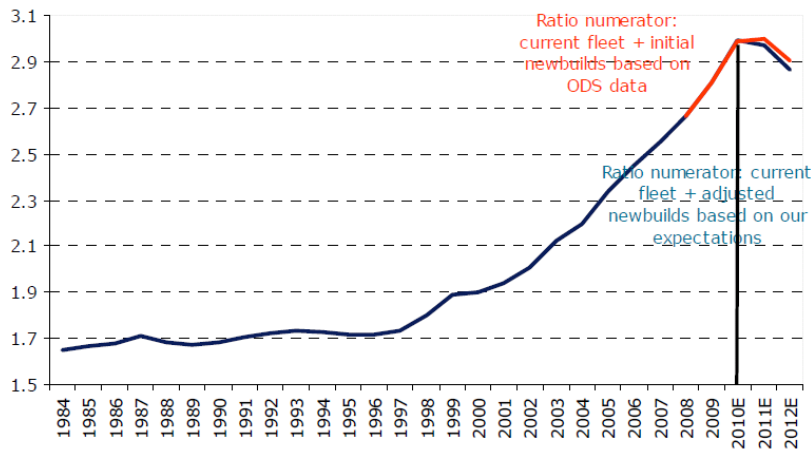
| Project               | Country         | Block/Location            | Operator     | Award | First oil | Total reserves mboe | Water depth (m) |
|-----------------------|-----------------|---------------------------|--------------|-------|-----------|---------------------|-----------------|
| Terang Sirasun        | Indonesia       | Kangean                   | EMP          |       | 2010e     | 463                 | 200             |
| Pagerungan Utara      | Indonesia       | East Java                 | Kangean      |       | 2010e     |                     |                 |
| Te Giac Trang         | Vietnam         | Block 16-1 Cuu Long Basin | PetroVietnam | 2010e | 2011e     | 300                 | 45              |
| South Mahakam Phase 1 | Indonesia       | Kalimantan                | Total        |       | 2012e     | 200                 |                 |
| Malakai               | Malaysia        | Block G                   | Shell        |       | 2012e     | 108                 | 480             |
| Pisagan               | Malaysia        | Block G                   | Shell        |       | 2012e     | 56                  | 1,000           |
| Bongkot South         | Thailand        | Gulf of Thailand          | Total        |       | 2012e     |                     |                 |
| Gendalo-Gehem         | Indonesia       | Kutei Basin               | Chevron      | 2010e | 2013e     | 1,100               | 1,000-1,800     |
| Malikai               | Malaysia        | Block G                   | Shell        | 2010e | 2014e     | 108                 | 480             |
| Voi Trang             | Vietnam         | Block 16-1                | PetroVietnam |       | 2014e     |                     |                 |
| Sunrise Ph1           | Timor/Australia | Timor Leste island        | Woodside     | 2011e | 2015e     | 32,268              | 180-400         |



# 2012 is the turning point



- In Asia, we continue to see OSV demand in Australia (to support the offshore LNG developments), Indonesia (Chevron and independent Murphy Oil looking large AHTS and PSVs) and Malaysia (higher E&P activity, driven by Petronas and partners).
- Deepwater demand stabilized in 2009 and is now at higher level than before.
- Ratio of OSV to rigs expected to fall to 2.9 in 2012 vs 3.0 in 2010/2011, we expect demand to pick up in 2012 when the OSV growth dampens and more rig units enter the market.

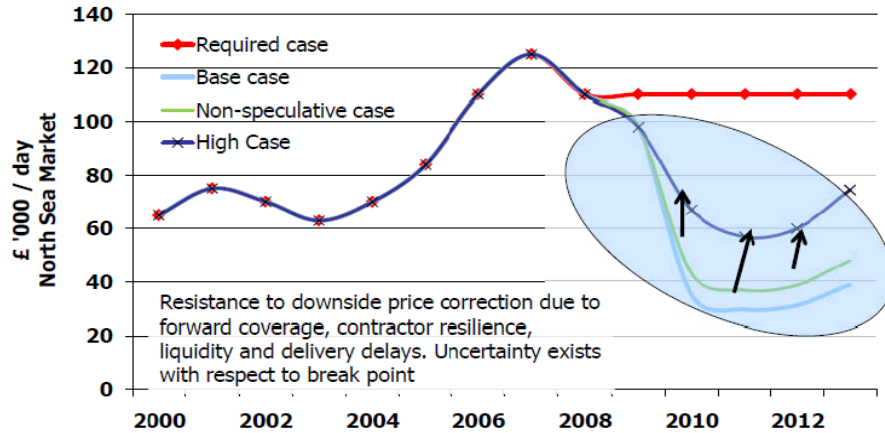


Source: ODS-Petrodata, DnB NOR Markets, Nov '11,; Strategic Offshore Research, Global Sunsea Market to 2013

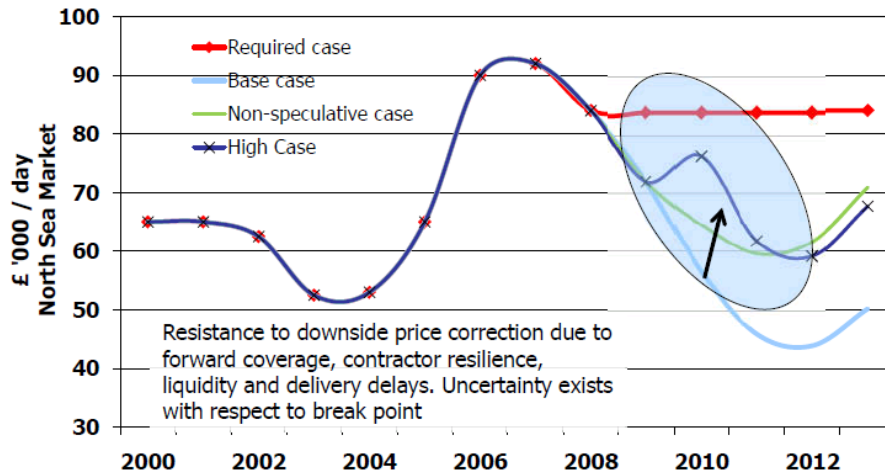


# Improving longer-term rates outlook

## DSV rates in 4 scenarios



## LAYSV rates in 4 scenarios



- Rates weakened further in 2009 although this was supported by forward coverage & commitments.
- Increasing utilization becomes more important than high rates to maintain cashflow.
- A 30% increase in demand is required to lift rates to previous peak levels though in the medium term, there will continue to be weakening of rates.



# Subsea Business Strategy

## Market Forces

- *High exposure to the spot market*
- *Quality assets being used below full capability*
- *Capacity to improve the rates by 5-10%*

## Subsea Strategy

### 2011

- Improve utilization
- Improve soft systems
- Pragmatically take revenue

### 2012

- Increase added value services
- Reduce overhead costs
- Reduce charters

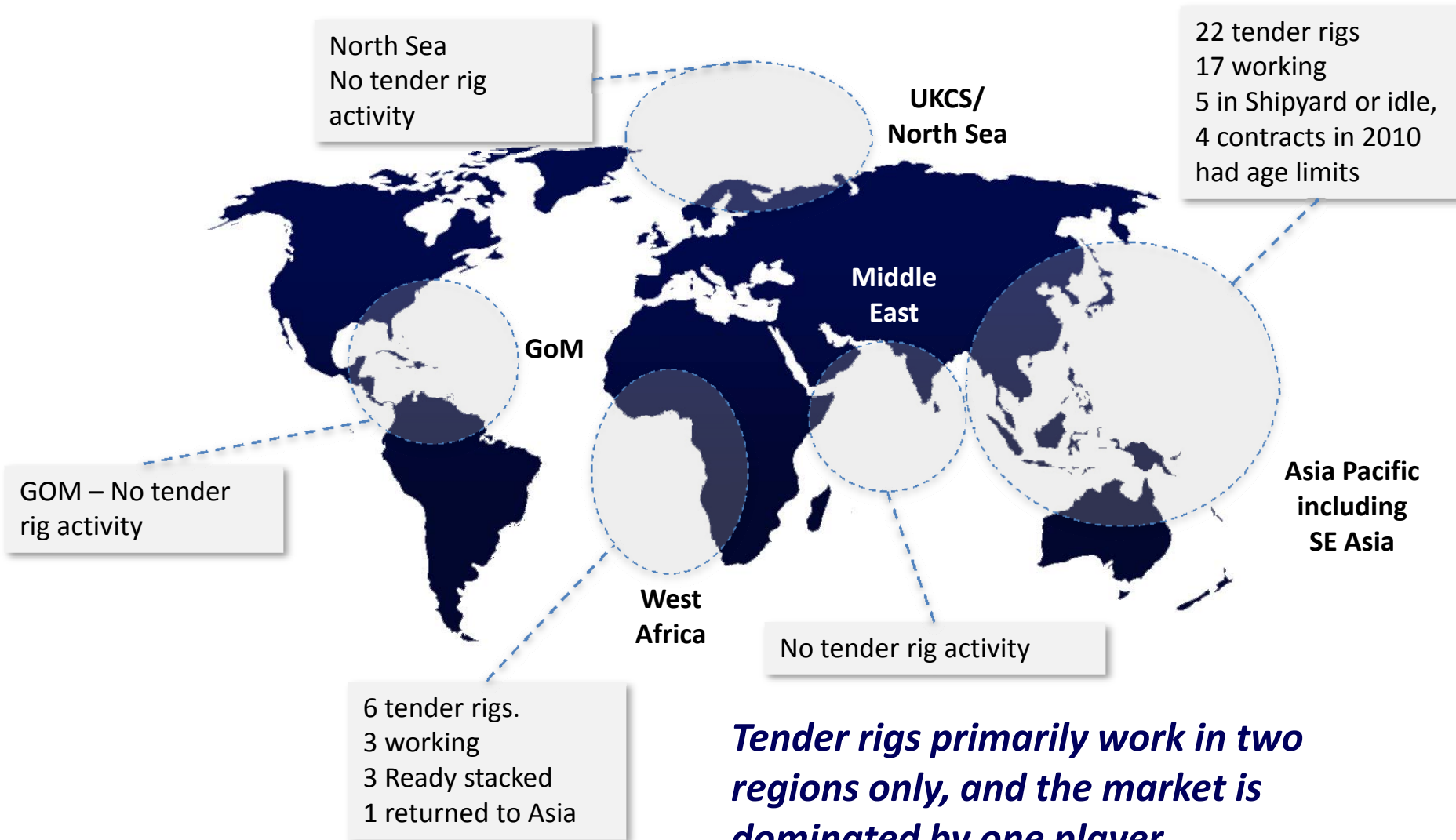
### 2013

- Leverage key clients
- Expand services
- Capture more value



### **3. Drilling Business Overview**

# Tender Market



***Tender rigs primarily work in two regions only, and the market is dominated by one player***

# Drilling Business Strategy



- *No accidents or incidents.*
- *Close client working relationship.*
- *Continue efficient operations within budget & utilization targets.*
- *Retention of experienced and capable drilling staff to new units coming out over next few years.*
- *Develop AOD into an international drilling rig owner and operator with a strong focus on Asia through its internationally experienced management team.*

# Drilling Operations Update



## MTR-1



Enroute to SE Asia

Status: Waiting next contract award

Client: NA



## MTR-2



Location: Indonesia

Status: Active in drilling operations

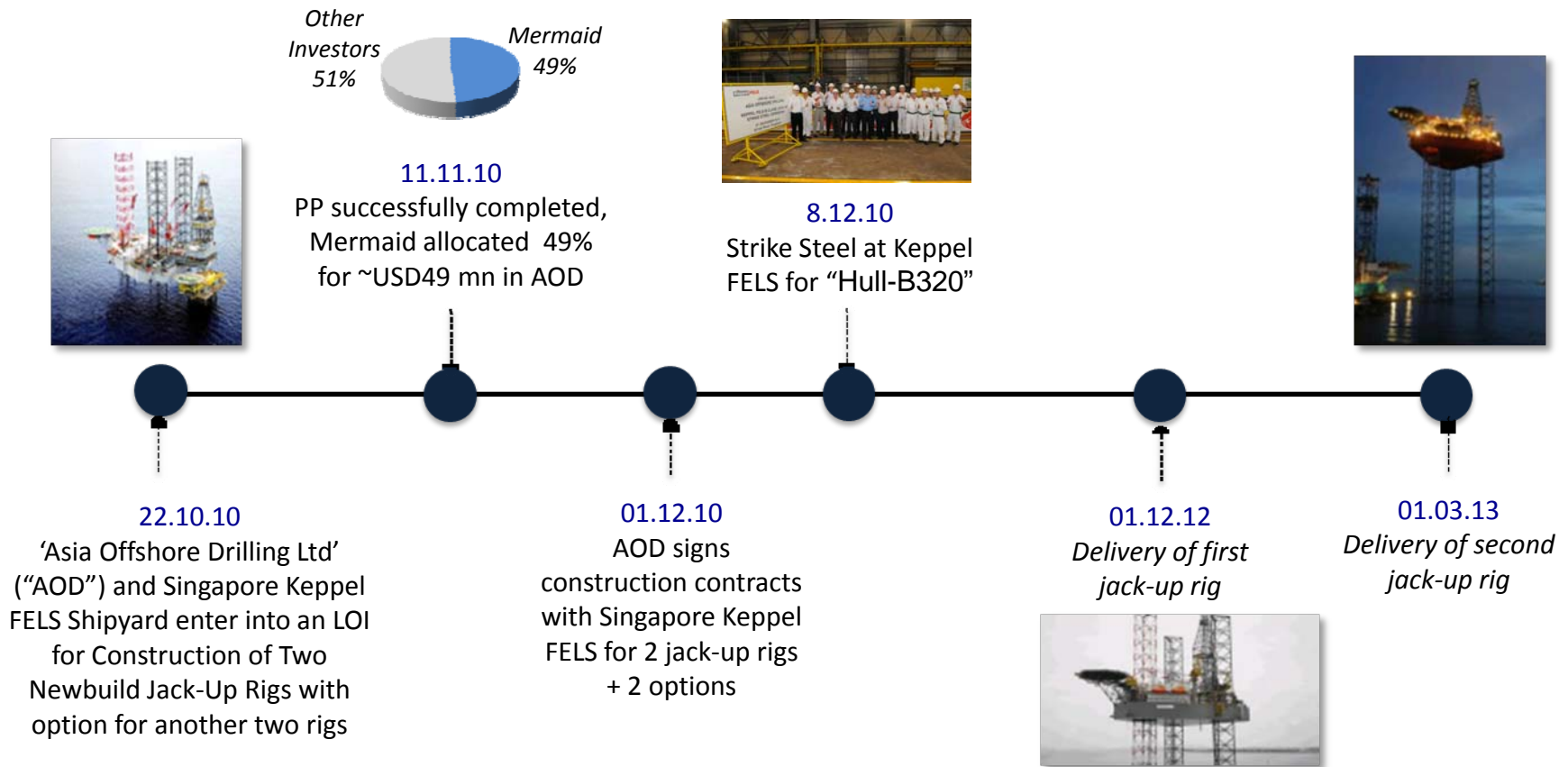
Client: Chevron Indonesia

- *MTR-1: Reached settlement with CUDD Pressure Control for USD3 mil. Actively marketing the unit as accommodation and/or construction support in Middle East & as tender drilling rig in SE Asia. Due for Classification Society Hull inspection for 2011.*
- *MTR-2: Contracted with Chevron (Indonesia) until March 2011. In process of tendering for further work in SE Asia to follow on from Chevron contract. MTR-2 is due for Hull Inspection in 2011 & could be off-contract for a planned period 7-10 days to complete all classification society inspections & certification.*





# Drilling Assets - Asia Offshore Drilling



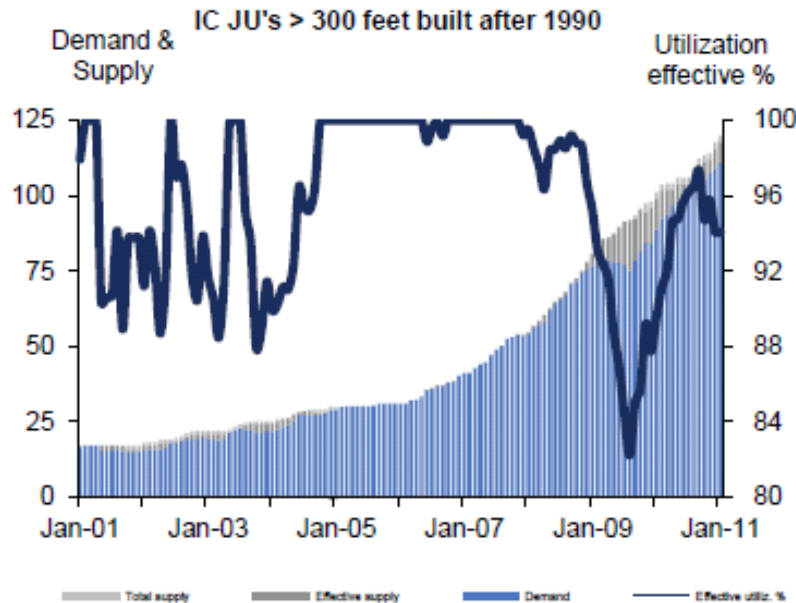
- The value of the first two jack-up rigs is estimated to be ~USD 180M each, and the total estimated value the two jack-up rigs, including options for another two units, if exercised, is expected to be above USD 720M.



# New vs. Old Jack-up Utilization

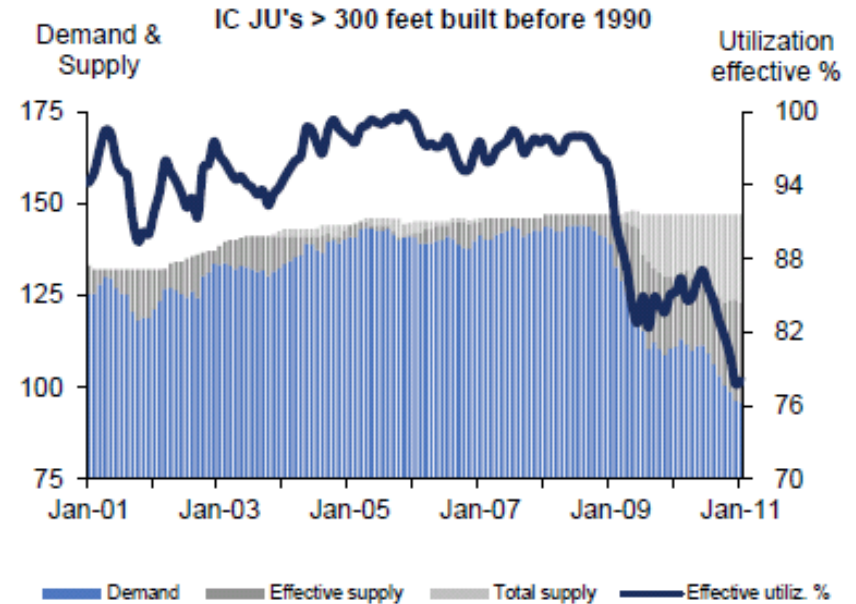
## New vs. old jackup utilization

### New jackup utilization



- ▶ Utilization for new rigs (less than 10yrs old) bottomed out October 2009
- ▶ Current 94% utilization healthy for dayrates – new rigs entering the market replaces old units if not incremental demand is present

### Old jackups utilization

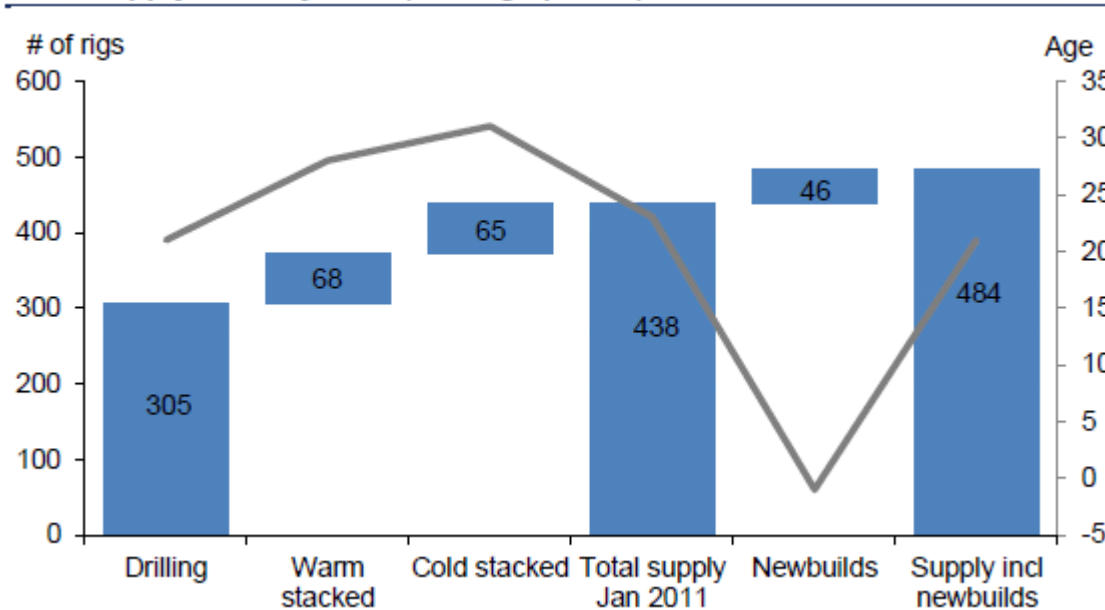


- ▶ Utilization for older jackups have not recovered since financial crisis started
- ▶ Incremental demand for older units can pick up, especially if call-on-Opec increases
- ▶ However, demand from oil companies have shifted towards newer equipment in general

# Supply/Demand in the Jack-Up Market (10 years)



Total supply January 2011 (incl. age profile)



- 68 cold stacked jack-ups projected to never enter the market again. Another ~170 jack-ups projected to be obsolete in 2015. Rest of the 1980 built jack-ups will be inactive units in 2020.
- Clear trend that new rigs will get work and replace older units as oil companies prefer newer assets.

2008-2020E supply demand balance

| Year         | Effective supply* | Demand | Deficit (-), surplus (+) |
|--------------|-------------------|--------|--------------------------|
| August 2008. | 411               | 391    | 20                       |
| 2011         | 373               | 330    | 43                       |
| 2015E        | 258               | 400    | -142                     |
| 2020E        | 164               | 400    | -236                     |

**150-200 new jack-up rigs needed by 2020**

\* Effective supply adjustments:

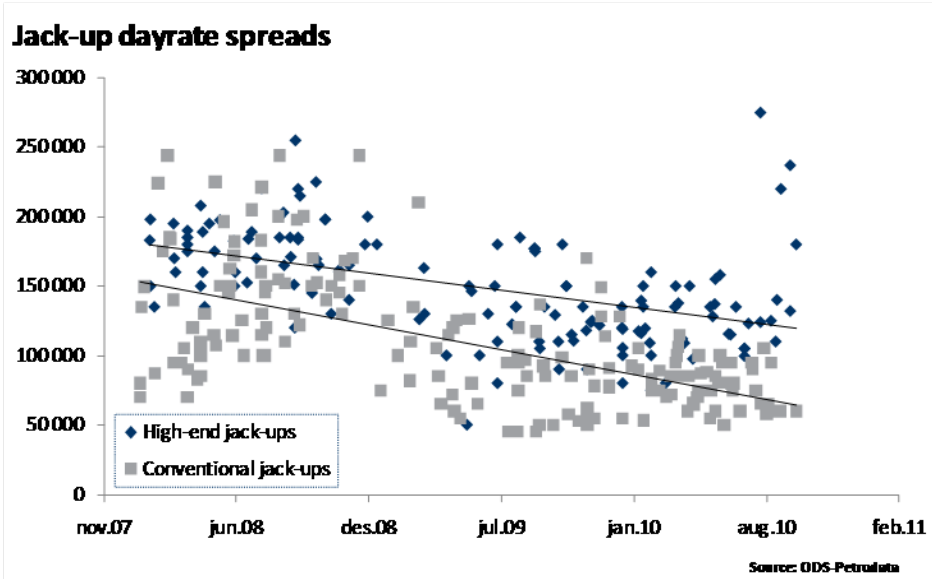
2011 (ex. cold stacked)

2015 (incl. new builds, ex. 2011 cold/w arm stacked and 94 oldest working units)

2020 (incl. new builds, ex. all the older units)



# Increasing Spreads for Jack-Up Day-Rates



## Dayrate Overview

|                                | YE 2010 Estimate | Current \$'/day | -6 mnths. \$'/day | -1 year \$'/day |
|--------------------------------|------------------|-----------------|-------------------|-----------------|
| High Spec JU <sup>1)</sup>     | 125              | 120             | 135               | 150             |
| 250 feet JU USGoM              | 45               | 45              | 45                | 60              |
| 5G harsh <sup>2)</sup>         | 450              | 525             | 525               | 550             |
| 5G International <sup>3)</sup> | 450              | 500             | 510               | 550             |
| 3G Norway <sup>4)</sup>        | 325              | 350             | 350               | 450             |
| Standard semis UK              | 250              | 250             | 250               | 350             |

1) 300 feet+ IC jack-ups less than 5 yrs old

2) Includes Norway, UK and Canada, limited number of units currently working in this segment

3) High spec. 5th gen. International (USGoM, West Africa etc.)

4) Rates for 4th Gen units ~\$'/day 50' higher

## Spread in day-rates and values due to :

1. More efficient conventional drilling from newer units
2. Inability of vintage jackups to handle high pressure wells
3. Deck capacity larger on new units – positive for deep wells and wells far from shore (reduced supply vessel costs)
4. Safety for employees, in addition to comfort

**Increasing spreads for Jack-up day rates with higher spec rigs achieving 150-160' \$/day**



## 4. Financial Overview



# Financial Highlights FY2010

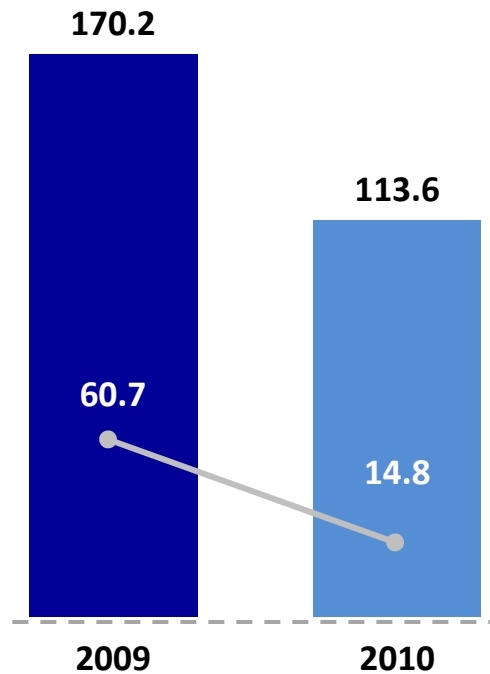
## Year on Year Comparison

■ Revenue (in ~USD millions)

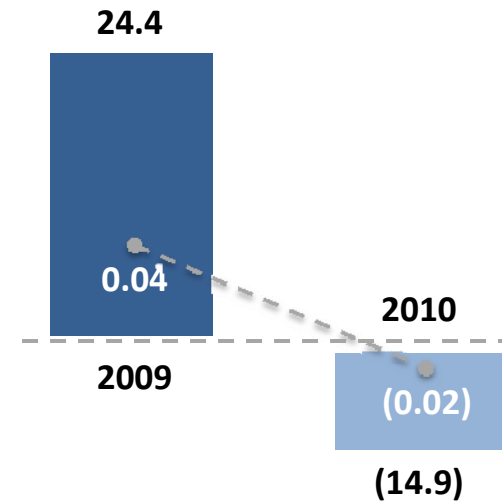
●—● Operating Cash Flow  
(in ~USD millions)

■ Net Profit (Loss) (in ~USD millions)

●- - -● Basic and Diluted EPS



**Revenue Growth/Decline  
& Operating Cash Flow**



**Net Profit (Loss) Growth/Decline  
& Basic and Diluted EPS**

*Not to scale. For illustrative purpose only*

# Highlights 1Q2011



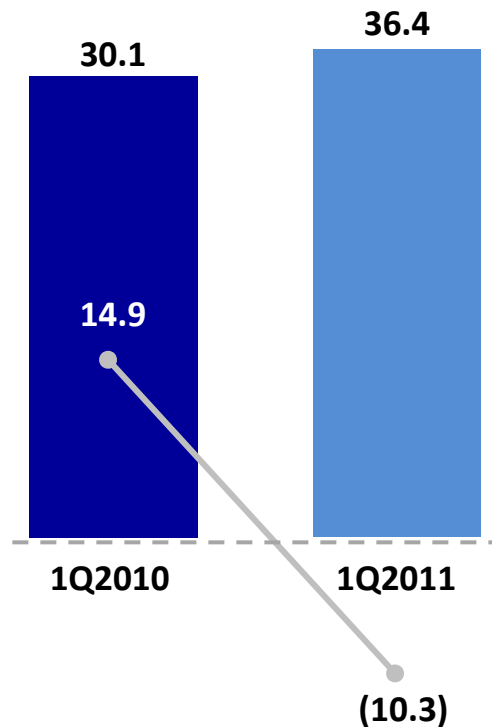
## Year on Year Comparison

■ 1Q2011 Revenue (in ~USD millions)

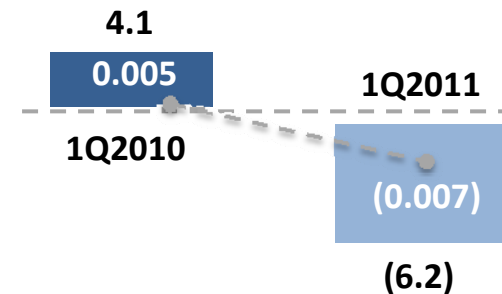
●—● Operating Cash Flow (in ~USD millions)

■ 1Q2011 Net Profit (Loss) (in ~USD millions)

●- - -● Basic and Diluted EPS



**Revenue Growth/Decline  
& Operating Cash Flow**





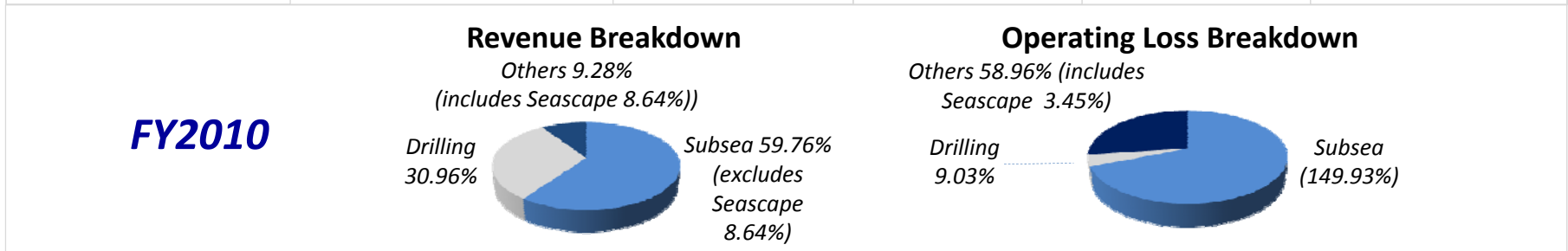
**Net Profit (Loss) Growth/Decline  
& Basic and Diluted EPS**

*Not to scale. For illustrative purpose only*

# 1Q2011 Sector Breakdown



|   | Description  | Service Income           | Operating Profit/Loss    | Operating Margin             | Utilization Rate           |
|---|--|--------------------------|--------------------------|------------------------------|----------------------------|
| <b>Subsea Services</b><br>   | Inspection, repair and maintenance; Infrastructure installation; Deepwater ROV support; Emergency call out services; Salvage | 2010: 22.0<br>2011: 25.3 | 2010: 2.6<br>2011: (4.3) | 2010: 11.9%<br>2011: (17.2%) | 2010: 45.8%<br>2011: 51.2% |
| <b>Drilling Services</b><br> | Floating rigs, Accommodation rigs  | 2010: 8.6<br>2011: 8.7   | 2010: 1.2<br>2011: 1.5   | 2010: 13.8%<br>2011: 17.5%   | 2010: 49.9%<br>2011: 63.6% |

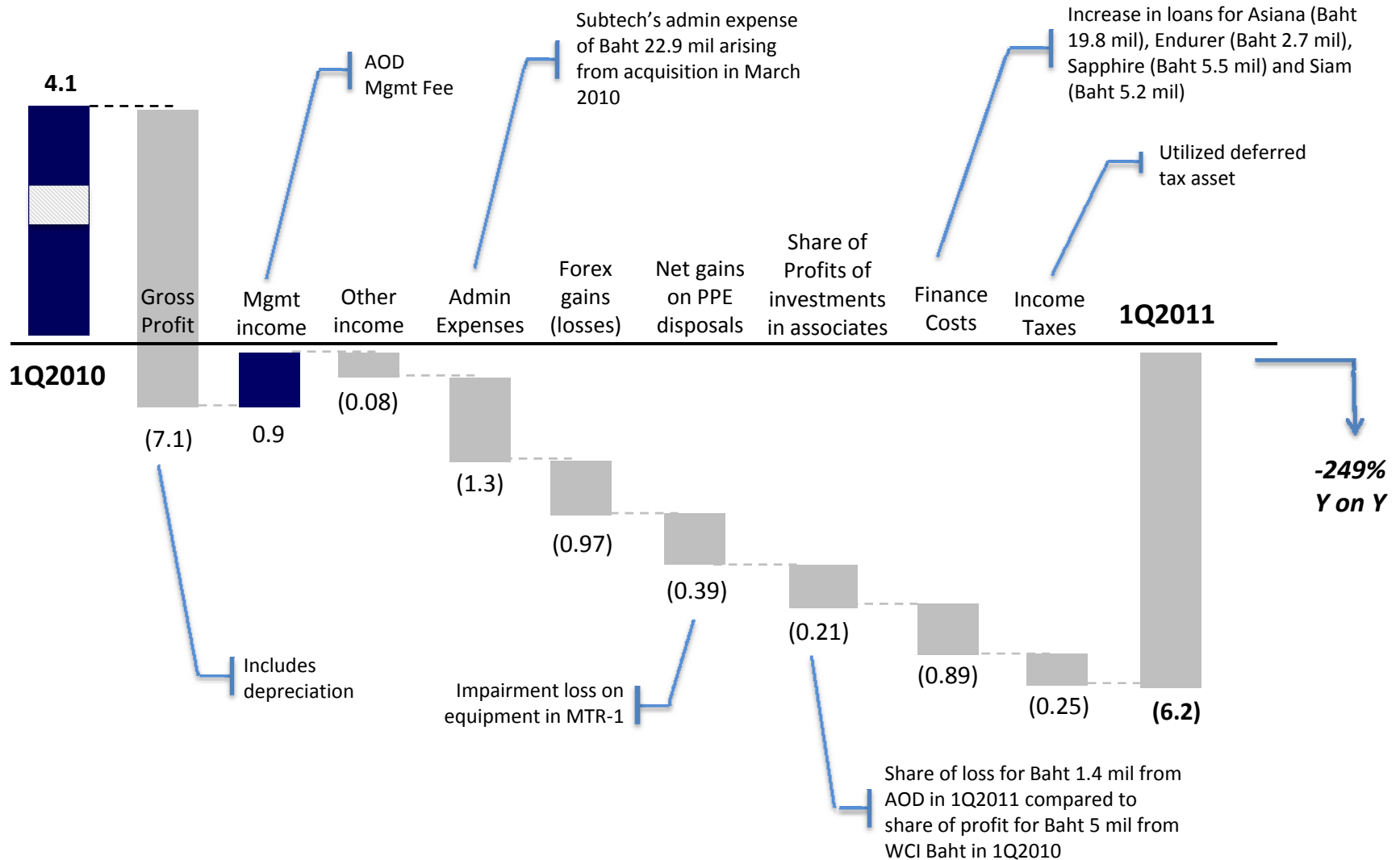






# 1Q2011 Profits & Losses

All units in THB millions

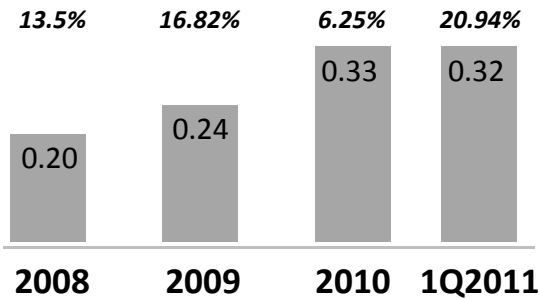


Not to scale. For illustrative purpose only



# Debt structure

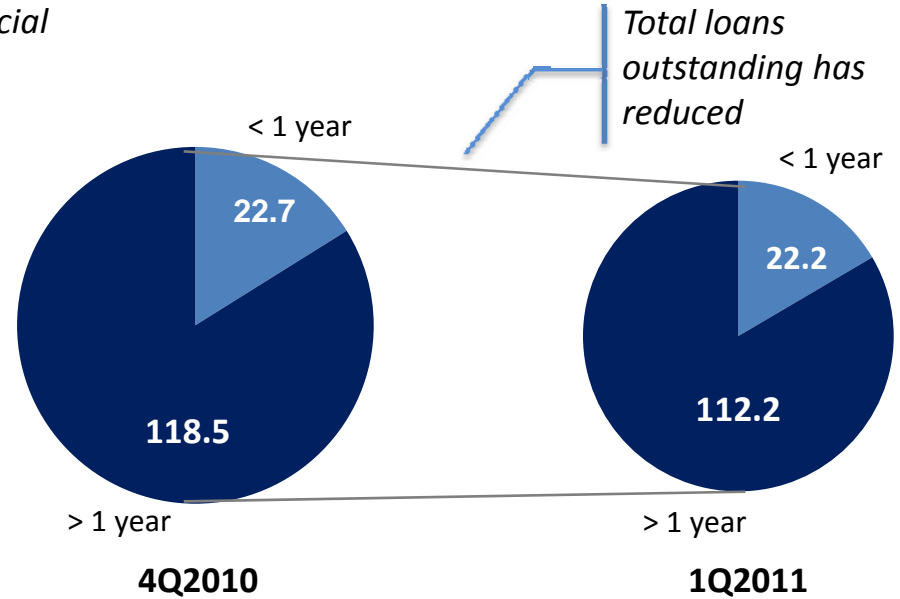
Net D/E (Times)  
Net gearing (%)



Low D/E ratio  
allows financial  
flexibility

## Loan Maturity

Units in ~USD millions



Total loans  
outstanding has  
reduced

| Repayment amount | Loan Repayment Schedule (USD Million) |        |        |        |        |        |        |        |        |
|------------------|---------------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|
|                  | FY2011                                | FY2012 | FY2013 | FY2014 | FY2015 | FY2016 | FY2017 | FY2018 | FY2019 |
|                  | 16.9                                  | 21.7   | 17.5   | 16.9   | 12.4   | 12.1   | 8.6    | 26.1   | 3.7    |

# Balance sheet



Total Assets /  
Total Liabilities &  
Shareholders  
Equity

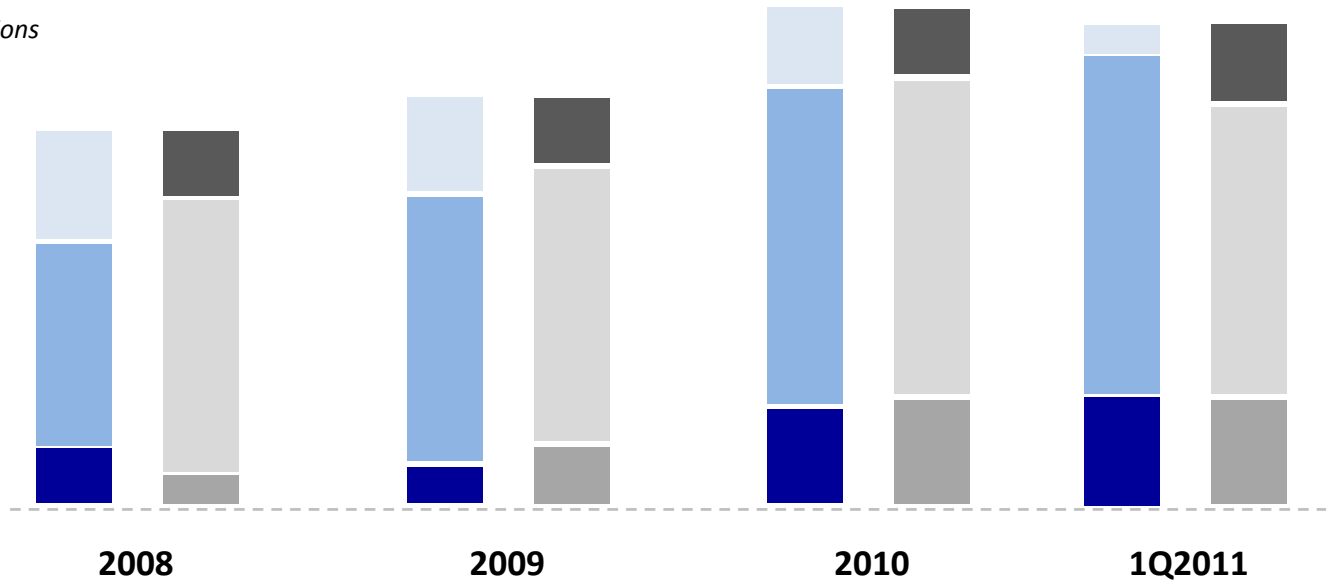
430.6

475.6

582.9

572.1

All units in ~USD millions



- Cash
- Fixed Assets
- Other Assets
- Shareholders Equity
- Other Liabilities
- Current Liabilities

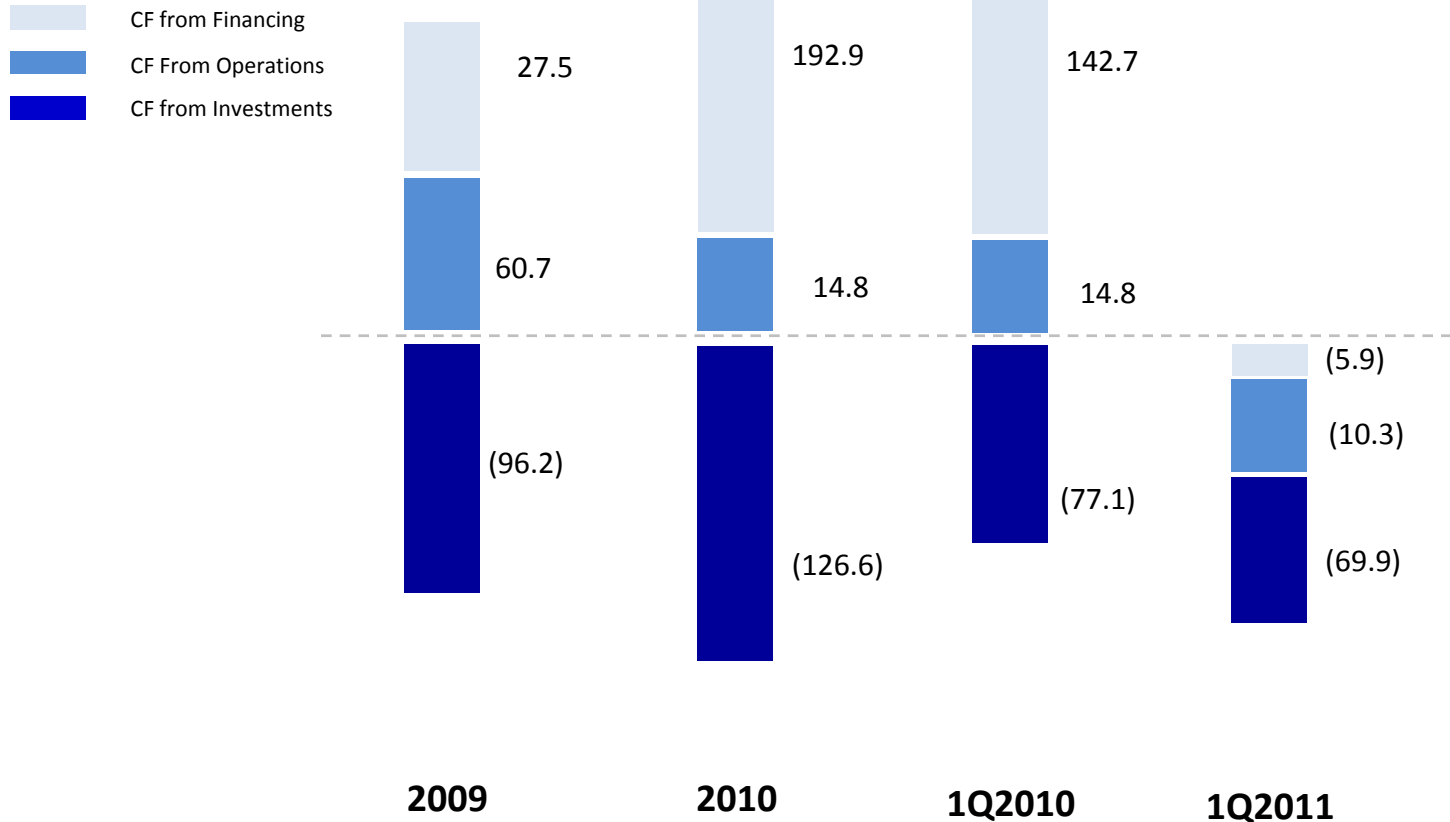
**Robust balance sheet with  
cash of a little over  
USD 70mil**



# Cash flow

|   |      |       |       |      |
|---|------|-------|-------|------|
| Cash & Cash Equivalents                 | 47.4 | 122.3 | 128.3 | 34.8 |
| Short-Term Investments (fixed deposits) | 10.9 | 19.8  | 10.8  | 39.1 |

All units in ~USD millions



**FD has increased. Total cash in hand of ~USD 70mil**

**Mainly from Subscription for 49% of PP in AOD**



## 5. Summary & Conclusion



## 6. Questions & Answers