



# Mermaid Maritime PLC

**OSK/DMG ASEAN Corporate Day Conference**

*Friday 1 July 2011*

*Ritz Carlton Hotel, Singapore*



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# Agenda

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



# 1. Introduction

# 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

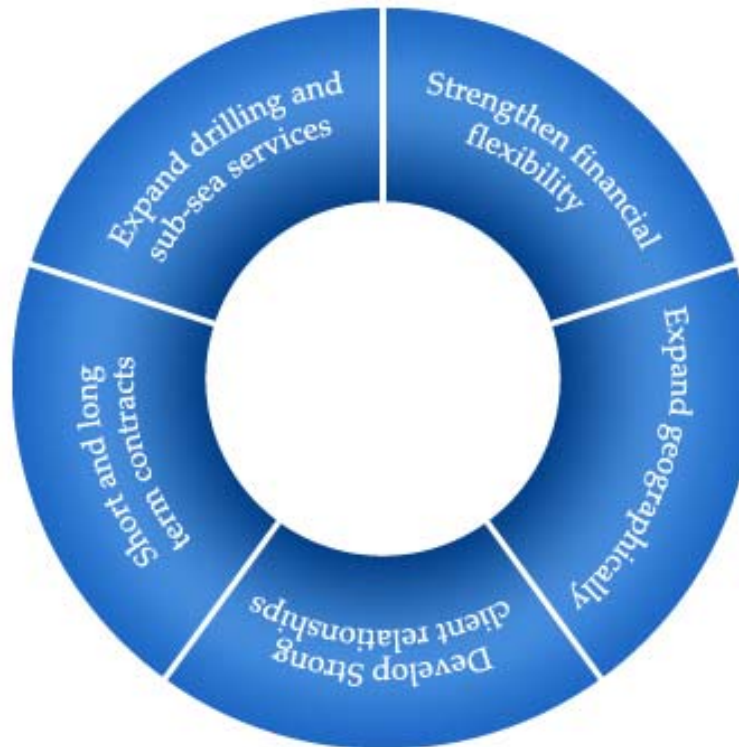


# Two Key Businesses to Balance Earnings



## 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

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'.

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 with Keppel FELS, bring the total potential drilling fleet investment to 4 rigs.

2011  
Asia Offshore Drilling (AOD) applied for and received approval for listing in Oslo Axess in June.

AOD announced increase of capital to raise funds between USD 53-105 million through private placement to exercise rig options with Keppel FELS.

Mermaid commenced strategic initiative for Mermaid Offshore to enhance shareholder value.

# 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. Denis Welch**  
Chief Executive Officer

**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**  
Operations Director  
*(Subsea Services)*

**SEASONED MANAGEMENT TEAM WITH OVER 500 STAFF**



## 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:

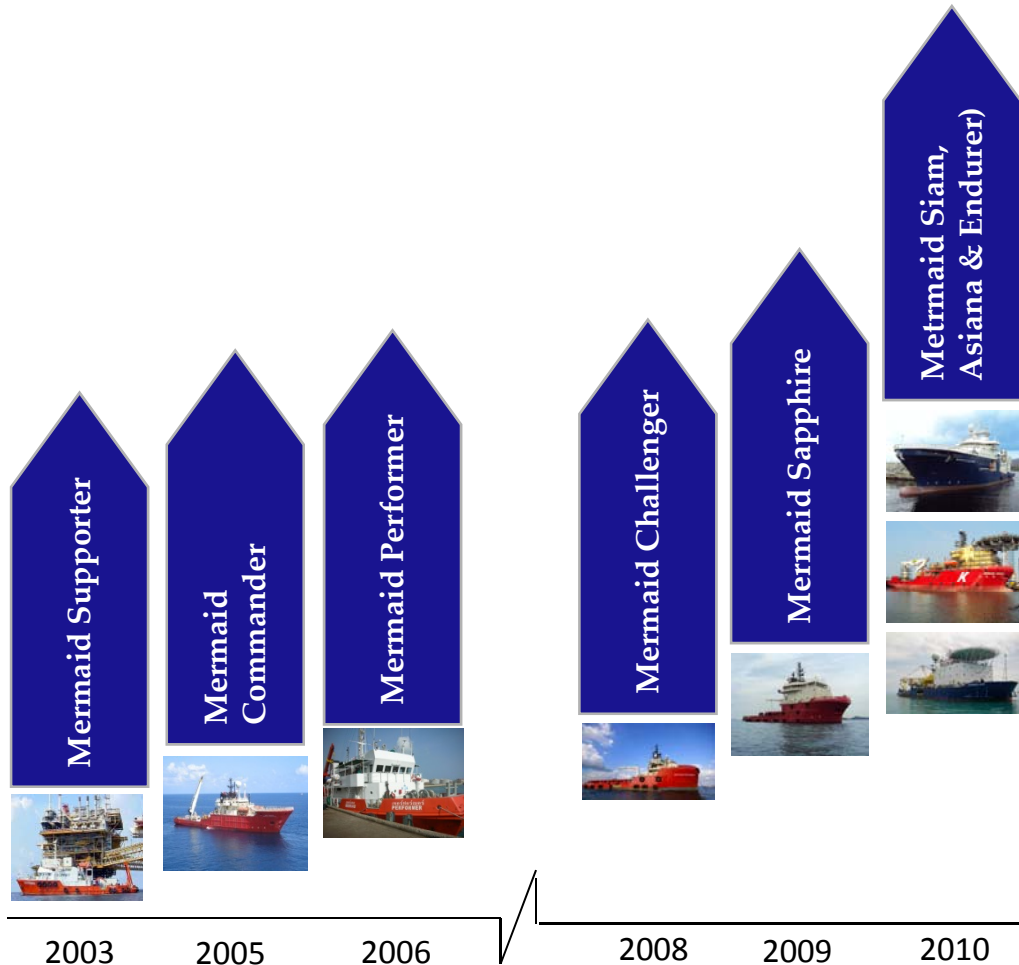
- Hallin
- Bibby
- Caldiva
- ISS

- 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

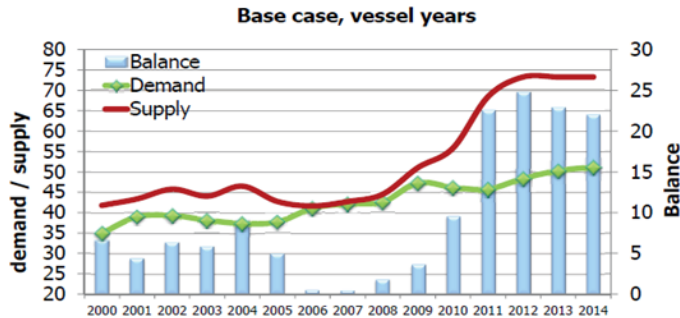


# Subsea Fleet – Vessel Type

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>	   
<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>	  
<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>	

# Overall Subsea Market Outlook

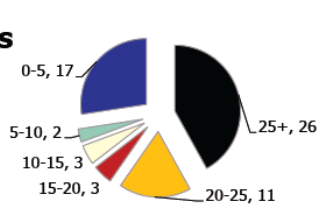
Tension is completely released  
DSV demand, supply and balance worldwide



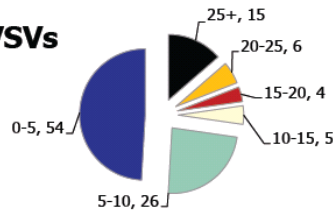
The Global Subsea Market to 2014  
Strategic Offshore Research © 2011

- Newbuild vessels that have come into the market were largely ordered during the peak cycle in 2008-2009, resulting in high availability of high-spec tonnage in the spot market
- Changes in alignment of major players due to consolidation e.g. Acergy and Subsea 7
- Vessel utilization is a key challenge for all industry players
- 65% of vessels more than 20 years old. 40% of vessels more than 25 years old. Vessel retirement can return market to balanced state.

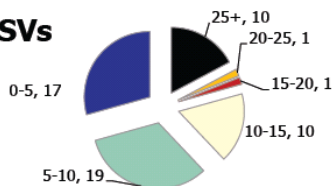
## DSVs



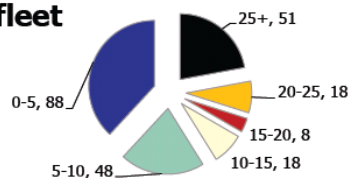
## ROSVs



## LAYSVs



## All fleet

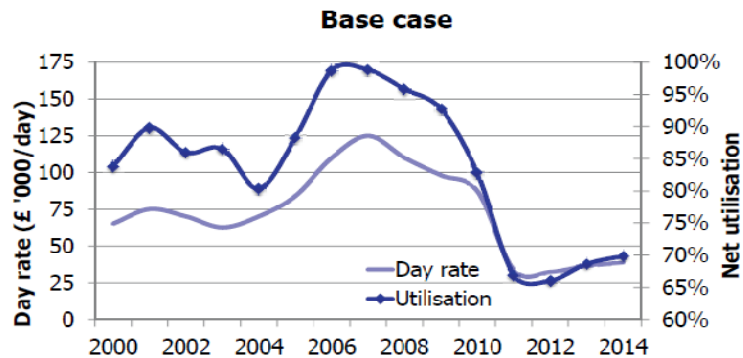


# Charter rates outlook

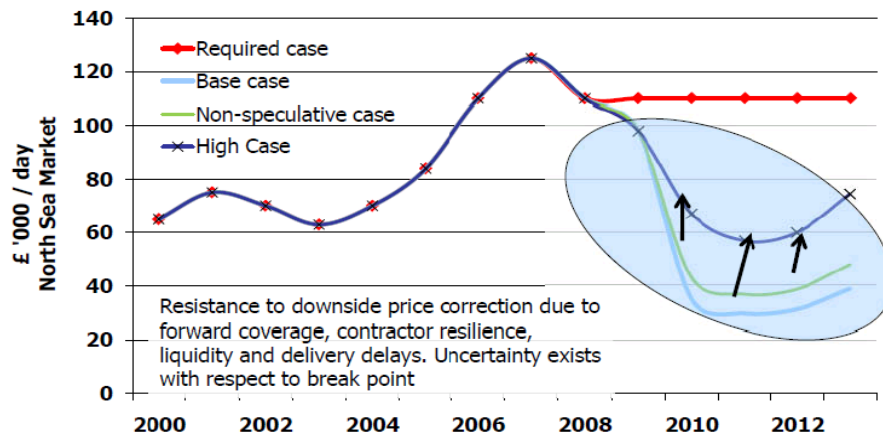


## Watch out below

North Sea DSV day rates to 2014



The Global Subsea Market to 2014  
Strategic Offshore Research © 2011

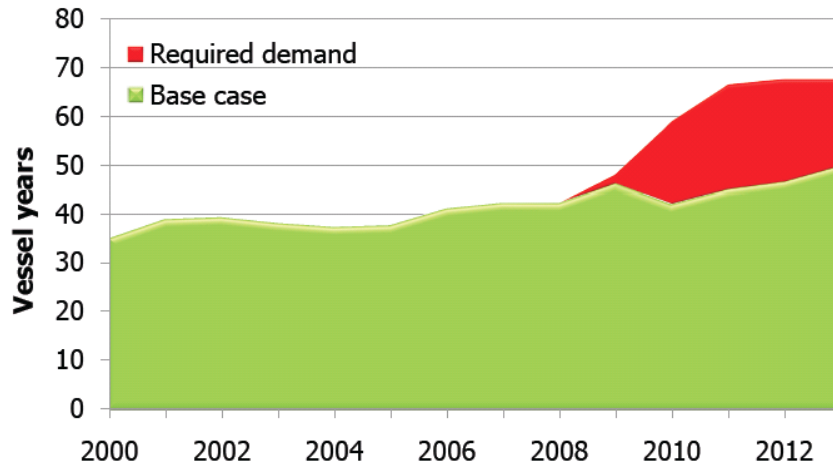


- Rates started to weaken in 2009 although this was supported by forward coverage & commitments
- Increasing utilization becomes more important than high rates to maintain cashflow
- A 30% increase in demand is required to lift rates to previous peak levels though in the medium term, there will continue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

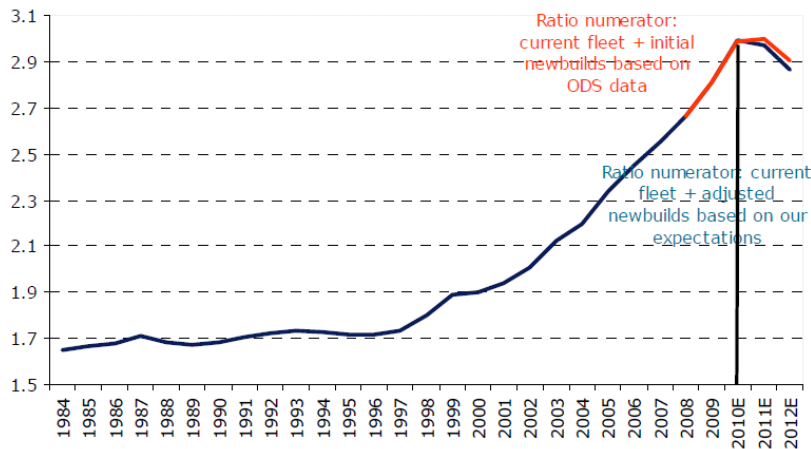




# 2012 is the turning point



- 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



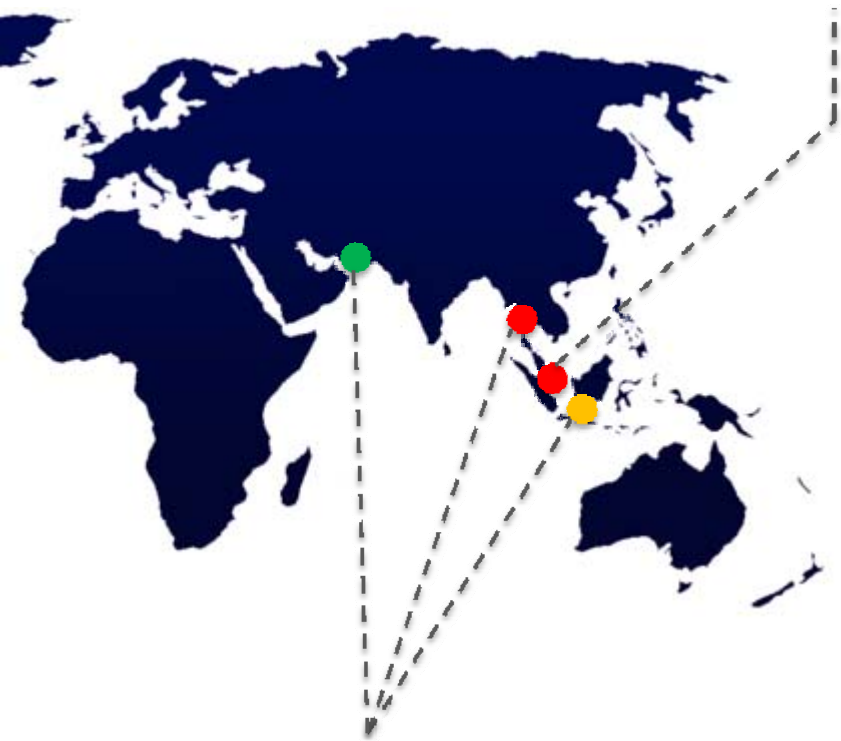
# Subsea Business Strategy

● *Mermaid Offshore Services*

● *Seascope*

● *Subtech*

*High profile market presence from Singapore*



*Leverage presence in Thailand, Middle East & Indonesia*

## 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

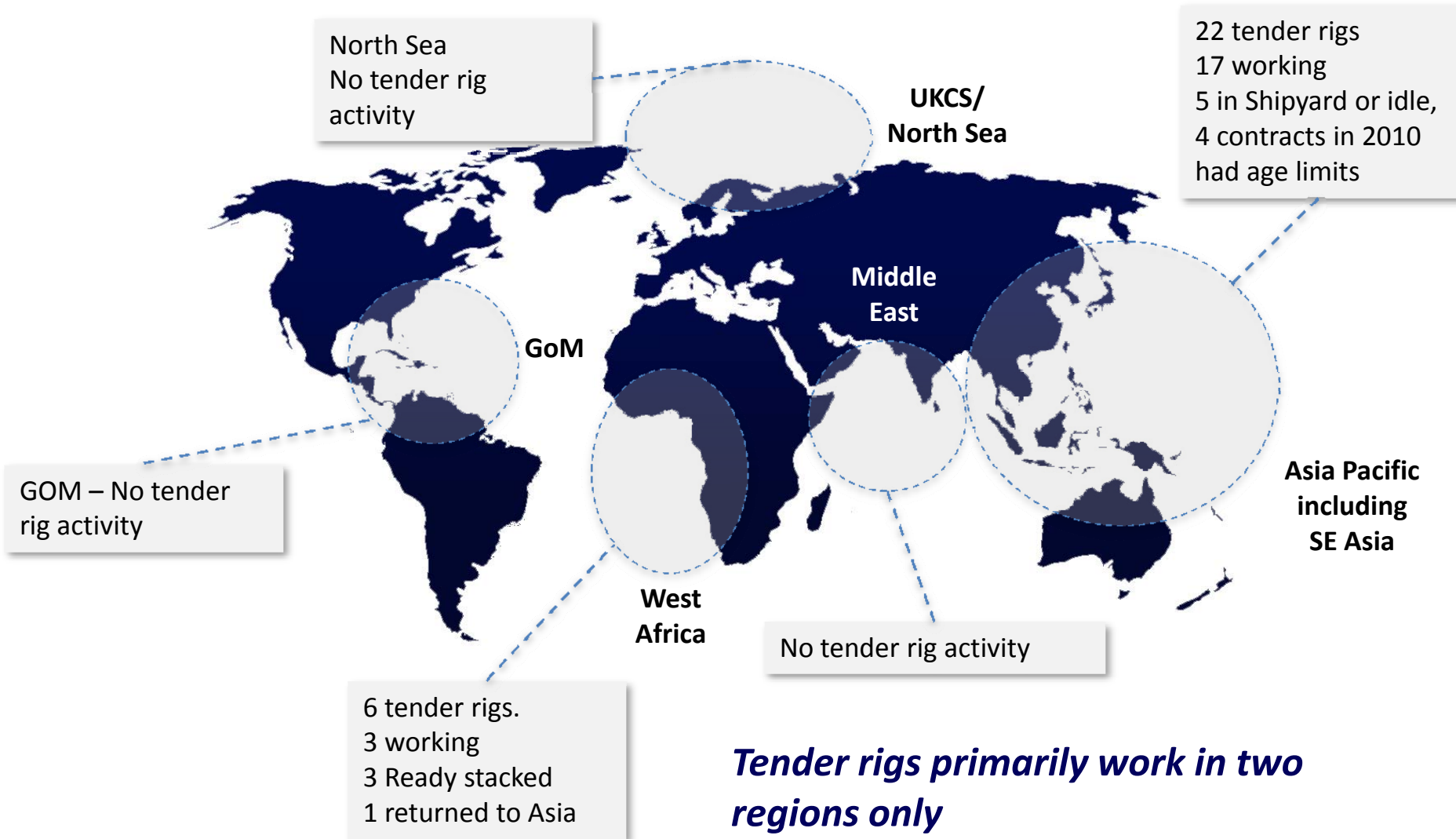
### *Lean Enterprise through:*

- *Competent management in key position*
- *Effective systems*
- *Cost reduction*



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

# Tender Market





# Drilling Operations Update

## MTR-1



Location: Thailand

Status: Waiting next contract award

Client: NA



## MTR-2



Location: Indonesia

Status: Active in drilling operations

Client: Chevron Indonesia

- *MTR-1: Currently awaiting a decision on proposals on a contract for her to be employed as an accommodation barge by Chevron Indonesia*
- *MTR-2: Previous contract for MTR-2 ended at the end of March 2011, and she is working on a contract extension pending agreement to extend her future working for 270 days under new and improved contract terms also with Chevron Indonesia*
- *MDL continues to enjoy outstanding safety performance which will serve as strong reference for future tenders*



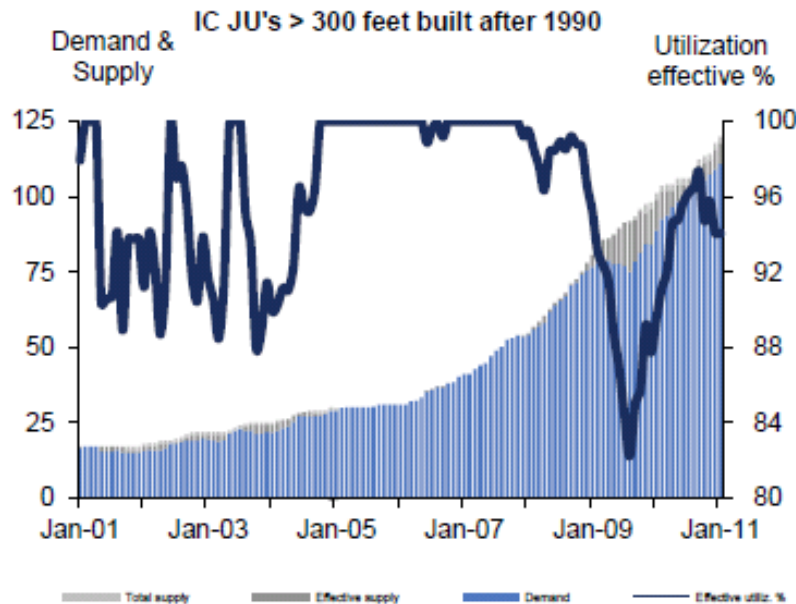
## 4. Asia Offshore Drilling Overview



# New vs. Old Jack-up Utilization

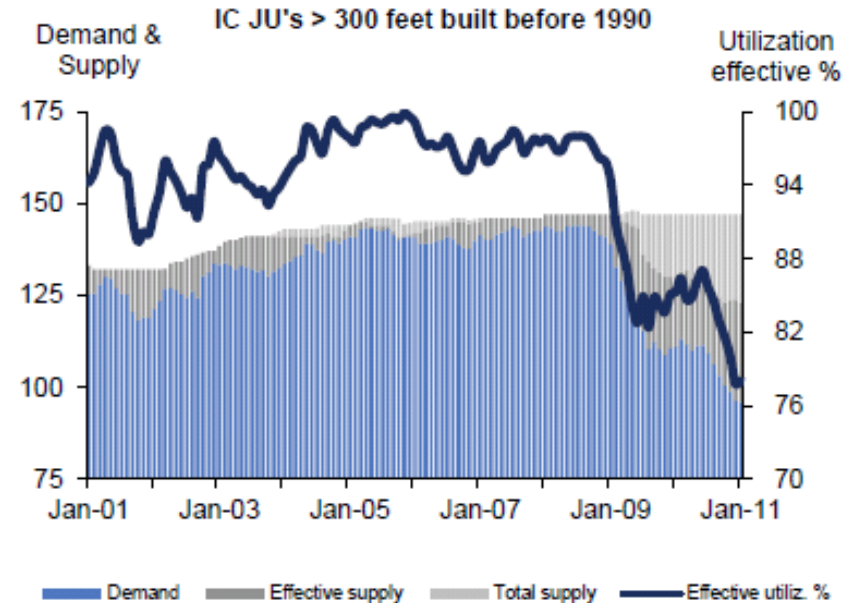
## New vs. old jackup utilization

### 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

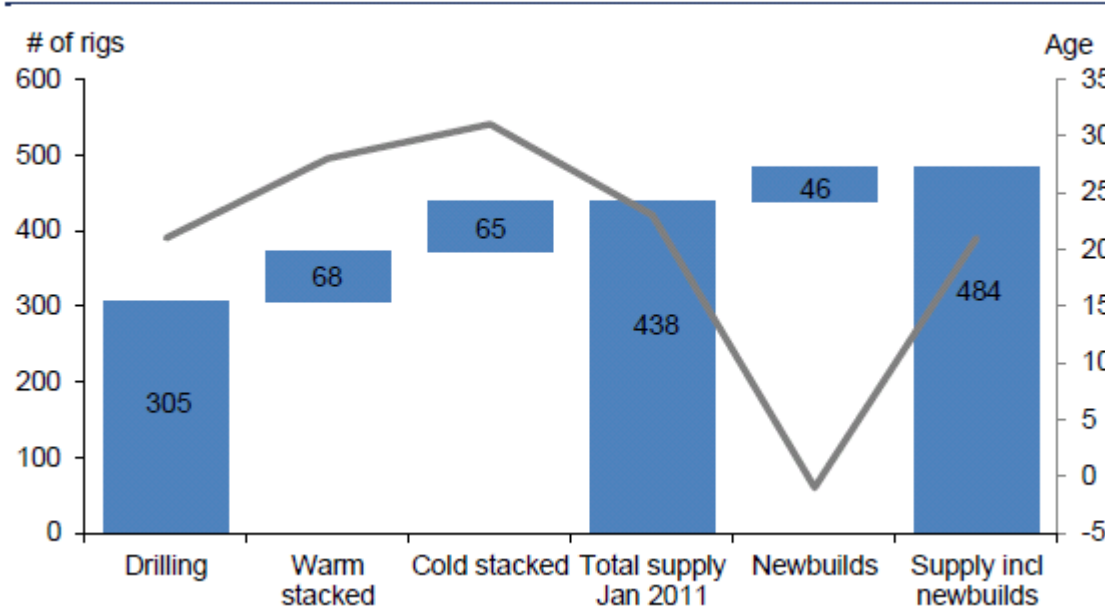


- ▶ Utilization for older jackups have not recovered since financial crisis started
- ▶ Incremental demand for older units can pick up, especially if call-on-Opec increases
- ▶ However, demand from oil companies have shifted towards newer equipment in general

# 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)

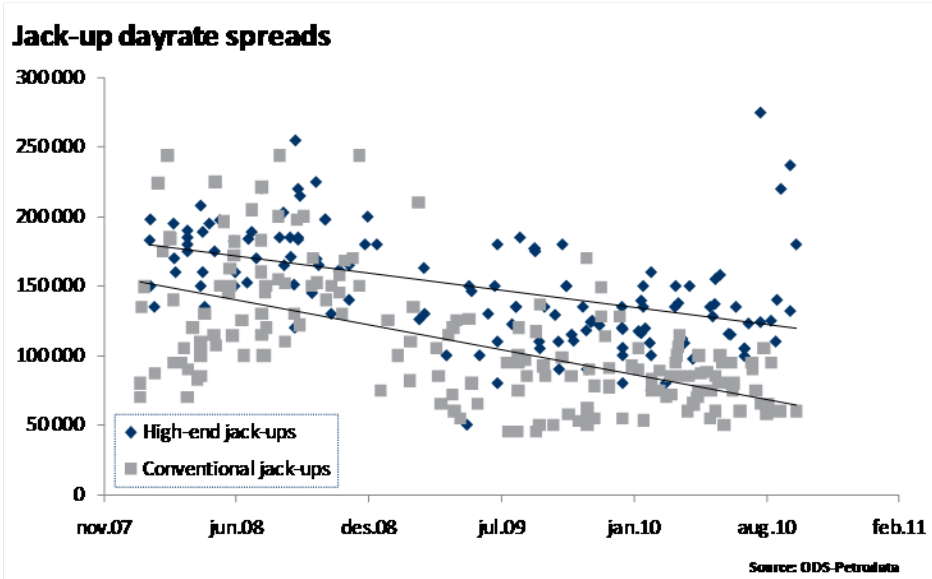
2015 (incl. new builds, ex. 2011 cold/w arm stacked and 94 oldest working units)

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

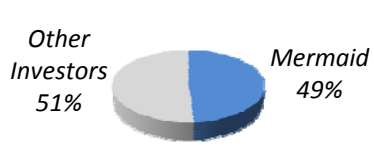
## Spread in day-rates and values due to :

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**



# Asia Offshore Drilling - Update



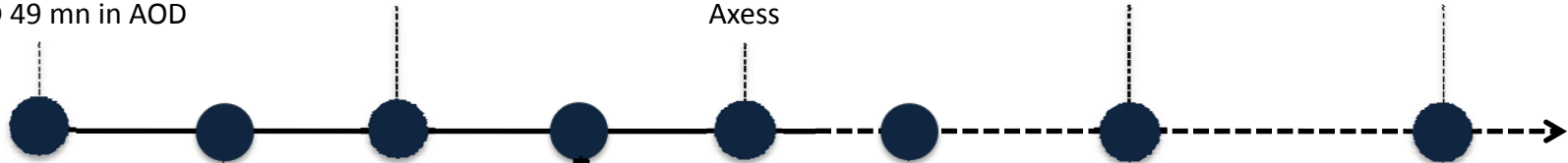
**11.11.10**  
PP successfully completed, Mermaid allocated 49% for ~USD 49 mn in AOD

**8.12.10**  
Strike Steel at Keppel FELS for "Hull-B320"

**13.05.11**  
Listing application submitted to Oslo Axess

**01.12.12**  
Delivery of first jack-up rig

**15.04.13**  
Delivery of second jack-up rig



**01.12.10**  
AOD signs construction contracts with Singapore Keppel FELS for 2 jack-up rigs + 2 options

**22.02.11**  
Strike Steel at Keppel FELS for "Hull-B321"



**15.06.11**  
Approved for listing in Oslo Axess



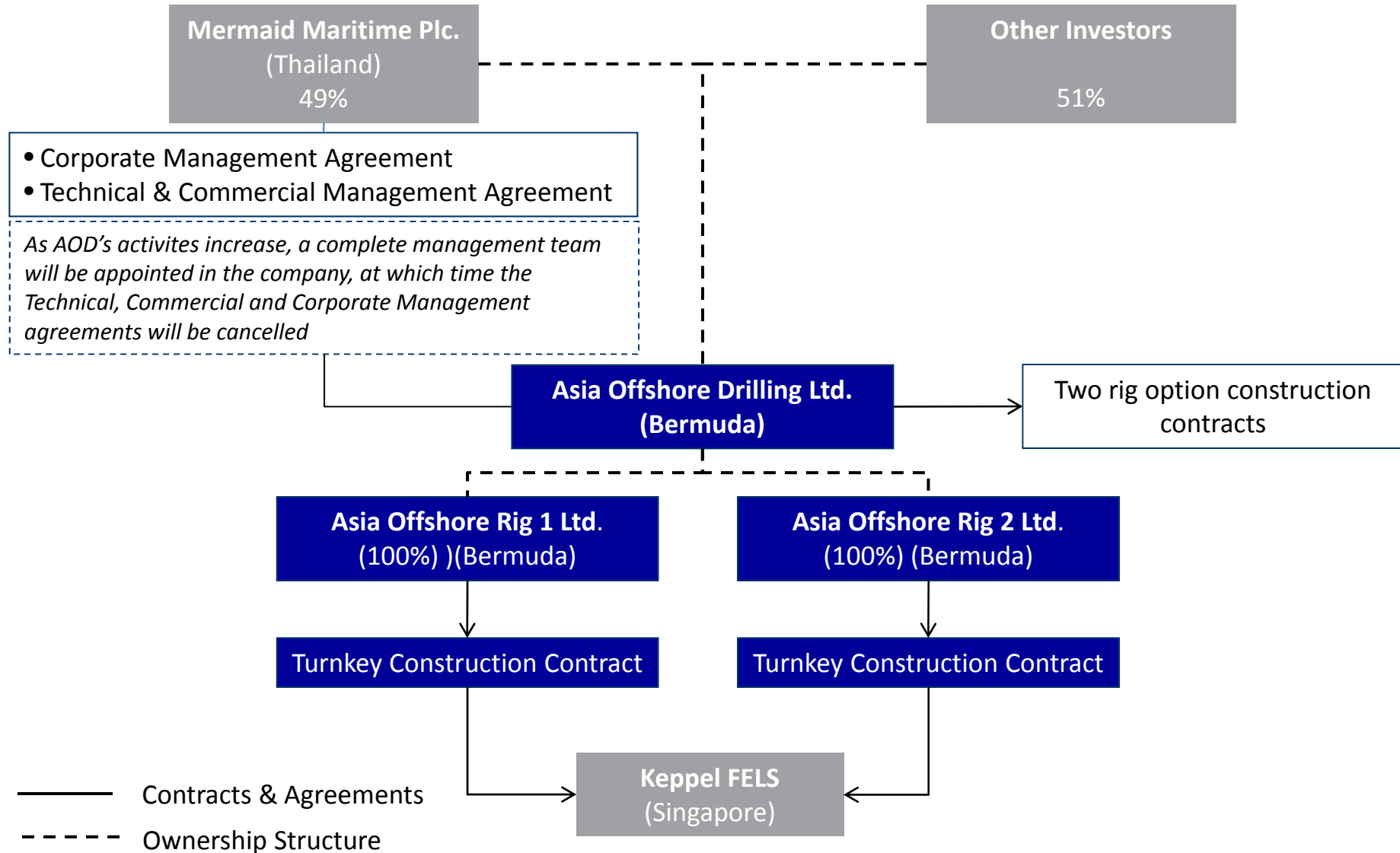
	2x AOD newbuild firm rig orders	2x AOD newbuild options	Current newbuild terms
<b>Rig Price</b>	USD 177m	USD 184m / 187m	USD 195-200m
<b>Payment Terms</b>	20/80	20/80	Less favorable
<b>Delivery Dates</b>	Dec 2012 & Apr 2013	Jun 2013 & Sep 2013	2014 and beyond

## Potential exercise of AOD rig options

- AOD has two independent options expiring in June and September 2010 at USD 184m and 187m respectively
- With replacement costs upwards of USD 195m, the options are firmly in the money
- AOD is currently pursuing private placement to raise capital



# Asia Offshore Drilling – Company Structure

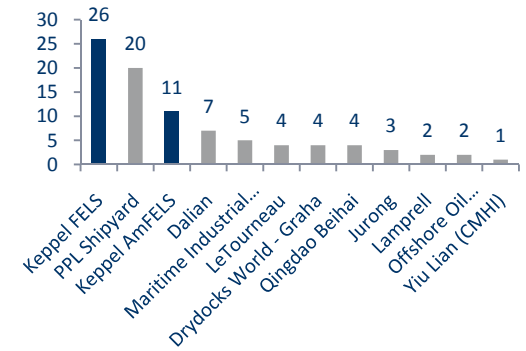


# The KFELS MOD V B-Class Design



*Proven design and solid track record with wide geographical application. Preferred design by major drilling companies. 24 MOD V B-Class delivered by KFELS since 2006 with zero late deliveries and 14 ahead of schedule*

## Potential markets for the KFELS MOD V B-Class Rigs





# Turnkey contract from Keppel FELS

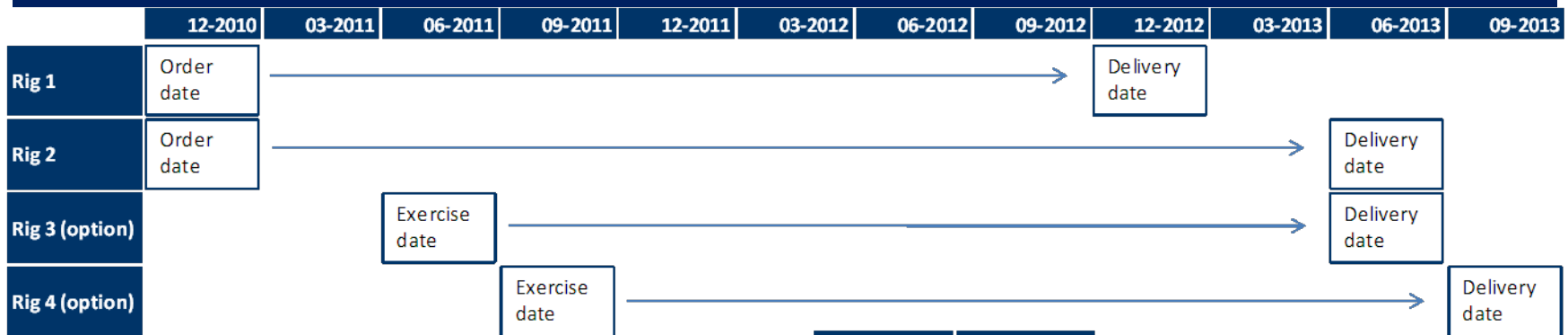
## Construction Contract

- Turnkey contract for delivery of two jack-up rigs in December 2012 and March 2013
  - 20% down payment and 80% on delivery
- Keppel FELS to undertake complete EPC responsibility
  - Third party vendors chosen by Keppel FELS from vendor list accepted by Mermaid
- Standard warranty periods to apply for rig and third party equipment

## Options

- Independent options for two additional units each at fixed price
  - Same EPC contract and payment terms as first two rigs
- Options expire at the end of June 2011 and September 2011, respectively

## Timeline

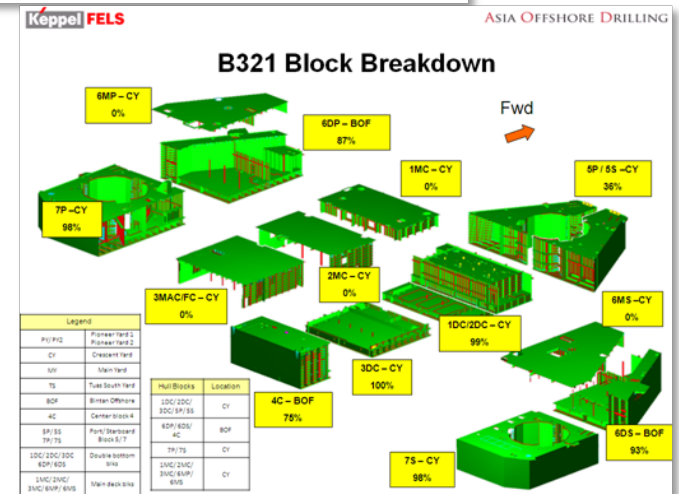
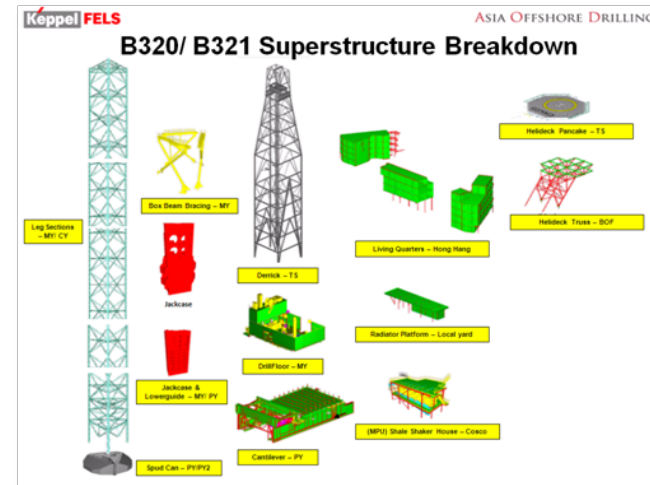


	Price (USDm)	Delivery date
<b>Rig 1</b>	<b>177</b>	12-2012
<b>Rig 2</b>	<b>177</b>	04-2013
<b>Rig 3 (option)</b>	<b>184</b>	06-2013
<b>Rig 4 (option)</b>	<b>187</b>	09-2013



# Construction Progress

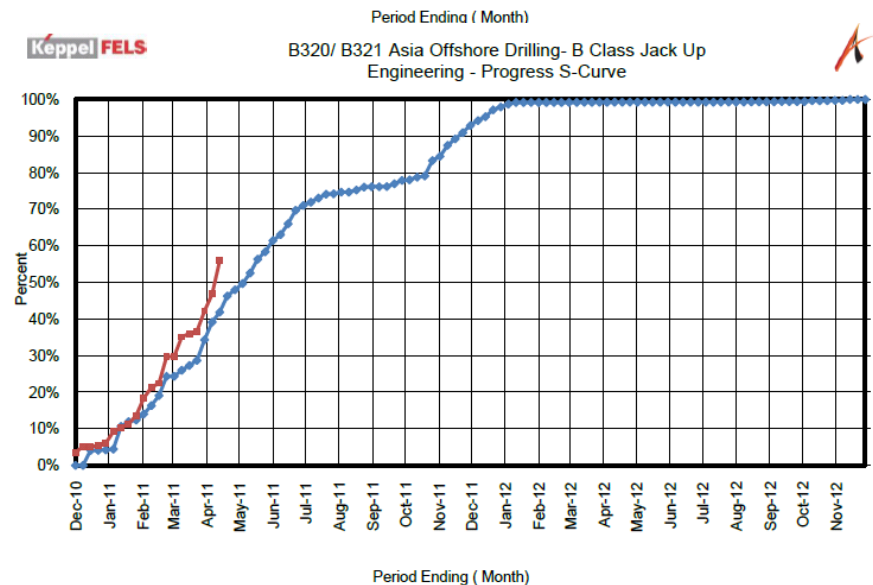
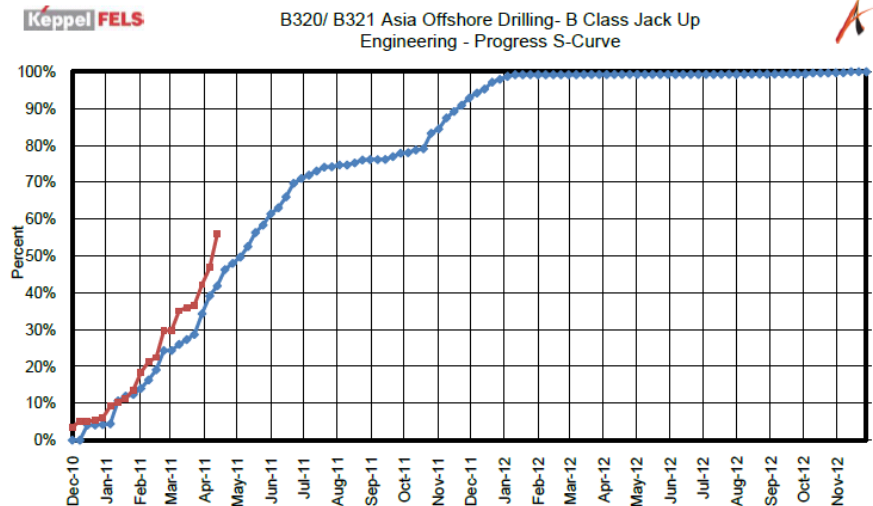
- Steel cutting for the first rig started on 8 December 2010, and progress is on schedule
- All critical equipment for the first jack-up has been ordered and on schedule for delivery by the end of 2011, including:
  - Drilling packages
  - Jacking systems
  - Generators
  - Cranes
- Steel cutting for the second rig commenced on 22 February 2011, and progress is on schedule
- Keel laying for both rigs targeted for Oct 2011



# Force Majeure Event



- The 11 March 2011 earthquake and tsunami caused damages to Japan's infrastructure including steel manufacturing facilities
- Steel materials for Legs' rack, cord, bracings pipes, jackcase, cantilever, drillfloor and cantilever claws have been procured from various facilities across Japan
- Keppel FELS has indicated that the tentative impact on delivery will only affect Rig 2 (Hull-B321), to be postponed with 6 weeks (originally scheduled for delivery by 1 March 2013, now postponed to 15 April 2013)
- No foreseeable change in the delivery date for Rig 1 (Hull-B320) (still scheduled for delivery by 01 December 2012)





## 5. Financial Overview





# Financial Highlights 2Q2011

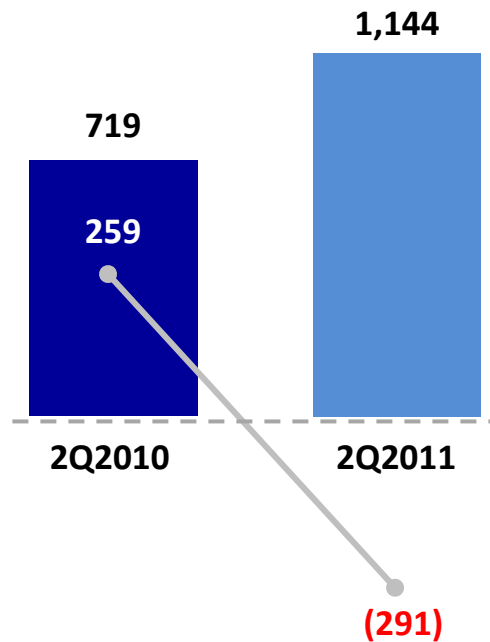
## Year on Year Comparison

2Q2011 Revenue (in THB millions)

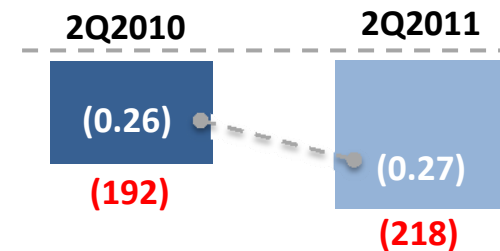
Operating Cash Flow (in THB millions)

2Q2011 Net Profit (Loss) (in THB millions)

Basic and Diluted EPS



Revenue Growth/Decline & Operating Cash Flow



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

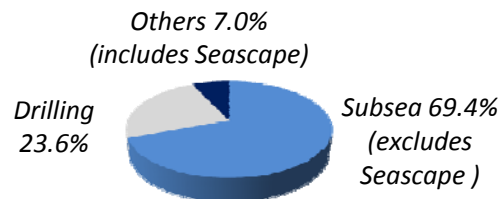
# 2Q2011 Sector Breakdown



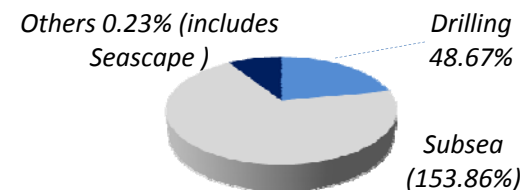
	Description	Service Income	Operating Profit/Loss	Operating Margin	Utilization Rate
 <b>Subsea Services</b> 	Inspection, repair and maintenance; Infrastructure installation; Deepwater ROV support; Emergency call out services; Salvage	437.38 (2010) 794.32 (2011)	(129.2) (2010) (229.3) (2011)	(29.5%) (2010) (28.9%) (2011)	28.3% (2010) 54.1% (2011)
<b>Drilling Services</b> 	Floating rigs, Accommodation rigs	255.66 (2010) 270.18 (2011)	25.2 (2010) 72.5 (2011)	9.9% (2010) 26.9% (2011)	50.0% (2010) 41.7% (2011)

**FY2011**

### Revenue Breakdown



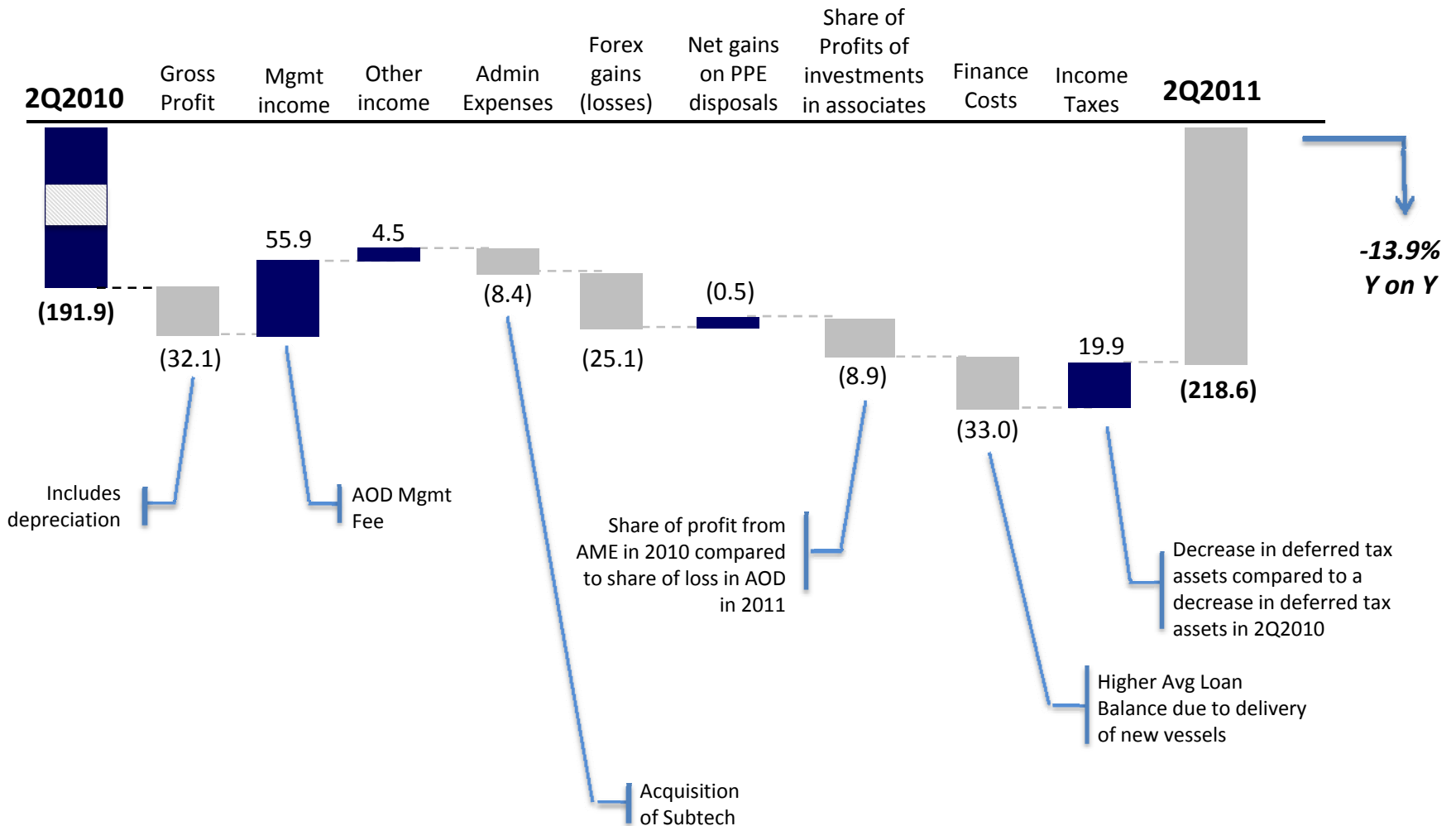
### Operating Loss Breakdown





# 2Q2011 Profits & Losses

All units in THB millions

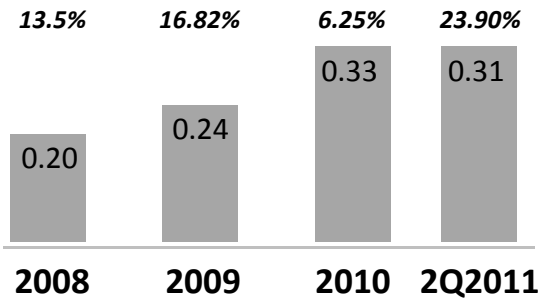


Not to scale. For illustrative purpose only



# Debt structure

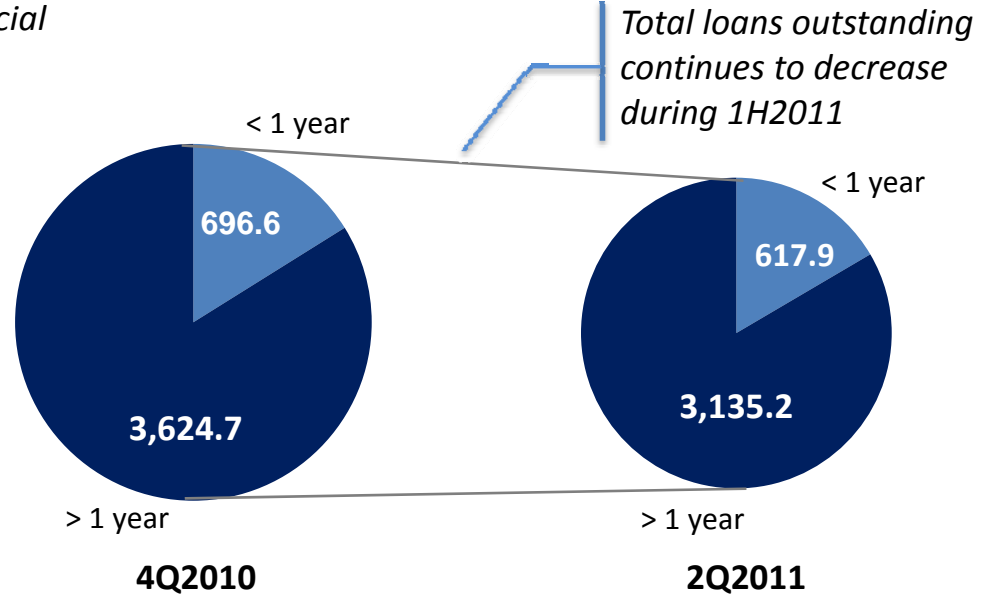
Net D/E (Times)  
Net gearing (%)



Low D/E ratio  
allows financial  
flexibility

## Loan Maturity

Units in THB millions



Repayment amount	Loan Repayment Schedule (USD Million)								
	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019
	11.1	21.7	17.5	16.9	12.4	12.1	8.6	26.1	3.7

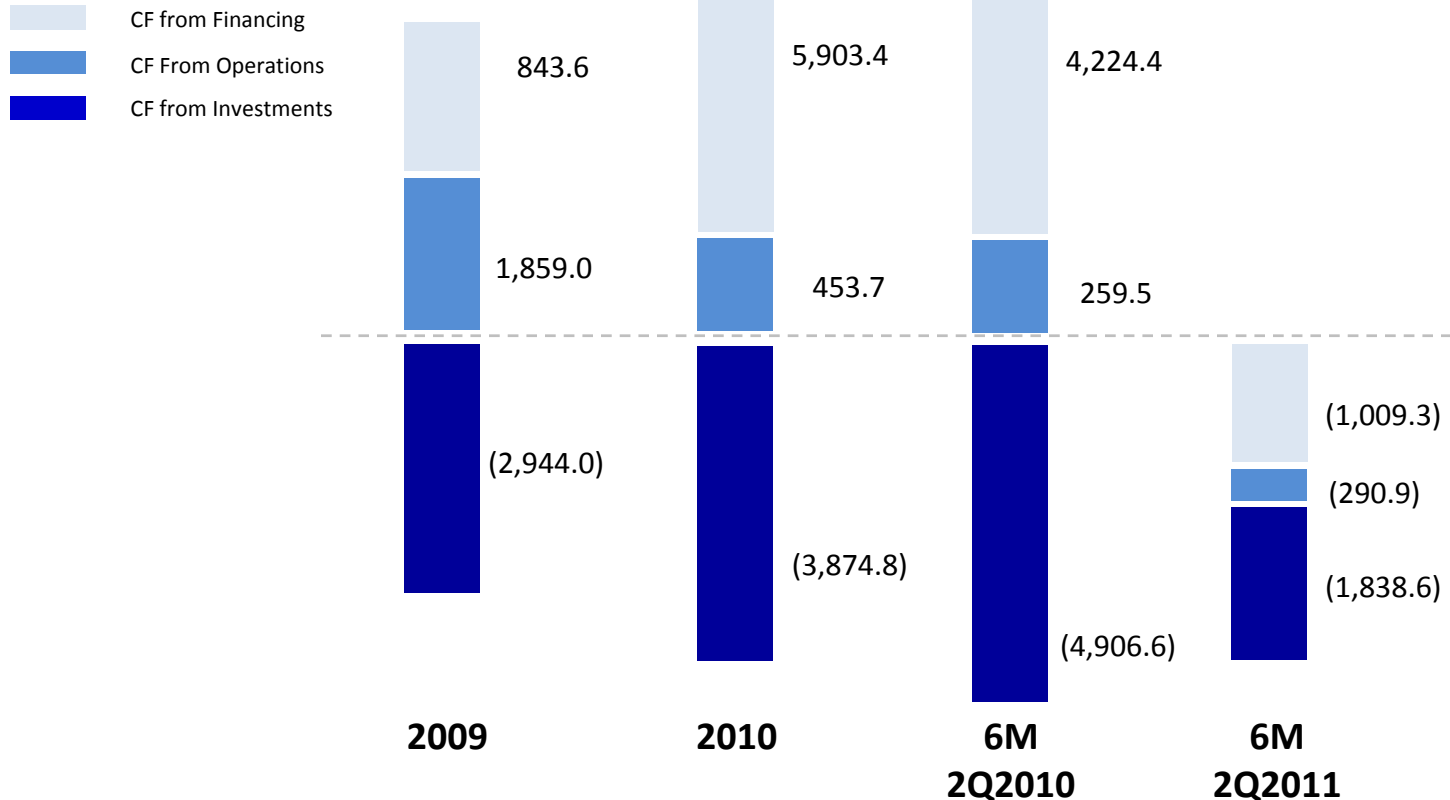


# Cash flow

Cash & Cash Equivalents	1,450.5	3,742.9	1,019.1	573.2
Short-Term Investments (fixed deposits)	334.2	606.3	644.9	905.9

Total cash in hand has decreased mainly due to dividend payment, debt repayment and investment in AOD

All units in THB millions



One-off dividend and repayment of LT debt

Investment in AOD



## 6. Questions & Answers