

# MERMAID MARITIME PUBLIC COMPANY LIMITED

## Analyst Presentation

### Financial Quarter 04/2009

14 December 2009





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## Explanation for presenting in USD



- 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 review by the reader.
- The conversation 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.

# Analysis of consolidated P&L statement





# Consolidated P&L statements

## Period: Q4/08 vs Q4/09 vs Q3/09 (3-month period)



	Q4/08	Q4/09	Q3/09	Increase (decrease) between Q4/09 vs Q3/09		Selected Explanation
	30/9/08	30/9/09	30/6/09	USD'000	%	
	USD'000	USD'000	USD'000			
Service income	38,501	36,249	43,495	(7,246)	(17)	Decreased as a result of MOS's revenue decrease of USD 7.1 million due mainly to decrease in utilization rate from 64% in Q3/09 to 57% in Q4/09 and MDL's revenue decrease of USD 2.1 million from the completion of MTR-1's contract on 8 September, offset with an increase in Seascope Group's revenue of USD 2.2 million.
Cost of services	(24,030)	(26,542)	(27,638)	(1,096)	(4)	Decreased mainly from MOS's cost of services of USD 2.5 million which was related to the decrease of MOS's revenue, offset with an increase in Seascope Group's cost of services of USD 1.2 million which was related to an increase its revenues.
<b>Gross profit</b>	<b>14,471</b>	<b>9,707</b>	<b>15,857</b>	<b>(6,150)</b>	<b>(39)</b>	Decreased as a result of MOS's GM of USD 4.6 million from lower utilisation rate in this quarter and MDL's GM of USD 2.3 million from completion of MTR-1's contract as mentioned above, offset with an increase in Seascope's GM of USD 1.0 million from an additional job.
Service and administrative expenses	(11,118)	(3,789)	(3,401)	388	11	Increased as result of a recognition of a portion of arrangement fees on borrowing costs in relation to the expiry of a potential second newbuild rig and marketing expenses totalling USD 0.7 million, offset with an accrued management fee in MDL of USD 0.3 million in Q3/09.
Interest income	654	18	49	(31)	(63)	
Gain/(loss) on exchange rates	5,296	(1,119)	(1,065)	(54)	(5)	Increased from loss on foreign currency exchange rate of deposit due mainly to the weakening of USD currency in Q4/09 as compared with Q3/09.
Net gain/(loss) on sales and write off of equipment	(788)	19	12	7	58	
Other income	2,495	285	205	80	39	Increased due mainly to recharged income.
<b>Operating profit</b>	<b>11,010</b>	<b>5,121</b>	<b>11,657</b>	<b>(6,536)</b>	<b>(56)</b>	



# Consolidated P&L statements

## Period: Q4/08 vs Q4/09 vs Q3/09 (3-month period)



	Q4/08	Q4/09	Q3/09	Increase (decrease) between Q4/09 vs Q3/09		Selected Explanation
	30/9/08	30/6/09	30/6/09			
	USD'000	USD'000	USD'000	USD'000	%	
Share of profit (loss) from an associate	1,425	(48)	5	(53)	(1,060)	Decreased due to share of loss from an associate, WCI/AME.
<b>Profit before interest expense and income taxes</b>	<b>12,435</b>	<b>5,073</b>	<b>11,662</b>	<b>(6,589)</b>	<b>(56)</b>	
Interest expenses	(1,623)	(428)	(521)	(93)	(18)	Decreased relative to a lower interest rate in the quarter and repayments of long-term loans.
<b>Profit before income taxes</b>	<b>10,812</b>	<b>4,645</b>	<b>11,141</b>	<b>(6,496)</b>	<b>(58)</b>	
Income taxes	6,286	97	(1,329)	1,426	107	Increased due mainly to the deferred tax recognition of USD 1.2 million on accrued retention incentives.
<b>Net profit for the period</b>	<b>17,098</b>	<b>4,742</b>	<b>9,812</b>	<b>(5,070)</b>	<b>(52)</b>	Decreased mainly from lower utilisation rate of MOS in this quarter and MTR-1's contract completed as compared with previous quarter.
<b>EBITDA (Including FX Impact)</b>	<b>16,444</b>	<b>9,374</b>	<b>15,895</b>	<b>(6,521)</b>	<b>(41)</b>	
<b>EBITDA (Excluding FX Impact)</b>	<b>11,148</b>	<b>10,493</b>	<b>16,960</b>	<b>(6,467)</b>	<b>(38)</b>	

# Segmental analysis



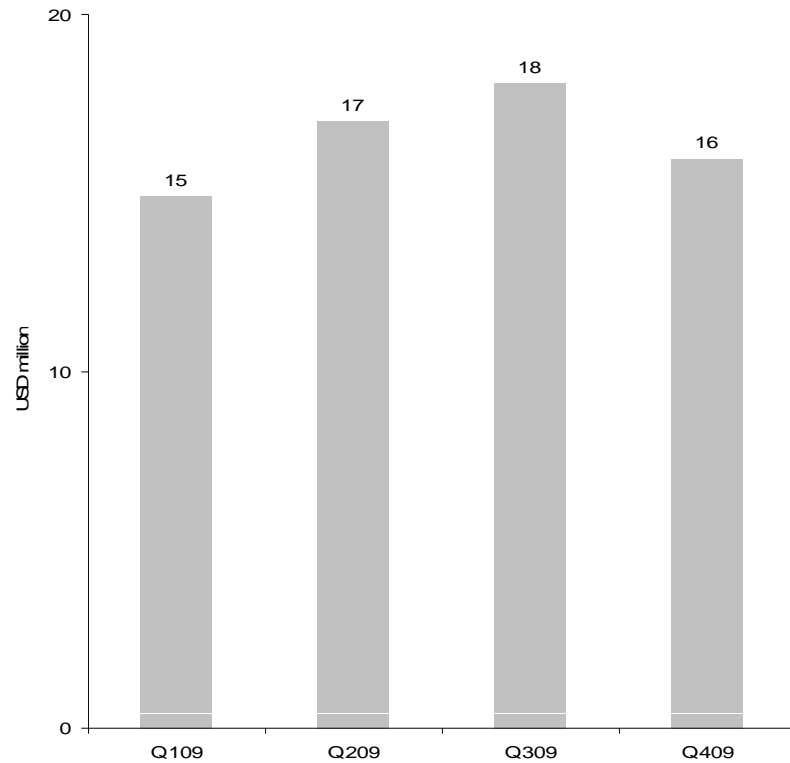




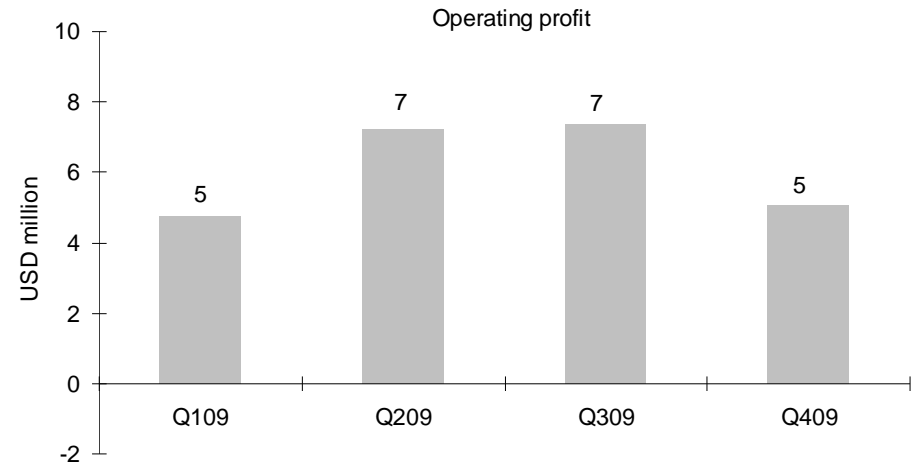
# Mermaid Drilling



## Service Income



## Operating profit and margin (Excl. Forex)



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

**Mermaid Drilling continues strong performance**



# Mermaid Drilling



## MTR-1

- Completed contract with Hess in Indonesia in FQ4/2009.
- Undergoing inspection, repair and maintenance in Thailand. Daily operating cost reduced to minimum.
- Awaiting response from recently submitted tenders for potential new drilling contract.

## MTR-2

- Under contract with Chevron in Indonesia.
- Contract utilization remains at 99%.
- Current contract scheduled to end in FQ2/2010.

**MTR-1 completed contract and MTR-2 maintained operational efficiency**



# Mermaid Drilling



## KM-1 (Newbuild)

- ❁ Reschedule delivery for FQ2/2010.
- ❁ 5 year drilling contract (with options) awarded by Petronas Carigali Sdn. Bhd. will commence on delivery of rig.

## Market Outlook

- ❁ No recent new awards of tender rig contracts.
- ❁ Current enquiries for new contract award exceed available tender rigs.

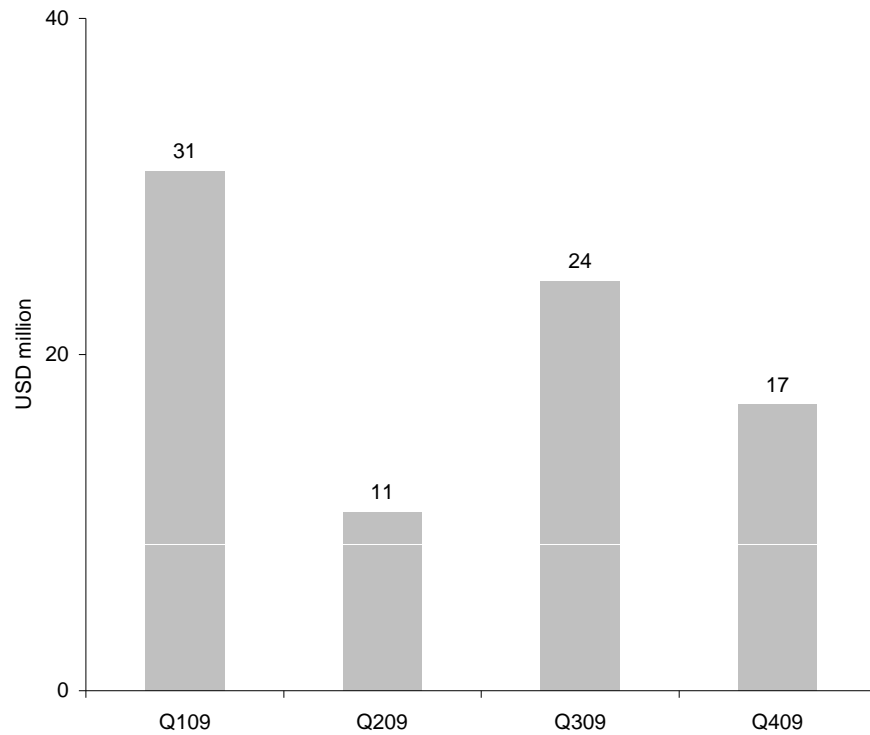
**Market conditions look favourable from 1HFY/2010**



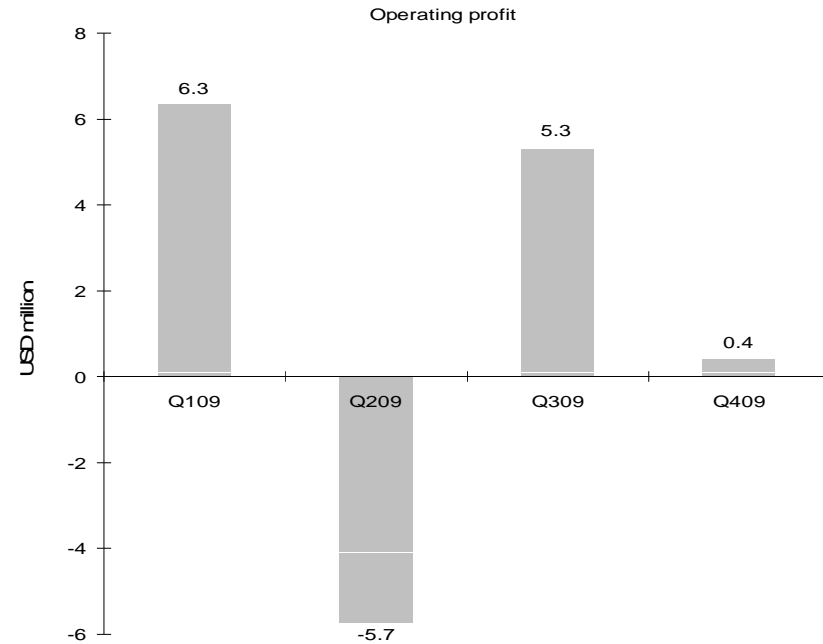
# Mermaid Offshore Services



## Service Income



## Operating profit and margin (Excl. Forex)



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

**Mermaid Offshore experienced short term impact on performance**



# Mermaid Offshore Services



## Utilization

- ⊗ Performance affected due primarily to lower utilization of DSVs.
- ⊗ No significant market pressure on day rates. Underlying demand remains strong and utilization rates for DSVs have improved at the start of FQ1/2010.

## Newbuilds

- ⊗ Newbuild DP2 ROV and air-dive support vessel “Mermaid Sapphire” delivered in 30 November 2009 and replaces chartered-in vessel.
- ⊗ Purchased remaining shares in Nemo Subsea IS to gain 100% ownership of newbuild DP2 DSV “Mermaid Asiana”. Delivery scheduled for FQ2/2010.
- ⊗ Newbuild DP2 DSV “Mermaid Endurer” delivery scheduled for FQ2/2010.

**Lower utilization experienced, but with observed recovery**



# Mermaid Offshore Services



## Allied Marine & Equipment

- ☉ Signed an agreement to purchase an additional DP2 vessel. Delivery expected FQ2/2010.
- ☉ High vessel utilization within Malaysia experienced in FQ4/2009.

## Seascope Surveys

- ☉ Successful completion of 2009 COPI inspection, repair and maintenance contract.
- ☉ Seascope Surveys increases earnings contribution to MOS in FQ4/2009.

**Related companies continue to expand**

# Financial Ratios and Debt Repayment Schedule





## Selected financial ratios



	Q4/09	Q3/09
Average receivable turnover (days)	83	63
Average payable turnover (days)	19	27
Gross debt to equity ratio (Times)	0.24	0.20
Net asset value per share* (USD)	0.59	0.58
Debt to EBITDA (Times)	1.69	1.23

\* using outstanding issued shares at end of period

**Retaining financial flexibility to fund future opportunities**





# Debt repayment schedule



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

Due to repay in years (USD)	FY 2010 MUSD	FY 2011 MUSD	FY 2012 MUSD	FY 2013 MUSD	FY 2014 MUSD	FY 2015 MUSD	FY 2016 MUSD
Repayment Amount	13.9	21.4	19.2	9.7	9.2	1.6	0.4

As at 30 September 2009, there are undrawn loan facilities for Mermaid Sapphire of USD 8.1 million, for Mermaid Endurer of USD 53.7 million and for KM-1 of USD 68.0 million.

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



# Newbuild projects – payment progress



- DP2 'Mermaid Sapphire' - USD 26.3 M.

Equity 30% - USD 7.96 M.	Financing 70% - USD 18.34 M.
<i>Already Paid 100% – USD 26.30 M. – Delivered on 30 November 2009</i>	

- Tender rig 'KM-1' - USD 136 M. (Loan has not been drawn down)

Equity 50% - USD 68 M.	Financing 50% - USD 68 M.
<i>Already Paid 54% - USD 74.1 M.</i>	
Delivery FQ02/2010	

- DP2 'Mermaid Endurer' - USD 91.0 M.

Equity 30% - USD 27.3 M.	Financing 70% - USD 63.7 M.
<i>Already Paid 50.9% – USD 13.9 M.</i>	<i>Drawn down 21.7% – USD 13.8 M.</i>
Delivery FQ02/2010	

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

Equity 40% - USD 32 M.	Financing 60% - USD 46 M.
<i>Already Paid 90.3% – USD 28.9 M.</i>	<i>Drawn down 13.0% – USD 6.0 M.</i>
Delivery FQ02/2010	

**Equity and Loans secured.**

# Analysis of consolidated balance sheet





# Consolidated balance sheets as at 30 September 2008, 30 September 2009 and 30 June 2009



Assets	30 Sep 08 USD'000	30 Sep 09 USD'000	30 Jun 09 USD'000	Change 30 Sep 09 vs 30 Jun 09		Selected Explanation
				USD'000	%	
Cash & Deposits (included of fixed deposits over 3 months presented as short-term investments)	51,444	53,181	48,902	4,279	9	Increased mainly from loan drawdown on ROV of USD 4.1 million which was fully paid before making the loan agreement.
Trade Debtors	43,558	30,891	35,500	(4,609)	(13)	Decreased due to the lower MOS's revenue in Q4/09 offset with an increase in collection days from 63 days in Q3/09 to 83 days in Q4/09.
Related Debtors	4	3	3	-	-	
Supplies and Spare Parts	4,396	3,365	3,293	72	2	
Short-term loan to related party	34,208	-	-	-	-	
Other Current Assets	11,095	5,176	3,431	1,745	51	Increased mainly due to an advance payments of USD 0.5 million and current portion of deferred tax of USD 1.0 million which was recognised from retention incentives.
Other L-T Assets	24,260	33,681	31,957	1,724	5	Increased mainly due to the reclassification of borrowing cost of KM-1 from fixed assets to deferred expenses of USD 2.1 million, offset with a decrease in other small items of non-current assets of USD 0.4 million.
Fixed Assets and Intangible assets	223,759	307,426	279,654	27,772	10	Increased mainly due to newbuild tender rig installments (KM-1) of USD 12.9 million, newbuild vessel installments (Endurer) of USD 9.9 million, saturation diving system installments (Equipment) of USD 4.4 million, ROV support vessel installment (Mermaid Sapphire) of USD 6.0 million, offset with overall depreciation expense.
<b>Total Assets</b>	<b>392,724</b>	<b>433,723</b>	<b>402,740</b>	<b>30,983</b>	<b>8</b>	



# Consolidated balance sheets as at 30 September 2008, 30 September 2009 and 30 June 2009



Liabilities	30 Sep 08	30 Sep 09	30 Jun 09	Change 30 Sep 09 vs 30 Jun 09		Selected Explanation
	USD'000	USD'000	USD'000	USD'000	%	
Trade Creditors	9,748	5,172	5,811	(639)	(11)	Decreased due to the settlement.
Related Creditors	-	297	227	70	31	
Current Portion: L-T Borrowings	12,549	13,983	12,571	1,412	11	See L-T borrowings
Other Current Liabilities	36,478	33,829	17,930	15,899	89	Increased mainly from additional other account payable for milestone installment of vessel/rig of USD 15.4 million.
Other Non-Current liabilities	160	992	311	681	219	Increase from additional accrued retirement benefits and retention incentives.
L-T Borrowings	45,526	61,904	51,682	10,222	20	Net increase mainly due to additional loans for 'Mermaid Endurer' of USD 11.4 million and ROVs of USD 4.1 million, offset with a gain on foreign currency exchange of USD 0.5 million and loan repayments of USD 3.4 million.
<b>Total Liabilities</b>	<b>104,461</b>	<b>116,177</b>	<b>88,532</b>	<b>27,645</b>	<b>31</b>	



# Consolidated balance sheets as at 30 September 2008, 30 September 2009 and 30 June 2009



Equity	30 Sep 08	30 Sep 09	30 Jun 09	Change 30 Sep 09 vs 30 Jun 09		Selected Explanation
	USD'000	USD'000	USD'000	USD'000	%	
Share Capital & Share premium	208,943	208,943	208,943	-	-	
Legal reserves	1,183	1,183	1,183	-	-	
Shareholders Funds	67,388	88,678	84,242	4,436	5	
Difference of translation adjustment	(731)	(905)	(275)	(630)	(229)	
Minorities	11,480	19,647	20,115	(468)	(2)	Decreased mainly due to the payments for capital investments to minorities (a result of a dissolution of one subsidiary, DTOL) of USD 0.5 million.
<b>Total Equity</b>	<b>288,263</b>	<b>317,546</b>	<b>314,208</b>	<b>3,338</b>	<b>1</b>	
<b>Total Liabilities + Equity</b>	<b>392,724</b>	<b>433,723</b>	<b>402,740</b>	<b>30,983</b>	<b>8</b>	



# Consolidated P&L statements

## Period: FY08 vs FY09 (12-month period)



	FY08	FY09	Increase (decrease) between FY08 vs FY09		Selected Explanation
	30/9/08	30/9/09	USD'000	%	
Service income	157,495	155,243	(2,252)	(1)	Decreased as a result of MOS's revenue decrease of USD 34.1 million due mainly to decrease in utilization rate from 86% in FY08 to 53% in FY09, offset with an increase in MDL's revenue of USD 28.7 million due mainly to higher utilisation rate from 69% in FY08 to 95% in FY09 and the increase of day rate in MTR-1 from USD 70,000 to USD 98,000 since February 2009 until the completion of MTR-1's contract on 8 September, and an increase in Seascope Group's revenue of USD 2.8 million.
Cost of services	(109,851)	(112,363)	2,512	2	Increased due mainly to MDL's cost of services of USD 11.3 million and Seascope's cost of service of USD 1.7 million, which were related to the increase of revenues, offset with a decrease in MOS's cost of services of USD 10.8 million which was related to the decrease of MOS's revenue.
<b>Gross profit</b>	<b>47,644</b>	<b>42,880</b>	<b>(4,764)</b>	<b>(10)</b>	Decreased as a result of MOS's GM of USD 23.3 million resulted from a lower utilisation rate in the year, offset with an increase in MDL's GM of USD 17.4 million resulted from a higher utilisation rate and higher day rate as mentioned above and an increase in Seascope's GM of USD 1.1 million resulted from full year consolidation.
Service and administrative expenses	(21,799)	(14,470)	(7,329)	(34)	In FY08, there was a reclassification of operating expenses during assets went off-hire of USD 10.5 million. Without the reclassification of operating expenses, the service and administrative expenses would have been increased of USD 3.2 million which was due mainly to an increase in Seascope's service and administrative expenses of USD 1.8 million resulted from the full year consolidation, a recognition of a portion of arrangement fees on borrowing costs in relation to the expiry of a potential second rig and marketing expenses totalling USD 0.7 million and the additional employee benefit expenses mainly for drilling business.
Interest income	1,131	495	(636)	(56)	Decreased due mainly to fully settlement of short-term loans to WCI, associate company and lower saving interest rate.
Gain/(loss) on exchange rates	4,760	(1,654)	(6,414)	(135)	Gain or loss on exchange rate was mainly from change of USD value to Baht. It did not affect to real cash as the company holds money in the same currency with its obligations.
Net gain/(loss) on sales and write off of equipment	(174)	633	807	464	Increased due mainly to a gain on disposal of assets in MTR-2 of USD 0.5 million in FY09.
Other income	3,062	851	(2,211)	(72)	Decreased due mainly to a fire incident claim in MTR-1 of USD 2.8 million in FY08, offset with an increase in recharged income of USD 0.3 million.
<b>Operating profit</b>	<b>34,624</b>	<b>28,735</b>	<b>(5,889)</b>	<b>(17)</b>	



# Consolidated P&L statements

## Period: FY08 vs FY09 (12-month period)



	FY08	FY09	Increase (decrease) between FY08 vs FY09		Selected Explanation
	30/9/08	30/9/09			
	USD'000	USD'000	USD'000	%	
Share of profit (loss) from an associate	957	(516)	(1,473)	(154)	Decreased due to share of loss from an associate, WCI/AME, in FY09 whilst share of gain in FY08.
<b>Profit before interest expense and income taxes</b>	<b>35,581</b>	<b>28,219</b>	<b>(7,362)</b>	<b>(21)</b>	
Interest expenses	(3,695)	(2,500)	(1,195)	(32)	Decreased relative to a lower interest rate in the year and repayments of long-term loans.
<b>Profit before income taxes</b>	<b>31,886</b>	<b>25,719</b>	<b>(6,167)</b>	<b>(19)</b>	
Income taxes	2,740	(3,448)	(6,188)	226	There were recognition of the deferred tax of USD 4.6 million in FY08 as compared to USD 0.4 million in FY09. Without the deferred tax recognition, the income tax in FY09 would have been increased of USD 2.0 million resulted from a relocation of MTR-2 from Thailand to Indonesia. Income tax is exempted by BOI privilege when MTR-2 working in Thailand only, MTR-2 has to pay branch profit and corporate tax in Indonesia when operating in Indonesia.
<b>Net profit for the period</b>	<b>34,626</b>	<b>22,271</b>	<b>(12,355)</b>	<b>(36)</b>	Decreased mainly from lower utilisation rate of MOS in this year as compared with previous year, offset with the higher utilisation rate and day rate of MDL.
<b>EBITDA (Including FX Impact)</b>	52,561	44,961	(7,600)	(14)	
<b>EBITDA (Excluding FX Impact)</b>	47,801	46,616	(1,185)	(2)	



Any questions?

