



21 December 2006

## **Mermaid Marine and P&O Maritime Services Announce Merger**

*Creates Australia's leading diversified marine services business with a strong  
contracted earnings base and exciting global growth opportunities*

Mermaid Marine will hold a market briefing at 12.30pm EST on Thursday 21 December 2006 using the following conference call details:

Dial: 1800 009 696

Materials to be presented to investors and analysts regarding the merger are attached.



**P&O**   
Maritime Services

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*Mermaid Marine Australia Ltd*

# INVESTOR BRIEFING

21 December 2006

Merger with P&O Maritime Services  
(A DP World Company)

*Creation of Australia's leading diversified marine services  
business with exciting global growth opportunities*



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# *Merger Highlights*

- Creates Australia's leading diversified marine services business
- Combines two highly complementary asset portfolios with activities across the marine services industry
- Enhanced growth opportunities in Australia and globally
- EPS positive on a full year basis<sup>1</sup>
- Diversifies the earnings base
- Improves quality and visibility of earnings
- Enhances financial strength and flexibility – reduces gearing
- Enhanced growth opportunities in Australia and globally
- Cost synergies in excess of \$2.5m per annum

<sup>1</sup> Excluding transaction costs and any amortisation of intangibles



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## *A Snapshot of the Merged Company*

- Annual revenue ~ A\$200m
- Approx 75% of revenue under medium to long term contracts
- Diversified across market segments and geographies
- Over 1300 employees<sup>1</sup>
- Operates more than 40 owned specialist vessels and manage a further 100+<sup>1</sup>
- Substantially reduced gearing and increased cash flow
- Support of major shareholder, DP World, in growing the business within Australia and internationally in all business sectors

<sup>1</sup> Including joint ventures



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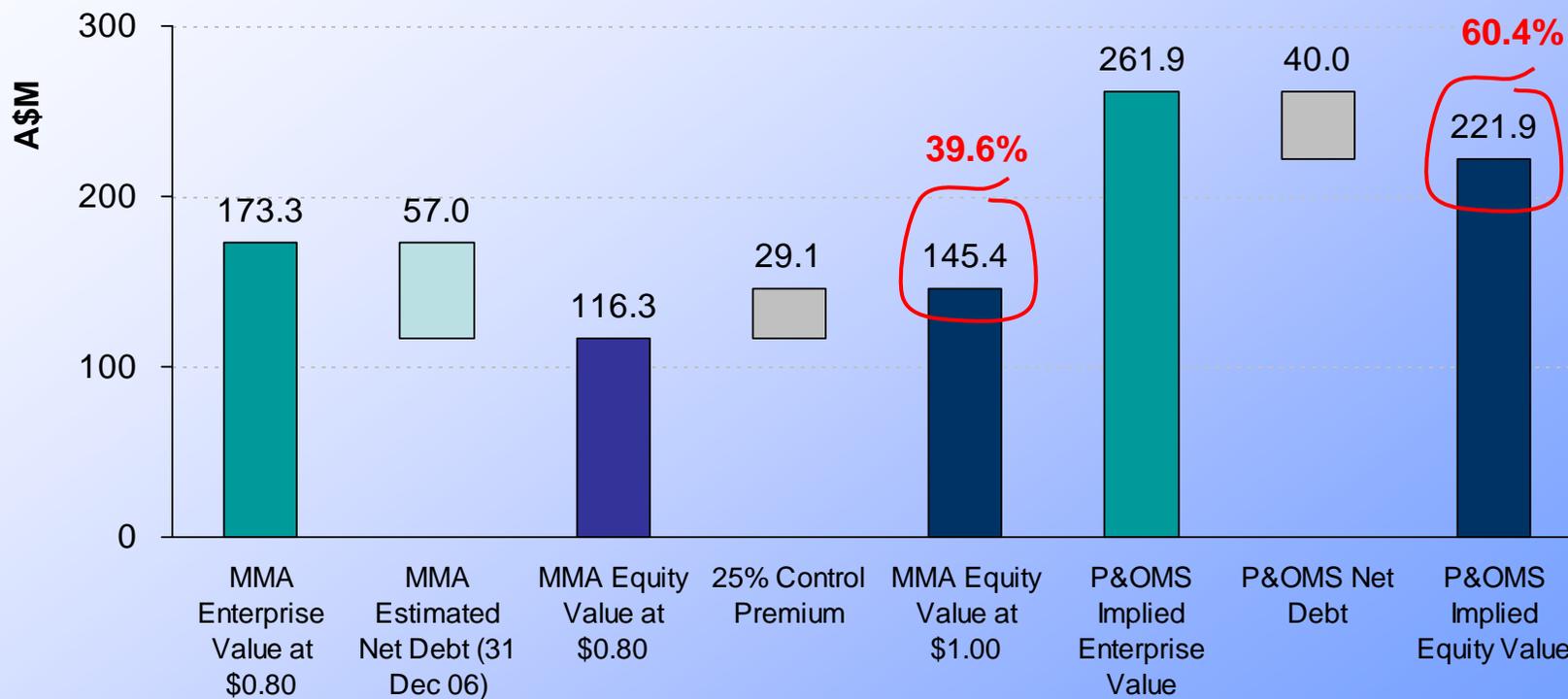
## *Transaction Overview*

- Merger is implemented via the issue of 221.9 million shares to DP World Group (the current owner of P&O) in return for the P&OMS business plus the assumption of \$40 million of net debt<sup>1</sup>
- DP World becomes a 60% shareholder
- Key Conditions include:
  - Mermaid Shareholder Approval
  - FIRB approval
  - Independent Expert's Report
- Change of Name to “P&O Marine Limited”

<sup>1</sup> Including share of joint venture net debt



# Relative Valuations



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# *Strong Combined Performance*

- Table below summarises MergeCo forecast financial performance excluding any cost synergies estimated to be in excess of \$2.5m per annum

	<b>MMA 30 June 2007 Forecast (\$m)<sup>(1)</sup></b>	<b>P&amp;OMS 30 June 2007 Forecast (\$m)<sup>1</sup></b>	<b>MergeCo 30 June 2007 Pro-forma<sup>3</sup></b>
Revenue	85.5	118.9 <sup>4</sup>	204.4
EBITDA	23.2	33.2	56.4
EBIT	17.9	24.8	42.7
Interest	4.1	3.0 <sup>2</sup>	7.1
Profit before Tax	13.8	21.8	35.6
Tax at 30%	4.1	6.5	10.6
Net Profit after Tax	9.6	15.3	24.9
Fully Diluted EPS (cents)	6.6	n/a	6.8

<sup>1</sup> MMA forecast excludes transaction costs; P&OMS forecast excludes one-off items of \$850,000 and transaction costs

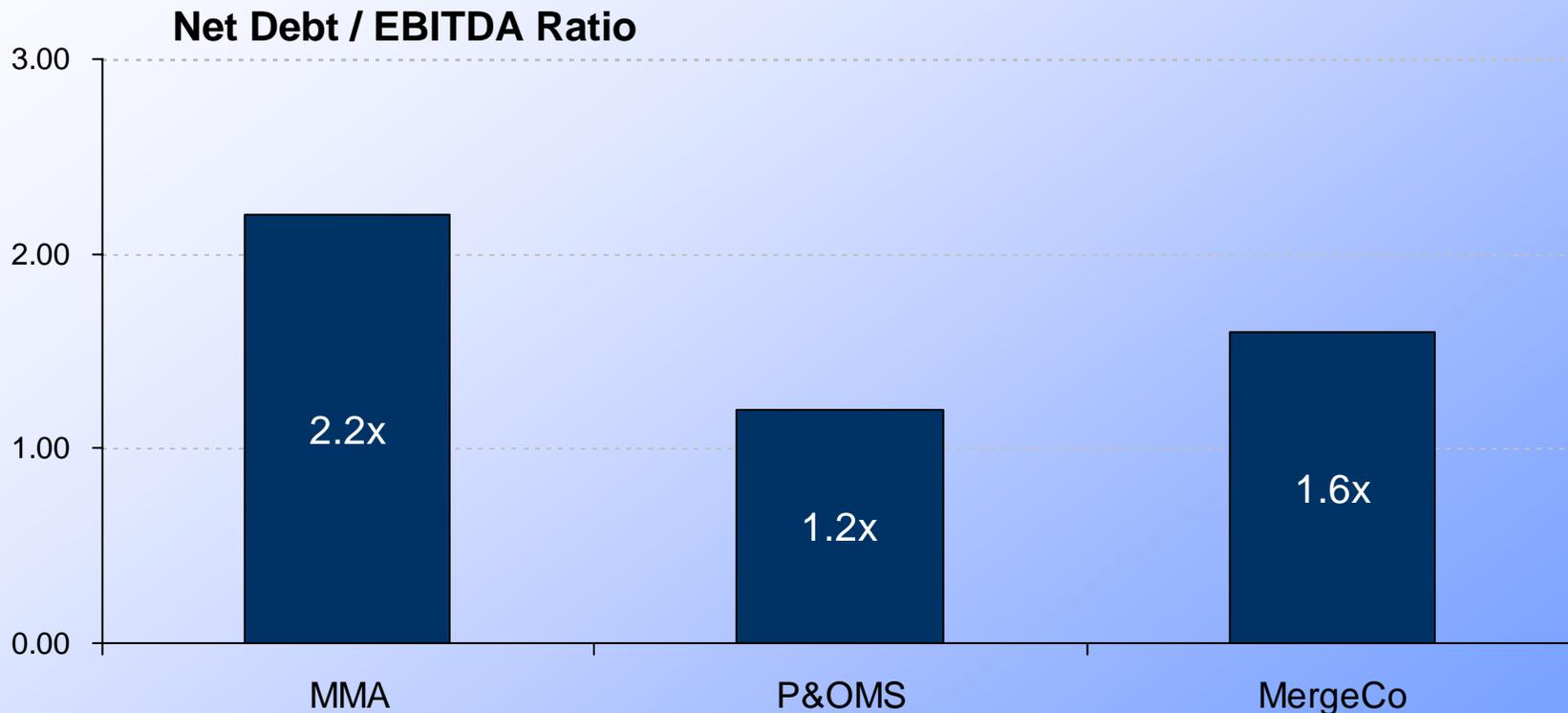
<sup>2</sup> Based on estimated \$40m net debt and 7.5% cost of debt

<sup>3</sup> Excludes the impact of transaction costs and amortisation of intangibles

<sup>4</sup> Excludes share of flow through revenue associated with construction of Royal Australian Navy Armadale class patrol boat



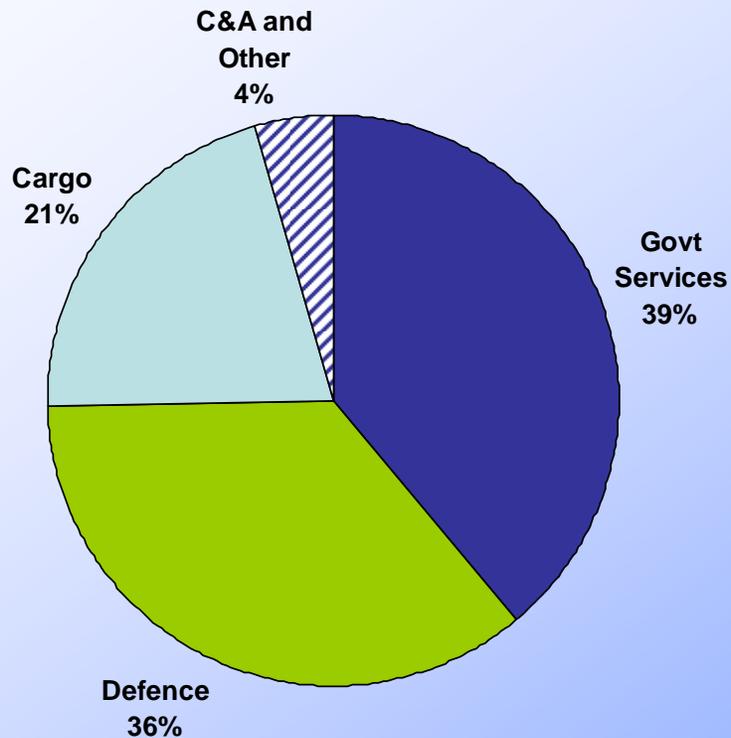
# Strengthened Balance Sheet



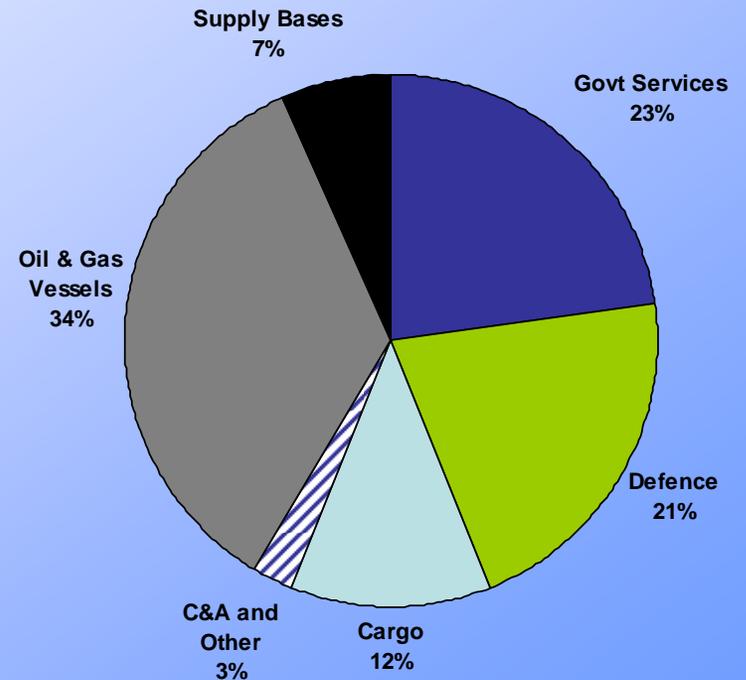
<sup>1</sup> MMA net debt / EBITDA based on 30 June 2006 Net Debt and FY07 forecast EBITDA ; P&OMS net debt / EBITDA based on 31 December estimated net debt and FY07 forecast EBITDA

# Diversified Marine Earnings Base

## P&OMS EBITDA Split



## MergeCo EBITDA Split



<sup>1</sup> Based on FY07 forecasts earnings  
Corporate Overheads allocated based on EBITDA contribution



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## *Overview of Mermaid Marine*

- Strong market position in rapidly growing oil and gas sector
- Over \$100m invested in vessels and infrastructure
- Over 20 vessels - high utilisation rates
- Approximately 50% of revenue contracted with exposure to the buoyant spot market
- Significant infrastructure investment in supply bases at Dampier and Broome – strategic advantage
- Well positioned to take advantage of increased activity in the North West Shelf and the Browse Basin
- Current market cap ~A\$131m

P&OMS provides marine services in four key areas:

### Govt Services

- Vessel ownership and/or operation for provision of Antarctic re-supply, marine science & research and border protection services to various government organisations.

### Defence

- Operates and maintains a fleet of specialist port services and support vessels
- Provides through life fleet and vessel management for non-combat vessels
- 50/50 JV with Serco Plc - Defence Maritime Services (DMS)

### Cargo

- Provision of shipping and logistic support services for remote mining operations
- Carpentaria JV with IBA & the Mawa people

### Chartering & Agency

- Chartering and Ship-broking through 100% subsidiary Anderson Hughes
- Agency business provides various port agency services to ships
- 50/50 JV with Adsteam; 70/30 JV with Argentinean Partner

# Key Contracts

## Govt Services

- Australian Antarctic Division – Aurora Australis (owned vessel)
- Fugro Survey – Southern Supporter (owned vessel)
- Australian Customs – (chartered vessel)
- CSIRO – management of research vessel Southern Surveyor
- Marine Institute of Ireland – management of two research vessels

## Defence

- Royal Aust Navy – Armidale Class Patrol Boats – Build and through life support
- Royal Aust Navy – Port Services and Support Craft operation and management
- Australian Customs – Through life support for Bay Class Patrol Boats

## Cargo

- Ok Tedi Mining (PNG) – dedicated bulk cargo transport (7 owned vessels)
- Lihir Gold Mine – Management and Operation of 5 waste barges
- Xstrata – Transport of concentrate from MacArthur River Mine

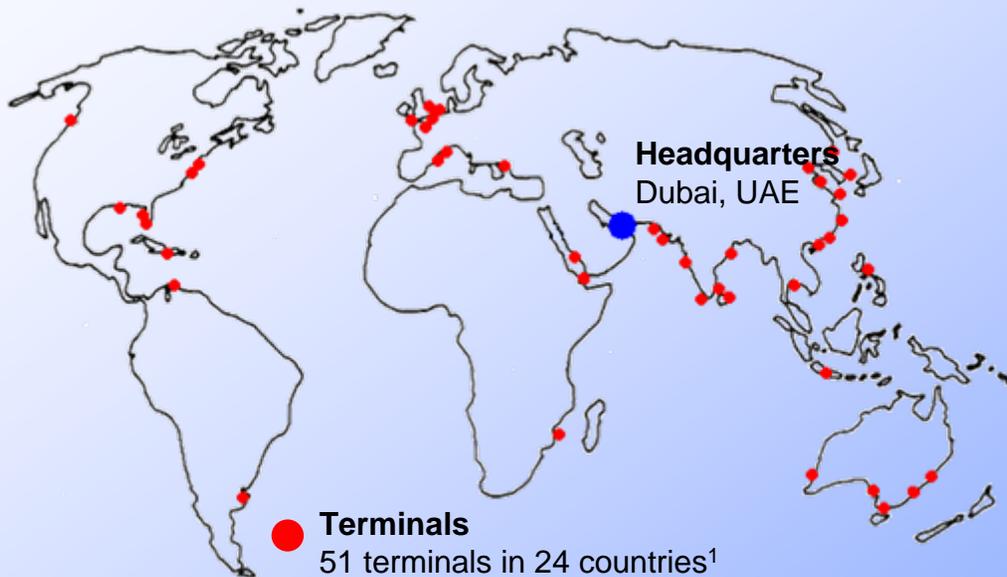
## Chartering & Agency

- Multiple chartering contracts
- Nationwide ship agency presence

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# *Global Growth Opportunities through DP World Support*

## DP World – Global Reach



<sup>1</sup> US Operations currently being divested

- DP World Supports P&O Marine as its marine services business worldwide
- 3<sup>rd</sup> largest Port Operator in the World having recently acquired P&O Group
- DP World sees this transaction as an opportunity to build a world class marine company on the back of their global contacts and market position.

Specialist Vessels in niche markets across different market segments

**Oil & Gas**

- New Geographies
- Increased capability and scale

**Government Services**

- Outsourcing ownership / management
- Commercial solutions

**Defence**

- Global trend of outsourcing support operations

**Cargo**

- Specialised solutions in remote areas
- Outsource key infrastructure



# *Strengthened Board and Management Team*

## **Board and Management**

Tony Howarth	Chairman
Andrew King	Managing Director & Chief Executive Officer
Jeff Weber	Executive Director & Chief Operating Officer
1 Independent from MMA (to be appointed)	
2 DP World Representatives (to be appointed)	
1 Independent Non-Executive Director (to be appointed)	



**P&O**   
Maritime Services

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*Completion Timetable*

<b>Item</b>	<b>Indicative Timing</b>
Despatch Notice of Meeting, Explanatory Memorandum and Independent Expert's Report	February 2007
EGM to approve transaction	March 2007
Completion	March / April 2007



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## *Summary - Significant Benefits for MMA Shareholders*

- Diversifies the company across different market segments and geographies
- Improves quality and visibility of earnings
- Strengthens the financial position of the company with gearing reduced and cash flow increased
- Changes the scale and scope of opportunities that the company can now sensibly pursue
- Creates Australia's leading diversified marine services company



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# *Key Contacts*

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