



# INVESTOR UPDATE

## October 2005

“Eagle Jetty”

20 Mews Road

FREMANTLE WA 6160

Tel: (08) 9431 7431 Fax: (08) 9431 7432

Web: [www.mermaidmarine.com.au](http://www.mermaidmarine.com.au)

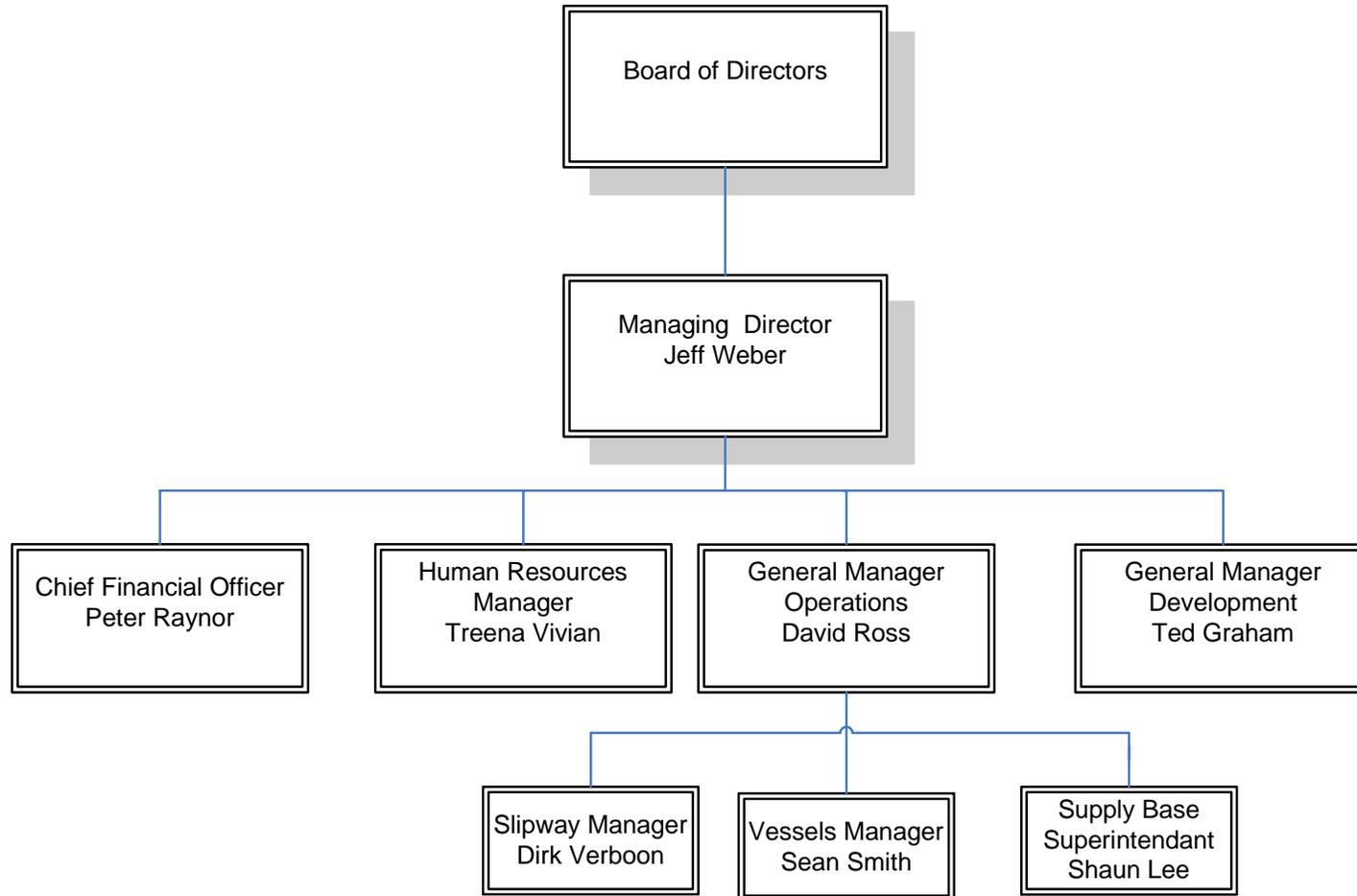


# KEY ACHIEVEMENTS DURING 2005 FINANCIAL YEAR

<b>Full Year Result:</b>	- \$4.0m pre-tax, \$2.5m post tax
<b>New Vessels:</b>	<ul style="list-style-type: none"><li>- Delivery of Mermaid Venture \$3.0 million</li><li>- Purchase of Mermaid Guardian \$6.3 million<ul style="list-style-type: none"><li>- On contract in Russia until October 2005</li><li>- Currently on way to Dampier</li></ul></li></ul>
<b>Wharf Extension:</b>	<ul style="list-style-type: none"><li>- Commenced construction of \$5.5 million expansion of wharf facility</li><li>- 60 metres with access both sides</li></ul>
<b>New Contracts:</b>	<ul style="list-style-type: none"><li>- Won new contract to build and operate offtake support vessel for Woodside Enfield Project. Construction price USD 10 million 5 year contract.</li><li>- Commenced Execution Santo's 5 year offtake support/supply contract.</li></ul>



# COMPANY STRUCTURE





# FINANCIAL RESULTS SUMMARY

	Year Ended 30 June 2005	Year Ended 30 June 2004
Revenue	\$53.4M	\$35.1M
EBITDA	\$9.9M	\$9.1M
EBITDA / REVENUE	18%	26%
EBIT	\$6.2M	\$5.9M
EBIT / REVENUE	11.6%	16.7%
NPAT	\$2.5M	\$4.3M
Operating free cash flow	\$7.4M	\$6.9M
NTA per share	36 cents	35 cents
Basic EPS	1.96 cents	3.75 cents
Dividend	Nil	Nil



# LIQUIDITY SUMMARY

	Year Ended 30 June 2005	Year Ended 30 June 2004
Gearing % (Net Debt / Equity)	35.0%	61.1%
Interest Cover (EBIT / Interest Expense)	2.8x	2.5x
Current Ratio (Current Assets / Current Liabilities)	2.4x	1.3x
Interest Bearing Liabilities	\$31.8M	\$30.6M
Capital Expenditure	\$12.3M	\$2.8M
Cash at Bank	\$13.9M	\$6.1M



# SEGMENT OVERVIEW

## Vessels

- ❑ Principal Vessels are MRM Carver, MRM Storm, MRM Venture, MRM Guardian and MRM Sound, MRM has a total of 19 Vessels
- ❑ Continued to be the main driver of revenue and profit
- ❑ Strengthened position in the market
- ❑ Recruited new management
- ❑ 35% of 2005 Revenue contracted v 26% in 2004, target 43% in 2006
- ❑ Competitor Activity

## Supply Bases

- ❑ Dampier Base:
  - ❑ Continued development of the base facility
  - ❑ Positioned to take advantage of future projects
- ❑ Broome
  - ❑ Financial performance affected by deferred drilling programmes
  - ❑ Expect stronger 2006 financial year



# SEGMENT OVERVIEW cont.

## Slipway

- ❑ Performance in line with prior year
- ❑ Challenge to attract and retain skilled labour

## Manning

- ❑ 2 major contracts contributed positively to full year result
- ❑ Access to quality marine personnel a major issue
- ❑ Competitor Activity

## Projects

- ❑ No projects undertaken during the year
- ❑ Challenge barge deployed into India to support Clough project in the region



# SEGMENT RESULTS SUMMARY

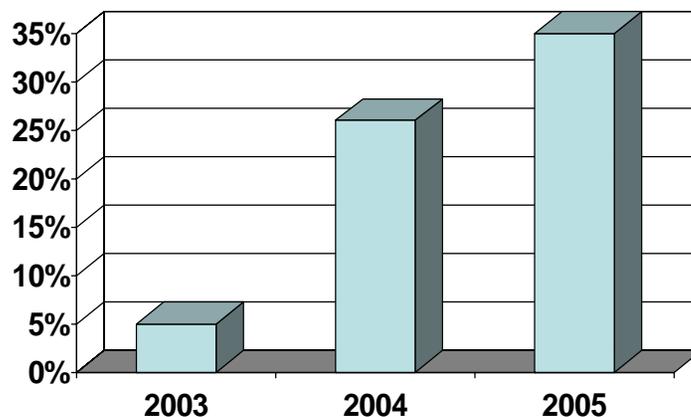
	Vessels		Supply Base		Eng & Labour *	
	2005	2004	2005	2004	2005	2004
	\$M	\$M	\$M	\$M	\$M	\$M
Sales to Customers	35.7	26.8	7.8	7.4	5.5	0.4
EBITDA	9.2	7.7	1.9	2.4	0.8	0.0
EBIT	7.3	5.9	0.7	1.3	0.7	0.1
EBITDA / Sales Revenue	25.7%	28.7%	24.3%	32.4%	14.5%	25.0%
EBIT / Sales Revenue	20.4%	22.0%	8.9%	17.5%	12.7%	-
Segment Assets	39.8	33.6	37.4	36.8		
Return on Assets	18.3%	17.6%	1.8%	3.5%		
* Excluding Share of Net Profit of equity accounted investments						



# MAJOR OIL & GAS CLIENTS

- ❑ Woodside Offtake support / Standby - Sound
- ❑ BHP Offtake Support / Supply / ROV – Carver, Guardian
- ❑ Wandoo Offtake Support / Supply / ROV - Eagle
- ❑ ENI Offtake Support - Carver
- ❑ Santos Offtake Support / Supply - Storm
- ❑ Chevron Offtake Support - Carver
- ❑ Apache Supply / ROV/ Rig Shift / Survey – Achiever, Investigator, Supporter

Contracted Revenue





# NEW CONTRACTS

## Mermaid Sound - Woodside

- ❑ 5yr contract for offtake support and supply for Woodside \$1.4bn Enfield Project
- ❑ USD 10m vessel specifically designed and due for delivery December 2006

## Mermaid Investigator - Apache

- ❑ Due delivery January 2006
- ❑ Contracted Apache Energy 180 days
- ❑ Strong interest from industry
- ❑ Timing excellent

## Market Positioning

- ❑ MRM Competing on the basis of shared services



# TMS Transaction

**MMA purchase 5 Vessels from TMS for \$23.8 m:**

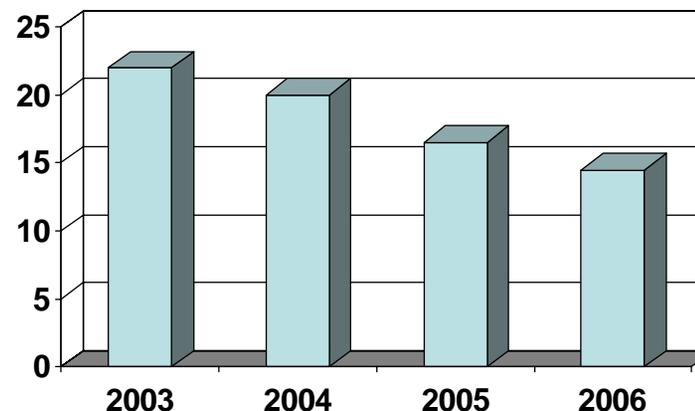
- ❑ “Provider” 45m AHT
- ❑ “Endeavour” 35m Offshore tug
- ❑ “Resource” 27m Fast response utility
- ❑ “Constructor” 76m Barge
- ❑ “Supporter” 45m AHT

**MMA sells manning business to TMS for \$4.4m and enters into 7yr contract for TMS to provide manning services to MMA**

**Major Points:**

- ❑ Reduces average age of fleet (5yr target of 10yrs)
- ❑ EPS Positive
- ❑ Improves fleet flexibility and utilisation in North West Shelf - benefit for clients
- ❑ Positions company in the offtake support segment
- ❑ Provide for growing FPSO market
- ❑ Secures quality Marine personnel in an increasingly tight market

**Average Age of Fleet**





# DEVELOPMENTS

## Chevron

### 1. *Gorgon*

- 11bn LNG Project on Barrow Island
- Approval decision expected approximately October 2006
- Commenced detailed discussions
  - Supply Base requirements
  - Vessel requirements

## Woodside

### 1. *Enfield*

- FPSO 1.48bn
- 50km NW Exmouth
- FPSO Development

### 2. *Phase 5 LNG Expansion*

- Second LNG berth and related infrastructure
- First Cargo fourth Quarter 2008

### 3. *Pluto*

- 100% Woodside LNG Development
- 5 to 7 million tpa LNG
- Investment decision Mid 2007



# DEVELOPMENTS cont.

## BHP

### 1. *Stybarrow*

- Feasibility Stage
- FPSO Development
- Carnarvon Basin 55km NW Exmouth

### 2. *Pilbara LNG*

- Pre-feasibility LNG Development
- Scarborough field – 8 TCF
- Potential for 6 million tonnes p.a

## Resources

- There are a number of port related upgrades occurring in the North West Shelf based on increased capacity development



## KEY TARGETS – 2006

- Conclude transaction between Mermaid Marine and Total Marine Services**
  
- Finalise construction and delivery of Mermaid Investigator**
  
- Commence construction of Mermaid Sound**
  
- Progress supply base and vessel opportunities with Gorgon development**
  
- Complete wharf extension**



# CHALLENGES

- Labour
- Competitors
- Projects and Timing
- Oil Price and A\$



# GROWTH DRIVERS FOR THE FUTURE

- New Vessels**
- New Contracts**
- New Projects**
- New Infrastructure**
- Recurring revenue from production support contracts**
- TMS Acquisition**
- New Management**



# COMPANY INFORMATION

**Current Share Price:** 35cents  
**Issued Capital:** 139.4  
**Market Capitalisation:** \$48.8M

<b>Substantial Shareholders:</b>	<b>Number of Shares:</b>	<b>% of Issued Capital:</b>
Sealion Australia Pte Ltd	23,480,000	16.85%
Delmark Investments Pty Ltd	11,130,000	7.99%
Invesco Australia Ltd	9,782,353	7.02%
Mr. James Henry Carver	9,215,826	6.61%



# CONTACT INFORMATION

## **Jeffrey Weber**

### **MANAGING DIRECTOR**

Eagle Jetty, 20 Mews Road Fremantle WA 6160

**TEL** (+61) 8 9431 7431    **FAX** (+61) 8 9431 7432    **MOB** 0418 855 275

**EMAIL**        jweber@mermaidmarine.com.au

**WEB**            www.mermaidmarine.com.au

## **Peter Raynor**

### **CHIEF FINANCIAL OFFICER / COMPANY SECRETARY**

Eagle Jetty, 20 Mews Road Fremantle WA 6160

**TEL** (+61) 8 9431 7431    **FAX** (+61) 8 9431 7432    **MOB** 0418 901 620

**EMAIL**        peter.raynor@mermaidmarine.com.au

**WEB**            www.mermaidmarine.com.au