



MERMAID MARINE  
AUSTRALIA LTD

24 November 2011

The Listing Manager  
Australian Securities Exchange Ltd  
Level 4, Stock Exchange Centre  
20 Bridge Street  
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Dear Sir/Madam

**2011 AGM: CHAIRMAN'S ADDRESS & MANAGING DIRECTOR'S PRESENTATION**

Please find **attached** a copy of the Chairman's Address & Managing Director's Presentation to be presented to shareholders at today's Annual General Meeting for the Company.

Kind regards,

**MERMAID MARINE AUSTRALIA LIMITED**

**DYLAN ROBERTS**  
Company Secretary

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## **Mermaid Marine Australia Limited**

### **2011 Annual General Meeting**

#### **CHAIRMAN'S ADDRESS**

Good morning ladies and gentlemen and welcome to Mermaid Marine Australia Limited's 2011 Annual General Meeting.

My name is Tony Howarth and I am the Chairman of the Company.

The Company Secretary advises me that we have a quorum present and I am therefore pleased to declare this meeting open.

You will have received the Notice of Meeting and the Items outlined in that Notice will be discussed in the formal part of the meeting.

Prior to that, I will present a summary of MMA's performance over the past year and how we see the path ahead. Jeff Weber will then give a presentation on the progress of the Company after which time I will return to conduct the formal proceedings.

I would like to start by introducing your Directors present here today:

- Our Managing Director – Mr Jeffrey Weber;
- Executive Director – Mr Jim Carver;
- Non-Executive Director – Mr Mark Bradley; and
- Non-Executive Director – Mr Andrew Edwards.

I would also like to introduce our Company Secretary – Mr Dylan Roberts.

I am very pleased to report that MMA delivered another strong result for shareholders in 2011.

Revenue for the year was \$289 million, an increase of 49% on 2010. Net Profit after Tax increased by 37% to \$43.2 million and Earnings per Share increased by 24% to 21.1 cents per share.

Once again, I am pleased to say that the Company increased its dividend payment to shareholders, paying a total of 9 cents per share fully franked for the year, up 12.5% on the previous year.

MMA's Total Return to Shareholders (including both dividends and capital gains) was 29% for the 2011 financial year. This is a good result for shareholders. By comparison, the S&P/ASX200 Index generated a 16% Total Shareholder Return over the same period.

The 2011 financial year saw strong demand for MMA's services across each of the vessels, Supply Base and Slipway divisions.

Oil and gas activity in the North West of Australia during FY11 was buoyant with construction of the \$43 billion Gorgon LNG project driving strong demand for MMA's services. MMA provided a range of vessels to support this Project including contracts to transport fuel, cargo and water to Barrow Island. Gorgon is also a major tenant on our Dampier Supply Base and contributed to strong activity on the Base during the year. MMA will continue to tender for work on the Gorgon Project as construction continues through 2013.

During the year, MMA also added to its portfolio of contracted production support work, securing two major three year FPSO support contracts with Woodside.

We also continued to support Geokinetics' seismic work internationally with a number of vessels operating in Indonesia during the year and more recently in Mexico and Brunei.

The Supply Base had a strong year with high utilisation across the Base. Drilling campaigns by Apache, Chevron, Hess and BHP as well as ongoing production support work, drove high utilisation across the wharf. MMA also signed a major new long term contract with Chevron supporting its exploration and production drilling activities in the North West Shelf and production facilities at Thevenard Island. A major supply base services contract was also signed with Allseas during the year.

Offshore oil and gas activity in Australia is expected to remain strong with over \$170 billion of expenditure forecast on a range of construction projects in the North West Shelf, Browse Basin and Timor Sea over the next 7 years. Last month, Chevron announced that it had sanctioned its \$25 billion Wheatstone LNG Project and in May of this year Shell announced that it would proceed with its estimated \$10 billion Prelude Floating LNG Project. Two other multi-billion dollar LNG projects, INPEX's Ichthys Project and Woodside Browse Project are also nearing final investment decisions. MMA, with its modern fleet of vessels and strategically located supply bases at Dampier and Broome, can look forward to continued high demand for its services in Australia.

MMA continues to invest in its fleet adding a number of new vessels during the 2011 financial year, and we currently have two new OSV's under construction.

MMA also commenced on executing its strategy to expand into the Platform Supply Vessel market during the year with the purchase of the "Mermaid Leveque" a new 75 metre PSV delivered in June 2011. The PSV is the second of its type in MMA's fleet and significantly expands our capability in relation to offshore drilling and construction support. Since completion in October 2011, the Leveque has completed a spool delivery contract for the Montara Project and has recently commenced a pipelay contract with Allseas. We are currently sourcing additional vessels to expand the PSV fleet.

We also continued to invest in our Dampier Supply Base with improvements made to laydown areas, access road and wharf infrastructure during the last financial year.

With demand for our Dampier facilities at an all-time high, our existing Supply Base was reaching capacity. MMA has been looking at opportunities to secure additional land in Dampier for some time and I am pleased to say we recently signed an agreement to purchase the BIS Industries' Dampier Supply Base. The BIS Supply Base is located at King Bay Industrial Estate and comprises a total area of 11.7 hectares increasing our total Supply Base land area in Dampier by 59%. The acquisition is strategically significant in that it provides MMA with access to substantial extra land and storage facilities directly adjacent to our current operations. This acquisition will enable MMA to continue to grow and expand its supply base service offering to the growing offshore oil and gas industry in the North West Shelf. The transaction is subject to a number of conditions precedent but is expected to complete by the end of the calendar year and contribute to earnings in the second half of the 2012 financial year.

Whilst our Dampier location is ideal in terms of proximity to Australia's major oil and gas fields, it does come with some challenges. A shortage of housing in Dampier and Karratha has driven house prices and rentals to levels which make it one of the most expensive places to live in Australia. This presents an ongoing issue for employers as cost of living pressures flow through to wage increases and ultimately to the costs of doing business in the region.

Union activity has also become increasingly prevalent in Australia with significant wage claims and demands for increased control over business operations. Our Dampier Supply Base lost 14 days to industrial action during July and August whilst the Company was in the process of negotiating, in good faith, a new Enterprise Agreement with its employees. One of the problems with the current Labour Government's *Fair Work Act* is that does not critically analyse the good faith bargaining

precept before allowing protected industrial action, which results in increased strikes and a much more difficult environment in which to settle disputes. Ultimately, this will have an impact on Australia's competitiveness as it becomes increasingly expensive and difficult to do business here. After a protracted negotiation period, MMA reached an agreement with the Maritime Union of Australia and a new three year Enterprise Agreement was voted up by employees earlier this month and is currently with Fair Work Australia for approval.

A critical focus area of the business is safety. Our people operate in harsh and dangerous environments and the Company spends significant time and resources continually improving safety across the organisation so that our people can do their jobs without incident. The issue is also critically important to our key clients who will only deal with safe operators. MMA has a robust suite of safety policies and procedures that guide activities across the organisation and in 2011, we took the next step with the introduction of a tailored behavioural based safety programme. This programme, "MATES" or "My Approach To Everyone's Safety", encourages employees and contractors to monitor each other's safety, promoting a culture of safety and elimination of unsafe behaviours in the workplace. I am pleased to say that MMA's safety record continued to improve in 2011 with a Total Recordable Case Frequency of 4.2, a 21% reduction on the previous year and an 82% reduction over the past 5 years. Safety will remain a continued focus for the business going forward.

MMA developed a new five year strategic plan during the year. Our strategy remains focused on growing our integrated oil and gas marine services business within Australia taking advantage of the unprecedented pipeline of major oil and gas projects in the region, whilst continuing to seek opportunities to expand into overseas markets. Offshore activity in South East Asian has shown recent signs of improvement with utilisation levels increasing. MMA, with its Singapore office and internationally flagged fleet, is well placed to selectively take advantage of opportunities internationally.

MMA is in a strong financial position having raised \$64m in October 2010 and having recently restructured its debt into a five year club facility. The Company currently has relatively low gearing and is well positioned to take advantage of future growth opportunities.

To sum up, your Company performed exceptionally well during 2011 and whilst the global economy continues to face some major challenges, the current outlook for the offshore oil and gas industry, particularly in Australia, looks robust and will provide significant opportunities for MMA going forward.

I would like to take this opportunity to thank my fellow Board members for their valuable contribution during the year. I would also like to sincerely thank the Company's Senior Executive Team, led by Managing Director, Jeff Weber, and all the staff of Mermaid Marine for their hard work and dedication to achieving a tremendous result for shareholders in 2011. I look forward to 2012 and to continuing to deliver strong returns for you our shareholders.

# MERMAID MARINE AUSTRALIA LTD

## 2011 AGM Presentation

### 24 November 2011





# MERMAID MARINE AUSTRALIA LTD

## Managing Director's Address

Jeffrey Weber





# Disclaimer



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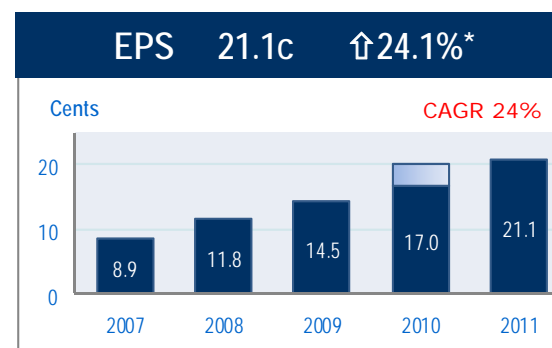
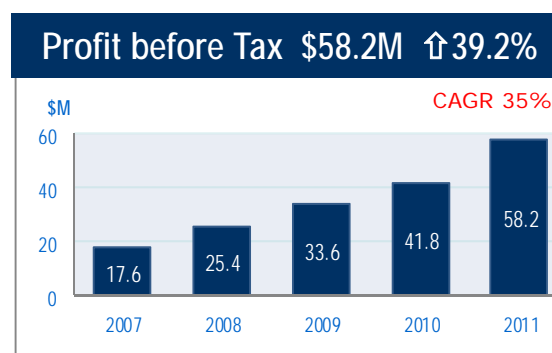
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- Continued record of strong earnings growth in FY11
- Improvement in our safety performance
- Focus on high value marine solutions to clients
- Executing on PSV growth strategy
- Expansion of Dampier Supply Base business
- Expect to continue earnings growth in FY12

# 2011 Highlights



- Revenue \$289.1 million, ↑48.7%
- Pre-tax profit \$58.2 million, ↑39.1%
- Net profit after tax \$43.2 million, ↑37.1% (*normalised*)
- Earnings per share of 21.1c, ↑24.1% (*normalised*)
- Final Dividend 5c per share; full year 9c per share ↑12.5%
- Operating Cashflow \$79.5 million ↑53.8%
- Cash at bank \$55.1 million
- Capex \$71.8 million
- Strong Balance Sheet – \$64m equity raising (Oct-10); restructured debt facilities into a new 5 year Club Facility (Aug-11)
- Safety performance improved – 21% reduction in Total Recordable Case Frequency



\* FY10 NPAT and EPS normalised to exclude one-off Federal Government Investment Incentives received

# Vessel Operations ... performing strongly



- **Financial highlights FY11**

- Revenue \$211.7 million, ↑ 41.0%
- EBITDA \$57.9 million, ↑ 21.9%
- ROA – 17.8%
- Vessel utilisation 81%

- **Operational update YTD FY12**

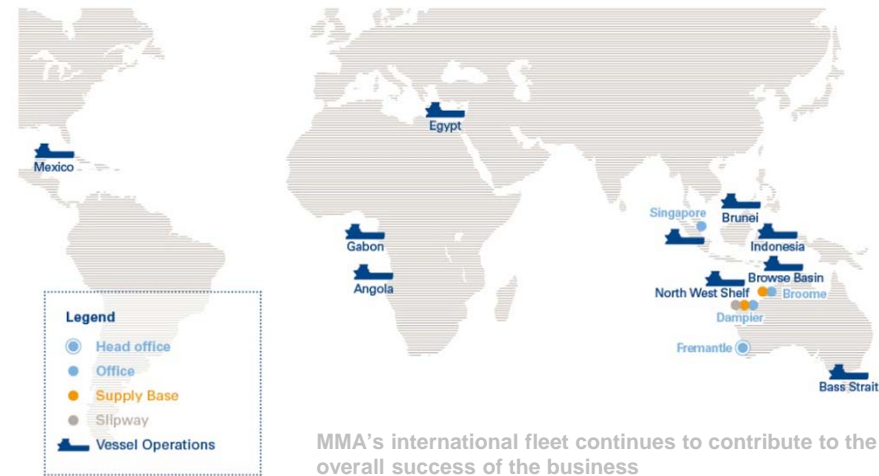
- Mermaid Leveque delivered Oct 2011 – commencing Allseas contract for Gorgon Project
- Undertook major seismic project in Browse Basin
- Secured 12 month contract – Gorgon accommodation barge
- 2 new OSVs under construction – first launched Nov 2011, delivery Apr 2012
- YTD utilisation 80%



# International Business...strategy for growth



- Strategy to continue to expand international operations
  - Singapore office – increasing capability
  - US\$130m of assets in Singapore company (9 vessels)
- 3 vessels currently working internationally in Mexico and Brunei
  - Brunei Project completes Dec 2011
  - Vigilance continues to operate in Mexico
- PSV strategy:
  - 2 PSVs in fleet
  - Reviewing options for additional vessels
- South East Asian oil and gas outlook improving



MMA's international fleet continues to contribute to the overall success of the business



# Dampier Supply Base... Strong returns, continued expansion

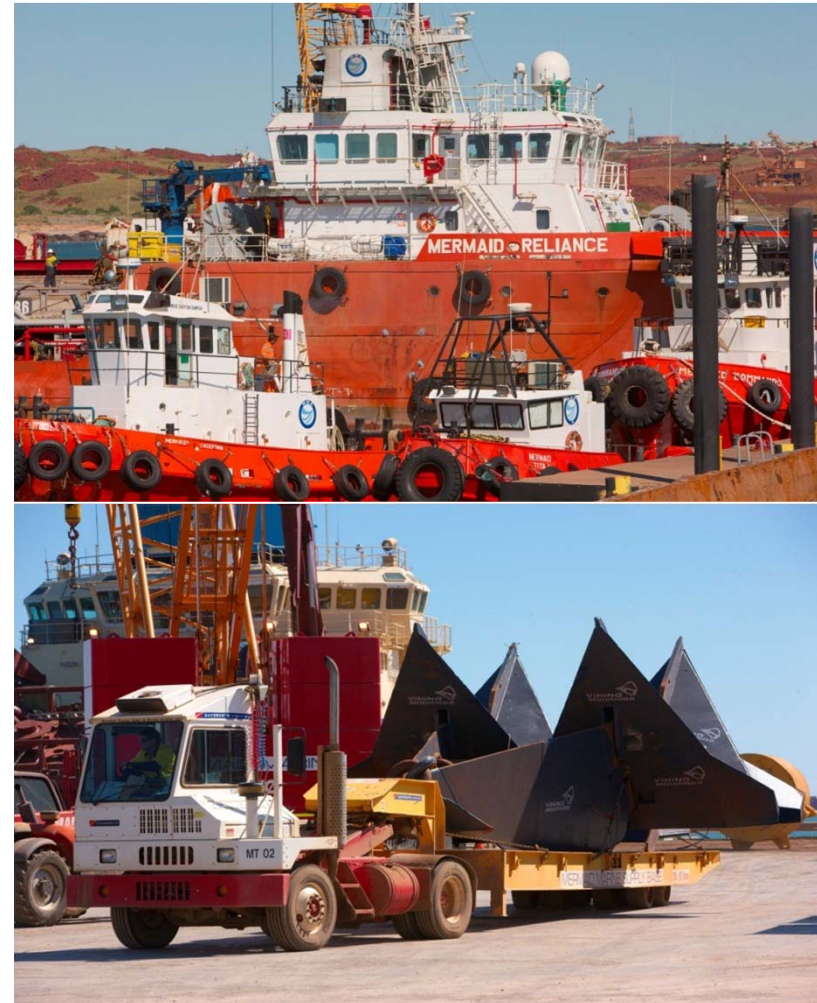


## Financial highlights – FY11

- Revenue \$61.4 million, ↑ 50.1%
- EBITDA \$34.6 million, ↑ 47.9%
- ROA 28.1%
- Signed major new drilling and production support contract with Chevron (3.5 years + options)

## Operational update - YTD FY12

- First half impacted by industrial activity and lower drilling activity
- Finalised new 3 Year EBA
- Recently announced purchase of Bis Dampier Supply Base (11.7ha) - increased scope for growth
- Drilling activity expected to pick up in second half





# Expanded Dampier Facilities



MMA Supply Base  
Bis Supply Base



# Dampier Slipway... Strong demand for services



- **Financial highlights – FY11**
  - Delivered solid financial performance
  - EBIT \$2.9m – up 190% on FY10
  - Return on assets – a record 24%
  
- **Operational highlights**
  - Increased number of vessels working in NWS
  - Docked 42 vessels (FY10: 37)
  - Continuing to upgrade the facility (larger vessels)
  - Demand continues to be strong
  - Remains a key asset for the Company





# Broome Supply Base... Strategically positioned for future growth



## ▪ Financial highlights

- Small loss for the period due to limited drilling activity in the region during FY11
- Activity expected to increase in FY12 (Conoco Phillips drilling campaign)

## ▪ Operational highlights

- Continuing to invest in infrastructure to meet current and future demand:
  - New offices completed during the year
  - New dangerous goods area and pipe wash-down facility
  - Secured additional land – total area now 11.6ha

## ▪ Strategic Asset

- Broome Supply Base is a strategic asset with several major projects planned for the region:
  - Shell Prelude - FID announced Jun 2011
  - INPEX Ichthys – FID expected Q1 2012
  - Woodside Browse – FID expected mid 2012



## Exploration

- Exploration and production drilling - Chevron, Woodside, BHPB, Hess, Apache, Santos, Conoco Phillips, Shell, Total, PTTEP, Vermillion, Exxon Mobil
- Ongoing seismic support opportunities with Geokinetics

## Construction

- Ongoing opportunities with Gorgon
- Montara and North Rankin B Projects currently under construction
- Upcoming opportunities with Macedon and Gorgon Dom Gas
- Chevron's Wheatstone Project recently received FID
- Shell's Prelude Project recently received FID

## Production

- Opportunities to support new production assets:
  - FPSO developments
  - Gas production platforms

## On track to meet market expectations.

### Vessels

- Strong first quarter
  - high utilisation of larger vessels
  - 2 significant short term projects
- Active on Gorgon Project - 11 vessels currently on charter to KJVG
- Woodside – commenced 2 x 3 year offtake contracts
- Awarded contract by Sapura Acergy to support Montara Project – 2 vessels
- Mermaid Leveque commencing contract with Allseas
- Currently tendering a number of vessel contracts

### Supply Base

- First half impacted by industrial activity and lower drilling activity
- Gorgon related activity to increase – employing an additional 20 staff
- Drilling activity increasing – Chevron, BHPB, Hess, Apache, Santos, Exxon
- Bis Supply Base will contribute to 2<sup>nd</sup> half of FY12
- Longer term activity in Broome set to increase
- Overall higher activity levels expected in second half

MMA is focused on delivering continued earnings growth into FY12