



Neptune to expand presence in oil & gas services market with intended acquisition of Tri-Surv Geomatics

- Broadens Neptune's capabilities in oil & gas services market
- Ability to expand Tri-Surv into International markets – survey work is a US\$3 billion pa industry
- Management team to stay with the business
- Cross-selling opportunities with Neptune's other services

Leading marine and oil & gas services company Neptune Marine Services (ASX:NMS) today announced that it has entered into a letter of intent (LOI) to acquire Tri-Surv Pty Ltd (Tri-Surv), a leading specialist hydrographic surveying company servicing the oil & gas sector.

Neptune proposes to pay \$16.7 million upfront, in 70 per cent cash and 30 per cent Neptune shares, plus a three year earn-out based on Tri-Surv's EBIT performance. The business is expected to add about \$10 million in annualised revenue based on its current structure and upon settlement, expected in July 2007, will make an immediate contribution to Neptune's earnings per share. Tri-Surv's EBIT in FY2007 is expected to be \$4.6 million. The acquisition is subject to satisfactory due diligence, contractual documentation and completion of an institutional placement of shares to fund the purchase.

Tri-Surv has a team of 25 senior people and is located in Perth, Western Australia and currently services customers in Western Australia and New Zealand. The company's survey services are essential in the offshore oil & gas sector and it has long-term contracts with leading blue chip oil & gas customers.

Tri-Surv undertakes oil & gas surface positioning survey works (rig positioning, vessel and barge positioning), sub-surface survey works (pipeline and submarine cable route surveys, geotechnical investigations, seismic vessel positioning calibrations), construction support for offshore oil & gas infrastructure, IRM services (pipeline and ROV inspections), project consulting and other related support services. Tri-Surv provides services at every stage of the hydrocarbon cycle, from initial exploration and production through to abandonment.

Tri-Surv's team will continue to build the business and be supported by Neptune's corporate head office function and its business development team. The three founders Mark Lindsay, Bart van der Groen and Anthony Kerr will continue to lead the business.

Neptune's Managing Director Christian Lange said, "Tri-Surv is an excellent addition to Neptune and the acquisition is in line with our **Strategy for Growth**. What is particularly encouraging is the scope for growth. Tri-Surv has built an excellent reputation with some leading global oil & gas companies in Australia and we can take this business into international markets where Neptune is already building a presence.

"The opportunity to grow Tri-Surv is supported by very favourable market dynamics. The hydrographic survey market is valued at US\$3 billion per annum which gives us significant scope for growth. By building an international presence as part of Neptune we are confident of significantly growing Tri-Surv's business", Mr. Lange said.



Tri-Surv's Managing Director Mark Lindsay said, "This is a great opportunity to expand our business as part of a growing and dynamic public company. What excites us is the global footprint that Neptune is establishing and this gives us an enormous opportunity to grow this business. Global companies in our space generate revenues in excess of US\$1 billion per annum so we have a large international market to tap.

"Our **Strategy for Growth** is ahead of schedule as we continue to assemble a number of top quality businesses operating as part of Neptune," Mr. Lange said. "Already the new businesses acquired to date are pursuing joint tender opportunities and customers are starting to recognise our integrated subsea services capabilities as an opportunity to consolidate multiple services under single contract terms. This will lead to larger and longer-term contracts being secured.

"Irrespective of the oil price, oil & gas explorers and producers have to constantly upgrade and maintain ageing infrastructure. Neptune is well placed to continue capturing more projects. We are positioning ourselves as an integrated subsea engineering and services partner of choice in this global sector and we are excited about the opportunities," Mr Lange said.

Neptune Marine Services project manages and delivers quality sub sea maintenance services to the Oil and Gas and Maritime industries. Our flagship technology delivers long lasting, high quality in situ repairs to platforms, pipelines, vessels and marine infrastructure while minimising operational downtime through the only permanent, dry quality welding solution in a non-hyperbaric underwater environment.

Further information

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