



Neptune to acquire Link Weld Engineering

- Continued expansion of Neptune's end-to-end IRM capabilities in the oil & gas sector
- Adds \$12 million in annual revenue and will be immediately EPS accretive
- Management to stay with the business
- Neptune's capabilities will now include specialist engineering services for the oil & gas sector

Marine Services company, Neptune Marine Services Limited (ASX: NMS) today announced another step in its **Strategy for Growth** with the company signing a letter of intent to acquire Link Weld Engineering (Link Weld), a Perth based specialist engineering firm servicing the oil & gas and energy sectors in Western Australia. The proposed acquisition is subject to due diligence and formal contract documentation.

The acquisition is intended to be made by an upfront payment of \$4 million for goodwill, plus the value of Link Weld's plant and equipment and work in progress. A further payment of \$3 million for goodwill will be made by Neptune over a 3 year period. The payments for goodwill will consist of cash and the issue of Neptune's shares to Link Weld's shareholders to be held in escrow. The purchase price represents an EBIT multiple of between 3.5 and 4.5 based on Link Weld's annualised current FY 2007 earnings.

Link Weld currently has annual revenue of \$12 million, and upon settlement, is expected to make an immediate contribution to Neptune's earnings per share. The business has contracts with all the leading oil & gas companies operating in Western Australia and has an active pipeline of projects currently underway. Link Weld will continue to operate as a separate business with back end functions being integrated into Neptune.

Link Weld was established by Nino Amato in 1994 and has an excellent reputation with customers in the energy sector. Mr Amato has over 25 years experience in engineering, having previously worked for Transfield and Saipem Australia. Mr Amato will remain with the business and continue to drive its expansion.

Neptune's Managing Director Mr Christian Lange said, "Link Weld is an excellent strategic fit with Neptune and brings to the company specialised engineering capabilities that will broaden our service offering to the oil & gas sector, both onshore and offshore.

A number of Neptune's projects require specialised engineering and welding services which we currently outsource. Link Weld brings these services in-house, further streamlining the delivery process for customers.

"We are delighted that Nino Amato will remain with the business and continue to drive its growth. Nino's skills will be invaluable as we continue to build Neptune's presence in key oil & gas markets.

Mr Amato said, "Integrating with Neptune will help us take Link Weld to the next step in its growth. Being part of a larger organisation with a broader skills base means we can target larger, more profitable projects.



Mr Lange said, "This acquisition represents a further step in Neptune's **Strategy for Growth**. This is our third acquisition and we have been highly selective about the businesses we acquire. Integration risk is very low, all have stable revenue and earnings, the key people in each business remain committed to growth, and all businesses meet our investment criteria. Neptune is well placed for continued growth both organically and through acquisitions that make sense for shareholders."

The transaction is expected to be completed during the third quarter of FY07.

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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