



MMA Offshore Limited

2018 Financial Year Results Presentation

27 August 2018



MMA
OFFSHORE

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- Full year FY2018 EBITDA of \$18.5m in line with expectations
- Stronger 2nd half on the back of project work in Australia
- Result included loss from Dampier Slipway of \$2.3m which ceased operations in Jun-18
- Maintained our world class safety performance
- Strengthened the Balance Sheet
- Secured three significant contracts during the year
- Broader oil and gas services market continues to improve
- Strategically repositioned the fleet and now focused on higher margin and more complex market segments
- Building our subsea capability
- Solid contract coverage for FY2019
- Expect higher utilisation through the course of FY2019 with only modest improvements in day rates this financial year
- Goal to be cash flow neutral in FY2019

Early signs of a recovery remain encouraging

Oil price recovering, market expected to remain tight

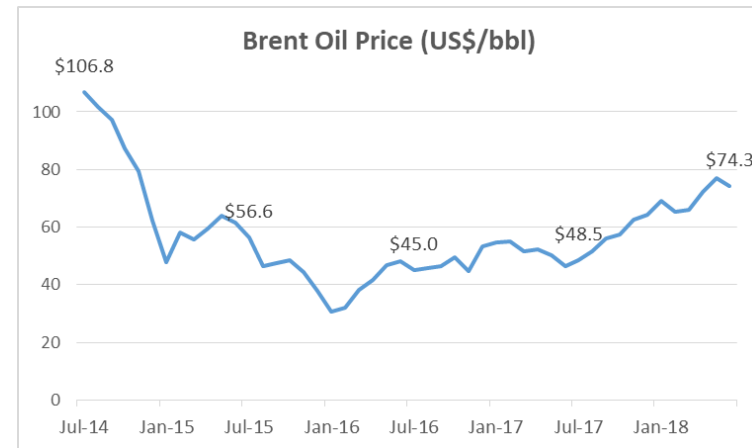
- Oil price up 60% since Jun-17 holding above US\$60/bbl (Brent) since Nov-17 and above \$70/bbl since Apr-18; up 180% from the Feb-16 low of US\$27
- IEA recently reported a significant tightening in the oil market with spare capacity “stretched to the limit”
- Improved outlook for LNG demand driven by China
- US shale production remains a disrupter however offshore oil is now competitive with shale on a breakeven cost basis

Starting to see an increase in Project FIDs as oil majors return to profitability

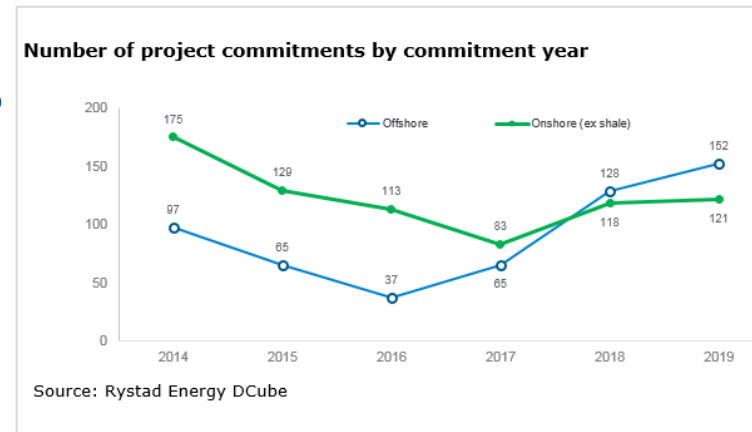
- Oil and gas reserves of global majors have fallen sharply with only ~1/3 of global production replaced since 2014
- Oil majors recently reported a surge in earnings
- Offshore project FIDs expected to rise significantly in 2018 and 2019
- Inspection, maintenance and repair (“IMR”) activity expected to increase due to deferred work scopes in recent years

Early signs of a recovery remain encouraging

- Increased project FIDs, rig tendering, subsea orders and seismic activity
- Global OSV utilisation, rates and asset values have stabilised
- Significant vessel oversupply remains however expect prohibitive reactivation costs to limit the return of cold stacked vessels to the market
- Due to the lag between E&P investment and vessel activity, it will still take some time for global vessel utilisation to improve, however the indications for a recovery in demand are encouraging



Source: IEA



Source: Rystad Energy DCube

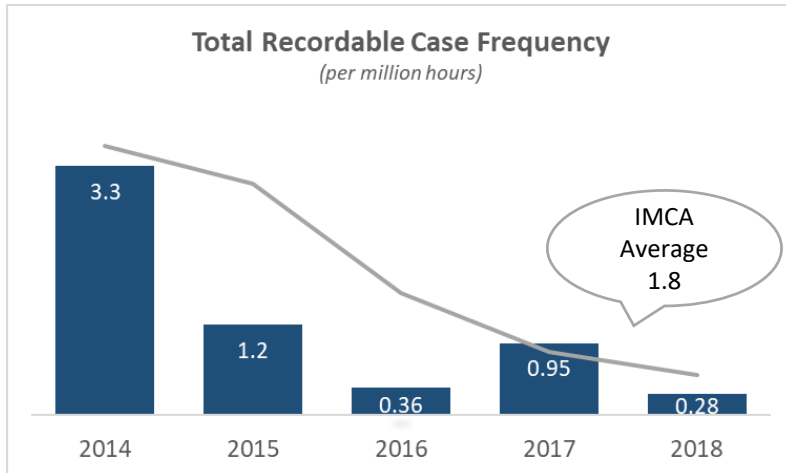
Health, Safety and Environment

MMA maintained its world class HSEQ performance, a critical success factor in the offshore industry

- TRCF result of 0.28 in FY18 – our best ever performance
- World class TRCF performance compared to industry peers; IMCA average was 1.8 for calendar year 2017
- Our Target 365 strategy continues to evolve and produce sustainable improvements in safety culture and performance
- Ongoing continuous improvement to our systems, processes and internal controls including a comprehensive review of our Target 365 Critical Controls
- MMA is active in industry HSEQ forums including the International Marine Contractors Association (“IMCA”) Global HSSE Committee and Safer Together WA/NT

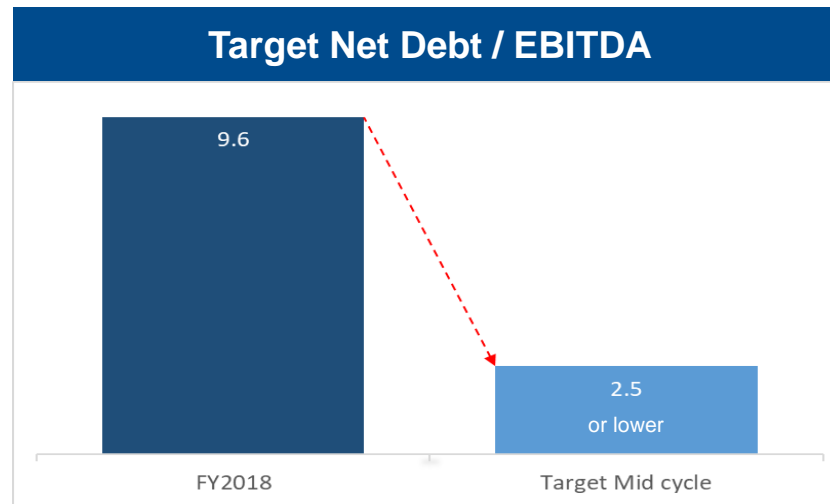
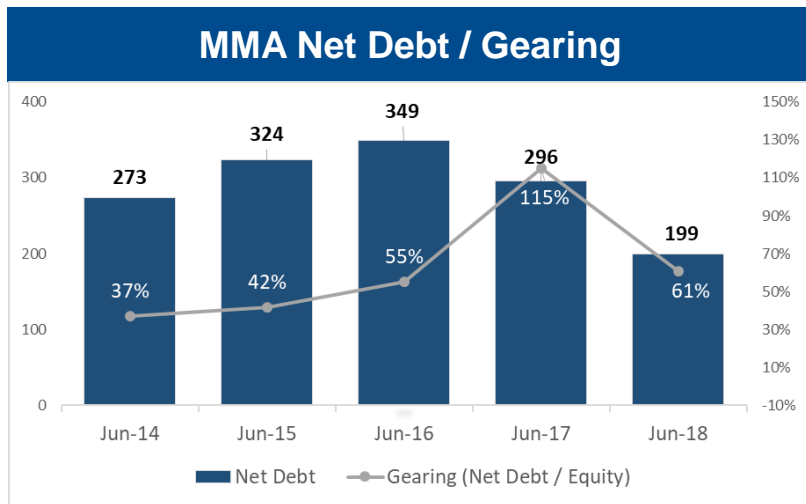


A PERFECT DAY
EVERY DAY



Strengthened Balance Sheet

MMA strengthened its Balance Sheet during the year and is targeting a return to more acceptable debt metrics as the market improves



Balance Sheet Restructuring (Dec-17)

- \$97m equity raising

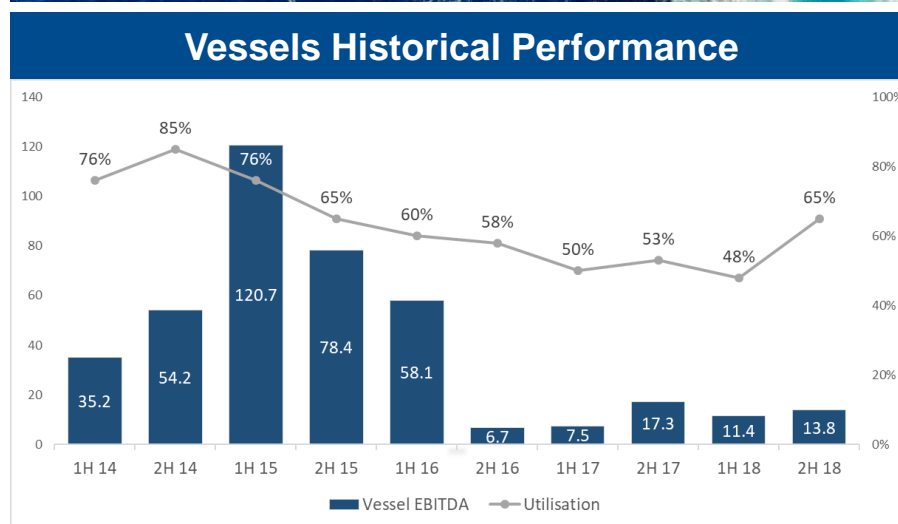
Key Debt Facility Amendments

- Term extension to 30 Sept 2021
- Reduced interest rate including removal of PIK interest
- Amended covenants – covenant holiday until 30 Jun 19
- Revised amortisation profile – scheduled amortisation commencing Jun 2020 including cash sweep above \$70m

Note: MMA's net debt is calculated excluding the impact of unamortised loan fees

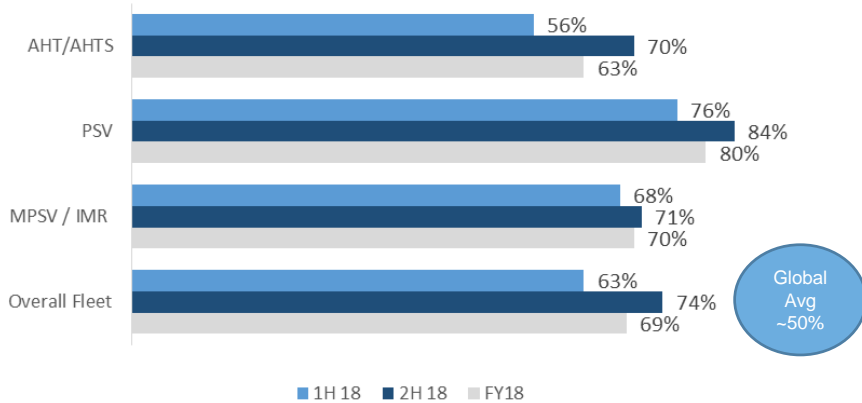
Operational Highlights

- Overall Fleet Utilisation 56% (1H 48%; 2H 65%)
- Core fleet Utilisation 69% (1H 63%; 2H 74%)
- Rates remain at historically low levels
- Strong utilisation in Australia particularly in 2H
- Secured 3 key projects during the year including:
 - ConocoPhillips – support for drilling and shutdown operations (4 vessels)
 - Technip: Greater Enfield tug & barge spread (6 vessels)
 - Subsea 7: Greater Western Flank pipehaul (2 vessels)
- Ongoing production support contracts for 6 vessels (options recently exercised for Strait and Sound)
- MMA Privilege continues on full time contract in Côte d'Ivoire
- Signed key 3 year contract for MMA Pinnacle with iTech/Subsea 7
- Extended key contracts in Middle East to 30 Jun 19 (3 vessels)
- Ongoing spot work across SEA and Middle East
- MMA Pinnacle and MMA Prestige impacted by Q3 seasonality

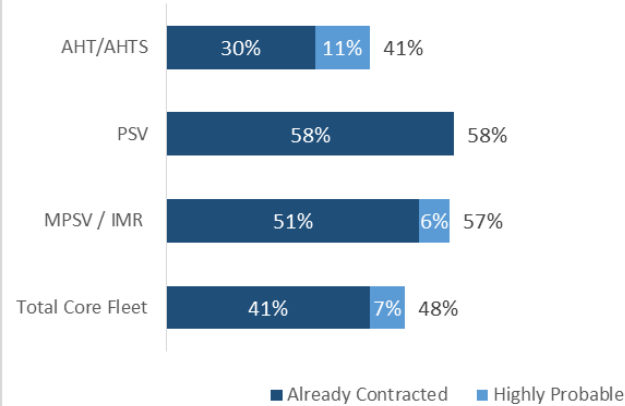


Key Fleet Metrics

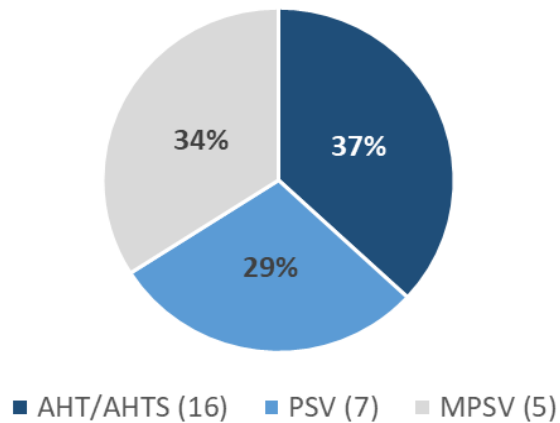
FY18 Utilisation (excluding vessels held for sale)



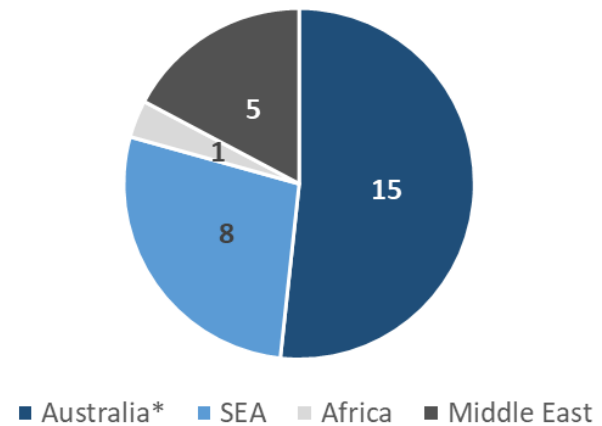
FY19 Contracted Utilisation (Days under contract)



Fleet Breakdown (% of Book Value)

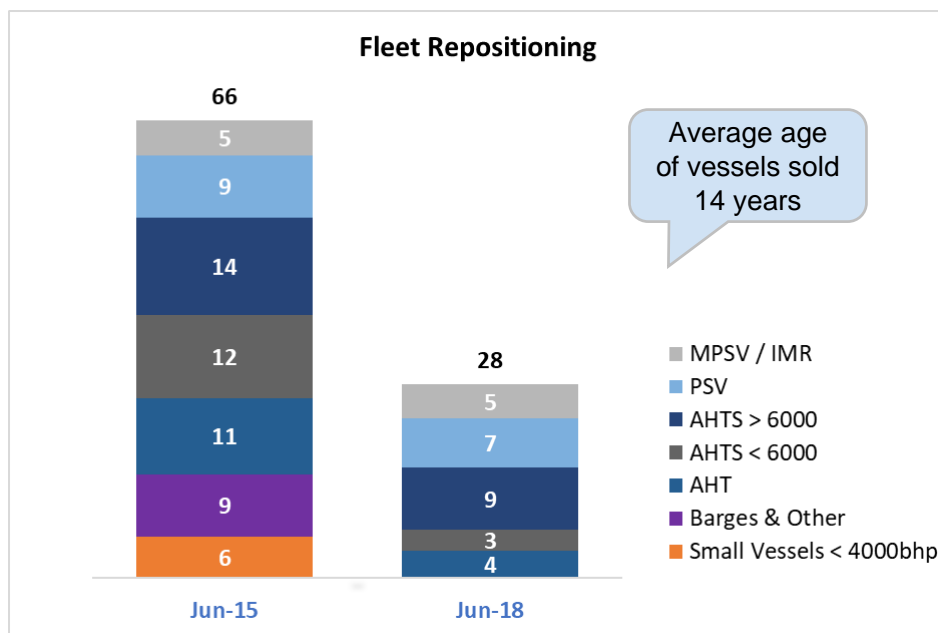


Regional Fleet Breakdown (Jun-18)



Strategic repositioning of Fleet

MMA has strategically repositioned its fleet, saving cash and reducing exposure to vessels which are not expected to generate a satisfactory return on assets

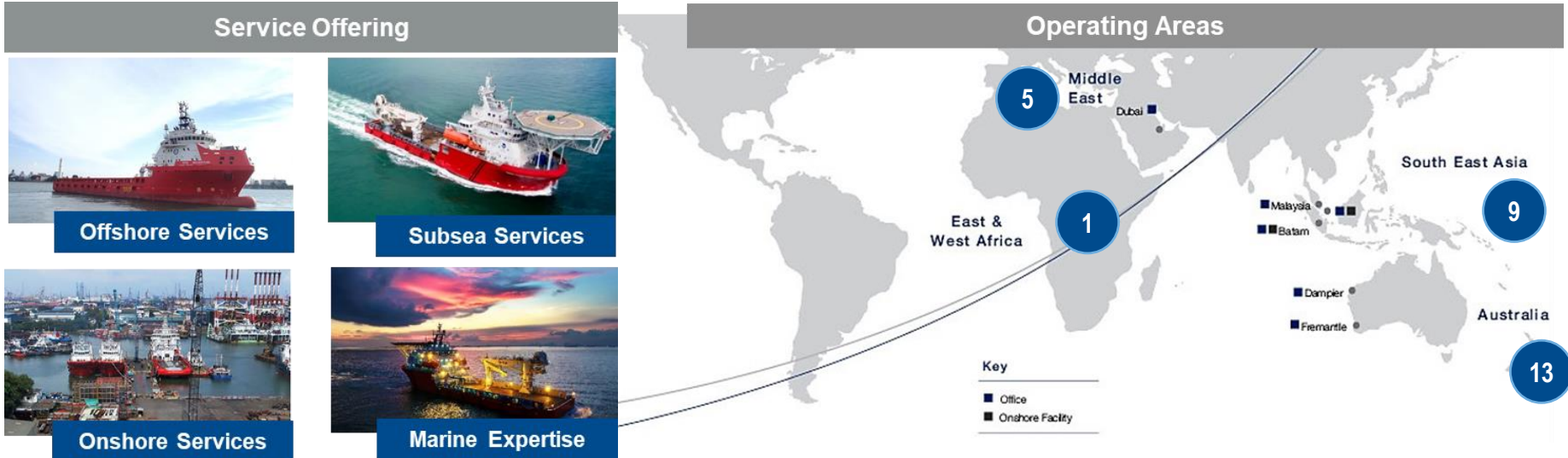


- **Significant benefits of vessel sales programme:**
 - 36 vessels sold realising cash of approximately A\$100m
 - Elimination of cumulative cash operating losses of approximately \$20 million¹
 - Proceeds used predominantly to pay down debt reducing interest costs
 - Additional savings in docking costs
- **Reduced exposure to vessels which are not expected to generate a satisfactory return on assets**
 - Typically smaller, older and more commoditised vessels
- **Freed up organisational capacity to focus on higher margin and more complex sectors of the industry**

¹ Calculated from sale date to 30 June 2018, based on average monthly operating loss for the 3 months prior to sale, excluding interest

Focused strategy

MMA has a focused strategy with a high quality core fleet operating in key regions of Australia / NZ, Middle East, South East Asia & Africa



Key focus areas

- Quality assets and quality operations
- Strong in-house marine capability
- Working with clients to deliver innovative marine solutions
- Expanding light construction, IMR, dive support offering
- Leveraging onshore assets and expertise in project logistics
- Chartering in assets to increase returns

Core Vessel Fleet (28 Vessels)



Young core fleet (average age 6.6 years) supplemented by chartered vessels

Building Subsea Capability

Strategy to extend subsea and maintenance class vessel offering focusing on light construction/IMR/dive support sectors

Recent Activity

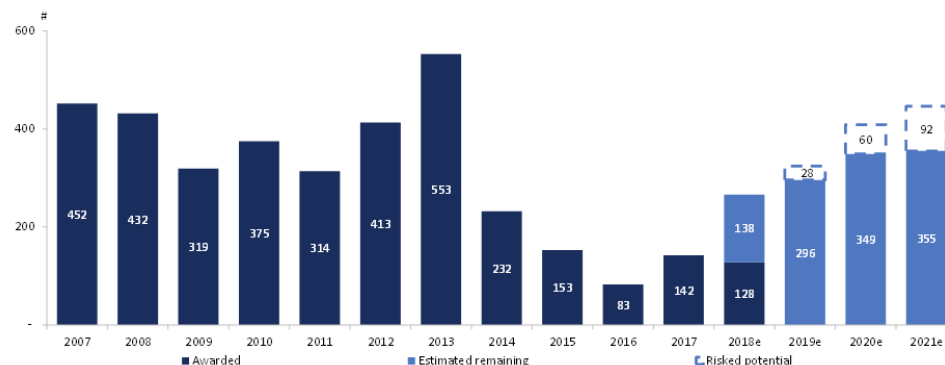
- MMA currently has 5 vessels operating in the sector supporting a range of complex, high value operations across all of our key regions:
 - Air and saturation dive support
 - Well intervention
 - Platform IMR
 - Calm buoy change out
 - Accommodation and walk to work
 - Flexible umbilical installation
 - ROV operations
 - Salvage
 - Light construction



Strategic Direction

- Deploy vessels into higher margin contracts
- Build closer relationships with Tier 1 contractors and clients
- Leverage in-house marine expertise to enhance client outcomes
- Grow the fleet and internal capability to meet expected increased demand in the sector

Subsea tree awards, 2007 – 2021e



Source: Pareto Securities Equity Research

Starting to see an increase in tendering activity across our key regional markets

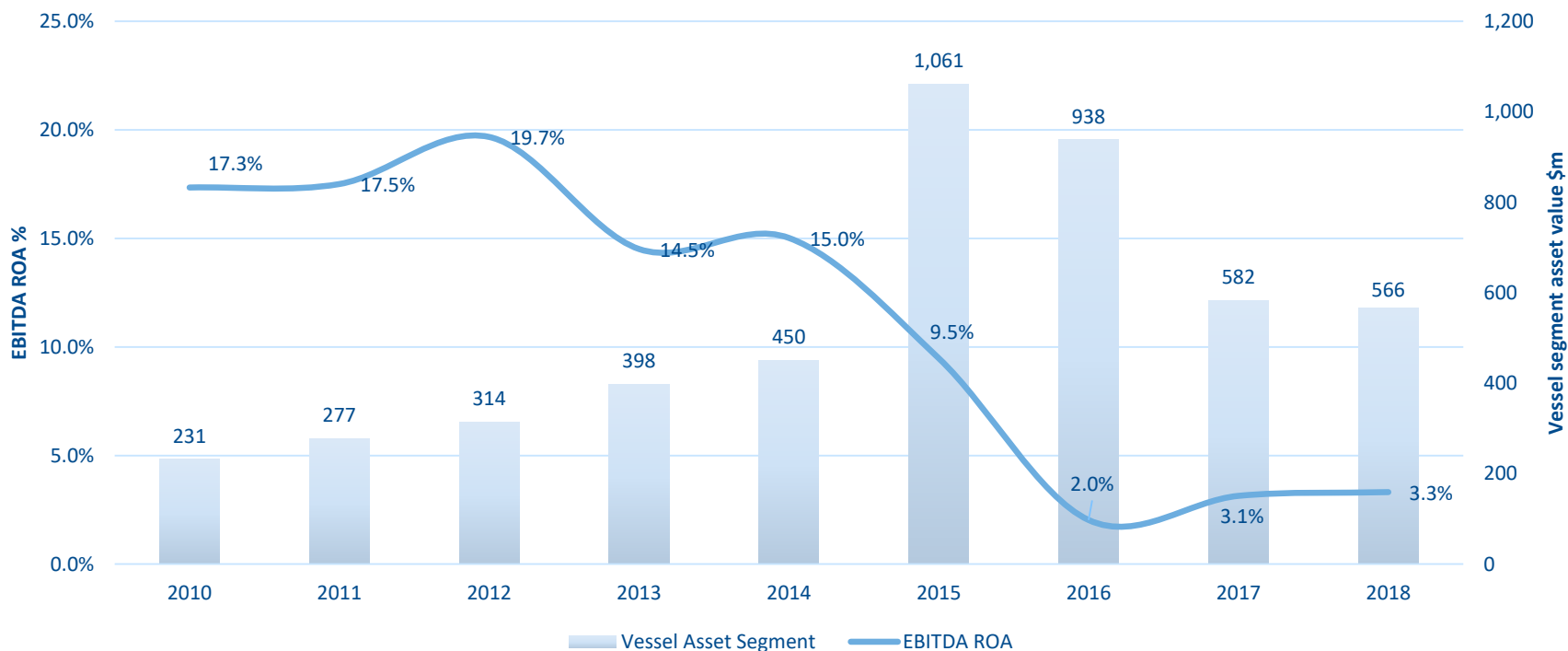
<p>Australia</p>	<ul style="list-style-type: none"> • Large LNG projects (Browse, Scarborough, Barossa) back on the table • The Australian market is relatively stable in terms of production support but increasing competition from other operators • A number of construction scopes underway which should continue through Q1 FY2019 • Multi vessel drilling support contract continues with ConocoPhillips supporting utilisation of the PSV fleet • Broader exploration activity continues at lower levels but we have seen an increase in seismic activity which is a positive sign for future drilling activity in the region
<p>South East Asia</p>	<ul style="list-style-type: none"> • The South East Asian market continues to be challenging however rates and utilisation have stabilised • Oversupply of vessels remains an issue, however due to the high reactivation costs associated with longer term laid up vessels, the number of available and reliable vessels in the market is reducing • Tendering activity marginally increased across the region and there has been a larger number of tenders converting into actual contracts.
<p>Middle East</p>	<ul style="list-style-type: none"> • Activity in the Middle East has remained consistent over the past 12 months driven primarily by Saudi Aramco's continuing expansion activities. • Rates have stabilised as vessel owners are more reluctant to move vessels into the region on a speculative basis and vessels in layup are restricted to undertaking shorter term scopes due to reactivation costs required to win term contracts • We are currently seeing strong tendering activity particularly in Saudi Arabia with multiple vessel tenders currently in the market as well as increasing scopes of work coming from other countries • As a more difficult region to operate in, the Middle East is well suited to MMA's skill set and we will continue to focus on growing our presence in this region through strong local partnerships and our regional office
<p>Africa</p>	<ul style="list-style-type: none"> • The West African market appears to be improving with increased tender activity in the market. We have seen potential short term demand in specific sectors but rates remain subdued. MMA is currently not active in the spot market in West Africa but will transfer vessels into this market for long term contracts. • Longer term prospects for East Africa remain very promising with a number of LNG projects flagged for development including ENI's Coral South Project sanctioned in Jun-17 and Anadarko's Mozambique LNG Project due for FID in 2019; MMA will seek to leverage its frontier LNG experience to expand into East Africa as activity in this region increases

Increasing ROA is our strategic intent



Historical returns pre and post oil price slump. Increasing ROA is a key part of MMA's strategic intent

Total Assets to EBITDA ROA



Notes

¹ EBITDA figures are Vessel Segment EBITDA less unallocated corporate overhead adjusting for major one-off projects in 2014 and 2015 which are non-repeatable

² FY14 asset base and EBITDA is based on pre Jaya acquisition numbers (Jaya transaction completed on 4 June 2014)



Summary

- FY18 financial result in line with expectations – EBITDA \$18.5m (\$20.8m excluding Slipway loss)
- Market conditions for offshore vessels remain challenging but the broader oil and gas market has improved
- Maintained our world class safety record, a key success factor in the offshore industry
- Balance sheet strengthened during the year with the Dec-17 equity raising and debt amendments
- Secured three significant term contracts during the year
- 48% of FY2019 vessel days already contracted or highly probable
- Strategically repositioned the fleet through non-core vessel sales programme
- Focused strategy based on quality vessels operating in higher margin segments in key regional areas
- Building our subsea capability
- Starting to see more tendering activity across our key regional markets
- Focused on achieving economic returns on our assets and improving our debt metrics to acceptable levels
- Expect higher utilisation through the course of FY2019 with only modest improvements in day rates this financial year
- Our goal is to be cash flow neutral in FY2019 while we continue to position ourselves to take advantage of emerging opportunities and improved market conditions



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Headline result

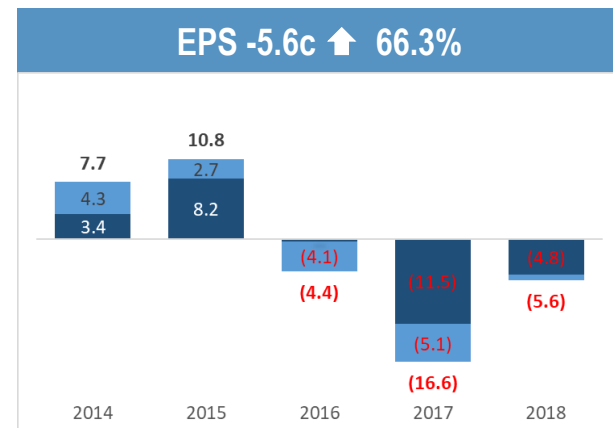
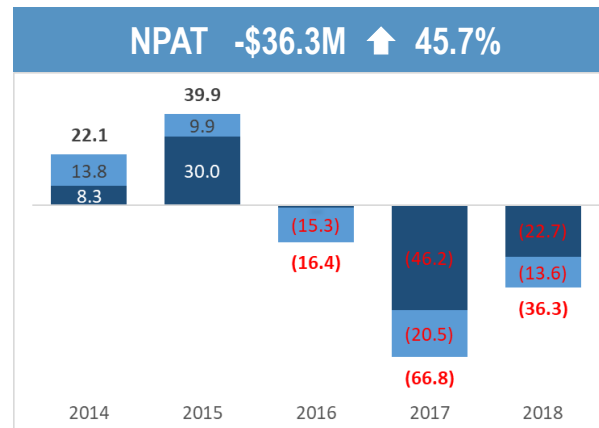
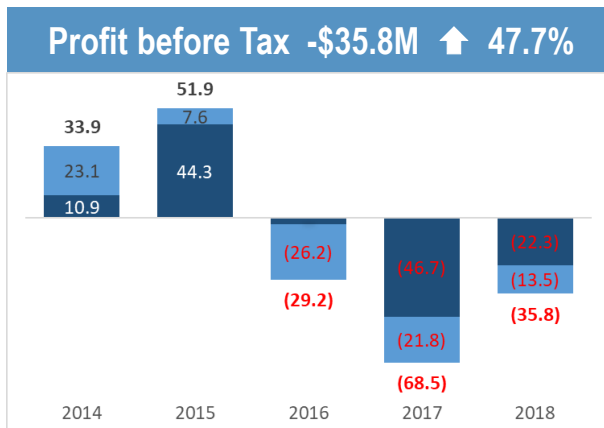
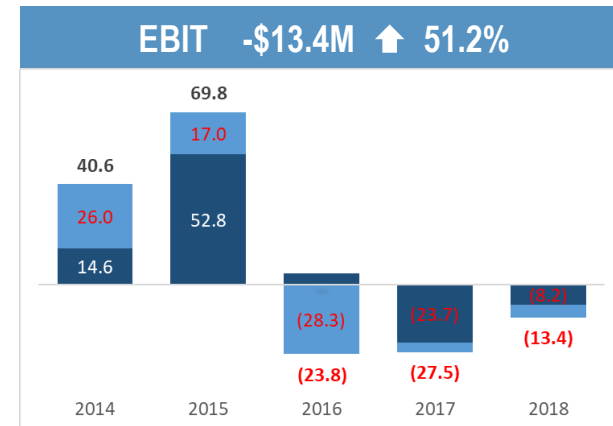
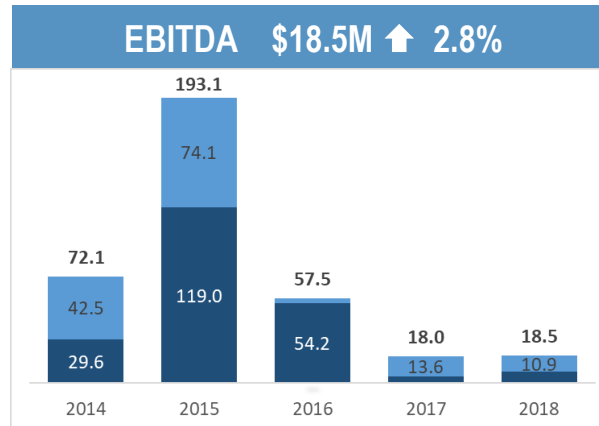
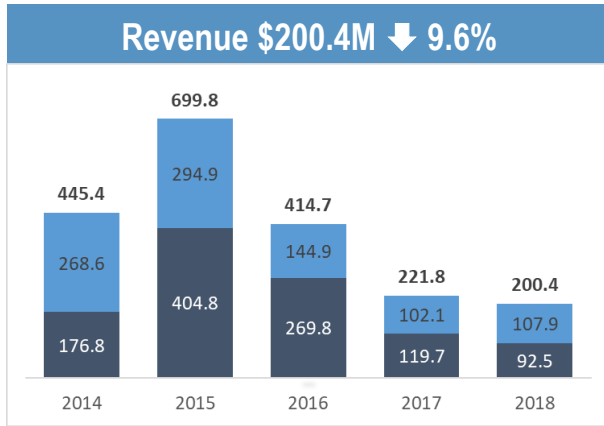
FY2018 saw an improvement in most financial measures over FY2017

FY2018 Full Year	Year ended 30 Jun 18	Year ended 30 Jun 17		Variance \$		Variance %
Revenue	\$200.4M	\$221.8M	↓	\$21.4M	↓	9.6%
EBITDA	\$18.5M	\$18.0M	↑	\$0.5M	↑	2.8%
EBIT (pre-impairment)	\$(13.4)M	\$(27.5)M	↑	\$14.1M	↑	51.3%
Impairment of Assets	\$8.4M	\$(287.5)M		-		-
Profit / (Loss) on Sale of Assets	\$0.4M	\$(14.7)M		-		-
Finance Costs	\$(22.7)M	\$(26.3)M		-		-
Tax	\$(0.5)M	\$1.7M		-		-
NPAT from continuing operations	\$(27.9)M	\$(354.3)M		-		-
NPAT from discontinued operations	-	\$(23.7)M		-		-
Reported NPAT	\$(27.9)M	\$(378.0)M		-		-
Normalised NPAT (excluding impairment & discontinued operations)	\$(36.3)M	\$(66.8)M	↑	\$30.5M	↑	45.7%

Profit and Loss



EBITDA of \$18.5m up 2.8% (\$20.8m excluding Slipway loss; up 15.6%)



Note: charts are for continuing operations, pre-impairment

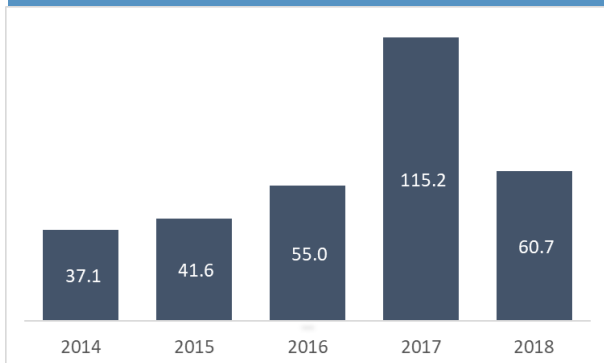
2H
1H



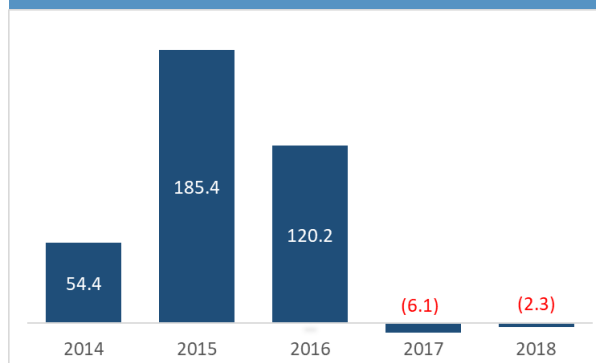
Balance Sheet

Balance sheet strengthened with reduced net debt and gearing

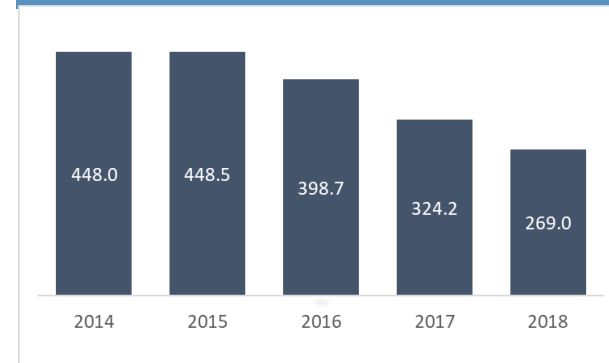
Gearing 60.7%



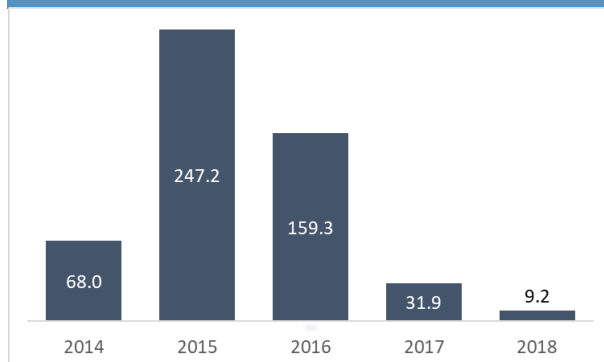
Operating Cash flow - \$2.3M



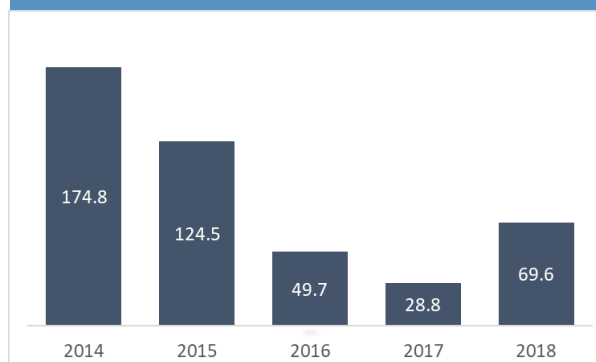
Int Bearing Liabilities \$269M



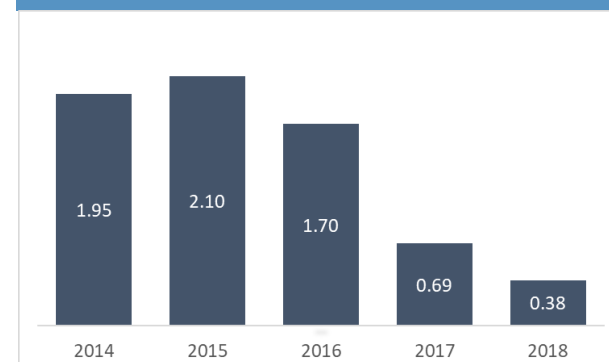
Capital Expenditure \$9.2M



Cash at Bank \$69.6M

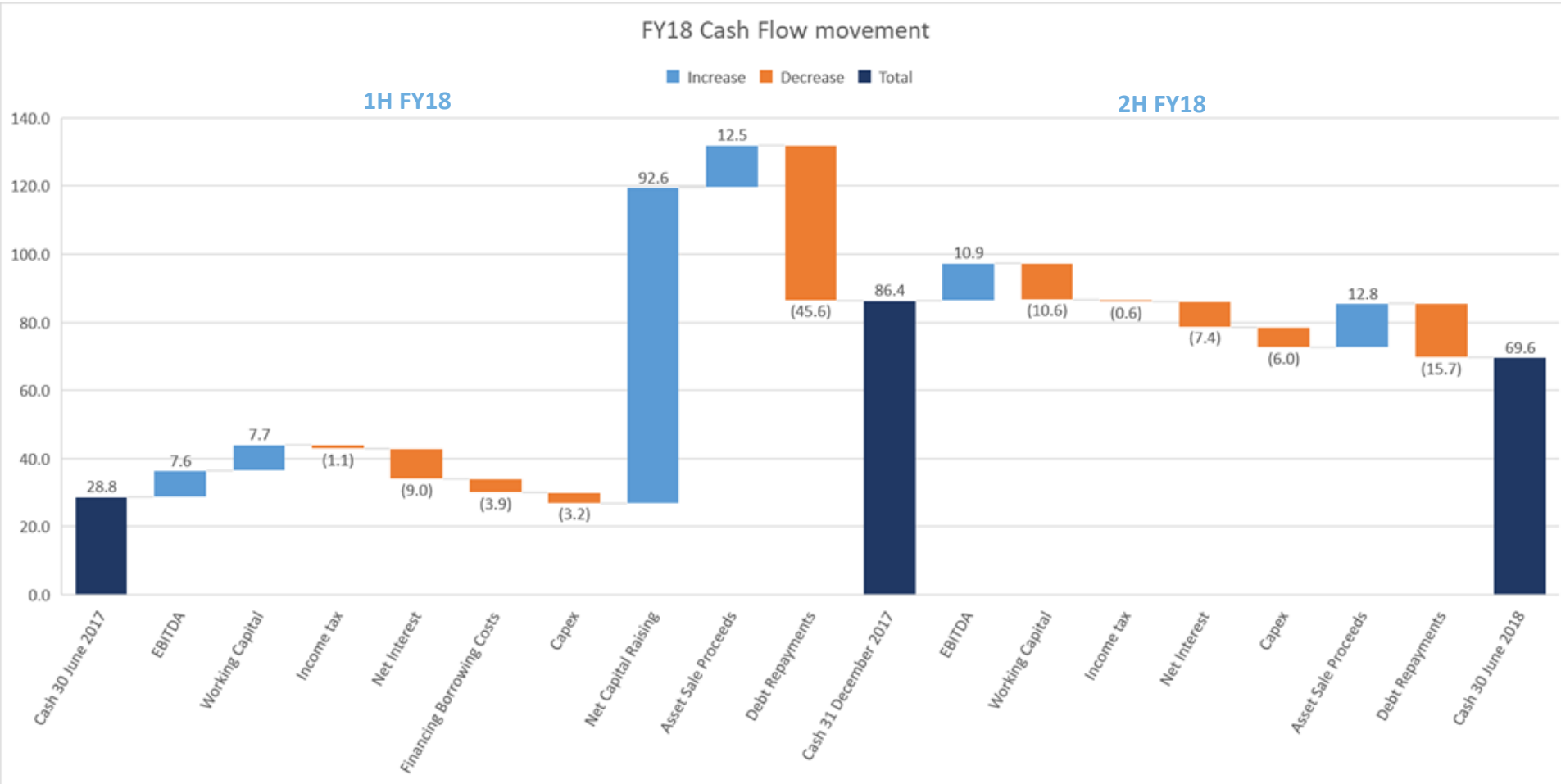


NTA per share \$0.38



Cash Bridge

Net increase in cash of \$40.1m, Debt repayments of \$61.3m, Operating cashflow of \$(2.3)m and Capex of \$(9.2)m



Vessel Listing (1 of 3)



Vessel	Name	Flag	Type	Year Built	Bollard Pull	LOA	BHP /DWT	Berths
Anchor Handling Tugs (AHT)								
MMA	SEARCHER	SINGAPORE	AHT	2008	34	54	3200	34
MERMAID	COVE	AUSTRALIA	AHT	2013	70.3	52.4	5620	22
MERMAID	SOUND	AUSTRALIA	AHT	2007	70	50	7341	22
MERMAID	STRAIT	AUSTRALIA	AHT	2012	69	52.4	7341	24
Anchor Handling Tug Supply Vessels (AHTS)								
MERMAID	VANTAGE	SINGAPORE	AHTS	2009	66	59.2	5150	42
MERMAID	VOYAGER	AUSTRALIA	AHTS	2009	66	59.2	5150	42
MMA	ALMIGHTY	SINGAPORE	AHTS	2010	67.3	58.7	5150	42
MMA	CAVALIER	SINGAPORE	AHTS	2010	108	70	8000	50
MMA	CENTURION	SINGAPORE	AHTS	2011	102.5	70	8000	50
MMA	CONCORDIA	SINGAPORE	AHTS	2010	100	70.5	8000	42
MMA	CORAL	SINGAPORE	AHTS	2011	108	70	8000	50
MMA	CRYSTAL	SINGAPORE	AHTS	2012	104.2	70	8000	50
MERMAID	VISION	SINGAPORE	AHTS	2009	105	67.8	8000	32
MMA	CHIEFTAIN	SINGAPORE	AHTS	2010	102	70	8046	42
JAYA	MAJESTIC	MALAYSIA	AHTS	2014	160.7	78.2	12070	46
SEA	HAWK 1	MALAYSIA	AHTS	2009	155	75.4	12070	50



Vessel Listing (2 of 3)



Vessel	Name	Flag	Type	Year Built	Bollard Pull	LOA	BHP /DWT	Berths
Platform Supply Vessels								
MERMAID	VIGILANCE	SINGAPORE	PSV	2009	-	70	2850 DWT	50
MMA	LEVEQUE	SINGAPORE	PSV	2010	-	75	3100 DWT	40
MERMAID	LEEUWIN	SINGAPORE	PSV	2013	-	82.2	4000 DWT	28
MMA	PLOVER	AUSTRALIA	PSV	2015	-	81.7	4000 DWT	27
MMA	BREWSTER	AUSTRALIA	PSV	2016	-	81.7	4000 DWT	27
MMA	INSCRIPTION	SINGAPORE	PSV	2012	-	87.1	5188 DWT	48
MMA	VALOUR	MALAYSIA	PSV	2013	-	83.6	5509 DWT	60
Multi-purpose Support Vessels								
MMA	PRIDE	SINGAPORE	MPV	2013	-	78	5150	148
MMA	PRIVILEGE	SINGAPORE	MPV	2015	-	90	10459	239
MMA	PRESTIGE	MALAYSIA	IMR	2016	-	87.8	3000 DWT	100
MMA	PINNACLE	MALAYSIA	IMR	2016	-	87.8	3000 DWT	100
JAYA	VIGILANT	SINGAPORE	IMR	2013	-	83.6	5188 DWT	60
Barges								
MERMAID	ESPERANCE	SINGAPORE	BARGE	2010	-	76.2	-	-
JAYA	300	SINGAPORE	BARGE	2008	-	87.8	9114 DWT	-



Vessel Listing (3 of 3)



Vessel	Name	Flag	Type	Year Built	Bollard Pull	LOA	BHP /DWT	Berths
Vessels Held for Sale								
JAYA	AMARA	SINGAPORE	AHTS	2009	60.2	58.7	4824	42
MDPL	CONTINENTAL ONE	SINGAPORE	AHTS	2010	121	70.5	8000	42
Chartered Vessels								
MMA	RESPONDER	ISLE OF MAN	PSV	2015	-	87.7	3956 DWT	28



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