

# Annual General Meeting

18 November 2015

Innovative Approach  
Global Perspective



# Managing Director's Presentation

Jeff Weber

Innovative Approach  
Global Perspective



- Macro environment continues to be very challenging
- Vessel utilisation remains under pressure both in Australia and Internationally – Q1 Utilisation 56% (61% Australia; 52% International)
- Day rates have reduced by up to 40% in some regions
- Vessel sales of A\$22m achieved in FY2016 YTD
- Newbuild programme progressing as planned
- Supply Base activity has reduced due to lower construction and drilling activity
- On track to deliver on \$15m cost reduction and productivity improvement target
- Excellent safety performance with TRCF reduced by 64% in FY2015
- Balance sheet remains strong with relatively low gearing – focus on debt reduction
- Expect trading conditions to remain very soft through FY2016 and into FY2017 but actions are currently being undertaken to streamline the business to position us for when market conditions improve

# FY2015 Financial Result

- **Revenue** \$796.7m **↑** 34.0% (including full year of Jaya operations)
- **EBIT** \$86.9m **↑** 8.3% (pre-impairment)
- **NPAT** \$55.3m **↑** 2.7% (pre-impairment)
- **EPS** 15.0c **↓** 20.2% (pre-impairment)
- **Reported Net Loss After Tax** \$(51.3)m after \$120.7m non-cash impairment charge
- **Final Dividend** of 1.5c bringing full year dividends to 5.5cps **↓** 56.0%
- **Operating Cash Flow** \$185.4m **↑** 240.8%
- **Cash at Bank** \$124.5m
- **Gearing** 40.8% (post impairment) (FY2014 36.1%)

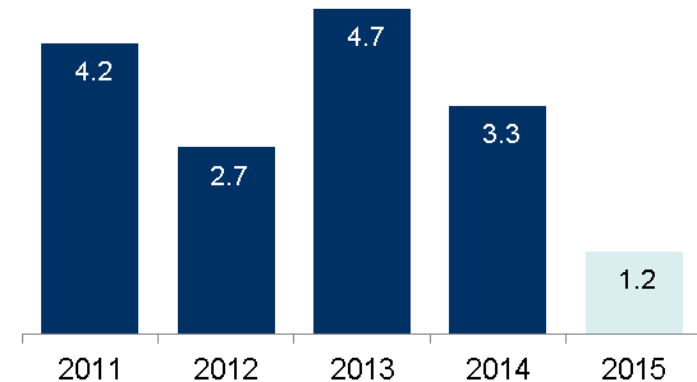
# FY2015 Safety Performance

## MMA's strongest ever safety performance

- TRCF improved by 64% to 1.2
- Target 365 strategy maturing and has been extended to the international business
- Continuous improvement of systems and processes and focus on lead indicators
- Meeting or exceeding environmental standards across the organisation

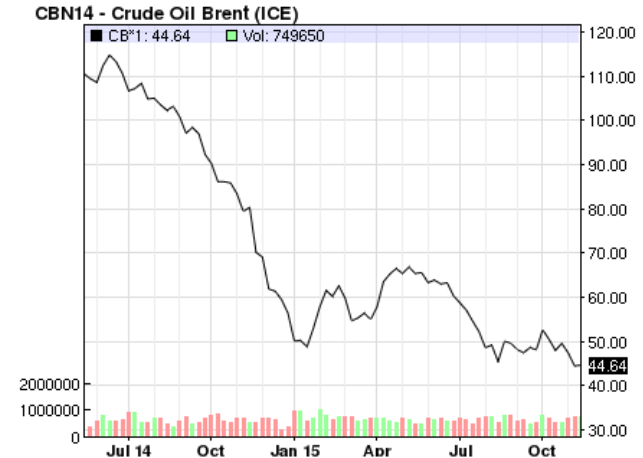
### Total Recordable Case Frequency

(per million hours)



## Challenging conditions continue as low oil prices impact spending by oil and gas companies

- **Oil price** - Brent currently trading around US\$45 a barrel down more than 60% since Jun-14
  - OPEC showing no signs of reducing production
  - US shale rig count has fallen but production levels have been slower to reduce
  - Iran sanctions deal causing further supply uncertainty
  - Reduced demand due to lower global growth
- **E&P spend** – oil companies have cut E&P budgets by approx. 25% in 2015 with further cuts expected in 2016 (biggest cuts since the 1980s)<sup>1</sup>
- **OSV market** - intense competition for fewer contract opportunities and lower rates being negotiated on both new and existing contracts. Owners laying up vessels to reduce supply with little impact to date
- **MMA** - lower utilisation and reduced margins



Source: Nasdaq 17/11/15

Australian construction activity is ongoing with major sanctioned LNG projects underway but the low oil price is having a negative impact on discretionary spending and day rates

- **Gorgon** – First LNG cargo is expected in Q3 FY2016, however we expect limited marine logistics work scopes to extend beyond this point
- **Ichthys** – H2 FY2016 and H1 FY2017 work scopes are under tender
- **Wheatstone** –Tug and Barge, Assist Tug and Supply Vessel scopes are in field
- **Prelude** – Finalising contracting of H2 FY2016 scopes with H1 FY2017 scopes coming into focus
- **Drilling** – Australian rig count is still reducing with Prelude development drilling finalising soon
- **Inspection Maintenance Repair** – Tendering work for MMA newbuild vessels, MMA Pinnacle and MMA Prestige for a number of opportunities
- **Production Support** – Recently secured key Woodside Contract; continuing to tender for other opportunities

# Market - International

The low oil price has translated into lower utilisation and day rates across our international markets

South East Asia	<ul style="list-style-type: none"><li>• Day rates have reduced by up to 40%</li><li>• Maintaining utilisation is challenging due to high vessel availability and lower demand<ul style="list-style-type: none"><li>– Malaysia – secured long term contract and bidding ongoing opportunities</li><li>– Myanmar – bidding a number of term scopes</li><li>– Thailand – ongoing production support contract and secured some minor spot work</li><li>– Vietnam – market effectively closed for external operators</li><li>– Indonesia – large number of vessels laid up</li></ul></li></ul>
Middle East	<ul style="list-style-type: none"><li>• The market is relatively stable in terms of utilisation but there has been downward pressure on rates in the order of 20%</li><li>• 6 vessels currently operating in the region</li><li>• MMA looking to increase exposure to this region</li></ul>
Africa	<ul style="list-style-type: none"><li>• West Africa – market remains flat with few requirements and a significant oversupply of vessels especially PSVs</li><li>• Some tendering out of Nigeria which may present vessel sales opportunities (MMA does not currently operate in Nigeria)</li><li>• East Africa – waiting for investment decisions on new LNG developments</li></ul>



## Asset sales programme continues but in a very difficult market

- Sale and Purchase market continues to be challenging in the current environment, however seeing increased inspections
- A\$22m in Sales Contracts completed in FY2016 YTD
- Rationalising 5,000 bhp AHTS fleet, small fleet and barges
- Selectively targeting other vessel sales as appropriate
- Vessels actively traded in spot market whilst being marketed for sale
- Cost control programme in place for vessels laid up between contracts
- Some vessel sale opportunities subject to counterparties winning tenders
- Targeting an additional \$50m in vessel sales by end of FY2016

# Newbuild Programme

## 5 high specification, specialised vessels under construction



### **1 x Multipurpose Maintenance Work Vessel**

*MMA Privilege*

Under construction at MMA's Batam Shipyard

Completion Q2 FY2016 – tendered into several scopes

Targeting production support (maintenance) market

Key markets – Malaysia, Brunei, Middle East, West Africa



### **2 x ROV Support Vessels**

*MMA Pinnacle & MMA Prestige*

Under construction at MMA's Batam Shipyard

Completion Q3 FY2016

Targeting the growing subsea IMR market

Key markets – Australia, South East Asia, Africa, Middle East



### **2 x PSVs**

*MMA Plover and MMA Brewster*

Vard 1 08 design, modified to meet clients unique specifications

Under construction at VARD Shipyard in Vietnam

Completion Q2 & Q3 FY2016

Contracted to INPEX for Ichthys Production Support (Q1 FY2017) - term 5 years + 2 x 5y options – value A\$160m and up to A\$500m including options

# Land Based Facilities

## Market conditions have also reduced demand at our land based facilities

- **Dampier Supply Base**
  - Secured \$100m + Chevron Shore Base Contract
  - Drilling activity impacted by the downturn although some development drilling ongoing
  - Reconfiguring the operation to meet post construction demand profile
- **Broome Supply Base** – continuing to support development drilling for Shell and INPEX however Shell Prelude drilling expected to complete by end of first half; exploration drilling has been impacted by the downturn
- **Dampier Slipway** – focusing on MMA internal fleet and key external clients including terminal tug operators in the region. Demand significantly reduced as offshore vessel numbers in Australia decline
- **Batam Shipyard** – completing internal newbuild vessels. Future focus on maintenance and logistics services with some potential for external newbuild or modification opportunities
- **Singapore Offshore Engineering** – beginning to generate revenue from new logistics service offering at our Singapore base



# Cost Reduction

**MMA is on track to deliver targeted annualised savings of \$15m in FY2016**

- **Personnel:**

- Headcount reduced by approx. 160 in Australia and 100 internationally since Jaya acquisition
- Wage freeze for all salaried personnel
- No short-term bonuses paid to Executive Management and small safety bonus paid to staff for 2015
- FY2016 Short-Term Incentive Plan suspended
- Offshore EBA negotiations ongoing

- **Procurement and Supply Chain**

- Tendered key expenditure items across the organisation – achieved approximately 15-20% savings

- **Cost control**

- Focus on controlling expenditure across all areas of the business – particularly around laid up vessels

# Balance Sheet – Oct 15

## Balance sheet remains strong with relatively low gearing – focus on debt reduction

- Gearing – 40%
- Cash at Bank – \$118m
- Debt Facilities
  - Drawn down - US\$199m; A\$175m
  - Remaining Term – 3.6 years
  - Average interest rate – 3.29%
- Capex
  - Committed newbuild capex of approximately A\$105m remaining for FY2016
  - Minimal Capex in FY2017 to meet maintenance capex requirements

## The offshore oil and gas market remains under significant pressure

- First four months of trading lower than expected
- Market conditions unlikely to improve through FY2016
- Technip - Wheatstone Project to complete in Q3 FY2016 and Silja Europa to complete Dec-15 impacting second half earnings
- Recently secured Woodside production support contract - a key win for the company in the current environment
- Tendering activity continues but competition is intense and rates continue to reduce
- Dampier and Broome Supply Bases trading in line with expectations for the year to date
- Slipway well below expectations due to fewer vessels in Australia and clients reducing costs
- Actively working to reduce debt through asset sales
- \$15m cost reduction programme on track
- 8 vessels laid up at our Batam and Singapore facilities
- Expect EBITDA of A\$75m - \$85m for the full year but with low visibility of demand for the second half

# Building for the future

**Notwithstanding the short-term imperatives driven by the current market conditions, we continue to focus on the long-term success of the organisation**

- Enhancing safety systems and compliance
- Sustainable cost reduction
- Vessel rationalisation - reducing non core assets
- Improving operational capability - utilisation, reliability, productivity
- Leveraging our technical expertise internationally
- Organisational alignment – accountabilities
- Regional diversification – building high quality operations in all regions
- Building key client relationships
- Long-term financial stability and efficiency

# AGM Resolutions

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## ***Resolution 1***

*“That the Remuneration Report for the financial year ended 30 June 2015 be adopted.”*

# Resolution 1 – Voting Prohibition

## Voting Prohibition Statement for Resolution 1

A vote on Resolution 1 must not be cast (in any capacity) by or on behalf of any of the following persons:

- a) a member of the key management personnel, details of whose remuneration are included in the Remuneration Report; or
- b) a closely related party of such a member.

However, a person described above may cast a vote on Resolution 1 if the vote is not cast on behalf of a person described above and either:

- a) the person does so as a proxy appointed by writing that specifies how the proxy is to vote on Resolution 1; and
- b) the person is the Chairman of the meeting and the appointment of the chair as proxy:
  - i. does not specify the way the proxy is to vote on Resolution 1; and
  - ii. expressly authorises the chair to exercise the proxy, even if the resolution is connected directly or indirectly with the remuneration of a member of key management personnel for the Company (or its consolidated group).

Key management personnel and their closely related parties are prohibited under the Corporations Act 2001 (Cth) from voting in a manner contrary to the above. The Chairman of the Meeting (where appropriately authorised) intends to vote all available undirected proxies in favour of Resolution 1.

# Resolution 1 – Proxy Votes

Proxy Votes	Number of Votes	% of voted securities
For	94,991,344	90.48%
Against	6,220,388	5.93%
Abstain	1,463,211	1.39%
Undirected held by Chairman	1,036,840	0.99%
Undirected – Others / Excluded	1,265,725	1.21%
<b>Total</b>	<b>104,977,508</b>	<b>100%</b>

Speakers for or against the motion?

# Resolution 2 – Re-election of Mr Anthony (Tony) Howarth as a Director



## ***Resolution 2***

*"That Mr Tony Howarth, who retires as a Director in accordance with rule 3.6(a) of the Company's Constitution, and being eligible, offers himself for re-election, be re-elected as a Director."*



## Resolution 2 – Proxy Votes

Proxy Votes	Number of Votes	% of voted securities
For	97,637,771	93.01%
Against	4,610,447	4.39%
Abstain	384,740	0.37%
Undirected held by Chairman	1,122,054	1.07%
Undirected – Others / Excluded	1,222,316	1.16%
<b>Total</b>	<b>104,977,328</b>	<b>100%</b>

Speakers for or against the motion?

## ***Resolution 3***

*"That Mr Chiang Gnee Heng, who retires as a Director in accordance with rule 3.6(a) of the Company's Constitution, and being eligible, offers himself for re-election, be re-elected as a Director."*

## Resolution 3 – Proxy Votes

Proxy Votes	Number of Votes	% of voted securities
For	98,637,061	92.88%
Against	3,645,552	3.43%
Abstain	359,231	0.34%
Undirected held by Chairman	2,335,484	2.20%
Undirected – Others / Excluded	1,222,316	1.15%
<b>Total</b>	<b>106,199,644</b>	<b>100%</b>

Speakers for or against the motion?

## ***Resolution 4***

*"That, for the purposes of ASX Listing Rule 7.2 (Exception 9) and section 260C(4) of the Corporations Act 2001 (Cth), and for all other purposes, Shareholders approve the MMA Offshore Limited Managing Director's Performance Rights Plan - 2015, the terms of which are summarised in the accompanying Explanatory Statement, and the issue of securities under it."*



# Resolution 4 – Voting Prohibition

## **Voting Prohibition Statement for Resolution 4**

A person appointed as a proxy must not vote, on the basis of that appointment, on Resolution 4 if:

- a) the proxy is either:
  - i. a member of the key management personnel for the Company (or its consolidated group); or
  - ii. a closely related party of a member of the key management personnel for the Company (or its consolidated group); and
- b) the appointment does not specify the way the proxy is to vote on Resolution 4.

However, the above prohibition does not apply if:

- c) the proxy is the Chairman of the Meeting; and
- d) the appointment expressly authorised the Chairman to exercise the proxy even if the resolution is connected directly or indirectly with remuneration of a member of the key management personnel of the Company (or its consolidated group).

## **Voting Exclusion Statement for Resolution 4**

In accordance with the ASX Listing Rules, the Company will disregard any votes cast on Resolution 4 by Mr Jeffrey Weber and any other Director who is eligible to participate in any employee incentive scheme in relation to the Company and any associate of any of those persons.

However, the Company will not disregard a vote (subject to the prohibitions described above) if:

- a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the proxy form; or
- b) it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form to vote as the proxy decides.

Key management personnel and their closely related parties are prohibited under the Corporations Act 2001 (Cth) from voting in a manner contrary to the above. The Chairman of the Meeting (where appropriately authorised) intends to vote all available undirected proxies in favour of Resolution 4.

# Resolution 4 – Proxy Votes

Proxy Votes	Number of Votes	% of voted securities
For	93,572,869	89.14%
Against	8,376,013	7.98%
Abstain	811,437	0.77%
Undirected held by Chairman	1,023,760	0.98%
Undirected – Others / Excluded	1,193,249	1.14%
<b>Total</b>	<b>104,977,328</b>	<b>100%</b>

Speakers for or against the motion?

# Resolution 5 – Grant of Performance Rights to the Managing Director, Mr Jeffrey Weber



## **Resolution 5**

*"That, for the purposes of ASX Listing Rule 10.14 and for all other purposes, Shareholders approve and authorise the grant of up to 2,001,432 performance rights over ordinary shares in the Company to the Managing Director, Mr Jeffrey Weber, pursuant to the MMA Offshore Limited Managing Director's Performance Rights Plan - 2015, the terms of which are summarised in the accompanying Explanatory Statement, and the issue of Shares upon vesting of any such Performance Rights."*



# Resolution 5 – Voting Prohibition

## Voting Prohibition Statement for Resolution 5

A person appointed as a proxy must not vote, on the basis of that appointment, on Resolution 5 if:

- a) the proxy is either;
  - i. a member of the key management personnel for the Company (or its consolidated group); or
  - ii. a closely related party of a member of the key management personnel for the Company (or its consolidated group); and
- b) the appointment does not specify the way the proxy is to vote on Resolution 5.

However, the above prohibition does not apply if:

- c) the proxy is the Chairman of the Meeting; and
- d) the appointment expressly authorised the Chairman to exercise the proxy even if the resolution is connected directly or indirectly with remuneration of a member of the key management personnel of the Company (or its consolidated group).

## Voting Exclusion Statement for Resolution 5

In accordance with the ASX Listing Rules, the Company will disregard any votes cast on Resolution 5 by Mr Jeffrey Weber and any other Director who is eligible to participate in the employee incentive scheme in respect of which the approval is sought and any associate of those persons.

However, the Company will not disregard a vote (subject to the prohibitions described above) if:

- a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the proxy form; or
- b) it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Key management personnel and their closely related parties are prohibited under the Corporations Act 2001 (Cth) from voting in a manner contrary to the above. The Chairman of the Meeting (where appropriately authorised) intends to vote all available undirected proxies in favour of Resolution 5.

If approval is obtained under ASX Listing Rule 10.14, approval is not required under ASX Listing Rule 7.1, as set out in the Explanatory Statement accompanying this Notice.

# Resolution 5 – Proxy Votes

Proxy Votes	Number of Votes	% of voted securities
For	93,266,334	87.86%
Against	8,751,420	8.24%
Abstain	744,565	0.71%
Undirected held by Chairman	2,199,329	2.07%
Undirected – Others / Excluded	1,193,249	1.12%
<b>Total</b>	<b>106,154,897</b>	<b>100%</b>

Speakers for or against the motion?

Shareholders are invited to ask questions about or make comments on the management of the Company and to raise any other business which may lawfully be brought before the Meeting.

***Questions ?***

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