



MMA
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ASX Announcement

21st November 2018

MMA Offshore Limited (“Company”) – 2018 Annual General Meeting – Chairman’s Address and Managing Director’s Presentation

The Listing Manager
Australian Securities Exchange Ltd
Level 4, Stock Exchange Centre
20 Bridge Street
SYDNEY NSW 2000

Dear Sir/Madam,

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

The results of the 2018 AGM will be released as soon as possible after the meeting.

Kind regards,

MMA OFFSHORE LIMITED

Dylan Roberts
Company Secretary



MMA Offshore Limited 2018 Annual General Meeting Chairman's Address

Over the past 12 months there has been increasing evidence that a recovery in the offshore oil and gas industry is underway.

- The major oil companies have returned to profitability and are generating strong operating cashflows at the prevailing oil price;
- There has been a significant uptick in the number of offshore projects being sanctioned or expected to be sanctioned over the next 2 years;
- Seismic and exploration drilling, both early cycle items, are showing increased activity; and
- Rig utilisation has increased and rig day rates are moving upwards.

The OSV industry is typically one of the last parts of the market to recover, however, we are starting to see some positive signs, including:

- Global OSV utilisation has increased steadily over the past 18 months;
- Rates have stabilised and there have been spikes in spot rates for certain vessels in certain regions (e.g. the North Sea); and
- The headline figures for oversupply of vessels in the market are now widely acknowledged to be overstated, due to the age profile and high costs

associated with reactivating vessels which have been taken out of service during the downturn.

All of these factors bode well for a return to more normal trading conditions for our industry. At this stage, we expect the recovery to be gradual as the oversupply of vessels is absorbed firstly by exploration related demand, then construction activity and eventually by increased ongoing production demand as new projects come on line. The market consensus has the industry recovering continuously over the next two to three years as economic returns on assets normalise.

MMA has had a very clear strategy which it has executed over the past four years to preserve shareholder value during the market downturn and put the Company in the best position possible for when market conditions improve.

The first element of our strategy has been to divest non-core assets to focus on the more specialised and higher quality segment of the vessel market where we believe we can leverage our marine expertise to generate higher returns on our assets.

We have repositioned our fleet, disposing of 36 vessels which were not core to our strategy. We also divested our Australian supply base assets on the basis that diminishing activity in the region would no longer support an appropriate return on these assets.

MMA was one of the first companies in our sector to initiate a major asset sales programme and this was a key factor in its successful execution. We also had a

highly focused sales process that enabled the Company to work with a broad range of buyers to convert enquiries into sales.

The asset sales programme has been an important element in strengthening our balance sheet by generating cash proceeds of over \$150 million which have primarily been used to pay down debt.

As you are aware, we also successfully raised \$97 million in new equity last November and negotiated more favourable terms on our debt facilities giving us an increased buffer to weather the remainder of the downturn. This included an extension of the term of the facilities by 2 years to September 2021, reduced amortisation and interest and a covenant holiday to 1 July 2019. MMA's cash at bank as at 30 June 2018 was approximately \$70 million with net debt to equity of 60.7%, one of the lowest gearing levels in the industry. Nevertheless, the Board recognises the need to enhance earnings to sustainably support the Company's existing debt levels.

We have also significantly rationalised our operating costs with corporate and vessel overheads reduced by 50% since FY2015 - in addition to major direct cost savings throughout the business. Importantly, this has been done in a sustainable manner



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without compromising the safety of our people, our service delivery to clients, or the reliability of our assets.

In fact, 2018 was our best year on record in terms of safety performance with a total recordable case frequency of 0.28, a world class performance and significantly better than the marine industry average of 1.8.

Having repositioned and stabilised the Company in 2017, our focus over the past 12 months has been on exploring opportunities for growth and improving our return on assets.

The downturn has drastically impacted both our vessel utilisation and charter rates with the effect that our EBITDA return on assets has gone from averaging over 15% historically, to a meagre 2.8% return over the past 3 years. Clearly, this is unsustainable for MMA and the OSV industry as a whole.

However, as I mentioned earlier, we do believe that the market is improving and as the market normalises, we should see utilisation and rates increase which will improve our return on assets.

Importantly, we are not relying solely on the market recovery to improve our returns and have been progressing a number of concurrent growth strategies:

- We continually review opportunities to acquire or charter distressed assets to supplement our owned fleet boosting our return on assets. We currently have two additional vessels chartered in, the “MMA Responder”, a high quality



platform supply vessel and sister vessel to the “MMA Leeuwin” and the “MWV Falcon”, a multipurpose support vessel.

- We are seeking to increase our presence in the subsea sector. We currently have 6 vessels engaged in the subsea and maintenance markets and are looking to expand our service offering by moving from being a pure vessel provider to providing a more packaged service, enabling us capture a greater portion of the value chain. We are assessing a number of options to execute this strategy - both organically and through M&A.
- We are pursuing local partnerships and joint ventures to enable us to bid directly to clients in key regional markets particularly Saudi Arabia and Malaysia.
- We are also looking to leverage our Australian experience in managing large marine logistics projects and have recently created a dedicated project logistics division as part of an internal restructuring. The outlook for marine logistics is very positive with a number of large LNG projects flagged for development over the next 5 years. The immediate focus will be on Mozambique where three major LNG projects will be constructed, subject to achieving final investment decisions. These projects are situated in a very remote region with no existing infrastructure, an environment well suited to MMA’s previous experience in the North West of Australia through Gorgon and similar projects. Australian LNG projects are also back on the table as a result of the improved outlook for LNG driven by increased demand from China.



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We expect that the business strategies we are implementing, in conjunction with the expected recovery in the market, will enhance our business and improve returns for you, our shareholders.

The last four years have been very challenging for MMA and the OSV industry as a whole, but we believe that the worst is behind us and we are now positioned for growth.

In conclusion, I would like to thank my fellow Board members, the management and staff of MMA and most importantly you, our shareholders, for your ongoing support of the Company.



Managing Director's
Presentation

Jeff Weber

Disclaimer

2

This document contains general information about the activities of MMA Offshore Limited (**MMA**) current at the date of this presentation, unless otherwise indicated. It is information in a summary form only and does not purport to be complete, nor does it contain all the information necessary to fully evaluate any transaction or investment. It should be considered in conjunction with MMA's other periodic and continuous disclosure announcements to the Australian Securities Exchange which are available at www.asx.com.au or www.mmaoffshore.com.

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Effect of rounding: A number of figures, amounts, percentages, estimates, calculations of values and fractions in this document are subject to the effect of rounding. The actual calculation of these figures may differ from the figures set out in this document.

FY2018 Review



\$18.5m
EBITDA



60.7%
Gearing



\$70m
Cash at
Bank



\$0.38
NTA per Share



69%
Core Fleet
Utilisation



48%
FY19 Days
Contracted



28
Vessels



0.28
TRCF

Repositioned for growth

1 Rationalise and Stabilise

- Non-core assets sold
- Restructured debt
- Equity raising strengthened balance sheet
- Cost reduction



2 Maintain our Core Capability

- Operational excellence
- Safety and compliance
- Asset reliability
- Marine expertise
- Focus on innovation

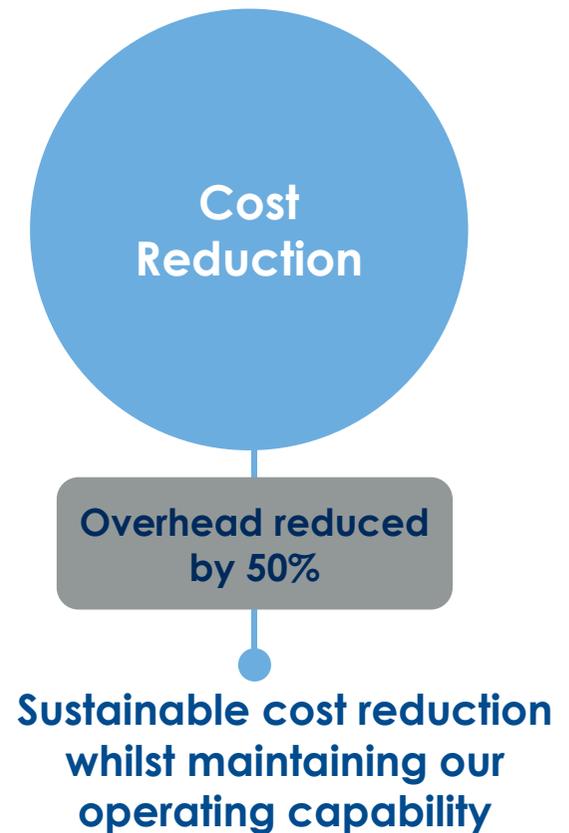
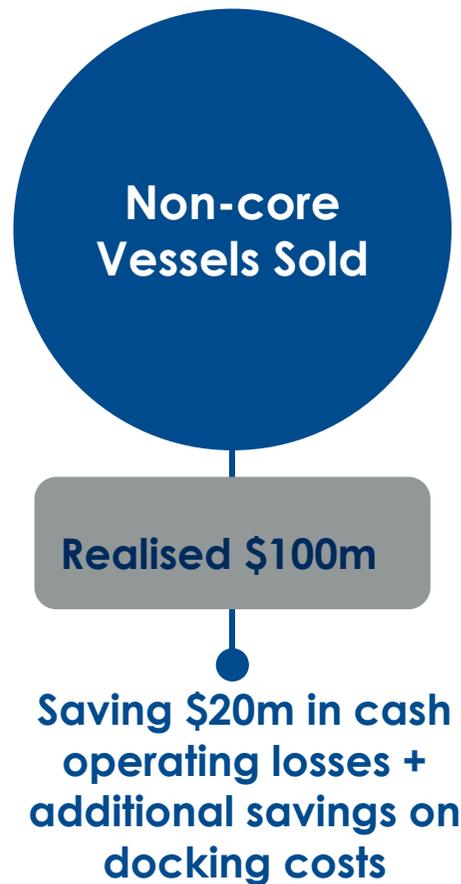


3 Growth

- Subsea expansion
- Project logistics
- Distressed assets
- M&A

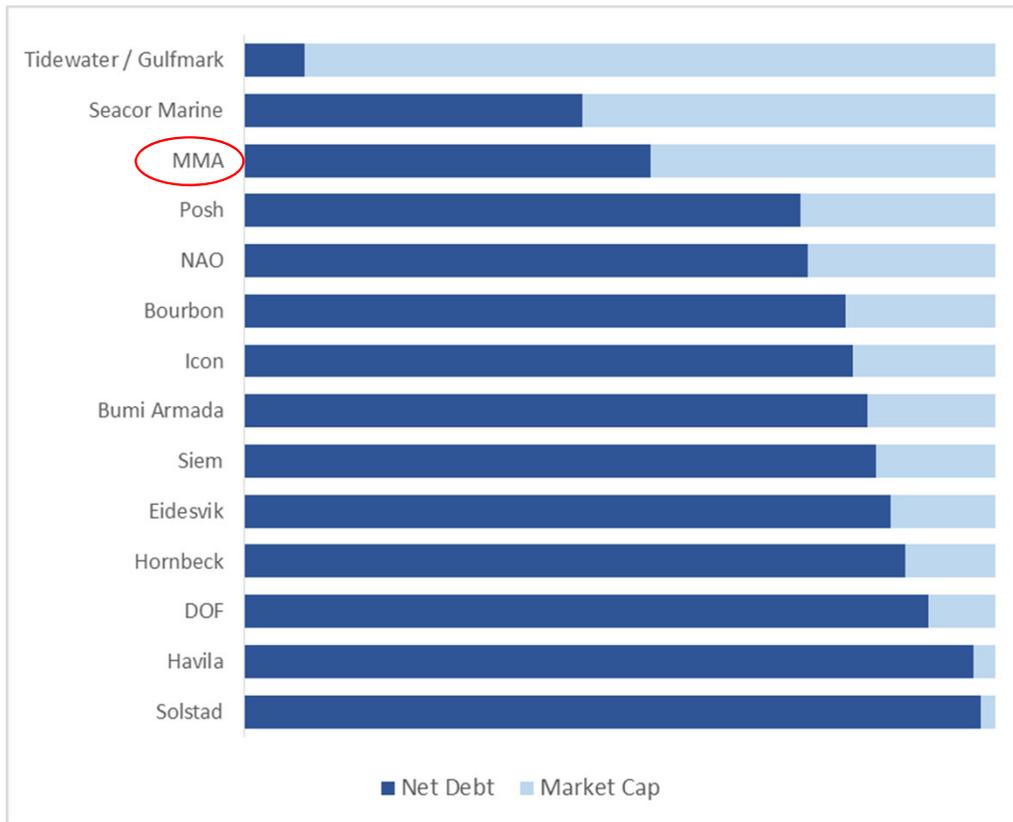
Asset and Cost Rationalisation

5



Stable Balance Sheet

Whilst MMA is one of the lowest geared OSV companies globally, we are targeting an ongoing reduction in our key debt metric (Net Debt / EBITDA)



Source: Bloomberg, Company reports

RESTRUCTURED DEBT FACILITIES:

1 Balance \$269m (US\$125m; A\$100m)

2 Term expiry 30 Sep 2021

3 Covenant holiday until Jun 2019

4 Amortisation holiday until Jun 2020

5 Weighted average interest rate 6.08%



Safety Leadership

Safe operations is fundamental to the way we do business

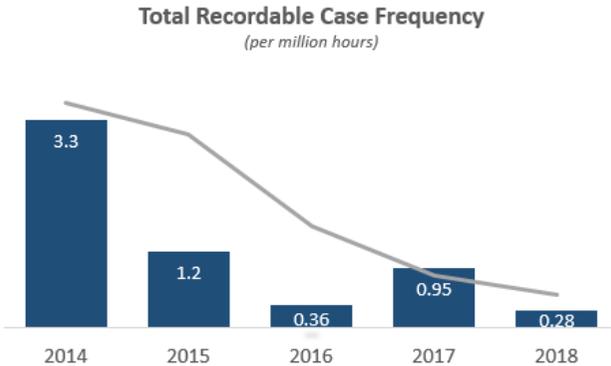


A PERFECT DAY
EVERY DAY

Target 365 producing sustainable improvements in safety culture



Refreshed and relaunched our critical controls



World class safety performance maintained in 2018



Active contributor to industry HSEQ forums



Innovation

We are focused on building a sustainable competitive advantage through innovation



SERVICE INNOVATION

Finding more efficient, safer and cost effective ways to deliver services – adding value to our clients



TECHNICAL INNOVATION

Innovation through vessel design and modifications



CASE STUDY: MMA INSCRIPTION

MMA designed and engineered a unique solution which enabled the vessel to perform both platform supply and static tow services through the installation of a high spec render recovery bow winch.

- World first
- Significant saving
- Other opportunities



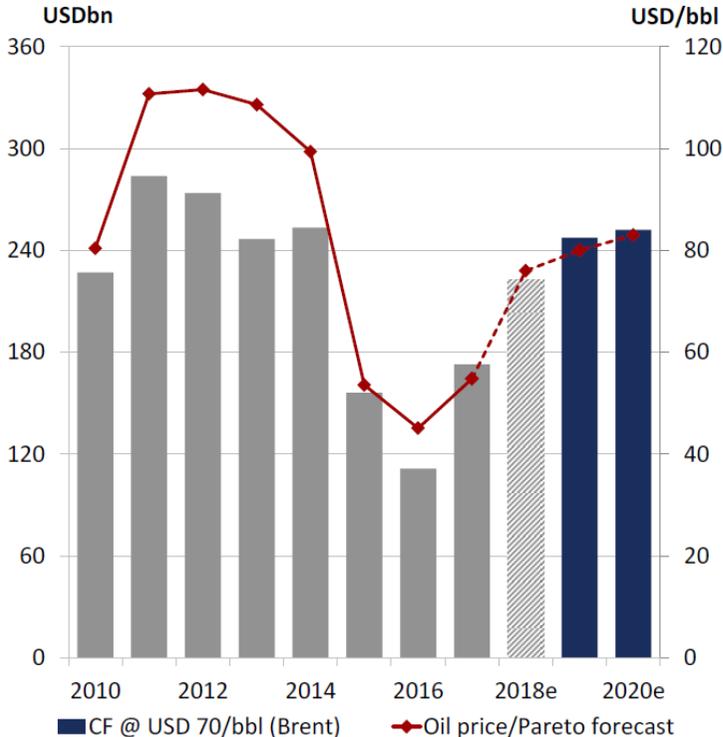
iHUB
PROPEL INNOVATION



Offshore investment increasing

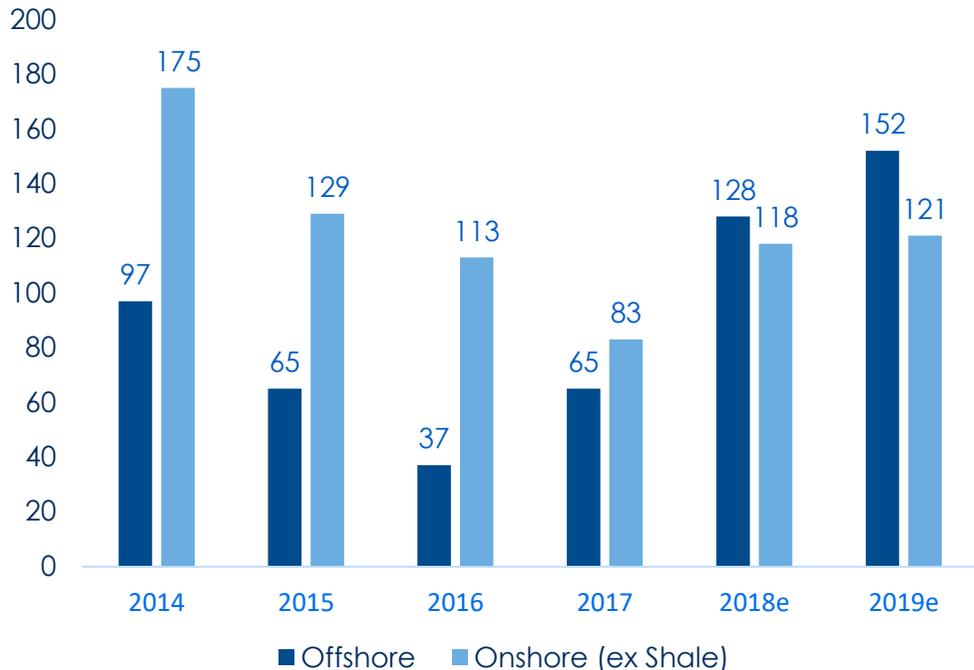
Offshore FIDs to increase as majors' generating strong operating cashflows at current oil price. This will translate to increased offshore construction activity over time.

Major oil companies operating Cashflow



Source: Pareto

Number of project commitments by commitment year



Source: Rystad Energy DCube

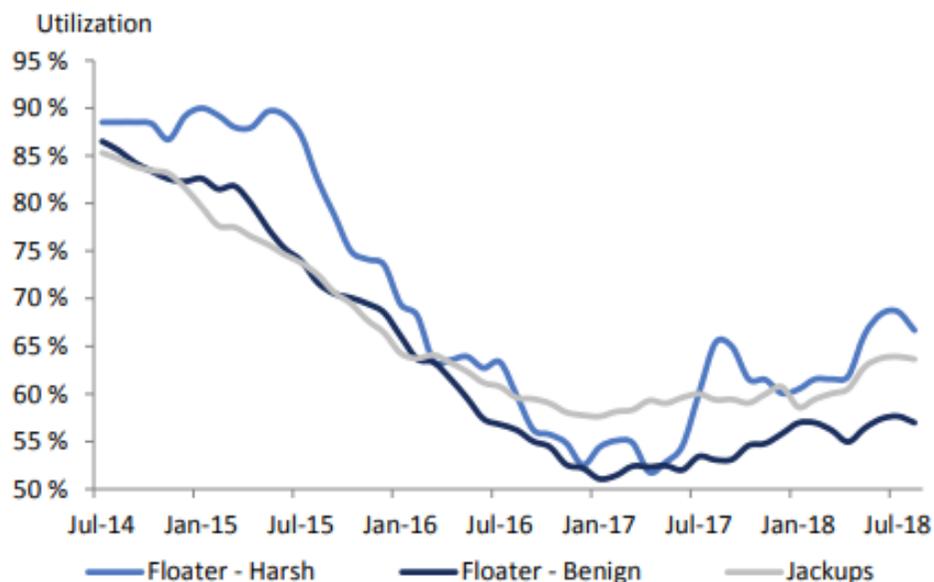


Seismic and rig activity recovering

10

Increasing rig and seismic activity directly translates to increased demand for OSVs

Utilization overview



Source: Pareto Securities Equity Research



“Over the past six months leading edge [Jackup] dayrates have more than doubled”, Sep 2018



“Global floater rates slowly starting to swing upwards”, Oct 2018



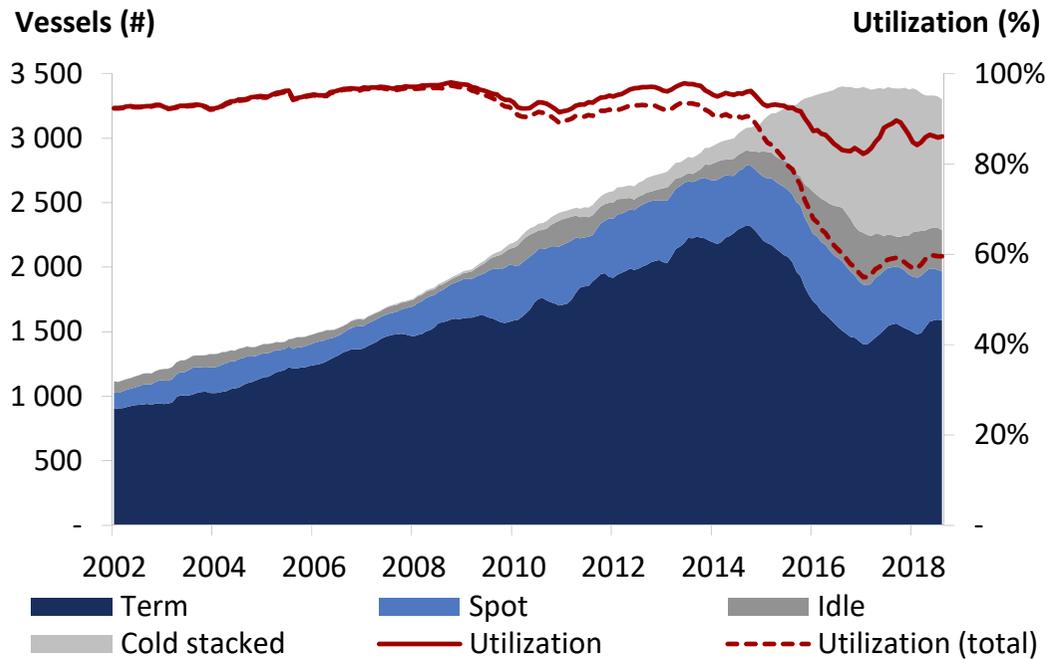
“We model a 15% increase in seismic spending for 2019”, Sep 2018



OSV utilisation improving

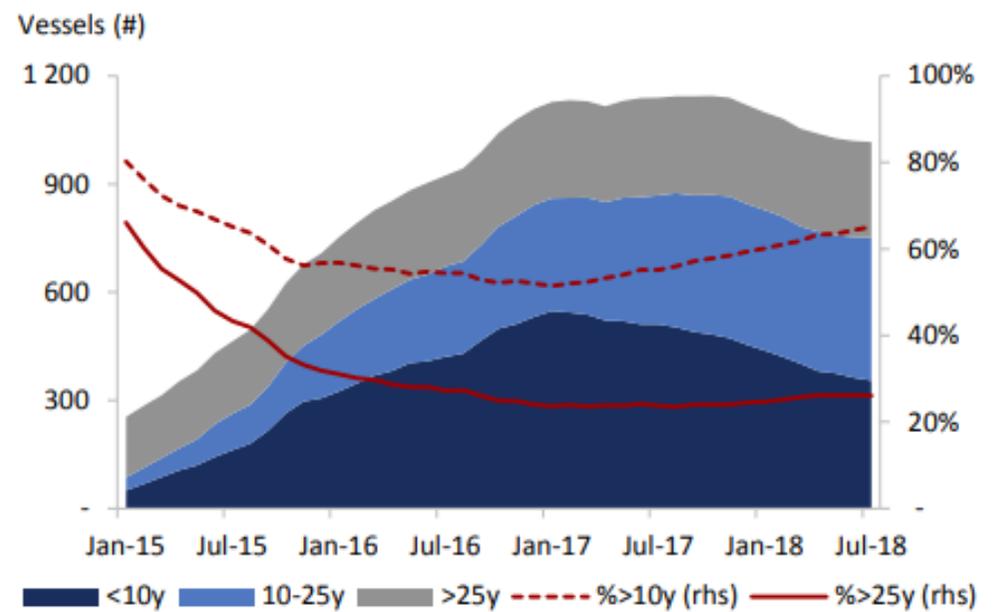
Global OSV utilisation has picked up steadily over the last 18 months

Global OSV fleet utilization¹



65% of the cold stacked fleet is older than 10 years with significant costs to reactivate

Global cold stacked vessels



Source: Pareto Securities Equity Research

Source: Pareto Securities Equity Research E&P Survey 2018, IHS

¹ Calculation of utilisation excludes cold stacked vessels; Utilization (total) includes cold stacked vessels



Subsea Expansion

MMA continues to build its reputation in the subsea market

- Enhancing service offering
- Recent campaigns:
 - Schlumberger – well intervention
 - Shelf Subsea / Technip – umbilical installation
 - iTech / Subsea 7 – IMR
- Direct enquiries for subsea services increasing
- Continuing to look at opportunities to expand MMA's experience in this area



Strategic third party charters

13

MMA is actively seeking opportunities to charter stranded assets to improve our returns

- Leveraging our retained in-house marine capability to manage third party vessels
- Targeting high quality or unique assets stranded in shipyards as a result of the downturn
- 2 vessels currently on bareboat charter
 - MMA Responder – PSV supporting ConocoPhillips drilling campaign
 - MWV Falcon – 200 pax accommodation support and walk to work vessel on contract in India
- Pursuing further opportunities



Project Logistics

14



- Positive longer term outlook for mega LNG projects and global oil and gas projects generally
- Leverage MMA's Australian experience in managing marine logistics for LNG construction projects (Gorgon, Wheatstone, Prelude, Pluto, GWF)
- Positive ROA impact due to vessel chartering model
- Ability to utilise MMA's onshore facilities in South East Asia

Increasing our return on assets

Increasing ROA is our primary focus which will also improve our debt metrics

Total Assets to EBITDA ROA



- 1 UTILISATION
- 2 RATES
- 3 COST CONTROL
- 4 SUBSEA
- 5 CHARTERING
- 6 PROJECT LOGISTICS

Target Debt Metrics
Net Debt / EBITDA 2.5 or lower



Summary

16



- Market is improving
- Business is focused on growth and capitalising on opportunities in the current cycle
- Increasing our return on assets and debt metrics is a key priority
- YTD Utilisation 79%
- 62% of days contracted or highly probable for remainder of FY2019
- We are tracking in line with budget with a stated objective to be cash flow neutral for FY2019 after interest and maintenance capex – this implies an operating EBITDA in the order of \$27m

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