



# MMA Offshore Limited

## Sydney Investment Forum

*Thorney Opportunities Ltd / Thorney Technologies Ltd*

31 May 2018



**MMA**  
OFFSHORE

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# Company Overview



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

## Service Offering



Offshore Services



Subsea Services



Onshore Services



Marine Expertise

## Operating Areas



## Our key focus areas

- Quality assets and quality operations
- Strong in-house marine capability
- Working with our clients to deliver innovative marine solutions
- Expanding our IMR service offering
- Leveraging our onshore assets and expertise in project logistics

## Core Vessel Fleet (28 Vessels)

3

AHT

7.3 yrs average age

13

AHTS

7.6 yrs average age

7

PSV

5.4 yrs average age

5

MPSV / IMR

3.5 yrs average age

Core owned fleet supplemented by chartered vessels as required



## Continued positive sentiment towards a recovery in the oil and gas markets

### Oil price strengthening but ongoing volatility expected

- Oil price stronger but remains volatile
- Global inventory levels continue to decline
- US shale production resilient impacting supply
- Global oil demand remains strong

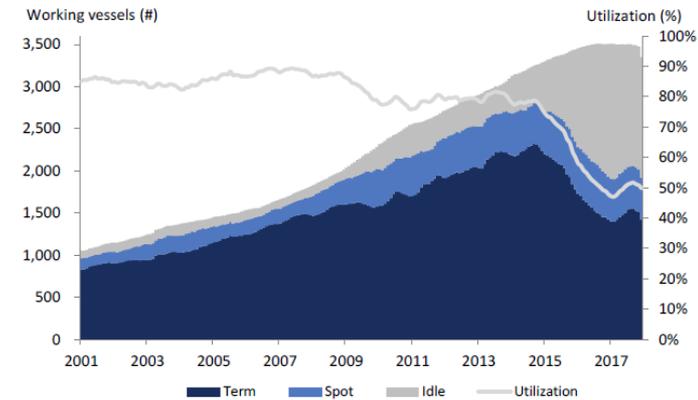
### Investment needs to increase to offset reserve depletion

- Only 1 in 3 barrels produced offshore have been replaced over the past 3 years
- Majority of oil companies are now cash flow positive at current oil price levels
- New offshore project commitments rose in 2017 and are expected to rise substantially in 2018
- Inspection, maintenance and repair (“IMR”) activity expected to increase due to deferred work scopes in recent years

### Early signs of a recovery are encouraging

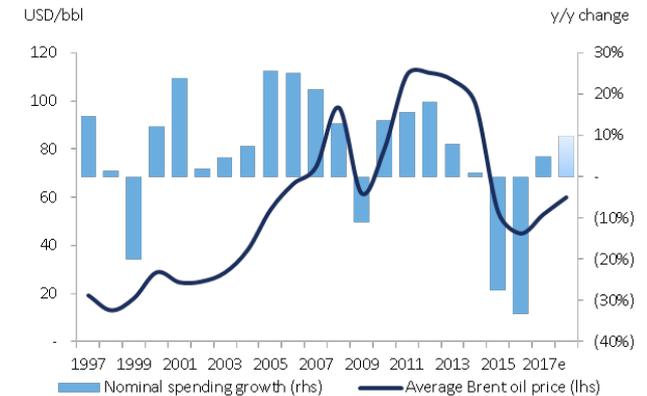
- Lead indicators positive including an increase in North Sea OSV activity, rig contracting, seismic activity and new offshore projects being sanctioned
- Global OSV utilisation and asset values have stabilised
- Whilst there is an oversupply of vessels, there is a growing consensus a portion of the global cold stacked fleet will never return to service
- Due to the lag between E&P investment by oil companies and vessel activity, it will take some time for global vessel utilisation to improve, however the early signs are encouraging

### OSV utilization



Source: Pareto, Jan-18

### Oil company capex has begun to increase

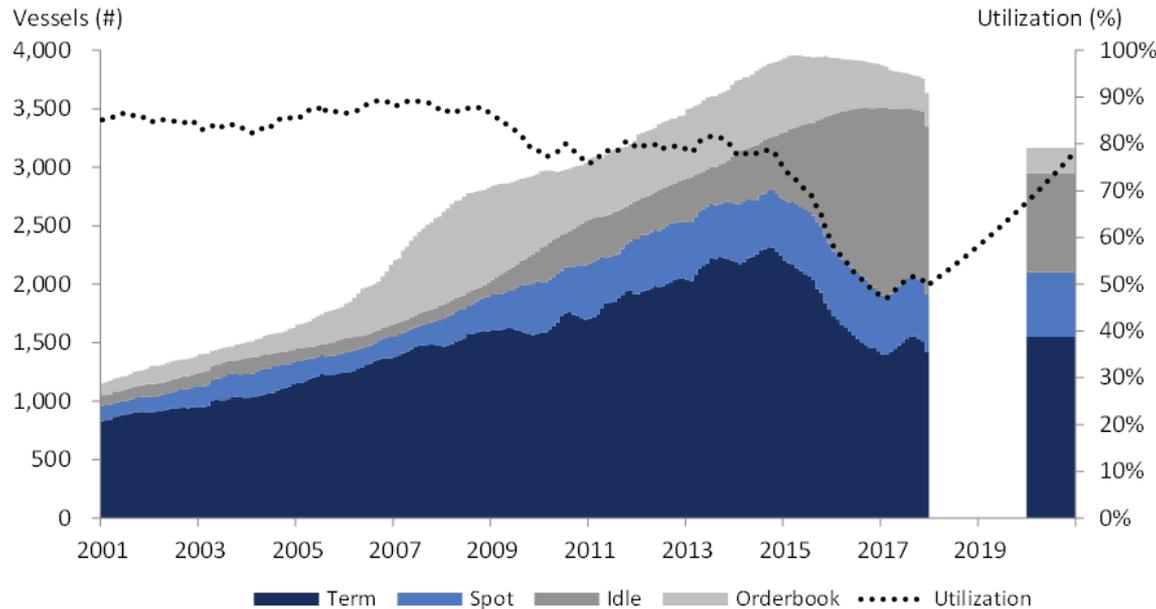


Source: Pareto E&P Survey, Aug-17

A adjustment to supply for scrapping of older cold stacked tonnage combined with a normalisation of demand over time would result in utilisation returning to ~ 80% levels.

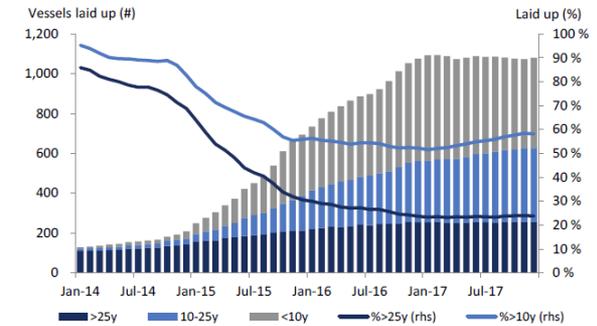
## Supply side adjusted for older vessels/scrapping

OSV fleet and utilization



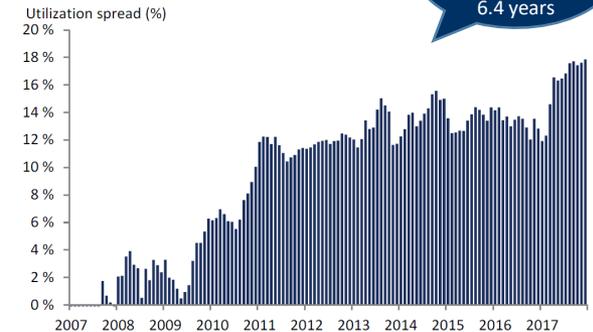
Source: Pareto Securities Equity Research

Cold stacked fleet



Source: Pareto Securities Equity Research

Utilization spread; vessels built pre- and post-2005



Source: Pareto Securities Equity Research

**MMA has streamlined its business through non-core asset sales and sustainable cost management to address the challenging market conditions and better position the Company for the future**

## Sale of Supply Bases

- Dampier and Broome Supply Base interests sold during FY2017
- Net sale proceeds of AUD\$49.5m used to reduce debt
- As project activity in Australia slowed, the strategic benefit of owning these interests was limited

## Non-Core Vessel Sales Programme

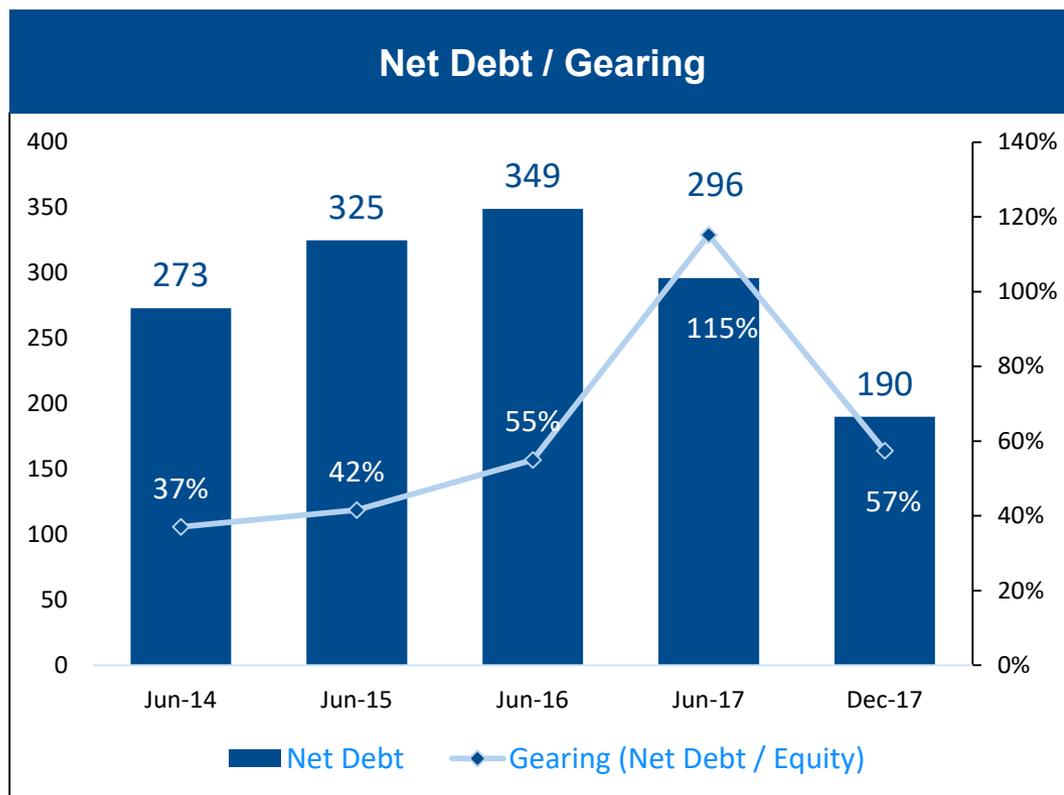
- 35 vessels sold since FY16 for a total of \$94m
- Proceeds predominantly used to fund debt amortisation
- 3 vessels remaining on the sales list, with 1 of these already under contract
- Sales programme has focused on vessels of limited future strategic value to MMA

## Sustainable Cost Reduction

- Sustainably reduced costs in all areas of the business whilst maintaining high safety and operating standards
- Ongoing focus on sustainable cost management

# Strengthened Balance Sheet

Balance Sheet recapitalisation completed in Dec-17 significantly reducing net debt and extending the term of the Company's debt facilities



## 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

<sup>1</sup> Net debt is calculated excluding the impact of unamortised loan fees

# Summary



- Focused strategy with high quality core fleet operating in key regions of Australia / NZ, Middle East, South East Asia & Africa
- Continued positive sentiment towards a recovery in the oil and gas markets
- Balance Sheet recapitalisation completed in Dec-17 significantly reducing net debt and extending the term of the Company's debt facilities out to Sep 2021
- Excellent safety track record compared to industry peers – competitive advantage
- Strong in-house marine capability to deliver unique, tailored and cost effective solutions for clients – not a commodity player
- Building our IMR capability and expanding our IMR service offering
- Leveraging our onshore assets and expertise in project logistics
- MMA is well positioned for a recovery having streamlined its business through non-core asset sales and sustainable cost management

# For further information contact



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