



# PARETO OIL AND OFFSHORE CONFERENCE

**12 September 2019**

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# COMPANY OVERVIEW

Established in 1989 and listed on the Australian Stock Exchange, MMA is one of the largest marine services providers in the Asia Pacific region.

## Service Areas



Offshore Services



Subsea Services



Project Logistics

## Marine Expertise & Engineering

## Corporate Profile<sup>1</sup>

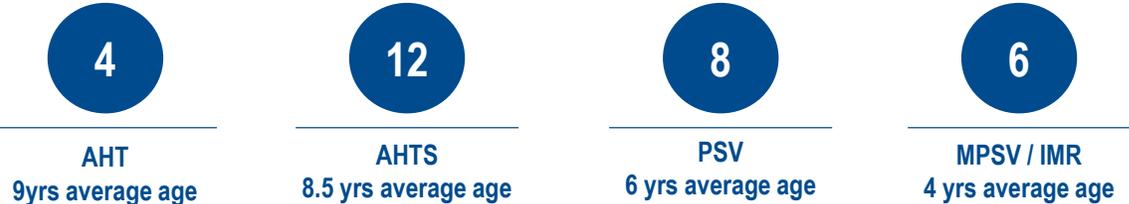
ASX Code	MRM
Shares on Issue	858m
Market Cap	A\$170m
Net Debt	A\$200m
Enterprise Value	A\$370m
AUD: USD	0.68

<sup>1</sup> As at 4 September 2019

## Operating Areas



## Vessel Fleet



# FY2019 HIGHLIGHTS

 Broad consensus that the OSV market is in the early stages of a recovery

**50%** Increase in EBITDA

**72%** Utilisation increasing with higher weighting to larger vessels

 Rates increasing in the more specialised vessel segments

 Strong safety performance, well above industry average

 ROA and debt metrics improving and remain our key priority

 Neptune acquisition to deliver subsea expansion strategy

 Executing our growth strategy to deliver improved returns for shareholders



# FY2019 KEY METRICS



**A\$27.8m**  
EBITDA



**72%**  
UTILISATION



**27%**  
FY20 DAYS  
CONTRACTED



**A\$22.2m**  
OPERATING  
CASHFLOW



**30**  
MODERN HIGH  
QUALITY  
VESSELS



**42%**  
NET DEBT  
TO FIXED ASSETS



**A\$0.35**  
NTA PER SHARE



**0.53**  
TRCF

# OPERATIONAL HIGHLIGHTS

## IMPROVING UTILISATION

- 72%**
- Utilisation up from 68% (core fleet) in FY18; higher for larger vessels
  - Starting to see some rate increases in the more specialised segments

## LONG TERM CONTRACTS UNDERPINNING EARNINGS & STONG TRACK RECORD OF SECURING NEW CONTRACTS

- 47%**  
FY20 revenue under firm contract
- 9 vessels on long term contracts with clients such as INPEX, Woodside, ConocoPhillips, BHP Billiton and Santos
  - Secured key contracts with Woodside, Subsea 7, ConocoPhillips, Santos, Brunei Shell Petroleum, Benthic, BG Shell and Esso during FY19

## EXPANDING OUR PRESENCE IN THE SUBSEA MARKET



- MMA's subsea vessels supported a number of complex project scopes including well intervention, umbilical installation and IMR
- Long term contract for MMA Pinnacle with iTech/Subsea 7
- Acquisition of Neptune Marine Services to drive growth in subsea services

## DEMONSTRATED CAPABILITY IN WALK TO WORK OPERATIONS



- Supported Walk to Work campaigns in South East Asia, Africa, India and Australia during the year including a first of its kind use of the technology for platform maintenance in Australia

## OUTLOOK



- Positive on the overall offshore recovery and outlook for our key markets
- High quality, well maintained fleet well positioned to benefit from increased demand and higher rates as market conditions continue to improve
- Expect to see a continuing improvement in EBITDA during FY2020



# STRONG PIPELINE OF MAJOR PROJECTS

Overall increase in project activity to drive global fleet utilisation



**Significant number of new projects planned in MMA's operating regions**

# REPOSITIONED FOR GROWTH

1

## RATIONALISE AND STABILISE



- Non core assets sold
- Reduced exposure to commoditised market
- Restructured debt
- Strengthened Balance Sheet
- Reduced costs

2

## EXPAND OUR CORE CAPABILITY



- Operational excellence
- Safety leadership
- Asset reliability
- Tailored marine solutions
- Expertise and innovation

3

## GROWTH

- Focus on higher margin segments
- Differentiation through technically advanced assets
- Expand service offering in Subsea, Walk to Work, Project logistics
- Third party vessels
- Strategic M&A

# GROWTH STRATEGY

Our growth strategy is focused on delivering increased returns for our shareholders

1

## OPERATIONAL EXCELLENCE

- High quality, well maintained fleet
- Superior safety performance
- Robust environmental management
- Commitment to total compliance
- Quality service delivery
- Strong commercial management
- Cost discipline

2

## OPERATIONAL LEVERAGE

- Drive Return on Assets through:
  - Releasing the operating leverage of the asset base as the market recovers
  - Utilising operating skills and systems to extract value through the deployment of third party assets
  - Building on strong client network and relationships

3

## EXPANDING OUR SERVICE OFFERING

- Drive the OSV fleet further into **service focused contracts** such as:
  - Safe offshore personnel transfer via motion compensated gangway technology (Walk to Work)
  - Cost efficient rig movements
  - Innovative vessel modifications and contracting arrangements to deliver true cost efficiency to clients
- **MMA Global Projects** – use our skills, in-house systems and project management experience to deliver broader marine logistics services to large scale projects using owned and third party assets
- **Subsea Services** (Neptune acquisition) increasing MMA fleet utilisation whilst building a stronger growth platform for the subsea services business

4

## BALANCE SHEET MANAGEMENT

- Pro-active Balance Sheet management
- Focus on continuing to improve key debt metrics

# OPERATIONAL EXCELLENCE



A PERFECT DAY  
EVERY DAY

## STRONG SAFETY LEADERSHIP AND CULTURE

- Target 365 embedded in all aspects of the organisation
- MMA TRCF of 0.53 vs IMCA average of 1.7



## HIGH LEVEL OF COMPLIANCE

- Corporate: ASIC, ISM, Flag State
- Client: ISO, OVMSA, OVID, IMCA



## SUPERIOR SERVICE DELIVERY

- Efficient and cost effective services
- Strong asset reliability
- Innovative and service orientated approach



## COMMERCIAL MANAGEMENT

- Improving margins, ROA and cost efficiency



## INDUSTRY LEADERSHIP

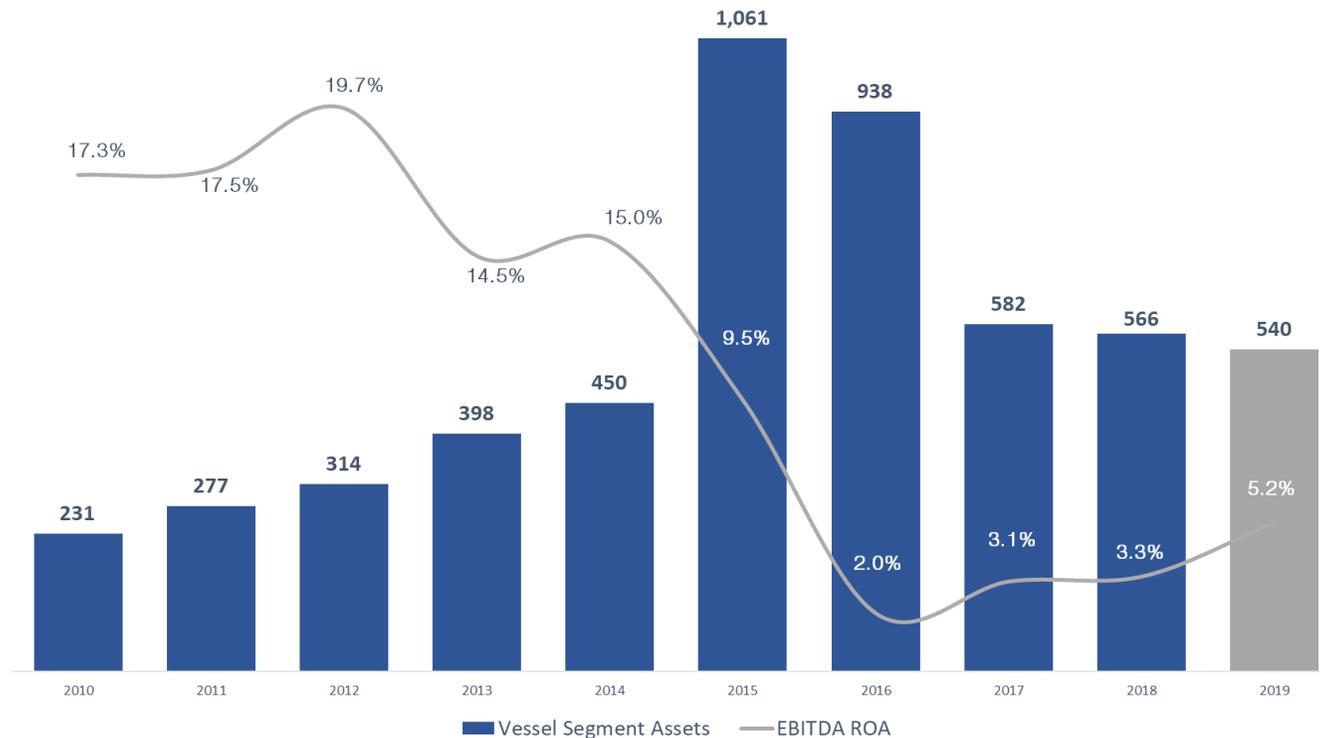
- Active leader in industry forums



# OPERATIONAL LEVERAGE

Increasing ROA is MMA's primary focus which will also improve the Company's debt metrics

EBITDA Return on Assets



**Notes**

<sup>1</sup> EBITDA figures are Vessel Segment EBITDA less unallocated corporate overhead adjusting for major one-off projects in 2014 and 2015

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

<sup>3</sup> All figures are in AUD

## Core Business Improvement

- ↑ UTILISATION
- ↑ RATES
- ↓ COSTS
- ↑ THIRD PARTY VESSELS

## Expanded Service Offering

- ↑ SUBSEA SERVICES
- ↑ PROJECT LOGISTICS
- ↑ WALK TO WORK

# EXPANDING OUR SERVICE OFFERING

Core OSV business with expanded service offering in Subsea and Project Logistics



- Fleet of 30+ specialised offshore support vessels
- Offtake Support, Supply Operations, Drilling Support, Construction Support, Seismic & Survey Support, Anchor Handling and Towing, Accommodation and Walk to Work Services
- Delivery of complex marine projects



- MMA currently services the subsea market predominantly as a vessel provider
- Neptune acquisition will enable MMA to provide additional services to existing and new clients (FY19 Revenue A\$84m)
- Current Neptune service offering improved with access to MMA vessels



- Project management of large marine spreads and complex marine logistics
- New entity "MMA Global Projects" established to service EPC contractors in developing energy hubs globally

# SUBSEA EXPANSION

Neptune acquisition expected to deliver a number of strategic benefits

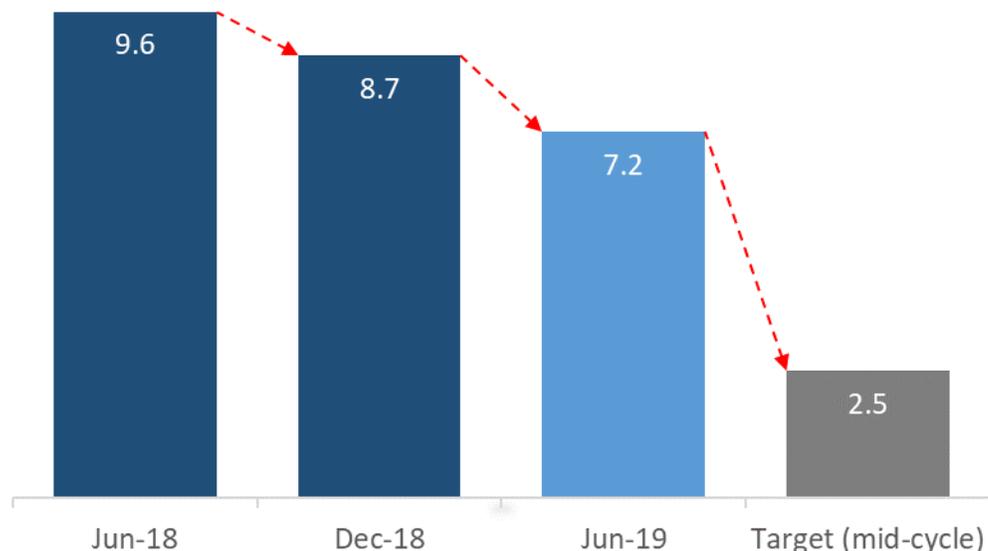
- 1 IMPROVED SERVICE OFFERING
- 2 INCREASED ASSET UTILISATION
- 3 ENHANCED RETURN ON ASSETS
- 4 REVENUE SYNERGIES
- 5 COST SYNERGIES
- 6 MARKET TIMING



# BALANCE SHEET MANAGEMENT

MMA remains focused on improving our key debt metric (Net Debt / EBITDA)

MMA Target Net Debt / EBITDA



## Valuation of Assets

- a\$10.4m non-cash impairment for FY19.
- Represents approx 2% of fleet book value
- Valuation based on independent market valuation less cost of disposal
- Valuations remain volatile in the short term
  - 2H18: +A\$8.4m; 1H19: -A\$13.1m; 2H19 +A\$2.7m
- Fleet rationalisation already completed

1 Gross Debt A\$271m (US\$120m; A\$100m)

2 Term expiry 30 Sep 2021

3 Amortisation holiday until Jun 2020<sup>1</sup>

4 Trading within covenants<sup>2</sup>

5 Weighted average interest rate 5.99%<sup>3</sup>

6 LVR (Net Debt / PPE) 42%

<sup>1</sup> Amortisation payment of A\$5.0m due on 30 June 2020

<sup>2</sup> Covenant testing resumed 30 Jun 19 based on earnings from 1 Jan 2019

<sup>3</sup> Weighted spot interest rate at reporting date

# INVESTMENT PROPOSITION

MMA has a clear growth strategy and is well positioned to benefit from a recovery in market demand

## High quality earnings and cashflow

- Long term production support contracts underpin earnings and cash flow
- High specification and well maintained fleet positions the business well to secure higher rates and utilisation as demand increases

## Significant operating leverage

- Bottom of the cycle
- Long term fundamentals remain compelling with broad market consensus that recovery is underway
- Earnings significantly leveraged to utilisation and rate increases
- Growth in ROA through packaged services and third party charters
- Trading at discount to NTA with asset values at a low point in the cycle

## Strong operational track record

- Leading marine services company with strong operational centres in Australia and South East Asia
- Blue chip client base
- Strong services capability with proven track record in delivering complex projects
- Industry leading safety record
- Experienced leadership team with deep industry knowledge and clear strategy

## Growth strategy

- Maximise operating leverage as the market recovers
- Increase ROA through expansion of higher margin services offering:
  - Specialised offshore services
  - Subsea
  - Project Logistics
- Clear focus on strengthening Balance Sheet and improving debt metrics

**Significant opportunity to grow return on assets**

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[mmaoffshore.com](http://mmaoffshore.com)

