



**MERMAID MARINE  
AUSTRALIA LTD**

18<sup>th</sup> November 2014

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

**CORPORATE OFFICE**

Endeavour Shed, 1 Mews Road  
FREMANTLE WA 6160  
PO Box 715, SOUTH FREMANTLE WA 6162  
T (+61) 8 9431 7431 F (+61) 8 9431 7432  
E [corporate@mma.com.au](mailto:corporate@mma.com.au)  
W [www.mma.com.au](http://www.mma.com.au)  
ABN 21 083 185 693

Dear Sir/Madam,

**2014 AGM: CHAIRMAN'S ADDRESS & MANAGING DIRECTOR'S PRESENTATION**

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.

Kind Regards

**MERMAID MARINE AUSTRALIA LIMITED**

**DYLAN ROBERTS**  
Company Secretary

**MERMAID MARINE ASIA PTE LTD**

81 Tras Street, SINGAPORE 079020  
T (+65) 6220 7388 F (+65) 6223 7383

**DAMPIER SUPPLY BASE**

MERMAID SUPPLY BASE PTY LTD  
PO Box 822, KARRATHA WA 6714  
Mermaid Road, DAMPIER WA 6713  
T (+61) 8 9183 6600 F (+61) 8 9183 6660

**BROOME SUPPLY BASE**

TOLL MERMAID LOGISTICS BROOME PTY LTD  
PO Box 3401, BROOME WA 6725  
Lot 549 Port Drive, BROOME WA 6725  
P (+61) 8 9194 4200 F (+61) 8 9194 4299



## **Mermaid Marine Australia Limited**

### **2014 Annual General Meeting**

#### **CHAIRMAN'S ADDRESS**

##### **Year in Review**

2014 was a transformational year for your Company as we completed the acquisition of Jaya; a Singapore based offshore vessel operator and shipbuilder. MMA is now one of the largest offshore marine services companies in the Asia Pacific region with over 60 owned vessels and strategically located on-shore facilities in Australia and South East Asia.

The Jaya acquisition is an exciting transaction for MMA and delivers on a number of our strategic objectives:

- It significantly expands our geographic reach with over 32 vessels now operating throughout Asia, the Middle East and Africa;
- It increases our exposure to high specification vessel classes including subsea support vessels;
- It increases our in-house marine expertise, a valuable and diminishing resource internationally; and
- It secures land based infrastructure in South East Asia providing opportunities to expand into marine logistics internationally over the medium term.

Your Board believes that this acquisition positions MMA well for the future.

Unfortunately, this has not been reflected in our share price which has underperformed over the past year. I empathise with shareholders' concerns, however, as a Board we are confident that the Company has a strong and sustainable long term business with the Jaya acquisition diversifying our earnings and reducing our dependence on the Australian market.

Looking at our financial performance for FY2014, the business performed well although the tapering off of construction activity relating to the Gorgon Project resulted in lower earnings from our Dampier Supply Base, which offset a strong performance from our vessel business.

MMA delivered a strong second half performance to report a Net Profit after Tax of \$53.9 million and Earnings per share of 18.8 cents per share. Excluding the impact of the Jaya acquisition, the Company recorded NPAT for the year of \$58.3 million, down 3.3% on the prior year and EPS of 25.1c, down 6.7%. Jaya's contribution to earnings in FY14 was minor given the timing of settlement which occurred on 3<sup>rd</sup> of June 2014.

I am pleased to say that we were able to maintain the dividend for the year at 12.5 cents per share consistent with the previous year. MMA's ongoing dividend policy is to pay out between 40 and 50 percent of after tax earnings.

Activity continues in the Australian oil and gas sector with four major LNG projects with a capital cost of over \$75 billion commencing construction; INPEX's Ichthys Project, Shell's Prelude Project, Chevron's Wheatstone Project and Apache's Julimar Project. As previously

mentioned, Gorgon construction is nearing completion which has a material impact on overall demand given the size and unique nature of that project.

As the Australian market transitions from a construction to production focus over the medium term, more opportunities for long term production support contracts will arise. This is a key focus for MMA going forward. Pleasingly we were awarded a major long term production support contract with INPEX during the year, the single largest contract in the Company's history worth \$160 million and up to \$500 million if all the options are exercised. The contract is for the provision of two production support Platform Supply Vessels or "PSVs" for a term of five years with two five year options to extend. The vessels were designed in conjunction with our internal projects team to meet the client's unique specifications and are currently being constructed at the Vard shipyard in Vietnam with delivery expected in late 2015 and early 2016 respectively.

MMA continued to invest in its fleet during the year with a new PSV, the Mermaid Leeuwin delivered in December 2013. The vessel immediately commenced an 18 month drilling support contract with Woodside. In August 2014, a further two vessels were delivered into the fleet, Jaya Majestic, a large 160 tonne Anchor Handling Tug Supply vessel, and Jaya Victory, a high specification PSV. The Victory's sister vessel, the Jaya Valiant was also delivered in October. The Victory and Valiant have been contracted to Trese in Mexico for a term of up to 5 years with purchase options, whilst the Majestic has been working in the spot market in South East Asia and is currently being bid for longer term contracts.

Three specialised subsea support vessels are currently under construction at MMA's Batam Shipyard with delivery scheduled for late 2015 to earlier 2016, a Multi-purpose maintenance work vessel which is contracted long term to Trese in Mexico and two ROV, light intervention Offshore Support Vessels which are attracting multiple enquires for long term charters. These newbuilds are consistent with MMA's strategy to expand into the subsea support market.

MMA is currently seeking to rationalise some of its smaller fleet with a number of vessels earmarked for sale.

MMA prides itself on being an innovative company that delivers complex and unique marine solutions to its clients both safely and reliably.

There are a number of recent examples of this.

In September 2014, MMA won a large contract for the operation and management of the accommodation vessel "Silja Europa" that will house around 1,200 members of the Gorgon construction workforce. The Silja Europa is a 202 meter cruise ferry which until recently has been operating as a leisure cruiser between Finland and Estonia. This very complex project required the vessel to be specifically modified in a short timeframe and mobilised to Australia from Estonia. The vessel arrived in Australia in mid-October and having met the various strict environmental and quarantine requirements of the Gorgon Project, was successfully moored at Barrow Island on 24<sup>th</sup> October 2014.

A second recent example is the Subsea 7 Heavy Lift and Tie in Project. Under this project MMA manages a total of 20 vessels which supports the delivery and installation of the Gorgon Project's subsea infrastructure. Again, this is a large and complex project and is a testament to MMA's capability in marine operations. This project is gradually coming to an end as the work completes over the next few months.

Industrial relations continue to be a source of frustration with both the Offshore and Supply Base Enterprise Bargaining Agreements still unresolved. The Maritime Union of Australia

initiated a 5 day strike on the Supply Base in October, seeking better pay and conditions. Supply Base operations continued during the strike although a number of clients made alternative arrangements which will have an impact on our Supply Base profits for the first half. MMA remains focused on securing an enterprise agreement that achieves market competitive wages and conditions, long term employment security and flexibility to service the changing needs of our clients.

The integration of Jaya is progressing well with key targets being met. As part of the integration we are seeking shareholder approval to re-brand the Company under the new name "MMA Offshore". This will represent a single brand for both Mermaid Marine and Jaya operations and importantly avoids brand confusion with another vessel operator in the South East Asian region.

Over the past year significant investment has been made into our core Target 365 Safety Strategy including a major investment in safety leadership training across the organisation. I am pleased to note that our safety performance improved with our Total Recordable Case Frequency reducing by 30% in FY14. This is a positive endorsement that the strategy is having an impact on the safety culture and safety performance across the organisation.

Looking ahead, the outlook for MMA's operations in Australia remains encouraging, with construction activity on the Ichthys, Prelude, Wheatstone and Julimar LNG projects commencing, and expected to continue for the next two to four years. Tapering of Gorgon related work will continue as the construction phase of that project approaches completion. Notwithstanding this, we are still winning significant new scopes of work such as the recently awarded Silja Europa accommodation vessel contract. Drilling activity through the Dampier and Broome Supply bases remains consistent driven by development drilling for the major projects.

Internationally, we are seeing the benefits of our broader regional footprint. In South East Asia demand for larger and more specialised vessels continues, however, we have recently seen reduced utilisation for the smaller fleet as a result of the weakening oil price, lower exploration activity and the onset of the seasonal monsoon period. The Middle East is a large sophisticated market which continues to display steady demand. Longer term prospects for East and West Africa are also encouraging with new discoveries providing grounds for optimism about future activity levels in the region. MMA's regional diversification enables the re-location of vessels between key markets to take advantage of changing demand across regions. The broadening of the fleet capability and size through the Jaya acquisition and our new build programme further strengthens MMA's ability to support new developments across an expanded geographic base.

MMA is in transition from a predominantly Australian based company to a more geographically diversified organisation with a broader fleet profile. Naturally there are challenges as we integrate the Jaya acquisition and continue to build capability across our target markets but the Board is confident that the strategy is sound and will deliver long term benefits to our shareholders.

Finally, I would like to take this opportunity to thank Mr Jeff Weber our Managing Director, the Executive Management Team and all of MMA's staff for their hard work and dedication to the business during what has been a challenging but transformational year for the company. I would also like to thank my fellow Board members for their valuable contribution to the business.



MERMAID MARINE  
AUSTRALIA LTD

**Mermaid Marine Australia Ltd**

**Managing Director's Address**

**Jeff Weber**



[www.mma.com.au](http://www.mma.com.au)

# Introduction



MERMAID MARINE  
AUSTRALIA LTD

- Solid FY14 result with strong vessels performance offsetting lower Supply Base earnings
- Completed Jaya acquisition enhancing the fleet and providing scale in key international markets
- Strong Balance Sheet and relatively low gearing
- Improved Safety Performance as Target 365 Safety Leadership Strategy delivers results
- Vessels engaged in key ongoing contracts across exploration, construction and production
- Significant long term production support contract signed with INPEX during the year
- Supply Base transitioning as Gorgon construction activity declines
- Broome outlook remains positive based on construction activity and drilling in the region
- Substantial vessel newbuild programme on track
- MMA is well positioned to take advantage of ongoing activity in Australia and establish itself as a significant player in the international offshore oil and gas support market





MERMAID MARINE  
AUSTRALIA LTD

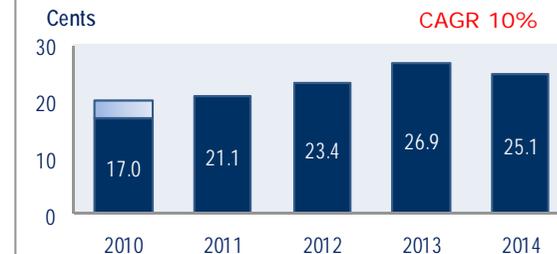
## FY14 Highlights

- Standalone EBIT<sup>1</sup> \$85.0m; ↓3.8%
- Standalone NPAT<sup>1</sup> \$58.3m; ↓3.3%
- Standalone EPS<sup>1</sup> 25.1c; ↓6.7%
- Jaya contributed to earnings from 4 June 2014 (EBIT \$3.1m; NPAT \$2.6m)
- Reported NPAT \$53.9m including Jaya and after transaction costs
- Final dividend of 7c per share maintaining full year dividend of 12.5c
- Operating cash flow \$54.4m; ↓23.2%
- Gearing 36.1%; ↑ 6.1%
- Cash at Bank \$174.8m

Standalone NPAT<sup>1</sup> \$58.3M ↓ 3.3%



Standalone EPS<sup>1</sup> 25.1c ↓ 6.7%



<sup>1</sup> Excluding the impact of the Jaya acquisition

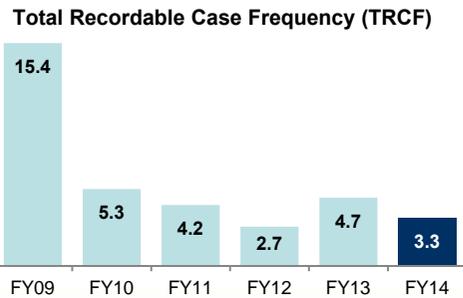
# Safety



MERMAID MARINE AUSTRALIA LTD

## Target 365 Leadership Strategy delivering results

- TRCF improved by 30% to 3.3
- 172 leaders completed Target 365 Leadership Training Programme and 122 frontline workforce involved in Safety Behaviour Workshops
- Strategy focused on continuous improvement of systems and cultural change through leadership
- Jaya integration process to target best practice HSEQ systems globally
- Commitment to achieving zero injuries and incidents remains strong across the organisation
- Recently announced as finalist in the Lloyd's List Australian Shipping & Maritime Industry Awards





MERMAID MARINE  
AUSTRALIA LTD

# Vessel Operations - Australia

## Ongoing construction support whilst focusing on long term production support opportunities

### Financial Highlights – FY14:

- Revenue<sup>1</sup> \$435.9m, ↑ 53.6%
- EBIT<sup>1</sup> \$55.8m, ↑ 25.4%
- ROA<sup>1</sup> – 13.2%, ↑ 0.7%
- Average utilisation 81%

### Operational Update – YTD FY15

- FY15 YTD Utilisation 85%
- Secured \$105m Accommodation Vessel contract (Silja Europa)
- Commenced early offshore construction activity on Prelude, Ichthys and Wheatstone
- Secured long term production support contract with INPEX and tendering other production support contracts
- EBA negotiations still unresolved
- Subsea 7 contract completing 3Q FY15 but Europa to continue into FY16
- Gorgon fleet completing contracts over the next 12 months but activity expected on other major LNG construction projects



We live our values: People – Customers – Team

A PERFECT DAY EVERY DAY



5

<sup>1</sup> Excluding impact of Jaya acquisition



MERMAID MARINE  
AUSTRALIA LTD

# Vessel Operations - International

## Building scale in key international markets

### Financial Highlights – FY14:

- Minor contribution from Jaya in FY14 given timing of settlement (Jun-14); Revenue \$10m; EBIT \$3.1m
- Total FY14 International Revenue \$27.3m (MMA + Jaya)

### Operational Update – YTD FY15

- YTD international performance on track with 75% utilisation

#### South East Asia

- 22 vessels operating under long and short term charters
- Downward pressure in smaller vessel market

#### Middle East

- 5 vessels operating in the region (3 on long term contracts)
- Looking to reposition additional tonnage to ME to increase utilisation

#### Africa

- 5 vessels currently trading in East and West Africa on short and long term charters
- Focus on building fleet volume in African region

#### Mexico

- Victory and Valiant to commence 5 year contracts with purchase options - Vessels mobilising in Nov and Dec





MERMAID MARINE  
AUSTRALIA LTD

# Dampier Supply Base

## Supply Base transitioning as Gorgon construction completes

### Financial Highlights – FY14:

- Lower Gorgon activity and drilling operations impacted result
- Revenue \$133.3m, ↓ 11.3%;
- EBIT \$36.9m, ↓ 29.4%
- Margins impacted by reduced rental income and lower wharf utilisation

### Operational Update – YTD FY15:

- First half impacted by threatened and actual industrial action
- Lower cargo volumes and vessel visits
- Gorgon volumes stabilising at a reduced level
- Consistent drilling activity
- Tendering construction support and long term production support contracts
- EBA – negotiations progressing towards agreement





MERMAID MARINE  
AUSTRALIA LTD

# Dampier Slipway

## Slipway remains a key strategic asset for MMA in Australia

### Financial Highlights – FY14:

- Revenue \$29.3m, ↑ 17.7%
- EBIT \$3.1m, ↓ 11.4%
- ROA 16.9%, ↓ 6.3%
- Margins impacted by one-off cost overrun

### Operational Update – FY15 YTD:

- Ongoing demand from third party vessel operators for major out of water repairs
- Additional services to oil and gas clients and afloat repairs
- Remains a key strategic asset – critical to maintaining performance of MMA's fleet



# Broome Supply Base JV



MERMAID MARINE  
AUSTRALIA LTD

**Outlook remains positive on the back of ongoing strong activity in the region**

## Financial Highlights - FY14:

- MMA's 50% share of NPAT - \$3.6m (FY13 \$3.9m)

## Operational update – FY15

- Broome Supply Base recognised as the benchmark operator in the region
  - Approx. 11 hectares of Supply Base area in close proximity to the Port
  - Modern, high quality casing yard
- Supporting exploration drilling programmes for Woodside, Shell, CalEnergy
- INPEX and Shell expected to commence multiple rig campaigns during the second half
- Outlook remains positive on the back of ongoing exploration and development in the Browse Basin

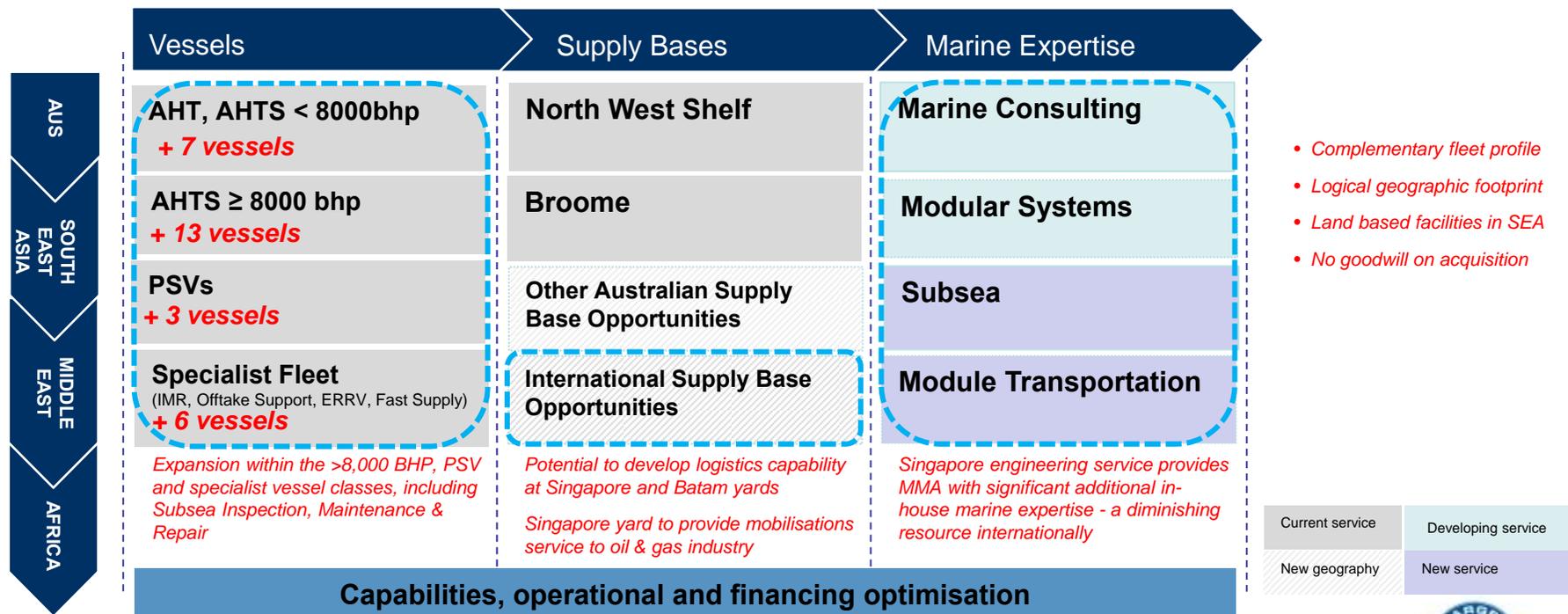




MERMAID MARINE AUSTRALIA LTD

# Jaya Acquisition – Strategic Rationale

Consistent with MMA's strategy to diversify internationally and expand its service offering



Current service	Developing service
New geography	New service



# Integration



MERMAID MARINE  
AUSTRALIA LTD

## Integration progressing well with strategic and organisational targets being met

- Business is performing in line with expectations
- Due diligence effective – no surprises
- Integration currently on target
  - Company structure
  - Organisational structure
  - Key systems
  - Synergies
  - Vessels strategy
  - Shipyard strategy
  - Rebrand



# Vessel Strategy



MERMAID MARINE AUSTRALIA LTD

Large high specification fleet with operating scale in key geographies positions MMA for growth



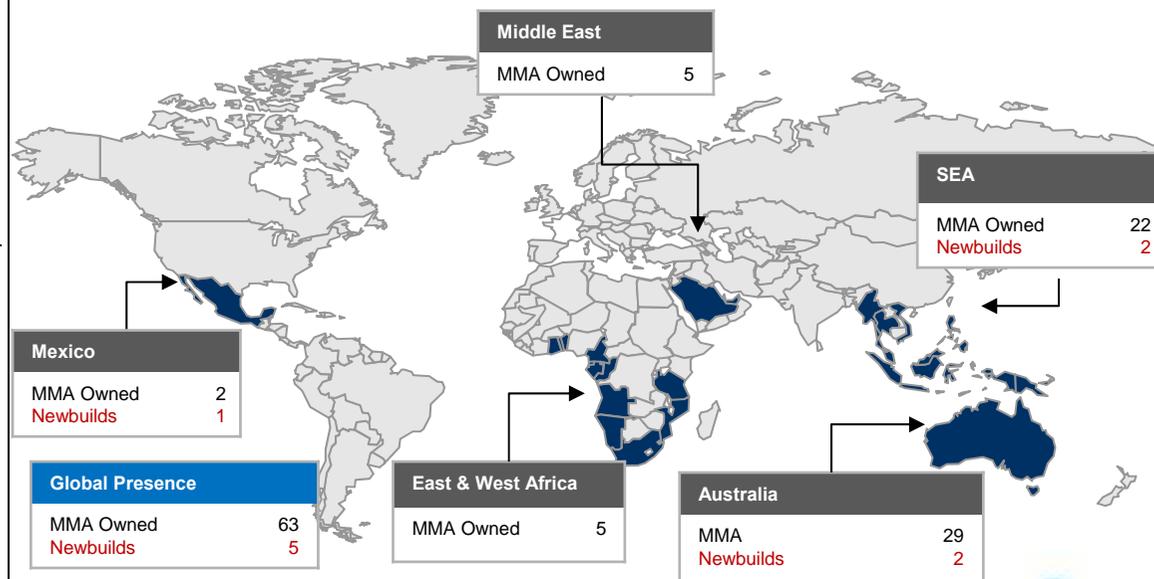
### Moving to larger, more specialised vessels:

- AHTS
- PSV
- MPMWV
- Subsea / IMR / ROV Support Vessels

### Fleet Optimisation Programme:

- Selected disposals focusing on smaller AHTS, AHTSs and barges
- 5 new vessels currently under construction enhancing MMA's fleet offering particularly in the Subsea and PSV market sectors
- Additional newbuilds to meet market demand via own Batam and third party shipyards

A diverse fleet with the ability to move between key markets:



# Shipyards Strategy



MERMAID MARINE AUSTRALIA LTD

## MMA’s Singapore and Batam facilities provide flexibility around newbuilds and opportunities for growth through expanded service offering

- Singapore shipyard restructuring completed – to focus on project mobilisation/demobilisation for the oil and gas industry - first external demob/mobilisation project already completed
- Batam Shipyard to focus on internal shipbuilding activities / modifications to meet MMA’s fleet requirements - 3 vessels currently under construction
- Longer term opportunity to utilise land base to provide additional services (Supply Base, logistics, fabrication, ship repair)
- Leverage internal engineering / design capability

### *Newbuild Schedule*

Vessel	Type	Yard	Delivery	Contract
Privilege	MPMWV	Batam	Jun 15	2 Year Bareboat + Options - Mexico
Pinnacle	ROVSV	Batam	Oct 15	Uncontracted
Prestige	ROVSV	Batam	Dec 15	Uncontracted
PSV 1	PSV	Vietnam (Vard)	Dec 15	INPEX Ichthys – 5 Years + Options
PSV 2	PSV	Vietnam (Vard)	Mar 16	INPEX Ichthys – 5 Years + Options



# Trading update



## Overall currently trading in line with market expectations

Australian Vessels	<ul style="list-style-type: none"><li>• Solid performance expected to continue</li><li>• Subsea 7 contract completing offset by Silja Europa contract</li></ul>
International Vessels	<ul style="list-style-type: none"><li>• Performing in line with expectations</li><li>• 5,000 bhp market challenging but Subsea and Larger vessel markets stable</li><li>• Strategy to move vessels between markets to optimise returns</li></ul>
Dampier Supply Base	<ul style="list-style-type: none"><li>• Trading below expectations</li><li>• Cargo volumes and vessel visits reduced</li><li>• Industrial action</li></ul>
Shipyards	<ul style="list-style-type: none"><li>• Vessel build programme on target</li><li>• New Singapore yard business model creating opportunities</li><li>• Ongoing demand at Dampier Slipway</li></ul>



# Glossary of Terms



MERMAID MARINE  
AUSTRALIA LTD

<b>AHT</b>	Anchor Handling Tug	<b>JV</b>	Joint Venture
<b>AHTS</b>	Anchor Handling Tug Supply Vessel	<b>LNG</b>	Liquefied Natural Gas
<b>BHP</b>	Brake Horse Power	<b>MPMWV</b>	Multipurpose Maintenance Work Vessel
<b>EBA</b>	Enterprise Bargaining Agreement	<b>NPAT</b>	Net Profit after Tax
<b>EBIT</b>	Earnings before Interest and Tax	<b>PSV</b>	Platform Supply Vessel
<b>EBITDA</b>	Earnings before Interest, Tax, Depreciation and Amortisation	<b>ROA</b>	Return on Assets
<b>EPS</b>	Earnings per Share	<b>SEA</b>	South East Asia
<b>ERRV</b>	Emergency Response Rescue Vessel	<b>TRCF</b>	Total Recordable Case Frequency
<b>FY</b>	Financial Year	<b>YTD</b>	Year to date
<b>IMR</b>	Inspection, Maintenance and Repair		



# Disclaimer



MERMAID MARINE  
AUSTRALIA LTD

*This document contains general background information about the activities of Mermaid Marine Australia Limited (MMA) current at the date this document was released to the Australian Securities Exchange (ASX). It is information in a summary form only and does not contain all the information necessary to fully evaluate any transaction or investment. It should be read in conjunction with MMA's other periodic and continuous disclosure announcements to the ASX available at [www.asx.com.au](http://www.asx.com.au).*

*MMA makes no representation or warranty (express or implied) as to the accuracy, reliability or completeness of this document. MMA and its directors, officers, employees, agents and associates will have no liability for any statements, opinions, information or matters (express or implied) arising out of, or contained in or derived from, or for any omissions from this document, except liability under statute that cannot be excluded.*

**Not a prospectus:** *This document is not a prospectus or a product disclosure statement under the Corporations Act 2001 (Cth) and has not been lodged with the Australian Securities and Investment Commission (ASIC).*

**Not investment advice:** *The information provided in this document is not intended to be relied upon as advice to investors or potential investors and has been prepared without taking into account the recipient's investment objectives, financial circumstances or particular needs. Any investment decision should be made based solely upon appropriate due diligence. Recipients of this document are advised to consult their own professional advisers. An investment in any listed company, including MMA, is subject to significant risks of loss of income and capital.*

**Future performance:** *This document contains certain forward-looking statements. The words 'anticipate', 'believe', 'expect', 'project', 'forecast', 'estimate', 'likely', 'intend', 'should', 'could', 'may', 'target', 'plan' and other similar expressions are intended to identify forward-looking statements. Indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of MMA, and its officers, employees, agents and associates, that may cause actual results to differ materially from those expressed or implied in such statements. Actual results, performance or outcomes may differ materially from any projections and forward-looking statements and the assumptions on which those assumptions are based. You should not place undue reliance on forward-looking statements and neither MMA nor any of its directors, employees, servants, advisers or agents assume any obligation to update such information.*

**Risks:** *An investment in MMA Securities is subject to investment and other known and unknown risks, some of which are beyond the control of MMA and MMA's directors, employees, servants, advisers or agents. MMA does not guarantee any particular rate of return or the performance of MMA nor does it guarantee the repayment of capital from MMA or any particular tax treatment.*





MERMAID MARINE  
AUSTRALIA LTD

Endeavour Shed, 1 Mews Road  
Fremantle WA 6160

**T** (+61) 8 9431 7431

**F** (+61) 8 9431 7432

**E** corporate@mma.com.au

[www.mma.com.au](http://www.mma.com.au)

