

# MERMAID MARINE AUSTRALIA LTD

Macquarie Conference – May 2014

Jeff Weber



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# First Half Highlights

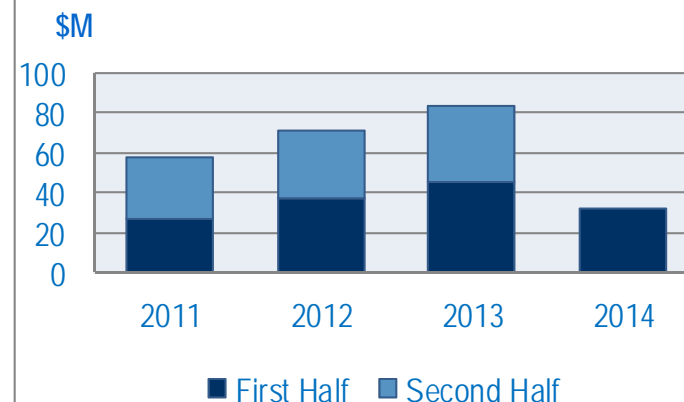
## Financial

- First half performance in line with market guidance
- Revenue \$253.5 million,  $\uparrow$ 14.2% pcp
- Pre-tax profit \$32.3 million,  $\downarrow$  29.3% pcp
- Net profit after tax \$24.2 million,  $\downarrow$  25.5% pcp
- Earnings per share of 10.5c,  $\downarrow$  28.1% pcp
- Interim dividend 5.5c per share, in line with pcp
- Operating cash flow \$44.0 million,  $\uparrow$ 104.3% pcp
- Cash at bank \$64.2 million

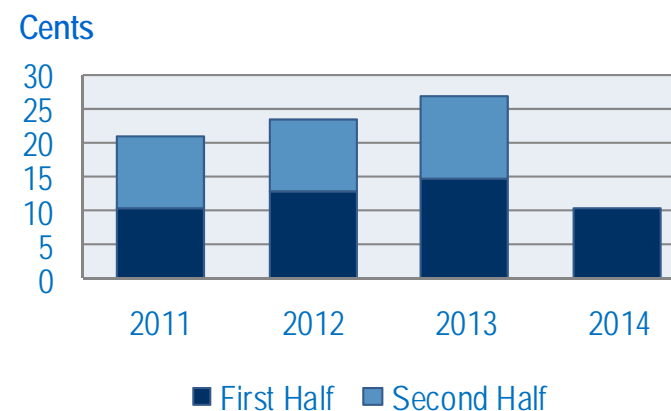
## Operating

- Secured major new contracts – Subsea 7 contract \$100m+; Woodside PSV Drilling Support; Gorgon Super Barge
- Contract signed Inpex – 2 x PSVs 5 years with options
- Stronger demand for services in second half
- Announced key strategic acquisition of Jaya business establishing MMA in international markets

## Profit before Tax



## Earnings per Share





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## Australian Market Update - Construction

### Overview

- Gorgon gas plant project freight is reducing. Tendering for ongoing Chevron production support – Supply Base
- Gorgon Offshore HLTI project is ongoing with MMA providing 10 tugs, 9 barges and 1 PSV to Subsea 7.
- MMA is supporting two offshore EPC contractors on the Woodside GWF Phase 1 Project
- Next group of “mega projects” is entering offshore execution over next 9 months:
  - INPEX Ichthys
  - Shell Prelude
  - Chevron Wheatstone & Apache Julimar
- In addition to tendered scopes, there will be a number of ad hoc or “spot” requirements driven by these projects

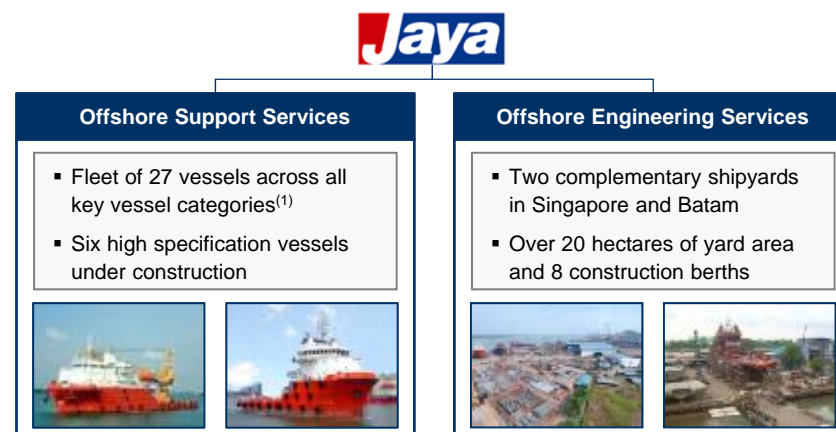




# Acquisition of Jaya

## MMA has entered into an agreement to acquire the subsidiaries of Jaya Holdings Ltd for S\$625 million, providing MMA with immediate scale in Asia Pacific and other key regions

- Jaya Holdings Ltd is currently listed on the mainboard of the Singapore Exchange Securities Trading Ltd ("SGX") and is headquartered in Singapore
- MMA entered into an agreement to acquire all the subsidiaries of Jaya, subject to several conditions precedent, including a successful shareholder vote on 14 May
- Completion is on track to occur in the weeks following the meeting
- Acquisition expands MMA's geographic reach, provides immediate scale into SE Asia and ME markets, increases exposure to high specification vessel classes, and enhances MMA's integrated business model
- Acquisition will be funded through a combination of debt and equity
- MMA completed its A\$317 million equity raising on 2 April
- New syndicated debt facilities by NAB and ANZ



### OSS Fleet Summary as at 31 December 2013<sup>(1)</sup>

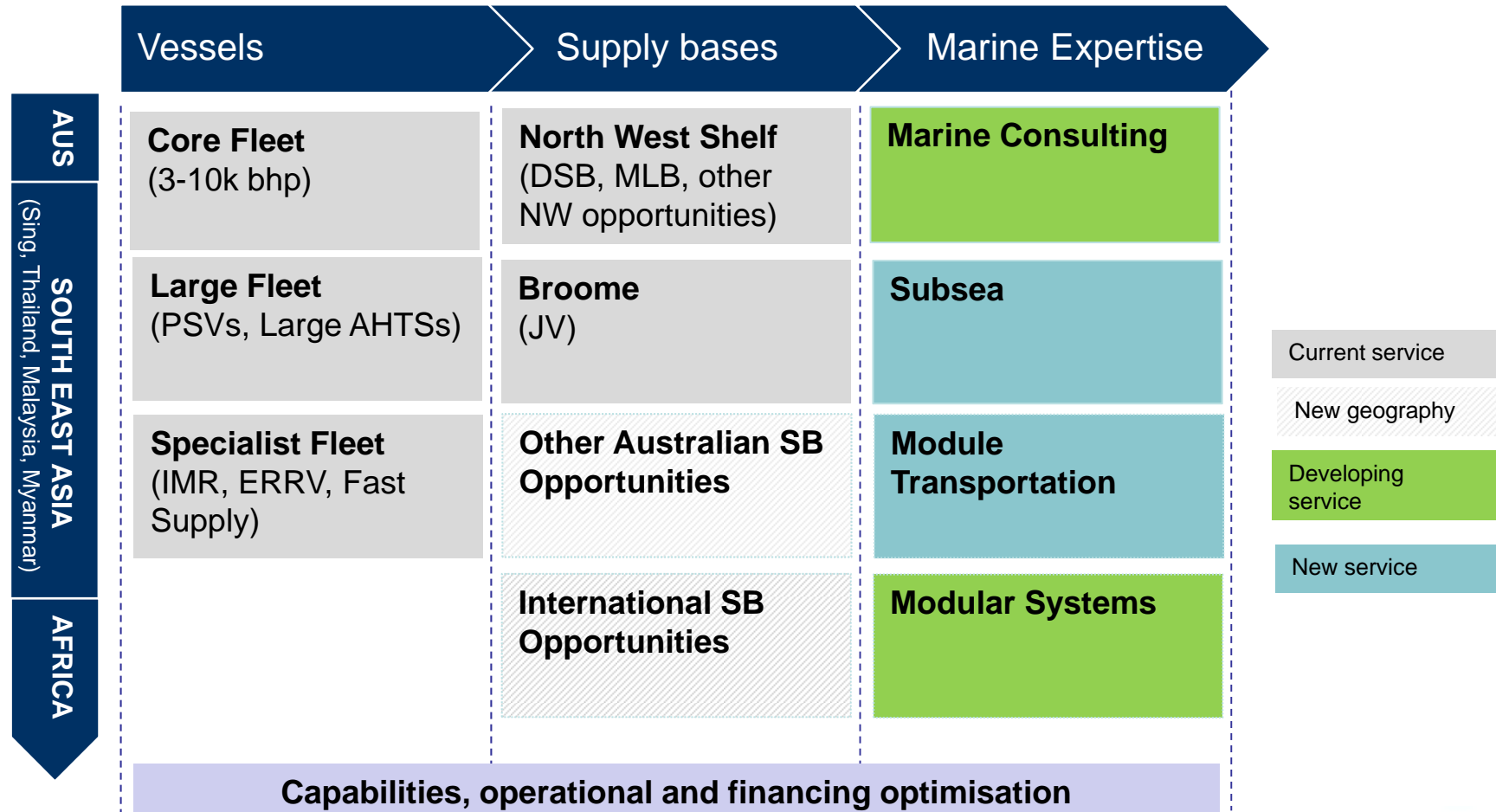
Vessel Type	Operational	Under Construction
AHTS	18	1
AHT	1	-
ROSV	2 <sup>(2)</sup>	2
PSV	1	2
Accom Barge	1	-
MPMWV	1	1
Flat Top Cargo Barges	3	-
<b>Total</b>	<b>27</b>	<b>6</b>

**Note:** (1) Excludes Jaya Amethyst which is subject to a contract for sale since 31 December 2013; (2) Includes Jaya Vigilant, which has been reconfigured as an ROVSV but can operate as a PSV; (4) 'Other' includes Vietnam, Japan, Myanmar and the Philippines.

# MMA's Strategic Plan on a Page 2012



In 2012 we articulated MMA's intended strategy for growth and diversification in terms of service offering and geography



Source: MMA's Strategic Plan 2012

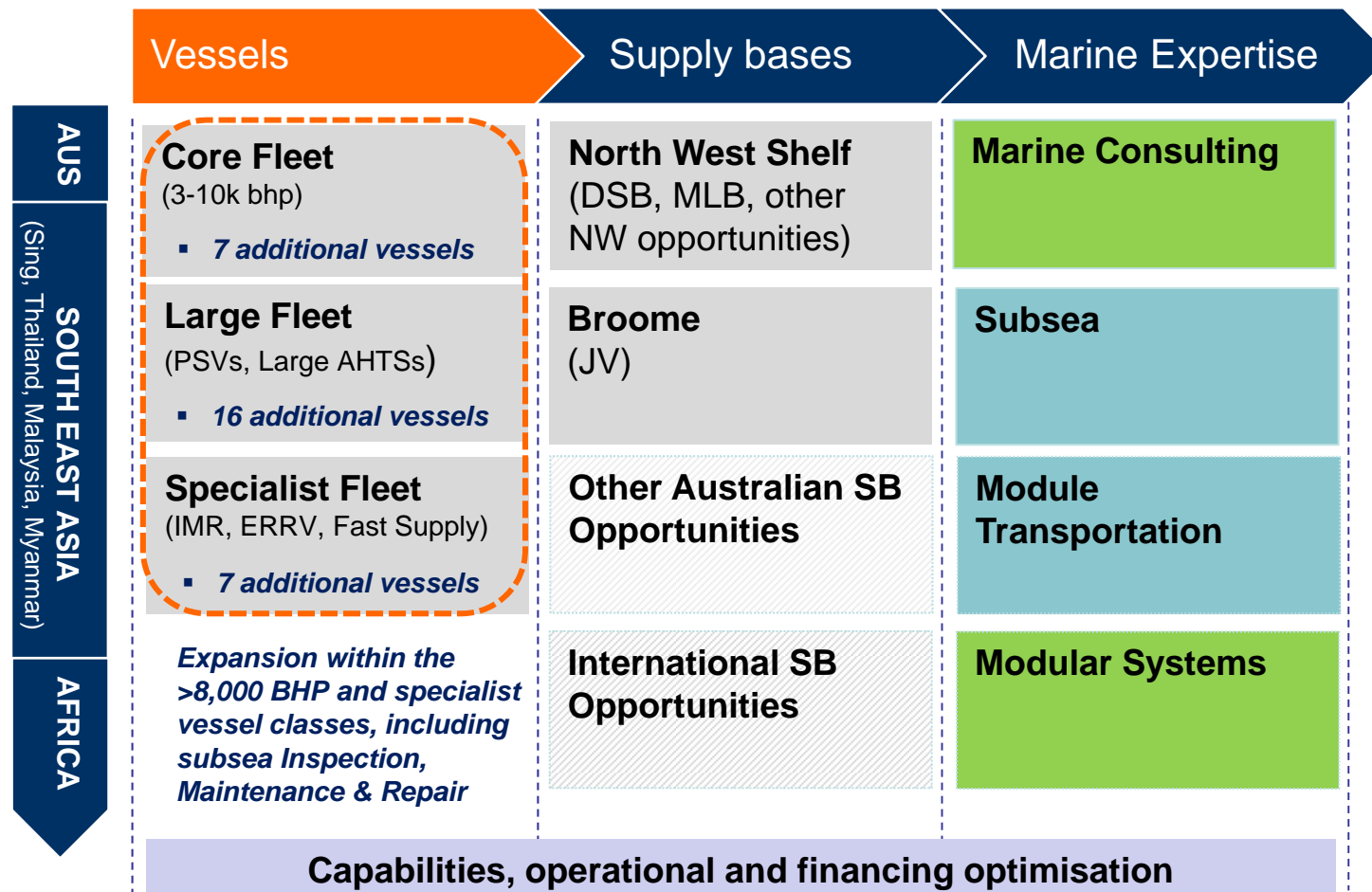
We live our values: People – Customers – Team

A PERFECT DAY EVERY DAY



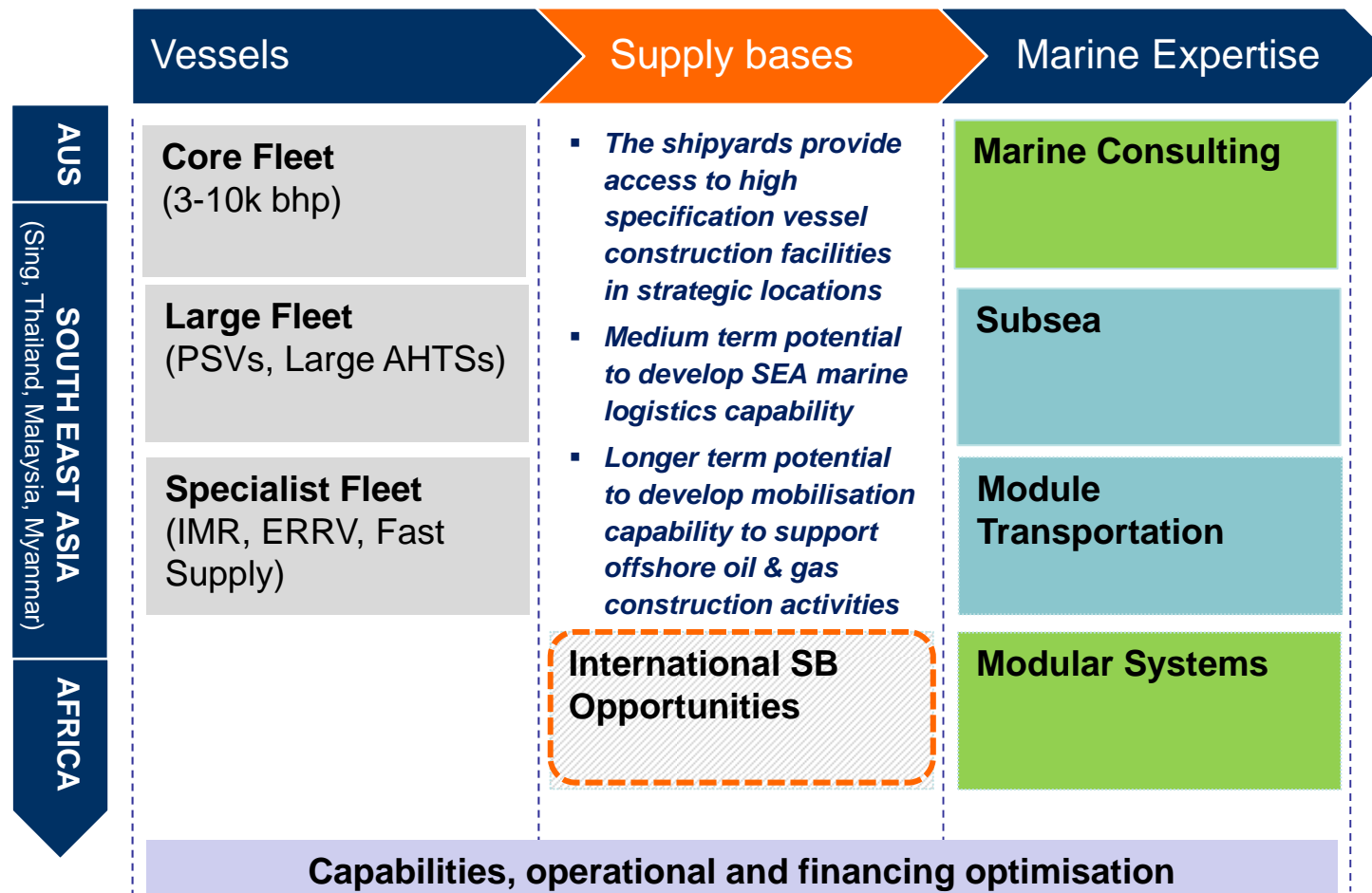
# Jaya acquisition realises MMA's strategic plan

The acquisition is in line with MMA's long term strategy to diversify geographically and expand its service offering



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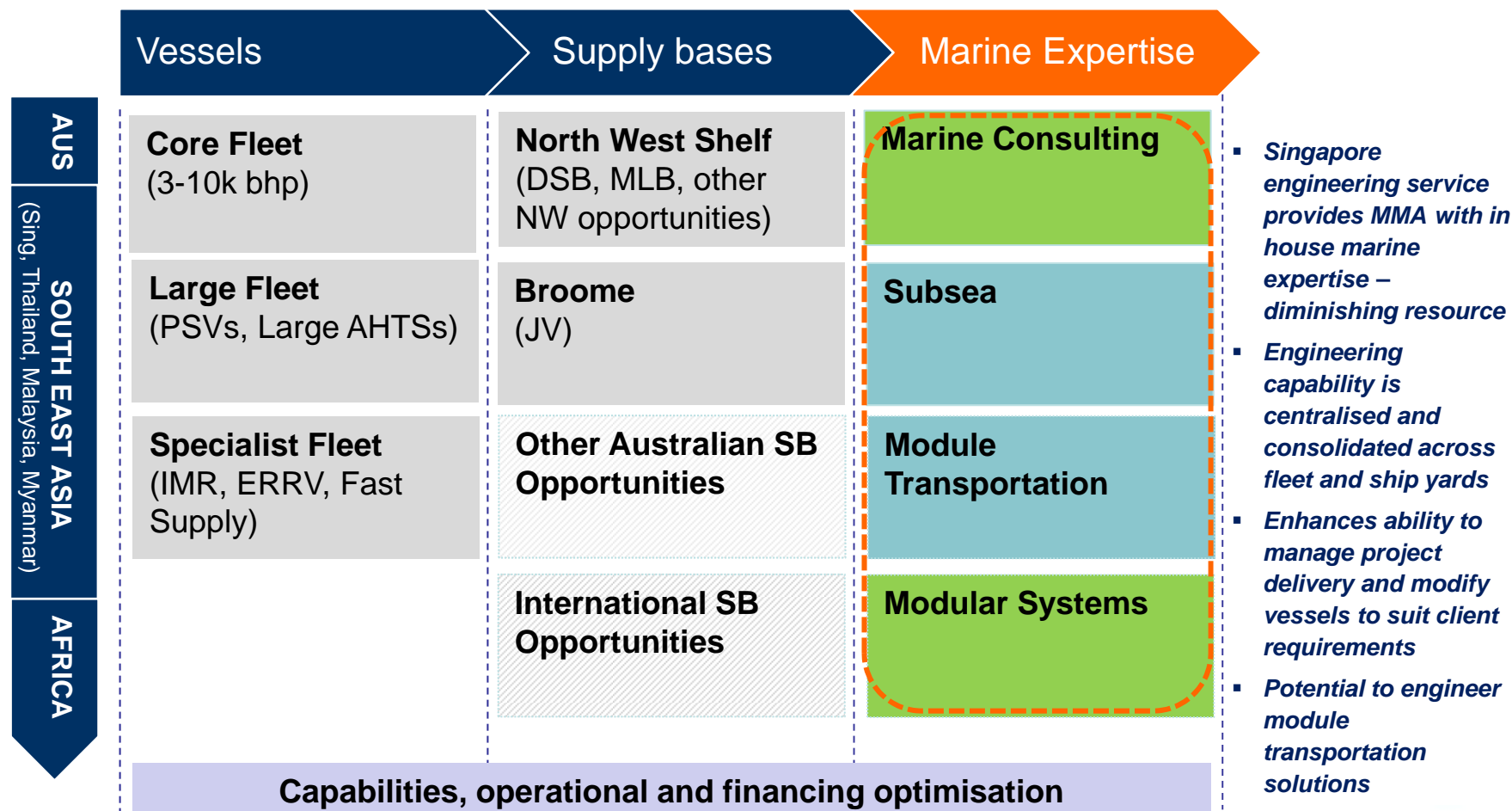




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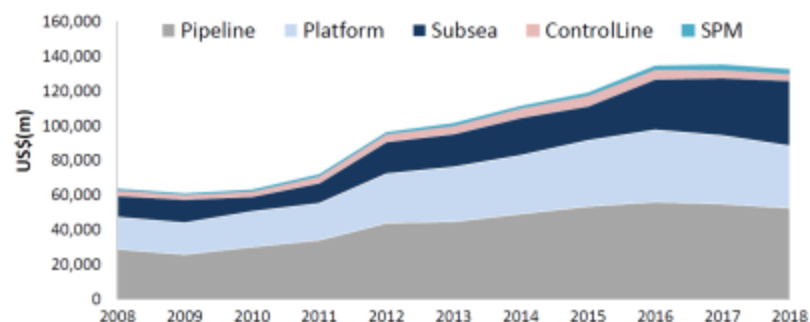
# Asia and Global Market Outlook and Trends

## OSV demand is increasing

- Jaya fleet is focused in areas of substantial offshore oil and gas investment, across SE Asia, the Middle east, East and West Africa and Latin America
- Substantial E&P development expected, particularly in SE Asia
- Direct correlation exists between demand for OSV services and E&P spending development
- Trend to deep water requires larger AHTS vessel size
- Clients demanding higher specification vessels
- Subsea segment experiencing significant growth in demand
- Oil Companies demanding safer and more sophisticated equipment

## Global Capex by Infrastructure – Subsea experiencing above market growth <sup>(1)</sup>

Subsea investment is growing faster – 14% CAGR



## Jaya Vessel Footprint and Regional Expected Capex from 2012 - 2018<sup>(1)</sup>











**Note:** (1) Global infrastructure spend by region includes subsea, pipeline, platform, control line and Single Point Mooring ("SPM") installations. Capex in this analysis includes Engineering, Procurement, Installation and Commissioning ("EPIC") but excludes drilling. Circle size in each region is illustrative of expected size of capex spend in US dollars. Data sourced from Infield Systems.



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# Complementary Fleet Profile

Expansion within >8,000 BHP and Specialist vessel classes including Subsea / Inspection, Maintenance & Repair (“IMR”)







	 AHT	 Small / Med AHTS <8,000 BHP	 Large AHTS >8,000 BHP	 PSV	 ROVSV - Subsea/IMR	 Specialist Vessels <sup>(1)</sup>	 Flat Top Barges	 Harbour / Utility Vessels
<b>Fleet</b>								
MMA	11	4	1	4	1	4	3	6
Jaya <sup>(2)(3)</sup>	1	6	13	3	4	3	3	0
<b>Total</b>	<b>12</b>	<b>10</b>	<b>14</b>	<b>7</b>	<b>5</b>	<b>7</b>	<b>6</b>	<b>6</b>
<b>Markets</b>								
Exploration			✓	✓				
Production	✓	✓	✓	✓		✓		
Construction	✓	✓	✓	✓		✓	✓	✓
Subsea / IMR					✓	✓		

**Note:** (1) Includes Multi Purpose Maintenance vessels, Accommodation Barges and specialist Offtake Support Vessels; (2) Excludes Jaya Amethyst which is subject to a contract for sale since 31 December 2013; (3) Includes six vessels currently under construction as at 31 December 2013; (4) Includes Jaya Vigilant, which has been reconfigured as an ROVSV but can operate as a PSV



# High Specification Newbuild Pipeline

Planned additions to the fleet will enhance MMA's fleet offering, particularly in the subsea and PSV market sectors

Vessel Name	Type	Vessel Schematic	Build Location	Capacity	Expected Cost to Complete (US\$m) <sup>(1)</sup>	Expected Delivery <sup>(2)</sup>	Contract Details
<b>FY 2014 Delivery</b>							
Jaya Victory	PSV		China <sup>(3)</sup>	3,500 DWT	12.3	May-14	2 year bareboat in Mexico, option to extend
Jaya Valiant	PSV		China <sup>(3)</sup>	3,500 DWT	12.3	Jun-14	2 year bareboat in Mexico, option to extend
Jaya Majestic	AHTS		Singapore	12,240 BHP	17.7	May-14	Uncontracted
<b>FY 2015 Delivery</b>							
Jaya Privilege	MPMWV		Batam	10,450 BHP	27.9	Jun-15	2 year bareboat in Mexico, option to extend
<b>FY 2016 Delivery</b>							
Jaya Prestige	ROSV		Batam	3,000 DWT	37.4	Oct-15	Uncontracted
Jaya Pinnacle	ROSV		Batam	3,000 DWT	38.9	Dec-15	Uncontracted
<b>Total</b>					<b>146.5</b>		

**Note:** (1) Remaining expected capital expenditure required to complete vessel as at 31 December 2013; excludes Jaya Sovereign which was completed and sold to Atlantic Towing on 7 February 2014; (2) As at 31 December 2013; (3) To be delivered from contracted third party shipyard.

# Shipyards – Strategic Assets



## **The OES Batam and Singapore shipyards provides MMA ability to control newbuild programme and enhance client service offering**

- Immediate focus will be on completing internal newbuild programme of 6 vessels (for completion in 2014-16)
  - Invest in infrastructure and equipment to improve productivity (Batam)
- Reviewing opportunity to develop ship maintenance facilities in Batam
- Enhanced ability to modify vessels to suit charterers' requirements and mobilise specific marine spreads for clients (Singapore and Batam)
- Medium term potential to develop South East Asian marine logistics capability (Singapore and Batam)
- Longer term potential to develop mobilisation capability to support offshore oil & gas construction activities (Singapore and Batam)

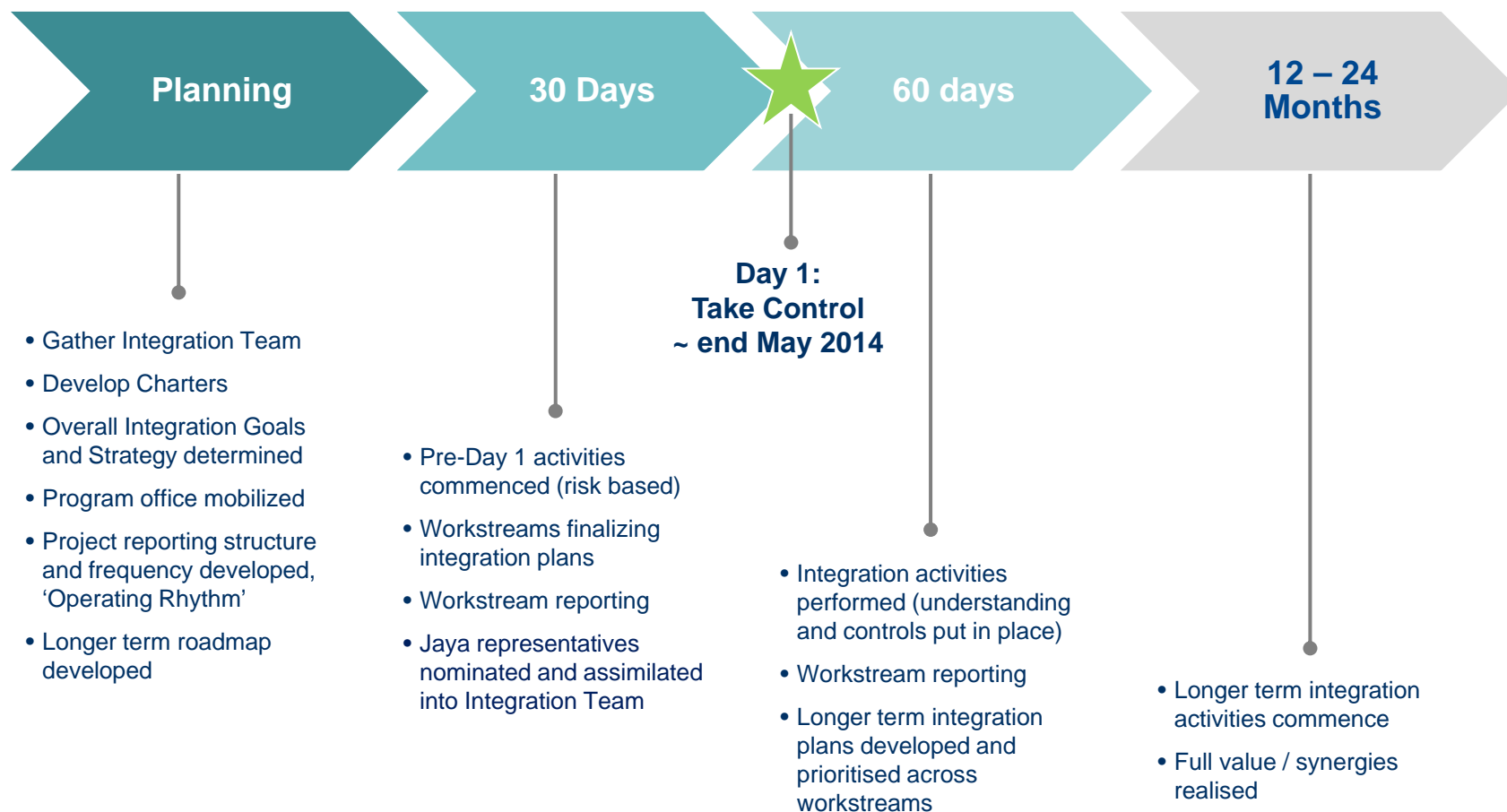






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# Integration Process and Key Milestones



# MMA Trading Update and Outlook

## Focused on delivering a strong last quarter based on vessel utilisation

### *Vessels*

- Commencement of key vessel scopes (deferred from 1H FY2014) and new contract awards, including A\$100 million+ vessel contract with Subsea 7 (commenced 3Q FY2014)
- Delivery of the new PSV Mermaid Leeuwin, with 18 month+ Woodside drilling contract commencing February 2014
- 2 Gorgon related vessels completing contracts in April – 1 redelivered and 1 redeployed
- EBA negotiations with 3 maritime unions are ongoing

### *Supply Bases*

- Dampier Supply Base impacted by reduction in Gorgon related activity – but ongoing requirements at a lower level
- Broome Supply Base outlook positive with activity set to remain strong in the region over the medium term

### *Slipway*

- Bookings at the Dampier Slipway solid through the second half of the year

### *Ongoing*

- A number of construction work scopes associated with Ichthys, Wheatstone and Prelude still to commence through FY2015 and beyond
- Awarded contract for two PSV's for long term production support operations with INPEX – contract value for the firm period is A\$160 million, and A\$500 million in total should all options be executed
- Based on year to date trading and current expectations for the last quarter, MMA re-affirms guidance that it expects to deliver a full year NPAT for FY2014 in line with the previous financial year excluding the impact of the Jaya transaction

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