



MMA
OFFSHORE

ASX Announcement

13 June 2016

Trading update – Challenging Oil & Gas Market Continues to Impact MMA Results

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

Dear Sir/Madam,

TRADING UPDATE

The offshore Oil and Gas vessel market continues to remain under significant pressure due to low oil prices and substantially reduced demand for services across all sectors of the market. As a result, MMA expects to deliver EBITDA slightly lower than the previously stated guidance for the 2016 financial year of A\$75 - \$85 million after including redundancy related costs of approximately \$3.5 million and provisions against outstanding debtor balances of approximately \$7.0 million.

Whilst MMA expects the extremely challenging trading conditions experienced during 2H FY2016 to continue at least into 1H FY2017, the Company does have a number of additional new vessels being added to the fleet which will all contribute towards earnings in 2H FY2017.

These vessels include the “*MMA Plover*” (contracted to INPEX on a 5 + 5 year term from Q2, FY2017), the “*MMA Brewster*” (contracted to INPEX on a 5 + 5 year term from Q3, FY2017) and the “*MMA Privilege*” (which has recently commenced work in Africa as an accommodation support vessel for a major marine contractor on a fixed 12 month contract with a further 12 months of options). However, even with the expected contributions from these new vessels, based on the current forecast fleet utilisation and rate levels, we expect FY2017 EBITDA to be significantly lower than the current broker consensus forecast for the year.

The “*MMA Pinnacle*” and “*MMA Prestige*” will be delivered in FY2017 and are being tendered into a number of potential work scopes. These are high quality, high specification vessels targeting the global Inspection, Maintenance and Repair (“IMR”) market which is seeing ongoing demand, albeit at depressed charter rates.

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MMA Privilege, delivered in 2016 and currently working on a 12 month + contract in Africa

MMA continues its focus on its asset sales program to reduce debt and on streamlining the business through reducing costs, increasing productivity and improving operating performance. Asset sales have become increasingly difficult in the prevailing market. As a result, vessel sales for FY2016 will be below the A\$78 million target identified in the Company's Half Year Financial Report dated 19 February 2016. Accordingly, the Company is in dialogue with its banking syndicate in relation to its ongoing capital requirements.

There is increasing evidence that the fundamentals of the oil and gas market are moving back towards balance and MMA remains well positioned to benefit when the market starts to recover. There is a lag between a recovery in the oil price and an increase in demand for MMA's services, however, we are at least seeing some improvement in the core market, which is anticipated to flow through to the Company's core client base.

Whilst FY2017 will continue to be characterised by low demand and low charter rates, MMA expects to see some improvement in the market in FY2018 driven by underlying market fundamentals.

For further information please contact:

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