



MMA
OFFSHORE

ASX Announcement

10 November 2015

Market update – MMA secures Woodside Integrated Fleet Contract; Trading update

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

Dear Sir/Madam,

Woodside Contract

MMA Offshore Limited (“**MMA**” or “the **Company**”) has been awarded a contract by Woodside Energy Ltd (“**Woodside**”) valued at approximately A\$50 million.

The Woodside Integrated Fleet Contract (“**Contract**”) will see MMA provide three vessels to support Woodside’s offshore Northwest Shelf, Pluto and AusOil production assets in Australia’s North West region. The three vessels to be chartered under the Contract include two of MMA’s purpose built Offtake Support Vessels (“OSVs”) (the “Mermaid Sound” and the “Mermaid Strait”) and a modern, high specification Platform Supply Vessel (“PSV”) (the “Mermaid Leeuwin”).

The Contract for the three vessels is for a firm period plus a number of options. Should all options be exercised, the Contract value would be approximately A\$110 million in total.

Commenting on the award, MMA’s Managing Director, Mr. Jeff Weber, said:

“The significance of the Contract in the current competitive market cannot be overstated. There is enormous pressure on the offshore marine industry to achieve sustainable cost positions without compromising quality operations. The award of this Contract is an endorsement of our ability to support world class operators in this challenging economic time and to provide cost effective solutions. Our focus on providing specialist vessels, innovative technical solutions and reliable safe operations remains a competitive advantage in the offshore marine industry. We look forward to continuing our long-standing relationship with Woodside in the North West.”

Trading Update

The offshore Oil and Gas vessel market remains under significant pressure due to low oil prices and substantially reduced demand for services across all sectors of the market. As a result, the first four months of trading were lower than expected with market conditions unlikely to improve through FY2016. The Company continues to generate positive operating cash flows and expects to deliver

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EBITDA in the region of A\$75 - 85 million for the full year but with a low level of visibility of demand for the second half of the financial year.

MMA is currently supplying services to Technip for the Wheatstone project with the current scope expected to complete by January 2016. In addition Gorgon related activity continues to decline and the accommodation vessel Silja Europa will complete its contract in December 2015 which will impact second half earnings.

There is tender activity in the market however rates are under significant pressure as competition for the work and margin pressure is intense. We have had success, recently securing both short term contracts and longer term contracts in Australia and internationally. We are actively pursuing other production support contracts where available. Overall utilisation for the first quarter was 52% for the international fleet and 61% for the Australian fleet.

The Dampier Supply Base traded broadly in line with expectations for year to date as did the Broome Supply Base JV. Demand for Slipway services was well below expectations due to fewer offshore vessels in Australia and clients reducing costs.

MMA is trading within the banking covenants and is actively working to reduce debt through asset sales. Whilst the sale and purchase market is difficult we have seen more interest in our vessels in recent times. MMA has a young and well maintained fleet which is attractive to other operators seeking specific vessels. To date we have contracted approximately A\$22 million in vessel sales and are continuing to pursue other sales opportunities.

MMA's cost reduction programme is on track to deliver our targeted A\$15 million in savings and we continue to pursue opportunities for further cost savings and productivity improvements. MMA has currently two vessels cold stacked and six vessels warm stacked at our facilities in Batam and Singapore.

The award of the Woodside contract highlights MMA's ability to secure important long term contracts by providing innovative and cost effective solutions for our clients.

For further information please contact:

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