

Miclyn Express Offshore

FY15 Results Presentation – 28 September 2015



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Highlights in the last 12 months

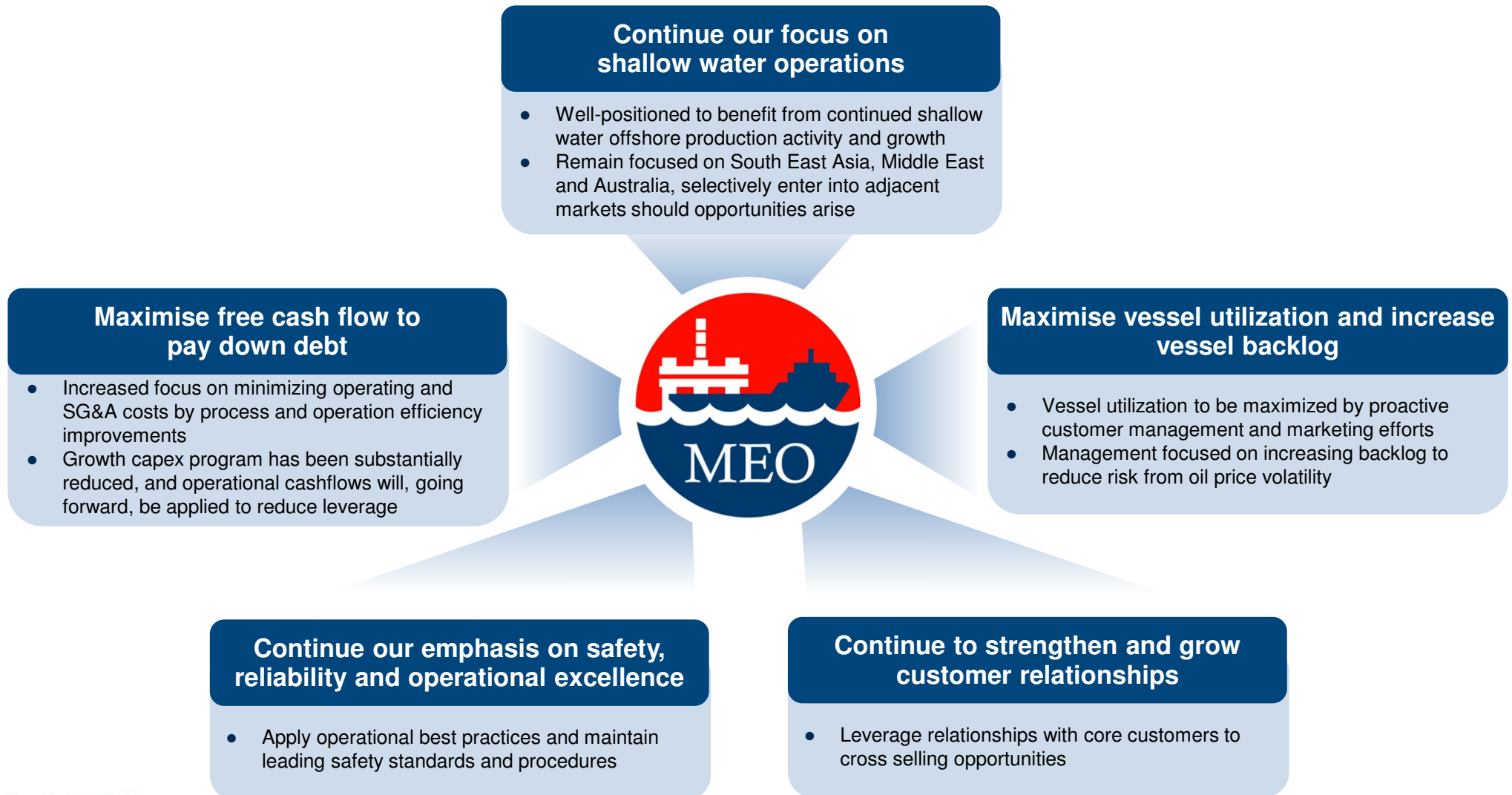
- ✓ Success in lifting forward orderbook and pipeline
- ✓ Multiple contract wins in Kingdom of Saudi Arabia (crewboats and security vessels)
- ✓ Major projects secured in South East Asia and Australia through EOS with oil major end customers
- ✓ Continued fleet expansion program nearing completion, 22 vessels purchased and 3 under construction
- ✓ Growing number of contract backed capital deployment opportunities
- ✗ Discounts given for selected vessels on long-term contracts with key customers
- ✗ Compression in margins due to lower charter rates in line with soft market conditions
- ✗ Utilisation difficulties for near shore vessels in Australia in an oversupplied market



Business Strategy:

Grow MEO to be the provider of choice for our customers

Continue to focus on shallow water production activities (which remain viable in current conditions); maximise utilisation; and apply free operational cashflow to pay down debt



Financial Year 2015 Results

	FY15 US\$m	Normalised ¹ FY15 US\$m	Normalised ² FY14 US\$m	Variance
Revenue	283.8	283.8	265.2	↑ 7%
Operating EBITDA	84.4	84.4	99.5	↓ 15%
Goodwill impairment	(27.2)	-	-	↑ 100%
EBITDA	57.3	84.5	101.0	↓ 16%

- Normalised EBITDA of \$84.5m vs \$101.0m in FY14 due to
 - Margin compression due to declining market conditions and discounts to key customers
 - Fleet utilisation marginally lower year-on-year as more vessels joined the fleet in a soft market
 - Non core segments and Tugs & Barges down vs PCP due to project assets divestment
 - Prudent receivables provisioning in market downturn
- One-off loss on impairment of goodwill relating to Australian business
- Focus and initiatives on improving process and operation efficiencies started in FY15 will continue to generate cost savings in FY16

1. Excluding one-off impairment adjustments for Australia business
2. Excluding the impact of one-off adjustments relating to privatisation & disposal of shipyard



Segment Performance

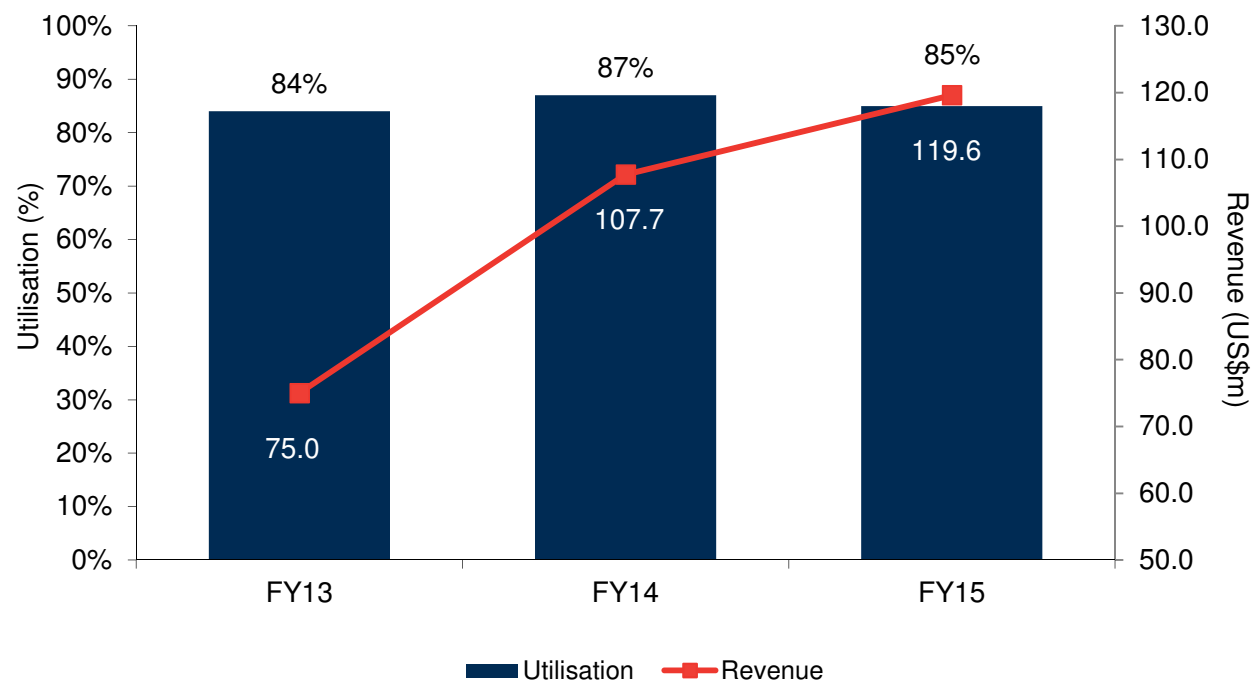
Offshore Support Vessels (OSVs)

Segment Highlights

- 85% utilisation in FY15
- Some discounts given for vessels on long-term contracts with key customers in light of market conditions
- 10 additions to the fleet, all have been actively deployed
- Increased focus on operational excellence and internal efficiencies to counteract margin pressure



	FY15	FY14	Variance
Revenue (US\$m)	119.6	107.7	↑ 11.0%
Gross Profit (US\$m)	59.9	60.4	↓ 0.8%
Gross Margin (%)	50.1	56.1	



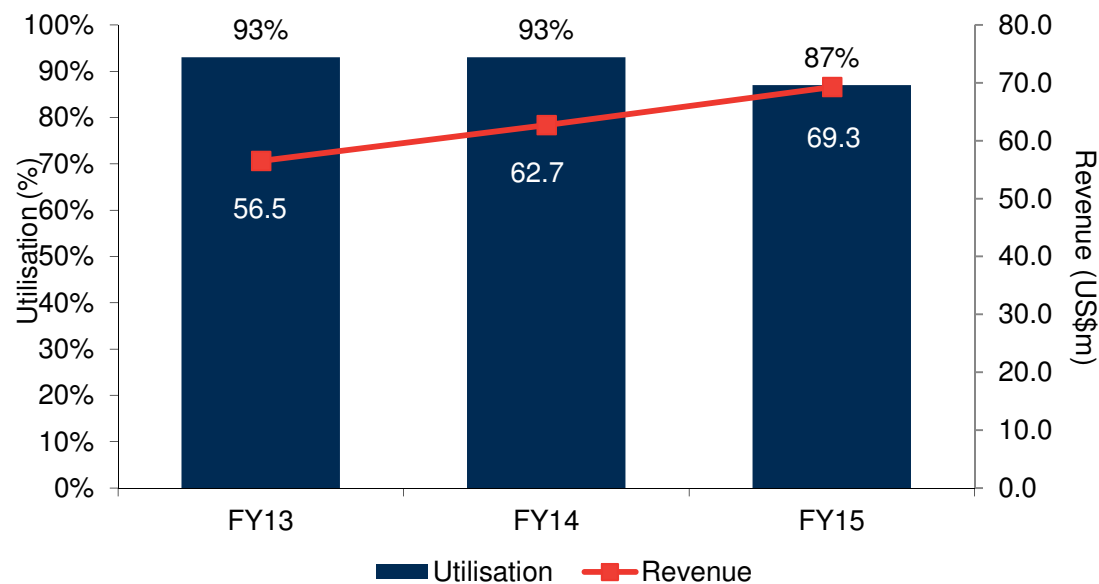
Segment Performance

Crew/Utility Vessels

Segment Highlights

- 87% utilisation in FY15 due to older assets earmarked for divestment as part of fleet renewal strategy and regional relocation of units
- Margin contraction due to lower charter rates in line with soft market conditions
- Focus remains on effective cost management and preserving margins

	FY15	FY14	Variance
Revenue (US\$m)	69.3	62.7	↑ 10.5%
Gross Profit (US\$m)	35.6	38.4	↓ 7.3%
Gross Margin (%)	51.4	61.2	



Segment Performance

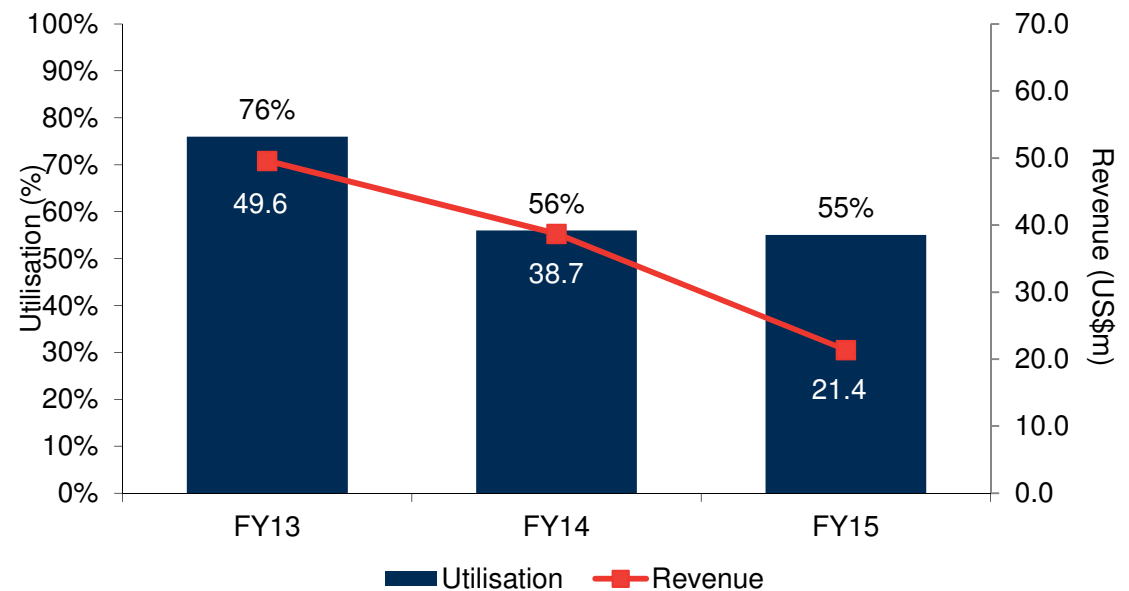
Project Assets

Segment Highlights

- 55% Tug and Barge utilisation in FY15
- Low end towing tugs fully divested
- Remaining multicats and shoal busters facing utilisation difficulties in an oversupplied market
- Barges performed in line with expectations and will remain busy working on secured EOS projects, particularly in Australia
- Third Party Vessels and Coastal Survey Vessels contributions lower after completion of Australian projects



	FY15	FY14	Variance
Revenue (US\$m)	30.8	62.2	↓ 50.5%
Gross Profit (US\$m)	14.5	24.8	↓ 41.5%
Gross Margin (%)	47.1	39.9	



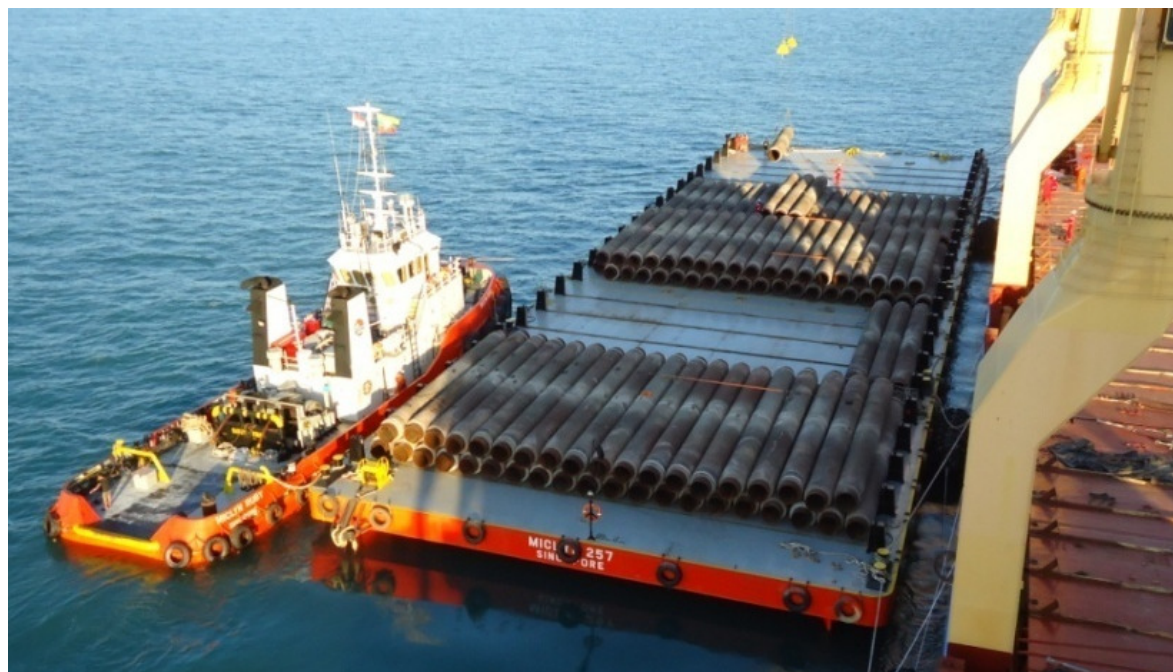
Segment Performance

Express Offshore Solutions

Segment Highlights

- Business continues to expand client base and grow earnings
- Major projects secured in South East Asia and Australia with oil major end customers
- Continuing to develop new markets with projects in Argentina and Alaska in FY15
- Healthy pipeline of new opportunities
- Utilisation upside for MEO's Tug, Barge and OSV fleet

	FY15	FY14	Variance
Revenue (US\$m)	72.2	42.5	↑ 69.9%
Gross Profit (US\$m)	12.2	11.4	↑ 7.0%
Gross Margin (%)	16.9	26.8	

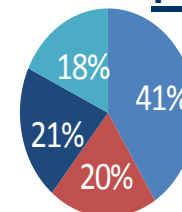


Regional Update and Outlook

Regional Update

- South-East Asia activity is subdued, particularly in Indonesia and Malaysia
 - Day rates and utilisation under pressure as oil and gas companies reduce their capital expenditure programs and look to lower their operating costs
 - Vessel operators are bidding aggressive rates to maintain utilisation
 - MEO has had success in building contract backlog with Chevron (Thailand) and Brunei Shell
- Middle East activity remains reasonably buoyant
 - Utilisation is holding up, however there is downward pressure on day rates
 - New long-term contracts secured in Saudi Arabia
 - Success in entering into Abu Dhabi market
 - Active redeployment of OSVs and Crewboats from SEA to Middle East against contract opportunities
- Australian market conditions are difficult as Gorgon activity slows
 - EOS awarded large work scopes for Ichtys, Wheatstone and Prelude which will keep our project fleet busy through FY16
 - Near shore market remains oversupplied and activity levels are low
 - OSV opportunities mostly short term

FY15 Revenue



- Asia
- Australia
- Middle East
- Other Inter-regional

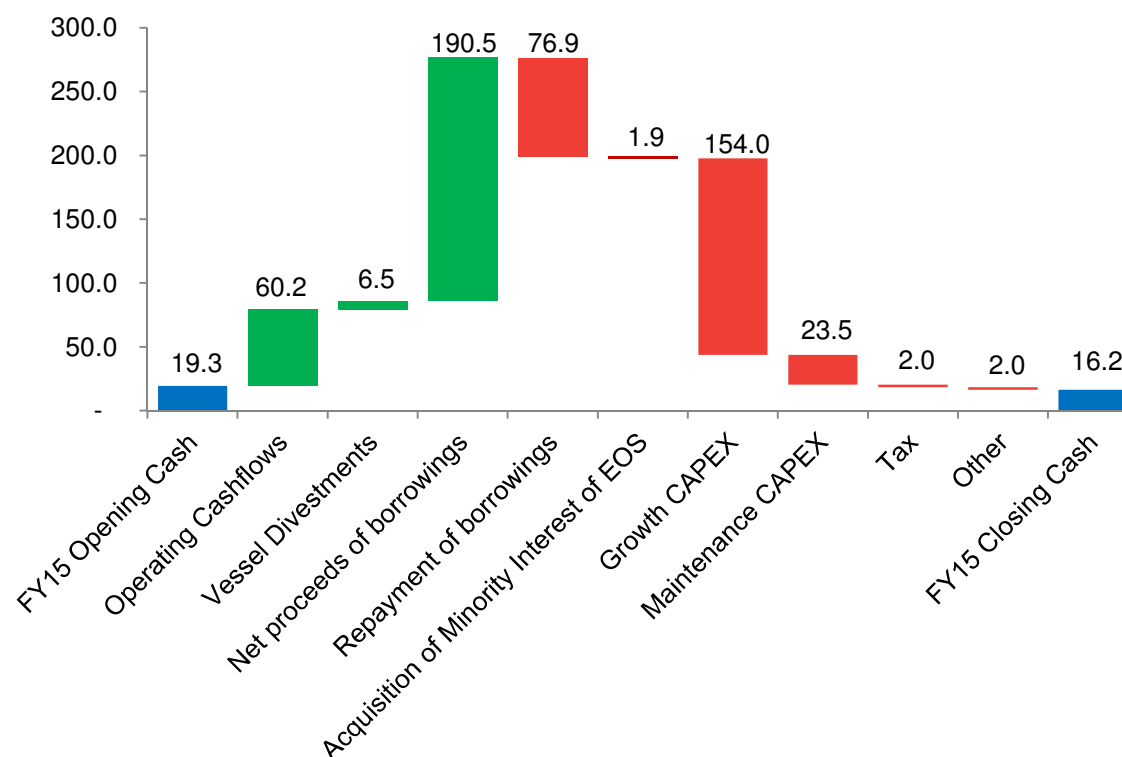


Finance Update

Strong cash position, ability to service new debt package

- Additional facilities with DBS for financing of new vessels
- Additional facility taken out with Baiduri bank in Brunei through our JV
- Residual new building program now reaching its conclusion. Assets have largely been successfully deployed.
- Healthy contract backlog to support future operating cashflows; ability to service debt and conserve cash
- In light of market conditions, CAPEX programme being scaled down significantly, focus on deleveraging

	FY15	FY14
Net Debt (US\$m)	482.1	373.8
Net Debt / EBITDA	5.7 ¹	3.9 ²
Gearing (%) ³	54.4%	47.3%



¹ FY15 EBITDA, excluding one-off impairment adjustments for Australia business

² FY14 EBITDA, excluding the impact of one-off adjustments relating to privatisation and disposal of shipyard

³ Net Debt / (Net Debt + Equity)

Summary



Expansion into Brunei and Abu Dhabi markets



Robust contract backlog



Attractive pipeline of opportunities



Proven Operational Excellence



Clear strategy for navigating cyclical downturn



Strong balance sheet, focus on deleveraging



Appendix 1

Statement of Financial Performance

US\$m	FY15 (Equity)	Adjustments for Equity Accounting	FY15 (Proportionate)	FY14 (Proportionate)	Variance %
Revenue	261.8	22.0	283.8	265.2	7%
Operating Costs	(155.8)	(5.8)	(161.6)	(130.2)	(24%)
Gross Profit	106.0	16.2	122.2	135.0	(9%)
<i>GP Margin</i>	40.5%		43.1%	50.9%	
Other Income	1.3	-	1.3	1.1	18%
Overheads	(38.0)	(2.4)	(40.4)	(37.2)	(9%)
Forex	1.2	0.1	1.3	0.5	160%
Operating Earnings	70.5	13.9	84.4	99.4	(15%)
(Loss) / gain on disposal of vessels	(0.8)	0.9	0.1	1.6	(94%)
NORMALISED EBITDA	69.7¹	14.8	84.5¹	101.0²	(16%)
<i>NORMALISED EBITDA Margin</i>	26.6%		29.8%	38.1%	
One-off adjustments	(27.2) ¹		(27.2) ¹	7.3 ²	(473%)
EBITDA	42.5	14.8	57.3	108.3	(47%)
<i>EBITDA Margin</i>	16.2%		20.2%	40.8%	
Depreciation & Amortisation	(33.6)	(4.2)	(37.8)	(30.6)	(24%)
EBIT	8.9	10.6	19.5	77.7	(75%)
Net Finance Costs	(26.5)	(0.5)	(27.0)	(22.8)	(18%)
Share of profit from joint ventures	9.8	(9.8)	-	-	NM
PBT	(7.8)	0.3	(7.5)	54.9	(114%)
Income Tax Expense	(3.4)	(0.3)	(3.7)	(5.8)	36%
Income Tax Expense Rate	-1.3%		-1.3%	10.6%	
PAT	(11.2)		(11.2)	49.1	(123%)
Minority Interest	(1.4)		(1.4)	(1.7)	18%
PATMI	(12.6)		(12.6)	47.4	(127%)
<i>PATMI Margin</i>	-4.8%		-4.4%	17.9%	
NORMALISED PATMI	14.9¹		14.9¹	45.9²	(68%)
<i>NORMALISED PATMI Margin</i>	5.6%		5.3%	17.3%	

Appendix 2

Segments

	FY15 Revenue	FY15 Gross Profit
OSVs	119.6	59.9
Crew/Utility Vessels	69.3	35.6
Tugs and Barges	21.4	15.0
Coastal Survey Vessels	1.3	0.2
Third Party Vessels	8.1	(0.7)
EOS	72.2	12.2
EOS Elimination ¹	(8.1)	-
Total	283.8	122.2

1. Elimination for intercompany charter of vessels from MEO to EOS

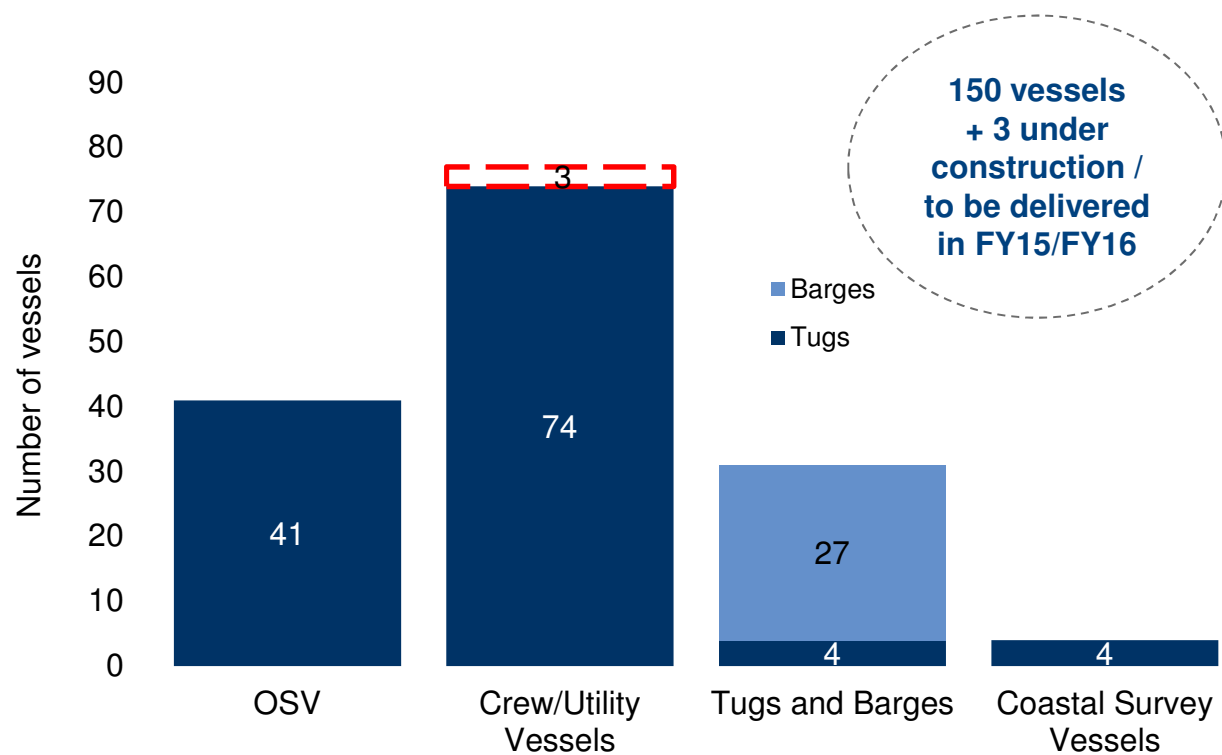
Appendix 3

Statement of Financial Position

(US\$'000)	As at 30 Jun 2015 (Equity)	Adjustments for Equity Accounting	As at 30 Jun 2015 (Proportionate)	As at 30 Jun 2014 (Proportionate)
<u>Current assets</u>				
Cash and cash equivalents	16.2	5.3	21.5	23.5
Trade receivables	81.9	3.2	85.1	98.2
Other receivables and prepayments	20.9	4.3	25.2	12.7
Loan to immediate holding company	139.2	-	139.2	139.2
Inventories	8.5	0.5	9.0	7.8
Assets classified as held for sale	1.5	-	1.5	-
Total current assets	268.2	13.3	281.5	281.4
<u>Non-current assets</u>				
Property, plant and equipment	621.3	74.5	695.8	552.8
Investment in joint ventures	66.6	(66.6)	-	-
Other intangible assets	0.3	-	0.3	0.6
Deferred tax assets	-	-	-	0.5
Goodwill	32.8	0.9	33.7	60.8
Derivative financial instruments	6.1	-	6.1	2.3
Total non-current assets	727.1	8.8	735.9	617.0
TOTAL ASSETS	995.3	22.1	1,017.4	898.4
<u>Current liabilities</u>				
Trade and other payables	77.7	5.8	83.5	62.8
Current tax payable	2.3	0.2	2.5	4.1
Borrowings	37.2	6.5	43.7	19.3
Other liabilities	0.3	-	0.3	0.3
Total current liabilities	117.5	12.5	130.0	86.5
<u>Non-current liabilities</u>				
Borrowings	318.4	10.5	328.9	237.3
Senior secured guaranteed bonds	142.7	-	142.7	151.2
Other non-current liabilities	11.9	-	11.9	0.6
Total non-current liabilities	473.0	10.5	483.5	389.1
TOTAL LIABILITIES	590.5	23.0	613.5	475.6
NET ASSETS	404.8	(0.9)	403.9	422.8
<u>Shareholders equity</u>				
Share capital	-	-	-	-
Other equity reserves	141.1	(10.2)	130.9	132.6
Translation reserve	(13.1)	2.0	(11.1)	(4.9)
Retained earnings	274.9	7.3	282.2	294.8
Minority interests	1.9	-	1.9	0.3
TOTAL EQUITY	404.8	(0.9)	403.9	422.8

Appendix 4

Fleet Composition as at 30 June 2015¹



--- Vessels under construction / to be delivered

1. Excludes Third Party Vessels

Important notice and disclaimer

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