



MMA
OFFSHORE

ASX Announcement

28 January 2021

The Manager
ASX Market Announcements
ASX Limited
Level 4, 20 Bridge Street
SYDNEY NSW 2000

Dear Sir/Madam,

MMA OFFSHORE LIMITED (“COMPANY”) – 2020 ANNUAL GENERAL MEETING – CHAIRMAN’S ADDRESS AND MD’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.

The results of the 2020 AGM will be released as soon as possible after the meeting.

If you have any queries in relation to this announcement, please do not hesitate to contact the Company Secretary on +61 8 9431 7431.

Kind regards,

MMA OFFSHORE LIMITED

DYLAN ROBERTS
Company Secretary

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MMA Offshore Limited 2020 Annual General Meeting Chairman's Address

2020 was certainly an unprecedented year as the coronavirus pandemic disrupted the world and our daily lives.

The pandemic has impacted MMA both financially and operationally.

We have seen a significant drop in offshore oil and gas activity due to the fall in the oil price which led to energy majors slashing discretionary expenditure and delaying or suspending projects. Whilst the business had been on a recovery trajectory, COVID-19 has hampered that recovery and as previously disclosed to the market, we expect our earnings to be impacted whilst activity is reduced.

Operationally, the pandemic has presented a range of challenges for the business. As an offshore company with people and assets spread around the world, the complexities of managing operations and the logistics of moving crew between regions has been quite demanding. Our leadership team quickly rose to the challenge, implementing a range of control measures, protocols and procedures to safely continue our operations whilst protecting the health and welfare of our people and the community at large. We have been particularly conscious of looking after the mental health of our people during these times and recently launched a new

Employee Assistance Program with 24/7 access to counselling services for our staff onshore and on our vessels as well as a range of other support services.

Notwithstanding COVID-19, the Company made significant progress on a range of important strategic matters during 2020.

At the time of the last Annual General Meeting, we had just completed the acquisition of our subsea business. The acquisition was a key platform in our strategy to broaden our service offering, add value to our vessel business and capture a greater proportion of the value chain. Over the past year, we have integrated the subsea business fully into MMA's operations and we are seeing the benefits of having a broader service offering and skill base within the business. Several integrated projects have been completed, within both the oil and gas and renewables sectors, utilising MMA's vessel capabilities combined with our subsea assets and expertise to deliver complex work scopes for our clients.

Our project logistics division is also starting to gain traction in East Africa and Taiwan where it is focused on providing large-scale logistics management for the LNG and offshore wind construction sectors. Whilst the pandemic has delayed the commencement of larger projects, we believe this business has significant potential.

During 2020, we conducted a major review of our strategic direction in light of changing market conditions for our core markets of oil and gas. Whilst we expect oil and gas will be a fundamental part of the energy mix for some time, the focus on climate change has increased the pace of the transition to renewable energy,



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including offshore wind. We see renewables as a key future market for MMA with a significant number of new offshore wind farms expected to be developed in the Asia Pacific region over the coming decade. MMA has already supported a number of offshore wind development projects in Taiwan during 2020, utilising our vessels, survey and ROV expertise to deliver a range of work scopes. We are focused on solidifying ourselves as a key player in the offshore wind market in our operating regions.

We are also targeting the Government and Defence sectors as well as select infrastructure maintenance contracts to further diversify our revenue base. Our subsea business is currently active in delivering survey services to the Australian Defence Department as part of the Hydroscheme Industry Partnership Program and we are expanding our services in this area. We are also engaged on a number of infrastructure maintenance contracts around Australia - which we intend to build upon as part of our strategy.

To enable the business to focus on delivering its growth strategy, in November 2020, we successfully restructured our balance sheet through an \$80 million equity raising, the proceeds of which were used to reduce debt. As part of the debt restructuring, MMA received a \$15.1 million debt concession from certain members of its Banking Syndicate with the total debt reduction amounting to approximately \$93.7 million. Following the debt repayment, MMA's gross debt reduced to approximately \$173 million and proforma net debt reduced to \$86.5 million, bringing our leverage metrics

within a more appropriate range. In addition, and very importantly, as part of the restructure, MMA's debt facilities were extended to January 2025, a significant extension in the current environment.

Whilst the equity raising was done at a discount to the prevailing share price, the MMA Board held the view that taking this step to secure a sustainable balance sheet was in the best interests of the Company and its shareholders. The equity raising provided new and existing shareholders with the opportunity to invest in MMA at a significant discount to net tangible assets with the potential for MMA to return to a growth trajectory as the market improves. The equity raising was oversubscribed and we were extremely pleased to see that over 60% of retail shareholders participated in the entitlement issue by taking up their entitlements.

The equity raising and debt restructuring places MMA in a position of strength to deliver its strategy and grow earnings for shareholders into the future.

Having served on the MMA Board for over 11 years, this seems the appropriate juncture for me to hand over the baton as Chairman of MMA. As previously announced, I will be retiring as Chairman and from the Board of Directors of MMA at the conclusion of today's meeting. I have enormous pleasure in handing over the Chairmanship to Ian Macliver, who I have every confidence will lead MMA to a very successful future.

I would like to sincerely thank my fellow Board members for their valuable contribution to the business over the past 12 months and for their support over my

time on the Board. I would also like to thank our MD, David Ross, the Senior Leadership team and all the staff at MMA for their ongoing dedication and commitment to the Company. 2020 has been a testing time and I am confident that we have an excellent leadership team in place to take the Company forward.

Market conditions remain uncertain, however, oil and gas prices have strengthened significantly in recent months and the pipeline of major projects in MMA's operating localities remains strong, albeit with some delays. MMA is well positioned to benefit from a potential increase in investment in the oil and gas industry to offset reserve depletion rates, as well as from the strong growth in offshore wind installations in our key operating regions.

I have great faith in MMA's ability to deliver improved returns for you, our shareholders, and I thank you for your ongoing support of the Company.



2020 ANNUAL GENERAL MEETING



28 January 2021

IMPORTANT NOTICES & DISCLAIMER

This document contains general information about the activities of MMA Offshore Limited (**MMA**) current at the date of this presentation. 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 considered in conjunction with MMA's other periodic and continuous disclosure announcements to the Australian Securities Exchange available at www.asx.com.au.

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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, officers, employees, advisors, agents or associates assumes 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, officers, employees, advisors, agents or associates. 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.

AASB 16 Leases: MMA has applied the new accounting standard for Leases, AASB 16 from 1 July 2019. AASB 16 provides a new model for the accounting for leases which requires lessees to recognise assets and liabilities for all leases with a lease term of more than 12 months unless the underlying asset is of low value. The impact on initial adoption of the AASB16 for the financial year ended 30 June 2020 was to reduce lease expenses by \$6.0 million, increase depreciation expense by \$6.4 million and increase finance costs by \$0.6 million. Prior period comparative financial statements have not been restated and therefore EBITDA for prior periods disclosed in this document does not include the impact of AASB 16.



REVIEW OF OPERATIONS

Mr David Ross, Managing Director

FY20 UNDERLYING RESULT

Whilst our reported result was impacted by one-off items, underlying EBITDA was up significantly

UNDERLYING EBITDA

\$48.9m

- **Reported EBITDA of \$26.1m impacted by:**
 - > Non-cash provisions for doubtful debts of \$13.2m
 - > Provisions for legal settlements of \$9.0m
 - > Acquisition and restructuring costs, JobKeeper
- **Underlying EBITDA increased 164% over the past 2 years**

LIQUIDITY

\$86.6m

- **Cash at Bank \$86.6m up from \$70.2m**
 - > Including \$5m principal repayments made on 30 June 2020
- **Annualised cost savings of \$10m**

PROGRESSIVE STRATEGY

- **Maximise Core Fleet**
 - > Overall fleet utilisation averaged 64% (80% across MPSV, PSV and AHT fleet)
- **Expand service offering**
 - > Subsea acquisition completed
 - > 10% of fleet working in offshore wind sector
 - > 3 x third-party vessels working in Project Logistics in East Africa
- **5-year strategy launch**
 - > Clear direction established

COVID-19 IMPACT

- **Significant impact on activity from Mar-20**
 - > Fleet utilisation 52% in Q4
 - > Projects delayed and work scopes suspended
 - > Restrictions of personnel movements prohibitive
- **Majority of our production based contracts ongoing**
- **FY21 remains challenging**

Pre-COVID, business tracking on improved trajectory

Strong cash balance and cost reductions strengthen liquidity building resilience

Diversifying revenue – subsea services, logistics, new market sectors

Strategy to flex OPEX to demand has enabled rapid response to the current crisis

REFINED STRATEGY

Our goal is to be the leading diversified marine services provider in the Asia Pacific region

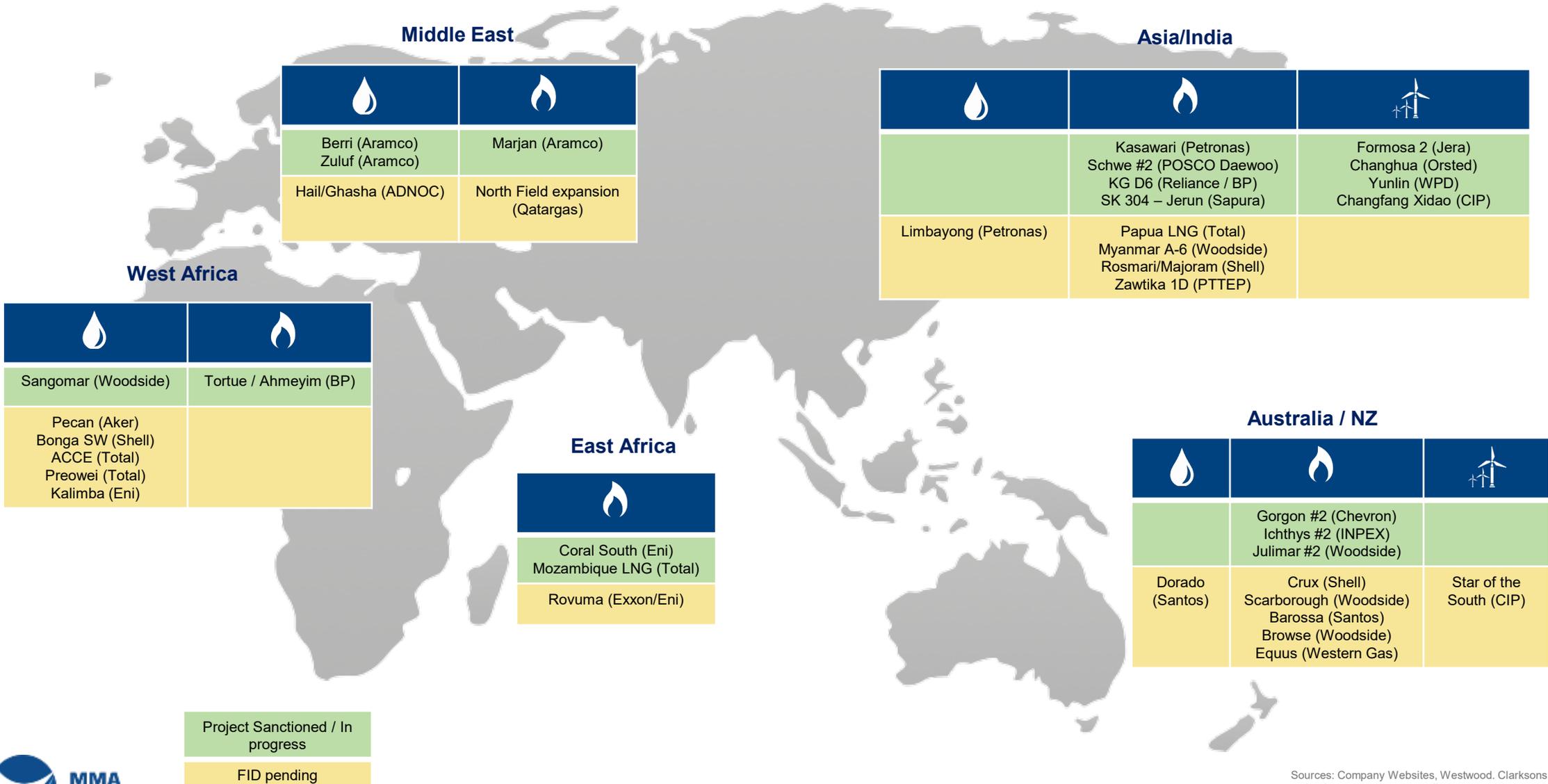


 Vessels	 Subsea	 Offshore Wind	 Infrastructure Maintenance	 Innovation	 Sustainability
 Project Logistics	 Engineering	 Government / Defence	 New Marine Markets	 Marine Expertise	

LEVERAGING OUR ASSETS AND SKILLS

MACRO OUTLOOK

Strong pipeline of projects in MMA's operating regions notwithstanding COVID-19 delays



Sources: Company Websites, Westwood, Clarksons Platou, offshore-technology.com, upstreamonline.com

RESTRUCTURED BALANCE SHEET

Strengthened balance sheet with debt extended to January 2025

Equity Raising and Debt Restructure

- Fully underwritten \$80m equity raising
- \$93.7m debt reduction including \$15.1m in debt concessions
- Facility Term extended to Jan 2025
- Covenants re-set to reflect COVID-19 outlook
- Raising strongly supported by existing and new investors - oversubscribed

Shareholder Value Creation

- Potential value creation for both existing and new investors
- \$15.1m debt concession (1.6c per share pre-raising)
- \$4.3m annualised interest saving
- Increased protection against downside risk if COVID-19 recovery is prolonged
- Potential to pay dividends and undertake share buy backs potentially unlocking \$47.6m in franking credits¹
- Potential to utilise \$97m in tax losses in Australia

Strengthened Balance Sheet

- Strengthened Balance Sheet better positioning MMA to execute its strategy
- Pro-forma (Sep-20) Net Debt reduced to \$86.5m
- Pro-forma Net Debt / FY21 EBITDA reduced to 2.9x
- Vessel sales to further improve debt metrics

COMMITMENT TO SUSTAINABILITY



Our People

- We provide a diverse, high performance workplace built on **trust, cooperation and mutual respect**
- We **support local communities** through procuring from local suppliers and indigenous businesses
- We provide **training for the future** through our Officer Cadet program and traineeship programs for Timor Leste and Indigenous Australians
- We celebrate diversity through a **culture of inclusion and awareness**, we support equality in the workplace



Our Environment

- We operate to the **highest environmental standards**
- Our services support the development of **cleaner energy sources** such as LNG and Offshore Wind
- We are focused on **reducing our emissions** through a range of energy saving initiatives on our vessels
- **Clean Oceans** – single use plastics, disposal of waste



Health Safety and Wellbeing

- The **health and welfare of our People** is our No. 1 Priority – we are fully committed to achieving our Target 365 “A Perfect Day every Day”
- Ongoing focus on promoting a **culture of safety** throughout the organisation



Responsible Growth

- We maintain **ethical** business practices
- Our **R&D** team is focused on vessel technologies for cleaner fuels
- Our growth strategy is focused on **cleaner energy markets** and operations such as Offshore Wind

INVESTMENT PROPOSITION

MMA has a strong underlying business together with a clear diversification strategy. The Equity Raising and Debt Restructuring has strengthened the balance sheet enabling MMA to focus on delivering its strategy



Quality business

- Strong services capability with proven track record in delivering complex marine projects
- Production support contracts with blue chip clients underpin earnings and cash flow
- High specification, well maintained fleet positions the business to secure contracts in a competitive market



Operating leverage

- Oil and gas related activity currently significantly impacted by COVID-19
- As the market normalises there is the potential for EBITDA leverage in the fleet as global utilisation and vessel rates improve
- Currently trading at a discount to NTA



Growth Strategy

- Improve ROA through expansion of higher margin service offerings
- Leverage marine skills to expand into adjacent marine sectors such as Offshore Wind, Government Services and Infrastructure
- Innovation and technology to meet future energy market requirements
- Strong internal marine capability maintained to drive growth strategy



Restructured Balance Sheet

- Equity Raising and Debt Restructuring has strengthened the balance sheet better positioning MMA to execute its strategy
- Reduced interest costs
- Some increased protection against downside risk if COVID-19 recovery is prolonged
- Potential for dividends / share buybacks once gross leverage < 3.5x

SUMMARY



MMA was on a recovery trajectory prior to onset of COVID-19 with FY20 underlying EBITDA of \$48.9m



COVID-19 has affected and continues to affect MMA's recovery due to its significant impact on the oil and gas industry, however operations continuing under strict COVID safe protocols



Equity Raising and Debt Restructuring recently completed significantly strengthening MMA's balance sheet – net debt reduced to \$86.5m



Focused strategy with clear path to maximise core business and diversify into new markets such as offshore wind, government services and infrastructure maintenance



Favourably positioned for a potential increase in investment in the oil and gas industry to offset reserve depletion rates



Strong growth in offshore wind installations projected in MMA's key operating regions



Vessels, subsea and project logistics divisions all making inroads into the offshore wind market in Taiwan



Subsea business growing defense and infrastructure offering with a number of key project wins



Outlook remains uncertain, however based on YTD performance, reaffirm guidance of Operating EBITDA of \$30-35m

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