

ASX Announcement

10 November 2021

The Manager
ASX Market Announcements
ASX Limited

Dear Sir/Madam,

**MMA OFFSHORE LIMITED (“COMPANY” or “MMA”) – 2021 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 2021 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

MMA Offshore Limited

2021 Annual General Meeting

Chairman's Address

The 2021 financial year continued to be dominated by COVID-19 - which significantly impacted our business both operationally and financially.

Earnings for the year were in line with market guidance, with the Company delivering an Underlying EBITDA of \$36.9 million excluding one-off items. Importantly, we remained cash positive, generating operating cash flow of \$26.9 million for the year.

MMA's activities were impacted by COVID-19 throughout the financial year both in terms of reduced overall demand for our services and the increased complexity and cost associated with operating across national and international borders in a global pandemic environment.

In recent months, the challenges associated with COVID-19 have escalated with the Delta variant having a more significant impact on operations. We have had a number of positive or false positive cases on our vessels which have resulted in crew being placed in quarantine and on occasion resulting in the entire vessel being shut down. We have also experienced challenges with visa and border restrictions which have impacted personnel movement causing delays to project timelines. Whilst we have the strongest possible operating protocols in place, the Delta variant is significantly more challenging to manage and is resulting in additional costs and lost revenue. On a positive note, vaccination rates are increasing in our key regions of operation - which we are hopeful will start to improve the situation.

Macro conditions for the oil and gas markets have also continued to improve with the Brent oil price recently breaking US\$80 per barrel and a shortage of gas driving the benchmark LNG price to record levels. We are seeing increased activity across the business and signs of a recovery in the offshore sector, albeit with operations continuing to be hampered to an extent by COVID-19.

Offshore wind activity has been buoyant through the downturn with construction of a number of offshore wind farms in Taiwan driving activity for MMA. We have seen significant growth in this part of our business over the past 12 months with offshore wind representing 16% of our total revenue for FY2021. The longer-term outlook for offshore wind is extremely positive with significant new capacity to be installed in the Asia Pacific region over the coming years. We made good progress in driving our offshore wind strategy during the year, establishing a local office in Taiwan and entering into a joint venture with a local Taiwanese partner. We also signed an MOU with Worley to jointly provide services to the offshore wind sector in South East Asia. Our skills and assets are well aligned to servicing the offshore wind market and we are strongly focused on growing this aspect of our business in line with the global transition to cleaner energy.

We have also been making good progress in the government and defence sector through our participation in the Hydroscheme Industry Partnership Program. As one of a limited number of panel members, MMA is undertaking hydrographic surveys for the Australian Department of Defence as part of a \$150 million program of nautical charting surveys in Australian waters. To date, we have successfully completed one campaign and are currently undertaking a second. We are also tendering for numerous additional scopes.

We continue to see the benefits of acquiring the subsea business - with our ability to provide an integrated service offering proving to be valued by clients and resulting in higher utilisation on a number of our vessels during the year. We will continue to focus on maximising the benefits of our broader service offering and skill base within the business to drive growth in all of our market sectors.

Our balance sheet is in better shape following the equity raising last year and we recently reduced our debt by a further \$15 million from existing cash reserves. Our cash balance at 30 June 2021 (prior to the debt repayment) was \$96.2 million and our Net Debt to EBITDA ratio was 1.8x. As part of the agreement to voluntarily prepay amortisation under our facility agreement, we negotiated a waiver of key debt covenants through to March 2022. Whilst we expect to remain within our covenant limits, in the current uncertain COVID environment the understanding and support of our banking syndicate is always welcome.

Whilst MMA has always had a strong focus on environmental, social and governance issues, we formalised this at Board level during the year, expanding the remit of the Audit and Risk Committee to include sustainability issues. We also released our first Sustainability Report to enhance our disclosures with regard to environmental, social and governance issues. The health and wellbeing of our people is always a key priority and we are particularly conscious of the challenges being faced by our staff and crew as a result of the pandemic. During the year, we launched a new Employee Assistance Program which provides 24/7 access to counselling services for our staff both onshore and onboard our vessels. We also signed the Neptune Declaration to improve the welfare of seafarers globally during the pandemic.

Having been on the Board for almost 2 years now, I am confident that we have the right people and strategy in place to take the Company forward and to deliver improved returns for you our shareholders.

I would like to sincerely thank my fellow Board members for their valuable contribution to the business during the year. I would also like to thank David Ross, our Managing Director, the Senior Leadership team and all the staff at MMA for their ongoing dedication and commitment to the Company.

Finally, I would like to thank you, our shareholders, for your ongoing support of the Company.



2021 ANNUAL GENERAL MEETING



10 NOVEMBER 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.



OPERATIONAL UPDATE

David Ross, Managing Director

FY21 SUMMARY

Full year financial performance in line with guidance range, COVID-19 challenging FY22

FINANCIAL RESULT

\$45.9m

Reported EBITDA

Including

- > Debt forgiveness benefit \$14.8m
- > Provision for legal settlement \$(6.4)m¹
- > Doubtful debts recovered \$1.3m
- > Acquisition and debt restructure adjustments \$(0.7)m

\$36.9m

Underlying EBITDA

Including

- > Net Government subsidies \$7.3m

Full year EBITDA in line with guidance range

BALANCE SHEET AND LIQUIDITY

\$96.2m

Cash at Bank

↑ 11% on FY20

▪ Restructured Balance Sheet

- > Total Debt \$163.5m
- > Net Debt / EBITDA 1.8x

▪ Cash ↑ \$9.6m

- > Operating Cash Flow \$26.9m
- > Maintenance Capex \$(9.4)m
- > Asset sale proceeds \$10.2m
- > Lease payments \$(6.2)m
- > FX translation \$(4.1)m
- > Equity raising / debt restructure (Net impact) \$(7.2)m

Strong cash position and improved leverage metrics

PROGRESSING STRATEGY

▪ Maximising Core Business

- > Utilisation – Strategic fleet 68% (overall 53%)
- > Progressing sale of AHTS fleet
- > Delivering integrated projects across O&G and Offshore Wind
- > Projects business securing key logistics scopes although activity reduced in East Africa

▪ Diversification

- > Offshore Wind – active on projects in Taiwan (16% of FY21 Revenue)
- > Opened Taiwan office; local JV agreed
- > Secured 2nd Defence contract

▪ Extend Service

- > Worley MOU to jointly target offshore wind market

Maximising core business and building new revenue streams

COVID-19

▪ Strong operating protocols

- > Continuing to navigate a very complex and dynamic environment
- > Key is protecting our people

▪ Increasing operating costs

- > Increased quarantine requirements for personnel
- > Vessel downtime due to positive cases in SEA

▪ FY22 impacted by Delta

- > Delta variant is impacting activity in key regions and our ability to mobilise projects over international and interstate borders
- > Q1 FY22 to be materially impacted
- > Full year FY22 impact uncertain at this point

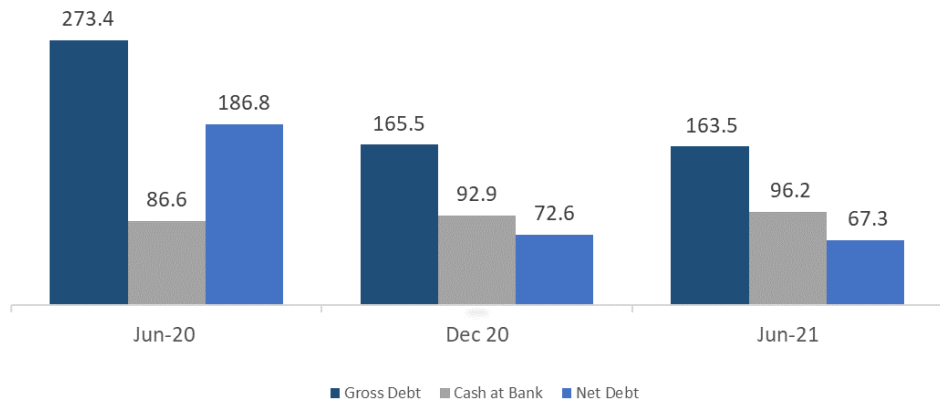
Delta variant has increased the challenge and reduced visibility into FY22

BALANCE SHEET

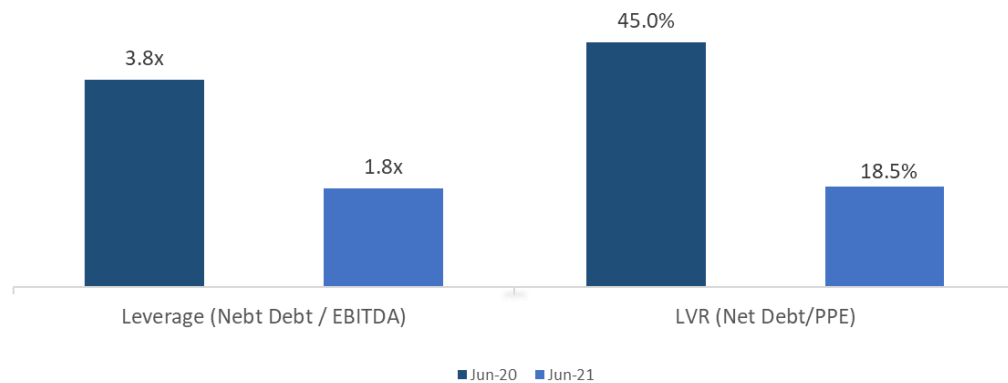
Ongoing deleveraging from cash reserves and asset sales

Debt Metrics – 30 Jun 2021

Gross and Net Debt



Leverage / LVR



Note: Jun-20 Net Debt of \$186.8m / Underlying EBITDA \$48.9m; Jun-21 Net Debt of \$67.3m / Underlying EBITDA of \$36.9m

Update

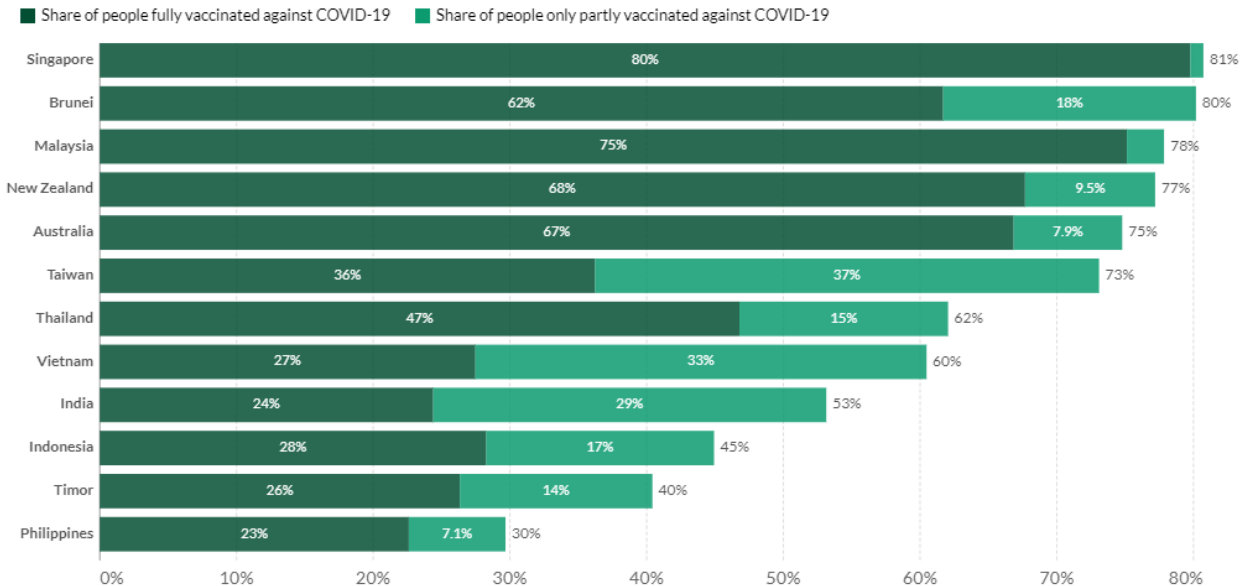
- \$15m voluntary debt repayment made in Sep 21
 - Prepaid amortisation
 - Interest saving of approx. \$600k p/a
 - COVID covenant waivers
- Further deleveraging potential from sale of non-core assets
 - A\$30m vessels currently held for sale (3 vessels currently under negotiation)
 - Batam purchase option US\$15m (A\$20m)
 - Total potential reduction in gross debt A\$50m

COVID-19

Delta variant has increased operating challenges, however vaccination rates are increasing

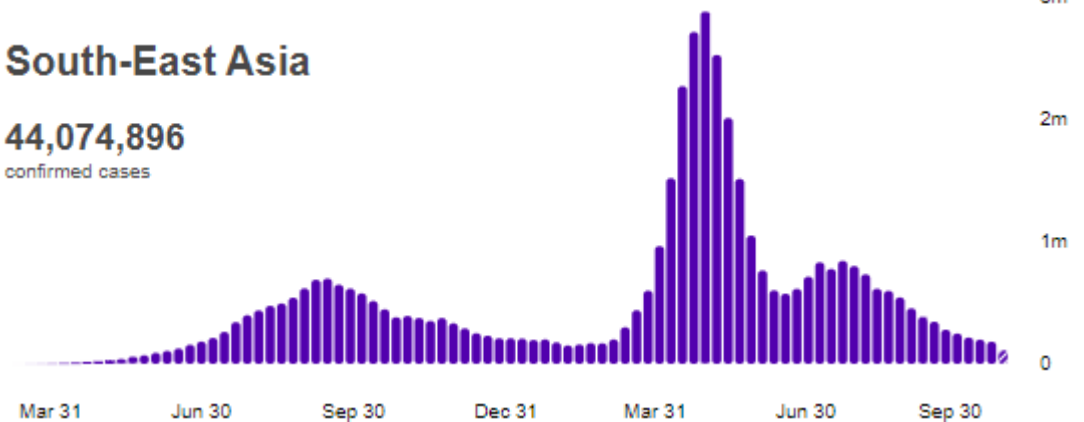
- Many of the areas in which MMA operates or sources personnel have been in lockdown
- Quarantine requirements reducing personnel availability and increasing costs
- Restricted border movements for vessels and personnel impacting project schedules
- Highly infectious Delta variant resulting in entire vessels being placed in quarantine, impacting revenue and costs
- More recently vaccination rates have increased significantly
- Higher vaccine levels should create greater flexibility

Vaccination rates in MMA's key operating areas



South-East Asia

44,074,896
confirmed cases



Sources: <https://ourworldindata.org/covid-vaccinations>; <https://covid19.who.int/> (8 Nov 2021)

GROWTH STRATEGY

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



MEDIUM-TERM OUTLOOK STRENGTHENING

Growth in offshore wind developments combined with anticipated increase in oil and gas project activity in our operating regions

Key Markets



- **Offshore Wind**

- Key component of the future energy mix
- Significant growth forecast in our key operating regions (4,000+ turbines to be installed)
- Highly vessel intensive activity



- **Oil & Gas**

- Notwithstanding the energy transition – significant investment required to replace depleting reserves and meet forecast demand
- COVID delayed work scopes and new project FIDs to drive increase in future activity
- Significant decommissioning works required



- **Government & Defence**

- New offshore survey scopes coming to market
- Infrastructure spend increasing

Earnings leverage

- **Vessels**

- Leverage latent capacity in current fleet
- Potential for utilisation and rate increases to drive growth in earnings
- Increase third party vessels as market improves

- **Subsea Services / Project Logistics**

- Volume and rate increases without additional capital requirements

- **Integrated Services**

- Capture increased margins

Example:

- **Rate Increase** – A rate increase of A\$2,000 per day with a vessel operating at 80% utilisation would increase EBIT by \$584,000 per vessel or A\$9.3m across the total Strategic Fleet
- **Utilisation Increase** – An additional 5% utilisation across the strategic fleet would increase EBIT by approx. A\$5-8m per annum

PRIORITIES AND OUTLOOK

Focus on mitigating impact of COVID-19 while preparing medium term growth



Key Priorities

- Manage impact of Delta variant on our people and operations, minimise cost impacts
- Exploit our operating leverage through increased utilisation and rates as market recovers
- Increase profitability of subsea business through selective tendering and improved execution
- Secure projects in growth markets as delayed activity comes back online
- Strategic cost review aligning business needs
- Balance Sheet management via asset divestment program and cash holdings

Outlook

- Medium-term outlook positive with increased project activity forecast in our sectors and regions
- Short-term impacts of COVID-19 Delta strain are significantly increasing costs and restricting our ability to execute projects
- Q1 expected to be soft with remainder of FY22 dependent on the ongoing impacts of COVID-19

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