

ASX Announcement

9 November 2022

The Manager
ASX Market Announcements
ASX Limited

MMA OFFSHORE LIMITED – 2022 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 2022 Annual General Meeting.

A live webcast of the Annual General Meeting can be viewed by clicking the “Register Here” link on the Company’s website home page: www.mmaoffshore.com.

The results of the 2022 AGM will be released as soon as possible after the meeting.

Authorised for release to the ASX by the Board of Directors.

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MMA Offshore Limited

2022 Annual General Meeting

Chairman's Address

In the twelve months since our last AGM much has changed in terms of both the Company and the environment in which we operate in.

Whilst COVID-19 impacted our financial result for the 2022 financial year, the past six months have seen an improvement in market conditions as the COVID restrictions relaxed and global energy security concerns have resulted in an increase in oil and gas activity translating to improved markets for our vessels and services.

Looking back over the 2022 financial year, despite the challenging environment, MMA delivered earnings in line with expectations. Our Earnings before Tax, Depreciation and Amortisation were \$32.3 million, representing a 9% improvement on the prior year (excluding the impact of one-off items from the prior year result).

FY2022 was also a milestone year in terms of repairing MMA's Balance Sheet and returning the Company to a position of strength from which to grow. Following the completion of our non-core vessel sales program MMA's total bank debt including lease liabilities at the end of the financial year was \$125.0 million. With end of financial year cash at bank of \$73.9 million the result was a net debt position of \$51.1 million against approximately \$370 million of fixed assets. Whilst our current debt facilities are not due to expire until January 2025, the Company's improved leverage metrics



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provide us with additional flexibility within the terms of these current facilities. The improved metrics also position the Company well with regard to exploring refinancing alternatives.

We are forecasting a further reduction to our net debt during the current financial year with the previously announced sale of our Batam Supply Base for approximately A\$21 million expected to complete by the end of December 2022.

Capital management remains an ongoing consideration for the Board with the aim of ensuring that our Balance Sheet is optimised whilst having sufficient capital to take advantage of growth opportunities and retaining the flexibility required to operate in our industry. This will be an ongoing priority for the Board going into FY2023.

We continue to make progress on our strategy to maximise the returns from our core business, leveraging the recovery in oil and gas, whilst diversifying into new markets such as offshore wind and defence.

Whilst oil and particularly gas is expected to continue to be a vital part of the energy mix for some time, the transition to renewable energy remains in full swing with offshore wind being a key component. MMA is ideally positioned to service this rapidly growing offshore wind industry with our vessels, subsea and project logistics capabilities directly transferable to offshore wind. The outlook for offshore wind in South East Asia remains buoyant with in excess of three thousand turbines projected to be installed in the region over the coming years. MMA has established a solid foothold in the industry and has supported several offshore wind projects in Taiwan

across both vessels and subsea services over the past two years.

With local ownership and flagging of vessels being a key requirement in many regions, during the year we finalised a joint venture in Taiwan with a local partner to form MMA Global Aqua as our Taiwanese operating platform. Together with MMA Global Aqua we were able to reflag the MMA Crystal under a Taiwanese flag and refit the vessel to cater specifically for offshore wind subsea services giving us the advantage of having a vessel in country from which to grow the business.

We continue to make inroads into the Defence sector predominantly through our involvement in the Australian Defence Department's hydrographic survey program. To date we have successfully delivered three work scopes in Western Australia and Tasmania with preparations currently underway for a fourth scope in the Cape Leeuwin region. Pleasingly we were recently shortlisted as a finalist for "Naval Business of the Year" in the Australian Defence Industry Awards for our services to Defence. With demand for marine support in the Defence sector forecast to increase, we have a strong focus on growing this part of our business.

Another exciting development during FY2022 was our acquisition of Subcon, a leading provider of innovative stabilisation, engineered reef and coastal erosion solutions. The acquisition enhances our subsea stabilisation service offering to our existing clients and opens up a number of exciting new growth markets for MMA particularly in the areas of coastal erosion management, rigs to reef decommissioning solutions and the tourism sectors. It also greatly enhances our ability to contribute to healthy oceans

which is a key part of our ESG strategy.

During the year MMA was involved in a number of promising initiatives focused on addressing the environmental and sustainability challenges of our industry. With alternative vessel fuel technology being the industry's greatest opportunity to reduce emissions we were proud to collaborate with Fortescue Future Industries on some exciting new research into ammonia as an alternative fuel source for the marine industry with the PSV MMA Leveque, which has since been acquired by FFI and renamed the "FFI Pioneer" being used by FFI as a prototype vessel for the ammonia fuel technology.

We also progressed a full technical evaluation into potential efficiencies derived from the installation of battery technology on one of our support vessels, as well as investigations into hull coating technologies and fuel optimisation strategies. I encourage you to read our 2022 Sustainability Report for more information on our ESG strategy and initiatives.

Maintaining the health and safety of our people remains fundamental to how we operate at MMA. The COVID-19 pandemic presented a huge range of challenges for the organisation which I am pleased to say our people overcame with the utmost professionalism. We also achieved an improvement in our total recordable incident rate from 1.13 to 0.28 over the course of the financial year. This result places us within the top quartile of our industry peers and is a credit to our people.



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Retention of key personnel has become a key issue facing the Company with extremely competitive employment market conditions being experienced in both Australia and internationally. Within Western Australia in particular, we compete against the mining industry which is attracting professionals away from other sectors with lucrative remuneration and retention packages. MMA was directly impacted by this during the 2022 financial year losing two of its Executive Leadership Team to the mining sector. MMA's executive remuneration levels have been static for a number of years as the Company worked through a prolonged downturn, however with the improving market conditions and the potential disruption that can result from key personnel turnover, the MMA Board felt it appropriate to review its remuneration levels and introduce an equity-based retention bonus for key staff including the Managing Director which form part of the resolutions to be voted on at today's meeting. The MMA Board will continue to closely monitor its remuneration practices to ensure that they are appropriate and serve to reward, motivate and retain key personnel to drive shareholder returns.

As I said earlier looking ahead to FY2023, we are seeing improved market conditions for oil and gas combined with increased offshore wind activity which is driving stronger demand for our vessels and marine services and translating into improved utilisation and margins. Our first quarter financial performance has been encouraging and we continue to see positive momentum for the FY2023 financial year.

MMA is in a strong position with our Balance Sheet repair completed, strong



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momentum in all of our key markets and a clear strategy driven by a capable and committed management team. I am optimistic for the future and look forward to growing shareholder returns as we deliver our strategy and transform MMA into a business for the future.



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**2022
ANNUAL GENERAL
MEETING**

9 NOVEMBER 2022

TRANSFORMING
the way marine services are delivered

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.



SMARTER TOGETHER



DO WHAT'S RIGHT,
NOT WHAT'S EASY



THINK BIGGER



FAIL FAST AND LEARN



CREATE TOMORROW



OPERATIONAL UPDATE

DAVID ROSS, MANAGING DIRECTOR

FY22 – SUMMARY



STRONGER SECOND HALF WITH POSITIVE MOMENTUM GOING INTO FY2023

FINANCIAL RESULT

EBITDA

\$32.3M

- Includes \$5M - \$6M direct COVID costs
- Strong Q4

CASH AT BANK

\$73.9M

- Asset sales \$38.5M
- Debt repayments \$53.0M

NET DEBT

\$51.1M

- Net Debt / EBITDA 1.6x

STRATEGY

CORE BUSINESS

+\$180M

- New contracts and extension

FLEET UTILISATION

73%

- Rates tightening

DIVERSIFICATION

- Offshore Wind
- Defence – secured 4th HIPPs contract
- Subcon acquisition

EXTEND SERVICES

- Qatar integrated services project

MARKET

OIL & GAS

- Strong outlook
- Energy security issues
- OSV market improving

RENEWABLES

- Ongoing strong activity in Taiwan
- Exponential growth in SEA
- Aligned with MMA's assets and skill base

GOVERNMENT SERVICES

- Growing defence and infrastructure spend
- HIPP \$150M+ hydrographic survey program

OUTLOOK

OPERATING CONDITIONS

- COVID-19 impact diminished since border restrictions lifted
- Inflation and labour constraints currently not limiting growth

FY23 OUTLOOK

- Strong market momentum for both oil & gas and offshore wind
- Improving vessel and subsea markets
- Asset values strengthening
- H1 FY23 expected to be stronger than H2 FY22

COVID-19 IMPACTED FY22
BUT STRONGER Q4

EXECUTING CLEAR
GROWTH STRATEGY

STRONG GROWTH IN ALL
KEY MARKETS

POSITIVE MOMENTUM
GOING INTO FY2023

STRONG BALANCE SHEET

BALANCE SHEET REPAIR COMPLETE WITH NET DEBT / EBITDA REDUCING TO 1.6X

BALANCE SHEET – 30 JUNE 2022

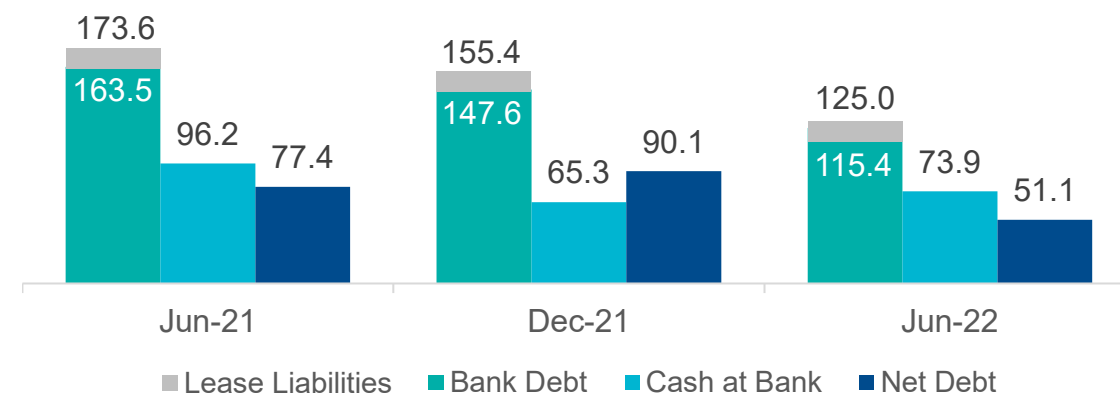
- Cash \$73.9M
- Net Debt \$51.1M
- Strengthened Leverage ratios - Net Debt / EBITDA 1.6x; Gross Debt / EBITDA 3.9x
- Increased flexibility following Balance Sheet repair

ASSETS

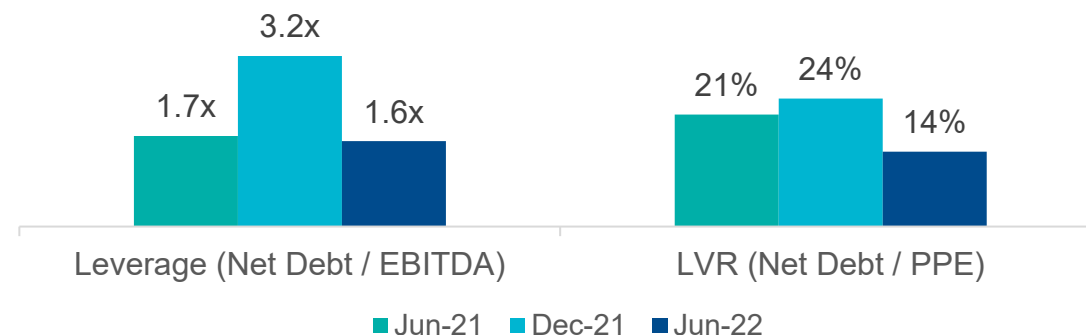
- Completed non-core asset sales program – FY22 proceeds \$38.5M, profit on sale \$4.5M
- US\$15M (A\$21M) Batam sale contracted to complete by Dec-22
- \$35.3M in prior years' vessel impairments written back - based on third party fleet valuation
- NTA per share increased to 95c from 80c

DEBT METRICS

Gross and Net Debt



Leverage / LVR

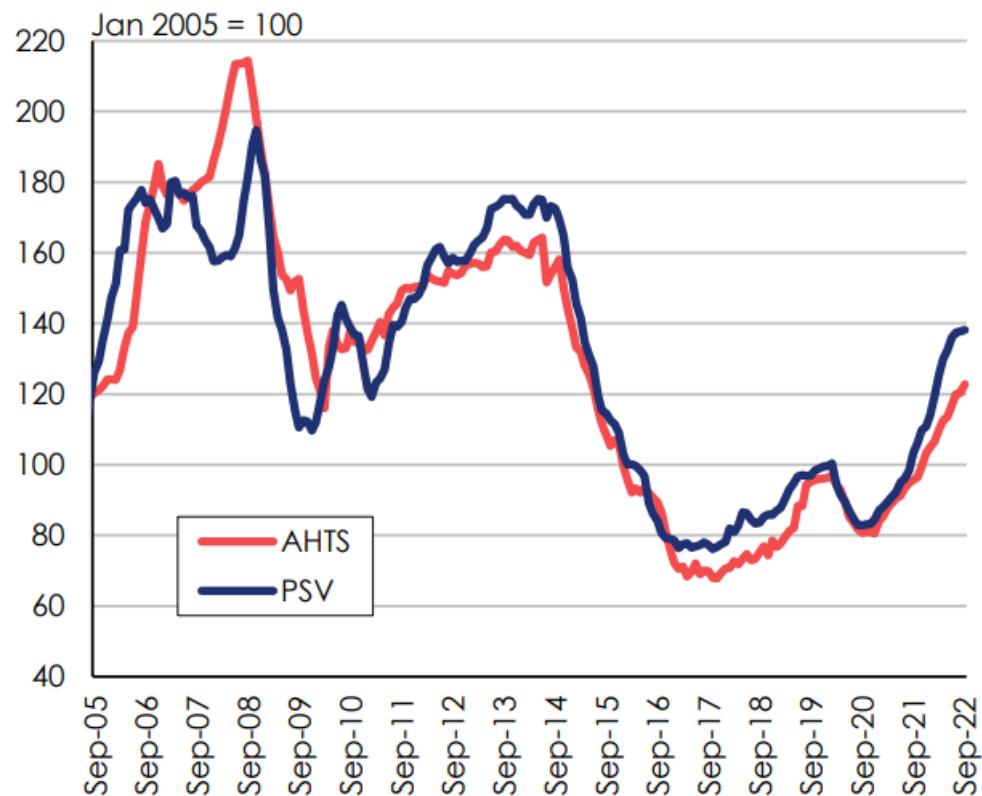


Note: Based on Net Debt (incl. leases) and last 12 months EBITDA of \$48.4m (Jun 21), \$28.7m (Dec 21) and \$32.3m (Jun-22)

OFFSHORE VESSEL MARKET

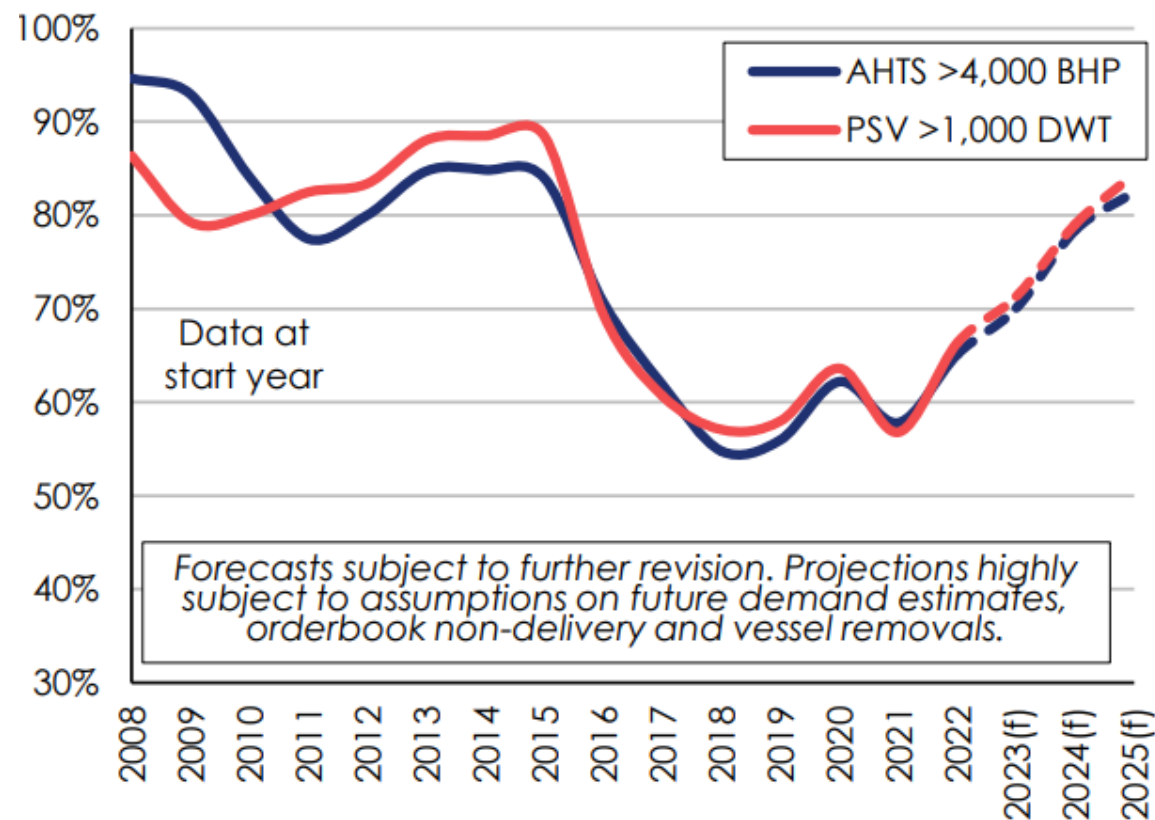
AFTER A MULTI-YEAR DOWNTURN, VESSEL UTILISATION AND RATES ARE TIGHTENING

Clarksons OSV Rate Index



Source: Clarksons, October 2022

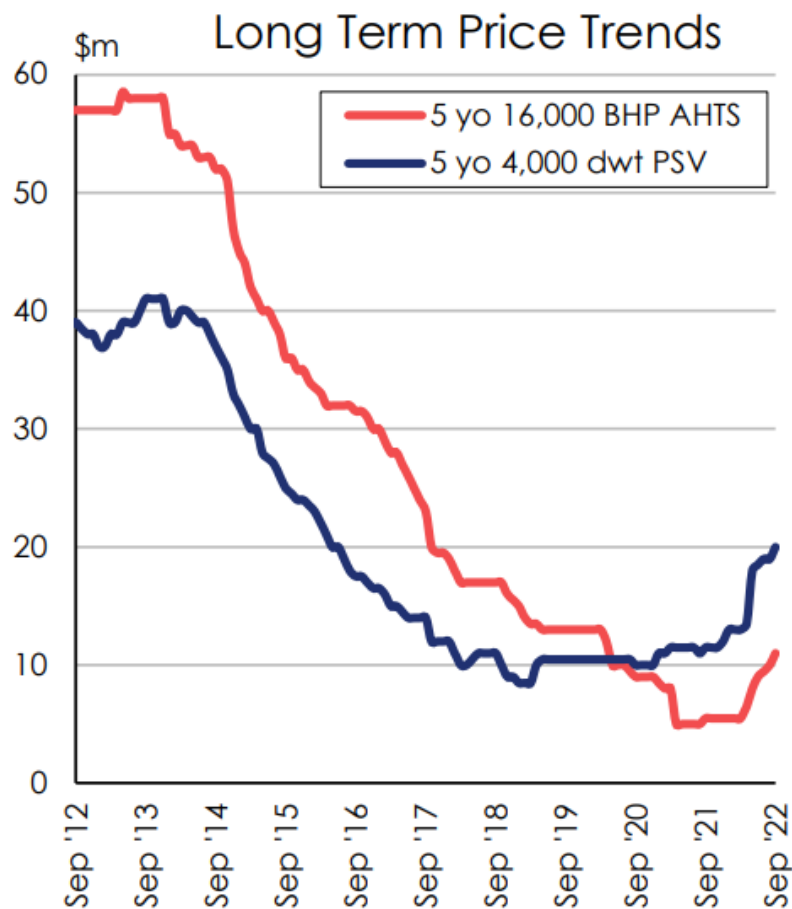
OSV Global Utilisation



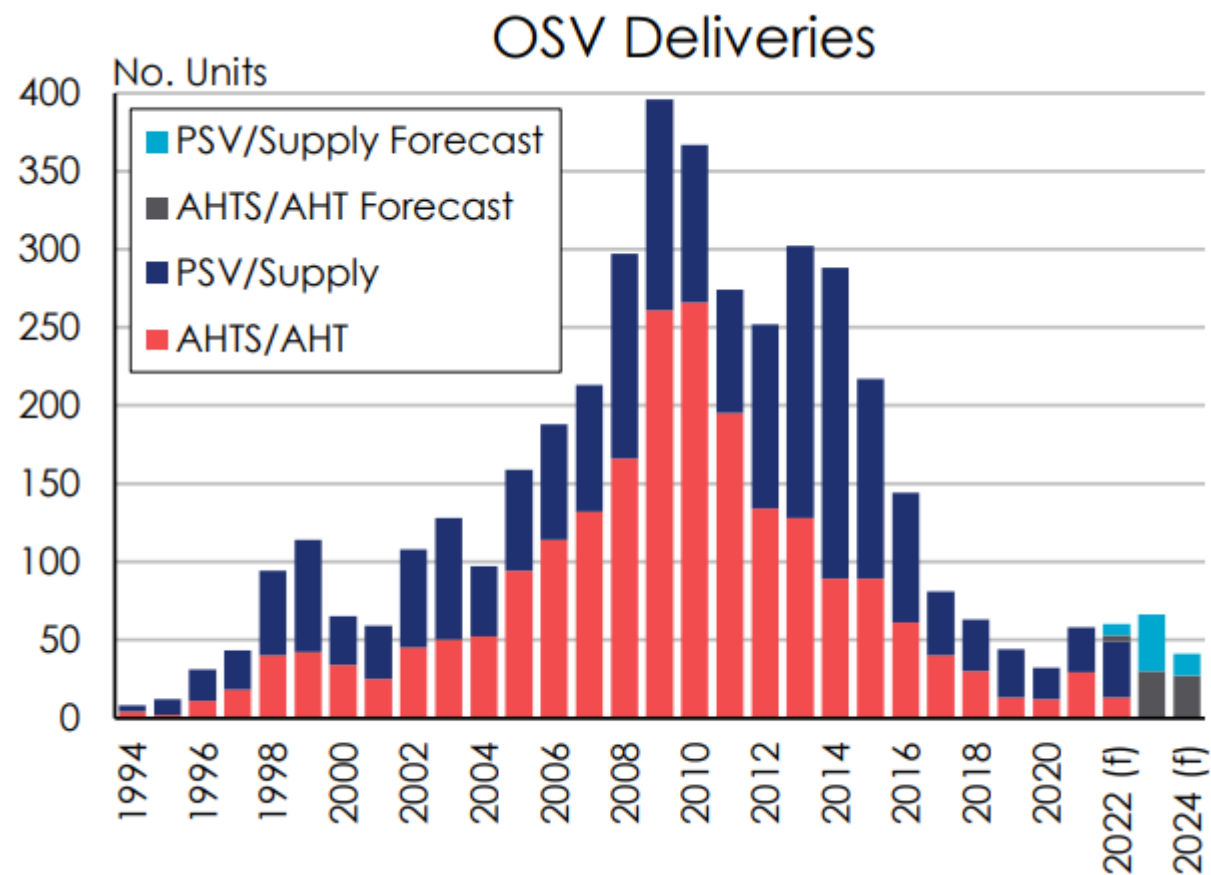
Source: Clarksons, October 2022

OFFSHORE VESSEL MARKET

VESSEL VALUES CONTINUE TO INCREASE WITH NEW BUILD ACTIVITY REMAINING HISTORICALLY LOW



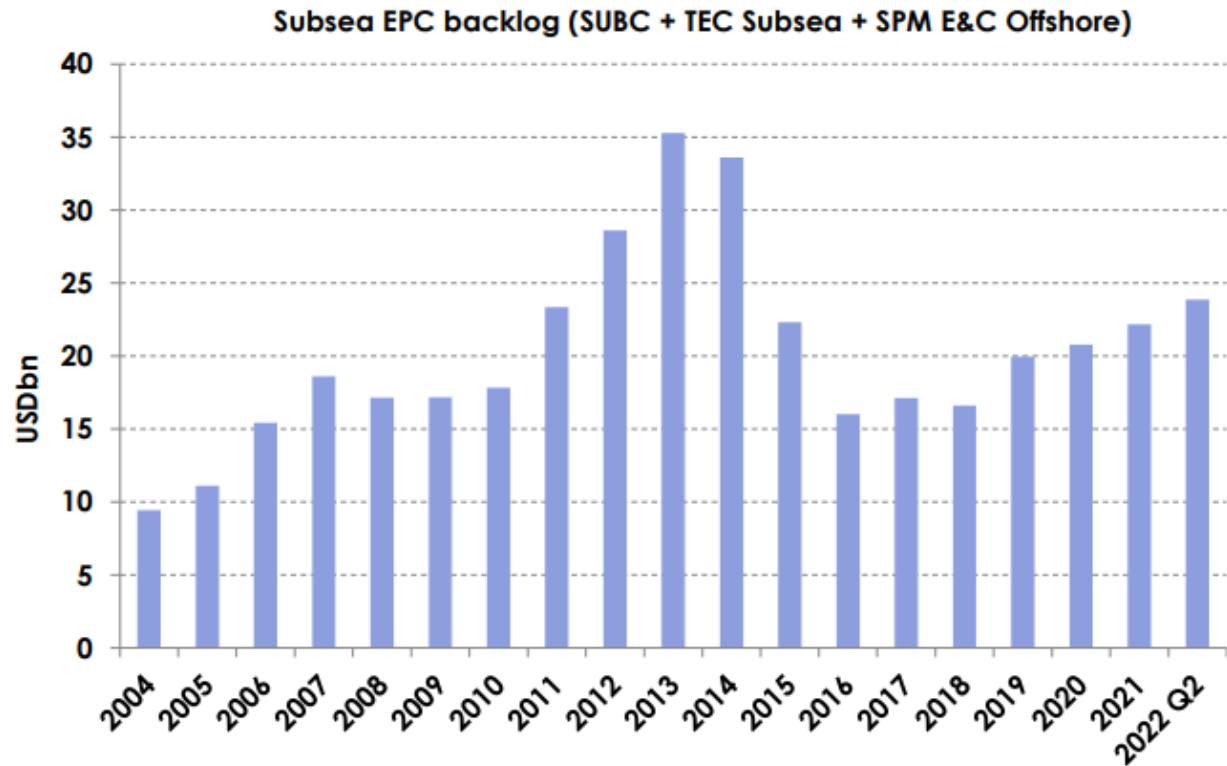
Source: Clarksons, October 2022



Source: Clarksons, October 2022

SUBSEA MARKET

SUBSEA MARKET CONTINUES TO STRENGTHEN WITH GROWING BACKLOG



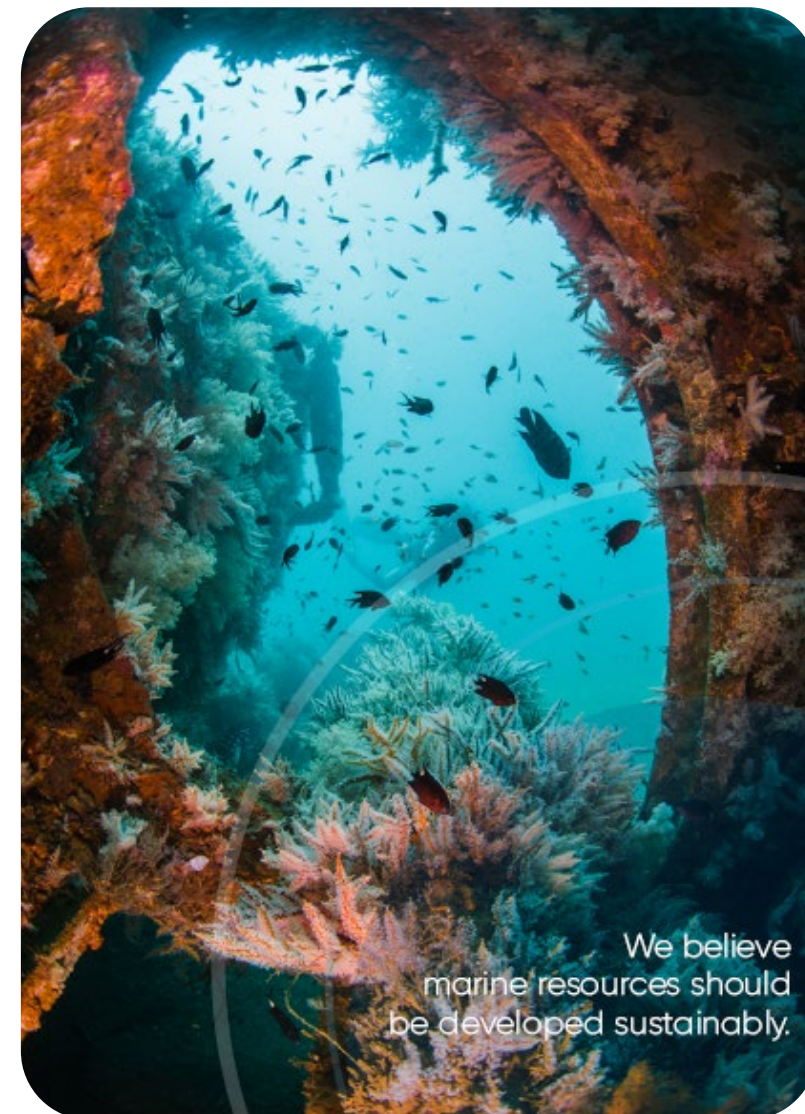
- Order backlog for the world's three largest Subsea field development EPC contractors has been growing for ~4 years
- Implies solid forward visibility and offshore activities for these contractors will increase strongly from 2023
- Will increasingly subcontract scopes and require more vessels

Clarksons, Oct 2022

Source: Clarksons, October 2022

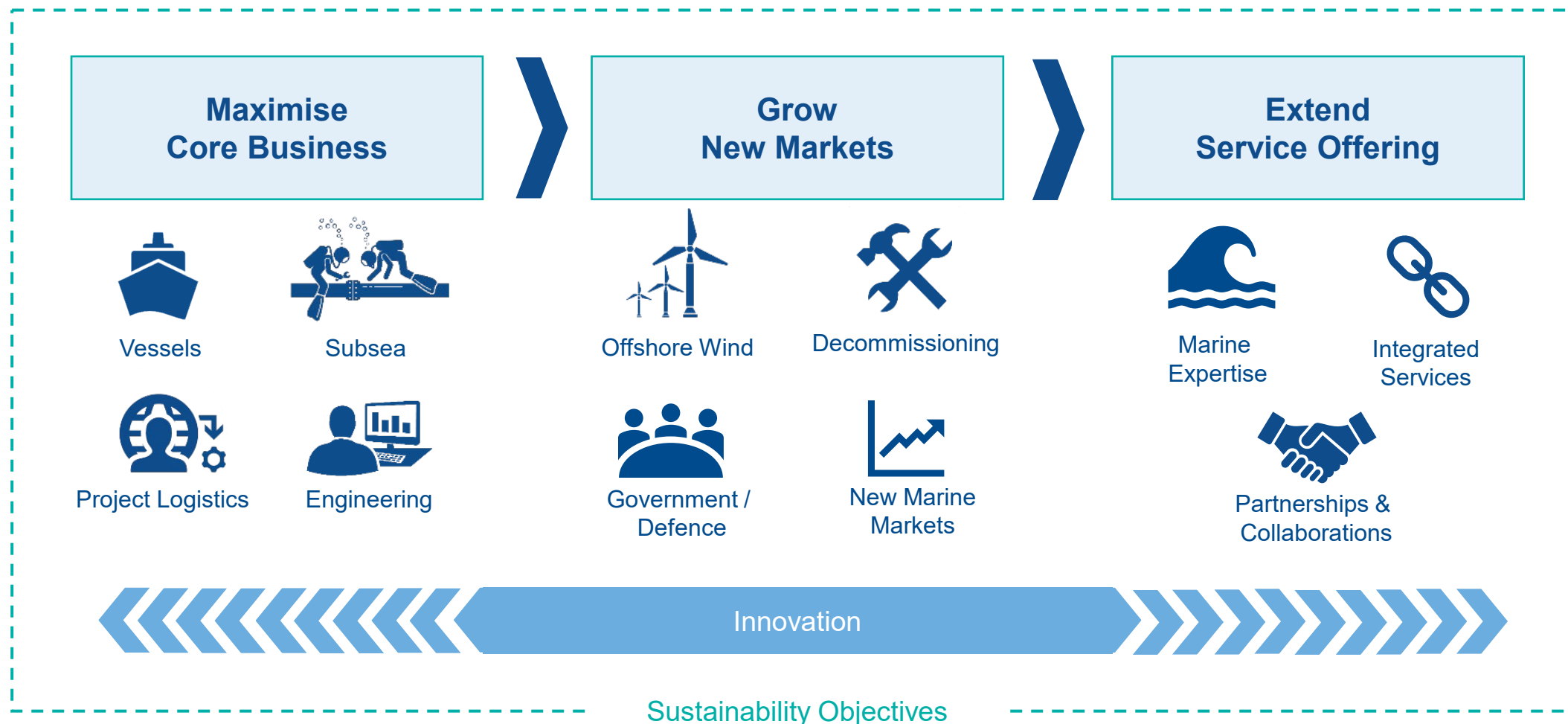
KEY HIGHLIGHTS

- Sustainability embedded in Our Purpose and key strategic decisions
- MMA Leveque – ammonia conversion (FFI)
- Subcon acquisition – expanding into reefs, coastal erosion, wind farm ecology
- Continued to grow Offshore Wind business
- Cable survey for Marinus Link interconnector project
- Excellent safety performance (TRCF improved by 75% to 0.28)
- 2022 Sustainability Report released



GROWTH STRATEGY

TRANSFORMING THE WAY MARINE SERVICES ARE DELIVERED



INVESTMENT PROPOSITION

STRONG ACTIVITY IN OUR KEY MARKETS WITH SIGNIFICANT EARNINGS LEVERAGE

KEY MARKETS



OFFSHORE WIND

- Key component of the future energy mix
- Significant growth forecast in our key operating regions (3,000+ turbines to be installed)
- Highly vessel intensive activity



OIL & GAS

- Significant investment required to replace depleting reserves, heightened sovereign energy security
- Strong project FIDs to drive increase in future activity
- Significant decommissioning works required in region



GOVERNMENT & DEFENCE

- New offshore survey scopes coming to market
- Infrastructure spend increasing
- Marine logistics security

EARNINGS LEVERAGE



VESSELS

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



SUBSEA SERVICES / PROJECT LOGISTICS

- Volume and rate increases with minimal additional capital
- Leverage Taiwan JV platform
- Environmental and stabilisation services



INTEGRATED SERVICES

- Capture increased margins

PRIORITIES & OUTLOOK

EXECUTE OUR GROWTH STRATEGY AND CAPITALISE ON POSITIVE MARKET CONDITIONS



KEY PRIORITIES

- Capitalise on momentum in both traditional and new energy markets
- Maximise operating leverage through increased utilisation and rates
- Build on improved subsea performance and grow integrated service offering
- Continue diversification by aggressively targeting offshore wind, government & defence and environmental markets
- Continue to seek strategic growth opportunities
- Ongoing balance sheet management to create flexibility

OUTLOOK

- Macro outlook positive with significant activity forecast in oil & gas and offshore wind over the next 5 years
- Vessel and subsea services markets continuing to improve
- Asset values strengthening
- H1 FY23 is forecast to be stronger than H2 FY22



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TRANSFORMING
the way marine services are delivered