



MMA
OFFSHORE

ASX Announcement

16 November 2017

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

Dear Sir or Madam,

MMA OFFSHORE LIMITED (ASX CODE: MRM) - FULLY UNDERWRITTEN \$97.0 MILLION EQUITY RAISING TO RECAPITALISE THE BALANCE SHEET AND IMPROVE DEBT TERMS

HIGHLIGHTS

- **1 for 1 pro-rata, accelerated, non-renounceable entitlement offer at \$0.20 per share to raise approximately \$74.6 million**
- **\$22.4 million institutional placement at \$0.20 per share**
- **Proceeds of equity raising will be used to, among other things, repay, in part \$30 million of debtⁱ and improve the Company's balance sheet**
- **As part of the recapitalisation, MMA's existing lenders have agreed to amend the terms of the Company's debt facilities with extended maturity to September 2021, revised amortisation profile, reduced interest rate and amended covenants**

OVERVIEW

MMA Offshore Limited (**MMA** or the **Company**) is pleased to announce a fully underwritten \$97.0 million equity raising at an offer price of \$0.20 per share (**Offer Price**). The proceeds of the equity raising will be used to, among other things, reduce the Company's net debt position and provide a stronger balance sheet.

The equity raising consists of:

- a 1 for 1 accelerated non-renounceable pro-rata entitlement offer to raise approximately \$74.6 million (**Entitlement Offer**); and
- a \$22.4 million institutional placement to existing and new investors (**Placement**),

(together, the Entitlement Offer and the Placement are the **Equity Raising** or the **Offer**).



MMA's Chairman, Mr Andrew Edwards, said *"following the outcome of a strategic review, the Board decided that a combination of an equity raising and amendments to the Company's existing debt facilities was the most appropriate course of action to improve the Company's balance sheet and provide a platform to take advantage of any sustained improvement in industry conditions."*

IMPROVED DEBT TERMS PROPOSED

As part of the recapitalisation, MMA's existing lenders have agreed, subject to certain conditions including a minimum amount of \$65 million in net proceeds being received by the Company on completion of the Offer, to amend the terms of the Company's existing debt facilities by (among other things) extending the term from existing maturity on 30 September 2019 to 30 September 2021, reducing the interest rate and agreeing to a revised amortisation profile (**Proposed Debt Amendments**). Further details about the Proposed Debt Amendments (and the conditions to them taking effect) are provided in the investor presentation in relation to the Equity Raising (**Investor Presentation**), which will also be released to ASX today.

In addition, under the Proposed Debt Amendments, MMA has committed to further amortisation of AUD\$30 million by 31 December 2018, which is expected to be funded by non-core vessel sales (otherwise any shortfall is to be funded from MMA's cash reserves).

Through a combination of the following:

- the reduction in net debt position on successful completion of the Offer (MMA's pro forma net debt position as at 30 June 2017 is expected to reduce from \$295 million to \$203 million as a result of the Offer);
- an increase in liquidity buffer, through applying the proceeds of the Offer, which provides a measure of insulation in the event of continuing market and earnings volatility;
- extending the term of the Company's remaining debt and the effect of the other Proposed Debt Amendments;
- a market recovery, which should lead to improved earnings through an increase in current fleet utilisation and charter rates; and
- a continuing focus on sustainable cost management,

the Company should be in a stronger position to be able to meet its financial commitments and to refinance its debt facilities before maturity in September 2021.

EQUITY RAISE

The Offer Price represents:

- a 7.1% discount to TERP of \$0.2152, and
- a 14.9% discount to the \$0.235 closing price on Wednesday, 15 November 2017.

Under the Entitlement Offer, eligible shareholders will be invited to subscribe for 1 new MMA share for every 1 existing MMA share held as at 7.00pm (Sydney time) on Monday, 20 November 2017 (**Record Date**), (**Entitlement**).

Approximately 373.1 million new MMA shares will be issued under the Entitlement Offer and will rank equally with existing fully paid ordinary shares from their time of issue.

Institutional Entitlement Offer

Eligible institutional shareholders will be invited to participate in the accelerated, institutional component of the Entitlement Offer, which is being conducted today (Thursday, 16 November 2017) and on Friday, 17 November (**Institutional Entitlement Offer**).

Eligible institutional shareholders can choose to take up all, part or none of their Entitlement. Entitlements cannot be traded (on ASX or otherwise) or transferred, and will lapse if not taken up.

MMA's shares will remain in a trading halt pending completion of the Institutional Entitlement Offer.

Concurrently with the Institutional Entitlement Offer, the Company will undertake the Placement to existing and new institutional investors. Approximately 111.9 million new MMA shares will be issued under the Placement and will rank equally with existing fully paid ordinary shares from their time of issue.

Retail Entitlement Offer

Eligible retail shareholders in Australia and New Zealand will be invited to participate in the retail component of the Entitlement Offer (**Retail Entitlement Offer**) at the same Offer Price and offer ratio as the Institutional Entitlement Offer.

The Retail Entitlement Offer will open on Thursday, 23 November 2017 and close at 5.00pm (Sydney time) on Monday, 4 December 2017.

The Underwriter will procure subscriptions for those "shortfall" securities which are not taken up by eligible shareholders by the close of the Offer. Further details about the Retail Entitlement Offer will be set out in the retail offer booklet, which MMA expects to dispatch to eligible shareholders on Thursday, 23 November 2017.



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Entitlements cannot be traded (on ASX or otherwise) or transferred, and will lapse if not taken up. Eligible shareholders who do not take up their Entitlement under the Entitlement Offer (in full or in part), will not receive any value with respect to those Entitlements not taken up.

Shaw and Partners is sole underwriter and is Joint Lead Manager along with Aitken Murray Capital Partners and Pareto Securities to the Equity Raising. A summary of the key terms of the underwriting agreement is provided in the Investor Presentation.

All eligible MMA Directors intend to take up their entitlement in full.

KEY DATES

Event	Date
Trading halt, Placement and Institutional Entitlement Offer opens	Thursday, 16 November 2017
Institutional Offer Closes	Friday, 17 November 2017
Trading halt lifted, trading resumes on ex-entitlement basis	Monday, 20 November 2017
Record date to identify security holders entitled to participate in the Entitlement Offer (7pm Sydney time)	Monday, 20 November 2017
Retail Entitlement Offer opens. Despatch of Retail Entitlement Offer Booklet and personalised entitlement forms	Thursday, 23 November 2017
Settlement of Placement and Institutional Entitlement Offer	Friday, 24 November 2017
Issue of Shares under Institutional Entitlement Offer	Monday, 27 November 2017
Retail Entitlement Offer closes (5pm Sydney time)	Monday, 4 December 2017
Bookbuild for New Shares that would otherwise be offered to ineligible foreign shareholders ⁱⁱ	Tuesday, 5 December 2017
Announcement of results of Retail Entitlement Offer	Friday, 8 December 2017
Settlement of Retail Entitlement Offer	Friday, 8 December 2017
Issue of New Shares under Retail Entitlement Offer	Monday, 11 December 2017
New Shares issued under the Retail Entitlement Offer commence trading on ASX	Tuesday, 12 December 2017
Despatch of holding statements in respect of New Shares issued under the Retail Entitlement Offer	Tuesday, 12 December 2017

* The above timetable is indicative only and subject to change without notice. The commencement of quotation of New Shares is subject to confirmation from ASX. Subject to the requirements of the Corporations Act, the ASX Listing Rules and any other applicable laws, MMA, with the consent of the Joint Lead Managers, reserves the right to amend this timetable at any time, including extending the Retail Entitlement Offer Period or accepting late applications, either generally or in particular cases, without notice.

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Kind regards,

MMA OFFSHORE LIMITED



Jeff Weber
Managing Director

IMPORTANT NOTICES

This announcement may not be released to US wire services or distributed in the United States. This announcement does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States or in any other jurisdiction in which such an offer would be illegal. The New Shares have not been, and will not be, registered under the U.S. Securities Act of 1933, (the "U.S. Securities Act") or the securities laws of any state or other jurisdiction of the United States. Accordingly, the New Shares may not be offered or sold in the United States except in a transaction exempt from, or not subject to, the registration requirements of the U.S. Securities Act and any other applicable state securities laws.

ⁱ \$10m of MMA's existing cash, currently held in a blocked account, will be applied towards the \$30 million repayment with the remaining \$20m to be paid from the proceeds of the Offer

ⁱⁱ A nominee has been appointed, and approved by ASIC, for the purposes of section 615 of the Corporations Act, so as to deal with the new shares that would have otherwise been offered to ineligible foreign shareholders (through a bookbuild sale process)