

ASX Announcement

7 November 2019

The Listing Manager
ASX Limited
Level 4, Stock Exchange Centre
20 Bridge Street
SYDNEY NSW 2000

Dear Sir/Madam,

MMA OFFSHORE LIMITED COMPLETES ACQUISITION OF NEPTUNE MARINE SERVICES BUSINESS

MMA Offshore Limited ("MMA" or "the Company") is pleased to announce that it has completed the acquisition of the business of Neptune Marine Services Limited ("NMS") by acquiring its key operating subsidiaries.

The final purchase consideration of A\$18.5 million comprised A\$5.0 million in cash and the issue of 67.6 million MMA shares to Neptune Marine Services Limited¹ at an issue price of A\$0.20 per share, representing 7.3% of the enlarged issued capital in MMA.

The acquisition of the Neptune business represents an important step in MMA's strategy to expand its subsea service offering and is expected to deliver a number of strategic benefits including:

- **Improved service offering** to both NMS's and MMA's clients through the combination of MMA's vessel assets and NMS' subsea capability;
- **Increased asset utilisation** through the improved combined service offering, utilising vessels which can be drawn from MMA's existing fleet;
- **Enhanced Return on Assets** through the acquisition of a low capital-intensive business combined with the incremental margin on MMA's vessels through the provision of additional value-added services to our clients;
- **Revenue synergies** through incremental margin on MMA's vessels, increased utilisation and cross selling of services;

¹ Neptune Marine Services Limited is the holding company of the acquired subsidiaries and (as approved by its shareholders in October 2019) will be renamed Blossomvale Holdings Ltd as soon as practicable following completion.

- **Expected cost synergies** estimated at approximately A\$2 million per annum (pre-tax) post completion; and
- With the acquisition timed at a low point in the market cycle, the combined business is projected to benefit from any **recovery in offshore and subsea investment**.

MMA has developed a detailed integration plan to integrate the NMS operations into the MMA Group. The Neptune subsidiaries and operations that have been acquired by MMA will continue to operate under the Neptune name and brand in the immediate term with, a strategic branding review to be completed as part of the integration process.

Neptune Marine Services Limited will be renamed Blossomvale Holdings Ltd (as soon as practicable following today's completion), and the names of those subsidiaries which have not been acquired by MMA will also be changed so that none of them refer to "Neptune".

MMA's Chief Executive Officer, Mr David Ross, said: *"The Neptune acquisition is a key platform in our subsea expansion strategy enabling us to move up the services value chain and improve the returns on our assets. The combination of MMA's high-quality vessels with Neptune's subsea expertise will result in a stronger service offering to clients. We expect this to translate into increased value for our shareholders as we integrate the Neptune business into our operations"*.

For further details about the acquisition, please refer to the Company's ASX Announcements released on 24 July 2019.

Kind regards,

MMA OFFSHORE LIMITED



DYLAN ROBERTS
Company Secretary