

ASX Announcement

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11 November 2020

Dear Sir/Madam,

Fully underwritten \$80 million equity raising and debt restructuring proposal

HIGHLIGHTS

- **Fully underwritten equity raising of \$80 million, comprising a placement to institutional and sophisticated investors and an accelerated non-renounceable pro-rata entitlement offer.**
- **Proceeds of the equity raising will be used to repay existing debt.**
- **Existing equity holders to benefit from approximately \$15.1m in debt concession.**
- **MMA's existing debt facilities to be reduced by a total of approximately \$93.7 million comprising a cash payment from the proceeds of the equity raising and a debt concession from a number of lenders exiting the current banking syndicate.**
- **Debt facility term to be extended to January 2025.**
- **Equity raising and restructured debt facilities provide a more sustainable capital structure for the Company and strengthen the balance sheet.**

OVERVIEW

MMA Offshore Limited (**MMA** or the **Company**) advises that it is commencing a fully underwritten \$80.0 million equity raising at an offer price of \$0.03 per share (**Offer Price**). The proceeds of the equity raising will be used to reduce debt and strengthen the Company's balance sheet.

The equity raising consists of:

- a 1-for-0.475 accelerated non-renounceable pro-rata entitlement offer to raise approximately \$58.4 million (**Entitlement Offer**); and
- a \$21.6 million placement to certain existing and new investors (**Placement**),

(together, the Entitlement Offer and the Placement are the **Equity Raising** or the **Offer**). The Equity Raising is fully underwritten by Canaccord Genuity (Australia) Limited and Aitken Murray Capital Partners Pty Ltd.

In addition to the Equity Raising, MMA has entered into documentation with its lenders under which, among other things and subject to the satisfaction of certain conditions (which are summarised below and in the investor presentation in relation to the Offer (**Investor Presentation**)):

- MMA's debt levels will be reduced by a total of approximately \$93.7 million¹ (**Debt Reduction**), comprising:
 - approximately \$78.6 million¹ in cash repayments to be made by MMA from the proceeds of the Equity Raising (approximately \$68.6 million¹ to the lenders exiting the syndicate, and \$10.0 million to the remaining lenders); and
 - approximately \$15.1 million¹ in debt concessions from three banks exiting the syndicate, representing an 18% discount on the exiting lender's debt amount; and
- MMA's syndicated facility agreement (**SFA**) will be amended to:
 - extend the term of the facility to January 2025;
 - reduce the banking syndicate to 4 banks (with 3 banks exiting);
 - reset the covenants to align with the outlook for the business in the context of COVID-19;
 - provide an amortisation schedule including fixed and variable amortisation payments; and
 - link the interest margin to MMA's gross leverage ratio (together, the **Debt Amendments**).

Following the Debt Reduction, MMA's gross debt would reduce to approximately \$172.9 million, pro forma net debt as at 30 September 2020 would reduce to \$86.5 million and pro forma net debt / FY21 forecast EBITDA would reduce from 5.9x to 2.9x² (and would reduce further on any future realised vessel sales).

MMA's Managing Director, Mr David Ross, said:

"The equity raising and debt restructuring will strengthen our balance sheet and provide MMA with a more sustainable capital structure. The combination of the \$80 million equity raising and approximately \$15.1 million in debt concessions enables us to significantly reduce our debt, bringing our leverage metrics into a more appropriate range. We have also successfully negotiated some important amendments to the terms of our debt facilities including an extension of the term to January 2025, a significant extension in the current environment."

The equity raising provides new and existing investors with the opportunity to invest in MMA at a significant discount to NTA with the potential for MMA to return to a growth trajectory as the market improves. We have a clear strategy to grow the business through focusing on our core activities, further value adding to our service offering via our subsea and project logistics groups, whilst diversifying into new markets including the growing offshore wind sector."

EQUITY RAISING OVERVIEW

The Offer Price represents:

¹ Because MMA's debt facility includes both \$A denominated debt and US\$ denominated debt, the precise amount of the repayment to exiting lenders and of the debt concession (in \$A) will depend on the prevailing AUD/USD exchange rate on the date of repayment and concession. See the Investor Presentation for further information

² Pro forma net debt calculated at 30 September 2020, and based on the prevailing AUD/USD exchange rate on 30 September 2020 of 0.7161 (as published on XE.com). FY21 forecast EBITDA based on the low-point of FY21 EBITDA guidance of \$30.0m - \$35.0m (announced in MMA's FY20 Annual Report) including the impact of AASB16 leases (which equates to \$25.0m - \$30.0m pre-AASB16). See the Investor Presentation for further information.

- a 22.6% discount to TERP of 3.9c, and
- a 53.1% discount to the 6.4c closing price on 10 November 2020.

Under the Entitlement Offer, eligible shareholders will be invited to subscribe for 1 new MMA share (each a **New MMA Share**) for every 0.475 existing MMA shares held as at 7.00pm (AEDT) on Friday, 13 November 2020 (**Record Date**), (**Entitlement**). The Entitlement Offer will consist of an accelerated institutional component (**Institutional Entitlement Offer**) and a retail component (**Retail Entitlement Offer**).

Approximately 1.95 billion New MMA Shares will be issued under the Entitlement Offer, and the New MMA Shares will, on issue, rank equally with existing fully paid ordinary shares then on issue.

The Equity Raising is jointly lead managed and fully underwritten by Canaccord Genuity (Australia) Limited and Aitken Murray Capital Partners Pty Ltd. A summary of the key terms of the Underwriting Agreement is set out in the Investor Presentation.

Institutional Entitlement Offer

Eligible institutional shareholders will be invited to participate in the Institutional Entitlement Offer, which is being conducted today (Wednesday, 11 November 2020) and closes at 5.00pm (AEDT) (**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.

Placement

Concurrently with the Institutional Entitlement Offer, the Company will undertake the Placement to existing institutional and sophisticated investors, and also to new institutional investors. Approximately 718.7 million New MMA Shares will be issued under the Placement and each New MMA Share will, on issue, rank equally with existing fully paid ordinary shares then on 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 Wednesday, 18 November 2020 and close at 5.00pm (AEDT) on Friday, 27 November 2020.

Entitlements that are not taken up by eligible retail shareholders will be available for subscription through an oversubscription or top up facility. The amount of additional New MMA Shares for which an eligible retail shareholder may apply (in excess of their pro rata Entitlement) is up to an additional 50% of their Entitlement.

Further details about the Retail Entitlement Offer will be set out in the retail offer booklet. MMA expects to dispatch a letter to eligible retail shareholders, along with the retail offer booklet and a personalised

entitlement and acceptance form on Wednesday, 18 November 2020. Eligible shareholders can also access the retail offer booklet and apply online at any time from the offer open at <https://mmaoffer.thereachagency.com>.

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.

ASX Class Waivers

Whilst MMA remains confident about the medium and long-term fundamentals of the offshore energy services market, COVID-19 has had a material impact on the short-term earnings of the business.

Prior to the onset of COVID-19, MMA's business was on a recovery trajectory, and MMA had entered into preliminary discussions with its banking syndicate regarding a proposal to repay its existing debt (without any additional equity raising).

However, the effect of COVID-19 (both on the oil & gas markets generally, as well as on MMA's business more specifically) has led to an inability for MMA to pursue the debt management plan previously proposed, and a requirement that any material term out or amendment to MMA's syndicated facility include an equity solution.

Accordingly, MMA is relying on *ASX Class Waiver Decision – Temporary Extra Placement Capacity* (15 September 2020) and *ASX Class Waiver Decision – Non-renounceable Offers* (15 September 2020) (together, the **Class Waivers**) to:

- allow the Company to invite existing shareholders under the Entitlement Offer to subscribe for more than 1 New MMA Share for each existing share held;
- increase the Company's placement capacity to 25%; and
- allow the Company's placement capacity to be calculated as if the Entitlement Offer was completed prior to the Placement.

Notwithstanding the foregoing, having regard to:

- MMA's underlying business, and the recovery trajectory it was on prior to the onset of COVID-19;
- the Company's realigned strategy to maximise core business and diversity into new markets;
- the potential for EBITDA leverage in the fleet as global utilisation and vessel rates improve;
- the terms of the proposed Debt Amendment and the expected Debt Reduction; and
- the more sustainable balance sheet the Company will have following the Equity Raising and Debt Reduction,

the Company remains confident about its future direction and strategy.

MORE DETAILS ABOUT THE DEBT RESTRUCTURING

Debt Reduction

As part of the debt restructuring (which is subject to MMA raising no less than \$80 million in gross proceeds under the Equity Raising and the lenders entering into binding documentation to give effect to the Debt Amendments), MMA's existing debt would be reduced by a total of approximately \$93.7 million³ under the Debt Reduction, comprising:

- approximately \$78.6 million³ in cash repayments to be made by MMA from the proceeds of the Equity Raising (\$68.6 million³ to the lenders exiting the syndicate, \$10.0 million to the remaining lenders); and
- approximately \$15.1 million³ in debt concessions from three banks exiting the syndicate, representing an 18% discount on the exiting lender's debt amount.

Following the Debt Reduction, MMA's gross debt would reduce to approximately \$172.9 million³, pro-forma net debt (as at 30 September 2020) would reduce to \$86.5 million and pro-forma FY21 leverage⁴ would reduce to 2.9x.⁵

Debt Amendments

In addition, subject to the satisfaction of certain conditions (again, including MMA raising no less than \$80 million in gross proceeds under the Equity Raising), the Company's banking syndicate will be restructured with three of the current banks exiting the syndicate, and four banks remaining.

The Debt Amendments would include the following provisions:

Maturity	January 2025	
Fixed Amortisation	<ul style="list-style-type: none"> • FY22 - \$12.5 million • FY23 - \$15.0 million • FY24 - \$15.0 million • FY25 - \$7.5 million, and the outstanding balance on 31 January 2025 	
Variable Amortisation	<ul style="list-style-type: none"> • Proceeds from asset sales • Cash sweep of amounts above \$70 million from December 2021 while gross leverage is above 3.5x 	
Interest Margin	Leverage ratio	Interest margin⁶
	≤ 3.0	3.00%
	3.0-5.5	3.75%
	> 5.5	4.00%
Covenants	<ul style="list-style-type: none"> • Gross leverage (Gross debt / last 12 months (LTM) EBITDA) • Interest coverage (LTM EBITDA / LTM net interest expense) • Loan to value (Total Senior Debt / Fixed Assets) 	

³ Refer footnote 1.

⁴ Pro forma net debt as at 30 September 2020 to FY21 guidance EBITDA.

⁵ Refer footnote 2.

⁶ The interest rate payable comprises a base rate (LIBOR for US\$ denominated loans, BBSY for A\$ denominated loans) plus the interest margin.

Other	Right to pay dividends / conduct share buybacks once gross leverage is below 3.5x
Key conditions (to the Proposed Debt Amendments taking effect)	<ul style="list-style-type: none"> • No less than \$80 million in gross proceeds being raised under the Equity Raising • Evidence that the exiting lenders have been repaid, or will be repaid, approximately \$68.6m²⁷ from the gross proceeds of the Equity Raising • No material adverse change in MMA's financial condition, business or prospects occurring between 28 October 2020 and the Effective Date • No "Event of Default" occurring under the SFA prior to the Effective Date • Execution of binding documentation in respect of the Debt Amendments

The expected reduction in MMA's net debt following completion of the Equity Raising and the Debt Reduction, combined with the extension to the term of the Company's remaining debt to 31 January 2025 and the effect of the other Debt Amendments, would provide the Company with a more sustainable capital structure and a strengthened balance sheet position.

Further information about the conditions to the Debt Reduction and the Debt Amendments, and the risks relating to each of them, are set out in the Investor Presentation.

KEY DATES

Event*	Date (AEDT)*
Trading halt, Placement and Institutional Entitlement Offer opens	Wednesday, 11 November 2020
Placement and Institutional Offer Close	5:00pm on Wednesday, 11 November 2020
Trading halt lifted, trading resumes on ex-entitlement basis	Friday, 13 November 2020
Record date to identify security holders entitled to participate in the Entitlement Offer	7.00pm on Friday, 13 November 2020
Retail Entitlement Offer opens. Despatch of Retail Entitlement Offer Booklet and personalised entitlement forms	Wednesday, 18 November 2020
Settlement of Placement and Institutional Entitlement Offer	Wednesday, 18 November 2020
Issue of Shares under Placement and Institutional Entitlement Offer	Thursday, 19 November 2020
Retail Entitlement Offer closes	5.00pm on Friday, 27 November 2020
Announcement of results of Retail Entitlement Offer	Wednesday, 2 December 2020
Settlement of Retail Entitlement Offer	Thursday, 3 December 2020
Issue of New MMA Shares under Retail Entitlement Offer	Friday, 4 December 2020
New MMA Shares issued under the Retail Entitlement Offer commence trading on ASX	Monday, 7 December 2020

⁷ Refer footnote 1.



* The above timetable is indicative only and subject to change without notice. The commencement of quotation of New MMA 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.

FURTHER INFORMATION

Further details of the Equity Raising and the debt restructuring are set out in the Investor Presentation also provided to the ASX today. The Investor Presentation contains important information including key risks and foreign selling restrictions with respect to the Entitlement Offer.

If you have any queries in relation to the Entitlement Offer, please contact the MMA Offshore Entitlement Offer Information Line on 1300 727 014 (within Australia) or +61 3 9415 4000 (outside Australia) or online at <https://mmaoffer.thereachagency.com>. For other questions, you should consult your broker, solicitor, accountant, financial advisor or other professional advisor.

Canaccord Genuity (Australia) Limited and Aitken Murray Capital Partners Pty Ltd are acting as Joint Lead Managers and Underwriters to the Offer. Ashurst is acting as Australian legal adviser to MMA.

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This announcement has been authorised for release to ASX by the Company's board of directors.

IMPORTANT NOTICES

This announcement has been prepared for publication in Australia and may not be released to US wire services or distributed in the United States. This announcement does not constitute an offer of securities for sale in the United States or any other jurisdiction. Any securities described in this announcement may not be offered or sold in the United States absent registration under the US Securities Act of 1933 or an exemption from registration.

Not investment or financial product advice

This announcement, and the information provided in it, does not constitute, and is not intended to constitute, investment or financial product advice (nor tax, accounting or legal advice) or any recommendation to acquire New MMA Shares. It does not and will not form any part of any contract for the acquisition of New MMA Shares. This announcement should not be relied upon as advice to investors or potential investors and has been prepared without taking account of any person's individual investment objectives, financial situation or particular needs. Any investment decision should be made based solely upon appropriate due diligence. Before making an investment decision, prospective investors should consider the appropriateness of the information having regard to their own investment objectives, financial situation and needs and seek legal, accounting and taxation advice appropriate to their jurisdiction. Recipients of this announcement are advised to consult their own professional advisers. Cooling off rights do not apply to the subscription for or acquisition of New MMA Shares pursuant to the Offer. An investment in any listed company, including MMA, is subject to significant risks of loss of income and capital.



Future performance and projected financial information

This announcement contains certain "forward-looking statements". Forward looking statements can often, but not always, be identified by the use of forward looking words such as "forecast", "estimate", "likely", "anticipate", "believe", "expect", "future", "project", "opinion", "opportunity", "predict", "outlook", "guidance", "intend", "should", "could", "may", "target", "plan", "propose", "to be", "foresee", "aim", "will" and other similar expressions. Indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements, and include statements in this announcement regarding the conduct, approximate size and outcome of the Offer, any discussions with lenders as part of any recapitalisation, debt restructuring or debt reduction proposal, the use of proceeds, MMA's outstanding debt and the impact and duration of the COVID-19 pandemic. 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, servants, advisers or agents assumes any obligation to update such information. Any forward-looking statements, as well as any other opinions and estimates, provided in this announcement are based on assumptions and contingencies which are subject to change without notice and may prove ultimately to be materially incorrect, as are statements about market and industry trends, which are based on interpretations of current market conditions. Forward-looking statements including projections, guidance on future earnings and estimates, and guidance on industry trends are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance and may involve significant elements of subjective judgment, assumptions as to future events that may not be correct, known and unknown risks, uncertainties and other factors, many of which are outside the control of MMA. A number of factors could cause actual results, performance or achievements to vary materially from any forward-looking statements and the assumptions on which statements are based, including but not limited to the risk factors set out in this announcement.

Except as required by applicable law or regulation, MMA undertakes no obligation to provide any additional or updated information or update any forward-looking statements, whether as a result of new information, future events or results or otherwise. Nothing in this announcement will, under any circumstances (including by reason of this announcement remaining available and not being superseded or replaced by any other announcement or publication with respect to MMA or the subject matter of this announcement), create an implication that there has been no change in the affairs of MMA since the date of this announcement. Neither MMA, nor any of its directors, officers, employees, servants, advisers or agents makes any warranty as to the accuracy of any forward-looking statements in this announcement.

Financial Data

All dollar values are in Australian dollars (\$) or AUD unless stated otherwise. Because MMA has a debt facility denominated in US dollars, certain dollar values in this announcement have been converted from US dollars to Australian dollars. Where an amount has been converted from US dollars to Australian dollars, MMA has used the 30 September 2020 AUD/USD exchange rate published on XE.com of 0.7161. The actual Australian dollar equivalent of these amounts from time to time will depend on the prevailing AUD/USD exchange rate. Financial data related to the historical pro forma financial position of MMA is presented as at 30 September 2020. The pro forma financial information provided in this announcement is for illustrative purposes only and is not represented as being indicative of MMA's views (or any other person's views) on MMA's future financial position

and/or performance. The pro forma financial information has been prepared by MMA in accordance with the measurement and recognition requirements, but not the disclosure requirements, of applicable accounting standards and other mandatory requirements in Australia.

The pro-forma financial information included in this announcement does not purport to be in compliance with Article 11 of Regulation S-X of the rules and regulations of the SEC. Investors should be aware that financial data in this announcement include "non-IFRS financial information" under ASIC Regulatory Guide 230 "Disclosing non-IFRS financial information" published by ASIC and also "non-GAAP financial measures" within the meaning of Regulation G under the U.S. Securities Exchange Act of 1934. Non-IFRS/non-GAAP measures in this announcement include the pro-forma financial information. MMA has included this non-IFRS/non-GAAP financial information because it believes that it provides users with additional relevant information. The non-IFRS financial information does not have a standardised meaning prescribed by Australian Accounting Standards and, therefore, may not be comparable to similarly titled measures presented by other entities, nor should they be construed as an alternative to other financial measures determined in accordance with Australian Accounting Standards. Investors are cautioned, therefore, not to place undue reliance on any non-IFRS/non-GAAP financial information included in this announcement.