



# Acquisition of Neptune Marine Services' business

**24 July 2019**



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# TRANSACTION HIGHLIGHTS



**ACQUISITION OF NEPTUNE  
MARINE SERVICES  
BUSINESS FOR APPROX  
\$18.5M<sup>1</sup>**



**CONSIDERATION  
COMPRISING \$5.0M IN  
CASH PLUS THE ISSUE OF  
SHARES IN MMA**



**DIRECTORS OF NMS  
UNANIMOUSLY SUPPORT  
THE TRANSACTION<sup>2</sup>**



**STRONG GROWTH  
PLATFORM TO EXPAND  
MMA'S SUBSEA SERVICES**



**COMPELLING STRATEGIC  
RATIONALE WITH STRONG  
FIT AND POSITIVE IMPACT  
ON ROA**



**COMBINED BUSINESS HAS  
OPPORTUNITY TO BENEFIT  
FROM A RECOVERY IN  
OFFSHORE AND SUBSEA  
INVESTMENT**

<sup>1</sup> Consideration expected to total \$18.5M - This assumes that the volume weighted average price of MMA shares in the 30 day period ending on the date that is 2 business days before completion (of the acquisition) is \$0.25 or less

<sup>2</sup> In the absence of any superior proposal

# TRANSACTION SUMMARY

**Strategic acquisition at a low point in the cycle providing MMA with a strong platform to expand its subsea services business**

<b>Transaction Structure</b>	<ul style="list-style-type: none"><li>▪ Acquisition of the business of Neptune Marine Services Limited by acquiring its key operating subsidiaries</li><li>▪ Excludes the listed company Neptune Marine Services Limited which will be re-named post transaction</li></ul>
<b>Consideration</b>	<ul style="list-style-type: none"><li>▪ Expected to total \$18.5 million</li><li>▪ Comprising \$5.0 million in cash plus shares in MMA worth approximately \$13.5<sup>1</sup> million (Consideration Shares)</li><li>▪ Issue price based on 30 day VWAP before Completion subject to a minimum price of \$0.20 per share</li><li>▪ Consideration based on the net asset value of the business being acquired and subject to adjustment for any movement in net asset value at completion</li></ul>
<b>Funding</b>	<ul style="list-style-type: none"><li>▪ Cash consideration of \$5.0 million has been paid to an escrow agent as an upfront refundable deposit and was funded from MMA's existing cash resources</li><li>▪ Issue of Consideration Shares in MMA to NMS upon completion</li></ul>
<b>Conditions</b>	<ul style="list-style-type: none"><li>▪ Majority approval of MTQ's and NMS's respective shareholders</li><li>▪ There being no material adverse change in respect of NMS or MMA</li><li>▪ Other conditions precedent including certain counterparty change of control consents and certain authorisations being obtained, and completion of NMS's internal restructuring</li></ul>
<b>Other Key Terms</b>	<ul style="list-style-type: none"><li>▪ Exclusivity, notification and matching right undertakings</li><li>▪ Break fee of \$200k payable by NMS or MMA in certain circumstances – see schedule 1 of MMA's accompanying ASX announcement for further details</li><li>▪ Customary conduct of business restrictions including consultation rights for MMA on prescribed matters</li></ul>
<b>Timeline</b>	<ul style="list-style-type: none"><li>▪ MTQ Shareholder Approval at EGM scheduled to be held in September</li><li>▪ NMS Shareholder Approval at EGM scheduled to be held in October</li><li>▪ Targeting Completion by October/November 2019</li></ul>

<sup>1</sup> This assumes that the volume weighted average price of MMA shares in the 30 day period ending on the date that is 2 business days before completion (of the acquisition) is \$0.25 or less, in which case the assumed issue price will be (and the number of shares to be issued will be determined by reference to) to 30-day VWAP, subject to a minimum issue price of \$0.20 per share

# NMS OVERVIEW

A leading provider of inspection, maintenance and repair solutions to the oil and gas, marine and renewable energy industries

## SUITE OF COMPLEMENTARY SERVICES

Asset Integrity	Diving	Survey & Positioning	Inspection	Subsea Stabilisation	ROV	Manufacture, Assembly, Test	Engineering

## PRESENCE IN KEY OIL & GAS MARKETS



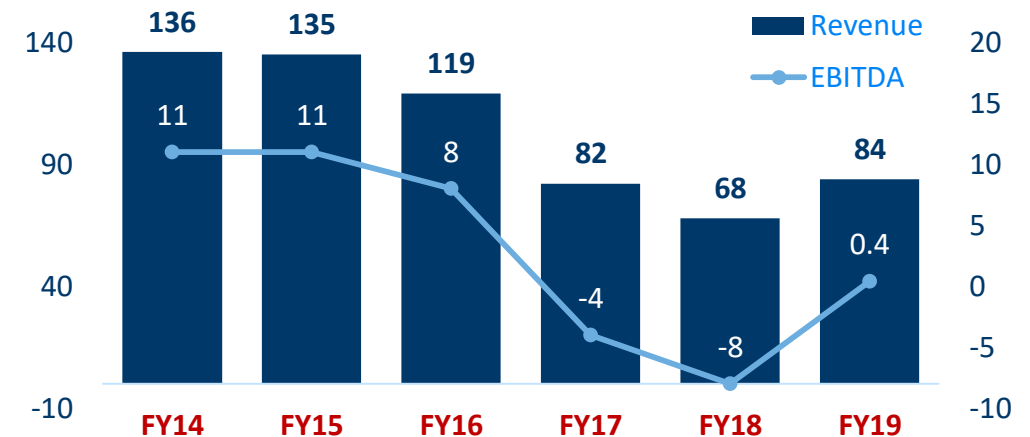
## 190 EMPLOYEES



## TIER ONE CLIENT BASE



## HISTORICAL FINANCIALS



# MMA GROWTH STRATEGY

Acquisition aligned with MMA's strategic growth objectives

## REPOSITIONED FOR GROWTH

### 1 RATIONALISE AND STABILISE

- Non core assets sold
- Reduced exposure to commoditised market
- Restructured debt
- Strengthened Balance Sheet
- Reduced costs

### 2 EXPAND OUR CORE CAPABILITY

- Operational excellence
- Safety leadership
- Asset reliability
- Tailored marine solutions
- Expertise and innovation

### 3 GROWTH

- Higher margin segments
- Technically advanced assets
- **Subsea**
- Walk to Work
- Project logistics
- **Strategic M&A**

# EXPANDING MMA'S SUBSEA SERVICE OFFERING

Increasing MMA's ability to service its clients



MMA Offshore Services

- Fleet of 30+ specialised offshore support vessels
- AHT, AHTS, PSV, MPSV
- Offtake Support, Supply Operations, Drilling Support, Construction Support, Seismic & Survey Support, Anchor Handling and Towing, Accommodation and Walk to Work Services



MMA Subsea

- MMA currently services the subsea market predominantly as a vessel operator
- The acquisition enables MMA to provide additional services to existing and new clients
- Current NMS service offering improved with access to MMA vessels

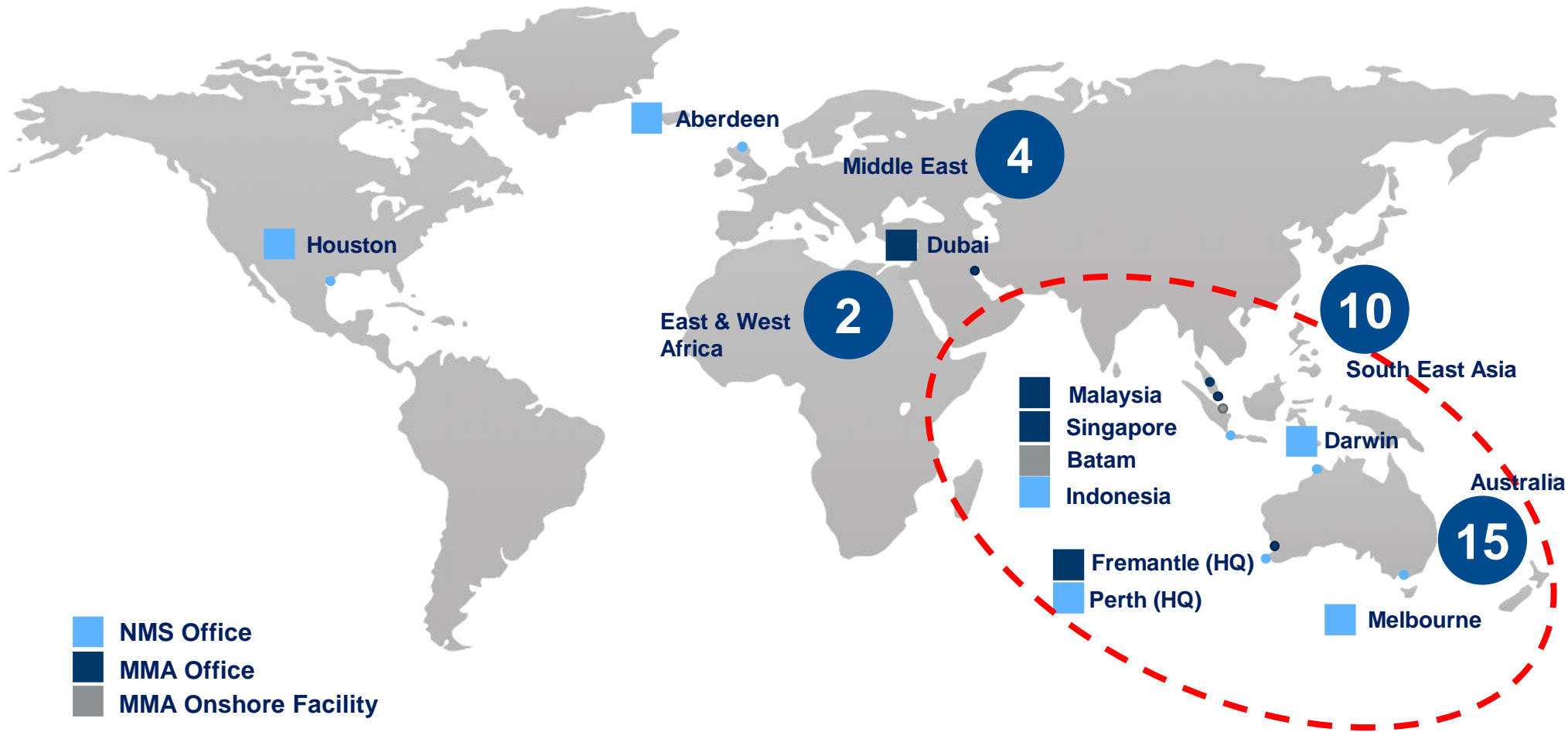


MMA Global Projects

- Project management of large marine spreads and complex marine logistics
- New entity "MMA Global Projects" established to work with EPC contractors in developing energy hubs globally

# STRONG REGIONAL AND CULTURAL FIT

Complementary regional presence with strong safety and quality culture

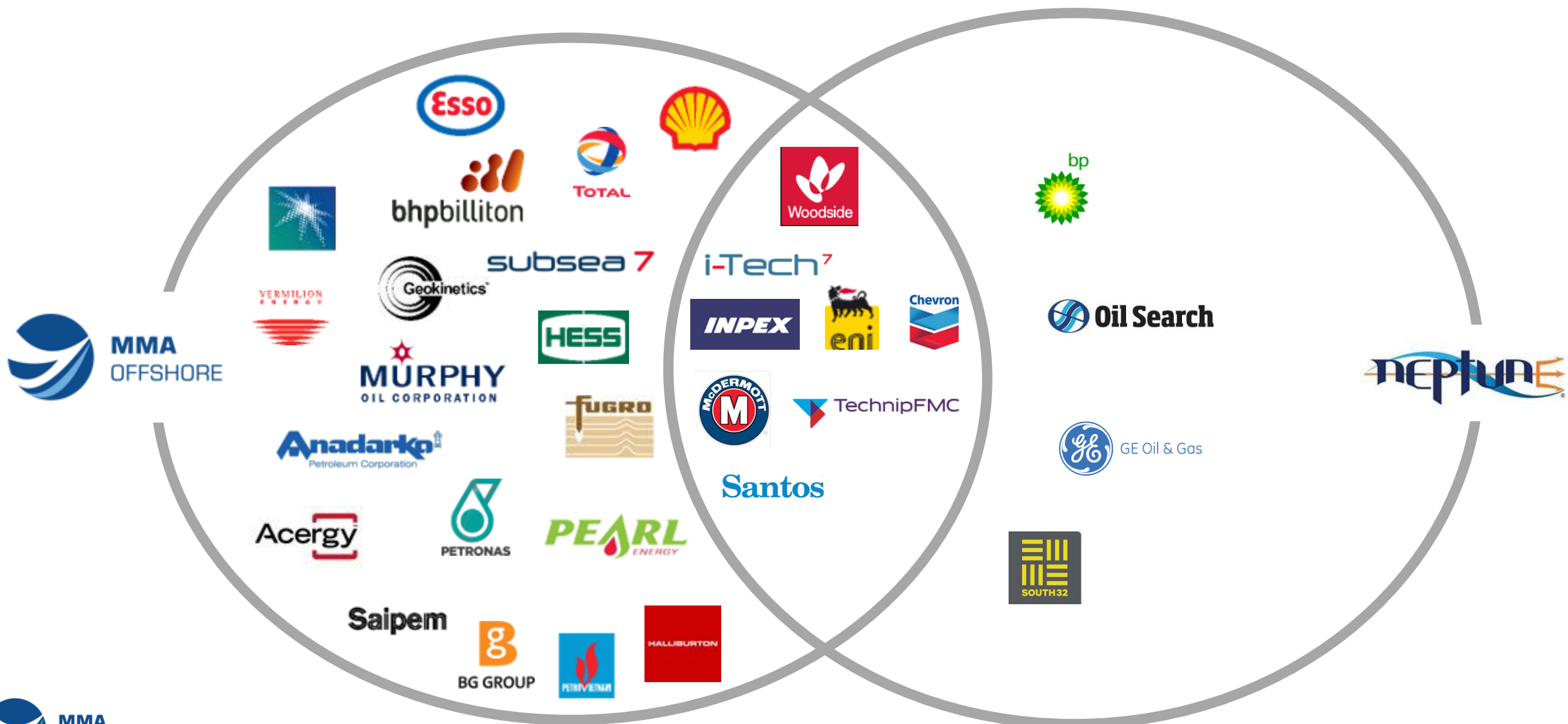


A PERFECT DAY EVERY DAY



# COMPLEMENTARY CLIENT BASE

Potential to cross sell services and enhance client relationships at multiple levels of the oil and gas value chain



# STRATEGIC BENEFITS

Acquisition is expected to deliver a number of strategic benefits

## 1 IMPROVED SERVICE OFFERING

- NMS can offer an improved service to its clients through guaranteed access to MMA's owned and chartered fleet
- Expanded MMA fleet capability with pre-mobilised equipment and packaged services
- Broadened scope of innovative engineering capability

## 2 INCREASED ASSET UTILISATION

- Increased asset utilisation expected through the improved combined service offering utilising vessels which can be drawn from MMA's existing fleet

## 3 ENHANCED RETURN ON ASSETS

- NMS is a "capital light" business which will drive improved overall ROA
- Additional value added services generate incremental margin on MMA's vessels

## 4 REVENUE SYNERGIES

- Revenue synergies through incremental margin on MMA vessels, improved utilisation and cross selling of services

## 5 COST SYNERGIES

- Cost synergies that may be realisable are estimated to be approximately \$2 million pre-tax per annum post completion

## 6 MARKET TIMING

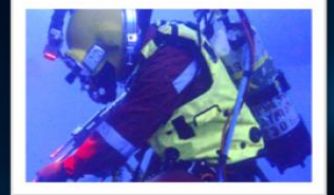
- Acquisition at a low point in the market cycle
- Combined business projected to benefit from a recovery in offshore and subsea investment

# INCREASED ROA THROUGH INCREMENTAL MARGIN

In addition to NMS recovering with the cycle, incremental margin through packaging back deck services is expected to increase the EBITDA ROA on MMA's MPSV assets while utilised



Packaging ROV services increases the vessel ROA by ~4%



Packaging ROV and diving services in combination increases the vessel ROA by ~7%

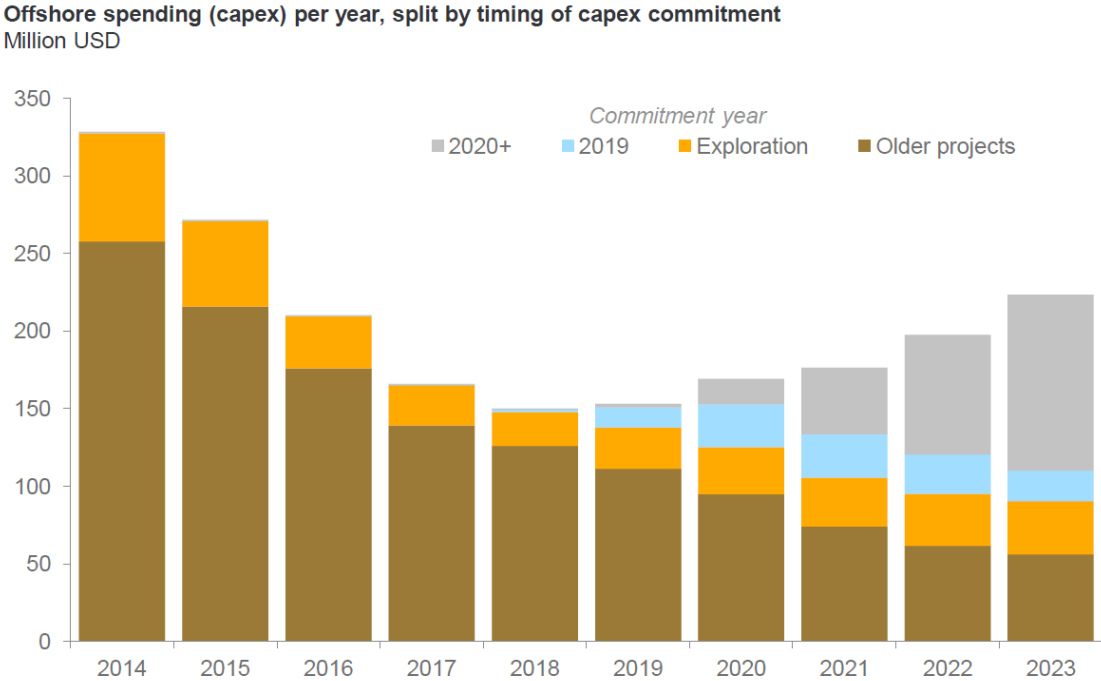


Note: Incremental ROA is illustrative and estimated based on historical charters of MMA subsea vessels with third party equipment installed. Future rates will be subject to market conditions.

# RECOVERY IN OFFSHORE AND SUBSEA INVESTMENT

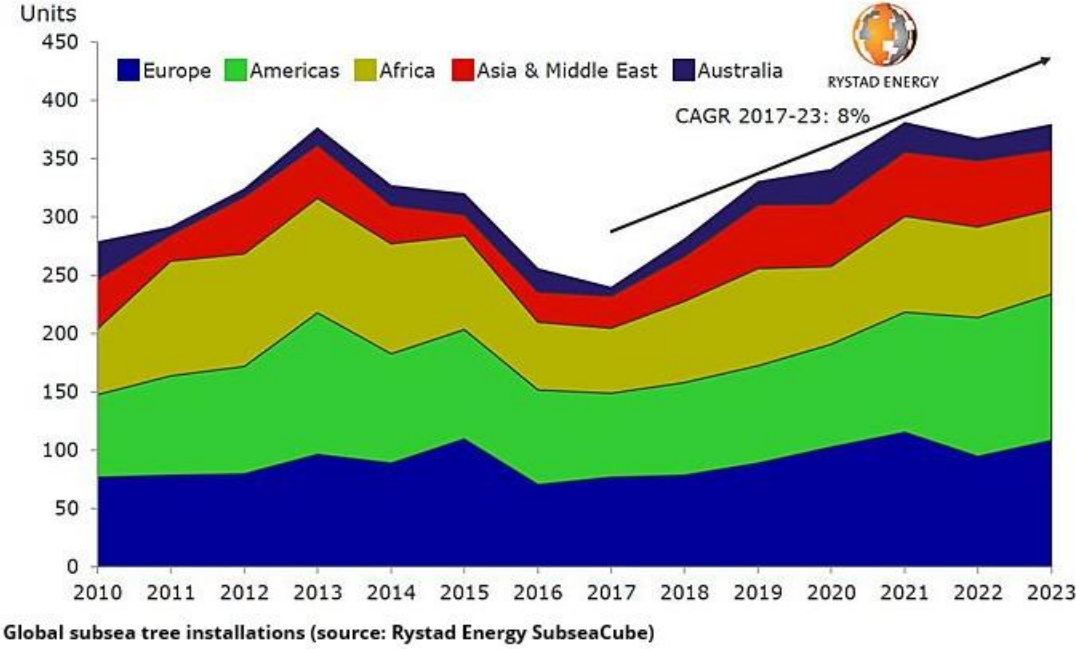
The combined business is expected to benefit from a recovery in offshore and subsea investment

## OFFSHORE CAPEX PROJECTED TO INCREASE



Source: Rystad Energy, Feb 2019

## SUBSEA X-MAS TREE AWARDS PROJECTED TO INCREASE



Source: Rystad Energy, Mar 2019

# TRANSACTION IMPACT

The NMS business is expected to contribute to MMA earnings in an improving market and as revenue and cost synergies are realised

## EARNINGS IMPACT

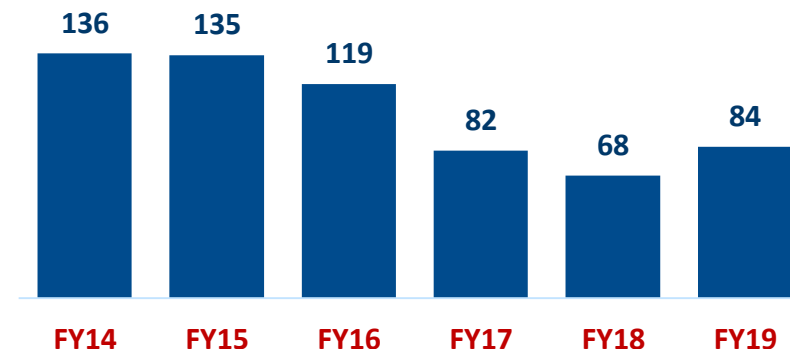
- Acquisition at low point in the cycle
- NMS generated revenue of \$84.4 million and EBITDA of \$0.4 million for the year ended 31 March 2019, following 2 years of negative EBITDA
- The market for NMS's services has begun to improve and we expect the business to be cash flow positive after maintenance capex in FY2020
- Cost synergies that may be realisable are estimated to be approx. \$2 million pre-tax per annum
- Potential to generate revenue synergies and incremental margin under MMA ownership
- Expect NMS standalone revenue and margins to improve as the subsea market recovers

## BALANCE SHEET IMPACT

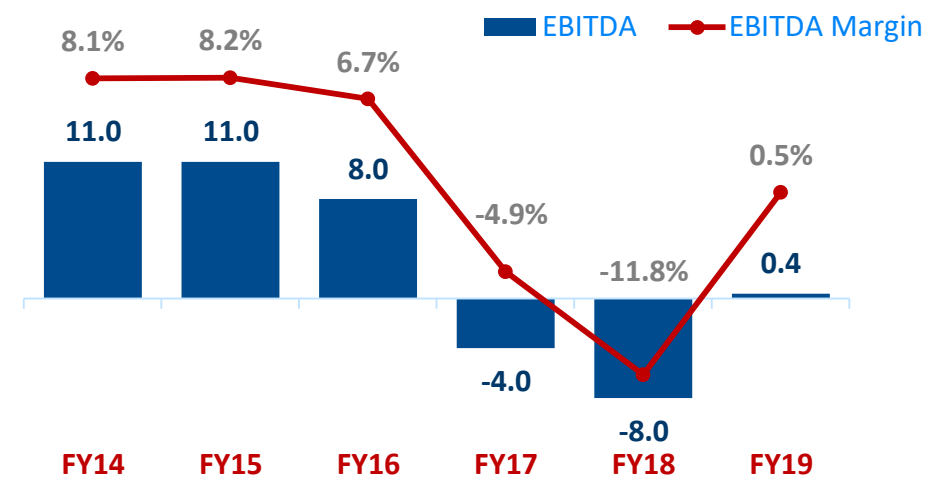
- Purchase consideration expected to total approximately \$18.5<sup>1</sup> million equal to the net asset value of the business as at 30 June 2019

<sup>1</sup> Final purchase consideration subject to adjustment if the net asset value at Completion changes and also depends on the 30-day VWAP of MMA shares 2 days prior to Completion - see slide 15 below and the accompanying ASX announcement for further details

## NMS REVENUE



## NMS EBITDA



# PRO-FORMA STATEMENT OF FINANCIAL POSITION

Transaction expected to result in a modest increase in MMA's net assets post completion

\$m	MMA as at 31 Dec 2018 <sup>1</sup>	Transaction Funding	NMS as at 30 June 2019 <sup>2</sup>	Pro Forma Combined as at 31 Dec 2018
Cash & Cash Equivalents	64.5	(5.0)	-	59.5
Property, Plant & Equipment	492.5		14.5	507.0
Other Assets	64.6		27.5	92.1
<b>Total Assets</b>	<b>621.6</b>	<b>(5.0)</b>	<b>42.0</b>	<b>658.6</b>
Interest Bearing Loans	263.9		-	263.9
Other Liabilities	45.5		23.5	69.0
<b>Total Liabilities</b>	<b>309.4</b>		<b>23.5</b>	<b>332.9</b>
<b>Net Assets</b>	<b>312.2</b>	<b>(5.0)</b>	<b>18.5</b>	<b>325.7</b>
<b>Equity</b>	<b>312.2</b>	<b>13.5</b>		<b>325.7</b>

<sup>1</sup> Derived from MMA's reviewed consolidated statement of financial position as at 31 December 2018.

<sup>2</sup> Derived from NMS' unaudited consolidated statement of financial position as at 30 June 2019.

# TRANSACTION FUNDING

## Consideration to be funded through existing cash resources and the issue of scrip to NMS

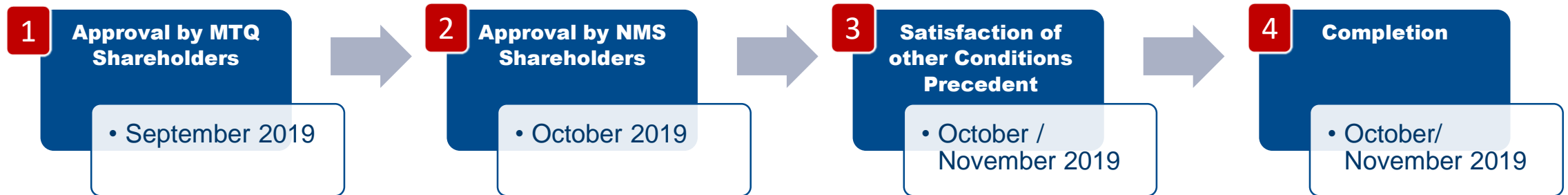
<b>Consideration</b>	<ul style="list-style-type: none"> <li>Expected to total approximately \$18.5 million<sup>1</sup> comprising \$5.0 million in cash with the balance to be settled by the issue of shares in MMA to NMS</li> </ul>												
<b>Cash Consideration</b>	<ul style="list-style-type: none"> <li>\$5.0 million paid as a refundable upfront deposit and funded from MMA's existing cash resources</li> </ul>												
<b>Consideration Shares</b>	<ul style="list-style-type: none"> <li>Shares in MMA to the value of approximately \$13.5<sup>2</sup> million expected to be issued to NMS on Completion up to a maximum of \$16.2 million (depending on the 30-day VWAP of MMA shares for the period ending on the date that is two business days prior to Completion – see below)</li> </ul>												
<b>Issue Price</b>	<ul style="list-style-type: none"> <li>Issue price (and total value) of Consideration Shares to be based on the VWAP of MMA shares in the 30 day period ending on the date that is two business days prior to Completion as follows: <table border="1" data-bbox="580 686 1885 972"> <thead> <tr> <th>30-day VWAP per MMA Share</th> <th>Number of MMA Shares to be Issued to NMS</th> <th>Issue Price</th> </tr> </thead> <tbody> <tr> <td>Less than or equal to \$0.25</td> <td>13,531,000 / the Issue Price</td> <td>The higher of \$0.20 and the 30-day VWAP</td> </tr> <tr> <td>Greater than \$0.25 but less than \$0.30</td> <td>54,124,000 shares</td> <td>\$0.25</td> </tr> <tr> <td>\$0.30 or greater</td> <td>16,237,000 / the 30-day VWAP</td> <td>The 30-day VWAP</td> </tr> </tbody> </table> </li> <li>Consideration Shares under all issue price scenarios represent less than 15% of MMA's issued share capital and as such MMA will not require Shareholder approval under the ASX Listing Rules to issue those shares</li> </ul>	30-day VWAP per MMA Share	Number of MMA Shares to be Issued to NMS	Issue Price	Less than or equal to \$0.25	13,531,000 / the Issue Price	The higher of \$0.20 and the 30-day VWAP	Greater than \$0.25 but less than \$0.30	54,124,000 shares	\$0.25	\$0.30 or greater	16,237,000 / the 30-day VWAP	The 30-day VWAP
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<b>Impact</b>	<ul style="list-style-type: none"> <li>Post completion and based on the maximum number of shares to be issued, NMS is expected to hold no more than approximately 7.3% of MMA's issued share capital. The Directors of NMS have stated their intention to distribute the cash and Consideration Shares in-specie to NMS Shareholders at some point post Completion</li> </ul>												

<sup>1</sup> The Consideration is based on the business's net asset value as at 30 June 2019 and will be subject to adjustment if the net asset value of the business is different to that amount on Completion.

<sup>2</sup> This assumes that the volume weighted average price of MMA shares in the 30 day period ending on the date that is 2 business days before completion (of the acquisition) is \$0.25 or less, in which case the assumed issue price will be (and the number of shares to be issued will be determined by reference to) to 30-day VWAP, subject to a minimum issue price of \$0.20 per share

# TRANSACTION TIMELINE

Subject to the required conditions precedent being met, completion is expected to occur by October / November 2019





# SUMMARY

- Acquisition of NMS a key platform in MMA's growth strategy
- Enables MMA to deliver a broader service offering to new and existing clients in the subsea sector
- Compelling strategic rationale with strong fit and potential to increase MMA's Return on Assets
- Combined business has the potential to benefit from a recovery in offshore and subsea investment

## REPOSITIONED FOR GROWTH

- 1 RATIONALISE AND STABILISE** ✓
  - Non core assets sold
  - Reduced exposure to commoditised market
  - Restructured debt
  - Strengthened Balance Sheet
  - Reduced costs
- 2 EXPAND OUR CORE CAPABILITY** ✓
  - Operational excellence
  - Safety leadership
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  - Tailored marine solutions
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- 3 GROWTH**
  - Higher margin segments
  - Technically advanced assets
  - **Subsea**
  - Walk to Work
  - Project logistics
  - **Strategic M&A**

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