



Improved buoyancy after capital raising

Company/ASX Code	MMA Offshore Limited (MRM)
AGM date	Thursday 28 January 2021*
Time and location	2:30pm QV1 Conference Centre (Theatrette), Level 2 QV1 Building, 250 St Georges Terrace, Perth, Western Australia, 6000
Registry	Computershare
Webcast	Yes but no participation by viewers. As in previous years a recording of the webcast will be available after the meeting on the company website www.mmaoffshore.com
Poll or show of hands	Poll on all items
Monitor	Geoff Corrick
Pre AGM Meeting?	Yes with Company Secretary Dylan Roberts and Tim Muirhead, Senior Legal Counsel

The individual involved in the preparation of this voting intention has a shareholding in this company and took up the full entitlement in the recent capital raising.

*The company has taken advantage of the COVID-19 relief provisions to hold the AGM as long as seven months from year end. This has given time for the equity raising in November/ December 2020 to be completed for all participants. This avoided the situation which occurred for the 2017 capital raising at a similar time in the meeting cycle where a complaint to the Takeovers Panel was resolved by allowing a postponed meeting).

Item 1	Consideration of accounts and reports
ASA Vote	No vote required

This is an abbreviated report on voting intentions. The ASA hasn't monitored MRM since 2015 when a declining oil price and reduced demand for off-shore vessel services saw the company's fortunes go backwards. Since then, the company has undertaken a number of asset sales and write-downs, and completed two capital raisings, the most recent one in Nov/Dec 2020 after the end of the reporting year under consideration.

The capital raising met all but one of the ASA guidelines with a proportionate number of shares issued under a rights issue at the same price as the placement shares. The missing guideline was that the issue was non-renounceable. In the past about 30% of retail shareholders have responded to a rights issue, but this time, for those with a telephone number known to the registry, approximately 4000 calls were made leading to a 62% take-up by retail shareholders.

All of the recent capital raising has been put towards reducing debt and there has been a restructure of the debt and change of lender mix. \$80m was raised and debt has been reduced by \$93.7m with the inclusion of debt concessions amounting to \$15.1m from lenders leaving the



banking syndicate (see ASX announcement 8 Dec 2020). Revenue growth has been positive for the last two years, and free cashflow has turned positive in the last 18 months. In the first half of FY2020 the company made a planned transition of Deputy CEO David Ross to CEO and subsequently to MD/CEO, taking over from Jeff Weber. The company also completed the purchase of undersea service company Neptune Marine Services with payment in equity. The notice of meeting for this AGM runs to 45 pages with much of it devoted to the performance rights plans. Following an email to the company secretary expressing the hope that a clear explanation of the plan would be provided at the AGM the monitor was invited to a meeting on 20/1/21 largely about the plan (Resolution 5), and the two following resolutions in which grants under the plan to the MD are proposed. Limited other research has been done.

On COVID-19 the company put their existing emergency management plan into action, with some outside advice on medical issues. The emergency management team is still meeting three times a week managing the complex issue of crewing vessels with a variety of home ports in varying jurisdictions, with varying risk management requirements, and with multinational crews often far from home. With vessels at sea a safer haven than some home countries many crew members have chosen to stay aboard for long periods, with the company giving increased pay as compensation.

Item 2	Resolution 1 - Adoption of Remuneration Report
ASA Vote	For

The MD received fixed annual remuneration (FAR) of \$576 844 in cash. The Managing Director agreed to a 10% reduction in FAR during the 2018 financial year (when employed as Chief Operating Officer at that time) and did not receive any increase in FAR when he assumed the role of Managing Director in January 2020. In addition non-cash benefits of \$89 803 were received.

No STIs have been made to any staff since 2015 and any issues of performance rights have not vested as targets have not been met. No dividends have been paid since the final for FY2015.

The LTI plan was re-instated with performance rights valued at \$204 894 and numbering 3 511 454 granted to the MD in June 2020. The vesting date will be 1 July 2022 if performance hurdles are met. No performance rights issued in previous years to the current MD vested during FY2020.

The only matters not in accord with ASA guidelines are the length of the period over which performance is measured and the method of valuation in determining the number of rights issued.

Overall appropriate measures have been in place to restrain remuneration during a period of difficult trading conditions and the resolution is supported.

Item 3	Resolution 2 - Re-election of Ms Eva Alexandra (Eve) Howell as a Director
ASA Vote	For



Ms Howell has been a director since February 2012. The company has already announced that Ms Howell will be retiring as soon as a suitable replacement has been appointed and this resolution retains her expertise and experience on the board until the change occurs.

Item 4	Resolution 3 - Re-election of Mr Peter David Kennan as a Director
ASA Vote	For

Mr Kennan is the founder and CIO of Black Crane Capital which manages a fund which is the major shareholder in MRM. The ASA encourages board members to have a shareholding in the company but the MRM board considers that Mr Kennan's indirect interests do not make him an independent director. Mr Kennan's experience in corporate finance is relevant to the company's present circumstances and the resolution is supported.

Item 5	Resolution 4 – Election of Mr Ian Alexander Macliver as a Director
ASA Vote	For

Mr Macliver was appointed to the board in January 2020 with the intention that he take over as chair with the retirement of Andrew Edwards at the conclusion of the AGM. Mr Macliver is also chair of Western Areas (WSA) and from our monitoring experience there he should make an excellent contribution to the MRM board.

Item 6	Resolution 5 – Approval of MMA Offshore Limited’s Performance Rights Plan – 2020
ASA Vote	For

By agreeing to the adoption of this plan any share issues under the plan are not counted in setting the company's 15% placement capacity.

The plan provides for three different categories of performance rights. For the current financial year grants of rights will only be made in the first two categories.

- retention incentive performance rights (RIPR). These are a one-off issue to give an immediate incentive to two valuable staff members, the MD and CFO, to stay for the next three years. Schedule 1 in the notice of meeting (NoM) shows the performance period starting on 1 November 2020 just before the capital raising and finishing three years later. There are two performance criteria which can be rewarded separately, a retention hurdle and a share price hurdle. ASA only supports the retention element due to the critical circumstances.
- long term incentive performance rights (LTIPR). The terms of these are set out in schedule 2 of the NoM. Vesting depends on one measure, the ratio of share price to net tangible assets, although when read closely a share price target alone can achieve vesting.



Depending on the extent the targets are exceeded the number of shares vested rises proportionately between 50% and 100%.

- short term incentive performance rights (STIPR). This is interesting because the performance period runs in the current financial year so grants will be made after the end of June 2021. But the rights will not vest until the end of FY22 - again a retention incentive. There are two performance hurdles: a group EBIT target (80% weighting) and a group safety target (20% weighting). Although the plan says awards may be made in cash or shares the intention at present is that shares are issued. If an award is made to the MD it will be made at a value of 27% of the FAR. Shareholder approval will be sought in the next financial year if necessary.

The ASA supports the resolution. The hurdles are appropriate for a company of this size and we are pleased to see 100% vesting occurring only on full achievement of a target.

Item 7	Resolution 6 – Grant of Retention Incentive Performance Rights to the Managing Director, Mr David Ross
ASA Vote	For

This resolution, and the following one, are required because incentive shares are being granted to a director of the company. As explained in the previous resolution, this is a one-off grant designed specifically to incentivise retention of a key manager. The number of shares that could vest is 33 500 000, which have been valued at the price of the recent issue - 3 cents. Total potential value is \$1 005 000 which would be 180% of Mr Ross's current FAR. The grant is divided into two parts. Approximately one third, 10 050 000 shares, granted for the three-year retention hurdle, and the remainder for a 9c share price hurdle to be achieved at 31 October 2023.

Item 8	Resolution 7 – Grant of LTI Performance Rights to the Managing Director, Mr David Ross
ASA Vote	For

The total number of LTI Performance Rights proposed to be granted under the Plan is 11,703,556. They are valued at \$351,107 and equate to 63% of the Managing Director's FAR. The rights are valued at the price of the recent share issue, 3 cents per share. The performance period is three years from 1 July 2019. Although the ASA would prefer a longer performance period other aspects of the grant are appropriate.

Item 9	Resolution 8 – Ratification of issue of Placement Shares
ASA Vote	For

The purpose of this resolution is to restore the capacity of the company to make future placements up to 15% of the present issued capital without prior shareholder approval up until 19 November 2021, one year after the last placement. The prohibition lapses after this date.



Item 10	Resolution 9 – Consolidation of Share Capital
ASA Vote	For

A straightforward action which is supported.

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