



HC2 Holdings Announces Definitive Agreement to Sell Global Marine Group, Excluding the HMN Joint Venture, for \$250 Million

January 30, 2020

- Inclusive of the HMN Joint Venture, Combined Total Valuation for the Marine Services Segment of \$390 Million -

- Net Proceeds Targeted for Debt Reduction at HC2 -

NEW YORK, Jan. 30, 2020 (GLOBE NEWSWIRE) -- HC2 Holdings, Inc. ("HC2" or the "Company") (NYSE: HCHC), a diversified holding company, announced today that a subsidiary of Global Marine Holdings, LLC, in which HC2 holds an approximate 73% equity interest, has entered into a definitive agreement to sell 100% of Global Marine Group ("GMG") to an investment affiliate of J.F. Lehman & Company, LLC ("JFLCO"). The sale includes GMG's operating subsidiary Global Marine Systems Limited, a leading provider of offshore engineering services to the telecommunications, renewables, and oil & gas industries, along with several joint ventures, and excludes the previously announced sale of GMG's 49% joint venture with Huawei Marine Networks Co., Limited ("HMN").

Total base consideration for 100% of GMG (excluding HMN) will be approximately \$250 million in cash, subject to customary closing adjustments, plus a potential future earn-out should JFLCO and its investment affiliates achieve a specified multiple of their invested capital. Combined with the previously announced sale of GMG's stake in HMN at a valuation of \$140 million (of which approximately \$85 million will be paid at closing, currently scheduled in the first quarter of 2020, with the remaining interest under a two-year put option), the total valuation for HC2's Marine Services Segment (73% owned by HC2) is \$390 million.

The GMG transaction is expected to close by the end of the first quarter of 2020, subject to customary closing conditions, with proceeds delivered to HC2 at that time. After repayment of approximately \$97 million of pension and debt obligations at GMG, as well as other customary closing adjustments, taxes and transaction fees, HC2 will utilize the net proceeds it receives from the consummation of both the GMG and HMN sales to redeem a portion of HC2's 11.5% Senior Secured Notes (the "11.5% Notes") due 2021. The partial redemptions are expected to occur by the end of the second quarter of 2020.

Post-sale, the remaining 19% interest in HMN that is under a two-year put option agreement will remain as an indirect subsidiary of HC2.

"We are energized to start off 2020 with the completion of the sale process, and there is no question that our patience and persistence has been rewarded with a very strong outcome for HC2 stakeholders," said Philip Falcone, Chairman, President and Chief Executive Officer of HC2. "Over the last five years, we have built a tremendous leading company in the marine services industry, led by Ian Douglas and his GMG team, and we know they will continue to build on their success while under the JFLCO umbrella."

"Importantly, the sale of Global Marine will enable HC2 to take a significant initial step in our plan to de-lever," added Mr. Falcone. "Once the GMG and HMN sales are completed, we will be able to redeem a significant portion of the 11.5% Notes at the HC2 corporate level. We believe this will better

position our capital structure as we continue to be opportunistic and look to monetize additional assets at appropriate valuations, with the explicit goal of further reducing debt.”

“We remain excited about the potential for producing ongoing strong cash flows, while focusing on our expense management, and ultimately realizing longer-term growth opportunities across our overall platform of businesses,” concluded Mr. Falcone.

Deutsche Bank Securities and ABN AMRO acted as M&A advisors to Global Marine in connection with the transaction.

“We’re about to embark on a new chapter for Global Marine Group, and I want to thank the HC2 team for being effective owners of our business. The purchase by JFLCO provides the certainty that we need to continue to build our business across the telecommunications and utilities markets, deepening and widening the service we provide to our customers. We are fortunate to operate in markets that are transforming the world and we support the rising demand for connectivity of global communications and offshore renewable energy sources,” said Ian Douglas, CEO of Global Marine Group.

About HC2

HC2 Holdings, Inc. is a publicly traded (NYSE: HCHC) diversified holding company, which seeks opportunities to acquire and grow businesses that can generate long-term sustainable free cash flow and attractive returns in order to maximize value for all stakeholders. HC2 has a diverse array of operating subsidiaries across eight reportable segments, including Construction, Marine Services, Energy, Telecommunications, Life Sciences, Broadcasting, Insurance and Other. HC2’s largest operating subsidiaries include DBM Global Inc., a family of companies providing fully integrated structural and steel construction services, and Global Marine Systems Limited, a leading provider of engineering and underwater services on submarine cables. Founded in 1994, HC2 is headquartered in New York, New York. Learn more about HC2 and its portfolio companies at www.hc2.com.

About the Marine Services Segment and Global Marine Group

The Marine Services Segment operates under the platform Global Marine Group (“GMG”), which includes Global Marine Systems Limited (“GMSL”), an operating subsidiary of HC2 Holdings Inc. (NYSE: HCHC). GMG is a market leader in offshore engineering and is recognized as a high quality, independent strategic partner across multiple sectors. GMG consists of three business units: Global Marine, providing fibre optic cable solutions to the telecommunications market, CWind, delivering power cable and asset management services topside and subsea, to the offshore renewables and utilities markets, and Global Offshore, delivering the Company’s trenching and power cable laying capabilities within the offshore renewable, utility and oil & gas sectors.

GMG has three successful joint ventures, including two in China, SBSS and HMN, demonstrating the true global reach of the Company. Additionally, CWind Taiwan was formed in 2018 addressing the needs of the fast-growing offshore renewable sector in Asia. The combined experience and knowledge has led to significant embedded intellectual property and an enviable track record.

GMG has an outstanding record in health & safety and proudly hold the RoSPA Order of Distinction, following 19 consecutive years’ of receiving their Gold Standard in recognition of outstanding occupational health & safety standards.

GMG is in a unique position, owning and operating the world’s largest independent marine contracting fleet including three specialist cable installation and repair vessels, four maintenance vessels and 19 CTVs. Additionally, the company has a diverse range of subsea equipment including eight trenchers and working class ROVs.

GMG boasts a number of industry achievements, from installing the first subsea cable in 1850, being part of the consortium that invented the universal joint, and right through to today, finding solutions for client challenges such as low carbon crew transfer vessels for offshore wind farms.

GMG aspires to achieve its vision ‘Engineering a clean and connected future’.

For more information about GMG, GMSL, CWind and Global Offshore, please visit our websites at www.globalmarine.group, www.globalmarine.co.uk, www.cwind.global and www.globaloffshore.co.uk.

Cautionary Statement Regarding Forward-Looking Statements

Safe Harbor Statement under the Private Securities Litigation Reform Act of 1995: This press release contains, and certain oral statements made by our representatives from time to time may contain, forward-looking statements. Generally, forward-looking statements include information describing actions, events, results, strategies and expectations and are generally identifiable by use of the words “believes,” “expects,” “intends,” “anticipates,” “plans,” “seeks,” “estimates,” “projects,” “may,” “will,” “could,” “might,” or “continues” or similar expressions. The forward-looking statements in this press release include, without limitation, any statements regarding our expectations regarding building shareholder value, future cash flow, longer-term growth and invested assets, the timing and effects of redeeming the 11.5% Notes, reducing HC2’s leverage and interest expense, and the timing or prospects of any refinancing of HC2’s remaining corporate debt. Such statements are based on the beliefs and assumptions of HC2’s management and the management of HC2’s subsidiaries and portfolio companies. The Company believes these judgments are reasonable, but you should understand that these statements are not guarantees of performance or results, and the Company’s actual results could differ materially from those expressed or implied in the forward-looking statements due to a variety of important factors, both positive and negative, that may be revised or supplemented in subsequent statements and reports filed with the Securities and Exchange Commission (“SEC”), including in our reports on Forms 10-K, 10-Q, and 8-K. Such important factors include, without limitation, issues related to the restatement of our financial statements; the fact that we have historically identified material weaknesses in our internal control over financial reporting, and any inability to remediate future material weaknesses; capital market conditions, including the ability of HC2 and HC2’s subsidiaries to raise capital; the ability of HC2’s subsidiaries and portfolio companies to generate sufficient net income and cash flows to make upstream cash distributions; volatility in the trading price of HC2 common stock; the ability of HC2 and its subsidiaries and portfolio companies to identify any suitable future acquisition or disposition opportunities; our ability to realize efficiencies, cost savings, income and margin improvements, growth, economies of scale and other anticipated benefits of strategic transactions; difficulties related to the integration of financial reporting of acquired or target businesses; difficulties completing pending and future acquisitions and dispositions; effects of litigation, indemnification claims, and other contingent liabilities; changes in regulations and tax laws; and risks that may affect the performance of the operating subsidiaries and portfolio companies of HC2. Although HC2 believes its expectations and assumptions regarding its future operating performance are reasonable, there can be no assurance that the expectations reflected herein will be

achieved. There can be no assurance that the GMG or HMN transactions will be completed as proposed or at all. These risks and other important factors discussed under the caption "Risk Factors" in our most recent Annual Report on Form 10-K filed with the SEC, and our other reports filed with the SEC could cause actual results to differ materially from those indicated by the forward-looking statements made in this press release.

You should not place undue reliance on forward-looking statements. All forward-looking statements attributable to HC2 or persons acting on its behalf are expressly qualified in their entirety by the foregoing cautionary statements. All such statements speak only as of the date made, and unless legally required, HC2 undertakes no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise.

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