



2021 HALF YEAR RESULTS PRESENTATION

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MATRIXENGINEERED.COM



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OVERVIEW

FINANCIAL

- Revenue \$8.1m for the half (2H FY20: \$4.8m, 1H FY20: \$22.6m) as Matrix begins recovery from weak oil price and COVID-19 impacts on oil & gas industry.
- Improved performance from preceding second half of FY20 - revenue up 69%.
- Underlying EBITDA loss \$2.2m (2H FY20: \$4.9m loss, 1H FY20: \$1.2m).
- Disciplined capital management retaining \$11.5m cash and no trade or term debt (30 June 2020: \$14.7m).

OPERATING

- Strategic pivot to brownfields OPEX to underpin long-term revenue growth.
- Secured Humidur coatings orders post acquisition of business in June 2020.
- Maintaining capability to produce traditional oil & gas products – new riser buoyancy orders a key contributor to first half revenue.
- Recent new contracts with Woodside, Newcrest and WA Govt, in line with diversification strategy.

OUTLOOK

- Targeting more stable and assured revenue streams outside cyclical oil & gas project capex - affirmed by independent strategic review.
- Tangible new opportunities in Resources.
- Anticipate Humidur Coatings growth.
- Positioned well to capture traditional oil & gas tenders as they emerge once COVID-19 situation ameliorates.
- Expect to maintain positive momentum to deliver second half revenue growth.

H1 FY21 FINANCIAL RESULTS

CFO – Brendan Cocks



H1 FY21 FINANCIAL OVERVIEW

		H1 FY21	H2 FY20	H1 FY20
Revenue	\$m	8.1	4.8	22.6
Underlying EBITDA ¹	\$m	(2.2)	(4.9)	1.2
EBITDA	\$m	(3.7)	(43.6)	(0.2)
Net profit/(loss) after tax	\$m	(7.0)	(60.3)	(4.2)
Dividends per share	¢	nil	nil	nil
Operating cash flow	\$m	(0.7)	(1.0)	(4.6)
		31 Dec 2020	30 Jun 2020	31 Dec 2019
Gross cash	\$m	11.5	14.7	20.1
Net cash/(debt)	\$m	11.5	14.7	2.1
Employees ²		72	78	97

- Reduced capex in oil & gas market due to a weak oil price and COVID-19 global impacts abruptly emerged in Q3 FY20, impacting revenue.
- Revenue recovering, with positive trajectory as Matrix targets brownfields OPEX works.
- Improved performance from preceding H2 FY20.
- Continue to focus on cost base to protect cashflow as markets recover and diversification gets traction.

Note: figures may not add up due to rounding.

¹ Underlying EBITDA H1 FY21 excludes foreign exchange losses (\$1.5m). Prior periods for FY20 exclude total foreign exchange losses (\$0.2m) and non-recurring costs (Asset impairment \$36.3m, loss on sale of assets \$1.4m, restructure and obsolescence costs \$2.1m). Net loss after tax in H2 FY20 also includes \$12.6m de-recognition of deferred tax asset.

² Workforce were all on varied contract of 90%.

BALANCE SHEET

\$m	31 Dec 20	30 Jun 20
Cash	11.5	14.7
Trade and other receivables	4.9	5.4
Inventory	7.0	7.6
Property, plant & equipment	18.3	17.4
Intangible and right-of-use assets	15.9	16.3
Other assets	0.8	0.5
Total Assets	58.4	61.9
Trade payables	4.0	2.3
Progress billing	1.2	1.3
Financial and lease liabilities	28.0	28.1
Provisions	1.4	1.3
Other liabilities	0.9	-
Total Equity	22.9	28.9
Net cash/(debt)	11.5	14.7
Net working capital	6.7	9.4

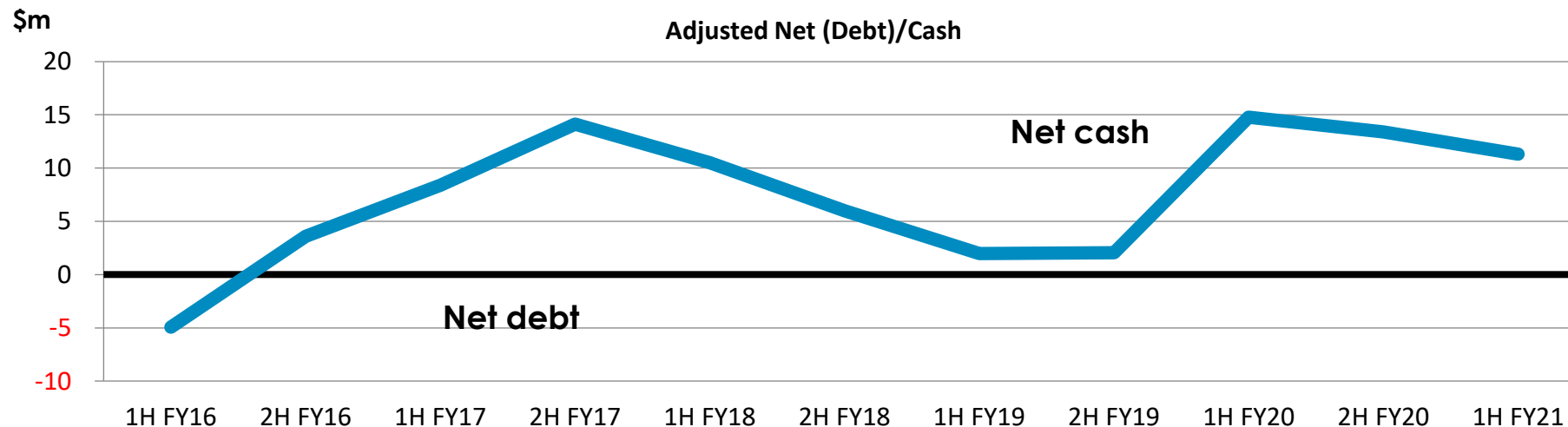
- Balance sheet remains stable, with sound cash position maintained following Humidur Coatings acquisition and broader strategic repositioning of the business.
- PPE and right-of-use assets principally relate to world class advanced manufacturing facility in Henderson.
- Lease liability relates to Henderson facility recognised under AASB 1016.

Note: figures may not add up due to rounding.

CONTINUED PRUDENT CAPITAL MANAGEMENT

- Maintained sound net cash position, including strategic Humidur Coatings acquisition.
- Continue to hold no trade or term debt – only lease liabilities held on Matrix’s balance sheet.
- Strong financial position enables Matrix to continue to progress its strategic pivot to underpin long-term growth.

\$m	31 Dec 20	30 Jun 20
Cash	11.5	14.7
Term debt	-	-
Trade finance debt	-	-
Net cash / (debt)	11.5	14.7
Less:		
Progress claims & deposits	(1.2)	(1.3)
Adjust net cash/(debt)	10.3	13.4



CASH FLOW FROM OPERATIONS

\$m	H1 FY21	H1 FY20
Underlying EBITDA /(Loss)	(2.2)	(0.2)
Receivables	0.5	(5.4)
Trade Payables	1.7	(0.6)
Inventory	0.6	1.4
Deposits / Progress Billing	(0.1)	0.2
Other	(1.2)	-
Cash from Operations	(0.7)	(4.6)
Capital expenditure (incl. R&D)	(1.8)	(1.8)
Proceeds Sale and Leaseback	-	20.0
Net proceeds/(repayment) trade finance, lease	(0.2)	(2.9)
Impact of Exchange rate on foreign currency balances	(0.4)	-
Net Change in Cash	(3.1)	10.7

- Operating cash outflow slightly less than EBITDA loss due to positive movements in working capital balances.
- Capital expenditure included \$1.25m as payment for specialised paint application equipment associated with Humidur Coatings acquisition.

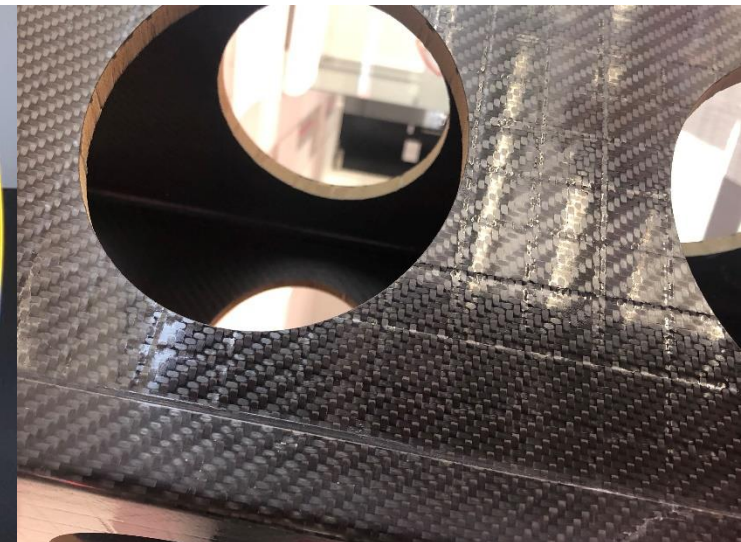
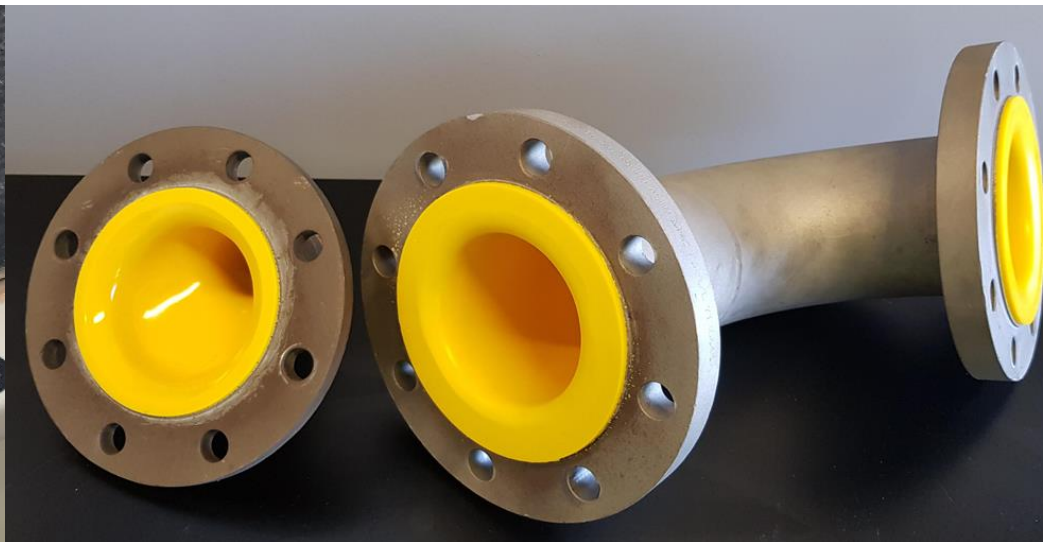
STRATEGY AND OUTLOOK

CEO – Aaron Begley

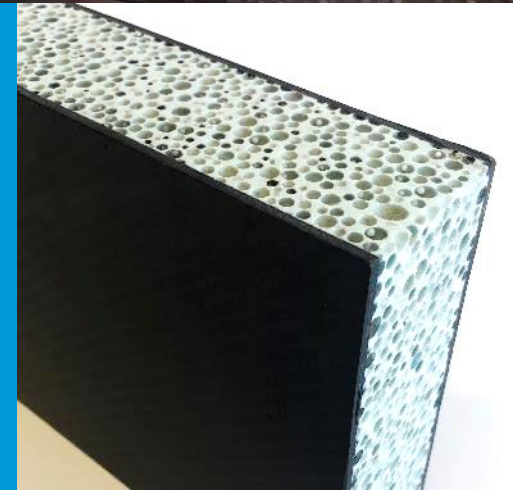


DELIVERING KEY TECHNOLOGIES

LIGHTER • STRONGER • SMARTER



- THERMOPLASTIC COMPOSITES
- CARBON FIBRE
- SYNTACTIC FOAM
- HUMIDUR COATINGS



TECHNOLOGY DEVELOPMENT AS A SERVICE

DELIVERING SOLUTIONS WHERE TRADITIONAL MATERIALS CAN'T



REDUCING OPEX | MINIMISING DOWNTIME | CONTROLLING CORROSION

BUILDING SUSTAINABLE REVENUE



MAINTAINING CAPACITY TO DELIVER IN TRADITIONAL MARKETS



DEEPWATER DRILLING

- *Deepwater rig demand at a 40 year low.*
- *Market projected to see some improvement in demand in 2022/23.*

SUBSEA & SURF

- *Significant investment from South American projects, representing 70% of global market demand.*
- *Some local opportunities likely to start in 2021/22.*

WELL CONSTRUCTION PRODUCTS

- *North American market remains highly cyclical.*
- *Targeting robust Middle East market.*

LONG TRACK RECORD OF PRODUCT DEVELOPMENT

PROBLEM	SOLUTION	1999	2005	2008	2011	MATRIX SALES: A\$1bn
Inconsistency and durability	Matrix Drilling Riser Buoyancy Modules	Development pathway established	API 16F	Expansion of Malaga facility	Henderson facility opened	<ul style="list-style-type: none"> World's largest syntactic foam plant +50% global market share
To reduce coefficient of friction to go further	Well Construction Products	Development pathway established	Max-R product launch	First sales in North America	Global distribution	MATRIX SALES: A\$80m <ul style="list-style-type: none"> Max-R Revolution Centralizers: world depth record
High costs of customised buoyancy	IsoBlox SURF	Development pathway established	Largest syntactic buoy built using IsoBlox	World's largest syntactic installation buoy	US Navy Buoy	MATRIX SALES: A\$30m <ul style="list-style-type: none"> Standardized building block buoyancy system
Downtime with high currents	Matrix LGS	Development pathway established	Scale testing and trials in Canada	First deployment of LGS in the Gulf of Mexico, USA	Extension of LGS technology with first pipeline deployment	MATRIX SALES: A\$15m <ul style="list-style-type: none"> 3 current deployments Default for riser extensions



PROGRESSING STRATEGIC PIVOT

- Australian focussed
- Market size: access the \$10B Australian maintenance market¹
- **Established foothold** in target sectors: LNG, iron ore, battery minerals, gold, other resources
 - ✓ Anti-corrosion coatings, application equipment and technical services
 - ✓ High tech composite material steel replacement solutions
 - ✓ Defence: international syntactic foam technology solution
- **Executing** shift of revenue stream from Greenfields CAPEX to Brownfields OPEX
 - ✓ Newcrest Mining – composite replacement for steel contract
 - ✓ Woodside Energy Technologies – technology development services
 - ✓ Woodside – Humidur Coatings, application equipment and technical services
 - ✓ Inpex – Humidur Coatings and application services

1. Source : BIS Oxford Economics, ABS (October 2020)

STRATEGIC PIVOT – DEVELOPMENTS IN DETAIL

- **Humidur Coatings** (corrosion protection) acquired June 2020
 - 1H FY21 revenue of \$1.7m (storage, distribution and equipment hire).
 - Further orders and new work expected during 2H FY21.
 - Stable income stream → underpinning Matrix's long-term growth.
- **Newcrest** (Cadia Gold Mine) – February 2021
 - Composite replacement for steel componentry in block caving operations.
 - Potential to unlock larger scale contracts with Newcrest and other blue-chip resource companies.
- **Woodside** (Technology Agreement) – December 2020
 - Technology development services (detailed design and engineering and the management and execution of R&D projects, specialised testing, prototyping and manufacturing).
 - Three-year agreement with two one-year options to extend, and no minimum contract value.
- **SOLSAN** – February 2021
 - Secured \$1.5 m contract from the WA Government to produce two prototypes and 10 solar-powered bulk hand sanitiser dispensers (SOLSANTM) in response to COVID-19 pandemic.
 - Success will position Matrix to potentially produce SOLSAN on a commercial scale for both government and private sector clients.

SUMMARY

- Proactively progressed strategic pivot to build sustainable revenue from brownfields OPEX, following strategic review.
- Matrix beginning recovery from weak oil price and COVID-19 global impacts on the oil and gas industry.
- Secured new agreements and contracts in both the energy and resources sectors to build momentum and advance this strategy.
- Maintaining capability to deliver traditional buoyancy and oil and gas market product lines as COVID-19 situation improves.
- Sound cash position with continued focus on disciplined capital management.
- Expect to deliver stronger second half with revenue growth compared to 1H FY21.



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