

# 2021 FULL YEAR RESULTS PRESENTATION

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MATRIXENGINEERED.COM



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# OVERVIEW

## FINANCIAL

- Revenue \$17.6m (FY20: 27.4m).
- Continued global impacts of weak oil price and COVID-19 that abruptly emerged in 2H FY20.
- Revenue recovering, up 17% in 2H FY21 compared to first half, and 98% higher than prior corresponding 2H FY20.
- Underlying EBITDA loss \$4.4m (FY20: \$3.7m loss).
- NPAT loss \$27.9m (FY20: \$64.5m loss) impacted by non-cash asset impairments.
- Focused financial management retaining \$7.2m cash and no trade or term debt (30 June 2020: \$11.5m).

## OPERATING

- Increased traction in strategic pivot to brownfields opex work and expansion into local resources sector.
- Coatings Technology business has grown in line with expectations.
- New drilling riser buoyancy work and SURF orders contributed over half of FY21 revenue.
- Maintained production capability for traditional oil & gas markets.
- Woodside, Newcrest and WA Govt contracts demonstrate capability to develop materials science and advanced manufacturing solutions.

## OUTLOOK

- Continue pivot to more stable and assured revenue streams outside cyclical oil & gas project capex.
- Anticipate continued growth in Coating Technologies business.
- Offshore oil & gas markets are recovering.
- Recently secured new drilling riser buoyancy and LGS work amid oil and gas market recovery.
- Positioned well to capture active tender pipeline in subsea and SURF markets.
- Expect to maintain positive momentum to deliver strong revenue growth in FY22.

# FY21 FINANCIAL RESULTS

*CFO – Brendan Cocks*





# KEY FINANCIAL METRICS

		FY21	FY20 <sup>3</sup>
Revenue	\$m	17.6	27.4
Underlying EBITDA <sup>1</sup>	\$m	(4.4)	(3.7)
EBITDA	\$m	(21.2)	(47.2)
Net profit/(loss) after tax	\$m	(28.0)	(67.9)
Dividends per share	¢	Nil	Nil
Operating cash flow	\$m	(3.9)	(5.6)
		30 Jun 2021	30 Jun 2020
Gross cash	\$m	7.2	14.7
Net cash/(debt)	\$m	7.2	14.7
Employees <sup>2</sup>		65	78

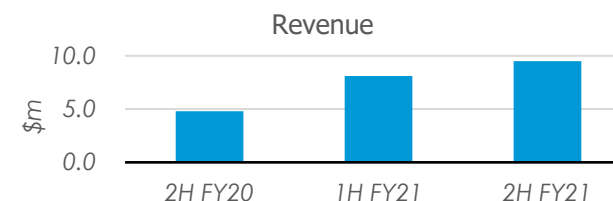
Note: figures may not add up due to rounding.

<sup>1</sup> Underlying EBITDA FY21 excludes foreign exchange losses (\$1.3m) and non-cash asset impairment costs (\$15.0m) and discontinued project write-off prior period (\$0.4m). FY20 excludes foreign exchange losses (\$0.2m) and non-cash costs (asset impairment \$36.3m, loss on sale of assets \$1.4m, restructure and obsolescence costs \$2.1m and prior period non cash adjustment \$3.4m). Net loss after tax in FY20 also includes \$12.6m de-recognition of deferred tax asset.

<sup>2</sup> Workforce were mostly on varied contract of 90%.

<sup>3</sup> P&L comparatives restated for prior year adjustment for Asset Retirement Obligation.

- Revenue reflects lingering impact of weak oil price and COVID-19 that commenced Q3 FY20.
- Revenue recovering with 2H FY21 up 17% on 1H FY21 and momentum securing brownfields opex work.



- Coatings Technologies business growing since acquisition in July 20 (sales of +\$3m Q4 FY21). Helped offset depressed activity in global oil & gas markets.
- Continued focus on cost base and cash position supporting business recovery.

# BALANCE SHEET

\$m	30 Jun 21	30 Jun 20
Cash	7.2	14.7
Trade and other receivables	5.3	5.4
Inventory	6.6	7.6
Other assets	0.3	0.5
<b>Current Assets</b>	<b>19.4</b>	<b>28.2</b>
Property, plant & equipment	8.9	17.4
Intangible and right-of-use assets	8.2	16.3
<b>Total Assets</b>	<b>36.5</b>	<b>61.9</b>
Trade payables	3.0	2.3
Progress billing	2.3	1.3
Employee benefits and lease liability	1.8	0.9
<b>Current liabilities</b>	<b>7.1</b>	<b>4.5</b>
Financial and lease liabilities	27.2	27.7
Provisions & Asset Retirement Obligation	5.1	5.6
<b>Total Equity</b>	<b>(2.9)</b>	<b>24.1</b>
Net cash/(debt)	7.2	14.7
Net working capital	6.6	9.4

Note: figures may not add up due to rounding.

- Positive net cash position. Cash movement includes investment in strategic repositioning of business and Coatings Technologies business acquisition.
- Continue to hold no trade or term debt.
- Non-current accounting adjustments:
  - PPE and right-of-use assets impacted by further accounting impairment on Henderson facility on back of subdued oil and gas market and uncertainty on timing of recovery – full manufacturing capability retained.
  - Recognised ‘make good’ provision for long term Henderson lease (+18 years remaining) under Australian Accounting Standards, including adjustment for prior years.
- Lease liability relates to Henderson facility recognised under AASB 1016.

# CASH FLOW FROM OPERATIONS

\$m	FY21	FY20
<i>Underlying EBITDA /(Loss)</i>	(4.4)	(3.7)
<i>Receivables</i>	0.1	2.9
<i>Trade Payables</i>	0.7	(4.2)
<i>Inventory</i>	1.0	2.2
<i>Deposits / Progress Billing</i>	1.0	1.2
<i>Other</i>	(2.3)	(4.0)
<b>Cash from Operations</b>	(3.9)	(5.6)
<i>Capital expenditure (incl. R&amp;D)</i>	(3.1)	(2.0)
<i>Proceeds Sale and Leaseback</i>	-	20.0
<i>Net proceeds/(repayment) trade finance, lease</i>	(0.5)	(7.3)
<b>Net Change in Cash</b>	(7.5)	5.1
<b>Closing Cash</b>	7.2	14.7

- Operating cash outflow lower than EBITDA loss with positive working capital movement.
- Other outflows largely reflect payments on lease liabilities.
- Capital expenditure reflects cash payments for Coatings Technologies (Humidur) application equipment and project tooling.
- Focused on prudent cash flow and capital management.

# STRATEGY AND OUTLOOK

*CEO – Aaron Begley*





# DELIVERING KEY TECHNOLOGIES

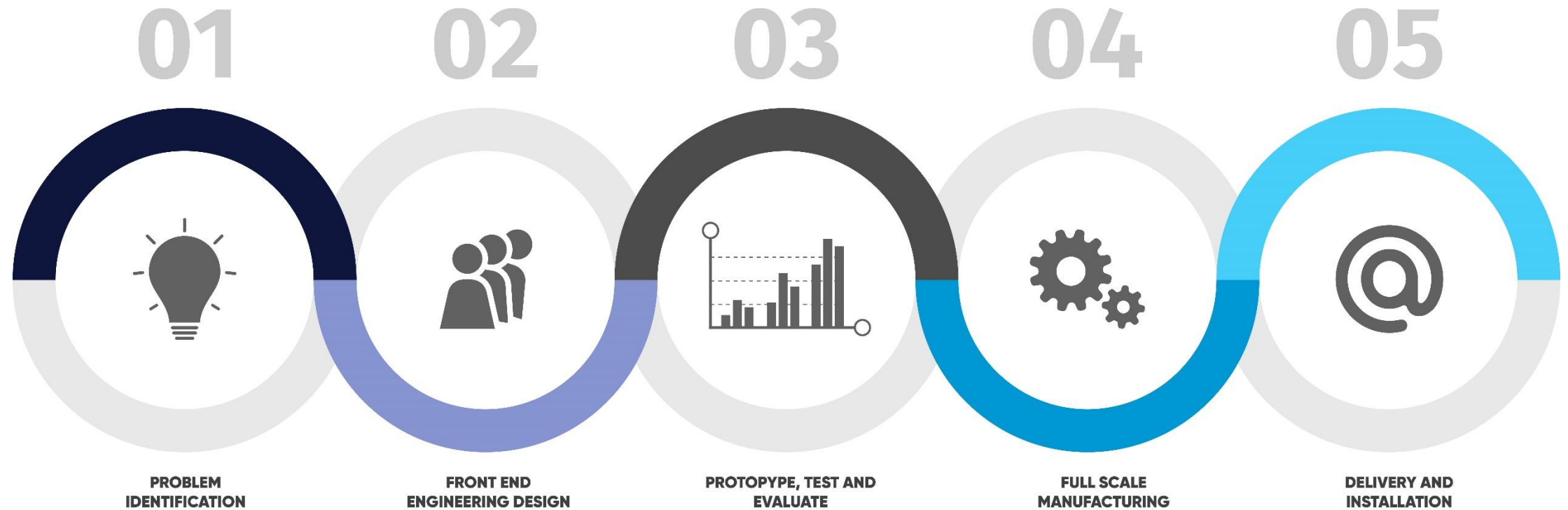
LIGHTER • STRONGER • SMARTER



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

# TECHNOLOGY DEVELOPMENT AS A SERVICE

DELIVERING SOLUTIONS WHERE TRADITIONAL MATERIALS CAN'T



REDUCING OPEX | MINIMISING DOWNTIME | CONTROLLING CORROSION

# ADVANCED MANUFACTURING AND CAPACITY

## LARGEST DEDICATED SYNTACTIC FOAM PRODUCTION FACILITY IN THE WORLD

- *Highly Automated Advanced manufacturing plant to deliver materials solutions.*
- *Produces superior quality composite products at scale within shorter time frames than traditionally possible.*
- *\$130m plant & equipment investment.*
- *Nameplate capacity is 63 Drilling Riser or SURF/Distributed buoyancy “parts” per day.*
- *Based on a 3m<sup>3</sup> volume:*
  - *18,144 parts per year.*
  - *27,216 metric tonnes of buoyancy per year.*
  - *54,432 m<sup>3</sup> of syntactic foam per year.*
- *Largest deepwater hyperbaric testing facility in the southern hemisphere.*
- *Large capacity injection and rotamoulding capability.*





# CONTINUING TO DELIVER IN TRADITIONAL MARKETS



**Deepwater drilling**



**Subsea & SURF**



**Well Construction**

# OIL & GAS MARKET RECOVERY

## POSITIVE INDICATORS



Source: Company Investor Relations, Westwood Analysis - SubseaLogix  
\*Projections are based on our base case outlook which assumes an average of \$57/bbl for 2021 and \$60/bbl for 2022/25.

- Forecast activity in the subsea and SURF markets is trending upwards in certain geographies, emanating from the oil price rebound during 2H FY20.
- Significant improvement in medium term Subsea forecast contract awards following historical lows.
- Visible subsea EPC contract awards over 2021 - 2025 valued at approximately \$76bn.

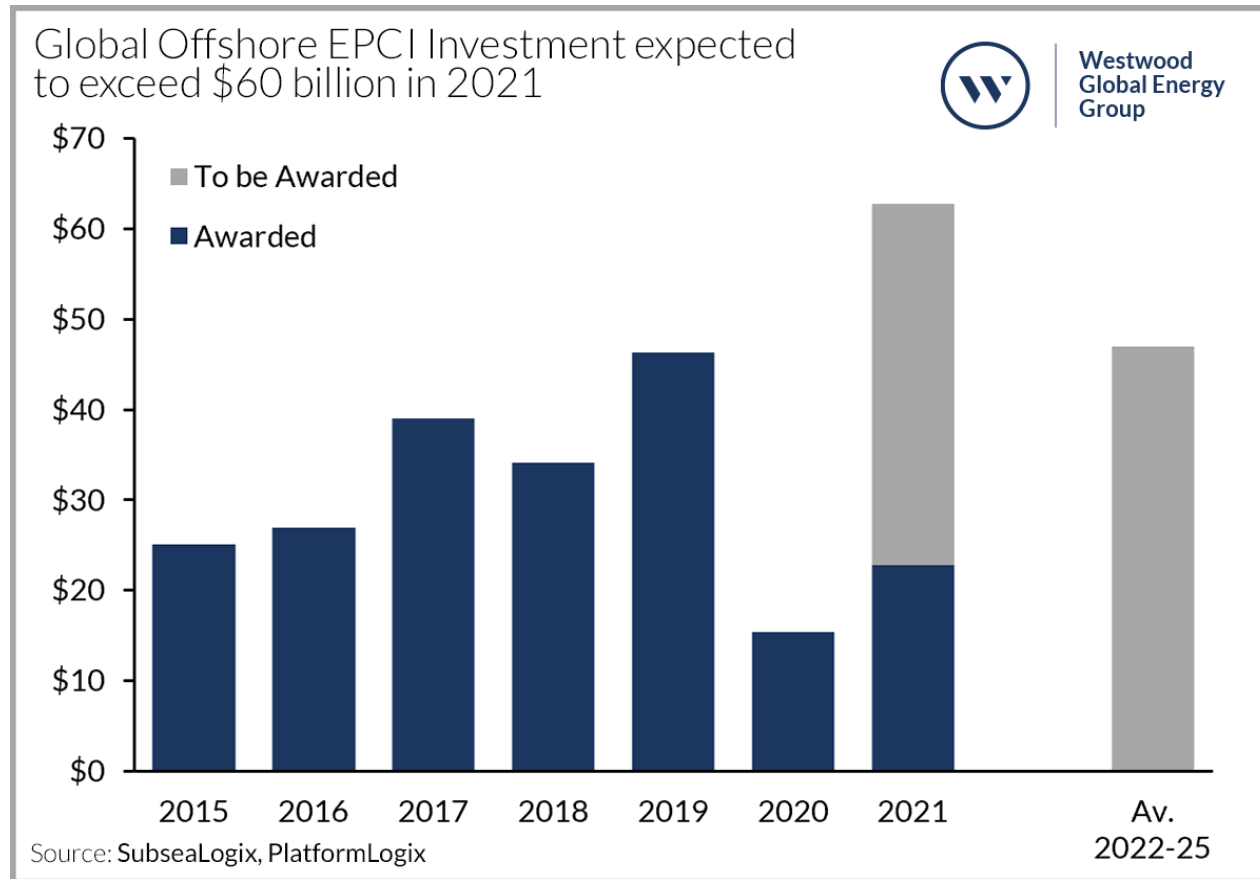
“Assuming oil prices remain supportive, we see utilization and dayrates for our ultra-deepwater assets materially improving as we move into 2022.”

Jeremy Thigpen, CEO TransOcean  
2 August 21 conference call



# OIL & GAS MARKET RECOVERY

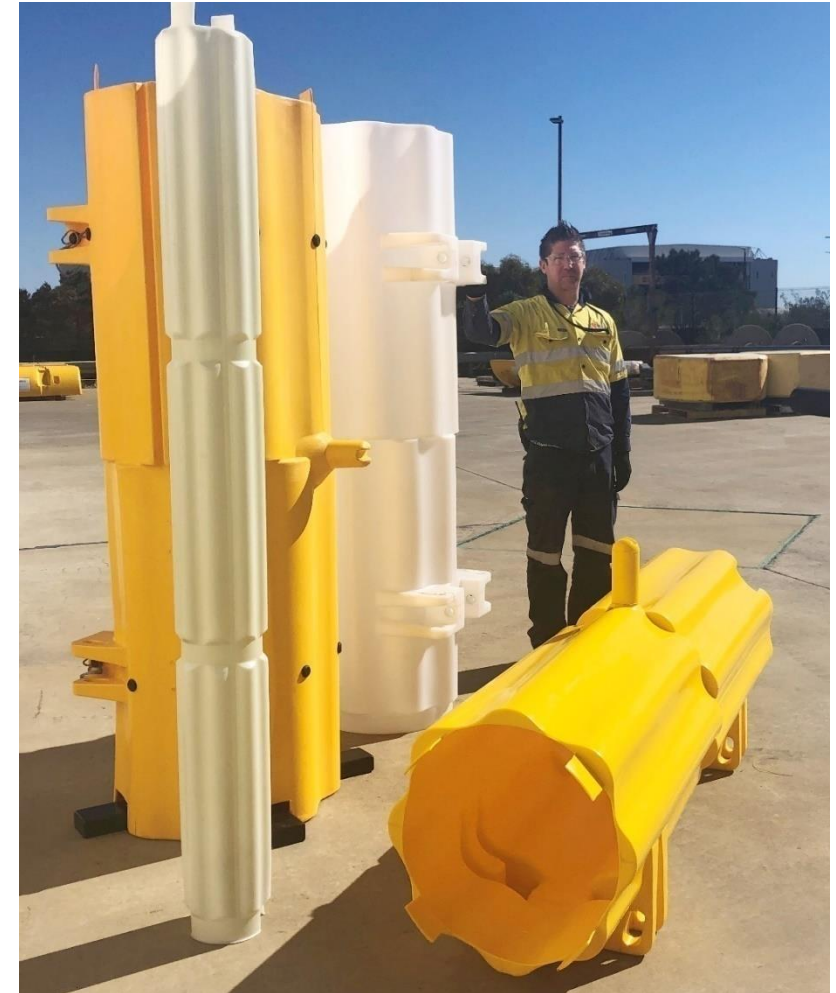
## POSITIVE INDICATORS



- Offshore oil and gas Engineering, Procurement, Construction and Installation (EPCI) investment gaining momentum.
- Global offshore spend expected to reach US\$63.1bn in 2021, on the back of stronger second half project awards (assuming average Brent price at least \$60/bbl).
- This would be the strongest EPCI Investment figure since 2013.
- Estimated average of US\$53.5bn of EPCI value awarded annually over 2022-25.

# SET TO CAPITALISE ON OIL & GAS RECOVERY

- *Increased capability in the SURF and subsea market has expanded the company's accessible global market in the Subsea sector and maintained the businesses leading position in the recovering deepwater drilling sector.*
- *Recently secured two new drilling riser buoyancy and LGS orders to the value ~\$5m in deepwater drilling sector.*
- *Active tender pipeline with buoyancy tenders in play for over \$100m aggregate value in the subsea and SURF markets alone.*
- *Continued positive outlook in FY22.*

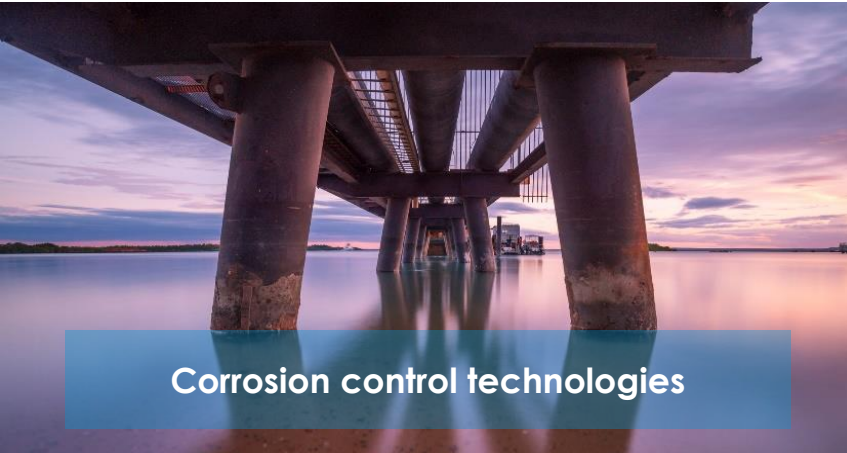


# LONG TRACK RECORD OF PRODUCT DEVELOPMENT

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



# BUILDING SUSTAINABLE REVENUE



Corrosion control technologies



Composite technologies to reduce plant operating expenditure



Through life asset support



Engineered solutions of products to reduce operational downtime



Specialised testing services



Light weighting of structures and steel replacement



# EXECUTING STRATEGIC PIVOT

- **Continuing to execute** shift of revenue stream from Greenfields CAPEX to Brownfields OPEX with Australian focus.
- **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.
- **Key wins**
  - ✓ Woodside, Inpex: Coatings Technology application equipment & technical services.
  - ✓ Newcrest Mining: Cadia Gold Mine composite replacement for steel componentry in block caving operations.
  - ✓ Woodside Energy Technologies: technology development services under 3 year agreement with no minimum contract value.
  - ✓ SOLSAN™: \$1.5 m WA Government contract to produce two prototypes and up to 10 solar-powered bulk hand sanitiser dispensers (SOLSAN™) in response to COVID-19 pandemic.
  - ✓ Active discussions with local resource majors re the use of composites to replace traditional materials.





# SUMMARY

- *Executing to strategy, building a sustainable revenue base from local LNG & Resources brownfields market.*
- *Key agreements in energy and resources sectors building momentum in diversification strategy.*
- *Offshore Oil & Gas Capex is rebounding strongly, expected to reach \$US61bn in 2021, following the 2020 oil price collapse.*
- *Increased capability has broadened Matrix's market reach into the growing subsea production sector and maintained capability in the deepwater drilling sector.*
- *Expect to deliver strong revenue growth in FY22.*



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