



# 2022 HALF YEAR RESULTS PRESENTATION

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BRENDAN COCKS – CFO

*25 February 2022*



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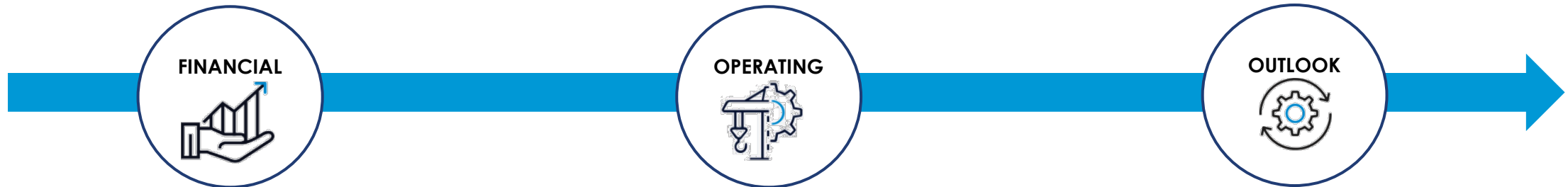
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# 1H FY22 GROWTH MOMENTUM

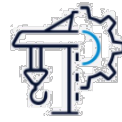


## FINANCIAL



- Revenue \$13.7m (1H FY21: \$8.1m) as recovery in oil & gas market gains momentum
- Growth over preceding 2H FY21 with revenue up from \$9.5m.
- Diversification in revenue across traditional oil & gas, corrosion technologies, advanced materials
- EBITDA loss \$1.0m, down from \$3.7m in 1H FY21 on increased activity
- Focused financial management
  - Current cash balance \$10.5m
  - 31 Dec - \$7.7m cash<sup>1</sup> bolstered by \$4.5m on completion of capital raising in Jan 22
  - No trade or term debt

## OPERATING



- Drilling riser buoyancy, SURF and well construction orders over 60% of 1H FY22 revenue
- Production capability readily available for traditional oil & gas market
- Local market expansion resulting in strong growth in Corrosion Technology business up to 30% of first half revenue
- Advanced materials business gaining traction - announced contracts with Woodside, Newcrest and FFI.

## OUTLOOK



- Increasing activity in offshore oil & gas markets, recovering strongly with oil price at highest point since 2014 and strong capex pipeline
- New drilling riser buoyancy and LGS contracts – recent ~\$14m LOI expected to convert to contract in current quarter
- Tender pipeline strengthening in subsea and SURF markets
- Continued growth in Corrosion Technology business
- Increasing exposure to stable and recurring revenue streams

<sup>1</sup>. As at 31 Dec 2021 - \$3.3m restricted cash (security over Henderson facility).

# H1 FY21 FINANCIAL RESULTS

CFO – Brendan Cocks

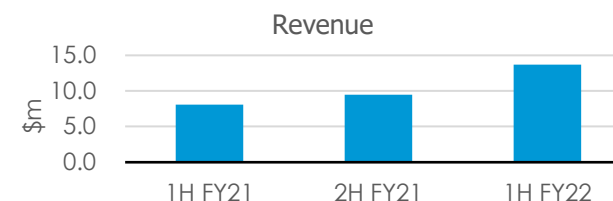
# KEY FINANCIAL METRICS

		H1 FY22	H2 FY21	H1 FY21
Revenue	\$m	13.7	9.5	8.1
Underlying EBITDA <sup>1</sup>	\$m	(1.3)	(2.2)	(2.2)
EBITDA	\$m	(1.0)	(17.5)	(3.7)
Net profit/(loss) after tax	\$m	(3.9)	(21.0)	(7.0)
Operating cash flow	\$m	(0.8)	(3.2)	(0.7)
		31 Dec 21	30 Jun 21	31 Dec 20
Gross cash	\$m	7.7	7.2	11.5
Net cash/(debt)	\$m	7.7	7.2	11.5
Employees		102	65	72

Note: figures may not add up due to rounding.

<sup>1</sup> Underlying EBITDA FY22 excludes foreign exchange (FX) losses (\$0.3m). Prior periods for FY21 exclude FX losses (\$1.3m), non-cash asset impairment costs (\$15.0m) and discontinued project write-off prior period (\$0.4m).

- Revenue building coming out of lingering impact of weak oil price and COVID-19.
- Revenue up 69% on 1H FY21 and 44% on 2H FY21, including coatings and advanced materials.



- Increased activity in traditional oil & gas markets, and Corrosion Technology business revenue growing to \$4.1m, up over 250% from \$1.6m in 1H FY21.
- Narrowing EBITDA loss poised for return to profit, while remaining focused on cost base.
- Positive net cash position, enhanced after period end on completion of capital raising in Jan 22 to support emerging opportunities.

# BALANCE SHEET

\$m	31 Dec 21	30 Jun 21
Cash	7.7	7.2
Trade and other receivables	6.9	5.3
Inventory	6.0	6.6
Other assets	1.0	0.3
<b>Current Assets</b>	21.7	19.4
Property, plant & equipment	7.8	8.9
Intangible and right-of-use assets	8.1	8.2
<b>Total Assets</b>	37.6	36.5
Trade payables	4.9	3.0
Progress claims & deposits	3.3	2.3
Other	2.0	1.7
<b>Current liabilities</b>	10.2	7.1
Financial and lease liabilities	26.9	27.2
Provisions & Asset Retirement Obligation	5.1	5.1
<b>Total Equity</b>	(4.6)	(2.9)
Net cash/(debt)	7.7	7.2
Net working capital	4.7	6.6

- Balance sheet stable, does not include \$4.5m Tranche 2 Placement completed Jan 22.
  - Current Balance \$10.5m
- Continue to hold no trade or term debt. Explore financing opportunities in recovering market
- PPE and right-of-use assets relate to Henderson advanced manufacturing facility.
  - Reflects historical accounting impairments in FY21 and FY20 due to subdued oil & gas market and uncertainty in timing of recovery – full manufacturing capability retained.

Note: figures may not add up due to rounding.

# CASH FLOW FROM OPERATIONS

\$m	1H FY22	1H FY21
Underlying EBITDA /(Loss)	(1.3)	(2.2)
Receivables	(1.6)	0.5
Trade Payables	1.8	1.7
Inventory	0.6	0.6
Deposits / Progress Billing	1.0	(0.1)
Other	(1.3)	(1.2)
<b>Cash from Operations</b>	<b>(0.8)</b>	<b>(0.7)</b>
Capital expenditure (incl. R&D)	(0.6)	(1.8)
Proceeds issue of shares	2.3	-
Net proceeds/(repayment) trade finance, lease	(0.3)	(0.2)
Impact of Exchange rate on foreign currency balances	-	(0.4)
<b>Net Change in Cash</b>	<b>0.6</b>	<b>(3.1)</b>
<b>Closing Cash</b>	<b>7.7</b>	<b>7.2</b>

- Operating cash outflow stemming from EBITDA loss, lowered with positive working capital movement.
- Capex principally relates to payments for Corrosion Technology application equipment and project tooling.
- Proceeds from issue of shares comprise Tranche 1 Placement under \$7m capital raising, with Tranche 2 completing in Jan 22.
- Retained focus on prudent cash flow and capital management, ensuring positioned to pursue new opportunities.

# STRATEGY AND OUTLOOK

CEO – Aaron Begley



# STRATEGY THREE BUSINESS PILLARS

Leveraging oil & gas capability and expertise in materials science and advanced manufacturing to build sustainable revenue in energy and resources



## SUBSEA BUOYANCY

Traditional oil & gas market deepwater drilling, subsea & SURF and well construction products

- Cyclical upswing post COVID and oil price recovery
- Leverage plant and available capacity
- Focus: Brazil, Malaysia, USA, Australia



## CORROSION TECHNOLOGIES

Growing anti-corrosion coating, application equipment and technical services

- Sustainable maintenance and OPEX revenue: Woodside, Inpex, Alcoa Santos and CSBP.
- Local resource sector
- Focus: Brownfields OPEX and sustainment
- Growth: Other composite solutions for corrosion



## ADVANCED MATERIALS

Emerging high tech composite material solutions

- Local resource sector
- Focus: LNG, Iron Ore, Gold, Hydrogen and Renewables
- Lighter, Stronger, Corrosion Free

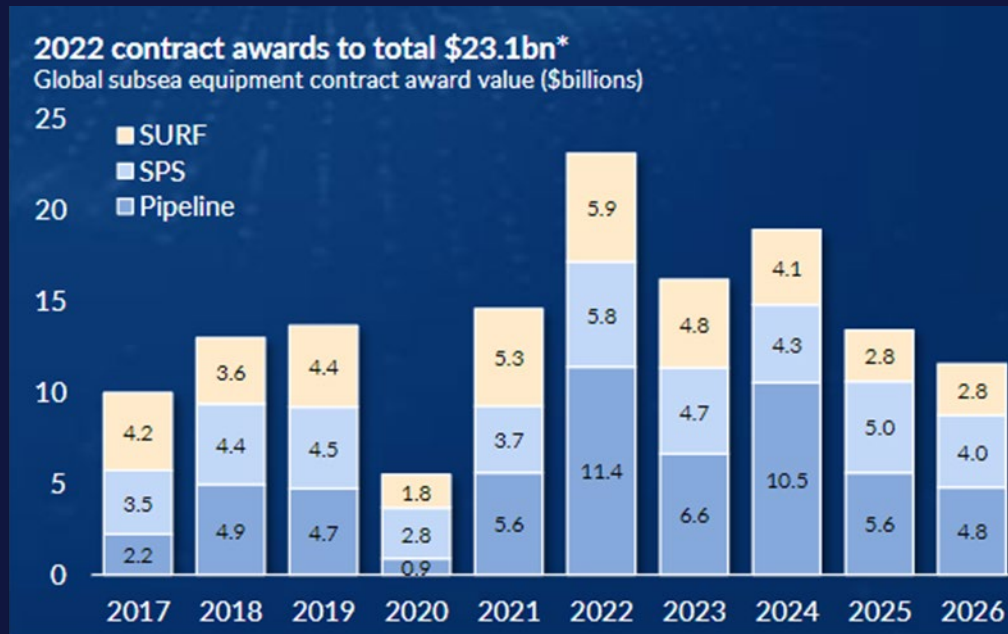


# SUBSEA BUOYANCY

## DRILLING RIG COUNT

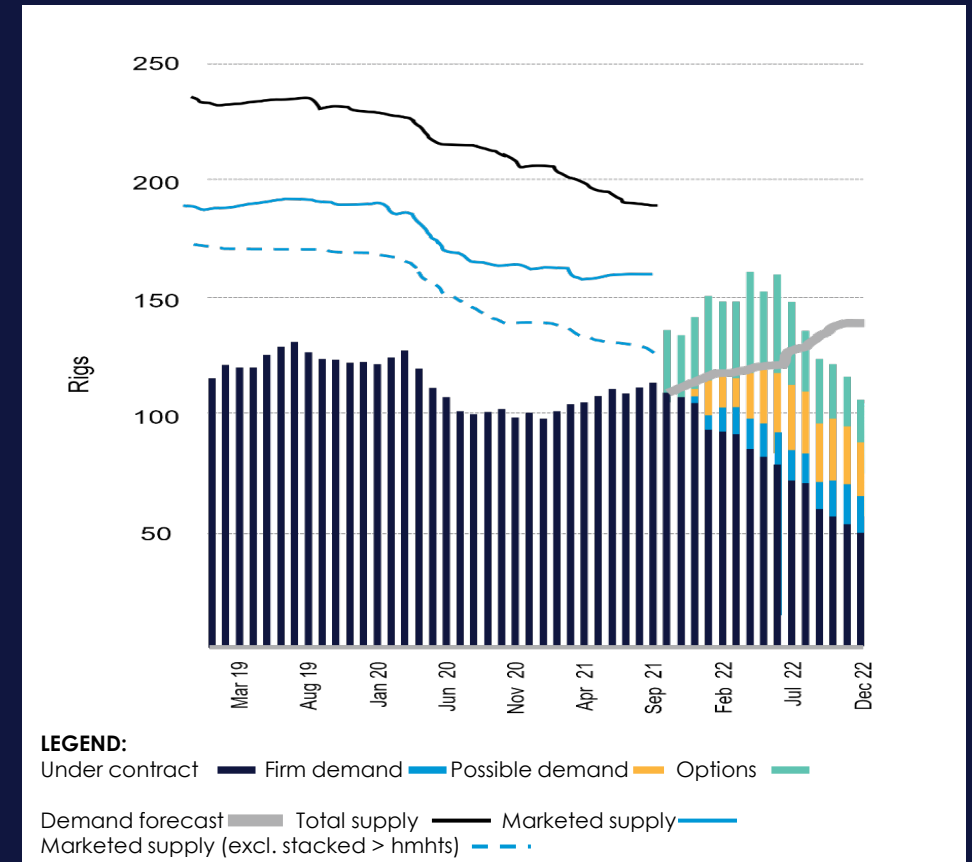
- Substantial increase in rig count
- Back to 2018 levels & growing to 130+ rigs, level not seen since 2016

## GLOBAL SUBSEA SPEND STEPPING UP



Source: Westwood Analysis – SubseaLogix

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Source: Fearnley Securities, IHS-Petrodata



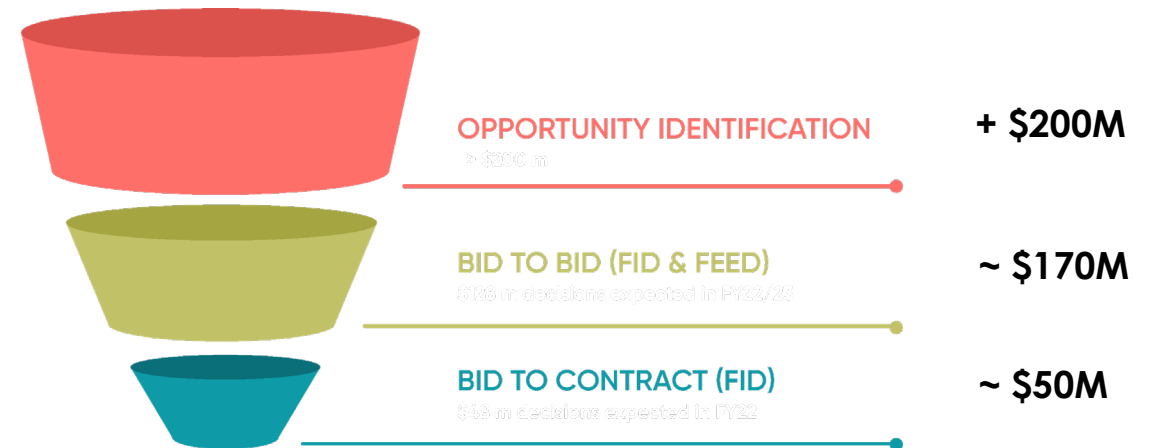
# SUBSEA BUOYANCY

- World's largest drilling riser buoyancy manufacturer
- Manufacture Matrix LGS VIV and drag reduction buoyancy system
- SURF buoyancy used in subsea production risers and flowlines

## MOMENTUM BUILDING

- Recent ~\$14m LOI expected to convert to contract
- Increasing market share in the SURF market using the same processes and technologies as drilling riser buoyancy
- Engagement and quotations with all major international SURF contractors

## OUR SURF PIPELINE (TOTAL = \$220M)



- Pipeline still growing in current environment
- Expect bulk of outstanding bids to be decided in CY 2022
- Focus on Global projects: Petrobras deep water developments; Exxon South America; West Africa Deepwater developments
- Regional projects – Scarborough, Barossa and Dorado





# CORROSION TECHNOLOGIES

Growing anti-corrosion coating, application equipment and technical services

## LOCAL RESOURCES SECTOR

- LNG
- Brownfield developments
- Operational maintenance

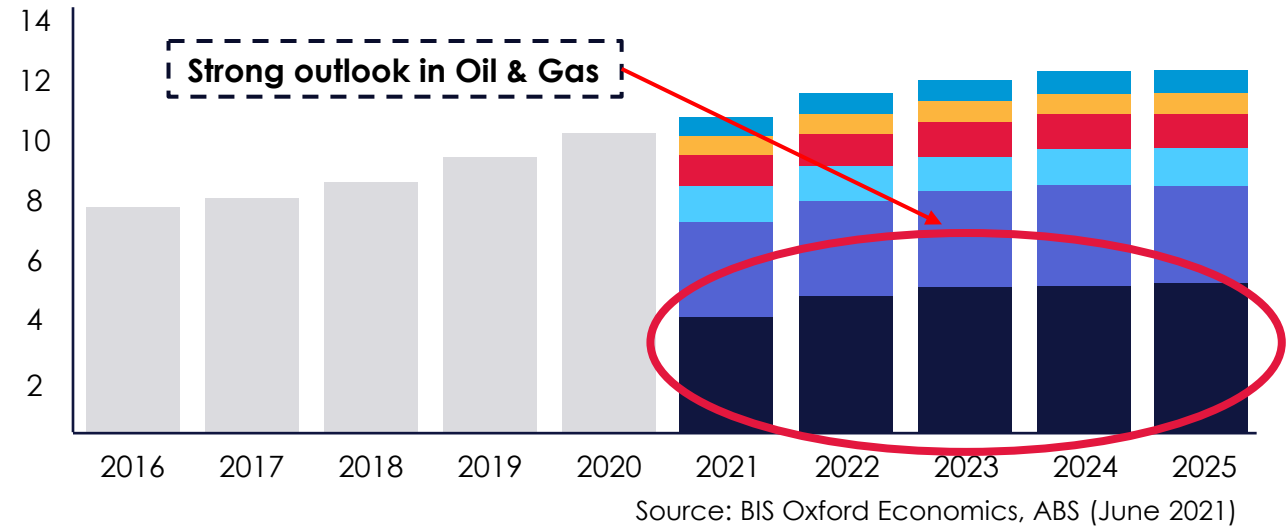
## STRONG PERFORMANCE

- Coatings revenue growing. Up to \$4.1m in H1 FY22 revenue vs \$1.6m in H1 FY21.
- Sustainable, recurring revenue

## KEY TECHNOLOGIES

- Humidur® Coatings
- Composite Repairs
- Equipment
- Roto lining: "Thermoplastic lining"

## Total Maintenance Spend in Australia by Sector (A\$B)



### Legend:

- Oil & Gas
- Coal
- Other minerals
- Iron Ore
- Copper
- Gold



# ADVANCED MATERIALS

*Emerging high tech composite material solutions*

## LOCAL RESOURCES SECTOR

- Iron ore
- Gold
- Battery minerals
- LNG
- Hydrogen
- Renewables

## KEY CLIENTS

- Forrest Future Industries
- Woodside Energy Technologies
- Newcrest Mining
- Active discussions with other major resource companies to add to suite of opportunities

## TECHNOLOGY SOLUTIONS

- Steel replacement in:
  - Mining: ore handling, extraction, processing
  - Green energy: high pressure green hydrogen systems, solar applications
- Entry to exciting market opportunity



**LIGHTER | STRONGER | CORROSION FREE**

- THERMOPLASTIC COMPOSITES
- CARBON FIBRE
- SYNTACTIC FOAM

# POSITIONED TO GROW

- Offshore Oil & Gas sector rebounding strongly:
  - Step up in subsea spend – build FY23 order bank
  - Increase in drilling rigs – Riser Buoyancy market leader
  - Strong capex pipeline
- Increased reach into the growing subsea production sector whilst maintaining deep water drilling capability
- Increasing exposure to stable and recurring revenue base via LNG and resources sectors
- Key agreements in energy and resources sectors building momentum in diversification strategy
- Well positioned to continue momentum to deliver year on year growth in FY22 and FY23

