

23 November 2023

AGM Chairperson's Address and CEO's Presentation

The 2023 Annual General Meeting (**AGM**) of Matrix Composites & Engineering Ltd (ASX: MCE) will be held today at 10:00am (WST).

In accordance with ASX Listing Rule 3.13.3, copies of the Chairperson's address and CEO's presentation that will be delivered at the AGM are attached.

This announcement was authorised for release by Caitlin Flaherty, Joint Company Secretary.

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About Matrix Composites & Engineering

Matrix Composites & Engineering specialises in the design, engineering, and manufacture of composite and advanced material technology solutions for the oil and gas, civil and infrastructure, resources, defence, and transportation industries. With more than 20 years' experience, Matrix has gained a reputation as an industry leader and has become a major exporter of Australian goods and services with customers located all over the world. From its award-winning head office in Australia and offices in the United States, and a global network, Matrix is uniquely positioned to deliver complete turnkey solutions offerings with localised customer support.

More information can be found at www.matrixengineered.com.



23 November 2023

Chairperson's Address to Shareholders 2023 Annual General Meeting

Good morning, ladies and gentlemen and welcome to the 2023 Annual General Meeting of Matrix Composites & Engineering.

Before commencing the formal business of today's meeting, I would like to briefly review the 2023 financial year and performance against our strategic plan. Matrix's Chief Executive Officer, Aaron Begley, will provide a more comprehensive presentation on our operations and outlook at the end of the meeting, with an opportunity for some questions.

I am pleased to report that Matrix maintained its positive growth momentum during the 2023 financial year and delivered its second consecutive year of revenue growth in excess of 60% with revenue exceeding \$47 million. In fact, this was the highest level in the last seven years and was primarily driven by the continued recovery in demand for subsea products and services from increased activity in the oil & gas sector. In addition, our Corrosion Technologies and Advanced Materials businesses continued to evolve, supported by work across the broader energy and resources markets.

At the operational level, strengthening riser buoyancy and growing Subsea Umbilicals, Risers and Flowlines (SURF) demand has seen the core Subsea business awarded over \$90 million worth of contracts since June 2022, with revenue more than doubling to \$36.4m during the 2023 financial year. This was supplemented by the emerging Corrosion Technologies contributing \$9.5 million of steady opex based revenue, and Advanced Materials work deepening into the clean energy market contributing \$1.4 million in revenue.

The strong top line growth translated into improved earnings performance with Matrix returning to profitability. A positive underlying EBITDA of \$0.2 million for the year included \$2.5 million in the second half, which saw the Matrix plant at its busiest level since 2016.

The rebounding oil & gas market and a more positive outlook for the business also resulted in the reversal of \$15.8 million in prior period asset impairments, underpinning a statutory Net Profit After Tax of \$8.7 million for the 2023 financial year.

Importantly, the positive momentum has continued into the 2024 financial year. Already this financial year the business has secured revenue of at least \$70 million from subsea projects alone, which significantly exceeds the Company's 2023 total reported revenue and positions Matrix for another positive year. I would also note, this does not include any of the expected recurring revenue out of the Corrosion Technologies and Advanced Materials businesses, adding to the growth trajectory.

While recovering demand in the energy sector has been key to improved performance, the continued execution of the Company's strategy underpins long term growth and performance. The core strategy has been to leverage Matrix's materials science and advanced manufacturing



capabilities to build revenue across the traditional energy sector, as well as expanding into renewable energy, resources and defence. Maintaining capabilities in traditional energy whilst diversifying and entering new market sectors, including generation of stable recurring revenue streams, has been instrumental in the return to positive growth.

Higher levels of growth require some level of additional capital investment, and to support Matrix's capability to execute on the significant work won in the 2023 financial year and the pipeline of current and future opportunities, the Company strengthened its cash position through a well supported convertible note issue and equity raising during the year. The Company's gross cash position increased to \$20.0 million by 30 June 2023 and has further improved to approximately \$24.4 million at the end of October 2023.

Aaron will discuss the business outlook in his presentation, but I wanted to re-iterate that Matrix is very well placed to continue its revenue and earnings recovery into the 2024 financial year. We have a stronger financial position than this time last year, which supports an increased base of secured revenue already in place, and an active quotation pipeline. Our current orders at this point also underpin continuous production at Henderson until the end of 2024. The Company also continues to leverage its strong energy sector capabilities across new markets, particularly in the clean energy sector.

I would like to conclude with some important acknowledgements on behalf of the Matrix Board. Firstly, our sincere thanks to all of the people at Matrix who have worked hard to deliver the improved results. This includes Aaron and his senior management and all of the Matrix employees and contractors for their efforts in making 2023 a successful year of growth for the Company. I also would like to extend our thanks to our shareholders, both new and existing, for their continued trust and support in our people and our mission to deliver long-term value for our shareholders.

Matrix has entered the 2024 financial year in a stronger position than when we entered 2023, and I look forward to continuing to build upon the positive momentum with continued growth in business activity and profitability.

Peter Hood AO
Chairperson



ANNUAL GENERAL MEETING

23 November 2023

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THE POWER OF ADVANCED MATERIALS **OUR BUSINESS**

Matrix designs, engineers and manufactures engineered products from composite and advanced materials to:

- Deliver **subsea buoyancy solutions** to the world
- Support growth of **renewable energy** sector
- Protect key infrastructure with **corrosion resistant coatings**
- Deliver alternative high tech **advanced materials technologies**

World's largest manufacturer of syntactic foam



Henderson Facility, Western Australia

STRONGER • LIGHTER • SMARTER

THREE BUSINESS PILLARS

CORE TRADITIONAL



SUBSEA

SURF, deep water drilling and well construction. Energy transition opportunity floating offshore wind

EMERGING



CORROSION TECHNOLOGIES

Growing anti-corrosion coating, application equipment and technical services



ADVANCED MATERIALS

Advanced composite material solutions for Renewables / Defence / Resources

CONTINUED TO LEVERAGE OUR MATERIALS SCIENCE & ADVANCED MANUFACTURING CAPABILITIES TO BUILD REVENUE ACROSS TRADITIONAL AND THE EXPANDING ENERGY, RESOURCES AND DEFENCE SECTORS

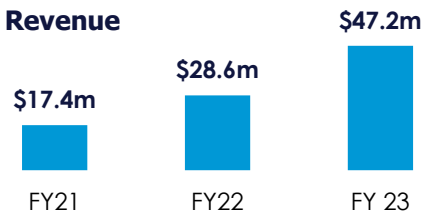
OPERATIONAL STRUCTURE ESTABLISHED TO UNDERPIN LONG-TERM SUSTAINABLE GROWTH ACROSS ALL BUSINESS PILLARS

STRONG GROWTH MOMENTUM



FINANCIAL GROWTH

Revenue



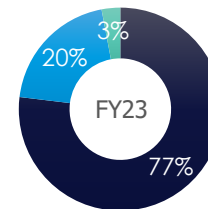
- Return to operating profit FY23, underlying EBITDA \$0.2m, incl. \$2.5m 2H23.
- NPAT \$8.7m incl. \$15.8m reversal of prior asset impairments, given positive market outlook.
- Strengthened financial position with cash on hand 30 Jun \$20.0m (31 Oct 23 : \$24.4m).



OPERATIONAL

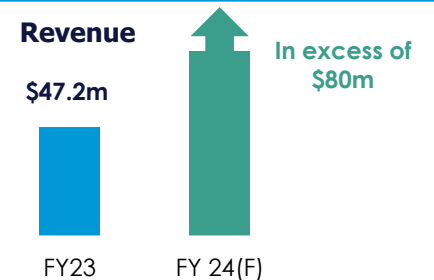
- Subsea buoyancy more than double to \$36.4m in FY23 with increasingly active offshore oil & gas market.
- Corrosion Technologies providing substantial steady opex based revenue.
- Advanced Materials continuing to emerge.

- Subsea Buoyancy
- Corrosion Technologies
- Advanced Materials



OUTLOOK

Revenue



- \$90m+ Subsea backlog with at least \$70m already secured for FY24. Material opportunities add significantly to FY24 and build FY25 base.
- Additional recurring revenue +\$10m p.a from Corrosion Technologies deepening reach into energy, resources markets and Advanced Materials clean energy emerging.



DELIVERING ON STRATEGIC OBJECTIVES - GROWTH

- Growing share of Subsea market, technology a key differentiator
- Demand outlook remains strong and sustained for the foreseeable future
- Market leader in deepwater drilling applications
- Actively bidding into emerging offshore floating wind market

KEY CLIENTS

Baker Hughes 

subsea 7

 SAIPEM

 TechnipFMC











DELIVERING ON STRATEGIC OBJECTIVES - REVENUE DIVERSITY

- Increased diversity of revenue from Corrosion Technologies and Advanced Materials
- Will significantly contribute to FY24 and expected to grow in FY25
- Revenue from defence, hydrogen, resources, civil and marine sectors



KEY CLIENTS





DELIVERING ON STRATEGIC OBJECTIVES - PIPELINE

- Backlog has grown to \$90m +
- Base load production until the end of CY24
- Pipeline of work growing across SURF, drilling, renewables, opex and defence
- Advanced Materials opportunities in renewables and defence likely to materially diversify revenue in FY25





APPLICATIONS ACROSS OIL & GAS AND RENEWABLES

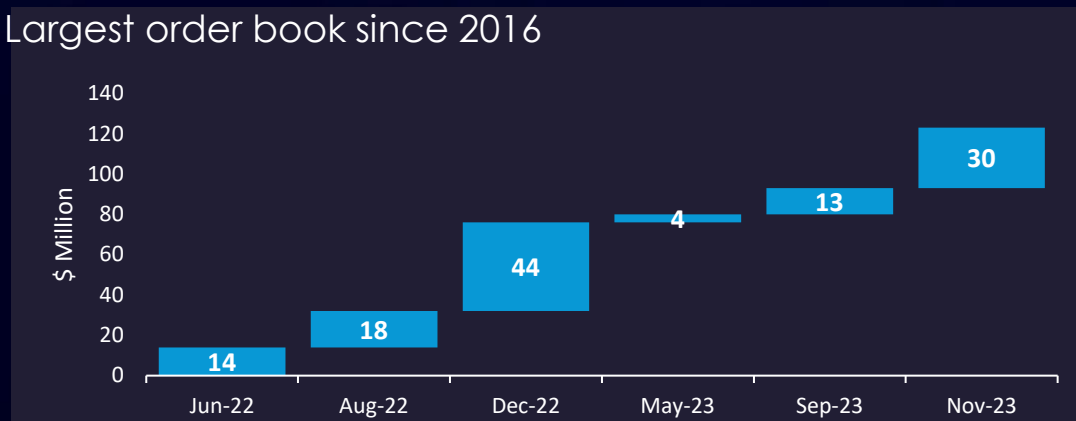
SUBSEA

FOCUS - MOMENTUM BUILDING

- Buoyancy (syntactic foam) for:
 - Deepwater drilling
 - Subsea umbilicals, risers and flowlines (SURF)
 - Offshore floating wind turbines and infrastructure
- Matrix LGS VIV and drag reduction buoyancy system

\$123M OF CONTRACT AWARDS TO MATRIX SINCE JUN '22

Largest order book since 2016

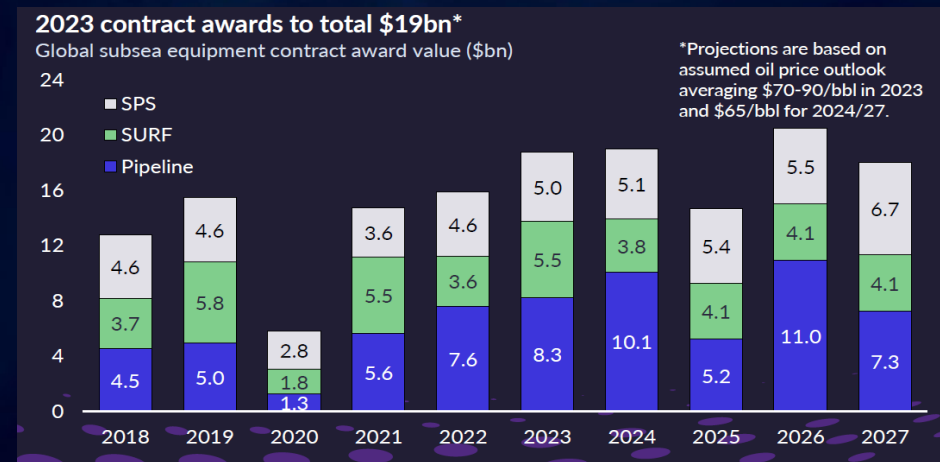


STRONG QUOTATION PIPELINE



- Bulk of Bid-to-Contract opportunities remain strong.
- Bid to Bid focus - existing clients, demonstrated project capabilities
- Converted +\$45m, no major opportunities lost since Aug'23

GLOBAL SUBSEA SPEND



Source: Westwood Analysis – SubseaLogix



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CORROSION TECHNOLOGIES

TECHNOLOGY SOLUTIONS

- Humidur® coatings
- Composite repairs
- Equipment
- Rotolining: Thermoplastic lining

LOCAL RESOURCES SECTOR

- LNG
- Brownfield developments
- Operational maintenance

PROGRESS

- Established client base in WA and NT
- New sales into East Coast and PNG

KEY CLIENTS



RioTinto





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ADVANCED MATERIALS

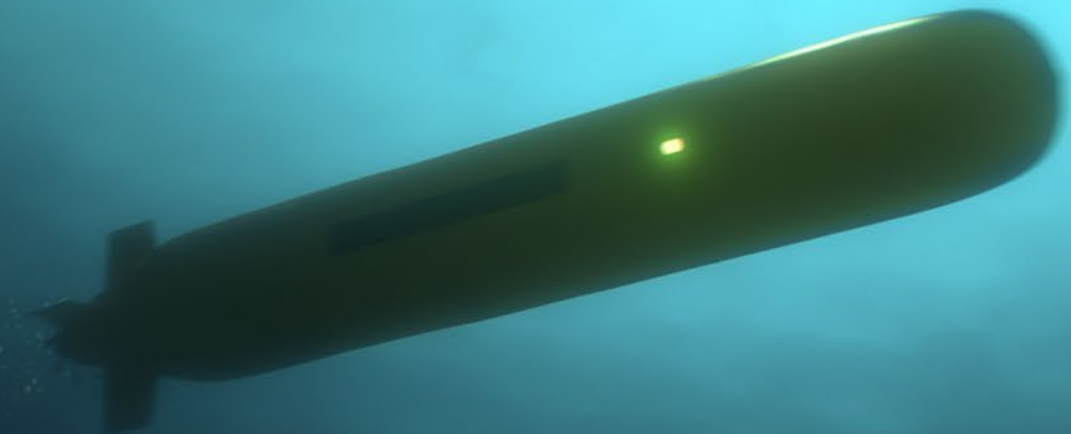
TECHNOLOGY SOLUTIONS

- Syntactic foam for Unmanned Underwater Vehicles
- Steel replaced and advanced composites applications
- Development and supply of manufactured components for electrolyser production

AUSTRALIAN INDUSTRY SECTORS

- Defence
- Resources: Iron ore, LNG, Gold
- Energy Transition: Hydrogen, Solar, Wind

KEY CLIENTS



THE POWER OF ADVANCED MATERIALS

MATRIX'S GROWTH PROPOSITION



Strong revenue expansion delivered; future growth secured



Recurrent accretive revenue via Corrosion Technologies sustainment work



Strengthening subsea market, capitalising on oil & gas recovery



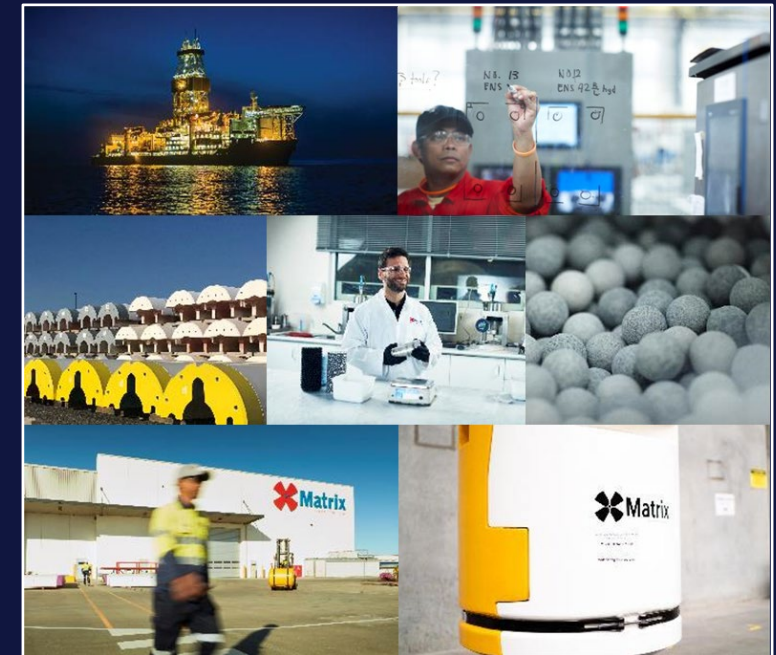
Rising level of renewable, clean energy work with increasing opportunities



State of the art manufacturing plant with **world's largest syntactic foam production capacity**



Funded for growth and ramp up in activity across energy and resources





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