ASX announcement

29 January 2018

# Matrix continues to deliver on diversification strategy

Matrix Composites & Engineering Ltd (ASX:MCE, "Matrix" or the "Company") is pleased to provide an update about further progress achieved under the Company's diversification strategy.

1. Matrix has signed an exclusive, three-year partnership agreement with WA-based company Tunnelwell for the manufacture of its patented arched stormwater systems, with initial orders for at least $2 million.

2. Matrix has received a Letter of Intent from a bulk freight operator for a proposed $2 million contract to develop and manufacture up to 10 prototype composite bulk transportation systems.

3. Matrix has successfully completed a $4 million contract to design, test, manufacture, and install approximately one kilometre of its MarineShield LGS™ covers at various locations on an existing gas export pipeline situated offshore in Australia.

Matrix Chief Executive Officer Aaron Begley said: "These developments demonstrate further positive steps being made under Matrix's diversification strategy, with the expansion into new products and markets to reduce our reliance on cyclical oil and gas growth capex products over time.

"The Tunnelwell and bulk freight projects demonstrate how we can combine Matrix's proven capabilities in advanced materials and technology with our intellectual property and the most advanced composite manufacturing facility in Australia to develop valuable products.

"Meanwhile, the recently completed offshore pipeline job proves the ongoing versatility of our LGS product by successfully applying it at shallow depth for the first time, an area that is receiving greater attention and investment from oil and gas producers."

## Tunnelwell manufacturing agreement

Matrix has signed a three-year manufacturing partnership agreement, as the primary manufacturing partner for Tunnelwell, a Western Australian-based water management products company that manufactures the Tunnelwell® arch stormwater system.

Matrix's initial minimum order for Tunnelwell® products is in excess of $2 million over 24 months, with the potential for a growing number of orders over the next 12 to 18 months.

MATRIX COMPOSITES & ENGINEERING LTD
150 Quill Way, Henderson, WA Australia 6166 T +61 8 9412 1200 Fax: +61 8 9412 1299 ABN 54 009 435 250
PO Box 87, Wattleup, WA Australia 6166 matrix@matrixengineered.com www.matrixengineered.com

The Tunnelwell® arch system is manufactured from roto-moulded polyethylene, with a patented and fully tested design that negates the requirement for the use of geotextiles and blue metal structural support. Its quick installation and ease of maintenance has resulted in Tunnelwell gaining traction across a number of WA projects. Tunnelwell selected Matrix due to its substantial experience in the manufacture of technically challenging composite and polymer products.

As a result of the agreement, Matrix will install a state of the art roto-moulding system in the Henderson facility capable of making large, hollow formed plastic structures. The system, which will enter production in the June quarter, will cost approximately $1.4 million. Importantly, the installed roto-moulding capability will be complementary to Matrix's oil and gas products including SURF, LGS, and other engineered products.

## Bulk freight systems

Matrix has received a Letter of Intent from a bulk freight company for the development and manufacture of a unique composite bulk transport system.

Under the proposed initial $2 million award, Matrix will develop and manufacture up to 10 prototype systems at its Henderson facility. These will be used for trials on the customer's various freight routes.

The systems will be manufactured from a composite material, which has lightweight, rigid, and fabrication advantages compared to traditional materials such as steel, producing a product that significantly increases freight load capacity that is ideal for bulk transportation.

## LGS project

Matrix has recently completed the design, testing, manufacture, and installation of approximately one kilometre of MarineShield LGS™ covers across various locations on an existing Australian offshore gas export pipeline.

Under the $4 million contract, awarded in August 2017, Matrix installed MarineShield LGS™ covers to various sections of the existing pipeline at a depth of approximately 200 metres using an unmanned remotely operated vehicle (ROV) and tooling provided by Oceaneering. The MarineShield LGS™ covers were lowered on a cartridge system, removed by the ROV, and snapped into place around the existing pipe.

The MarineShield LGS™ covers were installed to reduce fatigue along sections of the pipeline that were unsupported, also known as the "freespan areas". These freespan areas are common on pipelines due to the scouring effect of tidal currents that remove soil under sections of the pipeline. The unique, low profile features of MarineShield LGS™ are designed to minimise current induced vortex induced vibration (VIV) and drag, thereby reducing fatigue on the pipeline and increasing its life. According to the client, MarineShield LGS™ is the only product

on the market with this combination of features, making it ideal for subsea pipeline applications that require freespan correction of this nature.

The contract was in line with growing interest for improved stabilisation on existing installed subsea structures. Matrix LGS™ can be used to reduce drag, fatigue, and improve stability wherever a tubular structure is affected by currents and tides, including oil and gas pipelines as well as risers, jetties, bridges, marine structures, and offshore wind turbines. Matrix is currently in the process of offering this technology to other subsea pipeline operators at offshore oil and gas fields both in Australia and internationally.

-ends-

## For further information please contact:

**Investors**

Aaron Begley
Chief Executive Officer
Ph: +61 8 9412 1200
Email: aaron.begley@matrixengineered.com

Brendan Cocks
Chief Financial Officer
Ph: +61 8 9412 1200
Email: brendan.cocks@matrixengineered.com

**Media**

James Tranter
FTI Consulting
Ph: +61 8 9485 8888
Email: james.tranter@fticonsulting.com

## About Matrix Composites & Engineering

From its headquarters in Australia's largest composite manufacturing facility in Henderson, Western Australia, Matrix Composites & Engineering ('Matrix') manufactures and supplies engineered products, functional additives, and advanced materials to the Energy, Resources, Civil and Infrastructure, and Defence sectors. Matrix has an established reputation for developing and utilising advanced composite and polymer materials and technologies to develop products and systems that are easier and safer to use, improve productivity, and are more durable.