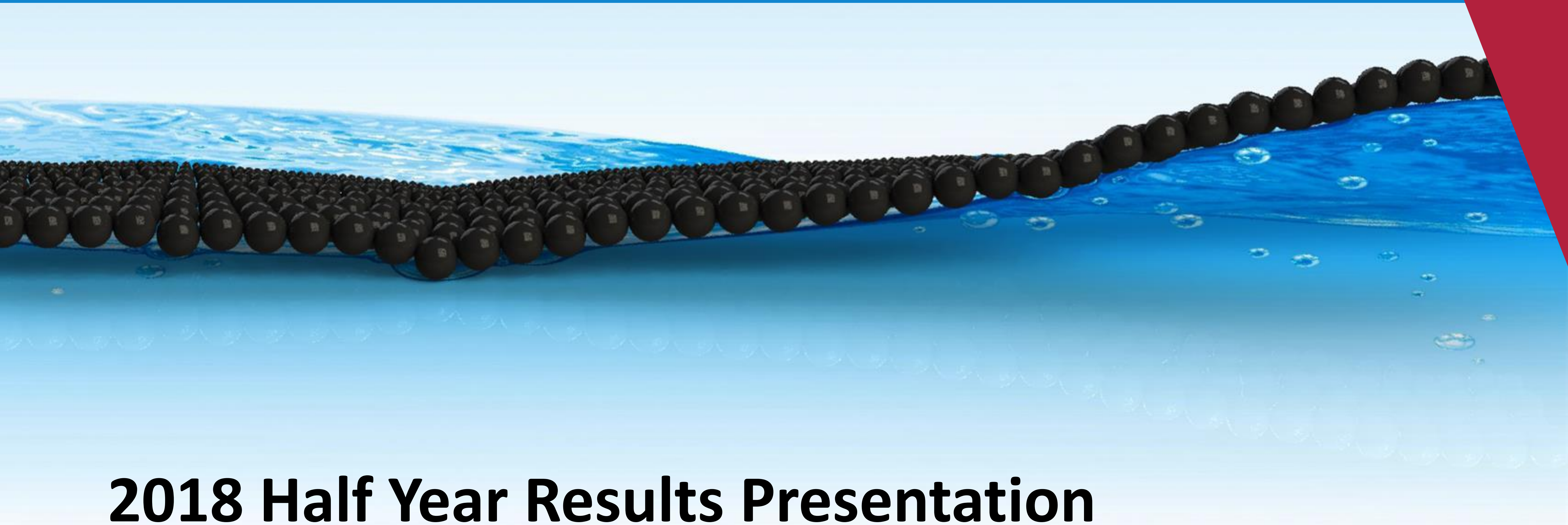

2018 Half Year Results Presentation

MATRIX COMPOSITES & ENGINEERING

Aaron Begley – Chief Executive Officer

Brendan Cocks – Chief Financial Officer

22 February 2018

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Overview

Financial

- Strong growth in revenue from products and services targeting non-cyclical oil and gas expenditure in production, maintenance and rectification works.
- Underlying EBITDA[1] loss of $2.6m, reflecting expected subdued earnings in FY18.
- Maintained a solid balance sheet position, with adjusted net cash[2] of $10.5 million at 31 December 2017.
- No term debt.

Operating

- Continued excellent safety record – no LTI's since May 2014.
- Installed 1km of Matrix's MarineShield LGS™ covers at various locations on an existing gas export pipeline in offshore WA under a $4m contract.
- Record half for MaxR™ range of centralisers, used in shale and horizontal wells.
- Installing roto-moulding system to deliver on 3-year manufacturing agreement; complementary to SURF, LGS™, and other engineered products.

Outlook

- Continuing to deliver on initiatives under diversification strategy aimed at delivering sustainable revenue growth across the business.
- Targeting 4 strategic areas – Energy, Resources, Civil & Infrastructure, and Defence.
- Improving energy sector outlook, with opportunities in SURF, LGS™, and MaxR™.
- Generating early momentum in other growth markets, including $4 million in new agreements announced in January 2018 within civil and infrastructure sector.

[1] Underlying EBITDA excludes $0.3m in foreign exchange gains.
[2] Adjusted net cash comprises Cash less Financial Debt less Progress Claims and Deposits.
Note: LGS™ is a registered trade mark of AMOG Technologies Pty Ltd. Matrix has the exclusive world-wide licence to commercialise LGS

Delivering against strategic priorities

FY18 priority	Status
Expand into new products and markets away from the cyclical oil & gas growth capex products.	Vast majority of H1 FY18 revenue from production, maintenance, and rectification projects.
Continue commercialisation of LGS™ in the Energy and Defence markets.	Completed $4m LGS™ project at a WA offshore pipeline. Active tenders on new opportunities.
Ongoing expansion of SURF for tie-backs, brownfields, and infield developments and IMR.	SURF largest component of H1 FY18 revenue mix. Targeting new projects to build on this momentum.
Advancing products and services outside of energy sector.	$4m in new agreements within growth markets announced in January 2018.
Ongoing R&D to identify further applications using existing facility and capability.	Product development using existing facility and materials (e.g. LiCos™).

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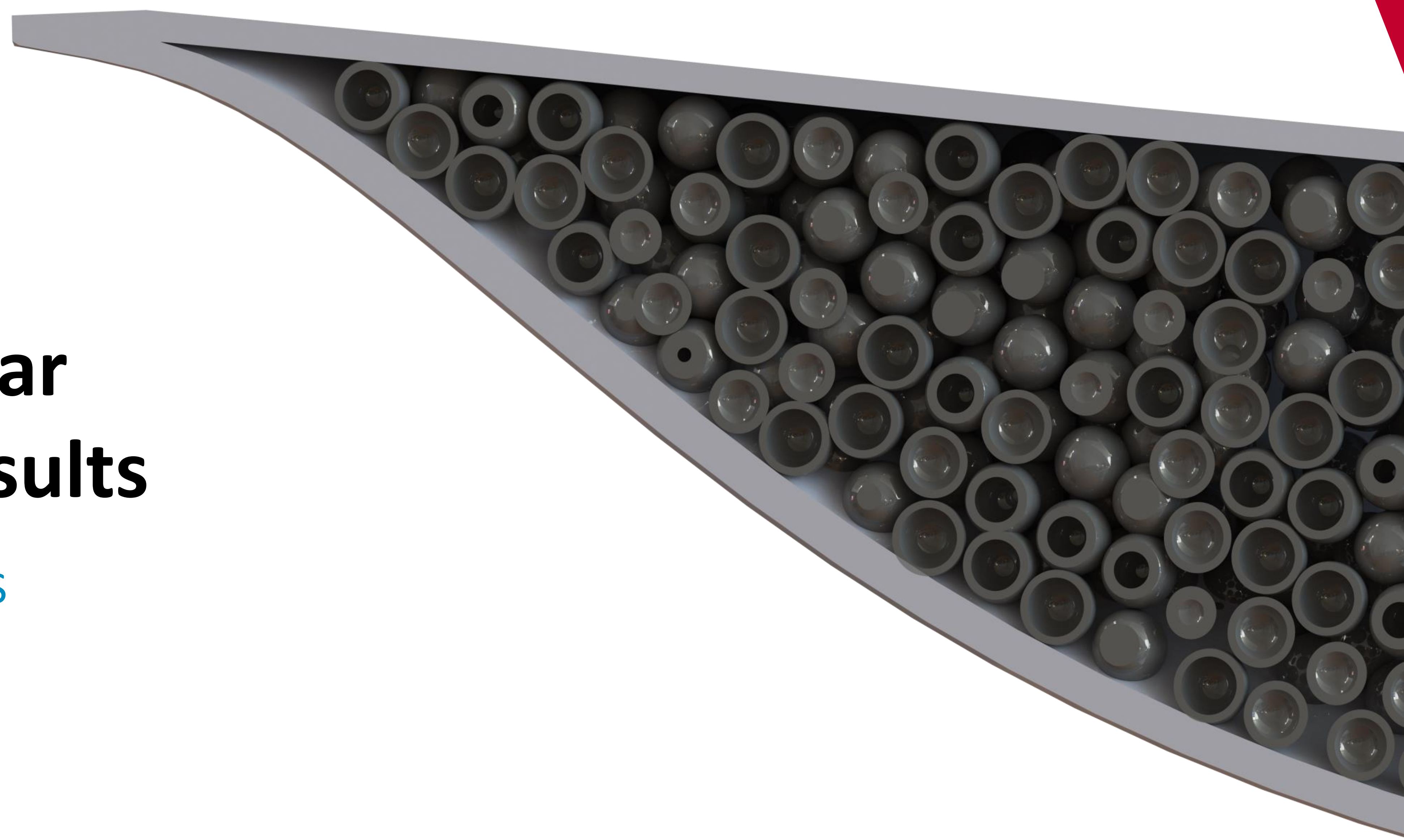

FY18 Half Year Financial Results

CFO – BRENDAN COCKS

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Key financial metrics

		1H FY18	2H FY17	1H FY17
Revenue	$m	11.9	10.2	22.9
EBITDA	$m	(2.3)	(5.7)	(9.9)
Underlying EBITDA[1]	$m	(2.6)	(3.4)	(1.0)
Net profit/(loss) after tax	$m	(6.6)	(7.1)	(12.4)
Earnings per share	¢	(7.0)	(7.6)	(13.2)
Dividends per share	¢	nil	nil	nil
Operating cash flow	$m	(3.3)	5.8	5.6
		31 Dec 2017	**30 Jun 2017**	**31 Dec 2016**
Gross debt	$m	(0.5)	(1.5)	(3.8)
Adjusted net (debt)/cash	$m	10.5	14.1	8.4
Employees		74	68	105
Order book	US$m	19	18	22

- Revenue impacted by ongoing subdued demand for riser buoyancy products given historically weak oil and gas prices.
- Improved revenue and earnings compared to preceding 6-month period.
- ~80% of revenue from products used in production, maintenance, and rectification projects, reflecting growth outside of riser buoyancy.
- Order book of US$19m at 30 June 2017 – majority relates to FY19/20 following client deferral announced on 23 June 2017.

[1] As in prior years, Underlying EBITDA excludes foreign exchange losses and non-recurring costs.

Underlying EBITDA

$m	1H FY18	2H FY17	1H FY17
Statutory EBITDA	(2.3)	(5.7)	(9.9)
Non cash impairment charge	-	-	6.4
Exit of leased premises (termination & make good)	-	0.1	1.2
Redundancy costs	-	0.8	1.2
Foreign exchange loss/(gain)	(0.3)	1.4	0.1
Underlying EBITDA	**(2.6)**	**(3.4)**	**(1.0)**

- Only a small foreign exchange impact between headline and underlying EBITDA in 1H FY18.
- All unrequired leased premises exited.
- Reached level whereby Matrix has been right-sized to meet market demand whilst retaining capability and ensuring adequate operational capacity to deliver on projects and strategy.

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Balance sheet

$m	31 Dec 17	30 Jun 17	31 Dec 16
Cash	11.6	16.6	14.3
Trade and other receivables	10.1	6.4	19.5
Inventory	7.9	8.7	8.6
Property, plant & equipment	71.4	73.7	77.5
Intangible Assets	2.6	2.8	2.8
Deferred tax (net)	12.6	12.6	9.1
Other assets	0.7	0.4	0.5
Total Assets	**116.9**	**121.2**	**132.3**
Trade payables	6.3	3.0	3.4
Progress billing	0.6	1.0	2.1
Financial liabilities	0.5	1.5	3.9
Provisions	(1.0)	0.9	1.7
Total Equity	**110.5**	**114.8**	**121.2**
Adjusted net cash/(debt)	10.5	14.1	8.4
Net working capital	11.1	11.1	22.6

- Solid cash position, with reduction reflecting operating loss and investment in growth initiatives.
- Increased trade receivables / payables reflected higher work levels in Dec 17 quarter.
- Continued to maintain modest level of liabilities.
- No term debt.

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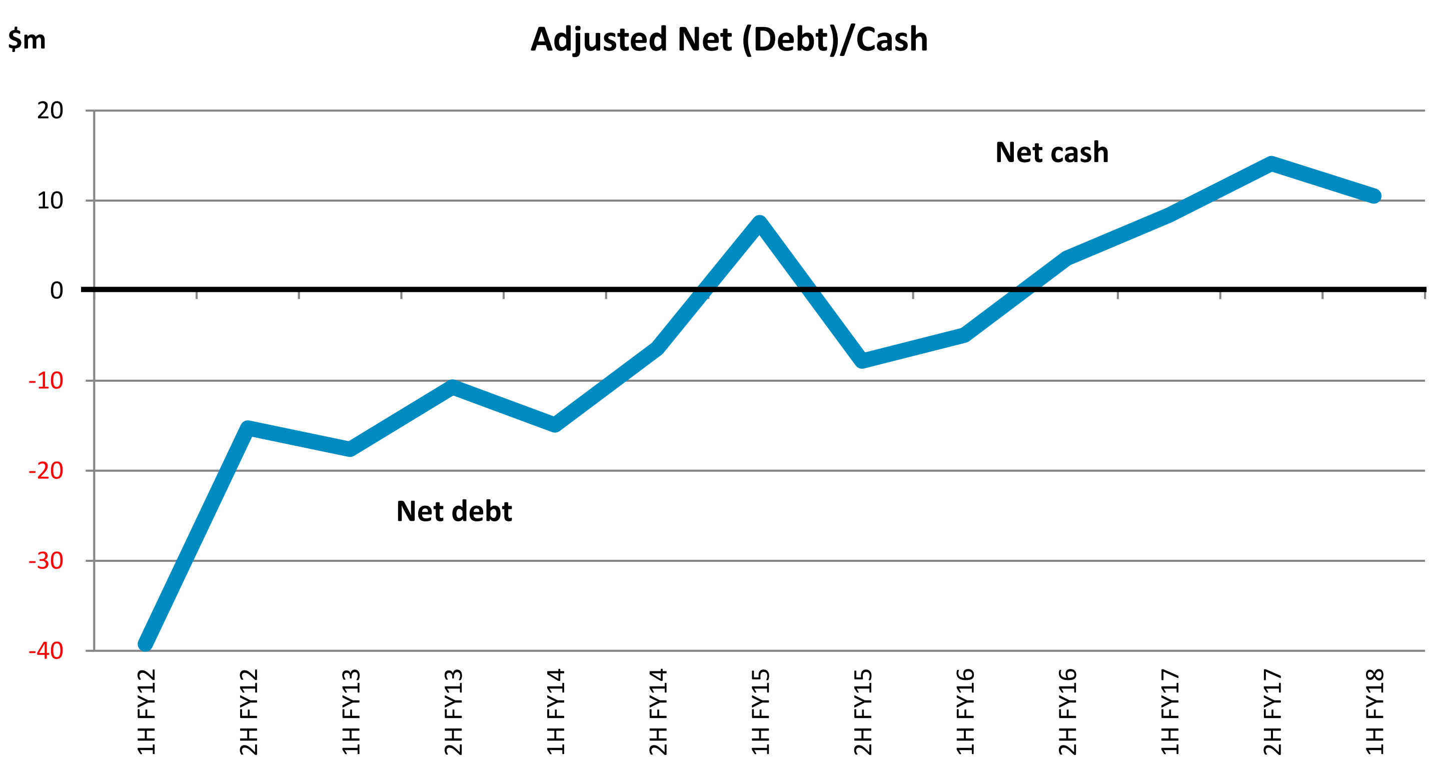
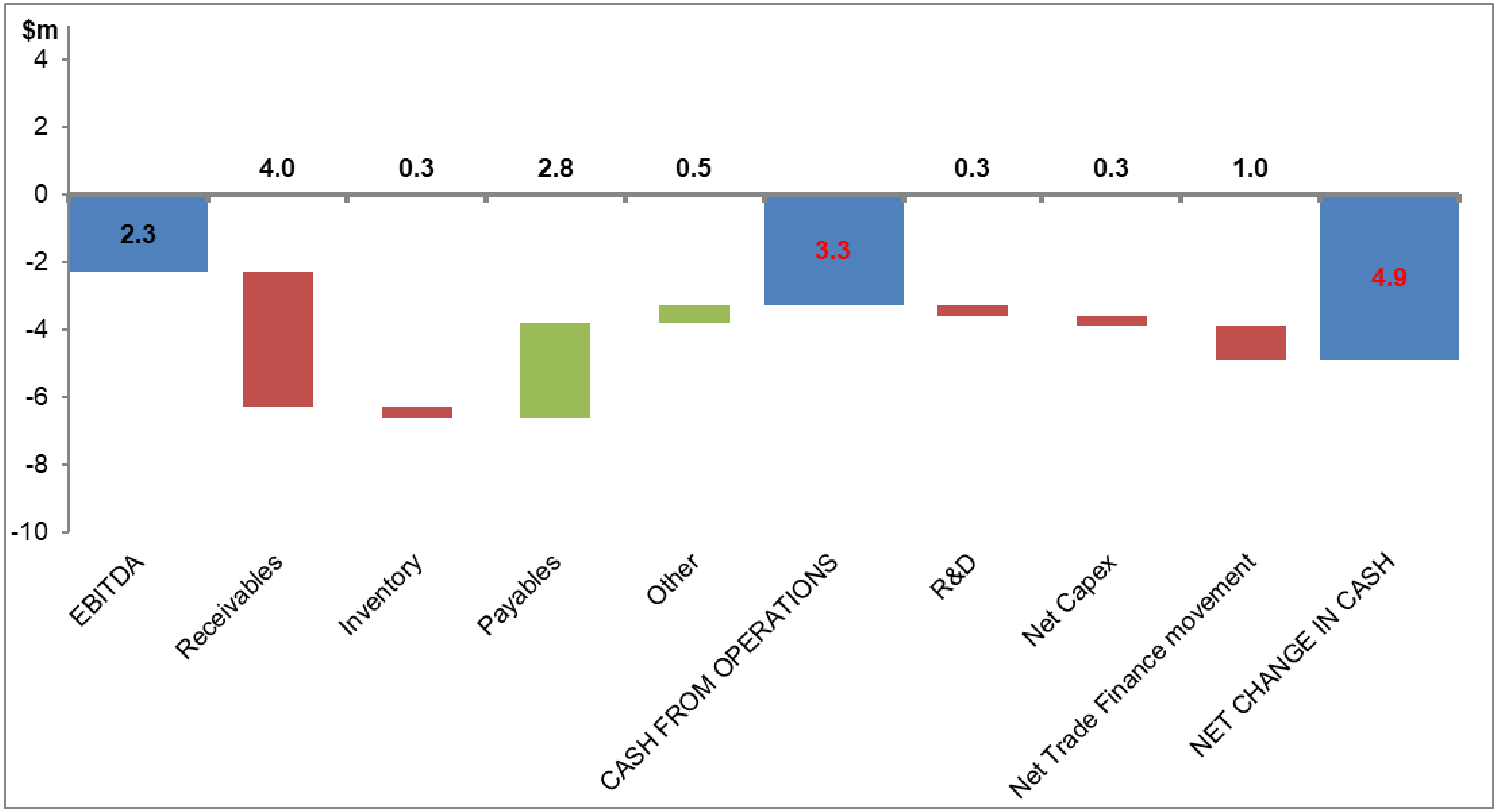
Debt and banking

- Ended 1H FY18 in net cash position, which Matrix has consistently maintained since 30 June 2016.
- Further reduced use of trade finance facility, given adequate cash reserves.
- Continued solid balance sheet position is enabling Matrix to pursue growth opportunities.

$m	31 Dec 2017	30 Jun 2017
Cash	11.6	16.6
Progress claims and deposits	(0.6)	(1.0)
Term debt	-	-
Trade finance debt	(0.5)	(1.5)
Adjusted net cash/(debt)	10.5	14.1



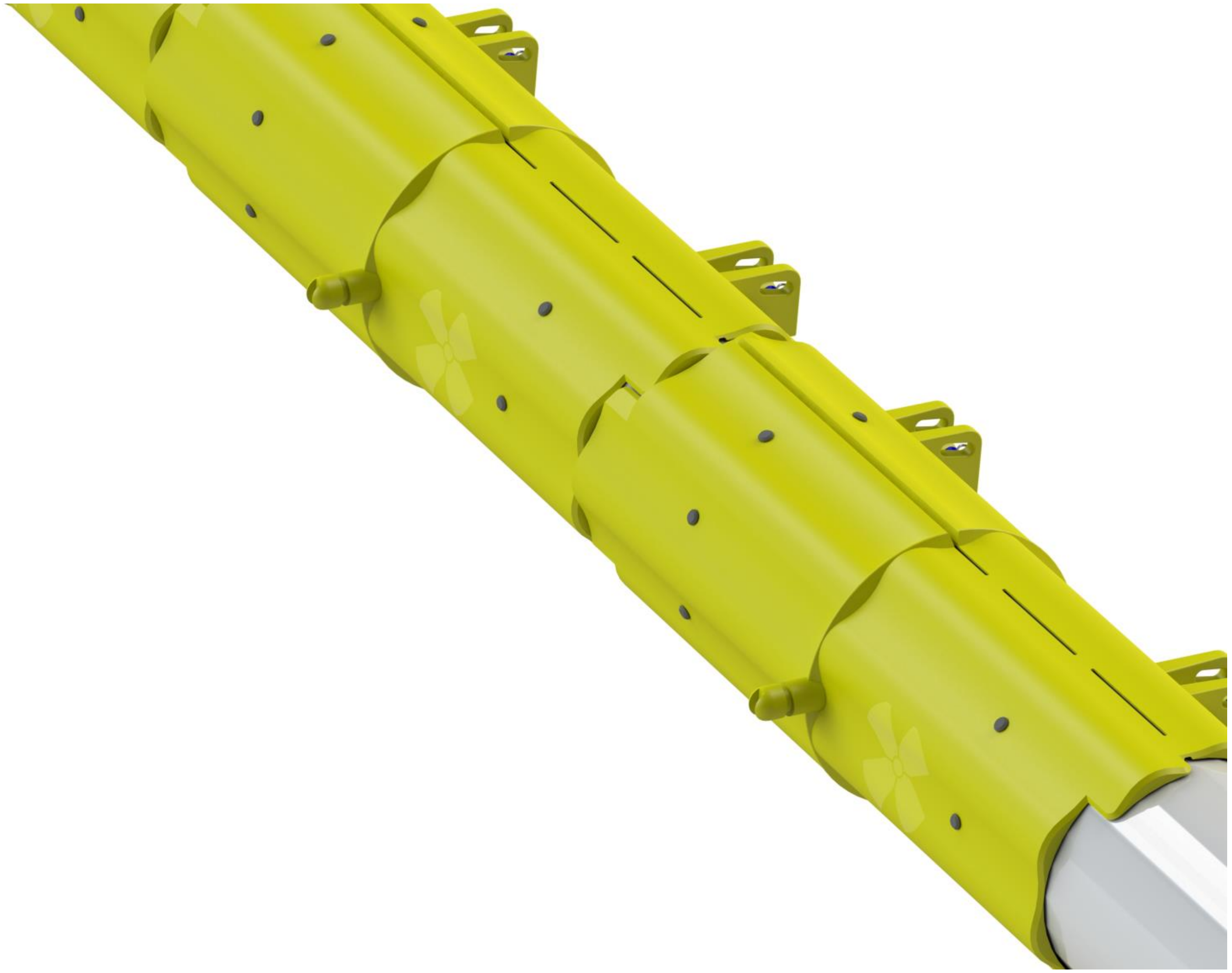
Cash flow from operations



- Cash usage for the period driven by working capital requirements of the business

Growth strategy and outlook

CEO – AARON BEGLEY



Business structure targeting growth

- Matrix business structure targets growth opportunities in four key areas:

Energy	Resources	Civil & infrastructure	Defence
• Traditional oil and gas markets – stronger focus on existing production • Renewable energy generated offshore	• Mining • Mineral processing	• Transportation • Subsea telecommunications • Civil applications	• Buoyancy systems • LGS for naval applications • High performance composites • Ballistic protection

- These key areas utilise Matrix's existing core capabilities and assets in:
  - **Advanced materials and technologies**
  - **Intellectual property**
  - **Australia's most advanced composite manufacturing facility**

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Energy

RISER BUOYANCY

- Historically Matrix's primary product – used in deepwater drilling operations and impacted by a sustained period of low capex as a result of subdued oil and gas prices.
- US$16m in current order book to be produced between now and FY20.
- Experiencing a pick up in both the quality and quantity of quotations for oil and gas drilling projects, which reflects commentary from industry research:
  - Day rates and utilisation levels for floaters have improved from mid-2017 and stabilised to 70% utilisation of the marketed fleet. Utilisation is forecast to continue to grow through to 2020 *(source: Morgan Stanley, January 2018)*.
  - Deepwater break even project costs have fallen to $40-$50BBL for best-in-class projects through a combination of project re-design & lower service company costs *(source: McKinsey & Co OTC, 2017)*.

CENTRALISERS

- Range of consumables used in shale and horizontal well production, with record sales in 1H FY18.
- Well construction market expected to grow 5% in 2018 after 15% growth in 2017 *(source: Spears & Associates, December 2017)*.
- Horizontal completions market continues to grow as the preferred method of fracking in North America, a key driver of demand *(source: Spears & Associates, December 2017)*.

Energy

SURF (Subsea Umbilicals, Risers, and Flowlines)

- Biggest revenue generator for Matrix in H1 FY18.
- Push into the offshore SURF market continues, with strong levels of enquiries supported by:
  1. A significant increase in project FIDs for SURF projects – 6 in 2016, 20 in 2017, and more than 25 expected for 2018.
  2. Targeting IMR projects, demonstrated by the recently completed $4m project using MarineShield LGS™ covers in offshore WA that has generated global interest, with multiple new opportunities being pursued.
- Growing opportunity pipeline.

LGS (Longitudinal Groove System)

- System that reduces vortex induced vibration and drag in offshore projects, enhancing productivity.
- $4m MarineShield LGS™ project was at a shallow water pipeline, outside of early target markets.
- LGS™ system deployed in H1 FY18 at a deepwater drill rig in a strong current region of the Gulf of Mexico now out of the water, with results expected to demonstrate further success in field testing.

Resources, Civil & Infrastructure, and Defence

RESOURCES

- Progressing with rollout of epoxy resin systems (Paragon™) for use in minerals processing.
- Continue to develop Kinetica™ syntactic foam product – pursuing applications and opportunities.

CIVIL & INFRASTRUCTURE

- Letter of Intent from a bulk freight company for the development and manufacture of a unique composite bulk transport system, proposed at $2m.
  - Reflects growing potential to use Matrix's material engineering capabilities to mass produce large composite structures – more load density and capacity with lower fuel and maintenance expenses.
- Awarded three-year manufacturing agreement for the unique Tunnelwell® arch stormwater system – initial minimum order in excess of $2m over 24 months.
- Testing continues on lightweight concrete (LiCos™) – applications in pre-cast and bulk concrete.

DEFENCE

- Awarded several small projects and progressing with qualification pathway with prime contractors.

OTHER

- Continue to use strong R&D capabilities to develop solutions across all four target markets that utilise Matrix's proven expertise in advanced materials and technologies.

Outlook

- Delivering on strategy of expanding into new products and markets that leverage the Company's strengths in engineered products, functional additives, and advanced materials to achieve sustainable revenue growth across the business.
- Pursuing numerous opportunities in SURF, LGS™, and MaxR™ – targeting oil and gas production, maintenance and rectification jobs to build on revenue growth from those products in 1H FY18.
- Experiencing a pick up in both the quality and quantity of quotations for oil and gas projects – a rebound in orders would benefit Matrix in the medium term.
- Early positive momentum for multiple products targeted at Resources, Civil & Infrastructure, and Defence growth markets, including $4 million in new agreements announced in January 2018.
- Continue to expect FY18 earnings to be subdued as Matrix progresses with growth strategy.
- The Company has a solid cash position with minimal debt and a low cost base, enabling targeted investment in new business lines to deliver on growth opportunities.

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