

23 August 2019

Matrix delivers improved FY19 results, in line with guidance

Summary

- Revenue of \$38.2 million (FY18: \$19.5 million)
- EBITDA loss of \$1.1 million (FY18: \$7.0 million EBITDA loss)
- Positive EBITDA of \$0.8 million in H2 FY19, the Company's best six-month period since 2016
- Revenue and earnings in line with guidance, with improvements driven by increased production as the Company delivered on its secured order book
- Maintained a net cash position of \$2.0 million (31 December 2018: \$2.0 million) and no term debt
- Secured work in hand of approximately \$25 million to underwrite plant production at the Company's Henderson facility into H2 FY20
- Competing for orders across the oil and gas, SURF, well construction, civil and infrastructure, transportation and defence sectors, with opportunity pipeline in excess of \$50 million expected to be awarded in H1 FY20.

Matrix Composites & Engineering Ltd (ASX:MCE, "Matrix" or the "Company") has delivered improved financial results in line with guidance for the year ended 30 June 2019 (FY19).

Matrix reported revenue of \$38.2 million, up 95 per cent on the prior corresponding period (FY18: \$19.5 million). Earnings improved accordingly, with a narrowed EBITDA loss of \$1.1 million (FY18: \$7.0 million EBITDA loss). Matrix reported a Net Loss After Tax of \$8.7 million (FY18: \$15.4 million NPAT loss).

The results were in line with guidance, with Matrix forecasting revenue of between \$37.5 million – \$38.5 million for full year FY19 and positive EBITDA for the second half FY19.

Matrix Chief Executive Officer Aaron Begley said the results demonstrated how positive momentum from the December quarter had carried through into the second half of FY19.

“After achieving a breakeven result in the December quarter, it is pleasing that we were able to build on this momentum by delivering positive earnings in H2 FY19, our best six-month result in three years,” Mr Begley said.

“The earnings improvement in the year was driven by strong revenue growth, with production at our Henderson facility ramping up as increased demand for our traditional drilling riser buoyancy products and oil and gas production, maintenance and rectification work translated into new orders.

“Importantly, Matrix ended the year well placed financially as we head into FY20, with a net cash position maintained and no term debt.”

The Board of Matrix has decided not to declare an interim dividend for the period.

Outlook

Matrix’s order book stands at approximately \$25 million, underwriting plant production at the Company’s Henderson facility into H2 FY20.

There has been a trend of increasing project activity in the oil and gas market after a sustained period of historically low capital investment. In addition, the Company has continued to deliver on projects won under the Company’s diversification strategy, including work for Matrix’s transportation and infrastructure clients and growing interest for the supply of Matrix’s advanced materials to the defence sector.

Matrix Chief Executive Officer said the Company was actively bidding on a strong pipeline of work across all its divisions, which includes in excess of \$50 million in competitive tenders to be awarded in H1 FY20.

“Matrix has entered FY20 with a larger order book than we did at the start of FY19, plus a strong pipeline of work which is expected to be awarded in the next six months term that we are well in contention to win,” Mr Begley said.

“The sustained increase in oil and gas project activity is turning into tangible opportunities for Matrix, including for our traditional riser buoyancy products as well as in the SURF and well construction markets.

“In addition, we are building on the traction Matrix has made in the civil infrastructure, transportation, and defence sectors under our diversification strategy.

“Our solid financial position means we are well positioned to deliver on future orders across the business as they are awarded.”

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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 40 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