

2020 FULL YEAR RESULTS PRESENTATION

AARON BEGLEY – CEO

BRENDAN COCKS – CFO

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MATRIXENGINEERED.COM



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OVERVIEW



Financial

- Revenue of \$27.4m (FY19: \$38.2m).
- Reduction reflecting the weak oil price and COVID-19 global impacts on the industry in H2.
- Underlying EBITDA loss of \$3.7 million (FY19: \$0.9 million loss).
- NPAT loss of \$64.5, materially impacted by non cash asset impairments and derecognition of deferred tax asset.
- Prudent financial management to end FY20 with \$14.7m cash and no trade or term debt (FY19: \$2.1m net cash).



Operating

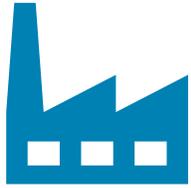
- LGS system used at an offshore drill rig on the East Africa coast (suspended due to COVID-19).
- Sold first orders of Matrix's MaxR™ range into the Middle East.
- Received first orders with Australian LNG facility operators for Humidur Coatings products and services.
- Advanced diversification strategy opportunities in defence, resources.
- Implemented COVID-19 response measures to protect our people and support business continuity.



Outlook

- Pivoting to work in brownfields project maintenance and sustainment for Australian LNG market and other sectors, including resources.
- Targeting more stable and assured revenue to meet customer demand that is less exposed to cyclical oil and gas project capex.
- Strategic review underway to enhance shareholder value.

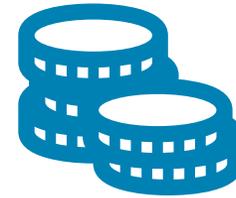
POSITIONED TO CAPTURE OPPORTUNITIES



World-class, modern and highly automated manufacturing plant



Actively pivoting towards through life support



Solid financial position to withstand challenging oil & gas conditions and target strategic growth



Recognised global market leader in advanced materials and composites



Ability to apply expertise and resources to target growth industries including defence and resources



Well credentialed and highly experienced management team

FY20 FINANCIAL RESULTS

CFO – BRENDAN COCKS

KEY FINANCIAL METRICS

		FY20	FY19
Revenue	\$m	27.4	38.2
Underlying EBITDA ¹	\$m	(3.7)	(0.9)
EBITDA	\$m	(43.8)	(1.1)
Net profit/(loss) after tax	\$m	(64.5)	(8.7)
Dividends per share	¢	nil	nil
Operating cash flow	\$m	(5.6)	(3.6)
		30 Jun 2020	31 Dec 2019
Gross cash	\$m	14.7	20.1
Net cash/(debt)	\$m	14.7	2.1
Employees ²		78	97

- Reduced capital expenditure in the oil and gas market due to a weak oil price and COVID-19 global impacts drove a material slowdown in revenue and orders in Q4 FY20.
- Achieved 19% reduction in overheads in past two years in response to market conditions
- Accessed \$0.7m in Federal Govt JobKeeper up to June
- NPAT impacted by one-off, non-cash adjustments to the carrying value of Matrix's assets totalling including:
 - Impairment of assets \$36.3m
 - De-recognition of Deferred Tax Asset \$12.6m
 - Restructure and obsolescence \$2.1m
 - Loss on sale of assets (S&L) \$1.4m
- Changed order book as shift from long-term capex to short-term opex style of work.

Note: figures may not add up due to rounding.

¹ Underlying EBITDA FY20 excludes foreign exchange losses (\$0.2m) and non-recurring costs (Asset Impairment \$36.3m, loss on sale of assets (S&L) \$1.4m, restructure and obsolescence costs \$2.2m). FY19 excludes FX loss of \$0.1m

² Indirect workforce of 42 staff were all on varied contract of 80%

BALANCE SHEET

\$m	30 Jun 20	30 Jun 19
Cash	14.7	9.4
Trade and other receivables	5.4	8.3
Inventory	7.6	9.8
Property, plant & equipment	17.4	65.2
Intangible and right-of-use assets	16.3	2.7
Deferred tax asset	0.0	12.6
Other assets	0.5	0.4
Total Assets	61.9	108.2
Trade payables	2.3	6.5
Progress billing	1.3	0.1
Financial and lease liabilities	28.1	7.3
Provisions	1.3	1.3
Total Equity	28.9	93.1
Net cash/(debt)	14.7	2.1
Net working capital	9.4	11.5

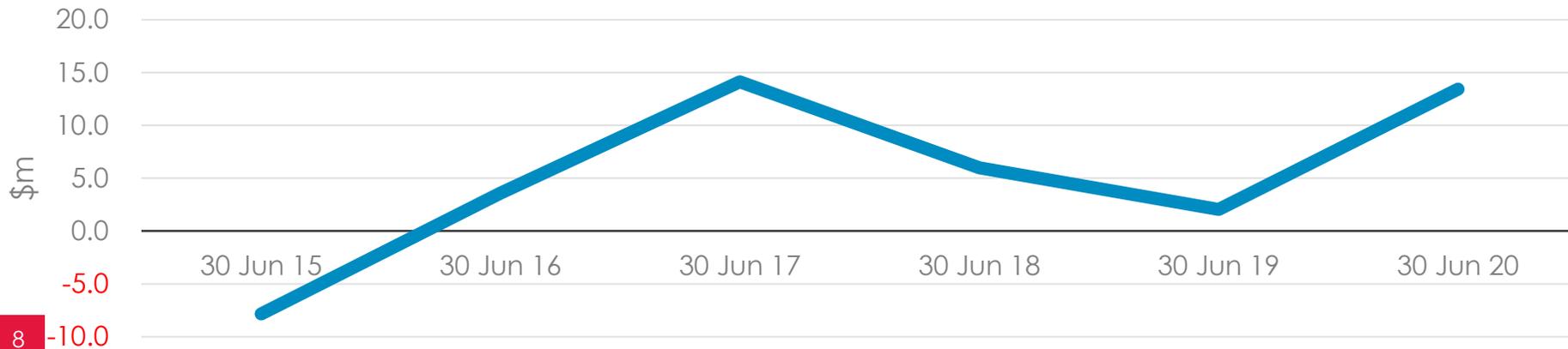
- Successful completion of Henderson sale and leaseback facility resulted in increase in cash, recognition of right of use asset, and increase in lease liabilities.
- PP&E and deferred tax asset impacted by one-off non-cash impairments allocated as follows:
 - \$17.6 reduction to PP&E at Henderson facility – conservative accounting approach in current market conditions with facility remaining a world-class manufacturing plant.
 - \$12.6m reduction to DTA – the tax credits remain available to reduce cash tax paid against future earnings as conditions improve.
 - \$16.5m adjustment to right of use assets at Henderson facility.
 - \$2.2m impairment to intangible assets.

PRUDENT CAPITAL MANAGEMENT

- Delivered on initiative to sell and leaseback Henderson facility in FY20, enhancing cash position.
- Eliminated financial debt – only lease liabilities held on Matrix's balance sheet.
- Strong financial position enables Matrix to take advantage of growth opportunities - as seen with \$2.4m acquisition of coating equipment to complement new exclusive Humidur distributorship and exclusivity agreement to pursue growth opportunities - and consider strategic options.
- Initial Humidur equipment \$1.2m payment was made in July 2020

\$m	30 Jun 20	30 Jun 19
Cash	14.7	9.4
Term debt	-	-
Trade finance debt	-	(7.3)
Net cash / (debt)	14.7	2.1
Less:		
Progress claims & deposits	(1.3)	(0.1)
Adjust net cash/(debt)	13.4	2.0

Adjusted Net (Debt)/cash



CASH FLOW FROM OPERATIONS

\$m	FY20	FY19
Underlying EBITDA /(Loss)	(3.7)	(0.9)
Receivables	2.9	(2.9)
Trade Payables	(4.2)	2.3
Inventory	2.2	(1.9)
Deposits / Progress Billing	1.2	(0.6)
Other	(2.2)	0.5
Cash from Operations	(5.6)	(3.7)
Capital expenditure (incl. R&D)	(2.0)	(3.6)
Proceeds Sale and Leaseback	20.0	-
Proceeds equity raising	-	2.9
Net proceeds/(repayment) trade finance, lease	(7.3)	3.4
Net Change in Cash	5.1	(1.0)

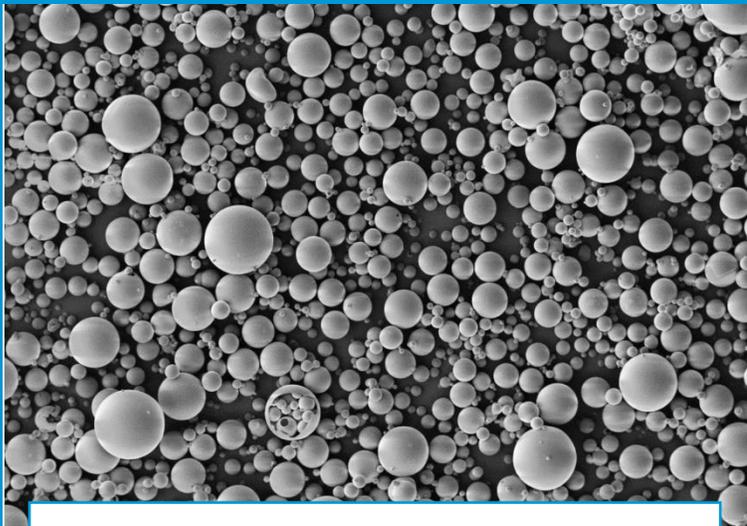
- Negative cash from operations of \$5.6. H1 was negative cashflow of \$4.6m resulting in \$1.0m in H2. Better result impacted by reduced activity in H2.
- Successful completion of Henderson sale and leaseback facility underpinned a positive \$5.1m net change in cash.
- Additional lease payments from the sale of the Henderson buildings will total \$1.7 million p.a.
- Negative cash from operations of \$5.6m. H1 was (\$4.6m) and H2 was (\$1.0m). Expected improvement in H2 impacted by

Note: figures may not add up due to rounding.

STRATEGY AND OUTLOOK

CEO – AARON BEGLEY

OUR CAPABILITIES



Advanced materials



Advanced manufacturing



Technology development

CONTINUED PERFORMANCE IN TRADITIONAL MARKETS



Deepwater drilling



Subsea & SURF



Well Construction

TRADITIONAL OIL & GAS SECTORS

Riser Buoyancy

- The greenfields oil & gas capex / exploration market impacted by the economic effects of COVID-19.
- Several major projects have been cancelled / deferred, shifting many local and international projects to the right by at least 12 months.
- Deepwater Drilling market has been severely impacted, resulting in 12-24 months of subdued activity.

SURF

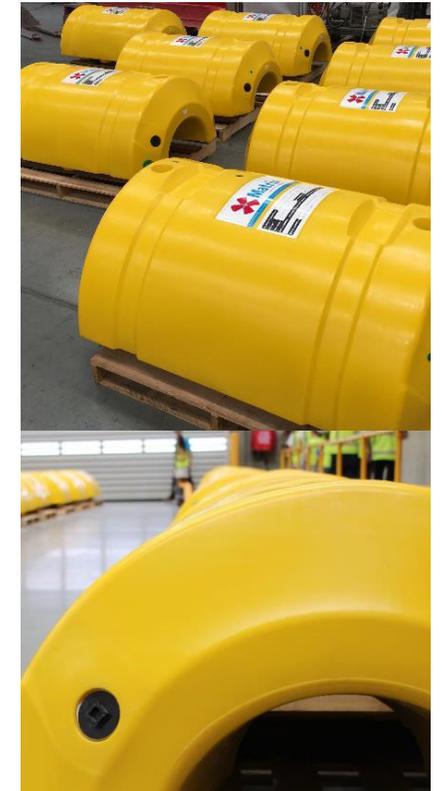
- Delivering a variety of SURF and specialised subsea products.

Well Construction (MaxR)

- North American unconventional market has collapsed, with a steep drop in rig count.
- Middle East market remains robust and a key focus area.

Matrix's position

- Capabilities and capacity has not been affected, with Matrix remaining able to deliver the Company's traditional buoyancy product line as markets improve.
- In a position to deliver cyclical project work to complement the increasing revenue from the local brownfields market.



SURF product delivered in FY20 using roto-moulded shells

LEVERAGE CAPABILITY AND LOCAL AND EXISTING CUSTOMERS TO BUILD SUSTAINABLE REVENUE



Corrosion control technologies



Composite technologies to reduce plant operating expenditure



Through life asset support



Engineering solutions of products to reduce operational downtime



Specialised testing services*



Light weighting of structures and steel replacement

PIVOT TO BROWNFIELD OPEX IN AUSTRALIA

- Since 2018, Matrix has been identifying and securing opportunities to utilise its capabilities in targeting work for the Australian LNG and Resources sector.
- Focus is on supplying core capabilities in advanced materials and technologies to reduce the operating and maintenance costs of LNG and Resources operations.
- Successfully penetrated Australian market and currently providing technical services, specialised equipment and materials to Western Australian and Northern Territory based operations
- Examples include:
 - \$4m LGS® project at a WA offshore pipeline during FY18.
 - Expansion in SURF packages delivered.
 - Humidur acquisition, providing a unique range of corrosion protection coatings that substantially increases service life for installed site infrastructure and materially reduces on-site application processes and time (see following slide).
- Servicing the brownfields OPEX sector opens up a substantial local market that is targeted at providing more stable and assured revenue to meet customer demand, being less exposed to the cyclical nature of oil and gas projects and associated capital expenditure.

EXECUTION OF STRATEGY: MATRIX COATING TECHNOLOGIES



STRATEGIC REVIEW UNDERWAY

- In response to depressed oil and gas conditions that reflects the low oil price and COVID-19 impacts, Matrix initiated a strategic review in Q4 FY20 to consider options to protect and optimise shareholder value.
- All options on the table – includes corporate, strategic and business options, including organic and inorganic growth options, as well as ownership and equity structure considerations.
- Engaged Azure Capital as independent corporate adviser to assist with the strategic review.
- Anticipate reporting on strategic review outcome by 2020 AGM
- In parallel, Matrix is also looking to bolster its Board consistent with the outcome of its strategic review.
- A national recruitment firm has been retained and the recruitment process has commenced.

SUMMARY

- Weakness in global oil and gas capex experienced during Q4 FY20 has continued into H1 FY21.
- Continuing to progress proactive measures taken to ensure the business is responsive to market conditions and capitalises on existing opportunities.
- Strategic pivot towards brownfields project maintenance and sustainment work for the Australian LNG sector, with opportunities in resources also.
- \$1 million in orders under storage, distribution and equipment hire arrangements with Australian LNG facility operators already secured following Humidur coatings acquisition.
- Broader strategic review of the business underway to identify further opportunities to enhance shareholder value – update to market no later than 2020 Annual General Meeting.
- Solid \$14.7m cash position with strong focus on capital management.
- Matrix well positioned to withstand current conditions, take advantage of growth opportunities, and consider strategic options.

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