

15 December 2021

AGM Chairman's Address and CEO's Presentation

The 2021 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 Chairman's address and CEO's presentation that will be delivered at the AGM are attached.

This announcement was authorised for release by Paul Hardie, 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.

15 December 2021

Chairman's Address to Shareholders

2021 Annual General Meeting

Welcome ladies and gentlemen. Before commencing the formal business of today's meeting, I would like to give you an overview of Matrix's performance and developments over the past year and our strategic direction.

Matrix's Chief Executive Officer, Aaron Begley, will then provide a more comprehensive presentation on our operations and outlook at the end of the meeting, following the formal proceedings.

Throughout the 2021 financial year Matrix continued to navigate a very challenging period in the oil and gas sector that originated in FY20, following the onset of the COVID-19 pandemic.

Our first half in FY21 was particularly impacted, reflecting the dramatically weak oil price and broader COVID-19 global impacts on the oil and gas sector, as we recorded revenue of \$8.1 million for the half compared to \$22.6 million in the prior corresponding period.

This eventually led to a full-year revenue result of \$17.6 million, compared to \$27.4 million in the prior corresponding period, and an underlying EBITDA loss of \$4.4 million versus a \$3.7 million loss in FY20.

However, Matrix generated \$6 million of revenue in the final quarter of FY21 as the COVID-19 situation began to ameliorate globally and there was subsequent recovery in the oil price.

Matrix prudently maintained its production capability at its world-class Henderson facility to cater to the promising recovery of activity within its traditional oil and gas markets.

Post FY21, we have seen continued signs of a revival in the oil and gas market. This has generated increased subsea spend and a subsequent rise in the number of drilling rigs, closing in on a level not seen in the past 5 years. We have also announced several new riser buoyancy contracts in the international deep sea drilling sector in recent months, another positive sign that the offshore oil and gas markets are recovering.

Matrix is well positioned to capitalise on a growing pipeline of opportunities with buoyancy tenders in excess of \$170 million currently in play in the subsea and SURF markets alone.

Additionally, over the past six months our growing Corrosion Technologies business has produced approximately \$6 million in revenue, and we are targeting further growth on the horizon to give Matrix a robust, long-term and sustainable earnings base in the years ahead. This underpins a core plank of our strategy to pivot towards stable long term brownfields project maintenance and sustainment work.

Furthermore, the Company has continued to demonstrate its capabilities to deliver a diverse range of advanced materials and composite solutions for clients, particularly in the local resources sector.



The successful, well-supported \$7 million capital raising we recently announced at the end of November was also a positive affirmation of the Company's outlook and gives us the financial muscle to readily capitalise on these emerging growth opportunities.

On behalf of the Matrix Board, I would like to thank our senior management and employees for their commitment and hard work during the year.

Finally, I would also like to extend a special thanks to our shareholders for their continued support through a volatile period in FY21 as the effects of the pandemic lingered.

Underpinned by industry-leading operational capabilities, a bolstered balance sheet from the capital raising, and positive market conditions, Matrix is primed to deliver value for shareholders in FY22 and beyond.

Peter Hood AO
Chairman



ANNUAL GENERAL MEETING

15 December 2021



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OUR BUSINESS

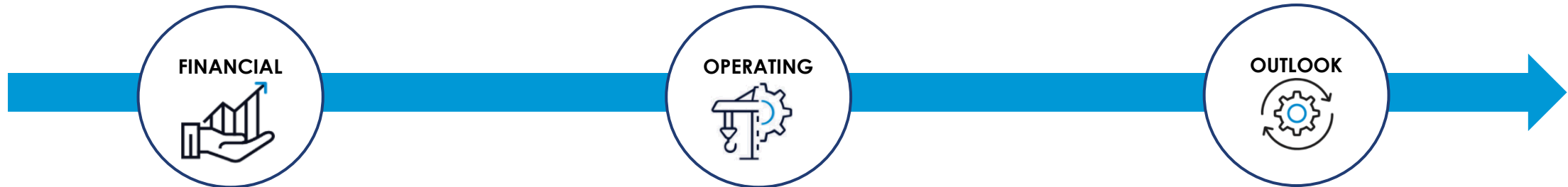
- Matrix specialises in the design, engineering and manufacture of composite and advanced material technology solutions.
 - Subsea buoyancy
 - Corrosion resistant coatings and services
 - High tech advanced materials technologies
- Quality solutions to core industries where safety and reliability are critical.
 - Oil & Gas
 - Mining & Resources
 - Civil & Infrastructure
 - Defence

ADVANCED MATERIALS AND COMPOSITE SOLUTIONS

LIGHTER • STRONGER • SMARTER



FY21 IN REVIEW - POSITIONED TO GROW



- FY 21 Covid impacted revenue \$17.6m (FY20: \$27.4m)
- Flow on impact of weak oil price and COVID-19 abruptly emerged in 2H FY20
- Strong prospective revenue pipeline anticipated to deliver improved financial performance amidst sector rebound
- Focused financial management
 - \$12.6m cash, pro forma including recently announced \$7m share placement¹
 - Nil trade or term debt

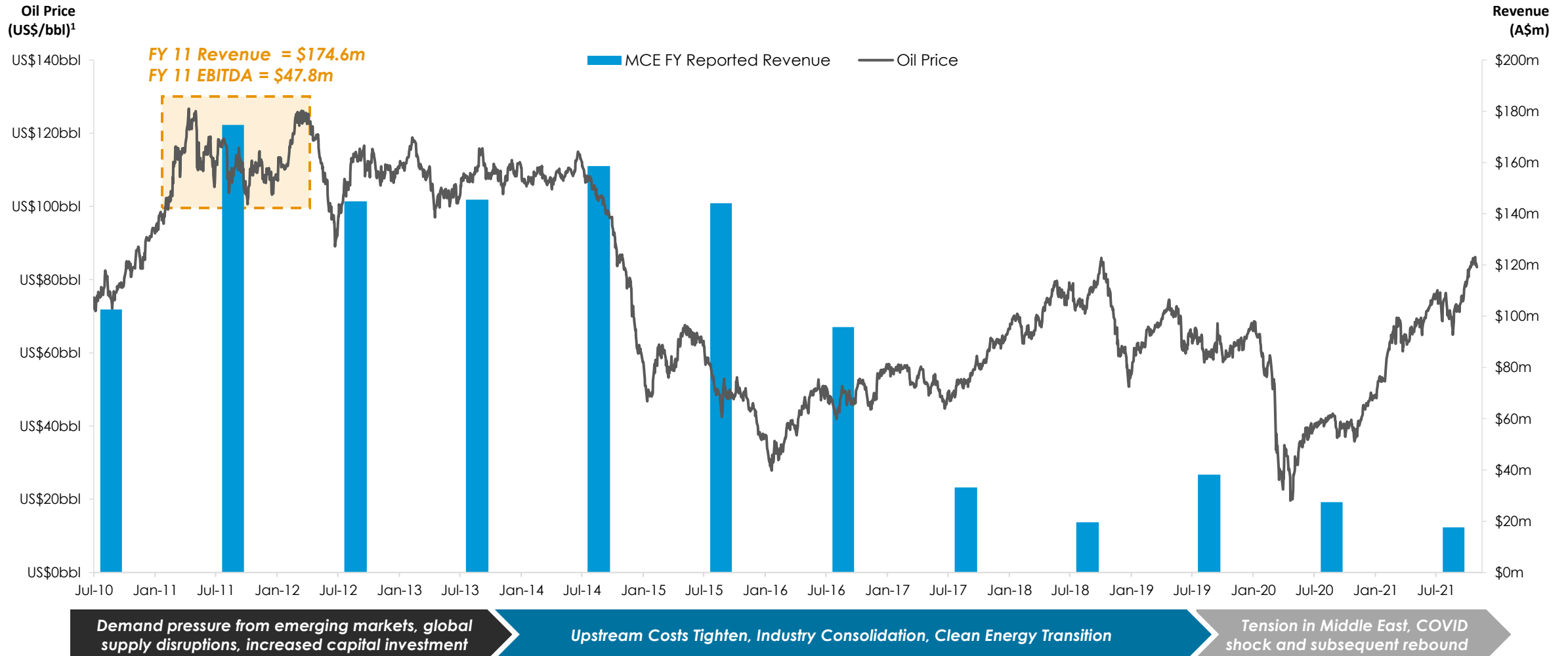
- Strategic pivot to brownfields opex and expansion into local resources sector
- Coatings Technology business continues to grow inline with expectations
- New drilling riser buoyancy contracts and SURF orders contributed to >50% of FY21 revenue
- Maintained production capability for traditional oil & gas market
- Woodside, Newcrest & WA Govt. contracts
- Demonstrative capability to develop materials' science and advanced manufacturing solutions

- Offshore oil & gas markets recovering strongly with oil price recently +US\$80/bbl² and strongest capex pipeline since 2012/13
- Continued growth in Coating Technologies business
- New drilling riser buoyancy and LGS contracts
- Well positioned to capture active tender pipeline in subsea and SURF markets
- Strong momentum to deliver significant revenue growth in FY22
- New exposure to stable and recurring revenue streams

1. Pro-forma cash 31 Oct 21, subject to completion of capital raising announced 29 Nov 2021. \$3.6m restricted cash (security over Henderson facility)

2. Source: Bloomberg, 26 Nov 2021

REVENUE EXPOSURE TO REBOUNDBING OIL PRICE



STRATEGY THREE BUSINESS PILLARS

Leveraging oil & gas capability and expertise in materials science and advanced manufacturing to build sustainable revenue in energy and resources



SUBSEA BUOYANCY

Traditional oil & gas market deepwater drilling, subsea & SURF and well construction products

- Cyclical upswing post COVID and oil price recovery
- Leverage plant and available capacity
- Focus: Brazil, Malaysia, USA



CORROSION TECHNOLOGIES

Growing anti-corrosion coating, application equipment and technical services

- Sustainable maintenance and OPEX revenue: Woodside, Inpex, Alcoa and Rio Tinto
- Local resource sector
- Focus: Brownfields OPEX and sustainment
- Growth: Other composite solutions for corrosion



ADVANCED MATERIALS

Emerging high tech composite material solutions

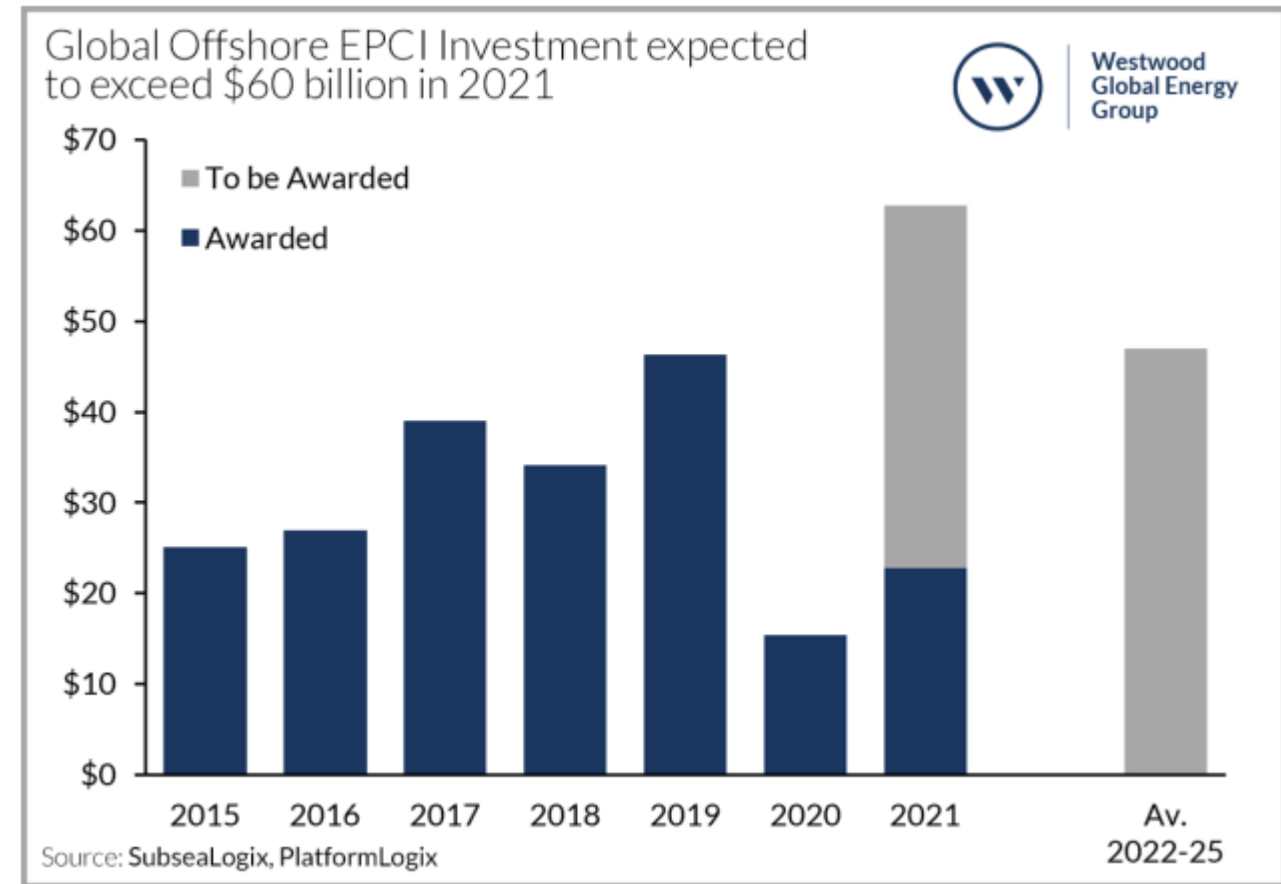
- Local resource sector
- Focus: LNG, Iron Ore, Gold, Battery Minerals.
- Lighter, Stronger, Corrosion Free



SUBSEA BUOYANCY

MACRO TRENDS

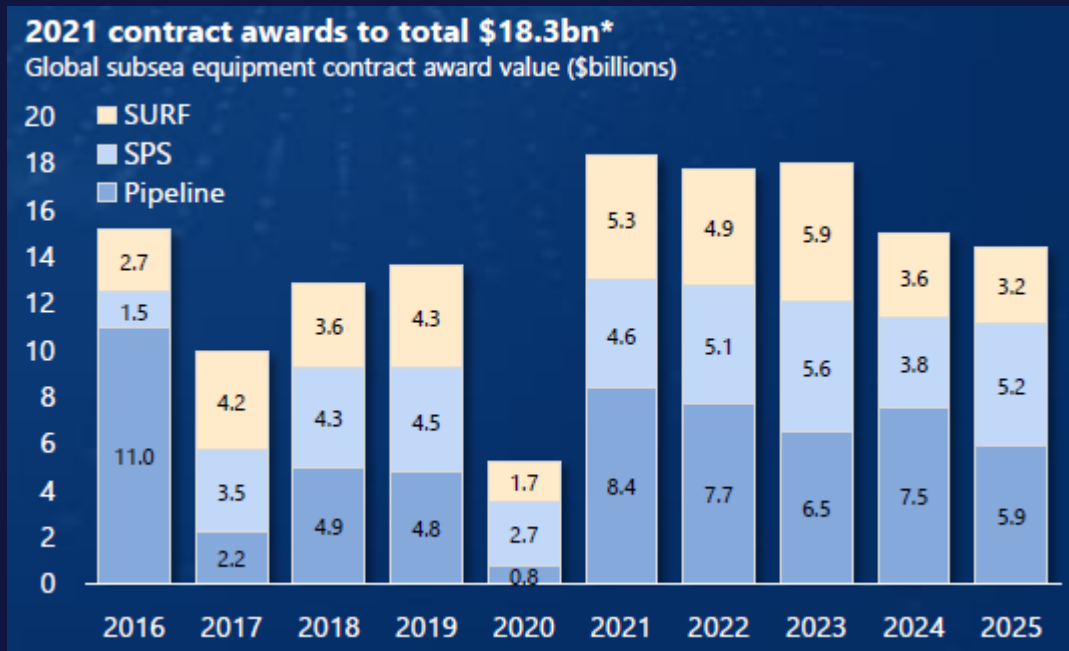
- **Engineering, Procurement, Construction and Installation (EPCI) Investment**
 - Strongest since 2013
 - Expected to reach US\$63.1b in 2021
 - New discoveries remain essential in near to mid-term
- **Offshore spend gaining momentum**
- **Clean Energy Transition**
 - Net-zero by 2050
 - Reinvention of customer base
 - Blue / Green H₂





SUBSEA BUOYANCY

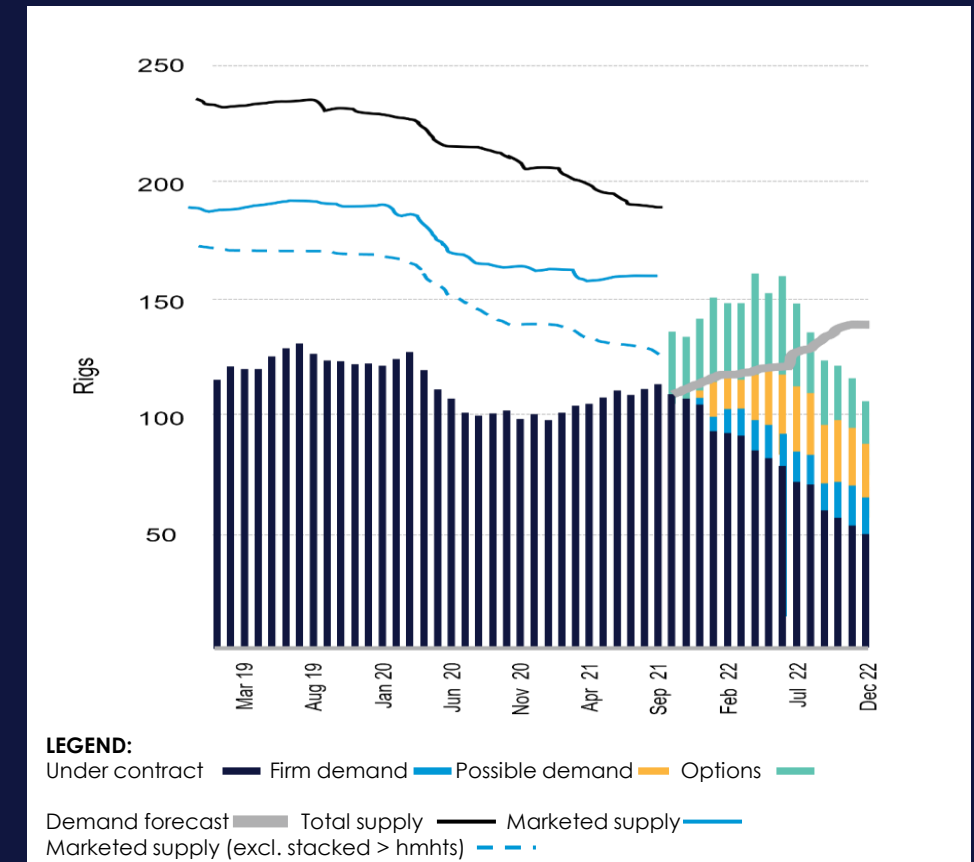
GLOBAL SUBSEA SPEND STEPPING UP



Source: Westwood Analysis – SubseaLogix

DRILLING RIG COUNT

- Substantial increase in rig count
- Back to 2018 levels & growing to 130+ rigs, level not seen since 2016



Source: Fearnley Securities, IHS-Petrodata



SUBSEA BUOYANCY

OUR PRODUCTS

- World's largest drilling riser buoyancy manufacturer
- Manufacturer of Matrix LGS VIV and drag reduction buoyancy system
- SURF buoyancy used in subsea production risers and flowlines
- Increasing market share in the SURF market using the same processes and technologies as drilling riser buoyancy





SUBSEA BUOYANCY

OUR CLIENT BASE

- Over 20 years experience
- More than \$1b of oil & gas goods and services delivered across the world in the last 12 years

KEY CLIENTS

Baker Hughes 

ExxonMobil

NOV



SAIPEM

MCDERMOTT

BR PETROBRAS

CNOOC Limited

Santos



Transocean

subsea 7



Technip

DIAMOND
OFFSHORE





SUBSEA BUOYANCY

OUR CAPACITY

- \$130m investment
- 85,000 m² (22,000 m² covered) in Australian Marine Complex, Henderson WA
- World's largest syntactic foam plant in the world
 - Nameplate capacity – 18,000 buoyancy “parts” per year (plant historically produced up to \$180m in a year)
 - Full capacity retained
- Largest deep water hyperbaric test facility in the Southern Hemisphere





SUBSEA BUOYANCY

TARGETED PROJECTS

- Regional projects:
 - ✓ Scarborough
 - ✓ Barossa
 - ✓ Dorado
- Global projects: Petrobras deep water developments; Exxon South America; West Africa Deepwater developments

OUR SURF PIPELINE (TOTAL = \$176M)





CORROSION TECHNOLOGIES

Growing anti-corrosion coating, application equipment and technical services

LOCAL RESOURCES SECTOR

- LNG
- Brownfield developments
- Operational maintenance

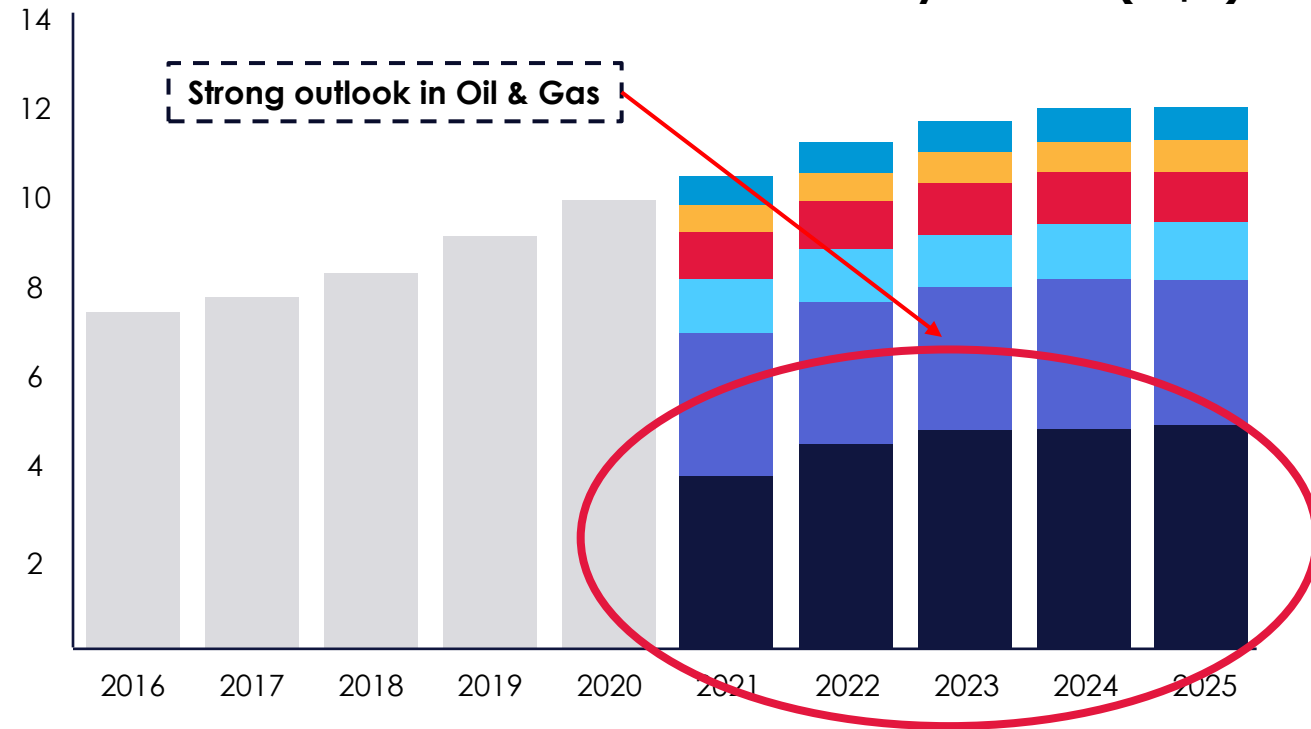
STRONG PERFORMANCE

- From standing start \$6m in revenue in last 6 months
- Sustainable, recurring revenue

KEY TECHNOLOGIES

- Humidur® Coatings
- Composite Repairs
- Equipment
- Roto lining: "Thermoplastic lining"

Total Maintenance Spend in Australia by Sector (A\$B)



Source: BIS Oxford Economics, ABS (June 2021)

Legend:





ADVANCED MATERIALS

*Emerging high tech composite
material solutions*

LOCAL RESOURCES SECTOR

- Iron ore
- Gold
- Battery minerals
- LNG

KEY CLIENTS

- Woodside Energy Technologies
- Newcrest Mining
- Active discussions with other major resource companies



LIGHTER | STRONGER | CORROSION FREE



ADVANCED MATERIALS

KEY TECHNOLOGIES

- Carbon fibre
- Thermoplastic composites
- Syntactic foam

LIGHTER | STRONGER | CORROSION FREE

- Steel replacement in mining: ore handling, extraction and processing
- Entry to exciting market opportunity

LONG TRACK RECORD OF PRODUCT DEVELOPMENT

PROBLEM	SOLUTION						
Inconsistency and durability	Matrix Drilling Riser Buoyancy Modules	1999	2005	2008	2011	MATRIX SALES: A\$1bn	<ul style="list-style-type: none"> World's largest syntactic foam plant +50% global market share
To reduce coefficient of friction to go further	Well Construction Products	2010	2011	2011	2011	MATRIX SALES: A\$80m	<ul style="list-style-type: none"> Max-R Revolution Centralizers: world depth record
High costs of customised buoyancy	IsoBlox SURF	2013	2014	2015	2016	MATRIX SALES: A\$30m	<ul style="list-style-type: none"> Standardized building block buoyancy system
Downtime with high currents	Matrix LGS	2015	2015	2016	2018	MATRIX SALES: A\$15m	<ul style="list-style-type: none"> 3 current deployments Default for riser extensions

SUMMARY

- ❖ Offshore Oil & Gas Capex is rebounding strongly
- ❖ Increased reach into the growing subsea production sector whilst maintaining deep water drilling capability
- ❖ Sustainable revenue base via LNG & resources sector
- ❖ Key agreements in energy and resources sectors building momentum in diversification strategy



❖ Well positioned to deliver revenue growth in FY22 and FY23 with material project wins

