

25 February 2020

Matrix FY20 Half Year Financial Results

Summary

- Revenue of \$22.6 million (1H FY19: \$11.3 million) driven by oil and gas activity, primarily traditional riser buoyancy work
- Underlying EBITDA¹ of \$1.2 million (1H FY19: \$2.2 million underlying EBITDA loss), representing Matrix's first 12-month period of positive underlying earnings since 2016
- Net loss after tax of \$4.2 million (1H FY19: \$5.3 million NPAT loss)
- Growing revenue from innovative LGS® product, in line with expanding opportunities in the sector
- Shipped first orders of Matrix's MaxR™ range of well construction products into the Middle East
- Successfully completed sale and leaseback of Henderson facility for \$20 million, enhancing Company's adjusted net cash¹ position to \$14.8 million (30 June 2019: \$2.0 million adjusted net cash)
- Targeting \$50 million pipeline of near-term competitive orders, anticipated to be awarded to successful tenderers in 2H FY20

Matrix Composites & Engineering Ltd (ASX:MCE, "Matrix" or the "Company") is pleased to announce its results for the six months ended 31 December 2019 (1H FY20).

Matrix reported revenue of \$22.6 million, double the prior corresponding period (1H FY19: \$11.3 million). This was primarily driven by riser buoyancy work for international clients, Matrix's traditional oil and gas product.

The Company achieved underlying EBITDA¹ of \$1.2 million for the half, resulting in Matrix's first 12-month period of positive underlying earnings since 2016. The Company reported a Net Loss After Tax of \$4.2 million (1H FY19: \$5.3 million NPAT loss).

Matrix also completed a sale and leaseback of the Company's property at its Henderson facility during 1H FY20, generating cash proceeds of \$20 million. The transaction has ensured Matrix is strongly capitalised and is flexible to act quickly on new orders and growth opportunities as

¹ As in prior years, Underlying EBITDA excludes non-recurring costs (1H FY20: loss on sale and leaseback \$0.7m, restructure and stock impairment costs \$0.3m) and foreign exchange losses (1H FY20: \$0.4m).

² Net Cash comprises Cash less Financial Debt and Progress Claims and Deposits.

they arise. This is particularly important when traditional lines of debt finance have not been readily available in the sector in recent times.

Matrix Chief Executive Officer Aaron Begley said he was delighted to see enquiries for the Company's oil and gas products translate into increased revenue and a positive underlying earnings figure.

"Pleasingly, while our core riser buoyancy business underpinned this revenue growth, the Company's other oil and gas products also had a very promising half," Mr Begley said.

"Interest in our innovative LGS® product is increasing as cashflows for public E&P companies are improving, which is flowing through to greenfields and brownfields offshore drilling. Matrix is seeing a tangible benefit of this with a \$3 million order recently secured and delivered.

"Additionally, we continued to see activity in the SURF market and also sold the first orders of Matrix's MaxR™ range of well construction products into the Middle East during the half, which supplements our traditional North American target market for that product."

Outlook

With a robust financial position Matrix is actively targeting a strong near-term opportunity pipeline of at least \$50 million, which is anticipated to be awarded to successful tenderers in the current half of FY20, and will add to the Company's current order book of \$10 million. In this regard, while certain opportunities Matrix expected to be awarded during the first half have been delayed, a number of new jobs have come into the pipeline supporting continued signs of emerging activity.

Orders in FY20 so far have been spread across five offshore projects, including LGS® Riser Buoyancy for an existing rig, SURF orders for distributed buoyancy, and a positive variation to an existing buoyancy order.

Mr Begley said: "There is a substantial global and regional pipeline of offshore projects that have reached FID or are likely to reach FID in the near term, which the Company is ideally positioned for with our riser buoyancy and SURF products and services.

"More broadly, we are seeing positive momentum for Matrix in the defence sector and there are opportunities to utilise our unique expertise in advanced materials to service the operations of Australian resource companies in both the LNG and mining sectors.

"Matrix's strong financial position allows us to readily take advantage of such opportunities as they arise across the business."

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This announcement was authorised for release by the Managing Director and CEO of Matrix.

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

Adrian Watson
FTI Consulting
Ph: +61 8 9321 8533
Email: adrian.watson@fticonsulting.com

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