



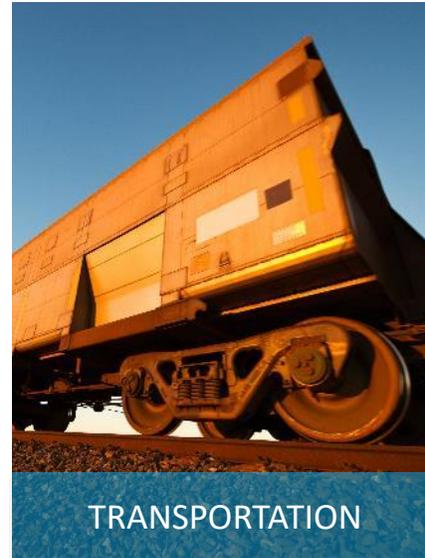
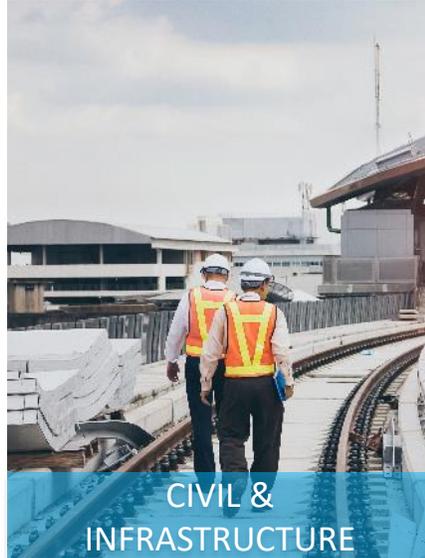
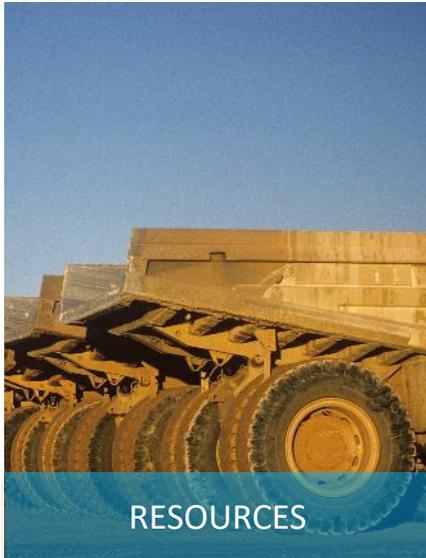
AGM November 2019

Matrix Composites & Engineering

Aaron Begley – Managing Director

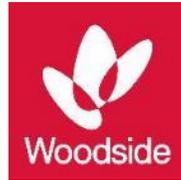
14 November 2019

Our Business



WORKING WITH OUR CUSTOMERS, MATRIX PROVIDES **INNOVATIVE ENGINEERING SOLUTIONS** USING **ADVANCED MATERIALS AND COMPOSITES** TO INDUSTRIES WHERE SAFETY AND RELIABILITY ARE CRITICAL.

Our customers and partners



Key financial metrics

		FY19	FY18
Revenue	\$m	38.2	19.5
EBITDA	\$m	(1.1)	(7.0)
Underlying EBITDA ¹	\$m	(0.9)	(7.9)
Net profit/(loss) after tax	\$m	(8.7)	(15.4)
Dividends per share	¢	nil	nil
Operating cash flow	\$m	(3.6)	(4.4)
		30 Jun 2019	31 Dec 2018
Gross cash	\$m	9.4	14.5
Net cash/(debt) ¹	\$m	2.0	2.0
Employees		140	108
Order book	\$A	25	37

- Strong revenue growth in FY19, driven primarily from oil and gas work.
- Positive EBITDA of \$0.8m in H2 FY19 after breakeven EBITDA result in 2Q FY19.
- Underlying EBITDA removes \$0.14m foreign exchange loss (1H FY18: \$0.95m gain).
- Retain casual labour options in headcount.
- Order book includes:
 - A\$5m riser buoyancy order for a new build.
 - Remainder of riser buoyancy (for second drill ship) under A\$23m order that was deferred in June 2017.

Note: figures may not add up due to rounding.

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

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



Delivered on initiatives in FY19

Expectations for FY 19

Outcome

Improving outlook for oil & gas sector driving rise in quotations.



Awarded in excess of \$25m of work in year, including a \$15.3m contract that was Matrix's biggest riser buoyancy order in three years.

Sustained activity in unconventional onshore completions expected to drive volume for Matrix's MaxR™ range of well construction products .



North American sales increased with appointment of new distributors, tempered by recent drop in rig count in that region.

Manufacture of four prototype composite bulk transport systems to be completed in H2 CY19.



Established necessary infrastructure and tooling required to complete the initial prototypes under a \$2.4 million contract.

Tunnelwell® arch stormwater systems – commence production under 5 year agreement.



Roto-moulding system commissioned and entered production in Q4 FY19 after receiving tooling.

Pursue new opportunities in the defence sector.



Formal collaborative agreement to develop new materials with Defence Science & Technology group; established long-term relationship with Thales for tailored syntactics; growing interest in hyperbaric testing with Australian defence primes.

Forecast revenue growth for FY19.



Growth in revenue to \$38.2m, a near doubling over FY18 and in line with guidance of \$37.5m - \$38.5m.

Oil & Gas operations

RISER BUOYANCY



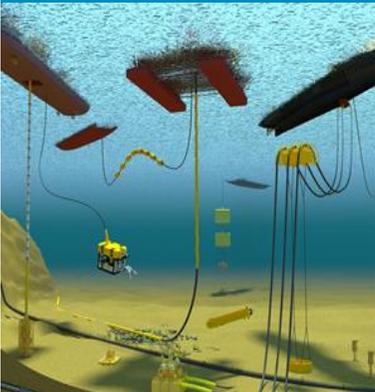
- Historically, Matrix's primary product
- Used in deepwater drilling operations
- Impacted by a sustained period of low capex
- Seeing turnaround – e.g. awarded \$15.3 million riser buoyancy contract in November 2018, Matrix's largest in three years.

WELL CONSTRUCTION



- Consumable item used in shale oil and gas production
- Distribution network in North America continuing to expand, although there has been a recent drop in rig count
- New opportunities in the Middle East and Asia
- Continued technical development - new product releases expected in 2020.

SUBSEA UMBILICALS, RISERS AND FLOWLINES (SURF)



- Range of subsea products for offshore oil and gas
- Opportunities growing with sustained increase in activity across Australia and target export markets
- Expected to grow substantially in 2021 and beyond on back of global offshore Final Investment Decisions (FIDs).

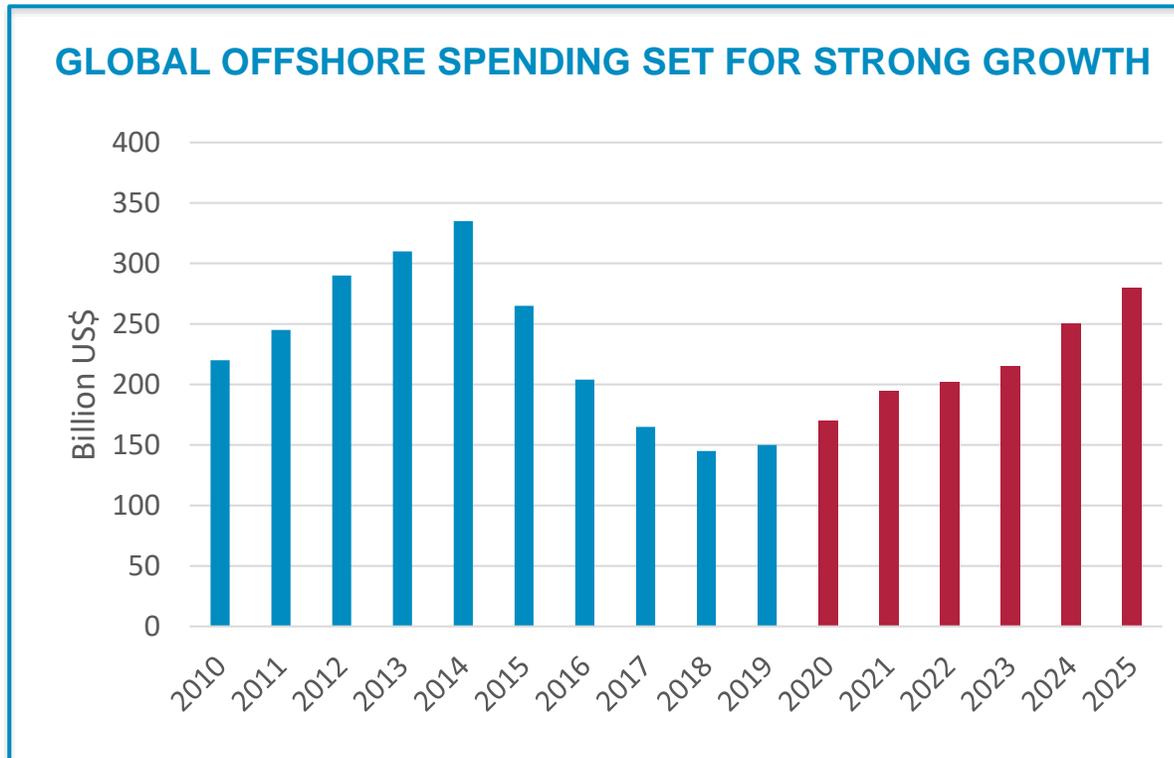
LGS® (VIV AND DRAG REDUCTION)



- Innovative product to enhance production in strong water currents with brownfield and greenfield applications
- Expanded applications across drilling risers, pipelines and production risers
- Opportunities increasing with a number of near term pending orders
- Specified on a number of upcoming projects

LGS is a registered trademark of AMOG Technologies Pty Ltd.

Oil & Gas – market indicators remain positive



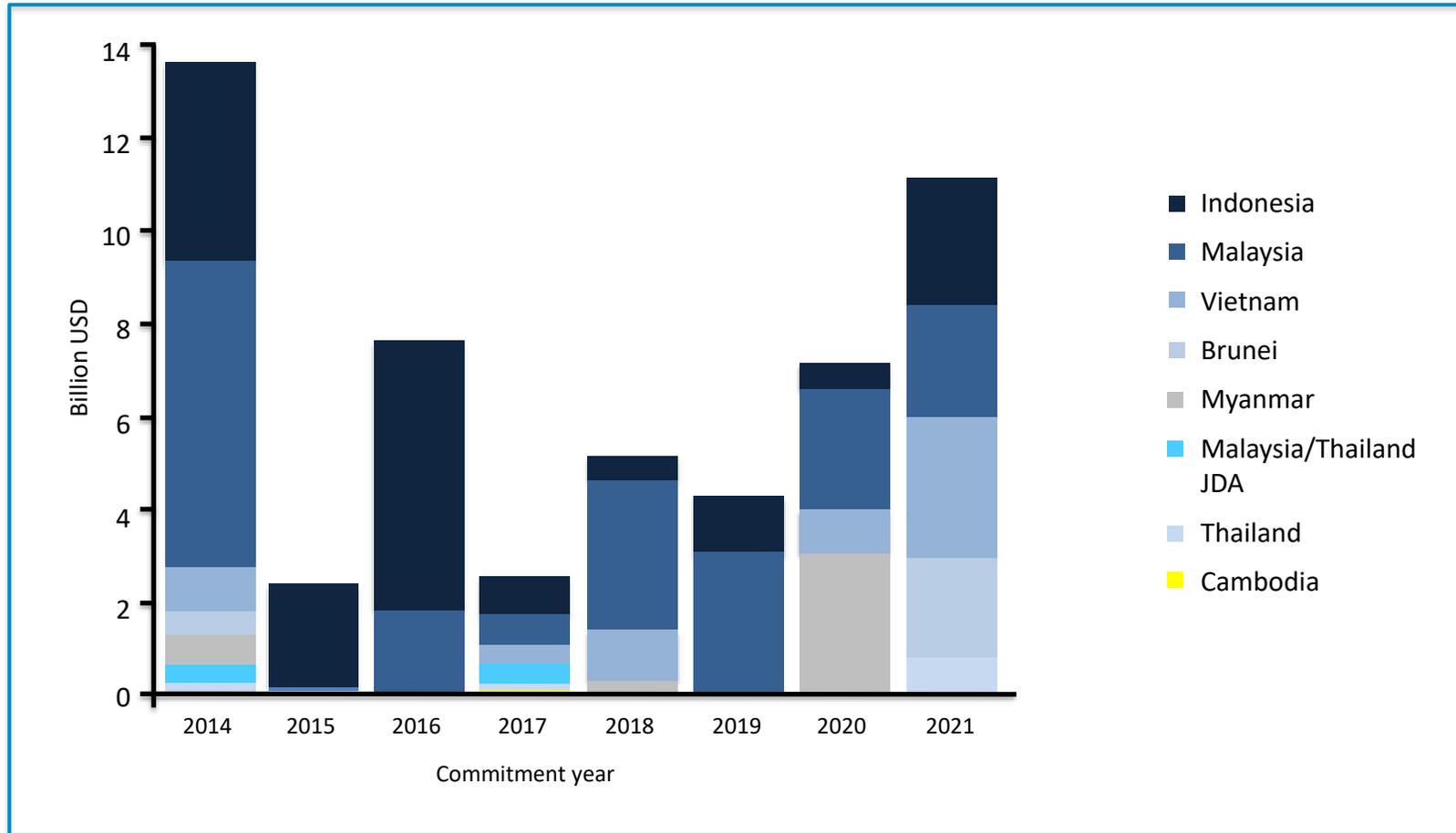
Source: Clarkson Platou Securities AS

MAJOR AUSTRALIAN OFFSHORE PROJECTS (2020 – 24)

Total estimated spend to exceed US\$45b

- Woodside Browse
- Woodside Scarborough
- Santos Barossa
- Gorgon Stage 2
- Shell Crux
- Inpex Icthus Phase 2

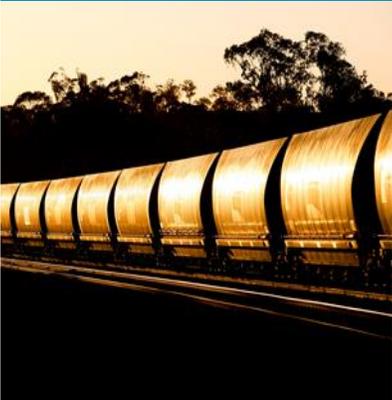
Offshore commitments increasing in Southeast Asia



Source: Rystad Energy

Diversified operations

TRANSPORTATION



- Opportunities in vehicle lightening to maximise payload capacity.
- Awarded \$2.4m contract for four prototype advanced composite material bulk transport systems.
- Established necessary infrastructure and tooling required for initial prototypes.
- Project currently in design review awaiting the next stages of development, and currently exploring other potential opportunities.

CIVIL AND INFRASTRUCTURE



- Range of opportunities to use composites in civil and infrastructure products.
- Awarded five-year manufacturing agreement to produce unique Tunnelwell® arch stormwater systems - minimum +\$2m order over 24 months.
- Recently entered production – Initial orders produced, with demand expected to increase over 2020.

DEFENCE



- Applying expertise in advanced materials and technology to develop products applicable to new build and sustainment programs (e.g. anechoic coatings, buoyant materials and structural work).
- Strong interest in Matrix hyperbaric test facilities as sovereign industry capability.
- Establishment of long-term relationship with leading Australian defence prime – Thales.

RESOURCES



- Ongoing focus to leverage transport opportunities in large composite structures and capability, and to apply to resource sector.
- Development and opening of large composite workshop.

Outlook

- Strong global and regional pipeline of offshore projects that have reached FID or are likely to reach FID within the next 18 months
- Several major Australian subsea projects exceeding US\$45 billion expected to be executed 2020 – 2024
- Diversification within the Oil & Gas Sector with increased exposure to SURF, Downhole, Abandonment and Onshore opportunities
- Drilling market continues to develop, “High Specification” rigs should drive demand for LGS[®] and drilling riser buoyancy replacements
- Strong pipeline of new offshore work remains, accompanied with some drift in project award decisions from 1H to 2H FY20
 - over \$40 million in competitive tenders Matrix is actively bidding on now expected to be awarded through the balance of FY20.
 - Recent orders of \$4m awarded to Matrix across 5 offshore projects including LGS[®] Riser Buoyancy for an existing rig, 3 small SURF orders for distributed buoyancy and a positive variation to an existing order.
- Continuing to pursue opportunities in the complementary defence sector in both the construction and sustainment phase, as well as civil & infrastructure and transport sectors
- Agreed sale and lease back of Henderson facility will liberate near term capital for growth

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