

8 November 2018

Chairman's Statement 2018 Annual General Meeting

Ladies and Gentlemen, prior to moving into the formal business of today's meeting I would like to give you an overview of Matrix's performance for the year, our major developments, and outlook for the coming year.

2018 financial year

As expected, the 2018 financial year was another challenging year for oil and gas suppliers. However, I am pleased to say that we achieved significant progress against the diversification strategy that was developed in line with the business restructuring that took place in the prior year.

Our diversification strategy is about strategically targeting new products and markets that utilise Matrix's leading capabilities and assets in advanced materials and technology, intellectual property and our advanced composite manufacturing facility in Henderson. It enables us to diversify the Company's opportunities beyond cyclical oil and gas growth projects into sectors such as transportation, civil and infrastructure, and defence. It is also about developing and marketing innovative products to support existing oil and gas projects, like LGS®.

I'll come back to expand on those opportunities in a few moments. Before doing so, I'll provide a short overview of our FY2018 financial results.

As I said earlier, the 2018 financial year was a challenging market for oil and gas suppliers, and we expected subdued earnings accordingly. As a result, FY2018 revenue was \$19.5 million, compared to \$33.1 million in FY2017, resulting in an EBITDA loss of \$7.0 million and statutory net loss after tax of \$15.4 million.

Matrix's earnings were impacted by lower revenue due to deferrals in the award of new oil and gas contracts, particularly for SURF and LGS projects. In addition, revenue from civil and infrastructure projects that was expected in FY2018 has moved into the 2019 financial year.

Diversification strategy

As I mentioned earlier, Matrix has been restructured under our diversification strategy to target growth in five key areas – oil and gas, transportation, civil and infrastructure, resources and defence. Matrix made significant progress in these new markets throughout the 2018 financial year and has carried this positive momentum FY2019.

Within the oil and gas sector, our focus has been on manufacturing and developing products for brownfield oil and gas projects as opposed to cyclical oil and gas projects. This is expected to provide Matrix with a more predictable workflow. One key opportunity is through our innovative Matrix LGS® system. This unique product allows drilling at offshore operations to continue safely in strong current conditions periods where operations would ordinarily need to stop, saving costs

in lost production and downtime. In this space, we successfully completed a \$4 million contract to design, test, manufacture and install approximately one kilometre of Matrix MarineShield LGS on an existing gas export pipeline situated offshore in Australia. We also completed a successful 12-month trial of LGS® in the Gulf of Mexico with a leading oil and gas operator, which demonstrated that Matrix LGS® works in full scale, real world operations. We are very excited about the future application of LGS across a range of operations in FY2019 and will continue to develop the market for this technology in conjunction with our partners, AMOG, for both brownfields and greenfield offshore application.

Looking outside of the oil and gas sector, Matrix also made significant progress with a number of opportunities in the year

Firstly, in transportation, Matrix was awarded a \$2.4 million contract from a major bulk freight company to develop and manufacture four prototype composite bulk transport systems. This contract is of high strategic importance as it leverages our expertise in advanced technologies to deliver lightweight composite structures across diverse industries. There is also the potential for a second stage to manufacture 110 systems. In addition, we believe this product has applicability in the resources branch of our strategy, where we can leverage transport opportunities in large composite structures, including capability for the oil and gas and mining sectors. The initial stage of works is expected to be completed in FY2019 and we have made good progress on this contract so far. We look forward to providing further updates in the year.

Secondly, in civil and infrastructure, Matrix signed a five-year manufacturing partnership agreement for the unique Tunnelwell® arch stormwater system. Under this agreement, we have secured an initial order in excess of \$2 million for 24 months. The arch system is unique in removing the need for traditional drainage materials, such as concrete, by using roto-moulded polyethylene. As such, we have successfully installed a state-of-the-art roto-moulding system at our Henderson facility and are scheduled to commence production this quarter. Importantly, the installed roto-moulding capability is complementary to Matrix's oil and gas products including SURF, LGS®, and other engineered products.

Thirdly, in defence, Matrix signed a Memorandum of Understanding with BAE Systems to be its composites partner. This is a great achievement and opportunity as BAE Systems has been awarded a \$35 billion contract to produce nine future frigates for the Royal Australian Navy. Matrix will continue to foster relationships with Australian defence prime contractors to capitalise on opportunities to develop advanced materials for defence applications.

Outlook

Matrix entered the 2019 financial year with approximately \$26 million of manufacturing work secured for the next 18 months for projects with our oil and gas, transportation, and infrastructure clients. In addition, we are experiencing a growing order pipeline, with a rise in quotations so far in FY2019 for oil and gas production, maintenance and rectification jobs building on from new orders received in the fourth quarter of FY2018 and into FY2019. This all gives us confidence to deliver revenue growth for the 2019 financial year.

In closing, 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. I would also like to thank shareholders for their continued support.