

19 July 2021

FY21 update with oil & gas project recovery and local market expansion underpinning outlook

Overview

- Rebound in oil price during 2H FY21 starting to generate increased sector activity in Matrix's traditional markets
- Received new orders for Drilling Riser Buoyancy and LGS in the last month worth approximately \$5m
- Coatings Technologies business growing, with sales of +\$3.0m in Q4 FY21 and positive momentum expected to continue into FY22
- Green shoots evident from continuing diversification of advanced materials and composites activity especially with major local resources sector companies
- Matrix FY21 revenue expected to be c.\$17.0m (preliminary unaudited) with H2 FY21 of c.\$9.0m, up 10% on 1H FY21, as revenue from the local resources sector helped offset depressed activity from traditional off-shore oil/gas buoyancy markets during the year
- Gross cash at June 30 of \$7.1m (preliminary unaudited)

Matrix Composites & Engineering Ltd (ASX: MCE, "Matrix" or the "Company") is pleased to provide the following update, as it secures new drilling riser buoyancy work amid the oil and gas market recovery and continues to expand into the local resources sector to foster long-term sustainable revenue growth.

The Company's traditional markets are seeing signs of recovery following a rebound in the oil price during 2H FY21, while the continued market traction and growth of the Coating Technologies business helped offset reduced revenue streams arising from depressed activity in global oil & gas markets earlier in FY21.

Matrix's revenue for 2H FY21 is expected to be \$9.0m (preliminary unaudited), which is ahead of 1H FY21 revenue by around 10% and brings total FY21 revenue to approximately \$17.0 million (preliminary unaudited). The Company's gross cash balance at 30 June 2021 is expected to be in the order of \$7.1m (31 December 2020: \$11.5m cash).

Matrix Chief Executive Officer Aaron Begley said the Company was experiencing positive momentum heading into FY22, which has been aided by a rebound in the oil price in late 2H FY21.

"We are encouraged by the award of new buoyancy projects from our traditional oil & gas market, while expanding into the local resources sector enabled us to navigate significant headwinds that



emerged in the oil and gas sector, and has unlocked a new avenue of growth for the business," Mr Begley said.

"Our world-class Henderson facility remains ready to capitalise on the potential rebound of activity in our traditional oil and gas markets, which together with our expanding resources sector work, has the potential to deliver significant value creation for the Company moving forward."

Oil & Gas Recovery

The rebound in the oil price during 2H FY21 has significantly improved both the short-term and medium-term outlook for Matrix's traditional markets. Matrix is set to produce two new drilling riser buoyancy orders valued at approximately \$5.0m for international deep sea drilling companies, including ultra-deepwater drilling riser buoyancy that will operate in over 4000 meters seawater and our state of the art LGS low drag, VIV suppressing buoyancy.

Forecast global activity in the subsea and SURF markets is also trending upwards in several important geographies. In response to this activity Matrix has buoyancy tenders in play for over \$100m aggregate value in the subsea and SURF markets alone.

Matrix's active retention of its Henderson manufacturing and production facilities and associated capability over the recent extended period of depressed oil/gas sector activity positions Matrix well to support the favourable award of tenders currently in play.

As the utilisation of the global floating rig fleet increases, demand for replacements, upgrades and extensions of riser buoyancy will increase across the global fleet, which Matrix is well positioned to supply.

Local Market Expansion

As the 2021 fiscal year progressed, the Company generated increased activity across its corrosion technology offerings, including with Woodside and other major LNG resource companies, as well as tangibly demonstrating its capabilities to develop materials science and advanced manufacturing solutions for clients.

Matrix has increased the revenue stream from this business during 2H FY21, in line with previous expectations (see ASX announcement dated 26 February 2021). The Company has completed purchase orders to deliver sales of over \$3.0 million in coatings, equipment hire and associated services for Q4 FY21 alone. Matrix anticipates it will build upon this encouraging momentum with continuing business growth projected in FY22.

Matrix has also continued to demonstrate its capabilities to develop materials science and advanced manufacturing solutions for clients including a \$1.5 million contract from the Western Australian State Government to produce two prototypes and up to 10 solar-powered bulk hand sanitiser dispensers (SOLSANT™) for use in public spaces within WA (see ASX announcement dated 4 February 2021), as well as its contract to develop a composite replacement for steel componentry for Newcrest (see ASX announcement dated 1 February 2021).

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

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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