

31 August 2021

Matrix FY21 Financial Results - Set for FY22 Growth

Overview

- Revenue of \$17.6m (FY20: \$27.4m), stemming from weak oil price and COVID-19 global impacts on the oil & gas sector during FY21
 - Revenue of \$6.0m during final quarter of FY21 as macroeconomic conditions show promising signs of improvement
- Underlying EBITDA loss of \$4.4m (FY20: \$3.7m loss)
- Net Loss After Tax of \$27.9m (FY20: \$67.9m loss) after \$15.0m non-cash asset impairment
- Gross cash of \$7.2m (31 December 2020: \$11.5m) with no trade or term debt
- Increased traction in strategic pivot to brownfields opex work and expansion into local resources sector
- Coatings Technologies business growing into FY22, following cash acquisition of business and progressive ramp up of activity throughout FY21
- Signs of recovery in traditional oil & gas markets following rebound in oil price 2H FY21 with new riser buoyancy work secured and active tender pipeline in subsea and SURF markets
- Expect to maintain positive momentum to deliver strong revenue growth in FY22

Matrix Composites & Engineering Ltd (ASX:MCE, "Matrix" or the "Company") announces its results for the twelve months ended 30 June 2021 (FY21) with an improved outlook for growth into FY22.

Matrix reported revenue of \$17.6 million for FY21 (FY20: \$27.4m), impacted by the substantially weaker oil price and broader COVID-19 macroeconomic effects on the global oil and gas industry, which quickly emerged during the third quarter of FY20 and continued through FY21.

This was also reflected in the underlying EBITDA loss of \$4.4million¹ (FY20: \$3.7m). The Statutory Net Loss (adjusted) After Tax narrowed from a \$67.9 million loss in FY20 to a \$27.9 million loss, as during FY20 Matrix reported non-cash asset impairments and write-downs relating to the challenging oil and gas market conditions. Matrix has recognised further asset impairment charges of \$15.0 million in FY21.

¹ As in prior year, Underlying EBITDA excludes foreign exchange losses (FY21: \$1.3m) and non-cash asset charges (FY21: \$15.0m asset impairment, \$0.4m discontinued project write-off from prior period).

The Company has continued to focus on capital management with a gross cash balance at year-end of \$7.2 million, (31 December 2020: \$11.5m), maintaining no trade or term debt. Matrix's healthy cash balance enabled the Company to successfully navigate the challenging macroeconomic conditions during FY21, including to tangibly progress its strategic pivot into brownfields OPEX work.

Matrix recorded revenue of approximately \$6 million during the final quarter of FY21, underpinned by the growing Coatings Technology business and a rebound in activity across the Company's traditional markets, on the back of improving macroeconomic conditions for the oil and gas sector.

The Coatings Technology business contributed approximately \$3.6 million of revenue during the final quarter of FY21, a record quarter since Matrix completed the Humidur Coatings acquisition in the first quarter of FY21.

The Company has also seen increased activity for products in the oil and gas sector including the recent award of two new riser buoyancy projects.

Matrix Chief Executive Officer Aaron Begley said the Company is well positioned to expand upon the positive momentum it experienced towards the end of FY21.

"We have been navigating a very challenging period in the oil and gas sector and have taken initial steps at the tail end of FY21 and into FY22 to capitalise on an emerging tender pipeline in the subsea and SURF markets," Mr Begley said.

"Matrix is deepening its track record in delivering advanced materials solutions across a diverse range of sectors and we anticipate continued growth in our Coatings Technologies business, which will help underpin sustainable long-term growth for Matrix.

"As a result, we are projecting revenue in the coming first half of FY22 beyond what we generated in each of the half-year periods of FY21.

"Crucially, with an enhanced focus on operational efficiency, we will have the capability to translate this stronger projected revenue into improved underlying earnings."

Outlook

Matrix expects the positive momentum from the final quarter of FY21 to flow into FY22, as the macroeconomic challenges previously outlined broadly continue to show indications of alleviating.

As recently announced, 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 4,000 metres seawater and our state of the art LGS low drag, VIV suppressing buoyancy.

Having maintained production capability at the Company's Henderson manufacturing facility, Matrix is also ready to capitalise on a growing pipeline of opportunities with buoyancy tenders in excess of \$100 million currently in play in the subsea and SURF markets alone.

Driven by the growth of the Coatings Technologies business and the rebound in activity across the Company's traditional markets, Matrix expects to deliver strong revenue growth in FY22.

Furthermore, the Company continues to leverage its expanding track-record of delivering a diverse range of advanced materials and composites solutions to capture significant opportunities in the local resources sector, which will further foster long-term sustainable revenue growth.

-ends-

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 Rauso
FTI Consulting
Ph: +61 8 9321 8533
Email: adrian.rauso@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 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