

MATRIX DELIVERS FY23 GROWTH WITH PLATFORM TO CONTINUE POSITIVE TRAJECTORY

31 AUGUST 2023

OVERVIEW

- Revenue uplift to \$47.2m for FY23 (FY22: \$28.6m) with step up in subsea buoyancy demand.
- Return to positive underlying EBITDA of \$0.2m, including \$2.5m for the second half (FY22: \$2.3m loss, FY21: \$4.4m loss).
- Net Profit After Tax of \$8.7m (FY22: \$4.8m loss), including \$15.8m reversal of prior asset impairments reflecting rebounding oil & gas activity and positive outlook.
- Enhanced gross cash position of \$20.0m (30 June 2022: \$7.6m), supporting ramp up in activity and flexibility to successfully capture a robust pipeline of opportunities in FY24.
- Outlook buoyed by further major subsea projects emerging, a solid recurring revenue base via the Corrosion Technologies division, and increasing advanced materials activity, including with Fortescue in the green hydrogen space.
- Secured FY24 revenue from subsea work alone stands at ~\$55m (not including expected +\$10m recurring revenue for Corrosion Technologies and Advanced Materials divisions) positioning Matrix for continued growth.

Matrix Composites & Engineering Ltd (ASX: MCE, "Matrix" or the "Company") is pleased to announce its results for the financial year ended 30 June 2023.

Matrix delivered a strong uplift in revenue to \$47.2 million for FY23 (FY22: \$28.6m), underpinned by rebounding oil & gas activity elevating demand for Matrix's subsea products and the Company continuing to evolve its diverse advanced manufacturing and materials solutions across the energy sector more broadly.

The increase in revenue, stepping up in the second half to around three times the first half, saw the Company return to positive underlying earnings. Matrix generated an underlying EBITDA result of \$0.2 million for the year (FY22: \$2.3m loss, FY21: \$4.4m loss), with the Company building momentum over the year and achieving positive underlying EBITDA of \$2.5 million for the second half.

Matrix Chief Executive Officer Aaron Begley said the results highlight Matrix's sustained operational and financial recovery, which the Company is very well placed to continue.

"We are delivering on our key objective to grow our revenue stream and convert this growth at the EBITDA level," Mr Begley said.

"We have approximately \$55 million of subsea revenue already locked in for FY24 and are backed by a bolstered cash position that provides us with the working capital flexibility to capture further opportunities across the renewable energy, mining, and mineral processing sectors, in addition to our core oil and gas product lines.

"Importantly, Matrix is continuing to diversify its business to perpetuate our growth trajectory. This is highlighted by an expansion of advanced materials activity with Fortescue in the green hydrogen



space and the deepening reach of Corrosion Technologies work in the energy and resources markets.

“Our focus in the year ahead will be on securing our pipeline of opportunities whilst enhancing our operating efficiencies to ensure our growth is profitable.”

During FY23 Matrix significantly progressed key subsea projects. Matrix completed manufacturing of a circa \$18 million Subsea Umbilicals, Risers & Flowlines (SURF) order that was announced on 15 August 2022, as well as completing a \$14 million Deepwater Drilling Riser Buoyancy System, following a contract award late in FY22. Both projects are ready for delivery in H1FY24.

The Company's gross cash position increased to \$20.0 million by 30 June 2023 (31 Dec 2022: \$10.5m), following a Convertible Note raising in December 2022 and strongly-supported equity raising in March 2023. This cash position has improved to approximately \$23.5 million as at 30 August 2023 including outstanding milestone payments received post year end.

Matrix recorded an operating cash outflow of \$9.1 million for FY23, which was impacted by the timing of several major milestone payments relating to projects completed in June, for which payments will be received by October 2023.

In line with prior periods, Matrix's underlying EBITDA result excludes foreign exchange variances, which comprised a \$0.4 million loss for FY23, compared to a \$0.7m gain in the prior corresponding period. Additionally, the FY23 underlying EBITDA result excludes a \$1.3 million fair value adjustment on the Convertible Notes Matrix issued to the market during FY23.

Matrix also recognised a \$15.8 million reversal of prior period asset impairments in 1H FY23 in line with the rebounding oil & gas market and positive outlook for the business more broadly. This underpinned a statutory Net Profit After Tax of \$8.7 million for FY23 (FY22: \$4.8m loss).

Growth Outlook

Backed by a strengthened cash position, Matrix is well positioned to execute its healthy work-in-hand pipeline and capture emerging opportunities.

Matrix has ~\$55 million of subsea revenue already secured for FY24, underpinned by a ~\$44m binding purchase order received during FY23 to deliver a SURF distributed buoyancy system for a major deepwater project in South America. The contract will predominately be reflected in Matrix's FY24 financial results, with manufacturing commencing in September.

Furthermore, in May this year Matrix was awarded a contract for the supply of drilling riser buoyancy modules to TransOcean. The contract award has an expected value of \$4 million, with the modules scheduled to be manufactured and delivered during the first half of FY24.

Demand for Matrix's traditional subsea products is expected to remain buoyant over the longer-term. Notably, the Company has several subsea tenders that are set to reach the final stages in the contract award process during the current half.

This demand has been supported by the sustained post-COVID reactivation of the global offshore drilling fleet in the oil & gas market and growth in non-oil & gas buoyancy markets, including defence and deepwater mining.

MATRIX COMPOSITES & ENGINEERING LTD

150 Quill Way, Henderson, WA, Australia 6166. T: +61 8 9412 1200 ABN 54 009 435 250
matrix@matrixengineered.com www.matrixengineered.com

Matrix's Corrosion Technologies business continues to provide a solid recurrent-revenue base and positive operating earnings contribution to the Company. Coatings Technologies, which is focused on brownfields maintenance work across the energy, mineral processing and mining sector, produced revenue of \$9.5 million for FY23 (FY22: \$10.4m, FY21: \$5.8m).

Matrix is making tangible progress in growing its advanced material business division, particularly in the emerging green hydrogen space. During FY23, Matrix expanded its revenue stream under its services contract with Fortescue (see ASX announcement 9 February 2022), where the Company is developing equipment and materials technologies for hydrogen electrolyzers that support Fortescue's green hydrogen objectives. Matrix has received positive client feedback to date and is anticipating increased activity in FY24.

With a strong base of secured revenue already in place, an active quotation pipeline and robust financial position, Matrix is very well positioned for FY24. A deepening reach into the energy and resources markets with recurring revenue via the Corrosion Technologies business, and the continued emergence of the advanced materials division, particularly in the clean energy sector, provides further confidence that Matrix's growth trajectory will continue into FY24.

-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.

MATRIX COMPOSITES & ENGINEERING LTD

150 Quill Way, Henderson, WA, Australia 6166. T: +61 8 9412 1200 ABN 54 009 435 250
matrix@matrixengineered.com www.matrixengineered.com

For personal use only

