

# MATRIX DELIVERS REVENUE GROWTH IN 1H FY22 SET TO CONTINUE POSITIVE TRAJECTORY

25 FEBRUARY 2022

## OVERVIEW

- Revenue of \$13.7m for 1H FY22 (1H FY21: \$8.1m), as Matrix advances recovery from COVID-19 global impacts on the oil & gas industry and builds Corrosion Technology business
- Reduced underlying EBITDA loss to \$1.3m for the half (1H FY21: \$2.2m loss)
- Net Loss After Tax of \$3.9m (1H FY21: \$7.0m loss)
- Gross cash position of \$7.7m (30 June 2021: \$7.2m). Current cash held \$10.5m, with no trade or term debt
- Matrix experiencing strong signs of revival in demand across its traditional oil & gas product lines, including receiving ~\$14m Letter of Intent in December to supply drilling riser buoyancy
- Continued expansion of Corrosion Technology business, delivering \$4.1m revenue (1H FY21: \$1.6m), to underpin long-term, sustainable revenue base
- Expect to deliver year on year revenue growth in FY22 and FY23 with recovery in oil and gas market and continued momentum in coatings and advanced materials.

Matrix Composites & Engineering Ltd (ASX: MCE, "Matrix" or the "Company") is pleased to announce its results for the six months ended 31 December 2021 (1H FY22).

Matrix reported growth in revenue, up 69% to \$13.7 million for 1H FY22 (1H FY21: \$8.1 million), principally driven by increased activity across the Company's operations in traditional oil & gas products, where the market recovery is gaining momentum, and growth in its Corrosion Technology and advanced materials business.

The stronger revenue continues a positive trajectory for Matrix, including a significant step up on the preceding 2H FY21, where the Company recorded revenue of \$9.5 million.

Subsea buoyancy work lifted during the half delivering revenue of \$7.5 million relating to orders for international deep sea drilling companies, including ultra-deep drilling riser buoyancy and Matrix's LGS low drag, VIV suppressing buoyancy.

The Company's Corrosion Technology business also continues to build scale with revenue of \$4.1 million in the half, up from \$1.6 million in the prior corresponding period.

The increased activity and stronger revenue underpinned a reduced underlying EBITDA loss to \$1.3 million (1H FY21: \$2.2 million), which was also reflected in a narrowed Net Loss After Tax from \$7.0 million in 1H FY21 to a \$3.9 million loss in 1H FY22. As in prior periods, Underlying EBITDA excludes foreign exchange variances, which encompassed a \$0.25m gain for 1H FY22, compared to a \$1.5 million loss in the prior corresponding period.

The Company maintained a key focus on maximising cost efficiencies and preserving a robust balance sheet, with a gross cash balance at the end of the half of \$7.7 million, (30 June 2021: \$7.2 million), maintaining no trade or term debt.

Matrix successfully completed a \$7 million capital raising late in 1H FY22 to bolster the Company's balance sheet and to support emerging opportunities. Cash at 31 December 2021 included share placement proceeds of \$2.5 million (before costs), with the remaining \$4.5 million receiving shareholder approval in January, boosting the Company's cash on hand shortly after the half year end. The Company currently holds in excess of \$10.5 million in cash.

Matrix Chief Executive Officer Aaron Begley said he was delighted to see the Company rebound from prolonged challenging market conditions into a position to deliver long-term growth.

"We have considerably improved our financial performance and are pivoted to build on this into the FY23 year and beyond," Mr Begley said.

"It is particularly pleasing that we are making significant strides in growing our Corrosion Technology business, enabling us to develop a revenue base that is sustainable, diverse, and conducive to stable long-term growth.

"Additionally, our prudent decision to maintain our operational capability to service our traditional oil and gas market exposes us to substantial upside potential, with revival in demand for our traditional product line. This is evidenced by the approximate \$14 million riser buoyancy LOI received late in the half, our most significant award since 2018.

"There are highly encouraging macroeconomic tailwinds that will likely further expand our opportunity pipeline in the offshore oil and gas market."

## Outlook

Matrix anticipates continued positive momentum in demand for its traditional product lines, on the back of promising macroeconomic conditions, including the oil price surpassing US\$100 a barrel this month in tandem with a step up in subsea spend, increase in drilling rigs and the strongest oil and gas capex pipeline since 2012/13.

Matrix is operationally ready to capitalise on a growing pipeline of other opportunities across the subsea and SURF markets. In this regard, buoyancy tenders in the subsea market in excess of \$220 million are currently active.

Matrix's Corrosion Technology business is also projected to further expand and grow over the long-term, as the Company continues to target additional sustainment work in the oil and gas and resources sectors.

In addition, the Company continues to pursue a range of opportunities in advanced materials and composite solutions for clients, particularly in the local resources sector. The recent services agreement with Fortescue Future Industries is a further demonstration of Matrix's capability, leveraging its expertise in advanced composites for new technological developments in emerging green hydrogen and solar applications.

Overall, Matrix expects to continue its positive trajectory to deliver significant revenue growth into FY23.

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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.