

MATRIX LIFTS REVENUE IN FY22 WITH MOMENTUM TO DRIVE STRONG FY23 GROWTH

31 AUGUST 2022

OVERVIEW

- Revenue of \$28.6m for FY22 (FY21: \$17.6m), as Matrix's traditional oil & gas products begin to recover and the Corrosion Technology business grows
- Reduced underlying EBITDA loss to \$2.3m (FY21: \$4.4m loss)
- Net Loss After Tax of \$4.8m (FY21: \$27.9m loss)
- Healthy gross cash position of \$7.6m (30 June 2021: \$7.2m), maintaining no trade or term debt
- Rebound in demand for Matrix's subsea product lines evident with over 50% growth to \$16.6m in FY22, and recent new contract awards of approximately \$30m underpinning FY23
- Corrosion Technology revenue continues to expand, generating \$10.4m (FY21: \$5.8m), bolstering Matrix's long-term revenue base and growth opportunities
- Strong momentum to deliver significant revenue growth in FY23

Matrix Composites & Engineering Ltd (ASX: MCE, "Matrix" or the "Company") is pleased to announce its results for the 12 months ended 30 June 2022 (FY22).

Matrix generated increased revenue of \$28.6 million for FY22 (FY21: \$17.6m), stemming from a rebound in demand for Matrix's traditional oil & gas products and continued growth in the Corrosion Technology business.

Revenue across the Company's riser buoyancy, SURF and well construction products lifted over 50% to around \$16.6m, while the Corrosion Technology business saw revenue jump over 80% to \$10.4m for the year.

The Company narrowed its underlying EBITDA loss for FY22 to \$2.3 million (FY21: \$4.4m loss), with the improvement weighted towards the second half of FY22. Underlying EBITDA excludes foreign exchange variances, which equated to a \$0.7m gain for FY22, and a \$1.5m reduction in asset retirement obligations. Matrix also significantly reduced its Net Loss After Tax from \$27.9 million in FY21 to a \$5.6 million loss in FY22.

Matrix ramped up its operational capacity during FY22 while retaining a solid balance sheet with a gross cash balance at the financial year-end of \$7.6 million, (30 December 2021: \$7.7m, 30 June 2021: \$7.2m), maintaining no trade or term debt. The Company successfully completed a \$7 million capital raise, announced in 1H FY22 to support emerging opportunities, which have started to come through, setting Matrix for further strong growth in the coming year.

For personal use only



Matrix Chief Executive Officer Aaron Begley said the results demonstrated that the Company had substantially progressed its rebound from challenging market conditions and was on the pathway to deliver sustained growth.

"Matrix is emerging from a challenging period with strong prospects," Mr Begley said.

"We are methodically building a Company with a much more resilient, diversified, and long-term focused revenue base, which has been underpinned by strong growth in our Corrosion Technology business in addition to re-emerging work across our traditional oil & gas product lines.

"Our focus is on continuing to sustainably grow revenue, while prudently managing our cost base, in order to deliver enhanced earnings in FY23 and beyond.

"We are in a great position to achieve this, having secured the recent award of two major orders totalling approximately \$30m, which alone exceed the Company's revenue for the whole of FY22.

"There are also further opportunities ahead across our oil and gas product lines, advanced materials capabilities, and increasingly in the renewable energy space following our agreement with FFI.

"We were recently awarded ISO 14001 certification, a key ESG accreditation, that reinforces our commitment to operating sustainably and enhances the Company's ability to secure future work, including in the renewable energy space."

Outlook

Matrix has entered FY23 with significant positive momentum and a bright outlook.

Earlier this month, Matrix secured a contract worth approximately \$16 million, with scope to increase up to \$18 million, to supply SURF modules for Subsea 7 in South America. This followed the Company in June converting a Letter of Intent into a circa \$14 million purchase order for the supply of a Deepwater Drilling Riser Buoyancy System to support a newbuild deepwater floating rig project in Asia.

The Company is competitively tendering for additional projects within the buoyancy and SURF market that are set to be awarded throughout FY23. The medium to longer-term outlook for this market is positive with the oil price having remained well above US\$60 a barrel for an extended period of time.

The Company's OpEx-focused Corrosion Technology business continued to grow in FY22, with robust momentum carrying through into FY23, as it increasingly provides Matrix with a major source of recurrent revenue.

Importantly, the Corrosion Technology business has now been fully integrated into the Company's broader operations while Matrix prudently maintained production capability of subsea buoyancy products through the COVID-induced sector downturn. Accordingly, Matrix is in an optimal position to grow its revenue, whilst effectively managing costs, to deliver enhanced earnings.

Matrix is also utilising its expertise in advanced materials and advanced manufacturing solutions to capture opportunities in the burgeoning renewable energy sector. During FY22, the Company signed a services contract with Fortescue Future Industries (FFI) to develop equipment and materials technologies for FFI's green hydrogen objectives.

Matrix anticipates the renewable energy sector will be a natural area of growth potential for the Company in the medium to long-term and is actively discussing broader opportunities for new technological developments across hydrogen and wind applications. In recent months the company has quoted \$50m of offshore floating wind opportunities using existing buoyancy capability.

Earlier this month, Matrix obtained ISO 14001:2015 accreditation, which is an internationally recognised standard that sets out the requirements of an environmental management system and is used by organisations to improve environmental performance.

Many of Matrix's current and potential customers, particularly in the energy sector, increasingly require the Company to have specific environmental management plans in place. Implementing ISO 14001:2015 is a formal recognition that such plans exist and also allows the Company to tangibly demonstrate its commitment to sustainability and protecting the environment.

Off the back of strong momentum across the business, approximately \$30m of recent new contract wins for delivery in FY23 and recurring revenue from coatings and well construction products, Matrix is on track to deliver significant revenue growth in FY23.

-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

