

2011 Annual General Meeting

Matrix Composites & Engineering Ltd

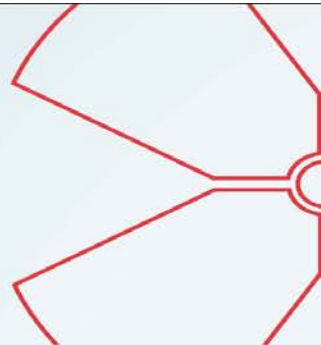
Tuesday 25th October 2011, 10.30am





CHAIRMAN'S PRESENTATION

Presented by Nigel Johnson





CHAIRMAN'S ADDRESS

Good morning ladies and gentlemen and welcome to the 2011 Annual General Meeting (AGM) of Matrix Composites & Engineering Ltd ("Matrix"). Thank you for taking the time to attend today's meeting.

My name is Nigel Johnson and I am Chairman of Matrix. I would like to introduce your Directors who are present today:

Chief Executive Officer – Mr Aaron Begley

Non-Executive Director – Mr Max Begley

Non-Executive Director – Mr Craig Duncan

Non-Executive Director – Mr Peter Hood

Non-Executive Director – Mr Paul Wright.

As a consequence of the resignation of Mr Michael Kenyon, CFO and Company Secretary, in September 2011 due to health reasons, Mr Wright is acting CFO/ Company Secretary until a replacement for Mr Kenyon is found. In addition, representatives from our auditors, Deloitte, and our legal advisers, Lavan Legal, are present today.

Before dealing with the formal matters of this meeting I would like to make a few comments on Matrix's activities and performance throughout financial year (FY) 2011.

As the only major oil and gas equipment manufacturer and exporter in Australia and the global leader in the manufacture and supply of subsea buoyancy systems, Matrix holds an enviable position in the domestic and international marketplace. Throughout FY 2011, Matrix continued to grow significantly, including opening the world's largest syntactic foam plant at Henderson, diversifying into new products, expanding its geographical presence, investing in human resources and nearly doubling revenue and net profit after tax compared to the previous financial year.

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Your Board believes that the material investment that has been made in these areas will position Matrix to capture the significant opportunities available to the company.

The construction and fit-out of the new manufacturing facility at Henderson in Western Australia was completed and officially opened in June 2011. The facility is the largest and most technically advanced of its kind in the world and doubles Matrix's production capacity. The new facility allows Matrix to manufacture riser buoyancy modules more efficiently and develop and manufacture a range of other composite products. The new plant also reduces manufacturing costs, providing Matrix with a significant competitive advantage over its competitors. Full production capacity is expected to be achieved by December 2011. The increase in production capacity negates the need to continue riser buoyancy production at the Malaga plant. As a result this plant was closed on 30 September 2011.

In 2011, one of Matrix's strategic objectives was to diversify its business and product lines. In this regard, Matrix has made good progress. The heavy engineering business was rebranded as Matrix Offshore Services and Engineering allowing it to piggyback off the strong Matrix brand. It is also looking to expand its service offering to the offshore oil and gas sector in Australia and abroad. In regards to product development, we are now in a position to offer a product range that includes subsea, umbilicals, riser and flowline (SURF) applications, and composite drilling centralisers. Matrix will continue to invest heavily in product research and development programs to ensure it remains at the forefront of technology and product innovation. This will allow Matrix to meet current and future client requirements, whilst at the same time diversifying the product base and reducing the reliance on any single product revenue stream.

Matrix has continued to invest in human resources to support and manage its growth and development. It is growing its global business development team to increase geographical coverage in North and South America, Asia and Australia. A business development manager has been appointed for the Houston office of our newly established US subsidiary, and we have recently appointed a manager for Brazil who will be focused on attaining service and repair contracts for Matrix in South America. Matrix has also recruited specialist engineers for product development, undergone a successful recruitment and manning up program for the Henderson manufacturing facility and appointed several individuals in key operations roles. At a Board level,

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Matrix appointed Mr Peter Hood as a Non-Executive Independent Director in September 2011. Peter brings considerable leadership and operations experience to Matrix and will be a valuable contributor to the continuing development of Matrix. Peter will take over the role as Chairman of Matrix at the conclusion of today's AGM.

Matrix achieved strong financial results in FY 2011. Record revenue of \$187.3 million was generated, an increase of 82 percent on the previous corresponding year. It also reported a record net profit after tax (NPAT) of \$33.6 million, up 85 per cent on the previous corresponding year. Earnings per share (EPS) increased from 29.4 cents to 46 cents per share, a rise of 56 percent. This strong financial result has allowed Matrix to increase its full year dividend to 8 cents per share, fully franked, up 100 percent on last year's 4 cents per share.

In March 2011, Matrix was added to the S&P/ASX 300 Index. In April, Matrix successfully completed a placement of its ordinary shares to a number of Australian and Asian financial institutions and raised further equity funds through a share purchase plan in May 2011. Total net proceeds from the two equity raisings was \$33.8 million (net of capital raising costs). These funds are being used for the second stage of the Henderson property development project, the development of new products, the expansion of overseas operations and facilities, and for general working capital purposes.

From an innovation and export perspective there were a number of highlights over the year. Matrix was a winner in the 2011 and 2010 WA Industry and Export Awards: 'Large Advanced Manufacturer' category and 'Premiers Award for Excellence' (2010); a winner in the 2010 Australian Export Awards: 'Large Advanced Manufacturer' category, and the 2011 Subsea Energy Australian Awards: 'Global Exports'.

The outlook for Matrix is extremely positive. The new Gulf of Mexico regulations and a continuing strong oil price are driving a new construction cycle for drill ships and semi-submersible rigs which will boost demand for our marine riser products. Product diversification is also opening up new markets and opportunities for Matrix. Our record quotation book is expected to be converted into new orders particularly in the second half of FY 2012. The forecast for a strong Australian dollar and more aggressive pricing from our competitors is likely to have some impact on the rate of Matrix's revenue and profit growth in FY 2012 compared to the previous three years. The

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efficiencies and cost benefits arising from the new manufacturing facility at Henderson will start to flow through in FY 2012 as Matrix moves forward to achieving full production capacity.

Finally, I would like to thank my fellow Board members, Matrix management and all employees for their terrific commitment, effort and contribution during what has been a successful and rewarding year. Today is the last AGM of Matrix that I will be chairing, although I will remain a Non-Executive Director of Matrix. As mentioned earlier, Peter Hood will take over the role as Chairman of Matrix and I am confident he will be an outstanding Chairman. On behalf of all shareholders and Matrix employees we wish Peter all the best.

Nigel Johnson

Chairman

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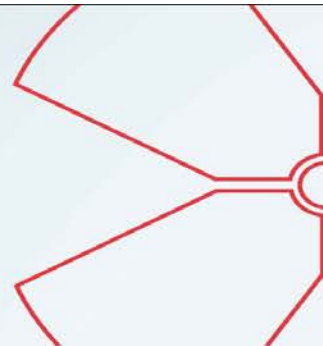
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CEO's PRESENTATION

Presented by Aaron Begley



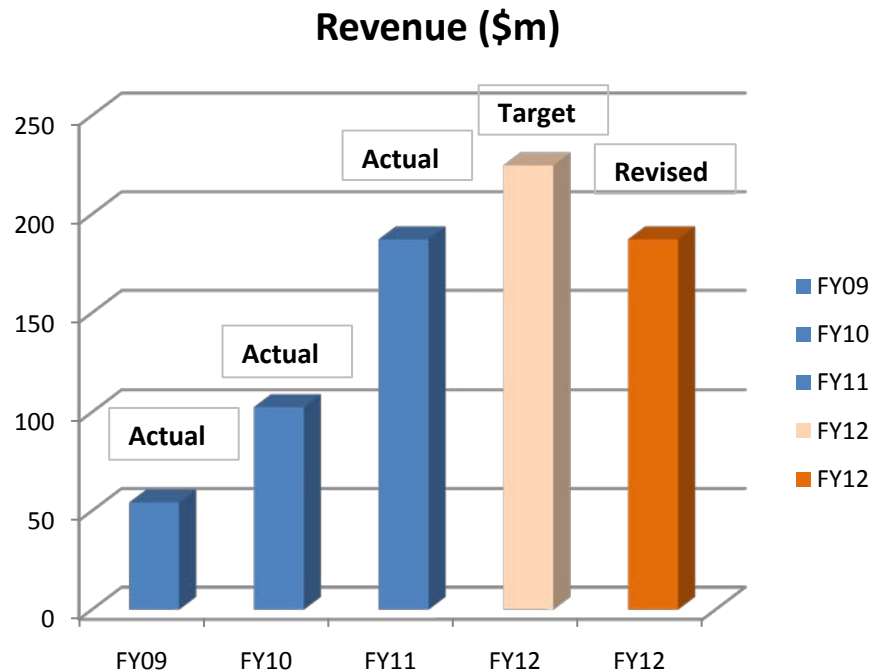
Year in Review





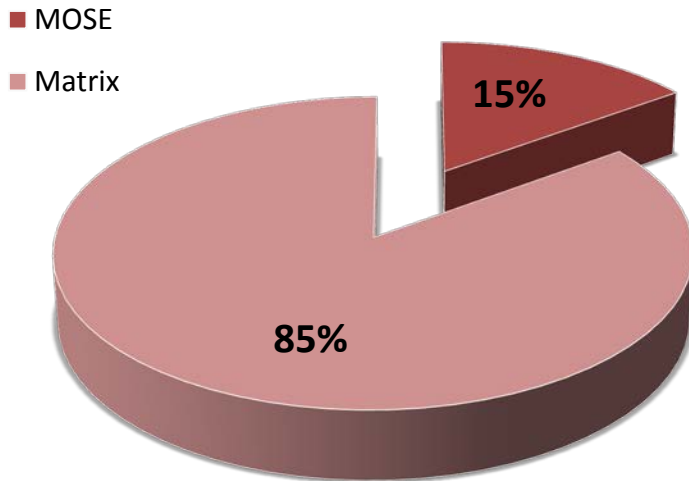
- ✖ Safety centric organisation
- ✖ Lost time incident frequency rates (LTIFR) benchmarked against industry
 - ✖ objective to move towards zero LTI's
- ✖ ISO 14000 certification being sought for FY2012
- ✖ Ongoing training and development for staff

Revenue & Revenue Projections



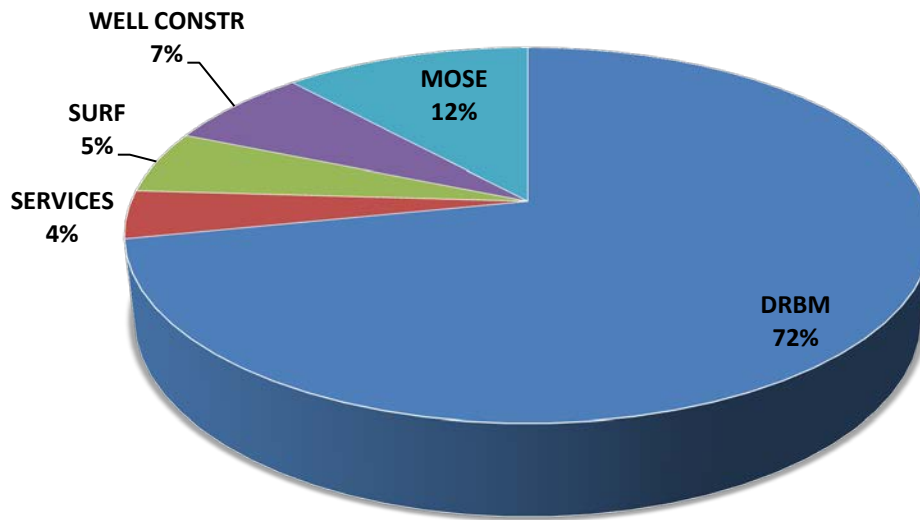
- ✖ Guidance of 20% growth provided at time of release of FY11 results
- ✖ Industry wide procurement delays from customers impacting 1H FY12 revenue
- ✖ FY12 revenue growth now expected to be between 0% and 10%
 - ✖ Skewed towards 2H FY12
- ✖ Medium term outlook remains strong
 - ✖ Record number of committed projects
 - ✖ Quotation activity remains very strong

Revenue Breakdown



- ✦ Composite materials contributed 85% of revenue for FY11
- ✦ Matrix Offshore Services & Engineering (MOSE) turned over approximately \$28m
- ✦ A significant amount of intra-company work was completed for Henderson throughout the period

Order Book



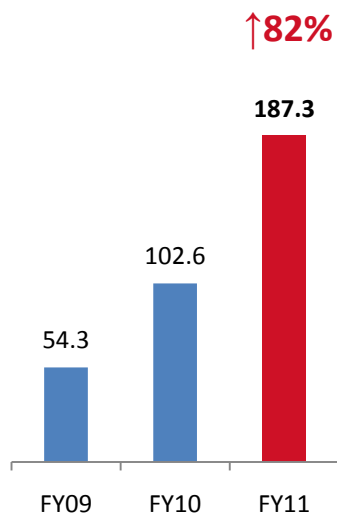
KEY	
DRBM	Drilling Riser Buoyancy Modules
SURF	Subsea Riser, umbilicals & flowlines
SERVICES	Offshore Services
WELL CONSTR	Well Construction
MOSE	Matrix Offshore Services

- ✖ Order book at 30th June was \$110m
- ✖ Current open quotation book exceeds \$600m
- ✖ Client base diversified throughout the year
- ✖ The composition of the quotation book reflects a change in forecast product mix

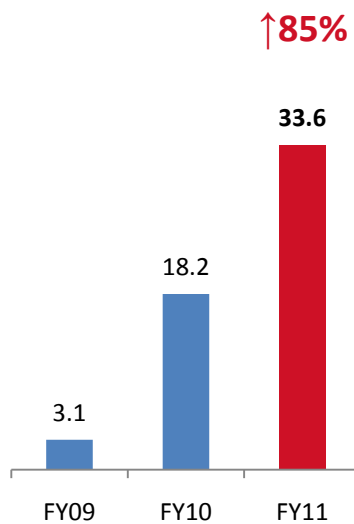
Financial Results



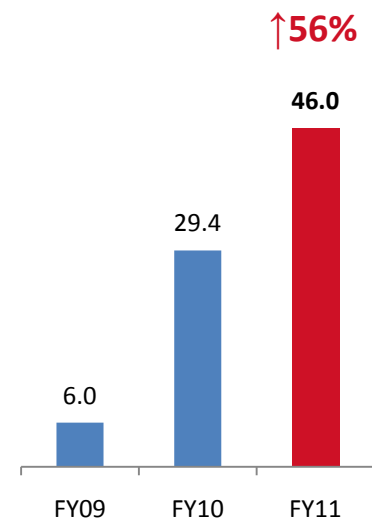
Financial Performance



Revenue \$m



NPAT \$m



EPS cents per share

Financial Performance

	30 June 2011	30 June 2010	30 June 2009
Revenue (\$)	187,271,212	102,622,164	54,325,637
Net profit before tax (\$)	46,916,564	24,562,460	3,463,009
Net profit after tax (\$)	33,608,370	18,155,336	3,095,279
Share price at start of year¹	\$2.68	\$1.36	N/A
Share price at end of year	\$7.22	\$2.68	N/A
Interim dividend²	3.0cps	2.0cps	-
Final dividend^{2,3}	5.0cps	2.0cps	2.0cps
Basic earnings per share	46.0cps	31.0cps	6.3cps
Diluted earnings per share	46.0cps	29.4cps	6.0cps

¹Closing price on listing date - 16 November 2009.

² Franked to 100% at 30% corporate income tax rate.

³ Declared after the end of the reporting period and not reflected in the financial statements.

Financial Performance

	30 June 2011	30 June 2010	30 June 2009
EBITDA	\$52.6m	\$28.1m	\$5.5m
EBITDA Margin	28.1%	27.3%	10.2%
Net Debt/ Net Debt & Equity	6.7%	(9.2)%	16.7%
Interest Cover (EBIT/Interest Expense)	48x	54x	11x
Interest bearing debt	\$35.2m	\$8.1m	\$5.6m
Capital Expenditure	\$30.8m	\$41.2m	\$10.3m
November 2009 Capital Raising (IPO)	-	\$15.0m	-
April 2010 Capital Raising	-	\$13.5m	-
April 2011 Capital Raising	\$36.0m	-	-

First Half FY 2012 – Guidance

1H FY 2012 Forecasts	
Estimated Revenue – 1H 2011 (\$)	\$85m
Estimated NPAT (\$)	Break even
Actual Cash On Hand (mid October 2011)	\$15m
Forecast Cash On Hand (31 December 2011)	\$20m
Normalisation Issues	
Non Recurring Items After Tax	
Q1 Malaga/Henderson Duplication Costs*	\$3.0m
Malaga Decommissioning Costs	\$0.7m
Warranty Claim**	\$0.7m
Hedge Book Fluctuation	\$(0.1)m
Henderson Commissioning Expenses	\$1.5m
Malaga Plant Write-Down	\$3.5m
Malaga Redundancy Expenses	\$0.3m
TOTAL NON RECURRING ITEMS AFTER TAX	\$9.6m

*Malaga operations ceased 30/9/11

** Warranty claim refers to a surface treatment issue which has been resolved and closed out

Transition to Henderson





The Transition to Henderson

- ✖ One-off costs from the transition to Henderson and the Malaga shut-down will impact 1H FY12 reported profit
- ✖ Ramp up to full capacity on track for December 2011
- ✖ Henderson will re-base manufacturing costs:
 - ✖ lower per unit direct labour costs – 50% lower than Malaga
 - ✖ improved direct labour productivity addresses labour shortage concerns in WA and a high AUD, and will help off-set competitive price pressures
 - ✖ lower waste levels
 - ✖ elimination of logistical, transport and warehousing costs
- ✖ Recent global client feedback is extremely positive
- ✖ Allows Matrix to deliver a quality of product demanded by our market and not currently delivered by competitors
- ✖ Provides a platform for growth in 2012 and beyond

Operational Highlights



Our People/Certification



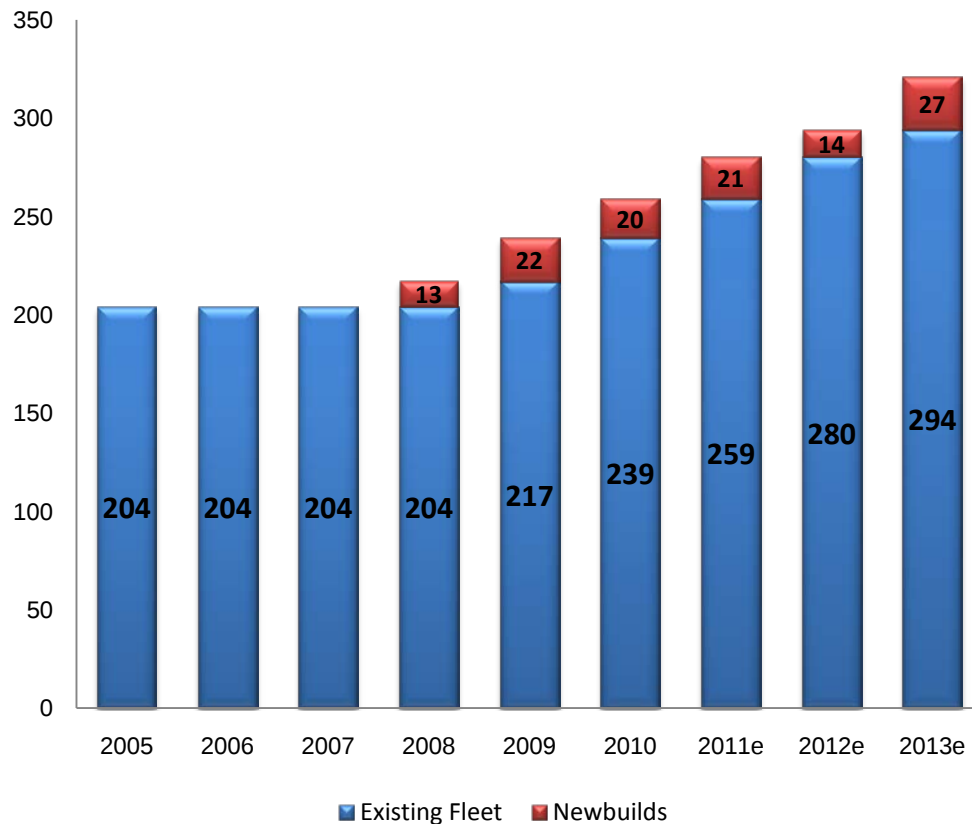
- ✖ Group personnel (as at 24/10/11) – 395
- ✖ Redundancies due to closure of the Malaga plant
- ✖ Ongoing training and development for staff
- ✖ Apprenticeship program
- ✖ Recruitment for overseas operations
 - ✖ US (Houston)
 - ✖ Brazil
 - ✖ Norway
 - ✖ West Africa
- ✖ Recruited Operations Manager for MOSE – key position
- ✖ Maintained ISO 9001 status

Drilling Products - Performance



- ✦ Won several major contracts with international drilling contractors for delivery in FY 11 and FY 12
- ✦ Record production of riser buoyancy modules in FY11, with over 10 complete riser strings delivered to international customers
- ✦ Provided more than 50% of global demand for premium buoyancy (ultra-light) throughout the period
- ✦ Preferred supply agreement with major riser manufacturer – potential \$30-\$50m revenue/year for five years

Drilling Products – Outlook



- ✖ Outlook for global deepwater drilling and production strong
- ✖ New builds typically 10,000' capacity, ↑ overall average riser length and number of buoyancy modules.
- ✖ An ageing rig fleet is increasing the size of the replacement and upgrade market

Source : ODS Petrodata, Morgan Stanley Research estimates

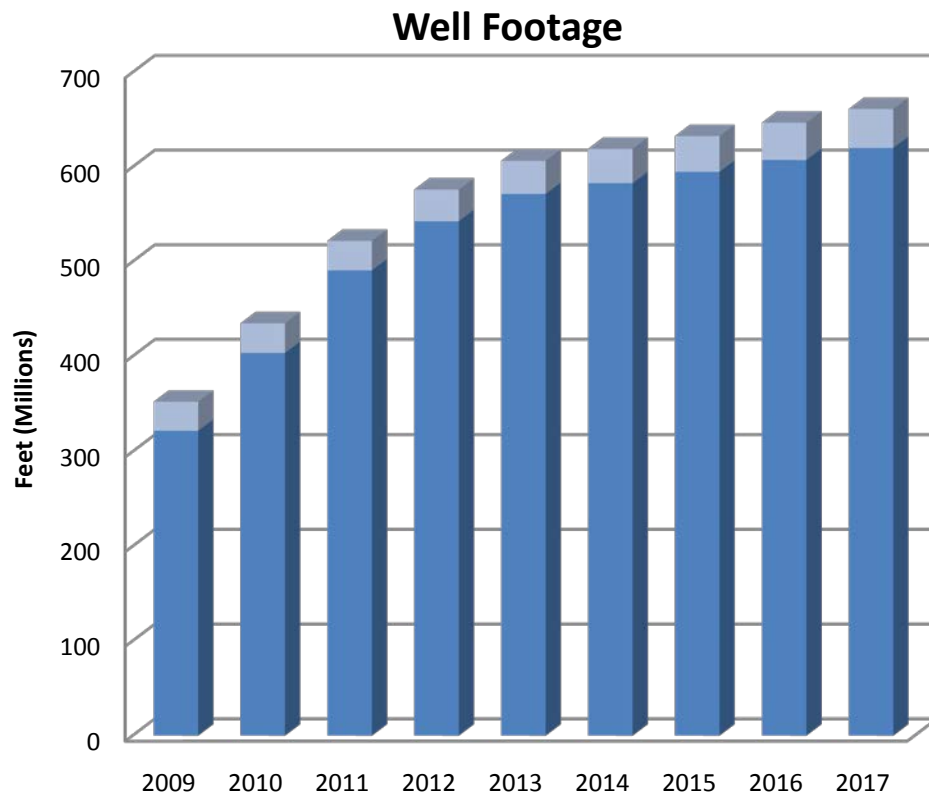
Forecasts for committed rigs are based on yard by yard deliveries. Forecasts do not include uncommitted options

Well Construction Equipment - Performance



- ✖ New products
 - ✖ expanded range of composite drilling and completions centralisers
- ✖ Warehouses in Edmonton (Canada) and Houston (USA) to store products
- ✖ Service facilities planned for Houston and Singapore
- ✖ Matrix global sales offices and agents
- ✖ Significant sales into North America, Asia and Australia
- ✖ Well construction equipment is expected to provide a material contribution to revenue and profitability over the next 2-3 years

Well Construction - Market Outlook



Global estimates, excludes China, Russia & Central Asia

Source: Spears & Associates Drilling and Production Outlook
September 2011

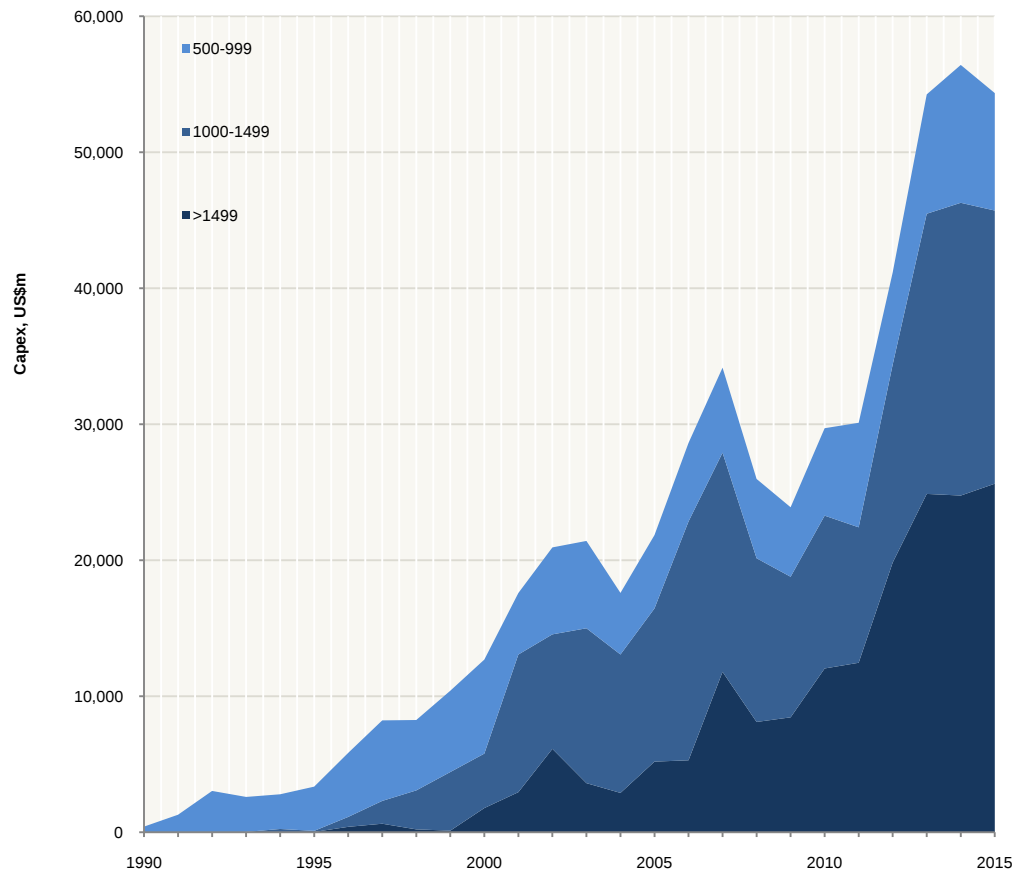
- ✖ Well footage (offshore) expected to ↑ by 32% from 2011 – 2017
- ✖ Well footage (land) expected to ↑ 26% from 2011 – 2017
- ✖ No. of new wells (land) expected to ↑ by 28.5% from 2011 – 2017
- ✖ No. of new wells (offshore) expected to ↑ by 33% from 2011 – 2017
- ✖ ↑ in offshore lateral well developments
- ✖ Rapidly growing coal bed methane and shale gas markets

Upstream (Global Subsea) - Performance



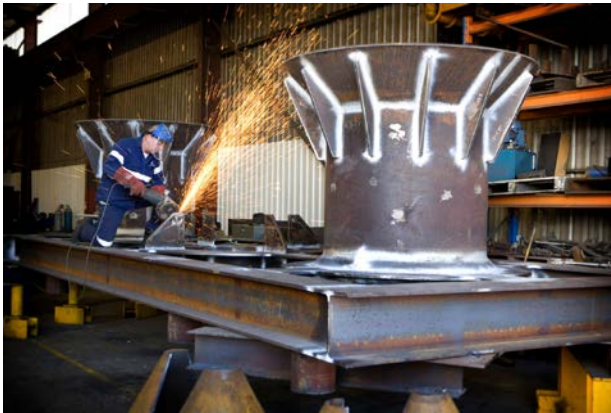
- ✖ New products/services
 - ✖ new SURF products due for launch in FY12
 - ✖ wide variety of SURF products were delivered during the year, including ROV, installation buoyancy and subsea pipeline products
- ✖ New technology
 - ✖ two revolutionary product technologies designed for use with flexible risers and subsea umbilicals
- ✖ ↑demand for SURF product lines
- ✖ International and domestic subsea development projects are being re-instated post GFC.

Upstream (Global Subsea) - Market Outlook



- ✖ Global subsea market predicted to ↑ significantly in 2013
- ✖ Many projects entering the construction phase in 2012
- ✖ Large number of domestic and international subsea developments announced

MOSE - Performance



- ✖ Continuing to service major operators with large OD caissons under a frame agreement
- ✖ Heavy mechanical equipment for the local iron ore industry continues to underpin turnover
- ✖ Several major equipment deliveries completed in FY11 for the Henderson project
- ✖ Site service opportunities are growing with several major offshore projects completed throughout the year
- ✖ Local oil and gas and iron ore projects will drive revenue growth over the medium term

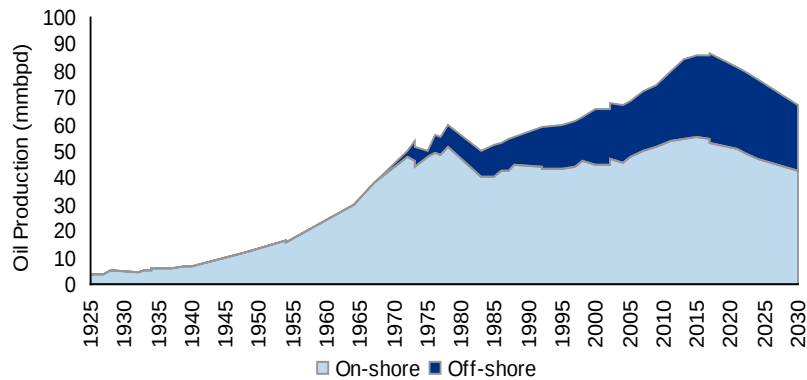


Strategic Plan Update



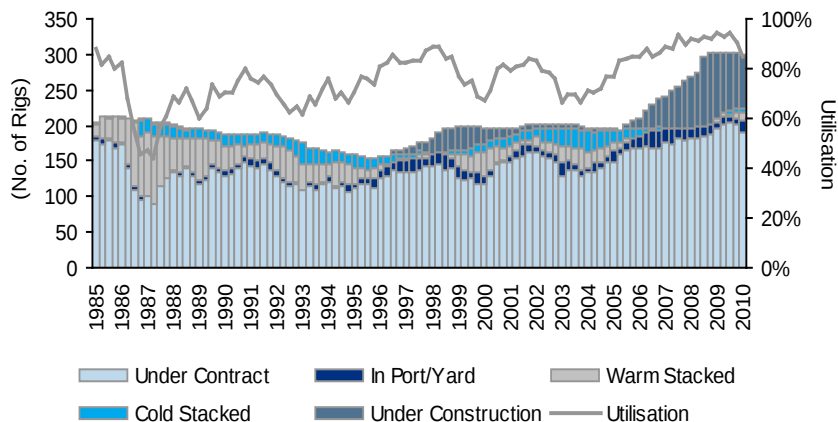
Shift to Offshore Production : will drive continued demand for products

Off-shore and On-shore Oil Production



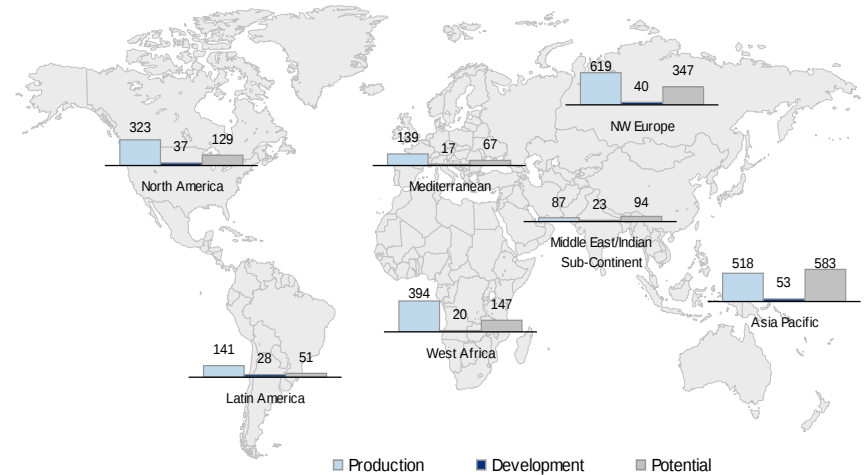
Source: Douglas-Westwood

Development of Floater Rig Market 1985 - Present



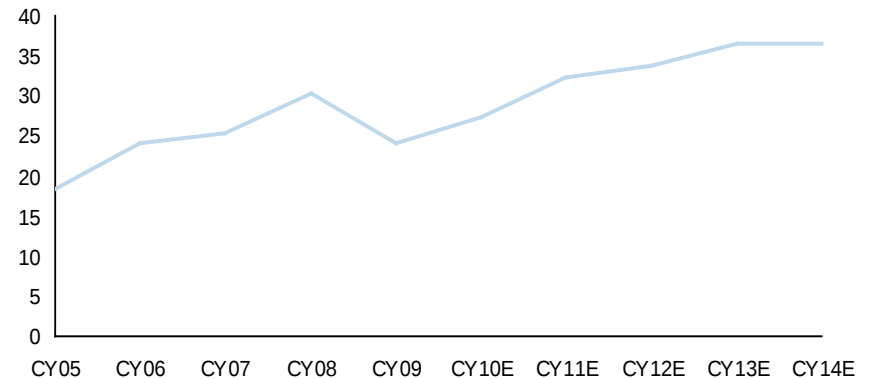
Source: ODS Petrodata.

Global Off-shore Oil and Gas Fields



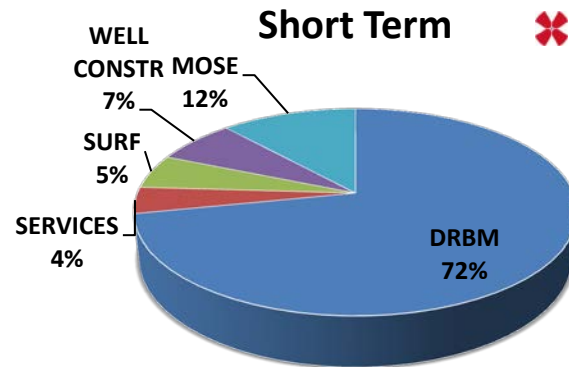
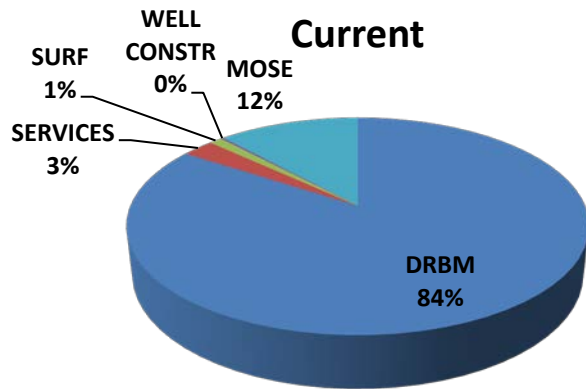
Source: Clarkson Research.

Capital Investment on Deepwater Infrastructure (\$ in Billion)



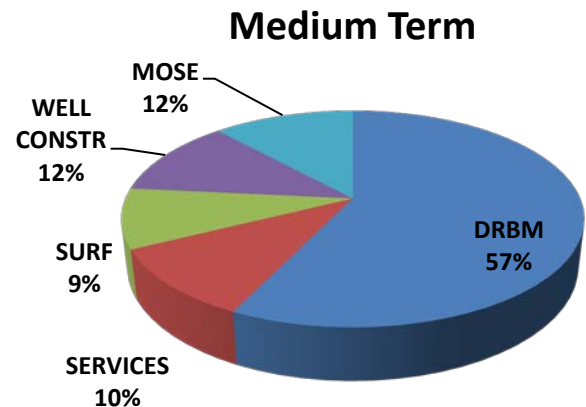
Source: Douglas-Westwood.

Diversification of revenue base



KEY	
DRBM	Drilling Riser Buoyancy Modules
SURF	Subsea Riser, Umbilicals & Flowlines
SERVICES	Offshore Services
WELL CONSTR	Well Construction
MOSE	Matrix Offshore Services

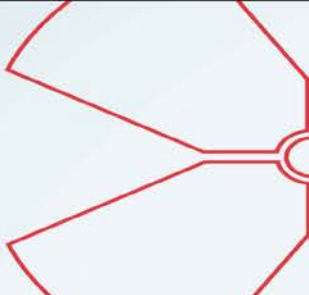
- ✖ Expand our distribution and service base
- ✖ Diversify and expand our product offering
- ✖ Strengthen our position as the global leader in subsea buoyancy products
- ✖ Expand the scope and location of specialty services offered by MOSE





Product Development : Drive to Capture Growth Markets

- ✦ Continuous improvement in riser buoyancy performance to maintain position as the global market leader
- ✦ Focus on production buoyancy and ancillaries development and marketing
- ✦ Drilling and completion products provide an enormous opportunity for expansion into a new market segment within the confines of the oil and gas sector



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Matrix Global Network



sales office



service facility



planned service facility



manufacturing



warehouse



agent



