

# 2012 ANNUAL GENERAL MEETING

Matrix Composites & Engineering Ltd

31 October 2012

# CHAIRMAN'S ADDRESS



Mr Peter Hood  
Chairman

# ANNUAL FINANCIAL REPORT

- To receive and consider the Financial Statements of the Company for the year ended 30 June 2012, consisting of the Income Statements, Statement of Financial Position, Statements of Changes in Equity, Statements of Cash Flows, the Directors' Report, the Directors' Declaration and the Auditor's Report.

# RESOLUTION 1

- That Mr Nigel Lloyd Johnson, being a director of the Company, retiring by rotation in accordance with clause 11.3 of the Company's constitution, and being eligible, is re-elected as a director of the Company.

| For        | Against | Proxy Discretion (Chairman) | Abstain | Excluded |
|------------|---------|-----------------------------|---------|----------|
| 39,939,101 | 131,893 | 62,198                      | 21,839  | 0        |

# RESOLUTION 2

- That Mr Craig Neil Duncan, being a director of the Company, retiring by rotation in accordance with clause 11.3 of the Company's constitution, and being eligible, is re-elected as a director of the Company.

| For        | Against | Proxy Discretion (Chairman) | Abstain | Excluded |
|------------|---------|-----------------------------|---------|----------|
| 39,902,628 | 168,366 | 62,198                      | 21,839  | 0        |

# RESOLUTION 3

- That for the purposes of ASX Listing Rule 7.4, shareholders ratify the placement of 12,333,041 ordinary fully paid shares at \$2.10 per share made, pursuant to Listing Rule 7.1, on 29 May 2012.
- Voting Exclusion Statement
  - Votes cast by shareholders that participated in the placement will be disregarded

| For       | Against | Open   | Abstain | Excluded   |
|-----------|---------|--------|---------|------------|
| 1,439,516 | 175,616 | 72,353 | 19,241  | 38,448,305 |

# RESOLUTION 4

- That the Remuneration Report, as set out in pages 22 – 26 of the Company’s 2012 Annual Report, is adopted.
  - Please note that the vote on this resolution is advisory and does not bind the directors’ or the Company.
- Voting Exclusion Statement
  - Votes cast by shareholders that are defined as key management personnel or a closely related party as such.

| For        | Against | Open   | Abstain | Excluded  |
|------------|---------|--------|---------|-----------|
| 37,977,470 | 822,382 | 58,103 | 19,076  | 1,280,000 |

# CLOSURE

- Any other business which may be brought forward in accordance with the Company's Constitution and the *Corporations Act 2001*
- Close of meeting – Mr Peter Hood, Chairman



# CEO REPORT

Mr. Aaron Begley

Managing Director & CEO





# BUSINESS OVERVIEW





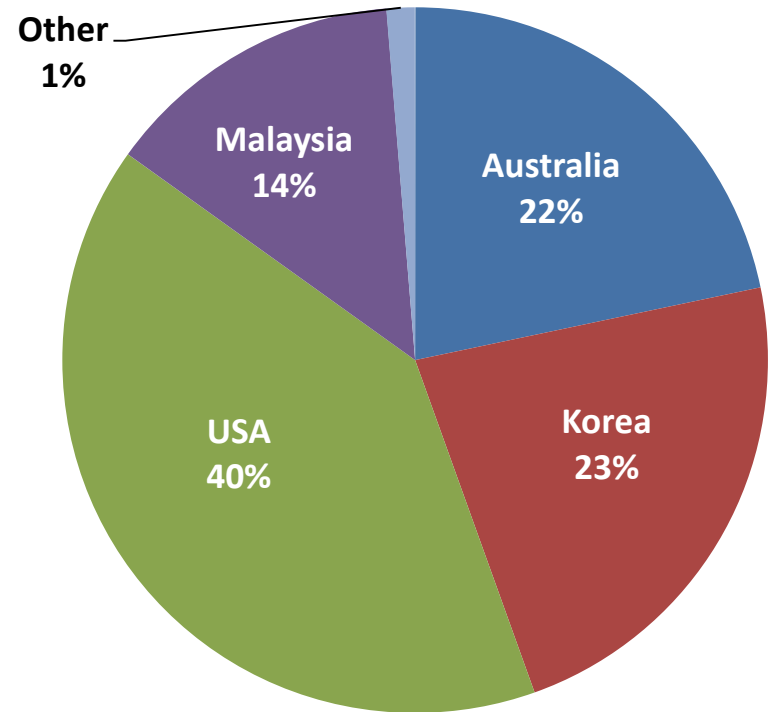
# BUSINESS OVERVIEW



woodside



## Revenue by Geographic Location FY2012



# COMPETITIVE POSITIONING

- **Market leader** in syntactic foam materials, composite materials and technology
- **Market leader** – riser buoyancy systems
- **Market leader** – polymer technology for oilfield applications
- **Largest, most technically advanced** composites syntactic plant in the world
- Core competencies in oilfield capital drilling equipment (CDE), repair, maintenance and welding techniques
- Diversified product lines and revenue streams
- Global service and distribution network

# FY2012 – ACHIEVEMENTS

- Completion of Henderson capex and ramp-up to target production rates
  - Target production output achieved in August 2012
- Development of a strong safety culture
- Recapitalisation of balance sheet
- Secured five year framework agreement with major customer
- Expansion of well construction and SURF ancillary product ranges
- Record earnings from MOSE

# FY2012 CHALLENGES

Financial result adversely impacted by:

- Malaga plant closure
- Commissioning Henderson
- Duplicate manufacturing costs
- Evolving financial and commercial processes
- Transition to automated process manufacturing
- Establishing new product lines and revenue streams

# FY2012 CHALLENGES - EXTERNAL

- Continuing strong AUD against USD
- Competitive pricing pressure
- Adversely impacted revenue and margins



A photograph of a worker in a white protective suit and safety glasses using a red and black power tool in a factory setting. The worker is wearing a white protective suit, safety glasses, and gloves. The background is a blurred industrial environment. A black rectangular box is overlaid on the image, containing the text "FY2012 FINANCIAL RESULTS" in white. The text is centered within the box and is the primary focus of the image. The overall scene is brightly lit, suggesting an indoor industrial setting.

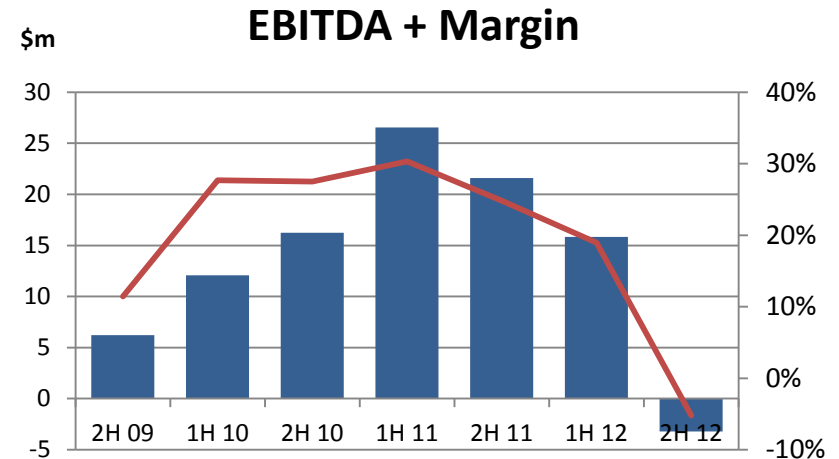
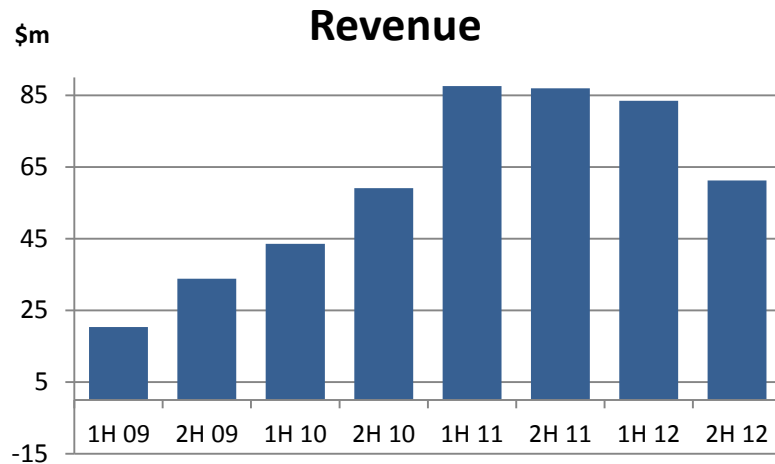
# FY2012 FINANCIAL RESULTS

# FINANCIAL OVERVIEW

|                            |     | FY2012 | FY2011 |
|----------------------------|-----|--------|--------|
| Revenue                    | \$m | 144.8  | 174.6  |
| EBIT (reported)            | \$m | (23.2) | 43.5   |
| Non-recurring              | \$m | 20.9   | -      |
| Adjusted EBIT              | \$m | (2.3)  | 43.5   |
| OPBT (excl forex/int rate) | \$m | (22.5) | 40.6   |
| OPBT (reported)            | \$m | (25.7) | 42.5   |
| NPAT                       | \$m | (14.4) | 30.2   |
| EPS (basic)                | cps | (18.4) | 41.4   |
| DPS                        | cps | 2.0    | 8.0    |

<sup>1</sup> Excluding forex and interest rate movements

# FINANCIAL OVERVIEW



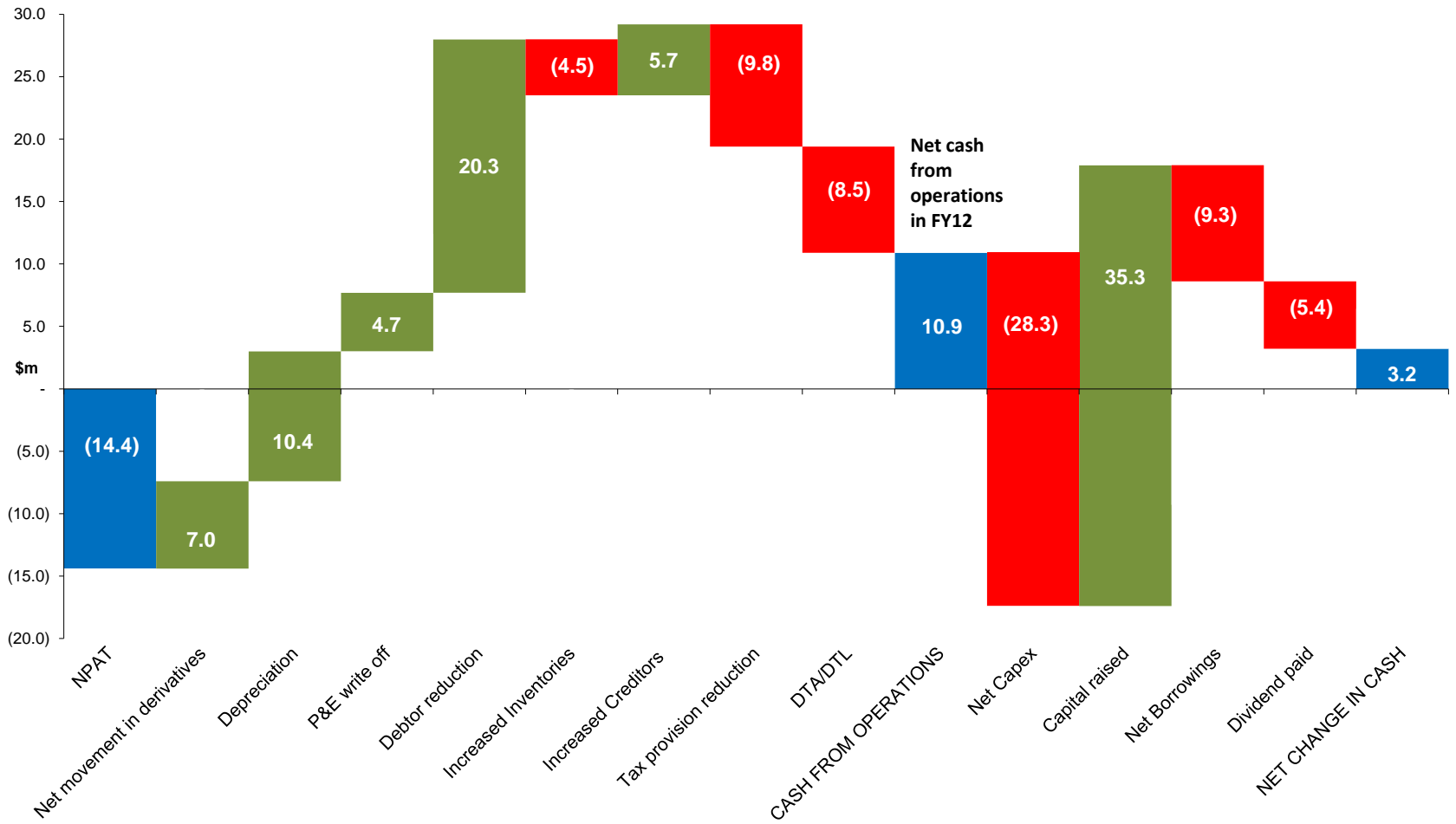
## Revenue Analysis

- AUD Revenue growth slowed in FY12
  - Capacity constraints
  - Impact of high AUD
  - Competitive pressures
- Plant now operating at capacity

## Margin Analysis

- EBITDA & Margin impacted by:
  - Lower production from commissioning
  - AUD appreciation
  - Competitive pressures
- \* 2012 normalised

# CASH FLOW



# BALANCE SHEET

## Balance sheet

- Negative net debt
- Reduced gearing
- Strong TWC position

| \$m                    | June 12 | June 11 | June 10 |
|------------------------|---------|---------|---------|
| Total Assets           | 210.4   | 206.3   | 134.1   |
| TWC                    | 25.6    | 37.1    | 26.3    |
| Total Equity           | 136.7   | 121.9   | 58.4    |
| Net Debt/(Cash)        | (3.2)   | 8.6     | (5.5)   |
| Interest Cover (times) | n/a     | 49.9    | 73.7    |
| Net Debt : Equity %    | (2.3)   | 7       | (9.4)   |
| Net Debt : EBITDA %    | n/a     | 18      | 63      |

## Debt facility

- New debt facility established
- Core debt reduced
- Includes working capital facility
- Includes guarantee facilities

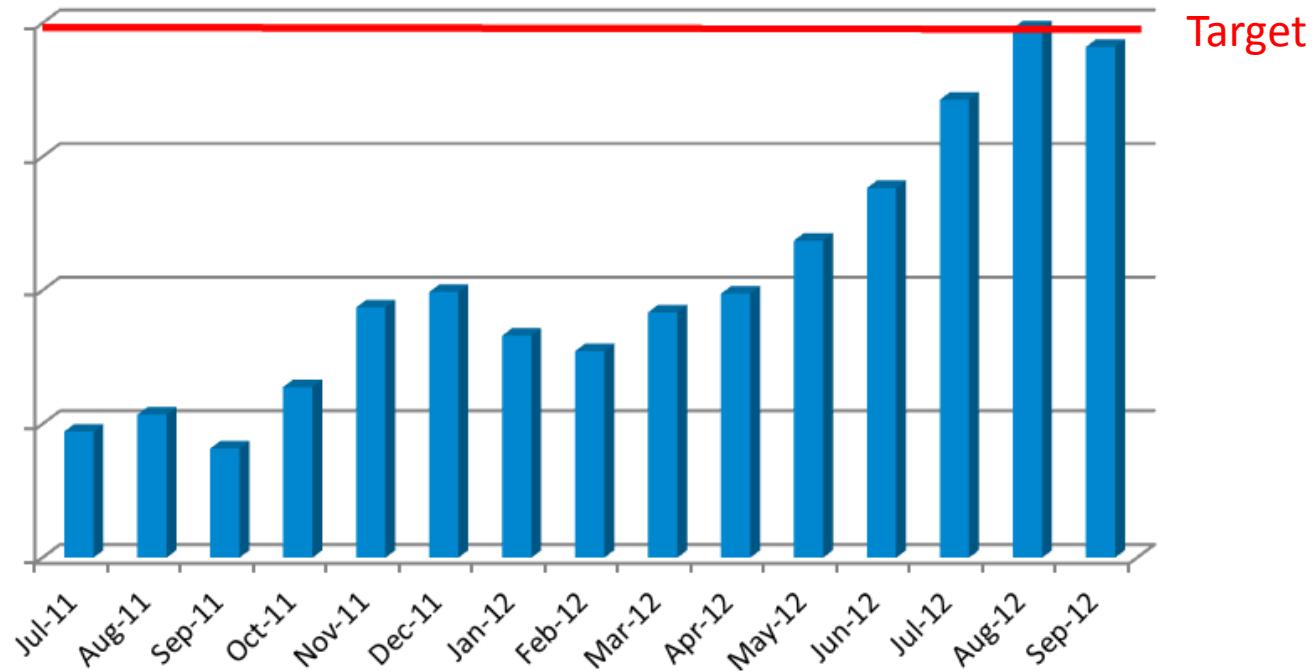
| \$m                            | 30 Sept 2012  | 30 June 2012  |
|--------------------------------|---------------|---------------|
| Debtors                        | 31.8          | 12.1          |
| Cash on Hand                   | 17.6          | 29.9          |
| Facility Headroom <sup>1</sup> | <u>10.0</u>   | —             |
| Creditors                      | <u>(21.8)</u> | <u>(22.1)</u> |
| Total Liquidity                | 37.6          | 19.9          |

<sup>1</sup>. Based on new facilities

# Q1 FY2013 OPERATIONAL PERFORMANCE

# TARGET PLANT CAPACITY

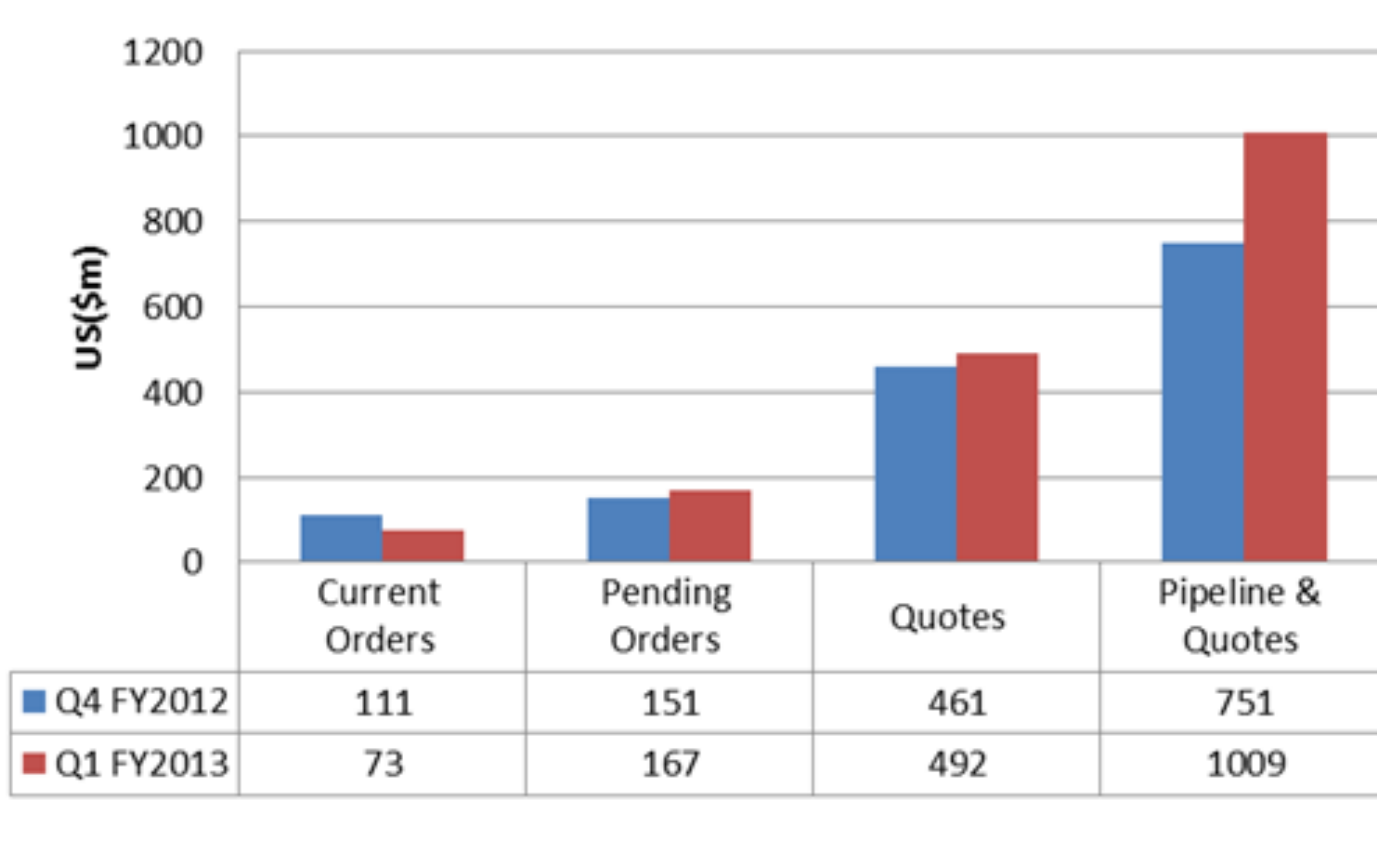
## 1/7/11-30/9/12



- Target production rates achieved in August 2012
- In September 2012, Matrix sought to optimise its cost structure causing a temporary fall in production



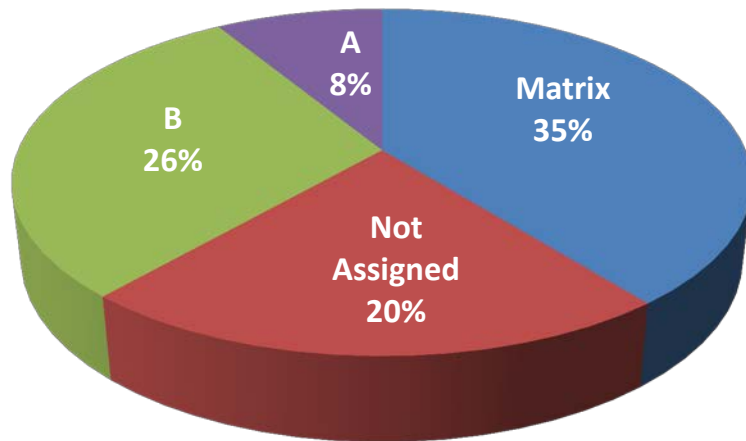
# ORDER BOOK & PIPELINE (USD) AS AT 30/9/12



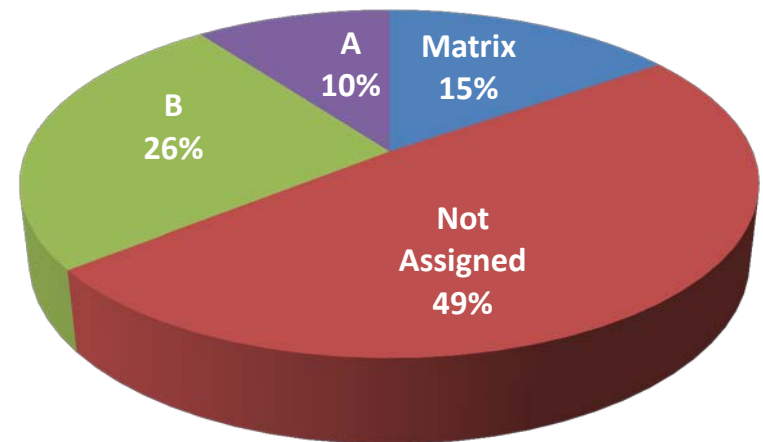


# NEW BUILD DELIVERIES AWARDED & PIPELINE CONTRACTS

**CY2013** - New Build Deliveries  
Awarded/ Pipeline Contracts



**CY2014** - New Build Deliveries  
Awarded/ Pipeline Contracts



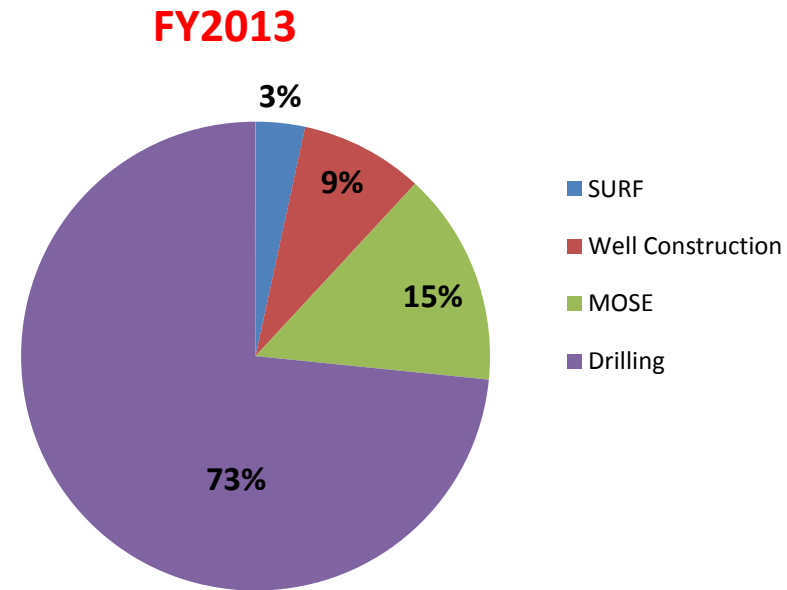
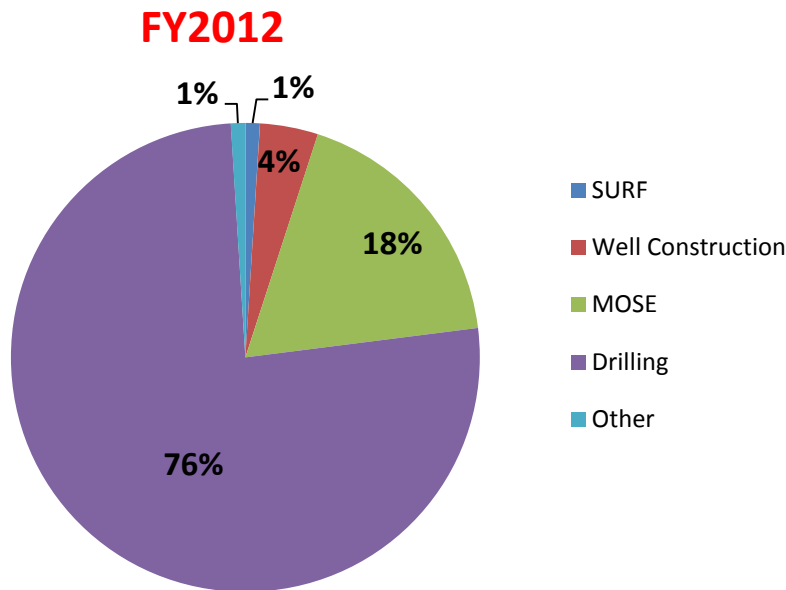
Source: Rig Zone 2012, Company Data

A worker in a white protective suit and safety glasses is using a red and black power tool in a factory setting. The worker is wearing a white protective suit, safety glasses, and gloves. The background shows a blurred industrial environment with various equipment and structures. A dark grey rectangular box is overlaid on the image, containing the text "STRATEGY AND OUTLOOK".

# STRATEGY AND OUTLOOK

# GROUP STRATEGY

- Penetrate new markets and generate new revenue streams by diversifying and expanding product lines



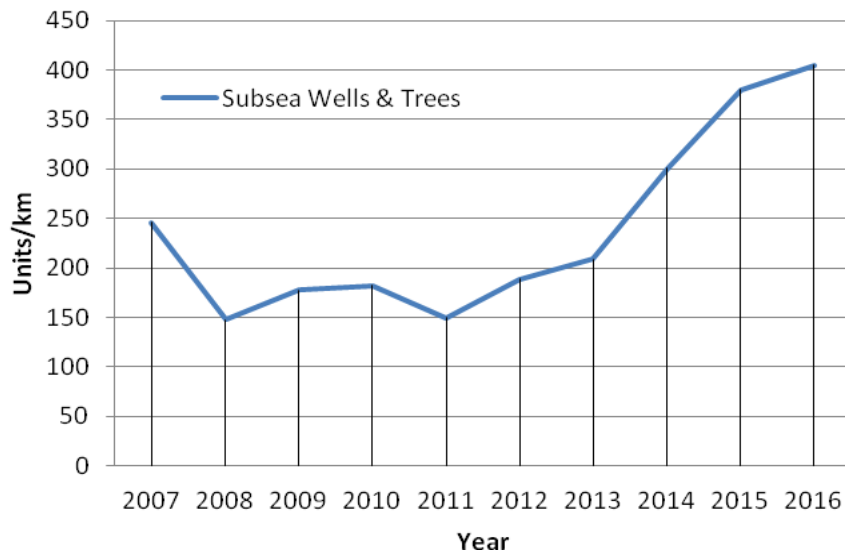
# GROUP STRATEGY

- Differentiate product from competitors
- Optimising plant revenue
- Cost control
- Working capital

# OUTLOOK

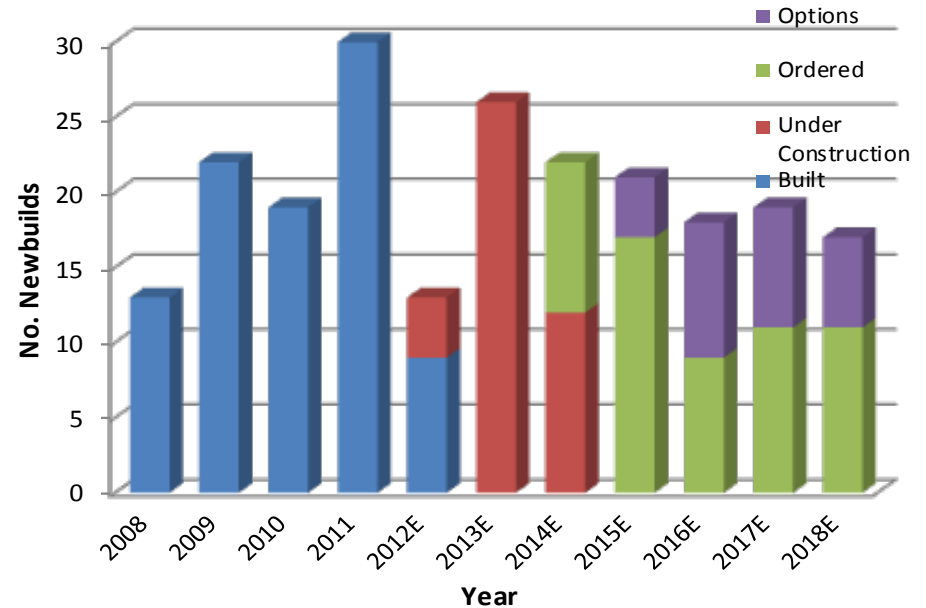
## Drilling Products

Subsea Wells & Trees – Global Capex Units/km by Component



Source: Douglas-Westwood 2012

World Number of Confirmed Newbuilds

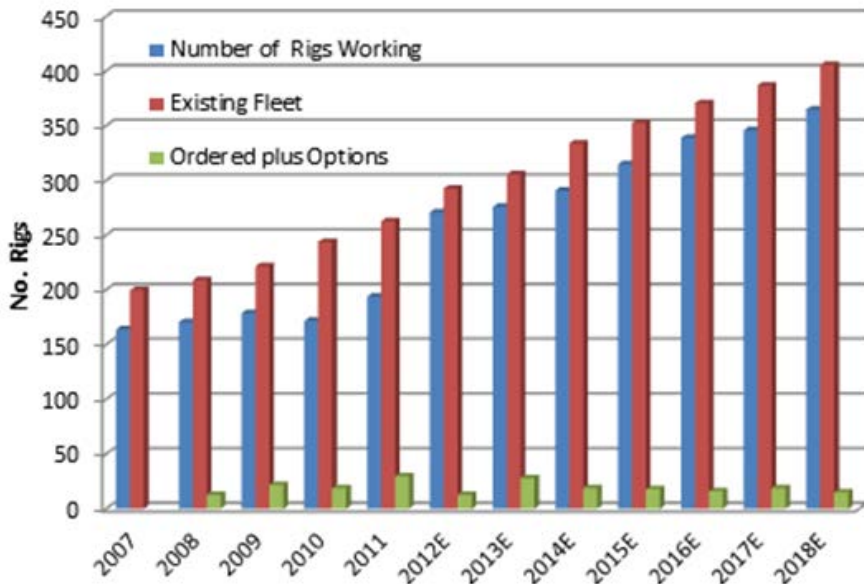


Source: Company Data, October 2012

# OUTLOOK

## Drilling Products

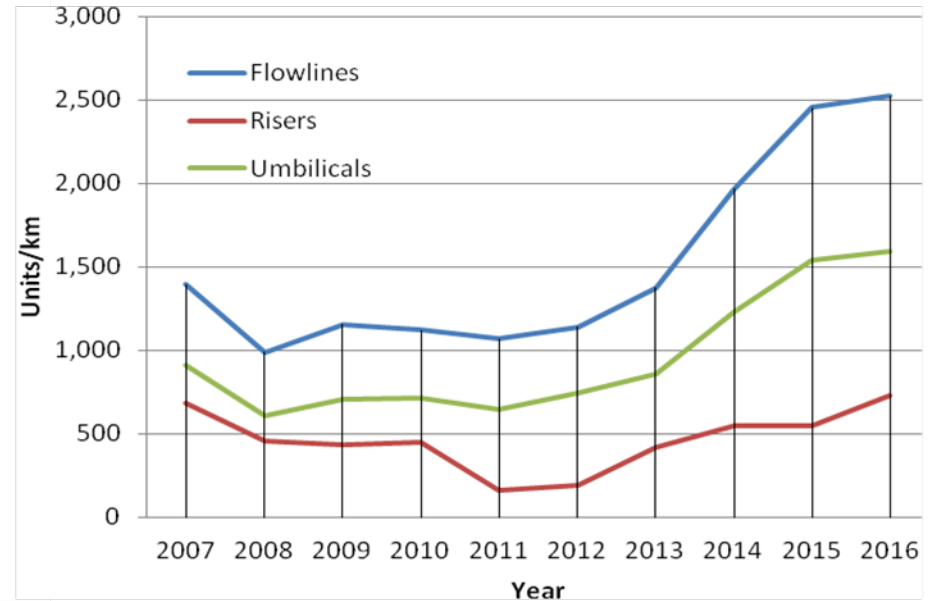
### World Floater Supply



Source: Morgan Stanley, Company Data

## SURF Ancillary Equipment

### Global Capex – Units/km by Component

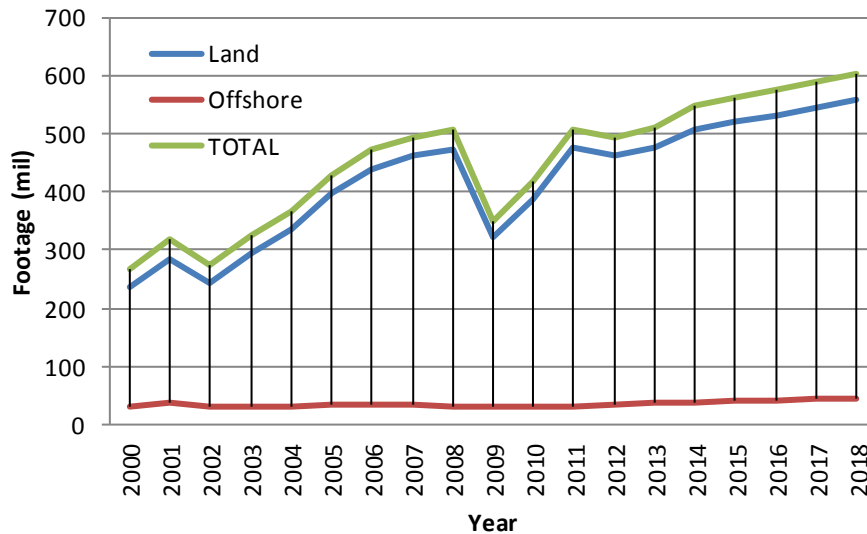


Source: Douglas-Westwood 2012

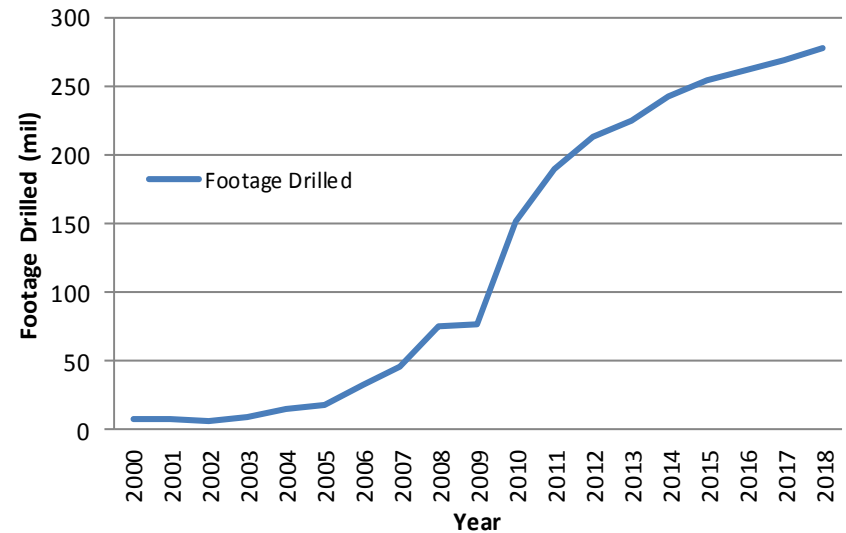
# OUTLOOK

## Well Construction Products

**World Drilling & Production Outlook**  
Land & Offshore (excludes Russia, China, Central Asia)



**US Drilling & Production Outlook**  
Horizontal Footage Drilled (mil)



# SUMMARY

- 2012 – a year of transition
- Target production output achieved in August 2012
- Completion of heavy capex programme
  - Henderson plant completed
  - Office facilities completed
  - Shutdown of Malaga operations and relocation of fabrication shops completed



# SUMMARY

- Focus - 2013
- Expect to grow current order book and backlog of orders as timing of order conversions improves
- Penetrate new markets/ new revenue streams by diversifying, expanding and differentiating product lines
  - Focus on well construction and SURF ancillary product lines, and oilfield services
- Continued focus on cost management
- Continue to invest in operational and commercial processes, and systems
- Continued strong capital expenditure in oil and gas sector

# CONTACT DETAILS

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