

# **APPENDIX 4E**

## **Results for Announcement to the Market**

**Matrix Composites & Engineering**

**Preliminary Final Report for the Year Ended 30 June 2013**

Results for announcement to the market

Appendix 4E

Preliminary Final Report  
Period Ended 30 June 2013

Name of entity

Matrix Composites & Engineering Ltd

ABN or equivalent company reference

009 435 250

Period ended ('Current Period')

30 June 2013  
Previous corresponding period: 30 June 2012

*Extracts from this report for announcement to the market*

				\$000s
Revenues from ordinary activities	up	0.5%	to	145,487
Loss from ordinary activities after tax attributable to members	up	79.6%	to	(2.9)
Net loss after tax for period attributable to members	up	79.6%	to	(2.9)
<b>Dividends (distributions)</b>	<b>Amount per security</b>		<b>Franked amount per security</b>	
Final dividend	Nil		Nil	
Interim Dividend	Nil		Nil	
Record date for determining entitlements to the dividend	<i>Not applicable</i>			
Brief explanation of any of the figures reported above and short details of any bonus or cash issue or other item(s) of importance not previously released to the market:				
<i>Not applicable</i>				

**Commentary on Results**

For commentary on the results of Matrix Composites & Engineering Ltd refer to the announcement relating to the release of the Matrix Composites & Engineering Ltd results in conjunction with the details and explanations provided herewith and in the accompanying financial statements.

**Ratios and Other measures**

**NTA backing**

Net tangible asset backing per ordinary security

Current Period	Previous corresponding Period
1.17	\$1.25

**Dividends**

Date the dividend is payable

<i>Not applicable</i>
-----------------------

Record date to determine entitlements to the dividend

<i>Not applicable</i>
-----------------------

**Amount per security**

Final Dividend:

Current year

Previous year

Interim Dividend:

Current year

Previous year

Amount per security	Franked amount per security
nil	nil
nil	nil
nil	nil
2.0 cents per share	2.0 cents per share

**Total Dividends**

Total Dividend:

Current year

Previous year

Amount per security	Total amount (\$000s)
nil	nil
2.0 cents per share	1,541.6

**Control gained over entities having material effect**

During the year ended 30 June 2013 there was no control gained over entities having material effect on the financial results or financial position of the Consolidated Entity.

**Loss of control of entities having material effect**

During the year ended 30 June 2013 there was no loss of control over entities having material effect on the financial results or financial position of the Consolidated Entity.

This report is based on accounts that have been audited.

Aaron P Begley  
Managing Director and Chief Executive Officer

14 August 2013  
Perth, Western Australia

## ASX RELEASE

14 August 2013

### **BUSINESS AND OPERATIONS STABILISED IN A CHALLENGING YEAR**

Matrix Composites & Engineering Ltd (ASX: MCE) today announced its full year financial results for FY2013 which exceed the guidance provided in June 2013. The Company reported increased (0.5 per cent) revenue of \$145.5 million (FY12: \$144.8 million) and significantly higher (189 per cent) EBITDAF<sup>1</sup> of \$9.6 million (FY12: \$(10.8) million), which exceeded management's June 2013 guidance of \$8.0 million. The Company reported a net operating loss after tax of \$2.9 million, a significant improvement over the prior year (FY12: \$14.4 million).

Matrix's financial results for the year were adversely impacted by:

- Lower than anticipated order conversion and short term demand for its buoyancy products;
- Disruptions to production arising from restructuring the operating shift roster;
- Lower than anticipated demand for its well construction products;
- Findings of an ATO audit of payment of superannuation contributions (\$2 million); and
- The sharp fall in the AUD in June 2013, resulting in a significant (\$4.3 million) loss on foreign exchange and hedging contracts.

During FY2013 Matrix met, and subsequently exceeded, the nameplate operating capacity for its Henderson manufacturing facility. Production was curtailed in Q2 FY2013 (from three shifts to two), in response to slower than anticipated contract conversion rates, and has since stabilised at above nameplate rates.

#### **Financial Results (FY13/FY12)**

- Total group revenue – up 0.5 per cent to \$145.5 million
- EBITDAF – increased 189 per cent to \$9.6 million
- EBITDA - increased 157 per cent to \$7.5 million (FY12: \$(13.2) million)
- Net (loss)/profit after tax (NPAT) – improved to \$(2.9) million, from \$(14.4) million
- Earnings per share (EPS) – improved to (3.1) cents, from (18.4) cents

#### **Operational Highlights**

- Matrix reported improved safety performance across all sites with LTIFR reduced to zero.
- The Henderson manufacturing facility achieved output rates above nameplate design and has achieved operational stability during H2 FY2013. Over Q4 FY13 the plant was operating at 112 per cent of nameplate capacity.
- MOSE has achieved consistent revenue in the face of declining minerals sector capital expenditure.
- MOSE was awarded API Q1 certification by the American Petroleum Institute.

---

<sup>1</sup> Earnings before interest, taxes, depreciation and foreign exchange movements

## **Order Book**

Matrix continues to win significant volumes of new work and has increased its market share of drilling riser buoyancy to over 50 per cent in its key market of new build drillships. Orders continue to grow in the replacement market and Matrix expects this sector to continue to deliver strong growth in the coming years.

The SURF market continues to be an area of strong activity for Matrix with a record number of quotes outstanding and ongoing strong quoting activity. Sales of Matrix's innovative thermoplastic centralisers have been below expectations and management expects stronger sales momentum from this product in FY2014.

## **Gearing and banking**

As at 30 June 2013, Matrix had reduced its gross interest bearing debt to \$18.4 million. Adjusted net debt fell from \$15.7 million to \$10.7 million and the adjusted net debt to equity ratio was 8.1 per cent at year end, an improvement from 11.5 per cent the previous year.

During the year Matrix renegotiated its banking facilities which have provided:

- expanded working capital facilities; and
- increased bonding capacity, which is critical for winning shipyard contracts.

## **2013 – A Year of Stabilisation**

The Company's FY13 NPAT loss of \$(2.9) million (FY11: \$(14.4) million) was a significant improvement on the previous year and reflects the impact of stable operations from the Henderson facility. Matrix is confident that the strong market outlook for its product, stronger operating performance from its Henderson facility and relief provided by the lower AUD will result in significantly improved future earnings.

## **Dividend Payment**

The Directors have not declared a dividend for FY2013.

For further information contact:

Sophie Roe  
Investor Relations  
Matrix Composites & Engineering Ltd

Ph +61 8 9412 1200

**Matrix Composites & Engineering**

Matrix designs, tests, manufactures, distributes and services of a range of engineered products used in the oil and gas, and resources industries. Matrix manufactures technically advanced products using composite and polymer materials that originate from the aerospace and defence industries. It is the use of innovative and advanced materials technology that has given the Company a market leading position in the manufacture of riser buoyancy modules.

END.