

2013 ANNUAL GENERAL MEETING

Matrix Composites & Engineering Ltd

6 November 2013

Please refer results of meeting to ASX

ANNUAL GENERAL MEETING

- Introduction
- Quorum
- Board Members
- Voting Instructions
- Notice of Meeting
- Previous Minutes
- Meeting Procedure

CHAIRPERSON'S ADDRESS



Mr Peter Hood
Chairperson

FINANCIAL STATEMENTS

- To receive and consider the Financial Statements of the Company for the year ended 30 June 2013, 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 Peter John Hood, 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	Open	Abstain
58,102,673	1,468,923	171,153	508,666

RESOLUTION 2

- That Mr Paul Richard Wright, 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	Open	Abstain
59,896,167	161,288	151,153	42,807

RESOLUTION 3

- That the Remuneration Report, as set out in pages 18 to 20 of the Company's 2013 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 are excluded.

For	Against	Open	Abstain
53,795,804	4,636,234	188,903	40,166

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, Chairperson

CEO'S REPORT



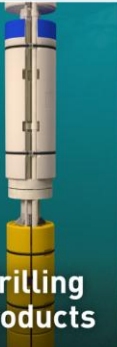




Mr Aaron Begley
Chief Executive Officer

BUSINESS OVERVIEW

- Matrix continues to provide solutions consisting of engineered products and integrated services to the global oil and gas industry
- Retains the position of global market leader in the manufacture of riser buoyancy systems
 - Over 50% of awarded market share
- Continues to be a market leading developer of syntactic foam technology
- Operates out of the world's largest, most technically advanced composites syntactic plant covering 20,000m²
- Diversified product lines and revenue streams to service key markets
- Global service and distribution network spanning five continents
- 350 staff worldwide

BUSINESS OVERVIEW

- Engineered products and integrated services

MOSE					
MCE					
MATERIALS	Syntactic Foams	Thermoplastics	Composites	Cryogenic Foams	
PRODUCTS & SERVICES	 <p>Drilling Products</p>	 <p>Well Construction Products</p>	 <p>SURF Ancillary Equipment</p>	 <p>Product Development</p>	<p>Tubular Products</p> <ul style="list-style-type: none"> • Conductors, connectors and fabrication • Riser maintenance and repairs • Handling subs, wellhead and casing spools, Xovers • General shop-based manufacturing and equipment services <p>Inspection, Repair & Maintenance (IRM)</p> <ul style="list-style-type: none"> • Survey/ inspection • Concept design • Engineering solutions • Fabrication and machining • Onsite machining • Installation • Operation • Commissioning
 <p>Matrix Offshore Services and Engineering (MOSE)</p>					

PRODUCTS & SERVICES

Drilling Products

- Riser buoyancy modules
- Riser protection
- Riser clamps

Well Construction Products

- Polymer centralizers
- Guide/ reamer shoes
- Float equipment
- Casing & connector products

Upstream SURF Ancillary Equipment

- Buoyancy – Installation, ROV & Distributed Buoyancy
- Flexible flow lines & umbilical accessories
- Polyurethane solutions, bend restrictors & conductor centralizers
- Clamping systems
- Coating protection
- Installation accessories

MOSE Tubular Products

- Conductors, connectors & fabrication
- Riser maintenance & repairs
- Handling subs, wellhead & casing spools, Xovers
- General shop-based manufacturing & equipment services

MOSE Inspection, Maintenance & Repair (IMR)

- Survey/ inspection
- Concept design
- Engineering solutions
- Fabrication & machining
- Onsite machining
- Installation
- Operation
- Commissioning

CLIENTS & MARKETS

- Top three export destinations: USA, South Korea and Malaysia
- Over 75% of revenue derived from exports



MATRIX IN ACTION - [VIDEO](#)



FY2013 – ACHIEVEMENTS

- Continuation of a strong safety culture (0 LTIFR)
- Established Group wide branding and culture initiative
- Stabilisation of production at above nameplate rates across two shifts – achieved 112% in Q4 FY13
- Increased penetration of the newbuild drill ship market, particularly from ship yard customers (over 50% of market)
- Vendor and technical qualification for SURF products
- Expansion of well construction and SURF ancillary product ranges
- MOSE - API Q1 accreditation, transition towards services/ opex business model

FY2013 CHALLENGES

- Lower than anticipated order conversion and short term demand for riser buoyancy products
 - Scheduled delays in Brazilian contracts
- Slower than anticipated penetration of well construction market
- Disruption to production arising from the restructure of the operating shift roster
- Continued high AUD:USD exchange rate
- Weakening of the capital expenditure cycle for the WA mineral resources industry

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 factory environment with various equipment and structures. A black rectangular box is overlaid on the image, containing the text "FY2013 FINANCIAL RESULTS".

FY2013 FINANCIAL RESULTS

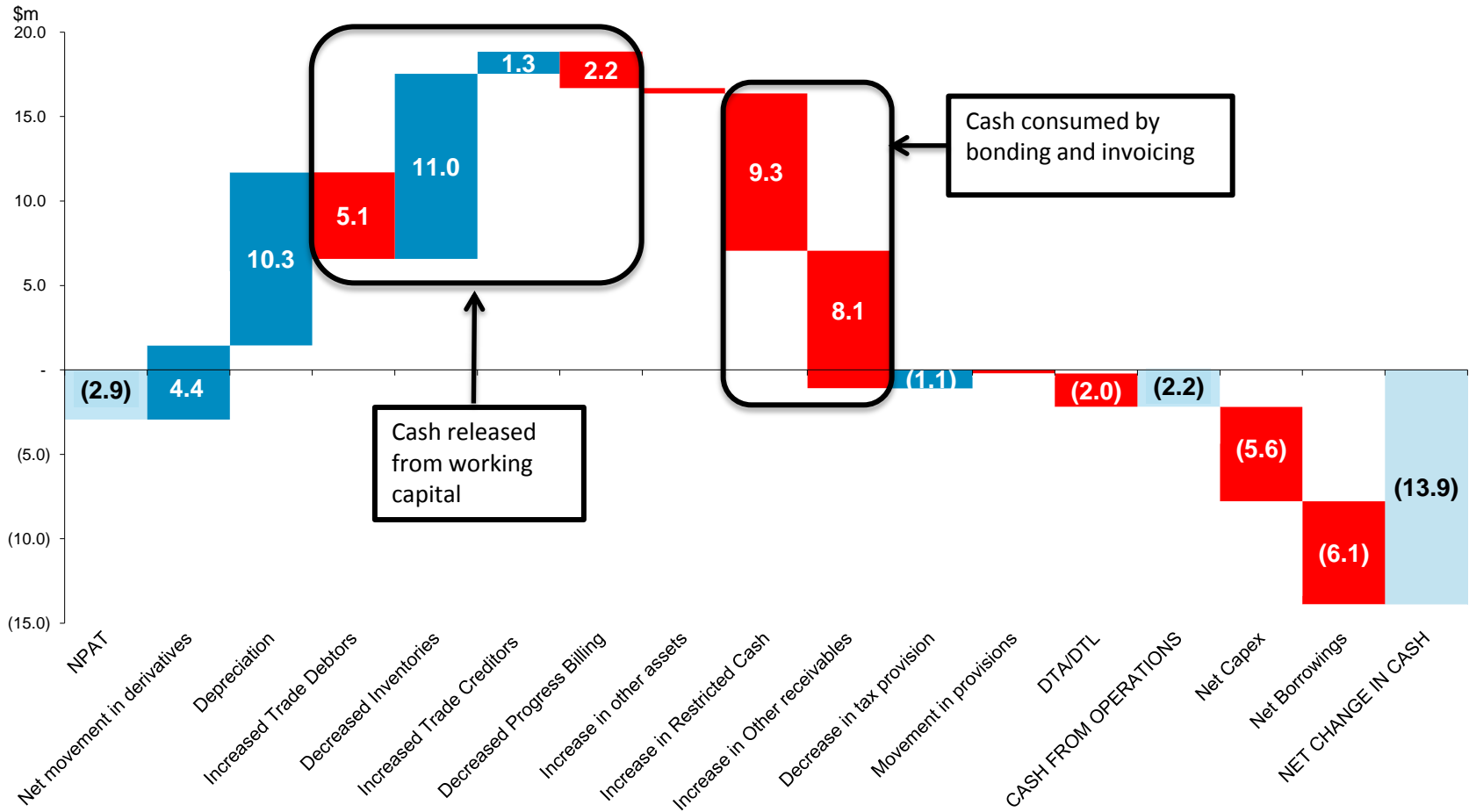
KEY METRICS

		FY2013	FY2012	Variance
Revenue	\$m	145.5	144.8	0.5% ↑
EBITDAF	\$m	9.6	(10.8)	188.8% ↑
EBITDA	\$m	7.5	(13.2)	156.8% ↑
Net profit/(loss) after tax	\$m	(2.9)	(14.4)	79.9% ↑
Earnings per share	c	(3.1)	(18.4)	83.2% ↑
Dividends per share	c	nil	2.0	100.0% ↓
Gross Debt	\$m	18.4	26.0	29.2% ↓
Adjusted Net Debt	\$m	10.7	15.7	31.8% ↓
Interest Cover	times	5.4	(6.4)	n/a
Operating Cash Flow	\$m	(2.2)	10.9	120.2% ↓
Employees		354	418	15.3% ↓
Backlog	US\$m	80.0	111.0	27.9% ↓
Production Rate	%	112	72.0	55.5% ↑

FINANCIAL PERFORMANCE OVERVIEW

- Group result consistent with June 2013 guidance
- Group margins impacted by:
 - Continued high AUD:USD exchange rate
 - Sharp AUD depreciation in June 2013 resulting in forex losses
 - Lower sales volumes for well construction products
 - Decline in capital expenditure by WA mineral resources industry
 - System error with superannuation obligations (now resolved)
 - Above budget operating costs associated with stabilising production

CASHFLOW GRAPH



BALANCE SHEET

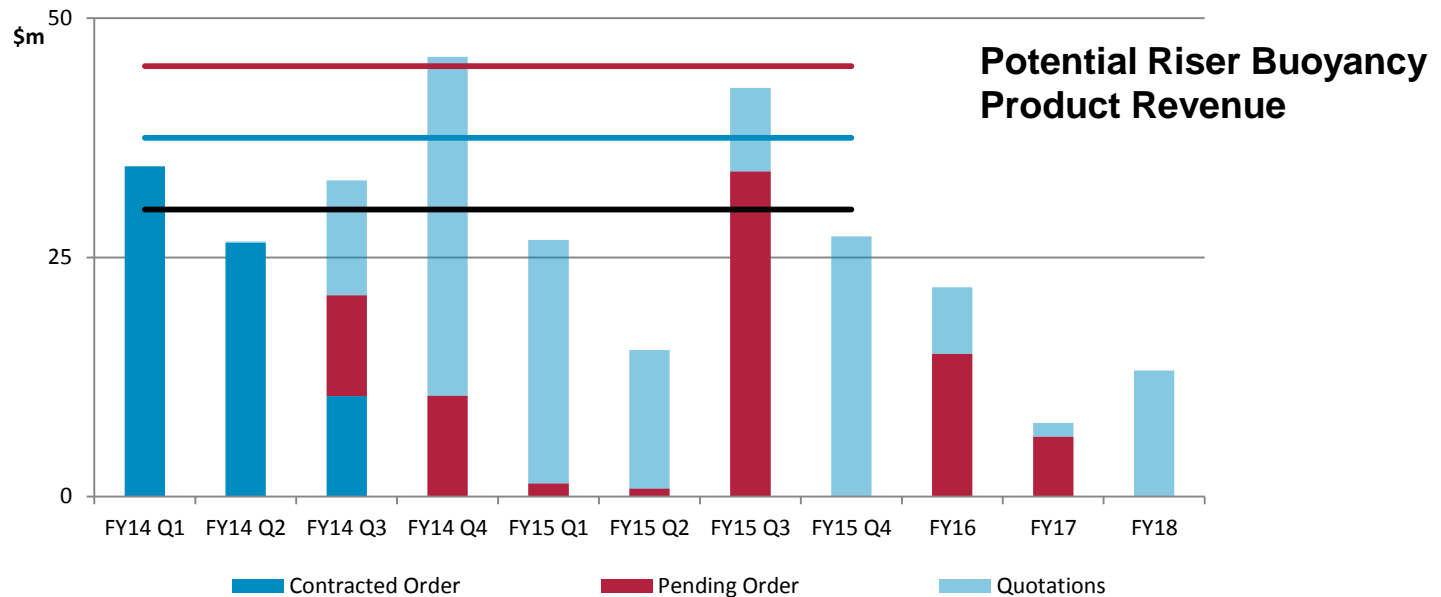
\$m	FY2013	FY2012
Cash and restricted cash	25.3	29.9
Trade receivables	17.2	12.1
Other receivables	9.6	1.4
Inventory	23.6	34.6
Property, plant & equipment	104.6	110.0
Intangible assets/deferred tax	18.3	15.6
Other assets	1.3	3.8
Total Assets	199.9	207.4
Trade payables	23.4	22.1
Progress billing	17.6	19.7
Financial liabilities	24.8	26.8
Provisions	1.8	2.1
Total Equity	132.3	136.7
Adjusted net debt	10.7	15.7
Net working capital	9.4	6.3
Gearing (ND/E)	8.1%	11.5%

- Stable working capital
- Strong working capital metrics (debtors + other receivables)
- Available cash adversely impacted by bonding requirements
- Low gearing

FY 2013 OPERATIONAL REVIEW



DRILLING PRODUCTS



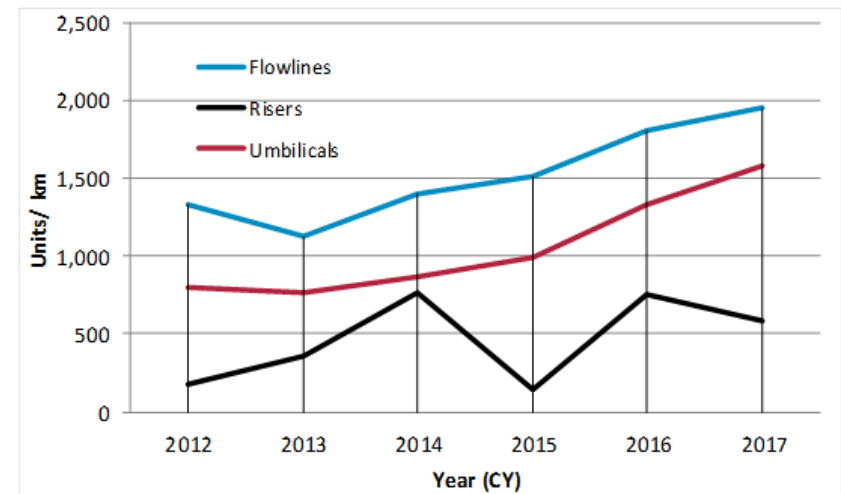
- Order conversion in FY13 for riser buoyancy slower than anticipated. Strong quotation activity (new and replacement) is expected in FY14 due to the continual compression of drillship delivery times
- Rapid growth in number of newbuilds until at least 2016 and aging floater fleet
- Reconfiguration of shift structure to align production with demand

SURF ANCILLARY EQUIPMENT

- Building sales in Australia, Europe and West Africa. Growth markets in Brazil, USA and Europe
- Qualified, and continuing to seek further qualification by major OEMs, EPIC contractors and operators to supply SURF products
- Continued to expand product line
- Key distributed buoyancy contract won in FY13 (delivery in Q1FY14) for major West African project
- Awarded a key strategic contract for a large quantity of production buoyancy in Q1 FY14.

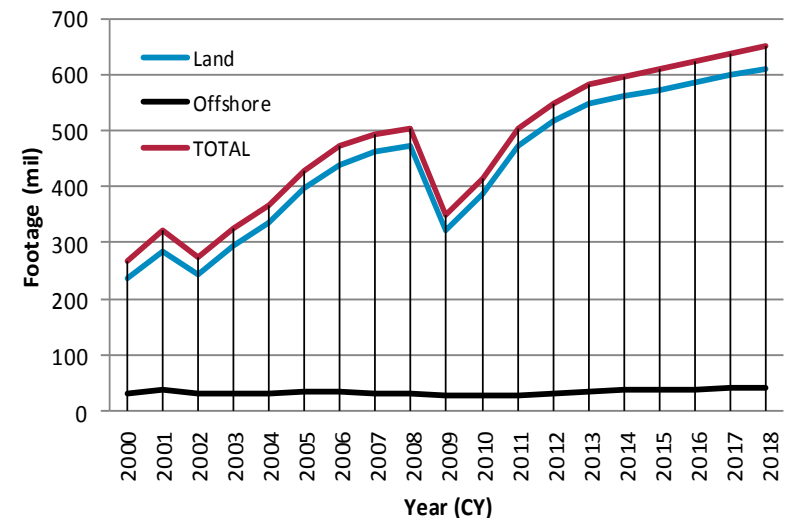


Global Capex – Units/km by Component



WELL CONSTRUCTION PRODUCTS

- Lower than anticipated sales volume for FY13 – restructured distribution channel
- Horizontal well completions driving growth in North American market and expenditure in growing shale gas market
- Ongoing investment in tooling and materials research
- Growth in demand for well construction products expected in FY14 and beyond



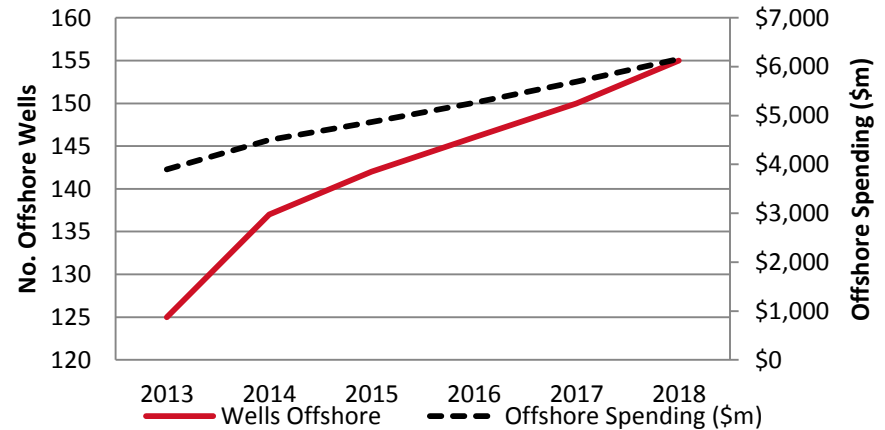
SURF & WELL CONSTRUCTION PRODUCTS



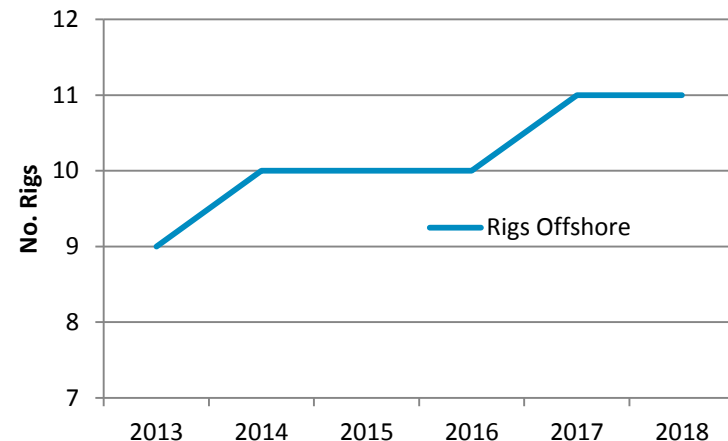
OFFSHORE SERVICES & ENGINEERING

- Consistent revenue to FY 2012 (\$24.5m v. \$25.6m)
- Ongoing transition to the provision of maintenance services for the domestic oil and gas sector
- Margins adversely affected by competitive marketplace, downturn in WA's mineral resources industry and additional costs to transition to a service based model
- API Q1 certification (with design) – only business of its kind in WA
- Future growth expected from maintenance services in the domestic oil and gas industry

Total No Offshore Wells & Spending (A\$) in Australia¹



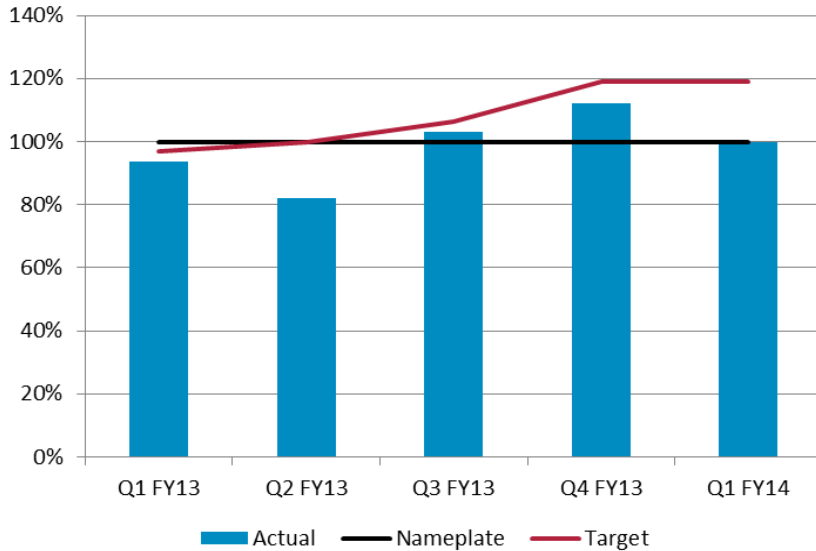
Total No Offshore Rigs in Australia¹



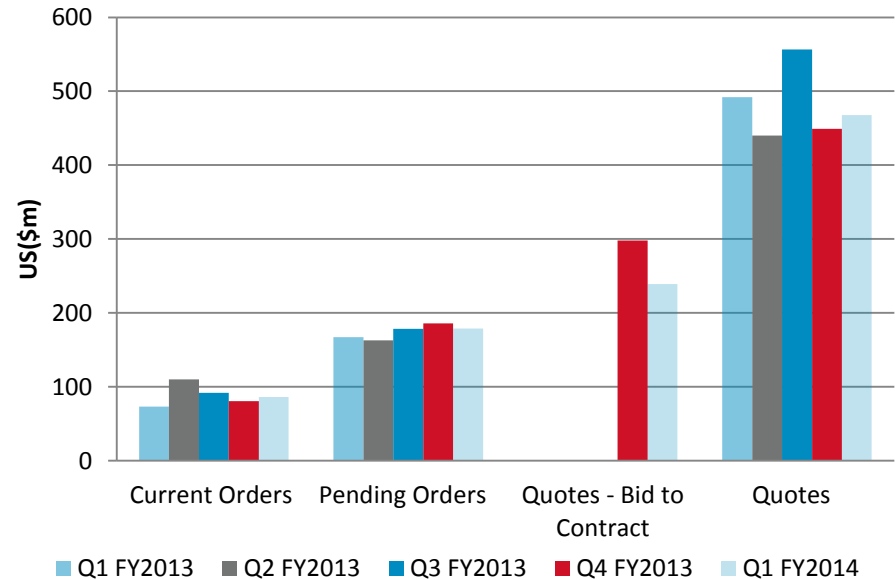
Q1 FY14 OPERATIONAL PERFORMANCE

PRODUCTION AND ORDER BOOK - FY14

Production Output Rate (%)



Order Book Overview



- Production levels in Q1 FY14 on par with designed plant capacity, although below target levels due to a number of technically challenging projects
- Current order book (US\$86 million) supports full production through to early Q4 FY14
- Strong quotation activity for riser buoyancy and SURF products

FINANCIAL AND OPERATIONAL PERFORMANCE – FY14

- Production rates below expectations – adversely impacted by technically challenging projects, now completed
- Working Capital adversely impacted:
 - Bonding requirements of specific customers
 - Commercial terms of specific contracts where invoicing is back-ended
- Q1 earnings adversely impacted by low production rates and low margin projects
- Recovery of lost earnings in FY14 is subject to higher production output over balance of the year.

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 large windows and machinery. A dark grey rectangular box is overlaid on the image, containing the text "STRATEGY AND OUTLOOK" in white, bold, sans-serif font. The text is centered within the box and is the primary focus of the slide. The overall scene is brightly lit, suggesting an indoor industrial facility.

STRATEGY AND OUTLOOK

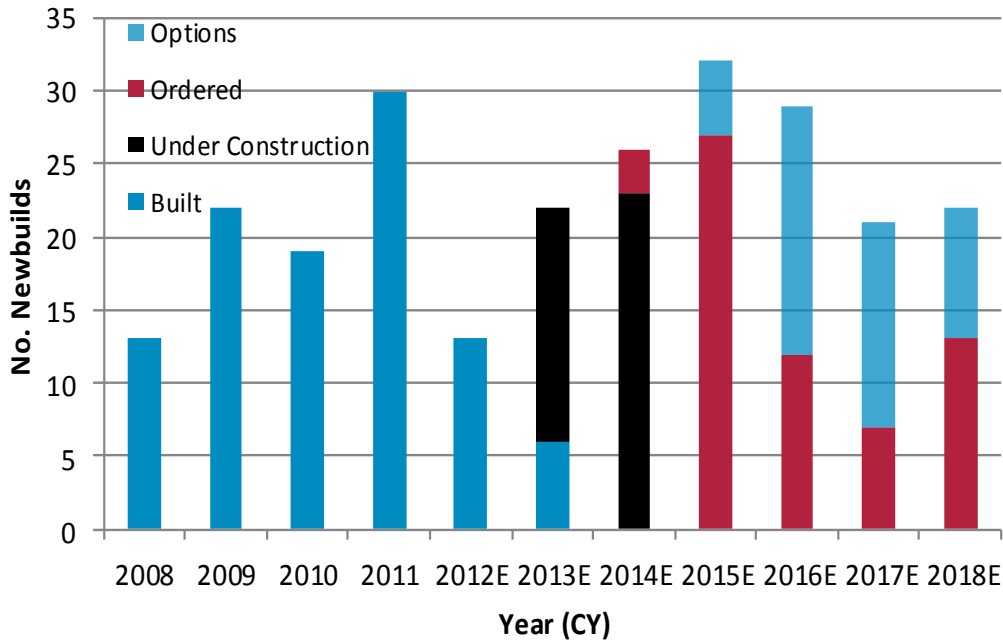
BUSINESS STRATEGIES

- Key focus on cost control and working capital management
 - Reducing fixed cost structure and variabilizing cost base to meet demand
- Continue materials and product research to develop improved riser buoyancy systems and grow market share
- Continue to diversify and expand product lines and revenue streams, including SURF and well construction products
- Increase share of the North American market for well construction products
- Optimise plant revenue by focusing on high value syntactic foam products and further automation of manufacturing processes for SURF products
- Adopt internal branding/ culture initiative
- Continue the transition of MOSE to a services based model

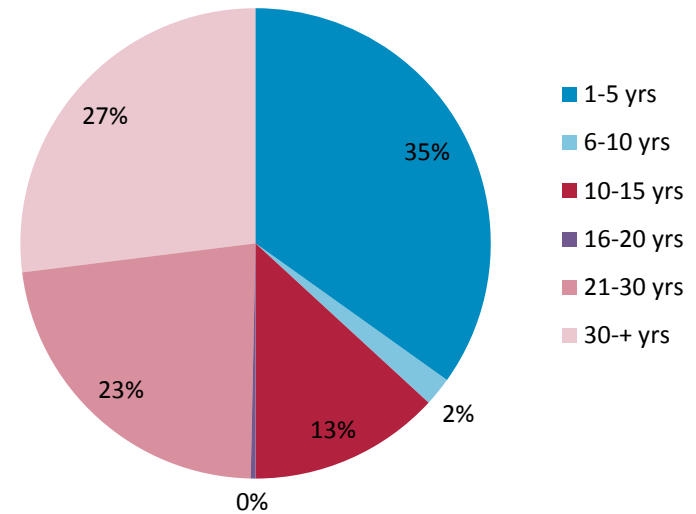
OUTLOOK

Drilling Products

World No. of Confirmed Newbuild Drillships



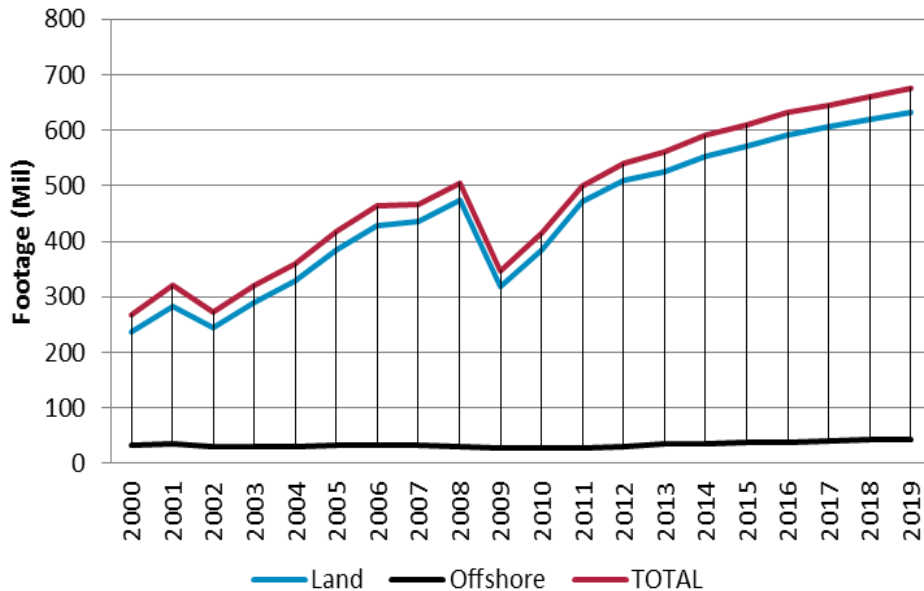
Mobile Offshore Drilling Unit (MODU) Fleet Age



OUTLOOK

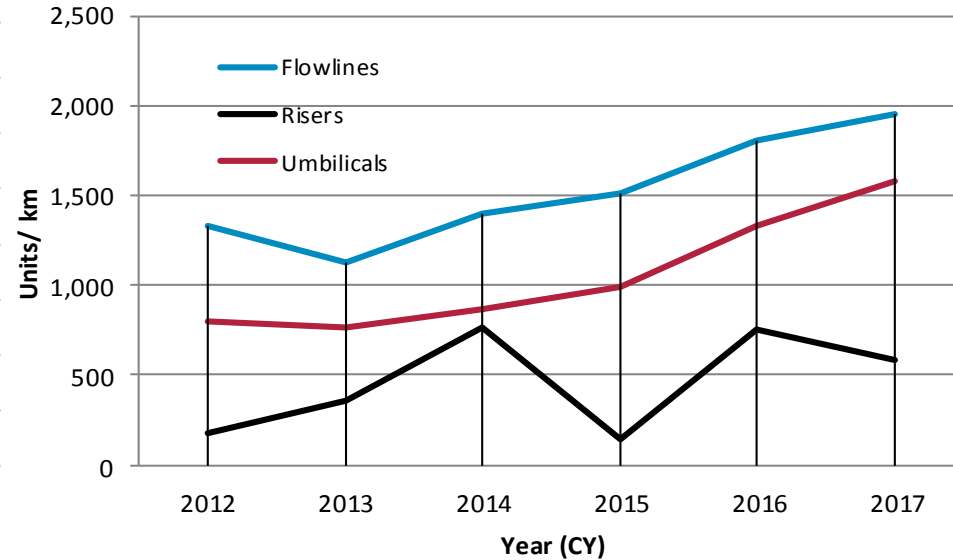
Well Construction Products

World Drilling and Production Outlook



SURF Ancillary Equipment

Global Capex – Units/ km by Component



SUMMARY

- 2013 – a year of stabilisation
- Production stabilisation and alignment to market conditions
- Transition to post-capex continuous improvement focus
- Increasing penetration into SURF ancillary and well construction markets
- Strong macro environment (drillship orders, deployment of subsea hardware, shale gas market and total footage drilled, deep sea drilling) continue to support future growth for the Company

FOCUS FOR FY14

- Continue to build order backlog
- Leverage technical and vendor accreditation to penetrate new markets for Matrix's SURF ancillary product line
- Aggressively penetrate the market for well construction products in North America via new and expanded distribution channels
- Continued focus on cost management and operational efficiencies in-line with Company's continuous improvement program
- Monitor working capital impact of transition to shipyard contracts

CONTACT DETAILS

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