

# APPENDIX 4E

**Results for announcement to the Market**

**Matrix Composites & Engineering Ltd**

Preliminary Final Report for the Year Ended 30 June 2014

Results for announcement to the market

Appendix 4E

Preliminary Final Report  
Period Ended 30 June 2014

Name of entity

Matrix Composites & Engineering Ltd

ABN or equivalent company reference

009 435 250

Period ended ('Current Period')

30 June 2014  
Previous corresponding period: 30 June 2013

*Extracts from this report for announcement to the market*

				\$000s
Revenues from ordinary activities	up	9.0%	to	158,581
Profit/(loss) from ordinary activities after tax attributable to members	up	202.4%	to	3.0
Net profit/(loss) after tax for period attributable to members	up	202.4%	to	3.0
<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
1.24	\$1.17

**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
nil	nil

**Total Dividends**

Total Dividend:

Current year

Previous year

Amount per security	Total amount (\$000s)
nil	nil
nil	nil

**Control gained over entities having material effect**

During the year ended 30 June 2014 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 2014 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

13 August 2014  
Perth, Western Australia

## ASX RELEASE

13 August 2014

### MATRIX RETURNS TO PROFITABILITY. IMPROVED REVENUE AND EBITDAF

Matrix Composites & Engineering Ltd (ASX: MCE) today announced its full year financial results for FY2014. The Company reported increased (9.0 per cent) revenue of \$158.6 million (FY13: \$145.5 million) and significantly higher (207.6 per cent) EBITDAF<sup>1</sup> of \$20.0 million (FY13: \$9.6 million). The Company reported a net operating profit after tax of \$3.0 million, a significant improvement over the prior year (FY13: \$2.9 million loss).

Key factors impacting Matrix's financial and operational performance for the year were:

- Achievement of stable and improved production output;
- Stabilisation of margins on buoyancy products arising from successful implementation of materials efficiency initiatives;
- Stable, albeit persistently high, AUD exchange rates;
- Successful transition of production back to a three-shift roster;
- Continued penetration into the SURF market with a record 24 projects completed or awarded in FY14; and
- Lower than anticipated demand for its well construction products.

During FY14 Matrix increased production by stepping up its two-shift operating structure to three-shifts, demonstrating its capacity to flex production in line with changes in market demand. Nameplate production from its Henderson manufacturing facility was regularly exceeded and production for the year ended 30 June 2014 exceeded all historical records.

#### Financial Results (FY14/FY13)

- Total group revenue – up 9.0 per cent to \$158.6 million
- EBITDAF – increased 208 per cent to \$20.0 million
- EBITDA - increased 248 per cent to \$18.6 million (FY13: \$7.5 million)
- Net profit/(loss) after tax (NPAT) – increased 202 per cent to \$3.0 million (FY13: \$(2.9) million)
- Earnings per share (EPS) – improved to 3.2 cents, from (3.1) cents
- Cash flow from operations \$16.5 million
- Net debt reduced to \$6.4 million from \$10.7 million

#### Operational Metrics

- After operating 879 days without any lost time injuries, Matrix recorded three lost time injuries during FY14 which resulted in a LTIFR of 4.1 at 30 June 2014. While it is disappointing to record any injuries, Matrix retains its zero LTIFR target.
- The Henderson manufacturing facility achieved output rates above nameplate design and has achieved continued operational stability during FY14. Matrix returned to a three-shift operating roster demonstrating its ability to flex production through the plant.
- Completed rationalisation of MOSE operations.

---

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

## **Order Book and Outlook**

Matrix continues to win significant volumes of new work and is now established as supplier of choice to the major global shipyards delivering new build drill ships and semi-submersibles. Despite a reduction in the backlog at 30 June 2014, Matrix is confident of converting new orders in the near term based on the delivery schedule of drill ships and semi-submersibles currently under construction and in operation and the high quality specification of Matrix buoyancy relative to its competitors. Matrix has continued its penetration of the replacement market which is expected to provide strong and ongoing revenue opportunities for the Company in the future.

Matrix continues to target the SURF market with the current backlog and strong quotation activity supporting expectations for FY15. Matrix has been successful in being accredited as a supplier of SURF equipment to major oil field capital equipment suppliers and expects strong and growing demand for products from this sector.

Sales of Matrix's innovative thermoplastic centralisers were below management expectations in FY14 however recent third party tests indicate Matrix has a demonstrated quality differential relative to its competitors and Matrix expects further growth in sales volumes in FY15.

## **Gearing and banking**

As at 30 June 2014, Matrix had reduced its gross interest bearing debt to \$12.9 million. Adjusted net debt fell from \$10.7 million to \$6.4 million and the adjusted net debt to equity ratio was 4.7 per cent at year end.

During the year Matrix continued its focus on retiring term debt. Matrix continues to have significant undrawn facilities available to it.

## **2014 – Return to Profit**

The Company's FY14 NPAT of \$3.0 million (FY13: \$(2.9) million) was a significant improvement on the previous year and represents a return to profitability for Matrix after two difficult years (FY12 and FY13) during which it constructed and commissioned a world class manufacturing facility and reinforced its reputation as a producer of high quality and reliable buoyancy products. Matrix remains confident that the strong market outlook for its product, will translate into order conversion in the current half year period, and result in continued improved future earnings.

## **Dividend Payment**

The Directors have not declared a dividend for FY14.

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.