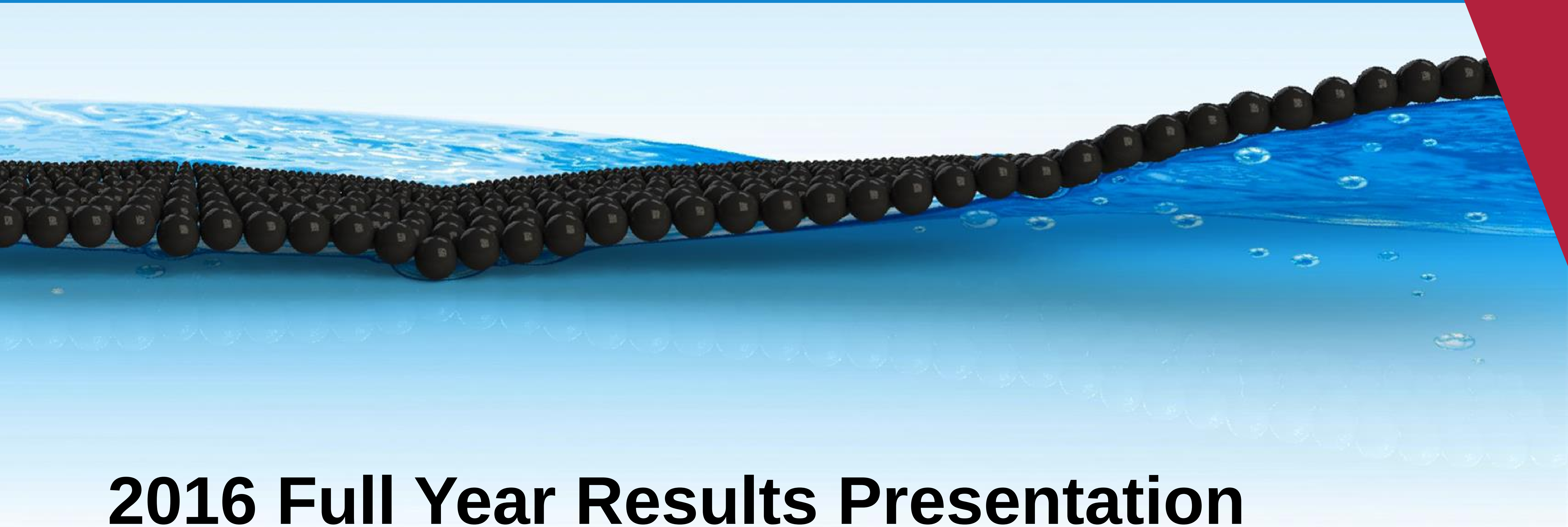

2016 Full Year Results Presentation

MATRIX COMPOSITES & ENGINEERING

Aaron Begley – Chief Executive Officer
Peter Tazewell – Chief Financial Officer

24 August 2016

Agenda

- Overview
- Financial results
- Strategy and outlook

Overview – FY16

Financial

- Revenue and earnings in line with guidance:
  - Revenue: $95.7 million.
  - Underlying EBITDA[1]: $11.3 million.
- Strong balance sheet – no term debt and net cash position of $3.6 million.
- Positive cash flow from operations of $2.8 million.

Operating

- Second year with zero LTIFR.
- Flexed down production in response to lower oil price environment.
- Grew distribution base and successfully launched major new product.

Outlook

- Matrix well positioned to benefit from oil price recovery.
- Opportunities to build on early success with new product, target growth markets, and expand into new sectors with strong R&D focus.
- Order book US$46.0 million at 30 June 2016, supporting production through H1 FY17.

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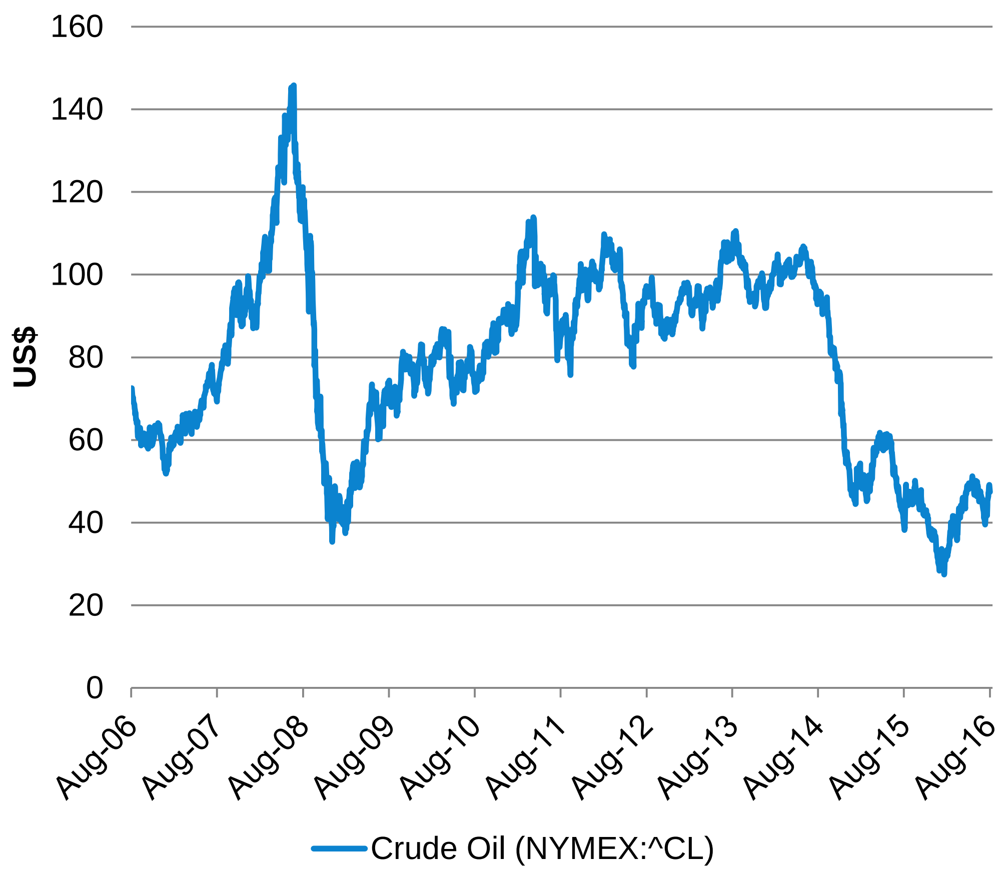
[1] Underlying EBITDA excludes foreign exchange loss ($1.1 million) and non-recurring costs ($3.8 million)

Operating in a lower oil and gas price environment

- Subdued oil and gas sector adversely impacting demand for products and services to the industry.



Source: Capital IQ

CAPITAL DRILLING EQUIPMENT

- Market for buoyancy products has been challenging, with drillship utilisation and day-rates at low levels.
- Fleet retirements accelerating as older vessels are either scrapped or cold-stacked.
- Continued demand from replacement buoyancy market, particularly in Gulf of Mexico.

SURF AND SUBSEA SOLUTIONS

- Subsea expenditure has stabilised after a significant reduction in 2015.

WELL CONSTRUCTION

- Onshore North American market for well construction products has been significantly impacted by the fall in the oil price, outlook improving.
- New markets in Asia and Middle East being developed, providing revenue growth in this sector.

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How Matrix has responded

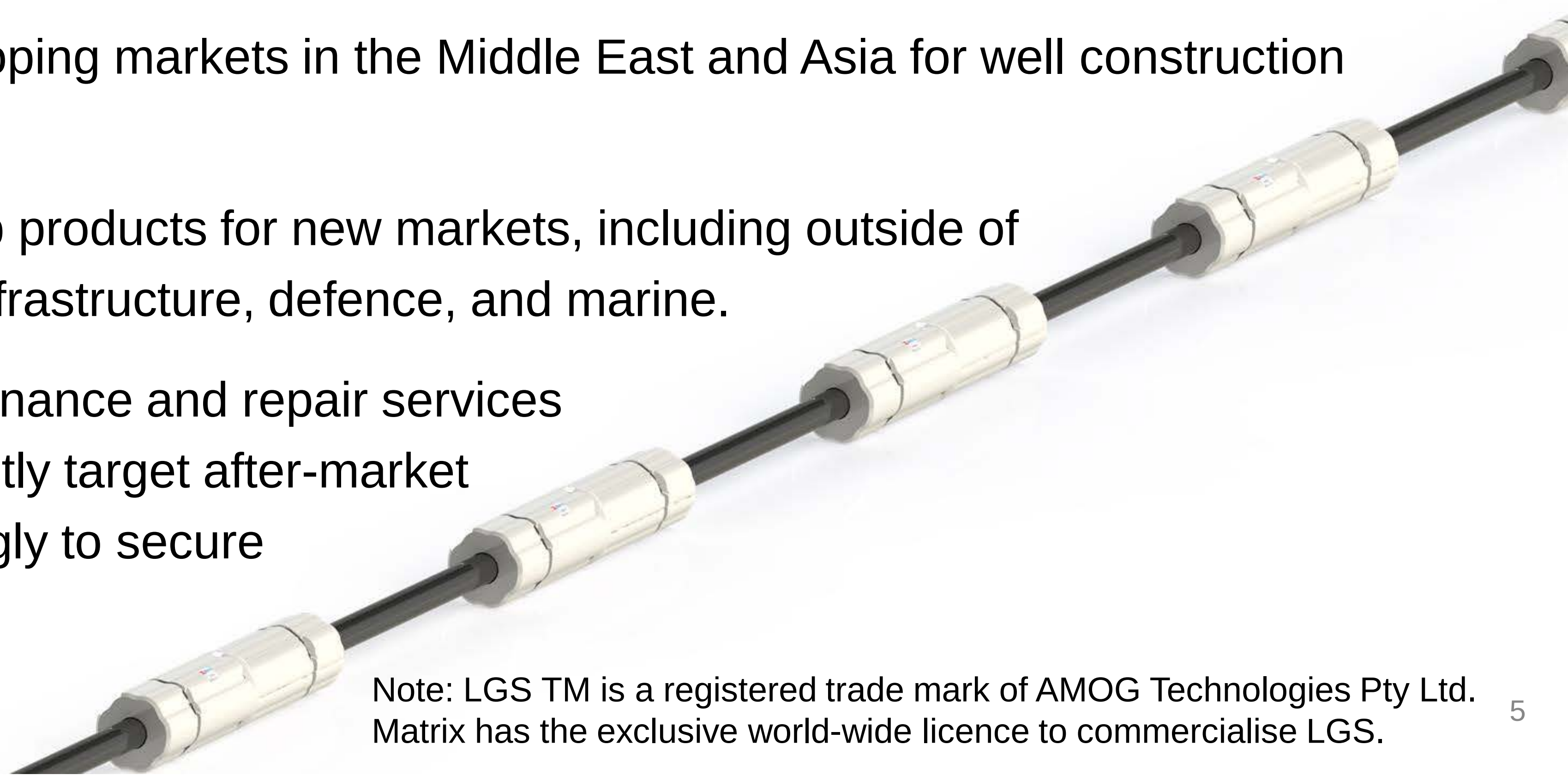
- Reduced production and achieved efficiency gains whilst targeting growth opportunities.
- Outlook remains positive over the medium to long term despite short-term uncertainty.

NEW TECHNOLOGY AND PRODUCTS

- Launch of new LGS™ technology in February – a revolutionary drag reduction product that targets the operating floating rig market and subsea production installations.
- Quotations in excess of US$150 million of LGS™ buoyancy, with the first installed system being deployed in the Gulf of Mexico in June 2016.

NEW MARKETS AND SERVICES

- Success in targeting new, developing markets in the Middle East and Asia for well construction products.
- Continued R&D focus to develop products for new markets, including outside of the oil and gas sector such as infrastructure, defence, and marine.
- Karratha riser inspection, maintenance and repair services base has enabled Matrix to directly target after-market and position the Company strongly to secure the bulk of this work.



Note: LGS TM is a registered trade mark of AMOG Technologies Pty Ltd. Matrix has the exclusive world-wide licence to commercialise LGS.

FY2016 Financial Results

CFO – PETER TAZEWELL

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Key financial metrics

		FY16	FY15
Revenue	$m	95.7	144.1
EBITDA	$m	6.4	19.5
Underlying EBITDA[1]	$m	11.3	24.3
Net profit/(loss) after tax	$m	(2.1)	3.6
Earnings per share	c	(2.2)	3.8
Dividends per share	c	nil	3.0
Gross debt	$m	(3.4)	(8.0)
Adjusted net cash/(debt)	$m	3.6	(7.8)
Interest cover	times	14.7	26.9
Operating cash flow	$m	2.8	3.5
Employees		149	255
Order book	US$m	46.0	93.1

- Revenue and earnings consistent with guidance.
- Net profit impacted by depreciation charges on Henderson manufacturing facility.
- Continued to generate positive operating cash flow.
- Reduction in gross debt, with no term debt.
- Order book of US$46.0 million at 30 June 2016, supports production through H1 FY17.

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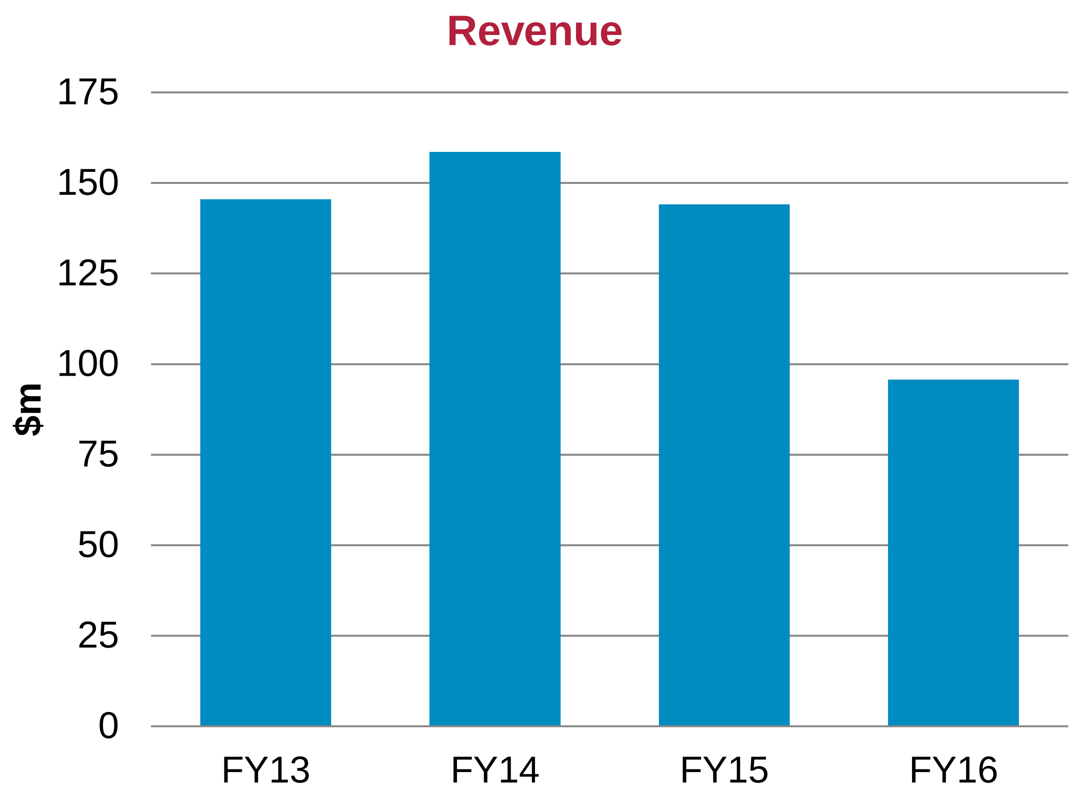
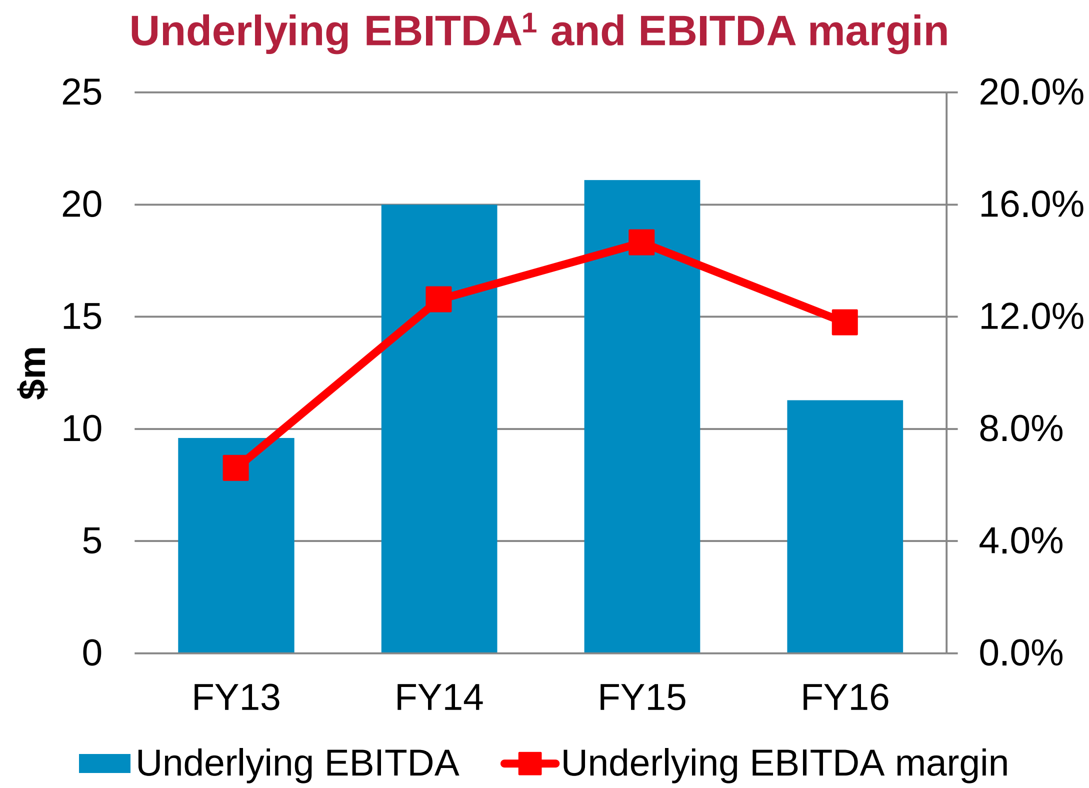
[1] Underlying EBITDA excludes foreign exchange loss ($1.1 million) and non-recurring costs ($3.8 million)

Earnings





EARNINGS ANALYSIS

- Reduced revenue attributed to reduced production.
- Earnings adversely impacted by production inefficiencies arising from reduced backlog.

MARGIN ANALYSIS

- Reduction in margin attributed to fixed cost base and low production volumes.

[1] Underlying EBITDA excludes foreign exchange losses and non-recurring costs

Underlying EBITDA

$m	FY16	FY15
Statutory EBITDA	6.4	19.5
Loss on disposal of property	0.7	-
Redundancy costs	2.0	1.2
Insurance adjustment	0.6	-
NRV adjustment – plant & equipment	-	0.9
Inventory written off	0.4	1.0
Capitalised R&D written off	-	0.1
Other	0.1	-
Foreign exchange loss/(gain)	1.1	1.6
Underlying EBITDA[1]	11.3	24.3

- Underlying result continues to be impacted by redundancy costs as cost base is right sized to market demand.
- Inventory write-off and property loss are non-cash items.

[1] Underlying EBITDA excludes foreign exchange losses and non-recurring costs

Balance sheet

$m	FY16	FY15
Cash	8.4	14.5
Trade receivables	26.9	34.5
Inventory	10.6	20.7
Property, plant & equipment	81.7	91.3
Intangible assets/deferred tax	18.2	17.7
Other assets	0.8	1.4
Total Assets	**146.6**	**180.2**
Trade payables	4.4	11.6
Progress billing	1.9	14.3
Term Debt	-	8.0
Other financial liabilities	3.4	2.2
Provisions	1.2	1.5
Deferred Tax	2.3	4.8
Total Equity	**133.4**	**137.8**
Adjusted net cash/(debt)	3.6	(7.8)
Net working capital	31.3	29.3
Gearing (ND/E)	n/a	4.7%

- Established adjusted net cash position of $3.6 million.
- Physical working capital managed down in response to lower production volumes. Financial working capital impacted by receivable associated with shipyard contract ($15 million).
- Sale of Camboon Road property enabled retirement of term debt.
- Strong liquidity position.
- Receivable associated with shipyard contract expected to be fully recovered.

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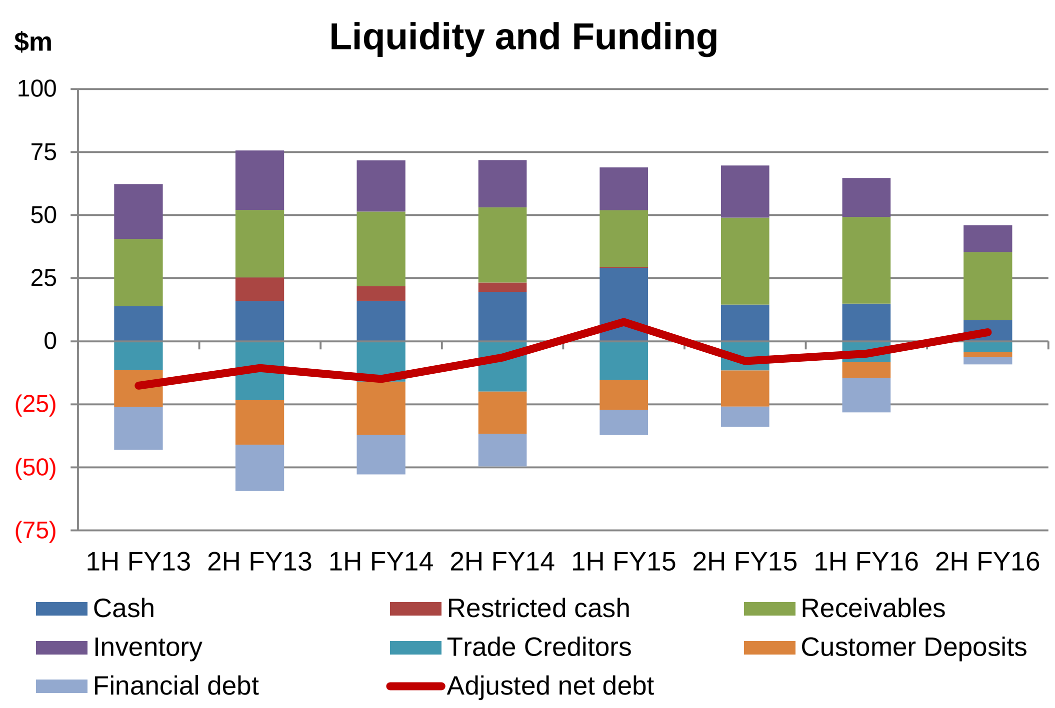
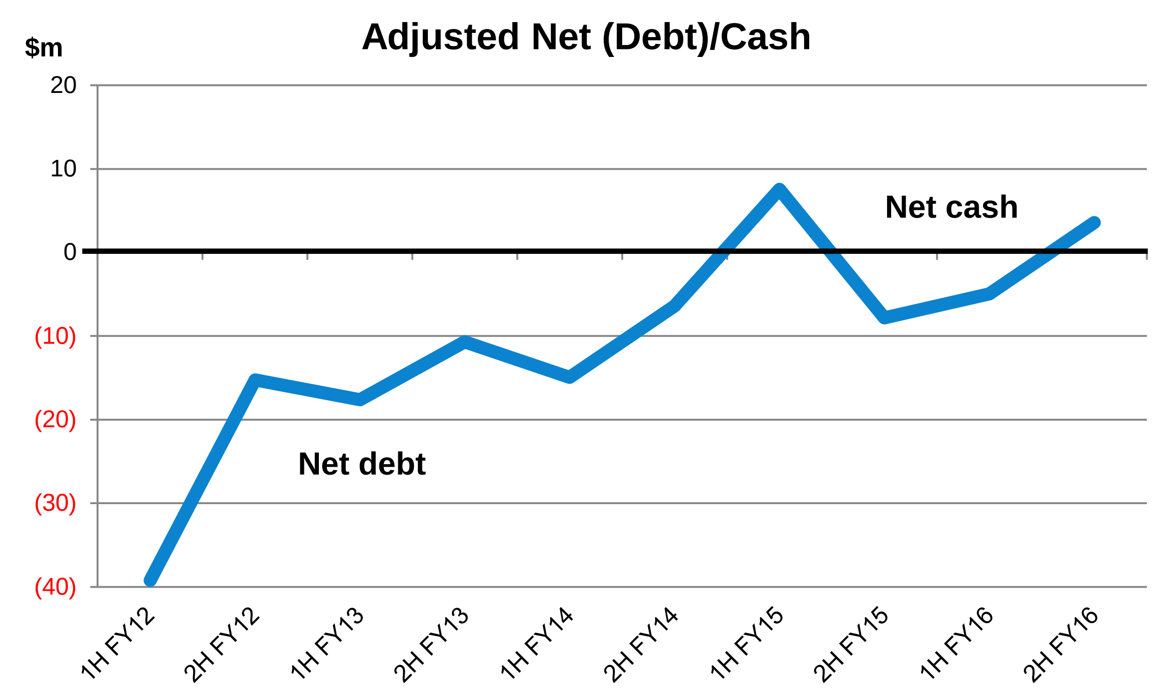
Debt and banking

- Paid down term debt, moving to net cash position.
- Utilising trade finance facilities of $2.9 million, smoothing timing differences between receipts from customers and payments to suppliers.
- Undrawn available facilities of $12.9 million

$m	FY16	FY15
Cash	8.4	14.5
Progress claims and deposits	(1.9)	(14.3)
Term debt	-	(8.0)
Trade finance debt	(2.9)	-
Adjusted net cash/(debt)	3.6	(7.8)





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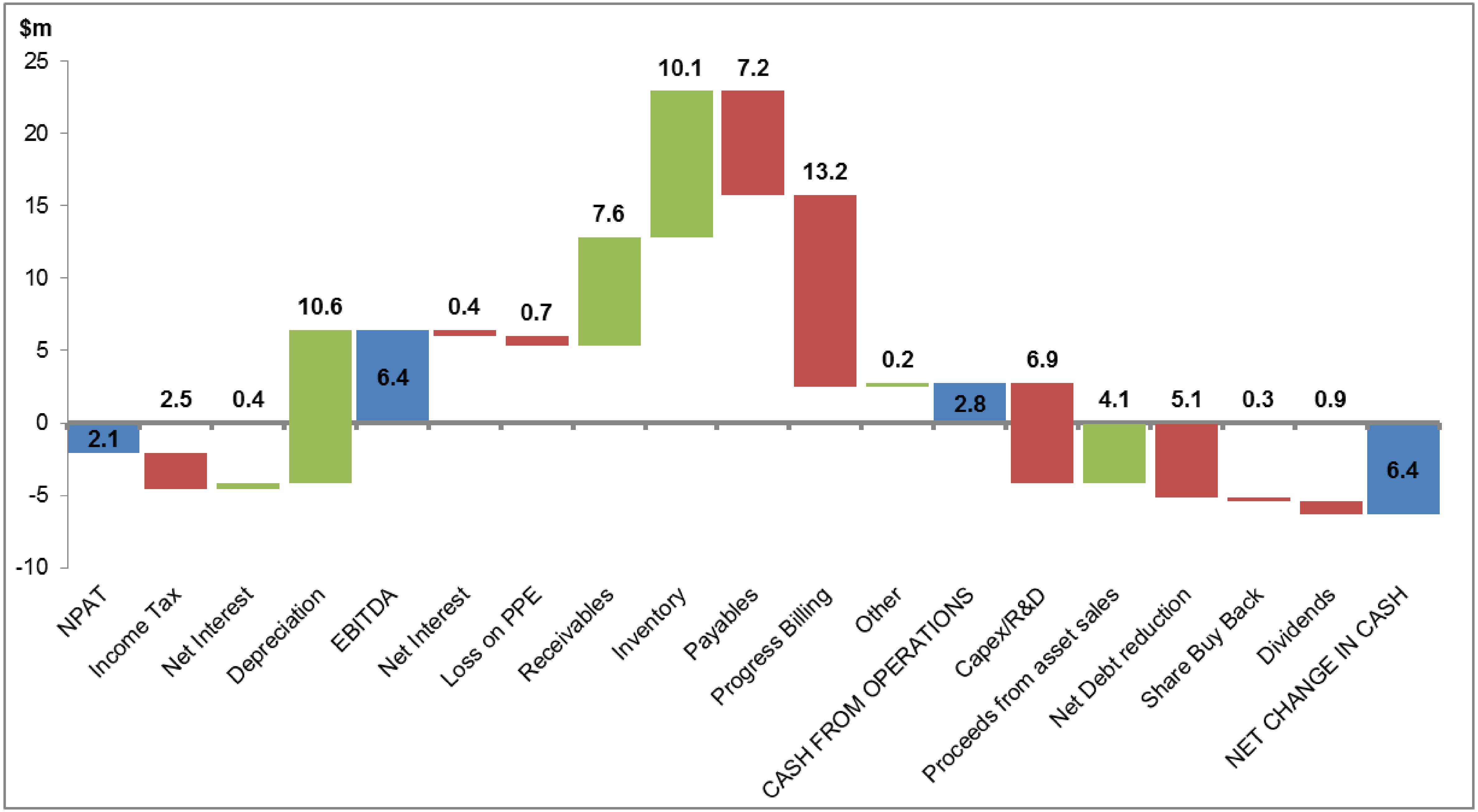
Cash flow from operations



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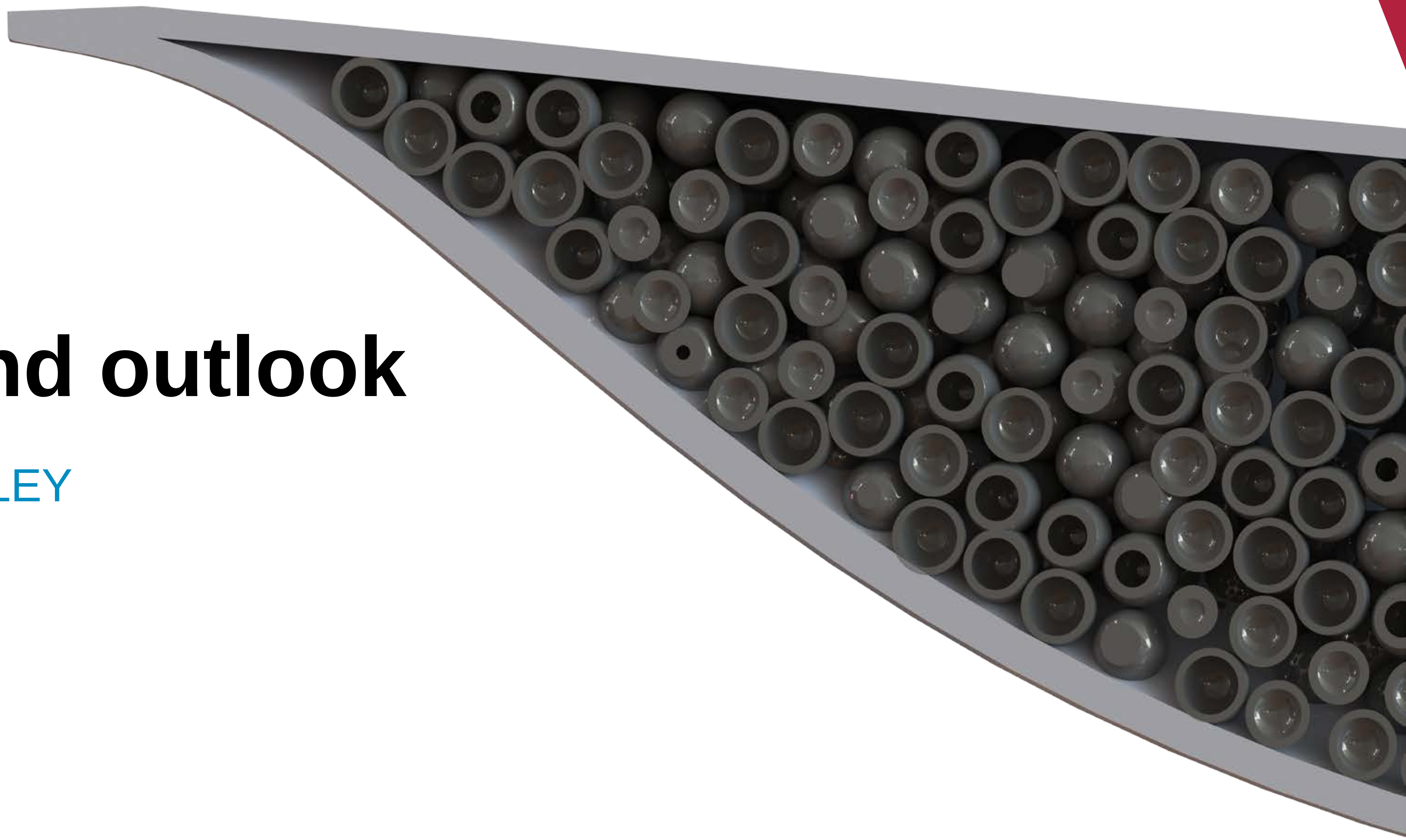
Strategy and outlook

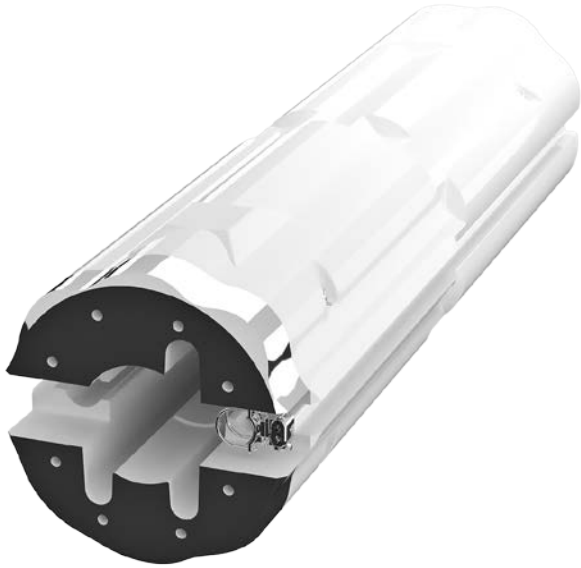
CEO – AARON BEGLEY



Strategy in place to target new opportunities

NEW PRODUCTS FOR EXISTING MARKETS – LGS

- Targets existing rig fleet and new applications for subsea production, reducing reliance on newbuild rigs.

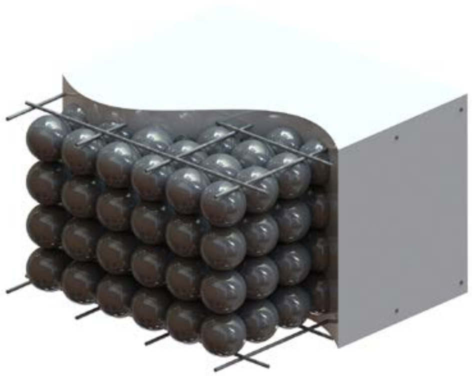


TARGET NEW GROWTH MARKETS

- Core skills in engineering and advanced materials coupled with R&D capacities enable Matrix to explore new markets.
- New technical product and technical service opportunities being pursued.

PRODUCTION RESPONSE IN EXISTING MARKETS

- Utilised ability to moderate production.
- Ongoing operational improvement, cost efficiencies.



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New product for existing markets: LGS™

- Consistent with company strategy of **innovation** and creation of new business lines in difficult operating environment.
- LGS™ **reduces drag** for floating rigs operating in strong ocean currents, allowing operators to reduce costs and increase production through less down time.
- Unique **highly differentiated** product.
- Patent protected, **high value proposition** and Australian developed.
- Attributable market for LGS in the drilling market only is **in excess of US$400 million.**
- Two orders already received.
- **Delivered first contract**, deployed in the Gulf of Mexico in June 2016.
- Receiving strong interest from operators.

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Note: LGS TM is a registered trade mark of AMOG Technologies Pty Ltd. Matrix has the exclusive world-wide licence to commercialise LGS.

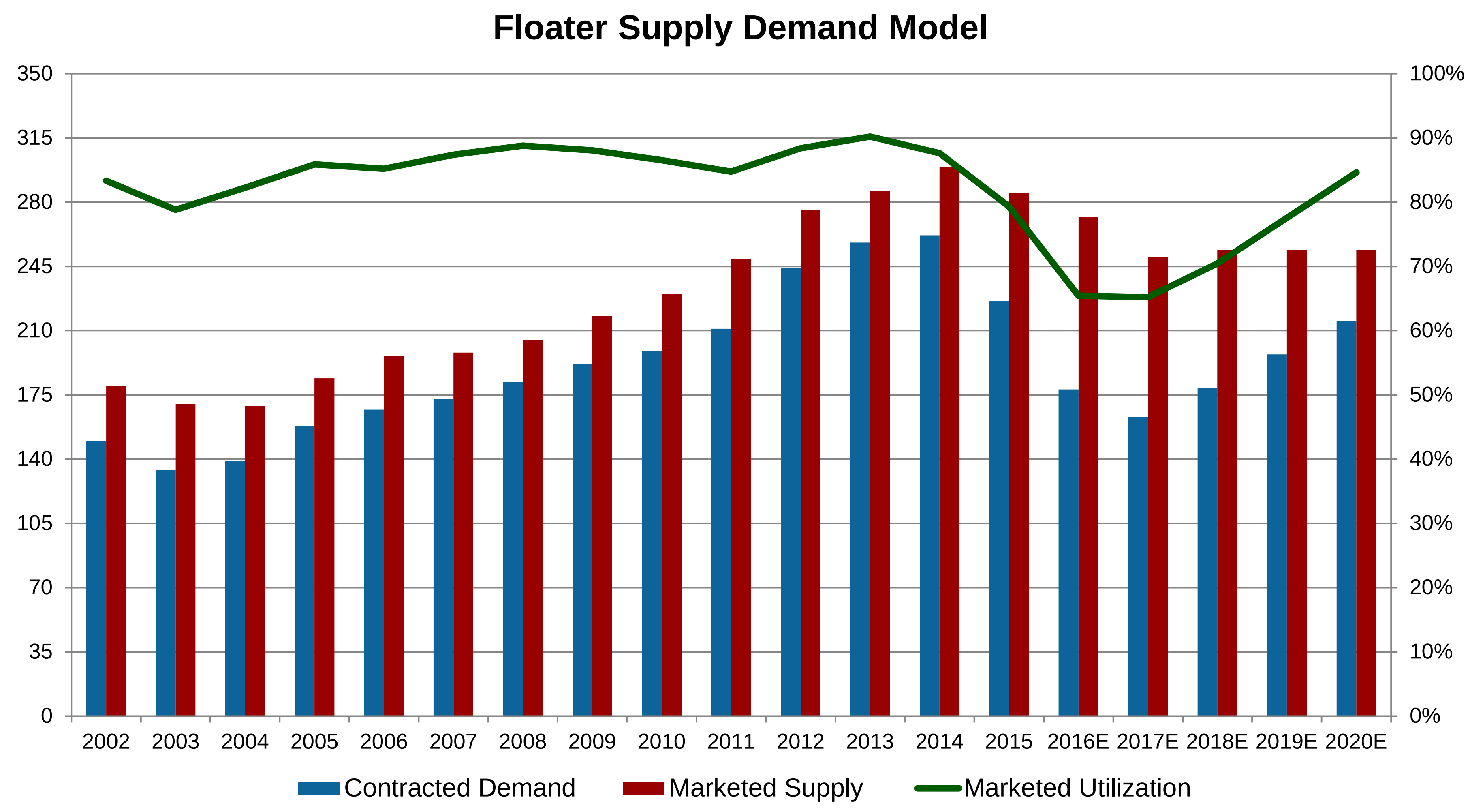
New growth markets

- Pursuing growth opportunities in technical services associated with:
- **Technical Products**
  - Infrastructure: New Matrix developed materials technology for the infrastructure sector, lightweight synthetic structural concretes, functional additives for concrete manufacturing, patent pending.
  - Well Construction Product Range: Product line extensions broaden the range of high value oilwell consumables.
  - Matrix LGS: applications range from retrofit capable Matrix LGS™ Drilling Riser Buoyancy to in-situ and retro fit drag reduction covers for existing offshore installations.
- **Expanding Technical Services**
  - Subsea equipment services, inspection, preservation and maintenance for operator and contractor owned equipment.
  - Upstream (Offshore) and Downstream Processing technical, equipment services and maintenance services for the Australasian market.

Outlook in existing markets

CAPITAL DRILLING EQUIPMENT

- A decline in contracted rig demand expected in 2017 prior to a forecast recovery in 2018.
- Improved rig utilization expected to increase the demand for Matrix LGS (a retrofit product), replacements and extensions.

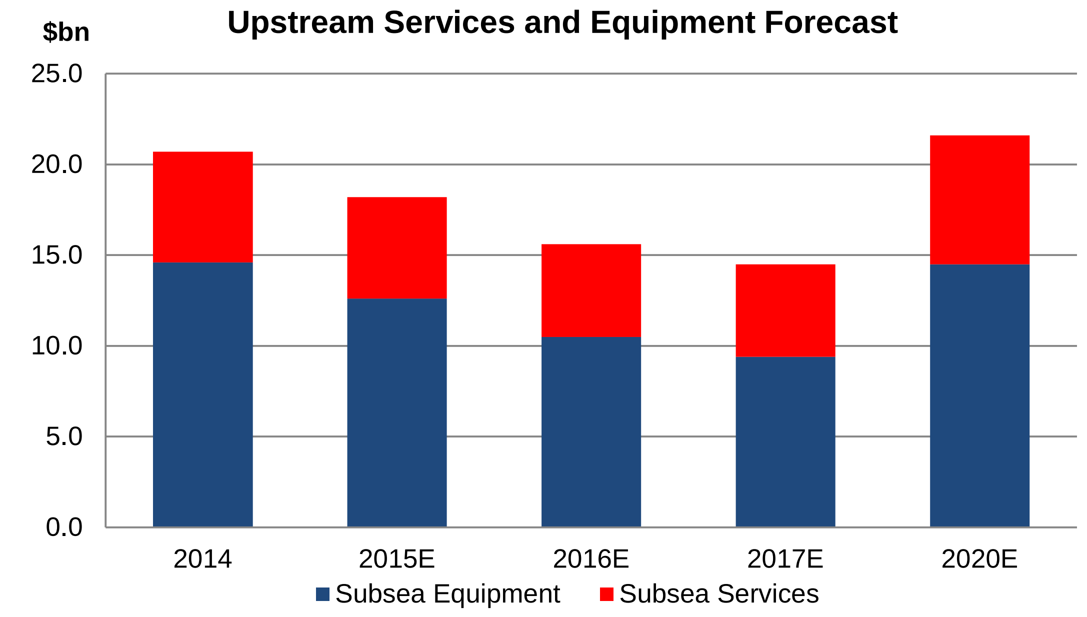


Source: Morgan Stanley, Oil Services, Drilling & Equipment, 16 February 2016

Outlook in existing markets

SURF AND SUBSEA SOLUTIONS

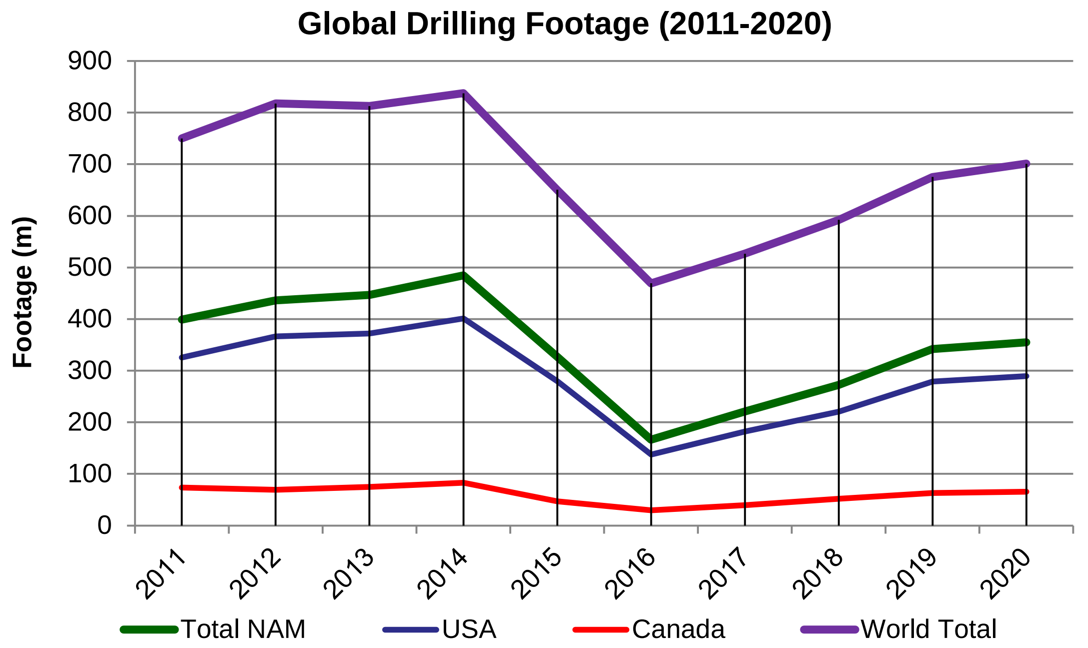
- Global subsea capex is forecast to increase sharply from CY17 onwards – a lead indicator for SURF products.
- Matrix developing products for SURF applications which remains a significant opportunity for the Company.



Source: Morgan Stanley, Global Upstream Spending Manual, June 2016

WELL CONSTRUCTION

- Expanding presence and service offering in SE Asia and the Middle East.
- Continued improvement in FY17.
- New distribution arrangements in USA, Saudi Arabia and UAE. Advanced stage of negotiations in Indonesia.



Source: Spears & Associates, June 2016

Summary

- Matrix positioned to benefit from oil price recovery with a market and technology leading position, as well as a strong balance sheet and capacity to flex up production.
- Continuing to review cost base to align the business with market demand.
- LGS™ positioned to reduce drilling costs and provide technological advantages, accessing existing rig fleet and newbuilds.
- New products, new markets, and increased efficiencies to offset difficult trading conditions in the short-term, with Matrix continuing to generate cash flow from operations.
- Successful product launch of LGS™, strong value proposition evident in contract wins already secured.
- Targeting the Middle East and Asia as developing markets for well construction products.
- Opportunities to expand into defence and marine, civil and infrastructure.
- Maintain strong R&D focus to support leading edge products.
- New technical products to provide new sustainable growth opportunities and expansion of technical services.

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Contact details

AARON BEGLEY

Chief Executive Officer

T: +61 8 9412 1200

E: aaron.begley@matrixengineered.com

PETER TAZEWELL

Chief Financial Officer

T: +61 8 9412 1200

E: peter.tazewell@matrixengineered.com