



2017 Investor Presentation

MATRIX COMPOSITES & ENGINEERING

Aaron Begley – Chief Executive Officer

Brendan Cocks – Chief Financial Officer

31 October 2017



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Who is Matrix?

A materials technology company and recognised leader in syntactic foam technology, polymers, and advanced composites.

We produce

- Engineered products
- Functional additives
- Advanced materials

For these markets

- Energy & Marine
- Resources
- Civil & Infrastructure
- Defence
- A global presence with a distribution network spanning five continents

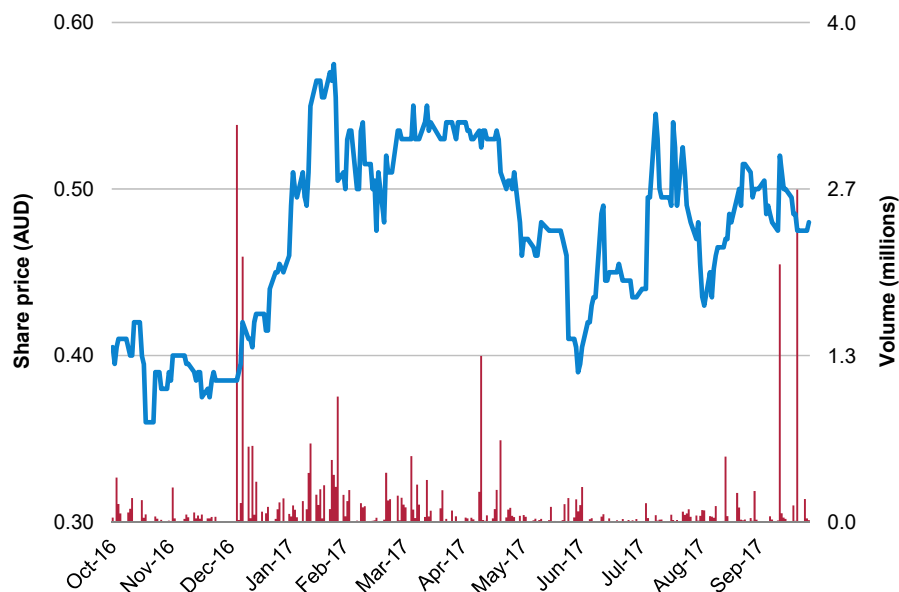
Innovation is key

- Strong ongoing focus in R&D
- Using innovation materials technologies and engineering, Matrix is developing products and systems that:
 1. Are easier and safer to use
 2. Improve productivity
 3. Are more durable

There are many products in use today that could and should be better -- Matrix is creating them

Corporate snapshot

SHARE PRICE



MAJOR SHAREHOLDERS

Max Begley Group*	24.3%
Allan Gray Investment Management*	17.1%
Forager Funds Management*	13.3%
Management & Directors	5.0%

*As per most recent substantial shareholder notices

CORPORATE DETAILS

ASX Code	MCE
Issued Shares	93,750,000
Share Price (at 30 October 2017)	A\$0.49
Market Capitalisation	A\$45.9m

BOARD AND MANAGEMENT

Peter Hood	Non-Executive Chairman
Steven Cole	Non-Executive Director
Craig Duncan	Non-Executive Director

Aaron Begley	Managing Director & CEO
Brendan Cocks	Chief Financial Officer & Joint Company Secretary

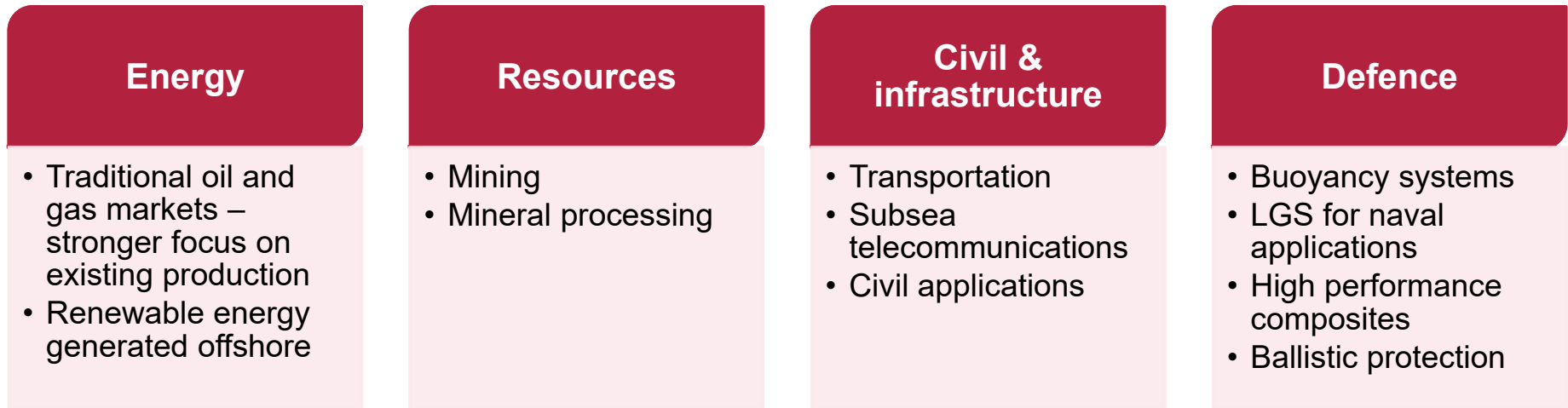
Australia's largest composites manufacturing facility in Henderson, WA



- Advanced composite manufacturing facility covers 20,000m² and draws on the latest manufacturing concepts including lean production and one-piece flow.
- Highly automated manufacturing processes enables Matrix to produce superior quality products that are competitively priced and can be delivered within shorter timeframes.
- Only facility of its kind in Australasia.

New business structure targeting growth

- Matrix has developed a new business structure targeting growth opportunities in four key areas:



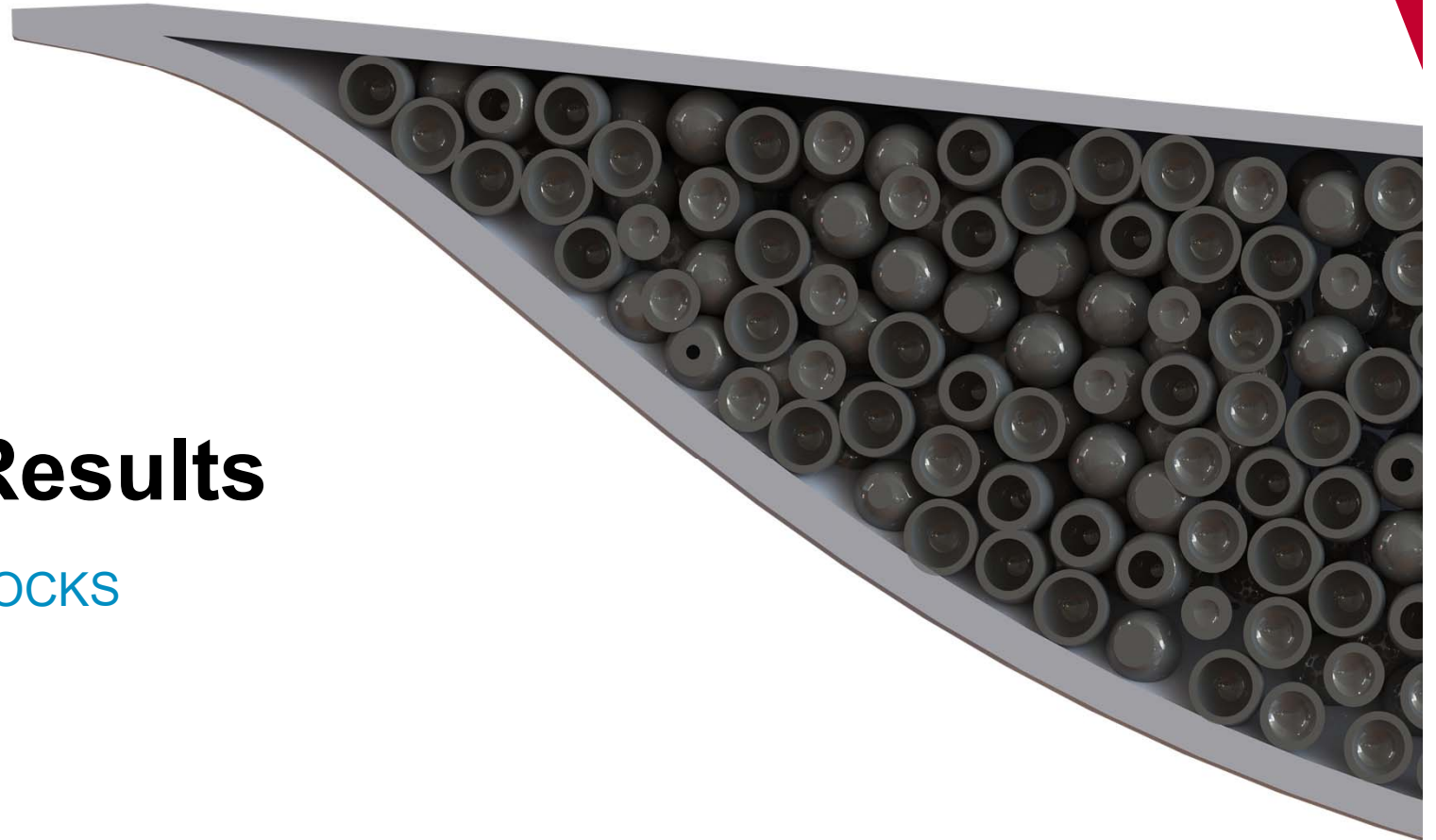
- These key areas utilise Matrix's existing core capabilities and assets in:
 - **Advanced materials and technologies**
 - **Intellectual property**
 - **Advanced manufacturing facility**
- Growth opportunities are reducing Matrix's reliance on its traditional riser buoyancy order book.

Delivered against strategic priorities

FY17 priority	Status
Review cost base and output to align the business with market demand.	✓ Restructured business to better align costs with demand profile. Moved to project-based production.
Diversify the business by expanding into: 1. Civil & Mining Performance Chemicals, and 2. Performance Materials.	✓ Developed business structure and products to service key markets of Energy, Resources, Civil & Infrastructure, and Defence.
Maintain strong R&D focus to support diversification of technologies into new markets.	✓ New products developed including Paragon™, Kinetica™, and LiCos™.
Target Middle East and Asia for well construction products.	✓ Sales growth continued in Asia. US office expanded to support expanded product range. Technical support increased in Australia.
LGS™ positioned to reduce drilling costs and provide technological advantages.	✓ Expanded applicability into existing subsea structures, evidenced by contract win. Second system deployed in Gulf of Mexico.

FY2017 Financial Results

CFO – BRENDAN COCKS



Key financial metrics

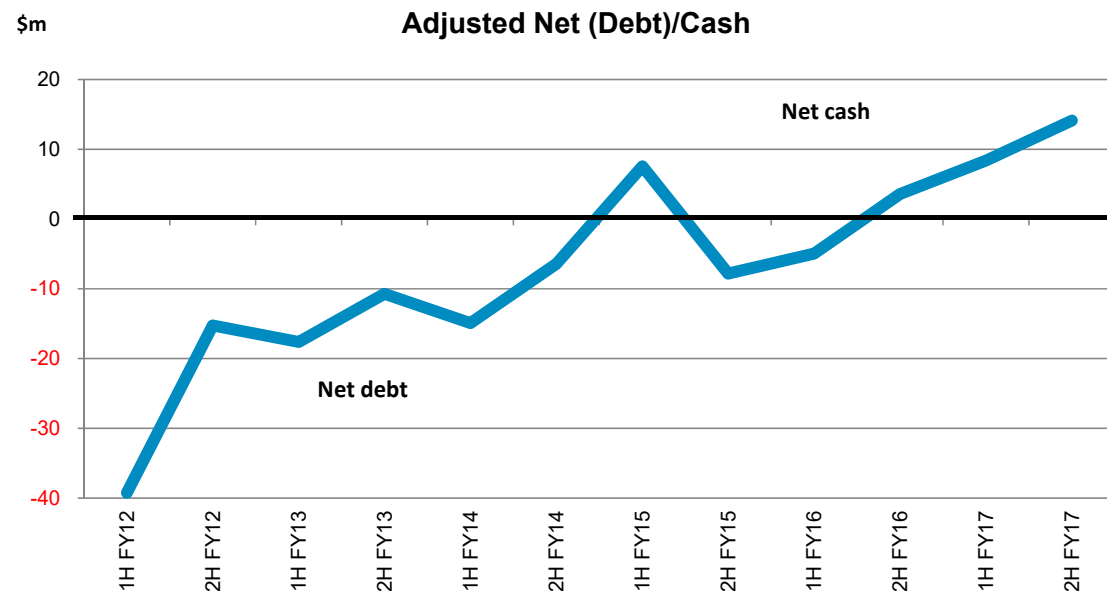
		FY17	FY16
Revenue	\$m	33.1	95.7
EBITDA	\$m	(15.6)	6.4
Underlying EBITDA ¹	\$m	(4.4)	11.3
Net profit/(loss) after tax	\$m	(19.5)	(2.1)
Earnings per share	¢	(20.8)	(2.2)
Dividends per share	¢	nil	nil
Operating cash flow	\$m	11.4	2.8
		30 Jun 2017	30 Jun 2016
Gross debt	\$m	(1.5)	(3.4)
Adjusted net (debt)/cash	\$m	14.1	3.6
Employees		68	149
Order book	US\$m	18	46

- Revenue and earnings impacted by subdued oil and gas prices throughout the year, affecting demand for riser buoyancy products.
- NPAT also affected by non-recurring costs, including goodwill write off reported in H1 FY17 and restructuring charges.
- Positive operating cash flow and increased net cash position.
- Order book of US\$17.8 million at 30 June 2017 – majority relates to FY19/20 following client deferral announced on 23 June 2017.

Debt and banking

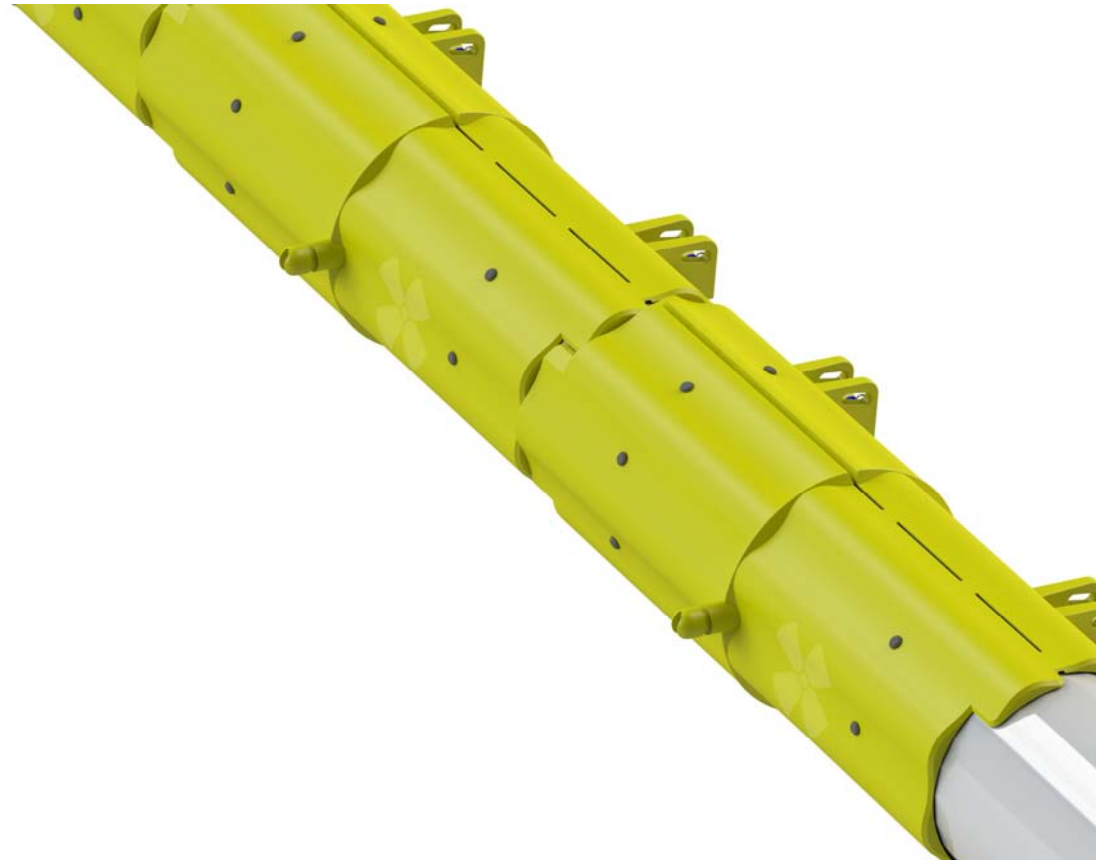
- Continued trend of transition from net debt to net cash.
- Have reduced use of trade finance facility due to high cash levels.
- Providing balance sheet strength to pursue growth opportunities.

\$m	FY17	FY16
Cash	16.6	8.4
Progress claims and deposits	(1.0)	(1.9)
Term debt	-	-
Trade finance debt	(1.5)	(2.9)
Adjusted net cash/(debt)	14.1	3.6



Growth strategy and outlook

CEO – AARON BEGLEY



New business structure, with range of products and services targeting growth

	Energy	Resources	Civil & Infrastructure	Defence
Traditional Products				
▶ Riser Buoyancy	•			
▶ SURF	•		•	•
▶ MaxR™	•			
Growth Products				
▶ Matrix LGS™	•			•
▶ Paragon™	•	•	•	•
▶ Kinetica™	•	•	•	•
▶ Ballistic™	•			
▶ LiCos™		•	•	
▶ Cetrafoam™	•			•
▶ Other R&D Products	•	•	•	•

Historic business

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•

Traditional products



Product: Riser buoyancy

Markets: Energy

- US\$17m orders to be produced between now and FY20.
- US\$170m in active tenders outstanding but opportunities may be delayed due to capex restrictions.
- Projects not limited to new build rigs, with Matrix LGS providing retrofit opportunities into existing projects



Product: SURF and Subsea

Markets: Energy, Civil & Infrastructure, Defence

- Growing market in tie-backs, brownfields and infield developments and IMR (Inspection, Maintenance and Repair) opportunities in Australia and globally.
- Awarded SURF ancillaries contract from major international EPIC contractor for SURF equipment.
- Heightened interest and opportunity in defence markets.
- Ongoing qualification of API 17L approved buoyancy products and expansion of range.



Traditional products



Product: Centralisers

Markets: Energy

- Strong demand for well construction products, particularly in North America where we have increased our presence and range.
- Promising growth in Asia with potential opportunities in the Middle East.
- Current six-monthly revenue rate of approximately \$5m.



Growth products and services

Matrix LGS™

Product: LGS™

Markets: Energy, Defence

- Recent award of c.\$3m contract (initial phase) for a shallow water pipeline application, outside of early target markets.
- Second system deployed and electronically monitored in the Gulf of Mexico (see picture), to deliver test results later in CY17.



PARAGON™
EPOXY RESINS

Product: Paragon™

Markets: Energy, Resources, Civil & Infrastructure, Defence

- Epoxy resin systems for use in the minerals processing, and civil and infrastructure sectors.
- A number of major mining operators including Rio Tinto and Newcrest have successfully trialled and approved the product.
- Product range rollout is ongoing.
- Paragon is marketed as a distinct and individual brand highlighting low hazard, high performance attributes.



Growth products and services



Product: Kinetica™

Markets: Energy, Resources, Civil & Infrastructure, Defence

- Delivered +100m³ of various Kinetica forms, including energy absorbing grades for crash barriers, shock absorbing grades for underground mining and tailored strength structural stock shapes.
- More than \$30m of opportunities identified and quoted on.
- Ballistic protection systems utilizing Kinetica under development for sea and land defence applications.



LiCos™

Product: LiCos™

Markets: Resources, Civil & Infrastructure

- Reduces concrete densities by at least 30% whilst maintaining the compressive strength of traditional concrete.
- Main applications in pre-cast and bulk concrete, displacing aggregate.
- Undergoing testing in FY18.



Growth products and services



Product: Ballistic

Markets: Energy

- Range of cost effective cementing and casing equipment and tools.
- Particularly suited for on-shore oil & gas drilling projects.
- Targets the +\$400m North American cementing and ancillaries market.



Product: Other R&D products

Markets: Energy, Resources, Civil & Infrastructure, Defence

- Continue to use proven R&D capacities in product development and advanced manufacturing to develop, test, and market products and services that address gaps in the market.
- These will focus on utilising Matrix's advanced materials and technologies, and leading manufacturing facility.
- Examples include Centrafoam™.

Strategic priorities and outlook for FY18

- Delivering on stated strategy to expand into new products and markets, away from the cyclical nature of oil & gas growth capex products, by utilising existing expertise and capacity.
- Reduced reliance on riser buoyancy order book, as seen with \$5m in contracts recently awarded as well as demand for MAX-R, which is running at an annualised revenue rate of c.\$10m.
- Approximately US\$200m in tenders across SURF, LGS, and riser buoyancy products.
- Continue commercialisation of LGS in Energy and Defence markets, targeting further orders.
- Ongoing expansion of SURF for tie-backs, brownfields, and infield developments and IMR.
- Full commercialisation of Paragon, with a full suite of products available in the market through our distributor supply chain.
- Grow number and size of Kinetica product applications, through marketing and BD.
- Ongoing R&D to support new initiatives such as LiCos, identify further applications using existing facility and capability.
- FY18 earnings expected to be subdued but Matrix has a strong cash position, minimal debt and low cost base, enabling targeted investment in new business lines to deliver on growth opportunities.