

23 August 2018

Matrix announces FY18 results

Summary

- FY18 results in line with financial and operational update provided on 6 August 2018
- Revenue of \$19.5 million (FY17: \$33.1 million)
- EBITDA loss of \$7.0 million (FY17: \$15.6 million EBITDA loss)
- Net Loss After Tax of \$15.4 million (FY17: \$19.5 million NPAT loss)
- Cash at bank of \$10.6 million with net cash of \$6.6 million (31 Dec 2017: \$11.1 million net cash)
- Current order book stands at \$19 million (31 Dec 2017: \$19 million)
- Revenue growth expected in FY19, underpinned by secured oil and gas, transport, and infrastructure projects
- Improving outlook for oil and gas sector and growth opportunities in transportation, civil and infrastructure, and defence sectors targeted under Matrix's diversification strategy

Matrix Composites & Engineering Ltd (ASX:MCE, "Matrix" or the "Company") has today announced its results for the 2018 financial year.

The results are consistent with the FY18 update provided by Matrix on 6 August 2018, with revenue of \$19.5 million (FY17: \$33.1 million) and an EBITDA loss of \$7.0 million (FY17: \$15.6 million EBITDA loss). At a statutory level, Matrix reported a Net Loss After Tax of \$15.4 million (FY17: \$19.5 million NPAT loss).

As previously advised, FY18 earnings were impacted by lower revenue due to deferrals in the award of new oil and gas contracts, particularly for SURF and LGS®¹ projects, and anticipated revenue from civil and infrastructure projects moving into FY19.

Matrix ended 30 June 2018 with a gross cash position of \$10.6 million and financial debt of \$4.0 million, maintaining a net cash position of \$6.6 million (\$11.1 million net cash at 31 Dec 2017). As with prior periods, the Matrix Board decided not to declare a dividend for the period in order to retain adequate levels of working capital.

¹ LGS® is a registered trade mark of AMOG Technologies Pty Ltd. Matrix has the exclusive world-wide licence to commercialise LGS.

Matrix expects to deliver revenue growth in FY19 over FY18, underpinned by contracts within Matrix's traditional oil and gas market as well as recently secured projects for the transport and infrastructure sectors.

Matrix has seen signs of improvement in the oil and gas sector – especially in CY18 – with several subsea projects reaching FID this year. Accordingly, there has also been a rise in quotations for SURF, drilling, and well construction products, with Matrix awarded \$2 million in riser and production buoyancy orders in Q4 FY18, plus a further order for \$1 million subsequent to financial year end.

In addition, the recent \$2.4 million contract award for Matrix to manufacture four prototype composite bulk transport systems, with a potential second stage to manufacture 110 systems, demonstrates traction and upside in the diversification strategy. Importantly, this contract is in line with Matrix's strategy to leverage its proven expertise in advanced materials to deliver lightweight composite structures to target industries.

Matrix Chief Executive Officer Aaron Begley said FY18 earnings reflected the weak oil and gas market but there was significant progress made under the Company's diversification strategy during the year.

"Matrix has approximately \$26 million of manufacturing work already locked away for the next 18 months through projects secured for oil and gas, transportation, and infrastructure clients under our diversification strategy," Mr Begley said.

"We also expect ongoing repeat work for our MaxR® range of centralisers, a consumable product used in shale and horizontal wells.

"This base level of work across a broad range of sectors provides us with confidence for revenue growth in FY19.

"In addition, we are seeing a high level of quotations for oil and gas production, maintenance, and rectification jobs, providing Matrix with a solid opportunity pipeline for FY19 and beyond."

During FY18, Matrix recorded a zero LTIFR at its Henderson facility (FY17: zero). The Company has been LTI free since May 2014.

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About Matrix Composites & Engineering

Matrix Composites & Engineering specialises in the design, engineering and manufacture of composite and advanced material technology solutions for the oil and gas, civil and infrastructure, resources, defence, and transportation industries. With more than 40 years-experience, Matrix has gained a reputation as an industry leader and has become a major exporter of Australian goods and services with customers located all over the world. From its award-winning head office in Australia and offices in the United states, and a global network, Matrix is uniquely positioned to deliver complete turnkey solutions offerings with localised customer support.

More information can be found at www.matrixengineered.com