

4 July 2019

Matrix provides operational update

Summary

- New work sustaining Matrix's order book at approximately \$24m at 30 June 2019, underwriting plant production at the Company's Henderson facility into H2 FY20
- Significant opportunities crystallising for additional work, with Matrix's tender pipeline including approximately \$40m in competitive orders across the oil and gas, SURF, well construction, civil infrastructure, transportation and defence sectors expected to be awarded in H1 FY20
- Expect FY19 revenue of \$37.5m-\$38.5m (FY18: \$19.5m) and positive operating EBITDA for H2 FY19

Matrix Composites & Engineering Ltd (ASX:MCE, "Matrix" or the "Company") is pleased to provide an operational and financial update and progress being achieved under the Company's diversification strategy.

Order book

Matrix's order book stands at approximately \$24 million as at 30 June 2019, with \$9 million of recent new awards supplementing Matrix's existing order book. The current order book underwrites plant production at Matrix's Henderson facility into H2 FY20.

Matrix Chief Executive Officer Aaron Begley said the new work reflected the trend of increasing project activity in the oil and gas market after a sustained period of historically low capital investment.

"The new work builds on orders we received earlier in the first half of FY2019, as we see a sustained increase in oil and gas project activity starting to turn into tangible opportunities for Matrix," Mr Begley said.

"Encouragingly, the outlook for offshore oil and gas projects is improving, with growth forecast across subsea pipelines installations such as tie-back flowlines, infield flowlines, and risers, plus increasing subsea tree installations, all of which will provide opportunities for our range of buoyancy and SURF products.

“This improvement in industry outlook is reflected in Matrix’s current active bids, which includes approximately \$40 million in work likely to be awarded in the near term that, if won by Matrix, will add to the turnaround we have already seen in FY2019.”

Diversification strategy

In civil and infrastructure, Matrix recently entered production of the unique Tunnelwell® arch stormwater systems (see below picture), being produced under a five-year manufacturing partnership agreement.



In transportation, Matrix has established the necessary infrastructure and tooling required to complete the initial prototypes under a \$2.4 million contract to develop and manufacture four prototype advanced composite material bulk transport systems. The project is currently in design review awaiting the next stages of development.

In defence, Matrix received an order to supply materials to the defence sector during FY19. Matrix is also applying its expertise in advanced materials and technology to develop products applicable to new build and sustainment programs. This includes anechoic coatings, buoyant materials, and structural work with carbon and glass fibre reinforcements.

FY19 financial update

Matrix reaffirms that it will meet its FY19 revenue guidance which is expected to be between \$37.5 million – \$38.5 million. This compares positively to the \$19.5 million revenue total for FY18.

Matrix also anticipates delivering positive earnings (operating EBITDA) for 2H FY19, representing the Company's best six-month period since 2016.

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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