

MATRIX DELIVERS STRONG GROWTH IN REVENUE AND UNDERLYING EARNINGS IN FY2024

29 AUGUST 2024

OVERVIEW

- Revenue of \$85.0m for FY24 (FY23 \$47.2m), in line with full year expectations, driven by increased activity levels on SURF and Riser Buoyancy projects.
- Underlying EBITDA of \$11.0m¹ (FY23: \$0.2m), with underlying EBITDA margins recovering to 12.9% (FY23 0.4%).
- Reported Net Profit After Tax of \$3.6m (FY23: \$8.7m profit, including reversal of prior asset impairments of \$15.8m).
- Strong net operating cash inflow of \$10.9 million (FY23 \$9.1m outflow), increasing gross cash at 30 June 2024 to \$23.3m (30 June 2023 \$20.0m).
- Orderbook backlog for subsea work at 30 June 2024 of \$33m together with near term opportunities providing visibility into FY25, with positive outlook driving improved demand for subsea sector services and equipment.
- Growing advanced materials work, plus solid recurring revenue from Corrosion Technologies business further supports continued growth for Matrix.

Matrix Composites & Engineering Ltd (ASX: MCE, "Matrix" or the "Company") is pleased to announce its results for the financial year ended 30 June 2024 (FY24).

Matrix delivered a substantial increase in revenue to \$85.0 million for FY24 (FY23: \$47.2 million), up 80% on FY23 following a very strong second half performance. This was in line with management expectations and included second half FY24 revenue exceeding total FY23 revenue by more than 23%, building on the positive growth momentum achieved since FY21.

The uplift in FY24 revenue translated to a very strong uplift in underlying earnings and operating cashflow. Underlying EBITDA recovered to \$11.0 million from \$0.2 million in FY23, and the Company generated \$10.9 million in operating cashflow (FY23: \$9.1m cash outflow).

Matrix Chief Executive Officer Aaron Begley said Matrix's positive results demonstrate the company's leverage to improving activity in the oil & gas sector, and the Company remains very well positioned to benefit from solid production activity and increasing capital investment in the sector.

"Matrix has delivered significantly higher revenue and underlying earnings in FY24, in line with our expectations including a very strong second half performance. A highlight of the result was the improved cash conversion with positive operating cash generation in line with EBITDA. This resulted in a strengthened balance sheet and consolidates the Company's strong position for continued sustainable growth.

"The outlook for FY25 remains positive with global interest rates having peaked, resilient energy demand, and capital investment across a broader energy mix including oil and gas. Matrix has in-demand technical and manufacturing capability, with an active quotation pipeline.

¹ Underlying EBITDA FY24 excludes FX loss \$0.7m and non-cash fair value (FV) accounting adjustment of \$0.6m. FY23 excludes FX loss \$0.4m, non-cash FV accounting adjustment \$1.3m and impairment reversal of \$15.8m.

"The oil & gas sector will continue to be a key driver of growth and earnings recovery in the medium term, but we are seeking to build a much larger component of our business around sustainable revenues, as opposed to project based revenues. Our expanded capabilities and technology across the renewable energy, mining, and mineral processing sectors will increasingly feature in our future growth."

Subsea Buoyancy work comprised 87% of total revenue and was again the main focus of activity during FY24. Key work executed included the supply of drilling riser buoyancy modules to TransOcean, and the supply of Subsea Umbilicals, Risers and Flowlines (SURF) products to Saipem in South America. The Company also supplied subsea buoyancy equipment for Subsea 7, to support a Subsea Oil & Gas Riser System for an international offshore project.

Work also recently completed on a riser buoyancy system using syntactic foam technology for a deep-sea research vessel, with the \$13 million order the largest contract Matrix has received outside the oil & gas sector and representing 15% of our total revenue for the year.

Corrosion Technologies and Advanced Materials continue to be positive contributors for the Company, including a baseload of recurring maintenance revenue. This included the supply of the Company's Max-R™ Low Friction Centralizers to Aramco under an initial \$1.1 million order secured in August 2023 and initial production of Fortescue green hydrogen equipment parts.

Matrix recorded underlying EBITDA of \$11.0 million for FY24 (FY23 \$0.2 million), and EBITDA of \$10.9 million (FY23 14.3 million). FY23 EBITDA included an asset impairment reversal of \$15.8 million. Underlying EBITDA margin was 12.9% in FY24, including a step up to 18.0% in the second half on revenue of \$58.2 million, reflecting the positive operating leverage of Matrix's Henderson facility. FY24 Net Profit after Tax was \$3.6 million versus \$8.7 million in FY23 which was boosted by the impairment reversal.

Operating cash inflow was \$10.9 million, compared to a net outflow of \$9.1 million in FY23. The significant operating cash flow improvement was driven from the strong earnings result, and resulted in increased cash on hand at 30 June 2024 of \$23.3 million (30 June 2023 \$20.0m). Net cash including the Convertible Note was \$14.4 million at 30 June 2024. Matrix has no other long term debt.

Outlook

The longer term demand outlook for Matrix remains positive, and the Company is well positioned for continued growth in revenue and earnings, entering FY25 with a strong balance sheet and positive tendering momentum.

The outlook is supported by activity in the offshore oil and gas market driving improved demand for subsea sector services and equipment. Matrix is pursuing an active pipeline of project opportunities with around \$300 million of quotations yet to be awarded in the SURF market with significant award activity expected over the next 8 months (circa \$100 million). Furthermore, the Company has identified over \$200 million of upcoming SURF projects in its tender pipeline yet to be quoted. Additionally, the Company has tendered +\$60 million in subsea buoyancy projects for the floating wind market.

Deployment of capital in the drilling market has been slow but there are signs of improvement supported by improving rig utilisation and day rates. In April 2024 Matrix received a \$2.5 million drilling riser buoyancy order, which was manufactured and delivered in June, and there has been a noticeable increase in recent drilling quotation activity. Matrix has around \$130 million of outstanding quotations to the drilling sector, with almost a quarter of these quotations submitted in the last two months.

Additional revenue opportunities from Corrosion Technologies and Advanced Materials continue to emerge, including a rising level of clean energy and defence sector opportunities.

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This announcement was authorised for release by the Managing Director and CEO of Matrix.

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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 20 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.

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