

RELEASE OF 2013 HALF YEAR RESULTS AND EARNINGS GUIDANCE UPDATE

Matrix Composites & Engineering Ltd (ASX:MCE) ("Matrix" or "the Company") released its 1H 2013 Results and has provided guidance today in respect of the Company's projected earnings for the full year to 30 June 2013.

Half Year Results – 1H 2013

The Company has recorded total revenue of \$81.6 million, down by 2.3 per cent from the corresponding period. Revenue was adversely impacted by:

- Lower than anticipated production output arising from the reconfiguration to the plant shift roster from three shifts to two shifts to improve flexibility and responsiveness to market demand
- Short term delays resulting in lower than expected sales revenue for well construction products
- Lower than anticipated sales revenue from SURF ancillary equipment, and weaker order conversions for riser buoyancy products which are expected to strengthen in 2H 2013
- A continuing strong Australian dollar
- Competitive pricing pressure

Reported Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) improved to \$6.4 million.

During 1H 2013 Matrix stabilized its buoyancy production levels which have since recovered to target rates. The Company grew its order book from US\$73 million in Q1 to US\$110 million in Q2 which equates to a backlog of 10 months. Matrix is targeting a 12 month minimum backlog of contracted orders. The Group continued to experience strong quotation activity across all product lines.

Earnings Guidance Update

The Board has reviewed its forecasts for the FY2013 having regard to the Company's performance in 1H 2013, the production profile for the remainder of the year, the level of contracted orders and the outlook for additional work to be completed in this period. The revised forecast for FY2013 is set out below:

\$m	Revised Guidance	Previous Guidance	
		Low	High
Revenue	145.0	165.0	175.0
EBITDA	13.0	21.1	26.9
NPAT	1.0	6.6	10.9

While the revised guidance is disappointing and below previous expectations, the Board considers that market conditions are set to improve, as evidenced by the recent strong recovery in the buoyancy order book and a recovery in well construction sales.

About Matrix Composites & Engineering

Matrix Composites & Engineering design, test, manufacture, distribute and service a range of engineered products used in the oil and gas, and resources industries. Matrix manufactures technically advanced products using composite and polymer materials that originate from the aerospace and defence industries. It is through the use of innovative and advanced materials technology that has given the Company a market leading position in the manufacture of subsea buoyancy systems.