

ASX ANNOUNCEMENT

28 August 2024

DURATEC FULL YEAR RESULTS ANNOUNCEMENT

- Record Revenue of \$555.8m (up 13%), EBITDA of \$47.6m (up 22.6%) and NPAT of \$21.4m
- Gross profit 17.3%, up from 16.7% in FY23
- Strong cash on hand of \$65.2m, with a cash conversion of 84% in FY24
- Annuity style contracts of \$145.8m, making up ~26% of revenue
- Improved order book with quality tender opportunities continuing to grow
- Early Contractor Involvement (ECI) presenting significant opportunities across the business

Australian engineering, construction and remediation contractor Duratec Limited (Duratec or the Company) (ASX: DUR) is pleased to announce its FY24 financial results.

FY24 FINANCIAL HIGHLIGHTS

Revenue¹ \$555.8m Up from \$491.8m in FY23	EBITDA² \$47.6m Up from \$38.8m in FY23	NPAT \$21.4m Up from \$19.2m in FY23
EPS³ 8.66¢ Per share Up from 7.91¢ in FY23	Dividend⁴ 4.0¢ Per share, fully franked	Cash \$65.2m Down from \$66.2m in FY23

1. Revenue excludes DDR Australia Pty Ltd (49% share)
2. Normalisation of EBITDA accounts for tax effect from Duratec Limited's 49% investment in DDR Australia Pty Ltd and one-off acquisition costs of A&B Welding and RC Construction (Normalisation = \$1.425m)
3. Basic earnings per share (cents)
4. Interim dividend of 1.5 cents per share and final dividend of 2.5 cents per share fully franked

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PIPELINE OF WORK

Order Book \$405.0m	Tenders⁵ \$1.4b	Pipeline⁶ \$3.8b
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5. Tenders includes submitted and currently being tendered opportunities
6. Pipeline includes 49% share of DDR Australia Pty Ltd Revenue and 100% share of WPF Duratec Pty Ltd (wholly owned subsidiary)

MANAGING DIRECTOR REMARKS

Duratec Managing Director, Chris Oates, commented on the FY24 Result:

“I am very proud of what we have accomplished over the past year, consistently delivering excellent results on challenging and exciting projects. In FY24, the successful implementation of our corporate strategy, with a focus on being a trusted partner of choice, has delivered record revenue and profitability. Our strategic approach, including the use of ECI, has consistently delivered optimal outcomes for clients and stakeholders through collaboration and comprehensive solutions.

“Our commitment to safety and quality and the desire to take on challenging and complex projects has earned the continued trust of our clients and has helped us attract top talent to support our strategic goals. Our achievements would not be possible without our committed and talented workforce. As we look forward to the next financial year, I am confident we will continue to deliver profitable growth in line with our strategy, supported by our diverse capabilities across Australia and beyond.”

SECTOR UPDATE

Defence – In FY24, the Defence services sector delivered revenue of \$220m (FY23: \$229m) and gross profit of \$23.6m (FY23: \$31.2m). The result was impacted by the National Defence Strategic Review’s slowing of the award of projects in FY24, which are now expected in FY25.

Duratec’s expertise in ECI model contracts continues to establish the business as a leader in innovative project delivery. There was an increase in the pipeline of major projects in FY24 coupled with increased investment in the Estate Works. This has led to significant increases in tendered works, placing Duratec in a strong position for FY25.

Several major projects secured in FY23 moved into delivery phase, cementing Duratec’s reputation as specialists in Defence Maritime and Hydrocarbons Storage Projects. Additionally, during FY24, major milestones were achieved across a variety of Defence projects including Coonawarra, RAAF Tindal, and Duratec Ertech Joint Venture (DEJV) marine projects such as Oxley Wharf at HMAS Stirling, Garden Island West.

The resulting May 2024 National Defence Strategy allocated increases in spend in Guided Weapons, Nuclear Submarines, Northern Bases and general increases to Defence personnel. This aligns with Duratec’s key offerings and geographical locations and presents significant opportunities for growth in this sector.

Mining & Industrial – The Mining & Industrial (M&I) sector delivered a strong result, with revenue increasing 79% to \$155.6m (FY23: \$86.7m) and gross profit up 70.1% to \$33.6m (FY23: \$19.8m). Securing Master Service Agreements (MSA) and annuity style contracts, delivered by Duratec’s self-perform capability, contributed to the strong performance and this trend continues to provide good quality revenue.

Duratec has maintained a consistent presence at Rio Tinto's West Angelas, Cape Lambert, East Intercourse Island and Tom Price mines with the Company's team delivering specialist remedial solutions on structural integrity and remediation projects. Work continues to progress well on one of the Company's key projects for BHP Iron Ore on their Berth C&D structure on Finucane Island, whilst Duratec continues to deliver ongoing maintenance services for Fortescue Metals Group and Yara Pilbara.

The Company's Goldfields operations in Western Australia delivered a strong result, underpinned by several ongoing contracts with long-term clients such as Newmont, BHP, Northern Star and Gold Fields. Duratec's strategic approach to operations in the Northern Territory and North Queensland has delivered positive results in delivering schedule of rates style work for Rio Tinto Gove Operations in Northern Territory and BMA BHP in Queensland, whilst increasing Duratec's client base over the past year.

Building & Facade – The Building and Facade (B&F) sector delivered revenue of \$111.3m (up 42% from \$78.4m in FY23) and a gross profit of \$20.9m (compared to \$12.0m in FY23). The completion of the University of NSW project, Westside Hospital in Queensland and near completion of the Company's flagship project, the 51 storey Central Park Tower in Perth's CBD, were highlights. Recent awards of Market City (major heritage facade restoration following an ECI) in Sydney, New South Wales, Air Apartments in Adelaide, South Australia, and Glebe Park Residences in Canberra, Australian Capital Territory, will be delivered in FY25. In Western Australia, Duratec was recently awarded contracts for the iconic Perth Library facade upgrade and a CBD commercial office. These two successful bids underpin Duratec's position as the preeminent remediation contractor.

The Company's strategic and selective approach of focusing on key public building infrastructure for State Governments, such as schools, hospitals and offices, as well as asset owners who value a safe and quality outcome, has resulted in a strong order book and pipeline of identified opportunities.

Energy – The Energy sector, which covers the maintenance and decommissioning of oil and gas assets as well as the expansion and refurbishment of hydrocarbon storage infrastructure, delivered revenue of \$46.6m (FY23: \$66.3m) and gross profit of \$15.3m (FY23: \$16.7m). The fall in revenue is reflective of the successful delivery of the aviation fuel hydrant package at Western Sydney Airport (WSA) in 1HFY24. The Company has since secured the WSA Cargo works contract, continuing its presence on site into FY25.

The acquisition of WPF in FY23 enabled Duratec to develop a presence in the oil and gas market, which contributed to the sector's results for FY24. This included the Company achieving preferred contractor status with Woodside on a major refurbishment project in the north west of Australia, with discussions ongoing with other key energy clients such as Chevron, Santos, BP and Shell for offshore and onshore opportunities. In mid-west WA, project works were successfully completed at the Waitsia Gas Project, while Duratec was recently awarded the Inpex MOF Wharf refurbishment project in the Northern Territory.

Other – The Other sector delivered revenue of \$22.0m (FY23: \$31.4m) and a gross profit of \$2.7m (FY23: \$2.3m). The Company continues to deliver and target transport infrastructure projects across the country and as part of Duratec's strategic review, in FY24 a Marine Division was established. This new division positions the business to target further market share across the sector as well as better support existing and upcoming Defence Marine contracts. The Company's tender pipeline is strong for this sector with larger scale prospects expected to come to fruition in FY25.

WPF DURATEC PTY LTD

WPF delivered revenue (accounted for in the Energy and M&I sectors) of \$33.8m and a gross profit of \$9.6m, underpinned by major wins and a strategic investment. From when Duratec acquired its 100% interest on 20 October 2022 to 30 June 2024, \$53.8m of revenue has been generated, with gross profit of \$16m. In line with

Duratec's selective approach to acquisitions that best fit the business, in January 2024, WPF completed the acquisition of the assets of A&B Welding Pty Ltd in Darwin, NT for \$1.5m. This acquisition has allowed WPF to expand its business into the Northern Territory, aligning with the location of several of Duratec's major clients, including Inpex, Shell and Santos, and doubling WPF's fabrication capacity.

After winning *Contractor of the Year* for Santos in 2023, WPF secured further work with the Santos team on the North West Shelf program. Following a delayed start to the program, WPF is now a key partner for Santos in its program to progressively decommission its assets.

MEND CONSULTING

During FY24, MEnD firmly established itself as a market leader of Digital Transformation in the asset management and sustaining capital sectors. MEnD delivered the largest reality modelling, inspection, testing and engineer scopes on the Cape Lambert A Jetty for Rio Tinto. Other significant projects include Western Australia Department of Schools survey and ongoing investigatory works for Sydney Harbour Federation Trust.

The Company has proven the value of Digital Defect Management to clients and demonstrated a clear point of difference from its competitors in the asset management and contracting spaces. MEnD has also successfully implemented Artificial Intelligence (AI) as part of engineering inspection of rail bridges. Following a successful trial on two bridges for a key client, engineering inspection for a further five bridges from across the client's network were awarded. Early involvement in the inspection cycle provides MEnD and Duratec with greater visibility of future sustaining capital works and the ability to protectively engage with those clients. MEnD's capability enables Duratec's ECI to offer a full range of services for an entire asset's lifecycle.

DDR AUSTRALIA

DDR Australia Pty Ltd (DDR) is a joint venture equity accounted investment owned by Duratec (49%) and Hutcheson & Co Holdings Pty Ltd (51%). DDR Australia, Duratec's Aboriginal and Torres Strait Islander associate business, delivered FY24 full year revenue of \$67.6m, more than double FY23 revenue of \$32.7m, and a gross profit of \$9.6m (FY23: \$6.9m).

DDR completed the strategic acquisition of RC Constructions (RCC) in January 2024. An increase in Defence spend and the acquisition contributed to the strong financial result and helped DDR to achieve its goal for diversification of revenue in the period. With work in hand of \$52.7m at the commencement of FY25, DDR has a solid platform for further growth.

OUTLOOK

Duratec is well positioned to achieve solid growth in 1H FY25. The Company's medium-sized project win rate doubled in the second half of FY24, with all projects underway and contributing to first-half FY25 revenue and the majority extending into the second half. The Company is also expanding its delivery of MSA works to both existing and new clients.

Duratec's strategic approach, including the use of ECI, has consistently delivered optimal outcomes for clients and stakeholders through collaboration and comprehensive solutions. Due to the high levels of tendering and ECI assignments, the Company anticipate significant project awards across all market sectors in FY25.

The Australian Department of Defence (DoD) has released indications of expected works into the future through the latest Defence Strategic Review. Key opportunities include an \$8 billion spend at Garden Island Stirling base, where Duratec and DEJV are positioned well to secure opportunities identified in the Company's tender pipeline.

Further prospects in the Pacific through Australian Government strategic relationships and US Department of Defence spend which aligns with the Company's capabilities and in-house experience.

Demand from existing clients for Duratec's services in the Pacific provides the Company's Energy sector the opportunity to grow and expand its geographical presence. Australian-based opportunities are still plentiful as the Company continues to work with Santos on decommissioning works and the recent award of vendor status with Woodside will provide long-term maintenance opportunities for the Company.

On the back of major capital expenditure in previous years, the maintenance requirements continue to grow across Duratec's clients' assets in the Mining and Industrial sector. With the assistance of MEnD, the Company is working collaboratively with its clients to complete asset condition assessments and are a trusted partner in delivering the remediation scopes which it has vision of in the pipeline.

Increasing numbers of building owners across Australia are de-risking their portfolios or repurposing their assets by remediating the facades of their buildings. The Company's strategic approach to leveraging its in-house building and facade design capabilities, coupled with its nationwide presence, has positioned Duratec well to work with clients and assist them in delivering their strategy in a safe and efficient manner.

The Company will leverage its strong position by taking a strategic and targeted approach to tendering and securing new work. Engaging with clients early will continue to be Duratec's focus, to ensure it can convert its pipeline and deliver safe and quality projects with good financial outcomes.

The Company's pipeline of work supports Duratec's growth objectives, with solid revenue growth anticipated in FY25. The expected award of a number of significant contracts in the coming year is expected to drive further growth in FY26 and beyond.

Authorised for release to ASX by the Board of Duratec Limited.

– ENDS –

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About Duratec Limited

Duratec Limited (ASX: DUR) is a leading Australian contractor providing assessment, protection, remediation, and refurbishment services to a broad range of assets and infrastructure. The Company's multi-disciplined capabilities combine engineering experience with project delivery expertise and use a range of in-house assessment technologies, including 3D capture and modelling technology with predictive analysis tools. Headquartered in Wangara, Western Australia, Duratec has 20 branches around the country in capital cities and regional centres, delivering services across multiple sectors including Defence, Commercial Buildings & Facades, Infrastructure (Water, Transport & Marine), Mining & Industrial, Power and Energy.

Please visit www.duratec.com.au for further information.

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