

ASX ANNOUNCEMENT

25 August 2023

FINANCIAL RESULTS – FY23

Australian engineering, construction, and remediation contractor Duratec Limited (Duratec or the Company) (ASX: DUR) is pleased to announce its FY23 financial results. Duratec's strong financial performance for the year was supported by disciplined organic growth across all operating segments and the acquisition of Wilsons Pipe Fabrication Pty Ltd (WPF). Operations returned to normal conditions relative to the prior two COVID impacted years.

FY23 FINANCIAL HIGHLIGHTS

<p>Revenue¹ \$491.8m Up from \$310.0m in FY22</p>	<p>EBITDA² \$38.8m Up from \$19.3.0m in FY22</p>	<p>NPAT \$19.2m Up from \$7.8m in FY22</p>
<p>Dividend³ 4.0¢ Per share, fully franked</p>	<p>EPS⁴ 7.91¢ Up from 3.24¢ in FY22</p>	<p>Cash \$66.2m Up from \$58.2m in FY22</p>

1. Revenue excludes DDR Australia Pty Ltd (49% share) but includes Wilsons's Pipe Fabrication Pty Ltd (wholly owned subsidiary) from acquisition date of 20 October 2022.
2. Normalisation of EBITDA accounts for tax effect from Duratec Limited's 49% investment in DDR Australia Pty Ltd and one-off Wilson's Pipe Fabrication Pty Ltd acquisition costs (Normalisation = \$726,973).
3. Interim dividend of 1.0 cents per share and final dividend of 3.0 cents per share fully franked.
4. Basic earnings per share (cents).

PIPELINE OF WORK

<p>Order Book \$458.2m Up from \$458.0m in FY22</p>	<p>Tenders⁵ \$844.9m Up from \$701.0m in FY22</p>	<p>Pipeline⁶ \$2.4b Up from \$1.7b in FY22</p>
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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 Wilson's Pipe Fabrication Pty Ltd (wholly owned subsidiary).

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PEOPLE HIGHLIGHTS

<p>Total Employees</p> <p>1173</p> <p>Up from 857 in FY22</p>	<p>Women in Workforce</p> <p>18.6%</p> <p>Up from 16.9% in FY22</p>	<p>Employee Training</p> <p>1622</p> <p>Courses delivered in FY23</p>
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OPERATIONAL HIGHLIGHTS

<p>Projects</p> <p>1,944</p> <p>Up from 1,664 in FY22</p>	<p>Revenue CAGR</p> <p>34%</p> <p>Compound Annual Growth Rate over 14 years</p>	<p>Repeat Clients</p> <p>85.5%</p> <p>Up from 83.0% in FY22</p>
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MANAGING DIRECTOR COMMENTS

Duratec Managing Director, Phil Harcourt, commented on the FY23 Result:

“We are incredibly pleased to demonstrate our abilities as a company in delivering a strong result for FY23. The commitment of our employees this year in delivering such a result is testament to their dedication and hard work, and we are excited about what the future holds for Duratec. The Company’s pipeline of work supports Duratec’s growth objectives, with solid revenue growth anticipated in FY24. The expected award of a number of significant contracts in the coming year is expected to drive further growth in FY25.”

SECTOR UPDATE

Duratec provides the following brief update on its key market segments:

- Defence** – The Defence market segment performed well through FY23, making a strong contribution to the overall results. Project works remained steady, with the award of the \$100m wharf and harbour basin upgrade works a highlight. The Company experienced a slowing in estate works awards due to the cancellation or reprioritisation of projects/activities that no longer suit the National Defence Strategic Review released in May 2023. However, Duratec has demonstrated capability and is well positioned nationally to secure the Defence prioritised opportunities. The Company has diversified its service offering and is now targeting larger infrastructure projects to consolidate the business’s strategy of having several large-scale, longer-duration projects while still maintaining a diverse mix of smaller, shorter-duration works.

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Duratec Limited

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DIRECTORS AND COMPANY SECRETARY

Martin Brydon - Non-Executive Chairman
Phil Harcourt - Executive Director, Managing Director
Chris Oates - Executive Director, General Manager
Gavin Miller - Non-Executive Director
Krista Bates - Non-Executive Director
Dennis Wilkins - Company Secretary

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- Mining & Industrial – Mining & Industrial had mixed results in FY23. The Goldfields business unit delivered strong results, while the northwest was impacted by delays in the award of Structural Integrity (SI) works packages during the first half of the year. Duratec experienced a significant increase in the award of SI upgrades of iron ore industry infrastructure, commencing with BHP Berth C&D wharf at Port Hedland in the second half. Annuity contracts with key repeat strategic clients is a growth pillar the Company continues to develop to service this segment.
- Buildings & Facades – Building facade issues of combustible cladding continues to gain momentum. Duratec has undertaken due diligence investigations on existing building facades and are actively involved in select full-scale fire test modelling for key clients. The focus is on key public building infrastructure for the WA State Government. Additionally, there is an increasing demand from the private sector. Duratec’s strategy is discerning as to the opportunities pursued. The pipeline of opportunity in the segment remains strong, with Duratec well positioned to capitalise on investment in the future.
- Energy – Duratec’s focus on securing fuel infrastructure projects nationwide provides synergies with the acquisition of WPF and the capabilities this acquisition has provided. The outlook for fuel security and upgrade works is significant, with the Company well positioned to secure and deliver projects which provide disciplined growth in revenue and profit.
- Other – One legacy heritage structure remediation project adversely impacted the segment gross margin in 1H FY23 due to scope, access, and remote location challenges. The project was completed to high quality standards. Overall, however, the other sectors have performed well and in line with expectations.

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%). The segment experienced a challenging period in FY23 on the back of delays on tender award decisions and availability of tenders for delivery of Supply Nation certified works for Defence in remote regions. Short-term strategies have been adopted to rationalise overheads commensurate with current revenue. Diversification of service offering, and client base has also been enacted. The prospects for the business are healthy, due to the Commonwealth Government’s acknowledgment of the importance of Indigenous engagement procurement and the provision for sole sourcing such entities.

WILSON’S PIPE FABRICATION

The acquisition of WPF in October 2022 has provided Duratec access to maintenance and remediation opportunities within the energy market segment. The total addressable market of circa \$60b over the next 50 years is associated with Australian Government regulations requiring energy companies to decommission and cap all offshore infrastructure at the end of its life (in line with strict compliance requirements). The integration has progressed seamlessly, and numerous opportunities are being

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pursued leveraging off the group capabilities. Since acquisition, we have invested in our WPF workforce to support growth with 45 new employees.

MEND CONSULTING

Demand for Duratec’s technical team of engineers continued to grow in FY23. To meet this demand, Duratec has invested in technology to capture and report data in a more efficient and reliable manner. Data capture techniques can be combined with precise survey data, laser scanning and thermal imaging to accurately reconstruct the asset into a 3D model. This is further enhanced by the Company’s in-house developed “Annoview Technology”, which enables defect labelling, description, dimensioning and reference to drawings and specifications. The segment’s ECI model enabled Duratec to secure many opportunities in FY23, including the \$48m BHP Port Hedland Berth C&D remediation works contract.

FINAL DIVIDEND

Duratec has declared a final fully franked dividend of 3 cent per share, resulting in a total dividend for the year of 4 cents per share. The record date is 18 September 2023 with a payment date of 9 October 2023. The Company’s Dividend Reinvestment Plan applies for the interim dividend. To elect to participate in the DRP, visit <https://www.computershare.com.au/easyupdate/dur>

OUTLOOK

Duratec is well positioned to achieve growth across its market segments in FY24, with an increased tendering effort and strong prospects in all sectors.

The Company remains well positioned to capitalise on an accelerated Defence spend in key regions such as the Northern Territory, Western Australia, South Australia, New South Wales and Queensland, while it is quickly establishing itself as a contractor of choice for marine construction projects nationally following the successful delivery of large projects in the sector in FY23. Marine is a targeted growth sector for the Company, with further investment planned for the future. Duratec is also well positioned for the expected significant increase in resources and energy sector spend on maintenance and decommissioning in FY24 and beyond.

The acquisition of Wilson’s Pipe Fabrication and the development of MEnD Consulting provides the Company with the opportunity to potentially leverage their services with key clients, including possible international expansion. In addition to this, Duratec is taking a disciplined approach to potential acquisition targets to ensure synergies and shareholder benefits are achieved.

The Company’s pipeline of work supports Duratec’s growth objectives, with solid revenue growth anticipated in FY24. The expected award of a number of significant contracts in the coming year is expected to drive further growth in FY25.

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

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– 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. Duratec’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 fifteen 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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