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DURATEC LIMITED

1H FY24 RESULTS PRESENTATION

23 FEBRUARY 2024



SPEAKERS

EXECUTIVE TEAM MEMBERS



CHRIS OATES
Managing Director



OLLIE MCKEON
Executive Manager - Corporate,
Strategy & Investor Relations



ASHLEY MUIRHEAD
Chief Financial Officer

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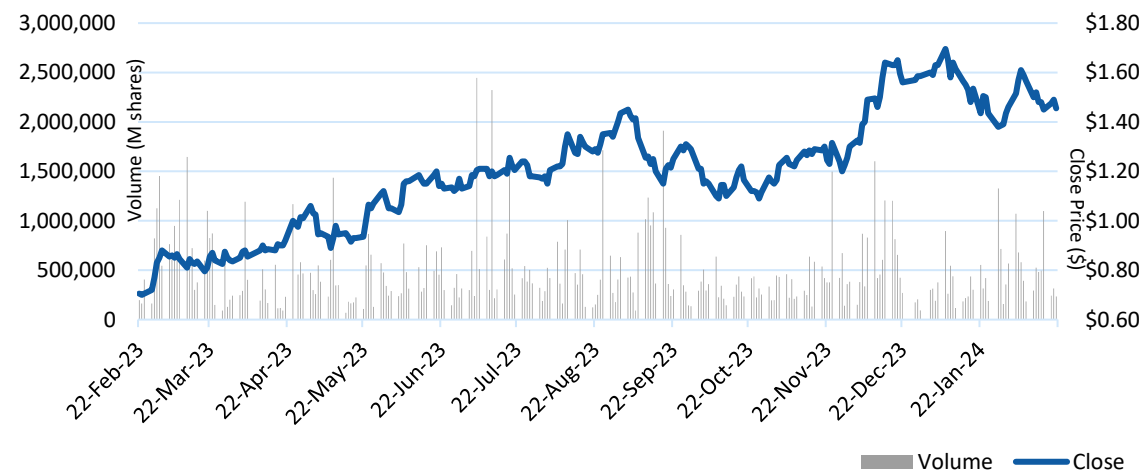


1H FY 24 HIGHLIGHTS

CORPORATE SNAPSHOT

NATIONAL LEADER WITH EXPERIENCED BOARD AND MANAGEMENT

Share Price and Volume – 1H FY24



Duratec Limited Board

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

Capital Structure

ASX code	DUR
Shares on issue	248.0m
Share price as at 21 February 2024	\$1.46
Market capitalisation as at 21 February 2024	\$361m
Cash as at 31 December 2023	\$58.5m

BUSINESS OVERVIEW

LEADING AUSTRALIAN ENGINEERING, CONSTRUCTION AND REMEDIATION CONTRACTOR

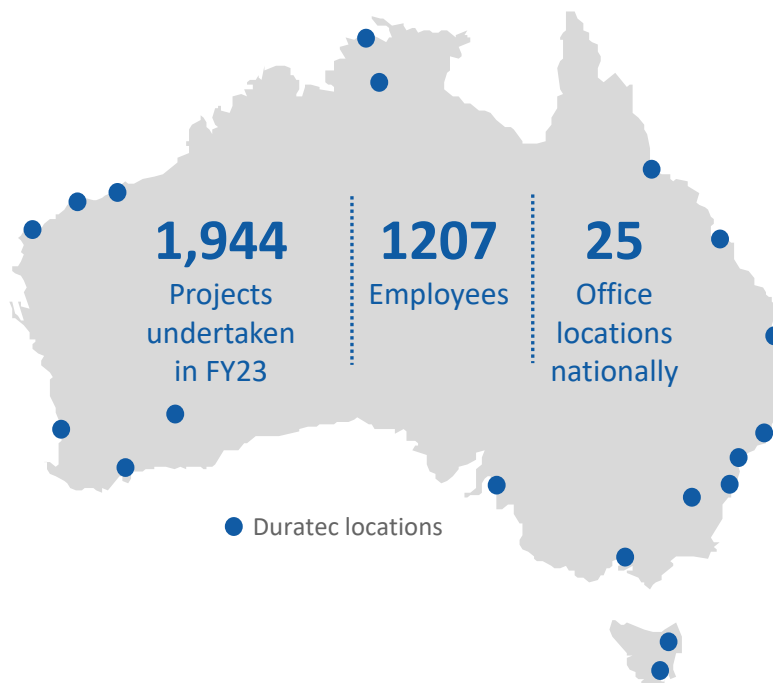
Specialist technical expertise in upgrading and extending the life and use of infrastructure in multiple market segments

Key business drivers:

- Aged infrastructure
- Asset capacity expansion
- Growing asset markets

Key market segments supporting long-term growth:

- Defence
- Building & Facade
- Mining & Industrial
- Energy
- Other – Marine, Transport and Water Infrastructure



WPF Duratec Pty Ltd (WPF)

(wholly owned subsidiary) – leading Energy remediation and fabrication company based in Western Australia and the Northern Territory.

MEnD Consulting Pty Ltd

(wholly owned subsidiary) – leading Technical consultant with a focus on protection and rehabilitation of the built environment.

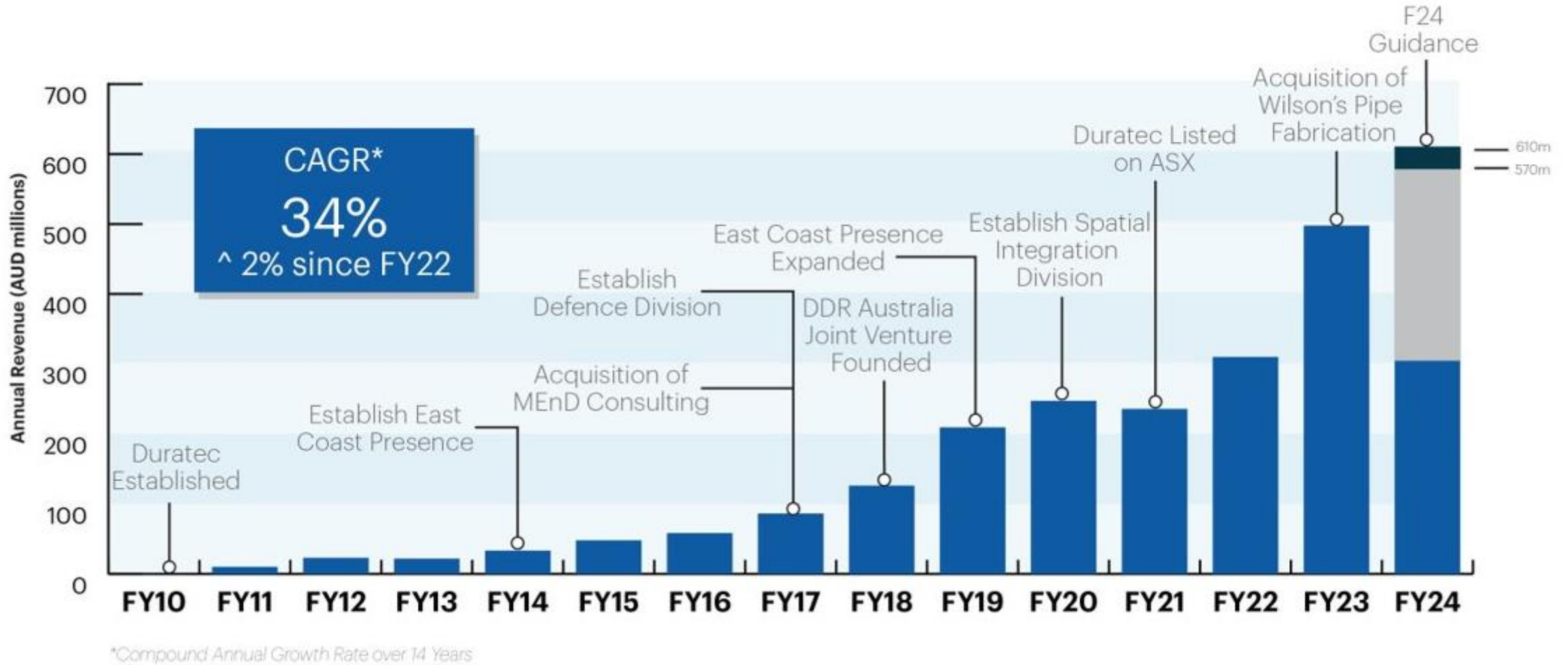
DDR Australia Pty Ltd

(associate investment) – leading majority Aboriginal-owned contractor in Defence and Resources (IPP-funded opportunities).



BUSINESS HISTORY

STRONG HISTORICAL GROWTH



*Compound Annual Growth Rate over 14 Years

FINANCIAL HIGHLIGHTS

CONSISTENT GROWTH & PROFITABILITY

Revenue¹

\$292.7m

Up from \$228.5m in PCP

EBITDA²

\$23.9m

Margin 8.2%

NPAT

\$12.2m

Margin 4.2%

EPS

4.96 cents per share

Interim Dividend

1.5 cents

Per share, fully franked

Cash

\$58.5m

Order Book

\$387.8m

Down from \$411.2m at
24 November 2023

Tenders

\$1.02b

\$1.02b at 24 November 2023

Pipeline

\$3.7b

Up from \$3.28b at
24 November 2023

Note 1: Revenue excludes DDR Australia Pty Ltd (49% share).

Note 2: Normalisation of EBITDA accounts for tax effect from Duratec Limited's 49% investment in DDR Australia Pty Ltd.



FINANCIAL RESULTS

1H FY24 FINANCIAL RESULTS

PRIOR COMPARATIVE PERIOD MOVEMENT

- Record revenue result for Mining & Industrial – up 161%
- Improved EBITDA and NPAT margins
- Solid EPS and dividend declared

	1H FY24	1H FY23	PCP Movement	PCP Movement
	\$'000	\$'000	\$'000	%
Revenue	292,737	228,532	64,205	⬆️ 28%
Reported EBITDA	23,741	15,605	8,136	⬆️ 52%
Normalised EBITDA	23,988	16,253	7,735	⬆️ 48%
NPAT	12,225	7,846	4,379	⬆️ 56%
KEY OPERATING METRICS				
Normalised EBITDA %	8.19%	7.11%	1.08%	⬆️ 15%
NPAT %	4.18%	3.43%	0.74%	⬆️ 22%
Earnings per share (basic) - cents	4.96	3.25	1.71	⬆️ 53%
Interim Dividend (per share fully franked) - cents	1.50	1.00	0.50	⬆️ 50%

Note 1: Normalisation of EBITDA accounts for tax effect from Duratec Limited's 49% investment in DDR Australia Pty Ltd.

BALANCE SHEET

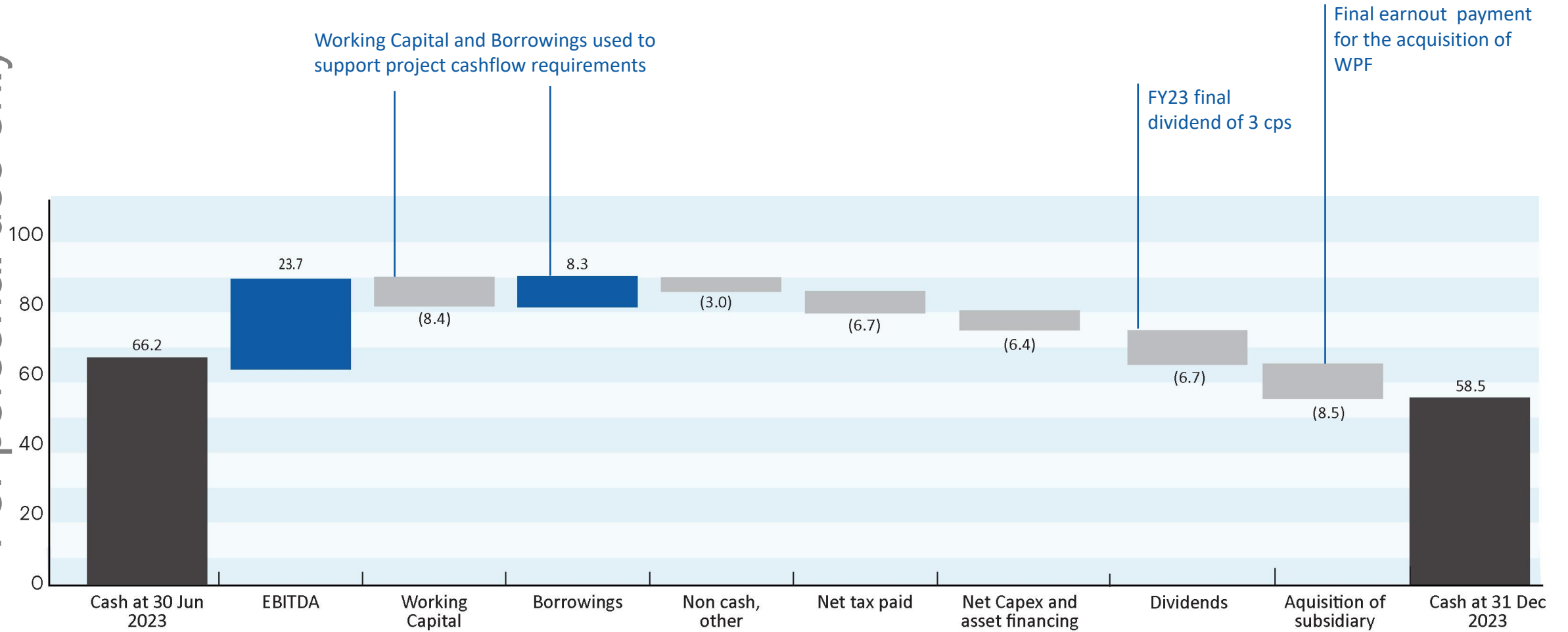
SUMMARY

- Strong balance sheet position
- Net assets up 13%
- Investment in plant, equipment & vehicles
- High confidence in the collectability of receivables due to reputable client base
- Well supported with debt providers
- Headroom on Bank Guarantees and Bond facilities for future growth

Financial Position as at 31 December 2023	Consolidated Entity	
	Dec-23	Jun-23
	\$'000	\$'000
ASSETS		
Cash and cash equivalents	58,539	66,187
Trade and other receivables	46,181	66,119
Contract assets	38,646	25,185
Property, plant and equipment	31,499	25,962
Intangible assets	14,162	14,711
Investments accounted for using the equity method	5,112	4,536
Tax assets	5,212	4,573
Other assets	8,995	5,159
TOTAL ASSETS	208,346	212,432
LIABILITIES		
Trade and other payables	81,276	85,436
Contract liabilities	28,637	35,727
Borrowings	27,116	15,308
Contingent consideration payable	-	9,000
Provisions	10,635	11,798
Other current liabilities	8,471	9,100
TOTAL LIABILITIES	156,135	166,369
NET ASSETS	52,211	46,063

1H FY24 FINANCIAL RESULTS

1H FY24 CASHFLOW



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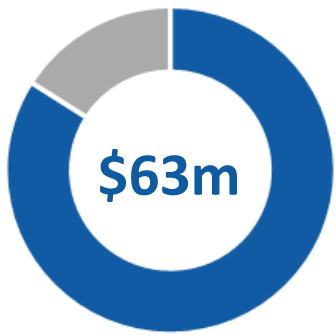


OPERATIONAL HIGHLIGHTS

1H FY24 OPERATIONAL HIGHLIGHTS

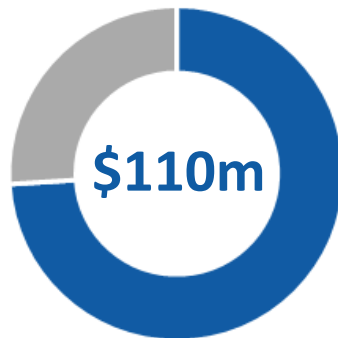
KEY PROJECTS

Central Park
Building Recladding



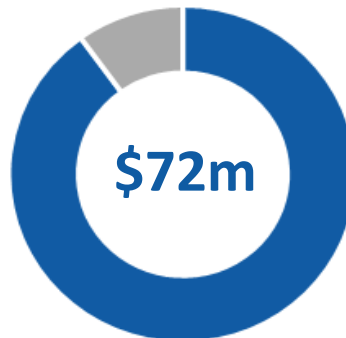
84% Complete

RAAF Base Tindal
Fuel Facility



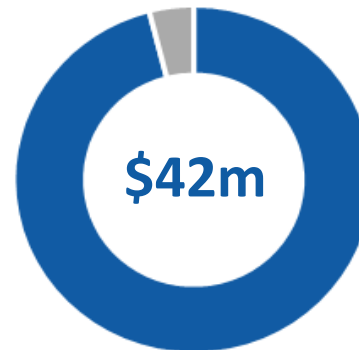
74% Complete

Western Sydney
Airport Fuel Ring
Main



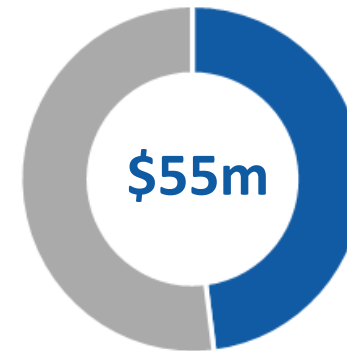
90% Complete

HMAS Stirling Oxley
Wharf Extension



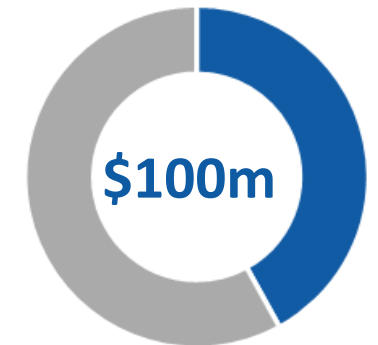
96% Complete

BHP Berth
C&D Remediation



48% Complete

HMAS Coonawarra
Harbour Works








42% Complete

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OPERATIONAL HIGHLIGHTS

SECTOR PERFORMANCE – TOTAL REVENUE \$292.7m

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 DEFENCE	 MINING & INDUSTRIAL	 BUILDINGS & FACADES	 ENERGY (includes WPF)	 OTHER (including Marine, Transport and Water Infrastructure)
<p>Revenue \$124m</p> <p>⬆ From \$112m in FY23</p>	<p>Revenue \$84m</p> <p>⬆ From \$32.2m in FY23</p>	<p>Revenue \$52.9m</p> <p>⬆ From \$38.1m in FY23</p>	<p>Revenue \$23.3m</p> <p>⬇ From \$26.8m in FY23</p>	<p>Revenue \$8.4m</p> <p>⬇ From \$19.3m in FY23</p>
<ul style="list-style-type: none"> • ECI Parkes Wharf extension award • Major projects works continue • Award of several medium size project works 	<ul style="list-style-type: none"> • Record levels of revenue achieved • Strong growth in MSA/annuity revenue • Recently signed 3-year MSA with Roy Hill • Largest 3D reality model delivered to Rio Tinto 	<ul style="list-style-type: none"> • Award of 3 medium sized contracts (ECI) • Central Park project on target 	<ul style="list-style-type: none"> • WSA fuel ring main on target with additional works awarded • WPF growth and expansion 	<ul style="list-style-type: none"> • Identified growth targets with ECI content

- WPF undertook a rebranding to support the Company's strategic plan to align more closely to Duratec group brand
- Completed the business purchase acquisition of A&B Welding Pty Ltd in Darwin, NT for \$1.5m
- New Darwin branch has doubled WPF fabrication capacity
- Purchased and took delivery of the Novarc Technologies SWR-F Dual Torch Spool Welding Robot which is currently being integrated into operations

1H FY24 Highlights

- Solid growth in 1H FY24
- Outlook remains optimistic with a strong pipeline of stable, recurring revenue projects
- Investment in workforce to support growth with 126 employees



MEND CONSULTING

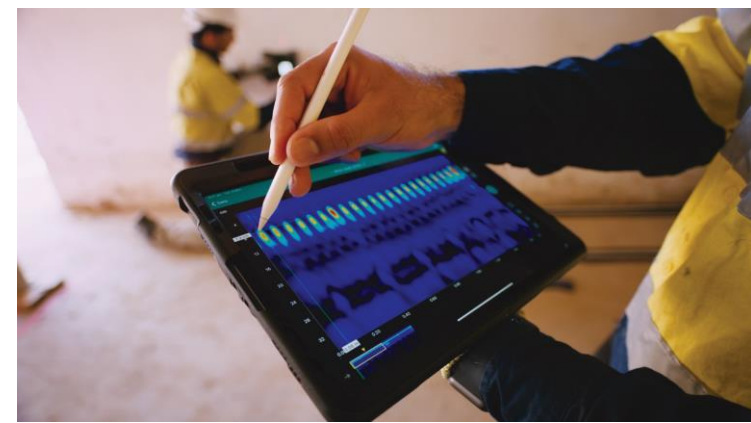
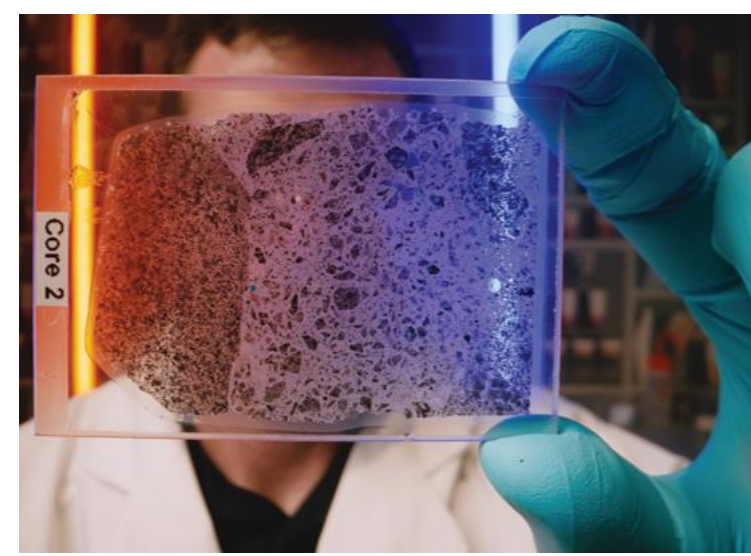
EXPERIENCE IN DELIVERING QUALITY OUTCOMES



- Duratec’s in-house technical service is MEnD Consulting (wholly owned subsidiary)
- Data processing has improved as to our ability to deliver our models onto our clients existing digital platforms
- Laboratory services are seeing an increasing demand for specialized materials characterization services, including XRD, XRF and SEM.
- Strategically targeting opportunities for ECI through our technical services in the Defence, Asset Management and Infrastructure sectors

1H FY24 Highlights

- Recently delivered our largest reality model ever using 1,000,000 images of an export wharf for Rio Tinto at Cape Lambert
- Successfully captured and delivered reality models at over 800 school sites across WA for the Department of Finance, demonstrating ability to scale our service offering.
- Works have commenced on the new office and purpose-built laboratory facility



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DDR AUSTRALIA

OUTLOOK REMAINS POSITIVE

- Equity accounted investment owned by Duratec (49%) and Hutcheson & Co Holdings Pty Ltd (51%)
- Provides meaningful work and training opportunities to Aboriginal and Torres Strait Islander peoples
- Dedicated leadership team strengthened by additional key appointments
- The forecast is strong, bolstered by a portfolio of projects that ensure steady revenue streams
- Current work-on-hand of \$39.3m (excludes RC Construction) and \$479.4m of identified opportunities
- RCC work-on-hand of \$35M

RC Construction Acquisition

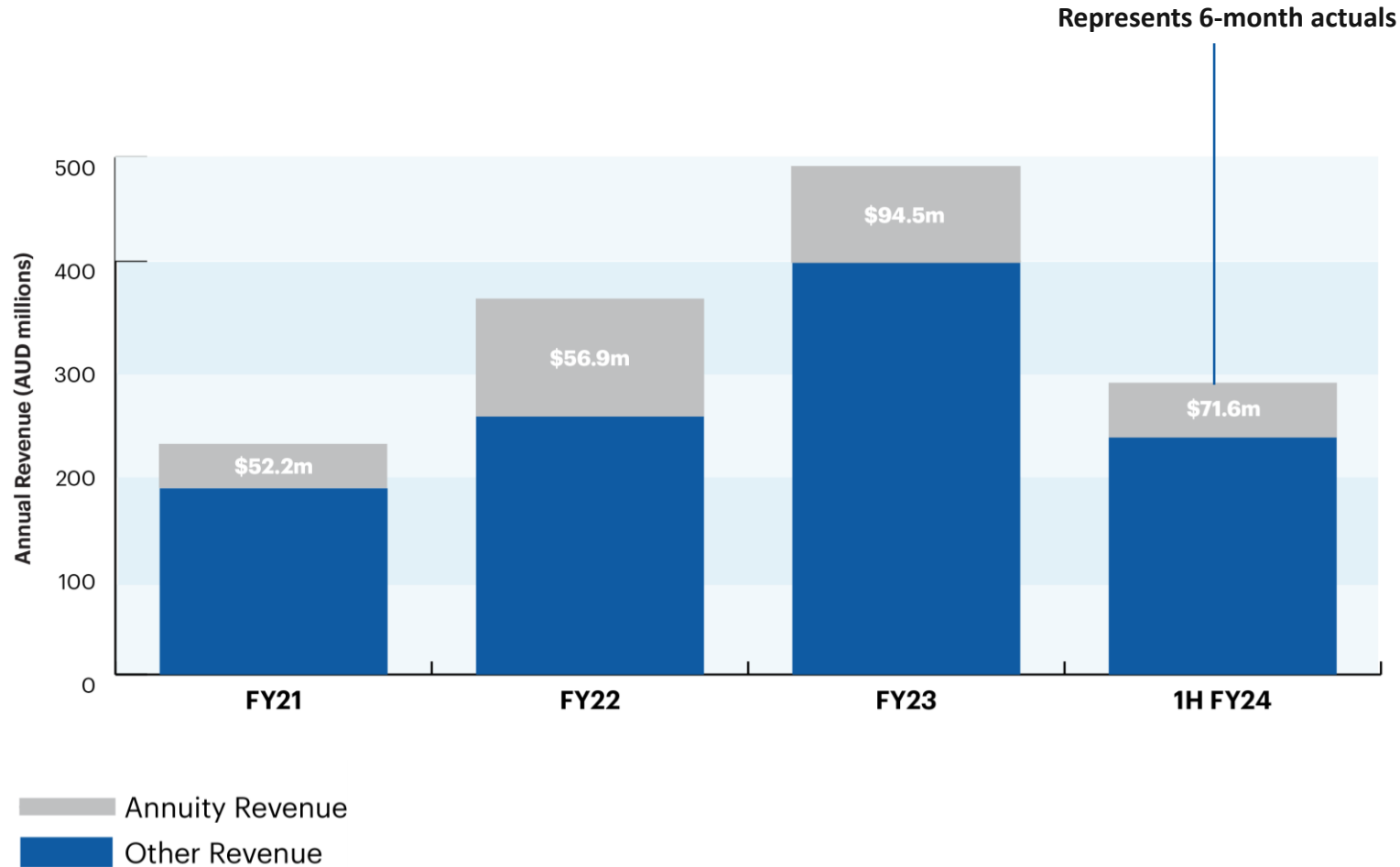
- DDR Australia completed 100% Share Sale acquisition of RC Construction WA Pty Ltd
- RC Construction is a specialist civil and structural construction contractor across industry sectors
- In FY23 RC Construction had revenue of \$29m and forecast for FY24 showing strong growth



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1H FY24 OPERATIONAL HIGHLIGHTS

MASTER SERVICES AGREEMENTS



- MSA and annuity style projects represents approximately 24% of revenue currently
- Annuity style contracts are more profitable than Duratec's average gross profit percentage

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OPERATIONAL HIGHLIGHT

HSECQ OVERVIEW

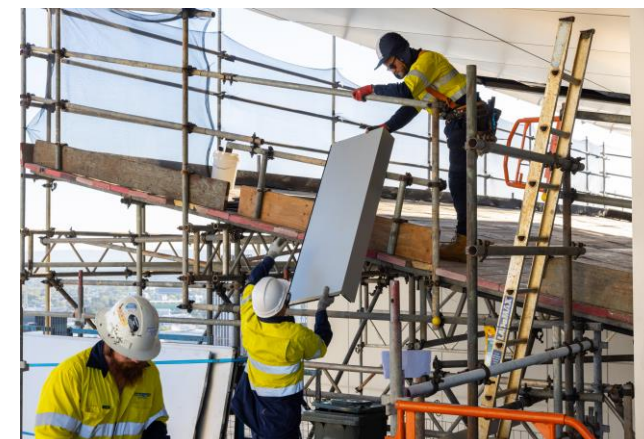
Safety & Wellbeing

- Continuous improvement and working towards best practice
- No Lost Time Injuries recorded
- 46% reduction in TRIFR from end of FY23
- Significant HSE improvement with subcontractor performance

Learning & Development

- Roll out of Supervisor Leadership Program
- Development and roll out of Scaffold Awareness Training
- Abrasive Blast and Paint training facility established for Verification of Competency assessments
- Continued commitment to team culture with the CareFactor Program

Period	LTIFR	TRIFR	AIFR	Hours Worked
FY21	0.00	6.07	55.76	1,811,255
FY22	0.98	7.81	72.71	2,048,952
FY23	0.00	7.39	64.88	2,435,345
1H FY24	0.00	4.07	62.56	1,868,688



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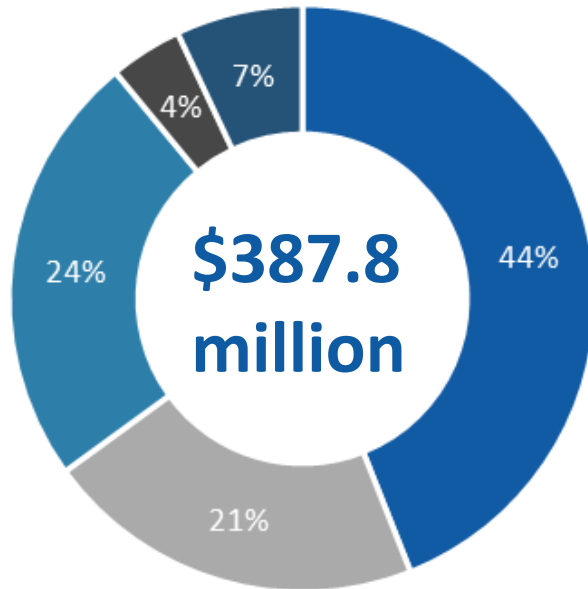


OUTLOOK

OUTLOOK

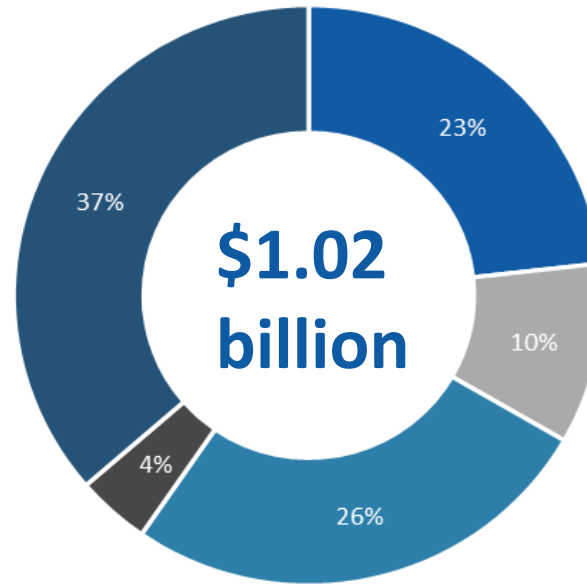
ORDER BOOK, TENDERS AND PIPELINE

Order Book



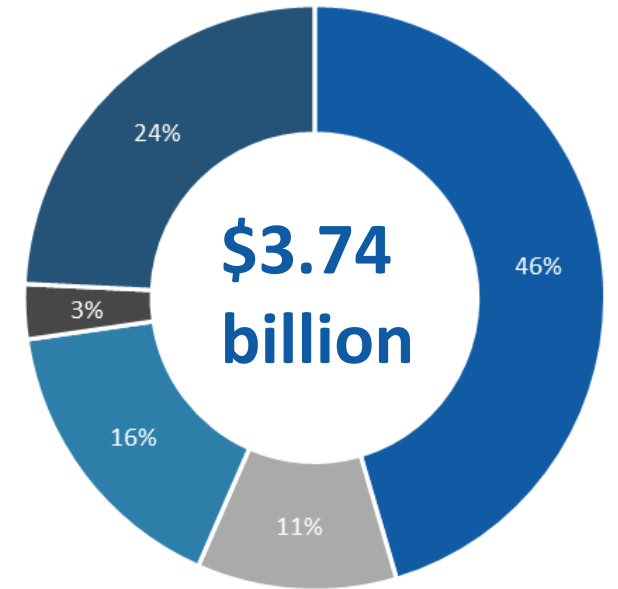
⬇️ from \$411.2m
at 24 Nov 2023

Tenders



from \$1.02b
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Pipeline



⬆️ from \$3.28b
at 24 Nov 2023

■ Defence ■ Buildings & Facades ■ Mining & Industrial ■ Energy ■ Other

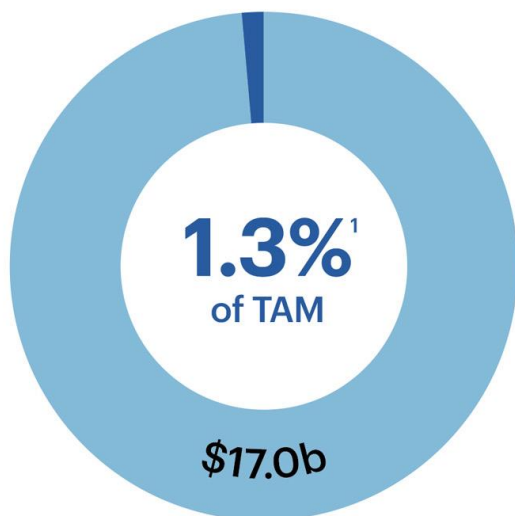
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OUTLOOK

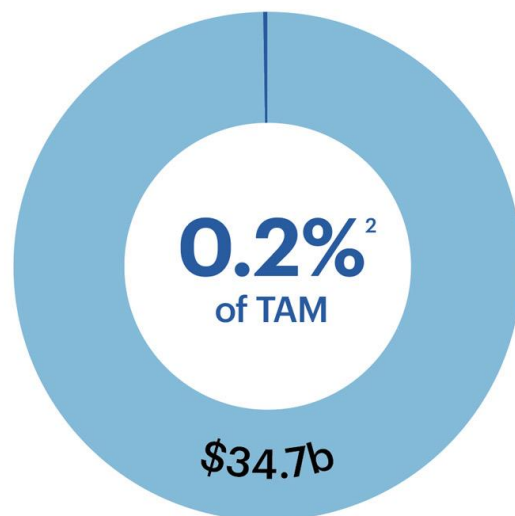
TOTAL ADDRESSABLE MARKET (TAM) – BY SECTOR (AUSTRALIA)



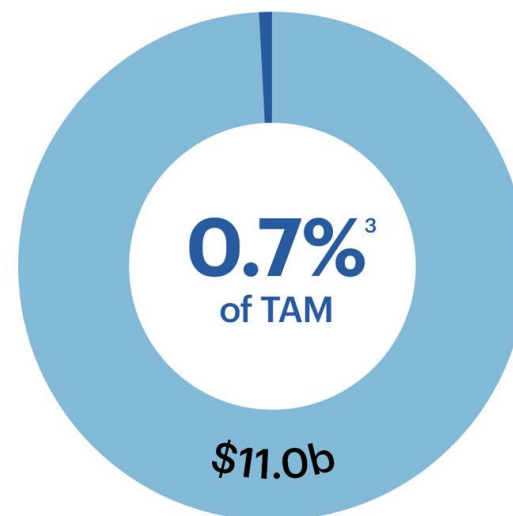
Defence



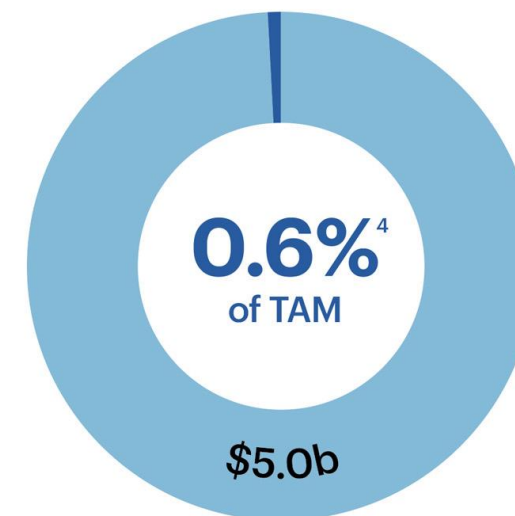
**Mining &
Industrial**



**Buildings
& Facades**



Energy



¹ Duratec achieved FY23 Defence sector revenue of \$229m. Defence TAM sourced from Department of Defence sustainment spend detailed in the Department of Defence 2020 Strategic Update

² Duratec achieved FY23 Mining & Industrial sector revenue of \$86.4m. Mining TAM sourced from Australia Bureau of Statistics Actual Expenditure by Type of Asset and Industry February 2020 and Industrial TAM sourced from IBIS World Industry Report. Infrastructure Maintenance Services in Australia February 2020

³ Duratec achieved FY23 Buildings & Facades sector revenue of \$78.4m. Buildings & Facades TAM sourced from Australian Facilities Management Services report and information published

⁴ Duratec achieved FY23 Energy and WPF sector revenue of \$74.1m. Energy TAM sourced from BIS Oxford Economics, ABS (August 2023)

OUTLOOK

2H FY24 AND BEYOND



Defence

AUKUS \$8 billion expansion of Perth's naval base

Duratec well positioned to capitalise on accelerated Defence spend in key regions such as the NT, WA

Duratec well positioned to secure further ECI procurement packages as they come to market



Mining & Industrial

Annuity contracts with key repeat strategic clients continue to provide strong growth into the future

Technical ECI contract modelling services, which is leading to long-term opportunities through our MEnD business

Proven track record and growing revenue allowing access to larger scale projects



Buildings & Facades

Solid revenue growth expected in FY24

Utilisation of the ECI model to perform investigatory work on buildings across Australia

Overall pipeline supports Duratec growth objectives



Energy

WPF expansion into the Northern Territory through acquisition of A&B Welding

Focus on strategic growth opportunities with existing clients with potential for expansion geographically

Disciplined evaluation of potential acquisition opportunities

QUESTION SESSION



CHRIS OATES
Managing Director



OLLIE MCKEON
Executive Manager - Corporate,
Strategy & Investor Relations



ASHLEY MUIRHEAD
Chief Financial Officer

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APPENDICES

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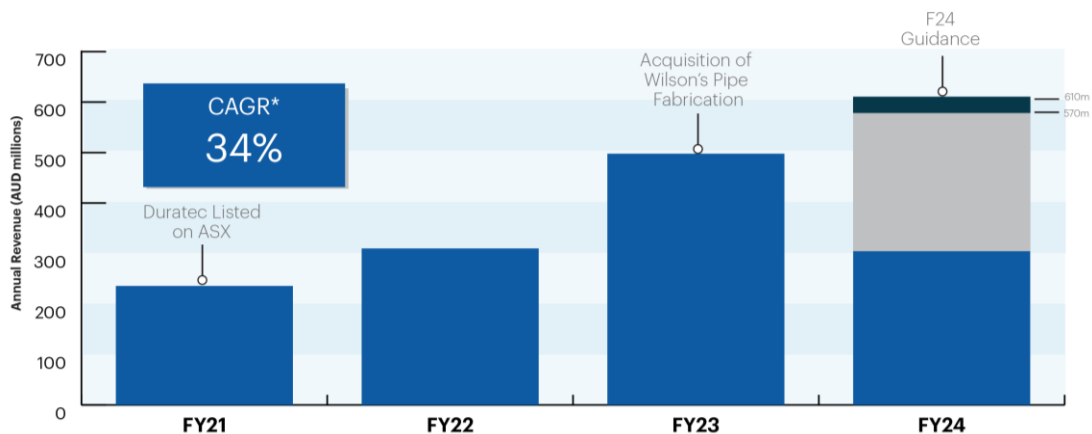
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INVESTMENT CASE

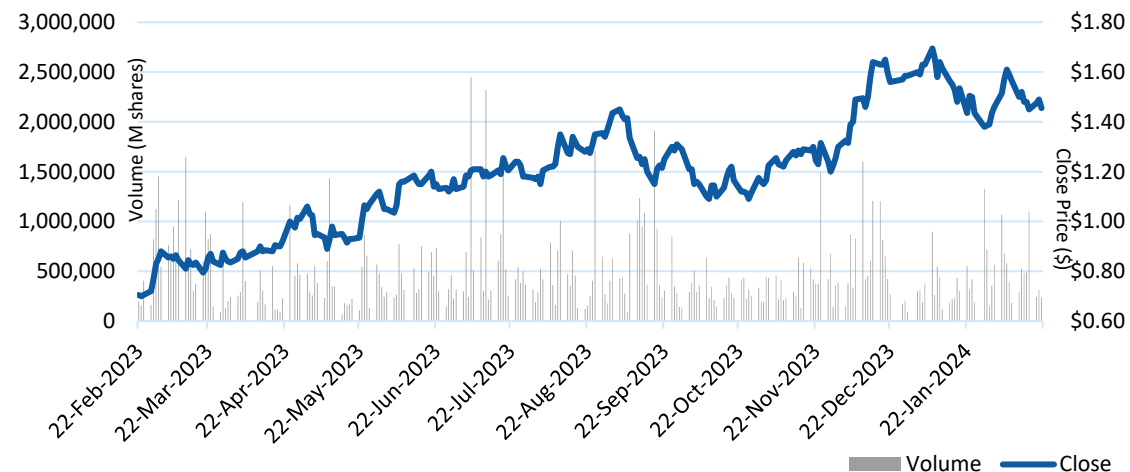
NATIONAL LEADER WITH EXPERIENCED BOARD AND MANAGEMENT

Strong Historical Growth and Guidance for FY24



*Compound Annual Growth Rate over 14 Years

Share Price and Volume – 1H FY24



EPS
4.96 cents per share

Focus On Strategic Growth Prospects

Strong Financial Position To Support Growth

Interim Dividend
1.5 cents per share, fully franked

Strong Addressable Markets Across All Sectors

Strategically Positioned For Accelerated Defence Spend

Capital Structure

ASX code	DUR
Shares on issue	248.0m
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MARINE REMEDIATION

WHARF REMEDIATION PROJECT AT BHP BERTH C&D

Duratec was engaged by BHP WA Iron Ore to undertake a \$48 million wharf remediation project at Finucane Island, off Port Hedland in WA. More specifically, the project involves works to Berth C&D and consists of the following objectives:

- Repairs to steel piles and steel members
- Replacement of steel ladders
- Concrete remediation
- Repairs to pile wrapping
- Installation of pile jackets
- Fabrication and installation of a new raw-water line and hose connection points
- Repairs to jetties at Berth D
- Demolition of two access landings

Work began on-site in March 2023, and will continue until February 2025.

Works on the remediation project are progressing well with milestones including:

- Completion of initial pre-shutdown works
- Completion of eight non-shutdown periods of works
- Completion of the six shutdowns (three to each berth) out of a scheduled total of 12 shutdowns.



ASSET MANAGEMENT

SYDNEY HARBOUR FEDERATION TRUST REPAIRS AND ASSET MAINTENANCE PROGRAM



Duratec was appointed Managing Contractor of the prestigious \$13 million Sydney Harbour Federation Trust's repairs and asset maintenance program in February 2022.

SCOPE

- Condition audit of the Harbour Trust's assets and provision of project management services in the delivery of high-priority repairs and maintenance works
- Six sites – Cockatoo Island, Sub Base Platypus, Headland Park, North Head Sanctuary, Macquarie Lightstation and Woolwich Dock
- Assets include sea walls, commercial buildings, accommodation, campgrounds, search light towers, memorials, cafes and restaurants
- The condition audit part of the project involves assessing the fixed plant and equipment, building fabric, grounds and reticulated infrastructure within each precinct
- Determining a scope of works, as well as costs involved with current and future repairs and maintenance to assist with the prioritisation, tender and management of the works
- The project management portion requires Duratec to take the completed asset condition audit and put together design briefs and schedules, which can then be developed into work packages
- Tender for and engage sub-contractors and oversee the delivery of the works

HIGHLIGHTS

- Duratec showcases its technical expertise, experience with Defence, Commonwealth and heritage projects, and the ability to deliver multiple services across a variety of sectors
- Duratec brings proficiencies in working on occupied buildings; managing subcontractors and consultants, and delivering projects on time and within budget



ROBOTIC WELDING

WPF ACQUIRES NOVARC ROBOT



- Labour shortages are the number one problem faced in the welding sector, with only 20% of the sector approaching to solve this issue with technology-based solutions.
- Situated within this industry, WPF identified the opportunity to invest in technology prior to competitors to support their continued growth.
- The key to WPF's growth stems from two key areas in the workshop being, physical capacity and resourcing.
- In 2023, WPF engaged Novarc Technologies, a Vancouver based robotics company specializing in the design and commercialisation of cobots and AI systems for robotic welding applications.
- Novarc's SWR Dual Torch Spool Welding Robot – F offered a solution for both key areas. From a physical capacity perspective, the robot is effectively four welding bays in the footprint of one bay, increasing efficiency and dramatically boosting productivity rates.
- WPF are now proud to be the first company in Western Australia to adopt this technology.
- Entering 2024, WPF have commenced in-depth training with Novarc operators to become equipped in using this new and advanced technology that will ultimately change day-to-day workshop operations.
- The robot provides various key benefits such as; improved weld quality, advanced welding features, x-ray quality welds, whilst improving WPF's bottom line.
- Although, the most valuable benefit this addition brings to the WPF operations is that the robot can be scaled up quickly by easily training junior welders, creating more excitement and opportunities for those entering the industry.
- Increasing service capabilities to exceed precision and most importantly – improve welder ergonomics, WPF are leading the way in innovation and championing safety, productivity, and quality in the industry.

