

ASX ANNOUNCEMENT

28th February 2023

FINANCIAL RESULTS – 1H FY23

Australian engineering, construction, and remediation contractor Duratec Limited (Duratec or the Company) (ASX: DUR) is pleased to announce its 1H FY23 results. Duratec's financial performance for 1H FY23 has been built on the solid results achieved in 2H FY22, supported by a strong orderbook, which currently has a work-on-hand position of \$529m.

1H FY23 FINANCIAL HIGHLIGHTS

- Revenue¹ of \$228.5m, up 75% on the prior comparative period (**PCP**)
- Normalised EBITDA² of \$16.2m, up 222% on PCP
- NPAT of \$7.8m, up 981% on PCP
- FY23 Guidance: Revenue range of \$420m to \$460m and forecast EBITDA of \$32m to \$35m
- Solid cash generation from operations and balance sheet, with closing cash balance of \$60.4m

| | 1H FY23 | 2H FY22 | 1H FY22 (PCP) | PCP Movement | PCP Movement |
|--|---------|---------|---------------|--------------|--------------|
| | \$'000 | \$'000 | \$'000 | \$'000 | % |
| Revenue | 228,532 | 179,103 | 130,883 | 97,649 ↑ | 75% |
| Reported EBITDA | 15,605 | 13,154 | 4,615 | 10,990 ↑ | 238% |
| Normalised EBITDA | 16,253 | 14,257 | 5,041 | 11,212 ↑ | 222% |
| NPAT | 7,846 | 7,035 | 726 | 7,120 ↑ | 981% |
| Cash | 60,403 | 58,263 | 36,245 | 24,158 ↑ | 67% |
| Key operating metrics | | | | | |
| Reported EBITDA % | 6.83% | 7.34% | 3.53% | 3.30% ↑ | 94% |
| Normalised EBITDA % | 7.11% | 7.96% | 3.85% | 3.26% ↑ | 85% |
| NPAT % | 3.43% | 3.93% | 0.55% | 2.88% ↑ | 519% |
| Earnings per share (basic) - cents | 3.25 | 2.93 | 0.30 | 2.95 ↑ | 983% |
| Interim Dividend (per share fully franked) - cents | 1.00 | N/A | 0.50 | 0.50 ↑ | 100% |

MANAGING DIRECTOR COMMENTS

Duratec Managing Director Phil Harcourt commented on the 1H FY23 Result: "We are very pleased with the results achieved for 1H FY23, which shows our capacity and capability in execution of strong financial results. As the market moves to more normal operating conditions, we have been able to build on our solid 2H FY22 performance. Pleasingly, Duratec's orderbook remains solid, which is a real credit to the team and shows our ability to convert tangible opportunities into meaningful results. Duratec is well positioned for continued growth in the long term."

¹ Excludes revenue from Duratec Limited's associate investment joint venture DDR Australia Pty Ltd, but includes two months revenue from Wilson's Pipe Fabrication Pty Ltd.

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.

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Duratec Limited
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DIRECTORS

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

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1H FY23 OPERATIONAL HIGHLIGHTS

- The orderbook remains strong with a work-on-hand position of \$529m.
- Tenders remain stable at \$654m, given Duratec’s capacity to seek new opportunities.
- Duratec is currently tracking an overall pipeline of tangible opportunities worth \$2.04b.
- Duratec’s major projects are progressing well and performing in-line with expectations:
 - Western Sydney International Airport - Fuel Hydrant Main – expected to be completed 2H FY23.
 - Central Park - Façade Refurbishment – expected to be completed 2H FY24.
 - Duratec Ertech JV - Oxley Wharf Extension – expected to be completed 2H FY24.
 - RAFF Base Tindal - Aviation Re-fuelling Facility – expected to be completed 2H FY24.
- Recent major projects announced (\$100m Department of Defence wharf and harbour basin maritime upgrade works project³, \$48m BHP WA Iron Ore Finucane Island Berth C & D wharf remediation project⁴ and \$34m in structural integrity remediation at Tom Price and East Intercourse Island⁵) have all commenced and will contribute to Duratec’s 2H FY23 and FY24 results.
- The acquisition of Wilson’s Pipe Fabrication (WPF)⁶ has given Duratec access to maintenance and remediation opportunities within the oil and gas market segment. Numerous opportunities are being pursued through an alignment in operating model with Duratec’s operations, and the ability for cross-selling opportunities to be leveraged from the combined group’s customer relationships and service offering.
- Duratec continues its investment in its technical division with recent expansion of laboratory service offerings, including in-house concrete materials testing and analysis services, along with achieving NATA certified accreditation for its laboratory facility.

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

- Defence – The Defence market segment continued to perform well through 1H FY23 and has made a strong contribution to the overall results. 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. Defence’s sustainment spending on major projects into the future provides Duratec with key growth prospects.
- Mining & Industrial – Mining & Industrial has had mixed results for 1H FY23. Excellent contribution from the Goldfields was achieved, however the Northwest was impacted by delays in project award and Duratec maintaining operational capacity through this period. Recent announcements and market updates, shows a strong future for this segment, supported by a robust orderbook. Duratec’s focus on annuity contracts with key strategic

³ Duratec Secures \$100M Wharf and Harbour Basin Upgrade Contract – 23 January 2023

⁴ Duratec Secures \$48M Wharf Remediation Contract – 20 December 2022

⁵ Mining & Industrial Segment Update – 8 February 2023

⁶ Strategic Acquisition of Wilson’s Pipe and Fabrication – 10 October 2022

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clients in recent years has strengthened the Company's revenue stream and its overall capability in the Mining & Industrial segment. Duratec is also experiencing greater client take up of its technical ECI contract modelling services, which will lead to long-term opportunities.

- Buildings & Facades – Duratec continues to see strong demand for its specialist services utilising an early contractor involvement model to perform due diligence on major buildings as a means of understanding of risks and developing fit-for-purpose solutions. Despite seeing a delay in funding for large projects, the pipeline of opportunity in the segment remains strong, with Duratec well positioned to capitalise on investment in the future.
- Energy – Duratec remains focused on securing fuel infrastructure projects nationwide. This focus provides synergies with the recent acquisition of Wilson's Pipe Fabrication and the capabilities this acquisition has provided Duratec.
- Marine Infrastructure – Duratec continues to strategically pursue marine infrastructure project works throughout Australia, as evidenced by the Company's recent announcement on the securing of a \$100m Department of Defence wharf and harbour basin maritime upgrade works project.
- Other – Robust results from the Other market segment with strong contribution from remediation projects. However, one legacy heritage structure remediation project adversely impacted the segment gross margin due to scope, access, and remote location challenges, but the Company is pleased that the project is now completed and to a very high standard.

DDR AUSTRALIA PTY LTD

DDR Australia Pty Ltd (DDR) is a joint venture equity accounted investment owned by Duratec (49%) and Hutcheson & Co Holdings Pty Ltd (51%). The outlook for DDR remains strong as a result of Government (Federal, State and Territory) and corporate IPP initiatives. DDR's orderbook remains stable with a work on hand position of \$30.2m, and tenders of \$133m. DDR is currently tracking an overall pipeline of tangible opportunities worth \$322m. DDR achieved lower-than-expected revenue for 1H FY23, however maintained underlying profit in-line with expectations.

WILSON'S PIPE FABRICATION PTY LTD

Since the October 2022 acquisition of WPF, the Company has been focusing on the integration of the business and the securing of new opportunities in the oil and gas market segment to support growth in revenue and underlying earnings. The outlook for WPF is strong with targeted growth initiatives in place for the short and long term. WPF is expected to provide a strong contribution to Duratec's FY23 results.

INTERIM DIVIDEND

Duratec has declared an interim fully franked dividend of 1.0 cent per share, representing a net profit payout ratio of 31%. The record date is 21 March 2023 with a payment date of 9 May 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>

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OUTLOOK

Duratec continues to build on its strong orderbook through its ability to efficiently capitalise on new opportunities through tenders, which remain stable at \$654m. There remains a high level of enquiry into Duratec’s diverse range of services across all market segments and this continues to convert to orderbook strength.

A key business driver of Duratec’s growth is its ability to operate across a varied but targeted number of market segments and its ability to offer services from its geographically distributed support network. This diversification of market segments not only supports Duratec’s growth strategies, but also reduces Duratec’s exposure to market segment volatility.

The Company expects its FY23 revenue to be in the range of \$420m to \$460m, delivering a forecast EBITDA of \$32m to \$35m, inclusive of an eight-month contribution from WPF.

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. 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.

This release contains certain forward-looking statements and forecasts, including in relation to possible or assumed future performance, costs, dividends, rates, prices, revenue, potential growth of Duratec Limited, industry growth or other trend projections. Such statements are not a guarantee of future performance and involve unknown risks and uncertainties, as well as other factors which are beyond the control of Duratec Limited. Actual results and developments may differ materially from those expressed or implied by these forward-looking statements, depending on a variety of factors.

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