



DURATEC LIMITED

FY23 RESULTS PRESENTATION

25 AUGUST 2023



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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, and

Key market segments supporting long-term growth:

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

Wilson's Pipe Fabrication Pty Ltd (wholly owned subsidiary) – leading Energy remediation and fabrication company

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

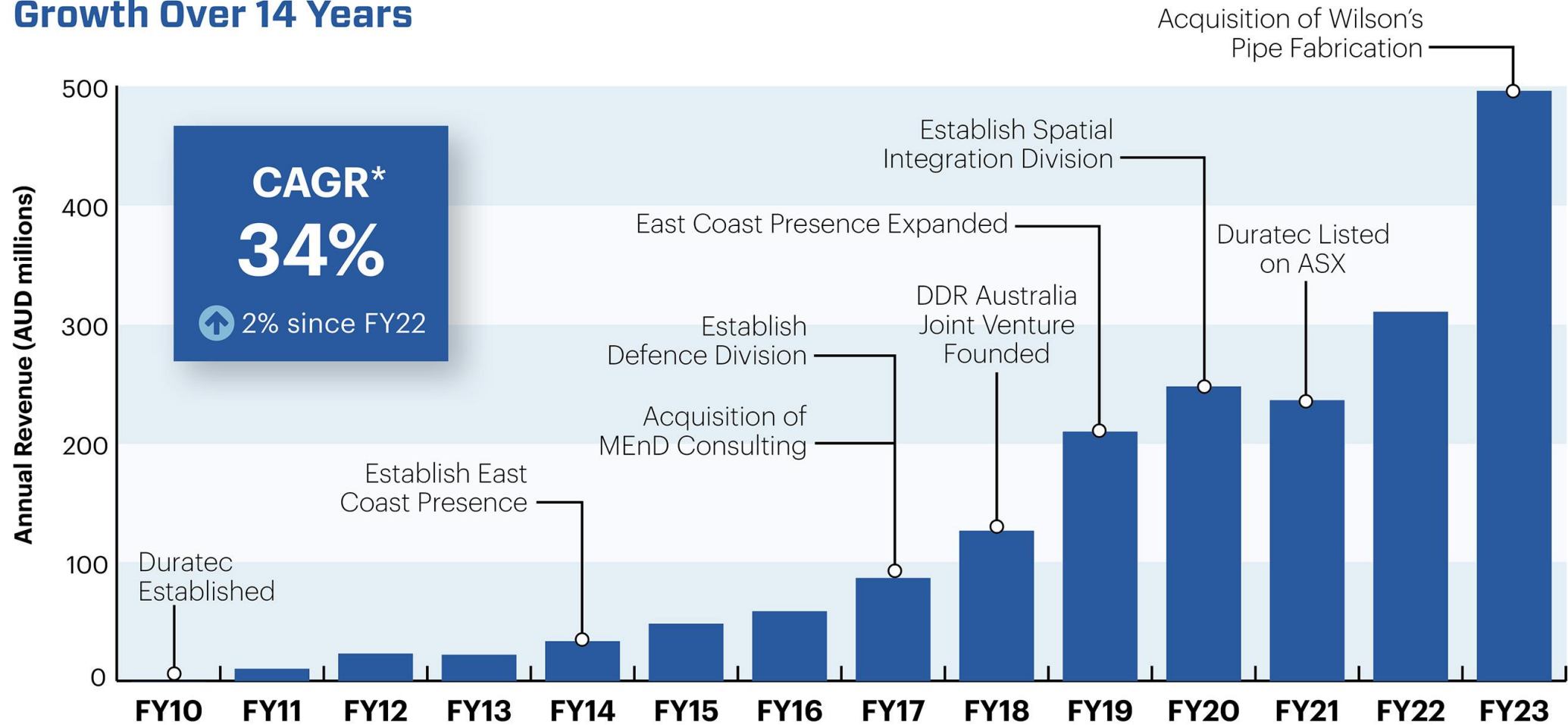
DDR Australia Pty Ltd (associate investment) – leading majority Aboriginal-owned contractor in Defence and Resources (IPP-funded opportunities)



BUSINESS HISTORY

STRONG HISTORICAL GROWTH

Growth Over 14 Years



* Compound Annual Growth Rate over 14 Years

CORPORATE SNAPSHOT

NATIONAL LEADER WITH EXPERIENCED BOARD AND MANAGEMENT

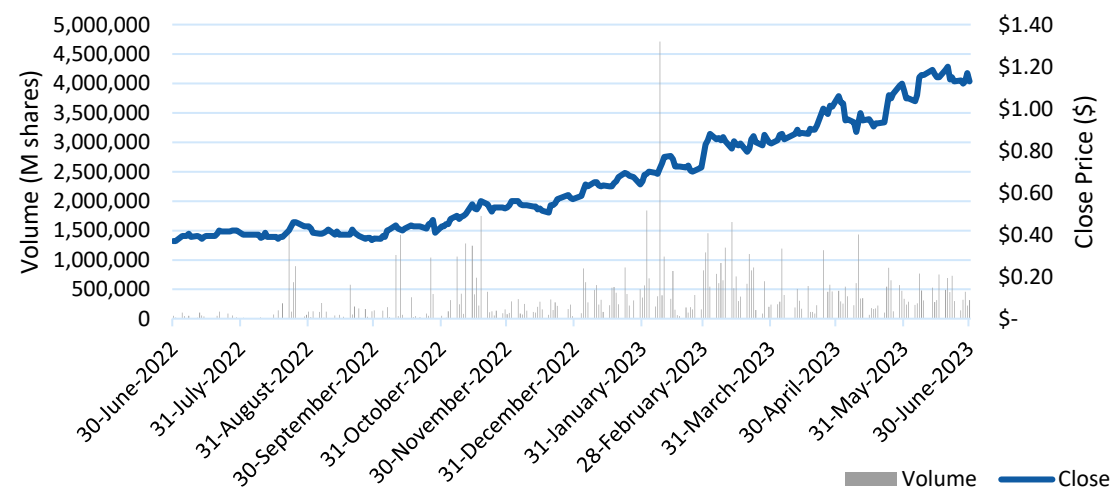
Capital Structure

ASX code	DUR
Shares on issue	244.0m
Share price as at 22 August 2023	\$1.29
Market capitalisation as at 22 August 2023	\$312.3m
Cash as at 30 June 2023	\$66.2m

Board and Senior Management

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

Share Price and Volume – FY23



Substantial Shareholders

James Robert Giumelli and related entities, including Ertech	47,348,514
Dencort Pty Ltd <Harcourt Family>	26,553,389
Mr Chris Oates + Mrs Pamela Oates <Oates Family A/C>	26,553,389
Kent Colony Ventures Pty Ltd <Diprose Richards Family A/C>	26,553,389



FINANCIAL RESULTS

FY23 FINANCIAL RESULTS

FY23 FINANCIAL HIGHLIGHTS

Revenue¹

\$491.8m

Up from \$310.0m in FY22

EBITDA²

\$38.8m

Margin 7.9%

NPAT

\$19.2m

Up from \$7.1m in FY22

EPS

7.91 cents per share

Dividend³

4.0 cents

Per share, fully franked

Cash

\$66.2m

Up from \$58.2m in FY22

Order Book

\$458.2m

Up from \$458.0m in FY22

Tenders

\$844.9m

Up from \$701.0m in FY22

Pipeline

\$2.4b

Up from \$1.7b in FY22

Note 1: Revenue excludes DDR Australia Pty Ltd (49% share) but includes Wilson's Pipe Fabrication Pty Ltd (wholly owned subsidiary) from acquisition date of 20 October 2022.

Note 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).

Note 3: Interim dividend of 1.0 cents per share and final dividend of 3.0 cents per share, fully franked

FY23 FINANCIAL RESULTS

FY23 FINANCIAL YEAR COMPARISON

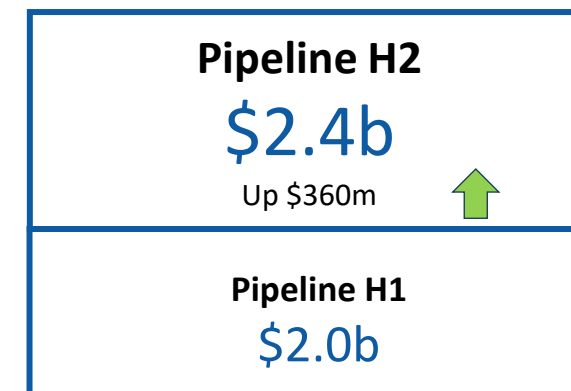
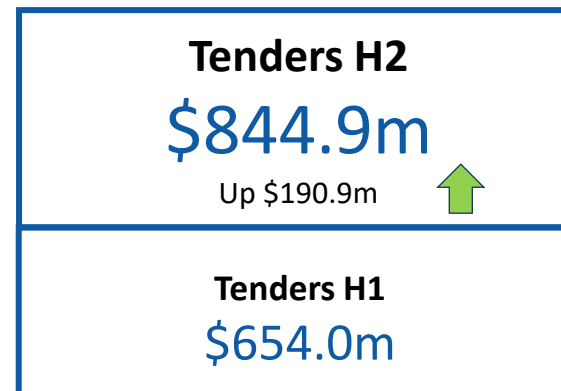
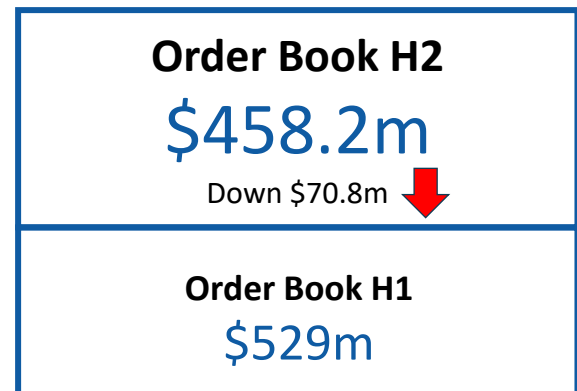
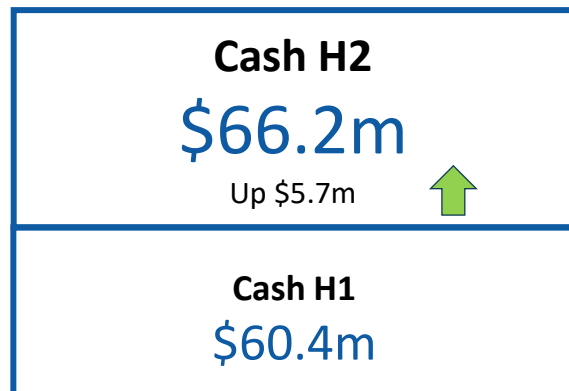
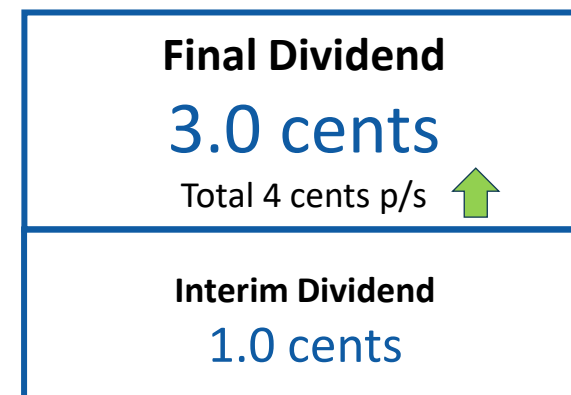
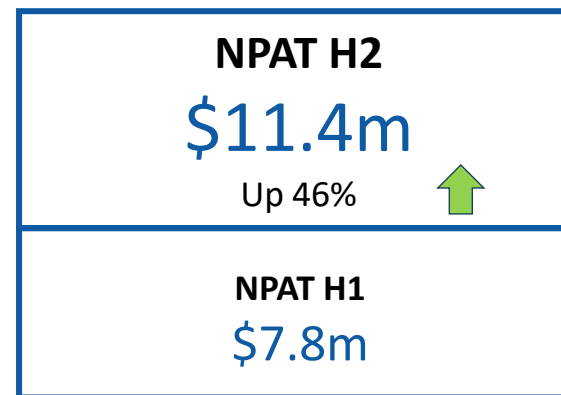
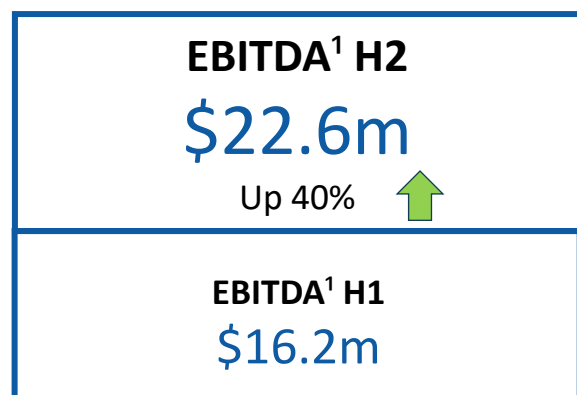
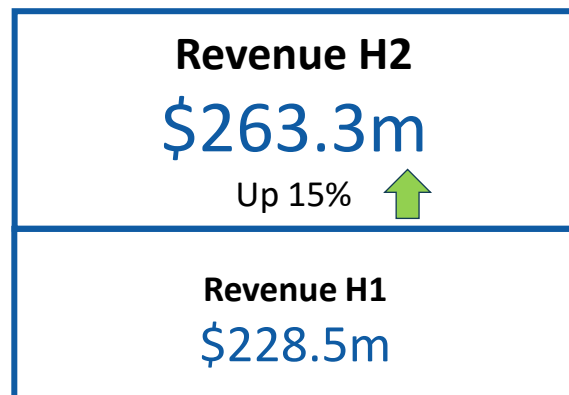
- 2H FY23 saw significant improvements on all key financial metrics
- Revenue increased 58.6% for FY23 \$491.8m
- All market sectors experienced growth:
 - Defence increased revenue to \$229m, (FY22: \$135m)
 - Mining & Industrial increased revenue of \$86.4m, (FY22: \$74.9m)
 - Buildings & Facades increased revenue of \$78.4m, (FY22: \$64.7m)
 - Energy increased revenue of \$46.6m (FY22: \$12.1m)
 - WPF contributed revenue of \$20.0m from 20 October 2022 (acquisition date) until the financial year end
- 2H FY23 underlying profit improved by ~40% on 1H FY23 result
- Normalised EBITDA of 7.9% (Normalisations were only \$726,973).
- Strong balance sheet with \$66.2m cash and strong cash flows from operations (net cash \$47.9m)

	FY23	FY22	Variance
Revenue	\$491.8m	\$310.0m	58.6%
Reported EBITDA	\$38.1m	\$17.8m	114.0%
Normalised EBITDA¹	\$38.8m	\$19.3m	101.0%
Statutory NPAT	\$19.2m	\$7.8m	146.2%
Key operating metrics			
Reported EBITDA margin	7.7%	5.7%	34.9%
Normalised EBITDA margin¹	7.9%	6.2%	26.7%
Statutory NPAT margin	3.9%	2.5%	55.2%

Note 1: 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).

FY23 FINANCIAL RESULTS

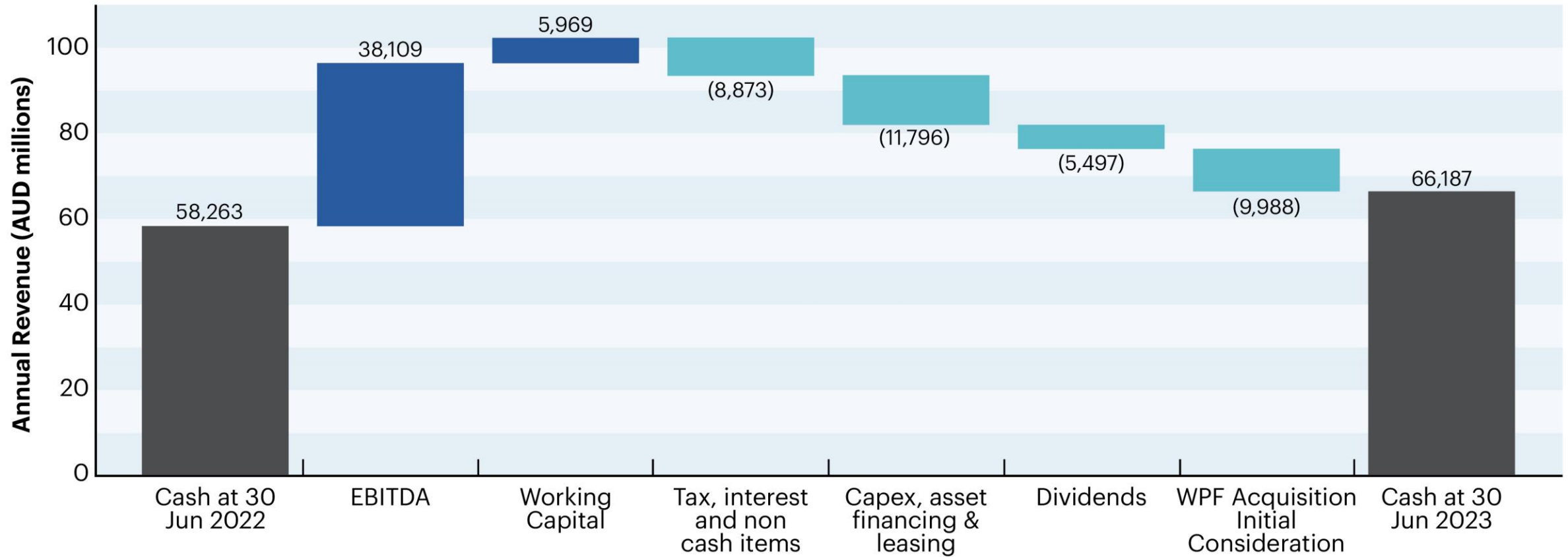
FY23 FINANCIAL HALF YEARLY COMPARISON



¹EBITDA is Normalised. 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).

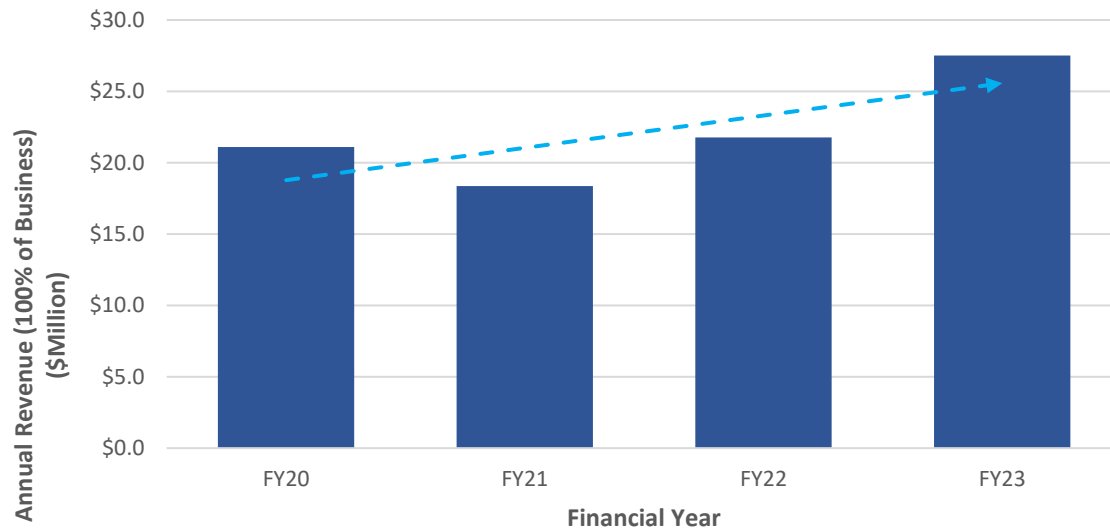
FY23 FINANCIAL RESULTS

FY23 CASHFLOW



High levels of enquiry and strong growth forecast

- Acquisition of 100% of Wilson’s Pipe Fabrication (WPF) on 20 October 2022.
- Acquisition has given Duratec access to maintenance and remediation opportunities within the energy market segment.
- New opportunities in the energy market segment to support growth in revenue and underlying earnings.
- Dedicated leadership team strengthened by additional key appointments from Duratec Limited.



FY23 Highlights

- Solid FY23 growth in Revenue of 26.3%
- Current work-on-hand of \$5.9m, under annuity client contracts
- Outlook remains very positive, with expectation of sustained financial performance
- Investment in workforce to support growth with 45 new employees

Experience in delivering quality outcomes

- Duratec's in-house technical service is MEND Consulting (wholly owned subsidiary)
- Key focus is the protection and rehabilitation of the built environment.
- Experience in inspected clients' structures around Australia and Asia
- In-house 3D reality modelling for front end asset integrity and reliability services
- Opportunity to take MEND's service international with interest from existing Duratec clients

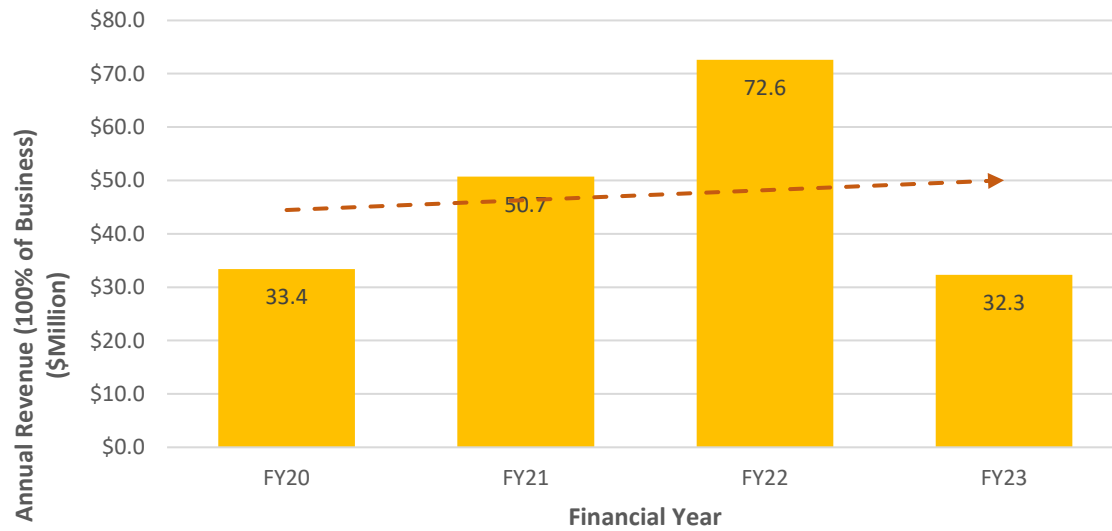
FY23 Highlights

- Awarded Asset Management Council's - Asset Management Innovation Award 2023
- Annoview Technology gaining traction with new clients
- Procurement of new office space for creation of purpose-built office and laboratory facility in FY24



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
- Delivered \$32.3m in Supply Nation-certified project works in FY23
- Dedicated leadership team strengthened by additional key appointments



FY23 Highlights

- Challenging FY23 with reduction in Revenue to \$32.3m
- Gross Profit of \$6.9m, delivering \$0.6m dividend to Duratec
- Current work-on-hand of \$43.5m and \$304.1m of identified opportunities
- Outlook remains positive, expectation of sustained financial performance

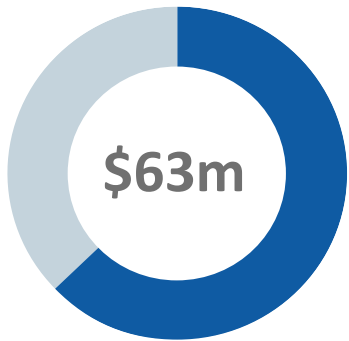


OPERATIONAL HIGHLIGHTS

FY23 OPERATIONAL HIGHLIGHTS

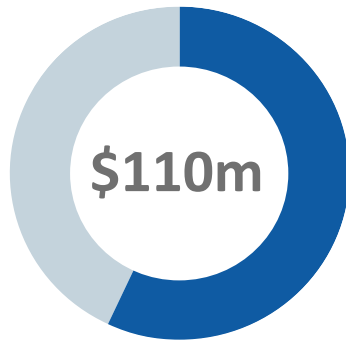
FY23 KEY PROJECTS

**Central Park
Building
Recladding**



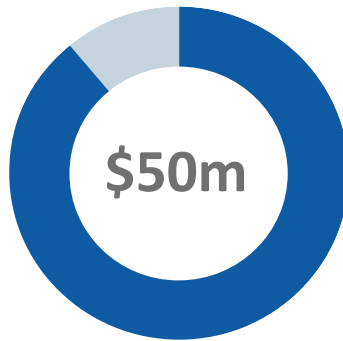
63% Complete

**RAAF Base
Tindal Fuel
Facility**



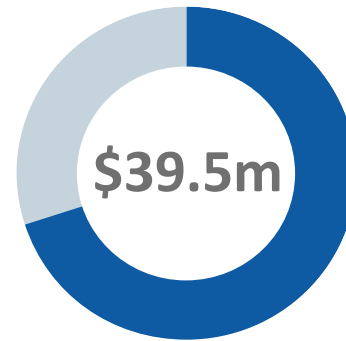
57% Complete

**Western Sydney
Airport Fuel
Ring Main**



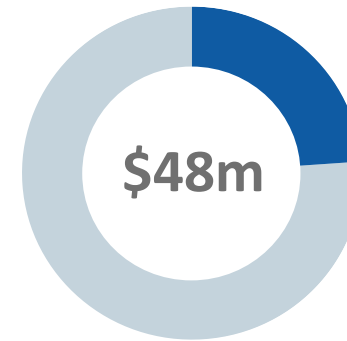
89% Complete

**HMAS Stirling
Oxley Wharf
Extension**



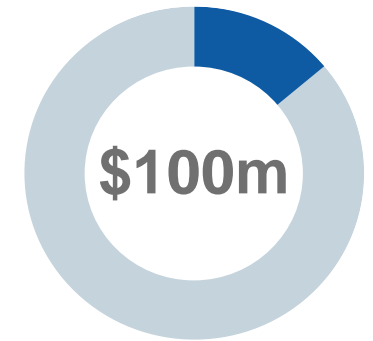
70% Complete

**BHP Berth
C&D
Remediation**



24% Complete

**HMAS
Coonawarra
Harbour Works**



14% Complete

OPERATIONAL HIGHLIGHTS

SECTOR PERFORMANCE

DEFENCE	MINING & INDUSTRIAL	BUILDINGS&FACADES	ENERGY	WPF	OTHER (including Marine, Transport and Water Infrastructure)
<p>Revenue \$229m</p> <p>↑ from \$135m in FY22</p> <ul style="list-style-type: none"> • Strong contribution from major projects to revenue and gross profit. • Accelerated Defence spend in key regions (NT, WA, SA, NSW and QLD). • Project (CFI) works remained steady. • Well positioned to capitalise on the National Defence Strategic Review. 	<p>Revenue \$86.4m</p> <p>↑ from \$65.2m in FY22</p> <ul style="list-style-type: none"> • Goldfield's business unit delivered strong results. • Northwest impacted by project award delays in 1H – still maintained operational capacity. • Significant increase in project awards with iron ore clients in 2H. • Early Contractor Involvement (ECI) model success with award of BHP Berth C&D wharf at Port Hedland. 	<p>Revenue \$78.4m</p> <p>↑ from \$64.7m in FY22</p> <ul style="list-style-type: none"> • Key major project Central Park is performing in line with expectations. • Notable increase in demand for Duratec's paid ECI technical services. • Involved in select full-scale fire test modelling for key clients. • Strategy is to remain discerning on opportunities and clients. 	<p>Revenue \$46.6m</p> <p>↑ from \$12.1m in FY22</p> <ul style="list-style-type: none"> • Major project Aviation Fuel Reticulation at Western Sydney International Airport nearing completion. • Outlook for fuel security and upgrade works is significant. • Proven track record in the delivery of Energy projects. • Growth sector with a key focus on Energy projects and MSAs for FY24. 	<p>Revenue¹ \$27.5m</p> <p>\$20.0 since acquisition</p> <ul style="list-style-type: none"> • Acquisition of Wilson's Pipe Fabrication (WPF) on 20 October 2022. • New opportunities in the energy market segment to support growth in revenue and underlying earnings. • Dedicated leadership team strengthened by additional key appointments from Duratec Limited. 	<p>Revenue \$31.4m</p> <p>↓ from \$33.0m in FY22</p> <ul style="list-style-type: none"> • Diverse range of works including Marine, Transport and Water Infrastructure. • Legacy heritage structure remediation project adversely impacted segment gross margin in 1H FY23. • Key focus on Marine projects in FY24 on the back of sector growth.

OPERATIONAL HIGHLIGHT

HSECQ OVERVIEW

Safety & Wellbeing

- Continuous improvement and working towards best practice
- No Lost Time Injury (LTI) recorded in FY23
- Key HSECQ metrics trending downward
- 19% increase in recorded hours worked

Learning & Development

- Investment in key programs across the business, including:
 - Mental Health First Aid Training
 - Supervisor Leadership Program
 - CareFactor Program
- 78% increase in Employee Training programs delivered in FY23

Period	LTIFR	TRIFR	AIFR	Hours Worked
FY19	0.71	3.55	46.22	1,406,142
FY20	0.00	6.33	49.59	1,895,400
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



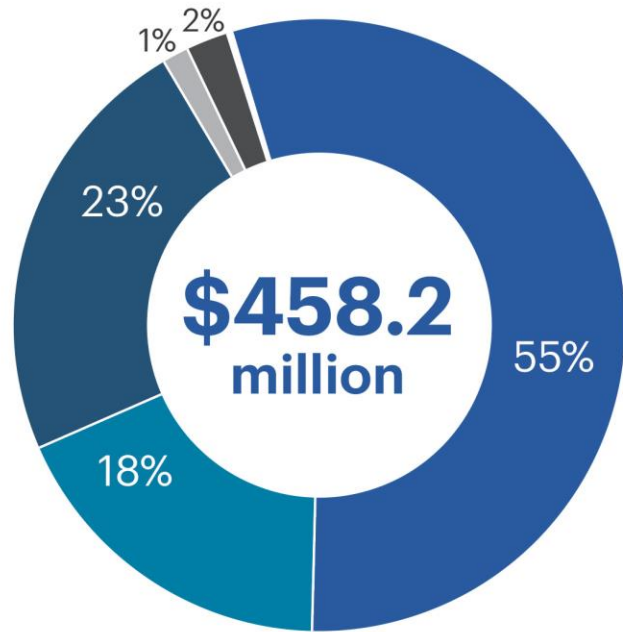


OUTLOOK

OUTLOOK

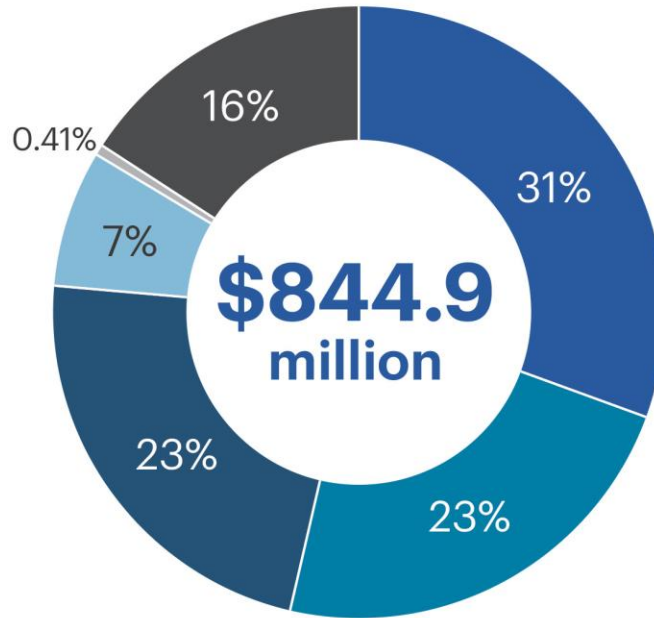
ORDER BOOK AND PIPELINE

Figure 1. Order Book



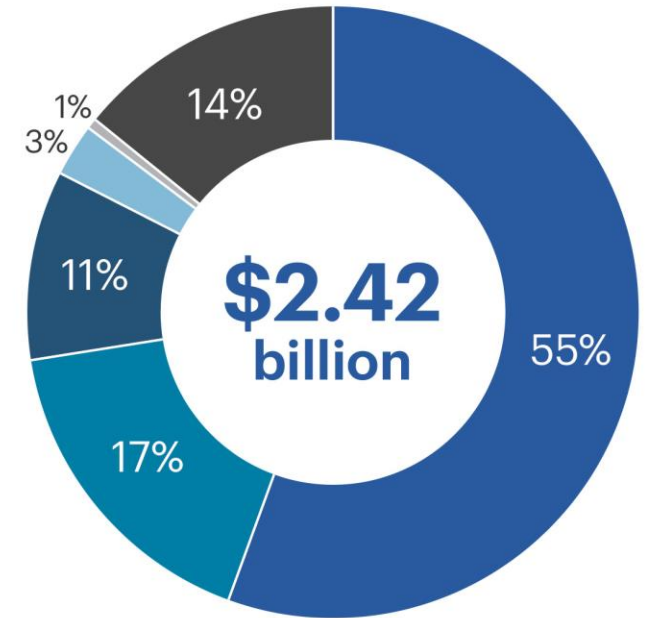
↑ from \$458m
at 31 July 2022

Figure 2. Tenders



↑ from \$701m
at 31 July 2022

Figure 3. Pipeline



↑ from \$1.72b
at 31 July 2022

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

OUTLOOK

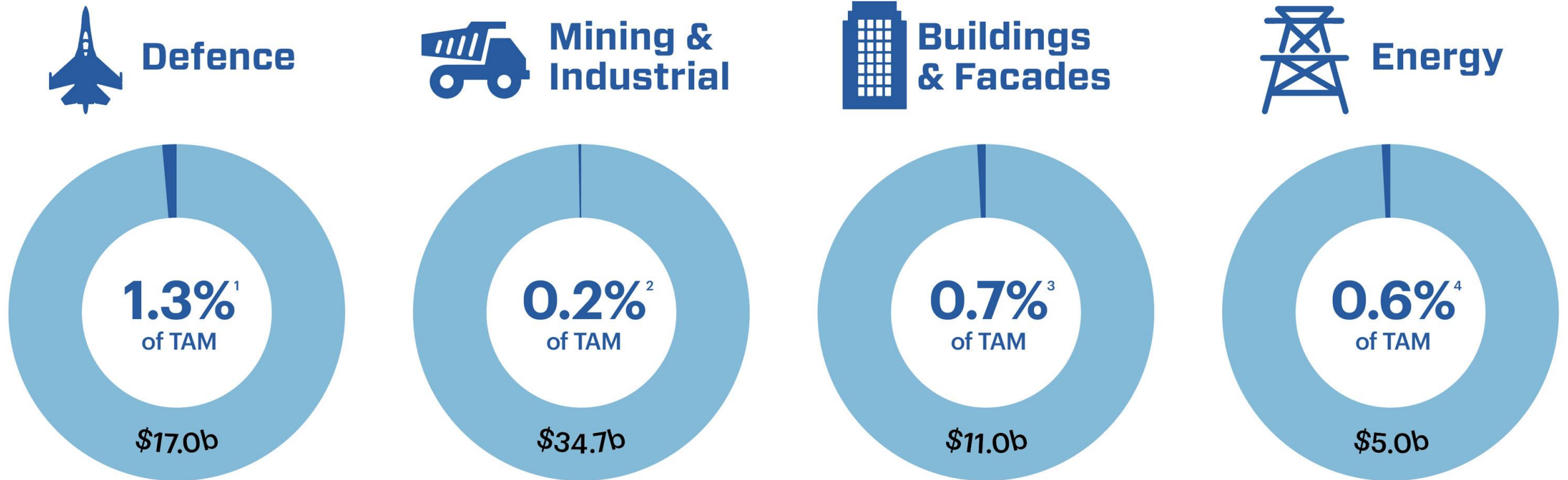
FY24 AND BEYOND

- Solid revenue growth expected in FY24
- Duratec well positioned for growth with increased tendering effort and prospects in all sectors
- Overall pipeline supports Duratec growth objectives
- Duratec well positioned to capitalise on accelerated Defence spend in key regions such as the NT, WA, SA, NSW and QLD
- Duratec establishing itself as a contractor of choice for Marine construction projects, a targeted growth sector
- Energy spend on maintenance and decommissioning expected to provide opportunity for FY24 and beyond
- Resources industry continues to grow and Duratec's services remain in demand
- High level of enquiry for MEnD technical services from key clients, with high potential for expansion geographically
- Ongoing disciplined evaluation of potential acquisition opportunities



OUTLOOK

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



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)



Case Studies

CASE STUDIES

Supporting Newmont at Boddington Goldmine

- Forming strong partnerships with clients is at the core of everything the Duratec team does.
- The Goldfields team has been working closely with the Newmont Boddington Gold Mine since 2014. This ongoing relationship has seen Duratec remain permanently onsite, delivering a range of maintenance and upgrade projects.
- Duratec currently holds both the tank refurbishments contract and the projects contract with Boddington and was recently nominated for the Newmont CEO Safety Award for outstanding safety performance.
- Originally Duratec commenced work in 2014 as a blast and paint service provider. The Company expanded from this base into concrete repair, specialised joint systems, acid protection, workshop flooring systems and technical assessments. Duratec will look to further expand MEnD's technical services on site as well as leveraging WPF's mechanical and structural fabrication service offering.



CASE STUDIES

WPF Contractor of the Year Award

- WPF was named Contractor of the Year at Santos' 2023 Director's EHSS Awards for their work supporting their offshore Western Australia activities.
- This work was also recognised for their collaborative, safe and highly effective approach supporting the Santos 2022 Harriet Joint Venture Plug and Abandonment (HJV P&A) campaign.
- The team's execution of specialised engineering and fabrication presented innovative solutions for the completion of pre-works on the sea pole located off Varanus island.
- Duratec's Managing Director, Phil Harcourt, said, "It is an honour for us to receive this recognition from the Santos management team. We are incredibly proud of the team for keeping safety top of mind and creating innovative solutions to achieve an award-worthy result."



CASE STUDIES

Proven Water Infrastructure Capability

Following a condition assessment of the water infrastructure, conducted by Icon Water, two key issues were identified:

- The joint sealing material between the concrete floor sections was in very poor condition
- The roof structure was also in poor condition and displayed corrosion in several areas

Duratec was engaged by Icon Water to rectify these issues. The project consisted of two phases:

- Phase 1: The upgrade of the aged sealing joints to ensure the reservoir could continue to hold water properly
- Phase 2: The replacement of the reservoir roof to keep the drinking water inside clean and safe

Duratec worked closely with the client to set up tree protection zones to preserve the reservoir's surrounds and ensure environmental impacts were minimised.

The project began in March 2022 and was completed in February 2023. Its success is testament to Duratec's expertise in the remediation of water infrastructure.

