

DURATEC LIMITED

FY24 RESULTS PRESENTATION



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SPEAKERS

MEET OUR
EXECUTIVES



CHRIS OATES
MANAGING DIRECTOR



ASHLEY MUIRHEAD
CHIEF FINANCIAL OFFICER



OLLIE MCKEON
EXECUTIVE MANAGER –
CORPORATE, STRATEGY &
INVESTOR RELATIONS

BUSINESS OVERVIEW

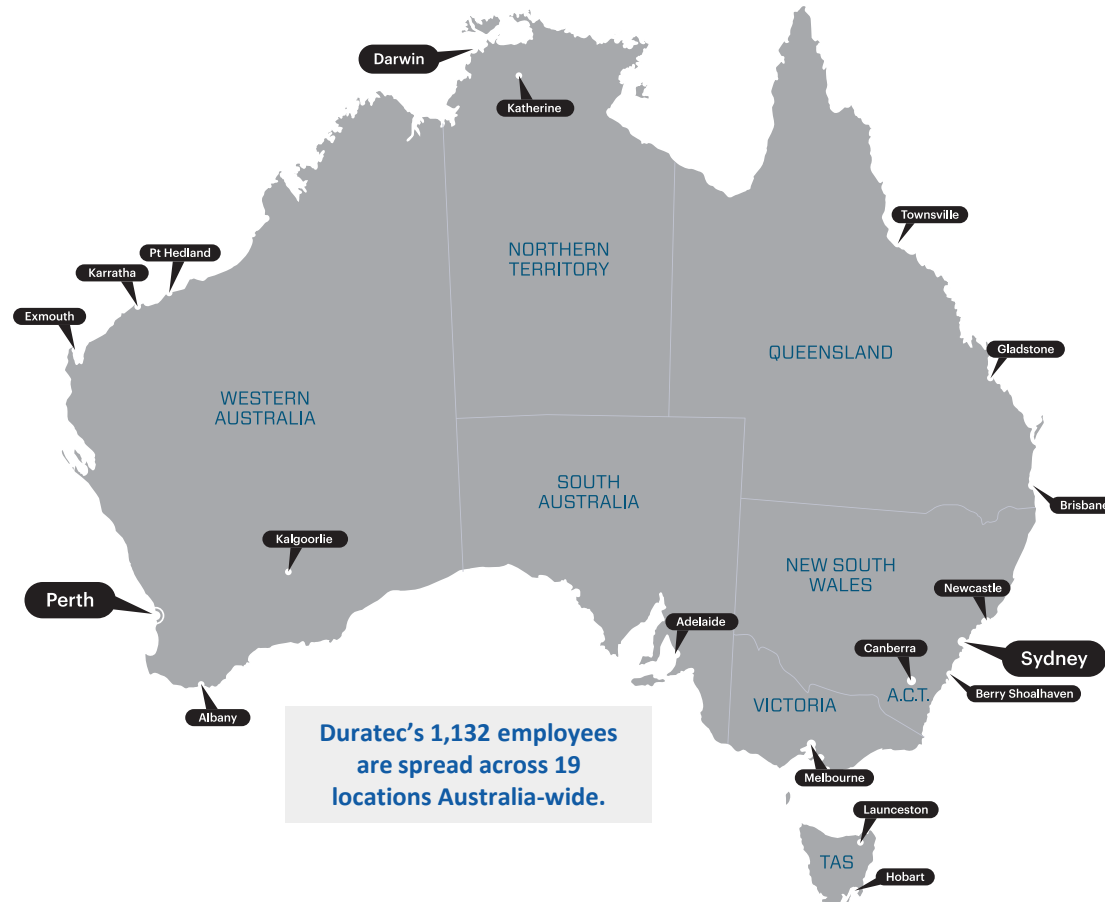
SPECIALIST TECHNICAL EXPERTISE IN UPGRADING AND EXTENDING THE LIFE AND USE OF INFRASTRUCTURE

KEY BUSINESS DRIVERS

- Aged infrastructure
- Asset capacity expansion
- Growing asset markets

KEY MARKET SECTORS

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



WPF Duratec Pty Ltd (WPF)

(wholly owned subsidiary)

Leading Energy sector 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.

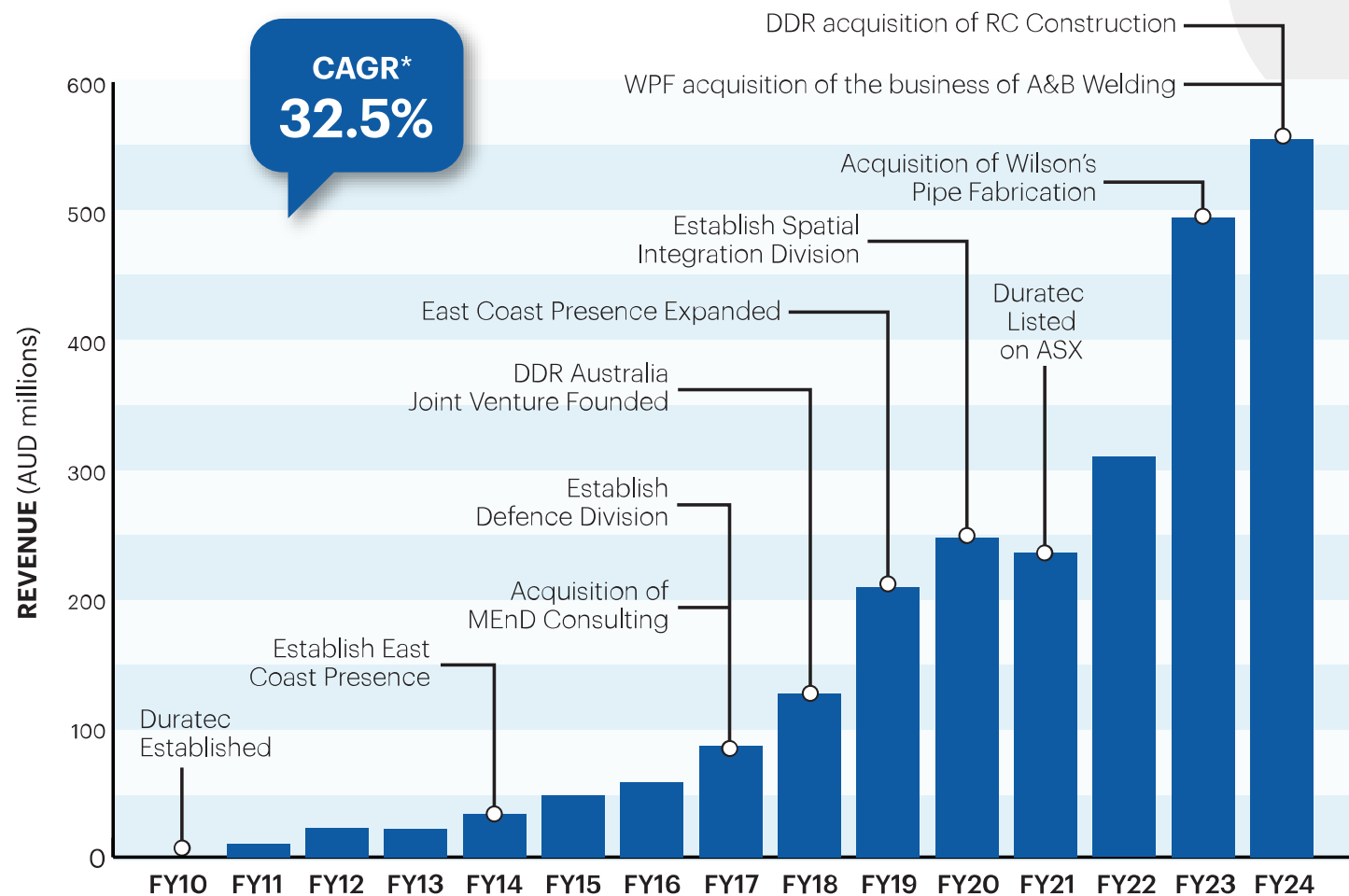
DDR Australia Pty Ltd

(associate investment)

Leading majority Aboriginal-owned contractor in Defence and Resources (IPP-funded opportunities).

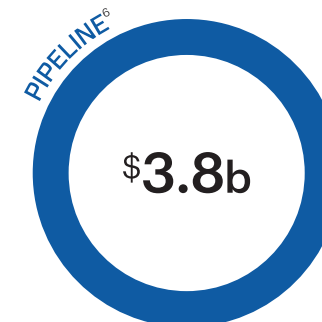
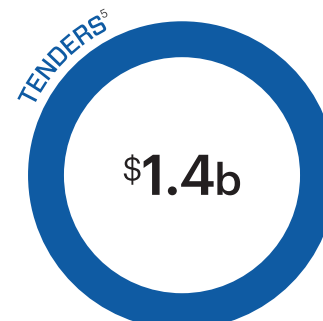
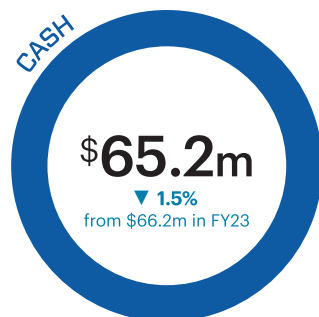
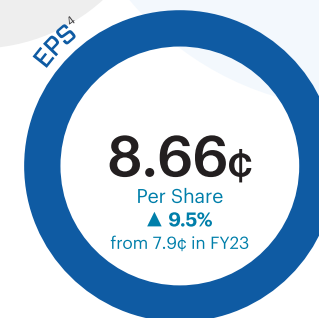
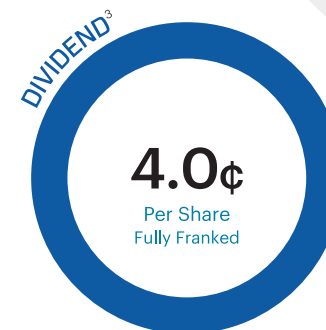
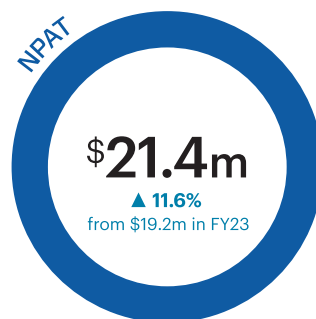
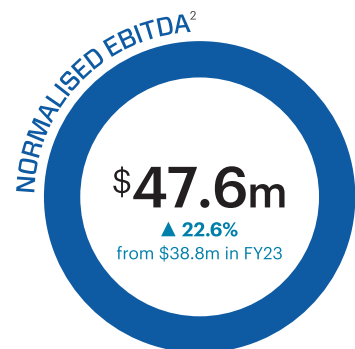
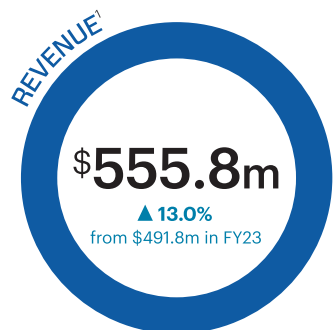
BUSINESS HISTORY

GROWTH OVER 15 YEARS



* Compound Annual Growth Rate over 15 Years

FY24 FINANCIAL HIGHLIGHTS



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 and one-off acquisition costs of A&B Welding and RC Construction (Normalisation = \$1.425m)

Note 3: Interim dividend of 1.5 cents per share and final dividend of 2.5 cents per share, fully franked

Note 4: Basic earnings per share (cents)

Note 5: Tenders includes submitted and currently being tendered opportunities

Note 6: Pipeline includes 49% share of DDR Australia Pty Ltd Revenue and 100% share of WPF Duratec Pty Ltd (wholly owned subsidiary)



FINANCIAL RESULTS

FY24 FINANCIAL RESULTS

- Record revenue, with yoy growth led by the Mining & Industrial sector (+79.4%) due to BHP Berth C&D Remediation and several structural integrity upgrades on Rio Tinto sites
- Improved average gross margin the result of more higher margin projects being completed in FY24, including self-perform and Early Contractor Involvement works
- Overheads increased as WPF Darwin office and new MEnD office established, and active tenders increased
- Normalised EBITDA margins improved as a result of the higher gross margins and improved profitability from DDR Australia. NPAT margins remained in line with the PCP as depreciation and amortisation costs rose
- Total dividend of 4 cents per share for FY24 providing balance between returns to shareholders and retaining funds for future growth

	Consolidated Entity	
	2024	2023
	\$'000	\$'000
Revenue	555,792	491,796
Gross Profit	96,175	82,073
Reported EBITDA	46,160	38,109
Normalised EBITDA	47,595	38,836
NPAT	21,430	19,201

Key Operating Metrics

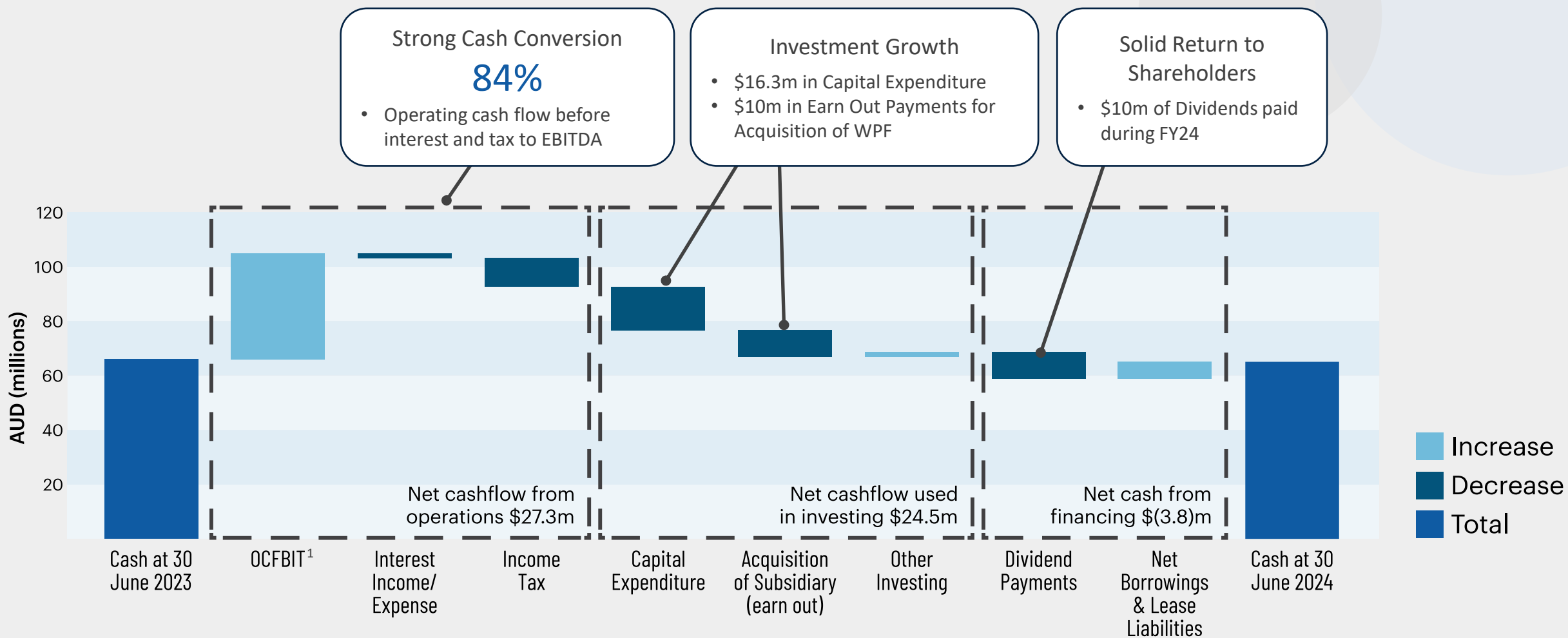
Gross Margin %	17.3%	16.7%
Normalised EBITDA %	8.6%	7.9%
NPAT%	3.9%	3.9%
Earnings per share (basic) - cents	8.66	7.91
Total Dividend (per share fully franked) - cents	4.00	4.00

BALANCE SHEET SUMMARY

- 28.3% increase in Net Assets to \$59.1m
- Increase in trade debtors representing higher invoicing levels undertaken at year end, which is evident with a corresponding reduction in contract assets
- Investment in property, equipment and vehicles to support the growth in Mining & Industrial segment
- Borrowings increased mainly due to asset financing for the plant, equipment and vehicles and a short-term cash advance facility that was used to support upfront procurement on the HMAS Coonawarra Harbour Works project and has subsequently been repaid post 30 June 2024
- Continued to be well supported with debt providers, with facilities increasing by \$69m during FY24 to \$174m, with \$50m of the increase being for project performance guarantees and bonds, ensuring sufficient headroom exists for future growth

	Consolidated Entity	
	2024	2023
	\$'000	\$'000
ASSETS		
Cash and cash equivalents	65,218	66,187
Trade and other receivables	74,250	66,119
Contract assets	18,802	25,185
Property, plant and equipment	33,446	25,962
Intangible assets	13,868	14,711
Investments accounted for using the equity method	5,732	4,536
Tax assets	4,769	4,573
Other assets	9,313	5,159
Total Assets	225,398	212,432
LIABILITIES		
Trade and other payables	78,836	85,436
Contingent consideration payable	-	9,000
Borrowings	25,495	15,308
Contract liabilities	39,332	35,727
Provisions	13,059	11,798
Other liabilities	9,555	9,100
Total Liabilities	166,277	166,369
Net Assets	59,121	46,063

CASH FLOW



Note 1: Operating Cash Flow Before Interest and Tax (OCFBIT)



OPERATIONAL HIGHLIGHTS

SAFETY & LEARNING

SAFETY & WELLBEING

- Improved risk management processes continue to prove effectiveness
- Safety culture is continuously strengthened and supported by the CareFactor program
- No Lost Time Injuries recorded
- 62% reduction in TRIFR from end of FY23

LEARNING & DEVELOPMENT

- Supervisor Leadership Program continues to provide onsite leadership skills and knowledge
- Abrasive blast and paint training facility provides in-house capabilities to deliver Verification of Competency assessments
- CareFactor continues to be rolled out across the business
- Commitment in offering development opportunities with our Traineeship and Apprenticeship Programs

Period	FY22	FY23	FY24
LTIFR ¹	0.98	0.00	0.00
TRIFR ²	7.81	7.39	2.74
AIFR ³	72.71	64.88	49.68
Hours Worked	2,048,952	2,435,345	2,918,464

Note 1: Lost Time Injury Frequency Rate

Note 2: Total Recordable Injury Frequency Rate

Note 3: All Injury Frequency Rate

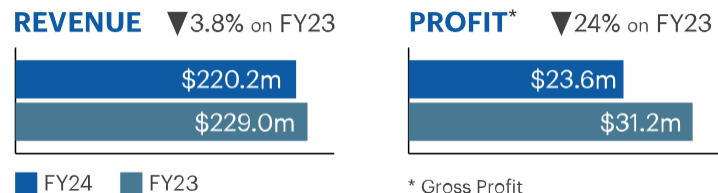
DEFENCE

PERFORMANCE AND OUTLOOK



FY24 PERFORMANCE

- The National Defence Strategic Review slowed the award of projects in FY24, which are now expected in FY25
- ECI Parkes Wharf extension award
- Major project works progressed through the year including RAAF Base Tindal Fuel Facility, HMAS Coonawarra Harbour Works and HMAS Stirling Oxley Wharf Extension
- Awarded more than 20 contracts in 2H FY24, including 5 medium-sized projects (\$5m-\$20m)



OUTLOOK

- Significant increases in tendered works places Duratec in strong position for FY25
- Defence spend ramping up significantly as nuclear-powered submarine and other surface vessel fleet requires major infrastructure upgrades at Garden Island Stirling Base
- Duratec's key offerings and locations align with the May 2024 National Defence Strategy, presenting significant opportunities for growth in this sector

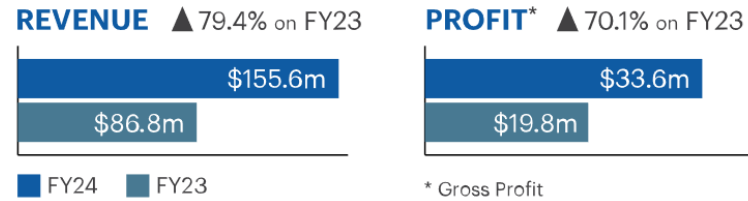


MINING & INDUSTRIAL PERFORMANCE AND OUTLOOK



FY24 PERFORMANCE

- Record level of revenue achieved
- Strong growth in MSA/annuity revenue
- Completed multiple structural integrity upgrades on key Rio Tinto and BHP Pilbara sites
- MEnD engaged by Rio Tinto and BHP to help model assets requiring remediation, positioning for growth in FY25
- Celebrated 10 years continuously maintaining Newmont Boddington's Mine in Western Australia



OUTLOOK

- Duratec's self-perform capability has positioned the company as the partner of choice in delivering shutdown projects as well as recurring maintenance work
- Growth in maintenance and remediation activities expected due to ageing M&I assets
- Growth in Northern Territory and Queensland with Rio Tinto and BHP BMA



BUILDING & FACADE PERFORMANCE AND OUTLOOK



FY24 PERFORMANCE

- Near completion of flagship project 51-storey Central Park Tower transformation in Perth
- Key projects included the Sydney Harbour Federation Trust project
- Completion of the University of NSW project and Westside Hospital in Queensland
- Major heritage facade restoration project awarded following an ECI at Market City in Sydney
- Multiple wins of medium sized (\$5m-\$20m) projects in several states and territories

REVENUE ▲ 42% on FY23



■ FY24 ■ FY23

PROFIT* ▲ 73.4% on FY23



* Gross Profit

OUTLOOK

- National presence and in-house design capabilities to support increasing demand from building owners de-risking portfolios or repurposing assets through facade remediation
- Strategic and selective approach to focus on key public building infrastructure for State Governments has resulted in a strong order book and pipeline of identified opportunities
- Stronger outlook for asset owners choosing ECI type contracts and MEnD digitisation services



ENERGY

PERFORMANCE AND OUTLOOK



FY24 PERFORMANCE

- Drop in revenue due to successful delivery of aviation fuel hydrant package at Western Sydney Airport in 1H FY24, with additional works awarded continuing our presence on site into FY25
- Project activity in the Energy sector has delivered substantial improvement in overall margins
- Successful completion of project works at the Waitsia Gas Project in mid-west WA
- Completed acquisition by WPF of the business A&B Welding in Darwin

REVENUE ▼29.6% on FY23



■ FY24 ■ FY23

PROFIT* ▼8.3% on FY23



* Gross Profit

OUTLOOK

- Recently gained Woodside vendor status and have several remediation opportunities
- Continue to leverage cross-subsidiary synergies to rollout respective Duratec and WPF capabilities into existing client base (recently won first Blast and Paint refurbishment project for Inpex)
- Newly formed national focus for the Energy sector will ensure Duratec is well positioned to secure and deliver projects which provide disciplined growth in revenue and profit



OTHER

PERFORMANCE AND OUTLOOK

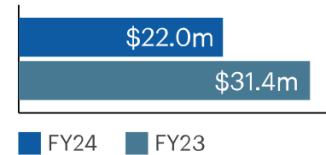
(INCLUDES MARINE, TRANSPORT & WATER INFRASTRUCTURE)



FY24 PERFORMANCE

- Reduced revenue mainly due to Transport Infrastructure projects undertaken in FY23 being completed
- Marine Division established
- Increase in water and wastewater infrastructure projects aligns with increased investment in Queensland and NSW utilities
- Tendering large scale 8-year opportunity on major rail infrastructure with Sydney Trains

REVENUE ▼ 29.9% on FY23



PROFIT* ▲ 17.4% on FY23



* Gross Profit

OUTLOOK

- New Marine Division positions the business to target further market share across the sector and to better support existing and upcoming Defence Marine Contracts
- The work-on-hand position in excess of \$40m supports Duratec's growth trajectory for FY25 and beyond
- Strong tender pipeline with larger scale prospects expected to come to fruition in FY25





FY24 PERFORMANCE

- WPF delivered FY24 full year revenue of \$33.8m and a gross profit of \$9.6m (accounted for in the Energy and M&I sectors)
- Completed the business purchase acquisition of A&B Welding Pty Ltd in Darwin, NT for \$1.5m, immediately doubling fabrication capacity
- First company in Western Australia to purchase and install the Novarc Technologies SWR-F Dual Torch Spool Welding Robot
- The Robot allows for increased productivity and faster turnaround times without compromising safety or consistent quality

OUTLOOK

- WPF continues to be a Santos contractor of choice and key partner in the decommissioning of assets on the North West Shelf
- Darwin expansion aligns with key asset locations for major clients including Inpex, Shell, and Santos (in Q4 workshop at 100% capacity)
- Commenced discussions with Chevron for WPF services
- Expansion of WPF Cockburn facility required in short/medium term to meet increased demand
- Strong growth anticipated in FY25 and beyond



A Duratec Limited Company

FY24 PERFORMANCE

- MEnD delivered the largest reality modelling, inspection, testing and engineer scopes in the Company's history, both in scale and value (1m images of an export wharf for Rio Tinto at Cape Lambert)
- Version 2.0 of Digital Defect Management platform AnnoView was launched in FY24. It has become a fully integrated and mobile solution empowering engineers, estimators, project managers and clients to collaborate in a spatial context through the entire life of a project
- Successfully implemented Artificial Intelligence (AI) as part of engineering inspection of rail bridges
- Lab team recognised as experts in the field of concrete analysis after laboratory received NATA accreditation in FY23 and passed its first annual audit in FY24

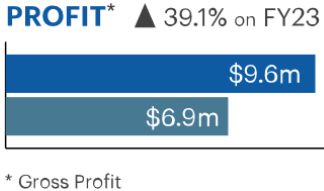
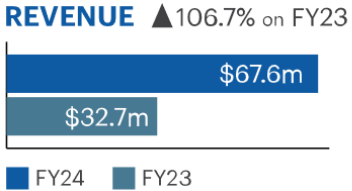
OUTLOOK

- MEnD's capability continues to lead Duratec into ECI opportunities by offering a full range of services for the entirety of an asset's lifecycle, enhancing end-to-end asset management services
- Working collaboratively with BHP Iron Ore, Yara Pilbara and Rio Tinto in the Pilbara region of Western Australia across 10 mines assessing key assets and assisting with maintenance plans
- Works have commenced on the new office and purpose-built laboratory facility in Perth. This will allow MEnD to cater for the increased demand for their services



FY24 PERFORMANCE

- Equity accounted investment owned by Duratec (49%) and Hutcheson & Co Holdings Pty Ltd (51%)

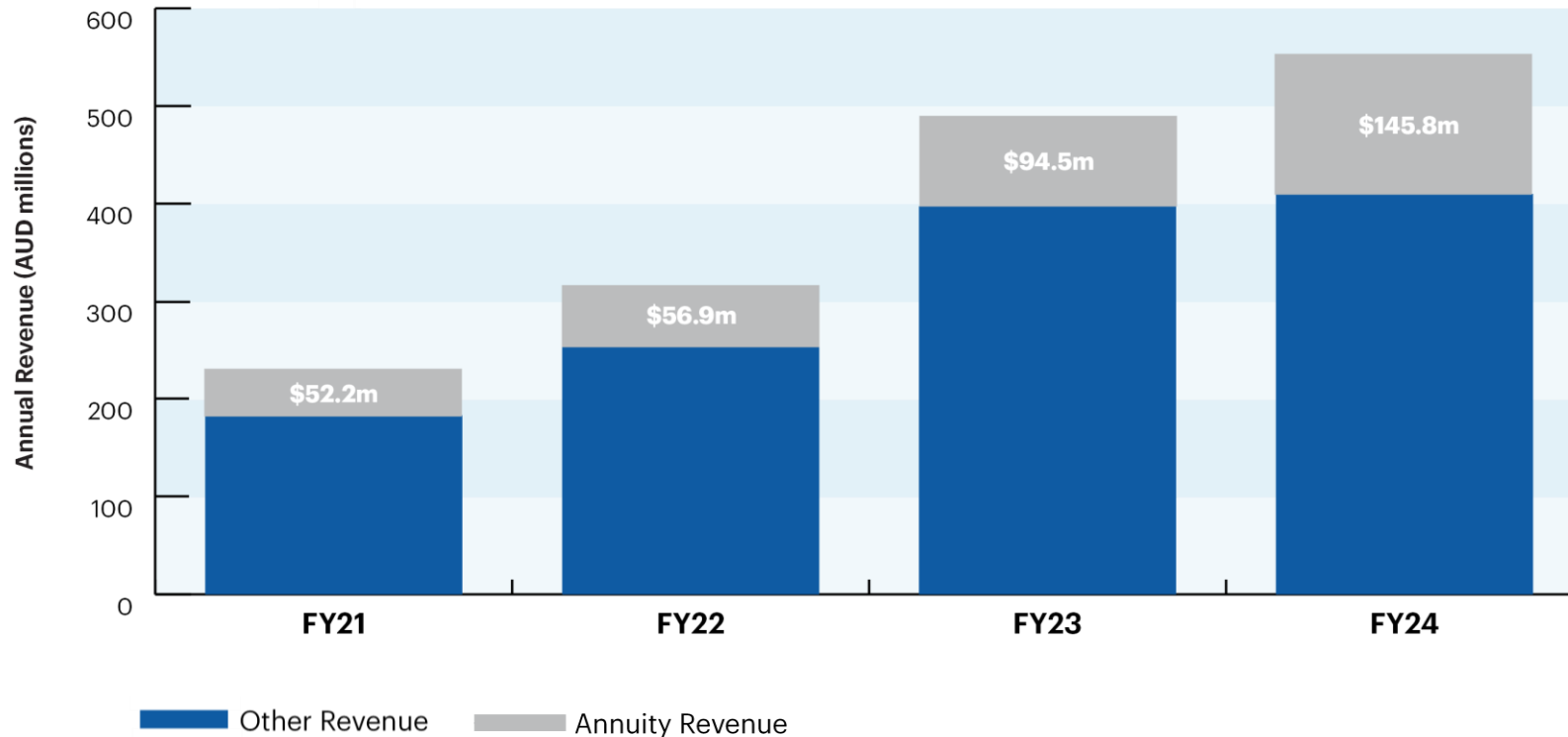


- Strategic acquisition of RC Construction, a specialist civil and structural construction contractor across industry sectors, extends DDR-Duratec’s joint capability in the construction space and provided a strong contribution to FY24 result
- Provides meaningful work and training opportunities to Aboriginal and Torres Strait Islander peoples

OUTLOOK

- Solid platform for future growth with work-on-hand of \$52.7m at the commencement of FY25
- The forecast is strong, bolstered by a portfolio of projects that ensure steady revenue streams
- Healthy prospects in part due to the Commonwealth Government’s acknowledgment of the importance of Indigenous engagement procurement and the provision for sole sourcing such entities

MASTER SERVICES AGREEMENTS (MSA)

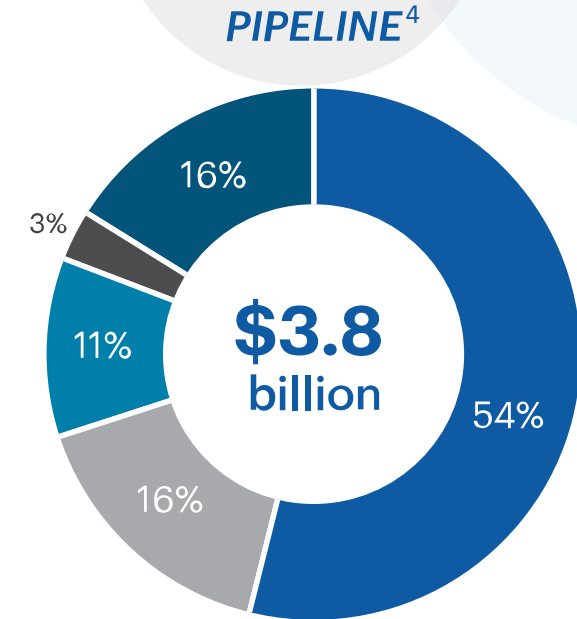
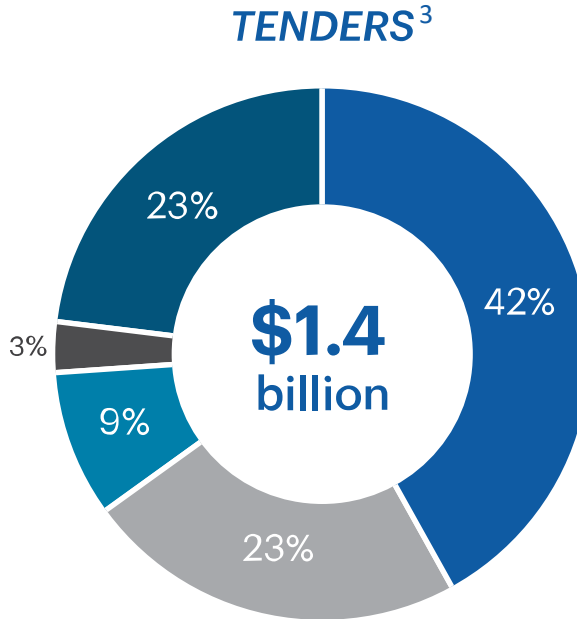
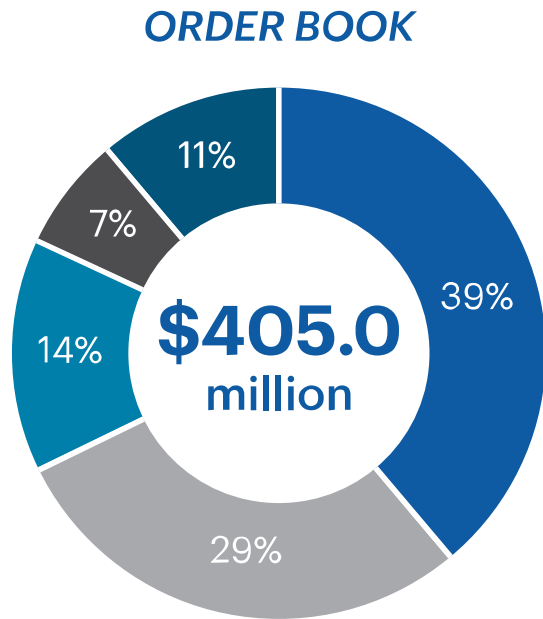


- MSA and annuity style projects represented approximately 26% of revenue for FY24 compared to 19% in FY23
- Annuity style contracts are more profitable than Duratec's average gross profit percentage



PIPELINE & OUTLOOK

ORDER BOOK, TENDER AND PIPELINE^{1,2}



■ Defence
 ■ Building & Facade
 ■ Mining & Industrial
 ■ Energy
 ■ Other

Note 1: As at 15 August 2024

Note 2: Figures include 49% share of DDR Australia Pty Ltd's Order Book, Tenders, and Pipeline

Note 3: Tenders includes submitted and currently being tendered opportunities

Note 4: Pipeline represents tangible opportunities identified in the market by the Duratec

OUTLOOK

SOLID REVENUE GROWTH ANTICIPATED IN 1H FY25

- Win rate of our medium-sized projects (\$5m - \$20m) more than doubled in 2H FY24. These projects have all commenced and will have revenue delivered in 1H FY25 with majority of projects continuing into 2H FY25
- Increasing delivery of MSA works to existing clients coupled with new MSA clients
- Large projects including Coonawarra, Tindal, Berth C&D and WSA still continuing through FY25
- Solid platform for growth with strong work on hand for DDR

MEDIUM TO LONG-TERM OUTLOOK

- Growing Orderbook and strong Tender outlook
- ECI contract model take up from clients coupled with MEnD digitisation of assets and lab services
- \$8b in additional investment is planned in infrastructure in Western Australia to support Australia's transition to a nuclear-powered submarine fleet
- Strong tailwinds in Mining, Energy and Building Maintenance
- Increasingly strong outlook for Duratec throughout the Pacific region (Australian Government spend and energy maintenance spend)
- Funded for future growth
- Potential strategic acquisitions

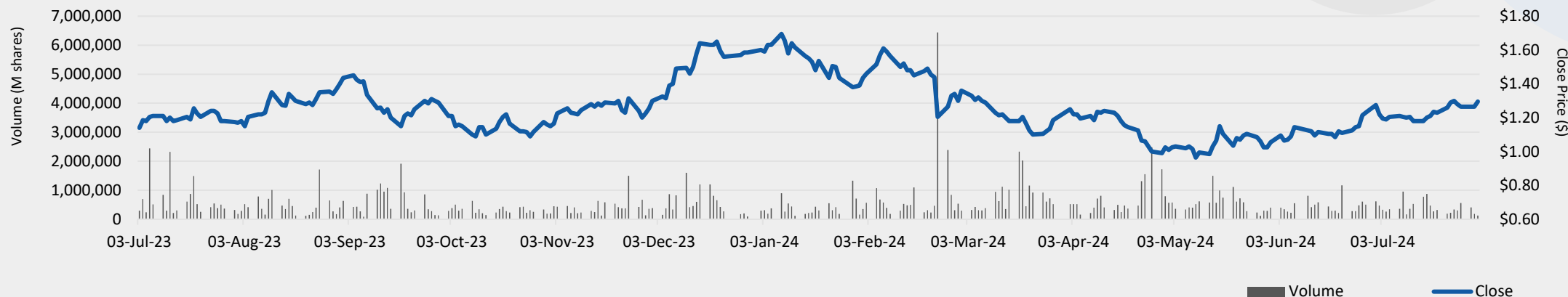




APPENDICES

CORPORATE SNAPSHOT

Share Price and Volume – 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 26 August 2024	\$1.225
Market capitalisation as at 26 August 2024	\$305m
Cash as at 30 June 2024	\$65.2m