

ASX ANNOUNCEMENT

22 August 2022

STRONG FY22 RESULTS WITH SOLID GROWTH OUTLOOK

Australian engineering, construction and remediation contractor, Duratec Limited (Duratec) (ASX: DUR), is pleased to provide its results for the financial year ended 30 June 2022. Duratec delivered a strong second-half result after navigating the ongoing challenges and impact imposed by COVID-19 in the first half. This announcement should be read in conjunction with the financial statements.

FY22 FINANCIAL HIGHLIGHTS

<p>Revenue¹ \$310.0m Up from \$235.7m in FY21</p>	<p>EBITDA² \$19.3m Up from \$18.3m in FY21</p>	<p>NPAT \$7.8m Up from \$7.1m in FY21</p>
<p>Dividend³ 2.0¢ Per share, fully franked</p>	<p>EPS 3.2¢ Per share</p>	<p>Cash \$58.3m Up from \$41.2m in FY21</p>

1. Revenue excludes DDR Australia Pty Ltd (49% share)
2. Normalisation of EBITDA accounts for tax effect from Duratec Limited's 49% investment in DDR Australia Pty Ltd
3. Interim dividend of 0.5 cents per share and final dividend of 1.5 cents per share, fully franked

PIPELINE OF WORK

<p>Order Book \$458.0m Up from \$236.2m in FY21</p>	<p>Tenders¹ \$701.0m Up from \$657.2m in FY21</p>	<p>Strong Pipeline² \$1.72b Down from \$2.2b in FY21</p>
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1. Tenders includes submitted and currently being tendered opportunities
2. Pipeline includes 49% share of DDR Australia Pty Ltd revenue

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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

PEOPLE HIGHLIGHTS

Total Employees 857	Women in Workforce 16.9%	Indigenous Workforce 6.0%
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OPERATIONAL HIGHLIGHTS

Projects 1,664 <small>Undertaken in FY22</small>	Client Base 235 <small>Number of clients in FY22</small>	Repeat Clients 83%
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OPERATIONAL UPDATE

FY22 consisted of two contrasting halves from both an operational and a financial perspective. The first half was impacted profoundly by COVID-19 outbreaks, as well as State and Territory government lockdowns, which also affected revenue realisation and the award of new projects. Once the burden of COVID-19 and lockdown restrictions lifted, the second half experienced a strong return to a more consistent operating market that allowed for more normal project delivery.

This market normalisation allowed for project awards to return to pre-lockdown rates. Duratec was able to capitalise on this by securing several key projects, including the RAAF Base Tindal aviation fuel farm (\$110m), Western Sydney International Airport aviation fuel hydrant main (\$50m), RAAF Base Richmond fuel hydrant line works (\$18.4m), HMAS Coonawarra wharf early works (\$16.5m) and Sydney Harbour Federation Trust managing contract (\$13m).

The lifting of restrictions also enabled productivity to return to normal across key Duratec projects, such as the Central Park cladding replacement works (\$63m) and the HMAS Stirling Oxley Wharf extension (\$53m – Duratec’s share of the revenue is 50%). The improvement in market conditions during the second half of FY22 resulted in strong revenue growth, an increase in overall gross margin and an upgrade in the underlying profit contributions relative to H1 FY22.

All major projects are performing well and in line with expectations, in terms of safety, program and financial contribution. Most works will continue through FY23 and into FY24.

ORDER BOOK AND PIPELINE

Duratec's order book and pipeline continue to grow and are well diversified across industry sectors and geographies. The volume of tenders is high with a total value of \$701.0m either submitted or currently being worked on. Duratec is encouraged by the \$1.72b value of high-quality identified opportunities which are expected to translate into increased tendering across key sectors. This, together with Duratec's strong balance sheet, provides an excellent platform for Duratec to secure additional contracts that support sustainable long-term growth.

Duratec remains vigilant and nimble in order to respond effectively to current market challenges, and the company continues to focus on safety, systems, cost control, disciplined tendering (based on ECI) and quality of delivery to grow the business sustainably and drive shareholder returns.

OUTLOOK

Duratec's operational capacity moving into FY23 and beyond is strong. Coupled with its geographical footprint, diversity of clients and \$1.72b pipeline of opportunities, the company is in a sound position to secure and deliver strong growth over the coming years. Duratec's organic growth strategies will continue, along with disciplined evaluation of potential acquisition targets that are not only a good cultural fit for Duratec, but also provide a complementary service offering to the sectors within which the company already works.

Duratec expects a return to historical year-on-year growth in revenue and profitability in FY23 and beyond, underpinned by the order book of \$458.0m and tenders of \$701.0m.

Commenting on the FY22 results and outlook, Duratec's Managing Director Phil Harcourt said:

"It was encouraging to achieve significant improvement in overall financial performance, including strong cash generation in the second half. This second-half recovery demonstrates what Duratec as a business is capable of. Going forward, supported by a strong order book and current tenders, Duratec is well positioned for continued long-term growth".

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 and facades, infrastructure (e.g. water, transport and marine), mining and industrial, and 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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