

# ASX ANNOUNCEMENT

20 February 2025

## DURATEC 1H FY25 FINANCIAL RESULTS

- Revenue of \$287.3m and EBITDA of \$26.9m delivered (a 12.3% increase from \$24.0m in PCP)
- Increased EBITDA and NPAT margins compared to the PCP
- Tenders at a record high of \$1.6bn, with a pipeline of \$4.1bn
- Continued to win many small and medium-sized projects across all sectors, including award of \$44m structural integrity project for Rio Tinto Limited under an existing Master Services Agreement (MSA)
- Duratec Ertech Joint Venture (DEJV) award of two Early Contractor Involvement (ECI) Planning Phase contracts with the Department of Defence (DoD) for critical infrastructure works at HMAS *Stirling* (\$1.9m and \$8.1m respectively, planning phase values)
- Continued successful expansion within Energy sector, including \$21.8m direct contract project award with Woodside Energy Limited
- DDR Australia (DDR) award of \$54.7m contract for the DoD in the Northern Territory
- WPF Duratec's (WPF) acquisition of GF Engineering Pty Ltd's business assets, including the novation of an existing MSA contract with Chevron Australia (Chevron) and relocation to a 12,000m<sup>2</sup> site in Naval Base, WA
- Project bank guarantee and bonding facilities successfully increased by \$110m to \$225m
- Duratec remains well positioned to deliver on its stated guidance for FY25, with revenue expected to be in the range of \$600m to \$640m, delivering a forecast EBITDA of \$52m to \$56m

Australian engineering, construction, and remediation contractor Duratec Limited (**Duratec** or the **Company**) (ASX: DUR) is pleased to announce its 1H FY25 financial results.

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## 1H FY 25 FINANCIAL HIGHLIGHTS

<b>Revenue<sup>1</sup></b> <b>\$287.3m</b> 1.9% decrease on PCP	<b>EBITDA<sup>2</sup></b> <b>\$26.9m</b> 12.3% increase on PCP	<b>NPAT</b> <b>\$13.0m</b> 6.1% increase on PCP
<b>Dividend</b> <b>1.75¢<sup>3</sup></b> 16% increase on PCP	<b>EPS<sup>4</sup></b> <b>5.19¢</b> 4.6% increase on PCP	<b>Cash</b> <b>\$60.8m</b>

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 and one-off relocation costs.
3. Interim dividend of 1.75 cents per share, fully franked.
4. Basic earnings per share (cents).

## 1H FY25 RESULTS – BUILDING ON HISTORICAL PERFORMANCE

	1H FY25	1H FY24	PCP Movement	PCP Movement
	\$'000	\$'000	\$'000	%
Revenue	287,256	292,737	(5,481)	-1.9%
Reported EBITDA	25,137	23,741	1,396	5.9%
Normalised EBITDA <sup>1</sup>	26,936	23,988	2,948	12.3%
NPAT	12,971	12,225	746	6.1%
<b>Key operating metrics</b>				
Normalised EBITDA %	9.4%	8.19%		14.4%
NPAT %	4.5%	4.18%		8.1%
EPS (basic) – cents	5.19	4.96		4.6%
Interim Dividend – cents	1.75	1.50		16.7%

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

## PIPELINE OF WORK AS AT 31 JANUARY 2025

<p><b>Order Book<sup>1</sup></b></p> <p><b>\$410m</b></p> <p>Up from \$409m at 22 Nov 2024</p>	<p><b>Tenders<sup>2</sup></b></p> <p><b>\$1.6b</b></p> <p>Up from \$1.5b at 22 Nov 2024</p>	<p><b>Pipeline<sup>1,3</sup></b></p> <p><b>\$4.1b</b></p> <p>No change from 22 Nov 2024</p>
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1. Orderbook and Pipeline includes 49% share of DDR Australia Pty Ltd Revenue.
2. Tenders includes submitted and currently being tendered opportunities.
3. Pipeline represents tangible opportunities identified in the market by the Duratec group of companies.

### Duratec's Managing Director, Chris Oates, commented on the 1H FY25 Result:

"The strong first half result demonstrates the progress we have made in delivering our strategy supported by our strong balance sheet and good cash conversion. We have a healthy order book which highlights we are continuously winning our share of small to medium projects and we are funded for future growth and potential strategic acquisitions that align with our strategy. We have a fantastic team supporting the realisation of our strategy and we believe investment in training and upskilling of our people, harnessing technology and innovation, helps in delivering safer outcomes for ourselves and our clients.

"As we look to the future, Defence will play a key role in contributing to our long-term growth, with the Department of Defence having committed spend to multiple upgrades at HMAS *Stirling* on Garden Island, WA, as well as Government spend at the Henderson Precinct, WA, while the Fuel Transformation Program will provide us with quality opportunities across the country.

"The outlook for Energy and Mining remains strong, with tailwinds in the decommissioning and maintenance space. Duratec's self-perform capability along with WPF's acquisition of GF Engineering positions us well to continue our growth in these sectors and build on our strategic positioning to date.

"It is pleasing to see ECI opportunities across Defence, Building & Façade and Mining & Industrial increasing within our tender pipeline. These opportunities allow us to get involved with our client early, assist with design and costing before the project delivery phase and hence, mitigate the risk involved for both Duratec and our client. We see ECI opportunities providing a sustainable growth model, one which has taken years to perfect."

## SECTOR UPDATE

Duratec provides the following update on its key market segments:

- **Defence** – The Defence segment experienced a lower level of revenue compared to the PCP with the RAAF Base Tindal Fuel Facility now in commissioning and handover phase, while HMAS *Coonawarra* Harbour Works will continue through 2H FY25. The Company is now preparing for the Duratec Ertech Joint Venture (DEJV) HMAS *Stirling* Garden Island works. The DEJV team have submitted the second round of Planning Phase deliverables for the two critical infrastructure projects at HMAS *Stirling*; the work involves the planning for the provision of the fit-for-purpose, nuclear complaint facilities to support the expansion and enhancement requirements of the DoD's infrastructure upgrade at HMAS *Stirling* under the AUKUS agreement. Subject to the successful completion of the ECI Planning Phases, a Delivery Phase for both projects will follow in 1H FY26. Duratec's

national delivery model resulted in wins across multiple states and territories, consolidating Duratec's position as a trusted delivery partner for the DoD. A significant increase in tendered works places Duratec in a strong position for 2H FY25 and beyond.

- **Mining & Industrial** – The Mining & Industrial segment experienced lower revenue compared to the record level in the PCP, but with the Structural Integrity Project at Rio Tinto's Tom Price mine site having just commenced at the end of 1H FY25, the sector is positioned well for the second half of the year. Highlights for the half-year include the award of a \$44 million structural integrity project under an existing MSA with Rio Tinto, while the Berth C&D project for BHP is progressing well, and the Company was recently awarded a \$5m scope extension which will extend Duratec's presence on site. Duratec's marine MSA with Roy Hill has been expanded to service the mining and rail sectors across inland operations, which will provide growth opportunities for the Company. Duratec's long-standing relationships with clients including Newmont and Northern Star have contributed to the continuous growth of the Company's MSA projects within the gold sector. Leveraging off Duratec's in-house experience and existing client relationships, the Company has implemented a mining strategy which is targeting expansion of operations in the Northern Territory, Queensland, and New South Wales, with a focus on securing positions on pre-approved engineering and remediation panels. Duratec continues to monitor the needs of existing clients and will strategically diversify its offering to support its goals.
- **Building & Facades** – In the first half of FY25, Duratec continued to build on its strategy to work collaboratively with its clients on sustainable fit for purpose solutions that provide value through design. Substantial progress continued on:
  - Air Apartments Adelaide facade works – \$15.5m (ECI converted to main works contract)
  - Darwin State Square Art Gallery Precinct facade – \$11m (ECI converted to main works contract)
  - Market City Sydney facade remediation project – \$9.5m (ECI converted to main works contract)

Other key projects completed in the period include the Adelaide Town Hall – Heritage façade restoration, and the National Carillion, ACT – Heritage façade restoration. Through Duratec's ECI process, clients are now seeing the benefits of the Company's early adoption of interactive visual 3D reality models and digital twins; these specialist building information modelling (BIM) tools provide precise data and process tracking from beginning to end, and the models are all completed by Duratec's in-house design team. The Company is currently working on two ECI projects with the work anticipated to be valued at over \$50m and the value of the ECI planning phases being \$1.3m. These key projects demonstrate Duratec has the experience and expertise to maintain key clients within this sector nationally and continue to gain repeat business.

- **Energy** – The Energy segment experienced strong growth in the first half of FY25, driven by record revenue from WPF on the back of high volumes of activity including decommissioning works for Santos on the North West Shelf. Duratec's successful ongoing expansion within this sector saw the award of its first direct contract with Woodside, being the \$22m King Bay Supply Base (KBSB) Wharf Refurbishment, located within the Port of Dampier in WA, as well as onsite works at the Inpex Ichthys Facility in Darwin and continued success in the delivery of critical fuel infrastructure projects with the award of the Western Sydney Airport Hanger fuel line. With a focus on geographical expansion, the Company will leverage synergies across Duratec and WPF capabilities to the combined client base. It is expected that this sector will continue to grow strongly.
- **Other** – Marine, Transport and Water Infrastructure, delivered strong growth in the first half of FY25, with revenue up 173% compared to the PCP due to a number of Marine and Infrastructure projects undertaken in the period. The opportunities Duratec has delivered to date within this sector are part of its organic growth

strategy and the Company will continue to monitor and grow these emerging sectors in line with its overall strategic plan.

## WPF DURATEC

The first half of FY25 was positive for WPF, with all aspects of the business performing beyond expectations. As part of WPF's strategic growth within the Energy sector, 1H FY25 saw the acquisition of the business assets of GF Engineering Pty Ltd. The acquisition included access to the 12,000m<sup>2</sup> Naval Base facility with 3,000m<sup>2</sup> of workshop area. The \$2.2m acquisition, funded from existing cash, includes the novation of the fabrication services contract with Chevron Australia and ensures that WPF has the capacity to better service its existing and new clients. WPF has cemented itself into the Northern Territory, assisting Inpex with the specialist repairs of the Heat Exchangers at the Ichthys Plant and undertaking the demolition works for Santos' DLNG pipeline diversion project. Offshore decommissioning continued to grow within 1H FY25 with the delivery of the Santos Harriet JV Decommissioning pre-works, and Duratec will continue with its focus on decommissioning and anticipates the sector to grow strongly.

## MEND CONSULTING

Demand for Duratec's technical team of engineers continued to grow in 1H FY25. The October 2024 relocation of the MEnD team to its new hybrid office-laboratory-workshop facility in East Perth has increased MEnD's capacity to meet the growing demand for its specialist services. The purpose-built facility ensures that MEnD can provide clients with improved efficiency, bolster its position as an industry leader in ECI and attract the best talent. Maintaining a focus on advanced technology integration is key to ensuring MEnD is leading the pack and it has introduced cutting-edge 360-degree cameras and SLAM scanning technology, combined with 3D reality model processing. These innovations enable rapid deployment of the Company's in-house developed Digital Defect Mapping solution AnnoView, significantly enhancing the point of difference for MEnD and Duratec projects nationwide. MEnD has been awarded its first contract in the Bass Strait, supporting vital scoping studies for oil and gas decommissioning works. This milestone underscores its expertise and the way that MEnD provides ECI opportunities for the Group. MEnD's innovative collaboration with a key client in the mining sector marks the beginning of a pilot project aimed at developing a virtual plant solution. This initiative focuses on the spatial management of data for power generation sites.

## DDR AUSTRALIA

DDR Australia Pty Ltd (**DDR**) is a joint venture equity accounted investment owned by Duratec (49%) and Hutcheson & Co Holdings Pty Ltd (51%). The DDR group delivered revenue of \$48.6 million, which is up 105% on the PCP. Most notable for the half-year was securing a \$54.7 million DoD project which forms part of a larger portfolio of works for Project Phoenix provides visibility of revenue for DDR through to FY26. This award was DDR's largest contract to date. DDR's heavy reliance on DoD revenue in previous financial years resulted in the strategic acquisition of RC Construction in the second half of FY24, which delivered both growth and diversification for the group in 1H FY25. The strong pipeline of prospects across multiple sectors allows DDR to be selective and position for success. DDR's focus has always been to identify, train and retain Aboriginal and Torres Strait islander staff, and the acquisition of RC Construction has allowed it to do so whilst also building a self-performing capability that can deliver successful projects.

## INTERIM DIVIDEND

Duratec has declared an interim fully franked dividend of 1.75 cents per share. The record date is 14 March 2025 with a payment date of 30 April 2025. The Company's Dividend Reinvestment Plan applies for the interim dividend. To elect to participate in the DRP, visit: <https://www.computershare.com/Investor>.

## OUTLOOK

Duratec remains well positioned to deliver on its stated guidance for FY25, with revenue expected to be in the range of \$600m to \$640m, delivering a forecast EBITDA of \$52m to \$56m.

The order book is healthy, demonstrating good win rates on the small to medium sized projects across all sectors. The tender pipeline is underpinned by ECI opportunities across Defence, Building & Façade, and Mining & Industrial sectors. These ECI opportunities give Duratec great confidence and visibility of growth into FY26 and beyond and allows the business to work closely with valued clients, assisting with design and costing before the project delivery phase.

The Energy Sector continues to provide opportunities for Duratec and WPF, and Duratec's diversification into this sector has been hugely successful. There is a strong demand for the maintenance services offered by both companies and WPF is well positioned to continue to play an important role in supporting decommissioning activities over the next 10 years.

As part of Duratec's growth strategy, project bank guarantee and bonding facilities were successfully negotiated and increased by \$110m to \$225m. These facilities will be used to back performance obligations of new projects as well as supporting advance client payments to aid cashflow. With ample headroom for bank guarantees and bonds, Duratec is strongly positioned for the continued growth of the company.

Authorised for release to ASX by the Board of Duratec Limited.

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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. The Company'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 20 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](http://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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