

# Euroz kicks off roadshow for WA IPO hopeful

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There's one more initial public offering on the road before reporting season begins in earnest on Monday and fund managers put on the blinkers.



Duratec is working in partnership with Camco Engineering to apply protective coatings to ExxonMobil's LNG facility in Papua New Guinea.

Street Talk understands [broker Euroz Securities](#) kicked off investor education meetings for WA-based engineering remediation services business Duratec in Sydney and Melbourne this week

ahead of a potential ASX-listing in May.

While it is early days and numbers are still moving around, fund managers were told the company, which made \$200 million in revenue last year, is expected to raise about \$50 million for an indicative market capitalisation north of \$120 million.

Sources said Duratec's parent company Ertech Holdings Group – which owns 51 per cent of the business – will seek to sell down a portion of its stake as part of the offer.

Duratec is a decade-old asset remediation and refurbishment specialist. The company focuses on the protection and remediation of steel and concrete structures, to extend the life of those types of assets.

It is one of two national players in what fundies were told is a highly specialised sector. Its managing director Phil Harcourt has more than 44 years experience in engineering and more than 20 years experience in the steel and concrete remediation industry.

## Crunching the numbers

The company posted \$200.4 million in revenue in the 2019 financial year, an increase from \$126.3 million the year prior, according to financial statements lodged with the corporate regulator.

It recorded a \$9.7 million after-tax profit in the 2019 financial year, up from \$6 million in the 2018 financial year.

**Duratec financials**

**DURATEC AUSTRALIA PTY LTD ABN: 94 141 614 075  
AND CONTROLLED ENTITIES  
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 JUNE 2019**

		Consolidated Group	
		2019	2018
		\$	\$
Revenue from contracts with customers	Note 3	200,423,888	126,346,884
Contracting cost of sales		(162,148,470)	(102,619,985)
		<u>38,275,418</u>	<u>23,726,899</u>
Other income	Note 3	394,140	280,887
Employee benefits expense		(14,999,121)	(9,870,448)
Administration expense		(5,911,968)	(2,252,828)
Audit expenses		(214,140)	(111,605)
Occupancy expense		(1,963,637)	(1,574,311)
Impairment of goodwill		-	(99,432)
Depreciation and amortisation expense		(2,194,248)	(1,254,733)
Finance costs	Note 4(a)	(309,445)	(132,900)
Other expenses		(8,761)	(65,153)
Share of net profits of associates and joint ventures		757,884	200,000
<b>Profit before income tax</b>		<u>13,826,102</u>	<u>8,834,958</u>
Tax expense	Note 5(a)	(4,167,445)	(2,816,344)
<b>Profit for the year</b>		<u>9,658,657</u>	<u>6,018,612</u>
Other comprehensive income for the year, net of tax		-	-
<b>Total comprehensive income for the year</b>		<u>9,658,657</u>	<u>6,018,612</u>

SOURCE: COMPANY DATA

Duratec has worked for the likes of the NSW Department of Industry, Swinburne University and the Department of Defence. Its mainstay clients operate in the defence, commercial infrastructure and resources sectors.

Duratec's specialist access team – which provides maintenance, inspection and upgrade services to difficult-to-reach assets – started its first international contract in 2019, according to the company's website.

The company has been working in partnership with Camco Engineering to apply protective coatings to ExxonMobil's LNG facility in Papua New Guinea. The project is expected to finish by the middle of 2020.

It's been a busy week for the current crop of ASX-aspirants.

Soft tissue regeneration business [Aroa Biosurgery](#), youth fashion chain [Universal Store](#) and payroll software company [Ascender](#) have all started the IPO warm-up round with non-deal roadshows or lunches held at sponsor brokers.