

Welcome to the Annual General Meeting

The Environmental Group Ltd

22 November 2018



Agenda

- Quorum / open meeting
- Chairman's welcome, introduction of board members
- Notice of meeting – taken as read
- Chairman's presentation
- Operational updates
 - EGL Water
 - TAPC
 - Baltec IES
- Business – notice of meeting items
- Financial statements and reports
- Resolutions
- Other business

Chairman's Presentation

Group Overview



Chairman's Address

- In FY18 The Environmental Group Limited (EGL) again delivered positive results achieving an EBIT of \$2.1 million (\$2.2M in FY17) on a revenue of \$32.1 million (\$32.7M in FY17). Gross Margins remained strong at 26.8% tightening slightly against FY17 levels of 27.5%.
- During the period the group secured improved CBA facilities, increasing from \$2.5 million to \$9 million, consisting of a bond facility of \$7 million and a working capital facility of \$2 million. This provides greater flexibility for the group to access contracts that have less favourable payment terms whilst still delivering positive returns on completed projects.
- The board thanks Andrew Bush and the CBA for working together to achieve this outcome.
- As at the 30th June 2018 EGL had a solid cash and cash equivalents position of \$2.2 million compared to \$5.6 million at 30th June 2017. The lower cash holding was a result of paying down debt, project timing and the ability to utilise its new funding arrangements and take advantage of contracts with less favourable payment terms.
- By the end of the period, the group had repaid all interest bearing long term debt.
- The board was also pleased to announce a final fully franked dividend of 0.06 cents as a result of the continued stability in operational profitability.

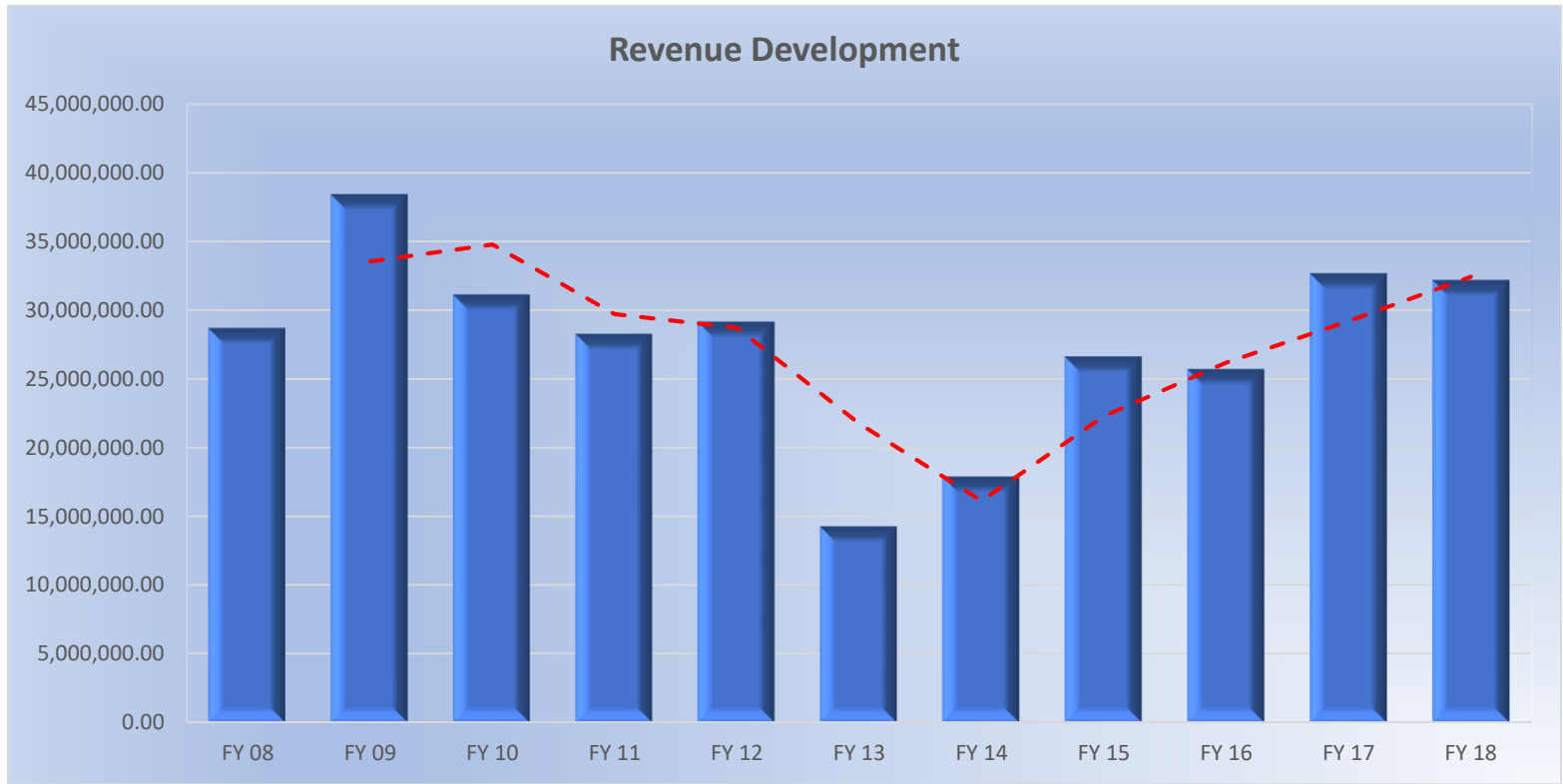
Review of operating results



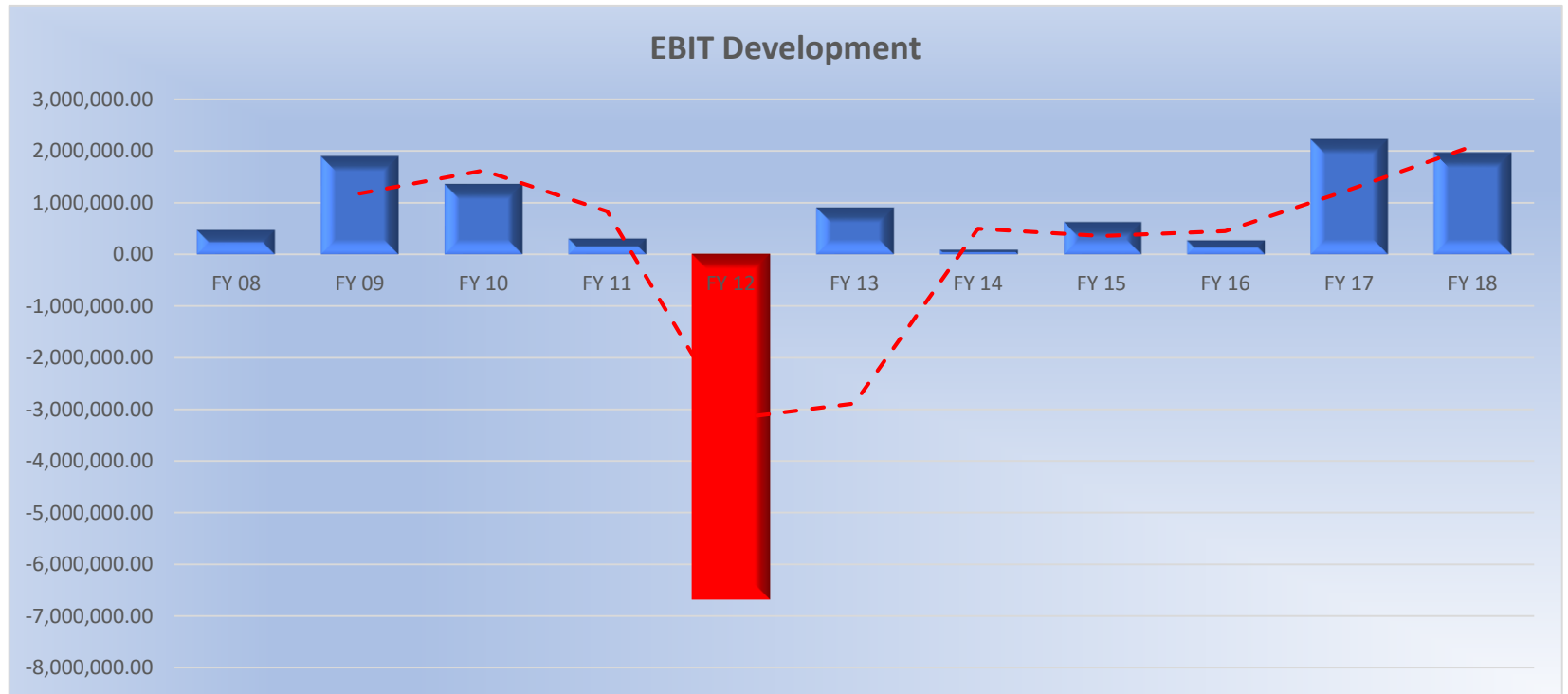
Baltec IES had a strong year delivering a 3% increase in revenue, at a slightly reduced margin. This resulted in a solid EBIT of \$2.4 million against FY17 results of \$2.7 million.

Stronger results than anticipated in the final quarter of FY18 were achieved due to an accelerated schedule in some contracts, however this will impact the first half of FY19 due to the lead time with new projects.

TAPC revenue increased by 7% in FY18, and delivered an EBIT of \$692K compared to a \$830K in FY17. Positive returns were impacted by the work completed on a major project in Turkey as outlined in the annual report.



Solid revenue growth over the past 5 years with an CAGR of 17.6%



EGL has delivered solid results for FY17 & FY18



Forward Outlook

- The board forecasts short term tightening of results with an anticipated negative return in the first half of FY19, returning to positive results in the second half, however at lower levels than FY18.
- Based on forward pipeline opportunities and anticipated strengthening in Baltec and TAPC markets, the board is forecasting a return to 2018 levels in 2020.

FY19 Strategic Focus

- Continued focus on Business Development activities in core markets
- Development of key relationships to provide enhanced service offerings and adjacent products
- Due to the repayment of interest bearing debt and a strong balance sheet the group is in the position to tender for contract that previously were beyond its capabilities
- The group will focus on a strategic acquisition target to provide recurring service revenue to complement the existing project driven business units
- The board will also undertake a limited buyback and resale of untradeable share parcels to reduce costs and increase liquidity.





As advised in December, the board acknowledged that one of the most challenging environmental issues is the treatment of contaminated water from mining, industrial and processing industries. In response to this EGL secured access to a patented water treatment technology. Earlier this year EGL Water was successful in obtaining government funding to conduct research on this process in conjunction with Victoria University. This project is currently underway with mixed preliminary results. Further updates will be provided once testing is finalised, however EGL's commitment to water treatment remains and additional opportunities are also being actively investigated.





- TAPC business results were underpinned by the ongoing delivery of the Turkish project
- The year marked a period of continuing alignment of the business for future growth.
- Clearly defined roles & divisions, BD, Engineering, Operations & Service have been established.
 - Recruited dedicated BDM's to build a strong pipeline of project opportunities with conversion by mid FY19
- Regional Growth
 - Established WA - Perth Office
 - NSW- Consolidated Sydney and Wollongong
 - VIC – Established regional BDM
 - Baltec Australia – integrate & strengthen our ESP division.
 - Increased focus on international markets
- Standards ISO Certification achieved.
- Implemented Integrated management systems (IMS)
- Implemented ERP financial & reporting system to standardise within the EGL group



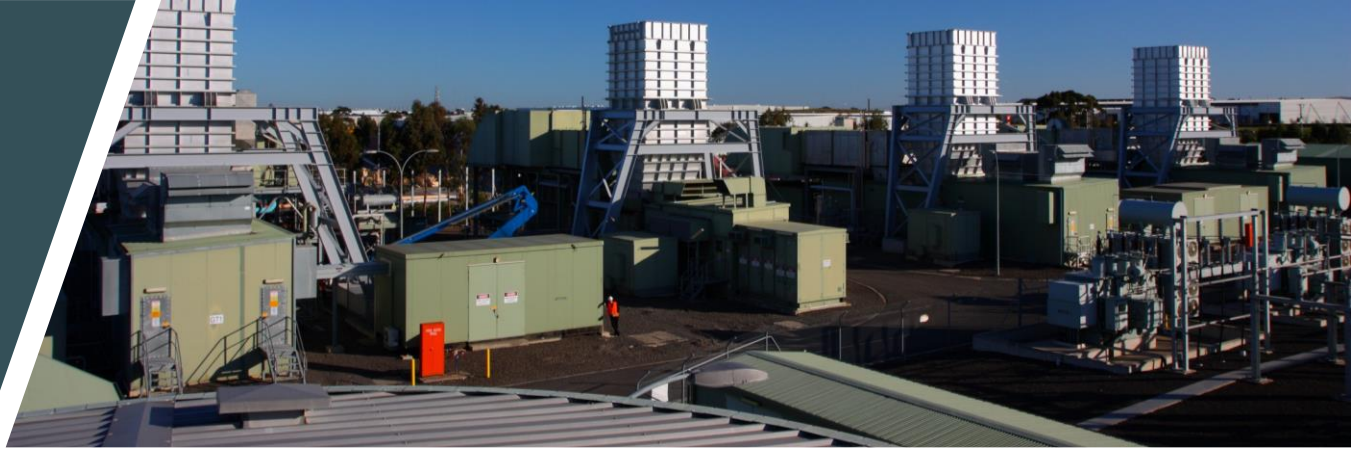
Challenges overcome

- Restructured the business to align & focus on growth, implemented new systems & processes, with dedicated roles & accountabilities which involved, Business Development, Project Management, Specialist Engineering, Service & Parts Division

Looking forward

- Consolidate & take advantage of opportunities in the local market with a focus on WA.
- Consolidate our new bases in Perth & Brisbane. With a focus on mining & minerals processing facilities with expertise in Lithium & Rare Earths
- Continued collaboration within EGL- synergies & resource sharing
- Project opportunity pipeline is strong with potential conversion and execution in the 2nd half of FY19



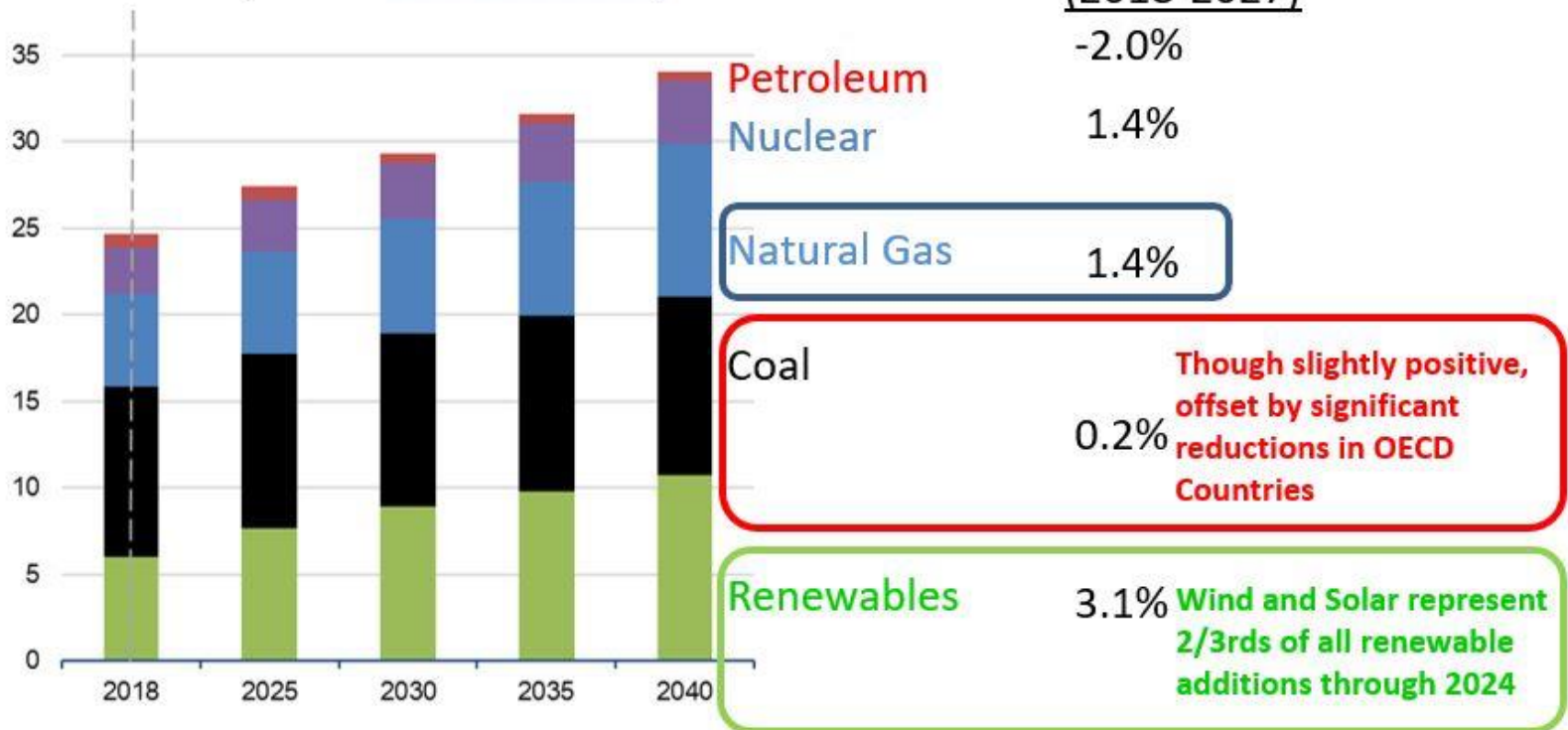


GAS TURBINE POWER PLANT PROJECTS



World Net Electricity Generation by Fuel

World net electricity generation by fuel,
2018-2040 (trillion kilowatthours)**



** Energy Information Agency, 2018 Data and Dora Partners & Company

BALTEC PRODUCTS

DIVERTER DAMPERS



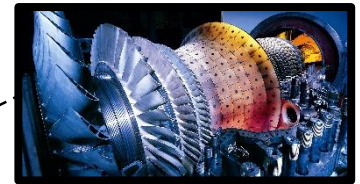
BYPASS STACKS



INLET FILTER HOUSES



POWER ENHANCEMENT



COMBINED CYCLE GAS TURBINE POWER PLANT



Operational update

- China
- Turbine Enhancement
- Skill Enhancement



Approval of Items



Agenda Item A

Consideration of Reports – Annual Report for the Year Ended 30 June 2018



Agenda Items B

Questions and comments on management of the Company – Questions for the auditor



Agenda Items C

1. Remuneration Report
2. Re-election of Ms Lynn Richardson



Resolution 1

Remuneration Report

That, the Company's Remuneration Report for the financial year ended 30 June 2018 (set out in the Directors' Report) be adopted.



Resolution 2

Election of Lynn Richardson

That Lynn Richardson be re-elected as a director of the Company

Other Business



Thank you for your attendance, we invite you to join us for
some refreshments and an opportunity to speak with the
Directors and Staff Members

The Environmental Group Limited



Disclaimer

EGL advises that these presentation slides contain forward looking statements which may be subject to significant uncertainties outside of EGL's control. No representation is made as to the accuracy or reliability of forward looking statements or the assumptions on which they are based. Actual future events may vary from these forward looking statements and you are cautioned not to place undue reliance on any forward looking statement.