

7 January 2019

Company Announcements Office  
ASX Limited  
Level 4,20 Bridge Street  
Sydney NSW 2000

## **RCR Energy Service Acquisition**

The Board of The Environmental Group Limited (ASX:EGL) is pleased to announced that it has entered into an agreement with the Administrators' of RCR Tomlinson Limited to acquire the assets of RCR Energy Service. The acquisition will initially be funded from EGL's existing debt facilities and is expected to complete within the first half of January 2019. At the request of the Administrator, the purchase price will be withheld until the end of January.

RCR Energy Service is a leading service provider for heat transfer plant and equipment and operates from facilities around Australia. It provides 24/7 customer service including mechanical, electrical and automation support. The business has a long history through its heritage as Tomlinson Boilers.

RCR Energy Services has a strong track record of profitability, generating sales of \$21.5m in FY18 and EBIT of \$1.5m in FY18. The acquisition will be EPS accretive on a full year basis, excluding integration and other one off costs and will provide EGL with a recurring revenue stream to balance the project based revenue of EGL's Baltec and TAPC divisions.

The acquisition is part of EGL's strategy to establish a footprint in each Australian state and build an environmental business to improve air quality, reduce carbon emissions, enhance waste to energy production and lift water quality. In particular, RCR Energy Service is an essential link in our strategy to build a Bio/waste to energy platform as part of the technology acquired enables a combination of gasses and waste energy sources to be used to produce electrical power or steam. In addition, the acquisition provides an opportunity to leverage EGL's existing suite of products to RCR Energy Services customers and to develop increased engineering capabilities and knowhow.

The senior management team of RCR Energy Service has agreed to join EGL, providing important customer and supplier continuity.

EGL will continue to pursue new growth and acquisition opportunities that fit our environmental platform. This will provide existing and new shareholders with the benefits of investment in a company committed to reducing pollution and the effective use of world resources.

### **About EGL**

EGL has three business units, all committed to the protection of the environment.

**Total Air Pollution Control** has a range of technologies which reduce Dust, odours and harmful gasses from the environment.

**Baltec IES** produces inlet and exhaust systems for gas turbines which are used to complement and augment solar and wind energy production, without the use of rare mineral battery resources.

**EGL Water** division is continuing the development of our patented technologies in conjunction with Victoria University. EGL recognises that one of the world's most valuable assets is water and will persist in it's vision to reduce water pollution leading to an improved environment through low cost technology solutions.

Lynn Richardson  
Chairman  
The Environmental Group Limited