

5 February 2019

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

Purchase Details: Acquisition of RCR Energy Service Assets

Further to the announcement of 7th and 25th January 2019 regarding the purchase and subsequent settlement of the acquisition of the assets of RCR Energy Service from the Administrators of RCR Tomlinson Limited, the Board of The Environmental Group Limited (ASX:EGL) is now able to provide further details of this transaction.

The purchase of RCR Energy Services' business assets was achieved through a cash payment of \$3m, representing an acquisition multiple of approximately two times 2018 EBIT. The purchase includes fixed assets, inventory and employee liabilities. EGL was able to secure the ongoing employment of all current Energy Service staff including State and National managers who transferred seamlessly to EGL. The Business is now operating as Tomlinson Energy Service, wholly owned by EGL.

The Tomlinson Energy Division is expected to positively contribute to the revenue and profits of EGL. Importantly, the Division will provide EGL with a stable revenue stream given the ongoing, repeat nature of the division's projects and maintenance work.

The successful purchase of Tomlinson Energy Division was in line with EGL's growth strategy and the acquisition strategy as set out in the 2017 and 2018 Annual Reports and outlined at the November 2018 Annual General Meeting. EGL will continue to actively consider new growth and acquisition opportunities that fit our environmental platform. EGL strategically aims to provide existing and new shareholders with further benefits from their investment in The Environmental Group Ltd, a company committed to reducing pollution and improving the effective use of world resources.

EGL was advised on the acquisition by Lion Advisory and Baker Jones Lawyers.

About EGL

EGL has four business units, all committed to the protection of the environment by improving air quality, reducing carbon emissions, enhancing waste to energy production and lifting water quality.

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 its vision to reduce water pollution leading to an improved environment through low cost technology solutions.

Tomlinson Energy Service division is an essential link in our strategy to build a Bio/waste to energy platform.

Lynn Richardson
Chairman
The Environmental Group Limited