

ASX Release

Sales update

6 March 2020

Environmental technology company Envirosuite Limited (ASX:EVS) ('Envirosuite' or 'the Company' or 'the Group') is pleased to provide a preliminary sales update to the market on the Company post the completion of the acquisition of EMS Bruel & Kjaer Holdings Pty Ltd ('EMS') on 28 February 2020. Following on from the presentation released 24 February 2020, this update focuses on the period commencing 1 January 2020 across the EVS and EMS businesses, that combined into one business on 28 February 2020.

From the CEO:

"Envirosuite is now strongly positioned to pursue its business objectives to reach and then exceed its medium-term growth target of \$100m revenue with increasing profit margins as the group continues to scale in a global market.

The feedback from our acquired customers following the completion of the EMS transaction has been very positive. A number opportunities for cross-selling have already been identified and actioned. Furthermore the number of renewals since 1 January 2020 amounts to \$7m of recurring revenues and a 99% renewal rate.

We have an excellent team with deep experience and talent across the group. Key executive positions are being addressed with official appointments anticipated before the end of Q3 FY20.

Envirosuite has grown strongly every year and with the recent acquisition now completed, our China team getting established and a strong sales pipeline globally, we have cemented a new foundation for future growth."

The Company provides a summary below of activities and recent wins of note by industry sector:

Waste & Wastewater

Envirosuite has been appointed to deliver odour monitoring solutions with the operations company for the first of five new organic waste treatment centre projects for the City of Montreal. This is the first win globally for Envirosuite with this particular global Waste operator.

Envirosuite's technology will be embedded from build stage in accordance with the strict regulatory requirements of the commissioning authorities. The contract has a term of five years with strong potential to extend to all five sites.

In France the Company has also been awarded a fifth site with one of Europe's largest wastewater operators. Under the contract the Company will provide a combined software and hardware solution to manage odour issues for an initial period of one year, with negotiations underway to extend this out to six years.

Industrial

Supporting last year's initial win with Tata Steel, Envirosuite has been appointed by Arcelor Mittal, another leading global steel manufacturer to deliver real-time air quality management solutions at their facility in Spain. Through applying Envirosuite's high resolution air quality forecasting and real-time monitoring capabilities, the client is seeking to better understand and respond to air quality issues at their Spanish site. Discussions are underway to scope similar solutions in their North American operations.

In Malaysia, Envirosuite has entered a paid trial agreement with one of East Asia's largest container ports and one of the largest LNG export terminals in the world. This is an important win for the Company as the Envirosuite platform evolves to provide deeper operational intelligence. The platform is being trialed to manage marine data sources (wind and wave) and predict optimal times for port loading, as well as manage the identification of water pollutants and vessel emissions sources.

The Company is targeting the market of over 40 Asian ports to adopt the platform as regulatory and environmental drivers push industry to digitalise their operations for environmental intelligence.

Envirosuite has also been selected by an Australian-based smelter to monitor and predict emission sources in compliance with its licence conditions. The deal will see a fence-line monitoring system integrated into their operational procedures and deployed to help the smelter manage potential community impacts from their emissions. This is the third major smelter customer for Envirosuite and the Company hopes to leverage on its experience in this sector as it targets the more than 250 smelters in China.

Airports

Adding to Envirosuite's new geographic coverage in the airports sector, the Company has been awarded a noise monitoring contract at Hyderabad Airport, the third largest airport in India, a country that has over 120 commercial airports. The client has signed a six-year contract for Envirosuite's newly acquired noise monitoring solution.

The Company also continues to grow within its existing portfolio of airport clients through major expansion projects that are currently underway at Heathrow in the UK and Long Beach Airport in the US.

Mining

Envirosuite has won a new contract with Anglo American in Chile for the provision of Noise and Vibration monitoring solutions. Also in Latin America a paid noise monitoring trial has begun at Cerrejon Mine, Colombia and a number of other near-term cross sell opportunities have been identified.

Encouragingly the newly acquired sales team has already cross-sold Envirosuite's air quality monitoring solutions to a major Canadian client with Envirosuite dust management solutions being an adjacent offering to the Company's newly acquired noise and vibration solutions.

Construction

The Company is seeing positive progress from the focus on major infrastructure programs globally. In particular in the US the Company recently secured initial wins with two major infrastructure programs: the La Metro Purple Line and a major road program in Philadelphia. Both programs require noise monitoring to support compliance and community engagement requirements.

Integration update

The Company's acquisition of EMS completed on 28 February 2020 and the integration project that commenced with a soft launch in early February, is now in full swing as the Company seeks to consolidate two similar business structures into one, realise cost and cross-selling synergies, and leverage on the newly expanded solution suite, geographic and industry reach. A review of the technology solutions suite is underway with the aim to produce a combined solution incorporating the best features from each of the respective Envirosuite and EMS platforms.

Coronavirus update

The Coronavirus has had an impact on airport travel globally however it is expected to have a negligible impact Company's revenue base, which is predominantly is comprised of fixed price multi-year contracts. The travel restrictions imposed by various countries have contributed to the timeline for certain contract tenders in Asia being extended, however the restrictions have not removed the requirements for environmental monitoring or the Company's ability to deliver on these tenders.

The Beijing team returned to work in February and while certain restrictions remain in place the management has advised that it is business-as-usual even though some team members are continuing to work from home.

Welcome to new shareholders

The Company is pleased to welcome the many new holders to the register and also welcomes the increased interest from existing holders that participated in the recent placement and share purchase plan. They join the board, management and referral partners Macquarie Holdings that collectively account for over 25% of shares on issue on an undiluted basis.

Materiality threshold

The group has adopted a threshold of 5% of annual revenue for materiality in respect to annual revenue and expenditures. For the avoidance of the doubt the Company notes that none of the individual sales discussed in this announcement constitutes a material contract. The terms and details of the contracts have been disclosed to the extent that the Company has permission to do so from the client.

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