

Market Update

November 2020



Mission Statement

EGL employs advanced engineering technology in creating bespoke solutions that assist its customers in reducing toxic emissions, and in improving efficiency in their air, water and energy processes.

The EGL Opportunity

Summary

EGL is an exciting Australian company with an international footprint, substantial unique engineering knowhow and credibility in expanding markets.

EGL is supported by professional staff with extensive industry experience and worldwide reputation.

Successful organic growth and TES acquisition has provided a solid base from which to build.

Breakout potential

Potential for much improved operating leverage as the company seeks to make synergistic acquisitions, having regard to fixed costs that can accommodate substantially more revenue.

Opportunities

Broaden shareholder base to allow for more liquidity.

Seeking EPS accretive acquisitions.

The continuing integration of the key business units is now bearing fruit through increased contract wins and operational synergies





EGL

The Environmental Group Limited



Baltec IES supports the gas turbine industry in its role in assisting the transition from coal-powered to renewable energy production.



TAPC designs, manufactures and services flue gas treatment systems which prevent harmful contaminants being discharged into the atmosphere.



Tomlinson Energy Service offers a network of service offices across Australia providing 24/7 service, maintenance and repairs of both proprietary equipment and other OEM equipment.

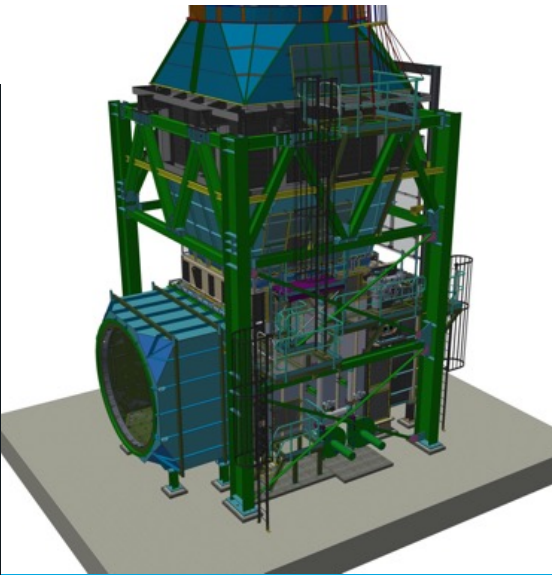


Australia's leading water treatment innovators. Combining world-class expertise, targeted R&D and superior technology, EGL Water meets the water problems of today and tomorrow.

EGL Expert Teams

Advanced Engineering

EGL has a professional team of experienced engineers who conduct high level structural, flow, thermal, acoustics and stress analysis.



International Sales Network

EGL has a network of experienced agents around the globe who complement our expert Australian team to build strong customer relationships.



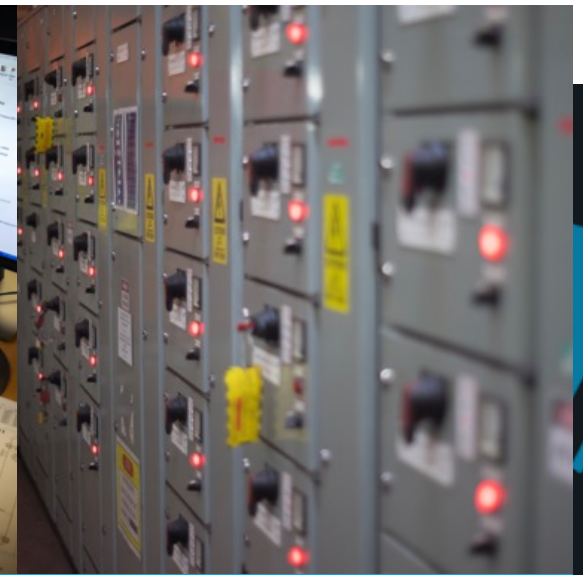
Project Management

The EGL project team play a vital role in transferring customer and engineering requirements into a proven solution, on time and within budget.



Technical Support

EGL's experienced equipment specialists travel to sites across Australia and worldwide to continue the support and relationships with customers.



FY20 Financial Results



\$37.4M

Total revenue



\$14.3M

Net assets



34.5%

Gross margin



-\$0.8M

EBIT – before significant items



\$9.13M

Market cap as at 30.10.20



\$7.7M

\$7.7 million contract awarded by Siemens, a long-standing blue-chip customer



260.8M

Shares on issue



\$17.5M

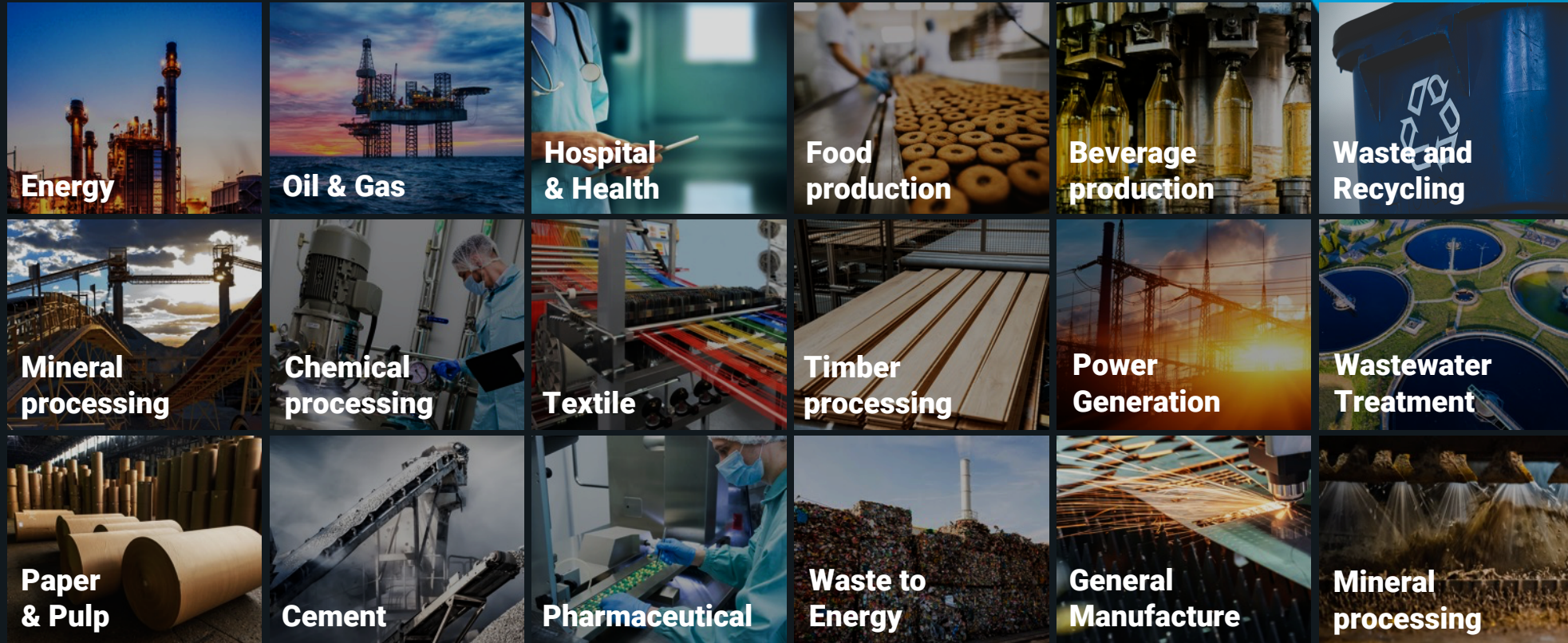
Revenue for first four months of FY21. A 40% increase on the same period last year



Major Shareholders

Richardson family	39.95%
Allabah Pty Ltd	9.02%
Ace Property Holdings	5.87%

EGL Markets



Global Projects



EUROPE

BELARUS
GREAT BRITAIN
GREECE
ITALY
NORTHERN IRELAND
RUSSIAN FEDERATION
SPAIN

NORTH AMERICA

JAMAICA
MEXICO
USA

SOUTH AMERICA

ARGENTINA
CHILE
COLOMBIA
PERU

AFRICA

BURKINA FASO
EGYPT
GHANA
MOZAMBIQUE
NIGERIA
TOGO
ZAMBIA

ASIA

BANGLADESH
BRUNEI
CHINA
INDIA
INDONESIA
JAPAN
MALAYSIA
MYANMAR
SOUTH KOREA
SRI LANKA
TAIWAN
THAILAND
UZBEKISTAN
VIETNAM

MIDDLE EAST

IRAQ
ISRAEL
JORDAN
LEBANON
OMAN
SAUDI ARABIA
TURKEY

NEW ZEALAND

AUSTRALIA

Global Projects

Plant scrubbers for a Turkish gold mine

This project, for a gold mine located in a remote province of Turkey, was one of TAPC's largest during the year. We supplied pollution control gas scrubbing systems to support a copper sulfide expansion project. Our long experience of working successfully in international settings means our focus can always remain on delivering quality product.



Fast-track project achieved in Central Africa

A fast-track project completed in nine months, this project followed an iterative design process that, once again, saw Baltec IES thinking outside the box. We supplied a bypass stack with a diverter damper, guillotine damper and silencers. This is the first time that we used a new type of silencer that is built into the stack walls and abates noise in the absence of attenuating baffles.



Power plant owner chooses Baltec IES as preferred supplier

The owner of a gas turbine power plant located in the Middle East was experiencing problems with the plant's diverter damper and hydraulic systems due to improper maintenance and set up. Baltec IES was directly engaged to provide supervision and technical support for the equipment.

Brownfield project requires complex engineering solution

This Brownfield project involved Baltec IES and TAPC working together to supply a self-supporting exhaust stack with a silencer for an Australian-based power plant. The client required a turnkey solution to create a more efficient and cost-effective power station.



EGL Board



Lynn Richardson

Non-Executive Chairman

Lynn has extensive experience developing innovation and entrepreneurial mindset in management teams. A graduate of the Australian Institute of Company Directors, Lynn holds an MBA from the Australian Graduate School of Entrepreneurship. Prior to joining EGL Lynn was a member of the Baltec IES executive committee where her significant strategic leadership contributed to the company's growth.



Dean Dowie

Non-Executive Director

Dean has more than 15 years international experience driving growth across the Environmental, Water and Energy markets. Dean recently returned to Australia after working in Senior Executive roles based out of London and Paris. Dean has also held the position of Chief Operating Officer with one of the worlds largest Environmental management companies.



Ellis Richardson

Managing Director

Ellis has over 30 years of experience as CEO of Comeng and Managing Director of Evans Deakin Industries and later in the venture capital industry. Comeng was Australia's premier rolling stock manufacturer producing trams, trains and locomotives. Evans Deakin Industries also produced Rolling stock in addition to power stations and draglines for the mining industry.



Adrian Siah

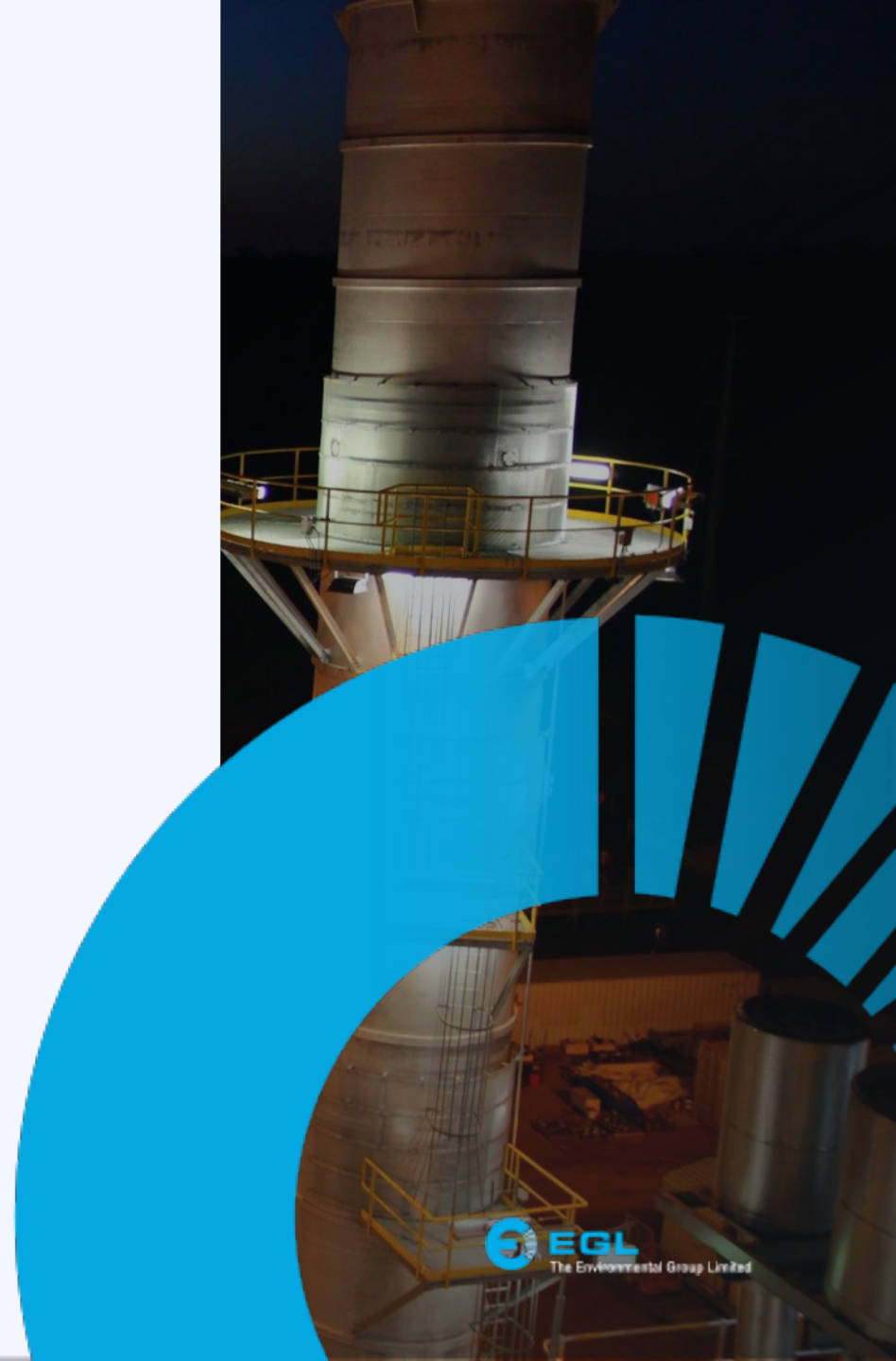
**Non-Executive Director
Chair Audit & Risk Committee**

Adrian has a strong background in company management and specifically related to financial control, capital markets, mergers and acquisitions and growth funding for businesses. Adrian is a member of the CA ANZ with a degree in Accounting from the University of Waikato New Zealand and is a member of the Australian Institute of Company Directors.



01

Baltec Inlet and Exhaust Systems



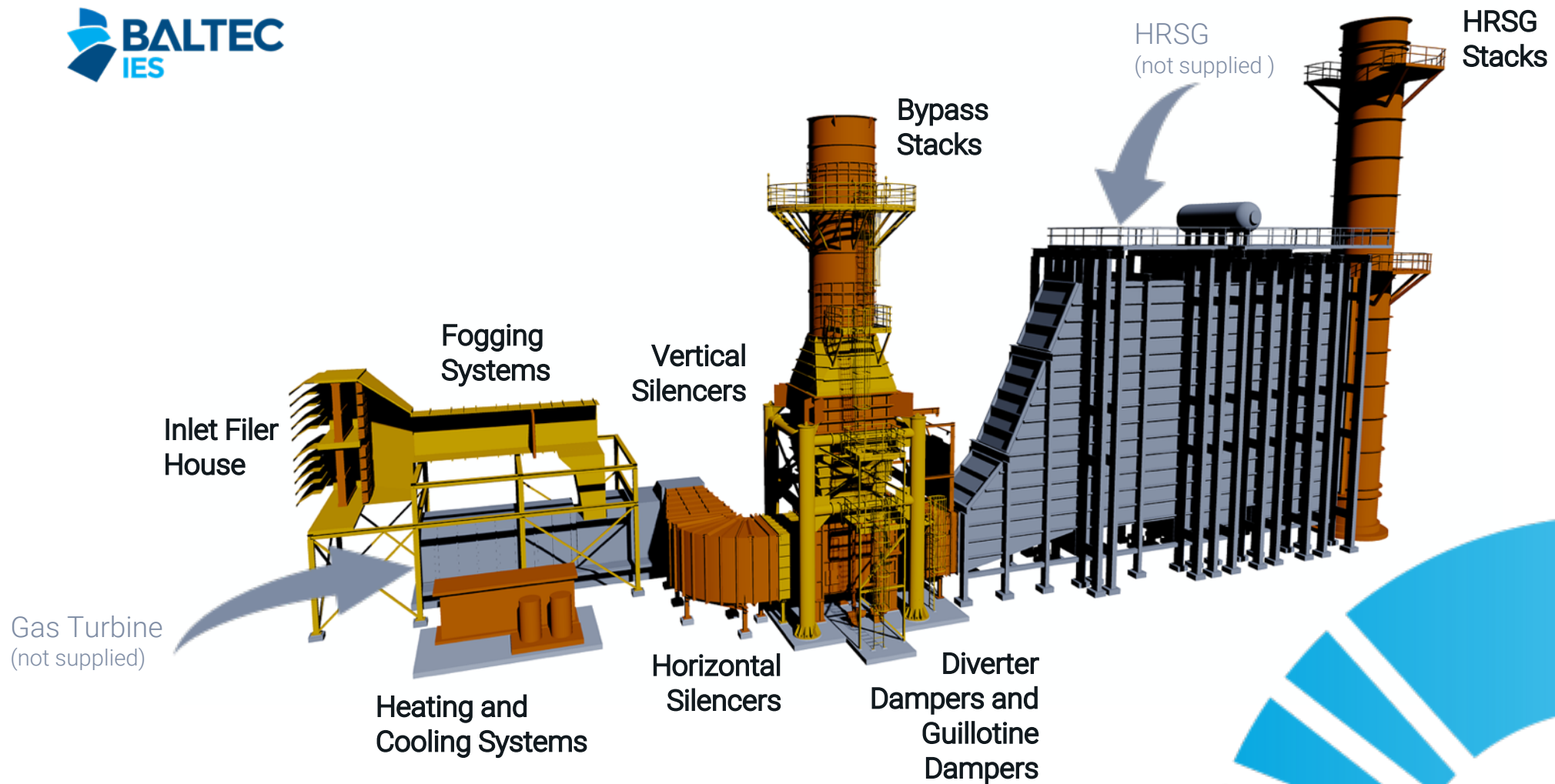


Baltec Inlet & Exhaust Systems (Baltec IES) provides a range of specialist services to the global gas turbine power industry.

Baltec IES engineering services, tailored products and custom designs specifically to meet clients' requirements:

- Turbine performance enhancement
- Project management
- Global manufacturing to a range of international standards
- Erection and commissioning
- After sales maintenance and spare parts







Key products



**Diverter
Dampers**



**Inlet Filter
Houses**



Silencers



**Bypass and HRSG
Exhaust Stacks**



**Guillotine
Dampers**



**Heating and
Cooling Systems**



Baltec IES supports the gas turbine industry in its role in assisting the transition from coal-powered to renewable energy production.

Baltec IES Opportunities

- The benefits of the gas turbine include from zero to full power in < 10 mins = ideal for augmenting power when demand fluctuates during the day and seasons. Ideal in countries with ambition to close coal-fired power stations has led to blackouts and load shedding at a crippling cost to industry.
- Its relatively low cost yet high flexibility ideal option for countries pursuing low emission and affordable renewable objectives.
- According to the International Energy Agency and BP Energy outlook, China projections to 2040 indicate Gas Turbine Plants to increase 3-fold.



Revenue

FY19 \$19M

FY20 \$11.1M





Gas Turbines –An Exciting Future

The Sydney Morning Herald

Morrison government climate action plan hot on gas, cool on coal (SMH, 21 May 2020).

"The Technology Roadmap discussion paper raises expectations for substantial new funding in the October budget but embraces energy projects fiercely opposed by environmental groups, including gas-fired power plants as well as carbon capture and storage."

"The technology roadmap calls for Gas to be used as a transition fuel)."

[Click here to read](#)

FINANCIAL REVIEW

Cheap gas to power recovery (AFR, 20 May 2020).

"Mr Power concurred with Prime Minister Scott Morrison, who said at the start of this year that gas must be the back-up fuel of choice as the energy sector transitions towards renewable energy."

"In terms of gas, the critical thing is it is the mechanism that allows us to transition to baseload renewables in the fastest way," Mr Power said.

"As well, cheaper gas means cheaper electricity."

[Click here to read](#)

Gas Turbines An Exciting Future

 ReportLinker

Global Gas Turbine Market expected to grow by \$2.44 bn 2020-2024.

Increasing sustainable energy demand and inclination to energy optimization will surge the Global gas turbine market to exceed USD \$10 Billion by 2026.

 Global Market Insights
Insights to innovation.

Increasing sustainable energy demand & inclination to energy optimization will surge the the Global gas turbine market to exceed USD10bill by 2026.

Restructuring and replacement of conventional energy generation systems, refurbishment and revamp of existing electrical infrastructure will stimulate product demand.

 Mordor Intelligence

Asia-Pacific – Potential Gas Turbine Market.

Asia-Pacific - largest market for gas turbines, with China + India the demand hotspots. Government support, growing demand for electricity, rapid expansion in industrial and infrastructure development activities are escalating demand for gas turbines. The transition from nuclear power to gas-fired power generation presents a huge market opportunity for the growth of gas turbine market in Asia-Pacific."



02

Tomlinson Energy Service



Provide sales, service, installation, commissioning and ongoing service support for all types of industrial steam and commercial heating water generation plant.

- Australia wide product & Service support by factory trained, multi-skilled, qualified and licensed technicians, 24 hours, 7 days a week
- Industrial gas fitting and commissioning capabilities
- Pressure vessel installation
- Steam system design and installation
- Boiler design capabilities
- Valve Repair OSRTM comprehensive range of services covering all types, sizes and makes of valves
- Controls design and upgrades





Key products



**Industrial
Steam Boilers**



**Industrial
Package Burners**



**Large Commercial
Hot Water Boilers**



**Thermal Oil
Heaters**



**Biomass Steam and
Hot Water Generation**



Tomlinson Energy Service offers a network of service offices across Australia providing 24/7 service, maintenance and repairs of both proprietary equipment and other OEM equipment.

TES Opportunities

- Expanding market penetration through new cost-effective boiler design focusing on maximum reliability, long term operating efficiency, fuel flexibility and ease of access for inspection and maintenance.
- Significant contract wins.
- Continued to provide essential service during Covid-19 to hospitals and food manufacturing.



Revenue

FY19 \$8M*

FY20 \$20.6M

*acquired Feb 19



03

Total Air Pollution Control

The Market



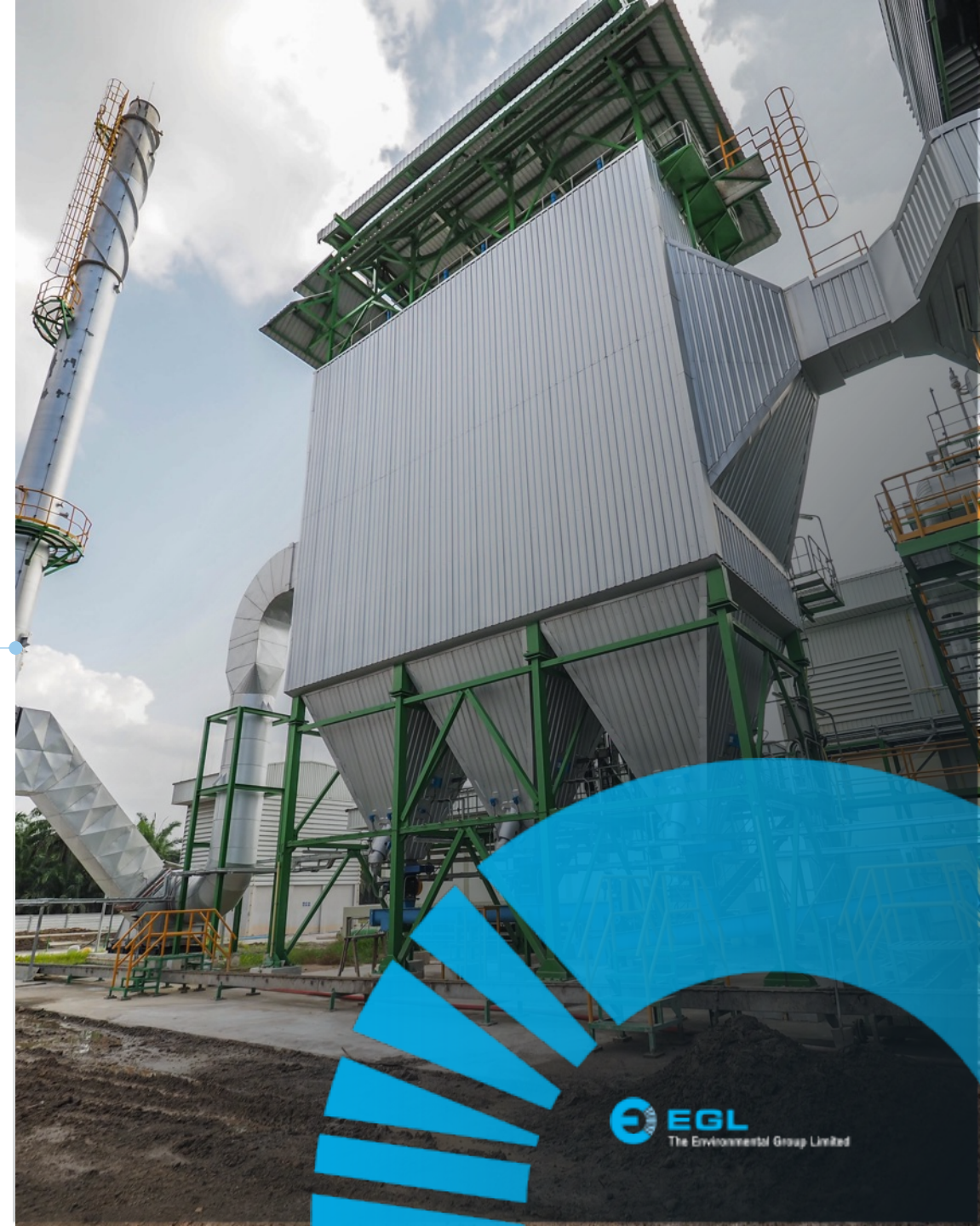
Industry research reports estimate that the global air pollution control market size will grow by USD 19 billion 2019-2023.

Based on end-users - technology

- Flue gas desulfurization (FGD)
- Electrostatic precipitator (ESP)
- Scrubbers, selective catalytic reduction (SCR)
- Selective non-catalytic reduction (SNCR)
- Baghouse filters

Asia Pacific is expected to register a significant CAGR 2019-2023.
Rising construction activities = increase in emission of pollutants.

Compliance legislation driving the market.





Allied Market Research published a report, titled, "Air Quality Control Systems Market" that the global air quality control systems industry was estimated at \$94.69 billion in 2018.

It also reported to reach \$144.09 billion by 2026, growing at a CAGR of 5.2% from 2019 to 2026.



A PRNewswire Market Overview states that the market for air quality control systems is expected to register a CAGR of approximately 5.72 % during the period of 2019-2024.

According to the new market research report published by Inkwood Research, the global air pollution control market is growing at a CAGR of 5.24% throughout the forecasting years of 2019-2027.



Rising construction activities will result in an increase in emission of pollutants and a global drive for tighter emissions controls in particular across Asia is leading to substantial market development.

Stratview Research state that the Asia-Pacific region is projected to remain the largest as well as the fastest-growing market for air pollution control equipment during the forecast period.



Key products



**Dry
Scrubber**



**Wet
Scrubber**



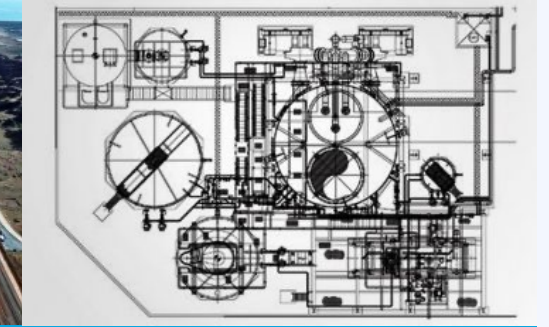
**Electrostatic
Precipitators**



**Fabric
Filters (Baghouse)**



**Aeromixes &
Cyclones**



**Flue-Gas
Desulphurisation**



TAPC designs, manufactures and services flue gas treatment systems which prevent harmful contaminants being discharged into the atmosphere.

TAPC Opportunities

- Allied Market Research published a report, titled, "Air Quality Control Systems Market" that the global air quality control systems industry was estimated at \$94.69 billion in 2018 and is expected to reach \$144.09 billion by 2026, growing at a CAGR of 5.2% from 2019 to 2026.
- Rising construction activities will result in an increase in emission of pollutants and a global drive for tighter emissions controls, in particular across Asia, is leading to substantial market development.



Revenue

FY19 \$5.1M

FY20 \$5.4M



04

EGL Water



EGL Water division has enhanced patented technology designed to protect our environment by the removal of Per- and polyfluoroalkyl chemical substances (PFAS) from contaminated water.

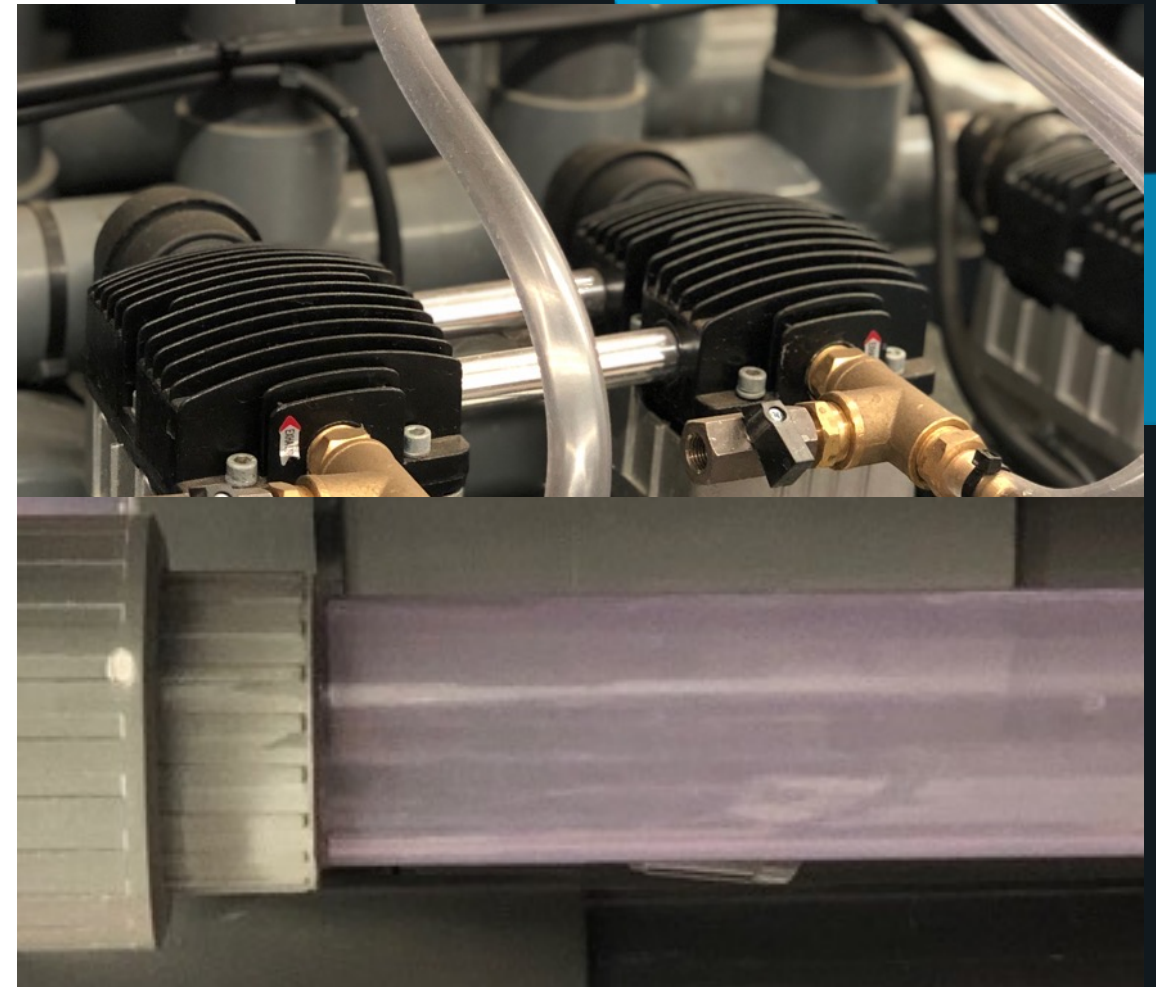
- PFAS was primarily used in aircraft fire fighting as a fire retardant however its use expanded into plastics and clothing prior to its detrimental impact on our environment being fully understood.
- Successful class actions have highlighted increased awareness and the urgent need to find solutions to remove contamination in water, soil, landfills, farmland and housing estates.
- EGL recognises that one of the world's most valuable assets is water and will persist in our vision to reduce water pollution, leading to an improved environment, through low cost technology solutions.



PFAS Removal

Testing of our equipment in conjunction with Victoria University focused on the removal of PFAS from contaminated underground water where PFAS had leached through the soil into underground streams and bores. Successful tests have concluded demonstrating that our equipment reduced PFAS from 18ppb to 3ppb (parts per billion). We have commenced the commercialisation of our process with government and non-government agencies.

Over the past 12months we have gained considerable knowledge of the treatment of PFAS in contaminated water and with the combined skills of EGL staff and Victoria University we are now able to conduct tests and developments in parallel to accelerate our potential market offerings. Major civil engineering projects have recently been stalled by the discovery of PFAS contaminated soil as the cost of disposal of these contaminants is expensive with current soil washing solutions resulting in significant volumes of PFAS polluted water.





The Sydney Morning Herald

Landmark legal settlement as government pays \$212m to victims of toxic contamination

"The federal government will pay out \$212.5 million to settle three class actions launched by victims of toxic firefighting contamination across Australia.

The landmark legal settlement - believed to be the first of its kind in the world - can be revealed after the Department of Defence polluted thousands of properties with firefighting foam containing potentially carcinogenic per- and poly- fluoroalkyl [PFAS] chemicals."

[Click here to read](#)



Leachate

The next phase of testing is to further develop our equipment to remove PFAS from Leachate.

Leachate is contaminated water where chemicals have leached out primarily from landfills. The current practice is to treat the leachate chemically or by dilution and if permitted according to trade waste regulations discharge to sewer. Where sewer discharge regulations are not an option, transport to off-site treatment facilities introduces transport risk and high treatment costs.

The EGL PFAS separation technology has continued to show promising results as an effective low-cost solution. Successful commercialisation of this technology will lead to its role as a market disrupter.





Pathway to enhanced performance

Operating companies driven to lift performance

Continual drive on cost reductions

Company wide focus on organic growth

Additions to senior executive team

Pursue strategic acquisition opportunities



HEAD OFFICE

Level 1, Suite 1
10 Ferntree Place
Notting Hill
Victoria 3168

Phone: 03 9763 6711
ABN: 89 000 013 427

environmental.com.au

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