

EGL Investor Presentation FY22 Financial Results

August 2022



Presentation should be read in conjunction with Annual Report 30 June 2022



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. This presentation should be read in conjunction with the Annual Report 30 June 2022.



EGL Waste encapsulates our service offering to the waste industry; world class recycling plants, dust extraction systems, odor control, boilers & autoclaves, Combustion technologies for biomass boilers and waste to energy plants.



Total Air Pollution Control (TAPC) provides highly efficient state-of-the-art industrial air pollution control technologies that prevent harmful gases, particulate matter, and odours from being released into the environment.



Baltec IES supports the gas turbine industry in its role in assisting the transition from coal-powered to renewable energy production. Engineering products and custom designs specifically to meet clients' requirements.



Tomlinson Energy Service & Ignite Services are one of Australasia's largest fully accredited gas fired service and packaged boiler providers, with an extensive service network spanning across Australia.



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.





01

Financial Results

FY22 Financial Results – underlying*



\$57.1M

22.6% Increase in
Revenue on FY21



\$4.4M

EBITDA up 34.3%
before significant
items



\$3.0M

EBIT up 52.1% before
significant items



\$7.2M

Increase in net
assets



\$4.5M

Capital raise



\$1.8M

Cash on hand

*Underlying profits excludes, FX Losses \$270k, Performance Rights \$245K, Acquisition Expenses \$92k, Other \$58.

Refer Appendix A

Presentation should be read in conjunction with Annual Report 30 June 2022

FY 22 Financial Results commentary

Revenue

\$57.1M



Revenue up by 22.6% for the full year, with all business units posting improved results. TAPC was an outstanding performer with revenue up 73% on FY21. Ignite Services provided strong contribution to the group since acquisition.

EBITDA

\$4.4M



EBITDA before significant items up 34.3% was an outstanding result as business confidence lifted. Margins increased 0.7% for the year, stronger again in the second half. FX losses of \$270k are unrealised, the largest impact on significant items.

EBIT

\$3.0M



EBIT before significant items of \$3.0M, is a 52.1% improvement year on year. Waste contributed strongly with \$444K EBIT in its first year of operations. EBIT margin improved by 1.1%. Margin improvement was achieved despite increasing corporate costs with the strengthened executive team now in place.

FY 22 Financial Results commentary

NPAT

\$1.6M



Net Profit after tax attributable to shareholders down 1.4%. A tax expense of \$592K was incurred compared to a prior period tax credit of \$160K. A tax rate of 27.6% is in line with a profitable company.

Operating Cash Flow

\$0.2M



Operating cash flow was \$185K for the period with a major project completed pre-June 30, 2022, with final payments of \$2.5M due in the current period.

Total Debt

\$1.4M



\$0.6M of debt was repaid for the full year further increasing the strength of the balance sheet and reducing interest costs. The business loan debt facility has been rolled over to September 2024. The group has a \$2M working capital facility that is undrawn at 30 June 2022.

Executive Management

CEO – Jason Dixon. 10 years executive experience at Tox Free Solutions Limited



CFO – Andrew Bush. 25 years experience in Industrial services and Contracting in senior financial management roles



National Sales & Marketing Manager - Paul Gaskett. 14 years Business Development and sales in Industrial services



National Quality & Operations Manager – Brenda Borghouts. 20 years Defence and heavy engineering, operations and logistics



Senior Management

Peter Rankin – 30 years experience in the boiler and pressure vessel industry, responsible for Tomlinson Energy Services since Acquisition in 2019

Aldo Giachero – 15 years experience in emissions control systems, responsible for TAPC appointed July 2021

Charles Borg – 30 years experience in the Gas Turbine market, responsible for Baltec IES appointed September 2021

Stirling Schunemann – 14 years experience with EGL sales, engineering and projects, responsible for EGL Waste Services

Kiril Nikitin – 17 years engineering experience in heavy industry and renewables within the design, manufacturing, construction environments, Head of Engineering

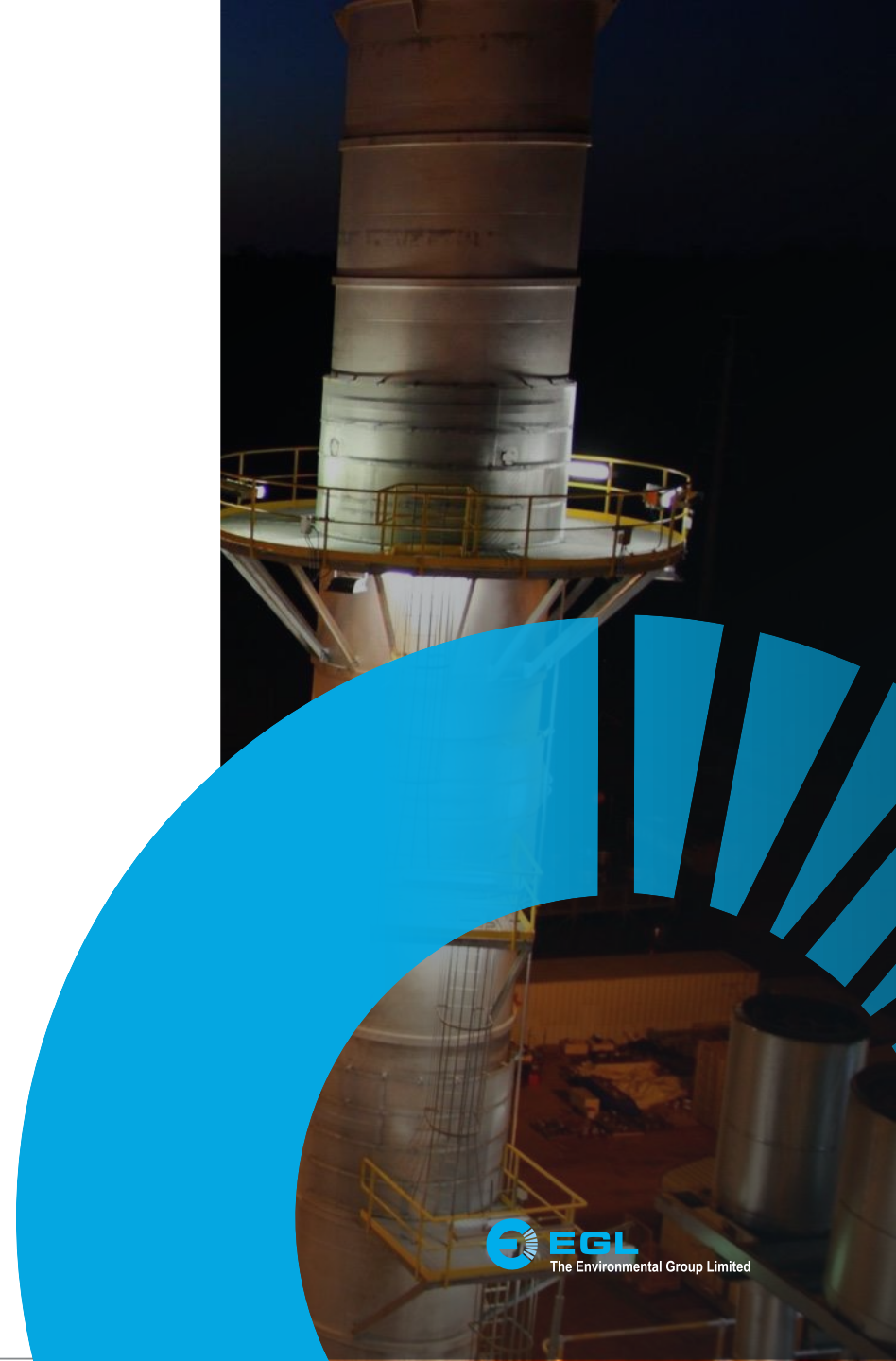
02

Operating Units



01

Baltec Inlet and Exhaust Systems





Baltec IES supports the gas turbine industry in its role in assisting the transition from coal-powered to renewable energy production. Engineering products and custom designs specifically to meet clients' requirements:

Key offering

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

Revenue

FY22 \$19.3M
FY21 \$19.2M
Up 1%

EBIT

FY22 \$1.5M
FY21 \$1.1M
Up 36.4%

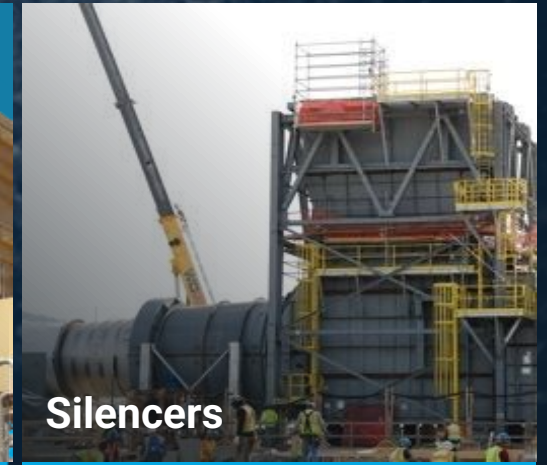
**Work in hand as at 30
June 2022 \$15.5M**

FY2022 RESULTS COMMENTARY

- Strong sales continued with tier 1 OEM added to client base.
- Management focus on processes achieved 33% Margin improvement on FY21.
- Focus has moved from margin improvement to process, logistics and procurement.
- Good project management delivering projects at largely forecast margins in an inflationary environment.
- 9 projects successfully delivered despite the challenges of COVID19.
- Lumpy large-scale projects can influence margin and cashflows in a reporting period.
- Forward contracts remain at a high level of \$15.5M



Key Products





02

EGL Energy



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

Key Offering

- Sale and Installation of cost-effective boilers with a design focusing on maximum reliability, long-term operating efficiency, fuel flexibility and ease of access for inspection and maintenance.
- Ongoing service and maintenance of boilers burners and steam equipment through a national network of service technicians.
- Continued to provide essential services during Covid-19 to hospitals and food manufacturing.

Revenue

FY22 \$27.9M
FY21 \$22.4M
Up 24.6%

EBITDA

FY22 \$2.9m
FY21 \$2.6m
Up 12%

EBIT

FY22 \$2.1M
FY21 \$1.8M
Up 16%

FY2022 RESULTS COMMENTARY

- Revenue increased 24.6% for the year, with EBIT up 16.3%, the highest contribution since TES was acquired in 2019.
- EBIT margins contracted in the second half due to inflationary cost pressures and a change in the business mix.
- After a period of slower capital spend through Covid record boiler sales were achieved changing the business mix of sales to service ratio. New boiler sales are at a lower gross margin.
- Inflation pressures came through the costs of shipping our manufactured boilers to Australia around \$200K
- Improved project management and supplier agreements are the focus for reducing any future inflationary pressures.
- After the strong sales performance, work on hand is at record levels.





FY2022 RESULTS COMMENTARY

- Sales for the last quarter since acquisition of \$1.28M & EBITDA of \$295K was a very strong contribution from Ignite (seasonally strong period).
- The team has integrated very well culturally and provided technical advice and services to several areas of the group.
- Ignite are well into the fabrication of the first PFAS plant for sale and proven to have strong technical and project management skills.
- Their staff's specialist skill set and diversity of knowledge in broader combustion technologies is bringing new opportunities to the Group.
- After this period Tomlinson Energy Services & Ignite will be consolidated into EGL Energy for reporting





Key Products





03

Total Air Pollution Control



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

Key offering

- Scrubbers including dry and wet for the removal of particulates and gaseous contaminants.
- Electrostatic Precipitators & Bag filters for particulate removal and flue gas clean up.
- On going service, parts and maintenance of pollution control equipment.
- A team of specialist engineers and designers who understand the clients need for specialist pollution control equipment.

Revenue

FY22 \$7.9M

FY21 \$4.6M

Up 73%

EBIT

FY22 \$1.25M

FY21 \$0.9M

Up 41%

EBIT MARGIN

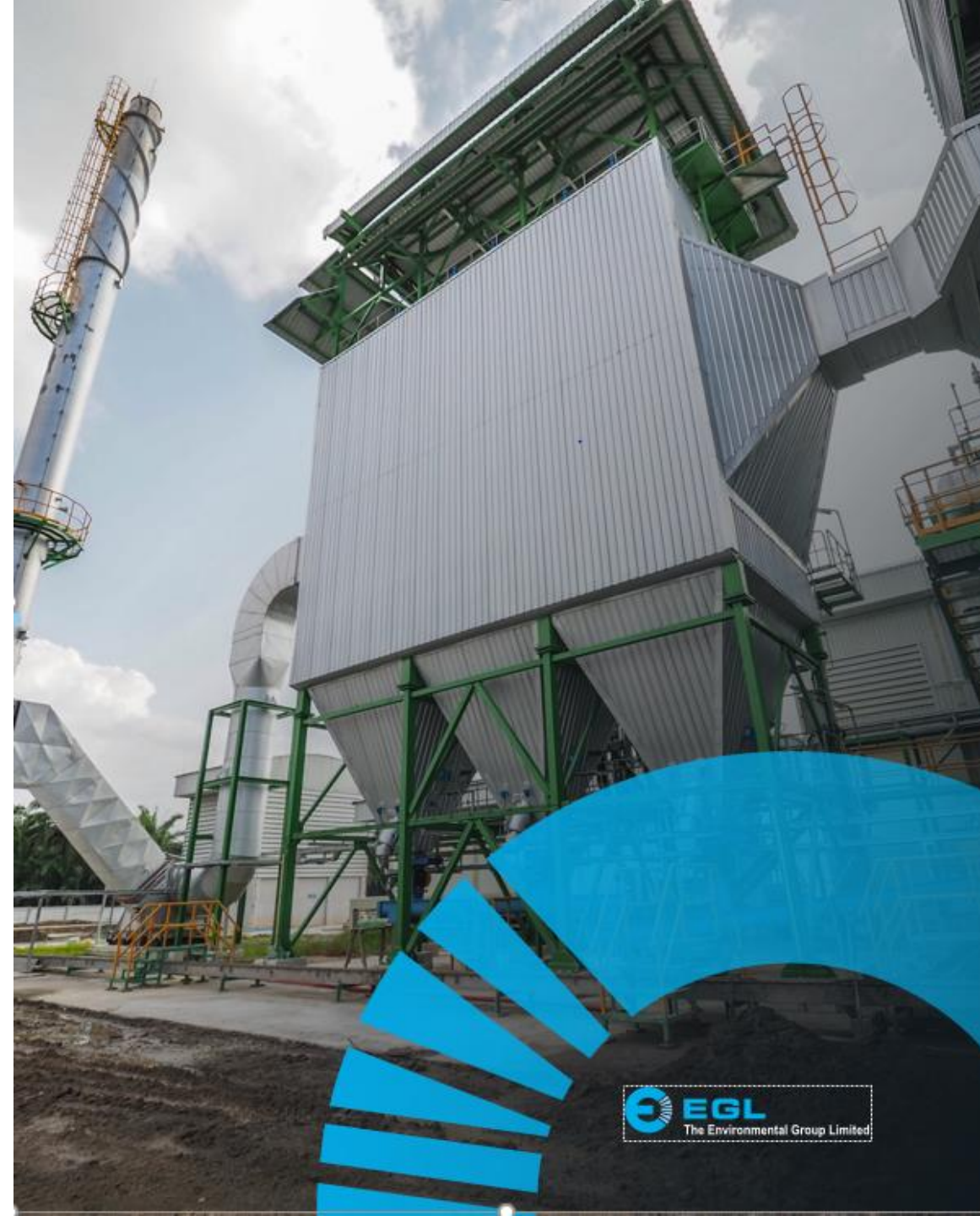
FY22 16%

FY21 19%

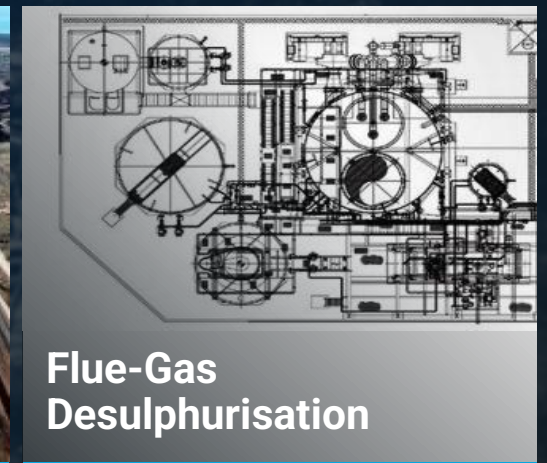


FY2022 RESULTS COMMENTARY

- Strong revenue growth up 73% with new contract wins in the lithium and rare earth sector.
- Two major contract wins for FLSmidth Lithium refinery and Hastings Rare Earth Refinery emissions control systems.
- Orders are placed for large componentry of the major projects at the time of contract award to mitigate cost increases during the execution phase.
- Awarded a contract for the supply of parts and site services for the upgrade of a large Electrostatic Precipitator in WA.
- Servicing of plants and spares organically grew business volume by 10%.
- EBIT margin remained strong, with consistent cashflows from servicing and spare's sales.



Key Products





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.



FY2022 COMMENTARY

- Commercial Trials removed the regulated PFAS below detectable levels in all high-volume low concentrate liquid waste streams up to 41.5ppb.
- At the highest concentrate trial, regulated PFAS was removed to over 99.4%.
- For the commercial plant, all process design has been completed.
- Engineering 3D modelling and 2D drafting of the plant have been completed.
- EGL has commenced the fabrication of its first plant at our Ignite Services facility in Adelaide.
- The plant is expected to be completed by mid-September this year.
- The EPA granted approval for EGL's PFAS soil extraction technology to be trialed at a commercial level.
- EGL's technology has considerable advantages against other PFAS removal technologies including being simpler, safer, more versatile and more cost-effective.
- The Australian national patent application for EGL's soil and water PFAS remediation process has been accepted for a grant with patent pending rights across more than 150 countries.

05

EGL Waste

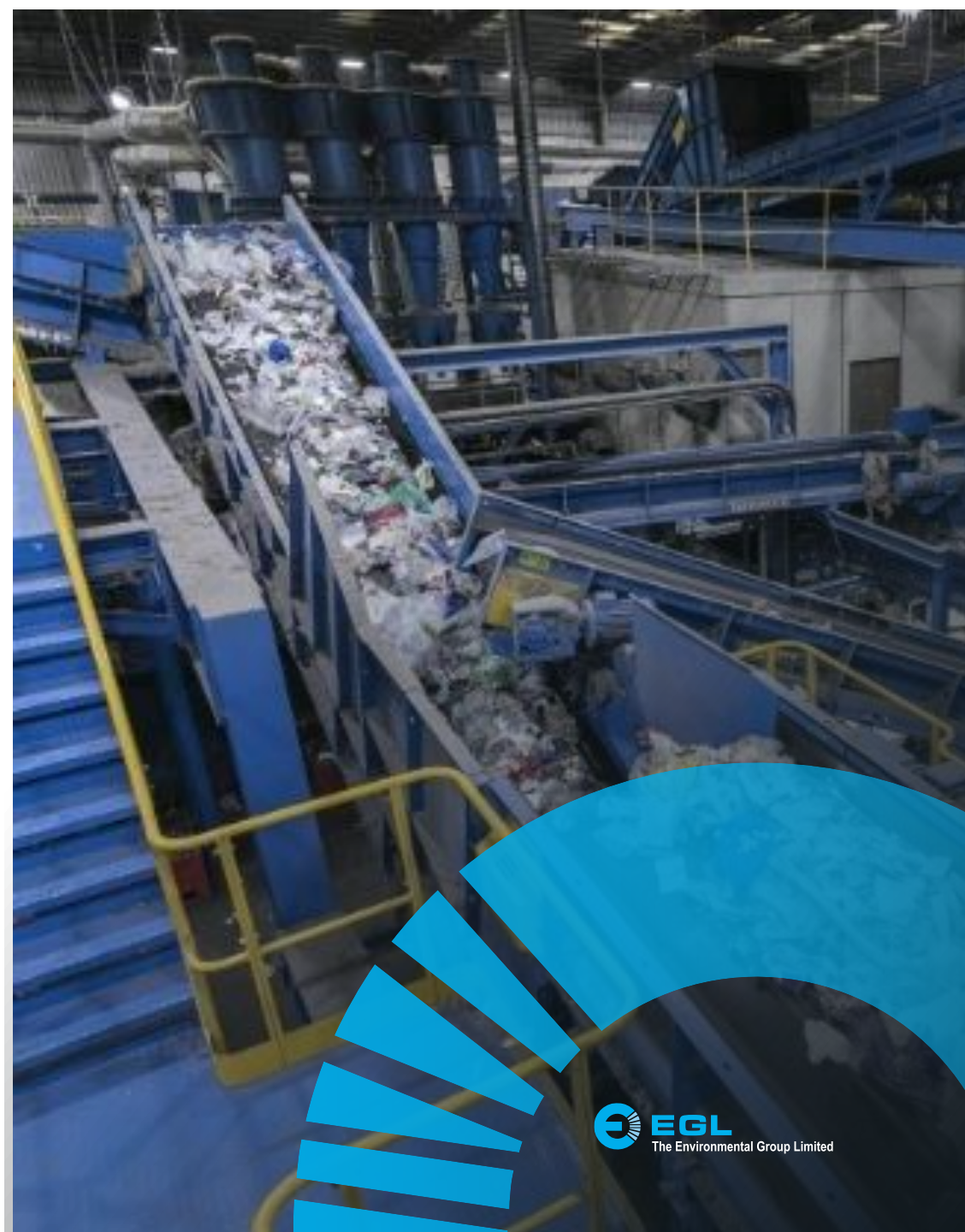
EGL Waste division encapsulates offering many of EGL's service lines to the waste industry

- Turmec's world class recycling plants under the exclusive Australian agency.
- Dust extraction and asbestos detection systems in waste processing facilities.
- Boilers & autoclaves in the medical waste treatment sector.
- Combustion technologies for biomass boilers and waste to energy plants.
- PFAS and liquid waste treatment plants.
- After sales service and parts.



FY2022 COMMENTARY

- In its first full year of service offering EGL Waste delivered EBIT of \$444K.
- Included a plant sale for the Rino Resources construction and demolition waste recycling facility for Turmec which processes 475 tones per day. Total order value \$AUD 49 million plus TAPC dust extraction system AUD \$1.5 million.
- Agreement signed for the exclusive distribution of the Asbestos Alert technology within the Australian Waste Processing Industry. Strong interest was received from the market to conduct trials with the technology at numerous facilities around the country.
- Advanced stages of negotiation to distribute or support numerous technologies within the Australian market. Technologies covered include shredders, advanced biosolids & PFAS destruction technologies and optical sorters.
- Tender pipeline remains strong with a total value of over \$130M in tenders provided to clients.
- Service staff and technicians are being trained to help maintain plants already in Australia and provide spare parts on an ongoing basis.



03

Outlook

Outlook

01

All business units are forecast to have improved earnings on FY22



02

Margin and process improvement will remain a focus of the business



03

Continue to develop the “One EGL” culture to sell multiple services lines to the one customer



04

Executive team strengthened with the appointment of Brenda Borghouts



Forward Outlook

05

Tomlinson & Baltec should have stronger years delivering on their order books



06

TAPC with the major contract wins is expected to deliver very good earnings growth



07

EGL Waste – with the expanded offering and tender pipeline in place, increased profits are budgeted



08

EGL Water – commercial sale of PFAS separation plants to commence and could be a significant opportunity.



EGL outlook continued

- EGL has budgeted for improved earnings in all operating divisions.
- At this stage we expect EBITDA to increase by over 25% year on year after significant items*.
- The business is currently operating in an inflationary environment, the period of our valid pricing has been reduced.
- Management's focus will remain on margin improvement, cost control, project management, procurement and logistics.
- Corporate costs will increase moderately with the completed management team.
- The two organic growth areas of Water (PFAS separation) and Waste will focus on the commercial opportunity to generate returns for shareholders.

* Whilst maintaining a positive outlook, the impact of COVID-19, cannot be fully predicted and may affect final results.

Questions?



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Appendix A

Reconciliation of Statutory (4E) to underlying results

FY22(\$M)	4E	Less Significant Items	Underlying Business
Revenue	57.1		57.1
Costs of sales	(42.7)		(42.7)
Gross profit	14.3		14.3
Employee expenses	(6.4)	0.3	(6.1)
Professional fees	(1.4)		(1.4)
Travel expenses	(0.8)		(0.8)
Marketing expenses	(0.5)		(0.5)
Occupancy expenses	(0.3)		(0.3)
Other expenses	(1.3)	0.4	(0.9)
Operating EBITDA	3.7	0.7	4.4
Depreciation and amortisation	(1.4)		(1.4)
EBIT	2.3	0.7	3.0
Interest expense	(0.2)		(0.2)
Profit before tax	2.1	0.7	2.8
Tax expense	(0.6)		(0.6)
Profit after tax	1.6	0.7	2.2
Earnings per share (EPS)	0.54 cents		0.78 cents

Significant Items Reconciliation	\$M
Performance rights	0.2
Redundancy	0.1
FX	0.3
Acquisition cost	0.1