

ASX Release

Enevis Turnaround Yields Profit in 1HFY19

21 February 2019

Enevis Limited (**ASX: ENE**) announces an EBITDA of \$516,560 for the six months to 31 December 2018 compared with an EBITDA loss of \$447,546 for the previous corresponding period (after normalising for one-off impairment charges in 1H18), representing a \$964,106 turnaround.

The result includes the cost of integrating and restructuring the Lumex business assets which were acquired on 1 August 2018. Other key earnings highlights include:

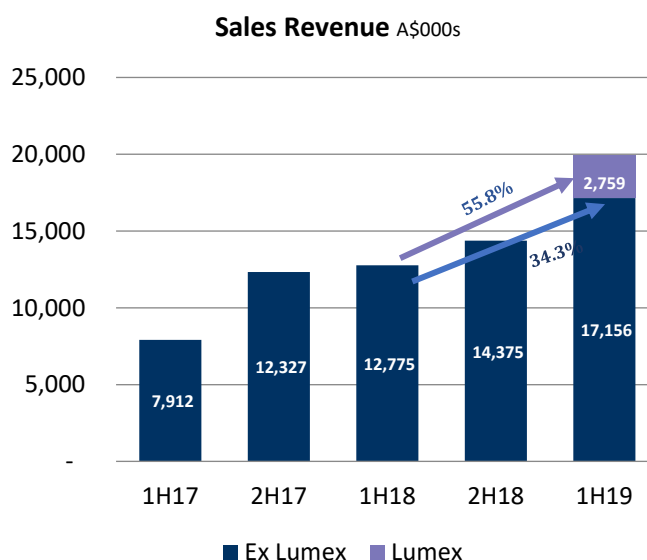
- EBIT of \$406,073 compared with a normalised loss of \$520,904 for 1H18
- NPAT of \$94,679 compared with a loss of \$2.28 million in 1H18.

Managing Director, Peter Jinks, said, “This first half of profit strongly indicates that our turnaround is well underway and we are confident that with the acquisition and successful integration of Lumex, our diligent focus on cost management, our expansion into the South Australian market, and organic growth driven by strong brand awareness, we have established a solid platform for continued revenue and earnings growth.”

Sales Revenue

Sales revenue increased by 55.8% during the half to \$19.91 million compared with \$12.78 million in the previous corresponding period.

This revenue included \$2.76 million from the successful integration of Lumex into core operations from 1 August 2018. The balance of the sales revenue of \$17.15 million was generated by the pre-existing business and represents an increase of 34.3% over the prior corresponding period, indicating a strong underlying business irrespective of the acquisition.



Revenue growth is being driven by an increasing amount of repeat business off the back of strong brand recognition and proven technical ability through the delivery of products and services across a broad range of applications.

Enevis' Managing Director, Mr Peter Jinks, said “We are now experiencing demand to undertake projects of an increasing size and level of complexity, such as the redevelopment of the State Library, which was won through a highly competitive process.

“Furthermore, cross divisional capabilities within the group have delivered a competitive edge, as evidenced by the securing of the energy efficient lighting upgrade to Melbourne Star Observational Wheel, which utilised the full spectrum of the group’s products and services,” he said.

Lumex Acquisition

On 1 August, Enevis completed the acquisition of the Lumex Electrical business and assets which have been merged into the Urban Lighting operations, contributing revenue of \$2.76 million for the five months to 31 December 2018. Lumex was a non-cash acquisition and the final price is subject to revenue and EBITDA performance hurdles as outlined in the 2018 Financial Report.

Lumex, with its energy efficiency LED lighting and controls, extends Enevis’ opportunities in the highly attractive energy efficient lighting market, brings market expertise and relationships, and increases cross-selling opportunities across the brands.

Following the acquisition, management has been focused on extracting synergies within the logistics and distribution channels, and combining roles where possible. The business aims to extract further savings through consolidating supplier relationships and product sourcing, and these initiatives are expected to drive margin performance in the future.

SA Expansion

As previously announced, SKS Technologies commenced trading in South Australia in July 2018 with the recruitment of an experienced and proven management team. Despite initially forecasting a 10 month period to breakeven, this has been achieved in six months. The economic outlook and growth in South Australia is on the rise and we are finding the pipeline of business opportunities strong.

Outlook

Enevis’ sales and earnings performance for the six months to 31 December 2018 is in line with the board’s expectations, and it is anticipated that sales performance for the ensuing six months will be in line with the 1H19 level.

“These 1H19 results are a reflection of the above fundamentals starting to deliver across the operations. The board is focused on ensuring that the business builds on this start and gains momentum in its efforts to deliver on its full year targets,” said Mr Jinks.

Further Information:

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Appendix – Summary Profit and Loss

\$000s	1H18	1H19	% change
Revenue	12,775.2	19,915.2	56%
CoGS	(9,720.4)	(14,820.5)	52%
Gross Profit	3,054.8	5,094.7	67%
Opex	(3,502.3)	(4,578.1)	31%
EBITDA	(447.5)	516.6	215%
D&A	(73.4)	(110.5)	
EBIT	(520.9)	406.1	
Finance costs	(296.2)	(311.4)	
Impairment	(1,479.3)	-	
NPBT	(2,296.4)	94.7	
NPAT from disc ops	11.5	NA	
NPAT	(2,284.9)	94.7	

About Enevis Limited (ENE)

Enevis (previously known as Stokes) delivers energy efficient technology solutions, through the creative manufacture, design, engineering, hardware and installation support services. With strong capabilities in servicing national customers, Enevis provides innovative LED lighting products, energy consumption cost benefit and rebate analysis, audio-visual, communications and electrical solutions to the commercial, industrial and retail markets.