

30 August 2019

ASX Release

Enevis Continues Strong Sales Momentum

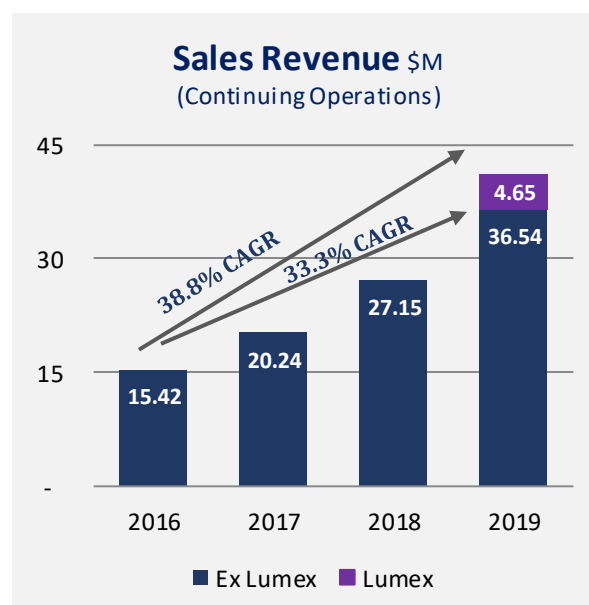
- Sales revenue of **\$41.19 million up by 51.7% on FY18**
- EBITDA (excluding impairments from continuing operations) of **\$1.03 million shows turnaround of \$1.5 million**
- Net profit improves from a loss of **\$3.01 million in FY18 to \$0.02 million in FY19**

Enevis Limited (ASX: ENE) announces a 34.6% increase in non-Lumex sales revenue of \$36.54 million up from \$27.15 million in FY18. The inclusion of the Lumex revenue, which was acquired on 1 August 2018, brings the total sales to \$41.19 million, a 51.7% overall increase. Since 2016, sales revenue in the underlying business has grown at an annual compound growth rate of 33.3%. Gross margin was consistent with the previous year despite the large increase in sales.

EBITDA (excluding impairments from continuing operations) was \$1.03 million compared with a loss of \$0.52 million in FY18 and EBIT (including impairments) was \$0.60 million compared with negative \$2.22 million (from continuing operations) in FY18. The business achieved a net profit after tax of \$0.02 million compared with a loss of \$3.01 million in the previous year.

Executive Chairman and Managing Director, Mr Peter Jinks, said “While this is an essentially break-even result with much work to be done on extracting efficiencies from the operations, it is also a telling turnaround effort when compared with a loss of \$3 million last year.”

The growth in sales has placed pressure on existing resources, including funding a significant increase in inventory, which has contributed to an operational cash outflow of \$2.77 million. In August last year, Enevis raised \$3.26 million (net of costs) to fund its expanded working capital requirements with borrowings increasing from \$3.73 million to \$4.56 million to support sales growth.



As a result of the company's turnaround effort, net assets rose to \$1.76 million at year end, an increase of \$4.80 million from negative \$3.04 million at 30 June 2018.

Lumex Acquisition

On 1 August last year, Enevis acquired the Lumex electrical business and assets for \$1.12 million in scrip via the issue of 5.59 million new shares and performance hurdles for a further four million shares for FY19 and FY20. As the FY19 targets were not met, tranches 1 and 2, of a million shares each, lapsed.

LumiGrow Agreement

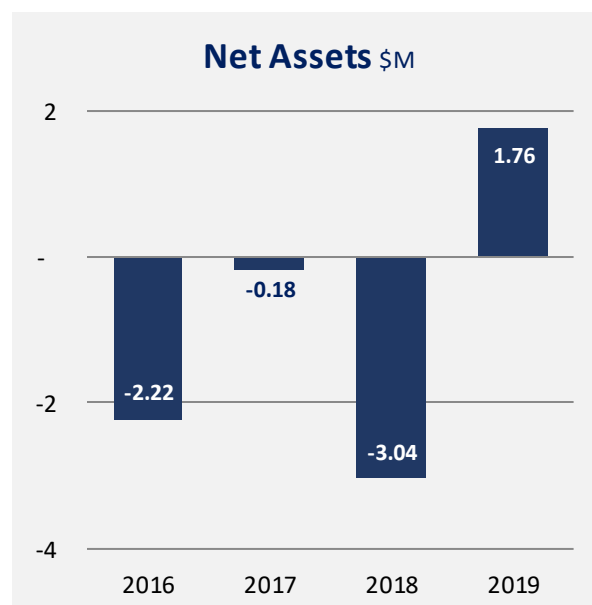
In April this year, Enevis was selected by US grow lighting manufacturer LumiGrow to exclusively market its sophisticated LED grow lighting solutions in Australia, New Zealand and parts of Asia. The evergreen contract enables Enevis to leverage its existing skill base to enter the protected cropping markets and to this end, we established a wholly owned subsidiary called Enegrow to supply, install, commission and maintain LumiGrow's sophisticated product suite of lighting and associated software in protected cropping and other horticultural projects. This is an exciting opportunity for Enevis to become part of the next revolution in horticultural development with benefits to growers, in yield increases, quality improvements, and higher returns for farmers, making the case for grow lighting very compelling.

Other Operational Highlights

During the year, major audio-visual and lighting projects were completed for the Melbourne State Library, Joan Kirner Women's and Children's Hospital, Latrobe University and Queensland Rail, amongst others.

SKS Technologies achieved its first full year of trading in the South Australian market and an operational performance that exceeded expectations. Break-even was achieved in six months rather than the forecast 10 months and revenue was ahead of budget. The business also entered the Queensland market giving it a truly national footprint and an ability to service customers across the nation.

Urban Lighting integrated the Lumex business into its operations as well as securing distribution rights for high-end European commercial lighting product ranges. The development and introduction of a new product range under its own brand, Forlite, built up our intellectual property assets while filling a gap in the market for high quality efficient architectural lighting.



Strategy

Over the year we have pursued a four-pronged strategy to consolidate our operations while we take advantage of opportunities to grow the business. We have continued to work towards our objective to build a national presence with the expansion of SKS Technologies into South Australia and Queensland. We have identified new opportunities to develop the business with the LumiGrow agreement and the subsequent work underway to secure new contracts in the horticultural grow lighting space. We have made process improvements across the business to achieve greater efficiencies, and we have retained our focus on customer care and ensuring we build relationships that ensure new work from existing customers. This strategic platform will facilitate the activities of the year ahead as we continue to grow and improve our operations.

Outlook

Mr Jinks said, “The culmination of the last financial year draws a line under our turnaround process and enables us to concentrate on new opportunities such as that delivered by the LumiGrow supply agreement. Enegrow broadens the scope of markets in which we can operate and find new sources of revenue.”

~ ENDS ~

Further Information:

Peter Jinks
Enevis Limited, Chairman & Managing Director
Phone 03 9289 5000

About Enevis Limited (ENE)

Enevis (previously known as Stokes) delivers energy efficient technology solutions, through the creative manufacture, design and engineering of software, 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.