

21 February 2020

## ASX Release

### Market Update

Enevis Limited (ASX: ENE) is expecting significantly lower than anticipated earnings for 1H20 given a number of significant one-off impacts to the business and the below budget performance of its lighting division.

It is expected that there will be a small EBITDA loss of \$0.06 million primarily as a result of lower than budgeted sales and slightly higher costs from the lighting business, Urban Lighting Group, now renamed SKS Lighting.

The loss before tax for the half includes \$1.6 million of one-off abnormal items, of which \$0.54 million are cash costs relating to further costs in the Perez legal matter, pre-transaction consulting costs associated with the sale of the street lighting subsidiary business in December 2019, and an incident of fraud by an external party at the end of the half. This incident has been referred to the police and has led to the modification of internal procedures to strengthen security and minimise the risk of any future such attempts.

One of the non-cash abnormal items relates to a writeback of income taken in 2019, arising from the judgement in the Perez matter. Subsequent to receiving the favourable decision in Perez, the respondent became bankrupt, and as such, the receipt of funds as a result of the legal action will be determined by the bankruptcy trustee. Consequently, the board believes it prudent to write back the income previously taken. The other non-cash abnormal item relates to an additional provision of \$0.86 million for obsolete stock across both the street column and SKS Lighting businesses to reflect its current estimated sale value.

A restructure has been completed for SKS Lighting and the outlook for the business unit remains positive with an excellent project pipeline and a lower cost base. SKS Technologies, the audio-visual, electrical and communications business, continues to perform well.

Executive Chairman and Managing Director, Mr Peter Jinks, said, “The board remains positive about the business’s future. With a lower cost base across the organisation, a significant pipeline of opportunities for both the SKS Technologies and the SKS Lighting businesses, many of them integrating the products and expertise of both business units, and the funds from the sale of the street column business, Enevis’ financial position has significantly improved, enabling investment in growth.

<b>EBITDA</b>		(\$0.06)	Cash
<b>D&amp;A</b>		(\$0.50)	Non-Cash
<b>Finance Expenses</b>		(\$0.40)	Cash
<b>Abnormals</b>	<b>Perez Legal Costs</b>	(\$0.10)	Cash
	<b>Perez Write-Back 2019</b>	(\$0.20)	Non-Cash
	<b>ULG Sale Costs</b>	(\$0.17)	Cash
	<b>Inventory Provision</b>	(\$0.86)	Non-Cash
	<b>Fraud</b>	(\$0.27)	Cash
<b>NPBT*</b>		<b>(\$2.56)</b>	

\*Subject to final review

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**Further Information:**

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**About Enevis Limited (ENE)**

Enevis 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.