

# **EVZ LIMITED**

## Annual General Meeting

### **FY2022**

18 November 2022

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# Chairman's Address

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During the 2022 Financial Year the EVZ group posted a solid operating profit in changeable but improving operating and economic conditions. Importantly, all operations in Australia and South-East Asia contributed to the overall result.

EVZ grew revenues by 17% to \$67.5M and delivered an EBITDA of \$3.2M in FY22. Importantly we secured over \$134M in new contract wins and ended the year with a backlog in excess of \$100M. Demand for EVZ services is at an all-time high across the Brockman, Syfon and TSF Power businesses.

As a result, the financial structure of the group has been further strengthened and it is looking forward to delivering significant growth in revenues and profit across its core markets in the 2023 financial year and beyond.

A stated aim of EVZ has been to retire all debt from our Company and it is exceptionally pleasing to announce that we reached that milestone during Q1 FY23. The retiring of our debt significantly de-risks our future financial outlook as well as provides a greater basis to scale the group and build momentum in FY23 and beyond.

In addition, the Group was able to invest in the necessary fixed assets and growth in its core skills base in preparation for delivery of increased revenues during FY2023.

Brockman Engineering posted an improved operating profit but was unable to exert significant momentum due to the slower than anticipated commencement of recently awarded major projects in the oil and gas sector.

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# Chairman's Address (cont)

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Brockman continues to be a lead player in petrochemical and water tank construction, recurrent maintenance, and piping fabrication sector. Brockman is expecting to grow its revenue in the 2023 financial year as it works to deliver the significant backlog of contracted work which it secured during the FY2022 year. Brockman is also well positioned to use its competitive advantages of location, skills base, and relationship with major industry companies to secure additional large contract wins during the upcoming financial year.

Syfon Systems consolidated its position as the leading siphonic roof stormwater drainage company in Australia and Southeast Asia. The FY2022 year saw a significant increase in water segment revenues and profits year on year. In addition, the Syfon group has significantly grown its backlog of contracted work which will enable it to further grow revenues during FY2023. Syfon remains committed to expanding in other key Asian markets to continue its progressive geographic expansion strategy.

TSF Power continues to grow its capability through a focus on skilled staff located and available in its identified markets and extended reach for its power generation breakdown, operational technical support, and maintenance services. The 2022 financial year produced a significant improvement in profit and TSF Power is well placed to further grow in revenue and profitability in the 2023 financial year.

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# Chairman's Address (cont)

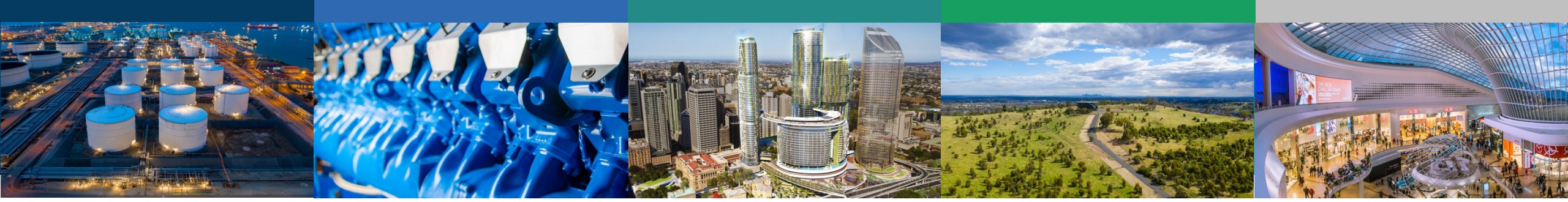
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EVZ continues to safeguard our business against the growing inflation pressures we are seeing across the domestic economy. We manage cost price rises effectively by maintaining trade and material supply price coverage for 90% of contract expenses and consequently we have not experienced any significant impact of material cost inflation on new contracts. Raw material availability across our three key businesses remains broadly constant and are not imposing any negative impact on our ability to execute our works.

Post the end of the financial year, we are excited by the opportunity to make the commitment to acquire Tank Industries. From a strategic perspective, Tank Industries provides a base for EVZ to expand their product sales businesses within a range of industries with the vision of becoming an innovator of water efficiency products. The ability of our team to identify and execute on acquisitive growth complements our growing work backlog and ensures that EVZ continue to expand our footprint across the core markets in which we operate.

EVZ has a direct workforce of more than 400, primarily highly skilled managers, engineers, technicians, and tradespersons. We increased our workforce by over 100 employees during FY22 and saw very low levels of staff turnover against the backdrop of an exceptionally tight job market in Australia. Our ability to attract and retain some of the best talent in the Australian market is a testament to our culture and the strength and inclusiveness of our management team.





# **EVZ LIMITED**

## CEO Business Update

### **FY2022**

18 November 2022

# EVZ is a leader in innovative engineering solutions



A leading provider of steel bulk storage tanks, pressure pipe networks & maintenance services for liquid fuels, chemicals & water storage.

Recurring & Project Revenue

58% of EVZ FY22 Revenue



The leader in syfonic roof stormwater drainage systems in Australia, New Zealand & South-East Asia.

Project Revenue

31% of EVZ FY22 Revenue



Leaders in high quality, cost effective, water storage and fire water tanks.

Project Revenue

Recent Acquisition



Technical and innovation leaders in the power generation & renewable biogas energy industry.

Recurring Revenue

11% of EVZ FY22 Revenue



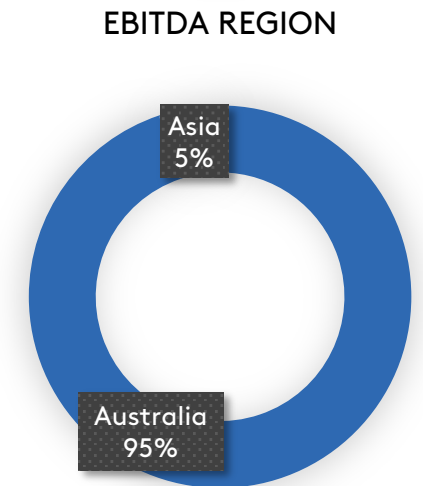
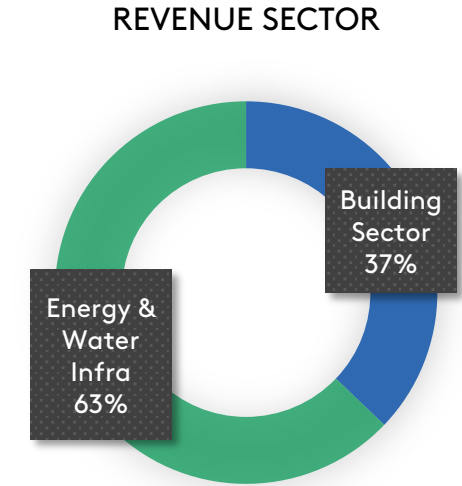
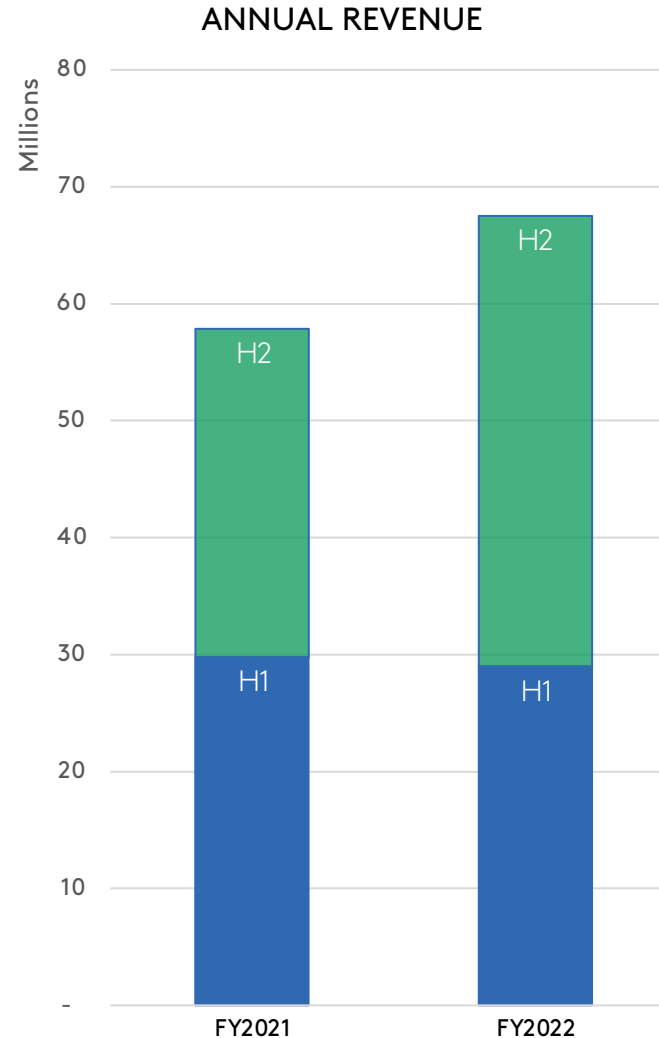
# Health & Safety is a core cultural value

- EVZ has a direct workforce of more than 400, primarily highly skilled engineers, technicians, and tradespersons.
- Our Total Recordable Injury Frequency Rate (TRIFR) and Lost Time Injury Frequency Rate (LTIFR) are in line with industry best practice.
- Our culture continuously reinforces our focus on improving safe work procedures, continuous risk assessment, job safety analysis and worker skills improvement through structured training.
- Our continuing target is zero recordable incidents and zero harm to our people.
- Safety by choice, not by chance.



# FY22 Financial Highlights

- Strong revenue growth with FY22 revenue of \$67.5M up +17% versus FY21.
- FY23 revenue expected to be +30% higher than FY22.
- Solid underlying earnings: FY22 EBITDA of \$3.15M.
- Balance sheet set for growth: The balance sheet strength provides the ability for future growth through further new contract wins and strategically aligned acquisitions.
- Pipeline supports positive outlook: New construction and capital projects secured are expected to underpin growth for over the next 24 months. Asia forecast to rebound in 2HFY23 and beyond.





# FY22 Operational Performance



- Tendering activity increased significantly during FY22 as the first group of federal government BADSP grant supported construction contracts were awarded. Increasing capital investment in cleaner fuels and new energy systems will give rise to further project works as the energy transition proceeds.
- Industry activity in the water infrastructure, liquid fuels, mining, and gas sectors is forecast to remain high during FY23 & FY24.

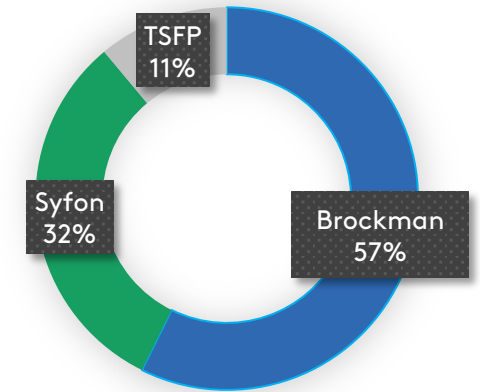


- Syfon continues to build market share and geographic reach as the first choice for siphonic rainwater drainage systems in Australia and SE Asia.
- Syfon Asia is progressively returning to full capacity as regional economies rebuild momentum increasing demand for our products in conjunction with large new infrastructure and building developments in Kuala Lumpur, Penang and Vietnam.

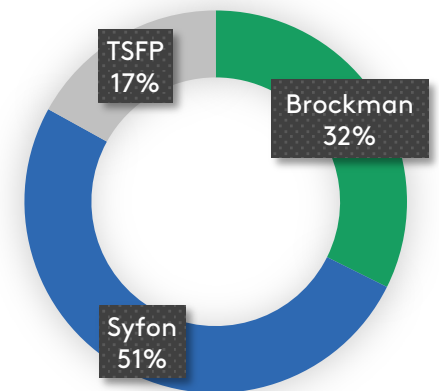


- Technical service support and spare parts sales grew consistently during FY22 with the demand for renewable gas energy continuing to rise
- Revenue is increasing from the installation of new renewable waste gas generator facilities and end of life engine renewals as our capability and market share increases.

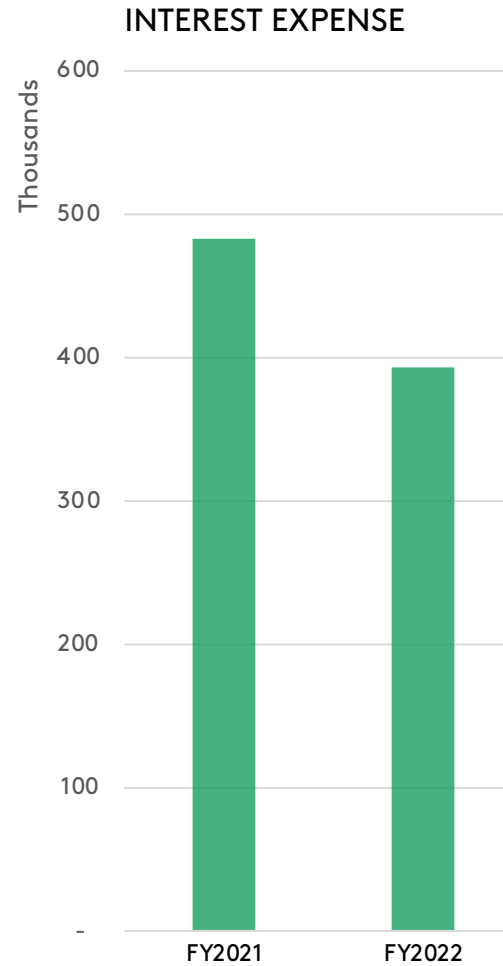
REVENUE DISTRIBUTION



EBITDA DISTRIBUTION



# Achieving Zero Debt

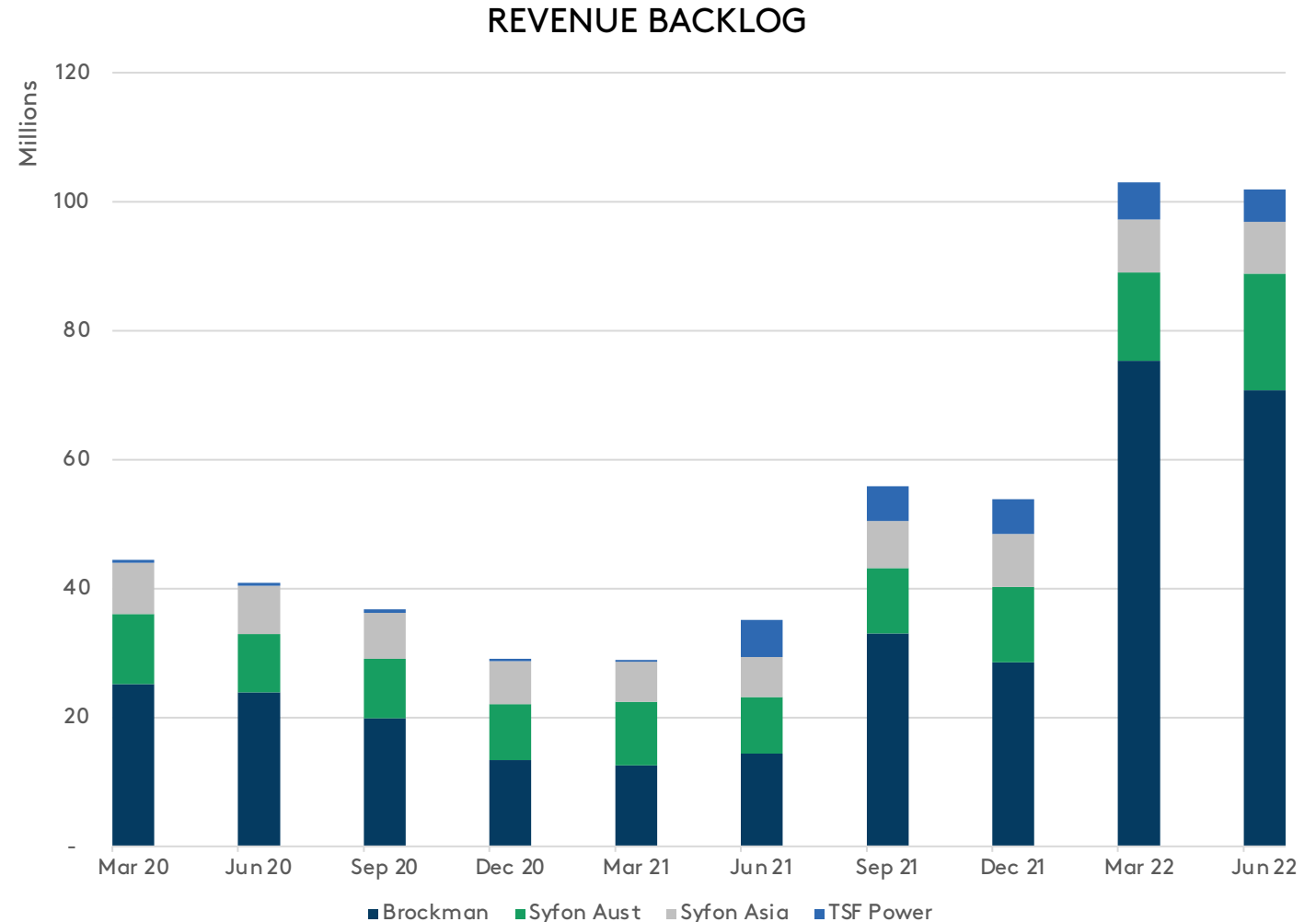


- Zero debt milestone achieved on 30 September 2022.
- Total Deferred Tax Assets available \$3.9M, provided as \$2.6M on balance sheet and \$1.3M off balance sheet.
- NTA increase to 14.2c/share.
- Net positive operating cashflow of \$4.3M in FY22 was utilised to invest in new capital equipment for use in secured contracts and debt reduction.



# Record Backlog & Pipeline

- Record revenue backlog of over \$100M providing strong revenue conversion in to FY23 & FY24.
- Backlog increased \$60M since June 2021 incorporating a \$20M increase in FY22 revenue highlighting depth of customer engagement.
- Revenue backlog in Syfon Australia is at record levels supporting growth in domestic market during FY23. Syfon Asia is forecast to rebound in FY23 & FY24
- TSF Power is improving its revenue balance across the spare parts sales, service and maintenance, and engine renewals.
- Water infrastructure capital works are forecast to increase in FY23 and FY24.





# Brockman: Case Study



## UNITED PETROLEUM HASTINGS TERMINAL EXPANSION

Brockman Engineering provided innovative design and construction solutions to expand the United Petroleum Hastings Terminal augmenting increased fuel storage capacity providing operating efficiency improvements. The terminal expansion included two thirty-five megalitre fuel storage tanks, connecting pipework and electrical supply improvements.



# Acquisition of Tank Industries



In October EVZ announced the acquisition of Tank Industries, expanding EVZ's presence and solutions across a range of water aligned industries. Tank Industries designs manufactures and installs steel bolted water storage tanks to order for the building, heavy industrial and manufacturing industries.

The acquisition further expands EVZ's footprint and engineering solutions across water aligned industries.

Tank Industries will work collaboratively with EVZ Limited's Syfon Systems where the combination of sales development teams coupled with the dedication and commitment of the existing Syfon management is expected to drive increased revenues, improved profitability, and an expanded order book. The Tank Industries business will be earnings accretive in FY2023 following its transition and integration into the EVZ group.



# Syfon: Case Study



## TUN RAZAK EXCHANGE, KUALA LUMPUR

Syfon is providing innovative stormwater management solutions to the Tun Razak Exchange (TRX) major development project in Kuala Lumpur, Malaysia. Syfon designed and constructed the rainwater catchment and drainage systems to protect the building assets from water ingress enabling maximised enjoyment of the facilities.



# Operational Outlook

A man and a woman, both wearing white hard hats and high-visibility yellow and blue jackets with the EVZ logo, are standing in a large industrial facility. They are holding and looking at a large sheet of paper, likely a blueprint or technical drawing. The background shows large industrial structures, including a massive cylindrical tank on the left and various pipes and structural elements of the facility's interior.

Positive momentum building in FY2023:

- Cash receipts of \$25M for the first quarter.
- EVZ Limited completed the retirement of all debt, a significant milestone for the group.

EVZ continues to attract and retain key staff:

- Over 100 new hires in 2022.
- All businesses appropriately skilled and staffed.
- Identifiable talent pool available to meet future growth forecast from increased revenue backlog.

Inflation cost control and raw materials:

- EVZ manages material cost price rises effectively by maintaining trade and material supply price coverage for 90% of contract expenses.
- Workforce growth and onboarding costs will be expensed in the 1H FY23 results.

EVZ revenue outlook is forecast to grow:

- Revenue is forecast to grow +30% on FY22 levels due to record high backlog and stable base workload.



# TSF Power: Case Study



## GIPPSLAND WATER FACTORY

TSF Power designed and constructed the extension to the waste gas standby power generation facility at the Gippsland Water Factory in Victoria. The new power generation system is supplied with biogas from the wastewater treatment facility to the incidence of greenhouse gases from entering the atmosphere. The Gippsland Water Factory is an award winning and internationally recognised facility that comprises two wastewater treatment plants sharing common infrastructure. It treats 35 million litres of wastewater a day from nine towns in central Gippsland and serves the needs of more than 48,000 domestic customers and 300 local businesses.



# Investment Thesis

## Balance sheet strength

- Improved capital position provides flexibility and ability to drive scale in our business
- Achieved zero debt on 30 September 2022.
- Growth capacity to be utilised in combined strategic approach to acquisitions and select contract wins.

## Supportive macro environment

- Strong pipeline of opportunities from increasing infrastructure spend in Australia.
- Increasing activity in Asia which has been slower than Australia to emerge from impacts off COVID.
- Asia is forecast to rebound in FY23 and FY24.

## Ability to execute

- Highly skilled work force.
- Ability to attract and retain staff.
- Strong reputation in Australian and Asian markets
- Strong operational and financial turnaround.
- Experience and committed senior management.

## Growth and scale

- Scale up strategy in the forefront of our strategic agenda.
- Organic growth to be driven by private and government expenditure across the liquid fuels storage, infrastructure and renewable power sectors
- Bolt on acquisition opportunities to provide further scale in additional lateral



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