

27 April 2016

Company Announcements Office  
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### **EGL strategic update**

The Environmental Group (ASX: EGL) advises that the refocused strategic direction and restructuring process outlined in the Interim Half Year Financial Report, is providing positive outcomes for the group's cost structure and business development efforts. This has resulted in combined new orders to the value of over AUD \$10M being won, during the third quarter of FY2016.

These new orders have been secured across all of EGL's subsidiaries which is a clear indication of the group's competitive presence in both local and international markets. The scope of these projects includes the design, engineering, fabrication, delivery and installation of the company's core products to the power generation and process mining industries.

An encouraging feature of these new orders is that they reflect a return to smaller, more profitable less cash intensive projects within Baltec and a revitalised strategic focus within TAPC, which after completing its consolidation is now focused on new project acquisition.

Due to their start and completion dates together with the accounting basis for recognition of revenue and related profits, these new orders will provide a strong start to the 2016/17 fiscal year, together with further prospective projects currently within the tender process.

Whilst the improvement in the profitability of the group as a result of the cost reductions and new projects referred to above is expected to contribute marginally towards the FY 2016 results, the more significant impact will be reflected in the 2016/17 financial year. An improvement on the December 2015 results will be dependent on a number of factors including the ramp up of these new projects.

I would like to thank the marketing and operations teams at each operation in achieving an excellent start to the 2016 calendar year.

Yours faithfully



**Ellis Richardson**  
**Managing Director**