

# EGL Investor Presentation 1H22 Financial Results

February 2022



Presentation should be read in conjunction with the Interim Report 31 December 2021



## Disclaimer

EGL advises that these presentation slides contain forward looking statements which may be subject to significant uncertainties outside of EGL's control. No representation is made as to the accuracy or reliability of forward-looking statements or the assumptions on which they are based. Actual future events may vary from these forward-looking statements, and you are cautioned not to place undue reliance on any forward-looking statement. This presentation should be read in conjunction with the Interim Report 31 December 2021.











01

# Financial Results

# 1HFY22 Financial Results

## Statutory

 <p><b>\$26.8M</b> Total Revenue up \$2.8M on 1HFY21</p>	 <p><b>11.5%</b> Increase in Revenue on 1HFY21</p>	 <p><b>\$1.8M</b> EBITDA – after significant items of \$209K up 28.3% on 1HFY21</p>
 <p><b>\$1.2M</b> EBIT – after significant items up 49.3% on 1HFY21</p>	 <p><b>\$0.8M</b> NPAT – after significant items up 244% on 1HFY21</p>	 <p><b>\$4.5M</b> Improved balance with successful capital raise</p>



# 1 HFY22 Financial Results

## Underlying



**\$2.0M**

EBITDA before significant items of FX losses \$142K & share based exp \$78K



**\$1.4M**

EBIT before significant items, FX movements are non cash adjustments



**247%**

Increase in the share price from 30 June as at 31 Dec 2021



**\$1.9M**

Reduction in loans



**\$5.4M**

Net Assets up



**\$3.7M**

Cash on hand

# 1HFY22 Financial Results commentary

Revenue

**\$26.8M**



Revenue increased by 11.5% on the prior comparable period (pcp) with Tomlinson up 25.7% on the pcp as trading started returning to normal in the COVID-19 environment. Baltec revenue was down 11% on pcp with a strong order book and work on hand, while TAPC increased revenue by 59% on pcp.

EBITDA

**\$1.8M**



EBITDA after significant items for the half was up 28.3% on pcp which was a good result with COVID19 still impacting on parts of the business, such as TAPC parts and service and Tomlinson with some restricted site access. Before significant items underlying EBITDA was \$2M with FX losses of \$141k

EBIT

**\$1.2M**



EBIT after significant items of \$1.2M, for the half up 49.3% on pcp, as we continue to improve margins and grow the business, improved earnings are dropping to the bottom line.

# 1HFY22 Financial Results commentary

**NPAT**

**\$0.8M**



Net Profit after tax attributable to shareholders up 244%, with improved discipline on margin and tight corporate cost management.

**Capital Raise**

**\$4.5M**



A successful capital raise was undertaken for \$4.55M after costs with strong demand from institutional investors to help fund the growth of the business.

**Debt**

**\$1.9M**



\$1.9M of Debt was repaid for the full year further increasing the strength of the balance sheet and reducing interest costs. The business loan debt facility of \$1.65M has been rolled over to September 2024.



# Board & Management

01

Appointment of CEO – Jason Dixon. 10 years executive experience at Tox Free Solutions Limited



02

Appointment of three independent directors completed



03

Andrew Bush – CFO  
Corporate costs well managed over the last 12 months to deal with the COVID19 pandemic



04

Appointment of National Sales & Marketing Manager- Paul Gaskett. 14 years business development and sales in Industrial services





# Board & Management

05

Peter Rankin – responsible for Tomlinson Energy Services since Acquisition in 2019



06

Aldo Giachero – 15 years experience in emissions control systems responsible for TAPC appointed July 2021



07

Charles Borg – 30 years experience in the Gas Turbine market responsible for Baltec IES appointed September 2021



08

Brenda Borghouts to join the senior management team with a group focus on process improvement & quality



02

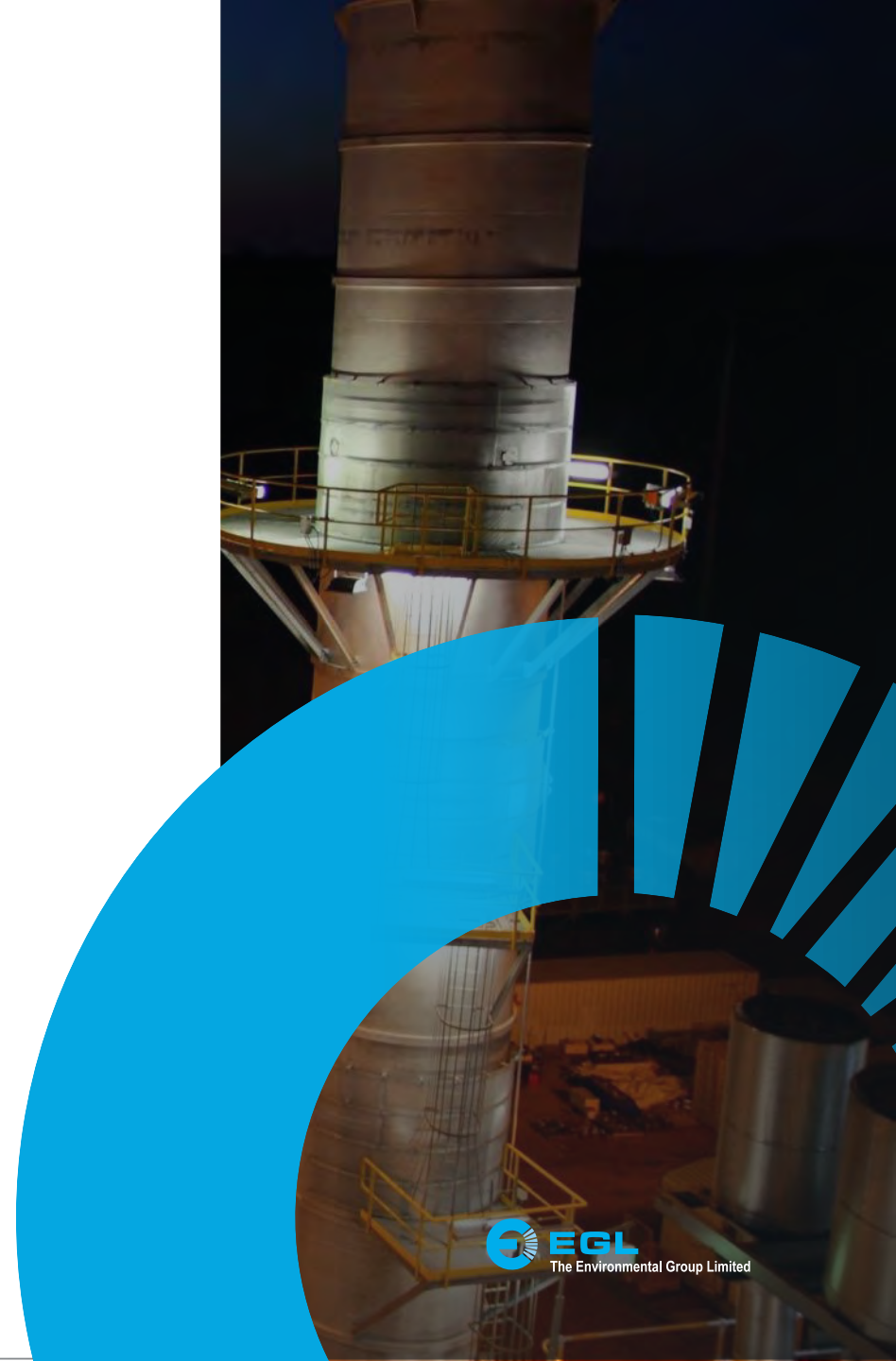
# Operating Units





01

# Baltec Inlet and Exhaust Systems



**Baltec IES supports the gas turbine industry in its role in assisting the transition from coal-powered to renewable energy production including Green Hydrogen. Tailoring products and custom designs specifically to meet clients' requirements:**

**Key offering**

- Turbine performance enhancement for lower emissions and higher output
- Noise control solutions to reduce plant environmental impacts & safety
- Engineered inlet & exhaust systems to maintain efficient operation of gas turbines
- Global manufacturing to a range of international standards
- Erection and commissioning
- After sales maintenance and spare parts

**Revenue**

1H22 \$10.0M  
1H21 \$11.3M  
Down 11%

**EBIT**

1H22 \$0.61M  
1H21 \$0.55M  
Up 11%

Gross margin  
improved 10%



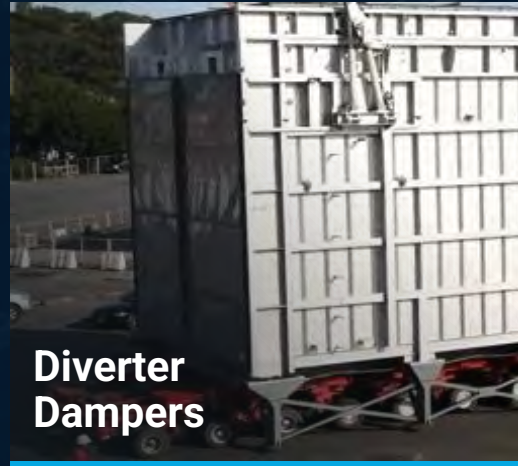
## 1H 2022 RESULTS COMMENTARY.

- Charles Borg appointed as General Manager of Baltec during the half with a margin & process focus.
- Tender & risk review process completed prior to any submission to client.
- Sales remained strong in the December quarter with good order intake.
- Secured a major intake system with Mitsubishi Heavy Industries, a new client which should lead to more recurring work.
- Global shipping and steel costs impacted the results with large cost increases.
- Offshore work remains difficult for Project management, but we continue to perform well.
- Focus for this half will be on procurement, supply chain and quality to further improve margins.





# Key Products







02

# Tomlinson Energy Service



**Tomlinson Energy Service (TES) offers a network of service offices across Australia providing 24/7 service, maintenance and repairs of both proprietary equipment and other OEM equipment.**

### Key Offering

- Sale and Installation of cost-effective boilers design focusing on maximum reliability, long term operating efficiency, fuel flexibility and ease of access for inspection and maintenance.
- On going service and maintenance of boilers burners and steam equipment through a national network of service technicians.
- Continued to provide essential services during Covid-19 to hospitals and food manufacturing.
- Tomlinson are working with their partners to be ready for the shift to greener hydrogen energy.

### Revenue

1H22 \$13.0M  
1H21 \$10.3M  
Up 26%

### EBITDA

1H22 \$1.73M  
1H21 \$0.97M  
Up 79%

### EBIT

1H22 \$1.33M  
1H21 \$0.57M  
Up 135%





## 1H 2022 RESULTS COMMENTARY

- Revenue increased 26% on prior corresponding period despite the on-going COVID19 pandemic, reflecting the essential nature of our services.
- EBITDA & EBIT improved significantly as the level of work returned to pre-pandemic levels.
- Post the end of the financial year TES secured a significant contract for the supply of two boilers and an auto clave into the medical waste sector.
- Site access did remain difficult through the half which has caused some delays in completing projects.
- Sales of new boilers has been strong with a good order book in place.
- Margins improved despite the increase in shipping and steel costs.
- The easing of restrictions should see an improvement in the hospitality & laundry sector.





## Key Products



**Industrial Steam Boilers**



**Industrial Package Burners**



**Large Commercial Hot Water Boilers**



**Thermal Oil Heaters**



**Biomass Steam and Hot Water Generation**





03

# Total Air Pollution Control



**TAPC designs, manufactures and services flue gas treatment systems which prevent harmful contaminants being discharged into the atmosphere.**

### Key offering

- Scrubbers including dry and wet for the removal of particulates and gaseous contaminants.
- Electrostatic Precipitators & Bag filters for particulate removal and flue gas clean up.
- On going service, parts and maintenance of pollution control equipment.
- A team of specialist engineers and designers who understand the clients need for specialist pollution control equipment.

### Revenue

1H22 \$3.54M  
1H21 \$2.23M  
Up 59%

### EBIT

1H22 \$0.53M  
1H21 \$0.53M  
Flat

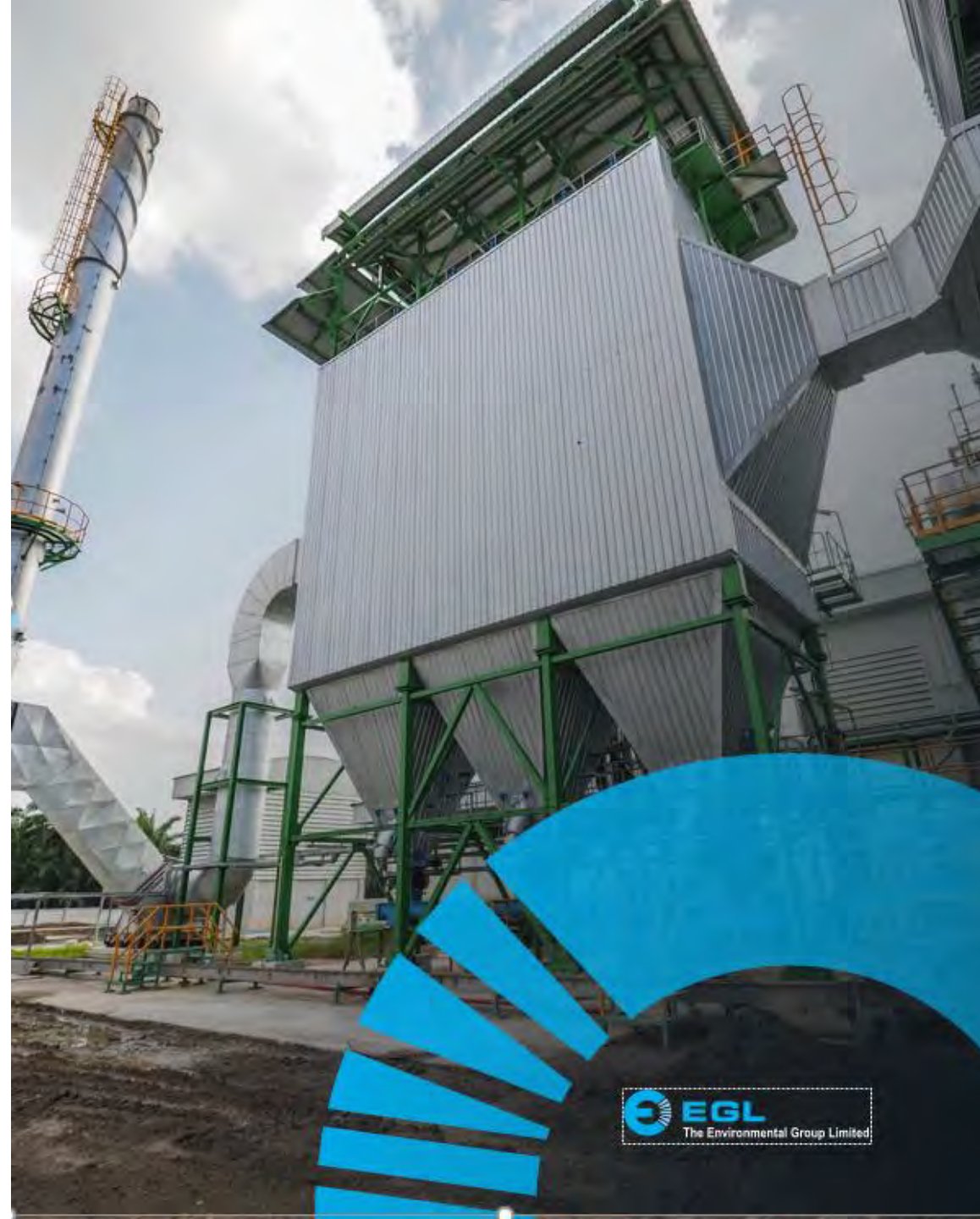
### EBIT MARGIN

Down from 24% to  
15.0%



## 1H 2022 RESULTS COMMENTARY

- In the pcp a single large engineering only project with no supply portion, which skewed margins higher in that period. Excluding this project, EBITDA was up 94.4%.
- In line with the organic growth strategy, sales substantially increased in both Parts & Services and Projects. TAPC has traded with > 50 unique clients in this first half of FY22.
- Major project awards during the half year include the FLSmidth Pty Ltd contract for the design and supply of the gas scrubbing system for a Lithium refinery for \$5.2M and another smaller rare earths refinery gas scrubbing system.
- Parts and Services, sustained by a strong sales performance, has delivered a stable monthly income despite Covid19.
- TAPC has suffered delays on several services and projects in the resources sector in WA and internationally due to travel restrictions, most are now scheduled for mid year completion.
- Services provided on the Eastern seaboard have also suffered delays with site restrictions in place.
- Hastings Metals have secured most of the finance for the Yangibana Rare Earths project, TAPC is working to secure the supply portion of the emissions control system.



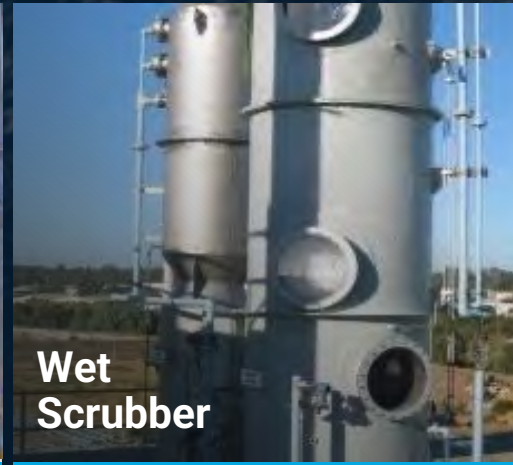




## Key Products



**Dry Scrubber**



**Wet Scrubber**



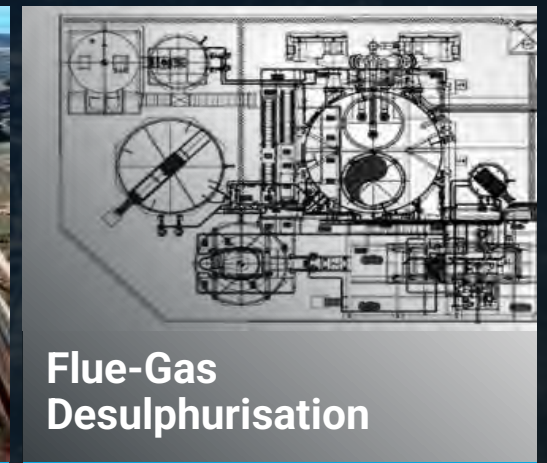
**Electrostatic Precipitators**



**Fabric Filters (Baghouse)**



**Aeromixes & Cyclones**



**Flue-Gas Desulphurisation**





04

# EGL Water



**EGL Water division has an enhanced patented technology designed to protect our environment through the removal of Per- and polyfluoroalkyl chemical substances (PFAS) from contaminated water.**

- PFAS was primarily used in aircraft fire fighting as a fire retardant however its use expanded into plastics and clothing prior to its detrimental impact on our environment being fully understood.
- Successful class actions have highlighted increased awareness and the urgent need to find solutions to remove contamination in water, soil, landfills, farmland and housing estates.
- EGL recognises that one of the world's most valuable assets is water and will persist in our vision to reduce water pollution, leading to an improved environment, through low-cost technology solutions.





## 1H 2022 COMMENTARY

- EGL's foam fractionation technology has demonstrated outstanding results in commercial trials, successfully separating and removing PFAS from liquid waste streams up to 41.5ppb
- Consistent results demonstrated with regulated PFAS separated and removed to levels below detection limits in all high-volume low concentrate trials.
- At the highest concentrate trial regulated PFAS was removed over 99.4%, on the first process with the trial ongoing on higher concentrate PFAS waste streams.
- Final trials have been run in a new configuration to optimize the plant design; this has now been completed and the commercial plant design is underway.
- Negotiations have commenced for the sale of the first plant which is expected to be delivered within 6 months.
- EGL's technology has considerable advantages against other PFAS removal technologies including being simpler, safer, more versatile and more cost effective.
- EGL Work continues with PFAS contaminated soil, Victoria University have made significant advances in the process design.



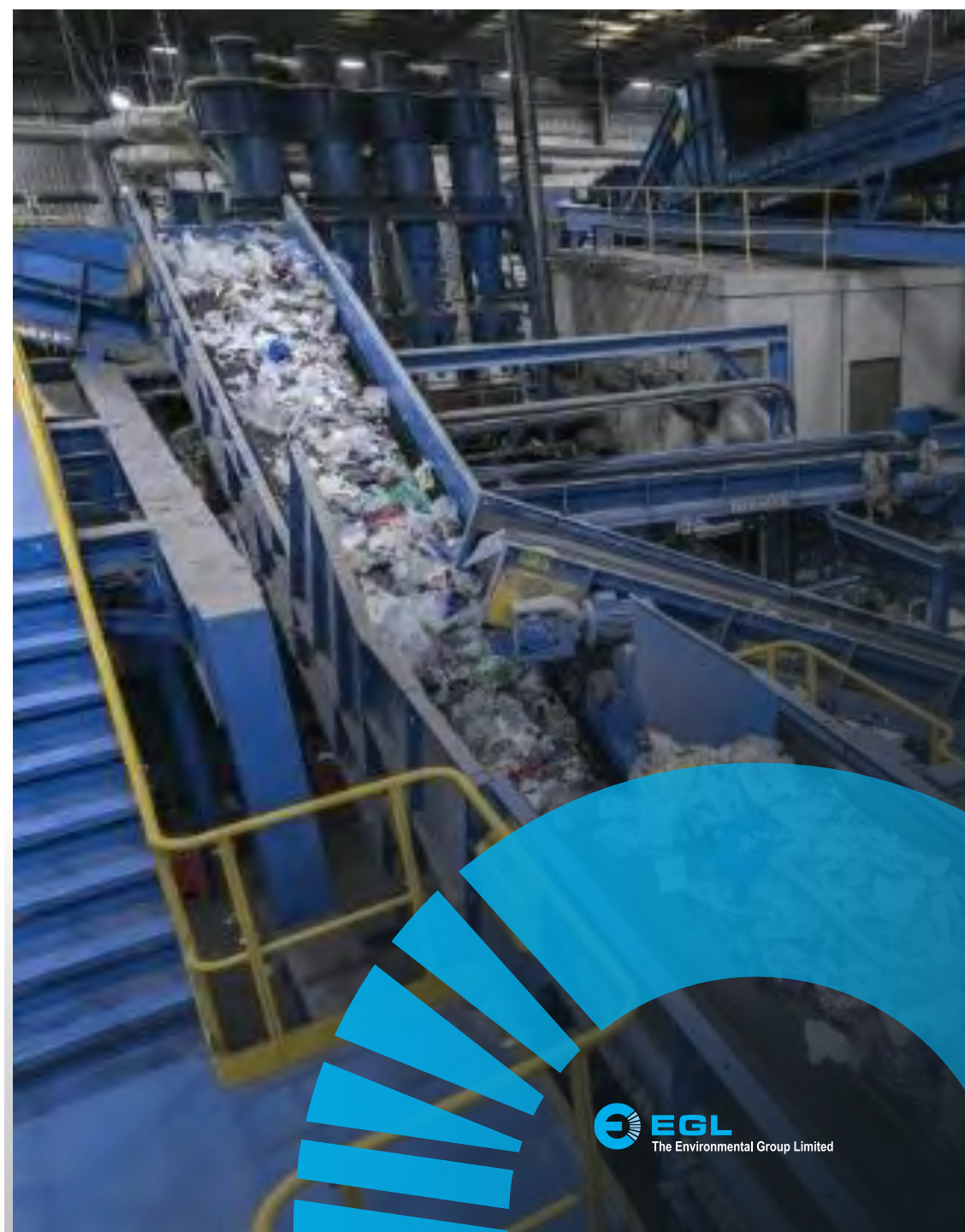
04

# EGL Waste – Turmec Agency agreement



## 1H 2022 COMMENTARY

- EGL has spent the last nine months building the Turmec brand recognition with potential clients in Australia and building product awareness. Customer response has been positive to the product and service quality.
- Post the end of the half year a major milestone has been achieved with the award of a engineering design freeze for a significant construction and demolition recycling plant in Brisbane.
- The plant design will be capable of recycling 475t per day at a recovery rate of 96% and is due for completion in 2023.
- The tender pipeline has continued to grow and we are actively participating in several new tenders.
- TAPC is now participating in the tender process to supply dust extraction systems for the Turmec recycling plants.
- Our established relationships have allowed us to introduce the EGL other services such as PFAS solution to the major waste companies at the same time with the support of Turmec.
- Service staff and technicians are being trained to help maintain plants already in Australia and provide spare parts on an ongoing basis.



03

# Forward Outlook



# Forward Outlook

01

Tomlinson will have stronger year if COVID19 restrictions continue to improve



02

Baltec & TAPC are expected to deliver improved results on 1H2022



03

EGL – Turmec Agency agreement delivers a new avenue for growth with a world class offering



04

The EGL Water, PFAS successful commercial trial may lead to a significant opportunity





## EGL outlook continued

- EGL has delivered improved earnings in the first half and expect it to continue for the full year, subject to the impact of COVID-19 which is unknown at this stage.
- With the strong first half we expect EBITDA to increase by over 15% year on year after significant items\*.
- Corporate costs will increase with the new management team and renewed Board in place.
- EGL is getting traction cross selling to the same customer base in the waste industry with multiple service offerings.
- Management's focus will remain on margin improvement and reviewing processes to improve products and services.
- The two new organic growth areas of Water (PFAS separation) and Waste (Turmec agency agreement) will focus on the commercial opportunities to generate returns for shareholders.

\* Whilst maintaining a positive outlook, the impact of COVID-19, and in particular ongoing lockdowns across the country, cannot be fully predicted and may affect final results.



# Questions?





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