

EGL Investor Presentation FY21 Financial Results

August 2021



Presentation should be read in conjunction with Annual Report 30 June 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 Annual Report 30 June 2021.



01

Financial Results

FY21 Financial Results

 <p>\$46.6M Total Revenue up \$9.1M on FY20</p>	 <p>24.4% Increase in Revenue on FY20</p>	 <p>\$3.1M EBITDA – after significant items of \$217K up from a loss of \$128k FY20</p>
 <p>\$1.8M EBIT – after significant items up from a loss of \$1,829K FY20</p>	 <p>\$1.7M NPAT – after significant items up 230%</p>	 <p>\$0.6M Improved balance sheet with debt repaid of \$600K</p>

FY21 Financial Results



\$3.3M

EBITDA before significant items of FX losses \$139K & redundancies \$78K



\$2.0M

EBIT before significant items, FX movements are non cash adjustments



270%

Increase in the share price as at 30 June 2021



\$0.2M

Reduction in interest expense



\$1.5M

Reduction in total liabilities



\$0.7M

Cash on hand

FY 21 Financial Results commentary

Revenue

\$46.6M



Revenue up by 24.4% for the full year with Tomlinson up 8.5% for the full year but up 16.7% on the 1st Half as trading started to improve as we learnt to do business in the COVID-19 environment. Baltec revenue was up 73% year on year with the strong order book and work on hand.

EBITDA

\$3.1M



EBITDA after significant items was a good result considering the impact COVID19 had on the business, with the second half up 11% on the first half as business confidence lifted. Before significant items EBITDA was \$3.3M.

EBIT

\$1.8M



EBIT after significant items of \$1.8M, represents strong improvement from a prior year loss. This is with the background of corporate costs increasing \$550K annualised with the new management team appointed in the second half.

FY 21 Financial Results commentary

NPAT

\$1.7M



Net Profit after tax attributable to shareholders up 230%, compared to a net loss of \$1,244,255 for the comparative period 30 June 2020.

Cash Flow

\$0.7M



Significant improvement in cash inflow from operating activities in second half of \$1.6M compared to a first half operating cash outflow of (\$0.7M) which represents a full year operating cash inflow of \$0.9M.

Debt

\$0.6M



\$0.6M of Debt was repaid for the full year further increasing the strength of the balance sheet and reducing interest costs by \$200k. The business loan debt facility of \$1.95M has been rolled over to September 2022.

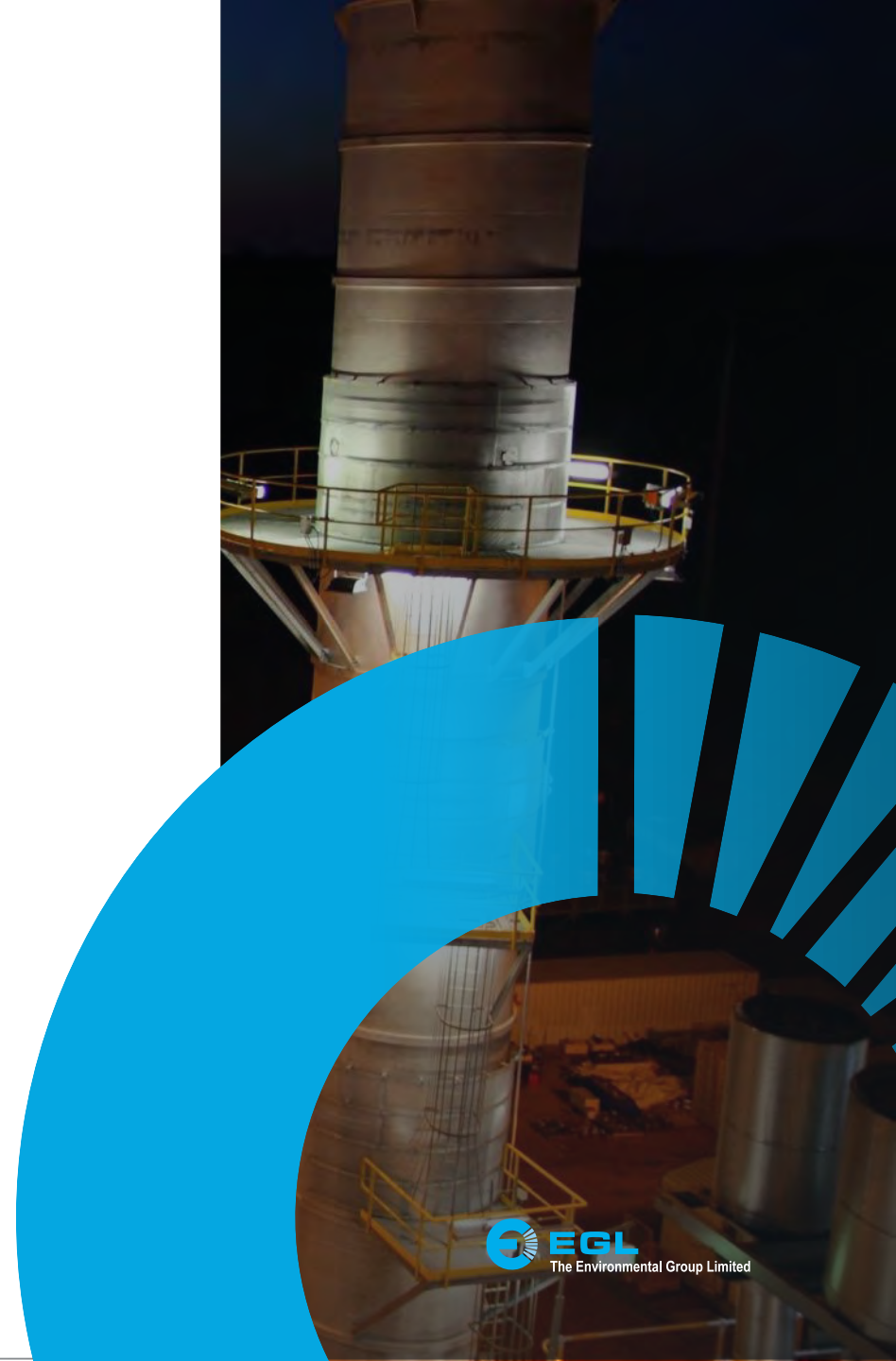
02

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. Tailoring products and custom designs specifically to meet clients' requirements:

Key offering

- Turbine performance enhancement for lower emissions and higher output
- Project management of the upgrade
- Global manufacturing to a range of international standards
- Erection and commissioning
- After sales maintenance and spare parts

Revenue

FY21 \$19.2M
FY20 \$11.1M
Up 73%

EBIT

FY21 \$1.1M
FY20 \$-0.3M

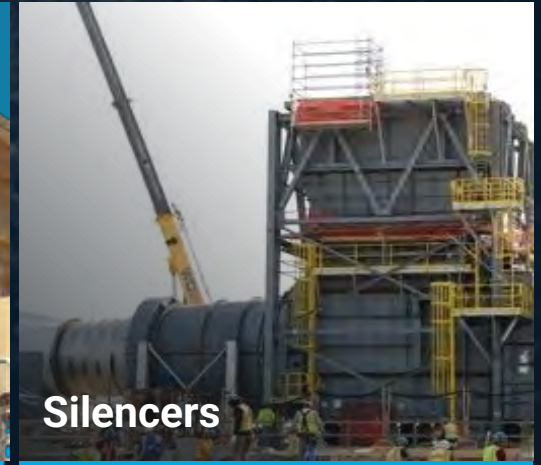
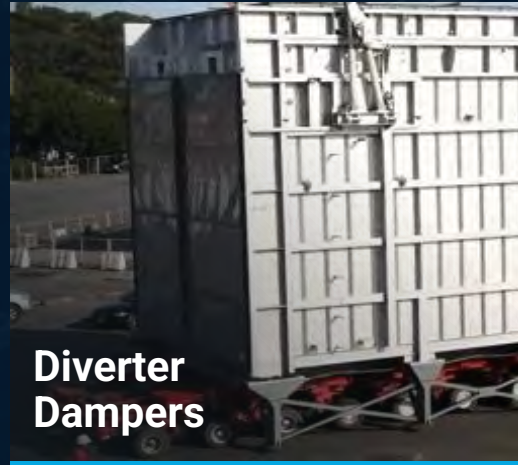
**Work in hand as at 30
June 2021 \$10.7M**

FY2021 RESULTS COMMENTARY

- Strong sales continued with the improved pipeline.
- Completed review of the sales process with a focus on margins and risk.
- Tender review process completed prior to any submission to client.
- Good project management delivering projects at largely forecast margins
- 80% of work performed internationally had its challenges due to COVID19 but we have learnt to do business in this environment.
- Lumpy large-scale projects can bump around margin and cashflows in a reporting period.
- Forward contracts remains at a high level of \$10.7M



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.

Revenue

FY21 \$22.4M
FY20 \$20.6M
Up 8.5%

EBITDA

FY21 \$2.6m
FY20 \$1.8m
Up 40%

EBIT

FY21 \$1.7M
FY20 \$1.1M
Up 55%



FY2021 RESULTS COMMENTARY

- Revenue increased 8.5% for year and pleasingly 16.7% in 2nd half as we learnt to work with the COVID19 pandemic, a strong result.
- Increasingly in the second half sites came back online allowing services & maintenance to be performed.
- EBIT was up 55% for the year even after the tough 1st half FY2021.
- EBIT Margins improved in the 2nd half to 10% up from 5.1% 1st half FY2021
- Project sales of new boilers increased significantly in the last quarter with the postponed sales returning to normal levels.
- The level of work returned to pre pandemic levels in the final quarter but could be influenced if we incur further long-term lock downs.





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

FY21 \$4.5M

FY20 \$5.4M

Down 15%

EBIT

FY21 \$0.9M

FY20 \$0.03M

Up 196%

EBIT MARGIN

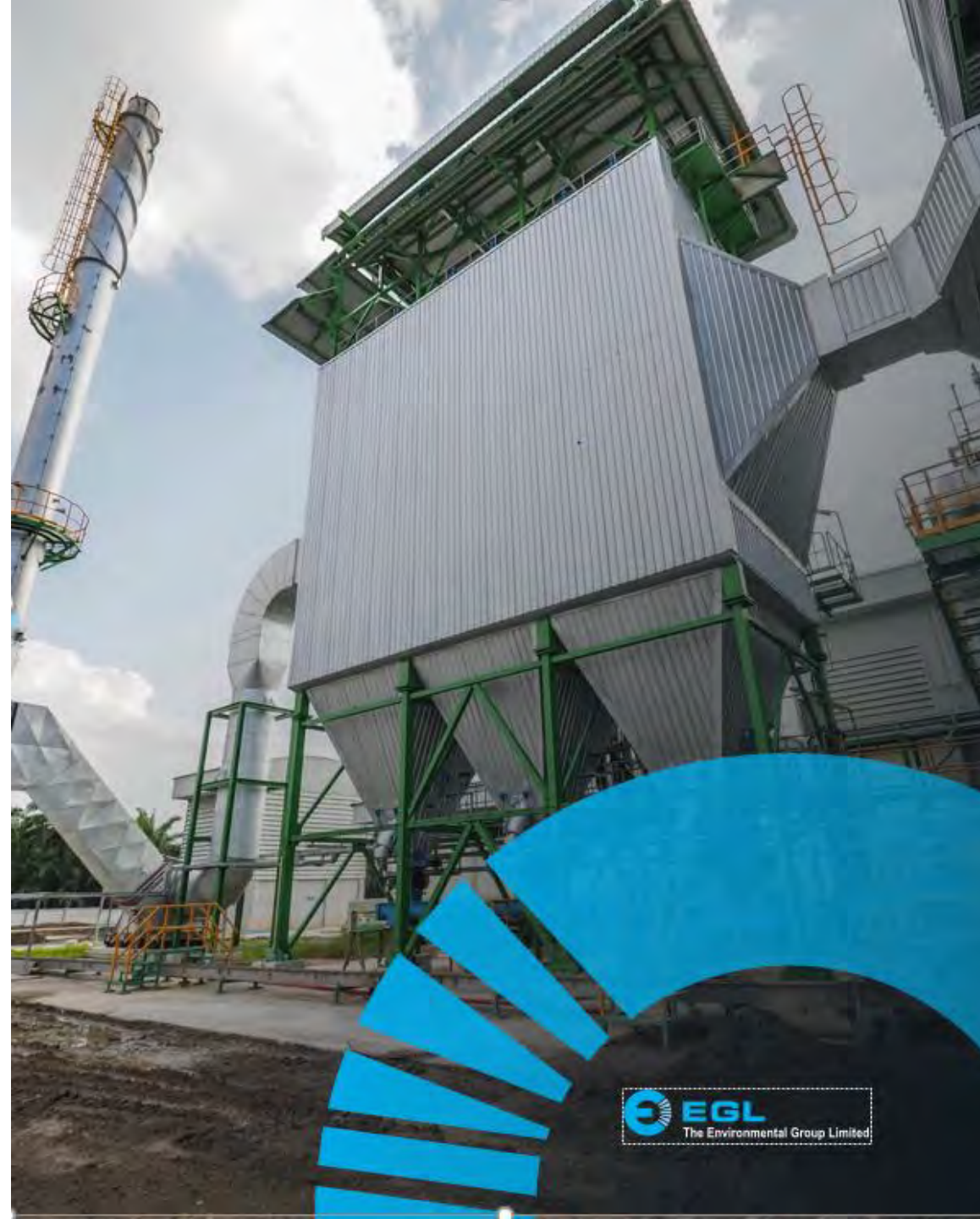
FY21 19%

FY20 5%



FY2021 RESULTS COMMENTARY

- Revenue was down 16% after the change in business model to target more repeatable higher margin earnings.
- Sales focus on existing client base to perform higher levels of parts sales and service not just new products.
- Servicing and spare of plants has remained strong generating good cashflow.
- EBIT was up 196% to \$0.9M on much stronger margins.
- The market for pollution control equipment appears to be rebounding with a solid tender pipeline and high work in hand at \$2.6M as at 30 June 2021.
- Post the end of the financial year TAPC were awarded the FLSmith Pty Ltd contract for the emissions systems design and supply for a Lithium refinery for \$5.2M

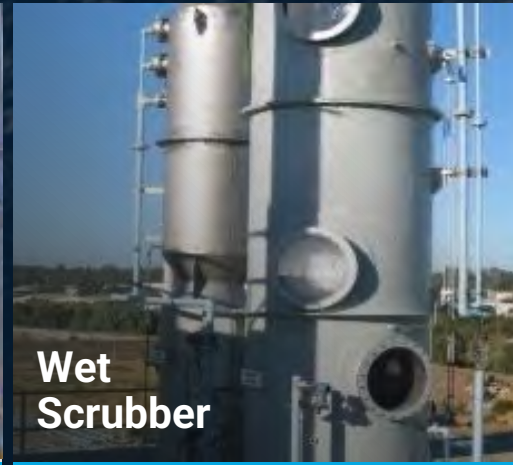




Key Products



Dry Scrubber



Wet Scrubber



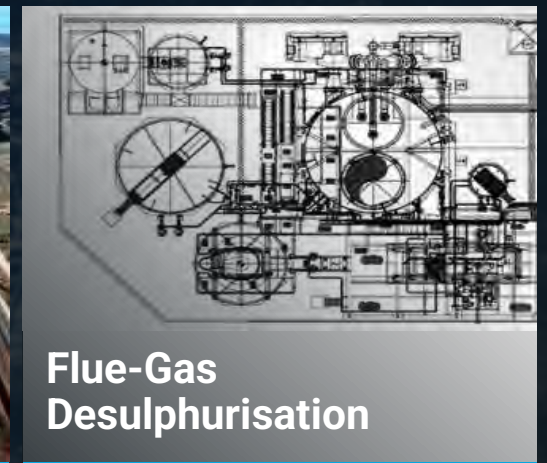
Electrostatic Precipitators



Fabric Filters (Baghouse)



Aeromixes & Cyclones



Flue-Gas Desulphurisation



04

EGL Water



EGL Water division has enhanced patented technology designed to protect our environment by 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.



FY2021 COMMENTARY

- EGL was able to demonstrate, with various PFAS waste streams at pilot plant level, the successful removal of regulated PFAS.
- Significant progress has been made commercially with the plant design in preparation for a full commercial trial currently underway.
- EGL has worked with Reclaim Waste to run the trial at a client's site when EPA licenses granted.
- Trial results will be announced in the first half FY2022
- A provisional patent application has been lodged with IP Australia for its proprietary technology developed for the treatment of PFAS in contaminated water and soil.
- Customer interest remains very strong, subject to the commercial trial's success.
- Work continues with PFAS contaminated soil to seek further opportunities to commercialise the process.

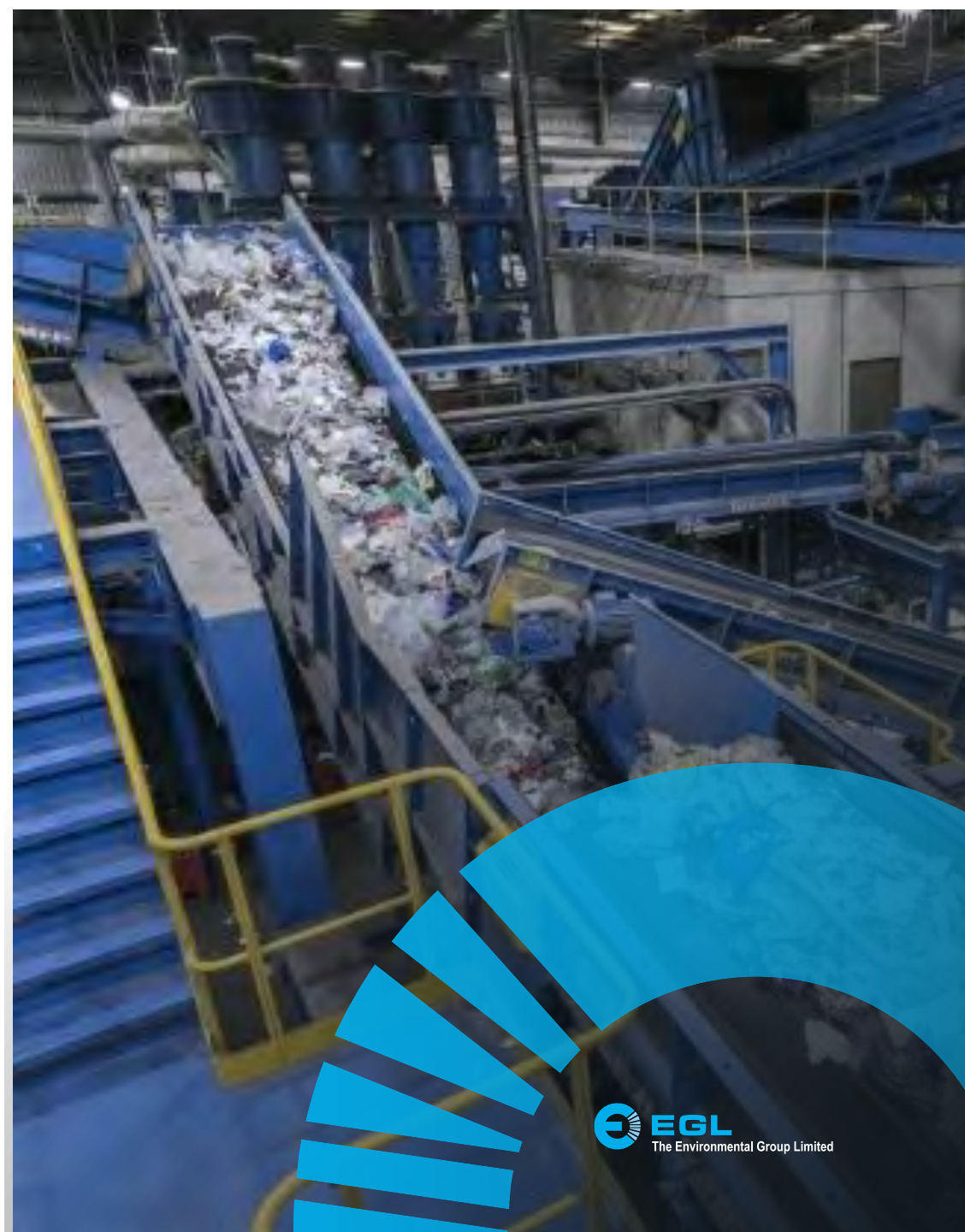


04

EGL Waste – Turmec Agency agreement

AGENCY AGREEMENT UPDATED COMMENTARY

- EGL entered into an exclusive Agency Agreement with Turmec Pty Limited (Turmec) for the sale of world leading recycling solutions in Australia.
- EGL has spent the last quarter 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.
- Turmec's CEO Mr. Geoff Bailey has been in Australia from Ireland for the last 3 months and has visited most of the major waste companies with EGL's National Head of Sales.
- This has also allowed us to introduce the EGL PFAS solution to the major waste companies at the same time with the support of Turmec.
- Response to the product offering has been very good with on going leads generated for potential plant sales.
- Service staff and technicians are being trained to help maintain plants already in Australia and provide spare parts.



03

Forward Outlook

Forward Outlook

01

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



02

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



03

Appointment of three independent directors completed



04

Corporate costs well managed over the last 12 months to deal with the COVID19 pandemic



Forward Outlook

05

Tomlinson should have stronger year if COVID19 restrictions continue to improve



06

Baltec & TAPC are expected to deliver improved results on FY2021



07

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



08

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



EGL outlook continued

- EGL has budgeted for improved earnings in all operating divisions subject to the impact of COVID-19 which is unknown at this stage.
- At this stage we optimistically 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.
- 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 opportunity 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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