

# Market Update

November 2020





## **Mission Statement**

EGL employs advanced engineering technology in creating bespoke solutions that assist its customers in reducing toxic emissions, and in improving efficiency in their air, water and energy processes.

# The EGL Opportunity

## Summary

EGL is an exciting Australian company with an international footprint, substantial unique engineering knowhow and credibility in expanding markets.

EGL is supported by professional staff with extensive industry experience and worldwide reputation.

Successful organic growth and TES acquisition has provided a solid base from which to build.

## Breakout potential

Potential for much improved operating leverage as the company seeks to make synergistic acquisitions, having regard to fixed costs that can accommodate substantially more revenue.

## Opportunities

**Broaden shareholder base to allow for more liquidity.**

**Seeking EPS accretive acquisitions.**

**The continuing integration of the key business units is now bearing fruit through increased contract wins and operational synergies**





# EGL

The Environmental Group Limited



Baltec IES supports the gas turbine industry in its role in assisting the transition from coal-powered to renewable energy production.



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



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

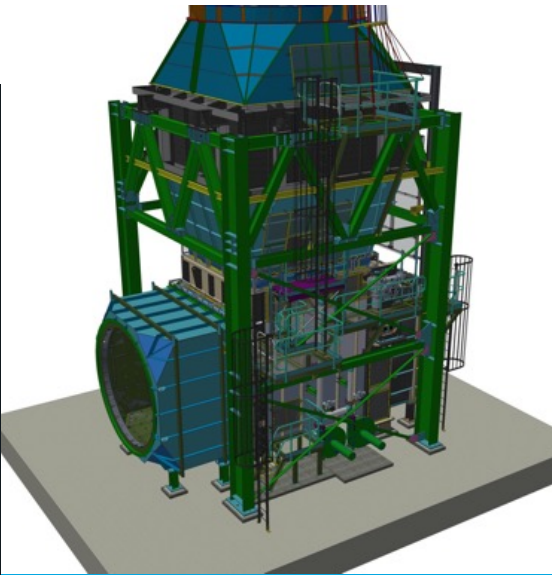


Australia's leading water treatment innovators. Combining world-class expertise, targeted R&D and superior technology, EGL Water meets the water problems of today and tomorrow.

# EGL Expert Teams

## Advanced Engineering

EGL has a professional team of experienced engineers who conduct high level structural, flow, thermal, acoustics and stress analysis.



## International Sales Network

EGL has a network of experienced agents around the globe who complement our expert Australian team to build strong customer relationships.



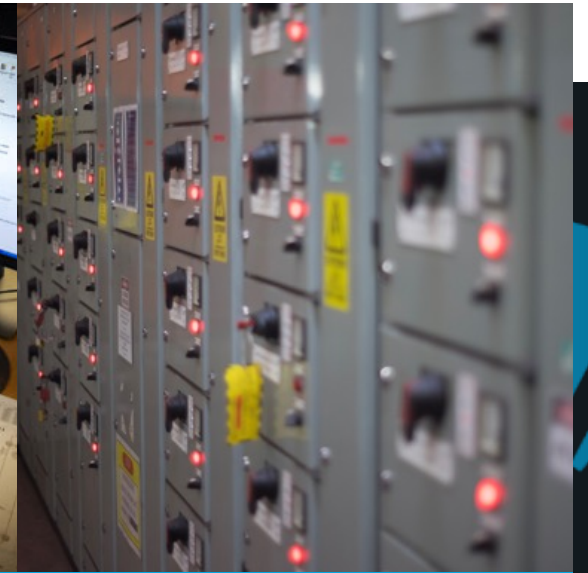
## Project Management

The EGL project team play a vital role in transferring customer and engineering requirements into a proven solution, on time and within budget.



## Technical Support

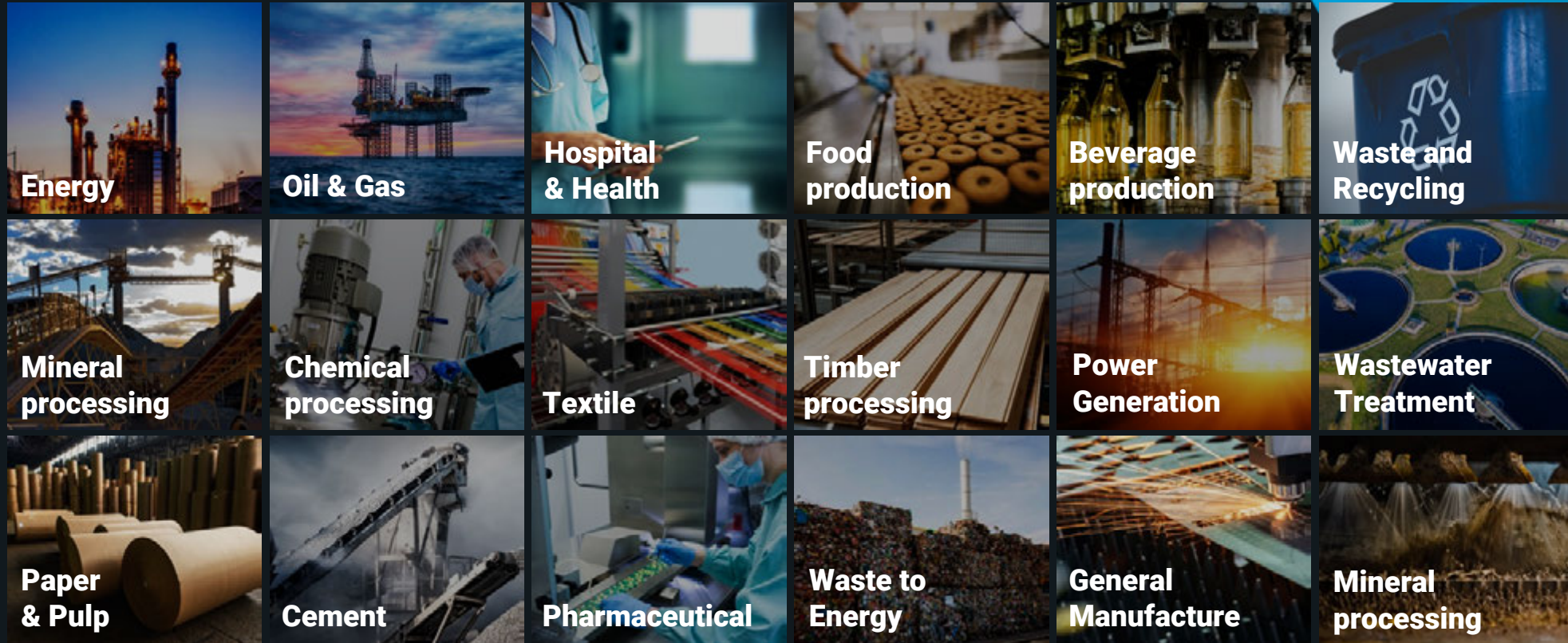
EGL's experienced equipment specialists travel to sites across Australia and worldwide to continue the support and relationships with customers.



# FY20 Financial Results

 <p><b>\$37.4M</b> Total revenue</p>	 <p><b>\$14.3M</b> Net assets</p>	 <p><b>34.5%</b> Gross margin</p>						
 <p><b>-\$0.8M</b> EBIT – before significant items</p>	 <p><b>\$9.13M</b> Market cap as at 30.10.20</p>	 <p><b>\$7.7M</b> \$7.7 million contract awarded by Siemens, a long-standing blue-chip customer</p>						
 <p><b>260.8M</b> Shares on issue</p>	 <p><b>\$17.5M</b> Revenue for first four months of FY21. A 40% increase on the same period last year</p>	<p><b>Major Shareholders</b></p> <table border="0"> <tbody> <tr> <td>Richardson family</td> <td><b>39.95%</b></td> </tr> <tr> <td>Allabah Pty Ltd</td> <td><b>9.02%</b></td> </tr> <tr> <td>Ace Property Holdings</td> <td><b>5.87%</b></td> </tr> </tbody> </table>	Richardson family	<b>39.95%</b>	Allabah Pty Ltd	<b>9.02%</b>	Ace Property Holdings	<b>5.87%</b>
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# EGL Markets



# Global Projects



## EUROPE

BELARUS  
GREAT BRITAIN  
GREECE  
ITALY  
NORTHERN IRELAND  
RUSSIAN FEDERATION  
SPAIN

## NORTH AMERICA

JAMAICA  
MEXICO  
USA

## SOUTH AMERICA

ARGENTINA  
CHILE  
COLOMBIA  
PERU

## AFRICA

BURKINA FASO  
EGYPT  
GHANA  
MOZAMBIQUE  
NIGERIA  
TOGO  
ZAMBIA

## ASIA

BANGLADESH  
BRUNEI  
CHINA  
INDIA  
INDONESIA  
JAPAN  
MALAYSIA  
MYANMAR  
SOUTH KOREA  
SRI LANKA  
TAIWAN  
THAILAND  
UZBEKISTAN  
VIETNAM

## MIDDLE EAST

IRAQ  
ISRAEL  
JORDAN  
LEBANON  
OMAN  
SAUDI ARABIA  
TURKEY

## NEW ZEALAND

## AUSTRALIA



# Global Projects

## Plant scrubbers for a Turkish gold mine

This project, for a gold mine located in a remote province of Turkey, was one of TAPC's largest during the year. We supplied pollution control gas scrubbing systems to support a copper sulfide expansion project. Our long experience of working successfully in international settings means our focus can always remain on delivering quality product.



## Power plant owner chooses Baltec IES as preferred supplier

The owner of a gas turbine power plant located in the Middle East was experiencing problems with the plant's diverter damper and hydraulic systems due to improper maintenance and set up. Baltec IES was directly engaged to provide supervision and technical support for the equipment.

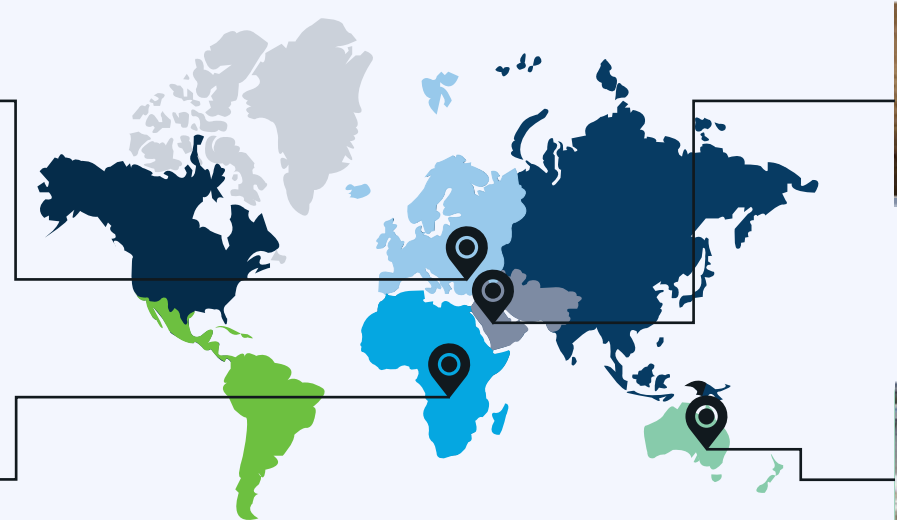
## Fast-track project achieved in Central Africa

A fast-track project completed in nine months, this project followed an iterative design process that, once again, saw Baltec IES thinking outside the box. We supplied a bypass stack with a diverter damper, guillotine damper and silencers. This is the first time that we used a new type of silencer that is built into the stack walls and abates noise in the absence of attenuating baffles.



## Brownfield project requires complex engineering solution

This Brownfield project involved Baltec IES and TAPC working together to supply a self-supporting exhaust stack with a silencer for an Australian-based power plant. The client required a turnkey solution to create a more efficient and cost-effective power station.



# EGL Board



## Lynn Richardson

### Non-Executive Chairman

Lynn has extensive experience developing innovation and entrepreneurial mindset in management teams. A graduate of the Australian Institute of Company Directors, Lynn holds an MBA from the Australian Graduate School of Entrepreneurship. Prior to joining EGL Lynn was a member of the Baltec IES executive committee where her significant strategic leadership contributed to the company's growth.



## Dean Dowie

### Non-Executive Director

Dean has more than 15 years international experience driving growth across the Environmental, Water and Energy markets. Dean recently returned to Australia after working in Senior Executive roles based out of London and Paris. Dean has also held the position of Chief Operating Officer with one of the worlds largest Environmental management companies.



## Ellis Richardson

### Managing Director

Ellis has over 30 years of experience as CEO of Comeng and Managing Director of Evans Deakin Industries and later in the venture capital industry. Comeng was Australia's premier rolling stock manufacturer producing trams, trains and locomotives. Evans Deakin Industries also produced Rolling stock in addition to power stations and draglines for the mining industry.



## Adrian Siah

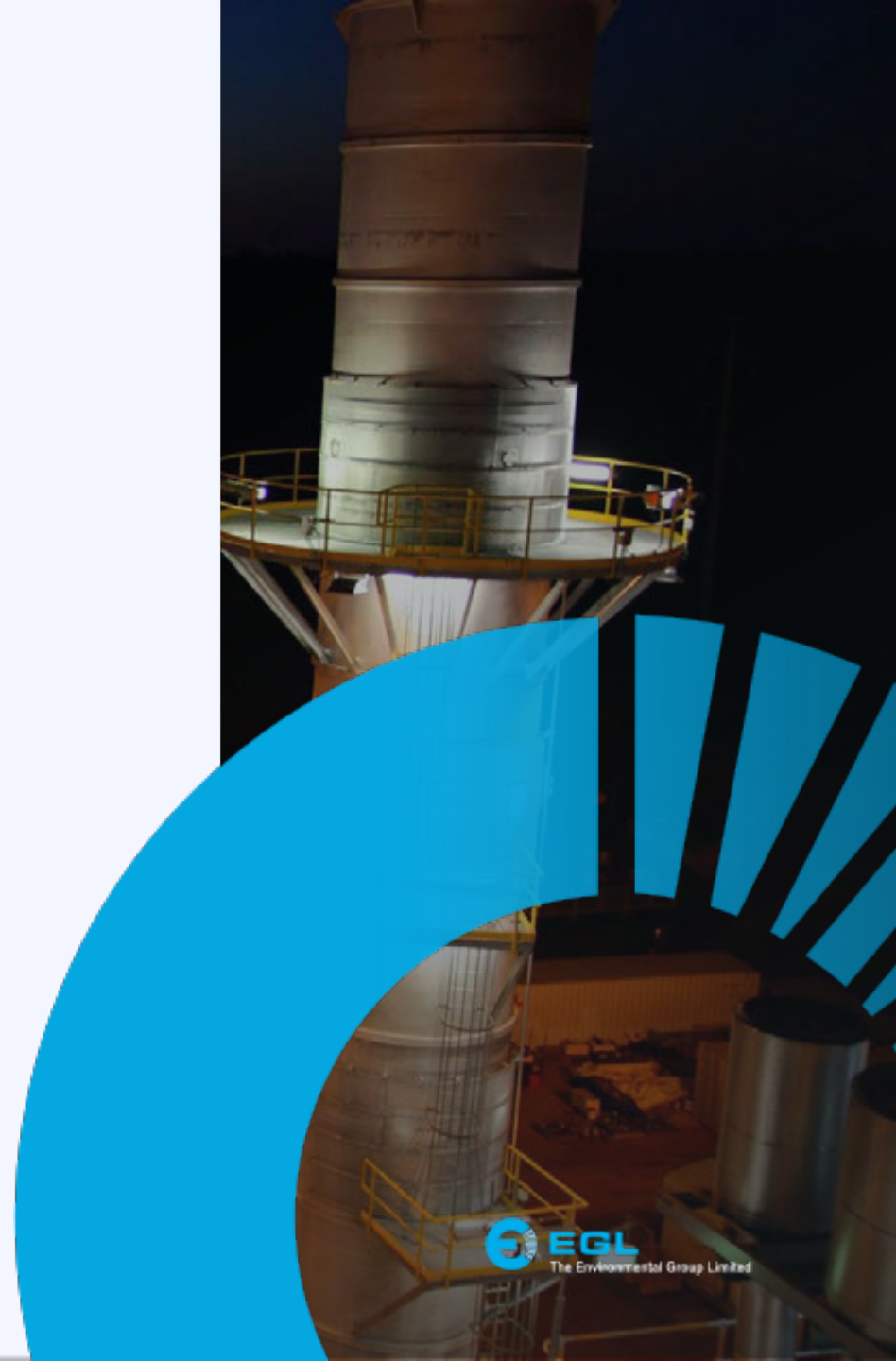
### Non-Executive Director Chair Audit & Risk Committee

Adrian has a strong background in company management and specifically related to financial control, capital markets, mergers and acquisitions and growth funding for businesses. Adrian is a member of the CA ANZ with a degree in Accounting from the University of Waikato New Zealand and is a member of the Australian Institute of Company Directors.



01

# Baltec Inlet and Exhaust Systems



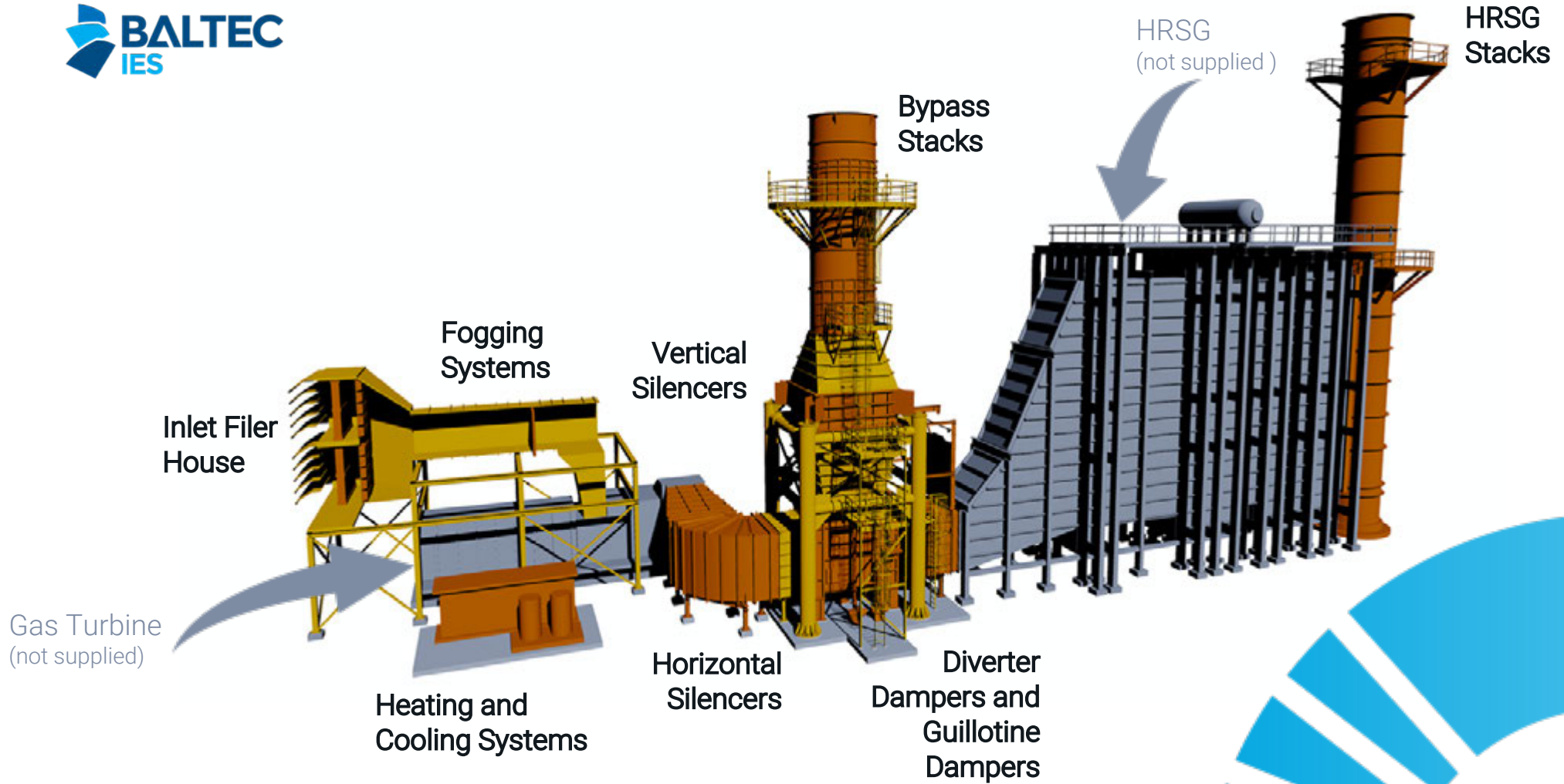


**Baltec Inlet & Exhaust Systems (Baltec IES) provides a range of specialist services to the global gas turbine power industry.**

**Baltec IES engineering services, tailored products and custom designs specifically to meet clients' requirements:**

- Turbine performance enhancement
- Project management
- Global manufacturing to a range of international standards
- Erection and commissioning
- After sales maintenance and spare parts







# Key products



**Diverter  
Dampers**



**Inlet Filter  
Houses**



**Silencers**



**Bypass and HRSG  
Exhaust Stacks**



**Guillotine  
Dampers**



**Heating and  
Cooling Systems**



**Baltec IES supports the gas turbine industry in its role in assisting the transition from coal-powered to renewable energy production.**

#### **Baltec IES Opportunities**

- The benefits of the gas turbine include from zero to full power in < 10 mins = ideal for augmenting power when demand fluctuates during the day and seasons. Ideal in countries with ambition to close coal-fired power stations has led to blackouts and load shedding at a crippling cost to industry.
- Its relatively low cost yet high flexibility ideal option for countries pursuing low emission and affordable renewable objectives.
- According to the International Energy Agency and BP Energy outlook, China projections to 2040 indicate Gas Turbine Plants to increase 3-fold.



#### **Revenue**

FY19 \$19M

FY20 \$11.1M





# Gas Turbines –An Exciting Future

*The Sydney Morning Herald*

## Morrison government climate action plan hot on gas, cool on coal (SMH, 21 May 2020).

“The Technology Roadmap discussion paper raises expectations for substantial new funding in the October budget but embraces energy projects fiercely opposed by environmental groups, including gas-fired power plants as well as carbon capture and storage.”

“The technology roadmap calls for Gas to be used as a transition fuel.”

[Click here to read](#)

**FINANCIAL REVIEW**

## Cheap gas to power recovery (AFR, 20 May 2020).

“Mr Power concurred with Prime Minister Scott Morrison, who said at the start of this year that gas must be the back-up fuel of choice as the energy sector transitions towards renewable energy.”

“In terms of gas, the critical thing is it is the mechanism that allows us to transition to baseload renewables in the fastest way,” Mr Power said.

“As well, cheaper gas means cheaper electricity.”

[Click here to read](#)



# Gas Turbines An Exciting Future

ReportLinker

## Global Gas Turbine Market expected to grow by \$2.44 bn 2020-2024.

Increasing sustainable energy demand and inclination to energy optimization will surge the Global gas turbine market to exceed USD \$10 Billion by 2026.

Global Market Insights  
Insights to innovation

## Increasing sustainable energy demand & inclination to energy optimization will surge the the Global gas turbine market to exceed USD10bill by 2026.

Restructuring and replacement of conventional energy generation systems, refurbishment and revamp of existing electrical infrastructure will stimulate product demand.

Mordor Intelligence

## Asia-Pacific – Potential Gas Turbine Market.

Asia-Pacific - largest market for gas turbines, with China + India the demand hotspots. Government support, growing demand for electricity, rapid expansion in industrial and infrastructure development activities are escalating demand for gas turbines. The transition from nuclear power to gas-fired power generation presents a huge market opportunity for the growth of gas turbine market in Asia-Pacific.”



02

# Tomlinson Energy Service



## Provide sales, service, installation, commissioning and ongoing service support for all types of industrial steam and commercial heating water generation plant.

- Australia wide product & Service support by factory trained, multi-skilled, qualified and licensed technicians, 24 hours, 7 days a week
- Industrial gas fitting and commissioning capabilities
- Pressure vessel installation
- Steam system design and installation
- Boiler design capabilities
- Valve Repair OSRTM comprehensive range of services covering all types, sizes and makes of valves
- Controls design and upgrades





# Key products



**Industrial Steam Boilers**



**Industrial Package Burners**



**Large Commercial Hot Water Boilers**



**Thermal Oil Heaters**



**Biomass Steam and Hot Water Generation**



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

### **TES Opportunities**

- Expanding market penetration through new cost-effective boiler design focusing on maximum reliability, long term operating efficiency, fuel flexibility and ease of access for inspection and maintenance.
- Significant contract wins.
- Continued to provide essential service during Covid-19 to hospitals and food manufacturing.



### **Revenue**

FY19 \$8M\*

FY20 \$20.6M

\*acquired Feb 19





03

# Total Air Pollution Control



# The Market



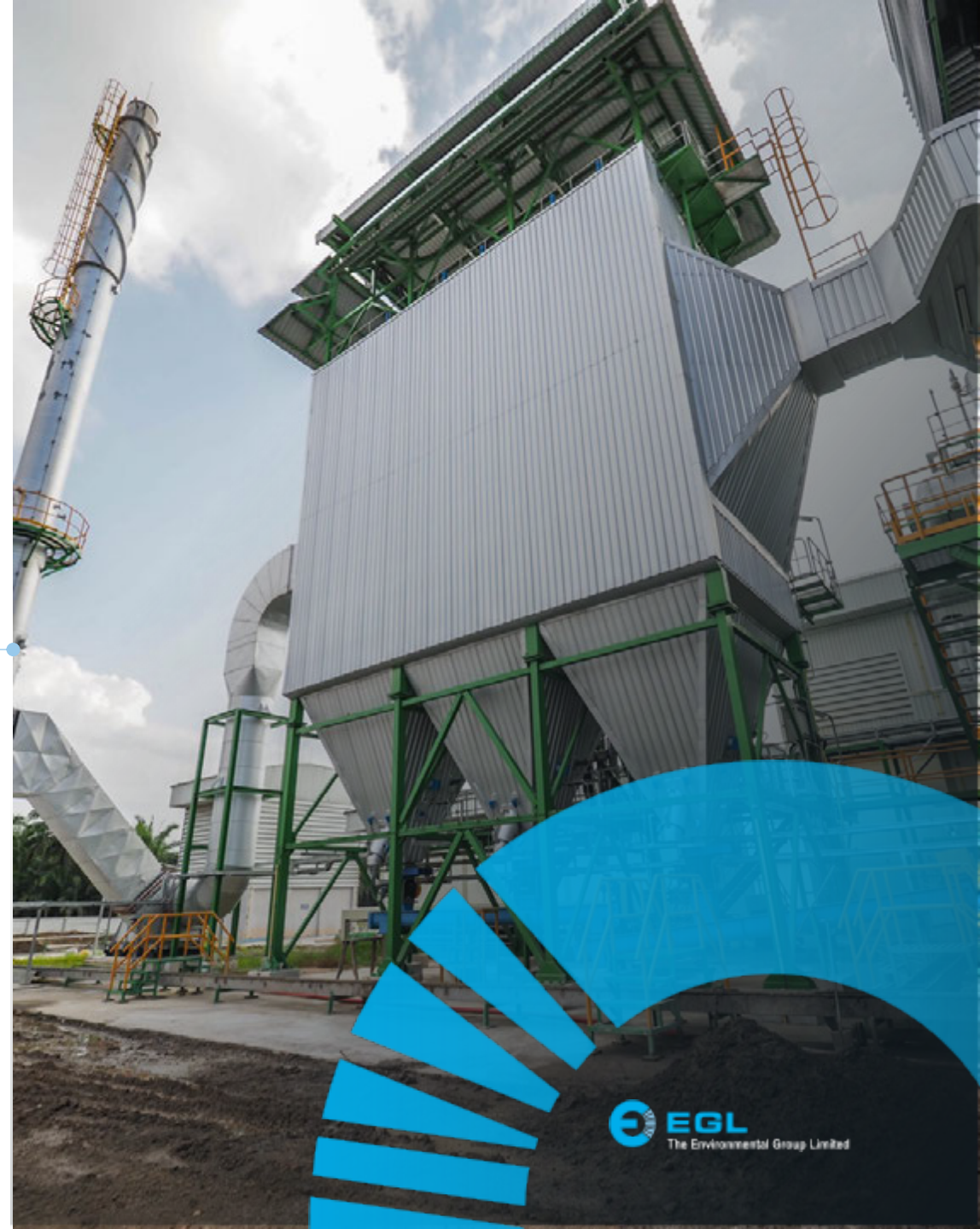
**Industry research reports estimate that the global air pollution control market size will grow by USD 19 billion 2019-2023.**

Based on end-users - technology

- Flue gas desulfurization (FGD)
- Electrostatic precipitator (ESP)
- Scrubbers, selective catalytic reduction (SCR)
- Selective non-catalytic reduction (SNCR)
- Baghouse filters

Asia Pacific is expected to register a significant CAGR 2019-2023. Rising construction activities = increase in emission of pollutants.

Compliance legislation driving the market.





**Allied Market Research published a report, titled, "Air Quality Control Systems Market" that the global air quality control systems industry was estimated at \$94.69 billion in 2018.**

It also reported to reach \$144.09 billion by 2026, growing at a CAGR of 5.2% from 2019 to 2026.



**A PRNewswire Market Overview states that the market for air quality control systems is expected to register a CAGR of approximately 5.72 % during the period of 2019-2024.**

According to the new market research report published by Inkwood Research, the global air pollution control market is growing at a CAGR of 5.24% throughout the forecasting years of 2019-2027.



**Rising construction activities will result in an increase in emission of pollutants and a global drive for tighter emissions controls in particular across Asia is leading to substantial market development.**

Stratview Research state that the Asia-Pacific region is projected to remain the largest as well as the fastest-growing market for air pollution control equipment during the forecast period.





# Key products



**Dry Scrubber**



**Wet Scrubber**



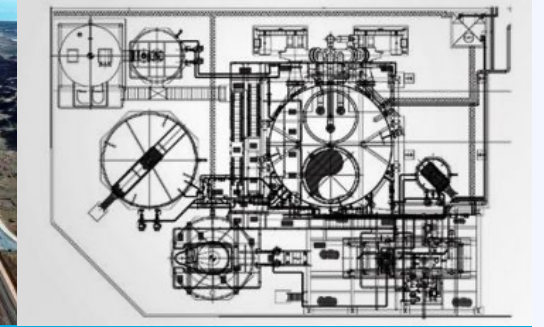
**Electrostatic Precipitators**



**Fabric Filters (Baghouse)**



**Aeromixes & Cyclones**



**Flue-Gas Desulphurisation**



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

#### **TAPC Opportunities**

- Allied Market Research published a report, titled, "Air Quality Control Systems Market that the global air quality control systems industry was estimated at \$94.69 billion in 2018 and is expected to reach \$144.09 billion by 2026, growing at a CAGR of 5.2% from 2019 to 2026.
- Rising construction activities will result in an increase in emission of pollutants and a global drive for tighter emissions controls, in particular across Asia, is leading to substantial market development.



#### **Revenue**

FY19 \$5.1M

FY20 \$5.4M





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.**

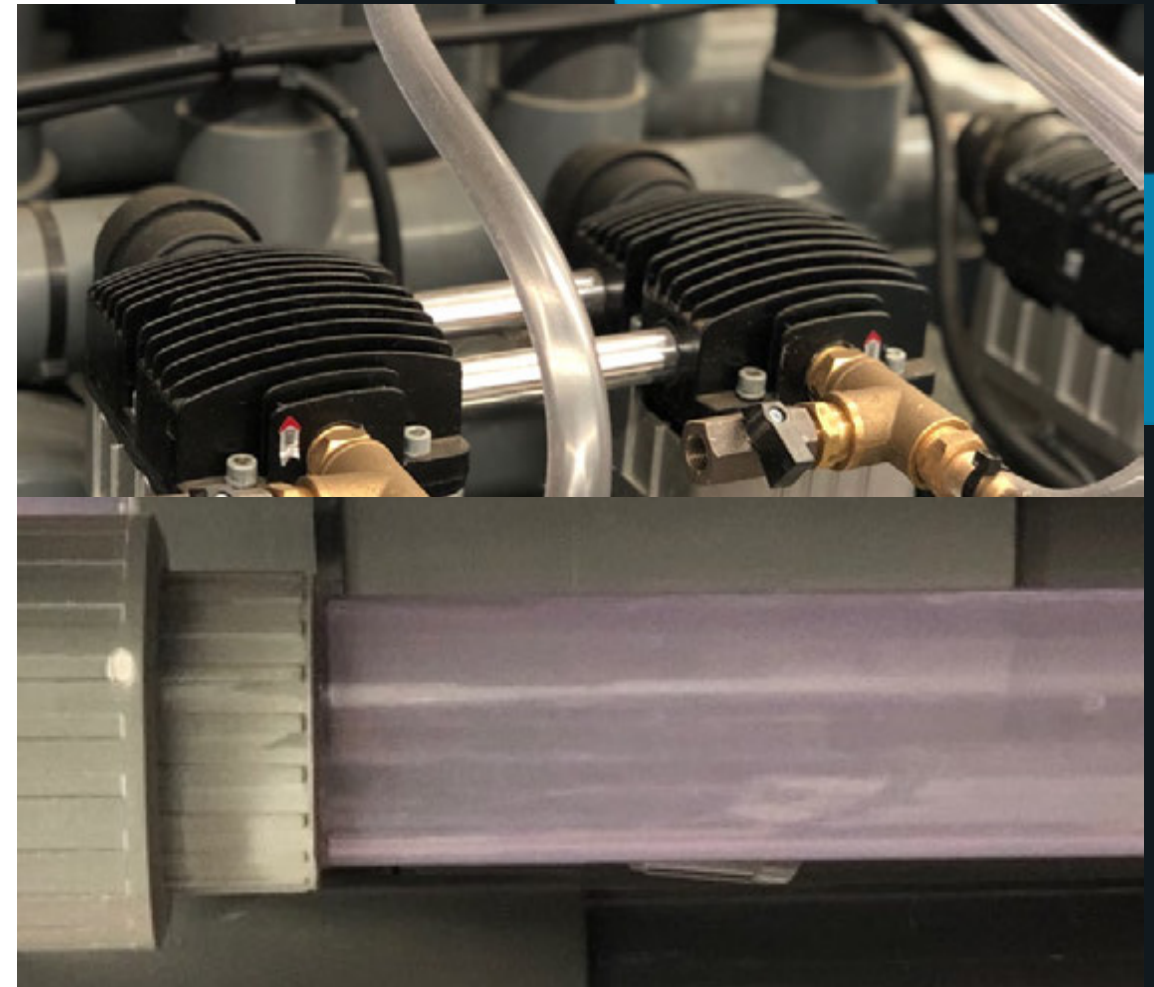
- PFAS was primarily used in aircraft fire fighting as a fire retardant however its use expanded into plastics and clothing prior to its detrimental impact on our environment being fully understood.
- Successful class actions have highlighted increased awareness and the urgent need to find solutions 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.



## PFAS Removal

Testing of our equipment in conjunction with Victoria University focused on the removal of PFAS from contaminated underground water where PFAS had leached through the soil into underground streams and bores. Successful tests have concluded demonstrating that our equipment reduced PFAS from 18ppb to 3ppb (parts per billion). We have commenced the commercialisation of our process with government and non-government agencies.

Over the past 12 months we have gained considerable knowledge of the treatment of PFAS in contaminated water and with the combined skills of EGL staff and Victoria University we are now able to conduct tests and developments in parallel to accelerate our potential market offerings. Major civil engineering projects have recently been stalled by the discovery of PFAS contaminated soil as the cost of disposal of these contaminants is expensive with current soil washing solutions resulting in significant volumes of PFAS polluted water.





*The Sydney Morning Herald*

## Landmark legal settlement as government pays \$212m to victims of toxic contamination

"The federal government will pay out \$212.5 million to settle three class actions launched by victims of toxic firefighting contamination across Australia.

The landmark legal settlement - believed to be the first of its kind in the world - can be revealed after the Department of Defence polluted thousands of properties with firefighting foam containing potentially carcinogenic per- and poly- fluoroalkyl [PFAS] chemicals."

[Click here to read](#)



# Leachate

**The next phase of testing is to further develop our equipment to remove PFAS from Leachate.**

Leachate is contaminated water where chemicals have leached out primarily from landfills. The current practice is to treat the leachate chemically or by dilution and if permitted according to trade waste regulations discharge to sewer. Where sewer discharge regulations are not an option, transport to off-site treatment facilities introduces transport risk and high treatment costs.

The EGL PFAS separation technology has continued to show promising results as an effective low-cost solution. Successful commercialisation of this technology will lead to its role as a market disrupter.





# Pathway to enhanced performance

**Operating companies driven to lift performance**

**Continual drive on cost reductions**

**Company wide focus on organic growth**

**Additions to senior executive team**

**Pursue strategic acquisition opportunities**





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