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The Environmental Group Limited

Engineering a Sustainable Future

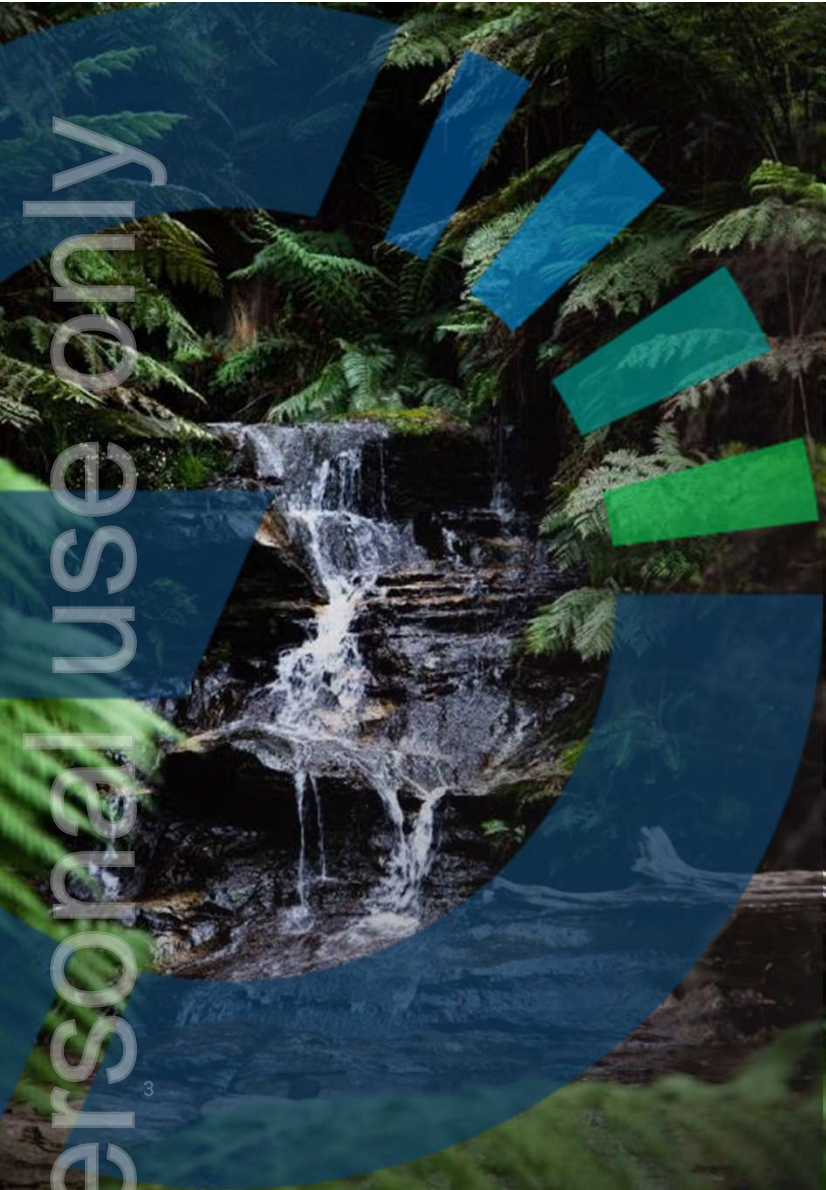
1HFY25 Financial Results Presentation
February 2025



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Agenda

- 01 Results highlights
- 02 Operating units
- 03 Outlook
- 04 Questions

Results highlights

01

1HFY25 Financial Results



\$54.2M

Revenue up 16.1%
on PCP



\$3.9M

Underlying*
EBITDA down
13.9% due to one-
off cost overrun



\$2.5M

Underlying* EBIT
down 27.7% on
PCP



52%

Revenue is
recurring, largely
service and
maintenance



\$1.4M

NPAT down
30.5%



\$1.2M

One-off Baltec
cost overrun
materially
impacted results



\$8.0M

Net cash on hand



10–15%

Increase in
normalised FY25
EBITDA expected

⁵ *Underlying earnings exclude restructuring costs \$88K, ERP Implementation costs \$56K, Performance Rights \$75K, Foreign exchange gains \$59K.

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Operating Units

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02



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1H25 RESULTS COMMENTARY

- Revenue growth accelerated in the first half of the year reflecting the growth in demand for gas generated peaking power.
- As announced in the Trading Update lodged with ASX in November 2024, one project within Baltec incurred a material cost overrun. Subsequent to EGL winning the project, increased weights attributable to design variations were not correctly updated in the Project Management System resulting in a margin impact of approximately \$1.2M.
- A full process review has been completed, and appropriate measures and controls have been implemented to prevent recurrence. Expected to be a one-off incident.
- Growth of the renewables sector is driving need for gas turbines to have the flexibility to run either in peaking load or base load.
- Noise attenuation is a growing industry issue, our technology has proven very effective in reducing noise emissions.
- The pipeline for sales growth is forecast to be strong until at least 2030.

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Revenue

1H25 \$19.7M
1H24 \$10.7M
Up 84.5%

EBITDA

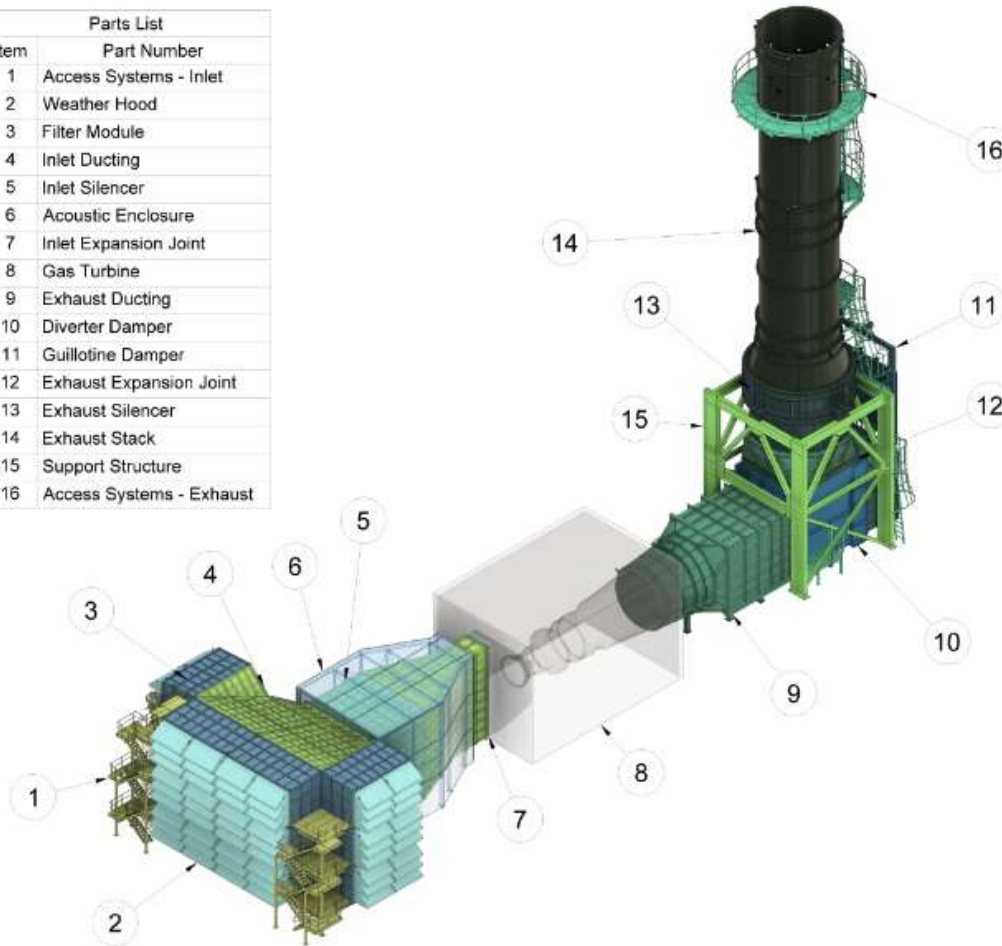
1H25 \$1.9M
1H24 \$1.6M
Up 14.9%

EBITDA MARGIN

1H25 9.4%
1H24 15.1%



Parts List	
Item	Part Number
1	Access Systems - Inlet
2	Weather Hood
3	Filter Module
4	Inlet Ducting
5	Inlet Silencer
6	Acoustic Enclosure
7	Inlet Expansion Joint
8	Gas Turbine
9	Exhaust Ducting
10	Diverter Damper
11	Guillotine Damper
12	Exhaust Expansion Joint
13	Exhaust Silencer
14	Exhaust Stack
15	Support Structure
16	Access Systems - Exhaust





Key Products



Diverter Damper



Inlet Filter



Silencer



**Bypass & HRSG
Exhaust System**



**Guillotine
Damper**



**Heating & Cooling
Systems**

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1H25 RESULTS COMMENTARY

- Our increased installed capacity is growing our base of recurring service revenue.
- As expected, EBITDA margin declined 2.1% due to costs associated with onboarding and training 10 new service staff hired in the period to support top-line growth. EGL Energy invests approximately three months of training for new service staff for them to become a qualified boiler service technician.
- After securing the Fulton Boiler distribution agreement in Australia in May 2024, we commenced our sales initiative. We are very pleased to report that this also contributed strongly to the growth experienced within EGL Energy and is outperforming initial expectations.
- Fulton has extended EGL Energy's product line substantially, particularly in the smaller boiler, electric boiler and condensing hot water heaters.
- Growth in EGL Energy is being driven by our extensive and growing product range of boilers and water heaters, client demand for energy efficiency in the face of rising gas costs and our industry leading knowledge of combustion systems and heat exchanges.

Revenue

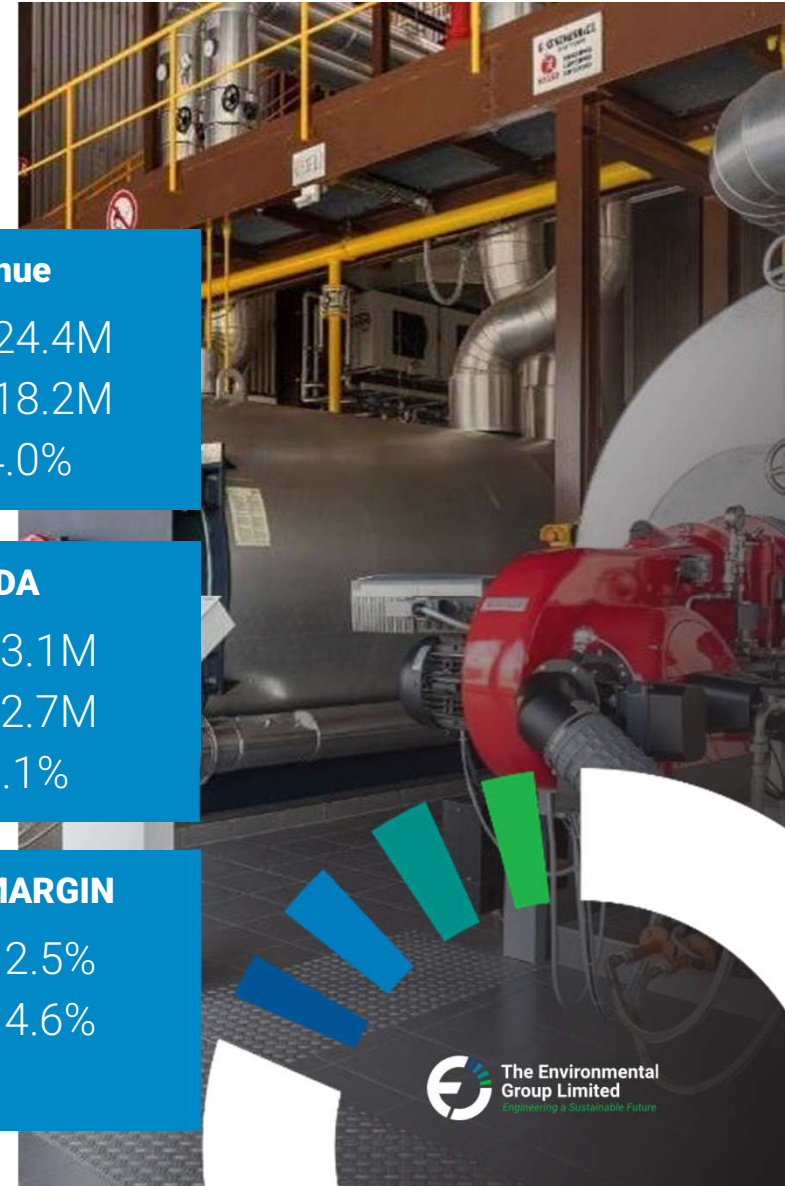
1H25 \$24.4M
1H24 \$18.2M
Up 34.0%

EBITDA

1H25 \$3.1M
1H24 \$2.7M
Up 15.1%

EBITDA MARGIN

1H25 12.5%
1H24 14.6%





Key Products



Industrial Steam Boiler



Industrial Package Boiler



Large Commercial Hot Water Boilers



Thermal Oil Heaters



Biomass Steam & Hot Water Generation



Vertical Steam Boiler

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1H25 RESULTS COMMENTARY

- As noted in our FY24 results and AGM commentary, EGL Clean Air has faced challenging market conditions. Margins declined in the half with several projects going on hold or being postponed.
- There has been a significant decline in the lithium sector where EGL has historically provided kiln off gas scrubbing systems and other air pollution control systems.
- With little improvement in the lithium sector anticipated, EGL Clean Air has been actively developing strategies to reposition the business for growth in the future.
- Our strategic purchase of Airtight Solutions in May 2023, which deals in air pollution control in dust and particulate matter largely unrelated to the mining sector, has diversified our revenue base and has mitigated the single sector risk which we were facing. It is pleasing to note that trading conditions are improving in that sector.
- The market for service, spares and small projects softened around the middle of the year as our clients pulled back on their spend but that appears to have improved in the current quarter.

Revenue

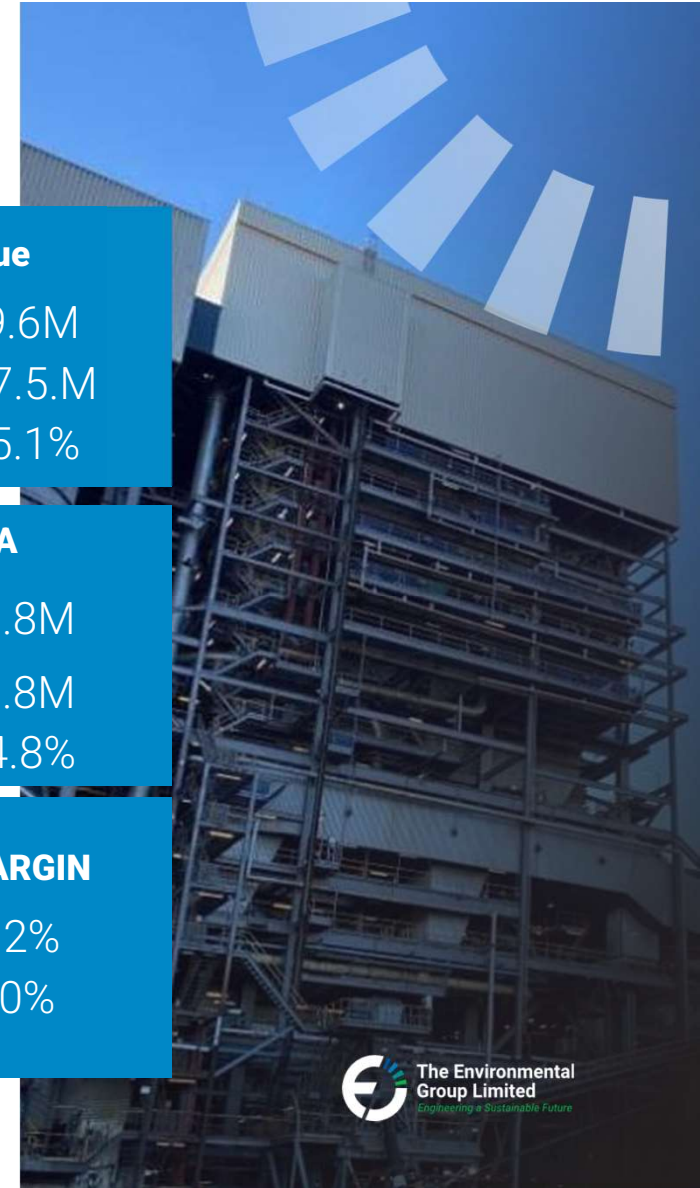
1H25 \$9.6M
1H24 \$17.5M
Down 45.1%

EBITDA

1H25 \$0.8M
1H24 \$1.8M
Down 54.8%

EBITDA MARGIN

1H25 8.2%
1H24 10%





Key Products



Dry Scrubber



Wet Chemical Scrubber



Particulate Scrubber / Cyclones



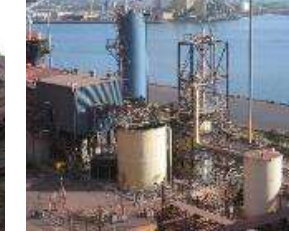
Dust & Fume Collectors



Fabric Filter (Baghouse)



Electrostatic Precipitators



Flue-Gas Desulphurisation



Modular Duct & Hose Systems



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1H25 RESULTS COMMENTARY

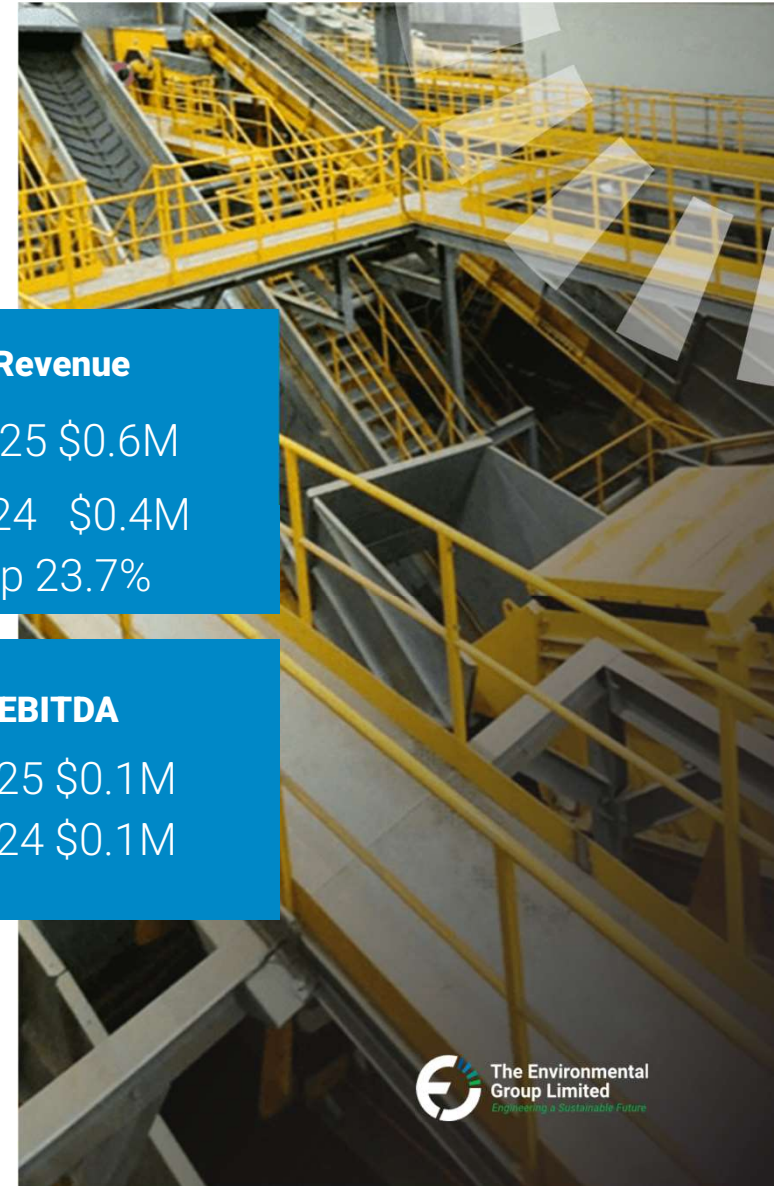
- Our offering is continuing to grow beyond sales of Turmec recycling plants and now includes an exclusive distribution agreement for Kadant PAAL bailers and provision of servicing, maintenance and spares (launched in FY24).
- EGL Waste has had exceptional success from its large tender pipeline in the last period, including the award of a construction and demolition plant in Queensland and notification of preferred supplier for a materials recovery plant in New Zealand. We are currently working through the commercial negotiations to finalise the contract.
- We believe we are in a strong position with further projects due for award in the next 6 - 12 months.
- Our pipeline for recycling plant tenders remains very strong at \$108M. Additionally,
- EGL Waste clients also contribute material revenue to EGL Clean Air and EGL Energy. Such revenue is allocated to the business unit that undertakes the work.

Revenue

1H25 \$0.6M
1H24 \$0.4M
Up 23.7%

EBITDA

1H25 \$0.1M
1H24 \$0.1M



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Municipal Solid Waste (MSW)



Commingled or Mixed Dry Recycling



**Construction & Demolition (C&D)
Construction & Industrial (C&I)**



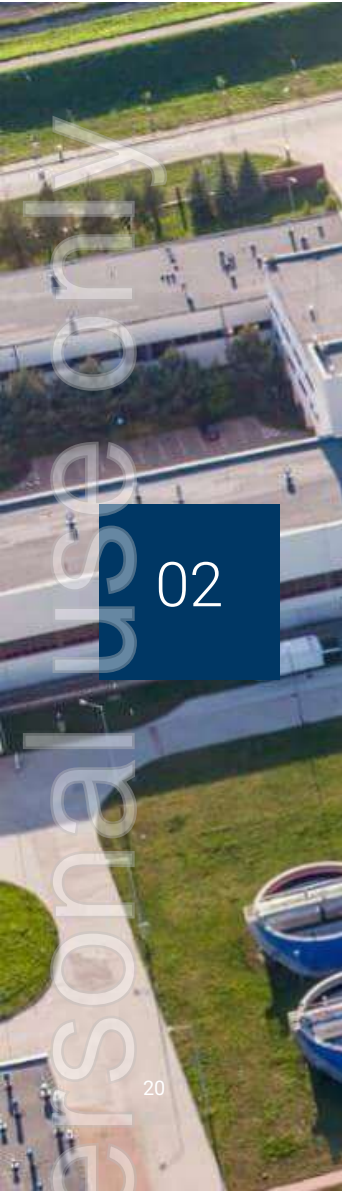
**Refuse Derived Fuel (RDF)
Solid Recovered Fuel (SRF)**



Waste to Energy



Rubber



02





1H25 COMMENTARY

- EGL Water achieved a significant milestone this half with Reclaim Waste's liquid waste facility receiving draft approval from the Environmental Protection Agency (EPA), with the final licence pending issue, to treat per- and poly-fluoroalkyl substances (PFAS) at its Laverton facility through EGL's PFAS separation plant.
- EGL Water was also granted a patent for its PFAS separation technology in the United States of America this period - a second significant milestone.
- Commercialisation of EGL's PFAS separation technology has continued to progress with the Board approving a detailed business and marketing plan and committing the required resources to leverage this technology.
- Several clients have expressed interest and requested plant pricing information for the PFAS separation technology, including liquid waste treatment facilities, landfill owners and water authorities.
- Clients widely recognise foam fractionation technology as a safe and reliable method for removing PFAS from liquid waste.
- Over the last six months, EGL's collaboration with Victoria University on PFAS remediation trials for soils and biosolids has continued to produce positive results. Through this collaboration we have undertaken three initial trials for each waste stream, seeing consistent enhancements with each iteration.





Effectively removing PFAS from water, soil and biosolids, reducing companies' risks & costs.



Adaptable Size, Layout & Configuration

Foam Fraction Technology



Isolating PFAS from original input (PFAS output is 1% of its original input)





PFAS Separation

Removing 99% of PFAS



Sewer Slug



Bore Water



Ground Water



Leachate



Industrial Water



Soil

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03

Outlook

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EGL outlook

- EGL Baltec is set to have strong performance with a large sales pipeline supporting the transition to increased renewable energy.
- EGL Air conditions remain difficult in the mining sector, introducing strategies to grow, dust extraction showing green shoots on improving market.
- EGL Waste & Water is expected to have an exciting half with tenders due to be awarded.
- EGL Energy's Fulton distribution agreement is exceeding expectations in demand, with additional service staff hired to grow recurring revenue.
- Extended product offering to drive growth, with new opportunities in the pipeline.
- ERP implementation over the next 12 months to improve efficiency and accuracy.
- Underlying FY25 EBITDA expected to increase approximately 10-15%.

Questions

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Appendix A

Reconciliation of Statutory (4D) to underlying results

FY25 (\$M)	Less		Underlying Business
	4D	Significant Items	
Revenue	54.2		54.2
Costs of sales	(39.9)		(39.9)
Gross profit	14.3		14.3
Employee expenses	(6.7)	0.16	(6.6)
Professional fees	(0.8)		(0.8)
Travel expenses	(0.8)		(0.8)
Marketing expenses	(0.2)		(0.2)
Occupancy expenses	(0.4)		(0.4)
Other expenses	(1.6)	(0.00)	(1.6)
Operating EBITDA	3.7	0.16	3.9
Depreciation and amortisation	1.4		1.4
EBIT	2.3	0.16	2.5
Interest Income	0.0		
Interest expense	(0.3)		(0.3)
Profit before tax	2.0	0.16	2.2
Tax expense	(0.6)		(0.6)
Profit after tax	1.4	0.16	1.6
Earnings per share (EPS)	0.0038		0.0042
Significant Items Reconciliation			\$M
			0.06
ERP			0.09
Redundancy			(0.06)
FX			0.08
Performance rights			
Total			0.16