

21 May 2019

Company Announcements Office
ASX Limited
Level 4,20 Bridge Street
Sydney NSW 2000

Appointment of Managing Director and Market update

The Board of The Environmental Group Limited (ASX: EGL) is delighted to announce the appointment of Mr Dean Dowie as Managing Director effective 1 July 2019.

Dean has more than 20 years experience driving growth across numerous market sectors in the Environmental, Water and Energy markets and has held Senior Executive roles based out of London and Paris. Most recently, Dean held the position of Chief Operating Officer with one of the world's largest Environmental management companies. Dean has been a director of EGL since May 2017 and assumed the role of acting CEO between February and May 2017. Dean holds an MBA from La Trobe University, has studied Corporate Strategy at Harvard Business School and is a Graduate of the Australian Institute of Company Directors.

As outlined at the November AGM and half year, the full year results are expected to be below the 2018 levels, with a return to significantly higher levels expected in 2020. This is due to a decline in core business opportunities for Baltec IES due to the global tightening in the gas turbine market. This decline in the market has also increased the competitive landscape and reduced margins. In line with the Board's strategic plan, Baltec IES management have implemented a range of strategic initiatives that are designed to diversify the revenue base. This diversification includes new markets and an increased focus on repairs and maintenance and after-market sales. This approach has already commenced building new revenue streams.

Tomlinson Energy Services (see announcement 27th January 2019) continues to deliver solid performance given the difficult circumstances generated previously from the RCR Tomlinson administration process. The Tomlinson Energy Services staff, and their customers and suppliers have cemented their support of this new business. However, several months of slow activity during the administration process has impacted the results of the Tomlinson Energy Services project pipeline. This is anticipated to be positively reversed in the first half of the 2020 financial year. The service division continues to perform to expectations.

As announced on the 15th March 2019, Total Air Pollution Control (TAPC) was successful in winning a major contract in WA. Benefits from this contract will be realised partially in 2019 and largely in 2020. Increased focus on business development activities has resulted in a stronger pipeline, which is anticipated to deliver improved results for TAPC in the 2020 financial year.

As Managing Director, Dean will focus on the ongoing integration of business unit operations to maximise resources, grow shareholder value and develop new markets. In line with the board's strategic priorities, Dean will also continue to source and execute appropriate acquisition opportunities.

Deans, leadership acumen and vision for EGL is well respected both internally and in the broader market and will provide EGL with the additional senior management experience to deliver on the next stage of growth.

Given his new executive role, Dean will step down as the chair of the Audit and Risk Committee. Independent Director David Cartney has been appointed as the new committee chair.

Lynn Richardson
Chairman
The Environmental Group Limited

About EGL

EGL has four business units, all committed to the protection of the environment by improving air quality, reducing carbon emissions, enhancing waste to energy production and lifting water quality.

- **Total Air Pollution Control** has a range of technologies which reduce dust, odours and harmful gasses from the environment.
- **Baltec IES** produces inlet and exhaust systems for gas turbines, which are used to complement and augment solar and wind energy production, without the use of rare mineral battery resources.
- **Tomlinson Energy Service** division is an essential link in our strategy to build a bio/waste to energy platform.
- **EGL Water** division continues to develop our patented technologies in conjunction with Victoria University. 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.