Monday, 29 September 2025

RESEARCH REPORT

CORPORATE CONNECT

EVZ Limited (EVZ)

Niche engineering and infrastructure services leveraged to energy transition and urbanisation

Price Target	$0.42
Share Price	$0.175
Implied Return	140.0%

Investment Summary

- EVZ is a multi-disciplinary engineering services group that operates through four complementary businesses. The company benefits from structural tail-winds including a record public-sector infrastructure investment pipeline and elevated private capex in the transition to clean energy. EVZ has strong new contract win momentum and a contract backlog of $90m that offers near-term earnings visibility into FY26.
- Recent EBITDA margins were negatively impacted by underperforming legacy contracts in Brockman Engineering. With these contracts now resolved, and new standardised project management processes adopted, there is material upside potential for further recovery in margins.
- EVZ has a strong balance sheet with no debt and a $10.6m cash balance, providing optionality for funding growth initiatives. The company is also operating cash flow positive, generating $5.0m in FY25 (pcp $1.8m).
- The fragmented niche engineering services market offers significant opportunity for bolt-on M&A to leverage EVZ's balance sheet and back-office platform. The company plans to scale up operations from 4 businesses currently to ~10.
- Based on current forecasts, we derive a DCF equity value for EVZ of $0.42 per share. Potential upside comes from accelerated contract wins, greater than expected margin recovery in Brockman, and potential acquisitions that deliver increased capability and synergy benefits.

Earnings Estimates

		FY24	FY25	FY26e	FY27e	FY28e
Sales	$m	118.9	108.0	114.9	121.6	129.0
growth	%		-9.2%	6.4%	5.9%	6.1%
EBITDA	$m	4.9	5.3	6.2	7.0	8.0
EBIT	$m	2.4	2.7	3.5	4.3	5.2
margin	%		2.5%	3.1%	3.5%	4.0%
PBT	$m	1.8	1.8	2.9	3.7	4.9
Adj NPAT	$m	1.2	1.2	2.0	2.6	3.4
growth	%		1.8%	63.5%	29.0%	31.7%
Rep NPAT	$m	2.1	1.2	2.0	2.6	3.4
Adj EPS	cps	1.0	1.0	1.7	2.1	2.8
EPS grwth	%		1.6%	62.7%	29.0%	31.7%
PE	x	17.5	17.2	10.6	8.2	6.2
DPS	cps	0.0	0.0	0.0	0.0	0.0
Payout	%	0.0%	0.0%	0.0%	0.0%	0.0%
Div yield	%	0.0%	0.0%	0.0%	0.0%	0.0%

Source: Company data and CCR estimates

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Company Data

ASX code	EVZ
ASX price	$0.175
Shares on issue	122.0m
Market capitalisation	$21.4m
Cash on hand	$10.6m[1]
12-month price range	$0.13 – $0.20
ASX turnover (avg. daily vol. 3M)	0.05m

[1] Cash = Latest quarterly balance (Jun 2025)

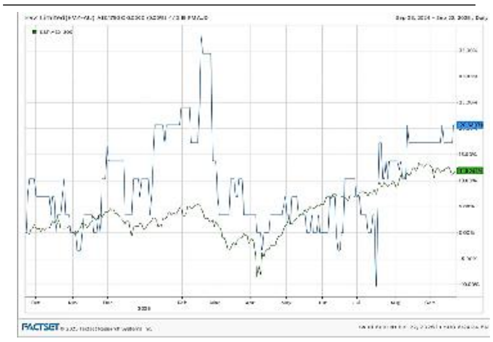
Key Personnel

Scott Farthing	CEO
Pieter van der Wal	CFO, Company Secretary
Graham Burns	Chairman
Robert Edgley	Non-Executive Director

Major Shareholders

UBS Nominees Pty Ltd	19.61%
Bond Street Custodians Ltd (Salter A/C)	17.95%
Airlie Beach Investments Pty Ltd	7.11%
Bond Street Custodians Ltd (RSALTE A/C)	4.16%

Price Chart (ASX: EVZ)



Source: Factset

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Investment Summary

Investment Thesis

EVZ Limited (EVZ) is a multi-disciplinary niche engineering services group that operates in two market sectors, the Energy & Resources sector and the Building Products sector, through four complementary businesses, being Brockman Engineering, TSF Power, Syfon Systems and Tank Industries. Key services include design, fabrication, installation and maintenance of large-scale steel storage tanks, piping systems, power stations and backup generators, plus siphonic roof-water drainage for commercial and infrastructure projects. The company's operations are mainly in Australia and SE Asia. Key elements of the investment thesis for EVZ are as follows:

- Niche markets – EVZ holds leadership in several attractive and defensive specialist niches. Syfon holds >60% share of the Australian siphonic drainage market, protected by in-house IP and decades of reference projects. Brockman is one of only a handful of domestic fabricators certified for large, API-grade fuel and chemical storage tanks, providing high customer stickiness. New entrants are often deterred by high safety standards and quality hurdles in these areas.
- Structural tail-winds – Australia's record public-sector infrastructure investment pipeline (A$230bn through FY28) and elevated private capex in the transition to clean energy and in data centres, underpins a strong demand backdrop for niche engineering contractors. Recent examples include Western Sydney Airport, Inland Rail and major hospital redevelopments. Upgrading of defence and energy security infrastructure (e.g. strategic fuel-storage projects) is also a key driver.
- Contract momentum – New contract win announcements in during FY25 significantly lifted EVZ's order book. The closing backlog of $90m offers near-term earnings visibility into FY26.
- Margin expansion potential – FY24 and FY25 EBITDA margins were negatively impacted by underperforming legacy contracts in Brockman Engineering. With these contracts now resolved, and new standardised project management processes adopted, there is material upside potential for further recovery in margins. Furthermore, operational Initiatives such as ERP systems and back-office synergies are aimed at improving efficiency and reducing cost risk.
- Competitive advantages – EVZ's competitive advantages include IP & engineering know-how (e.g. proprietary Syfon design software optimises drainage layouts), high customer switching costs (storage-tank multi-year regulatory and warranty obligations means changing fabricators mid-life is uneconomic), an integrated offering (delivering design, fabrication, installation and maintenance in a one-stop-shop reduces procurement complexities), and geographic reach (national fabrication footprint in NSW/ VIC/ QLD plus growing SE Asia penetration through Syfon's Malaysia/ Vietnam/ Indonesia offices).
- Diversification – Expansion of Syfon Systems in SE Asia provides geographic and segment diversification, reducing dependence on Australian project cycles. Key SE Asian drivers centre on rising population growth and urbanisation.
- Growing recurring revenue – Increasing adjacent services (e.g. lifecycle maintenance contracts) deliver annuity-like revenues and higher margins. Management targets 25% of group revenue from recurring services by FY26 (vs. 15% today).
- Strong balance sheet – EVZ is a well-established and profitable company. It has no debt and a $10.6m cash balance (as at 30 Jun 2025). This provides a safety buffer for operational execution and optionality for funding potential growth initiatives such as strategic bolt-on acquisitions. The company is also operating cash flow positive, generating $5.0m in FY25 (pcp $1.8m).
- Acquisition upside – The fragmented Australian mechanical-services market (>$2bn) offers significant scope for bolt-on M&A to consolidate 1-2 specialists annually, leveraging EVZ's balance sheet and back-office platform. The company is targeting niche engineering businesses with revenues up to $30m pa and plans to scale up operations from 4 businesses currently to ~10.
- Undemanding valuation – Based on current forecasts, we derive a DCF equity value for EVZ of $0.42 per share. Potential upside comes from accelerated contract wins, greater than expected margin recovery in Brockman, and potential acquisitions that deliver increased capability and synergy benefits.

Milestones

Key catalysts, events and data points to track the company's progress over the coming 6-12 months include the following:

- Further new contract wins to continue recent successes and build the current $90m order book.
- Further confirmation of continued recovery in Brockman Engineering margins.
- Announcement of bolt-on acquisitions of specialist engineering businesses to scale up operations.
- The upcoming 1H FY26 result due in Feb 2026.
- Further confirmation of the rising proportion of revenues sourced from recurring, annuity-style sources.

Company Profile

Business Model

EVZ Limited (EVZ) is a multi-disciplinary Australian engineering services group that operates through a number of niche but complementary businesses. The core businesses are:

- Energy & Resources
  - Brockman Engineering – design, fabrication, installation, maintenance and servicing of large-scale steel storage tanks, pressure vessels, piping systems and fabricated structural steel.
  - TSF Power – design, manufacture, installation and maintenance of constant load power stations, backup power generation equipment and clean energy solutions.
- Building Products
  - Syfon Systems – design and installation of market-leading siphonic roof-water drainage systems for large and/or complex roof structures on commercial and infrastructure projects.
  - Tank Industries – design and installation of bolted tank systems in urban/social infrastructure.

The company's operations are mainly in Australia and SE Asia. The client base is typically drawn from the energy, resources, electricity, water, and building industry verticals.

EVZ has an asset-light business model, which leverages long-term client relationships and focusses on:

- Project-based revenues generated from Engineering, Procurement, and Construction (EPC) contracts and
- Recurring revenues from Operations & Maintenance (O&M) service agreements.

Products and Services

EVZ is a diversified engineering and industrial group operating across the Energy & Resources and Building Products sectors in Australia and Asia. The company has established itself as a trusted provider of technical solutions and products that support critical infrastructure, urban development, and the energy transition.

Core Divisions

Energy & Resources (Brockman Engineering, TSF Power)

The Energy & Resources division provides design, construction, on-site installation, maintenance and shutdown engineering services across the energy, water, mining, chemical, industrial, defence, and agriculture / natural resources industries.

Key offerings include storage tanks and terminal infrastructure, pipelines, and water infrastructure. The division also provides design, installation and maintenance of clean energy solutions, base and back-up power generation equipment, communications equipment, marine installations and mobile generation capabilities.

Recent key projects include the Hastings Terminal Expansion, where Brockman Engineering delivered two additional 25ML fuel storage tanks with integrated civil and electrical works.

With Australia's energy transition and growing urbanisation, the division is positioned for sustained demand and expanding project opportunities.

Building Products (Syfon Systems, Tank Industries)

The Building Products division specialises in water industry solutions for urban and social infrastructure (e.g. airports, shopping centres, sporting venues), including design and installation of siphonic stormwater roof drainage systems, rainwater harvesting, and tank systems.

It operates across all Australian capital cities and key SE Asian growth markets such as Malaysia, Vietnam, and Indonesia.

Projects include innovative stormwater management systems for large-scale developments like The Light City in Penang, Malaysia.

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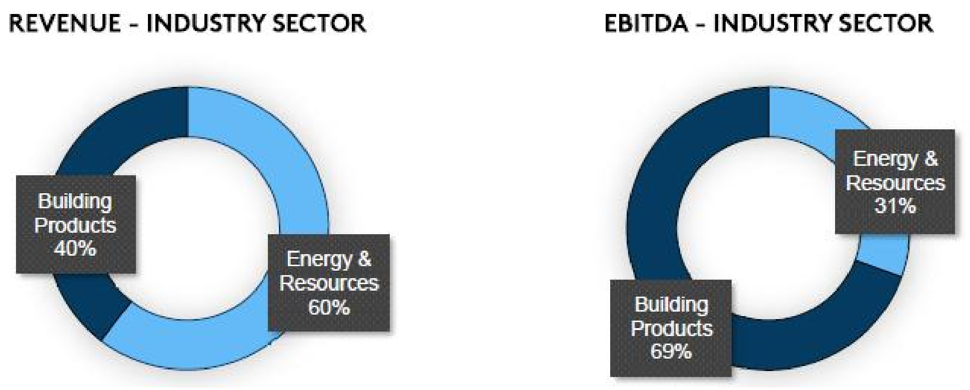
Integration of Tank Industries and strong growth in Vietnam have extended product reach, improved margins, and solidified the division's leadership in water management solutions.

Fig. 1 – EVZ Divisional Contributions FY25



Source: EVZ

Geographic Footprint

EVZ generates 82% of EBITDA from Australia and 18% from Asia.

Its Asian operations provide exposure to some of the region's fastest-growing economies, positioning the company to benefit from urbanisation and infrastructure investment trends.

Assets

EVZ had an asset base of $69.4m at the end of FY25, as illustrated in the table below. Key assets include cash of $10.6m, trade debtors of $23.9m and intangibles of $15.8m. The trade debtors include a component of retention monies withheld from progress and/or final billings on certain construction contracts, in line with market practice. These amounts are collected after a contracted period of time has elapsed following completion of the construction.

Fig. 2 – EVZ asset base

A$m	FY24	FY25
Cash	8.4	10.6
Inventory	3.7	4.5
Debtors	21.3	23.9
Net PP&E	7.0	7.7
Net intangibles	15.8	15.8
Contract assets	4.8	4.2
Deferred tax	3.0	2.6
Other assets	0.3	0.1
	64.4	**69.4**

Source: CCR / Company data

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Contract assets (and liabilities) are balances due from customers under long term contracts as work is performed, representing the company's right to consideration for the services completed to date (i.e. construction work in progress less progress billings). Amounts are generally reclassified as receivables when there is an unconditional right to receive payment.

Intangibles comprise goodwill of $12.1m relating to Syfon Systems and Brockman Engineering, and right of use (ROU) assets of $3.7m relating to leased land and buildings and office equipment.

Facilities

EVZ has a broad geographic footprint of facilities across Australia and SE Asia. The chart below illustrates the location of facilities by key business unit.

Fig. 3 – EVZ geographic footprint

Source: EVZ

Customers

EVZ serves a diverse base of clients across the energy, resources, infrastructure, and building products sectors. In FY25, the company had two major customers in the Energy and Resources operating segment who accounted for 23% (2024: 32%) of external revenue. There are no other individually significant client accounts.

Key customers for each division include:

- Energy & Resources division (Brockman Engineering & TSF Power):
  - Major fuel companies such as Viva Energy (Strategic Fuel Storage Project, Geelong refinery).
  - Airports and logistics hubs (Mobil JUHI jet fuel storage project at Melbourne Airport).
  - Utilities and water authorities (Greater Western Water Storage project).
  - Mining, gas, and chemicals companies requiring bulk storage tanks, pressure pipework, and maintenance services.

- Building Products division (Syfon Systems & Tank Industries):
  - Tier-1 contractors and developers in large-scale infrastructure and urban developments.
  - Notable projects include The Light City (Penang), Tun Razak Exchange (Kuala Lumpur), and the New Footscray Hospital (Melbourne).
  - A growing portfolio of clients across Australia, as well as Malaysia, Vietnam, and Indonesia (reflecting strong penetration in Asia's high-growth urbanisation markets).

Contracts are typically long-cycle and project-based, but EVZ has built recurring demand through maintenance services and product specialisation in stormwater management and water storage systems.

Suppliers and Partners

EVZ's business model is anchored in deep, long-term relationships with blue-chip energy, infrastructure, and construction customers. Its supplier networks ensure reliable delivery of technically complex projects, while partnerships with developers, regulators, and acquired subsidiaries strengthen its position across Australia and Southeast Asia. This ecosystem of customers, suppliers, and partners underpins EVZ's resilience and growth outlook, particularly as urbanisation and energy-transition trends drive demand for its solutions.

Suppliers

EVZ's operations depend on specialised inputs such as:

- High-grade steel for bulk storage tanks and pipe networks.
- Engineering components and electrical systems for integrated infrastructure projects.
- Prefabricated and bolted water tanks (Tank Industries).

Strong supplier relationships are critical, particularly for Brockman Engineering's fuel and water projects, where quality, safety, and reliability standards are essential. EVZ's ability to secure materials and equipment on competitive terms directly supports its margin-improvement initiatives.

Commodity input price volatility (e.g. steel) is managed through hedging and contractual pass-through clauses. The company also employs dual sourcing from Asia and domestic mills to mitigate risks.

EVZ has addressed skilled labour shortages through established apprenticeship programs and retention bonuses, as well as a pipeline of skilled migrant sponsorships (~10 % of workforce).

Partners

EVZ collaborates with a wide range of strategic partners:

- Tier-1 construction firms and developers (e.g., Lend Lease, WCT) for mega-developments in Asia.
- Government and regulatory authorities overseeing strategic infrastructure (e.g., Viva Energy partnership aligns with national fuel security objectives).
- Regional subsidiaries and affiliates (Syfon Systems Asia in Malaysia, Vietnam, Indonesia) that extend EVZ's international footprint and enable localisation of expertise.

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Business Analysis

Industry Overview

Market Context

EVZ operates across two complementary sectors: Energy & Resources and Building Products. These industries represent core pillars of Australia's economy, both undergoing significant transformation as they adapt to structural trends such as the transition to electrification and renewable energy, population growth, and urbanisation.

The Energy & Resources division (via Brockman Engineering and TSF Power) delivers technical services to the energy, water, mining, and natural resources sectors. This segment is well positioned to capture opportunities from Australia's transition toward cleaner energy and increasing demand for sustainable infrastructure solutions. In FY25, the division represented 60% of group revenue and remains a central driver of long-term growth.

The Building Products division (Syfon Systems and Tank Industries) services the urban and social infrastructure sectors, with operations spanning Australia and Asia. Exposure to high-growth markets in Malaysia, Vietnam, and Indonesia provides an avenue for geographic diversification and revenue resilience. This segment represented 40% of group revenue in FY25 and has shown strong momentum, particularly in Asia where demand for stormwater and drainage systems is expanding with rapid urbanisation.

Industry Growth Drivers

Energy Transition

- Federal and state commitments to renewable energy and cleaner power generation are driving investments in infrastructure where EVZ's engineering services are highly relevant.
- Government funding programs and private capital allocation toward storage, renewables, and grid support provide a strong pipeline for technical service providers.
- Minimum stockholding obligations of Australian Government to secure our long-term fuel security framework.

Urbanisation & Infrastructure Demand

- Population growth and rising urbanisation in both Australia and Asia is increasing demand for stormwater management, drainage systems, and water infrastructure.
- Projects like The Light City (Penang) highlight the scale of urbanisation-driven opportunities in Southeast Asia.
- Siphonic-drainage penetration remains relatively low in SE Asia (<25 %), presenting a multi-year runway.

Sustainability Focus

- Clients are increasingly demanding innovative, cost-efficient, and environmentally sustainable solutions, aligning with EVZ's product suite and engineering expertise.

Capital Investment in Mining & Resources

- Continued global demand for resources is sustaining infrastructure spend in Australia's mining regions. Even during cyclical slowdowns, long-term demand for water and energy infrastructure projects remains resilient.

Industry Outlook

Looking ahead, both divisions are supported by robust demand drivers:

- Energy & Resources – Continued investment in renewable energy infrastructure, water security, and resource projects.
- Building Products – Sustained growth in Australia and Asia's urbanisation, with an expanding pipeline of infrastructure projects in particular in Vietnam, Indonesia, and Malaysia.

Going into FY26, management notes a revenue backlog >$90m, with tender activity at historically high levels. This reflects a positive outlook despite broader macroeconomic headwinds.

Market size and growth potential

The Australian mechanical services market size is estimated to be valued at >$10bn pa, with solid growth potential flowing from the industry drivers highlighted above. The market is also highly fragmented, providing long-term opportunity for consolidation.

Australia's public-sector infrastructure pipeline ($230bn through FY28) and elevated private capex in LNG, hydrogen and data-centre sectors underpin a solid demand backdrop for niche engineering contractors.

Goals and Strategy

Strategic vision

EVZ's strategic plan is to leverage the growing demand in both Australia and SE Asia for supporting infrastructure to meet the requirements of increasing population, rising urbanisation and the transition to clean energy, in order to advance its niche engineering businesses.

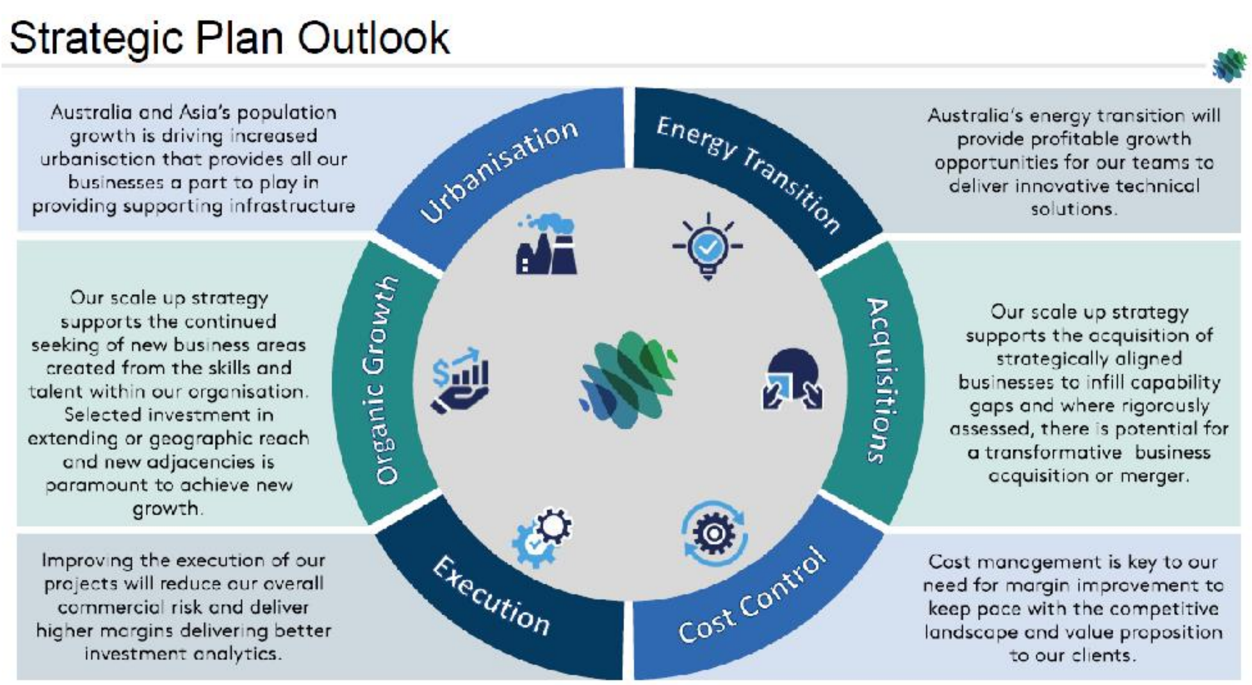
Examples of current or recent supporting infrastructure projects include the Western Sydney Airport, Inland Rail and major hospital developments.

In addition, strategic upgrades to Energy and Defence assets and capabilities to support future security provide further opportunity for EVZ's businesses (e.g. the 2021 Fuel Security Act).

Growing recurring revenue

EVZ continues to focus on expanding its capabilities in lifecycle maintenance contracts, which deliver annuity-like revenues and higher margins. Management is targeting 25% of group revenues from recurring services by FY26, from 15% currently.

Fig. 4 – EVZ Strategic Plan



Source: EVZ

Bolt-on acquisitions and JV opportunities

In addition to organic growth opportunities, EVZ is also planning to build its business through M&A and/or JV arrangements. Given the highly fragmented nature of the Australian engineering services market, the company has identified several potential acquisitions that could add say up to $30m each in annual revenue.

Targets are more likely to be privately held businesses, and EVZ may provide a welcome exit opportunity for proprietors nearing retirement. The company is particularly interested in niche engineering operations that have strong customer relationships with limited direct competition.

The company believes that it will be able to fund acquisitions largely through use of its existing and growing cash position, positive operating cash flow and in some circumstances may access supplementary debt funding. The group could reasonably consolidate 1-2 specialist engineering businesses annually, leveraging EVZ's balance sheet and back-office platform. The medium-term aim is to build up the number of controlled businesses to around 10, expanding capabilities and driving opportunity to cross-sell services.

The ability to self-fund acquisitions to build a stronger earnings base allows the group to grow shareholder value through the accretive nature of the compounding of reinvesting the retained earnings in new businesses.

Similar opportunities exist in SE Asia. For example, EVZ has had recent JV discussions in Indonesia that could unlock $10-15m incremental revenue by FY28.

Competition

Competitive Landscape

The Energy & Resources engineering space is highly competitive, with both large EPC contractors and specialist mid-tier providers active in the market. EVZ competes by offering:

- Niche expertise in fuel, water, and renewable infrastructure that differentiates it from generalist contractors.
- Integrated service capabilities (design, construction, and maintenance).
- Proven track record with Tier-1 clients (e.g., Hastings Terminal expansion).

Key competitors include Saunders International, an ASX-listed engineering and construction company with expertise in tank storage, terminals, and industrial facilities, and Clarke Energy (Australia), the exclusive distributor of INNIO Jenbacher gas engines and Kohler diesel generators in Australia, specialising in distributed generation, hybrid microgrids, and renewable integration. Jenbacher engines dominate the Australian gas-engine power generation segment. Their focus on hydrogen-ready and hybrid solutions positions them strongly in Australia's clean-energy transition.

In Building Products, competition is more fragmented but increasingly global. EVZ benefits from:

- Technical expertise in siphonic drainage and stormwater management, an area requiring specialist knowledge.
- Established distribution networks across Australia and Asia.
- Growing brand recognition in Southeast Asia, where government-driven mega projects are awarding contracts to experienced international players.

Key competitors include Fast Flow Group, a SE Asian company based in Singapore and specialising in advanced siphonic roof drainage and rainwater management systems across Asia-Pacific. Fast Flow delivers bespoke rainwater drainage systems for urban and social infrastructure and buildings.

Additional competitors in Australia include:

- Monadelphous Group (ASX: MND): Large-cap engineering services player active in resources and energy infrastructure, occasionally overlapping with EVZ on niche projects.
- Decmil Group (ASX: DCG): Competes in infrastructure and energy construction, including tank and terminal projects.
- UGL (CIMIC Group): Broad-scale engineering and maintenance contractor, providing competition for larger-scale energy and water infrastructure tenders.

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Competitive advantages and market positioning

- Niche services – EVZ occupies defensive, specialist niches (fuel/water tanks, decentralised water treatment) with high safety, quality, expertise and reputational hurdles that may deter new entrants. Niche scale also allows agility and focus.
- Intellectual property and engineering know-how – The proprietary Syfon design software optimises drainage layouts, reducing project water-load risk for Tier-1 builders.
- Integrated offering – Ability to deliver design, fabrication, installation and maintenance across water & fuel infrastructure creates one-stop-shop appeal for clients, reducing procurement complexities.
- High switching costs – Storage tank customers face multi-year regulatory and warranty obligations, changing fabricators mid-life is often uneconomic.
- Geographic reach – National fabrication footprint (VIC, QLD, WA) plus growing SE-Asia penetration through Syfon's offices in Malaysia, Vietnam and Indonesia provide broader reach and capability.
- Dual focus – EVZ has a differentiated offer through its dual segment focus on Energy & Resources and Building Products.

Key Risks

Project risk

As a contractor in engineering and construction, EVZ is exposed to downside project risk from cost overruns, labour shortages, supply chain delays, adverse weather or weaker pricing discipline. While EBITDA margins improved to 4.9% and EBIT margins to 2.5% in FY25, EVZ margins are improving from a low base, which limits its ability to adsorb unfavourable contract outcomes.

Liquidity and solvency

EVZ ended FY25 with $10.6m cash and no debt, providing balance sheet strength and solvency headroom. However, the project-based model requires significant working capital mobilisations, meaning cash balances may fluctuate materially between reporting periods. The reliance on client milestone payments can create timing mismatches in cash flows.

Contract concentration

Revenue is lumpy and dependent on the timing of large projects. Although the current $90m+ backlog provides visibility, delays or cancellations could materially impact revenue recognition. EVZ's diversified contract portfolio and diversified business structure provides confidence in this regard.

Integration risk

EVZ has flagged its intention to grow the breadth and scale of its operations through bolt-on acquisitions. Execution missteps in scaling operations, or cultural and regulatory hurdles, could reduce expected returns.

Competitive environment

Engineering and industrial services are highly competitive, often leading to price-driven contract awards. This suggests limited pricing power, with greater scale efficiencies likely required to drive consistent margin improvement.

Cost inflation

EVZ manages input cost volatility through the use of escalation clauses, aiming to limit fixed-price elements of contracts to ~15% of contract value. Nevertheless, rising input and labour costs in the longer term present a structural risk. While EVZ has implemented procurement pooling and ERP-driven efficiency initiatives, sustained inflation could erode profitability.

Cyclical exposure

Demand for EVZ's services is tied to infrastructure spending, energy transition projects, and industrial maintenance cycles. A downturn in capital expenditure or delays in government/utility projects could reduce pipeline conversion.

Regulatory Compliance

Operating across Australia and Asia exposes EVZ to varying regulatory frameworks, including workplace safety, building standards, and environmental obligations. Non-compliance could result in penalties or reputational damage.

ESG Considerations

Increasing emphasis on sustainable construction and carbon footprint reduction may raise compliance costs but also present opportunities if EVZ can align its services with ESG priorities.

Financial Analysis

Business Economics

Financial performance (FY25 result)

EVZ reported FY25 revenue of $108.0m, down 9.2% from FY24 ($118.9m) and broadly in line with guidance of $108–110m. The decline was largely driven by Brockman Engineering, where revenue was impacted by exit of underperforming legacy contracts, as well as a softer new project environment and some labour shortages. Encouragingly, management believe that with legacy contracts now resolved, Brockman can return to delivering solid growth in the future.

TSF Power delivered modest revenue growth, while in the Building Products division (+7.7%), Syfon Systems and Tank Industries both recorded strong growth in revenues. Syfon's performance in Asia was particularly strong.

EBITDA was up 8.5% on pcp to $5.3m (FY24: $4.9m), in line with guidance of $5.2–5.4m. EBITDA margins expanded to 4.9% from 4.1% in the pcp. This improvement was the outcome of a significant upward move in Building Products, where margins expanded to 13.1% from 9.3% in the pcp, largely driven by operational synergies. TSF Power earnings showed modest improvement, while Brockman was impacted by resolution of the legacy contracts, labour shortages and cost inflation. This resulted in Energy & Resources margins declining to 3.6% from 4.2% in the pcp.

Normalised NPAT was up 1.8% to $1.24m (FY24: $1.21m), after absorbing a $0.34m increase in finance costs on the back of higher lease liabilities. In FY24, the reported result included a benefit of $0.93m on recognition of prior year tax losses. To calculate normalised NPAT, we exclude this benefit and treat it as a one-off significant item.

Reported NPAT, including the tax benefit in the FY24 base, was down 42.2% on pcp (FY24: $2.14m).

In line with the NPAT results, normalised EPS was up 1.6% to 1.02cps (FY24: 1.00cps), while reported EPS was down 42.4%. No dividend was declared.

Capital management

Operating cash flow was positive again and increased 178% on pcp to $5.0m, supported by EBITDA improvement and changes in working capital balances.

EVZ's closing cash balance as at 30 Jun 2025 was $10.6m (FY24: $8.4m).

The company had no debt, but there were $6.0m in lease liabilities (FY24: $5.6m).

Net assets increased to $34.6m (FY24: $32.9m), with net tangible assets per share at 18.6 cps (FY24: 17.2 cps).

Outlook (FY26)

Management reiterated its focus on:

- Margin expansion through disciplined contract selection and cost control.
- Recurring revenues via new products and service lines to reduce reliance on one-off contracting.

- Scalable growth through strategic acquisitions aligned with core capabilities.
- Operational excellence with investment in digital transformation, sustainability initiatives, and talent development.

Management noted that EVZ enters FY26 with a diversified pipeline across infrastructure, energy, and building products, with several significant project wins in FY25 expected to underpin growth.

Forecasts and valuation

We have modelled EVZ's business based on its reported results to date and our understanding of the company's operations and strategy. Our forecasts are summarised in the appendix to this report. We have also completed a DCF valuation for EVZ, based on our current forecasts. The chart below presents the valuation and arrives at an equity value of $0.42 per EVZ share.

It is important to note that our forecasts and valuation are based on a number of assumptions, which could vary significantly in nature, timing and magnitude from the estimates we have adopted. Some of the key assumptions are discussed below. Given the rapid and significant transformation of some industries in which the company operates, there is naturally a high level of uncertainty surrounding any forecast assumptions, and accordingly, our forecasts and valuation should be treated with due caution.

Fig. 5 – DCF Valuation

Year	**2026e**	**2027e**	**2028e**	**2029e**	**2030e**	**2031e**
EBIT	3.5	4.3	5.2	5.5	5.9	6.2
Depreciation & Amort	2.7	2.8	2.8	2.9	3.0	3.2
Tax	0.0	0.0	-1.5	-1.5	-1.5	-1.6
Adj for Net Int tax shield	-0.2	-0.2	-0.1	-0.1	-0.2	-0.3
Inv in Net working capital	-0.7	-0.7	-0.7	-0.6	-0.6	-0.6
Operating CF before financing	**5.3**	**6.2**	**5.7**	**6.2**	**6.6**	**7.0**
Capex	-1.8	-1.9	-1.9	-2.0	-2.1	-2.1
Inv in Intangibles	-1.1	-1.1	-1.1	-1.2	-1.2	-1.3
Inv in net other assets	3.6	-1.2	-0.3	-0.7	-0.2	0.0
Free CF before financing	**6.1**	**2.1**	**2.3**	**2.4**	**3.1**	**3.6**
Terminal Value [FCF*(1+g)/(WACC-g)]	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**49.3**

Risk free rate (Rf)	4.25%	NPV of explicit free cash flow	$13.8
Market risk premium (Rm-Rf)	6.5%	NPV of terminal value	$24.9
Beta (β)	1.40	Non-operating assets	$13.2
Cost of equity capital (Ke)	13.4%	**Total Company Value ($m)**	**$51.9**
Cost of debt (Kd)	10.0%	Less Net Debt	$2.2
Corporate tax rate (Tc)	30.0%	Less Minority Interests	$0.0
Target gearing [d/(d+e)]	20.0%	**Value of Equity ($m)**	**$54.1**
WACC	12.1%		
		Shares on Issue (EFPO) (m)	128.2
Terminal growth rate (g)	4.5%	Adj for notional conversion ($m)	0.0
		Value per share ($)	**$0.42**

Source: CCR and company data

The following key assumptions underpin our forecasts and valuation, together with the assumed valuation inputs shown above:

- Revenue CAGR of around 5.5% pa over the next 5 years, driven by the current strength in the order book (c.$90m) and the large pipeline of potential new opportunities. Growth in FY26 may remain subdued, given management commentary around temporary tightness in the Energy & Resources industry. From FY27 onward, EVZ should start seeing the benefit of underlying structural growth without the impact of unprofitable legacy contracts.
- EVZ management is optimistic about the potential growth prospects for the group. However, at this early stage of the company's development under current management, we prefer to be conservative, pending further confirmation of the company's ability to leverage macro drivers and progress the business more rapidly.
- Management have indicated its intent to increase the scale of the company's operations through potential bolt-on acquisition of other niche engineering businesses over the medium term. However, we don't model any potential deals or acquisitions until they are confirmed.
- EBITDA is forecast to grow at a CAGR of c.10.9% pa over the next 5 years, reflecting the growing revenue line and EBITDA margin expansion from 4.9% in FY2025 to 6.4% by FY30. This is driven by the exit of unprofitable legacy contracts in Brockman Engineering over recent periods, and the benefit of a growing base of recurring revenues.
- We note that EVZ has a strong balance sheet position (no debt and cash of $10.6m as at Jun 2025), with significant capacity in terms of capital structure efficiency to deploy surplus capital. Based on our modelling, we estimate the company has potential excess cash of up to ~$18.5m over the next 5 years under a more optimised forecast balance sheet, which could be utilised for acquisitions, distributed via a special dividend, or used to buy back shares. For valuation purposes, we include this amount as a non-operating asset.

Appendix 1: Board of Directors

Graham Burns

Non-executive Chairman

Graham has extensive managerial skills and experience in the property, retail and manufacturing sectors. He is currently CEO of Hunter Land which is a significant industrial developer in regional New South Wales.

Qualifications include: Master of Business Administration in Technology from the Australian Graduate School of Management; Fellow of the Australian Institute of Company Directors.

Graham is a Member of the Remuneration, Audit and Nomination Committees.

Robert Edgley

Non-executive Director

Robert has significant experience and skills in strategic planning, performance management and marketing and has proven abilities in building businesses. His career has been predominantly focused in international finance and investment banking in Australia, the UK and throughout Asia.

Qualifications include a Bachelor degree in Economics from Monash University and a Degree in Japanese language.

Current directorships include Way 2 VAT Ltd (ASX: W2V), where he was appointed on 15 Sep 2021. Previous directorships include Self Wealth Limited (ASX: SWF) (Appointed 16 April 2019; Resigned 30 June 2023).

Robert is the Chairman of the Audit Committee and a member of the Remuneration and Nomination Committees.

Ian Luck

Non-executive Director

Ian has significant experience in the engineering and construction sector with 49 years' experience in business leadership, strategy and governance roles that focus on creating high performing teams to deliver outstanding growth and profitability. Previously he has been the Managing Director of Baulderstone, a Non-executive Director of McConnell Dowell Corporation Limited, and a key manager in Leighton Contractors.

Qualifications include Bachelor of Technology, Civil Engineering; Fellow of the Institute of Engineers Australia; CPEng (Ret).

Ian is the Chairman of the Remuneration Committee and member of the Audit Committee and Nomination Committee.

EVZ Limited (EVZ)

Niche engineering and infrastructure services leveraged to energy transition and urbanisation

Richard Betts

Non-executive Director (Appointed 1 May 2025)

Richard is an experienced executive who has held senior roles with ASX listed entities for over 25 years. He is currently Chief Financial Officer at Ridley Corporation Limited and was previously Chief Financial Officer at Pact Group Holdings Ltd for 6 years to 2021. Prior to this, Richard held executive finance and general management roles at Orica Limited. These roles provided him with a deep understanding of working in various jurisdictions, including North America, Europe and Asia.

Qualifications include: Bachelor of Economics; Member of the Chartered Accountants in Australia and New Zealand.

Former directorships include Non-executive Director at Medical Developments International Ltd (ASX: MVP) (Appointed 11 May 2021, resigned 30 May 2025).

EVZ Limited (EVZ)

Niche engineering and infrastructure services leveraged to energy transition and urbanisation

EVZ Limited (EVZ: A$0.175)

Valuation data

Year ending Jun	2024	2025	2026f	2027f	2028f
EPS (c)	**1.0**	**1.0**	**1.7**	**2.1**	**2.8**
P/E ratio (x)	**17.5**	**17.2**	**10.6**	**8.2**	**6.2**
P/E relative					
EPS growth (%)		**1.6%**	**62.7%**	**29.0%**	**31.7%**
EV / EBIT (x)	**0.0**	**10.2**	**7.7**	**6.4**	**5.3**
EV / EBITDA (x)	0.0	5.1	4.4	3.9	3.4
CFPS (c)	1.5	4.2	4.4	5.0	5.7
Price / CF (x)	0.0	4.2	3.9	3.5	3.1
DPS (c)	0.0	0.0	0.0	0.0	0.0
Yield (%)	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**
Franking (%)	0%	0%	0%	0%	0%
NTA per share	$0.40	$0.44	$0.46	$0.48	$0.55
Pr / NTA	0.4	0.4	0.4	0.4	0.3

Profit and loss ($m)

Year ending Jun	2024	2025	2026f	2027f	2028f
Sales revenue	118.9	108.0	114.9	121.6	129.0
growth over pcp	*0.0%*	*-9.2%*	*6.4%*	*5.9%*	*6.1%*
EBITDA	4.9	5.3	6.2	7.0	8.0
Dep'n and amort'n	(2.6)	(2.6)	(2.7)	(2.8)	(2.8)
EBITAg	**2.4**	**2.7**	**3.5**	**4.3**	**5.2**
Goodwill amortisation	0.0	0.0	0.0	0.0	0.0
EBIT	**2.4**	**2.7**	**3.5**	**4.3**	**5.2**
growth over pcp		*14.0%*	*31.1%*	*20.7%*	*21.3%*
Net interest expense	(0.5)	(0.9)	(0.6)	(0.5)	(0.3)
Pre-tax profit	1.8	1.8	2.9	3.7	4.9
Tax	(0.6)	(0.6)	(0.9)	(1.1)	(1.5)
Effective tax rate	*33.3%*	*31.7%*	*30.0%*	*30.0%*	*30.0%*
Preference dividends	0.0	0.0	0.0	0.0	0.0
Minorities	0.0	0.0	0.0	0.0	0.0
Share of assoc	0.0	0.0	0.0	0.0	0.0
CCR adjustments	0.0	0.0	0.0	0.0	0.0
CCR adj profit	**1.2**	**1.2**	**2.0**	**2.6**	**3.4**
Reported profit (pre abn)	1.2	1.2	2.0	2.6	3.4
Abn / extra's (after tax)	0.9	0.0	0.0	0.0	0.0
Reported net profit	2.1	1.2	2.0	2.6	3.4

Profitability ratios

Year ending Jun	2024	2025	2026f	2027f	2028f
EBITDA / sales (%)	4.1%	4.9%	5.4%	5.8%	6.2%
EBITAg / sales (%)	**2.0%**	**2.5%**	**3.1%**	**3.5%**	**4.0%**
EBIT / sales (%)	**2.0%**	**2.5%**	**3.1%**	**3.5%**	**4.0%**
Return on assets (%)	2.5%	2.7%	3.6%	4.1%	4.5%
Return on equity (%)	4%	3.6%	5.5%	6.6%	8.0%
Dividend cover (x)	0.0	0.0	0.0	0.0	0.0

Liquidity and leverage ratios

Year ending Jun	2024	2025	2026f	2027f	2028f
Net debt / (cash) ($m)	(2.8)	(4.6)	(2.2)	(4.3)	(2.4)
Debt / equity (%)	16.9%	17.4%	13.1%	7.9%	12.8%
Net debt / equity (%)	**-8.6%**	**-13.3%**	**-6.0%**	**-10.9%**	**-5.6%**
Interest cover (x)	4.4	3.1	5.5	8.1	20.5

Segments ($m)

	2024	2025	2026f	2027f	2028f
Energy & Resources	80.0	66.0	70.0	73.6	77.5
Building Products	39.0	42.0	44.9	48.0	51.5
Eliminations	0.0	0.0	0.0	0.0	0.0
Corporate	0.0	0.0	0.0	0.0	0.0
Sales revenue	**118.9**	**108.0**	**114.9**	**121.6**	**129.0**
Energy & Resources	3.4	2.4	2.9	3.3	3.8
Building Products	3.6	5.5	6.0	6.5	7.0
Eliminations	0.0	0.0	0.0	0.0	0.0
Corporate	(2.1)	(2.6)	(2.7)	(2.8)	(2.9)
EBITDA	**4.9**	**5.3**	**6.2**	**7.0**	**8.0**

Cashflow ($m)

Year ending Jun	2024	2025	2026f	2027f	2028f
EBIT	2.4	2.7	3.5	4.3	5.2
Net interest paid	(0.5)	(0.9)	(0.6)	(0.5)	(0.3)
Dep'n and amort'n	2.6	2.6	2.7	2.8	2.8
Tax paid	(0.1)	(0.2)	0.0	0.0	(1.5)
Gross cash from op'n	**4.3**	**4.3**	**5.6**	**6.5**	**6.2**
(Inc) / dec in wk'g cap	(7.0)	(3.6)	(0.7)	(0.7)	(0.7)
Other	4.5	4.4	0.0	0.0	0.0
Operating cashflow	**1.8**	**5.0**	**4.9**	**5.8**	**5.5**
Investing cashflows					
Capex / Asset sales	(1.4)	(1.2)	(1.8)	(1.9)	(1.9)
Intangibles	0.0	0.0	(1.1)	(1.1)	(1.1)
Investments	0.0	0.0	(4.4)	0.0	(4.5)
Net other assets	0.0	0.0	(0.0)	(0.7)	0.1
Financing cashflows					
Equity raised	0.0	0.0	0.0	0.0	0.0
Dividends paid	0.0	0.0	0.0	0.0	0.0
Chg in loans	**(1.3)**	**(1.6)**	**(1.2)**	**(1.7)**	**2.3**
Chg in minorities	0.0	0.0	0.0	0.0	0.0
Other non-op flows	0.0	0.0	(0.0)	(0.0)	0.0
Net chg in cash	**(0.9)**	**2.3**	**(3.6)**	**0.4**	**0.4**

Balance sheet ($m)

Year ending Jun	2024	2025	2026f	2027f	2028f
Cash	8.4	10.6	7.0	7.4	7.9
Receivables	21.3	23.9	25.4	26.9	28.5
Inventories	3.7	4.5	4.7	5.0	5.3
Other	0.0	0.0	0.0	0.0	0.0
Current assets	**33.5**	**39.0**	**37.2**	**39.4**	**41.7**
Net PPE	7.0	7.7	7.9	8.0	8.2
Investments	0.3	0.1	4.5	4.5	9.0
Goodwill	12.1	12.1	12.1	12.1	12.1
Other intangibles	3.8	3.7	3.7	3.8	3.9
Other	7.8	6.8	6.7	7.0	7.6
Non-current assets	**30.9**	**30.4**	**34.9**	**35.4**	**40.7**
Total assets	**64.4**	**69.4**	**72.0**	**74.8**	**82.5**
Debt	5.6	6.0	4.8	3.1	5.5
Payables	18.1	17.8	18.9	20.0	21.2
Other	7.9	11.0	11.7	12.4	13.1
Total liabilities	**31.5**	**34.8**	**35.4**	**35.5**	**39.8**
Equity / reserves	60.2	60.7	60.7	60.7	60.7
Retained profits	(27.3)	(26.1)	(24.1)	(21.5)	(18.0)
Total s/h funds	**32.9**	**34.6**	**36.7**	**39.3**	**42.7**
Minorities	0.0	0.0	0.0	0.0	0.0
Total funds emp.	**64.4**	**69.4**	**72.0**	**74.8**	**82.5**

Model summary as at 29/9/25

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