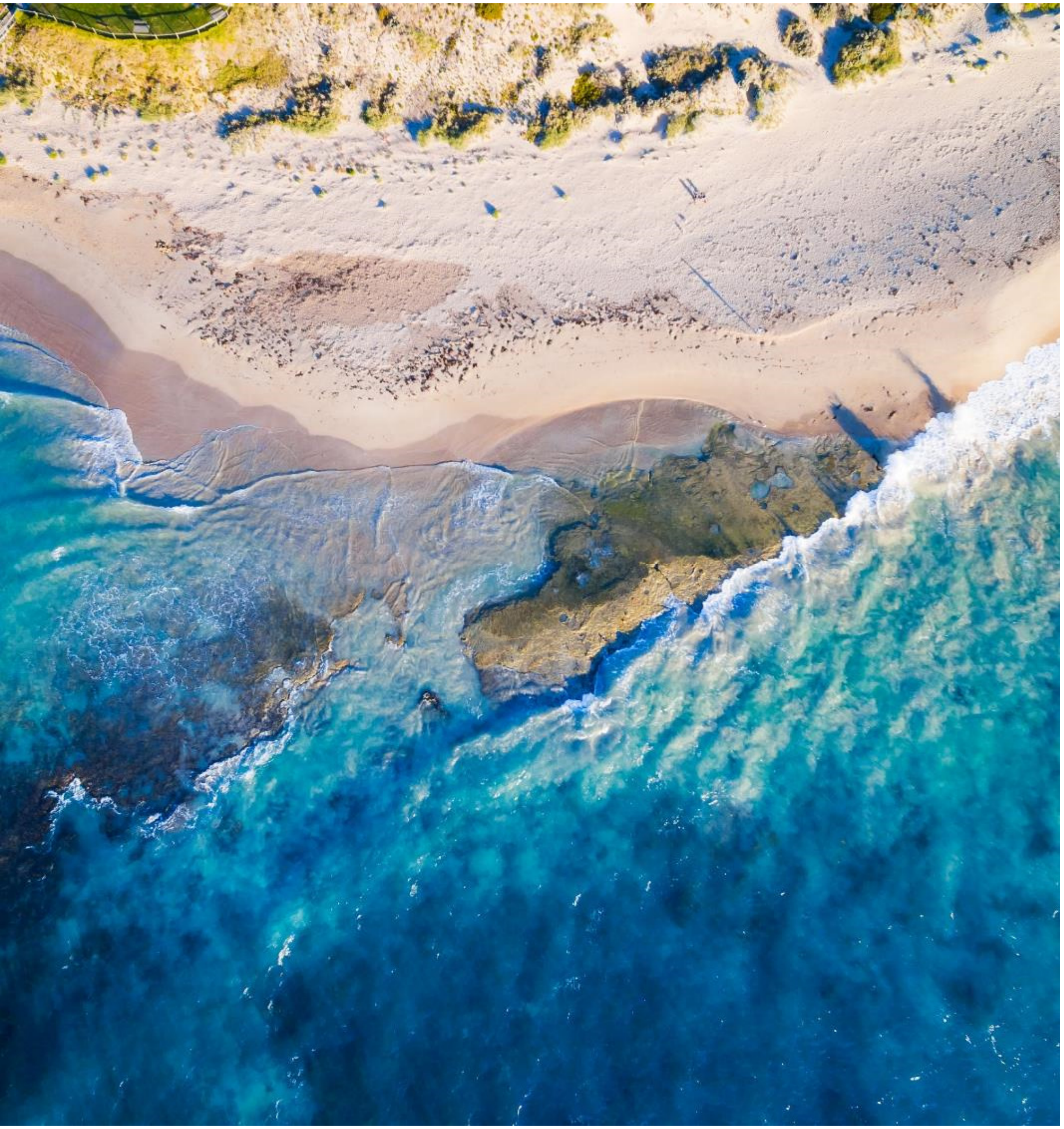


The business of sustainability

Presented to:
Environmental Consultants Association

Presented by:
Keryn James, Group Chief Executive, ERM

ERM

Global Market Outlook for the next five years

Overall outlook is strong for environmental consulting

Opportunities

Global megatrends drive underlying demand

Trend towards **increasing regulation** likely to continue

Global communication technology driving transparency/exposure for clients

Global Market Outlook for the next five years

Overall outlook is strong for environmental consulting

Threats

AS

- Global **economic downturn/crisis**
- Failure to adapt to **new market sectors/ service** offerings
- Failure to address **impact/opportunity of data and technology**

Slide 3

AS1 Remove if you don't think this adds anything, but I thought it might look a bit bare
Alexandra Stevenson, 22/10/2018

Sector focus for the next 5 years

Resources rebound will support activity, but will continue to be cyclical – expect strong levels of activity **infrastructure, chemicals, property, power**

Globally, population growth, emerging middle class demand driving growth in **agriculture, food & beverage**

There will be **no shortage of opportunities** – but greater demand for integration, data and technology use, beyond-compliance

Expect to see **continued consolidation** in EC sector as companies seek to scale and differentiate

Environmental Consulting in Australia

Environmental consulting market in Australia is strong and very competitive compared to 2 years ago

Resources slump led to race to connect with the infrastructure sector - funded by material Government privatisation efforts which created the necessary funds to reinvest into infrastructure

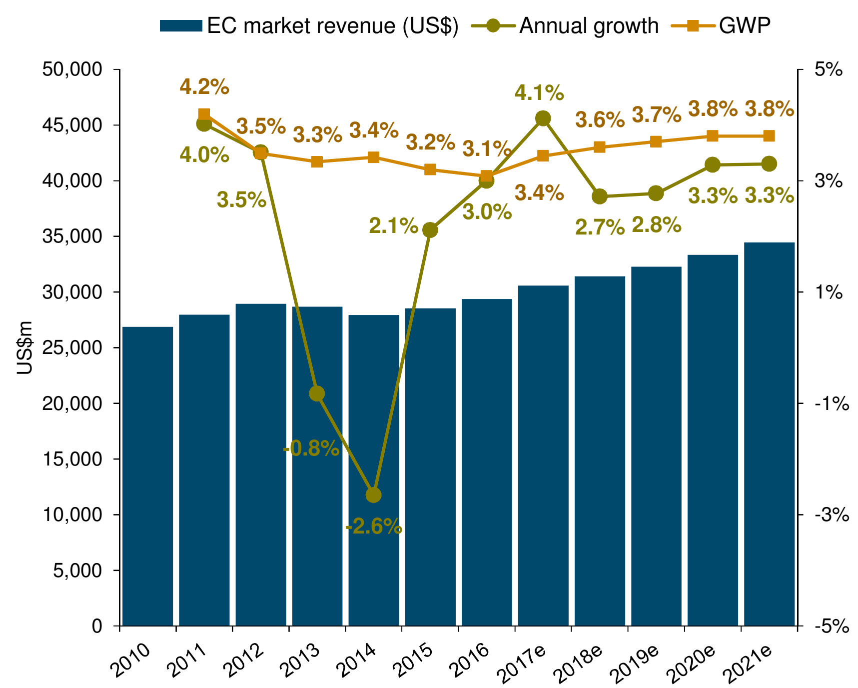
Infrastructure push taking up a lot of the talent in the environmental consulting market – as resources sector rebounds there is lack of resource - critical supply issue and impacting retention/costs

Power landscape continues to change - opportunities for the consulting industry

Historic international and national growth trends:
Drivers and setbacks

- **70s:** *nascent industry*
- **80s/90s:** *policy/legislation driven*
- **2000s:** *property/building boom; globalisation*
- **2010-2012:** *commodity/resources super-cycle vs GFC*
- **2013-2014:** *mining downturn, oil price rout → global EC market contraction*
- **2015-2017:** *large-scale infrastructure in Europe & North America/emerging markets*

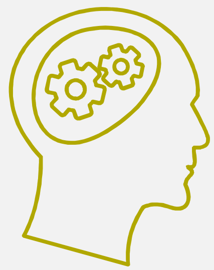
Global environmental consultancy revenue



Source: Environment Analyst (market assessment)

What can we learn /expect from interstate and international experiences?

Innovation is critical
especially regarding technology and data



Technical skills alone
are not sufficient

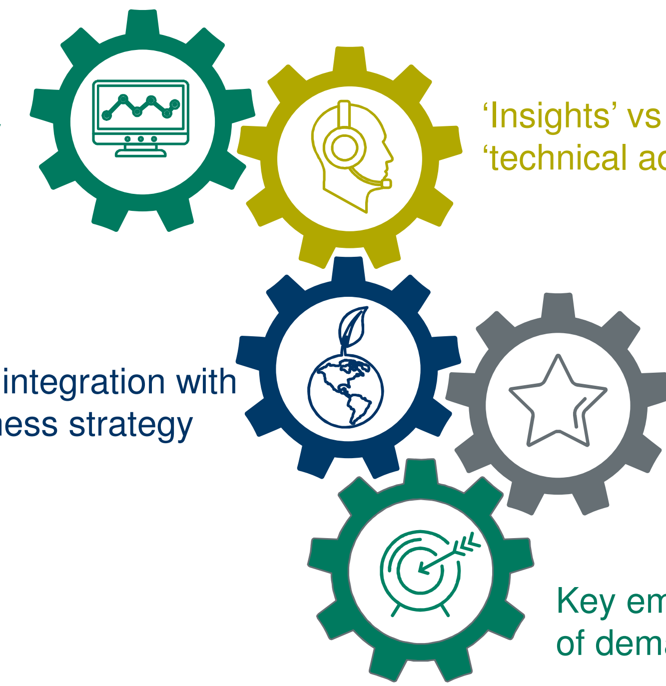
Talent shortage

Partnerships
are increasingly important

What are the traditional consulting services and which ones are at greatest risk or the greatest areas of growth?

Traditional, field based services materially at risk from technology disruption

‘Insights’ vs ‘technical advice’



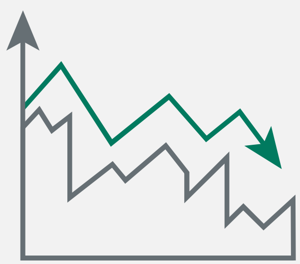
EHS integration with business strategy

Need to demonstrate business value add

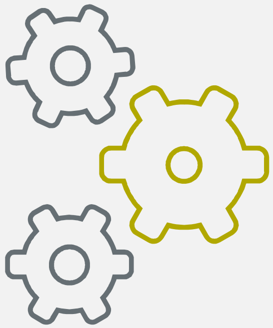
Key emerging areas of demand

What is inhibiting growth in traditional consulting services?

Market fragmentation



Service offerings not necessarily seen as business value adding



Talent – skills, capability and experience

Lack of innovation/ efficiency = cost

What are the opportunities for tapping into international consulting?

- Secondments
- International study
- Partnerships
- Clients with international asset portfolios/interests
- International business and practice networking groups

Q&A

Thank you

Keryn James
Chief Executive Officer

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