



Restoration of Impaired Lakes, Canals & Rivers

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**Annual General Meeting**

23 November 2017

# Managing Director's Presentation



# 2017 Highlights

- Revenue for FY2016-17 increased by 92% to \$4.2m
- Revenue for FY2017-18 forecast to increase to \$22m – 450% increase
- BHZQ Strategic Agreement – setting up of Phoslock Beijing
- Major China contracts already secured; new contracts in progress
- Changxing Factory completed within budget; strong production; expandable
- Strong growth in International Materials business
- Improved Balance Sheet – A\$6m in cash plus Receivables/Inventory of \$3-4m; debt free
- Phoslock technology; proven; accepted; over >300 projects; strong market recognition; business is scalable
- China Contracting Business – new business with huge potential



# Major Changes to PWS Business



Well established International business in Europe/UK, Canada, US, Brazil

- licensees in 8 countries and selling to 20 countries

Recent **triple transformation** by developing China business:

1. New Factory = massive production increase
2. New Products = ability to treat complex contaminants
3. New Business = Design, Engineering & Construction of water projects

# China Growth

## **Super Growth to come from China**

Scale of the problem in China is immense

PWS has products and engineering capability to address problems

PWS has developed Special Relationships to partner on projects

## **China – War on Pollution**

*Chinese Government allocated rmb 10 trillion (A\$2tn) in 2017 to tackle water quality issues in lakes, rivers and canals.*

*2,865 lakes ; 98,000 water reservoirs ; 536,000 km rivers and canals; wetlands classified as highly polluted in China*

# PWS - New Changxing Factory

Phoslock production line can currently produce 15,000tpa (corresponds to \$40-50m sales pa)

## Business Scalable Quickly

Second production line can be added quickly to take annual output to 30,000tpa.

## Video on Changxing Factory

[www.phoslock.com.au/site/what-we-do/production-facility](http://www.phoslock.com.au/site/what-we-do/production-facility)



# China Contracting Business

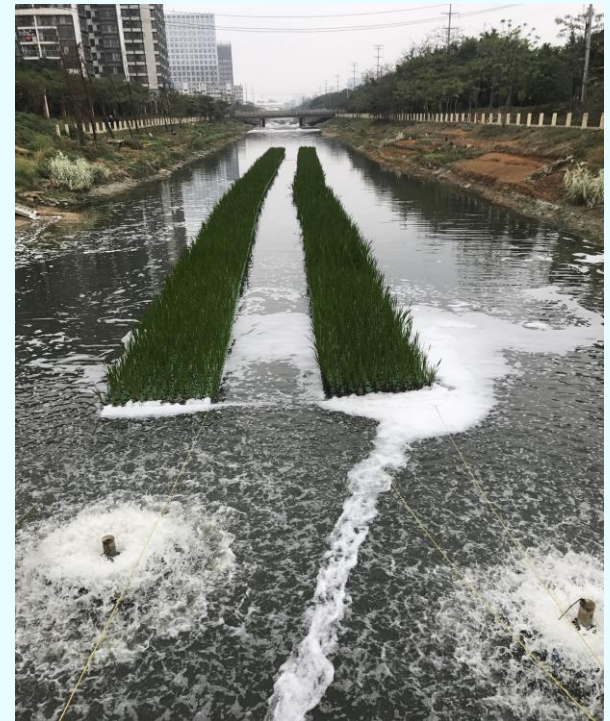


**Phoslock Beijing (PBEE) formed to provide design, engineering, contract implementation and contract management**

- Experienced team of 20 environmental project managers established; already working of five projects with value > A\$30m
- First canal project underway - \$5m sales value; using approx 1,200 tons of Phoslock; zeolites; bacteria products
- BHZQ Environmental is a project manager and solutions provider for large integrated water environmental projects throughout China
- Significant need for PWS Materials in future BHZQ projects
- BHZQ projects include **maintenance contracts** to ensure water quality for 5,10 and up to 20 years – on going requirement for PWS Materials

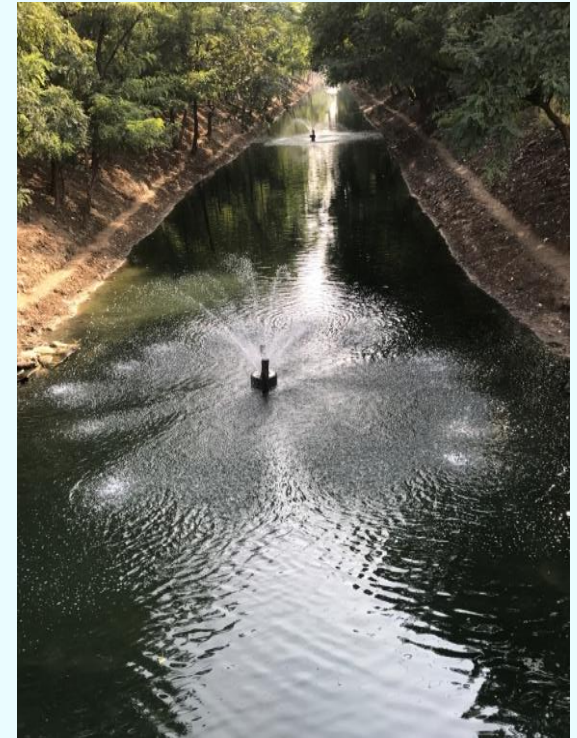


# Re-Building Canals – Before; During & After





# Improving Water Quality in Rivers & Canals via treatment stations using PWS Products



# International Material Business

- International sales increasing from \$4m to \$6m
- Pampulha restoration project in Brazil's 3<sup>rd</sup> largest city nearly completed - \$4m sales; multi year maintenance contract being finalised
- Bromont in Canada – 174 tons applied in October
- Poland – 300 tons commencing late November
- Brazil – a number of reservoir projects
- Canada – large pipeline of lake applications
- US – SePRO large projects well advanced
- Europe – strong pipeline of medium and larger applications
- International business is benefiting from economies of scale of new factory





# New Website – [www.phoslock.com.au](http://www.phoslock.com.au)

**PHOSLOCK**  
Phosphorus Water Solutions

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**Phoslock Water Solutions Limited – PWS (ASX:PHK)**  
Safe for use in drinking water reservoirs with hundreds of successful applications worldwide

**Investor Information**

**PHK SHARE PRICE**  
**\$0.19**  
Change: 0.0005  
Market Cap: \$90M  
This price is delayed by at least 20 minutes and is sourced from the ASX  
[Read more >](#)

**ASX ANNOUNCEMENTS**  
21-Oct-2017 Quarterly Business Report  
21-Oct-2017 Quarterly Cashflow Report  
[Read more >](#)

**Investor Centre >**

**BEFORE APPLICATION**  
**AFTER APPLICATION**

**Latest News**  
**Phoslock Water Solutions offers more than just Phoslock**  
In July 2017 a Co-operation Agreement was signed with BHZQ with PWS being offering a complete water remediation service. Some of the most polluted canals in China have recently been transformed into clean, healthy water ways using PWS products and engineering solutions. This is part of 'Project Phoenix'.

**What We Do**  
Phoslock Water Solutions Ltd owns 100% of the commercial patent for Phoslock® and also provides a number of water remediation products and engineering solutions for the remediation of water bodies.  
[Learn more >](#)

**Technology**  
Phoslock® was developed by the Australian CSIRO to remove excess phosphorus safely from water. Phosphate is the key nutrient that feeds harmful algae and causes devastating algal blooms. Phoslock® can be used to manage unhealthy waterways and promote a healthy aquatic environment.  
[Read more >](#)

**Phoslock Blog**  
21-Sep-2017 China is focusing on significantly reducing phosphorus concentrations in their lakes. A recent article published on [www.pwos.org](http://www.pwos.org) has highlighted the incredible work that is being undertaken in China on reducing phosphorus concentrations in their lakes...  
[Learn more >](#)

**Environmental Certifications**  
ISO 9001 and ISO 14001  
CRMA  
Chinese Government  
Ministry of Commerce  
(COMMO) Certification

**Who We Are**  
Strategy  
Board of Directors  
Management

**What We Do**  
Products  
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Global Applications  
Production Facility  
Licences  
Application Methods

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# FY 2017/18 Sales Forecast



\$ 6.3m China Contracts signed and being completed this FY

\$ 3.7m International Contracts signed and being completed this FY

\$ 5.0m Contract in China signing Q3 – mostly completed this FY

\$ 8.5m Contract in China signing in Q4 – approx 50% this FY

\$ 2.5m International Sales in Q3-Q4 2018

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\$22.0m plus any additional sales from pipeline and in negotiation

**Directors re-affirm \$22m guidance of Sales Revenue for FY2017-18**

# Outlook for 2018/19



- Significantly higher Sales – projecting \$40m
- Strong growth in China Contracting & Materials sales
- Conversion of Medium & Large Projects in International Materials in Canada, US, Brazil, LatAM, Europe & Korea
- Increased production at Changxing Factory – possible expansion if required
- China R&D projects being used in commercial applications
- Potential acquisition of add-on businesses
- Registration of *Phoslock* Patent in key markets
- Strong balance sheet; strong profitability; potentially of payment of dividend

# Capital Structure



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## Capital Structure (22<sup>nd</sup> November, 2017)

Company Name:	Phoslock Water Solutions Limited
ASX Code:	PHK
Current Price:	19.5 Cents
Trading Range: (last 12 months)	6.8 – 24. Cents
Total Issued Shares:	475.8m
Total Issued Options:	67.5m*
Market Capitalisation:	A\$92.8m (US\$70m)
Options*:	2.5m @ 7.1cps Exp 31/3/18 65.0m @ 10.5cps Exp 20/12/19

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# Major Shareholders



## Major Phoslock Shareholders of Ordinary Shares\*

Laurence Freedman AM – PWS Chairman	18.5%
Zhigang Zhang & Others – PWS Director	6.7%
Evan Clucas - Investor	4.1%
Robert Schuitema – PWS Managing Director	3.5%
Hongmen Pty Ltd - Investor	3.0%
LesWeek Pty Ltd – Investors	2.3%
Current Directors and Executives – Ordinary Shares	30%
<b>Top 20 Shareholders Aggregate Holding</b>	<b>60%</b>
Total Number of Shareholders (approx.)	1,680

- Shareholders as at 22nd November, 2017



**Phoslock Water Solutions Ltd.**

Suite 403  
25 Lime Street  
Sydney NSW 2000  
Australia

**Tel:** +61 2 8014 7611

**Robert Schuitema – Managing Director**

Mobile: + 61 (0) 412 305 442

Email: [rs61@bigpond.com.au](mailto:rs61@bigpond.com.au)

**Web:** [www.phoslock.com.au](http://www.phoslock.com.au)

**Michael Kotowicz – WPG**

Mobile: +61 (0) 416 233 145

ASX Code: PHK



# **Annual General Meeting**

## **Questions**