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FY2019 Financial Summary

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2019 Revenue: \$25.1m (up 40% YoY)

2019 NPAT: \$3.0m (significantly up on loss of \$1.0m: 2018)

Strong Operating Margins: 54% Gross Profit Margin

2020 Forecast Revenue: \$50m-70m (up 100% YoY)

Strong Balance Sheet:

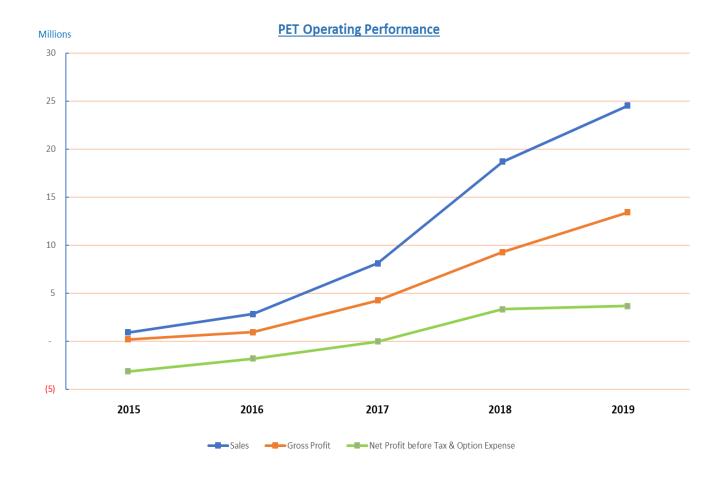
- A\$15m in cash
- Receivables/Inventory of \$20m;
- Debt Free;
- Net Assets approx \$30m

Net Cash from Operations for 2019: \$7.6m



PET Operating Performance





Phoslock Board & Senior Management





Left to Right: Jason Hai (Changxing Factory Manager); Nigel Traill (GM International); Mr Ma (Non-Executive Director); Tinshan Liu (GM Phoslock Beijing); Mr Zhang (Deputy Chairman); Andrew Winks (GM Operations); Mr Laurence Freedman AM (Chairman); Lachie McKinnon (Chief Executive Officer – until Company AGM); Robert Schuitema (Managing Director – until Company AGM); Mrs Brenda Shanahan (Non-Executive Director); Chris Hui (Group Accountant & Company Secretary)

Introducing – Lachlan McKinnon, CEO (MD from AGM)

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- Rural Victoria home
- Agricultural / Environment Background
 - Agscience , Marketing , MOE Melb University , Harvard Business School
- Long Career with Nufarm, Ltd. Australia's largest Agricultural Chemical Manufacturer and Marketer
 - o Regional GM ANZ, 15 years (Melbourne)
 - Regional GM Nth Europe , 4 years (London)
 - Regional Business Development, 3 years North America (Canada)
- Board Member and Chair of Various Industry associations
- Skill Sets
 - Business Leadership
 - International Market Development
 - Navigating Regulatory and Government bodies
 - Product commercialization
 - Customer management, distribution relationships

Short Term Focus

- Focus on Key International Markets
 - o Initially North America , Western Europe, South America and ANZ
 - Increase Resourcing to grow sales
- Continuity of China growth strategy
- Appropriate structure and resources for Head Office transition
- Manufacturing base that is capable of meeting future demand competitive cost, quality product
- Increased branding and awareness
- Governance, capabilities and systems in place to manage growth targets
- M&A, product extensions and R&D development

PET Four Business Units











How will PET reach \$50-\$70m Sales in FY2020

China Projects: \$40m-\$55m

- Xingyun Lakes & Catchment circa \$10m
- Shilongba Reservoir circa \$15-20m
- Dianchi Catchment Area
- o Beijing Canals Maintenance
- o Beijing Wetland Maintenance
- o 20 Other Projects in China:

Range of 3,000 to 6,000 tons - \$9m to \$18m

o (80% Chinese Government Customers, 20% subcontracting)

International Projects: \$10m-15m

- Existing Customer Projects: 10 customers approx 2,000 tons \$6m
- o New Customer Projects: 14 projects range of 1,500 to 3,000 tons \$4.5m to \$9m

Total Addressable Market – THE WORLD





China Operations & Major Projects





Chinese Operation Structure



All Chinese Subsidiaries are 100% owned by PET

Phoslock Beijing – Sales & Marketing Company – run by Tingshan Liu (joined PET in June 2017) Phoslock Changxing – Factory – run by Jason Hai (joined PET in June 2017)

Mr Zhang (Deputy Chairman) & Mr Ma (Non Executive Director) are based in Beijing. Both Directors assist with strategy and marketing in the China market

Payments from Chinese Subsidiaries to PET Australia

Agreements in place for Chinese Subsidiaries to pay PET Australia in cash for:

- Group Service provided to Chinese Subsidiaries;
- Technology Services provided to Chinese Subsidiaries; and
- Royalties payable per ton of Phoslock sold in China.

The amounts are calculated six monthly; approved by Chinese Tax Authorities then paid to PET Australia. Circa \$2m received by PET Australia from Chinese Subsidiaries – all payments up to date.

Dividends from Chinese Subsidiaries to PET Australia

All PET Chinese Subsidiaries are paying tax on their profits and can pay dividends back to PET Australia. PET Australia has currently elected to retain profits in China to fund its significant growth.

Chinese High Technology Status

PET's Beijing Subsidiaries have received High Technology Status. Company Tax Rate for Beijing Subsidiaries now 15%; major benefit to PET (was 25%)

CHINA – Enormous market with large Government Funding

Team of 60 PET employees working in China

- Beijing China HQ; sales; engineering team; project management
- o Changxing (150km inland from Shanghai) factory; R&D; sales
- o Kunming sales; project management

Strategic Agreement with BHZQ has significantly accelerated business

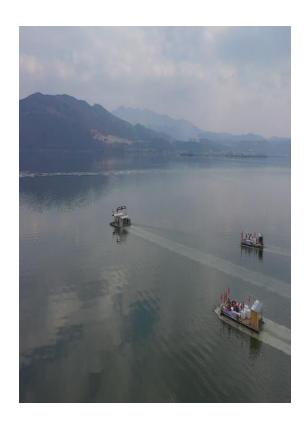
PHOSLOCK® officially recognised by the Ministry of Water Resources as an approved product for phosphorus removal.

The Ministry of Water Resources administers 2,865 lakes with an area greater than 1 km² and 98,000 reservoirs.

Chinese Government has allocated over US\$1 trillion in latest 5 Year Plan to address water, air and soil pollution.

PET major Projects in China

- Beijing Canals initial works completed; 17 year maintenance work
- Beijing Wetlands project completed; maintenance work
- Nine Yunnan Alpine Lakes:
- Over 3,000 tons applied to Xingyun lake (see photo) in 2019
- Work starting on Dianchi region projects (Shilongba; Dinachi)
- Strong pipeline of large projects



Changxing Factory and R&D Centre



Changxing – 150km west of Shanghai manufacturing Phoslock®

- Current factory Production Capacity increased to 20,000tpa
- Now running at 40 50t per day
- PET plans to run this factory until late 2021
- ISO Accreditation
- WQA Accreditation Annually

Second Factory secured in Changxing , 1 km from current Factory

- o Long term lease − 3 plus 3 plus 3 years
- Area size 12,600 sqm on one level 3x larger than current Factory
- o First 20,000tpa production line fitted out under way
- o Capable of producing 80,000tpa (4 x 20,000t) from this Factory





PET International Business



- Operating since 2005
- > 300 successful projects in 20 countries
- Main focus is absorption of phosphorus in lakes, drinking water reservoirs, rivers, canals & wetlands using "Phoslock"
- "Phoslock" product is proven technology (over 70 peer-reviewed technical papers); patented/patent pending & trademarked in most key markets
- Current Pipeline* > 40,000 tons (A\$130m) with projects in 12 countries (excluding China)





^{*} Conversion and timing of Pipeline Projects into Sales subject to a number of business risk factors

Recent International Projects











New Products/ R&D Projects















Why Invest in PET?



Compelling Investment Case

- PET has sales growth accelerating on robust margins
- Diversified business mix of International and Chinese Water Treatment businesses and China Engineering & Contracting Business
- o 75% new Business; 25% Recurring maintenance business

Accelerated Growth to come from China & International Focus Areas

- Scale of China's pollution is immense
- PET has products and engineering capability to address problems
- o PET has developed special relationships to partner on projects

Scale of ROW is immense - USA, Canada, Brazil, Mexico, Europe

- Solid Balance Sheet: Debt free, \$15m cash plus \$20m receivables/inventories
- Strong Board/Executive
- Sales Pipeline > \$380m* \$250m China; \$130m International

^{*} Conversion and timing of Pipeline Projects into Sales subject to a number of business risk factors

Capital Structure



Capital Structure (4 th March, 2020)				
Company Name:	Phoslock Environmental Technologies Limited			
ASX Code:	PET			
Current Price:	\$0.57			
Trading Range: (last 12 months)	\$0.36 - \$1.60			
Total Issued Shares:	565.0m			
Total Issued Options:	28.0m*			
Market Capitalisation:	A\$322 m			
Options:	25m @ \$1.00 Exp 31/12/21 - A\$25m 1.5m @ \$1.25 Exp 31/12/22 - \$1.8m 1.5m @ \$1.35 Exp 31/12/23 - \$2.0m			

Major PET Shareholders



Top 20 Security Holders

Shareholder (including Related Partie	s)		Number	% Total
			of Shares	Shares
Link Traders (Aust) Pty Ltd	Director	1	69,183,914	12.25%
ZZL Pty Ltd	Director	2	25,000,000	4.42%
Citicorp Nominees Pty Limited		3	19,474,022	3.45%
Evan Clucas		4	14,474,022	2.56%
JP Morgan Nominees Australia Pty Ltd	d	5	14,765,554	2.61%
Sail Ahead Pty Ltd	Director	6	9,547,500	1.69%
LesWeek Pty Ltd		7	8,538,181	1.51%
UBS Nominees Pty Ltd		8	8,479,053	1.50%
Brispot Nominees Pty Ltd		9	6,300,438	1.12%
Newvest Pty Ltd		10	6,099,860	1.08%
Kyle <u>Passmore</u>		11	5,527,500	0.98%
Tingshan Liu	Executive	12	5,500,000	0.97%
Jian Deng		13	5,273,172	0.93%
David Colbran		14	5,115,575	0.91%
Quizette Pty Ltd		15	5,025,000	0.89%
Andrew Darney		16	5,000,000	0.88%
Paul Cayzer		17	4,879,483	0.86%
Mario Spiranovic		18	4,836,827	0.86%
Sharky Holdings Pty Ltd		19	4,800,000	0.85%
CS Third Party Nominees Ltd		20	4,236,881	0.75%
Total Top 20			232,056,982	41.07%
Total Shares				400.00%
Issued			564,991,694	100.00%
PET Directors & Executives			141,752,856	25.09% r





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The Problem



Water Quality is a major GLOBAL PROBLEM

Causes – excess Phosphorus entering canals, rivers, lakes

Where does the Phosphorus come from:

- o Run-off water from agriculture (fertilisers used to enhance production)
- o Run-off water from livestock farms and processing
- Run off water from urban households
- Treated and untreated sewerage discharges into water bodies
- Illegal water discharges from industry
- Natural phosphorus inflows including bird and wildlife

Result of excess Phosphorus entering in water bodies:

- Harmful Algal Blooms
- Green Water
- Human Health problems













The Solution - PHOSLOCK®















PHOSLOCK® - The Product



Environmentally Friendly product that locks up Phosphorus safely and permanently

- Invented by CSIRO (Australian Govt Science Organisation) in 1990's
- Modified Bentonite Lanthanum product
- o Environmentally Friendly; safe for humans and fish & aquatic plants
- Internationally Certified for use in Drinking Water Reservoirs
- Manufactured in ISO Compliant modern factory to strictest Quality Control
- Supply Chain audited by our major accreditation agencies

CLEAN, GREEN, ENVIRONMENTALLY FRIENDLY PRODUCT Ethical Investment – PET ticks all the boxes



