



Placement to Institutional Investors and Share Purchase Plan

Melbourne, 16 October 2019

Fluence Corporation Limited (**Fluence**) has launched an institutional placement to raise approximately A\$30 million (with the ability to accept oversubscriptions) at A\$0.44 per share (**Issue Price**) (**Placement**). The Placement will be followed by a share purchase plan (**SPP**), capped at A\$6 million, for eligible shareholders on the record date, 15 October 2019 (**Record Date**). We attach the investor presentation to be provided to investors.

It is expected that Fluence shares will remain in a trading halt while the Placement is conducted until Friday, 18 October 2019, or such other earlier time that the results of the Placement are announced to ASX. Settlement of new shares issued under the Placement is scheduled to occur on Wednesday, 23 October 2019, with allotment scheduled to occur on Thursday, 24 October 2019.

Investor Conference Call

Fluence will host a conference call to discuss the Placement with investors at 11.00am Wednesday 16 October 2019, Australian Eastern Daylight Time (**AEDT**). Details are provided at the end of this release.

Indicative timetable*

SPP record date	Tuesday 15 October 2019
Trading halt commences	Wednesday 16 October 2019
Placement completed and trading halt lifted	Friday 18 October 2019
Settlement of new Placement shares	Wednesday 23 October 2019
Allotment and commencement of trading on ASX of new Placement shares	Thursday 24 October 2019
SPP opening date	Monday 28 October 2019
SPP closing date	Monday 11 November 2019

* dates are based on Melbourne time. Indicative only and subject to change, in consultation with the Joint Lead Managers and in accordance with the Corporations Act and Listing Rules.

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The Placement will be followed by a SPP, capped at A\$6 million for all eligible shareholders (including retail shareholders), being holders of existing ordinary shares in Fluence as at 7.00pm (Melbourne time) on the Record Date, Tuesday 15 October 2019. SPP shares will be offered at an issue price of A\$0.44 per share, the same price as the Placement. Under the SPP, Fluence will offer all eligible shareholders the opportunity to apply for new Fluence ordinary shares without brokerage or stamp duty costs.

Further details about the SPP will be provided to shareholders by way of a separate announcement to ASX. Evans Dixon Corporate Advisory Pty Limited and Petra Capital Pty Ltd are acting as Joint Lead Managers and Bookrunners to the Placement.

Conference Call Details

Tollfree (Australia): 1800 820 237

Tollfree (New Zealand): 0800 815 732

Tollfree (Hong Kong): 800 961 384

Tollfree (United States / Canada): 888 254 3590

Participant Confirmation Code: 343 3926

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Hong Kong, Hong Kong	Local	+852 3018 4588
New Zealand	Tollfree/Freephone	0800 815 732
New Zealand, Auckland	Local	+64 (0)9 9760 019
Singapore	Tollfree/Freephone	800 186 5085
Singapore, Singapore	Local	+65 6320 9075
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Fluence Corporation (ASX: FLC)
October 2019

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Transaction Overview



Transaction Overview



Fluence is conducting a placement to raise approximately A\$30 million¹ (with the ability to accept oversubscriptions) to fund its global growth initiatives

- The Placement will be conducted at 44 cents per share (**Offer Price**)
 - 12.87% discount to the last ASX close on Tuesday 15 October 2019
 - 12.05% discount to 5 day VWAP
- Evans Dixon and Petra Capital are acting as Joint Lead Managers
- Share Purchase Plan (SPP) capped at A\$6 million, to eligible shareholders on the record date, Tuesday 15 October (Record Date)

Use of funds ¹	A\$m
China partnership development	12
China plant expansion	3
CES projects guarantees	4
Restructuring costs	3
Growth working capital and placement fees	7
TOTAL	30

¹ Excludes SPP proceeds, any proceeds from the SPP will be applied to fund growth working capital. Based on an exchange rate of 0.6739 USD:AUD

Indicative Timetable ²	
SPP Record Date	Tuesday 15 October
Trading halt commences	Wednesday 16 October
Placement bookbuild	Thursday 17 October
Settlement of new Placement shares	Wednesday 23 October
Allotment of new Placement shares	Thursday 24 October
SPP closing date	Monday 11 November

² Melbourne time, indicative only and subject to change by agreement with the Joint Lead Managers, and in accordance with the ASX Listing Rules and Corporations Act

Investment Highlights



- ✓ **Only global, pure play company delivering standardised, pre-engineered water and wastewater treatment solutions focused on the decentralised market – fast to deploy, low cost** and meets tightening regulatory standards
- ✓ **Unique, proven, proprietary wastewater treatment technology delivers breakthrough cost and energy savings and enables unattended operation** versus traditional solutions
- ✓ Positioned to capture **substantial and growing global addressable market as market shifts towards decentralised, pre-engineered solutions** as population growth, water scarcity and environmental threats worsen
- ✓ **Key partnerships securing bulk orders have created an inflection point for pre-engineered product sales ramp** - several more in negotiation anticipated to further drive growth
- ✓ **88 wastewater and 21 water treatment plants** deployed in key geographies, including 68 in China since 2017; large custom-engineered projects for Government customers underpin profitability as pre-engineered product revenues grow
- ✓ Strong financial foundations with **FY18 revenue of US\$101.1m, gross profit of US\$34.5m¹ and signed contracts for US\$279m²**, with sustainable **EBITDA profitability to be achieved by Q4 2019**
- ✓ **Experienced Board and management team**

1. Full Year Audited Gross Profit includes a US\$6.5m benefit from the reversal of an onerous contract provision from prior years.

2. As of 30 June 2019

Introduction to Fluence



Introduction – The Global Water Challenge



Global water scarcity is a real and growing challenge

The Challenge

- Provision of sufficient drinking water to meet growing global **water consumption which is forecast to double by 2050**
- Managing **environmental threat** posed by untreated wastewater
- Traditional water and wastewater treatment is reliant on large, capex heavy, central treatment plants that are often **unaffordable and impractical – 2/3 of the capex invested is infrastructure in the ground**



The Response

- Low cost, **fast-to-deploy water and wastewater treatment products**
- Treat water locally **using many, smaller water and wastewater treatment plants – pre-engineered solutions enable local reuse and much simpler infrastructure**
- **Easily, quickly enhance existing** large scale (centralised) water treatment infrastructure

Sources: WWF, Water Scarcity, 2014; US Geological Survey, 2015; UN World Water Development Report, 2017; Water for Food, UNCTAD, 2011; UN Water, 2017.

Introduction – Fluence Solution



Fluence provides uniquely compelling solutions to the water & wastewater challenges with pre-engineered solutions

Fluence provides the solution

- Utilises **proprietary, patented membrane technology (MABR)** that enables rapid, low cost:
- deployment of pre-engineered wastewater treatment solutions; and
- quality and capacity improvements for centralised wastewater treatment plants
- Pre-engineered water & wastewater treatment plants rapidly **solve local water shortages**

Fluence's achievements

- ✓ **88 wastewater and 20 water treatment plants** sold in key geographies and larger custom-engineered projects underpin profitability
- ✓ **FY18 revenue of US\$101.1m, gross profit of US\$34.5m¹ and signed contracts for US\$279m²**, with sustainable EBITDA profitability to be achieved by Q4 2019
- ✓ **Key partnerships anticipating bulk orders** which drive an **inflection point for pre-engineered product sales**

1. Full Year Audited Gross Profit includes a US\$6.5m benefit from the reversal of an onerous contract provision from prior years.

2. As of 30 June 2019

Introduction – Fluence Products



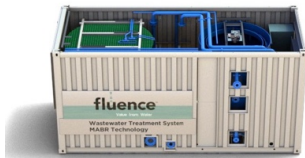
Proven, proprietary technology delivered in standardized, pre-engineered building blocks for deployment locally to the water or wastewater source

1

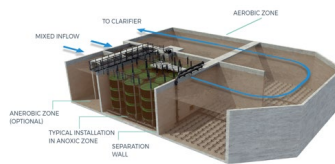
Wastewater products

Use proprietary MABR wastewater technology

aspiral™



subre



2

Desalination product

NIROBOX™



3

Custom-engineered solutions

- Bespoke water projects

- ✓ **Installed in weeks not years:** pre-engineered, modular plants
- ✓ Substantially lower energy use and operating costs
- ✓ Unattended operation
- ✓ Minimises expensive in-ground infrastructure
- ✓ Meets highest regulatory standards & enables reuse
- ✓ Simple to maintain and upgrade

-
- ✓ Provided validation and awareness of Fluence products

Global Water Market



Insufficient Global Water Supply





Critical global need for low cost, quick to deploy water and wastewater treatment solutions

9.7 billion

is the estimated global population by 2050



- Global food production  **60%**
- Manufacturing water demand  **400%**
- Global water consumption **2x**

75%

of the global population are currently experiencing water shortages



- 2.7 billion people are affected by water shortages now
- 2.1 billion people lack proper wastewater treatment now
- An additional 2.1 billion people need upgraded water treatment

40%

water deficit expected by 2030



80%

wastewater released without treatment



<https://www.unwater.org/water-facts/quality-and-wastewater>

Sources: WWF, Water Scarcity, 2014; US Geological Survey, 2015; UN World Water Development Report, 2017; Water for Food, UNCTAD, 2011; UN Water, 2017.

Accelerating Shift to Decentralised Systems **fluence**

~\$13 billion global market for decentralised systems utilising pre-engineered water and wastewater treatment products

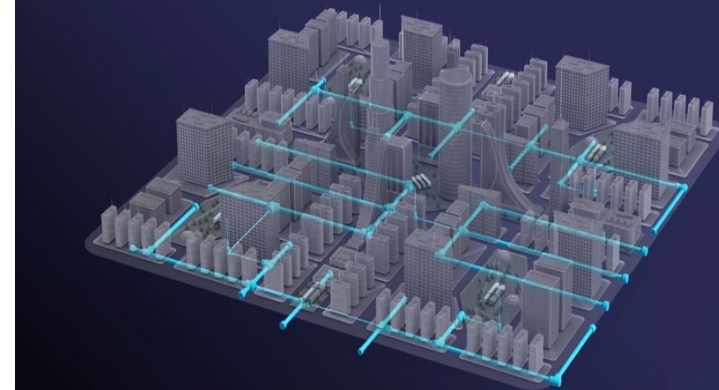
Traditional Centralised System



- ✗ Costly to build – trillions to solve the global water scarcity challenge
- ✗ Infrastructure heavy - 2/3 of CAPEX before the plant (piping, pumping)
- ✗ Overdesigned for growth = lower ROI
- ✗ Take years to deploy
- ✗ Mainly for well developed urban areas
- ✗ Legacy plants require efficiency improvements

Decentralised System

Network of pre-engineered, small, low cost plants



- ✓ Require minimal infrastructure
- ✓ Improved use of existing water – reuse saves drinking water
- ✓ Lower, just-in-time capex
- ✓ Easy and low cost to operate and maintain
- ✓ Can be deployed in rural areas with minimal existing infrastructure
- ✓ Modular and easily upgradable

Business Overview



Fluence Board and Leadership



Management Team



Henry J. Charrabé
Managing Director & CEO

- Former CEO of RWL Water
- Over 15 years' water industry experience



Tony Hargrave
COO

- Over 30 years' water industry management experience



Francesco Fragasso
CFO

- 20 years' finance experience in renewable energy and water treatment



Erik Arfalk
CMO

- Over 15 years' marketing strategy experience



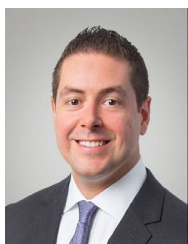
Ronen Schechter
CTO

- Co-Founder of Emefcy
- Over 25 years' water technology experience



Ilan Wilf
Global VP Sales

- Over 22 years' water industry experience
- Former VP Sales of Emefcy



Adam Hinckley
VP Investor Relations & Project Finance

- 15 years' as an investor, advisor and sell-side analyst



Spencer D. Smith
CLO

- Over 15 years of corporate law and M&A experience
- Former GC of RWL Water

Board of Directors



Richard Irving
Chairman

- 35 years' tech and Venture Capital experience
- US\$3B value created



Henry J. Charrabé
Managing Director & CEO

- Former CEO of RWL Water
- Over 15 years' water industry experience



Rengarajan Ramesh
Non-executive Director

- Former CTO of GE Water
- 30 years' operating, acquisition and tech experience



Ross Haghighat
Non-executive Director

- 30 years' tech and Venture Capital experience
- US\$4B value created



Arnon Goldfarb
Non-executive Director

- Over 30 years' industrial experience



Paul Donnelly
Non-executive Director

- Over 30 years' international financial services experience



Peter Marks
Non-executive Director

- 30 years' capital markets experience

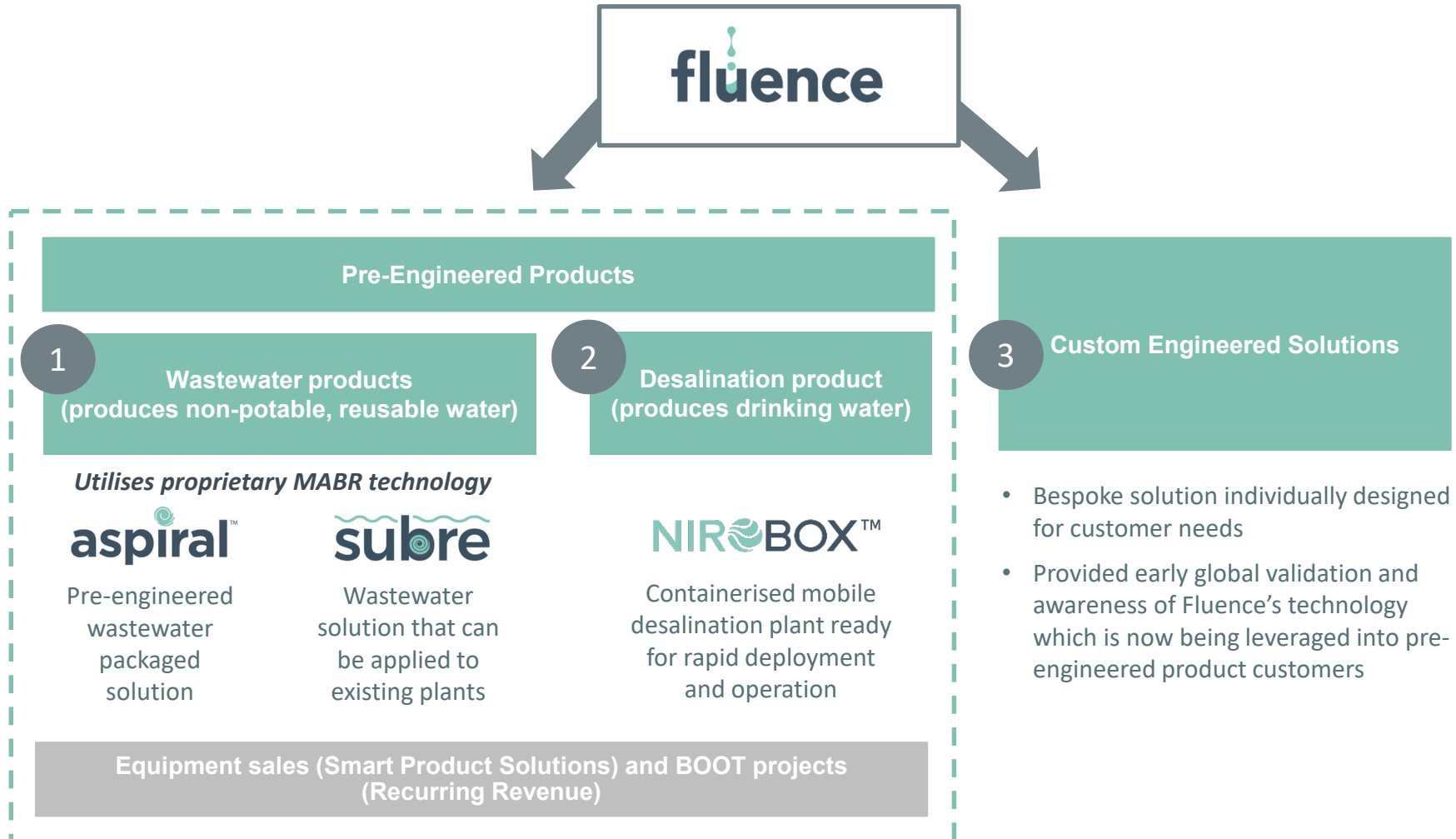


Ross Kennedy
Company Secretary & Advisor to the Board

- Over 30 years' experience as Company Secretary

Fluence Overview

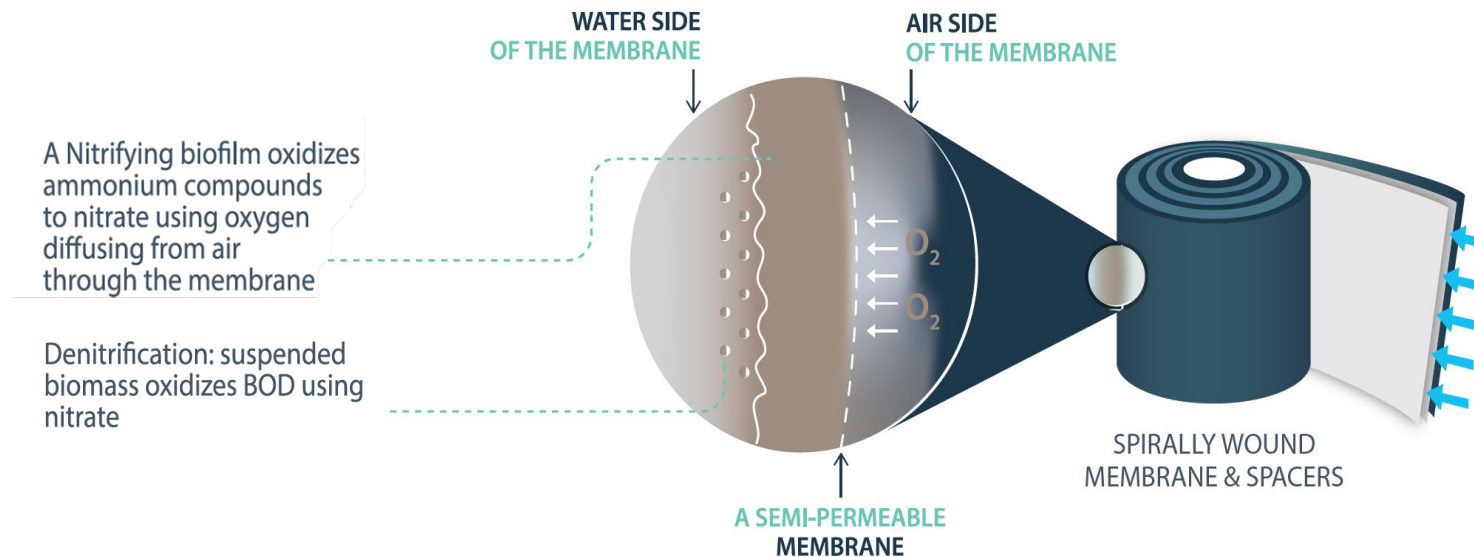
2 Product Families, 2 End Markets, 2 Revenue Streams



1 Wastewater Product Technology

Patented technology that provides lower cost, quality wastewater treatment

Membrane aerated biofilm reactor (MABR)



- Clear advantages over other solutions that use large amounts of force to treat wastewater
 - Allows up to 90% reduction in energy and up to 50% reduction in OPEX
- Protected by family of patents
- Scalable to provide water solutions for populations of hundreds to hundreds of thousands

1 Wastewater Product Overview



Fluence wastewater products utilise Fluence's proprietary MABR technology

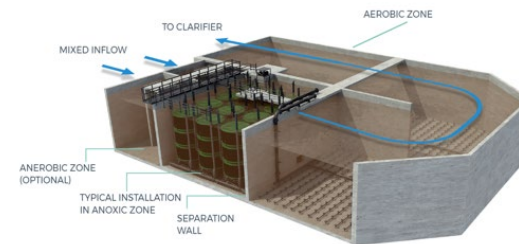
 **aspiral™**



Treats wastewater for
communities from 150 to 35,000

- Pre-engineered MABR wastewater packaged solution
- Fast deployment ideal for small towns, residential communities, resorts, hotels and commercial complete
- Capacity of 20 – 5,000m³/day

 **subore**



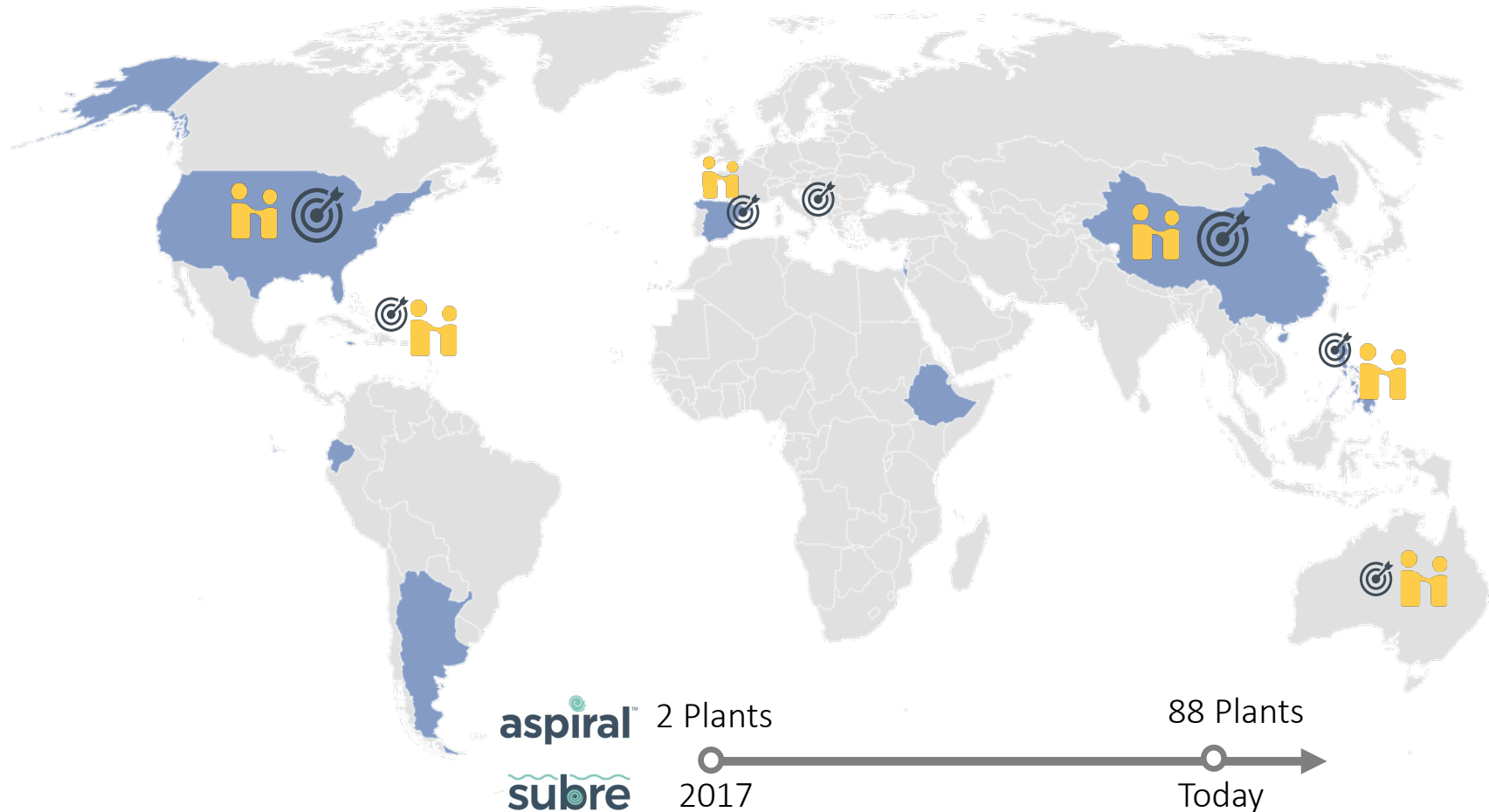
Treats wastewater for
communities up to 1 million

- MABR wastewater solution that can be applied to existing plants or new plants, and therefore eliminates or delays the need for costly new builds
- Improves efficiency and compliance of existing plants without chemicals within a month
- Average revenues of US\$2.5m/plant

1 Wastewater Product Deployments

Targeting countries which urgently enforce stricter wastewater treatment standards

- Wastewater product sales are anticipated to accelerate with numerous partnerships in negotiation in target geographies

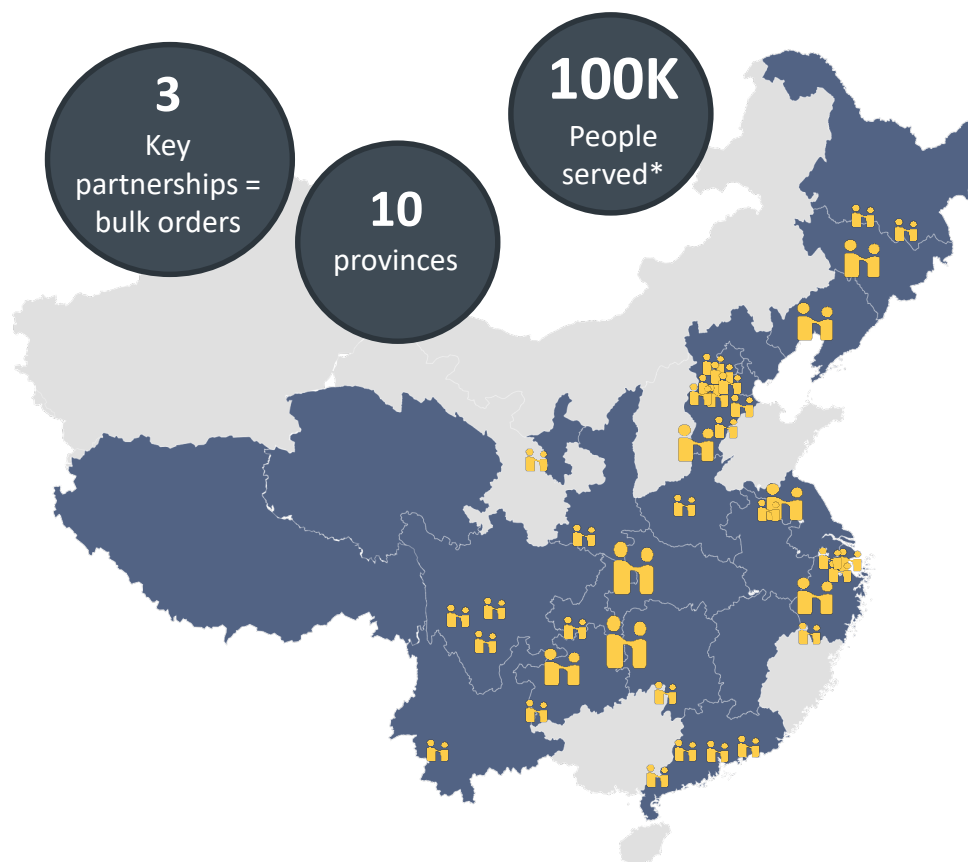


1

Wastewater Product in China

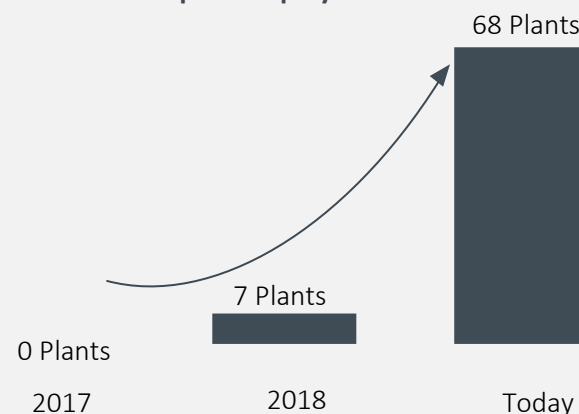


China's 13th Five-Year Plan commits to adding rural wastewater treatment for 440 million people (approx. US\$15 billion in funding)



- Aspiral and SUBRE meet required Chinese rural wastewater treatment standards for non-potable reuse at the lowest cost
- Recent **key partnerships have secured bulk orders, accelerating the sales ramp – inflection point**
- Additional key partnerships are in negotiation which anticipate high volume orders driving further growth

Fluence MABR plant deployments in China



*Based on 150 l/person/day

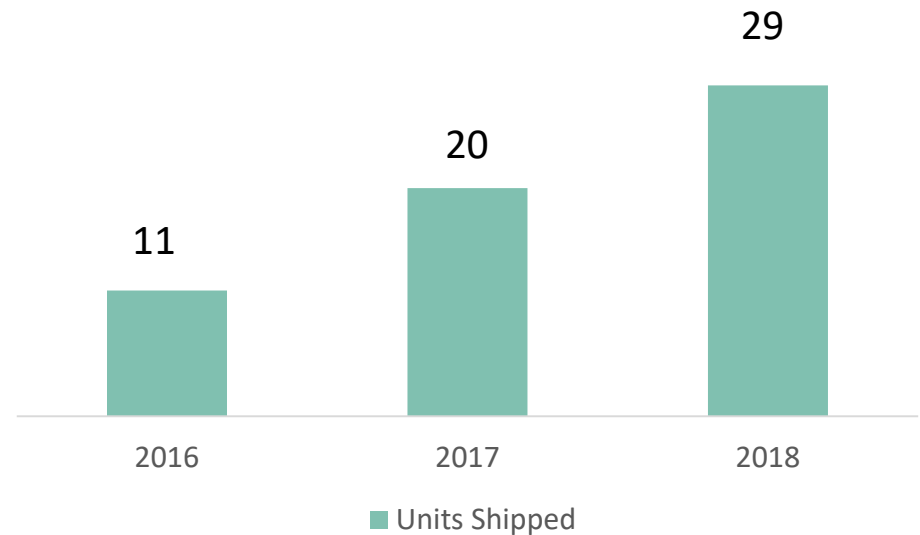
2 Desalination Product Overview

Containerised mobile desalination plant ready for rapid deployment and operation

NIROBOX™



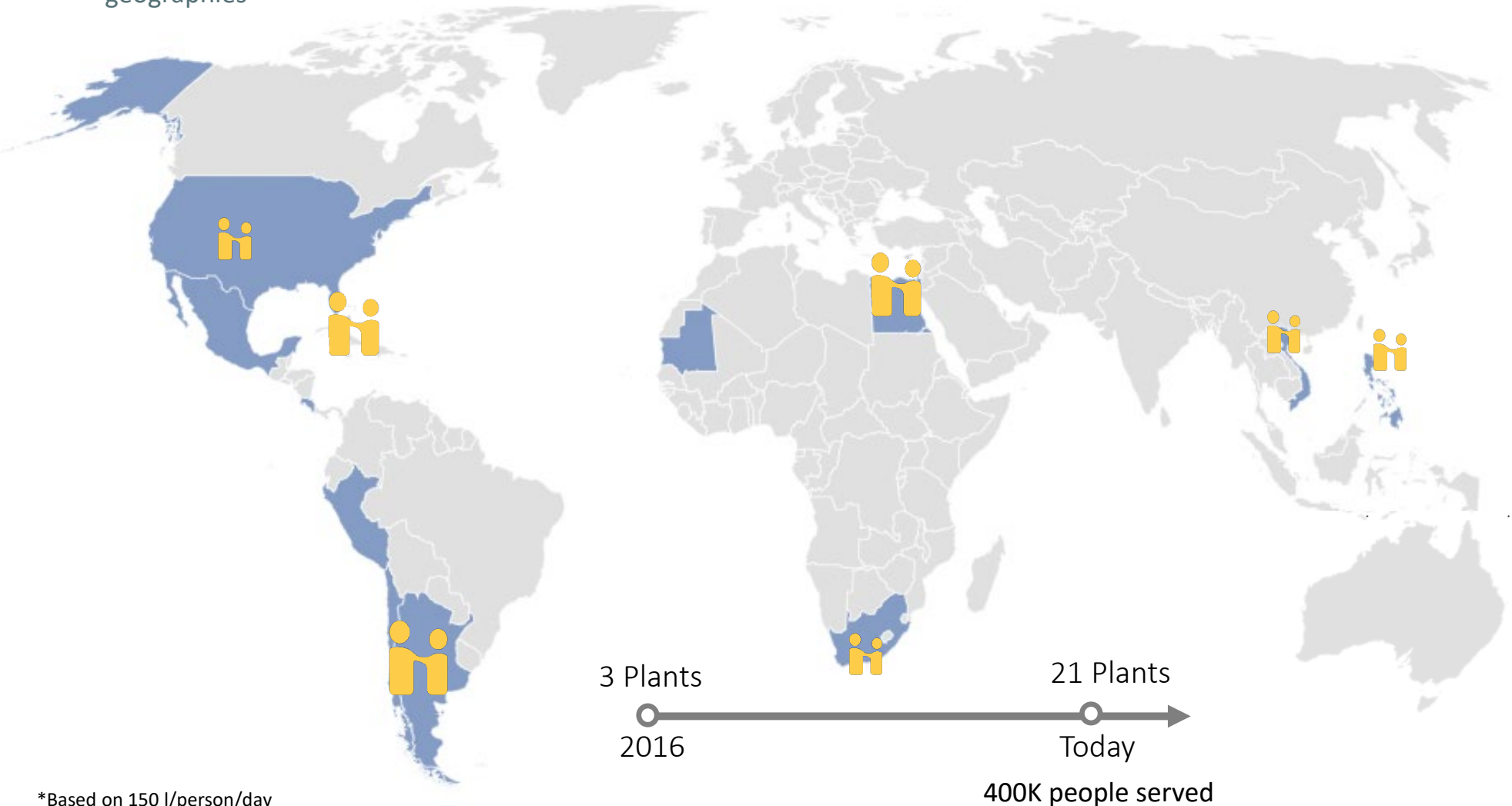
- Approximately one-third of construction time and ~40% less capex required than typical custom desalination plant
- Ready for rapid deployment and operation
- Provides fresh water for communities of 3,000 – 500,000 people
- Modular and easily upgradable for long-term deployment
- Lends itself perfectly for BOOT projects



Desalination Product Deployments

Targeting geographies urgently addressing extreme water shortages

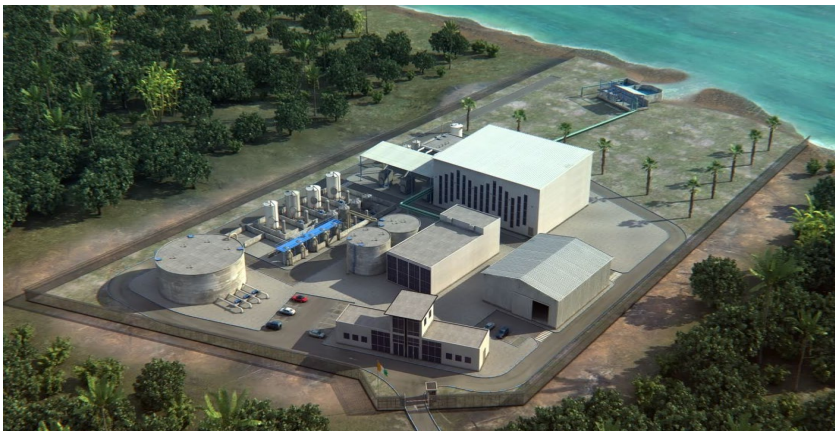
- Desalination product sales are anticipated to accelerate with numerous partnerships in negotiation in target geographies



3 Custom-Engineered Solutions

Fluence provides bespoke, turnkey supply of custom-engineered water treatment solutions

- Bespoke solutions designed for customer needs
- Projects include:
 - Industrial water and wastewater treatments
 - Food & beverage processing
- Historically a large contributor to Fluence's revenue
- Provided early global validation and awareness of Fluence's technology now leveraged into pre-engineered product customers

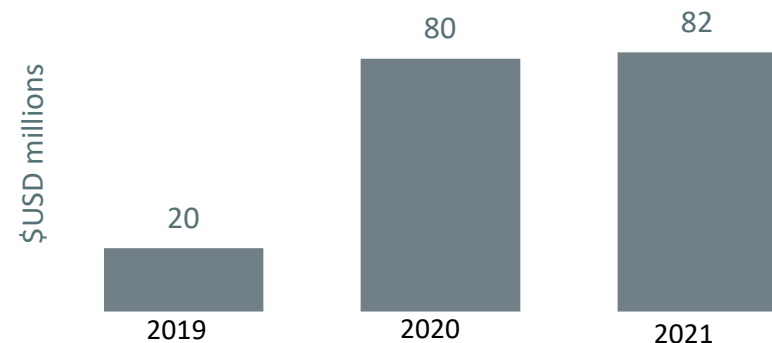


CAD depiction of plant location and layout

Case study – Ivory Coast Project

- Turnkey supply of custom-engineered solution for 150,000 m³/day surface-water treatment plant
- Treats freshwater from the naturally contaminated Lagune Aghien and provides drinking water to the city of Abidjan (4.7M population)
- Fluence scope includes water intake and treatment, bulk water piping, water towers and associated infrastructure (partially subcontracted)
- Expected financial close in Q4 2019 – payment guarantee provided by Israel's Export Credit Agency (ASHRA)

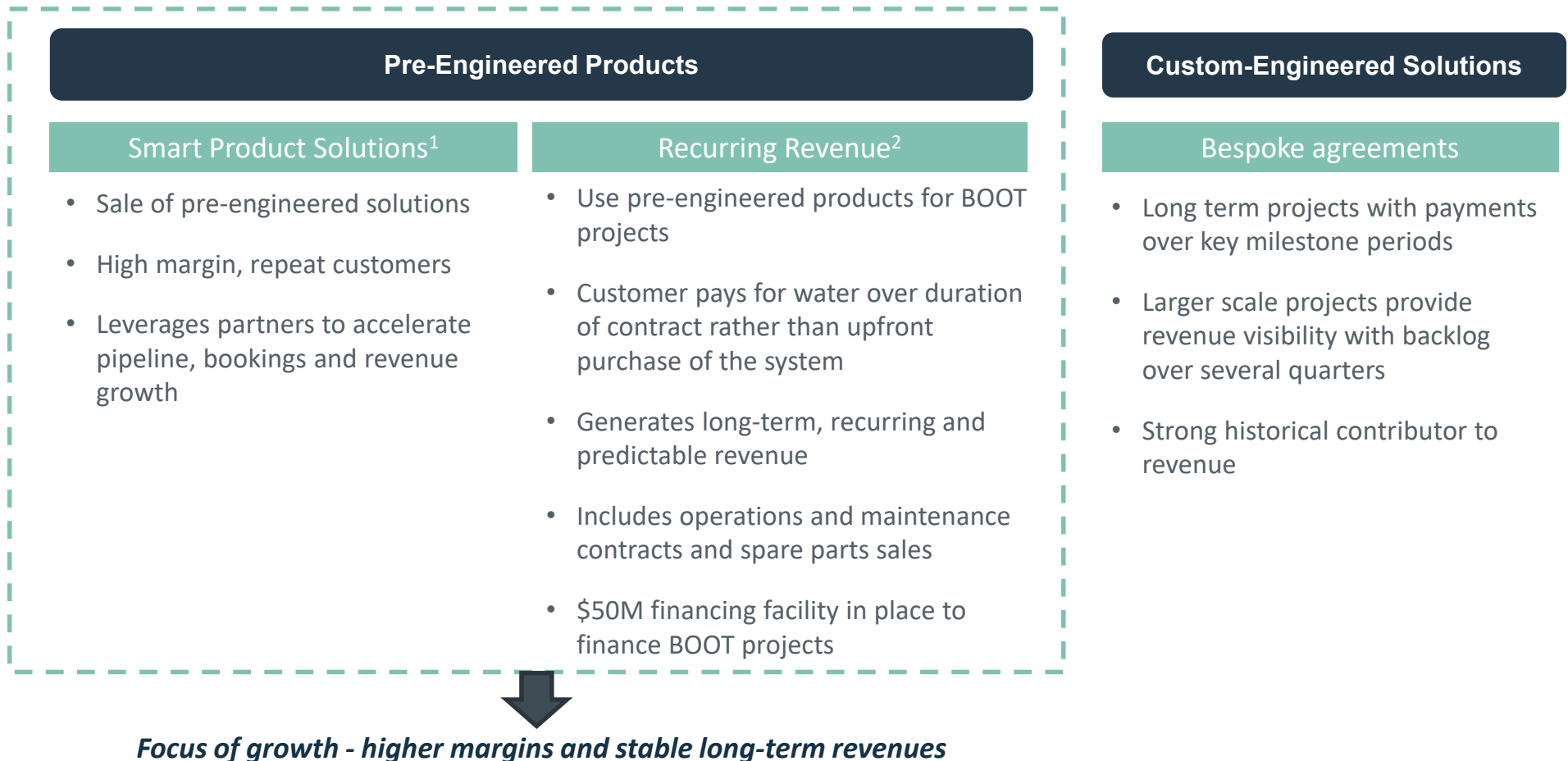
Estimated Project Revenue Profile



Fluence Revenue Model



Fluence derives revenue from the sale of long term water purchase agreements or upfront turn key solutions



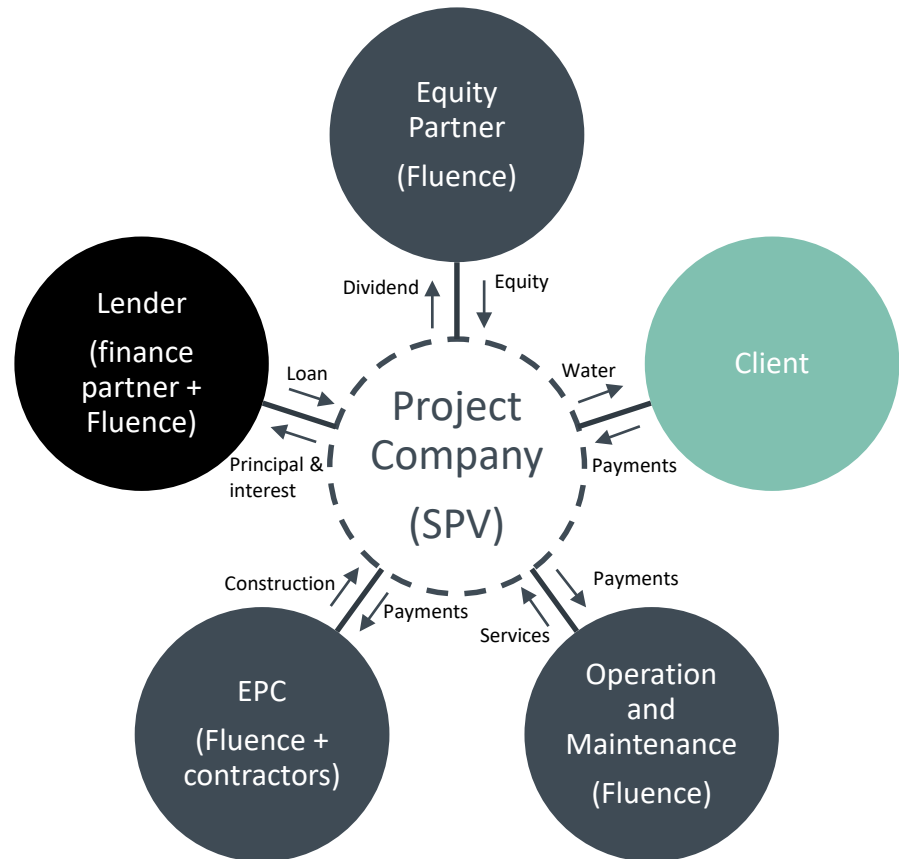
1: Reflected in financials as Smart Product Solutions segment

2: Reflected in financials as Recurring Revenue /Aftermarket segment

Recurring Revenue Structure

US\$50 million project finance facility for BOOT projects

- Combination of equity and debt:
 - 70% non-recourse financing
 - 30% equity – funded by Fluence and optional minority partners
- Secured a US\$50 million non-recourse debt facility from Generate Capital in 2018
 - First drawdown of US\$2 million in March 2019
- Secured backlog of US\$14.7 million of run-rate annual billings after construction of 3 projects is completed



Financial Overview

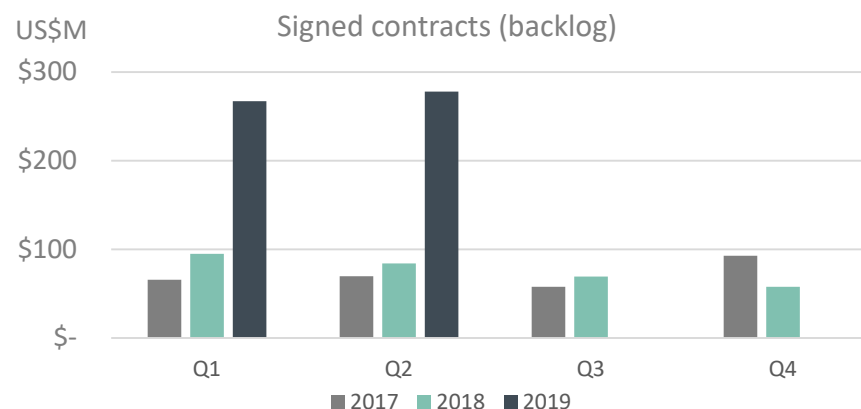
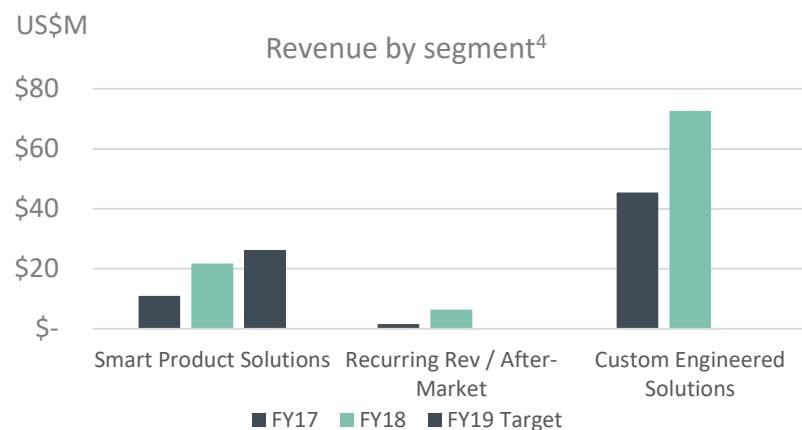
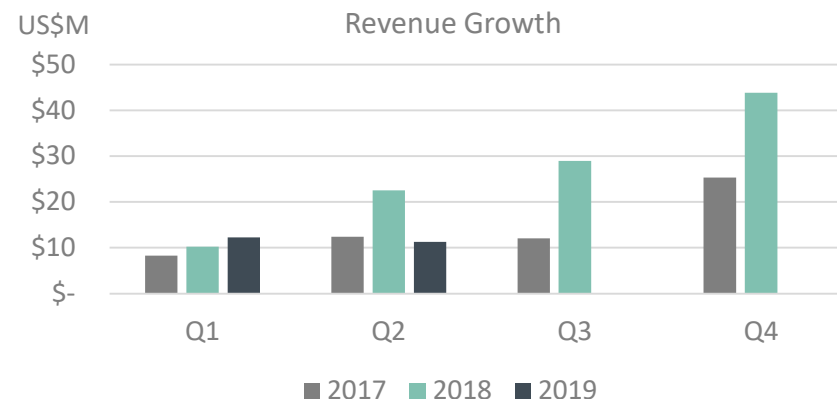


Revenue and Pipeline Summary



Strong pipeline of projects to drive revenue growth in 2020

- 2018 revenue of US\$101.1 million +74% vs. 2017¹
- Gross profit US\$34.5 million²
- Significant growth in signed contracts (backlog) experienced during 2019
 - US\$279³ million future revenue
- Targeting sustainably positive EBITDA by Q4 2019



1. 2017 pro-forma (consolidation of 12 months of RWL water)

2. 2018 Full Year Audited Gross Profit include a \$6.5M benefit of reversal of an onerous contract provision from prior years

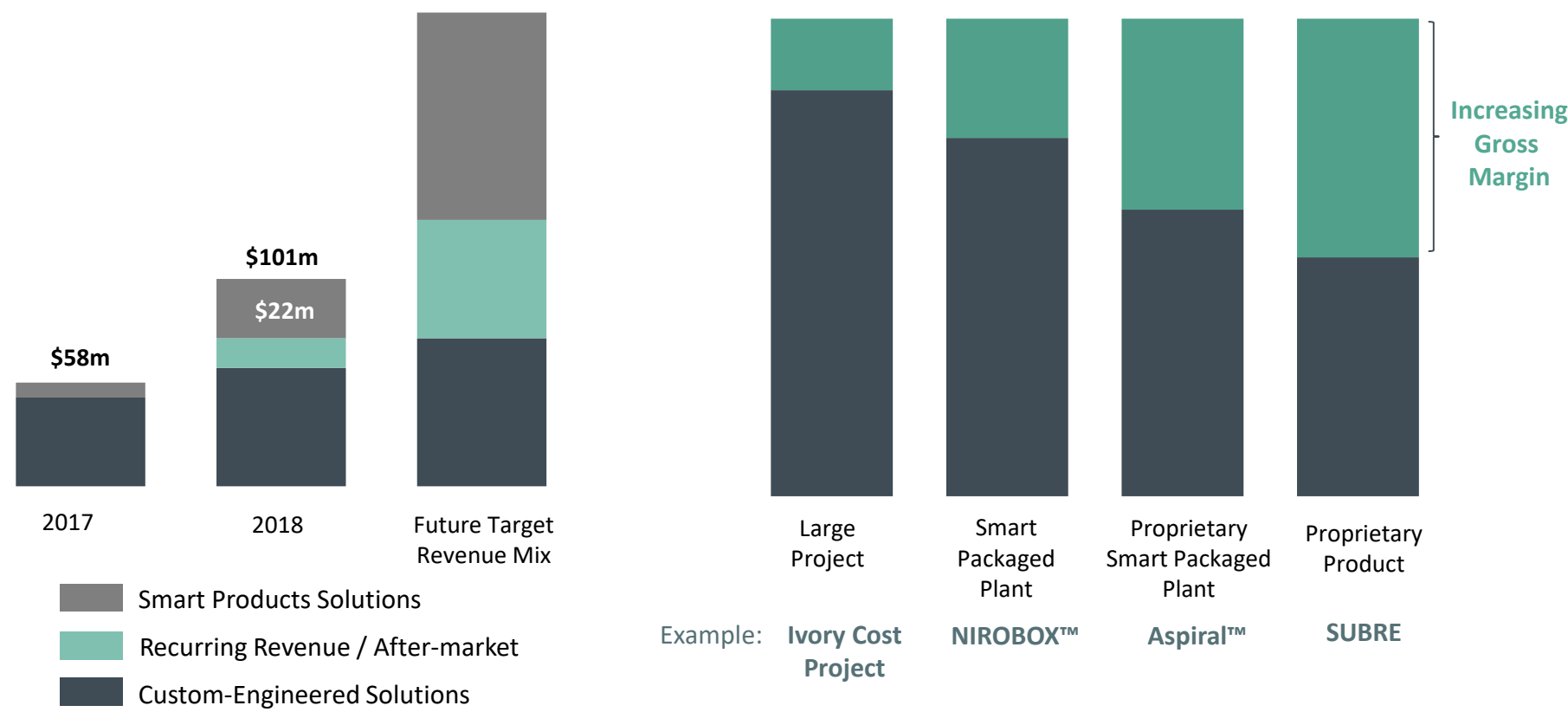
3. As of 30 June 2019

4. Recurring Rev / Aftermarket includes Recurring Revenue (as outlined on slide 17)

Revenue and Gross Margin Growth



Focused shift towards higher margin proprietary solutions and recurring revenues



Key Contacts



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Appendix



Key Risks



Company specific risks

Topic	Summary
Early Stage Business risk	As an early stage business which does not yet generate profits, Fluence's ability to achieve its anticipated growth is dependent on the successful implementation of its strategic plans. The achievement of these strategic plans is subject to a number of risks, including the ability to continue to secure the capital required to finance such plans. Fluence's plans may not be successful, or may take longer or cost more than anticipated, which would adversely affect the Company's financial position and performance. In these circumstances, Fluence may find itself unable to continue to secure financing as, and when, required or may only be able to secure financing on onerous terms. This could have a material impact on the value and pricing of Fluence shares and potentially the financial viability of the Company.
Loss of Customers/ Contracts	Fluence may lose customers or see relationships with customers deteriorate, negatively impacting the Company's prospects and future financial performance. Further, an inability to enter into additional customer contracts would also negatively impact Fluence. A range of factors may lead to a deterioration of relationships with customers, including failure of a customer to secure funding for a project, failure to meet customer requirements, loss of key personnel or actions of competitors.
Major Contracts	Fluence undertakes, and may further seek to undertake, projects through material contracts for the design, planning, construction, and commissioning of complex facilities and equipment. Projects may be performed over extended periods of time and may be impacted or delayed due to procurement, engineering design changes, construction, commissioning, adverse weather, physical environment, supplier events, performance of subcontractors, joint venture partners and other third parties, regulatory requirements, employment practices and a wide variety of other circumstances. The scale of the projects means that profitability, cash flows and liquidity could be materially adversely affected if Fluence, a partner, a subcontractor or a counterparty fails to meet their respective contractual obligations, the cost to Fluence to fulfill those obligations is higher than anticipated or Fluence encounters delays due to varying conditions or due to issues with its partner, subcontractor or counterparty. In addition, some projects require payment of liquidated damages if Fluence does not meet project deadlines or other contractual obligations. Furthermore, a failure to secure such contracts or reach financial close following a successful tender for a contract could undermine the expected financial performance of Fluence.
Jurisdiction Risk	Given Fluence operates in a number of jurisdictions, the Company may be exposed to changes in government laws and regulations, as well as the risks of fraud and corruption. Some of Fluence's activities are located in countries where corruption is generally understood to exist.
Competitor Risk	Fluence's competitive position may deteriorate as a result of the actions of its competitors, including new entrants. Other market participants could develop superior technology or gain greater market approval or offer wastewater solutions at cheaper prices than Fluence's products. Any such actions of new or existing competitors may adversely affect Fluence's operating and financial performance.
Key Personnel Risk	Fluence may not be able to retain key staff or may not be able to attract sufficiently skilled staff in order to execute its growth plans which may limit Fluence's growth and consequently adversely affect its prospects and future financial performance.
Intellectual Property Rights and Litigation Risk	Fluence may not be able to protect or enforce its intellectual property rights, especially in certain foreign jurisdictions, and may breach intellectual property obligations or rights of third parties. Any successful replication of similar technology or intellectual property by others could reduce Fluence's competitive position. Fluence may seek to limit litigation by extending technology licenses in jurisdictions with weak intellectual property rights enforcement.

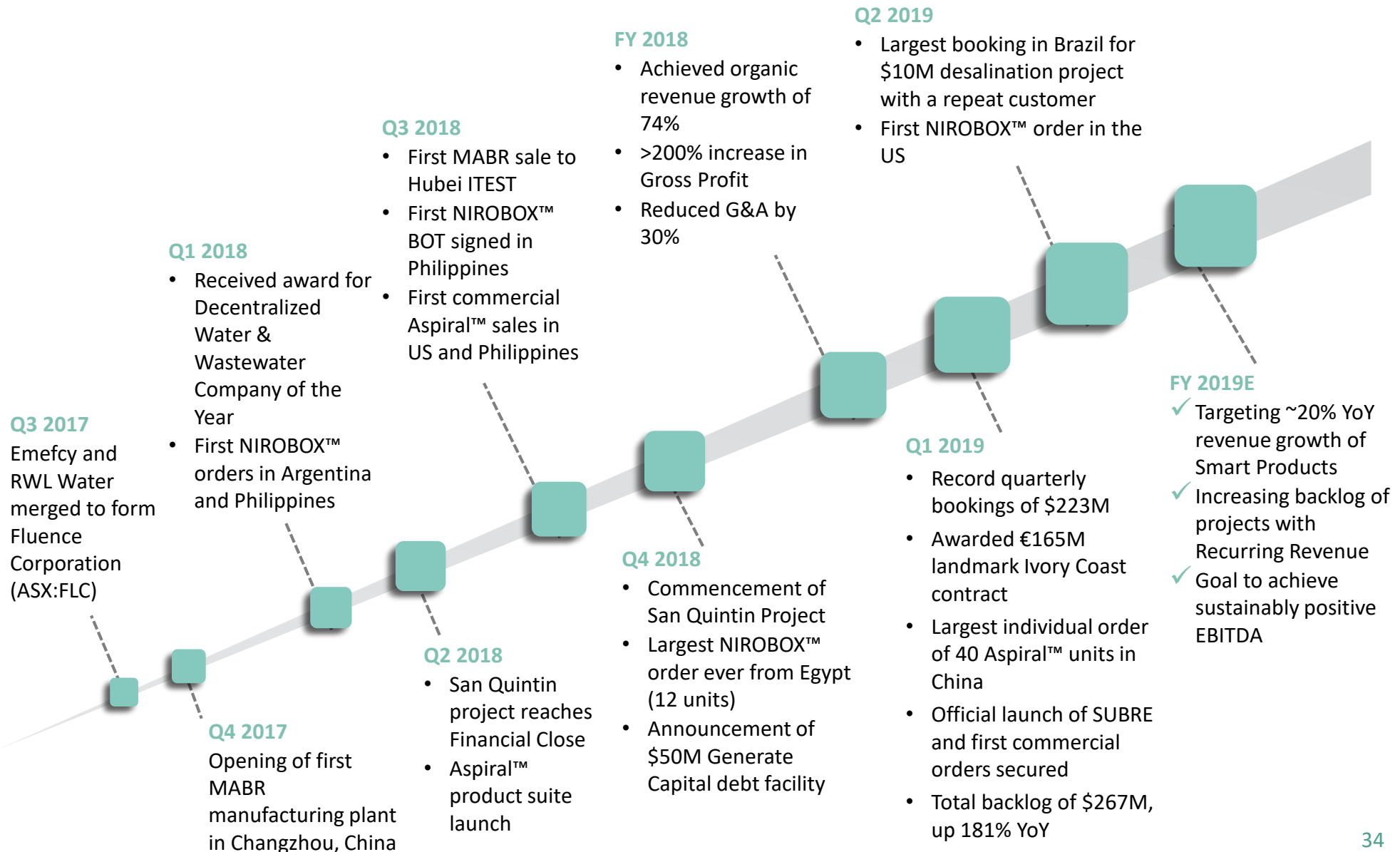
Key Risks (continued)



General market risks

Topic	Summary
Risks Associated with Investment in Equity Capital	There are risks associated with any investment in a company listed on the ASX. The value of shares may also rise above or below the current share price depending on the financial and operating performance of Fluence and external factors over which Fluence and the Directors have no control. These external factors include; economic conditions which may have a negative impact on equity capital markets, changing investor sentiment in the local and international stock markets, changes in domestic or international fiscal, monetary, regulatory and other government policies and developments and general conditions in the markets in which Fluence proposes to operate and which may impact on the future value and pricing of shares. Shares listed on ASX are traded in AUD and therefore the value of Fluence shares held by non-Australian shareholders is also subject to foreign exchange risk. No assurances can be given that the New Shares will trade at or above the Offer Price. None of Fluence, its Board or any other person guarantees the market performance of the New Shares.
Liquidity Risk	There may be few or many potential buyers or sellers of Fluence shares on the ASX at any time. This may affect the volatility of the market price of Fluence's shares. It may also affect the prevailing market price at which shareholders are able to sell their Fluence shares.
Major Shareholder risk	Fluence currently has a number of substantial shareholders on its share register. There is a risk that these shareholders, future substantial shareholders, or other large shareholders may sell their shares at a future date. This could cause the price of Fluence's shares to decline.
Taxation	Future changes in taxation law, including changes in interpretation or application of the law by the courts or taxation authorities, may affect taxation treatment of an investment in Fluence shares or the holding and disposal of those shares. Further, changes in tax law, or changes in the way tax law is expected to be interpreted, in the various jurisdictions in which Fluence operates, may impact the future tax liabilities and performance of Fluence.
General Economic Conditions	Fluence operates in a number of jurisdictions and as such is exposed to a wide range of economic conditions. Adverse changes in economic conditions in a country where Fluence has material operations or assets, due to changes in inter alia, interest rates, exchange rates, inflation, hyper-inflation, government policy, capital and currency controls, taxation, national and international economic conditions, trade sanctions, tariff changes and/or labor laws and employment rates amongst others are outside of Fluence's control and have the potential to have an adverse impact on Fluence, its operations and the liquidity of its operations.

Fluence History



Corporate Overview

Capital Structure as at 30 September 2019 ASX: FLC	
Ordinary Shares on Issue	537.4M
Options on issue	44.6M
Share Price (30 September 2019)	A\$0.47
Undiluted Market Capitalization	A\$252.6M
Cash at 30 June 2019	\$15.6M
External debt (except non-recourse project debt)	\$0.8M
Liquidity (average shares traded per day for the 3 months to 30 September 2019)	707,467

Top Holders ASX: FLC 30 Sep 2019	Shares (M)	% of FLC
RSL Investments Corporation and RSL Capital, LLC	153.9	28.6
Watermark Services, LLC	47.8	8.9
Pond Ventures Nominees and Richard Irving	37.3	6.9
Plan B Ventures and Barbara Goldman	20.5	3.8
Other top 20	131.5	24.60
Top 20 total	391.0	72.8