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Global Leadership in Decentralised Water & Wastewater Treatment Solutions

**Annual General Meeting
Via Videoconference
4 June 2020**

Managing Director & CEO's Presentation



Henry J. Charrabé
Managing Director and CEO



Key Financial Highlights from 2019 & Q1 2020



- **FY 2019 Smart Products Solutions revenue (SPS) of US\$26.5 million**, exceeding revised guidance
- **China Smart Products Solutions sales up 360% from 2018**, underpinned by 3 large partnerships
- **Successfully raised A\$38.3 million** via oversubscribed private placement and SPP
- Q1 2020 Summary:
 - **Revenue of US\$47.3M** vs. US\$12.3M in Q1 2019, (US\$34.0M from the Ivory Coast Project)
 - **Turned EBITDA positive in Q1 2020**, expected to remain positive for FY 2020
 - **Gross bookings of US\$12.5M**
 - **Backlog of US\$228.0M** (US\$147.0M related to the Ivory Coast Project)
 - **Cash balance of US\$16.9M** as at 31 March 2020



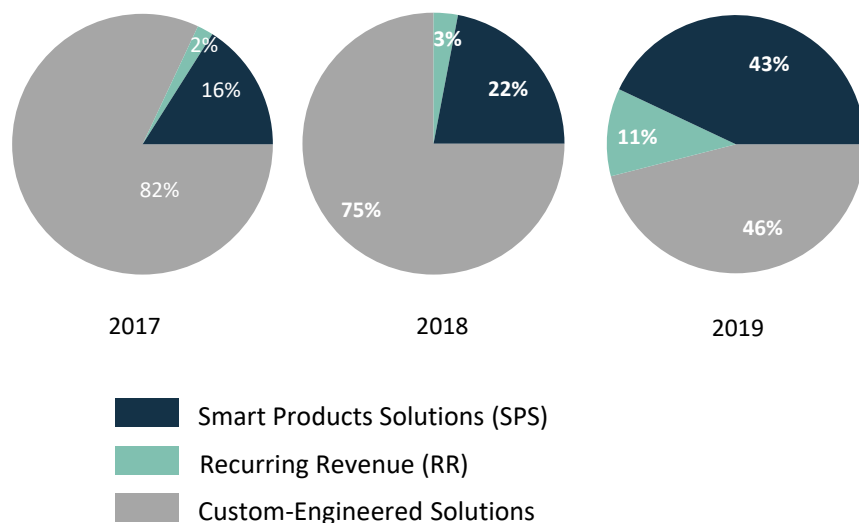
Strongly positioned for growth in FY 2020, with **re-affirmed guidance**:

1. **Smart Products Solutions (SPS) revenue of at least US\$32.0M** (up 20% YoY)
2. **Recurring revenue of US\$9.0M** (up 30% YoY)
3. **Sustained EBITDA profitability**

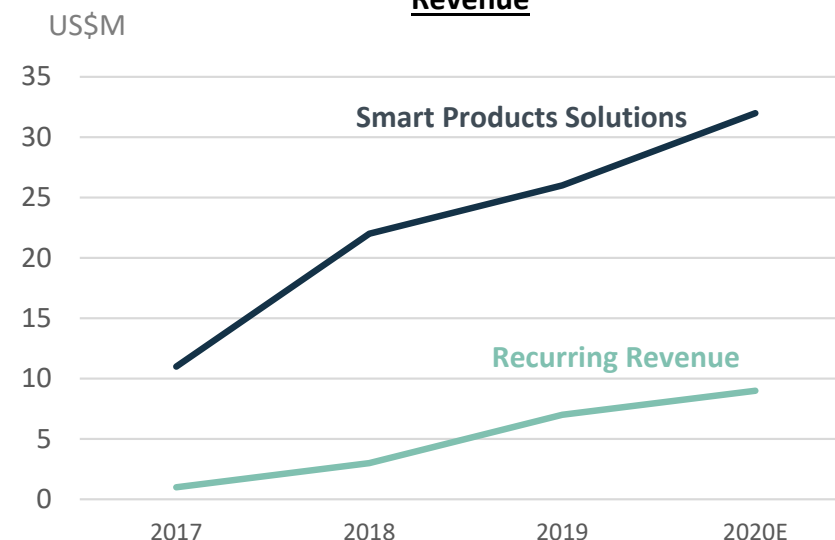
Growth in Smart Products Solutions and Recurring Revenue drive EBITDA profitability



Revenue Mix



Revenue



- Smart Products Solutions accounted for 43% of total revenue in 2019 (16% in 2017)
- Transition to increased SPS and RR revenue, drive gross margin improvement
- Transformation towards a standardized products-based business drive continued reduction in fixed cost
- SG&A reduction from US\$47m+ in 2017 to US\$29m by end of 2019 – and continued reductions in 2020


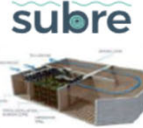

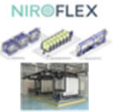

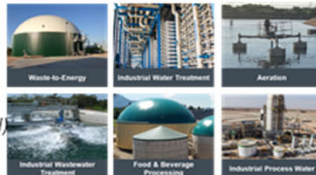





Summary Financials



Segment Revenue (US\$M)	2017 ⁽¹⁾	2018 ⁽²⁾	2019 ⁽³⁾	2020 Guidance	Comments
Custom Engineered Solutions	45.5	72.7	27.3		→ CES 2020 revenue expected of >\$120M; \$41.4M in Q1/20, Backlog of \$204M over 2 years, underpinned by Ivory Coast
Smart Products Solutions	11	21.8	26.5	32.0m+	→ \$2.9M in Q1/20, backlog of \$22.7M as of end of Q1/20
- China SPS	0.3	2.8	13		→ SPS from China in 2020 expected > 24M; Underpinned by 3 bulk partnerships in China worth > \$100m over 3 years
Service/Recurring Revenue	1.5	6.4	7.1	9.0m+	→ \$3.0M in Q1/20, and expected to grow in line with installed base and delivery of BOOT projects
Total Revenue	58.0	100.9	60.9		→ Total 2020 revenue expected > 161m; \$47.3M in Q1/20. \$228M in backlog as of 03/31/2020 (incl. Ivory Coast, San Quintin, etc.).
SPS Growth y/y		98%	21%		→ > 20% growth in 2020
China SPS Growth y/y		833%	364%		→ > 85% growth; Strong pipeline of additional China distribution partners
Recurring Growth y/y		327%	11%		→ > 29% growth in 2020
Profit & Loss (\$m)	2017 ⁽¹⁾	2018 ⁽²⁾	2019 ⁽³⁾	2020 Guidance	Comments
Revenue	58.0	100.9	60.9		→ As a result of above, expected 2020 revenue >161M; strong growth in FY20 underpinned by Ivory Coast and growth in SPS sales
SG&A	-47.2	-33.5	-29.3		→ Significant efficiency gains and cost reduction achieved in Q1/20 of more than 10% compared to same period prior year
R&D	-6.5	-7.2	-4.6		→ All R&D fully expensed through the P&L, Q1/20 in line with prior year
Total Costs	-53.7	-40.7	-33.9		
Adjusted EBITDA	-41.7	-17.2	-24.2		
Normalisations	-4.0	-9.2	3.2		→ Reversal of prior years accruals, transaction costs, restructuring costs, stock-based compensation
Statutory EBITDA	-37.7	-8.0	-27.4	Positive	→ Q1 EBITDA positive, profitability is expected in FY20 and beyond
SG&A Growth y/y		-29%	-13%		

Positioned to Serve the Fastest Growing Markets Across the Water Cycle



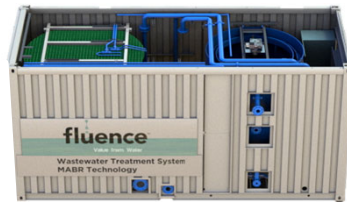
Products and Solutions							
Segment		Pre-Engineered Solution – Smart Products Solutions (SPS)				Custom Engineered Solutions (CES)	
Products		 <i>Decentralized</i>	 <i>Centralized or Decentralized</i>	 <i>Decentralized</i>	 <i>Decentralized</i> <i>Ultrafiltration (UF)</i> <i>Electrodeionization (EDI)</i>	 <i>Tornado aerator</i>  <i>Waste-to-Energy</i>  <i>Industrial Water Treatment</i>  <i>Aeration</i>  <i>Industrial Wastewater Treatment</i>  <i>Food & Beverage Processing</i>  <i>Industrial Process Water</i>	
Description		<i>Packaged MABR Wastewater Treatment</i>	<i>MABR Wastewater Treatment Solutions</i>	<i>Packaged Water Treatment</i>	<i>Skid-Mounted Pre-Engineered Systems</i>	<i>Bespoke Water & Wastewater Treatment Projects</i>	
Differentiators		<i>Low energy China Class 1A Packaged solutions</i>	<i>Increases existing treatment facility capacity by 30%</i>	<i>Packaged Water Treatment</i>	<i>Skid-Mounted Pre-Engineered Systems</i>	<i>Bespoke Water & Wastewater Treatment Projects</i>	
Applications	Water Treatment			✓	✓	✓	
	Desalination			✓	✓	✓	
	Reuse	✓	✓	✓	✓	✓	
	Wastewater Treatment	✓	✓		✓	✓	
	Wastewater-to-Energy				✓	✓	



Why MABR Wins

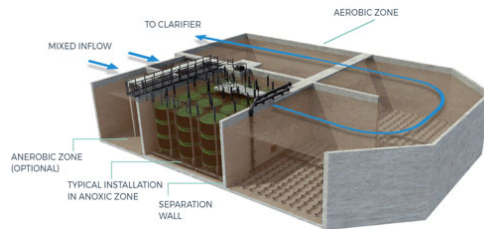


Fluence Beats Alternatives Even in Tough China Market** for Decentralised Plants



Plant Treatment Options	Fluence MABR	Option 1: MBBR	Option 2: MBR	Option 3: FMBR
Capex vs Fluence	-	+21%	+120%	+65%
Opex vs Fluence	-	+50%	+179%	+71%
Energy vs Fluence	-	+46%	+171%	+67%

Fluence Offers Path to Savings on Upgrades*** for Centralised Plants



Upgrade option	Fluence MABR	Option 1: MBBR	Option 2: MBR
Opex change	-9%	+21%	+61%
Energy change	-8%	+36%	+50%
Chemical use	-30%	+13%	0%

SUBRE upgrades can increase treatment capacity by up to 30%

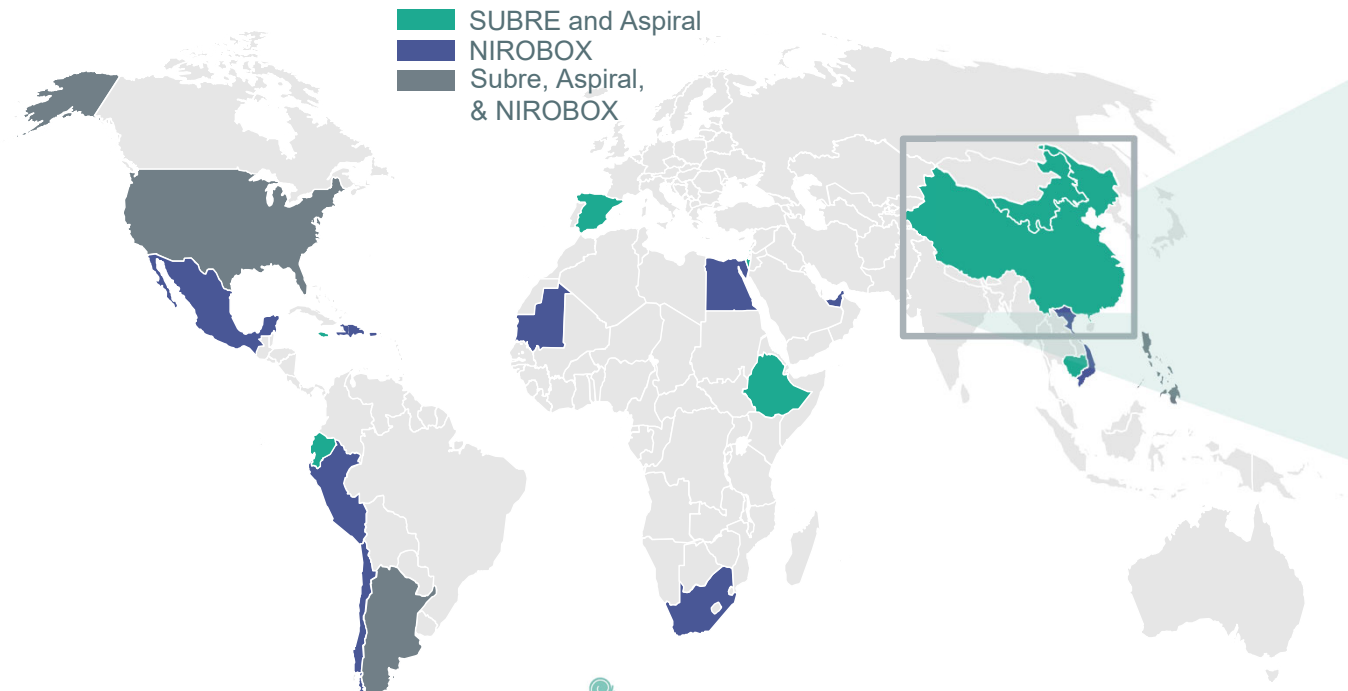
“One of the Top 10 Water Tech Inventions of the Decade – Breakthrough Technologies”*

* According to Global Water Intelligence, issue January 20, 2020, page 6

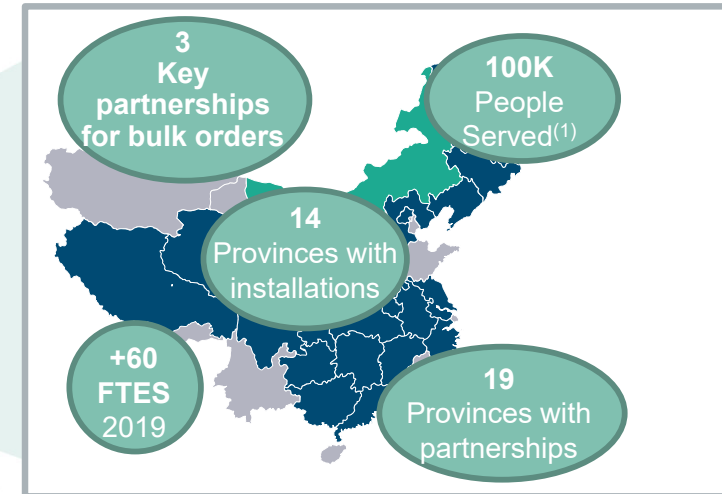
** Compared to 1,000 m3/day plant; tech option 2 – A3O-MBBR; tech option 3 – MBR; tech option 4 – FMBR. All based on Fluence analysis from existing plants in China.

*** Compared to 1 MGD plant based on Fluence analysis for existing plant in Israel

Global Installed Base of MABR and NIROBOX™



Key MABR Partnerships in China



Key Partnerships in China



凯天环保
Kaitian Environmental Tech.



2017

2 Plants

2019

160+ Plants

NIROBOX™



2016

3 Plants

2019

114 Units =
22 Plants

Ivory Coast Project Update



- €165mm project with the Federal Government of Ivory Coast
- Export credit financed by Israeli Export Credit Agency, mitigating political or collection risk
- Commercial contract signed in February 2019 and financial close achieved in January 2020
- Construction of 150,000 m³/day surface-water treatment plant to be completed in 24 months from receipt of Notice to Proceed
- Plant will treat contaminated lagoon water and provide drinking water to 4.7million residents of Abidjan (Ivory Coast's largest city)
- Provides strong and predictable revenue for the next 2 years with expected average GM of ~18%
- Opportunity to bid for lucrative, long-term O&M contract post completion of plant construction



Fluence delivers on 10 United Nations' Sustainable Development Goals



Committed to UN SDGs

- Fluence's innovative solutions contribute to the conservation of resources, energy savings, generation of energy and reuse of water
 - Fluence technologies are highly energy efficient (MABR, desalination) and waste to energy solutions (W2E)
 - A decentralized approach using Fluence MABR to solve the world's wastewater needs would result in increased access to clean water and wastewater → **Potential annual energy savings of >1M GWh, equivalent to >700 M Tons CO₂**
- Fluence operations and solutions delivering on 10/17 of UN SDGs
- Fluence is committed to the overall ESG guidelines



Sustainability Goal Delivered

Sustainability Impact from Fluence's Installations

MABR & NIROBOX



19 GWh / year
in energy savings compared to
conventional technologies
Equivalent to
13,500 Tons CO₂ / year

Waste-to-Energy



121 GWh / year
clean energy generated from
converting biomass to biogas
Equivalent to saving
85,730 Tons CO₂ / year

Reuse



8.7Bn Liters Water
Recycled / year

Water



121Bn Liters Drinking
Water Produced / year

Wastewater



187Bn Liters Wastewater
Treated / year

**Fluence's MABR installations remove
>500 Tons of excess nutrient pollution / year**

COVID-19 Impact



- Fluence has monitored COVID-19 developments closely and taken necessary precautions around the world to ensure staff safety
- We continue to work efficiently in all locations around the world and try to minimize interruptions in customer support and product supply
- Our focus has been on executing projects, ensuring reliable aftermarket services and quickly adopting to remote work, as well as close and continuous contact with customers, partners, and other stakeholders
- China operations were first impacted as early as February, operations in the rest of the world before the end of March; however the situation has improved and is steadily moving back to normal
- In some geographic segments, new order bookings have slowed
- Cash management and close customer interaction are key

Outlook for Continued Growth in 2020



- Continue strong growth of Smart Products Solutions
- Aim to convert initial strategic orders in China into bulk order agreements
- Execute the Ivory Coast project on budget
- Remain EBITDA positive
- Become cash-flow positive, after initial payments from Ivory Coast are received
- Increase recurring revenue with project finance contracts & aftermarket services
- Identify and close non-dilutive funding options



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