



Restoration of Impaired Lakes, Canals & Rivers

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**Annual General Meeting**

25 November 2016

# Managing Director's Presentation



# 2016 Highlights

- Revenue for FY2015-16 increased by 85% to \$2.2m
- Revenue for FY2016-17 forecast to be \$4-5m
- \$5m Pampulha project in Brazil; proceeding well
- China Sales office opened; CRAES environmental approvals
- Four China sales marketing agreements signed
- Solid business base in Europe/UK, North & South America
- 50 Medium & Large projects in Pipeline – totalling over \$100m
- Improved Balance Sheet – debt free except \$650,000 Con Notes
- Proven technology; >300 projects; strong market recognition
- Phoslock business has enormous scalability – it can be expanded 10 fold without a lot of capital



# Global Pipeline



## 50 Projects and growing

- 17 Europe/UK
- 21 North & South America
- 7 Asia (mainly China)
- 5 Australia

## Pipeline \$ Value

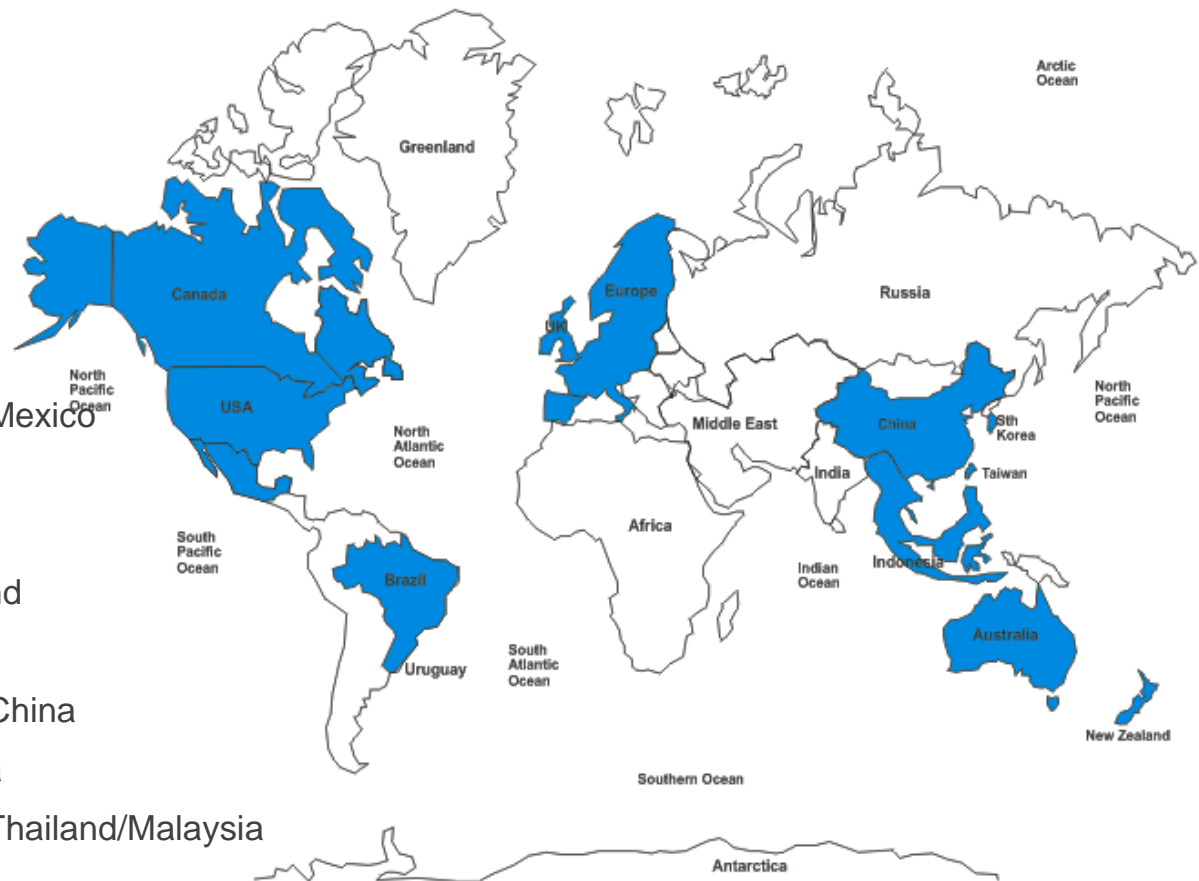
- 38 Medium Projects (<\$1m): total value **\$10 million +**
- 12 Large projects (> \$1m): total project value **\$100 million +**

## Work in Progress: Current Contracts/ Commitments - \$5 million

- FY2016/17 sales forecast \$4-5m; significantly up YOY

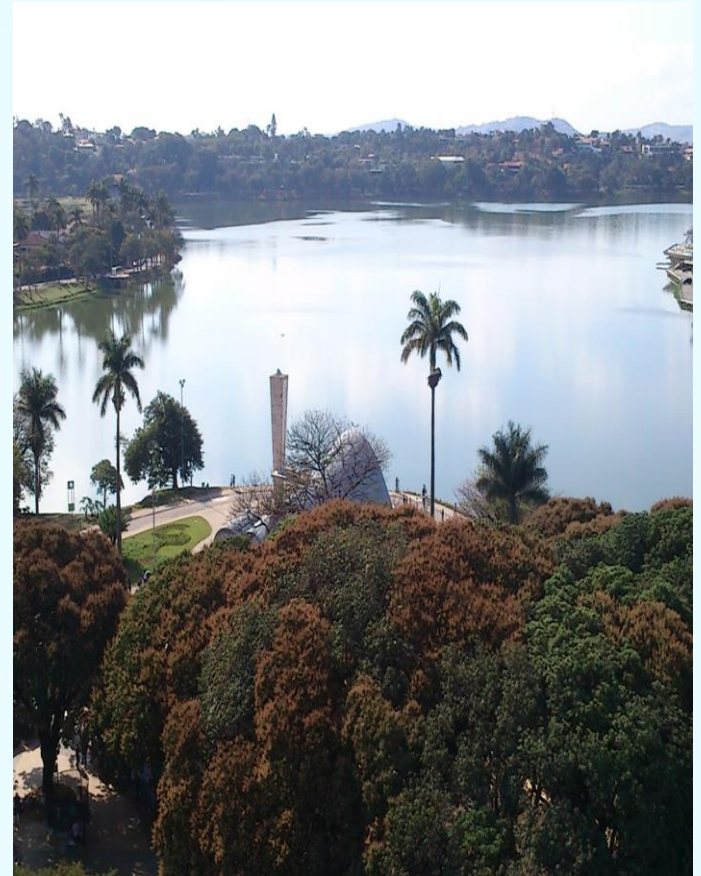
# Phoslock Licensees – Global Coverage

- SePRO - USA
- PWS - Canada
- Bentophos/PE - Europe/UK/Mexico
- HidroScience – Brazil
- Frescos - Uruguay
- Therma Pacific - New Zealand
- Two Korean Licensees
- PWS China/MoU partners - China
- Phoslock Australia - Australia
- Aquaculture - Indo/Vietnam/Thailand/Malaysia



# Brazil – \$5m Major Contract

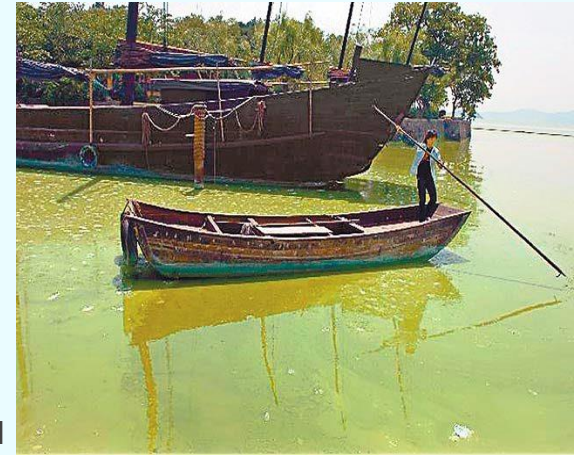
- PHK Licensee secured \$10m lake restoration project in Brazil's 3<sup>rd</sup> largest city
- Phoslock component approx \$5m
- First application was in May 2016
- Five applications scheduled 2016-17
- Forecast sales in FY16-17 of \$2-3m
- Balance of sales recorded in FY17-18
- Initial water quality results are very positive



# China battles Water Pollution

- China is making progress in battling the damaging smog that can shroud its big cities, but its **water pollution is getting worse**.
- Despite commitments to crack down on polluters, **the quality of water in rivers, lakes and reservoirs in several regions has deteriorated significantly**, according to inspection teams of the Ministry of Environmental Protection (MEP).
- “With air, you stop pollution at the source, and the blue skies come back instantly,” said Ma Jun, director of the Institute of Public and Environmental Affairs, which monitors Chinese water pollution.
- “**For water, you can stop pollution at the source, but you still have the polluted sediment** and the soil that is going to leech into the water, and it’s going to take much longer.”

See Phoslock BLOG for more information





# China – Huge Business Potential

## Major Chinese Growth Opportunities

- Sales Office in Shanghai opened
- Signed Agreements with 4 Environmental Companies to market and sell Phoslock
- Presented at over 10 conferences; over 200 meetings with potential customers/ govt
- **High Volume – Low Price market**
- One medium sized project has the potential to radically change PHK
- Key priority market for PHK





# Latin America

- Latin America is currently PHK's largest market
- Pampulha project and Embassa drinking water reservoir are important reference sites
- Experienced licensee based in Brazil
- A number of future projects identified and being scoped in LatAM countries
- Latin American market offers huge potential with 4 Large pipeline projects



# Canada & United States

- Large market – motivated customer base
- Lake applications are common
- Strong pipeline in Canada of 4 Medium & 2 Large projects
- SePRO have strong coverage in US retail & applicator markets
- Focus on securing larger projects in US



# Europe/ UK

- Over 50 lake applications in UK/ Europe
- Experienced licensee based in Germany
- Strong technical capability
- Strong pipeline of 15 Medium & 2 Large projects





# Environmental & Human Use Water Approvals

## Approved for use in human drinking water

- Phoslock received certification for use in drinking water in North America
- Certification in NSF/ANSI 60 – internationally recognised
- NSF Certification covers human health
- CRAES certification received in China



## Other technical approval/publications

- Ecology & Toxicity approvals for use in most major markets
- 50+ peer reviewed papers published on Phoslock covering a range of technical issues



# Outlook for 2017



- Significantly higher Sales
- Completion of Pampulha Contract (Sales \$2-3m)
- Conversion of Medium & Large Projects in Canada, Brazil, LatAM, Germany, China & Korea
- Substantial sales breakthrough in China business
- China R&D projects being used in applications
- Lowering manufacturing costs
- Registration of *Phoslock* Patent in key markets
- Wide range of new Technical Papers published on *Phoslock*

# Capital Structure



## Capital Structure (24<sup>th</sup> November, 2016)

Company Name:	Phoslock Water Solutions Limited
ASX Code:	PHK
Current Price:	9.1 Cents
Trading Range: (last 12 months)	2.7 – 12.5 Cents
Total Issued Shares:	367.9m
Total Issued Options:	23.1m*
Market Capitalisation:	A\$33.4m (US\$24m)
Options*:	13.6m @ 9.0cps Exp 30/9/17 5.0m @ 6.0cps Exp 31/12/17 4.5m @ 7.1cps Exp 31/3/18



# Major Shareholders



## Major Phoslock Shareholders of Ordinary Shares\*

Laurence Freedman AM – PHK Chairman **	19.9%
Evan Clucas – Investor	6.0%
Robert Schuitema – PHK Managing Director	4.0%
Dennis Hong – PHK China	3.2%
Graham Newing - Investor	2.7%
Steve & Brad Weeks – Investors	2.6%
Current Directors and Executives – Ordinary Shares	30%
<b>Top 20 Shareholders Aggregate Holding</b>	<b>56%</b>
Total Number of Shareholders (approx.)	1,300

• Shareholders as at 24th November, 2016

\*\* holds \$0.65m Convertible Notes (14.13m shares)



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