



**ASX RELEASE**

**26 May 2020**

## **Presentation at Market Eye's Virtual Conference Series**

Carbonxt Group Limited (ASX:CG1) (Carbonxt or the Company), previously advised that Managing Director Warren Murphy will be presenting at Market Eye's Virtual Conference on "Riding the wave of environmental change" to be held on Tuesday 26 May 2020.

A copy of the presentation is attached to this announcement.

### **Virtual conference details**

**Theme** 'Riding the wave of environmental change'

**Time / date** Session 1: 10:30am-12pm AEST, Tuesday 26 May 2020

Session 2: 2pm-3:30pm AEST, Tuesday 26 May 2020

\* Carbonxt is presenting at 2:45pm

**Registration** Attendance is free. Please pre-register for:

Session 1: [https://us02web.zoom.us/webinar/register/WN\\_6DUZ-7khSQCEgXTwG\\_gcPw](https://us02web.zoom.us/webinar/register/WN_6DUZ-7khSQCEgXTwG_gcPw)

Session 2: [https://us02web.zoom.us/webinar/register/WN\\_lKG-iq1fRgedTIndZTqv0A](https://us02web.zoom.us/webinar/register/WN_lKG-iq1fRgedTIndZTqv0A)

This announcement has been authorised for release to ASX by the Board of Directors of Carbonxt Group Limited.

**ENDS**



## Market Eye Presentation

Riding the wave of environmental change

26 May 2020



# Advanced Carbon Products

Carbonxt listed on the ASX in January 2018 raising A\$10.0 million through the issue of shares at 70 cents and valuing the Company at \$51.1m.

In November 2018 the company raised a further \$6.1m in equity via a placement and a 1 for 4 entitlement offer at 40 cents per share.

In October 2019 the company raised an additional \$6m via an equity placement and SPP at 36 cents per share.



## Company Summary

Share Price (\$)	\$0.23
Shares on issue (m)*	103.35
Market Cap (A\$m)	23.77
Debt (A\$m)	5.50
Enterprise Value (A\$m)	29.27
Options/Warrants (m)	14.14



## Board of Directors

Name	Position	Shares
Matthew Driscoll	Chairman	0.42
Warren Murphy <sup>1</sup>	MD	0.25
David Mazyck <sup>2</sup>	Director	0.27

<sup>1</sup> Warren Murphy holds 1,500,000 exercisable at \$0.50

<sup>2</sup> David Mazyck holds 1,000,000 exercisable at \$0.50

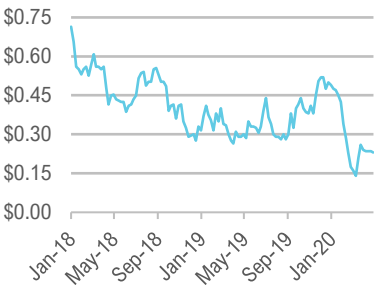


## Share Register

Pie Funds Management	8.91%
Capital H Management	4.88%
Beville Investments	4.82%
Washington H Soul Pattinson	4.37%



## Price Chart



# Our 2 key products

## POWDERED ACTIVATED CARBON

- Produced from Black Birch, GA manufacturing facility with capacity to produce 10,000 tonnes per annum.
- Powdered Activated Carbons, or PACS, are the type of product used by coal-fired power plants to achieve emissions compliance. They are injected into the plant's flue gas, where they can then adsorb mercury.
- In FY19 we sold 4,940 tons to 8 customers at an average price of A\$1,830 to generate A\$9.04m revenue, up 47% on FY18.
- Over the course of FY19 we enjoyed improving economics of scale and manufacturing efficiencies and expect future gross margins in the range of 28-38%.



## PELLETISED ACTIVATED CARBON

- Produced from manufacturing facilities at Arden Hills, MN and Gainesville, FL we have capacity to produce 7,000 tonnes per annum.
- Our AC pelleted products have a wide range of industrial applications and compete mostly against imported products which suffer from supply side challenges and more recently tariffs. Most imported products come from China.
- In FY19 we sold to two customers generating A\$9.28m revenue, up 4,937% on FY18.
- Over the course of the last year we started producing from our own facilities and expect future gross margins in the range of 25-40%.



# Large and Growing Markets

The constant focus on IP development is rapidly growing the addressable markets in which the Company operates. Carbonxt is a technological leader in huge markets which continue to grow materially in excess of GDP.

## WATER TREATMENT MARKET



- The Global Water and Wastewater Treatment Market Size was USD \$265.30b in 2018
- This is expected to reach USD \$456.68b by 2026.
- Forecast growth represents a CAGR of 7%.

## EMISSION CONTROL SYSTEMS MARKET



- The Emission Control Systems Market is also expected to growing at a 7% CAGR between 2019 and 2024.
- Incremental market growth represents USD \$6.46b in value by 2024.



# The Pellet Opportunity

Carbonxt is the only North American manufacturer of Pellet solutions, in what is a fast growing and largely underpenetrated market.

Pellet revenues grew from \$0.2m in FY to \$9.3m in FY19. Inbound enquiries continue to increase as awareness of our Pellet capabilities grows.

While Pellet orders to date have revolved around fulfilling requirements for power stations, we now see opportunities across a range of industrial applications. This is evidenced by the recently won contract within the Filtration sector.

The development of new solutions continues to expand our addressable market into industries not previously serviced by Carbonxt.

## Target industries



## Benefits



- Shorter sales cycle.
- Higher margin opportunity longer term.
- Broadens and diversifies the customer base across multiple industries.
- Significantly increases the company's addressable market.

# Commercialisation of Phosphate Solution

As announced at the 1H20 result, Carbonxt has expanded its Intellectual Property portfolio to include a range of novel Pellet solutions. The Company will soon commercialise an activated carbon pellet product to remove phosphate from liquid streams. Phosphate and nutrients in general are emerging contaminants which are gaining significant attention across the United States due to their negative economic impacts on industry, tourism and local communities.

Carbonxt is at the forefront of this growing market, with some characteristics outlined below:

- i) Applicable to industries such as wastewater, agriculture, hotels, and beverage production.
- ii) Competitive environment includes biological solutions.
- iii) Competitive advantage of Carbonxt includes a compact vessel design that is scalable, has better aesthetics and is easier to use.
- iv) Carbonxt is in early stage discussions with potential customers to advance the commercialisation of the product. We have sold to one wastewater utility already and a further commercial test with a Florida municipality will occur shortly.

Florida passed a bill in March 2020 entitled SB12 to put measures in place that will curb nutrient runoff into the State's waterways and groundwater.

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## According to the EPA...

*"Nutrient pollution is one of America's most widespread, costly and challenging environmental problems, and is caused by excess nitrogen and phosphorus in the air and water".*

*"When too much nitrogen and phosphorus enter the environment - usually from a wide range of human activities - the air and water can become polluted. Nutrient pollution has impacted many streams, rivers, lakes, bays and coastal waters for the past several decades, resulting in serious environmental and human health issues, and impacting the economy".*



# Recent Technology and Commercial Achievements

While the Company recently lowered FY20 guidance, primarily due to the protracted closure of anticipated contract wins, significant operational progress has still been made. An overview of these developments are outlined below and position the Company for growth in FY21 and beyond.

- i. Continued development of our research capabilities with the addition of a new CTO. Carbonxt now has 4 PhD's on staff covering environmental engineering and fuel science.
- ii. Recent patents application lodged for water resistant and high strength carbon products, including systems and processes associated with these products. We will shortly enter product testing with a commercial roll-out planned later in the calendar year.
- iii. Renewal of a mid-West PAC contract and a 3-year extension with a mid-Atlantic utility for PAC.
- iv. Won a 175 ton contract for a water PAC for a municipality in the South East.
- v. Growth in CTC pellets has been slower than expected this year as we focus on credit quality in the COVID environment and materially longer working capital cycles. We have focussed accordingly on strong counterparties and innovative contracting structures to mitigate this risk. An agreement of this nature has recently been finalised.
- vi. The focus on supply lines in a COVID environment has seen the Company accelerate the development of a CTC pellet utilising no third-party materials. We are currently testing this with promising early results. This pellet would meet CTC and not dissolve (so can be used in high humidity environments) and will be less expensive to produce.





# Board & Senior Management

## MANAGING DIRECTOR

Warren Murphy

Warren was Co-Head of the Australian Infrastructure & Project Finance Group and Head of Energy at Babcock & Brown. Warren led the development of Babcock & Brown's energy sector capability in Australia and New Zealand, including the founding of Infigen Energy. He was also a director of the ASX listed Alinta Limited and Sydney Gas Limited, and development of over 2,000MW of Greenfields power stations and the acquisition of over 3,000MW of generation.

## INDEPENDENT CHAIRMAN

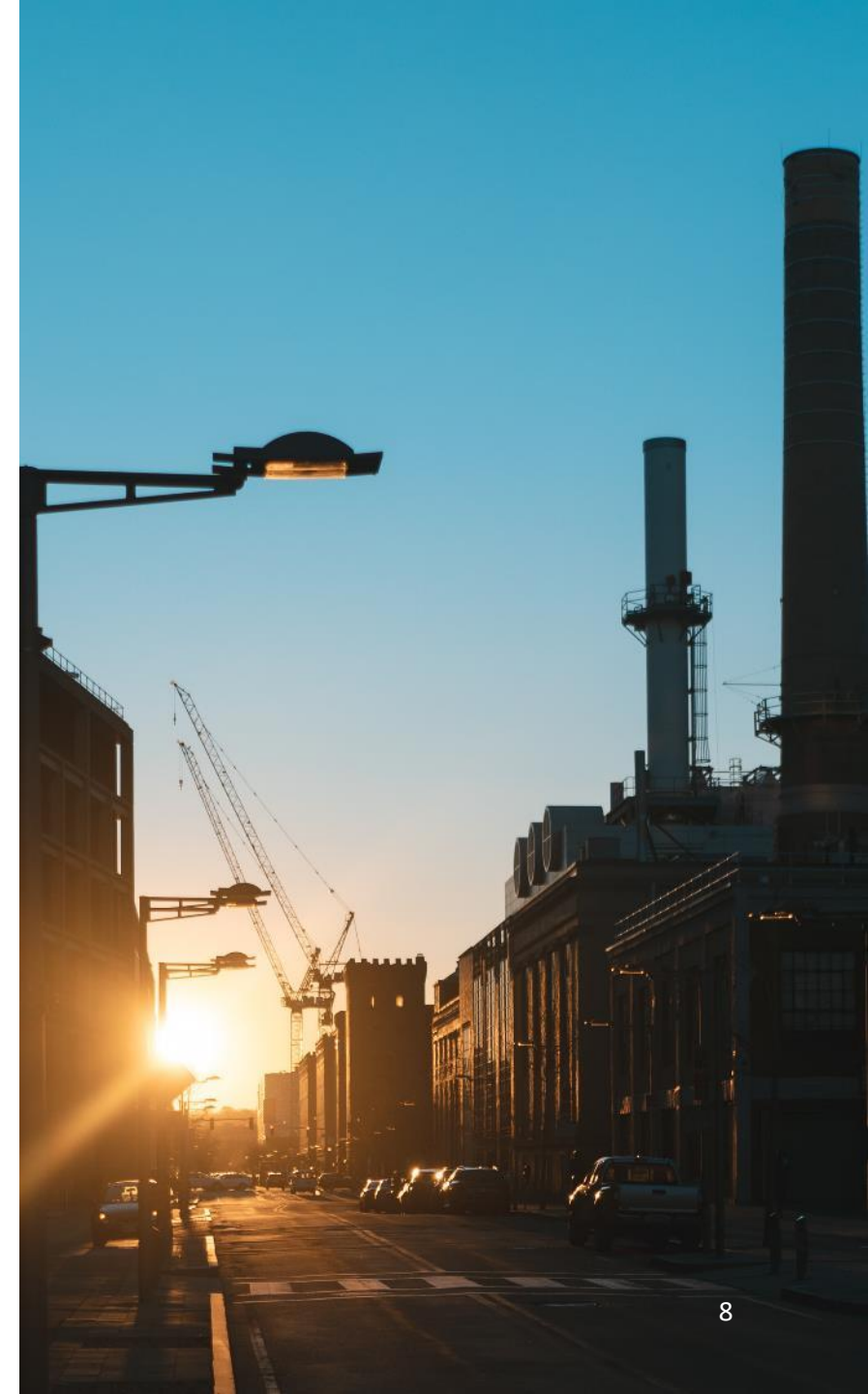
Matthew Driscoll

Matthew has significant experience across several industries, including online technologies, financial services, fintech, property and resources. He has more than 30 years' experience in capital markets and the financial services industry and is an accomplished company director in roles across listed and private companies. He has significant experience in international business growth, mergers and acquisitions, equity and debt raisings and building strategic alliances, and remains committed to ethical, commercial and consumer-based outcomes. Matthew is NED Energy Technologies Limited (EGY), NED Blina Minerals (BDI), NED [BuyMyPlace.com.au](http://BuyMyPlace.com.au) (BMP), NED Smoke Alarms Holdings.

## EXECUTIVE DIRECTOR

Dr. David Mazyck

David is a world-leading expert on activated carbon (AC) and its applications including mercury capture. He has developed AC products for the major multinationals. Dr. Mazyck is the former Chairman of the Activated Carbon Standards Committee for the American Waterworks Association and has developed products for NASA. He is a member of the World Coal Association and an appointee to the United Nations.



## CONTACT

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Managing Director



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Thank you