



# Aeris Environmental

ASX | AEI

Aeris Environmental Ltd  
ACN 093 977 336

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# Maurie Stang

NON EXECUTIVE CHAIRMAN

# Aeris Environmental – Drivers of Value

- ❑ Fully recapitalised – clean balance sheet. No Debt.
- ❑ Leveraging large-scale historical R&D, product validation, and establishment of key global partnerships (paths to market).
- ❑ Strong momentum towards profitability.
- ❑ Addressing a multi-billion dollar global market for each Aeris platform - asset maintenance, data control and visualisation, energy efficiency, mould prevention and corrosion protection.
- ❑ Market leading strategic partners now in place in USA, China and SE Asia – the three largest and fastest growing markets for microbial control.
- ❑ Active recruitment of high-profile, independent Non Executive Directors.



# Capital Structure

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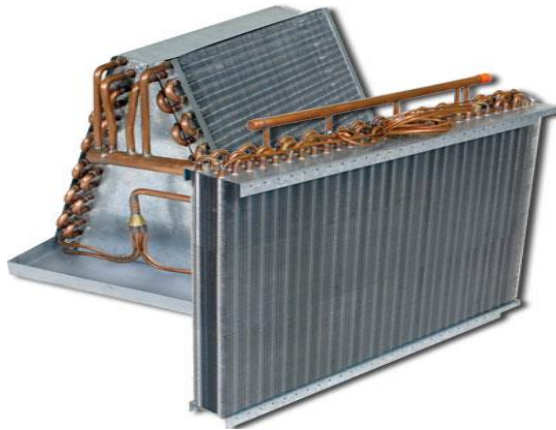
<b>Company Name:</b>	Aeris Environmental Ltd
<b>ASX Code:</b>	AEI
<b>Current Price:</b>	28.0 cents
<b>Trading range (last 12 months):</b>	12.0 – 42.0 cents
<b>Total Issued Shares:</b>	213.45 million
<b>Market Capitalisation (27/11/19):</b>	A\$60.83 million



# Heating & Air Conditioning (HVAC) Market

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10 air conditioners will be sold every second over the next 30 years\*



- ❑ Residential Air Conditioners estimated to increase from 1.2 billion units today to 4.5 billion units by 2050 – a nearly 3.7-times increase.
- ❑ Aeris products lead the world for innovative, green chemistry
  - Efficiency
  - Asset life
  - Hygiene, and
  - Corrosion prevention.

(\*) Solving the Global Cooling Challenge How to Counter the Climate Threat from Room Air Conditioners By Iain Campbell, Ankit Kalanki, and Sneha Sachar

# The Hygiene and Treatment Specialist

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**Air Conditioning &  
Refrigeration**  
Maintenance Products

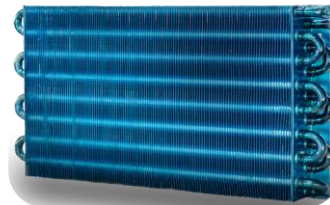


Residential, commercial and  
industrial applications



Multi-Enzyme Cleaners

**Corrosion Prevention &  
Protection**  
Service and OEM Solutions



Manufacturing, production, off-  
shore, oil & gas



Corrosion Protection

**Facilities Management &  
Hygiene**  
Mould, Odour & Microbial  
Control Products



Hospitality, aged care  
manufacturing, healthcare,  
mining sectors



Inhibitors



# AerisGuard – Global Branding





# Aeris Accreditation & Independent Testing

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## Research Partnerships



## Independently Tested



## Quality Systems



## Third Party Accredited



# HVAC Path to Market

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## *North America wholesale distribution:*

**The world's largest mature market for air conditioning consumables.**

- ❑ 8,500 distributor's stores, and each sells a range of maintenance consumables.
- ❑ **Goodman is a leading equipment manufacturer in this market.**
- ❑ Goodman provides a scalable path to market to thousands of trade stores and access to many large customers, with 230 company owned locations and 1,200 independent resellers.
- ❑ Importantly, Aeris has secured agreements with multiple, specialist remediation, industrial, electrical and plumbing supply wholesalers i.e. online/retail fulfilment (Amazon & Home Depot).



# The Opportunity - HVAC Consumables - USA

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*"We are pleased to align with Aeris products and technology after completion of our relationship and product evaluation process.*

*We look forward to offering the technology and innovative products to our network of over 80,000 contractors. The market for HVAC maintenance and hygiene consumables is in excess of \$USD250 million per annum."*

**Rick Mabry** – MD Global Parts and Procurement for Goodman/Daikin distribution, Nth America



Aeris has significant opportunity in North America:

- ❑ Aeris is scaling up production for February/March deliveries for important North American summer season.
- ❑ **Legacy products lack environmental compliance, OH&S safety and importantly, are no longer being supported by key high-profile industry leaders.**
- ❑ Aeris has a relationship with a large national master distribution partner servicing a further 3,300 distributor branches - in addition to Goodman's 230 company owned locations.
- ❑ Aeris directly supports specialist platinum partner applicators in multiple locations around USA.

# The Opportunity - HVAC Consumables - Global

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*"Our entire team has been very impressed with the advanced technologies and knowhow the AERIS brings to the market. In conjunction with the USA launch, we will be offering AERIS products to our global customer base in over 60 different countries."*

**Tom Dendy** – Goodman  
Vice President International



AERIS opportunity in Asia and beyond:

- ❑ **Daikin, largest air-conditioner manufacturer in Asia**, active in over 150 countries.
- ❑ AERIS is working to launch **HVAC consumables and corrosion products** in multiple markets throughout SE Asia, Middle East and Europe.
- ❑ Joint marketing and sales with over 100 training events planned around Australia to their 500 Daikin authorised dealers.
- ❑ In addition to Daikin, AERIS sells products in Asia to 3M, Carrier, Accor Group as well as dozens of leading platinum partner applicators and end customers.

# Aeris' Opportunity in China

- ❑ China FDA (CFDA) approved products with strong product validation claims.
- ❑ Environment and health care are stated priorities for the Chinese government.
- ❑ Distribution agreement signed, products manufactured, sales and marketing commenced.
  - ❑ Regional distributors appointed.
  - ❑ Online channels established.
  - ❑ Consumer product placement in high-end national chains, department stores and pharmacies.
  - ❑ Online, TV, billboard and print advertising campaigns.
- ❑ Business development with leading hospitals and health care institutions.





# Project in Focus – Townsville Flood '19

- ❑ Aeris engaged by Good Shepard Group to project manage and supply mould remediation program.
- ❑ Aeris managed 50 staff over 5 months to successfully ensure residents and staff returned to accommodation as soon as possible.
- ❑ Aeris was rated as the most successful contractor by both customers and insurers, which now will be leveraged into global opportunities in large scale mould remediation projects.
- ❑ Insurance statistics demonstrate a significant increase in catastrophic weather events.

## Good Shepard Home – Townsville



# The Indoor Environment Specialist

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- ❑ **Cost effective solutions for maintenance, hygiene and asset protection**

- Air conditioning, cold storage & refrigeration
- Mould and facilities management
- Corrosion prevention



- ❑ **Extensive global patent, intellectual property and regulatory portfolio** – leveraging decades of R&D in safe, non-toxic cleaning and anti-microbial/anti-corrosion coatings.
- ❑ **Independent testing, case studies and technical data** - market validation by leading global customers.
- ❑ **Global commercial footprint and team of in-house specialists** - focussed on product enhancement, technical support and marketing.
- ❑ **Distribution mainly via volume wholesalers and accredited service partners.**
- ❑ Outsourced manufacturing in Australia, United States and China.





# Peter Bush

CHIEF EXECUTIVE OFFICER



# The Aeris Advantage

## Environmental Hygiene

- Kills and prevents fungal growth
- Eliminate bacterial colonisation
- Remove contamination at source

## System Optimisation



- Improve airflow, reduce pressure
- Lower system temperature

## Energy Efficiency



- Improve plant efficiency
- Reduce energy consumption

## Outcomes

### Environmental, Social, Governance

- Regulatory compliance
- 'Best practice' maintenance
- Duty of care/risk management
- Increase system performance
- Extended life of capital assets
- Substantial power savings
- Significant environmental benefits



# Drivers for Adoption

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- ❑ **Occupational health and safety** – Model WHS Act and regulations all address safety in design, safety in operation and safety during maintenance
- ❑ **Public Health** – State-based Legionnaires disease regulations, microbial control inspection testing and maintenance, indoor air quality.
- ❑ **Building** – National Construction Code (NCC) requirements.
- ❑ **Energy** – Including Commercial Building Disclosure (incorporating NABERS).
- ❑ **Local council** – Special local planning conditions, food services regulations, and environmental noise enforcement can include maintenance provisions.
- ❑ **Standards** – often address minimum maintenance requirements.
- ❑ **Tenancy** – for rental properties.



"The purpose of DA19 is to provide an industry agreed and recommended approach to HVAC&R plant and equipment maintenance, including recommended actions and typical frequencies."



# Aeris Product Overview

Segment	INDUSTRIAL						COMMERCIAL			DO IT YOURSELF	
Solution	HVAC&R		Energy	Corrosion	Remediation	Hygiene			“Green Home”		
Channel	WHOLESALE DISTRIBUTION				OEM	LARGE FORMAT RETAIL			ONLINE		
Product set											

# How Aeris Engages with Customers

Aeris targets large and growing addressable market though:

- ❑ **Building owners & asset managers** who care about asset operational cost, sustainability and safety
- ❑ **Commercial cleaning specialists and remediators** for whom quality products are key
- ❑ **Global wholesale product distributors** where a differentiated range is essential
- ❑ **Leading global equipment manufacturers** who value system performance and life extension.

## PRODUCTS – Recurring revenue with high margins

<b><i>Air conditioning maintenance</i></b>	Applied by Aeris trained service providers – either existing or Aeris recommended sub-contractors.
<b><i>Corrosion prevention</i></b>	Applied by accredited applicator. Specified into new installations.
<b><i>Mould prevention / odour control / hygiene / paper</i></b>	Applied by Aeris trained service providers or sold through trade distribution.
<b><i>Visualisation, energy efficiency &amp; reporting</i></b>	Installed either by client controls integrator (trained) or by Aeris direct.

## SERVICES - Consulting and project management

<b><i>Compliance and Risk Management</i></b>	Project management, quality control and auditing
<b><i>Total Cost of Ownership</i></b>	AerisView real-time visualisation & preventative maintenance
<b><i>Sustainability</i></b>	Greenhouse saving measurement and reporting
<b><i>Energy Efficiency</i></b>	Building Management System upgrade / Internet of Things

# Aeris' 2020 Inflection Point

- ❑ **All Aeris platforms now proven in commercial projects** with large-scale OEMs, platinum distributors and customers.
- ❑ **Technical and customer validation that our products outperform market leading legacy products in virtually every category.**
- ❑ **Fast growing revenue with forward purchase orders** and opportunity pipeline at the highest in Aeris' history.
- ❑ **Positive customer feedback on updated product range and packaging.** Tailored presentation, pack size and benefits required by our end-user customers on an international basis.
- ❑ Strong demand for 'safe', low VOC, water-based products



# Key Milestones 2019

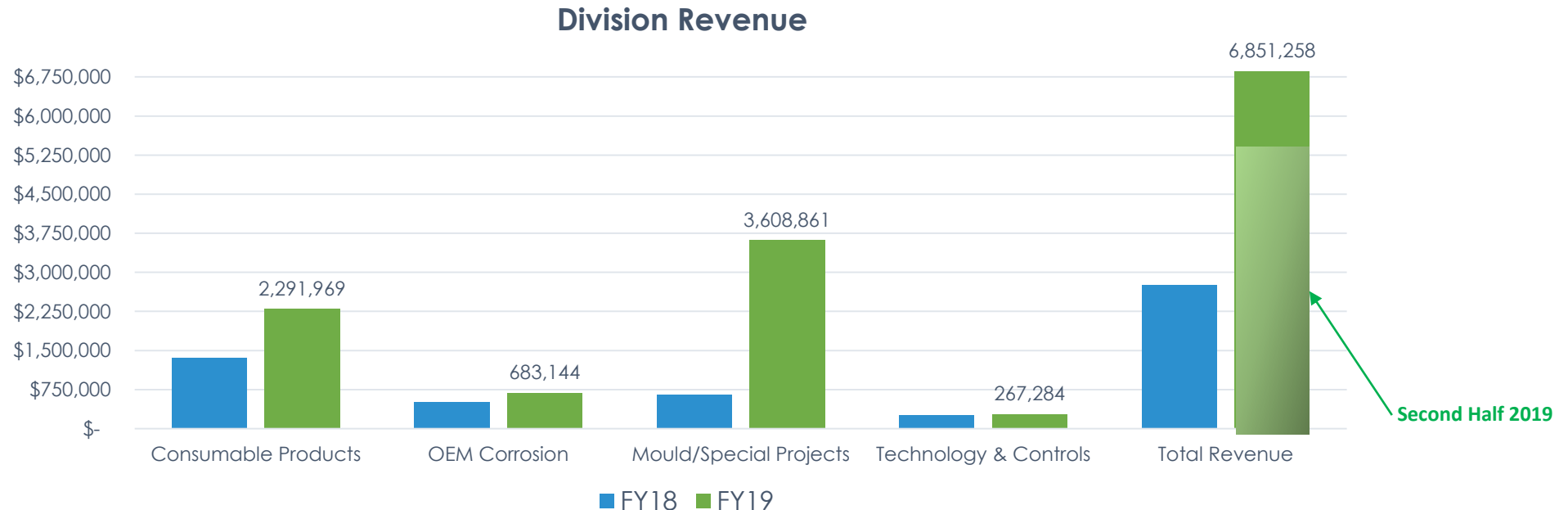
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- ❑ **Transformative investment in USA - worlds largest market**
  - Establishment of operations base including hiring experienced team.
  - Worldwide strategic alliance with Goodman, a division of Daikin Industries.
  - Made, shipped and invoiced first orders (payments received). Refined product range and packaging specific for USA market.
- ❑ **Obtained Aeris rights to new environmentally sustainable, paper-based alternative to plastic wipes - branded Southern Cross.**
  - Entered into multi-million-dollar distribution agreement with Chinese distributor Aus Made Express.
  - Aus Made have made substantial investments in branding, packaging facilities and product launch in China.
  - First shipments completed and payments received.
- ❑ **Capital raised of approx. \$7,500,000 via share placement and share purchase plan (SPP) to a cornerstone strategic investor group and existing shareholders.**



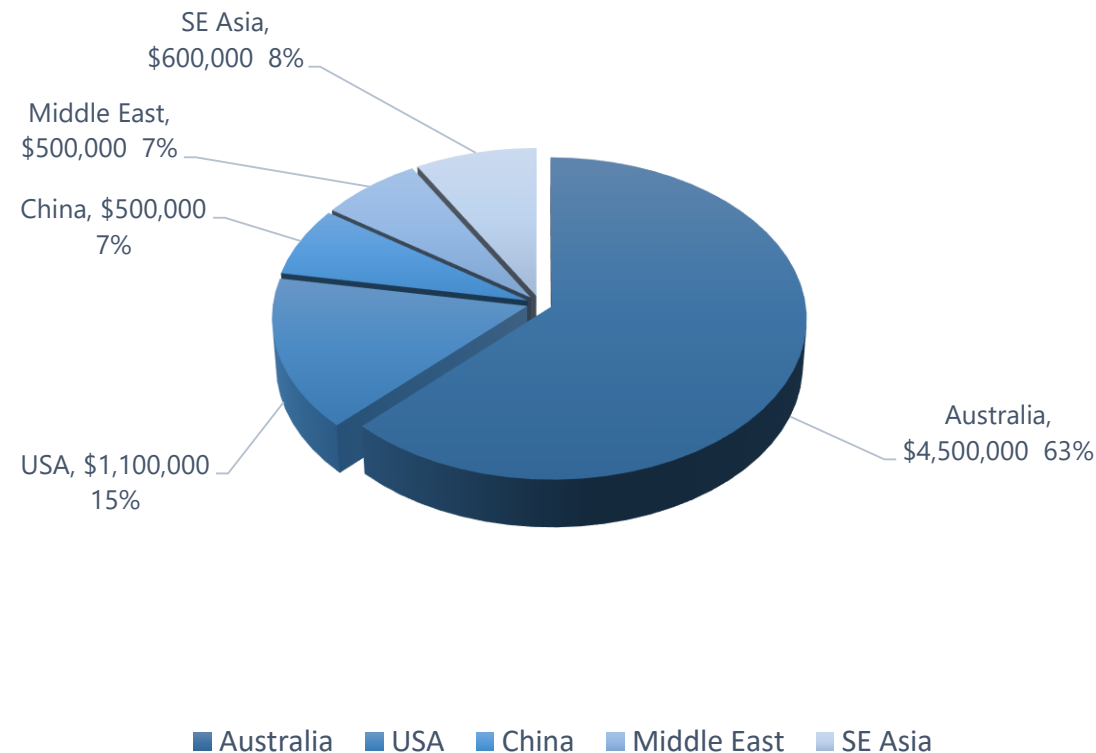
# FY2019 Results Summary

- **Recurring, high margin product revenue (\$3,750,000 in FY2019)** recorded from mainly existing and new clients in Asia, the Middle East, Europe and Australia at attractive margins.
- **Event driven mould remediation projects in Townsville, Queensland, (\$3,100,000 in 2H FY 2019)** as master contractor, were a combination of full margin consumable products sales and low margin project management (46% of 2019 revenue).



# FY2019 Revenue by Geography

**FY2019 Revenue by Geography**

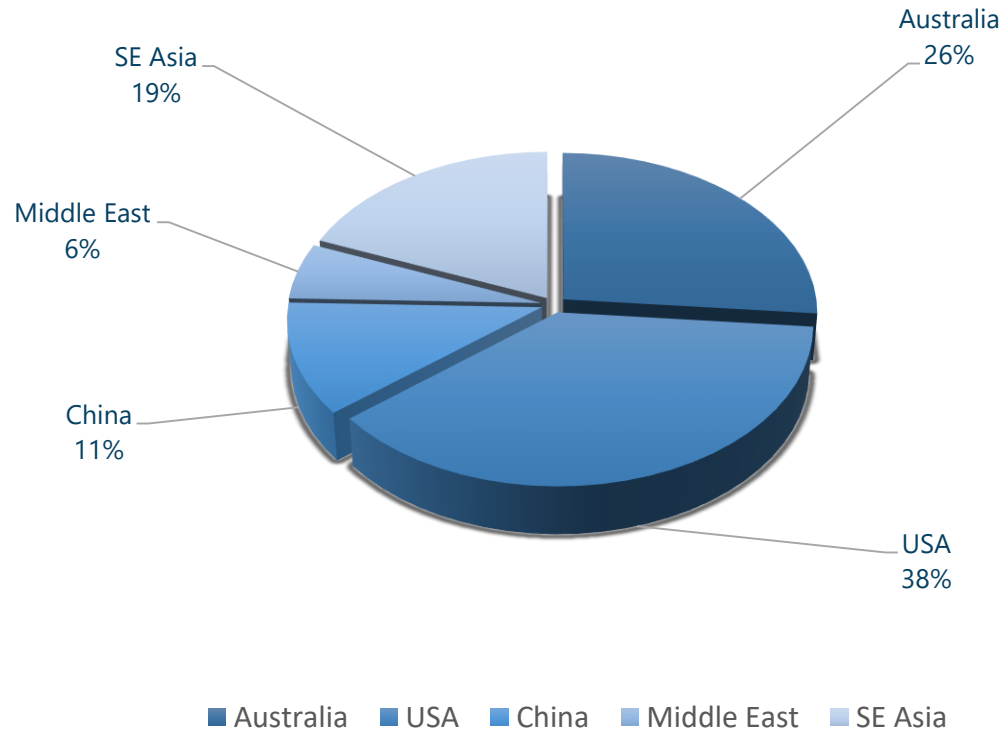


- Record sales revenue of \$6,851,000 – up 250% YOY.
- **USA and China business' both 'early days' but progressing strongly.**
- Gross Margin of 38% reflected mix of 'white label' products supplied to OEMs, and project work, blended with the higher margins from the Aeris branded products.
- **The Company has seen a positive impact on margins as the core Aeris range forms a greater part of the revenue mix going forward.**

Key Customer Revenue	FY2019	FY2020
	TOTAL	YTD
Aus Made - China	\$485	\$318
Goodman - USA	\$468	\$399
<b>Total</b>	<b>\$953</b>	<b>\$717</b>

# FY2020 Year to Date – Sept '19 Quarter

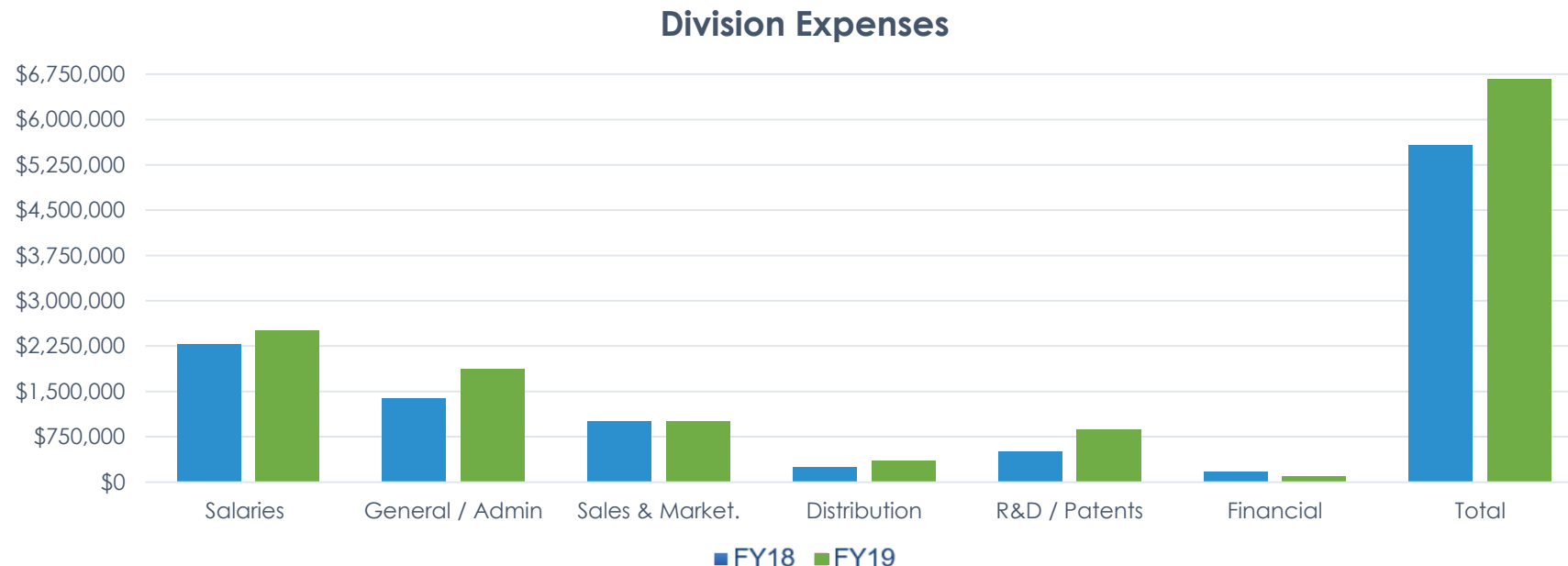
**FY2020 Forecast Revenue by Geography**



- Accelerating revenue momentum - **invoiced sales revenue of \$2.15 Mil for September 2019 quarter.**
- **Calendar year 2019 (nine months 1 January 2019 to 30 September 2019) revenue \$7.6 Mil** (up approximately 400% on the same corresponding period last year, and 270% increase on same quarter (September 2018) last year.
- **Material improvement in Gross Margin (48% in September 2019 quarter vs 37% for FY2019)** due to increased mix of higher margin Aeris branded products.
- Outstanding revenue pipeline, with purchase orders and commitments in excess of \$2.5 million.

# FY2019 Expense Summary

- **Budgeted operating expenses for FY2020 are targeted at less than \$5,500,000 per annum.**
- Significant time and resources have been spent to establish USA, China, and Townsville capability – these business development costs should not be recurring.
- Path to market (distribution vs direct business development) has resulted in reduction in headcount, general and administration expenses.
- R&D costs involved material one-off projects such ISO audit and certification for USA, listeria detection project with UNSW and Southern Cross for China.





# USA – Air Conditioning

- ❑ **Strong demand for USA produced, white-label air-conditioning maintenance range** - including Daikin Goodman, and other key accounts in North America.
- ❑ Goodman advised that its' products were well received and sold comparably or better (on a same store basis) than the market leading brand.
- ❑ **Aeris 'branded' range ready to be launched in North American market by February 2020, which is the start of the 'summer' buying programme.**
- ❑ In parallel, Aeris' USA team is **building on major project opportunities** in North America for the Aeris branded solutions with a **spectrum of platinum partner applicators**, covering on-site corrosion, OEM corrosion, hygiene and facilities maintenance.





# Global - Refrigeration

- ❑ By 2030 ... two-thirds of the global middle class will be living in Asia(\*).
- ❑ Refrigeration cases without AerisGuard Biofilm defence tablets have **up to 243 times more bacteria growing in them.**
- ❑ Refrigeration cases without AerisGuard Biofilm defence tablets have up to **seven times more mould growing in them.**
- ❑ Aeris uniquely offers up to 12 months of proven protection.



## Enzymatic Coil Cleaner

- ❑ Warm water to activate
- ❑ 20 mins to digest biofilm/ bacteria
- ❑ Rinse off, Allow to dry

## Bioactive Coil Treatment

- ❑ Spray on – Aerosol or Bulk (airless spray gun)
- ❑ Cures in minutes

## Biofilm defence tablets

- ❑ Place in areas where water runs off
- ❑ Prevents blockages and biofilm in the tray

(\*) <https://www.scmp.com/comment/insight-opinion/article/2087687/made-asia-asia-how-rise-its-middle-class-remaking-world>





# China - Valuable Approvals Achieved

- ❑ Regulatory approvals granted for key products.
- ❑ China Government has stated objectives to improve healthcare delivery and the environment.
- ❑ Further orders of Southern Cross AERIS 'Active' paper range to Aus. Made Express International Group Pty Limited.
- ❑ Presentation at upcoming China National Health Industry Conference in Hangzhou China.
- ❑ First sales to leading hospitals and health groups commenced.







# Global Mould and Facilities Management

- ❑ Ongoing validation of outstanding efficacy and performance of the Aeris products 'in field'.
- ❑ Significantly increased profile amongst insurance companies and builders.
- ❑ Climate change creating more increasing number of severe weather events.
- ❑ Aeris believes there is a highly attractive international market for the detection, assessment, quality control and remediation of Mould.
- ❑ Master Service Agreement with **Sodexo Australia**, making Aeris the consulting hygiene partner for remote mining site air conditioning.
- ❑ Wholesale – Bunzl and Carpet Cleaning Warehouse.



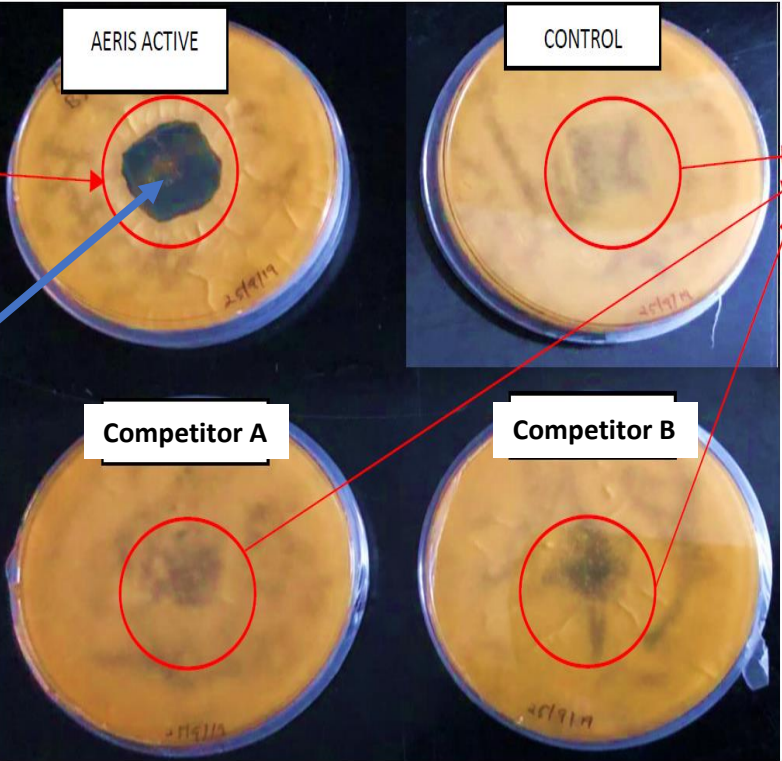


# Global Mould and Facilities Management

*Ongoing technical leadership....*

Plate images – 90 days.

The glass plate treated with Aeris Active clearly shows that mould (A. niger) was not able to re-grow after 90 days.



**Overgrowth (failed)**

The glass control plate & treated Concrobium and 30 Seconds product plates show that there is no active residual and mould (A. niger) re-grew over the treated plates.

**No overgrowth (passed)**



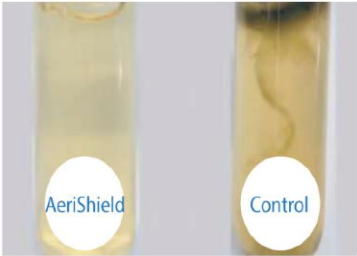
AeriShield™ Foam is safe to use on all drains and drainage systems to prevent odour.



Foaming action extends into drain lines.



When applied, AeriShield™ Foam rises up through the drain grate.

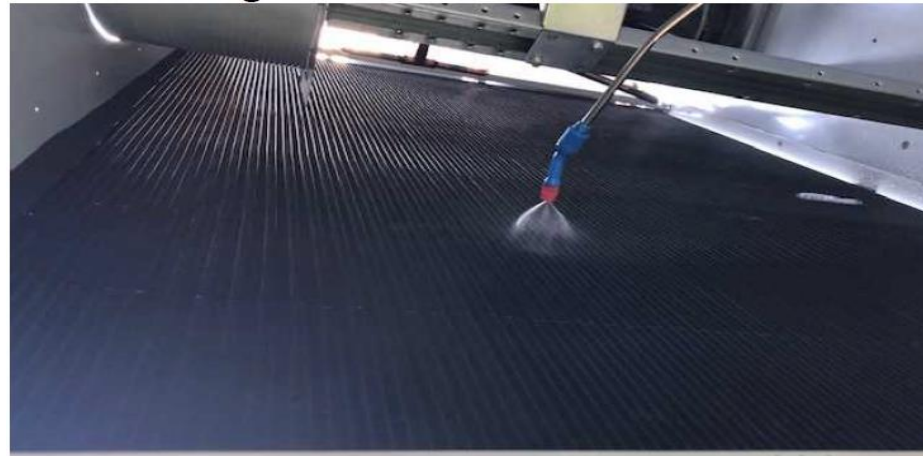


AeriShield™ Foam suppresses mould growth even in a microbiological medium specifically formulated to promote fungal growth.



# Global Corrosion Protection

- ❑ Aeris has continued to leverage its eco-friendly, and technologically leading AerisCoat corrosion coatings range.
- ❑ **The Aeris solution is targeted at the full spectrum of factory OEM, on-site service for HVAC, including the latest micro-channel coil architecture.**
- ❑ Beyond these growing markets, Aeris is finding an increasing number of industrial applications in transport, oil & gas, and manufacturing.
- ❑ **Strategic application partners engaged in key markets, projects commenced with strong pipeline.**



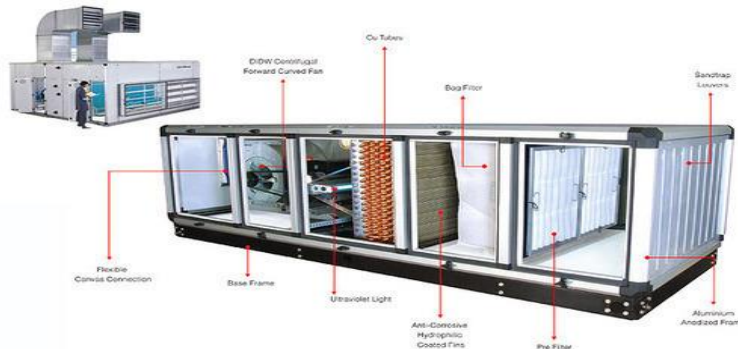




# Global Corrosion Protection

## Outcomes

- ❑ 5 years of no further corrosion (in-field).
- ❑ Extended asset life (up to 500%).
- ❑ Improved efficiency and energy savings.
- ❑ Reduced maintenance.
- ❑ Coating is 5-20% of \$15-\$250k capex.



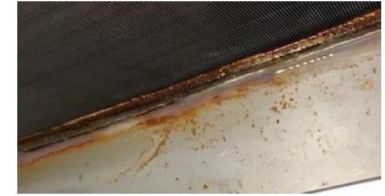
Att 1 – Cooling coil



Att 2 – Bottom Cooling Coil Plate



Att 5 – Silicon Based Product



Att 6 – Rusted Swarf and Stains in Drain Pans



Att 3 – Bottom Cooling Coil Plate



Att 4 – Bottom Cooling Coil Plate



Att 7 – Rusty Pop Rivet



Att 8 – Dissimilar Metals



# Drivers of Shareholder Value

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- ✓ Aeris now **reaping the benefits of the R&D program** and largest product expansion in its history.
- ✓ **Each product specifically tailored** for the channel and customer requirements – making them easy to use, better performing, safer, greener and more profitable.
- ✓ **Key product launches commenced** with strategic partners in global priority markets - USA, Asia, Europe and the Middle East.
- ✓ **Channels to market firmly established**, with coverage across wholesale, facilities management, trade stores and over 90,000 potential applicators.
- ✓ Clear path to profitability with a **strong, consumable model generating growing annuity revenue**.
- ✓ Mould, corrosion, anti-microbial polymers, paper and data visualisation represent **large scale, accessible markets beyond HVAC/hygiene range**.
- ✓ **Aeris is the right Company, with the right products, partners and recognition at the right time....**



# Aeris Environmental

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# To Consider The Financial Report

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To consider the Reports of the Directors and the Auditor,  
and the Financial Statements of the Company for the  
year ended 30 June 2019.


This item of business is for discussion only and is not a  
Resolution.

**Comments or Questions**



# Resolution 1 – To Elect Maurie Stang

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Resolution 1	To Elect a Director – Mr Maurie Stang
	That, pursuant to the Company's Constitution, ASX Listing Rule 14.4 and for all other purposes, Mr Maurie Stang, who retires by rotation as a Director, and, being eligible, offers himself for re-election, be elected a Director of the Company.
For	15,738,277
Against	0
Abstain	0
Discretion	214,500

# Resolution 2 – To Accept Remuneration Report

Resolution 2	To Adopt the Remuneration Report
	That the Company's Remuneration Report for the financial year ended 30 June 2019, as set out in the Directors' Report in the Company's 2019 Annual Report, be received, approved and adopted.
For	13,994,268
Against	0
Excluded/Abstain	* 1,744,009
Discretion	214,500

\* Includes votes cast in favour of the Resolution by or on behalf of persons who are members of the key management personnel (KMP), whose remuneration details are included in the Remuneration Report in the 2019 Annual Report, or associates of those persons, who were excluded from voting on this Resolution, as per the Voting Exclusion Statement in the 2019 Notice of AGM. The prohibition in the Corporations Act on members of the Company's KMP voting does not apply to the Chairman of the AGM as proxy for a member entitled to vote where the proxy appointment expressly authorises the Chairman of the AGM to vote.

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# Questions and Comments





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