



Business Overview

A Global Environmental Technology Water Remediation Group

Institutional Roadshow - March 2019

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PET Four Business Units



International Materials & Applications



China Materials & Applications



China Engineering



Changxing Factory



Phoslock Water Treatment Material

Environmental Friendly product that locks up Phosphorus Safely and Permanently

- Invented by CSIRO (Australian Government) in 1990's;
- **Environmental Friendly**; safe for human and fish & aquatic plants;
- **Internationally Certified** for use in Drinking Water Reservoirs;
- Manufactured in **ISO Compliant** modern factory to strictest QA/QC standards;
- **Phoslock** is a **UNIQUE product**; huge market for cleaning up water bodies

=> **CLEAN, GREEN, ENVIRONMENTAL FRIENDLY PRODUCT**

- 14 year commercial trackrecord; > 300 lake, canal, drinking water reservoir, river, canal, wetland projects in 20 countries



PHOSLOCK LOCKS UP PHOSPHATES SAFELY AND PERMANENTLY

Financial Summary

- 2018 Revenue: **\$18.7m (up 129% YoY)**
- 2018 NPBT: **\$3.4m* (previously break-even)**
* excludes non cash accounting effect of May 2017 option issue

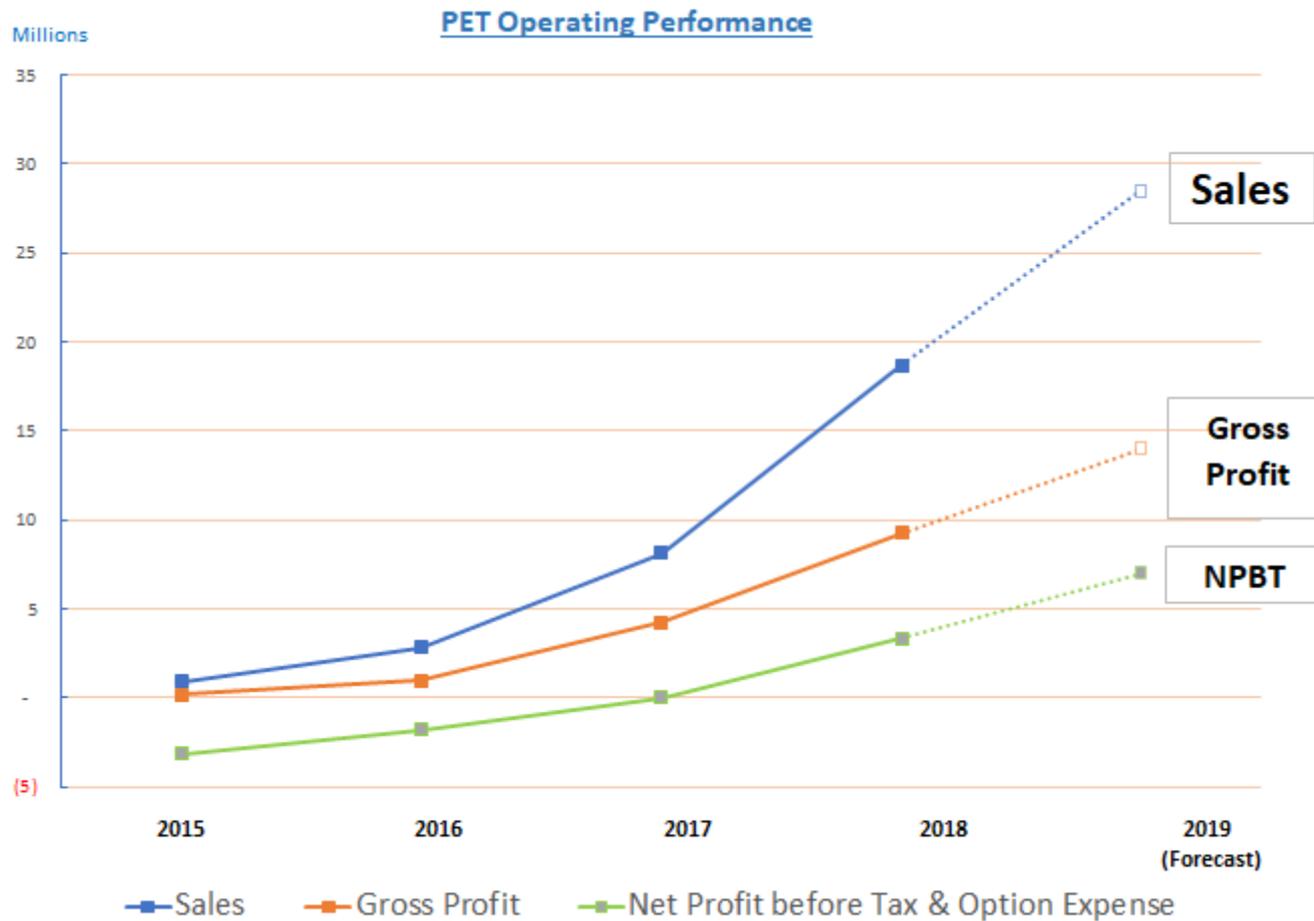
Strong Operating Margins: > 50% Gross Profit Margin

- 2019 Forecast Revenue: **\$27m-30m (up 53% YoY**)**
- 2019 Forecast NPBT: **\$6m-8m (up 105% YoY**)**
** Calculated on 2019 Forecast midpoint

Strong Balance Sheet:

- **A\$13m** in cash
- Receivables/Inventory of **\$12m**;
- Debt Free;
- Net Assets approx **\$26m**

PET Operating Performance



What is Phoslock Environmental Technologies?

Water Engineering & Water Treatment Materials Environmental Group: ASX listed (Code: PET)

International Water Treatment Business

Using Phoslock® and other products to treat lake and rivers;

Phoslock® is Clean, Green and Environmental Friendly to humans and fish/ biota

Eight licensees representing PET in over 20 countries

2018 Revenue: \$3.0m

2019 Revenue (Forecast): \$7-9m

China Water Treatment Business

Offices in four Chinese cities; a range of products and mobile plants to treat highly polluted canal/rivers/lakes

2018 Revenue: \$5.8m

2019 Revenue (Forecast): \$10-12m

China Engineering & Contracting Business

30 professionals provide design, engineering & implementation services for canals, river & wetland projects

2018 Revenue: \$10.0m

2019 Revenue (Forecast): \$8-10m

75% New Business; 25% Recurring Maintenance Business

80% Revenues in China; 20% Internationally



Why China?

- Chinese Central Government has committed US\$1 Trillion to fix water and air quality over the next five years; 1.5% GDP
- PET has entered into a Strategic Agreement with **Beijing BHZQ Environmental Technology Company (BHZQ)** to jointly work on water remediation projects throughout Asia
- BHZQ is a 70% owned subsidiary of **Beijing Enterprises Water Group (BEWG)**
- BEWG is a Hong Kong listed \$7 billion market company controlled by the Beijing Municipal Government.
- This alliance allows PET access to government and semi government contracts previously unavailable to smaller Australian companies.
- **Current Chinese Pipeline* >A\$100m (RMB 500m) ; 30 projects around China**
- **Current International Pipeline* >A\$100m ; 20 projects in 12 countries**

* Conversion and timing of Pipeline Projects into Sales subject to a number of business risk factors

Beijing Enterprises Water Group (BEWG) Announcement

In 2017 BEWG won 12 new projects with a total value of A\$12bn (rmb58bn)

Project #5 - Beijing Xinfeng River Valley PPP Project

Project (initial) contract value **A\$800m (rmb4.2bn); increased to > A\$1.1bn (rmb5bn)**

Project Term: 2 years plus **18 year maintenance contract; including maintain water quality**

Project scope :

Black and odorous water treatment;

River and canal control including widening of waterways;

Water diversions;

Sewage interception;

Pollution control;

Health greenways, parks including **Wetlands;**

Sponge city (underground water storage)



北控水務集團有限公司

BEIJING ENTERPRISES WATER GROUP LIMITED



中清环境
BHZQ • Environmental

Cleaning up Beijing Canals: No effect on Plants or Fish



Beijing Canal – March 2018



Same Beijing Canal – September 2018

A combination of Phoslock, zeolites, bacterial products and aeration used to turn an algae infested canal into clean industrial water.

Phosphorus down **85%** and Nitrogen down **75%**

Wetland Projects in Beijing

Delivered 130,000 tons of Materials for Construction; GeoTextile cover



Delivery of Zeolites



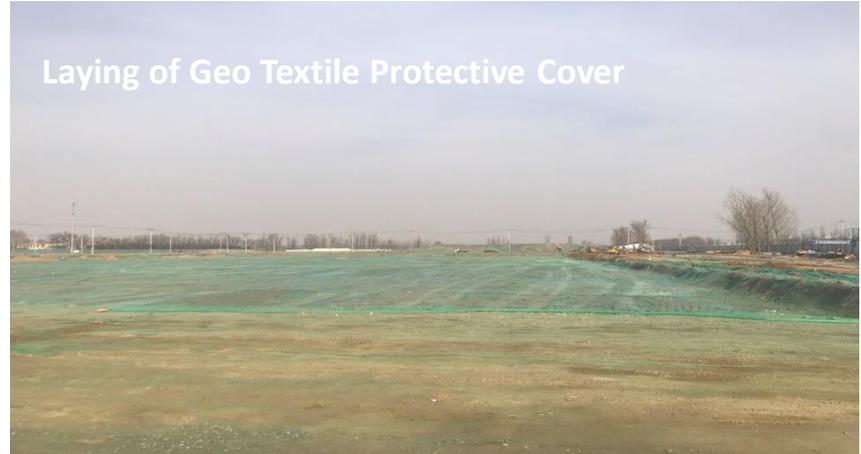
Delivery of Volcanic Materials



Site Preparation



Laying of Geo Textile Protective Cover



PET Materials used in treating Black Odorous Water

Ministry of Environmental Protection has launched supervision of severely-polluted regions to ensure:

- Over 80% of the country's water to meet at least industrial but not drinking water use (Level III) standard by 2020
- Focus on the treatment of **black odorous water** and drinking water sources by using demountable mini plants



Changxing Factory and R&D Centre



Multi purpose factory in central China

Readily Scalable Phoslock Production Line:

- Current capacity 15,000tpa
- 2nd production line can double production

Video of Changxing Factory:

www.phoslock.com.au/site/what-we-do/production-facility

New Products:

- Adding production lines for new products
- Currently ten R&D projects underway

- Full International Standards Organisation (ISO) Accreditation



Changxing Factory – 150km from Shanghai

Main Central Eastern China Industrial Zone



----- 300 km -----

PET International Business

- Operating since 2005
- > 300 successful projects in 20 countries
- Main focus is absorption of phosphorus in lakes, drinking water reservoirs, rivers, canals & wetlands using “Phoslock”
- “Phoslock” product is proven technology (over 70 peer-reviewed technical papers); environmental friendly, patented/patent pending & trademarked in most key markets
- **Current Pipeline* > 35,000 tons (A\$100m) with projects in 12 countries (excluding China)**
- FY2018 \$3m
- FY2019 (Forecast) \$7-9m



* Conversion and timing of Pipeline Projects into Sales subject to a number of business risk factors

PET International Business – Large Lakes



Recent Applications – European Drinking Water Reservoir

Breakthrough Application – Human Consumption Approval



Second Application to The Serpentine, London, UK

High Profile inner city Lake; Outstanding Results



Recent Applications - US Wetland/ Everglades Trial

Huge Potential; Phoslock to absorb Phosphorus before entering Everglades



Why Invest in PET?



Compelling Investment Case

- **PET has sales growth accelerating on robust margins**
- **Diversified business mix of International and Chinese Water Treatment businesses and China Engineering & Contracting Business**
- **Phoslock - Environmental Friendly product that locks up Phosphorus Safely and Permanent**
- **75% new Business; 25% Recurring maintenance business**
- **Super Growth to come from China**
Scale of China's pollution is immense
PET has products and engineering capability to address problems
PET has developed special relationships to partner on projects
- **Solid Balance Sheet: Debt free, \$13m cash plus \$12m receivables/inventories**
- **Strong Board; Two Chinese Directors**

- **Sales Pipeline > \$200m***
- **Recently admitted to ASX All Ordinaries Index**

* Conversion and timing of Pipeline Projects into Sales subject to a number of business risk factors

Capital Structure



Capital Structure (25th March, 2019)

Company Name:	Phoslock Environmental Technologies Limited
ASX Code:	PET
Current Price:	38c
Trading Range: (last 12 months)	26 – 48 Cents
Total Issued Shares:	542.0m
Total Issued Options:	20.5m*
Market Capitalisation:	A\$206 m
Options:	20.5m @ 10.5cps Exp 20/12/19 – A\$2.3m

Major PET Shareholders



Top 20 Security Holders				
Shareholder (including Related Parties)			Number of Shares	% of Total Shares
Link Traders (Aust) Pty Ltd	Director	1	88,214,250	16.27%
ZZL Pty Ltd	Director	2	36,666,667	6.76%
Evan Clucas & Leanne Weston		3	16,306,646	3.01%
Sail Ahead Pty Ltd	Director	4	11,042,472	2.04%
Lesweek Pty Ltd		5	10,131,284	1.87%
HSBC Custody Nominees (Australia) Limited		6	10,064,896	1.86%
Citicorp Nominees Pty Limited		7	7,792,463	1.44%
Tingshan Liu	Executive	8	7,300,000	1.35%
David Colbran		9	7,200,000	1.33%
Quizete Pty Ltd		10	7,000,000	1.29%
Hongmen Pty Ltd		11	6,420,000	1.18%
Newvest Pty Ltd		12	6,249,113	1.15%
Kyle Passmore		13	6,000,000	1.11%
Ludgate Environmental Fund Ltd		14	5,944,426	1.10%
Fraser Enterprises - Fund		15	5,918,494	1.09%
Brett Paton Family Super Fund		16	5,830,556	1.08%
Sharky Holdings Pty Ltd		17	5,400,000	1.00%
Ningping Ma	Director	18	5,312,000	0.98%
Mario Spiranovic		19	5,297,564	0.98%
National Nominees Limited		20	5,137,546	0.95%
Total			----- 259,228,377	----- 47.82%
Total Shares Issued			542,041,581	100.00%
PET Directors & Executives			155,843,719	28.75%



ASX Code – PET

PET is included in the ASX All Ordinaries Index

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