



ASX Code: **PHK**

ASX ANNOUNCEMENT

Tuesday 31th July, 2018

Business Progress

Key Points:

- Revenue for FY2017/18 was up 385% to \$16.2m
- Current year revenue is expected to be in the range of \$27m - \$30m up ~ 80%
- NBPT preliminary forecast is in the range of \$7m-\$10m up ~170%
- Company remains debt free: \$8m cash plus \$14m debtors and inventories

Share Price: **A\$0.43**

52 Week High: **A\$0.465**

52 Week Low: **A\$0.17**

Issued Shares: **497.2m**

Market Cap: **A\$213m**

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PHK BLOG on Water Issues:
www.phoslock.com.au

Highlights

Cash receipts for the June 2018 quarter were up 50% compared with last year, and up 90% for the Financial Year.

Sales and Other Revenue was up 385% on last year.

Phoslock China continues to be a driving force for the Group, added to by a substantial increase in international business. New products and processes are being added, to further drive revenues.

Chairman Laurence Freedman AM, commented: *"this has been a massive year for the Phoslock Group, as we have transformed into an integrated Environmental Technology Company. We are currently in the process of further repositioning the Company to include new products and new applications."*

CHINA

Work was completed on the first of two wetland projects in Beijing, with a contract value of \$6.5m. This project involved the movement of 55,000 tons of materials via rail and over 2,000 truck movements to the project site. The second wetland project, with a value of \$8m, is expected to start in late August and be completed by October. This will involve the movement of over 70,000 tons of material.

Work continues on the Beijing canals, with a combination of Phoslock, zeolites and bacterial products being applied. Dosing is undertaken from mobile containers with automated application equipment. Results have been outstanding.

The Beijing Sales & Engineering Division now has 25 professional employees. In addition to the Beijing projects, the team is working on a number of large engineering and environmental projects expected to result in significant sales in FY2018-19.



Work in Progress at Wetland site

CHANGXING FACTORY

The upgrade of the factory's Research & Development facilities has been completed. A major focus is on new products and combinations of materials able to be used in flowing water.

The Phoslock production line has been running on one shift, matching production with demand. Recently, in addition to Phoslock, the factory has been processing zeolites and producing bacterial agents.

INTERNATIONAL BUSINESS

Europe

Five major and eight smaller applications were undertaken in Europe during the June quarter. The major applications were in the Netherlands, Scotland and Poland. The final application of Phoslock to Lake Goldap in North East Poland was completed in May, while Phoslock was also applied to Strathclyde Loch in Glasgow in early June.

Sales of Phoslock in Europe are expected to grow further in this financial year. Phoslock UK was recently awarded a contract to re-dose the Serpentine in London's Hyde Park. This

project will be undertaken in February 2019 and is the first application of Phoslock to the lake since the 2012 London Olympics.



Aerial view from drone of recent application to Lake Goldap in Poland

The Americas

North American sales were boosted by demand from a growing number of companies operating within SePRO's network of applicators.

Several major projects are under consideration in Canada, with a number expected to proceed this year. The first results from the application of Phoslock to Lac Bromont in Quebec were also announced in June, with the university researchers, stakeholders and government agencies associated with the project reporting excellent results.

The total value of projects currently under consideration in the US and Canada exceeds \$10 million.

Brazilian licensee Hidroscience has commenced work on the maintenance contract at Pampulha, aimed at maintaining the lake's now excellent water quality. The success of Pampulha has attracted considerable interest across Brazil, resulting in HidroScience being invited to assist in the remediation of several drinking water reservoirs and recreational lakes.

FINANCIAL COMMENTARY

Cash receipts for the June quarter were up 50% to \$2.1m (\$1.4m). Cash receipts for the 12 months to 30 June, 2018 were up 100% to \$7.6m (\$3.8m).

Debtors as at year end stood at \$11.6m, with over 80% less than 20 days.

Cash costs at \$1.6m remain steady.

In early July, 2018, the Company completed a share placement, raising a net \$5.3 million. The Company issued 15.3 million fully paid ordinary shares at a price of 36 cents per share, to institutional and sophisticated investors.

Because of the massive changes in China and internationally, we are conservatively forecasting a range of \$7m - \$10m Net Profit Before Tax for the current year.

As at 30 July, PWS remains debt free, with cash on hand of \$8m and receivables/debtors and inventories of \$14m

The release of the 4E and Audited Financial Statements is scheduled for Friday 24 August, 2018.

NAME CHANGE – Phoslock Environmental Technologies Limited.

The Company is moving to change the name of the company to **Phoslock Environmental Technologies Limited**. The ASX code **PET** has been reserved. The change reflects the dramatic transformation having taken place over the past two years.

A General Meeting will be held on 17th August 2018 to ratify the name change and ASX code. A Notice of Meeting has been sent to shareholders with a proxy form to return to the Company.

Mr Laurence Freedman AM
Chairman

Mr Robert Schuitema
Managing Director

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PHOSLOCK WATER SOLUTIONS LIMITED (PHK)

Phoslock Water Solutions Limited is listed on the Australian Stock Exchange (ASX Code: PHK).

Phoslock Water Solutions Limited (ASX: PHK) is an international environmental company specialising in engineering solutions and water treatment products to remediate impaired lakes, rivers, canals and drinking water reservoirs.

Phoslock Water Solutions Ltd (PWS) has its headquarters in Sydney, Australia with offices in Brisbane, Beijing & Changxing, China; and Manchester, UK. PWS is represented by licensees, distributors and agents in ten other countries including SePRO Corporation in the United States and HidroScience in Brazil. PWS has a number of marketing and co-operation agreements in China with various environmental companies and government agencies.

With the massive water remediation market in China, in 2017 Phoslock (Beijing) was formed. Our 100% owned subsidiary undertakes design, engineering, and implementation using remediation materials for rivers, canals, reservoirs and lakes along with construction of wetland areas. This is a significant broadening of the historical PWS business and enables it to undertake a greater array of projects in China and elsewhere, supplying both services and materials.

PWS owns the patent for *PHOSLOCK*; a unique water treatment product that permanently binds excess phosphorus in the water column and sediments. This in turn inhibits the growth of Harmful Algal Blooms (HAB) that lead to detrimental effects to both aquatic and human life.

Along with *PHOSLOCK*, PWS also supplies:

- 1) Zeolites - a porous, natural material that can be applied to heavily polluted water to absorb nutrients such as nitrogen. Nitrogen is another important food source for the growth of harmful algae; and
- 2) Bacteria. - Certain types of bacteria can break down contaminants and organic matter that pollute water and cause human and water borne diseases.

PWS has a large multi-purpose factory in Changxing, Zhejiang province, China, 150km inland from Shanghai, which manufactures its patented technology, *PHOSLOCK*, along with nutrient binding materials (zeolites) and biological solutions (such as nutrient consuming bacteria).

For more information on the company, recent news, and blogs please visit our website: **www.PHOSLOCK.com.au**