



A Global Water Treatment & Water Services Company



December 2017 Half Year Review

23 February 2018

Disclaimer and Important Notice



This presentation does not constitute investment advice. Neither this presentation nor the information contained in it constitutes an offer, invitation, solicitation or recommendation in relation to the purchase or sale of shares in Phoslock Water Solutions Limited – ABN 88 099 555 290 (the “Company”) - in any jurisdiction. Shareholders should not rely on this presentation. This presentation does not take into account any person’s particular investment objectives, financial resources or other relevant circumstances and the opinions and recommendations in this presentation are not intended to represent recommendations of particular investments to particular persons. All securities transactions involve risks, which include (among others) the risk of adverse or unanticipated market, financial or political developments. The information set out in this presentation does not purport to be all inclusive or to contain all the information which its recipients may require in order to make an informed assessment of the Company. You should conduct your own investigations and perform your own analysis in order to satisfy yourself as to the accuracy and completeness of the information, statements and opinions contained in this presentation. To the fullest extent permitted by law, the Company does not make any representation or warranty, express or implied, as to the accuracy or completeness of any information, statements, opinions, estimates, forecasts or other representations contained in this presentation. No responsibility for any errors or omissions from this presentation arising out of the negligence or otherwise is accepted.

This presentation may include forward looking statements. Forward looking statements are only predictions and are subject to risks, uncertainties and assumptions which are outside the control of the Company. These risks, uncertainties and assumptions include commodity prices, currency fluctuations, economic and financial market conditions in various countries and regions, environmental risks and legislative, fiscal or regulatory developments, political risks, project delay or advancement, approvals and cost estimates. Actual values, results or events may be materially different to those expressed or implied in this presentation. Any forward looking statements in this presentation speak only at the date of issue of this presentation. Subject to any continuing obligations under applicable law and the ASX Listing Rules, the Company does not undertake any obligation to update or revise any information or any of the forward looking statements in this presentation or any changes in events, conditions or circumstances on which any such forward looking statement is based.

PWS December 2017 Half Year Review

- Revenue for December Half Year \$6.2m – Up 226%
- EBITDA \$1.0m
- Maiden profit \$0.5m

- Significantly Improved Balance Sheet:
 - A\$7m in cash plus
 - Receivables/Inventory of \$6m;
 - Debt Free;
 - Net Assets of \$12.3m

- Revenue impacted by weather conditions at two projects (north China & Poland) resulting in \$3m of sales revenue moving into second half

- **Full Year 17-18 Guidance: Revenue of \$21-23m and EBITDA of \$3.5-4.5m**

PWS Group

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

Businesses:

- **International Water Treatment Business**

Using Phoslock® and other products to treat lake and rivers;
Ten licensees representing PWS in over 30 countries



- **China Water Treatment Business**

Offices in four Chinese cities; now using a range of products and movable plants to treat highly polluted canal/rivers/lakes, including “black odorous water”



- **China Engineering & Implementation Business**

25 professionals in Beijing office providing design, engineering and implementation services for canals, river and wetland projects



Changxing Factory

New Multi purpose factory in Changxing producing a range of products

Readily scalable:

- Current capacity 15,000tpa = \$40-50m sales pa
- 2nd production line can double production

See video of Changxing Factory

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

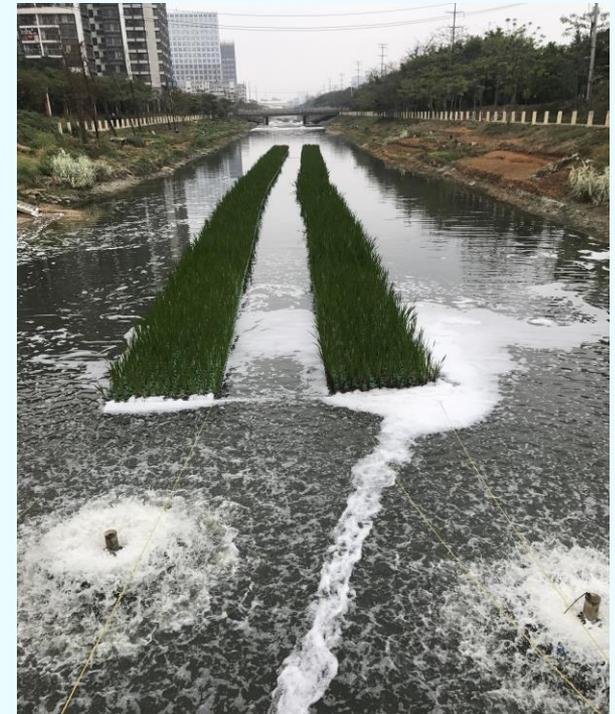


China Sales \$3.4m Dec17 HY

Phoslock Beijing (PBEE) provides design, engineering, contract implementation and management

- Experienced team of 25 environmental project managers in place; already working on five projects
- First major project underway - \$5m sales value; using over 1,100 tons of Phoslock, zeolites, and bacteria products
- Second major project to be signed in March/April; +/- \$10m sales value; majority to be completed by June 2018
- Strategic Agreement with BHZQ Environmental working well
- Significant need for PWS Materials in future BHZQ projects
- Some projects include **maintenance contracts** to ensure water quality for 5,10 and up to 20 years; on going requirement for PWS Materials

PWS Materials used in re-building Canals



PWS Materials used in Mobile Treatment Plants to process Polluted Water from canals& rivers



PWS 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 meets at least the industrial but not drinking water use (Level III) standard by 2020
- Focusing on the treatment of "**black odorous water**" and drinking water sources



PBEE team designing and project managing construction of new Wetlands



Recent Projects – North China Canal Works

Project value \$5m plus \$1-2m pa maintenance contract



International Business – Sales \$2.8m Dec17 HY

- International sales increased by 45% to \$2.8m
- Pampulha restoration project in Brazil's 3rd largest city nearly completed. \$4m project, on going maintenance works
- **Substantial projects during the period were:**
- Bromont in Canada – 174 tons applied
- Goldap in Poland – 300 tons; 50% applied and balance in April 18
- Brazil – a number of reservoir projects underway
- US – SePRO – strong sales to applicator network; working on a number of large projects
- Europe/UK – 4 projects completed
- **Forecasting FY17-18 International Sales of \$6m**



Finalised Projects – Pampulha, Brazil

Project value \$4m completed plus ongoing maintenance work



Finalised Projects – Bromont, Canada

Project value \$600,000



Finalised Projects – Goldap, Poland

Project value \$1.3m



Outlook for Remainder of FY17/18

- Guidance: Full Year Revenue of \$21-23m and EBITDA of \$3.5-4.5m
- Focusing on growing Contracting & Materials business throughout China
- Conversion of Medium & Large Projects in International Materials in North America, Latin America, Europe and Asia
- Increased production at Changxing Factory – ready expansion if required
- China R&D projects used in commercial applications
- Registration of *Phoslock* Patent in key markets
- Strong balance sheet; growing profitability
- Potential Future Option Revenue of \$7m in 12 months

Capital Structure



Capital Structure (22nd February, 2018)

Company Name:	Phoslock Water Solutions Limited
ASX Code:	PHK
Current Price:	27.5 Cents
Trading Range: (last 12 months)	7 – 30 Cents
Total Issued Shares:	481.8m
Total Issued Options:	65.0m*
Market Capitalisation:	A\$132m
Options*:	65.0m @ 10.5cps Exp 20/12/19

Top 20 Shareholders (20th February, 2018)

Top 20 Security Holders			
Shareholder (including Related Parties)		Number of Shares	% of Total Shares
Link Traders (Aust) Pty Ltd		88,208,535	18.31%
China Environmental Construction/ZZL Pty Ltd		32,500,000	6.75%
Kuranga Nursery SF		18,365,091	3.81%
Sail Ahead Pty Ltd		15,495,948	3.22%
Lesweek Pty Ltd		10,631,284	2.21%
Hongmen Pty Ltd		9,600,000	1.99%
Quizete Pty Ltd		9,500,000	1.97%
Newvest Pty Ltd		8,169,113	1.70%
David Colbran		7,450,000	1.55%
Andrew Darney		6,650,000	1.38%
Kyle Passmore		6,000,000	2.33%
Ludgate Environmental Fund		5,944,426	1.23%
Fraser Enterprises Pty Ltd		5,660,344	1.17%
Sharky Holdings Pty Ltd		5,400,000	1.12%
Mario Spiranovic		5,187,407	1.08%
Paton SF		5,000,000	1.04%
Nigel Traill		4,506,334	0.94%
Saville Cap Emerging Fund		4,349,121	0.90%
Paul & Lorraine Cazyer		4,333,776	0.90%
Probus Pty Ltd		4,285,000	0.89%
		-----	-----
Total		257,236,379	54.48%
Total Shares Issued		481,813,801	100.00%



Phoslock Water Solutions Ltd.

Suite 403
25 Lime Street
Sydney NSW 2000
Australia

Tel: +61 2 8014 7611

Robert Schuitema – Managing Director

Mobile: + 61 (0) 412 305 442

Email: rs61@bigpond.net.au

Laurence Freedman AM – Chairman

Office: + 61 (2) 8999 1999

Web: www.phoslock.com.au

ASX Code: PHK