



A Global Water Treatment & Water Services Company



December 2017 Half Year Review

23 February 2018


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PWS December 2017 Half Year Review

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- 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

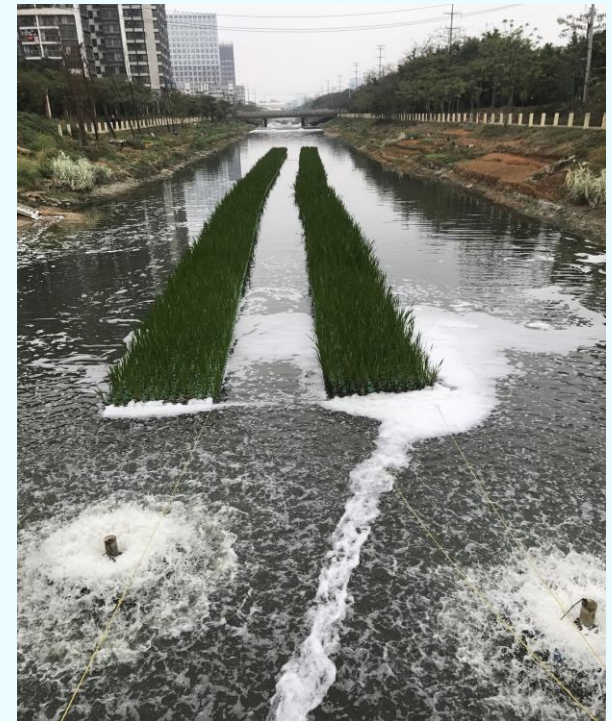


China Sales \$3.4m Dec17 HY

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



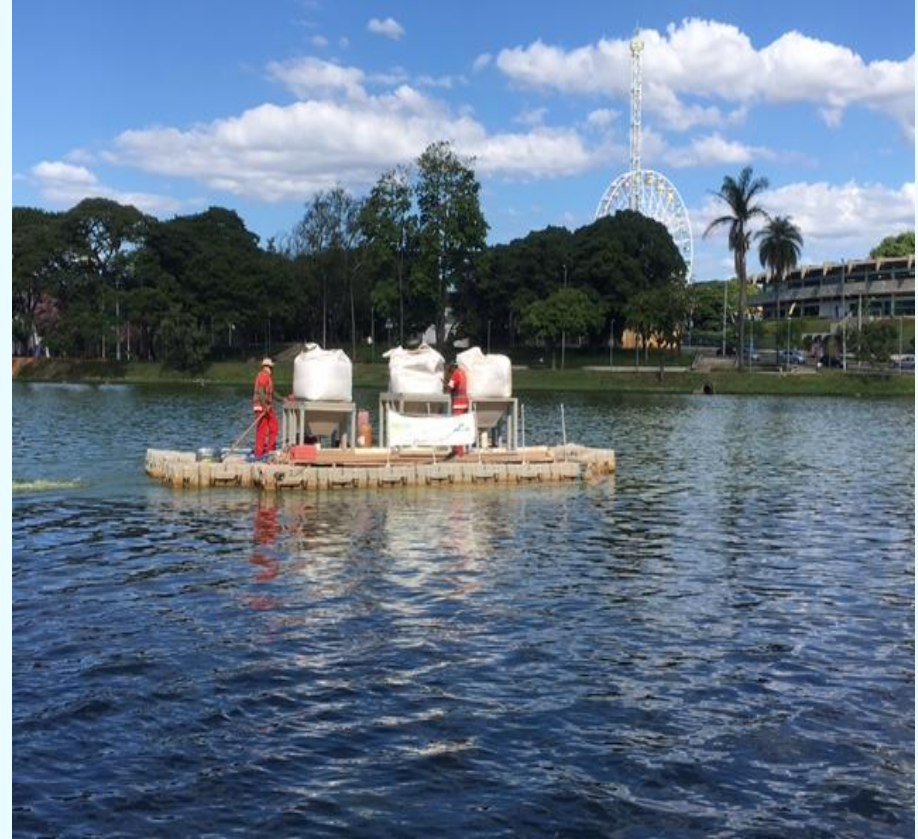
International Business – Sales \$2.8m Dec17 HY

- 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%
Kurunga 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%
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Total					257,236,379	54.48%
Total Shares Issued					481,813,801	100.00%



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