



A Diversified Water Services & Materials Group



Australian MicroCap Investment Conference

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Phoslock Water Solutions Limited (ASX:PHK)

- Phoslock Water Solutions Limited (ASX:PHK) is a diversified global water services and materials group
- Three business segments – China Contract Services; China Materials & International Materials
- *Phoslock* is a unique product to remove phosphates and other contaminants from lakes, reservoirs, rivers and canals
- Safe for use in drinking water reservoirs
- Hundreds of successful applications worldwide
- Forecast sales of \$22m for FY17-18 and projection of \$40m for FY18-19
- Profitable in FY17-18 and beyond
- Clean balance sheet; \$6m cash and debt free (after SPP); \$3m debtors/stock

Phoslock Material

- › Phoslock – CSIRO developed; new patent to 2033 being finalised
- › Combination of Lanthanum and Bentonite = reaction
- › Phoslock has been used commercially for over 10 years; over 300 projects; 60 technical publications
- › Product manufactured in granular form then shipped
- › Applied to lakes, rivers, canals, wetlands as granulate or slurry
- › Using zeolites, bacteria, Phoslock bricks in lake, river, canal applications



PHOSLOCK LOCKS UP PHOSPHATES SAFELY AND PERMANENTLY

Major Changes to PWS Business

Well established International business in Europe/UK, Canada, US, Brazil

- licensees in 8 countries and selling to 20 countries

Recent **triple transformation** by developing China business:

1. New Factory = massive production increase
2. New Products = ability to treat complex contaminants
3. New Business = Design, Engineering & Construction of water projects

China Growth

Super Growth to come from China

Scale of the problem in China is immense

PWS has products and engineering capability to address problems

PWS has developed Special Relationships to partner on projects

China – War on Pollution

Chinese Government allocated rmb 2 trillion (A\$400bn) in 2015 to tackle water quality issues over the next 5 years.

PWS - New Changxing Factory

Phoslock production line can currently produce 15,000tpa (corresponds to \$40-50m sales pa)

Business Scalable Quickly

Second production line can be added quickly to take annual output to 30,000tpa.

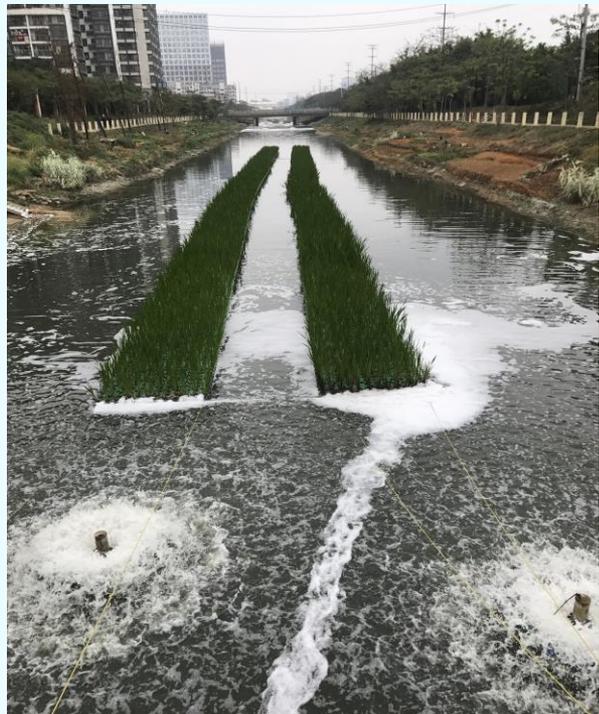


China Contracting Business

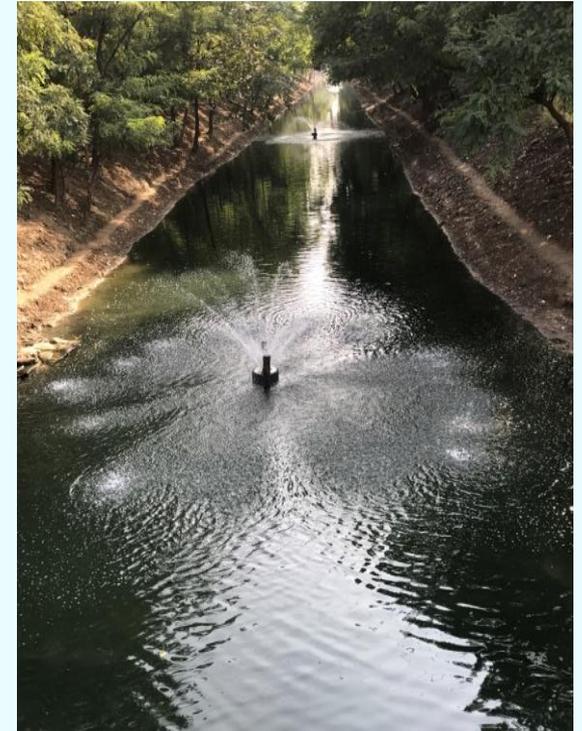
Phoslock Beijing (PBEE) formed to provide design, engineering, contract implementation and contract management

- Experienced team of 17 environmental project managers established; already working on five projects with value > A\$30m
- BHZQ Environmental is a project manager and solutions provider for large integrated water environmental projects throughout China
- Significant need for PWS Materials in future BHZQ project
- BHZQ projects include **maintenance contracts** to ensure water quality for 5, 10 and up to 20 years – on going requirement for PWS Materials

Re-Building Canals – Before; During & After



Improving Water Quality in Rivers & Canals via treatment stations using PWS Products



PWS Financial Projections

		2016/17	2017/18	2018/19
		Actual	Forecast	Projection
		\$	\$	\$
Total Revenue		\$4,227,307	\$22,000,000	\$40,000,000
Cost of Goods Sold		-\$2,482,143	\$13,700,000	\$25,000,000
Gross Profit		\$1,745,164	\$8,300,000	\$15,000,000
Overheads		-\$3,567,777	-\$4,300,000	-\$5,650,000
Net Profit		-\$1,822,613	\$4,000,000	\$9,350,000
EPS	Shares on Issue 455,644,474		0.9 cents	2.1 cents

PWS Board of Directors

Laurence Freedman AM

Chairman (since 2011)

Founder EquitLink Group; Experienced Director & Investor

Robert Schuitema

Managing Director (since 2007)

Ex JPMorgan investment bank; Experience small cap Director

Zhigang Zhang

Non Executive Director (since June 2017)

General Manager of BHZQ Environmental, Beijing

Brenda Shanahan

Non Executive Director (since September 2017)

Experienced Finance Executive, ex Challenger Board

Hon Pam Allan

Non Executive Director (retiring at November AGM)

Capital Structure

Capital Structure (16th October, 2017)

Company Name:	Phoslock Water Solutions Limited
ASX Code:	PHK
Current Price:	20.0c
Trading Range: (last 12 months)	6.8 – 24.0 Cents
Total Issued Shares:	455.6m
Total Issued Options:	67.5 m*
Market Capitalisation:	A\$91.1m (US\$68m)
Options:	67.5m made up of: A\$7.1m exer value 2.5m @ 7.1cps Exp 20/3/18 – A\$0.2m 65m @ 10.5cps Exp 20/12/19 – A\$6.9m

Major Shareholders

Major Phoslock Shareholders of Ordinary Shares

Laurence Freedman AM – PWS Chairman	19.4%
Zhigang Zhang & Others – PWS Director	6.6%
Evan Clucas – Investor	4.3%
Robert Schuitema – PWS Managing Director	3.6%
Dennis Hong – PWS China	3.3%
LesWeeks – Investor	2.3%
Current Directors and Executives – Ordinary Shares	32%
Top 20 Shareholders Aggregate Holding	60%
Total Number of Shares on Issue	455.6 M

Why Buy PWS?



Compelling Investment Case

- › Diversified global water services and materials group
- › Building a strong Chinese Contracting and Materials business
- › BHZQ Environmental is a significant strategic partner assisting China business
- › Annuity revenue from maintenance contracts is growing strongly
- › Current 2017/18 revenue forecast increased to \$22m; projecting \$40m FY18-19
- › New manufacturing plant in production; 15,000 tpa; sales revenue \$40-50m pa if fully sold
- › International Materials business - licensees in 8 countries and selling to 20 countries
- › Large & growing pipeline of Medium & Large projects – nearly \$40m in projects on hand (in addition to the \$22m of FY17-18)
- › Balance Sheet stronger with Placement; SPP and Options exercise
- › Future Option Revenue of \$7m in 8-20 months
- › \$6m cash; debt free (after SPP); \$3m debtors and inventories



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