



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.





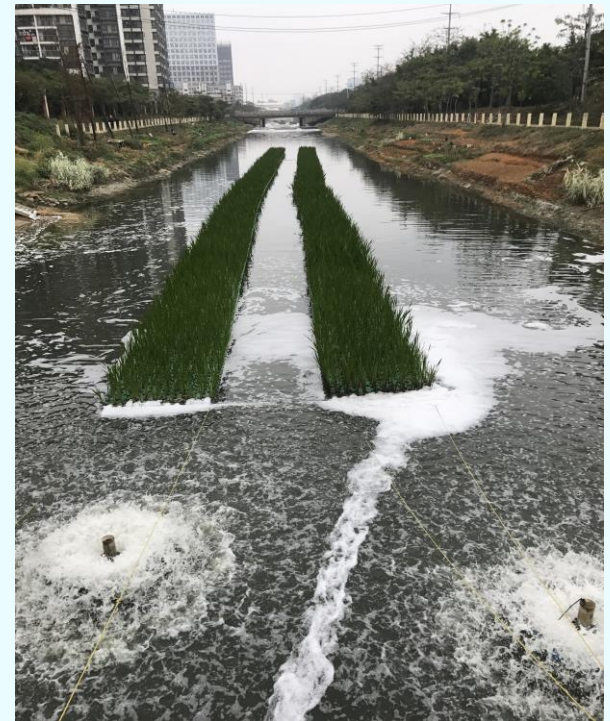
# China Contracting Business



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

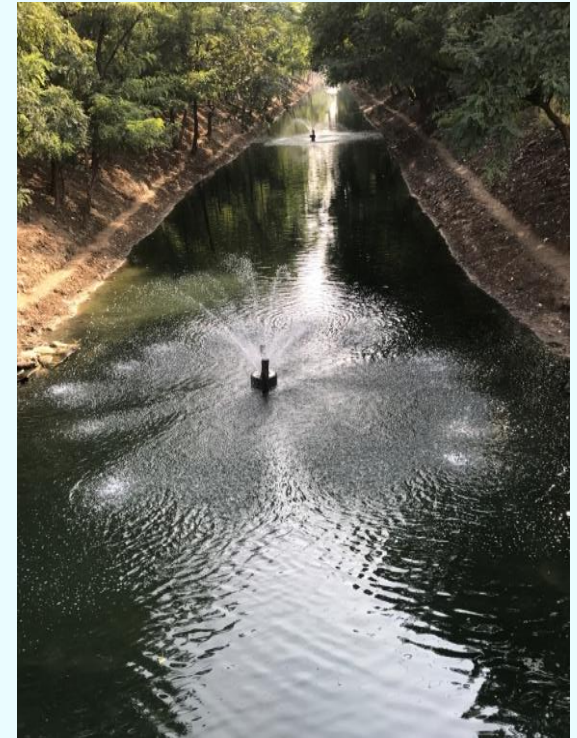
- Experienced team of 17 environmental project managers established; already working on five projects with value > A\$30m
- BHZQ Environmental is a project manager and solutions provider for large integrated water environmental projects throughout China
- Significant need for PWS Materials in future 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 (16<sup>th</sup> 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%
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<b>Top 20 Shareholders Aggregate Holding</b>	<b>60%</b>
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Total Number of Shares on Issue	455.6 M
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# 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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