



# **The Only Global Player Focused on Decentralised Water Markets**

October 2017

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# Fluence Snapshot



# Fluence: Strategic Advantage by Design



## Emefcy

- Creator of innovative, decentralised wastewater technologies (MABR, SUBRE)
- Technology advantage = highly differentiated, high margin products
- Commissioned sites in Israel, N. America, Asia + Africa
- China partners and infrastructure established to support China roll-out

## RWL Water

- Specialised in standardised, decentralised solutions with fast path to revenue
- Proven execution with 7,000 references in more than 70 countries
- Strong international sales and delivery platform



**Complete solution for  
smart packaged &  
decentralised plants**

**Differentiated, high margin,  
scalable solutions  
deployable anywhere**

**The only global player  
focused on decentralised  
water markets**

# Fluence Combines The Best Market Opportunity With The Right Solutions



US\$700B global water market – tighter rules, urgent needs



Only global, pure play water & wastewater treatment company



Targeting fastest growing segments



Proven solutions offer best-in-class performance



MABR ramp starting in China



First SUBRE contract won



Global team of 330+ experts



Strong balance sheet to execute plan

**Result: Sustained revenue and margin growth, recurring revenue**



# World-Class Board & Leadership



## Leadership Team



**Henry J. Charrabé**  
Managing Director  
& CEO

- Former CEO  
RWL Water



**Philippe Laval**  
COO

- Former COO  
RWL Water
- 27 years  
environmental  
operating  
experience



**Bob Wowk**  
CFO

- 25 years  
finance  
experience



**Ronen Schechter**  
CTO

- Co-Founder  
Emefcy

## Board of Directors



**Richard Irving**  
Executive Chairman

- 35 yrs tech/VC  
exp
- US\$3B value  
created



**Henry J. Charrabé**  
Managing Director  
& CEO



**Rengarajan  
Ramesh**  
Non-executive  
Director

- Former CTO  
GE Water



**Ross Haghighat**  
Non-executive  
Director

- 30 yrs tech/VC  
exp
- US\$4B value  
created



**Peter Marks**  
Non-executive  
Director

- 30+ yrs capital  
markets exp



**Robert Wale**  
Non-executive  
Director

- 30+ yrs water  
industry exp



**Arnon Goldfarb**  
Non-executive  
Director

- 30+ yrs  
industrial exp

# Progress



**fluence**

# Progress since EGM (July 2017)



## Global

- **US\$9M+ in new bookings**
- Introduction of MABR to other geographies (ex China)
- First Full-scale SUBRE contract
- US\$100M+ Africa project MOU
- 3 Waste-to-Energy projects
- Nirobox on track for 4x Y/Y growth
- Several LatAm projects

## China

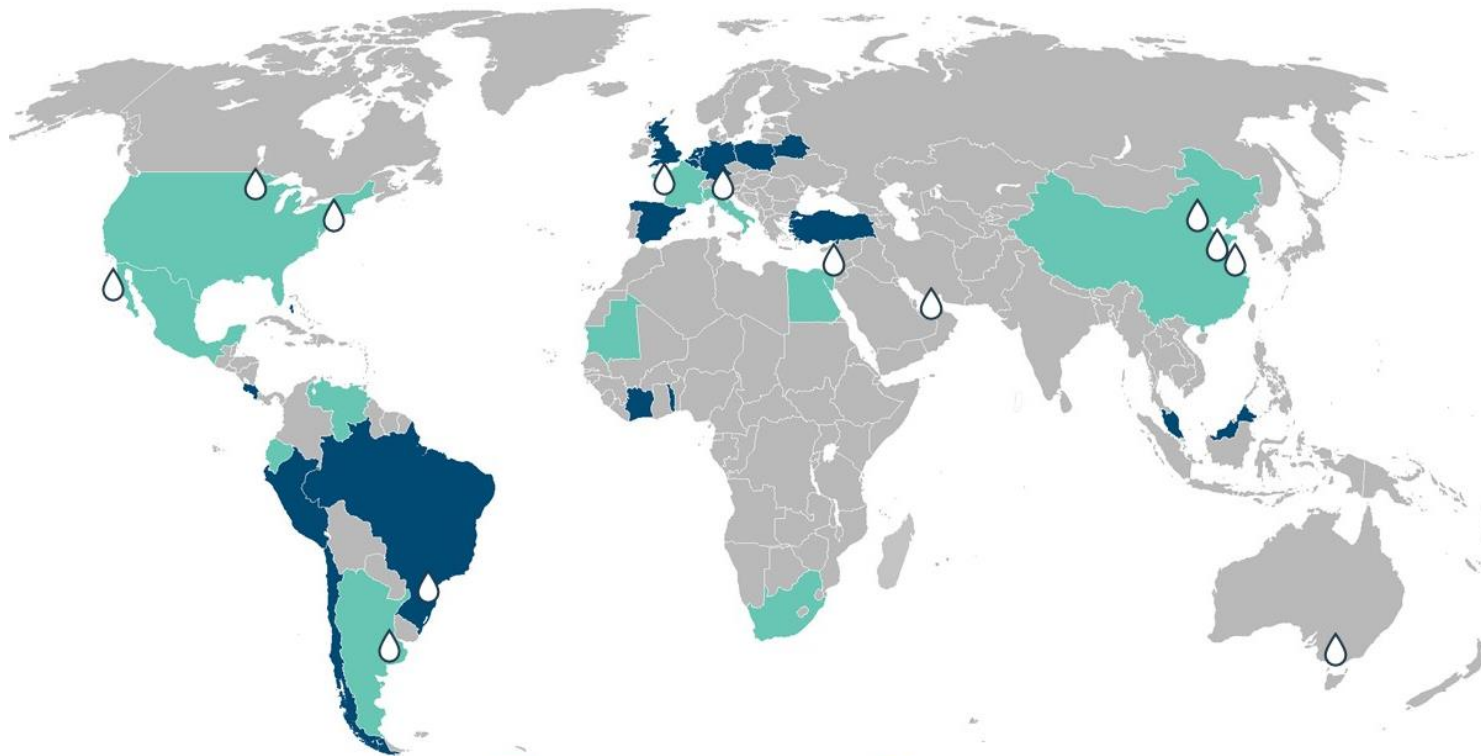
- China network in place – ready to ramp
- 6 MABR demo plants operating in China
- Wuxi Design Institute Certification
- Negotiating multiple China MABR projects
- China factory producing MABR modules, Smart Packaged MABR

## Results

- Sept 30: US\$44M in cash (excluding prepayments)
- Minimal debt
- **2H17 on track for US\$90M run rate (Estimates only)**
- Team integration complete



# A Global Leader in Fast-To-Deploy Decentralised Treatment Solutions



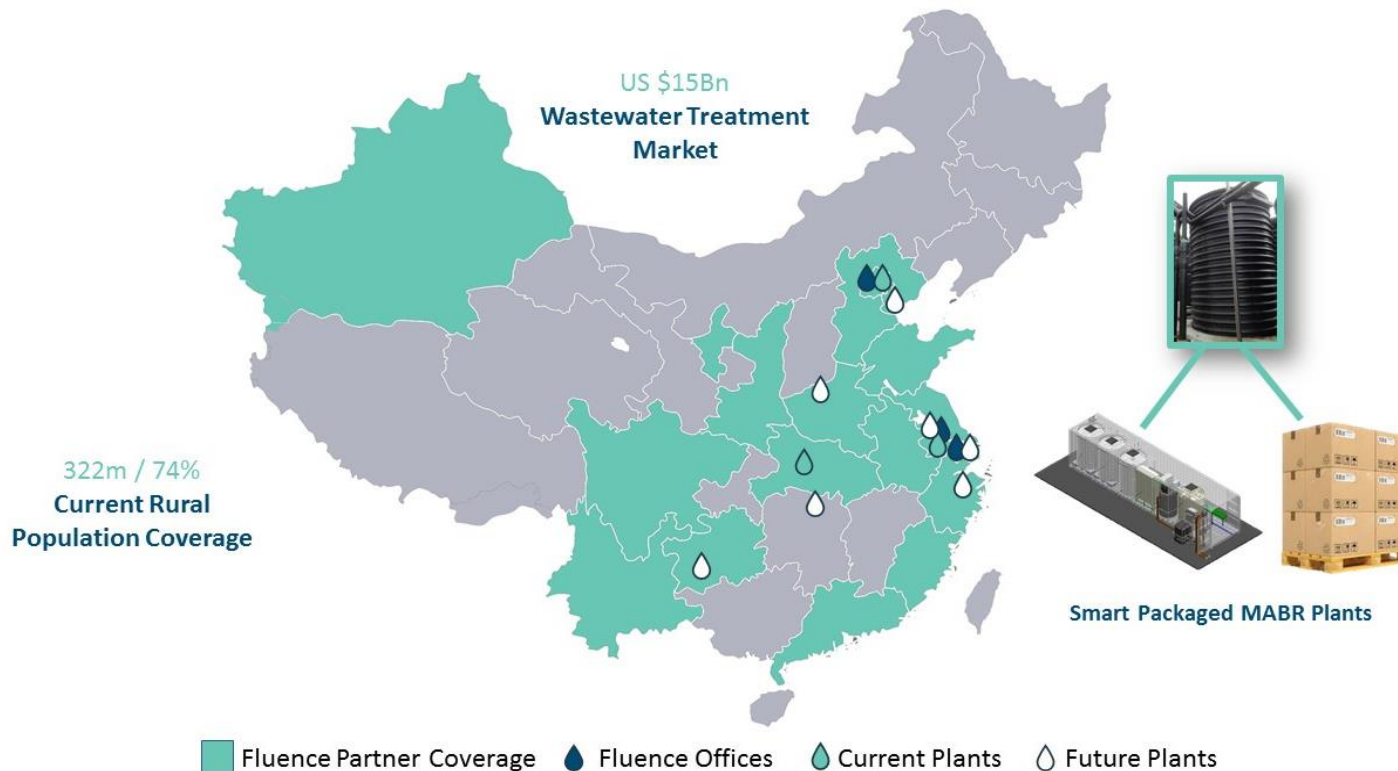
📍 Offices/Manufacturing Sites    🟢 Projects Executed in 2017    🔵 Current Projects/Active Prospects

Sales reach in US, China, Latin America, Africa, Europe

Diversifies revenue sources while increasing opportunities

Global operations, including manufacturing in Israel, Argentina, USA, Italy and China

# Well Positioned for Huge China Opportunity



China's current 5 year plan to fund rural wastewater treatment

US\$15 Billion opportunity, 440 million people to benefit

Fluence starting to deploy smart packaged wastewater treatment systems

Local manufacturing of MABR modules and plants in place

# Positioning

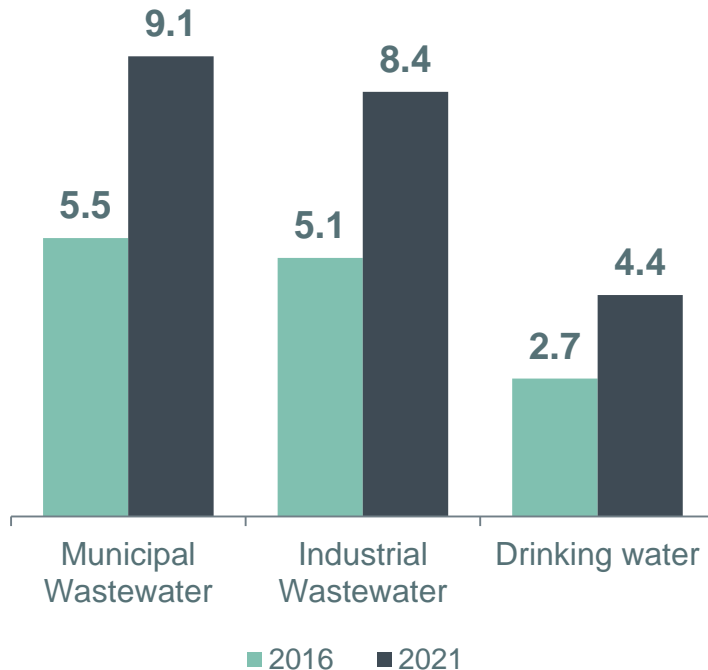


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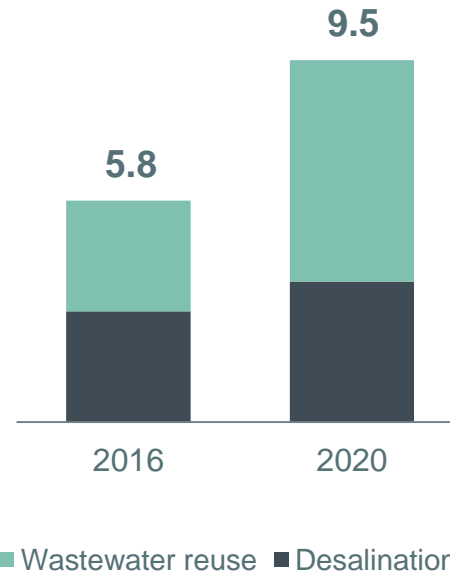
# Target Markets Growing Rapidly



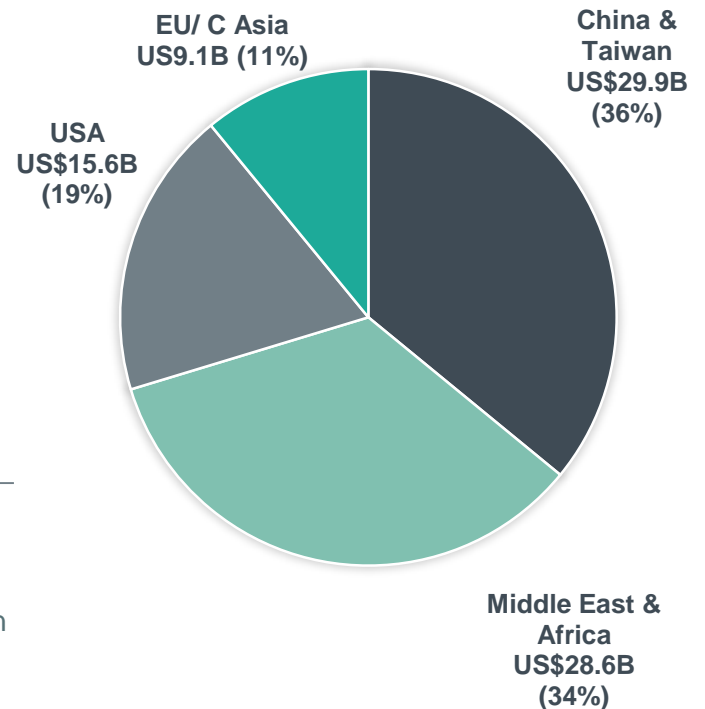
**Smart Packaged Plants:** Global market size grows from US\$13.3B in 2016 to **US\$21.8B** in 2021 (US\$ Billions)



**New capex:** On desalination and reuse equipment (US\$ Billions)



**Cumulative new capex:** On desalination and reuse plants, 2017-22



# Unique Market Position Drives Global Growth



## Decentralized treatment markets are large & growing

US\$13B in 2016  
-> US\$22B in 2021

Huge new China  
US\$15B opportunity

## No competitor fully addresses market needs

Major players target big projects

Regional players have limited product lines

Smaller players can't invest in technology, packaged solutions

## Fluence has compelling differentiators

Disruptive technology

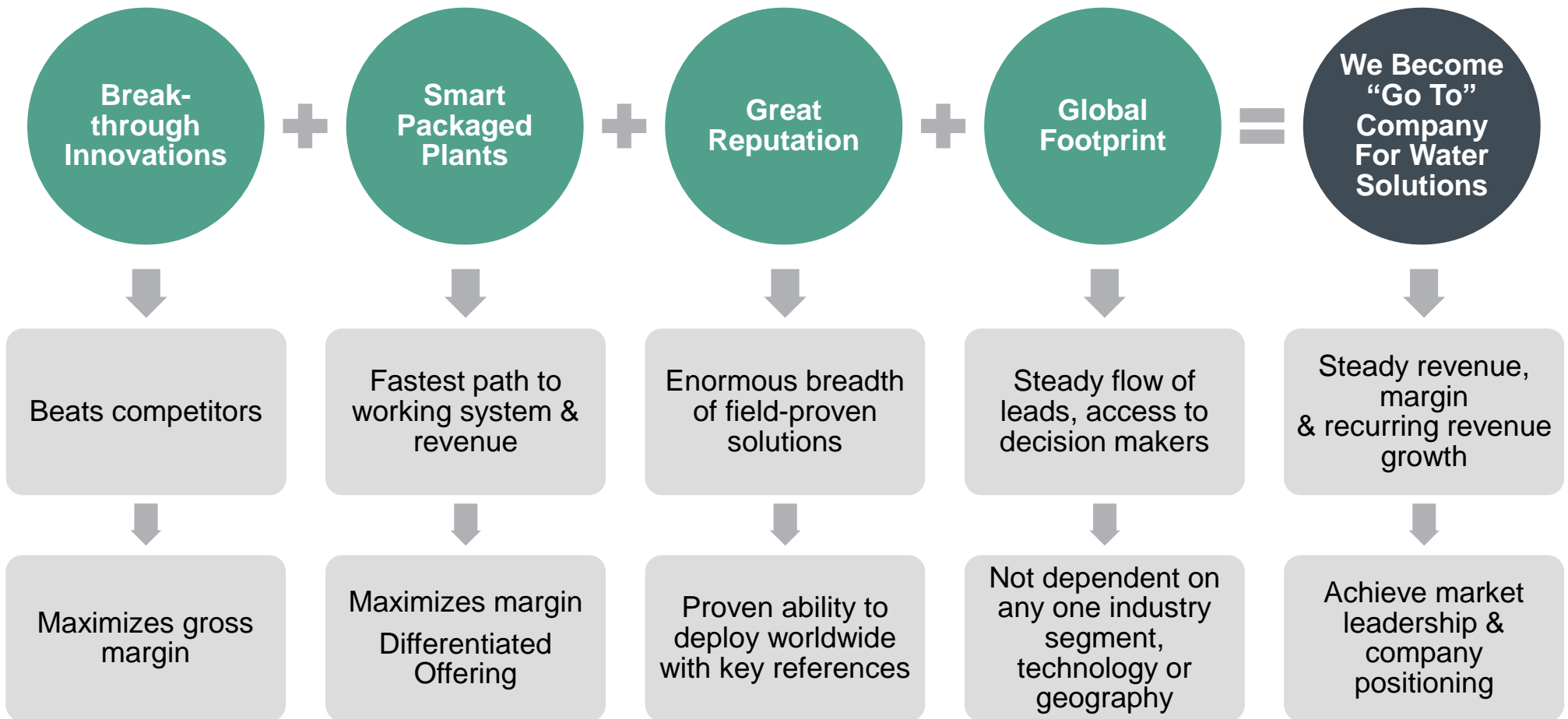
Smart Packaged Plants

Complete product line, great references

Global footprint & reputation

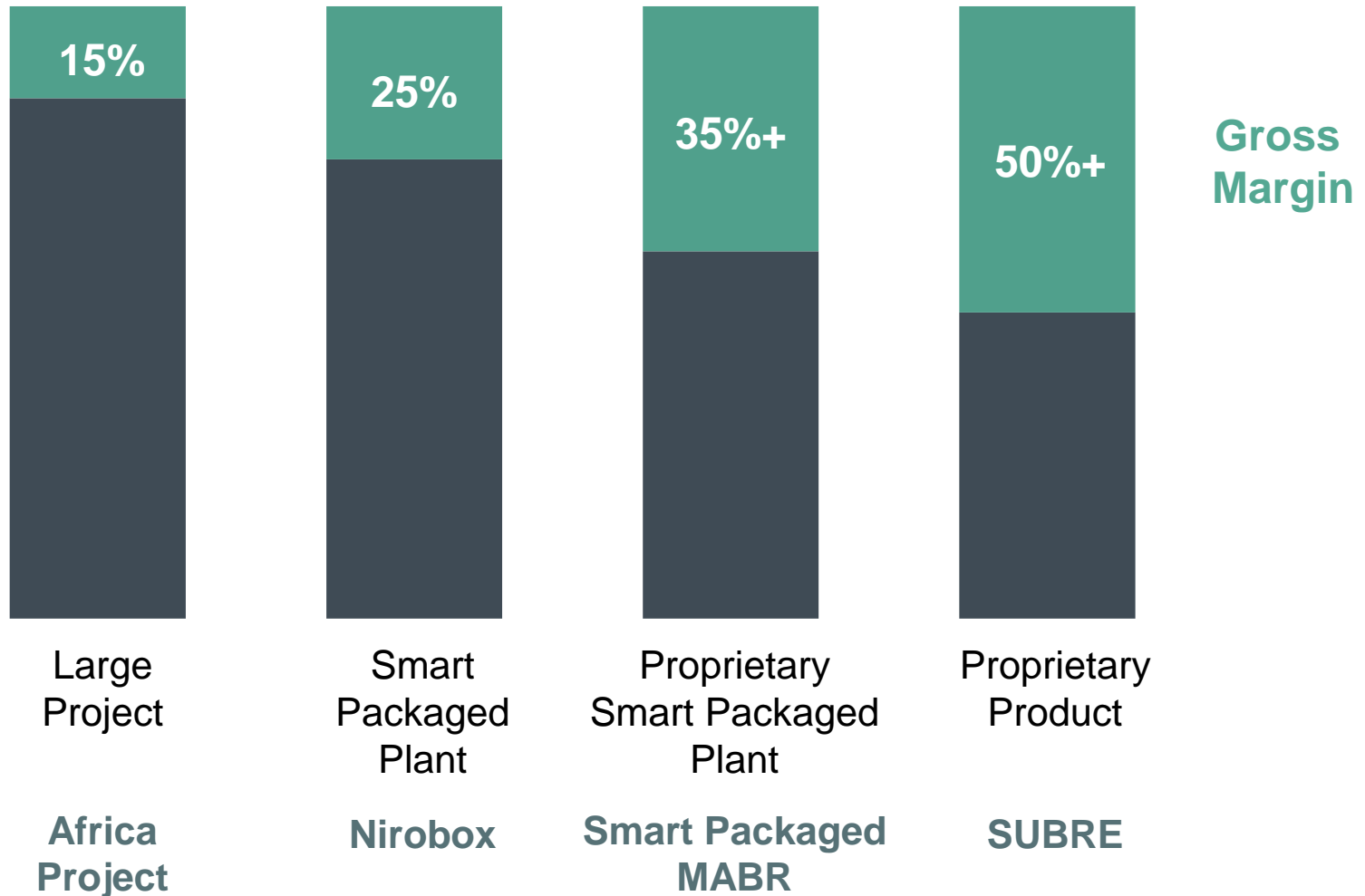
Global team, access to capital markets

# Critical Success Factors Help Drive Success





# Critical Success Factor: Growing Gross Margin



Example:

# Complete Suite of Global Solutions



 fluence

# Critical Success Factors: Key Initiatives



**1. Diversified business:** multiple leading-edge products & geographies

**2. Smart Packaged Plant advantages:** faster sale, deployment, and higher margins

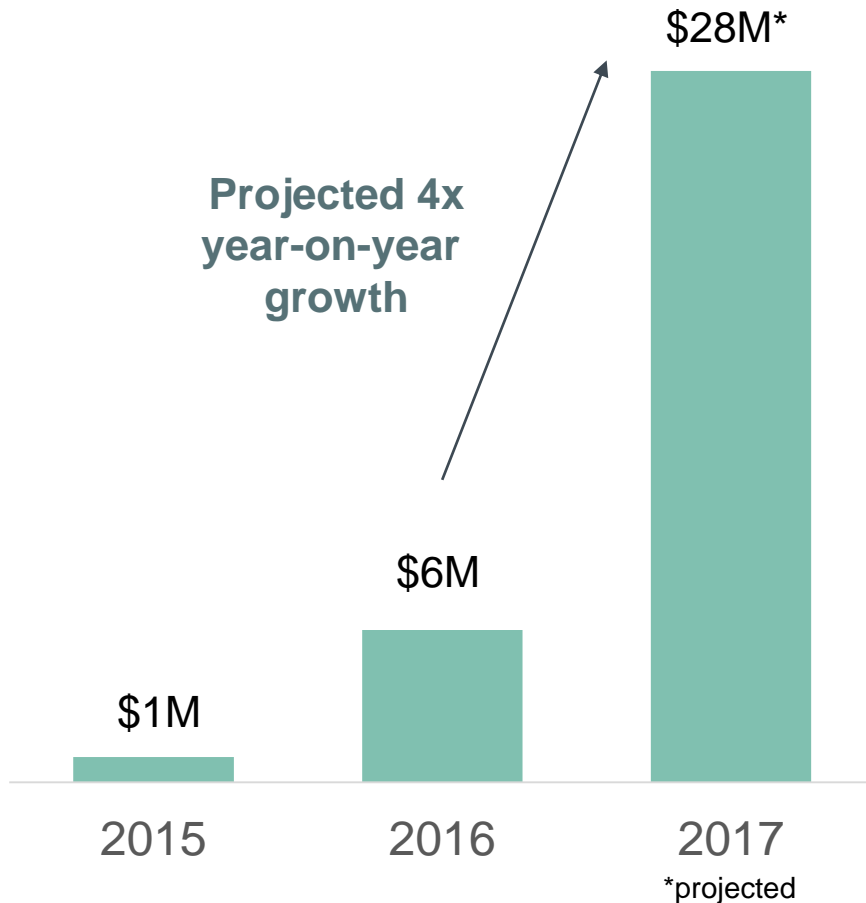
**3. Large treatment deals** underpin path to profitability

**4. Continued focus on recurring revenue models**  
Supports higher valuation

- Nirobox now (growing fast)
- Smart Packaged MABR is key to China success
- New product development (SUBRE)
- BOT/Lease/service models

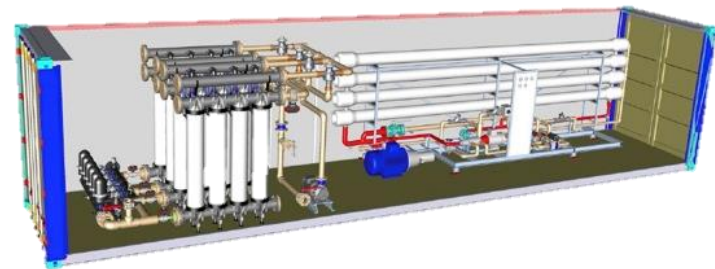
# Smart Packaged Plants Enable Rapid Sales Growth

Nirobox Sales



## Nirobox Smart Packaged Plant

- Containerised, mobile desalination plant for easy deployment globally
- Strong margins (25%)
- Introduced in 2015 with immediate market adoption



# Why Smart Packaged Plants Win: Case Study

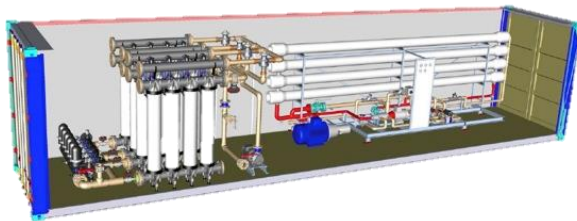


**Deploys in 1/3 of the time, at 37% lower cost, captures more value**



## Typical Custom Desalination Plant

- ✗ Long time to complete (18+ mos)
- ✗ High capex
- ✗ Fixed site, hard to upgrade

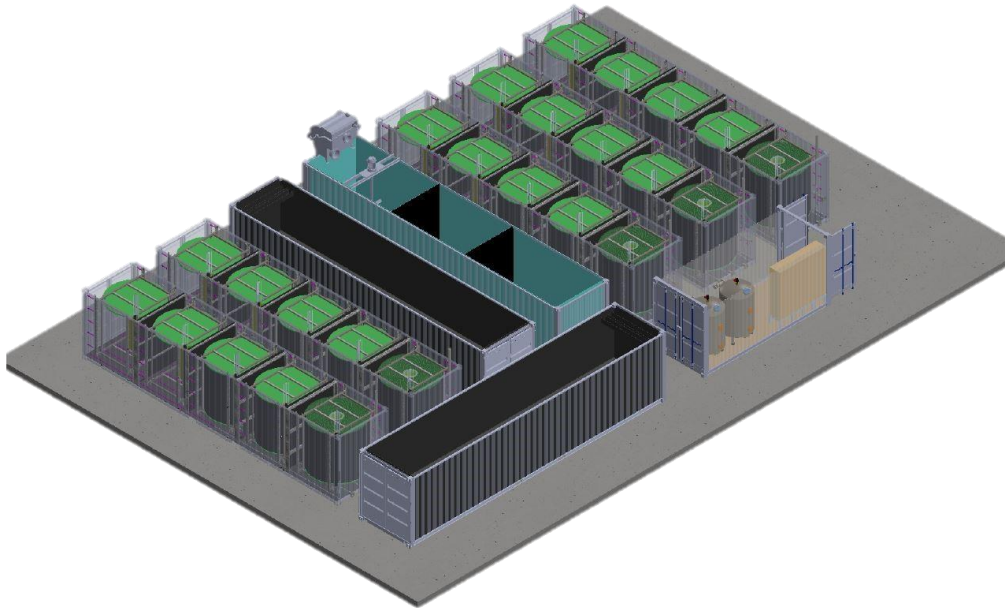


## Fluence Desalination Plant

- ✓ One-third of construction time
- ✓ Capex = 37% less
- ✓ Easy to upgrade as required
- ✓ Easy to relocate – mobile
- ✓ Lower energy use

***“South Africa’s first mobile desalination plant”***  
**Global Water Intelligence**

# Smart Packaged MABR Plants Enable Fastest Path To Revenue



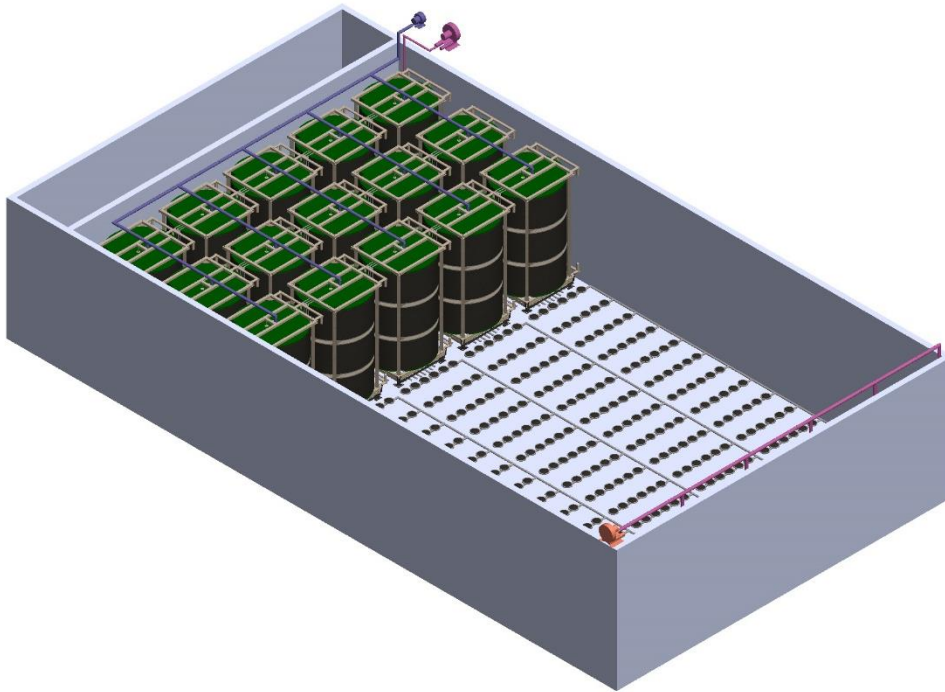
## MABR Smart Packaged Plant

- Containerised, mobile, low energy distributed wastewater plant
- High margins (35%+)
- Introduced in 2017 targeting China, Rural and Global Markets
- Local made modules reach sites fast





# SUBRE (Submerged MABR) Opens Large New Market



## SUBRE

- Submerged MABR enables **centralized plant** compliance with new regulations **without chemicals**
- High capacity make SUBRE suitable for retrofitting to existing wastewater plants
- High margins (50%)
- First full-scale SUBRE contract secured



# Compelling GLOBAL Position = Diversified Revenue



Product	Market	Competitive Advantage	Proof Points
<b>Smart Packaged MABR</b>	Decentralized wastewater: US\$9.1B in '21 + US\$15B in China	Up to 90% less energy, halves opex, fast time to market	<b>Plants in USVI (US EPA certified), 5 in China, 1 in Ethiopia, 2 in Israel</b>
<b>SUBRE</b>	Thousands of plants, US\$2B+/year	Avoids toxic chemicals, big energy saving, improves nitrogen removal	<b>Full-scale field testing &amp; 1<sup>st</sup> contract now - low-risk as closely based on proven MABR</b>
<b>Smart Packaged Plant – Purification (Nirobox, Ecobox)</b>	Decentralized water plants: US\$4.4B in '21 Solves emergencies	Deploy in 6 versus 18-24 mos Lower capex, opex, footprint Mobile	<b>Plants globally including Africa, Latin America, Cyprus</b>
<b>Waste to Energy</b>	Industrial market US\$8.4B in '21	Proven expertise and dominant in local market	<b>Dominant in Italian sectors Deals with top int'l processors</b>
<b>Large EPC projects</b>	Multi-billion market	Global player active in 70 countries	<b>African project (US\$100M+), Mexican BOT, Cyprus, Colombia</b>
<b>BOT/Recurring Revenue</b>	Water and wastewater treatment	Own source of financing; expert at managing risk	<b>San Quintin \$44M capex + 30 year O&amp;M</b>

# Sell All Products to ALL GEOGRAPHIES



Geography	Fluence Track Record	Next Steps
<b>China</b>	New entrant: 9 rural wastewater treatment partners 5 working plants ( <b>Wuxi completed</b> ) First commercial orders shipping	Ramp MABR wins Sell SUBRE for easy plant upgrade Water purification and desal Waste-to-energy River remediation
<b>North America</b>	Pioneer in packaged wastewater treatment (RWL)	Migrate to MABR & SUBRE sales
<b>Latin America</b>	Dominant provider of water purification to Coca Cola Recycle oil & gas produced water Desal & waste-to-energy installations	Add MABR and SUBRE sales Continue to ramp waste-to-energy
<b>Africa &amp; Middle East</b>	Desal and water purification plants	Keep ramping Nirobox sales Add MABR, SUBRE
<b>Europe</b>	Leading waste to energy player	Add MABR, SUBRE in EU; globalize waste-to-energy success

# Measuring Success



## Bookings

- Sustain 20-30% growth to drive revenue
- Initial China MABR – 10's of units booked in 2017
- Nirobox, Waste-to-Energy, MABR globally

## Revenue

- Sustain 20-30% growth
- 2H 17 run rate US\$90M

## Backlog

- If contracts slip, ensure they stay on backlog

## Gross margin

- Targeting mid-to-high 30'%

## Recurring revenue

- Increasing BOT, RaaS, leasing deals

## New products

- SUBRE 1st contract success, general intro by 2Q18

## Profitability

- By 2019 on run rate basis



# Fluence: The Right Solution



US\$700B global water market – tighter rules, urgent needs



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**Result: Sustained revenue and margin growth, recurring revenue**

# Key Contacts



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