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Fluence Corporation (ASX: FLC)
November 2020

Fluence Strategic Repositioning



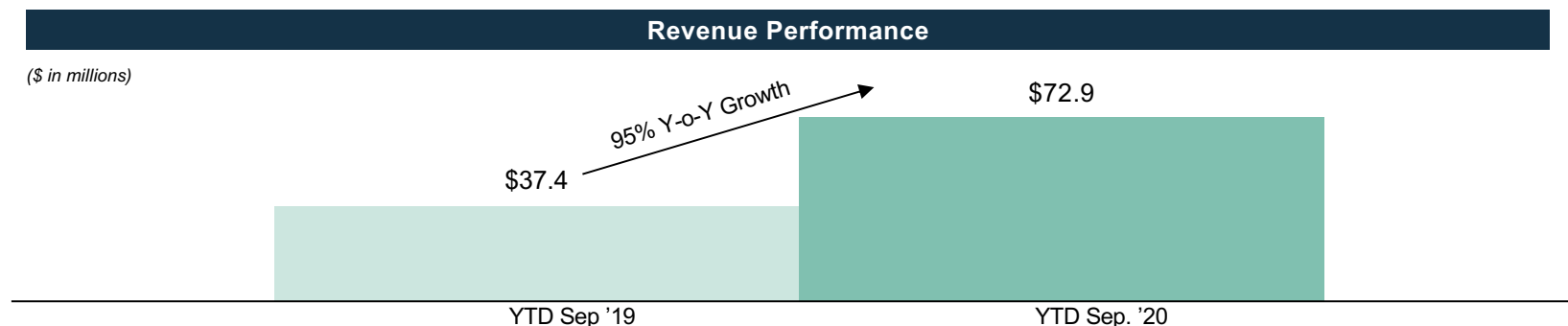
- MABR
 - ✓ 219 MABR systems sold – fast adoption for a new wastewater treatment technology
 - ✓ Focus now on sales to China and Southeast Asia: strongest near-term potential
 - ✓ Additional sales channels via strategic partnerships in USA
- Nirobox
 - ✓ 115 Nirobox desalination units sold - systems are proven and fast to deploy
 - ✓ Focus now on sales to Middle East and Southeast Asia
- Ivory Coast
 - ✓ Ivory Coast project cash flow helps enable repositioning
 - ✓ Keep improving operating efficiencies to drive profitable growth
- Change in CEO
 - ✓ Henry has stepped down as MD & CEO and Richard becomes Chairman & CEO

Q3 Summary



- ✓ **Ivory Coast Project** conditions precedent met, notice-to-proceed received, construction commencing and advance payment received
- ✓ **Revenue** of US\$15.6M, up 13% on pcip and up 50% vs Q2 2020
- ✓ **Reduction of SG&A** by more than 16% on pcip and down 22% year-to-date on pcip
- ✓ **Gross bookings** of US\$7.5M
- ✓ **Cash balance** of US\$31.2M as at 30 September 2020
- ✓ **Additional payments from the Ivory Coast Project to be received in Q4**
- ✓ **FY2020 Public Guidance reaffirmed:**
 - ✓ Smart Products Solutions US\$32.0M
 - ✓ Recurring revenue US\$9.0M
 - ✓ EBITDA positive for year

First nine months 2020 Key Highlights



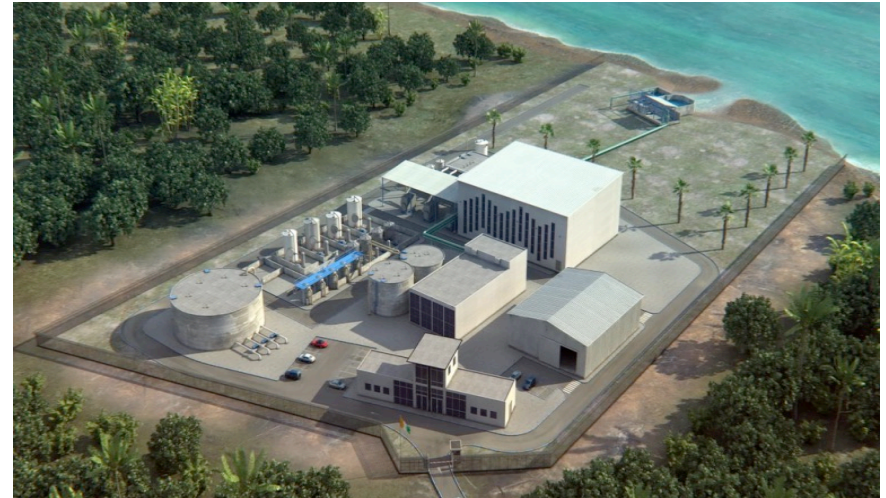
- ✓ **Employees, partners and customers kept safe** – during global pandemic
- ✓ **Operating revenue up 95% to \$72.9m***
- ✓ **SG&A** continued to decline, **down ~22%**
- ✓ **EBITDA positive, and expected to remain positive**
- ✓ **Recurring revenue up 63% to \$5.7m from BOOT and O&M contracts**
- ✓ **Smart Products Solutions (SPS) growth of 41% year-to-date ➡ incl. China growth of 39%**
- ✓ **SPS New Orders up 22% year-to-date**
- ✓ **Achieved Conditions Precedent, received Notice-to-Proceed and €23.1m Advance Payment received for the Ivory Coast Project**
- ✓ **Secured debt facility of \$20m from Upwell Water**
- ✓ **Total cash flow positive US \$4.3m for the first nine months, cash balance of \$31.2m at September 30, 2020**
- ✓ **Backlog of \$215m as at September 30, 2020 (\$156m related to the Ivory Coast project)**

* = All numbers in presentation are USD unless otherwise stated.

Ivory Coast Project: Construction Commences



- ✓ Final conditions precedent for the €165 million (approx. US\$19⁴ million) Ivory Coast water treatment plant (“Project”) have been met
- ✓ The Ivory Coast Government finance facility covers project cost
- ✓ €23.1 million Advance Payment received, additional payments in Q4
- ✓ Construction starting: 150,000 m³/day water treatment plant outside of Abidjan within 24 months – water for 1 million people
- ✓ Opportunity to bid on long-term operations & maintenance contract after construction



Global Water Scarcity is a Growing Challenge: Fluence Provides Innovative, Compelling Solutions



THE GLOBAL CHALLENGE

- Meet **growing global water demand** - forecast to double by 2050*
- Manage **environmental threats** from untreated wastewater
- Traditional approach is often **unaffordable and impractical** – 2/3 of the capex is infrastructure outside the plant

THE RESPONSE

- **Low cost, fast-to-deploy** water and wastewater treatment solutions
- Smaller treatment plants **simplify infrastructure and reduce risks**
- Easily and quickly **enhance existing large centralised water treatment infrastructure**

FLUENCE SOLUTIONS

- **Proprietary, patented, proven** MABR technology enables rapid, low cost decentralised wastewater treatment solutions; as well as quality and capacity improvements for centralised wastewater treatment plants
- Smart Products Solutions rapidly solve local water challenges

*Sources: WWF, Water Scarcity, 2014; US Geological Survey, 2015; UN World Water Development Report, 2017; Water for Food, UNCTAD, 2011; UN Water, 2017.

Accelerating Shift to Decentralised Systems



Estimated \$13 billion global market for decentralised systems utilising pre-engineered water and wastewater treatment products*

Traditional Centralised System



- ✗ Costly to build and operate – years to deploy
- ✗ Infrastructure heavy – two-thirds of CAPEX before the plant (piping, pumping)
- ✗ Overdesigned for growth = lower ROI
- ✗ Mainly for developed urban areas
- ✗ Hard to upgrade existing plants

Decentralised Systems



- ✓ Requires minimal infrastructure
- ✓ Improved use of existing water – reuse saves drinking water
- ✓ Lower, just-in-time CAPEX – easily upgradable
- ✓ Easy and low cost to operate and maintain

*Sources: The Global Water Market in 2018, Global Water Intelligence

Fluence's Innovative Solutions

Focused Solutions for Decentralised Water, Wastewater and Reuse Markets



Wastewater Products

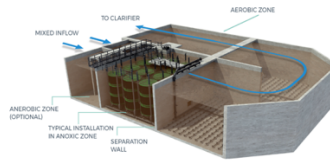
219 Systems Serve 500,000 people

Use proprietary MABR wastewater technology

aspiral[™]



subre



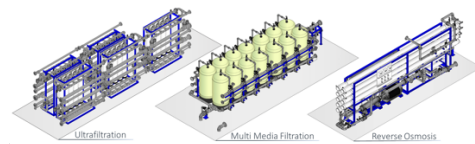
Water Treatment Products

115 Units Serve 700,000 people

NIROBOX[™]



NIROFLEX



- ✓ **Installed in weeks, not years:** pre-engineered, modular plants
- ✓ Substantially **lower energy use** and operating costs
- ✓ Mostly **unattended operation**
- ✓ **Minimizes expensive** in-ground infrastructure & civil works
- ✓ **Meets highest regulatory standards** & enables reuse
- ✓ **Vastly reduces** process and related risks
- ✓ **Simple** to maintain and upgrade
- ✓ **Proven and accepted** for operations in excess of 5 years

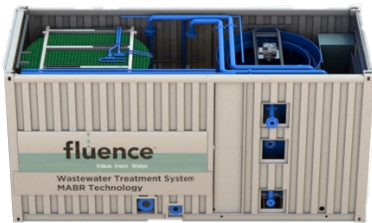
Why Fluence's MABR Wins

One of the Top 10 Water Tech Inventions of the Decade*



Fluence Beats Alternatives Even in Tough China Market** for Decentralised Plants

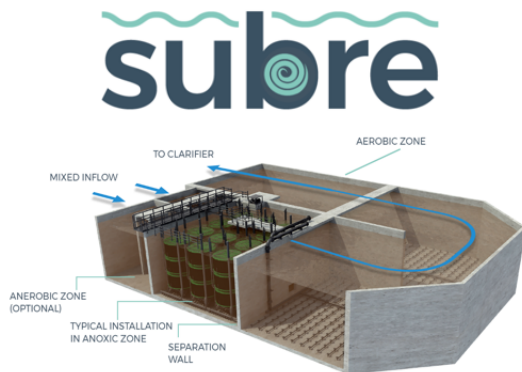
aspiral™



Serves 30 – 30,000 people/day

Plant Treatment Options	Fluence MABR	Option 1: MBBR	Option 2: MBR	Option 3: FMBR
Capex vs Fluence	-	+21%	+120%	+65%
Opex vs Fluence	-	+50%	+179%	+71%
Energy vs Fluence	-	+46%	+171%	+67%

Fluence Offers Path to Savings on Upgrades*** for Centralised Plants



Upgrade option	Fluence MABR	Option 1: MBBR	Option 2: MBR
Opex change	-9%	+21%	+61%
Energy change	-8%	+36%	+50%
Chemical use	-30%	+13%	0%

Typically serves 10,000++ people/day

SUBRE upgrades can increase treatment capacity by up to 30%.

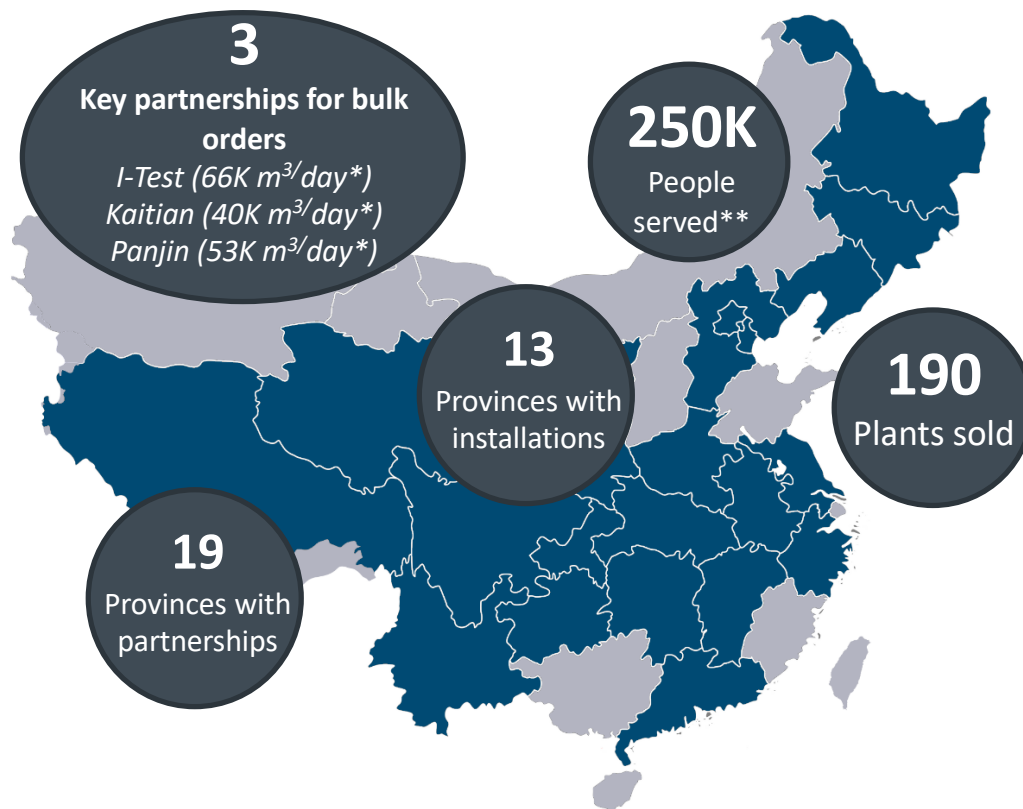
* According to Global Water Intelligence, issue January 20, 2020, page 6

** Compared to 1,000 m3/day plant; tech option 2 – A3O-MBBR; tech option 3 – MBR; tech option 4 – FMBR. All based on Fluence analysis from existing plants in China.

*** Compared to 1 MGD plant based on Fluence analysis for existing plant in Israel

MABR Wastewater Deployments in China

China's 13th Five-Year Plan to add rural wastewater treatment for 440M people
~\$15 billion in government funding



+ Growing markets in Southeast Asia

- Aspiral™ and SUBRE meet high Chinese treatment standards at **lowest cost**
- **Key partnerships** secure bulk orders, accelerating the sales ramp
- **Wider MABR product line** serves even larger market from clusters of homes to cities
- MABR manufacturing at our **own Chinese plant** meets global demand



* Estimated maximum treatment capacity deployment under the current agreements

**Based on 150 l/person/day

Smart Products Solutions: Desalination Solutions

Targeting Middle East and Southeast Asia



Containerised desalination plants

- Fresh water for 10,000 people supplied by one 40-foot container
- Fast to deploy, remote operation, energy efficient
- Estimated 1/3 construction time and ~40% less CAPEX than typical custom desalination plant
- Scalable from 3,000 – 500,000 people
- Easily upgradable: just-in-time capacity

NIROBOX™



Targeting Middle East and Southeast Asian markets

- Middle East – driven by Egypt JV and potential new partners
- Philippines – Existing and future direct sales through existing MABR sales channels
- Cambodia – By leveraging initial MABR sale
- Other ASEAN countries

Deployments To Date



*More than 700,000 people served**

*Based on 150 l/person/day

Fluence's Environmental Benefits and Sustainability Impact



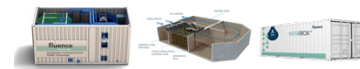
Committed to UN SDGs

- Fluence's innovative solutions contribute to the conservation of resources, energy savings, generation of energy and reuse of water
 - Fluence technologies are highly energy efficient (MABR, desalination) and waste to energy solutions (W2E)
 - A decentralized approach using Fluence MABR to solve the world's wastewater needs would result in increased access to clean water and wastewater → **Potential annual energy savings of >1M GWh, equivalent to >700 M Tons CO₂**
- Fluence operations and solutions delivering on 10/17 of UN SDGs
- Fluence is committed to the overall ESG guidelines



Sustainability Impact from Fluence's Installations

MABR & NIROBOX



19 GWh / year
in energy savings compared to conventional technologies
 Equivalent to
13,500 Tons CO₂ / year

Waste-to-Energy



121 GWh / year
clean energy generated from converting biomass to biogas
 Equivalent to
85,730 Tons CO₂ / year

Reuse



8.7Bn Liters Water
 Recycled / year

Water



121Bn Liters Water
 Drinking Water
 Produced / year

Wastewater



187Bn Liters
 Wastewater
 Treated / year

Fluence's MABR installations remove >500 Tons of excess nutrient pollution / year

Fluence Board and Leadership



Key Management



Tony Hargrave
COO

- Over 30 years' water industry management experience



Richard Irving
Chairman & CEO

- 35 years' tech and Venture Capital experience
- US\$3B value created



Paul Donnelly
Independent Lead Director

- Over 30 years' international financial services experience



Francesco Fragasso
CFO

- 20 years' finance experience in renewable energy and water treatment



Spencer D. Smith
CLO

- Over 15 years' corporate law and M&A experience
- Former GC of RWL Water



Rengarajan Ramesh
Non-executive Director

- Former CTO of GE Water
- 30 years' operating, acquisition and tech experience



Arnon Goldfarb
Non-executive Director

- Over 30 years' industrial experience



Ross Haghighat
Non-executive Director

- 30 years' tech and Venture Capital experience
- US\$4B value created



Ross Kennedy
Company Secretary

- Over 30 years' experience as Company Secretary

Investment Highlights



- ✓ Only global, pure play water and wastewater treatment company delivering standardized solutions to a growing, global, decentralised market
- ✓ Fast to deploy, lower cost, lower risk way to meet tightening regulatory standards
- ✓ Driving growth by selling proven proprietary MABR wastewater solutions to rapidly growing markets: China and Southeast Asia
- ✓ Driving growth by selling proven Nirobox fresh water solutions to high need markets: Middle East and Southeast Asia
- ✓ Strong progress lowering operating costs – continue to drive down as percentage of revenue
- ✓ Cash balance of US\$31.2M as of 30 September 2020 – Ivory Coast revenues and cashflows will underpin the business through the strategic re-positioning
- ✓ Experienced Board and management team

Financial Overview

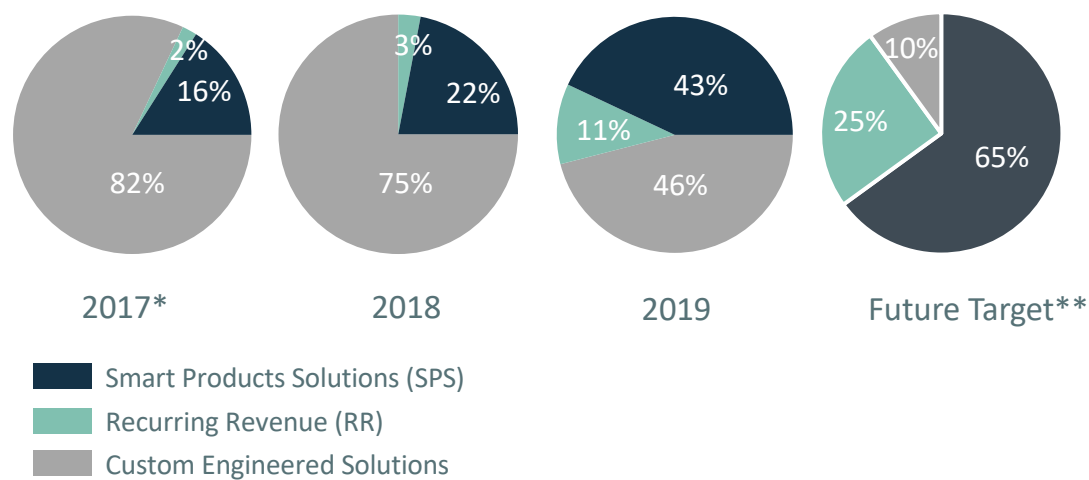


Revenue and Product Mix

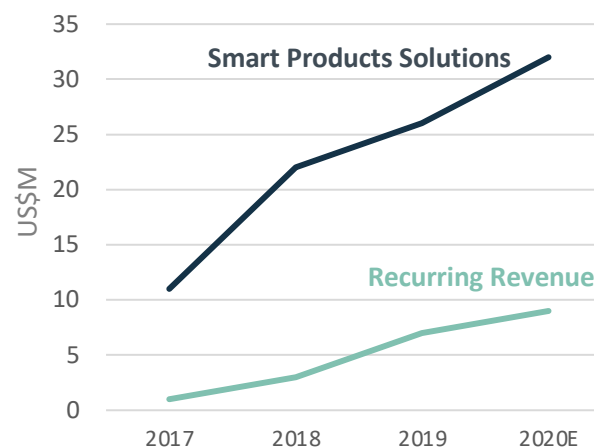


Focused shift towards higher margin Smart Products Solutions and Recurring Revenue

Revenue Mix



Revenue



- Smart Products Solutions (SPS) accounted for 43% of total revenue in 2019 (16% in 2017*)
- 2020 Guidance:
 - SPS revenue expected to grow to at least US\$32.0 million, a more than 20% increase from FY 2019 (FY 2017: US\$10.0 million, FY 2018: US\$22.0 million and FY 2019: US\$26.5 million)
 - Recurring revenue expected to continue to grow by 30% to US\$9.0 million (FY 2019: US\$7.0 million)
 - Expect to achieve and maintain EBITDA positive in FY 2020

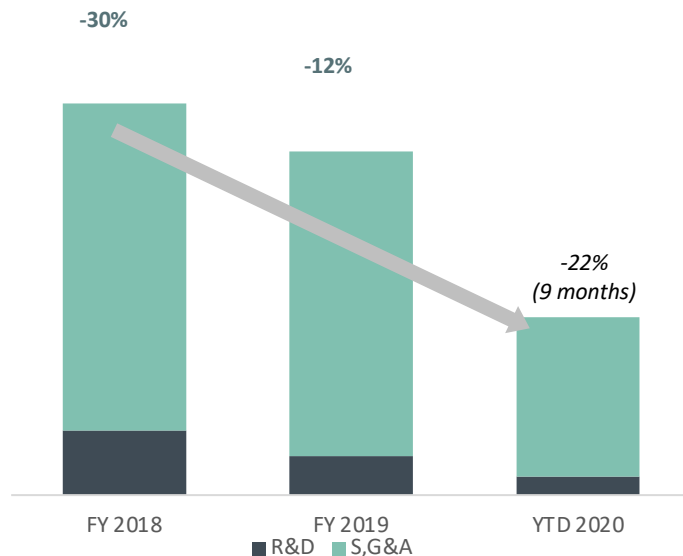
* 2017 pro-forma (consolidation of 12 months of RWL Water)

** Expected after Ivory Coast project completion

Growing Margins While Reducing Opex

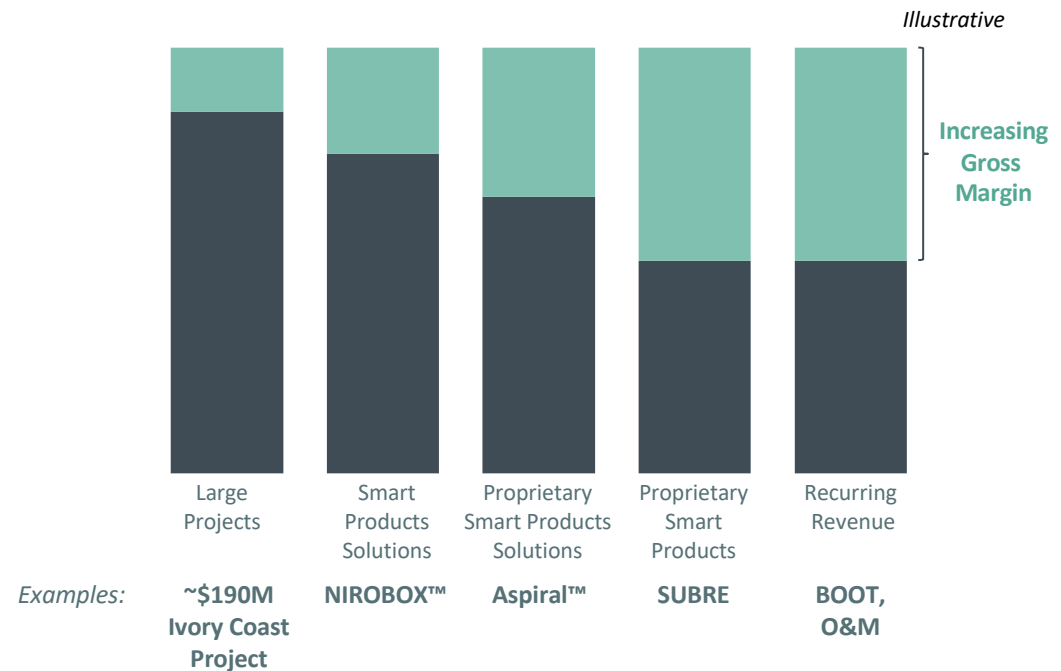


Fixed Costs Reduction vs. same period of Prior Year*



- Corporate overhead has been reduced through global reorganization initiatives. SG&A is anticipated to reduce further in 2020 in absolute terms and as a percentage of revenue.
- Strong backlog of projects to drive revenue growth in 2020 (\$215m backlog at then end of Q3)

Transition Towards Higher Margin Revenue



- Smart Products Solutions and Recurring Revenue drive transition towards higher margin revenue
- Path towards continued EBITDA expansion
- Continue company transformation towards a standardized products-based business with reduction of fixed costs

*Does not include non-cash expenses (D&A and stock options)

Summary Financials



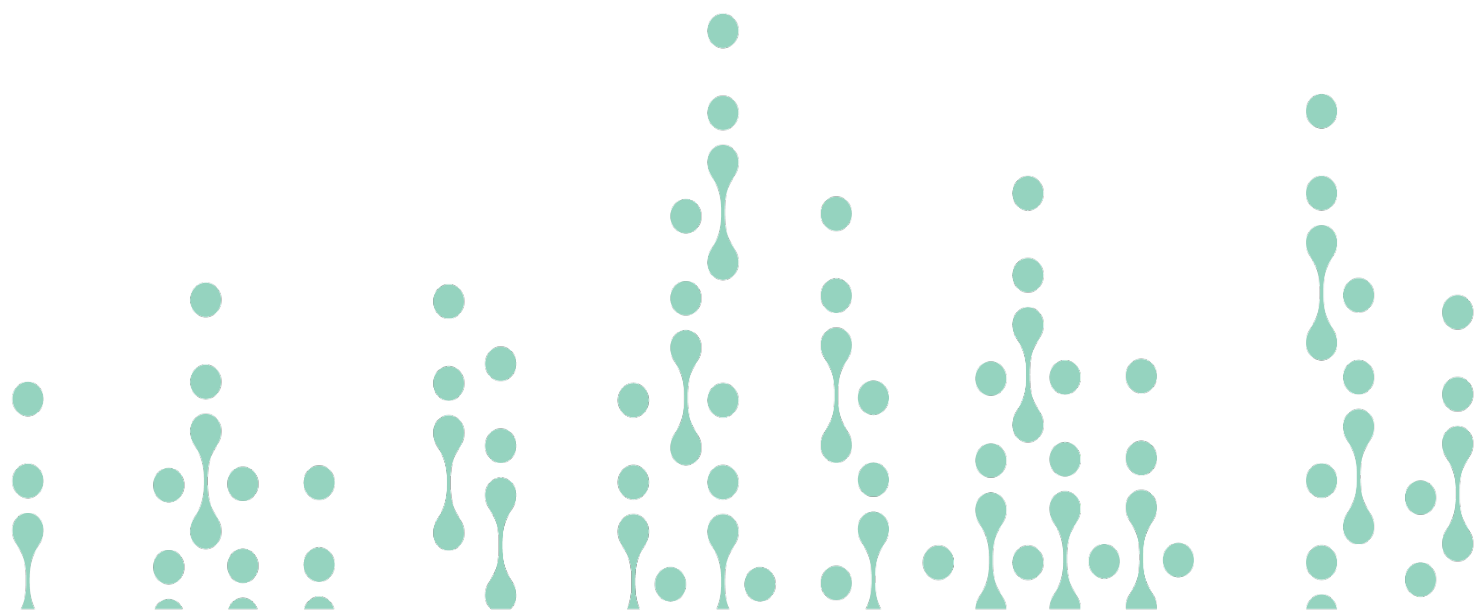
Segment Revenue (\$m)	2017 ⁽¹⁾	2018 ⁽²⁾	2019 ⁽²⁾	2020 to Q3 ⁽³⁾	Comments
CES	45.5	72.7	27.4	49.1	→ Backlog of \$189m over 2 years, underpinned by Ivory Coast
SPS	11	21.8	26.5	18.2	→ Q4 revenue underpinned by existing backlog of \$23m over the next 12 months
- China SPS	0.3	2.8	12.8	6.8	→ Underpinned by 3 bulk partnerships in China worth > \$100m over 3 years
Service/Recurring Revenue	1.5	6.4	7.0	5.7	→ Expected to grow in line with installed base and completion of Peru project
Total Revenue	58.0	100.9	60.9	72.9	→ \$215m from backlog as of 09/30/2020 (incl. Ivory Coast)
SPS Growth (y/y)		98%	21%	41%	
China SPS Growth (y/y)		833%	364%	39%	→ Strong pipeline of additional China distribution partners
Recurring Growth (y/y)		327%	11%	63%	

(1) 2017 pro-forma (consolidation of 12 months of RWL Water)

(2) Audited Financials

(3) Preliminary Financials based on 4E (unaudited)

Appendix



Corporate Overview



Capital Structure*	
Ordinary Shares on issue	624.9M
Options on issue	35.3M
Share Price	A\$0.265
Undiluted Market Capitalization	A\$166M
Cash and term deposits at 30 Sept 2020	US\$31.2M
External debt (except non-recourse project debt) at 30 Sept 2020	US\$22.7M
Liquidity (average shares traded per day for the 3 months to 3 Nov 2020)	611,571

Top Holders ASX: FLC 3 Nov 2020	Shares (M)	% of FLC
RSL Investments	165.4	26.5
Clearpath Foundation	61.6	9.9
Pond Ventures Nominees and Richard Irving	37.3	6.0
Alceon Group	22.7	3.6
Other top 20	127.1	20.3
Top 20 total	414.1	66.3

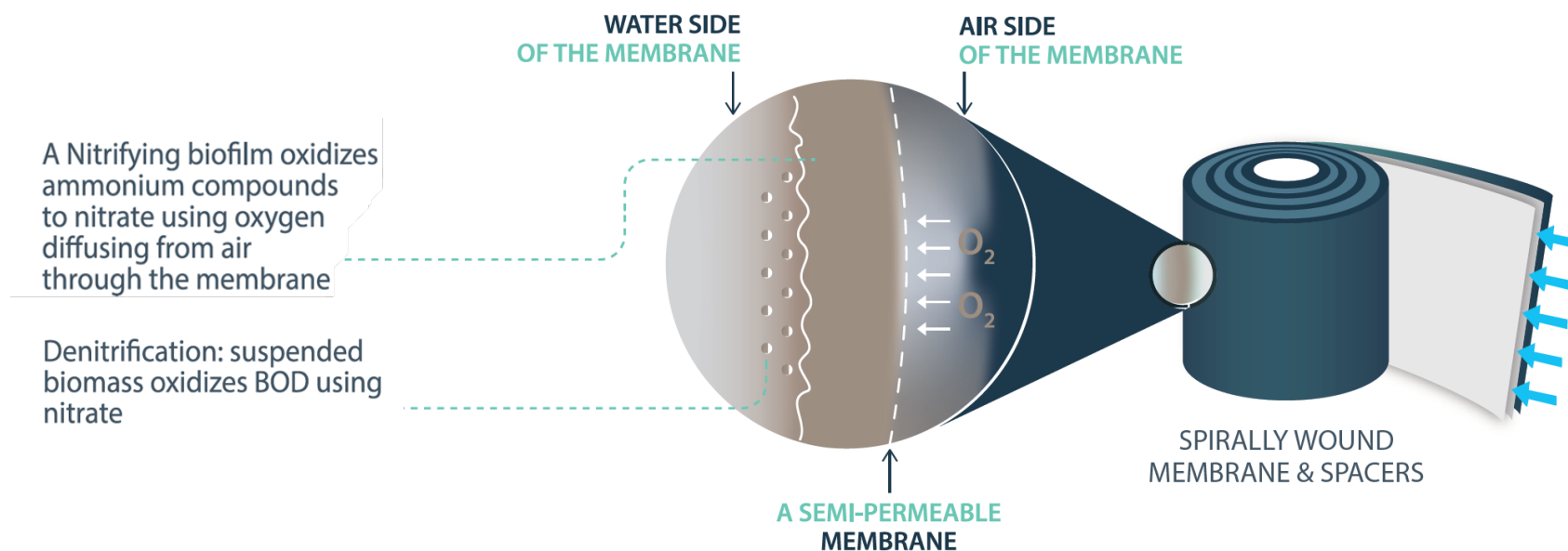
*All numbers as at November 3rd 2020 unless indicated otherwise

MABR – Innovative and Proprietary



MABR = Membrane Aerated Biofilm Reactor

Patented technology that provides lower-cost, reliable, quality wastewater treatment



- Clear advantages over other wastewater solutions that use large amounts of force to power treatment
- Allows up to 90% reduction in energy consumption and up to 50% reduction in OPEX
- Protected by family of patents
- Scalable to provide wastewater solutions for populations of hundreds to hundreds of thousands

Disclaimer



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2019 consolidated financial figures presented on IFRS basis are audit reviewed.