



2017 achievements position Fluence for strong growth in 2018

Melbourne and New York, 27 February 2018 (AEST)

Fluence Corporation Limited (ASX: FLC) is pleased to announce its results for the 12-month period ended 31 December 2017 ("2017") – refer the accompanying ASX Appendix 4E. The Company ended 2017 with a contract revenue backlog of US\$95 million. Revenues are expected to nearly double in 2018.

Multiple milestones achieved in 2017

During 2017, Fluence successfully undertook the merger of Emefcy and RWL Water, with all merger-related integration activities completed. This has enabled Fluence to expand the global reach and market opportunities for its key products: desalination, wastewater treatment and wastewater-to energy.

Notable successes include:

- **Innovation drove new market opportunities**, including the first SUBRE product contract awarded to upgrade a centralised wastewater treatment plant in Israel. SUBRE enables compliance with tighter nitrogen discharge rules without using hazardous chemicals, while also increasing plant capacity;
- **The Company's Chinese subsidiary was incorporated** and its manufacturing facility in Jiangsu Province is now operating. First production of MABR Modules was achieved in September 2017;
- **Progress in China with the signing of a framework agreement** with partner Jiangsu Jinzi Environmental Science and Technology Company. The agreement contemplates the delivery of six Containerized Smart Packaged wastewater treatment plants based on Fluence's MABR technology (C-MABR);
- **Exclusive memorandum of understanding (MOU) signed with an African nation** to design and construct an advanced water treatment plant;
- **€1.5 million contract signed with VINCI Construction Grands Projects (France)** to supply three NIROBOX™ containerized seawater desalination units for the island of Mayotte;
- **US Virgin Islands MABR installation** received approval from the US Environmental Protection Agency;
- **US\$1.7 million contract executed with Irotop S.A.**, a leading Ecuadorian fish processing company, to purify wastewater from its tuna and sardine processing and packing plants;
- **Agreement executed with Stanford University** to deploy, test and evaluate Fluence's MABR wastewater treatment technology at Stanford's Codiga Resource Recovery Center. The MABR demonstration unit will be commissioned in Q1 2018; and
- **Awarded the "2018 Global Decentralized Water & Wastewater Treatment Company of the Year"** by Frost and Sullivan who noted the key benefits of Fluence's modular, decentralised systems, such as lower operating cost, easier maintenance, and lower capital outlays.

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Operating in markets with attractive fundamentals

Water scarcity is increasing due to global economic development and climate change. Communities are being challenged to come up with viable solutions to overcome this problem.

Current centralised water treatment plants present major challenges to address this scarcity issue as they tend to be landlocked, have aging infrastructure and increasingly cannot meet the demands for clean water. Moreover, such centralised water treatment plants cannot be expanded easily, and upgrades are costly.

In response to these challenges, investment is being made in alternative decentralised solutions to address capacity needs quickly and economically, and importantly meet growing regulatory requirements.

China

The rural wastewater treatment opportunity in China is estimated in the billions of dollars over the next five years. The Chinese Government's 13th five-year plan targets improved water quality nationwide by 2030, and mandates that local city officials improve sewage capacity and treatment. Currently only 10% of rural wastewater is treated - the five-year plan mandates an increase to 70%.

There is strong momentum building in China with several opportunities in advanced stages of negotiation and anticipated to be finalised in the first half of 2018.

Africa

Fluence continues to build a pipeline of new opportunities that are converting into new contracts.

Progress is being made in negotiating the terms of a formal contract for the previously announced exclusive MoU with an African nation to construct a large water treatment plant. Other key conditions to the project commencing, which are typical for projects of this nature, include regulatory approvals and completing financing arrangements. Subject to completing these pre-conditions, the project has the potential to generate revenues of more than US\$100 million for the Company.

In addition, Fluence has submitted several tenders for the provision of desalination water treatment in South Africa.

South America

Fluence is experiencing rapid expansion in South America with US\$6 million of new contracts awarded in Ecuador and Argentina during 2017, and the anticipated recommencement of activities under a contract in Venezuela worth US\$18 million in 2018.

To meet this growing demand across South America, Fluence is constructing a new manufacturing facility in Argentina, which is scheduled to open in Q2 2018.

Europe

In Italy, Fluence is contracted to develop and build a wastewater-to-energy treatment plant for Avimecc, a poultry meat processing company. This southern Italian plant processes approximately 40,000 chickens per day with plans to increase capacity to 70,000. Avimecc expects to recoup the

cost of the expanded operation through energy recovery and waste reduction within 5 years of plant operation.

Worldwide regulations regarding total nitrogen content in treated effluent are becoming increasingly stricter. As a result, the Company estimates the SUBRE market opportunity in Europe alone may be US\$2 billion, with even larger market potential in the US and China.

North America

The deployment of an MABR demonstration unit at the Código Resource Recovery Center (CR2C) at Stanford University in California has been successfully achieved. This will serve as a demonstration plant and reference site to underpin US sales.

Positioned for substantial growth in 2018

Based on the Company's current backlog and pipeline of new tenders, revenue for 2018 is expected to be in the range of US\$105 million to US\$115 million. Visibility of forecasted 2018 revenues is high, with approximately 70% (US\$75 million) covered by the current backlog expected to be recognized in 2018.

Reflecting the changing mix of contracts in 2018, Gross Profit is anticipated to be in the range of US\$22 million to US\$25 million. This reflects the lower gross profit margin during the construction phase of a large project in San Quintin Mexico.

Based on current backlog and pipeline, and consistent with historic experience, the Company anticipates bookings and revenue to be weighted to the latter part of the year. We continue to target the achievement of a positive EBITDA run rate in 2019.

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About Fluence Corporation Limited (ASX: FLC)

Global consultancy Frost and Sullivan recently awarded Fluence Corporation “2018 Global Decentralized Water and Wastewater Treatment Company of the Year”, noting in their award dissertation:

“Water is a fundamental part of life on earth; not only does it sustain people, but it also plays an essential role in sanitation, agriculture, and industrial processes. Without a sufficient water supply, communities suffer severe hardships including malnutrition, sickness, and even death. The swelling of the world’s population is making water even scarcer and challenges communities to come up with quick and viable solutions to overcome the water scarcity problem.

While typical decentralized water treatment systems are relatively expensive, complicated, and inefficient, Fluence Corporation leverages innovative and smart technology solutions backed by decades of industrial know-how to excel in water and wastewater treatment solutions. Fluence’s excellence becomes apparent through its success, as the company continues to expand its existing offerings as well as partnerships with other prominent companies in the industry. With its easy to use, sustainable, smart and cost-effective solutions as well as a remarkable year of growth, innovation, and leadership, Fluence Corporation earns Frost & Sullivan’s 2018 Global Company of the Year Award in the decentralized water and wastewater treatment industry.”

Fluence has experience operating in over 70 countries worldwide and employs more than 300 highly trained water professionals around the globe. The Company provides local, sustainable treatment and reuse solutions, while empowering businesses and communities worldwide to make the most of their water resources.

Fluence offers an integrated range of services across the complete water cycle, from early stage evaluation, through design and delivery to ongoing support and optimization of water related assets. With established operations in North America, South America, the Middle East and Europe, Fluence is also expanding into China’s rural wastewater treatment market.

Further information can be found at <https://www.fluencecorp.com/>.