



Investor Presentation  
July 2021

*Sustainable Water Solutions*

ASX: FLC

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2019 and 2020 consolidated financial figures presented on IFRS basis are audited.

# Fluence: Disrupting Global Water Infrastructure

An undeniable market growing opportunity...



... and growing ...

**9.7 billion**

estimated global population by 2050

**75%**

of population experiencing water shortages

**80%**

wastewater released without treatment

Aging water infrastructure

Annual CO<sub>2</sub> reduction by up to 150MM tons

Decentralizing infrastructure

...captured by the leading player in the space

Pure-play water treatment company

Proprietary technology

Deployed fast and easily – just-in-time infrastructure

Lowest cost position products

300+ plants sold

Attractive valuation

## Our Mission

We make the world a better place by delivering sustainable water treatment solutions that produce high quality water, while saving energy and improving resilience.

We are committed to becoming the global leader in decentralized water and wastewater treatment solutions.



# World Class Leadership Team

## Key Management



**Richard Irving**  
Chairman & CEO

- Over 30 years' tech and venture capital experience
- \$3B value created



**Francesco Fragasso**  
CFO

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



**Tony Hargrave**  
COO

- Over 30 years' water industry management experience



**Spencer D. Smith**  
CLO

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



**Wong Jin Yong**  
CEO China & SE Asia

- 30 years' water, industrial & IT experience



**Yaron Bar-Tal**  
Head of R&D & GM

- 28 years' water & technology R&D experience



**Karim Nasr**  
GM Middle East

- 20 years' water industry experience



**Dario Perez**  
VP Water as a Service

- 30 years water, industrial, technology sales & operations

## Board of Directors

**Richard Irving, Chairman & CEO**



**Paul Donnelly**  
Independent Lead Director

- Over 30 years' international financial services experience



**Samantha Tough**  
Non-executive Director

- Over 20 years' executive and Board experience in industrial and commercial sectors



**Rengarajan Ramesh**  
Non-executive Director

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



**Ross Haghghat**  
Non-executive Director

- 30 years' tech and venture capital experience
- \$4B value created

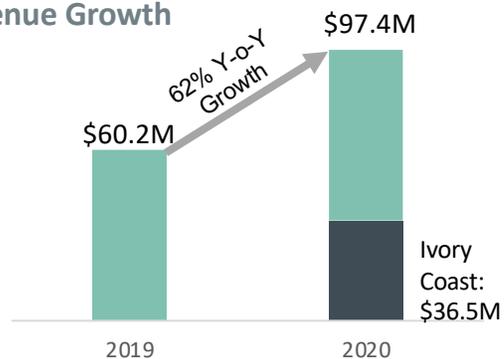


**Melanie Leydin**  
Company Secretary

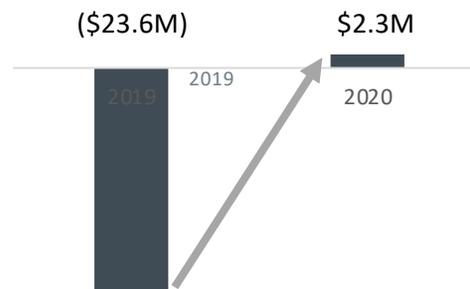
- Over 20 years' experience as Company Secretary

# Achieved 2020 Guidance With First Underlying EBITDA Positive Year

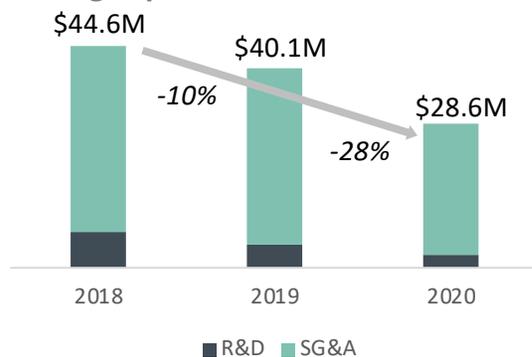
## Revenue Growth



## Underlying EBITDA\*\* Improvement



## Operating Expenses Reduction\*

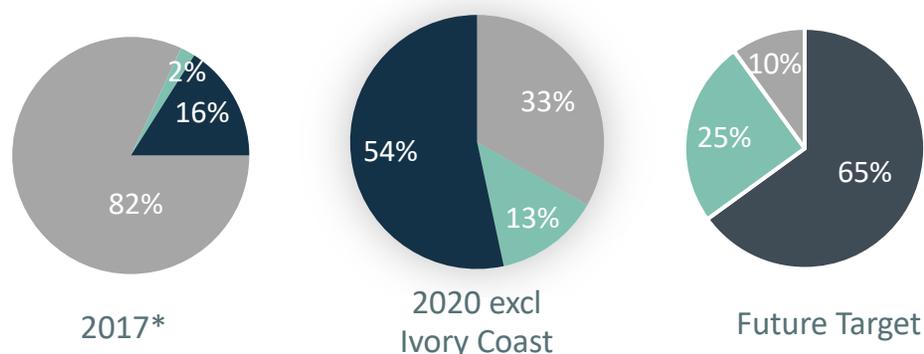


- ✓ Large installed base of proven, proprietary water technology
- ✓ Achieved first underlying EBITDA positive year
- ✓ Continued growth despite strong COVID-19 headwinds in 2020 – achieved guidance with 38% sales growth of proprietary MABR solutions
- ✓ Continued improvement in operating efficiency
- ✓ Dec 31 2020 backlog: \$226M (Ivory Coast \$158M) + significant existing partner pipeline

\* - Operating expenses including depreciation and amortization  
 \*\* - Underlying EBITDA = EBITDA excluding one-off items  
 All numbers in presentation are USD unless otherwise stated.

# Fluence: Fast To Deploy, Profitable Water Solutions

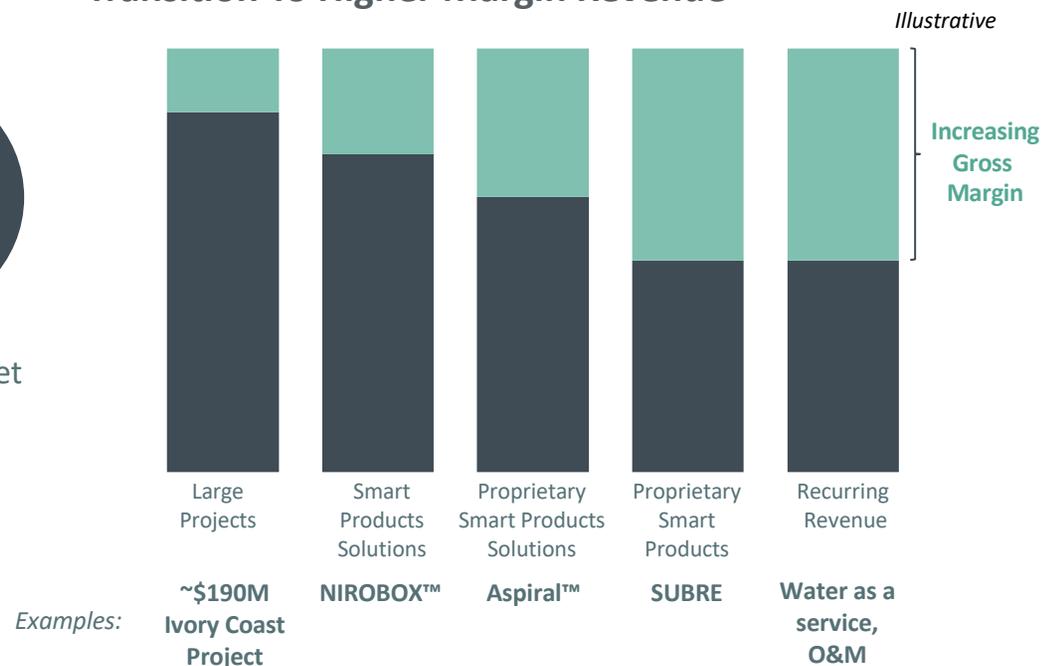
## Revenue Mix



- Smart Products Solutions (SPS)
- Recurring Revenue (RR)
- Custom Engineered Solutions

\* 12 months pro-forma

## Transition To Higher Margin Revenue



- New Focus:** on our leading pre-engineered, proprietary and containerized water and wastewater treatment solutions.
- Exiting:** custom engineered (EPC) projects that have lower margins, higher financial risks and costs
- Positive Impact:** improves margins, scalability, and capital efficiency; reduces financial risks
- New Leadership:** Richard Irving, then Chairman, assumed the role of CEO.

# Leading ESG Impact in Water Treatment

Committed to sustainable water solutions

## 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 209 TWh, equivalent to 150MM Tons CO<sub>2</sub>**
- Fluence is committed to ESG and delivers on 10 of the 17 UN SDGs



Source: EPA, Company analysis.



## Sustainability Impact from Fluence's Installations

### MABR & NIROBOX



**19 GWh / year**  
*in energy savings compared to conventional technologies Equivalent to 13,500 Tons CO<sub>2</sub> / year*



### Reuse



**8.7Bn Liters Water Recycled / year**

### Water



**121Bn Liters Drinking Water Produced / year**

### Wastewater



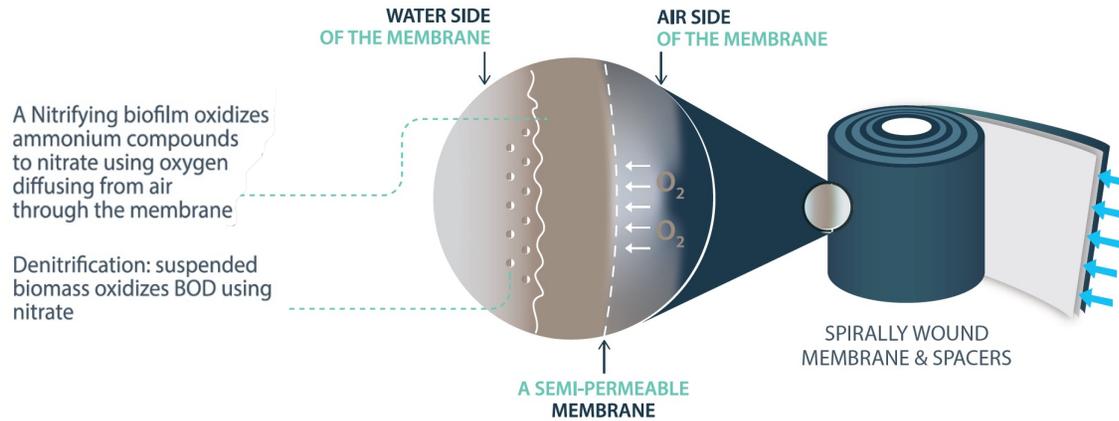
**187Bn Liters Wastewater Treated / year**

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

# Proven, Proprietary & Advantaged Water Treatment Products

Our proprietary technology: Membrane Aerated Biofilm Reactor (MABR)

## MABR Development



- Our team of Israel-based scientists developed proprietary MABR technology
- Six years to commercialization (2010-2016); five years in laboratory and one year in the field
- First demo unit in 2014 and first commercial plant in 2016;
- Global patent portfolio, trade secrets and continuous improvement protect our product(s)
- 280+ plants deployed in various sizes, climates, wastewater types

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

Global Water Intelligence, 2020

## Product Applications

**SUBRE Upgrade**  
Retrofitting existing WWTPs using MABR

**SUBRE Plant**  
Using MABR to build new concrete WWTPs

**Aspiral™ Plant**  
End-to-end solution

**Aspiral™**  
Smart Packaged plants

**Aspiral™ Micro**  
Smart plant for small home clusters

Increasing Decentralization

# Proven, Proprietary & Advantaged Water Treatment Products

Smart, automated wastewater treatment and desalination products deploy fast and require minimal maintenance

## Wastewater Treatment Products

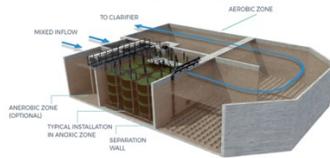
280+ plants sold

**aspiral**<sup>™</sup>



Containerized  
Smart Packaged Plants

**subre**



Retrofit / Newbuild  
Fixed Facility

## Key Advantages: Wastewater Treatment Products

- Cost savings of ~30-70% on a total cost of ownership (TCO) basis
- Pre-engineered and modular allowing speedy deployment of plants **installed in weeks, not years**
- **Automated operation, minimal maintenance and energy** requirements resulting in quiet, odorless operation
- **Meets highest regulatory standards** & enables sustainable reuse (California Title 22 compliant)

## Desalination & Water Treatment Products

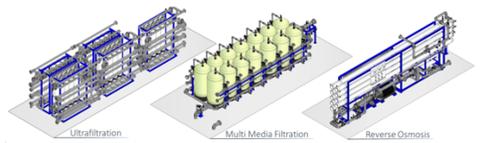
120 units, 28 plants sold

**NIROBOX**<sup>™</sup>



Containerized  
Smart Packaged Plants

**NIROFLEX**



Retrofit / Newbuild  
Fixed Facility

## Key Advantages: Desalination Products

- Estimated ~65% shorter construction time & ~40% less capex than typical custom desalination plants
- Pre-engineered and modular allowing speedy deployment of plants **installed in weeks, not years**
- **Automated operation, minimal maintenance and energy** requirements resulting in quiet, odorless operation
- **Vastly reduces process and related risks**
- **Simple** to maintain and upgrade

# Proven, Proprietary & Advantaged Water Treatment Products

Our wholly-owned manufacturing facility in China produces MABR modules, SUBRE and Aspiral products

## MABR Manufacturing Since 2017

- MABR produced at wholly owned plant in Changzhou, Jiangsu Province, China, which serves as global manufacturing hub of MABR, with two additional assembly plants in Panjin and Yiyang, China
- Our Changzhou facility has one production line, with \$75-100MM in annual revenue capacity and ability to add three additional lines

## Production Line in Operation



Assembly line in operation



Aspiral pre-ship water test

## Manufacturing Line View



Aspiral Smart  
Packaged Plants

MABR  
modules

MABR  
production line

Raw  
materials

# Proven, Proprietary & Advantaged Water Treatment Products

MABR enables migration of wastewater treatment from centralized to decentralized, disrupting \$150Bn market

## Fluence Smart MABR Beats Competing Technologies<sup>1</sup>

	Fluence vs Competing Technologies
Capex	17% - 55% lower
Opex	50% - 82% lower
Energy Use	31% - 63% lower
Chemical Use	30% - 39% lower

**30-70% overall lower TCO<sup>1</sup> vs competing technology options**

## MABR Competitors

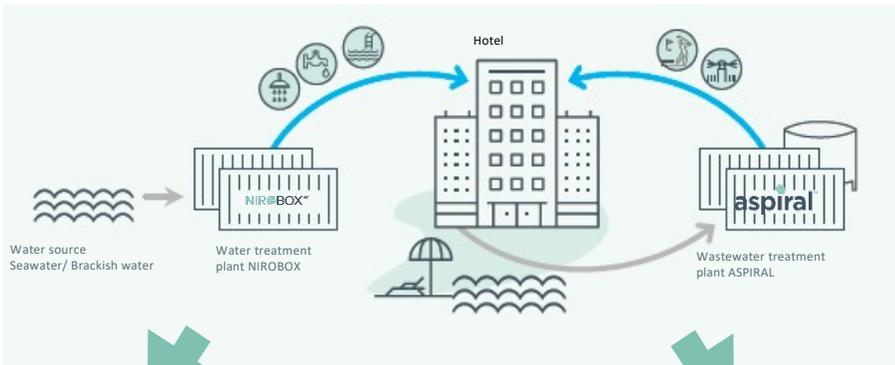
	Fluence	Suez	Dupont
Plant Scale	Modular & Fixed	Fixed Only	Fixed Only
Orders	250+	12	2-3
Patents / Markets	Global	US patents only	Cannot access US market

**Two competitors with only 15 installations globally**

# Proven, Proprietary & Advantaged Water Treatment Products

Lowest available operating costs allow MABR water-as-a-service platform generating 25%+ IRRs

## Complete Water and Wastewater Solutions



## Recurring High Margin Revenue

- Wastewater reuse saves cost of sourcing water and treating wastewater
- Containerized water sourcing enables complete water solution
- Fluence can cut water costs 50% and generate 25%+ IRR
- Target partners with portfolios of projects
- Complete hands-off deployment of solutions which blend into their locations

## Bimini Project Represents Future Template



Water Treatment

Drinking Water  
Opex \$0.75 - \$1.00/m3



Wastewater Reuse

Irrigation Water  
Opex \$0.04 - \$0.10/m3



# High Growth Market Potential

Accelerating shift to decentralized systems

## Traditional Centralized System



### Problems

- Costly to build and operate – years to deploy
- Infrastructure heavy – two-thirds of CAPEX before the plant (piping, pumping)
- Huge energy use
- Overdesigned for growth = lower ROI
- Hard to upgrade existing plants
- Noisy, smelly eyesore
- Big plants present strategic vulnerability

## Decentralized Systems



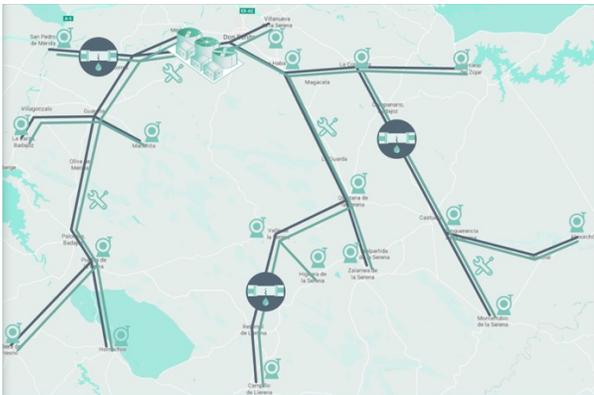
### Solutions

- Save up to 90% of piping cost: currently \$84B/year
- Improved use of existing water – reuse saves drinking water
- Highly energy efficient, can be off-grid
- Lower, just-in-time CAPEX – easily upgradable
- Easy and low cost to operate and maintain
- Easily blends into the environment – quiet, odorless
- Enables resilient infrastructure

# High Growth Market Potential

Decentralized wastewater treatment is the most cost-effective, energy-efficient, sustainable solution

## Centralized Systems



## Decentralized Systems



### Decentralized advantages:

- Decentralized saves 90% of piping capex
- Double treatment capacity per unit of capex
- With MABR, overall system opex drops 58%

Rural area with towns and villages of with populations ranging 200 - 35,000 people

## Decentralized Urban Water



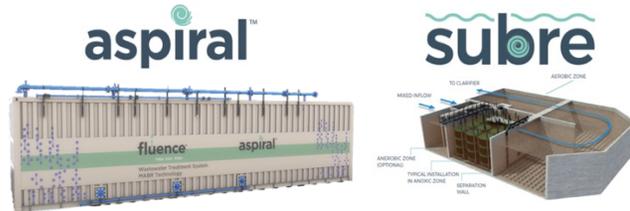
### Decentralized advantages :

- Decentralized in-building treatment bypasses decaying infrastructure
- Recycled water meets 95% of commercial building's water demand

Example: San Francisco mandates reuse; New York (Battery Park

# High Growth Market Potential

Priority markets have immediate needs, strong growth, healthy margins



Wastewater  
treatment & reuse

Both

Fresh water

China  
Driven by 2021  
5 year plan

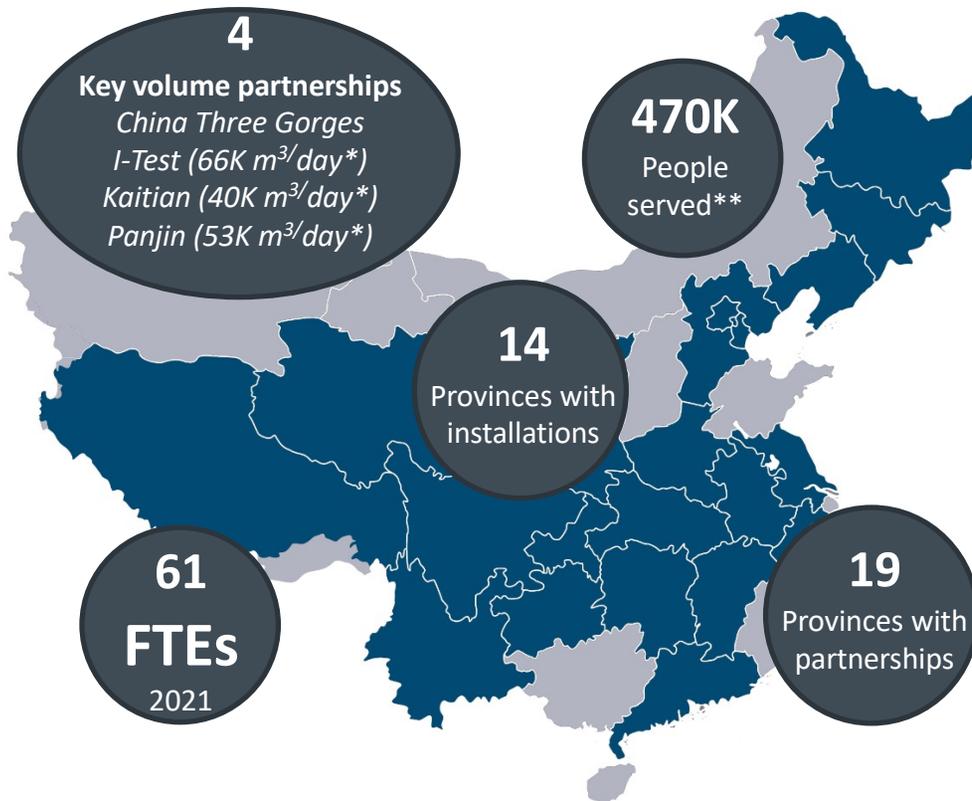
N America  
Maximize IRR with  
water as a service

Middle East  
Drought and need for  
resilience

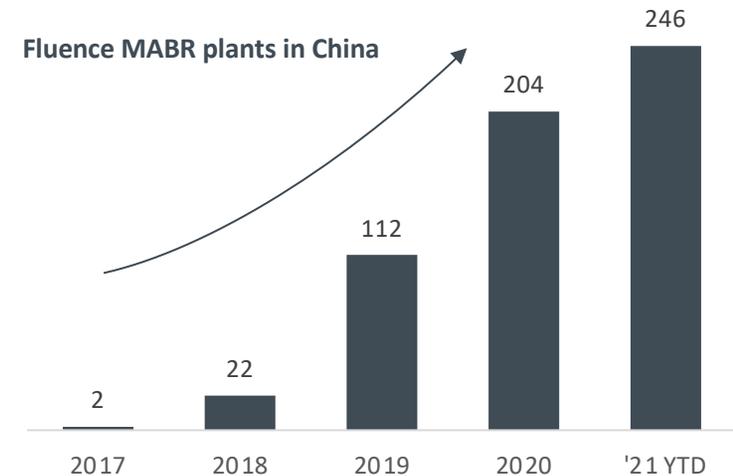
SE Asia  
Drought and stricter  
standards

# High Growth Market Potential

China's 14th Five-Year Plan commits to \$50 billion in wastewater treatment through 2025, stresses water reuse



- **High standards.** Aspiral™ and SUBRE meet required Chinese wastewater treatment standards for non-potable reuse at the lowest cost
- China plan is **enforced and funded**, driving near-term Fluence partner momentum.
- **Key partners.** Established key partnerships securing bulk orders, accelerating the sales ramp – additional bulk order partnerships anticipated on annual basis



# Small-Midsize MABR Plants Operating in China

China leadership in wastewater treatment decentralization: 246 plants



Aspiral Micro treats home cluster, Liaoning province



Aspiral S1 near homes, Hefei, Anhui province



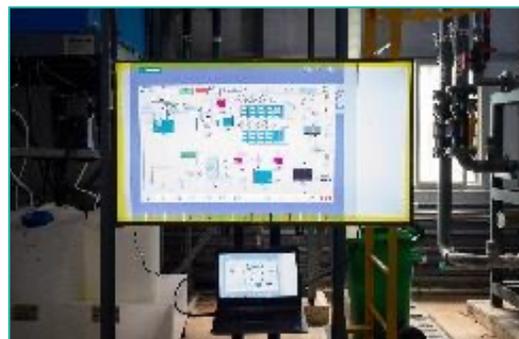
Aspiral plant, Tonglu, Zhejiang province



Highway rest stop Aspiral L4 plant, Xiaogian, Hubei province



Rural Aspiral plant, Luoyang, Henan province



Control console manages remote, automated plants



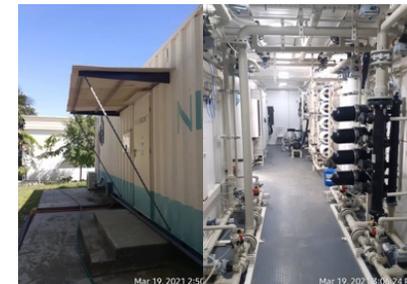
4 Aspiral L4's, Xie Lin Gang, Hunan province

# Growing Philippines Business

- Strict wastewater treatment standards now being enforced, soon with fines
- Already 8 MABR and 2 Nirobox plants sold
- Mix of municipal and commercial customers
- Strong pipeline of additional business



Ayala Westgrove Heights:  
Orchard living, done to perfection



# Larger MABR Plants Operating in Sihanoukville, Cambodia

Country's first biological wastewater treatment plant supports 100,000 people



Artist concept of main plant installed in riverbed



First commissioned plant in operation



Second plant located next to hotel



SUBRE modules on site

# Growing Middle East Business



3 Plants commissioned on Mediterranean coast, Egypt: Supply for 80,000 people

Plant at new city on Mediterranean coast, Egypt: Supply for 270,000 people

Plant in operation, Mauritania: Supply for 25,000 people

## Ivory Coast Project: Major Custom Engineered Project

- Fluence awarded project in 2019 and construction commenced in January 2021
- 150,000 m<sup>3</sup>/day water treatment plant near Abidjan by 1Q2023 – water for 1 million+ people
- \$190M project with \$80M collected to date, and provides cash flow visibility for the company through 2022
- Limited financial risk since our counterparty is the Israel Discount Bank (BBB+ rated)
- Potential for future recurring revenue with opportunity to bid on long-term operations & maintenance contract after construction



# Q2 2021 Highlights

*All numbers are subject to audit*



## **Strong Revenue Growth**

- Revenue of \$27.2M up 49% over Q1 2021 and 169% over Q2 2020
- China revenues for Q2 2021 up 48% on Q2 2020
- SPS revenues of \$7.8M in Q2 2021

## **Continued strong adoption of MABR Smart Products Solutions**

- 15 MABR plants sold in Q2 2021, 34 year to date 2021
- Brings the total sold worldwide to 281 MABR plants

## **Backlog Strong**

- \$175M contracted backlog of which SPS backlog is \$18.7M, showing strong SPS momentum
- Ivory Coast project on budget and on track

## **Cost Out Improvement / Continued operating efficiency gains**

- 1H 2021 operating expenses down 7% on 1H 2020

## **Cash Flow positive in Q2 2021**

- Operating cash flow positive of \$13M

## **Net Cash**

- Cash balance of \$23.7M plus \$38.4M in short and long-term liquid investments

**2021 Guidance Reiterated – EBITDA positive for year, SPS revenues \$35 – 50M**

# Progress on Strategic Priorities



Priority	Progress
Sign key new volume strategic partnerships in China and the Middle East	<ul style="list-style-type: none"> <li>▪ 5 MABR plants sold in China were to new partners</li> </ul>
Secure significant new contract wins in focus markets: US, China, SE Asia, Middle East	<ul style="list-style-type: none"> <li>▪ Sold 15 MABR plants in Q2 2021, 34 sold year to date</li> <li>▪ 3 MABR plants were sold in the US, bringing US total to 10</li> <li>▪ 25 of the 34 MABR plants sold in 1H 2021 were repeat orders from China volume partners:                             <ul style="list-style-type: none"> <li>▪ Three Gorges</li> <li>▪ Hubei ITEST</li> <li>▪ Kaitian</li> <li>▪ Liaoning Huahong</li> <li>▪ China Rail</li> </ul> </li> <li>▪ Global total sold to date: 281</li> </ul>
Develop water as a service business in North America	<ul style="list-style-type: none"> <li>▪ Strong pipeline progressing</li> </ul>
Execute Ivory Coast project	<ul style="list-style-type: none"> <li>▪ On budget and on schedule</li> </ul>
Meet or exceed guidance	<ul style="list-style-type: none"> <li>▪ On track to achieve underlying EBITDA positive for 2021 with SPS sales \$35-50M</li> </ul>

**Deliver Ivory Coast while securing transformation to high margin Smart Product Solutions**

# Investment Highlights

**Proven, Proprietary & Advantaged Water Treatment Products**

**High Growth Market Potential**

**Leading ESG Impact in Water Treatment & Desalination**

**Strong Market Penetration & Inflecting Demand From Partners**

**Attractive Financial Profile and Valuation**

**World Class Leadership Team**



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