



Global Leadership in Decentralized Water Solutions



2018 Global Decentralized Water & Wastewater Treatment
Company of the Year Award

FROST & SULLIVAN

March 2018

Summary



- Growing global water scarcity, contamination – Cape Town, Flint Michigan, Middle East, China, India
- Decentralized solutions deploy faster, cheaper – US\$22B market by 2021
- Fluence is leading global player focused on this market with complete suite of solutions
- Targeting US\$15B China rural opportunity, global desalination, wastewater to energy markets
- Proven management team and Board – systems installed in 70 countries
- Guiding \$105-115M in 2018 revenues, 80-100% up on 2017
- \$95M in backlog entering 2018 - \$75M of this due in 2018 revenue
- Guiding \$22-25M gross margin in 2018, EBITDA positive during 2019
- \$33M in cash at end of 2017, under \$2M in debt

Market Opportunity



Growing Global Water Crisis Now



Urgent Need For
Affordable,
Fast-to-Deploy
Solutions

Water shortages affect 2.7B **now**

2.4B lack proper wastewater treatment **now**

An additional population of 2.1B need upgraded treatment

Population growth from 7.4B in 2016 to 9.1B in 2050

60% increase in global food production by 2050

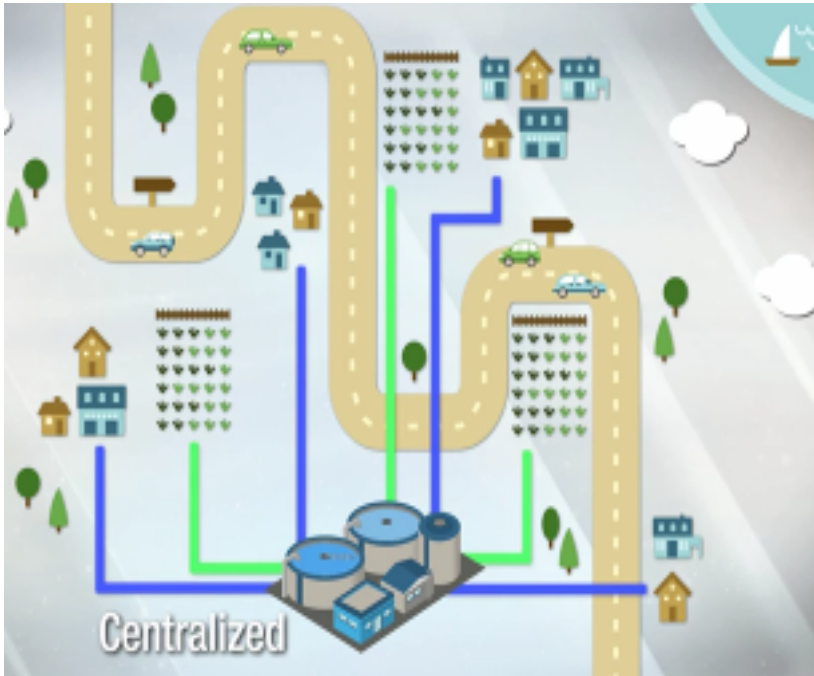
Manufacturing water demand will grow 400% by 2050

Global water consumption to double by 2050

Results in 40% water deficit by **2030**

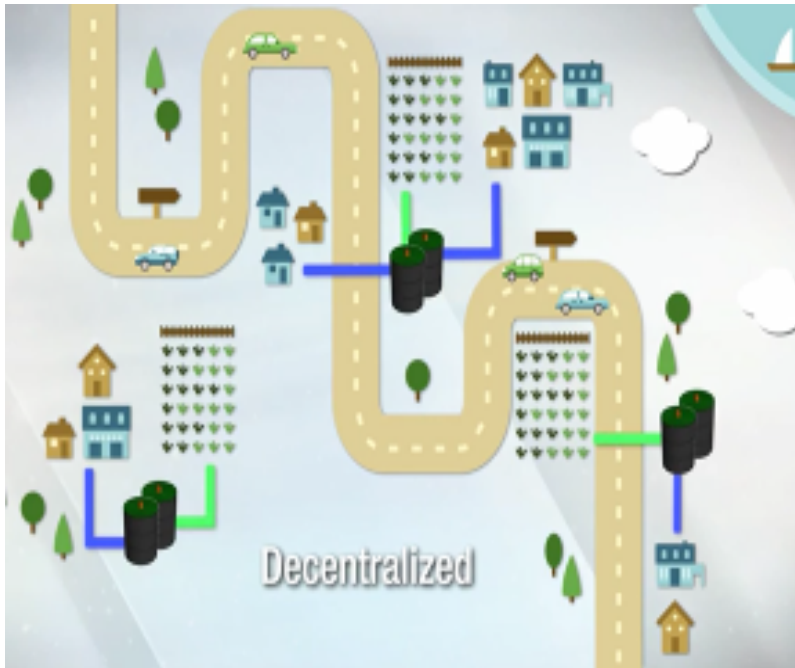
By **2025**, two-thirds of the world will face water shortages

Today's Large Centralized Solutions Do Not Address the Growing Demand



- **Large centralized plants:** CapEx and OpEx inefficient, demands massive in-ground infrastructure – too costly
- **Developed world:** Rusting pipes and growing communities drive pipe replacement: \$1M – \$10M+/km, plus pumping and storage
- **Very costly to upgrade:** Fixing and upgrading water infrastructure estimated to cost \$1 trillion+ - not viable

Decentralized Packaged Treatment Plants: The Solution For Global Water Needs

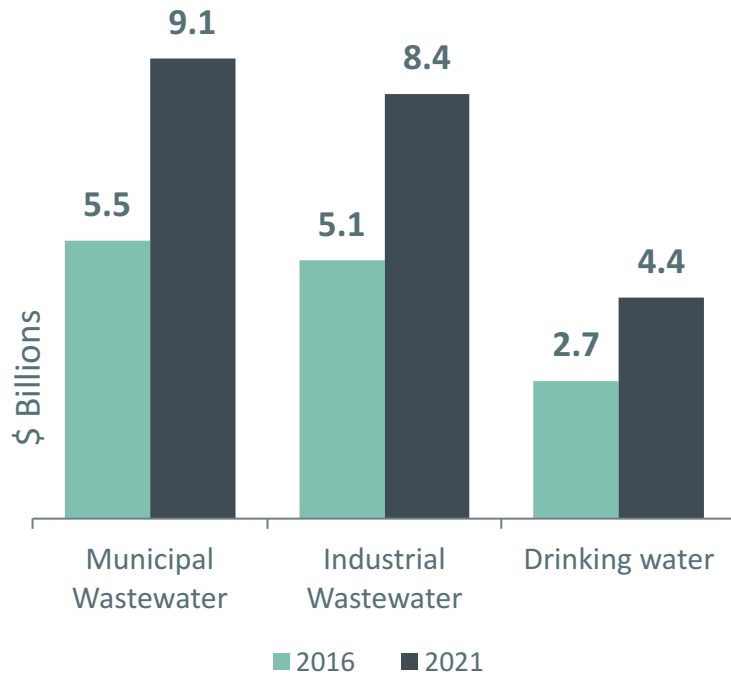


- **Smart Packaged Plants** provide a cost effective ‘plug and play’ solution, avoiding inefficient infrastructure projects spanning years and costing hundreds of millions
- Smart Packaged Plants enable **remote monitoring and operation**, substantially reducing OpEx
- Point of Use **Decentralized Plants require short and limited in-ground infrastructure**, saving 25% CapEx & 40% OpEx for new install & upgrades
- Localized water treatment and reuse **avoids need for large installed base** to transport source water and returning treated water, reduces water and energy demand
- Multiple decentralized plants help mitigate man-made or natural disasters

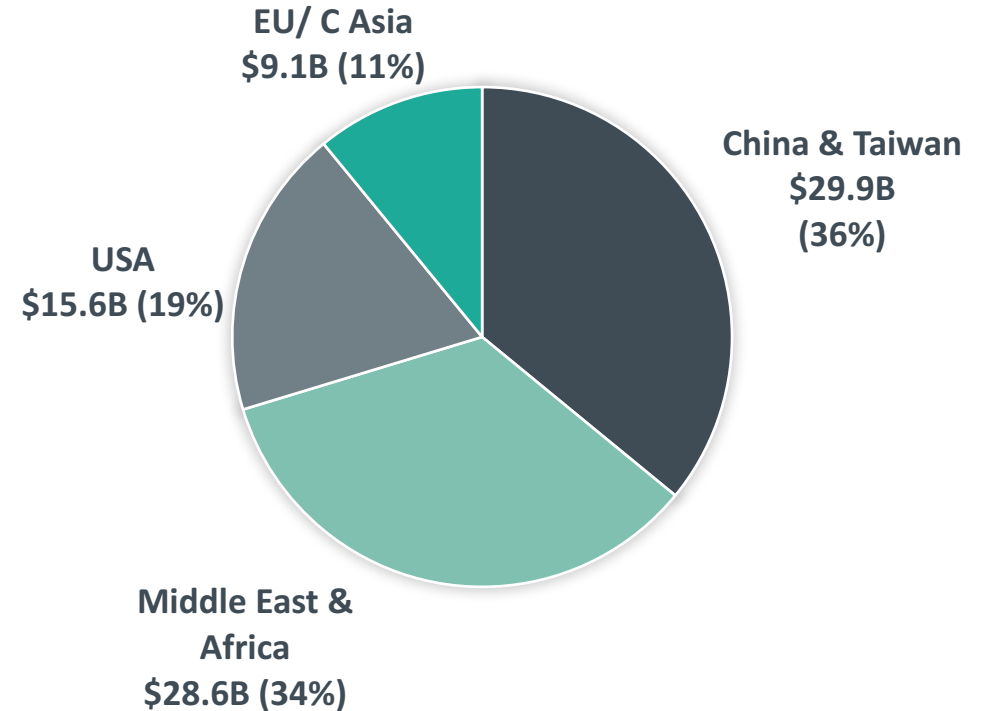
Target Markets Growing Rapidly



Smart Packaged Plants:
Global market growing from
\$13.3B to \$21.8B (2016 to 2021)



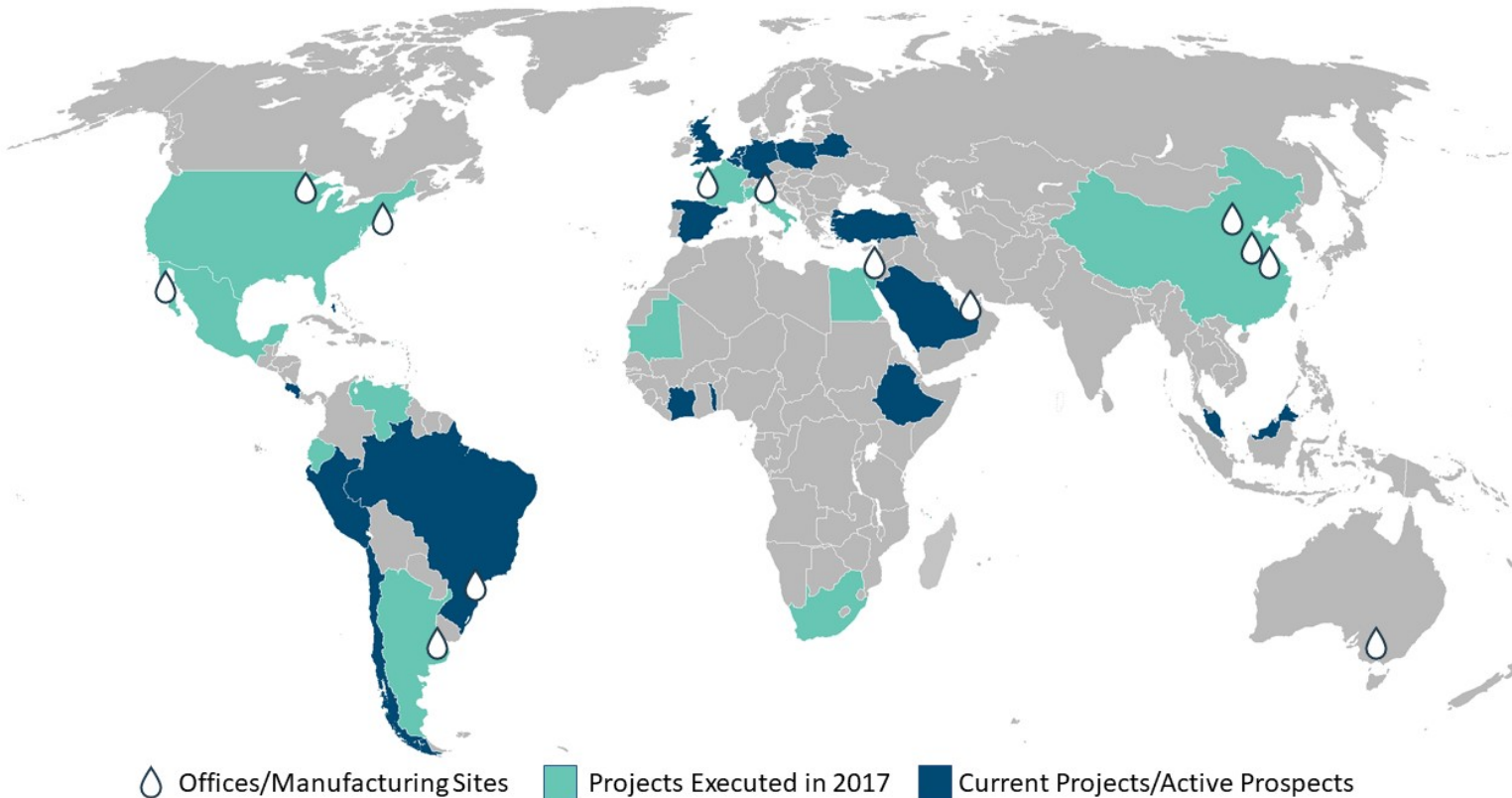
\$83B in Planned CapEx
Desalination and Reuse plants
(2017 to 2022)



Positioning



A Global Leader in Fast-To-Deploy Decentralized Treatment Solutions



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

Diversifies revenue sources while increasing opportunities

Global operations, incl. manufacturing in Israel, Argentina, USA, Italy and China

An Established Global Player with Differentiated Products Serving Growing Markets



\$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



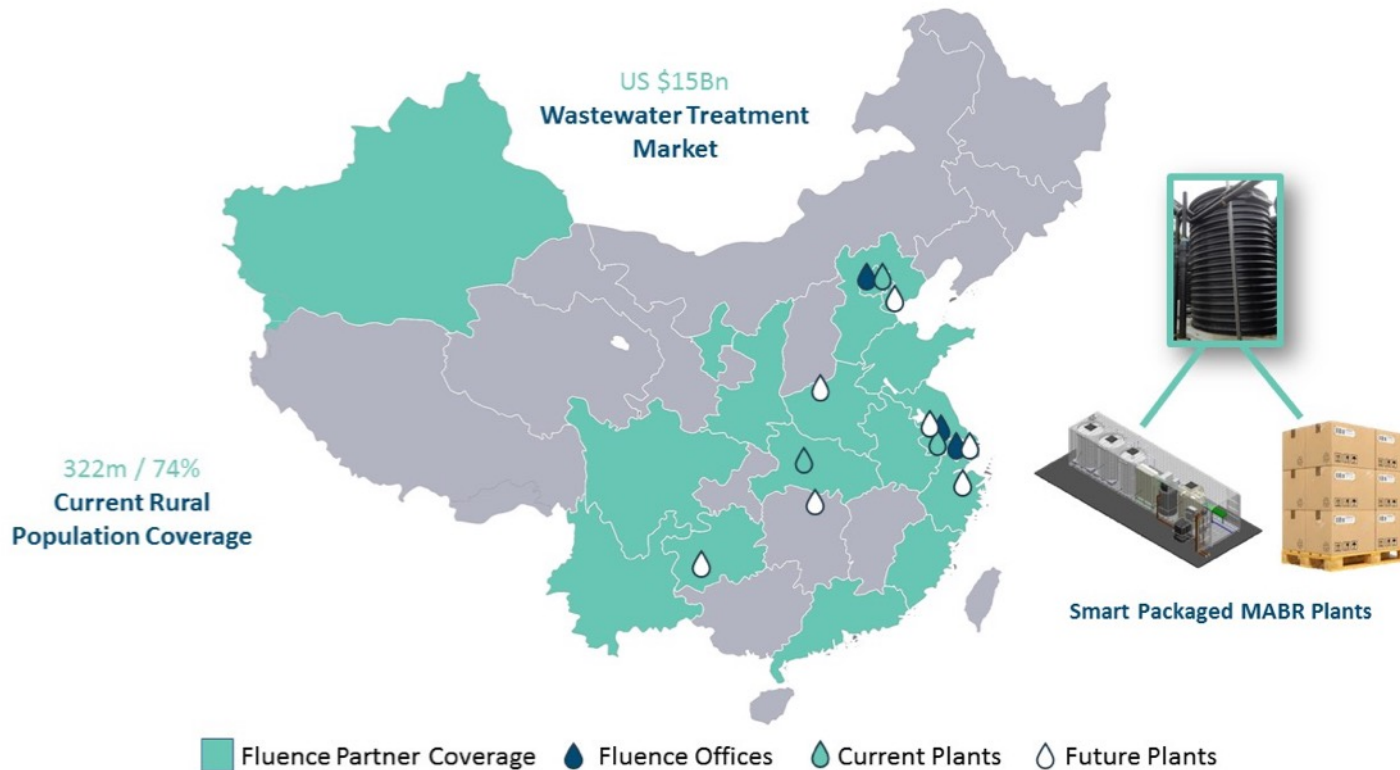
Global team of 330+ experts



Strong balance sheet to execute plan

Result: Sustained Revenue and Margin Growth, Increasing Recurring Revenue

Well Positioned for Huge China Opportunity



China's 13th 5 year plan provides US\$15 Billion funding for rural wastewater treatment

Fluence MABR uniquely qualified for this market

Fluence has established multiple channel partnerships in China

Shipment of Commercial Packaged Plants has commenced

Local supply of flagship MABR product from our plant in Changzhou

Strong Pipeline of C-MABR Wastewater Treatment

First commercial contracts through strategic channel partners in Henan & Guizhou Provinces announced in November 2017

Anticipated China Revenue Ramp



- 2016 – Secured initial partnerships: 4
- 2017 – Deployed and proved 6 demo plants, closed contracts for initial 2 commercial plants – 36 MABR units
- 2018 – Book and ship increasing commercial contracts via 15 partners
- 2019 – Anticipated substantial step up from 2018 revenues
- Total market estimate still \$15B, actual ramp point hard to project

Proven Industrial Waste-to-Energy Solutions



Onsite production of energy reduces electricity and gas consumption

High-quality, treated effluents meet the most stringent requirements

Reduction of sludge volume by up to 90%, significantly reduces landfill waste

Output can be used as a fertilizer

Reduces greenhouse-gas emissions

Dominant in local market sectors, 100% reliable, low operation and maintenance requirements



Compelling GLOBAL Position = Diversified Revenue



| Product | Market | Competitive Advantage | Proof Points |
|--|--|---|---|
| Smart Packaged MABR | Decentralized wastewater: \$9.1B in 2021 + \$15B in China | Up to 90% less energy, halves OpEx, fast time to market | Plants in USVI (US EPA certified), 5 in China, 1 in Ethiopia, 2 in Israel |
| SUBRE | Thousands of plants, \$2B+/year | Avoids toxic chemicals, big energy saving, improves nitrogen removal | Full-scale field testing and first contract now - low-risk, as based on proven MABR technology |
| Smart Packaged Plant – Purification (Nirobox, Ecobox) | Decentralized water plants: \$4.4B in 2021 Solves emergencies | Deploy in 6 months, versus 18-24 months Lower CapEx, OpEx, footprint Mobile | Plants globally including Africa, Latin America, Cyprus |
| Waste-to-Energy | Industrial market \$8.4B in 2021 | Proven expertise and dominant in local market | Dominant in Italian sectors Deal with top international processors |
| Large EPC Projects | Multi-billion market | Global player, active in 70 countries | African project (\$100M+), Mexican BOT, Cyprus, Colombia |
| BOT/Recurring Revenue | Water and wastewater treatment | Own source of financing; expert at managing risk | San Quintin, \$44M CapEx + 30 year O&M |

Company Products Satisfy Global Geographies



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

Guidance: Metrics to Track Success



Backlog At Jan 1, 2018

- \$95M entering 2018 of which \$75M anticipated in 2018

Revenue for 2018

- \$105 - 115M (~2x 2017)

Gross margin for 2018

- \$22 - 25M

Recurring revenue

- Increasing BOT projects via off-balance sheet finance

New products

- SUBRE first contract success, general intro by Q2 2018

Profitability

- Still targeting at least one profitable quarter in 2019