



ASX Code: **PET**

Share Price: **A\$0.39**

52 Week High: **A\$0.48**

52 Week Low: **A\$0.19**

Issued Shares: **527.2m**

Market Cap: **A\$205m**

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[www.phoslock.cn](http://www.phoslock.cn)

PET BLOG on Water Issues:

[www.phoslock.com.au](http://www.phoslock.com.au)

# ASX ANNOUNCEMENT

## Chairman's Address at AGM

Thursday 22<sup>nd</sup> November, 2018

Dear Shareholders,

I am pleased to report to you on the many significant changes over the last 12 months which have further added to the transformation I detailed at last year's Annual General Meeting.

To reflect these changes, we changed the name of the Company to Phoslock Environmental Technologies Limited. Our ASX code has changed to PET.

The new name explains the huge transformation having taken place over the past two years. Historically, the Company was a single product company, making *Phoslock*, which permanently locks up phosphates in polluted water, starving blue green algae of nutrients, which eventually dies off. The product has been outstandingly effective, enabling the clean-up of more than 300 lakes, dams and reservoirs around the world. And, with growing repeat applications, it continues to do so.

However, with our move into China two years ago, plus the completion of our wholly-owned, greatly expanded manufacturing facility 18 months ago, followed by the signing of a comprehensive set of working contracts 15 months ago, and then the employment of Chinese specialists and a senior, specialist Chinese director/shareholder to our Board over the past 12 months, the Company is now doing very much more.

While retaining our historic functions as a Global Water Treatment and Water Services Company, we have diversified into both Environmental Materials as well as Engineering Services. We now produce and apply, in addition to *Phoslock*, diverse materials such as zeolites, volcanic rock and bacteria, while Engineering Services have developed new mechanical and technical solutions for diverse water issues.

These new materials and processes have rapidly become an increasing source of revenue for the Group - and are not confined to China.

The Company's new business mix has seen revenues increase fourfold from \$4.2 million in F.Y. 2017 to \$16.2 million in 2018. We are now forecasting a further 60% increase to \$27-30 million for the current financial year. From only selling *Phoslock* internationally in 2016-17, we expect to have a mix of 25% international materials, i.e. *Phoslock* and other materials, 35% China materials, and 40% China contracting business for the current financial year.

These dramatic changes have resulted in major additions to the management team; we currently have about 60 employees in China, mainly highly qualified engineers, project managers, researchers and technical support staff. We have allocated significant resources to increase our R&D capabilities as we look to develop more new products and introduce other technologies globally.

Outside of China, business is progressing well; revenue for the previous financial year was \$4.7m million with a forecast of an almost 50% increase to \$7 million in the present financial year. While this is predominantly the sale and application of *Phoslock*, we are looking to expand into additional revenue opportunities.

On a further positive note, I am sure I don't have to point out to you that the share price has doubled over the year, from 20c to 40c today. This follows a doubling from 10c in the previous year and that followed a doubling from 5c the year before. Our market capitalisation has therefore risen from some \$15 million four years ago and from \$85 million a year ago, to over \$200 million today. So I thank you long-standing shareholders who believed in us and the worthwhile endeavour we undertook ten years ago.

The commitment of Directors and management is a powerful incentive. We own a combined 160 million shares or about 30% of the issued capital.

Needless to say, after some ten years of relentless effort, I am even more confident about our future. We are now firmly established in China, with its massive opportunities. We are growing in both applications and products globally, and we are actively seeking to add businesses if the acquisition fits within our strategy and the price is realistic.

I particularly want to thank Zhigang Zhang for his significant contribution to the PET Board and having a critically important role in developing our Chinese business. Also Brenda Shanahan, with her many years of international and diverse experience in finance and corporate directorships, who is making a significant contribution to the PET Board. In addition, she chairs the Audit and Compliance Committee. I must equally thank our Managing Director, Robert Schuitema for his tireless efforts to bring about the transformation of Phoslock into a growing, diversified and profitable environmental company.

Finally, I would like to thank our executive officers (many of whom are in attendance today) and all employees around the world for their significant contribution to the Company.

It is my personal ambition to make a contribution to socially responsible companies. In the case of Phoslock, we are making very substantial changes to water pollution globally and, most importantly, enhancing the environment as we do so.

I look forward to continuing our regular updates and expect to provide you with more positive news as the year progresses.

I will now hand over to Robert to give you a comprehensive look at the business of the Company.

Yours sincerely,

Laurence Freedman AM  
Chairman