

Aeris Environmental 2017 AGM

Chairman's Address

Aeris Environmental, has during the financial year ended 30 June 2017 and beyond, driven a successful expansion of its commercialisation programs across all business units. Each of the Company's core divisions, being Consumables, Corrosion, SmartHUB, SmartENERGY and Control, are growing and gaining traction in key local and global markets. Importantly, we are seeing more and more customers purchase products and services from across the portfolio. Both committed orders and a forward sales pipeline are at a historic high, and growing.

Market demand for energy efficiency, clean technology, extended asset protection, and Smart IOT connectivity are driving broad and increasing trade interest in the capabilities of our portfolio.

2017 key milestones

- **Aeris Smart HUB range in commercial production** - multiple high-profile installations successfully completed.
- **Rapid growth of platinum programme** - with 23 signed partnerships (plus multiple pending) - each with minimum annual purchase commitments.
- **Investment in strategic markets of the USA, Europe and Asia Pacific region** gaining traction, leading to a number of large scale opportunities.
- **Increasing adoption of AerisCoat OEM** corrosion prevention and protection.
- **Strong lead indicators, including a visible opportunity pipeline of over \$15 million rolling into 2017-18 financial year.** Known contracted revenue in coming quarters underwriting sales growth.
- **Major flagship Building Management Systems and control projects successfully completed,** with a strong forward pipeline.
- **Growing strategic engagement** with a cross section of high profile, multi-national industry leaders, potentially delivering a dramatic scale up in customer base and global penetration.

2017 financial highlights

- **FY17 99% revenue growth** on prior corresponding period to \$2.78 million.
- **63% of FY17 revenue received from new platinum partners and key accounts.** Each product group with significant annuity revenue.
- **\$1.8 million cash receipts for 2016-17 financial year,** being a 120% increase from 2015-16 financial year.
- **Sustainable margins in excess of 60% (with Australian production)** and via our distribution network.
- **Low fixed overheads** – most variable costs being expenditure on sales and marketing.
- **Leading global customers** including Government bodies, multinational corporations, global facility managers and leading OEMs.
- **Portfolio of validated solutions** for all climate controlled environments.



Aeris has invested in projects to enhance supply chain, scale up of production and dealer training to drive growth capacity in our priority global markets. The Company is leveraging an efficient blend of its platinum partner applicators, together with a broadening base of international distributors, global direct customers and wholesale channel partners, to grow its business.

The clear commercial objective is to grow recurring revenue through not only new customer adoption, but also to drive the full portfolio of products deeply into each account.

In the commercial strategy laid out by the Company, there are a number of milestones which have now been successfully implemented. Key to this has been a number of high profile projects in each vertical, which have demonstrated that our integrated technologies deliver outstanding outcomes and highly commercial return on investment. This has created strong word of mouth growth in enquiries from new customers who have become aware of our successful implementations.

Aeris has been focussed on engaging with the HVAC and Facilities Management trade, and a number of recent announcements such as our projects with Sodexo for a leading global mining company, are already leading to enterprise scale roll-outs.

The Company continues to be successful with its corrosion protection portfolio, having recently been validated by an HVAC OEM with a global footprint, as well as expanding its service corrosion business with leading customers such as Visy, with applicators such as Engie, a French multinational electric utility company which employs 153,090 people worldwide with revenues of €66.6 billion.

The Company has undertaken a broader programme of investor and public relations, as evidenced by recent stories in national news websites. These highlighted Aeris' success in Malaysia. A series of roadshows are underway to update the market on the Company's position as the emerging leader in energy and systems efficiency.

As a consequence of increasing customer demand for environmentally friendly technologies, Aeris is now in potentially material discussions with industry leading trade groups who wish to access our 'clean, green, protect' portfolio. As previously reported, this could facilitate the rapid and widespread adoption of the Company's technologies across large customer bases, which may have a material effect on our growth and global footprint, providing access to large scale customer groups.

Aeris has, now in place, a standby funding facility from three of its founding directors, for an as yet undrawn line of credit totalling \$1.5mil.

I wish to thank our shareholders for their patient support and look forward to accelerating the broad range of commercial activities now underway, building on our outstanding technology and product portfolio. Aeris' executive team has exhibited a level of commitment and a work ethic that has enabled a small technology company to begin to be recognised as a leader in so many fields. We look forward to expanding our board, and acknowledge that many of our current members have contributed to both the commercial and technical momentum that we are now enjoying.

Aeris today is indeed the result of a long journey, however, there is clear evidence that your Company has the potential to achieve broad commercial success in the large global market for clean



tech. The number of new customers and projects adopting the Aeris platforms is no coincidence. The positive feedback from customers can be characterised in the following words “Aeris exceeded our expectations and we now see the Company as a preferred partner going forward”.

Maurie Stang

Chairman



Aeris Environmental Ltd (ASX:AEI)
Annual General Meeting
29 November 2017



Aeris drives improved performance,
longer asset life, dramatic cost
efficiencies & sustainable built
environments.



Mr Maurie Stang
Chairman

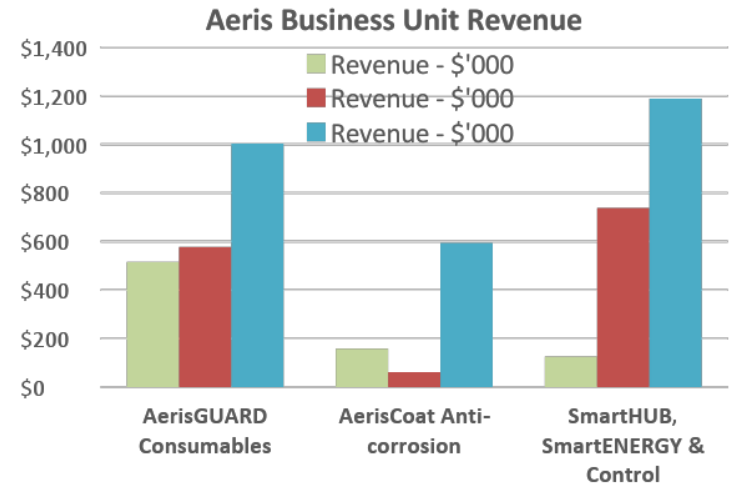
2017 key achievements



2017 financial highlights

- **FY17 99% revenue growth** on prior corresponding period to \$2,78M.
- **63% of FY17 revenue received from new platinum partners and key accounts.** Balance of revenue from existing accounts, which are both expanding and recurring.
- **\$1.8 million cash receipts for 2016-17 financial year,** being a 120% increase from 2015-16 financial year. Sales accelerating as Aeris moves firmly into commercialisation / monetisation phase.
- **Sustainable margins in excess of 60%,** with Australian production) with history of recurring revenue.
- **Low fixed overheads** – major expenditure on sales and marketing / revenue generation.
- **Industry leading global customers** including Government bodies, multinational corporations, global facility managers and leading OEMs.
- **Portfolio of diverse solutions for all climate controlled environments** including building, trains, planes, trucks, ships etc.

	2017 (\$)	2016 (\$)
Income	2,882,259	1,961,488
Expenses	(6,634,524)	(4,027,419)
Loss after income tax	(3,752,265)	(2,065,931)



AERIS – market adoption

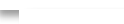
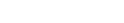


People caring for people



Accor hotels

Sofitel Sukhumvit
Sofitel So
Pullman Sukhumvit
Pullman G Silom
Pullman King Power
Pullman Phuket Grand
Mercure Rama 9
Novotel IMPACT
Novotel Ploenchit
Novotel Silom
Novotel Siam Square
Novotel Platinum
VIE hotel
Swissotel le Concorde Bangkok
Baraqua Pattaya - MGallery by Sofitel



Starwood hotels

St. Regis Bangkok
Ritz-Carlton Bangkok
Sheraton Grande Sukhumvit



Marriott Executive Apartments, Bangkok
JW Marriott Bangkok
JW Marriott Phuket



Amari hotels

Amari Hotels & Resort
Amari Watergate
Amari Sukhumvit soi 5
Amari Vogue resort and Spa Ao Nang (Krabi)



nu-tility

Accelerating commercialisation globally...

Platinum Partnerships/Pending in 18 Countries

Platinum Partnerships

32

HVAC/R & Hygiene*

27

SMART HUB & Control*

24

Corrosion*



*Note – some platinum partners have more than one agreement / area of business

Key drivers of shareholder value





Mr Peter Bush
Chief Executive Officer

Aeris value drives...

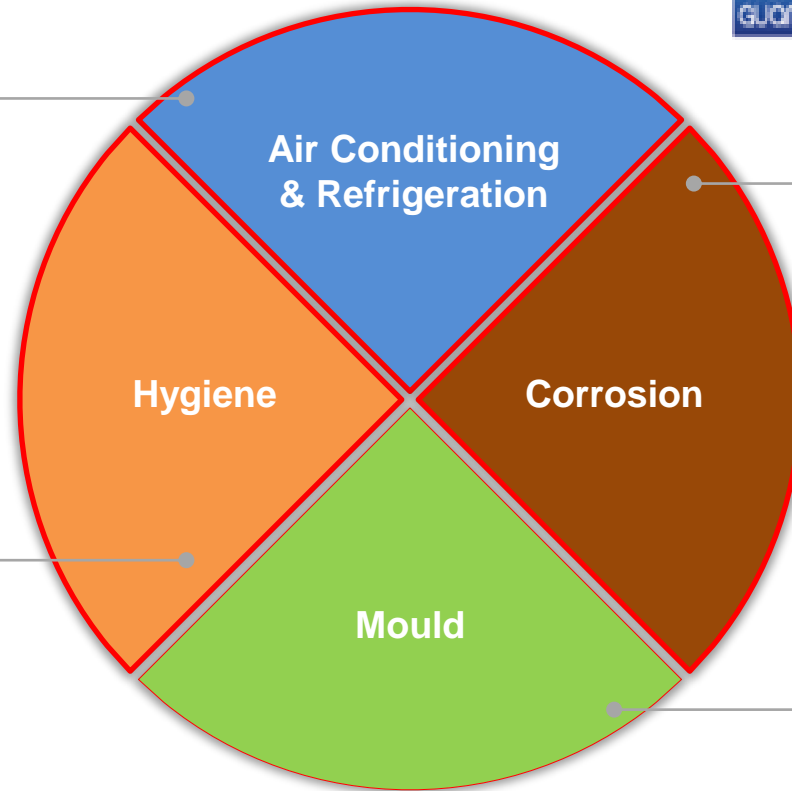
- **Over \$40million invested to date in validated technologies** that are entering full commercial revenue scale up.
- **Core products commercially launched**, path to market identified, case studies complete.
- **Industry leading global customers** including Government bodies, multi-national corporations, global facility managers and leading OEMs.
- **Global certification (TGA, USA EPA, HACCP, NEA) and third-party independent validations.** Exclusive licenses to multiple patents.
- **Unstoppable global trend toward safer, greener and more efficient buildings.**
- **Data driven, commercial and scientific drivers for adoption.** Increased human productivity, asset life, operational efficiency food safety.
- **Sustainable, safe and environmentally friendly** products with strong market tailwinds.



Complete range for maintenance and efficiency

- HVAC & R Maintenance
- HVAC & R Efficiency
- HVAC & R Optimisation
- Data collection / M&V
- Building Management System / Control
- Cooling tower and water circuits

- Food safety & compliance
- Cool room hygiene
- Commercial kitchen & food service equipment
- Beer line maintenance
- Smart surface / paper
- Biocidal Polymers
- Kitchen exhaust hygiene



- On-site corrosion protection (service)
- Long term corrosion protection (OEM)



- Remediation
- Long term prevention
- Odour control



CLEANS



PROTECTS
• ANTI-MICROBIAL
• ANTI-CORROSION



OPTIMISES



CONTROL



VISUALISE

THE NEXT GENERATION IN WHOLE OF SYSTEM HVAC&R CONTROL AND VISUALISATION



AerisVIEW real time analytics



Customised User Interface

The AerisVIEW Graphic User Interface (GUI) can be customised to give a detailed view of a building assets

Real time analytics and reporting

Real-time analytics and reporting can optimise energy efficiency, improve comfort and extend asset life. Ideal for buildings with NABERS reporting requirements.

Real time monitoring and control

Centralised asset management allows 24/7 visibility to monitor, control; and improve maintenance with alarms and fault detection.



Predictive maintenance capability can improve performance and extend asset life



Plug and play technology can be retrofitted to most equipment



Real time monitoring, control and optimisation



Reduce operating costs and electricity usage



Safe and secure technology to protect your assets



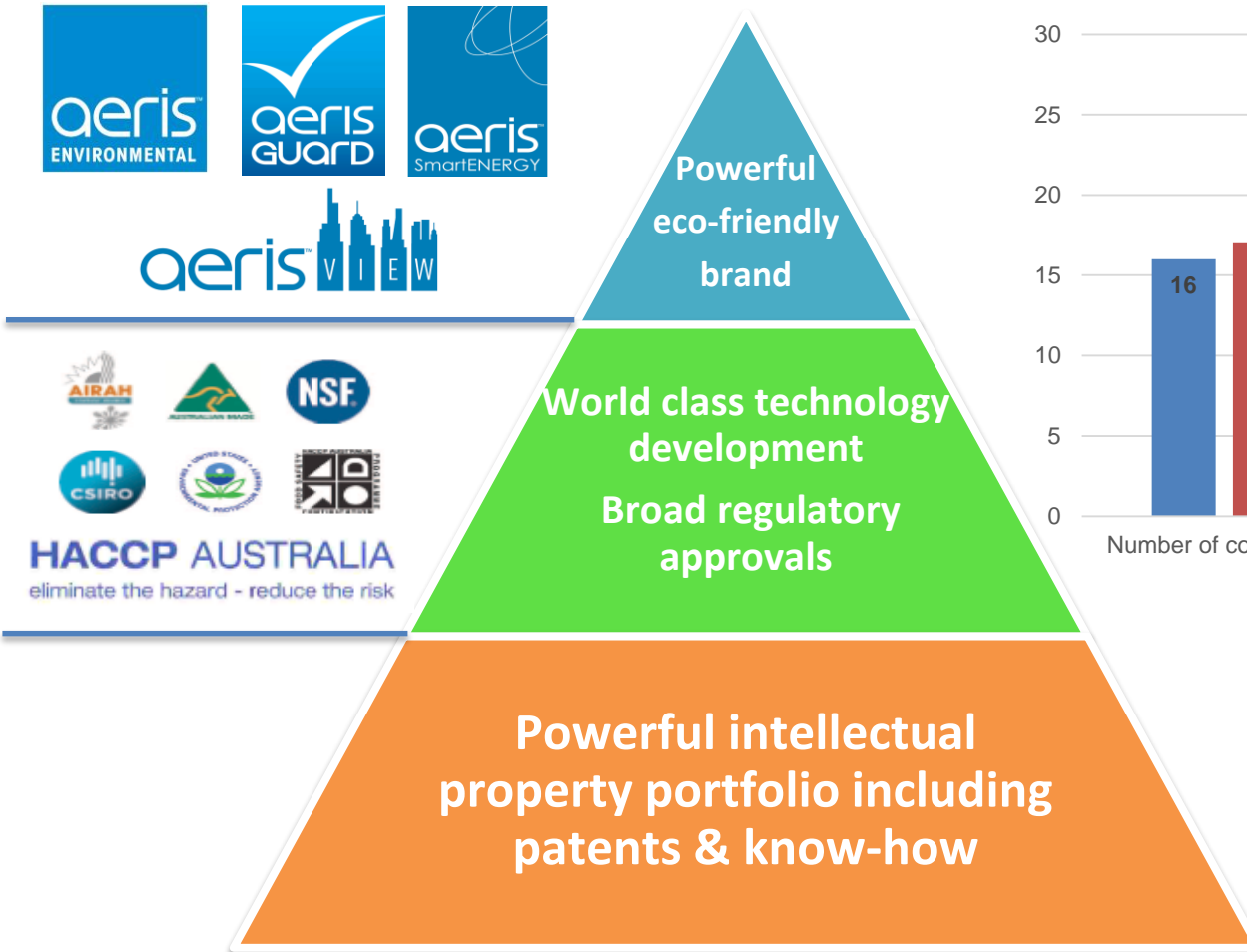
Software as a Service option helps manage operational cash flow with a monthly subscription model



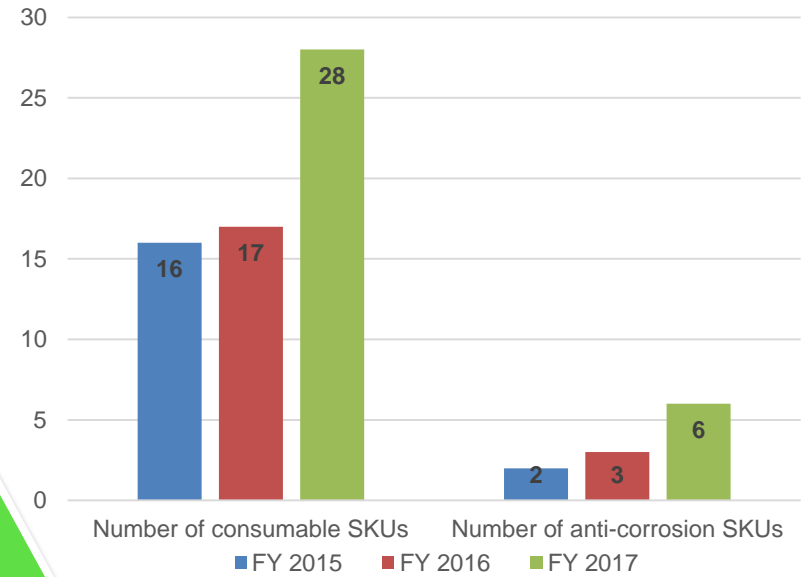
3G/4G - wi-fi, connections

Aeris intellectual property

Leveraging over \$40Mil invested to date...



Number of Products – Year on Year



Clean, Green, Protect

Aeris path to market



- **Sales and Marketing** – key accounts
- **Technical support** – platinum partners
- **Product & know how** - Intellectual Property
- **Research & Development** - regulatory
- **Manufacturing and logistics** – to wholesale

HVAC/R

**SMART
HUB &
Control**

Hygiene

Corrosion

Wholesale

- Logistics, fulfilment, inventory and distribution
- Sales and Marketing – key accounts

Key global accounts

- Direct with Aeris

Platinum Partners

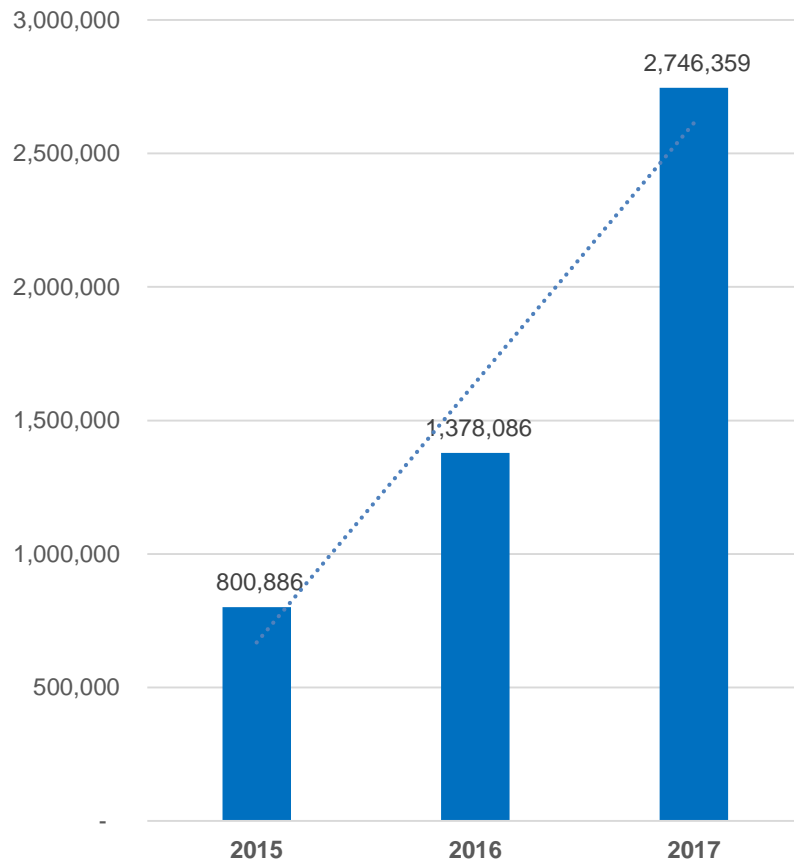
- Specialist application – warranty and after sales service
- Sales and marketing – vertical expertise and specification
- Technical support – scalable across multiple geographies

Customer






2017 product sales mix & cash flow

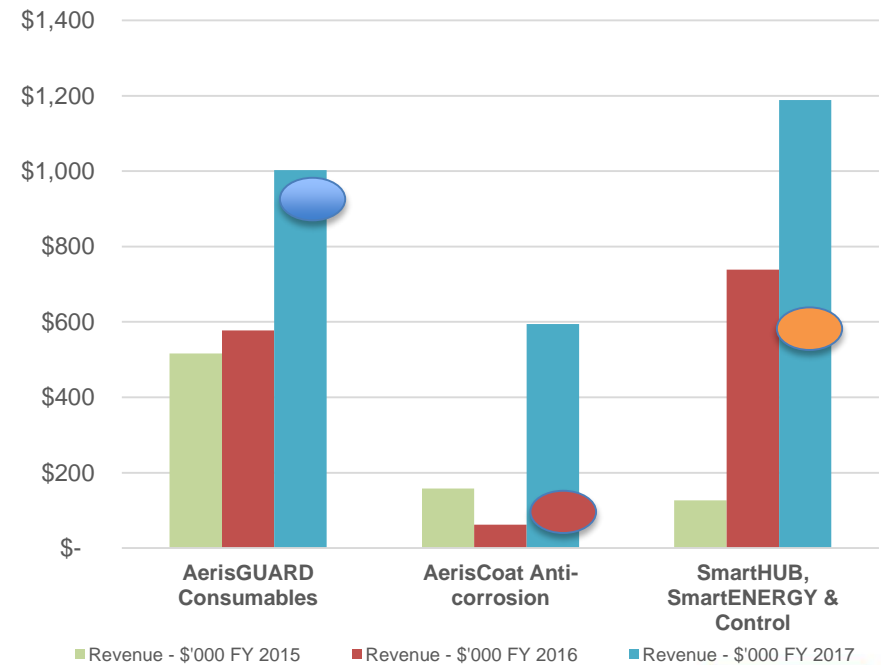
Aeris Annual Revenue



Aeris Business Unit Cash-flow FY2017 (\$'000)

Consumables	Platinum Partners		\$1,115	62%
HUB/Control	Projects		\$602	33%
Corrosion	OEM		\$93	5%
Cash receipts			\$1,810	100%

Aeris Business Unit Revenue (*)



(*) from Aeris financial accounts

2018 YTD results update

FY2018 Revenue - invoiced to date

	('000)
• Quarter 1 - July 17 to Sept 17	\$429
• Quarter 2 - 1 Oct 17 to 27 November 17	\$505
• Quarter 2 -December forecast	\$878

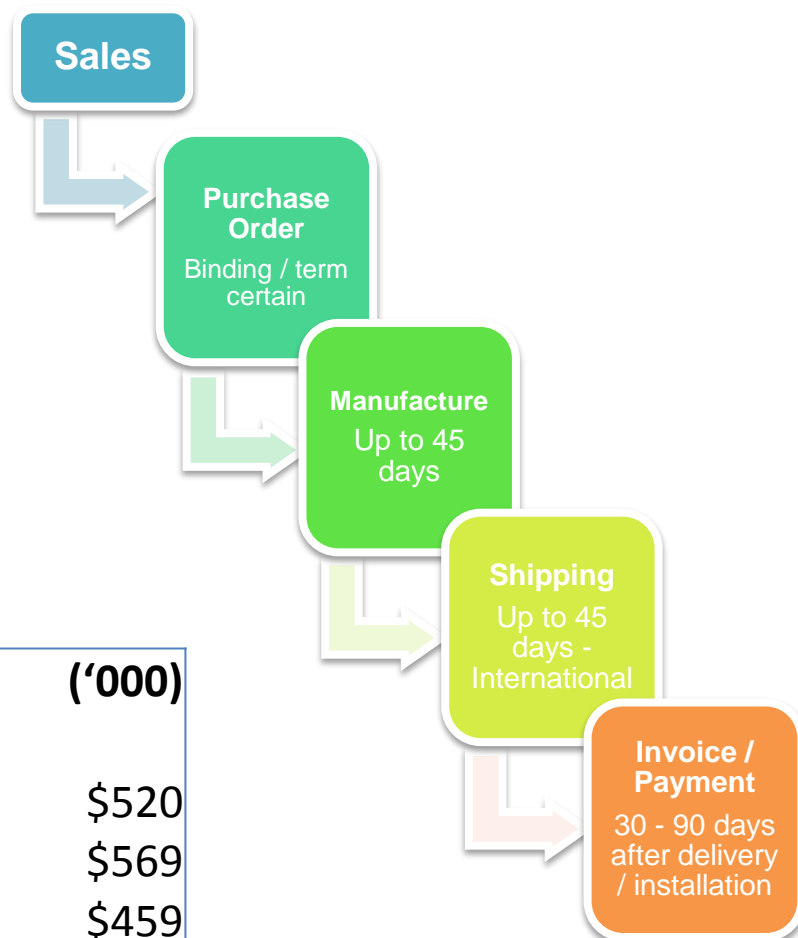
YTD Actual + Forecast to 31 December 2017

Orders on hand (including December forecast)	\$1,812
	\$1,038

FY2018 cash receipts – banked to date

	('000)
Quarter 1 receipts	\$520
Quarter 2 receipts (including \$250k est. to 31 December 17)	\$569
Quarter 2 Tax refund - ATO and Payroll tax	\$459
Quarter 1 & 2 – total cash receipts	\$1,548

Aeris sales process and timing of cash flow



2018 YTD results update

FY2018 Monthly Net Cash Outflow ('000)



	Monthly Average Net Cash outflow	YOY change
FY17 (12 months)	\$325	
FY18 YTD (5 months)	\$163	-50%
	('000)	
Cash at bank	\$702	
Undrawn lines of credit	\$1,500	
Total cash and undrawn lines	\$2,202	

2017 review - Consumables

Platinum Partners – In FY 2018, so far, Aeris has signed **15 new Platinum Partners**, each with an agreed and contracted minimum annual activity and spend.

Fin. year ended	Revenue	Number of Partners (Actual)
30 June 2017 (12 months) – 8 PP's	· \$778,000/12 months	Australia - 5
	· \$64,000 per month	Global - 3
	· \$75,000 per partner	
30 June 2018 – July to November (5 Months) – 23 PP's	· \$1,025,000/5 months	Australia - 15
	· \$205,000 per month	Global - 8
	· \$45,000 per partner	

Agreement - signed	Agreement - pending	White label - signed
Australia X 18	Australia (multiple)	HydroKleen - HVAC
Dubai X 2	United States x 20 (+25 WIP)	Maxi-Vac - Beer
Thailand x 2	Mexico	Multinational X 4 (Japan, USA, USA, USA)
Malaysia	Papua New Guinea	
Malta	Korea	
India	Iran	
New Zealand	Europe (UK, Italy, Ireland)	
Singapore	Hong Kong	
Philippines	China	
Vietnam	Canada	

Platinum Partnerships

32

HVAC/R & Hygiene*

27

SMART HUB & Control*

24

Corrosion*

***Note – some platinum partners have more than one agreement / area of business**

2017 review - Consumables

Key Accounts – Aeris has contracted a relationship with **Sodexo** for the cleaning of on-site mining camps in Australia. The first project, **for one of the world's largest mining corporations**, for approximately \$500,000 will be complete by H1 FY18.

Wholesale Distribution – Aeris made sales to 2 new wholesale groups in Australia and is in advanced discussions with leading entities in the UK and USA. This is in addition to our existing wholesale relationships and sales to Heatcraft (HVAC), Reece (Plumbing) and L&H (Electrical/Industrial).

Launch of e-commerce platform with a leading group that has in excess of 46,000 accounts.

Outlook & Growth Priorities

- Expansion of Platinum Partner and wholesale base.
- Focus on accelerated growth in international markets.
- Land and expand within key accounts, such as Sodexo.
- Growing demand for 'clean, green, cost effective' technology by leading consultants, facility managers, government bodies and corporations.



Sodexo, one of the world's largest multinational corporations, is a French [food services](#) and [facilities management](#) company with 420,000 employees and 34,000 sites in 80 countries.



2018 focus....

Facilities management – single site revenue analysis – HVAC, hygiene, commercial kitchen and water treatment

Category	Project	Value ('000)	Total ('000)
HVAC treatment	Indoor systems (850 units)	\$241	
	Accommodation village (523 units)	\$160	
	Construction offices (200 units)	\$60	
	Outdoor - cleaning only (1,317 units)	\$77	\$538
Commercial kitchen	Kitchen extraction hygiene	\$7	
	Cool room hygiene	\$5	
	Ice machine hygiene	\$6	\$63
Upside	Environmental surface treatment	\$50	
	Water Treatment – biofilm in circuits	\$250	
	Corrosion – HVAC - 1317 outdoor units	\$250	
	SmartHUB efficiency (1,317 units)	\$400	\$950
TOTAL SITE	ACTUAL PLUS UPSIDE		\$1,551



Mining, Education, Health Care, Aged Care, Prisons, Defence, Construction

2018 focus....

Platinum Partnership/Pipeline in 18 Countries

ASIA

16

HVAC/R &
Hygiene*

4

SMART HUB &
Control*

11

Corrosion*

USA

13

HVAC/R &
Hygiene*

19

SMART HUB &
Control*

11

Corrosion*

EUROPE

3

HVAC/R &
Hygiene*

4

SMART HUB &
Control*

3

Corrosion*

*Note – some platinum partners have more than one agreement / area of business

2017 review - Corrosion

AerisCoat OEM –

Progress continues with **multiple leading global accounts**, including

- Multi-national with 51 factories (USA)
- Multi-national with 12 factories (Italy)
- Multi-national with hundreds of dealers (USA/Japan)
- Major Chinese HVAC coils manufacturer
- Leading Solar supplier
- Middle Eastern (customer which has made repeat, multi-tonne orders).

Aeris Corrosion Protection Plus –

- Platinum partner agreement with Re-Car/Fleet-pool, 32 heavy vehicle repairers (Aust).
- Distribution opportunity with a Fortune 500 company that is global supplier of paints, coatings, specialty materials, and fiberglass that operates in more than 70 countries around the globe.



2017 review - Corrosion

Aeris Corrosion HVAC Service –

- Major air-conditioning OEM has begun to specify Aeris as its recommended corrosion protection solution, with over a dozen high values orders to date, and a significant pipeline of quotations.

Outlook & Growth Priorities

- Broaden OEM customer base. Convert pipeline.
- Expansion of specialist Platinum Partner program into high value-added opportunities for service corrosion – heavy vehicles, plant and equipment, air handing units etc.
- Focus on accelerated growth in international markets.
- Land and expand within key accounts, such as Engie.



The Company has now entered into a relationship with Engie, as a Platinum Partner for corrosion, to deliver Aeris products to one of the world's largest privately owned paper, packaging and recycling companies.



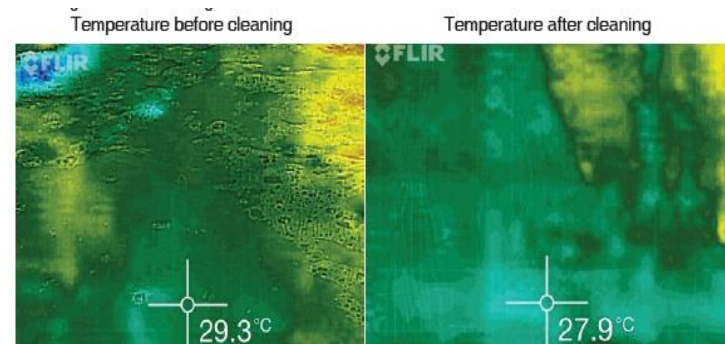
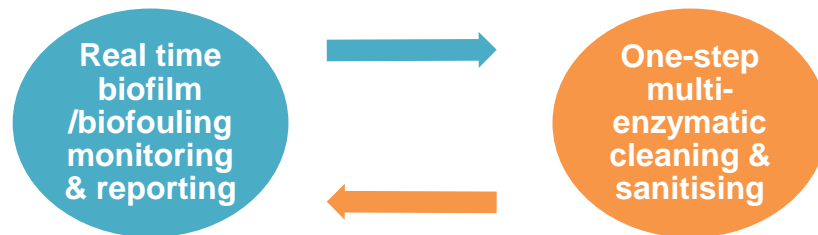
Engie is a French multinational [electric utility](#) company which employs 153,090 people worldwide with revenues of €66.6 billion

2018 focus....

Water treatment in process equipment reference site

There are huge incentives to (a) prevent biofilm formation, and (b) to minimize growth rate in process equipment like tanks, transport tubing, and heat exchangers.

- **Corrosion** - In the oil and natural gas industry, bacterial biofilms costs ~\$100 Million each year through the corrosion of pipelines and process equipment and souring of reservoirs.
- **Equipment failure** - In the paper manufacturing industry, biofilms are responsible for an estimated 10-20% of all machine downtime.
- **Reduced performance and energy loss** - In heat exchangers and cooling water systems a 250 micron thick layer of biofilm may reduce the effective heat transfer coefficient of a heat exchanger by as much as 50%.
- **Increased risk of contamination of products and staff** - Legionella bacteria are commonly spread through airborne water droplets.



Energy Monitoring During Remediation Process					
Date	Start	End	kWh Consumed	Savings	Average
28/6/2016	12:27	14:09	432	-	1hr 43 min
28/6/2016	14:10	15:52	412	4.52%	4.36% Saving
29/6/2016	14:10	15:52	414	4.19%	

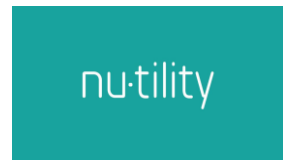
2017 review - SmartHUB, SmartENERGY, AerisVIEW



- Successful launch of HUB and delivery of various Government schools, Dexu shopping mall and another high profile projects.
- Aeris has issued over \$3Mil in quotations that are targeted to close H1 FY18. Additional pipeline of opportunities in excess of \$8Mil.

Recently **won and/or commenced** five major commercial projects:

- SmartHUB control and visualisation project for **NSW Government Council** - completed.
- SmartENERGY efficiency and control projects for **national utility** – completed.
- SmartENERGY efficiency and control pilot projects for **national retailer** - to be completed within 1HFY18.
- SmartENERGY efficiency and control pilot project for **national mall operator** - to be completed within 1HFY18.
- SmartENERGY efficiency and control pilot projects for **national supermarket chain** - to be completed within 1HFY18.



Outlook & Growth Priorities

- Successful delivery of existing projects leading to scale rollout across groups. Pipeline conversion.
- Expansion of strategic marketing relationships - efficiency consultancy & energy retailers.



2018 focus....

Demand management case study

Aeris implemented a comprehensive **SmartENERGY** solution to overcome major issues with existing controls setup, as well as to bring the site into full IOT capability.

- Aeris SMARTHUB IOT platform
- AerisVIEW real time visualisation
- Aeris SmartENERGY compressor optimisation
- Aeris SmarHUB Intelligent Unit Start control
- Aeris SmarHUB Intelligent Dead Band
- AerisGuard coil treatment

Average Daily Demand Trend

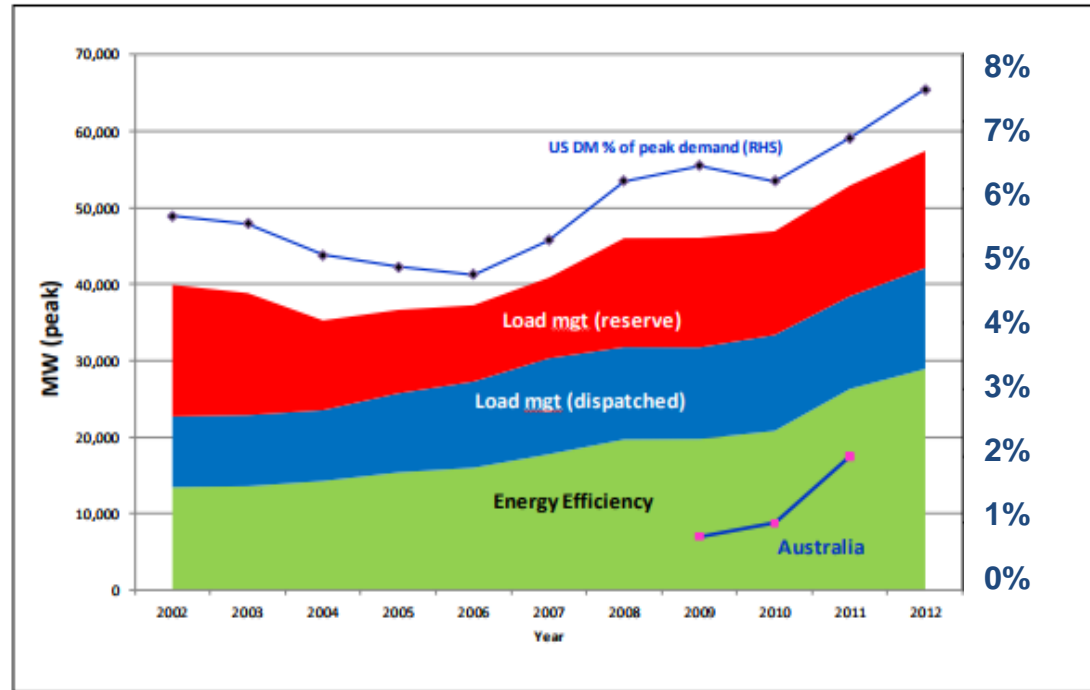
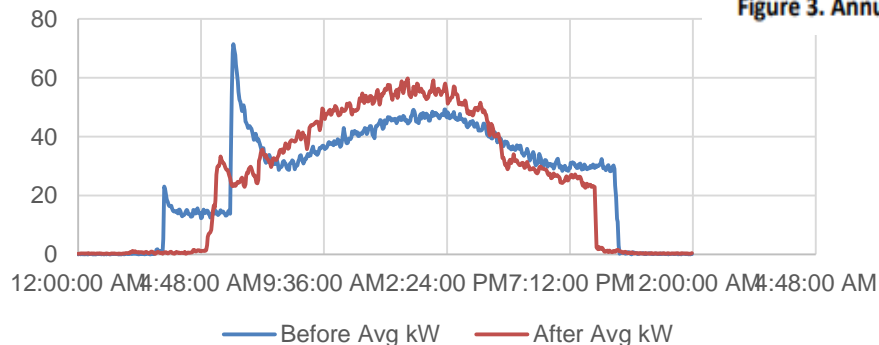


Figure 3. Annually reported utility DM in the US (Source: US Energy Information Administration, ISF)

	Before	After	Delta
Average Start-up Peak Demand (kW)	76.4	39.6	-48%
Average Day Peak (kW)	85.1	74.7	-12%



Peter Bush
Chief Executive Officer
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ENVIRONMENTAL