



ADVANCED CARBON PRODUCTS

FNN Conference Presentation

Disclaimer

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Corporate Overview

Carbonxt (ASX:CG1) is a cleantech company that develops and markets specialised Activated Carbon (AC), primarily focused on the capture of mercury for application in coal fired power stations in the United States.

The Company was incorporated in 2001 and listed on the ASX in January 2018 raising \$10 million.

Listing Price	\$0.70
Current Share Price (as at 4 June 2018)	\$0.445
Market Capitalisation	\$32m
Enterprise Value	\$34m
Debt	\$2.2m
Total Shares on Issue	73.6m
Free float	74.7%
Options	4m

Top Shareholdings

Werft Pty Ltd	13%
Walker Group	4.75%
Beville Investments Pty Ltd	4.1%
United Conveyor Corp	3.85%
Super Quinn Pty Ltd	3.67%
Washington H Soul Pattinson	3.1%

Management own 4.5%
Top 20 own ~65%



Board of Directors



Matthew Quinn
Chairman

- Prior Managing Director of Stockland, Australia's largest diversified property group (market cap \$8bn) from 2000 to 2013.
- Currently a non-executive director of CSR Limited, Class Limited and Urban Growth NSW
- Matthew began his career at Price Waterhouse after graduating with first class honours in Chemistry and Management Science from Imperial College, London.
- Matthew is also a qualified Chartered Accountant.



Warren Murphy
Managing Director

- Previous Co-Head of the Australian Infrastructure & Project Finance Group and Head of Energy at Babcock & Brown.
- Led development of Babcock & Brown's energy sector capability in Australia and New Zealand, including the founding of Infigen Energy (and its unlisted predecessor, Global Wind Partners) where he served as a director from inception until June 2009.
- Formerly a director of the ASX listed Alinta Limited and Sydney Gas Limited, as well as the unlisted Coogee Resources Limited.



David Mazyck
Executive Director and CEO of Carbonxt Inc

- World-leading expert on activated carbon (AC) and its applications including mercury capture, having developed products for multinational AC manufacturers.
- Chairman of the Activated Carbon Standards Committee for the American Waterworks Association and has developed products for NASA.
- Member of the World Coal Association and an appointee to the United Nations
- Has a PhD from Penn State University in Environmental Engineering where he also earned a PhD Minor in fuel science.

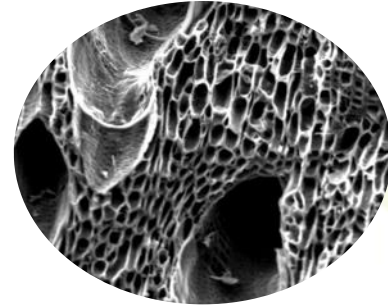
What We Do

- Carbonxt develops and markets specialised Activated Carbon (AC), for the capture of mercury from flue gas and wastewater emitted by coal fired power stations in the United States
- Proprietary Activated Carbon products are available in powdered and pellet form
- Key competitive advantage lies in non-brominated AC products that eliminates the risk of corrosion to equipment, whereas other competing products contain bromine
- Strong IP portfolio with four granted patents and two patent applications pending issue



How it works?

1. PAC injected into coal fired power station flue gas
2. The PAC then traps mercury in its pores
3. Mercury is bound to the PAC and is mixed into the fly ash – preventing it from being released into the atmosphere.



Activated Carbon is very porous.

One teaspoon of AC has a larger surface area than a football field.

Competitive Advantage Lies in Non-Brominated Products

- ✓ **Non Brominated Activated Carbon (AC) products**
 - Does not cause corrosion to equipment
 - No risk of bromide contaminating water
- ✓ **Superior performance compared to brominated competitor products**
 - Lower amount of Activated Carbon required to meet regulatory MATS requirements
- ✓ **Cost Effective**
 - Requires lower injection rates than competitors' brominated PAC products
- ✓ **Proprietary product engineered to be used with Regenerative activated coke technology (ReACT)**
 - Specialised AC pellets for use in power plants utilising Japanese ReACT technology. No other supplier of pellets for use with ReACT technology, outside of Japan.

Corrosion of air heater baskets caused by bromine



Diversified Product Portfolio

Powdered Activated Carbon (PAC)



Used for:

- Mercury capture in either the gas or liquid phase in coal fired power stations
- Mercury capture in other industrial applications, including cement production

Activated Carbon (AC) Pellets



Used for:

- Pollutants capture (including mercury, sulphur oxide and nitrogen oxide), specifically in ReACT coal fired power stations
- Capture of pollutants in waste water treatment applications

- Average customer contract is for 3-5 years for 800 tons of PAC.
- Average price per ton is USD1,100 – USD1,600

HY18 Results

Revenue Growth of +100% and Gross Margins Increased from 4% to 28%. On track to reach profitability in 1H FY19

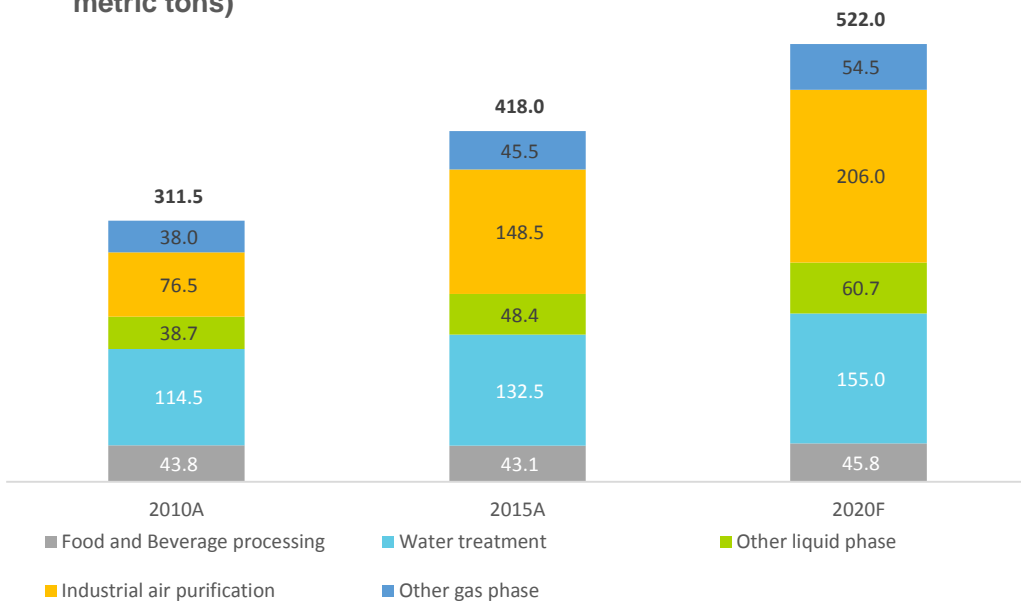
	1H17 \$'000	1H18 \$'000
Revenue	\$1,338	\$3,031
Gross margin	\$60	\$839
Gross margin %	4%	28%
Shipping costs	(\$101)	(\$565)
Operating costs	(\$1,530)	(\$2,401)
EBITDA	(\$1,571)	(\$2,127)
Depreciation and amortisation	(\$86)	(\$93)
EBIT	(\$1,657)	(\$2,220)
Net interest	(\$88)	(\$53)
Non-cash items (net)	(\$439)	62
IPO costs expensed	-	(\$374)
Net loss before tax	(\$2,184)	(\$2,585)

- Revenue increase of +126%
- Growth in revenue a result of increases in sales volume (1,772 tons, +102%) and price (US\$1,315 per ton, +14%)
- Gross margin of 28%, up from 4% in 1H17 - driven by higher prices and lower production costs
- New production facility about to open (15 June 2018) - targeting 40% to 45% gross margin in FY19
- On track to reach profitability in FY19
- Strong balance sheet with significant cash reserves after raising \$10m at IPO

Significant Target Market

By 2020 the total global demand for Activated Carbon is expected to be 1.9m tons

North America Activated Carbon Demand by Market (000's of metric tons)



✓ Industrial air purification

✓ Water treatment

Food and beverage processing

Other liquid treatments

Other gas treatments

Growth Strategy and Trajectory

1

Expand in Existing Market

- Expand use of AC pellet technology in ReACT power stations
- Continue to obtain market share in the 427 coal fired power stations in the US* leveraging non-brominated competitive advantage

2

Expand into new industries

- AC pellet product opens up new commercial opportunities in waste water treatment, industrial air purification, food and beverage processing and other liquid phase markets such as; pharmaceutical, medical and chemical production and other gas phase markets such as motor vehicle manufacturing and solvent recovery

3

Enter new markets

- European opportunity supported by the European Commission's Industrial Emissions Directive on Large Combustion Plants
- Over 600 coal fired power stations in the EU**
- Opportunity in Japanese market for pellet technology in ReACT power stations

Carbonxt's growth strategy is underpinned by continuous R&D and innovation

Investment Highlights

- ✓ **Regulatory tail-winds** driving customer growth and market opportunity in new markets
- ✓ The only non-brominated product in the market – providing a **key competitive advantage**
- ✓ **Significant market opportunity** – US market of +USD300m in initial target markets and global markets opening up
- ✓ **Long term contracted revenue** – typically 3-5 year contracts. HY18 revenue up 126%
- ✓ **Gross margins** expanded to 28% in HY18, up from 4%, and expected to be 40% to 45% in FY19
- ✓ **Expected to be profitable** and cash flow positive in 1H FY19
- ✓ **Experienced and quality board** and management team





Thank you