



Emefcy Group Limited and RWL Water LLC Announce Consummation of Business Combination and Introduce Fluence Corporation Limited (ASX:EMC, changing to FLC)

July 14, 2017 - Melbourne, Australia & New York, USA

Having received overwhelming support of shareholders and satisfied all purchase agreement conditions, Emefcy Group Limited and RWL Water LLC are pleased to announce the consummation of their business combination and the creation of Fluence Corporation Limited.

Fluence employs more than 300 highly trained water professionals around the globe and has experience in over 70 countries worldwide. Headquartered in New York, and listed on the Australian Securities Exchange, the Company also has a significant presence in China, USA, Israel, Argentina, Brazil, Mexico and Italy as well as regional offices in France, Dubai and Australia.

Fluence's top goals are to:

- Achieve sustained EBITDA profitability on a quarterly basis during calendar year 2019 by maintaining revenue growth rate, increasing gross margins & minimizing SG&A growth
- Improve revenue visibility via increased recurring revenue
- Become the dominant global player in decentralized water and wastewater treatment solutions through our offering of innovative water, wastewater and waste-to-energy treatment technologies

To achieve these goal, Fluence intends to implement the following strategic measures:

Focus on key regions	<ul style="list-style-type: none"> Focus on China – potentially fastest path to sales growth via product (modules) & packaged systems sales
	<ul style="list-style-type: none"> Build momentum in other key geographies including North America, Latin America & rest of the world
Accelerate time to revenue	<ul style="list-style-type: none"> Seek customers requiring immediate solutions, leveraging Fluence’s proven ability to deploy solutions fast Implement standardized solutions – minimum engineering time Establish MABR as preferred solution & expand channels to market Establish and expand manufacturing capability of Fluence facility in China to meet global demand
Minimize customer acquisition cost	<ul style="list-style-type: none"> Seek customers & partners in municipal and industrial segments with repeat sales potential
Maximize gross margin	<ul style="list-style-type: none"> Deliver pipeline of innovation from Products & Innovation business – MABR now, then SUBRE and much more. Maximize product and solution-level price/performance advantage
Maximize operating margin	<ul style="list-style-type: none"> Deliver standardized packaged solutions to minimize in-house variable engineering costs
Maximize revenue visibility	<ul style="list-style-type: none"> Seek Build-Operate-Transfer (BOT), water Reuse as a Service (RaaS) or lease projects with profitable recurring revenue streams, smart operation and after sales service

USA
 3 Columbus Circle
 15th Floor
 New York
 NY 10019
 USA
 Phone: +1-212-572-5700
 Facsimile: +1-212-572-5704

Fluence Corporation Limited

ABN: 52 127 734 196
www.fluencecorp.com

AUSTRALIA
 Level 3
 62 Lygon Street
 Carlton
 Victoria 3053
 Australia
 Phone: + 61 (0)3 9824 5254
 Facsimile: + 61 (0)3 9822 7735

Henry Charrabé, Managing Director and CEO of Fluence commented that “we believe that our smart packaged plants offer the fastest path to a solution for our customers, at lower cost, and with maximum flexibility in terms of re-sizing or relocation. This also captures a greater share of project revenue for Fluence. Delivering MABR and future innovations in the form of smart packaged plants enables us to accelerate revenue momentum, increase gross margin, and minimize growth in operating costs, all helping us reach our goal of profitability during calendar year 2019.”

Richard Irving, Executive Chairman of Fluence noted that “we have already guided the market that the combined RWL Water and Emefcy businesses anticipates achieving revenue of at least US\$ 90 million for the 2017 full calendar year. Fluence will report revenues from the RWL Water businesses from 14 July 2017. As a growth stage company we will provide our investors with regular updates to include metrics on our progress as well as guidance on some of these key performance indicators at the appropriate time.”

Fluence metrics will comprise:

Pipeline	<ul style="list-style-type: none"> • Breakout by type of opportunity once meaningful
Bookings	<ul style="list-style-type: none"> • Breakout by type and region • Pipeline conversion rates versus industry norms
Backlog	<ul style="list-style-type: none"> • Breakout by type & region, & when due as revenue
Revenue	<ul style="list-style-type: none"> • RWL Water CY 2017 target is US\$90M, noting revenues as part of Fluence will commence from 14 July 2017. • Publish 2018 target in early 2018

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Gross margin as % of revenue	<ul style="list-style-type: none"> Gross margin improvement anticipated for 2017 Publish target for Q4 calendar 2018 in early 2018
Recurring revenue as % of revenue	<ul style="list-style-type: none"> Small now but start reporting when meaningful
Repeat customers	<ul style="list-style-type: none"> Report anecdotally
Other metrics	<ul style="list-style-type: none"> Will announce strategic contracts & those beyond forecast

Key corporate changes arising from the Emefcy Group Limited merger by acquisition of RWL Water LLC

Board of Directors & Management Changes

All of the former Emefcy Directors will continue to serve of the Fluence Board of Directors: Richard Irving (Executive Chairman), Eytan Levy (Executive Director), Ross Haghghat (Non-Executive Director), Peter Marks (Non-Executive Director) and Robert Wale (Non-Executive Director). In addition, the Board will welcome Henry Charrabé, as Managing Director & CEO and Dr. Rengarajan Ramesh as Non-Executive Director.

In addition to serving as Managing Director, Mr. Charrabé will serve as Fluence’s Chief Executive Officer. Eytan Levy, Executive Director and Co-Founder will now be tasked with leading the Product & Innovation Group (Fluence P&I). Philippe Laval, Robert Wowk and Spencer D. Smith, all formerly executives with RWL Water, will join Fluence as Chief Operating Officer, Chief Financial Officer and Chief Legal Officer, respectively. Ross Kennedy will continue in his role as Company Secretary and Advisor to the Board of Fluence.

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Name change and change in ASX ticker code

As approved by shareholders, Emefcy Group Limited has changed its name to Fluence Corporation Limited. The Company is also changing its ticker code on the ASX from “EMC” to “FLC”, with the new ticker code anticipated to be in place early next week. A separate announcement will be made when the new ticker code is operative.

Issues of new ordinary shares

Today, a total of 117,183,112 fully paid ordinary shares were issued in connection with the combination of the Emefcy and RWL Water businesses, bringing the total number of fully paid shares on issue to 376,339,166. Further details of these share issues are outlined below and have been included in the Appendix 3B and cleansing notice lodged with ASX today.

Acquisition of RWL Water and share placement

As consideration for the acquisition of the limited liability company interests in RWL Water and as approved at this week’s extraordinary general meeting (EGM), Fluence today issued 80,400,000 fully paid ordinary shares in Fluence to RSL Investments Corporation, and expects to issue a further 20,100,000 ordinary shares in 12 months (after the end of an escrow period). Also as approved by shareholders, an additional 30,537,848 fully paid ordinary shares were issued to RSL Investments Corporation to raise US\$20 million in working capital for the future growth and expansion of Fluence.

RWL Water acquisition of minority shareholding in Unitek

At the same time as the completion of the RWL Water acquisition, RWL Water itself took further steps to acquire the 30% minority shareholding in its majority owned Argentinian portfolio company, Unitek S.A. Unitek S.A. represents RWL Water in South America and is in charge of the sale and marketing activities for the complete technology and products portfolio of RWL Water in that territory.

As the key part of the consideration for the acquisition by RWL Water of 30% of the shares in Unitek S.A., Fluence issued 6,245,264 fully paid ordinary shares having a value of US\$4,018,000.

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About Fluence Corporation – the combination of Emefcy and RWL Water

Fluence Corporation’s vision is becoming the leading global provider of fast to deploy decentralized and packaged water and wastewater treatment solutions, already a A\$17 billion market in 2016, excluding the China rural market opportunity. Fluence has experience in operating in over 70 countries worldwide and employs more than 300 highly trained water professionals around the globe. Fluence provides local, sustainable treatment and reuse solutions while empowering businesses and communities worldwide to make the most of their water resources.

Fluence offers an integrated range of services across the complete water cycle, from early stage evaluation, through design and delivery to ongoing support and optimization of water related assets. With planned core operations in North America, South America, the Middle East and Europe, one of Fluence’s main focuses will be expanding into the vast market in China for rural wastewater treatment.

For further information, please contact:

Fluence Corporation Limited

<p>Henry Charrabé, Managing Director & CEO Email: hcharrabe@fluencecorp.com Telephone: +1 212 572 3766</p>	<p><i>USA</i> Richard Irving, Executive Chairman E: rirving@fluencecorp.com Telephone: +1 408 382 9790</p>
<p>Gary Dvorchak, CFA, Managing Director Blue Shirt Group Email: gary@blueshirtgroup.com Telephone: +1 (323) 240-5796</p>	<p><i>Australia</i> Ross Kennedy, Company Secretary & Advisor to the Board Email: rkennedy@fluencecorp.com T: +61 409 524 44</p>

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