

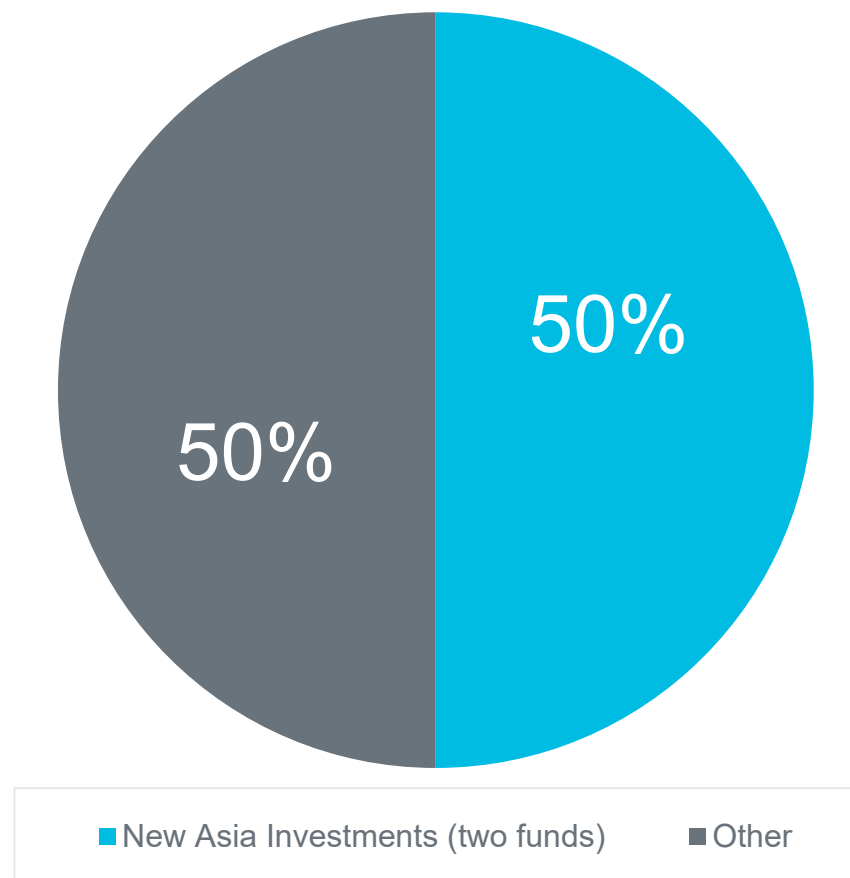
# demem

De.mem Limited (ASX:DEM)



# Corporate Snapshot

ASX code	DEM
Ordinary shares	107.7m
Market capitalisation	\$17m
Cash on hand (31 March 2018)	\$2.5m
Listed on ASX	7 April 2017
Issue price	\$0.20
Last price (24 May 2018)	\$0.16
52 week high	\$0.38
52 week low	\$0.14
Average daily trading volume	~90,000
GICS classification	Utilities





# Overview

## Introduction

De.mem Group (DEM) is a Singaporean-Australian company which builds de-centralized water treatment systems for customers in the Asia Pacific region

## Key Target Markets

Potable water  
Sewage treatment  
Industrial waste water

## Key Product Lines

Membrane based water treatment systems  
MBRs  
Bioreactors  
Chemical dosing systems  
Hollow fibre membranes



## Key Investment Proposition

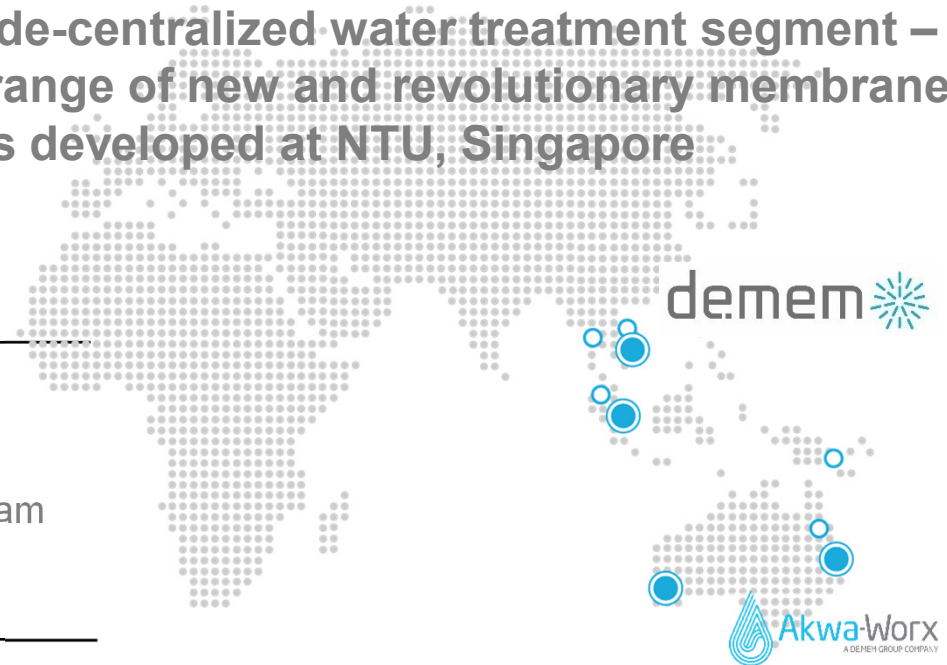
**DEM strives to become the market leader in the fragmented de-centralized water treatment segment – based on a range of new and revolutionary membrane technologies developed at NTU, Singapore**

## Locations

Perth  
Brisbane  
Singapore  
Ho Chi Minh City, Vietnam

## Employees

**45**  
25 Australia  
12 Singapore  
8 Vietnam



# Leading Expertise in Engineering & Design of Water & Wastewater Treatment Systems

- De.mem builds, owns, operates and sells a wide range of water and waste water treatment systems – “packaged” or containerized and turn-key to the customer
- Systems use membranes as their key component (filter)
- Customers include mining companies, global EPC contractors, municipalities and water utilities

Potable Water



Industrial Waste Water



Sewage



Process Water & Recycling



# Underpinned by the Best Water & Waste Water Treatment Technologies

- Collaboration with Nanyang Technological University (NTU), Singapore – one of the world's leading institutions for water technology research & development
- NTU ranked no. 2 in membrane research worldwide by Lux Research (2013)
- De.mem owns the exclusive rights to a range of membrane technologies developed by NTU
- Technology portfolio includes breakthrough innovations such as
  - low pressure hollow fibre Nanofiltration (NF) membrane and
  - hollow fiber Forward Osmosis (FO) membrane



Inventors Prof. Wang Rong and Prof. Anthony Fane awarded with the Alternative Water Resources Prize by UN Secretary-General Ban Ki Moon



# Portfolio of World Class Membrane Innovations

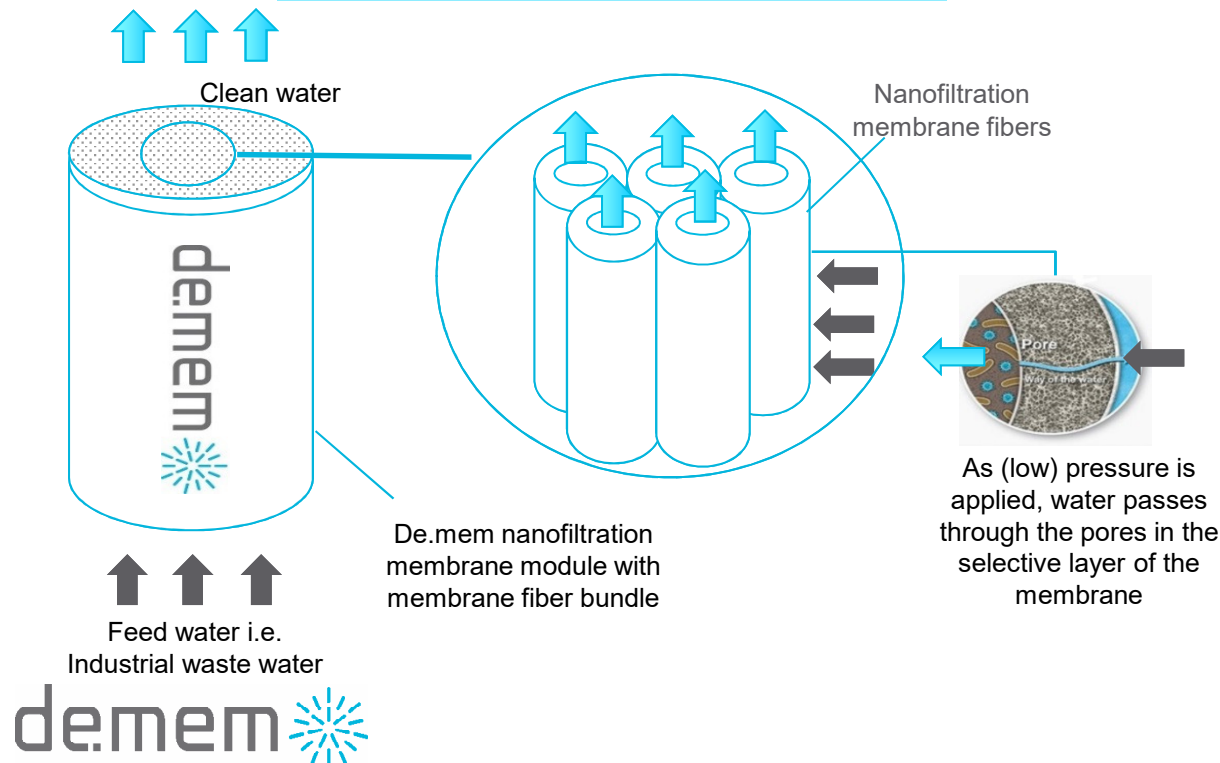
## HF Membrane Bundles



## Membrane Modules



## Working Principle of HF Membrane Filtration



- De.mem offers a range of proprietary hollow fiber (HF) membrane technologies
- The membranes/membrane modules serve as the key component (the actual filter) in De.mem's water treatment systems
- Technologies originally developed at NTU
- Licensed to De.mem exclusively and world-wide at favourable terms (based on royalties in % of revenues)

# Financials

A\$ million	2016	2017	2018 Forecast
Revenues	<b>0.3</b>	<b>2.9</b>	<b>10.0 – 12.0</b>
COGS	<b>0.4</b>	<b>2.4</b>	<b>n/a</b>
Gross Margin	<b>(-0.1)</b>	<b>0.5</b>	<b>n/a</b>
Gross Profit (%)	<b>Neg.</b>	<b>18%</b>	<b>n/a</b>
Net Operating Cash Flows	<b>(-1.2)</b>	<b>(-2.4)</b>	<b>n/a</b>

- Revenue growth in CY17 from \$0.3 to \$2.9m
- Revenue forecast to grow further to \$10m-12m in CY18 based on strong sales pipeline in Australia and Asia
- Forecast includes approx. \$3m in recurring revenue from BOO & O&M projects
- Gross margins of approx. 18% in CY 2017
- Cash balance of \$2.5m as of 31 March 2018 – well funded for growth in 2018
- Reasonable cost structure: -\$2.4 million operating cash outflows in CY17

# Blue Chip Customer Base





# Selected Project References



Industrial Waste Water

## Food Industry Waste Water

- Location: Singapore
- Value: Approx. 0.3 million A\$ (over 2 years under BOO)
- Using different types of membranes plus pre and post-treatment



Municipal

## Nghe An Water Treatment Plant

- Location: Nghe An Province, Vietnam
- Value: Approx. 0.5 million A\$
- Using ultrafiltration membrane technology



Mining

## Coppabella Water Treatment Plant

- Location: Coppabella mine, Queensland, Australia
- Value: Approx. 2 million A\$
- Using chemical dosing and membrane bioreactor technology



Mining

## Sewage and Water Treatment Plants

- Location: Wafi Golpu Mine, Papua New Guinea
- Value: Approx. 2 million A\$
- Using membrane technology

# DEM: Excellent Leverage to Growth in Water Infrastructure Spending

Company	FY17 Revenue	Market Capitalisation (24 May 2018)	Technology	Market Focus
Fluence ASX: FLC	<b>A\$44.0m*</b> 12 months to 31/12/17 *(US\$ 33m)	<b>A\$187m</b>	Aerobic waste water treatment (MABR)	Municipal waste water
Phoslock Water Solutions ASX: PHK	<b>A\$3.8m</b> 12 months to 30/6/17	<b>A\$149m</b>	Chemicals to bind phosphorus	Prevention of algae growth
De.mem ASX:DEM	<b>A\$2.9m</b> 12 months to 31/12/17	<b>A\$17m</b>	Membranes	Industrial (across many sectors) & municipal/residential water and sewage

# Near Term Growth Drivers

- CY 2018 revenue forecast  
\$10-12 million
- Award of customer contracts
- Expansion into key growth markets
- M&A / Partnerships / JV's
- Access to new technology /  
expansion of intellectual property  
portfolio



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**De.mem Limited (ASX:DEM)**

Andreas Kroell

CEO

De.mem Limited

[investor@demem.com.sg](mailto:investor@demem.com.sg)

**Media & Investor Enquires**

Henry Jordan

Six Degrees Investor Relations

[henry.jordan@sdir.com.au](mailto:henry.jordan@sdir.com.au)

+61 431 271 538