



## **Fluence achieves financial close for US\$48 million San Quintin, Mexico project**

**Fluence to build and operate a 22 million litre/day seawater desalination plant  
30-year operating agreement in place prior to plant transfer  
Off balance sheet, non-recourse, project finance put in place  
High-volume water sales enhance Fluence's recurring revenue streams**

*Melbourne, New York 3 April 2018*

Fluence Corporation Limited (ASX: FLC) is pleased to announce that it has reached financial close for its seawater desalination project for its customer, Comisión Estatal del Agua de Baja California (CEA), the State Water Commission of Baja California, to provide water for the town of San Quintin, Mexico.

This project is a milestone for Fluence, as it is the first off-balance sheet, non-recourse project funding arranged by the Company. For this US\$48 million project, Fluence has arranged debt financing covering 75% of the project cost from the North American Development Bank (NADB). The remaining equity investment will be provided by Fluence in combination with its local partners.

The project calls for Fluence to build and operate a 5.8 million gallon/day (approximately 22,000 m<sup>3</sup>/day) seawater desalination plant. The Special Purpose Vehicle owned by Fluence and its local partners will sell the produced water to the area of San Quintin for the next 30 years, after which ownership of the plant will be transferred to the customer.

Like similar projects in Mexico, the San Quintin project faced legislative hurdles that delayed closing since the contract was initially awarded in 2015. Following the passage of local legislation by the government of Baja California in mid-December 2017, Fluence has now successfully achieved financial close.

Fluence expects to receive first disbursement and start construction as early as the beginning of the 3<sup>rd</sup> quarter of this year, subject to resolution of the local legislation appeal process, which could result in project commencement later in the second half of 2018. The Company expects the plant to be fully operational within 20 months of project commencement, after which water sales are expected to generate US\$10 million of recurring annual billings for Fluence.

Commenting on this major milestone, Fluence Managing Director and CEO, Henry Charrabé said: "The San Quintin water desalination plant project is important for a number of reasons. It supports Fluence's projected revenue for 2018, reaffirms the Company's position as a project finance partner for our clients, and increases our recurring revenue base that will underpin future growth. We are targeting additional Build Own Operate Transfer projects later this year."

Commenting on this important project, NADB Managing Director Alex Hinojosa, said: "NADB is pleased to provide this financing for a second desalination plant in Baja California. As groundwater resources become increasingly strained, collaborating with all levels of government in finding the necessary

solutions to provide safe water for human consumption and economic development is a priority for the Bank.”

When completed, the San Quintin plant’s capacity will serve over 100,000 residents in Baja California, a region the Mexican government has declared in drought since 2014. The plant will provide a safe and reliable source of water to San Quintin and neighboring communities in the municipality of Ensenada.

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**About Fluence Corporation Limited (ASX: FLC)**

Fluence has experience operating in over 70 countries worldwide and employs more than 300 highly trained water professionals around the globe. The Company 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 established operations in North America, South America, the Middle East and Europe, Fluence is also expanding into China’s rural wastewater treatment market.

Global consultancy Frost and Sullivan recently awarded Fluence Corporation “2018 Global Decentralized Water and Wastewater Treatment Company of the Year”, noting in their award dissertation:

*“While typical decentralized water treatment systems are relatively expensive, complicated, and inefficient, Fluence Corporation leverages innovative and smart technology solutions backed by decades of industrial know-how to excel in water and wastewater treatment solutions. Fluence’s excellence becomes apparent through its success, as the company continues to expand its existing offerings as well as partnerships with other prominent companies in the industry. With its easy to use, sustainable, smart and cost-effective solutions as well as a remarkable year of growth, innovation, and leadership, Fluence Corporation earns Frost & Sullivan’s 2018 Global Company of the Year Award in the decentralized water and wastewater treatment industry.”*

Further information can be found at <https://www.fluencecorp.com/>.