

De.mem Signs Key Service Contract Extension generating minimum A\$1.1m total revenue over 2 years

Highlights:

- Extension of an existing service contract at a Queensland mining site for an additional 24 months for minimum \$1.1m revenue.
- The contract is for the provision of Operations & Maintenance (“O&M”) services for water treatment facilities and adds to the Company’s recurring revenue stream.

30 September 2019: Australian-Singaporean water and waste water treatment company De.mem (ASX:DEM) (“De.mem” or “the Company”) is pleased to announce that it has signed an agreement for the extension of an existing service contract at a mining site in Queensland for a period of 24 months, until 31 August 2021. The value of the revenues from the contract extension is at least A\$1.1 million over the 24 month period.

24-month extension of contract

The contract is for the provision of Operations & Maintenance (“O&M”) services for the water treatment facilities at a mining site in Queensland, with additional upside revenue potential from the supply of chemicals and consumables to the site.

The customer is Civeo, a global workforce accommodation specialist dedicated to helping people maintain healthy, productive and connected lives while living and working away from home. Civeo is headquartered in the United States and listed on the New York Stock Exchange (NYSE: CVEO; market capitalisation US\$231m).

Growing recurring revenues

De.mem’s recent capital raising allows it to further grow its recurring revenues.

In CY2018, recurring revenues accounted for approximately 40% of the Company’s \$10.5m of revenues.

The Company generates recurring revenues in three ways:

1. **Operations & Maintenance (“O&M”) services.** In this scenario, the Company typically sells its modular water treatment and membrane equipment solutions to its clients and then provides an ongoing O&M service to maintain the equipment.



2. **Build, Own, Operate (“BOO”) services.** This is where the Company builds and retains ownership of the the modular water membrane equipment and then leases the equipment to the customer for an extended period.
3. **Chemicals and consumables sales.** This comprises ongoing sales of chemicals, filters, pumps, membrane modules and other spare parts and consumables. The recent Pumptech acquisition (see ASX release dated 7 August 2019) expanded the Company’s product range into the food & beverage product segment.

Outlook

The Civeo order continues De.mem’s momentum in growing its recurring revenues.

De.mem also provides O&M and BOO services for a number of water and sewage treatment plants at other mining sites and luxury resorts in Queensland, Australia, as well as at a number of industrial facilities in Singapore.

Until recently, the Company’s BOO growth has been limited by capital constraints. De.mem’s recent capital raisings alleviate this constraint and allow the Company to target further growth in recurring BOO revenues.

The Company plans to increase its recurring revenues through both provision of O&M and BOO services and the supply of chemicals and consumables both nationally and internationally.

Commentary

De.mem CEO Andreas Kroell said: “This new purchase order is another great success for De.mem as it highlights both our well established customer base in the mining and resources sector and our growing recurring revenues.

Our O&M and BOO services are in demand because our customers benefit greatly from our extensive, specialist expertise in the efficient operation of water treatment plants. The service business, together with the supply of chemicals and consumables, will underpin growth of our recurring revenues.

With the additional capital which we have recently received, our service business is well positioned to expand beyond Queensland, Australia, and Singapore into other locations.”

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De.mem Limited (ASX:DEM) is an Australian-Singaporean decentralised water and wastewater treatment business that designs, builds, owns and operates turnkey water and wastewater treatment systems for some of the world's largest companies in the mining, electronics, chemical, oil & gas, and food & beverage industries. Its systems also provide municipalities, residential developments and hotels/resorts across the Asia Pacific with a reliable supply of clean drinking water.

De.mem's technology to treat water and wastewater is among the most advanced globally. The Company has commercialised an array of innovative proprietary technologies from its research and development partner, Nanyang Technological University (NTU) in Singapore, a world leader in membrane and water research. Technologies exclusively licensed from NTU include a revolutionary low-pressure hollow fibre nanofiltration membrane that uses less electricity and is cheaper to operate than conventional systems, as well as a new Forward Osmosis membrane deployed in de-watering applications or the concentration of liquids.

To learn more, please visit: www.demembranes.com

Forward Looking Statements

Statements contained in this release, particularly those regarding possible or assumed future performance, revenue, costs, dividends, production levels or rates, prices or potential growth of De.mem Limited, are, or may be, forward looking statements. Such statements relate to future events and expectations and, as such, involve known and unknown risks and uncertainties. Actual results and developments may differ materially from those expressed or implied by these forward-looking statements depending on a variety of factors.

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