

Driving Industrial Sustainability

Delivering Value in Fluid-Flow Processes

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FORWARD LOOKING STATEMENT

This presentation contains forward-looking statements within the “Safe Harbor” provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements in this report include, but are not limited to, statements about our expectations, objectives, anticipations, plans, hopes, beliefs, intentions, or strategies regarding the future. Forward-looking statements that represent our current expectations about future events are based on assumptions and involve risks and uncertainties. If the risks or uncertainties occur or the assumptions prove incorrect, then our results may differ materially from those set forth or implied by the forward-looking statements. Our forward-looking statements are not guarantees of future performance or events. Words such as “expects,” “anticipates,” “believes,” “estimates,” variations of such words, and similar expressions are also intended to identify such forward-looking statements.

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ENERGY RECOVERY SNAPSHOT



We develop and manufacture the PX[®] Pressure Exchanger[®], a technology platform that reduces waste, improves operational efficiencies and drives significant cost-savings for our customers



Our PX revolutionized seawater reverse osmosis desalination (SWRO), reducing energy costs by up to 60%¹, helping to make desalination affordable worldwide



We are working actively to expand our PX technology to other markets, including industrial wastewater

Financial Snapshot²

Product Rev Growth

Avg. Rev. Growth '15-'19	17%
2020 (estimated)	25%
2021 (estimated)	up to 10%
2022 (estimated)	up to 25%
2020 YTD Gross Margin	70%
Market Cap	~\$500M
Cash & Securities	\$106M
Debt	--

¹Energy Recovery estimate; ²Growth and Gross Margin from Product Revenue only

WE HAVE A GROWING ESG STORY

\$2.0B saved for customers on energy expenses¹

25k PXs installed worldwide

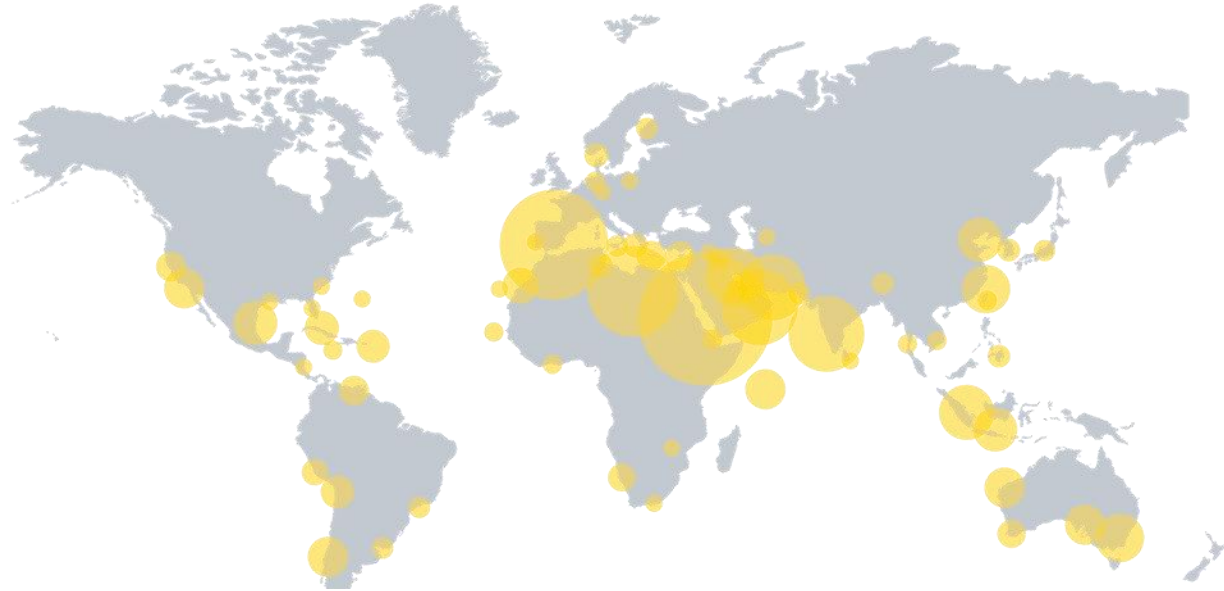
90% product revenue from energy-efficiency related products

12.4M metric tons emissions avoided due to PXs* = >2.5 million vehicles removed from the road

96% PXs use components made from recycled materials

100% Of waste metal from our operations is recycled

Global Installations of Energy Recovery Water Products

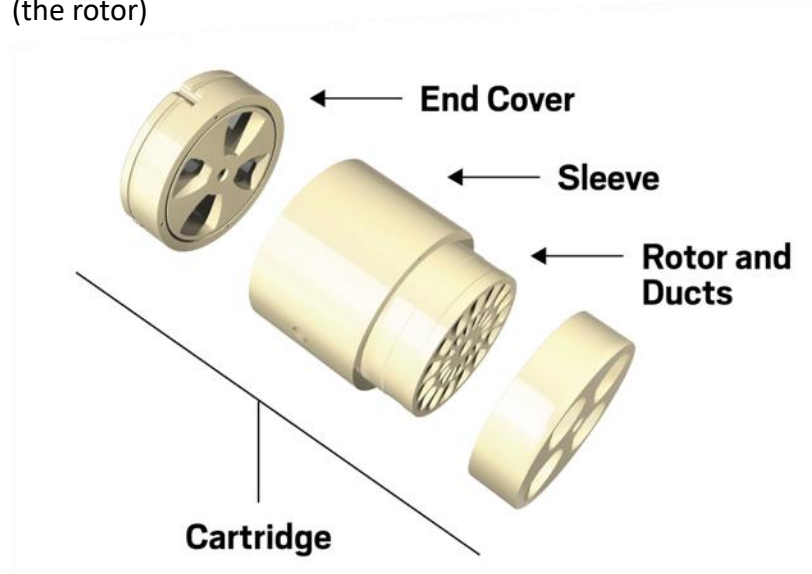


¹Energy Recovery estimates. Assumes all deployed devices are in operation

PRESSURE EXCHANGER TECHNOLOGY PLATFORM

Anatomy of a Pressure Exchanger

Transfers energy from high-pressure to low-pressure fluids through continuously rotating ducts with only one moving part (the rotor)



- We drive benefits by applying this technology to industrial fluid-flow systems:
 - Decreased energy use
 - Reduced operating costs
 - Lower emissions
- Pressure exchanger technology is versatile – can handle a range of pressures and fluids
- The PX for SWRO was the initial product application; we are now incubating new solutions on this technology platform

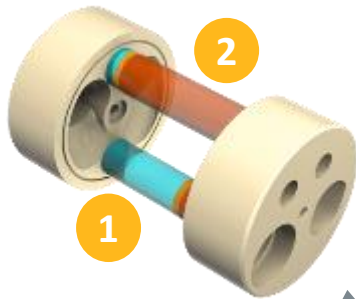
Pressure Exchanger Technology Operating Range



HOW PRESSURE EXCHANGER TECHNOLOGY REDUCES ENERGY CONSUMPTION

Sealed Phase

Two fluids on opposite sides of PX; rotor duct is sealed, isolating high, low pressure fluid streams



1. Low pressure driven fluid that will be pressurized and sent into system
2. High pressure motive fluid that will pressurize low pressure fluid

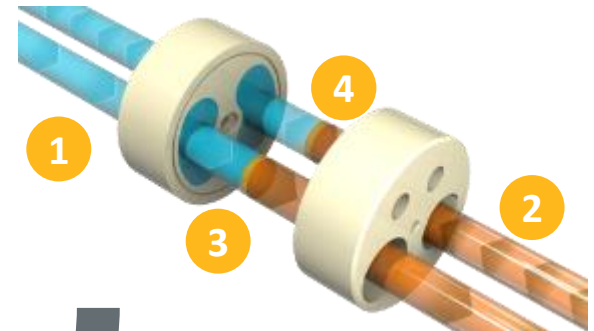
Rotor duct rotates to pressure exchange phase



Rotor duct rotates to sealed phase

Pressure Exchange Phase

1. Low pressure driven fluid enters the rotor duct
2. High pressure motive fluid enters the rotor duct



3. Low pressure driven fluid contacts motive fluid, expelling it at low pressure
4. High pressure motive fluid contacts driven fluid, expelling it at high pressure

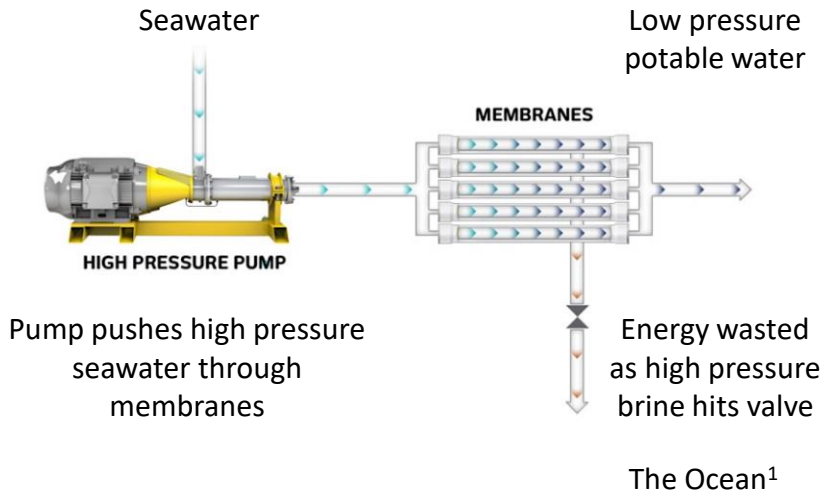
Pressure is exchanged continuously as the rotor spins at high speed

PRESSURE EXCHANGER TECHNOLOGY IN ACTION: PX PRESSURE EXCHANGER FOR SWRO

Flagship PX device recycles energy, reducing operational costs and emissions in SWRO facilities

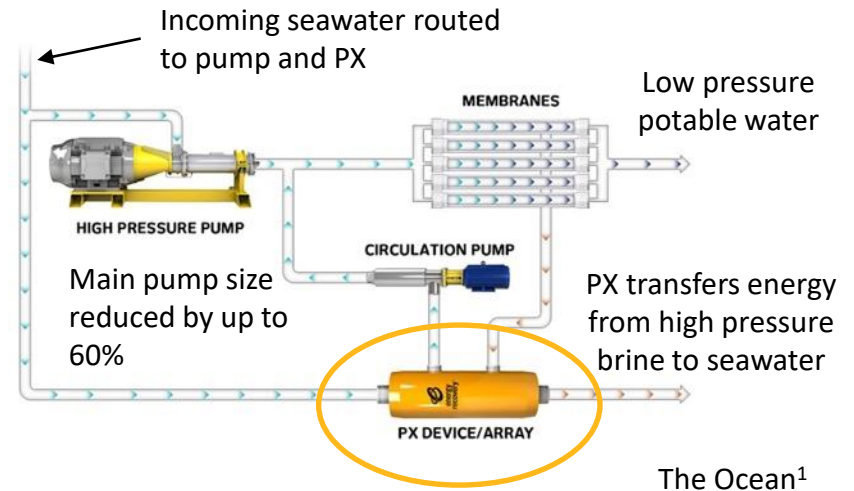
Without Energy Recovery Devices (ERDs)

Approx. 60% of energy wasted during SWRO prior to implementation of ERDs



With PX Pressure Exchanger

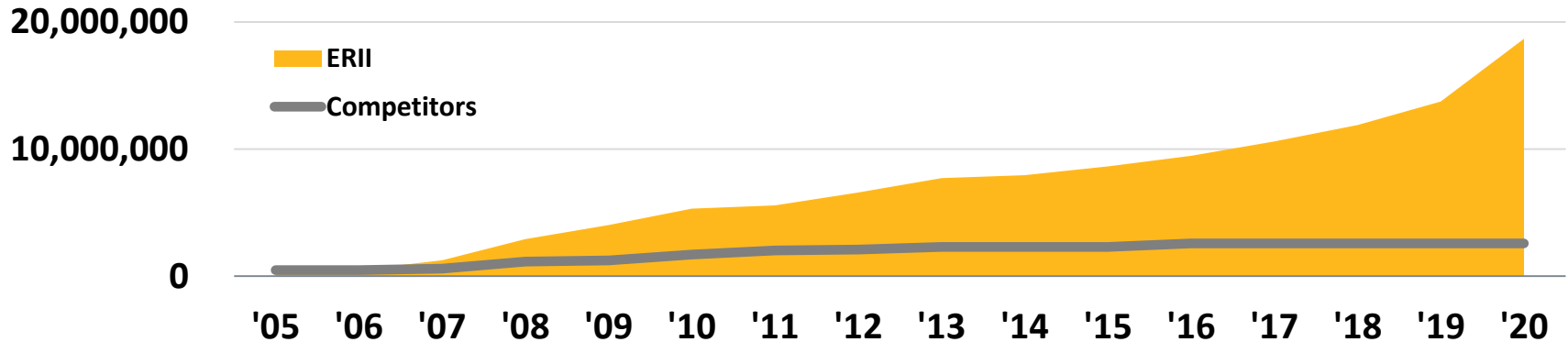
PX lowers energy consumption by up to 60%



¹Ocean or other geological mass

OUR PX PLATFORM HAS COME TO DOMINATE LARGE SCALE SWRO DESALINATION

Cumulative Won Mega Project¹ Desal Capacity (m³/day)



Technology Strength = High Margin

70% ERII Gross Margin²

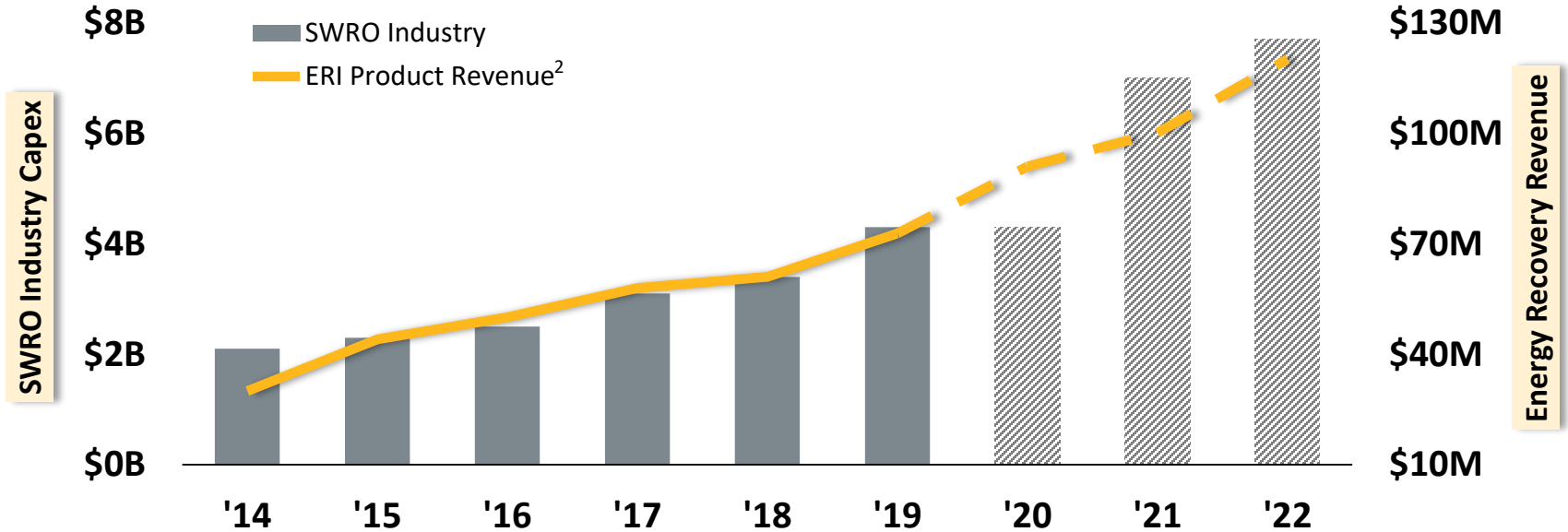
25% Russell 2000 Industrials

Our ceramics PX Pressure Exchanger designed for a 25-year life, needs no maintenance and has up to 98% efficiency – unrivalled quality that translates into high profitability

¹ Mega Projects produce 50,000 cubic meters or more of water per day; ²2020 Reported Gross Margin

NEW WATER DEMAND AND TECHNOLOGY SHIFT DRIVING SECULAR SHIFT IN SWRO

Annual SWRO Capital Expenditures¹



Our growth roughly tracks overall SWRO desal capital spend

¹DesalData Estimates; ²2020-2022 – ERI Estimates

THE WORLD NEEDS MORE WATER

FINANCIAL TIMES

No end to crisis in sight as drought grips India's Chennai



Saudi Water Partnership Company has released its Seven-Year Statement for 2020-26

The New York Times

Flash Drought in the South Brings Record Heat Without Rain

The Washington Post

Africa's largest dam powers dreams of prosperity in Ethiopia – and fears of hunger in Egypt



South America ravaged by unprecedented drought and fires



Alaska Villages Run Dry And Residents Worry About A 'Future Of No Water'



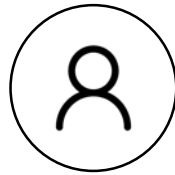
Australia prepares for 'Day Zero' – the day the water runs out

EXISTING FRESH WATER SUPPLIES WILL LIKELY NOT MEET FUTURE DEMAND



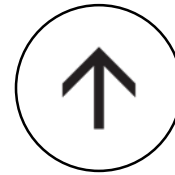
60%

The world will only have 60% of the water it needs by 2030



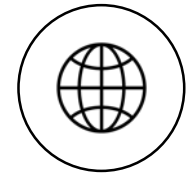
>2B People

1/4 of all people live in high water-stress territories



30%

Potable water demand expected to increase 30% by 2050



26%

Global population is expected to grow from 7.7B to 9.7B in 2050

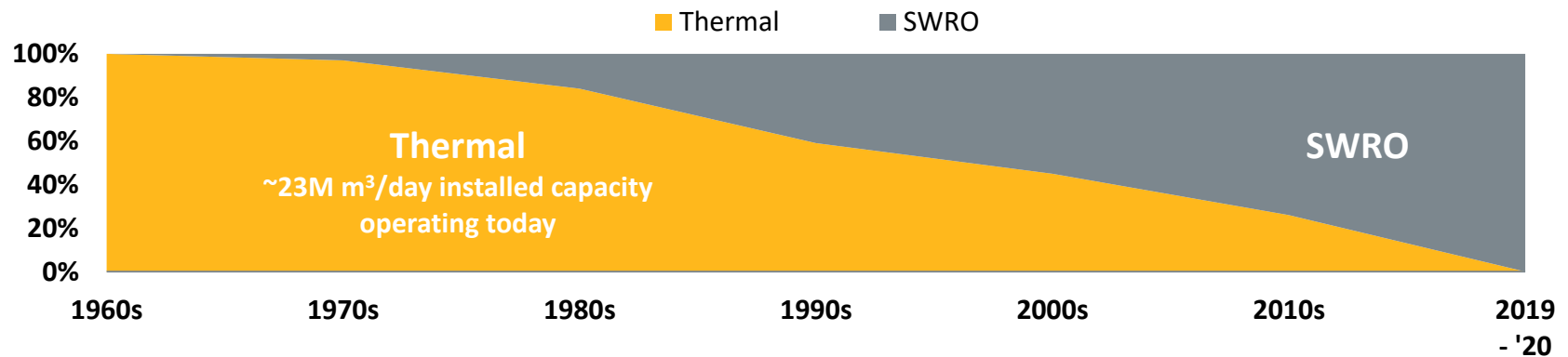
All statistics – United Nations

THERMAL DESALINATION TECHNOLOGY SHIFT TO RO UNDERPINNING MARKET GROWTH

SWRO Eclipsed Thermal Desalination as Technology of Choice in the 2000s

- Existing thermal capacity should eventually be replaced by SWRO without impacting base demand for water
- SWRO is more efficient, less energy intensive and far more economical
 - \$1B SWRO retrofit of two Saudi thermal plants will generate OPEX savings of \$360M/year¹

Thermal vs. SWRO¹ (% of Annual Plant Installations)



23M cubic meters of thermal capacity equivalent to approximately \$0.5 Billion in PX sales²

¹DesalData; ²ERI Estimate

LEVERAGING PX TECHNOLOGY FOR GROWTH AND DIVERSIFICATION BEYOND DESALINATION

Ultra High-Pressure RO

Zero Mixing

VorTeq / O&G

Other Future Industries

Enabling Technologies

- Incremental R&D: widen technical aperture of PX technology platform
- Shorter R&D cycle, lower risk
- Unlock variety of new industries
 - Each industry may be smaller, but in aggregate could transform ERI
 - Industrial Wastewater, Beverages, Chemicals, Mining – any industry with high pressure fluid flows
- Clean Tech: focus on reducing energy consumption in industrial processes

Transformative Technologies

- Potential to transform an industry, as we did in Desalination, and/or transform Energy Recovery
- Longer R&D cycle, higher risk
- Must meet financial and time-based hurdles
 - 20%+ ROI
 - 50%+ Gross Margin
 - Commercial in 24 months
 - Cash neutral run rate in 36 months

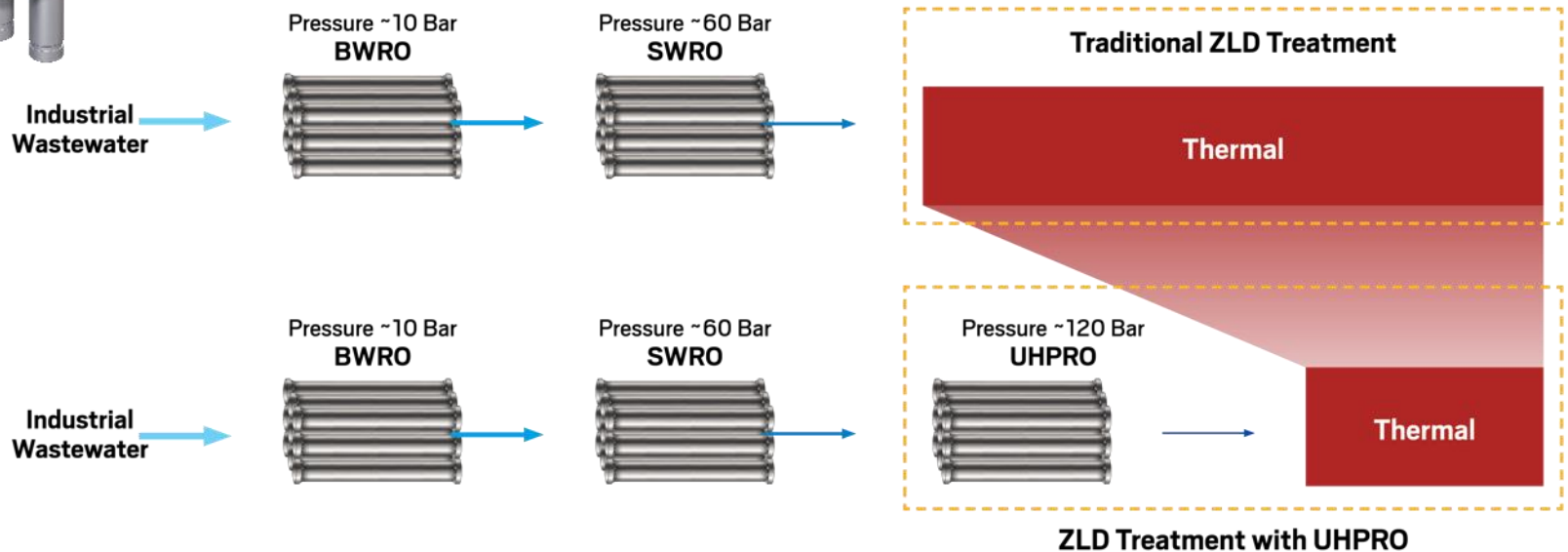
→ **Cap R&D Expense to limit size and scope of R&D projects: 15-20% of revenue in 2021**

→ **Discipline: Maintain rigorous commercial hurdles for ROI, Gross Margin, and Timelines**

ZERO LIQUID DISCHARGE (ZLD) - ULTRA HIGH-PRESSURE RO FOR INDUSTRIAL WASTEWATER



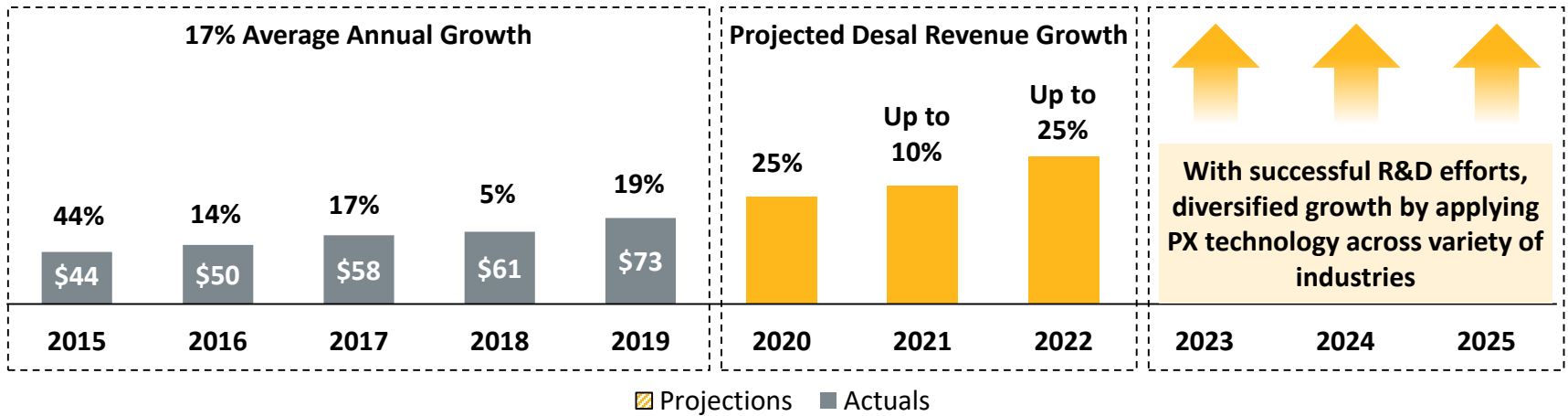
- India and China have mandated ZLD requirements aimed at reducing industrial wastewater discharge and reusing water
- We can lower the high cost of ZLD processes by recovering up to 60% of wasted energy depending on system conditions with 93%+ efficiency
- We believe RO could supplant thermal as the prevalent technology, much as it has in SWRO due to superior efficiency
- First commercial PO for Ultra PX received October 2020 for a project in India



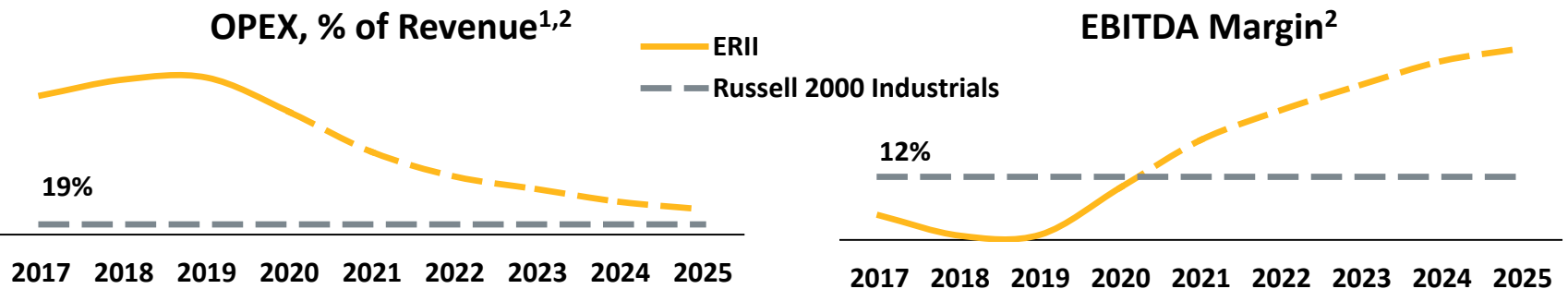
Applying UHPRO to ZLD treatment reduces thermal requirements at the end of the process

DISCIPLINED FOCUS DRIVING TOP AND BOTTOM-LINE GROWTH

Drive Diversified PX Top Line Growth¹



Maintain Gross Margin and Manage OPEX to Drive EBITDA



¹2020 – 2025 are estimated projections; ²Excluding Schlumberger License and Development Revenue



To download the full report, please visit

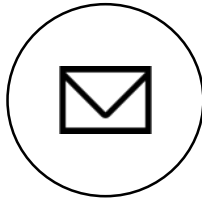
bit.ly/ERI-ESG



- First Environmental, Social, Governance (ESG) report issued Sept 2020
 - Aligned with SASB and GRI sustainability reporting frameworks; select United Nations Sustainable Development Goals
- Our products address climate change, sustainable industrialization, energy efficiency, water scarcity
- Reflects our ongoing commitment to becoming a more sustainable, resilient business

Thank You





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