

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 OR 15(d)
of The Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): June 14, 2018



ENERGY RECOVERY, INC.

(Exact Name of Registrant as Specified in its Charter)

Delaware

(State or Other Jurisdiction of Incorporation)

001-34112

(Commission File Number)

01-0616867

(I.R.S. Employer Identification No.)

1717 Doolittle Drive, San Leandro, California 94577

(Address if Principal Executive Offices) (Zip Code)

510-483-7370

(Registrant's telephone number, including area code)

Not applicable

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 or Rule 12b-2 of the Securities Exchange Act of 1934.

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 7.01 Regulation FD Disclosure.

The Company is furnishing with this report an investor presentation that will be used by the Company during meetings with investors and analysts. The presentation is attached hereto as Exhibit 99.1, which is incorporated herein by reference and will also be posted on our website at <http://www.energyrecovery.com>.

The Company is not undertaking to update this presentation. This report is not intended as a statement concerning the materiality of any information contained in the presentation.

The information furnished in this Item 7.01 shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that Section, nor shall such information be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

<u>Exhibit Number</u>	<u>Description</u>
99.1	Management Presentation

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: June 14, 2018

Energy Recovery, Inc.

By: /s/ William Yeung
William Yeung
General Counsel

ERI INVESTOR PRESENTATION

(NASDAQ: ERII)

2018



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.

These forward-looking statements are subject to risks, uncertainties, and assumptions that are difficult to predict; therefore, actual results may differ materially and adversely from those expressed in any forward-looking statements. You should not place undue reliance on these forward-looking statements, which reflect management’s opinions only as of the date of this presentation. All forward-looking statements included in this presentation are subject to certain risks and uncertainties, which could cause actual results to differ materially from those projected in the forward-looking statements, as disclosed from time to time in our reports on Forms 10-K, 10-Q, and 8-K as well as in our Annual Reports to Stockholders and, if necessary, updated in our quarterly reports on Form 10 Q or in other filings. We assume no obligation to update any such forward-looking statements. It is important to note that our actual results could differ materially from the results set forth or implied by our forward-looking statements.

Who We Are

An energy solutions provider and technology leader in applying fluid dynamics and advanced materials science


















Pressure Energy is our Arbitrage

What We Do/Product Strategy

- Preserve or eliminate pumps that are subject to and destroyed by hostile process fluids
- Convert wasted pressure energy into a reusable asset



ENERGY RECOVERY: PAST, PRESENT AND FUTURE

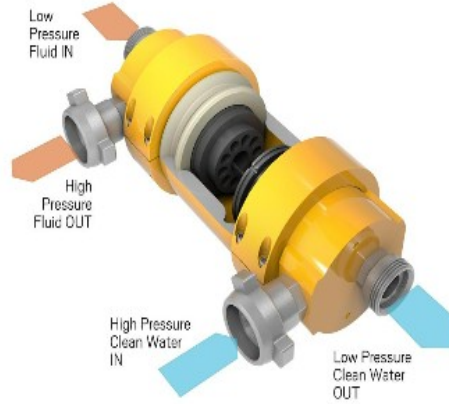
1992 - 2014	2015 - 2017	Present: Near term strategy	Future: Long term strategy
 <p>Developed Pressure Exchanger Technology</p>	 <p>Signed 15-year VorTeq license, commenced collaborative testing with SLB and Liberty</p>	 <p>Grow and expand existing market presence in SWRO desalination</p>	 <p>Continued market leadership & growth in core water business</p>
 <p>Invested in R&D</p>	 <p>MTeq solution launched, completed initial testing</p>	 <p>Expand water business in desalination and beyond</p>	 <p>Commercialization of VorTeq</p>
 <p>Established Market Leadership in SWRO</p>	 <p>Computational Analytics practice developed, significant investment</p>	 <p>Commercialization of VorTeq</p>	 <p>Further development of MTeq</p>
 <p>Increased shipments of ERDs Worldwide</p>	 <p>Strategic partnership with Duchtig Pumpen</p>	 <p>Further development of MTeq</p>	 <p>Continuous innovation of core PX technology for use in new applications</p>
 <p>Most successful IPO in 2008</p>			

CORE TECHNOLOGY – THE PRESSURE EXCHANGER

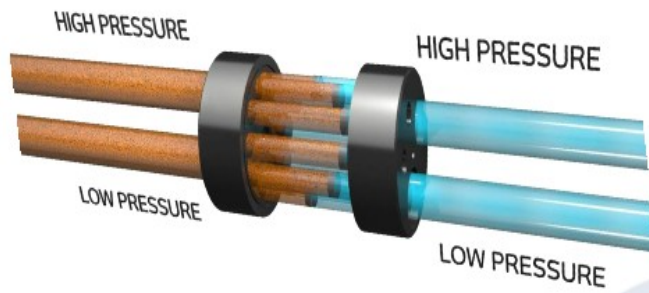
Hydraulic Piston Concept



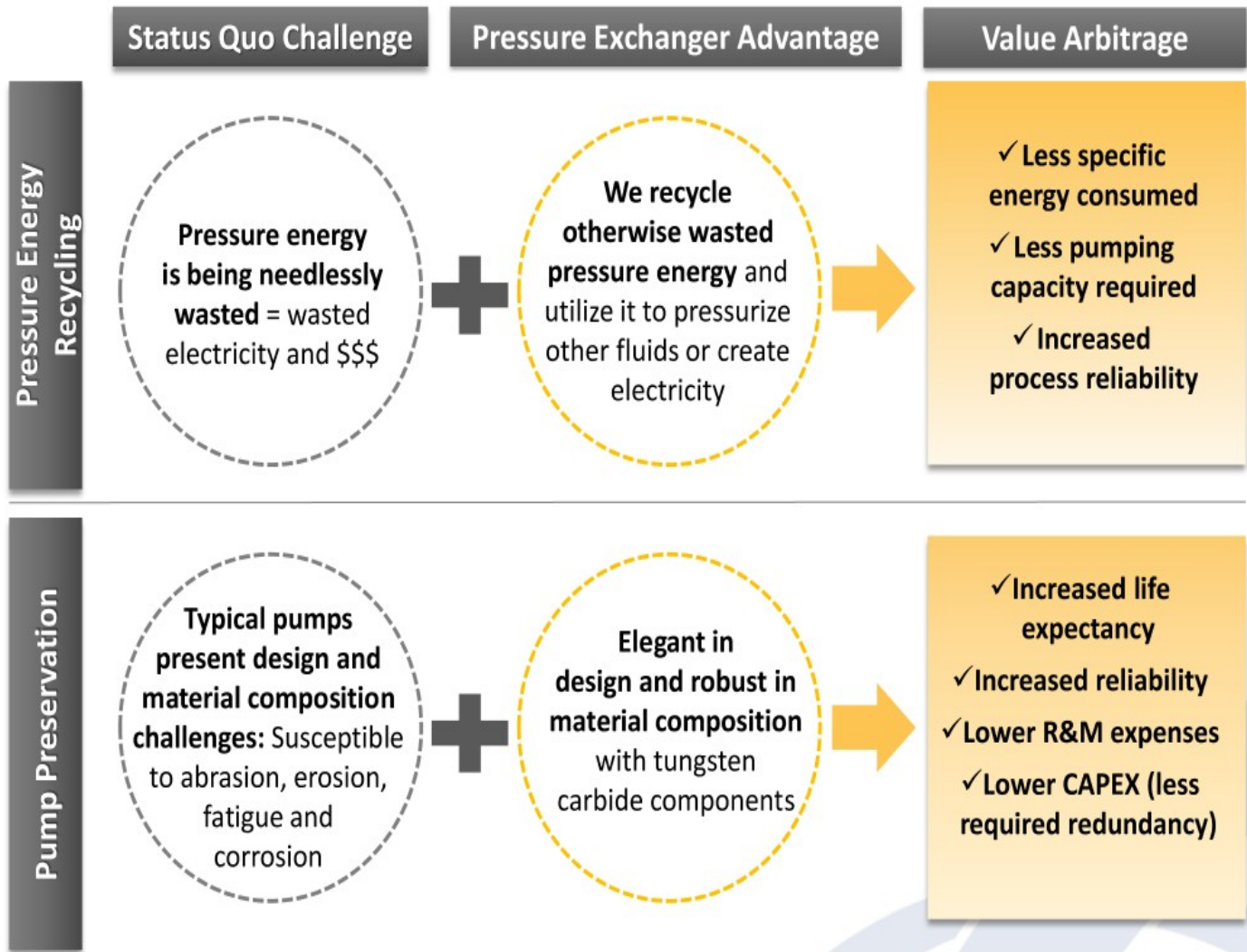
Fluid Flows in Pressure Exchanger



Pressure Exchange Snapshot



VALUE ARBITRAGE VIA THE PRESSURE EXCHANGER

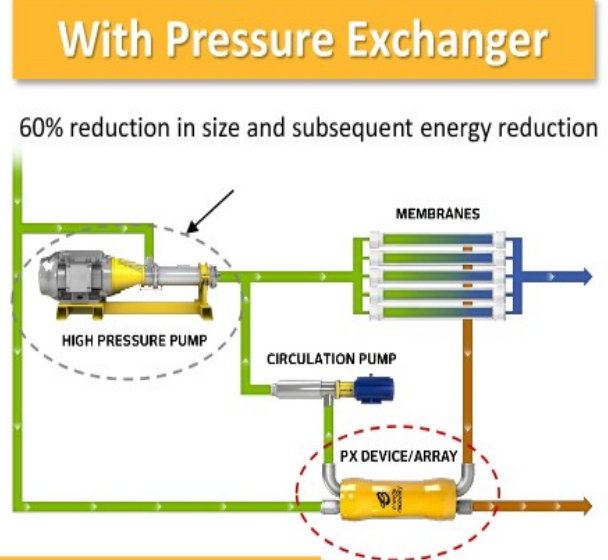
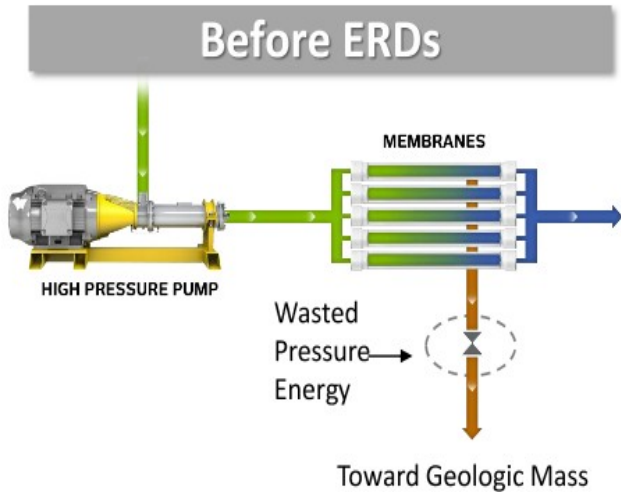




Water Business Unit
Long-Term Growth Strategy



Dominating the Energy Recycling Market in Desalination – Our First Market Disrupted



Investment Highlights

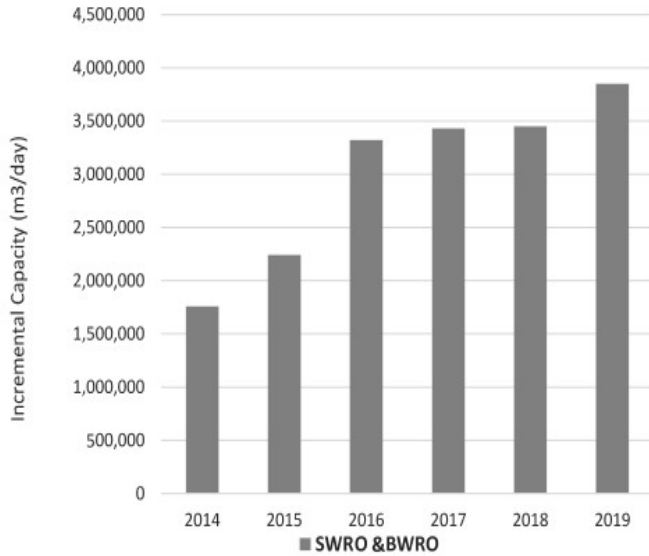
- From first sale to 90% market share in under 10 years*
- 18,000 PX devices installed worldwide
- Up to 25-year life with virtually no maintenance
- 60%+ gross margins

*MPD market share only



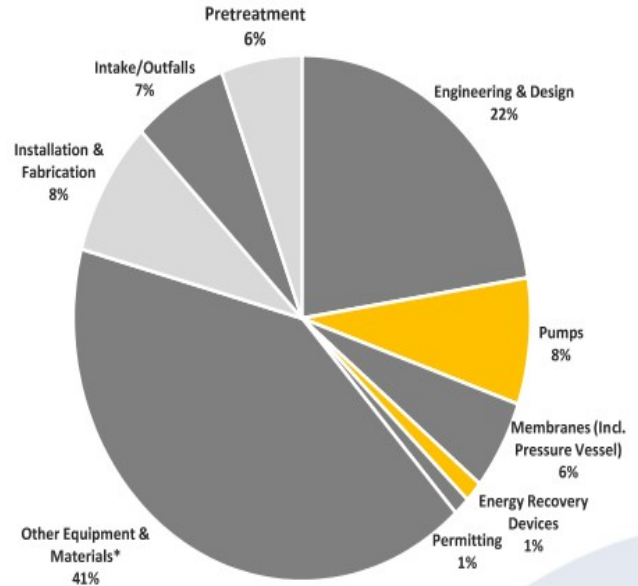
REINVESTMENT AND FOCUS ON WATER GROWTH

Steady Forecast for Capacity Additions in Desalination Over Next Several Years



Opportunity for Growth & Expansion Beyond ERDs & Pumps

Average Capital Spend by Product



COMPELLING MARKET OPPORTUNITY WITH CONTINUED GLOBAL WATER DEMAND / SUPPLY GAP

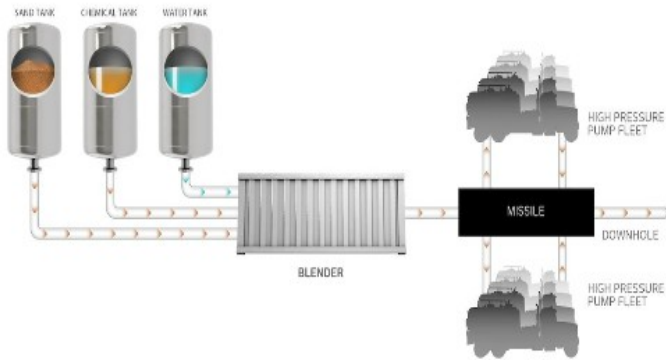


Oil & Gas Business Unit
VorTeq & MTeq Commercialization

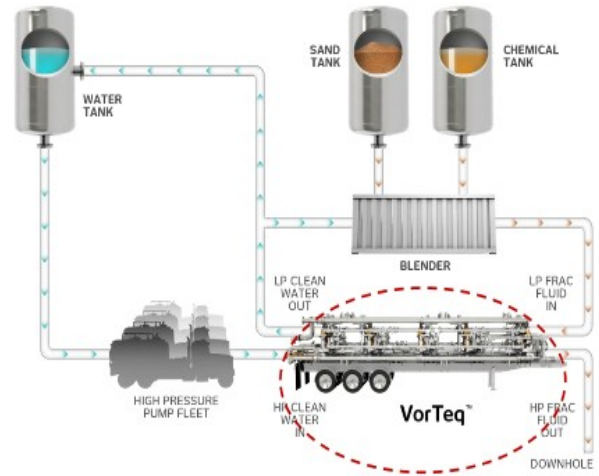


VORTEQ FOR PRESSURE PUMPING

Status Quo

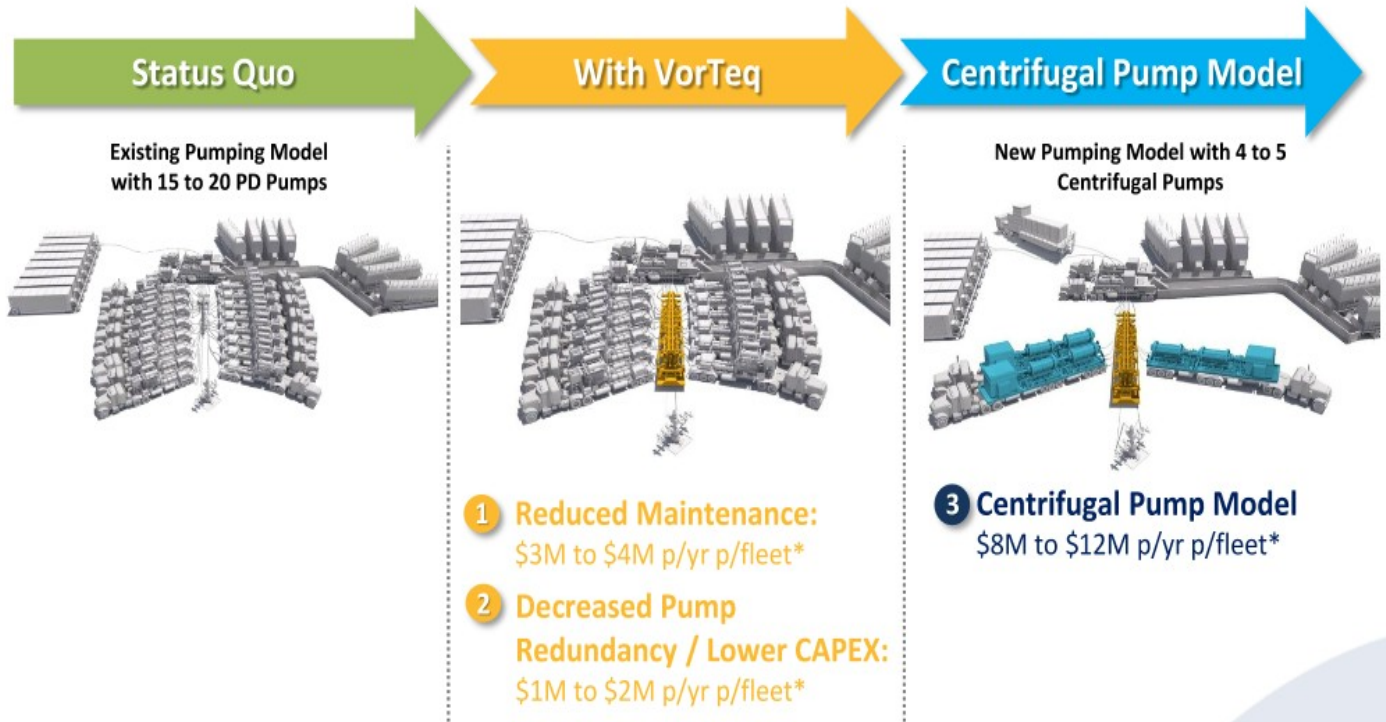


With VorTeq



NO SAND OR CHEMICALS ENTER THE PUMPS

VORTEQ CREATES SIGNIFICANT VALUE



*ERI estimates

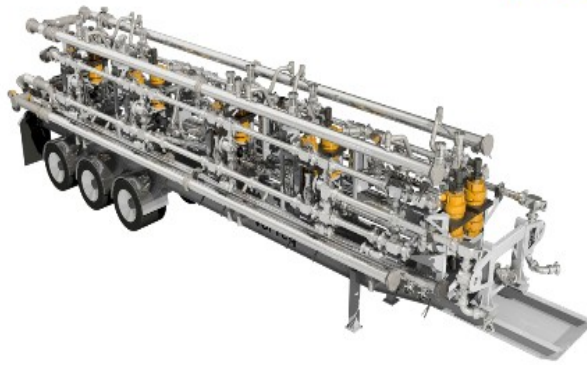
VORTEQ AGREEMENT & COMMERCIALIZATION PATH

- **VorTeq Commercialization is twofold:**
 - **ERII entered into a license agreement with Schlumberger Technology Corporation – one of the industry’s most respected oil-field services companies**
 - ✓ Exclusive rights to ERII’s VorTeq for on-shore hydraulic fracturing
 - Upfront **\$75M** exclusivity fee
 - Two separate **\$25M** milestone payments (for a total of **\$50M**) subject to certain KPI’s
 - Milestone 1: Frac at product licensee test facility
 - Milestone 2: Frac on E&P well
 - ✓ Commercialization Highlights:
 - Acceptance standards inclusive of M1 & M2 as well as other performance tests
 - Product licensee responsible for missile manufacturing, ERII provides PXs, housing and motors
 - Five years from first unit to full deployment in product licensee fleets
 - \$1.5MM per VorTeq per year
 - **Liberty Oilfield Services carve-out (ERII’s early-stage test partner)**
 - ✓ Rights for up to 20 VorTeq units for up to 5 years
 - ✓ ERII provides full missile and cartridges – vendors have been qualified
 - ✓ Commercialization standards differ and thus speed to market may be faster
 - ✓ Pricing based on contractual ROIC

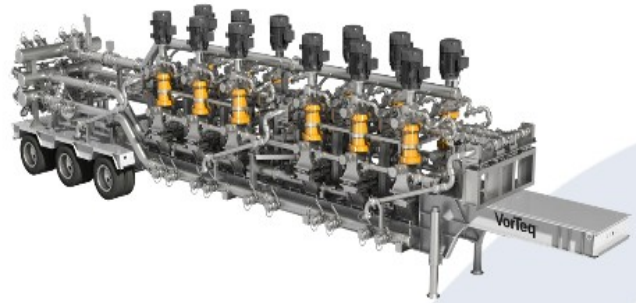
VORTEQ COMMERCIALIZATION UPDATE

- VorTeq ready for field testing
 - Harder-grade tungsten carbide cartridge components received and completed
 - Missile flow imbalances identified and addressed
- ERII notified that product licensee testing facility unavailable due to major expansion and renovation
 - Facility unavailable until Q3 at the earliest
 - Scheduling of Milestone 1 to be determined based on updated availability of the testing facility
 - Scheduling also dependent on fleet availability
- ERII exploring alternative field test options

VorTeq™



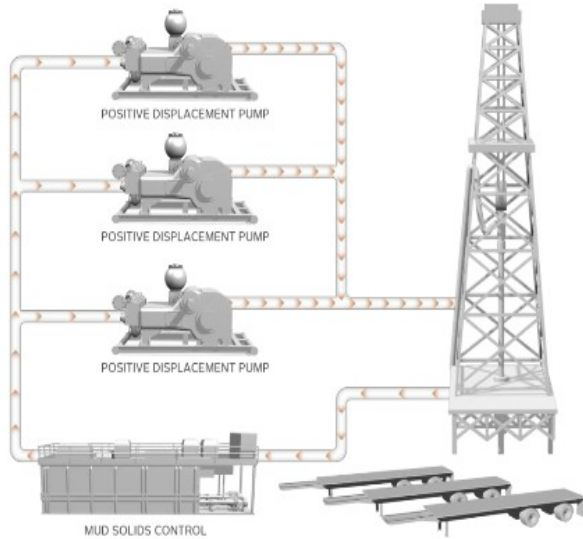
Gen I Missile



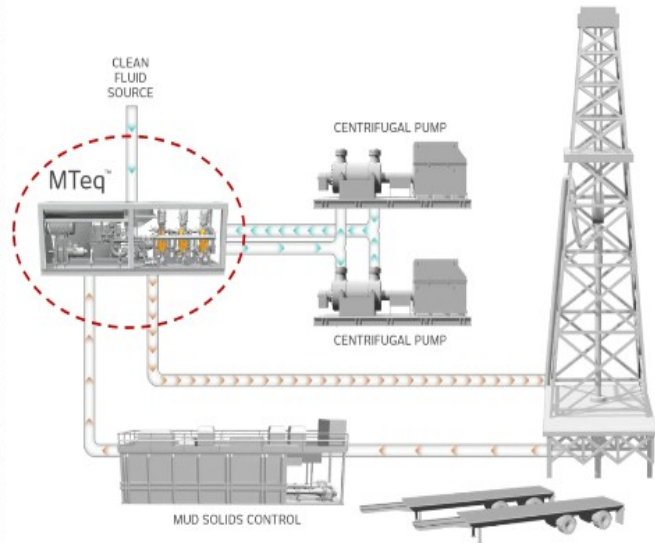
Gen II Missile

MTEQ MUD PUMPING SOLUTION

Status Quo



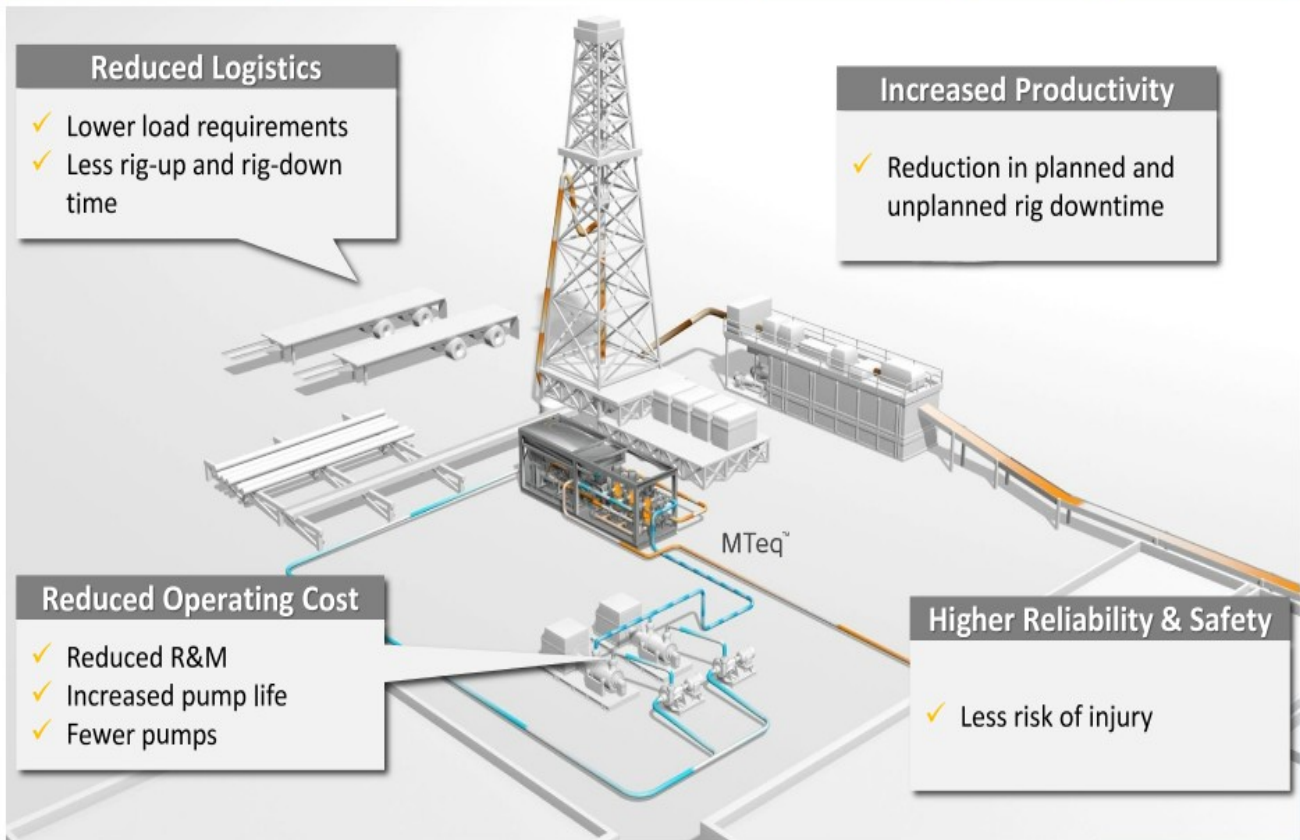
With MTeq



NO MUD PASSES THROUGH THE PUMPS

MTEQ UNLOCKS VALUE FOR OPERATORS

Drilling Configuration with MTeq & Centrifugal Pumps



SAVINGS UP TO \$600K PER RIG PER ANNUM*

*ERI estimates

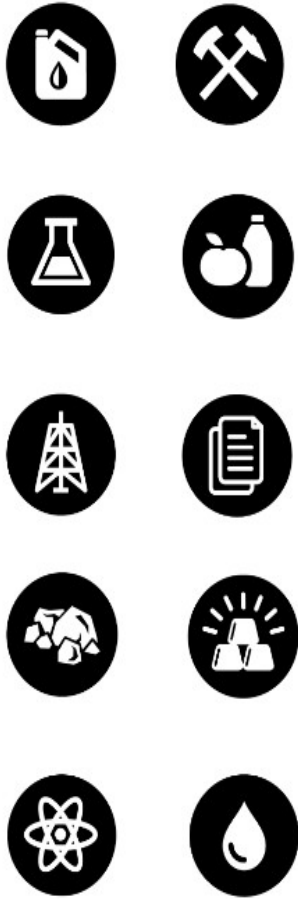




Future PX Development

Continuous Innovation





What criteria qualifies a market opportunity?

- ✓ High rates of flow
- ✓ High pressure differentials
- ✓ High capital intensity
- ✓ Hostile process fluids



Fracing

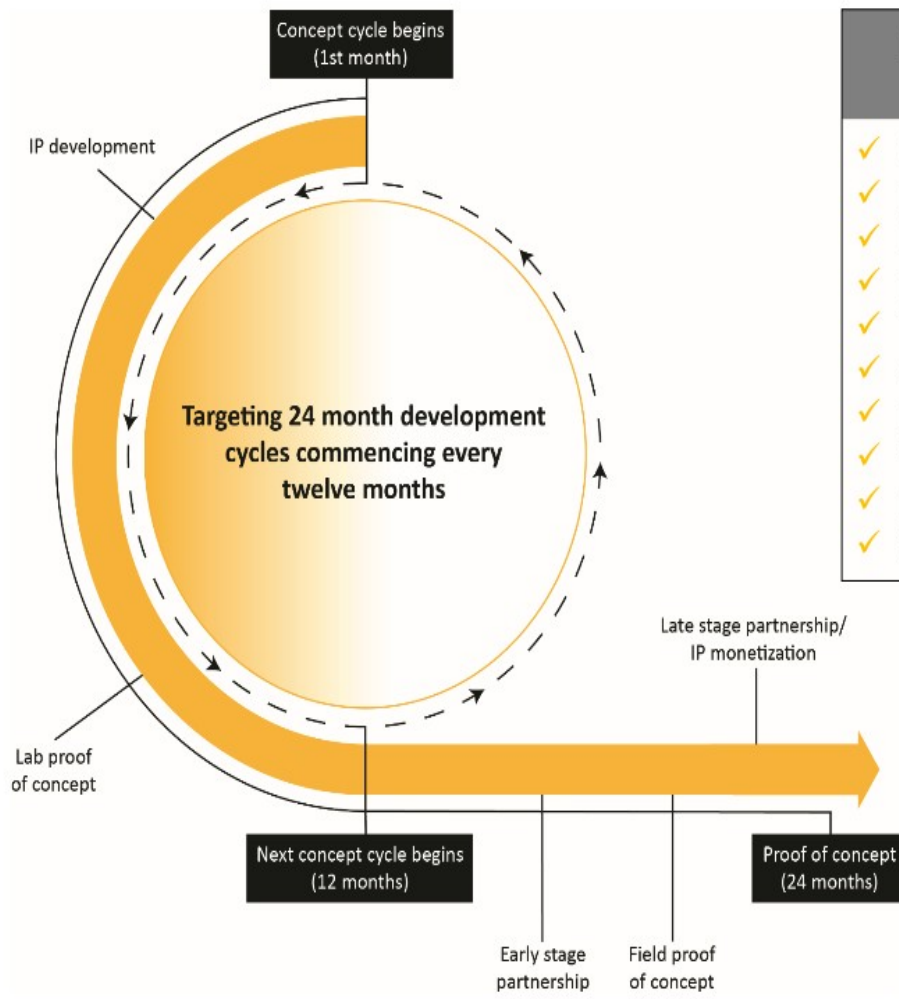


Upstream Drilling



Desalination

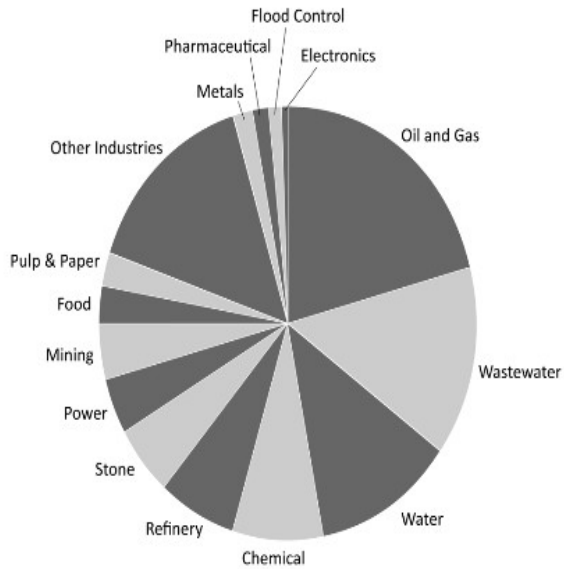
EXECUTION OF STRATEGIC R&D



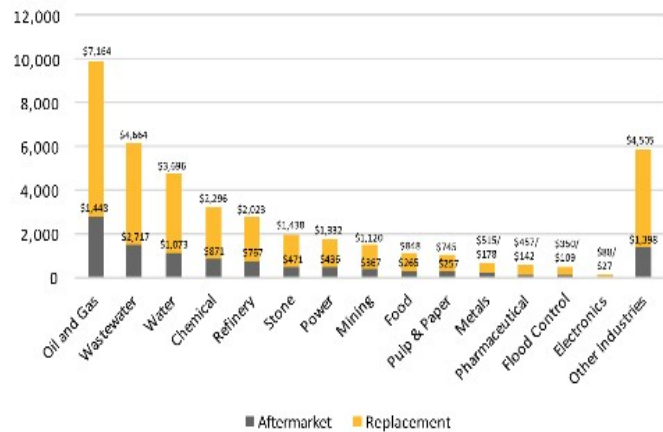
Evaluation Criteria to Determine Funding

- ✓ Value to Customer
- ✓ Market Size
- ✓ Net Present Value
- ✓ IP Potential
- ✓ Technical Difficulty
- ✓ Strategic Fit
- ✓ Internal Competency
- ✓ Time to Market
- ✓ Ease of Entry
- ✓ Concept Uniqueness

Global Pumping Market Exceeded \$53B in 2017



Significant Arbitrage Opportunity in the Pumping Market

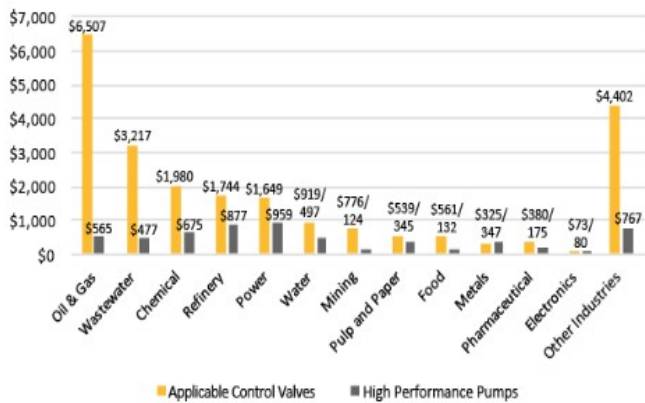


- Pump aftermarket components cost industries \$9 billion in 2017
- Replacement pump sales exceed \$25 billion in 2017

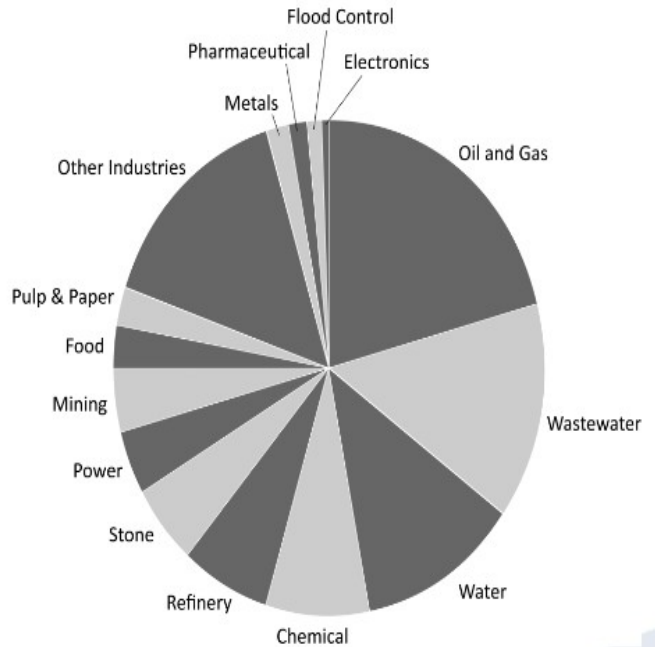
PUMP PRESERVATION OPPORTUNITY EXCEEDS \$4B PER ANNUM

WASTED PRESSURE ENERGY MARKET OPPORTUNITY

Energy Recovery Devices Target Control Valve and High Performance Pump Applications



Wasted Pressure Energy Opportunity in Excess of \$5.5B in 2017



TOTAL MARKET OPPORTUNITY IS SEVERAL ORDERS OF MAGNITUDE GREATER THAN COMPANY REVENUES



Future
Derivative
Applications

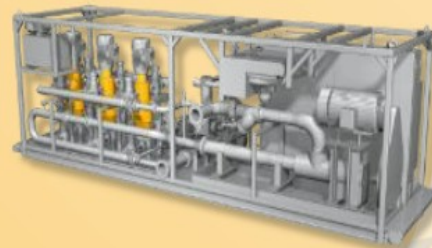


Water Business Provides Funding Mechanism for Future R&D



Annual R&D Spend:

- 27.5% of OPEX in 2014
- 20.5% of OPEX in 2015
- 27.8% of OPEX in 2016
- 32.9% of OPEX in 2017



THANK YOU



