

**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): November 23, 2020



**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 of 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))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
<b>Common Stock, \$0.001 par value</b>	<b>ERII</b>	<b>The Nasdaq Stock Market LLC</b>

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

Exhibit Number	Description
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.

**Energy Recovery, Inc.**

Date: November 23, 2020

By: /s/ William Yeung  
William Yeung  
Chief Legal Officer



# Driving Industrial Sustainability

## Delivering Value in Fluid-Flow Processes

November 24, 2020

Joshua Ballard, Chief Financial Officer, Energy Recovery

NASDAQ: ERII

## FORWARD LOOKING STATEMENT

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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.

## ENERGY RECOVERY SNAPSHOT



We develop and manufacture the PX<sup>®</sup> Pressure Exchanger<sup>®</sup>, 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%<sup>1</sup>, helping to make desalination affordable worldwide



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

### Financial Snapshot<sup>2</sup>

#### 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** --

<sup>1</sup>Energy Recovery estimate; <sup>2</sup>Growth and Gross Margin from Product Revenue only



## WE HAVE A GROWING ESG STORY

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**\$2.0B** saved for customers on energy expenses<sup>1</sup>

**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**

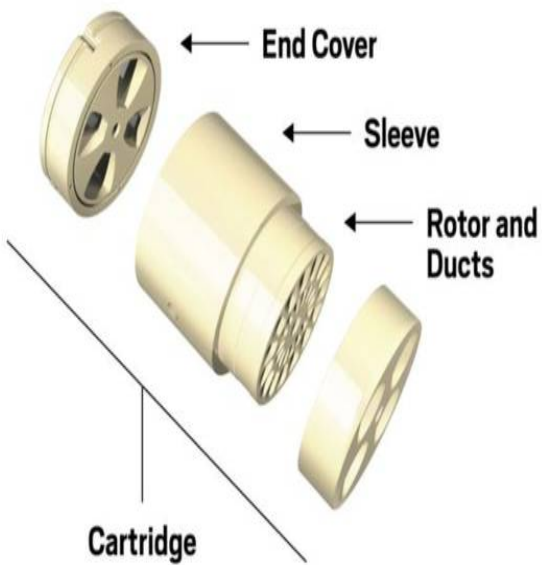


<sup>1</sup>Energy Recovery estimates. Assumes all deployed devices are in operation

# PRESSURE EXCHANGER TECHNOLOGY PLATFORM

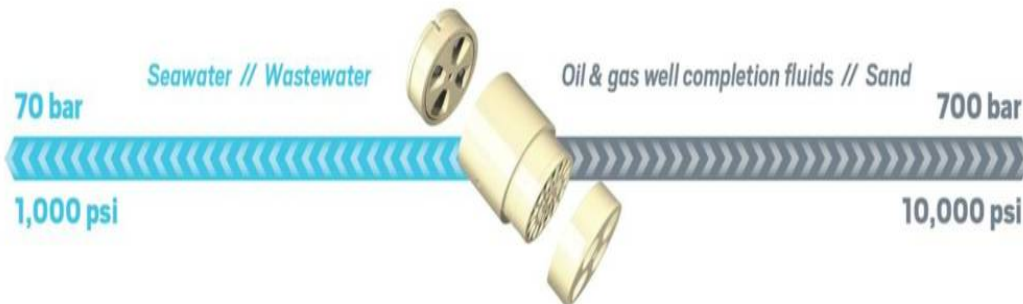
## Anatomy of a Pressure Exchanger

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

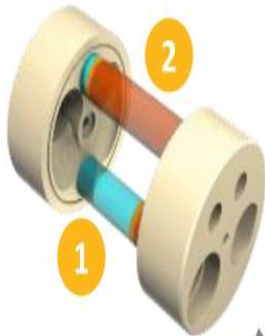
## Pressure Exchanger Technology Operating Range



# 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

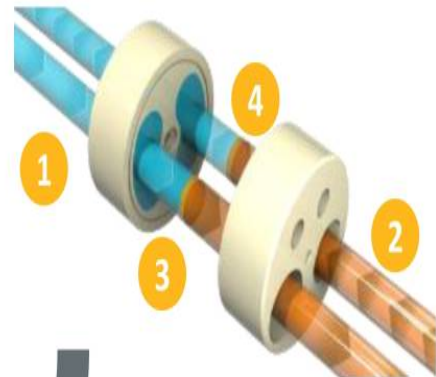
Rotor duct rotates to pressure exchange phase



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*

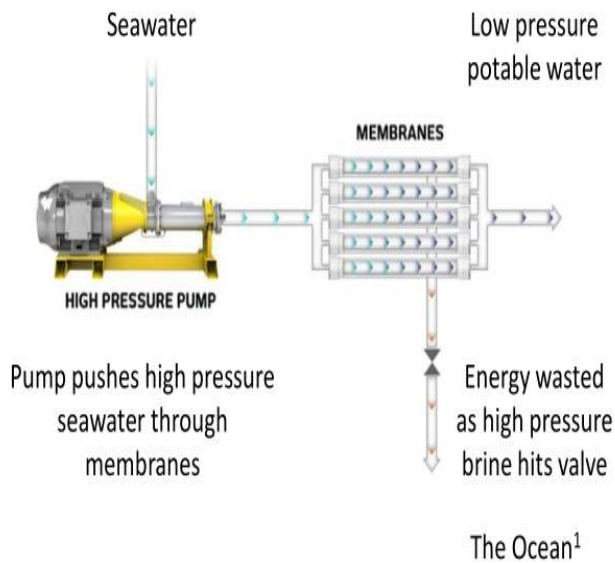


# PRESSURE EXCHANGER TECHNOLOGY IN ACTION: PX PRESSURE EXCHANGER FOR SWRO

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

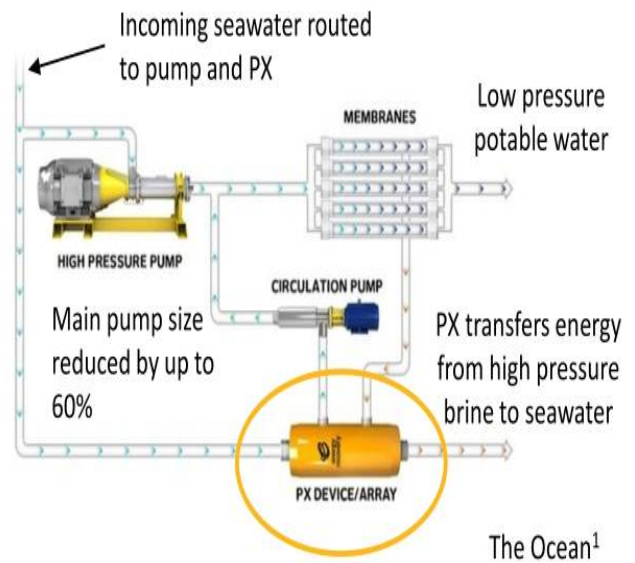
## Without Energy Recovery Devices (ERDs)

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



## With PX Pressure Exchanger

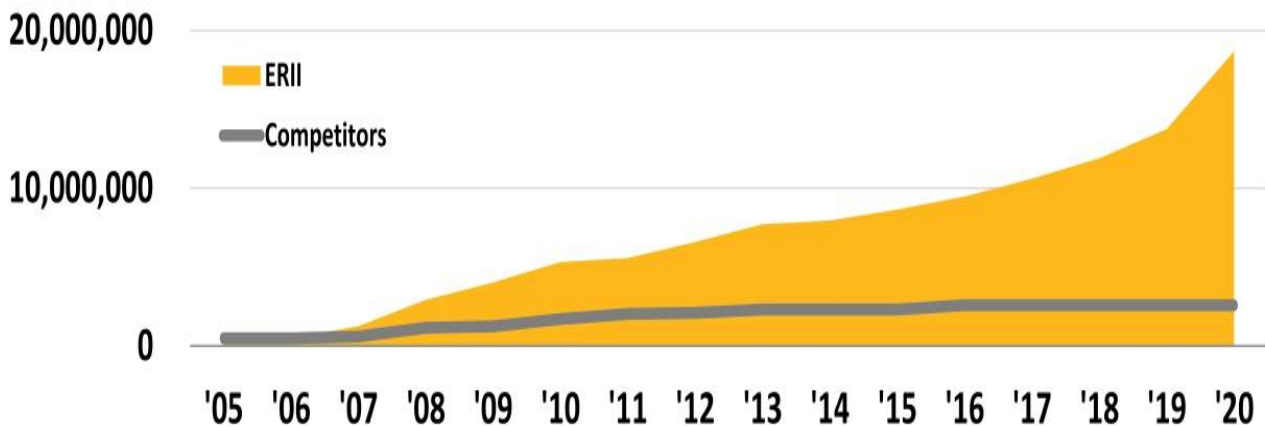
PX lowers energy consumption by up to 60%



<sup>1</sup>Ocean or other geological mass

## OUR PX PLATFORM HAS COME TO DOMINATE LARGE SCALE SWRO DESALINATION

Cumulative Won Mega Project<sup>1</sup> Desal Capacity (m3/day)



### Technology Strength = High Margin

**70%** ERII Gross Margin<sup>2</sup>

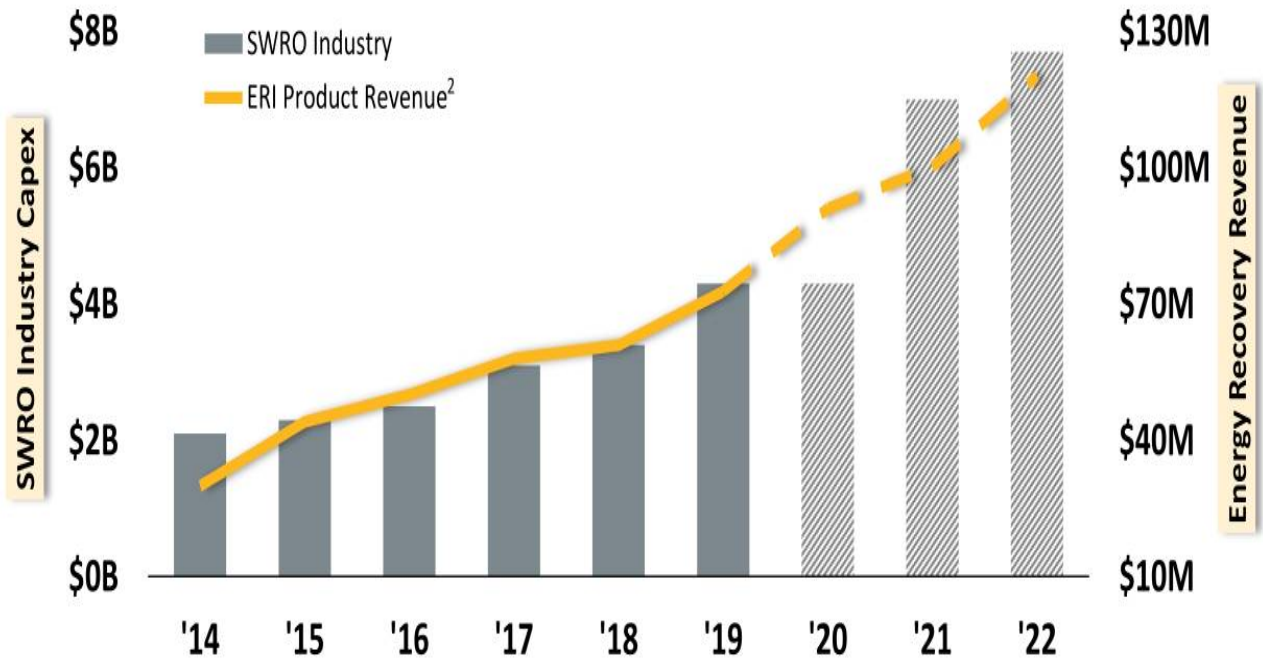
**25%** Russell 2000 Industrials

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

<sup>1</sup> Mega Projects produce 50,000 cubic meters or more of water per day; <sup>2</sup>2020 Reported Gross Margin

# NEW WATER DEMAND AND TECHNOLOGY SHIFT DRIVING SECULAR SHIFT IN SWRO

## Annual SWRO Capital Expenditures<sup>1</sup>



Our growth roughly tracks overall SWRO desal capital spend

<sup>1</sup>DesalData Estimates; <sup>2</sup>2020-2022 – ERI Estimates

# THE WORLD NEEDS MORE WATER

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## 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

## PHYS ORG

South America ravaged by unprecedented drought and fires



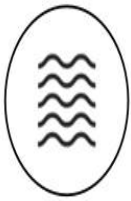
Alaska Villages Run Dry And Residents Worry About A 'Future Of No Water'



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

## EXISTING FRESH WATER SUPPLIES WILL LIKELY NOT MEET FUTURE DEMAND

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**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*

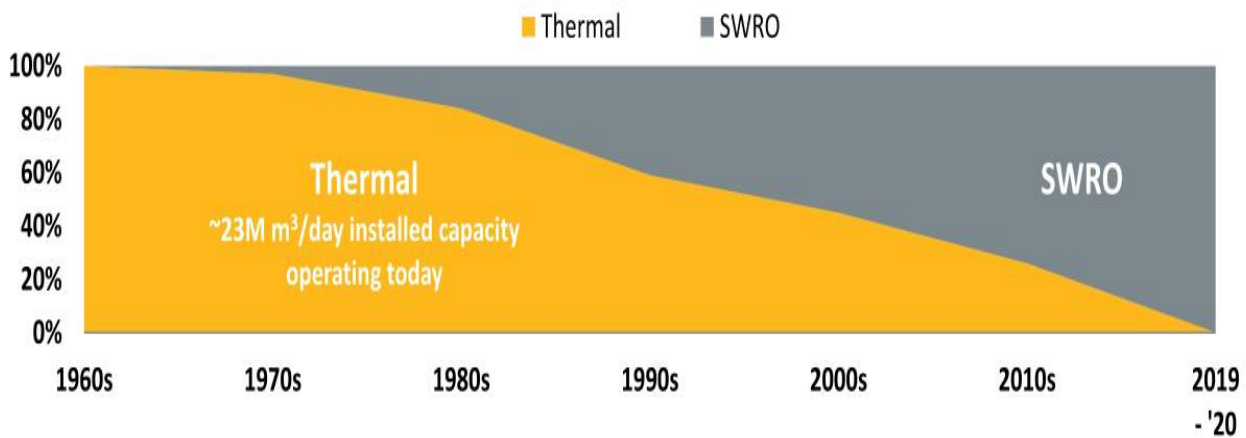


# THERMAL DESALINATION TECHNOLOGY SHIFT TO RO UNDERPINNING MARKET GROWTH

## 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/year<sup>1</sup>

## Thermal vs. SWRO<sup>1</sup> (% of Annual Plant Installations)



**23M cubic meters of thermal capacity equivalent to approximately \$0.5 Billion in PX sales<sup>2</sup>**

<sup>1</sup>DesalData; <sup>2</sup>ERI 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

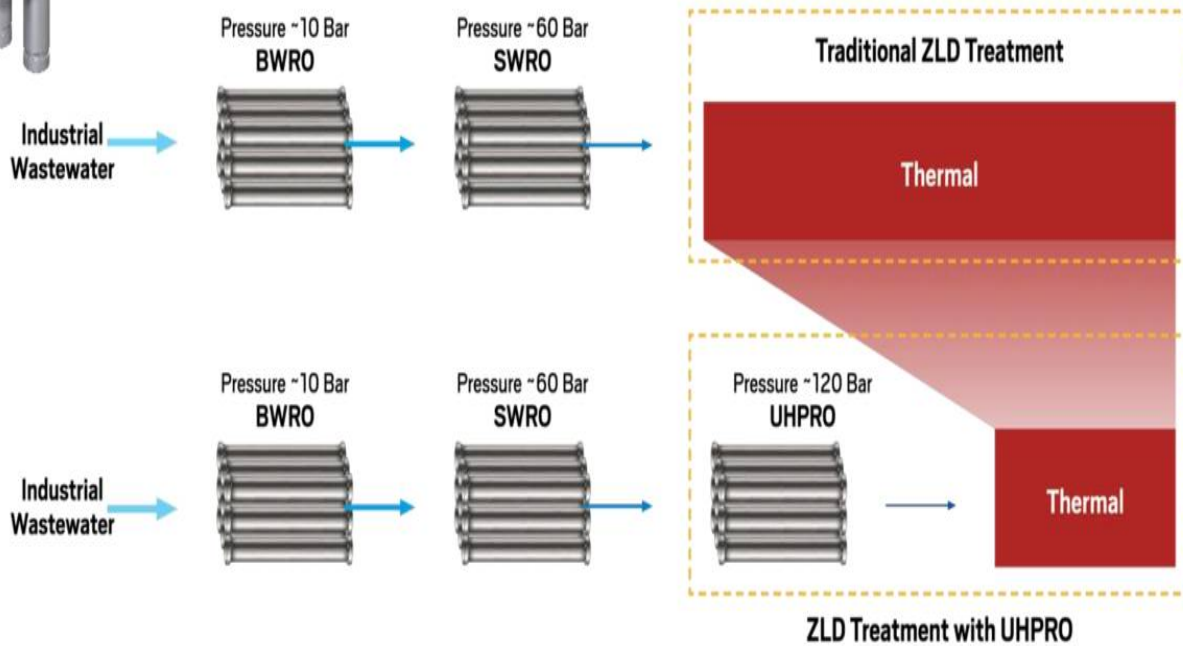
- Potential to transform an industry, as we did in Desalination, and/or transform Energy Recovery
- Longer R&D cycle, higher risk
- Must meet financial and time-based hurdles
  - 20%+ ROI
  - 50%+ Gross Margin
  - Commercial in 24 months
  - Cash neutral run rate in 36 months

- **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

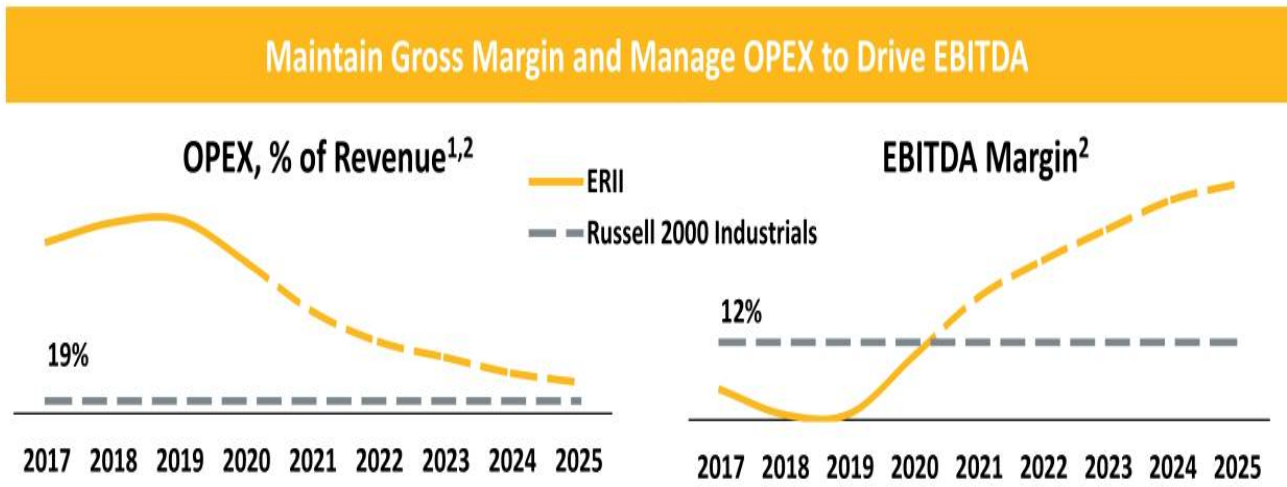
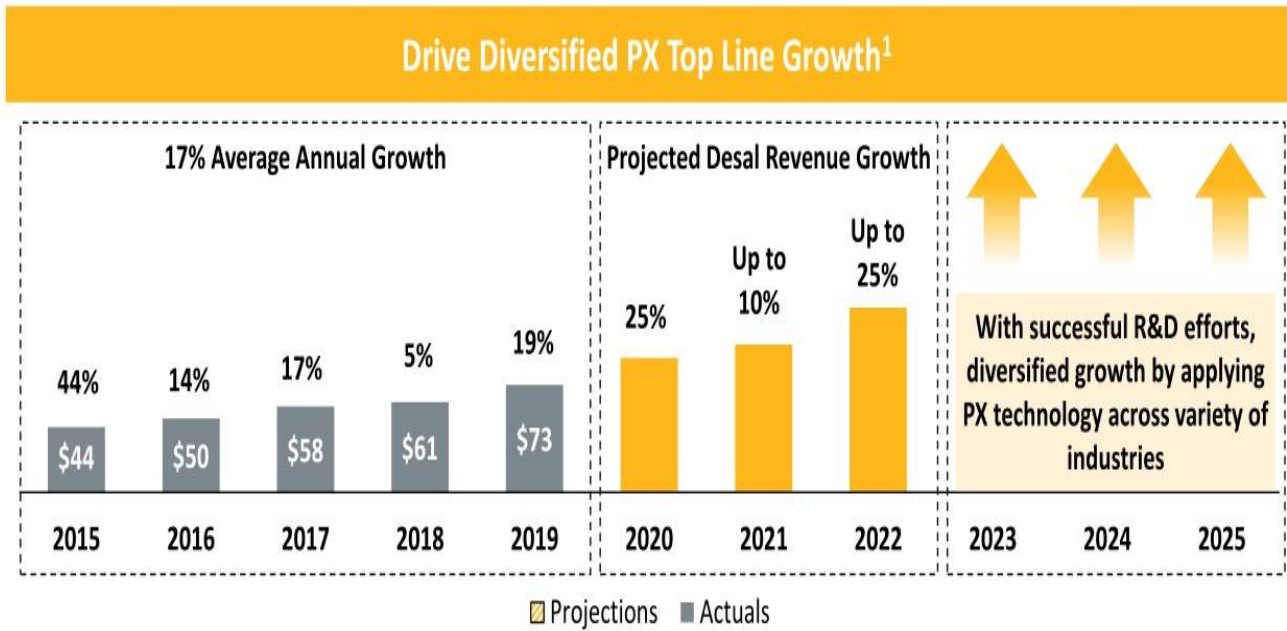


- India and China have mandated ZLD requirements aimed at reducing industrial wastewater discharge and reusing water
- We can lower the high cost of ZLD processes by recovering up to 60% of wasted energy depending on system conditions with 93%+ efficiency
- We believe RO could supplant thermal as the 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



<sup>1</sup>2020 – 2025 are estimated projections; <sup>2</sup>Excluding Schlumberger License and Development Revenue



## ESG AT ENERGY RECOVERY



To download the full report, please visit

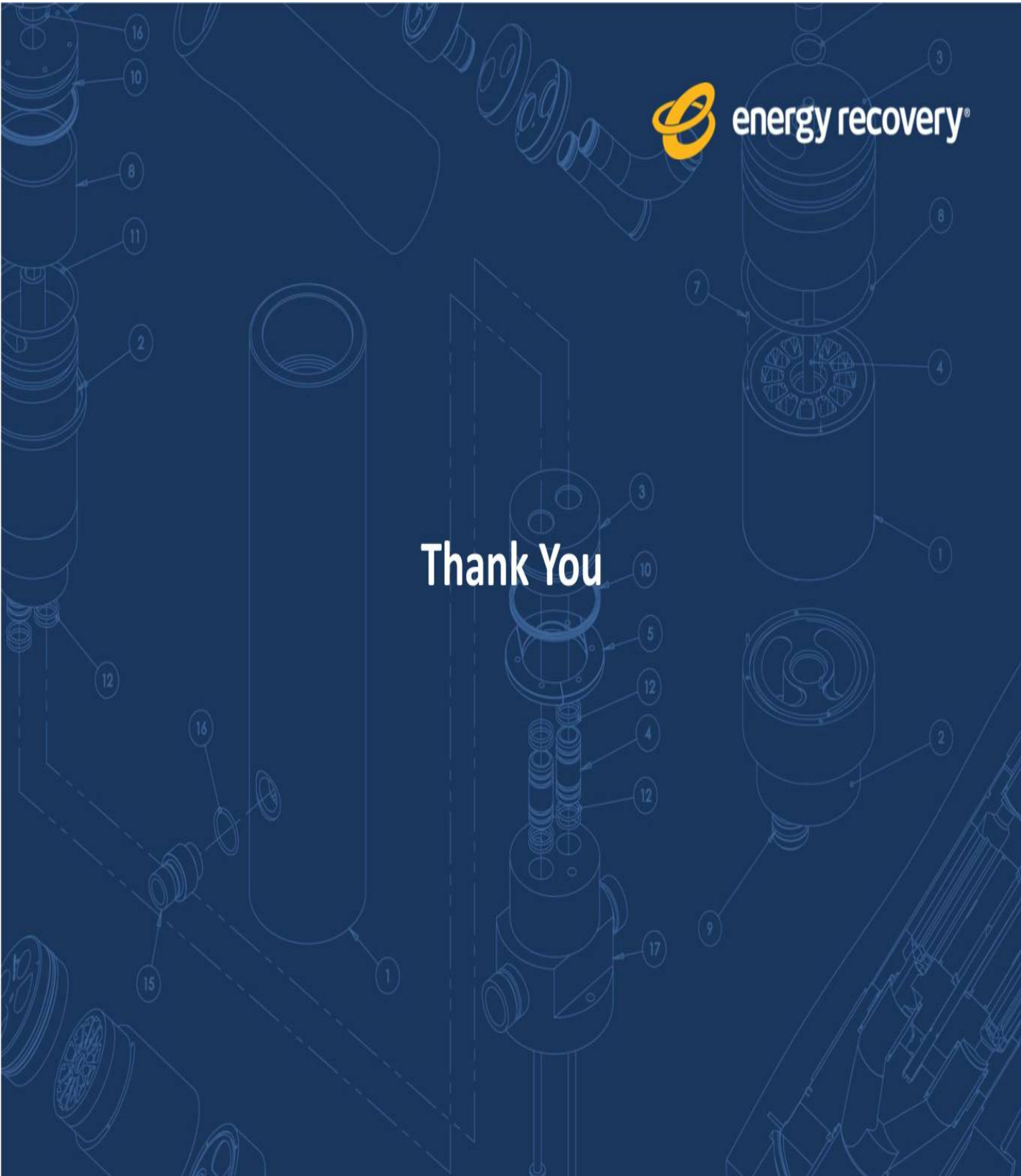
[bit.ly/ERI-ESG](https://bit.ly/ERI-ESG)

- 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



## CONTACT US

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*(for ESG inquiries)*



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