

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): October 30, 2015 (October 29, 2015)

**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 Dr. San Leandro, CA 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))
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**Item 7.01 Regulation FD Disclosure**

The Company is furnishing with this report a presentation prepared by our management which will be posted on our website after this report is filed.

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 full text of the presentation is attached to this report as Exhibit 99.1 and is incorporated herein by reference.

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.

A copy of the related press release is filed as Exhibit 99.1 to this Form 8-K and is incorporated herein by reference.

**Item 9.01 Financial Statements and Exhibits.**

(c) Exhibits

The following exhibit is furnished herewith:

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: October 30, 2015

Energy Recovery, Inc.

By: /s/ Juan Otero

Juan Otero

Corporate Counsel and Secretary

# INVESTOR PRESENTATION

OCTOBER 2015



## 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 presentation include statements about market trends, possible future revenue growth, and business strategy. These statements 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.

These forward-looking statements are not guarantees of future performance and are subject to certain risks, uncertainties, and other factors that could cause actual results to differ materially. A detailed discussion of these factors and uncertainties is contained in the reports of the Company files with the U.S. Securities and Exchange Commission. We assume no obligation to update any forward-looking statements made in this presentation except as required by law.

## CORPORATE OVERVIEW

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- NASDAQ: ERII
- Market Cap ~\$400M
- IPO in 2008
- Headquartered in San Leandro, CA
- 105+ employees
- Global presence
- Strong Balance Sheet – (\$100M Cash, No debt)

## ABOUT US

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### Who We Are

- Energy solutions provider



### Core Competencies

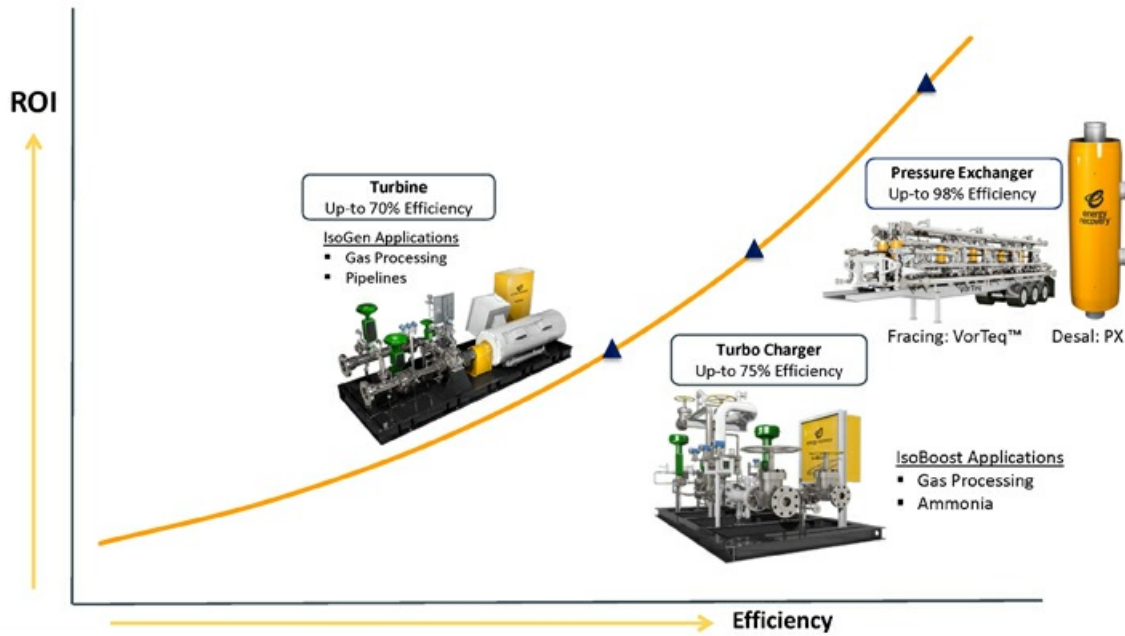
- Fluid dynamics
- Advanced material science

### What We Do

- Convert wasted pressure energy into reusable asset
- Preserve or eliminate pumping technology in hostile processing environments



# PRODUCT PORTFOLIO



# KEY MILESTONES & PERFORMANCE

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## Recent Key Developments

- CEO Transition (Joel Gay appointed CEO in April 2015)
- Management reconstituted (CFO and VP of Strategy joined in June 2015)
- Strategy Reloaded – Bias towards execution (March 2015)
- Liberty Field Trial Commencement of VorTeq™ for Hydraulic Fracturing (April 2015)
- 15-year deal with Schlumberger Technology Corp. to provide exclusive rights to VorTeq™ hydraulic pumping system (October 2015)

## YTD Performance

- Energy Recovery (ERII) shares are up 40%\* year-to-date
  - S&P Energy Select Sector Index: down 17%
  - S&P 500 Index: up 1.53%
  - Russell 2000 Index: down 2.16%
- Energy Recovery has outperformed major equity indices on average by 46% year-to-date

\* Data as of market close 10/28/2015



## STRATEGY RELOADED - EXTREME BIAS TOWARDS EXECUTION

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- Shot-gun to rifle shot market penetration
  - Strategically rationalized
    - ✓ P-1: Hydraulic Fracturing
    - ✓ P-2: Gas Processing
    - ✓ P-3: Ammonia
    - ✓ P-4: Pipelines
  - Geographically rationalized
    - ✓ Global to Americas and Middle East
  - Cost structure right-sized
- Signed licensing agreement with Schlumberger
  - \$125 million upfront consideration
  - Future annual royalties of \$80 - \$200 million

# \$4 BILLION GLOBAL RECURRING MARKETS

## WATER



Desal  
**\$50M**

## O&G



Gas Processing  
**\$369M**

Pipelines  
**\$936M**

Hydraulic Fracturing  
**\$1.4B**

## CHEMICALS



Ammonia  
**\$838M**

Urea  
**\$364M**

# STRATEGIC AND GEOGRAPHIC RATIONALIZATION

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**\$4 Billion TAM: Global**



Rifle-shot  
Marketing

Account  
Engagement

**\$2.1 Billion TAM: Americas + Middle East**





Desalination



## DESALINATION - OUR FIRST DISRUPTIVE TECHNOLOGY

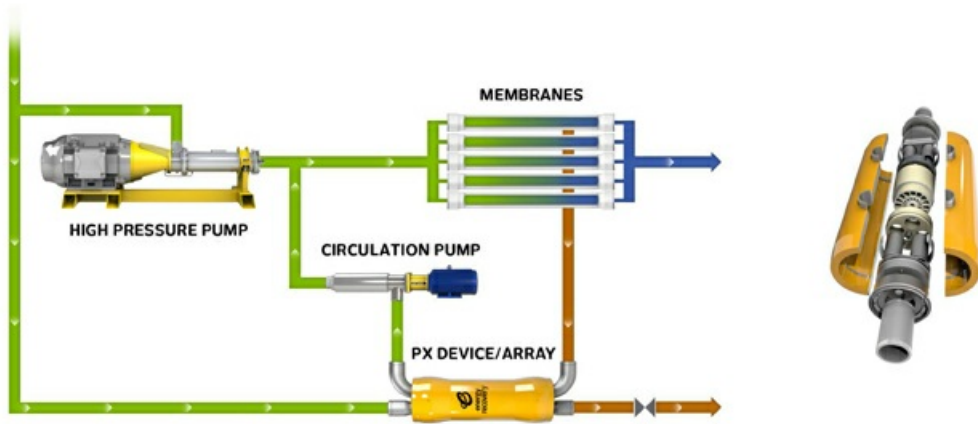
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- The “PX Pressure Exchanger”
  - 16,000 PX Devices Installed Worldwide
  - 3-Month Payback
  - 25-year Life with No Maintenance
  - Dominant Global Market Share
  - 60%+ Gross Margins
- Compelling Short and Long Term Market Opportunity
  - Global Water Demand / Supply Gap



*“So disruptive, it’s almost too good to be true.”*

# DESALINATION WITH PX PRESSURE EXCHANGER

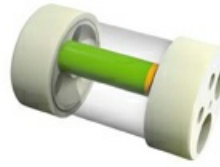


# PX PRESSURE EXCHANGER AT WORK

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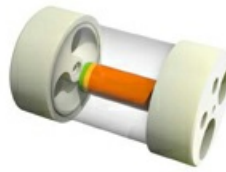
**1** Low-pressure feed water fills rotor chamber, displacing brine



**2** Rotor chamber seals, containing low pressure feed water



**3** High Pressure brine pressurizes and displaces feedwater



**4** Rotor chamber seals, containing high pressure brine

# CASE STUDY - CARLSBAD



## KEY STATISTICS

<b>Location:</b>	San Diego County
<b>Capacity:</b>	56,000 AFY
<b>Operation:</b>	Online in 2016
<b>Total Water Supply %:</b>	7% in 2020
<b>Residents Served:</b>	300,000
<b>Energy Savings:</b>	\$12M / year
<b>ERD Used:</b>	QPX300

### Top-5 Reasons Carlsbad Picked PX Pressure Exchangers:

1. Consistent Performance (97% efficiency, 0.11% Std. Deviation)
2. Highest Availability (99.8%)
3. Advanced Materials (Life of 25+ years)
4. Reduced Noise Levels (72 dBA)
5. Proven Results (15,000 install base)

### PX Pressure Exchanger® vs. Competing Isobaric Technologies

	ERI	COMPETITION	UNITS
<b>CAPEX</b>			
Average CAPEX of ERD per 100,000 m <sup>3</sup> /d	\$1.80	\$1.50	MILLION USD
Cost of ERD for Current Plant	\$1.80	\$1.50	MILLION USD

<b>UNPLANNED DOWNTIME COST</b>			
Average Downtime*	0.7	12.0	Days/Year
Lost Gross Profit due to Downtime	\$17,500	\$300,000	USD/Year
NPV of Unplanned Downtime Cost	\$186,809	\$3,202,433	USD/Projected Life

\* Energy Recovery's PX Technology has a proven availability of 99.8% and zero planned downtime

<b>MAINTENANCE COST</b>			
Yearly Maintenance as % of Total ERD Cost*	0.50%	2.00%	
Annual Maintenance Cost	\$9,000	\$30,000	USD/Yr
Maintenance Cost -Life of Plant	\$225,000	\$750,000	USD
NPV (Life of Plant) -Maintenance Cost	\$96,073	\$320,243	USD





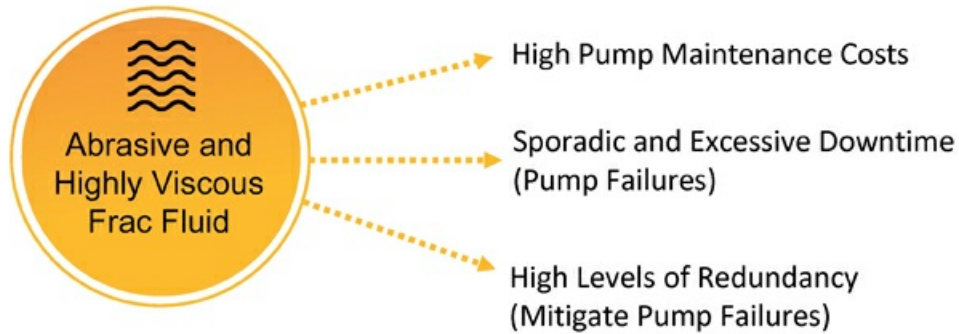
Growth Markets  
Hydraulic Fracturing



## PAIN POINT

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Pump Failures are the #1 Operational Challenge Faced by the Industry



*The Mechanical Equivalent of Adding Sand to Your Car's Engine*

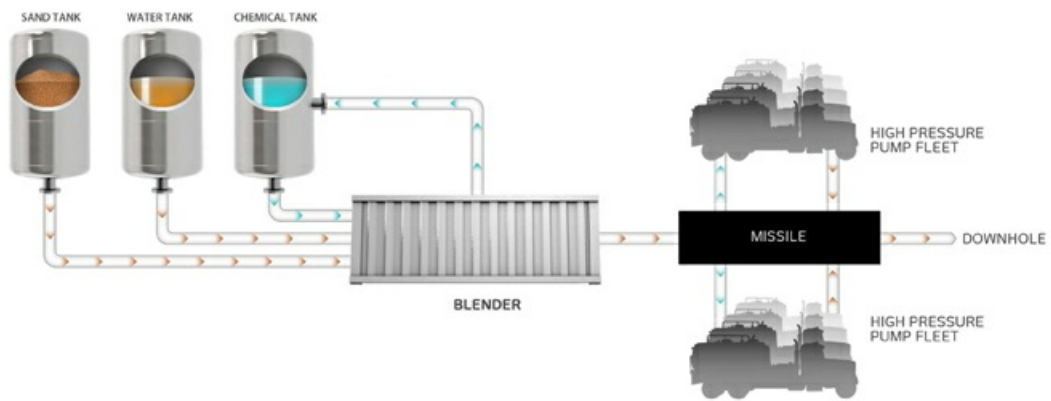
## OUR SOLUTION

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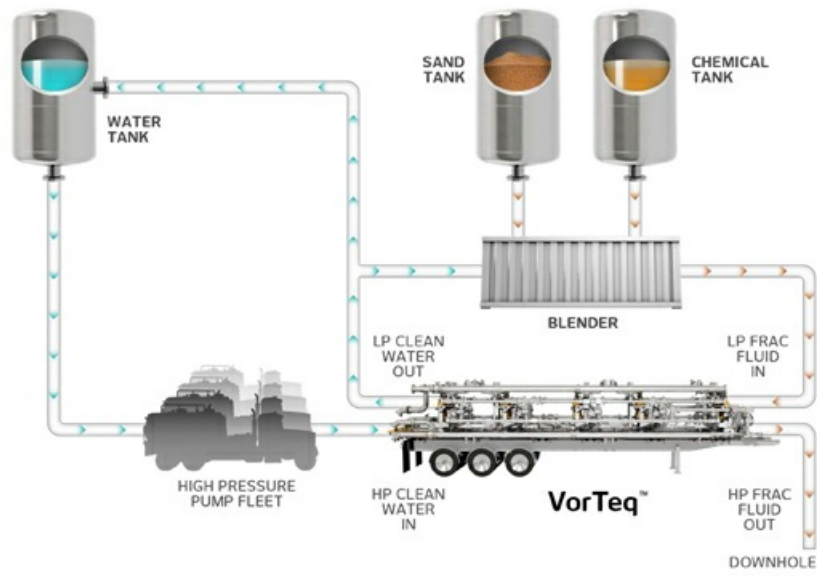
Possibly the Most Disruptive Product Ever Developed by ERI



# STATUS QUO - HYDRAULIC FRACTURING WITHOUT VORTEQ



# OUR SOLUTION - HYDRAULIC FRACTURING WITH VORTEQ™



## OUR PROVEN TECHNOLOGIES ADAPT TO OTHER INDUSTRIES

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- **Innovation**

- As ERI has changed the desalination industry, we stand ready to do the same with hydraulic fracturing

- **Validation**

- Recent deal with Schlumberger Technology, the global leader in oilfield technology, underscores this reality

- **Value Creation**

- PX/Vorteq technology is basis for a strong new product pipeline aimed at diversified field of industries.



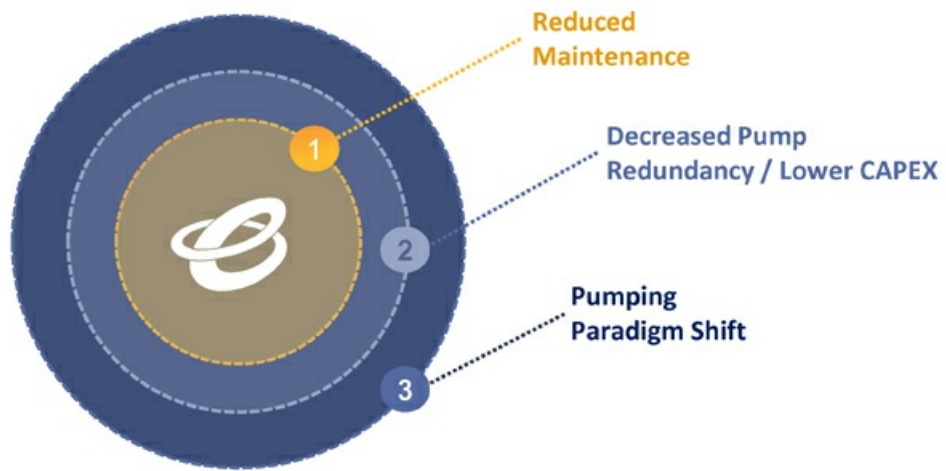
## SIGNED 15-YEAR LICENSE AGREEMENT WITH SCHLUMBERGER

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- **Agreement provides exclusive rights to ERI's VorTeq™ hydraulic pumping system**
  - Commercializes the VorTeq™ technology with one of the industry's most respected oil-field services companies
- **Financial Terms of Agreement with Schlumberger**
  - 2015: Schlumberger paid an upfront \$75 million exclusivity fee
  - 2016: Schlumberger will pay two separate \$25 million milestone payments (for a total of \$50 million) subject to certain KPI's
  - 2017 – 2030: Continuing annual royalties for the duration of the license agreement of \$80 - \$200 million subject to satisfying KPI's

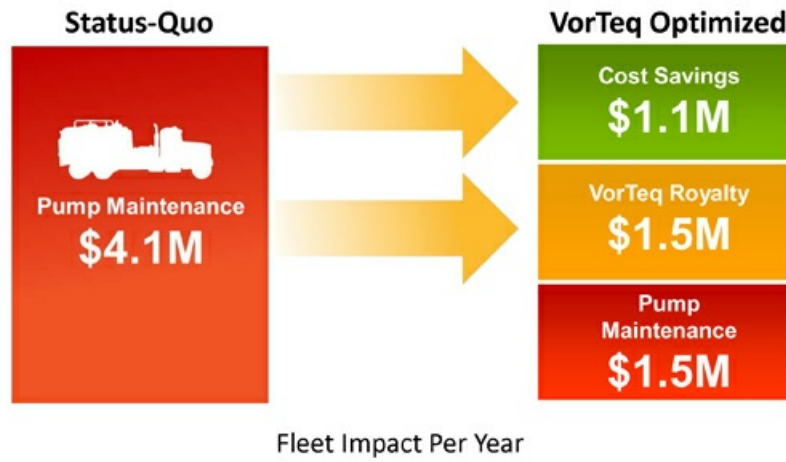
# VALUE PROPOSITION - VALUE CREATION

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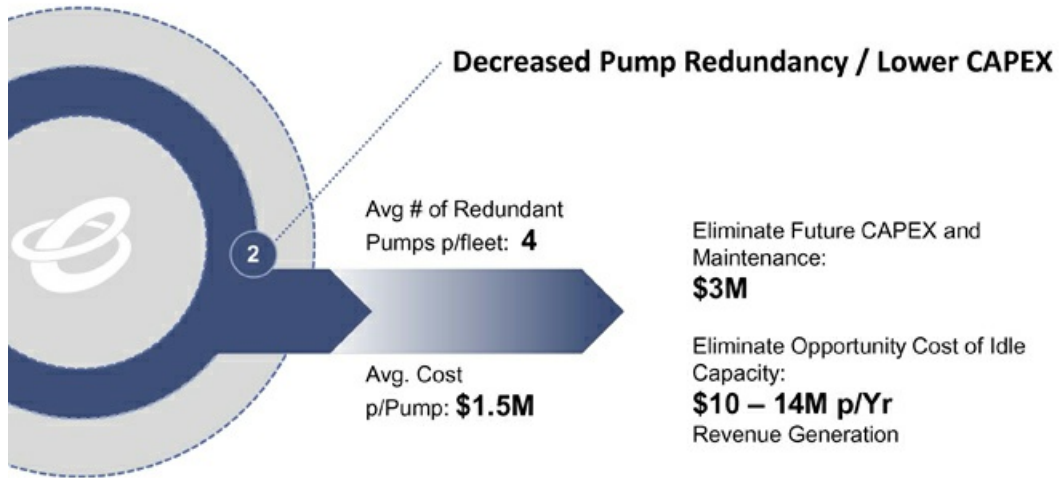
# 1<sup>ST</sup> ORDER VALUE PROP - REDUCED MAINTENANCE COST



(Based on 2,000 pumping hours p/yr)

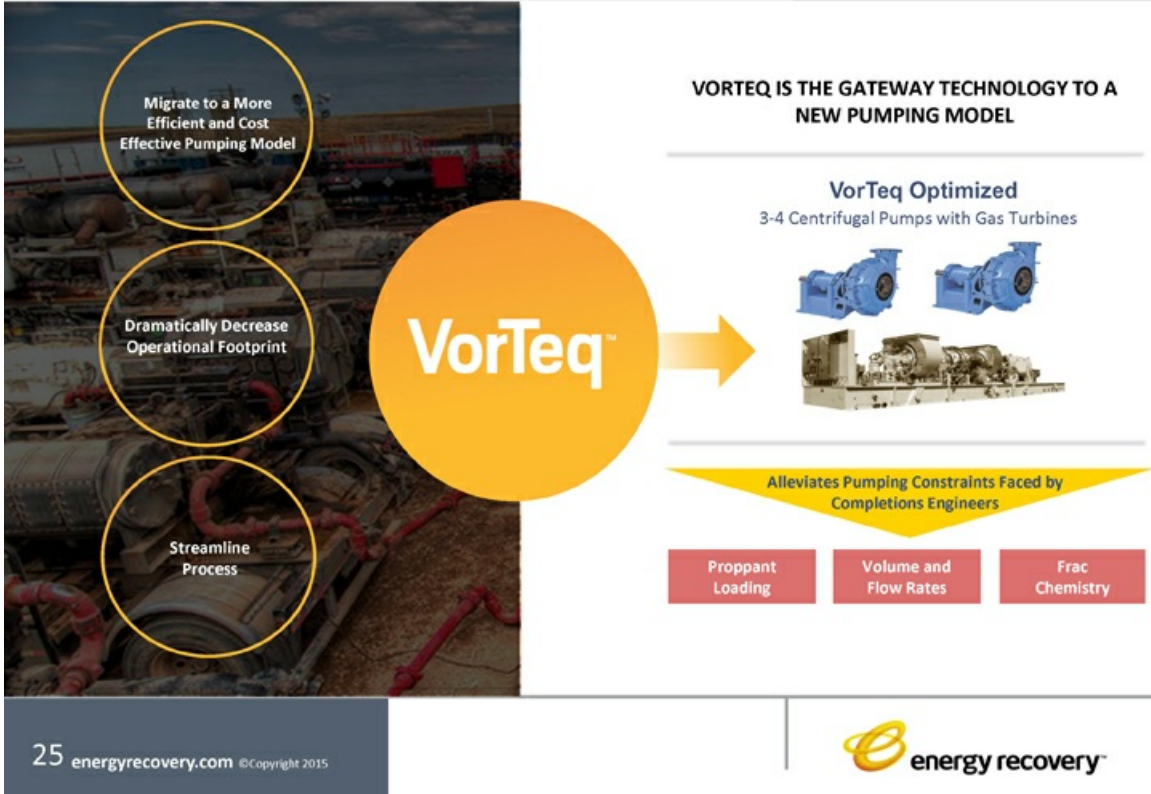
## 2<sup>ND</sup> ORDER VALUE PROP - REDUCED REDUNDANCY

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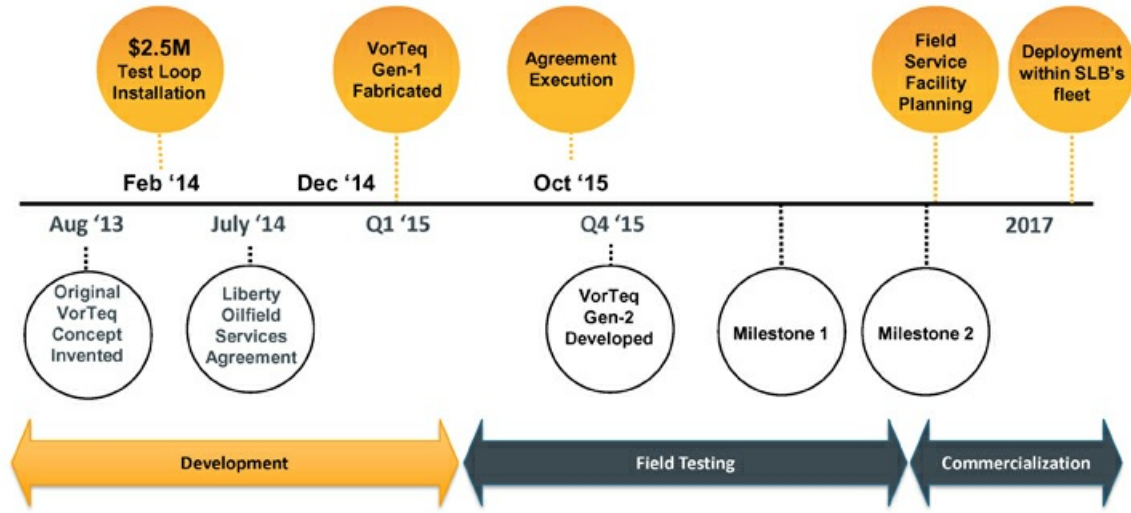


**Pumpers will be able to decrease redundancy by at least 50%**

# 3<sup>RD</sup> ORDER VALUE PROP - PARADIGM SHIFT



# TIMELINE - VORTEQ EVOLUTION

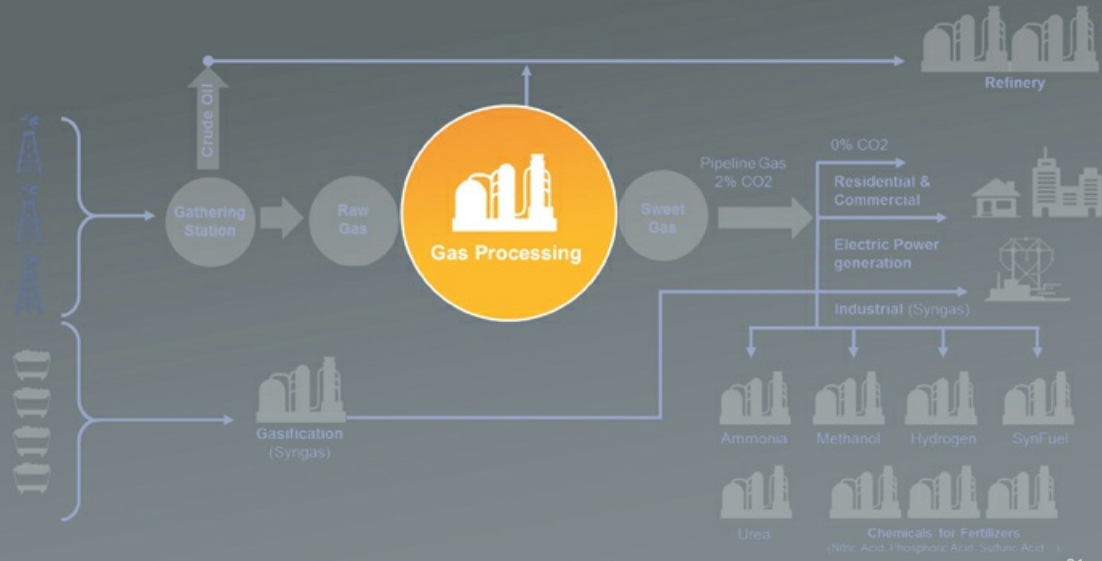




Growth Markets  
Gas Processing



# GAS MARKET - GAS PROCESSING ECO-SYSTEM



## PAIN POINTS

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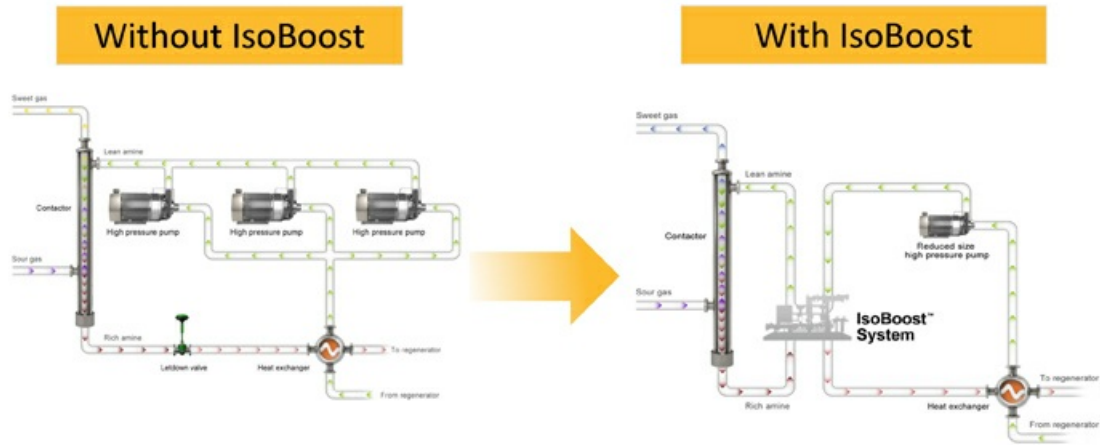
**Downtime  
is Costly**

**Excessive  
Redundancy &  
Maintenance**

**High Energy  
Consumption**

**Common Denominator: Pumps**

# OUR SOLUTION - ISOBOOST SYSTEM



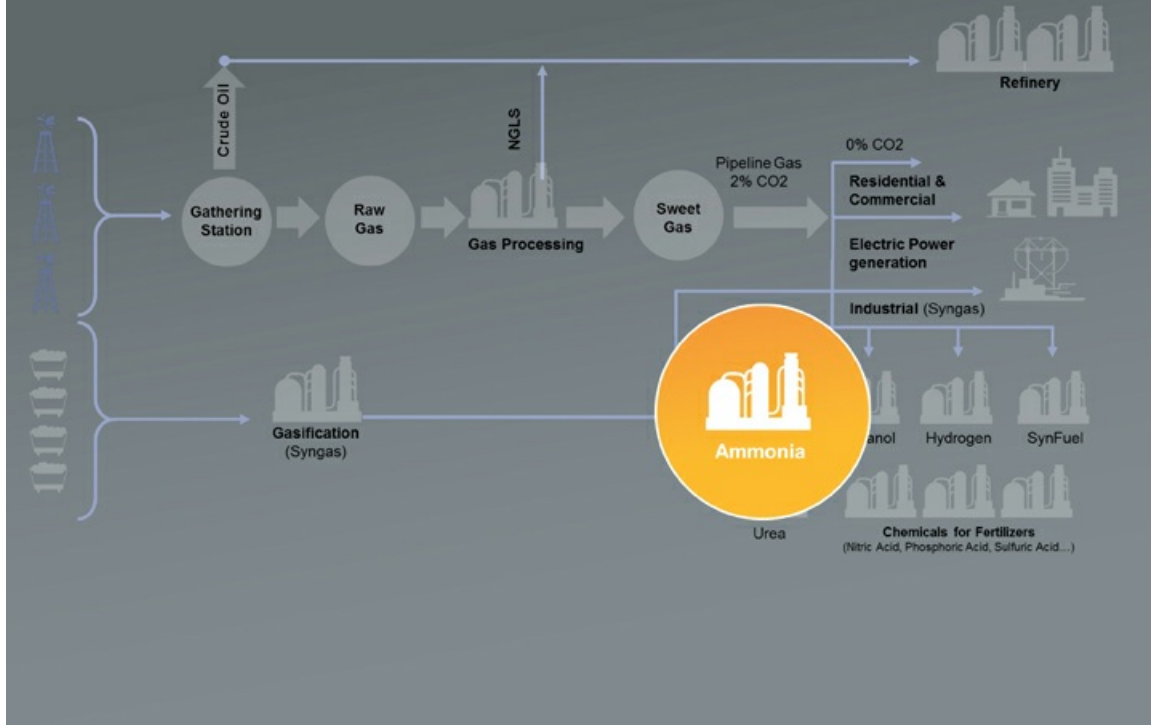




Growth Markets  
Ammonia



# THE MARKET - AMMONIA



## PAIN POINTS

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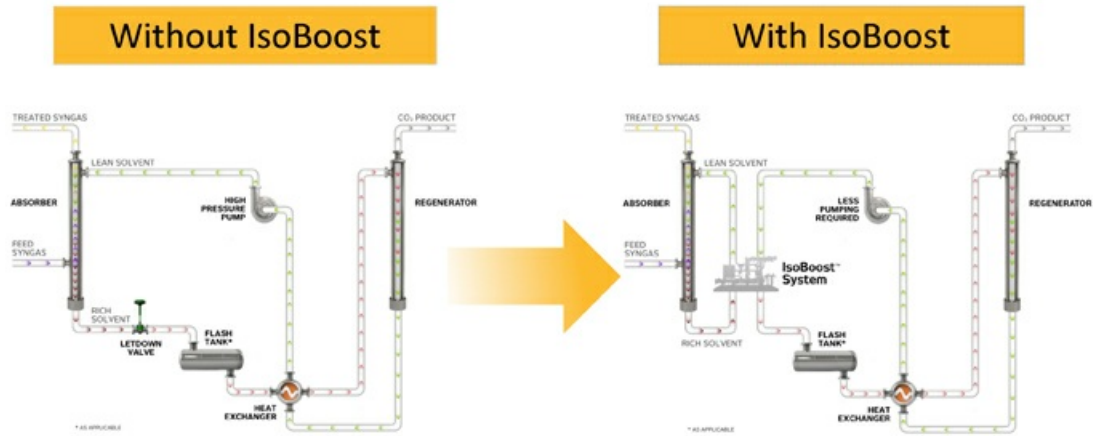
**Downtime  
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# OUR SOLUTION - ISOBOOST





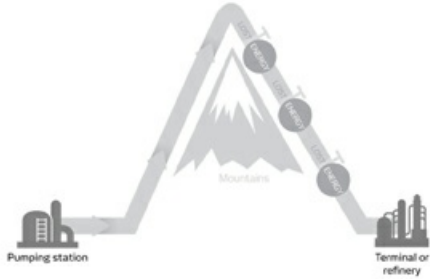
Growth Markets  
Pipelines





# THE SOLUTION - ISOGEN

Without IsoGen



*Vertical Pipelines Must be Depressurized*

With IsoGen



*Pressure Generating Power*

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