

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 6, 2016 (June 3, 2016)

**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.

**Item 9.01 Financial Statements and Exhibits.**

(d) Exhibits

<b><u>Exhibit Number</u></b>	<b><u>Description</u></b>
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 6, 2016

Energy Recovery, Inc.

By: /s/ Chris Gannon  
Chris Gannon  
Chief Financial Officer

# ERI INVESTOR PRESENTATION

(NASDAQ: ERII)

June 2016



## 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

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

## Core End-Markets

OIL & GAS



WATER



CHEMICALS



# PRODUCT PORTFOLIO

## WATER



Making Desalination Affordable

Pressure Exchanger



17,000 Installations on 6 continents

## OIL & GAS



Hydraulic Fracturing: **VorTeq**

## CHEMICALS



**IsoBoost Applications**

- Gas Processing
- Ammonia



**IsoGen Applications**

- Gas Processing
- Pipelines
- Ammonia

# HISTORY OF ENERGY RECOVERY



**1992**

Company  
Founded



**2008**

Nasdaq IPO



**2015**

Year of  
Transformation

## 1992 - 2014



Developed Pressure  
Exchanger Technology



Invested in R&D



Established Market Leadership  
In Desalination Market



Increased shipments of Energy  
Recovery Devices Worldwide

## 2015



New Corporate Strategy and  
Management Team



Signed 15-year license with  
Schlumberger

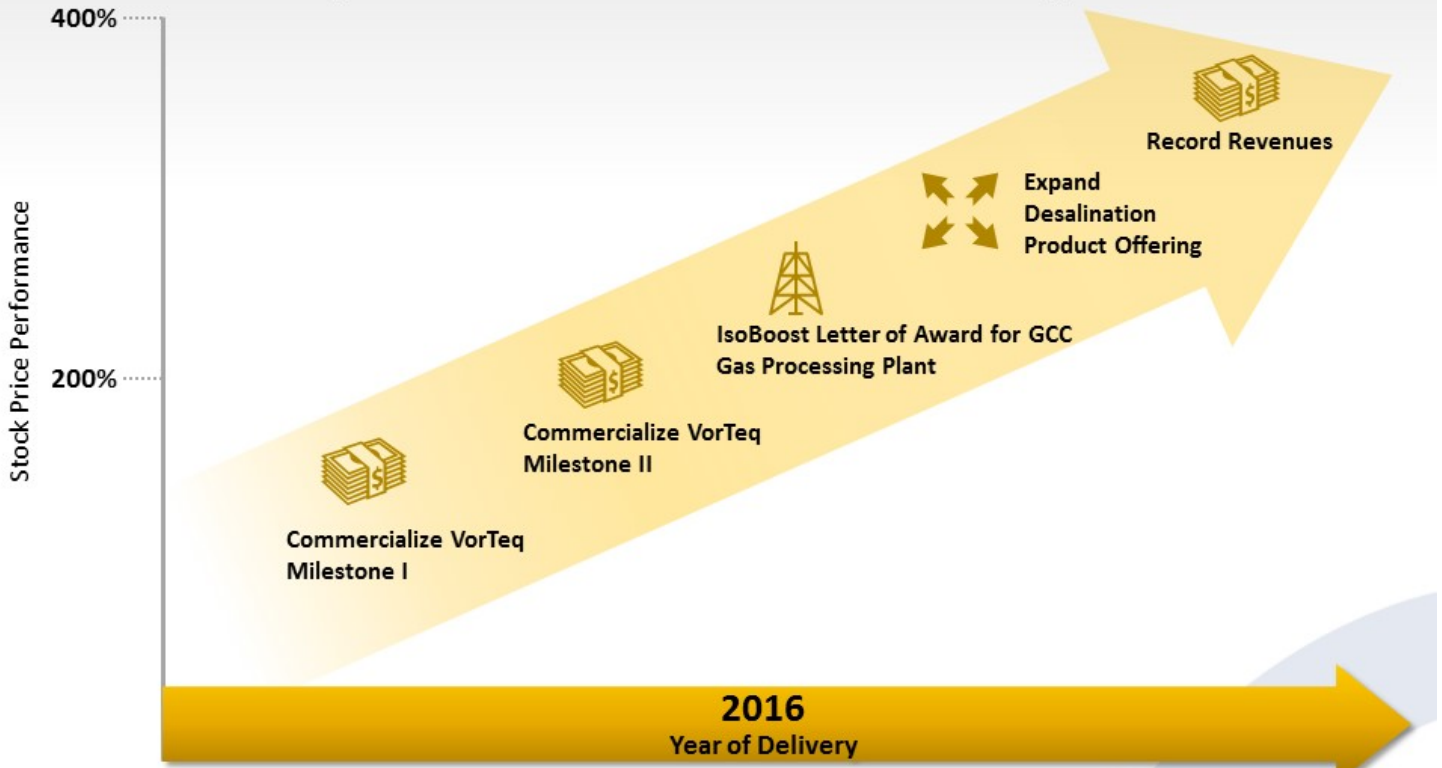


Installed first energy recovery  
device in Saudi Aramco  
production portfolio



Revenues up 47% in 2015

## Stock Up More than 400% Since SLB Agreement



- \* Share Price Appreciation based on 52 week high of 13.35 on 4/21/16 compared to pre-announcement share price of \$2.46 on 10/19/15
- \* IsoBoost letter of award totals up to \$11M for multiple units in a new-build gas processing plant located in the Gulf Cooperation Council Countries ("GCC")
- \* Record Revenues contingent upon VorTeq milestone(s) achievement



## INVESTMENT HIGHLIGHTS



### Growth

- Commercialize VorTeq Technology
- Further penetration of Saudi Aramco production portfolio



### Perpetual Innovation

- Pressure exchanger technology, adaptable to other industries
- Target-rich product development road map
- World-class Engineering talent



### Validation of New Corporate Strategy & Management Team

- Corporate speed and agility
- Signed 15 year exclusive licensing agreement with Schlumberger



### Financial Strength

- Industry leading balance sheet (\$100MM+ in cash, no debt)

\* Balance sheet data as of 12/31/2015

# ~\$4B ADDRESSABLE MARKET OPPORTUNITY

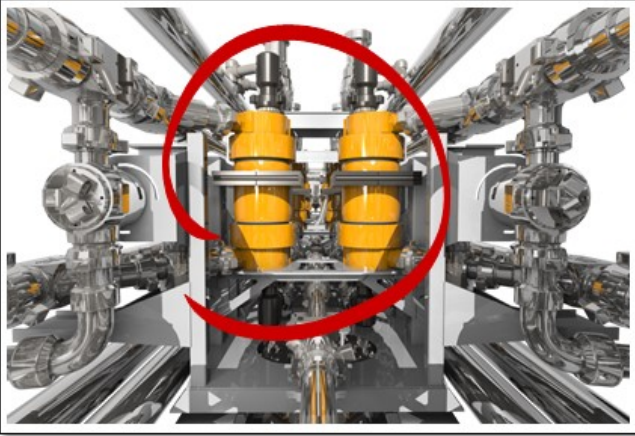




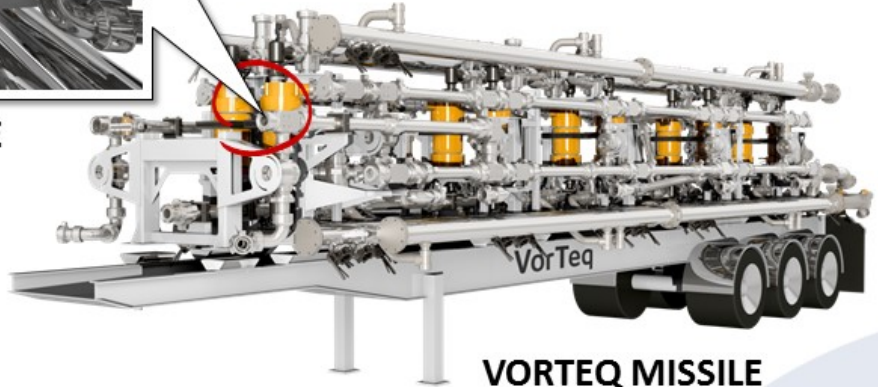
# Emerging Markets Hydraulic Fracturing



## VORTEQ HYDRAULIC PUMPING SYSTEM



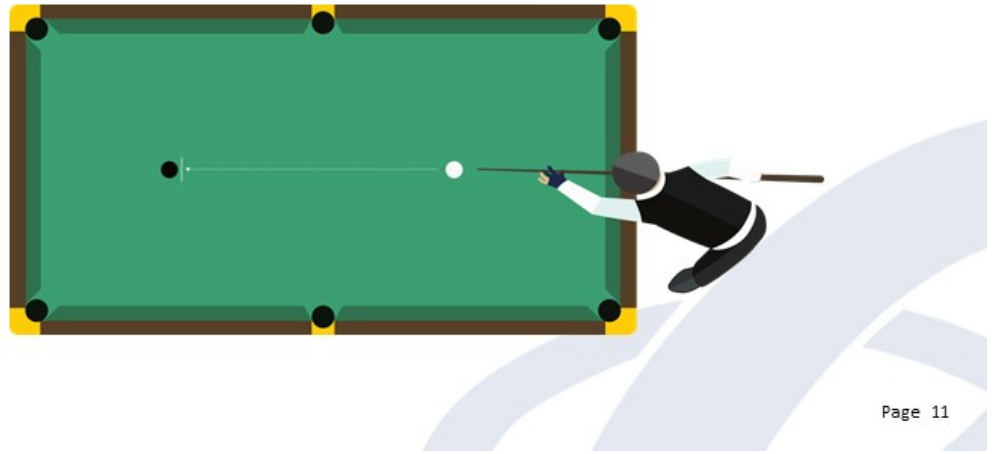
**VORTEQ CARTRIDGE**



**VORTEQ MISSILE**

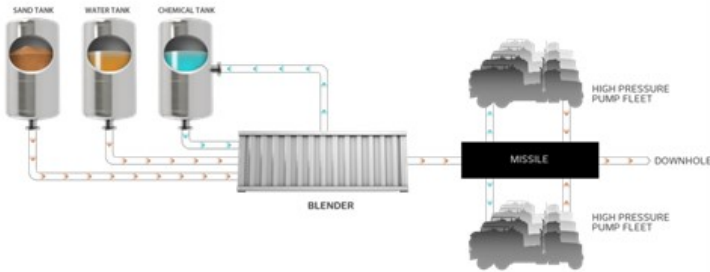
**Gateway technology to unlock savings of \$4 to \$5 per BOE**

## HOW DOES TECHNOLOGY WORK?

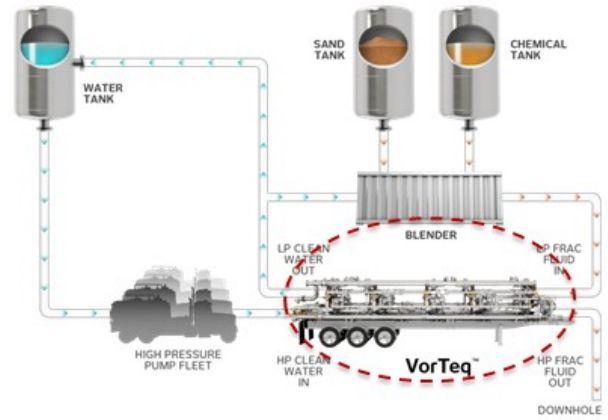


# VORTEQ INTEGRATION

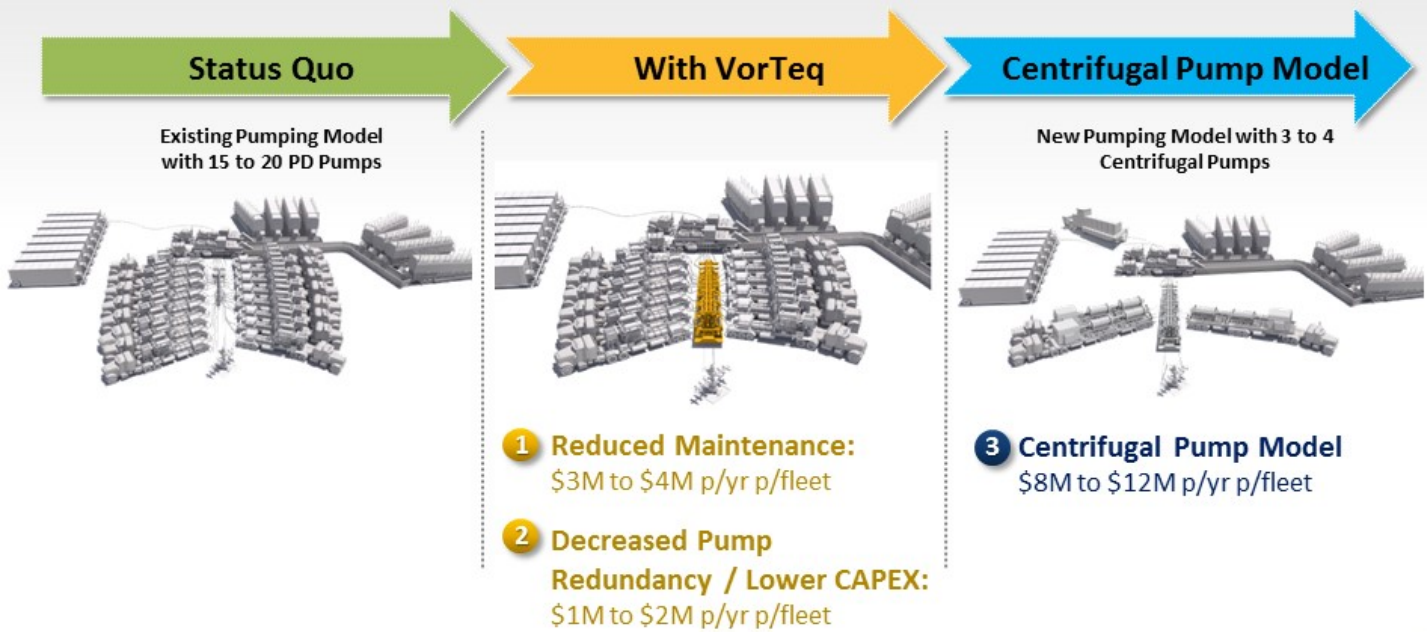
## Status Quo



## With VorTeq

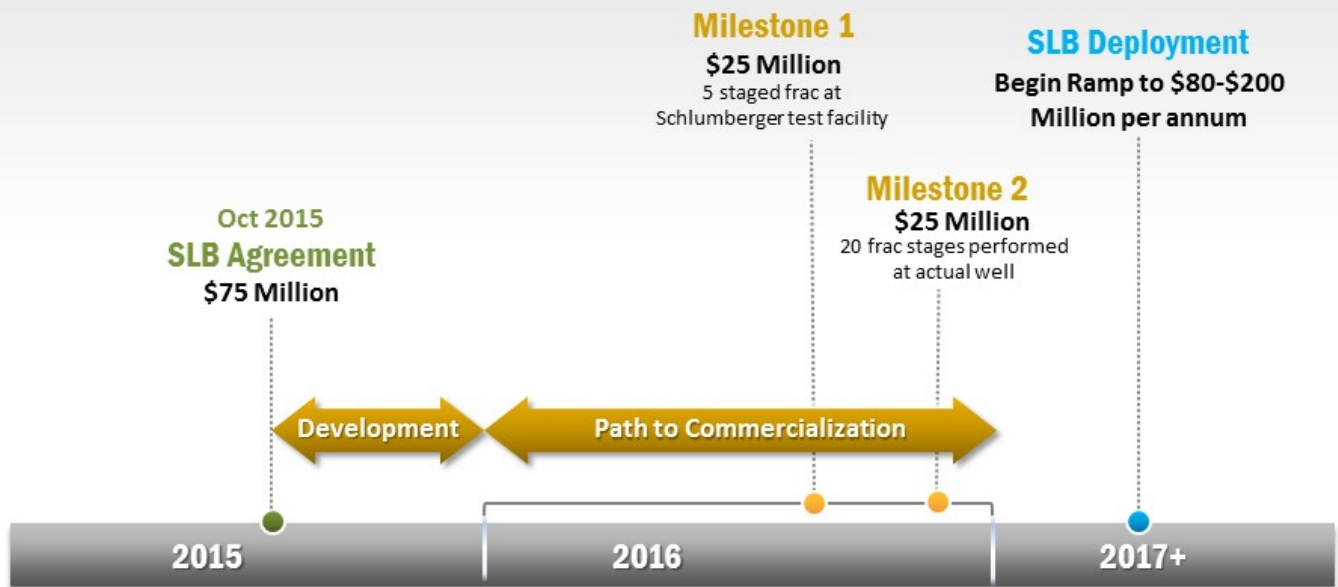


# IS VORTEQ DISRUPTIVE?



**Unlocking \$4 to \$5 per barrel of cost savings**

# SCHLUMBERGER AGREEMENT – PATH TO COMMERCIALIZATION



**On schedule to achieve Milestone I & II in 2016  
resulting in \$50 million in revenue**



## SLB LICENSING AGREEMENT ROYALTY INCOME BREAKDOWN

- **Agreement provides exclusive rights to ERI's VorTeq™ Hydraulic Pumping System for on-shore hydraulic fracturing (Field of Use)**
  - Commercializes the VorTeq™ technology with one of the industry's most respected oil-field services companies
- **Highlights**
  - 2015: Schlumberger paid an upfront **\$75M** exclusivity fee (15 year revenue recognition)
  - 2016: Schlumberger will pay two separate **\$25M** milestone payments (for a total of **\$50M**) subject to certain KPI's (revenue recognition in period milestone achieved)
  - 2017 – 2030
    - ✓ Annual royalties of **\$1.5M** / VorTeq (existing PD pumping model)
    - ✓ **\$80M** to **\$200M** in steady-state royalty income subject to satisfying KPI's
  - Minimum adoption curves
    - ✓ Existing PD pumping model – VorTeq adoption beginning in 2017, 100% fleet penetration by 2022
    - ✓ New pumping model – pump model conversion beginning in 2020, 100% fleet conversion by 2025, triggers increased royalty rate
  - Royalty payments on a “take or pay” basis



# Desalination



### The “PX Pressure Exchanger”

- 17,000 PX Devices Installed Worldwide
- 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
- Expand Product Offering and Procurement Vehicle Options

### Significant Cash Flow Funds Growth Initiatives





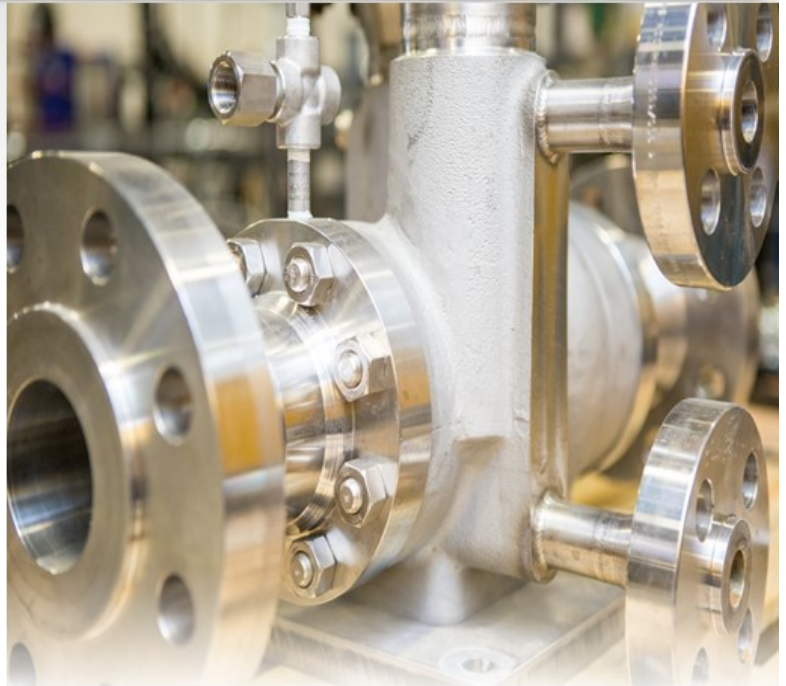
Emerging Markets  
Gas Processing, Ammonia, Pipelines



## OUR SOLUTION – GAS PROCESSING AND AMMONIA

### IsoBoost recovers pressure energy and increases reliability of pumping systems

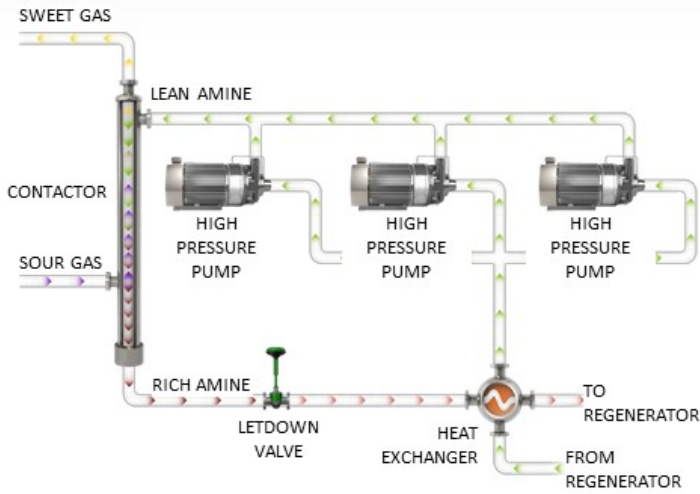
- Save Millions of Dollars in Energy over life of plant
- Improve Reliability, Availability, Maintainability
- Decrease Carbon Footprint



**Helps plants save energy, reduce maintenance,  
and run more profitably**

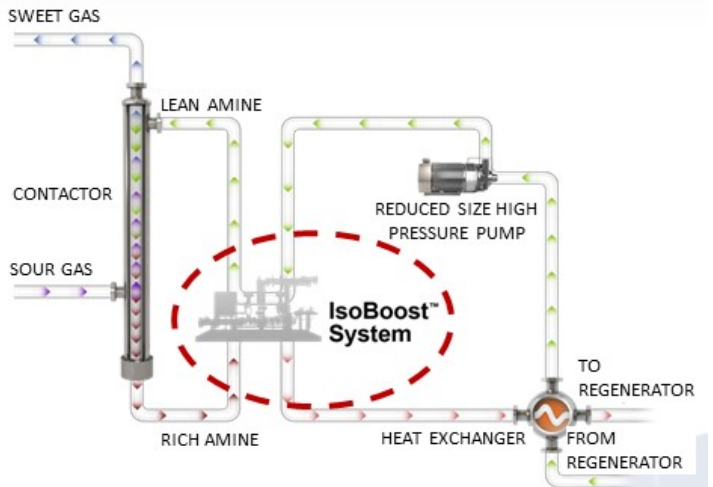
# OUR SOLUTION – GAS PROCESSING AND AMMONIA

## Status Quo



**Wasted Pressure Energy & High Pump CAPEX**

## With IsoBoost



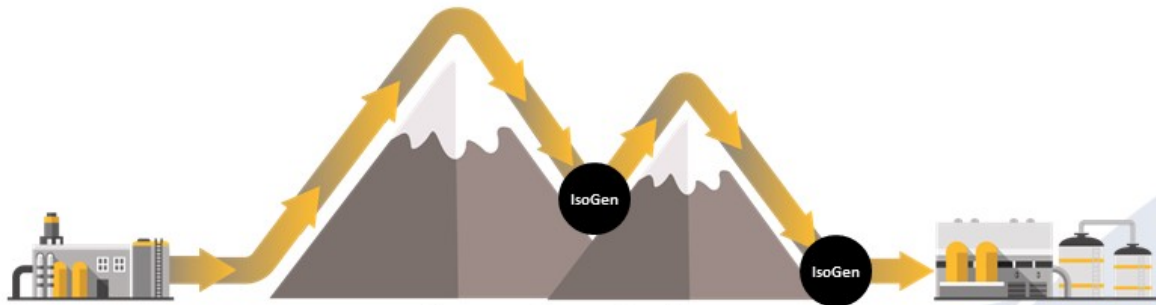
**Reduced OPEX & Pump CAPEX**

### Status Quo



Vertical Pipelines Must be Depressurized

### With IsoGen



Pressure Generating Power



# Strategic Imperatives

## Short Term and Long Term Goals





# UBIQUITOUS TECHNOLOGY WITH SIGNIFICANT GROWTH

## Continue to invest in R&D

- 27.5% of OPEX in 2014
- 20.2% of OPEX in 2015



Derivative of Pressure Exchanger

SLB Licensing Revenue

Desal

\$?M

Develop derivatives of Pressure Exchanger Technology every 24 months, in annual cycles

~\$80M to \$200M per annum

~\$50M

2015

2020+

\$45M

Incremental Revenue Opportunity

\$200M+

## STRATEGIC IMPERATIVES



### Commercialize VorTeq

- On schedule to achieve Milestone I and II in 2016, begin deployment in 2017



### Product Innovation

- Innovate and achieve proof of concept of new products that are derivatives of Pressure Exchanger Technology every 24 months, in annual cycles



### Market Expansion

- Enhance market position in Desalination



### Monetize Centrifugal Product Lines

- Monetize IsoBoost and IsoGen through direct sales, strategic partnership, and/or licensing

THANK YOU

