

June 8th 2010

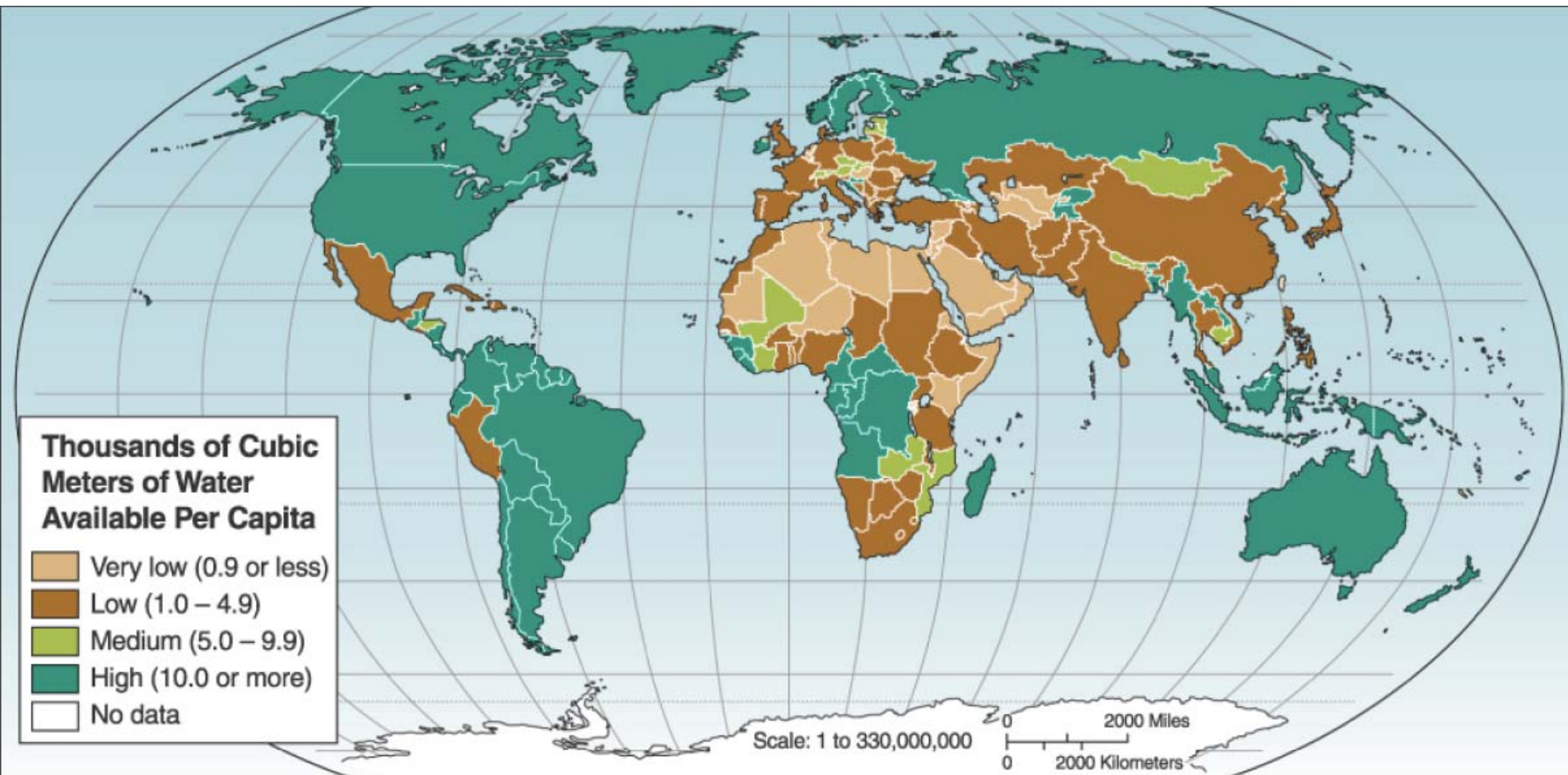


WaterHealth International Presentation



WHI is an innovative, for profit business model bringing safe water to the underserved people of the world

Global Per Capita Water Availability





The need for safe drinking water



The need for safe drinking water



Unworkable Approaches & A Possible Solution

- Most governments are focused on water availability and not quality issues. Scale of problem has overwhelmed governments.
- Options considered:
 - Piped systems: Expensive, require long lead time and a large source supply of fresh water that is difficult to procure. Example: Liberia.
 - In the absence of a piped water supply, people are increasingly using tanker water which has an uncertain source, unknown contamination and no quality monitoring
 - Borewells are used but have no ongoing provisions for quality monitoring or for pump maintenance (many pumps break down mechanically after 6-9 months of use)
 - Point of use systems presume the supply of a certain quality of input water and availability of electricity in many instances, and in addition need to be maintained and monitored for satisfactory performance in the absence of which they are prone to failure

Availability of *Safe Water* is the biggest problem and this can be assured through use of decentralized solutions which provide for proper maintenance of equipment and regular monitoring of water quality.

Opportunity Drivers: Case in Point - India

Looking at the existing safe drinking water supply in India alone there is a considerable need to augment the safe drinking water supply. Over two third of the rural habitations lack safe drinking drinking water supply.



Source: KPMG

WHI Business Model

Bring Affordable Safe Drinking Water to populations through a low cost decentralized model using state of the art operations and technologies

□ **Decentralized** water health centers to help combat the problem of waterborne disease

- ✓ Safe Water at low cost
- ✓ Can be established quickly
- ✓ Branded Product

□ **Sustainable** model allows for long term operations for an initial one time investment using water revenues for operation and maintenance

□ **Scalable** business model allows thousands of WaterHealth Centres to be constructed, operated and managed

- ✓ State of the art technology platforms
- ✓ Remote sensing and monitoring of all water health centers
- ✓ Efficient supply chain management and logistics system

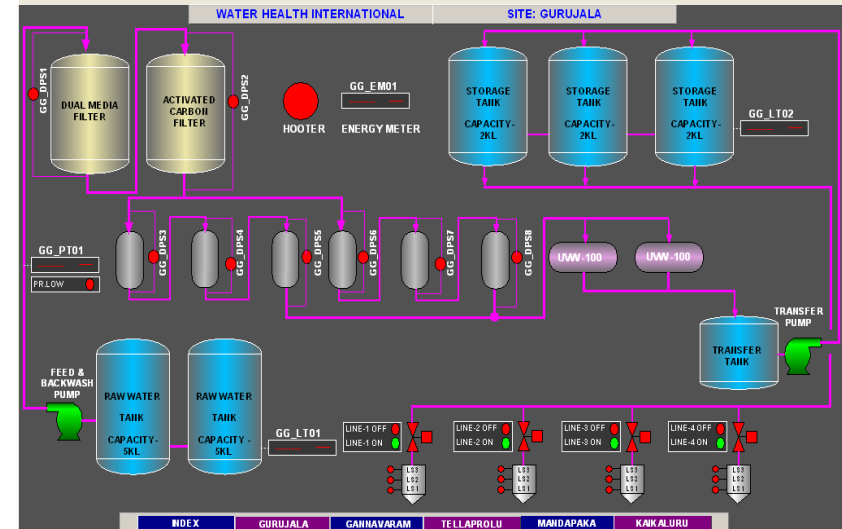
□ **Technology Agnostic** model uses the most competitively priced technology wherever it may exist

□ **Flexible asset financing model** using private funds allows scale. Goal is to achieve 100% financing using commercially available funds.

Process Technologies

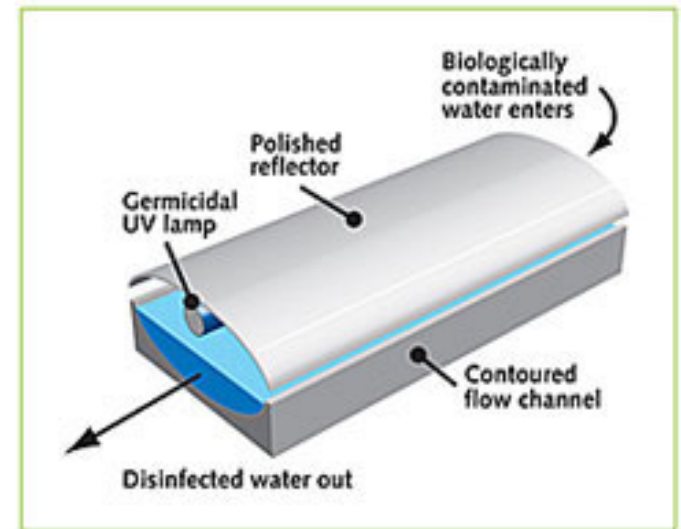
WHI is revolutionizing the water systems by coupling the best commercially available technologies with process innovations and business best practise

- Reduced time to market by introducing modular construction and skid mounted water purification systems
- Implemented standardization across systems – standard BOM and design
- Implementing state of the art service, maintenance, supply chain and delivery systems
- Remote sensing and automation (in pilot phase)
- Implement smart card technology (in pilot phase)



UV WaterWorks – Powerful Award Winning Technology

- Patented Worldwide, UVW provides significant advantages over any other disinfection technology
 - Delivers 3 – 5x dosage of any available unit
 - Effective with high water turbidity (up to 20 NTU)
 - No degradation in UV dose due to fouling
 - Ease of maintenance
 - Non-contact mounting of lamp
 - No quartz tube required
 - No corrosive chemicals required
 - Overflow provides safeguard against flow surges
 - Failsafe Operation



WHI Overview: Quality Assurance

WHI Continues to be benchmark in quality water



Major water contamination occurred in AP last year, 3 people died and 16 cholera cases were reported in one of the village called Gurjala (WHC was installed in Gurjala in June 2006) of existing water supply sources only WHC water was found suitable for drinking. This was covered by prominent language dailies in the state.

WHC Process



1. **WHC (Equipment and Facility) is set up in partnership with the Community**

- Community provides land and access to local water source. WHI arranges for rain water harvesting if indicated.
- Community makes cash down payment of 60-100% depending on size of community and availability of local financing. Cost per head is very low, a fraction of what was calculated by the World Bank in connection with the Millennium Development Goals
- Local Banks finance remainder of capital costs with a long term fixed price loan. WHI arranges the financing

2. **User Fees charged for water purification**

- Very low cost compared to alternatives in all markets.
- Water is sold at the WHC or through delivery (captive or outsourced)

3. **Service contracts**

- WHI manages the operation and maintenance of the WHC under a service contract with community for upto 10 years (matches term of loan)
- WHI runs community education programs in the villages
- Service charges for operation, management and maintenance are paid to WHI from user fees that are collected for the water

A one time payment for the WaterHealth Centre with no further investment makes the system sustainable

Operations and Sales



Education and Social Marketing

Project Litmus:



WHI has conducted this activity at 6 pilot villages and the water sales in these plants increased by 30%. Thereafter over 100 villages have been covered through this project.

Education and Social Marketing

WHI imparts health and hygiene education by conducting various activities in the WaterHealth Center villages. Few of these initiatives are shown below :

Burrakatha (Traditional way to communicate)



Children taking oath for drinking safe water



Child to community interaction



Women to community interaction



WHI as a Platform for the Future

- Current Management envisions WHI as a platform for establishing a comprehensive water business. The unique skill sets and work experience that WHI has developed and is refining, position it to capitalize on several available, extremely profitable opportunities
- Strong Collaboration will be key to realizing many of these opportunities

Area of Expertise	Market Opportunity
Ability to successfully serve rural markets	Extend to peri-urban and urban markets with the new RIM unit
Management of Decentralized Water Purification System	Extend to management of decentralized waste water systems
Focus on producing Drinking Water from contaminated sources	Extend to providing high purity and process water using decentralized models
Inexpensive water quality monitoring	Extend service through chain of water quality labs to provide third party water monitoring services. Connect WHI brand with Quality in a profitable way
Using technology to provide O&M to large number of WHC's	Extend to third-party O&M services on an outsourced basis
Captive delivery system for supplying water and sophisticated supply chain management solutions	Extend technology platforms to other products in rural markets
Asset Financing and Structured Financing	Ability to provide financing to and outsource water supply solutions for third parties

Exit Scenarios

□ IPO or Strategic Sale to Large Corporation

✓ Key Factors

- History of 1000+ sustainable sites in operation
- Established operations in the Indian sub-continent and Africa
- Corporate partnership on technology with Dow
- Strategic geographical partnerships with companies and others
- Debt Funding (e.g. IFC, local tie-ups)

We are proving that the model at scale is commercially financeable
the key is the combination of technology and superb execution