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Tri-Tech Holding Inc.

## Investment Profile

Nasdaq: TRIT

August 19, 2010

**Q2'10 Revenue Up 157.8% to \$8.1M; Net Income Up 66.9% to \$1.4M; EPS \$0.19; 6Mo Revenue Up 105.9% to \$12.3M; EPS \$0.34; Acquires Beijing Satellite Science & Technology Co.**

 Region has a Tri-Tech project  
 Region has no Tri-Tech project



### Company Description

Tri-Tech is a leading provider of integrated turnkey solutions for the protection, control and enhancement of China's water resources. Combining software, hardware and highly experienced and talented engineering services, TRIT enables local and regional governments to monitor and manage China's natural and municipal water resources. The company also has rapidly growing operations in the industrial pollution field.

TRIT designs and installs customized sewage treatment and odor control systems for municipalities and larger cities. These systems combine software, information management systems, enterprise resource planning and local and wide area networking with hardware including sensors, distribution control systems, programmable logic controllers, supervisory control and data acquisition systems. This technology allows local governments to seamlessly monitor and control multiple variables in sewage treatment and odor control while managing the process from initial intake of raw sewage all the way to the return of water for consumer reuse.

TRIT also provides effective software and hardware solu-

### NASDAQ: TRIT

Closing Price (8/18/10)	\$10.10
Market Cap.	\$78.69 mil.
52-Week Range	\$7.62 - \$25.5
Avg Daily Trading	66,526
FY 2009 EPS	\$0.92
FY 2009 Revenue	\$16.8 mil.
FY 2009 Net Income	\$3.8 mil.
Total Assets (6/30/10)	\$59.4 mil
Total Liabilities (6/30/10)	\$5.5 mil.
Total Equity (6/30/10)	\$53.9 mil.
Basic Shares	7.79 mil.
Fully Diluted Shares	8.54 mil.
Est. Public Float	4.2 mil.
Fiscal Year End	December 31

tions for tracking natural waterway levels for drought and flood control, groundwater quality monitoring, irrigation and assisting the government in planning and managing its use of increasingly precious water resources.

TRIT's business is focused on Chinese cities and municipalities that need extensive monitoring and management systems expertise. TRIT has 15 software copyrights and two technology patents. TRIT has over 200 employees, 75% of whom are in engineering and technical support.

### The Major Challenge to China's Water Resources

China's water infrastructure is under great stress. The country faces widespread water scarcity, frequent floods in the south and east and droughts in the north and west. China also suffers serious water pollution that strains the environment. China's water supply is smaller than the U.S. but serves approximately five times as many people. It is estimated

### Highlights

#### 8/19/10

TRIT announces new senior executive appointments

#### 8/13/10

TRIT Q2'10 Rev. Up 157.8% to \$8.1M; NI up 66.9% to \$1.4M or \$0.19 EPS; 6Mo EPS \$0.34

#### 8/11/10

TRIT awarded \$6M contract for wastewater upgrade in Kuitun City funded by Japan's Bank for International Cooperation.

#### 08/9/10

TRIT acquires Beijing Satellite Science & Technology Co. (BSST) for \$3.8 mil. Serves China's petrochemical industry in control and instrument automation, safety and emergency response.

#### 5/13/10

TRIT Q1'10 revenue up 48.7% to \$4.2M. Net income up 36/2% to 818k. EPS \$0.15.

#### 03/25/10

TRIT FY '09 Rev. Up 99% to \$16.8M; NI Up 127% to \$3.8M; EPS \$0.92 vs. \$0.48

that 300 million Chinese citizens have no daily access to clean water.

Over 70 million Chinese citizen drink water that does not meet current World Health Organization standards. Water usage in China has quintupled since 1949 and almost 90% of underground water in Chinese cities is affected by pollution. In short, China is struggling to

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# Investment Profile

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Tianjin City, Eastern Suburban Waste Water Treatment Monitoring System

procure clean and provide enough potable water for a growing population.

As a result of the high population density, the poor ratio of available water supply to demand, and regional imbalances in available water, China faces serious challenges in managing its usable water supply. These challenges in managing water resources provide TRIT strong growth opportunities in helping to provide usable water, reduce the effects of drought and alleviate flooding.

## Lines of Service

### Water/Wastewater Treatment & Municipal Infrastructure

TRIT's sewage treatment, water recycling and sewage water pipeline network technologies include automation and management systems for large cities. TRIT enables a city to electronically control its systems to react to chemical and other changes and to ensure safe and efficient treatment of sewage. These systems also allow smaller municipalities to reuse and recycle both grey water and industrial waste water. TRIT also provide electrical and mechanical equipment for pump stations, municipal water supply plants and distribution pipelines. Other services include patented biofiltration odor control systems, chemical scrubbing odor controls, process control and monitoring systems and sewage treatment operation management systems for recycling.

### Water Resource Management Systems and Engineering Services

TRIT is a leader in drought and flood control through the use of remote terminals that provide multiple levels of data including rainfall measurement and early warnings for small watershed flood hazards. Groundwater is monitored for water quality using remote terminal systems. For water resource utilization and management, TRIT has developed irrigation and agricultural water conservation systems,

a national flood control system for river basins, damp controls for reservoirs, water resource equipment monitoring systems, mountain torrent forecast systems and special software platforms and tools for decision making, as well as systems for managing municipal water supplies.

### Industrial Pollution Control and Safety

Leveraging its expertise and rapidly growing success in the waste water and water resource management areas, TRIT has begun providing comprehensive solutions in the enormous industrial pollution control market. This includes providing systems for VOC (volatile organic compounds) abatement and odor control for the petrochemical industry and pollution controls and processing of wastewater in the power generation, oil and gas and petrochemical markets. The August 2010 acquisition of BSST gave the company a strong entry into the industrial pollution market.

## The Outlook

From 2005 through 2010, China's environmental investment is expected to be approximately \$184.2B and it is estimated that \$39.5B of that is to be used for water resource management, urban water management, wastewater treatment, and sewage reuse. Between 2007 and 2009, the Chinese spent approximately \$526M to establish a National Water Resources Management System.

TRIT believes the industrial pollution control market offers nearly \$1 billion in near term opportunities. Increased sales also are expected from nationwide projects proposed by the Ministry of Water Resources, as well as from long-distance water transfer projects in major cities including Beijing, Tianjin and Shijiazhuang where TRIT is already engaged. TRIT is increasing its workforce and is setting up new offices.

The company is rapidly expanding its wastewater treatment business beyond its operational base in Tianjin and Hebei Province to six other provinces. A \$6M award in Kuintin financed by Japan's Bank for International Cooperation was the first award for TRIT financed by an international financial agency.

The company continues to see enormous opportunities in flood and torrent control.

Due to the shortage of fresh water resources, Chinese government requires all new power plants in the coastal area build sea water desalination plants. Sea water desalination market is rapidly growing in China, especially in the Bohai Bay Area, surrounded by major cities, including

Tianjing, Dalian, and Qingdao etc. Trit expect to participate in the potential market leveraging its existing technologies in water treatment.

As of Aug. 13, 2010, the company had a total backlog of \$20.9M including \$15M in municipal water and wastewater services, \$1.1M in water resources services and \$4.8M in industrial sector services. For 2010, the company announced revenue guidance between \$40.6M and \$50.5M and net income guidance of \$7M to \$9.2M.

## \$33.1M Public Offering

TRIT concluded an offering with total gross proceeds of \$33.1M at a public offering price of \$14.00 per share. This included the sale of 2,142,750 common shares on the offering that closed on April 20 and an additional 224,083 shares exercised in the over-allotment option.

## Analyst Coverage

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## Management

**Warren Zhao**, Chairman, CEO and Co-founder

**Phil Fan**, President and Co-founder

**Peter Dong**, CFO

## Website Information

Current press releases, price quotes, stock charts and other valuable information for investors may be found at:

[www.tri-tech.cn](http://www.tri-tech.cn)

[www.hawkassociates.com](http://www.hawkassociates.com)

### Risk Factors

- Single industry focus
- Significant competition from competitors and new market entrants
- Company unknown in U.S.
- Continuing U.S. investor interest in Chinese companies



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