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Phoenix Product Development Ltd



Business Overview

TRADING NAME: Propelair

ESTABLISHED: 2001

LOCATION: Laindon, Essex, UK

LISTING: Unlisted

TYPE OF COMPANY: For profit

NUMBER OF EMPLOYEES: 10

BUSINESS AREA:

Water, Waste management,
Environmental sustainability

COMPANY WEBSITE:

www.propelair.com

BUSINESS OVERVIEW

Founded by Garry Moore in 1998, Phoenix Product Development Ltd (trading as Propelair) develops a new generation of super-efficient water saving toilets called Propelair®. It uses an innovative air-based operating principle and only 1.5 litres of water per flush (compared to UK toilets averaging 9 litres per flush and accounting up for to 90% of commercial water use in buildings).

The company developed the technology partly funded by R&D grants, which culminated in successful product prototype trials and verification in 2008. In 2010, the company received investment to test, certify and productionise the technology, and in 2013 Propelair launched its 1.5 litre flush toilet at Ecobuild, London.

In 2014 the company raised equity to commercialise Propelair, and it now employs 10 members of staff at its headquarters in Basildon, Essex. Its manufacturer has a team of 70 staff, and its sales partners have 50 sales, installation and customer support engineers nationwide.

SOCIAL MISSION

Propelair's aim is to reduce the demands on the earth's most valuable scarce resource, water. Global water demand is projected to increase by 55% between 2000 and 2050. As a result more than 40% of the global population is projected to be living in areas of severe water stress through 2050.

Its innovative product offers substantial water savings together with enhanced environmental performance. Water is saved as it is only used to clean the bowl and not transport the waste water. This is done by the innovative use of displaced air. Additional benefits include:

Less sewage, requiring less treatment required, hence reducing carbon emissions

More hygienic characteristics, reducing the creation of aerosolised contaminants by 95%

WHO BENEFITS?

THE ENVIRONMENT: Propelair allows reducing demands on limited water resources and reduced carbon emissions.

CUSTOMERS: The key benefits for private and public organisations, that use Propelair's flush toilets are significantly reduced water use, and therefore water charges.

END USERS: Propelair's toilet flush cycle is a quarter shorter than that of a conventional toilet. In public areas such as theatres and conference centres, end users will therefore experience much shorter queuing times.

Commercial and Financial Summary

CAPITAL STRUCTURE

Funding history is as follows:

In 2001, the founder raised £100,000 from friends and family.

By September 2002, a further £130,000 had been raised from investors.

In 2007, the company received two further grants worth £91,000 from London Development Agency.

In 2009, Propelair was awarded an East of England Development Agency grant worth £250,000. Additional new investors provide £1.3 million of equity.

In 2012, investors invested further £715,000.

In 2013, new and existing investors provided £302,000 in equity and £600,000 in loan finance.

In 2014, CF Woodford Equity Income Fund led a £2.6 million funding round and loans were repaid.

BUSINESS HIGHLIGHTS

In March 2013, Propelair® 1.5 litre flush toilet was officially launched at Ecobuild.

In 2014, trials were secured with a number of public and private organisations. Additionally, the company raised over £2.6 million in investment via the CF Woodford Equity Income Fund and existing shareholders.

In 2015, the company completed its first entire building installations and signed up strategic partners and secured first sales through them.

In 2016, full building installations were carried out for Network Rail, Thames Water and Wates Construction. The company signed strategic partnership agreements with Affinity Water, SaveMoneyCutCarbon and Wates Construction.

The product has been approved for the UK, US and Australian markets with the sales effort currently focused on the UK market.

FINANCIAL INFORMATION¹

£'000	2014	2015	2016
Revenue	81	177	300
Gross Profit	28	66	102
Net profit / (loss)	(817)	(1,328)	(1,155)
Gross Margin	34.4%	37.1%	34.2%

¹ Source: Company background, December 2016 – No balance sheet information available

Impact Assessment Matrix

ECONOMIC IMPACT

	MEASUREMENT	REPORTED OUTCOME
Water expenses	Financial savings from reduced water bills	> £170,000 saved annually ²

SOCIAL IMPACT

	MEASUREMENT	REPORTED OUTCOME
Time management	Reduced waiting time / queuing time in public spaces	None reported
Heath	Reduced illness through improved hygiene	None reported

ENVIRONMENTAL IMPACT

	MEASUREMENT	REPORTED OUTCOME
Water	Volume of water per flush	1.5l
	Volume of water saved per year	55,789m ³
Carbon emissions	Volume of CO ₂ reduction	20,803 kgs of CO ₂

GOVERNANCE

	MEASUREMENT	REPORTED OUTCOME
None reported	None reported	None reported

² The financial savings use a simple average of the cost of water in the UK. The cost range is £2.10 to £5.42 with an average of £3.07/m³

MUST READ

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