

## **Third Quarter 2017 Results Call**

November 7, 2017





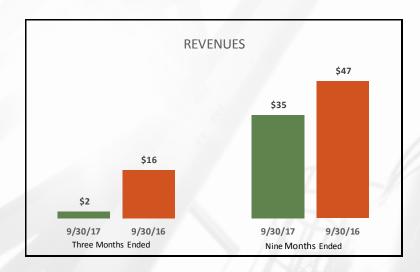
This presentation includes forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, which provides a "safe harbor" for such statements in certain circumstances. The forward-looking statements include statements or expectations regarding future growth, amount and timing of production and sale of Refined Coal ("RC"); potential to add more RC facilities; Tinuum Group's ability to lease or sell remaining RC facilities; future cash flow and other financial and accounting measures; future annual revenue goals; potential future value of our stock; expectations about the timing and amount of future dividend payments; returning value to stockholders; and related matters. These statements are based on current expectations, estimates, projections, beliefs and assumptions of our management. Such statements involve significant risks and uncertainties. Actual events or results could differ materially from those discussed in the forward-looking statements as a result of various factors, including but not limited to, changes and timing in laws, regulations, IRS interpretations or guidance, accounting rules and any pending court decisions, legal challenges to or repeal of them; changes in prices, economic conditions and market demand; the ability of the RC facilities to produce and sell coal that qualifies for tax credits; the timing, terms and changes in contracts for RC facilities, or failure to lease or sell RC facilities; impact of competition; availability, cost of and demand for alternative tax credit vehicles and other technologies; technical, start-up and operational difficulties; availability of raw materials; loss of key personnel; the value of our products, technologies and intellectual property to customers and strategic investors; the value placed on our stock price as a result of anticipated future cash flows; intellectual property infringement claims from third parties; seasonality and other factors discussed in greater detail in our filings with the SEC. You are cautio

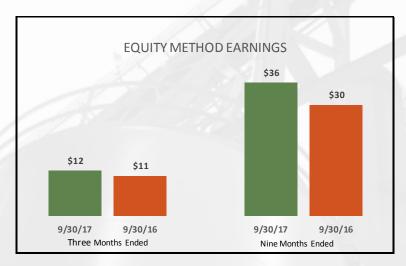
#### THIRD QUARTER AND RECENT HIGHLIGHTS

- Returned \$23.4 million thus far in 2017 between tender offer and dividends combined
- Continued quarterly dividend; declared fourth quarter dividend of \$0.25 per share, payable in December
- Tinuum distributions to ADES were in line with expectations and totaled \$11.9 million during the third quarter of 2017; Tinuum distributions were \$37.0 million year to date, compared to \$31.5 million during the same period in 2016
- Obtained third party tax equity investor for a portion of an RC facility; the Company is generating tax credits and royalty income
- Continued investment and validation of proprietary patents within chemicals business
- Reduced indirect operating costs by 22% compared to third quarter of 2016
- Cash position increased by \$13.6 million compared to December 31, 2016, ending with \$26.8 million of unrestricted cash and cash equivalents as of September 30, 2017
- Net income of \$5.8 million or \$0.28 per diluted share
- Based on invested RC facilities as of September 30, 2017, projected RC cash flows to ADES are between \$225 million and
   \$250 million through the end of 2021

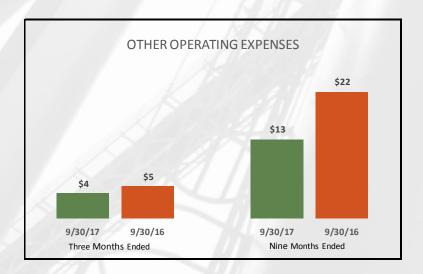


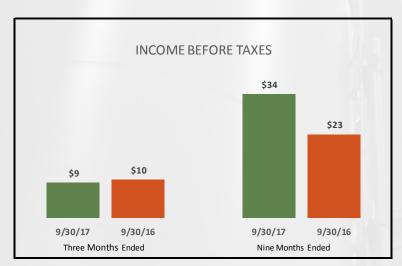
# FINANCIAL HIGHLIGHTS

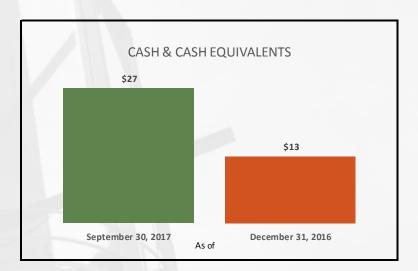
















The refined coal business is proven and yields many benefits to the utilities, investors and the environment, however there are hurdles to overcome

A significant number of major public and private companies have invested in RC Tax Equity since its inception

There are benefits if hurdles can be overcome

# Support Reliable Cleaner Energy Net Income and EPS Improvement Uniquely Strong Cash Returns Rapid Return Of Capital





#### REFINED COAL FACILITIES TODAY AND TOMORROW

#### **FULL-TIME OPERATIONS ROADMAP**

Not Operating and Not Invested

13 RC facilities – installed or yet to be installed<sup>(1)</sup>

**POTENTIAL** 

28 RC facilities (~100 MT/year)

and waiting for investor

Operating and Invested

15 RC facilities leased/sold (40-50 MT/year)

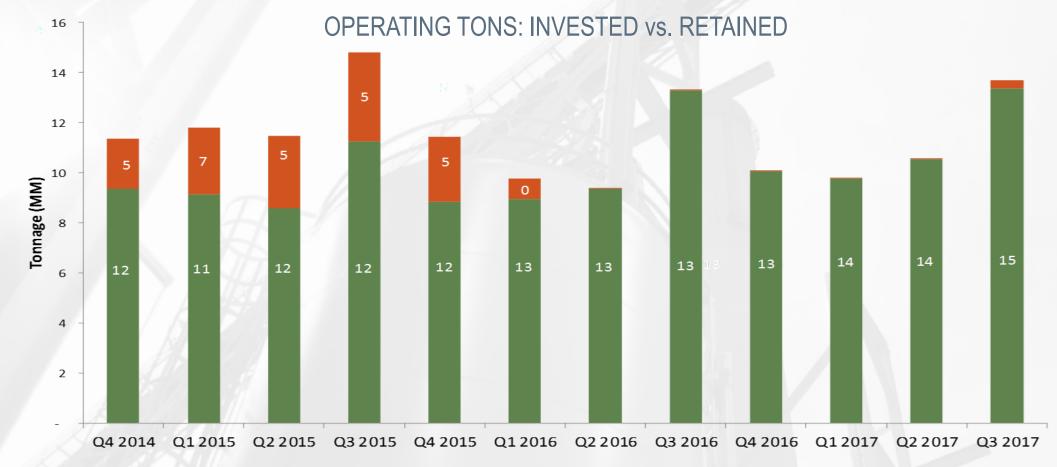
RC Facility information as of September 30, 2017

2017 - 2021









Three Month Ended September 30, 2017	Invested	Retained	QTD - Total
Tonnage (1)	13,344	354	13,698
Count (#) (2)	15	-	15

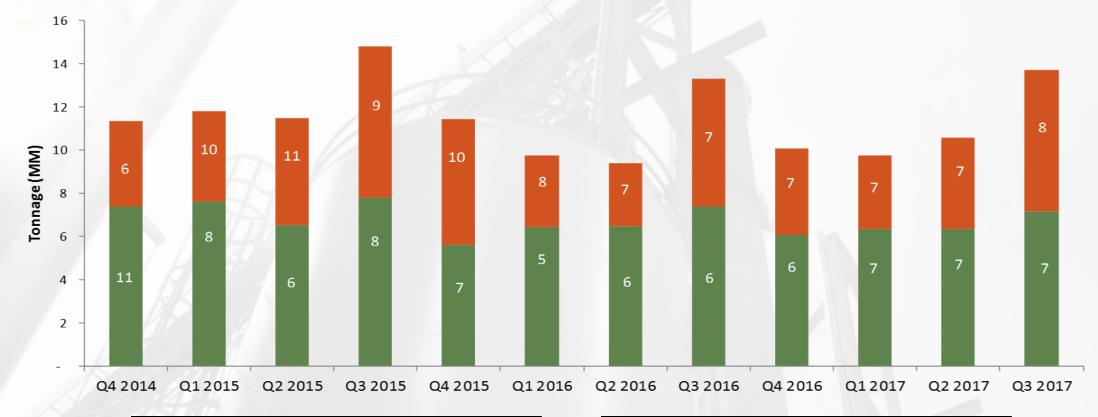
Nine Months Ended September 30, 2017	Invested	Retained	YTD - Total
Tonnage (1)	33,627	387	34,014
Count (#) (2)	15	-	15

Note: Numbers within bar graph represent the number of facilities per category as of the end of each quarter presented

<sup>(1)</sup> Tonnage information is based upon RC production for the three and nine months ended September 30, 2017 (in thousands)

<sup>(2)</sup> During Q3 2017, a 15<sup>th</sup> RC facility became approximately 50% invested with an independent 3<sup>rd</sup> party. The remaining ~50% is retained by Tinuum Group, NexGen and the Company.

#### OPERATING TONS: ROYALTY VS. NON-ROYALTY



Three Month Ended	Operatir	ng Tons	QTD - Total
September 30, 2017	Royalty	Non-Royalty	QID - Iotal
Tonnage <sup>(1)</sup>	6,531	7,167	13,698
Count (#) (2)	8	7	15

Nine Months En	ded	Operating Tons		Operating Tons YTD - To		
September 30, 20	17 Ro	oyalty	Non-Royalty	TID - Total		
Tonnage <sup>(1)</sup>		14,200	19,814	34,014		
Count (#) (2)		8	7	15		

Note: Numbers within bar graph represent the number of facilities per category as of the end of each quarter presented

<sup>(1)</sup> Tonnage information is based upon RC production for the three and nine months ended September 30, 2017 (in thousands)

<sup>(2)</sup> Counts are based upon the number of facilities of which a royalty has been earned during the period



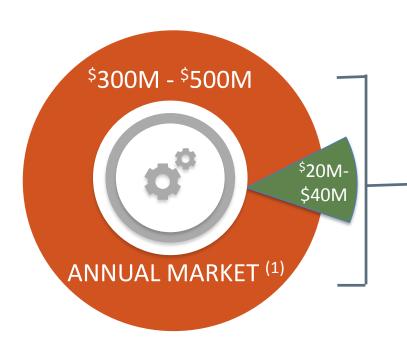


#### **EMISSIONS CONTROL: CURRENT OPPORTUNITY**

#### **CURRENT FOCUS: MERCURY CONTROL**

Mercury control regulation since 2015/2016; with large capital investments complete

Recurring consumables needed to control mercury



#### ADES ANNUAL REVENUE GOAL(1)

Consumables market is \$300M - \$500M annually

\$20M - \$40M annual target revenue goal for ADES over the next one to two years

#### **COMPETITIVE DIFFERENTIATORS**

- Cost effective and simple alternative
- Less equipment corrosion
- Turn-key with world-renowned experts

#### **COMPETITIVE ADVANTAGES**

- Strong balance sheet
- Patented technology
- Low operating cost model
- Recurring revenue model

#### **CHALLENGES**

- Significant pricing pressure in dynamic market
- Displacement of incumbent competitors
- Change adverse customers

<sup>(1)</sup> Annual Market and Annual Revenue Goal are estimates based on the Company's internal estimates of overall market and current products for the mercury control consumables market



# Future Cash Flows for ADES & 2017 Priorities

#### EXPECTED FUTURE NET RC ADES CASH FLOWS

- Based on 15 invested facilities as of September 30,
   2017 and includes all net RC cash flows of ADES (1)
- Results in expected net RC cash flows of \$225M to \$250M to ADES in total through 2021 (2)
- Each additional refined coal facility could add between \$5-7 million annually
- Obtained third party tax equity investors for RC facilities in March and July 2017

# EXPECTED CASH FLOWS FROM RC BUSINESS (1)

(in millions)



<sup>(1)</sup> Net RC cash flows includes the impact of the Company's federal and state tax payments as well as interest payments

<sup>(2)</sup> The projection is based on the following four key assumptions: 1) Tinuum Group continues to not operate retained facilities; 2) Tinuum Group does not have material CapEx or unusual operating expenses; 3) tax equity lease renewals are not terminated or repriced; and 4) coal-fired generation remains consistent

<sup>(3) 2017</sup> cash flows are from October 1, 2017 – December 31, 2017



# Invest Organically

### Return Capital

#### Stock Repurchase

# **Grow Opportunistically**



Organic investment and development of Emissions
Control business,
specifically consumable chemicals



Dividends

Paid quarterly dividend of \$0.25 per share in July and September; announced fourth quarter dividend of \$0.25 per share



Executed stock buy-back, repurchasing \$12.9 million in common stock



Opportunistically
evaluating accretive
M&A alternatives
within dynamic market







#### **OBTAIN NEW TAX EQUITY INVESTORS FOR REFINED COAL:**

Nurture current & add additional sales channels

Dedicate additional resources

Leverage improving political and refined coal tax equity market



#### **GROW EMISSIONS CONTROL & CONTINUE TRANSFORMATION:**

Sell recently commercialized chemicals

Further monetize valuable intellectual property

Explore targeted M&A



#### **RETURN CAPITAL** TO STOCKHOLDERS:

Executed stock buy-back for \$12.9 million

Declared dividend of \$0.25 per share in Q2 and Q3

Declared Q4 quarterly dividend of \$0.25 per share

Evaluate options for additional dividends (one-time and/or incremental recurring) or stock buy-back



#### Appendix A: 10-Q Balance Sheet<sup>(1)</sup>

As			s of	of		
(in thousands, except share data)	Septe	mber 30, 2017	Decer	mber 31, 2016		
ASSETS						
Current assets:						
Cash and cash equivalents	\$	26,823	\$	13,208		
Restricted cash		_		13,736		
Receivables, net		1,631		8,648		
Receivables, related parties, net		2,803		1,934		
Costs in excess of billings on uncompleted contracts		7 —		25		
Prepaid expenses and other assets		1,759		1,357		
Total current assets		33,016		38,908		
Property and equipment, net of accumulated depreciation of \$1,419 and \$2,920, respectively		443		735		
Equity method investments		3,070		3,959		
Deferred tax assets		50,310		61,396		
Other long-term assets		2,292		2,298		
Total Assets	\$	89,131	\$	107,296		
LIABILITIES AND STOCKHOLDERS' EQUITY	1/1/1/	100				
Current liabilities:						
Accounts payable	\$	1,317	\$	1,920		
Accrued payroll and related liabilities		1,296		2,121		
Billings in excess of costs on uncompleted contracts		1,863		4,947		
Legal settlements and accruals		4,482		10,706		
Other current liabilities		3,318		4,017		
Total current liabilities		12,276		23,711		
Legal settlements and accruals, long-term		- n		5,382		
Other long-term liabilities		2,247		2,038		
Total Liabilities		14.523	_	31,131		
Commitments and contingencies (Note 5)	_	,020		0.,.01		
Stockholders' equity:						
Preferred stock: par value of \$.001 per share, 50,000,000 shares authorized, none outstanding		h _		A) _		
Common stock: par value of \$.001 per share, 100,000,000 shares authorized, 22,464,566 and 22,322,022 shares issued, and 21,093,675 and 22,024,675 shares outstanding at September 30, 2017 and December 31, 2016,						
respectively		22		22		
Treasury stock, at cost: 1,370,891 and -0- shares as of September 30, 2017 and December 31, 2016, respectively		(13,024)		_		
Additional paid-in capital		110,073		119,494		
Accumulated deficit		(22,463)		(43,351)		
Total stockholders' equity		74,608		76,165		
Total Liabilities and Stockholders' Equity	e	89,131	\$	107,296		

<sup>(1)</sup> See complete, unaudited Condensed, Consolidated Financial Statements and Notes related thereto within the Quarterly Report on Form 10-Q for the period ended September 30, 2017.

#### Appendix B: 10-Q Income Statement<sup>(1)</sup>

		Three Months Ended September 30,			Nine Months Ended September 30,		
(in thousands, except per share data and percentages)	except per share data and percentages) 2017 2016		2016	2017		2016	
Revenues:	2011						
Equipment sales	\$	1,577 \$	14,869	\$	31,304 \$	44,788	
Chemicals		717	670		3,844	1,717	
Consulting services and other			171		_	492	
Total revenues	5/1/3/	2,294	15,710		35,148	46,997	
Operating expenses:				(3)			
Equipment sales cost of revenue, exclusive of depreciation and amortization		1,467	12,704		28,260	35,175	
Chemicals cost of revenue, exclusive of depreciation and amortization		574	469		2,977	865	
Consulting services and other cost of revenue, exclusive of depreciation and amortization			86		_	299	
Payroll and benefits		1,679	2,809		5,894	10,567	
Rent and occupancy		255	508		555	1,534	
Legal and professional fees		1,062	1,615		3,316	6,581	
General and administrative		862	818		2,934	2,920	
Research and development, net		252	(524)		30	(667)	
Depreciation and amortization		87	138		687	593	
Total operating expenses		6,238	18,623		44,653	57,867	
Operating loss		(3,944)	(2,913)		(9,505)	(10,870)	
Other income (expense):							
Earnings from equity method investments		12,120	10,735		36,089	30,066	
Royalties, related party		2,804	2,064		6,425	3,922	
Interest expense		(678)	(969)		(1,999)	(4,496)	
Revision in estimated royalty indemnity liability			_		3,400	N NN -	
Other		(924)	1,278		(908)	3,960	
Total other income		13,322	13,108		43,007	33,452	
Income before income tax expense		9,378	10,195		33,502	22,582	
Income tax expense		3,586	583		12,614	734	
Net income	\$	5,792 \$	9,612	\$	20,888 \$	21,848	
Earnings per common share (Note 1):							
Basic	\$	0.28 \$	0.44	\$	0.96 \$	0.99	
Diluted	\$	0.28 \$	0.43	\$	0.96 \$	0.97	
Weighted-average number of common shares outstanding:							
Basic		20,808	21,740		21,569	21,926	
Diluted		20,854	22,098		21,598	22,209	
Cash dividends declared per common share outstanding:	\$	0.25 \$	_	\$	0.50 \$		

<sup>(1)</sup> See complete, unaudited Condensed, Consolidated Financial Statements and Notes related thereto within the Quarterly Report on Form 10-Q for the period ended September 30, 2017.

#### Appendix C: 10-Q Cash Flow<sup>(1)</sup>

	Nine Months Ended September			
(in thousands)	2017		2016	
Cash flows from operating activities				
Net income	\$	20,888 \$	21,848	
Adjustments to reconcile net income to net cash used in operating activities:				
Depreciation and amortization		687	593	
Debt prepayment penalty and amortization of debt issuance costs		109	1,379	
Impairment of property, equipment, inventory, and cost method investment		464	517	
Stock-based compensation expense		1,648	2,238	
Earnings from equity method investments		(36,089)	(30,066	
Gain on sale of equity method investment		_	(2,078	
Gain on settlement of note payable and licensed technology		_	(1,910	
Other non-cash items, net		436	61	
Changes in operating assets and liabilities:				
Receivables		7,027	(3,677	
Related party receivables		(869)	541	
Prepaid expenses and other assets		(513)	83	
Costs incurred on uncompleted contracts		27,081	28,575	
Deferred tax asset, net		11,086	H 1	
Other long-term assets		(766)	96′	
Accounts payable		(603)	(3,837	
Accrued payroll and related liabilities		(825)	(2,245	
Other current liabilities		(917)	(2,094	
Billings on uncompleted contracts		(30,140)	(32,469	
Other long-term liabilities		147	(2,967	
Legal settlements and accruals		(11,606)	1,454	
Distributions from equity method investees, return on investment		3,675	6,850	
Net cash used in operating activities		(9,080)	(15,495	

<sup>(1)</sup> See complete, unaudited Condensed, Consolidated Financial Statements and Notes related thereto within the Quarterly Report on Form 10-Q for the period ended September 30, 2017.

#### Appendix C: 10-Q Cash Flow (continued)<sup>(1)</sup>

	Nine Months Ended September 30,				
(in thousands)	2017			2016	
Cash flows from investing activities					
Distributions from equity method investees in excess of cumulative earnings		33,363		24,650	
Maturity of investment securities, restricted		_		336	
Acquisition of property and equipment, net		(343)		(147)	
Purchases of and contributions to equity method investees		(61)		(223)	
Proceeds from sale of equity method investment				1,773	
Net cash provided by investing activities		32,959		26,389	
Cash flows from financing activities					
Borrowings on Line of Credit		808		_	
Repayments on Line of Credit		(808)		_	
Repayments on short-term borrowings and notes payable, related party		<u> 9</u>		(14,496	
Short-term borrowing loan costs and debt prepayment penalty		_		(807	
Repurchase of common shares to satisfy tax withholdings		(518)		(192	
Dividends paid		(10,458)			
Repurchase of common shares		(13,024)			
Net cash used in financing activities	1944	(24,000)	1	(15,495	
Decrease in Cash and Cash Equivalents and Restricted Cash		(121)		(4,601	
Cash and Cash Equivalents and Restricted Cash, beginning of period		26,944		20,973	
Cash and Cash Equivalents and Restricted Cash, end of period	\$	26,823	\$	16,372	
Supplemental disclosure of cash flow information:				- 1117	
Cash paid for interest	\$	2,391	\$	2,899	
Cash paid for income taxes	\$	1,160	\$	46	
Supplemental disclosure of non-cash investing and financing activities:					
Stock award reclassification (liability to equity)	\$	_	\$	899	
Settlement of RCM6 note payable	\$		\$	13,234	
Non-cash reduction of equity method investment	\$	_	\$	11,156	
Dividends payable	\$	93	\$		

<sup>(1)</sup> See complete, unaudited Condensed, Consolidated Financial Statements and Notes related thereto within the Quarterly Report on Form 10-Q for the period ended September 30, 2017.