

RNS Number : 3856W  
Water Intelligence PLC  
09 February 2017

**Water Intelligence plc**  
("Water Intelligence", the "Company" or the "Group")

**Q4 Trading Update and Year-End Corporate Items**

Water Intelligence plc (AIM:WATR.L), a leading provider of precision, minimally-invasive leak detection and remediation solutions is pleased to provide a trading statement for the year ended 31 December 2016. The Company expects to announce its final results for the year ended 31 December 2016, on or around 9 May 2017.

Trading Update

The Company's strong financial performance referred to in the Q3 Trading Update on 21 December 2016, continued for the remainder of 2016. Revenue growth exceeded market expectations within all sales channels, including newly acquired UK-based NRW Utilities, with total revenues for the year of \$12.2m (2015: \$8.8m) with adjusted profit before tax in-line with market expectations. During the period, the Company incurred upfront investment costs that will drive future profitability, as well as significant one-time costs such as legal fees incurred with the various corporate activities undertaken in 2016, including share capital reorganisation, four franchise reacquisitions and the acquisition of NRW Utilities. Profit margins are expected to grow during 2017 with a full year of trading from the 2016 acquisitions, together with continued organic growth.

Sales for our services - whether delivered by a franchise location or by a corporate location - grew strongly and exceeded \$75 million. Each segment, franchise and corporate, worked synergistically. First, the evolution of our business to business insurance channel fed additional jobs to the entire franchise system. As announced recently, we will be more formally tracking our business-to-business channels. Franchise royalties continued to grow at recent historical rates of approximately 6% despite a reduction in the number of franchisees resulting from the Company's reacquisition programme. Second, corporate stores sales - both current stores and newly acquired stores - grew strongly passing the \$4 million level. Such growth was achieved, to a greater degree organically, from locations acquired during 2015 rather than from contributions from 2016 reacquisitions. Finally, parts and equipment sales once again grew in double digits representing reinvestment confidence in our plan by our franchisees. Importantly, the Company is now growing on both sides of the Atlantic. UK-based NRW had a strong Q4 providing sewer and wastewater services to Thames Water while building a base of leak detection services in the UK.

As noted above, the Company made investments in people and physical locations during the second half of 2016 to support continued strong growth in 2017 and beyond. The addressable market for water and infrastructure services is expected to grow around the world but particularly in the U.S. The Company's current cash position is strong with approximately \$1 million and net debt at the period end of \$0.8 million. As a result of this and the new banking facility executed in December, the Company has the financial resources to continue its focus on growth and the capture of increasing market demand.

Corporate Items

Following the appointment of John Weigold to the board, the Company has awarded him options for 60,000 ordinary shares 125p.

In addition, given NRW has exceeded revenue and profits expectations during Q4, the Company has agreed to make an advance payment of £110,000 of the remaining £300,000 in deferred acquisition payments due to the founders of NRW Utilities over the next two anniversary dates of last September's transaction.

The Company also corrects an error in the amount of shares repurchased by the Company from certain minority shareholders announced on 9 January 2017. The Company acquired 97,456 Consideration Shares, instead of the 99,936 Consideration Shares originally announced and as such holds 71,120 ordinary shares of 1 penny each in treasury. The Company's total issued share capital remains unchanged at 12,073,833 Ordinary Shares and the total number of voting rights in the Company, excluding Treasury shares, is 12,002,713.

Commenting on the Group's trading performance, Dr. Patrick DeSouza, Executive Chairman of the Company, stated:

*"We achieved a lot during 2016 that point to a strong 2017: Sales growth was fed both organically through the development of business to business channels and through buying back selected franchises. Unlike typical acquisitions, we already knew our candidates - franchisees in strategic regions of the U.S. and Australia and a growing water infrastructure services company in the UK with whom we had sub-contracted leak detection work historically. 2015 franchisee reacquisitions performed well. Early indications are that our 2016 decisions will reinforce our capabilities to sustain strong growth and build a multinational company that takes advantage of market tailwinds for this sector."*

This announcement contains inside information for the purposes of Article 7 of EU Regulation 596/2014.

**For further information about this announcement please contact:**

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<b>1.</b>	<b>Details of the PDMR / person closely associated</b>	
a)	Name	John Weigold
<b>2.</b>	<b>Reason for the notification</b>	
a)	Position / status	PDMR
b)	Initial notification / amendment	Initial notification
<b>3.</b>	<b>Details of the issuer, emission allowance market participant, auction platform, auctioneer or auction monitor</b>	
a)	Name	Water Intelligence plc
b)	LEI	N/A
<b>4.</b>	<b>Details of the transaction(s): section to be repeated for (i) each type of instrument; (ii) each type of transaction; (iii) each date; and (iv) each place where transactions have been conducted</b>	
a)	Description of the financial instrument, type of instrument  Identification code	Options over ordinary shares of £0.01 each in Water Intelligence plc  GB00BZ973D04
b)	Nature of the transaction	Issue of Options
c)	Price(s) and volume(s)	60,000 options with an exercise price of 125 pence
d)	Aggregated information  - Aggregated volume  - Price	N/A (Single transaction)
e)	Date of the transaction	7 February 2017
f)	Place of the transaction	London Stock Exchange (XLON)

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