



Water Intelligence plc

("Water Intelligence" or the "Company")

AGM Update and Corporate Strategy Direction

Water Intelligence, (AIM: WATR.L), a leading multinational provider of precision, minimally-invasive leak detection and remediation solutions for both potable and non-potable water, is holding its AGM later today. At this meeting, Dr. Patrick DeSouza, Executive Chairman, will provide the following business update and identify the operating priorities for 2H 2019 and 2020. Moreover, at the AGM, the Company will also announce commercial launches of its recent technology investments: *Project Orca* embodying its sewer diagnostic family of products and *Project Contextual Commerce* embodying its AI-enhanced sustainability video channel that will enable the efficient marketing and sales of commercial water-related products to viewers and existing customers via an AI partnership with the US company Tagasauris.

"Timing of 1H Results and Momentum. Water Intelligence will close its 1H books after its American Leak Detection franchisees report June royalty numbers at the end of July. We expect 1H guidance to be issued shortly thereafter. Through May the Company saw continued momentum of its growth trajectory and is on course to pass its next milestone of \$30 million in sales during 2019 (2018: \$25 million) with profits being in line with expectation, even after additional reinvestment for accelerated market capture as outlined below.

Year-to-date performance data and the oversubscribed demand for the Company's stock issuance in May enable the Board to maintain its ambitious mindset for reinvesting to grow for the next five-year period, much as it has done for the Company's last five-year period. As noted in the Annual Report, from 2014 to 2018, the Company achieved compounded annual sales growth of 37% and profits growth of 32%. For 2018, profits before tax growth at 53% year-over-year [actually] exceeded sales growth of 45% year-over-year leading the board to plan on increasing reinvestment amounts budgeted for 2H 2019 and 2020 to fuel faster market capture. Over the next five-year period, even from our bigger base of \$100 million in total sales to end-users (direct delivery of corporate sales and indirect delivery from franchisees as measured by royalty income), we believe that there is significant opportunity to expand rapidly. Global demand for water infrastructure solutions is in the tens of billions of dollars and growing given the ever-increasing cost of water. Our current Key Performance Indicators (set forth in the Strategic Report to our Accounts) and several wins during 1H 2019 give the Board confidence that the Company can maintain a similar momentum both in the near term and through the five-year period.

First, organic growth from our business-to-business insurance channel continues to grow rapidly at approximately 80% year-over-year comparing May 2019 to 2018 thus feeding more jobs to

our franchise and corporate locations. Over the last forty-five days, we have signed two national customers (one insurance company; one national home products retailer). These commercial relationships will kick into gear over the next six months and add to our sales growth targets. Because of our unique distribution base in 45 states of the U.S., we anticipate more national accounts later this year and next. Hence our franchise royalty income continues to grow reflecting the success of our national channel structure. Currently, we have a healthy backlog of jobs across the country. We will be reinvesting in training more technicians in our proprietary technology to satisfy strong demand everywhere but especially in the US market.

Second, in terms of franchise reacquisitions and the aggregation of current revenue and earnings onto our corporate accounts, this year we have already executed strategic reacquisitions of franchises in Niagara, Canada and South Atlanta, Orlando and Tucson in the United States. All these reacquisitions are accretive. The recent timing of the latter two will have an impact during 2H. Importantly, as we create a more valuable market for our franchisees through opportunities for exit, we are seeing stronger demand from third parties to buy a franchise. We sold a franchise in middle Georgia during April and have already started receiving additional royalty income. While selling new franchises has not been a priority over the last five years, we will likely sell more franchises in select areas going forward producing opportunities for high gross margin sales. Corporate store sales and profits growth after reacquisition continue to be strong.

As noted above, we will also begin to reap the benefit of our technology investments during 2H. We are pleased to announce that start of sewer diagnostic projects using Orca technology. One contract has begun in California; one new contract will begin in the UK next month. The Orca acoustic technology is proprietary and has multiple uses ranging from asset surveys where manholes have been blocked to identification of cracks in a pipe with much more precision. During 2H we will also launch Project Contextual Commerce, which is a video channel to advance our participation in the rapidly growing "Insuretech" market. As noted in the Annual Report, our insurance company partners would like our American Leak Detection business to help sell and install new technology products geared for monitoring leaks and evidence of water damage. With our customized video channel, ALD can become a full-service partner of the insurance companies, not only pinpointing and fixing leaks but also advising and installing products for homeowners that help limit significant water-related claims. An illustrative example of such a video channel is currently displayed at www.waterintelligence.co.uk

The Company is pleased with its momentum and growth trajectory through this point of Q2. We look for continued growth in 2H. The previously announced year-to-date wins as outlined above will be more fully reflected in 2H numbers as they get executed. To be sure there is still much more to do given the global opportunity presented by deteriorating water infrastructure. In addition to what we have achieved thus far during 2019, we hope to add to our international expansion during 2H."

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