



Water Intelligence plc

Trading Update 3Q 2019

Water Intelligence plc (AIM: WATR.L) (“Water Intelligence” or “Company”), a leading multinational provider of precision, minimally-invasive leak detection and remediation solutions for both potable and non-potable water is pleased to provide a trading update for year-to-date through the end of the third quarter.

Results for 2019 through Q3 are ahead of market expectations for revenue and comfortably in-line with expectations for profits before taxes (statutory and adjusted).

Highlights:

- **Financial:** Water Intelligence revenues grow strongly by 34% to \$24.7 million (3Q 2018: \$18.5 million; FY 2018: \$25.5 million)

Key Performance Indicators

- Franchise: American Leak Detection franchise royalties grow 4% to \$5.1 million (3Q 2018: \$4.9 million)
 - Implying approximately \$67 million in year-to-date gross sales to third parties from which royalty is derived
 - Franchise-Related Activities: business-to-business insurance channel; equipment sales, franchise sales grow 45% to \$6.1 million (3Q 2018: \$4.2 million)
 - US Corporate-Operated Locations: grow 47% to \$10.7 million (3Q 2018: \$7.3 million)
 - International Corporate-Operated Locations: grow 27% to \$2.8 million (3Q 2018: \$2.2 million)
 - Includes UK municipal operations, UK-managed municipal operations in the US and full-service operations in Ontario, Canada and Sydney, Australia
 - Net Cash (Cash minus Borrowings): +\$2.7 million
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- Water Intelligence profits before taxes (both statutory and adjusted for amortization, non-core costs and share-based payments) comfortably in-line with expectations

- Corporate Development: New municipal business line in US growing and technology reinvestment and commercialization advancing strongly
 - Roll-out of new municipal leak detection business in US with joint US (American Leak Detection) and UK (Water Intelligence International) team;
 - Roll-out of proprietary sewer and wastewater diagnostic product in both UK and US; first sales / leasing of product anticipated during 4Q
 - Q3 investment in Entertainment AI and acquisition of e-commerce and video search technology to enable Water Intelligence to sell consumer water-related products; Company working with insurance companies to market/resell water monitoring products and provide leak detection services

Commenting on the Group’s performance, Executive Chairman, Dr. Patrick DeSouza remarked: “Global market demand for solutions to water loss from leakage is strong and continues to grow. We are accelerating our growth plan by building on our base of customers and adding more business lines such as municipal sewer and wastewater diagnostics and consumer sales of water / home services-related products and services via e-commerce. We are confident and have produced another strong set of numbers for both franchise and corporate-run operations across all of our key performance indicators.

“Moreover, we believe strongly that our technology investments will enable us to sustain our growth trajectory in 2020 and beyond. Given our installed base of service operations, especially across the US, and the strength of market demand for both potable and non-potable water infrastructure solutions, we have a considerable opportunity for realizing significant value for our shareholders. As important, we seek a leadership role in providing solutions for the critical problems of water loss and contamination for our global stakeholders in creating a more sustainable world. We are pleased to deliver for both shareholders and stakeholders and note with pride a recent mention of our good work by the Mayor of Flint, Michigan – a city with a devastating history of lead in the water – in her State of the City speech.”

Enquiries:

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