Raising Target Price

Water Intelligence plc

Business Services

Capital Markets
Canaccord Genuity

UK Equity Research

17 March 2026

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Rating	Price Target
BUY	**515p↑**
unchanged	*from 500p*

	Price
WATR-AIM	**265p**

Expanding margins support positive outlook

Canaccord Genuity view

Adj. EBITDA in line as WATR gears up for further double-digit growth

Today's trading update guides to FY25 adj. EBITDA of $16.5m (+15% y/y), in line with our forecast, reflecting early margin gains from last year's strategic initiatives. Growth investment drove an incremental ~$1m of (largely capitalised) operating cost, higher than we expected, but aimed at accelerating new value-add data analytics revenue streams from FY26E as the group seeks to scale its early-stage IoT- and AI-enabled preventative maintenance platform. Execution into FY26 appears strong: the Bluebot partnership broadens the IoT hardware suite alongside StreamLabs, new national insurer contracts expand US service coverage and a $1m+ Irish plumbing win highlights growing momentum in infrastructure. We now expect further double-digit revenue and adj. EBITDA growth and raise our underlying EBITDA forecast by 3.8%. The balance sheet remains healthy, with leverage forecast to fall to 0.9x by YE FY26E and expanded credit facilities add flexibility for growth, including franchise reacquisitions. We maintain our BUY rating and lift our multiples-based target price to 515p (from 500p).

FY25 trading update: Key highlights

- **Robust revenue growth:** Revenue rose 9% to $90.4m, driven mainly by intra- and prior-year M&A, with good growth across US and International corporate locations.
- **Adj. EBITDA up double digits:** Expected adj. EBITDA of $16.5m (FY24: $14.3m) meets our forecasts and extends Water Intelligence's double-digit growth track record. Early Next 50 strategic initiatives within corporate-owned stores helped deliver a ~100bps margin uplift to 18%.
- **Investing for growth:** The group continued to invest through H2 2025 to build out its AI-and-data enabled preventative maintenance platform and expand workforce training. Adj. PBT rose 9% y/y as a result, ~$1m shy of our FY25 estimate.
- **Solid balance sheet:** Net total debt (conservatively defined as bank debt plus deferred franchise acquisition payments) stands at 1.2x after ~$8m of estimated M&A cash outflows through FY25.
- **Strong commercial momentum:** FY26 has started well, with a new smart-water partnership with Bluebot, additional US insurance contracts, and a $1m+ Irish plumbing win supporting organic growth. Expanded credit facilities add further headroom for M&A through franchise reacquisitions which could accelerate growth.

Director change

Bobby Knell, a Non-Executive Director since 2018, will retire from the Board on 31 March 2026. The group intends to appoint an independent successor in due course.

Impact on forecasts: FY25E adj. EBITDA unchanged, FY26E upgraded

Our revisions reflect today's trading update. **FY25E adj. EBITDA is unchanged, supported by better margins**, while adj. PBT is lowered by 9.8% to $9.2m, in line with guidance, due to higher due to growth investment. The reduction in adj. EPS is partly offset by the 2025 share buyback. **Our core assumptions for FY26E are for 10% revenue and EBITDA growth with our underlying EBITDA forecast raised by 3.8%.** There is a 1.7% share buyback driven uplift to adj. EPS. Net total debt remains broadly flat, with leverage at 1.2x in FY25E, falling to 0.9x in FY26E.

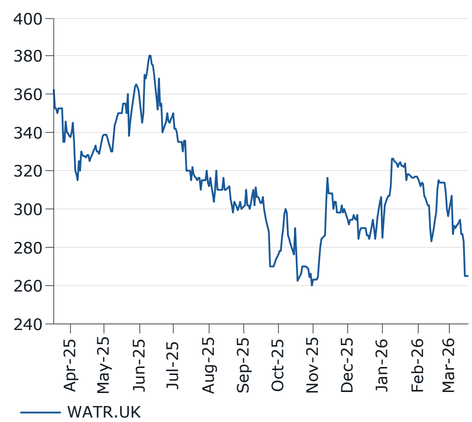
Valuation and rating

The shares trade on just 8.2x P/E and 4.9x EV/EBITDA for FY26E. We lift our TP to 515p (from 500p) based on an unchanged 15x P/E and 9x FY26E EV/EBITDA, equally weighted, which suggests 94% upside. Longer-term, we see potential for 900p+ on successful execution of preventive maintenance enabled growth and improved earnings quality. BUY.

Market Data

52-Week Range (p) :	258 - 390
Avg Daily Vol (000s) :	30
Market Cap (£M) :	50.4
Shares Out. (M) :	19.0
Enterprise Value (pM) :	65.0

FYE Dec	2023A	2024A	2025E	2026E
Sales (US$M)	76.0	83.3	90.4↓	99.6
Previous	-	-	*94.0*	-
EBITDA (US$M)	13.4	14.3	16.5	18.2↑
Previous	-	-	-	*17.5*
PBT Adj (US$M)	8.7	8.4	9.2↓	10.8
Previous	-	-	*10.2*	-
EPS Adj&Dil (US$)	0.36	0.36	0.36↓	0.43↑
Previous	-	-	*0.39*	*0.42*
Net Debt (Cash) (US$M)	7	16	19	17
Net Debt/ EBITDA (x)	0.6	1.1	1.2	0.9
P/E (x)	9.3	9.3	9.8	8.2
EV/EBITDA (x)	5.2	5.8	5.5	4.9
Equity FCF Yield (%)	10.4	9.3	5.6	7.8



Source: FactSet

Priced as of close of business 16 March 2026

Water Intelligence is a technology enabled services business specialising in water infrastructure applications. Its core business is American Leak Detection, an established US market leader with unique nationwide coverage.

For important information, please see the Important Disclosures beginning on page 10 of this document.

Company Summary

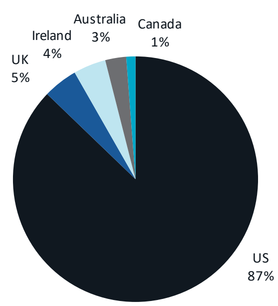
Company Activities

Water Intelligence is a technology enabled services business specialising in water infrastructure applications. Its core business is American Leak Detection, an established US market leader with unique nationwide coverage in the detection and remediation of water leaks using non-invasive technology for domestic, commercial and municipal customers. More recently it has begun to evolve its model towards preventative maintenance through a strategic partnership with StreamLabs, a smart water monitoring platform owned by Chubb, the leading US insurance group.

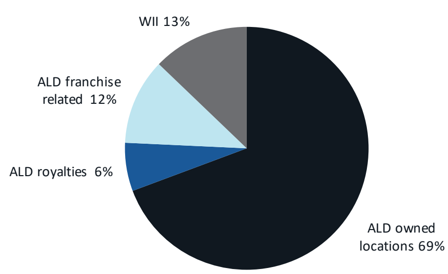
Key competitors

The US residential and commercial water leak detection market is highly fragmented ranging from one-man band operators to regional businesses.

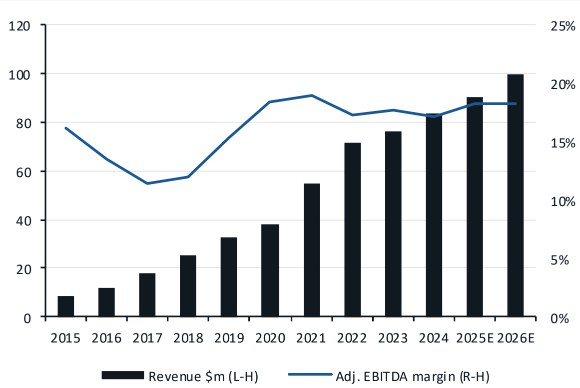
Revenue by geography: FY25E



Revenue by segment: FY25E



Revenue & adj. EBITDA margins



Source: Company report, CG estimates

Valuation	Dec-22	Dec-23	Dec-24	Dec-25E	Dec-26E
EV/Sales	0.8x	0.9x	1.0x	1.0x	0.9x
EV/EBITDA	4.8x	5.2x	5.8x	5.5x	4.9x
EV/EBITA	6.6x	7.2x	8.5x	8.1x	6.9x
P/E	10.9x	9.3x	9.3x	9.8x	8.2x
Dividend Yield	0.0%	0.0%	0.0%	0.0%	0.0%
FCF Yield	7.2%	10.4%	9.3%	5.6%	7.8%

Summary P&L ($m)	Dec-22	Dec-23	Dec-24	Dec-25E	Dec-26E
Sales	71.3	76.0	83.3	90.4	99.6
Adj. EBITDA	12.4	13.4	14.3	16.5	18.2
Adj. operating profit	9.1	9.7	9.7	11.3	12.8
Adj. PBT	7.8	8.7	8.4	9.2	10.8
Adj. EPS, FD (cents)	29.4	36.2	35.8	35.8	42.8
DPS (cents)	0.0	0.0	0.0	0.0	0.0

Growth	Dec-22	Dec-23	Dec-24	Dec-25E	Dec-26E
Sales (%)	30.8%	6.5%	9.6%	8.5%	10.2%
EBITDA (%)	19.7%	8.6%	6.4%	15.5%	10.4%
Adj. operating profit (%)	16.3%	6.0%	0.4%	16.6%	13.3%
Adj. PBT (%)	12.3%	12.2%	(3.6%)	9.2%	18.1%
Adj. EPS, FD (%)	3.2%	23.3%	(1.2%)	0.1%	19.6%
DPS (%)	-	-	-	-	-

Summary cash flow ($m)	Dec-22	Dec-23	Dec-24	Dec-25E	Dec-26E
Adj. EBITDA	12.4	13.4	14.3	16.5	18.2
Adjusting items / other	(0.8)	(1.1)	(1.6)	(0.8)	(0.5)
Working capital movement	(1.0)	(0.0)	1.6	(1.6)	(2.0)
Interest & tax	(2.6)	(1.6)	(3.0)	(4.9)	(5.2)
Net capex	(3.6)	(4.4)	(5.7)	(5.7)	(5.7)
Free cash flow	**4.3**	**6.3**	**5.5**	**3.5**	**4.8**
Share issues (net)	(0.5)	0.0	(0.2)	(0.5)	0.0
Acquisitions	(5.7)	(4.2)	(7.1)	(7.6)	(0.5)
Distributions	(0.0)	(0.2)	(0.2)	(0.2)	(0.2)
Leases	(1.6)	(1.7)	(1.8)	(1.8)	(1.8)
Change in cash	**(3.6)**	**0.1**	**(3.7)**	**(6.6)**	**2.3**
Non-cash debt movements	(5.6)	(5.4)	(8.7)	0.0	0.0
Net bank debt / (cash)	**(6.6)**	**(1.3)**	**11.1**	**17.7**	**15.5**
Deferred consideration	12.3	8.4	4.6	1.6	1.1
Net total debt / (cash)	**5.7**	**7.1**	**15.7**	**19.3**	**16.6**

Summary balance sheet ($m)	Dec-22	Dec-23	Dec-24	Dec-25E	Dec-26E
Non current assets	61.4	69.1	90.7	96.6	97.8
Current assets	35.2	27.5	24.0	16.5	18.6
Current liabilities	(17.0)	(17.6)	(14.3)	(10.8)	(10.2)
Non current liabilities	(24.4)	(18.8)	(34.9)	(32.9)	(30.9)
Net Assets	**55.2**	**60.3**	**65.4**	**69.4**	**75.3**

Ratios	Dec-22	Dec-23	Dec-24	Dec-25E	Dec-26E
Operating cash conversion	85.3%	91.7%	99.7%	85.3%	86.3%
Net total debt / Adj. EBITDA	0.5x	0.6x	1.1x	1.2x	0.9x
ROCE	12.2%	12.2%	10.8%	11.2%	12.3%

Estimate changes

Our estimates are updated to reflect today's trading update and outlook.

FY25E adjusted EBITDA guidance remains $16.5m (+15%), supported by stronger-than-expected margins (~18.2% vs 17.5%; FY24: 17.1%) driven by efficiency gains, particularly in owned ALD stores under the Next 50 growth strategy.

FY25E adjusted PBT is lowered by 9.8% to reflecting higher D&A and financing costs (~$1m) as the group continued to invest for growth through H2 2025E. We flow this through to adjusted diluted EPS, with a small offset from share buybacks. Net total debt edges up to $19.3m (from $19.1m), equating to an unchanged 1.2x leverage as per guidance.

For FY26E, we lift our EBITDA 3.9% to £18.2m which assumes a prudent margin uplift of just ~10bps to 18.3% on an unchanged revenue number that is supported by recent commercial momentum. At 10.4% this implies a further period of double-digit profit growth. While the higher investment costs (above) offset the EBITDA uplift at the adjusted PBT level for FY26E, we now see adjusted diluted EPS 1.7% higher as a result of share buybacks through FY25E, with overall annual growth of ~20%. Net total debt leverage improves slightly to 0.9x from 1.0x.

Figure 1: Summary of changes to CG estimates

To 31 Dec, in US$m		FY25E			FY26E	
	New	Old	Chg %	New	Old	Chg %
Sales	90.4	94.0	(3.8%)	99.6	99.6	0.0%
Adj. EBITDA	16.5	16.5	0.0%	18.2	17.5	3.9%
Adj. PBT	9.2	10.2	(9.8%)	10.8	10.8	0.0%
Adj. EPS, FD (cents)	35.8	39.4	(9.1%)	42.8	42.1	1.7%
Net total debt / (cash)	19.3	19.1	1.1%	16.6	16.7	(0.8%)

Source: CG estimates

Financials: Tables

Figure 2: P&L

Yr to 31 Dec ($m)	2020	2021	2022	2023	2024	2025E	2026E
Revenue	**37.9**	**54.5**	**71.3**	**76.0**	**83.3**	**90.4**	**99.6**
Change	*17%*	*44%*	*31%*	*7%*	*10%*	*9%*	*10%*
Cost of sales	(8.8)	(9.0)	(9.7)	(10.4)	(9.8)	(9.6)	(10.6)
Gross profit	**29.1**	**45.6**	**61.7**	**65.6**	**73.5**	**80.8**	**89.0**
Gross margin	*77%*	*84%*	*86%*	*86%*	*88%*	*89%*	*89%*
Underlying opex	(22.1)	(35.3)	(49.3)	(52.2)	(59.2)	(64.3)	(70.9)
Adj. EBITDA	**7.0**	**10.3**	**12.4**	**13.4**	**14.3**	**16.5**	**18.2**
Adj. EBITDA margin	*18%*	*19%*	*17%*	*18%*	*17%*	*18%*	*18%*
D&A	(1.6)	(2.5)	(3.2)	(3.7)	(4.6)	(5.2)	(5.4)
Adj. operating profit	**5.4**	**7.8**	**9.1**	**9.7**	**9.7**	**11.3**	**12.8**
Operating margin	*14%*	*14%*	*13%*	*13%*	*12%*	*13%*	*13%*
Net finance costs	(0.4)	(0.9)	(1.3)	(0.9)	(1.3)	(2.1)	(2.0)
Adj. PBT	**5.1**	**6.9**	**7.8**	**8.7**	**8.4**	**9.2**	**10.8**
Acquired intangibles	(0.5)	(0.5)	(1.0)	(0.8)	(0.9)	(0.9)	(0.9)
Share based payments	(0.2)	(0.4)	(0.5)	(0.6)	(0.4)	(0.4)	(0.4)
Other adjusting items	(0.1)	(0.3)	(0.8)	(1.1)	(0.8)	(0.9)	(0.5)
PBT	**4.2**	**7.6**	**5.5**	**6.2**	**6.4**	**7.0**	**9.0**
Tax	(1.1)	(1.4)	(1.5)	(1.2)	(1.2)	(2.0)	(2.6)
Tax adjusting items	(0.1)	(0.2)	(0.4)	(0.4)	(0.3)	(0.4)	(0.3)
Tax rate	*28%*	*27%*	*29%*	*23%*	*23%*	*30%*	*30%*
Adj. net profit	**3.6**	**4.9**	**5.5**	**6.5**	**6.4**	**6.3**	**7.5**
Net profit	**2.9**	**5.8**	**3.6**	**4.4**	**4.7**	**4.5**	**5.9**
Adj. EPS, FD (cents)	**23.4**	**28.5**	**29.4**	**36.2**	**35.8**	**35.8**	**42.8**
Change	*42%*	*22%*	*3%*	*23%*	*(1%)*	*0%*	*20%*
DPS (cents)	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Change	-	-	-	-	-	-	-
Weighted avg shs, FD (m)	15.4	17.3	18.6	17.8	17.8	17.7	17.4

Source: Company reports, CG estimates

Figure 3: Cash flow

Yr to 31 Dec ($m)	2020	2021	2022	2023	2024	2025E	2026E
Adj. EBITDA	**7.0**	**10.3**	**12.4**	**13.4**	**14.3**	**16.5**	**18.2**
Adjusting items/other	(0.1)	(0.3)	(0.8)	(1.1)	(1.6)	(0.8)	(0.5)
Working capital	0.6	(2.8)	(1.0)	(0.0)	1.6	(1.6)	(2.0)
Interest & Tax	(1.3)	(1.9)	(2.6)	(1.6)	(3.0)	(4.9)	(5.2)
Capex	(0.7)	(2.6)	(3.6)	(4.4)	(5.7)	(5.7)	(5.7)
Free cash flow	**5.4**	**2.6**	**4.3**	**6.3**	**5.5**	**3.5**	**4.8**
Share issues	2.6	23.0	(0.5)	0.0	(0.2)	(0.5)	0.0
Acquisitions	(9.5)	(6.2)	(5.7)	(4.2)	(7.1)	(7.6)	(0.5)
Distributions	0.0	0.0	(0.0)	(0.2)	(0.2)	(0.2)	(0.2)
Leases	(0.8)	(1.4)	(1.6)	(1.7)	(1.8)	(1.8)	(1.8)
Change in cash	**(2.4)**	**18.0**	**(3.6)**	**0.1**	**(3.7)**	**(6.6)**	**2.3**
Non-cash debt movements	0.4	(2.2)	(5.6)	(5.4)	(8.7)	0.0	0.0
Net bank debt / (cash)	**(0.0)**	**(15.8)**	**(6.6)**	**(1.3)**	**11.1**	**17.7**	**15.5**
Deferred consideration	5.2	13.7	12.3	8.4	4.6	1.6	1.1
Net total debt / (cash)	**5.1**	**(2.1)**	**5.7**	**7.1**	**15.7**	**19.3**	**16.6**
Net total debt / Adj. EBITDA (x)	*0.8x*	*(0.2x)*	*0.5x*	*0.6x*	*1.1x*	*1.2x*	*0.9x*

Source: Company reports, CG estimates

Figure 4: Balance sheet

Yr to 31 Dec ($m)	2020	2021	2022	2023	2024	2025E	2026E
Intangible assets	23.8	41.1	51.0	57.6	76.6	83.4	86.2
PPE & ROU assets	5.2	7.8	9.2	10.5	13.0	12.2	10.6
Net working capital	2.6	4.9	5.8	5.8	5.1	6.7	8.7
Net bank debt	0.0	15.8	6.6	1.3	(11.1)	(17.7)	(15.5)
Leases	(3.8)	(3.5)	(4.4)	(4.9)	(6.9)	(6.9)	(6.9)
Deferred & contingent consideration	(5.7)	(13.7)	(12.3)	(8.4)	(9.1)	(6.1)	(5.6)
Other assets / (liabilities)	1.2	0.0	(0.7)	(1.7)	(2.2)	(2.2)	(2.2)
Net assets	**23.4**	**52.4**	**55.2**	**60.3**	**65.4**	**69.4**	**75.3**

Source: Company reports, CG estimates

Valuation

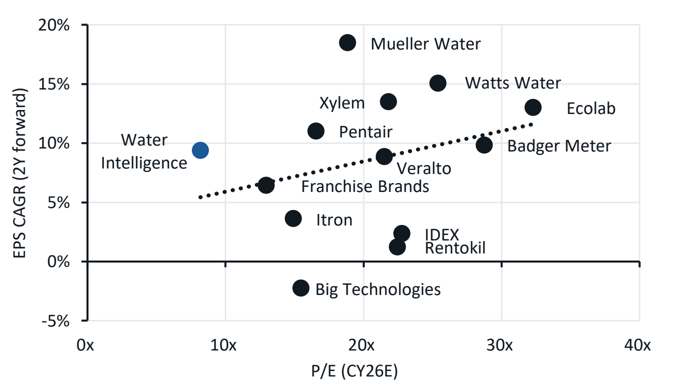
We see Water Intelligence as a differentiated UK-listed asset with multiple avenues for sustained double-digit growth, both organically and through derisked M&A. Technology investment and strengthening US water infrastructure tailwinds further support the outlook. For valuation context, we benchmark against two peer groups: UK tech-enabled and franchised services, and US water-tech companies.

Figure 5: Selected peer comp table

Stock	Mkt Cap	P/E		EV/EBITDA		EBITDA margin		EBITDA CAGR	EPS CAGR
	Local m	CY25E	CY26E	CY25E	CY26E	CY25E	CY26E	+2Y	+2Y
UK-listed services									
Rentokil	12,314	25.1x	22.4x	12.6x	12.6x	21.8%	22.1%	1.2%	1.2%
Big Technologies	284	16.2x	15.5x	5.0x	7.2x	49.4%	49.3%	(3.2%)	(2.3%)
Franchise Brands	244	14.5x	13.0x	9.9x	8.7x	24.5%	24.9%	1.9%	6.4%
Ondo Insur Tech	24	-	-	-	-			-	-
Average		**18.6x**	**17.0x**	**9.2x**	**9.5x**	**31.9%**	**32.1%**	**(0.1%)**	**5.4%**
US-listed Water Tech									
Ecolab	58,398	36.4x	32.3x	21.6x	20.0x	24.0%	25.0%	10.2%	13.0%
Xylem	22,017	23.6x	21.8x	17.2x	14.4x	22.2%	23.1%	9.7%	13.5%
Veralto	16,887	23.1x	21.5x	18.7x	15.9x	25.0%	25.3%	7.0%	8.9%
Pentair	10,886	17.9x	16.5x	17.0x	13.5x	26.7%	27.9%	8.5%	11.0%
IDEX	10,568	23.7x	22.8x	15.9x	16.3x	26.8%	26.8%	4.5%	2.3%
Watts Water Technologies	6,169	28.1x	25.4x	17.2x	16.6x	21.8%	22.1%	14.6%	15.1%
Mueller Water Products	3,277	20.6x	18.8x	11.2x	12.0x	23.2%	24.3%	11.0%	18.5%
Badger Meter	3,231	30.6x	28.7x	22.6x	18.0x	23.9%	23.7%	9.4%	9.8%
Itron	3,055	12.6x	14.9x	12.3x	11.4x	15.8%	16.1%	9.6%	3.6%
Mean		**24.1x**	**22.5x**	**17.1x**	**15.3x**	**23.3%**	**23.8%**	**9.4%**	**10.6%**
Basket average		**22.7x**	**21.1x**	**15.1x**	**13.9x**	**25.4%**	**25.9%**	**7.0%**	**8.4%**
Basket median		**23.4x**	**21.6x**	**16.5x**	**14.0x**	**23.9%**	**24.6%**	**9.0%**	**9.3%**
Water Intelligence	**50**	**9.8x**	**8.2x**	**5.5x**	**4.9x**	**18.2%**	**18.3%**	**12.9%**	**9.4%**

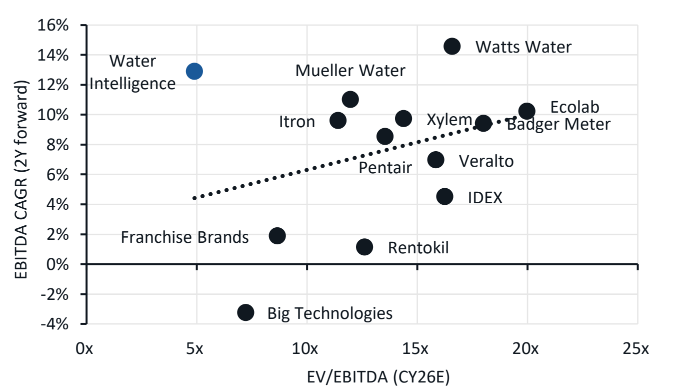
Source: FactSet, Water Intelligence based on CG estimates

Figure 6: CY26E P/E vs 2Y forward EPS CAGR



Source: FactSet, CG estimates for Water Intelligence

Figure 7: CY26E EV/EBITDA vs 2Y forward EBITDA CAGR



Source: FactSet, CG estimates for Water Intelligence

Water Intelligence trades on just 8.2x FY26E P/E and 4.9x EV/EBITDA, well below UK and US peer averages, which are 1.8-3x higher. This discount persists despite a consistent record of double-digit EBITDA growth and high-teen margins.

Our FY26E base case assumes 10% revenue and EBITDA growth and ~20% EPS growth, based on 9% organic growth (supported by recent commercial wins), flat underlying margins, and no further M&A. These are assumptions we see as conservative if the group successfully executes its Next 50 growth strategy.

Our increased 515p target price (from 500p) continues to be based on 15x P/E and 9x EV/EBITDA, equally weighted and applied to FY26E estimates. Longer term, we believe successful delivery of the Next 50 strategy could support a rerating towards water-tech peers, implying potential upside to 900p+/share.

SWOT analysis

We summarise the main strengths, weaknesses, opportunities and threats for Water Intelligence, in our view.

Figure 8: SWOT analysis

Strengths	Weaknesses
• Core ALD brand established over 50 years	• Network revenue growth (estimated) has slowed of late
• Capability across residential, commercial & municipal pipes	• Not in control of 3rd-party franchise store performance
• Unique industry footprint across 46 US states & 150+ stores	• High fixed cost base in corporate-owned locations
• Investment in scalable technology (proprietary & 3rd-party)	• Upfront cost of growth can be lumpy
• National accounts with each of the Top 20 US insurers	• Balance sheet could constrain M&A ability
• Consistently profitable and cash generative	• Low level of Board independence
Opportunities	**Threats**
• Organic margin improvement in owned US locations	• Key person risk
• Preventative maintenance solutions enabled by StreamLabs	• M&A execution
• Reacquisition of ALD franchises	• Margin improvement requires cultural change
• Strategic plumbing acquisitions	• New and/or well-funded technologies could be adopted
• International growth via WII	• Limited day-to-day oversight of international operations
• Investment in new technologies	• Macro-driven challenges

Source: CG

CG Research archive

02-Mar-2026: Partnership – Strengthening the smart-water platform

05-Nov-2025: Trading update – Momentum builds with upbeat Q3

29-Sep-2025: Interims – On track with upgrade potential

12-Aug-2025: Initiation of coverage – Forming smart growth streams

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Investment Recommendation

Date and time of first dissemination: March 17, 2026, 03:05 ET

Date and time of production: March 17, 2026, 03:05 ET

Target Price / Valuation Methodology:

Water Intelligence plc - WATR

Our 515p price target (from 500p) is based on P/E (~15x) and EV/EBITDA (~9x) multiples, equally weighted and applied to our FY26E estimates.

Risks to achieving Target Price / Valuation:

Water Intelligence plc - WATR

Key man risk, M&A execution, not in control of 3rd-party franchise performance, margin improvement requires culture change, competitive pressures, new/well-funded technology solutions, limited day-to-day oversight of international operations, corporate governance and macro challenges.

Distribution of Ratings:

Global Stock Ratings (as of 03/17/26)

Rating	Coverage Universe		IB Clients
	#	%	%
Buy	665	69.27%	27.52%
Hold	135	14.06%	8.15%
Sell	3	0.31%	0.00%
Speculative Buy	151	15.73%	62.25%
	960*	100.0%	

*Total includes stocks that are Under Review

Canaccord Genuity Ratings System

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*As of January 1, 2024, the Ratings History Chart will reflect the new Canaccord Genuity Ratings System as defined above.

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SPECULATIVE: The stock bears significantly above-average risk and volatility. Investments in the stock may result in material loss.

12-Month Recommendation History (as of date same as the **Global Stock Ratings** table)

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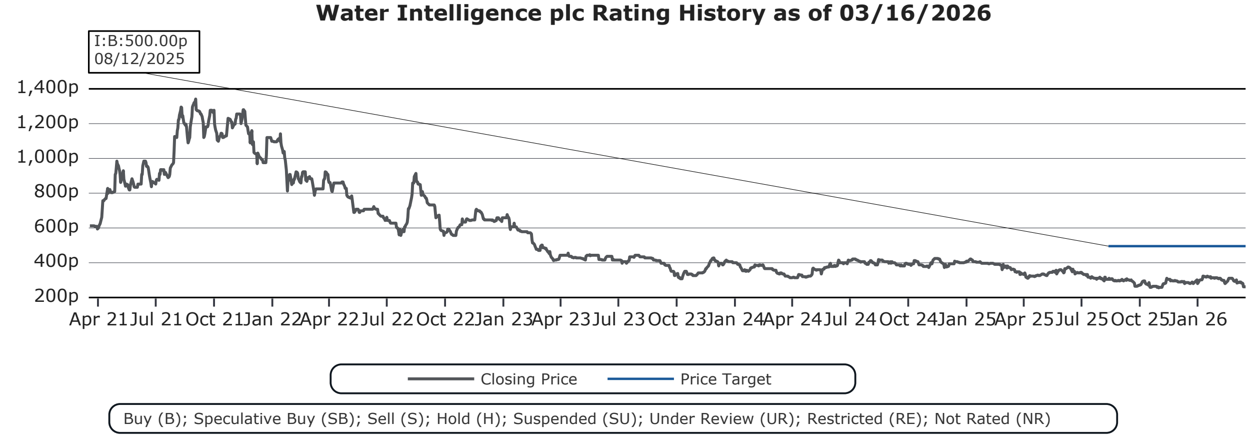
Water Intelligence plc Rating History as of 03/16/2026



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