



PRESS RELEASE

Ovivo releases its fiscal 2016 first quarter results

Highlights – Fiscal 2016 Q1

- Revenues of \$76.0 million, down 9% from the same quarter of the previous fiscal year; 12% increase in Upgrading, Parts and Services revenues offset by a decrease in the new equipment market.
- Gross margin of 24% for the first quarter of 2016, in comparison to 20% for the same quarter of the previous fiscal year, bolstered by higher Upgrading, Parts and Services revenues.
- Adjusted EBITDA⁽¹⁾ of \$3.2 million, up \$2.0 million from the same quarter of the previous fiscal year, owing primarily to the favourable performance of the Municipal North America market and the decrease in head office expenses.
- Net loss attributable to shareholders of Ovivo Inc. of \$1.5 million, due essentially to the foreign exchange loss resulting from the strengthening of the pound sterling which was recorded during the quarter.
- Backlog of \$257.2 million as at June 30, 2015, up \$2.4 million compared with the March 31, 2015 level.
- Total net debt of \$23.8 million as at June 30, 2015, down slightly from the March 31, 2015 level.

Montréal, Canada, August 6, 2015 –

(All amounts are in Canadian dollars)

Ovivo Inc. (“Ovivo” or the “Corporation”) reported consolidated revenues of \$76.0 million and adjusted EBITDA⁽¹⁾ of \$3.2 million for the first quarter of fiscal 2016, compared with \$83.4 million and \$1.3 million, respectively, for the same quarter of the previous fiscal year. The Corporation recorded a net loss attributable to shareholders of \$1.5 million or \$0.03 per share, basic and diluted, partly due to the foreign exchange loss which resulted from the strengthening of the pound sterling.

“With the beginning of the new fiscal year, although we still have some work to do to divest our non-core businesses, we are focusing on the implementation of our strategic plan. Operating results for the first quarter are in line with our expectations. The level of order taking and the quality of our backlog should allow us achieve the profitability targets set for fiscal 2016,” stated Marc Barbeau, President and Chief Executive Officer, Ovivo.

During the first quarter of fiscal 2016, revenues declined 9% from the same period of the previous fiscal year (marking an organic change at constant exchange rates of –15%⁽¹⁾) mostly due to lower new equipment sales in the Electronics market in North America, as revenues in that market were particularly high in the first quarter of fiscal 2015 due to progress on major contracts awarded early in fiscal 2014. The decline in revenues was partially offset by growth in the Municipal North America market. The decline was also offset by the 12% organic growth in Upgrading, Parts and Services revenues compared with the same quarter of the previous fiscal year, which accounted for 30% of consolidated revenues for the first quarter of 2016.

Adjusted EBITDA⁽¹⁾ of the Corporation is up compared with the same period of the previous fiscal year. This increase stemmed partly from operating performance in the Municipal North America market, higher revenues

⁽¹⁾ A non-IFRS financial measure, see section 12, “Reconciliation of non-IFRS financial measures,” of the management’s discussion and analysis of the Corporation for the three-month period ended June 30, 2015.

from the Upgrading, parts and services with higher margins and savings resulting from restructuring in the Energy segment as well as at the Corporation's head office. Moreover, the first quarter of the previous fiscal year was adversely impacted by a negative-margin project in the Energy market in Europe.

Backlog

The backlog amounted to \$257.2 million as at June 30, 2015, up slightly from \$254.8 million as at March 31, 2015. This growth in backlog was driven primarily by the Energy market in Europe and North America which, after a slowdown in the first three quarters of fiscal 2015, experienced a favourable level of order taking in the past two quarters. These increases were however offset by the decline in backlog in the Electronics market in North America, which, after major contract wins in early fiscal 2014, recorded a decline in backlog due to progress on these projects. In the Municipal North America market, the backlog remained high and comparable to the level as at March 31, 2015.

Outlook and objectives

Ovivo underwent a major transformation during 2015 and is now a simplified business exclusively dedicated to water treatment. With our transformation nearly completed, all efforts can now be focused on driving business growth.

Growth in the Municipal North America market is supported by growing infrastructure replacement and modernization needs, the real estate recovery, the challenges faced in water-stressed regions and increasingly stringent legislation governing wastewater disposal. These conditions are also conducive to the use of modern and advanced technologies to treat wastewater, such as Membrane Bio-Reactor ("MBR") systems. What's more, Ovivo holds a dominant position in the MBR systems market in North America.

We have also developed globally recognized water treatment expertise in the Electronics sector. The fabrication of semiconductor devices requires large volumes of ultra-pure water. To meet stringent industry requirements, we offer a range of state-of-the-art technology solutions. Ovivo is part of a select group of companies that are collaboratively developing the next generation of silicon wafers: the Facility 450 Consortium (F450C). With our expertise and global platform, we are poised to seize on growth opportunities in this market. Over the past two fiscal years, revenues from North America have been significant, but demand is starting to shift to Asia in fiscal 2016.

In the Energy market, we are continuing to optimize our global operational structure. Given favourable order taking during the past two quarters, our operating performance is expected to improve during the current fiscal year. Whether for power stations or the oil and gas markets, our water treatment systems meet the highest international standards. In addition, our international platform allows for the possibility of supporting clients anywhere in the world, regardless of where their projects are based. We see a positive outlook for business volumes in the coming months across all our geographic regions.

We are also pursuing the development of the Upgrading, Parts and Services market, a key development focus for the Corporation, by leveraging our products' Total Life Cycle approach and Ovivo brand recognition. We are taking actions in the Middle East and Southeast Asia to better capitalize on opportunities arising from our sizable pool of equipment in operation in these markets.

Lastly, we will accelerate our investments in innovation to add to our line of state-of-the-art products and services in order to better differentiate Ovivo and generate recurring revenue streams.

Based on our current outlook and backlog, assuming exchange rates remain stable at current levels, revenues from continuing operations should range from \$300 million to \$325 million for the fiscal year ending March 31, 2016. The quality of our backlog arising from strategic decisions, following Ovivo's strategic refocusing and the growth of our Upgrading, Parts and Services segment, is expected to favourably impact our operating performance for the fiscal year ending March 31, 2016. Given weaker order taking in the Energy market in the first nine months of fiscal 2015 and to a lesser extent in the Electronics market, followed by a recovery primarily in the Energy market over the past two quarters, we expect an improvement in operating performance in the second half of fiscal 2016.

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Our objectives for the coming quarters are as follows:

- (i) Grow our Electronics and Energy backlogs;
- (ii) Improve our operating performance;
- (iii) Complete the divestment of non-core businesses;
- (iv) Continue growing revenues in the Upgrading, Parts and Services segment; and
- (v) Reduce our net debt level

Supplementary information

This press release discusses the highlights for the first quarter ended June 30, 2015. For a detailed analysis, see the interim management's discussion and analysis and unaudited interim condensed consolidated financial statements, filed today on the websites of SEDAR (www.sedar.com) and the Corporation (www.ovivowater.com). Note that non-IFRS financial measures were used to analyze performance, as management considers that they provide useful information for investors seeking to assess the Corporation's performance and financial position.

About Ovivo Inc.

Ovivo Inc. is a global pure-play water and wastewater treatment company. It offers comprehensive technological solutions, as well as services and equipment tailored to specific client needs. Ovivo operates in over 15 countries with more than 800 employees. Ovivo Inc. is a public company whose shares trade on the Toronto Stock Exchange under the ticker symbols OVI.A and OVI.B. (www.ovivowater.com)

Notice regarding forward-looking statements

Certain statements in this press release regarding management's objectives, projections, estimates, expectations or forecasts may constitute forward-looking statements within the meaning of applicable securities legislation. Forward-looking statements are recognized by the use of terms such as "forecast," "project," "could," "plan," "aim," "estimate" and other similar terms, possibly used in the future or conditional, particularly with regard to certain assumptions. The management of Ovivo would like to point out that forward-looking statements involve a number of uncertainties and known and unknown risks such that the actual and future results of Ovivo could differ considerably from those stated. There can be no assurance as to the materialization of the results, performance or achievements as expressed in or underlying the forward-looking statements. The forward-looking statements included in this press release were made as at the date hereof, and unless required to do so pursuant to applicable securities legislation, management of Ovivo assumes no obligation to update them.

Information about the risk factors to which Ovivo Inc. is exposed is provided under section 12, "Risks and uncertainties," of the management discussion and analysis for the fiscal year ended March 31, 2015 available on SEDAR (www.sedar.com) and the Corporation's website (www.ovivowater.com).

CONFERENCE CALL

Date and time: Thursday, August 6, 2015 at 4:30 p.m. (EDT)

Dial-in number: 1-888-231-8191 (North America)

1-647-427-7450 (International)

Webcast: www.ovivowater.com/en/investors

An audio recording will be accessible on demand from 7:30 p.m. (EDT), August 6, 2015 until 11:59 p.m. (EDT) Thursday, August 13, 2015 at 1-416-849-0833 or 1-855-859-2056 (toll-free), access code: 88726836#.

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