



Worldwide Experts in Water Treatment

## PRESS RELEASE

# Ovivo releases results for third quarter of fiscal 2016

### Highlights – Fiscal 2016 Q3

- Revenues of \$79.0 million, up 4% compared with the same quarter of the previous fiscal year
- Gross margin of 24.4%, up from 22.5% for the same quarter of the previous fiscal year
- Adjusted EBITDA<sup>(1)</sup> of \$4.1 million, compared with \$3.0 million for the same quarter of the previous fiscal year
- Net earnings attributable to shareholders of \$2.5 million or \$0.06 per share for the third quarter and \$2.1 million or \$0.05 per share for the first nine months of the year
- Backlog of \$282.9 million as at December 31, 2015, up \$19.0 million compared to September 30, 2015, due to three large contracts totalling over \$34.0 million awarded in the Electronics market in Asia and the U.S. and despite the impact of challenging economic conditions in the Energy market
- Net debt of \$14.4 million as at December 31, 2015, down \$2.2 million and \$9.7 million compared with the September 30, 2015 and March 31, 2015 levels, respectively
- Completion of the sale of our subsidiary in South Africa, the last non-core business to be divested under our strategic plan

### Montréal, Canada, February 11, 2016 –

(All amounts are in Canadian dollars)

Ovivo Inc. (“Ovivo” or the “Corporation”) reported net earnings attributable to shareholders for the third quarter of fiscal 2016 of \$2.5 million or \$0.06 per share, basic and diluted. Profitability was driven by revenues and adjusted EBITDA<sup>(1)</sup> of \$79.0 million and \$4.1 million, respectively, both up from \$76.1 million and \$3.0 million, respectively, for the same quarter of the previous fiscal year. The Corporation also benefited from an income tax recovery as well as lower net financial expenses.

“We’re encouraged by this second consecutive quarter of net earnings, supported by the improvement in operating margins, as well as our backlog which remains high,” stated Marc Barbeau, President and Chief Executive Officer. “As planned, we continued to reduce our net debt this quarter, and this greater financial flexibility makes us well positioned to accelerate our growth plan,” added Mr. Barbeau.

Ovivo’s revenues for the third quarter of fiscal 2016 were up 4% from the same period of fiscal 2015 (-7% organic change at constant exchange rates<sup>(1)</sup>). At constant exchange rates, our revenues declined across all our markets. In the Municipal North America market, progress on projects slowed down due to delays requested by clients. In the Electronics market, the expected decline in revenues stems from a declining backlog over the past twelve months. However, the awarding of large contracts during the third quarter will lead to a gradual increase in

---

<sup>(1)</sup> See Section 12, “Reconciliation of non-IFRS financial measures” of the Management’s Discussion and Analysis (“MD&A”). As no restructuring costs were recorded in fiscal 2016, there is no difference between EBITDA and adjusted EBITDA.

revenues in this market over the coming quarters. In the Energy market, the decline in revenues in the third quarter reflected the challenging economic environment for this industry worldwide.

Ovivo's adjusted EBITDA<sup>(1)</sup> for the three-month period ended December 31, 2015 is up compared with the same period of the previous fiscal year, owing primarily to our higher gross margin. For the three-month and nine-month periods ended December 31, 2015, the income tax expense decrease compared to the same periods of last year was mainly attributable to lower net profitability in the U.S., whereas profitability was higher for our European subsidiaries, where unused tax loss carryforwards from prior years were available.

### **Backlog**

The backlog amounted to \$282.9 million as at December 31, 2015, up from \$263.9 million as at September 30, 2015 and \$254.8 million as at March 31, 2015. The weakening of the Canadian dollar against the Corporation's main currencies, particularly the U.S. dollar, had a \$7.5 million favourable foreign exchange effect on the combined backlog compared with the level as at September 30, 2015.

Apart from the foreign exchange effect, the higher backlog was driven primarily by the Electronics market in North America and Asia where large contracts were awarded during the third quarter. The growth was partly offset by the lower backlog in the Energy market across all of Ovivo's geographic regions as declining oil prices led to a considerable slowdown in our clients' investments. Backlogs in the Municipal North America market and the Upgrading, Parts and Services market in our three geographic regions remain high and comparable to their September 30, 2015 level.

### **Outlook and objectives**

Since more than a year, we are a simplified business exclusively dedicated to water treatment with all our efforts now focused on growing and optimizing the Corporation.

Growth in the Municipal North America market continues to be supported by growing infrastructure replacement and modernization needs, the challenges faced in water-stressed regions and increasingly stringent legislation governing wastewater disposal. Amid these favourable conditions, we are maintaining a satisfactory level of tendering and order taking for most of our products.

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 for both new projects as well as for upgrading, parts and services. Although the backlog for major projects varies according to market needs, we can maintain a favourable level of operations with the awarding of large contracts during the current quarter, the number of requests for proposals which remains satisfactory and our service centre platform.

Our international platform is an undeniable asset for the Energy segment, as we can partner with clients anywhere in the world, regardless of where their projects are based. The awarding of large contracts in the fourth quarter of fiscal 2015 allowed us to maintain a reasonable level of operations up to now. However, given current conditions in the oil and gas market, overall economic activity in the Energy market has been adversely impacted resulting in a certain slowdown in the number of requests for proposals and new orders taken. We continue to closely monitor our activities in this market and we may be required to adjust our operating structure in the coming months in line with lower demand.

At the same time, the Upgrading, Parts and Services market, a key growth driver for the Corporation, continues to perform well by leveraging our products' Total Life Cycle approach and Ovivo brand recognition. Efforts are made in the Middle East and Southeast Asia to better capitalize on opportunities arising from our sizable pool of equipment

---

(1) See Section 12, "Reconciliation of non-IFRS financial measures" of the Management's Discussion and Analysis ("MD&A"). As no restructuring costs were recorded in fiscal 2016, there is no difference between EBITDA and adjusted EBITDA.

in operation in those regions. Revenues for twelve-month periods have been growing steadily since the implementation of our business strategy.

Lastly, we continue to focus on innovation initiatives to expand our line of state-of-the-art products and solutions as a competitive differentiator and a source of recurring revenues.

Based on our current outlook and backlog, assuming exchange rates remain stable at current levels, revenues from continuing operations should reach approximately \$320 million for the fiscal year ending March 31, 2016.

The completion of the sale of our last non-core business during the current quarter combined with the low debt level will create an environment conducive to consider and eventually strategically invest in our growth projects over the coming quarters.

The objectives which we set for fiscal 2016 are well on track to be met and are summarized as follows:

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

**Supplementary information**

This press release discusses the highlights for the third quarter ended December 31, 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](http://www.sedar.com)) and the Corporation ([www.ovivowater.com](http://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 is a global provider of equipment, technology and systems producing the purest water and treating the most challenging wastewater in the industry. Ovivo is a powerful global brand with renowned trademarks, possessing more than 150 years of expertise and references in water treatment, supported by its proprietary products, advanced technologies and extensive system integration knowhow. Ovivo delivers conventional to highly technological water treatment solutions for the industrial and municipal markets, and leverages its large installed base of equipment around the world to offer parts and services to its customers. Ovivo is dedicated to innovation in an industry that is in constant evolution and offers water treatment solutions that are cost-effective, energy-efficient and environmentally sustainable.

Ovivo operates an integrated global platform in over 15 countries, with 800 employees that are worldwide experts in water treatment. Ovivo is a public company whose shares trade on the Toronto Stock Exchange under the ticker symbols OVI.A and OVI.B. For further information, visit our website at [www.ovivowater.com/en/](http://www.ovivowater.com/en/).

## 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 management's discussion and analysis for the fiscal year ended March 31, 2015 available on SEDAR ([www.sedar.com](http://www.sedar.com)) and the Corporation's website ([www.ovivowater.com](http://www.ovivowater.com)).

### **CONFERENCE CALL**

**Date and time:** Thursday, February 11, 2016 at 4:30 p.m. (ET)

**Dial-in number:** 1-888-231-8191 (North America)  
1-647-427-7450 (International)

**Webcast:** [www.ovivowater.com/en/investors](http://www.ovivowater.com/en/investors)

An audio recording will be accessible on demand from 7:30 p.m. (ET), Thursday, February 11, 2016 until 11:59 p.m. (ET) Thursday, February 18, 2016 at 1-416-849-0833 or 1-855-859-2056 (toll-free), access code: 27743510#.

## FOR INFORMATION

### **Marc Barbeau**

President and Chief Executive Officer  
Tel.: 514-284-4238

### **Pierre-Marc Sarrazin**

Director, Corporate Finance and Treasury  
Tel.: 514-284-7208  
[pierre-marc.sarrazin@ovivowater.com](mailto:pierre-marc.sarrazin@ovivowater.com)