



## PRESS RELEASE

### Ovivo releases its results for the fourth quarter and fiscal 2015

#### Highlights – Fiscal 2015 Q4

- Revenues of \$80.2 million, down 4% compared with the same quarter of the previous fiscal year; sharp increase in Parts and Services revenues offset by a decline in new equipment revenues
- Adjusted EBITDA<sup>(1)</sup> of \$4.2 million, up \$5.6 million compared with the same quarter of the previous fiscal year
- Net loss from continuing operations attributable to shareholders of Ovivo Inc. of \$0.7 million, owing primarily to financial expenses including \$1.1 million in relation to the unfavourable remeasurement of the total return swap which is based on the Corporation's share price
- Backlog of \$254.8 million as at March 31, 2015, up more than 10% or \$23.5 million from December 31, 2014
- Total net indebtedness of \$24.1 million as at March 31, 2015, marking a slight increase of \$1.9 million compared with December 31, 2014

#### **Montréal, Canada, June 4, 2015 –**

(All amounts are in Canadian dollars)

During fiscal 2015, the management of Ovivo Inc. (“Ovivo” or “the Corporation”) focused on transforming the Corporation into a pure-play water treatment company in its key markets. As a result, following the third-quarter disposal of its Pulp and Paper and Van der Molen divisions, the Corporation divested its United Kingdom Municipal division during the fourth quarter of fiscal 2015. The Corporation is also moving ahead with the divestment of its other non-core businesses, and management is confident it will enter into definitive agreements over the coming months.

For the fourth quarter of fiscal 2015, a number of favourable indicators bear witness to our strategic decisions over the past few quarters in terms of selecting the projects we bid on and their proper execution. While total revenues for the fourth quarter of fiscal 2015 are down 4% year over year, Parts and Services revenues are up nearly 30%. Adjusted EBITDA<sup>(1)</sup> amounted to \$4.2 million an increase of \$5.6 million compared with the same period of the previous fiscal year. The Corporation recorded a net loss from continuing operations of \$0.7 million or \$0.02 per share, basic and diluted, owing primarily to the recognition of financial expenses, including \$1.1 million related to the unrealized loss on the total return swap, which is based on the Corporation's share price. Lastly, backlog increased over 10% mainly on sustained business volume in the Municipal North America and Energy segments.

“During the fourth quarter, we pursued our strategic initiatives to simplify our operating structure and build on Ovivo's core businesses to become a pure-play water treatment company. We're satisfied with the progress we've achieved over the past two quarters on that front and will continue executing our strategic plan throughout fiscal 2016,” stated Marc Barbeau, President and Chief Executive Officer of Ovivo Inc.

(1) A non-IFRS financial measure, see section 14, “Reconciliation of non-IFRS financial measures,” of the management's discussion and analysis of the Corporation for the year ended March 31, 2015.

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The 4% decline in revenues from the same period of the previous fiscal year (marking an organic change at constant exchange rates of -11%<sup>(1)</sup>) was largely due to lower new equipment sales in the Electronics market, as revenues in that market were particularly high in the fourth-quarter of the previous fiscal year following major contract wins early in fiscal 2014. The drop in revenues was partially offset by growth in the Municipal North America market which has been supported by a high backlog since the end of the third quarter of fiscal 2014, and by revenues from the Upgrading, Parts and Services segment, which posted organic growth of 23.5% from the fourth quarter of the previous fiscal year.

The Corporation generated revenues and adjusted EBITDA<sup>(1)</sup> for the year ended March 31, 2015 of \$318.7 million and \$12.1 million, respectively. While revenues were relatively unchanged from the previous fiscal year, adjusted EBITDA<sup>(1)</sup> for the year was up \$7.3 million, over double the figure from fiscal 2014. This increase was partly driven by reduced expenses at head office resulting from reorganization during the year.

The Corporation recorded a net loss from continuing operations attributable to shareholders of Ovivo Inc. of \$33.5 million or \$0.76 per share, basic and diluted, compared with a net loss of \$26.8 million or \$0.61 per share, basic and diluted, for the previous fiscal year. This net loss resulted primarily from the \$16.9 million impairment charge recorded during the third quarter of fiscal 2015 as well as a foreign exchange loss and realized and unrealized losses related to derivative financial instruments mainly attributable to the remeasurement of the total return swap.

### Backlog

Ovivo reported a backlog as at March 31, 2015 of \$254.8 million, up from \$231.3 million as at December 31, 2014. 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 good level of order taking in the fourth quarter. The increase was also driven by the Municipal North America market, which maintained a high pace of order taking.

### Outlook

Ovivo underwent a major transformation during the fiscal year ended March 31, 2015 and is now a simplified company exclusively dedicated to water treatment.

The objectives we set for the quarter ended March 31, 2015 have largely been met:

1. Step up the pace of disposals of non-core businesses: We completed the sale of our Municipal United Kingdom division in late February as well as the sale of certain trademarks and client references in the desalination turnkey project market in the Middle East. Given the significant progress achieved, we expect to complete the sale of the remaining non-core businesses in the coming months;
2. Adjust to more challenging conditions in the Energy market: We completed the rightsizing of our operating structure with the layoffs announced in the third quarter and experienced solid order taking over the quarter, both for new equipment, and parts and services, by focusing our efforts on the most promising projects;
3. Complete the reorganization of our head office team: This was completed as of March 31, 2015.

With our transformation nearly completed, all efforts can now be focused on driving business growth.

(1) A non-IFRS financial measure, see section 14, "Reconciliation of non-IFRS financial measures," of the management's discussion and analysis of the Corporation for the year ended March 31, 2015.

We are very well positioned in the Municipal North America segment, an expanding market supported by growing infrastructure replacement or 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 MBR systems in North America, a growing market.

We have also developed globally recognized water treatment expertise in the Electronics sector. The manufacturing 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 collaborating to develop the next generation of silicon wafers: the F450C. With our expertise and global platform, we are well positioned to benefit from growth opportunities in this market. Over the past two fiscal years, revenues from North America have been significant, but we anticipate a certain shift in demand towards Asia for fiscal 2016.

While the fall in oil prices did affect us over the past fiscal year, we are currently seeing a turnaround in the Energy market, as evidenced by the level of order taking in the fourth quarter of fiscal 2015. 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 us to support our clients anywhere in the world, regardless of where their projects are located. We see a positive outlook for business volumes in the coming months across all our geographic regions.

Given the impressive pool of Ovivo equipment in operation, opportunities are also on the rise in the Upgrading, Parts and Services sector. This market segment is a key development focus, as it perfectly complements our technology solutions’ offering. Driven by our development initiatives in recent years, revenues in this segment are up sharply, currently accounting for a quarter of our overall sales. As a result, we will pursue the development of this market this year, leveraging our products’ Total Life Cycle approach and the recognition of Ovivo’s heritage brands. We will also expand efforts in the Middle East and Southeast Asia to better capitalize on opportunities arising from our sizable pool of equipment in operation in those markets.

Lastly, we will increasingly invest 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 refocusing and the growth of our Upgrading, Parts and Services segment are expected to favourably impact our operating performance for the fiscal year ending March 31, 2016. Given the weak order taking in the Energy segment in the first nine months of fiscal 2015 and to a lesser extent in the Electronics segment, we expect more modest operating performance in the first and second quarters, with business picking up in the second half of fiscal 2016.

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 our non-core businesses;
- (iv) Continue growing revenues in the Upgrading, Parts and Services segment; and
- (v) Reduce our net debt.

## Supplementary information

This press release discusses the highlights for the fourth quarter and year ended March 31, 2015. For a detailed analysis, see the management's discussion and analysis and audited 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 Inc. is a global company dedicated to water and wastewater treatment. 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](http://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.

Additional 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](http://www.sedar.com)) and the Corporation's website ([www.ovivowater.com](http://www.ovivowater.com)).

### **CONFERENCE CALL**

**Date and time:** Thursday, June 4, 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](http://www.ovivowater.com/en/investors)

An audio recording will be accessible on demand from 7:30 p.m. (EDT), June 4, 2015 until 11:59 p.m. (EDT) Thursday, June 11, 2015 at 1-416-849-0833 or 1-855-859-2056 (toll-free), access code: 41925421#.

### FOR INFORMATION

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