

## Strategy and outlook:

Biwater's business is total capability in the design, finance, construction and operation of water and wastewater infrastructure, mainly in developing territories and emerging markets.

Our strategy worldwide is driven by an engineering and financial solutions philosophy, with design capabilities based in the UK and internationally, with a strong Desalination and Membrane Treatment Centre of Excellence in California, United States (Biwater Inc.).

We target projects that are funded either by commercial lending, multilateral financing institutions and/or export credit agencies. This affords us the flexibility to engineer financial and technical solutions, as well as the opportunity to enter into long-term operation and maintenance and concession contracts. In this way, we seek security of cash as well as ongoing profit over operating and concession periods.

## Offices:

### Americas

Nicaragua  
Panama  
United States

### Europe and Middle East

France  
Kurdistan, Iraq  
The Netherlands  
Turkey  
United Arab Emirates  
United Kingdom

### Africa

Algeria  
Ghana  
Libya  
Morocco  
Nigeria  
Sudan

### Asia Pacific

Malaysia  
Philippines

### Contact us:

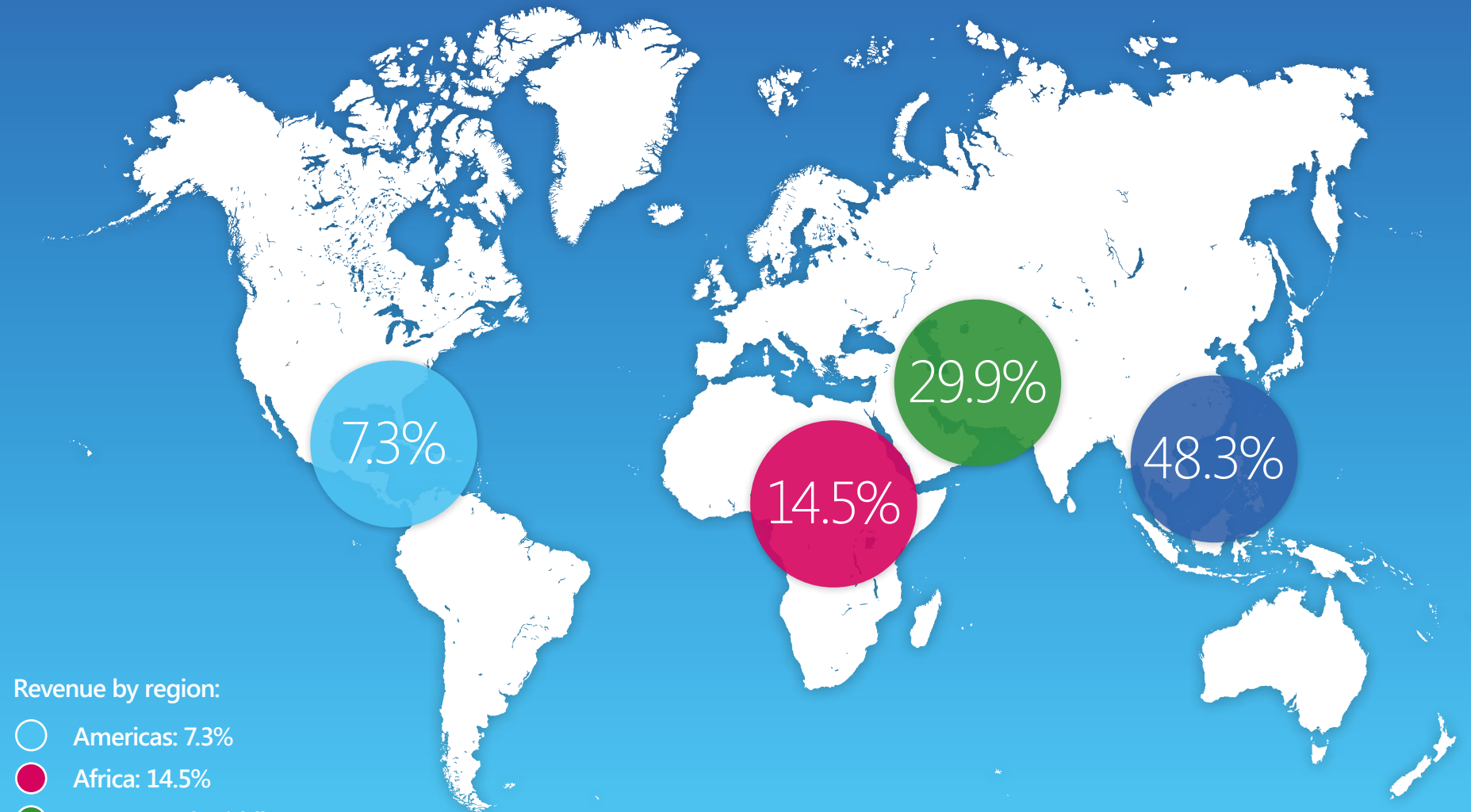
Biwater House, Station Approach, Dorking, Surrey RH4 1TZ, UK  
Tel: +44 1306 740740 | Email: [contact@biwater.com](mailto:contact@biwater.com) | [biwater.com](http://biwater.com)



## Financial Highlights

June 2017

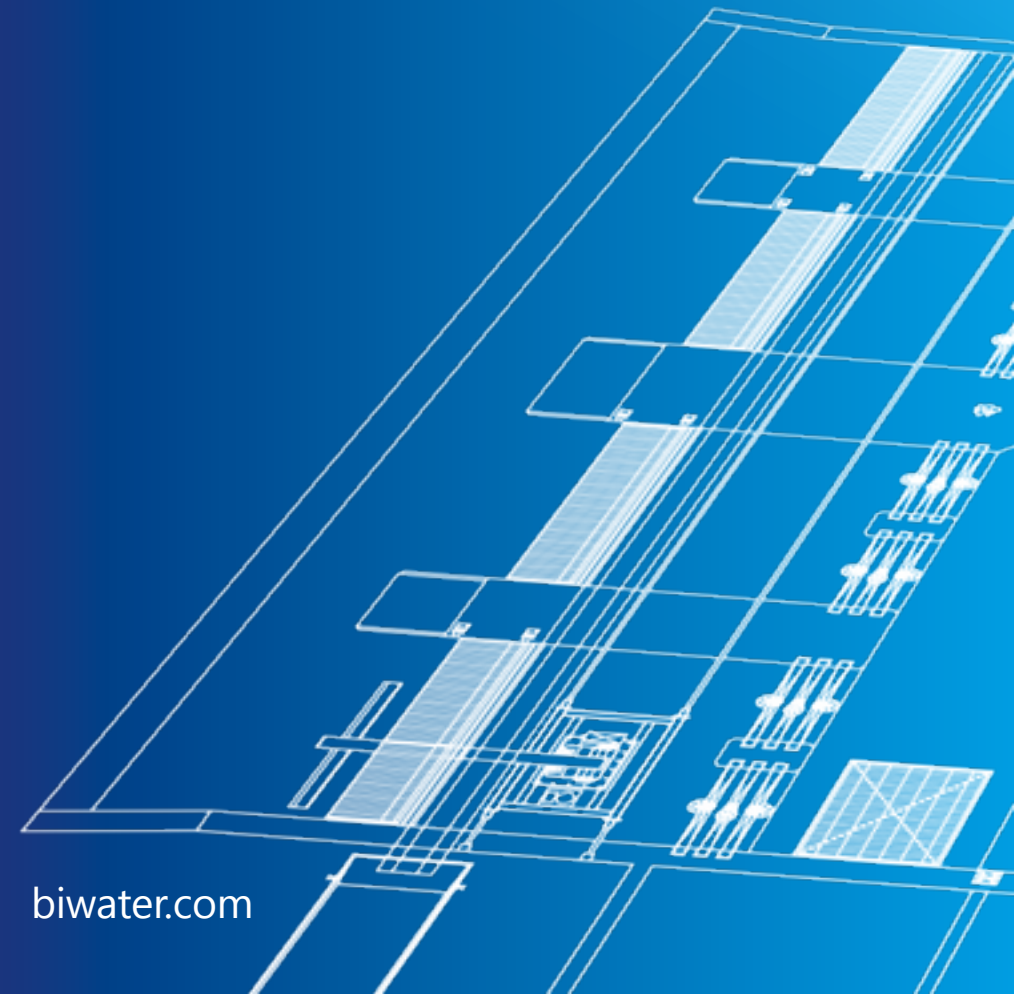
## Turnover by region at year end:



### Revenue by region:

- Americas: 7.3%
- Africa: 14.5%
- Europe and Middle East: 29.9%
- Asia Pacific: 48.3%

*Note: Summary figures are extracted from Biwater's 2016-17 Accounts (Year Ended 30 June 2017)*



[biwater.com](http://biwater.com)

## A message from the Chairman

As the Bewater Group approaches its 50th anniversary, I am proud to see the continued positive impact we are having around the world, combatting water scarcity and the lack of adequate sanitation. Population growth, displaced and migrating people, and aging infrastructure continue to require the unique blend of holistic water treatment solutions that Bewater offers.

The need for Bewater's capabilities is growing, as frontier countries today look to become the emerging markets of tomorrow, and eventually the developed nations of the future. Providing safe drinking water and environmentally conscious sanitation solutions are clearly part of these objectives.

Well placed to help countries at any stage of their development, Bewater remains steadfast in its commitment to helping clients achieve their objectives by raising the funding necessary to design and build vital treated water and wastewater infrastructure.

### Quality standards guaranteed to ensure the longevity of our work

Our construction standards continue to ensure that the robust facilities we design and build stand the test of time. Delivering long-lasting and appropriate technologies, combined with a suitable financing solution, is our key differentiator in the market. Major projects in Cameroon and the Kurdistan Region of Iraq are a testament to this, as they continue through their development phases, ensuring these export credit agency-guaranteed debt finance projects comply with all local and international regulatory requirements, ahead of construction.

### Innovative solutions offered to address water scarcity and put reuse on the agenda

Developing the latest technologies and supporting clients with their goals to be better stewards of the environment, remains a key focus across the Group. This is especially important in North America, where our Desalination and Membrane Treatment Centre of Excellence is embarking on new advanced water treatment plants that harness the reuse potential of water. Following successful membrane installations globally, Bewater is poised to continue delivering.



Sir Adrian White  
Bewater Chairman

## Financial overview:

Our 2017 financial results reflect an increase in turnover and profitability as the Group delivers on its contractual commitments across the globe, continuing to go from strength to strength. We have seen a significant increase in the Group's liquidity and shareholder value, with over USD \$1.4 billion of work in hand from signed contracts, which we will see converted to revenue over the next four years.

Following the implementation of a new integrated suite of information technology solutions, we continue to focus on our restructuring and growth, driven by business processes rather than traditional disciplines. This has allowed further enhancement of our enterprise risk management processes within the organisation, enabling us to seize opportunities linked to our ambitious business objectives.

Key financial highlights represented in USD include:

- 30% increase in revenue
- 45% increase in liquidity / net cash
- Net profit on ordinary activities
- 12% increase in net assets

### Driving exports

Export credit agencies have been central to the award of major contracts, and continue to support with the development of significant new international sales opportunities.

### Driving change

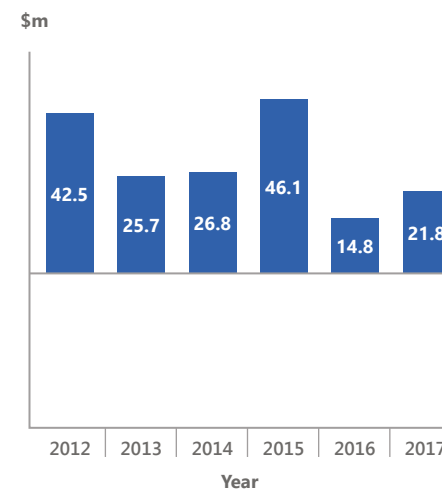
Our finance and engineering teams have been working on a new enterprise resource planning platform, fostering collaboration across offices to deliver our large-scale water infrastructure projects.

Following a five year financial and strategic restructuring, the Group has moved from having USD \$243m of net debt (2010) to having net cash at bank of USD \$21.8m (2017), and moved from having USD \$170.8m of bank bonds to USD \$17.1m – securing the financial foundations and core business strategy, making it financially and technically stronger, to convert the USD \$1.4 billion of work in hand and our multi-billion dollar pipeline of opportunities.

### Financial highlights:

	March 2012	March 2013	March 2014	June 2015	June 2016	June 2017
	USD	\$m	\$m	\$m	\$m	\$m
Turnover	122.0	95.8	89.3	148.8	60.4	78.2
Op profit continuing	9.6	5.2	0.7	7.2	-19.1	3.8
Op profit - exceptional	0.2	2.1	-8.0	2.5	1.5	-1.3
EBIT	9.7	7.3	-7.3	9.7	-17.6	2.5
Interest	-3.2	-2.6	-2.5	1.7	-0.9	-0.9
P&L ordinary activities	6.6	4.7	-9.8	11.4	-18.6	1.6
Taxation	-2.9	-3.0	-0.5	-0.3	12.6	0.3
Net profit after tax	3.7	1.7	-10.3	11.1	-6.0	1.8
Free cash	25.9	17.5	20.3	41.2	9.2	16.4
Collateral and restricted	16.6	8.2	6.5	4.9	5.6	5.5
Total net cash	42.5	25.7	26.8	46.1	14.8	21.8
International order book	185.0	151.0	115.2	1,233.6	1,401.0	1,400.3
Shareholder funds	31.6	24.7	15.2	22.0	16.6	18.6
Shareholder funds excluding pension	63.1	60.8	53.9	59.0	42.0	41.4

### Net (Debt) / Cash in \$m



### Bonding position in \$m



### Liquidity and cash:

The Group continues to be substantially debt free as a result of the steps taken to increase its liquidity and reduce bond guarantee levels. Cash at hand at 30 June 2017 was recorded as USD \$21.8m (2016: USD \$14.8m), as significant funds were received for the development phase delivery of our project in Kurdistan, Iraq.

Bewater continues to find innovative financing solutions to fund its clients' water infrastructure projects, and was awarded two 'Best Deals of 2016' awards from Global Trade Review (GTR) and Trade & Forfeiting Review for our UK Export Finance (UKEF) backed loan for the development works phase of the Erbil and Sulaimani Water and Wastewater Project.

### Bonding and collateralised cash:

The Group's bank bond guarantee levels continue to fall as a percentage of turnover and stand at USD \$17.1m due to projects being successfully completed, improved terms being sought and a drive to unlock collateralised cash. Project highlights include major contracts in Cameroon and the Kurdistan Region of Iraq, ongoing contracts across all regions and the award of new desalination and membrane treatment projects in North America.

### Pensions:

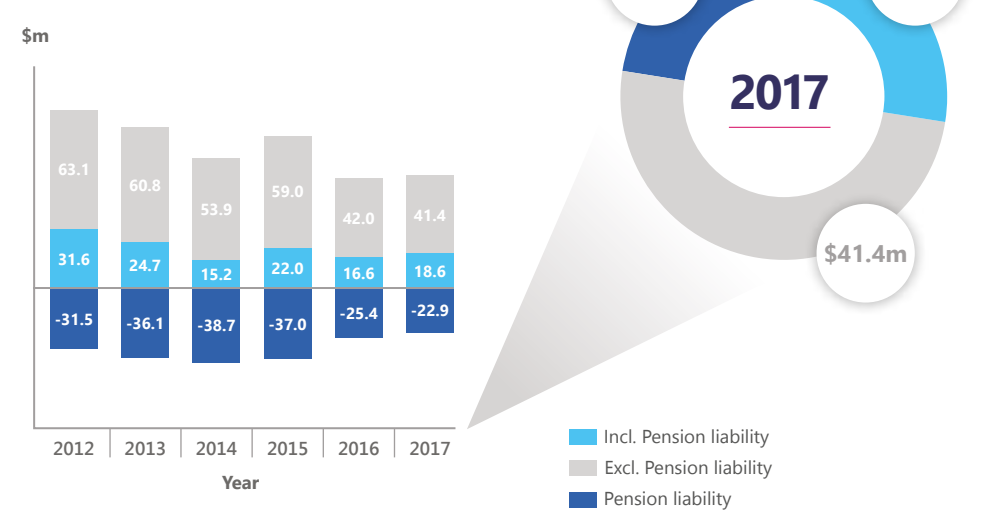
As with many defined benefit schemes, the Bewater Retirement and Security Scheme (BRASS) was exposed to actuarial losses resulting from the British Government's quantitative easing policies impacting on investment returns and discount rates.

The pension liability improvement of USD \$2.5m (9.8%) at 30 June 2017, despite falling bond yields, is due to asset performance and contributions over the period, plus the impact from deferred tax. The deficit recovery plan agreed continues ahead of target and spans the next 21 years.

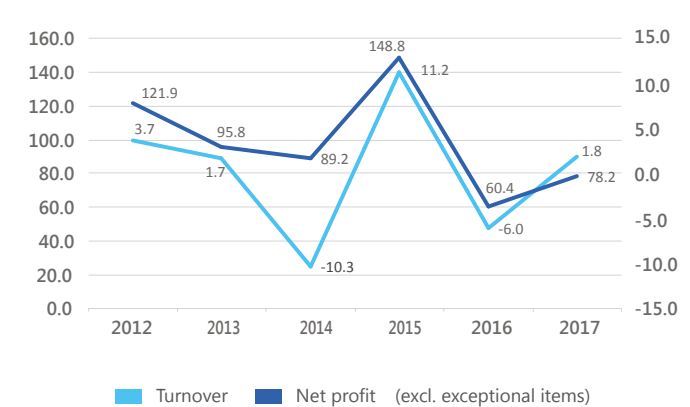
### Shareholder equity:

Shareholder equity before pension liability fell slightly by USD \$0.6m to USD \$41.4m, impacted heavily by the weakening US Dollar, down 15% year-on-year. Including the pension liability, net assets increased by USD \$2m, being 12%.

### Shareholder equity in \$m



### Turnover and net profit in \$m



### Investing in our employees' futures

Caring for our employees doesn't stop as they move on to new challenges or approach retirement. The Bewater Retirement and Security Scheme (BRASS) has seen an improvement in funding, with significant exceptional contributions on top of regular contributions.

### Turnover / profit:

Turnover for 2017 was USD \$78.2m, an increase of USD \$17.8m (30%) over the previous year, principally due to increased activity in the Middle East.

As a result of the increased activity levels, the Group reported an operating profit of USD \$2.5m and a net profit of USD \$1.8m, compared to the loss of USD \$6m in the prior year.

JULY 2016:

SEPTEMBER 2016:

NOVEMBER 2016:

DECEMBER 2016:

JANUARY 2017:

FEBRUARY 2017:

MARCH 2017:

MAY 2017:

'Section Three' completion certificate received for the award-winning Stonecutters Island Wastewater Treatment Plant in Hong Kong, which incorporates the world's largest sewage pumping station

New contract award signed for an indirect potable reuse project – the Groundwater Reliability Improvement Program (GRIP), Southern California, United States

'Best in Business' award from BDO LLP – Bewater was identified as a top performing UK business based on compound annual total sales growth over the last three years

Bewater's project in Cameroon received a boost with a supplementary agreement signed to increase the scope of works and overall contract value

Development phase loan signed for the Erbil and Sulaimani Water and Wastewater Project in Kurdistan, Iraq; Bewater announced its USD \$1.2bn contract award

'Section Four' completion certificate received for the award-winning Stonecutters Island Wastewater Treatment Plant in Hong Kong, which incorporates the world's largest sewage pumping station

New contract award signed for a pre-treatment project in Tangier, Morocco, to extend and upgrade an existing wastewater treatment plant

New contract award signed for a desalination project in Cherry Point, North Carolina, United States

Kurdistan financing highly commended in the 'Trade & Forfeiting Review Deals of 2016' – deals were applauded for a range of achievements, "From the brave, to the complex, to the persistent and the innovative"

New contract award signed for a direct potable reuse demonstration project in Daytona Beach, Florida, United States

Kurdistan deal won 'Global Trade Review Best Deals 2016'. Editorial Director, Shannon Manders, gave a special mention to the Kurdistan Region of Iraq for its debut on the awards roster