



RUBICON WATER

1H FY23 Results Presentation

23 February 2023

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ASX:RWL



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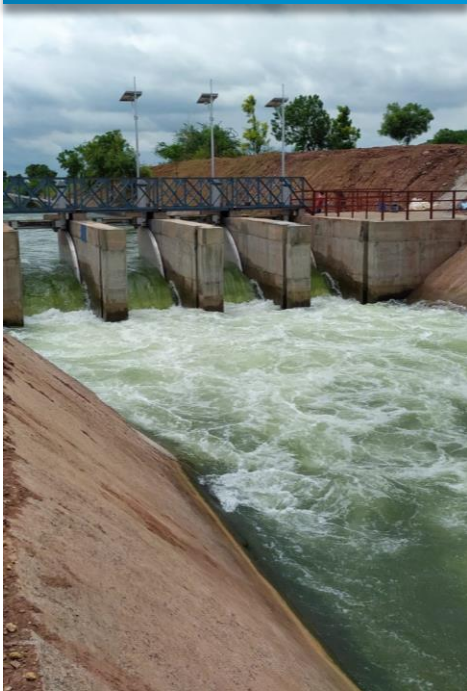
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RUBICON WATER

DELIVERING VALUE TO GOVERNMENTS, WATER MANAGERS AND FARMERS

Improved water-use
efficiency



Tail end farmers
receiving water in India



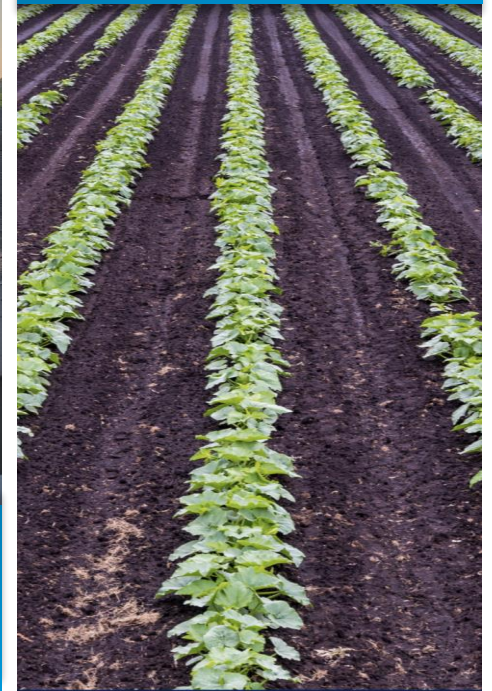
Maximum value from
investment



On-farm opportunities
increasing



Increased
food security



OVERVIEW



1H FY23 result (Revenue \$27m, Underlying EBITDA loss \$4.2m).

Materially impacted by contracting and payment delays with single Indian customer.



Positive operating cashflow expected in 2H FY23, underpinned by a broader spread of expected receipts from established markets (USA, Australia, Chile), providing balance to the unwinding of debtors in the Asia segment.

Rubicon is fully funded to deliver on FY23 growth.



Full-year forecast maintained (underlying EBITDA of greater than \$12m) amid strong expectation of contracting near-term opportunities.



Continued investment in key market 'on the ground' resources, which sets the foundation for future growth!



Significant new opportunities emerging across Asia and ROW segments. Particularly, modernisation programs in Nth Africa, Central Asia and Nth America have the potential to be transformational for the business.

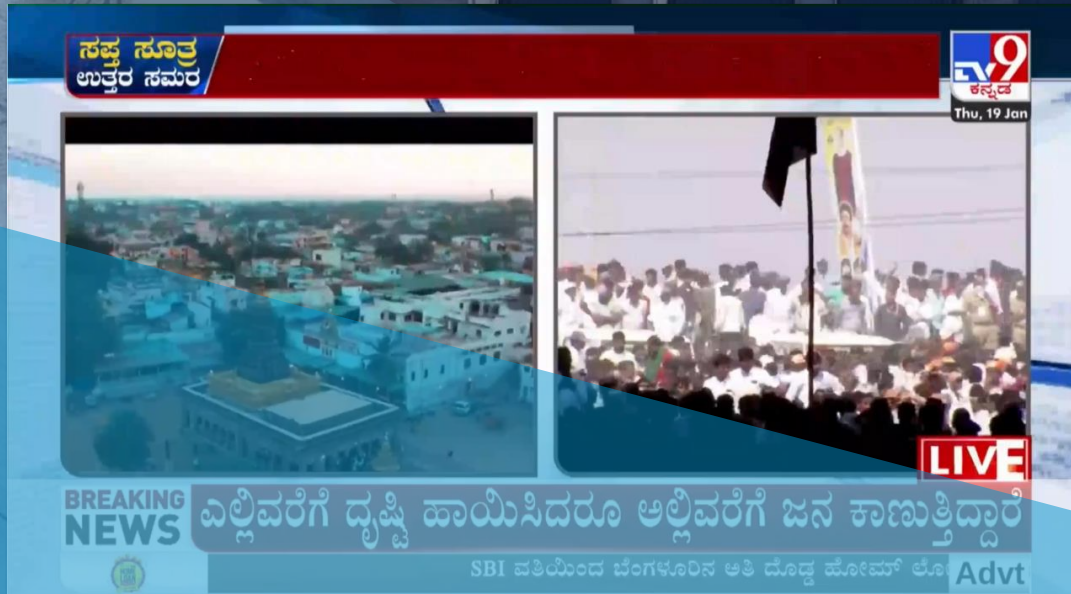


Success of existing projects and international expansion recognised by Austrade as the Australian Sustainability Exporter of the Year and by ICID with the Water Save Award

Karnataka, India

“The new system with the integrated technology will help to bring 400,000 hectares under irrigation – promoting the capability to grow more crops per drop.” – Honourable Prime Minister of India, Narendra Modi

Approximately 200,000 people in attendance and millions around the nation watched as Honourable Prime Minister, Narendra Modi, inaugurated the world's single largest canal irrigation automation project. The project included the installation of more than 4,200 automated Rubicon Water flow control gates, delivering water to more than 400,000 ha. The automated system has already improved farm productivity by up to 50%, increasing food security and is on track to improve water efficiency by 20%.



FY23 HALF-YEAR RESULTS

 Mantua, Italy

1H FY23 RESULTS



Underlying EBITDA loss of \$4.2m. Forecast FY23 Underlying EBITDA remains unchanged at \$12m.



On lower volumes, we have seen headwinds on our GM% due to a fixed nature of a portion of our cost of goods sold. GM% down 7% versus pcg as a result.

As we move into 2H FY23, with increasing revenues we expect to see a recovery in GM%.



Continued investment to ensure company is positioned to deliver on expected contract awards, including:

- Software development capacity (HC increase of 14% versus pcg)
- Maintained R&D programs
- Globalisation project – expansion of assembly & sourcing capability in India & USA

	1H FY23 \$'m	1H FY22 \$'m
Revenue	27.2	32.0
Gross margin	9.6	13.6
Gross margin (%)	35.5%	42.5%
Underlying EBITDA	(4.2)	1.3
Profit / (Loss) before tax	(6.9)	0.4
Income tax	(1.1)	(0.05)
Profit / (Loss) after tax	(5.8)	0.4

1H FY23 REVENUE PERFORMANCE

BY SEGMENT	1H FY23 \$'m	1H FY22 \$'m
ANZ	9.4	11.1
Asia	5.1	8.5
ROW	12.7	12.4
Total	27.2	32.0

BY TYPE	1H FY23 \$'m	1H FY22 \$'m
Hardware	20.7	25.7
Software & Support	3.6	3.3
Other Components & Support	2.9	3.0
Total	27.2	32.0

ANZ	Asia	ROW	Recurring Revenue
ANZ down \$1.7m (-16%) to \$9.4m: - Australia's south-east was impacted by floods in Q2, which hampered both capital works and maintenance programs in 1H. - Hardware sales were down \$1.5m, and parts and support were down \$0.2m on pcpc.	Asia down \$3.5m (-41%) to \$5.1m: - China – market was heavily impacted by COVID shutdowns over 1H. Despite this, revenue was modestly up as modernisation programs continued in Ningxia province. - India – Continued delays in contracting of additional works on KBJNL network in 1H FY23 but expected 2H FY23.	Rest of World up \$0.4m (3%) to \$12.7m: - Growth on pcpc driven out of Latin America. US, Europe & Global markets were in line with pcpc. - US has backed up a strong 1H FY22 in 1H of FY23, while progress being made in Europe and Central Asia on securing transformative projects.	Recurring revenue up \$0.2m (3.4%) to \$6.5m - Software & Support revenue up \$0.3m (10%) to \$3.6m. - Components and Support revenue down \$0.1m (-4%) to \$2.9m.

CASH FLOW STATEMENT HIGHLIGHTS

CASH FLOW FROM OPERATIONS IMPACTED BY:

Delays in Asia contract awards impacted holdings of long lead-time componentry. Inventory investment of \$3m in 1H FY23.

Execution focus in 2H FY23 on project contracting & deliver expected to lead to reduction in inventory holdings.

Timing of receipts in key markets is starting to improve. Very confident in a material unwinding of invoiced receivables in 2H FY23.

CASH FLOW FROM INVESTING

Capital program – continued investment in software development. pcip includes establishment of assembly facilities in the USA.

CASH FLOW FROM FINANCING

Cash inflow of \$2.95m in the period, net \$3.5m was drawn from HSBC facilities, while \$0.6m was paid on lease liabilities.

2H FY23 OUTLOOK

We expect working capital to release in the near term, with a move to positive operating cash flow for 2H FY23.

	1H FY23 \$'000	1H FY22 \$'000
Cash flows from operating activities	(6,943)	(10,956)
Cash flows from investing activities	(1,156)	(1,513)
Cash flows from financing activities	2,951	28,295
Cash and Cash Equivalents	9,490	20,762

BALANCE SHEET HIGHLIGHTS

Business maintains a significant total asset base of \$127m & net assets of \$70.5m

1H FY23 saw \$3m investment in inventory over the period – is essential to deliver on FY23 forecast. Expect to see a meaningful reduction in holdings in 2H FY23.

As at Dec 2022, HSBC facility limits were \$34.5m, and net bank debt was \$24.6m, meaning there was \$9.9m of cash and facilities available. Subsequent to December, the company secured additional working capital facilities of \$6m from related parties.

HSBC facilities are classified as current as they are due for renewal in August 2023.

HSBC provided covenant waiver for the December 2022 Qtr along with a forward waiver for the March 2023 Qtr.

Company is expected to be compliant with all financial covenants for the June 2023 Qtr.

	31 Dec 2022 \$'000	30 Jun 2022 \$'000
Current assets	108,990	108,284
Non-current assets	18,046	17,526
Total assets	127,036	125,810
Current liabilities	55,160	24,090
Non-current liabilities	1,340	25,573
Total liabilities	56,500	49,663
Equity	70,536	76,147

BUSINESS OPPORTUNITY

 Chile




RUBICON™

Growing Global Water Crisis

Demand for solutions to address water stress continue to consume headlines, worldwide

Is the Aral Sea a Lost Cause?

The impacts of the **Aral Sea's desiccation** are threatening the lives of millions and hopes for its revival are plummeting.

By Elena Gordillo
February 01, 2023



Prior to 1960, the Aral Sea was the fourth largest inland water reservoir in the planet, with a surface area of 66,900 square km. 1960 is a key date because it was the last time that the sea's water level was stable. Since then, production of cotton, famously referred to as "white gold" due to its economic importance in the Central Asia region, increased dramatically, and so did the demand for water. **Irrigation accounts for 92 percent of aggregate water withdrawals since 1960.**

Climate change hasn't helped either. **Shrinking glaciers** and snowfields in the Tian Shan mountains and Pamirs are expected to diminish the water inflow into the Aral Sea even further.



Lake Garda, in northern Italy, has recorded its lowest water levels, with the small island of San Biagio now accessible via an exposed pathway. The country has faced a drop in rainfall, particularly in the north, with Venice facing low tides and dried up canals. In July last year, Italy experienced its worst drought for 70 years and declared a state of emergency in the areas surrounding the Po River

CLIMATE Po River: Winter brings little relief for Italy's drought struck waterway

Water scarcity a national security threat, says Pakistan

Anwar Iqbal | Published February 18, 2023

"International investments are needed for water management, land restoration, reforestation, and for climate resilient cultivation," he said. "Innovative financing will help create jobs and sport comments and fulfill climate goals."

Africa's longest river - **The Nile - is under threat. It's essential for millions of people, including in Sudan.**

But it could vanish due to factors including rising sea levels r

Global warming and misuse of the water source by humans future.

Venice's canals dry as Italy faces new drought alert, Alps receive less than half usual snowfall

Posted 19h ago



TECH & SCIENCE

Lake Powell Water Levels Hit Historic Low. What Happens Now?

BY ROBYN WHITE ON 2/20/23 AT 6:28 AM EST

U.S. Drought By Numbers As Lake Mead And Lake Powell Nears Deadpool



The Colorado River war and the growing problem of less water

With water supply dwindling, the West must decide who gets what

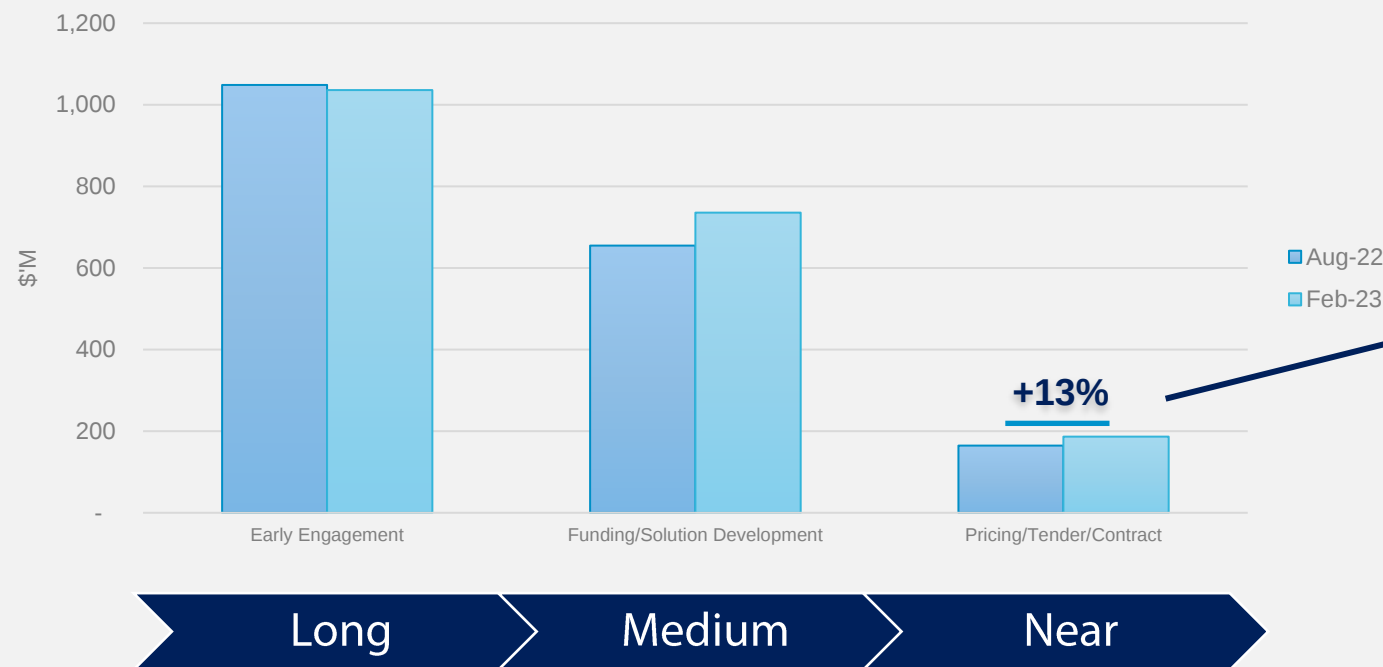


Craig Hastings/Getty Images

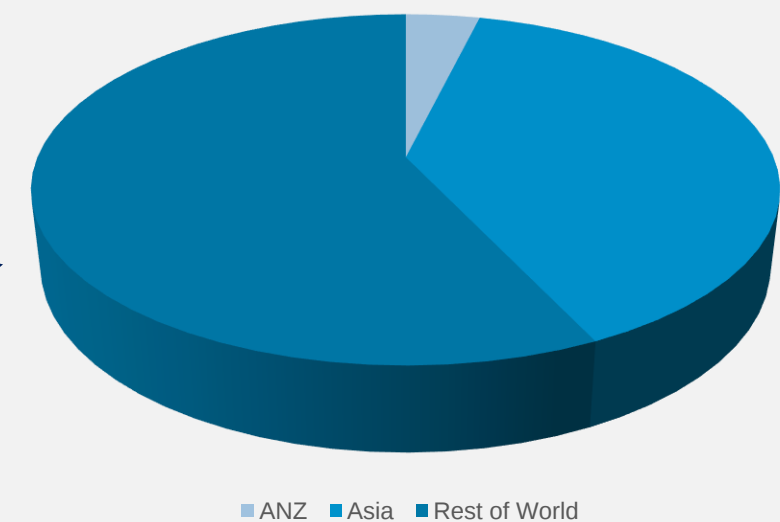


PROJECT PIPELINE

RWL – PIPELINE PROGRESS



NEAR-TERM PROJECTS – BY SEGMENT



NEAR-TERM PROJECT VALUE HAS CONTINUED TO GROW ~13%

Pleasant progress in ROW segment – Europe, North Africa and Central Asia.

Growth in near-term opportunities has been boosted by global themes, including droughts in Europe and North America.

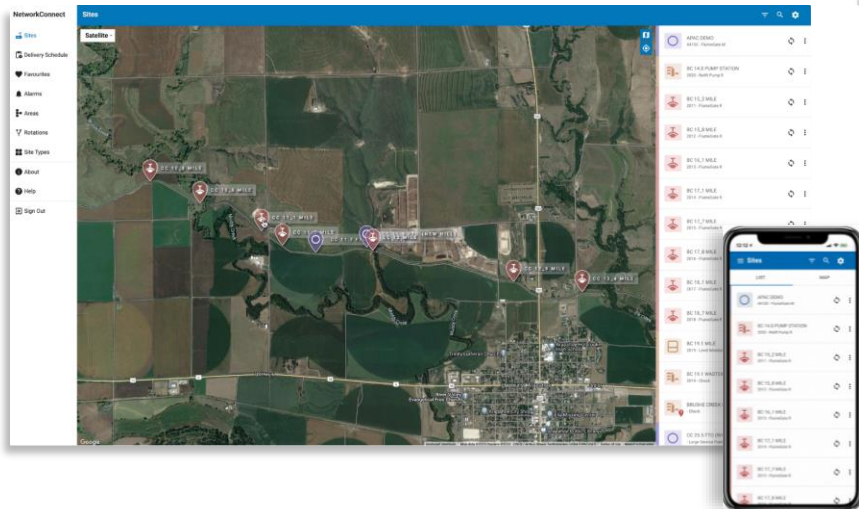
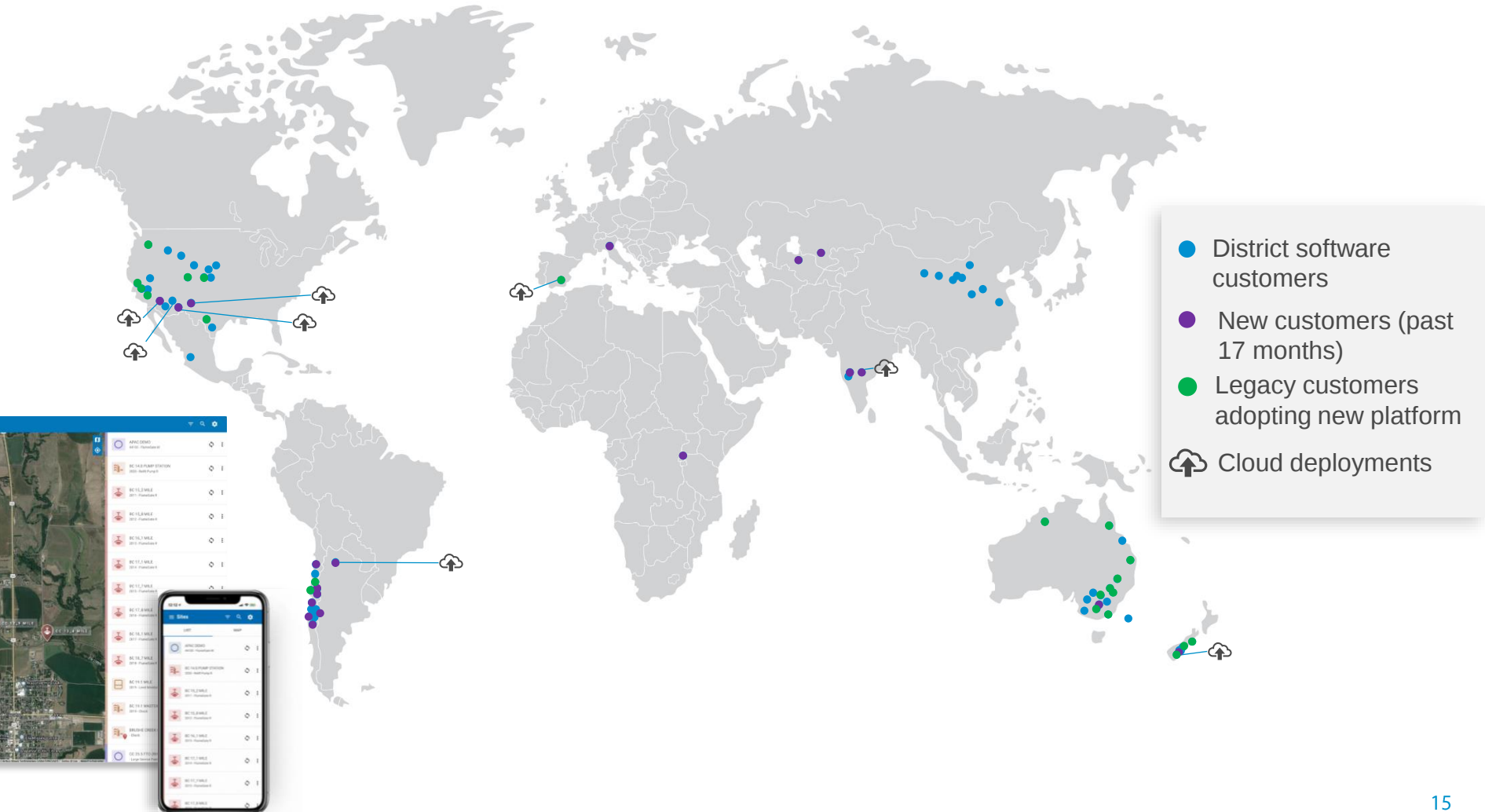
Continued investment in Europe aligning with increased government funding for modernisation projects in Italy and opportunities in Morocco.

NEW SOFTWARE PLATFORM

New customers and cloud deployments

In 2022, the software team onboarded a record number of new customers – doubling previous years.

This occurred while devoting record % capacity to new product roadmap, while maintaining a compounding set of customers with upgrades.



RUBICON CASE STUDY

 Coleambally, Australia

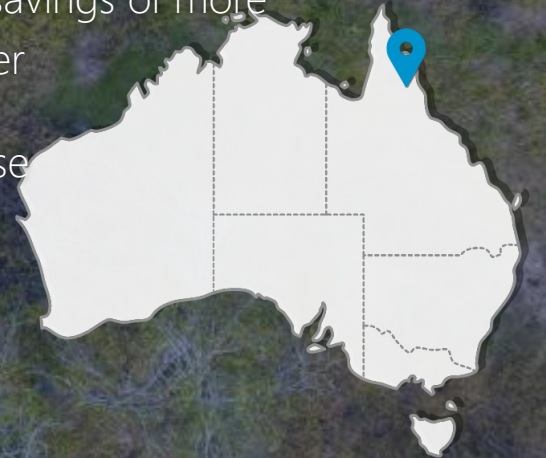


Mareeba, Queensland

Recently-completed infrastructure modernisation and water efficiency works will create new annual water allocations for sale to support an increase in high-value crop production

The Far North Queensland project will enhance water delivery to more than 17,000 ha of farmland.

Completed in late-2021, Sunwater's Mareeba-Dimbulah Efficiency Improvement Project saw the replacement and installation of 125 automated control gates and 157 farm offtakes. Collection from 12 months of data estimates water savings of more than 8,000 ML per year, supporting an annual increase of up to \$50m in high-value crop production.



SUMMARY

1

Despite a challenging 1H FY23, guidance for FY23 remains unchanged with underlying EBITDA to exceed \$12m.

2

Sales pipeline continues to grow and progress – total pipeline in excess of \$1.9bn.

Within the pipeline, near-term opportunities have increased by 13% since Company's August update.

3

Rubicon continues to look to the future with investments in:

- Globalisation project
- R&D program
- Software development capacity

4

Rubicon is funded to deliver on expected FY23 growth.

2H FY23 cashflow underpinned by a broader spread of expected receipts from established markets, balancing the unwinding of debtors in the Asia segment.

5

ASIA

Significant contract award in China, confident in outlook as BAU returns.

In India, project extension decision imminent (tender process in progress), with other meaningful projects expected to occur in 2H FY23.

6

ROW

Major opportunities are emerging, particularly in Nth Africa, Central Asia and Nth America, with several of these having the potential to be transformational for the business.

7

The timing of significant contract awards may continue to affect the ability to deliver consistent financial outcomes. Over time, the realisation of various pipeline opportunities is expected to deliver growth and greater earnings stability.

The background image shows a concrete water control structure, possibly a gate or weir, with water flowing over it. Two workers are standing on a metal platform above the structure. One worker is wearing a white hard hat and a dark jacket, while the other is wearing a blue face mask and a red and black jacket. The scene is outdoors with trees and a fence in the background. A white wavy line graphic is overlaid on the right side of the image.

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