



Third Quarter 2016 Earnings Call

November 18, 2016

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Statements in this presentation regarding management's future expectations, beliefs, intentions, goals, strategies, plans or prospects, including, without limitation, statements relating to AquaVenture's strategic focus, its ability to provide purified water to the mining sector, its ability to improve plant performance and profitability, and future expansion opportunities, constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 and other federal securities laws. Forward-looking statements can be identified by terminology such as "anticipate," "believe," "could," "could increase the likelihood," "estimate," "expect," "intend," "is planned," "may," "should," "will," "will enable," "would be expected," "look forward," "may provide," "would" or similar terms, variations of such terms or the negative of those terms. Such forward-looking statements involve known and unknown risks, uncertainties and other factors including those risks, uncertainties and factors detailed in AquaVenture's filings with the Securities and Exchange Commission. As a result of such risks, uncertainties and factors, AquaVenture's actual results may differ materially from any future results, performance or achievements discussed in or implied by the forward-looking statements contained herein. AquaVenture is providing the information in this presentation as of this date and assumes no obligations to update the information included in this presentation or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Third Quarter 2016 Highlights and Recent Developments

- ◆ Total revenues increased to \$28.9 million, or 6.4% from \$27.1 million during the same period a year ago
 - Seven Seas Water revenue increased to \$13.9 million, or 3.5% from \$13.4 million during the same period a year ago
 - Quench revenue increased to \$15.0 million, or 9.2% from \$13.7 million during the same period a year ago
- ◆ Net loss was \$4.7 million compared to a net loss of \$4.1 million for the same period of 2015.
- ◆ Adjusted EBITDA increased to \$9.7 million, or 29.7% compared to \$7.5 million during the same period a year ago. Adjusted EBITDA Margin increased to 33.7% from 27.6% for the same period of 2015.
- ◆ On October 12, 2016, the Company completed its initial public offering (“IPO”), issuing 7,475,000 shares of common stock at \$18.00 per share for total net proceeds of approximately \$119.9 million after deducting the underwriters’ discount and other IPO related expenses payable by the Company.
- ◆ On October 31, 2016, the Company completed the acquisition of all the outstanding shares of Aguas de Bayovar S.A.C and all of the rights and obligations under a design and construction contract for a desalination plant and related infrastructure located in Peru for a total purchase price of approximately \$46 million.

One WAAS Business, Two Platforms

Seven Seas Water (SSW) (49% of Revenue ⁽¹⁾)

Bulk Clean Water Supply Platform

- ◆ Provides desalination, wastewater treatment and water reuse services
- ◆ Currently operates 10 plants under long-term agreements
- ◆ Primary water supplier to the U.S. Virgin Islands, the British Virgin Islands and Dutch St. Maarten
 - Significant plant operations in Trinidad and Curacao
 - Began operations in Peru in October 2016 through Bayovar acquisition
- ◆ Strategic inventory of quick-deploy units for emergency situations



© Seven Seas Water

Quench (51% of Revenue ⁽¹⁾)

Point-of-Use (POU) Water Filtration Platform

- ◆ One of the largest providers of POU filtered water and related services in the U.S.
- ◆ Serving ~40,000 customers with more than 89,000 company-owned units in over 250 metropolitan statistical areas (MSAs), including 45 of the top 50 ⁽²⁾
 - Customers include more than half of the Fortune 500
- ◆ New contracts are typically 3 years and auto-renewing and the implied average rental period is over 11 years
 - 7.8% annual unit attrition rate as of September 30, 2016

Water Coolers		Ice and Sparkling Water Machines		Coffee Machines	
					
Quench 750	Quench 810	Quench 525	Quench 980	Quench 152	Quench 160
					
Quench 735			Quench 975		

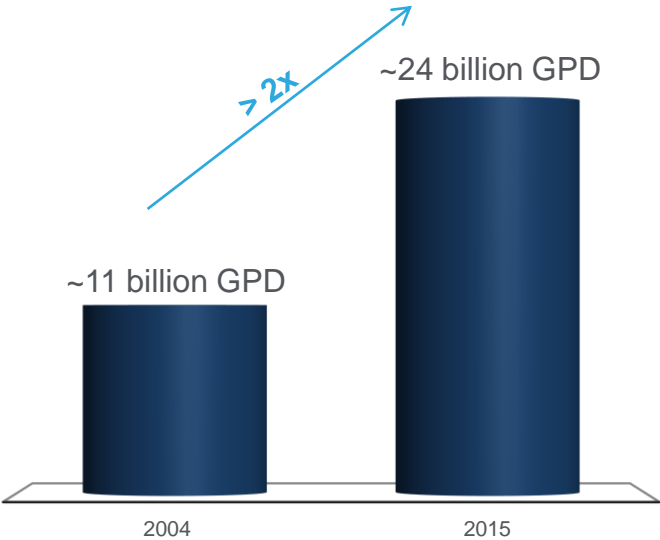
(1) Based on YTD 2016 revenue.
 (2) 2010 U.S. Census.

Attractive Market Dynamics

Global Medium-Scale Desalination

- 💧 ~\$6 billion global medium-scale desalination market ⁽¹⁾
- 💧 ~29% of the global desalination capacity is supplied by medium-scale plants ⁽¹⁾
 - Medium-scale plants defined as those with capacity of 3 million gallons per day (MGD) to 13 MGD
- 💧 Desalination is an economical solution due to improved technology

Global Contracted Desalination Capacity ⁽¹⁾

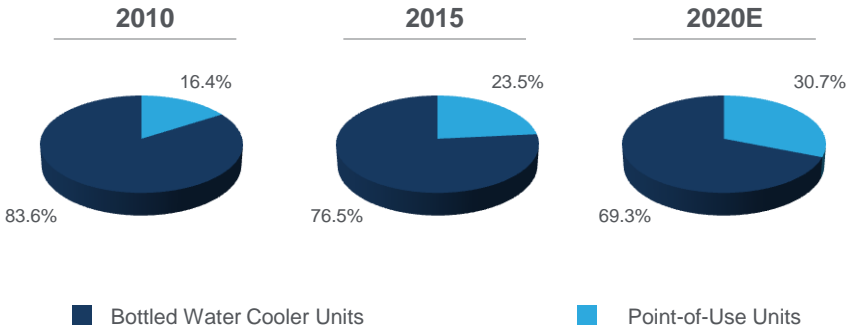


Note: GPD = gallons per day.
 (1) Global Water Intelligence (GWI) Desalination Markets 2016 report.
 (2) 2015 Zenith USA POU and Bottled Coolers Report.

Point-of-Use Water Filtration ⁽²⁾

- 💧 \$4.2 billion of revenues generated in 2015 from the U.S. water cooler market, including bottled water coolers (BWC) and POU, on an installed base of more than 5.8 million units
 - 1.4 million total installed POU units and growing
 - POU projected to grow at ~9.0% per year
- 💧 POU taking share from BWC – POU share was 16.4% in 2010 and is expected to grow to 30.7% by 2020
 - Average BWC customer spends \$70.56 per month versus average POU unit rent of \$35.15
 - Environmentally sustainable and hassle-free

Evolution of the U.S. POU Market ⁽²⁾



Our Water-as-a-Service Value Proposition

For Customers

Outsourcing of a Non-core Activity to Water Experts

Limited Upfront Capital Investment

Higher Reliability and Better Quality

More Predictable Lifecycle Cost

Healthy, Hassle-free and Environmentally Sustainable

For AquaVenture and Shareholders

Contracted, Recurring Revenue

Attractive Unit Economics, High Margins and Strong Cash Flow

Attractive Return on Capital Deployed

Strong Customer Retention

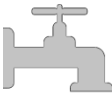
Significant Opportunity to Expand and Extend Customer Lifetime Value

Seven Seas Water (SSW) Platform Overview

SSW Overview

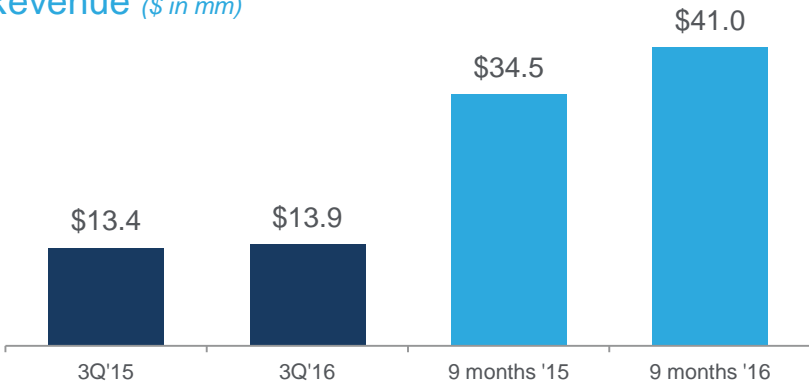
- Provides desalination, wastewater treatment and water reuse services
- Currently operates 10 plants under long-term agreements
- Primary water supplier to the US Virgin Islands, the British Virgin Islands, and Dutch St. Maarten
 - Significant plant operations in Trinidad and Curacao
 - Began operations in Peru in October 2016 through Bayovar acquisition
- Strategic inventory of quick-deploy units for emergency situations
- **Third Quarter 2016 Results:**
 - Revenues of \$13.9 million
 - Gross Margin of 44.6%
 - Net Loss of \$2.4 million
 - Adj. EBITDA of \$5.8 million and Adj. EBITDA Margin of 41.8%

Markets We Serve

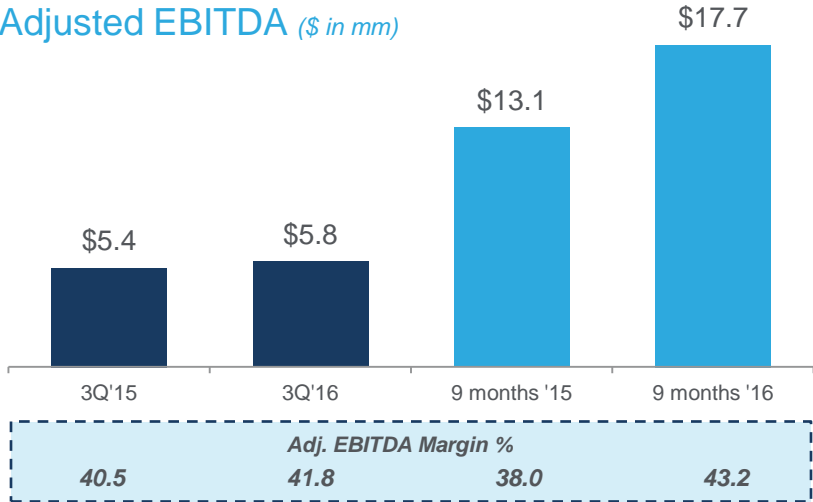


Industrial 	Municipal
Energy 	Commercial

Revenue (\$ in mm)



Adjusted EBITDA (\$ in mm)



Overview

- On October 31, 2016, AquaVenture acquired all of the outstanding shares of Aguas de Bayovar and rights and obligations under a related design and construction contract and related infrastructure located in Peru
- Bayovar operates a 2.7 MGD water desalination plant that produces water for a phosphate mine in Peru
- The O&M agreement covers the desalination plant and associated infrastructure
- The design and construction contract includes a long-term note receivable from the customer related to the financing of the desalination plant and related infrastructure
- The aggregate purchase price for the acquisition was approximately \$46 million in cash

Transaction Rationale

- The seller experienced difficulty as this is the only seawater reverse osmosis plant it operated
- We believe that we can improve performance, thereby increasing reliability of water supply for the customer as well as plant profitability
- We believe that there will be opportunities to expand the plant
- Acquisition is a result of our strategy to acquire desalination assets from single-plant owner / operators

Quench Platform Overview

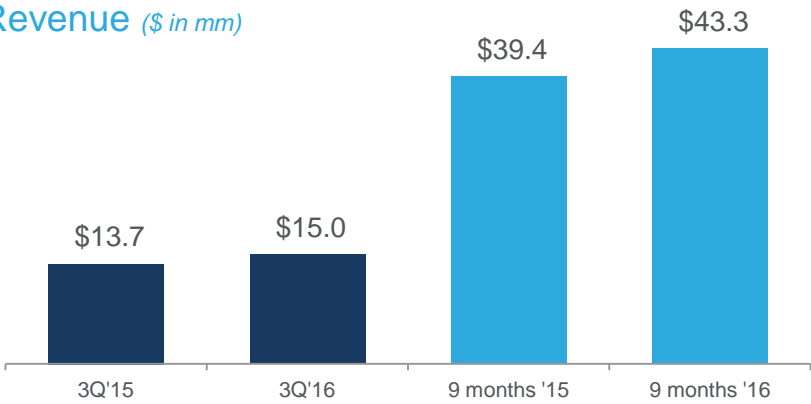
Quench Overview

- Provider of POU filtered water and related services in the U.S.
- Serving more than 40,000 customers with over 89,000 company-owned units in 50 states, D.C. and Puerto Rico, including over half of the Fortune 500
- New contracts are typically 3 years and auto-renewing, and the average customer life is over 10 years
 - 7.8% annual unit attrition rate as of September 30, 2016
- Third Quarter 2016 Results:**
 - Revenues of \$15.0 million
 - Gross Margin of 55.9%
 - Net Loss of \$2.4 million
 - Adj. EBITDA of \$3.9 million and Adj. EBITDA Margin of 26.2%

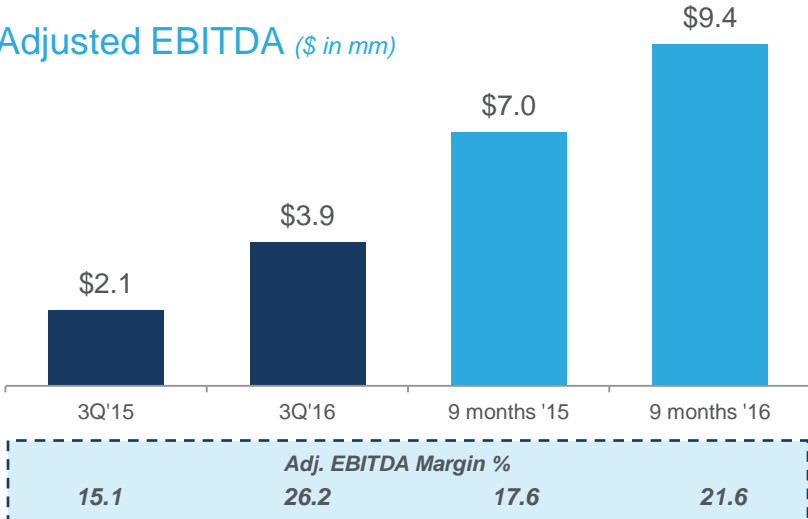
Markets We Serve



Revenue (\$ in mm)



Adjusted EBITDA (\$ in mm)



Differentiated Water-as-a-Service (WAAS™) Business Model

What is WAAS?

The supply of drinking and process water to municipal, industrial and commercial customers under long-term contracts using company-owned facilities and equipment

- 1 Contracted, recurring revenue
- 2 Attractive unit economics and high margins
- 3 Rapid payback period and attractive rates of return on investment
- 4 Strong customer retention
- 5 Significant opportunity to expand and extend customer lifetime value

Income Statement

AquaVenture Holdings Limited and Subsidiaries
Unaudited Condensed Consolidated Statements of Operations
(In Thousands)

	Three months ended		Nine months ended	
	September 30, 2016	September 30, 2015	September 30, 2016	September 30, 2015
Revenues:				
Bulk water	\$ 13,879	\$ 13,404	\$ 40,951	34,515
Rental	12,396	11,422	36,153	33,376
Other	2,583	2,301	7,147	6,034
Total revenues	<u>28,858</u>	<u>27,127</u>	<u>84,251</u>	<u>73,925</u>
Cost of revenues:				
Bulk water	7,683	8,061	22,976	21,095
Rental	5,256	5,326	15,989	14,825
Other	1,356	1,047	3,863	3,075
Total cost of revenues	<u>14,295</u>	<u>14,434</u>	<u>42,828</u>	<u>38,995</u>
Gross profit	14,563	12,693	41,423	34,930
Selling, general and administrative expenses	<u>15,112</u>	<u>13,214</u>	<u>43,264</u>	<u>36,627</u>
Loss from operations	(549)	(521)	(1,841)	(1,697)
Other expense:				
Interest expense, net	(2,802)	(2,569)	(8,231)	(5,979)
Other expense	(86)	(101)	(221)	(228)
Loss before income tax expense	<u>(3,437)</u>	<u>(3,191)</u>	<u>(10,293)</u>	<u>(7,904)</u>
Income tax expense	1,275	878	2,633	2,342
Net loss	<u>\$ (4,712)</u>	<u>\$ (4,069)</u>	<u>\$ (12,926)</u>	<u>\$ (10,246)</u>

Adjusted EBITDA Reconciliation and Adjusted EBITDA Margin

AquaVenture Holdings Limited and Subsidiaries
Unaudited Reconciliation of Non-GAAP Financial Data
(In Thousands)

A reconciliation of our GAAP net loss to Adjusted EBITDA for the periods presented is shown below:

	<u>Three Months Ended September 30, 2016</u>			<u>Three Months Ended September 30, 2015</u>		
	<u>Seven Seas Water</u>	<u>Quench</u>	<u>Total</u>	<u>Seven Seas Water</u>	<u>Quench</u>	<u>Total</u>
	(in thousands)					
Net loss	\$ (2,355)	\$ (2,357)	\$ (4,712)	\$ (1,729)	\$ (2,340)	\$ (4,069)
Depreciation and amortization	4,183	3,519	7,702	4,036	2,712	6,748
Interest expense, net	1,775	1,027	2,802	1,543	1,026	2,569
Income tax expense (benefit)	1,275	—	1,275	701	177	878
Share-based compensation expense	189	199	388	482	350	832
Loss on disposal of assets	6	410	416	—	142	142
Acquisition-related expenses	438	—	438	106	7	113
Initial public offering costs	—	—	—	—	—	—
Changes in deferred revenue related to our bulk water business	285	—	285	285	—	285
ERP implementation charges for a SAAS solution	—	1,129	1,129	—	—	—
Adjusted EBITDA	<u>\$ 5,796</u>	<u>\$ 3,927</u>	<u>\$ 9,723</u>	<u>\$ 5,424</u>	<u>\$ 2,074</u>	<u>\$ 7,498</u>
Adjusted EBITDA Margin	41.8 %	26.2 %	33.7 %	40.5 %	15.1 %	27.6 %

Adjusted EBITDA, a non-GAAP financial measure, is defined as earnings (loss) before net interest expense, income taxes, depreciation and amortization as well as adjusting for the following items: share-based compensation expense, gain or loss on disposal of assets, acquisition-related expenses, impairment charges, changes in deferred revenue related to our bulk water business, enterprise resource planning system implementation charges for a software as a service solution, initial public offering costs and certain adjustments recorded in connection with purchase accounting for acquisitions. Adjusted EBITDA should not be considered a measure of financial performance under GAAP. Management believes that the use of Adjusted EBITDA, which is used by management as a key metric to assess performance, provides consistency and comparability with our past financial performance, and facilitates period-to-period comparisons of operations. Management believes that it is useful to exclude certain charges, such as depreciation and amortization, and non-core operational charges from Adjusted EBITDA because (1) the amount of such expenses in any specific period may not directly correlate to the underlying performance of our business operations and (2) such expenses can vary significantly between periods as a result of the timing of acquisitions or restructurings.

Adjusted EBITDA Margin, a non-GAAP financial measure, is defined as Adjusted EBITDA as a percentage of revenues.

Select Balance Sheet and Cash Flow Items

Balance Sheet	As of September 30, 2016:	As of December 31, 2015:
Cash and Cash Equivalents	\$25.0 million	\$17.8 million
Total Current Assets	\$54.9 million	\$45.0 million
Total Long-Term Debt	\$150.2 million	\$137.4 million
Cash Flow	9 months ended September 30, 2016:	9 months ended September 30, 2015:
Net Cash from Operating Activities	\$11.9 million	\$9.2 million
Capital Expenditures and Long-Term Contract Expenditures	\$16.6 million	\$18.3 million



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AQUAVENTUREHOLDINGS™

Q&A