

AQUAVENTUREHOLDINGS™



Fourth Quarter and Full Year 2016 Earnings Call

March 16, 2017

Safe Harbor Statement

Statements in this presentation regarding management's future expectations, beliefs, intentions, goals, strategies, plans or prospects, include, without limitation, statements relating to AquaVenture's forecast of full-year 2017 financial results; its strategic focus; its ability to improve plant performance and profitability; the impacts on operating results of the timing, size and accounting treatment of acquisitions, customer contract amendments (including those that result in changes to water rates), and variations in the volume of water purchased by our customers; 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.

Fourth Quarter 2016 Highlights

- ◆ Total revenues of \$29.8M, an increase of 13.0% over prior year period
 - Seven Seas Water revenue increased to \$14.9M, or 15.3%
 - Quench revenue increased to \$14.9M, or 10.8%
- ◆ Net loss of \$7.5M compared to a net loss of \$31.5M in the prior year period
- ◆ Net loss per share of \$(0.28) for the period from October 6, 2016 through December 31, 2016, the period following our corporate reorganization and IPO
- ◆ Adjusted EBITDA was \$8.9M, compared to \$7.2M in the prior year period
- ◆ Cash collected on the design and construction contract acquired in our Peru acquisition was \$1.4M, compared to \$0 in the prior year period
- ◆ Completed our IPO on October 5, 2016 generating gross proceeds of \$134.5M
- ◆ Closed the Aguas de Bayovar acquisition and design and construction contract in Peru on October 31, 2016 for an aggregate purchase price of \$46.5M

Full Year 2016 Highlights

- Total revenues of \$114.1M, an increase of 13.7% over prior year
 - Seven Seas Water revenue increased to \$55.9M, or 17.7%
 - Quench revenue increased to \$58.2M, or 10.1%
- Net loss of \$20.5M compared to a net loss of \$41.8M in prior year
- Adjusted EBITDA was \$36.0M, compared to \$27.3M in the prior year
- Cash collected on the design and construction contract acquired in our Peru acquisition was \$1.4M, compared to \$0 in the prior year

Other Updates

- 💧 Pending Sale of GE Water

- 💧 BVI Contract Negotiations

- Seven Seas Water signed a non-binding MOU with the BVI Government regarding the Paraquita Bay Water Purchase Agreement, which currently extends to 2030
- Goal is to help lower the overall cost of water and expand the water supply to people of the BVI
- Expected impact of proposed amendments were incorporated into Company financial forecasts prior to IPO and are included in our 2017 outlook

- 💧 Internal Control Update

- 💧 Lock-up Expiration

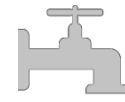


Seven Seas Water (SSW) Platform Overview

SSW Overview

- ◆ **Completed Aguas de Bayovar acquisition in Peru in Q4**
 - Final purchase price of \$46.5M
 - \$1.4M bargain purchase gain, net of deferred taxes
- ◆ **Fourth Quarter 2016 Results:**
 - Revenues of \$14.9M
 - Gross Margin of 42.4%
 - Other income includes \$1.6M gain on early debt extinguishment of the BVI seller note
 - Net Income of \$1.7M
 - Adjusted EBITDA of \$5.2M and Adjusted EBITDA Margin of 35.1%
 - \$1.4M cash collected on the design and construction contract acquired in our Peru acquisition in Q4

Markets We Serve



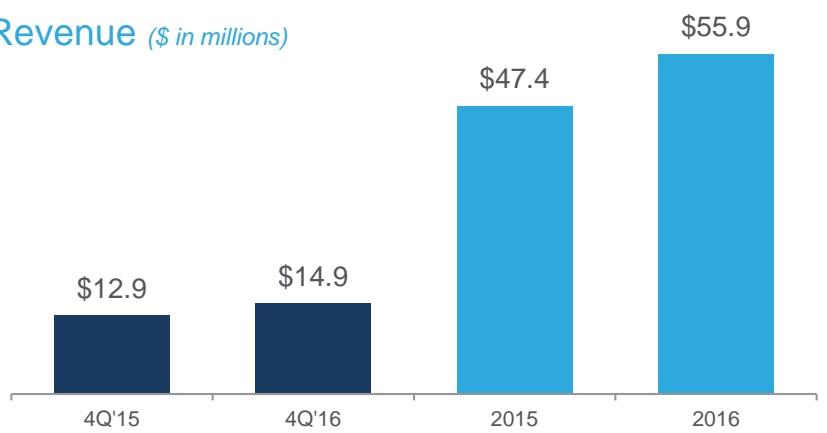
Industrial

Municipal

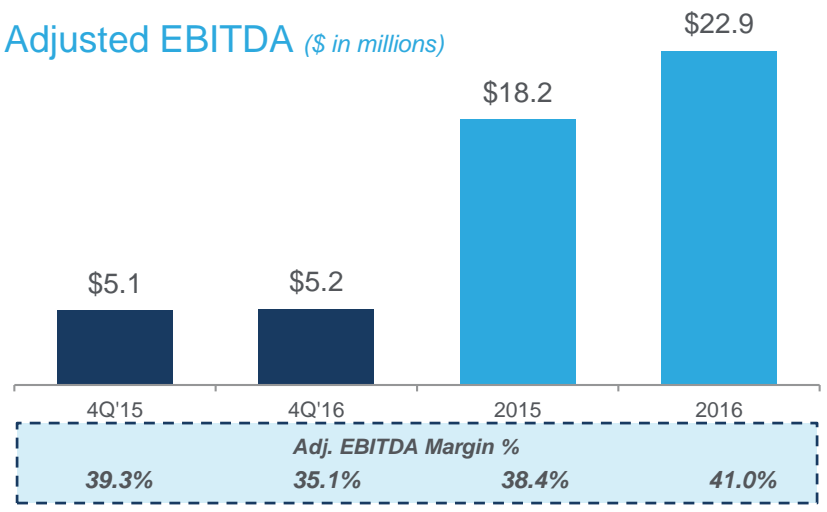
Energy

Commercial

Revenue (\$ in millions)



Adjusted EBITDA (\$ in millions)



Quench Platform Overview

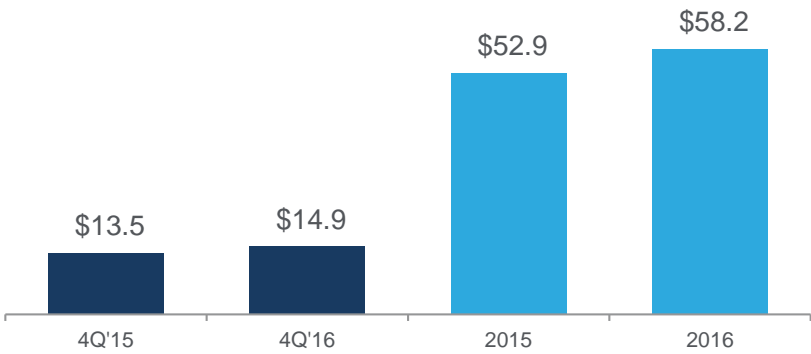
Quench Overview

- Serving more than 40,000 customers with over 90,000 company-owned units in 50 states, D.C. and Puerto Rico, including over half of the Fortune 500
- ~8% annual unit attrition rate as of December 31, 2016
- **Fourth Quarter 2016 Results:**
 - Revenues of \$14.9M
 - Gross Margin of 55.0%
 - Net Loss of \$9.3M, including \$6.1M of one-time IPO triggered compensation and \$1.3M of ERP implementation expenses
 - Adjusted EBITDA of \$3.7M and Adjusted EBITDA Margin of 24.6%

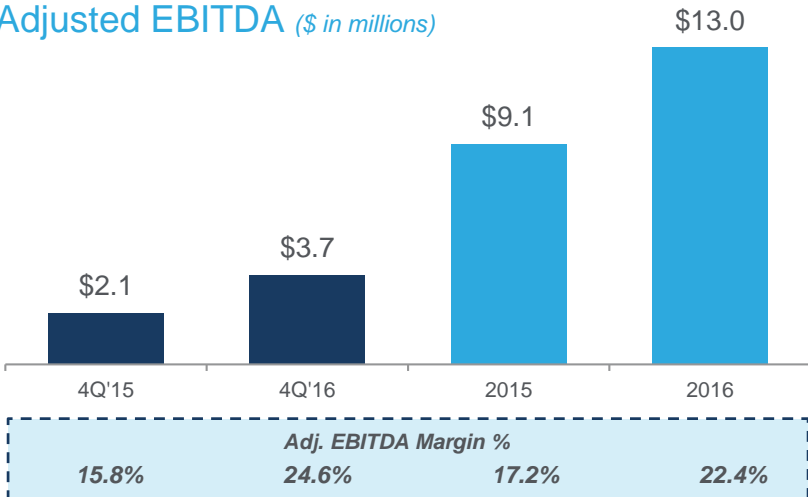
Markets We Serve



Revenue (\$ in millions)



Adjusted EBITDA (\$ in millions)



Income Statement

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

	Three months ended		Year ended	
	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
Revenues:				
Bulk water	\$ 14,910	\$ 12,929	\$ 55,861	\$ 47,444
Rental	12,546	11,278	48,699	44,654
Other	2,393	2,203	9,540	8,237
Total revenues	<u>29,849</u>	<u>26,410</u>	<u>114,100</u>	<u>100,335</u>
Cost of revenues:				
Bulk water	8,581	7,995	31,557	29,090
Rental	5,448	5,385	21,437	20,210
Other	1,279	1,115	5,142	4,190
Total cost of revenues	<u>15,308</u>	<u>14,495</u>	<u>58,136</u>	<u>53,490</u>
Gross profit	14,541	11,915	55,964	46,845
Selling, general and administrative expenses	24,895	12,810	68,159	49,437
Goodwill impairment expense	-	27,353	-	27,353
Loss from operations	(10,354)	(28,248)	(12,195)	(29,945)
Other income (expense):				
Interest expense, net	(2,319)	(2,528)	(10,550)	(8,507)
Other income (expense)	2,949	(136)	2,728	(364)
Loss before income tax expense	(9,724)	(30,912)	(20,017)	(38,816)
Income tax expense (benefit)	(2,178)	631	455	2,973
Net loss	\$ (7,546)	\$ (31,543)	\$ (20,472)	\$ (41,789)

Key Metrics and Reconciliation of Non-GAAP Financial Data

AquaVenture Holdings Limited and Subsidiaries Unaudited Key Metrics

Key metrics, including a reconciliation of our GAAP net income (loss) to Adjusted EBITDA, for the periods presented is shown below (in thousands):

	Three months ended December 31, 2016			Three months ended December 31, 2015		
	Seven Seas			Seven Seas		
	Water	Quench	Total	Water	Quench	Total
Net income (loss)	\$ 1,740	\$ (9,286)	\$ (7,546)	\$ (2,313)	\$ (29,230)	\$ (31,543)
Depreciation and amortization	4,272	3,381	7,653	3,866	2,828	6,694
Interest expense, net	1,239	1,080	2,319	1,499	1,029	2,528
Income tax expense (benefit)	(2,178)	-	(2,178)	1,162	(531)	631
Share-based compensation expense	1,730	830	2,560	486	343	829
Loss on disposal of assets	1	306	307	6	339	345
Acquisition-related expenses	1,182	-	1,182	87	-	87
Goodwill impairment	-	-	-	-	27,353	27,353
Gain on bargain purchase, net of deferred taxes	(1,429)	-	(1,429)	-	-	-
Changes in deferred revenue related to our bulk water business	285	-	285	285	-	285
ERP implementation charges for a SAAS solution	-	1,272	1,272	-	-	-
IPO triggered compensation	-	6,087	6,087	-	-	-
Gain on debt extinguishment	(1,610)	-	(1,610)	-	-	-
Adjusted EBITDA	\$ 5,232	\$ 3,670	\$ 8,902	\$ 5,078	\$ 2,131	\$ 7,209
Adjusted EBITDA Margin	35.1%	24.6%	29.8%	39.3%	15.8%	27.3%
Cash collected on design and construction contract	\$ 1,351	\$ -	\$ 1,351	\$ -	\$ -	\$ -

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, goodwill impairment charges, changes in deferred revenue related to our bulk water business, enterprise resource planning ("ERP") system implementation charges for a software-as-a-service ("SAAS") solution, initial public offering costs, gains (losses) on extinguishment of debt, one-time IPO triggered compensation, gains on bargain purchases, net of deferred taxes 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 revenue.

Cash collected on design and construction contract. Pursuant to our Peru Acquisition, we acquired the rights to a design and construction contract that includes monthly installment payments for the construction of the related desalination plant and related infrastructure. These payments are accounted for as a note receivable as a result of the structure of the contractual arrangement, which differs from existing contracts in our Seven Seas Water business. Cash collected on the design and construction contract include both principal and interest payments received during the period, none of which are included in Adjusted EBITDA.

Select Balance Sheet Items

Balance Sheet	As of December 31, 2016:	As of December 31, 2015:
Cash and Cash Equivalents	\$95.3M	\$17.8M
Total Debt	\$143.7M	\$137.4M
Working Capital	\$75.9M	\$5.6M



Select Cash Flow Items

Cash Flow	Quarter ended December 31, 2016:	Quarter ended December 31, 2015:
Net Cash from Operating Activities	\$1.7M	\$0.4M
Capital Expenditures and Long-Term Contract Expenditures	\$3.5M	\$4.7M

Cash Flow	Year ended December 31, 2016:	Year ended December 31, 2015:
Net Cash from Operating Activities	\$13.6M	\$9.6M
Capital Expenditures and Long-Term Contract Expenditures	\$20.0M	\$23.0M

Agua de Bayovar, Peru – Update and Impact on Financials

- Completed acquisition on October 31 – Q4 2016 results include 2 months of operations
- Rights to payments under the design and construction contract accounted for as note receivable
 - Anticipate receipt of ~\$2M per quarter through 2024
 - Received \$1.4M in Q4 2016
 - Amounts excluded from revenues and Adjusted EBITDA
 - Contract structure maintained to preserve specific credit attributes
- Operating and Maintenance agreement through 2037
 - Amounts recorded in revenues and Adjusted EBITDA



2017 Outlook

- 💧 For the full year 2017, the Company expects to achieve the following financial results:
 - Revenues between \$127M and \$132M, of which approximately 8% is expected to be inorganic (including the operations in Peru)
 - Adjusted EBITDA between \$37M and \$41M
 - Cash collected on the design and construction contract acquired in our Peru acquisition projected to be \$8.1M annually (~\$2M per quarter)
- 💧 Revenues and Adjusted EBITDA targets include increases from both organic and inorganic growth
- 💧 Anticipate quarterly results to be more heavily weighted towards the second half of the year driven principally by the timing of projected M&A contributions

The above statements are based on current targets. These statements are forward-looking and actual results may differ materially.

AquaVenture does not provide GAAP financial measures on a forward-looking basis because we are unable to predict with reasonable certainty the ultimate outcome of unusual gains and losses, acquisition-related expenses and purchase accounting fair value adjustments, among other factors, without unreasonable effort. These items are uncertain, depend on various factors, and could be material to our results computed in accordance with GAAP.



AQUAVENTUREHOLDINGS™

Q&A