



RUBICON™

# RUBICON WATER

## FY22 Half Year Results Presentation

24 Feb 2022

Presenters: Bruce Rodgerson CEO / Jason York CFO

ASX:RWL

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## DELIVERING VALUE TO GOVERNMENTS, WATER MANAGERS AND FARMERS

Improved water-use  
efficiency



Globally-competitive  
farmers



Maximum value from  
investment



Improved  
economic output



Increased  
food security



# HALF-YEAR REPORT HIGHLIGHTS



Sales pipeline continues to build substantially (~ +\$200m to \$1.8b), good progression through the funnel



Exciting project awards in new & key target markets



In country activity returning to BAU  
CEO travelling to India in March



Proactively managing global supply-chain issues by investment in inventory and forward purchase commitments



Half-year results in line with December update. (Rev \$32m, Underlying EBITDA \$1.3m)



COVID contributing to Project award delays in Asia (~\$8m Rev 1H) expected to clear in the near term



Group 2H revenue will be positively impacted by sales growth & delivery on 1H contracted works - expected to exceed pcg



Rubicon continues to be well capitalised to fund expected future pipeline conversion



# FY22 HALF-YEAR RESULTS

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# 1H FY22 RESULT



1H22 result in line with internal expectations anticipated in the December market update.



GM% down 4.3% vs pcp. Fixed nature of portion of cost of goods sold has an adverse impact on GM% at lower volumes.



Continued investment in in market resources and global supply chain project

	1H FY22 \$m	1H FY21 \$m
Revenue	32.0	40.2
Gross margin	13.6	18.8
Gross margin (%)	42.5%	46.8%
Normalised Underlying EBITDA*	1.3	7.9
Profit before tax	0.4	7.0
Income tax	(0.05)	1.8
Profit after tax	0.4	5.2

\*HY21 normalised for JobKeeper & Listed company costs

# REVENUE PERFORMANCE 1H FY22

BY SEGMENT	1H FY22 \$M	1H FY21 \$M
ANZ	11.1	8.0
Asia	8.5	25.9
ROW	12.4	6.3
<b>Total</b>	<b>32.0</b>	<b>40.2</b>

BY TYPE	1H FY22 \$M	1H FY21 \$M
Hardware	25.7	34.9
Software & Support	3.3	2.9
Other Components & Support	3.0	2.4
<b>Total</b>	<b>32.0</b>	<b>40.2</b>

## SEGMENT REVENUE

- ANZ +\$3.1m (39%) to \$11.1m
- Rest of World +\$6.1m (96%) to \$12.4m
- Asia -\$17.3m (-67%) to \$8.5m

## TIMING ISSUE

**India** – extensions on KBJNL & new project tenders

**China** – COVID lockdowns in Ningxia province have delayed tender/contracting process

## RECURRENT REVENUE

- Up \$1m (18%) to \$6.3m
- Software & Support revenue up \$0.4m (12%)
- Components and support revenue up \$0.6m (26%).



# CASH FLOW STATEMENT HIGHLIGHTS

## CASH FLOW FROM OPERATIONS (\$10.9M LOSS) IMPACTED BY:

Global supply chain issues driving an increase in component inventory holdings

Continued investment in inventory (pre-contracted solution development WIP) in advance of expected contract awards

Timing of cash receipts on India project have been slower than anticipated

## CASH FLOW FROM INVESTING

Capital program – increased investment in product development & supply chain activities drove the increase versus prior year

## CASH FLOW FROM FINANCING

Rubicon continues to be well capitalised to fund our expected future pipeline conversion

Key rationale for the IPO was to ensure we had a strong balance sheet to execute the pipeline

	31 Dec 2021 \$'000	30 Jun 2021 \$'000
Cash flows from operating activities	(10,956)	(6,132)
Cash flows from investing activities	(1,513)	(926)
Cash flows from financing activities	28,295	(2,046)
<b>Cash</b>	<b>20,762</b>	<b>13,217</b>

# BALANCE SHEET HIGHLIGHTS

Increase in working capital commitments versus June

Inventory +\$3.5m – driven by required investment in pre-contracted solution development WIP (in advance of expected contract awards) and global supply chain issues.

Trade Receivables – timing of cash receipts on next batch of claims on India project have been slower than anticipated.

\$1.5m of term loan facility repaid in December

As at Dec 2021 HSBC facility limits were \$41.5m – Net debt was \$7.7m

	31 Dec 2021 \$'000	30 Jun 2021 \$'000
Current assets	111,165	92,341
Non-current assets	20,942	17,406
Total assets	132,107	109,747
Current liabilities	22,751	33,021
Non-current liabilities	32,315	27,577
Total liabilities	55,066	60,598
Equity	77,041	49,148

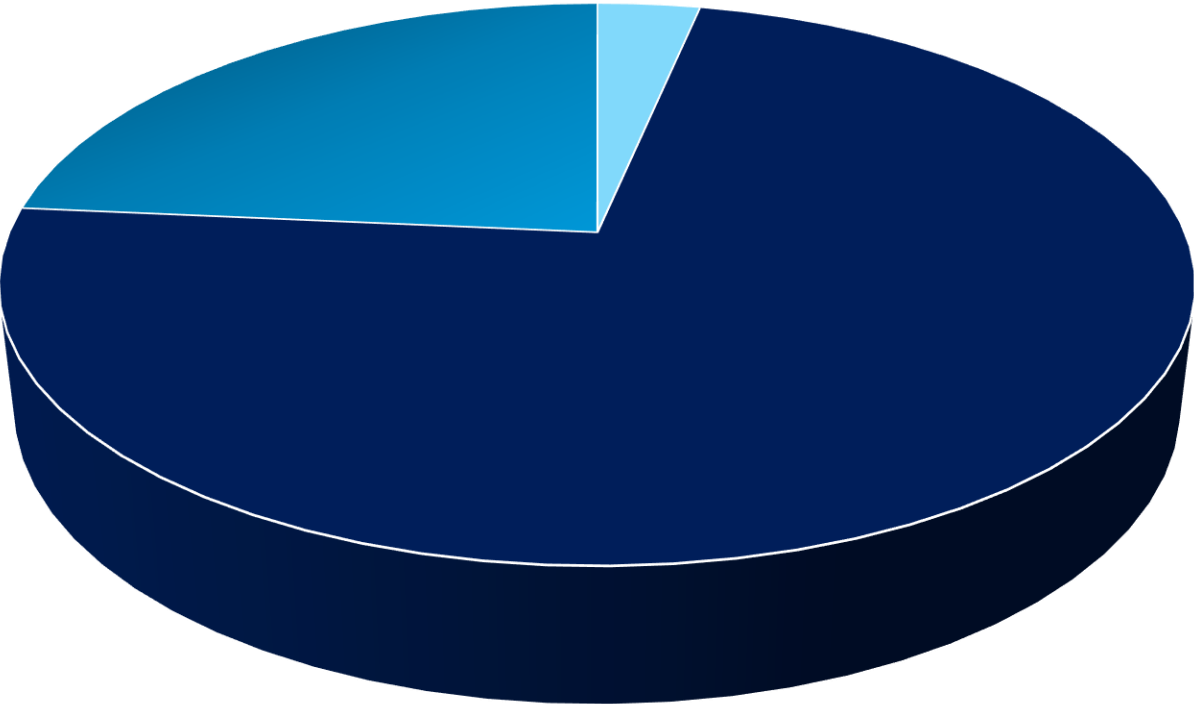


# SIGNIFICANT COMMERCIAL PROGRESS

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# PROJECT PIPELINE – CURRENT STATUS

CURRENT PIPELINE > \$1.8B



■ ANZ ■ Asia ■ Rest of World



Pipeline continues to grow, with over \$200m added / 15% over past 3 months



Pipeline growth demonstrates continued progress by our international sales teams

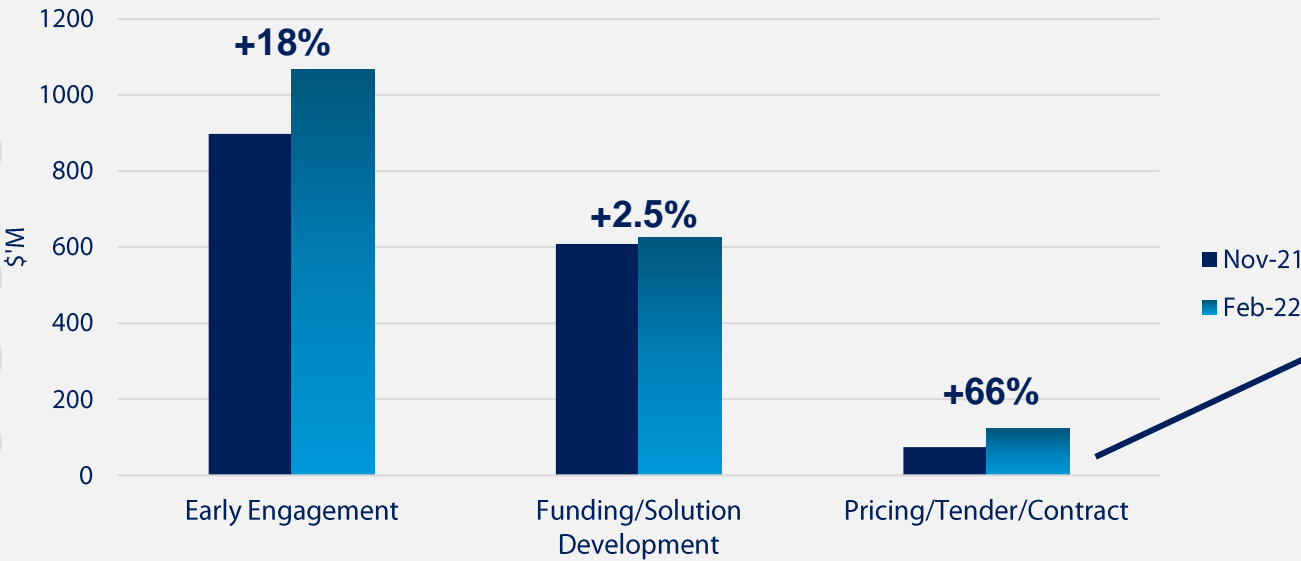


>\$30m of pipeline opportunities contracted since last update. These items roll out of the pipeline value

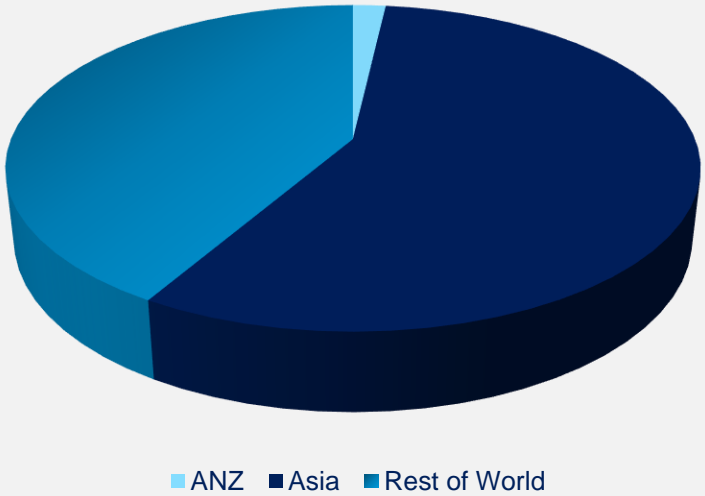


# PROJECT PIPELINE – PROGRESS

RWL – PIPELINE PROGRESS



NEAR TERM PROJECTS - BY SEGMENT



## NEAR-TERM PROJECT VALUE HAS INCREASED BY ~66%

In particular, pleasing progress in ROW segment – Europe and Central Asia

Broadening the near-term project opportunity base – 42% of near-term projects are in ROW segment – providing geographical diversity

Of recently contracted works– approx. \$15m of this to be delivered in 2H FY22

# RECENT PROJECT AWARDS

As announced in December 2021, ~\$17m of contracts signed, including ~\$10m in Australia and multiple orders in the Rest of World segment (North and South America) totaling \$6.7m.



In addition, three flagship contracts secured;

- Kazakhstan: Turkestan Canal – \$2.7m;
- Rwanda: \$0.8m ; and
- First MOP funded project in Chile signed in January for \$0.6m.





# MINISTRY OF PUBLIC WORKS (CHILE) – TYPICAL MARKET LED PROPOSAL

## EARLY ENGAGEMENT

Identify Opportunity

Discussions & presentations to  
Department of Hydraulics (DOH).

Present high level scope and budget DOH  
technically and economically approves  
Rubicon solution.

~6 months

DOH requests authority to bid for Ministry  
of Public Works (MOP).



## SOLUTION DEVELOPMENT

Assist DOH to build technical specs.

Works are often a component of a bigger  
project including civil and construction by  
others, and makes the timing dependent on  
the actions of multiple parties.

~4 months

Approval by MOP to contract works. Timing  
and complexity dependent on \$ and scale

~2 months



## PRICING / TENDER / CONTRACT

Bidding process begins; typically Rubicon  
will quote to multiple Lead Contractors.

~2 months

DOH Award process.  
Clarification requests for additional info etc.

~4 months

Award and signing of contract  
with Lead Contractor.

~ 7 months

Purchase Order To Rubicon  
Received 6 January 2022

# STRATEGIC FOCUS

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# ACHIEVEMENTS

## Strategic Focus

## Achieved in 1H22

<p>Deliver better service and more solutions for existing customers over the long term</p>	<ul style="list-style-type: none"> <li>Continued signing of O&amp;M and Supply contracts with existing customers</li> <li>QTX contract signed with original Chinese customer (2009)</li> <li>New tech improving performance of existing systems</li> </ul>
<p>Grow new customers in target markets</p>	<ul style="list-style-type: none"> <li>New contracts in Central Asia and Africa</li> <li>First M.O.P project signed in Chile</li> </ul>
<p>Expand investment for:</p> <ul style="list-style-type: none"> <li>Global production</li> <li>New products and</li> <li>New &amp; enhanced solutions</li> </ul>	<p>Firsts during half year:</p> <ul style="list-style-type: none"> <li>Chinese built SlipMeter</li> <li>Export from Indian JV</li> <li>Cloud-hosted software sales in USA</li> <li>PikoMeter-300 range launched</li> </ul>





# SIGNIFICANT COMMERCIAL PROGRESS

## GLOBAL SUPPLY PROJECT

- First SlipMeter product was produced in our assembly facility in China.
- Assembly facility established in Modesto, CA, USA.
- Expansion of production capability and volume to enable us to deliver on future projects and remove capacity limitations on future growth.



# SOFTWARE PROGRESS – CLOUD DEPLOYMENTS LOWERING THE ADOPTION BARRIER



Significant progress has been made on the development of Rubicon's NeuroFlo next generation software platform. An additional 8 FTE have been added to Rubicon's software development team in the 12 months to December 31.



First installation of cloud-based control software was commissioned in the US, opening the market to smaller irrigation districts that previously were not able to support and maintain on premise deployment of our solutions. Further traction expected in 2H.



# HARDWARE PROGRESS – NEW PRODUCTS

## NEW SALES OPPORTUNITIES



### CONTINUED INVESTMENT IN R&D – HARDWARE DEVELOPMENT

- 300mm range of farm offtake products targeting high volume districts in Asia
- Custom design lithium battery nearing commercial release targeting >30,000 install base replacements
- Next generation FlumeGate development underway



# KEY TAKEAWAYS

1

Project pipeline continues to grow – increase of 15% from prior update. Projects continue to progress through the funnel.

2

Advanced pre-contract solution production well progressed to support delivery of expected contracts in 2H FY22

3

Group 2H revenue expected to exceed prior comparable period – strong pipeline of near-term projects to support this confidence.

4

Positive progress made in ANZ & ROW segments. Revenue growth of +39% in ANZ and 96% in ROW. Base of business is broadening. Tangible reward from investment in localisation in overseas markets.

5

Continued investment in our globalisation strategy – in-market customer-facing headcount, global supply chain and assembly project, acceleration of new product and software development

6

COVID contributing to Project award delays in Asia – These are progressing logically but at a slower than anticipated pace. International travel now possible. CEO booked to travel to India in March.

7

Supply chain – COVID impacts are significant but are being managed by additional investment in inventory and forward purchase commitments.





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## CONTACT

**Bruce Rodgerson**

CEO

[Bruce.Rodgerson@rubiconwater.com](mailto:Bruce.Rodgerson@rubiconwater.com)

**Jason York**

CFO

[Jason.York@rubiconwater.com](mailto:Jason.York@rubiconwater.com)

[www.rubiconwater.com](http://www.rubiconwater.com)

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