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**Business update**

**Summary**

- Significant progress across US operations with a record of \$33m of orders secured in FY24 (FY23: \$11m, +200%) (unaudited).
- Milestone contract received for FarmConnect™ Solution for Californian customer.
- Expansion into emerging geographies, including North America, offset against significant slowdowns in key Chinese markets for irrigation automation.
- Strategic review of Rubicon China operations has led to a decision to redeploy inventory tied up in delayed China projects, making stock available for use on other global projects.
- The consequential impact on unwinding some of the Chinese contract assets has had a negative impact on FY24 underlying EBITDA.
- FY24 underlying EBITDA guidance reduced to a loss of between \$[5.3]m and \$[5.8]m (unaudited) (FY23: \$[8.8]m).

Australian water technology solutions company Rubicon Water Limited (ASX: RWL) ("**Rubicon**" or "**the Company**") provides the following update concerning its FY24 underlying EBITDA results, noting that at this stage results are subject to audit and any adjustments that may arise from this.

**US market update**

Rubicon is pleased to provide an update on its US operations for FY24, highlighting significant progress and a key milestone contract award with its FarmConnect™ Solution.

In FY24, Rubicon secured a record \$33m of orders in the US market with 130 separate orders from 77 different customers, including a notable contract in late June for its FarmConnect™ Solution. This contract marks the beginning of a comprehensive initiative to eventually automate the entire surface irrigation operations for one of California's largest Alfalfa producers. This order for the first year of the expected 5-year program is for \$4.5m, with anticipated future annual revenues of the same scale.

Globally, 75% of irrigated land relies on surface application methods, such as flood irrigation, to apply water to the crop. Rubicon's FarmConnect business is delivering a solution to modernise these methods, achieving application efficiencies comparable to sprinkler and drip systems but at a significantly lower cost. This contract underscores the commercial potential of on-farm technology that Rubicon has been refining in recent years.

**Rubicon Chief Executive Officer, Bruce Rodgerson, said:**

*"Over the past three years, Rubicon has successfully piloted its advanced surface irrigation technology with this customer. The results have delivered a sound business case with proved water savings, increased yield, better utilization of farm labour and new water data analytics with the system providing precision irrigation management of each pilot field to improve crop productivity."*

*"I am confident FarmConnect™ will provide an exciting and significant new revenue stream for our global operations."*

**China market update**

Rubicon's Chinese operations have historically been a reliable contributor over the past 14 years. However, the tight economic conditions in China over the last 12 months has seen a significant reduction in government funding released for existing and new irrigation automation projects. This has resulted in minimal new contract signings and a material slowing of on the ground progress on some existing contracts. Whilst none of these contracts have been cancelled, uncertainty surrounds the timelines for resuming works on several projects where Rubicon has substantial assets tied up.

In response to this market slowing, a comprehensive strategic review of our operations in China has been undertaken, resulting in the Company taking the proactive step to release inventory previously allocated to some of these projects and make it available for other contracts globally. This has a number of benefits including reducing cash requirements for new inventory and materially reducing the Company's exposure to any further delays in monetising these assets in China. This decision has been made with the full understanding that the resultant reversal of revenue from prior periods will have a negative impact on the companies FY24 underlying EBITDA.

Once timelines for on-the-ground activities are clearer and cash flows from existing Chinese contracts are secure, the Company will resume manufacturing and deploying contract assets in China as needed to fulfill its existing contractual obligations.

**Bruce Rodgerson, said:**

*"While the slowdown in our Chinese operations is disappointing, the assets we are returning to inventory are already starting to be deployed to contracts where they can be utilised and monetised quickly. From a cash management perspective, the decision is commercially sound as it will avoid us having to make some substantial purchasing commitments in the near term. By utilising these existing assets, we avoid the need to manufacture and procure what we would otherwise have needed to, with significant savings in both cash and time. Furthermore, it places the inventory into projects that can monetise the working capital investment in a much shorter timeframe."*

*This decision has also materially reduced the exposure of Rubicon to the risk of further project delays in China."*

**Anticipated FY24 results**

Despite a record year of contract signings in the US market and solid contributions from ANZ, India and EMEA, overall group revenue for the year is anticipated to result in an underlying EBITDA loss between \$[5.3]m and \$[5.8]m, subject to adjustments, if any, as a result of the audit process.

The previously expected guidance of a return to underlying EBITDA profitability, did not include the full impacts of the market slowdown in China and the decisions recently made as a result of the Company's substantive strategic review of its China operations.

This announcement has been authorised for release to the ASX by:

**The Rubicon Disclosure Committee**

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