



California, USA

# RUBICON WATER

## 1H FY24 Results Presentation

29 February 2023

Presenters: Bruce Rodgerson CEO / Andrew Bendall CFO

ASX:RWL



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# RUBICON WATER

Dedicated to addressing water scarcity by providing innovative solutions to governments, water management utilities, and growers. Our mission is to increase water availability and agricultural productivity through improved water-use efficiency. With advanced technology and a focus on precision water management, we empower our clients to optimise their water resources with unparalleled efficiency and control.

**\$1.08bn**

Infra & services  
globally

**20**

Countries,  
6 continents

**~2Mha**

Irrigated land  
serviced

**35K+**

Products  
Installed

**300+**

Employees  
globally



# OVERVIEW



## H1 FY24

Revenue of \$33.3m - up 23% on pcp.

Underlying EBITDA (\$0.7m) - up 84% on pcp.



On track to return to profitability in FY24 and achieve sustainable growth moving forward.



Negative operating cashflow in H1 FY24 of \$8.5m, as a result of delayed payments of greater than \$10m.

Forecast to be cashflow positive in Q3.



MoU signed with Egypt, presenting significant opportunities in rapidly evolving segment.



Significant investment continuing within target markets to grow pipelines and contract works.



YTD contract signings in the USA are already more than A\$18m.

Investors will note the 4D has disclosed an auditors qualification of the accounts in respect to the recognition of part of the revenue of a significant contract in the Asian segment.



# 1H FY24 RESULTS





# 1H FY24 RESULTS



Underlying EBITDA loss of \$0.7m consistent with expectation to return to profitability for the full year. Included recognition of some Asian segment contract revenues previously delayed at the FY23 results.



On higher revenue levels, GM% improved due to the fixed nature of a portion of cost of goods sold.



Results below underlying EBITDA were negatively impacted by:

- Unrealised FX losses
- Interest costs
- Income tax

	1H FY24 \$'m	1H FY23 \$'m
Revenue	33.3	27.2
Gross margin	14.3	9.6
Gross margin (%)	43.0%	35.3%
<b>Underlying EBITDA</b>	<b>(0.7)</b>	<b>(4.2)</b>
Profit / (Loss) before tax	(4.9)	(6.9)
Income tax	(0.7)	1.1
Profit / (Loss) after tax	(5.6)	(5.8)

# REVENUE PERFORMANCE

BY SEGMENT	1H FY24 \$'m	1H FY23 \$'m
ANZ	9.8	9.4
Asia	8.9	5.1
ROW	14.6	12.7
<b>Total</b>	<b>33.3</b>	<b>27.2</b>

BY TYPE	1H FY24 \$'m	1H FY23 \$'m
Hardware	24.8	20.6
Software & Support	3.5	3.7
Other Components & Support	5.0	2.9
<b>Total</b>	<b>33.3</b>	<b>27.2</b>

ANZ	Asia	ROW	Recurring Revenue
<p>ANZ up \$0.4m (3.8%) vs pcp:</p> <ul style="list-style-type: none"> <li>Strong spare parts and product renewal sales in Australia pushed revenues up in the half.</li> <li>NZ market also stronger, albeit on a relatively small sales base.</li> </ul>	<p>Asia up \$3.8m (75.6%) vs pcp:</p> <ul style="list-style-type: none"> <li>China – soft as funding for the construction and infrastructure sectors was temporarily suspended.</li> <li>India –significant new contract works awarded to Rubicon.</li> </ul>	<p>ROW up \$1.9m (15.3%) vs pcp:</p> <ul style="list-style-type: none"> <li>US market very strong, up 65% on pcp.</li> <li>European market sales stronger.</li> <li>Latin America and Global revenues down.</li> </ul>	<p>Recurring revenue up \$4.7m (69.1%) to \$11.5m vs pcp:</p> <ul style="list-style-type: none"> <li>Software &amp; Support revenue stable.</li> <li>Components &amp; Support revenue up 72%.</li> </ul>



# CASH FLOW

## SUMMARY

c.\$10m negative impact to cash flow from operations from delay in expected receipts.

Higher sales led to an increase in contract assets and a corresponding reduction in inventory.

Cash receipts from key markets forecast to improve in Q3 FY24.

## CASH FLOW FROM INVESTING

Capital program – investment in software was maintained in H1 FY24.

## CASH FLOW FROM FINANCING

\$2.5m drawn down from unsecured working capital facilities.  
\$0.6m paid on lease liabilities.

## 2H FY24 OUTLOOK

Unsecured working capital facilities extended 12 months.  
\$1.5m received from ROW.

	1H FY24 \$'000	1H FY23 \$'000
Cash flows from operating activities	(8,471)	(6,943)
Cash flows from investing activities	(906)	(1,156)
Cash flows from financing activities	1,743	2,951
<b>Cash and Cash Equivalents</b>	<b>1,006</b>	<b>9,490</b>

# BALANCE SHEET

Business maintains a significant asset base of c.\$111m, with net assets of c.\$60m.

\$4.6m reduction in inventory, as excess safety levels due to COVID-related supply chain issues continued to be unwound.

As at December 2023, total borrowing facility limits were \$38.4m and net debt was \$31.3m.

\$2.6m of the HSBC facilities are classified as non-current, as they represent a term loan with an expiry on 26 August 2026.

	31 Dec 2023 \$'000	30 Jun 2023 \$'000
Current assets	84,608	93,058
Non-current assets	26,449	18,521
Total assets	111,057	111,579
Current liabilities	45,877	44,759
Non-current liabilities	5,186	1,017
Total liabilities	51,063	45,776
Equity	59,994	65,803



# GLOBAL THEMATICS IN KEY MARKETS

## WWF Report: Water crisis threatens US\$58 trillion in economic value, food security and sustainability

Posted on 16 October 2023

First ever annual estimate of economic value of water and freshwater ecosystems is US\$58 trillion - equivalent to 60% of global GDP



### 'No Less Important Than Oil, Gas, Or Metals'

In his annual national address at the beginning of this month, Kazakh President Qasym-Zhomart Toqaev said that water is "no less important than oil, gas, or metals."

For Kazakh farmers it is far more important than those other commodities, which have historically made up the bulk of exports while failing to put much money in the pockets of ordinary citizens.

But like Kazakhstan's hydrocarbon wealth,

### About Irrigation Sub-Sector

#### Fertile Fields, Abundant Harvests

The Indian irrigation systems market is poised for remarkable growth, with a projected CAGR of 10.9% expected during 2028. India boasts the world's largest irrigated crop area, covering 8.26 million hectares, and the second-largest arable area, encompassing 159.7 million hectares. This presents a substantial opportunity for further development and investment in the nation's irrigation sector. The Government of India has taken decisive action with the launch of the Pradhan Mantri Kisan Sinchai Yojana (PMKSY), backed by a substantial investment of USD 7.7 billion. This initiative is dedicated to developing irrigation sources, providing a lasting solution to drought and ensuring the prosperity of the agricultural landscape. Explore investment opportunities and be part of India's journey to transform its agricultural sector, fostering fertile fields and abundant harvests.

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Explore Opportunities

### MOROCCO

Water stress in Morocco has been exacerbated by rising temperatures, which have increased water evaporation from dams -

By Rédaction Africanews Last updated: 23/12 - 12:41

Morocco, where agriculture is a crucial sector, is heading for its sixth consecutive year of drought due to a drop in rainfall in recent months linked to climate change, Morocco's Minister of Equipment and Water, Nizar Baraka, said on Thursday.

"We have entered a critical phase after five consecutive years of drought that our country has never experienced before," said Mr. Baraka at a press conference.

Rainfall has fallen by 67% in recent months compared with a year considered normal, and "the last three months (from October to December) show that we are heading for another year of drought", the minister added.

## Egypt presses on with mega water projects despite burden on state coffers

As water scarcity threatens Egypt's food and national security, the state is moving forward with megaprojects to secure alternative water sources.



UN News

Global perspective Human stories 25 October 2023 | Climate and Environment

### 'Not just a problem for future generations'

Amandeep Singh: Ten years ago, the groundwater was 12 metres deep, today it is 18 and 21 metres.

We very much rely on only have access to canal water once a week, is not sufficient

Every year, we have to dig deeper to reach the groundwater. This is not just a problem for future generations, but something we experience today already. Reaching the groundwater is very expensive, but we landowners have no choice.

Because of the reduced groundwater level, not only landowners, but everyone will face losses. We will no longer have water for drinking. Without it, there will be no farming, and therefore no future for landowners.



## AS INDIA'S GROUNDWATER EVAPORATES, FARMERS SCRAMBLE FOR SOLUTIONS

February 23, 2024  
Topic: Sustainable Agriculture  
Tags: Drought, Groundwater, Sustainable Farming, Deplete water  
Location: India  
Author: Haran Zaffer, Jyoti Thakur  
REPUBLIC THIS ARTICLE

Rethinking colonial-era irrigation techniques would be a good start, some experts highlight.

Politics & Policy

## As the Colorado River Declines, Water Scarcity and the Hunt for New Sources Drive Up Rates

The price of water is rising across the Southwest as utilities look to cover the cost of the increasingly scarce resource, the infrastructure to treat and distribute it and the search for new supplies.

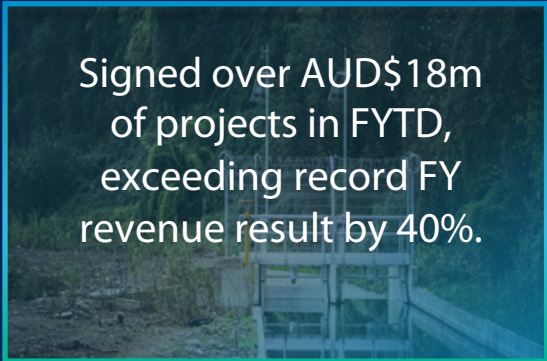
By Wyatt Myniowski and Emma Peterson  
June 17, 2023






# USA MARKET POSITION

**Rubicon Water is well-positioned to make a substantial impact to drought affected river basins.**



Signed over AUD\$18m of projects in FYTD, exceeding record FY revenue result by 40%.



Well-regarded and recognised throughout the US.




Strong competitive position.



Technology delivered to >150 districts, with more than 2,500 automated products.



In November, one of the largest districts signed Rubicon for a \$4.2m modernisation project.



Actively working with districts to develop proposals in response to new funding.





# INCREASING VALUE OF WATER IN THE USA

Value of water per acre-foot in the Colorado River Basin is between USD\$300-800.

## ENVIRONMENT

### Nearly \$1 billion sought by California desert water agencies to save Colorado River



Janet Wilson

Palm Springs Desert Sun

Published 6:49 p.m. PT May 24, 2023



The Biden Administration is finalizing agreements to pay an estimated \$1.2 billion in taxpayer dollars to prop up the Colorado River system that provides 40 million people with water. **California desert water districts** who are entitled to the most river water are **vying for nearly \$900 million of those funds**, according to interviews with key negotiators and funding announcements to date.

Still, millions of gallons, or more than a quarter of the 977 billion gallons of Colorado River water that California, Arizona and Nevada collectively pledged to conserve. That would be **based on federal approval of an \$840 per acre-foot** proposal that the district submitted, according to a state negotiator not with IID but familiar with its request. That's **more than double the \$400 per acre-foot that Reclamation offered all water providers for three-year contracts last fall.**



### Colorado River deal forever changes the price of water in the West

Grayson Zulauf Special to CalMatters

Published 5:00 a.m. PT June 8, 2023



For the first time in this drought-stricken century, a new price for water in the West has been set – and it's **25 times higher than what farmers have paid for the last 75 years.**

Arizona, Nevada and California recently agreed to **reduce their water consumption** from the Colorado River by 13% through 2026. The federal government will pay their irrigation districts, Native American tribes and cities **\$521 for each acre-foot of water** they don't use.

### Imperial Irrigation District OKs plan aimed at preserving Colorado River, Salton Sea



Janet Wilson

Palm Springs Desert Sun

Published 5:52 p.m. PT Dec. 1, 2023 | Updated 7:23 a.m. PT Dec. 2, 2023



**The Biden Administration will pay** the Imperial Irrigation District an estimated **\$77.6 million for conserving 100,000 acre-feet of water** in the Colorado River this year, setting the stage for more than half a billion dollars in federal funds to be paid to the river's largest user, to conserve far more through 2026.

# US COMMITTING \$15.4BN FOR DROUGHT RESILIENCY

Marking the largest investment for climate resilience in the nation's history.



**USD\$15.4bn**

Signed for drought resiliency measures.



**USD\$4bn  
(2023-2026)**

Allocated in 2023, with an estimated \$2.8bn dedicated for projects that create long-term durable benefits.



Anticipating increased investment of the funding from 2026.

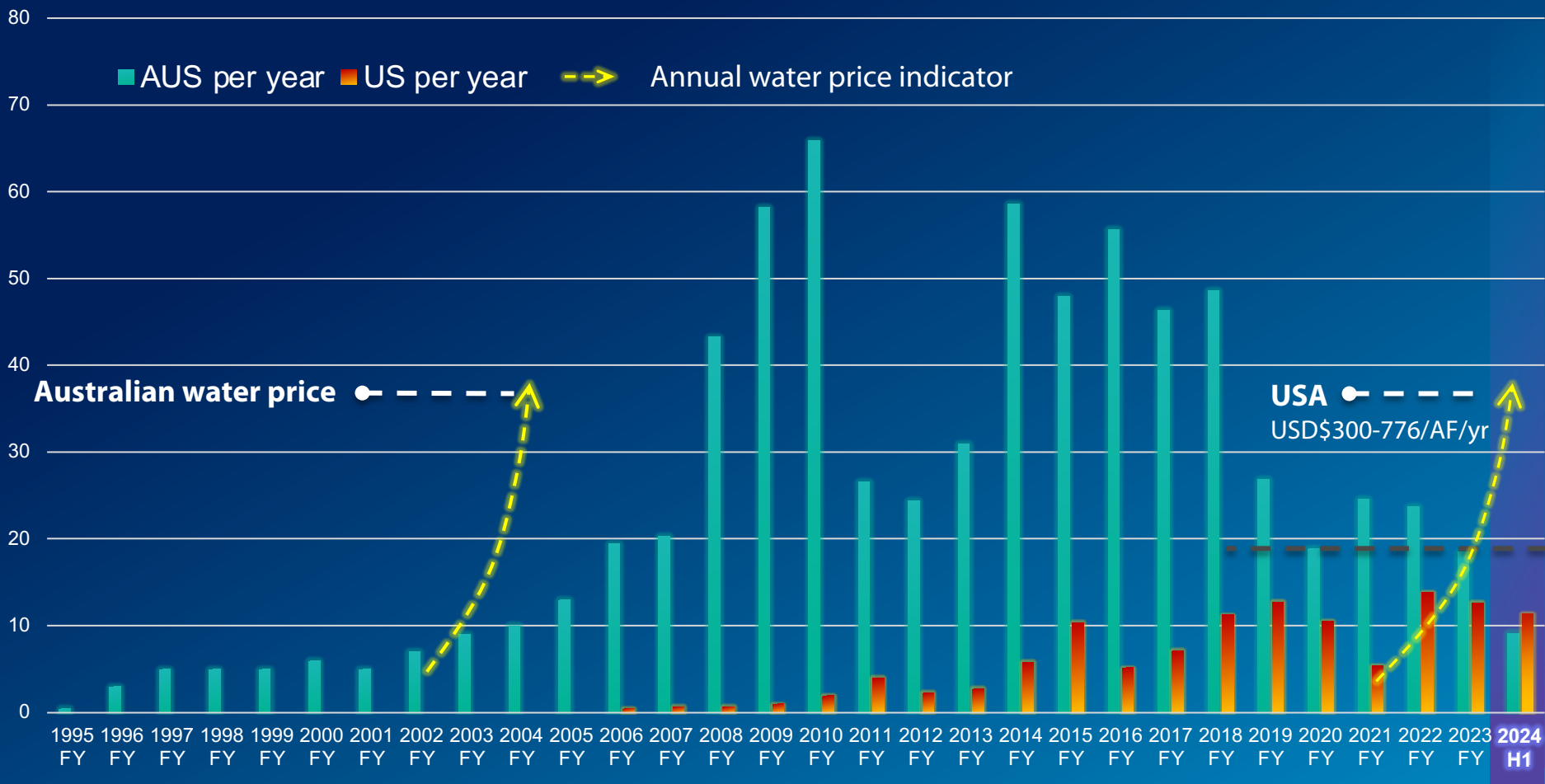
Note: Eligible proposals for long-term solutions must: result in verifiable water savings; demonstrate viability for full implementation; provide monitoring to ensure benefits are realised; reduce water diversions; and/or provide environmental benefits - ecosystem or habitat.



# USA – A FAMILIAR NARRATIVE UNFOLDING

Water crisis, 19-year drought, increasing demand, national climate resiliency measures and value of water driving change throughout the USA – A **similar narrative to Australia** in the early 2000's.

Historical sales - Australia vs USA market (\$AUD Million)



## Highlights

**\$1.08bn**

Of Rubicon Infrastructure and services globally

**\$736m**

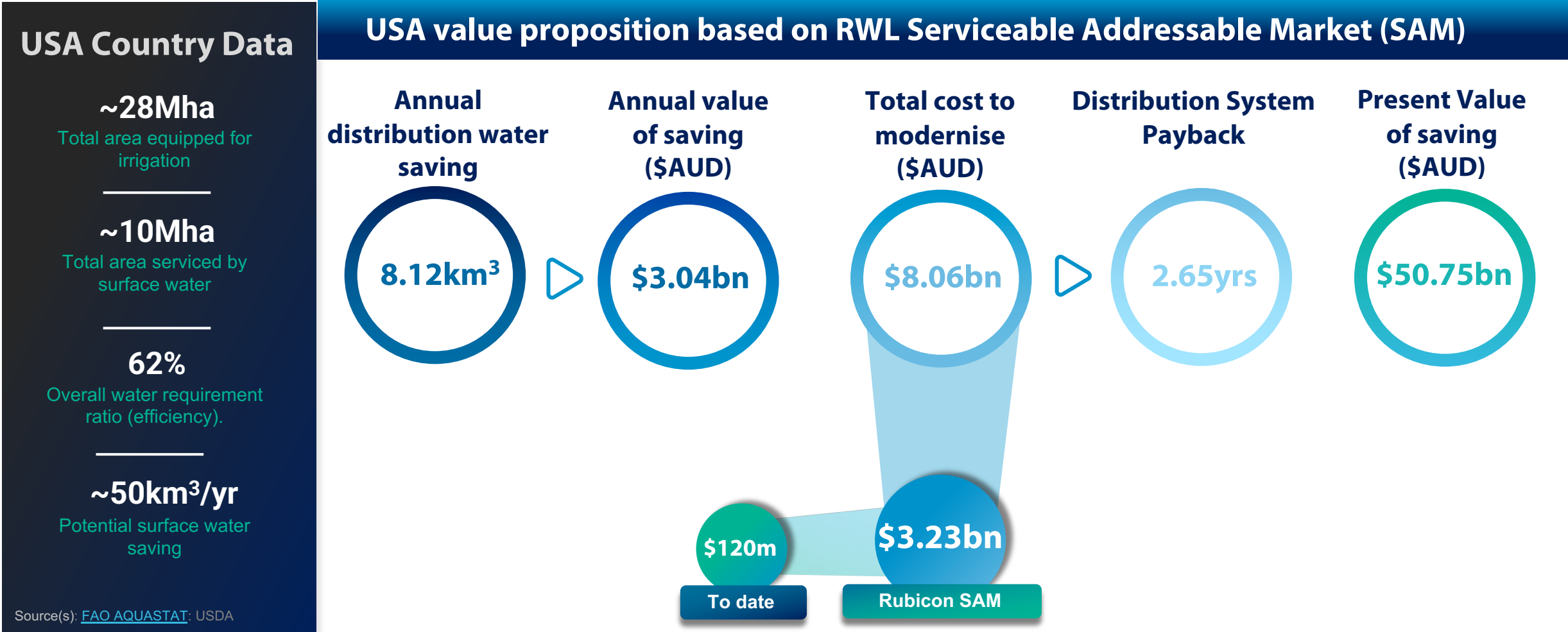
Australia delivered to date

**\$120m**

USA Delivered to date

Australia, mature market segment characterised by recurring revenue

# USA – NATIONAL VALUE PROPOSITION TO MODERNISE

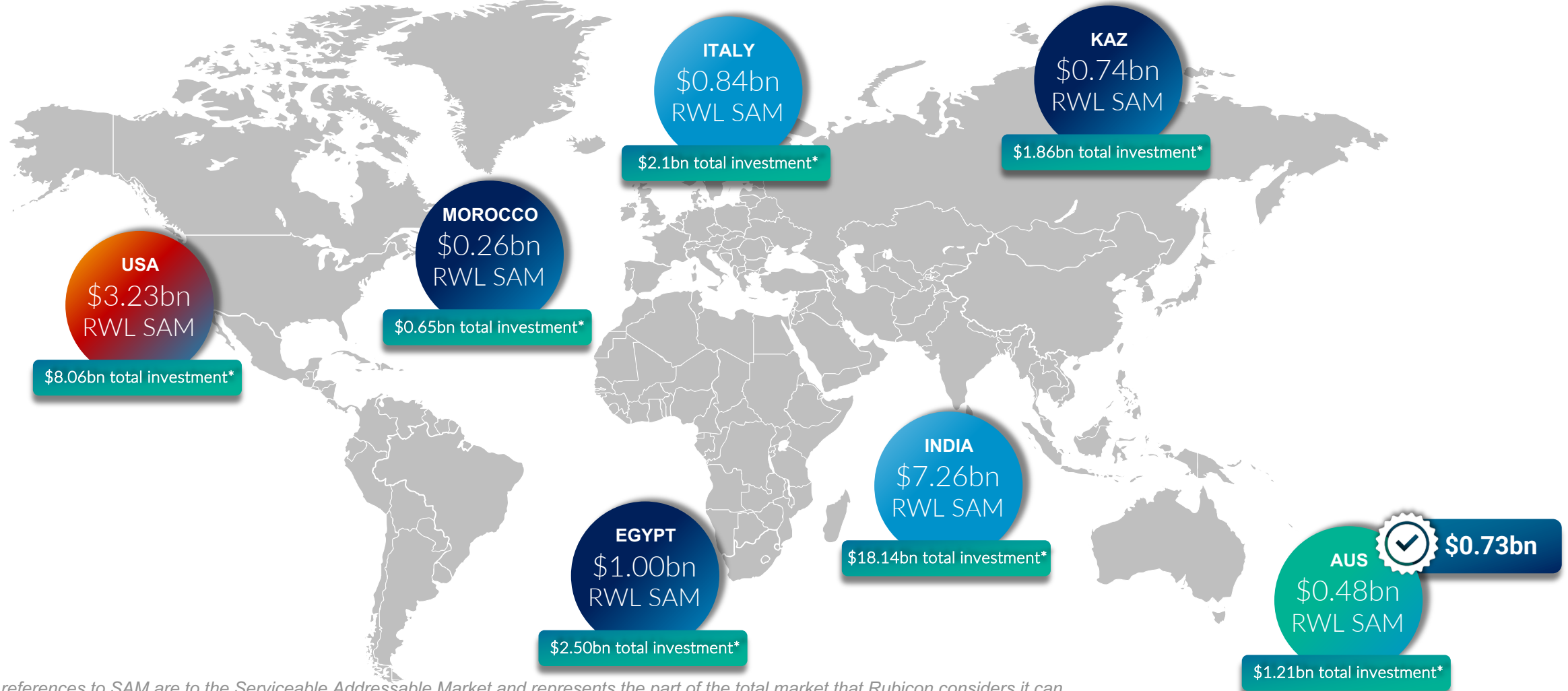


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- Management estimates included refer to appendix for calculations and descriptions

# KEY REGIONAL SERVICEABLE ADDRESSABLE MARKET

Anticipating market over the next 5-10 years.

MANAGEMENT ESTIMATE BASED ON FAO DATA (\$AUD)



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# INDIA MARKET OVERVIEW

Pipeline positive. Notably A\$91m in revenue generated and proven technology setting benchmark.

**USD\$7.7bn**

investment dedicated to developing irrigation.

Timing unpredictable, opportunities undeniable. Market share unaffected.

**AUD \$90m**

in revenue secured within India segment today including recent significant contract signing.

NLBC project gaining positive attention in other key regions in India.

## About Irrigation Sub-Sector

*Fertile Fields, Abundant Harvests: Exploring Investment in India's Thriving Irrigation Sector.*

The Indian irrigation systems market is poised for remarkable growth, with a projected CAGR of 10.9% expected during 2023-2028. India boasts the world's largest irrigated crop area, covering 8.26 million hectares, and the second-largest arable land area, encompassing 159.7 million hectares. This presents a substantial opportunity for further development and investment in the nation's irrigation sector. The Government of India has taken decisive action with the launch of the Pradhan Mantri Krishi Sinchai Yojana (PMKSY), backed by a substantial investment of USD 7.7 billion. This initiative is dedicated to developing irrigation sources, providing a lasting solution to drought and ensuring the prosperity of the agricultural landscape. Explore investment opportunities and be part of India's journey to transform its agricultural sector, fostering fertile fields and abundant harvests.



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Explore Opportunities

 Irrigated Croplands

 Rainfed Croplands

# INDIA – MARKET OPPORTUNITY

## India Country Data

**~61.90Mha**

Total area equipped for irrigation

**~22.50Mha**

Total area serviced by surface water

**54%**

Overall water requirement ratio (efficiency).

Source: [FAO AQUASTAT](#)

## RWL Serviceable Addressable Market (SAM)

Serviceable surface area

**14.5Mha**



Total cost to modernise (\$AUD)

**\$18.14bn**

**\$91m**

To date

**\$7.26bn**

Rubicon SAM



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# EGYPT MARKET OVERVIEW

Emerging opportunities on the back of ambitious developments, exacerbating water pressures and increasing recognition of Rubicon's technology.

## Egypt presses on with **mega water projects** despite burden on state coffers

As water scarcity threatens Egypt's food and national security, the state is moving forward with megaprojects to secure alternative water sources.

Egypt is also working on the **National Water Resources Plan (NWRP 2037)**, which aims to maximize the country's water resources to meet the growing needs. The total cost of this plan **amounts to \$50 billion**, which adds to the funding sources-related challenges amid the currency devaluation.

**\$50bn**

National Water Resources Plan.

Ethiopian Dam development placing pressure on water availability.

Signed MoU with Egyptian Ministry to place focus on modernising water management systems.

Dedicated presence in Egypt with staffed office in Cairo. Partnership developed with Elsewedy Watanya.



**MoU signing ceremony, Jan 2024**



# EGYPT – OPPORTUNITIES EMERGING

Nile Delta presenting significant opportunities for modernisation.

- >40,000kms of irrigation canals
- National Water Resources Plan (NWRP 2037) amounts to USD\$50 billion
- MoU agreement to explore control systems across Egypt's vast agricultural landscape
- Water scarcity and water supply uncertainties creating urgency





# EGYPT – OPPORTUNITIES EMERGING

New Delta, one of the world's largest canal infrastructure projects.

- US\$5.25bn invested in the development of the new delta main canal
- Construction of the world's largest man-made river, spanning 114km with tributaries extending up to 170km
- The project aims to cultivate 485,000 hectares of land



# EGYPT – MARKET OPPORTUNITY

## Egypt Country Data

~3.40Mha

Total area equipped for irrigation

~3.10Mha

Total area serviced by surface water

76%

Overall water requirement ratio (efficiency).

Source: [FAO AQUASTAT](#)

## RWL Serviceable Addressable Market (SAM)

Serviceable surface area

2.00Mha



Total cost to modernise (\$AUD)

\$2.50bn

\$1.00bn

Rubicon SAM



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\* Management Estimate



# SUMMARY AND OUTLOOK

1

First-half revenue \$33.3m  
(+23% pcp); EBITDA -\$0.7m  
(+84% pcp).

2

Funding being recognised,  
released and awarded by federal  
governments.

3

India and Egypt  
opportunities significant  
and evolving.

4

USA market a compelling  
investment case on its  
own.

5

Pipeline of opportunities  
across both established  
and emerging markets.

6

Reconfirm guidance to  
return to profitability in  
FY24.





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# APPENDIX

[Ref#]	Description	Unit	USA	Description
Inputs from FAO AQUASTAT DATA			FAO	
1	Water Requirement Ratio (efficiency)	%	61.58%	FAO
2	Irrigation Water Withdrawal	km3/yr	177	FAO
3	Irrigation Water Requirement	km3/yr	109	FAO
4	Total Irrigated Area	Mha	28.40	FAO
5	Total Groundwater Area	Mha	18.40	FAO
6	Total Surface Water Area	Mha	10.00	FAO
Delivery & Application Efficiency Values				
7	Groundwater Requirement ratio (efficiency)	%	80.00%	Management estimate
8	Groundwater Consumptive Use	km3/yr	70.62	[5]/[4] x [3]
9	Groundwater Withdrawal	km3/yr	88.27	[8]/[7]
10	Surface Water Consumptive Use	km3/yr	38.38	[6]/[4]x[3]
11	Surface Water Withdrawal	km3/yr	88.73	[2]-[9]
12	Potential Surface Water Savings	km3/yr	50.35	[11]-[10]
13	Annual Distribution System Equivalent saving	km3/yr	12.59	[12] x 0.25
Serviceable Addressable Market (SAM) Calculations				
14	Surface Water Area (SAM)	Mha	6.45	USDA 2017 Census
15	Annual Distribution System Equivalent saving (SAM)	km3/yr	8.12	[14]/[6]x[13]
16	Annual Value of saving (SAM)	AUD (Billion)	3.04	[15]x(USD\$300 per AF/yr)
17	Present Value of saving (SAM)	AUD (Billion)	50.75	Present Value ([16] @ 6% interest for 50yrs)
18	Total Cost (SAM)	AUD (Billion)	8.06	[14] x (AUD\$1250/ha)
19	RWL (SAM)	AUD (Billion)	3.23	[14] x (AUD\$500/ha)
20	Distribution System Payback (SAM)	Year	2.65	[18]/[16]

Source(s): [FAO AQUASTAT](#); USDA; ABS

- USDA 2017 Census based on Off-Farm Surface Water data.
- It is assumed the Consumptive Use per Hectare for a crop is the same whether the irrigation water is sourced from groundwater or surface water.
- The *Annual Distribution System Equivalent Saving* is calculated at a management estimate of 25% of the *Potential Surface Water Savings*.
- The *Annual Value of saving (SAM)* is calculated at a conservative rate of USD\$300 per acre-foot per year (AUD \$374/ML/yr).
- *RWL (SAM)* is calculated from AUD \$500/ha modernisation cost OR 40% of total cost to modernise.