



PRESS RELEASE

Ovivo releases its fiscal 2017 first quarter results

Highlights – Fiscal 2017 Q1

- As announced on July 13, 2016, SKion Water International GmbH (“SKion”) and the Caisse de dépôt et placement du Québec (“the Caisse”) partner to acquire Ovivo for the proposed price of \$4.00 per share in cash (the “Transaction”).
- Revenues of \$81.8 million, up 8% from the same quarter of the previous fiscal year; 9% increase in new equipment market revenues and 6% growth in Upgrading, Parts and Services market revenues.
- Adjusted EBITDA⁽¹⁾ of \$3.0 million, comparable to the corresponding quarter of the previous fiscal year.
- Adjusted net earnings⁽¹⁾ from continuing operations attributable to shareholders of Ovivo Inc. of \$0.7 million, up \$2.2 million, owing primarily to lower financial charges.
- Backlog of \$235.7 million as at June 30, 2016, \$26.3 million decrease from the March 31, 2016 level, primarily seen in the Energy market which is currently under the persistent challenging economic conditions and in the Electronic market.
- Total net debt of \$1.2 million as at June 30, 2016, slightly higher than as at March 31, 2016. Ovivo received large advances on certain contracts during the fourth quarter of fiscal 2016, without which the debt level would have amounted to between \$5.0 million and \$10.0 million as at June 30, 2016.

SKion and the Caisse partner to acquire Ovivo: Key Transaction Highlights

- The proposed purchase price of \$4.00 in cash per share represents a premium of 28.2% to the Class A subordinate voting shares (“SVS”) closing price on July 12, 2016, a premium of 38.1% to the 30-day volume weighted average SVS price and a premium of 64.1% to the 90-day volume weighted average on the TSX.
- The Transaction total enterprise value is approximately \$185 million, including the assumption of indebtedness, which is equivalent to approximately 11x of FY2016 EBITDA⁽²⁾.
- Ovivo’s Board has concluded that the Transaction is in the best interests of Ovivo and unanimously recommends (Mr. François R. Roy who is also a director of la Caisse abstained from voting) that holders of subordinate voting shares and multiple voting shares vote in favour of the Transaction.
- SKion is an investment company owned by German entrepreneur Susanne Klatten with a strong track record of investing in water technology companies. SKion is partnering with the Caisse, a long-time shareholder of Ovivo, who will increase its ownership from 18.7% to 30% post-transaction.
- Ovivo will continue to operate as a standalone company while leveraging SKion’s water treatment expertise with its other portfolio companies.

(1) See Section 12, “Reconciliation of non-IFRS financial measures” of the management’s discussion and analysis (“MD&A”) as at June 30, 2016

(2) See Section 14, “Reconciliation of non-IFRS financial measures” of the MD&A for the year ended March 31, 2016. As no restructuring costs were recorded in fiscal 2016, there is no difference between EBITDA and adjusted EBITDA.

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- Strong commitment from SKion to maintain Ovivo's head office in Québec in the long term and to keep the current management team in place, led by Marc Barbeau, President and Chief Executive Officer.
- On July 29, 2016, the Superior Court of Québec granted an interim order confirming the calling and holding of the special meeting of shareholders of the Corporation on September 9, 2016 to vote on the Transaction, the record date as of July 29th, 2016 for shareholders to be entitled to receive notice of and vote at the special meeting, in addition to confirming certain other matters related to the special meeting and the Transaction. The Corporation intends to send a management proxy circular to its shareholders no later than August 15, 2016, which shall include a copy of the interim order.

For further information on the Transaction, please refer to the press release to this effect issued on July 13, 2016.

Montréal, Canada, August 5, 2016 –

(All amounts are in Canadian dollars)

Ovivo Inc. ("Ovivo" or the "Corporation") reported consolidated revenues of \$81.8 million and adjusted EBITDA⁽¹⁾ of \$3.0 million for the first quarter of fiscal 2017, compared with \$76.0 million and \$3.2 million, respectively, for the same quarter of the previous fiscal year. The Corporation reported adjusted net earnings⁽¹⁾ attributable to shareholders of \$0.5 million or \$0.01 per share, basic and diluted, which include adjusted net earnings⁽¹⁾ from continuing operations of \$0.7 million, partly offset by a net loss from discontinued operations of \$0.2 million.

Revenues for the first quarter of fiscal 2017 were up 8% from the same period of the previous fiscal year (organic change of 4% at constant exchange rates⁽¹⁾), driven by higher sales of new equipment in the Electronics market in Asia and the Energy market in North America and Europe, among other factors. This increase was partly offset by lower revenues in the Municipal North America market resulting from the execution schedule for current projects. Upgrading, Parts and Services revenues grew by 6% from the same period of the previous fiscal year, and accounted for nearly 30% of Ovivo's total revenues during the first quarter of fiscal 2017.

The Corporation's adjusted EBITDA⁽¹⁾ for the three-month period ended June 30, 2016 was comparable to adjusted EBITDA⁽¹⁾ for the same period of the previous fiscal year. A higher stock-based compensation expense was recorded related to the Corporation's increase stock price, while Municipal North America EBITDA declined due to the execution schedule for certain contracts. These declines were offset by higher EBITDA in Asia where the performance of contracts won in the Electronics market during recent quarters generated a good level of revenues. The improvement in net earnings resulted from the decline in financial charges and income taxes.

Backlog

Ovivo's backlog as at June 30, 2016 amounted to \$235.7 million, down from \$262.0 million as at March 31, 2016 and \$257.2 million as at June 30, 2015. The decline in the backlog resulted partly from the Energy market in Europe and North America due to the slowdown in order taking stemming from challenging economic conditions that still prevail in this segment. The decline is also attributable to the backlog in the Electronics market in North America, following major contract wins at the end of fiscal 2016 and progress on these projects as well as lower order taking in the first quarter of fiscal 2017. In the Municipal North America market, the backlog remained high and comparable to the level as at March 31, 2016.

The backlog in the Upgrading, Parts and Services market remains high, and although lower than as at March 31 2016, is comparable to the June 30, 2015 level.

⁽¹⁾ See Section 12, "Reconciliation of non-IFRS financial measures" of the MD&A as at June 30, 2016

Outlook and objectives

The outlook for each of our segments is summarized as follows:

- The outlook for the Municipal North America market remains favourable and the current backlog, combined with the level of tendering underway, should allow us to achieve the targets set for this market during the coming quarters.
- In the Electronics market, the level of the backlog as at March 31, 2016 should allow the Corporation to generate a good business volume. The challenge is to renew the backlog as the awarding of contracts is more volatile in this market due to their high values.
- However, given the current challenging conditions in the oil and gas market, overall economic activity in the Energy market has been adversely impacted resulting in a significant slowdown in the number of requests for proposals and new orders taken. Also, while it is too early to fully assess the impact of the Brexit vote on our U.K. operations, the political and economic uncertainty could further delay order taking in the coming quarters.
- The Upgrading, Parts and Services market continues to perform well by leveraging our products' Total Life Cycle approach and Ovivo brand recognition.

We have set the following objectives for fiscal 2017:

- Continue to grow the revenues in the Upgrading, Parts and Services segment;
- Increase the business volume and backlog in the Energy segment;
- Continue improving our operating margin;
- Accelerate the investment in innovation;
- Continue to strengthen our talent, our approach to business development and our project management skills.

Supplementary information

This press release discusses the highlights for the first quarter ended June 30, 2016. For a detailed analysis, see the interim management's discussion and analysis and unaudited interim condensed consolidated financial statements, filed today on the websites of SEDAR (www.sedar.com) and the Corporation (www.ovivowater.com). Note that non-IFRS financial measures were used to analyze performance, as management considers that they provide useful information for investors seeking to assess the Corporation's performance and financial position.

About Ovivo Inc.

Ovivo is a global provider of equipment, technology and systems producing among the purest water and treating some of the most challenging wastewater in the industry. Ovivo is a powerful global brand with renowned trademarks, possessing more than 150 years of expertise and references in water treatment, supported by its proprietary products, advanced technologies and extensive system integration knowhow. Ovivo delivers conventional to highly technological water treatment solutions for the industrial and municipal markets, and leverages its large installed base of equipment around the world to offer parts and services to its customers. Ovivo is dedicated to innovation in an industry that is in constant evolution and offers water treatment solutions that are cost-effective, energy-efficient and environmentally sustainable.

Ovivo operates an integrated global platform in over 15 countries, with 800 employees that are worldwide experts in water treatment. Ovivo is a public company whose shares trade on the Toronto Stock Exchange under the ticker symbols OVI.A and OVI.B. (www.ovivowater.com)

Notice regarding forward-looking statements

Certain statements in this press release regarding management's objectives, projections, estimates, expectations or forecasts may constitute forward-looking statements within the meaning of applicable securities legislation. Forward-looking statements are recognized by the use of terms such as "forecast," "project," "could," "plan," "aim," "estimate" and other similar terms, possibly used in the future or conditional, particularly with regard to certain assumptions. The management of Ovivo would like to point out that forward-looking statements involve a number of uncertainties and known and unknown risks such that the actual and future results of Ovivo could differ considerably from those stated. There can be no assurance as to the materialization of the results, performance or achievements as expressed in or underlying the forward-looking statements. The forward-looking statements included in this press release were made as at the date hereof, and unless required to do so pursuant to applicable securities legislation, management of Ovivo assumes no obligation to update them.

Information about the risk factors to which Ovivo Inc. is exposed is provided under Section 12, "Risks and uncertainties," of the management's discussion and analysis for the fiscal year ended March 31, 2016 as well as the management's discussion and analysis as at June 30, 2016, available on SEDAR (www.sedar.com) and the Corporation's website (www.ovivowater.com).

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