

Dugré on H20 Innovation FY2020 Results, \$133.6M in Revenue and a 20th Anniversary

InvestorIntel's Peter Clausi speaks with Frédéric Dugré, President and CEO of H20 Innovation Inc. (TSXV: HEO | OTCQX: HEOFF), about H20 Innovation's record FY2020 fourth quarter results.

In an InvestorIntel interview that can also be viewed on our InvestorIntel YouTube channel, Peter and Frédéric discussed H20 Innovation's recently announced financial results which reported \$133.6 million in revenues. "85% of our sales rely on recurring revenues," Frédéric explains, and with a backlog of orders at \$125 million, he said it adds "predictability to our business." He also explains the unique aspects of the company's business model that have allowed it to navigate through the COVID-19 crisis in a "remarkable way" and have helped strengthen its balance sheet through acquisitions and organic growth.

To watch this interview, [click here](#)

To learn more about H20 Innovation Inc., [click here](#)

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H2O Innovation's creative diversification is paying off

It is often said that the most valuable commodity is time. The absence of water, however, sends all manner of existential crises quickly to the back burner. The world's most valuable liquid may arrive at our faucets for almost no money, but the man-hours involved in its preparation are staggering. Renowned membrane filtration specialists H2O Innovation Inc. (TSXV: HEO | OTCQX: HEOFF) ("H2O Innovation") have been providing safe, integrated, customized water treatment solutions since the turn of the millennium, and their experience has enabled some creative diversification that is really paying off.

Our dusty sphere is rather lucky in having a layer of liquid water; a planetary formation of this type happens really quite infrequently. Unfortunately, quenching our thirsts requires concerted efforts, and without prior treatment, the vast majority of the water here is not only useless to humans, but deadly. Known for their state of the art treatment systems, H2O Innovation have recently expanded into the sale of specialty products and services, including an equipment line specifically designed to assist maple farmers and producers based on their own membrane filtration technologies.

The maple division of H2O Innovation was granted a patent last year for its membrane-based system that produces a high concentration maple sap. The company has put its knowledge of filtration to the use of maple producers, and in addition to introducing a complete line of maple farm equipment, has massively improved the production process.

By substantially increasing the sugar concentration, the quantity of water to be evaporated is significantly reduced, resulting in a notable decrease in energy expended on evaporation. The boiling phase, which is the last production

phase, allows the producer to cook the syrup to their desired colour and taste and to improve the product's classification. So not only have H2O Innovation spent years bringing us better quality water, they are now insisting that we have better quality maple syrup.

The maple division of H2O Innovation was noted last year for exceptional growth. Under the leadership of CEO Frédéric Dugré, the company has reported consistent revenue increases that his team attribute to his passion for water treatment and clean technologies. In fact, Water & Wastewater International magazine (WWi) placed him at number fourteen in their 'Top 25 Water Leaders' series just last week.

It's not like H2O Innovation had a rough Christmas, either. December saw them generate a further \$8m of new North-American business, plus their maintenance subsidiary received accreditation from the American Public Works Association. That was just after they won Visionary Company of the Year from the Quebec Chamber of Commerce and Industry, of course.

Fresh water sources are becoming increasingly rare or insufficient due to atmospheric changes and population growth. The consequences of these shifts are already being felt, which means solutions must come swiftly. H2O Innovation uses a proven technology to produce drinking water from seawater and brackish water by reverse osmosis (RO). This membrane filtration technology is well-suited for desalination processes as it requires far less energy than conventional approaches that rely on heat. Reverse osmosis plants comes with many benefits; they require less space than traditional desalination plants, and permit vastly more economical operations that produce more financially robust structures.

There may be a fixed quantity of water on the planet, but it will need to be perpetually treated for as long as there are people who need it. And if the people who clean my water also make my maple syrup better... I can only applaud.

Frédéric Dugré on H20 Innovation's record \$50.8 million sales backlog

February 8, 2016 – In a special **InvestorIntel** interview, Publisher Tracy Weslosky speaks with Frédéric Dugré, President and CEO for H20 Innovation Inc. (TSXV:HEO | OTCQX:HEOFF) on the development of the FiberFlex technology. Developed less than 2 years ago, H20 Innovation just signed a contract with the Clifton Water District in Colorado to use the FiberFlex technology to make drinking water from the Colorado River. Citing this project as an important milestone for drinking water applications, Frédéric explains how they have signed another 50 projects since launching this same platform. Sewage water treatment and water technology experts, H20 Innovation has reached a record \$50.8 million sales backlog and just announced \$13.2 million in revenue for the second quarter of fiscal year 2016 earlier today.

Tracy Weslosky: H20 Innovation just had a tremendous year for achieving benchmarks and you have just been working basically day and night, you have to be...as I see that you just announced the commissioning of the largest ultrafiltration project to date in Colorado. This seems like big news to me. Can you tell us more about that? Thank you.

Frédéric Dugré: It is certainly an important achievement for the company itself. Again, the Clifton project that we delivered a few weeks ago is an important milestone, both in our business plan and in terms of commercial development. We launched only 24 months ago this new technology called the

FiberFlex, which essentially provides the customer with a strong advantage to interchange different membrane modules when it comes to membrane replacement so it gives tremendous ability and advantage for the end-user to use this platform. It was the first successful commissioning that we have done on it. Since then we signed 50 more new projects using the similar platform.

Tracy Weslosky: Okay and for those of our shareholders and investors out there that may not understand this completely, I know I'm learning a lot more about this, you're basically taking water from the Colorado River and turn it into drinking water. Is that correct?

Frédéric Dugré: That's correct

Tracy Weslosky: And that's what this system does. Is that correct?

Frédéric Dugré: Exactly. So it's a drinking water application for the district of Clifton in Colorado.

Tracy Weslosky: And, of course, I also read that you have brought in new contracts, just over \$7.6 million and that you've got a sales backlog to a record high of over \$50 million. Is that correct?

Frédéric Dugré: Yes, this is a new record high for us, \$51 million dollar in backlog. The latest projects we have announced that bundles to \$7.6 million dollars are three projects. Again, it's not a surprise for us. It was by design. We added and extended our sales team over the last year so finally it's a result of these efforts. As I said earlier, we also launched new innovations, including the FiberFlex. In the \$7.6 million dollars there is one project using the FiberFlex in B.C., in British Columbia. Again, to see this backlog growing to a \$51 million dollar level, again, it's not a surprise. We see our sales pipeline is getting bigger and bigger. The average size of projects also are getting bigger

and obviously the demand for water infrastructure in southern U.S. is also pretty demanding.

Tracy Weslosky: Okay. I understand that you just brought in your first significant project in British Columbia. Can you tell us a little bit more about that?

Frédéric Dugré: Yes. For us it is the first project in B.C. for the community of Englishman River. It is a significant size project for us as we will be commissioning also and installing a water treatment plant ...to access the full interview, [click here](#)

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H2O Innovation CEO Dugré on increasing revenue through Clearlogx technology acquisition

October 27, 2015 – Frédéric Dugré, CEO and Director for H2O Innovation Inc. (TSXV: HEO | OTCQX: HEOFF) in an interview with **InvestorIntel** Publisher Tracy Weslosky discuss their increase in revenue, which includes 60% growth from project business and 18% from the specialty production. Tracy also asks Frédéric about the acquisition of a new technology company Clearlogx® and that will both increase revenue and recurring revenues as well.

Tracy Weslosky: I was reading your 2015 year ends and you're

up 40% and nearly \$50 million in revenue last year. Is that correct?

Frédéric Dugré: That's correct. Pretty sustained growth over the year exclusively organically coming from our project business. 60% growth from our project business only and then 18% from the specialty production service group as well.

Tracy Weslosky: Now you just had more good news this last week, a deal with Clearlogx®?

Frédéric Dugré: That's correct. We just acquired a new technology, a new company based in the U.S., around Denver. Actually complements very nicely our project business. It's a technology that will differentiate the project business. It's a controller that allows us to measure the proper level of coagulant chemicals we need to have into a water solution to avoid premature falling of our membrane. It both complements the business, the project business, as well as expand our chemical offering.

Tracy Weslosky: Now I believe I read in the Clearlogx® news release that you managed to do this with debt financing from a bank and you haven't diluted the shares.

Frédéric Dugré: This is something we're pretty proud of. After 15 years of building this company and now being able to acquire and bolt-on new acquisition without diluting the shareholders. This is accomplishment because it will be extremely accretive. Obviously we're adding about \$1 to \$1.5 million in revenues and it's a profitable and it's a profitable business as well and with no dilution impact as you said financed through a senior debt.

Tracy Weslosky: The part I heard is that this will increase revenue. Is that correct?

Frédéric Dugré: That's correct and recurring revenues as well. That's what we like.

Tracy Weslosky: Dr. Duchesne at InvestorIntel called your technology 'revolutionary', 'ground-breaking' – this membrane filter system: can you give our audience a bit of an overview?

Frédéric Dugré: The membrane systems or membrane technologies have been around for about 15 years now. Essentially what's different and what's new in H2O is the way we are integrating these membranes into an open source platform...to access the complete interview, [click here](#)

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