

18 November 2014

Amiad Water Systems Ltd.
 (“Amiad” or the “Company”)

Business and Trading Update

Amiad Water Systems Ltd. (AIM: AFS), a leading global producer of water treatment and filtration solutions, provides the following business and trading update for the full year 2014.

As stated in the Company’s interim results announcement on 11 September 2014, Amiad entered the second half with higher backlog than the previous year and, as such, expected to deliver revenue growth for full year 2014 compared with full year 2013.

As expected, at the beginning of the second half, there was growth in the Irrigation, Municipal and Oil & Gas segments. However, recently, the Company has experienced a slowdown in the Industry and Ballast Water segments.

The developed markets continue to perform well. However, the developing markets are experiencing delays in, or cancellations of, certain orders. Whilst these orders are of a small size, the cumulative effect means that the revenue for the full year is now expected to be lower than market expectations.

Due to continuing uncertainty surrounding some contracts, the Company expects to report revenue 2%-6% below market expectations in the range of \$118m - \$122m compared with \$118.9m in 2013. However, as Amiad has fixed operating expenses, this decline in revenue is expected to have a greater impact on net profit.

The Board has agreed on an immediate restructuring and cost cutting exercise designed to reduce operating expenses and increase profitability in 2015. The Company plans to reduce operational expenses and headcount in sales & marketing and G&A expenses at its headquarters. In total, the Company expects to reduce its operating expenses by approximately \$4m in 2015. In 2014, the Company will incur a one-off expense of approximately \$0.7m as a result of this restructuring.

In addition to the previously stated uncertainty surrounding the extent of the impact of the Israeli Shekel strength against the US Dollar, the Company expects an adverse impact of currency exchange between the Australian and US Dollars as well as the Euro and US Dollar. The total adverse impact of currency exchange is now expected to result in approximately \$1.4m in finance expenses.

As a result of reduced revenue, the currency fluctuation and one-off restructuring expense, the Company now expects to report between a net loss of \$1m and net profit of \$1m compared with market expectations of \$4m.

At 31 December 2014, the Company expects net debt to be approximately \$20m (30 June 2014: \$19.7m) and cash and cash equivalents to be approximately \$14m (30 June 2014: \$14.7m).

Enquiries

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About Amiad

Amiad Water Systems (AIM: AFS) is a leading global producer of automatic, self-cleaning water treatment and filtration products and systems. Through its engineering skills and ability to innovate, Amiad provides cost-effective “green” solutions for the industrial, municipal, irrigation, oil & gas and ballast water markets. In these segments its patented products are being integrated into the core of systems for filtration and water treatment, micro irrigation and membrane protection, wastewater and potable water treatment, cooling systems and sea water filtration.

Headquartered in Israel, Amiad provides these solutions through ten subsidiaries and a comprehensive network of over 170 distributors to customers in more than 80 countries.

For additional information or product details, please visit www.amiad.com.