

FROST & SULLIVAN

EVOQUA WATER TECHNOLOGIES

2022
COMPANY
OF THE
YEAR

GLOBAL
WATER TECHNOLOGY INDUSTRY

Best Practices Criteria for World-Class Performance

Frost & Sullivan applies a rigorous analytical process to evaluate multiple nominees for each award category before determining the final award recipient. The process involves a detailed evaluation of best practices criteria across two dimensions for each nominated company. Evoqua Water Technologies excels in many of the criteria in the water technology space.

AWARD CRITERIA	
<i>Visionary Innovation & Performance</i>	<i>Customer Impact</i>
Addressing Unmet Needs	Price/Performance Value
Visionary Scenarios Through Mega Trends	Customer Purchase Experience
Implementation of Best Practices	Customer Ownership Experience
Leadership Focus	Customer Service Experience
Financial Performance	Brand Equity

A Market Snapshot

With the COVID-19 pandemic reaffirming the global urgency for sustainable, resilient, and future-ready water and wastewater infrastructure, industries and municipalities increasingly implement innovative solutions that drive their net-zero, decarbonization, and circularity goals. Similarly, the water industry’s growing need to reduce energy and water consumption to improve the overall efficiency of high-cost water treatment operations drives the rising adoption of advanced technologies, such as Internet of Things-enabled automation and artificial intelligence-based data analytics. At the same time, the pricing challenges resulting from the highly fragmented market’s ongoing supply chain disruptions, material shortages, and labor scarcity challenges further necessitate the uptake of these innovative solutions. Moreover, the increasing end-market investments in resources such as water/energy recovery, emerging pollutant treatment, and circular economy built around innovative business models propel the robust growth of the water technologies space.

Frost & Sullivan’s research sizes the global water and wastewater market at \$806.14 billion in 2022, with \$105.25 billion attributed to water and wastewater technologies.¹ Market participants that offer an

¹ *Global Water and Wastewater Treatment, Outlook 2022* (Frost & Sullivan, October 2021)

optimal mix of robust technology portfolios, superior customer service, and innovative business models will gain a clear competitive advantage in this evolving market.

Founded in 2013 following AEA Investors LP's acquisition of Siemens Water Technologies LLC, Evoqua Water Technologies (Evoqua) is a leading provider of mission-critical water and wastewater treatment solutions that support its customers' complete water lifecycle needs. The Pittsburgh, Pennsylvania-based company leverages 100+ years of continual innovation, an ever-expanding solutions portfolio, and market-leading industry expertise to deliver high-quality, reliable, and resilient water and wastewater solutions to municipal, industrial, and recreational customers worldwide. Evoqua treats approximately 100 billion gallons of water per day across 200,000+ installations, serving 38,000+ customers in 150+ locations in nine countries.²

Evoqua: An Established Global Leader

Evoqua's purpose centers on "Transforming Water. Enriching Life.®" with the stated vision of "becoming the world's first choice for water solutions." The company connects deep-seated domain and operational knowledge with an extensive range of proprietary technologies, customer-centric service, and multiple channels to offer comprehensive, cost-effective, and proven treatment solutions. These offerings help customers reduce freshwater demand, ensure optimal water quality, and enable regulatory and environmental compliance.

To deliver these solutions, Evoqua adopts a channel-based, two-segment approach that streamlines its businesses to align with its customers' specific requirements. Moreover, this two-segment structure simplifies customer interactions, enhances problem resolution, and generates exceptional value. These two segments include:

- The Integrated Solutions and Services (ISS) segment is Evoqua's customer-facing service organization. Accounting for approximately 68% of Evoqua's overall revenues, the ISS business provides application-specific solutions and complete lifecycle services for critical water and wastewater applications across a diversified set of attractive vertical markets, primarily in North America. This segment drives organic growth by deploying outsourced water solutions (including tailored services) and digitally-enabled capabilities that deliver steady, stable, and profitable revenues. Evoqua's key offerings within this segment include industrial equipment systems (e.g., influent water, boiler feeder water, ultra-high purity, process water, wastewater treatment, and recycle/reuse), full-scale operations and maintenance outsourcing, and municipal services.
- The Applied Product Technologies (APT) segment is Evoqua's product technology group focused on indirect channel sales. APT offers differentiated and scalable products (and technologies) as stand-alone offerings or components in integrated solutions to water treatment system integrators and end-users. The company's key offerings within this segment include filtration and separation, disinfection, wastewater treatment, and anode solutions used across municipal, industrial, and aquatics markets globally.

² <https://www.evoqua.com/en/about-us/>, accessed September 2022.

Evoqua strengthens the competitive differentiation afforded by its market-leading solutions portfolio through a strategic focus on ongoing market-led innovation. To this end, the company utilizes a well-defined stage-gate process encompassing technology development, field testing, piloting, mass-market commercialization, and supply chain and sourcing evaluation. Additionally, Evoqua supplements these in-house research and development initiatives with long-term partnerships with leading universities, global research centers, and other external agencies. Its global research, development, and engineering footprint includes seven facilities in the United States (US), the Netherlands, Germany, the United Kingdom (UK), and India, staffed with scientists, researchers, engineers, technicians, and managers.³ Moreover, in October 2021, Evoqua opened its new 18,000-square-foot Pittsburgh-based Sustainability and Innovation Hub to support the development of sustainable water treatment technologies. This state-of-the-art facility houses a hands-on demonstration and training area, a pilot testing environment, and a fully equipped laboratory to further strengthen the company's analytical and feasibility study capabilities.⁴ As a result of this innovation-led approach, Evoqua holds over 1,700 patents (granted and pending), establishing the company's technology leadership in the global water technology space.

"Moreover, Evoqua capitalizes on the momentum of the energy transition with its water and circular economy value proposition to recover renewable energy from wastewater. Within this context, the company offers multiple different anaerobic digestion technologies to meet the growing demand from the biofuel end markets (renewable fuels, renewable natural gas, and hydrogen)."

**- Fredrick Harry Royan,
Vice President - Sustainability & Circular
Economy**

Over the years, Evoqua has earned a well-deserved reputation as a global leader in identifying and addressing emerging water concerns. The company's entrepreneurial culture enables it to proactively develop innovative solutions that allow its growing customer base to protect its businesses against potential challenges. For instance, Evoqua delivers best-in-class solutions that position it to address the critical water challenge posed by increasingly complex emerging contaminants, such as poly- and per-fluoroalkyl substances (PFAS), selenium, and micro-plastics. Specifically, the company addresses PFAS contamination through emergency treatment and mobile assets, which enables it to create permanent

solutions across varying markets.

Furthermore, Evoqua differentiates itself with its integrated approach to sustainability, defining its impact in terms of its "Footprint" and "Handprint." While the former marks the company's responsibility to incorporate sustainable practices throughout its internal operations, the latter focuses on delivering tangible, sustainable customer benefits by building more resilient water systems.

Frost & Sullivan recognizes Evoqua for its unparalleled portfolio of proven technologies, integrated service offerings, and market-led innovation approach that enable industries to optimize performance and minimize discharge, assist municipalities in achieving their water quality targets, and support recreational facilities in creating safer environments.

³ https://s25.g4cdn.com/752377665/files/doc_financials/2021/ar/2021-Evoqua-Water-Technologies-Annual-Report.pdf, accessed September 2022.

⁴ Ibid.

Roadmap to Success: Customer-centric, Continuous, Proactive

Evoqua supports customers across key vertical end-markets that utilize and treat water as a critical part of their operations or production processes, such as life sciences (includes healthcare, pharmaceuticals, and biotechnology), manufacturing, power, microelectronics, chemical processing, food and beverage, municipal drinking water and wastewater, aquatics, and refining. Unlike its regional and niche-segment contemporaries, the company closely tracks and evaluates these vertical segments, ensuring it accurately aligns its targeted solutions, services, and investments with evolving market needs. Within this context, Evoqua's market-led approach enables it to shift focus and resources proactively to the vertical markets with the most urgent needs, allowing it to expand its customer base consistently. Moreover, the company's highly diversified customer base prevents its dependence on any single end-market, cushioning its organic growth against unexpected economic challenges.

Evoqua maintains a strong presence in the life sciences sector. The company's recent acquisition of Mar Cor, the prominent Minnesota-based supplier of best-in-class water filtration and purification systems, significantly strengthens its leadership in this vertical market (particularly the healthcare segment). Along with generating annualized revenues of approximately \$180 million, this business addition expands Evoqua's North American service footprint (with access to an installed base of 5,500+ sites) and augments its high-purity water treatment solutions capabilities.⁵ Similarly, the microelectronics vertical end-market is another high-specialization area for the company. A recognized leader in the space, Evoqua benefits from the semiconductor business' re-shoring/near-shoring from the Far East back to the US, driven, in part, by the recent ban on US companies from setting up advanced technology facilities in China over the next ten years.

Evoqua distinguishes itself against competitors in the global water technology space through its high value-add service-based business model that enables it to serve customer segments with stringent industry specifications for water effectively. For instance, Evoqua's digital water management solutions provide remote monitoring and predictive analytics capabilities that optimize routine service calls to enhance the customers' water systems' reliability and cost-efficiency. The offerings include water on-demand services, mobile solutions, and intelligent water systems. As a result, customers can seamlessly outsource their water treatment needs to Evoqua, thereby empowering them to focus on their core business operations. One of the company's fastest-growing solutions, outsourced water/digitally enabled services, will continue to enjoy strong uptake owing to a growing number of customers looking to offload their water treatment operations.

Moreover, Evoqua capitalizes on the momentum of the energy transition with its water and circular economy value proposition to recover renewable energy from wastewater. Within this context, the company offers multiple different anaerobic digestion technologies to meet the growing demand from the biofuel end markets (renewable fuels, renewable natural gas, and hydrogen). These anaerobic digestion technologies allow industrial customers to harness biogas as a process by-product, empowering them to reclaim renewable green energy from their wastewater. Similarly, Evoqua's other sustainable water offerings include water reuse and recycling solutions that support customers in lowering freshwater

⁵ <https://www.evoqua.com/en/press-releases/evoqua-closes-acquisition-of-renal-business-from-steris/>, accessed September 2022.

costs, reducing wastewater flows, optimizing their water footprint, and enhancing overall operational sustainability.

Use Case Example 1: Major Medical Center, Oklahoma, US

A large medical laboratory (Outreach Laboratories) employed Evoqua's high-purity water purification solutions and exceptional customer service to complete an Oklahoma-based medical center's critical instrumentation implementation project. Accessing the medical center's specific requirements through constant, clear, and open communication with the customer's teams, Evoqua offered a turnkey solution, including two Medica^{®6} systems with boost pumps to provide reliable, high-purity water to the clinical analyzers. Additionally, the company provided temporary deionized water tanks to ensure timely project completion. Moreover, Evoqua's local service technicians worked with the customer to enable optimal Medica system installation despite various layout and space constraints. Also, the company offered a preventative maintenance agreement and ongoing technical support to enhance the customer's water system performance and reduce downtime risks during solution implementation. This medical center case study demonstrates Evoqua's specialization and strengths in the life sciences end-market.

"Evoqua is a true partner and is customer driven. When you have somebody local, that makes all the difference."

- Director, Outreach Laboratories⁷

As a result of its advanced technologies, targeted solutions, and proactive customer service, Evoqua successfully established itself as the customer's partner of choice for water treatment operations.

Positioned for Growth

In the third quarter of 2022, Evoqua generated \$439.3 million in revenue, an 18.8% increase (with 9.2% organic revenue growth) from the same period in the previous year.⁸ The company's strong financial

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- Sama Suwal,
Best Practices Research Analyst

performance and ongoing resilience despite inflationary pressures, supply chain constraints, and skilled worker shortages are particularly noteworthy. Evoqua drives this organic growth through a continued focus on strategic pricing, operational excellence, and cost savings initiatives.

Evoqua complements its organic growth initiatives with strategic tuck-in acquisitions. As part of its overall growth strategy, the company pursues acquisitions that empower it to augment its technology portfolio, expedite geographic expansion, and facilitate

penetration into target end markets. Evoqua's notable acquisitions in 2022 include:

⁶ Medica is a trademark of VWS(UK) Ltd., accessed October 2022.

⁷ <https://www.evoqua.com/en/case-studies/ok-medical-center-medica/>, accessed August 2022.

⁸ https://s25.q4cdn.com/752377665/files/doc_financials/2022/q3/Q3-FY22-Earnings-Webcast-Presentation-updated_Optimized.pdf, accessed September 2022.

- On July 18, 2022, Evoqua announced the acquisition of New Jersey-based EPICOR, Inc., its valued supplier and leading manufacturer of high-quality powdered ion exchange resins and resin/fiber mixtures for the power industry. This acquisition strengthens the ISS segment's capability to serve its power market customers.⁹
- In July 2022, Evoqua completed the acquisition of Minnesota-headquartered Smith Engineering, a leader in the design, manufacturing, and service of custom high-purity water treatment equipment. This business addition allows the company access to Smith Engineering's high-purity water treatment systems portfolio, robust vertical market presence, and strong customer base (1,200+ customers), accelerating its service expansion in key North American markets.¹⁰
- Similarly, in April 2022, Evoqua announced its purchase of the remaining equity interest in San Diego-based Frontier water systems. This acquisition augments Evoqua's portfolio with high-rate treatment solutions for selenium, nitrate, and metals removal from water and wastewater.¹¹

The company's impressive growth momentum and trajectory are a testament to its customer-centric approach, revolutionary technologies, and exceptional business strategy, earning its clients' trust and loyalty and enabling it to capture more market share. Moreover, Evoqua continues to strengthen its presence in regional markets. For instance, in June 2022, the company established new facilities for its UK-based global center of excellence for ultraviolet disinfection solutions¹² and Singapore-based manufacturing facility.¹³ These local facilities support Evoqua's regional growth aspirations in the EMEA and Asia Pacific regions.

Conclusion

Industrial, municipal, and recreational customers increasingly demand innovative water technology solutions that drive their circularity goals to build sustainable, resilient, and future-ready water and wastewater infrastructure. Moreover, the ongoing supply chain disruptions, material shortages, and labor scarcity challenges continue to restrain the highly fragmented market. Overall, Evoqua Water Technologies (Evoqua) addresses these unmet needs with strong leadership focus that incorporates customer-centric strategies and exemplifies best practice implementation. The company leverages its unparalleled portfolio of proven advanced technologies, customer-centric service offerings, and market-led innovation approach to enable industrial customers to optimize performance and minimize discharge, assist municipalities in achieving their water quality targets, and support recreational facilities in creating safer environments. Evoqua remains a trusted partner, earning a reputation for offering the overall best in the water technology space.

With its strong overall performance, Evoqua earns Frost & Sullivan's 2022 Global Company of the Year Award in the water technology industry.

⁹ <https://www.evoqua.com/en/press-releases/evoqua-water-technologies-completes-acquisition-of-epicor-inc/>, accessed September 2022.

¹⁰ <https://www.evoqua.com/en/press-releases/evoqua-water-technologies-closes-acquisition-smith-engineering-inc/>, accessed September 2022.

¹¹ <https://www.evoqua.com/en/press-releases/evoqua-completes-acquisition-of-frontier-water-systems/>, accessed September 2022.

¹² <https://aqua.evoqua.com/news-and-events/news/news-details/2022/Evoqua-Water-Technologies-Invests-in-New-Facility-in-the-United-Kingdom/default.aspx>, accessed September 2022

¹³ <https://www.evoqua.com/en/press-releases/evoqua-water-technologies-opens-new-manufacturing-facility-in-singapore-to-support-growth-in-apac/>, accessed September 2022.

What You Need to Know about the Company of the Year Recognition

Frost & Sullivan's Company of the Year Award is its top honor and recognizes the market participant that exemplifies visionary innovation, market-leading performance, and unmatched customer care.

Best Practices Award Analysis

For the Company of the Year Award, Frost & Sullivan analysts independently evaluated the criteria listed below.

Visionary Innovation & Performance

Addressing Unmet Needs: Customers' unmet or under-served needs are unearthed and addressed by a robust solution development process

Visionary Scenarios Through Mega Trends:

Long-range, macro-level scenarios are incorporated into the innovation strategy through the use of Mega Trends, thereby enabling first-to-market solutions and new growth opportunities

Leadership Focus: Company focuses on building a leadership position in core markets and on creating stiff barriers to entry for new competitors

Best Practices Implementation: Best-in-class implementation is characterized by processes, tools, or activities that generate a consistent and repeatable level of success

Financial Performance: Strong overall business performance is achieved in terms of revenue, revenue growth, operating margin, and other key financial metrics

Customer Impact

Price/Performance Value: Products or services provide the best value for the price compared to similar market offerings

Customer Purchase Experience: Quality of the purchase experience assures customers that they are buying the optimal solution for addressing their unique needs and constraints

Customer Ownership Experience: Customers proudly own the company's product or service and have a positive experience throughout the life of the product or service

Customer Service Experience: Customer service is accessible, fast, stress-free, and high quality

Brand Equity: Customers perceive the brand positively and exhibit high brand loyalty

