

ASX RELEASE**9 April 2020****RESPONSE TO COVID-19 AND WITHDRAWAL OF PROFIT GUIDANCE****Operational Update and Withdrawal of Profit Guidance**

Waterco Limited (ASX Code: WAT) (Waterco or the Company) provides the following update in relation to the Company's response to the COVID-19 Pandemic and the Profit Guidance given to shareholders at its Annual General Meeting on 25 October 2019.

The global COVID-19 Pandemic has affected many businesses, including Waterco. At present, business operations continue to function effectively and service levels are being maintained with staff working either from the business premises within the regulations advised by the Government or remotely from home. The supply chain continues to function in accordance with our business requirements. The current travel restrictions are not adversely impacting supply and delivery of products which has ensured the continuity of business operations without compromising the supply of products to our customers during this period of disruption. However, Waterco remains cautious of the near-term impacts of lockdown in key countries in which Waterco operates. In Malaysia, Waterco's manufacturing unit was suspended following the issuance of the Movement Control Order by the Malaysian Government which mandated all business activities, except certain essential services, be suspended from 18 March 2020 until 14 April 2020. Likewise, operations in New Zealand, China, USA, Canada and Europe have also been affected by the lockdowns in the countries.

The effects of COVID-19 would likely be seen in the last quarter results in this Financial Year 2020. Activities are expected to be subdued going into the next financial year and steps have been taken to minimise next year's results by some business and operational restructuring to mitigate an expected recession globally. In light of this, the Board of Waterco believes that it is prudent to withdraw its previous Profit Guidance of a projected net profit after tax of \$2.6 million given to its shareholders on 25 October 2019.

In relation to the dividend payment announced with the Company's results in February 2020, the Company reaffirmed that the interim dividend of \$0.02 cents will be paid as planned.

The Company had previously announced its intention to undertake an on-market share buy-back of up to 10% of ordinary shares. The buy-back is in place because the Board believes it is in the best interest of the shareholders and reflects confidence in the underlying value of the business, at current price levels.

Response to COVID-19

The Company's paramount priority is to ensure the health and well-being of its employees, franchisees, customers, suppliers and other stakeholders.

In order to comply with expert health and Government guidance, the Company has encouraged staff to work remotely, if possible, and where it is not possible, to adhere to the guideline on social distancing while at office, postponed non-essential travel, increase the use of electronic and video communications and scheduled frequent cleaning and hygiene maintenance practices in our offices and warehouse facilities. There have been no reported COVID-19 cases among employees to date.

Waterco has set up the Coronavirus Preparedness Portal to provide employees with resources and links to various authorities including the Department of Health Australia, World Health Organization, official Government Websites on COVID-19, Latest Updates on COVID-19 and helpful Articles on Self Care.

The Company has also implemented measures to protect its employees working in office from the spread of coronavirus, including:

- putting notices at main access doors to business premises disallowing entry for persons who have travelled overseas within the last 14 days or have been in contact with persons returning from overseas within the last 14 days
- keeping all entry doors to the business premises and Sales Office locked and allowing entry only by employees swipe cards or by ringing the door bell
- providing hand sanitisers at Reception Desk, Trade Counters and Breakout Areas for use by visitors, customers and employees on a regular basis
- practicing no hand shaking or close proximity discussions take place with the prescribed distances either inside or outside of the office

The Board is committed to providing updates to the market as events progress and recognize the need to ensure that shareholders are informed on the potential impact on the business performance of the Company due to the economic conditions

This announcement was authorised for release by the Board of Directors of Waterco.

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About Waterco Ltd – www.waterco.com

Established in 1981 and listed on the ASX in 1989, Waterco (ASX:WAT) manufactures and distributes a diverse range of products for the international swimming pool and water treatment markets.

Waterco is also the franchisor of Swimart, one of Australia and New Zealand's largest network of pool and spa retail outlets and is also the distributor of Zane Pool Heating solutions via a network of Australian dealerships.

Waterco delivers high quality, innovative products at exceptional value in over 40 countries. This includes a comprehensive range of swimming pool and spa equipment and chemicals as well as domestic and industrial water treatment equipment. The company's head office is in Sydney, Australia with international offices, manufacturing plants and warehouses located in Australia, New Zealand, Malaysia, Indonesia, Singapore, China, US, and the UK.