



## NEWS RELEASE

### GLV – Fourth Quarter and Fiscal 2010 Financial Results

**Despite a challenging economic context, the Water Treatment Group (excluding Christ Water Technology) achieves its profitability objective in the fourth quarter.**

#### HIGHLIGHTS

##### **Fourth quarter ended March 31, 2010**

- Revenues of \$145.5 M, versus \$144.5 M for the fourth quarter of 2009, an increase attributable to the contribution of Christ Water Technology (CWT) for the full quarter, mostly cancelled out by an organic revenue decrease.
- Excluding CWT and non-recurring costs, the Water Treatment Group achieves normalized EBITDA of \$6.0 M for a normalized margin of 10.4%.
- EBITDA of \$0.5 M, versus \$12.5 M a year earlier.
- Net loss of \$13.5 M, compared with net earnings of \$5.5 M for the fourth quarter of 2009, due to CWT's operations, exchange losses and the amortization of the intangible assets created by the acquisition.

##### **Fiscal year ended March 31, 2010**

- Revenues of \$500.7 M, compared with \$597.3 M for fiscal 2009, a decline primarily attributable to an organic revenue decrease.
- Excluding CWT and non-recurring costs, the Water Treatment Group achieves normalized EBITDA of \$19.9 M for a normalized margin of 8.1%.
- EBITDA of \$14.9 M, versus \$30.2 M a year earlier.
- Net loss of \$10.3 M, compared with net earnings of \$11.7 M.
- Negative free cash flows of \$3.6 M, compared with positive free cash flows of \$24.2 M for fiscal 2009.
- Total net debt to equity ratio of 6.9% as at March 31, 2010, versus 18.0% a year earlier.

##### **Order backlogs as at March 31, 2010**

- \$442.3 M, versus \$257.4 M a year earlier and \$430.6 M at the end of the previous quarter.
- 105.7% increase (including CWT, at constant exchange rates) over March 31, 2009, attributable to the addition of CWT and a 6.9% organic growth (excluding CWT, at constant exchange rates) for Water Treatment Group.
- 9.9% entirely organic increase (including CWT, at constant exchange rates) over December 31, 2009.

**Montreal, Canada, June 10, 2010** — *(All amounts are in Canadian dollars)*

**GLV Inc.** (the "Company"; TSX: GLV.A, GLV.B) today disclosed its financial results for the fourth quarter and the fiscal year ended March 31, 2010. In light of the difficult economic context worldwide, particularly in the pulp and paper sector, the Company recorded lower revenues for the fiscal year as a whole, in the amount of \$500.7 M, compared with \$597.3 M for the previous year. This revenue decrease coupled with the addition of CWT, which as expected incurred loss during the fourth quarter of the fiscal year, led to a net loss of \$10.3 M for fiscal 2010, versus net earnings of \$11.7 M a year earlier.

"These results attest to the difficult economic conditions that prevailed in several of our markets in 2009 and our forecasts at the time of the CWT acquisition, along with major movements in currencies which led to significant exchange losses," indicated Laurent Verreault, Chairman of the Board and Chief Executive Officer. "They also show the skill and flexibility of each of two operational groups when it comes to

adjusting to the market situation. It is important to point out that during the fourth quarter, the strategies implemented to increase the Water Treatment Group's profitability paid off. The group posted an EBITDA margin of over 10%, which is our targeted objective for our entire organization over the long term."

### Summary Analysis of Financial Results

This press release provides an overview of the analysis of results for the fourth quarter and fiscal 2010. For a detailed analysis, the reader is referred to the Management's Report and audited consolidated financial statements, filed effective today on the websites of SEDAR ([www.sedar.com](http://www.sedar.com)) and the Company ([www.glv.com](http://www.glv.com)).

## Financial Highlights

(in millions of \$, except per-share amounts and % data)

	Quarters Ended March 31		Fiscal Years Ended March 31	
	2010	2009	2010	2009
<b>Revenues</b>	<b>145.5</b>	<b>144.5</b>	<b>500.7</b>	<b>597.3</b>
Water Treatment	101.1	78.0	320.8	290.4
Pulp and Paper	41.7	61.7	169.9	289.5
<b>Gross margin</b>	<b>18.9%</b>	<b>29.3%</b>	<b>22.9%</b>	<b>23.9%</b>
<b>EBITDA</b>	<b>0.5</b>	<b>12.5</b>	<b>14.9</b>	<b>30.2</b>
Water Treatment	0.3	5.9	15.0	18.3
Pulp and Paper	3.0	9.2	10.3	22.5
<b>Normalized EBITDA*</b>	<b>1.7</b>	<b>13.1</b>	<b>17.1</b>	<b>36.5</b>
Water Treatment**	6.0	6.5	19.9	19.1
Pulp and Paper*	3.4	9.2	10.3	27.9
<b>Normalized EBITDA margin*</b>	<b>1.2%</b>	<b>9.1%</b>	<b>3.4%</b>	<b>6.1%</b>
Water Treatment**	10.4%	8.3%	8.1%	6.6%
Pulp and Paper*	8.1%	14.9%	6.1%	9.6%
<b>Net earnings (loss)</b>	<b>(13.5)</b>	<b>5.5</b>	<b>(10.3)</b>	<b>11.7</b>
<b>Free cash flow</b>	<b>(10.0)</b>	<b>6.8</b>	<b>(3.6)</b>	<b>24.2</b>
<b>Per share (basic and diluted)</b>				
Net earnings (loss)	(0.34)	0.21	(0.31)	0.44
Free cash flow	(0.26)	0.26	(0.11)	0.91
<b>Data as at March 31</b>			<b>2010</b>	<b>2009</b>
Total net debt to invested capital ratio			6.9%	18.0%

\*Excluding non-recurring items

\*\*Excluding CWT and non-recurring items

### Fourth Quarter 2010

For the three-month period ended March 31, 2010, the Company recorded revenues of \$145.5 M, compared with \$144.5 M for the corresponding quarter of 2009. The Water Treatment Group contributed to the revenue growth, due to the recognition of the results of CWT for the full quarter. However, this contribution was almost entirely cancelled out by a 20.9% organic revenue decrease (excluding CWT, at constant exchange rates). As for the Pulp and Paper Group, its revenues declined by 32.3% from the fourth quarter of the previous year due to the major slowdown in this business sector. Revenues were also affected by the \$11.8 M unfavourable impact related to the appreciation in the Canadian dollar, especially in relation to the U.S. dollar.

Thus, the Company posted EBITDA of \$0.5 M for the fourth quarter of 2010, compared with \$12.5 M a year earlier. The decline in EBITDA is largely attributable to the addition of CWT, which recorded negative EBITDA of \$4.8 M for this period, which in turn affected the Water Treatment Group's EBITDA. For its part, the Pulp and Paper Group achieved EBITDA of \$3.0 M, compared with \$9.2 M in the fourth quarter of 2009.

Excluding CWT and non-recurring items, the Water Treatment Group presented normalized EBITDA of \$6.0 M for a 10.4% EBITDA margin for the quarter, which attests to the effectiveness of the measures implemented to increase profitability. In the corresponding quarter of 2009, the Group had posted an 8.3% EBITDA margin.

Finally, for the fourth quarter, the Company recorded a net loss of \$13.5 M (\$0.34 per share, basic and diluted), compared with net earnings of \$5.5 M (\$0.21 per share, basic and diluted) a year earlier. This loss is explained by the addition of CWT, including the amortization of the intangible assets created at the time of the acquisition, and the exchange losses stemming from the major movements in many currencies. The CWT restructuring process is continuing and the benefits from its integration into the Water Treatment Group should materialize in upcoming quarters, more particularly in the second half of fiscal 2011.

### **Fiscal 2010**

For the fiscal year ended March 31, 2010 as a whole, the Company recorded consolidated revenues of \$500.7 M, down by \$96.6 M or 16.2% from the previous year. Excluding CWT's contribution for the last four months of the fiscal year, revenues sustained a 26.7% organic decrease (at constant exchange rates). On the one hand, this negative growth is attributable to the sharp decline in infrastructure and spare parts expenditures by pulp and paper companies worldwide. On the other, the Water Treatment Group's organic revenue decrease resulted primarily from the slowdown in investments in the U.S. municipal market and the weakness of the U.K. municipal market. To this organic decrease was added the unfavourable impact of currency fluctuations of approximately \$14.3 M.

EBITDA for fiscal 2010 stood at \$14.9 M versus \$30.2 M. This decline is primarily attributable to the addition of CWT, which posted negative EBITDA of \$3.2 M for the last four months of the fiscal year, as well as the challenging conditions in the pulp and paper market. Conversely, these factors were partly offset by the \$8.3 M decrease in selling and administrative expenses resulting, among others, from the cost-reduction efforts within the Pulp and Paper Group and the operational optimization measures implemented by the Water Treatment Group.

Excluding CWT and non-recurring items, the Water Treatment Group presented normalized EBITDA of \$19.9 M for an 8.1% normalized EBITDA margin for fiscal 2010, which represents a profitability improvement compared with the 6.6% normalized EBITDA margin the Group had posted a year ago.

Thus, the Company recorded a net loss of \$10.3 M (\$0.31 per share, basic and diluted) for fiscal 2010, compared with net earnings of \$11.7 M (\$0.44 per share, basic and diluted) for the previous year.

### **Financial Position**

For fiscal 2010 as a whole, owing primarily to the addition of CWT, the Company used free cash flows totalling \$3.6 M (\$0.11 per share), whereas it had generated free cash flows of \$24.2 M (\$0.91 per share) during the previous year.

During fiscal 2010, the Company completed three offerings that led to the issuance of 17,548,173 new Class A subordinate voting shares, for aggregate gross proceeds of \$135.3 M. These amounts were used to finance the acquisition of CWT and to pay down debt. As at March 31, 2010, the Company thus posted a total net debt to invested capital ratio of 6.9%, compared with 18.0% at the same date a year earlier.

### **Order Backlog**

As at March 31, 2010, the Company had an order backlog worth a total of \$442.3 M, an increase of 105.7% (including CWT, at constant exchange rates) over the value posted a year earlier. This increase is mostly attributable to the inclusion of CWT within the Water Treatment Group, combined with a 6.9% organic growth (excluding CWT, at constant exchange rates). These items more than counterbalanced the 16.9% reduction in the Pulp and Paper Group's order backlog (at constant exchange rates). It should be noted that both groups saw their order backlogs increase during the fourth quarter over the end of the previous quarter: an entirely organic growth of 9.1% for the Water Treatment Group (including CWT, at constant exchange rates) and 17.8% (at constant exchange rates) for the Pulp and Paper Group.

## **Outlook**

Although some enduring economic uncertainties and concerns are prompting caution, the organic growth in the order backlog since January 2010 indicates that investments by the Company's targeted customer base seems to be started to recover. The increase in the number of inquiries and calls for tenders would confirm this trend.

"We are closely monitoring potentially unfavourable variables, especially the economic situation in Europe and currency fluctuations, in order to minimize their effects on our performance," added Richard Verreault, President and Chief Operating Officer of GLV. "It should be pointed out in this regard that the decline in the Euro, although it is having a direct negative impact on the consolidation of results in Canadian dollars, is contributing to make our European divisions more competitive when it comes to obtaining contracts outside the Euro zone."

Finally, management says it is satisfied with the way the combination of CWT's and the Water Treatment Group's operations is progressing. "The benefits of its integration should materialize in upcoming quarters, especially the profit margins which should increase once we complete certain less profitable contracts included in the order backlog at the time of the acquisition. For fiscal 2011, according to our analysis of the outlook in each of our markets, we expect to continue improving our performance. Based on the current order backlogs of each of our groups and in light of the economic context, we expect to achieve consolidated revenues of \$700 M to \$750 M (at current exchange rates) for the fiscal year ending March 31, 2011. In this regard, we maintain our objective of achieving a normalized EBITDA margin of 10% for the Water Treatment Group by the end of fiscal 2011 or beginning of fiscal 2012, and for the entire organization over the long term," concluded Richard Verreault.

## **About GLV Inc.**

GLV is a leading provider of technological solutions used in water treatment as well as in pulp and paper production. It operates in some 30 countries and has approximately 2,350 employees. GLV is a public company whose shares trade on the Toronto Stock Exchange under the ticker symbols GLV.A and GLV.B; it is on the list of the companies comprising the "S&P/TSX Clean Technology Index".

## **Notice Regarding Forward-Looking Statements**

Certain information and statements in this news release and other communications to the public concerning management's objectives, projections, estimates, expectations or forecasts may constitute forward-looking statements within the meaning of securities legislation. Forward-looking statements concern analysis and other information based on forecasted future results and the estimate of amounts that cannot yet be determined. These may be observations concerning, among others, strategies, expectations, planned activities or future actions. 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, notably in regard to certain assumptions.

GLV's management would like to point out that forward-looking statements involve a number of uncertainties and known and unknown risks such that GLV's actual and future results could differ considerably from those stated. Factors of uncertainty and risk that might result in such differences include the risks related to acquisitions and contracts with customers, dependence on key personnel, exchange rate fluctuations, credit, market and liquidity risks, competition, supplier-related risks, availability of the financing required to carry on the business and strategic plan, concentration risk, availability of raw materials, fluctuations in interest rates, potential lawsuits regarding intellectual property rights, asset impairment risk and the risks associated with the holding company structure. There can be no assurance as to the materialization of the results, performance or achievements expressed in or underlying the forward-looking statements. In addition, unless otherwise indicated, the forward-looking statements presented in this news release are issued as of the date hereof and, unless required to do pursuant to applicable securities legislation, GLV's management undertakes no obligation as to the updating or revision of the forward-looking statements as a result of new information, future events or other changes. Forward-looking statements are designed to provide the reader with a description of management's expectations regarding the Company's financial performance during fiscal 2011 and may be inappropriate for other purposes.

Additional information about the risk factors to which GLV is exposed is provided in the "Risk Management" section of the Management's Report for the fiscal year ended March 31, 2010, available on SEDAR at [www.sedar.com](http://www.sedar.com) and the Company's website at [www.glv.com](http://www.glv.com). The major factors and assumptions applied to draw a conclusion or issue a forecast or projection are also presented in the Management's Report for the fiscal year ended March 31, 2010.

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**REMINDER**

**CONFERENCE CALL**

**Time and date: Thursday June 10, 2010 at 2 p.m. (EDT)**

**Dial Number: 1 866 865-3087**

A live audio webcast of the conference call will also be available on [www.glv.com](http://www.glv.com).  
A taped rebroadcast will be available starting Thursday, June 10, 2010 at 5 p.m. (EDT) until midnight on Thursday, June 17, 2010, by dialing 1 800 642-1687 (access code: 78457962).

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