

Stock Data

Share Price:	0.72p
Market Cap:	£3.6m
Shares in issue:	502.7m

Company Profile

Sector:	Elect. & Electr. Eq.
Ticker:	MWG
Exchange:	AIM

Activities

Modern Water ('the Company', 'MWG') is an AIM listed Water Technology Group that was established in 2006 by IP Group Plc to develop and commercialise IP and technologies related to the treatment of water. It has spent £20m over the last 14 years developing a portfolio of over 100 patents and cutting-edge technology focused on making the treatment and recycling of water more efficient.

Share price performance



Source: [LSE](#)

Past performance is not an indication of future performance.

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Modern Water plc

Following its signing of a three-year revenue-sharing manufacturing agency agreement (the 'Agreement') with Integumen plc (AIM:SKIN, 'Integumen') on [18th January 2020](#), Modern Water has confirmed orders received for its water contamination detection consumables rose by 46% in Q1 2020 compared to Q1 2019. This demand spike, which came from existing customers across Spain, Italy and China, is thought to be significantly connected to the global COVID-19 public health crisis. Based on this and recognising that the pandemic still appears to be in a relatively early stage of its evolution across western zones, immediate demand could potentially significantly outstrip the initial production agreement signed between the two companies. Anticipating also the likely need for more permanent and rigorous 'early warning' contamination detection programmes, which are likely to be specified by international governments in conjunction with water treatment/supply utilities going forward, Modern Water appears ideally positioned to receive a major new, long-term source of demand for both its equipment and associated supply of reagents.

Meeting an Urgent Need

In February 2020, microbiologists at [Dutch research institute KWR](#) conducted a series of [RNA-analyses](#) at municipal waste water treatment plants ('WWTP') in the Netherlands. Significantly, their analyses showed the presence of RNA gene fragments of the COVID-19 virus in the influent water. According to KWR, the screening of the COVID-19 virus at municipal WWTPs could become an important containment step, being used to signal new outbreaks in advance and play an important role in tracking and curtailing the pace and evolution of the pandemic. As such, rapid and rigorous sewage screening could potentially provide both national and local authorities with a clearer picture of the virus circulation, the resultant pace of infection and the effectiveness of measures designed to protect wider populations. Moreover, recognition of the continuing vulnerability of human populations to such global pandemics, as has been demonstrated by the uncontrolled spread of COVID-19, even after the current peak infection rate has passed governments will almost certainly be forced to adopt new, long-term means for early detection. The products and services being provided by Modern Water (together with support from its production partner, Integumen) for sewage screening/utility water supplies contamination detection potentially provide them with an ideal solution.

Satisfying Customer Demand

Established in 2006 to develop and commercialise water recovery technologies to counter water crisis problems arising from climate change and a growing global population, Modern Water has now confirmed a total of two months of stock has been shipped to existing customers in just the last two weeks amid surging demand believed to be connected to the global COVID-19 public health crisis. Production by Integumen plc, of Modern Water's monitoring bacteria reagent has already begun at the University of York, UK, some 6 weeks ahead of the originally planned production date. This, along with capacity at existing production laboratories in Delaware, US, has significantly reduced the continuity of supply risk for the Company's customers. It also places the Company in a strong position to respond to further potential near-term exceptional demand spikes from water treatment and supply utilities, government agencies etc., seeking to cope with an exploding need for detection/monitoring products and services.

2020 to date has seen Modern Water implement significant operational change while also broadening its corporate vision. Operating in an area of high international growth, its consumable reagents have historically enjoyed gross margins as high as 83%. Today's news confirms not only that its current products and services might ideally position it to assist in immediate detection and monitoring requirements related to the COVID-19 pandemic, but also recognises the urgent need for more permanent and rigorous 'early warning' contamination detection programmes that are likely to be specified by international governments going forward. This could provide a major new, long-term source of ongoing demand for Modern Water, which will be supported by the option it has already negotiated with Integumen to co-develop bolt-on real-time detection of contamination in water using the Rinocloud AI bacterial and viral infection tests along with its RAWTest AI solution. Presenting cross-selling opportunities across the two companies' respective sales, marketing and distribution channels, its recent participation in the Integumen-led ecowaterOS consortium also recognises the urgent international need for an end-to-end water contamination, detection and decontamination provider network, that offers the ability to provide customers with real-time monitoring solutions. Altogether, recent news reflects the new dynamism that has been injected into the Company through its recent reorganisation, both in terms of ambition, product offering and customer targeting.

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