



PURE CYCLE

a water and wastewater services company

6 Months Quarter Ended February 28, 2019
Earnings Call
April 8 2019

Statements that are not historical facts contained or incorporated by reference in this presentation are “forward-looking statements” (“FLS”) within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933 and Section 21C of the Securities Exchange Act of 1934 as amended. FLS involve risks and uncertainties that could cause actual results to differ from projected results. The words “anticipate,” “believe,” “estimate,” “expect,” “plan,” “intend” and similar expressions, as they relate to us, are intended to identify FLS. Such statements reflect our current views with respect to future events and are subject to certain risks, uncertainties and assumptions. We are not able to predict all factors that may affect future results. We cannot assure you that any of our expectations will be realized. Our actual results could differ materially from those discussed in or implied by these forward-looking statements. Factors that may cause actual results to differ materially from those contemplated by such FLS include, without limitation: the risk factors discussed in our most recent Annual Report on Form 10-K; the timing of new home construction and other development in the areas where we may sell our water, which in turn may be impacted by credit availability; population growth; employment rates; general economic conditions; the market price of water; changes in customer consumption patterns; changes in applicable statutory and regulatory requirements; changes in governmental policies and procedures; uncertainties in the estimation of water available under decrees; uncertainties in the estimation of costs of delivery of water and treatment of wastewater; uncertainties in the estimation of the service life of our systems; uncertainties in the estimation of costs of construction projects; the strength and financial resources of our competitors; our ability to find and retain skilled personnel; climatic and weather conditions, including flood, droughts and freezing conditions; labor relations; availability and cost of labor, material and equipment; delays in anticipated permit and construction dates; environmental risks and regulations; our ability to raise capital; our ability to negotiate contracts with new customers; and uncertainties in water court rulings; and other factors discussed from time to time in our press releases, public statements and documents filed or furnished with the SEC. All FLS are expressly qualified by these cautionary statements.



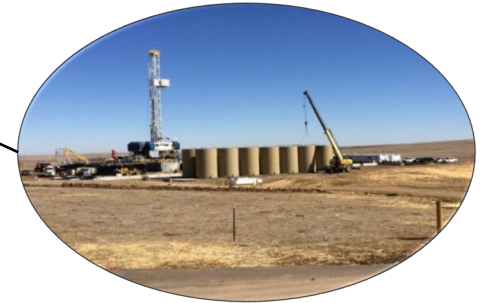
27,000 acre feet of Water



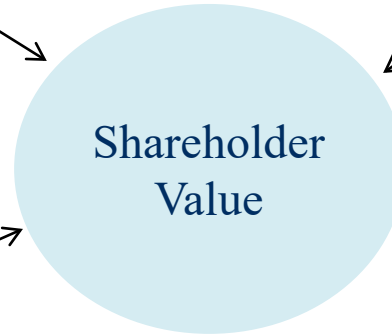
O&G Royalties



930 acre Zoned Master Plan Community



Industrial Water Sales



At a Glance

Large water portfolio in water-short Denver

Company owns or controls 27,000 acre feet of groundwater & surface water which can serve 60,000 taps

Owns rights to surface reservoir storage assets

Principle business interests are to deliver wholesale water and wastewater service

One-Time Connection Fees:

Water tap fees \$26,640

Sewer tap fees \$4,600

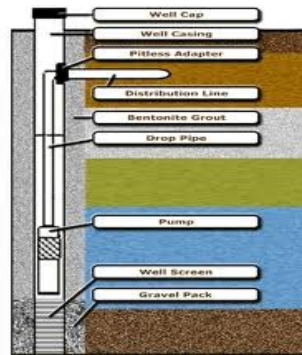
Capital capacity \$1.8BN

Annual Usage Charges:

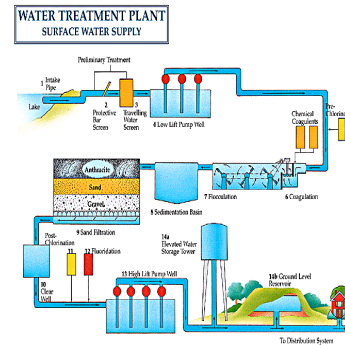
Avg. Metered Water & Sewer \$1,500/SFE/yr.

Buildout Annual Revenues \$90mm/yr.

Wells/ Diversion



Treatment



Wastewater



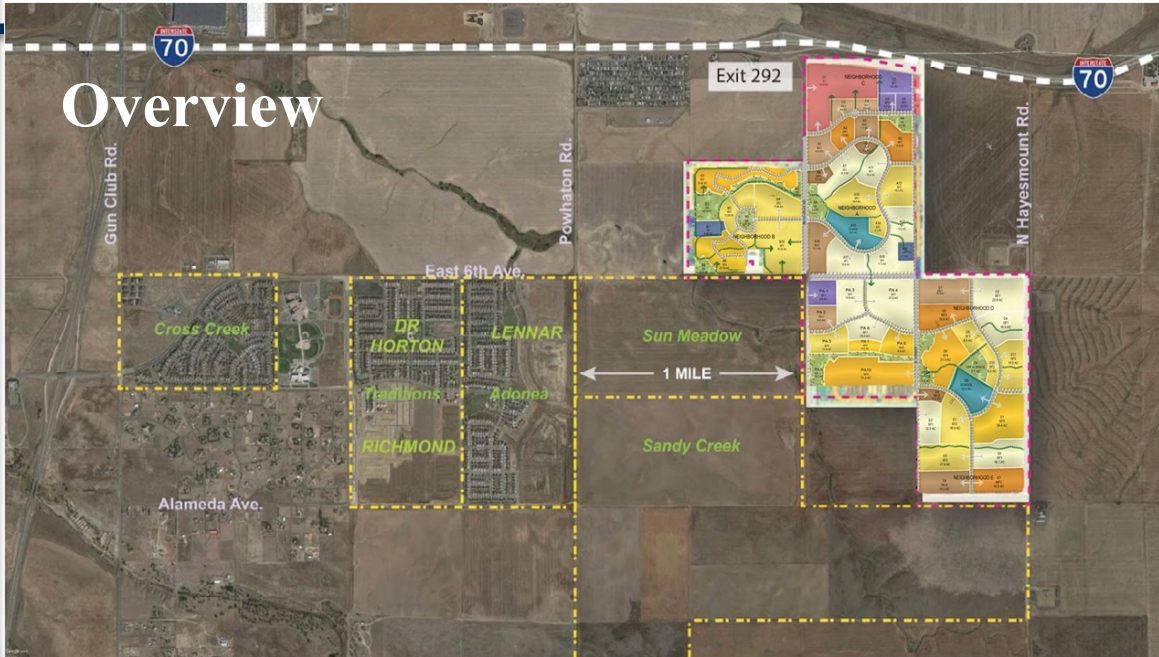
Irrigation Use

Distribution



Collection





Overview

Key Factors

931 acres located along the I-70 corridor

16 miles east of Downtown Denver

4 miles south of DIA

Zoned for 4,400 homes and 1.35 million sq. feet of commercial and retail property (total of 4,850 SFE's combined)

Water Segment:

\$130M (water tap fees)

\$24M (sewer tap fees)

\$154M

\$7.5M/yr. (annual water and wastewater revenues at buildout)

Land Development Segment:

\$308M (4,400 Lots \$70,000/lot)

\$35M (\$220K/ac. 160 ac. commercial)

\$343M

11/18



4/19



SKY RANCH
Life within reach

Sky Ranch features remarkably designed, attainably priced homes by Colorado's finest builders. Perfectly located only minutes from DIA and the nationally acclaimed Gaylord Center, Sky Ranch is part of one of the most dynamic areas in Colorado. In addition, community parks and trails make this community feel a lot like the perfect neighborhood to call "home".

Living here will allow you to have it all... within reach.

from ipsum

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SKY RANCH
SKYRANCHCO.COM

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Construction began March 1, 2018

Completed Work:

- Entire 151 acres have been graded;
- Drainage and Storm-water detention;
- Entry Roadway Monahan;
- Wholesale water infrastructure completed (transmission lines, tank, treatment facility, pump station);

11/18



4/8/19

4/19



6 mo. 2/28/19



JOIN US FOR OUR PARK GRAND OPENING CELEBRATION
SEPTEMBER 7, 2019

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LEARN MORE



NEW HOMES STARTING FROM \$300,000

DRIVING DIRECTIONS - LOREM IPSUM DOLOR
SIT AMET, CONSECTETUR ADIPISCING ELIT



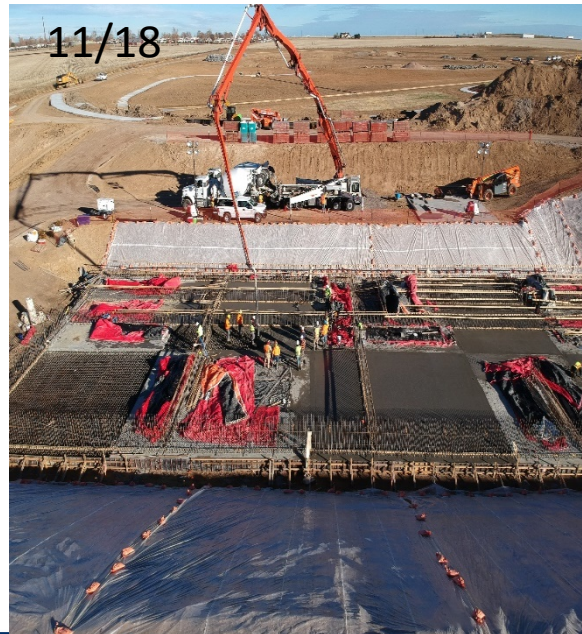
RICHMOND

kb
HOME

taylor
morrison

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Work in Progress 154 lots:

- Wet Utilities (Water Sewer, Storm) 100%;
- Entry Road Monahan 100%;
- Internal Roadways, curb, gutter 80%;
- Sewer Plant 50%.

Master Planned Community – Sky Ranch



Investments to date

\$17.3 million

- Grading (151 ac.) 100%
- Wet Utilities (150 lots) 100%
- Storm water facilities (151+ ac.) 100%
- Water System (1,000 lot capacity) 100%
- Wastewater System (1,500 lot Capacity) 50%

Revenues (millions)	2019	Total to Date
Lot Development (cash)	\$4.4	\$6.9
Income	\$3.33	\$5.5
COGS Investment	\$3.13	\$5.14
Deferred Revenue	\$1.45	

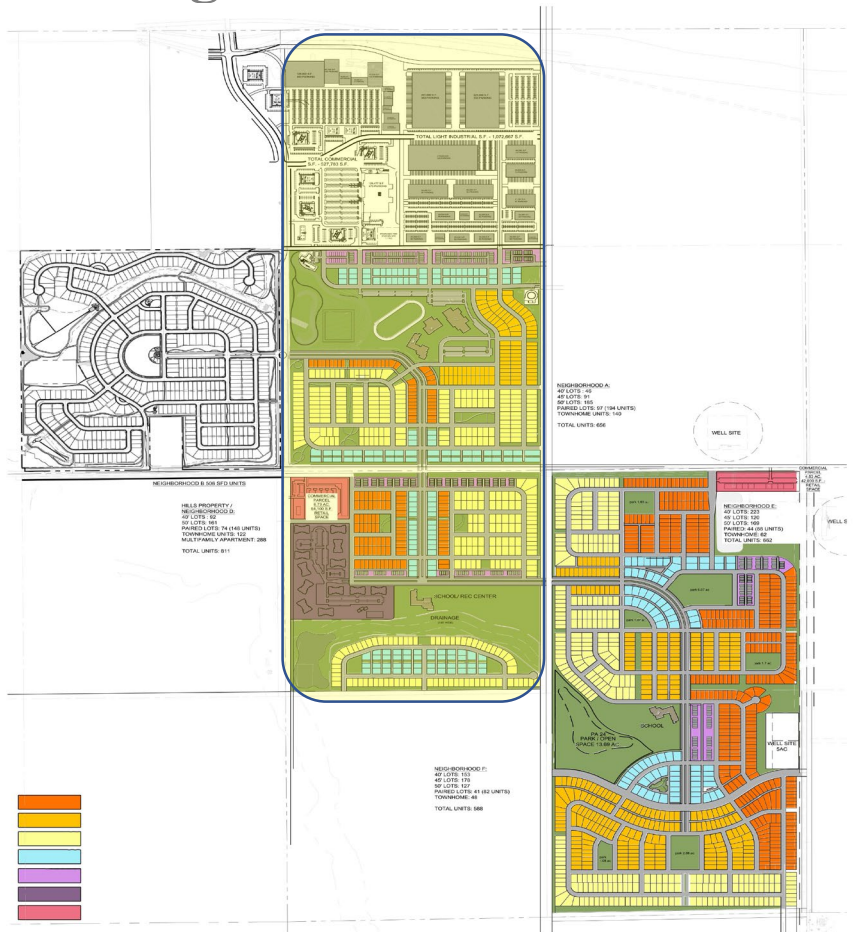


11/18



4/19

Phase 2 – “Neighborhood A”



NEIGHBORHOOD	SFD 40	SFD 45	SFD-50	PAIRED	TOWNHOME	MULTI-FAMILY	COMMERCIAL S.F.	LIGHT INDUSTRIAL S.F.	NEIGHBORHOOD TOTAL
A	46	91	185	97 (194)	140	0	0	0	656
B	0	267	239	0	0	0	0	0	506
C	0	0	0	0	0	0	527,783	1,072,667	0
D	92	0	161	74 (148)	122	288	54100	0	811
E	223	120	169	44 (88)	62	0	0	0	682
F	153	178	127	41 (82)	48	0	0	0	588
TOTALS	514	656	681	256 (512)	372	288	0	0	3223
TOTAL UNITS SKY RANCH	3223								

Key Factors

480 Acres

Development plan to accommodate:

- 160 acres of commercial, retail and light industrial
- Multifamily residential
- Attached single family
- Detached single family

May include between 2,500 – 3,000 SFE's

Southern Wattenberg Niobrara

More than 200 square miles in Adams & Arapahoe Counties

16,000 well capacity

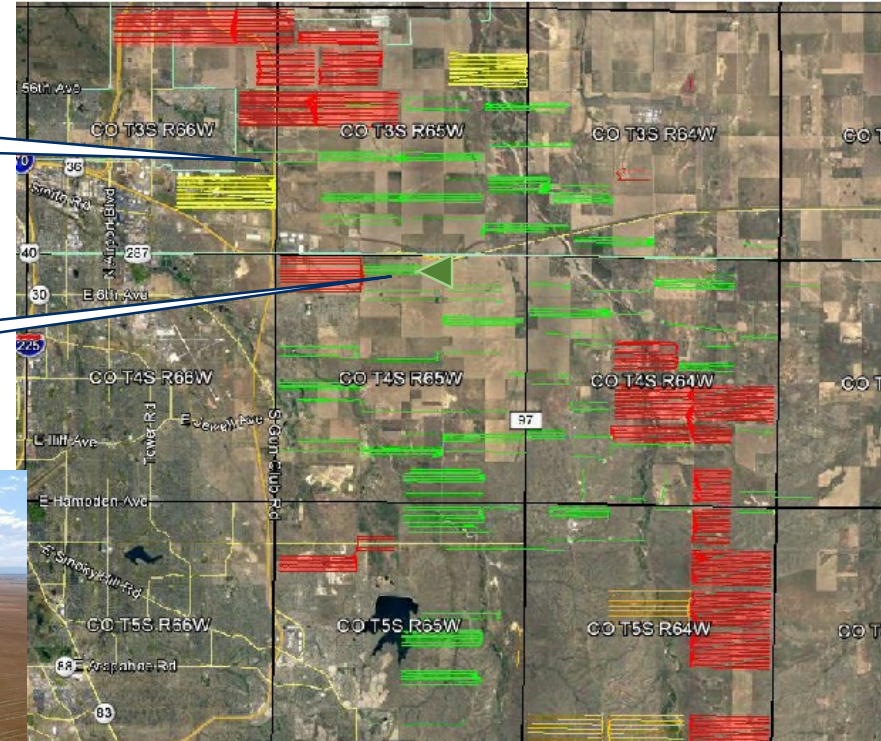
\$100,000 - \$200,000 per well

2018 ~ 30 wells
2019 ~ 30 wells

Approximately 100 drilled to date total

New Sky Ranch
4 Wells

COGC Well Permit Applications



- 2017 – single well pad sites
- 2018 – 4 well pad sites
- 2019 – 4 & 6 well pad sites
- 2020 – 6 & 8 well pad sites





Drilling and Frack Water

6mo '19 Revenues = \$ 1.4 million **(12%) vs PY**
6mo '18 Revenues = \$ 1.6 million



Municipal Water & Wastewater Services

6mo '19 Revenues = \$ 244,200 **19% vs PY**
6mo '18 Revenues = \$ 205,500

6mo '19 Revenues = \$ 5.7 million

Municipal Tap Fee Revenues

6mo '19 Revenues = \$ 721,900 **1,345% vs PY**
6mo '18 Revenues = \$ 49,900

6mo '18 Revenues = \$ 1.9 million



O&G Royalties on Sky Ranch Property; 2 wells

6mo '19 Revenues = \$ 75,800 **(17%) vs PY**
6mo '18 Revenues = \$ 91,500

Land Development Segment

6mo '19 Revenues = \$ 3.3 million **100% vs PY**
6mo '18 Revenues = \$ -



Summarized Balance Sheet

	August 31,		
	In 000's		
	2019	2018	\$ Change
Assets			
Cash, cash equivalents and marketable securities	\$ 11,114	\$ 20,283	\$ (9,169)
Other current assets	13,881	7,635	6,246
Total current assets	24,995	27,918	(2,923)
Long-term investments	-	190	(190)
Investments in water and water systems, net	41,993	36,722	5,271
Land and mineral interests	4,796	4,660	136
Other long-term assets	2,562	2,417	145
Total assets	\$ 74,346	\$ 71,907	\$ 2,439
Liabilities and Shareholders' Equity			
Current liabilities	\$ 3,766	\$ 2,054	\$ 1,712
Other long-term liabilities	366	400	(34)
Total liabilities	4,132	2,454	1,678
Total shareholders' equity	70,214	69,453	761
Total liabilities and shareholders' equity	\$ 74,346	\$ 71,907	\$ 2,439

Please refer to our Report on Form 10K filed on November 13, 2018 for additional information regarding our financial position

Summarized Statement of Operations

For the Six Months Ended February 28,

	2019	2018	\$ Change	% Change
Industrial water used for fracking	\$ 1,409,262	\$ 1,599,344	\$ (190,082)	(12%)
Water & wastewater	134,009	147,482	(13,473)	(9%)
Water tap fees	721,902	49,948	671,954	1345%
Lot Sales	3,327,577	-	3,327,577	100%
Other	110,218	58,019	52,199	90%
Total Revenues	5,702,968	1,854,793	3,848,175	207%
Cost of revenues	(4,082,731)	(774,589)	(3,308,142)	(427%)
Gross margin	1,620,237	1,080,204	540,033	50%
Operating expenses:				
General and administrative	(1,198,441)	(1,180,608)	(17,833)	(2%)
Other	(178,405)	(113,999)	(64,406)	(56%)
Income (loss) from operations	243,391	(214,403)	457,794	214%
Other (expenses) income:				
Oil and gas royalties and lease income, net	103,708	114,762	(11,054)	(10%)
Other income	(1,975)	(3,782)	1,807	48%
Interest income	192,823	106,974	85,849	80%
Net income before taxes	537,947	3,551	534,396	15049%
Taxes	-	-	-	-
Net income after taxes	\$ 537,947	\$ 3,551	\$ 534,396	15049%
Income per share	\$ 0.02	*	\$ 0.02	100%

* Denotes less than \$0.01 per share

Please refer to our Report on Form 10k filed on November 13, 2018 for additional information regarding our operating results.

Phone	(303) 292-3456
Fax	(303) 292-3475
Email	info@purecyclewater.com
Website	www.purecyclewater.com
Address	34501 E Quincy Ave., Bldg. 34, Box 10, Watkins, CO 80137
Ticker	“PCYO” traded on the NASDAQ Capital Market
Shares outstanding	23.80 million