November 11, 2013
For Immediate Release

WaterFurnace Renewable Energy, Inc. 3rd Quarter Results:
Net Income up 51%

(U.S.$)

Fort Wayne, Indiana— WaterFurnace Renewable Energy, Inc. [WFI:TSX], the leading manufacturer of energy efficient heating and cooling solutions, today reported third quarter financial results. Sales revenue for the quarter increased 2.8% over the third quarter of 2012, from $29.5 million to $30.3 million. For the nine months ended September 30, 2013 sales were $85.0 million, down 0.4% from sales of $85.3 million a year ago.

U.S. sales were up 1.4% for Q3 2013 versus the same period in 2012. Sales in Canada increased 17.1% year over year, showing early signs of recovery since the conclusion of the EcoENERGY federal rebate program for residential geothermal installations. International equipment sales excluding Canada increased 1.5% for Q3 year over year.

In the third quarter 2013, net income was $4.3 million, up $1.5 million from Q3 2012. Earnings per share increased $0.11, from $0.24 in Q3 2012 to $0.35 in Q3 2013. For the nine months, net income was $2.9 million greater and earnings per share were up $0.23 year over year.

The Company refined its warranty provision methodology in the first quarter of 2013 to more accurately reflect each quarter's warranty costs and better represent the underlying transactions. This positively affected the first quarter with decreases of $1.2 million to cost of sales and the provision for warranty claims versus the old methodology. Offsetting this is a charge to earnings for the other three quarters of 2013, making the net effect nil for the year. The impact to the quarter ended September 30, 2013 was an increase of $388 thousand in cost of sales. The Company increased gross profit percentages 3.9% and earnings per share by $0.13 compared to the third quarter of 2012 before this adjustment.

Operating expenses in Q3 2013 were down 8.8% versus the same period in 2012 as the Company benefited from continued cost reduction efforts and expense reductions enacted in 2012. Selling and marketing expenses were also down for the quarter and research and development expenses were down 2.3% versus prior year. The present value calculation of the warranty provision, which is sensitive to interest rates had a positive impact on finance expenses in the quarter.

"Our Q3 performance leaves us optimistic we're seeing signs of economic recovery on multiple fronts," said Tom Huntington, WaterFurnace President and CEO. "As rising consumer confidence continues to fuel the real estate and stock markets, consumer spending on upscale amenities to their homes, such as geothermal heat pumps, should follow. We are delighted with the market reception of our new variable capacity 7 Series residential products and we are anticipating a similar reception for our new commercial products in Q4."

The Company's Joint Venture in China, WaterFurnace Shenglong HVACR Climate Solutions, continued to modestly outperform expectations in both revenue and profit during the third quarter. While transition of the business progressed as expected, capital investment spending and engineering expenses planned for the first two quarters of the year were instead incurred in Q3 with some additional spending to be incurred in Q4.

“The board of directors is pleased with our progress for the third quarter,” said Tim Shields, Chairman of the Board. “Economic factors are converging to provide momentum to the industry while the improvements we’ve made to the Company should leave us well positioned for growth.”

The Board of Directors approved a quarterly dividend of $0.25 U.S. per share for shareholders of record date at the close of market on November 21, 2013, with payment on December 2, 2013.

The third quarter report to shareholders is available at *www.waterfurnace.com* and filed on SEDAR at *www.sedar.com*.

The CEO and CFO will conduct a webcast covering the results of the quarter at 11:00 AM Eastern Daylight Time on November 13, 2013. Those interested can listen live or to the recorded version at http://www.newswire.ca/en/webcast/detail/1243879/1370369 .

WaterFurnace Renewable Energy, Inc.
Consolidated Statements of Comprehensive Income
Prepared using International Financial Reporting Standards
(Unaudited—Thousands of U.S.$ except per share data)

	Three months ended September 30,		Nine months ended September 30,	
	2013	2012	2013	2012
Sales	$ 30,322	$ 29,483	$ 85,006	$ 85,322
Cost of sales	18,018	18,284	53,946	55,892
Gross profit	12,304	11,199	31,060	29,430
Operating expenses	5,447	5,970	16,438	18,060
Research and development expenses	608	622	1,755	1,679
Income before interest and income taxes	6,249	4,607	12,867	9,691
Share of income (loss) from joint venture	36	--	17	--
Finance income	104	24	143	111
Finance expense	159	(224)	--	(781)
Income before income taxes	6,548	4,407	13,027	9,021
Income tax expense	2,207	1,529	4,175	3,080
Net income	4,341	2,878	8,852	5,941
Unrealized loss on translation of foreign operations (net of tax)	(38)	23	(81)	20
Total comprehensive income	$ 4,303	$ 2,901	$ 8,771	$ 5,961
Earnings per share U.S.$ on net income	$ 0.35	$ 0.24	$ 0.72	$ 0.49

WaterFurnace Renewable Energy, Inc.
Consolidated Statements of Financial Position
Prepared using International Financial Reporting Standards
(Unaudited—Thousands of U.S.$)

	September 30, 2013	December 31, 2012
Assets		
Current assets		
Cash and cash equivalents	$ 14,921	$ 11,928
Short-term investments	10,243	10,232
Receivables	15,398	16,045
Inventory	10,695	10,539
Prepaids and deposits	774	513
Total current assets	52,031	49,257
Property, plant and equipment	6,005	6,536
Intangible assets	1,374	1,519
Long-term investment	285	285
Investment in joint venture	2,954	2,923
Deferred tax assets	11,830	9,845
Total Assets	$ 74,479	$ 70,365
Liabilities		
Current liabilities		
Payables and accruals	$ 7,275	$ 6,053
Income taxes payable	552	377
Provision for warranty claims – current portion	4,325	3,884
Total current liabilities	12,152	10,314
Finance leases	9	38
Deferred compensation	289	280
Provision for warranty claims	21,180	18,938
Total Liabilities	33,630	29,570
Shareholders' Equity		
Share capital	19,763	18,999
Foreign exchange translation adjustment	(44)	37
Retained earnings	21,130	21,759
Total Shareholders' Equity	40,849	40,795
Total Liabilities and Shareholders' Equity	$ 74,479	$ 70,365

Forward-Looking Information Cautionary Notice

Certain statements in this release constitute forward-looking statements within the meaning of applicable Canadian securities laws. Readers are cautioned not to place undue reliance on such statements. Investors should not rely solely on this information to make investment decisions. These statements are subject to certain assumptions, risks and uncertainties. In addition, WaterFurnace's sales are related to the cost and stability of electricity, fuel oil, propane and natural gas. Federal, state and provincial building codes and energy incentives can also impact sales. WaterFurnace is subject to standard risks associated with most companies, such as normal competitive pressures. These and other risks could cause WaterFurnace's actual results, performance, achievements and developments to differ materially from the results, performance, achievements or developments expressed or implied by such forward-looking statements. Other risk factors can be found in WaterFurnace's Annual Information Form and other public documents filed by WaterFurnace with Canadian securities regulatory authorities. WaterFurnace assumes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as expressly required by law.

More Information

WaterFurnace Renewable Energy, Inc. is traded in both Canadian dollars and U.S. dollars on the Toronto Stock Exchange under the symbol WFI for Canadian dollars and WFI.U for U.S. dollars.

WaterFurnace designs, manufactures and distributes geothermal heat pumps. The geothermal units use the renewable solar energy stored just below the surface of the earth to dramatically reduce the energy consumed by buildings for heating, cooling and hot water.

Additional information about the Company and its products is available on the Company's website: *www.waterfurnace.com*. Or call (260) 478-5667 and ask for investor relations.

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