

Bluewater Bio enters a new phase of growth

The wastewater technology provider has turned profitable for the first time. It is weighing up a number of financing options to fund its aggressive roll-up strategy.

Wastewater treatment specialist Bluewater Bio turned EBITDA profitable in the quarter ending 31 December 2011, and is preparing for accelerated growth in 2012, driven by a significant new equipment order from Severn Trent.

Following a two-year evaluation period, the company's HYBACS technology has been chosen as part of an upgrade to one of Severn Trent's wastewater treatment plants in Derbyshire, serving both municipal and industrial customers.

"The reason that this is so exciting is because as part of the deal, we're allowed to share all our data, and use the Severn Trent site as a reference," said Bluewater CEO Daniel Ishag. "We've had a large number of UK water companies waiting for the first process order to come through, so this really should mark a paradigm shift in the pace at which we start deploying in the UK."

Bluewater's containerised evaluation

plant at Severn Trent's Coleshill WWTP near Birmingham gave the company a chance to fine-tune the technology to deal with a range of feedwater and temperature fluctuations.

"The diversity in temperature over the past 24 months has worked very much in our favour," Ishag told GWI. "Being able to demonstrate our technology during the big freeze was a major advantage for us, and we've been able to leverage our data across a much wider sample group of prospective sales customers."

Ishag is hoping for orders from a number of the UK's major water companies for HYBACS technology in 2012, some of which are likely to see it deployed on a much larger scale than at the Derbyshire plant, which serves about 35,000 people.

Bluewater has already acquired a number of bolt-on technologies to complement its flagship HYBACS unit, and Ishag hopes to step up this process in

2012. "The next six months is going to be a really exciting time for Bluewater," he told GWI. "I intend to be very aggressive about the roll-up, and I hope to do about four or five acquisitions this year."

In order to sustain this rate of growth, there is speculation that Bluewater could be on the verge of closing a major new funding round, with one source hinting that the company may even consider re-listing on the stock exchange at some point.

"If it makes sense, I'll look at it," Ishag confided to GWI. "The big question is:

do we need to be public now, or do we need to demonstrate a clear path to being public over the next 18-24 months? The philosophy of the company is to use our paper as currency for the roll-up strategy, and we're very fortunate that we have shareholders who are supportive of management's vision of rolling up this sector, and of choosing the most appropriate mechanism for doing so."