

## UK TECHNOLOGY

# Bluewater Bio set for profitable growth after successful turnaround

The UK technology provider has moved on from its chequered past with a stronger, more streamlined vision for growth. CEO Richard Haddon tells GWI what's different this time around.

UK-based technology provider Bluewater Bio is on track to double its revenues in each of the next three years, after emerging as a profitable enterprise following a turnaround spearheaded by CEO Richard Haddon.

After two years of rapid growth in 2019 and 2020, the company saw its sales dip in 2021 due to COVID-related issues, but it expects to comfortably generate around £30 million of revenues in 2022, based on its existing order-book and visible pipeline.

"The next three to five years are going to be about continuing our growth," Haddon told GWI this month. "We were in change management mode before, and we now need to ensure that we can deliver."

Haddon openly acknowledges Bluewater Bio's challenging past, which led to him being drafted in by majority shareholder Ombu in 2015 to turn the business around.

"They'd put a lot of money in, but they saw slow progress, and they asked me to look under the bonnet and see what was going on. In the early days, the company was trying to do too many things at the same time, and for a small business, that's hard. I had to dramatically reduce the number of people in the business, and I decided to concentrate on two technologies, HYBACS and FilterClear [see chart, facing page], and make them more efficient, more cost-effective, more reliable, and more client-friendly.

"The other message was that we can't be in every country in the world. We have to go where we've got reference sites and where we have some traction, and that was clearly the UK, the Middle East, and South Africa. Our strategy was to be fit for purpose, and to be a trusted provider of technology. We also had to become financially self-sustaining, and we have delivered on all these aspects."

“Once you're over the barriers to entry and you have trusted technologies that are approved and are reliable, it's a good place to be.”

Richard Haddon, CEO, Bluewater Bio

## HADDON HEAD-ON

Richard Haddon has overseen an impressive turnaround at Bluewater Bio since taking the helm in 2015. He is not finished yet.



Source: Bluewater Bio

While Bluewater Bio was almost entirely dependent on capital sales in the early years following its establishment in 2007, Haddon has increasingly moved the business model away from being a pure technology supplier to more of a holistic solutions provider.

"One part of the earlier strategy that didn't align with me was that we were limiting our opportunities by being labelled a technology provider. Overseas, we are now generally positioned as a Tier 1 contractor. I realised we needed to have ambitions to be not only a technology provider, but to provide a complete service and include activities such as civils – even though we might use partners to do it – and to do O&M."

By embedding a self-performed O&M component into the systems it supplies,

Bluewater Bio can not only maximise its value proposition of having the lowest lifecycle cost versus competitors – it can also generate a recurring revenue stream, which was something the company lacked in its early days.

"I like recurring income with gross profit to align with our overheads as a minimum," explained Haddon. "In the UK, winning O&M contracts is much more challenging, but overseas, not only can we win the O&M contract for our technology, we can win it for the whole site. That's a dynamic we have to consider as well."

With over 40 HYBACS installations under its belt, and hundreds of FilterClear reference sites in the UK and elsewhere, Haddon feels the company is now at an inflexion point in terms of the maturity of its technology portfolio – despite not having ultra long-term operating data for any single location.

"When a prospective client says to me, 'I need to go to see a site', I give them the list, and say: 'You choose.' Wherever they go, I'm comfortable that they're going to be delighted with what they discover, and find a really happy client. Once you're over the barriers to entry and you have trusted technologies that are approved and are reliable, it's a good place to be."

On the back of key references in Bahrain (the Tubli wastewater treatment plant) and Saudi Arabia (see below), the company expects to hear soon whether it has been successful on two more large-scale projects in the Middle East.

"We're going to have another record year this year, and we've started to establish a larger overhead because the workload is increasing," Haddon told GWI. "We've not required funding for years now, as our cash position is good and we can finance our own working capital."

### Saudi desal exposure

One early reference for FilterClear, the multimedia filtration technology acquired by Bluewater Bio back in 2011, was as part of a 115,000m<sup>3</sup>/d pre-treatment system for a reverse osmosis desalination plant serv- ▶

ing the King Abdullah University of Science and Technology (KAUST) in Saudi Arabia. Although Bluewater Bio expanded the capacity at the site in 2019, it has not yet succeeded in leveraging this reference to capitalise on the stream of large-scale RO desalination plants which are currently being built in the Kingdom.

“The market that excites me most at the moment is desalination, and if you talk about FilterClear, I think desal is really where we should be looking,” Haddon told GWI. “Saudi Arabia is a massive market, but the route to market is very complicated because you need to have in-country partners to be successful. It’d be great to have a fantastic partner in there who works with us on equal terms, but we have not yet got a route to market that I’m comfortable with.”

Bluewater Bio’s profitable growth trajectory has already resulted in the company winning a Queen’s Award for international trade this month. The resulting visibility will serve as a further reminder of the company’s successful battle to restore its credibility, and is also likely to raise its profile as a potential acquisition target.

Under Haddon’s oversight, Ombu sold its interest in Open Energi to bp last year,

### A CONCENTRATED PORTFOLIO

Bluewater Bio’s history is rich in partnerships and technology licensing agreements, but it has focused the lion’s share of its attention on optimising the two core technologies it owns, while protecting their IP.

#### BLUEWATER BIO

CEO: Richard Haddon  
2020 revenues: £18 million

#### FilterClear

Packaged high-rate multimedia filtration system for removal of suspended solids. Applications include RO pre-treatment, tertiary wastewater reuse, and P removal

#### HYBACS

Modular, retrofittable hybrid activated sludge process with compact footprint and low whole-life cost. Applications include nitrogen and phosphorus removal

Source: Bluewater Bio

while another of its portfolio companies, i2O Water, was sold to Mueller Water last year for \$20 million.

“If somebody comes along and it is strategic, of course we’re going to listen, but an exit is not on my to-do list,” Haddon

summed up.

Last year, Bluewater Bio began returning cash to Ombu by partially repaying an existing loan, and Haddon indicated that the company intends to make similar payments on an ongoing basis. ■