

BQE Water – Signs New Contract; Increasing Target Price

Rating
BUY
Unchanged

Target Price
\$90.00
Prev. \$80.00

February 18, 2026

Disseminated on Behalf of BQE Water Inc.

All figures in CAD unless otherwise stated

BQE Water Inc.	BQE:TSXV
Rating	BUY
Target Price	\$90.00
Return to Target	25%

Market Data

Share Price	\$72.00
Average Daily Volume	350.0
FD ITM Shares (M)	1.3
Market Cap (\$M)	\$94.8
Cash (\$M)	\$17.0
Debt (\$M)	\$2.3
Enterprise Value (\$M)	\$80.2

FYE Dec 31	2025E	2026E	2027E
Proportional Revenue (\$M)	\$38.0	\$44.7	\$48.8
Revenue (\$M)	\$34.0	\$39.5	\$43.5
Gross Margin (%)	41%	45%	47%
Adj. EBITDA (\$M)	\$9.4	\$10.9	\$13.3
Adj. EBITDA Margin (%)	25%	24%	27%
Net Income (\$M)	\$7.5	\$7.7	\$9.0
EPS (Basic)	\$5.81	\$5.94	\$6.93
FCFF (\$M)	\$5.2	\$6.3	\$10.9

Valuation	2025E	2026E	2027E
EV/EBITDA	8.6x	7.3x	6.0x
P/E	12.4x	12.1x	10.4x
FCF Yield (%)	7%	8%	14%
EV/Sales	2.1x	1.8x	1.6x

Please refer to the applicable disclosures on the back page
Source: Atrium Research, CapitalIQ, Company Documents



BQE Water is a service provider specializing in water treatment and management for mining, smelting, and refining businesses. BQE Water invests in innovation and has developed unique intellectual property through the commercialization of several new technologies at mine sites around the world for organizations including Glencore, Codelco, Jiangxi Copper, Freeport-McMoRan and South32. BQE Water is headquartered in Vancouver, Canada.

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What you need to know:

- BQE reported that it has signed a contract to operate the water treatment plant at the Eagle Gold Mine in 2026. We remind readers that BQE has been working on this site since September 2024.
- We also remind readers that in December, BQE signed its largest contract in history, to operate the water treatment plant at the Britannia Mine.
- Management continues to execute on growth, and as such, we are increasing our target price based on rolling forward our valuation year to 2026, where we assume \$10.9M in adjusted EBITDA.

This morning, BQE Water (BQE:TSXV, BTQNF:OTC) announced that it has signed a contract with PricewaterhouseCoopers to operate the water treatment plant at Eagle Gold Mine in the first half of 2026. The BQE management team continues to execute on providing highly specialized and important services while growing its revenue base. Today's announcement aids in our expectation of another year of ~20% growth. BQE remains undervalued in our view, trading at just 7.3x 2026E EBITDA for a high-quality business with a strong growth profile, cash generation, and balance sheet. We are rolling forward our valuation year to 2026, resulting in an increased target price. **We are maintaining our BUY rating and increasing our target price to \$90.00/share (previous \$80.00/share) on BQE Water.**

The scope of the services is the same as those performed in 2025, with the objective of managing the volume of contaminated water on site during and immediately following the 2026 spring freshet using the treatment system installed in 2024 and operated in 2025. The services will be delivered in partnership with the Na-Cho Nyäk Dun Development Corporation (NNDDC) and Big River Operations (BRO). We remind readers that BQE developed and implemented the treatment process at Eagle, combining existing plant equipment with off-the-shelf rental equipment and newly constructed ponds. Today's contract again speaks to the fact that BQE is at the forefront of its industry, being selected for such high-profile cases, building its brand value and reputation.

Britannia Mine Water Treatment Contract

We remind readers that in December, the Company secured a water treatment contract for the Britannia Mine through a competitive procurement process led by Infrastructure BC on behalf of the province (see our prior note [here](#)). This contract represents the largest contract in BQE's history. The facility treats 4-5Mm³ per year of mine-impacted water using a High-Density Sludge lime system, removing primarily copper and zinc and preventing ~600t of heavy metal contaminants from entering the marine environment each year.

Q4 Preview

BQE will be reporting FY25 and Q4/25 results in April 2026. We are expecting the following:

- Q4 proportional revenue of \$6.5M and FY25 proportional revenue of \$38.0M
- Gross margins of 41% for both Q4 and FY25
- Q4 Adj. EBITDA of \$1.7M (26% margin) and FY25 Adj. EBITDA of \$9.4M
- Q4 net income of \$1.1M (\$0.86/share) and FY25 net income of \$7.5M (\$5.81/share)

Updated Valuation

We are rolling forward our valuation year to 2026E, where we are expecting \$10.9M in adjusted EBITDA, compared to the \$9.4M in 2025. We apply the same 9.5x multiple onto this to obtain an enterprise value of \$103.8M, which we adjust for the \$14.7M net cash position to arrive at our new \$90.00/share target price. This compares to engineering service firms at 12.2x 2026E EBITDA and water treatment firms at 9.8x, both of which have lower topline growth and margins than BQE on average (as seen in the peer group analysis below). The new target price is equivalent to 13.5x 2026E earnings, a 6% FCF yield on 2026E, and 7.8x 2027E EBITDA.

EBITDA Multiple Valuation	
2026E EBITDA (\$M)	\$10.9
EV/EBITDA Multiple	9.5x
Enterprise Value	\$103.8
(+) Cash	\$17.0
(-) Debt	\$2.3
Equity Value	\$118.4
Target Price (Rounded)	\$90.00
<i>Upside</i>	25%

Figure 1: Valuation Summary

Company	Ticker	Mkt Cap (\$C)	EV (\$C)	Sales CAGR (2023A-2027E)	EBITDA CAGR (2023A-2027E)	EBITDA Margin 2025E	EV/EBITDA		
							2025E	2026E	2027E
Engineering Services									
WSP Global Inc.	WSP	\$30,024	\$34,591	5%	23%	13%	13.6x	12.4x	10.1x
Stantec Inc.	STN	\$13,552	\$15,898	10%	19%	12%	14.3x	13.0x	11.8x
Atkinsrealis Group Inc.	ATRL	\$15,236	\$15,566	9%	18%	7%	15.2x	13.3x	11.5x
BluMetric Environmental Inc.	BLM	\$74	\$77	30%	77%	3%	22.0x	10.0x	7.3x
Average		\$14,721	\$16,533	14%	34%	9%	16.3x	12.2x	10.2x
Water & Wastewater Treatment									
Veolia Environnement SA	VIE	\$40,196	\$73,504	4%	12%	12%	6.6x	6.4x	5.8x
Xylem Inc.	XYL	\$42,696	\$43,328	5%	14%	19%	16.5x	15.1x	13.8x
Kemira Oyj	KEMIRA	\$4,793	\$5,611	-2%	5%	17%	6.2x	6.1x	6.1x
Consolidated Water Co. Ltd.	CWCO	\$807	\$642	N/A	N/A	19%	20.8x	11.6x	N/A
Average		\$22,123	\$30,771	2%	10%	17%	12.5x	9.8x	8.6x
BQE Water Inc.	BQE	\$95	\$80	24%	30%	25%	8.6x	7.3x	6.0x

Figure 2: Peer Group Analysis

Why We Like BQE

- BQE has a growing stream of recurring revenue (operational services). Recurring revenue represented 13% of proportional revenue in 2020 and has grown to 42% in 2024.
- The Company has strong tailwinds in increasingly strict government regulations for water discharge and increasing mining capex globally.
- BQE Water has been steadily increasing its EBITDA margins from negative levels a decade ago to 23% in 2024. Given its asset-light business model, we expect this to continue scaling up.
- BQE has a clean balance sheet with a large cash position and no interest-bearing debt. The Company has not raised equity since 2018 and has three private investors owning 46%.
- BQE's valuation is cheaper than that of water treatment and engineering service firms.

Catalysts

- Quarterly Financial Results & Increasing Recurring Revenue – Ongoing
- New Contract Announcements (Including “Company Maker” Projects) – Ongoing
- Share Repurchases & Acquisitions – 2025

Tear Sheet

Market Data		Capital Structure	
Ticker	BQE:TSXV	Basic Shares Outstanding (M)	1.3
Stock Price	\$72.00	Warrants (M)	0.0
Rating	BUY	Options (M)	0.0
Target Price	\$90.00	FD Shares (M)	1.3
Upside	25%	FD ITM Shares (M)	1.3
Market Cap (\$M)		Ownership	
Cash (\$M)	\$17.0	Management & Board	27%
Debt (\$M)	\$2.3	Other Insiders	26%
EV (\$M)	\$80.2	Retail	47%

Financial Estimates												
	2024A	Q1/25A	Q2/25A	Q3/25E	Q4/25E	2025E	Q1/26E	Q2/26E	Q3/26E	Q4/26E	2026E	2027E
Revenue (\$M)	17.2	7.4	11.3	9.3	6.0	34.0	9.2	11.2	10.2	9.0	39.5	43.5
Proportional Revenue (\$M)	24.8	7.9	12.9	10.7	6.5	38.0	9.8	13.1	12.0	9.7	44.7	48.8
% YoY	9%	133%	112%	12%	12%	53%	23%	2%	13%	50%	18%	9%
Gross Profit (\$M)	8.4	3.2	3.7	4.7	2.5	14.1	3.9	5.0	4.8	4.2	17.9	20.4
Gross Margin	49%	43%	33%	51%	41%	41%	42%	45%	47%	47%	45%	47%
Adj. EBITDA (\$M)	5.6	1.9	2.5	3.3	1.7	9.4	2.0	3.3	3.2	2.4	10.9	13.3
Adj. EBITDA Margin	23%	24%	19%	31%	26%	25%	20%	25%	27%	25%	24%	27%
Net Income (\$M)	4.8	1.7	1.9	2.8	1.1	7.5	1.3	2.4	2.3	1.7	7.7	9.0
EPS (Basic)	3.78	1.34	1.48	2.15	0.86	5.81	1.02	1.83	1.79	1.29	5.94	6.93
FCFF (\$M)	2.5	(1.0)	2.6	1.2	2.1	5.2	2.2	1.5	1.2	1.4	6.3	10.9

Figure 3: Tear Sheet

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RATING	COVERED COMPANIES
BUY	38
HOLD	0
SELL	0

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