

BQE Water – Q1 Financials Preview; Reshuffling Our Estimates

Rating
BUY
Unchanged

Target Price
\$108.00
Unchanged

May 25, 2026

Disseminated on Behalf of BQE Water Inc.

All figures in CAD unless otherwise stated

BQE Water Inc.	BQE:TSXV
Rating	BUY
Target Price	\$108.0
Return to Target	24%

Market Data

Share Price	\$87.00
Average Daily Volume	880.0
FD ITM Shares (M)	1.3
Market Cap (\$M)	\$114.8
Cash (\$M)	\$19.0
Debt (\$M)	\$2.7
Enterprise Value (\$M)	\$98.5

FYE Dec 31	2025A	2026E	2027E
Proportional Revenue (\$M)	\$39.9	\$45.7	\$50.4
Revenue (\$M)	\$35.5	\$39.8	\$44.3
Gross Margin (%)	43%	46%	47%
Adj. EBITDA (\$M)	\$8.2	\$10.0	\$13.3
Adj. EBITDA Margin (%)	21%	22%	26%
Net Income (\$M)	\$8.1	\$7.1	\$9.2
EPS (Basic)	\$6.23	\$5.47	\$7.04
FCFF (\$M)	\$4.9	\$5.7	\$7.2

Valuation	2025A	2026E	2027E
EV/EBITDA	12.0x	9.9x	7.4x
P/E	14.0x	15.9x	12.4x
FCF Yield (%)	5%	6%	7%
EV/Sales	2.5x	2.2x	2.0x

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 is expected to report Q1 financial results before the end of the month. Based on our conversations with management, we have decided to reshuffle some of our expectations given contract timing.
- We have lowered our Q1 prop. revenue from \$10.0M to \$7.7M, while moving the delta into Q3/Q4, resulting in an unchanged estimate for 2026.
- We remind readers that BQE's financials can be lumpy at times and investors should analyze the Company on annual or LTM numbers.

BQE Water (BQE:TSXV, BTQNF:OTCPK) is expected to release Q1/26 financial results before the end of May following a landmark 2025 in which proportional revenue grew 61% YoY to \$39.9M (see our note [here](#)). Based on our conversations with management, contract timing has been altered, resulting in revenue being shifted from Q1 to future quarters. As such, we are lowering our Q1 projections and shifting the revenue to Q3/Q4, leaving our 2026E proportional revenue estimate unchanged. Our 2026 adjusted EBITDA projection declines slightly, as seen below. We remind readers that BQE's business can be lumpy at times and that investors should analyze the Company on an annual basis rather than quarterly. Our 2027 projections also remain unchanged. **We are maintaining our BUY rating and target price of \$108.00/share on BQE.**

Q1 Financials Preview

We are now expecting the following results for Q1:

- Proportional revenue of \$7.2M (-10% YoY) compared to our original estimate of \$10.0M.
- This is comprised of \$1.9M in operations services, \$4.7M in technical services, and \$0.6M in BQE's share of JV revenue. We remind readers that Q1/25 was a record Q1 at \$7.9M.
- GAAP revenue of \$6.5M (originally \$9.4M) vs. \$7.4M in Q1/25.
- Gross Margin of 41% vs. 44% originally. Our full-year gross margin expectations remain unchanged.
- Adjusted EBITDA of \$0.4M vs. \$1.8M previously, reflecting the lower revenue, gross margins, and continued investments in SG&A.
- Net income of \$0.1M (\$0.07/share) and FCFF of \$1.1M.

	Q1/26E		Q2/26E		Q3/26E		2026E	
	New	Previous	New	Previous	New	Previous	New	Previous
Prop. Revenue (\$M)	\$7.2	\$10.0	\$13.1	\$13.1	\$13.5	\$12.6	\$45.7	\$45.6
GAAP Revenue (\$M)	\$6.5	\$9.4	\$11.2	\$11.2	\$11.7	\$10.7	\$39.8	\$39.8
Gross Margin (%)	41%	44%	46%	46%	48%	48%	46%	46%
Adj. EBITDA (\$M)	\$0.4	\$1.8	\$3.3	\$3.3	\$3.6	\$3.4	\$10.0	\$10.7

Figure 1: Estimate Revisions

New Water Treatment Contract

On May 13th, BQE announced that a new contract for the operation of water treatment plant systems in the Yukon for Elsa Reclamation & Development Company (EDRC). BQE designed, constructed, and commissioned the facility in 2025. This contract leverages BQE's experience in the Yukon, having worked on Minto, the Eagle Mine, BRO, and its partnership with the Na-Cho Nyäk Dun Development Corporation. This builds on the streak of contracts BQE has been signing over the past few months. Read our note on the announcement [here](#)

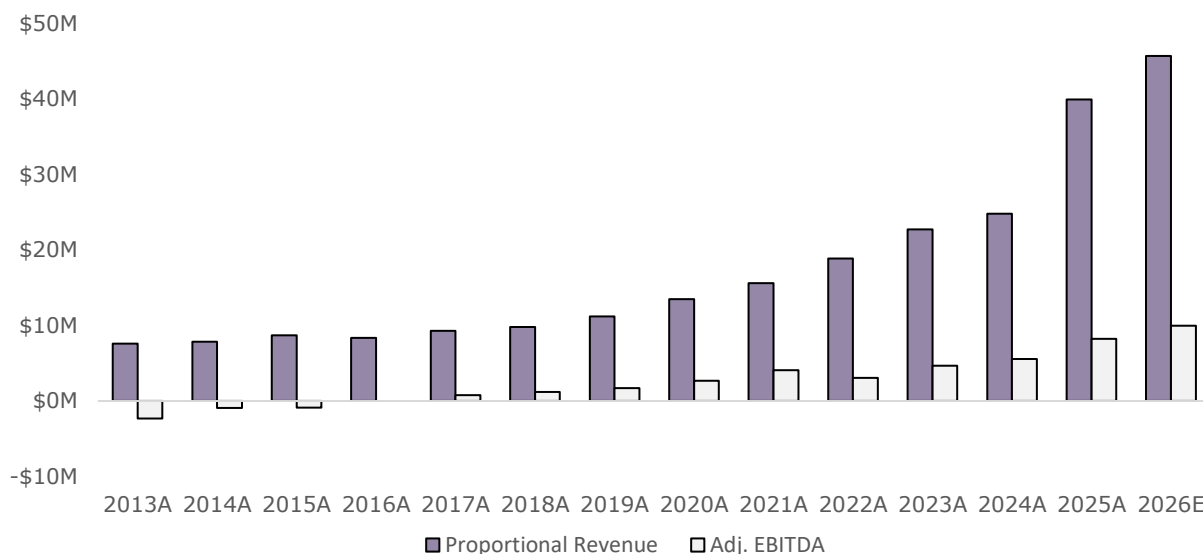


Figure 2: Long-Term Proportional Revenue and EBITDA Growth

Why We Like BQE

- BQE has a growing stream of recurring revenue (operational services) and technical services revenue. This barbell approach has led to decades of strong revenue growth.
- 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 21% in 2025. 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 – Ongoing
- Share Repurchases & Acquisitions – 2026

Tear Sheet

Market Data		Capital Structure	
Ticker	BQE:TSXV	Basic Shares Outstanding (M)	1.3
Stock Price	\$87.00	Warrants (M)	0.0
Rating	BUY	Options (M)	0.0
Target Price	\$108.00	FD Shares (M)	1.3
Upside	24%	FD ITM Shares (M)	1.3
Market Cap (\$M)	\$114.8	Ownership	
Cash (\$M)	\$19.0	Management & Board	27%
Debt (\$M)	\$2.7	Other Insiders	26%
EV (\$M)	\$98.5	Retail	47%

Financial Estimates												
	2024A	Q1/25A	Q2/25A	Q3/25E	Q4/25A	2025A	Q1/26E	Q2/26E	Q3/26E	Q4/26E	2026E	2027E
Revenue (\$M)	17.2	7.4	11.3	9.3	7.5	35.5	6.5	11.2	11.7	10.4	39.8	44.3
Proportional Revenue (\$M)	24.8	7.9	12.9	10.7	8.4	39.9	7.2	13.1	13.5	11.9	45.7	50.4
% YoY	9%	133%	112%	12%	46%	61%	-10%	2%	27%	41%	14%	10%
Gross Profit (\$M)	8.4	3.2	3.7	4.7	3.7	15.3	2.7	5.1	5.6	4.9	18.3	20.6
Gross Margin	49%	43%	33%	51%	49%	43%	41%	46%	48%	47%	46%	47%
Adj. EBITDA (\$M)	5.6	1.9	2.5	3.3	0.5	8.2	0.4	3.3	3.6	2.6	10.0	13.3
Adj. EBITDA Margin	23%	24%	19%	31%	7%	21%	6%	25%	27%	22%	22%	26%
Net Income (\$M)	4.8	1.7	1.9	2.8	1.6	8.1	0.1	2.4	2.7	1.9	7.1	9.2
EPS (Basic)	3.78	1.34	1.48	2.15	1.27	6.23	0.07	1.87	2.07	1.45	5.47	7.04
FCFF (\$M)	2.5	(1.0)	2.6	1.3	2.0	4.9	1.1	1.5	2.0	1.0	5.7	7.2

Figure 3: Tear Sheet

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HOLD: The stock is expected to generate returns of 0-20% over the next 24 months.

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RATING	COVERED COMPANIES
BUY	48
HOLD	0
SELL	0

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