

Bawat

Market: First North Premier SE

Ticker: BAWAT

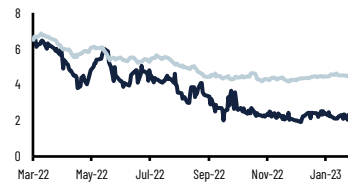
Share price (SEK): 2.33

Market cap (SEKm): 92.2

Net debt (SEKm): 30.1

Enterprise value (SEKm): 122.3

Share information



YTD: 19.0% 1 year: N/A
1 month: 4.9% Since IPO*: -64.1%

Note: *Bawat's IPO date was 28 March 2022 (SEK 19.5 per unit, SEK 6.5 per share)
We apply the closing price from 21 February 2023 (source: Refinitiv)

Financials

(SEKm)	2021	2022	2023E*
Order intake	N/A	18.1	40-60*
Revenue	10.7	15.9	N/A
Revenue growth	N/A	48.0%	N/A
EBITDA	-19.7	-28.2	N/A
EBITDA margin	-183.6%	-177.7%	N/A
Net income	-34.2	-39.0	N/A
Net income margin	-318.7%	-245.7%	N/A
Cash	4.8	6.7	N/A
Interest-bearing debt	44.7	36.8	N/A

Note: *Bawat's own order intake guidance range for 2023

Valuation multiples

	2021	2022	2023E
P/S (x)	N/A	4.9	N/A
EV/Sales (x)	N/A	6.8	N/A
EV/EBITDA (x)	N/A	-3.8	N/A
EV/EBIT (x)	N/A	-2.9	N/A
P/E (x)	N/A	-2.0	N/A
P/B (x)	N/A	8.6	N/A
P/CF (x)	N/A	-2.3	N/A

Note: Bawat was not listed in 2021, and Bawat only guides on 2023 order intake.

Company description

Bawat is a GreenTech company founded in 2011 that has developed a simple and sustainable method for treating ballast water from ships using pasteurizing by reuse of the ships' heat. Bawat's mission is to be the global leader in heat-based water treatment technologies. The technology is suited for onboard vessel solutions and land-based containerized installations in ports. The heat-based ballast water treatment system is the only one on the market today and is approved by IMO and the US Coast Guard.

Investment case

Bawat solves the problem of ballast water, which is essential for modern shipping operations as it poses ecological, economic, and health problems due to the multitude of marine species and pathogens transferred between ecosystems around the world when ballast water is dumped from ships. Bawat's technology differentiates from existing market technologies as current technologies are UV-light disinfection and electro-chlorination, which both are relatively complex and energy-consuming. Additionally, the technologies rely on a filtration step to be effective against larger organisms, which makes them more expensive to operate and prone to failure.

From a customer perspective, Bawat's solution is a green solution that is not more expensive for the shipowners in total lifetime cost. Therefore, the case is not solely driven by the green agenda.

Marketwise, Bawat is selling to an established market regulated by IMO, meaning that all new merchant ships (approx. 1,700 new builds yearly) and 40,000 existing ships need to have a ballast water system installed before 2024 (data from IPO material in early 2022).

Looking at valuation, Bawat trades at a simple P/S (2022) multiple of 5.8x based on the latest market value, which is below a selected group of Nordic-listed GreenTech companies shown below for perspective.

Key investment reasons

Bawat's technology is already in use and installed globally on ships and land. This means that the technological product risk should be low, also seen in the light that the solution is certified and approved under the current regulations as well as patented.

Bawat has announced new partnerships and global sales agents that work as a stamp of approval and increase the company's scalability through new sales channels across markets.

The company has outsourced production and uses standard components from the maritime industry which makes it more likely to succeed in scaling up. Operating in three business lines; ship installations, mobile land solutions, and Ballast-Water-as-a-Service decrease the dependency on one market, and the Ballast-Water-as-a-Service solution also opens for bringing in finance and operations partners. Bawat estimates that the combined market opportunity is approx. USD 10 billion.

Key investment risks

With SEK 6.7m in cash position by the end of 2022, Bawat needs additional capital before the company expects to reach break-even in H2 2024. An update on this situation is expected in Q1 2023.

With a short realization period in the retrofit market regarding the regulation, there is a risk that Bawat will miss some of the growth due to its early commercialization phase. However, there is still a market demand after 2024 from new builds and potential faulty systems installed as well as from Bawat's mobile containerized solution and its Ballast-Water-as-a-Service solution.

Most of Bawat's competitors are multinational corporations that are larger than Bawat, meaning they have more resources available. Some of the competitors are also owned by international industrial groups and the world's largest shipbuilders.

Selected Nordic GreenTech (First North)

Company	Currency	Price (local)	Total Return YTD	Market Cap (million)	Revenue 2022 (million)	2022 growth (%)	Revenue 2023E (million)	2023 growth (%)	P/S (2022)	P/S (2023E)
BactiQuant	DKK	7.42	-11%	145.3	13.0	55%	15.0	15%	11.2x	9.7x
FDM Technologies	DKK	41.70	-1%	324.4	48.0	98%	57.5	20%	6.8x	5.6x
Hydract	DKK	5.30	-8%	111.1	2.0	-68%	16.5	725%	55.6x	6.7x
Re-Match	DKK	6.80	15%	195.5	N/A	N/A	N/A	N/A	N/A	N/A
Photocat	SEK/DKK	12.55	7%	73.4 (SEK)	14.9 (DKK)	11%	N/A	N/A	3.3x	N/A
Climeon	SEK	4.69	54%	401.7	13.9	-52%	N/A	N/A	28.8x	N/A
Median of selected companies			3%	170.4	13.9	11%	16.5	20%	11.2x	6.7x
Bawat	SEK	2.33	19%	92.2	15.9	48%	N/A	N/A	5.8x	N/A

Note: Data has been collected manually. We use reported or expected 2022 revenue (midpoint in guidance) of companies with revenue below DKK 50m. We apply market cap from 21 Feb 2023 for P/S multiples. Bawat and other companies in the table have no guidance for 2023. Companies are not close peers and vary in business models, technology, capital situation, etc. Source: HC Andersen Capital and company reports.

Appendix: Overview

Selected Nordic-listed GreenTech companies (reported or expected revenue below DKK 50m in 2022)

Company	Currency	Price (local)	Total Return YTD	Market Cap (million)	Revenue 2022 (million)	2022 growth (%)	Revenue 2023E (million)	2023 growth (%)	P/S (2022)	P/S (2023E)
Aquaporin	DKK	92.80	29%	940.1	30.0	237%	N/A	N/A	31.3x	N/A
BactiQuant	DKK	7.42	-11%	145.3	13.0	55%	15.0	15%	11.2x	9.7x
FOM Technologies	DKK	41.70	-1%	324.4	48.0	98%	57.5	20%	6.8x	5.6x
Green Hydrogen Systems	DKK	25.95	166%	2,158.2	10.0	92%	140.0	1300%	215.8x	15.4x
Hydract	DKK	5.30	-8%	111.1	2.0	-66%	16.5	725%	55.6x	6.7x
Re-Match	DKK	6.80	15%	195.5	N/A	N/A	N/A	N/A	N/A	N/A
Climeon	SEK	4.69	54%	401.7	13.9	-52%	N/A	N/A	28.8x	N/A
Minesto*	SEK	6.27	-36%	863.1	45.0	7%	80.0	78%	19.2x	10.8x
OptiCept Technologies*	SEK	10.40	0%	207.0	10.5	139%	53.0	405%	19.7x	3.9x
Photocat	SEK/DKK	12.55	7%	73.4 (SEK)	14.9 (DKK)	11%	N/A	N/A	3.3x	N/A
Quantafuel*	NOK	6.49	24%	1,076.2	47.5	813%	185.3	290%	22.7x	5.8x
Median			7%	324.4	14.4	74%	57.5	290%	21.2x	6.7x
Bawat	SEK	2.33	19%	92.2	15.9	48%	N/A	N/A	5.8x	N/A

Note: Data has been collected manually for most companies. We primarily use reported or expected 2022 revenue (midpoint in guidance or *collected with Refinitiv mean estimates) of companies with revenue below DKK 50m for perspective. We apply market capitalizations from 21 February 2023 to calculate simple P/S multiples. Bawat and other companies in the table have no guidance for 2023. Also note that companies in the table are not close peers and vary in business models, technology, markets, capital situation, etc. Source: HC Andersen Capital and company reports.

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