

BioLargo

Healthcare & industrial services
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Odor-No-More and BLEST almost break-even

BioLargo is close to breaking even with both its Odor-No-More (ONM) and BioLargo Engineering Science & Technology (BLEST) divisions, which reported Q219 operating losses of \$51,000 and \$27,000, respectively (after \$315,000 and \$241,000 in revenue). Both businesses have been expanding with new contracts, which we expect to continue to improve margins. ONM recently signed its fourth national distribution agreement, and BLEST was awarded a series of environmental services contracts for US Air Force bases. The company continues to guide to ONM breaking even by YE19.

BLEST to work on USAF bases

Although margins for BLEST are improving, a large portion of its revenue is from services for other BioLargo companies (\$130,000 in Q2). However, external contracts continue to expand and BioLargo announced in July 2019 that BLEST would be providing a series of environmental engineering services on US Air Force bases. The company is subcontracting the work from Bhate Environmental Associates, which won the \$15m bid. BLEST is responsible for air quality compliance and is continuing to try and win other subcontract bids on the project.

CupriDyne Clean works in cannabis study

ONM has targeted the booming cannabis industry as a potential future customer for its CupriDyne Clean odor control products. As part of this, the company commissioned a third party to provide a proof-of-principle study on the product's ability to eliminate the odor-causing cannabis terpenes from the air. The study found that the product eliminated the terpenes that were tested (myrcene and limonene) to levels below the limit of detection. Additionally, the company recently reported that its distribution partner Mabre Air Systems has made its first system installation, as well as a number of commercial trials.

AOS poultry and livestock pilot working well

In a true real-world test of BioLargo Water's Advanced Oxidation System, the company installed a pilot treatment train in Alberta. The system that was placed is a complete treatment train (which includes the AOS as a component) and the company reported that the system is working exceptionally well and providing a statistically significant disinfection performance. Additionally, BioLargo Water announced that it has received a \$189,000 grant to open an additional pilot for storm wastewater in Southern California, and BLEST won a grant for \$100,000 from the EPA to explore the removal of polyfluoroalkyl substances (PFAS) from waste water, a major water contamination concern.

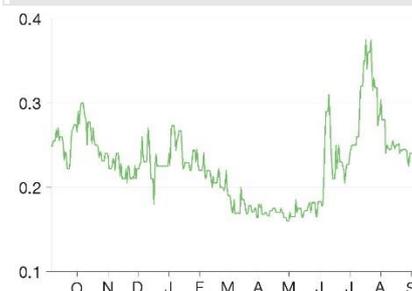
Historical financials

Year end	Revenue (\$m)	PBT (\$m)	EPS (\$)	DPS (\$)	P/E (x)	Yield (%)
12/15	0.1	(5.1)	(0.06)	0.0	N/A	N/A
12/16	0.3	(8.1)	(0.09)	0.0	N/A	N/A
12/17	0.5	(9.5)	(0.10)	0.0	N/A	N/A
12/18	1.4	(10.7)	(0.09)	0.0	N/A	N/A

Source: BioLargo reports

Price **\$0.23**
Market cap **\$36m**

Share price graph



Share details

Code	BLGO
Listing	OTCQB
Shares in issue	157.4m
Net debt (\$m) at 31 June 2019	3.31

Business description

BioLargo has a number of subsidiaries and products focused on using iodine chemistry. CupriDyne is a product that is currently on the market for industrial odor control. The firm is also developing the AOS as a low-cost water purification device. The Clyra Medical subsidiary is a wound care company with an iodine-based irrigation solution and SkinDisc, a cell therapy for wounds. Finally, the company has a full service environmental engineering team.

Bull

- Diversified portfolio of products.
- Unique technology with broad applications.
- CupriDyne is gaining market share.

Bear

- Additional capital needed.
- Sales ramp has been slow.
- Regulatory and development risk for Clyra and AOS.

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