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## Water companies in Europe 2007

By

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## 1. Overview and commentary

### 1.1. Withdrawal of multinational industrial groups

The water sector in Europe remains dominated by Suez (including Aguas de Barcelona) and Veolia. The withdrawal of other players means that this dominance has increased. Since 2004, both groups have maintained their operations in Europe, although with some adjustments. Veolia has sold its holding in the UK water and sewerage company Southern Water, whereas Suez increased its presence in the UK through Agbar's acquisition of Bristol Water. Veolia has expanded into Slovakia. Both companies, especially Veolia, are active in Romania, one of the two newest member states, and have been seeking some form of presence in the EU neighbourhood countries of the former Soviet Union, including Russia itself.

Since 2002 most other multinational groups have been seeking to leave or reduce their stake in the water sector. This trend is visible worldwide, as companies withdraw from developing countries, as well as in Europe. Groups dominated by other sectors have sold water interests completely. These groups include Bechtel, Bouygues, E.on, RWE (partly) and Vivendi (through the separation of Veolia). Apart from Suez and Veolia, the other specialist water companies have either sold their international operations: Anglian Water, Severn Trent, Thames, Vitens – or are seeking to withdraw or reduce their exposure, both in Europe and globally: SAUR, United Utilities, Berlinwasser, Gelsenwasser. Suez and Veolia have also been reducing their activities internationally, but broadly maintained their presence in Europe.

The exception to this trend is the Spanish group FCC, which decided in 2006 to expand in the water sector outside Spain, and bought a water concession company in the Czech republic. Sacyr Vallehermoso, another Spanish construction group, has also moved into water, but so far only in Spain and Portugal (and Brazil). The Japanese group Marubeni nearly made a similar entry, but finally decided against buying Berlinwasser's international operations.

SAUR (whose largest shareholder is the French state-owned CDC – see below) remains a significant operator in France as well as a presence in Poland and Spain, but may be leaving its oldest concession in Valencia. United Utilities, now the only international group from the UK, retains its two contracts in eastern Europe, but is reducing its presence in one of these, Tallinn. The other groups present in multiple European countries have a much smaller and regionally concentrated presence: RWE, Berlinwasser and Gelsenwasser operate in Germany and central Europe (and the major business of the first two of these is closely tied to Veolia and/or Suez); FCC and Sacyr Vallehermoso in the Iberian peninsula.

### 1.2. Eligibility for European Works Councils (EWCs)

As a result the number of water companies eligible for EWCs has fallen. The tables show the current eligibility, based on minimum requirements of operating in at least 2 EU countries, with employees of at least 150 in companies which are at least 50% owned. Even amongst those eligible, a number of companies are trying to reduce their international presence and so holdings are likely to reduce and eligibility will be lost.: notably SAUR, United Utilities, and Gelsenwasser.

They also show a core group of countries where water privatisation exists to a significant extent: Czech Republic, France, Hungary, Spain, and the UK; and another group where there is a small or very small presence: Germany, Italy, Poland, Portugal, Romania, Slovakia. Of these only Romania is at all likely to increase privatisation to a significant level. Elsewhere in Europe there is little prospect of any further growth in privatisation.

The Austrian group EVN is eligible for an EWC on account of its energy activities, but not on the basis of its water operations alone; the same is true of RWE. Thames Water is no longer eligible for an EWC but is wholly owned by the large private equity group Macquarie, which would be eligible on account of its many other investments in European companies in various sectors. Other UK water companies are also owned or controlled by large financial investors which are also present in Europe – for example, the Royal Bank of Scotland, owning 49% of Southern water, is active in insurance in three continental European countries.

Compared with 2004, a number of groups are no longer eligible for EWCs: Anglian Water, Severn Trent, Biwater and Vitens, and (in water alone) RWE and Thames.

**Table 1. Multinationals eligible for EWCs: water companies in > 2 countries**

Group	EWC	Growth prospect	Home	Countries (water operations)
FCC/Aqualia	Yes	+	ES	Spain, Czech republic, Italy, Portugal
Sacyr Vallehermosa/Valoriza	Yes	=	ES	Spain, Portugal
Veolia	Yes	+	FR	Czech Republic, France, Germany, Hungary, Italy, Romania, Slovakia, UK,
Suez	Yes	=	FR	Czech Republic, France, Germany, Hungary, Italy, Romania, Slovakia, Spain, UK
SAUR	Yes	-	FR	France, Spain, Poland
United Utilities	Yes	-	UK	UK, Estonia, Bulgaria, Poland
Gelsenwasser	Yes	-	DE	Germany, Hungary, Poland

**Table 2. Groups eligible for EWC in 2007 because of non-water holdings**

Group	Home country	Other sectors
RWE	Germany	Energy
EVN	Austria	Energy
Macquarie (Thames Water)	Australia	Various

### 1.3. Management and BOT contracts

Nearly all the remaining companies, except Veolia and FCC, share a common strategy – both in Europe and in developing countries - of avoiding concessions or leases which would involve investment and long-term commitments, while preferring to seek short-term management or advisory contracts, and treatment plants on a BOT basis. Suez, Veolia and FCC however are still willing, in a few cases, to take on new companies and concessions in Europe and North America – e.g. the Suez-Agbar acquisition of Bristol Water, Veolia's new concessions in the Czech republic and Slovakia, and FCC's acquisition in the Czech republic.

Management contracts are most common in developing and transition countries, including accession and neighbourhood countries. These contracts are invariably short-term in nature – between 2 and 5 years – do not involve investment, and do not normally lead to longer-term concession contracts. Moreover, they do not normally involve the transfer of employees to the multinational. The eligibility of the workers concerned for EWCs is therefore uncertain, although management contracts do normally mean that the multinational has significant influence on employment levels and working conditions – indeed, this is often the main purpose of such contracts. Because of the short-term nature of the contracts, organizing representation on the multinational's EWC would be of equally short-term benefit. The status and representation of employees on these contracts could perhaps be the subject of a general agreement on the EWC.

BOT contracts for treatment plants are certainly long-term, usually 20-30 years, and involve direct employment by the multinational of the workers concerned. However, the numbers involved are usually small, only those workers necessary to maintain and operate the specific plant in question. If a BOT is the only presence in a country, then one BOT would never employ sufficient workers to justify the creation of an EWC. Organising the representation of such small groups on an existing EWC is possible, but again it may be worth considering a general agreement on the EWCs of Suez, Veolia, EVN and others concerning the representation of BOT employees in the EU.

### 1.4. Other owners: public authorities, local companies, private equity, EBRD

The great majority of European water operators remain in public ownership. Amongst those which have been or remain privately owned, there is no consistent pattern of ownership emerging to replace the multinationals. In some cases public authorities have re-purchased ownership of the water companies (the state in the case of SAUR in France and Elber in Albania, municipalities in the case of Gelsenwasser in Germany); in a few cases local companies have purchased shareholdings from the multinationals (e.g. GW-Borsodváz in Hungary); and there have also been cases of shares being sold to the public (e.g. Tallinn).

In general, it remains true that nearly all the multinational companies are trying to sell water subsidiaries, but no-one is interested in buying them— except for private equity investors, and one or two Spanish groups.

The most significant development has been the growth of private equity stakes in water. However, this is so far only established in the UK, where a number of water companies are now owned or controlled by private equity companies, or financial investors such as Royal Bank of Scotland. Outside the UK, the purchase of SAUR by PAI was the main example of a PE takeover, but in April 2007 PAI sold SAUR to a consortium led by French state-owned bank CDC and including Axa and Seche Environnement (in preference to a bid from a PE group led by Macquarie). The brief appearance of the Slovak PE group Penta, as owner of a Czech water company, has also ended with the sale of that company to FCC in 2006.

The European Bank for Reconstruction and Development (EBRD), which took an equity stake in the United Utilities international venture covering Tallinn and Sofia, has not extended this role in the water sector (though in energy in April 2007 it bought equity stakes of 9.8% in two Romanian energy companies owned by E.on<sup>1</sup>, and it continues to take equity stakes in banking and even manufacturing ventures in CEE and NIS countries). It continues to finance water operations through loans to both public and private operators.

### 1.5. France: partial nationalisation of water company

In April 2007 SAUR was sold by private equity firm PAI to a consortium led by the French state bank Caisse des dépôts et consignations (CDC), which holds 47%. In effect, SAUR has been partially nationalized. This was done in order to prevent a foreign private equity takeover of the French operations: “The consortium's offer was chosen not only because it was the best, but also because it will allow the water distribution company to remain French-owned.”<sup>2</sup>

This is part of a more general bi-partisan French strategy to protect key companies from foreign control. An article in *Nouvel Observateur* in November 2006 (see Annex) outlines a political consensus on the use of CDC as an active investor maintaining French control of decision-making of large companies in key sectors, especially infrastructure: “constituer un capitalisme d'Etat militant pour la localisation " au pays " des centres de décision des grandes entreprises privées.... Les secteurs prioritaires sont les infrastructures, l'immobilier, la santé.”

It is therefore possible that a similar process could happen with the French water operations of Suez and Veolia. Veolia for example has already been mentioned as a possible target for private equity bids, which would pose the same challenge for France: and the CDC is already a leading shareholder in Veolia. Suez is currently in 2007 the subject of a proposed merger with Gas de France (GdF), and the future of the water division after such a merger is unclear. Suez' acquisition of the outstanding shares in Aguas de Barcelona, and the use of AgBar to own and run subsidiaries in Chile and the UK, may be the start of a process of separating non-French water operations and grouping them under AgBar, which could then be sold to a foreign bidder without causing political problems, while French water operations could be preserved under French ownership through a CDC-led consortium as with SAUR.

### 1.6. UK water companies

The ownership of the privatized water companies in England and Wales shows a mixed pattern which has changed significantly in the last 5 years, with a major growth in the role of financial and private equity investors. This has been accompanied by a general withdrawal of equity finance and its replacement by debt financing.

Five of the 10 large water and sewerage companies are still quoted on the stock exchange. One of these, Northumbrian, is 45% owned by three financial investors; Pennon Group, owners of South-West Water, has 30% of its shares owned by 5 major financial shareholders, including Axa (5%) - who are also in the consortium buying SAUR in France - and Ameriprise (7.5%); in April 2007, Ameriprise and Pictet Asset Management each bought over 7% of the shares of Kelda Group. Three other large companies – Anglian, Southern, and Thames - are already owned by private equity or financial groups. Only one is now owned by a multinational group - Wessex, owned by Malaysian company YTL; and one is a not for profit company (Glas Cymru).

Of the smaller water only companies, three are still owned by Veolia, one is now owned by Suez/Agbar, one by a Hong Kong group, one by a private UK group (Biwater), and the rest are owned by private equity.

The effect of these changes in ownership, and the withdrawal of the UK companies themselves from activity in Europe, means that only the four smaller companies owned by Veolia and Suez are covered by EWCs, together with North West Water – as long as United Utilities retains its operations in Bulgaria and/or Estonia. Three others may be covered if EWCs can be demanded for the private equity groups which own them.

**Table 3. England and Wales: Water Company ownership, March 2007**

(Type of owner: SEC = stock exchange quoted (UK); M = multinational; PE=private equity; NPC=not-for-profit company; P= privately owned company)

Company	Owner	Country	Type of owner	Comments
<b>Anglian Water</b>	Osprey/AWG	UK	PE	Consortium of 3 PE funds, inc. 3i
<b>Northumbrian Water</b>		UK	SEC	25% owned by Ontario Teachers Pensions, 15% by fund managers Amvescap, 5% by Barclays Bank
<b>North West Water</b>	United Utilities	UK	SEC	
<b>Severn Trent Water</b>	Severn Trent	UK	SEC	
<b>Southern Water</b>	Royal Bank of Scotland	UK	PE	Owned by SWC: RBS owns 49% of SWC (PPI Investments is other main shareholder).
<b>South West Water</b>	Pennon Group	UK	SEC	Pennon is 30% owned by 5 financial investors
<b>Thames Water</b>	Macquarie	Australia	PE	
<b>Welsh Water</b>	Glas Cymru	UK	NPC	
<b>Wessex Water</b>	YTL	Malaysia	M	
<b>Yorkshire Water</b>	Kelda	UK	SEC	Two PE investors buy 7% stakes in April 2007
<b>Bournemouth and West Hampshire Water</b>	Biwater	UK	P	Private company, operates internationally, but not in EU outside UK.
<b>Bristol Water</b>	Agbar/Suez	ES/FR	M	
<b>Cambridge Water</b>	Cheung Kong Infrastructure	Hong Kong	M	
<b>Cholderton Water</b>	Cholderton Estate	UK	P	Private family owned
<b>Dee Valley</b>	-	UK	SEC	35% of shares owned by Axa SA.
<b>Folkestone and Dover</b>	Veolia	FR	M	
<b>Mid Kent Water</b>	UTA and HDF	Australia	PE	Utilities Trust of Australia (UTA); Hastings Diversified Utilities Fund (HDF). Bought Swan Group, the holding company of Mid Kent Water. Swan also owns 51% of Halcrow water Services.
<b>Portsmouth Water</b>	South Downs Capital	UK	PE	South Downs Capital is 36% owned by SMIF/Land Securities (PE). SMIF=Secondary Market Infrastructure Fund. SMIF itself was bought by Star Fund (PE) in 2003, sold in 2006 to Land Securities (PE)
<b>South East Water</b>	UTA and HDF	Australia	PE	Macquarie bought South East Water from SAUR in 2003; sold it to UTA/HFM in October 2006, prior to purchase of Thames Water.
<b>South Staffordshire Water</b>	Arcapita Bank	Bahrein	PE	Formerly known as First Islamic Investment Bank
<b>Sutton &amp; East Surrey Water</b>	Aqueduct Capital	DE	PE	Aqueduct Capital is part of Deutsche Bank. Bought holding company East Surrey Holdings Group (ESH) for £189m in 2006 from Kellen Acquisitions Ltd – part of Terra Firma. Kellen had bought ESH only in October 2005, and then sold off gas companies.
<b>Tendring Hundred</b>	Veolia	FR	M	
<b>Three Valleys</b>	Veolia	FR	M	

## 2. Companies

### 2.1. Suez

Suez' presence in Europe has changed little since 2000. It remains one of the two dominant companies in France, which accounts for 48% of its water business in Europe. Beyond France, it retains its significant presence in Spain, through Aguas de Barcelona (Agbar) and its subsidiaries; in Germany, Czech republic, Hungary and Slovakia, through concessions established in the 1990s; in Italy, partly in partnership with Acea; and in the UK, where Suez sold its remaining shares in Northumbrian water in 2004, but re-entered the country through Agbar's purchase of Bristol water in 2006.

Suez' withdrawal from water concessions in developing countries is virtually complete. The table below shows the effect of this in terms of numbers of employees, which shows how employment in Latin America has been almost completely eliminated in the last year, so that the EU, with unchanged employment, now accounts for about 85% of all employees in these sectors. (This is slightly exaggerated, because the remaining (profitable) concession in Santiago de Chile, Aguas Andinas, has been transferred to Agbar for accounting purposes, and all Agbar's activities are assigned to Europe, so its employees now appear as part of the EU total. But the overall picture is clear.) It is also worth noting that North American employment has also declined, and employment in Asia, despite the apparent growth of Chinese business, has not changed.

Agbar has gained in importance. It is currently 49.7% owned by Hisusa, a holding company which is 51% owned by Suez and 49% by the Catalan-Spanish bank La Caixa. The 2006 annual report of Suez states that growth in environmental services was particularly strong in water in Europe, and refers to "the remarkable results of Agbar, especially in its water and sanitation activities". In April 2007 it was announced that Suez and La Caixa were making a takeover bid for all the other shares of Agbar, although it is reported that the groups only want to increase their holding to about 65%-70%.

Suez has said that it wants to make Agbar its "second pillar of water in Europe" ("Nous voulons faire d'Agbar notre deuxième pilier dans l'eau en Europe")<sup>3</sup>. Suez may be preparing for a split between their French water operations and the rest, on the basis that (a) GdF or even Suez itself would want to sell the water business, but (b) the only likely bidders - private equity - would not be acceptable to French political interests. This may be a reason behind the bid for all the outstanding shares of AgBar, and the use of AgBar, to buy a UK company last year, and the transfer of their only remaining South American operation (Santiago) to AgBar. This might be a way of channelling all the remaining non-French water into Agbar, so that a truly French entity could take over the French interests, and then a private equity buyer - or a big Spanish construction/finance company - can buy Suez' stake in Agbar.

**Table 4. Suez employees by region in environment (waste & water) 2004-2006**

	2004	2005	2006
European Union	47,743	47,261	48,364
Rest of Europe	83	79	73
North America	4,165	3,261	2,553
Latin America	14,959	15,548	272
Africa-Middle East	3,224	3,255	3,552
Asia-Oceania	2,607	2,726	2,632
<b>TOTAL</b>	<b>72,781</b>	<b>72,130</b>	<b>57,446</b>

Source: Suez Reference Document 2006 p. 101

**Table 5. Suez subsidiaries in water in Europe**

Country	Company	Ownership	Website	Employees	Contact
Czech Republic	Ostrava VaK	44.49%	www.ovak.cz	450	info@ovak.cz
Czech Republic	SPVS	82%	www.spvs.cz	200	Sumperska Provozni Vodohospodarska Spolecnost Tel: 583 317 238 spvs@spvs.cz

Country	Company	Ownership	Website	Employees	Contact
Czech Republic	VAK Brno	46%	www.bvk.cz	593	Tel: +420 543 321 117 Fax: +420 543 211 203 bvk@bvk.cz
Czech Republic	VaK Karlovy Vary	49.8%	www.vakv.cz	523	Studentská 328/64 360 07 Karlovy Vary Czech Republic Tel: +420 359 010 111 Fax: +420 353 332 211 vak@vakv.cz
Czech Republic	VAS Brno	33.35%	www.vastd.cz	1200	Soběšická 156 638 01 Brno Tel: 545 532 321
Czech Republic	VHS Benesov	100%	www.vhs-sro.cz	160	Ěernoleská 1600 256 13 Benešov u Prahy Tel: 0301/723371 Fax: 0301/722472 info@vhs-sro.cz
France	Lyonnaise des Eaux France	100%	www.lyonnaise-des-eaux.fr	8341	
Germany	Eurawasser	100%	www.eurawasser.de	500	EURAWASSER Aufbereitungs- und Entsorgungs GmbH Zimmerstr. 23 10969 Berlin Tel: 030 / 893 853 – 0 Fax: 030 / 893 853 – 99 info-berlin@eurawasser.de
Hungary	Budapest Water	12.5%		1511	
Hungary	Eaux de Kaposvar	35%			
Hungary	Pecsi Vizmu	48%			
Italy	Acque SpA	5.4%	www.acque.net		Via Bellatalla, 1 56121 Ospedaletto PISA Tel: +39 050.843111 Fax: +39 050.843260
Italy	Acque Toscane	70%	www.acquetoscane.it		info@acquetoscane.it
Italy	Acquedotto del Fiora	40%	www.fiora.it		via Mameli 10 Grosseto Tel: +39 0564.22.383 fiora@fiora.it
Italy	Nuove Acque	23%	www.nuoveacque.it	200	Arezzo
Italy	Publiacqua	40%	www.publiacqua.it	635	Via Villamagna, 39 50126 Firenze Tel: +39 055 655 85 Tel: +39 055 65 58 671 presidente.cecchi@anconella.it
Slovakia	Trencianska spolocnost, TVS	51%	www.tvs.sk		ul. 1.mája 11 Trenčín 911 01 tvs@tvs.sk
Spain	Aguas de Barcelona	25.8% (effective control of 49%)	www.agbar.es	35772 (all sectors)	Paseo de San Joan 39-43 08009 Barcelona Spain Tel: +34 3 2 65 80 11 Fax: +34 3 2 65 11 36
UK	Bristol Water	100%	www.bristolwater.co.uk	399	Bristol Water plc PO Box 218, Bridgwater Road, Bristol BS99 7AU



**Table 6. Employees by region in environment (waste & water) 2004-2006**

	2004	2005	2006
<b>European Union</b>	47,743	47,261	48,364
<b>Rest of Europe</b>	83	79	73
<b>North America</b>	4,165	3,261	2,553
<b>Latin America</b>	14,959	15,548	272
<b>Africa-Middle East</b>	3,224	3,255	3,552
<b>Asia-Oceania</b>	2,607	2,726	2,632
<b>TOTAL</b>	72,781	72,130	57,446

Source: Suez Reference Document 2006 p. 101

## 2.2. Veolia

Veolia is the only group which states that it plans to actively expand its water operations, worldwide. It has gained new contracts in the Czech republic, and its first contracts in Slovakia, in Banska Bystrica and Poprad. In practice, however, much of this expansion takes the form of BOT or management contracts: for example it has a presence in the Netherlands, but only as operator of a BOT wastewater treatment plant in Rotterdam; its new operations in Denmark, Ireland and Romania are also for treatment plants. Veolia's presence in the UK consists of three water-only companies which it has held for about 10 years: it has sold its stake in Southern Water. Veolia left Spain when it sold its interest in FCC, but retains a 50% stake in proactive, a joint venture with FCC for water and waste operations in Latin America..

Veolia is actively seeking expansion in Hungary, Armenia, and Russia, where it has formed a joint venture, Eurasian Water partnership, with Russian groups. Outside Europe, all its new contracts are for treatment plants or management contracts, even in China.

Veolia consists of water, waste, heating and public transport operations. It therefore has little option but to continue operating in these sectors, as it has no other core business, such as energy, to retreat to. Given that private equity companies are interested in both water and waste, Veolia itself may be a target for private equity bids. As with SAUR, and probably Suez, there would no doubt be an initiative to ensure that the French water operations remained in French hands: the state-owned CDC is already one of the two leading shareholders in Veolia.

**Table 7. Veolia subsidiaries in water in Europe**

Country	Company	Owns %	Website	Employees	Contact
Czech Republic	1. JVS	50	www.1jvs.cz	451	Severní 8/2264, 370 10 České Budějovice Tel.: +420 38 7761911 1.jvs@1jvs.cz
Czech Republic	Aqua Pribram	100	www.aqua-pb.cz	150	
Czech Republic	PVK	100	www.pvk.cz	184 6	Na Florenci 19, 110 00 Praha 1 Tel.: 221 095 111 info@pvk.cz
Czech Republic	SCVK	49.6	www.scvk.cz	229 4	Přítkovská 1689, 415 50 Teplice Tel.: 840 111 111 E-mail: info@scvk.cz
Czech Republic	Středomoravská Vodárenská	50	www.smv.cz	279	Tovární 41, 772 11 Olomouc Tel.: 585 536 111 smv@smv.cz
Czech Republic	Vodarna Plzen	49.2	www.vodarna.cz	420	Malostranská 2, 317 68 Plzeň Tel. 377413111 Fax: 377240919 mail@vodarna.cz
Czech Republic	Vodarny Kladno-Melník (VKM)	71.5	www.vkm.cz		U vodojemu 3085 272 80 Kladno Tel: +420 312 812 115 Fax: +420 312 267 508 sekretariat@vkm.cz
Czech Republic	VOSS Sokolov	50	www.voss.cz	189	Dimitrovova 1619, 356 44 Sokolov Tel.: 352 304 111 voss@voss.cz
Czech Republic	Prostejov				
Czech republic	Slany				
France	Generale des Eaux	100			
Germany	MIDEWA	25.1	www.midewa.de		Bahnhofstr. 13 06217 Merseburg Tel: 03461 - 352 0 Fax: 03461 - 352 325 info@midewa.de
Germany	Stadtwerke Görlitz	74.9	www.stadtwerke-goerlitz.de	420	Demianiplatz 23 02826 Görlitz Tel: 0 35 81 / 33 50 00 info@stadtwerke-goerlitz.de
Germany	Berlinwasser	24.9	www.berlinwass	650	Neue Jüdenstr. 1 10179 Berlin Germany Tel:

Country	Company	Owns %	Website	Em ployees	Contact
			er.de	6	+49 (0)30 / 814 68-205 Fax: +49 (0)30 / 814 68-299 B.Woelki@berlinwasser.de
Hungary	FCSM Budapest	12.5	www.fcsmrt.hu		Fovarosi Csatornazasi Muvek Reszvenytarsag (FCSM) Marcius 15. ter. 3. HU - 1056 Budapest V. Hungary ph.: +36.1.318 37 19 fax: +36.1.318 16 76 budapest@berlinwasser.net
Hungary	Szeged Waterworks	49	www.szegedivizmu.hu		
Italy	Acqualatina	22			
Italy	Genova Acque	20	www.amgaspa.it/servizi/genova_acque.html		
Italy	SIBA	50			
Italy	Siciliacque	19		140	
Poland	PWiK Tarnowskie Gory	33.85			
Romania	Apa Nova Bucuresti	83.69			Strada Muzeul Zambaccian No. 34 Bucharest
Romania	Apa Nova Ploiesti	80	www.apanova-ploiesti.ro	380	
Slovakia	Banska Bystrica				
Slovakia	Poprad				
UK	Folkestone and Dover	100			
UK	Three Valleys Water	100	www.3valleys.co.uk	1046	P.O. Box 48, Bishops Rise, Hatfield, Herts AL10 9HL Fax: 01707 277 188
UK	Tendring Hundred	100			

### 2.3. FCC/Aqualia

FCC is a long-established Spanish construction, urban services, and cement group. For a few years it became de facto controlled by Veolia, but Veolia sold its shares in FCC in 2004. The environmental services division includes waste management and water. In 2006 Environmental services accounted for 30% of FCC's revenues. About half of the environmental business was urban waste in Spain, about a quarter was water in Spain, and about 22% was international business in both sectors. It expanded by acquisition in 2006, with major purchases including Austrian waste company ASA, UK waste company WRG, and Czech water company SMVAK. It is also active in other infrastructure operations, including roads and motorways and airports. In March 2007, in a joint venture with Sacyr Vallehermoso, it won a 35 year concession to build and operate the M50 ring road for Dublin, Ireland.

Aqualia is the water company in the environmental services division of FCC. FCC claims it is the second largest Spanish water operator, and the sixth largest worldwide, in terms of population supplied. This includes water treatment plants, as well as water distribution and sanitation.

In Spain it employs over 4400 employees (Aqualia website 2005). It claims to operate in over 600 cities and towns and serves a population of between 7 and 11 million inhabitants, but these figures must include the population in areas where Aqualia operates only treatment plants. Its list of main contracts covers 900,000 inhabitants: Almería, Ávila, Badajoz, Jaén, Lleida, Oviedo, Puerto de la Cruz (Tenerife), Salamanca.

FCC claims its international water operations serve a further 13 million people, but again this must include areas covered by treatment plants.

All the other European water operations of FCC were acquired in 2006. The largest was the purchase by FCC of the Czech water company Severomoravské Vodovody a Kanalizace Ostrava (SmVaK), the third largest in the Czech Republic, serving 737,000 people. SmVaK has changed ownership a number of times since the 1990s: "In 1999, UK-based Anglian Water became the majority shareholder with 54.3 % share in business. ONDEO Services acquired 44.7 % share in business. On the 26th February 2004, Anglian Water's share was transferred to Waterfall Holding B.V. (100% subsidiary of Penta Investments). On the 30th April

2004 , Waterfall Holding B.V. bought the minority share from SUEZ Environnement (former ONDEO) owning 98.45 % in SmVaK Ostrava.. On the 11th April 2006 Penta Group signed the contract on sale of 98.5% of shares of SmVaK Ostrava to Spain-based Aqualia (FCC). The new owner started exercising his rights in the company on the 1st July 2006.” (<http://www.smvak.cz/en-GB/default.aspx?ar=4>). SmVaK has expanded within the Czech republic by taking over services for more municipalities, but it does not have any subsidiaries or operating contracts outside the Czech republic. It does sell bulk water to some Polish municipalities in the area adjacent to the border: this was part of the company’s commercial response to a continued decline in water consumption.

Elsewhere in Europe, in January 2006, FCC won a 30 year concession covering 275,000 people in Caltanissetta, Sicily (Italy), in a joint venture with local contractors, and a 40 year contract at La Lezíria del Tajo in Portugal.

Beyond Europe, FCC operates in water and waste through Proactiva, a 50-50 joint venture with Veolia. Proactiva has private water operations in Mexico (the concession at Aguascalientes, a contract at Puebla, and a 5-year commercial services management contract in part of the Mexico City Federal District); Brazil (Paraná); Colombia (Tunja and Monteria); and Venezuela (Caracas - management of water supply for the northwest sector of the city). The future of these contracts is uncertain: the former contract in Argentina (Catamarca) ended in 2006, and in 2007 a water treatment BOT concession in Colombia is being renegotiated at the insistence of the Colombian national water authority. In Algeria FCC has contracts for the Mostaganem and Cap Djinet desalination plants.

Website	Address	EWC eligibility
<a href="http://www.fcc.es">http://www.fcc.es</a>	Balmes, 36 8007 - Barcelona Teléfono: 934964900 Fax: 934878892W	P, W

**Table 8. FCC Subsidiaries in water in Europe**

Country	Company	Sector	% owned	Website	Employees	Address
Spain	Aqualia	Water	100	<a href="http://www.aqualia.es">www.aqualia.es</a>	Centre area: 1193 employees; Northern area: 1191 employees; Southern area: 1274 employees; Eastern area: 751 employees (all 2005)	Ulises, 18 28043 – Madrid
Czech republic	SMVK	Water	100	<a href="http://www.smvak.cz/">http://www.smvak.cz/</a>	981(2005)	Severomoravské vodovody a kanalizace Ostrava a.s.; 28. Ríjna 169, 709 45 Ostrava Registration ID: 45193665 Tax ID: CZ45193665 Phone: +420 596 697 111 Fax: +420 596 624 205 E-mail: "mailto:smvak@smvak.cz" smvak@smvak.cz
Italy	Caltanissetta Water		51			Caltanissetta
Portugal	La Lezíria del Tajo	water				La Lezíria del Tajo.

#### 2.4. Sacyr Vallehermoso/Valoriza/AGS

Sacyr Vallehermoso (SYV) is a Spanish construction, infrastructure and property group, with sales of €4.7 billion in 2006. It is a major operator of motorway concessions in Spain, and also holds similar concessions

in Chile and Brazil. It also holds stakes in other major groups, including 32.6% of the French construction group Eiffage and 20% of the Spanish oil group Repsol.

Valoriza is the services group of SYV. It represents only about 10% of SYV's business, with €512m. sales in 2006 - one-third in water. In 2005 Valoriza as a whole employed 3,592 employees at the end of 2005, nearly 30% of all employees in the SYV group. Since 39% of Valoriza's business was outside Spain, Valoriza acquired a 33% stake in Emalsa, the water company of the Canary Islands, in 2005 (SAUR owns another 33%); it has a stake in Emmasa, the water company of Tenerife; and in Alcala de Henares, a controversially privatized water company in the Madrid region.

It also operates in Portugal and Brazil, through Administración y Gestión de Sistemas de Salubridade (AGS), which had annual revenues of €49 m. in 2005, and claims to hold 40% of the private water market in Portugal, and also operates in Brazil.

Valoriza also operates in waste management in Spain (through Sufi), with contracts in Toledo, Cadiz, Lerida and Madrid. Its other service activities include maintenance contracts for Princesa Hospital in Madrid, Málaga University and more than 90 metro stations in Madrid.

Website	Address	EWC eligibility
<a href="http://www.gruposyv.com">http://www.gruposyv.com</a>	Tel.: +34 902 19 63 60 accionistas@gruposyv.com	W; P

**Table 9. Sacyr Vallehermoso/Valoriza subsidiaries in water in Europe**

Country	Company	Sector	% owned	Website	Employees	Address
Spain	Emalsa	Water	33	<a href="http://www.emalsa.es">www.emalsa.es</a>	347 (2002)	Plaza de la Constitución, nº 2 35003 Las Palmas de Gran Canaria. Teléfono: 902.361.740 Fax: 928.454.130
Spain	Emmasa	Water	95	<a href="http://www.emmasa.es">www.emmasa.es</a>	211 (2006)	Domicilio: Comodoro Rolón, 4-A 38007 Sta. Cruz de Tenerife Tfno.: 922 60 64 00 Fax Dirección: 922 60 67 78 Fax Secretaría: 922 60 63 95
Spain	Alcala de Henares	Water	25	<a href="http://www.aguasdealcala.es/">http://www.aguasdealcala.es/</a>		Vía Complutense, 23 28807 - Alcalá de Henares
Portugal	AGS	Water	100	<a href="http://www.ags.pt/pt/ags.htm">http://www.ags.pt/pt/ags.htm</a>	1350	AGS - Administração e Gestão de Sistemas de Salubridade, S.A. SintraCascais Escritórios Rua da Tapada da Quinta de Cima, Linhó 2714-555 Sintra Portugal Tel.: +351 219 104 563 Fax: +351 219 104 016 Email: ags@ags.pt

**Table 10. Water Contracts of Valoriza**

	Company	Location	% owned	Ends	Sales 2006	Investment	Customers
ES	Emalsa	Las Palmas, Santa Brígida	33%	2043	53.7	1,100	162,200
ES	Emmasa	Santa Cruz de Tenerife	95%	2031	30.5	1,400	70,200
ES	Aguas De Alcalá	Alcalá de Henares	25%	2029	8.9	100	45,500
PT	Aguas De Cascais	Cascais	43%	2025	31.7	425	107,000
PT	Aguas De Gondomar	Gondomar	43%	2026	15.7	250	74,200
PT	Aguas Do Sado	Setubal	40%	2022	11.6	140	61,300
PT	Aguas Da Figueira	Figueira da Foz	40%	2034	7.7	160	38,200
PT	Tratave	Guimaraes, Santo Tirso, Vila Nova	40%	2026	6.7	75	300
PT	Aguas De Barcelos	Barcelos	75%	2034	5.5	756	40,000
PT	Aguas De Alenquer	Alenquer	40%	2033	4.9	100	22,200
PT	Taviraverde	Tavira	32%	2026	3.3	80	27,000
PT	Ags Pazos Da	Pazos da Ferreira	90%	2034	2.4	384	7,100

	Ferreira						
PT	Fagar	Faro	33%	2040	1.9	50	32,000
PT	Aguas Do Marco	Marco do Canaveses	51%	2039	1.1	430	24,500
PT	Aguas De Carraceda	Carraceda	75%	2031	0.5	40	5,200
PT	Aguas Da Serra	Covilha	100%	2035	0.4	110	1
Bras	Sanear	Sao Paulo	54%	2015	2.5	30	1
Bras	Aguas De Mandaguahy	Mandaguahy-Sao Paulo	85%	2021	1.9	30	1

## 2.5. SAUR

SAUR was for many years owned by the construction company Bouygues (for a period EdF also held a significant stake) and then sold the majority of SAUR's operations to PAI Partners in a "leveraged acquisition", except for the African and Italian operations, which remain owned by Bouygues.

In April 2007 PAI sold SAUR to a consortium led by French public finance institution Caisse des dépôts et consignations (CDC), with 47%, joined by French waste management and waste transport specialist Seche Environnement (33 per cent) and infrastructure investment vehicle AXA IM (20 per cent). SAUR had been the subject of a bid by Macquarie, but France's Association of Mayors expressed serious reservations at the prospect of a foreign bank managing public sector concessions.<sup>4</sup> The CDC-led bid may thus be a possible model for the future of French water concessions if the water division of Suez, for example, was to be sold by a new owner. It is not clear how this may affect SAUR's response to the bid by a Spanish group for all the shares in Aguas de Valencia – see below.

PAI have made a very good gain from this sale: they paid Bouygues €1 billion in 2004, and sold SAUR to CDC for €2.3billion.<sup>5</sup>

The group has four divisions: SAUR France (water in France), Stereau (water engineering in France), Coved (waste management in France) and SAUR International (water internationally). 96% of its sales are in France, where it has "approximately 5,700 water services contracts and over 1,000 waste collection contracts serving approximately 5.5 million consumers and over 5 million people, respectively, in France."

- Saur France has around 13% share of the private water market in France. In 2006 it increased its business by 16% over 2005, retaining over 90% of its contracts, and its EBITDA margin rose from 9.3% to 10.3% of sales, partly due to job cuts ("the monitoring of headcounts leading in particular to an evolution of overheads costs lower than the net sales' increase"). In the 9 months to December 2006 the EBITDA improved again by €21.5 million to €105.8 million "leading to an EBITDA margin increase from 12.4 % for the April-December 2005 period to 14.8 % for the same period in 2006". Once again this was partly due to job cuts, as well as deferred maintenance: "This improvement essentially resulted from the implementation of programs targeting competitiveness and procurement gains, from the monitoring of headcounts and from the postponement of maintenance operations on some of the facilities we operate over the last quarter of the year."
- Coved handles waste management in France. It increased sales by 4.3% in 2006.
- Stereau specializes in the engineering and construction of water treatment plants. It has operations in France, Spain and the United Kingdom. It also has a Spanish subsidiary Idagua; and there is a Russian laboratory testing subsidiary, Rossa.
- Saur International operates primarily in Spain and Poland: outside Europe, it also has a management contract in Armenia which runs until 2008, and some remaining activity in Argentina. During the year ended March 31, 2006 Saur International had sales of € 95 million, a growth of 9.5%, and employed 2400 people.
- In Spain, SAUR owns 33.01% of Aguas de Valencia, which manages the water services for the city of Valencia: in 2005 its report says it employed 127 people. However, in 2007 the Spanish groups

owning the rest of the shares bid to buy the whole of the company, partly because they are suspicious of PAI's future intentions.<sup>6</sup>

- SAUR also owns separately 33% of Emalsa, the water company for Las Palmas in the Canary Islands: it bought this stake in September 2005, when another 33% was also bought by Valoriza (from Endesa) – these purchases were referred to the EC merger review committee, which approved them.
- In Poland, SAUR owns 51% of SAUR-Neptun-Gdansk, the other 49% being owned by the city council. In 2002 the company had 700 employees.

Outside Europe, SAUR has held a 32% stake in OSM, the group which holds the water concession in Mendoza, Argentina: SAUR claimed compensation at ICSID, but in April 2007 announced that it was dropping the ICSID claim and abandoning the concession.<sup>7</sup> It has also sold its 50% stake in the Chinese company Fengxian for €5.5 million. It still has a 4 year management contract in Armenia, which expires in 2008; contracts in Zambia and Sierra Leone have ended, and a contract in Algeria has slowed down.

**Table 11. SAUR subsidiaries in water in Europe**

Country	Company	Sector	% owned	Website	Employees	Address
France	SAUR	water	100	<a href="http://www.saur.fr">www.saur.fr</a>	6100 (2004)	
	Stereau	Water engineering	100	<a href="http://www.stereau.fr">www.stereau.fr</a>	277 (2004)	36/38, route de la Princesse BP 10 - 78435 Louveciennes Cedex Tél. : 33 1 30 78 49 00 Fax. : 33 1 30 78 49 44
Spain	Aguas de Valencia	Water	33	<a href="http://www.aguasdevalencia.es">www.aguasdevalencia.es</a>		Gran Via Marques del Turia, 19 46005 Valencia Tel: (6) 386 06 00 Fax: 386 06 21
	Emalsa	Water	33	<a href="http://www.emalsa.es">www.emalsa.es</a>	347(2002)	Plaza de la Constitución, nº 2 35003 Las Palmas de Gran Canaria. Teléfono: 902.361.740 Fax: 928.454.130
Poland	SAUR-Neptun-Gdansk	Water	51	<a href="http://www.sng.com.pl">www.sng.com.pl</a>	700 (2002)	ul. Walowa 46 80-858 Gdansk Tel: +48 58 301 30 91 Fax: +48 58 301 45 13 info@sng.com.pl

### 2.5.1. Impact of PAI ownership on SAUR

PAI Partners is a private equity company based in France. It does not publish financial information on its website. PAI bought SAUR in 2005, and it is liable for an EWC simply on account of SAUR's activities in France, Spain and Poland. Its many other holdings also make it liable for an EWC. In some cases, for example United Biscuits, companies owned by PAI already have EWCs of their own. The great majority of their companies are sold on again ('realised') within 6 years of purchase. See above for information on expected sale of SAUR by PAI to a CDC-led group in 2007.

Published data on SAUR provide some insight into the impact of PAI's ownership of SAUR.

PAI restructured SAUR under a holding company called Novasaur. Financial reports for Novasaur continue to appear on the SAUR website at [www.saur.com](http://www.saur.com), but not in the same detail as stock exchange quoted companies: for example, there is no information in the reports on the number of employees (although the website states that SAUR as a whole has 12,400 staff). The data here is taken from the Novasaur reports for

the year to March 2006 [http://www.saur.com/ViewActualite\\_en.aspx?itemId=22](http://www.saur.com/ViewActualite_en.aspx?itemId=22) , and for the 9 months to December 2006 [http://www.saur.com/ViewActualite\\_en.aspx?itemId=27](http://www.saur.com/ViewActualite_en.aspx?itemId=27) ..

The effect of the leveraged purchase of SAUR by PAI Partners is that the group has extra financial liabilities. In the year to March 2006 these included: “net interest charges for €64.2 million generated by Saur acquisition”, which absorbed about 45% of the €143m. profit (EBITDA) made by the group. In the 9 months to December 2006 the burden continued proportionately with net interest charges generated by the Saur acquisition stated to be €43.4 m. over the 9 months. The pressures of this debt may be one reason for the cuts in staff levels and deferred maintenance in France (see above).

SAUR’s report on the 9 months to December 2006 stated that: “PAI partners has informed its senior management of its intention to undertake a review to evaluate the strategic options of Saur. This preliminary review could eventually lead to the sale, total or partial, of its shares in Saur.”

### 2.5.2. Bouygues and other former operations of SAUR

In previous years, when owned by Bouygues, SAUR also had water operations in the UK, Italy and various African countries, but the UK and Italian operations were sold separately by Bouygues. The Bouygues group no longer own any water companies operating in Europe (this note is intended to give a complete picture of the former SAUR operations). From 2003 to 2006 Bouygues sold nearly all of the SAUR group of companies, except for the African operations. The UK subsidiary, South East Water, was sold in October 2003 to Macquarie (which has since sold it on again in December 2006). In 2005 the majority of the SAUR group was sold to PAI Partners, but the Italian and African operations were retained by Bouygues. In January 2006, the Italian subsidiary, Sigesa, was sold by Bouygues to the Italian group Acea.

At the end of 2006, Bouygues still owned water operations in Senegal (SDE), Cote d’Ivoire (SODECI), and Dolphin Coast (South Africa) (Siza Water), and electricity operations in Cote d’Ivoire (CIE). The largest of these was the Cote d’Ivoire water concession SODECI. According to press reports, the concession was due to end in 2005, but was still continuing in 2006 - SODECI cut off supplies to non-paying customers in villages in the rebel zone during 2006, leading to cases of diarrhoea and vomiting and appeals by UNICEF for reconnections; and Olivier Bouygues was reported to be trying to renegotiate the contract.

**Table 12. Destination of former SAUR operations**

*(sales in italics are expected, to be confirmed)*

Country	SAUR companies in 2003	1st round of sales			2nd round of sales		Current owner
		Date	Sold by	Bought by	Date	Sold by	
France	SAUR	2005	Bouygues	PAI	2007	PAI	CDC-Seche-Axa
	Stereau	2005	Bouygues	PAI	2007	PAI	CDC-Seche-Axa
Spain	Aguas de Valencia	2005	Bouygues	PAI	<i>2007</i>	<i>PAI/CDC-Seche-Axa</i>	<i>Agval</i>
	Emalsa	2005	Bouygues	PAI	2007	PAI	CDC-Seche-Axa
Poland	SAUR-Neptun-Gdansk	2005	Bouygues	PAI	2007	PAI	CDC-Seche-Axa
UK	South East Water	2003	Bouygues	Macquarie	2006	Macquarie	UTA/HFM
Italy	Sigesa	-	-	-	2006	Bouygues	Acea
Argentina	OSM	2005	Bouygues	PAI	<i>2007</i>		<i>South Water</i>
China	Fengxian	2005	Bouygues	PAI	2006	PAI	unknown
South Africa	Siza Water	-	-	-			Bouygues
Senegal	SDE	-	-	-			Bouygues
Cote d’Ivoire	SODECI	-	-	-			Bouygues
Cote d’Ivoire	CIE	-	-	-			Bouygues

## 2.6. United Utilities

United Utilities latest interim report, in December 2006, confirms that it still operates concessions in Bulgaria (Sofia), Estonia (Tallinn), Poland, the Philippines and Australia. The employees in the UK, Tallinn and Sofia justify an EWC.

UU retains 75% of the shares of Sofyska Voda, according to the latter's website.

However, UU has reduced its stake in Tallinna Vesi, Estonia, to just over 25%, following an IPO of the company shares in May 2005. The city still owns 34.7%; 35.3% is held by a joint venture between UU and the EBRD, of which UU owns  $\frac{3}{4}$  and EBRD  $\frac{1}{4}$ ; and another 30% is floated on the stock exchange, half of which is held by international investors, according to the company roadshow in early 2007: the 2006 annual report states that Morgan Stanley hold 6.87% and Citigroup Global Markets holds 5%, as at the end of 2006. The roadshow presentation emphasises that although it is regulated, future price rises are easily agreed, and although the costs are largely fixed – variable costs being equal to only about 10% of revenues – reliable profit growth can be expected from steady revenue growth. UU's behaviour in Tallinn has been similar to the private equity model: a rapid extraction of a high return, combined with the withdrawal of equity, followed by an exit after a few years – in this case, a gradual sale of shares to the public following the IPO.

UU has also reduced its stake in Manila Water to just 11% of shares: 30% is now owned by the Philippine group, Ayala; 7.8% by Mitsubishi; 7.3% by the private investment arm of the World Bank, the IFC; 4.3% by the Bank of the Philippine Islands Capital; and 35% is floated on the stock exchange.

The future may be uncertain. The annual report is unenthusiastic about the international business, saying only: "The business currently operates concessions in Bulgaria, Estonia, Poland, the Philippines and Australia. United Utilities will continue to pursue opportunities in selected international markets, which are based around the group's core utility skills and where the business is comfortable with the risk and reward dynamics."

**Table 13. United Utilities subsidiaries in water in Europe**

Country	Company	Sector	Ownership	Website	Employees	Contact
UK	North West Water	water	100%	<a href="http://www.unitedutilities.com">www.unitedutilities.com</a>	4775 (2006)	
Estonia	Tallinna Vesi	Water	26.5%	<a href="http://www.tallinnavesi.ee">www.tallinnavesi.ee</a>	322 (2006)	Ådala 10 Tallinn 10614 Tel: 6262 200 Fax: 262 300 <a href="mailto:tvesi@tvesi.ee">tvesi@tvesi.ee</a>
Poland	Aqua	Water	25%	<a href="http://www.aqua.com.pl">www.aqua.com.pl</a>	640 (1999)	Tel: 82-80-200
Bulgaria	Sofiiska Voda	Water	75%	<a href="http://www.sofiyskavoda.bg">www.sofiyskavoda.bg</a>	1000 (2003)	Tel: +359 2/ 974 44 13 Fax: 359 2/ 75 01 68

## 2.7. Gelsenwasser

Gelsenwasser is owned by the municipalities of the cities of Bochum and Dortmund, which bought the company from E.on in 2003. It provides water and wastewater to a number of municipalities in Germany, through a number of concession contracts, both directly and through various subsidiary stadtwwerke. It also provides gas supplies.

Gelsenwasser has expanded into eastern Europe, but now appears to be retreating from ownership. Its shares in the Hungarian company GW-Borsodvíz Kft were sold in 2005, to a local Hungarian company. It still owns shares in water companies in the Czech republic - 30.58% of Chevak Cheb; 50% of Terea Cheb; and 50% of KMS Kraslicka Mestska Spolecnost. In Poland, it owns 46% of PWiK Głogow.

Gelsenwasser therefore remains eligible for an EWC on the basis of the 50% stakes in the Czech companies.



In 2005 Gelsenwasser expanded its international operations through extending or obtaining management contracts in Kosovo (for the towns of Gjakova, Rahovec, Priština and Mitrovica) and Kazakhstan (for the town of Kasalinsk); in both cases the contracts are financed by KfW. At the end of 2008 Gelsenwasser will also start a 2 –year contract for the operation of a wastewater plant under construction at Ouargla in Algeria.

**Table 14. Gelsenwasser: subsidiaries in water in Europe**

Country	Company	% owned	Website	Employees	Contact
Germany	Gelsenwasser	100%	<a href="http://www.gelsenwasser.de">www.gelsenwasser.de</a>	1277	Gelsenwasser AG Willy-Brandt-Allee 26 45891 Gelsenkirchen Germany Tel: (+49) 02 09/7 08-0 Fax:(+49) 02 09/7 08-6 50
Poland	PWiK Glogow	46%	<a href="http://www.pwik.glogow.pl">www.pwik.glogow.pl</a>	175	ul. Lakowa 52 67-200 Głogów Tel: 00 48 76/8 34-21-31 Fax: 00 48 76/8 <a href="mailto:34-16-65pwik@pwik.glogow.pl">34-16-65pwik@pwik.glogow.pl</a>
Czech Republic	Chevak Cheb	30.58	<a href="http://www.chevak.cz">www.chevak.cz</a>	243	Trsnická 11 35011 Cheb, Czech Republic Tel: (+42-/3 54) 414 111 Fax: (+42-/3 54) 414 216 <a href="mailto:chevak@chevak.cz">chevak@chevak.cz</a>
Czech Republic	Terea Cheb	50%	<a href="http://www.terea-cheb.cz">www.terea-cheb.cz</a>	116	Májová 33 35048 Cheb Czech Republic Tel: 0042/166-524411 Fax: 0042/166-524419 <a href="mailto:info@terea-cheb.cz">info@terea-cheb.cz</a>
Czech republic	KMS Kraslicka Mestska Spolecnost	50%			

## 2.8. RWE

RWE sold Thames Water in December 2006 (and plans to sell American Water in the USA). It retained the water operations in continental Europe. These include its 12.5% stake in Budapest water (Hungary); its 34% stake in PWiK Dabrowa Gornicza (Poland); and its 48.5% stake in Zagrebacke Otpadne Vode (Croatia), a joint venture with EVN. These are in addition to its 24.9% stake in Berlinwasser, and its other water operations in Germany, RWE Rhein-Ruhr and RWE Westfalen. The annual report for 2006 says that electricity and gas are the core businesses, with no growth plans for water, but: “Water will remain part of our business model wherever we already offer our Continental European customers integrated electricity, gas and water services.”

RWE has an EWC on account of its other activities. It is doubtful if it qualifies for an EWC in water alone, as its largest holding in another country is the 34% stake in PWiK Dabrowa Gornicza.

**Table 15. RWE Subsidiaries in water in Europe**

Country	Company	Sector	% owned	Website	Employees	Address
Germany	RWW	Water	79.9%	<a href="http://www.rww.de">www.rww.de</a>	550	Rheinisch-Westfälische Wasserwerksgesellschaft mbH
Germany	Berlinwasser	Water	24.9%	<a href="http://www.berlinwasser.de">www.berlinwasser.de</a>	5096 (2006)	Neue Jüdenstr. 1 10179 Berlin Germany Tel: +49 (0)30 / 814 68-205 Fax: +49 (0)30 / 814 68-299 <a href="mailto:B.Woelki@berlinwasser.de">B.Woelki@berlinwasser.de</a>
Poland	PWiK Dabrowa Gornicza	Water	34%		837	Przedsiębiorstwo Wodociągów i Kanalizacji Sp. z o.o. 41-300 Dąbrowa Górnicza ul. Powstańców 13 <a href="mailto:pwik@dabrowa.pl">pwik@dabrowa.pl</a>
Hungary	Budapest Water (Fovarosi Vizmuvek)	Water	12.5%	<a href="http://www.vizmuvek.hu">www.vizmuvek.hu</a>	1445	Címünk: 1134 Budapest Váci út 23-27.

						Levélcím: 1396 Budapest Pf.: 491 Fax: 06 40 247 742 <a href="mailto:vizvonat@vizmuvek.hu">vizvonat@vizmuvek.hu</a>
Croatia	Zagrebacke Otpadne Vode	Water BOT	48.5%	<a href="http://www.zov-zagreb.hr">www.zov-zagreb.hr</a>		Čulinečka cesta 287 HR-10040 Zagreb Tel.: 00 385 16130300 Fax: 00 385 16130308 <a href="mailto:info@zov-zagreb.hr">info@zov-zagreb.hr</a>

## 2.9. EVN

EVN is one of five Austrian energy and water utilities, which remain controlled by the public sector: the provincial government of Lower Austria is the majority shareholder with 51% of shares. In addition, EnBW Energie Baden-Württemberg AG owns more than 10%: EnBW itself is 34.5% owned by EdF, (the French electricity company which is 100% owned by the French state) and another 34.5% owned by the Austrian utility OEW. EVN has been actively expanding in both water and energy in eastern and southeast Europe.

The whole EVN group in 2006 employed 2306 people in Austria, 314 in the rest of central and eastern Europe, and 7,353 in south-eastern Europe (Bulgaria and Romania), mainly due to the energy business.

EVN's water operations fall into two parts.

Firstly, it operates the regional supply of drinking water in Lower Austria (EVN Wasser), which in 2006 also "acquired the water supply network of the municipality of Gerasdorf near Vienna, with 11,000 inhabitants, and the water supply facilities of Grossmugl, a municipality with 1,760 inhabitants. .... The company plans to further expand this business in the future."

Secondly, WTE Wassertechnik, previously owned by the German company Berlinwasser but bought by EVN in October 2003, designs, builds, finances and operates municipal and industrial water and wastewater plants in Austria, Germany, Denmark, Slovenia, and Poland: recent projects include plants at Kaunas, Zagreb (in a joint venture with RWE), and Nicosia (Cyprus), as well as a series of plants in Russia. These treatment plants have relatively low levels of employment, and the whole WTE operation employed only 243 employees in 2004.

EVN is eligible for an EWC on account of its energy activities, but not in water alone, as it does not have sufficient employees in any one country outside Austria

## 2.10. Berlinwasser

Berlinwasser is itself a complex joint venture between the city (Land) of Berlin (50.1%) and Veolia and RWE (24.95% each). It also developed a set of international operations in its own right, grouped under BWB International, although the profitable WTE Wassertechnik subsidiary was sold in 2003 for €90m to the Austrian energy company EVN.

The future of the international business is very uncertain. In October 2006 it was announced that Marubeni had bought 80% of BWB International group, but in November 2006 the deal fell through. In August 2006 BWB sold its 47% stake in the Hungarian water company Zsigmondy Bela; in December 2006 BWB's 95% stake in the water company of Elber, Albania, was sold to the Albanian state and so renationalised "releasing BWB from all future investment obligations", as the 2006 annual report gratefully comments; and the 2006 end of year report does not mention the Polish company (Szprotawa-Spolka Wodno Sciekowa z o o) of which it owned 49% up to 2005. Without these, BWB International has only a 12% stake in Budapest Sewerage.

BWB still operates internationally through a series of projects and short-term management contracts – including a continuing contract in the Durres region of Albania. The BWB website in 2007 reports that the international group has projects in Poland, Hungary, Romania, Bulgaria, Azerbaijan, Albania, Turkey,

Namibia, Brazil, Thailand, Vietnam, and China. It also claims that BWB is the 10th largest water company in the world.

**Table 16. Berlinwasser: Subsidiaries in water in Europe**

Country	Company	Ownership	Website	Empl oyees	Contact
Germany	Berliner Wasserbetriebe (BWB)	Veolia (24.95%), RWE (24.95%), Land Berlin (50.1%)	<a href="http://www.bwb.de">www.bwb.de</a>	5391	Neue Jüdenstr. 1 10179 Berlin Germany
Hungary	FCSM Budapest	12.5% (12.5% Veolia)	<a href="http://www.fcsmrt.hu">www.fcsmrt.hu</a>		Fovarosí Csatornázási Művek Reszvénytársaság (FCSM) Marcius 15. ter. 3. HU - 1056 Budapest V. Hungary ph.: +36.1.318 37 19 fax: +36.1.318 16 76 <a href="mailto:budapest@berlinwasser.net">budapest@berlinwasser.net</a>
Poland	Szprotawa-Spolka Wodno Sciekowa z o o	49% (in 2005; but current ownership uncertain)			Ul. Rynek 45 PL-67-300 Szprotawa Poland tel.: +48.68.376 38 11 fax: +48.68.376.22 20 <a href="mailto:szprotawa@berlinwasser.net">szprotawa@berlinwasser.net</a>

### 2.11. Thames Water/ Macquarie

Thames Water was bought by Macquarie in December 2006, through a specially created company, Kemble Water. Thames had already sold most of its international interests. It does not appear to own any operations in continental Europe since its separation from RWE, but the absence of a report for the group makes it difficult to confirm this – the only accounts now available are the regulated accounts for the UK water service.

Macquarie is a large private equity company, with specialized infrastructure funds. Apart from Thames water, it has no other investments in water in Europe: it sold its stake in South East water in 2006 to comply with a regulatory requirement for its purchase of Thames water. Its other European investments include stakes in gas and electricity utility in the Netherlands and Stockholm Arlanda express in Sweden. Macquarie would thus be eligible for an EWC on account of these other holdings.

### 2.12. Anglian Water

AWG has been sold to a private equity consortium, Osprey. Osprey was formed by 3i Group plc (16.1%); Canada Pension Plan Investment Board (CPPIB) (32.3%); Colonial First State Global Asset Management (CFSGAM) (32.3%); the asset management division of Commonwealth Bank of Australia (CBA); and Industry Funds Management (IFM) (19.4%). According to OFWAT: “Osprey has stated that each investor is looking for long-term secure returns with each investor committed to the long-term ownership and continued stability of ANG’s business.”

In 2007 AWG has 3 main divisions, all operating only within the UK:

- Anglian Water, the regulated monopoly water and sewerage service for the East Anglia region of England.
- Morrison Utility Services, which “manages infrastructure maintenance, renewals, installation and specialist services to blue-chip utility clients in the gas, water, electricity and telecommunications sectors.

- Morrison Facilities Services provides repair and maintenance and capital investment services to local authority clients. Facilities Services currently manages more than 300,000 social houses and other local authority buildings, making it the largest provider of social housing repairs and maintenance in the UK.

From 2004 AWG sold all its international operations, in Chile, China, New Zealand as well as the Czech republic; in November 2006 the engineering subsidiary, Purac, which operated internationally, was also finally sold to a small private equity group

### **2.13. Severn Trent**

Severn Trent has sold its holdings in Aquafin (Belgium), and also its interests in the waste management company Biffa, which also had operations in Belgium, and therefore is no longer eligible for an EWC. It has very few international activities left, but is seeking to take on a water management contract in Nepal.

### **2.14. Southern Water**

Southern Water is 49% owned by the Royal Bank of Scotland (RBS), to whom Veolia sold its remaining shares in 2005. RBS is a large UK bank, with international activities, including insurance in Germany, Italy and Spain: its annual report however does not even mention its stake in Southern water. Southern is not eligible for an EWC, but RBS is on account of its other activities.

### **2.15. Acea**

Acea is the major Italian water operator serving over 8 million people throughout the country. Acea's recent strategy in Italy has included partnering with Suez to win bids for minority shares (and controlling stakes) in recent privatization/concessions, including Publiacqua and Acque in 2003, operating in Florence and Pisa areas respectively. Acea had previously won a 29-year concession in Frosinone (in partnership with Saur's Crea) and acquired a 19% stake in Sarnese Vesuviano's GORI SpA (in partnership with Enel). In April 2003 its credit rating was downgraded by S&P due to difficulties at its telecoms interests. In January 2006 Acea bought the Italian water company Sigesa from the Bouygues group.

Acea's only operations in Europe, outside Italy, are in Albania and Armenia (non-EU), and these may be less than 150 employees in any case.

### **2.16. Biwater-Cascal**

Biwater is a privately owned UK-based water company. It bought 100% control of its international subsidiary Cascal from Vitens in 2005. Cascal and Biwater remain very active internationally, including China, but have no water service operations in Europe apart from Biwater's small water-only company in the UK, Bournemouth and West Hampshire Water.

### **2.17. Vitens**

Vitens is a municipally owned Dutch water company. It was formerly a 50-50 partner with Biwater in its international water operation Cascal, but sold its interests to Biwater in 2005. It remains active internationally, for example in a private management contract for water in Accra, Ghana, but has no operations in Europe outside its home territory.

### 3. Annex

#### 3.1. France: using the CDC to protect key French companies

Nouvel Economiste 30 novembre 2006 jeudi

Politique & Economie - Caisse des dépôts et consignations - L'Etat à l'école du capitalisme - Gauche et droite veulent engager la CDC dans une stratégie massive de prises de participations dans le CAC et d'apporteur de fonds propres pour le capital-risque. Le respect des règles de gouvernance reste à garantir.

Au PS comme à l'UMP, les stratèges sont à la manœuvre pour charger la CDC (Caisse des dépôts et consignations) d'une mission de pompier volant auprès du CAC 40 et de pompier de proximité pour les PME innovantes. Grâce au levier des participations au capital des grandes firmes cotées, il s'agirait de faire jouer à la Caisse le rôle d'un super fonds de pension au service de l'intérêt général. Un travail qu'accomplit déjà la CDC, mais à une échelle fort modeste. Rien ne s'oppose en théorie et en pratique à un changement de dimension.

A condition bien sûr que l'Etat accepte un code de conduite, en l'occurrence les règles de gouvernance en vigueur sur les marchés. Concrètement, cela revient à sanctuariser le dossier " d'actionnaire avisé " que s'est confectionné le management de la CDC. A ce jour, ni la gauche ni la droite ne s'y sont expressément engagés. Eviter les dérapages - C'est pourtant la garantie d'éviter les dérapages. Le filtre du " bras financier " de la CDC est le meilleur moyen pour se prémunir de l'excès de zèle interventionniste de l'Etat actionnaire. Voilà le facteur de risque. Car, face à la déferlante des OPA qui s'annonce sur le CAC 40, constituer un capitalisme d'Etat militant pour la localisation " au pays " des centres de décision des grandes entreprises privées est une ambition qui a gagné en légitimité. Cela rappelle les privatisations 1986, et leurs " noyaux durs " censés servir de bouclier au capitalisme sans capital de la France. Le rêve a disparu, la nécessité demeure. Que dit le programme officiel du Parti socialiste ? " Nous développerons les participations publiques dans le capital des jeunes entreprises innovantes avec la création d'un fonds public de participation (capital-risque) en relation avec les collectivités locales (régions, agglomérations...), en s'appuyant notamment sur la Caisse des dépôts et consignations ", écrit le PS. Que dit Nicolas Sarkozy ? " Je propose que l'Etat se dote d'un outil financier adossé à la Caisse des dépôts permettant de prendre temporairement et de façon ciblée des participations pour aider les entreprises stratégiques à passer une phase difficile alors qu'on les accule à mettre la clé sous la porte ou à aller se vendre à des fonds étrangers qui n'ont d'autre but que de s'emparer de leur technologie ", déclarait, le 9 novembre dernier à Saint-Etienne, le président de l'UMP. Et d'insister sur la nécessité de voir l'épargne des Français s'investir davantage dans les actions et moins dans les emprunts publics. La concomitance entre les postures ne doit rien au hasard. Il y a urgence à éviter la déliquescence du tissu industriel hexagonal. Il y a urgence à trouver des interlocuteurs " hexagonaux " à toutes les PMI performantes en mal de succession. Une ampleur limitée - Sur le front du CAC 40, la CDC a une longue expérience mais d'ampleur limitée. Le stock des participations correspond à une mise d'une trentaine de milliards, un peu moins que la seule capitalisation du groupe Total. D'ici quelques mois, la CDC va disposer de sept milliards d'euros supplémentaires suite à la sortie du capital de la Caisse nationale des Caisses d'épargne (CNCE). Avec prudence, Francis Mayer, le directeur général de la CDC, explique qu'il faudra retrouver une rentabilité équivalente à celle de la CNCE. Déjà premier ou deuxième actionnaire de treize sociétés du CAC 40 (Veolia, Dexia, Accor, Eiffage, Alcatel, Total...) avec des participations allant de 10 % à 2 %, la CDC pourrait se renforcer dans Dexia ou Veolia. Les secteurs prioritaires sont les infrastructures, l'immobilier, la santé. Le comportement est défini comme celui d'un investisseur de long terme " avisé ". Sous-entendu, pas question de servir de terrain de manœuvre à des opérations désordonnées de patriotisme économique. L'originalité de fonds de fonds - Sur le front de l'aide aux fonds propres des PME performantes et innovantes, Jacques Chirac vient de mettre sur le marché un nouvel instrument, France Investissement. Le président de la République s'est engagé sur un total de trois milliards d'euros pendant six ans, dont deux milliards en provenance de la CDC et un milliard d'euros en provenance du secteur privé dans le cadre d'un PPP (partenariat public privé). Les trois plus grosses compagnies d'assurances, AGF, Axa et Groupama, et les banques Société générale, Caisses d'épargne et Natexis-Banques populaires, vont apporter un montant de l'ordre de 400 millions d'euros. D'autres groupes privés sont attendus, et espérés, pour arriver au " milliard ". Les contraintes du projet refrèment sans doute certaines ardeurs... La CDC précise que les entreprises intéressées devront investir selon les critères de la CDC, " de façon sélective, en fonction des perspectives de rentabilité et du potentiel de création de valeur appréciés conformément aux pratiques et à la déontologie du marché ". Si le " financement est pertinent ", la Caisse des dépôts prendra directement des parts ou des titres spécifiques. La grande originalité de la démarche tient au recours, par la Caisse des dépôts et consignations (CDC) en charge du projet, à des " fonds de fonds " - des fonds finançant des fonds d'investissement qui eux-mêmes investiront dans les petites et moyennes entreprises sélectionnées pour leur innovation ou leur potentiel. Le " conseil d'orientation " de France Investissement, présidé par René Ricol, déterminera la stratégie. Il aura également à s'accorder avec l'agence OSEO ou l'Agence française de l'innovation industrielle. Jacques Chirac a en effet morcelé les soutiens à l'innovation. Par ailleurs, la filiale CDC Capital Investissement, qui gère un total de 1,8 milliard d'euros, continuera d'intervenir sur le marché du **private equity** en concurrence directe avec les fonds de capital investissement du monde entier. La technique utilisée peut recourir au LBO ou monter des opérations importantes de capital-développement. Un véritable capitalisme d'Etat, mais sans commune mesure avec les moyens

alignés par les groupes anglo-saxons. La CDC, un investisseur trop bridé ? Si feu vert politique à un dispositif massif il y a, il devra impérativement continuer à fonctionner sur le modèle de l'actionnaire " avisé ". Jean-Michel Lamy

### 3.2. Extracts from Suez 2006 Annual report

- **European water operations of Suez in 2006 p.63-64**

In France, the local municipalities are responsible for the distribution and management of drinking water and for the collection and treatment of waste water. Operators may take over the management of all or some of these activities under delegation contracts (farm-outs, concessions) or service agreements. Thus, based on its 2006 survey, the industry believes that in 2005, as in 2004, private companies managed drinking water services for 74% of the population<sup>7</sup>. In the waste water treatment market, 52%<sup>8</sup> of the volumes are invoiced by a private operator. However, out of a total bill of 11.3 billion euros, the share going to private delegated operators represented only 41% (BIPE, 2004). The remaining 59% corresponds to the share of the local municipalities (approximately 40%) and to the amount of taxes and royalties collected for Water and State Agencies (about 19%). Lyonnaise des Eaux France, a subsidiary of SUEZ Environment, is the second-largest private participant in the French market. The term of the Group's contracts in France, for both water distribution and waste water treatment services, is generally between ten and twenty years. Finally, although it is often of less importance in terms of amount and duration, the waste treatment agreements, particularly the management of non-collective waste for municipalities or waste services and the treatment of industrial process waste water, represent additional dynamic markets for the companies of the Group.

In the European Union outside France, the principal SUEZ Environment sites are located in Spain, Italy, and Germany.

In Spain, SUEZ Environment holds a 25.90% ownership interest in Aguas de Barcelona (Agbar, publicly traded group), which ranks first in the Spanish water distribution market. Agbar is also located in Latin America, in Chile and Colombia in particular, and most of the SUEZ projects in Latin America were completed in partnership with Agbar. In 2006, Agbar continued to expand its operations, successfully completing the purchase of Bristol Water, which serves approximately 1 million people in the United Kingdom.

In Italy, the Group is established as an operator in Arezzo, in Tuscany, and in Pisa, with ACEA; in 2006, SUEZ Environment increased its ownership share in Acqua Blu Fiorentina.

In Germany, the Group has a strong presence in Rostock and in Cottbus, mostly through water and waste treatment concessions.

SUEZ Environment has been active for many years in certain new members of the European Union: the Group provides drinking water and waste treatment services in several regions of the Czech Republic, where it has had a presence since 1993, and drinking water services in Budapest, Hungary (in partnership with RWE); it has also been established since 1994 in two other Hungarian cities (Pécs and Kaposvar) and, since 1999, in Trencin in Slovakia. It manages a contract for the construction and operation of the Maribor purification station in Slovenia.

- **General trends p.70-71**

The competitive landscape is constantly changing and some key players are repositioning and redefining their activities. New industrial and financial players are moving into markets by adopting aggressive strategies.

The environmental service sector is dominated by two major trends: the investment and significant moves of financial investors (private equity and investment funds) and insurers on one hand, and the dynamism and positions taken by Spanish companies, on the other. The changes that affected the main players in our businesses in 2006 illustrate these trends.

In the water and sanitation sector, asset exchanges continued at a rapid pace, especially in the United Kingdom. RWE implemented its withdrawal plan, notably by selling Thames Water to a consortium led by Macquarie and considering an initial public offering for its activities in the United States (American Water

Works). Several other British shareholders also changed owners, and Kelda withdrew from the United States by selling off Aquarion.

In Spain, competitors benefited from the effects of the Agua Plan program (about twenty desalination plants as an alternative to diverting the Ebro River).

In the Czech Republic, FCC acquired Severomoravské Vodovody, the country's third largest operator. In this area, the Group's main international competitor continues to be Veolia Water, a subsidiary of Veolia Environment.

Furthermore, the emergence of strong local companies, especially in Asia (such as Manila Water and development projects by FCC and OHL in China through their subsidiaries Aqualia and Inima), as well as the ambition of new equipment manufacturers (GE) to shift their activities towards providing services, are ongoing trends.

A similar momentum of takeovers and consolidation is now sweeping over the waste services sector, particularly in Northern Europe (Germany, the Netherlands, United Kingdom) and Australia. FCC bought the Waste Recycling Group from the investment fund Terra Firma and also acquired the Austrian operator ASA. Veolia bought Biffa Belgium and Cleanaway UK from the Australian group Brambles, thus becoming number one on the British market. Several other major transactions are currently being negotiated: EnBW's plan to sell its waste treatment subsidiary U-Plus, the sale of the Van Gansewinkel group by the family that owns it, and the takeover of the Belgian group Indaver by the Dutch company Delta NV. In addition to financiers, insurers are also entering the market: AXA invested in Cornwall's private finance initiative (PFI) that had been awarded to SUEZ Environment and Allianz took over John Laing's PFI unit.

Against this background, it is important to note Veolia's continued development and the even more dynamic positioning of Spanish companies (particularly FCC) among other factors.

### 3.3. Bid for Aguas de Valencia

El Pais. February 23, 2007 La venta de SAUR precipitó los cambios en Aguas de Valencia

BYLINE: MIGUEL OLIVARES DATELINE: Valencia HIGHLIGHT: Los valencianos lanzan una OPA con una prima de 5 euros por acción Las dudas suscitadas entre los accionistas valencianos de Aguas de Valencia sobre el futuro de SAUR, titular del 33% del capital de la empresa de servicios valenciana, precipitaron la decisión de constituir una sociedad conjunta que acumulará algo más del 57% del capital y está forzada a lanzar una OPA sobre la totalidad del mismo en virtud de la legislación vigente. Un portavoz de Pai Partners, el fondo de inversión que compró SAUR en 2005, confirmó ayer que la firma baraja la venta de la multinacional de servicios urbanos. BODY: Más vale malo conocido... Los cuatro accionistas valencianos de referencia en Aguas de Valencia comunicaron ayer oficialmente a la Comisión Nacional del Mercado de Valores (CNMV) su intención de constituir en el plazo máximo de 15 días la sociedad Inversiones Financieras Agval, SL, en la que acumularán sus respectivas participaciones y "cuyo objeto social será la exclusiva tenencia de acciones de Aguas de Valencia". El Banco de Valencia y Bancaja, a través de SBB participaciones, controlarán algo más del 36% de Inversiones Financieras Agval; Fomento Urbano de Castellón, por encima del 26%; Boluda Inversiones, el 20%. Y Luis Batalla, a través de Lubasa, Calviga, Beca y Actividades Recreativas e Industriales, algo menos del 18% restante. La cotización de Aguas de Valencia en las bolsas de Valencia y Barcelona quedó suspendida minutos antes de la apertura de los mercados. Dos minutos más tarde, los accionistas valencianos comunicaron su intención de acumular sus participaciones y asumieron la obligación legal de lanzar una OPA sobre el total del capital de Aguas de Valencia una vez constituida la nueva sociedad. Las acciones de Aguas de Valencia cotizaban a 85 euros al cierre del mercado el jueves. Inversiones Financieras Agval adelantó ayer que ofrecerá 90 euros por acción cuando esté en disposición de hacerlo, un precio que sitúa el valor de Aguas de Valencia en 177 millones de euros. La CNMV levantó la suspensión cautelar de la cotización de Aguas de Valencia a primera hora de la tarde al "haber sido puesta a disposición del público información suficiente de las circunstancias que aconsejaron la adopción del acuerdo de suspensión". Un portavoz de la nueva sociedad, que tiene previsto constituirse formalmente el próximo lunes, subrayó que las relaciones con los representantes de SAUR en el consejo de administración de Aguas de Valencia han sido siempre buenas. De hecho, los resultados de la

empresa de servicios han crecido de manera espectacular a lo largo de los últimos cuatro ejercicios. La facturación de Aguas de Valencia ha pasado cien millones de euros en 2003 a casi 150 en 2006. Las inversiones en la sociedad han mantenido un ritmo sostenido en torno a los diez millones de euros entre 2003 y 2005 y se elevaron hasta 16,6 millones de euros en 2006. Los beneficios de 5,4 millones de euros en 2003 también han crecido de forma sostenida hasta superar los 11,5 millones de euros al cierre de 2006. Pero las buenas relaciones con los actuales representantes de SAUR no están garantizadas en el futuro. Pai Partners, un fondo de inversión originalmente vinculado a la cartera industrial del banco francés Paribas, compró SAUR en febrero de 2005. Aguas de Valencia representa en torno al 6% de SAUR. Pero la posibilidad de que un completo desconocido o un gran competidor se convirtiera en titular del 33% de las acciones de la empresa valenciana de la noche a la mañana despertó recelos entre los accionistas valencianos. Tanto como para aparcir algunas diferencias históricas y aunar voluntades en una sociedad conjunta. Uno de los implicados apunta: "Nunca habríamos podido cerrar un acuerdo a cuatro bandas si no hubieramos estado todos de acuerdo desde el principio". Los accionistas de Inversiones Financieras Agval están todos "en la misma onda", según la misma fuente, "mientras que una empresa en venta siempre tiene sus limitaciones y deja de apoyar ciertas estrategias". El único objetivo del grupo de accionistas valencianos para Aguas de Valencia es: "Expandirnos en nuevos territorios o nuevas actividades, impulsar un poderoso grupo de servicios o concentrarnos sólo en el negocio del agua, eso ya se verá, pero crecer y generar valor". Aguas de Valencia arrastra 117 años de historia. Durante años y hasta 2002 estuvo dominada por el Banco Central y SAUR. La salida del Banco Santander, que había absorbido el Central años antes, propició la entrada de los accionistas valencianos que ahora aspiran al control del 100% de la empresa."

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<sup>1</sup> EBRD and E.ON sign partnership in Romania's energy sector 19 April 2007

<http://www.ebrd.com/new/pressrel/2007/EON1904.htm>

<sup>2</sup> Les Echos April 20, 2007 Friday : FRENCH CONSORTIUM ACQUIRES SAUR (LA SAUR REPRISE PAR LE CONSORTIUM COMPOSE DE LA CDC, SECHE ET AXA IM

<sup>3</sup> La Tribune 20 avril 2007: JEAN-LOUIS CHAUSSADE: "Agbar sera un pilier de Suez dans l'eau en Europe "

<sup>4</sup> Utility Week 30 March 2007

<sup>5</sup> Capital Finance 26 mars 2007 Le printemps des sorties

<sup>6</sup> El Pais. February 23, 2007 La venta de SAUR precipitó los cambios en Aguas de Valencia

<sup>7</sup> Business News Americas – English April 9, 2007: Saur to terminate OSM concession contract