



**„Competition for water will make it more valuable than oil“, says
Suez CEO Jean-Louis Chaussade in FT, 20th March 2017**

Please find here the relevant article of the Financial Times. Since we have Suez as a major portfolio holding in our water infrastructure fund, we consider the article as worthwhile mentioning and thus sharing it with you. Even more, since the demand for clean industrial water is an important long-term growth driver for the global positioned water environment & service company Suez.

« Water will become more valuable than oil as rising demand from people, industries and agriculture puts pressure on supplies, according to the chief executive of Suez, the French utility. »

Jean-Louis Chaussade, whose company agreed this month to buy General Electric's water unit for USD 3.4bn, said water scarcity posed one of the biggest challenges facing industries such as chemicals, drugs, mining and energy.

Asked whether water would one day be a more valuable commodity than oil, Mr. Chaussade told the FT : « In future, probably yes ». He cited projections that by 2035 40% of the world population will live in areas facing water scarcity. This would put companies in competition with people and agriculture for supplies.

Governments are saying to industries: „you can operate here, but you can't take water from underground,“ Mr. Chaussade said. „Companies will have to rely on waste-water recycling or desalination plants to meet their needs.“ Mr. Chaussade said, the EUR 95bn market for industrial water services was set to expand at an annual rate of 5% over the long term – outpacing global economic growth by about 3%.

Suez's investment in industrial water contrasts with efforts by its biggest shareholder, Engie, the French energy group, to exit oil and gas production and coal-fired power generation as the world shifts beyond fossil fuels. Industrial water services provide a bigger opportunity for Suez than its traditional municipal business, he added, because industries account for a fifth of global use compared with 5 per cent for humans. The rest is used by agriculture.

GE Water helps companies including ExxonMobil, Pfizer and Nestlé manage treatment and consumption of water. About half of the US company's revenues come from the US, but Mr. Chassade said, the strongest growth potential was in developing economies, especially China.

Suez agreed to buy the GE unit in partnership with Caisse de Dépôt et Placement du Québec, a Canadian pension fund manager.

21st March 2017 / AC Partners AG