

# Thirsty China

## Is water the new oil?



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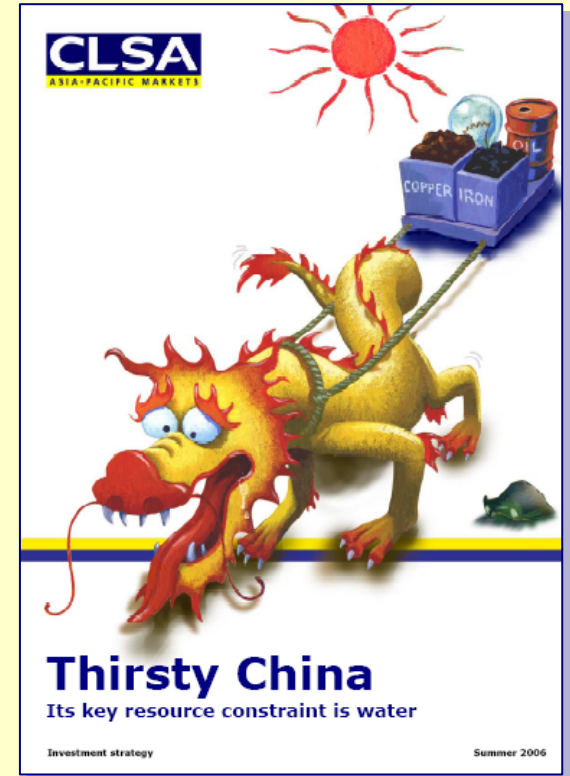
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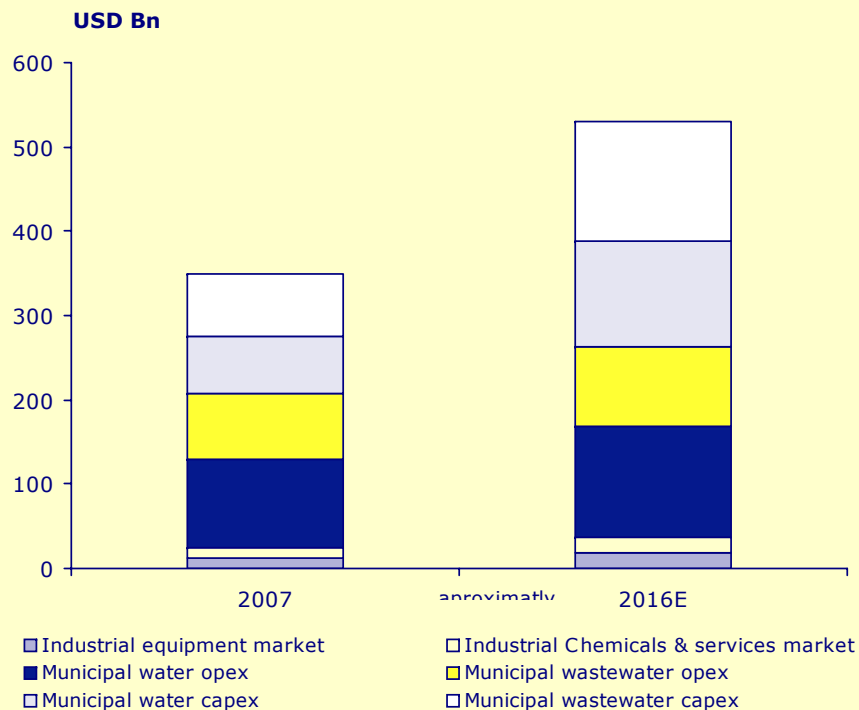
# Clean water – Big issue

- ❑ Why invest in the China water market?
- ❑ Water scarcity problem – Rising demand and falling rainfall.
- ❑ 11<sup>th</sup> Five-Year Plan.
- ❑ Huge investment opportunity.
- ❑ Risks.

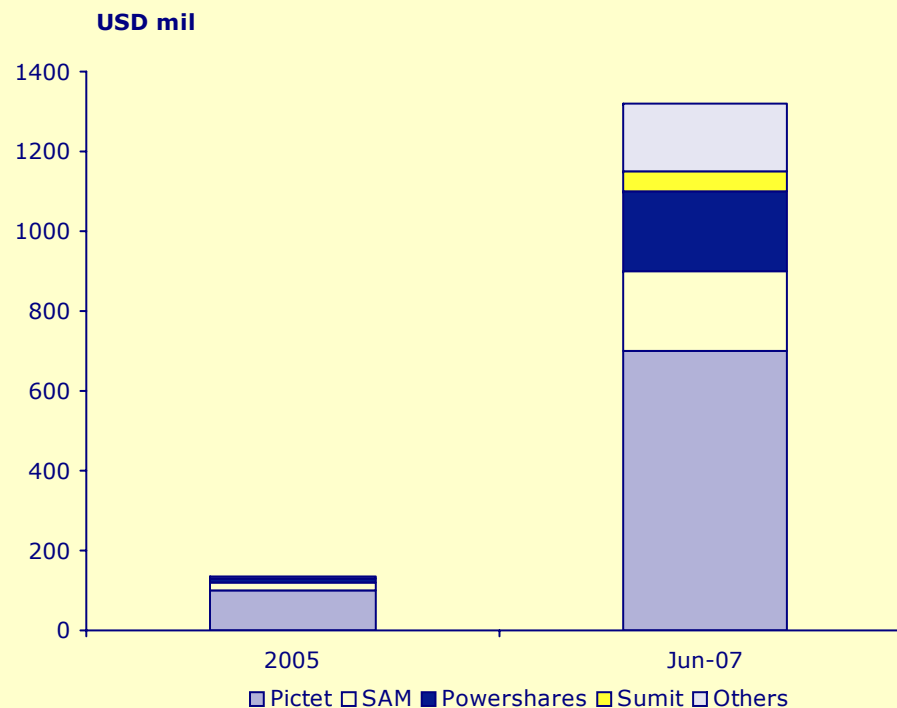


# From Capex to Equity Funds

## Global Investment in water



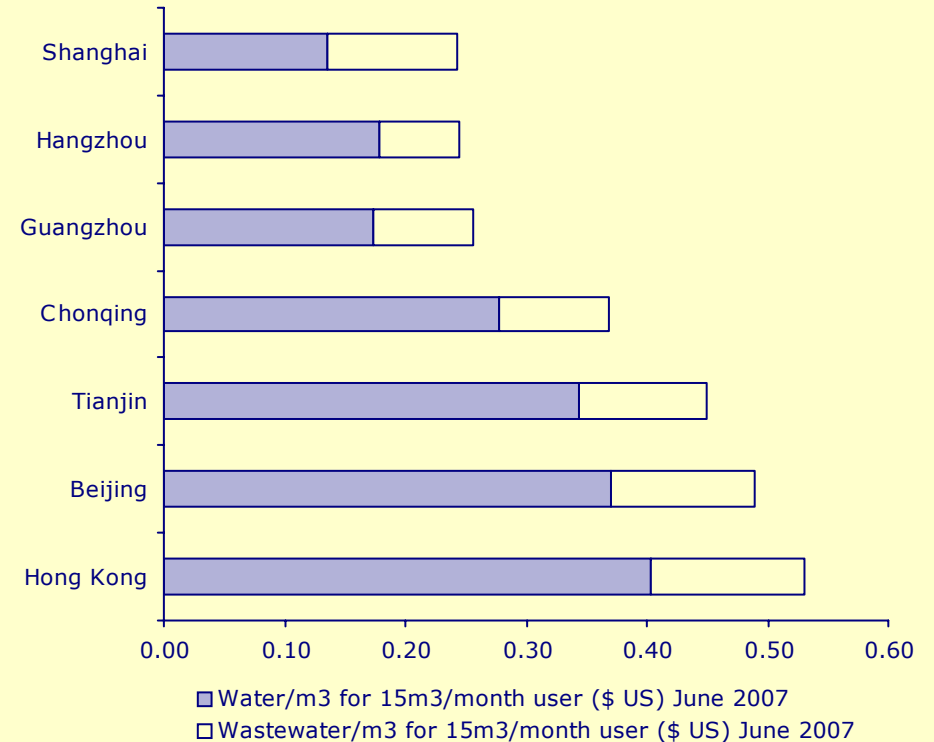
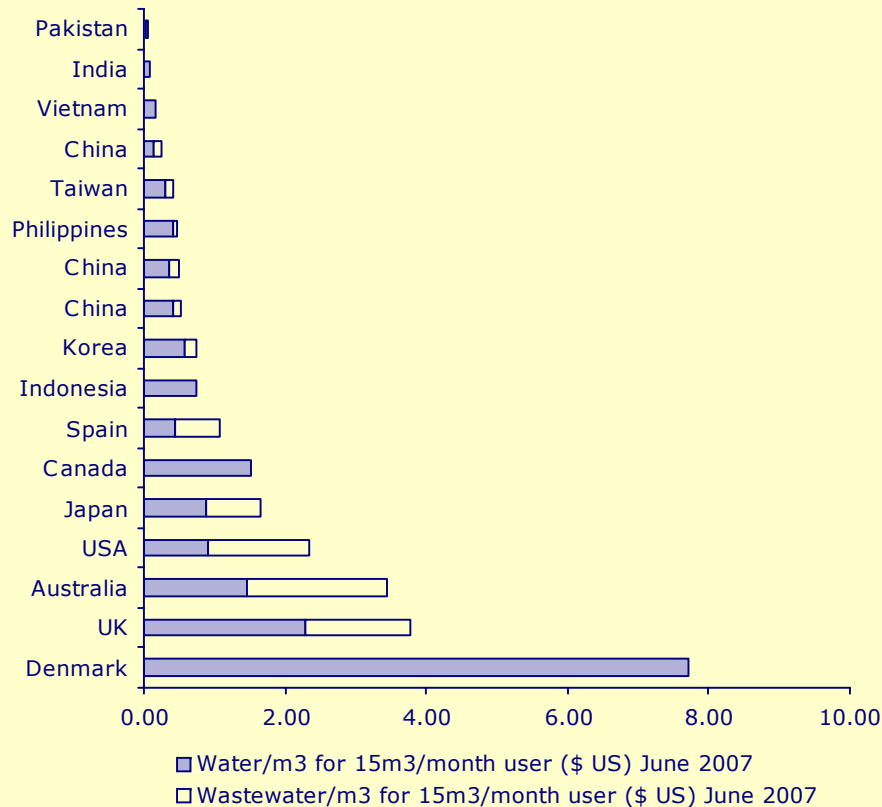
## Water Specific Investment Funds



Source: GWI, CLSA Asia-Pacific Markets

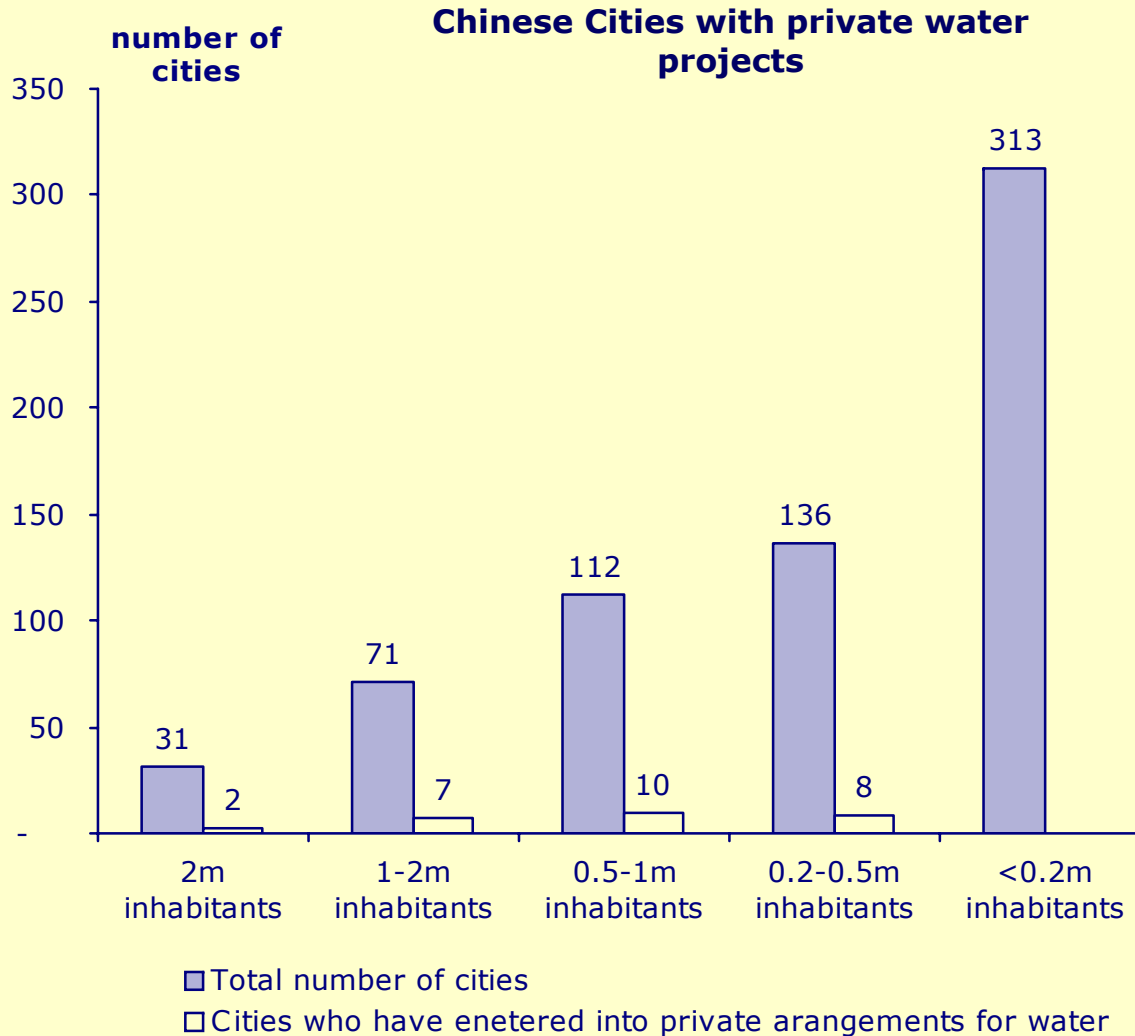
# Low tariffs with plenty of upside = returns

## Global Investment in water



Source: GWI, CLSA Asia-Pacific Markets

# Land Grab starting



- BOT and TOT contracts**
- PPI approach**
- Still lots to chase**

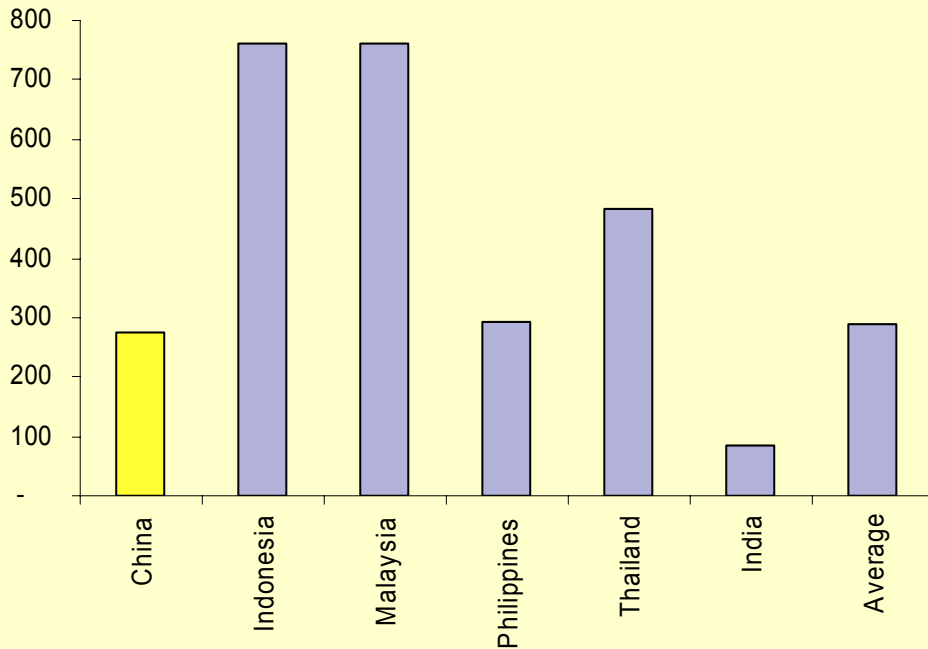
Source: GWI, CLSA Asia-Pacific Markets

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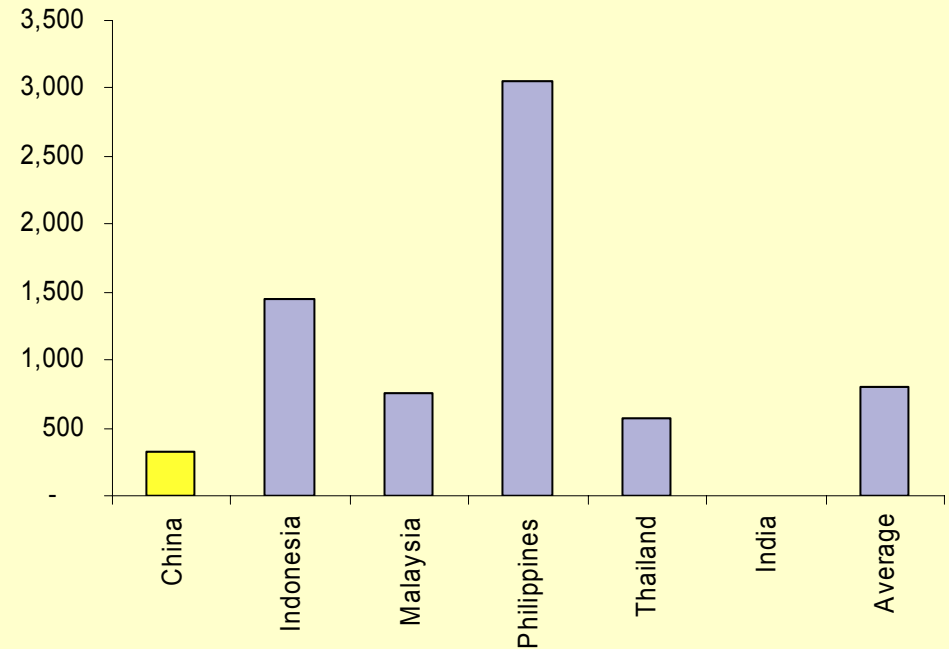
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# Why the race in China ?

**Sewage treatment  
Investment USD/ Ton**



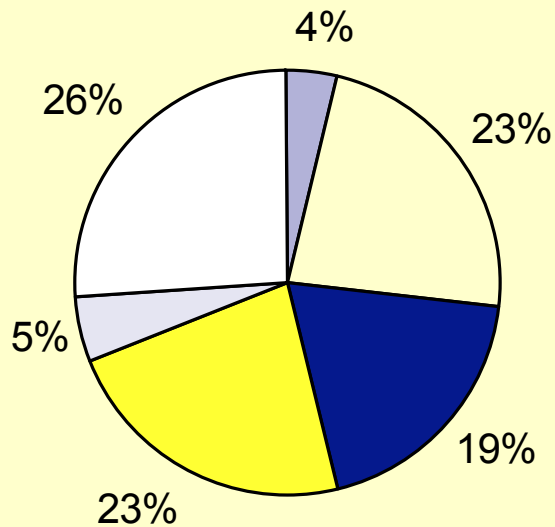
**Water Utility  
Investment USD/ population served**



Source: CLSA Asia-Pacific Markets

# Chinese Rivers quality – Crisis

2006-7 Major Chinese Rivers- Quality of water

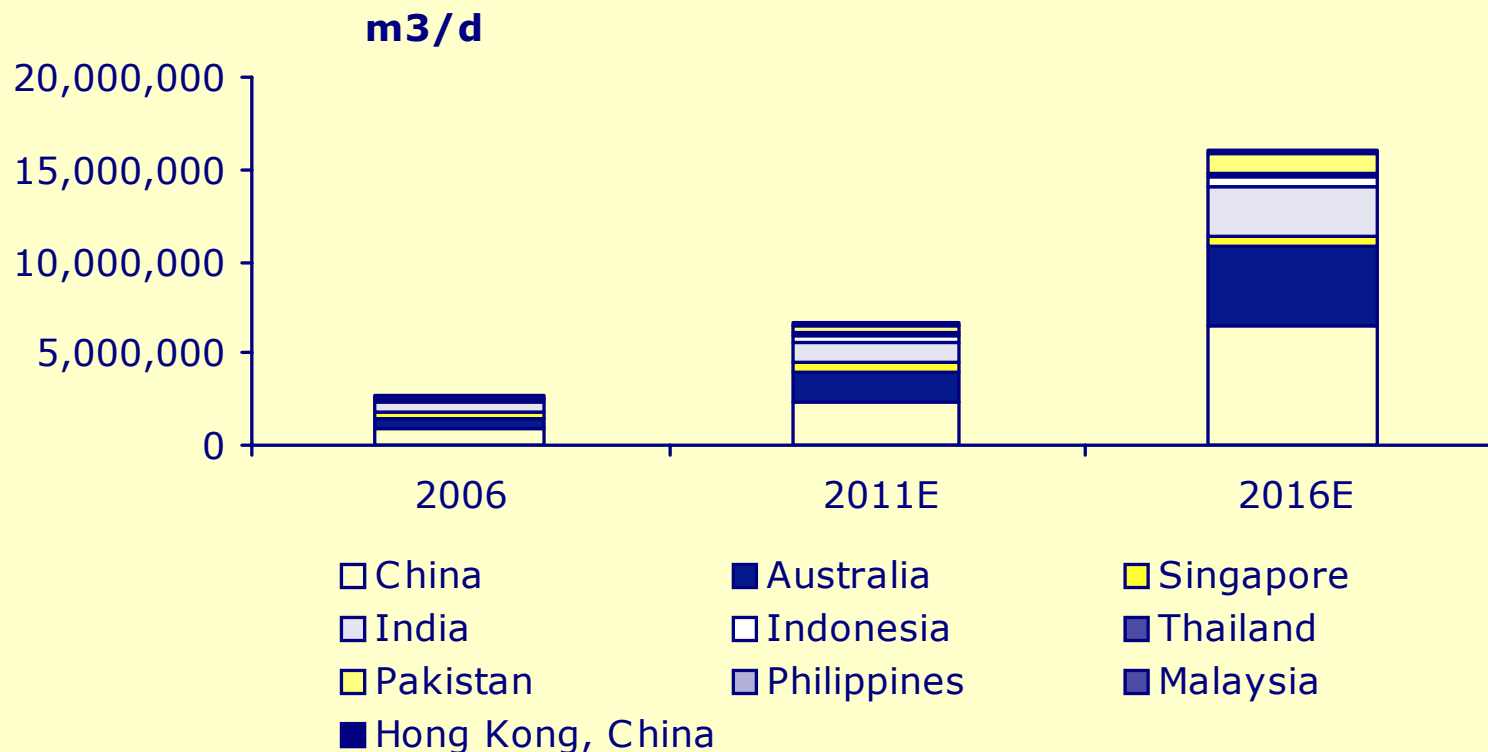


- Grade I
- Grade II
- Grade III
- Grade IV
- Grade V
- Sub-grade V

- Our of 663 cities – 1/3 do not have any sewage treatment
- 11<sup>th</sup> 5 year plan targets significant improvement

Source: The Chinese Soc of Environmental Sciences

# Desalination going to ramp



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