

COMPANY PROFILE

Pollet Water Group looks to new horizons as buy-and-build strategy pays dividends

The family-owned business has been quietly gaining critical mass through a combination of organic expansion and selected acquisitions. It is now ready to go global.

Belgian water treatment systems integrator Pollet Water Group (PWG) is looking to expand its horizons to Latin America and Africa following a series of recent acquisitions which have helped strengthen its position in core European markets.

The group is currently studying acquisition targets ahead of a potential entry into Latin America in 2017, and views its existing presence in Angola as a gateway to the wider African market, vice president Sofie Pollet told GWI in an exclusive interview this month.

"The two most important things we look for from acquisitions are geographical presence and new technologies. When we have a new technology, we spread it among the existing companies within the group, and that's an important synergy," she explained.

Unlike some other serial acquirors in the water space, PWG allows the companies it acquires to operate with a large degree of autonomy, with each CEO having control of his or her own P&L. By centralising 80% of the group's purchasing, as well as back office functions such as IT, legal services, finance and marketing, Pollet argues that staff on the ground can focus to a greater degree on targeted R&D and on promoting local sales, which she sees as the key to achieving the minimum 10% organic growth target she sets at the start of every year.

Since entering the water space back in 1992, the family-owned business has quietly transformed itself into a leading supplier of both turnkey water treatment systems and components, and last year posted €185 million in revenues – a 20% year-on-year increase. The group has shielded itself from lumpy revenue flows in the system sales market by running component distributorships out of warehouses in Europe and Turkey, where some of its group companies are exclusive national distributors for Pentair products.

While PWG does not typically operate the plants it supplies, it has recently begun offering packaged systems to its clients

POLLET POWER

Sofie Pollet has helped build the water business founded by her father Jacques into a €185 million-a-year powerhouse.



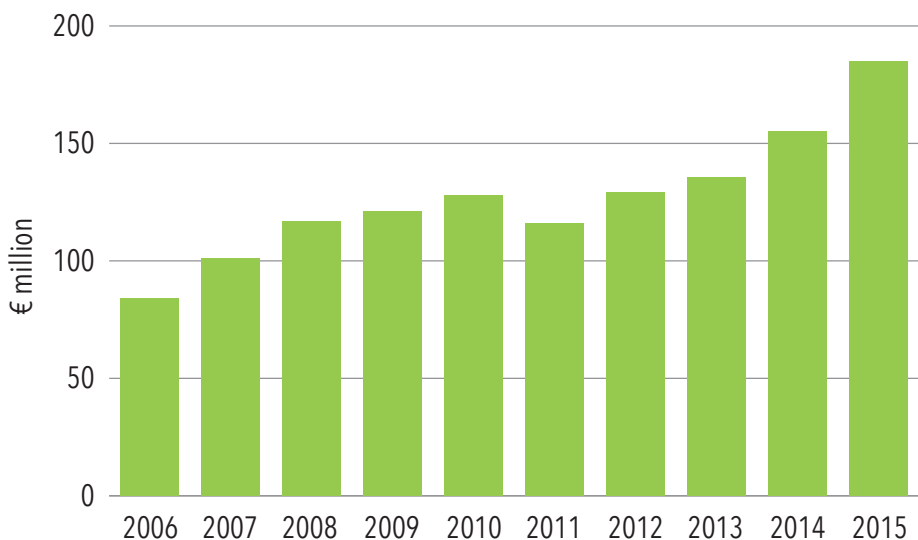
on a build-own-operate basis, notching up sales in the UK, Ireland and Belgium. "We are prepared to invest when people urgently need water, and we can put in a container and charge them for the volume they consume. The other market is for bigger companies who want off-balance sheet investments. They don't want to invest in a big installation, and they prefer to pay per cubic metre," says Pollet.

Around 60% of the group's sales are generated from industrial and commercial customers, while more than half of its revenues are derived from manufacturing standardised packaged treatment plants using a combination of proprietary technologies and components from other manufacturers. The acquisition of Ferex last December added the ability to tailor-make treatment solutions for individual industrial and commercial end-customers. "It's not easy to master that kind of production, and that was the reason Ferex was a target for us," Pollet explained.

The chief focus to date has been on technologies and systems that gener- ►

POLLET WATER KEEPS IT IN THE FAMILY

The Belgian group's target of 10% organic revenue growth has been supplemented by a steady stream of acquisitions over the past 24 years. The trend shows no signs of stopping.



Source: Pollet Water Group

ate drinking water and industrial process water using a variety of sources – including raw seawater – although Pollet indicated that PWG may look more closely at the reuse market going forward.

“We have ambitions to get into grey water treatment, and we are developing technologies to treat water after it’s been through the second stage of the wastewater treatment process, so you can use it again,” she told GWI.

Part of the reason the group has managed to stay largely out of the limelight is that, unlike competitors such as EcoWater or BWT, many of the systems it supplies are on a white label basis, which enables it to reach a significantly broader audience than would be achieved by stamping PWG branding onto all the systems it sells.

“We sell a lot of private label systems to our customers, which means we are not very well known in the market, but that’s our strength,” Pollet explains. “If people buy from Pollet Water Group, they know they’re buying quality – that’s what we stand for.”

As a family-owned business, PWG can afford to take a long-term view of the market, and this is underscored by its remarkable management continuity (CEO Eddy Albrecht has been with the group since 1992, while Sofie’s father Jacques remains president of the water group).

Sofie Pollet acknowledges that PWG has had numerous approaches from third parties looking to buy it out, but for the moment at least, she is happy to continue building the business through a combination of organic growth and selected geographical expansion. ■

THE RISE AND RISE OF POLLET WATER GROUP

Since entering the water market in 1992, Pollet Water Group has become one of the most voracious acquirors in the business. It has centralised back office functions, although each group company controls its own P&L.

Year	Company	Country	Line of business
2016	Aquadeck	Netherlands	Pool covers
2016	Aquina Wassertechnik	Germany	Distributor of water treatment components
2015	Ferex (Euraqua UK)	UK	Customised WTPs
2014	Alamo Water	Poland	Domestic + industrial water treatment systems
2013	PWG Angola *	Angola	New regional subsidiary
2013	Watertec	Switzerland	Water softening applications
2013	EPA *	Turkey	Turkish distributor of Pentair products
2012	Kalsbeek	Belgium	Water treatment chemicals
2011	Hydris Engineering *	Belgium	Turnkey plant contractor
2010	Puragua	Spain	Industrial/commercial water treatment systems
2009	DWA	Germany	Dialysis specialist
2008	Insol	Spain	Water softening + RO applications
2007	Delta Water Engineering	Belgium	Domestic water softeners
2006	Herco	Germany	Membrane treatment systems
2006	Purotech	Ireland	Water treatment products including IX and UV
2004	Groupe GM	France	Water treatment
2003	Esli	Turkey	Water treatment systems/chemical dosing
2003	Pollet Pool Group *	Belgium	Pool components and products
2002	PWG Portugal	Portugal	New regional subsidiary
2001	Bayard Belgium	Belgium	Water softeners
2000	EWT	France	Water softening equipment
2000	Wycombe Water *	UK	Water treatment component supplier
2000	Suko *	Belgium	Valves and filter media
1998	Micron	Belgium	Iron removal/RO/UF/UV
1995	Kennet Water Components	UK	Packaged water treatment plants
1992	Euraqua Europe	Belgium	Private label treatment systems and components

* Start-up (the remainder of the deals represent takeovers)

Source: Pollet Water Group

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