

## Closing thoughts and opening lines

Magazine production schedules often make for strange combinations of news. For this February issue, the majority of the work is done in December as the year winds down. While the new year gets underway, changes and additions are made before we go to press. As a true hybrid, it reflects what has been, as well as what's to come.

After a period of relative tranquility, the winter months brought many giants to life and resulted in a year-end buying frenzy this industry hasn't seen the likes of in a long time. (I'll get to the who and what in a moment.)

Why now? Water has always been important and treating it for better taste or performance or health is not new either. What seems to have changed is the perception of value; a value that is apparently increasing by the day. Here in Arizona, Prescott Valley auctioned off a share—just a share, mind you—of its sewage water for just over \$67 million. And we used to call it waste water!

Think back to the close of 1986, when Aurora, Colorado went on a buying spree, purchasing individual water rights from area farmers. The city increased its municipal water supply by roughly 30 percent at a cost of \$50 million—which in retrospect is looking like quite a bargain.

Today, water equals capital. It's both that simple and that complex. Several years ago, that was only true of a few publicly traded municipal treatment corporations. Now it's true for every aspect of H<sub>2</sub>O.

Billionaire Warren Buffett made a goodly percent of his fortune by savvy investing. On December 26, his conglomerate Berkshire Hathaway Inc. announced it would purchase Marmon Holdings Inc. for \$4.5 billion. While the numbers are guesstimates since Marmon is privately held, the folks at *Reuters* said Marmon's revenues totaled about \$7 billion. If Marmon sounds familiar to you, it's with good reason. They are the folks who purchased KX Industries when it was for a sale a while back. And Graver Technologies LLC. And EcoWater—including EcoWater Canada and EcoWater Systems Europe (it was the latter that purchased Watrex BVBA, the Belgium water treatment giant).

Until this acquisition, Berkshire Hathaway's holdings included a lot of things (Ben Bridge Jewelers and Benjamin Moore & Co., to name just two) but none involved water. Whether this acquisition simply filled that particular gap in their portfolio or represents a new direction for future purchases, only time will tell.

Meanwhile, Watts Water Technologies surprised many by purchasing Topway Global Inc. (see *WC&P* May 2007 *A Yen For Success*). All of the Watts holdings are water-related, from Ames Fire & Waterworks commercial and municipal water products to the residential filters and conditioners by Watts Premier, with a long list of companies in between; it was certainly no surprise that they would purchase yet another water business. The shock was apparently due to the fact that even industry insiders had no idea it was going to be Topway Global. Until these larger conglomerates came into this market sector, negotiations were probably more visible to us bystanders. Now, of course, such activities involve hosts of lawyers and often, the Securities and Exchange Commission.

Where does that leave the average water treatment dealer or an employee of same? In a very attractive position, overall. In fact, you might want to sit up straight and tidy up that work area. You're being watched by a host of investors, both here at home and abroad. Water treatment is suddenly on everyone's radar and it will be interesting to see what gets bought next—and by whom.



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