

Media Release

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RobecoSAM Forecasts Global Water Market Rebound

- **Global water market expected to reach USD 1 trillion by 2025**
- **Water scarcity challenges drive demand for innovative solutions and increase investment opportunities**
- **Growth in water market to rebound at an expected CAGR of 5-6% over the next 5 years**

RobecoSAM, the investment specialist focused exclusively on Sustainability Investing (SI), today published “Water: the market of the future.” According to the study’s findings, demographic change, aging infrastructure, higher water quality standards and climate change are the four key megatrends shaping the global water market which is expected to rebound and reach USD 1 trillion by 2025. RobecoSAM expects companies that are early to respond and take steps to capitalize on the market opportunities associated with solving water-related challenges to gain a competitive advantage and achieve commercial success. In turn, investors with a long-term horizon have the opportunity to profit from the favorable market environment by investing in attractive investment opportunities along the water value chain (see Appendix).

Water: a Global Challenge

The importance of water as a life-sustaining resource is undeniable. Yet while demand for water resources is unlimited, supply is limited. Globally the volume of renewable water per capita has fallen from 28,377 m³ per person per year in 1992 to 19,804 m³ in 2014, roughly a 40% decline over the last 22 years. Population growth, urbanization, and industrial production needs are escalating the demand for water. For example, the amount of water required for energy production is expected to increase between 20-35% by 2035 to meet future energy needs, depending on the energy policy scenarios in place. The need to guarantee access to sufficient quantities of clean and safe water to an ever growing population becomes even more pressing, and opens up opportunities for innovative solutions to what has become a global challenge.

Water Scarcity Drives Demand for Innovative Solutions

Given the secular nature of water scarcity challenges, RobecoSAM expects the demand for innovative solutions that enable the more efficient use of available water resources or enhance the quality of drinking water to continue to grow. As a result, RobecoSAM forecasts the world water market to grow by 1-2 percentage points above GDP growth, reaching USD 1 trillion in 2025.

Daniel Wild, Head of Sustainability Investing Research & Development, RobecoSAM: “Despite global economic difficulties, we are seeing a rebound in the water market. This is being driven by two key developments. Firstly, water scarcity has reached a point where the damage cost of not solving the issues has exceeded the cost necessary to solve them. Secondly, there is currently a lot of liquidity in the market and investors are looking for opportunities with consistent returns and controlled risks – characteristics that investments in the water sector, and specifically in water infrastructure, hold true.”

Junwei Cai-Hafner, Equity Analyst, RobecoSAM: “New environmental standards, increasing regulations on water quality, especially on industrial wastewater, as well as the upward trend of tariffs to enable cost recovery, all have a significant impact on the growth of individual segments of the water market and, consequently, on the attractiveness of companies doing business in these segments. We find that companies focusing on advanced wastewater treatment, improving water quality, and providing water reuse are interesting long term investment opportunities.”

Investment Opportunities Abound

Based on proprietary calculations using historical data, RobecoSAM identifies four attractive investment clusters according to their respective risk characteristics in terms of equity market volatility and beta:

1. **Utilities:** Utilities that supply water and provide wastewater services to residential, commercial and industrial sectors.
2. **Capital Goods & Chemicals:** Companies that manufacture water equipment such as valves, pumps, integrated water treatment systems, water treatment chemicals, and irrigation systems across the entire water value chain.
3. **Construction & Materials:** Companies that build infrastructure such as water networks, pipelines, water channels, reservoir and treatment plants, or install water meters, which are often linked to commercial, municipal and infrastructure construction projects.
4. **Quality & Analytics:** Companies that develop and sell products and services linked to water quality monitoring and testing, systems to treat water at its point of use, and water resource protection.

Top 5 Investment Sub-Clusters		Expected annual Growth CAGR 2014 – 2018
1	Reverse osmosis / Nano filtration	15.1%
2	Microfiltration / Ultra filtration	13.6%
3	Desalination	12.0%
4	Industrial solid waste management	10.5%
5	Anaerobic digestion	10.2%

Global Water Market: Current Environment Supports Growth

Despite the recent economic slowdown, RobecoSAM’s study identifies several factors that support continued growth in the water market. Governments and utilities are recognizing that an appropriate level of tariffs is required to expand and maintain water and wastewater infrastructure to ensure sufficient and safe water supply, and ensure adequate services and profitability. As a result, RobecoSAM expects overall growth in the water sector to rebound at an expected CAGR of 5-6% over the next 5 years with specific areas experiencing faster growth rates.

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To learn more about the RobecoSAM Water Study, please go to:

- [RobecoSAM Water Study Microsite](#)

Note to Press: to receive an electronic copy of the RobecoSAM Water Study, please email: com@robecosam.com

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About RobecoSAM

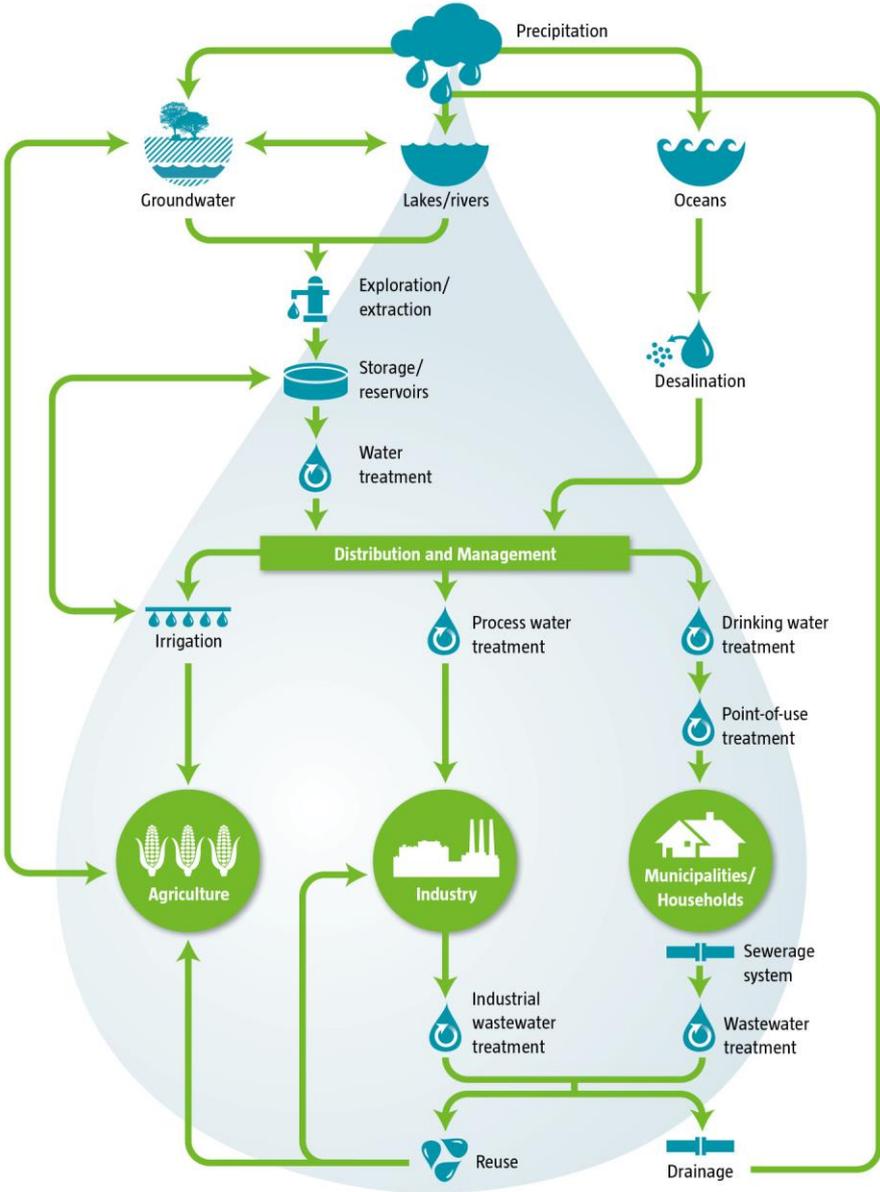
Founded in 1995, RobecoSAM is an investment specialist focused exclusively on Sustainability Investing. It offers asset management, indices, engagement, voting, impact analysis, sustainability assessments, and benchmarking services. Asset management capabilities cater to institutional asset owners and financial intermediaries and cover a range of ESG-integrated investments (in public and private equity), featuring a strong track record in resource efficiency theme strategies. Together with S&P Dow Jones Indices, RobecoSAM publishes the globally recognized Dow Jones Sustainability Indices (DJSI). Based on its Corporate Sustainability Assessment, an annual ESG analysis of 2,900 listed companies, RobecoSAM has compiled one of the world's most comprehensive databases of financially material sustainability information.

RobecoSAM is a member of the global pure-play asset manager Robeco, which was established in 1929 and is the center of expertise for asset management within the ORIX Corporation. As a reflection of its own commitment to advocating sustainable investment practices, RobecoSAM is a signatory of the UNPRI and a member of Eurosif, ASrIA and Ceres. Approximately 130 professionals work for RobecoSAM, which is headquartered in Zurich. As of June 30, 2014, RobecoSAM had assets under management, advice and/or license in listed and private equity* of approximately USD 10.7 billion. Additionally, RobecoSAM's Governance & Active Ownership team** had USD 85.1 billion of assets under engagement and USD 53 billion of assets under voting.

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Appendix

The water value chain



Source: RobecoSAM