

# GS Inima invests to make a play for Asian concessions

The company is looking to use a recently acquired concessionaire in Vietnam as a platform to realise its ambitions for the region. Can it conquer Asia in the way it conquered Brazil?

Spanish project developer and concessionaire GS Inima is looking to rapidly build up an Asian water portfolio after securing a platform for business development in the region, thanks to the acquisition of a stake in a Vietnamese concessionaire.

Inima paid around \$13.6 million for a 30% stake in Phu My Vinh Construction & Investment (PMV) in a deal completed this month. CEO Marta Verde told GWI that she hopes the deal will kick off the company's Asian presence in the way the acquisition of three industrial water concessions from Brazilian firm BRK Ambiental in 2019 bolstered Inima's position as the most successful non-Brazilian player in the country's rapidly growing concessions market.

"It's a good complement, because Inima wanted to start activities in Asia," she said. "We have a presence in North and South America, in Europe, in Africa, and recently in the Middle East. So it was good to find this asset that complements our industrial water activity. Even if we only have a minority stake, there is a lot of knowledge of business in that part of the world that can transfer to us."

PMV holds two 50-year industrial water concessions in its home market (lasting until 2063), and Verde said that while the assets themselves would be a welcome addition to the Inima portfolio, the physical presence and access that a local operating subsidiary brings could be even more valuable.

"We are always looking for platforms, because when we enter into a new country or area we want to remain there," she said. "We want to be in an area for a long-term period, 20, 30 or even 50 years."

She added that the company would be looking to secure deals "step by step" in Asian markets, highlighting Vietnam and South Korea as key investment destinations.

"I don't anticipate we will be involved in [municipal] water management in these countries, so it will be focused on desalination, wastewater and industrial," she added, saying the company is likely to restrict further business development in Asia to contract bidding and negotiations, rather than further acquisitions

## GS INIMA'S GREEN GROWTH

Since taking over as CEO of Inima in 2015, Marta Verde has quietly turned the company into a global leader in industrial and municipal water.



Source: Inima

Despite the company's ownership – it was acquired by Korean industrial giant GS E&C in 2012 – it has just one pending reference in Asia to date.

This is the €200 million contract to build the 100,000m<sup>3</sup>/d Daesan desalination plant in Korea alongside its parent company. The project, awarded to the Inima team by K-water in the third quarter of last year, will supply water to the Daesan industrial area, and is due to be completed in 2024.

Despite the prominence of the construction contract – it is the largest seawater desalination plant ever to be built in South Korea – Verde said that in Asia, as in other parts of the world, the company would be chiefly concerned with developing its concessions business.

Although the company has a well-established history in project development, and in design and construction work, the bulk of its revenue currently comes from concession contracts and operations – accounting for around 95% of revenue in 2021. This figure has been growing steadily – five years ago around 25% of its sales came from engi-

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neering and construction work.

The company is in the midst of a major period of growth, a situation that Verde said she is keen to see continue. Revenue in 2021 for the company reached €234 million, up 6.5% on the previous year's figure, following on from a five-year period where the average annual revenue growth was in the region of 12%. Verde said she aims to see revenues hit €275 million in 2022 and €350 million the year after.

She added that the company's growth plans would be backed by an increasing willingness to invest in renewables development as part of a holistic power and water package.

"We want to turn into a global company that can be both a water and energy provider," she said. "It's nothing new in the market that renewable energy is becoming almost mandatory for companies like us. It's been a part of every project for the company recently to try to include, as much as possible, renewable energy systems to provide green energy. So we understand that if we have this capability for our own projects, maybe we can develop this as an offering for a third party."

The company's growing success is likely to add impetus to Inima's owner to cash in on its historical investment through a partial sale of the company.

In April last year it emerged that GS E&C had transferred Inima's shares into a newly established vehicle, known as Global Water Solutions, as a precursor to a public share offering for the company in Korea. At the time, it was estimated that the move could value the company at between KRW1.0 trillion (\$886 million) and KRW1.4 trillion (\$1.2 billion).

Verde said that the current expectation is for a minority stake of around 30% of the company to be sold in the IPO, with GS E&C retaining a majority stake, meaning that the overall direction of the company would not change.

"The IPO will be coming at some point – we just need the direction from GS," she said. "We have been preparing since the middle of last year and we are ready for it right now." ■