

WATER TREATMENT

BWA Stays on Strategy as Part of Berwind Portfolio

BWA Water Technologies officials say the firm's acquisition by Berwind Corp. (Philadelphia) last June will not alter business strategy. The family-held investment group acquired BWA Water Additives (Manchester, UK), a maker of anti-scalants, corrosion inhibitors and biocides, from Seera Investment Bank (Bahrain) in a deal valued at about \$300 million. BWA now has its fourth owner in five years, but has likely found a long-term home in Berwind. Berwind's stated strategy is to "buy-and-hold" businesses in "value-added industries with sustainable long-term growth and cash generation." Berwind's other specialty chemical holdings include Colorcon, which it acquired in 1978, a maker of film coatings, colorants, and excipients. It also owns Specialty Coatings Systems, a maker of Parylene conformal coatings.

Two-thirds of BWA revenue is derived from industrial water treatment and one-third from desalination. BWA estimates that its addressable market in both segments is about \$1.5 billion, with current penetration of slightly more than 10%, says BWA president Paul Turgeon. BWA products target applications in severe service, environmentally friendly, and difficult problems that require specific expertise. "We're focused on

parts of the market that have higher growth over the long term," Turgeon says.

The company will maintain its asset light strategy with production outsourced to contractors. "It's one of the key strategic differentiators," Turgeon says. "It doesn't focus us on any particular chemistry so we are free to focus on what the customer needs."

Demand has been solid in 2011, BWA says. "All regions are growing with the exception of Europe, Turgeon says. "The challenges facing Europe are impacting the business, but it's not hurting us overall. Europe's flat and other regions are growing quite rapidly."

One of the limitations to growth has been finding the right people, Turgeon says. The right blend of commercial and technical knowledge can be hard to come by, he adds. "That is what regulates growth for us and as soon as we can bring them in we'll grow the business." New product launches continue to progress, Turgeon says. A key introduction is Bellacide 303, a biocide with biodispersing, bactericidal and algaecidal properties, for use in cooling water systems and industrial process waters. The company also continues to expand global sales of its broad-spectrum Bellacide 350 biocide.

—ROBERT WESTERVELT