

RWE Sells Thames Water to Consortium
By DAVID McHUGH AP Business Writer

BERLIN -- German utility RWE said Monday it is selling Thames Water, Britain's largest water and sewerage services company, to the consortium Kemble Water Ltd. for 4.8 billion pounds (\$8.9 billion).

Essen-based RWE said in a statement that its management board had agreed on the sale, but that it was still subject to approval by the board of directors and by antitrust authorities.

The statement described Kemble Water as a consortium under the leadership of Macquarie's European Infrastructure Funds.

It said that including 3.2 billion pounds (\$5.9 billion) in net financial obligations, the total value of the deal was 8 billion pounds (\$14.8 billion).

The transaction comprises the activities of Thames Water in Britain and certain international operations, the statement said. Thames Water's continental European activities have already been integrated into RWE Energy as announced last year, it added.

"The divestiture of Thames Water is a major milestone in RWE's strategy to focus on its core strengths and concentrate on the converging European electricity and gas markets," the statement quoted Harry Roels, CEO of RWE AG, as saying.

RWE, which took over Thames Water in 2000, had revenue of 42 billion euros (\$52.5 billion) in 2005 and 86,000 employees. The company's core markets for electricity and gas are Germany, the United Kingdom and Central and Eastern Europe.

Thames Water, based in Reading, supplies drinking water to 8 million people and sewage services to 13 million customers.

In its regulated business in Britain, the company generated revenue of 1.9 billion euros (\$2.37 billion) and an operating result of 687 million euros (\$858 million) in fiscal year 2005.