

# Heating News

## February 2012



**Profit Strategies for the Construction & Energy Industries**

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## 1 BRG provides commercial due diligence

BRG BUILDING SOLUTIONS retained by TOWERBROOK CAPITAL PARTNERS to undertake commercial due diligence prior to the successful acquisition of VOLUTION GROUP in the UK from AAC Capital UK for £163 million.

VOLUTION is the UK's leading supplier of ventilation and heat recovery systems for both the new build and retrofit markets. VOLUTION sells under the VENT-AXIA and MANROSE brands in addition to the TORIN SIFAN business which supplies components to some of Europe's leading HVAC manufacturers.

"Although we have worked for many of the large global funds, this was our first engagement with TOWERBROOK. We led the commercial due diligence side of the process from start to finish and enjoyed working with an outstanding TOWERBROOK deal team. The deal is due to complete on the 3<sup>rd</sup> of February 2012 and we believe that TOWERBROOK will only add to what is already a strong VOLUTION business with its VENT-AXIA, MANROSE and TORIN SIFAN brands. I look forward to continuing to work with both TOWERBROOK and VOLUTION in the future." Dominic Denison-Pender CEO.

As part of its annual HVAC database programme, BRG BUILDING SOLUTIONS produces a 13 country study on Ventilation and Heat Recovery in Europe. For further details please see our website or contact [jluth@brggroup.com](mailto:jluth@brggroup.com).

Source: BRG BUILDING SOLUTIONS

## 2 DAIKIN to build new plant in China

DAIKIN INDUSTRIES LTD plans to spend 18 billion yen (€178 million) to build an air conditioner plant in China, which will become its largest production base in Eastern China and production will commence in April 2012 to tap growing demand in local cities.

The plant will have an annual output capacity of 1.5 million units in the first year, exceeding any of DAIKIN's domestic plants. The facility will be constructed near an existing plant in Suzhou, Jiangsu Province, and employ about 4,000 workers.

Air conditioners produced at the new facility will be sold locally, accounting for 7-8% of overall demand in China and will be priced at 40,000-70,000 yen (€400-€700). DAIKIN, which produces 40% of its air conditioners in China, aims to hike this to 8%.

DAIKIN's air conditioner division had sales of about 1 trillion yen (€98.7 billion) last year, making it the number one air conditioner manufacturer ahead of U.S. rival CARRIER CORPORATION.

Source: REUTERS

### 3 VIESSMANN and VELUX GROUP form partnership

In order to offer best-in-class solar thermal solutions and to reach a larger group of customers, the VELUX Group and VIESSMANN have initiated close cooperation. VIESSMANN, one of the leading international manufacturers of heating systems, has entered a partnership agreement with the VELUX GROUP, market leader in roof windows and other building components for the roof. The partnership formally came into effect on 1 January 2012 and the practical implementation is expected to be finished during the first half of 2012. The agreement covers Austria, Belgium, Denmark, Germany, United Kingdom, Netherlands, Ireland, Italy, Norway, Portugal, Spain, Sweden and Switzerland. As a result of the new partnership, the VELUX Group will no longer sell domestic hot water cylinders in these markets.

The VELUX Group will hand over the distribution of solar storage tanks and its control units and VIESSMANN will co-distribute VELUX in-roof solar thermal collectors along with their own VIESSMANN products. VELUX solar collectors will now be paired with VIESSMANN domestic hot water cylinders and control units. The partnership agreement enables the VELUX Group to sell its in-roof solar thermal collectors and accessories through VIESSMANN's distribution channels. VIESSMANN DHW cylinders, control units and components will continue to be supplied and supported by VIESSMANN through its well-established sales network.

According to the Chief Sales Officer of VIESSMANN, the new partnership broadens the comprehensive product range for all fuel types and areas of application, and will strengthen sales in both companies. In addition to VIESSMANN's existing range of flat plate and vacuum tube collectors, they can also offer VELUX in-roof collectors with their aesthetic integration into the roof.

The VELUX Group's strength is on the roof, not in the utility room and if the company is to meet their customers' demand for a wide range of high-quality DHW cylinders, costs will be disproportionately high. In order to be able to maintain our ability to offer the customer the best solution in solar thermal systems, the VELUX GROUP has chosen to form a partnership with a leading international manufacturer. The Marketing Manager of the VELUX GROUP believes that the best solution, aesthetical as well as functional, consists of VELUX in-roof solar collectors paired with VIESSMANN DHW cylinders and control units.

About the VELUX GROUP:

The VELUX GROUP creates better living environments with daylight and fresh air through the roof. The VELUX product programme contains a wide range of roof windows and skylights, along with solutions for flat roofs. VELUX also supplies many types of decoration and sun screening, roller shutters, installation products, products for remote control and thermal solar panels for installation in roofs. The VELUX GROUP, which has manufacturing companies in 11 countries and sales

companies in just under 40 countries, represents one of the strongest brands in the global building materials sector and its products are sold in most parts of the world. The VELUX GROUP has about 10,000 employees and is owned by VKR Holding A/S, a limited company wholly owned by foundations and family.

About VIESSMANN:

The VIESSMANN GROUP is one of the leading international manufacturers of heating systems. Founded in 1917, the family business maintains a staff of approximately 9.400 employees and generates roughly €1.7 billion in annual group turnover. With 23 production and project management divisions in 11 countries, business activities in 74 countries, 32 subsidiaries and 120 sales offices around the world, VIESSMANN is an internationally orientated company.

Source: [www.velux.com](http://www.velux.com)

#### 4 DANFOSS loses legal battle against OVENTROP

The lawsuit filed by the Danish manufacturer against the German OVENTROP, regarding an alleged patent infringement, has been dismissed by the District Court in Duesseldorf. The patent in question involved the combined control and regulating COCON Q OVENTROP. As a consequence, DANFOSS A/S has to bear the costs of the legal fees and OVENTROP is allowed to continue to distribute the successful radiator valve.

Source: [www.sbz-online.de](http://www.sbz-online.de)

#### 5 DE DIETRICH THERMIQUE's Micro CHP CE certificate

CERAMIC FUEL CELLS LTD. (CFCL) recently announced that its manufacturing partner in France, DE DIETRICH THERMIQUE, has received CE certification for the CERAMIS POWER Micro CHP system powered by CERAMIC FUEL CELLS' GENNEX fuel cell module. The first CERAMIS POWER unit will be operated with GDF-Suez, the largest gas retailer in France.

DE DIETRICH plans to deploy the first 20 CERAMIS POWER units in France, Germany and the Netherlands, beginning in 2012. CFCL will supply the core Gennex fuel cell module and related components to DE DIETRICH THERMIQUE, which integrates the fuel cell module with a boiler into an integrated product to provide power, hot water and space heating for homes and other buildings.

Source: [www.ceramicindustry.com](http://www.ceramicindustry.com)

#### 6 STIEBEL's Virtual Heat and Power-Ready Heat Pumps

The aim of virtual power stations is to compensate for fluctuations from energy feeding-in from wind and sun. At the end of 2010 utility group VATTENFALL started

a pilot project, which has been accompanied from the start by STIEBEL ELTRON to represent heat pumps.

Heat pumps and block CHP plants are being integrated into a network with wind and solar power production sites. For example, if a large amount of wind energy is on offer, the radio-controlled heat pump starts producing heat with the superfluous electricity. If the heat is not used straight away, it can be stored for later use.

The biggest challenge according to the cooperation partners was to create a common platform for the different product types and manufacturers. VATTENFALL developed, together with the cooperation partners, a technical standard, which makes the interlinking of different systems possible: VHP-Ready (Virtual Heat and Power-Ready). Products, which fulfil the VHP-Ready standards in terms of quality and technology, can be connected to the virtual power station without further installation measures. STIEBEL ELTRON is the first company that is allowed to use the VHP-Ready logo on its products.

Source: Baulinks

## 7 CENTROSOLAR Plans Acquisition Of GECKO

Struggling CENTROSOLAR is planning to buy the GECKO-GROUP, based in Wetzlar (Germany). The GECKO-GROUP filed for bankruptcy in October 2011 for five of their companies. GECKO constructs, distributes and services photovoltaic plants for private customers and well as larger projects. CENTROSOLAR itself is facing difficulties. CENTROTEC SUSTAINABLE AG, based in Brilon (Germany), who have a 26% stake in the company, had to issue a profit warning in November. One of the reasons was that CENTROTEC had to write off €15 million due to the continuously low share price of CENTROSOLAR.

The acquisition awaits approval by the cartel authorities.

Source: Sanitär & Heizung News

## 8 CARRIER and MIDEA form Indian joint venture

CARRIER and MIDEA are to form an air conditioning manufacturing and distribution joint venture in India in which Chinese manufacturer MIDEA will own 60% of the joint venture and its US counterpart, CARRIER, 40%. The joint venture is subject to customary closing conditions and is expected to be fully operational in 2012.

The joint venture will primarily manufacture and distribute residential air-conditioning systems and will bring together CARRIER and MIDEA's complementary residential segment operations in India, while significantly expanding manufacturing scale and product portfolio to further enhance customer offerings and services. CARRIER and MIDEA have existing partnerships in China,

Egypt, Brazil, Argentina and Chile.

The joint venture is a significant milestone in CARRIER's successful relationship with MIDEA and is a unique opportunity to build on the strengths of both companies in the residential segment to better serve their customers and increase their growth prospects in India.

CARRIER's commercial solutions and services business in India are outside the scope of this joint venture. CARRIER INDIA will continue to provide a comprehensive suite of sustainable building solutions to customers.

Source: [www.acr-news.com](http://www.acr-news.com)

## 9 PROSOL Subsidises Commercial Installations

The “Collective PROSOL Programme” in Tunisia is gaining momentum. The National Agency for Energy Conservation (ANME) started the subsidy programme for solar thermal installations in the tertiary sector, back in 2008. The application rate was low at first, but 2010 became a good year for the commercial solar thermal market. At the end of that year, ANME counted a total installed and subsidised collector area of 4,000m<sup>2</sup>, including four hotel installations totalling 480m<sup>2</sup> and around 130 smaller installations under 30m<sup>2</sup>. According to ANME, grants for another 1,770m<sup>2</sup> are still in the pipeline. And, a solar programme targeting 18 public swimming pools is also under development.

The success of the residential PROSOL programme has paved the way for developing a second scheme to set up solar water heaters in the commercial sector, mainly at hotels, hammams (Turkish baths) and multi-family houses.

ANME designed the financial scheme in cooperation with the United Nations Environment Programme (UNEP) in 2008. All subsidies are completely incorporated into it, which means the beneficiary pays the investment costs after deducting the subsidy. The programme offers the following grants:

- a subsidy of 50% of the preliminary study costs - capped at TND 5,000 (€2,560) - from the Italian funds via UNEP
  
- a subsidy of 30% of the investment costs for the solar thermal system - capped at TND 150/m<sup>2</sup> (€77m<sup>2</sup>) - from the National Fund for Energy Management (FNME: created in 2005 and funded through the registration tax on new vehicles and the import tax on air conditioning systems)
  
- an additional subsidy of 10% - capped at TND 50/m<sup>2</sup> (€25/m<sup>2</sup>) - from the Italian funds via UNEP
  
- an overall grant of 5% of the investment costs as an interest subsidy for the maintenance fees over four years beyond the year of warranty

- a 2-point subsidy on the interest rate of loans granted to hotel owners investing in a solar thermal system.

The programme had aimed for the installation of 60,000m<sup>2</sup> of collector area in the tertiary sector between 2008 and 2011, including 80 hotels with a total surface of 16,000m<sup>2</sup>. This aim will have been missed by far at the end of 2011. In addition to the difficult economic situation in the hotel sector, the main reasons for missing the target figure are:

- a 30 % subsidy is not seen as a substantial contribution.

- hotel owners prefer to invest in their own business field, in which renewable energies do not play a part.

- the systems do not pay back quickly enough, because of the relatively low costs of fossil fuels.

- there are no guarantees of how much a solar system can yield, something that could reassure the beneficiaries about achieving expected profits and consequently, about how profitable their investment will be.

- there is a lack of communication with other potential beneficiaries, such as the public administrators and the owners of multi-family houses.

The Collective PROSOL programme has also benefited from the support of the German Agency for International Cooperation (GIZ) in terms of technical assistance and capacity-building. The agency has trained the personnel of engineering consulting firms, as well as fitters and hotel operators, and has prepared installation service providers for guidance in realising their first system.

In addition, ANME has issued a list of engineering companies and solar thermal system providers eligible to design and install the solar water heating systems. It shows:

- 20 engineering consulting firms in charge of carrying out studies and managing projects

- 3 technical consultancies in charge of checking studies and inspecting installations

- 12 suppliers/fitters

Source: Solar Thermal World

STIEBEL ELTRON UK has announced its most successful year of trading since launching its UK operation in 2008. The North West based company, which manufactures renewable energy systems such as ground and air source heat pumps, solar PV and solar thermal, increased its annual turnover by 47% in 2011.

STIEBEL ELTRON has enjoyed year on year growth since the firm opened its UK subsidiary in Bromborough, Wirral, in 2008, and is predicting another strong year for 2012 with 20% growth forecast.

In 2011 STIEBEL ELTRON UK entered partnerships with merchants including UFW LTD and TOOLSTATION.

According to MD Mr McManus, the last quarter of 2011 had been the most successful to date for STIEBEL ELTRON UK, with a large number of ground and air source domestic installations.

Source: H&V News