Heating June 2009

International Market Strategy

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International strategic market research and consultancy on building product and related markets

Europe: ARCELOR MITTAL Plans Price Rise in June

ARCELOR MITTAL is planning a further price increase in Europe for sections due to be shipped as of 1st June. The increase covers the company's range of small, medium and heavy sections and will be "over €40/tonne", according to a customer notice on the division's website.

Section prices have bottomed out throughout Europe and are currently on the rise. This has been triggered by the recent upturn of scrap prices, as well as an improvement in demand.

Source: www.steelbb.com

Europe: BAXI Claims Debt Improving Despite Sales Slide

BAXI saw UK sales slide by more than 20% in the first three months of 2009 – compared to the same period last year.

The figures show UK revenues down by £15.4 million from £73.3 million to £57.9 millillion – a drop of 21%. This ate into operating profit in the UK which dropped by 45% from £8.4 million in 2008 to £4.6 million in the first three months of this year.

According to the company the drop in profits was caused by "lower sales levels and the increased costs of Euro-sourced components caused by the strengthening of the Euro".

More buoyant markets in Germany and improvements in the company's operations in France compensated for the poor performance in the UK and Italy and ensured group sales only dropped by 1% overall after currency translation and 11% on constant currency.

Turnover in France and Germany increased by £13.6 million (24.8%) to £68.4 million, with 14.4% of the increase due to exchange translation differences. In local currency terms, turnover increased in Germany by 17%, but in France it was down by 6%.

Source: www.baxi.co.uk

Europe: NIBE Sales Grew in Q1 of 2009

Sweden based heating specialist NIBE has reported sales were up by 5.6% in the first three months of the year.

An interim report on the period from January to March 2009 announced that sales rose by 5.6% to £109 million (SEK 1,305 million) and profit after net financial items rose by 13.4% to £6.6 million (SEK 79.4 million).

The positive financial development is due to several factors, such as all three business areas continuing to strengthen their market positions and the growing demand for renewable energy products, an area in which they hold a strong position.

The company is dedicated to continuing their intensive marketing campaign throughout the rest of the year and invest additional resources in product development. They will also continue to increase productivity, reduce raw materials costs and reduce capital tied up. In light of this, and despite the current global economic recession, NIBE's forecast for 2009 remains positive.

Since the beginning of the year NIBE has acquired Swedish based SOL & ENERGITEKNIKE, Finnish BENCON OY and another 24% of Russian CJSC EVAN.

Source: www.nibe.com

Europe: NORD STREAM Pipeline Project 'On Track'

The construction phase for the project, which is designed to bring Russian gas directly to Germany via the Baltic Sea, bypassing Ukraine, is due to start in April 2010.

NORD STREAM is a planned natural gas pipeline travelling 1,220 kilometres between Vyborg, Russia, and Greifswald, Germany under the Baltic Sea. NORD STREAM is designed to transport up to 55 billion m^3 of gas per year, enough to supply more than 25 million households.

NORD STREAM is a joint project of four major companies: GAZPROM, BASF/WINTERSHALL HOLDING AG, E.ON and N.V. NEDERLANDSE GASUNIE. GAZPROM leads the consortium with a 51% stake.

The pan-European nature of the pipeline is underscored by its status as a project under the EU's Trans-European networks energy guidelines. This status was confirmed in 2006. The total budget of NORD STREAM is €7.4 billion, which makes it one of the largest privately financed infrastructure projects ever.

The project is seen as controversial in several countries, such as Sweden, Poland and the Baltic states. An intensive international consultation process and dialogue with authorities throughout the Baltic region started in spring 2006. In March 2009, NORD STREAM submitted the 'Espoo Report', the detailed description of potential transboundary impact along the entire route. It was sent to Russia, Finland, Sweden, Denmark and Germany, as the pipeline is due to cross these countries' economic zones or territorial waters. Poland, Latvia, Lithuania and Estonia were sent copies as affected parties.

The NORD STREAM consortium responsible for the project is currently conducting public meetings in all nine countries – including Latvia, Estonia and Lithuania – affected by the project.

The project finance will be put in place in the third quarter of this year, allowing construction to begin in 2010 spring as planned.

Source: www.euractiv.com

Hungary : Steel Usage Forecast to Drop Further in 2009

Consumption of steel in Hungary will be at least 25% lower in 2009 than the previous year, the MVAE (Association of the Hungarian Steel Industry) revealed. The industry body had originally forecast a 15% drop in consumption for this year, but revised the figure after a poor first quarter for both consumption and production of steel in Hungary.

Source: www.steelbb.com

Poland: TAURON and KGHM to Build Power Unit

TAURON POLSKA ENERGETIKA and KGHM Polska Miedz intend to collaborate in the construction of a new power unit at the Blachownia Power Plant in Kedzierzyn-Kozle.

The companies will shortly set up a task force to prepare a blueprint of co-operation and a model for carrying out the investment. Both of these tasks are to be completed by the end of September 2009. The TAURON GROUP's strategy is to build up its output potential – the concern intends to develop an additional 3,000 MW of power by 2012. The majority of its projects are to be carried out in POLUDNIOWY KONCERN ENERGETYCZNY, to which the KEDZIERZYN power station belongs.

Source: www.polishmarket.com

Romania: Challenging Times Ahead for Construction

Construction was the most important factor of the strong economic growth of Romania over the past several years, which topped 7% in 2008. However, the problems on the international financial markets affected the construction industry, which was heavily dependent on banking credit. Non-residential construction, which accounts for half of the construction output, is strongly hit, while residential will decrease only slightly in 2009. The segment which will continue to grow in 2009 is civil engineering.

The most affected year is expected to be 2009, but the following few years may not see a major recovery if the international economic circumstances do not improve. The construction sector will, however, be supported by the spending of EU funds allocated for Romania, which will be directed mainly into infrastructure.

Non-residential construction, which used to be the fastest growing segment of the Romanian construction market, is likely to be the most affected, mainly due to its over dependence on credit. There were many projects, particularly on the retail property market and the office market, which developers launched before even ensuring their financing.

Only those of which construction works were already begun before the fourth quarter of 2008 will be completed in 2009. Since there were many delays even before, which were caused either by frequent changes in the projects and by contractors, the number of retail facilities and office buildings to be delivered in 2009 is limited. In the market for industrial buildings and warehouses, the situation is slightly better: the largest part of the market is concentrated by large multinational developers.

The present situation of residential construction in Romania has been determined by the property market. After two years of constantly growing demand which powered the rising prices of homes, the residential property market started to contract in the fourth quarter of 2008. This was mainly the result of the fact that banks have been unwilling to grant mortgage loans to the population. Similarly, developers are facing crediting difficulties. Residential construction output is expected to witness only a mild decrease: this is due to several governmental programmes for housing construction and the activity on individual housing construction, stimulated by the drop in the price of construction materials.

Source: Buildinfo Consult

Romania: ROMSTAL Expanded Abroad in First Quarter

In the first quarter of 2009, ROMSTAL opened three franchises in Russia and one in Ukraine. The company is aiming to open at least 50 franchises this year, both in Romania and abroad, the distributor of installations equipment for construction.

In Russia, the stores are in the cities of Vladimir, Bryansk and Yaroslavl, and the store in Ukraine is located in Vasilkov. The next franchises are to be opened by the end of the year in Russia, Ukraine, Moldova, Romania, Bulgaria and Serbia. The stores under franchise have 150 m^2, 70% of the area being represented by warehouse and 30% by store display space. The investment was about €200 per m^2.

At present, the company has 90 own stores and 110 units in the franchise system. The company is part of the ROMSTAL GROUP, which includes companies such as VALROM INDUSTRIE (producer of plastic pipe systems), VALPLAST INDUSTRIE (producer of PVC pipes and fittings) and car dealer AUTOKLASS CENTRE.

The group has 200 branches and offices at national and international level, with presence in Romania, Russia, Serbia, Ukraine, Bulgaria, Republic of Moldova and Italy.

Source: Curierul National

United Kingdom: IDEAL Launches Renewables Range

IDEAL BOILERS has launched a range of air source heat pumps as part of its new IDEAL RENEWABLE SOLUTION package.

The new air source heat pump range is being marketed under the brand name IDEAL AIRTHERM and is offered alongside IDEAL SOLAR, the company's existing solar thermal system.

The ground source heat pump range will be launched later in the year as part of IDEAL's ongoing plans to expand its renewable range.

These latest technologies provide a renewable energy solution for any domestic application, meeting the increasing demand for low carbon home heating and giving installers a strong solution to respond to homeowner's needs.

IDEAL AIRTHERM delivers hot water at 65 °C without the need for supplementary electrical heating back up. It is compatible with underfloor heating and radiator systems with a space heating range of 35 °C to 55 °C. The product is available at 4.5kW, 9kW and 12kW.

Source: www.hnvplus.co.uk

Monthly Special: Market Summaries for 30 European Countries and the USA Published

EUROPE

BRG CONSULT is pleased to announce that the final version of the "Yellow Pages" for 30 European countries has been published at the end of May.

BRG CONSULT has included the following in the regular European programme:

- boilers and jet burners: 30 country trends 1997 to 2008 and forecasts to 2013 split by type

- radiators: 30 country trends 1997 to 2008 and forecasts to 2013 split by type

- water heaters: 30 country trends 1997 to 2008 and forecasts to 2013 split by type

- heat pumps: 30 country trends 1997 to 2008 and forecasts to 2013 split by type of heat source

- solar thermal systems: 30 country trends 1997 to 2008 and forecasts to 2013

- solid fuel boilers: 30 country trends 1997 to 2008 and forecasts to 2013 split by product/fuel type.

For more detailed information on our heating studies, please e-mail Mr David Harrop (dharrop@brgconsult.com) or call +44 (0)208 832 7860.

USA & CANADA

BRG CONSULT has also completed its preliminary product summaries and forecasts for the US and Canadian heating and cooling markets.

Products covered in these reports include:

- boilers (gas, oil, electric, solid fuel; wall-hung & floor-standing; condensing & non-condensing)

- furnaces (gas, oil, electric; condensing & non-condensing)

- water Heaters (gas, oil, electric; tank & tankless; condensing & non-condensing; indirect cylinders; solar storage tanks)

- air Conditioners (window-wall units, mini-splits, portable ACs, condensing units, air handlers, residential packaged units, air-to-air heat pumps and PTACs).

Also available for the USA: Reports on Solar thermal, Heat pumps and Solid fuel boilers

Traditionally, these reports analyses 10-year market trends and 5-year forecasts, focus on the 2008 market, average prices and values, product segmentation, distribution analysis, end use segment and manufacturers market shares.

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