

# Heating October 2009



International Market Strategy

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## Denmark: DANFOSS SOLAR INVERTERS Prepares for Further Growth

With the aim of preparing for further growth DANFOSS SOLAR INVERTERS' supply chain organisation will be integrated into DANFOSS DRIVES. As a result, part of the production will be moved from Sønderborg to Graasten, Denmark. Also, the DANFOSS SOLAR INVERTERS' administration, sales and marketing and product development will move to Graasten.

DANFOSS SOLAR INVERTERS, produces grid-connected inverters for residential and commercial solar cell applications and focuses on the fast growing European solar energy market.

In order to be able to meet customer demands the inverter production capacity is also to be extended and systems and processes are to be upgraded. Therefore the production of the new TripleLynx inverters will move to Graasten which has the necessary production space and the necessary systems and processes in place. All systems and support functions of the DANFOSS SOLAR INVERTERS' supply chain will be fully integrated into the DANFOSS DRIVES set-up. This also applies to the production of the UniLynx inverters, which will stay in Sønderborg.

The preparation of the move will now start planning for the move to be completed in the first quarter of 2010.

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

## Denmark: DANFOSS' Interim Report

Danish industrial group DANFOSS posted a net turnover of DKK 12.54 billion (€1.68 billion) in the first half of 2009. The result before tax was a DKK 1.46 million loss and the company posted a DKK 1.03 million loss after tax in the first half of 2009. EBIT margin was -10.0%. The company's interest-bearing debt was DKK 10 billion but it aims to bring down the debt by DKK 5-7 billion in the next 3-6 years.

DANFOSS' sales have dropped by a two-digit figure in almost all of the group's markets in the first quarter of 2009. The German, Russian, Chinese and the US markets have been particularly hard hit, whereas Brazil showed a moderate growth.

Source: Børsen

## Denmark: NIBE Establishes Wind Component Division

Swedish industrial group NIBE established a new division, NIBE WIND COMPONENTS, in Esbjerg on 1<sup>st</sup> September. The division will assemble in heating technologies for wind farms operating in the world's cold regions.

NIBE is the latest of a range of businesses operating on the wind power market, which intends to take part in Esbjerg's boom in this field.

Source: ESMEK

## Estonia: Enterprises Produced More Wind Power in 2008

According to Statistics Estonia, in 2008 Estonian enterprises produced 1.5 times more wind power and by a third more hydro power compared to 2007. Since 2005, electricity production from renewable sources has gradually increased.

Estonian enterprises produced 133 GWh wind power and 28 GWh hydro power in 2008.

Power plants continued the application of combined heat and power (CHP) generation, which is cleaner in terms of the environment. In 2008, there were 17 CHP-plants in Estonia which generated about 9% of electricity and 30% of heat energy. Compared to 2007, the electricity production by CHP generation increased by about 5%.

The decline of economy has reduced the domestic consumption of energy by about 4% in 2008 compared to 2007. Total primary energy production decreased by 4%. During 2008 enterprises produced less oil shale, peat and wood than in the previous year. Only hydro and wind energy production increased (over 40%).

In 2008, exports of energy products decreased. Exports of electricity decreased by 16% mainly caused by the fall in exports to Latvia (by about two times). Continuously, the main product for external market was shale oil, of which more than half of the production was exported – mainly to the United Kingdom, Sweden, Finland, Belgium and Latvia.

Source: [www.baltic-course.com](http://www.baltic-course.com)

## Germany: HONEYWELL Completes Acquisition of RMG GROUP

HONEYWELL announced that it has completed the acquisition of the RMG GROUP (RMG Regel + Messtechnik GmbH and all of its subsidiaries) for approximately €270.4 million. The acquisition strengthens HONEYWELL's position in the high-growth clean energy industry.

Based in Kassel, Germany, RMG is a global leader in natural gas measuring and control products, services and integrated solutions. RMG will be part of HONEYWELL PROCESS SOLUTIONS (HPS) a business within HONEYWELL's Automation and Control Solutions group. HPS provides automation and control systems, safety systems, simulation technology, wireless technology and integrated facility and process security systems for industrial process manufacturers. RMG aligns strongly with HONEYWELL's extensive portfolio of field instrumentation and control solutions.

Source: Marketing Business Weekly

## Hungary: Construction Crisis Pressing Window Manufacturers Hard

The constant decline in Hungarian building construction has been affecting the country's window industry considerably: During the first months of 2009, orders in the windows and doors segment fell by almost 50%. Despite the low degree of capacity utilisation forced by the weak construction activity in general, manufacturers hope for stabilising effects in the high quality product segments, particularly from well-insulated doors and windows.

Decreasing orders in building construction led the window market to shrink: as the Hungarian building material association MAÉSZ estimates, only half of the space at hand for the production of windows and doors (4.5 to 5 million m<sup>2</sup>) is used to capacity in Hungary at present. In addition, the loss in value of the national currency lasting until March 2009 has increased the sector's uncomfortable situation even more, as the windows and doors sector is strongly dependent on materials and products imported from foreign suppliers.

According to current MAÉSZ estimates, the windows and doors worth HUF70-100 billion (approximately €260 to €370 million) which is by 10% below the 2007 result. Production of plastic window and door products is estimated to have shrunk by 20% in the same period. Plastic windows and doors are responsible for 50% of the sector's production, followed by wooden doors and windows (with a 38% share of the total production sector) and the aluminium segment (9%). With a production share of 3%, doors and windows made from composite materials represent the smallest sector, but also the one that has grown the most since 2007.

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

## Italy: New Solar Thermal Technology

COSTRUZIONI SOLARI developed non focalising concentrating paraboloids. A heat transfer fluid flows and reaches higher temperatures than in flat collectors, thus making it possible to produce steam to be used in different industrial applications, such as for example:

- food industry, where steam is needed at about 150° C
- absorbing freezing groups, where steam works at 200° C
- electro-solar plants, where temperatures reach 350° C.

The concentrating paraboloids are subject of a constant investigation by a group of scientists. Four prototypes have been realised in order to make measurements of temperatures, thermal stability and efficiency. In the near future, the company is will start selling paraboloids in the national and international solar thermal market.

Source: [www.construzionisolari.it](http://www.construzionisolari.it)

## Russia: Substantial Reduction in New Moscow Housing

It is expected that in 2010 the volume of housing construction in Moscow will reached only one-third of the level of 2009. The current plan envisages the construction of 1 million m<sup>2</sup> of apartments, as opposed to 3 million m<sup>2</sup> of housing planned this year. Of the amount planned for this year an area of 1.8 million m<sup>2</sup> was commissioned during the first half of 2009, a 0.6% year-on-year increase.

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

## Russia: Investment in Gas Production and Transportation

Russia's giant gas company GAZPROM is expecting its sales to plummet by 40% in 2009 and is therefore likely to cut its 2009 investment programme by 30%. The reduction would apply to the \$20.4 billion planned to investment in exploration, development, production and pipelines, rather than the \$30 billion overall investment, which includes the purchase of assets. A 30% reduction would bring expenditures down to \$14.3 billion, in contrast to the \$17 billion spent in the same areas last year.

Despite its financial problems, GAZPROM recently signed a \$2.5 billion deal with Nigeria's state-operated NNPC, to invest in a new joint venture, NIGAZ, which is due to build refineries, pipelines and gas power stations in Nigeria. GAZPROM is also pushing forward another two gas pipeline projects, which would further strengthen its already dominant position in Europe:

- **NORD STREAM** will connect the Russian town of Vyborg with Germany's Greifswald, bypassing traditional transit countries (Ukraine, Slovakia, the Czech Republic, Belarus and Poland). Over half of the 917 km Russian onshore supply pipeline, from Gryazovets to Vyborg, has already been built, and construction is due to be completed next year. The 1,220 km offshore pipeline is to be built in 2010 and 2011 (first stage) and in 2011 and 2012 (the second stage). Each stage will involve an annual capacity of 27.5 bcm of gas

- **SOUTH STREAM** is a proposed gas pipeline, competing with the NABUCCO pipeline project promoted by the EU. This would run from Dzhubga in Russia via the Black Sea to Bulgaria's Varna (a 900 km offshore section), where it will split into tow branches. The south-western route will continue onshore through Greece and the Ionian Sea to southern Italy, and the north-western route will run through Bulgaria, Serbia and Hungary to Austria. The agreements between GAZPROM and the transit countries have already been signed, and the pipeline is to be completed by 2016.

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

## Slovakia: US STEEL Among EU's Highest Producers of CO<sub>2</sub> Emissions

According to a report by the European Commission, in 2008 Slovak-based steel concern US STEEL KOSICE (USSK), which is controlled by the Dutch-based US STEEL GLOBAL HOLDINGS, was one of the largest producers of CO<sub>2</sub> emissions in the EU. In 2008 it ended on the 23<sup>rd</sup> place in the EU with almost 9 million tonnes of CO<sub>2</sub> emissions. Nevertheless, this was down from 9.7 million tonnes released in 2007 when the company ended was in 19<sup>th</sup> place. in 2008, USSK reduced the volume of its CO<sub>2</sub> emissions, due to the need of sunken production output, as a result of the financial crisis. In 2008 the overall allocation of CO<sub>2</sub> emissions for USSK was 10.8 million tonnes.

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