

North America HVAC News January 2008



International Market Strategy

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Canada: LOWE'S Opens First Canadian Stores

LOWE'S COMPANIES Canada, ULC, a subsidiary of LOWE'S COMPANIES, INC. opened its first three Canadian stores in the Greater Toronto Area, marking the home improvement retailer's first international expansion. Stores opened in South Brampton, Brantford, and Hamilton. Three additional stores are slated to open Feb. 1, 2008, and a seventh is planned to open shortly thereafter. LOWE'S has more than 15 additional Canadian sites in the pipeline in various stages of development.

Stores in East Gwillimbury, North Brampton, and Toronto are slated to open Feb. 1, followed by one in Maple. LOWE'S announced in 2005 its intentions to open its first stores in the Greater Toronto Area, with as many as 100 stores in Canada over time. Each new store creates up to 175 local jobs and represents an average investment of more than \$18.7 million CDN (approx. US\$18.5 million).

Source: Appliance Magazine

Canada: Nov. 2007 PHCP Wholesalers' Sales Report: Up 1% compared to 2006

The confidential November Wholesalers' Sales Report produced by the Profit Planning Group indicates that in November 2007 total product sales were up 1% or \$3 million compared to November 2006. Year-to-date total product sales were up 5.5% or \$236.8 million for a year-to-date total of \$4.574 billion. All Regions were up except West, Ontario, and Atlantic.

The percentage change numbers for small regions can be heavily impacted by individual transactions. For example, a single sale of \$50,000 made in one month would cause a large percentage change from the previous month in the Atlantic region. However, the same sale in Ontario would have no major impact on the percentage change figure. To better understand the percentage change figures, it is essential to also look at the change in dollar sales for the region. In addition, the percentage change should be compared to total dollar volume in the region.

Source: The Canadian Institute of Plumbing and Heating



Canada: CIPH Participates in Sustainable Buildings Workshop

On November 26/27, CIPH co-sponsored a CSA-lead “Sustainable Building Workshop”. 53 participants from various industries including J. Bourque (CIPH) and D. Hambly (GSW and PIAC Co-Chair) reviewed the existing challenges associated with sustainable building and how standards may play a role in sustainable building in Canada.

The top eight hindrances to sustainable building were agreed upon as follows:

- Existing standards, regulations, policies, tax regimes
- Subsidized energy markets
- North American culture of consumerism
- Shortage of skilled trades
- Silos between disciplines and sectors
- Lack of enforcement of “Polluter Pays” principle
- Lack of linkage between capital and operating budgets, valuation by investment community
- Government refusal to accept binding targets.

Source: The Canadian Institute of Plumbing and Heating



USA: New "Super Boiler" Technology Could Save Billions for US Companies

Results of the first field test of the new Super Boiler conducted in Birmingham, AL, U.S. indicate the new boiler technology could change the energy efficiency of industrial steam generation and lead to billions of dollars in energy savings for US companies.

The Super Boiler is the culmination of more than seven years of research and development by the US Department of Energy (DOE), the Gas Technology Institute (Des Plaines, IL, US) and CLEAVER-BROOKS, INC (Milwaukee, WI, US). ALAGASCO joined the partnership, bringing the test site to a location in the utility's service area. The first US test site for the Super Boiler is SPECIFICATION RUBBER PRODUCTS INC in Alabaster, AL, US. The plant, a subsidiary of AMERICAN CAST IRON PIPE COMPANY, manufactures parts for the water works industry.

In July 2006, the Gas Technology Institute and CLEAVER-BROOKS installed a 300 hp high-pressure steam Super Boiler which has been running 24 hours a day, five days a week. After more than 6,000 hours of operation, fuel to steam efficiency has been consistently in the 93-94% range, and NO_x levels have been less than 9 ppm. Annual gas savings have averaged nearly 13%. In Alabama alone, replacing 2,000 boilers with this modernized equipment that is now available could save 7.2 Bcf of natural gas. Additional field tests are planned at CLEMENT PAPPAS & CO (Ontario, CA) and THIRD DIMENSION INC (West Jordan, UT, U.S.).

The DOE has estimated that, by 2020, the Super Boiler technology could save more than 185 trillion BTU of energy, equivalent to the natural gas consumed by more than 2 million households.

Source: Appliance Magazine



USA: Regulations to Increase Energy Efficiency in New Fed. Buildings by 30%

DOE announced on December 21st that it had established regulations that require all new federal buildings, as well as low-rise residential buildings that were constructed on or after January 3, 2007, to achieve at least 30% greater energy efficiency than that of the prevailing building codes. These new standards are also 40% more efficient than the current Code of Federal Regulations and will help federal agencies meet Executive Order #13423, which mandated increased federal energy efficiency. Over the next ten years, these standards could save more than 40 trillion Btu and reduce carbon dioxide emissions by 2 million metric tons.

Federal commercial, multi-family high-rise residential buildings, and low-rise residential buildings are all included under these new regulations. The new standards aim to address energy efficiency by looking at a building's entire performance, instead of relying on prescriptive requirements for building components and systems. The high standards put forth in these regulations will also encourage federal builders to use an integrated approach when constructing new buildings.

Source: US Department of Energy



USA: ARI and GAMA Announce Merger

The Air-Conditioning and Refrigeration Institute (ARI) and the Gas Appliance Manufacturers Association (GAMA) announced that their members have voted to approve the merger of the two trade associations to represent the interests of cooling, heating, and commercial refrigeration equipment manufacturers. The merger was approved by the members of GAMA and ARI on Dec. 10 and Dec. 17, respectively.

The merged association will become the Air-Conditioning, Heating and Refrigeration Institute (AHRI) on Jan. 1, 2008. It will be headquartered in Arlington, VA, U.S.

The merger will directly benefit the 370 AHRI members by creating a single, influential entity to more effectively represent their interests, while continuing the work of both associations in establishing industry standards and certifying the performance of heating, cooling and commercial refrigeration equipment.

The AHRI Board of Directors appointed JOHNSON CONTROLS Vice President C. David Myers as chairman of the combined organization. The AHRI Board consists of the current directors of the two constituent associations and is representative of the membership and its different product areas.

AHRI has established an Integration Committee to work out the details of the structure and the governance of the new association. Decisions have already been made to maintain a product section structure that equally represents all AHRI members' interests and to merge the standing committees of the two associations.

AHRI will have the financial and organizational resources commensurate with the size and scope of an organization representing a global industry. It will be equipped to represent the industry's interests when addressing the challenges and opportunities in a fast-moving, expanding market for these products.

"We envision a single organization representing HVACR manufacturers," said AHRI Immediate Past Chairman Patrick Quilty. "AHRI will speak with one voice and one message while providing manufacturers with a strong advocate to address issues important to the industry with its membership of 370 manufacturers."

Source: Appliance Magazine



USA: SUPERSTOR Solar: Solar Water Heater Offers Boiler or Electric Backup

December 12, 2007. HEAT TRANSFER recently introduced a second line of solar water heaters ideal for all solar thermal applications: the SUPERSTOR SOLAR, featuring a storage tank constructed of 316l stainless steel. Carrying a lifetime warranty, the tank can tolerate high temperatures while offering superior resistance to corrosion.

Like the SUPERSTOR CONTENDER SOLAR, which incorporates a glasslined tank, the new SUPERSTOR SOLAR will store hot water from one or more solar collectors while also providing either electric or boiler backup for when the available solar power cannot meet hot-water demand.

All SUPERSTOR SOLAR units contain a high-performance finned copper-nickel solar heat exchanger, positioned at the bottom of the storage tank and engineered to provide maximum heat transfer from the collector fluid SUPERSTOR SOLAR, add one into the water used for domestic hot water applications. The backup heat source inside the tank is available in two different series, corresponding to the type of backup heat source:

SB SERIES solar water heaters incorporate a backup heat exchanger, positioned in the top half of the tank, for transferring heat from a boiler. A thermostat, also located in the upper portion of the tank, monitors boiler operations to maintain a preset water temperature.

SE SERIES solar water heaters incorporate a high-output electric element, made of high-grade stainless steel incoly for longer life. Also controlled by an integral thermostat, this element automatically heats the water in the storage tank when its temperature dips below a preset level.

Source: www.htproducts.com



USA: METSO to Expand Boiler Service Business in the USA

METSO POWER, a part of METSO PAPER business area, will expand its boiler service capacity in the USA with a EUR 10 million investment.

The investment is a part of METSO's profitable growth strategy. It supports the service business growth and will enhance its portfolio of service offerings to the North American pulp & paper and power generation market.

METSO POWER will establish a new boiler service center and expand an existing one to better serve its customers in North America.

The new boiler service center will be located in Lancaster, South Carolina. It is close to the Charlotte, North Carolina area, central to a high concentration of METSO POWER boiler installations, as well as METSO POWER's North American office.

The existing boiler service center in Fairmont, West Virginia will be expanded.

In total, the two centers employ about 100 people. The investments will be completed during the second quarter of 2008.

METSO is a global engineering and technology corporation with 2006 net sales of approximately EUR 5 billion. Its more than 26,000 employees in more than 50 countries serve customers in the pulp and paper industry, rock and minerals processing, the energy industry and selected other industries.

Source: www.metso.com

USA: NORDYNE Launch NUTONE Heating & Cooling Products Line

NORDYNE and WINWHOLESALE announced the introduction of the NUTONE Heating and Cooling Products line to the HVAC marketplace. NUTONE Heating and Cooling Products will be available through NOLAND COMPANY branches and participating WINAIR distributors. NOLAND COMPANY is a wholly owned subsidiary of WINWHOLESALE.

NOLAND will no longer carry its current line of HVAC products and will immediately offer NUTONE products. Additionally, NOLAND will also carry NORDYNE-made GIBSON heating and cooling products for new construction markets, and MAMMOTH products for light commercial customers.

The NUTONE product line will include a full line of products, including the IQ DRIVE air-conditioning system.

Source: Appliance Magazine



USA: PEERLESS MFG. CO. Awarded Two Contracts for Air Pollution Reduction Systems

Dallas, Dec. 19. PEERLESS MFG. CO. today announced that it was awarded a contract valued at approximately \$2 million for the design and supply of Selective Catalytic Reduction (SCR) Systems for a multi-unit combined cycle power plant in New York. The SCR Systems will provide this customer with the flexibility to utilize both natural gas and low sulfur fuel oil to power the plant while always maintaining the strictest of emissions control. Design began immediately upon the letter of award and delivery of the system to the customer is expected within twelve months.

Additionally, the Company's Environmental Systems business unit received a contract in excess of \$2 million for the design and supply of two SCR Systems that will be utilized by a world class manufacturer of fired heaters to support their expansion of a large mid-west refinery. The engineering and manufacturing of the SCR System is expected to be completed by the end of calendar year 2008.

Peter J. Burlage, Chief Executive Officer of the Company, stated, "We are pleased to have received these significant awards for our environmental business. PEERLESS is an established and recognized leader in designing and building complete SCR Environmental Systems to help our electric power and refinery customers meet their required NOx emissions for environmental compliance. Our customers are increasingly demanding innovative solutions to their emission control requirements and we are committed to meeting those important needs with quality products and on-time delivery."

Source: Appliance Magazine



USA: INGERSOLL RAND to Acquire TRANE INC. for Approx. \$10.1 Billion

December 17, 2007. INGERSOLL-RAND COMPANY LIMITED announced today that it has executed a definitive agreement to acquire TRANE INC., formerly AMERICAN STANDARD COMPANIES INC., in a transaction valued at approximately \$10.1 billion, including transaction fees and the assumption of approximately \$150 million of TRANE net debt. TRANE is a global leader in indoor climate control systems, services and solutions with expected 2007 revenues of \$7.4 billion.

Under the terms of the merger agreement, which has been approved by the Boards of Directors of both companies, INGERSOLL RAND will acquire all outstanding common stock of TRANE. Holders of TRANE's approximately 200 million common shares will receive a combination of \$36.50 in cash and 0.23 INGERSOLL RAND shares of common stock per each TRANE share. The total value for this transaction was \$47.81 per TRANE share based on the closing price as of December 14, 2007. The transaction which is expected to close late in the first quarter or early in the second quarter of 2008, is subject to approval by TRANE shareholders, regulatory approvals and customary closing conditions.

Herbert L. Henkel, INGERSOLL RAND chairman, president and chief executive officer, said, "The combination of INGERSOLL RAND and TRANE will create a global, diversified industrial company with projected pro forma 2008 revenues of \$17 billion. The new INGERSOLL RAND portfolio will include an \$11 billion Climate Control business which will offer high value equipment, systems and services necessary for delivering solutions across the temperature spectrum for indoor, stationary, and transport applications worldwide. "As a result of expected revenue and cost synergies, we are confident that this acquisition will improve INGERSOLL RAND's future earnings growth potential. We believe the new INGERSOLL RAND will be capable of sustaining annual organic revenue growth averaging 5-7% and EPS growth exceeding 15% per year, both in excess of our former growth guidance. In particular, assuming timely consummation of the proposed acquisition, we anticipate earnings of \$4.00 per share in 2008."

Fred Poses, TRANE chairman and CEO said, "For our shareowners, this offer represents an attractive price for our shares today and the opportunity to participate in a powerful global diversified industrial company in the future. Combining TRANE and INGERSOLL RAND's climate control operation creates a very strong business. With the size, strength and operational effectiveness of a \$17 billion global industrial company, we believe this combination is best for our customers, employees and shareowners in the long term." Poses will remain in his position until the acquisition is completed.

Source: www.trane.com



USA: WHIRLPOOL CORP. and ELICA PARTNER on Air Ventilation Business

WHIRLPOOL CORP. announced that it has strengthened its business relationship with ELICA GROUP S.P.A., a global leader in air ventilation, by purchasing a minority stake in the company. The new business relationship enables WHIRLPOOL to expand its presence in the global air ventilation market through access to ELICA's design and manufacturing throughout the world.

Source: Appliance Magazine

USA and Canada: ISH North America 2008 Partners Offer Many New Seminars and Events

ISH North America (ISH NA), through its industry association partnerships, will add a wide range of educational and networking opportunities to the upcoming event this fall.

By partnering with four trade associations to run concurrent events, industry professionals will have the opportunity to increase their contacts, build sales and learn about the latest industry happenings in one location in Atlanta.

The trade show will run concurrently with "Network," the annual convention for the American Supply Association (ASA) and the Plumbing-Heating-Cooling Contractors National Association (PHCC), as well as the annual convention for the International Association of Plumbing and Mechanical Officials (IAPMO), and the Maple Leaf Reception produced by the Canadian Institute of Plumbing and Heating (CIPH).

ISH NA, the international trade show for Plumbing, Commercial/Industrial Pipes, Valves & Fittings, HVAC, and Kitchen & Bath, will be held Oct. 1-3, 2008 at the Georgia World Congress Center in Atlanta, GA.

For further information, please visit www.ish-na.com

Source: The Canadian Institute of Plumbing and Heating