

Heat Pump Market in Finland and Estonia

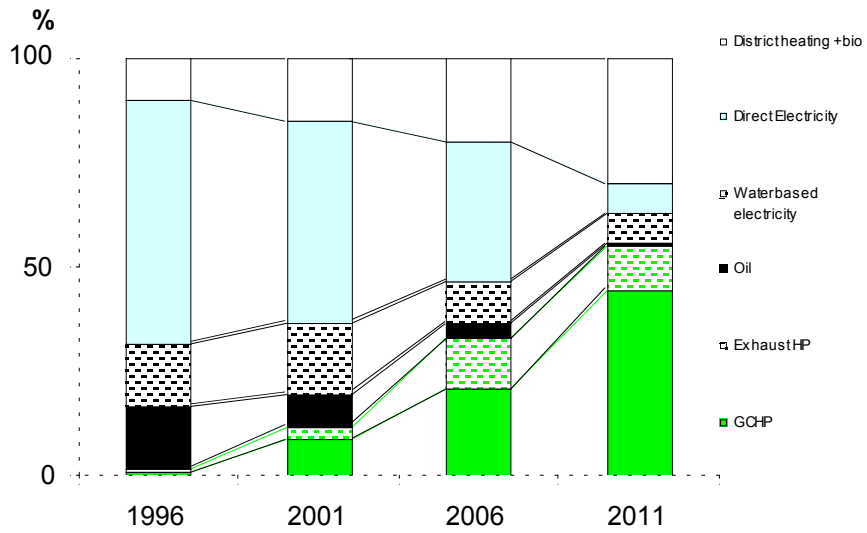
(Russia, Ukraine, Latvia, Lithuania)

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Strong energy debate in Finland

- Dr. Skurnik in Helsingin Sanomat: ***"1 million wrong heated houses in Finland"***
- Shell's chair (earlier CEO of Nokia) Ollila in Helsingin sanomat (HS): ***"His biggest personal environmental achievement: 5 years ago HP pump to his free time house"*** (IVT, 1000m²)
- Financial minister Heinäluoma in HS: ***"Independence from oil 2020-30", "I have heat pump in my own house"***
- Trade and Industry minister Pekkarinen in HS: ***"Rid from oil in heating in some years"***
- Big Climate change discussion in TV: ***Heat Pumps got full support as RES and as a very effective and economical solution to make something concrete***
- ***Heat Pumps are included in the political program of the new Government of Finland***

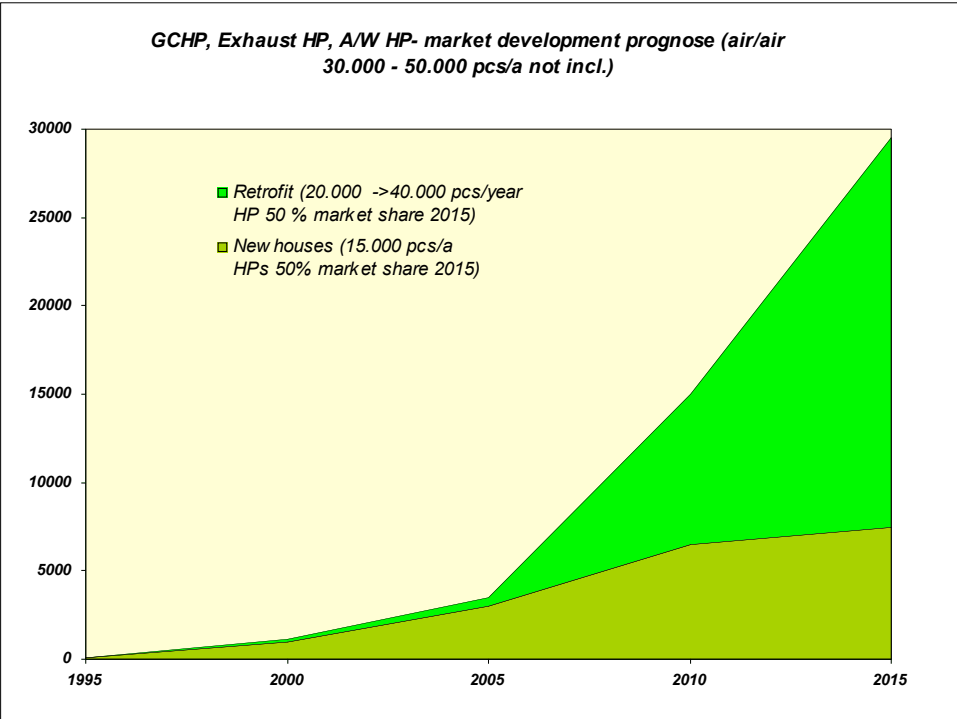
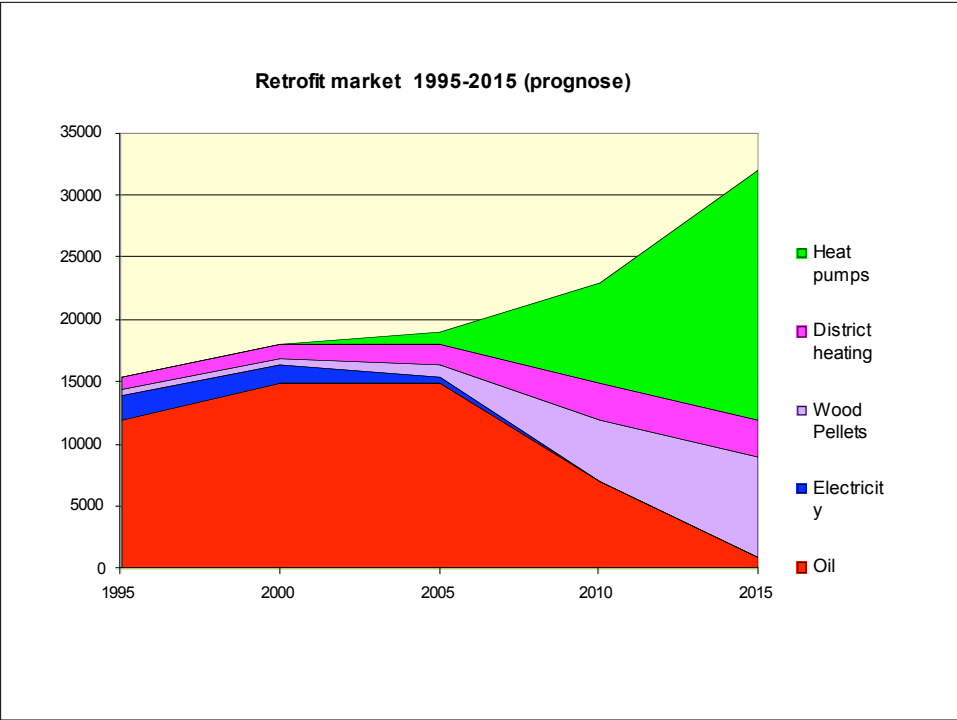
**Heating systems of the new houses (15.000 pcs/a)
market shares 1996-2011 (2011 prognose by JH) %**



Replacement market is waiting for HPs

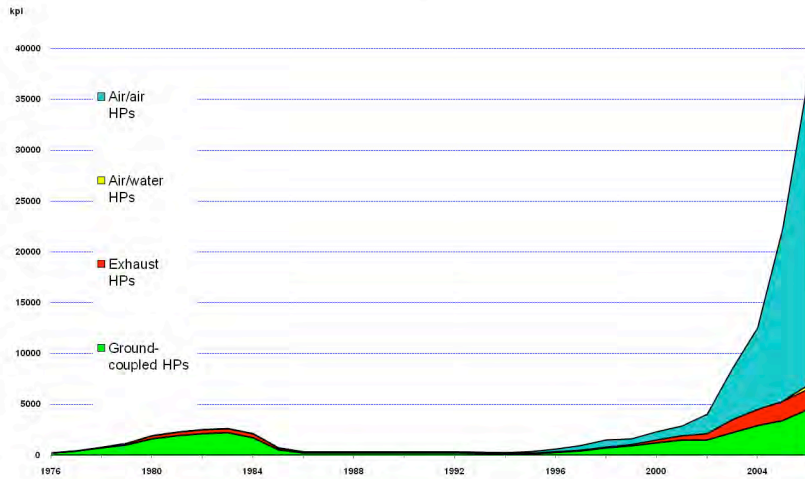
300.000 Oil heated houses
 200.000 Water based electric heated houses
 500.000 Direct electric heated houses
 =====
 1.000.000 houses potential for heat pumps





Suomen Lämpöpumppuyhdistys
SULPU ry

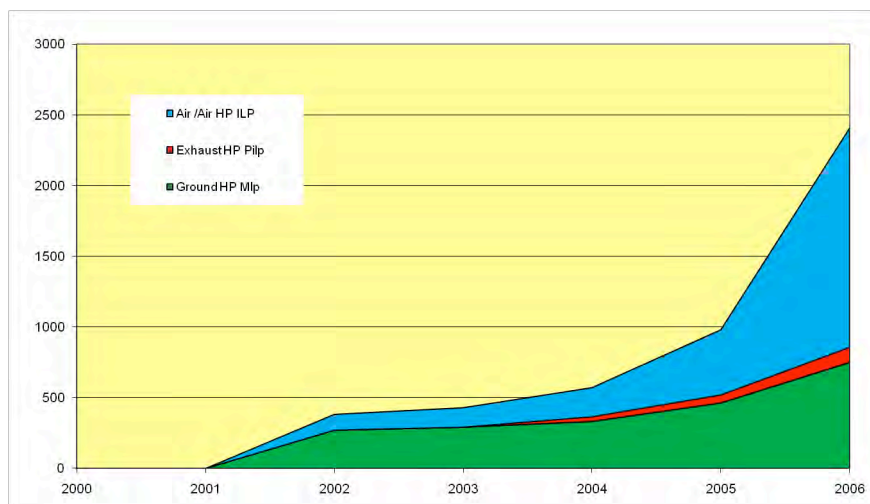
Finland, installed HPs 1976-2006
110.000 pcs



Heat Pumps in Finland 2006

	v. 2006	Total
air	30.000 pcs	65.853 pcs
air/w	400 pcs	407 pcs
exhaust	2.000 pcs	11.876 pcs
ground	4.500 pcs	33.456 pcs
total	<u>36.900 pcs</u>	<u>111.592 pcs</u>

Estonia, HP market



Russia, Ukraine, Latvia , Lithaunien

Russia

Some hundreds of pumps per year.
IVT,NIBE,THERMIA, Viessman. Wild,
challenging business culture. No statistics.

Latvia, Lithaunien:

300-400 pumps/country/year, No statistics.

Ukraina:

Heat Pump Association in June 2007.
300-400 HPs. 50 million inhabitants.

Distribution strategy

Wholesalers

- ✓ Easy choice
- ✓ No push
- ✓ On first stage of the HP market passive

Own dealer chain

- ✓ "turnkey" deliveries to end customer with good service and price

Own sales and installation to end user

- ✓ When starting import or producing
- ✓ Distribution marginal missing

Prefab house sellers and building companies

- ✓ Concepts to work directly in building new small houses



Co-operation with electricity companies

HP company's interest

- To sell more heat pumps

Electricity utilities interest

- To sell more electricity
 - to their present customers (oil burner owners)
 - by acquiring new customers (by means of tempting HP offer)
 - by having long delivery contracts

Example of a campaign

- Offer by letter to 15.000 oil burner owner in surroundings of Helsinki
 - HP system as "turn key" delivery from local IVT retailer
 - 4 years delivery contract with electricity company Fortum
- ⇒ **Client gets first year's HP electricity free**
(7.000kWh to GCHP and 3500 kWh to Air/air HP, energy part but not transfer)

Co-operation with banks

HP company's interest

- To sell more heat pumps

Bank's interest

- To sell (lend) more money
 - to their present customers
 - by acquiring new customers (by means of tempting HP offer)
 - by having long loan contracts

Example of a campaign with bank

- Announcement campaign together with a bank in large circulation magazines to 1.300.000
 - air to air HP as "turn key" delivery from local retailer
 - 5 years financing
- ⇒ **Client gets air to air HP as installed with 5 years guarantee with monthly payment**

52,50 €/month

and is saving with her HP in most cases more than the monthly instalment