

## **PRESS RELEASE**

### **Major Report on the Commercial & Industrial Refrigeration Equipment Market - UK 2006**

AMA Research have recently published the 1st edition of the "**Commercial & Industrial Refrigeration Equipment Market – UK 2006**" report. This new report is comprehensive, informed and up-to-date and represents an invaluable aid to sales and marketing professionals involved in the industry.

The report analyses the UK market for underfloor heating products and is based on a combination of primary and secondary research. The report analyses the market in terms of market size, key sector trends, product mixes, market share, key suppliers, customers and distribution channels.

Assessments of market developments have been based upon quantitative and qualitative analysis of both primary and secondary source data. Interpretation of relevant data has been undertaken to explore and support trends within the Domestic Heating market and to provide a basis for forecasts of future prospects. The report comprises **90+ pages** and is available now, priced to give excellent value at £595.

#### **Editors Note:**

Enclosed is a summary of the report. Please use brief extracts if you wish, **but we would request that references to company market shares are not published without our prior permission.**

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- Please include our web address and telephone number on any review printed, it would also be appreciated if a copy of the review could be forwarded to AMA Research. Thank you.

# **Major Report on the Commercial & Industrial Refrigeration Equipment Market - UK 2006**

## **SUMMARY**

The value of the market for commercial and industrial refrigeration equipment is around £460m at manufacturers selling prices, with growth rates generally modestly positive.

The UK's refrigeration industry faces major challenges. While ozone depletion is being addressed, the global warming battle is only just beginning. As a big user of power, the cooling industry is in the spotlight in the drive to reduce carbon emissions and tackle climate change.

As well as the need for improved energy performance, other environmental issues - such as noise, refrigerants, containment recyclability and materials - are driving change throughout the industry.

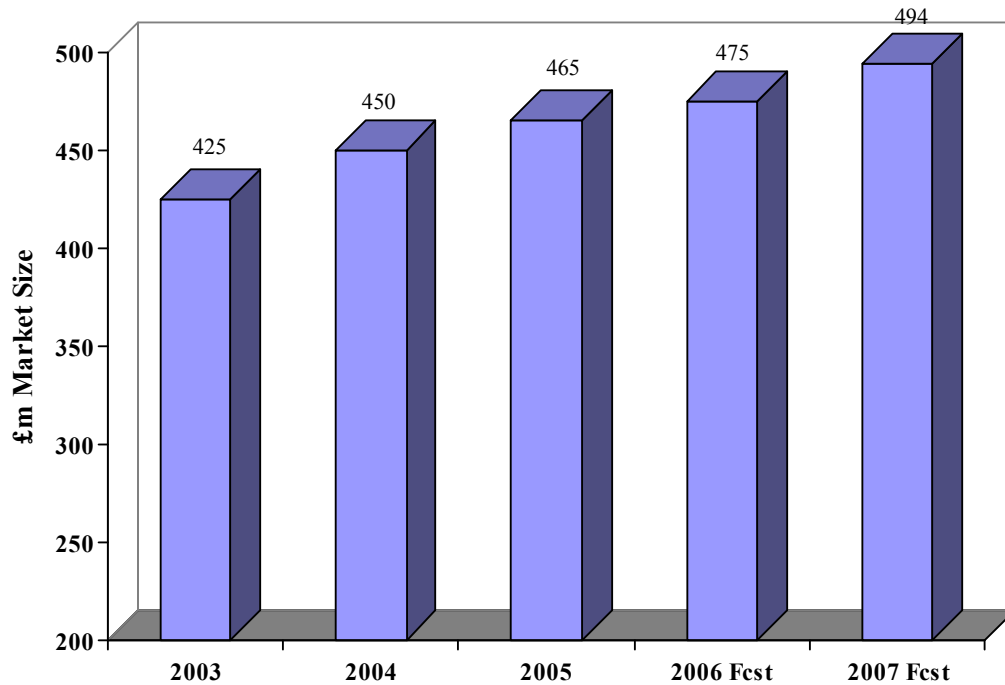
These environmental pressures, particularly in the form of less damaging refrigerants and energy conservation, have long been evident in the sector, and manufacturers have strived to conserve energy and develop new refrigerants to lessen its contribution to global warming, with some notable success in major supermarket refrigeration applications, particularly in Europe.

These pressures are expected to continue to exert, a positive effect on the market since the legal requirement to switch to 'new' refrigerants means that many products must be replaced, as adaptation is generally not cost effective and, in many cases, impossible.

There has been an increase in the number of products and components sourced in low-cost producing countries, and this is reflected in the trade data. This is primarily a result of the economic cycle evident in those countries. However, the complexities of many of the products and the crucial role they play in many processes have ensured that leading technically innovative companies have retained their market position. As low cost producers seek to gain a foothold in established market and access to sophisticated technologies, an increase in mergers and acquisitions is anticipated.

The table below illustrates the performance of the market.

**Chart 1: Market Size Commercial and Industrial Refrigeration 2003-2007**



*Source: ONS/AMA Research*

The key factors influencing the market have included:

- Continued growth in the chilled food sector, which has provided good stimulus for the refrigeration industry over the last few years.
- Greater levels of imports of cheaper components or finished products from low wage cost countries. More recently the accession of several additional countries into the EU will have created more low cost manufacturing opportunities for suppliers of refrigeration products.
- Competition in the market from overseas suppliers.
- The retail industry in the UK remains under pressure, from an uncertain consumer market, but additionally from the difficulties associated with getting planning permission and therefore developing out of town superstores.
- The growth of in town stores such as the Tesco Metro stores is providing some opportunity in the market place.

- The rises in raw material prices have impacted on the manufacturing costs of refrigeration equipment, though manufacturers have tried to constrain any price rises as far as possible.
- There have been significant rises in the prices of energy over the last year or so, driven by the rising price of oil, and this is again impacting on the costs of operation of refrigeration equipment and putting pressure on the manufacturers to manufacture more efficient products.
- There are ongoing pressures to reduce energy usage and emissions as a result of environmental concerns.
- There are continued positive trends in the entertainment and foodservice sectors with greater numbers of people eating out. This should provide opportunities in the medium term for the refrigeration industry.
- There has been continued erosion of the UK fish industry.
- Greater numbers of single person homes, leading to greater requirements for fresh food storage.
- Greater levels of transport and storage required of food, beverages, etc, leading to a greater number of temperature controlled environments.
- Greater levels of pharmaceutical production, leading to more refrigeration applications in transport and in storage.

Key product groups include cold stores, compressors, heat exchangers, transport refrigeration and evaporators, with cold stores accounting for a substantial share of the market, compressors also significant followed by heat exchangers.

Key suppliers into the market include Carrier and Linde, Danfoss, Hussman, ICG, JE Hall, Copeland and Hubbard.

The major end use sectors are **commercial activities** including retail and food service applications; **industrial activities** including warehousing, industrial processing, petrochemical, pharmaceutical and ice production; also **Transportation**, including refrigerated road transport, containers, lorries and boats used to carry perishable produce.