

## Natural Gas Market is Expanding and Market Share of ACST is increasing...

Usage of natural gas, being an environmentalist and clean fuel, in the heating systems was first started in Ankara in 1989. Exactly 16 years have passed since the time when our country met with natural gas. Ankara was followed up with İstanbul, Bursa, Eskişehir, İzmit and Adapazarı. Today Anatolian cities are also joining these cities. Natural gas network is surrounding our country like a net.

**From 3 thousand to 250 thousand combi boilers in a year**

In the first year nearly 3000 combi boilers were sold in Ankara. We anticipate that 250.000 pieces of combi boilers have been sold in internal market in 2004. We are calculating the market size as nearly 400 million USD. With the replacement of devices life spans of which have been completed and with activation of natural gas in new cities, it is predicted that in the coming 5 years time sales in internal market will reach to the number of 400.000. This means a market size of 700 million USD with combi boiler, radiator and installation assembly works. In cities where natural gas is used there can be a hesitance and even a partial reduction in the market in years of 2005-2007. However as devices will complete their economic life times of 15 years, after year 2008 exchange market will have an important size.

### Combi boiler is advantageous

Usage of combi boiler that had a share of %20 among heating systems in the first years continuously increased and it reached to %70-80s at the beginning of 2000s. Today this tendency continues and I can state that it will continue in the future.

At the beginning in buildings with radiators apartment managements were preferring transformation of their central heating systems to natural gas since their first investment costs were low and as they were easy. Expectations of individuals from different regions having different cultural and education levels were different and problems were experienced. Besides these problems, entrance of technological products to the market, decreasing installation costs with developing market, comfort obtained from independent heating and positive propogandas of boiler users increased its attractiveness in time and accelerated being directed towards combi boilers. Apartments with few number of flats that preferred central system at the beginning left central system in time and passed on to individual system. Another factor accelerating this passage was that transformation decision was taken with majority of votes and not unanimously.



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*Assistant Manager of Marketing Division*

Most important advantage of combi boiler is that it meets heating and warm usage water requirements of user independently and that it can be programmed by user.

### Place of natural gas stove

I think that in Anatolian cities meeting newly with natural gas, central systems can not compete with combi boiler. But if income levels, easiness of installation and cheapness are considered, natural gas stoves can have a place in market. But by considering past experiences I can say that this will not constitute a big share and that it will decrease in time instead of increasing.

In the first years natural gas stove has attracted a certain amount of interest in the market and especially in homes with stoves. User was used to being heated with stoves. Houses were suitable for being heated with stoves. Those whose economic means are limited and who are used to being heated by stoves, are generally assembling a natural gas stove with chimney at the hall or sitting room of their houses and they are meeting their heating needs. With launching of hermetic stoves in the market, flexibility of placement is also provided. After the coal burning stoves, I can state that natural gas stoves have improved the user comfort with the easiness they provide.

However, development and recognition of combi boiler models, easiness of purchasing terms by means of installments, also effected stove users just like central systems. User wishing to buy a stove could buy a combi boiler instead by forcing their means a little. Thus, natural gas stove market first began not

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## Alarko Carrier Started 2005 Heating Season With Very Rich Options

Alarko Carrier renewed individual and central type of heating products technology by considering the revival created in the sector through widespreading of natural gas in all regions of Turkey.

Expansion of heating market in Anatolia and Thrace necessitates formation of more economic product ranges besides imported products. Works being conducted in this area for a while, gave their fruits prior to the heating season of year 2005. Amount of consumption made by Alarko Carrier in 2005 for product development was 1,5 million USD. Significant part of this amount has been allocated to heating products. It is anticipated that this budget will be increased further in 2006.

Alarko Carrier which aims to offer advanced technology under most economic conditions, added locally produced casting boiler to its product range. Besides standard steel boilers, they also began producing boilers having 3 passages, high level of efficiency and low emission.

In the development project being continued since 1999 regarding Alarko liquid and gas fuel burners, an important advancement is achieved and second trunk burners are launched to the market.

Regarding individual heating systems, besides existing combi boiler models, Trendy combi boiler being designed and produced by Alarko as having an economic model is launched to the market. Natural gas stove which is expected to be heavily used especially in Anatolia will be offered for sale as prepared in the month of November.

On the other hand investment to expend radiator factory to meet the increasing internal market and export demands will be completed soon. New models relating with bathroom type of radiators with horizontal piping are also launched to the market.

### Full series and new models in combi boilers

Regarding combi boiler devices having gradually more room in heating market Alarko Carrier is one of the first local combi boiler producers in Turkey. 15 years ago in 1990 with the licensing of Holland AWG company at Alsac Factory, it is started with the production of domestic type of floor radiator boilers using natural gas and LPG. Boiler being added with warm water circuit is launched to market as first combi boiler with domestic type. In 1991 first wall type of combi boiler Thermostar is developed and launched to the market.

Since that time until today Alarko Carrier mainly developed combi boilers that are produced by them and besides domestic market they began to export them as well. At the same time as per the demands forming in the market they supported their product range with imported combi boilers. Alarko developed 6 combi boiler models in 15 years period.

Alarko Carrier which is present in combi boiler market today with full series of product range with varieties of economic (Minea), standard (Harmony), high (Serena) luxurious (Super Comfort) and ultra luxurious (Condensing combi boiler) options, has added Trendy to these models within context of economic product series. It is expected that the new combi boiler that is launched to the market in this month will create a serious alternative especially in the new developing market.

For 15 years story of combi boiler:

[www.alarko-carrier.com.tr/Dosya/YararliBilgiler/KombiNedir/Kombide15yil.swf](http://www.alarko-carrier.com.tr/Dosya/YararliBilgiler/KombiNedir/Kombide15yil.swf)

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to grow and then to get shrunk with negative impact created by this development on model and technology aspects. A little while later, it is observed that stove users replaced stoves with combi boilers with the desire to have top comfort level.

We as Alarko Carrier were selling imported natural gas stoves and fireplaces in 1990s. Later on by leaving imported products that were quite expensive aside, we directed ourselves to cheaper local alternatives. But as the market got gradually reduced, it was becoming impossible to make investments. Therefore, we removed natural gas stoves from our product range. Certain companies also left them just like us. Today 10 years later certain developments in the market necessitated us to add natural gas stoves to our product range again.

## We depend on our own combi boilers

Before natural gas heating systems, Alarko was also dealing with production, marketing and sales of heating products. In our country we are one of the first companies producing circulation pumps, burners, and room heaters. In 1989, we added natural gas heating systems to our product range and we made restructuring in our distribution and service organizations. In 1991, we launched our first domestic produced combi boiler to the market. In order to provide more effective and faster services to final users, we established dealers and services operating in districts. In a short while, we achieved the market shares and sales amounts we targeted.

Through the years, number of companies entering the sector increased. Foreign large scale companies took their places in market with imported products. As a company we gave priority to production rather than importation and we developed our own products. We are one of the first companies obtaining CE certificates for our combi boilers and burners. We continuously improved our technology and our exporting the products we produce today is an indicator of this.

With our company image and approach as "Quality in services and production", we worked to meet customer expectations at utmost level. In years when exchange rates remained low, we sometimes faced difficulties against imported products but we maintained our position.

## Market and competition situation

Following economic crisis in 2001 as a result of reduction in market and intense competition being experienced, profit margins got reduced and prices decreased at the ratio of %25 in real terms. Following the crisis, economic types of combi boilers having %15-20 lower prices with respect to standard types, being simpler, with less features, having small dimension and being more compact were launched to the market and in recent years purchasing of users got focused on these devices.

We are using the superiority of focusing on our R&D works and production instead of imported products and placing our own engine in our car in another way of saying, as a marketing argument in an effective way. Regarding a comfort device such as combi boiler, a solid, experienced and well organized company creates security also for final users. We are seeing that following their negative experiences the users have understood this much better.

## Increasing our targeted market share even further

Today more than 25 companies are operating in the area of natural gas heating systems. Companies with adequate product ranges, having widespread distribution channels and empowered service organization will maintain their positions in the market. Just like the situation in any sectors, competition is also very intense in our sector.

Our company is ranking in the first rows among firms paying biggest amount of taxes and it has not declared losses since the time its shares are offered to the public. By sustaining our determined and balanced growth policy depending on economic indicators in the future years, we are targeting to increase our sales in the developing market and to increase our market share.

By predicting the developments in natural gas market in Turkey, we have started to renew and develop our product range since a few years time. In the combi boilers being produced by us, we realized a serious technological and image renewal. We created the alternative of economic combi boiler. Currently we have got economic, standard, luxurious and ultra luxurious models that appeal to all types of customer masses in the market.

We own all varieties ranging from most economic model to the most advanced technological product. With our products appealing to all types of customer masses, our product range is complete. In each year we are developing a new product and offering it to the market.

Within this year we increased our sales and market share when compared with previous year. With our new investments, our new products, and our widespread dealership organization being renewed in Anatolia, our attempts will continue.

As our distribution channel becomes organized as per natural gas, we are aiming to increase our market share even more in the future years.