

As previously announced in Swedish: Suld in Mongolia signs framework agreement with Absolicon to acquire Production line

SULD UNITED LLC (Suld) has signed a framework agreement with Absolicon to acquire a production line for the T160 solar collector in Mongolia. Suld is group of four companies active in energy for industries, hotels and supermarkets, fleet management, transport and service of vehicles and machinery. The total sales value covered by the agreement is estimated at € 4-5 million, a monthly license fee of 4% and sales of components.

Absolicon's production lines for concentrating solar collectors can change the energy supply of individual industries and entire cities. Mongolia is one of the East-Asian countries with the highest solar potential over all its territory.

Mongolia is a democratic country located between China and Russia with 3 million inhabitants and an industry based on rich mineral resources with both copper and gold mines. Agriculture and herding are also important part of the economy.

Suld United LLC and Absolicon have now signed a framework agreement for the acquisition of a production line for establishment in Mongolia to provide the region with advanced solar collectors.

The collaboration is built on the business relations of Suld on the Mongolian market, especially in the mining industry and their energy services for buildings.

Thanks to the main business of Suld in transport and fleet management, they work closely with many large companies in Mongolia and is representing several internationally renowned manufacturers of vehicle parts and maintenance materials in Mongolia. It has been developed a wide network of customers and partners.

The branch Suld Industrial provides climate, control and security equipment for industries, hotels and supermarkets. The branch will now also include solar energy technology.

In Mongolia, there is also a growing interest for solar district heating.

Over the years, the company have developed business with many national and international companies like Coca-Cola, Carrier Transcold and Wabco.

The market segments for Absolicon's solar collector technology where Suld already has business relationships are:

- Mining and the oil & gas industry
- The food and beverage industry
- District heating

Content of the framework agreement

The framework agreement describes the separate agreements to be drawn up in the process. Absolicon's proceeds from the sale can be grouped into three groups: acquisition of the line, license revenue and revenue from material sales.

1. Sale of the production line

The production line is of the same model as Absolicon has in Sweden and which the company has already delivered to Sichuan Province. The line with two six-axis robots has the capacity to produce 50 MW solar collectors (100,000 m²) per year. Together with the hardware, Absolicon provides consulting support for marketing and technical support, development and technical training.

The total value of hardware and activities covered by the agreement is estimated at € 4-5 million.

2. License to manufacture T160

For the right to manufacture T160 under Absolicon's intellectual property protection, take part in future product development and use Absolicon's trademark, a monthly license fee of approximately 4% applies to the sales value.

The production line in full production produces on a shift 50 MW solar collector (100 000 m²) per year with sales value € 20-25 million which with 4% license fee would mean about € 800 000 per year in license revenue. Absolicon's estimate, however, is that it will take time for Suld to develop the solar thermal market for industries in the region so that those volumes can be achieved.

3. Material supply

Through the agreement, Absolicon ensures access to patented components and high quality inputs partly manufactured in Mongolia or locally at the installation site.

At full production, the production line needs to buy materials for € 10-15 million per year where 40% – 50% of purchases may go through Absolicon and 50% – 60% from local subcontractors. The outcome for Absolicon depends to some extent on the result of Absolicon's ongoing material investment.

The framework agreement sets out overarching principles

The framework agreement is not binding but provides for the overall principles of the separate agreements to be drawn up. The estimated value of sales is subject to change as well as the definitive design of the production capacity of the production line. Absolicon estimates today that the sales value of the agreement is at the lower end of the range of € 4-5 million.

If Suld fails to meet its commitments at each stage, they lose the right to complete the acquisition and are then able to recover part of the purchase price, but never for Absolicon's incurred costs.

Next steps

In this case, negotiations for the signing of the framework agreement have been fast and work is still in its early stages. Discussions have just begun on the first pilot installations of the T160 in Mongolia. More detailed contract writing is now taking place. Payment is made step by step in the same way as in the previous sale of the production line to the province of Sichuan.

This information is information that Absolicon Solar Collector AB is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out above, on April 16, 2020.

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Absolicon is a listed Swedish solar energy company, specializing in concentrated solar heating. The solar collector T160 operates up to 160°C and has the highest optical efficiency ever measured for a commercially available small parabolic trough. After achieving groundbreaking performance, Absolicon has built two robotized production lines, one in Sweden and one in China that can produce 50 MWp(th) annually, one 5.5 m2 solar collector every six minutes. The company combines solar energy research with sales of solar collector fields to industries that need heat and steam and complete robotic production lines for T160.