

CITRUS signs framework agreement with Absolicon to acquire Production line in Mexico

CITRUS has signed a framework agreement with Absolicon for the acquisition of a production line for the T160 Solar collector in Mexico. CITRUS is a company specialized in Solar Heat for Industrial Process (SHIP) and Industrial Process Equipment. The total sales value covered by the agreement is estimated at € 4-5 million plus a monthly license fee of 4% and sales of components. The framework agreement prescribes the principles for the separate agreements to be drawn up.

Market potential

Mexico is the second economy in Latin America (Forbes 2016), where the industrial sector represents about 32% of the GDP of the country (INEGI 2016). Moreover, the strategic localization, the high solar resources and its solar market development make it a strategic partner for Absolicon.

The Mexican industrial sector consumes around 31% of the total energy demand, emitting 90 M tons of CO₂eq every year (Source: sielac-olade.org)

Absolicon and CITRUS wish to shift the paradigm and share solar heat solutions for industries. The estimated market potential for the Absolicon T160 Solar collector goes up to 9 million sqm (5GW) when replacing 3% of the industrial heat consumption.

CITRUS, based in Mexico, is an industrial equipment supplier and a turn-key energy project developer. The company is contributing to the sustainability of industrial process lines and providing high-tech integrated renewable energy solutions to its customers for both heat and power. CITRUS is widely known in the Mexican industry as one of the most trustworthy partners working in the design, installation and management of commercial and industrial projects, including process equipment and solar heat systems.

The collaboration is based on the qualified experience of CITRUS as well as the shared commitment in making solutions that are contributing to a better world.

Market Segment and energy consumption:

- Chemical- 99PJ
- Mining- 26PJ
- Food and Beverage- 61PJ
- Pulp and Paper- 47PJ

The framework agreement sets out overarching principles

The framework agreement prescribes the general principles for the separate agreements to be drawn up, and the steps to be taken before a binding agreement for the acquisition of the production line can be signed. 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 CITRUS fails to meet its commitments at every stage, they lose the right to complete the acquisition and then have the opportunity to recover part of the purchase price, but never for Absolicon's incurred costs.

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 takes time for CITRUS to develop the solar thermal market for industries in the region so that these volumes can be achieved.

3. Material supply

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

At full production, the production line needs to buy materials for € 10-15 million per year where 20% - 30% of purchases may go

through Absolicon and 70% - 80% from local subcontractors. The outcome for Absolicon depends to some extent on the result of Absolicon's ongoing material investment.

Next steps

The cooperation is still at an early stage and a more detailed contract writing is now taking place. The first stage of the framework is online training and marketing strategy. Payment is made step by step in the same way as in the previous sale of the production line to the province of Sichuan.

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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.