

THENERGY signs framework agreement with Absolicon to set up Production line in Chile

THENERGY has signed a framework agreement with Absolicon for the installation of a production line for the T160 Solar collector in Chile. THENERGY is a Chilean Energy Service Company (ESCO) specialized in renewable thermal energy solutions. 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

Solar energy resource in Chile is one of the highest in the world, making it an ideal location to implement solar heat solutions using Absolicon solar collectors. In addition, heat represents close to 50 % of the country's final energy consumption, in which industries and mining sectors consumes a big share of that final energy consumption.

Chile is known as "A solar Saudi Arabia" with unique conditions of solar radiation and industrial sectors. The estimated market potential for the Absolicon T160 adds up to 2.3 million sqm (1.2GW) when replacing only 2 % of the industrial heat consumption.

THENERGY is a Chilean Energy Service Company (ESCO) specialized in renewable thermal energy solutions. Supplying industrial processes with clean and inexhaustible thermal energy, both for heating and cooling needs, THENERGY is boosting the industries in their leadership role in Chile's energy transition.

Absolicon and THENERGY have signed a framework agreement for the establishment of a production line in Chile to provide the region with advanced solar collectors.

The collaboration is based on the qualified experience of THENERGY as well as our shared vision of building a sustainable world and the key role of solar thermal solution in the industrial energy transition.

Main segments of Absolicon solar collector technology in the region are:

- Mining: Largest global copper producer
- Food and Beverage: Fishing, meat processing, dairy, beverage, agroindustry
- Wood and Paper
- Chemical

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 the T160 Solar collector 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 THENERGY 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 Chile 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 60% - 70% 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 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 THENERGY 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.

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.