

KYSOR WARREN EPTA US TAKES ON NORTH AMERICA

The newly formed company will bring from Europe Epta's energy-saving systems such as its FTE technology for transcritical CO₂ refrigeration and its R290 cases, while Kysor Warren will continue to offer transcritical and ammonia/CO₂ systems, explains Marketing Director Michael Lehtinen

– By Michael Garry



Michael Lehtinen,
Kysor Warren Epta US

On April 1, Italian OEM Epta S.p.A announced the acquisition of Kysor Warren from U.S. conglomerate Lennox International in a \$49 million cash deal, and said the acquisition will result in the creation of a new company called Kysor Warren Epta US Corp.

Columbus, Ga.-based Kysor Warren, previously a division of Lennox subsidiary Heatcraft Worldwide Refrigeration, manufactures refrigerated display cases and commercial refrigeration systems – including transcritical CO₂ and ammonia/CO₂ cascade systems – for grocery and convenience stores.

Epta is a leading manufacturer of CO₂ refrigeration systems and cases as well as propane self-contained units in Europe, and has expanded its marketing to Australia, South America and Asia. It runs 12 manufacturing plants and a worldwide sales and technical service network; in 2018 it recorded sales of 921 million euros (\$1.027 billion). Epta's commercial refrigeration brands include Costan, Bonnet Névé, George Barker, Eurocryor, Misa, Iarp, Knudsen Kølring, and now Kysor Warren, which gives Epta a foothold in North and Central America.

Accelerate Magazine asked Michael Lehtinen, formerly director of marketing and business development for Kysor Warren, and now marketing director for Kysor Warren Epta US, about the direction the new company will take in North America.

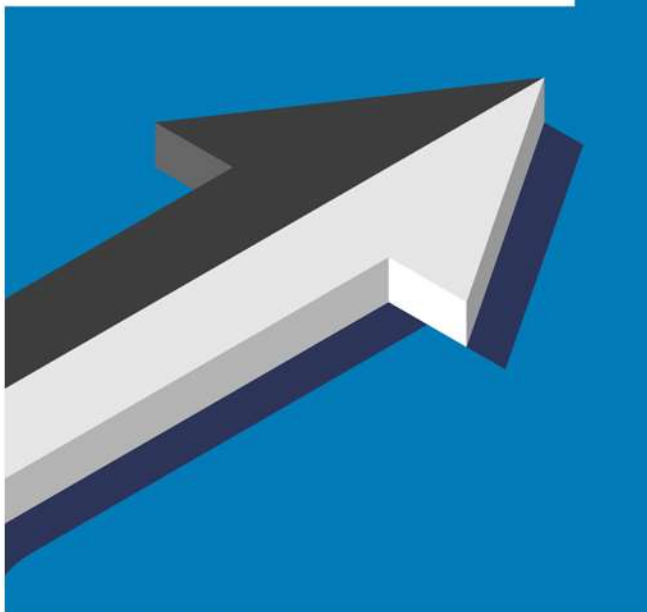
// Accelerate Magazine: What is the market potential for natural refrigerant systems in North America?

Michael Lehtinen: The market potential in North America is substantial, and that's something that I've always believed in.

The one thing that makes it different here in the U.S. than what we're seeing in the rest of the world has to do with climate change. Climate change is occurring, there's data to support it, it's just a question of how does the user base interpret or believe that data. One of the contributors to the change in climate has been the refrigeration industry. If we see the North American population start to make the connection between climate change and the impact coming from refrigeration, and the need to really become sustainable long term, natural refrigerants will have to become standard.

Also, natural refrigerants offer an underlying risk mitigation strategy for businesses because the price of the synthetic gas continues to go up. And depending on what happens with these local and state regulations that we're starting to see in California and Washington state, you're seeing a whole other level of risk that your business is going to have to deal with.

// Accelerate Magazine: Where does Kysor Warren Epta US see the greatest opportunities in North America?



Michael Lehtinen: We still think that food retail is the biggest opportunity for natural refrigerants. Now our portfolio is even more well rounded as we become part of Epta. Kysor Warren has done a lot of work with CO₂ transcritical, and now we also have what the Epta Group has done, and they have some unique innovations.

One of them that we'll be talking about at ATMOsphere America is called FTE [Full Transcritical Efficiency]. What's really great about this is it's not some new piece of equipment or technology that is difficult to understand; it's actually a fabulous simplification on some of the things people have been trying to do. It's extremely effective.

The other piece we get from Epta is the application of self-contained propane plug-in units. I'm not talking about point-of-sale bottle coolers that you see at the checkout; I'm talking about full-size display cabinets that utilize 150 grams or less of propane per circuit. One of the things that we just have to account for is the difference in power supply; Europe is 50 Hz and the U.S. is 60 Hz.

Kysor Warren also has a low-charge ammonia/CO₂ cascade system. We've done a lot of work publicizing the work we've done on that with Piggly Wiggly [JTM Corp.]. Whether or not the retail industry is ready to embrace ammonia as a primary refrigerant is still yet to be seen, but we believe in it and we will maintain the technology.

// Accelerate Magazine: Will Kysor Warren Epta U.S. look at other sectors?

Michael Lehtinen: Our core sector remains commercial refrigeration for food retail. Now that we are part of the Epta Group, we're also able to look into diversification strategies. Some of the areas we're looking at right now are foodservice-style products as well as some cold storage. As we see retailers working to solve delivery and pick up, we see that there's a lot more small- to medium-size warehousing going into place. On the food-service side, if we look at the term "grocerant," food retailers are looking at ways to make their environment more engaging to retain shoppers.

// Accelerate Magazine: So you can offer grocers some of the propane equipment that foodservice people are starting to use? And for their cold storage, you can offer the ammonia/CO₂ product?

Michael Lehtinen: That's correct. We're well positioned right now.

// Accelerate Magazine: The FTE technology is beneficial in warm climates in North America.

Michael Lehtinen: I'd like to make a slight correction: FTE technology is beneficial for every climate. I'll use Rochester, N.Y.; the average temperatures there are a bit on the lower side, but it still gets really hot in the summer. Traditionally, when we've looked at CO₂ energy analysis, we've always accepted in a northern climate like that you're going to have maybe a month where transcritical CO₂ is less efficient, so on the average it nets out favorably. Now FTE is going to be able to cover that one month where you were not as efficient.

// Accelerate Magazine: What about the EptaBlue CO₂ condensing unit? There aren't many CO₂ condensing units in U.S. stores.

Michael Lehtinen: We're looking at those types of products and whether there is a demand for it. In North America, you don't see CO₂ condensing units, and there's a pretty logical reason behind it. When you're using CO₂ as a refrigerant, it's more efficient to have both low- and medium-temp offerings because you get the medium temperature almost for free if you have low temperature on the rack. There may be some retailers or other users where [CO₂ condensing units] make sense for certain applications, but right now the broader North American market is not asking for that.

// Accelerate Magazine: When will Kysor Warren Epta US start marketing in North America?

Michael Lehtinen: The marketing process has already begun. In that first month of April after the acquisition, we already started the process of changing our corporate image to incorporate Epta. We've also reached out to our strategic customers and potential customers to start discussing with them what the change means, and how does the organization look and function now, as well as giving future customers the opportunity to participate with us in how we start to interchange products across the entire Epta Group with Kysor Warren.

ATMOsphere America is going to be our first public display of the new branding, the new image and direction of the organization, so we see ATMOsphere as really the launching point to publicly show everybody how this is all going to look. First, we see FTE as a technology introduction, not a product introduction. At ATMOsphere, we'll be announcing FTE's availability and asking who wants to be the first FTE user in North America. Next will be the introduction of propane self-contained units. Finally, we see the complete transition concluding before the end of 2019.

// Accelerate Magazine: What is the biggest challenge Kysor Warren Epta US expects to face in North America?

Michael Lehtinen: The biggest challenge we've identified is incorporating two very different companies. If I look at Kysor Warren, it has 135 years of reliability. If I look at the Epta organization, it's extremely well established as an innovator and a technology leader. They develop technologies and they bring them to market and they bring them to life. So how do we put those two companies together?

Epta's got a global footprint. They have shown that new products and technologies work in different climates, and we have to find a way to show the North American user that these technologies can be a great fit also in this market. ■ MG