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Ingenuity for life

Siemens supports Pilkington's investment in energy-efficiency at zero net cost

Case Study: United Kingdom

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One of the UK's foremost glass manufacturers, Pilkington United Kingdom Ltd ('Pilkington'), part of the NSG Group, is working with Siemens Industry and Siemens Financial Services (SFS) to drive a major energy management project across its production sites. The programme with Siemens is designed to enhance Pilkington's overall energy performance, cut costs and drive a more sustainable future.

Central to the project has been an innovative arrangement between the three companies, featuring a collaborative approach to technical energy management solutions and the creation of a bespoke and innovative financing package for Pilkington in the form of an energy performance contract. As a high energy consumer, Pilkington has already implemented significant energy reduction improvements at some of its UK sites. These include new intelligent lighting solutions installed within one of the company's prime warehouse sites, leading to energy cost savings of some £120,000 (€144,000) per annum.

Prior to the new installations, the Siemens and Pilkington engineering teams carried out a series of in-depth energy audits and investigations across the company's UK-wide manufacturing sites. As a result, ten energy management projects were identified. These

projects included the installation of variable speed drives and automation controls at a Scottish production site, new pump system upgrades and a major programme to install an intelligent lighting solution at one of the company's prime warehousing locations.

Innovative funding to drive success

The collaborative approach between Siemens and Pilkington was further demonstrated by the innovative investment funding package put in place by SFS. The financing solution created by SFS has been used to support the Pilkington's energy management projects and to help it preserve precious capital for use in other areas of the business, rather than being tied up in equipment expenditure.

The agreement enabling these projects to be realised comprised of an industry-leading energy performance contract between Siemens Industry, SFS and Pilkington. The principle of the arrangement is ingenious. SFS funds the initial capital expenditure required for the projects, which have typical three year payback periods in terms of generated energy savings. Pilkington then simply makes a monthly payment which matches its monthly savings on energy costs. Effectively, this results in a zero net cost investment, and throughout



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the financing period, the company reaps the benefit from its energy-saving investment. As a financier with deep expertise in industrial technology applications, SFS is able to align financing periods and payments with the expected rate at which a client will benefit from the savings related to its equipment investments.

As individual site-specific projects are assessed, a process of ongoing review ensures that energy management successes are continually monitored and, simultaneously, new operational areas for potential savings identified. This strategic approach will see further enhancements to the energy performance of Pilkington's sites with reduced consumption leading to even lower energy costs.

Gary Charlton, Pilkington's UK Operation Director commented, "We value the relationship we have with Siemens as it helps to underpin our strategic growth and operational strategies. The current performance financing solution sees the balance collected over the term as a result of the operational savings we have made. This is a great example of innovative and tailored financing having a real impact.

"Crucially, we have not had to make any upfront capital expenditure investment to benefit from the installed technical solutions, but pay for them once we see tangible savings over time. Such flexibility is a key factor and means it is a risk free option for us. We are happy with the results so far and are keen to examine where else we can extend the programme."

With the overall programme for improvement underway, Pilkington is on target to achieve some £340,000 (€410,000) of energy cost savings annually across its UK operations. It is a prime example of how the innovative and partnership-based approach for technical solutions and investment from Siemens can generate tangible benefit for manufacturers, such as Pilkington, who are keen to address important areas like energy management, without compromising capital expenditure budgets.



- Pilkington was looking to engage an energy efficiency technology partner (Siemens Industry) in combination with an expert financier (SFS) to implement significant energy savings
- Financing periods have been aligned with energy cost savings to make the equipment investment effectively zero net cost for Pilkington
- Pilkington is on target to achieve savings of around £340,000 (€410,000) per year

