Sector Monitor Energy Efficiency 2015
Summary

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The 2015 edition is the third annual Sector Monitor Energy Efficiency published by the German Industry Initiative for Energy Efficiency (DENEFF) in cooperation with PricewaterhouseCoopers (PwC).

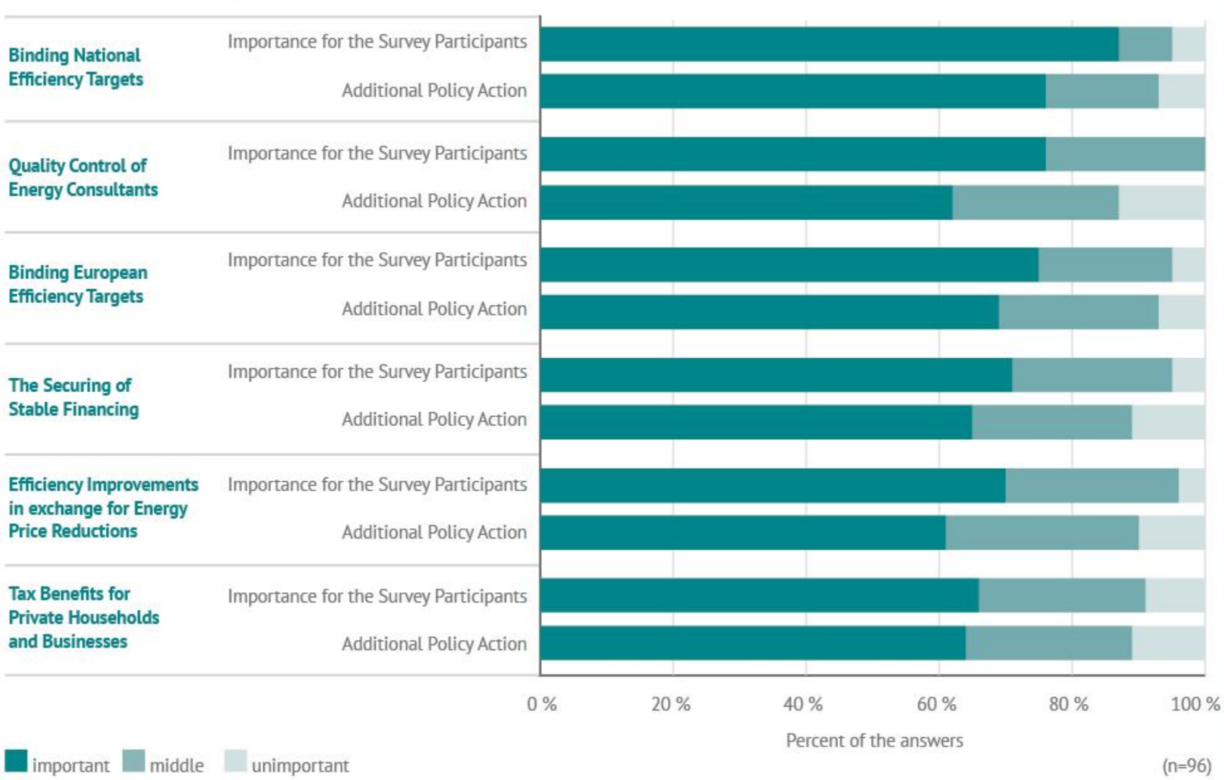
This 2015 version is based on a late 2014 survey conducted among 99 suppliers of energy efficiency products and services. It provides insight into the trends, success factors and challenges of a growing energy efficiency sector.

Regulatory developments, and economic and social as well as technical trends, create the framework and drivers of the energy efficiency market. An important focus of the survey Sector Monitor 2015 was the evaluation of individual policy instruments and measures in the energy efficiency branch. The respondents emphasized the importance for their business of long-term and strategic policy planning in the form of mandatory national and European efficiency targets.

Importance of policy instruments and the need for additional policy measures

Which of the following policy measures and instruments (existing and new) do you consider to be particularly important in establishing energy efficiency further in your business and where should the federal government continue to be active?

Selection of the most important answers



At the same time, the companies identify major additional policy action required in the areas of quality control and training. Less than regulatory requirements, the companies rely on good investment incentives. The development of energy prices and the sustainability awareness of the customers remain, from the perspective of the companies surveyed, the key drivers. In the technical field, the companies surveyed see in particular the intelligent and demand-oriented control of energy-using equipment as a central trend but also simultaneously high research and development needs.

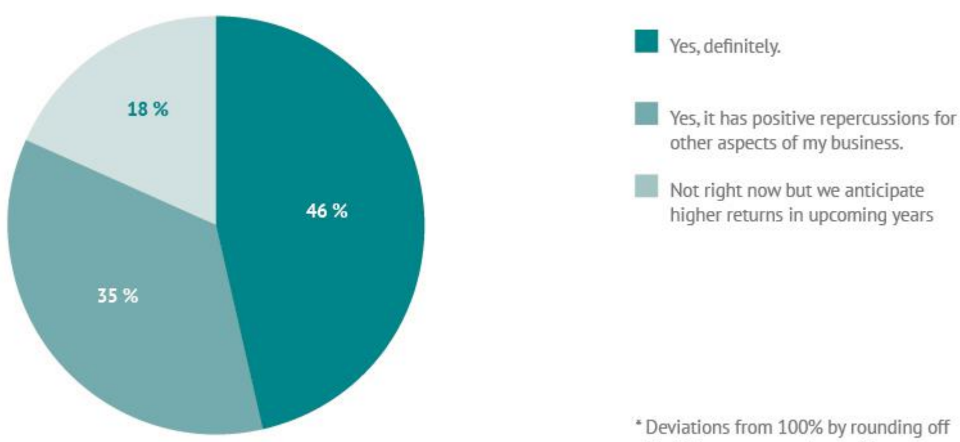
The motivations of the customers and their importance for the marketing of energy efficiency products and services were another focus of the survey. In addition to the dominant motive of cost savings, the surveyed market participants consider, among other things, the fulfillment of legal requirements, improving the image vis-a-vis the customer, and reducing maintenance requirements as well as downtimes as essential investment motives of their customers. These motives provide important arguments for the marketing of products and services offered by suppliers. At the same time, however, the survey also revealed that companies rarely conduct regular, systematic and in-depth market research to determine the motivations of their customers.

Almost half of the companies surveyed say that energy efficiency is profitable as a branch unto itself. The other half of those surveyed said the energy efficiency branch has a positive effect on other aspects of their businesses or that they expect positive returns in the following years. This evaluation is also reflected in the increasing turnover and number of employees of the companies surveyed as well as in their appraisal of market sentiment as "moderate" to "good".

Also, the availability of skilled workers is seen as partly more positive than in previous years. The respondents see core problems of the future primarily in the reluctance of customers to pay for quality products and services as well

Profitability of the Energy Efficiency Branch

From a business perspective, is the energy efficiency branch profitable?



(n=99)

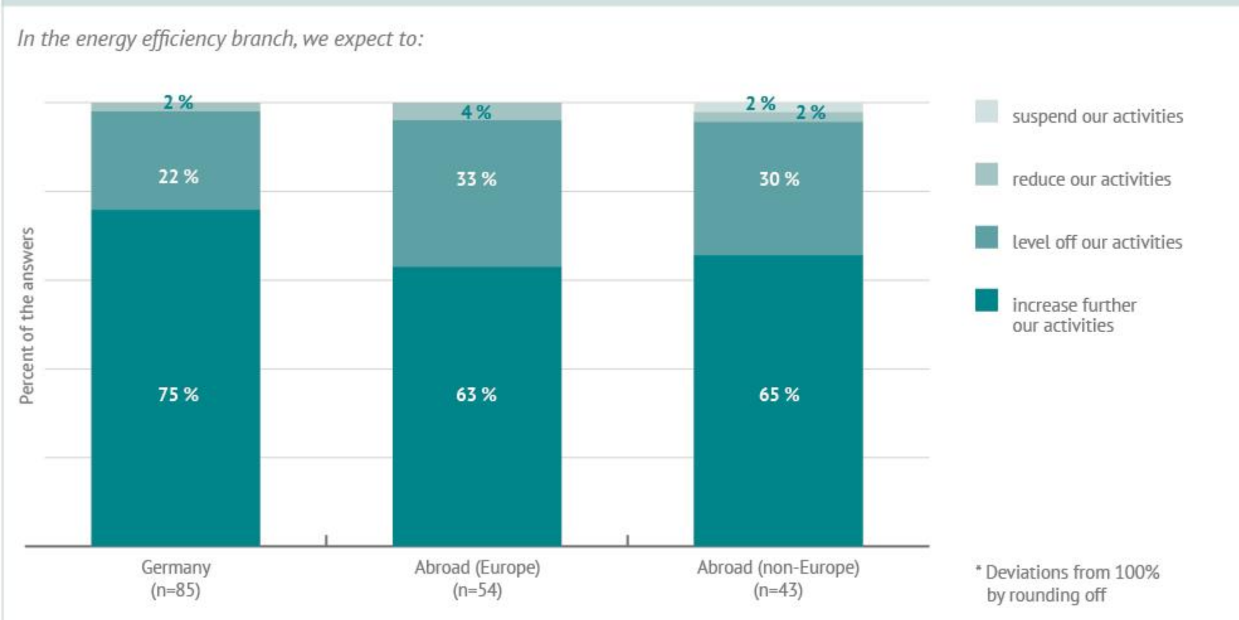
* Deviations from 100% by rounding off
Multiple answers not possible

as, despite the adoption of the National Action Plan Energy Efficiency in December 2014, continued uncertainty over policy.

Although more than half of the companies surveyed are represented with their products and services in international markets, by far the largest part of the turnover is, however, generated on the German market.

The domestic market is, for the companies surveyed, at the same time also the core area for further expansion of the energy efficiency branch. 75% of the surveyed market participants intend to expand their activities in the field of energy efficiency in Germany.

Planned Development of the Energy Efficiency Branch



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