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Breakthrough for SEM in new market segment

SEM AB, a subsidiary of the listed Opcon Group, has broken into a new market by signing a delivery agreement with Cummins Inc. The agreement covers the delivery of ignition coils for the Cummins range of large industrial engines powered by natural gas

"This is an important first order for SEM AB in a new market segment that is fully in line with Opcon's business concept of developing and manufacturing products that will contribute to reducing air pollution," says Lars-Olof Ottosson, Managing Director of SEM AB.

The market for natural gas engines, which are more environment-friendly than conventional engines, is expected to expand considerably in the US, Europe and China. This breakthrough is expected to give SEM AB a market share equivalent to around SEK 50 million per year over the coming five years.

"The products being developed have a huge market potential. We will also be offering this product, which features unique patent-pending Opcon technology, to several other major customers," says Sven G. Oskarsson, CEO of the Opcon Group.

SEM AB, which is based in Åmål, Sweden, is the largest subsidiary of the Opcon Group and recorded sales of SEK 163 million in 2001. The company manufactures different types of ignition systems and engine management systems and is the sole supplier of the ignition system used in the Saab 9-5 range. SEM AB is a world leader in ion sense technology, a method which measures and controls engine combustion via the spark plug and thus enables reduced energy consumption and reduced exhaust emissions.

Competence and technology developed over many years by SEM AB within the car industry are now being put to use in the development of a new ignition system designed for natural gas engines. Development work has taken place in co-operation with the Cummins technology centre in Columbus, Indiana, USA, and the Cummins factory in Daventry, UK. Cummins has 24,900 employees and develops and supplies engines and generator sets throughout the world. In 2001 the Group reported sales of USD 5.7 billion. Cummins has been chosen as the supplier of natural gas engines for public transport in Beijing. Intensive efforts are being made in China to reduce environmental problems, including emissions from vehicles, ahead of the 2008 Olympic Games.

The delivery agreement signed by SEM AB covers the delivery of ignition coils for the Cummins range of large, powerful natural gas engines. Deliveries will be made to the Cummins factory in Daventry. Deliveries will start during the autumn and SEM AB's ignition coils will be gradually added to more engines in the Cummins range.

SEM AB has also been chosen by Cummins to develop a new, advanced ignition system for the Cummins range of smaller gas engines, used by buses for example, which are planned to enter production in 2003.

The new product will feature unique ion flow measurement and controllable sparking developed by SEM AB.

Both of these techniques provide opportunities to reduce the amount of misfiring and thus lessen the risk of unused fuel being emitted.

"This project is a breakthrough for our new technology and it gives us the opportunity to launch innovation on a global scale together with a customer that is a world leader with a strong environmental profile," says Lars-Olof Ottosson.

A prototype featuring the new technology will be delivered this autumn.