

# Leaders in an evolving industry

*As global regulation around the use and management of refrigerants continues to evolve, A-Gas, the world's largest refrigerant recovery and reclamation company, continues to strengthen its business by pursuing an aggressive, global growth strategy. A-Gas, a UK based organization recently strengthened its North American presence with the acquisition of Diversified Pure Chem (DPC) in Texas, an industry leading reclaimer and supplier of refrigerant gases. Bruce Ernst, Head of Business Development for A-Gas (Americas) and acting Managing Director of DPC, says that the addition of DPC's processing sites and expertise allows them to even better support their US-based clients in complying with regulation in this space. DPC will be integrated into A-Gas's unique Total Solutions® programme for complete lifecycle management of refrigerants.*

Mr. Ernst points out that A-Gas has a long history in helping customers comply with regulation around coolants and fridges. The history of refrigerant regulation in general is quite interesting. Back in the 1920's, coolants and fridges were discovered to be very toxic, causing severe health complications to humans. Chlorofluorocarbons (CFCs) were the solution to address this, but decades later, were found to be the root cause of a hole in the stratosphere- commonly referred to as the ozone hole. The chemical industry then came up with hydrofluorocarbons (HFCs) as an environmentally better alternative, but

they, too, are now subject to international scrutiny and regulation. At the root of modern day regulation in this field is the Montreal Protocol, which was designed to reduce the production and consumption of ozone depleting substances in order to reduce their abundance in the atmosphere, and thereby protect the earth's fragile ozone layer. The original Montreal Protocol was agreed on 16 September 1987 and entered into force on 1 January 1989. In October 2016, the Montreal Protocol adopted the Kigali Amendment on HFCs, which commits the world's nations to significantly reduce consumption and production of HFCs.

Mr. Ernst points out that A-Gas has been deeply involved in helping with the implementation of the Montreal protocol. Now that the world transitions to the commitments of the Kigali Amendment, the company will continue to expand its services which aid in its implementation. It does this by growing its business both organically, and through acquisitions. In June 2016, A-Gas notably acquired Rapid Recovery, the world's largest refrigerant recovery company. It has since expanded the Rapid Recovery Technology to several locations around the world.

The DPC acquisition brings a number of key strategic advantages including the 40,000 square foot processing facility DPC runs in Texas. "This site hosts the largest capacity separation tower in the A-Gas arsenal, as well as blending and packaging capabilities," Mr. Ernst adds. "DPC Also has national reach with 13 refrigerant collection and distribution hubs across the US." As such, the acquisition of DPC fits in with A-Gas' ambition to expand its Total



Solutions® offerings to the Ozone Depleting Substances and related Global Warming Potential user markets, as Mr. Ernst explains. “DPC adds a key Go To Market approach in serving the contractor segment with direct cylinder exchanges. We receive their gases, and then reclaim them for future use. The DPC Rhone facility, with its separation capacity for mixed refrigerant gases, allows A-Gas to greatly expand its ability to reclaim most types of mixed gases. In addition, the blending facilities there will allow A-Gas the most cost-effective assets to manufacture all generations of the CFC, HCFC and HFC replacements to serve the developing markets.”

A-Gas customers, including both wholesalers and contractors, benefit from the acquisition as they enjoy expanded options for dealing with their halocarbon lifecycle issues, as well as greater availability of CFC, HCFC and HFC alternative products and replacements, and expanded options for end of life destruction services for ODS in the company’s state-of-the-art Plasma Arc Destruction units. Mr. Ernst says the latter is the most environmentally responsible method for permanently removing ODS from the environment, achieving 99.9999% efficiency with minimum emissions.

A-Gas plans to complete the integration of DPC by December 2017, bringing all the facets of DPC under the A-Gas Americas organization and blending DPC resources into A-Gas’s Total Solutions® offering, which according to Mr. Ernst is unique to the marketplace. The US market for refrigerant lifecycle management, specifically, is quite dynamic at the



moment as the country faces future regulations of environmentally sensitive gases including the continued phase down of R22, the old standard for residential air conditioners. In 2020, R-22 will no longer be produced or imported. After 2020, only recovered, recycled, or reclaimed supplies of R-22 will be available. As such, the merger of A-Gas existing Total Solutions® offerings with the established recovery, reclamation, manufacturing and sales expertise of DPC comes at a welcome time for many US-based wholesalers and contractors who maintain units with R-22.

In August 2017 A-Gas entered into an investment partnership with KKR one of the world’s largest private equity firms. KKR share in the management team’s vision to triple the size of the global business. The acquisition of

DPC is the first under KKR’s ownership and the eighth worldwide since 2012 for the A-Gas Group. The group now operates a total of 16 sites on five continents, including Europe, Australia, South Africa and North America.

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A-Gas Americas  
1100 Haskins Road  
Bowling Green, Ohio 43402  
USA  
Website: [www.agasamericas.com](http://www.agasamericas.com)