

Take 5: Sundyne prepares for future growth

By Keefe Borden, March 7, 2022



Sundyne is a global manufacturer of precision-engineered centrifugal pumps and compressors used in chemical, petrochemical, hydrocarbon, hydrogen, pharmaceutical and power generation industries. The company is based in Arvada, Colorado and has operations in Europe, the Middle East, India, Asia, Japan and China. It has 180 authorized service centers globally.

Sundyne recently expanded its office footprint in India. The India office was initially established to serve local opportunities and to provide engineering support for the company's headquarters, its operations in Dijon France, HMD-UK and Marelli-Spain.

Last summer, Sundyne announced that Mary Zappone had joined the company as chief executive officer.

Zappone has more than 20 years of experience leading industrial companies in sectors that include industrial services, chemicals, energy infrastructure, industrial manufacturing, distribution and equipment rental.

Prior to her current role, she was CEO and a board member of Brace Industrial Group, a provider of specialty industrial construction services. Prior to Brace, Zappone was president and CEO of Service Champ, a distributor of consumable automotive aftermarket maintenance parts and accessories.

CompressorTech2 caught up with the company's new CEO at a recent industry conference and took time to discuss its plans for the future.

Tell us a bit about your background and your experience prior to Sundyne.

I grew up in Maryland. I was trained as a chemical engineer and then got an MBA in finance. I worked at ExxonMobil, GE plastics and Alcoa (Metals and Mining and Alcoa Oil & Gas). At Tyco Engineered Products, I gained experience in upstream, midstream and downstream. Since then, I've worked with private equity companies, and Sundyne is my fourth role as CEO.

One of our key goals is to double revenue over the next five years. Sundyne plans to accomplish this through its traditional markets (refining, petrochemical and industrial), while also expanding into renewables like CO₂ Capture, hydrogen, bio-fuels and through acquisitions. That potential is why I'm here and why I'm excited.

What do you see as big-picture industry trends that you are focused on at the moment?

We serve refining, petrochemical, specialty

chemicals and industrials. And we're now getting into the hydrogen and clean energy space. Refining and LNG are definitely coming back. It's good for the markets to see gas projects getting back online. We're seeing people signing offtake agreements and encouraging that investment. A lot of projects that were being considered several years ago are now getting requoted, and it looks like that capital will start flowing this year. That's good for the industry and for us.

On the refining side, particularly in North America, refining inputs are coming back up. Permian production is up and it's hitting the highest production since March of 2020. In general, the markets are coming back. Obviously, it's been a difficult time with COVID. Fortunately, Sundyne is diversified and very big in petrochemicals and we are continuing our expansion into the broader chemical area.

The chemicals market globally has already passed 2019 levels. Other end markets are just

approaching the 2019 levels, but chemicals are outstripping that – primarily in China.

One interesting area is hydrogen. We already had our centrifugal compressors that we use in refineries for hydrogen. Our PPI diaphragm compressors are useful for the broader hydrogen market. We're looking at electrolyzers and hydrogen refueling stations. That is a high growth area for us and we're





investing heavily to match our products with customer needs.

We plan to invest significantly in 2022, both in people, sales, and engineers and capital to get that product line as a full solution for blue and green energy. The first side is carbon capture, like in our refineries with our existing customers. The other side involves new customers for Sundyne. Our solutions fit really well for them, so this is exciting for us and for the broader global environment.

What is Sundyne doing to prepare for the trends that you are seeing?

We are planning investments in blue and green hydrogen and we have product lines that support carbon capture. For green energy, we have compressors and other solutions that support electrolyzers and hydrogen refueling. We just got an order for carbon capture at a chemical plant.

On the chemical side, we continue to expand both our sealed and sealless pump businesses in support of our customer's ESG goals. Helping customers reduce their carbon footprint is a focus of ours for 2022 and beyond.

We have doubled orders by helping our end-user customers with their emissions and safety. Our team continually innovates and brings new highly engineered products to market. What's exciting for us is the focus on energy transition - we're able to help our clients in refining, petrochemical and other markets to make that transition with these new products.

How important are ESG goals to investors?

We think they are very important. There are the public stock markets, and certain pension funds or endowment funds that will only invest in ESG-friendly investments. And the broader stakeholders, including employees or customers, are very interested in ESG. We want to do everything we can to make sure we are supporting the environment. The investors do care about ESG ratings for companies. And not only ratings, but also what they're doing. For us, we are privately held, but we are supporting our customers. And frankly, whether you are private or public, you still owe it to your investors to provide updates in this area.

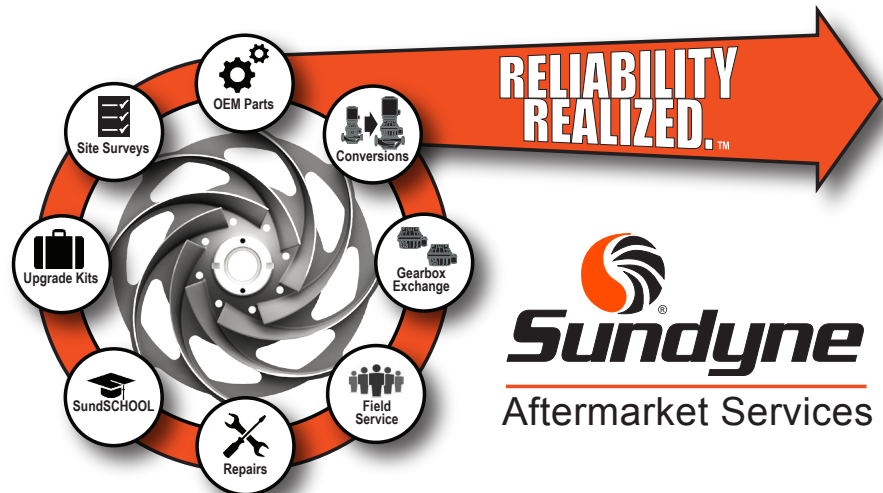
How important are aftermarket services in the gas compression industry?

Service in the aftermarket is key. We work with our customers on a proactive basis to really think about their businesses. We localize around their business through our channel partners and our distributor market. We do that in different ways. We have our authorized service centers who are OEM certified and that we highly value. We provide continuous training to not only our team, but we also provide training for our partners. We also make sure that our partners have and carry the required inventory in order to respond quickly and work closely with the end-user customers on a proactive and predictive maintenance

basis to think through what their needs will be based on their installed Sundyne products.

We work with our channel partners to make sure our customers are always thought about. If something were to go down or if something were to happen or if they want to change a product or process condition, we can react very quickly to their needs. We're not waiting for the phone call. We're always trying to help our customers proactively respond to their changing market demands.

A lot of these folks, especially in the renewable space, are big customers with names we know. Some are developers. If you look at the ecosystem that exists in the hydrogen market, it's an evolving industry. What they're looking for from us is not only products, but also that aftermarket security. They often tell us 'If I get into this business, I'm going to need somebody to help me maintain my assets and modify or augment it if I want to grow.' So that's where we come in and work closely with our customers. Similar to our other longstanding industries served, we're there for the longevity of the facility and the associated assets. Being a partner to our customers, allows them to look at different market opportunities, depending on what their needs are. So we're not just a product, we're a solution, a partnership.




Sundyne
Aftermarket Services