

## Cutting Emissions, Fueling Growth

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A company driven by software technology isn't the first thing that comes to mind with the image of coal production and combustion at utility plants.

But Stamford-based Fuel-Tech N.V. is growing - cleaning up, in fact - with a nitrogen oxide reduction technology that cuts emissions from boilers, incinerators and furnaces.

The company, incorporated in the Netherlands Antilles for tax purposes, is positioned to benefit from tightening global air pollution standards and a market shifting to cost-efficient combustion plants.

"We have found we could reduce nitrogen oxide levels by 30 [percent] to 50 percent," said Nolan Schwartz, Fuel-Tech's vice president of corporate development. "As a result, our air pollution control business has grown tremendously over the past few years."

The main reason: regulation. The Clean Air Act and related regulations have a potential impact on 700 to 800 large industrial boilers. The federal laws already required more than 1,000 utility and industrial boilers in 19 states to meet nitrogen oxide standards by the end of 2005.

With many utilities dashing to install Fuel-Tech's control systems to satisfy these laws, the company's revenues surged to \$53 million last year from \$31 million in 2004. Net profit jumped to \$7.6 million from \$1.6 million, and Wall Street took notice.

Fuel-Tech grabbed the No. 3 spot in this year's Courant Top 25 ranking of public companies based in Connecticut.

The company's fuel treatment chemical business reduces the formation of slag and corrosion in boilers and furnaces and, as a result, can prevent problems that might hinder a plant's operations. Demand could push it into markets such as the pulp and paper industries. And late last year, the company signed deals to expand into China.

In addition, Fuel-Tech's technology to aid the efficient burning of Western coal, which represents half of all U.S. coal, could be the company's home run. Fuel-Tech has its systems in about 50 U.S. electric generation plants, mainly coal-fired ones.

"As the technology has been accepted, it has been proven it works," Schwartz said.

Fuel-Tech has neither an office nor operations in the Netherlands Antilles. Still, under the Netherlands Antilles tax code, which the company will operate under until at least 2019, Fuel-Tech's income taxes are computed at a rate of 2.4 percent on the first 100,000 Netherlands Antilles Guilders (about \$60,000) and 3 percent on the remainder.

Nonetheless, Schwartz said that he expects the company, which has 11 employees in Connecticut, to become a legal U.S. entity this year. That step will allow Fuel-Tech, he said, to potentially enter the Nasdaq 2000 and widen its institutional investor base.