

NEWS

by **WALDRICH COBURG**

Investments in the Future

First investments have been made for extensive renovations which are not only convincing at the optical level.

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Management Change

After the retirement of Rolf Eckstein and Gerhard Schulz two new managers out of 'our own people' are leading the design and assembly department.

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A fully conscious choice for Waldrich Coburg

Reliability is Purchasing Argument Number 1

GMW/HPT Burg has decided to purchase two floor type horizontal milling machines of the series PowerTec HB. One of the reasons to consciously decide for Waldrich Coburg: 'We see the competitive advantage, compared with other suppliers, in the purely hydrostatic machine with no wear on the guideways and spindles,' Erich Brinkmann says, Managing Director at GMW/HPT.

During the last 14 years, GMW/HPT has invested in four Waldrich Coburg machines. Despite twenty-four hours' operation a day and 75,000 hours running time in the meantime, the geometrical values of the machines still comply to the values stated in the final acceptance protocol.

'These clear facts were the reason to buy our machines from Waldrich Coburg,' Mr. Brinkmann explains. After all, the availability of the machines lies far above 90%.

And the user-friendly design of the complete spindle bearing of the new machines – which is very easy to assemble – convinced the GMW/HPT management.



Norbert Brinkmann, Erich Brinkmann and Frank Klingner (from the left to the right) decided for Waldrich Coburg.

An important Market

Representative Office opened in Moscow

With its opening of a new representative office in Moscow, Waldrich Coburg emphasizes the importance of the Russian market for its future marketing activities.

The Russian market plays an important role in the global marketing strategy of Waldrich Coburg. Thus, maintaining a representation there is a logical consequence. Our new Moscow bureau offers faster communication in the market as well as more efficient customer service.

Information concerning the new office in Moscow, or all other international marketing and service centres, is available on our web-site.



Business runs well

Elektro GmbH is a Real Live Wire

Newly founded and already a positive balance: the subsidiary founded in February, 'Waldrich Coburg Elektro GmbH', has already yielded absolutely satisfactory results.

Eight employees at Elektro GmbH are plugged in and ready to go. Due to the positive economic development in the tool machine industry, the capacities of the Elektro Team are engaged to the fullest extent.

This 100% subsidiary corporation of Waldrich Coburg is already capable of carrying out all the orders for electrical cabinets and corresponding

technical services required by the company. Moreover, commissioned work can also be taken on from external customers, though at a lesser volume.

To the extent orders keep coming in at the present level, our team will be enlarged by additional personnel in order to further increase productive capacity.

EDITORIAL



Highest Number of Incoming Orders in Company History

In the year 2006 Waldrich Coburg wrote company history: Never before did the company receive more orders than in this year. Thus, we are well on our way towards increasing sales by 30% in the year 2007, as well as breaking the 100 million EURO limit.

The total number of orders received already extends into the year 2008, and we are confident this upward trend will also continue beyond that date. The reasons for this certainty are the statistics reflecting a positive economic development as well as our exceptional competitive skills.

Thanks to the employment of new co-workers in all business units and the utilisation of all available resources, we are more than certain to achieve these objectives. Even more, we will expand and renew our service department.

Due to numerous practical measures, we have succeeded in significantly improving our overall profit status. As a consequence, we are simultaneously in a position to undertake further important investments capable of increasing our equity by a substantial amount. In this way, we have laid the decisive foundations of a secure future for our company.

In the meantime, since 2005, Beijing No.1 has been our shareholder. In contrast to the negative impressions often associated with Chinese business activities, we can only attest to a wholly positive business development in this connection. The German management remains in a position to guide the course of business activities in a determinative way with short-term decisions. "Waldrich Coburg remains Waldrich Coburg" is still a central and consistent principle for our business practices.

Whenever customers have purchased Waldrich Coburg machines, they also have the guarantee they have purchased a 100% Waldrich Coburg product. Further activities, such as the manufacture of cooperation machines and the joint development of new products, have already begun in part, or are still in the preparatory stage.

We will keep you informed about these further developments.

A wish for enjoyable reading from

Yours Truly,

Hubert Becker



The first renovations have been carried out: also the extensive restoration of the facades.

Renovation Works at Waldrich Coburg

Investments for the Future

Waldrich Coburg presents its plant in resplendent form: In the course of a comprehensive renovation programme, initial investments have been made which are not only convincing at the optical level.

The first practical measures and their immediate results can already be identified at a distance with the unaided eye: For example, the intensive ren-

ovation for the facade of the company building. The new coloration allows the plant to shine in all its splendour. The exterior grounds – which were partly laid anew – round off the fresh and positive overall impression.

Further projects are less sensational in an optical sense, but are all the more dramatic in their effects: Investments in the machine park and the trainee workshop, computing

center, as well as the implementation of a new ERP-system guarantee that WaCo will be able to do justice to the high expectations customers place on products and services for a very long time to come.

On a mid-term and long-term basis, various other measures have been planned to raise the quality standards of all facilities to the highest degree.

Represented Around the World

Successful With Innovative Fair Booth



The new booth has been designed with company Top-Messebau.

In cooperation with company Top-Messebau, Waldrich Coburg has designed an innovative fair booth which was unveiled at the METAV for the first time.

The concept for the new WaCo booth was well received, and therefore, will be used at all important European fairs.

In 2006, Waldrich Coburg was represented at fairs in Russia, Germany, Italy and in the USA. The presentation of new products as well as maintaining business contacts were the main focus.

In 2007, Waldrich Coburg will be attending the CIMT at Beijing, China and the EMO in Hanover, Germany. Current information can be obtained at www.waldrich-coburg.de

HUMAN RESOURCES

During this year we increased our headcount by 52 employees, whereas 36 work in the production, 5 in the design dept., 7 in the Marketing and Service Dept. and 4 in the Administration. In total Waldrich Coburg counts 569 employees at the moment.

Additionally, we would like to greet at the onset of the new trainee year on September 1, 2006: Seven industrial and two commercial trainees.

Retirees:

Rolf Eckstein (July 2006) · Gerhardt Schulz (June 2006)

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MMG sets gantry type milling machine in operation

The largest Ship Propellers will be machined on a Waldrich Coburg Machine

Since 1974, the Mecklenburg Metallguss GmbH (MMG) has been machining propellers on gantry type milling machines. In order to comply with the steadily increasing size of propellers, and to machine them with the required accuracy and efficiency, a Waldrich Coburg portal milling machine was put into operation in November. As a result, almost 200 propellers can be manufactured annually.

MMG can rely on Waldrich Coburg: The newly purchased Portal Milling Machining Centre (10500 FR-S2) from the series PowerTec is able to machine propellers with a diameter of 10,500 mm and a clearance height of 3,500 mm with a power of 113 kW – to name just a few of the exceptional technical characteristics of the machine. With this new gantry type milling machine, MMG plans to manufacture up to 200 propellers a year.

MMG is market leader in the design and manufacture of ship propellers. 25% of the world market is covered by MMG and for propellers heavier than 80 tonnes the market share even amounts to 60%.



At MMG – the Waldrich Coburg portal milling machine 10500 FR-S2 allows the machining of propellers up to a diameter of 10500 mm.

No wonder, that the largest shipyards of the world rely on the Mecklenburg company. Thus, for example, the

largest twin-hulled tanker with a capacity of 400,000 m³ is driven by an MMG propeller as well as the fastest

container ship with a storage space for 13,000 containers. But that's not all: the world's largest propeller –

weighing 131.5 tonnes with a driving power of 120,000 hp – comes also from MMG.

Berthold Hermle AG receives jubilee model

The 50th MultiTec has been ordered

The 50th machine in the MultiTec series goes to the machine tool factory, Berthold Hermle AG. This is a jubilee which emphasizes the solid functionality of the Waldrich Coburg machine type.

When the MultiTec series was introduced in 1999, no one at Waldrich Coburg was expecting the potential this innovation was holding and that a true success story had just begun. Now, the jubilee model goes to a long-year business partner. Hermle AG in



Gosheim has been a Waldrich Coburg customer since 1986. A portal machining centre from Waldrich Coburg has already been in operation at the Swabian company for six years, and has proved itself to the fullest of expectations.



The 50th machine of the MultiTec series goes to Berthold Hermle AG.

After the Flood

Reorientation at RUAG AG

by Dr. Viktor Haefeli, Managing Director at RUAG AG Altdorf

After a period of continuous rainfall on August 23, 2005, our firm RUAG AG Altdorf in Switzerland was completely swamped. As a result, the production facility we had erected in the year 2000 with its 5 MultiTec machines from Waldrich Coburg stood more than 1.5 metres under water. This meant for us a catastrophic development of unbelievable proportions. For a long time it was unclear whether or not operations would be able to resume at all at our facility in Altdorf.

After October 2005, negotiations to clarify the situation took place with both our associative partner and the insurance company, and strategies were developed as to how restorative measures could be implemented, and how at the same time a reorientation for the future could be realized. Our supplier of many years, Waldrich Coburg, assisted us in this emergency situation with all their professional resources and expert skills. At the beginning of February 2006, we were able to negotiate the restoration and modification of three MultiTec machines with Waldrich Coburg.

An essential element of these measures was the modification of the MultiTec machines in order to increase their machining efficiency. In practical terms, this meant higher performance and higher speed drives with reduced downtimes by means of an automatic attachment and tool changing system, as well as improvements on the machine housing and last but not least an optimized chip conveyor in order to provide a smooth chip transport.

As early as the onset of June 2006, the first machine was put into triple-shift operations, the second at the end of June 2006, and the third – into which a turning and positioning table had also been integrated for the pal-

let carrier – at the beginning of August 2006. All machines are currently functioning to our utmost satisfaction.

Of course there is much more to report. In addition to this, we ordered a MasterTec machine in March 2006, which we plan to set in operation by May 2007. Furthermore, in April 2006 Waldrich Coburg committed itself to the delivery of a multi-functional pallet transport system capable of integrating three MultiTec machines, one MasterTec, a DMG (Deckel Maho Gildemeister) DMC 340 FD, a measuring system, as well as the corresponding loading and buffer stations with one another. This system is also capable of transporting round pallets with diameters between 2,500 and 3,000 mm, as well as right angle pallets with the dimensions 2,000 x 3,000 mm and 2,250 x 4,000 mm. A further feature is the logistical advantage that the machines remain at a distance of approximately 3.5 m from the pallet transport vehicle, which means that only 250 mm of construction space – from the upper edge of the hall floor to the lower edge of the pallet – have to be utilised, and thus, as is usually the case in similar situations, it is not necessary to build an own foundation. Based upon the extensive experience gained through the successful installation of many machine systems in

the past, Waldrich Coburg will also redesign the entire electrical system encompassing the automation processes as well as the system control for the machining process management. This is a worthy challenge for Waldrich Coburg, which likewise presupposes engineering performance of the highest calibre. The assembly works will begin in December 2006, and – in its upcoming company newspapers – Waldrich Coburg will keep you further informed about the inception and development of a production site which is assuredly one of the most modern and flexible of our times.

It was not at all self-evident that the Waldrich Coburg concern would provide us with essential advice and practical assistance in an expeditious and uncomplicated manner after this immense damage caused by flooding. Without such a completely reliable partnership, we would not have been in a position to resume our manufacturing operations for large part machining so quickly and with even more effectiveness.

I would like to use this opportunity to express my heartfelt thanks to Mr. Becker and all Waldrich Coburg co-workers for their exceptional support and excellent performance.

Dr. Viktor Haefeli



New managers: Klaus Bauer (left) and Matthias Dill (right) have taken over the responsibilities.

Eckstein and Schulz retired

Management Change in Design and Assembly Department

Farewell and a Warm Welcome: After the retirement of Rolf Eckstein and Gerhardt Schulz, two of 'our own people' will replace them: Klaus Bauer is now manager of the Engineering & Development Department and Matthias Dill manager of the Assembly Department of Waldrich Coburg.

Hubert Becker, Chief Executive Officer is also very satisfied that these vacancies could be filled with 'own people': 'High standards for our design and production technology are thereby guaranteed for the future as well.' Both graduate engineers had already leading positions in the company for

several years. Klaus Bauer was head of the mechanical design dept., whereas Matthias Dill had previously been project manager and deputy manager of the assembly dept. The retiring executives Rolf Eckstein and Gerhardt Schulz are leaving the company after 42 and 51 years of dedicated service. Both gentlemen had started their careers as trainees at Waldrich Coburg, and were among the pioneers who have driven the transition from simple machine tool design to a high-technology product. We wish both gentlemen all the best for the future and would like to express our gratitude for their successful work of so many years.

Opportunities for young people

Vocational Training is an Investment in the Future

Vocational training is written in capital letters at Waldrich Coburg. After all, the company requires high-qualified employees for the manufacture of their technology-advanced machine tools. That is why Waldrich Coburg invests in vocational training on a regular basis.

Now, the acquisition of a high-precision lathe for the training workshop once again represents an investment in the future. This new machine allows on-the-job training in CNC-systems. As the training machine is equipped with the same control system like our production machines, the trainees are in the best possible position

to acquire practical skills, especially in the production of lathe work parts. The high degree of training quality at Waldrich Coburg has proved itself through the positive results in final examinations. As a rule, our trainees can be found among the best in our Chamber of Commerce district. Additionally: This year it has also been possible to offer young people an apprenticeship at Waldrich Coburg, namely, seven training positions in the production and two in the administration area. And that isn't everything yet: During the coming year, Waldrich Coburg will offer even more young people the opportunity to obtain top-quality vocational training.



The RUAG plant in Altdorf after heavy rainfalls in 2005.