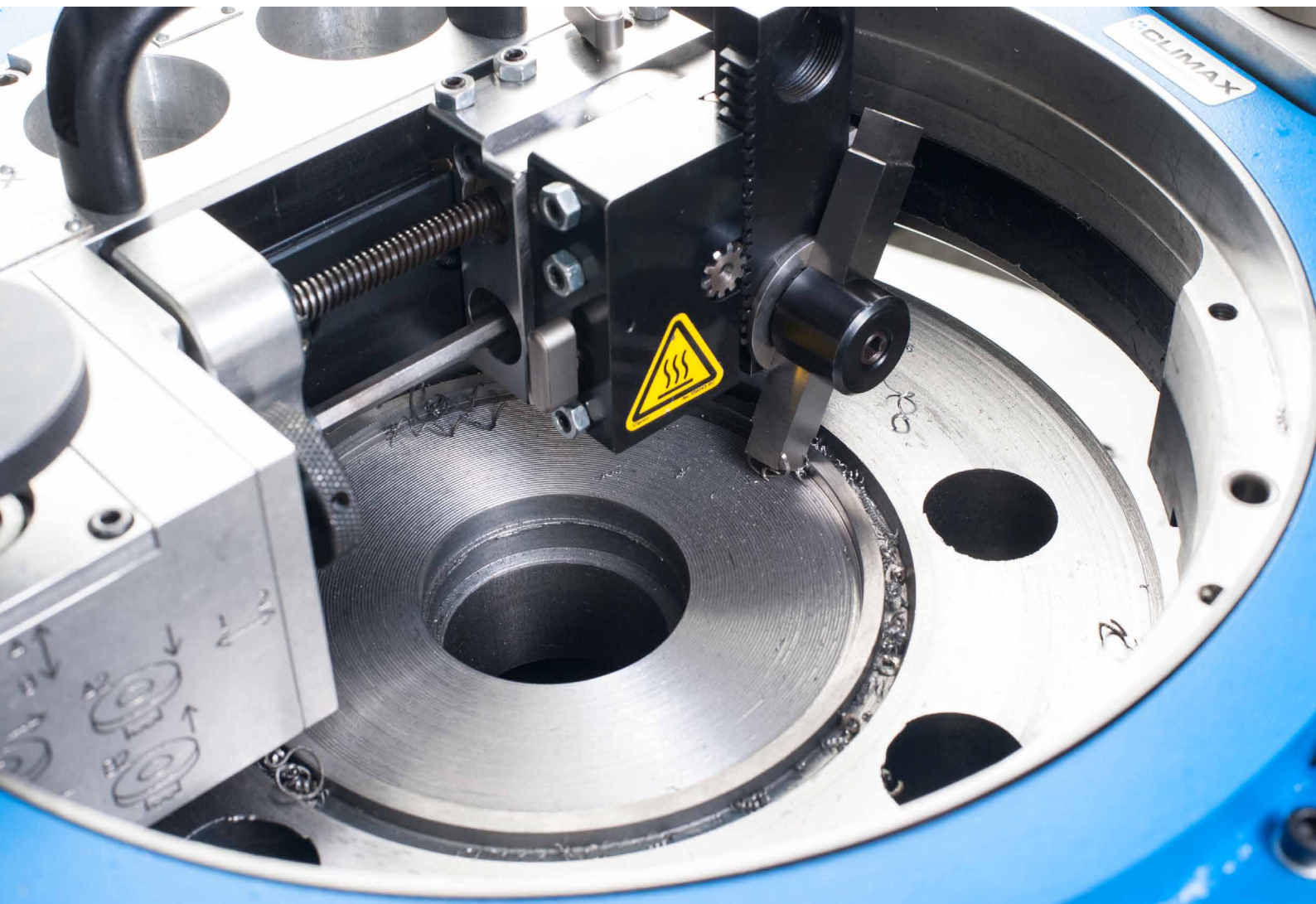


CLIMAX



AS FEATURED IN BUSINESS IN FOCUS
MAY 2016

50 YEARS of INNOVATION

This year marks CLIMAX Portable Machine & Welding Systems' fiftieth year in business. The pioneer and trendsetter in portable machining technology is currently expanding into new markets and is bringing out four to five new products this year.

"This is not the end of a wave of investments in the business; it's the start."



Written by Mark Golombek

The company has a highly-trained workforce with equally skilled and efficient after-sales support. We spoke with President and Chief Executive Officer Thomas Cunningham and H&S General Manager and CVP of Business Development Dave Baker to find out more.

Paul Strait first created the Model 65 Key Mill (a small machine able to cut full depth keyways or mill flats) based on his experience in maintaining sawmills in California and Oregon. He started a little machine shop in and began limited production of his key mill. The device saved so much downtime for saw mills that it became widely sought after, and CLIMAX was born.

"On May 31, 1966, the company was incorporated, and we sold 150 key mills in the next two years," says Dave. "The company moved to Newberg, Oregon, home to our current global headquarters. In the sixties and seventies, we started marketing the portable machine tool concept and sales continued to grow and expand into international markets." The eighties saw CLIMAX develop portable mills and machines for boring, while the late nineties saw the company open European headquarters in Duren, Germany.

Since then, CLIMAX has expanded its manufacturing capability, acquired three companies (Bortech, Calder Testers and H&S

Tool) and expanded sales channels to twenty-one sales and rental locations with over fifty licensed representatives worldwide. From a small family workshop, CLIMAX has developed into a global company.

Much change has taken place over the last eighteen months. It opened the new Asia Pacific regional headquarters in Singapore and Middle East headquarters in Dubai. CLIMAX transformed a small sales presence in the UK into a full-fledged UK headquarters in the Manchester area. "It has a customer training centre, large rental depot, on-site applications engineering and ►



Thomas Cunningham
President and Chief Executive Officer of CLIMAX



Dave Baker
H&S General Manager and CVP of Business Development

▶ technical support and complete workshop for equipment repair and maintenance,” explains Dave.

Significant investment has been made in the US Gulf Coast region. It has opened a sales and rental depot in Louisiana, while more than doubling the rental fleet and service capabilities at its Houston location. It has doubled its worldwide network of distributors this past year and has, by far, the largest and most capable network of experts serving this industry. CLIMAX has also greatly increased its presence in places like Australia, Canada, Russia, France, Norway, and the United States.

“And what’s really interesting: this is not the end of a wave of investments in the business; it’s the start,” shares Tom. “We have a three-phase investment plan, and we are about halfway through phase one.”

CLIMAX’ rental business is also growing, and Dave says that there are several reasons why customers rent its tools. Renting is the easiest way to ‘test drive’ the equipment, and try specific equipment before buying it. Customer’s job requirements are always changing, and they may not have the right equipment or enough equipment to get the job done. Renting from CLIMAX gives customers the ability to secure the equipment they need when they need it.

“No other OEM (original equipment manufacturer) or business offers the full suite of CLIMAX. Bortech, Calder and H&S products. Because we manufacture the best tools in the

business, renting provides our customers increased access to our fleet of over 2,500 rental tools from twenty-one rental locations across the globe.” As an OEM with products made in the US, CLIMAX takes pride in ownership and upkeep of all rental equipment. It has invested much energy in ensuring that the rental tools and technicians are the best in the business.

For CLIMAX customers and the mission-critical applications of their tools, merely good customer service is not good enough. “I can get ‘good’ customer service at my grocery store, or when I get an oil change,” Tom says. “For our customers, and the kinds of pioneering products we provide, and the mission-critical applications our customers use them for, ‘good’ service isn’t good enough! We strive to provide an **outrageously** good customer experience, end to end, all the time!” Worldwide, the company’s army of full-time employees and an extensive network of distributors provide expert training, applications engineering and technical support for the equipment.

Tom cites one man in particular who has been an industry icon and star member of the CLIMAX team for over thirty years: Jim Miller. “If it’s important for portable machining, Jim knows about it. If he doesn’t know about it, it isn’t important! His whole team is tremendous, so is our legendary engineering and R&D team which has hundreds of man-years of combined experience in portable machine tools, welding systems and valve test systems. Competing against CLIMAX is tough, and getting tougher all the time.”

CLIMAX has one of the most talented and experienced engineering teams in the industry. It is second nature to them to produce custom machines along with the new standard products that are unveiled every quarter of a year. These innovative portable machine tools hold impressive tolerances over large distances and give beautiful results in the metal.

“That’s what the brand is built on: innovation, performance, quality and durability, backed by outstanding service and support and especially when very complex or difficult applications are concerned,” says Tom. “We invest a lot in R&D and product development. This team is at the heart of what we do: the shining jewel in our crown. There aren’t many people in the world who know how to design and build and support these kinds of advanced tools – **and most of them work for CLIMAX!**”

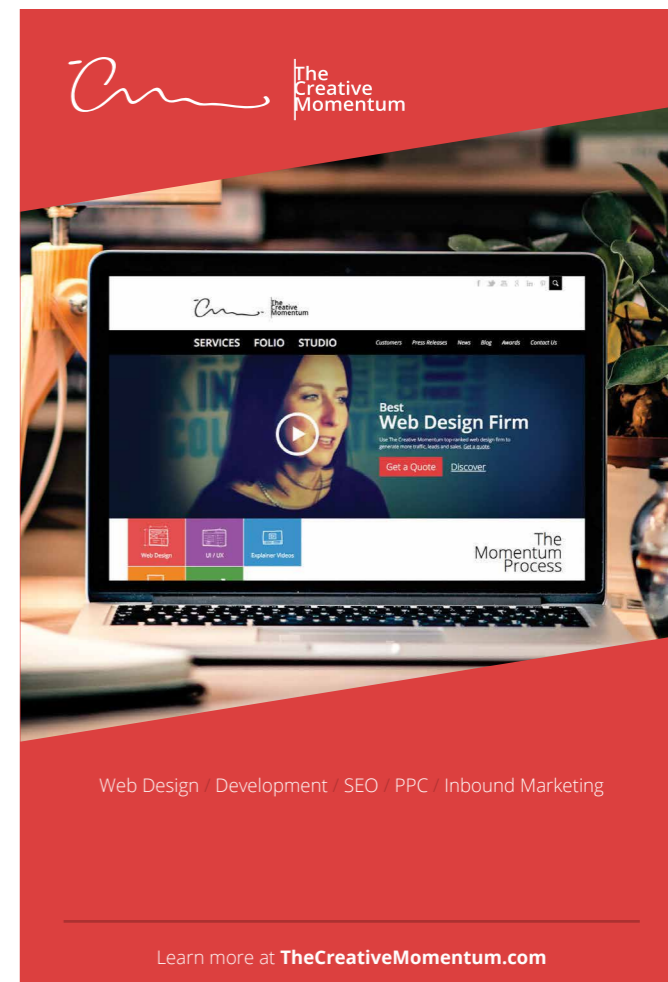
Even the best have challenges and the main obstacle for CLIMAX is due to softness in some of its core markets. Oil and gas, mining, heavy construction and shipping are all sluggish right now, and some regional economies are struggling with uncertain financial and political environments. However, Tom sees opportunities amidst this.

“A harsh winter thins out the herd, and many of our competitors are cracking under the pressure while we are doing just fine: financially solid, making smart investments in our future, making our global organization leaner and more efficient and enhancing literally every aspect of our business.”

Just because CLIMAX is the industry leader does not mean that it can rest on its laurels. Marketing efforts have intensified with new websites, designed by The Creative Momentum, that have launched within the past six months for H&S and CLIMAX. These sites are very comprehensive and contain a lot of added content for customers.

CLIMAX is on schedule to launch at least one innovative new product every quarter and is opening new sales, rental and services channels all over the world. The global rental fleet has been fortified, and there has been investment in factory technology and business infrastructure, as well as strategic acquisitions and alliances.

“The company is committed to providing what it calls an ‘outrageously good customer experience’ for every customer interaction.”



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“Our marketing is very good, in my opinion, but that’s because we have a terrific marketing team, and we are giving them so much new and compelling content to work with. The main problem for our small marketing team, in all honesty, is keeping up with it all.”

CLIMAX enables customers to get work done faster, more safely and more cost effectively. Conventional stationary machining can be complicated and involve a great deal of unnecessary effort and work. By using portable machining and welding systems, the customer can bring the process directly to the job, often without disconnecting a piece from its system while maintaining possession and control of their part. The user can easily re-machine the piece, as needed, on site, until it is right. ▶



▶ Three years ago CLIMAX, was acquired by the private equity firm Industrial Growth Partners (IGP), based in San Francisco. "IGP has provided ample investment, advice and support for everything we have done, including our recent acquisition of H&S Tool. It is a smaller fund, but they vastly out-punch their weight in the private equity industry. They bring tremendous resources, experience and support to the mid-market manufacturing businesses they own, and this has certainly been the case for CLIMAX."

"CLIMAX and H&S TOOL are both independent 'pure-play' OEM companies, meaning that we provide the equipment and end-to-end solutions around that equipment such as customer




spare parts, cutting bits and tooling, technical support, equipment maintenance services, and so forth," explains Tom. "Unlike our competitors, we aren't owned by an on-site service company and therefore we never compete with our customers."

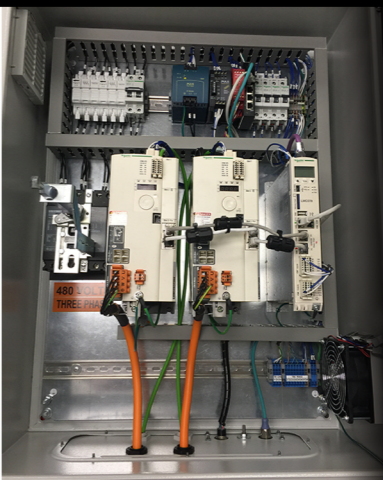
Fifty years is a milestone that few companies reach. Tom emphasizes that, while it will be celebrated, there is a much more relevant aspect to drive home. "Show me a genuinely great company, and I'll show you a company that has reinvented itself and looks forward to doing it again! *That's* how we are celebrating our 50th anniversary, by reinventing ourselves, by becoming the "new #1" of the next 50 years!" he says.

"You know, we're so focused on the next 50 years that we have to remind ourselves to pause and celebrate the tremendous things this company has done so far! This is still a young industry, and we are still a young company at heart – passionate about what we do, hungry for more, fiercely competitive, and enthusiastic about the future. What I intend to do to celebrate our 50th anniversary – aside from throwing a party and so forth – is to remind all our people that we are #1 for a reason. We





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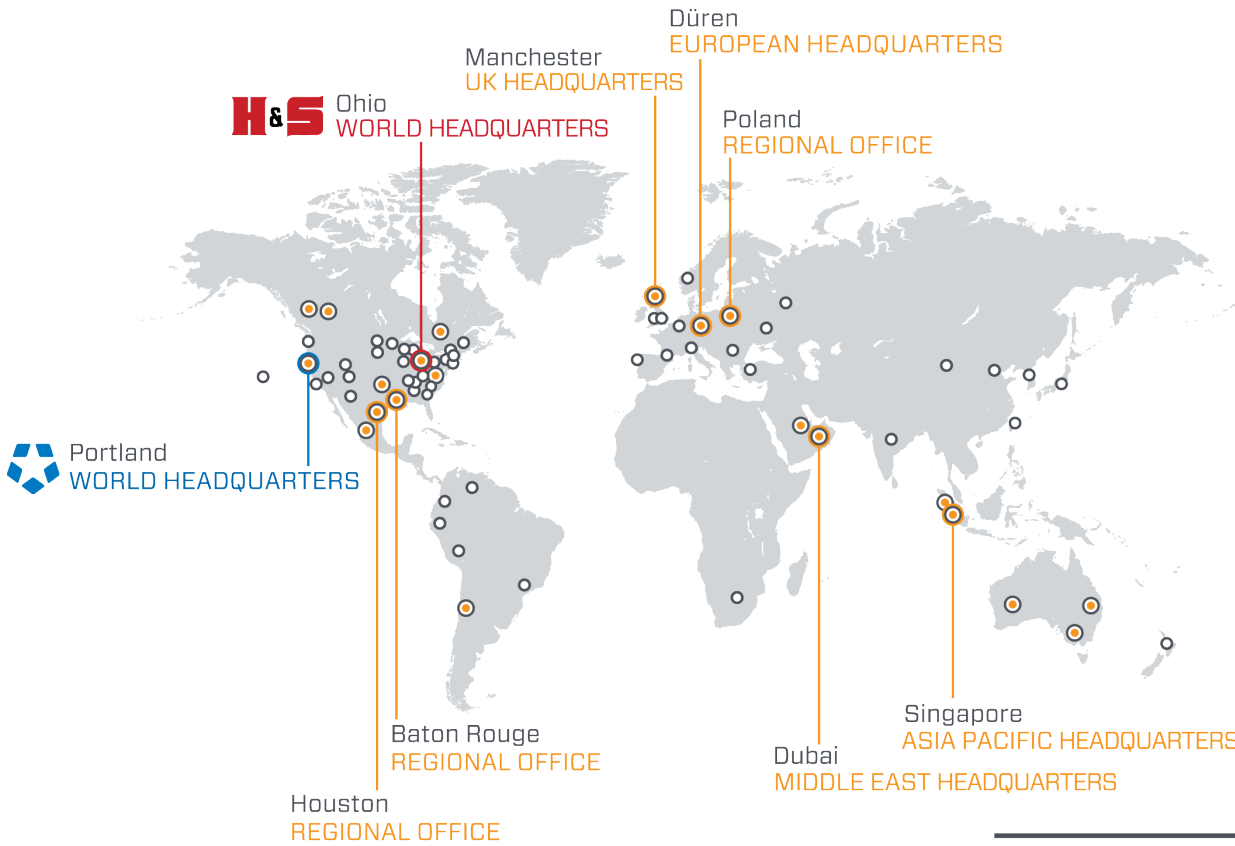
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didn't get here by accident. And the future won't be built by accident. It will be built on the fact that we do only *one* thing, just this one small niche in life, and we are the best in the world at it! It may be a small thing, but it's *our thing* – we invented it, we love it, we live it, and we do it better than anyone else!

"That is very inspiring to me, and I know to our employees as well – the fact that we are *the best* in the world at something, something *that matters*, something that *helps people*, something that makes people say, 'Wow, that's incredible, how do they do that?' That inspires the kind of passion and die-hard effort that has made CLIMAX the clear #1 in the industry. You can't buy that. You can't fake that. It's less about *what you do*, and more about *who you are* as a company. The only strategy available to us at this point in time is to start at the top and work our way up from there – that's what this 50th anniversary is about: celebrating that we're #1, but not being satisfied with #1; rather, to reinvent what #1 is all about." ■

"Show me a genuinely great company, and I'll show you a company that has reinvented itself and looks forward to doing it again! That's how we are celebrating our 50th anniversary, by reinventing ourselves, by becoming the "new #1" of the next 50 years!"





- Field Sales Locations
- Field Sales & Rental Locations

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