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LIGNA 2013

Takema Isogaya, General Manager, Sawblade Division

Ligna 2013 was held successfully with more than 90,000 visitors in Hannover, Germany from May 6 through 10, 2013. It was the 12th time for **Kanefusa** to attend the show since 1991.

The main **Kanefusa** event during the show – the **Kanefusa** technical meeting – was held with 49 guests attending from all over the world at the RadissonBlu Hotel in the evening of May 6, 2013.

I found the occasion very meaningful as I could meet many partners whom I have not seen for a long time. What I strongly feel every time at Ligna is that **Kanefusa** has been rich in connections with truly good partners who allow us to work worldwide. I hope to improve the connection even more for building more win-win relationships.

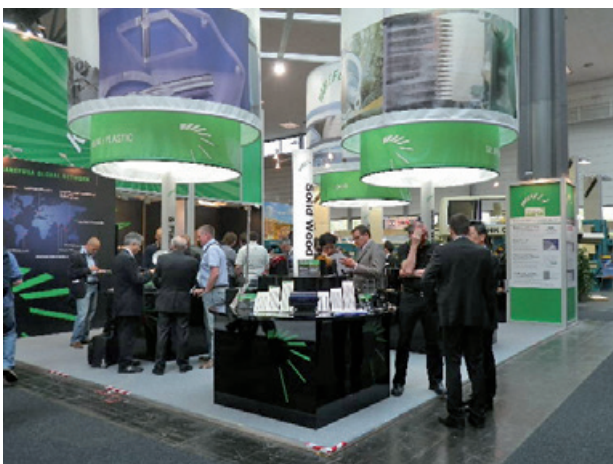
Kanefusa's concept of the show this time was Speed & Yield + **Kanefusa** for Sustainability. The concept was to promote products for improvements in the field of yield for the environment and customer's productivity. New products such as "Uformer" and "Nova Panel" were introduced at the show, however some products are not immediately available and the sales planning for the future was lacking, which should be improved next time.

I listened to customer opinions and suggestions and checked on the up-to-date technology of competitor products and machine manufacturers. From an engineer's point of view, I realized again that there still is a gap between customer requirements and the reality and that there is no end for the pursuit of technology improvement.



Finally, we will offer our customers even more hospitality next time and are confident to introduce new technology to answer our customer's expectations. I look forward to meeting many of you again at next Ligna.

Next Ligna starts on May 11, 2015 through May 15, 2015.



↓↓ Foundation of the New Fo Shan Branch and the Current Chinese Market in General

Toshikazu Takai, Tomoyuki Ueda, Kunshan Kanefusa Corporation (KFC)

The second branch of KFC, “Kunshan **Kanefusa** Corporation, Fo Shan Branch” was founded in April, 2013, after Tianjin branch in 2012. Fo Shan branch is located in the Guangdong Province in Southern China, which is called “Pearl River Delta”, one of the most populated areas in China. Pearl River Delta is a name for an estuary surrounded by Guangdong, Hong Kong and Macau, and well known as one of the most industrialized manufacturing areas in the world. Fu Shan City, where the new branch is located, lays strategically adjacent to Guangdong City. There are a number of foreign manufacturers including Japanese companies in the field of Automobile and Computer in this area. Thus the Pearl River Delta is a very attractive market.

The Fo Shan branch is a sales office with re-sharpening facility for high quality and quick maintenance service. This is made possible by our high tool manufacturing technology now available to the fast developing industrial area. With these advantages, the Fu Shan branch is established to earn customer's satisfaction and increase sales in the area. Until now our headquarter in Kunshan has offered sales support to this area, but the Fo Shan branch will improve sales mobility in the area and offer quicker and higher quality support and after-service. All the necessary registrations as regards to establishment of the branch and re-sharpening facility have finished at the middle of May 2013, and – as scheduled – the branch started sales activity from June, 2013.

There are three major markets in Southern China, where the Fu Shan branch is located: Automobile parts manufacturing, resin treatment and wood processing (Wood Panel Furniture). Major Japanese automobile manufacturers own their factories in the area, thus there are a number of automobile parts suppliers for them as well.



We have been promoting sales of non-ferrous Cold Saw Blades for gate-cutting of engine heads and engine blocks and diamond router bits for bar removal for major automobile corporations. For parts processing companies, we have been promoting FM Cold Saw Blades for major parts companies that manufacture crankshaft and gears. The sales have been increasing not only for Japanese companies but also for Chinese domestic manufacturers in cooperation with our strong dealers. The sales of BW saw blades are boosting for Chinese leading automobile exterior manufacturers as they are getting a great value from **Kanefusa's** BW type saw blade. For these customers, the branch will offer re-sharpening service to earn customer loyalty, and the new branch will consolidate the existing markets and boost sales in that area.

In plastic and resin processing industries, Taiwanese PC manufacturers, cellphone OEM manufacturers and LCD television manufacturers are concentrated in the area. There is a big demand of plastic saw blades for this area. **Kanefusa's** AB type saw blade is well known in this particular market. The Fo Shan branch will offer a high quality re-sharpening service for this market.

There are still many major furniture manufacturers and woodworking markets to serve. We started market research on the woodworking industry to find an approach to gang rip saw blades and beam saw blade markets through superior woodworking machine manufacturers and dealers. As stated above, the “Pearl River Delta” is a very attractive market with the above-mentioned demands, but there are many markets we have not discovered in Southern China yet to expand sales in inner China such as the Guangxi Province, Guizhou Province, and Yunnan Province. We will carry out marketing and sales strategy to pioneer markets in the area starting from the Fo Shan Branch for further business growth in China.



↓↓ Nova Panel

Naoto Kato

"Nova Panel" is a newly developed PCD (Polycrystalline diamond) saw blade for woodworking beam saw (Panel Sizer) machines mainly for developing countries.

We came up with an idea of developing the product when I visited a major board furniture manufacturer in China. The customer operated 24 beam saw machines 24 hours (3 shifts) a day in cutting MDF for furniture production. They were using local saw blades that last only 3–4 hours. Cutting life of resharpened saw blades is unstable, so they had to run their machines with 7–8 saw blade exchanges a day. There were 180 saw blades for changing and re-sharpening at the factory a day.

Obviously this situation requires complicated stock management with such a short lifetime of saw blades for so many machines – the downtime for saw blade changes was therefore a big issue.

In Japan, the common solution is to use Board Pro 3 or PCD saw blades. In China, however, quality of resharpened TCT saw blades is unstable, not to mention the quality of resharpened PCD saw blades.

We realized that resharpening of Board Pro 3 saw blades in China would cause many quality problems. Even if **Kanefusa** China had re-sharpening facilities, it is 2,500 km away from the user – that would require a long transport time and even higher costs in stock management.

This is how we got the idea of developing maintenance free saw blades with a much longer lifespan. Non resharpening saw blades make the saw blade stock management easy.

What the user needs to do is only a quantity management of new saw blades. As it does not require resharpening, all saw blades work constantly. What users need to do is to forecast how many new saw blades are necessary based on production volume and to keep the appropriate quantity in stock.

The best way to make saw blade life dramatically longer is to switch to PCD saw blades. However, PCD saw blades catch resin at the tooth edge that causes burning on material surface. Burning affects often the life factor of saw blades – this happens even before the wear limit of the edges is reached.

The most important challenge is to achieve cost effectiveness over local TCT saw blades. Local TCT saw blades were very cheap on the Chinese market. It was not the best idea to promote conventional PCD saw blades without resharpening. What we had to do was to develop higher quality saw blades with much lower production costs. As a result, with an effective resin prevention feature, the new Nova Panel achieved a 50–80 times longer life compared to TCT saw blades.

Even in developed countries, we believe that "Nova Panel" has an advantage in the industry segment where there are many teeth breakages and high repair costs of PCD saw blades for cutting Particle Board.

Also, we found another application for this type of new sawblade to solve the problem of cutting residue adherence on tooth edges in cutting cement boards, so we developed a new sawblade called "NovaCementB". With these new items, we expanded our market and contributed to a higher customer value.



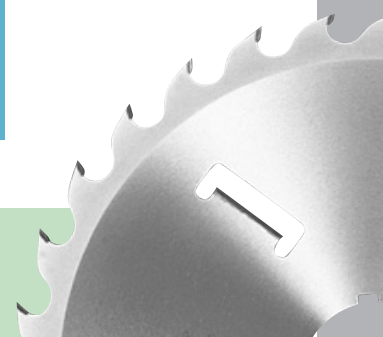
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↓ ↓ Indian Market

Shinsuke Egawa, KFIN (Kanefusa India)

The Indian economy was at the peak in 2010 and now slow down to 5.86% of a stagnant economic growth. The industrial growth rate was only 2% in GDP which is lower than expected. However, in the medium and long term perspective, there are optimistic factors such as a pyramid type population composition ratio, an increasing middle class and the deregulation for foreign investment. It may take time for India, but obviously India is expected to grow to be one of the most important markets in the world. This is often called "Elephant walk". But the Primary Minister Singh visited Japan a few months ago and had a talk with his counterpart on strengthening cooperation with Japan in many fields. India will be a more important partner for Japan and the cooperation will speed up investments of Japanese companies in the Indian market.

There is a big gap between general images people have about India and actual living and working experiences in the country. Here are some impressions about India of Mr. Yamazaki who has been in India for 8 months.

- First time when I came here I was surprised to find more waiters than customers in restaurant, which makes me not relaxed. There are employees in a hotel only for catching and chasing mosquitoes. It is a reality that those people with this kind of odd job are feeding their families. These things make me feel that India is a very mysterious country.
- It is common to have a couple of power failures a day as the electric supply is not sufficient yet in India. In our customers' factory, saw blades break because of sudden stops of machines by power failure. KFIN is working with the saw blade division

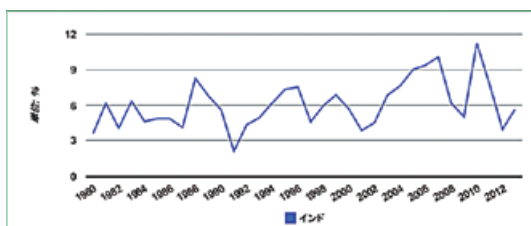


in Japan in an effort to develop saw blades which can work reliable in such harsh conditions.

- According to the national census 2011, the household automobile possession is only 4.7%. A car is still a luxury item in India. However, the middle class in India is rapidly increasing, so the car dealer show rooms are full of visitors on weekends.
- There are also differences in money value. The cheapest set menu at McDonald's is about 150 yen, and many families crowd McDonald's on weekend nights.
- There are business travelers who miss a plane as a flock of sheep blocks roads to airport. Not only cows but also many other animals live on the street. It will not take a long time before you are not surprised to see anything on the street.

Yet, there are still many surprising things in daily and working life in India. You might have a stereotype image of India like "Hot climate with curry dishes", but if you are interested in India, you have to find out what is in store for you.

The main product for KFIN are cold saw blades for metal cutting, but we have been also promoting products for the woodworking industry. Our first target is the plywood industry and then the board industry. We plan to participate in IndiaWood 2014 in Bangalore on February 21–25, 2014. We consider this a good opportunity for KFIN to promote sales for the woodworking industry. The year 2014 will be a challenging year for KFIN.



Indian GDP growth rate

KANEFUSA

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