

Company of the Year Award SMT Reflow Soldering Equipment Market Global, 2013

Frost & Sullivan's Global Research Platform

Frost & Sullivan is in its 50th year in business with a global research organization of 1,800 analysts and consultants who monitor more than 300 industries and 250,000 companies. The company's research philosophy originates with the CEO's 360-Degree Perspective™, which serves as the foundation of its TEAM Research™ methodology. This unique approach enables us to determine how best-in-class companies worldwide manage growth, innovation and leadership. Based on the findings of this Best Practices research, Frost & Sullivan is proud to present the 2013 Global Company of the Year Award in SMT Reflow Soldering Equipment to Heller Industries.

Significance of the Company of the Year Award

Industry Challenges Addressed by Superior Innovations and Growth Excellence

The electronics industry is rapidly transitioning towards smaller and more compact products. This, in turn, has led to demands for faster turnaround times and throughput. There is also increasing demand for high quality surface mount technology (SMT) soldering equipment. The SMT reflow soldering equipment space in general is not faced with demands for rapid technology development. However, there are constant demands to improved soldering performance, increased speed and throughput, energy savings, cost savings from the nitrogen standpoint, and other similar attributes. Frost & Sullivan is of the opinion that soldering equipment manufacturers need to focus on elevating product functionality and quality and demonstrate smart business strategies to truly stay ahead of the competition. Reflow soldering equipment manufacturers will need to capture a superior understanding of customer needs and cultivate strong client loyalty in order to succeed.

Frost & Sullivan consistently monitors the various ways that Heller Industries has been quite successful in retaining its market leadership position through technology leadership, which is further propelled by its brand reputation and superior customer service strategies.

Key Benchmarking Criteria for Company of the Year Award

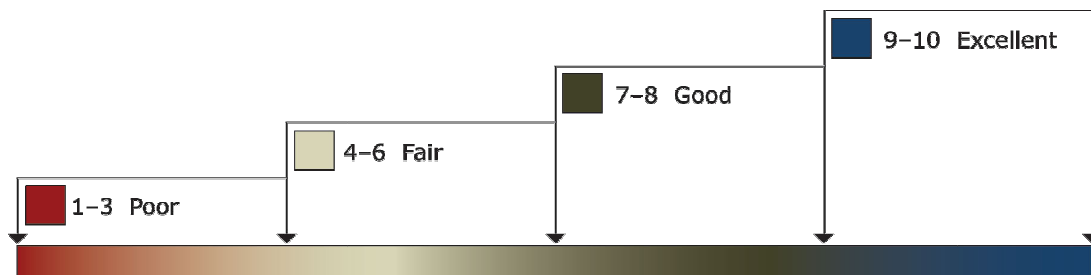
For the Company of the Year Award, the following criteria were used to benchmark Heller Industries performance against key competitors:

- **Growth Strategy Excellence**
- **Growth Implementation Excellence**
- **Degree of Innovation with Products and Technologies**
- **Leadership in Customer Value**
- **Leadership in Market Penetration**

Decision Support Matrix and Measurement Criteria

To support its evaluation of best practices across multiple business performance categories, Frost & Sullivan employs a customized Decision Support Matrix (DSM). The DSM is an analytical tool that compares companies' performance relative to each other with an integration of quantitative and qualitative metrics. The DSM features criteria unique to each Award category and ranks importance by assigning weights to each criterion. The relative weighting reflects current market conditions and illustrates the associated importance of each criterion according to Frost & Sullivan. Fundamentally, each DSM is distinct for each market and Award category. The DSM allows our research and consulting teams to objectively analyze each company's performance on each criterion relative to its top competitors and assign performance ratings on that basis. The DSM follows a 10-point scale that allows for nuances in performance evaluation.

Performance-Based Ratings for Decision Support Matrix



This exercise encompasses all criteria, leading to a weighted average ranking of each company. Researchers can then easily identify the company with the highest ranking. As a final step, the research team confirms the veracity of the model by ensuring that small changes to the ratings for a specific criterion do not lead to a significant change in the overall relative rankings of the companies.

Frost & Sullivan’s 10-Step Process for Identifying Award Recipients



Best Practice Award Analysis for Heller Industries

The Decision Support Matrix illustrates the relative importance of each criterion for the Company of the Year Award and the ratings for each company under evaluation. To remain unbiased while also protecting the interests of the other organizations reviewed, we have chosen to refer to the other key players as Competitor 1 and Competitor 2.

Decision Support Matrix for Company of the Year Award

<i>Measurement of 1-10 (1 = lowest; 10 = highest)</i>	Award Criteria					
	Growth Strategy Excellence	Growth Implementation Excellence	Degree of Innovation with Products and Technologies	Leadership in Customer Value	Leadership in Market Penetration	Weighted Rating
Relative Weight (%)	20%	20%	20%	20%	20%	100%
Heller Industries	9.5	9.5	9.5	9.5	9.5	9.5
Competitor 1	8.0	7.5	8.0	7.0	9.0	7.9
Competitor 2	7.0	7.0	7.5	7.5	6.0	7.0

Criterion 1: Growth Strategy Excellence

Heller remains the undisputed market leader in the SMT reflow soldering equipment market. The company accounts for 20 percent of overall market share. Heller reports that its growth is a direct result of a perfect alignment of product line that generates value and return on

investment for customers with internal growth strategies. Heller constantly seeks to increase the value proposition for its customers. The company leverages key partnerships and close customer relationships to understand the product roadmap that clients are seeking. Frost & Sullivan feels that that Heller's innovative strategies have enabled Heller to fulfill its customer requirements — whether it is flux reduction, nitrogen and energy cost savings, environmentally friendly strategies, or a faster return on investment. This approach has enabled Heller to command a position that attracts customers - as opposed to chasing them.

Heller has managed to retain its market leadership position through its innovative capabilities and product domain knowledge over the past 5 years. Despite increasing competition, Frost & Sullivan points out that the company continues to perform significantly ahead of the competition, in terms of both financial performance and technology leadership.

Criterion 2: Growth Implementation Excellence

The company's primary focus is to remain a market leader. Frost & Sullivan independent research indicates reveals the notable manner that Heller achieves this. The company is constantly striving to strengthen its distribution network and keep sales and service teams well trained. The biggest competitive advantage for Heller is its reputation as a technology thought leader. Since its inception, the company has endeavored to remain at the forefront of technology and engineering leadership. This has allowed the company to command a greater level of respect for its abilities from customers, which has further translated into strong client loyalty and long-term partnerships.

Heller also has a strong business for field retrofits and refurbished equipment. The company has taken customer service to a higher level by focusing on the buying experience and not necessarily just selling the reflow ovens. Heller clearly helps customers to bring old reflow ovens to the current technology level needed for a fraction of the cost of purchasing new equipment. This has further cemented its position and brand within its loyal customer base.

Criterion 3: Degree of Innovation with Products and Technologies

Heller is at the forefront of reflow soldering technology. Due to its long participation in the market and close customer relationships, the company is able to anticipate key challenges and focus on delivering solutions ahead of the competition. Handling of flux is among the top challenges for customers. Flux is a component that comes from solder paste. It can also leave residue that drips on the circuit board and within the oven. The company has developed a solution called "flux reactors" (that can also be retrofitted within an older oven). The reactors contain a catalyst inside. The catalyst, flux, and oxygen create a chemical reaction, during which the flux is reduced and oxygen is burnt out. This helps customers save 20–30 percent of their nitrogen costs and also serves to eliminate flux. Heller's solutions also strive to drive down energy consumption. The company's focus is to further reduce energy consumption by 20 percent. Customers benefit from significant cost

savings, from both nitrogen and energy savings, and derive a faster return on investment.

In addition, the company has a new system for collecting the flux by accumulating it in jars. These jars can be emptied while the machine is running. This is a significant focus area for customers who demand that no downtime be necessary for preventive maintenance. In reality, preventive maintenance in an oven can last 6 hours. This includes cool-down time, actual clean time, and the time it takes to reheat it. Heller believes that its innovative solution can enable the reflow oven to run for 6 months, without downtime for preventive maintenance.

Heller has also designed a vacuum-based system to eliminate voids that are created during the soldering process. Voids can bring down product reliability and performance. The company intends to pioneer this solution and has entered a couple of strategic partnerships to enable it. Heller also leads in terms of open collaboration with customers. It has opened applications lab in China, Korea, and in the United States with a clean room facility. Through this partnership, Heller assists customers with application problems related to soldering, with its in-house team of experts to fix it at no additional charge. This is another crucial advantage for customers.

Heller's focus on improving product performance and technology offerings allows customers to understand that the company is well suited for long-term partnerships.

Criterion 4: Leadership in Customer Value

Heller's success comes from a deep understanding of customer requirements. The company has set up a customary advisory board with 14 customers. Heller meets with the advisory board twice a year and conducts brainstorming sessions for cutting-edge technology and product roadmap development. Through this, Heller has a clear understanding of what customers are seeking and are able to deliver on it unerringly. This has clearly served the company well enough to retain its dominant market leadership position.

From a service standpoint, one of the biggest differentiators for Heller is that the company has service personnel situated at the customer site. This enables customers to avoid any downtime of the machine or react to any issues with rapid turnaround times. This strategy is utilized for top customers who work in a very high-volume and low-profit business environment and cannot afford to have any machine downtime. Through this approach, Heller takes the lead on customer service and provides unparalleled value add.

In a SMT manufacturing line, any machine downtime can cause customers significant loss in revenue and timely delivery. In order to alleviate the impact of the challenge, Heller follows an escalations schedule. According to this schedule, if an issue with the reflow oven is not fixed in 24 hours by the local service personnel, the issue will be reverted back to the factory. This elevates it from being a service problem to an engineering problem. The engineering team and service team will work in tandem to help the customer. If the issue is

not resolved in 72 hours, the company sends an engineering person from the headquarters in New Jersey to the customer base — wherever they may be located—and ensures that the issue is fixed. Frost & Sullivan appreciates the fact that Heller takes complete ownership of the issue and saves the customer the trouble of constantly following up to get a problem fixed. Attention to elevating customer experience at this level has helped inculcate a greater level of confidence and trust in the customer's mind.

Another constant area of focus is to increase value for existing customers for a cost-competitive price. The company's refurbishment services include updating technology and oven functionality, the latest being fixing the ovens to support 2-lane productions. Traditionally, reflow ovens are manufactured for single lane/conveyor production. Heller is focusing on dual-lane retrofitting that can help the customer through double production and throughput. This saves the customer valuable resources in terms of money needed to invest in a new oven and also factory floor space. Customers appreciate Heller's commitment to providing reflow ovens, solutions that are both cost effective and suitable for easier upgrades.

Criterion 5: Leadership in Market Penetration

Through its dedicated focus to improving customer service and technology leadership, Heller has managed to gain market share globally. The company benefited from increasing penetration into the cell phone segment that helped generate record financial performance in 2012 and the same level of profitability in 2013. Heller's market leader position in the reflow soldering equipment market has enabled it to successfully penetrate complementary technology in adjacent markets. The company has the ability to make the successful transition from reflow equipment provider to a thermal solutions company. Heller is offering superior solutions to semiconductor companies and providing wafer technology or ball attach technology for back-end semiconductor manufacturing.

Conclusion

Heller Industries has managed to remain a dominant market leader in the global SMT reflow soldering equipment market. The company's differentiated position is attributed to technology and product leadership and maintenance of close customer relationships. For its unmatched performance, Frost & Sullivan is proud to present the 2013 Global Company of the Year Award to Heller Industries.

About Frost & Sullivan

Frost & Sullivan, the Growth Partnership Company, enables clients to accelerate growth and achieve best-in-class positions in growth, innovation and leadership. The company's Growth Partnership Service provides the CEO and the CEO's Growth Team with disciplined research and best-practice models to drive the generation, evaluation and implementation of powerful growth strategies. Frost & Sullivan leverages 50 years of experience in partnering with Global 1000 companies, emerging businesses and the investment community from more than 40 offices on six continents. To join our Growth Partnership, please visit <http://www.frost.com>.