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Keko Equipment NEWSLETTER
NO. 1 **JUNE 2002**



The Keko Equipment company in Žužemberk and its new look.

"The world is a crossroad of potential and ambition. When experience and courage seek development, the path to the future unfolds".

The official opening of our new offices and manufacturing facility is a turning point on the path of development that we have been following for years. Knowledge and innovation reveal new dimensions and our vision of the

future is coming into focus. We are creating a new image and everything we've been longing to realize is now materializing. With each new goal we set, we continue to look for solutions and your satisfaction will be a measurement of our success. Knowledge, experience and close cooperation with our agents are the engines of our joint future.

INTRODUCTION OF THE NEW FACTORY

Growing manufacturing and promotional demands led to the construction of our new office and manufacturing complex. The new facility has enabled us to expand our supply network and improve the services to our customers. The expanded developmental premises will enable us to develop new technological solutions faster and better. Our new machine assembly area help us to better organize the work allowing us to embark on larger projects. Customers will be able to witness the performance of our equipment in the renovated machine testing facility, further improving our cooperation with them.

Our demonstration center will allow us to effectively demonstrate new development methods and the operation of our machines. Our computer-supported warehousing control system will minimize delivery times and ensure an efficient supply of spare parts.

Following our successful breakthrough into the global market, we expect our new facilities will help us accelerate the company's growth and enable us to strengthen the excellent reputation we have acquired over the years.

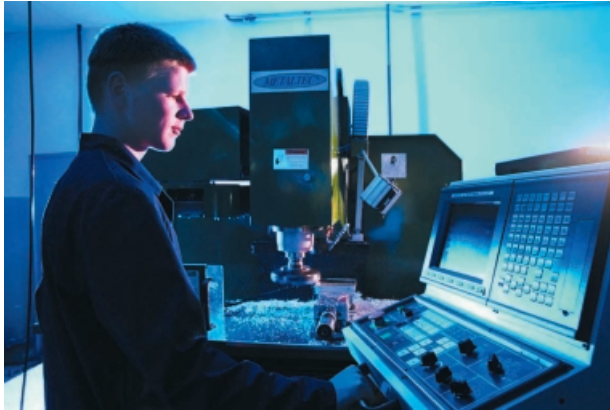


The showroom allows the demonstration and testing of our equipment.

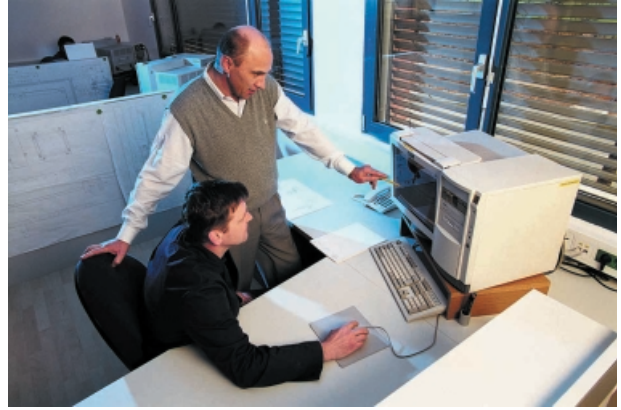


The new machine assembly facility will allow us to complete larger projects.

In the interplay of time and space opportunities and coincidences meet. At this juncture the intermingling of knowledge and vision pursues happiness. When experience and boldness look out for development, a path opens into the future.



The new equipment and facility for spare part manufacture.



The expanded design area enables new development solutions.

REPORT FROM THE OPENING CEREMONY

On Friday May 24 more than a hundred guests, who in one way or another had contributed to realize the goal we've set, gathered at the opening ceremony of Keko Equipment's new facility in Žužemberk, Slovenia. Employees, former employees, local business partners, municipal functionaries, as well as several foreign guests were part of the audience that enjoyed a multimedia presentation of Keko Equipment's new facilities.

A short greeting and speech by the companies' directors, Mr. Tone Konda and Mr. Jože Štupar followed the presentation. They thanked everyone who had contributed to the successful and fast completion of the company's project. At the same time they both emphasized that Keko Equipment, its manufacturing of high-quality machines and the widespread network of sales agents enjoy an excellent reputation worldwide.

Plaques were presented to four companies that helped Keko Equipment strengthen its course and realize its vision: to Miss Christine Seo, representing AMC Korea, for successful cooperation and to Mr. Roderik Höppener and Mr. Daniel Vaisman, representatives of Haiku Tech, Inc., for



The well-known Slovenian TV presenter Tajda Lekše anchoring the opening ceremony in two languages.

promotional activities on the European and American markets. The foreign guests praised the new premises and expressed their conviction that more shared goals will be realized in the future through mutual cooperation. Masses Well of Taiwan, which performed particularly well on the Taiwanese market in 1999, was also rewarded for long-term cooperation. Unfortunately representatives from this company were unable to join us for the ceremony, as was also true for representatives of the fourth

award winning company, Skymos of Hong Kong. They helped Keko Equipment enter the Chinese market and has continuously cooperated with us ever since. After a guided tour of the manufacturing and office facilities guests were treated to a meal accompanied by music and an invitation to tour a nearby wine cellar.

In short, the opening ceremony was a unique opportunity for participants to exchange experiences and opinions on domestic and foreign business.



Opening speech by Tone Konda, general manager.



Technical director Jože Štupar expressed his satisfaction at the opening of the new premises.



Guests in the showroom during a guided tour.

The Fake Orchestra jazz ensemble created a pleasant atmosphere.



GUESTS' COMMENTS



Boris Jordan, director of Keko

"I think that Keko Equipment has achieved excellent business results worldwide over the last five years, something that very few Slovenian companies have managed to do. A strong know-how and development tradition has been present in the company for many years and has undoubtedly contributed to the company's current success. As we are "neighbors" and Keko customers ourselves, the new premises will be very beneficial to our company, especially in terms of access to the showroom and new equipment, which will be further developed in the future as well as the opportunity to enjoy personal contact with the people who invest their knowledge into the technological development that we all depend on".



Janez Orel, employee at the machine assembly department at Keko Equipment

"I've been with the company since my training days, when we still worked at the old Iskra. A great deal has changed since then; the work today is much cleaner and much more demanding too. Despite being a small company, it's very pleasant working in a team where everyone is friendly and on good terms with each other. The quality and organization of work has also improved and any problems that arise during the work process are rapidly solved through immediate feedback from co-workers."



Emeran Praznik, retired worker and long-term former employee

"I remember how we used to work at the old square in Žužemberk, where I was employed as a maintenance man. The women used to do all their work by hand at the time. One day in 1962 Mr. Konda senior asked me to go to Iskra Šentjernej and look at a stamping machine. When I returned he asked me if I was capable of constructing such a machine by myself. The only equipment available to me was an electric drilling machine, but that didn't stop me. And I got a bonus for my work, which exceeded my paycheck by a quarter. From that day on I proudly worked as a "developer". Those were the days!"



Marko Ušaj, *architect*

"My goal was to construct a building that would blend in with this environment, meaning that it would unite the features of the Dolenjska region and Slovenia as a whole. The right combination of material and design was necessary in order to construct an authentic whole, not to mention taking into account the purpose of the facility. I think we managed to achieve this common goal."



Viktor Hrovat, *construction site foreman at Begrad, the contracting company*

"Construction began in June 2001 and it was originally planned that they would be completed by December. However, because of problems with the foundations, we, together with the management of Keko, decided to build a cellar under the entire building. Due to the demanding nature of the works, construction extended into February of this year despite the presence of 20 to 25 workers on the site at any one time. I do, however, have to state, that the employees of Keko were a great help, contributing significantly to the rapid completion of construction."



Franc Škufca, *Mayor of Žužemberk*

"As a businessman, politician and someone well aware of the conditions in this area, I feel that economic investments are indispensable, since this is the only way the region can survive and enable our skilled workers to find employment in their own region. Active economic activities enable money to come back into the community. The success of Keko Equipment is also extremely important to our community, because Žužemberk is becoming more and more visible, not solely in the area of tourism. We hope that such events will help us to improve connections with other parts of Slovenia as well."



Drago Črnič, *Iskra Semič*

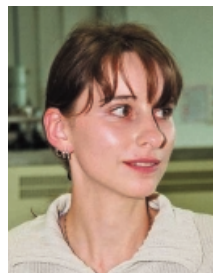
"I've been working together with Keko for almost six years now. We are business partners and sometimes receive orders from Keko Equipment, as we work in the same field. We have excellent experiences with them, as they are a very professional and consistent part-



Peter Bavdek, *Keko Equipment employee*

ner. They continue to surprise us with their development, both in the fields of design as well as marketing. I am convinced that their advancement in knowledge, production quality and new premises will continue to bring them excellent business results in the future."

"As I've been following the history of the company since 1965, I must say that we have advanced considerably over the years. The renovated premises will enable us to give tours to our customers with pride, show them our production line, equipment and give them the chance to see the quality of our products for themselves. As an employee concerned with production, I would like to emphasize the new working conditions, since cleanliness is of utmost importance when it comes to the production of such highly sensitive machines. Our new premises will thus make our machines even more reliable."



Darja Zaletel, *Keko Equipment, purchasing and records*

"I've been with Keko Equipment for the past two and a half years and I must say that I am very satisfied. The work is never boring since I come into contact with customers from all over the world. There is a great atmosphere within the team as well, so the workday passes very quickly. Our new acquisitions will bring us even greater respect and open up new business possibilities."



Marta Konda, *Keko Equipment office manager*

"I am very happy today, since it completes a six-year period of construction. I feel that new markets will be opening to us in the future, especially if we continue to successfully collaborate with our worldwide agents. This is the only way to break through on foreign markets. And we've managed to do just that with their help."

INTERVIEW WITH THE DIRECTORS OF KEKO EQUIPMENT, TONE KONDA AND JOŽE ŠTUPAR



**General manager Mr. Tone
Konda**



**Technical director Mr. Jože
Štupar**

The grand opening of the new premises is upon us and I would like to know why a new factory and who came up with the idea of constructing it?

Konda: "The basic idea for the expansion and the building of the new premises came from our sales requirements. These came up with the introduction of our new products and the influx of new customers. The existing infrastructure was not adequate for the development of new technological solutions, and demand exceeded our existing production capacities. I would also like to add our promotional problem, concerning the optimal method of demonstrating our technological solutions to potential customers. Up until the renovation we did not have an adequately equipped showroom, where this sort of thing could be carried out."

Žužemberk and the wider Slovenian region remain a relatively small and closed market, while your sales network expands over three continents, from Europe, to Asia and America. How do you manage to keep going and to coordinate your business dealings in such far away markets?

Štupar: "The only way to deal with such a widespread market is through a network of agents who coordinate business in various countries. Slovenia is still relatively unknown overseas and this is the only way for a Slovenian

company to manufacture high-quality products that are capable of penetrating the market. If the product is "right" you will be welcomed everywhere with open arms. At the moment we are pretty strong on the Asian market, especially Korea, Japan, Taiwan and China, where we deal with companies from small to the largest names in the industry. Our established sales network in Europe allows us to concern ourselves more with breaking into the American market."

Keko Equipment is a global company operating on global markets. This is made possible with a network of agents, located in various countries. I would like to know how you built this network of agents and how you cooperate with them?

Konda: "Due to the weak market situation and the breakdown of Eastern European markets, including our independence from the former Yugoslavia, we found it necessary to find substitute markets and new customers for our machines. We were well aware of the fact that our products are competitive and with a little luck, which is just as necessary in the business world as it is elsewhere, we found new sales channels and managed to position our products on the new markets successfully."

Štupar: "The equipment, or rather machines that we



manufacture are very specialized and thus demand a specific market approach. Customers must trust you, know who you are, where to find you and who to turn to when they are faced with a particular problem. We thus decided to build a network of agents. These are mostly local companies, already present on their local markets and well acquainted with the language and customs of our customers there. They represent the main connection between the company and the customers. Sometimes we organize things together, hold regular meetings, cooperate at various fairs, expositions, etc.”

What are the advantages of the machines you manufacture and the company's other competitive advantages in comparison to your competitors in this field?

Konda: “Our main competitors are in Japan, USA, Canada and of course Taiwan. If we compare Keko Equipment to the competition from these regions, I believe one of our big advantages is the fact that we have a complete and fully integrated product range. We thus provide our customers with a package of solutions, including know-how and assurance that the equipment will function effectively. The customer perceives a certain degree of safety and trust since we start to build on long-term cooperation between the supplier and the customer. We are relatively small but at the same time focused on

individual customers and their demands. Please allow me to mention our “custom-made” production line, which facilitates the development of specific technological solutions in a short period of time. Our equipment is proven in practice, which means that our products have an additional guaranteed advantage. We also respond to our customer’s demands fast and without delay.

Štupar: “I would just like to add that our customers receive guaranteed value for their money, something that they expect from the equipment they buy.”

What are your goals for the future?

Konda: “The new image we’ve built for ourselves provides us with more penetrative promotion and more effective sales routes. Our desire is to maintain the satisfaction and the market share we’ve acquired on our existing markets and to attempt to widen our circle of customers on the Japanese and American markets. We will then gradually turn to new components and look for new solutions. We are aware of the fact that in view of the strong competition we must never rest on our past success. That is why we will try to continue to sell our knowledge successfully and to maintain the excellent reputation we’ve acquired.”

INTERVIEW WITH REPRESENTATIVES OF THE PRIZEWINNING COMPANIES, AMC Korea AND HAIKU TECH Inc.



Miss Christine Seo



Miss Christine Seo, acting on behalf of **AMC Korea**, received acknowledgements for successful cooperation in the promotion of Keko Equipment's machines on the Korean market in the year 2000.

You've been working with Keko Equipment for quite a while now. How satisfied are you with this collaboration?

"We really enjoy working with Keko Equipment at AMC, since the company is always fast and reliable, a characteristic that satisfies our customers as well. Whenever we come across a problem, Keko Equipment is always willing to help us and we try to find an adequate solution together."

In 2000 your company was Keko Equipment's most successful agent, which means that you attained a very high percentage of sales. What in your opinion is the reason for that successful business year?

"That was a boom year. A lot of companies were expanding and investing in new equipment. Despite the fact that the machines manufactured by Keko Equipment are very complex, their price at the time was very competitive and many companies decided to purchase them. Our company had a pretty good reputation at the time, but with our increase of promotional activities sales of Keko's machines rocketed."

Can a Slovenian company compete at an equal level with other companies on the Asian market? What are the competitive advantages of Keko Equipment?

"Keko Equipment has a strong reputation both in Korea and in China, since their business approach on the market is very flexible. Their rapid response is surprising, since they are always fast and reliable. They are very customer friendly and they in turn trust the company and buy its products."

With the opening of the new production and business complex, new doors are opening up to Keko Equipment. What does AMC expect from the collaboration between the two companies in the future?

"I agree, with its new acquisitions, Keko Equipment will find business in the future easier and better. We on the other hand will try to find products suitable for customers in our country. In spite of the fact that the situation on our market has seen somewhat of a downturn, we hope that we can repeat the success from the year 2000 soon."

The limits of the objective are defined by the means that lead to it. The starting point is a dot, the goal is the entire world.

Acknowledgements were presented to **Haiku Tech Inc.** for long-term successful collaboration on the European and American market. Diplomas were awarded to general manager **Roderik Hoppener** and **Daniel Vaisman** from Miami.



Mr. Daniel Vaisman



Mr. Roderik Hoppener

When and how did you choose Keko Equipment as your strategic partner?

Mr. Vaisman: "An American company with headquarters in Miami signed a contract with Keko Equipment almost four years ago. We decided on the partnership one reason above all. That is the exceptional quality of the machines developed by Keko Equipment. Our general manager Mr. Hoppener, who has traveled around the world extensively in search of new contacts, can confirm this. He came to the conclusion that Keko Equipment is the top-of-the-range when it comes to the manufacture of machines for the production of ceramic components. We are still convinced of that today."

You attribute great significance to the showroom. Considering your experience, what are the key advantages provided by a showroom?

Mr. Hoppener: "If we place ourselves in the role of the customer it becomes clear that when making a purchase, the customer would like to be 100 % sure that he is getting the right machine that gets the job done. A showroom allows the machines to be demonstrated and fully tested

with customers' own materials. The customer can thus see for himself how the equipment works, before deciding whether or not to make the purchase. The direct contact that evolves between the customer and the company during such demonstrations also has a great influence on purchasing decisions, future cooperation, and further joint development. With the new showrooms in Miami, USA and here in Slovenia we foresee a major improvement of our relationships with existing and potential customers, guaranteeing our success in the future"

How do you interact with your customers and what is the role of post sales performance?

Mr. Vaisman: "We like to think of our customers as customers for life. Most of the customers that we have developed for Keko will be for the long term. The advantage of Keko Equipment is the tailor-made ability of each machine to that customer's specific needs. We are selling something that must be maintained, kept up. Technology is a continuous flow of ideas and development that customers will include in their production. With continuous relations we insure that they are

following the development. But also the needs change and we enable the customer to maintain these changes. We're the eyes and ears of Keko Equipment for the US, Canadian and Latin American markets. We listen to what the client says."

What are your expectations of Keko in the future in terms of technological and promotional advancements, which have been made at Keko Equipment? What advantages does Keko Equipment provide to your company?

Mr. Hoppener: "The new factory built by Keko Equipment was urgently needed. Keko Equipment grew from a small "workshop" and built the image of a modern company and reliable partner. Consequently the company will find it now easier to provide quality products and rapid delivery to the distant American market. As far as the European market is concerned, the most important thing is a showroom where German, English and French customers can convince themselves of the effectiveness and possibilities provided by Keko's machines. This is the only image for Keko Equipment if we want to really break through into new markets."

NEW PRODUCTS



Ceramic tape caster for Mylar model CAM-M1

The CAM M1 tape caster is designed and built to meet the most stringent customer demands. A need for higher automation levels and higher accuracy led to this truly innovative caster. The automated continuous slurry dosage can be performed through a slotted die system that allows a ± 10 micrometer slurry level height. The CAM-M1 presents our new innovative generation of casters that feature fully automatic casting gap control, with auto zero calibration. On a touch screen you can monitor the process continuously. Using preset menus you can quickly start up a new casting run under exactly the right conditions, while easy adjustments are continuously possible. An auto tracking system assures a perfectly wound carrier and ceramic tape. The system has numerous safety features that allow safe operation when utilizing flammable solvents. The counter flow filtered hot air dryer can be compartmentalized to fine-tune the exact conditions needed for high productivity of perfect tapes. If your tape systems require additional modification of the casting equipment, we will test your system with you and adapt it according to your requirements.



Multi-purpose screen printer P-200

This multi-purpose unit is used in the electronics industry and represents a new approach in two new fields other than the manufacture of passive components. With a proven design, high accuracy and flexibility, the P 200 has been designed for diverse and precise screen-printing applications in electronic components' manufacturing such as LTCC, MLCC, chip inductor, hybrids and other printed circuits, etc. Two models are available, both based on a similar mechanical principle. The P200S is an entry-level, affordable unit for less demanding applications with fewer possibilities for additional equipment. For demanding users the full-featured P200A offers an extensive range of options for demanding advanced technology applications.

All printing parameters are fully programmable and can be set from a control panel, which allows for rapid startup of the unit with new parameters.

P-200S

- AC Motor driven squeegee assembly
- Pneumatically driven vacuum printing table with shock absorbers.
- Micrometers screws adjustable printing table (x, y, theta)
- Manual adjustable snap off distance
- Fully covered printing head
- PLC control

P-200A

- Servo motor driven squeegee assembly
- Servo motor driven printing table
- Stepper motor adjustable printing table (x, y, theta)
- Stepper motor automatic/programmable snap off adjustment
- Pneumatically screen fixing
- All printing parameters programmable via control panel
- Two video cameras for precise table alignment
- Fully covered printing area
- PLC control (Call/Save 99 programs)

HIGHLIGHTS



Printing Stacking machine for the smallest chip size

The unit we have developed represents a new generation in the development of precise stacking and printing machines. It was built on the basis of our proven PAL 9 model and is intended for the precise stacking of ferrite or ceramic foils using the “roll to roll” system. The unit is primarily designed for stacking and printing chip ferrites, however, the basic principle can be used to produce most passive components where high stacking accuracy is required. The unique principle of placing the foil on positioning pins allows for the manufacture of components as small as 0201's (0.5 mm x 0.25 mm). The unit can be offered with several printers and stacking stations. It is completely automated and it has been designed to be operated by a single person. The productivity on this unit and the stacking accuracy is significantly higher than that of comparable systems in used today for the manufacture of chip ferrites. This is the first unit in the market for the production of 0201 chip ferrites.

NEW SHOWROOM IN MIAMI, Florida, USA



IMAPS 2001, Baltimore, Maryland, USA



PRODUCTRONICA 2001, Munich, Germany



CARTS 2002, New Orleans, Louisiana, USA



ACERS 2002, Saint Louis, Missouri, USA



NEPCON 2002, Shanghai, China

Directions of time and space are joining beyond all limits.

KEKO EQUIPMENT LTD. – COMPANY PROFILE

KEKO Equipment Ltd. is a leader in the manufacture of machines for the production of multilayer passive ceramic components.

Twenty-five years of experience have given us the vast knowledge that is now marketed under our own brand in the Asian, European and American markets.

Our roots stretch a long way back to when we were a unit of the Iskra consortium. Since 1995 the company is in private hands and its philosophy today is formulated by a team of highly motivated engineers and designers. In addition to the extensive range of proven products, we focus our specialized know-how into custom manufacturing.



In the development of specialized technological solutions we take into account our customers requirements and the needs of each individual buyer, thus

providing the basis for a successful long-term relationship.

This is aided by our widespread sales network that spans three continents, where we always cooperate closely with knowledgeable local agents. They have helped us to provide very successful post-sales services and ensure customer satisfaction.

Knowledge, flexibility and innovation are our company's key competitive advantages and our brand name's good reputation now reaches all over the world.



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