

Dear Business Partners and Friends,

You know us at Müller as a company and entrepreneurs who also always want to shape the future positively and actively.



Our aim is to make your daily work easier and, above all, more efficient for you and your customers. To this end, we have invested heavily in our organisation, processes, production, ranges and the corresponding key technologies in recent years – and just as much in our system partnerships, market development and brand development.

Let's think back ...: What first began in our parents' garage and then, 15 years ago, at the roundabout in tranquil Dunningen with a vague idea of a business case based on a machining problem-solving idea, is today a profitable 40-man business with a turnover in the tens of millions.

Today, 15 years later, we are taking another bold step forward. I, Jürgen Müller, will be leaving the day-to-day operations of the company in January 2020 to concentrate on the development and design of future technologies for our company. Why? It's quite simple: because time demands it, and because we will be taking the next steps – with you and our employees, for you and our employees.

Many of you already know it; some of you don't. In addition to the pure product development, researching new technologies and software development is not only my absolute passion, but it is also what I was trained to do. And this is where we believe there is still so much potential for making your processes even more efficient.

Even though this isn't a proper goodbye, I would still like to take this opportunity to thank you for the last few years – for your trust, and for everything that we have achieved together so far. Please also place this trust in our new structure, because we will continue to work hard to ensure that this never changes: Müller efficiency matters.

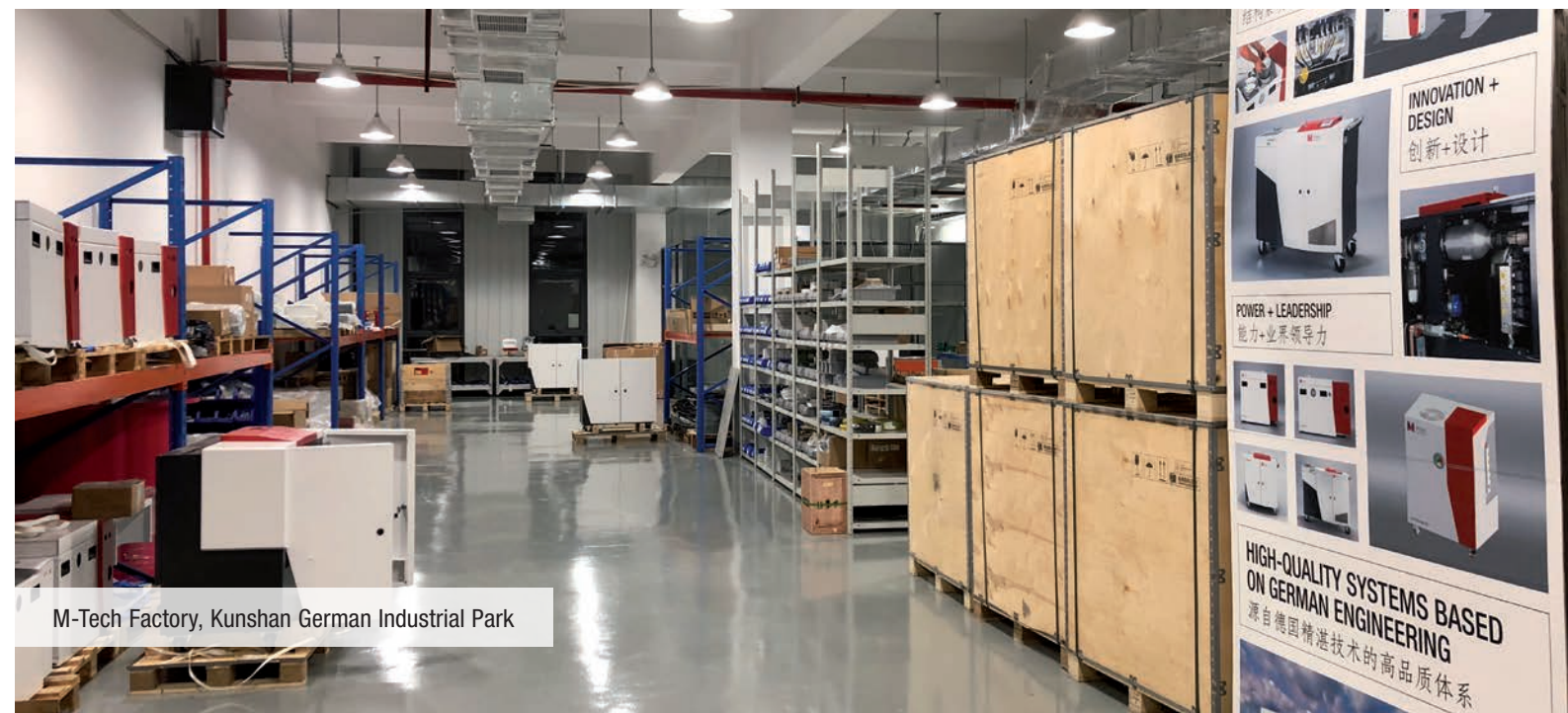
My brother Martin and I would like to take this opportunity to wish you and your loved ones every success, health and happiness in 2020. And before that, of course, a very Happy Christmas with plenty of time for reflection!

**With best wishes,
Jürgen and Martin Müller**

We have to be in China – but how?

Do you remember the old IBM advertisement: We have to be on the Internet? That's how we felt about China. And now we're there!

M-Tech-Machinery Kunshan Ltd. is our current little adventure trip into the unknown world of China, although it's increasingly changing from being a little trip into a permanent and challenging commitment. It all began over 5 years ago with a first enquiry from China for very high-quality high-pressure systems to be connected to Hanwha sliding headstock automatic lathes. This first transaction, which we concluded with success, was the result of an excited confrontation with this tremendously vast market that brought us much up-and-down before we finally made the decision to establish our own branch there in order to develop the market. However, what occurred between 2014 and 2019 was not unlike a roller coaster ride. On the one hand, it quickly became clear that the topic of high-pressure systems is becoming increasingly pertinent in China, but on the other, of course, we were not familiar with the market.



M-Tech Factory, Kunshan German Industrial Park

It was not until we realised that around 8,000 sliding headstock automatic lathes are being made and sold in China that we realised we had to act quickly. Because Chinese manufacturers were now also on the starting blocks, and we knew that it would be the faster one rather than the better one who would win.

The first route took us to a representation agency in Nanjing near Baden-Württemberg International with its own staff in China who were to prepare the market for us and expedite the opening of a subsidiary. By the time we realised that the choice of the Chinese member of staff was not quite suitable, we had lost another year. However, during this time it also became clear to us that the four sales partners we had in China were technically not capable of connecting our systems to tooling machines, never mind of providing a good after-sales service. Having said that, one

MERRY CHRISTMAS!

of these partners was more suitable than the others, simply because he demonstrated a tremendous amount of interest and was prepared to invest in developing a technical member of staff. So things started to move again with this company, Kimsuns in Kunshan. Following the failure in Nanjing and the loss of the member of staff, we were forced to act quickly. Fortunately, and this is something we are tremendously grateful for, Baden-Württemberg International then advised us to make contact with the Start-up Factory in Kunshan, as it became clear that we would have to produce our systems in China in order to gain access to the market and indeed be considered a serious player on it.

Out of this recommendation, and following a visit to the SUF in Kunshan and a return visit to us in Germany, we began preparing to establish our own production company in China. The basic requirement for this was that we would have to find a technically capable member of staff who believed they would be able to perform this task and would be prepared to live mainly in China (Asia) for a number of years. We found this person in Mr. Lars Goldbaum, who has now settled beautifully in Kunshan and



Lars Goldbaum on the M-Tech trade fair stand

250 systems in China in 2020, consisting of the combiloop CL1 G, CL1 E and CL2 G. We are also a strong supplier to the market of sliding headstock automatic lathes in China, serving the same partners there as we do in Europe. We believe that we will achieve a market share in the field of compact high-pressure systems of about 8% in 2020. Our mid-term goal is to achieve a market share of 20%. In China itself, we are currently only competing with local manufacturers who have established themselves and developed in the last three years. Mr. Goldbaum looks to the future with confidence. He now knows how difficult and time-consuming it is to find good and reliable suppliers and staff in China, but he has also learnt that they are to be found. It's a fact that everything is a little different in China and counter to what we generally believe to know in Germany, but things don't move quite so quickly or smoothly. At least they don't if you don't have the state behind a project as the driving force.



Once again this year, we are not sending out Christmas gifts, but will instead send a donation to our school project in Peru, the Colegio San José Obrero in Chimbote, which we support with numerous bursaries for children from financially-challenged families in order to enable as many children as possible to attend school despite the high level of poverty.

