



# Fastener World News

compiled by Fastener World Inc.

## EU Appeals Compliance Panel Report on Dispute with China Over Fastener Duties

The EU filed a Notice of Appeal on 9 September regarding the compliance report in the dispute “European Communities – Definitive Anti-Dumping Measures on Certain Iron or Steel Fasteners from China, Recourse to Article 21.5 of the DSU by China” (WT/DS397). On Sep. 15, WTO released a document regarding the EU’s appeal that included the EU’s legal interpretation, meaning WTO has officially received the appeal from the EU.



Parties to a dispute can appeal a panel’s ruling. Appeals have to be based on points of law, such as legal interpretation – they cannot re-open factual findings made by the panel. Each appeal is heard by three members of a permanent seven-member Appellate Body comprising persons of recognized authority and unaffiliated with any government. The Appellate Body membership broadly represents the geographic range of WTO membership, with each member appointed for a fixed term. Generally, the Appellate Body has up to 3 months to conclude its report.

## Boltun Considers Buying Shares of Thai Summit Chugoku Seira with Expectations to Potential Market Growth in ASEAN

With the gradual emergence of the influence brought by its previous acquisition, Boltun reported its EPS for the first half of 2015 at NTD3.05. On the other hand, the revenue of Boltun in the most recent months does not seem to be very outstanding due to the influence from Chinese automotive market, but market analysts think that Boltun’s profit in the 2nd half of 2015 will be stable with the percentage of its shareholding of the Xiamen-based factory reaching up to 55% and the increased profit of ESKA it has acquired. Whether Boltun will buy shares of the Thai factory or not will be announced soon. If it is “yes”, it will be favorable to Boltun’s deployment in ASEAN market. Boltun has good expectations to its growth in operating performance, increased efficiency of the group, and the market growth of ASEAN.



Boltun specializes in automotive fasteners (representing approx. 80% of its total revenue), and the remaining 20% is generated from fasteners for agricultural machinery, heavy industries, and precision machinery. Boltun’s major 4 customers are VW, Benz, BMW, and Nissan (all representing nearly 50% of its total revenue). The current revenue and profit of Boltun are mainly contributed by its factories in Tainan (Taiwan), Suzhou (China), Xiamen (China) and Germany-based ESKA. It owns all shares of the Tainan and Suzhou factories and owns 45% of the total shares of the Xiamen factory (the figure will increase to 55% in Q4). It now owns 85.71% of ESKA’s total shares.

## Boltun Invests 3.5 Million Euros in Acquiring German Frank Sieber GmbH

Taiwanese leading automotive fastener supplier Boltun invested 3.5 million euros on Sep. 30 in acquiring Germany-based Frank Sieber GmbH. According to Boltun, special metal components and fasteners represent about 18% of the Group’s total revenue. In the future, the percentage will continue to rise with the industrial upgrade, benefiting the mid-term and long-term development of the company. As Frank Sieber is a company specialized in special metal processing, it is expected that an excellent technical team can be integrated into the Group to strengthen its ability of special metal processing and add more energy to the current operation.

According to Boltun, in addition to the current business range, it is also

active in developing more products for keeping it away from the price-cutting competition with other emerging countries and going into the international high value-added market with innovative fastener-related service. For example, it introduces Vendor-Managed Inventory (VMI) into its standard service range to increase the service depth and establishes partnership with customers. Meanwhile, it also creates the dynamic network and cooperative design service to create the highest value for customers.

In terms of sales, Boltun’s revenues in July and August were fair due to the low season of car manufacturers. It is expected that the traditional high season (Q4), with the factory expansions and mass production for high value-added aluminum alloy fasteners and lightweight components, will show the best operating result this year. Next year with the influence brought by the lightweight new products and newly added capacity, Boltun’s operation is expected to be better than this year.



## PPG Announces Leadership Changes

Boltun acquired ESKA last year to expand its business in Europe and now it eyes on the ASEAN market and is considering purchasing 20-40% of the total shares of Thailand-based Summit Chugoku Seira for nearly THB0.15 billion. The determination will be later announced. The market analysts pointed out that major customers of Summit Chugoku Seira are Japanese car manufacturers and it has been reporting stable revenue and profit for many years. Boltun is very likely to buy shares of this fastener company in order to grasp the chance to expand its business in ASEAN. Boltun is expected to show significant growth in ASEAN next year.

In addition, the newly added capacity for automotive aluminum fasteners from ESKA may gradually reveal its influence in Q4. Market analysts are very concerned about the potential growth in future aluminum fasteners demand. If Boltun completes its business deployment in ASEAN this year, it is very likely that it will also start to consider investing in N. America. On the other hand, Boltun is also planning to purchase land in Tainan for further factory expansion.

PPG Industries announced the appointment of David Bem as vice president, science and technology, and chief technology officer-elect (CTO-elect) effective Nov. 16. In the CTO role, Bem will succeed Charles F. Kahle II, who has announced plans to retire effective March 1, 2016.



Bem joins PPG from Dow Chemical, where he was vice president, research and development (R&D), consumer solutions and infrastructure solutions. His earlier positions with Dow include global R&D director, core R&D; global R&D director, Dow Automotive Systems; and R&D director, hydrocarbons energy, chemicals and alternative feedstock.

Kahle, current CTO and vice president, coatings R&D, joined PPG in 1987 as a research chemist. He progressed through several research assignments before being appointed associate director, R&D, for silica products in 1998. He was named associate director, R&D, for original equipment manufacturer (OEM) glass in 2002, and then promoted to director of research for coatings and resins in 2004. In 2007, Kahle was named vice president, coatings R&D, and in 2008 he assumed the additional role of chief technology officer.



## **Fastenal to Acquire Regional Distributor Fasteners, Inc.**

Fastenal Company announced it has signed an agreement to acquire certain assets of Fasteners, Inc. a regional industrial and construction supply distributor with store locations in the states of Washington, Idaho, Oregon, and Montana. The agreement includes several conditions to close, and Fastenal expects to close by the end of October.



“We feel this is a great opportunity to grow our operations within the Pacific Northwest,” said Dan Florness, Executive Vice-President and CFO of Fastenal. “Fasteners, Inc. shares our same core values of integrity and great customer service, and we believe they will be a great strategic fit within our shared geographic locations.”

“I am extremely excited about the opportunity for the business and our employees to move forward with Fastenal,” added Dennis Hanson, President and owner of Fasteners, Inc. “Fastenal brings an enormous supply capability and cost savings technologies to our customers. This union will help us grow and better serve our customers, while maintaining the excellent quality and service our customers expect.”

Fasteners, Inc. was founded in Spokane, Washington in September 1961. As the name implies, the company focuses on fastener products, but also sells a broad range of industrial supplies. The company has grown its business over the years to include thirteen store locations and anticipates 2015 revenues of approximately USD 36 million.

Fastenal sells different types of industrial and construction supplies in the following product categories: threaded fasteners and miscellaneous supplies; tools; metal cutting tool blades and abrasives; fluid transfer components and accessories for hydraulic and pneumatic power; material handling; storage and packaging products; janitorial, chemical and paint products; electrical supplies; welding supplies; safety supplies; metals, alloys and materials.

Fastenal operates approximately 2,600 stores located primarily in North America with additional locations in Asia, Europe, Central and South America, and Africa. The Company operates 14 distribution centers in North America; eleven in the United States - Minnesota, Indiana, Ohio, Pennsylvania, Texas, Georgia, Washington, California, Utah, North Carolina and Kansas, and three outside the United States - Ontario, Canada; Alberta, Canada; and Nuevo Leon, Mexico.

## **Alcoa Signs Contract with Airbus for High-Tech, Multi-Material Fastening Systems**

Lightweight metals leader Alcoa has signed an approximately \$1 billion contract with Airbus for high-tech, multi-material aerospace fastening systems. The deal is Alcoa’s largest fastener contract ever with the aircraft manufacturer. Alcoa’s fasteners fly on every Airbus platform.



“Our growing aerospace capabilities, technology strength and global, first-rate customer service continue to strengthen Alcoa’s decades-long partnership with Airbus,” said Alcoa Chairman and Chief Executive Officer Klaus Kleinfeld. “Alcoa is proud to partner with Airbus to provide breakthrough technologies for some of the most advanced aircrafts in the world.”

Alcoa’s fasteners will be used to assemble some of Airbus’s latest high-growth airplanes, including the A350 XWB, Airbus’ newest commercial airplane, and the A320neo. In addition, Airbus will use Alcoa’s fastening systems for longer-running platforms including the A330.

As part of this agreement, Alcoa will supply advanced fastening systems, such as those that enhance the assembly of aircraft panels and engine pylons on newer airplanes with sophisticated design features. Alcoa’s fasteners are made using a variety of materials including stainless steel, titanium and nickel-based superalloys, which improve fatigue life, enable lightning strike protection, and improve wear and reusability on conventional and composite aircraft. Alcoa will produce these fastening systems at 14 of its global manufacturing facilities.



## Harbour Group's Lindstrom Acquires Titan Fastener Products

Lindstrom, a Harbour Group company, acquired the assets of Titan Fastener Products, Inc., Jeff Fox, Harbour Group's chairman and chief executive officer, announced. Terms of the transaction were not disclosed.



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Titan Fasteners provides over 45,000 different packaged products to its fastener and industrial distributor customers from its headquarters in Brunswick, Ga. and additional facilities in Chicago, Ill.

"We view Titan as the premier master distributor of packaged fasteners, specialty and hard-to-find fasteners, and other related products," Mr. Fox said. "Titan Fasteners is a unique company with a strong market presence, and the Titan team is respected as one of the best in the industry. Their service levels are terrific, particularly given their focus on lower volume, non-commodity SKUs. The combination with Lindstrom brings tremendous value to distributors. The extensive product lines of both businesses combined with their strong culture of customer service will further improve their ability to serve their customers."

Mike Wrenn, President of Lindstrom, commented, "The Titan name is well known in the marketplace. Our combined product offering is over 133,000 SKUs, the broadest line in the industry, and we are very excited by our opportunities as we combine the strengths of both companies. We believe our distributor customers want more choice. Our goal is to satisfy all their specialty fastener needs with the same high level of service and flexible, personal attention for which Lindstrom is known."

"Lindstrom's culture is a great fit with us," said Eric Kuchar, Titan's President. "Both companies are committed to developing personal relationships and really partnering with distributors to customize solutions to meet their needs. We realize that one size does not fit all, so we are flexible in our approach. Like Lindstrom, value-added services such as packaging, plating, and kitting are a very large part of what we offer. And being friendly, easy-to-do-business-with, and first in service are the goals that have guided both organizations for decades."

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## Japanese Tokyo Byora Koki's Thai Subsidiary Starts Producing Fastener Molds



To improve customer service and develop new clients, the company's subsidiary in Thailand (Tokyo Byora (Thailand) Co., Ltd.) has started producing various fastener molds. The Thai subsidiary has introduced the latest equipment, including the mass-production system for the self-developed super-hard alloy mold called "Tokyo-Ace", to ensure the molds made in Thailand having the same quality as those made in Japan. The molds made in Thailand will be supplied to Southeast Asia and India.

## Japanese SAIMA Corp. Set up an Office in India



To enhance the business and marketing in Southern Asia, SAIMA Corporation has set up an office in New Delhi in India. The company has initiated inventory sales of TRF (tamper-proof screw) through local agents in India to expand overseas business scale. With the new office in India where economy continues to grow and new business are vibrant, the company can enhance overseas sales system and expand sales.

## Micro Plastics, Inc. to Establish New Manufacturing Facility in North Arkansas

The Flippin, U.S.-headquartered Micro Plastics, Inc., currently having nearly 400 employees, is going to invest USD 2.4 million to set up a new manufacturing facility in Melbourne, Arkansas. The production of the new facility, according to the company, is expected to begin in Q1 2016. The Arkansas Economic Development Commission (AEDC) said that Micro Plastics will receive an USD 200,000 worth of economic infrastructure fund grant, along with income tax credits based on payroll of new jobs, sales tax refunds on building materials and machines. Micro Plastics, Inc. is a world leading and the largest nylon threaded fastener manufacturer. Its product range includes screws, nuts, electronic components, cable ties, etc.



## SFS Approval of SFS' Partnership Agreement with HECO



The competition authorities have approved the partnership agreement of SFS and HECO. Bringing together their complementary fastening solutions for structural timberwork will strengthen their respective market positions.

As part of the partnership agreement, SFS acquires a 30% interest in HECO (Ludwig Hettich GmbH & Co. KG) via a capital increase. The relevant competition authorities have approved the transaction that has been completed on 1st October. The proceeds from the share issue will be spent on projects to improve competitiveness and accelerate growth.

The two largely complementary product ranges will allow to serve customers better and thereby strengthen the market positions of SFS and HECO. Close collaboration will enable them to also take advantage of manufacturing synergies and strengthen their competitive profile. The partnership will have no negative effects on the employment levels at the various company sites.

## Bossard Invests in a New Logistics Hub in Illerrieden, Germany

The Bossard Group expands warehouse capacities at their German location in Illerrieden. There, the company invests 14 million euros into building a modern warehouse. The new warehouse will have an area of 6,100 square meters (65,700 sq. ft.). This results in a four-fold increase in capacity, and shorter delivery routes.

The new warehouse will be used by the Bossard Group and their subsidiary KVT-Fastening as the logistics hub for all product deliveries within Germany, and the Central and Eastern Europe region. "Illerrieden was specially selected for its central location in Europe. From here, we can reach all export countries in the EU relevant for our group. This is beneficial for our domestic as well as international Bossard and KVT-Fastening customers. Shorter routes translate to shorter lead time in product deliveries," explains Frank Hilgers, member of the executive committee of Bossard Group. The groundbreaking ceremony was on 23 September with the commissioning planned for early 2017.







## TriMas' Allfast Fastening Systems Receives 2015 Embraer Supplier of the Year Award



TriMas Corporation – a diversified global manufacturer of engineered and applied products – announced that its Allfast Fastening Systems division, part of TriMas Aerospace, has been awarded the 2015 Supplier of the Year Award – Hardware from Embraer.

“We are extremely honored to receive this award from Embraer,” said Tom Aepelbacher, president of TriMas Aerospace. “This recognizes our commitment to our customers to consistently provide superior quality, on-time delivery, flexibility and outstanding service. We thank Embraer for this award and look forward to continuing to partner together.”

The award was presented to Allfast during Embraer’s annual conference in Brazil in early October.

## Tong Ming Being Active in Creating E-Commerce Platform in China for Operational Stability

Chinese leading stainless steel fastener supplier Tong Ming reported higher revenue in the first half of 2015, though with lower profit owing to the dropped nickel price. The Company continues to seek stable operation this year and is now active in promoting its own e-commerce platform for cost reduction.

In an investor conference given on Aug. 28th, Spokeswoman of Tong Ming Ms. Ko said that the sales in China this year have shown significant fluctuations. However, the Company has adjusted upward the percentage of its overseas sales to disperse the risk in operation. In domestic China it is also quite active in promoting e-commerce and aims at the market in Eastern China. In the 2nd half of 2015, the Company will also expand its business down to the market in Southern China for reducing the cost and boosting the operating efficacy.

The current main sales of Tong Ming are basically in domestic China. In order to react to big changes in Chinese market, Tong Ming will increase the percentage of sales to the U.S., S. America, and Australia. It also reduces the supplies of products with low profitability and increases the supplies of niche products in order to maintain the average price level and stable inventory supply as in the 1st half of the year. Tong Ming is very active in promoting the e-commerce platform in China, which has been activated in the market in Eastern China. So far, 60% of customers in Eastern China have started to use the online order system and this e-commerce project is also planned to be implemented in Southern China, and will be further promoted throughout the entire China.



Spokeswoman of Tong Ming, Ms. Ko ▶



## Ching Chan Optical to Be Traded Over the Counter

Ching Chan Optical Technology continues to report good results from its global business deployment with its new Taiwanese HQ inaugurated this January and increasing popularity of its screw & nut sorting machines. Ching Chan's revenue last year reached NTD0.58 billion, up 80% from NTD 0.32 billion in the previous year. Although there are many unfavorable factors in the market observed this year, its revenue is still expected to reach record high NTD0.75 billion (a 30% growth). Ching Chan is currently planning to have its own shares traded over the counter which is expected to be started after this Dec.

President Alex Wu pointed out that the fastener industry this June revealed a significant decline. However, Ching Chan still reported good revenue results and stable order intake continuing from last year. Although the market demand in Q3 was weak, Ching Chan could still maintain similar performance as in last year's corresponding period due to its strategy of "don't put all eggs in one basket", unique features of its machines, brand reputation, and excellent after-sale service.

In order to strengthen its operating performance and achieve diversification, Ching Chan has expanded its business range to the production of high-end fastener formers. In its production line for fastener formers in the new Kaohsiung-based plant, it has 50 well-experienced industry veterans, who all have been working in this industry for more than 10 years. With its well-established global distribution network for sorting machines, the operating performance next year seems very promising.

Ching Chan's machines are sold to more than 30 countries around the world, and most of its customers are world leading fastener suppliers. It also offers sorting service for companies in automotive, aerospace, electronics, 3C, and medical industries and is planning to expand business to the development of inspection machines for powder metallurgy and oil seals.



## A Promising Future for High Value-added Fasteners

Taiwan is the 3rd largest fastener supply country in the world. It is estimated that by 2023 the production value of the global fastener industry will increase by 60% to USD 120 billion. Major Taiwanese fastener companies such as Chun Yu, Tycoons, and Boltun all demonstrate a very promising future. Market analysts said that the emerging Chinese fastener industry, though has taken many orders for low-price fasteners, Taiwanese publicly traded fastener companies still remain highly competitive in offering high value-added products.

Influenced by the global weak economy, orders for fasteners in the most recent months seem to have reduced a lot. Europe is especially the market with more uncertainties; however, the U.S. is relatively stable. As a result, in the long run, there are still many niche markets to be discovered for the global fastener industry. A director from a publicly traded steel plant said, "UPIVEB once said in a conference that the production value of the global fastener industry will reach USD 120 billion by 2023. Compared to the USD 75 billion production value in the recent year, the growth rate within the future 8 years will be over 60%.

A market analyst said that the top 4 countries with the largest fastener production values are Germany, China, Taiwan, and the U.S. in sequence. According to the thesis stating that the strong will be stronger, Taiwanese fastener industry can definitely earn its own market share in the fast-growing trend. The market analyst added that the future global car production will continue to increase and it is estimated that by 2023 the global car production will be about 0.107 billion units and China will become an important market (representing over 30% of the total production). This will be of course good news to those fastener companies (such as Boltun and Sumeeko) which are specialized in manufacturing automotive fasteners.

A market analyst said that the role of fastener manufacturers will become more important in the future. As major fastener suppliers like Chun Yu and Tycoons all have strong technical base for R&D, plus their decades of involvement in the global sales network, they can thus provide excellent service to customers and use well-established logistics systems to shorten the lead times, which can help them gain certain niches in the phase of industrial growth.