

Weller Distributor Day

Productronica

Munich, November 11, 2015

Weller Strategic Intent

Bernd Frühwald, VP GM Weller
Munich, November 11, 2015

"You can either change the world or yourself. The latter is more difficult."

Mark Twain
(American writer)

Strategic Intent



Global Market Leader for Electronic Benchtop Solutions

- No.1 Electronic Soldering supplier globally
- Leading Benchtop Supplier in every region
- Leading through technology and quality



How do we get there

- Improve efficiency / cost structure (Production Move, Global Processes)
- New product introduction (7 at the show).
- Expand in emerging markets (local sales team)
- Strategic partnerships and M&A



Business Profile Weller

Weller®

Profile	<div>+\$140M Revenue</div> <div>+ 420 Employees</div>
Strengths	<ul style="list-style-type: none"> • Global brand recognition (electronics) • WW distribution channels growing • Extended product portfolio • Ongoing segment diversification • Industry and product expertise • Diversified production profile • Financial strength – part of APEX

Weller Professional	Weller Consumer	Weller Filtration	Weller Erem	Weller Xcelite
Share of Sales: 60%	Share of Sales: 21%	Share of Sales: 7%	Share of Sales: 6%	Share of Sales 6%
				
Soldering Systems Desoldering Systems Soldering Irons & Tips Solder Wire	Soldering Irons (gas, line voltage, battery) Soldering stations Soldering Guns	Laser Fume Extraction Solder Fume Extraction Medical Fume Extraction Beauty Line Extraction	Cutters Pliers Tweezers Accessories	Cutters Pliers Tweezers Accessories

Distribution/OEM	Distribution/Catalogists	Distribution/OEM	Distribution	Distribution/Catalogists	GTM
Market leadership & brand recognition can be leveraged further	Opportunities outside the US market	Limited penetration and multi-segment opportunities	Brand recognition in Europe can be leveraged globally	LCC opportunities regrouping with Consumer and entry level for Erem	

Key Milestones 2015



Weller truly global

- Global Strategy
- Worldwide structure and processes
- Talented people are on board

#strategicintent



Fill the product development pipeline

- Investment in new product development
- 7 new products introduced during Productronica
- Installation of strategic partnerships



Improve internal efficiency

- Complexity reduction
- Improved product quality
- Production move to Queretaro started, completion in summer 2016

#relocation



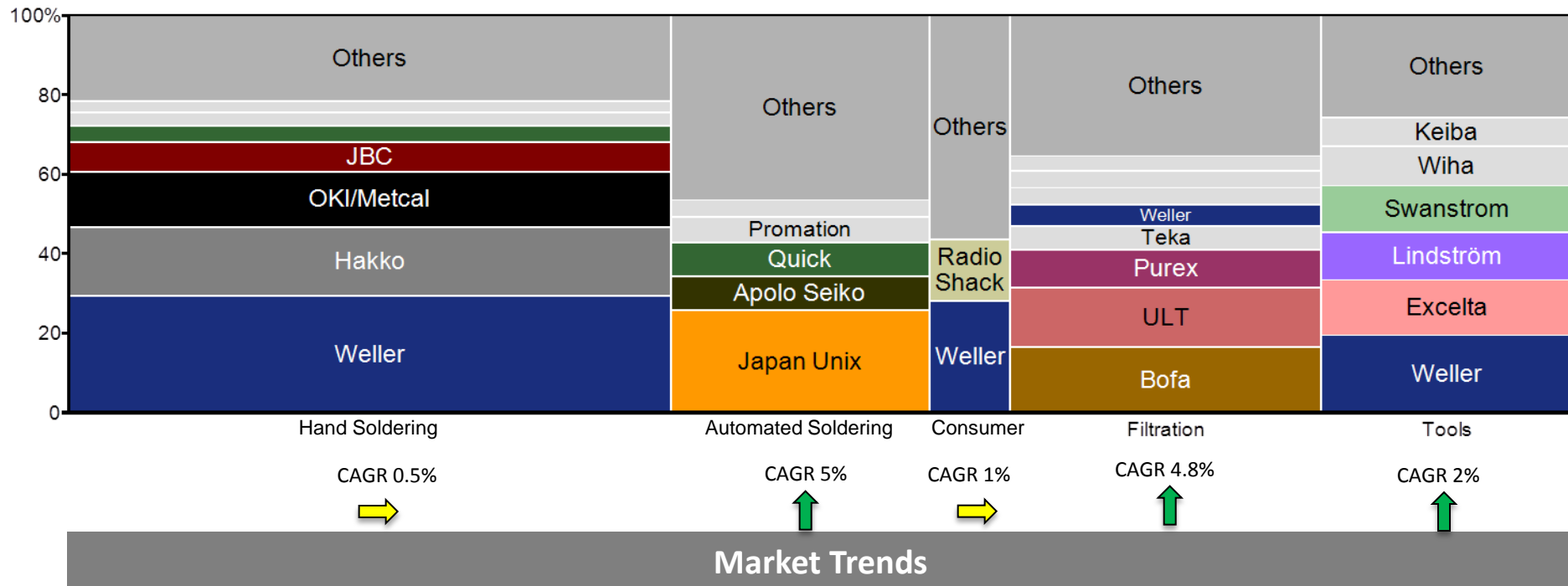
Weller Global Market

Weller®

2014
TAM \$679M

Combined segments TAM 2015-18 CAGR 2,5%

2018 est.
TAM \$749M

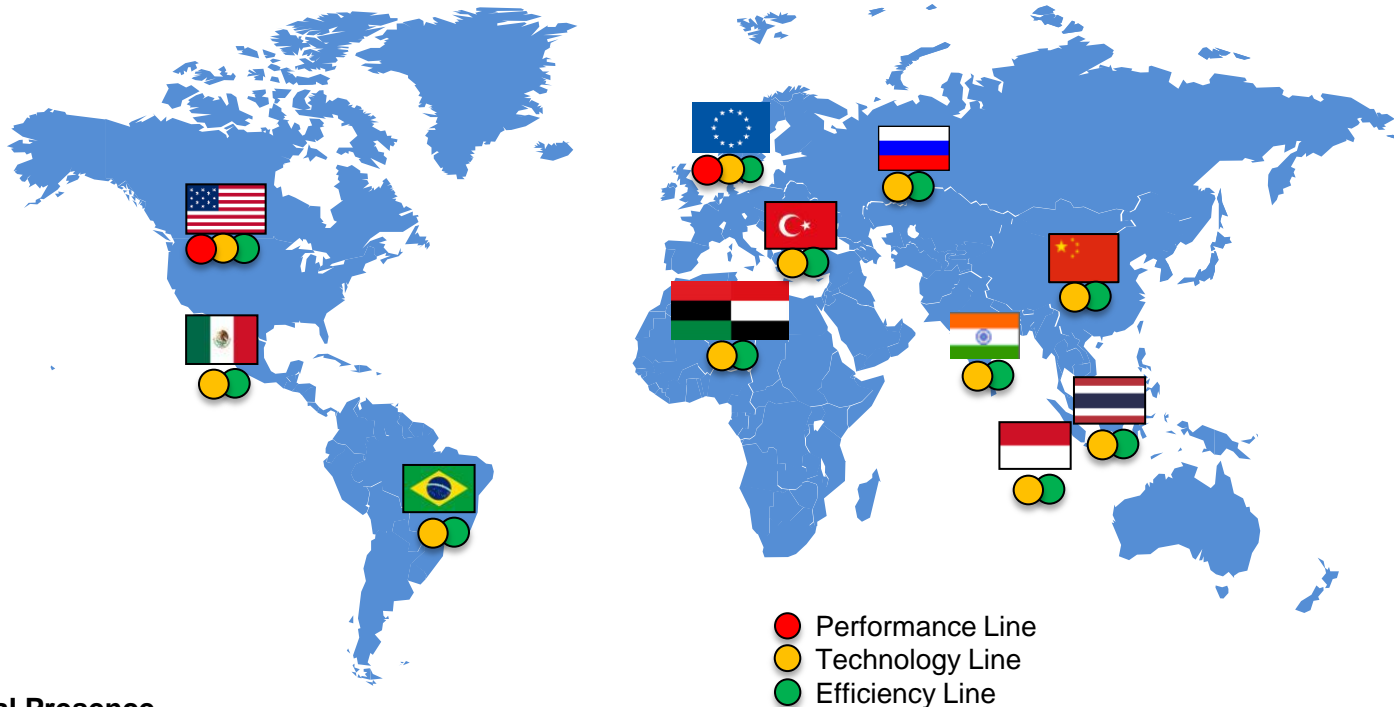


- Mutation of the soldering space
 - ➔ migration from Hand Soldering to Semi/Automated Soldering
 - ➔ consolidation among suppliers
- Migration out of Southern China into Central China, SEA, India, Mexico
- Filtration space expanding into multitude of segments

Weller Market Leader Hand Soldering

Growth Driver- Emerging Markets

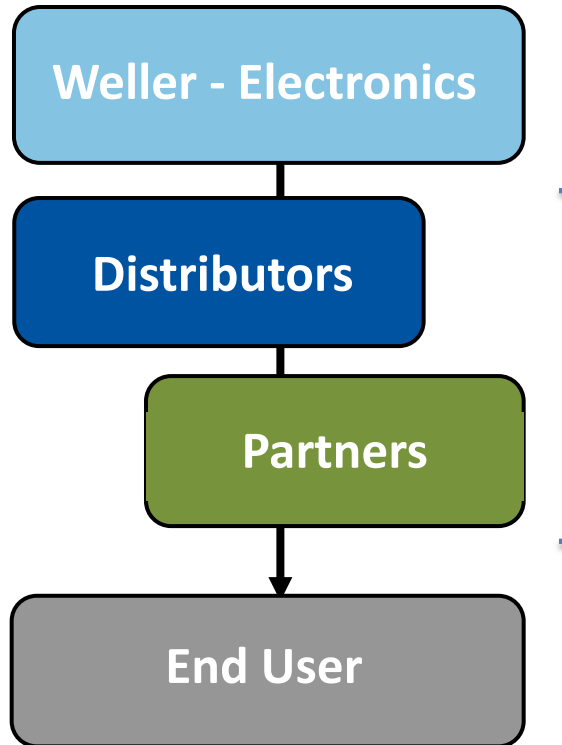
Regional Strategy



Reinforce Regional Presence

- Deploy existing product platforms or create new ones to fill gaps
- Target segments with appropriate go-to-market without damage to core business
- Expand beyond BRIC (i.e. Vietnam) with strong business case
- Continue to challenge low end segment competitors
- Sales focus : South Asia and Latin America

Growth Drivers - Channel



More than Just a Manufacturer

→ Dedicated sales teams, solutions, products, service offerings & selling tools

Commitment to the distribution model

→ Drive business through distributors and partners

Exceptional Channel Program

→ Appealing, balanced, rewarding program that pays for loyalty & drives growth

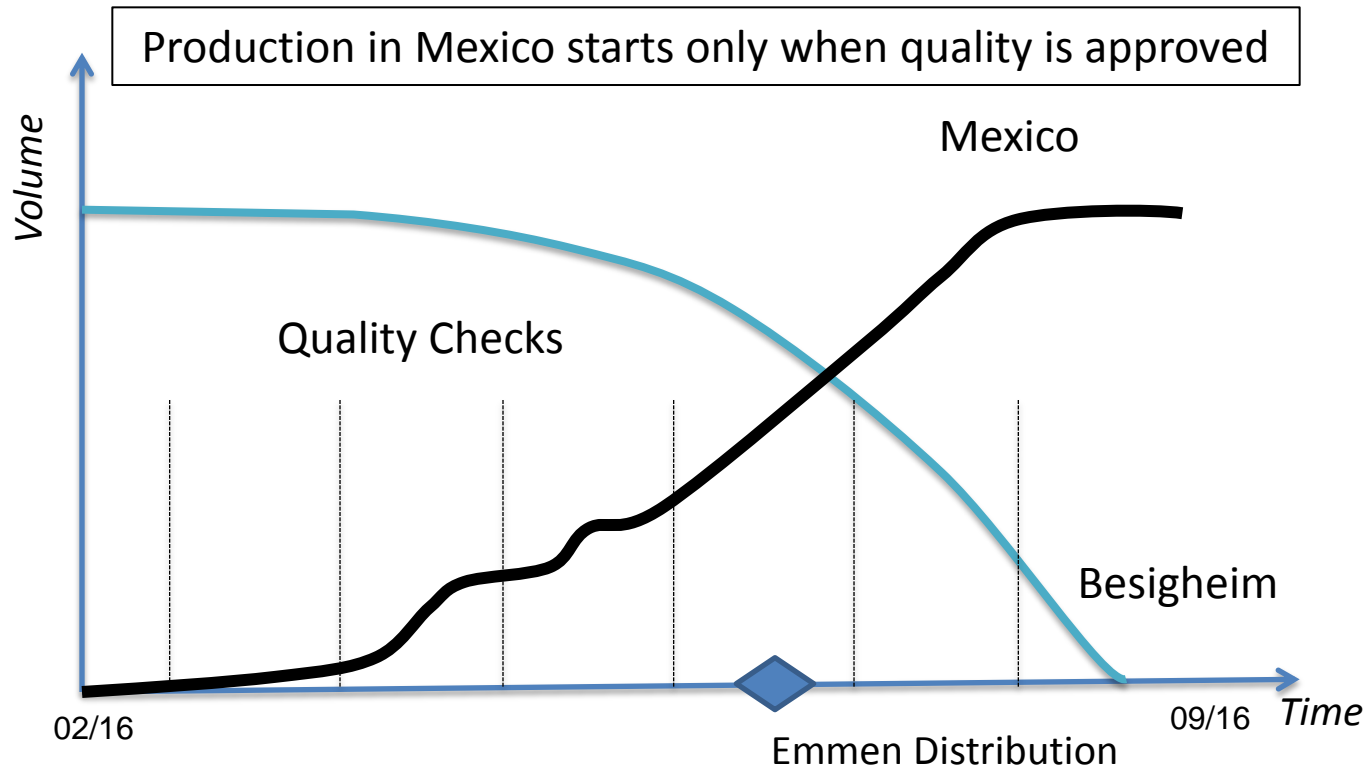
Consistent Pricing

→ Common pricing model across EMEA with incentives

Growth for all Players

→ Incentivize growth and selling through to end users

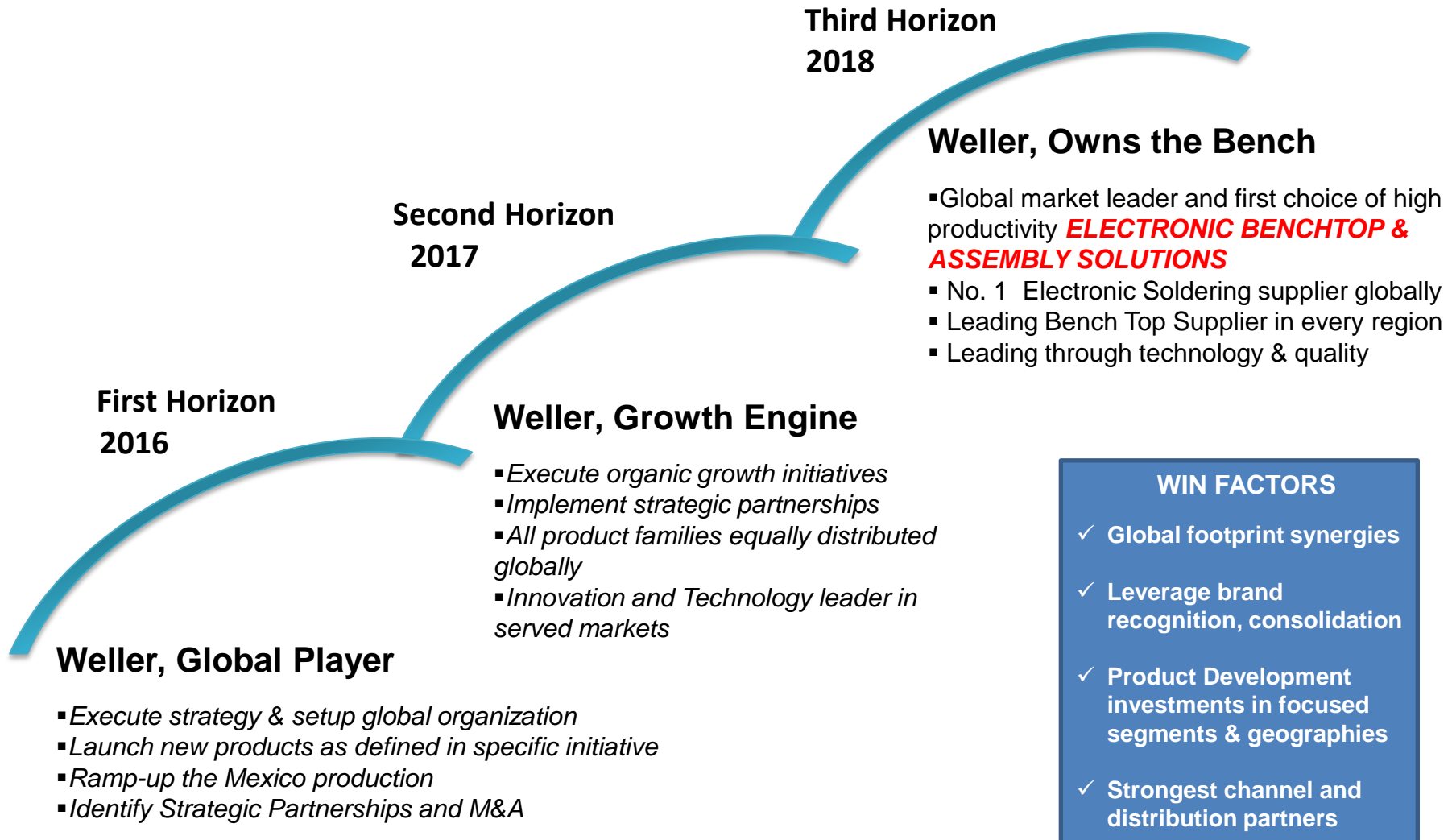
Dual Production Move Strategy



Mexico Quality Agenda:

- Dual production provides continued supply
- Quality inspection/Checks in place
- Production Control plans
- 24 months Besigheim people ramp up support

Weller's Strategic Intent - Summary **Weller®**



" You can either change the world or yourself. The latter is more difficult."


Mark Twain
(American writer)

We will change the world
&
Own The Bench

Weller

"Connect" Channel Program

Rainer Weigle, Global Director of Sales Weller
Munich, November 11, 2015

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Strengthening Relationships & Collaboration with our Partners

Channel Commitment

- Business through distribution and partners
- Dedicated sales and sales agents
- Clarity & Consistency in new channel program for 2016



Evolution



Weller's History of Evolution & Innovation



Weller Partner Program Evolution

Clarity? Consistency?
Contracts?
Clear policies?

WELLER Connect !!

VALUE

Solution

Service

Consulting

Support

Why Weller?



- ✓ Financially strong, capable to invest & sustain profitability of its channel partners
- ✓ Long term & growth oriented organization, determined to own the bench
- ✓ Widest product & service portfolio for key applications
- ✓ Channel only go-to-market strategy, delivering consistency , sales & marketing support

- ➔ **Become a key element of a transparent, non-congested, well balanced and highly qualified channel ecosystem**

Reasons To Partner with Industry Leader

Value Proposition



Allow partners to **leverage** the Weller brand

- Weller is the market leader
- More customers are requesting Weller products & services from partners

Give partners the tools to support the Weller
“**Own the Bench**” Strategy

Provide a sales model that **encourages** strong channel participation

Why the “Connect” Program

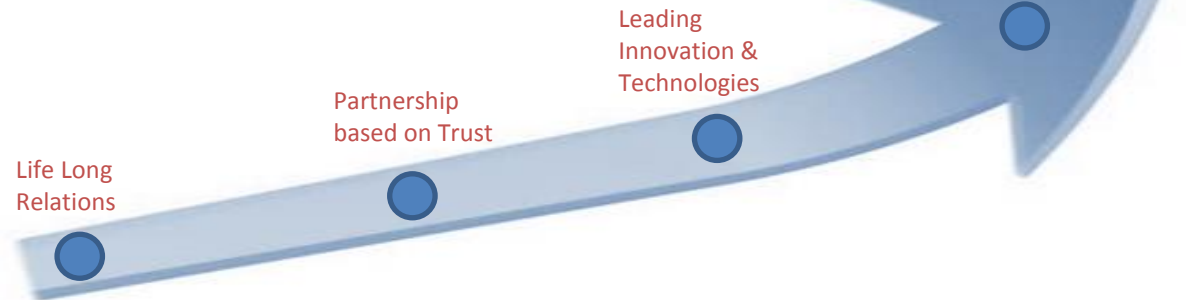


- Clarity, Consolidation, Consistency
- Provide an attractive ROI
- Greater rewards for increased partner investment & commitment
- Recognize that all partners are not the same
- Provides industry leading benefits to all partners
- Constancy & predictability that partners can count on
- Create new market and service opportunities for partners

Again, what does it take?

Key Success Factors:

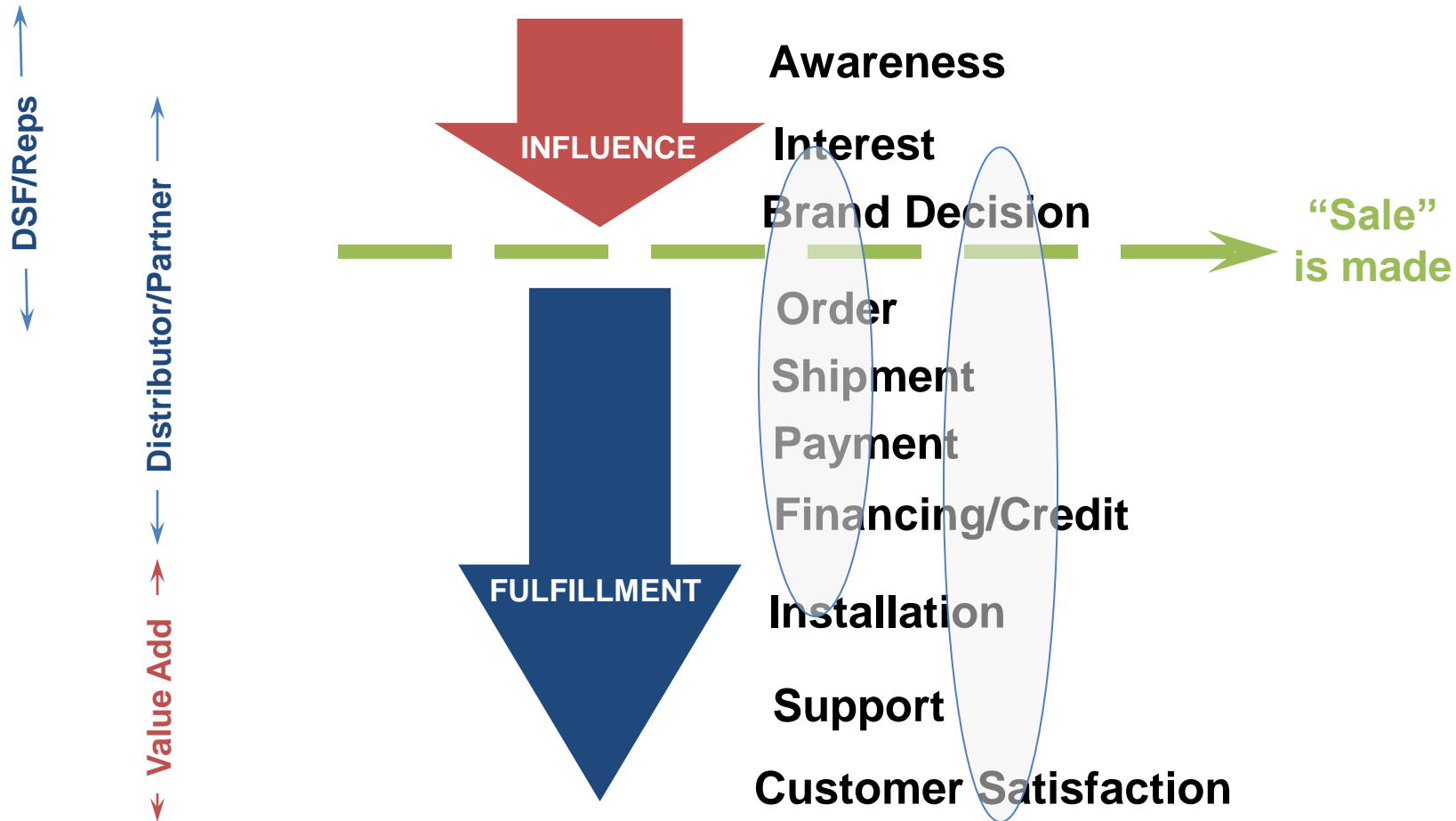
“Weller’s Channel supporting aggressive global expansion”



- Strong Channel Partners globally ✓
- Right multi-channel coverage
 - generalists, local champions, specialists and e-distributors
 - Right channel mix avoiding under- and over-distribution
 - Channel deployment in ‘High Growth Regions’ to displace competition (Asia)
- Balanced program using different levels
- Best Class Expertise
 - Reward our partners that offer technical expertise throughout the sales process

Time for Evolution!

Best in Class Expertise



Channel Value: The Right Status for Each Partner

The 4 Channel Fundamentals

① Status

Certified Distributor	Certified Premier Partner	Certified Partner	Authorized Partner
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- *Generalist*
- *Multi-Segment*
- *Multi-National*

- *VAD & VAR*
- *Specialist*
- *Local*

- *VAR*
- *Specialist*
- *Local*

- *Reseller*
- *Local*

② Expectations

- *Logistics*
- *Finance*
- *Inventory*
- *POS reporting*
- *Rev +\$2,5M*

- *Solution Driven*
- *Inventory*
- *Appl. Knowledge*
- *Service & Support*
- *POS reporting*
- *Rev1 *): +\$500k*
- *Rev2 *): +\$250k*

- *Solution Driven*
- *Appl. Knowledge*
- *Service & Support*
- *Rev +\$50K*

- *Weller visibility*
- *Rev -\$50K*

③ Recognition

- *Plaques*
- *Certificate*
- *Web reference*
- *Partner Conference*

- *Plaques*
- *Certificate*
- *Web reference*
- *Partner Conference*

- *Plaques*
- *Certificate*
- *Web reference*

- *Plaques*

④ Rewards

- *Disc. Cat I*
- *Disc. Cat II*
- *Disc. Cat III*
- *Growth Rebates*

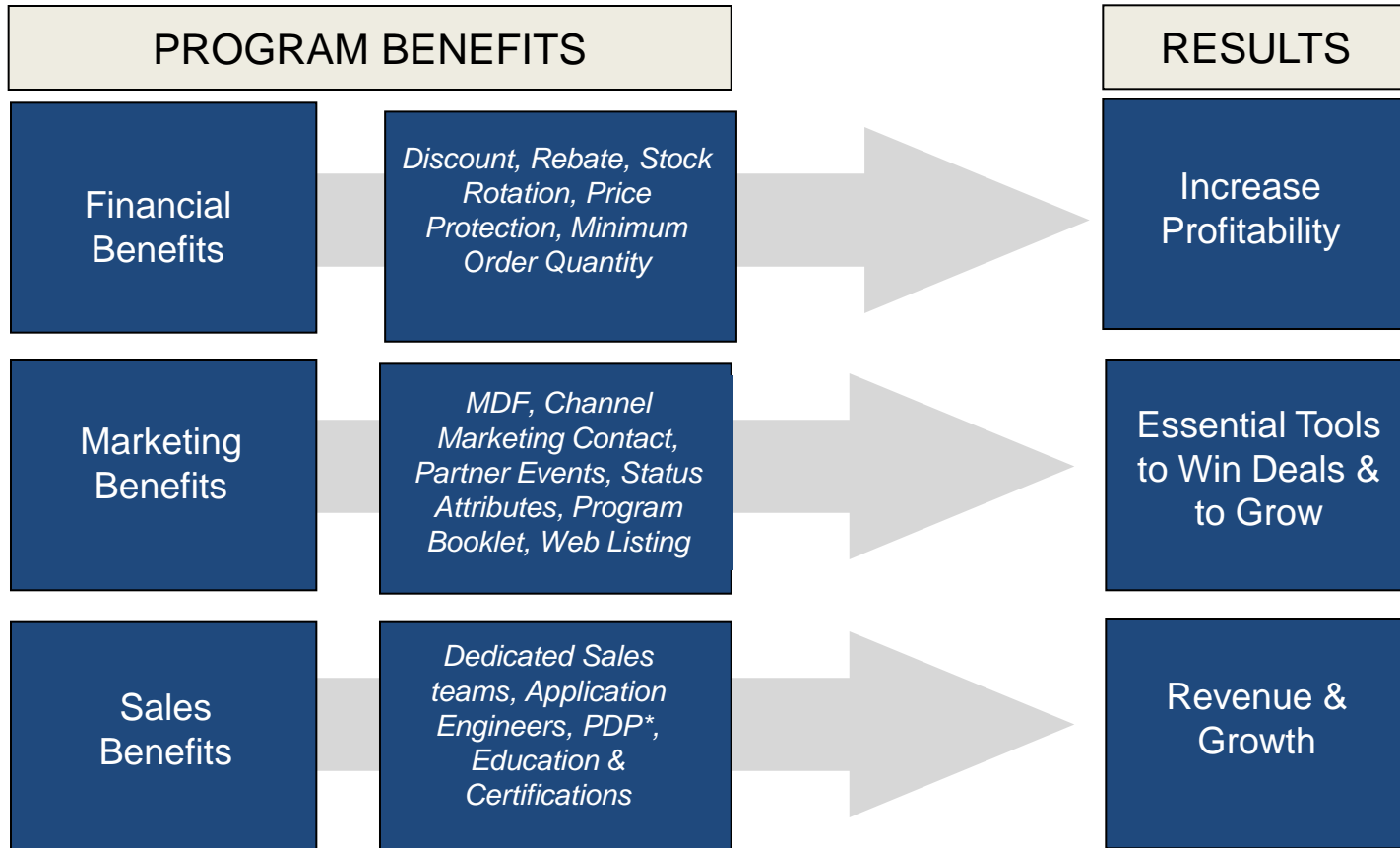
- *Disc. Cat I*
- *Disc. Cat II*
- *Disc. Cat III*
- *Growth Rebates*

- *Disc. Cat I*
- *Disc. Cat II*
- *Disc. Cat III*

- *Disc. Cat I & Cat II*
- *No Disc. Cat III*

The Right Status for Each Partner

Channel Program Benefits

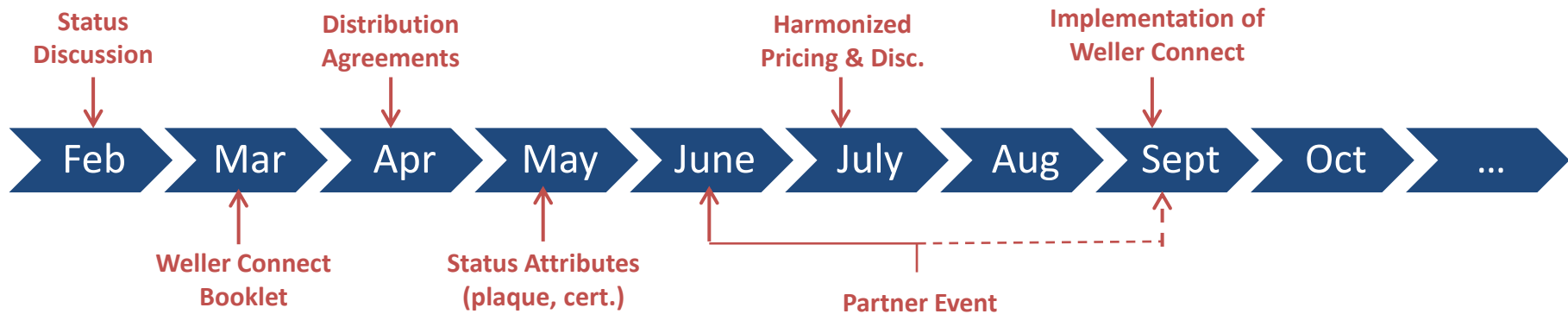


Our Channel Program Drives Value

How do we get started in 2016?



- Stepped approach to test new model in mature economies within Europe
- Reduce number of players in some regions to avoid over-distribution
- Channel deployment in High Growth Regions (HGRs), is a strong requirement to displace competition (Asia)
- Ensure adequate multi-channel coverage: generalists, local champions, specialists and e-distributors



Conclusion

- Business through our channel partners
- Dedicated sales and sales agents
- Ensure adequate multi-channel coverage
- Implement balanced program using different levels
- Reward Best Class Expertise



Our Key Success Factors!

Weller

Brand Consolidation & Roadmap

Philippe Buidin, Global Marketing & Product Management Director
Munich, November 11, 2015

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Agenda

- The Branding
- The Roadmap
- We listen!

What is a brand?

Weller®

The promise of the tangible and intangible experiences obtained when connecting with your organization.



Why are strong brands important? Weller®

For the End Users

- Simplified product choice
- Security that the known brand will provide distinct benefits, product longevity, enhancement of productivity and safety
- Confidence that the brand will be there for the long term.

For Weller & for You

- Barrier to competition
- More successful new product launches
- Stand out in a complex market
- Higher Margins
- Sustainable profitability



Key elements of our branding strategy



Clarity

Consolidation

Consistency

Clarity

Weller®

Current State vs. Desired State

- Many Brands
- Many Sites & P&L's
- Many Individual Cultures
- Limited Communications Structure
- Limited Shared Service Model

- Strategic Brands
- Unified Culture
- Best Practice Sharing
- Leveraging Size Advantage
- Global Distributors for Global End Customers

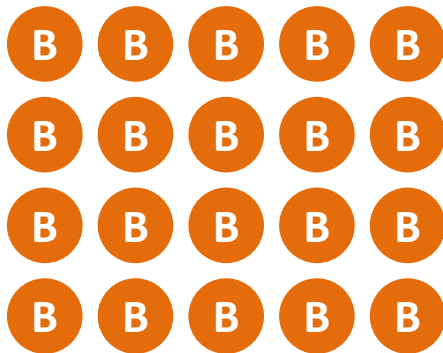
Too many individuals brands & product trademarks



Consolidation

A systematic process to evaluate and chose the Strategic Brands

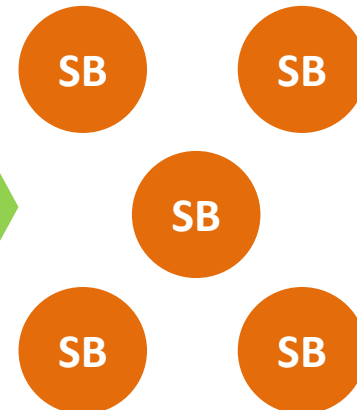
All Brands Currently Being Used



Evaluation:

- Current size/sales
- Growth potential
- Target verticals/customers
- Clearly differentiated price-performance position
- Market coverage

Set of Strategic Brands



Consolidation

Weller®



Consolidation

Weller®

Weller®

Weller®
Professional

Weller®
Filtration

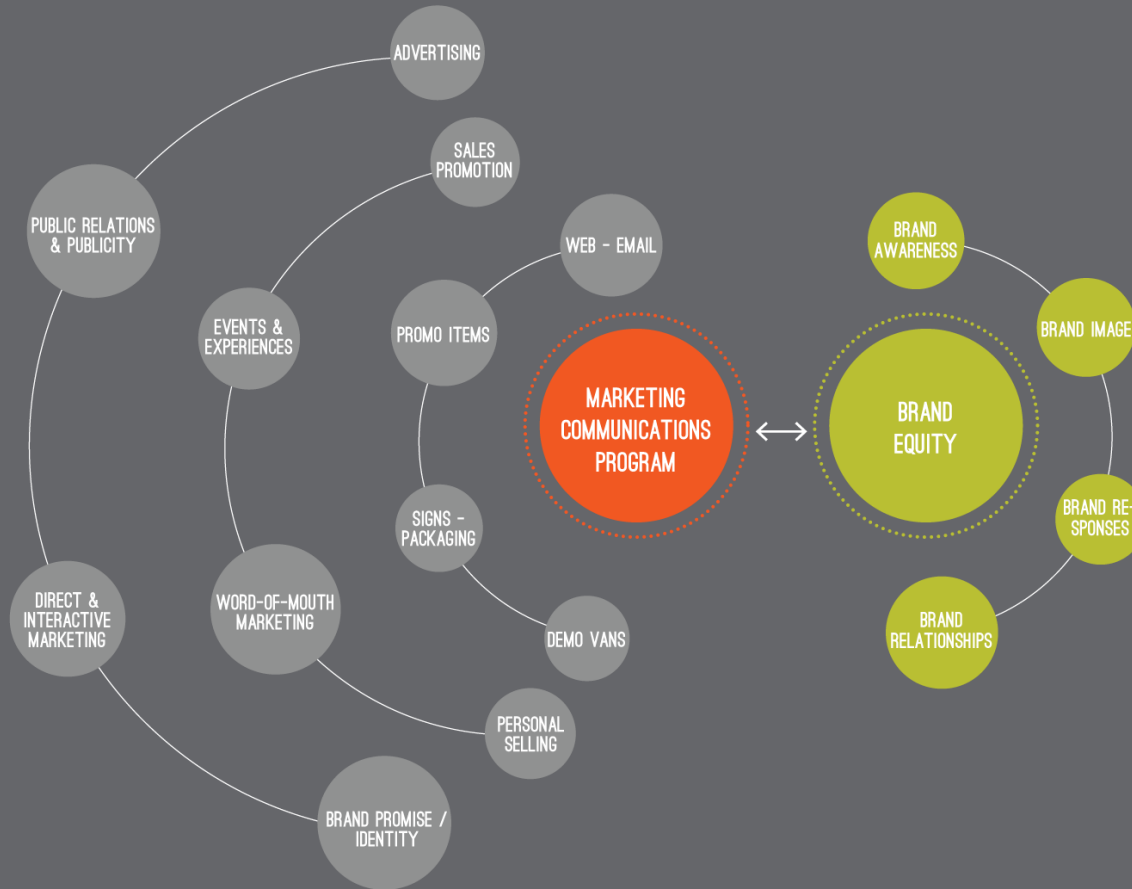
Weller®
Erem®

Weller®
Consumer

Weller®
Xcelite®

Consistency

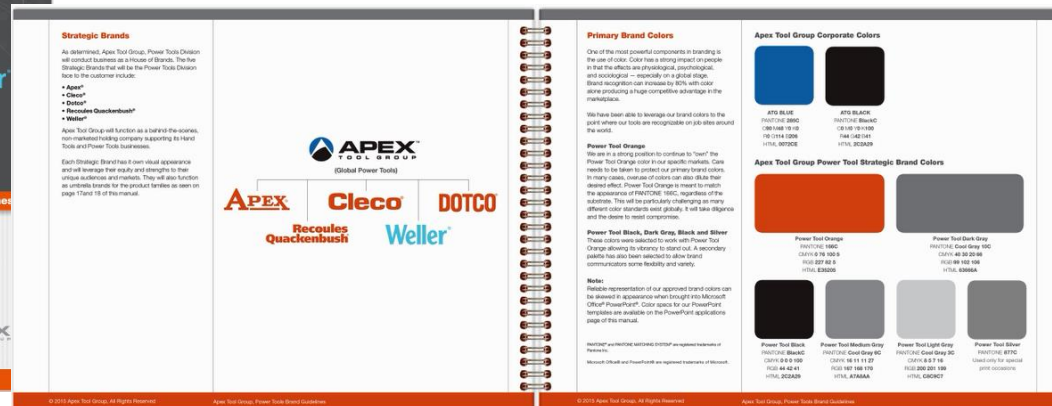
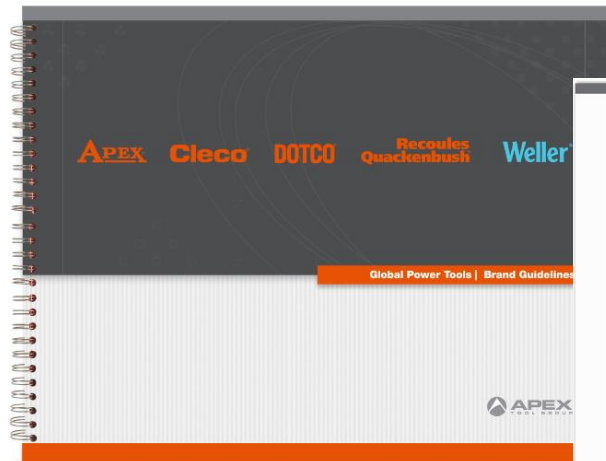
INTEGRATING MARKETING COMMUNICATIONS TO BUILD BRAND EQUITY



Branding Guidelines ...



- Consistent communication about the brand promise
- Consistent brand visual language
- Consistent global branding
- Understanding and alignment of branding across the organization & with distribution partners



Need Your Help!



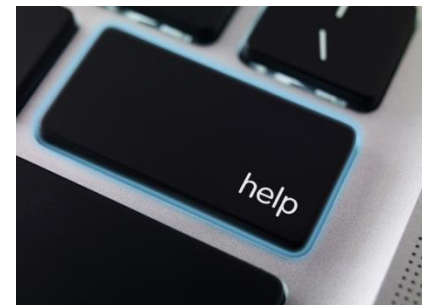
How you can play a major role in Weller's new Branding ...

Get familiar with our new Corporate Identity Guidelines

Review your existing Weller communication tools and material

Use the new branding material we will provide

Amend or change any existing non-compliant branding



Together, making the Weller brand even stronger

The Roadmap

Weller[®]

Launch new platforms

Technology Line
Soldering & Hot Air



Efficiency Line
Soldering



Expand the portfolio

Efficiency Line
Zero Smog



Technology Line
FlowinSmart



Technology &
Performance Line
Micro Tools

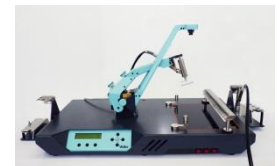


Prepare for automation

Efficiency Line
Automated
Soldering



Technology Line
Automated
Soldering



Technology Line
BGA Rework

Weller Listens!




What you told us:

- A new Hot Air solution
- A new BGA solution
- More & better information
- RT tips quality
- Long lead time

What we did:

- WTHA 1 in Q2 2016
- WTQB1000 in Q1 2016
- New web, newsletter, channel program
- Reviewed production process
- Series of projects to improve situation

*Continue to provide us with feedback
(new survey early 2016) and expect
us to take action!*

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you said

A light gray speech bubble with a tail pointing towards the bottom left.

we did

Weller Timeline* of Activities & Projects

* Provided dates are subject to change without formal prior notice depending on market conditions, business circumstances or internal decisions. Weller will do its outmost best to keep dates unchanged and/or to inform partners in due time in case of modification.

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Timeline – New Products



Efficiency Line Zero Smog

- Product Launch January 2016 in EMEA & Asia, April 2016 in North America
- First Customer Shipments February 2016 in EMEA & Asia, May 2016 in North America.

Technology Line BGA/QFR Rework (WTQB 1000)

- Product Launch March 2016
- First Customer Shipments March 2016

Technology Line Soldering (WT 1)

- Product Launch Q2 2016
- First Customer Shipments May/June 2016 in EMEA & Asia, June/July in North America

Technology Line Hot Air (WTHA 1)

- Product Launch Q2 2016
- First Customer Shipments June 2016 in EMEA & Asia, July in North America

Weller Automation

- Prototypes by mid 2016
- Launch and First Customer Shipments towards the end of 2016

Timeline – Various Projects



Brand Consolidation - Weller

- Start of internal changes at Weller – November 2015
- Corporate Identity Guidelines distributed to partners: January 2016
- Partners start aligning with new guidelines: January 2016
- Partners modified major communication tools (Web, documentation, etc.): June 2016
- Brand enforcement by Weller: from June 2016

Weller Connect Channel Program

- Global partner program first launched and implemented in Europe : 2016
- Status discussion with partners: from February 2016
- Weller Connect booklet (documentation) : March 2016
- Distribution (partner) agreements & contracts: from April 2016
- Status attributes available and distributed: from May 2016
- Harmonized pricing & discounts: July 2016
- Distributor (partner) event: June or September 2016 (tbc)
- Day 1 of Weller Connect: September 1, 2016