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## D-M-E extends its reach into Asia with Futaba alliance

By Steve Toloken

PLASTICS NEWS STAFF



Lawrence

SHANGHAI (April 29, 2008) -- American mold equipment maker D-M-E Co. and Japanese mold base and electrical component manufacturer Futaba Corp. formed a strategic alliance April 18, with Futaba investing in D-M-E's Japanese facility and D-M-E getting the opportunity to expand its Asian manufacturing footprint through Futaba factories in China and Vietnam.

The deal gives Futaba a 49.1 percent stake in D-M-E's Tokyo factory, called Japan D-M-E Corp. or JADME, and the immediate focus will be to partner D-M-E's technology with Futaba's Japanese manufacturing expertise to expand sales in the more sophisticated molds being built in the Japanese market, said D-M-E President Dave Lawrence.

"Beyond that, we are already in a sourcing relationship with them in certain products," he said in an April 19 interview at the Chinaplas trade show in Shanghai. "We'll continue to work with sourcing relationships and it will also give us access to some of their manufacturing capacities in China and Vietnam. We can bring out more products under the D-M-E label here."

D-M-E, based in Madison Heights, Michigan, currently has a hot runner assembly facility and distribution location in Shenzhen, Guangdong province.

"The crux of the whole relationship is we need a bigger footprint in manufacturing in China, especially in some of the mold plate, special mold machining and hot runners," Lawrence said. "They don't have as advanced technology products as we do, especially in hot runner technology, stack mold technology, even in temperature control technology."

He said the companies are looking at joint manufacturing opportunities for machining hot runner products and manifolds, and for other hot runner components and for temperature controls, where Futaba, based in Mobarra, Japan, has expertise. Lawrence spoke during an April 19 news conference and separate interview at Chinaplas, held April 17-20 in Shanghai.

D-M-E will also help Futaba expand its North American sales, Lawrence said.

Futaba bought out the shares of D-M-E's previous joint venture partner in the Japanese operation, Mitsubishi Steel Manufacturing, and a smaller investor, Lawrence said. D-M-E owns 50.9 percent of the operation. He said Mitsubishi was happy with the venture but wanted to focus on its investments in the steel industry.

"We are excited to strengthen our position in mold technologies by partnering with a company that brings not only hot runner systems but also a worldwide perspective and reach to new product development and mold technologies," said Nobumitsu Kanetsuna, executive vice president of Futaba, in an April 18 statement.

The companies share some overlapping products and are working out how not to compete with each other, along with working out some supply and distribution agreements, Lawrence said.

But the investment agreement in Japan was the largest deal to broker issue and the other agreements "are not going to be big issues," he said.

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