

Press Release
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Okuma Establishes Production Facility in China **Okuma (Changzhou) Machine Tool Co. Ltd**

Okuma Corporation announced an investment agreement made on 12 April 2019 with the Wujin National High-Tech Industry Development Zone Management Committee (Changzhou City, Jiangsu Province, China) to establish Okuma (Changzhou) Machine Tool Co. Ltd (OCC) as a machine tool production subsidiary.

Okuma (Changzhou) is a 100% wholly-owned subsidiary of Okuma Corporation (OCJ), and will be established in Changzhou City's Wujin National High-Tech Industrial Development Zone.

The Changzhou Wujin National High-Tech Industry Development Zone is located approximately 160 km west of Shanghai, about one hour by high-speed rail, and Japanese-affiliated companies focusing their operations on manufacturing robots, automobiles, auto parts, machinery etc, and have made inroads into the same area.

Okuma (Changzhou) will manufacture the GENOS Series "premium-eco" class of horizontal CNC lathes and vertical machining centers, to meet the expanding demand in the Chinese market.

1. The background and objectives

Until now, Okuma has produced GENOS lathes and machining centers built by its subsidiary in Taiwan, Tatung-Okuma Co. Ltd (TOC), and marketed these products throughout China via its sales subsidiary, Okuma Machine Tool (Shanghai) Corporation (OMC).

While demand for the GENOS machines expands in China, Okuma Corporation, with a 100% stake in a local production subsidiary, intends to further expand sales, respond to short delivery times, improve price competitiveness, and strengthen engineering support. With the establishment of Okuma (Changzhou), OCJ decided to produce the GENOS lathes and machining centers in China.

We are moving ahead with the process of setting up Okuma (Changzhou), and plan to start operations in October this year.

2. Brief outline of OCC

Name: Okuma (Changzhou) Machine Tool Co. Ltd.
Location: 377 Wujin South Road, Wujin National High-Tech Zone, Changzhou, Jiangsu, China
Capital: 880 million yen (planned) . . . Fully owned by Okuma Corporation
Establishment: Scheduled for June 2019
Operations: From October 2019

3. Factory building outline

A part of an existing building in Changzhou City of the Wujin National High-Tech Industry Development Zone will be leased, and the interior will be remodeled and used as a factory.

- Assembly area: 3,676 m²
- Showroom: 379 m²
- Offices: 676 m²



4. Production models

- CNC lathes: GENOS L 250 II-e, GENOS L 400 II-e, GENOS L 2000-e, GENOS L 3000 II-e . . . Total 4 models
- Machining centers: GENOS M460-VE-e, GENOS M560-V-e . . . Total 2 models

5. Outline of production

OCC plans to gradually increase assembly work for semi knock-down production of the GENOS Series.

- In the early stages, OCC will import machines from TOC that are close to finished machines, receive CNC controls from OCJ, and final assembly at OCC will be limited to the mounting of peripherals.
- After that, the ratio of local procurement will be gradually increased for the semi knock-down process by locally procuring parts, unit assemblies, etc. to about 70% by 2021.
- At the stage of semi knock-down production;
 - TOC will supply the core assemblies such as spindle units and ATC (auto tool changer) equipment.
 - OCJ will supply CNC software and hardware such as CNC controls, drive units, and servo motors.
 - Other plans include the procurement of peripheral equipment, covers, and castings, and machined components locally.
- The production volume will be 10 units per month in 2019, and gradually volumes will increase to 40 in 2020 and 75 units in 2022.



6. Sales

The sales machine tools produced by OCC are limited to customers in the Chinese market, and OMC will be responsible for providing sales and service support.