



U.S. Tsubaki Recognized for

2021

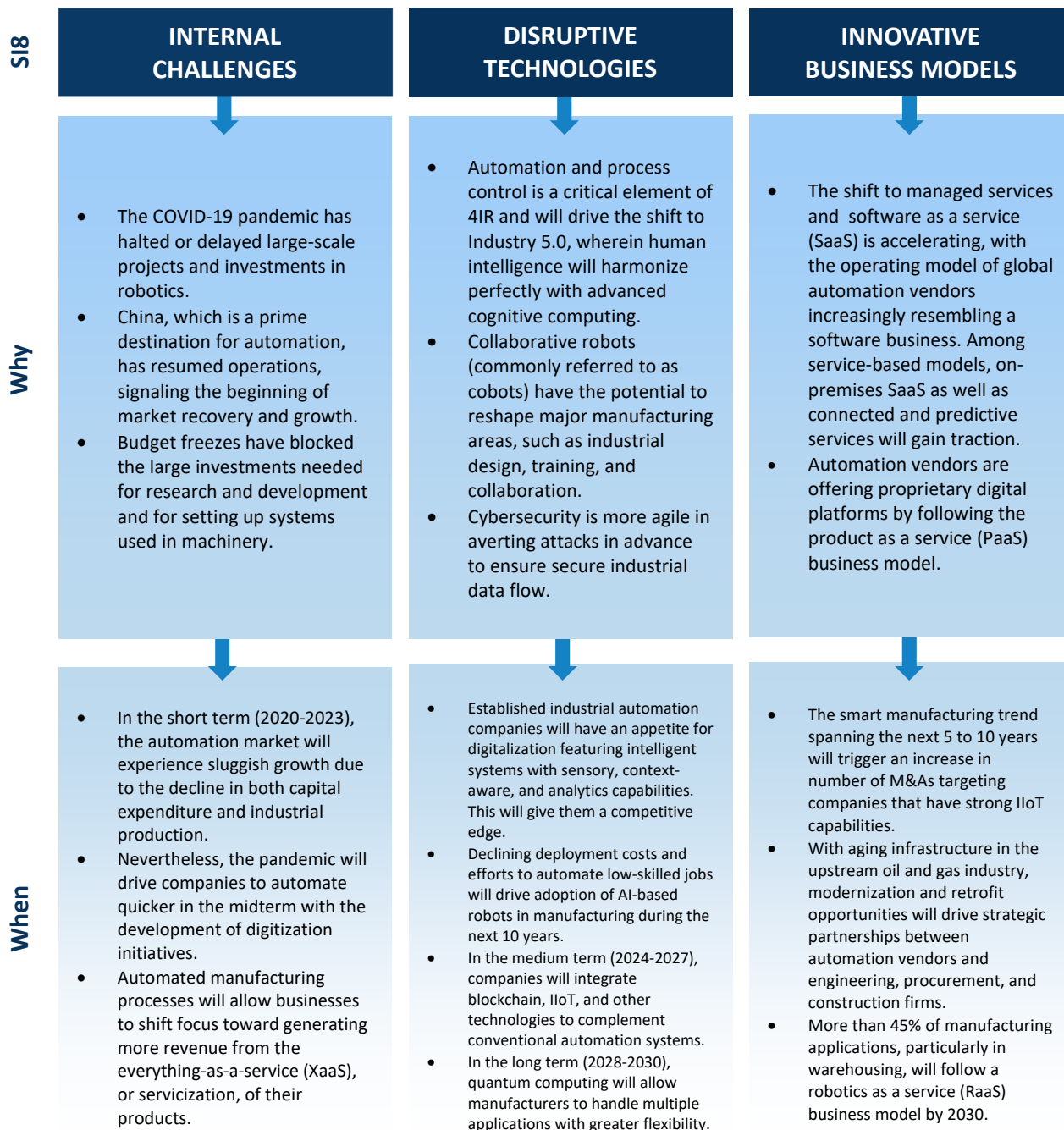
Customer Value Leadership

North American Roller Chain Industry

Excellence in Best Practices

Strategic Imperatives

Frost & Sullivan identifies three key strategic imperatives that impact the automation and process control industry: internal challenges, disruptive technologies, and innovative business models. Every company that is competing in the automation and process control space is obligated to address these imperatives proactively; failing to do so will almost certainly lead to stagnation or decline. Successful companies overcome the challenges posed by these imperatives and leverage them to drive innovation and growth. Frost & Sullivan’s recognition of Tsubaki is a reflection of how well it is performing against the backdrop of these imperatives.



Best Practices Criteria for World-Class Performance

Frost & Sullivan applies a rigorous analytical process to evaluate multiple nominees for each award category before determining the final award recipient. The process involves a detailed evaluation of best practices criteria across two dimensions for each nominated company. Tsubaki excels in many of the criteria in the North American roller chain space.

AWARD CRITERIA	
<i>Business Impact</i>	<i>Customer Impact</i>
Financial Performance	Price/Performance Value
Customer Acquisition	Customer Purchase Experience
Operational Efficiency	Customer Ownership Experience
Growth Potential	Customer Service Experience
Human Capital	Brand Equity

Quality and Reliability: The Building Blocks of Tsubaki’s Exceptional Customer Experience

Founded in 1971 with its headquarters in Wheeling, Illinois, U.S. Tsubaki Power Transmission, LLC is the

“To customers, Tsubaki’s roller chains are synonymous with quality and reliability. The company’s winning strategies include local manufacturing and a robust distribution network, allowing it to maintain its competitive edge while addressing customers’ essential needs.”

- Kiravani Emani, Industry Analyst

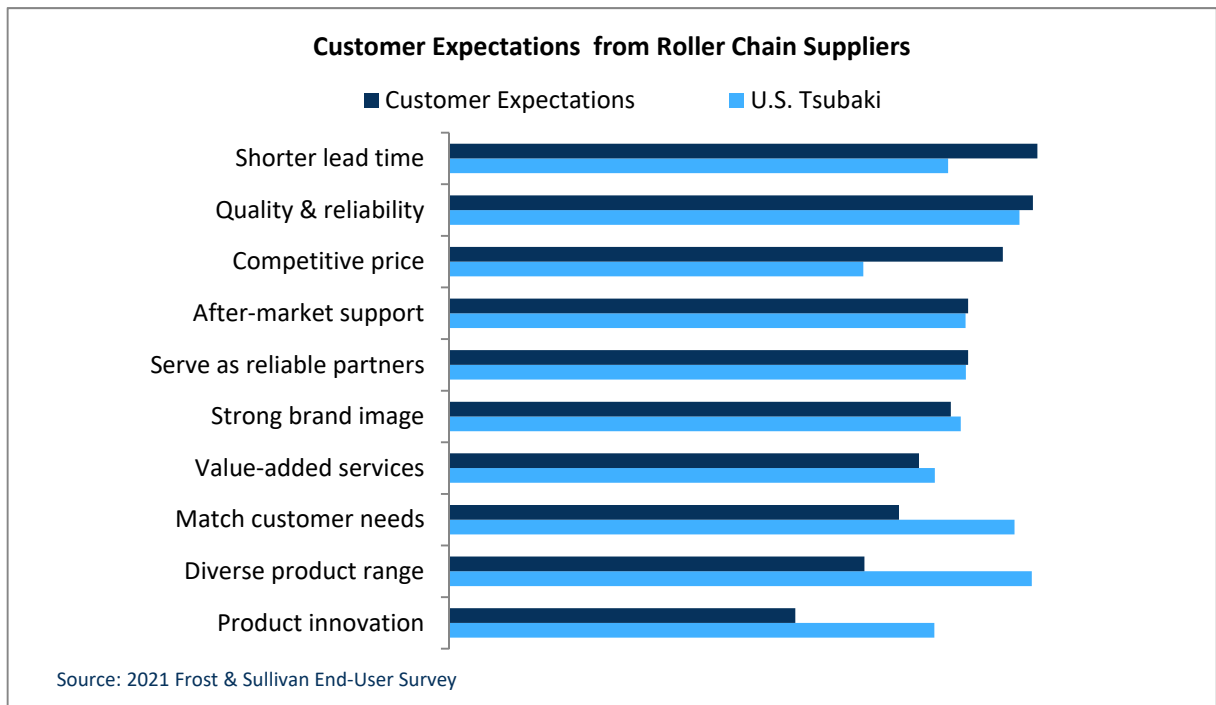
leading supplier of roller chains and power transmission components in the North American market. The company enjoys a strong partnership with original equipment manufacturers (OEMs) and end-users across various industry verticals, including automotive, food and beverage, packaging, primary metals, mining, material handling, and construction.

Built on the foundation of quality and reliability, Tsubaki’s cutting-edge roller chain portfolio addresses a gamut of customer needs. An attractive feature to

customers is the company’s wide product range (i.e., standard and customized roller chains) that assure the efficient performance of equipment used in diverse applications, including industrial, heavy equipment, and hygiene.

Tsubaki’s unceasing effort to address complex customer needs has positioned it as the most preferred brand in the North American market. Such success is directly attributed to the company’s team of proficient engineers as the team drives product innovation to enhance the customer experience. A remarkable example is the launch of the company’s patented Super Stainless™ roller chain in 2020. The product’s ground-breaking engineering combines the strength of stainless and carbon steel by integrating a high side-bar waist and hardened stainless components. The unique design offers the twin benefits of corrosion resistance and the strength of carbon steel, making it a 2-in-1 roller chain for all customers. Moreover, in comparison to competing roller chains, the Super Stainless™ offering is two-fold durable with 6X stronger load capacities and sustenance in extreme temperature ranges (-40° to 750° F). Such distinctive capabilities ideally position the product for customers as it can increase equipment uptime, reduce replacement rates, and minimize maintenance costs. Frost & Sullivan notes that such product innovation again proves Tsubaki’s status as a forerunner in addressing market gaps and strengthening customer relationships.

In addition to its product portfolio, Tsubaki’s unique tools assist customers in maintenance, repair, and overhaul (MRO)-related services. For instance, its new chain wear indicator kit helps customers evaluate roller chain wear life. Designed with high-quality materials, the kit provides an accurate assessment of roller chain condition, helping customers predict the scope of critical failure arising from chain wear. As a result, customers can be more proactive in planning MRO services, ensure timely replacement, and increase overall equipment uptime. Moreover, customers can rely on Tsubaki for procuring roller chain and other power transmission components.



Such assistive tools coupled with the company's high-quality roller chains elevate customers' positive experience with the brand. The approach reflects Tsubaki's relentless focus on delivering an exceptional ownership experience throughout the roller chain lifetime. With such a holistic product offering, Tsubaki continues to strengthen the satisfaction levels of existing customers while gaining new customers within and across industries.

Redefining the Customer Service Experience in the Roller Chain Market

Customer service is another pivotal facet in which Tsubaki outperforms its peers. Shorter lead time is an indispensable factor for OEMs and end-customers and remains a top criterion in the selection of roller chain suppliers. Tsubaki's domestic manufacturing strategy complimented with a strong distribution network ensures rapid product delivery and efficient inventory management. Tsubaki currently has 7

"Tsubaki's best-in-class services ensure customers receive the right product at the right time. Through value-added programs such as ProService®, customers increase their equipment uptime and achieve operational cost savings. Tsubaki has thus gained a strong competitive edge in the North American market."

- Kiravani Emani, Industry Analyst

manufacturing plants and 5 dedicated services centers in the United States, and partners with several national, regional, and local distributors. Frost & Sullivan notes this aspect remains a roadblock for competitors due to their weak supply chain and poor rapport with distributors.

Another prominent feature of Tsubaki is its value-added services, which enhance roller chain efficiency over the product's lifetime. A noteworthy service offering that remains unmatched with its peers is the company's ProService program. ProService® includes product installation, training, field inspection wear analysis,

performance tracking, and optimization. Through this program, Tsubaki serves as an end-to-end solution provider for customers. It helps customers receive the right product, efficiently monitor and manage roller chain performance, maximize productivity, and make most roller chain wear and tear predictable. With this, Tsubaki is redefining the roller chain business model by moving from a mere component supplier to a partnership approach.

Tsubaki's customer-centric approach is evidenced through its customer engagement programs. The company conducts regular on-site surveys and standard analysis on equipment performance and uses in-house calculation software to assess different load and parameter aspects. Such an approach ensures customers consistently benefit from its high-quality roller chain offering. Overall, Tsubaki's progressive roller chain portfolio and best-in-class services make it a one-stop-shop roller chain supplier for customers.

Leveraging a Strong Brand Reputation to Support Tsubaki's Positive Growth Outlook

Over decades, Tsubaki has emerged as a popular brand for roller chains in the North American market, cementing its brand equity. With strong support from its Japanese parent company, Tsubakimoto Chain Company (a globally renowned power transmission company), Tsubaki has increased its brand reach and visibility. By adhering to the parent company's core values, namely a quality-oriented approach, Tsubaki has established and sustained a strong foothold in the North American market. Hence, the threat from low-cost local and international roller chain brands has become trivial. With no compromise on quality and a focus on reducing the total cost of ownership, Tsubaki is gaining and building long-term customer relationships. Despite access to numerous competing brands in North America, customers exhibit strong brand loyalty towards Tsubaki due to its unique and best-in-class product. A 2020 Frost & Sullivan customer survey with OEMs in the food and beverage, packaging, and automotive industries identified Tsubaki roller chains as the go-to brand for their equipment.

Since its inception, Tsubaki has made significant progress in the North American market, witnessing steady growth. Despite temporary setbacks arising from the global pandemic and its adverse impact on the supply chain, Tsubaki's local manufacturing-driven business model can still fulfill customer needs with no delays. Moreover, Frost & Sullivan foresees its new project investment in the next 2 years indicates an optimistic growth outlook where the company is likely to witness double-digit growth in the long run. Furthermore, the company's focus on expanding its product offering in the cable carriers segment is expected to boost revenue growth. As the company's vision and strategy continue to increase quality standards and investment in services, Tsubaki is expected to remain ahead of its peers despite cut-throat competition.

"We partner only with (high-value) brands (such as Tsubaki) as they understand our needs and can support our sophisticated packaging equipment design. Along with quality, roller chain durability and an efficient delivery process are important selection factors."- OEM, Packaging Equipment

Conclusion

With nearly five decades of market presence in the North American roller chain market, Tsubaki has earned a strong brand image for its high-quality products. The company enables OEMs and end-customers across industries to access any roller chain type, including lube-free chains, anti-corrosive chains, attachment chains, specialty chains, and plastic chains. Moreover, Tsubaki offers the flexibility to customize roller chains that best fit customers' equipment, with approximately 50% of its requests made-to-order. US-based manufacturing, shorter lead times, and skilled resources to troubleshoot customer queries are the key differentiating factors of Tsubaki. Its quality-driven approach, versus the price-based approach followed by the majority of its peers, has allowed it to gain customer confidence and build strong partnerships.

With its strong overall performance, U.S. Tsubaki Power Transmission, LLC earns Frost & Sullivan's 2021 Customer Value Leadership Award in the North American roller chain industry.

What You Need to Know about the Customer Value Leadership Recognition

Frost & Sullivan's Customer Value Leadership Award recognizes the company that offers products or services customers find superior for the overall price, performance, and quality.

Best Practices Award Analysis

For the Customer Value Leadership Award, Frost & Sullivan analysts independently evaluated the criteria listed below.

Business Impact

Financial Performance: Strong overall financial performance is achieved in terms of revenues, revenue growth, operating margin, and other key financial metrics

Customer Acquisition: Customer-facing processes support efficient and consistent new customer acquisition while enhancing customer retention

Operational Efficiency: Company staff performs assigned tasks productively, quickly, and to a high-quality standard

Growth Potential: Growth is fostered by a strong customer focus that strengthens the brand and reinforces customer loyalty

Human Capital: Commitment to quality and to customers characterize the company culture, which in turn enhances employee morale and retention

Customer Impact

Price/Performance Value: Products or services provide the best value for the price compared to similar market offerings

Customer Purchase Experience: Quality of the purchase experience assures customers that they are buying the optimal solution for addressing their unique needs and constraints

Customer Ownership Experience: Customers proudly own the company's product or service and have a positive experience throughout the life of the product or service

Customer Service Experience: Customer service is accessible, fast, stress-free, and high quality

Brand Equity: Customers perceive the brand positively and exhibit high brand loyalty

