

A new phase for Hittech Group



Every company reaches a point where measures are required to ensure continuity - this applies to the Hittech Group as well. Firstly, two new shareholders joined us in September 2017. They are here to help ensure our growth strategy succeeds. Emiel van Dommelen is now the majority shareholder, but will keep a low profile. Chris Borgers has a minority share. Additionally, company founders Cor Heijwegen and Beer Wentink will remain shareholders, together with Tim Heijwegen. The founders are now both over 70 years old, and decided some time ago to retire and find suitable replacements. They managed to do so.

As of 1 October 2017, Beer Wentink was replaced as CFO by Chris Borgers. Cor Heijwegen will retire as CEO on 1 July 2018, and Eric Driessen will be his successor. Cor Heijwegen will remain closely involved with the Hittech Group as Chairman of the Supervisory Board.

This newsletter contains interviews with Cor, Eric, and Emiel.

Cor Heijwegen: Taking a step back with confidence

Cor Heijwegen (72) will retire as CEO of the Hittech Group this summer. He will do this with a heavy heart. "I find it difficult to let go," he concedes, "I could easily do a few more years. Fortunately, I still have the energy for it. But it is the right time for me to retire." To ensure the continuity of the organisation, Heijwegen will become Chairman of the Hittech Supervisory Board. Additionally, he will remain a shareholder.

Heijwegen leaves Hittech with confidence. Turnover increased to €105 million in 2017 (without the 12 mln of HSP) and the market is flourishing. There is a solid ambition to grow to € 200 million in a couple of years. "We have spoken to many investors to reach that goal", Heijwegen reveals. "Obviously, it had to be someone who supports our strategy. But most importantly, it had to be an investor who wanted to commit himself for 10 to 12 years. Most investors did not want to go beyond five years. That is too much short-term thinking, buy and build and making a quick buck; that is not what we were looking for. As a result, we probably did not get the best price, but that is not that relevant to me. Continuity is number one. Emiel van Dommelen is the right investor for us."

Parallel to the quest for new capital, Heijwegen was looking for a suitable replacement. "We wanted someone with a sense for what we're doing at Hittech, and fully supports that", says Heijwegen. "Eric Driessen is that person. I am very confident of that."

What makes Hittech so different? "Product development happens at an ever-increasing pace and customers are more and more demanding", Heijwegen explains. "This means you need to be able to respond very quickly. We have integrated that flexibility in our culture and philosophy. The requirement that a Hittech operational unit is maximised at 100 people, for example, reflects that. This ensures that the managing director of the operational unit knows all its employees, knows the technical developments, and is able to act as an entrepreneur."

"There is a small operational holding on the level above that", he continues. "Many of our actions are done on the basis of trust, but we have developed systems that ensure good coherence. The Hittech companies are independent but they are not autonomous. You must be willing to interact openly and help each other." Heijwegen has always stressed the importance



of embedding that open culture in the organisation. "Furthermore, Hittech has always focused on expertise in materials", Heijwegen says. "That and production technology form our core. That's what makes us unique."

So now what? "I am not one to sit around and twiddle my thumbs", Heijwegen laughs. "I am energised by developing the talents of others. I want to share my knowledge and experience with starters through f.i. InnovationQuarter and Holland Instrumentation. I also still fulfil a few supervisory board positions. But I am especially looking forward to things calming down a bit, enjoying more holidays and taking more time for my family and hobbies."

Eric Driessen: No need for a revolution

Eric Driessen (49) joined the Hittech Group as Chief Operations Officer in October last year. This summer he will replace Cor Heijwegen as CEO. Driessen describes the past months as "A thorough training period. We visited all Hittech companies together, along with a number of clients. In November, we reviewed the 2018 annual plans for all Hittech companies. That is how I learned every detail of the company."

What did Driessen learn from Heijwegen? "Cor applies a set of basic rules that determine the Hittech culture", Driessen answers. "The first being that the companies in the group are maximised at 100 people. Initially, I had my doubts about that. Scaling-up can sometimes be better, especially looking from the cost perspective. But I've realised that Cor's model works really well for Hittech."

"I am also fully committed to the open communication culture at Hittech", Driessen continues. "Many opportunities for coordination, followed by decision-making. No lengthy discussions, or talking for the sake of talking, but getting to the core quickly and then making a decision. And of course, not breaking up without allocating clear responsibilities."

Driessen does not believe there is a need for a revolution at Hittech. "There is a solid foundation. The new CFO, Chris Borgers, and I can continue to build on that. There are no immediate crises, so there is no need for immediate change. Of course, there is always room for improvement, but we will first take our time to look around."

Driessen is ambitious, but also realistic. "In about three years we want to have a turnover of €200 million. But that is not set in stone. We cannot get there by autonomous growth alone; we will have to acquire other companies. And thanks to the new shareholder, we have the resources to do so. But the right opportunities have to present themselves. We will not just collect companies, it has to be a good match."

Hittech wants to expand in the fields of development of electronics and software, and in optics. "We already have a substantial amount of optomechatronical expertise, among others because of the takeover of Hittech Prontor and the build-up of an optical design department at Hittech Multin, but clients do not yet automatically approach us for optical challenges. And that is what we want."

The doubling of turnover is necessary because Hittech has witnessed the changes in the high-tech industry. "Our major customers are increasingly



focusing on their core activities. For the remainder, they create packages and look for the right suppliers that can handle those for them. We want to be that supplier. But that requires you to be relevant for the customer: That means continuity, financial security and scale. We meet the first two requirements, and are now working on the third."

Hittech has international growth ambitions as well. Driessen: "With Hittech Prontor, we have a fairly solid position in the south of Germany, where many activities take place. We also have sites in Malaysia, which we want to develop into a small Hittech Group. We are going to do that in three ways: production for our current customers that are also based in Asia, production for all our customers as this can be done cheaper in Malaysia, and production for local parties. Since late last year, Hittech is also represented in the USA. "For now, it is a small, mechanical company, with ASML and Zeiss as launching customers, but we have a plan for substantial growth in that market."

Emiel van Dommelen: Long-term commitment

He could do without all the attention, but understands the need. After all, now that Emiel van Dommelen owns 60% of the Hittech Group shares through his investment company Maril, he has an important voice in the major decisions that the company will make in the future. "I will definitely give input on strategic matters", Van Dommelen says. "To make sure we hire the right people for the right positions, for example. Like with Eric, who is replacing Cor. That's when I share my thoughts and ideas."

Van Dommelen invests his funds, but also shares his network. "And my knowledge and experience. Over the past years I have specialised in takeovers. Hittech expressly wants to acquire other companies, and I want to follow that and give advice."

Van Dommelen studied business economics and accountancy. After working for American accountancy firm Arthur Andersen for 13 years, he started his own investment agency in 2001. "I started doing what I truly enjoy, which is investing in companies and being closely involved in the organisations to make them stronger and let them grow." By now, Van Dommelen has invested in approximately a dozen companies



in all kinds of fields, ranging from automotive and healthcare to logistics and real estate.

What was it that attracted him to Hittech? "The high-tech industry is very interesting. It has a huge impact on society and offers many opportunities." There was an immediate connection when Tim Heijwegen introduced him to Hittech management. "We share the same philosophy and culture. We all believe in a long-term strategy. I am still part of the companies in which I invested, or had them in my portfolio for a very long time. Look at real estate, for example. That is not a market in which you can make a quick buck. You must be patient and collect the monthly rents, and after a decade or so you've made some real money. If you're only interested in the short term, you are a trader. I am an investor, I want to be involved for many years. That goes for Hittech as well."

Van Dommelen is very positive about the no-nonsense mentality at Hittech. "There is definitely no nine-to-five culture in this company", he says. "The customer always comes first, and communication is very open. If they make a mistake, they go to see the client and explain how they will solve it. That is the culture Cor implemented, and it is quite unique."

"There also is a certain conservatism", Van Dommelen continues. "They stick with the activities that go well. And if a client approaches them for an assignment at which they don't excel, they own up to that. They really focus on their strengths. What do we do well? And what don't we? Sometimes it is better to say no, for example because it is not your core competency. This is a quality you do not see at many companies. And it is not easy, but it is honest. I like that."

Changes in the financial department



Beer Wentink stepped down as Chief Financial Officer of the Hittech Group on 1 October 2017. He was succeeded by Chris Borgers. In the world of football, pensioner Beer Wentink is known as 'Mr Haarlem'. Throughout his entire football career, he played as a back for HFC Haarlem, and is still in the top ten of players with the most Dutch major league matches.

After studying accountancy, he started at Hoogovens. He worked very well together with Cor Heijwegen. From 1989 onwards they



Beer, as a young professional soccer player

formed the divisional management of Hoogovens Industrial Supply (HIT), which is still in the name of Hittech Group. Eventually they made Hittech Group into a success. "I wouldn't have missed it for the world, this fantastic journey in the business world. It has been so exciting. But, just like with football, it requires a well selected and fine-tuned team. And we created that. There is a great team and I am proud of that."

Beer remains a shareholder.



Chris Borgers is a chartered accountant and started his career at Arthur Andersen. Chris specialises in mergers and acquisitions. One of his accomplishments is the establishment of a chain of dental practices under the name 'Samenwerkende Tandartsen' (Collaborating Dentists). He worked on this project between 2005 and 2015, eventually creating a chain of 45 branches with more than 700 employees.

Chris Borgers frequently collaborates with our major shareholder Emiel van Dommelen. Chris has also become a Hittech Group shareholder. "Hittech Group is a magnificent group of companies. Over those 13 years, Cor and Beer really built something beautiful. So I was very happy to become a shareholder. It is inspiring to step in to Beer's shoes as CFO and contribute to the further development of Hittech Group."

Investment project in Zeiss IMT measuring machines

In the past six months, a large quality measurement project has been executed. The companies Hittech Prontor, Hittech Bihca and Hittech USA performed the project together with CZ IMT. It concerned a total investment amount of about € 400,000.

The project consisted of:

- a new, very accurate O-INSPECT machine for white light
- a new C. Zeiss Duramax machine
- the complete renovation of two C. Zeiss Prismo machines and a Contura G2
- a C. Zeiss Duramax machine for Hittech USA

Additionally, it was agreed upon with CZ IMT to introduce and implement their new statistical programme PiWeb.

CZ IMT was a great partner in this project.

O-Inspect measuring machine at Hittech Bihca

Hittech Bihca produces complex parts with very small holes of 0.02 mm diameter, with a very close tolerance of 0.001 mm. This cannot be measured by a measuring machine with a probe. This is why CZ IMT was contacted, and various machines were tested together. The Zeiss O-INSPECT 543 turned out to be the best choice. This machine has three possible measuring methods:

- a probe sensor
- a camera sensor
- a confocal sensor.

We have chosen the camera. The camera sensor can measure the holes. Height deviation is approximately 1 μm. The time to measure 10,000 holes was approximately 10 minutes.

This impressive measuring machine is shown on the photograph (photo by supplier CZ IMT).

An adjusted working method at Hittech Prontor

Here, it was decided to place two measuring machines (Contura and Duramax) directly at the production site. This improved the logistics tremendously. Waiting times have been substantially reduced, compared to when all parts had to be transported to a central measuring room first. In addition, the operators get more responsibility. After all, they are the ones who are responsible for the quality of the parts.

This measuring room is now fitted with two entirely renovated Zeiss Prismo machines for the final control of the parts. The new PiWeb programme from Zeiss performs the statistics here as well.



Hittech Group Update

Stefan Vossen

Head of Development at Hittech Multin



I am happy to introduce myself as a new member of the Hittech family. I am Stefan Vossen, 47 years young, and live with Rosmary and our boys Antoin and Leonard in Nootdorp. I started as Head of Development at Hittech Multin on 15 January 2018.

I graduated in electrical engineering at Eindhoven Technical University, and obtained a PhD in electromagnetism. I started as Scientific Collaborator at the Electronic Defence department of the TNO Physics and Electronics Laboratory in 2002. I have always been inspired by the broad application of technology in order to supply clients with often multidisciplinary solutions. Besides working as a researcher, I have also taken on various roles in expertise and commerce. I became Research Manager of the same department in 2010. Because I wanted to lead a group with other technological disciplines and clients, I transferred to the Structural Dynamics department in Delft. As Research Manager, I was also responsible for two large test labs for mechanical and materials research for constructions with high-dynamic conditions and heavy loads.

People, technology, application, coaching, cooperation and entrepreneurship have been common themes for the past 20 years. I will be happy to continue working on those themes at Hittech.

In my time off I enjoy listening to music, skiing, good food, and cooking, BBQ in particular.

