E/09/2016 Page 1/6

AROUND THE WORLD WITH THE HERMETIC PRINCIPLE





A pump that has a second safety cover and thereby guarantees double density; an hermetic seal that pumps critical fluids and therefore protects people and the environment; that works contactlessly and is therefore practically maintenance-free: Hermann Krämer re-engineered this vision with the development of the leakage-free canned motor pump in 1954 in Freiburg — and was a step ahead of his time. The pump was a complete success and made a triumphal march around the world.

Canned motor pumps have been distributed by HERMETIC-Pumpen GmbH since 1956 – and are also a model of success more than half a century after their development. They are used in numerous applications, from the chemical industry through the oil and gas industry to refrigeration and solar technology; HERMETIC is one of the leading manufacturers worldwide in the field of hermetically sealed pumps. On the 60th anniversary, the family company can therefore look back on a successful history.



E/09/2016 Page 2/6

A vision becomes reality: Hermann Krämer developed the canned motor pump

When Hermann Krämer, Managing Director and co-owner of the earlier HERMETIC parent company, "Lederle Pumpen GmbH", developed the canned motor pump, he was responding to an urgent requirement from the chemical and related industries for a safe, sealless and completely leakage-free pump. He struck a chord. The new type of pump was in such great demand by the industry that soon large production capacities were necessary. To create enough space, "Guss- und Stahlveredelung", founded in 1956 as a materials refining company, moved in 1967 to Gundelfingen on the outskirts of Freiburg and erected a new factory building there. In 1968, the company changed its name to "HERMETIC-Pumpen GmbH".

In the years that followed, HERMETIC developed worldwide to become a brand name and a synonym for canned motor pumps. The first step to worldwide expansion came in 1975 with the founding of a wholly-owned sales company in Austria, HERMETIC Pumpen Ges.m.b.H., Vienna, with branches in Czech Republic, Poland, Hungary, Romania and Bulgaria.

Further development of a successful design: the magnetic coupling pump

Along with the expansion in the company, HERMETIC also constantly worked on optimising its own successful product, the canned motor pump. In 1979, the company achieved a further success with the hermetically sealed magnetic coupling pump. And progress was also evident on the company premises in Gundelfingen: in 1980 the parent company, LEDERLE, relocated its headquarters to Gundelfingen, thus doubling the available production area. Five years later, followed the new building of the service division and, consequently, the spin-off of the service as an independent division. In this way, it was guaranteed that service requests could be processed quickly, efficiently and to the satisfaction of customers.

In the years to come, the Europe-wide positioning and business policy were of special significance. Along with the founding of the sales company, "HERMETIC-PUMPEN GmbH Kancelář ČR/SR", in Czech Republic, Pardubice, in 1990, the takeover of business management by Wolfgang Krämer and technical management by Dr. Roland Krämer in 1993 was more important than anything for the future of the company. It guaranteed that HERMETIC, even after the death of Hermann Krämer, the canned motor pump pioneer, remained a family company.



E/09/2016 Page 3/6

HERMETIC positions itself in Asia and the US

1997 brought the important step into the Asiatic continent: "Dalian HERMETIC Pump Co., Ltd." was founded in Dalian, China, the "capital city of pump manufacturers". A collaboration in the form of a joint venture was decided on with "Dalian Danai Pump Co., Ltd.", China's leading pump producer. Since the start of 1998, Dalian HERMETIC has part of the products of HERMETIC Deutschland. Since then, prompt delivery all over China and Southeast Asia can be guaranteed for customers with the new production site. Meanwhile, HERMETIC is represented with 7 branches in China. With 30 percent of sales achieved, the country is the most important market outside of Europe.

With the start of the new millennium, HERMETIC founded its first subsidiary on the American continent. In the industrial metropolis of Houston, Texas, "HERMETIC-Pumps Inc." was created as the sales company of the companies "HERMETIC-Pumpen GmbH" and "LEDERLE GmbH Pumpen- und Maschinenfabrik". It replaced the hitherto independent representation in the US. With the higher warehouse capacity, it was possible to expand the stocks of spare parts. US-wide delivery of complete pump systems within just 24 hours has been possible since then — an important argument for HERMETIC products in a highly competitive market.

In 2002, the company achieved an important success for positioning in the American market. The new heavy-duty CNP pump series is designed for the refinery markets and satisfies American standards. An enrichment of the company's range. The pumps can also withstand adverse conditions and can be used in outside temperatures of down to minus 60 °C. On the basis of this series, in 2009 HERMETIC delivered pumps for solar applications for the first time.

New service centre in Shanghai: HERMETIC remains a family company

The Freiburg family company is established not only in the US but also in Asia. An expansion service was invested in here and in 2004 in Shanghai a company-owned service centre came into being. In the same year, HERMETIC founded two sales companies in Poland and Romania. In 2005, Christiane and Nicolaus Krämer joined the company management team and in 2012 Christian Dahlke, a great-grandson of the Lederle founder family, also joined. Nearly half a century after Hermann Krämer's groundbreaking invention, the company is still in the hands of the family, as it always was.



E/09/2016 Page 4/6

Whereas 2006 was characterised by the building of a new factory in Dalian (China) and the relocation of the joint venture there to the new factory building, on 1 March 2007 there followed a significant and, at the same time, logical step for the company. After years of coexistence, HERMETIC and "LEDERLE GmbH Pumpenund Maschinenfabrik", which both went back to the same founder, were reunited as one company. An obvious action, considering that they were active in the same sector for decades. Now they were able to put their energies together and synergies could be exploited for the benefit of the whole company. As all of the staff were kept on, vital expertise was safeguarded.

In the years that followed, production capacity and the reorganisation of production processes were the main focus. Internationally, in 2011 investments were made in competitiveness on the Asian market with the expansion of production in Dalian and the doubling of production capacity.

In 2012, the company invested large sums in the creation of structural requirements for long-term, sensible growth. The company structure, strategy and operational processes were subject to a fundamental overhaul. Consequently, lean principles and shopfloor management, amongst other things, were introduced into the production departments. As part of the shareholders' principles, profits are reinvested in the company rather than being distributed, to guarantee steady, acceptable growth.

A further strengthening of the sales network was achieved in September 2014 with the founding of the most recent subsidiary to date, "HERMETIC-Pumps Singapore Pte Ltd.", a competence centre for Southeast Asia. This enables the storage of spare parts and the warehousing of standard pumps. So, as in the US, delivery to customers is also possible in the Southeast Asian area within 24 hours. HERMETIC offers its customers a nationwide support and service network in 43 countries. 20 HERMETIC sales subsidiaries in the EU, NAFTA and China, 11 service centres, and 75 representative offices and distributors worldwide guarantee the prompt and reliable processing of customer requests.



E/09/2016 Page 5/6

HERMETIC writes history: production of the world's biggest canned motor pump

In 2015, HERMETIC caused a stir amongst the experts with the production of the world's biggest canned motor pump, which together with an identical model in Northern France, is deployed on a 500 km pipeline for supporting supercritical ethylenes. Due to the hermetic construction principle, with the motor housing of the second safety cover, the greatest possible protection of people and the environment is also guaranteed with this special design. With 20 tonnes — the weight of around 17 VW Golf VIIs — and a total height of over six metres, this was a record in the company's history.

On a growth course: HERMETIC increases sales and production numbers

Today, HERMETIC has an extensive product range to offer customers. It comprises canned motor pumps, magnetic coupling pumps and vacuum pumps. It also included rotating displacement pumps and monitoring facilities. Along with a few standard designs, pumps are always developed with regard to individual customer wishes and requirements. Rather than mass-produced goods, it is individual customer solutions, thought-through to the smallest detail, that make HERMETIC stand out from its competitors. The biggest chapter of the company is therefore the individual and specialised expertise of its staff, some of whom have been with the family business for decades.

As a training business with its own training workshop, HERMETIC continually calls on its own up-and-coming talent or integrates students as part of a sandwich course into the company. HERMETIC employs 740 people worldwide, including 440 in Germany and 300 in China. The company created 80 new jobs in 2012 alone. The rise in production numbers from 6,783 pumps in 2010 to 9,173 units in 2014, as well as an increase in sales from €70.5 million to €100.2 million in the same period, confirms the growth trend.

In the anniversary year, HERMETIC plans the opening of the new assembly hall, which is under construction. Equipped with a test room, paintshop, packing and dispatch areas, it contributes to the increase in production capacity and value stream optimisation. Elaborate insulation and the use of energy-saving LED-lamps are just some of the environmental protection measures taken.



E/09/2016 Page 6/6

With the introduction of lean management and shopfloor management, the company is also making itself fit for the future structurally. Under Industry 4.0, self-learning instruments and automatic fault reporting of pumps will become more important.

In the coming years, the company wants to push forward with innovations in the hermetically sealed pumps sector. HERMETIC has nailed its colours to the flag with the slogan that has characterised the company since its founding 60 years ago: Hermetic. A step ahead!

Gundelfingen, Germany, 16. September 2016

