

LOVSUNS Press Release 01-2018

LOVSUNS Tunelling for the Future

High Quality TBM Solutions from Canada made in China

Dubai (UAE)/Toronto (CDN)/Liaoyang (CN), April 2018. **Founded in 1972, Lovat has been a renowned and leading TBM manufacturer for more than 45 years until now. Specialised in mixed/soft ground and rock TBM technology, today LOVSUNS Tuneling Canada Ltd. based in Toronto, Canada, is a 100 % owned subsidiary of the Chinese LNSS (Liaoning Censcience Industry Co. Ltd.). This fruitful connection of both cultures promises a successful future for projects with Tunnel Boring Machines from LOVSUNS all over the world.**

Lovat was founded in 1972 and has been a renowned TBM manufacturer for over four decades. Over 45 years of development the company became one of the leading manufacturers of TBMs especially in the mixed and soft ground TBM technology. In 2008 Lovat was sold to Caterpillar. After that acquisition the new company was called "Caterpillar Tunnelling Canada Corp.". In May 2013 a phased withdrawal from the business was announced and Caterpillar Tunneling reached out to different potential buyers. After negotiation, the parent company LNSS (Liaoning Censcience Industry Co. Ltd.) purchased the assets of Caterpillar Tunnelling at the end of September 2014 and all assets were closed between Caterpillar Tunnelling and LNSS. After the acquisition, LNSS set up LOVSUNS Tunneling Canada which is based in Toronto. In that sense, LOVSUNS is a 100 % owned overseas subsidiary of LNSS based in Canada.

High demand for high quality TBM solutions

One of the main reasons to buy the company first of all was, to satisfy the ever increasing local demand for high quality TBM solutions on the Chinese market. Furthermore, to continue servicing Lovat customers around the world by leveraging the acquired advanced technology, management skills, sales experience expertise, as well as expanding into international markets by supplying highly competitive China-built, Lovat-quality TBMs and services. Many of the ex-Lovat experienced engineers and technicians have joined LOVSUNS and are still working in the company.

Chinese Market still growing

China still is the single largest TBM market worldwide. Today, after acquisition of the Lovat TBM technology, LNSS TBMs are involved in many mega-city metro projects. LNSS is one of the top TBM suppliers in China. The other local TBM manufacturers are all state owned enterprises coming from railway and other heavy industry sectors. Being the only private business, LNSS/Lovsuns has become a formidable player in highly competitive Chinese and international markets.

Infrastructure projects increasing worldwide

Apparently the main markets are in developing countries where local governments are launching ambitious mid to long term plans to build more and more infrastructure projects. "China and India are the biggest markets, and Turkey definitely is an exciting market as well, where we have witnessed rapid expansion of public transit systems and we already sold 10 TBMs since establishment of LOVSUNS in this promising market in less than 3 years. This is a clear proof of market reception after Lovat/Caterpillar Tunneling

assets acquisition. In addition, we are following closely potential projects in other active markets”, Hongyu Xue explains.

Synergy is the key word

The synergy between both companies is very important for the success. Even before the acquisition, LNSS already had a massive factory in China producing TBMs. And now, after the acquisition, the LNSS group have a remarkable manufacturing capacity in China. The former Lovat technology and the experienced engineers, technicians and operators are still working for LOVSUNS today. This kind of synergy between China and Canada is going to create a big value because every global customer is looking for cost-effective and high quality TBMs. The LNSS strategy is focussed on two points: The first one is safety of operation and the second one is productivity. Today tens of LNSS/LOVSUNS TBMs built with Lovat technology are used in Chinese city metro projects as well as international markets.

Expansion of Chinese companies

The fundamental reason for the Chinese companies to look for overseas involvements is the continuous economic growth of China – the fastest growing economy in the world for the last 15 to 20 years. China has reached a stage where it needs to upgrade many technologies in order to meet the fast increasing local demand. China needs also advanced technology for its own market’s needs. With the business expansion in China and the growing capabilities of the companies there, they reach a certain stage of development in their own countries they would expand to other overseas markets – naturally, just like any western companies. That could be a reason why the Chinese companies with adequate accumulation of all kinds of resources and capabilities look at the possibilities of acquiring well-

established companies in other countries, in order to gain the best technology and push on their development both in domestic and international markets.

LOVSUNS as a 100 % Chinese owned company legally possesses the Lovat technology and enjoys a remarkable manufacturing capacity from the parent Chinese facilities. The TBM was not invented in China and this technology was used in China many years before the Chinese companies started to build TBMs themselves around 2008/2009 – not such a long time ago. At the beginning, there was a lack of technology in China. But technology will always go to the hottest market with the maximum economic benefit. That's why leading foreign brands came to China and benefited from the big wave of infrastructure expansions. Though foreign TBM companies are still active in China, Chinese TBM companies, like LNSS, are increasingly taking the leading role on this market. Any lack of technology on the other hand is a business opportunity. When China has purchased the technologies and can produce a good amount of quality TBM products, this would benefit, at the end of the day, global customers.

A result of the centralisation in the group was the facility closure in Toronto. When LNSS purchased the assets of Caterpillar Tunnelling in 2014, including the Toronto factory, which was the facility of Lovat for more than 40 years, LNSS already had a big factory in China. From day one, this was the main TBM facility for LNSS and LOVSUNS. Now LOVSUNS in Toronto mainly is focussed on TBM design and engineering, procurement of key components, the international sales, services and product support. By shifting the Toronto TBM production function to the main China facilities, LOVSUNS and LNSS can further enhance the overall competitiveness, so that any new or refurbished TBM can be delivered to the global clients faster on more competitive terms.

LOVSUNS started to receive inquiries and orders from North American and European clients for new TBM and refurbishment solutions. There is a need for those clients of a continuous support for their Lovat machines. Flexible solutions were worked out for this situation. Parallel LOVSUNS is launching plans to further strengthen the role as an overseas centre of excellence based in Toronto. The recent sales record of one double shield TBM in US and eight EPB metro size TBMs in Turkey is a sound proof of the success of such synergy between Canada and China.

Bright future

“From a global perspective”, Hongyu Xue believes, “this China/Canada synergy will allow us to grow faster both on China and overseas markets. We will continue to innovate, to broaden and improve our product line – EPB, rock and slurry TBMs and other machines for special applications. We bought Lovat technology, a legacy renowned for the robustness and reliability. We work hard to become the most specialized TBM manufacturer and service provider to help our global clients succeed in breaking through tunnels with unique challenges.”

Projects in Turkey and Northern America

The first China-Built TBM of the North American market, the TBM for the Blacksnake Creek Stormwater Separation Improvement Project in St. Joseph, Missouri (USA), reached the factory acceptance just some weeks ago in March 2018. And for the Metro project in Istanbul (Turkey), the job site celebrated also in March 2018 the first breakthrough.

LOVSUNS Tunneling Canada Ltd.

LOVSUNS, former Lovat which was sold to Caterpillar, carried on the Tunnel Boring Business as the wholly owned subsidiary of Liaoning Censcience Industry Co. Ltd. – LNSS only one month after the Caterpillar Tunneling assets were sold to the Chinese LNSS in November 2014 with the order of the 3.9 m diameter EPB TBM to bore two wastewater tunnels in Istanbul, Turkey. Further TBM orders for several drives of the new Metro Line extensions followed. "We designed and engineered tailormade TBMs for Istanbul and now for the US-market in Toronto and completely produced the TBMs in the facility in Liaoyang, China. That means that we very successfully united the best practice, knowledge and technology of both companies for the highest advantage of our customers", explains Hongyu Xue, General Manager of LOVSUNS Tunneling Canada Ltd.

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Figures:

Figure 1: Hongyu Xue, General Manager of Lovsuns Tunneling Canada Ltd.,
Toronto, Canada

Figure 2: LNSS factory in China

(Quelle/credit: Lovsuns)

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Figure 1



Figure 2