

An Overview of the U.S.A. Economy and North American Spring Industry - 2017

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Diamond Wire Spring Company

A third generation family-owned company since 1939

Locations:

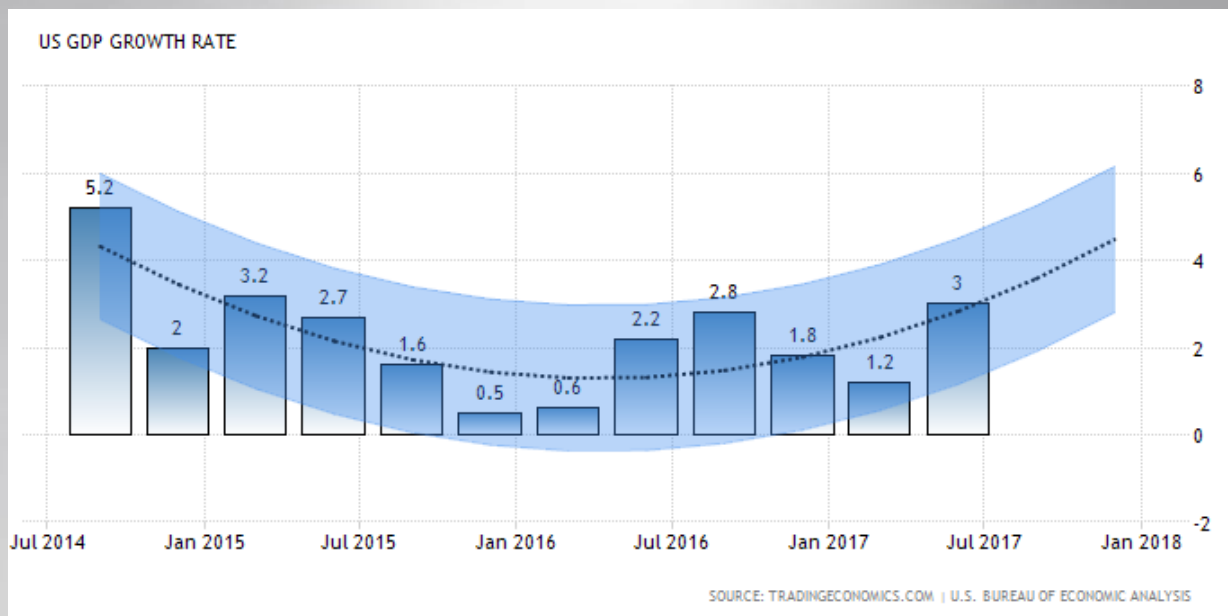
Pittsburgh, Pennsylvania

Taylors, South Carolina

Tyler, Texas

General Comments on the U.S. Economy

- U.S. exceeded market expectations with 3% growth in the second quarter of 2017
- U.S. GDP Growth rate expected to be modest in the next few years



General Comments on the U.S. Economy

- Industrial Production in the U.S.
 - Increased 2.2% by July 2017 as compared to 2016
 - Increase in part due to a 1.2% rise in manufacturing
- Challenge of finding skilled labor
 - April 2017 – Job openings in manufacturing was 359,000
 - Employment in Manufacturing is at an 8 year high

General Comments on the U.S. Economy cont....

- Workforce Trends
 - 120.1 million people currently employed in the U.S.
 - Current unemployment rate 4.3%*
 - Avg. Unemployment Rate for 2016 was 4.9%*
 - Hourly wages are projected to increase in 2017 (approx. 3%) mainly among skilled workers

**United States Department of Labor – Bureau of Labor Statistics*

General Comments on the U.S. Economy cont....

- Manufacturers contributed \$2.18 trillion to the U.S. economy in 2016
- 5 year forecast is one of gradual growth
 - Forecast 2% annual growth in U.S. Manufacturing for 2017*
 - Forecasted growth a little over 1% for 2018 – 2020*
- Manufacturing accounts for 86.4% of U.S. exports

**Information from Manufacturing Alliance for Productivity & Innovation (MAPI)*

The North American Spring Industry

- Approx. best guess 425 Spring Companies in the U.S.
- Experiencing some consolidation for the past 10 years
- Dealing with aging workforce
- Challenges in attracting skilled workers
 - U.S. is making forward strides building and investing in Career and Technical Education programs in High Schools and Community Colleges
 - Manufacturing Day – initiative started where students visit manufacturing plants

The North American Spring Industry

- Spring Industry Focus:
 - Innovation
 - Technology
 - Lean Operations
- Automation advancements
- Major Spring Industry Influencers
 - New ERP Systems
 - 3D Printing
 - Distribution Channels
 - Product Diversification
 - Marketing Trends – Google, Facebook, Twitter, LinkedIn, website automation

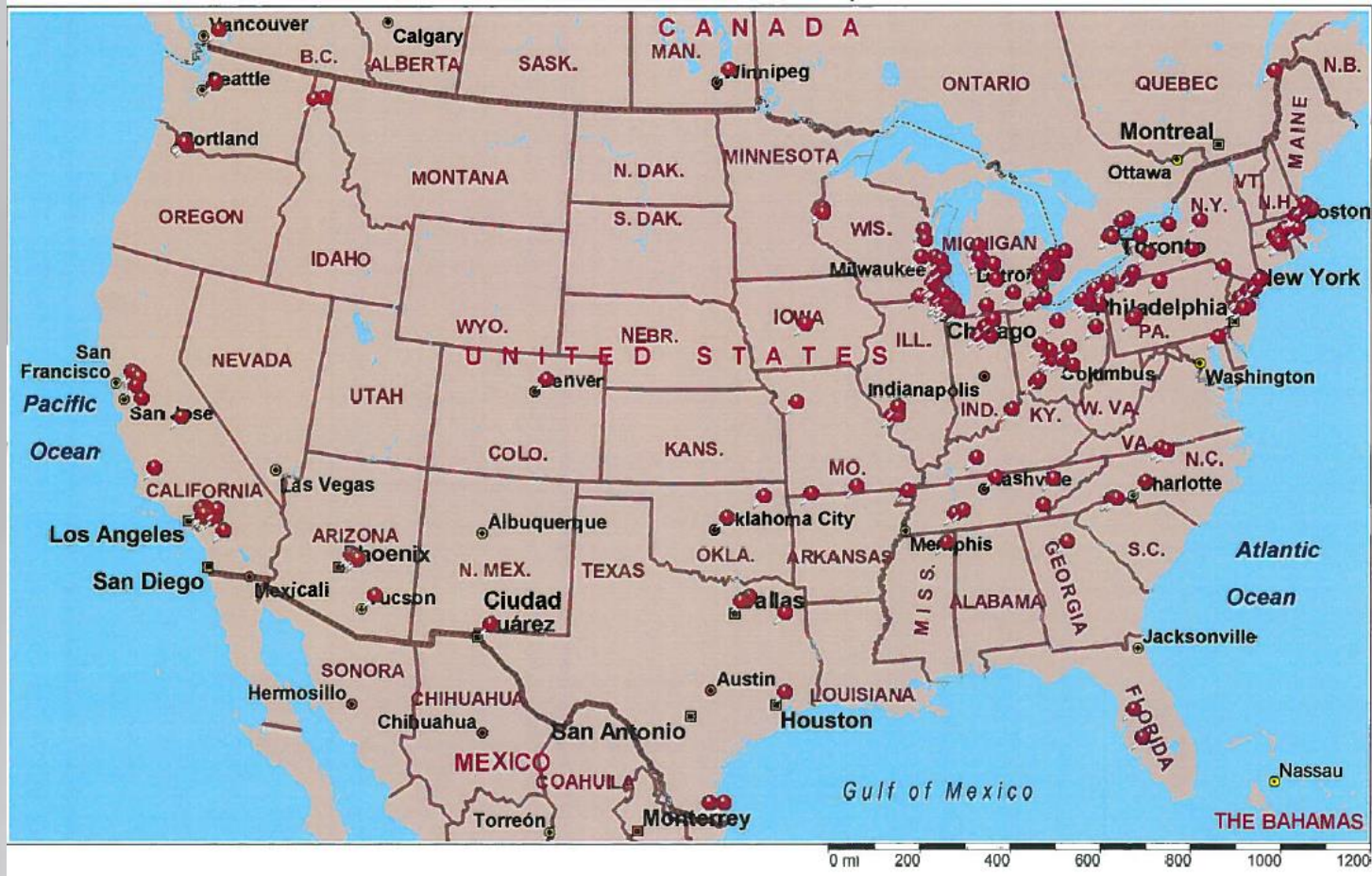
Average Spring Company in U.S.

- Started in the 1940's
- Family Owned – Approximately 92%
 - Most in the 2nd or 3rd generation
- Sales \$8 - \$10 Million per company
- Average Plant Size – 42,000 sq. ft.
- 30 - 40 Employees per plant
 - Approx. 21,000 people employed in the spring and wire industry
- 2017 has seen approx. 14% increase in order activity over Q2 of 2016

Average Spring Company in U.S.

- Main Customer Industries
 - Transportation (Automotive, Rail, Recreational Vehicle, etc...)
 - Aerospace
 - Electronics
 - Appliance
 - Agriculture
 - Heavy Truck / Construction
 - Marine
 - Military
 - Medical
 - Oil & Gas

Map of Spring Companies in U.S.



Spring Manufacturers Institute (SMI)

- Established in 1933
- 200 Manufacturing Members
- 98 Supplier Members
- Serving, supporting and educating North American spring manufacturers in their pursuit of competitiveness in world markets
- Metal Engineering Expo
 - Showcase newest equipment
 - Innovative Technologies
 - Technical Symposium
- SMI Magazine
- <http://www.smihq.org/>

Thank you very much.