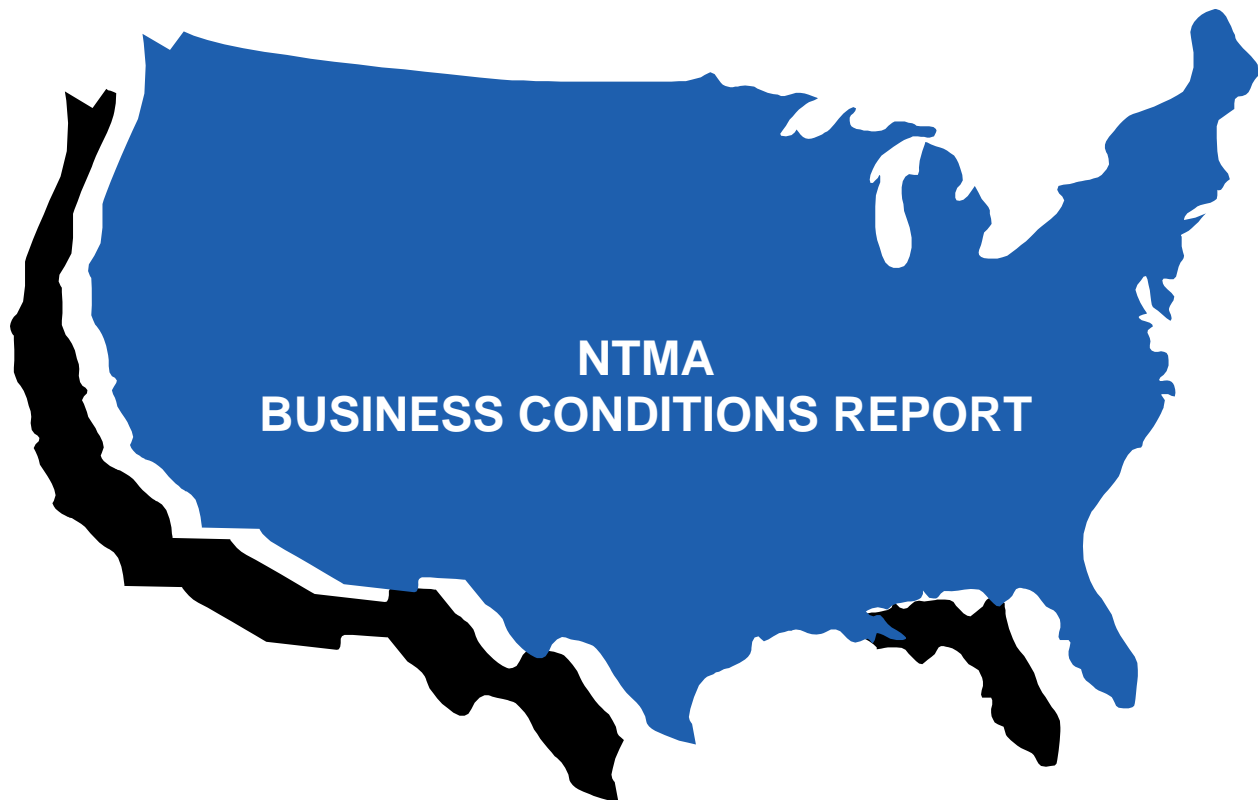




NATIONAL TOOLING AND
MACHINING ASSOCIATION



**Prepared February 2015
(for the period ending December 31, 2014)**

- **Overall Survey Results**
- **Results by Industry Segment**
- **Results by Geographic Region**
- **Member Comments by Industry Segment**



February 2015

This NTMA Business Conditions Report covers the second half of 2014, a projection for the first half of 2015, and is a geographical “snapshot” of business trends and conditions in the special tooling and machining industry.

This Report, based on information from 133 NTMA member companies, indicates that overall business conditions during the 6-month period ending December 31, 2014 were Very Good to Excellent for 36% of respondents. This is a slight decline from the 38% who reported Very Good to Excellent business conditions at mid-2014. However, 58% of respondents anticipate that the next six months will bring a moderate-to-substantial increase in business conditions.

Key business priorities remain unchanged from the June 2014 and December 2013 reports:

- #1: Increase Sales: Seek to identify new business, especially with strategic, long term contracts
- #2: Increase Productivity: Need productivity, including lean, cost reductions, & improved output per person were critical to most
- #3: Finding Skilled Employees. Limited by shortages of skilled machinists, programmers, and processing engineers

Average work week hours per employee remained at 44.4. Future work on the books decreased from 17 weeks to 16 weeks. And, Average Sales Per Employee rebounded to \$141,648 in the December survey from \$128,618 in June.

A special thanks to the 133 NTMA member companies that participated in the December 2014 NTMA Business Conditions Report. We appreciate your support of this important benchmarking survey and encourage non-participating members to join the next survey in June.

Sincerely,

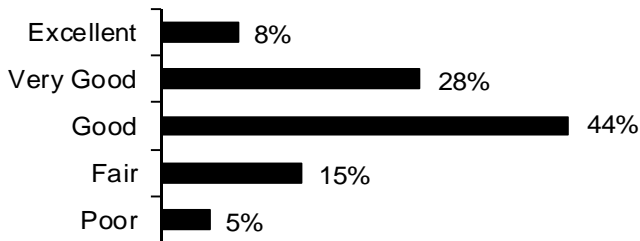
A handwritten signature in black ink that reads "Dave Tilstone". The signature is written in a cursive, flowing style.

Dave Tilstone
President

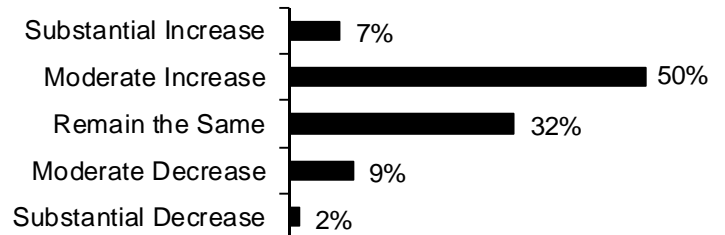


February 2015 NTMA Business Conditions Report
Based on responses from 133 NTMA member companies
(for the 6-month period ending December 31, 2014)

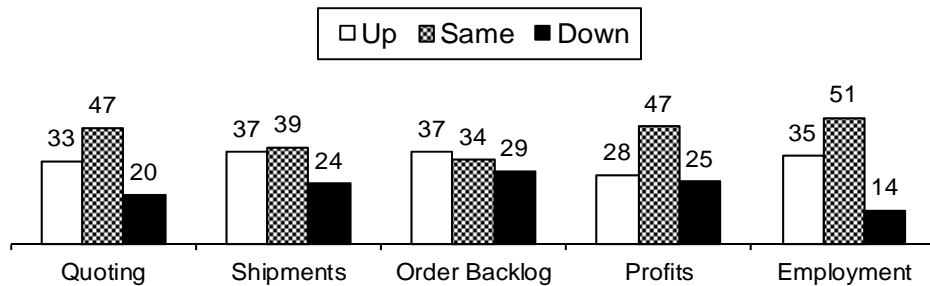
**Current Business Conditions
(All Segments & Regions)**



**Projected Business Conditions
Over Next 6 Months**



**Current Business Conditions Compared with
Third Quarter 2014 (by %)**



Future Work on Books (Average): 16 Weeks

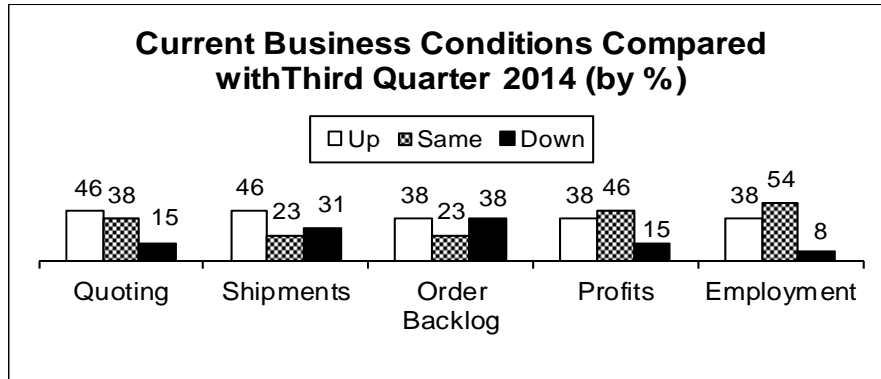
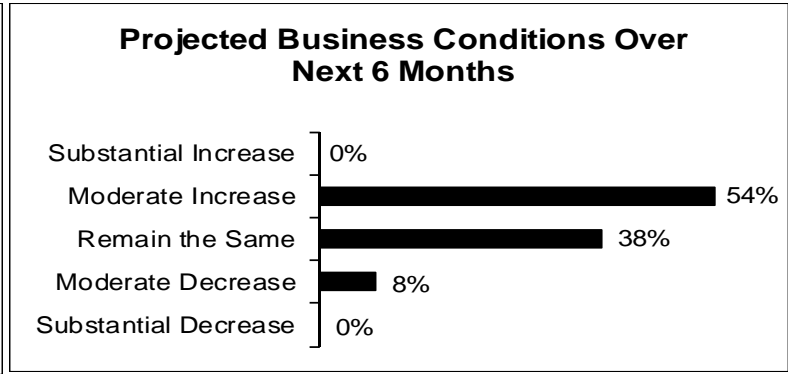
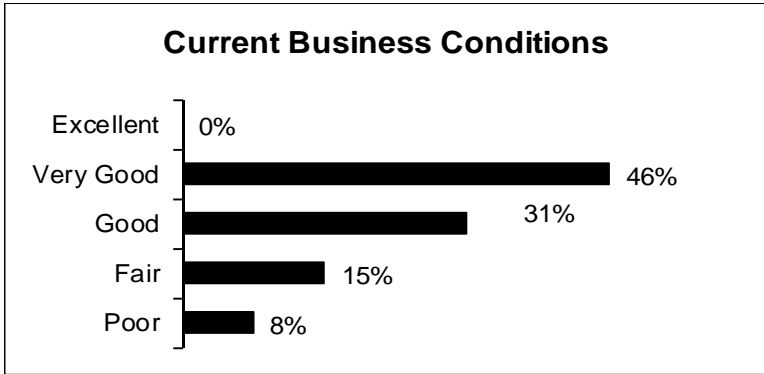
Current Average Workweek per Skilled Employee (hours per week): 44.4

Total number of employees as of June 30, 2014: 5,147

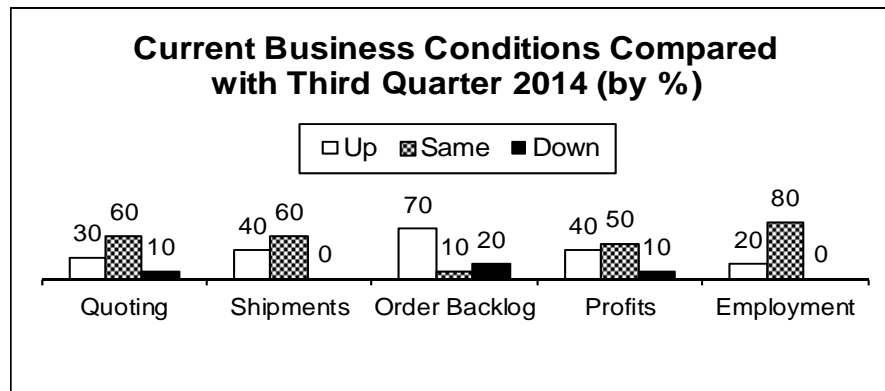
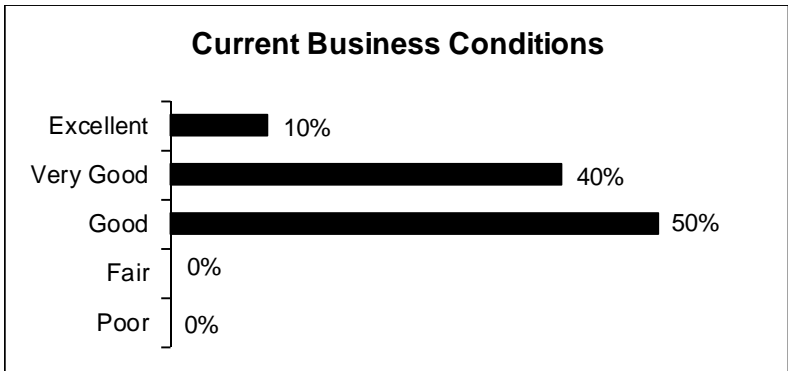
Total number of employees as of December 31, 2014: 7,582

Sales Per Employee: \$141,648.63

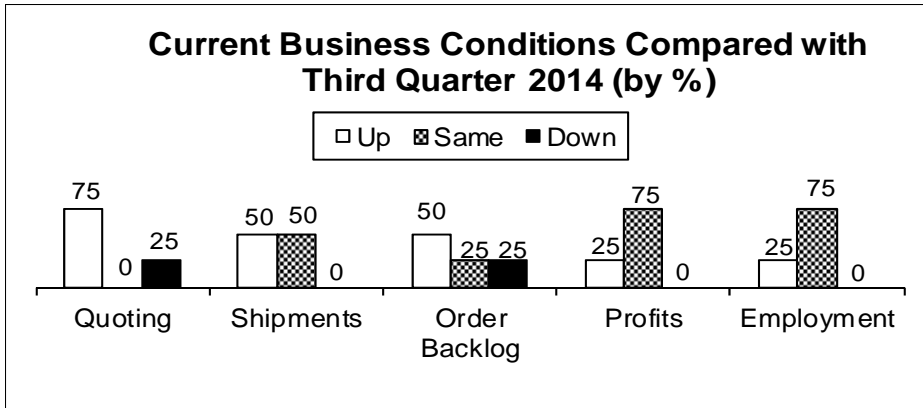
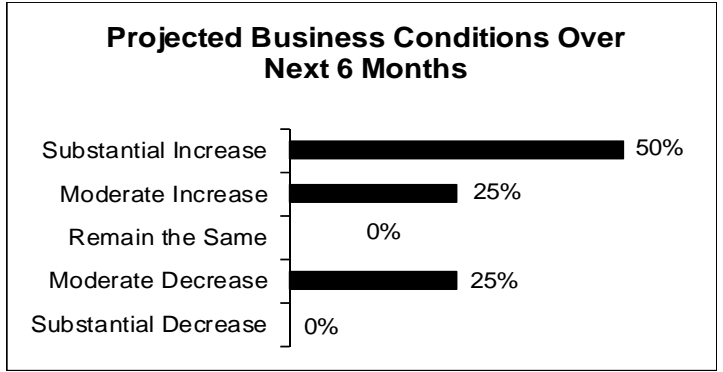
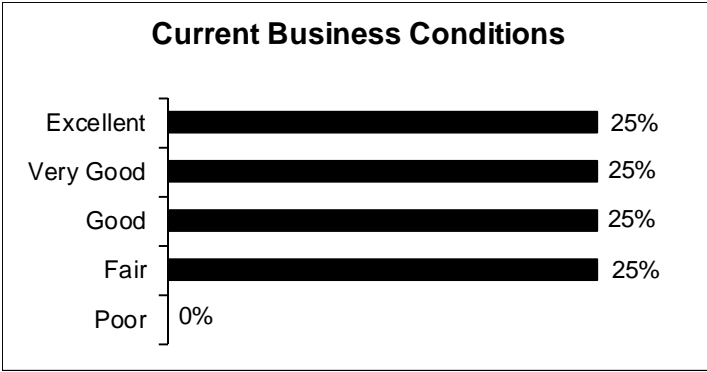
BUSINESS CONDITIONS (By Industry Segment)
TOOLS, DIES & FIXTURES
 (13 responses)



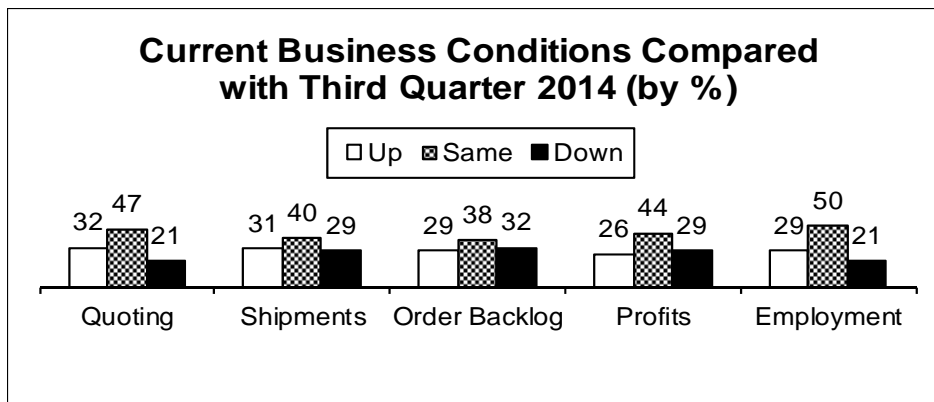
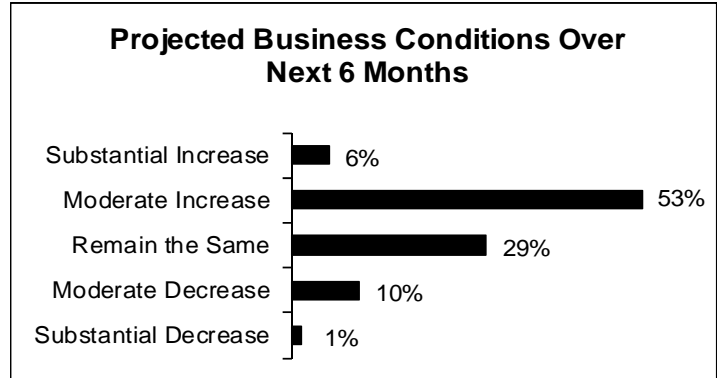
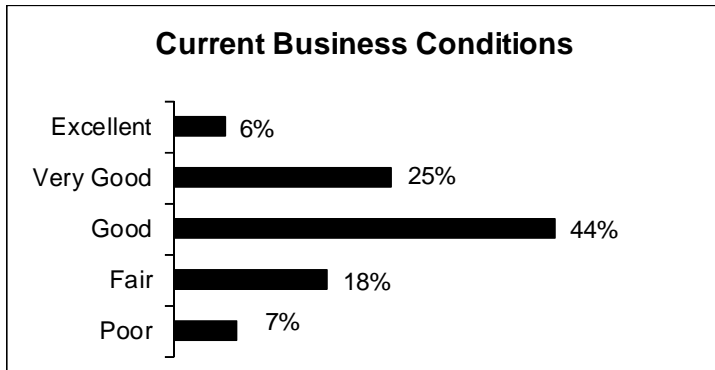
MOLDS
 (10 responses)



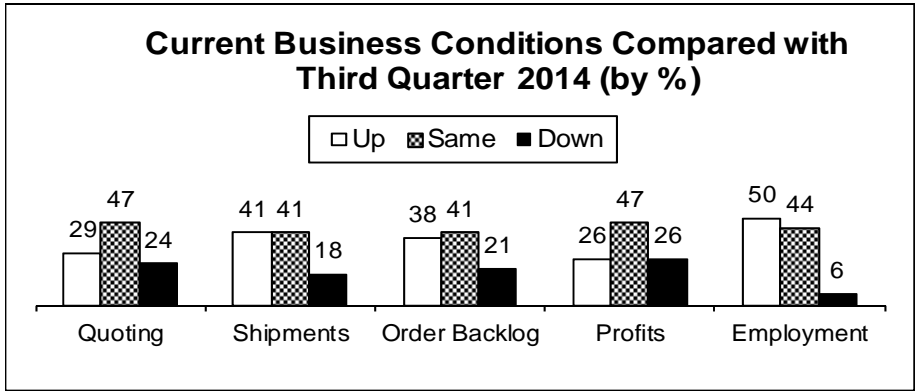
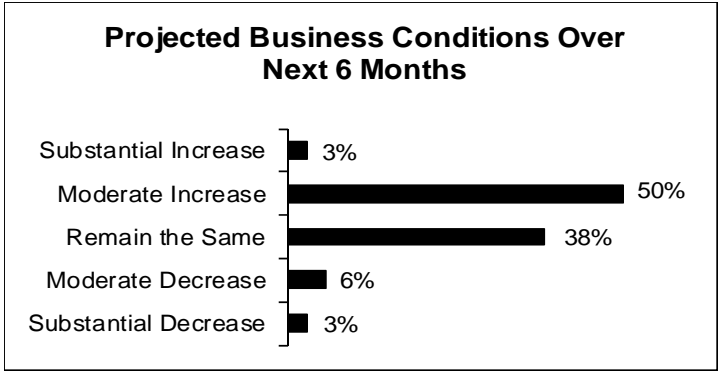
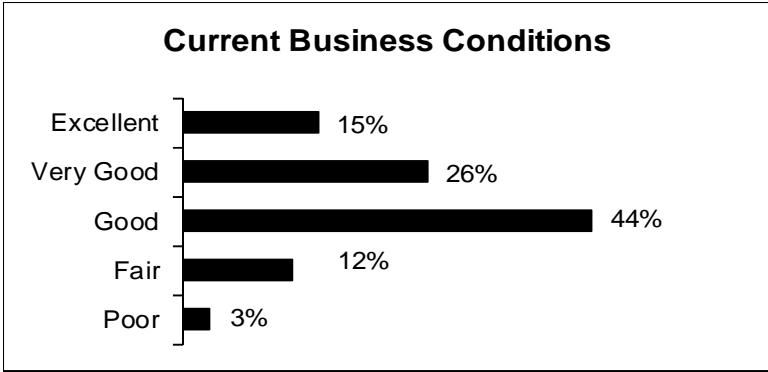
SPECIAL MACHINES (4 responses)



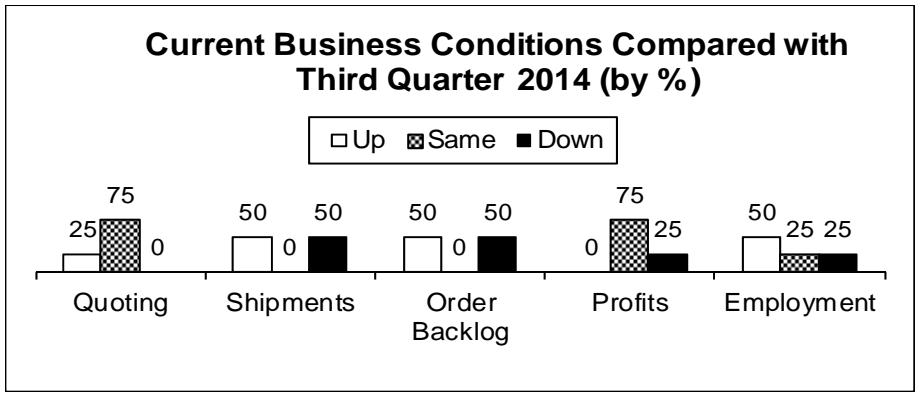
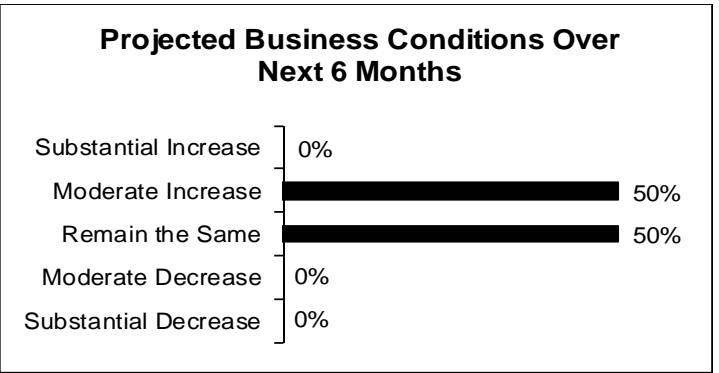
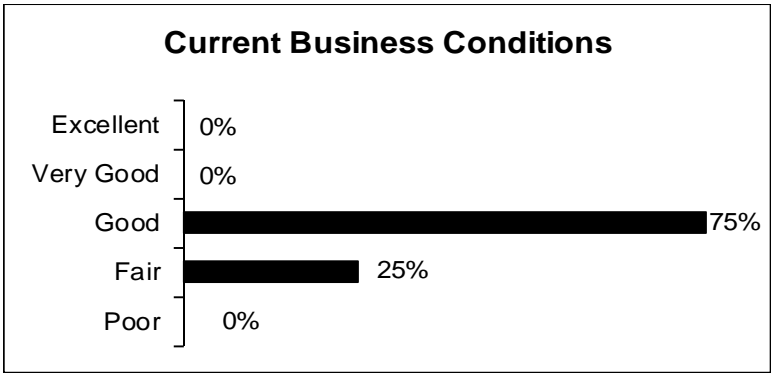
PRECISION MACHINING (excluding Aerospace) (68 responses)



AEROSPACE MACHINING & FABRICATION (34 responses)



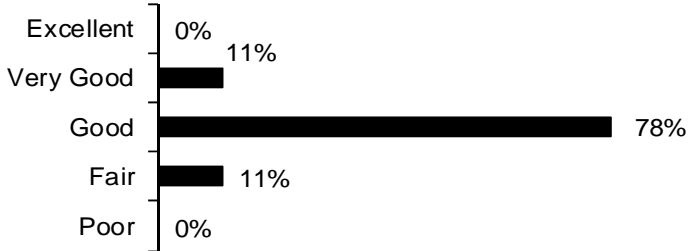
METAL FABRICATION & STAMPING (4 responses)



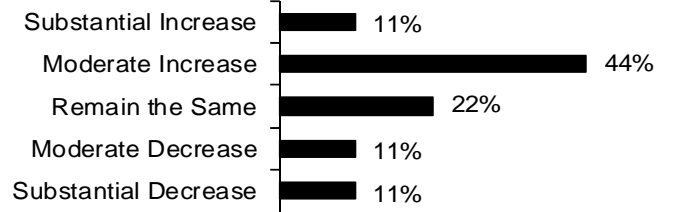
BUSINESS CONDITIONS (by Geographic Region)

NEW ENGLAND (ME, VT, RI, NH, MA, CT) (9 responses)

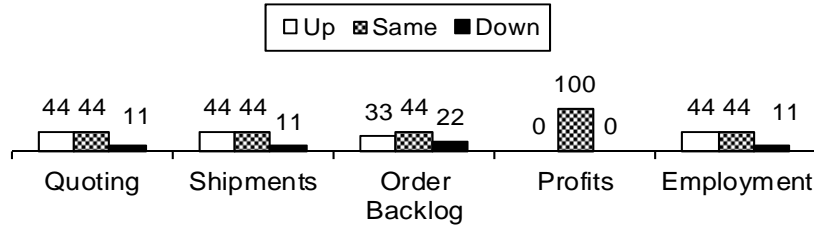
Current Business Conditions



Projected Business Conditions Over Next 6 Months

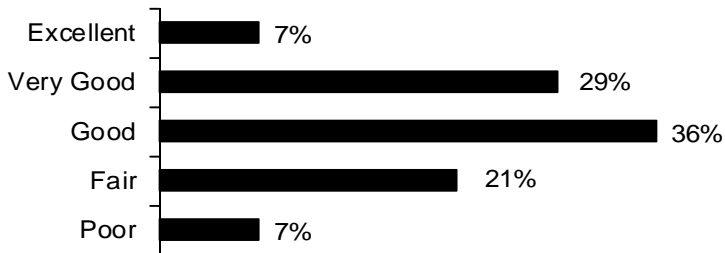


Current Business Conditions Compared with Third Quarter 2014 (by %)

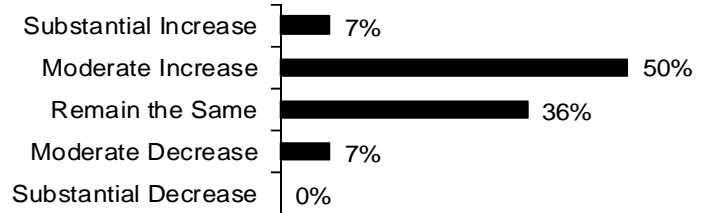


NORTHEASTERN CENTRAL (DC, NY, PA, NJ, DE, MD, WV, VA) (28 responses)

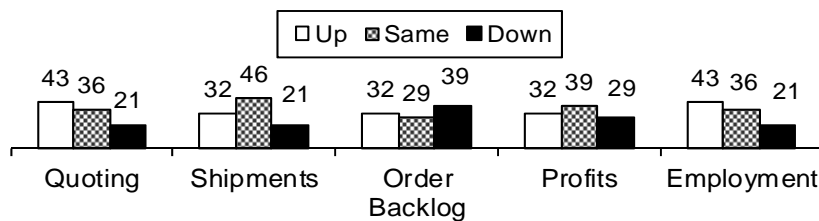
Current Business Conditions



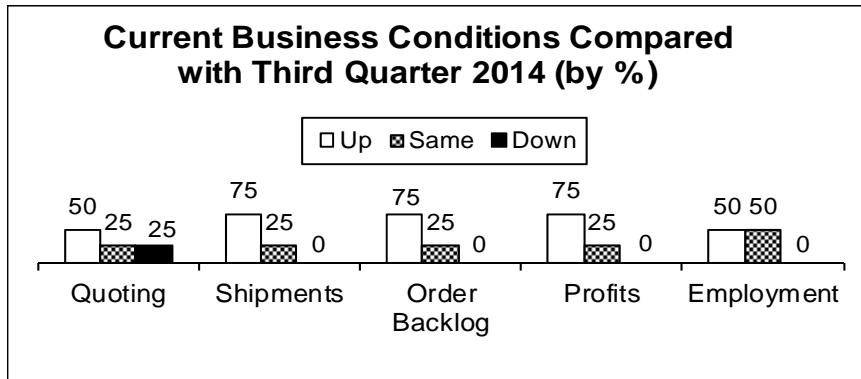
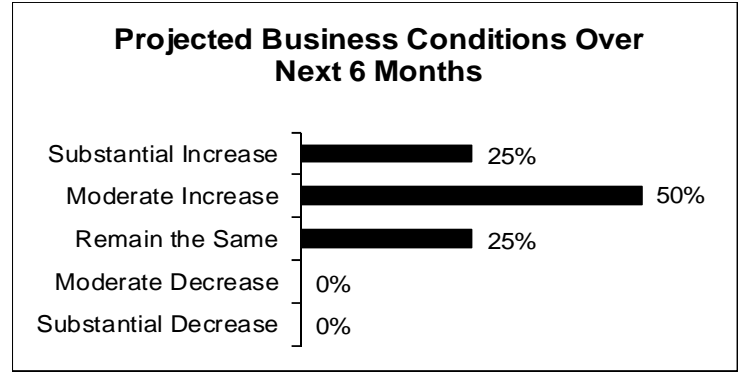
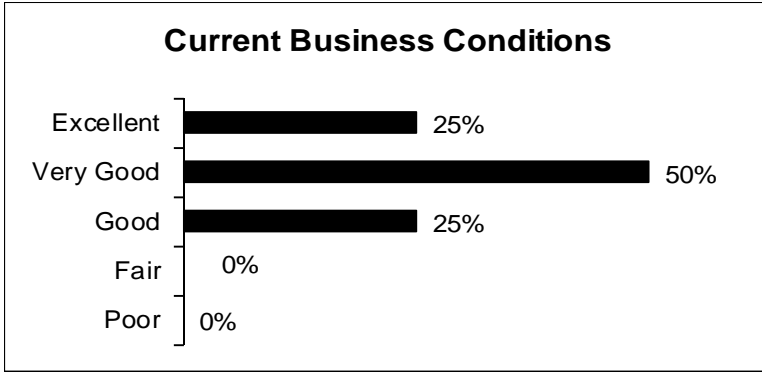
Projected Business Conditions Over Next 6 Months



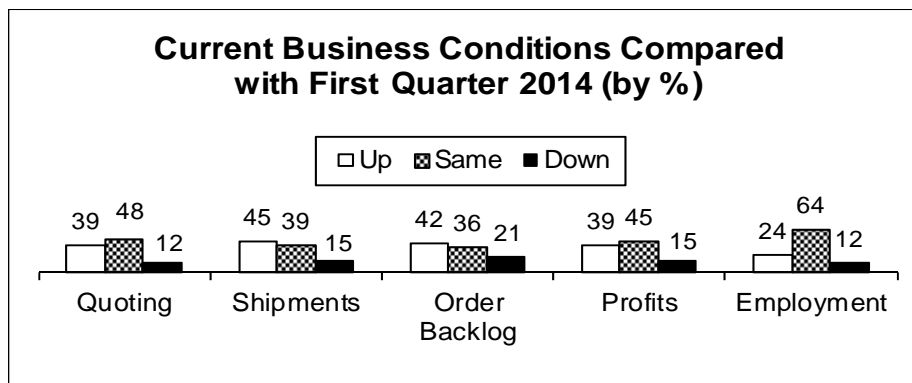
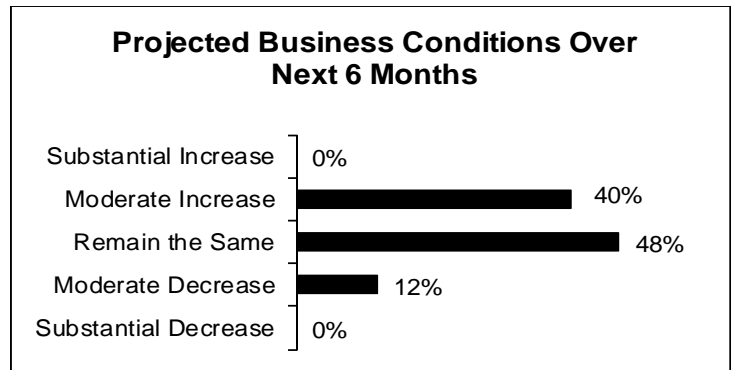
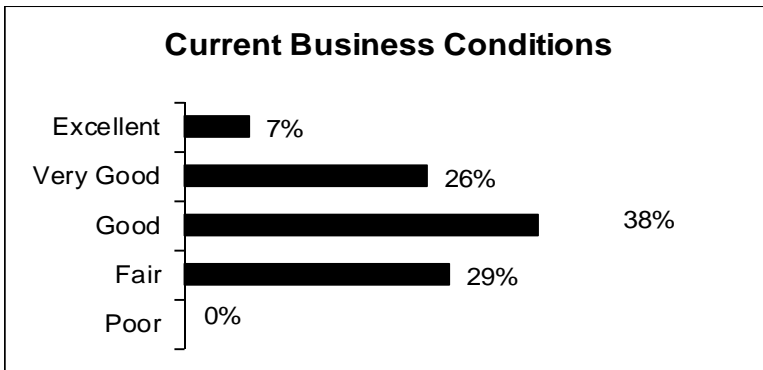
Current Business Conditions Compared with Third Quarter 2014 (by %)



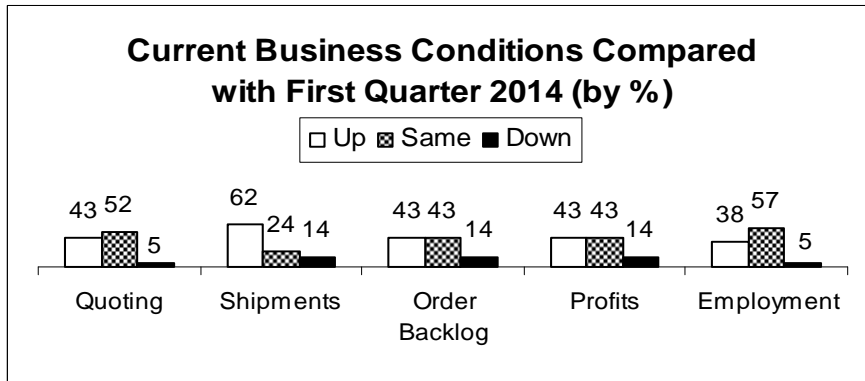
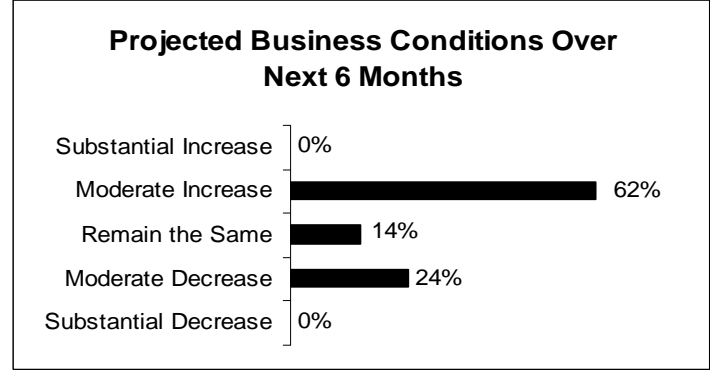
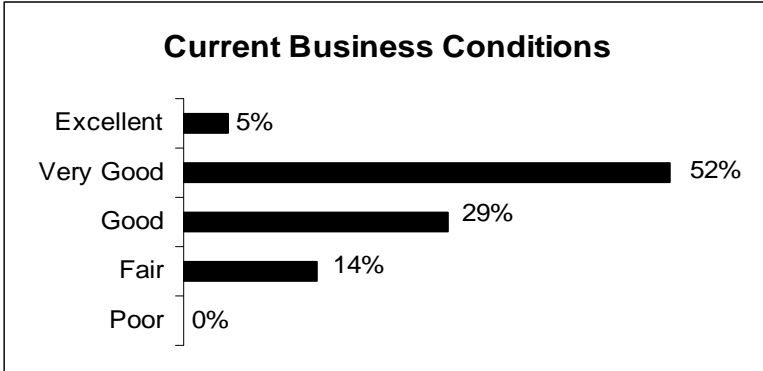
SOUTHEASTERN (FL, KY, NC, SC, TN, GA, AL MS)
(4 responses)



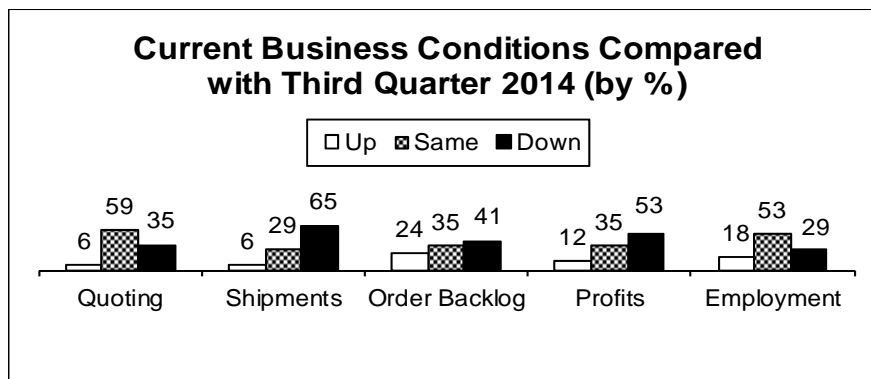
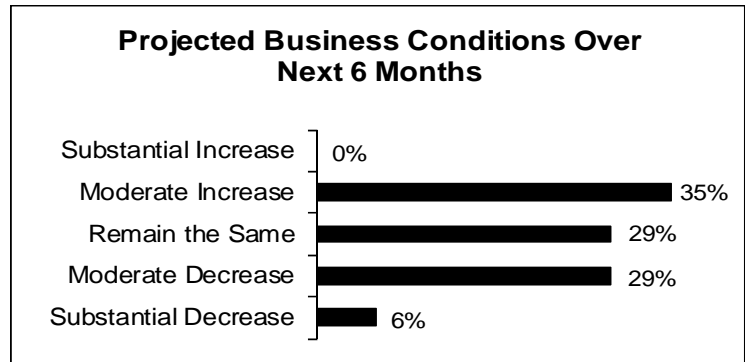
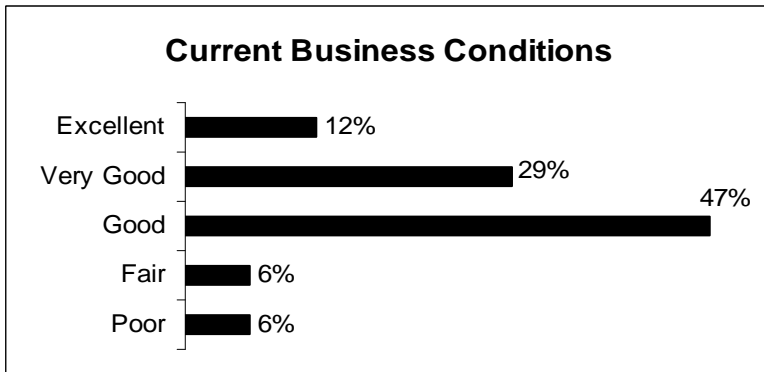
NORTH CENTRAL (OH, MI, IL, IN, WI)
(33 responses)



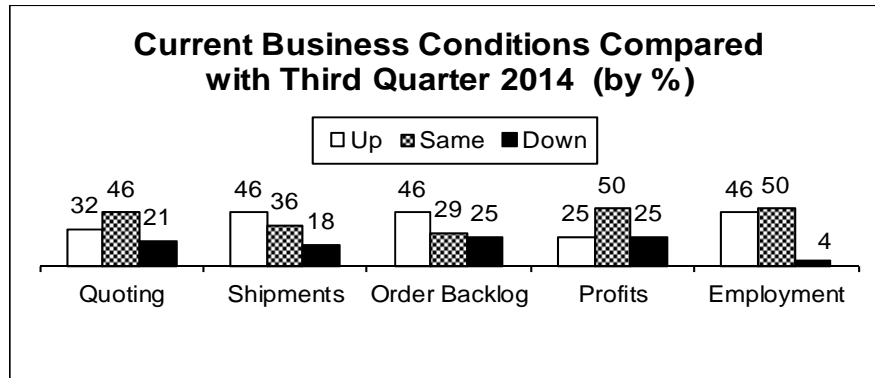
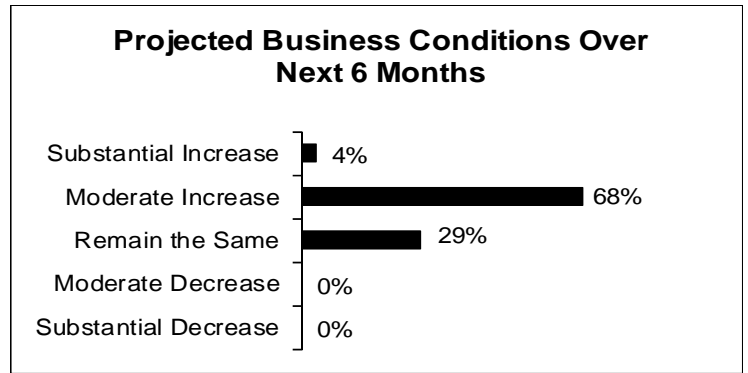
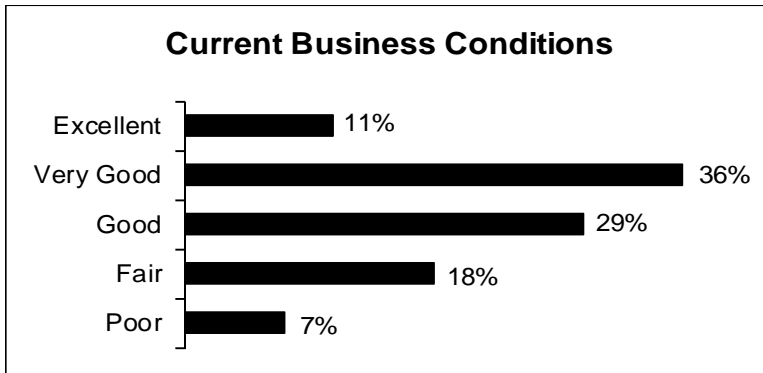
CENTRAL (IA, MO NE, KS, MN)
(13 responses)



CENTRAL SOUTHWEST (AR, LA, OK, TX, NM, CO)
(17 responses)



GREATER PACIFIC SOUTHWEST (CA, NV, AZ, UT)
(28 responses)



GREATER PACIFIC NORTHWEST (ID, WA, OR)
(1 response)

Current Business Conditions: Very Good

Projected Business Conditions Over the Next 6 Months: Moderate Increase

Current Business Conditions Compared with 3rd Quarter 2014 (by%)

Quoting: Up
 Shipments: Up
 Order Backlog: Same
 Profits: Up
 Employment: Same

Member Comments by Industry Sector

Aerospace Machining & Fabrication

We will be losing \$4 million to offshore sourcing during first qtr of 2015, which will bring many challenges. (New England; 65 Employees)

Metal Fabrication & Stamping

Sales are going down for the last 3 years and we have done our best to avoid layoffs, improve marketing and invest in technology. Competition is tough. (Central; 74 Employees)

Molds

We are starting out this year better than last year. (North Central; 17 Employees)

Precision Machining (excluding Aerospace)

Market conditions are stale. With government purchasing down in defense we as commercial suppliers are losing out to government supported companies. (Northeastern Central; 14 Employees)

We've given up on trying to find that "skilled" workforce. They don't exist unless they are poached from someone else. We need to grow our own. (Greater Pacific Southwest; 28 Employees)

We're a mid-size shop who had our best year in 2013. 2014 was solid and 2015 looks strong. We have a positive outlook. (Northeastern Central; 36 Employees)

We have broken ground on a new building, giving us almost 60% more room. Our goal is to hire 15 to 20 new employees before August 2015 (North Central; 55 Employees)

We are in the process of getting ISO 9001/2008 certified to get us in to new potential customer doors. (Northeastern Central; 26 Employees)

The downturn in oil production has made a huge difference in our sales. We are actively pursuing work in other areas. (Central Southwest; 12 Employees)

Our government needs to encourage manufacturers to locate/stay in the USA. This can be done by lowering taxes & regulations & offering incentives. (North Central; 3 Employees)

Our problem is supervision. We have promoted from within and thus our mid-managers have no experience in how to manage our huge upturn in business. (North Central; 101 Employees)

Special Machines

The market conditions are improving but competition has increased and margin improvement remains a challenge. (New England; 25 Employees)

Tools, Dies & Fixtures

Business has really slowed down for us over the last quarter. Much of what I'm seeing is due to the very anti-business climate in Connecticut. (New England; 10 Employees)