

TRIMAS CORP
Form 10-K
February 26, 2015

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington D.C. 20549

Form 10-K
(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2014

Or

TRANSITION REPORT PURSUANT TO SECTION 13 or 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number 001-10716

TRIMAS CORPORATION

(Exact Name of Registrant as Specified in Its Charter)

Delaware

(State or Other Jurisdiction of Incorporation or
Organization)

39400 Woodward Avenue, Suite 130

Bloomfield Hills, Michigan 48304

(Address of Principal Executive Offices, Including Zip Code)

(248) 631-5450

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class:

Common stock, \$0.01 par value

38-2687639

(IRS Employer Identification No.)

Name of Each Exchange on Which Registered:

NASDAQ Stock Market LLC

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 and Section 15(d) of the Act. Yes No

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definition of "accelerated filer," "large accelerated filer," and "smaller reporting

company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer Accelerated Filer Non-accelerated Filer (Do not check if a smaller reporting company) Smaller Reporting Company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes No
The aggregate market value of the voting common equity held by non-affiliates of the Registrant as of June 30, 2014 was approximately \$1.7 billion, based upon the closing sales price of the Registrant's common stock, \$0.01 par value, reported for such date on the NASDAQ Global Select Market. For purposes of this calculation only, directors, executive officers and the principal controlling shareholder or entities controlled by such controlling shareholder are deemed to be affiliates of the Registrant.

As of February 13, 2015, the number of outstanding shares of the Registrant's common stock, \$0.01 par value, was 45,279,911 shares.

Portions of the Registrant's Proxy Statement for the 2015 Annual Meeting of Stockholders are incorporated herein by reference in Part III of this Annual Report on Form 10-K to the extent stated herein.

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Forward-Looking Statements

This report may contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934 about our financial condition, results of operations and business. These forward-looking statements can be identified by the use of forward-looking words, such as “may,” “could,” “should,” “estimate,” “project,” “forecast,” “intend,” “expect,” “anticipate,” “believe,” “target,” “plan” or other comparable words, and by discussions of strategy that may involve risks and uncertainties.

These forward-looking statements are subject to numerous assumptions, risks and uncertainties, including, but not limited to, risks and uncertainties with respect to: the Company's leverage; liabilities imposed by the Company's debt instruments; market demand; competitive factors; supply constraints; material and energy costs; technology factors; litigation; government and regulatory actions; the Company's accounting policies; future trends; general economic and currency conditions; various conditions specific to the Company's business and industry; the Company's ability to integrate Allfast and attain the expected synergies, including that the acquisition is accretive; the Company's ability to successfully execute the spin-off of the Cequent businesses within the expected time frame or at all; the taxable nature of the spin-off; future prospects of the Company and Cequent as independent companies; and other risks which are detailed under Item 1A, "Risk Factors," and Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" and elsewhere in this report. Because the statements are subject to risks and uncertainties, actual results may differ materially from those expressed or implied by the forward-looking statements. We caution readers not to place undue reliance on the statements, which speak only as of the date of this report. We do not undertake any obligation to review or confirm analysts' expectations or estimates or to release publicly any revisions to any forward-looking statement to reflect events or circumstances after the date of this report or to reflect the occurrence of unanticipated events.

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PART I

Item 1. Business

We are a global designer, manufacturer and distributor of engineered and applied products for commercial, industrial and consumer markets. Most of our businesses share important characteristics, including leading market positions, strong brand names, broad product offerings in focused markets, established distribution networks, relatively high operating margins, relatively low capital investment requirements and both organic and acquisition growth opportunities. We use a common operating model across our businesses. The TriMas Operating Model is the framework that provides, wherever possible given the diverse nature of our businesses, commonality and consistency across TriMas, and drives how we plan, budget, measure, review, incent and reward our people. It provides the foundation for determining our priorities, executing our growth and productivity initiatives and allocating capital and resources. We believe that a majority of our 2014 net sales were in markets in which our products enjoy the number one or number two market position within their respective product categories.

Our Reportable Segments

We operate through six reportable segments which had net sales and operating profit for the year ended December 31, 2014 as follows: Packaging (net sales: \$337.7 million; operating profit: \$77.9 million), Energy (net sales: \$206.7 million; operating loss: \$6.7 million), Aerospace (net sales: \$121.5 million; operating profit: \$17.8 million), Engineered Components (net sales: \$221.4 million; operating profit: \$34.1 million), Cequent APEA (net sales: \$165.1 million; operating profit: \$7.9 million) and Cequent Americas (net sales: \$446.7 million; operating profit: \$31.1 million). For information pertaining to the net sales and operating profit attributed to our reportable segments, refer to Note 19, "Segment Information," included in Item 8, "Financial Statements and Supplementary Data," within this Form 10-K.

In addition to our reportable segments as presented, we have discontinued certain lines of businesses over the past three years as follows, the results of which are presented as discontinued operations for all periods presented in the financial statements attached hereto:

During the third quarter of 2014, we ceased operations of our NI Industries business. NI Industries manufactured cartridge cases for the defense industry and was party to a U.S. Government facility maintenance contract. We received approximately \$6.7 million for the sale of certain intellectual property and related inventory and tooling. As a result of discontinuing operations of NI Industries, we renamed the "Aerospace & Defense" reportable segment "Aerospace."

On December 8, 2014, our board of directors approved a plan to pursue a tax-free spin-off of the businesses that comprise our Cequent APEA and Cequent Americas reportable segments. We are targeting mid-2015 for completion of the proposed spin-off, although successful completion is contingent upon several factors, including but not limited to, final authorization and approval of our board of directors, receipt of governmental and regulatory approvals of the transactions contemplated by the spin-off, receipt of a tax opinion regarding the tax-free status of the spin-off, execution of intercompany agreements and the effectiveness of a registration statement with the SEC.

Each reportable segment has distinct products, distribution channels, strengths and strategies, which are described below.

Packaging

We believe Packaging is a leading designer, manufacturer and distributor of specialty, highly-engineered closure and dispensing systems for a range of end markets, including steel and plastic industrial and consumer packaging applications. We believe that Packaging is one of the largest manufacturers of steel and plastic industrial container closures and dispensing products in North America, with a significant presence in Europe, Asia and other geographic markets. Packaging manufactures high-performance, value-added products that are designed to enhance its customers' ability to store, transport, process and dispense various products for the agricultural, beverage, cosmetic, food, household products, industrial, medical, nutraceutical, personal care and pharmaceutical markets. Packaging's products include steel and plastic closure caps, drum enclosures, and specialty plastic closure and dispensing systems, such as foamers, pumps and specialty sprayers.

Packaging is dual headquartered in the United Kingdom and Indiana. We believe our Packaging brands, which include Rieke®, Arminak & Associates®, Englass®, Innovative Molding™ and Stolz®, are well established and recognized in their respective markets.

Packaging's specialty closure business designs and manufactures industrial closure products under the Rieke and Stolz brands in North America, Europe and Asia. We believe Rieke has significant market share for many of its key products, such as steel drum enclosures, plastic drum closures, plastic pail dispensers and plugs and plastic enclosures for sub-20 liter-sized containers.

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The specialty dispensing business designs and manufactures products sold as Rieke, Arminak & Associates, Englass and Innovative Molding brands serving two primary markets:

In the health, beauty and home market segments, the products include foamers, pumps, fine mist sprayers and other packaging solutions for the cosmetic, personal care and household product markets in North America, Europe and Asia, and pharmaceutical and personal care dispensers sold primarily in Europe.

In the food and beverage markets, the products include specialty plastic closures for bottles and jars, and dispensing pumps for North America and Europe.

In the third quarter of 2013, we sold our packaging business in Italy which manufactured ring and lever closures for steel drums and pails and served the industrial market in Europe.

Competitive Strengths

We believe Packaging benefits from the following competitive strengths:

Strong Product Innovation. We believe that Packaging's research and development capability and new product focus is a competitive advantage. For more than 90 years, Packaging's product development programs have provided innovative and proprietary product solutions, such as the Visegrip® steel flange and plug closure, and the all-plastic, environmentally safe, self-venting FlexSpout® flexible pouring spout. Recent examples of innovation within specialty dispensing include hands-free foamer applications for soap, potable water dispenser systems for two-to-five gallon water containers and improved airless high-viscosity liquid dispensing systems to meet thick characteristics in personal care creamers. Packaging's recent development of child resistant dispensers for the medical field is another example of our technical advancements. Packaging's emphasis upon highly-engineered packaging solutions and research and development has yielded numerous issued and enforceable patents, with many other patent applications pending. We believe that Packaging's innovative product solutions have enabled this segment to evolve our products to meet existing customers' needs, as well as attract new customers in a variety of consumer end markets such as beverage, cosmetic, food, medical, nutraceutical, personal care and pharmaceutical.

Customized Solutions that Enhance Customer Loyalty and Relationships. A significant portion of Packaging's products are customized for end-users, as Packaging's products are often developed and engineered to address specific customer needs, providing solutions for issues or problems. Packaging provides extensive in-house design, development and technical staff to provide solutions to customer requirements for closures and dispensing applications. For example, the customization of specialty plastic caps and closures including unique colors, collar sizes, lining, venting and branding at short-lead times provides substantial customer loyalty. The continual investment in flexible manufacturing cells allows Packaging to offer extensive customization at low order volumes, providing a significant advantage to our consumer goods customer base. In addition, Packaging provides customized dispensing solutions including unique pump design, precision metering, unique colors and special collar sizes to fit the bottles. Packaging has also been successful in promoting the sale of complementary products in an effort to create preferred supplier status.

Leading Market Positions and Global Presence. We believe that Packaging is a leading designer and manufacturer of plastic closure caps, drum enclosures, and dispensing systems, such as pumps, foamers and specialty sprayers. Packaging maintains a global network of manufacturing and distribution sites, reflecting its global opportunities and increasing global customer base. Packaging's global customers often want supply chain capability and a flexible manufacturing footprint close to their end market consumers. To better serve our customers in Asia, we added to this global footprint by acquiring Lion Holdings Pvt. Ltd. ("Lion Holdings") in July 2014. Lion Holdings has increased our manufacturing capacity for highly engineered dispensing solutions through locations in India and Vietnam, and increased our Asian market coverage. Also during 2014, we added specialty designing manufacturing capacity in China to better serve the domestic Chinese market. The majority of Packaging's manufacturing facilities around the world have technologically advanced injection molding machines required to manufacture industrial container closures and specialty dispensing and packaging products, as well as automated, high-speed agile assembly equipment for multiple component products.

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Strategies

We believe Packaging has significant opportunities to grow, including:

Product Innovation and New Applications. Packaging has focused its research and development capabilities on consumer applications requiring special packaging forms, stylized containers and dispenser systems requiring a high degree of functionality and engineering, as well as continuously evolving its industrial applications. Many new product innovations take years to develop. Packaging has a consistent pipeline of new products ready for launch. For example, 34 new patent filings were filed in 2014, with 21 new patents issued. Other recent examples include a dual component dispensing device for the application of pre-operation surgical sterilization, as well as various foamers, pumps and sprayers.

Product Globalization Opportunities. Packaging successfully globalizes its products by localizing its expertise in product customization to meet regional market requirements. Our network of manufacturing and distribution sites ensures customers have a global product standard manufactured locally providing the shortest lead-time, to provide products and support where our customers need them. All salespeople in the organization are trained at successfully selling all products in the Packaging group. We believe that, as compared with our competitors, Packaging is able to offer a wider variety of products to our long-term North American customers with enhanced service and tooling support. We have entered into supply agreements with many of these customers based on our broad product offering.

Increased Global Presence. Over the past few years, Packaging has increased its international manufacturing and sales presence, with advanced manufacturing capabilities in China, India and Vietnam, as well as an increased sales presence in that region. We have also increased our sales coverage in China and India. By maintaining a presence in international locations, Packaging hopes to continue to discover new markets and new applications and to capitalize on lower-cost production opportunities.

Marketing, Customers and Distribution

Packaging employs an internal sales force in the NAFTA and European regions, and uses third-party agents and distributors in key geographic markets, including Europe, South America and Asia. Packaging's agents and distributors primarily sell directly to container manufacturers and to users or fillers of containers. While the point of sale may be to a container manufacturer or bottle filling business, Packaging, via a "pull through" strategy, calls on the container user or filler and suggests that it specify that our product be used on its container.

To support its "pull-through" strategy, Packaging offers more attractive pricing on products purchased directly from us and on products in which the container users or fillers specify Packaging. Users or fillers that utilize or specify our products include agricultural chemical, food, industrial chemical, paint, personal care, petroleum, pharmaceutical and sanitary supply chemical companies such as BASF, Bayer, Syngenta, ICI Paints, Lucas Oil, McDonald's, PPG, Sherwin-Williams and Unilever, among others.

Packaging's primary end customers include Bath & Body Works, Unilever, Costco, Colgate, ConAgra Foods, Dial Corporation, Ecolab, L'Oreal, McDonald's, Method, RB (formerly known as Reckitt Benckiser), Sherwin-Williams, Schering-Plough and Starbucks. We also supply major container manufacturers around the world such as Berenfield, Berlin Packaging, BWAY, Cleveland Steel Container, Greif and North Coast Container. Packaging maintains a customer service center that provides technical support as well as other technical assistance to customers to reduce overall production costs.

Competition

Since Packaging has a broad range of products in both closures and dispensing systems, there are competitors in each of our product offerings. We do not believe that there is a single competitor that matches our entire product offering. Depending on the product and customers served, Packaging's competitors include Aptar, Albea, Bericap, Mead-Westvaco, Berry Plastics, Greif, and Phoenix Closures.

Energy

We believe Energy is a leading manufacturer and distributor of metallic and non-metallic gaskets, bolts, industrial fasteners and specialty products for the petroleum refining, petrochemical, oil field and industrial markets. With operations principally in North America and newer locations in Europe, Asia and South America, Energy supplies gaskets and complementary fasteners to both maintenance repair operations and industrial original equipment

manufacturers. Our companies and brands which comprise this segment include Lamons[®], South Texas Bolt & Fitting[™] ("STBF"), Gasket Vedações Técnicas Ltda ("GVT"), Wulfrun Specialised Fasteners ("Wulfrun") and Basrur Uniseal Private Limited[™] ("Basrur").

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Competitive Strengths

We believe Energy benefits from the following competitive strengths:

Established and Extensive Distribution Channels. Our business utilizes an established hub-and-spoke distribution system whereby our primary manufacturing facilities supply products to our own branches and highly knowledgeable network of worldwide distributors and licensees, which are located in close proximity to our primary customers. Our primary manufacturing facilities are in Houston, Texas; Hangzhou, China; Rotterdam, the Netherlands; Faridabad and Bangalore, India; Wolverhampton, United Kingdom; and Rio de Janeiro, Brazil with company-owned branches strategically located around the world to serve our global customer base. This established network of branches, enhanced by third-party distributors, allows us to add new customers in various locations and to increase distribution to existing customers. Our experienced in-house sales support teams work with our global network of distributors and licensees to create a strong market presence in all aspects of the oil, gas and petrochemical refining industries.

Comprehensive Product Offering. We offer a full suite of gasket and bolt products to the petroleum refining, petrochemical, oil field and industrial markets. Our March 2013 acquisition of Wulfrun in the United Kingdom further expanded Energy's product offering to include custom-manufactured, specialty bolts of various sizes and made-to-order configurations and other CNC-machined components in Europe. In addition, Energy has expanded its engineered product offering with isolation kits and capabilities to produce high quality sheet jointing used in the manufacture of soft gaskets, along with the recent addition of filled PTFE for their chemical customers. While many of the competitors manufacture and distribute either gaskets or bolts, supplying both provides us with an advantage to customers who prefer to deal with fewer suppliers. Enabled by its branch network and close proximity to its customers, Energy's ability to provide quick turn-around and customized solutions for its customers is also a competitive strength.

Leading Market Positions and Strong Brand Names. We believe we are one of the largest gasket and bolt suppliers to the global energy market. We believe that Lamons, STBF, Wulrun and Basrur are known as quality brands and offer premium service to the industry, and our facilities have the latest proprietary technology and equipment to be able to produce urgent requirement gaskets and bolts locally to meet its customers' demands.

Strategies

We believe Energy has opportunities to grow, while optimizing its cost structure, including:

Pursuit of Lower-Cost Manufacturing and Sourcing Initiatives. We believe that there will be further opportunities to reduce the cost structures through ongoing manufacturing, overhead and administrative productivity initiatives, global sourcing and selectively shifting manufacturing capabilities to countries with lower costs. We recently announced a decision to move a portion of our gasket and fastener operations from our Houston facility to a new facility in Mexico. The move to Mexico is expected to improve our global operating model and enhance the competitiveness of the business, while increasing customer service. In addition to our core domestic manufacturing facility in Houston, we have advanced manufacturing facilities and sourcing capabilities in China and India. Multi-country manufacturing capabilities provides flexibility to move specific manufacturing requirements amongst facilities to leverage lower cost opportunities and better serve our customers. We believe expanding our new Matrix® product and India capacity will further increase profitability, as we manufacture our own sheet product compared to reliance for comparable product on our competitors.

Growth in Newer Geographies. Energy has been replicating its U.S branch strategy around the world. Over the past several years, Energy has targeted additional locations outside of the U.S. in close proximity of our global customers, following plans to further penetrate Europe, Asia and North and South America. Opening locations within close proximity of these customers increases our ability to provide better service and meet their quick turn-around needs. We have also opened additional branches in North America to better penetrate under-served markets. We believe we will continue to benefit over time as we expand our market presence in these new geographies.

Expansion of Engineered and Specialty Product Offering. Over the past couple of years, we have launched several new highly-engineered and specialty products and have broadened our specialty bolt offering. Examples of new products include: WRI-LP gaskets, a hydrofluoric ("HF") acid gasket solution; inhibitor gaskets designed to prevent corrosion in offshore platform flanges; IsoTek™ Gaskets, an engineered sealing solution for flanged pipe

connections; and intelligent bolts which provide more reliable load indication. Most recently, Energy was the first in Europe approved to manufacture the API 20E fasteners used in subsea critical applications, and the first in the world approved to manufacture to API 6A, 17D, 20E and Q1 quality systems. In addition to providing revenue growth opportunities, specialty products tend to have higher margins than their standard counterparts.

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Marketing, Customers and Distribution

Energy relies upon a combination of direct sales forces and established networks of independent distributors and licensees with familiarity of the end users. Gaskets and bolts are supplied directly to major customers through our sales and service facilities in major regional markets, or through a large network of independent distributors/licensees. The sales and distribution network's close proximity to the customer makes it possible for Energy to respond to customer-specific engineered applications and provide a high degree of customer service. Our overseas sales are made either through newer sales and service facilities in Belgium, Brazil, China, India, the Netherlands, Singapore, Spain, Thailand and the United Kingdom, licensees or through our many distributors. Significant Energy customers include Dow Chemical, ExxonMobil, Ferguson, LyondellBasell, MRC, DNOW and Valero.

Competition

Energy's primary competitors include ERIKS, Flexitallic Group, Garlock (EnPro), Klinger, Lone Star and Teadit. Most of Energy's competitors supply either gaskets or bolts. We believe that providing both gaskets and bolts, as well as our hub-and-spoke distribution model, gives us a competitive advantage with many customers. We believe that our broader product portfolio and strong brand name enables us to maintain our market leadership position as one of the largest gasket and bolt suppliers to the energy market.

Aerospace

We believe Aerospace is a leading designer and manufacturer of a diverse range of products for use in focused markets within the aerospace industry. In general, Aerospace's products are highly-engineered, customer-specific items that are sold into focused markets with few competitors.

Aerospace's brands include Monogram Aerospace Fasteners™, Martinic Engineering™, Mac Fasteners™ and Allfast Fastening Systems®, which we believe are well established and recognized in their markets.

Monogram Aerospace Fasteners. We believe Monogram Aerospace Fasteners ("Monogram") is a leading manufacturer of permanent blind bolts and temporary fasteners used in commercial, business and military aircraft construction and assembly. Certain Monogram products contain patent protection, with additional patents pending. We believe Monogram is a leader in the development of blind bolt fastener technology for the aerospace industry, specifically in high-strength, rotary-actuated blind bolts that allow sections of aircraft to be joined together when access is limited to only one side of the airframe, providing certain cost efficiencies over conventional two piece fastening devices.

Allfast Fastening Systems. Acquired in October 2014, Allfast Fastening Systems, Inc. ("Allfast") is a leading global manufacturer of solid and blind rivets, blind bolts, temporary fasteners and installation tools for the aerospace industry with content on substantially all commercial, defense and general aviation platforms in production and in service.

Mac Fasteners. Acquired in October 2013, Mac Fasteners manufactures and distributes stainless steel aerospace fasteners, globally utilized by original equipment manufacturers ("OEMs"), aftermarket repair companies, and commercial and military aircraft producers.

Martinic Engineering. Acquired in January 2013, Martinic Engineering manufactures highly-engineered, precision machined, complex parts for commercial and military aerospace applications, including auxiliary power units, as well as electrical hydraulic and pneumatic systems.

Strategies

We believe the businesses within the Aerospace segment have significant opportunities to grow and improve margins, based on the following strategies:

Leverage Strengths and Integrate Across the Aerospace Businesses. The combined product sets of Monogram, Allfast and Mac Fasteners uniquely position us to benefit from platform-wide supply opportunities and grow at a level in excess of industry aircraft build rates. In addition, our aerospace platform will benefit from expected synergistic cost savings, including leveraging combined purchasing activities, commercial initiatives, product development efforts, and sharing of better practices between businesses. We have proprietary products and processes, as well as strong application engineering and product development capabilities focused on solving customer problems. Aerospace customers will benefit from a combined product portfolio and product development efforts.

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Develop New Products. The Aerospace segment has a history of successfully creating and introducing new products and there are currently several significant product initiatives underway. Certain Aerospace products contain patent protection, with additional patents pending. Monogram has developed the next generation Composi-Lok®, offering a flush break upon installation, a new "lite" derivative affording significant installed weight savings in concert with today's fuel efficient aircraft designs, and is developing and testing an enlarged footprint version of the Composi-Lok®, offering improved clamping characteristics on composite structures. Monogram has developed the next generation of temporary fasteners, which is targeted to have load clamping capabilities in the range of a permanent fastener. We believe the strategy of offering a variety of custom engineered variants has been very well received by Monogram's customer base and is increasing our share of custom-engineered purchases. Our close working relationship between our technical sales and engineering groups and our customers' engineering teams is key to developing future products desired and required by our customers.

Entry into New Markets and Development of New Customers. The Aerospace segment has significant opportunities to grow its businesses by offering its products to new customers and new markets. In addition, Monogram is focused on expanding its geographic presence and is selling its products through an office in Beijing, China. The addition of Allfast, Martinic Engineering and Mac Fasteners products to the portfolio enables this segment to reach additional customers, including tier one suppliers to airframe OEMs and aftermarket repair companies, respectively. Monogram and Allfast can also cross-sell products into each other's legacy set of customers.

Expansion of Product Line Offerings. Aerospace continues to expand its fastener offerings to include other aerospace fastening products, including a suite of collar families used in traditional non-blind assembly, and is increasing its applications and content on airplanes. Monogram's blind bolt fasteners, which allow for one-sided bolt installation, provide additional advantages as aircraft manufacturers increase automation in aircraft assembly. This trend increases the potential for the expanded use of Monogram's blind fasteners into non-traditional applications. Monogram's Composi-Lok®, Composi-Lok®II, and the new Composi-Lok®3, are designed to solve unique fastening problems associated with the assembly of composite aircraft structures, and are therefore particularly well-suited to take advantage of the increasing use of composite materials in aircraft construction. Our recent aerospace acquisitions also expand opportunities for additional content on aircraft.

Marketing, Customers and Distribution

Aerospace's customers operate primarily in the aerospace industry, serving both OE and aftermarket customers on a wide variety of platforms. Given the focused nature of many of our products, the Aerospace segment relies upon a combination of direct sales forces and established networks of independent distributors with familiarity of the end-users. Although the overall market for fasteners and metallurgical services is highly competitive, these businesses provide products and services primarily for specialized markets, and compete principally as technology, quality and service-oriented suppliers in their respective markets. Aerospace's products are sold to manufacturers and distributors within the commercial, business and military aerospace industry, both domestic and foreign. While products are sold to both manufacturers and distributors, Aerospace works directly with aircraft manufacturers to develop and test new products and improve existing products. The addition of Allfast, Martinic Engineering and Mac Fasteners products to the portfolio enables this segment to reach additional customers, including tier one suppliers to airframe OEMs and aftermarket repair companies, respectively. Aerospace's OEM, distribution and other customers include Airbus, Boeing, B/E Aerospace, Bombardier, Embraer, Hamilton Sunstrand, Parker Hannifin, Peerless Aerospace Fasteners, Spirit Aero Systems, United Technologies (UTC), Wesco Aircraft Hardware, and the U.S. Department of Defense.

Competition

This segment's primary competitors include AHG France, Alcoa Fastening Systems, Cherry Aerospace (PCC) and LISI Aerospace. We believe that we are a leader in the blind bolt market with significant market share in all blind fastener product categories in which it competes. Aerospace companies supply highly engineered, non-commodity, customer-specific products that principally have large shares of small markets supplied by a limited number of competitors.

Engineered Components

We believe Engineered Components is a leading designer, manufacturer and distributor of high-pressure and low-pressure cylinders for the transportation, storage and dispensing of compressed gases, as well as a variety of natural gas powered engines and parts, gas compressors, gas production equipment, meter runs, engine electronics and chemical pumps all engineered for use in oil and natural gas production. In general, these products are highly-engineered, customer-specific items that are sold into focused markets with few competitors.

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Engineered Components' brands include Arrow® Engine and Norris Cylinder™ which we believe are well established and recognized in their respective markets.

Arrow Engine. We believe that Arrow Engine is a market leading provider of natural gas powered engines and parts. Arrow Engine also provides gas compressors, gas production, meter runs, engine electronics and chemical pumps, all engineered for use in oil and natural gas production and other industrial and commercial markets. Arrow Engine distributes its products through a worldwide distribution network with a particularly strong presence in the U.S. and Canada. Arrow Engine owns the original equipment manufacturing rights to distribute engines and replacement parts for four main OEM engine lines and offers a wide variety of spare parts for an additional six engine lines, which are widely used in the energy industry and other industrial applications. Arrow Engine has developed a new line of products in the area of industrial engine spare parts for various industrial engines not manufactured by Arrow Engine, including selected engines manufactured and sold under the Caterpillar®, Waukesha®, Ajax® and Gemini® brands. Arrow Engine has expanded its product line to include compressors and compressor packaging, gas production equipment, meter runs and other electronic products.

Norris Cylinder. Norris Cylinder is a leading provider of a complete line of large and intermediate/small size, high-pressure and low-pressure steel cylinders for the transportation, storage and dispensing of compressed gases. Norris Cylinder's large high-pressure seamless compressed gas cylinders are used principally for shipping, storing and dispensing oxygen, nitrogen, argon, helium and other gases for industrial and health care markets. In addition, Norris Cylinder offers a complete line of low-pressure steel cylinders used to contain and dispense acetylene gas for the welding and cutting industries. Norris Cylinder markets cylinders primarily to major domestic and international industrial gas producers and distributors, welding equipment distributors and buying groups, as well as equipment manufacturers.

Strategies

We believe the businesses within the Engineered Components segment have opportunities to grow, based on the following:

Strong Product Innovation. The Engineered Components segment has a history of successfully creating and introducing new products and there are currently several significant product initiatives underway. Arrow Engine continues to introduce new products in the area of industrial engine spare parts for various industrial engines not manufactured by Arrow Engine, including selected engines manufactured and sold under the Caterpillar®, Waukesha®, Ajax® and Gemini® brands. Arrow Engine has also launched an offering of customizable compressors and gas production and meter run equipment, which are used by existing end customers in the natural gas extraction market, as well as development of a natural gas compressor used for compressed natural gas (“CNG”) filling stations. Norris Cylinder developed a process for manufacturing ISO cylinders capable of holding higher pressure gases and has been awarded a United Nations certification for its ISO cylinders, making Norris Cylinder the first manufacturer approved to distribute ISO cylinders domestically. Norris Cylinder has also created new designs for seamless acetylene applications in marine and international markets.