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Diesel Engines & Related Parts

US Industry Study with Forecasts for **2013 & 2018**

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Diesel Engines & Related Parts

US Industry Study with Forecasts for ***2013 & 2018***

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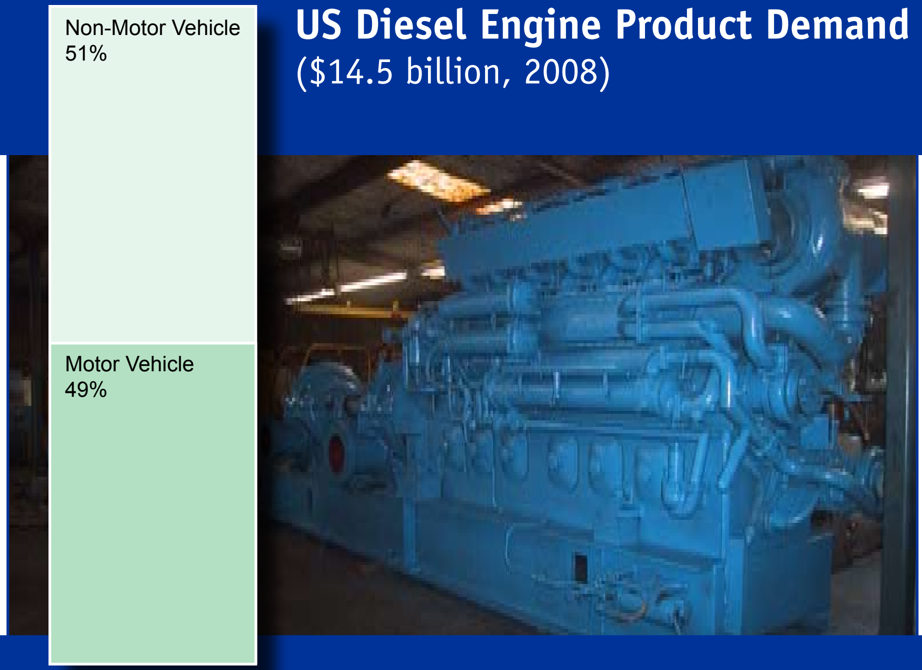
Demand will be led in part by increasingly stringent emissions control regulations, which will force transportation specialists to either remanufacture existing engines or purchase new ones.

US demand to rise 6.2% annually through 2013

Demand for diesel engines and related products is forecast to rise 6.2 percent annually to $19.5 billion in 2013. Gains will be driven by the recovering US heavy truck market. Rebounding consumer confidence and loosening credit standards will encourage truck fleet owners and managers to purchase new vehicles, virtually all of which are outfitted with diesel engines. Further advances will be led by continued emissions control regulations, which will increase the cost of diesel engines by several thousand dollars. As these regulations become more stringent, transportation specialists must either remanufacture existing engines to meet the new standards, or opt to purchase new engines. Finally, as the large numbers of truck engines purchased as part of the 2006 pre-buy are subject to wear and tear, these engines will have to be replaced. Many fleet owners and managers will choose to install newer diesel engines, which generally offer enhanced fuel economy with reduced maintenance needs.

Shipments of diesel engines are forecast to rise 5.3 percent annually to nearly $20 billion, reflecting strong US demand gains for diesels, which will encourage US manufacturers to increase production. However, imports of diesel engines and related parts are projected to rise at a more rapid pace, as US manufacturers transfer more of their production facilities to countries with lower cost structures.

US Diesel Engine Product Demand
($14.5 billion, 2008)



Motor vehicle market to be fastest growing

Demand for diesel engines and related parts in the motor vehicle market as a whole is projected to advance 8.5 percent annually to $10.7 billion in 2013. In addition to the heavy truck market, increased use of diesel engines in recreational vehicles, light trucks and passenger cars will also spur demand gains. Consumers will increasingly opt for diesels due to their fuel economy and superiority over gasoline engines for towing and hauling. Further advances will be promoted by increased sales of medium-duty trucks and specialty vehicles, such as ambulances and dump trucks, of which the majority are equipped with diesels.

In the non-motor vehicle segment of the diesel engine market, demand for engines and related parts is forecast to rise 3.7 percent annually to $8.8 billion in 2013. Advances will be derived from increased construction spending, which will boost demand for diesel-powered construction and mining equipment. Further gains will be promoted by the implementation of Tier 4 emissions control standards for off-road diesels. These regulations, which are scheduled to be fully phased in by 2014, will force many owners of diesel-powered equipment to upgrade their engines to meet the new standards, or purchase new, more environmentally friendly diesel engines.

Sample Text, Table & Chart

TABLE VI-1

NON-MOTOR VEHICLE DIESEL ENGINE PRODUCT DEMAND
(million dollars)

Item	1998	2003	2008	2013	2018
Durable Goods Shipments (bil $)					2805
$ engine/000$ durable goods					
Non-MV Diesel Engine Prdt Demand					
By Market:					
Construction Equipment					
Agricultural Equipment					
Mining Machinery					
Electric Power Generation					
Marine Equipment					
Selected Industrial Equipment					
Lawn & Garden Equipment					
Other Non-Motor Vehicle					
By Type:					
Engines					
Parts					
% non-motor vehicle					
Total Diesel Engine Product Demand					24500

SAMPLE TABLE

MOTOR VEHICLE DIESEL ENGINE DEMAND

Recreational Vehicles

Demand for diesel engines and related parts used in RV ... llion in 2013. This rapid gain in den ... onsumer purchases of RVs, many of ... ines. Demand for RVs fell between ... s, declining consumer confidence an ... many Americans to delay or entirel ... , many RV users sold their vehicles ... uel costs and concerns about the econ ... forward, rising economic growth and rebounding consumer c ... will lead some Americans to purchase RVs. Population grow ... 45 years old and older -- the primary buyers of RVs -- will en ... demand gains, as will changes in consumer vacation habits. ... people will opt to travel shorter distances and on weekends, ... planning than normally required for vacations centering arou ... travel modes. Also, owning an RV means people can travel t ... without large numbers of hotels or other accommodations, su ... and more remote areas. Many RV buyers will opt for diesel-powered vehicles, as these vehicles can offer significant long-term fuel savings, an important consideration for users that will travel many thousands of miles per year.

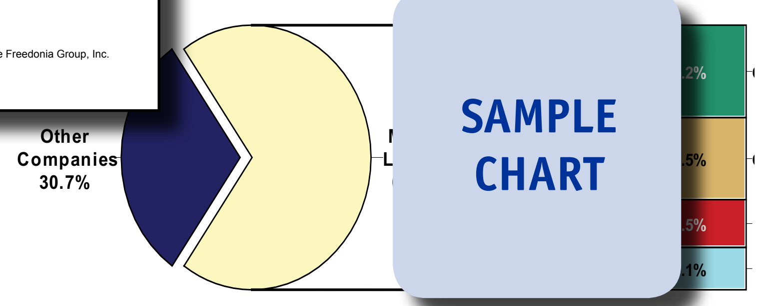
SAMPLE TEXT

Among all RVs, Class A motor homes -- the largest and most expensive type of RV -- are expected to maintain their position as the leading type of RV in terms of shipments, despite increased competition from smaller, more fuel-efficient models and towed RVs. Diesel engines are installed on many Class A motor homes (as well as other RV types), as these engines can provide the additional torque required to power these extremely heavy vehicles. Providing such levels of torque will become even more necessary as newer generations of the vehicles grow larger and more laden with amenities, which tend to add to the gross vehicle

117

CHART VII-1

US DIESEL ENGINE PRODUCT MARKET SHARE BY COMPANY, 2008
($14.5 billion)



Diesel Engines & Related Parts

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Sample Profile, Table & Forecast

TABLE IV-5

DIESEL ENGINE COMPONENTS & MATERIALS
(million dollars)

Item	1998	2003	2008	2013	2018
Diesel Engine Product Shipments	12[illegible]	[illegible]	[illegible]	[illegible]	[illegible]895
% components & materials	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]7.5
Engine Components & Materials	5[illegible]	[illegible]	[illegible]	[illegible]	[illegible]60
Ferrous Metals:	2[illegible]	[illegible]	[illegible]	[illegible]	[illegible]80
Castings	1[illegible]	[illegible]	[illegible]	[illegible]	[illegible]00
Mill Shapes & Forms	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]40
Forgings	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]40
Mechanical Components	1[illegible]	[illegible]	[illegible]	[illegible]	[illegible]80
Electrical & Electronic Equipment	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]20
Nonferrous Metals	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]20
Plastics & Ceramics	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]90
Other	3[illegible]	[illegible]	[illegible]	[illegible]	670

SAMPLE TABLE

COMPANY PROFILES

Stanadyne Corporation
92 Deerfield Road
Windsor, CT 06095
860-525-0821
http://www.stanadyne.com

Sales: $293 million (2007, as reported to the SEC)
US Sales [illegible] EC)
Employ[illegible])

Key Pro[illegible] tors, fuel pumps and injectors

SAMPLE PROFILE

Sta[illegible] components for diesel an[illegible] nding stock in the Company [illegible] d by Kohlberg & Company LLC (Mt. Kisco, New York), a merchant banking firm.

The Company is active in the US diesel engine industry through the production and sale of such diesel and gasoline engine components as filtration systems, pumps and injectors to original equipment manufacturers (OEMs) and the aftermarket. The primary markets for these products are agriculture and industrial off-highway. In 2007, OEMs accounted for sales of $173 million, while the aftermarket represented sales of $120 million. Stanadyne's primary customers are diesel engine OEMs, including Deere & Company (Moline, Illinois), Cummins (Columbus, Indiana) and the General Engine Products subsidiary (Franklin, Ohio) of AM General (South Bend, Indiana).

Diesel engine components from Stanadyne include combination fuel filter/water separators, fuel pumps and injectors. The Company's combination fuel filter/water separators are produced and sold under the FUEL MANAGER brand name and are typically employed in light.

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"Ferrous metals, which accounted for more than half the cost of diesel engines in 2008, will continue to be the most significant cost to diesel engine producers in 2013. Advances in materials costs will rise 2.0 percent annually through 2013, a rate that is almost one-half of that experienced over the previous decade. Gains will be severely restrained by declining metal prices, which will continue to fall from the highs experienced in 2006 and 2007."
--Section IV, pg. 86

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Other Studies

Batteries in China

This study analyzes the Chinese battery industry. It presents historical demand data (1997, 2002, 2007) and forecasts for 2012 and 2017 by type (e.g., zinc-carbon/zinc-chloride, alkaline, primary lithium, lead-acid, rechargeable lithium, nickel-cadmium, nickel-metal hydride) and market (e.g., consumer, industrial, government, electric bicycles and motor vehicles, portable devices, motive power, backup power). The study also considers market environment factors, evaluates company market share and profiles industry participants.

#2466 .... 04/2009..................... $5200

World Diesel Engines

This study analyzes the global diesel engine industry. It presents historical demand data for 1997, 2002 and 2007 and forecasts for 2012 and 2017 by diesel engine application (e.g., motor vehicles, off-highway, stationary), world regional market (e.g., North America, Western Europe, Asia/Pacific) and major national market. The study also considers market environment factors, reviews emission control technology, details industry composition, evaluates company market share and profiles industry competitors.

#2441 .... 03/2009..................... $5700

Wind Turbine Systems

US wind turbine system demand will grow 6.8% annually through 2012, driven by rising interest in domestic energy and government incentives. Public utilities will increase their market share while independent power producers remain dominant. The New England and Middle Atlantic subregions will grow the fastest. This study analyzes the $7.3 billion US wind turbine system industry, with forecasts for 2012 and 2017 by type, component, application and region. It also evaluates market share and profiles industry players.

#2439 .... 01/2009..................... $4600

World Batteries

Global battery demand will increase 4.8% annually through 2012. China will record the largest gains and surpass the US as the largest market. Consumer battery demand will outperform the market as a whole. Non-lead-acid secondary battery market gains will outpace demand for primary and lead-acid secondary batteries. This study analyzes the $71 billion world battery industry, with forecasts for 2012 and 2017 by product, market, world region and for 32 countries. It also evaluates market share and profiles industry players.

#2375 .... 10/2008..................... $6100

World Turbines

Global turbine demand will rise 4.9% yearly through 2012. Gains in the large Chinese market will slow yet remain well above the average rate, with smaller developing markets growing even faster. Developed regions will also offer good opportunities. Aircraft engines will outpace the larger electric power generation market. This study analyzes the $83.6 billion world turbine industry, with forecasts for 2012 and 2017 by product, application, world region and for 22 countries. It also evaluates market share and profiles industry players.

#2315 .... 06/2008..................... $5500

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