Power & Hand Tools

US Industry Study with Forecasts for 2018 & 2023

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**INDUSTRY STRUCTURE**
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US demand to rise 2.9% annually through 2018

US demand for power and hand tools is forecast to increase 2.9 percent annually through 2018 to $12.7 billion. Among professional users, growth will stem primarily from a recovery in construction activity, especially in housing starts. Additionally, the improved outlook for durable goods manufacturing and the expansion of the motor vehicle park will boost sales. Advances in the consumer market will be supported by the continued interest in do-it-yourself (DIY) activities, coupled with increasing disposable incomes and growth in the number of households. However, the power and hand tool industry faces intense pricing competition from imported products, which will restrain value gains somewhat.

Power tools to outpace hand tools

Through 2018, demand gains for power tools will outpace those for hand tools. This is a reversal from the 2008-2013 period when demand for power tools were adversely affected by a decline in professional employment levels. Among power tools, cordless electric tools will offer the best opportunities for growth. Ongoing improvement in lithium-ion battery density and the increased prevalence of technological innovations such as brushless motors that extend usable lifespan per charge will bolster sales. In fact, cordless electric power tools experience more product innovation than other types of tools, which entices users to upgrade to better performing versions or to switch from plug-in to cordless versions. In contrast, product innovation for hand tools is generally limited to ergonomic improvements or incremental increases in performance.

Professional market be largest, fastest growing

The professional market holds the larger share of power and hand tool demand, accounting for two-thirds of sales in 2013. Additionally, this market will experience faster gains through the forecast period in response to a recovery in professional employment levels. Professionals generally use higher-value power tools more intensively than do consumers, and they are often willing to pay more for higher quality tools since the initial investment will pay off over the long run through better performance and longer tool life. Moreover, as professionals tend to use tools on a daily basis, they must replace tools frequently (although some basic hand tools can be used for more than a decade). On the other hand, consumers are typically less frequent users of tools and are more likely to purchase tools based on price. In addition, consumers rarely require the power associated with more expensive hydraulic or pneumatic power tools, but instead purchase electric tools.
Power & Hand Tools
US Industry Study with Forecasts for 2018 & 2023

Drills

Demand for electric drills is projected to grow 3.5 percent per year through 2018 to $1.4 billion. The recovery in construction spending will contribute to a large portion of growth. Additionally, ongoing interest in DIY activities will benefit demand for many power tools, especially for electric drills. The market for electric drills is already well established, limiting first time purchases of these tools. Shipments of electric drills are expected to fall to $140 million in 2018 as competition from imports continues to be intense. However, there has been some reshoring of manufacturing sites back to the US, which will benefit domestic producers. For example, in October 2013 the DeWALT subsidiary of Stanley Black & Decker implemented its built in the US initiative, via which the company has begun to assemble more than 600 power and hand tools and accessories (including cordless drills) at a factory in North Carolina.

Electric drills are the most versatile and most commonly used power tool and are generally among the first tools purchased by a household. In addition to drilling holes, electric drills can be fitted with numerous accessories, including those that drive screws and nuts, grind, polish, or sand, making them an essential all-purpose tool. Several factors differentiate drills, the most basic being whether the tool is corded or cordless. Plug-in drills tend to be more powerful -- although newer cordless models have decreased this advantage -- and offer higher speeds and greater speed control capabilities. The simplest drills are single-speed models, while better quality drills offer two speeds or variable speed motors typically controlled by the user based on the amount of force applied to the trigger. Cordless drills, on the other hand, benefit from their convenience and generally small size, which makes them preferred to corded drills for use as a screwdriver.

TABLE V-3
WRENCH SUPPLY & DEMAND
(million dollars)

<table>
<thead>
<tr>
<th>Item</th>
<th>2003</th>
<th>2008</th>
<th>2013</th>
<th>2018</th>
<th>2023</th>
</tr>
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<tbody>
<tr>
<td>Resident Population (millions persons)</td>
<td>290.1</td>
<td>304.1</td>
<td>316.1</td>
<td>328.5</td>
<td>341.1</td>
</tr>
<tr>
<td>$ wrench/capita</td>
<td>2.90</td>
<td>2.68</td>
<td>3.08</td>
<td>3.35</td>
<td>3.55</td>
</tr>
<tr>
<td>Wrench Demand</td>
<td>840</td>
<td>815</td>
<td>975</td>
<td>1100</td>
<td>1210</td>
</tr>
<tr>
<td>- net imports</td>
<td>93</td>
<td>55</td>
<td>135</td>
<td>150</td>
<td>160</td>
</tr>
<tr>
<td>Wrench Shipments</td>
<td>747</td>
<td>760</td>
<td>840</td>
<td>950</td>
<td>1050</td>
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<tr>
<td>Socket</td>
<td>336</td>
<td>341</td>
<td>377</td>
<td>437</td>
<td>499</td>
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<tr>
<td>Open-Ended &amp; Combination</td>
<td>144</td>
<td>142</td>
<td>159</td>
<td>175</td>
<td>185</td>
</tr>
<tr>
<td>Adjustable:</td>
<td>117</td>
<td>109</td>
<td>120</td>
<td>135</td>
<td>145</td>
</tr>
<tr>
<td>Pipe</td>
<td>63</td>
<td>58</td>
<td>61</td>
<td>73</td>
<td>80</td>
</tr>
<tr>
<td>Other Adjustable Torque</td>
<td>54</td>
<td>51</td>
<td>59</td>
<td>62</td>
<td>65</td>
</tr>
<tr>
<td>Other Wrenches</td>
<td>57</td>
<td>67</td>
<td>70</td>
<td>77</td>
<td>85</td>
</tr>
<tr>
<td>% wrenches</td>
<td>36.0</td>
<td>34.6</td>
<td>35.1</td>
<td>35.0</td>
<td>34.8</td>
</tr>
<tr>
<td>Hand Service Tool Demand</td>
<td>2335</td>
<td>2355</td>
<td>2780</td>
<td>3140</td>
<td>3480</td>
</tr>
</tbody>
</table>

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AIMCO Corporation
10000 Southeast Pine Street
Portland, OR  97216
503-254-6600
http://www.aimco-global.com

Annual Sales:  $25 million (estimated)
Employment:  150 (estimated)
Key Products:  pneumatic, electric, and cordless power tools

AIMCO is engaged in the manufacture of assembly products for threaded fastening applications. The privately held company operates through six product groups: Controlled Tools, Torque Measurement, Fastener Tool Group, Power Tools, Assembly Systems, and Tool Support Systems.

The Company competes in the US power and hand tool industry via the Controlled Tools, Torque Measurement, Power Tools, and Assembly Systems product groups. Via these product groups, AIMCO manufactures and sells pneumatic, electric, and cordless power tools for the automotive, aerospace, energy services, general industrial, and ergonomics/safety markets.

The Controlled Tools product group includes such items as AC-RADYNE direct current nutrunners, OMEGA controlled electric pulse tools with brushless motors, and URYU and ALPHA transducerized pneumatic pulse tools with pistol grips. Among the equipment included in the Torque Measurement product group are electronic torque wrenches, including ATWIS series transducerized and AUDITOR digital products; and such mechanical torque wrenches as AUDITOR pre-set, preset with ratchet insert, click, and dial indicating models.

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World Power Tools
Global power tool demand will rise 4.8 percent per year through 2018 to $32.9 billion. The US will remain the largest market, while China and India remain the fastest growing. Cordless electric tools will outpace the larger corded power tool segment. The dominant professional market will outpace consumer demand. This study analyzes the $26 billion world power tool industry, with forecasts for 2018 and 2023 by product, electric power source, market, world region, and for 25 countries. The study also evaluates company market share and profiles industry participants.

#3241 January 2015 $6500

World Major Household Appliances
World major household appliance demand will rise 3.8 percent annually through 2017 to 430 million units. Cooking appliances will lead gains, as they are among the first major appliances purchased in developing countries. Rebounding housing activity and the release of pent up demand will support growth in advanced nations. This study analyzes the 358 million unit world major appliance industry, with forecasts for 2017 and 2022 by product, world region, and for 25 countries. The study also evaluates company market share and profiles industry players.

#3098 January 2014 $6400

Outdoor Furniture & Grills
US demand for outdoor furniture and grills (including patio heaters and accessories such as umbrellas, covers, cushions and grilling utensils) will rise 4.0 percent annually to $7.5 billion in 2017. Outdoor furniture and accessories will remain the top segment, while patio heating products will grow the fastest. The residential market will remain dominant. This study analyzes the $6.2 billion US outdoor furniture and grill industry, with forecasts for 2017 and 2022 by product, market, and region. The study also evaluates company market share and profiles industry players.

#3102 November 2013 $5100

World Power Lawn & Garden Equipment
Global demand for power lawn and garden equipment is forecast to rise 4.2 percent per year through 2017 to $21.7 billion. Growth will be supported by a recovery in the massive US market, and by an expansion of the middle class in several developing countries of the Asia/Pacific region. This study analyzes the $17.7 billion world power lawn and garden equipment industry, with forecasts for 2017 and 2022 by product, market, power source, world region, and for 21 countries. The study also evaluates company market share and profiles industry players.

#3067 September 2013 $6300

Power Lawn & Garden Equipment
Demand for power lawn and garden equipment in the US is expected to grow 4.0 percent annually through 2017, reaching $16.6 billion. Turf and grounds equipment will record the most rapid gains, followed by hedge trimmers. The commercial market will outpace the dominant residential segment, driven by landscapers. This study analyzes the $8.7 billion US power lawn and garden equipment industry, with forecasts for 2017 and 2022 by material, product, market, and US region. The study also evaluates company market share and profiles industry competitors.

#3008 April 2013 $5100

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- Textiles & Nonwovens
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