



Manufacturers Alliance
Sharing Education & Resources Peer to Peer

EDUCATIONAL SEMINAR **Minimizing the Impact of Tariffs**

Practical perspectives on managing the impact of tariffs.



LimPro is right for you.

2019

About LimPro...

Short Run High Touch Specialists

LimPro = "Limited Production"

- 40 Years in Business
- 6000 Unique Orders / year
- 98% + Quality Rating
- 600+ Customers
- 100% Build to Print

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Tariffs...

- What are they?
- What is their impact?
- How do we counteract or plan for them?
- Is this a big deal over nothing?

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When did Tariffs Take Effect?

- On 180 Products... June 1, 2018
- EU Retaliatory Tariffs took effect June 22, 2018
- Attempt to protect US steel industry

Consumers will see minimal price effects from tariffs — and probably not until next year

By SAMANTHA MASUNAGA JUN 01, 2018

Los Angeles Times



Coils of steel stand on trains in front of the ThyssenKrupp steel mill in March in Duisburg, Germany. (Lukas Schulze / Getty Images)

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Consumers are unlikely to see big price increases on six-packs of beer or new cars as a result

WSJ

That Big Mac and Coke Now Comes With a Side Order of Inflation

Airlines and food makers among industries passing along higher costs, raising inflation fears

By *Austen Hufford and Annie Gasparro*
 Updated Oct. 31, 2018 1:58 p.m. ET

U.S. companies are raising prices on everything from plane tickets to paint, passing on to customers higher costs for fuel, metal and food after years of low inflation.

Clorox Co. said it raised prices in the latest quarter on such products as cat litter, and Coca-Cola Co. reported higher prices for the quarter. Other goods

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Some Examples

Various Impacts

- Beer by up by 1 or 2 cents per can!!!!
- A \$33,000 car, will go up by \$144
- Polaris uses \$300,000,000 of Steel and aluminium products annually
- Scott Wine CEO of Polaris expects prices to increase on end products by 1%
- Campbell Soup Co. estimated that its margins would fall due to "anticipated impact of import tariffs."

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Side note...how we get those cut down coils from service centers?

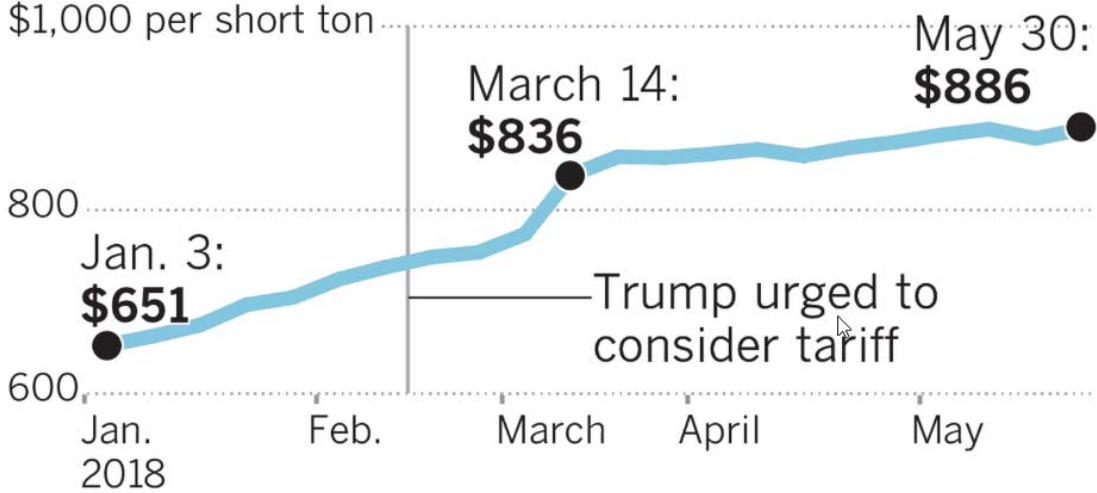
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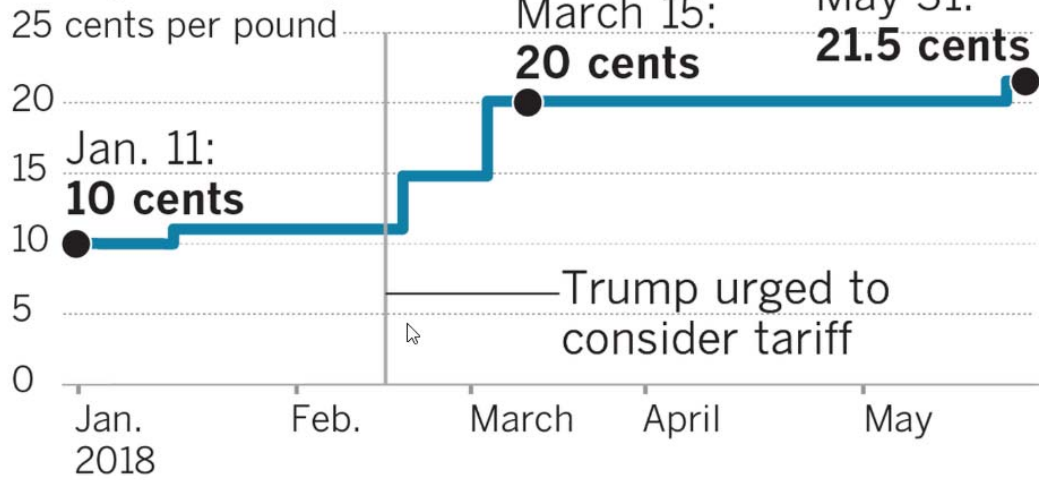
Weekly steel prices

\$1,000 per short ton

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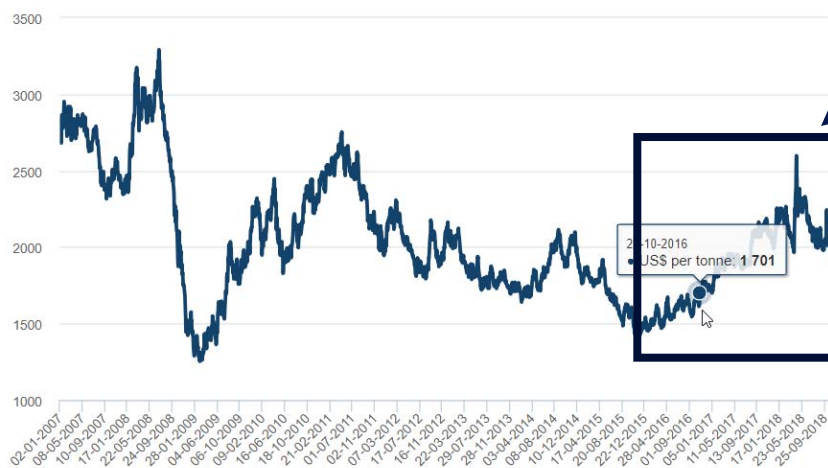


Weekly aluminum prices



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LME ALUMINIUM HISTORICAL PRICE GRAPH





Where is the largest cost increase in this machine?

- INSURANCE?
- FREIGHT?
- INFLATION?
- TARIFFS?

- Hard to find these statistics...!



To Offshore or not to Offshore

- Customer who has projects which all go off shore
- We do initial prototype parts for machines
- They decided to keep a recent new product on shore
- Was unwilling to navigate foreign tariff and uncertainties
- Potential delays at ports
- Unwilling to miss launch dates
- Meant more production business stays here!

Material Suppliers Tariff Planning

- Large Supplier negotiations / engagement
- Went to them with multiple offers in order to meet target pricing as we planned for material / tariff increases...
- (freight, packaging material, rebate, etc if we hit targets with them)
- We wanted them to lock up all of our business and said as much
- They said NO to any and all suggestions

Material Suppliers to LimPro (cont.)

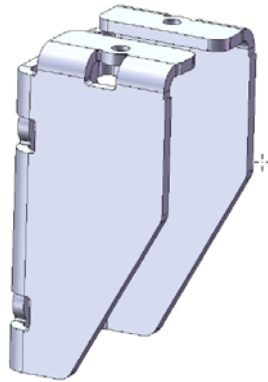
- We were not important to a large material supplier, we looked to replace them with another more value added supplier
- We looked at companies offerings, delivery issues, delivery time, dock Issues, ancillary services offered, and essentially measured the relationship value
- We moved all of the business to a new firm and former supplier is supplying ZERO to us now
- Was right for our customers to move from non value add suppliers
- This is a reaction to material / tariff price increases, we have better visibility on our material pricing and strategy today

Engage your fabrication suppliers

- Can you reduce production times and costs with slight design changes?
- Can you remove an operation from your parts with slight engineering change?
- ASK!



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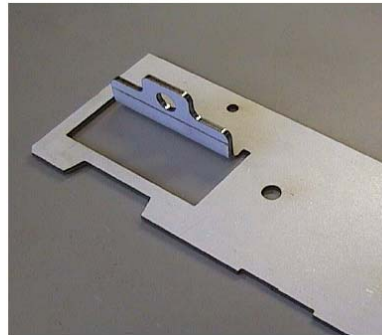
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Design Integrated Parts

- Reduces number of parts
- Reduces assembling time
- Reduce parts inventory/handling/planning
- No chance of assembly/production error



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Capital Equipment Efficiency...

LimPro
Metal Fabrication

NEW SAFAN BRAKE NEW AMADA LASER

NEW EQUIPMENT TO SERVE YOU BETTER!

Come and see it up and running in our facility Today!

SAFAN DARLEY
We're proud to announce that Limpro has invested in a Safan Electronic Press Brake to improve our metal forming department. The new machine has a 110 ton capacity and 122' bending length, which means we're now able to form a more complex and wider variety of applications. New offline programming procedures reduces set-up times by up to 35%.

AMADA
We have also invested in an Amada 3015 NT Laser Cutting System with the power and speed to efficiently cut mild to thick materials 40% faster than older methods. Machine down time has also been reduced to less than 1% in the first 10 months. This machine coupled with Rad Profile increases sheet utilization, and makes quick work of the nesting process.

radan
Along with automated equipment, we also invested in software that integrates our new equipment with a state of the art software package. Rad Bend is the comprehensive offline programming solution for press brakes. Completely integrated with Kadan3D it also provides a full 3D simulation of the bending process. Rad Profile & Nest helps get the most out of our new laser, creating a fully integrated shop, and combines 6 antiquated programs down to two new ones.

We are faster & more efficient than ever in our 40+ year history

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Tariffs...

- What are they? Attempt to keep Steel Industry strong in the US
- What is their impact? Minimal impact according to multiple national and regional sources
- Minimal to LimPro (not necessarily everyone) as material is maybe 20% of our total order costs (labor & setup are far larger costs). Insurance Freight Labor ++
- How do we adjust or plan for them? Membership in the Alliance, Engage Suppliers, get more efficient w/ CAPEX, RELAX

Confidential

An aerial night view of a city skyline, likely New York City, with numerous skyscrapers illuminated. A white text box with a dotted background is overlaid on the right side of the image.

**“Thank you!”
-LimPro**



Thank you for joining us!