PARTICIPANTS

Corporate Participants

Sherry Lauderback – VP-Investor Relations & Global Communications, TriMas Corp.
David M. Wathen – President, Chief Executive Officer & Director, TriMas Corp.
A. Mark Zeffiro – Chief Financial Officer, TriMas Corp.

Other Participants

Joe R. Bess – Analyst, ROTH Capital Partners LLC
Steve Barger – Analyst, KeyBanc Capital Markets
Scott Graham – Analyst, Jefferies LLC
Robert A. Kosowsky – Analyst, Sidoti & Co. LLC
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MANAGEMENT DISCUSSION SECTION

Operator: Good day, everyone, and welcome to today's First Quarter 2013 TriMas Earnings Conference Call. As a reminder, today's call is being recorded. Now at this time, I'd like to turn the conference over to, Ms. Sherry Lauderback. Please go ahead, ma'am.

Sherry Lauderback, VP-Investor Relations & Global Communications

Thank you and welcome to the TriMas Corporation's first quarter 2013 earnings call. Participating on the call today are Dave Wathen, TriMas' President and CEO; and Mark Zeffiro, our Chief Financial Officer. Dave and Mark will review TriMas' first quarter 2013 results, as well as provide additional details on our 2013 outlook. After our prepared remarks, we will then open the call up to your questions.

In order to assist with your review of our results, we've included the press release and PowerPoint presentation on our company Web site, www.trimascorp.com, under the Investors section. In addition, a replay of this call will be available later today by calling 888-203-1112, with a replay code of 1372622.

Before we get started, I would like to remind everyone that our comments today, which are intended to supplement your understanding of TriMas, may contain forward-looking statements that are inherently subject to a number of risks and uncertainties. Please refer to our Form 10-K for a list of factors that could cause our results to differ from those anticipated in any such forward-looking statements. Also, we undertake no obligation to publicly update or revise any forward-looking statements except as required by law. We would also direct your attention to our Web site where considerably more information may be found.

At this point, I would like to turn the call over to Dave Wathen, TriMas' President and CEO. Dave?

David M. Wathen, President, Chief Executive Officer & Director

Thanks, Sherry, and good morning to everyone on the call. My goal this morning is to share with you another positive quarter of TriMas results, insight into the rest of 2013, as well as our plans to continue performing well in the future. I will provide some opening remarks, Mark will share financial and segment highlights, and then I look forward. After that, we're glad to take your questions.

During the first quarter each year, we refresh and update our rolling three-year strategic plans in each business and for overall TriMas. We just finished these reviews and I'm upbeat on our ability to continue our track record of sales and earnings growth.

Let's recap first quarter 2013 on slide four. Despite a tough, low growth economy, TriMas revenues were up 13.5% and income increased 28% excluding special items. That 2 to 1 ratio of earnings to revenue growth matches my own centerline metric for what a company like us should be able to accomplish, while investing for the future.

EPS was up 13%, while absorbing 14% more shares outstanding than a year ago. After May, comparative share counts will be more consistent.

We're continuing to actively invest for the future in both growth and productivity programs. We have a good pipeline of both, so it's great to have the financial horsepower to capitalize on these opportunities. We prioritize these investments based on payback, strategic alignment and our ability to implement.

If there's constraint to accelerating growth, it's usually technical capability. We successfully added some highly capable technical people, but like all companies, we do see a shortage of qualified candidates, especially in the US.

With all that said about investments for the future, long-term success comes from continuous short-term successes. So we keep after making sure our acquisitions are delivering synergies, we measure all our growth and productivity programs for attainment, and we stay focused on our short-term metrics including cash flow, working capital and leverage.

I'm asked questions about the current environment, so we provided some highlights on slide five. TriMas has a good track record of revenue growth, despite slow economies. I submit that the key to achieving this growth is that we find the bright spots, focus on these opportunities and execute well. We see ongoing strength in the energy and petrochemical markets, aircraft build rates, middle class populations growing in Asia and South America, and construction recovery. We follow our customers where they need us.

Our recent acquisitions are performing well and we've closed on four more acquisitions so far in 2013. The four acquisitions include Martinic Engineering, which is now an integral part of our aerospace offering and provides nice upside in our highly profitable growth of aircraft content; GVT [Gasket Vedações Técnicas] in Brazil to expand our coverage in that key energy growth area; Wulfrun in the United Kingdom for specialty fasteners to grow content with refining customers, plus reduced cost for fasteners that we previously outsourced.

But we are just now announcing our acquisition of Witter Towbars in the UK, which is another step towards globalizing our Cequent business.

I'm not here to convince you that our jobs are tough at TriMas, but I do acknowledge there are headwinds ranging from slow economies in the US and Europe to rising costs in China and plenty of barriers to getting ourselves well established in places like Brazil. Of course, we'd always seek the silver lining. Acquisition prices in Europe are becoming more attractive, for example.

Slide six is a summary of the bright spots each of our businesses is pursuing to ensure continued growth. The themes are common. You could almost say textbook approaches. The differentiators for TriMas are the businesses we are in and the skills, experience, and focus of our business management teams.

Many of you have met the people who lead our individual businesses. They invariably know their customers and businesses thoroughly. They know the avenues to pursue for growth. Our compensation system rewards revenue and margin improvement. I want all of our management team to succeed and be well paid for their successes.

I'm about to turn the call over to Mark, but first let me remind you of how we approach continuous margin improvement on slide seven. Our acquisitions and our longer-term investments tend to mix our overall margins down. So we need to stay focused on the actions that pull overall margins back up over time. Again, this is almost textbook management, but our differentiators are the combination of tactics at the product and account level and, overall, TriMas-wide initiatives that combine for better results. All of us understand the need for continued improvement of margins now and in future quarters.

Now, I'll turn it over to Mark to provide more details about our financial results, then I'll be back for closing remarks. Mark?

A. Mark Zeffiro, Chief Financial Officer

Thank you, Dave, and good morning. Before we move on to the financial results, I'd like to reflect on our start to the year. There are some themes that are important to note. First, Q1 represents yet another quarter of double-digit sales growth. Our organic growth initiatives are working and we believe we can generate sustainable long-term growth.

Second, our bolt-on acquisitions are adding volume. Although there are short-term impacts related to the cost to complete them, purchase accounting adjustments and the fact that businesses we buy often have margins lower than our legacy businesses. We drive incremental sales, better support our customers, and create more value for all of our stakeholders. We now have a track record of targeting, acquiring and integrating complementary businesses that add value over time.

Thirdly, we remain focused on productivity and Lean initiatives and we have put plans in place to optimize our footprint and improve margins. This program continues to gain momentum across the enterprise.

Finally, Q1 tends to be a quarter where we build working capital. We've experienced real global growth, driving needs for new customer focused capital. We still have businesses which have real opportunities for improvement as well. Our organization will continue to focus on improving working capital as a percentage of sales, cash flow and our leverage ratio as the year progresses.

Let's continue with a brief summary of our first quarter results on slide nine. Our first quarter sales were $338 million, a 13.5% increase compared to first quarter 2012 with growth in five of our six segments. This was our 12th consecutive quarter of double-digit year-over-year sales increases. Our organic growth efforts focused on new products, growing end markets, and market share gains represents approximately 40% of our growth. In addition, our bolt-on acquisitions contributed as expected to the top line.

First quarter 2013 net income attributable to TriMas would have been $17.4 million excluding special items related to restructuring costs associated with the Cequent's manufacturing footprint optimization. This represents an increase of 28% compared to Q1 2012, primarily due to our efforts to lower interest and tax expense. For the quarter, we achieved a diluted EPS of $0.44 per share excluding special items, an increase of 13% compared to Q1 2012, while absorbing the effect of 14% more shares resulting from our May 2012 equity offering.

Free cash flow and working capital were in line with our expectations. Our results reflect our seasonal increases in working capital as well as a result of acquisitions, actions to support our customers' new product inventory levels, and geographic expansion.

A few comments on margin. First quarter margins were tempered by the recent acquisitions, investments in growth, temporary cost and efficiencies driven by our long-term productivity efforts and higher costs associated with the full run rate of our long-term incentive programs. We have plans in place to enhance these margin levels and are committed to productivity and Lean initiatives. A few examples of margin improvement in the businesses evidenced in the quarter include Rieke.

Q1 was a good quarter for our Packaging businesses. Margins were up sequentially as well as compared to Q1 2012. Arminak and Innovative Molding have been part of our business for more than a year now and we are continuing to see the improvements expected. We achieved an overall operating profit margin of 20% in Q1, with an EBITDA margin exceeding 25%.

In our Lamons energy business, gross margins improved in all product lines as compared to Q1 2012. Operating profit margins also improved approximately 370 basis points compared to Q4 2012, while continuing to invest in expanding the global footprint and bolt-on acquisitions. We are positioning this business for us to improve margins over time.

Another example is our Cequent Performance Products business. Gross margins continued to improve in Q1 and will be even more positively impacted when certain production moves to Mexico are completed.

One final comment on margins and SG&A overall. SG&A remains flat as a percentage of sales when you pull out special items related to the Cequent restructuring and the costs related to the full run rate effect of our long-term incentive plan. While we continue to invest significantly for the future and growth in productivity programs, including spending on projects related to tax improvement and restructuring of the supply chain.

Moving on to slide ten, capitalization. We ended the quarter with approximately $506 million in total debt as compared to $499 million as of March 31, 2012 and an increase from year-end. The higher debt level was due to seasonality of the working capital to support our businesses, as well as using more than $28 million in cash on three bolt-on acquisitions during the quarter.

As a result, we ended the quarter with a leverage ratio of 2.7 times compared to 2.68 times at Q1 2012. We expect this to be the high point for the year and still target a leverage ratio between 1.75 times and 1.5 times as our long-term goal. We ended the quarter with $177 million of cash in aggregate availability.

In addition, as a result of retiring all remaining 9.75% senior notes and amending our credit facilities to reduce borrowing rates during Q4 2012, we reduced interest expense more than 50% in Q1 2013 as a result of Q1 – as compared to Q1 2012.

We also have swaps in place against approximately 80% of our term loan, which should yield effective borrowing rates below 4% through 2017.

At this point, I would like to share a few highlights on our segments beginning with Packaging on slide 12. Q1 Packaging grew 37% compared to Q1 2012 as sales increased across the board with the exception of European industrial closures.

Q1 was our first quarter of full production at the Ohio Beauty Park facility and our sales efforts in Asia continue to gain traction. We will continue to improve margins on the new business as we ramp up higher efficiency production in Asia.

The combination of Rieke, Arminak and Innovative has enabled us to advance our targeted growth initiatives more quickly and we continue to receive positive customer responses. We believe in the end market growth prospects for this segment and continue to support the launch of new dispensing and closure products.

Moving on to slide 13, energy. Energy sales increased approximately 9% for Q1 2013 compared to a year ago. This growth was the result of multiple initiatives including our July 2012 acquisition of CIFAL in Brazil, increased focus on customers in engineering and construction space, and incremental sales from our new branches to support our global customers. We continue to lever CIFAL and our January 2013 acquisition of GVT that service/support customers in Brazil, given the expected growth in the region's energy sector.

Entering a new market like Brazil has proven to be rewarding and challenging. We're new to the market and continue to gain commercial traction through our acquisitions. We're also pleased with our March 2013 acquisition of Wulfrun, a European manufacturer and distributor of specialty bolts, which rounds out our product offering in that region.

On slide 14, Aerospace & Defense sales increased 17% in the first quarter as we extended our content on aircraft with the acquisition of Martinic Engineering in January 2013. We continue to experience higher order activity as aircraft build rates climb, which resulted in some temporary stress on the manufacturing process.

Backlogs remain at record levels and we are proceeding with the ramp up of our new facility in Tempe, Arizona, where we will manufacture new products for our key customers. We have also been installing new, more efficient equipment for plant productivity and capacity gains. We expect this business to continue to grow as a result of increasing aircraft build rates, our efforts to obtain new product qualifications, and our expanded geographic coverage.

Moving on to slide 15, Engineered Components. Q1 sales decreased 7% primarily due to the lower demand for engines, compressors and other well-site products, as a result of reduced levels of drilling and natural gas well completions. Q1 drilling weaknesses appear to be improving going into Q2 with gains in incoming orders, with temporary volume stress added pressure in that quarter on margins from manufacturing inefficiencies.

Sales in our industrial cylinders business increased during the quarter, primarily due to market share gains. We continue to develop new products and expand our international sales efforts in this segment.

On slide 16, we show this performance of Cequent split into two segments. Overall, Cequent Americas sales increased approximately 13% in the first quarter as a result of higher sales level from the auto OE, aftermarket and retail channels. We continue to outperform the economy as a result of market share gains, new product introductions and the July 2012 acquisition in Brazil.

As evidenced by our continued footprint optimization, we remain focused on making these businesses more efficient and are pleased with our results today. Cequent Asia-Pacific sales increased 14% when compared to Q1 2012 due to the July 2012 acquisition of Trail Com and our new customer awards in Asia and South Africa.

Our recent acquisition of Witter Towbars in the UK will allow Cequent to leverage its full product line and strong brands around the world. We remain focused on productivity, product leverage and regional expansion in the Cequent segments.

At this point, I would like to summarize the first quarter on slide 17. During Q1, we invested in growth and took advantage of areas where we saw real opportunities to capture share or launch new products. We react with speed to better support our customers' needs. These actions are benefiting us now, most notably in the top line, and will continue to do so, plus generate margin improvement in the future as witnessed by our sequential margin improvements.

In addition to our organic growth, we have been active with bolt-on acquisitions during Q1 to expand our geographic footprint and product lines. While these acquisitions come with some incremental cost in the beginning, we are consistently proven that we know how to drive value over time from these acquisitions.

Lastly, we continue to remain focused on margins, cash flow, working capital levels, and leverage. We strive to demonstrate continuous improvement in all that we do.

That concludes my remarks. Now, Dave will provide some comments on our 2013 outlook. Dave?

David M. Wathen, President, Chief Executive Officer & Director

Thanks, Mark. On slide 19, we are reaffirming our 2013 outlook that we provided two months ago. Our recent acquisitions of Wulfrun and Witter add revenue that we expect to move us toward the higher end of our 6% to 8% range.

Because we rapidly assimilate our acquisitions and expense those costs, we won't see earnings upside until late in the year. So we are holding our EPS range with the reminder that the midpoint is a 19% improvement on 2012 and free cash flow is forecasted at $40 million to $50 million for 2013. All of this is well in line with our long-term strategic aspirations. Slide 20 is a reminder of these. I mentioned earlier that we have just completed our 2013 update of our strategic plan and I'll share some key takeaways.

First on slide 21, some overall considerations. The first filter for finding higher growth bright spots is to align with faster growing markets. Middle class populations, the end consumers for most of TriMas' products, are growing fastest in Asia and South America.

So we will prioritize investments, capacity, people and tech centers aligned with our customers who are pursuing these markets. Environmental concerns, ranging from recyclability to energy efficiency to varying forms of energy, are another higher growth driver we're using to identify bright spots. And there are other considerations including competitor dynamics, customer loyalty and return on capital. Overall, we've agreed and focused on our top priorities in each business for growth of revenue and earnings.

So on slide 22, we've listed some key objectives that you will see us progressing toward. I'm happy that our current group of businesses all have plans and capability to achieve TriMas' strategic aspirations in aggregate. We have a pipeline of potential bolt-on acquisitions, the financial capability and the management horsepower to continue with several acquisitions per year.

Our highest margin businesses, Packaging and Aerospace, will continue to grow, such that we have capacity additions planned through the next few years. Cequent will evolve from regional to global and gain the advantages that come with this.

Energy will substantially complete its branch expansion and, therefore, be able to gain its margin potential. Norris and Arrow have solid product expansion opportunities to continue their growth.

And a comment on our TriMas team, our success depends on our people. We have clear, well communicated plans and metrics, we fix issues fast and we reward performance, and I have a goal to continue to put TriMas shares in the hands of TriMas employees.

To that end, during the first quarter, I was able to award TriMas shares to the many key people around the world. Our Compensation Committee agreed to double the number of participants compared to the prior two years in this stock award program that targets high potential employees.

Overall, we intend to continue to outperform our peers in revenue and earnings growth and to increase the value of TriMas by way of our value proposition on slide 23. The pleasure of working in TriMas is the ongoing opportunity to identify bright spots, capitalize on them, improve and increase value for all of us.

Thanks for your attention. And now, we're glad to take your questions.

QUESTION AND ANSWER SECTION

Operator: Okay. [Operator Instructions] Okay, we'll take our first question from Joe Bess with ROTH Capital Partners.

<Q – Joe Bess – ROTH Capital Partners LLC>: Good morning, gentlemen. Good morning, Sherry.

<A – Sherry Lauderback – TriMas Corp.>: Good morning.

<A – Dave Wathen – TriMas Corp.>: Good morning, Joe.

<Q – Joe Bess – ROTH Capital Partners LLC>: First on margins, Mark, you talked a little about the nice improvement in the Energy business on a sequential basis. I was hoping that you could talk a little more about where you see these playing out going forward through the year, given your acquisition in Europe and your penetration efforts in Brazil?

<A – Mark Zeffiro – TriMas Corp.>: Yeah. The reality of it is is we're, obviously, absorbing and have made the right steps towards resolving the European structure. We expect, as we said, continued improvement in this business. I wouldn't consider it a huge improvement in the year, but I would consider it, as Dave mentioned in his comments around the strategic plan of achieving back to historical levels over the strat plan horizon. So an improvement in the year with continued improvements in the out years.

<Q – Joe Bess – ROTH Capital Partners LLC>: Okay, great.

<A – Dave Wathen – TriMas Corp.>: But let me – Joe, let me reinforce that. I sort of mentioned it, but part of the reason to acquire Wulfrun in the UK was to get specially bolts and fasteners for Europe like we have from – in the US from our Texas acquisition.

<A – Mark Zeffiro – TriMas Corp.>: Yeah, the South Texas Bolt & Fitting acquisition.

<A – Dave Wathen – TriMas Corp.>: And I'll tell you a quick story. I was in Rotterdam in December, which is our hub for that business in Europe, and while Curt and the crew fully knew this, it really sunk into me that our customers have been more and more evolving. So they don't just want seals and gaskets. They want new fasteners each time and a lot of those are specialty fasteners. And we were having to outsource those. So we already had the business. We just were paying somebody else to make them for us.

And we clearly have the opportunity within an acquisition to both expand the offering, but bring our costs down. And you'll see some of that going on. This premise of in-sourcing some things that we've had to outsource as the demand has gone up.

<A – Mark Zeffiro – TriMas Corp.>: [indiscernible] (0:27:20).

<A – Dave Wathen – TriMas Corp.>: But that's – we've got some leg-up – some real leg-up opportunities in that.

<Q – Joe Bess – ROTH Capital Partners LLC>: Okay. And then thinking about Cequent, what's the timing of the completion of the Mexico production or the move to the Mexico facility? And what sort of margins can we really expect out of this business once that completion is – once that is completed?

<A – Mark Zeffiro – TriMas Corp.>: Let me take the timeline question first. The timeline is in front of the business as most of the heavy lifting will be, if not all of the heavy lifting will be done in 2013.

There may be some things that spill over into Q1 time period in 2014, but we expect that largely to be completed in 2013.

The opportunity in terms of margin expansion in that particular enterprise is indeed, obviously, labor arbitrage between the US manufacturing activities versus the Mexican manufacturing activities. And if you were to look at it, we're looking at sort of that $20 per employee differential on approximately 450 employees. So you can do your own math in terms of what you decide there. There's clearly some offset associated with transportation costs along the way. But it should be a meaningful improvement in margins on a go-forward basis in 2014 and beyond.

<Q – Joe Bess – ROTH Capital Partners LLC>: Okay, great. And then switching to – just on revenue, thinking about Packaging, you had good demand from North America and Europe and you quickly commented on Asia, I was hoping you could talk a little bit more about some of the developments that you guys are seeing in that market and then also just the Asia market, in general, given the strong growth that you guys have had over the last couple of years in Asia.

<A – Dave Wathen – TriMas Corp.>: You can almost track middle class population in the countries, whether it be India or Thailand or China, and [indiscernible] (0:29:18) against demand for all kinds of dispensers.

And so that demand continues to grow. And as you know, our real strategy is we follow our customers who are going after that [ph] product (0:29:33). And you also know that I tend to want to capture the volume first and then go in later and build the capacity. And each costs for a while until we are established and then go in and establish the capacity. We are exactly on that path. And just quarter after quarter, we're getting new orders, we're getting additional countries that we had only been minorly successful and we're now getting significant orders. And we keep aligning our capacity plans with that.

Additionally, you've heard me talk before that our big 600-person plant in China for Packaging is in a, call it, export-only zone. But between us figuring out ways to move some things, and interestingly, the, call it, Chinese Authorities deciding to be – to start loosening some of those rules, we've got upside coming there to allow us to ramp capacity faster. So it's all positives. I won't portend that there is not costs involved in moving things and ramping up and having to put inventory some place for a while until we've got the new plant there and all, but, Joe, it all feels pretty good, and the drivers are there.

<Q – Joe Bess – ROTH Capital Partners LLC>: Okay.

<A – Dave Wathen – TriMas Corp.>: And you know very well, we'll keep after it.

<Q – Joe Bess – ROTH Capital Partners LLC>: Great. And thinking a little bit more about revenue on a geographic basis and your penetration in Asia as well as just geographic expansion, what do you really see the mix going forward in terms of US versus international sales?

<A – Mark Zeffiro – TriMas Corp.>: If we were to look at where we are today, it's largely still US domiciled in terms of our sales. The growth outside the United Sates is clearly – certainly on a percentage basis, so the shift of the company will continue to change over time. As part of our strategic aspirations data, I've consistently said, we'd hope to get to about 40% of our total revenues either domiciled or exported outside the United States and we're about 10 percentage points away from that at this point.

<Q – Joe Bess – ROTH Capital Partners LLC>: Okay, okay. And then last question, thinking about natural gas prices going up nearly $1 year-to-date, are you seeing any influences on your guys' business for national gas at this point in the near-term?

<A – Dave Wathen – TriMas Corp.>: Yeah. Mark mentioned that while natural gas drilling and well completion had actually dropped, and you could look at any of the industry reports on that, during fourth quarter and first quarter, it was picking back up again. Yeah, in the background of a permit thing about the federal government, seems to have its own schedule on permits. But, yeah, definitely, the higher gas prices are turning back [ph] on the capacity (0:32:37).

<Q – Joe Bess – ROTH Capital Partners LLC>: Okay, great. Thank you, gentlemen.

<A – Dave Wathen – TriMas Corp.>: Thanks, Joe.

Operator: And next we'll go to Steve Barger with KeyBanc Capital Markets.

<Q – Steve Barger – KeyBanc Capital Markets>: Hi. Good morning, guys.

<A – Dave Wathen – TriMas Corp.>: Good morning, Steve.

<Q – Steve Barger – KeyBanc Capital Markets>: So, first, you've bucked the trend of most of my companies this quarter by beating on revenue, which is great. But, obviously, some puts and takes in the margins. Can you give us some detail around the comments that you made? You delivered $0.44 even while absorbing costs related to the acquisitions. Is there any way you can quantify where you think consolidated op margin would have been on this revenue number, if the acquisitions had been fully integrated?

<A – Mark Zeffiro – TriMas Corp.>: On a fully integrated basis, Steve, post, obviously, purchase accounting and, obviously, the costs associated with actually buying the acquisitions, if you put that in context, plus also full run rate in terms of optimization maybe in the full year, it's easily 100 basis points higher and it's probably more like 125 basis points higher.

<Q – Steve Barger – KeyBanc Capital Markets>: That's great.

<A – Dave Wathen – TriMas Corp.>: Steve, you would love sitting in operating reviews. I'm not going to let you in, but you'd love to.

<Q – Steve Barger – KeyBanc Capital Markets>: I'm waiting for the invitation.

<A – Dave Wathen – TriMas Corp.>: Because the folks running the businesses come right out with, okay, here's my sales and margin in my core business, here's what the acquisition did, here's how it performed, here's what all the acquisitions cost me. And then if they've got something going on or restructuring, they'd peel that out. We are pretty – it's pretty entrenched to keep our core margins up and then understand what our team staff is doing to us and then keep after that.

<A – Mark Zeffiro – TriMas Corp.>: As another reference point, Steve, in terms of legacy business, price was also positive for the quarter. So it was positive for the quarter and for the total business. So when you think about the first year full absorption associated with the acquisition, you get the purchase accounting [indiscernible] (0:34:54) obviously, the assets as well as the costs associated with actually completing the transaction, doing diligence, et cetera. There is – the numbers, I have said, are accurate.

<Q – Steve Barger – KeyBanc Capital Markets>: So PPA aside, however long it takes to run that out, is it your expectation that that's the margin profile? If you didn't do any more acquisitions, is that the margin profile of the quarter and the back half of the year and the first half of next year, when do you think you get passed some of these absorption issues?

<A – Mark Zeffiro – TriMas Corp.>: It will be the first half of next year.

<Q – Steve Barger – KeyBanc Capital Markets>: Okay.

<A – Dave Wathen – TriMas Corp.>: Remember, we will keep – as long as we find the right ones and the prices are right, we will keep doing acquisitions because I think the most difficult task is keeping the top line growing, and we're going to keep after that.

<Q – Steve Barger – KeyBanc Capital Markets>: Right. I did get on the call a couple of minutes late, can you give us any more detail on the tax rate? What drove it lower? And what should we expect going forward? And if you've already said this, I'll just go look at the transcript, you can let me know?

<A – Dave Wathen – TriMas Corp.>: What drove it, I did not talk about it specifically, Steve. What drove it as well as it was the tax effects associated with the special items and the restructuring activities in terms of where the profit of the total company was recognized. So that's not – the 40% is not a sustainable level. The right answer is sub-30% and our planning rates are like in the 28%, 29% levels.

<Q – Steve Barger – KeyBanc Capital Markets>: Okay. That's where you would expect the full year to come in, 28%, 29%?

<A – Dave Wathen – TriMas Corp.>: It would be sub that, but that's our...

<Q – Steve Barger – KeyBanc Capital Markets>: Well, I guess – yeah, for the next three quarters, we should think about that level?

<A – Dave Wathen – TriMas Corp.>: Exactly, right.

<Q – Steve Barger – KeyBanc Capital Markets>: Okay. And question on packaging, in your comments, you said you were able to target growth initiatives more quickly. Can you put some more detail around that in terms of how you're thinking about organic growth rates this year or maybe on a normalized basis longer-term in the segment?

<A – Dave Wathen – TriMas Corp.>: I'm not sure what you are specifically asking, Steve. The organic opportunities are global. There is this ongoing drive towards – you've heard us say it – towards more concentrated materials, and therefore, tougher dispensers. There is more and more cosmetic – cosmetic, as in colored and other metallics and things like that.

What we're doing, they tend to drive the growth rates above the middle class growth – middle-class population growth rate. And our job is to stay on top of every one of those and facilitize for it, and it's not a trivial thing. You will see us adding product feature capabilities over the next two years to keep after that. It's a good – it's a very attractive time in the business.

<Q – Steve Barger – KeyBanc Capital Markets>: Sure. I guess I'm just looking for your expectation of what that segment growth rate should be, given the product footprint and geographic exposure that you have right now. Is it mid-single digit or how should we think about that?

<A – Dave Wathen – TriMas Corp.>: Well above that.

<Q – Steve Barger – KeyBanc Capital Markets>: Well above that.

<A – Dave Wathen – TriMas Corp.>: I said Packaging and Aerospace are the two higher growth businesses [indiscernible] (0:38:24) high single digit for TriMas, those two are the ones that pull us up. So...

<Q – Steve Barger – KeyBanc Capital Markets>: Got you, okay. I'll get back in line. Thanks.

Operator: [Operator Instructions]. We'll next go to Scott Graham with Jefferies.

<Q – Scott Graham – Jefferies LLC>: Hey, good morning.

<A – Dave Wathen – TriMas Corp.>: Good morning, Scott.

<Q – Scott Graham – Jefferies LLC>: So the question that you answered before, Mark, great answer on the 125 basis points. So if we were to add that back continuing this theoretical, would you say that the balance of the margin decline was, let's say, start-up costs in – behind growth initiatives? Is this – it looks like portfolio mix was not a factor. But, also, it looks like maybe sales mix was a factor within the segment. So maybe kind of the reason why the margins didn't go up was due to individual segment sales mix and some of these start-up costs?

<A – Mark Zeffiro – TriMas Corp.>: Exactly, right, Scott. I'd also add to that. Above and beyond the intra-segment sales mix, I'd also point to some of the challenges that we had in terms of that volume stress that we felt in engineering components.

<Q – Scott Graham – Jefferies LLC>: Got it, right. Could you tell us what's going on the defense business right now?

<A – Dave Wathen – TriMas Corp.>: It's – we are under – we have a contract. The purpose is to keep some people idling and employed, while we're pursuing business under the capabilities of that line, it's the same every place. Yeah, we think we've got something, then it goes on hold, there is not much there, but we've taken a hit in the business.

<Q – Scott Graham – Jefferies LLC>: I got it.

<A – Dave Wathen – TriMas Corp.>: Scott, [indiscernible] (0:40:32) upside, but I'm going to be mighty surprised if anything positive happens.

<Q – Scott Graham – Jefferies LLC>: Yeah. And you've been consistent on that all along. So I – I guess my only thing was that it's – I think I read somewhere in the release that the defense sales. I'm not to read anything into that, right?

<A – Mark Zeffiro – TriMas Corp.>: No, no, no. In that context, they were up in the quarter, but we're talking less than $0.5 million, to put in perspective, right?

<Q – Scott Graham – Jefferies LLC>: Well, that is putting in perspective.

<A – Mark Zeffiro – TriMas Corp.>: Okay. So this business is about a $5 million business at this point.

<Q – Scott Graham – Jefferies LLC>: No, understood.

<A – Mark Zeffiro – TriMas Corp.>: On a full-year basis.

<Q – Scott Graham – Jefferies LLC>: All right. So you know I've asked this question before. So at what point does the branch expansion in energy slow to where we could actually see some of the read through of the initiatives that I know are going on there, but are not reading through.

<A – Dave Wathen – TriMas Corp.>: Well, I implied some of that in my comments about strategic plan that we really – which was the first time in a three year strategic plan we really talked about, are we coming up – we are coming up against some footprint we need. And so, it's still a couple of years out before we're done, but the branch addition, the rate of addition is – it will start slowing a year from now.

<Q – Scott Graham – Jefferies LLC>: Okay. Okay. Last two.

<A – Dave Wathen – TriMas Corp.>: It all depends on the math. It's not where we know where we need to be. And then it comes down, can we do it by acquisition or do it by greenfield, and then we'll control the speed.

<Q – Scott Graham – Jefferies LLC>: Okay, got it. Last two questions, over in the Packaging business, we've been working on a lot of new things on the consumer side for a while. And I was just wondering, is there anything new there to report anything, new business wins or what have you that that's a pretty cool business for you guys, very proprietary, and I was just wondering kind of what the development of that business was looking like now.

<A – Dave Wathen – TriMas Corp.>: There have been some new awards in Asia that we've been pursuing for a while, but they are, for us, new volume. Mark mentioned the plant in Ohio that's part of what we have. There's other plants in the Park that make packages and labels and things like that. There is incremental awards going into that, so that plant's ramping up well.

And then there is the food closures business, the Innovative – what we acquired in Innovative is also getting – it's continuing to find geographics. Remember, when we bought that, we said it was basically a less of a Mississippi business. It's been a balancing act of adding capacity in the business and adding front-end sales people on the East Coast, call it, and now some in other parts of the world. So that's the other piece you'll see growing. And all of them are solid margins, and so there's not really – you'll see growth in each of those areas continuing.

<Q – Scott Graham – Jefferies LLC>: Okay. And certainly, the last question is back on the M&A pipeline, which I think you indicated was pretty robust right now, Dave. Is it still kind of – the focus is in the better businesses or is there anything that you may be seeing out there that's spread across maybe some of the more industrial businesses?

<A – Dave Wathen – TriMas Corp.>: We're definitely pursuing the strategic acquisitions in the growth platforms. And there are some opportunistic ones that are showing up in other places. I mentioned – I think, finally, we're seeing more realistic prices in Europe. But that said, Europe is probably slow growth for a long time, so that says the prices have to be pretty darn attractive.

<Q – Scott Graham – Jefferies LLC>: Fair enough. Thank you, all.

<A – Dave Wathen – TriMas Corp.>: Thank you, Scott.

Operator: Next, we'll go to Robert Kosowsky with Sidoti.

<Q – Rob Kosowsky – Sidoti & Co. LLC>: Yes. Hi. Good morning, guys and Sherry. How are you doing?

<A – Dave Wathen – TriMas Corp.>: Good morning, Rob.

<Q – Rob Kosowsky – Sidoti & Co. LLC>: I was wondering if you could – what is European industrial closures down versus, say, two or three years ago?

<A – Dave Wathen – TriMas Corp.>: Versus the big years, it's off 30%.

<A – Mark Zeffiro – TriMas Corp.>: Yeah, that's right.

<Q – Rob Kosowsky – Sidoti & Co. LLC>: And all the big years like 2010, 2011.

<A – Dave Wathen – TriMas Corp.>: [indiscernible] (0:45:10) 2008, 2009 started slowing down. 2008 was probably the last full big year. The silver lining is, it hasn't declined more because you listen to the news out of Europe and you think it will be taking another 10% hit, and at least so far it hasn't.

<Q – Rob Kosowsky – Sidoti & Co. LLC>: Okay. Would you think it's down versus...?

<A – Dave Wathen – TriMas Corp.>: But, remember, our big plant is in Germany.

<Q – Rob Kosowsky – Sidoti & Co. LLC>: Yeah.

<A – Dave Wathen – TriMas Corp.>: I think Europe, you got to stratify Europe nowadays between north and south.

<Q – Rob Kosowsky – Sidoti & Co. LLC>: Okay. And do you have any idea what it's down versus, say, like a more recent data point like 2011?

<A – Mark Zeffiro – TriMas Corp.>: We saw double-digit declines into 2012 and it was heavier in the front half of the year than into the back half of the year. So double digits.

<A – Dave Wathen – TriMas Corp.>: Right. So, call it, 15%. If you wanted to pick us our numbers down 30% since the big years and it kind of hit halfway down in 2011.

<Q – Rob Kosowsky – Sidoti & Co. LLC>: Okay. And then, I guess, right now in 2013, we have quite a few plants going online, it seems like you're installing quite a bit of new capital stock. And I'm wondering if 2013 is like a big investment year in this regard. And to 2014, we have a cleaner year from an operating standpoint, so that will kind of help facilitate the margin expansion.

<A – Dave Wathen – TriMas Corp.>: Yes. The margin – a lot of the margin hit comes when you're moving factories. Brand new factories tend to ramp-up pretty well, all brand new equipment, ideal price, processes and all that. It's when we're actually moving things that you've got a lot of extra costs involved in that. So, yeah, that's true. We will continue – we need to continue to spend for capacity in Aerospace & Packaging. But those will tend to be new facilities rather than moving facilities.

You know what we've got going on, we've consolidated in Australia, we've moved equipment into South Africa, we've been moving around, not only do we do acquisitions in Brazil, we needed to make some moves across the street and things like that. So we are incurring heavier move costs this year. And, obviously, Cequent's got – in North America, it's got heavy move costs. And it's not just package, it's warehouses, it's everything.

<A – Mark Zeffiro – TriMas Corp.>: Yeah. Well, the largest portion of the CapEx spend this year is indeed in the [indiscernible] (0:47:41) productivity.

<Q – Rob Kosowsky – Sidoti & Co. LLC>: Okay.

<A – Mark Zeffiro – TriMas Corp.>: The realization of margins, obviously, is a 2014 discussion.

<Q – Rob Kosowsky – Sidoti & Co. LLC>: Okay. That's helpful. And then, I guess, one of the points on Energy. It seems like the operating margin stepped up in the first quarter versus the fourth quarter. And I was wondering if you could – are you seeing some of these new branches really starting to turn the corner and you're getting better penetration there, so the product mix is getting richer.

<A – Dave Wathen – TriMas Corp.>: There is some of that. There is the continuing upside of selling more specialty fasteners. We've had a variety of high margin small products coming online. We've mentioned intelligent molds that you could snap the thing on and checked it to work and things like that. And all those – while they're small, the upside from those is starting to showing in the numbers.

<Q – Rob Kosowsky – Sidoti & Co. LLC>: Okay.

<A – Dave Wathen – TriMas Corp.>: And I'd like to think, and I think this is true, that safety in refineries is a huge issue and we've got some new products that are more expensive, but do adapt to flexing joints and problem areas that they have. Sometimes it's all more than just needless package, it's solving a problem that they have, and we've had a lot of action in that area.

<A – Mark Zeffiro – TriMas Corp.>: Rob, one more thing there for you is, if you look at the consistent growth and we have talked about 2012 was a disproportionate sales and the backroom kind of catching up with the sales-related efforts. I'll tell you, operationally, they've made nice improvements in controls associated with labor, overtime costs, and things of that nature too.

So not only have they launched new products, which have garnered better margins, and in my comments I said, basically, all product margins are up. They've also done a nice job in sort of the containment of their labor costs.

<A – Dave Wathen – TriMas Corp.>: A year ago, we bought a very small plant in India for a thing called ring joints. We've been moving product between China and India, and there's kind of a horse race going on for costs between the two. And every one of those things starts up with the margin. We've got a lot of margin improvement activities in that business that are, call them, smaller projects. But you add all together, it has nice effect.

<Q – Rob Kosowsky – Sidoti & Co. LLC>: Okay. But is it fair to say that we've turned the corner now? Kind of double-digit operating margin is kind of sustainable or is there still a little bit of one-time great product mix that might not list it permanently?

<A – Dave Wathen – TriMas Corp.>: Our job security comes from the fact that things go off-track. But, yes, it has made a turn. And I'm much more confident in the run rate itself.

<A – Mark Zeffiro – TriMas Corp.>: Yeah. The key word there is run rates because if you were to look at acquisition opportunities, clearly, there is things that are – margins here and there, but the legacy core business has turned that corner.

<Q – Rob Kosowsky – Sidoti & Co. LLC>: Okay, that's good. And then, I know you talked about like the organic growth outlook for the Packaging side. And I was wondering if you could give us a way to frame or think about the organic growth opportunities in Cequent North America, especially as we have like a pretty decent or strong farm economy in addition to housing coming back. And just specifically, I'm trying to figure out how to look at housing relative to Cequent North America and the potential organic growth rate over the next few years.

<A – Dave Wathen – TriMas Corp.>: You got a start with the forecasts of middle class population in the US, which are basically flat. So you've got to start from there. The only upsides are, like you say agriculture, construction. Construction continues to climb. There is some upside for us in the downsizing of vehicles, and therefore, more opportunities for us to provide accessories and shipments and that kind of thing, so that's going well.

And the other upside is the side benefit of us putting a big steel plant in Mexico is – you know good well that the Fords, the Toyotas and the Nissans are all building plants in Mexico too and they have their own need for accessories, and so we're getting a lot of enquiries about that stuff. So the core base business, call it, the middle class driven business, I don't think of it as growing more than the very low single digits for the next few years. So all the upside we'll get will be because of those events like new products and little bit from construction.

<Q – Rob Kosowsky – Sidoti & Co. LLC>: Okay. Thank you very much.

<A – Dave Wathen – TriMas Corp.>: Yeah. It's a – North America is tough. Some of the rest of the world is a lot better.

<Q – Rob Kosowsky – Sidoti & Co. LLC>: Okay. Thank you very much and good luck.

<A – Dave Wathen – TriMas Corp.>: Thanks, Rob.

Operator: [Operator Instructions] We'll next go to Gregory Macosko with Lord, Abbett.

<Q – Greg Macosko – Lord, Abbett & Co. LLC>: Yes, thank you. Thank you. Just one question, with regard to Cequent, you've made an acquisition recently, how much – how many acquisitions you made in that area over the last year or so?

<A – Mark Zeffiro – TriMas Corp.>: In the Cequent line up.

<Q – Greg Macosko – Lord, Abbett & Co. LLC>: Yeah.

<A – Mark Zeffiro – TriMas Corp.>: Greg, I'm sorry. I just want to make sure I was answering the right question. You have the Trail Com acquisition which was done in New Zealand, obviously, a regional expansion and also frankly something that's part and parcel of the strategic plan. You've got the activity that we did in Brazil with Engetran in terms of entrance into that emerging market that's growing very, very nicely for us and the most recent acquisition, Witter Towbars here in April that expand that global footprint.

<A – Dave Wathen – TriMas Corp.>: It also is what we'd call European spec product. There's kind of two specs in the world, American and European in it. We've got us a whole set of designs we'd have had.

<Q – Greg Macosko – Lord, Abbett & Co. LLC>: And given the growth that we saw in the quarter, particularly, is it fair to say that TriMas is fully committed to this sector and is going to stay that way.

<A – Mark Zeffiro – TriMas Corp.>: What's interesting, Greg, I would say – and then, Dave, you could wrap it up with your thoughts. The opportunity for growth outside the US in this particular market space is significant. Most of those markets are developing their own standards, most of these markets are providing organically high-single digits, if not higher opportunities for us. So South Asia and Brazil are clearly nice opportunities with nice profitability as well. So most importantly, the opportunity we have are global brands, global technology and the sharing of that. So we saw the opportunity to continue to expand that global footprint. I think it – clearly, it adds value to the total enterprise as well. So that's – Dave?

<A – Dave Wathen – TriMas Corp.>: The answer is yes. My test is always the same: Can I see it being substantially better a couple of, three years from now?

<Q – Greg Macosko – Lord, Abbett & Co. LLC>: And that includes...

<A – Dave Wathen – TriMas Corp.>: [indiscernible] (0:54:51) any business. And Cequent right now is on that path. It has – you look – you start – if you asked me that question three years ago, it's better now than I would have thought it was going to be sitting here three years ago, and so that crew has done a great job of improving.

<Q – Greg Macosko – Lord, Abbett & Co. LLC>: And that includes North America as well.

<A – Dave Wathen – TriMas Corp.>: Sure.

<Q – Greg Macosko – Lord, Abbett & Co. LLC>: Okay. All right. Good. I'm glad to hear it. Thank you.

<A – Dave Wathen – TriMas Corp.>: Certainly, Greg.

Operator: Okay. It appears we have no further questions at this time.

David M. Wathen, President, Chief Executive Officer & Director

Well, thank you, everybody. We sure appreciate the attention. You can tell we're enjoying this business and we enjoy the opportunity to keep finding bright spots and capitalizing on them. And that's what we're here to do for all of you. So, again, thanks. We appreciate your inputs. I always learn something from your questions. But it's a good two-way street. Thank you.

Operator: And that does conclude today's call. We thank everyone again for their participation.