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TRS - Q1 2017 TriMas Corp Earnings Call

EVENT DATE/TIME: APRIL 27, 2017 / 2:00PM GMT

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CORPORATE PARTICIPANTS

Robert J. Zalupski *TriMas Corporation - CFO*

Sherry Lauderback *TriMas Corporation - VP of IR & Global Communications*

Thomas A. Amato *TriMas Corporation - CEO, President and Director*

CONFERENCE CALL PARTICIPANTS

Andrew Millard Casey *Wells Fargo Securities, LLC, Research Division - Senior Machinery Analyst*

Charles Stephen Tusa *JP Morgan Chase & Co, Research Division - MD*

Matthew Butler Koranda *Roth Capital Partners, LLC, Research Division - Senior Research Analyst*

Robert Stephen Barger *KeyBanc Capital Markets Inc., Research Division - MD and Equity Research Analyst*

Rudolf A. Hokanson *Barrington Research Associates, Inc., Research Division - MD*

Karen Lau *Deutsche Bank AG, Research Division - Research Analyst*

PRESENTATION

Operator

Good day, everyone, and welcome to today's TriMas First Quarter 2017 Earnings Conference Call. Just as a reminder, today's call is being recorded. At this time, I'd like to turn the call over to your host for today, Ms. Sherry Lauderback. Please go ahead, ma'am.

Sherry Lauderback - *TriMas Corporation - VP of IR & Global Communications*

Thank you, and welcome to the TriMas Corporation First Quarter 2017 Earnings Call. Participating on the call today are Tom Amato, TriMas' President and CEO; and Bob Zalupski, our Chief Financial Officer. Tom and Bob will review TriMas' first quarter 2017 results as well as provide details on our 2017 outlook. After our prepared remarks, we will open the call up for your questions.

In order to assist with review of our results, we've included the press release and PowerPoint presentation on our company website, 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 3901001.

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 website, where considerably more information may be found.

I would like to also refer you to the appendix in our press release issued this morning or included as a part of this presentation, which is available on our website, for the reconciliations between GAAP and non-GAAP financial measures used during this conference call. Today, the discussion on the call regarding our financial results will be on an excluded item, special items basis.

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

Thomas A. Amato - *TriMas Corporation - CEO, President and Director*

Good morning, and thank you, Sherry. As we look back at our quarter, we are pleased with our start to the year. We are seeing positive trends of performance, which are a direct result of operating under our new TriMas business model. As a reminder from our last earnings call, our redefined business model provides our leadership team with a common rail of performance expectations for TriMas and our family of businesses.

In many ways, it serves as a platform for our relentless focus on achieving our goals through continuous improvement in an engaging environment. We have taken many important realignment actions in the past several months to drive long-term performance. Some actions taken in the previous quarter include the rationalization of 2 facilities in our Energy segment. First, we exited our Wolverhampton, U.K. facility in connection with deemphasizing certain products in this region, a region which has been under prolonged reduced demand levels. Additionally, in the Energy segment, we decided to change direction on ramping up a new location in Reynosa, Mexico, instead seeking to gain operating leverage at our main production facility in Houston, Texas.

Given lower volume levels due to end-market dynamics and improved manufacturing efficiencies in Houston, we now have adequate capacity for current and planned demand levels, and no longer have a need to add to our manufacturing footprint.

Within our Packaging segment, we also consolidated the Greater Noida, India production into our Baddi, India facility, thereby leveraging an existing operation.

Since joining TriMas 9 months ago, we rationalized 8 locations. While we are approaching an optimized footprint for anticipated demand levels, we will continue to assess product and facility performance under our new TriMas business model to ensure we are achieving or have a clear pathway to achieve success in all of our locations under a criteria appropriate for TriMas. As we go forward, TriMas management is keenly focused on achieving our 2017 plan. While we hope our end-market dynamics continue to cooperate, if changes occur, as noted on prior calls, we will proactively implement countermeasures to protect our plan. Therefore, we are reaffirming our guidance for 2017.

Let's turn to Slide 6. I mentioned that we are pleased with our start to 2017, which is highlighted in the table on this slide. We had approximately $200 million of net sales, which was essentially flat as compared to the prior year period when normalizing for currency and management's decision to deemphasize certain regions in our Energy segment, as noted previously. Operating profit, however, was up 9.2% compared to the prior year at $23.9 million. Corresponding EBITDA for the quarter was just over 17% of sales. And EPS was $0.30 per share, up 11.1% compared to the prior year period. While a good start, we have much more work to do to achieve our 2017 plan and our longer-term performance targets.

It is also important to note that each of our segments have started the year essentially on plan. However, the largest year-over-year profit drivers were in the Energy and Aerospace segments as our accelerated realignment actions are starting to produce results. Bob will speak further on our segment performance in a few slides.

Let's now turn to Slide 7. As we continue to manage our TriMas family of businesses under an operating model focused on cash generation and related deleveraging, we made excellent progress in the first quarter. We reduced net debt by $68 million to $344 million from the prior period last year, and we reduced net debt by $9.7 million from the prior quarter. We ended the quarter with ample liquidity and with leverage ratio of 2.5x as compared to our longer-range target of less than 2x. We are most pleased with our free cash flow for the quarter, which provided $17.7 million as compared to a use of cash in the same period in the prior year of $5.9 million despite higher capital expenditures in the past quarter.

This positive swing of nearly $24 million was a direct result of our focus on performance and net working capital management. Enhancing TriMas' cash generation characteristics will remain a key attribute to decisions we take for our long-range planning.

Now I will turn the call over to Bob, who'll go through segment-specific information. Bob?

Robert J. Zalupski - *TriMas Corporation - CFO*

Thank you, Tom, and good morning. As Sherry noted earlier, all of my comments today will be on an excluding special items basis. I will begin my comments with a review of our Packaging segment's performance on Slide 9. First quarter net sales were $81 million, an increase of approximately 1% compared to the prior year period. Excluding the $1.8 million impact of unfavorable currency exchange, sales would have increased more than 3% year-over-year. We experienced higher sale levels in each of our principal end markets of industrial; health, beauty and home care; and food and beverage. We also had record quarterly sales in both Europe and Asia due to continued growth with several of our significant multinational customers. These sales increases more than offset the impact of softer sales demand that we began to see late in the quarter as a few of our customers in the health, beauty and home care market revised product programs and related promotions in response to shifting consumer preferences.

Packaging continued to generate strong margins, reporting Q1 operating profit of $18.5 million, an operating margin of nearly 23%. We continue to invest in new products and sales growth initiatives as development of customer-focused product applications and increased business with global customers is critical to sustainable long-term growth in this segment.

In addition to the consolidation of our 2 India facilities noted earlier by Tom, we also completed the ramp up of our new facility in San Miguel, Mexico, which provides incremental capacity to supply our North American customers with significantly shorter lead times and replaces an older facility with capacity limitations just outside of Mexico City. Overall, Packaging remains on track with its full year operating plan, although we expect the impact of the softer sales demand experienced towards the end of first quarter will continue at least through Q2.

Turning to Slide 10, in our Aerospace segment. First quarter net sales increased approximately $5 million or 12% to $45.4 million, driven primarily by increased production throughput as well as continued strong order demand. During the quarter, we experienced increased sales levels of our complex fastener products to both our OE and distribution customers. We continue to see more stable order patterns from our distribution customers, and we are optimistic that improved demand levels will translate into increasing manufacturing efficiencies and operating leverage as we progress through the year.

Operating profit improved approximately $1.5 million to $5 million compared to the year ago period. We reported an operating profit margin of 11% in first quarter versus 8.7% in Q1 2016 and 3.1% in Q4 of last year.

The 230 basis point increase year-over-year is primarily due to operational improvement actions at our Commerce, California facility, which was partially offset by a less favorable product mix and incremental production costs related to our standard fastener and machine components product lines. We continue to focus on reducing past due orders and improving manufacturing throughput to capitalize on strong order intake while reducing off standard cost.

We saw signs of continued progress in Q1, but we still have much work to do, most notably in our machine components and standard fastener facilities.

Moving on to Slide 11. Sales in our Energy segment declined 8.5% compared to the year ago period to $40.9 million. During the quarter, we continued to experience reduced demand from upstream oil and gas and downstream oil refining and petrochemical customers, and we also deemphasized sales of certain products of 2 underperforming regions. As Tom noted earlier, in addition to redirecting our efforts at the Reynosa facility, we exited our Wolverhampton, U.K. facility, which accounted for $1.8 million of this sales decline.

This location manufactured fasteners for subsea applications, an end market which has experienced prolonged low demand levels given a significant decline in offshore drilling and exploration. Although we exited our U.K. location, we will continue to support our U.K. sealing products customers from our branch location in Belgium. The impact of our realignment actions and continuous improvement initiatives is reflected in our year-over-year performance improvement. We increased operating profit by $1.4 million and improved operating margin by 380 basis points versus Q1 2016 despite lower sales volumes. While we are pleased with this performance improvement to date, we remain focused on additional opportunities to enhance the profitability of our Energy segment.

Turning to Slide 12, Engineered Components. Overall, first quarter sales declined $5 million or approximately 13% to $32.5 million when compared to the prior year period.

Sales of high-pressure industrial gas cylinders declined $4.4 million year-over-year, due to lower demand in industrial end markets and the impact of customer consolidations. We have offset much of the impact of lower sales volumes through flexing of Norris Cylinder's cost structure, while continuing to implement productivity improvements. We also experienced a slight decline in sales of oil field related engines, compressor packages and spare parts due to lower levels of oil and natural gas well completions during the quarter versus the same period a year ago. Despite this further decline in sales, our Arrow Engine business operated at slightly better than breakeven during the quarter and was cash flow positive. Our focus remains on managing the cost structures of each of these businesses in response to end market demand, and we anticipate any uptick in sales volume would leverage well.

In summary, despite slightly lower sales levels in first quarter 2017 compared to the year ago period, we increased segment operating profit $2.3 million to $31 million or 15.5% of sales, an improvement of 140 basis points. Our accelerated realignment actions and continuous improvement initiatives, most notably in the Energy and Aerospace segments, are resulting in increased operational and financial performance. We are off to a solid start to 2017.

I will now turn the call back to Tom to discuss our full year outlook and to wrap up. Tom?

Thomas A. Amato - *TriMas Corporation - CEO, President and Director*

Thank you, Bob. Turning to Slide 15. As I previously mentioned, we are reaffirming our full year guidance. Our leadership team has goals that are aligned with the drivers that directly impact TriMas' earnings and cash flow and, therefore, believe we are in turn appropriately aligned with driving shareholder value.

Turning to Slide 16. Our near-term focus is to continue to take actions to improve the performance of our Energy and Aerospace segments while ensuring we have strategies in place for long-term value creation for each of our businesses. We will continue to operate under a model geared to generate exceptional cash flow and drive towards returns above our cost of capital.

In connection with communicating our performance plan to shareholders, I often get the question on TriMas' priorities with respect to our intended use of cash flow of cash. The highest priority is to invest in innovation and capabilities within our businesses. For example, we will invest a large majority of our current year capital expenditures into our Packaging segment as we support projects that drive both products and process innovation, and we will invest to shore up our product pipeline for future long-term growth.

Next, we -- as we generate cash above reinvestment in our businesses, we will then seek to reduce net debt to deleverage TriMas with a guiding target of less than 2x. Ultimately, we will seek to pursue bolt-on acquisitions to augment our highest value proposition segments as well as assess available options to return capital to our shareholders.

As you probably can tell, I remain excited about TriMas' future and believe there are many opportunities for sales and earnings expansion. I'm pleased with our start to the year and look forward to continuing our momentum well into the future.

Thank you, and we will now turn the call back over to the operator for questions. Operator?

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) We'll go first to Matt Koranda of Roth Capital.

Matthew Butler Koranda - *Roth Capital Partners, LLC, Research Division - Senior Research Analyst*

Just wanted to start off with a quick housekeeping item. It looked like segment guidance was not included in the presentation this time. Should we not expect that going forward? Or since you're reiterating overall guidance, you're just not updating segment guidance?

Sherry Lauderback - *TriMas Corporation - VP of IR & Global Communications*

It was mainly because we are reiterating the full year guidance and none of those assumptions have changed at this time.

Matthew Butler Koranda - *Roth Capital Partners, LLC, Research Division - Senior Research Analyst*

Got it. Okay. All right. Moving on to Aerospace. So on the last call, and I think in your prepared remarks, you alluded to some improvement in distributor inventory stocking levels. So I think on the last call, though, you guys said you were kind of reserving judgment in that channel just given the season elemental to Q4. So now that we've got Q1 under our belt and we're about a month into Q2 here, can you just give us an update on where things stand in that channel in Aerospace?

Thomas A. Amato - *TriMas Corporation - CEO, President and Director*

Well, we're continuing to see some pickup in the order intake into the distributor channel for our businesses. Our largest distributor customers are indeed ordering. Our backlog remains healthy. I think we got the question last call related to our anticipated forecast for sales for our Aerospace business and there were some questions on that. And I think we're off to a start that's commensurate with the healthy backlog we went into the new year with and that we're continuing to enjoy today. That's pretty much across the board. So we're seeing a pickup. It's not where it was perhaps a few years ago, but it's certainly better than what we saw through much of '16.

Matthew Butler Koranda - *Roth Capital Partners, LLC, Research Division - Senior Research Analyst*

All right. Got it. And then in the same segment, could you talk about just the margin improvement cadence as we head through the year? Any update to your thinking on sort of how that improves? Obviously, the last quarter's segment level guidance would imply pretty significant uptick in operating margins in that segment as we go through the year, but I'd like to get your latest thoughts on that.

Thomas A. Amato - *TriMas Corporation - CEO, President and Director*

Well, we would like it to be higher. We're working on that. We have a number of actions and plans in place. I will say that, as I said before, it's going to take time. There are improvement steps that we're putting in place. And in other actions, we need to work through or stem line through the system. Our hope is that we'll continue the momentum and continue the progress. We talk about internally making improvements every shift, every day, every week. And that's the mantra we have across all of our business, and Aerospace is no exception.

Matthew Butler Koranda - *Roth Capital Partners, LLC, Research Division - Senior Research Analyst*

Okay. One on the Energy segment, if I could, here. So in Lamons, you guys announced the exit of the Wolverhampton facility, and then Reynosa, you guys were able to quantify the charges nicely in that release back in early April, but is there any way you could help us kind of quantify the fixed costs that you're undoing with those actions? And is it safe to assume also that none of the benefits from those actions really showed up in your Q1 results yet?

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Thomas A. Amato - *TriMas Corporation - CEO, President and Director*

Well, I guess it depends on the period you're looking at, Matt. So when you look quarter over -- year-over-year, Q1 '17 to '16, the Mexico, Reynosa facility was just ramping up, and that was not in our recurring operating results. And since we made the decision to exit it in Q1 of '17, that amount was not in there either. In terms of fixed costs for Wolverhampton, the impact in Q1 a year ago was an operating loss of about $0.5 million. So if you look at the margin improvement quarter-over-quarter, a portion of that pickup, $0.5 million, is relative to the exit of that U.K. facility.

Matthew Butler Koranda - *Roth Capital Partners, LLC, Research Division - Senior Research Analyst*

Okay. Got it. And then just -- in terms of further opportunity in that segment -- I mean, there is a number of distribution sales offices worldwide there. Are we done with kind of footprint consolidation in Energy for the time being? How are we kind of assessing the positioning in that segment going forward?

Thomas A. Amato - *TriMas Corporation - CEO, President and Director*

As I mentioned in my comments, we continue to look at all of our locations around the world, not just in the Energy segment. We want to make sure that we have top-performing locations and strategic needs for all of our sites. I mean, that -- in my background and history in coming to TriMas, I see that as a potential value driver to gain operating leverage for the company. I made the point in my remarks that we're pretty far along the path. That being said, we always will take a look at our sites, various end market changes and dynamics. So I guess long way to say, we continue to study it, but most of the big muscle movements we've taken already.

Operator

Up next from JPMorgan, we'll go to Steve Tusa.

Charles Stephen Tusa - *JP Morgan Chase & Co, Research Division - MD*

Can you just talk about what you're seeing on the kind of turnaround side in the refineries and any uptick there?

Thomas A. Amato - *TriMas Corporation - CEO, President and Director*

Well, interestingly, we had planned for basically a quarter-over-quarter softer forecast in turnarounds, and we saw a little bit better than what we had anticipated. Now I'm talking about what we planned for versus perhaps what occurred in 2016. So we were pleasantly surprised with our order intake in the -- in our Lamons business. And that came through, as you can see, in the performance improvement in the company as well. So I wouldn't say that it's back, but we're seeing signs of -- that we're better than we anticipated, and that's a good thing.

Robert J. Zalupski - *TriMas Corporation - CFO*

And I would add to that just by -- we had orders from a couple of customers during this spring turnaround season that were new to us, so -- or in essence, customers who returned to us. So that was viewed as a very positive sign as well.

Charles Stephen Tusa - *JP Morgan Chase & Co, Research Division - MD*

Are the -- on the Aerospace side, the destocking impacts that you guys have been talking about, maybe I might have missed this before, but you might have mentioned it. But any update there? Some color on those issues?

Thomas A. Amato - *TriMas Corporation - CEO, President and Director*

Yes, I just addressed it with Matt's last question, but basically the -- no worries, I'll restate it again. It's important and it's a positive impact for our business. We're seeing some good order intake from our largest distributor customers helping -- I think helping to add to our backlog going into this quarter and the rest of the year. It's not perhaps where it was a couple of years ago, but we're seeing the right signs in the right direction and that's, like I said, a positive.

Charles Stephen Tusa - *JP Morgan Chase & Co, Research Division - MD*

Okay. And then just lastly, are some of the parts analysis at least shows significant upside? I mean, are you guys evaluating anything strategically if that disconnect continues to persist? And are there any major dissynergies between these various businesses? Is there any leakage potentially out there whether it's around tax or anything like that, that we have to consider?

Robert J. Zalupski - *TriMas Corporation - CFO*

Yes. I mean, I think. Typically, in some of the parts analysis, the piece that's most difficult for folks to estimate is the tax leakage associated with that, any sort of transactional activity. And generally speaking, it's pretty significant for our portfolio of companies given our current tax basis. So that's a portion of the analysis that is hard to quantify on the outside, but certainly it's what we look at internally. You know, again, we firmly believe that if we continue down the path of enhancing profitability, particularly in Aerospace and Energy, that any delta that exists between some of the parts in the current valuation will be relatively minor.

Charles Stephen Tusa - *JP Morgan Chase & Co, Research Division - MD*

Got it. I mean, certainly the cash remains. The cash outlook this year is strong. So that's something that's probably not reflected either.

Operator

(Operator Instructions) We'll go to Steve Barger of KeyBanc Capital Markets.

Robert Stephen Barger - *KeyBanc Capital Markets Inc., Research Division - MD and Equity Research Analyst*

So first question is on Packaging. You had special charges on Packaging every quarter now for the last 9 quarters, and the size has stepped up quite a bit in these past 3 quarters. Could you -- can you just remind us what are you taking these charges for here and how much longer do you expect to have special items in Packaging?

Robert J. Zalupski - *TriMas Corporation - CFO*

The charges over the last 3 quarters have been predominantly related to the ramp-up of our new San Miguel, Mexico facility. So in connection with that ramp-up then we also have to exit our existing Mexico City facility. And while a number of the workers transferred over to the new operation there was cost related to severance and shutdown of that operation. And then as Tom mentioned during his remarks, we did consolidate a plant we had outside of Delhi in Greater Noida, India, into a larger, more modernized production facility in Baddi, India. So those are really were the 2 charges in the quarter occurred. And our expectation is, as we move forward, that they'll be relatively de minimis in terms of any future actions. Yes.

Robert Stephen Barger - *KeyBanc Capital Markets Inc., Research Division - MD and Equity Research Analyst*

Yes. As I think -- just to clarify, is the forward look for charges -- is it still more consolidation to do in terms of plants? Or is this after these past 2, you're pretty much there?

Thomas A. Amato - *TriMas Corporation - CEO, President and Director*

So with respect to our Packaging business, that's correct. There is -- we don't anticipate anything above de minimis type of items. We do have a plant in -- the plant we just exited in Mexico in Reynosa that could spill over into this quarter depending on what we do with it in relation to a sublease or not.

Robert Stephen Barger - *KeyBanc Capital Markets Inc., Research Division - MD and Equity Research Analyst*

Understood. And then next question here, the de-emphasis of the less profitable regions in Energy. You mentioned Wolverhampton. Are you completely exiting those markets? And how much lower are they in terms of profitability so that we can just think about mix?

Thomas A. Amato - *TriMas Corporation - CEO, President and Director*

Well, we're not completely exiting the European market. As I noted, we continue to service our sealing products customers in the U.K. and more generally, across Europe through our facility branch location in Belgium. I think the portion of the market that we backed away from, as I mentioned, was the specialty bolts, subsea applications that -- really that was the business that Wolverhampton was strong in, and that's a market that essentially has gone away here over the last 24 to 36 months.

Operator

From Barrington Research, we'll hear from Rudy Hokanson.

Rudolf A. Hokanson - *Barrington Research Associates, Inc., Research Division - MD*

Two questions. One, in the Engineered Components area, you make the comment that there were some softness due to the number of wellhead completions in that end market. And I was just thinking the rig count over the last year is up something like 37% year-over-year. It's been going up since middle of last year. And eventually those rigs turned wells out. And I was just wondering what your outlook is in the second and third quarter. Should there be a jump in those wellhead completion for you? Or is there some other issue going on or some kind of market competition?

Thomas A. Amato - *TriMas Corporation - CEO, President and Director*

Great question. And -- I think what's a little challenging is on a year-over-year, quarter-over-quarter basis. It is a different story than what we're seeing at the business more precisely. We are seeing a customer -- our customers have a different balance in their step. We're getting a lot more quote activity. There is clearly more confidence in this space than there has been in a while. We need that confidence in quotes to turn into orders. We are seeing a little bit of uptick above our plan right now, but we're talking uptick on small dollars generally. But you're right. The wellheads are up, they're up nicely year-over-year and -- I know crude was down a little bit. Today it pull back, but with -- if crude moves up a little bit or with perhaps a different focus on the U.S. energy plan, that should bode well for our Aero business, in particular.

Rudolf A. Hokanson - *Barrington Research Associates, Inc., Research Division - MD*

Okay. And then the other question, a comment was made in your discussion on Packaging that at the end of the first quarter things slowed a bit because customers started making adjustments to revising -- I think with sort of -- like they were revising their plans or changing maybe certain products that they wanted to bring out or models or something. Could you elaborate on that and how that may impact the second quarter?

Thomas A. Amato - *TriMas Corporation - CEO, President and Director*

Sure. It's not in the sense new products they're bringing out, it's existing products that we have and -- again, in the HBHC consumer-focused market, there -- consumer preferences are fickle, they change. And of course, our customers have to respond to what their end markets are doing. It's really not anything new. It's something that we see routinely in this portion of the business. It was just maybe a little greater than we expected at least going into the quarter. And certainly, we're doing everything we can to offset those impacts with sales to other customers or in other end market verticals. So more to come, but we do see softness continuing with certain of those customers through the -- through second quarter.

Operator

(Operator Instructions) We'll go to Karen Lau of Deutsche Bank.

Karen Lau - *Deutsche Bank AG, Research Division - Research Analyst*

Let me start with Aero. So we've -- I recall you've been talking about improving quoting activities for a couple of quarters now. Is there -- does it feel like the orders are going to come more imminently? Is there like a further change in tone from your customers? And -- I'm just curious like what kind of indicators should we look forward to as -- to suggest that some of these orders may finally come?

Thomas A. Amato - *TriMas Corporation - CEO, President and Director*

There is a difference. There has been a different tone quarter-over-quarter and that is clear. We're seeing revenue above our plan, which came through in terms of our performance this quarter. But again, our base is relatively -- has been beaten down. It's relatively low. So while we are pleased, we have a long way to go. And I don't think I could say it in any other way. We're seeing -- what we feel is our customer's confidence is up, it does. There is a little bit of a lag time when wellheads get put in. We need to see that stability for a while. We actually look at that and anticipate that if crude ticks back up and stays up and the wellheads keep -- the amount of wellheads keep going up, that ultimately given the fact that we have a pretty competitive environment in this space for our Aero business that we should benefit from that. It will just take a little bit of time. It's a little bit of a lag factor for us.

Robert J. Zalupski - *TriMas Corporation - CFO*

I think the challenge is, a lot of the price support, if you will, for crude has come from production cuts that have occurred in OPEC countries and overseas. And I think to the extent any of that created incremental demand, I think what we're seeing in the marketplace is that a ramp-up of shale production or other producers here in the U.S. readily fills that. And so you have this governor on crude pricing that as it ticks up to kind of mid-50s, it's always seemingly then, all of a sudden there's concerns about oversupply and it drops back down into $50, $51. So I think in order for us to really see improved, sustained demand in our Arrow Engine business, it's going to have to get above $55 or higher and stay there. That's the big unknown at least at this point in time.

Karen Lau - *Deutsche Bank AG, Research Division - Research Analyst*

Okay. That's very helpful. And then maybe on Energy. So should we start to see the top line more reflective of underlying demand, given that you have finished exiting some of the key branches, some of key -- some of the overseas markets? Or should we still expect a little bit of noise as you move production back from Mexico to the U.S.?

Thomas A. Amato - *TriMas Corporation - CEO, President and Director*

No. It is more the former, not the latter. And I would say that with that our hope and expectation as we become better and improve our performance that also translates into our ability to compete better in this space. So hopefully we'll get some lift above what the market demand is. But that's certainly something we talk about with our management team often, and we all truly believe that with better performance will come additional customer appreciation for that as a competitive advantage. So your statement is correct that given where we are today, there is -- the current turnover rate is commensurate with demand.

Karen Lau - *Deutsche Bank AG, Research Division - Research Analyst*

Okay. And maybe on the last one. Tom, you mentioned that you're moving closer to optimal footprint, but constantly evaluating for more opportunities. I guess where are you seeing the most opportunity in terms of more footprint capacity realignments in terms of segments?

Thomas A. Amato - *TriMas Corporation - CEO, President and Director*

Well, first of all, what I said in my text is we're essentially there, and I think that's an important statement, because you get the most benefit if you can address manufacturing locations. And as I look across TriMas, we're largely there. The question that we have to ask ourselves all the time is, maybe smaller satellite operations, are they performing? Are they pulling their weight? Are they delivering cash flow to the business that is appropriate for that location? And that's something that we just have to study. Look, as we have started to get better and have started to dive deeper into all of our businesses, these are -- this is just sort of what I'll call the second derivative stuff, but there is nothing that is highly imminent, and I think the bigger -- like I said, the bigger muscle movement ones are done.

Karen Lau - *Deutsche Bank AG, Research Division - Research Analyst*

Okay. So going forward, it -- there could be some small trimming, but we shouldn't expect anything sizable?

Thomas A. Amato - *TriMas Corporation - CEO, President and Director*

That's -- as I sit here today, that's correct.

Operator

We'll move to Wells Fargo's Andy Casey.

Andrew Millard Casey - *Wells Fargo Securities, LLC, Research Division - Senior Machinery Analyst*

A lot have been asked and answered. I just had a detailed question on Engineered Components. Could you elaborate a little bit more on what you're seeing in the industrial end markets? We're seeing a little bit of movement up in kind of shorter cycle type products, and I'm just wondering if -- you mentioned soft. I'm just wondering if you're seeing any movement for your products.

Thomas A. Amato - *TriMas Corporation - CEO, President and Director*

Well, the type for -- our Engineered Components businesses, generally speaking, we are seeing slightly better activity in the market than we anticipated on a marginal basis. So that -- so we have forecasted in our planning a certain environment that we're pleased that it's a little bit better than that. So I think what we're seeing generally in the states where these businesses largely supply is a confidence level that's up. And you know everybody is reading the same things that they we're reading and that's -- that is helping us in these businesses. Now we need that not for a quarter, but we need that for many, many years. So that's something that we're continuing to take advantage of. And as our customers place orders, we want to get them products quicker than our competitors and just reestablish and strengthen our brand in the market.

Operator

And it appears there are no further questions at this time. I would like to turn the conference back over to our presenters for any additional or closing remarks.

Thomas A. Amato - *TriMas Corporation - CEO, President and Director*

Look, I'd like to thank everybody, again, for their time this morning. We're -- like I said, we're very pleased with this quarter. We're going to do what we can to keep the momentum up for TriMas, and we look forward to talking to all of you again next quarter. Thank you very much.

Robert J. Zalupski - *TriMas Corporation - CFO*

Thank you.

Operator

And ladies and gentleman, again, that does conclude today's conference. We thank you all for joining.