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PRESENTATION

Operator

Good day and welcome to the third quarter 2014 TriMas Corporation earnings conference call. Today's conference is being recorded. At this time, I would like to turn the conference over to Sherry Lauderback. Please go ahead, ma'am.

Sherry Lauderback - *TriMas Corporation - IR*

Thank you and welcome to the TriMas Corporation third quarter 2014 earnings call. Participating on the call today are Dave Wathen, TriMas's President and CEO, and Mark Zeffiro, Executive Vice President and Chief Financial Officer. Dave and Mark will review TriMas's third quarter 2014 results as well as provide details on our 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 website, www.TriMasCorp.com, under the investor section. In addition, a replay of this call will be available later today by calling 888-203-1112 with a replay code of 6900763.

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.

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

Dave Wathen - *TriMas Corporation - President and CEO*

Thanks, Sherry. Good morning and thanks to everyone on this call for your interest and attention to TriMas.

We last spoke in September when we announced the agreement to acquire Allfast and updated our guidance due to both external market pressures and operational challenges in several of our businesses. I am sure you know that all of us here at TriMas are very focused on improving our results to positively impact both the short and long term.

We slightly exceeded the recent third-quarter guidance we provided and will continue to intensify our efforts to improve margins and earnings. We know how to manage through these challenges and believe we will be entering 2015 positioned to drive value through revenue and EPS growth, margin improvement, and cash flow generation in line with our strategic aspirations.

Our third quarter sales grew 7% compared to a year ago, with all of our businesses showing growth versus third quarter 2013. Each business is concentrating on its own bright spots. Packaging continues to capture new business in Asia, aircraft build rates continue to climb as expected, order rates and quote activity are increasing in our Energy business. New products are helping engineer components, and automotive and pickup truck production strength is boosting Cequent revenue.

Our increased focus on operating margins is beginning to yield positive results in many areas, too. Packaging is within our mid-20% operating profit goal while absorbing ramp-up costs in Asia. Our monogrammed aerospace business achieved a more than 20% operating profit margin in the quarter, although some challenges in one of our 2013 acquisitions is dragging down the total margin.

Energy will be in margin recovery mode for some time, but I can share that they have completed consolidating gasket and fastener plants in Brazil, gaining customer approval for the new location such that Lamons in Brazil has had a profitable month. Much more overall cost out work is underway to reduce manufacturing costs of standard products.

Both engineered components businesses are demonstrating strong profitability. Norris Cylinder is consolidating the assets acquired in December 2013 into our Huntsville facility and our year-long margin improvement undertaking at Arrow Engine focused on cost out, price actions, mix improvement, and new products has kicked in. Cequent margins need improvement, and we have multiple improvement programs underway.

We are achieving production rates above demand in North America, allowing product replenishment with less extra cost. Overall, we achieved a third-quarter EPS of $0.47 per share, excluding special items, which is slightly higher than our recent guidance due to our successful execution of mitigating risks and capturing opportunities.

Within these earnings, we also funded diligence costs related to our successful acquisition of Allfast, equivalent to approximately $0.03 per share. From a comparison perspective, we also had a couple of meaningful gains included in our Q3 2013 EPS that did not repeat, which made for a difficult year-over-year comparison. We do recognize that the quality of recurring earnings is important.

Over the past several weeks, I have talked with many of you and been asked what I am doing differently as a result of adjusting TriMas's earnings guidance last month. I am using slide 5, both internally and externally, whether I'm doing a skip level meeting at a plant or talking to investors. It is my message about reducing risk, continuously improving our performance, and doing so consistently.

We have increased our focus and intensified our actions in three areas. First, simplification. Simplification occurs when we get out of parts of our business like NI Industries serving defense, and we are willing to harvest some nonstrategic lines throughout TriMas.

My second focus is on adding people and horsepower. We have made significant progress in adding operating talent. We added global vice presidents of operations at packaging, Cequent APEA, and Arrow Engine. As already announced, I moved Tom Aepelbacher to President of Aerospace.

We have new plant managers and materials managers at many locations and we have upgraded how we manage transportation. I could go on, but in summary, I am happy with the progress and expect it to show in future results and metrics.

I am also working to add people and horsepower at what I will call operational finance. It isn't about external financial reporting, but I do see areas that we can improve internally. We have increased our complexity over the last several years and need to upgrade our value add analysis, improve the speed of our close cycles, tighten inventory management, upgrade costing systems, et cetera.

We have broad-based commonization of processes underway and we have now begun improving our financial organization similar to our work in operations. Third, I have also taken a critical look at our forecasting, tracking, and budgeting processes, and implemented timing changes, improved methods to deal with projects that are off track and some new simpler metrics. In addition, we will modify our short-term incentive metrics for more emphasis on margin improvement.

Overall, we are focused on combining simplification, people horsepower and processes to achieve faster, better results on actions that we have already identified. I look forward to showing the future results of these efforts.

I will close my opening remarks with an update on our acquisition of Allfast on slide 6. As we announced, we have closed on this acquisition on October 17, and everything is going quite well. I remain very encouraged by the strength and professionalism of the people at Allfast, the positive responses we have received from customers and the upsides we all see for improvement of our overall Aerospace business.

This acquisition rounds out our fastener product line and allows us to offer customers a complete fastener product set. Allfast is a well-run business. It is an exciting time to be serving the aerospace industry. Now I will ask Mark to provide financial highlights and segment comments. Then I will look forward and share my thoughts on our near-term outlook.

Mark Zeffiro - *TriMas Corporation - EVP and CFO*

Thank you, Dave, and good morning. Before we move on to the financial results, I would like to make a few comments to frame our quarter. We made progress on several key initiatives yet also faced some continued headwinds that impacted our results.

First, on the end market front. All of our packaging markets experienced growth: industrial, closures and specialty dispensing systems in North America and Europe and Asia. Our energy end markets saw increased North American demand, but the product mix was still more heavily weighted toward the less profitable Standard Products. We will continue to take actions to improve our short and longer term profitability in this business.

The aerospace distribution end market continued to show some pressure in order rates and demand choppiness as commercial aircraft manufacturers are adjusting their ordering practices. We are working on improving our processes to respond to these changes.

Regarding our business operations, our engineered components business delivered their improvement actions launched in 2013 to drive higher margin levels and better leverage of their manufacturing facilities. Packaging continued to operate well on all fronts as we work to integrate the operations of line holdings.

While we achieved the labor savings from our Cequent production move to Mexico, we are currently focused on improving our supply chain and distribution processes as increased freight, input, and other distribution costs impacted our results during the quarter. Our aerospace business continued to experience disruptive order dynamics in the quarter, and this, combined with working off some higher cost inventory and inefficiencies at Martinic Engineering, resulted in weaker profit conversion.

We experienced some margin improvement at Monogram during the quarter, but the team continues to work on enhancing their ability to serve efficiently their customers, order patterns and smaller lot sizes. We continue to execute on our acquisition, integration, and optimization plans to drive the long-term benefits from these investments.

Finally, we experienced some headwinds and tailwinds from structural standpoints. Our share count this quarter was more than 11% higher than Q3 2013, and our tax rate remained higher than 30% as compared to 25% in third quarter 2013. On a positive side, we had lower interest expense in Q3 as compared to Q3 2013.

I will now provide some additional color on total Company performance for the quarter on slide 8. Our record third-quarter sales were $380 million, a 7% increase compared to the third quarter of 2013, with sales growth in all six segments.

Our bolt-on acquisitions contributed significantly with the remainder of the sales increases driven by the expansion in international markets and new customer wins. These increases were partially offset by the impact of $2 million decrease related to the sale of our Italian rings and levers business in packaging in Q3 2013, and a decrease of $2 million in sales related to closure of our less profitable Brazilian manufacturing facilities in Energy.

We are pleased that our growth initiatives were able to substantially offset these headwinds in the quarter. Third quarter operating profit was $36 million, excluding special items, with a related margin percentage of 9.4%. Compared to third quarter 2013, the operating profit comparison was impacted by a $2.6 million gain recognized on the sale of the Italian packaging business in Q3 2013, as well as $1.9 million in diligence costs related to the Allfast acquisition in Q3 2014. We continue to focus on margin improvement actions on all fronts.

Third quarter net income in 2014 from continuing operations would have been $21.5 million excluding special items, or $0.47 a share, down from Q3 2013. The benefit of interest expense was offset by less operating profit, a $2.9 million bargain gain on an acquisition in Q3 2013 that did not recur, 11% higher weighted average shares outstanding, and a higher effective tax rate in Q3 as compared to 2013 Q3.

During Q3 2014, we generated more than $34 million in free cash flow. We ended the quarter with $341 million in total debt, a decrease of almost 29% compared to September 30, 2013, and an increase compared to year-end due to the seasonality of working capital to support our businesses, as well as the use of $51 million in cash to acquire the remaining interest in Arminak and $27 million to acquire Lion Holdings, both in packaging, earlier in the year.

At quarter end, our leverage ratio was 1.74 times and we had more than $397 million of cash in aggregate availability under our credit facilities. Earlier this month, we amended our credit agreement and borrowed $275 million on an incremental term loan A, and used cash and additional borrowings on the revolving credit facility to fund the approximately $360 million purchase price of Allfast.

The terms and conditions of this debt are consistent with the current agreement. As a result of the purchase, we expect to increase leverage to slightly higher than three times in the first half of 2015. Going forward we expect to use our strong operating cash flow from Allfast and the rest of TriMas to return the leverage levels in the twos in the coming year.

Moving on to slide 9, which provides a year to date summary. Sales increased 7.5% during the first nine months of 2014 as compared to 2013. And operating profit dollars, excluding special items, increased 3% with a related margin percentage of 10.2%. Year to date income was $70 million and EPS was $1.55 per share, both excluding special items, with declines driven by the same factors previously discussed.

On a year to date basis, we generated more than $37 million in free cash flow as compared to $6 million year to date 2013 as a result of inventory liquidation and management of CapEx. We believe the actions in the businesses that Dave mentioned previously will position us for EPS growth and margin expansion as we move forward into 2015.

At this point, I would like to share a few highlights on our segments, beginning with packaging on slide 11. Packaging had a strong year so far, with sales increase of nearly 9% for the quarter. Excluding the impact of the Q3 2013 divestitures, packaging sales would have been increased more than 11%.

Our sales efforts continue to ramp up in our second manufacturing facility in China, combined with the Asian plants of Lion Holdings, provide additional low-cost facilities and support local commercial expansion in this growing market. These facilities will have a positive impact on margins over time as we use less outsourced capacity and automate for efficiency.

We are pleased with the quarterly operating profit margin of almost 24% as packaging remains focused on sustainable operating profit margins in the mid-20% range. End market growth prospects remain positive for this segment and we will continue to support the launch of new dispensing and closure products.

Moving on to slide 14, Energy. Third quarter sales increased 5% due to increased demand from North American customers. The end market challenges that started during the back half of 2013 continued, although order intake and shutdown activities showed signs of improvement during September.

The weaker than normal shutdown activity resulted in less favorable product mix towards standard gaskets and bolts. We took and will take more actions to improve profitability, reconfiguring our business in Brazil to better reflect the current demand. We continue to focus on items we can control, improving the cost structure and optimizing our expanded geographic footprint, and expect that these efforts will strengthen Energy moving forward.

On slide 13, aerospace. Sales for the third quarter increased 6% as compared to a year ago period, primarily driven by the acquisition of Mac Fasteners in Q4 2013, which expanded our content on aircraft. As I mentioned earlier, we continue to see choppy order demand and smaller lot size in the aerospace distribution channel. We also experienced a less favorable sales mix within our product lines, and as a result of the lower profit margin associated with our acquisitions.

We expect that the overall margins of this segment to increase as we improve our lead times by leveraging our investments in facilities and equipment, and also driving margins of our acquired businesses through integration efforts. We are excited to add Allfast to the TriMas aerospace segment.

While the impact of Allfast and its financings are not included in our 2014 outlook, we expect the incremental sales to be approximately $10 million in the fourth quarter, and its historical margins are higher than the existing margins of the overall segment. We are in the process of doing the purchase price allocation and, once done, we will share the pro forma TriMas Allfast combination as required by the SEC.

But I can tell you that I expect it to be free cash flow accretive in Q4 and it is expected to be accretive to EPS in 2015, more than offsetting the normal purchase accounting headwinds and interest costs on the incremental that incurred the finances transaction. In addition, Allfast is an outstanding free cash flow generator and is expected to increase our enterprise free cash flow going into 2015.

During third quarter, we received $6.7 million for the sale of intellectual property and related inventory and tooling related to the NI Industries' defense business and discontinued operations. The $6.7 million is not considered in the definition of free cash flow. Based on this change, the segment has been renamed aerospace as opposed to aerospace and defense.

Moving on to slide 14, engineered components. Sales increased more than 16%, primarily due to the small cylinder assets acquired during 2013. Sales of gas compression products increased, which was partially offset by decreased sales in engines. The recent actions we have taken in these businesses improved operating profit and margin significantly, up 860 basis points year on year due to the increased sales levels, operating leverage, price increases, and cost reductions.

On slide 15, we show the performance of Cequent, split into two segments. Q3 sales for Cequent Americas increased 2%, due to increases within the aftermarket and retail channels. While our production moved to Renosa, Mexico was completed as we enter 2014, we continue to ramp up the productivity and efficiency of this facility, including efforts to optimize new production, supply chain and distribution processes for this business.

During Q3, we also experienced significantly higher freight costs and higher steel costs. At this point, production levels have caught up with demand requirements, allowing us to prepare for the coming selling season. We remain focused on making these facilities more efficient.

Cequent APEA, representing our business in Asia-Pacific, Europe, and Africa, sales increased 8% compared to the year ago period, primarily due to the 2013 acquisitions in Europe. Third quarter operating profit was relatively flat and margin decreased primarily as a result of higher sales was more than offset by the less favorable regional and product sales mix and the incremental cost related to the acquisitions.

We expect to improve our margins and capitalize on all of our new lower-cost structures around the world by supporting our customers in those regions. Cequent continues to leverage its full product line, commercial relationships, and strong brands. In summary, Q3 represents another quarter of high single-digit sales growth, in line with our strategic aspirations. Margin improvement remains a key focus for TriMas and our businesses.

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

Dave Wathen - *TriMas Corporation - President and CEO*

Thanks, Mark. I will start with our updated 2014 outlook on slide 17. These numbers exclude the positive sales and cash flow impact of Allfast. As Mark mentioned, we are in the process of doing the purchase price allocation and, once done, we will share that with you.

Sales growth still looks like 6% to 7% for 2014. We have raised the lower end of our EPS guidance to now be $1.90 to $1.95 earnings per share. Based on our strong Q3 cash flow performance, we now expect free cash flow outlook to be between $70 million and $80 million for the full year 2014, an increase from the previous outlook of $55 million to $65 million. We continue to be focused on working capital and the timing of CapEx projects.

Turning to slide 18 on margin expansion, here is my report card on our top five actions aimed at reaching our total Company 15% operating profit margin goal. Packaging in our Monogram Aerospace Fasteners business are operating with OP percent in the 20s, and with a growth rate higher than the TriMas average. Clearly, the integration of Allfast will improve these metrics in 2015.

Our list of acquisitions below 15% operating profit is getting smaller. We have now consolidated operations in Brazil in both our Energy and Cequent businesses in response to the market decline there. And the trends are positive, but with more to do. We have a monthly update and review process on each acquisition that is below this 15% target that I oversee, and progress continues at each of these operations.

Our two engineered components businesses are performing at close to peak historical margins and we have a major cost out program underway in Energy. Cequent is slower in its progress toward achieving an operating profit in the low teens, but we believe we will clearly make progress on this in 2015.

And we certainly have tight controls on TriMas headquarters spending. Again, we are making progress and have had some encouraging successes. There is much to do yet, so these efforts will continue into 2015. We expect our efforts in simplification, adding horsepower, and improving internal processes will accelerate this progress.

Turning towards 2015 on slide 19, in September I shared my first view of my expectations by segment. We have just finished 2015 budget reviews at each business, so I would like to share an updated view building off what I shared with you then. Our strategic aspirations remain the same, including our intensified focus on enhancing margins.

Coming out of these reviews highlights the positive tailwinds that we have going for us at TriMas and the headwinds we face. The tailwinds list really is longer than the headwinds list. And I believe we have the operating challenges we have experienced resulting from plant moves and acquisitions we bought in semi-distressed condition now on the improvement track.

Allfast is already a great business. And while there are synergies to pursue and obtain, much of our business improvement resources of people and money can shift from being applied to acquisition fix-ups back to core business improvement. In addition, there are some types of low margin business we are willing to deemphasize in order to improve overall margins faster.

Now onto our 20, I wanted to share with you a few additional comments on key actions for revenue and earnings improvement in 2015, resulting from our budget reviews. Our sales ramp up in Asia is indicating a need for ongoing capacity additions as we fill recently acquired Lion plants. To reinforce our value to customers in Asia, we will add a technology center for localization, and to add to our global new product capabilities.

Allfast is the big upside in aerospace in 2015. We are also pursuing more color approvals, and Monogram's operating margins are improving as we get better at small lots and up the learning curve up the learning curve on the mid max programs at Boeing. We have more work to do yet at Mac Fasteners and Martinic.

Energy has been starting to see a global upswing in orders, which sure helps. Our cost out actions are underway and we are running customer trials to add a product line through our existing delivery channel. Engineered components is doing well, and we have product additions in line to help offset any market softness from lower oil prices.

And Cequent is getting ahead of the supply chain issues of 2014. It is not all perfect, but it is certainly improving.

Overall, we are committed to our strategic aspirations and feel we are positioned well to drive revenue and earnings growth in 2015. As part of our normal process, we will provide more detailed 2015 outlook on our fourth quarter earnings call in February. In the meantime, I can commit to you that we are intensely focused on improving the margins, balancing with investing and growth for the future.

Thank you for your continued support and now we will gladly answer your questions.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) Matt Koranda, ROTH Capital.

Matt Koranda - *ROTH Capital Partners - Analyst*

Good morning, guys. Thanks for taking my questions. Just wanted to start out with cash flow outlook. At the midpoint of your guidance, it implies an almost equal amount of free cash generated in Q4 versus year to date. Can you just talk about what contributes to this outlook a bit more granularly, if you could? How much is driven by working capital management, how much by reduced CapEx, and how much from improvements in operating cash flow?

Mark Zeffiro - *TriMas Corporation - EVP and CFO*

Matt, if you look at our historical liquidation of cash through the year, Q4 is by far and away the largest liquidator in terms of generation of free cash flow. So this is actually fairly comparable in terms of cash flow that we expected Q4 last year versus Q4 this year.

So we expect to see continued working capital improvement as we ramp down certain seasonality across the businesses. And that's largely the generator of incremental cash flow. The comment, though, really, Matt, is around the cash flow that we generated through the period and the improvements year on year, 2013 first 2014, as we exit the year much more healthy in terms of the inventory transitions that we had for Reynosa as well as other build rates across the enterprise.

Matt Koranda - *ROTH Capital Partners - Analyst*

Okay. That's helpful. And then shifting gears to the aerospace segment, with the acquisition of Allfast, and you guys had mentioned on the acquisition call that you did that there could potentially be some learning opportunities there, just wondered if you could give us an update on the learning opportunities, especially as it pertains to margin improvement, at the existing TriMas Aerospace businesses?

Dave Wathen - *TriMas Corporation - President and CEO*

Yes. I've mentioned the capital strategy of Allfast, which is to have, I'll call it dedicated lines for small lots and that kind of thing, which is different than we run in Monogram. You will see us doing some of that. And it's not a foreign concept. If you went through the new Reynosa plant, you'd see lines get dedicated to smaller lot sizes. But we just haven't done that so much in Monogram. So we've got some work to do there.

There are some tactics for what's outsourced, what's insourced, that kind of thing, that are going to help us. And I would say, because Allfast tends to sell more through the distribution channel, they are very good at structured responses to distribution -- everything from quoting and pricing and speed of delivery and all that, that we can learn some from, too. You've heard us admitting we've had trouble with fits and starts in distribution and the downturn in defense and all that. Allfast is better at that. And it's kind of two points for copying, one for inventing in a lot of those areas.

And of course, Tom Aepelbacher is very good at that sort of thing, so I have a lot of confidence in the team, and the people he's moved -- starting to move into aerospace that will take advantage of all that. So nothing I described happens in a month, but it sure happens over a year. And you will see that affecting us across the board.

Matt Koranda - *ROTH Capital Partners - Analyst*

Okay. That's helpful. And then in the engineered components piece here, with oil pricing in the low $80s, could you guys comment on the impact to aero in the coming quarters? What are you hearing from end customers and how long they can sustain normalized CapEx levels with oil pricing where it is?

Dave Wathen - *TriMas Corporation - President and CEO*

Right now, what you hear is concern and caution and what should we do and not specifically order rate changes. But there is no doubt that there will be some impact to that. Now, that said, of course, we have purposely expanded our product lines to help offset some of that. So we may not take -- we shouldn't take as much downturn. But we can't kill ourselves. There will be impact on that business because of what appears to be lower prices driving activity down in the US shale fields and all that.

So no numbers yet, but the talk is leading towards numbers will hit us in coming quarters. And we've got contingency plans for that. We have sure talked through it. And the team in Tulsa is used to this kind of thing, that's why they are working so hard to get some product adds into their basket to help offset it some.

Matt Koranda - *ROTH Capital Partners - Analyst*

Okay. That's it for me, guys. Thank you.

Operator

Scott Graham, Jefferies.

Scott Graham - *Jefferies & Company - Analyst*

Good morning. Nice -- better than expected on the bottom line there. And that's kind of what I wanted to talk to you guys about, because the implied fourth-quarter guidance is a real snap-back in earnings, three quarters down and now the fourth quarter up. And I was just hoping that you guys could give us maybe, if you could name the three factors that you think kind of reverse the trend of EPS, what would they be for the fourth quarter?

Dave Wathen - *TriMas Corporation - President and CEO*

Let me -- this one is significant. You know I have seven division Presidents who take this stuff to heart. It's not just because they own a lot of TriMas shares. It's because they don't intend to disappoint anybody: first off, customers; second off, investors. And the intensity level is very high right now. I have to share, I am very happy with the -- and it's a thousand small decisions that I don't make. It's more about all the folks running the strategic business units of TriMas.

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Second, you've got to put some math into it. Share count, it's getting some of those headwinds behind us. And then it's the -- and then third, I would say it's actions we took, whether it be a new plant in Reynosa or acquiring Lion and all that that are starting to kick in. Brazil has been an ugly drag. And we have been now through kind of the gut-wrenching stuff of doing some consolidations. And I'm not ready to declare success, but it's less bad, if that makes any kind of sense. And the trends are right. So it's actions we took starting to kick in.

So off the top of my head, that's my top three. And don't discount my charts, where I've talked simplification and horsepower and work on some of our internal processes. That's for real. I mean, we can change things, and you learn things and you get on with it.

Scott Graham - *Jefferies & Company - Analyst*

Yes, understood. It's just what I was hoping for, maybe, and not to ask the same question a second time -- that's not what I'm trying to do, Dave -- the management vigor is definitely a big factor, particularly when it relates to the significant increase on margins that you guys have today versus a year ago. It's just that the fourth-quarter operating margin, forgetting about the share count, which we kind of knew, and the sales -- I think we are all kind of expecting what you are expecting. But that fourth-quarter operating margin would have to pop pretty big to get to the midpoint of your guidance. And I know that that's what you are seeing and what you are expecting.

My question is, I guess, maybe more specifically, are you expecting a much more narrowed loss year over year in energy, for example? Are you expecting packaging margin to rise in the fourth quarter, that kind of thing?

Mark Zeffiro - *TriMas Corporation - EVP and CFO*

Scott, let me try to put a finer point on it for you. Energy swing year on year is from a loss position in Q4 of last year to profit position in, obviously, in 2014. That's a significant effect in terms of the profitability and impact in Q4. I would also tell you that the engineered components business will continue on its track. But if you are just doing your year-on-year comp, there is a significant improvement expected in margin rate in terms of engineered components.

And I would also add the last piece of it that's a major driver here, and you've seen it, but again, if you are comparing year on year, you should see the margin rate and the margin dollar generation of packaging be a pretty sizable uptick as a result of Arminak and dispensing growth. Those are the three things that I think really put a finer point on the improvement.

Scott Graham - *Jefferies & Company - Analyst*

That's exactly what I was looking for, both sets of answers. And the last question is on the corporate. Obviously, that was a little larger this quarter off of the due diligence. Does that kind of come back down to the $9 million-plus range in the fourth quarter?

Dave Wathen - *TriMas Corporation - President and CEO*

Yes, Scott. You are exactly right. The extra -- the numbers you see there are in corporate for Allfast acquisition. So that's exactly it.

Scott Graham - *Jefferies & Company - Analyst*

Very good. Thank you.

Operator

Walter Liptak, Global Hunter.

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Walter Liptak - *Global Hunter Securities - Analyst*

Good morning, everyone. I wanted to ask about the energy business, too, and a little bit more specifics. I think you mentioned that September you saw turnaround activity getting better. And I wonder if you can help us with, are these planned shutdowns? Are you seeing any emergency work? Is this standard or custom product that's beginning to flow through? What are you seeing?

Dave Wathen - *TriMas Corporation - President and CEO*

Let me give you an opinion, educated opinion. Order rates versus a quite low second-half order rate, but against that, order rates look like they are coming back. In normal course, in the shutdown season, you get a lot of orders for standard product first, because they know about all that. And then during the actual rebuild work is when they order the specials and the fast turnaround stuff that, as you know, is more profitable for us.

All that appears to be true. I will admit to some -- and the folks in the business would tell you, they are a little cautious about, is it for real? Because it's been a pretty bumpy year here. But the indicators do look like both project work, big, heavy newbuilds and turnaround orders are coming. So we'll know a whole lot more every month that goes by. But right now, I'd call it, if you have just a snapshot of order rates, it feels pretty encouraging. That said, we are not going to take our eye off the ball on taking standard margins -- standard product margins out by taking costs out. So that's still top priority.

Walter Liptak - *Global Hunter Securities - Analyst*

All right. Sounds good. Is the pickup North American based, or is it international? Because we've been hearing some of the international refineries that locked in with hedging some higher energy costs. And so they are less profitable and taking more downtime.

Dave Wathen - *TriMas Corporation - President and CEO*

It's global. We've still got -- our business is still bigger in the US. We are so big in the Gulf Coast area that we see a lot of that. But, no, there's -- it's a general global comment.

Let me give you another comment that probably goes into the equation. All those refiners and processors have got great spreads. I think the industry numbers would say they are not really, except for gasoline, a lot of prices aren't dropping. So they've got lower input costs and hanging onto output costs. And they are making money, and therefore they don't want to do shutdowns. So there is a competing pressure on them.

Walter Liptak - *Global Hunter Securities - Analyst*

Okay. All right. Fair enough. If I could switch gears to the slide with your 2015 additional perspectives, you mentioned in here that you are deemphasizing some product lines. And I wonder what the revenue is and what the margin improvement is going to look like as those products roll off.

Dave Wathen - *TriMas Corporation - President and CEO*

I mean, the truth is I don't have good numbers on it yet because we are working it every which way. But I would say we are at the stage that, going through our budget processes and all that, I have been I will say in a way giving permission to get out of some things that aren't as profitable. We do a lot of analysis of margin by product line or region or customer, all that normal stuff. And it isn't like we've got a whole lot of things we could just say, great, here's a $5 million product line; let's sell it. It's usually more a matter of -- and I use the word harvest on purpose -- do you decide to raise prices? Do you decide to deemphasize it and not sell as much?

So there's -- I'd call that background to both simplify and to mix margins up. But don't think of it as any big number. It's millions, not tens of millions, each item. And so you put them all together, and it's a few tens of millions. We will stick to our strategic aspirations of high-single-digit topline growth.

Walter Liptak - *Global Hunter Securities - Analyst*

Okay. Also, on the 2015 outlook, at this point the high-single-digit revenue growth, that excludes acquisition or does that include acquisitions?

Dave Wathen - *TriMas Corporation - President and CEO*

No, I always think of it as total. And it shifts year to year as to how much it is. And big acquisitions might change that and all. But I try to think of it as total -- high-single-digit total with acquisitions, with new product programs, with geography programs and all that. And we need enough things going on to make that happen.

Walter Liptak - *Global Hunter Securities - Analyst*

Okay. In 2015, coming off the easier comps in 2014, though, you should be able to leverage, I would think, better than high-single-digit growth.

Dave Wathen - *TriMas Corporation - President and CEO*

Well, we'll see. I mean, the world is a -- you can name some places that are concerning right now. Obviously, Brazil, oil in Brazil plus what's going to happen in their economy and all that. Europe is mighty hard to read right now. So there's some soft spots out there. So right now, you know I am a strong believer that growth gets you leverage. Growth gets you opportunities for your people, all that kind of thing. But there's some soft spots out there.

Walter Liptak - *Global Hunter Securities - Analyst*

All right. Thank you.

Operator

Robert Kosowsky, Sidoti.

Robert Kosowsky - *Sidoti & Company - Analyst*

Good morning, guys, Sherry. How are you doing? Just a clarification; did you say that legacy Monogram was running about a 20% operating margin?

Dave Wathen - *TriMas Corporation - President and CEO*

I said in the 20s.

Robert Kosowsky - *Sidoti & Company - Analyst*

In the 20s? What is that up from, and how far along are you in I guess improving lead times and managing some of these smaller lot sizes?

Dave Wathen - *TriMas Corporation - President and CEO*

You know, I expected that question. Good question. We are two-thirds of the way along at getting good at smaller lots, dealing with min/max programs, dealing with product mix changes and all that. And it is an inherently high-margin business. And so, yes, I am encouraged by that.

Robert Kosowsky - *Sidoti & Company - Analyst*

Okay. And does that imply that you already have the capital stock in place and now it's just basically the employees still finding a learning curve?

Dave Wathen - *TriMas Corporation - President and CEO*

No, because the aircraft build rates keep climbing. So we do need -- and I have talked about getting better at running small lots and maybe needing dedicated lines and all that. So there is capital involved. But most of it has been learning curve and SIOP in the broadest sense -- sales, inventory, operations, planning and all that. So two-thirds.

Robert Kosowsky - *Sidoti & Company - Analyst*

Okay. And I guess what was the trough for kind of the operating margin that you saw over the past few quarters for that segment, or for at least legacy Monogram?

Dave Wathen - *TriMas Corporation - President and CEO*

First half? For first half of this year.

Robert Kosowsky - *Sidoti & Company - Analyst*

But what percentage rate was it, just to get a sense of -- it's in the mid-20s now. What did it improve from?

Mark Zeffiro - *TriMas Corporation - EVP and CFO*

It was in the high teens.

Robert Kosowsky - *Sidoti & Company - Analyst*

Okay.

Dave Wathen - *TriMas Corporation - President and CEO*

Yes, it mattered. Yes.

Robert Kosowsky - *Sidoti & Company - Analyst*

Okay, cool. And then otherwise, backing out kind of legacy Monogram -- that means Mac and Martinic are high-mid-single-digit operating margins right now? Is that kind of fair? And what do you see the potential on that improving to, and what are the steps they need to get to that level?

Dave Wathen - *TriMas Corporation - President and CEO*

It's because we integrate, it's hard to peel them out specifically. But, no, they are operating lower than we expect them to. We are making changes that we spend money to make happen. You heard me talk about keeping after acquisitions that are running below 15%. They are on the list that we keep after. They are inherently capable of being call it near 20%. We've just got more work to do in them. But we bought them in that -- we knew that when we bought them, and we keep chipping away at it.

Robert Kosowsky - *Sidoti & Company - Analyst*

Okay. That's good to hear. And otherwise, on Cequent, I know that you also had some issues with I guess smaller lot sizes. And I was hoping you could shed maybe a little bit of light on how those production processes have improved and also how the supply chain might have been improving.

Dave Wathen - *TriMas Corporation - President and CEO*

Well I think we set it on purpose that the built rates in the plants for North America -- where most of this has been a problem -- the Reynosa and Juarez plants, the built rates are above the sales rate, meaning we are replenishing and getting inventory into the right places. And that continues. Typically for us, that's what happens in fourth quarter, and the good news is it's happening. So we will go into next year's selling season in much better inventory position. So that's production.

We still have -- don't have all the right inventories in all the right warehouses and all that sort of thing. So we've got that to continue. But that will tend to smooth out better now. And it will take down our excess shipping costs and all that.

The supply side, we talked through that pretty extensively in both our operating and budget reviews. And we still have a lot of work to do. That's my caution about expecting a real pop in margins in that business, because -- I might have mentioned this. The lesson learned in this move into Mexico versus previous moves is Mexico is a very popular place to be doing manufacturing. Their supply base that we need are fully qualified, but they are full. And so it's taken longer to get things moved. Therefore, we are still incurring a lot of excess shipping costs over what would be normal, because we are shipping input materials from the northern US, where they used to be made.

Fixable, but taking longer than we anticipated. I'm sounding like a broken record there. But I'm not going to -- I am not counting on that getting better until during 2015, because it's a lot of work. But the good news is you can see it, and it's coming. It's a matter of speed and execution, not a matter of call it a strategic problem.

Robert Kosowsky - *Sidoti & Company - Analyst*

Okay. Sounds good. Thank you very much, and good luck.

Operator

Steve Barger, KeyBanc Capital Markets.

Steve Barger - *KeyBanc Capital Markets - Analyst*

I wanted to go back to the 2015 outlook. You talked, again, about the strategic aspiration of growing earnings faster than revenue. And looking back at 2011 through 2013, the earnings growth rates ran at about 2.3 times the rate of revenue growth, on average. Now, that obviously isn't happening this year, given some of the discrete items that drove the preannouncement. But as some of those costs roll off, isn't it reasonable to think that you can grow EPS at at least that rate or faster, just given that the base this year is lower than it should have been?

Dave Wathen - *TriMas Corporation - President and CEO*

I love it, Steve. We did have benefit of interest costs coming down in those years. We were in basically a nontax environment. So there are some different levers now. So I wouldn't count on 2.3. How's that for an answer?

Steve Barger - *KeyBanc Capital Markets - Analyst*

Okay. Got it. And just last question for me. I'm sure bankers bring you deals all the time because you have been so acquisitive. But how is the flow of pitches where they are trying to get you to carve something out? Do you have any expanded thoughts around that, just in the context of the overall theme of simplification?

Dave Wathen - *TriMas Corporation - President and CEO*

There is a lot of pitches. And there are -- and I, Mark, Sherry, Paul, I have met with a lot of investors over the last month. And we've had a lot of input about all that. I'll just say there are some indicators that say this is a good time to look at that kind of thing. It's clearly a Board decision. And I should just leave it at that. But we are logical about this stuff. And there are some interesting statistics and multiples and that sort of thing. Our job is to increase value. So stay tuned.

Steve Barger - *KeyBanc Capital Markets - Analyst*

Got it. Thanks.

Operator

(Operator Instructions) Rudy Hokanson, Barrington.

Rudy Hokanson - *Barrington Research - Analyst*

Thank you. Just a quick fine point, and a lot of my questions were asked. But on the energy side, and you are talking about increased orders, etc., and I know that the specialty stuff lags the lower-margin standard-type products. But are you seeing indications that the specialty products will come back in the volume that you may have had a year or year and a half ago? Or does it look like the mix has truly shifted, and therefore the cost reductions are that much more important than ever, not just trying to improve what you used to have?

Dave Wathen - *TriMas Corporation - President and CEO*

The real answer is, we don't know yet. And so we have to keep after the standard costs down, standard product costs down. So it's more your second premise. And a normal flow would say we will get a lot of special product, a lot of fast turnaround orders, over the next few months. But that is not in our control, and we need to do what is in our control, which is keep after the standard product margins.

Rudy Hokanson - *Barrington Research - Analyst*

Okay. And then just in terms of your planning and working on bringing down costs, do you have any kind of a timetable where you think that may be achieved versus the safest thing to think, sometime in 2015, or could it be the first half of 2015 to reach the kind of goal that you are looking for, at least in the near term?

Dave Wathen - *TriMas Corporation - President and CEO*

I would think some of the -- we've got a whole lot of things that have already started which will kick in during 2015. And you will see improvement in 2015, would be what I would expect. That said, some of the things are going to take a year. So that means you really won't see all the impact we want until a year from now -- starting to kick in a year from now.

Rudy Hokanson - *Barrington Research - Analyst*

Okay. Thank you very much. Those are my questions.

Operator

At this time, I show no further questions in the queue.

Dave Wathen - *TriMas Corporation - President and CEO*

Okay, well, we sure appreciate your attention. You know we are intensely focused on making sure TriMas delivers clearly to our customers, but also to our owners. And we will stay on the path and execute as well as we absolutely can. So, again, thanks for the support. Thanks for the inputs. I take it to heart, what all of you have -- what you ask about, what your inputs are. And we appreciate it. So, stay tuned, and thank you.

Operator

That does conclude today's conference. Thank you for your participation.