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David M. Wathen – President & Chief Executive Officer, TriMas Corp.
A. Mark Zeffiro – Executive Vice President & Chief Financial Officer, TriMas Corp.

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MANAGEMENT DISCUSSION SECTION

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

Sherry Lauderback, Vice President-Investor Relations & Communications

Thank you and welcome to the TriMas Corporation's Fourth Quarter and Full Year 2013 Earnings Call. Participating on the call today are Dave Wathen, TriMas' President and CEO; and Mark Zeffiro, our Executive Vice President and Chief Financial Officer. Dave and Mark will review TriMas' fourth quarter and full year 2013 results, as well as provide details on our 2014 outlook. After our prepared remarks, we will then open the call up to your questions.

In order to assist you with your review of our results, we have 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 3029887.

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'd like to turn the call over to Dave Wathen, TriMas' President and CEO. Dave?

David M. Wathen, President & Chief Executive Officer

Thanks, Sherry, and good morning. To all of you listening, we really appreciate your attention and support of TriMas. 2013 was a year of many accomplishments, with multiple growth projects, acquisitions, new products and cost out projects and completed will continue to show increasing value for TriMas in future years.

We ended 2013 with record sales of approximately $1.4 billion, a 10% sales growth as compared to 2012, despite the challenges we faced in our energy end markets. During the year, we fine-tuned our business portfolio with 10 bolt-on acquisitions to expand our geographic presence, product portfolio and customer base, and our divested in industrial closure business in Europe.

We enhanced our capital structure through our September equity offering and October debt refinancing, which reduced our interest expense and increased our liquidity and flexibility on a go-forward basis. We moved and consolidated multiple plants for cost reductions, evaluated many potential acquisitions, and executed multiple growth and productivity programs in each of our businesses.

These initiatives will position TriMas for continued sales and earnings growth, and will drive additional shareholder value in the future. I'm willing to make a balanced number of these investments even when some are not accretive in the quarter or year, which they were implemented. Before I move on, I would like to address our fourth quarter earnings results, which fell short of our expectations and impacted our annual results.

Our full year EPS was $2.06 per share as compared to $1.84 per share in 2012, excluding special items. We experienced all the typical short-term pluses and minuses that a large set of industrial businesses tend to face, and of course, we are used to managing through those. But during the fourth quarter, we experienced additional pressure in our energy businesses, Arrow and Lamons, which we were not able to offset. Both, of course, serve energy-related markets and these markets remained soft in regard to drilling rates, completions, refinery turnaround, et cetera. As a result of these end-market changes and given no line of sight to short-term recovery, we took actions to better align the cost structure and inventory levels with this current operating environment.

So, first, let me explain our challenges in Arrow. Arrow had multiple market challenges in 2013. Overall, the market was down about 8% to 10%, plus a large customer in Mexico, who historically buys approximately $8 million per year of Arrow engines, did not buy any in 2013. That's a painful drop off in a business of Arrow's size. We also experienced further top line challenges as a result of our own decision to lease compressors with maintenance services, and failed to fully anticipate the negative reaction by some customers who then saw us as competitors.

Now, we know how to flex cost down to manage declined revenue, but the more than expected sharp decline in revenue resulted in lower overhead absorption and higher period cost, including an additional impact on our assessment of slow moving inventory, such as these costs hit in second half of 2013.

I've been an operating manager for quite a few years now, and cost and valuation challenges most always show up in inventory during a significant downturn. So what are we doing? We have raised prices on several product lines and they are sticky. We sold our leased compressor fleet in January, so no more competing with our customers. We have taken actions to further reduce fixed overhead spending. We've hired a new sales leader with significant non-U.S. experience and we have the full-court press on some non-traditional export markets in Eastern Europe.

It's definitely too early to call a recovery, but the current snapshot of first quarter orders, shipments and margins at Arrow is certainly improved.

At Lamons, I have a similar report. We know how to flex down to adjust to softer markets, but the postponement of shutdowns and turnarounds continued to impact our sales mix and profitability in our most traditional markets. We had to face some new cost challenges in Brazil as we broadened our business in this new market and integrate the business processes into Lamons, costing us a few cents per share in the fourth quarter. This business in Brazil is finalizing a systems upgrade to the Lamons' platform and shortly will have greater visibility to the business costs and production flows.

At Lamons, we have a variety of pricing changes, cost restructuring and new business activities underway such that Lamons should produce better results in 2014. We believe that the investments we made to enter Brazil are right for the long-term and we are working on optimizing our geographic footprint in this business.

Both of these businesses have taken significant actions to better position themselves for performance in 2014 through better process and [ph] transfer imperative (07:12) cost by which we run the business.

Despite these challenges, on balance, I believe 2013 was another good year for TriMas. Revenue growth in our other businesses offset the soft energy markets. We decreased interest costs by almost 50%. We closed 10 acquisitions with eight outside the U.S., ramped up two new plants in Mexico on schedule, closed a high cost plant in Indiana and multiple new product wins, like shipping titanium collars to Boeing that and record profits in several businesses, including Rieke, Norris Cylinder, and in our expanded set of Aerospace businesses.

My takeaways or action items resulting for 2013 include a need to improve acquisition integration and performance faster, look at moving more production into low cost plants, capitalize on the positive starts we've had in emerging market sales and accelerate our overall margin improvement activities.

I'll describe more about these opportunities when I talk about 2014 in the future, but right now I'd like to ask Mark to provide more details on 2013 by segment and the improving state of our balance sheet. Mark?

A. Mark Zeffiro, Executive Vice President & Chief Financial Officer

Thank you, Dave, and good morning. We had a busy fourth quarter and year, and we're active on many fronts. During the fourth quarter, we completed three bolt-on acquisitions, refinanced to lower our future interest costs and completed our Cequent manufacturing facility move to Mexico. In addition, we focused on many growth and productivity programs, which will drive future margin expansion. Let's continue with a brief summary of our fourth quarter results on slide seven.

Our fourth quarter sales were $323 million, a 7% increase compared to the fourth quarter of 2012, with the unfavorable impact of currency change of about 1%. During Q4, we grew in all of our non-energy related segments. Our bolt-on acquisitions contributed significantly, with the remainder of these sales increases driven by our expansion in international markets and new customer wins.

Operating profit for the quarter was $25 million, excluding special items, with a related margin percentage of 7.7%, flat with prior year despite being impacted by the challenges faced in our energy end markets. Assuming we were able to hold the margin constant with prior year fourth quarter in our energy-related businesses, we believe our fourth quarter operating profit would have been more than 200 basis points higher.

Fourth quarter 2013 income from continuing operations attributable to TriMas would have been $14 million, excluding special items. This represents an increase of 8.5% compared to Q4 2012. We achieved a GAAP quarterly diluted EPS of $0.15 and $0.31, excluding special items, and absorbed 40% higher share count in Q4 related to our September equity offering. Acquisitions completed during the quarter also cost us about $0.01 in the fourth quarter.

Moving on to slide eight, 2013 full year results. We achieved record sales in 2013 of almost $1.4 billion, an increase of 9.6% as compared to 2012. During 2013, sales increased in five of our six segments, with 60% of this growth as a result of bolt-on acquisitions and also significant organic growth from market share gains, new products and geographic expansion. These sales increases were partially offset by approximately $9 million of unfavorable currency exchange.

2013 operating profit was $138 million, excluding special items, and flat with the prior year. In 2013, our operating profit margin was approximately 10%, as the favorable impact of our productivity initiatives and operating leverage gain on higher sales was offset by less favorable product sales mix in several businesses, cost related to recent acquisitions including purchase accounting related adjustments, manufacturing efficiencies related to new plants and equipment, and the higher cost associated with our global growth initiatives. While we faced several headwinds in 2013, our Rieke businesses showed a 330 basis point improvement of margin expansion and our Monogram Aerospace business worked through some of the growing pains to show margin improvement in Q4.

Our efforts to grow and improve company performance in the long-term come with costs in the short-term, which compressed margins in 2013. 2013 income and EPS, both excluding special items, increased 22% and 12%, respectively, primarily due to the increased sales levels and lower interest expense, while absorbing the impact of 9% higher weighted average shares outstanding in 2013. Income from continuing operations, excluding special items, was $85 million, or $2.06 a share, which is lower than our expected outcome due to the incremental changes we faced in our energy-related businesses that Dave discussed.

To put it into context, the negative EPS impact of these energy headwinds faced by Lamons and Arrow equated to approximately $0.27 in our full year 2013 results.

In regard to free cash flow, 2013 was a year where we continued our investments to modernize TriMas manufacturing restructure for the future. We committed substantial funding to capital expenditures of $40 million, in addition, provided working capital investments to support our customers in new markets and in new programs.

We reported free cash flow for 2013 of $48 million, an improvement of 78% as compared to $27 million in 2012. During 2013, we invested nearly $106 million in bolt-on acquisitions, deploying approximately 50% of this capital to emerging and new markets. We expect even higher levels of cash flow in 2014.

The next slide, slide nine provides an operating profit bridge, excluding special items and corporate expenses. Our growth and productivity projects continue to expand the underlying margins of the company and offset economics and investments in growth and short-term manufacturing inefficiencies within the businesses resulting from rapid growth. The market downturn at Arrow and Lamons continues to have a negative effect on margins in the short-term.

2013 margins were also tempered by our recent acquisitions. Some of these costs are temporary in nature. As we integrate the businesses, we will see real margin rate improvement. We have plans in place to enhance these levels and are committed to driving synergies, including growth, productivity and new initiatives.

Moving on to slide 10 on capitalization. We've enhanced our capital structure significantly over the past several years and continued to do so in 2013 with the September issuance of equity to support our strategic initiatives and then by our refinance during the fourth quarter, which reduced our borrowing rates, extended maturities and enhanced our flexibility.

We ended the year with approximately $306 million in total debt, a 27% decrease from December 31, 2012. As a result, we ended the year with a leverage ratio of 1.67 times compared to 2.3 times at December 31, 2012. We continue to target a leverage ratio of between 1.5 and 1.75 times lever as a result – as a sustainable level.

We remain disciplined in our balanced growth, indebtedness and liquidity as we ended the year with $387 million of cash and aggregate availability. We reduced our interest expense by $17.5 million or almost 50% in 2013 as compared to 2012. As with all aspects of our business, we are focused on continuous improvement, working to improve our profitability and drive value.

At this point, I would like to share a few highlights on our segments, beginning with Packaging on slide 12. Packaging sales increased 7% for the quarter and almost 14% for the full year compared to 2012, driven by increases in specialty systems product sales in North America, Europe and Asia. Industrial closure sales decreased during this period, the majority of which is related to the divestiture of our non-core rings and levers business in Italy. Europe overall appears to have stabilized, although we have yet to see any significant improvement.

Our Ohio Beauty Park facility and our efforts in Asia continue to ramp up. We are also proceeding with the second manufacturing facility in China to provide an additional low cost facility and support local commercial expansion in this market.

Packaging's operating profit increased more than 300 basis points year-over-year, driven by 200 basis points improvement in profitability of our acquired businesses, both Arminak and Innovative Molding. Margins were also positively impacted by the higher sales, savings from ongoing productivity and automation initiatives, and the gain on the sale of the Italian business. 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 13, Energy. Lamons faced a very different back half of 2013 compared to the front half, where demand was growing and margins were 9% to 10%. Full year 2013 sales increased 8%, primarily due to the results of recent acquisitions, incremental sales from our European locations, and increased sales to engineering and construction customers. This was partially offset by the reduction in customer shutdown activity during the back half of the year. Fourth quarter sales decreased 6% as compared to a year ago due to the significant shutdown and turnaround activity and maintenance spend at refining and petrochemical customers. This weaker shutdown activity resulted in a less favorable product mix towards standard gaskets and bolts versus highly-engineered products.

As mentioned, we also faced challenges in Brazil, yet remain committed to the region for our Energy business. As a result of these combined challenges, we lost money in Q4. To date, we have not seen a material improvement in end markets. We continue to focus on the items we can control, improving the cost structure and optimizing our expanded geographic footprint, and expect that these efforts will contribute to the improvement for Lamons in 2014.

On slide 14, Aerospace & Defense. Sales for the fourth quarter and full year 2013 increased 48% and 30%, respectively, as compared to year ago periods. These increases were primarily due to the acquisitions of Martinic in January 2013 and Mac Fasteners in October 2013, and improved demand for core Monogram products, including blind bolts and one-sided installation products.

We experienced continued higher order activity as aircraft build rates remained strong. Our backlog remains at record levels and we continue to ramp up of our new collar facility in Tempe, Arizona.

We've also been installing new, more efficient equipment for the plant productivity and capacity gains.

Q4 was a record quarter for the Monogram business, that being the core business, not the acquisitions, with record sales levels and a 24% increase in operating profit compared to Q4 2012, as some of our higher margin products ramp up and we focus on continued productivity in automation. We expect this business to continue to grow as a result of good end market dynamics, our efforts to obtain new product qualification and our expanded geographic coverage. We expect the overall margins of this segment to continue to increase as we improve the margins and lead times of our acquired businesses and continue to leverage our new plants and machinery.

Moving on to slide 15, Engineered Components. Sales for Q4 and full year 2013 declined 9% and 7%, respectively, as compared to the year-ago period. This reduction was due to end market demand softness in the Arrow business, which was down nearly 20% for the year. The volume stress pressured margins in the quarter and year due to operating and inventory challenges. Sales in our industrial cylinders business increased for the year, primarily due to market share gains and new product successes, although we did experience a slight slowdown in Q4. In November, we acquired some cylinder assets from Worthington and we are integrating them into the Norris facility.

On slide 16, we show the performance of Cequent split into two segments. Overall, Cequent Americas sales increased approximately 10% in the fourth quarter and as a result of higher sales level from the auto OE aftermarket and retail channels, which is consistent with our full results. We continue to outperform the economy as a result of market share gains and new products. Our production move to Reynosa, Mexico, was completed as we entered 2014.

As with new facilities, we are ramping the productivity and efficiency of this facility and have yet to optimize the supply chain process for the business. The production levels continue to improve. As evidenced by our continued footprint optimization, we remain focused on making these businesses more efficient and are pleased with our results to date.

Cequent APEA, representing our businesses in Asia Pacific, Europe and Africa, sales increased 17% when compared to Q4 2012 and 18% compared to full year 2012 due to the recent acquisitions. Our acquisitions of Witter Towbars in the United Kingdom and AL-KO towing assets in Germany and Finland allowed Cequent to leverage its full product line, commercial relationships and strong brands around the world. We expect to capitalize on our new low cost structure in Australia and South Africa with margins improving over time.

At this point, I'll summarize our year. In addition to the organic growth, we've concluded 10 bolt-on acquisitions in 2013 to expand our geographic footprint, product lines and customers. All these acquisitions do come with incremental cost in the beginning, we'll drive value over time from these investments. We also have a robust pipeline of future acquisitions. As of year-end, TriMas had $387 million of cash and available liquidity and is well equipped to achieve its strategic aspirations. In addition, we had our lower debt level and leverage ratio since we went public in 2007.

We're focused on continuous improvements on all fronts, from margin improvements to working capital efficiencies, to capital structure enhancements, to tax initiatives and foreign currency hedging. We will continue to make TriMas better and more efficient. 2014 will represent a year of significant improvement for the company. We'll leverage from many of our operating improvements within our businesses.

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

David M. Wathen, President & Chief Executive Officer

Thanks, Mark. Now, I would like to look forward, starting with longer term, and then specifically about 2014.

I'll start with our strategic aspirations on slide 18. We stay consistent here. We intend to continue growing revenues through a combination of new products, expanding geographic coverage and new customers, utilizing organic programs and careful bolt-on acquisitions. Some market growth in the U.S. and Europe would sure help, but we grew nearly 10% in 2013 despite these slow growth economies.

Top line growth is a priority for us, as we intend to differentiate TriMas from our peer group by consistent implementation of our growth activities. We expect to pay for these growth projects with ongoing productivity and strike a balance of savings and investment that achieves earnings growth faster than our revenue growth.

We talk often about our intention to improve TriMas's debt ratios such that our capital structure is in line with our peers. And as Mark showed you, we've made great progress here. Throughout all this, it is vital that we make TriMas the kind of company where people want to work and have a satisfying career. So we have multiple expanding programs, which address the communication and training needs of our increasingly global workforce, as well as provide competitive compensation and health care programs and career opportunities for our employees.

So I'm pleased with our consistent effective strategic aspirations. At the same time though, it's clear to me that we are a changed company going forward with new top priorities. Our debt metrics have improved greatly, which has been a high priority for us. Going forward, our high priority is our need to improve our overall margin rates to be mid-pack with our peers or better.

This margin improvement, of course, will be a major EPS driver for us going forward. And you know that all the key P&L managers at TriMas have EPS growth rate in our long-term incentive metrics, such that our intention level is quite high. Still thinking longer term, our margin expansion playbook is on slide 19. And like most good plans, it is straight forward and easy to understand. Success comes from execution.

The management teams of Monogram and Rieke have demonstrated the ability to grow while maintaining operating profit above 20% through investments in organic growth and smart acquisitions that come up to speed well. We intend to continue on this path in both businesses. You may see us do bolt-on acquisitions that mix us down on margins in the short-term, but be assured, we have line of sight on running operating margins to the mid-20% target.

Bullet two is a big need and opportunity for improvement. In total, our acquisitions during the past two years are on plan. But within those 17 acquisitions, several are behind on the timing of improvement we planned. So we have a full-court press on achieving the expected synergies and cost outs more quickly.

In fact, I've modified our quarterly operating review package to concentrate more on margin improvement. Plus I have Tom Aepelbacher, who leads our global services organization and who is my go-to operations person, performing monthly reviews of the acquisitions that are behind plan to ensure the improvement actions related to these acquisitions are achieved.

We've also modified our integration process to encompass longer-term operating actions and improvements. And Tom's team is also overseeing the project management of acquisition integration for our recent acquisitions. We need to be great at integrating acquisitions, so we've enhanced our processes.

Our goal of our strategic planning that our business has worked on in second quarter is to achieve the margins our businesses have demonstrated the ability to run at. This is the acquisition synergies, productivity initiatives and cost out programs and potentially some product pruning. We all know the tools and how to implement it.

In addition, Cequent has shown massive improvement in the past five years and will keep the margin ramp up going. And in parallel, my intention is to leverage headquarters costs as we grow. Overall, that's our margin improvement playbook for the next several years.

Slide 20 is a good recap of our ongoing efforts in productivity. One newer action is an engineering office in India that Tom Aepelbacher and Sanjay Bala have put in place. Most U.S. based companies like us that require technology struggle to get enough engineers in the U.S., but outsourcing carries intellectual property risks. So our solution is to have our own offices with CAD stations that match those in home offices and hiring engineers as TriMas employees.

We're in the process of hiring nine engineers for four of our business units so far for capability and productivity. We're also getting productivity by new faster, high-yield equipment at locations like Mac Fasteners and Monogram in our Aerospace businesses and Rieke's older China plant for export sales, where output is up [indiscernible] (28:37). The methods and tactics evolve, but our commitment to productivity is consistent.

Besides productivity, we have multiple key initiatives for growth and improvement in each business and at our corporate office, some of which are listed on slide 21. None are brand new. All are well aligned with our strategic aspirations. Packaging's new plant number two in China is near completion for in-country sales and growth in emerging markets continues on plan.

Energy is expanding what we sell in each location. A good example is the branch in Thailand that was a gasket only shop when it was acquired. In fourth quarter, it produced and shipped Lamons fasteners as well. Lamons also has multiple programs to sell more highly engineered, higher margin products, which involves training and modified sales incentives. The business is also successfully in-sourcing some material production for lower cost, mostly in a new plant in India.

Some of you attended our Investor Day at Monogram Aerospace Fasteners, where the team described the volume ramp up they're managing at Monogram, Martinic and Mac Fasteners. And we could now add a new collar products facility to the ramp up after having waited 18 months for certification from the main customer.

For Engineered Components, I talked earlier about the improvement programs that are kicking in at Arrow. The big program at Norris Cylinder is moving the business we acquired in the fourth quarter from Worthington into our Huntsville, Alabama facility, where leverage makes a good business better.

Cequent initiatives are mostly about gaining full advantage of our new plants in Mexico, Australia and South Africa. Plant moves are complete, but there are always secondary moves of the supply base and warehouses that take some months to complete. We're also integrating our recent acquisitions that extended our sales footprint [indiscernible] (30:40).

So what does all of this mean for 2014 outlook? We provide this on slide 22. As usual, we share what we feel we have line of sight on achieving, and we don't count on unsure upsides until we progress through the year. We expect revenue to grow 6% to 8% on our current set of businesses. We will have operating profit growth of more than twice revenue growth, yielding EPS in a range of $2.15 to $2.25 per share on our current share count.

Cash flow should be strong with a range of $55 million to $65 million while we continue to invest in growth and productivity. There are, of course, risks and opportunities that will affect results and I've listed the key items on the next slide. The optimist in me wants to count on the positives, but my responsibility to you is to present a balanced view and provide updates over time. So stay tuned.

Slide 23 is a bridge showing 2014 EPS versus 2013 EPS. We currently project higher tax rates in 2014, mostly due to the non-repeating nature of certain deductions we had in 2013 for U.S. plant restructuring costs. We also had several one-time gains totaling $0.19 in 2013, plus our share count is higher. On the plus side, helping EPS to grow is $0.05 per share less interest cost and substantial year-over-year operating profit improvements throughout our businesses.

We clearly have risks and opportunities on which we will update you in future calls. And of course, this bridge does not include any acquisitions we may accomplish in the future.

I'll close with a reminder of our TriMas value proposition. All of us at TriMas are committed to continuous improvement and value creation for our shareholders. Now, we will gladly take your questions.

QUESTION AND ANSWER SECTION

Operator: [Operator Instructions] And we will take our first question from Karen Lau with Deutsche Bank.

<Q – Karen Lau – Deutsche Bank Securities, Inc.>: Thanks. Good morning.

<A – Dave Wathen – TriMas Corp.>: Hi, Karen.

<A – Mark Zeffiro – TriMas Corp.>: Good morning, Karen.

<Q – Karen Lau – Deutsche Bank Securities, Inc.>: Hi. On Lamons, could you parse out what exactly are the impacts from weaker Brazil versus the slower refinery MRO impacts? I'm just trying to get a sense of if – after you've taken the cost actions and if the MRO activity gets better, what would be your margin run rate next year?

<A – Mark Zeffiro – TriMas Corp.>: The effect was largely a Q4 discussion, Karen, and the Brazil portion of the content was approximately $2 million.

<Q – Karen Lau – Deutsche Bank Securities, Inc.>: Okay. So there's not a meaningful drag from MRO mix?

<A – Mark Zeffiro – TriMas Corp.>: Absolutely. But if you look at the year-on-year comparison of that number, you can see that year-on-year, they – within the quarter, they were down a slight amount, but we had also seen relative margin rates within that business also slowly within the quarter. So, for example, if you exclude the $2 million that I made mention of, the business still lost $1.7 million plus or minus, approximately $1.7 million in the quarter. Margin rates are significantly affected by that.

<Q – Karen Lau – Deutsche Bank Securities, Inc.>: Okay. So...

<A – Dave Wathen – TriMas Corp.>: [indiscernible] (34:46) so call that half and half. The characteristic of the business is it makes considerably higher margins on fast turnaround stuff, the specialty products. And clearly, you've got plant rebuilds pushed out. They're going to occur. We'll see when they occur. Obviously, the business will look a whole lot better as they start to kick in.

<Q – Karen Lau – Deutsche Bank Securities, Inc.>: So what type of margins have you baked into your guidance for Energy this year?

<A – Mark Zeffiro – TriMas Corp.>: When you think about margin rates in terms of operating income level, you'll see a couple of hundred basis point improvement year-on-year, taking into effect obviously the one-time nature associated with the Brazil actions that we took. And at some point, we don't expect the run rate of the business to be a Q4 run rate within the year. At some point that turnaround activities, it will start to rejuvenate the business. Now, we've seen some activity improvement in Q1 so far, but we're not ready to call a back to normal kind of level.

<A – Dave Wathen – TriMas Corp.>: So when we say we've got a margin improvement baked in, that's things we've got control of. It's some of the insourcing we're doing, it's the ramped up production in India, it's some cost out programs throughout the business, it's some new products that are higher margin. It's not – I hesitate to forecast an uptick in orders. So, again, all I can say is stay tuned. You have to believe it'll come.

<Q – Karen Lau – Deutsche Bank Securities, Inc.>: Okay. Thanks.

<A – Dave Wathen – TriMas Corp.>: But I would [indiscernible] (36:36) rather to count on what we've got in hand.

<Q – Karen Lau – Deutsche Bank Securities, Inc.>: Okay. That makes sense. Thanks. And then on Arrow Engine, the slower purchasing or absence of purchasing from PEMEX, how much of that would you attribute to the energy reform in Mexico, meaning that it could be a one-time event? Or could it be PEMEX – because of the energy reform, they may be consolidating their supply base, so there might be some share loss there. Can you comment on that?

<A – Dave Wathen – TriMas Corp.>: I have to – I'd call it more the political restructuring of how to get oil on the ground in Mexico. And so it's likely to be one-time. Our spec of engines is needed in those kinds of fields. So when they turn on, we tend to get the orders. We don't take the orders direct. They usually go to a pumpjack manufacturer that we supply the engines and there's been some changes in acquisitions of different companies and things. But when you cut through it all and get to what engine is going to drive the pumps, they're most always Arrow engines and we're clearly competitive in North America.

<Q – Karen Lau – Deutsche Bank Securities, Inc.>: Okay. It makes sense. And then, lastly, on Aerospace, you had very strong margins in the quarter, but yet you're calling, longer term, you're only expecting mid-teens margins. I guess, are there any one-time issue in the quarter? Is that a [indiscernible] (38:07)

<A – Dave Wathen – TriMas Corp.>: If I said that, I stumbled here. Now, it's – that business can run at mid-20%s.

<Q – Karen Lau – Deutsche Bank Securities, Inc.>: I'm sorry, I mean mid-20%s. Yeah.

<A – Dave Wathen – TriMas Corp.>: Yeah. I mean, it can run in the mid-20%s. And what drags it down are one time things. We've built a plant in Tempe. It took 18 months. I'm going to stop griping about that. So there's some things that could drag it down, an acquisition might be a little lower. But that's a business I count on running in the mid-20%s.

<Q – Karen Lau – Deutsche Bank Securities, Inc.>: Okay. But you're already in the high-20%s in the fourth quarter.

<A – Dave Wathen – TriMas Corp.>: That's true. And I mean, if you look at – things are never quite this simple. But our strategic plans says grow Packaging and Aerospace and hold margins. And that's – I mean that's a pretty straightforward way to run the business as it does imply pretty heavy reinvestment in the businesses and future programs.

<A – Mark Zeffiro – TriMas Corp.>: Recognize also, Karen, that there's a short – very short – shortened effect associated with Mac Fasteners within that quarter so that you have a full year effect in 2014 as a result of it being part of TriMas for the full year. So Dave's point is spot on that we're looking at mid-20%s in terms of the profitability of the business. The legacy business has recovered to its near peak levels. So we've got work to do, as Dave mentioned, around just making sure acquisitions continue to ramp to kind of like fleet averages in that specific business. So that's where the team obviously is focusing.

<Q – Karen Lau – Deutsche Bank Securities, Inc.>: Got it. Thank you very much.

Operator: And we will take our next question from Scott Graham with Jefferies.

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

<Q – Scott Graham – Jefferies LLC>: Hello. Just maybe just some housekeeping stuff here. There were a couple of gains that you cited and it wasn't clear to me that if it was for the fourth quarter or the full year on the gains in the segments?

<A – Mark Zeffiro – TriMas Corp.>: Well, if you look at Dave's bridge for 2014 on a full year basis, you have the AL-KO as reported during the year, the AL-KO gain on purchase, the Italy gain on the sale of the business and Australia's sale of a plant in Q4. And those other two are obviously within the year, and Australia was obviously in Q4.

<Q – Scott Graham – Jefferies LLC>: I got it. That's great. Thank you. In the Energy side, particularly relating to the refinery turnarounds, how the branches serve that. It seems to me that we've heard that from a lot of companies, particularly in the second half of the year, oil being high, not doing the turnaround activity that people thought. A very large MRO player just two days ago said that, that was an issue for them throughout the year. Any reason to expect why we won't return to normal turnaround schedules next year and kind of bail this energy margin out? It just seems like the business is suffering, maybe a little bit operationally, but a heck of a lot more from what seems to be maybe more of a transient issue. So are your customers saying that they expect something more in 2014?

<A – Dave Wathen – TriMas Corp.>: Of course, you're perceptive. And that's what going on. It's a lack of turnarounds. And of course, they have to do them at some time. And the thing I'm not sure of what might have changed is they may have – for years, you could count on turnarounds because some companies did them in December, some companies did them in August, and the people in that business got really used to that. And they knew when to build up inventories, et cetera, et cetera.

The people running those plants may have gotten better at extending the turnarounds, putting them in different cycles and all that. So it's probably gotten tougher for us to – for everybody to forecast. But that said, you walk through those kinds of plants. They have to shut down periodically and do rebuilds. So, of course, it will come.

<Q – Scott Graham – Jefferies LLC>: Yeah.

<A – Dave Wathen – TriMas Corp.>: And the struggle is, what do we all forecast? And again, you know my style, we will forecast it until we see the orders because it's just out of our control.

<Q – Scott Graham – Jefferies LLC>: Right, right. Yeah, I agree with that statement, by the way, about the efficiency in these operations being able to extend, which isn't necessarily a good thing for suppliers, but it does tell you that it's still coming at some point. The other question I had was relating to the acquisitions, where you, Dave, specifically said that you are unhappy with where they were or they were behind plan. Can you tell us which acquisitions they were or maybe even within the segments?

<A – Dave Wathen – TriMas Corp.>: I'm not going to list the acquisition. Obviously, we have a batch of smaller acquisitions that we're working on. But that is not – and it's affecting within Cequent, it's affecting within Energy, it's affecting within – not really in Aerospace. So I'd say, within Engineered Components, Cequent and Energy, a little bit, but it's a handful. And again, I mean the thing we're happy about is in summary, it's sum, [indiscernible] (43:53) that we're making up for someone that are behind.

We've just got to get someone's behind and get the lessons learned and get them on track. And you know how it is. Our acquisition checklist is 300 items. And they aren't fluff, they're real. And sometimes you just have to double up on the project management and the horsepower to get some stuff accelerated. I'm not giving you a numbers answer obviously, but there is an upside for us by pulling those forward. And there's going forward, you learn lessons and get better at it.

<Q – Scott Graham – Jefferies LLC>: That's right.

<A – Mark Zeffiro – TriMas Corp.>: Yeah. Just to emphasize Dave's point a little bit here, it's Cequent Americas, Cequent at large in terms of when you think about these smaller acquisitions that we did out outside of our home markets. Now, I want to emphasize a point here. This is not that they're going poorly. They're not just going as well as we had hoped or planned for. So we still remain very much enthused by the acquisition thesis of these businesses. We're just behind time scale. And the other portion obviously being Lamons and specifically you heard us talk about Brazil.

<Q – Scott Graham – Jefferies LLC>: Understood. I actually have one other question, if I may? 2013, you did a lot of things. You even went through, Dave, a lot of changes of facilities, openings, closures, acquisitions. What is – if we look at all of those as, let's say – just put them on a list of, let's say – I don't even know what that list count is. But if you were to look at a similar list for 2014, is that a lot fewer? Like in other words, have you done a lot of the things you want to do, or is that list the same number?

<A – Dave Wathen – TriMas Corp.>: The list is a smaller number. Now, I remind myself not to just pull in my reins and say, we're going to stop and fix everything before get everything settled in. But you're going to see us to do fewer bigger and better acquisitions. We don't have any more huge plant moves to make like Indiana to Reynosa and Juarez. Now, there may be some other smaller ones, but we don't have any of those big ones. That one will still work out to 2014. I mentioned suppliers. You don't get the whole supply base moved right away. You don't get all your warehouses done, et cetera. But I think we – 2013 – and I've said it before, we knew we had a big interest rate reduction going on, interest cost reduction going on in 2013 and it was the year to spend money on some of these catch-up projects. So, less – part of risk management is to think through that mitigation. Yeah, I think we've got fewer bigger projects in 2014.

<Q – Scott Graham – Jefferies LLC>: Thanks very much.

Operator: And we will take our next question from Steve Barger with KeyBanc Capital Markets.

<Q – Steve Barger – KeyBanc Capital Markets>: Hey, good morning.

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

<Q – Steve Barger – KeyBanc Capital Markets>: I'd like to start back on slide 23. And sorry, if I missed this. Did you say what the $0.19 in non-operating items is made up of?

<A – Mark Zeffiro – TriMas Corp.>: In his script, he did not. But it was asked in terms of what those gains were and it's really the AL-KO bargain purchase gain, the sale of the Italy business and Australia's sale of a building.

<Q – Steve Barger – KeyBanc Capital Markets>: I got you.

<A – Mark Zeffiro – TriMas Corp.>: All generally equal, Steve.

<Q – Steve Barger – KeyBanc Capital Markets>: Okay, good. Next on that bridge, you show the $0.18 headwind from the secondary, offset by $0.05 of interest reduction. When you did the secondary, it seemed like you were raising cash to pursue the acquisition strategy. Dave, I heard you just say you'll do fewer and probably larger acquisitions. But now that the cash has gone to reduce debt and what is the net dilutive effect, can you tell me just what changed in the mindset between last fall when you did the deal and now?

<A – Mark Zeffiro – TriMas Corp.>: Steve, I would tell you that nothing changed in terms of the thought process. Acquisitions are fluid thing. And as such, we closed three within the quarter. There're still plans to deploy this capital. We will remain acquisitive in nature. We are very much focused on, as Dave did mention, in Packaging and Aerospace business in terms of really looking at assets in that space. So the money will be deployed. Recognize that we're only four months into that and we've already used a chunk of it in Q4, and we're here at February 20, and the quarter is not even done yet.

<Q – Steve Barger – KeyBanc Capital Markets>: Right. So if I take your guidance range and just kind of back into the operating margin, it looks like it's maybe a mid-10% range, is that right? And I guess, is that how you're thinking about the profitability of the portfolio, this – as you look into 2014? Or do you really think that there's puts and takes that can drive that higher as you go through the year?

<A – Dave Wathen – TriMas Corp.>: There's obviously some puts and takes that can drive it higher through the year. I think you can probably back into a margin improvement of at least a full percent, if you will.

<Q – Steve Barger – KeyBanc Capital Markets>: Yes. That's at the high end there. So is that's -

<A – Dave Wathen – TriMas Corp.>: You're right.

<Q – Steve Barger – KeyBanc Capital Markets>: So as you think about the year, how much is dependent on the revenue hitting the high end of your range? Or how much operating margin expansion do you think you can drive, if revenue were to come in at the low-end or to disappoint? Do you have line of sight on how you drive margin in that environment looking into 2014?

<A – Dave Wathen – TriMas Corp.>: Yes. Margin improvement on an ongoing basis is a very high priority for us. If you sat in the meeting with all the P&L managers, you'd- and it's 100 programs and it's cost outs. It's products that have higher mix. It's willingness to raise prices on some product lines and suffer revenue loss if we have to. There's a whole lot of those kinds of things. But it's pretty clear to us that it's time to work hardest on margin versus at times working hardest on debt. We've got to do a lot of things, but top priority for us is gross margin and operating profit margin improvement.

<Q – Steve Barger – KeyBanc Capital Markets>: Got it. And last question, I'll get back in line.

<A – Dave Wathen – TriMas Corp.>: [indiscernible] (50:59) Okay.

<Q – Steve Barger – KeyBanc Capital Markets>: Yeah. You and Mark have done a lot of deals at TriMas and I think in other phases of your career. And during your prepared remarks, you talked about really needing to get better at integrating acquisitions. Can you talk about any of the specific steps you're taking? Is that coming organically just from learning as you go on these specific deals or are you engaging outside services to implement external best practices? How are you going about that process?

<A – Dave Wathen – TriMas Corp.>: You may have met Tom, my head of operations here at corporate, who mostly has been building out our global services organization in the world, which is purchasing and new markets penetration and that kind of thing. But Tom is a long time VP of ops type.

Tom has added some project managers to specifically do project management and call it that 300 person integration list, which if you look at that list, it's – some of it is I call it corporate stuff, like payroll and reporting and all that, and some of it is integration within the business and CapEx and what are we going to change and all that. And we've had too much variance in the success rate, the speed rate, of that implementation.

So what do you do? You put project managers on it. You have a few people that you can lean on to go up. And I had one of our high performance people here go run an acquisition for a few months until we can put a new manager in place, things like that. So I would say, it's specifically project management adding some resources that know how to do that and working through – because we know the plan. It's getting it done faster.

<Q – Steve Barger – KeyBanc Capital Markets>: Right. So the focus this year, margin expansion, acquisition integration, and then third, acquisition themselves, is that a fair characterization?

<A – Dave Wathen – TriMas Corp.>: I think that's a fair characterization. And I've said it in a variety of different ways, but the board has talked with us pretty extensively about it's time for us to do maybe a little bigger, not 10 times bigger, but a little bigger, still bolt-ons, but in better condition, less fixer-uppers, and more that we can enhance, but it's not a fixer-upper and there's a difference in those. You might pay a little more, too. And that's the balance.

<Q – Steve Barger – KeyBanc Capital Markets>: Got it. Thanks for your time.

Operator: And we'll take our next question from Robert Kosowsky with Sidoti.

<Q – Rob Kosowsky – Sidoti & Co. LLC>: Morning, guys. And Sherry, how are you doing?

[Multiple Speaker] (53:49)

<Q – Rob Kosowsky – Sidoti & Co. LLC>: I was wondering on Cequent North America, can you dive a little bit into the profit weakness that we saw year-over-year within the business? And just curious if there were facility move expenses in there? And then, ultimately, what accretion do you see from the facility move from Indiana to Mexico?

<A – Mark Zeffiro – TriMas Corp.>: First question, first, in terms of the effects within 2013. Yes, there are some costs associated with inefficiencies that we did not special item as a result of the move. And as such, we saw some headwind in that context. I would also say that the other pressure in terms of relative margin rate was the acquisitions of Harper and Laitner Brush within the consumer portion of that Cequent Americas outlook. Those are the two major drivers of that degradation year-on-year.

Just to add clarity where that Laitner and Harper acquisition is, we've just finished the consolidation of both facilities into a single production location. The team is going through optimization. And one of the meetings that Dave made mention of, we're calling get on track meetings, was about the plans around that Harper and Laitner business, as an example, just to talk about the intensity and visibility that it's getting. So that's that.

With respect to 2014 on a roll forward basis, the production activities have moved. The burn-off of inventory at the higher cost levels continues. And therefore, we're seeing improvements in our standard cost, so to speak, that other parts of the business are feeling as a result of their purchase products.

So, to that end, we're going to see a good portion of Q1 without improvement because of the burn off of inventory. And throughout the year, you'll see continued improvement as they make their way through supply chain efficiencies and ultimately, distribution challenges. Recognize that we're talking about 40% of I believe the manufactured product that CPP otherwise moved.

So this is the largest plant move that David and I've seen at TriMas. And the manufacturing is going exceptionally well. It's now about burning off the inventory, getting through the supply chain and optimizing that distribution activity.

<Q – Rob Kosowsky – Sidoti & Co. LLC>: Okay. In any way you can frame what the potential accretion is longer term with this move?

<A – Dave Wathen – TriMas Corp.>: [indiscernible] (56:29)

<A – Mark Zeffiro – TriMas Corp.>: Well, the labor costs alone on a full year basis was basically the labor arbitrage between Goshen, Indiana and Mexico. That's 350 people is what we typically talked about and it's about $20 an hour in terms of all-in cost. The implication here is that that's a labor good guy. There's a couple of million dollars for transportation bad guy. And you can do your own math as to what that should be on a full implementation basis. But as I said, we're still getting through that. You have to purge the inventory that's obviously produced in the higher cost jurisdiction. It's going to take us some time to get through that, but we're starting to feel and see the labor cost advantage in our production costs.

<Q – Rob Kosowsky – Sidoti & Co. LLC>: Okay. Thank you. That's helpful. And then, finally, on Packaging, any way you can view your growth rate of your blended markets? Well, I'm just trying to get a sense of what your new products have contributed to market outgrowth – growth rate. And then kind of how that looks in the next couple of years? Do you see that increasing now that you have the Beauty Park up and running and you have the China facility running? I'm trying to [indiscernible] (57:43)

<A – Dave Wathen – TriMas Corp.>: Probably the indicator is middle class growth rate. So you really got zero to 1% in the U.S. and Europe, and 5% to 10% in India, Thailand, Philippines, Brazil, et cetera. And so the only way we can get the market growth is penetrate more and more in those 5% to 10% markets. If you look at year-over-year comparisons for us in China we showed you earlier, I mean they're huge year-over-year growth rates, but it's almost out of context because it starting at such a small number and then growing.

Let me put it – India is very attractive for this kind of business. It's not just middle class in India, most cosmetics and pharmaceuticals in India are sold in what we would all call a little aluminum foil envelope that you tear the top off of. The conversion to dispensers, somebody has paid more money by a larger amount, the conversion is ramping like crazy. We are very attentive to that. So how do you measure that kind of growth rate, but the growth rate is so high that we have to put ourselves into it.

But unfortunately, I mean, we all got to admit that the U.S. and Europe are flat. And the only way we get growth is form ourselves a little more, we get some product growth. But as far as the end markets, they're flat.

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

Operator: And we will take our next question from Walter Liptak with Global Hunter.

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

<Q – Walter Liptak – Global Hunter Securities LLC>: Hi, thank you. Most of my questions have been asked already, but I just have a couple of hopefully quick ones. But did you call out what the acquired sales were from the bolt-on acquisitions?

<A – Mark Zeffiro – TriMas Corp.>: In 2013, the full year effect was -

<Q – Walter Liptak – Global Hunter Securities LLC>: Yeah, maybe – I'm sorry, for 2013 and for the fourth quarter.

<A – Mark Zeffiro – TriMas Corp.>: That's what I was answering. 60% of the growth within the year was related to acquisitions. Within the quarter, it was the vast majority of the growth within the quarter.

<Q – Walter Liptak – Global Hunter Securities LLC>: Okay. And then -

<A – Mark Zeffiro – TriMas Corp.>: Recognize the underpinnings associated with that. You had some businesses actually shrinking from an organic perspective, so just putting in context.

<Q – Walter Liptak – Global Hunter Securities LLC>: Okay.

<A – Dave Wathen – TriMas Corp.>: [indiscernible] (01:00:25) And I'll add the complexity that we did sell a business in Italy in Packaging that takes that revenue out year-over-year. A smart strategic move, sold at the right time, et cetera, et cetera, but it does give us a headwind on number comparisons.

<Q – Walter Liptak – Global Hunter Securities LLC>: Okay. It wasn't clear to me if – on that Italian sale in Packaging, was that gain excluded from the adjusted operating profit, or was that included?

<A – Mark Zeffiro – TriMas Corp.>: There's two pieces of it. A, it was in Q3. It wasn't a Q4 effect. There was the currency translation that got special item, which was a big number, and a gain on the actual sale of the business in terms of the assets of the business was recognized in Q3.

<Q – Walter Liptak – Global Hunter Securities LLC>: Okay. But the foreign currency was the special item, so that was excluded from the fourth quarter number?

<A – Mark Zeffiro – TriMas Corp.>: They're both Q3 events, Walt, [indiscernible] (01:01:25)

<Q – Walter Liptak – Global Hunter Securities LLC>: Okay, got it. And then on the Arrow business, the weakness that we're seeing there. I just want to clarify that this is CapEx related by the Energy producers and not related to any of the consolidation that's happened in the industry, or is it a combination of those things?

<A – Dave Wathen – TriMas Corp.>: It's CapEx related. The consolidation confuses things, changes timing and all that. But that's probably all it really does to it. Do you mean GE buying Lufkin and that kind of thing?

<Q – Walter Liptak – Global Hunter Securities LLC>: Yes. Right, exactly. Okay, good. All right. Thanks very much, guys.

Operator: And we will take our next question from Andy Casey with Wells Fargo Securities.

<Q – Andy Casey – Wells Fargo Securities LLC>: Thanks and good morning, everyone.

<A – Dave Wathen – TriMas Corp.>: Hi, Andy.

<Q – Andy Casey – Wells Fargo Securities LLC>: Questions are really related to the 2014 guidance. Could you provide a little more color on the components of the 6% to 8% revenue growth forecast, meaning how much is related to base and acquisition carryover benefit?

<A – Mark Zeffiro – TriMas Corp.>: If you think about it, the benefit in 2014 from the acquisition is probably about a third of the overall gain.

<Q – Andy Casey – Wells Fargo Securities LLC>: Okay. Thanks, Mark. And then going back to the margin outlook question that was asked a little bit earlier, I appreciate the line of sight methodology. But trying to understand the implied 32% incremental operating profit margin mid-point a little bit better, given what you encountered in 2013 related to Energy drag, some non-special Cequent that probably don't reoccur, then the benefit of the labor improvement – labor cost improvement for Cequent Americas, and then some tailwinds from some other stuff. So within the guidance, how much, if any, of the reversal – of any reversal of the $0.27 2013 Energy related headwind are you including?

<A – Mark Zeffiro – TriMas Corp.>: That's a great question. When you think about it, the adjustments that Dave talked about from one-time effects within that is circa $0.05. Those would obviously improve. The volumetric elements of it, is we planned this business with some level of improvement in terms of relative volumes, both those Energy facing businesses, some improvement in terms of relative volumes that you'll see improvements in profit generated from those companies year-on-year.

<A – Dave Wathen – TriMas Corp.>: So within the businesses, I did say that if you look at a snapshot right now of Arrow, it looks a heck of a lot better already. What we're unclear on is how much of that is cyclical and how much of it is seasonal. Our products tend to be used quite a lot in Canadian oil and gas fields. And even though it's snowing here in Michigan right now, Canada is starting to turn on their fields. And so we have order rates strong there. If that's all it is, then – and that's all what we're saying it is so far that it's not a cyclical recovery, it's seasonal. But we did shoot ourselves in the foot. We thought that with selling services and compression fleet compressors and renting made all kinds of sense. Well, it does until other customers see as a competitor.

But we've already reversed that. So we do know we're going to have an improvement there. And I've mentioned, we actually – we already sold – we already leased a lot of our compressors out. We actually sold that lease fleet a month ago to one of those customers.

<Q – Andy Casey – Wells Fargo Securities LLC>: [indiscernible] (01:05:41)

<A – Dave Wathen – TriMas Corp.>: [indiscernible] (01:05) way of saying, you'll Arrow looking better, faster than you'll see Lamons looking better.

<Q – Andy Casey – Wells Fargo Securities LLC>: Okay. Okay. I'll follow up offline on the other stuff. Thank you.

Operator: And we will take our next question from Davis Paddock with Invesco.

<Q – Davis Paddock – Invesco Advisers, Inc.>: Hi, good morning, guys.

<A – Dave Wathen – TriMas Corp.>: Hi.

<Q – Davis Paddock – Invesco Advisers, Inc.>: My first question is on Cequent Americas. And just hearing you describe kind of what's going on with the plant move, would it be fair to say that Q1 margin should be around a level where we were in Q4 and then they should progress – increase as we go through the year, as the inefficiencies and acquisition integration costs abate?

<A – Mark Zeffiro – TriMas Corp.>: When you think about it, the seasonality of this business, Davis, should show you an improvement Q4 to Q1 on a rolling basis.

<Q – Davis Paddock – Invesco Advisers, Inc.>: Okay.

<A – Dave Wathen – TriMas Corp.>: A lot of U.S. customers stock up for the season in the first quarter, so that'll [indiscernible] (01:06:45). But if you looked at pure gross margin in – pure gross margin based on cost, you're right. We're still burning off inventory in first quarter. We're still moving supply base. We're still moving warehouse stuff, and through the year all that gets better.

<Q – Davis Paddock – Invesco Advisers, Inc.>: Yeah. Absolutely.

<A – Dave Wathen – TriMas Corp.>: But then it's overriding, it is the normal seasonality of that business.

<Q – Davis Paddock – Invesco Advisers, Inc.>: Okay. And you mentioned on your long-term goals that for Cequent, low teens operating margins, is that for both of those Cequent segments?

<A – Dave Wathen – TriMas Corp.>: Yeah. That's total.

<Q – Davis Paddock – Invesco Advisers, Inc.>: Right. And I mean should they be over the long term roughly equal in margins, or is there some structural difference that would cause one to be different than the other?

<A – Dave Wathen – TriMas Corp.>: Our history says that we tend to be highest margin in the country of Australia. We are very, very – we're high share here. We're higher share in Australia and we tend to be highest margin. Now, there's a lot of strategic issues in Australia. The last manufacturers of SUVs and that sort of thing have announced closures in Australia. So, longer term, it may drop off some there and then it will all be about the same. But I anticipate keeping the Australian margins a little bit higher.

<Q – Davis Paddock – Invesco Advisers, Inc.>: Okay. And so on the Asia and the rest of the world Cequent, you did actually mid-teens margins a few years ago, but you're down to 9% in 2013. Is the primary difference there just some of the acquisitions you've made and getting them up to the average?

<A – Dave Wathen – TriMas Corp.>: It's the acquisitions and the moves. I mean, we did an acquisition in South Africa and then immediately moved into a bigger operation because we had two big customers show up, doing pickup trucks there. And as you know, that's – it's an easy strategic decision to make the move and add the capacity and all that. But it's – short-term, it's an [ph] ops (01:08:54) cost negative. But we wouldn't be doing it, if we couldn't get to that low mid-teens.

<Q – Davis Paddock – Invesco Advisers, Inc.>: Right. And so what's – I mean those acquisitions that were a little bit a while ago, I mean what's the timeframe to get those acquisitions and moves and so forth fully integrated to get back to those low-teens targets?

<A – Mark Zeffiro – TriMas Corp.>: Well, to put in context, just to make sure that we're on the same piece of paper, we bought Witter in April, and AL-KO in July of this past year. So there's still efforts that in terms of optimizing AL-KO that's probably more [ph] which is (01:09:35) significant effort for us. And the Witter acquisition was a healthy business running very well. So we've got more leverage there than we probably do have cost synergies. And BTM, it's been a discussion really of customers and being ready for those customer needs. So the timeline, we're in that timeline.

<Q – Davis Paddock – Invesco Advisers, Inc.>: I'm sorry. We're in that timeline to get back the low-teens by when?

<A – Mark Zeffiro – TriMas Corp.>: Within that timescale that Dave talked about, the next couple.

<Q – Davis Paddock – Invesco Advisers, Inc.>: Okay. In then in Americas, as we exit 2014, will we have a line of sight on this low-teen margins goal at that point or is that -

<A – Dave Wathen – TriMas Corp.>: We'll have line of sight, but don't count on it in 2015. I mean these are big businesses services and they take quite a while to improve. I'll remind you, were talking about a set of businesses that was barely profitable five years ago, and they've come a long, long way and will continue to improve. But they're big businesses and it takes a little while to move the needle. The dollars change is big.

<Q – Davis Paddock – Invesco Advisers, Inc.>: Okay. Thank you very much.

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

Operator: And we will take our next question from Philip Shen with Roth Capital.

<Q – Phil Shen – ROTH Capital Partners LLC>: Morrning, everyone.

<A – Mark Zeffiro – TriMas Corp.>: Morning, Phil.

<Q – Phil Shen – ROTH Capital Partners LLC>: Hey. Just have a quick couple of housekeeping questions. First one is, can you share with us what your target for 2014 CapEx might be?

<A – Mark Zeffiro – TriMas Corp.>: It's in the presentation, 4% of sales.

<Q – Phil Shen – ROTH Capital Partners LLC>: Great. And in terms of free cash flow guidance, using the mid-point that you have, you're looking for free cash flow to grow by 25% year-on-year. How much of that improvement in free cash flow is driven by improved working capital management that you see?

<A – Mark Zeffiro – TriMas Corp.>: When you think about it, it's probably a portion – we could probably apportion it basically 50% in terms of working capital and 50% basically add back to D&A as we're starting to get to that same reinvestment level versus it being disproportionately new capital into the business.

<Q – Phil Shen – ROTH Capital Partners LLC>: Okay, great. I'll turn back in queue.

Operator: And we will take our next question from Samuel Eisner with Goldman Sachs.

<Q – Samuel Eisner – Goldman Sachs & Co.>: Morning, everyone.

<A – Mark Zeffiro – TriMas Corp.>: Good morning, Sam. How are you?

<Q – Samuel Eisner – Goldman Sachs & Co.>: Doing well. So just in terms of the timing on the new facility in China, when is that supposed to be fully up and running and when do you expect it to start registering D&A on that business?

<A – Dave Wathen – TriMas Corp.>: The China 2 Packaging plant, the plant is built and equipment [indiscernible] (01:12:34) that's why the actual production is in second quarter.

<Q – Samuel Eisner – Goldman Sachs & Co.>: But you're currently paying or at least absorbing that fixed cost at the moment?

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

<Q – Samuel Eisner – Goldman Sachs & Co.>: And then on Tempe, you mentioned – within the Aerospace & Defense business, you mentioned that you had some ramp up, I guess, in the production there. Are you fully absorbed there or are you running – I guess, what is the utilization on that facility? Just curious, again, also when that's fully up and running?

<A – Dave Wathen – TriMas Corp.>: In my terms, utilization is barely 50%. That's – and it is configured, though, because – I mean, if it all goes right, we'll double the size of the plant a year from now, and then step down the utilization and build that ramp up. It has sunk in that we are at the beck and call of the customer approvals, and they need us and they pay our prices, and that sort of thing, but it's step function changes. Yeah. So we're 50% utilized right now in that facility.

<Q – Samuel Eisner – Goldman Sachs & Co.>: Okay. And then just, Dave, to clarify your comments on your Cequent exposure in Asia Pacific. It sounds like you were saying that there are some structural issues over the long-term with your business from both a revenue and margin standpoint as you have some of the OEMs starting to pull out of that market. So just curious if you want to hash out that comment a little bit further?

<A – Dave Wathen – TriMas Corp.>: No, I would say it's not a strategic threat to the business, but it changes the product and the [ph] part (01:14:09) numbers. If you used to have a GM plant building in Australia – and they're still going to sell vehicles, but they're going to be shipping them from someplace else, and then all the accessories that we sell will be a different spec. So we'll be chasing all that as to where we build it, what product line work. And this is a common story here. Globalization continues to occur. Australia had been kind of a market by itself for a long time, but globalization's kicking in. But luckily for us, we are the provider that has full global product lines, but we'll be adapting to it. The trick is stay ahead of it. So I would not call it a structural threat. I would just say, the people running the business have a lot of work to do to stay on top of it. But so be it, that's what we do and that's how we stay competitive.

<Q – Samuel Eisner – Goldman Sachs & Co.>: Understood. And then just lastly, Mark, on the tax benefit in the quarter, what specifically was that, and if you can call out maybe just the EPS impact?

<A – Mark Zeffiro – TriMas Corp.>: On the year bridge? On the year bridge or- ?

<Q – Samuel Eisner – Goldman Sachs & Co.>: On the year or just also on the quarter. I think, on a GAAP basis, I think, it was a $2 million or $3 million tax benefit. And versus my expectations, the overall tax rate, even on an adjusted basis, was much lower than I was expecting. So just curious are there some true-up issues that happened this quarter? What specifically happened in the quarter regarding taxes?

<A – Mark Zeffiro – TriMas Corp.>: Well, it gets back to the restructuring initiatives within Cequent and when they were ultimately deducted and when they were ultimately recognized. So that's why you're seeing a heavier amount there.

<Q – Samuel Eisner – Goldman Sachs & Co.>: Okay, great. I'll follow up offline. Thanks, guys.

Operator: And at this time, I show no additional questions or comments over the phone lines.

David M. Wathen, President & Chief Executive Officer

Well, we sure appreciate your attention and questions. I'm encouraged by how much you all know about our business, so thank you for your attention.

I said a couple of times, stay tuned. I think we've got a lot of good things going on. It's our job to make them happen. And so we're keeping at it. So, again, thank you, talk to you later.

Operator: That does conclude today's conference. Ladies and gentlemen, we'd like to thank you for your participation. You may now disconnect.