



OCEC Reports

The **Operating Costs Report** (51 pages) is a profitability or cost of doing business study of NTMA members designed to obtain, understand and analyze “best practices” in the precision custom tooling & machining industry.

Executive Compensation Report – Closely-held corporations are often the target of IRS “reasonable” compensation challenges. The Executive Compensation Report examines issues relating to reasonable compensation by analyzing the range of pay that executives earn in the precision custom tooling & machining industry.

What’s in it for you?

Individualized Financial Performance Report

Individual Company Report—Each survey participant receives an individual Financial Performance Report analyzing your company. This report compares your financial performance to industry standards, to others in the same line of business category (Tools and Dies, Molds, General Precision Machining, Aerospace Machining, Special Machines, Production Operations) and to others in the same sales classification. In order to protect your confidential data, Mackay Research Group sends this report directly to you. And it’s free to you through NTMA!

Individualized Financial Performance Report

- Compares your company to the industry, to companies in your line of business, and to manufacturers your size
- Provides management commentary to help you interpret the results
- Establishes a solid basis for working with lenders

What’s inside your Financial Performance Report...

Executive Summary – The Executive Summary is a two-page overview of your key financial results. Areas of strength or weakness are easily identified.

Detailed Results – The report also provides eleven pages detailing your results compared to the industry, to other companies in your line of business, and to other companies your size.

Summary Financial Results

	Typical NTMA Mfr	High Profit NTMA	NTMA Mfr \$15-\$25 Million	Tools & Dies	Tool & Die Over \$8 Million	Your Firm
Number Of Firms Reporting	215	54	16	29	9	
Typical Sales Volume	\$5,109,380	\$7,230,039	\$20,708,311	\$5,022,512	\$12,353,545	\$17,000,000
Sales Growth (2006 vs. 2005)	9.2%	13.3%	9.0%	20.8%	26.6%	8.7%
Strategic Profit Model Ratio						
Profit Margin	3.3%	11.5%	5.9%	3.1%	13.0%	19.6%
Asset Turnover	1.9	2.1	1.9	1.9	1.5	1.1
Return On Assets	6.3%	24.1%	11.2%	5.9%	19.5%	20.9%
Financial Leverage	1.8	1.4	1.3	1.8	1.5	1.2
Return On Net Worth	11.3%	33.7%	14.6%	10.6%	29.2%	24.3%
Sales By Industry						
Tools & Dies	15.3%	13.1%	12.2%	6.3%	11.2%	25.0%
Molds	9.6	2.1	6.1	0.0	0.0	0.0
General Precision Machining	38.8	43.8	42.5	14.2	4.7	0.0
Aerospace Machining & Fab.	13.1	12.9	4.9	0.0	0.0	0.0
Special Machines	7.1	10.4	9.6	75.3	78.3	65.0
Production Operations	<u>16.1</u>	<u>17.7</u>	<u>24.7</u>	<u>4.2</u>	<u>5.8</u>	<u>10.0</u>
Total Sales	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Income Statement						
Net Sales	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Cost Of Goods Sold						
Direct Materials	23.0	22.2	31.5	29.5	33.3	26.8
Subcontracting	6.5	5.4	5.6	3.5	1.9	0.0
Total Direct Labor	21.3	19.1	15.9	22.2	19.2	21.0
Repairs & Maintenance	1.8	1.6	2.2	0.8	0.7	0.8
Indirect Labor	3.4	3.5	4.4	1.1	4.1	9.4
Supervision	3.3	2.7	3.6	2.6	2.5	0.0
Payroll Burden	3.0	2.4	2.5	3.0	2.5	2.4
Employee Welfare	4.4	3.5	4.0	3.1	3.5	2.8
Tools & Supplies	3.8	3.8	3.9	2.3	1.8	5.0
Utilities (heat, light, power)	1.6	1.2	1.5	1.1	0.7	0.7
Rent/Lease (buildings)	1.8	2.0	1.5	2.6	1.2	0.0
Insurance (liability & casualty)	0.7	0.6	0.3	1.3	0.4	0.2
Taxes (property, business)	0.6	0.5	0.5	0.4	0.3	0.2
Depreciation	4.0	3.1	5.0	1.6	1.3	5.3
All Other Manufacturing Exp.	1.1	0.7	1.2	1.3	1.3	0.4
Total Cost Of Goods Sold	80.3	72.3	83.6	76.3	74.7	74.9
Manufacturing Profit	19.7	27.7	16.4	23.7	25.3	25.1
Selling & Administrative						
Selling & Admini. Payroll	11.2	11.7	6.9	16.2	8.5	4.9
Other Selling & Admin.	<u>4.3</u>	<u>4.0</u>	<u>3.5</u>	<u>4.0</u>	<u>3.7</u>	<u>2.5</u>
Total Selling & Admin.	15.5	15.7	10.4	20.2	12.2	7.4
Operating Profit	4.2	12.0	6.0	3.5	13.1	17.7
Other Income/Expenses	<u>-0.9</u>	<u>-0.5</u>	<u>-0.1</u>	<u>-0.4</u>	<u>-0.1</u>	<u>2.0</u>
Profit Before Taxes	3.3%	11.5%	5.9%	3.1%	13.0%	19.6%
Financial Ratios						
Current Ratio	2.0	2.7	2.4	1.7	2.8	3.6
Quick Ratio	1.2	1.9	1.2	0.9	1.6	3.0
Debt To Equity	0.8	0.4	0.3	0.8	0.5	0.2
EBIT To Total Assets	8.4%	25.2%	12.2%	6.6%	19.8%	20.9%
Times Interest Earned	3.7	24.6	6.4	9.1	25.5	
Average Collection Period	47.1	45.8	52.3	44.6	46.8	45.8
Inventory Turnover (Times)	8.9	10.3	9.5	4.7	3.0	10.3
Sales To Fixed Assets	5.2	7.6	4.8	9.8	10.6	1.7