

# Growth Opportunities In North America

*WHMA Annual Conference*

*February 2015*



# Missed Opportunities

# Growth Opportunities in NA

Where Have We Been – Industry Performance

Economic Trends Driving the NA Industry Growth

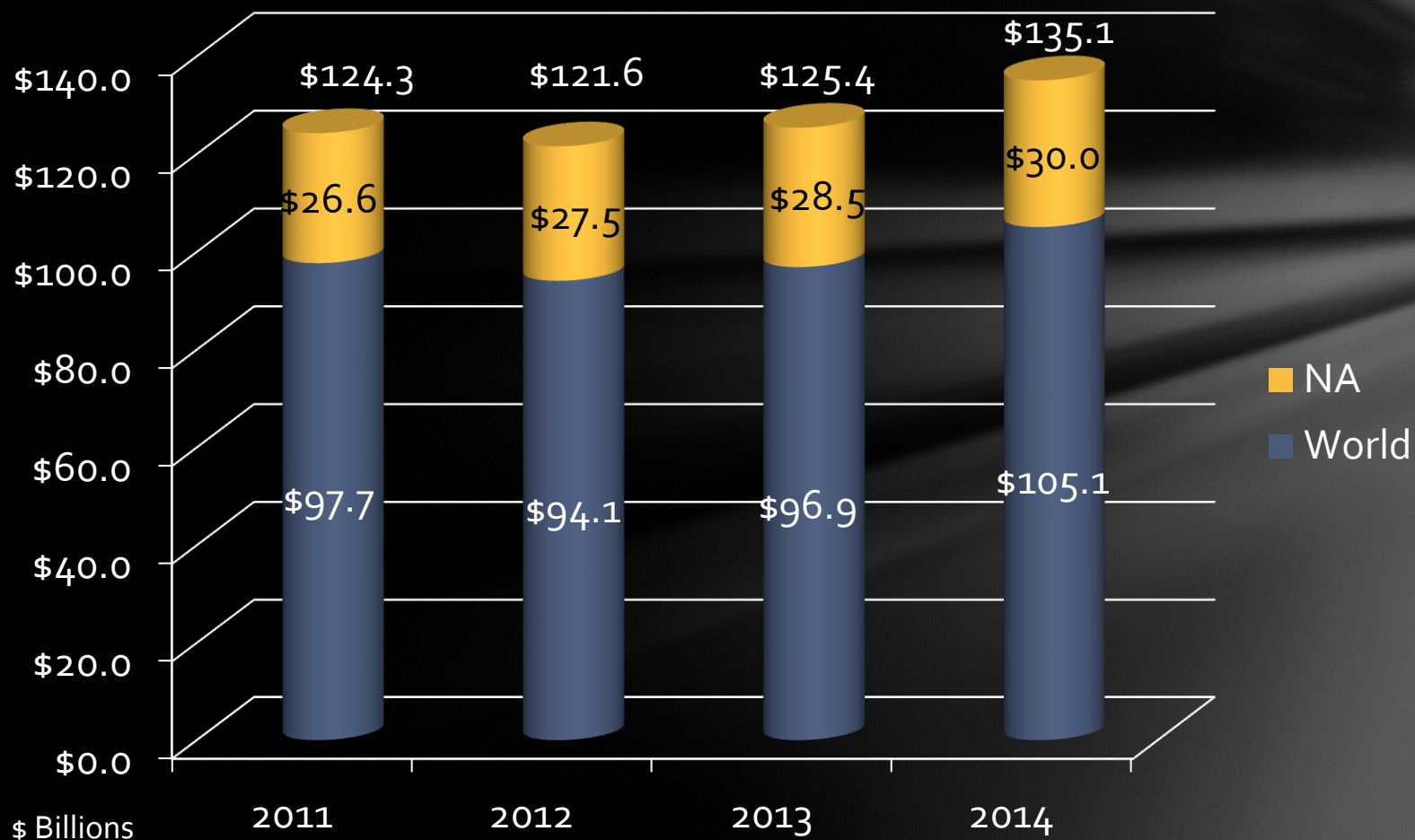
Opportunities

Where Is The Market Going



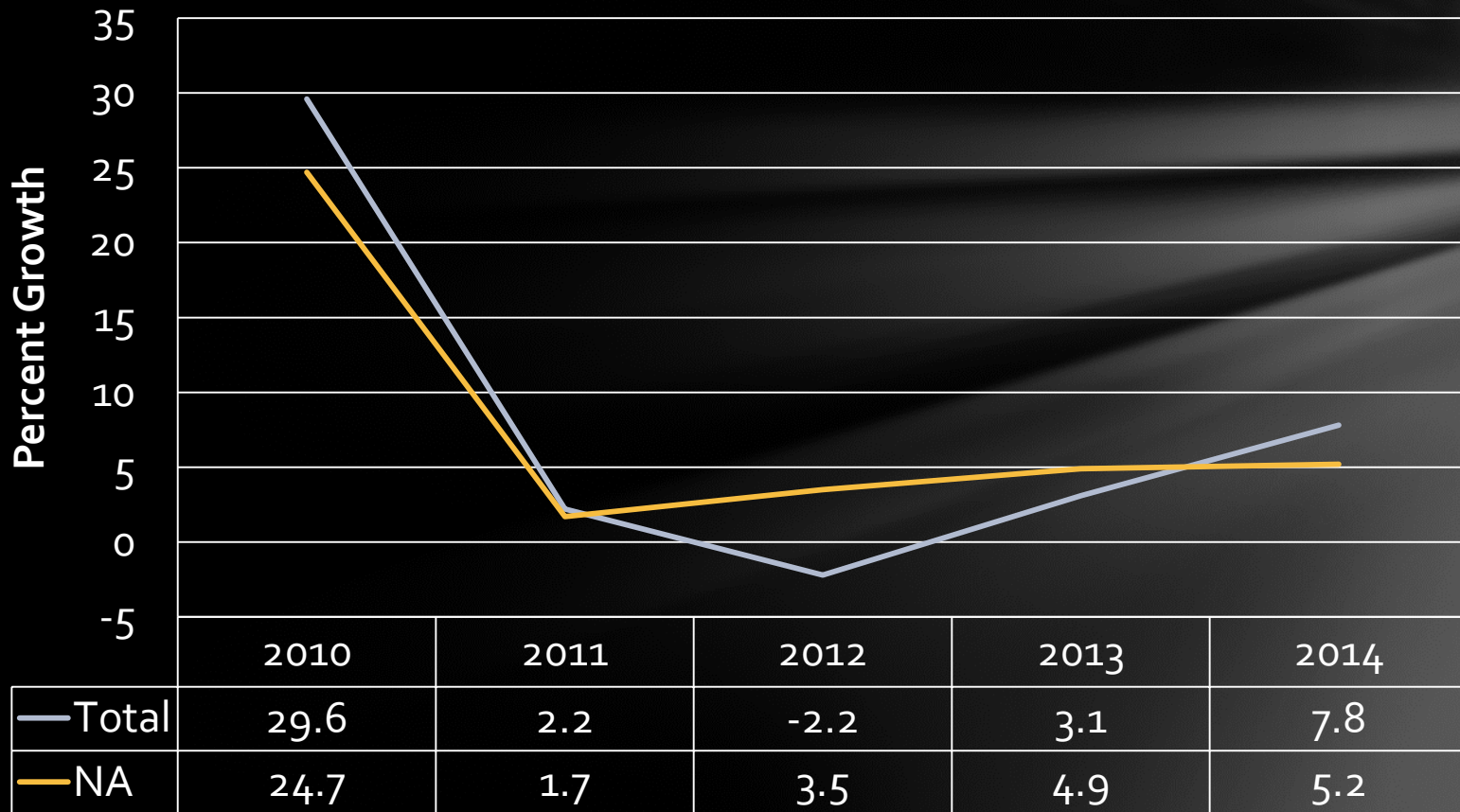
# Industry Performance

# Total & NA Market



# Industry Growth Rates

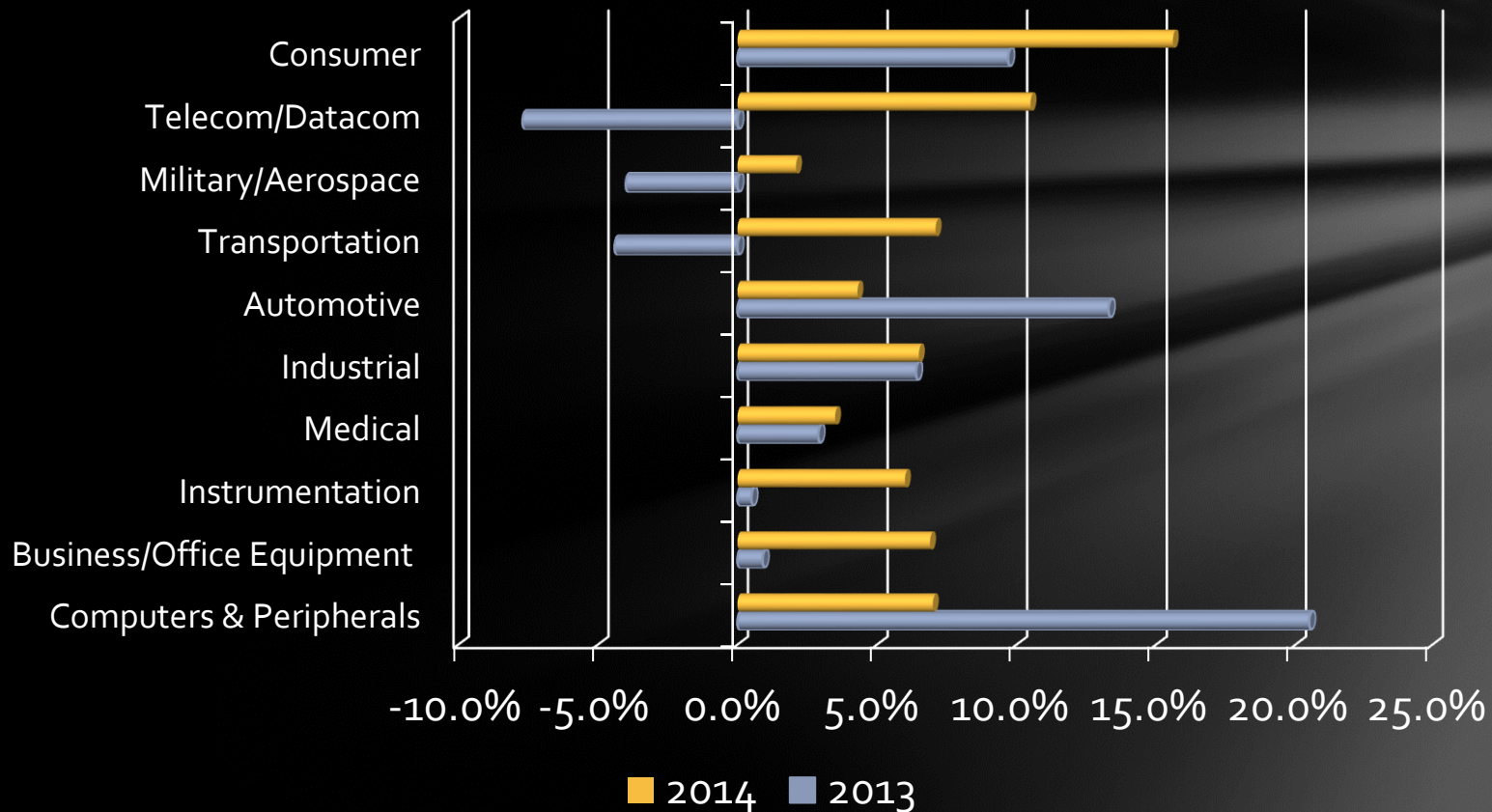
## Worldwide Industry Versus NA Year-Over-Year





# NA Growth by Market Sector

## YOY Growth – 2013/2014

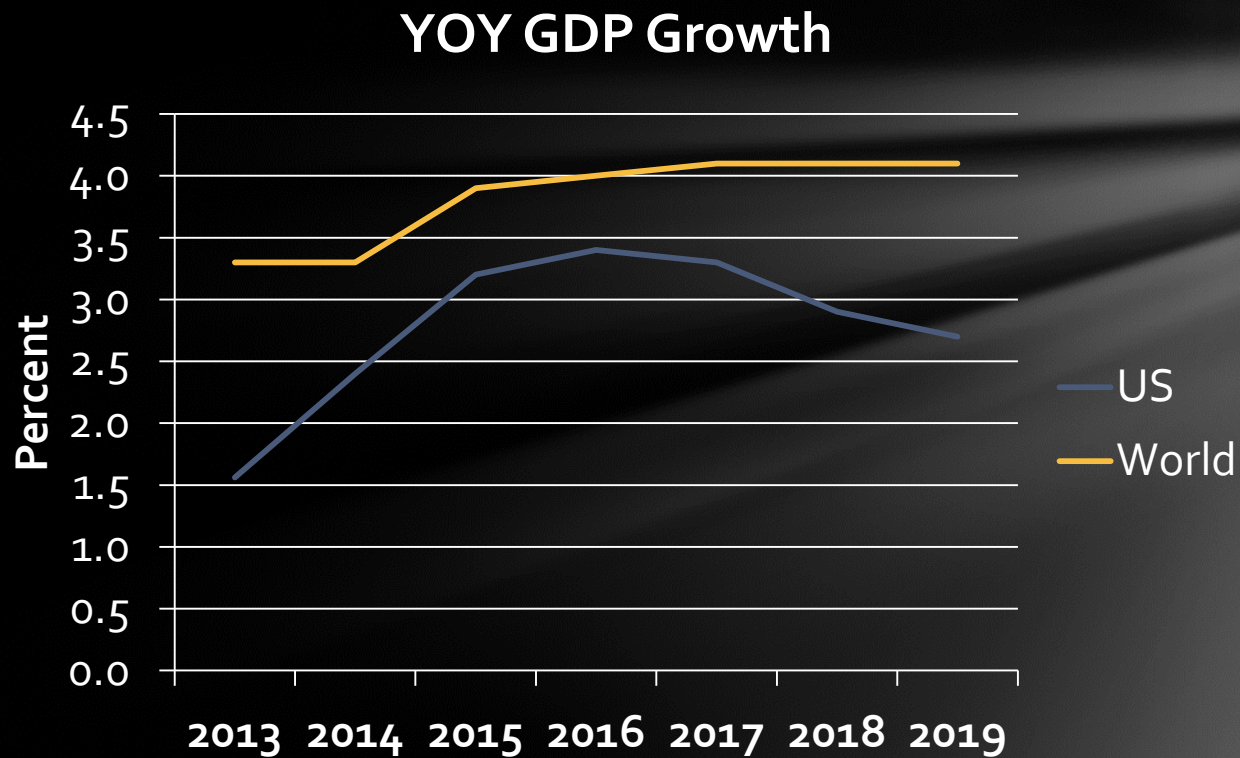


# Economic Trends



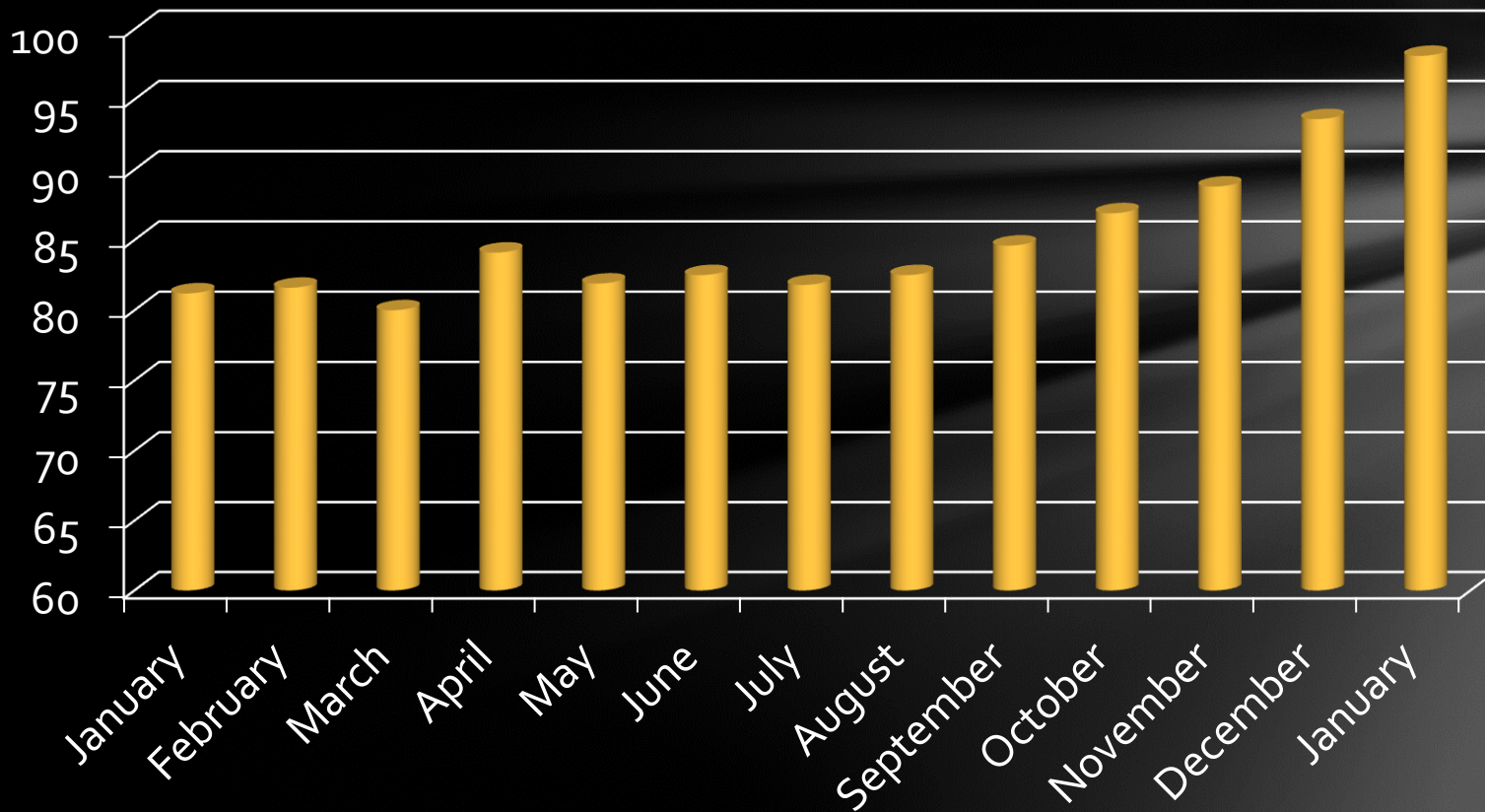
# Economic Trends

The Emerging Economies Growth Will Slow As They Mature



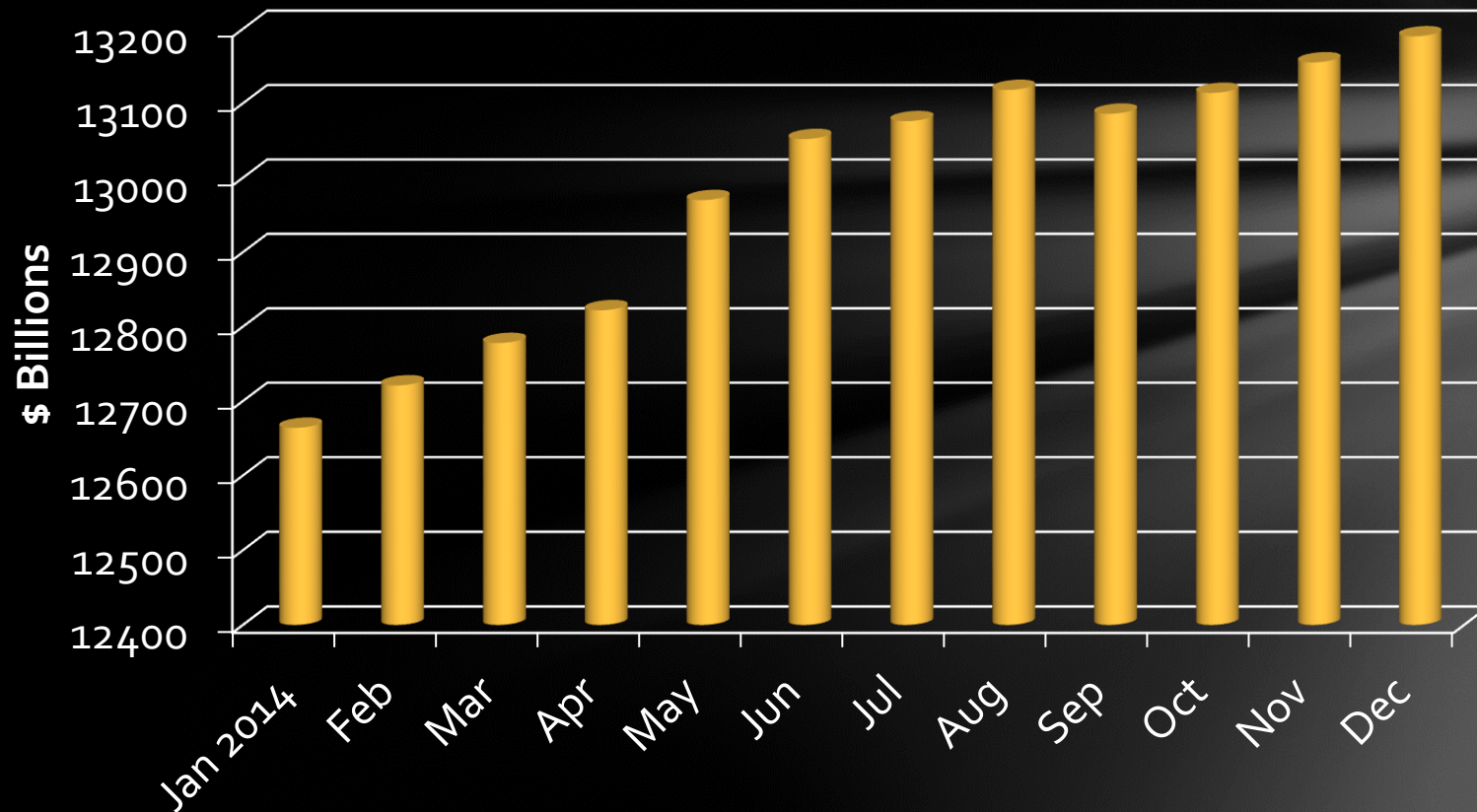
# Consumer Confidence

## 2014 Consumer Confidence in the US



# Disposable Personal Income

## US Disposable Personal Income



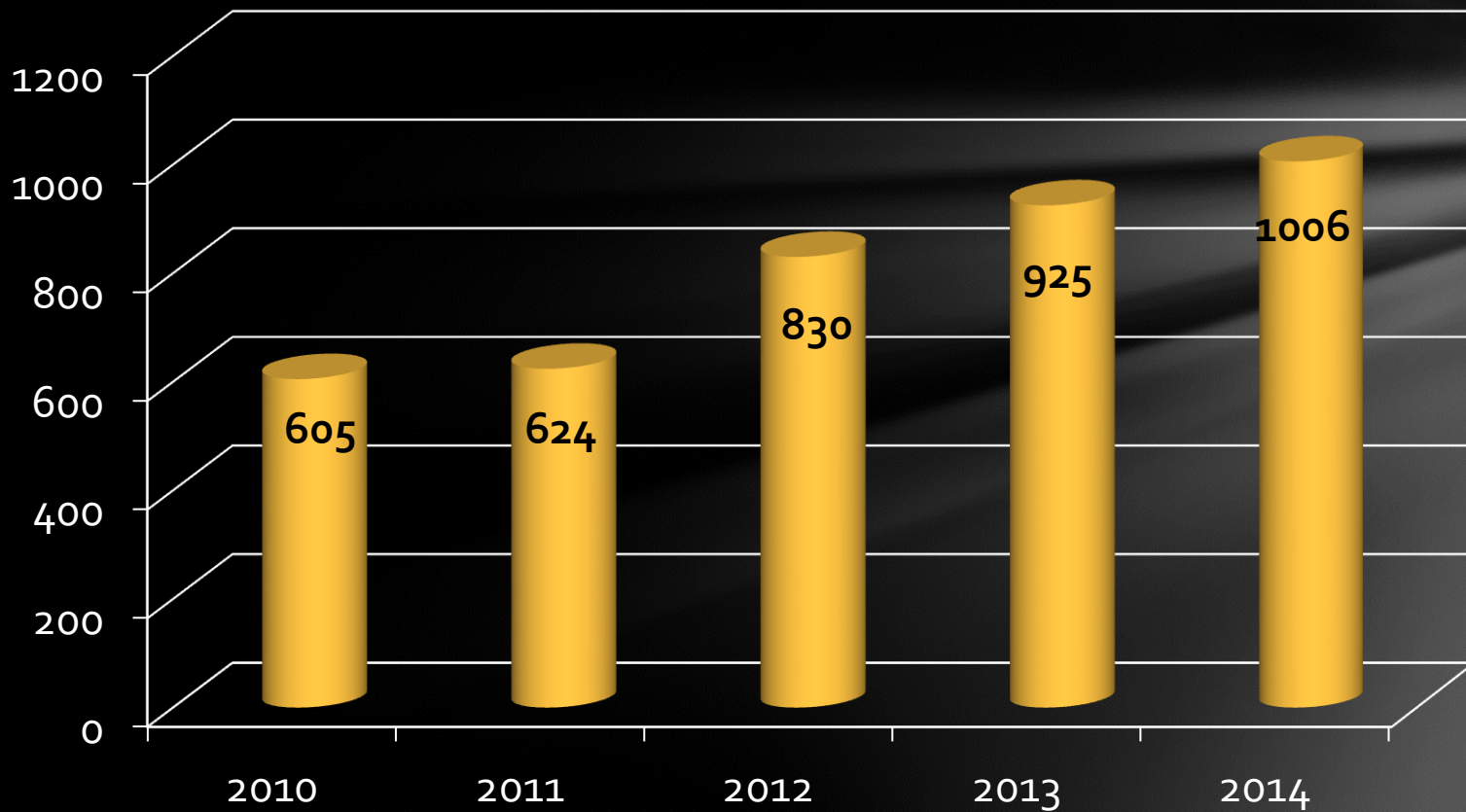


# Dow Jones Industrial Average 2013-2014



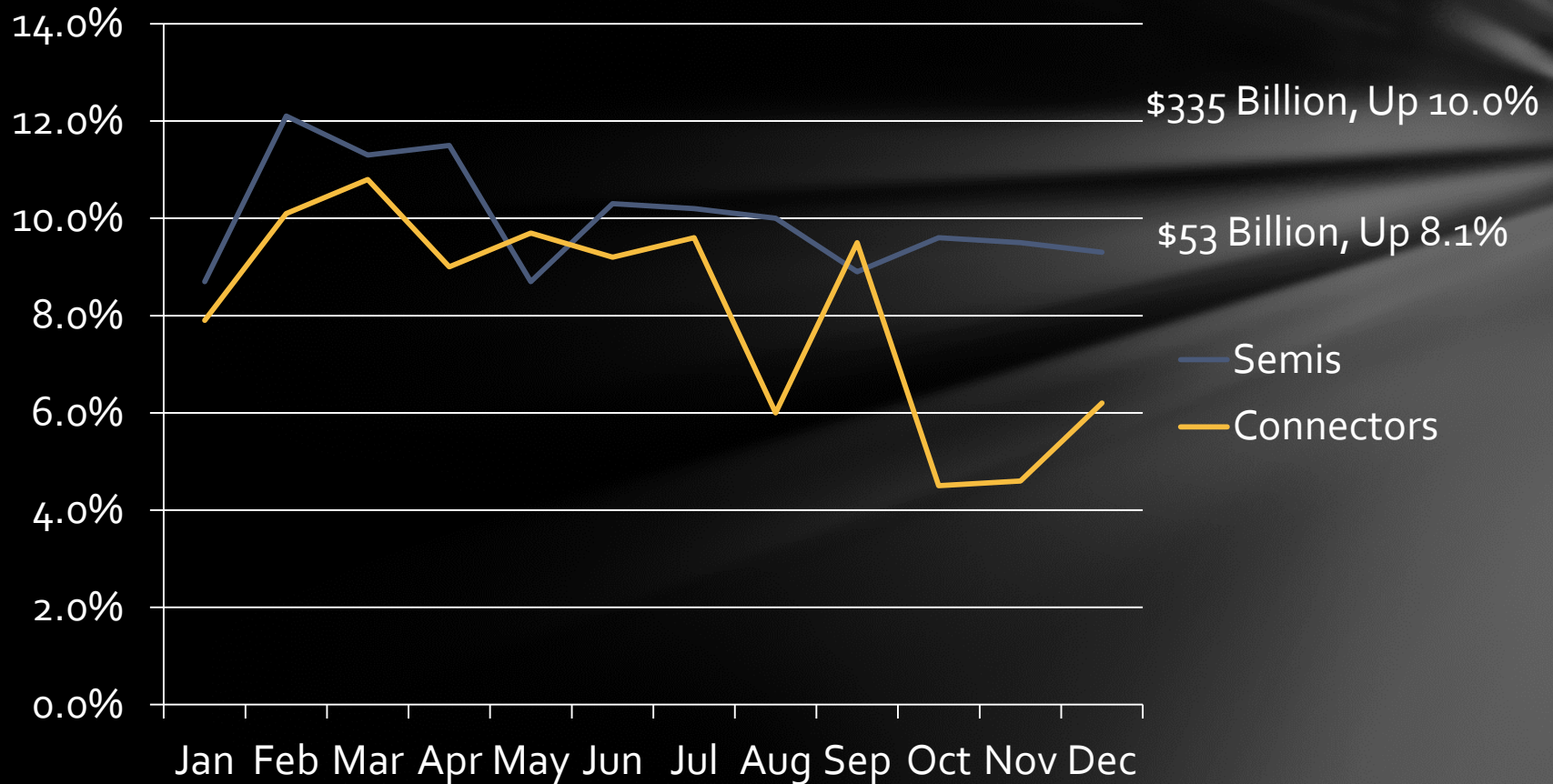
# Housing Starts

US Housing Starts (ooo)



# 2014 Semiconductor Demand

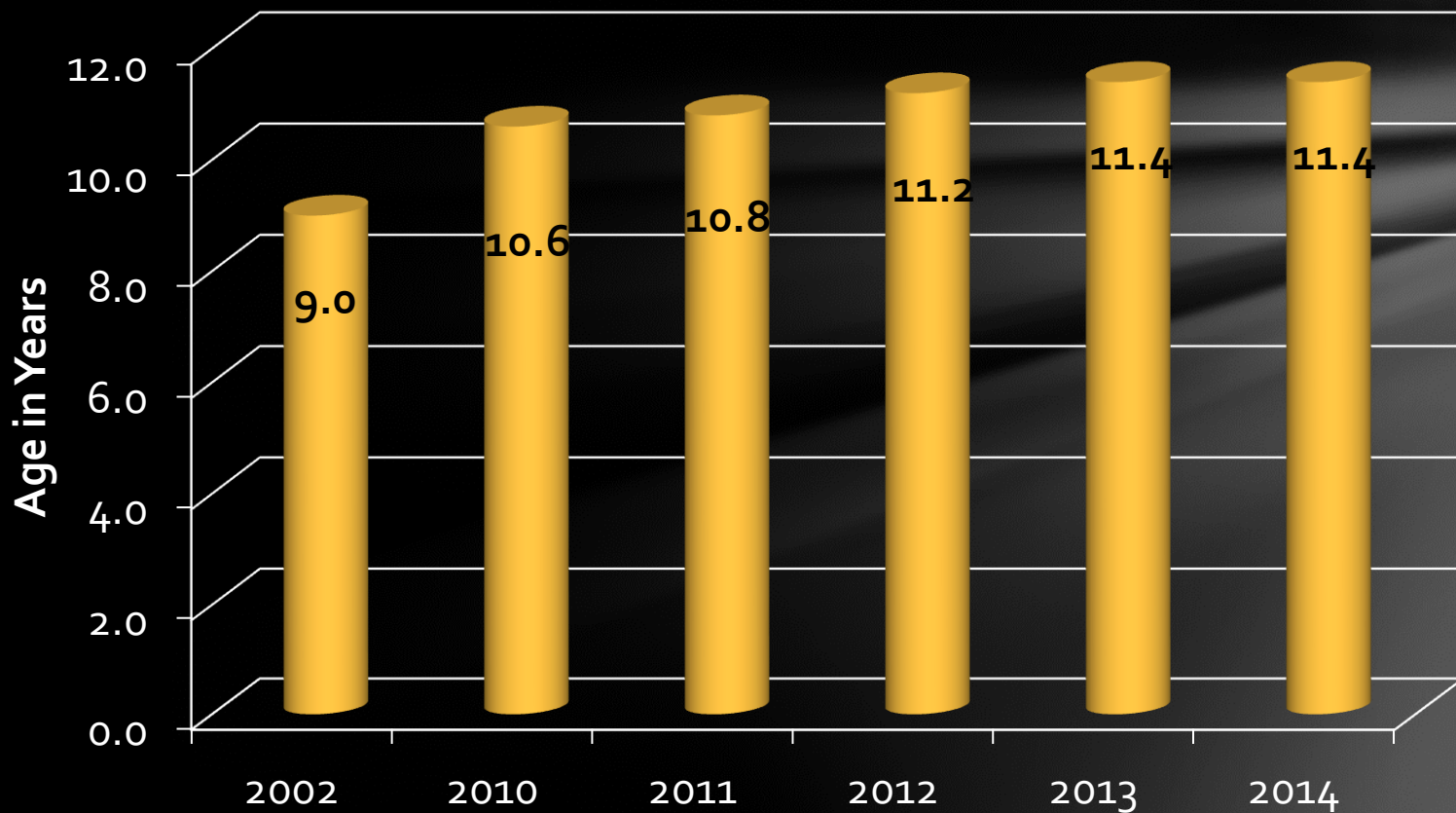
## Semiconductor Versus Connector Growth (YOY)



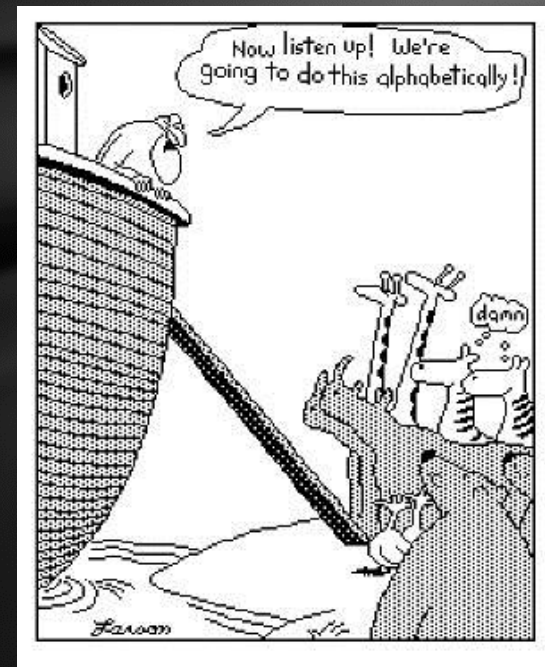


# Pent-Up Demand - Cars

Average Age of Cars in NA



# Understanding the rules for Opportunities



# Niches of Opportunity

Booming Market Sectors

Geographic Location/Proximity

Industry Certifications (like ISO/TS 16949)

Product Knowledge/Manufacturing Expertise

Disadvantaged Business Certifications

Special Economic Zones



# Market Sector Opportunities

# Telecom/Datacom

Tailwinds: NA growth will be primarily from infrastructure build-outs and upgrades in support of bandwidth and speed demands for smartphones, mobile devices and cloud computing

Headwinds: Regulatory changes reducing profits (and investments)

North America 5 Year CAGR = 6.4%

# Automotive

Automotive growth is expected to stay strong over the next five years.

Tailwinds: NA growth driven primarily by pent-up demand, aging cars and low interest rate loans

Headwinds: Interest rate hike by the Federal Reserve

North America 5 Year CAGR = 6.1%



# Consumer

Tailwinds: Consumer will grow on pent-up demand for appliances and low interest rates

- Replacement of old units
- Remodeling
- New home construction
- Some OEMs are reshoring the assemblies to North America
- Headwinds: Increase in interest rates by the Fed could affect home sale and remodeling.

North America 5 Year CAGR = 15.4%

# Transportation

Tailwinds: NA growth will be driven by:

- Airframe manufacturing (narrow body jets) for passenger service
- Trains and trucks for shipping
- Buses for passenger service

North America 5 Year CAGR = 5.0%

# Industrial

Tailwinds: Industrial will grow over the next five year primarily in support of the automotive (factory automation), energy exploration/extraction and new home/buildings HVAC.

Industrial will also grow in support of all industries benefitting from overall economic growth in NA.

Headwinds: The recent downturn in oil prices will reduce some oil exploration and production. Increased interest rates could slow down the auto industry.

North America 5 Year CAGR = 6.5%



# Medical

Tailwinds: NA growth will be primarily in home health self-monitoring systems and for overseas shipments (particularly to the Developing/Emerging countries)

Headwinds: Medical device sales have been negatively affected by the Affordable Care Act and actions by the Medicare system to reduce payments on certain procedures

North America 5 Year CAGR = 5.0%

# Computer/Peripheral

Tailwinds: NA growth will be primarily in storage systems for cloud computing and storage. Server sales should also continue to have good growth.

Headwinds: Mobile devices and PCs will continue to be manufactured primarily in the Far East

North America 5 Year CAGR = 3.1%

# Military/Aerospace

Market opportunities are uncertain over the next five years. Many cutbacks and curtailments already in place (\$85 billion per year).

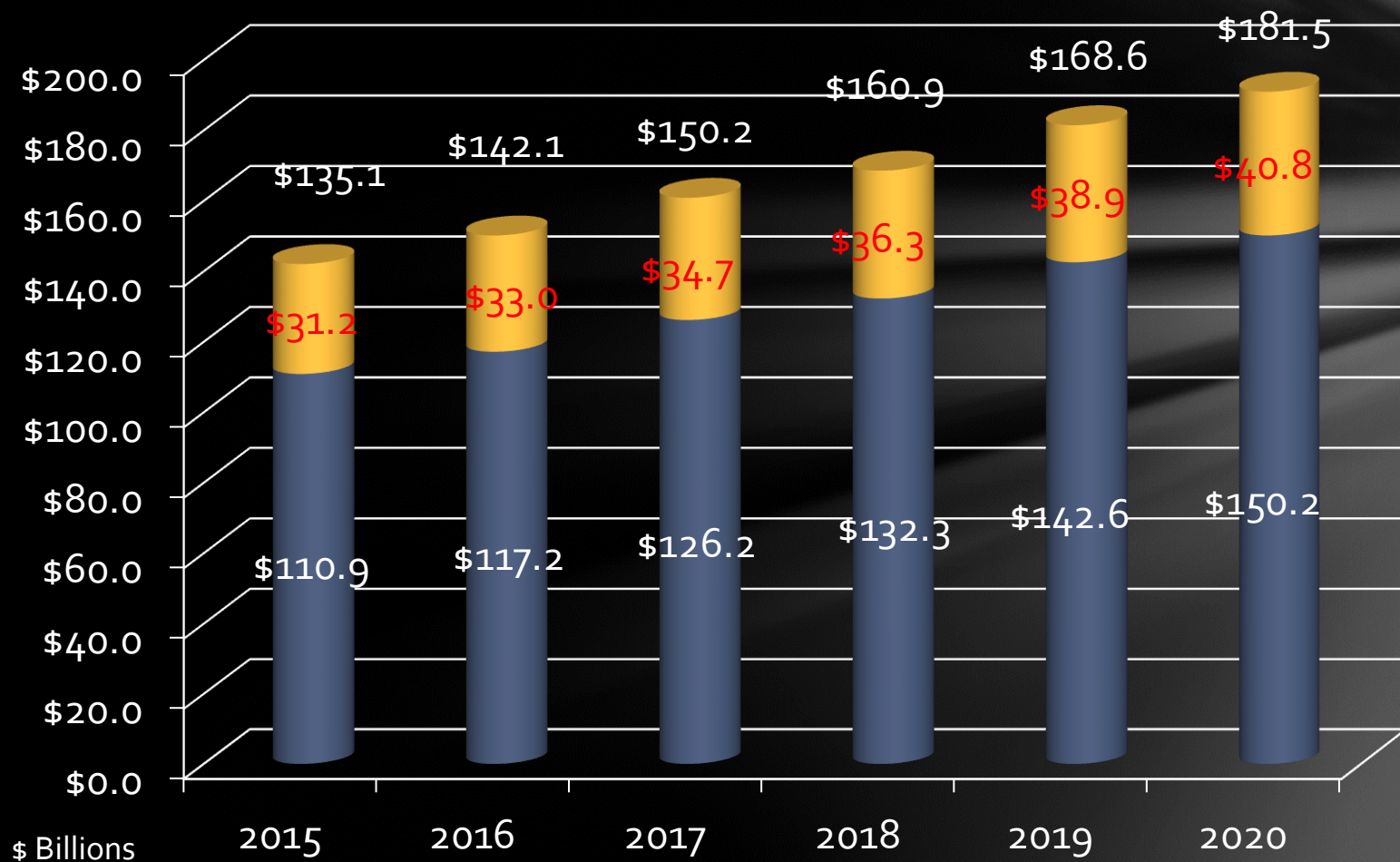
Many regional conflicts with potential to pull-in Western allies

North America 5 Year CAGR = 3.2%



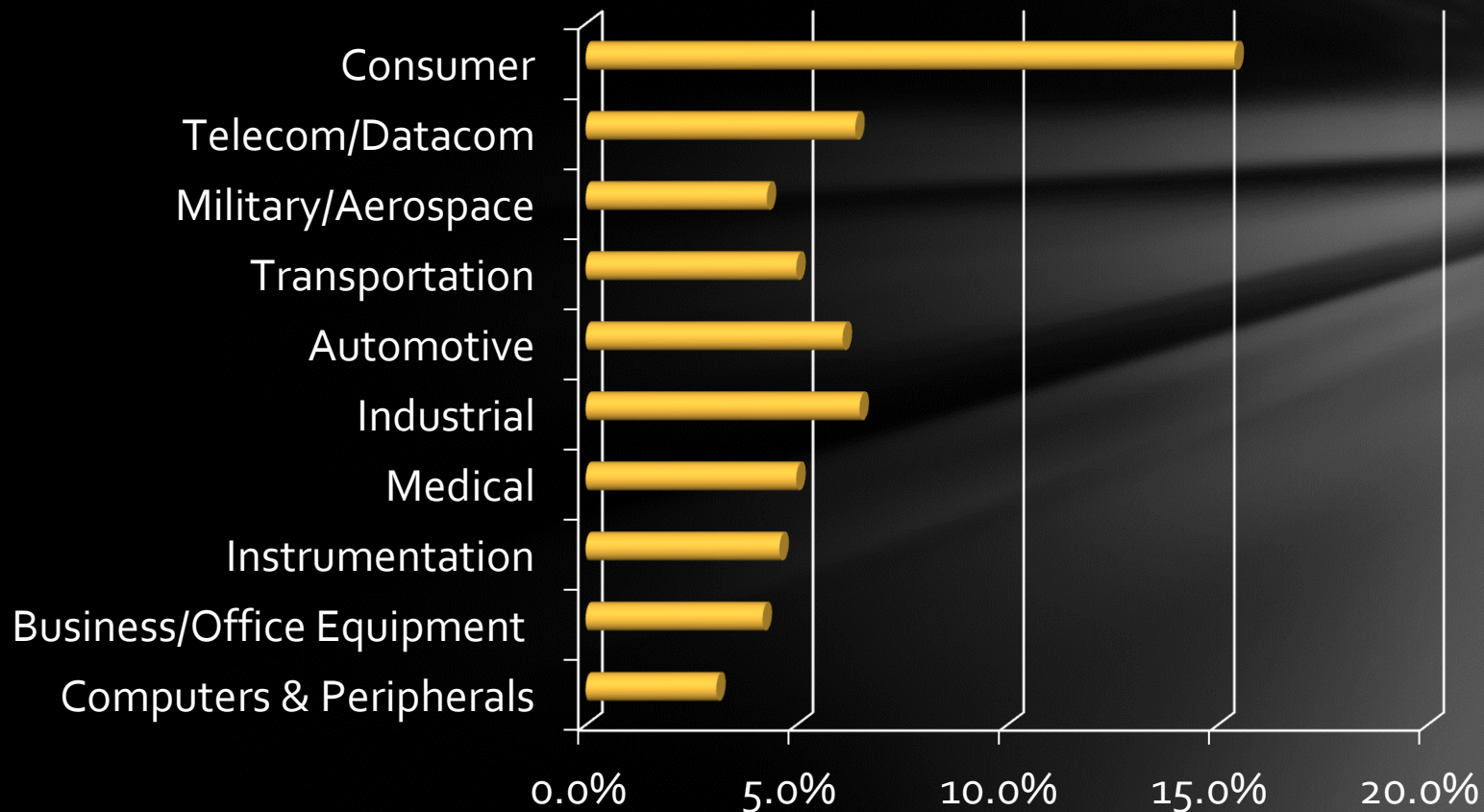
# The Next Five Years

# Total & NA Market



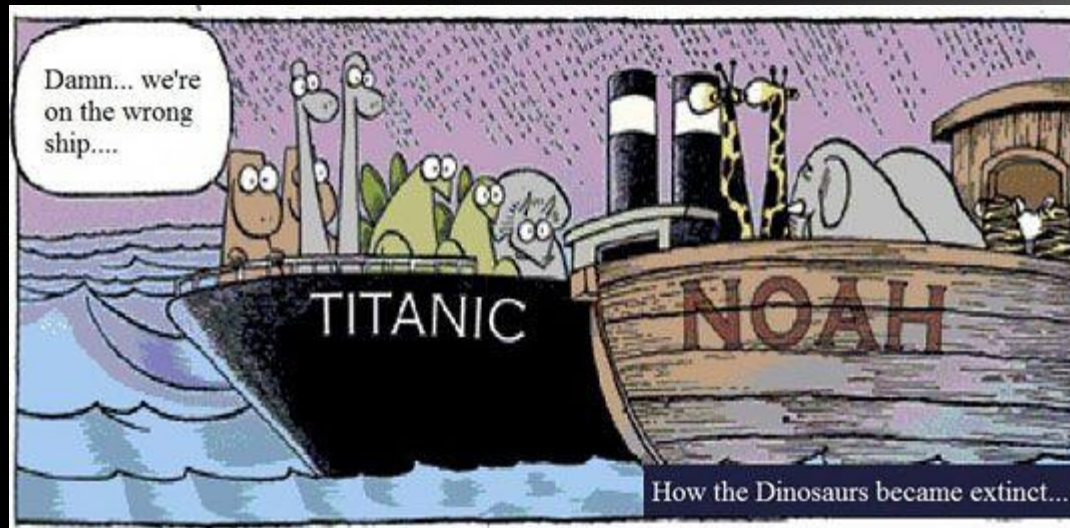
# NA Growth by Market Sector

## 5-Year CAGR - Percentage





Opportunity is about getting on the right boat.





Thank you for this opportunity  
to present to you.

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