

REPORT

Impact of COVID-19 on the U.S. Gear Industry As of April 30, 2020

Prepared by Arvin Global Solutions LLC

Overview

On April 15, 2020, Arvin Global Solutions (AGS) distributed a survey to gear companies contained in the AGS contact database. This survey asked (4) questions about the impact that the COVID-19 Crisis has had on the business operations of the recipient. The following are the results of that survey.

Executive Summary

In evaluating responses, the various segments of aerospace, commercial, and automotive gear manufacturing are experiencing notably different impacts from the crisis. While automotive has experienced dramatic reductions, in some cases near-complete shutdowns, the impact on the other segments have ranged from moderate to minimal. For this reason, the data is presented in four formats.

- All Data Combined
- Aerospace
- Commercial
- Automotive

However, there were some indications that companies supplying commercial aerospace gearing have contracted, while defense work has continued as it was prior to the crisis.

Additional comments from survey participants have been included for general reference at the end of the report.

Survey Report: Impact of COVID-19 on the U.S. Gear Industry

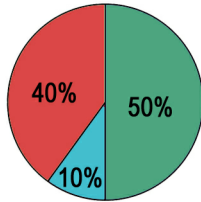
1) Has your factory output changed during the COVID-19 Crisis? If yes, by what approximate percentage?

2) Has this crisis had any effect on the support from your vendors and suppliers?

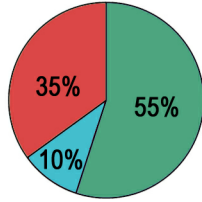
3) Has your backlog been affected during this crisis?

4) Has your company furloughed any employees during the crisis? If yes, roughly what is the percentage?

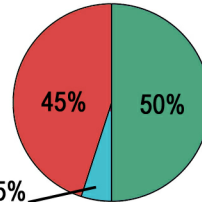
All Gearing Types Combined



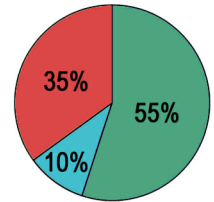
No - 50%
Some - 10%
Yes - 40%
• Avg. % - 81.8%



No - 55%
Some - 10%
Yes - 35%

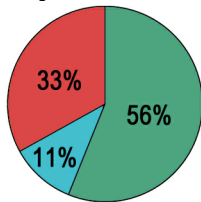


No - 50%
Some - 5%
Yes - 45%

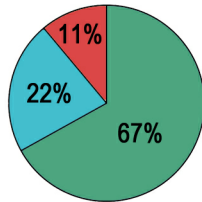


No - 55%
Some - 10%
Yes - 35%
• Avg. % - 30.7%

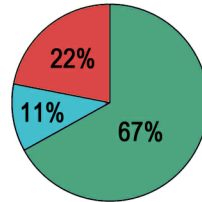
Aerospace



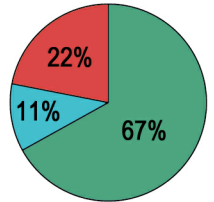
No - 56%
Some - 11%
Yes - 33%
• Avg. % - 56.7%



No - 67%
Some - 22%
Yes - 11%

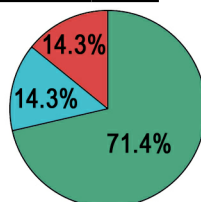


No - 67%
Some - 11%
Yes - 22%

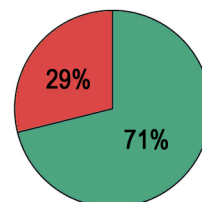


No - 67%
Some - 11%
Yes - 22%
• Avg. % - 30.7%

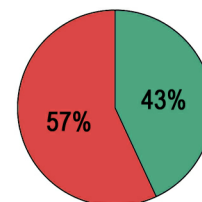
Commercial



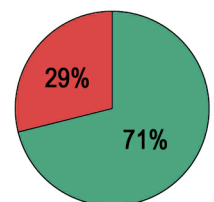
No - 71.4%
Some - 14.3%
Yes - 14.3%
• Avg. % - 80%



No - 71%
Some - 0%
Yes - 29%

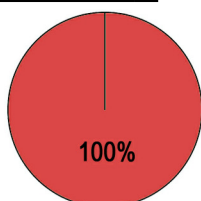


No - 43%
Some - 0%
Yes - 57%

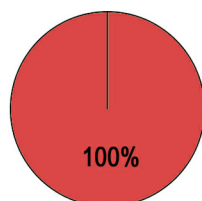


No - 71%
Some - 0%
Yes - 29%
• Avg. % - 2.5%

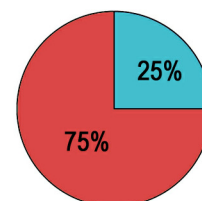
Automotive



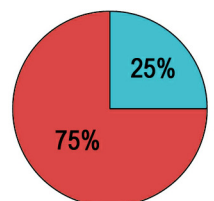
No - 0%
Some - 0%
Yes - 100%
• Avg. % - 81.3%



No - 0%
Some - 0%
Yes - 100%



No - 25%
Some - 0%
Yes - 75%



No - 0%
Some - 25%
Yes - 75%
• Avg. % - 56.7%

Survey Recipient Comments

The following are random comments received by survey participants.

“We have seen a slightly higher occurrence of absenteeism due to illness but it has not affected output.”

“We do expect some delivery push outs on work tied to commercial airlines.”

“Our commercial aerospace business has seen an immediate decline of 30%+. That will likely continue into 2021. Our Military contracts have remained consistent.”

“Our commercial backlog has diminished by 30%+”

“Non-essential employees have been asked to work from home. This represents approximately 20% of our staff.”

“We are on a ‘No Visitor’ protocol until further notice. Shipping and receiving is also being restricted, starting to get back to more normal.”

“Lots of new protocols, face masks, distancing, sanitizing plant, daily temperature checks, etc. in place.”

“We have been made aware that some suppliers we use are experiencing some issues with their overseas factories. But up to this point it has not impacted us. One thing I am worried about is getting a service man in our shop if a major piece of equipment were to go down. From what I have heard, none of them are traveling right now.”

“I do however see a slowdown coming in a month or two due to our incoming orders being lower than I would like at this point; incoming orders are down roughly 25%.”

“We have had some delays with air freight due to the reduced number of planes flying internationally.”

“[Backlog] continues to decline as customers are dropping forecast schedules.”

“Not seeing any significant effect yet from our suppliers, but very hard to get the PPE we need or use (Nitrile Gloves, Dust Masks).”

END OF REPORT

Submitted by

Arvin Global Solutions LLC

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Arvin Global Solutions, LLC
2625 Butterfield Road, Suite 138S, Oak Brook, IL 60523
ArvinGlobalSolutions.com