

# BSA Annual Distributor Report

## John Ruth

President,  
BDI-USA

Vice President,  
Bearing Specialists Association



1966  
1976  
1986  
1996  
2006  
2016

*Celebrating*  
**50**  
*Years of  
Excellence*

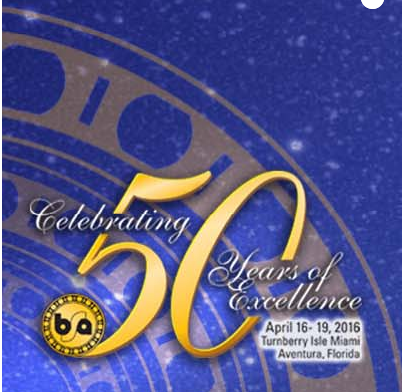
April 16-19, 2016  
Turnberry Isle Miami  
Aventura, Florida

# Distributor Sales

## Participating Distributors

- 26 in 2016
- 22 in 2015
- 14 distributors used for some year over year comparisons

1966  
1976  
1986  
1996  
2006  
2016



# Distributor Sales

## Sales Update

- Participating Distributor Sales  
\$ 12,553,318,823
- Bearing Only Sales  
\$ 2,597,637,907

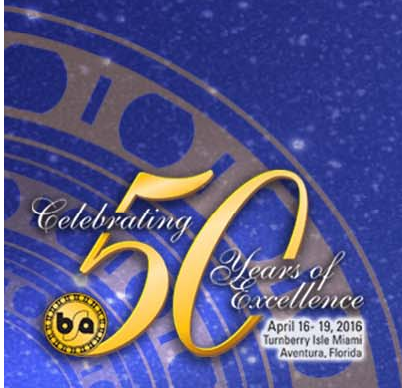


# Distributor Sales

## Sales Detail

- Bearings % of Total Sales  
21.6 % in 2015  
20.7 % in 2016

1966  
1976  
1986  
1996  
2006  
2016

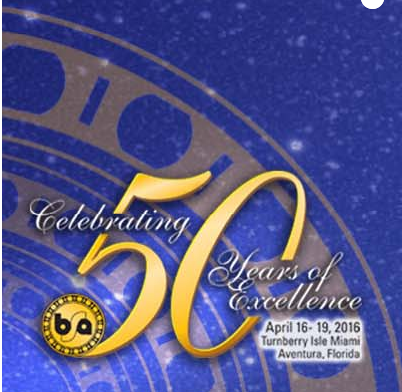


# Distributor Sales

## Sales Detail

- Private Label (Response Inaccurate)  
26.6 % in 2015  
0 % in 2016
- Median Number of Bearing Suppliers  
45.0 in 2016  
42.5 in 2015

1966  
1976  
1986  
1996  
2006  
2016



# Distributor Workforce

Number of Branch and Head Office Employees (Data From 14 Common Distributors)

No meaningful change from 2015 to 2016

1966  
1976  
1986  
1996  
2006  
2016

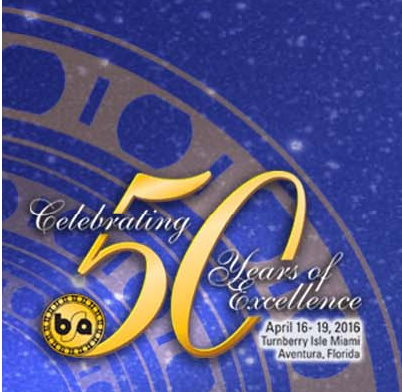


# Distributor Workforce

## Planned Change in Workforce (next 12 Months)

- 57.1% Planned to Add People in 2015
- 75.0% Planned to Add People in 2016

1966  
1976  
1986  
1996  
2006  
2016

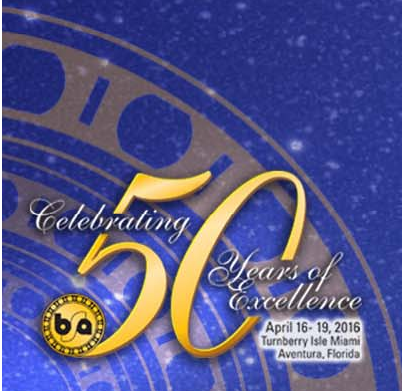


# Distributor Workforce

## Training

- Average Training Hours  
2.8 hours/employee 2015  
6.0 hours/employee 2016

1966  
1976  
1986  
1996  
2006  
2016



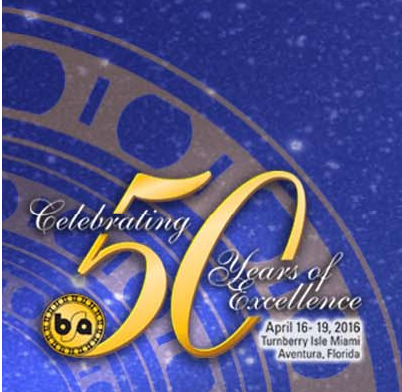


# Distributor Workforce

## Source of Training

- Internal
  - 56% in 2015
  - 58% in 2016

1966  
1976  
1986  
1996  
2006  
2016

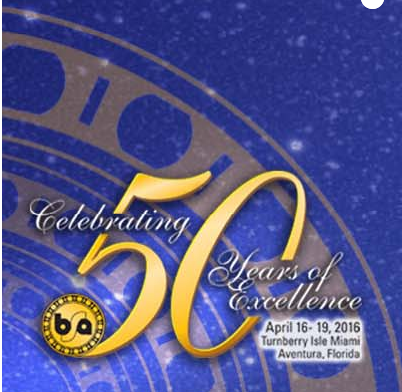


# Distributor Workforce

## Median Age of Workforce

- < 20 Years Old  
0.4 % in 2015  
1.5 % in 2016
- 20-34 Years Old (Big Change)  
15.5 % in 2015  
24.1 % in 2016

1966  
1976  
1986  
1996  
2006  
2016

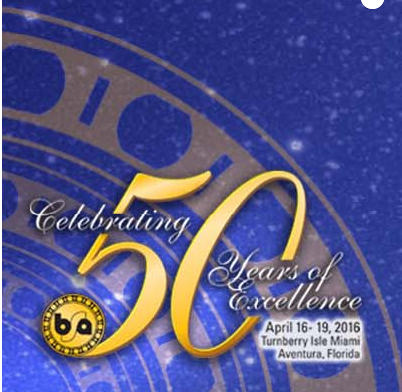


# Distributor Workforce

## Median Age of Workforce

- 35-50 Years Old  
32.9 % in 2015  
33.5 % in 2016
- >50 Years Old (Big Change)  
51.2 % in 2015  
40.9 % in 2016

1966  
1976  
1986  
1996  
2006  
2016

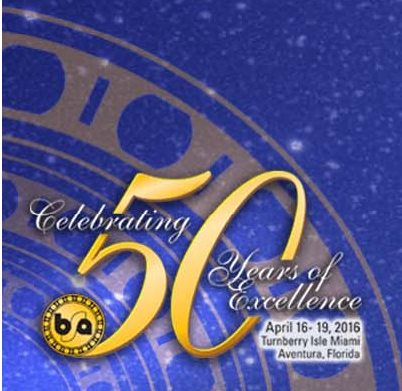


# Distributor Workforce

## Retiring Next 3-5 Years

- 12.0% in 2015
- 10.0% in 2016

1966  
1976  
1986  
1996  
2006  
2016



# Distributor Operations

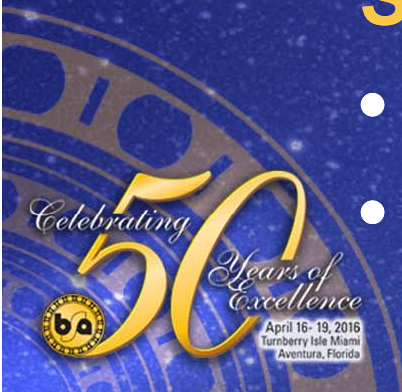
## Selling on Amazon

- 14.3 % in 2015
- 15.0 % in 2016

## Selling on E-Bay

- 7.1 % in 2015
- 10.0 % in 2016

1966  
1976  
1986  
1996  
2006  
2016

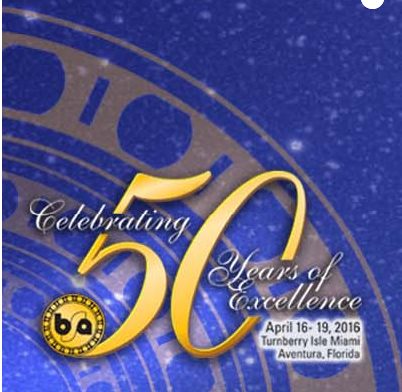


# Distributor Operations

## Methods of Order Entry

- EDI  
7.9% in 2015  
6.0% in 2016
- Online  
1.6% in 2015  
1.0% in 2016

1966  
1976  
1986  
1996  
2006  
2016

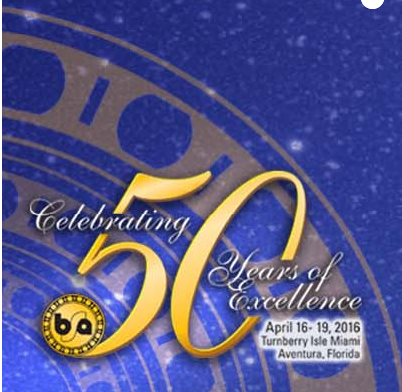


# Distributor Operations

## Methods of Order Entry

- Phone
  - 35.0 % in 2015
  - 34.0 % in 2016
- Fax
  - 10.0 % in 2015
  - 10.0 % in 2016

1966  
1976  
1986  
1996  
2006  
2016

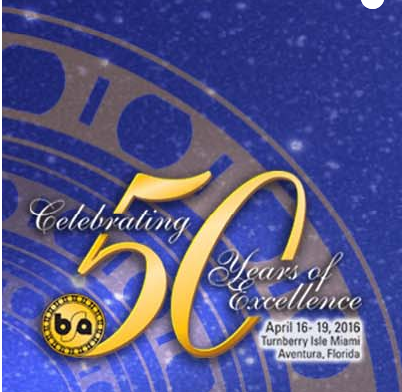


# Distributor Operations

## Methods of Order Entry

- Email  
40.0 % in 2015  
35.5 % in 2016
- Punch-out (Response Inaccurate)  
0 % in 2015  
0 % in 2016

1966  
1976  
1986  
1996  
2006  
2016



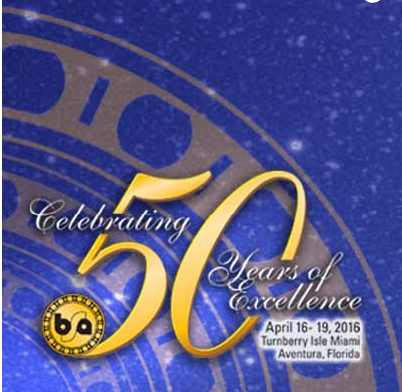


# Distributor Operations

## Request for Conflict Minerals Information

- Weekly
  - 23.1 % in 2015
  - 11.8 % in 2016
- Monthly
  - 15.4 % in 2015
  - 17.6 % in 2016

1966  
1976  
1986  
1996  
2006  
2016

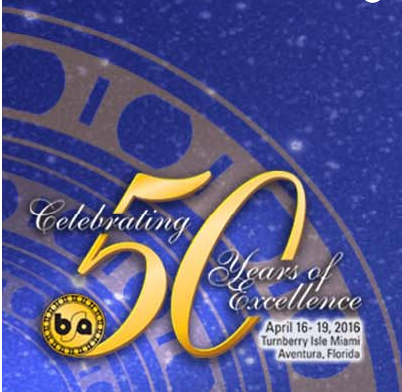


# Distributor Operations

## Request for Conflict Minerals Information

- 1-2 Times Per Year  
38.4 % in 2015  
29.4 % in 2016
- Several Times Per Year  
23.1 % in 2015  
41.2 % in 2016

1966  
1976  
1986  
1996  
2006  
2016

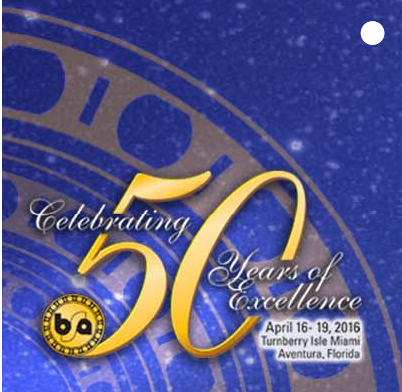


# Distributor Operations

## Pricing

- Distributors Using Pricing Analytics, Software or Consulting  
35.7 % in 2015  
15.0 % in 2016
- Distributors Satisfied with Pricing Results  
60.0 % in 2015  
15.0 % in 2016

1966  
1976  
1986  
1996  
2006  
2016



# Distributor Operations

## CRM

- Distributors Using CRM  
42.9 % in 2015  
80.0 % in 2016
- Distributors Using Salesforce.com  
33.3 % in 2015  
10.0 % in 2016

1966  
1976  
1986  
1996  
2006  
2016

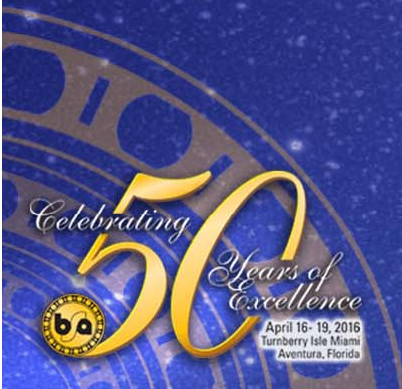
*Celebrating*  
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# Distributor Operations

## Freight Recovery

- Median  
78.0 % in 2015  
78.6 % in 2016

1966  
1976  
1986  
1996  
2006  
2016



# Distributor Forecast

## Expected Change in Total Sales

6.5 % in 2015

6.0 % in 2016

## Expected Change in Bearing Sales

8.3 % in 2015

4.0 % in 2016

1966  
1976  
1986  
1996  
2006  
2016



# Distributor Forecast

## Expected Change in Number of Employees

5.0 % in 2015

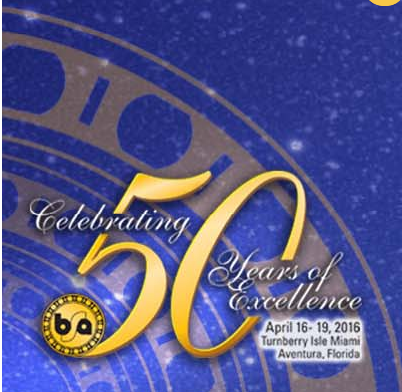
2.0 % in 2016

## Considering Adding Brick and Mortar

50.0% in 2015

35.0 % in 2016

1966  
1976  
1986  
1996  
2006  
2016

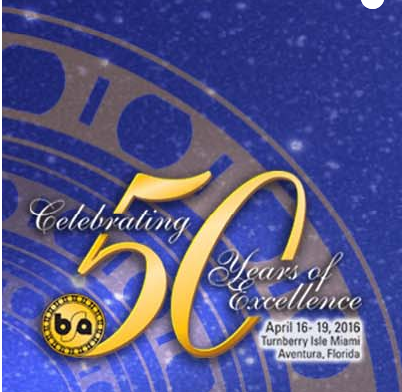


# Distributor Forecast

## Business Outlook (1 down- 5 up)

- Direct OEM Sales by Manufacturer  
3.1 in 2015  
3.3 in 2016
- Direct MRO Sales by Manufacturer  
3.5 in 2015  
3.4 in 2016

1966  
1976  
1986  
1996  
2006  
2016



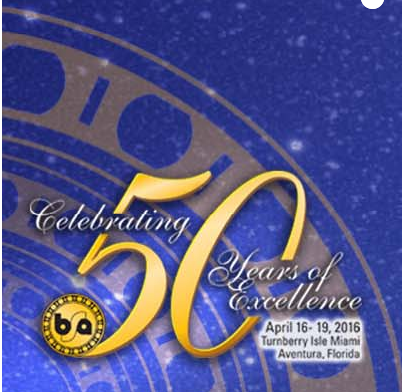


# Distributor Forecast

## Business Outlook (1 down- 5 up)

- Integrated Contract Business
  - 3.6 in 2015
  - 3.4 in 2016
- Vending
  - 3.6 in 2015
  - 3.3 in 2016

1966  
1976  
1986  
1996  
2006  
2016

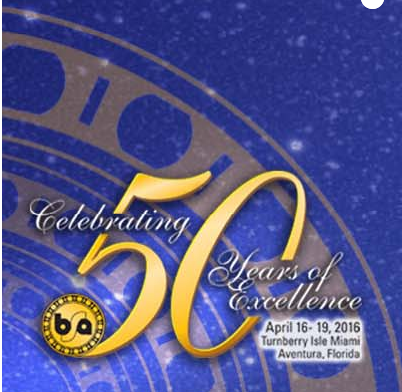


# Distributor Forecast

## Business Outlook (1 down- 5 up)

- VMI
  - 3.6 in 2015
  - 3.6 in 2016
- OEM Business
  - 3.9 in 2015
  - 3.7 in 2016

1966  
1976  
1986  
1996  
2006  
2016



# Product Sales Mix

## Un-Mounted Ball Bearings (% of Total Bearings)

30.5 % in 2015

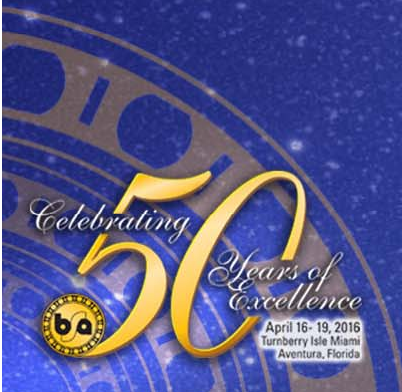
23.7 % in 2016

## Un-Mounted Spherical Roller Bearings

12.5 % in 2015

13.8 % in 2016

1966  
1976  
1986  
1996  
2006  
2016



# Product Sales Mix

## Un-Mounted Cylindrical Roller Bearings

8.4 % in 2015

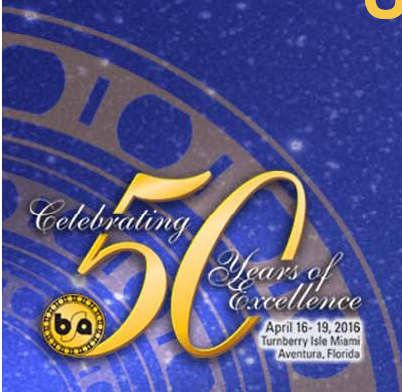
8.5 % in 2016

## Un-Mounted Tapered Roller Bearings

12.3 % in 2015

12.4 % in 2016

1966  
1976  
1986  
1996  
2006  
2016



# Product Sales Mix

## Mounted Ball Bearings

12.0 % in 2015

16.6 % in 2016

## Mounted Roller Bearings

10.0 % in 2015

10.8 % in 2016

1966  
1976  
1986  
1996  
2006  
2016



# Product Sales Mix

## Linear Bearings

2.6 % in 2015

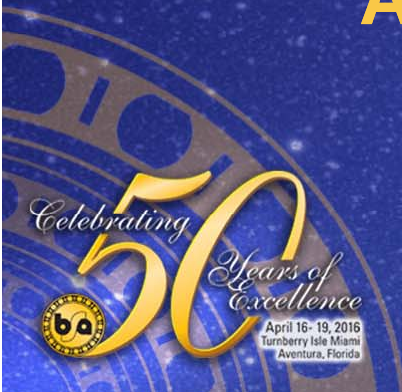
4.1 % in 2016

## All Other

11.7 % in 2015

10.1 % in 2016

1966  
1976  
1986  
1996  
2006  
2016



# Customer Sales Mix

## Cash/Counter Sales

1.3 % in 2015

0.7 % in 2016

## Automotive

1.9 % in 2015

2.6 % in 2016

1966  
1976  
1986  
1996  
2006  
2016



# Customer Sales Mix

## Mining

2.9 % in 2015

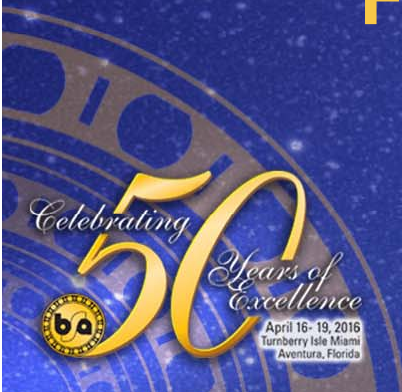
3.9 % in 2016

## Forest Products

7.3 % in 2015

9.7 % in 2016

1966  
1976  
1986  
1996  
2006  
2016





# Customer Sales Mix

## Primary Metals

6.6 % in 2015

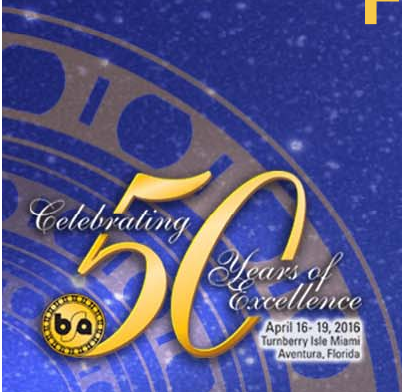
7.4 % in 2016

## Food & Beverage

9.6 % in 2015

7.0 % in 2016

1966  
1976  
1986  
1996  
2006  
2016



# Customer Sales Mix

## Aerospace

6.6 % in 2015

4.1 % in 2016

## Railroad

2.0 % in 2015

2.2 % in 2016

1966  
1976  
1986  
1996  
2006  
2016



# Customer Sales Mix

## Agriculture

1.6 % in 2015

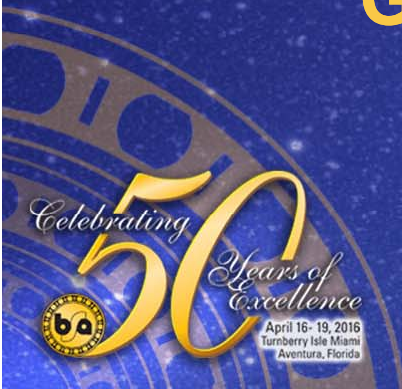
2.8 % in 2016

## Government

1.6 % in 2015

2.1 % in 2016

1966  
1976  
1986  
1996  
2006  
2016



# Customer Sales Mix

## Resellers

4.8 % in 2015

5.2 % in 2016

## Aggregate

2.2 % in 2015

2.9 % in 2016

1966  
1976  
1986  
1996  
2006  
2016



# Customer Sales Mix

## Oil and Gas

1.3 % in 2015

9.4 % in 2016

## Manufacturing

31.1 % in 2015

22.5 % in 2016

1966  
1976  
1986  
1996  
2006  
2016



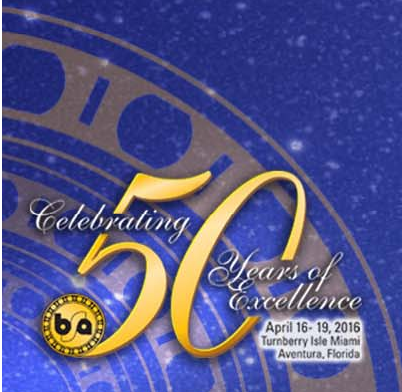
# Customer Sales Mix

## All Other

19.2 % in 2015

17.6 % in 2016

1966  
1976  
1986  
1996  
2006  
2016

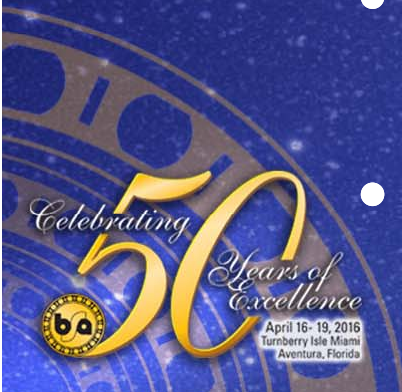


# Summary

## Positives:

- Our Workforce is Getting Younger
- Our Workforce is Better Trained
- 75% of Distributors Plan to Add People
- Challenged Industries (Oil & Gas, Mining) are Expected to Grow
- Less Frequent Requests for Conflict Mineral Information

1966  
1976  
1986  
1996  
2006  
2016



# Summary

## Challenges:

- Bearings Make up Less of Our Business Every Year
- 6 Hours of Training Per Employee Seems Light
- Age and Pending Retirement of Our Workforce

1966  
1976  
1986  
1996  
2006  
2016

