

FINdex Rebounds Amid COVID-19

After tumbling 30.3% in the opening quarter of 2020, the FIN Fastener Stock Index rebounded in the second quarter, achieving a 26.7% gain during the period compared to a 19.6% gain by an index of related industrial stocks during the first full quarter of the pandemic.

Tree Island Steel achieved the greatest gain during Q2, more than doubling during the period.

Other fastener stocks gaining share value included Carpenter Technology (up 17.3%); Dorman Products (up 21.3%); Fastenal (up 37%); Grainger (up 26.4%); ITW (up 23%); Lawson Products (up 20.7%); MSC Industrial (up 32.4%); Nucor (up 14.9%); Simpson Mfg. (up 36.1%); Stanley Black & Decker (up 39.4%); and TriMas (up 3.7%).

Fastener stocks losing value during Q2 included Chicago Rivet (down 1.8%); Bisco Industries (down 5%); and Park Ohio (down 13.6%).

However, during the first six months of 2020, the FINdex lost 11.5% of its value, compared to a 7.1% decline by an index of related industrial stocks.

Carpenter Technology saw its share value decline 54% during the period.

Other fastener companies with a share loss during the first half of 2020 included Chicago Rivet (down 19.4%); Dorman Products (down 11.4%); Bisco Industries (down 30.5%); Grainger (down 7.2%); ITW (down 2.7%); Lawson Products (down 38%); MSC Industrial (down 7.2%); Nucor (down 26.4%); Park Ohio (down 51.5%); Stanley Black & Decker (down 15.9%); and TriMas (down 23.7%).

During 2019, the FINdex gained 33.7%, besting a 24.4% increase by an index of related industrial stocks. Bisco Industries achieved the highest percentage gain, improving 84% during the year.

COVID-19 Decimates ITW Fastener Sales

ITW reported Automotive OEM revenue, including fasteners, fell 54% to \$361 million in the second quarter of 2020. Automotive OEM operating loss totaled \$28 million, while operating margin plummeted to -7.8%.

“As expected, given that most of our automotive OEM customers in North America and Western Europe essentially shutdown in mid-March and only began to restart production in May, June,” stated CEO Scott Santi in a conference call transcribed by Seeking Alpha.



“Our automotive OEM business was the hardest hit.

“Overall organic revenues were down 53% year-over-year, although we did see a significant uptick in June that is continuing in July. North America was down 62%, Europe down 59% and China was the bright spot with organic revenue up 6%.”

Construction Products revenue, including fasteners, performed comparatively well, dropping only 11.3% to \$376 million during the quarter. Segment operating income decreased 15% to \$90 million, with operating margin rising to 23.7%.

Overall Q2 ITW revenue dropped 29% to \$2.6 billion, with organic revenue down 27% and operating margin falling at 17.5%.

Six-month Automotive OEM revenue fared better, falling 32% to \$1.06 billion, with operating income down 33.7% to \$117 million and operating margin plummeting 1030 basis points to 11.1%.

Construction Products during the first six months of 2020 dipped 4.6% to \$766 million, while segment operating income slipped 7.1% to \$181 million, producing an operating margin increase of 20 basis points to 23.6%.

Consolidated ITW revenue declined 19% to \$5.8 billion, while operating income fell 29% to \$1.21 billion and net income slipped 27% to \$885 million.

StanleyBlack&Decker

SWK Fastening Revenue Falls 35%

Stanley Black & Decker reported Engineered Fastening organic revenues fell 35% in the second quarter of 2020 “due to lower global automotive light vehicle and general industrial production.”

Industrial segment sales, including Engineered Fastening results, declined 20% to \$ 517.5 million in Q2 as CAM acquisition (+10%) was offset by volume (-29%) and currency (-1%). Segment profit plummeted from \$95.1 million to \$5.1 million.

Stanley Black & Decker agreed to acquire Consolidated Aerospace Manufacturing LLC (CAM) in February for as much as \$1.5 billion cash. The deal is contingent on the Boeing 737 MAX returning to service and on Boeing meeting certain production goals.

Brea, CA-based CAM, which manufactures aerospace fasteners and components, was launched by Tinicum in 2012 as a holding company for eight manufacturing firms active in aerospace component sector. Among CAM’s holdings are Bristol Industries, E.A. Patten, AeroFit, Voss Industries, 3V Fasteners, QRP and Moeller.

Consolidated Stanley Black & Decker sales dropped 16% to \$3.1 billion during the quarter. Operating income declined 45% to \$280.7 million, with a margin of 8.9%. Net income slipped 33% to \$238.7 million.

Industrial segment sales during the first six months of 2020 dipped 8% to \$1.1 billion, with segment profit more than halved to \$72.9 million.

FDI Returns To Growth In June

The seasonally adjusted Fastener Distributor Index improved to 56.9 in June vs. May (45), “consistent with an improvement in last month’s forward-looking indicator.” Last month marked FDI’s return to expansionary readings for the first time since February.



Additionally, the seasonally adjusted sales index showed very strong improvement, surging from 28.9 to 69.9 in June.

“Sales trends were better than seasonally expected for a majority of respondents, the first time that has occurred since January,” R.W. Baird analyst David Manthey wrote.

Pricing remained stable for most respondents.

The Forward Looking Index continued to improve, increasing to 52.6 from 43.9 the previous month.

“Respondents are on balance once again feeling more optimistic than pessimistic about the six-month outlook, while employment has also started to return to more normal levels,” Manthey wrote.

These two factors primarily accounted for the month-to-month improvement in the Forward Looking Index.

“With the FLI improving for three straight months and the US economy continuing to reopen, we believe the FDI could see steady improvement in the immediate term, albeit conditional on widespread government-mandated shutdowns not re-occurring,” according to Manthey.

Hiring sentiment improved as well. The FDI employment index registered a 56.6 reading, also a significant improvement from last month (40.0). The percentage of respondents noting lower employment levels than seasonally normally decreased to just 11% vs. an average of 40% seen over the last three months.

Respondent commentary remained uneven, however.

“Although June seems to have been better than expected for most respondents, and momentum is clearly improving, many participants still characterize the recovery as slow and somewhat uneven to this point,” Manthey noted.

One respondent commented: “Slow recovery but at least positive trend after the shutdowns in April and early May.”

Another commented. “Have experienced more customer demand [increases] but [some] don't believe our industry will see normal levels for some time. Too many variables especially related to the pandemic that can impact the economy.”

Attitudes about activity over the next six months compared to today are more positive than negative on balance, however, with 61% of participants expecting higher activity levels and just 11% expecting lower.

The FDI is a monthly survey of North American fastener distributors conducted by the FCH Sourcing Network, the National Fastener Distributors Association and Baird.



Randy Nelson
VICE PRESIDENT OF SUPPLY CHAIN
AND STRATEGIC SOURCING



Matt Kubbinga
DIRECTOR OF SUPPLY CHAIN



Optimas Solutions Promotes Supply Execs

Optimas Solutions promoted Randy Nelson to VP of supply chain and strategic sourcing, and Matt Kubbinga to supply chain director.

“The expertise and knowledge of Randy and Matt enables Optimas to embrace continuous growth and future innovation,” commented Marc Strandquist, president of the Americas. “These promotions reflect the incredible leadership and hard work of the supply chain team to fulfill on Optimas's commitment to being a best-in-class industrial distribution and service provider.”

Fastener industry veteran Nelson has over 18 years of executive experience with Supply Technologies and Brighton-Best Intl.

Kubbinga spent five years as demand planning manager at Univar Solutions.

Glenview, IL-headquartered Optimas Solutions is a global industrial distributor of fasteners and c-class components. Optimas has 1,600 employees in 16 countries. Optimas has 3,500 suppliers to distribute 130,000 SKUs to 10,000 customers in automotive, heavy truck, high tech, lawn & garden, medical, off-highway, power generation, powertrain, transportation and tunneling industries. Optimas manufactures in Illinois and the UK.

International Fastener Expo (IFE) 2020 Cancelled Until 2021

Morgan Wilson, Show Manager, reports, “Since 1981, the International Fastener Expo (IFE) has brought the entire fastener industry together in one place to see customers and vendors, network with colleagues and source new products and suppliers. However, driven by our responsibility to serve your best interests, we regret that we are cancelling this year's International Fastener Expo, which was scheduled for September 28 to 30, 2020, at the Mandalay Bay Convention Center, Las Vegas, NV, USA. Recent developments have made it impossible to bring our community together safely and successfully. This is due to the ongoing progression of the COVID-19 pandemic including the latest government data, measures and guidelines on phased reopening plans in the USA; number of confirmed cases globally and domestically; current quarantines, containment areas, stay-at-home orders, and restrictions on gatherings imposed by states and other government and public



health authorities; international travel restrictions and bans; and company-imposed travel restrictions. The health and safety of our customers, partners and employees remains of paramount concern to us.

“Though we won’t get to see you in person this year, our team is committed to finding new ways to keep the industry connected and we are in the process of launching IFE Online Experience, a platform where you can virtually meet customers, have access to a proven match-making program and learn from industry leaders and about current trends. We are also confirmed to return to the Mandalay Bay Convention Center in Las Vegas next year from September 21 to 23, 2021. We are excited to welcome you to IFE 2021.”

Paul Sundstrom Named GM at ND Industries

ND Industries, Clawson, MI, USA, has named Paul Sundstrom General Manager of its Northbrook and Rockford, IL, USA facilities. He takes over the position from John Thramann, who has recently announced his retirement. Thramann has been at ND Industries since 1970 and has played an integral role in making ND one of the current leaders in the fastener locking and sealing industry. ND wishes John all the best in his retirement. For the past two years Sundstrom has been ND’s lead Sales Manager in Illinois.



IFI Elects New Chairman, Vice Chairman & Names Board Members and Division Chairs

The Industrial Fasteners Institute (IFI), Independence, OH, USA, held its Annual Meeting in Clearwater Beach, FL, USA, March 7 to 10, 2020. The new IFI Chairman for the period 2020 to 2021 is Kevin



Johnson of Birmingham Fastener, Inc. and the newly elected Vice Chairman is Edward Lumm of Shannon Precision Fastener, LLC. In addition to Johnson and Lumm, the Board of Directors also includes: Manny DeSantis, Valley Fastener Group LLC; Pat Wells, The Young Engineers; Don Kubkowski, Sems and Specials; Paula Tognetti, MNP Corp.; Jeff Liter, Wrought Washer Mfg.; David Hebert, Freeway Corp.; Brian Stark, Rockford Fastener; Dan Curtis, MacLean-Fogg Co.; Richard Brittan, Tri Star Metals; and Wayne Drysol, 3V Fastening. 2020 Division Chairs for IFI are: Division I – Industrial Products: Steven Sherman, Industrial Rivet & Fastener; Division II – Aerospace Fastener Products: Pat Wells, The Young Engineers, Inc.; Division III – Automotive Industry Fastener Group: Gene Simpson, Semblex Corporation; and Associate Suppliers’ Division: Richard Brittan, Tri Star Metals. IFI is an association of the leading North American makers of bolts, nuts, screws, rivets, pins, washers and custom formed parts. ■

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