

**Brett Wood, ITA Chairman of the Board of Directors  
(President & CEO Toyota Material Handling – North America)  
Industrial Truck Association  
Presidents' Forum  
Alliance of Industrial Truck Organizations  
Palm Beach, Florida  
19 September 2015**

Version 4

**Slide 1 (title slide)**

Thank you very much Mitch.

Good morning and thank you for attending this year's Presidents' Forum. This forum provides an excellent venue for members in the global industrial truck business to become familiar with issues facing each of our respective regions of the world and to also discuss ways to improve our global industry. It is an honor for me to be here and to take part in this year's Alliance meetings and Presidents' Forum.

In my remarks today I will focus on the US economic activity as well as provide you with an overview of the current North American forklift industry.

**Go to Slide 2**

Let's begin with the U.S. economy. I would like to start by making a few comments on some of the latest developments we have seen with the volatility in the stock market that we witnessed recently and during August.

After this volatility - markets around the world began to stabilize somewhat but there are continuing economic challenges to be aware of. It is somewhat reassuring, however, to see that for the most part, many markets have begun to recover from their steep losses. This recent rollercoaster ride on Wall Street is a reminder how fragile the markets can be.

### **Go to Slide 3**

One thing that has helped bring some stability to the U.S. economy has been the recently reported stronger real GDP growth. The estimate of growth in the US economy was revised sharply higher, up from 2.3% in the original estimate to 3.7% percent in the latest report. This reflected better consumer and business spending data than previously thought.

### **Go to Slide 4**

When you look at the details of the GDP data, it is interesting to note that “Personal Consumption” has been the catalyst of the recent GDP growth in the U.S, followed by “Private Investment”.

### **CLICK**

“Personal Consumption accounts for 57% of the recent growth and perhaps our strong lift truck industry also reflects this trend in consumer confidence.

### **Go to Slide 5**

The Labor Department says the U.S. economy added 173,000 jobs in August, a figure that fell short of expectations but nonetheless appeared to shrug off turmoil in overseas markets.

Our economy has now added 8.0 million jobs over the past three years, a pace that has not been exceeded since the year 2000.

### **Go to Slide 6**

In a separate survey, the Labor Department's Bureau of Labor Statistics said the unemployment rate had dipped to 5.3 percent — a seven-year low.

There are even some areas of the country that report unemployment in the 3 percent range, which could mean that anyone who wants a job, has one.

And while the economy added jobs at a somewhat slower pace in August than in recent months, the unemployment rate remains at its lowest level since April 2008.

### **Go to Slide 7**

It is unclear how the latest reports on jobs and GDP might impact the Federal Reserve meeting which was held this week.

## **CLICK**

Everyone was wondering if the Federal Reserve's decision – to raise interest rates or to leave them – would have some type of impact on the market.

Perhaps it is too early to tell, but I recommend to have your roller coaster tickets ready as the stock market ride will undoubtedly continue.

## **Go to Slide 8**

Overall US manufacturers are still seeking a stronger recovery and data releases issued at the end of August provided mixed news about the state of the sector right now. On the positive side – new durable goods orders rose 2.0 % in July, continuing the 4.1% jump in June. Much of the gains in the last two months have come from the transportation equipment sector, and excluding that segment, new orders increased 0.6 % in July.

## **Go to Slide 9**

However, reduced crude oil prices, the strong dollar and weakness in certain markets around the world could be seen as taking their toll on demand and production for export products. The US Department of Commerce recently reported that the trade deficit fell to its lowest level in five months in July, down to \$41.9 billion from the revised \$45.2 billion figure for June. However it is important to note that the trade deficit is running 3.6% above last year's level, reflecting weaker export sales.

### **Go to Slide 10**

The August Purchasing Managers Index (PMI) registered 51.1 percent, a decrease of 1.6 percentage points from the July reading of 52.7 percent. It is important for us to recognize this report does not track hard data but the present situation in a number of industries derived from a survey of purchasing managers from those industries. A reading over 50 from those surveyed indicates that a majority reported that conditions in their industry are improving.

### **Go to Slide 11**

Now, looking at an economic indicator I enjoy watching, the Automobile Sales continue to be a bright spot in US manufacturing. A senior analyst raised their 2015 sales forecast to 17.72 million vehicles from 16.8 million after July sales numbers were calculated. The industry's all time record is 17.4 million cars and light trucks, set in the year 2000. The automotive industry appears to be healthy again.

### **Go to Slide 12**

The final economic slide represents the number of “Housing Starts” ... or new homes that have been built recently. While there has been some recovery from the recession, the number of new homes being built have not returned to pre-recession levels. Perhaps this slow recovery is contributing to our industry’s slower recovery in Class 5 IC lift truck sales compared to Class 1-3 Electric lift truck sales.

## **US Forklift Industry**

Let me now shift gears towards the US forklift industry and talk about the current market conditions we are faced with and how economic activity is affecting our industry.

### **Go to Slide 13**

The North American lift truck industry has recovered nicely from the recession in 2009. This chart shows the retail orders for all five truck classes and in 2014, there were approx. 214,000 orders, which almost reached our pre-recession level of 215,000 units.

When considering where we were in 2009 with only 98,000 units, our industry in North America has rebounded quite well and can be characterized as mature and healthy.

### **Go to Slide 14**

Now, I would like to look at our industry in more detail and breakdown some of the latest trends. This table may be hard to read, but I provide it for you to have for future reference. This shows a breakdown by year of the factory shipments by Electric Riders (Class 1 & 2), by Motorized Hand Trucks (Class 3) and by IC Engine Trucks (Class 4 & 5). This is the same table that ITA offers on our website, so I encourage you to utilize the ITA website for access to relevant industry information including copies of the President's Forum presentations.

## **Go to Slide 15**

Perhaps more interesting would be to look at a further breakdown of the North American lift truck trends, starting with engine types. This chart shows that LPG is the fuel of choice for over 80% of our customers who purchase engine-powered lift trucks. Unlike other regions in the world, Diesel power is not as popular in North America, and is basically only used by customers in outdoor, heavy-duty applications with larger capacities.

This chart also shows that over the last 4 years, LPG has increased in popularity compared to Diesel and Gas customers. Good news I am sure for our friends at PERC! (Propane Education & Research Council).

## **Go to Slide 16**

Now, let's look at the trends in Electric vs Internal Combustion lift trucks in North America. You can see that there has been a slow increase in the popularity of Electric lift trucks over the years. I thought it was even more interesting to highlight the recent recession periods and note that sales of Electric lift trucks pick up significantly during tough economic times. This makes sense, as consumers will cut back on some items during a recession, but generally not cut back on food & beverages, which is a strong market for Electric lift trucks.

### **Go to Slide 17**

Also, we can look at the breakdown of Counterbalance lift trucks, or Class 1,4 & 5, compared to Warehouse lift trucks which are Class 2 and 3.

This data shows the increasing popularity in Warehouse lift trucks, which can be related to the shift in Electric lift trucks I previously mentioned. But this also can indicate a general shift in our economic landscape, to less manufacturing applications and more distribution or warehousing environments, especially thanks to the growth in e-commerce and companies like Amazon.

### **Go to Slide 18**

Now, looking forward, this year has been another strong year for our industry as each month so far has either equaled or been stronger than the corresponding month from last year. Overall, the North American industry is up over 10% year-to-date compared to last year.

### **Go to Slide 19**

With my last industry slide, I will comment on the future. This is the same slide that I started with showing the North American lift truck sales for the last 10 years.

### **CLICK**

We have now added a forecast for 2015 to be around 220,000 retail orders.

This would represent an all-time record for our industry demonstrating the strong recovery our market has enjoyed. Year-to-date, our industry is 10% over last year, but we have forecasted approx. a 3 growth reflecting a softening market for the remaining months. Even last month, some states in the North East and also parts of Texas have showed signs of a smaller industry compared to last year.

Remember however, even a modest 3% growth would result in the best year ever for the ITA statistics.

### **Go to Slide 20**

#### **ITA Activities**

The ITA priorities remain:

International cooperation on Standards development, Statistics and promoting Free and Fair trade,

Engineering practices,

Accurate & timely statistics,

Industry communications & networking,

and the continuation of our OSHA Compliance Officer Training program.

### **Go to Slide 21**

And now we have National Forklift Safety Day which is a new initiative the ITA launched in 2014 and we will continue to support each year.

National Forklift Safety Day is held annually on the second Tuesday of June, and serves as a focal point for manufacturers to highlight the safe use of forklifts, and importance of operator training. This day provides an opportunity for the industry to raise awareness and educate customers, policymakers and US government officials on forklift operating safety practices.

### **Go to Slide 22**

Recognizing one of the ITA's fundamental priorities is communication and safety, we launched National Forklift Safety Day. We are determined to use this day as an opportunity to address critical priorities concerning forklift operator safety through improved education and training. We welcomed speeches from influential members of Washington and also industry experts during our event which was held in Washington DC.

### **Go to Slide 23**

ITA members embraced and supported the launch of this event in several ways including; conducting operator training workshops, hosting open houses and distributing company press releases stating their support of National Forklift Safety Day. It was nice to see our group of competitors, work together on this important initiative.

**Go to current Slide 24**

It was through these efforts and the efforts of our official media sponsor, that we are able to generate a considerable amount of media coverage related to this event, which included circulation numbers from all of the media outlets exceeding 60 million people.

**Go to current Slide 25**

I would like to say that during the 18 years of its existence, the Alliance has proved to be a useful tool in the dissemination of information about the global industrial truck market, including orders and shipments, engineering standards, emerging markets and government programs covering a host of topics related to our industry. Now we have the ability to use this forum as a platform to continue our efforts for a level playing field for all markets around the world and to work toward industry best practices.

**Go to current Slide 26**

And finally, in closing, let me say thank you for your attention today and on behalf of the ITA, we are honored to host this year's Alliance meeting here in the United States. Thank you very much.