



2018 NPCA

PRECAST INDUSTRY BENCHMARKING REPORT



Prepared By

INDUSTRY *insights*



2018 NPCA

PRECAST INDUSTRY BENCHMARKING REPORT

BASED ON 2017 DATA

The 2018 Precast Industry Benchmarking Report presents a detailed analysis of key operating data from the precast concrete industry. Based on confidential surveys completed by 52 precast concrete manufacturers (representing 94 plants) in early 2018, the Benchmarking Report includes a compilation and analysis of plant sales, operations data, and compensation and benefits information. Survey data is also extrapolated to provide an estimate of the overall size of the industry and combined sales by product category in the United States and Canada.

The Benchmarking Report is published annually by the National Precast Concrete Association, a trade association that represents manufacturers of precast concrete products and suppliers to the industry. Founded in 1965, NPCA connects leaders in the manufactured concrete industry through a wide range of educational, leadership and networking opportunities. The association currently represents nearly 900 companies that are committed to expanding the use of quality precast concrete.

The 2018 Precast Industry Benchmarking Report was compiled, tabulated and analyzed by Industry Insights, Inc. (www.industryinsights.com), an independent professional research and consulting firm that specializes in conducting operating surveys, compensation studies, market assessment surveys, customer satisfaction research, educational programs and other forms of customized research.

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INTRODUCTION

2018 PRECAST INDUSTRY BENCHMARKING REPORT



ABOUT THIS REPORT

This year's Precast Industry Benchmarking Report (based on 2017 data) has been designed to provide easy-to-understand guidelines for identifying business performance improvement opportunities.

The Precast Industry Benchmarking Report was prepared by Industry Insights, Inc. of Columbus, Ohio, while working closely with NPCA representatives in the design of the study. An online version of the questionnaire (refer to the Appendix for a sample) was made available to respondents by email invitation. A downloadable PDF version was also available at the site, which participants could either mail back or scan and email to Industry Insights. The survey was made available to NPCA members and non-members. Some participants chose to enclose their financial statements, and Industry Insights' analysts completed the financial sections of the survey for them.

This report includes comparative financial ratios, compensation statistics, employee benefits information, and sales mix data. The information in this report has been segmented by sales volume, geographic region, number of plants, and a special grouping of "Profit Leaders," based on return on assets performance.

A valuable feature of the 2018 Precast Industry Benchmarking Report is that all NPCA member companies participating in the survey automatically receive a free confidential Company Performance Report. This report presents a company's own ratios and data computed in a manner consistent with those appearing in the full benchmarking report, and it is displayed alongside the appropriate industry comparatives.

As shown on any given line of the Company Performance Report, a company's own data is included along with reported norms for all respondents and for companies of similar sales volumes and geographic region. Thus, the individual owner/manager is provided invaluable information without needing to spend time and effort performing the calculations manually. In addition, these highly confidential reports contain a graphical depiction of performance trends as well as a qualitative assessment of a company's situation.

Sample Company Performance Report pages are shown on the following page.

In addition to receiving a Company Performance Report, all participants receive access to an interactive "Searchable Results" program which allows more specific information than this report could reasonably provide. Using the program, users are able to create their own data cuts to create benchmarks that most closely match their organizations. For example, a participant could create a data cut based on a specific revenue size range and geographic location, whereas the report only provides single-level cuts (e.g., revenue size range or geographic location). The Searchable Results program is housed in the participants' online portal. In addition, the Searchable Results program allows users to view their own results alongside their customized comparison. For convenience, all results can be exported to Excel or printed to PDF.

SAMPLE COMPANY PERFORMANCE REPORT

The images on this page provide a sample of each of the sections that are included in each participant's Company Performance Report (CPR). The actual CPR that participants receive contains more than 30 pages of information about their organization, compared against other similar companies and formatted as the pages below.

2018 Precast Industry Benchmarking Survey
Company Performance Report

Company Number: Sample
Net Sales: \$10,000,000

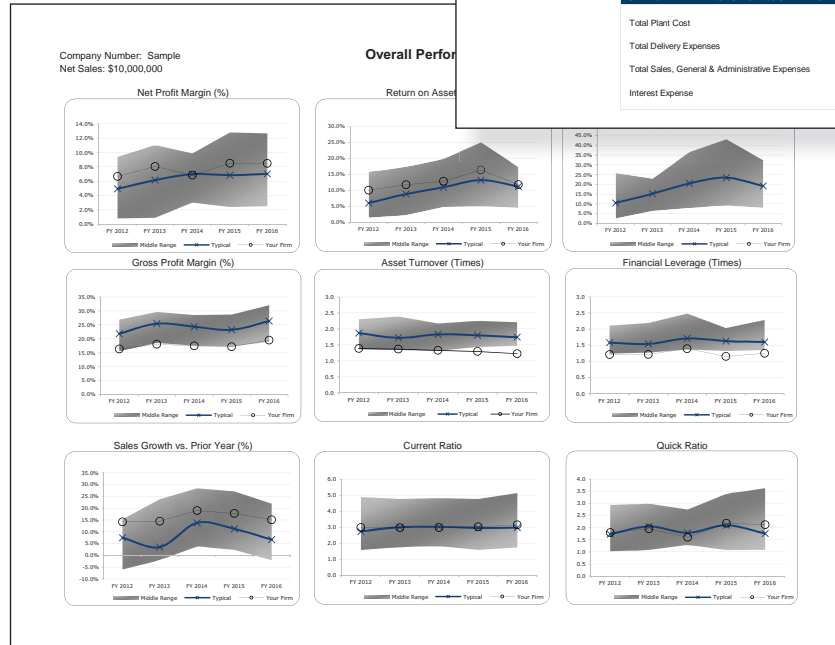
	Your Firm	All Firms	Sales: Under \$5 Million	High Profit Firms	Region: New England & Atlantic	No. of Plant Locations: One
INCOME STATEMENT AS A % OF NET SALES						
NET SALES (includes delivery income)	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
PLANT COSTS						
Materials Cost (all raw materials which are part of the product)	27.7%	28.6%	28.3%	26.4%	27.4%	28.0%
Resale items material costs (Items not in raw materials inventory)	6.8%	5.9%	6.4%	8.2%	7.3%	6.4%
Plant Labor (all production hourly & supervisory direct wages)	14.1%	14.8%	14.3%	13.2%	14.0%	14.5%
Plant Labor Payroll Taxes and Workers Compensation	2.3%	2.2%	2.3%	2.4%	2.3%	2.3%
Plant Labor Fringe Benefits	1.9%	2.0%	1.9%	1.7%	1.9%	2.0%
Plant Operating Expense (maintenance, equipment, utilities, etc., used in production)	5.9%	6.1%	6.6%	5.0%	5.9%	5.6%
Depreciation of Plant and Equipment	2.3%					
Plant Fixed Expense (property taxes, insurance, depreciation, etc.)	2.0%					
Total Engineering Expenses	0.7%					
Total Plant Cost	63.7%					
Total Delivery Expenses	8.4%					
Cost of Goods Sold	72.2%					
Gross Profit	27.8%					
SALES AND GENERAL & ADMINISTRATIVE EXPENSE						
General & Administrative Salaries, Wages, and Bonuses	8.1%					
General & Administrative Payroll Taxes and Workers Compensation	0.9%					
General & Administrative Fringe Benefits	0.8%					
Total Sales & Marketing Expenses	2.6%					
Professional Services (accounting, legal, payroll services, etc.)	0.7%					
Education & Training	0.1%					
Traavel & Entertainment	0.3%					
Bad Debt Expense	0.1%					
Insurance Expense (business, liability, auto, etc.)	0.7%					
Depreciation Expense (other than plant and delivery equipment)	0.5%					
All Other General & Administrative	3.9%					
Corporate Overhead (multiple plant operations assignment of corporate expenses)	0.5%					
Total Sales and General & Administrative Expenses	19.4%					
Operating Profit	8.4%					
Other Income	0.4%					
Interest Expense	0.7%					
Other Expense	0.1%					
Net Profit Before Taxes	8.0%					

"YOUR FIRM'S" RATIOS COMPARED TO THE APPROPRIATE INDUSTRY NORMS

2018 Precast Industry Benchmarking Report (All Respondents Comparison)
Confidential Summary Performance Evaluation

Company Number: Sample
Net Sales: \$10,000,000

OVERALL PERFORMANCE MEASURES		
Net Profit Margin	>>>> GOOD <<<<	Well Done
Return on Assets	>>>> GOOD <<<<	Well Done
Return on Net Worth	>>>> GOOD <<<<	Well Done
Gross Profit Margin	>>>> GOOD <<<<	Well Done
Asset Turnover	>>>> STRONG <<<<	Congratulations
2015-2016 Percent Change in Overall Sales	???? FAIR ???? ?	Some Concern Warranted
FINANCIAL MANAGEMENT RATIOS		
Current Ratio	>>>> STRONG <<<<	Congratulations
Quick Ratio	>>>> GOOD <<<<	Well Done
ASSET PRODUCTIVITY RATIOS		
Average Collection Period (Days)	>>>> GOOD <<<<	Well Done
Total Inventory Turnover	???? WEAK ???? ?	Investigate Further
EMPLOYEE PRODUCTIVITY RATIOS		
Total Payroll Expense as a % of Net Sales	>>>> STRONG <<<<	Congratulations
Sales per Employee	???? FAIR ???? ?	Some Concern Warranted
Gross Margin per Employee	>>>> GOOD <<<<	Well Done
SELECTED EXPENSES AS A % OF NET SALES		
Total Plant Cost	>>>> STRONG <<<<	Congratulations
Total Delivery Expenses	???? WEAK ???? ?	Investigate Further
Total Sales, General & Administrative Expenses	???? WEAK ???? ?	Investigate Further
Interest Expense	???? FAIR ???? ?	Some Concern Warranted



A COMPUTER GENERATED "REPORT CARD" EVALUATION OF YOUR OWN FIRM'S PERFORMANCE

TREND GRAPH ANALYSIS SHOWS YOUR COMPANY'S PERFORMANCE OVER TIME VERSUS THE INDUSTRY.

HOW TO USE THIS REPORT

This Precast Industry Benchmarking Report has been designed to help precast companies evaluate their own performance relative to that of similar companies in order to identify improvement opportunities. The statistics in this report represent broad performance “yardsticks” against which a company’s performance can be measured.

Using the information within this report, industry members can compare their own company’s financial, operating, and compensation figures with: the group of participants as a whole; companies of a comparable sales volume; plants from a similar geographic region; and the Profit Leaders. Spotting significant differences between your own facility’s performance and the composites can be the first step toward improving performance. Please keep in mind:

1. A deviation between your facility’s figures (for any performance measure) and numbers in the report is not necessarily good or bad. It merely indicates additional analysis may be required. As a rule, the larger the difference, the greater the need for further investigation.
2. In situations where large deviations do exist, it may be helpful to go back and calculate the same performance measure over the past several years to identify any trends that may exist.
3. The information in this report should be used as a tool for informed decision making rather than absolute standards. Since companies differ as to their product emphasis, location, size, and other factors, any two companies can be successful yet have very different experiences with regard to certain performance measures.

UNDERSTANDING THE DATA

In order to use the information in this report to its maximum advantage, it is important to understand how the data is arranged and how to interpret the results.

HOW THE TABLES ARE ORGANIZED

The tables in this report are organized to include a number of important findings for each relevant “grouping” of similar companies.

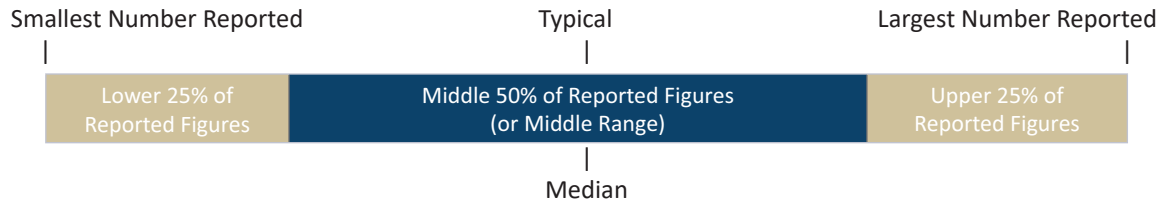
Detailed Information is reported for the following groupings:

- All Responding Facilities
- Profitability (Based on Return on Assets Performance)
- Net Sales:
 - Under \$5 Million
 - \$5 - \$15 Million
 - Over \$15 Million
- Number of Plant Locations:
 - One
 - Two or More
- Geographic Region
 - Northeast (CT, MA, ME, NH, NJ, NY, PA, RI, VT)
 - South (AL, AR, DC, DE, FL, GA, KY, LA, MD, MS, NC, OK, SC, TN, TX, VA, WV)
 - Midwest (IA, IL, IN, KS, MI, MN, MO, ND, NE, OH, SD, WI)
 - West (AK, AZ, CA, CO, HI, ID, MT, NM, NV, OR, UT, WA, WY)
 - Canada*

*Due to an insufficient number of Canadian participants, Canadian data are not specifically shown.

INTERPRETING THE NUMBERS

Most of the results included in this study are reported on the basis of medians rather than arithmetical averages or means. Unlike the mean, the median is not distorted by a few unusually high or low values that may exist in the sample due to special circumstances. The “median” value represents the mid-point of the data for a particular measure, with one-half of the firms reporting figures above it and one-half below. Each median was computed independently based on the companies that reported for that item. As a result, mathematical relationships do not always exist when different ratios are used together in the calculation.



Figures reported were not used unless they were in accordance with the survey instructions and definitions. In cases where the number of facilities reporting was considered inadequate for the computation of a meaningful figure, blank spaces appear in the tables, or an insufficient data (*) notation is included.

Further insights into how to use this report are included in the Appendix in the section entitled: “Key Ratio Definitions.”

USING RATIOS

While it is important to analyze financial information in dollars and cents, it is essential that percentages and ratios be used if the data is to be compared to past performance or to reported standards. For example, it is necessary to know your annual employee compensation expense, but it is even more essential to compare this expenditure with the value it produces. A useful measure of effectiveness of compensation expense is the percentage that payroll expense is relative to sales. Therefore, a ratio such as total payroll expense as a percent of sales can be useful in determining how efficiently your firm uses its payroll dollars over time or compared to similar precast companies in general.

In addition, just as dollar figures are not overly meaningful by themselves; ratios should not be used in isolation. In combination they can provide an extremely accurate overall picture of financial performance and financial position. Financial performance refers to how well a facility performs over a period of time (generally one year) and financial position refers to financial strength at a given point in time.

The tables in this report include key ratios for comparing your company’s performance to norms experienced by other precast companies in the following key areas: return on investment (profitability), profit margin management, asset management, employee management, and financial management.

SUMMARY AND CONCLUSIONS

While the volume of information in this report may, at first, seem overwhelming, by following the approach outlined in the preceding pages, your time and efforts can be channeled into a very effective and beneficial analysis. To summarize:

- STEP 1** Gather all your financial, operating, and compensation figures for your latest fiscal year. If you participated in this year’s study, this has already been done for you.
- STEP 2** Calculate the various performance measures for your firm that are used in the report. Start with the “Overall Performance Measures.” (If you participated in the survey and filled out the survey form completely, most of the calculations have already been made for you.)
- STEP 3** Determine which data comparisons in this report are most comparable to your facility.
- STEP 4** Use the information in this report to analyze your facility’s strengths and weaknesses.

Even relatively simple analysis of your plant’s own figures using the data for comparisons can yield important insights into your business. You do not have to be a financial expert to benefit from this information.



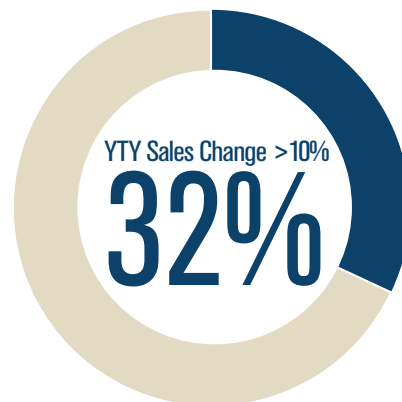
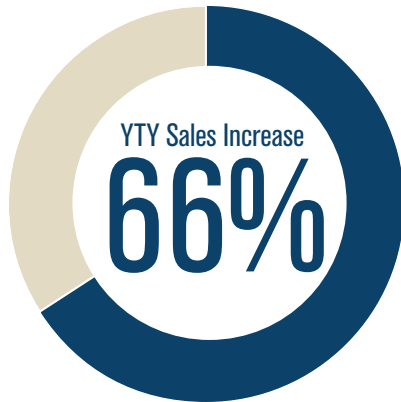
EXECUTIVE SUMMARY

2018 PRECAST INDUSTRY BENCHMARKING REPORT

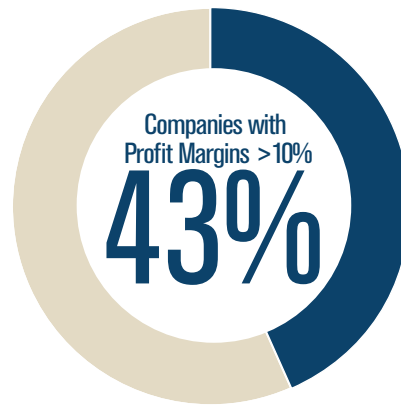
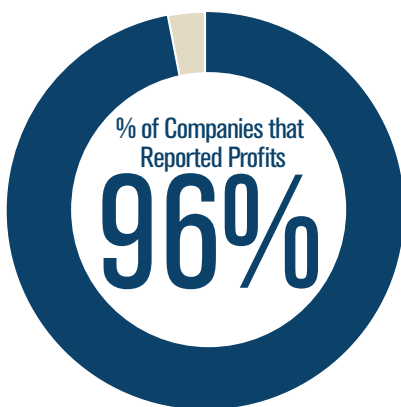


KEY FINDINGS FOR 2017

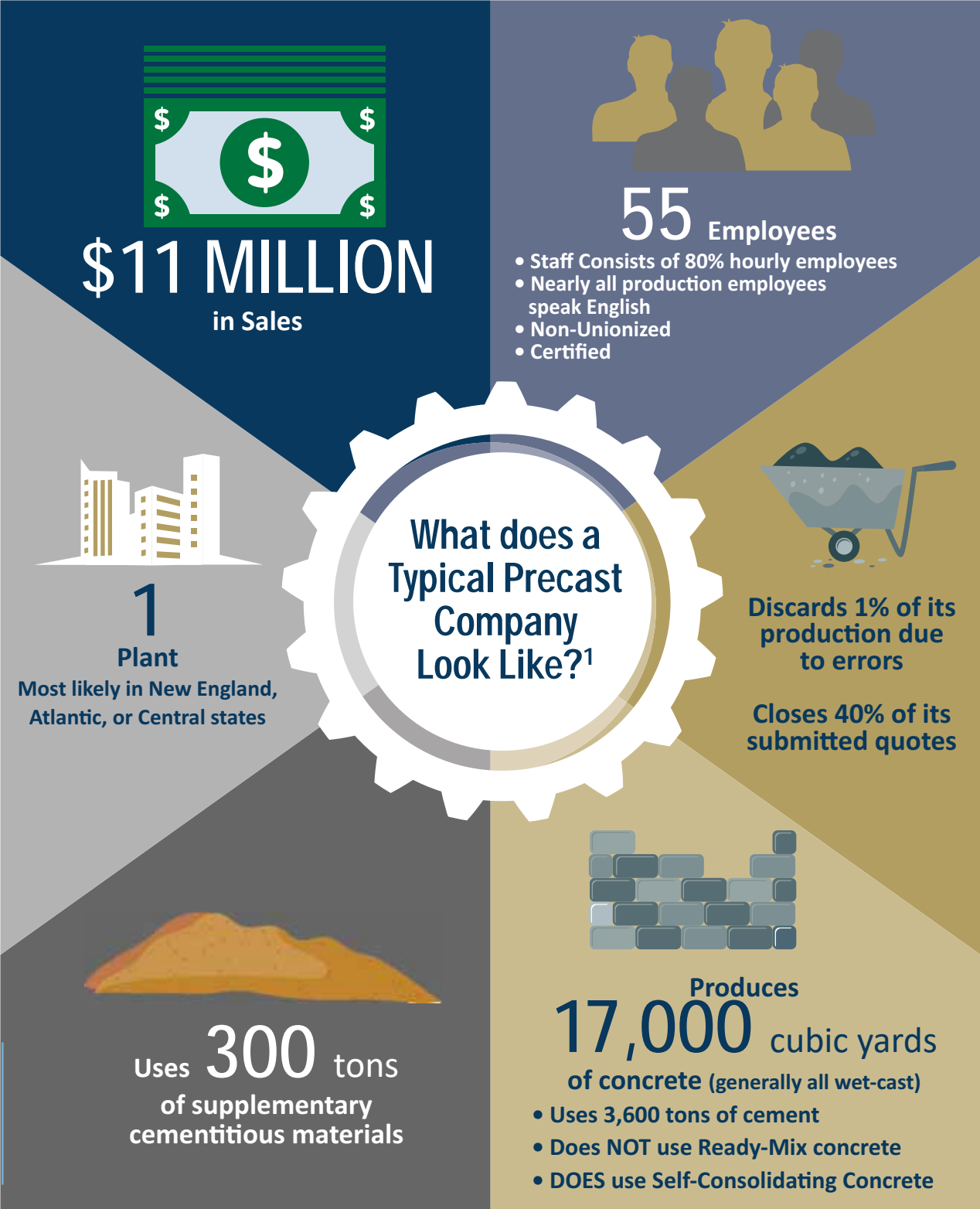
Sales growth continued to slow in 2017 from the rapid pace experienced a few years earlier. While most participants reported less growth than in 2016, 2/3 of companies still grew, and 1/3 of respondents increased sales by more than 10%. Overall, precast companies grew an average of 8% (median = 2%) in 2017. Smaller precast companies grew more (percentage-wise) than did larger ones.



Though growth slowed down for most precast companies, their profit margins did not. More than 95% of reporting companies were profitable in 2017, and more than 40% achieved a net profit margin exceeding 10%. Overall, precast companies averaged a net profit of 9.5% (median = 8.0%) during the year, which was a considerable jump from the past few years.

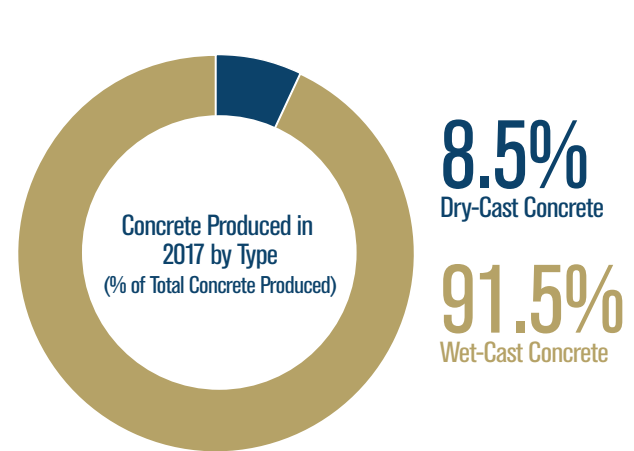
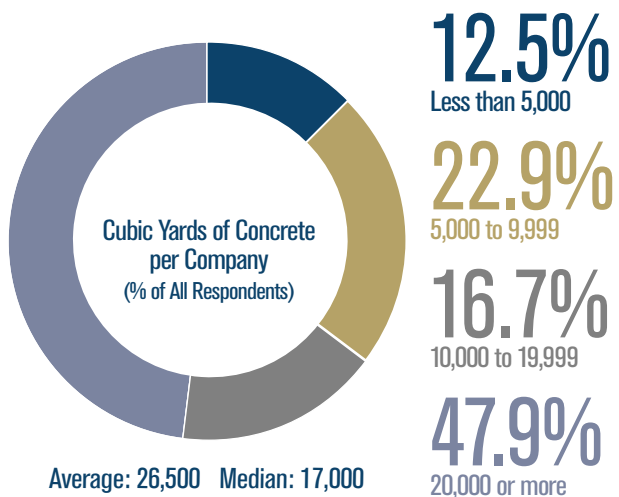
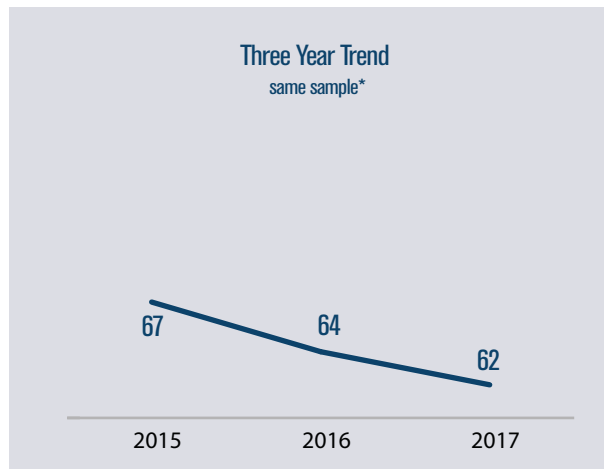
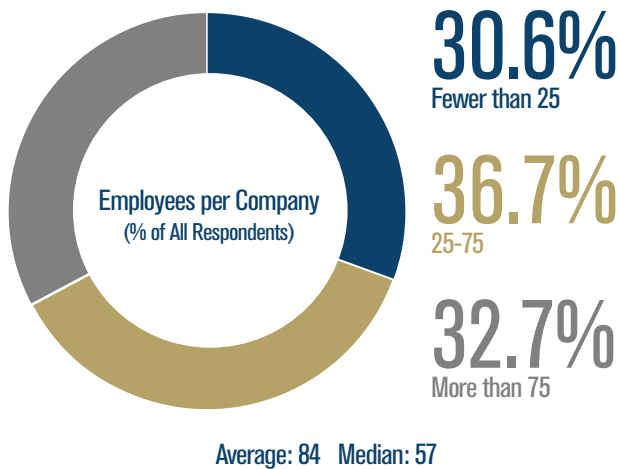
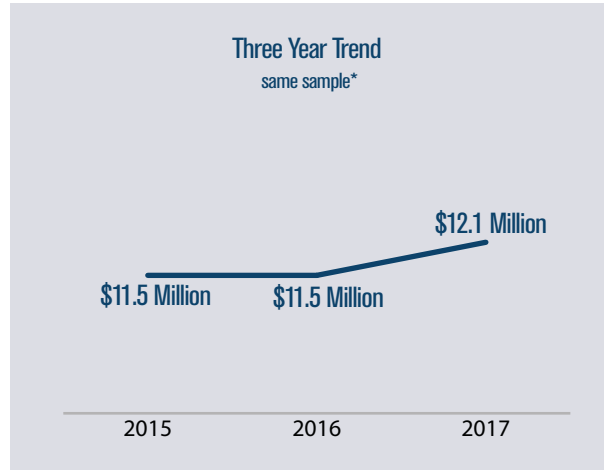
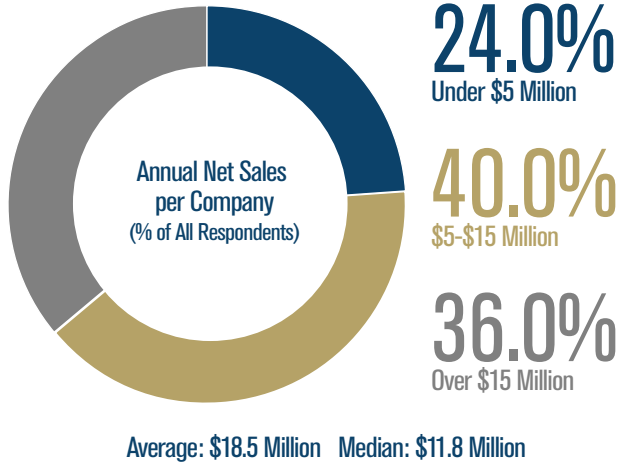


RESPONDENT PROFILE



¹These statistics are based exclusively on the 2018 Precast Benchmarking Survey results.

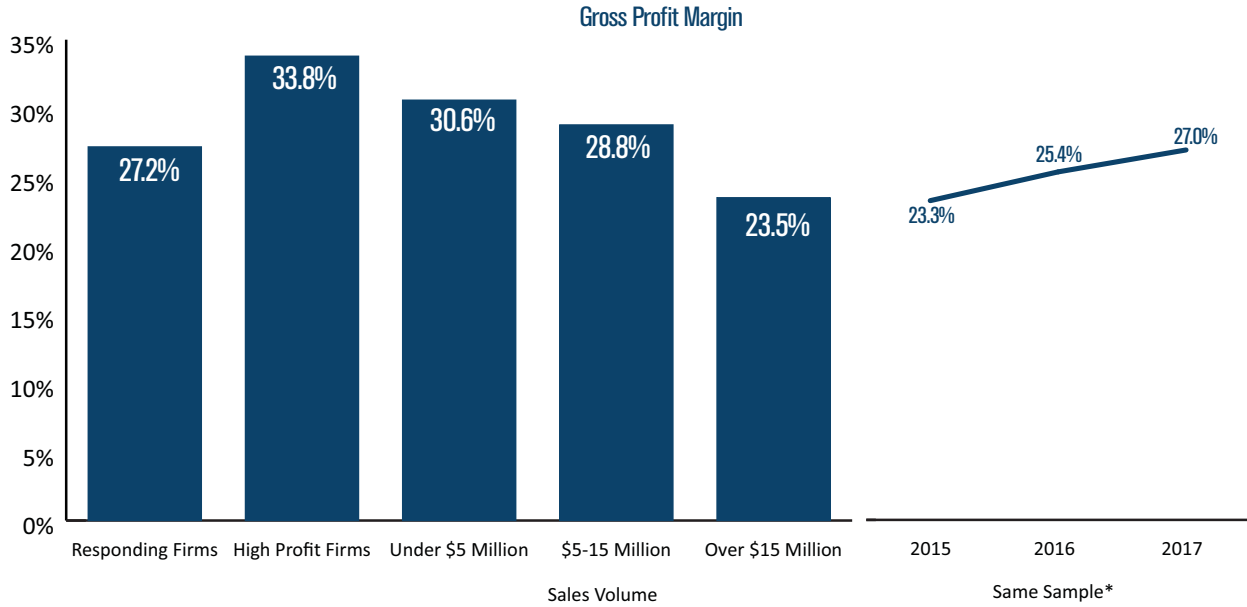
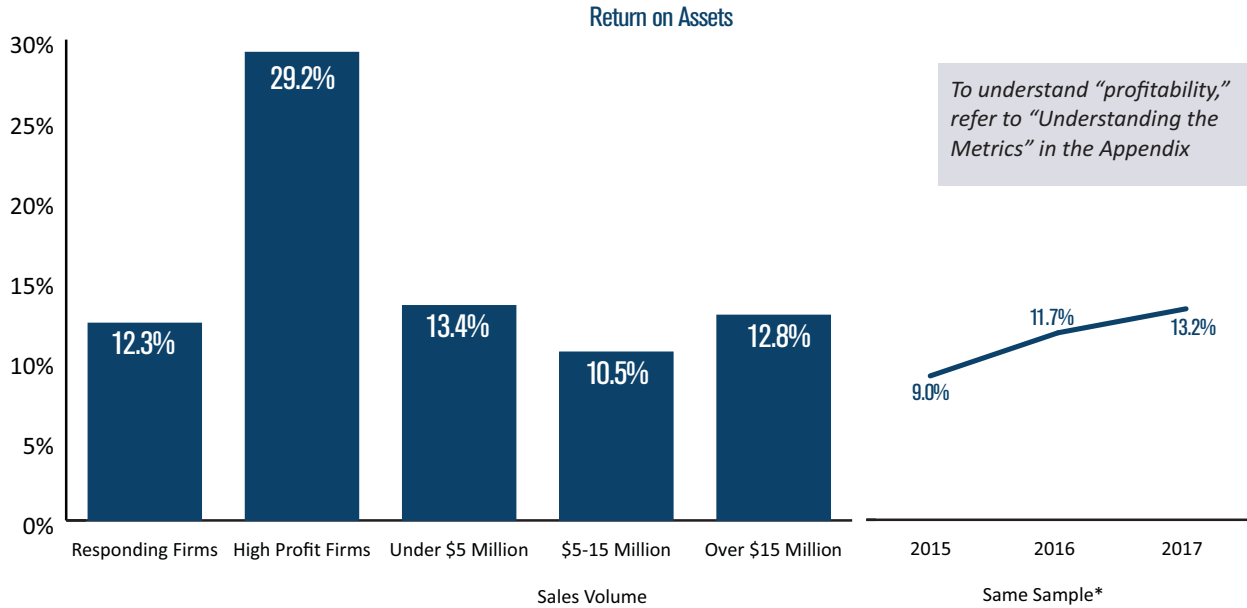
The graphs on this page will display additional statistics about this year's respondents, as well as their overall performance statistics for 2017.



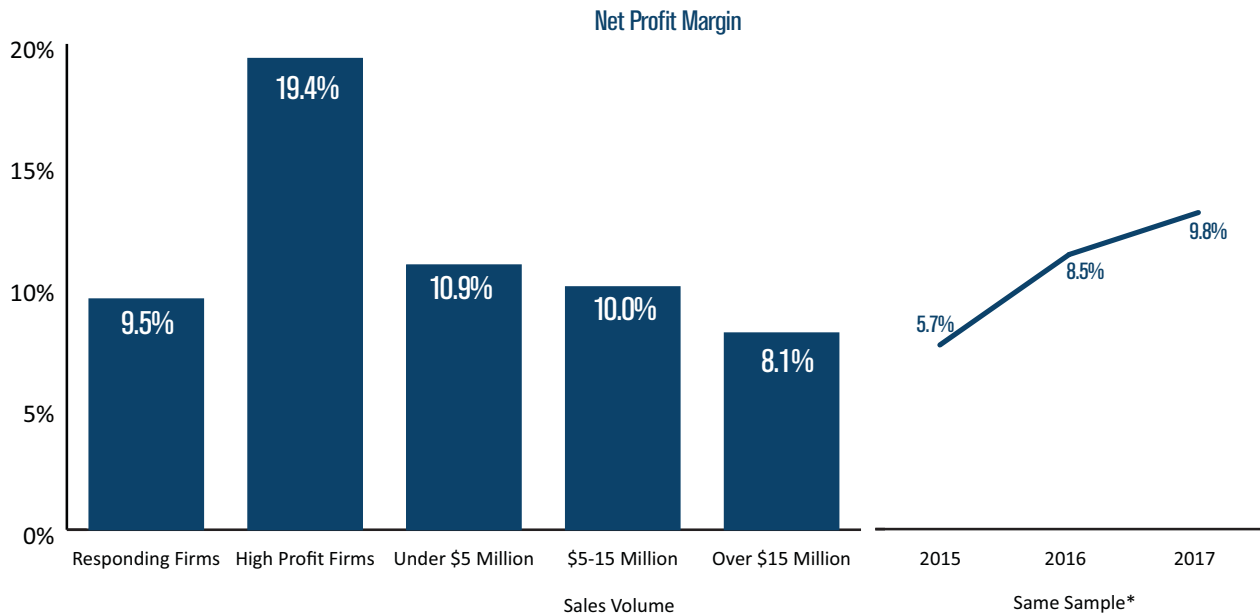
*Same sample consists of 38 companies that fully completed the survey in 2016, 2017, and 2018.

OVERALL PROFITABILITY

A good overall indicator of company profitability performance is the ratio “net profit as a percent of total assets,” or “return on assets,” as it is often labeled. Essentially, this provides an indication of what bottom line profit return is being earned on the dollars invested in total assets.



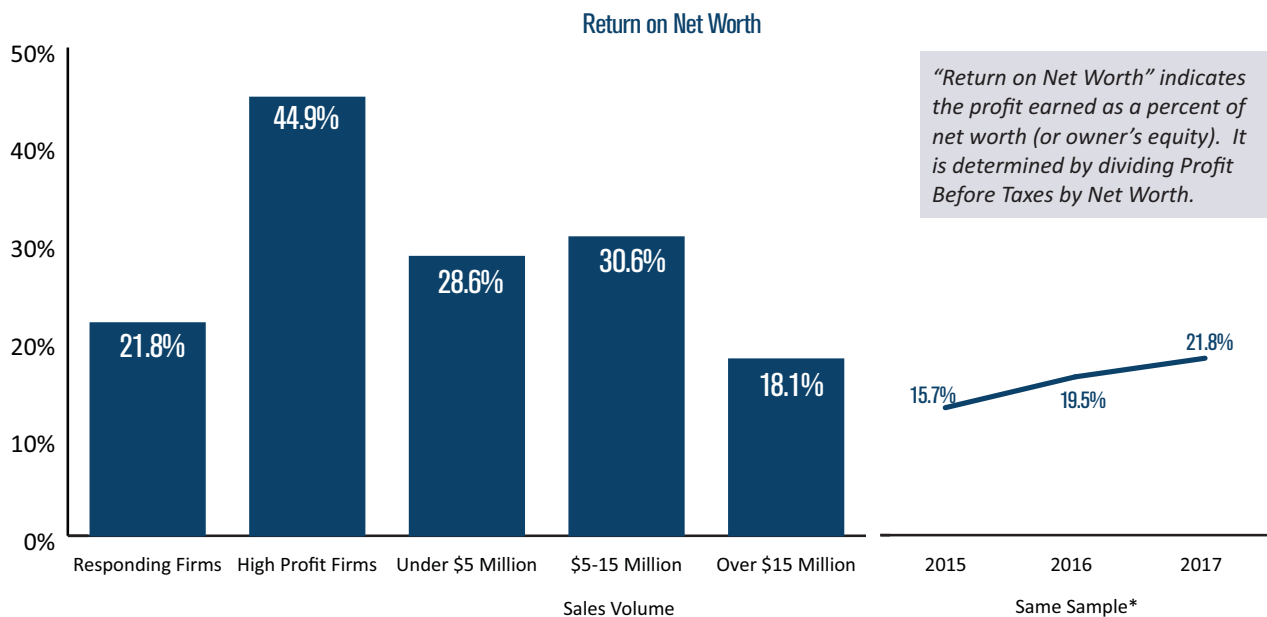
*Same sample consists of 38 companies that fully completed the survey in 2016, 2017, and 2018.



Net Profit Margin

Too Low—Further investigation is warranted. Check to see if cost of goods sold is too high. If so, check costs by product type. Check all expense categories to see which need better control.

Too High—It is difficult to imagine a situation where this presents a problem, but you should know why the net profit margin is so high versus your peers.



“Return on Net Worth” indicates the profit earned as a percent of net worth (or owner’s equity). It is determined by dividing Profit Before Taxes by Net Worth.

*Same sample consists of 38 companies that fully completed the survey in 2016, 2017, and 2018.