Industry Challenges and Outlook

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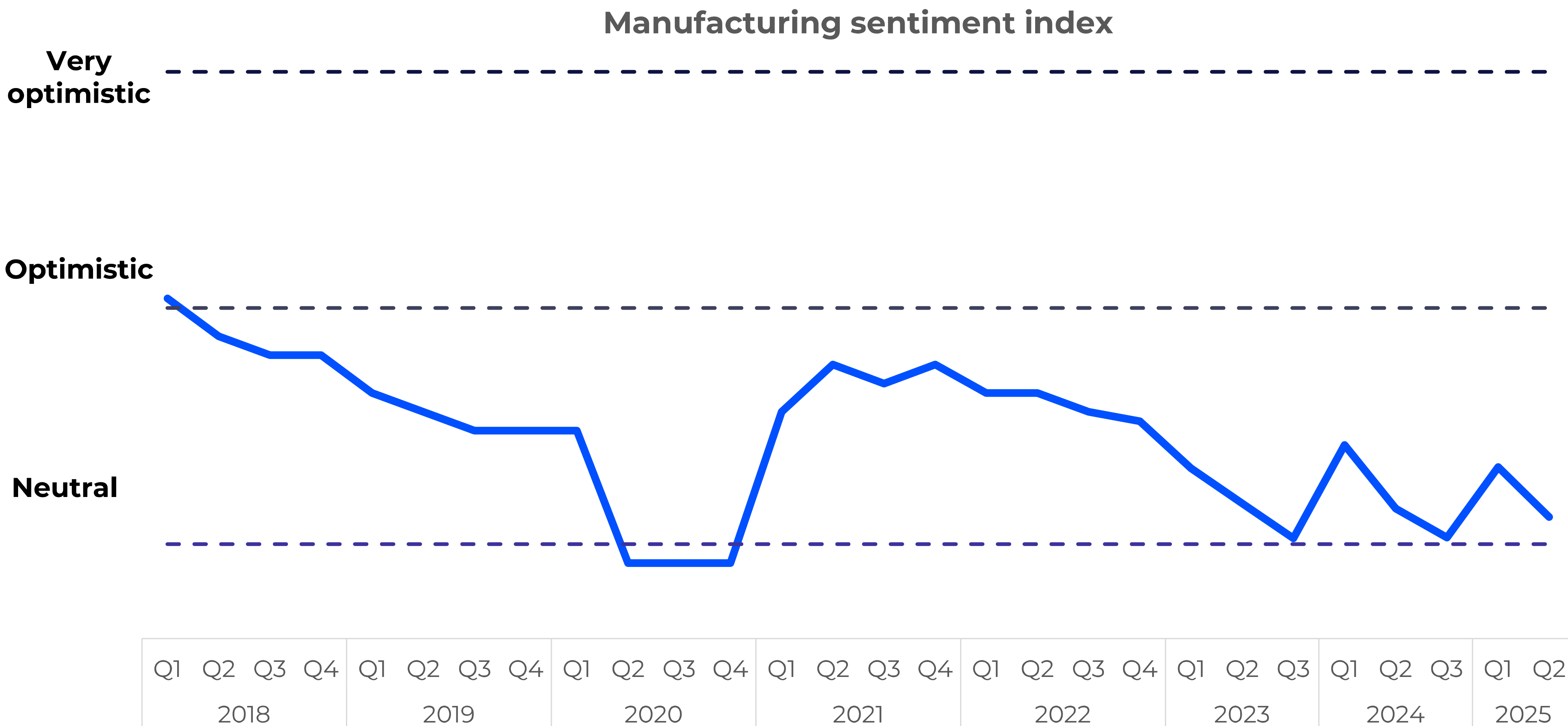
How are manufacturers doing?

Manufacturers have not been optimistic since 2018

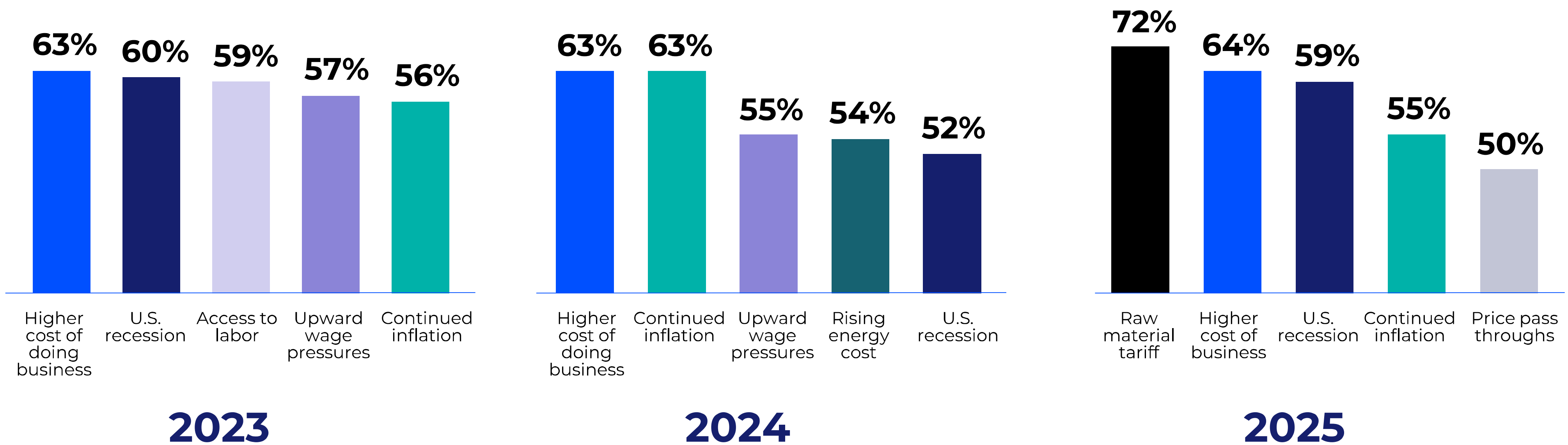


Source: Harbour IQ Powered by Wipfli.

Top concerns are focused on tariffs and the economy

Raw material tariff and higher cost of business have been the top 2 concerns this year followed by a concern of U.S. recession.

Top concerns



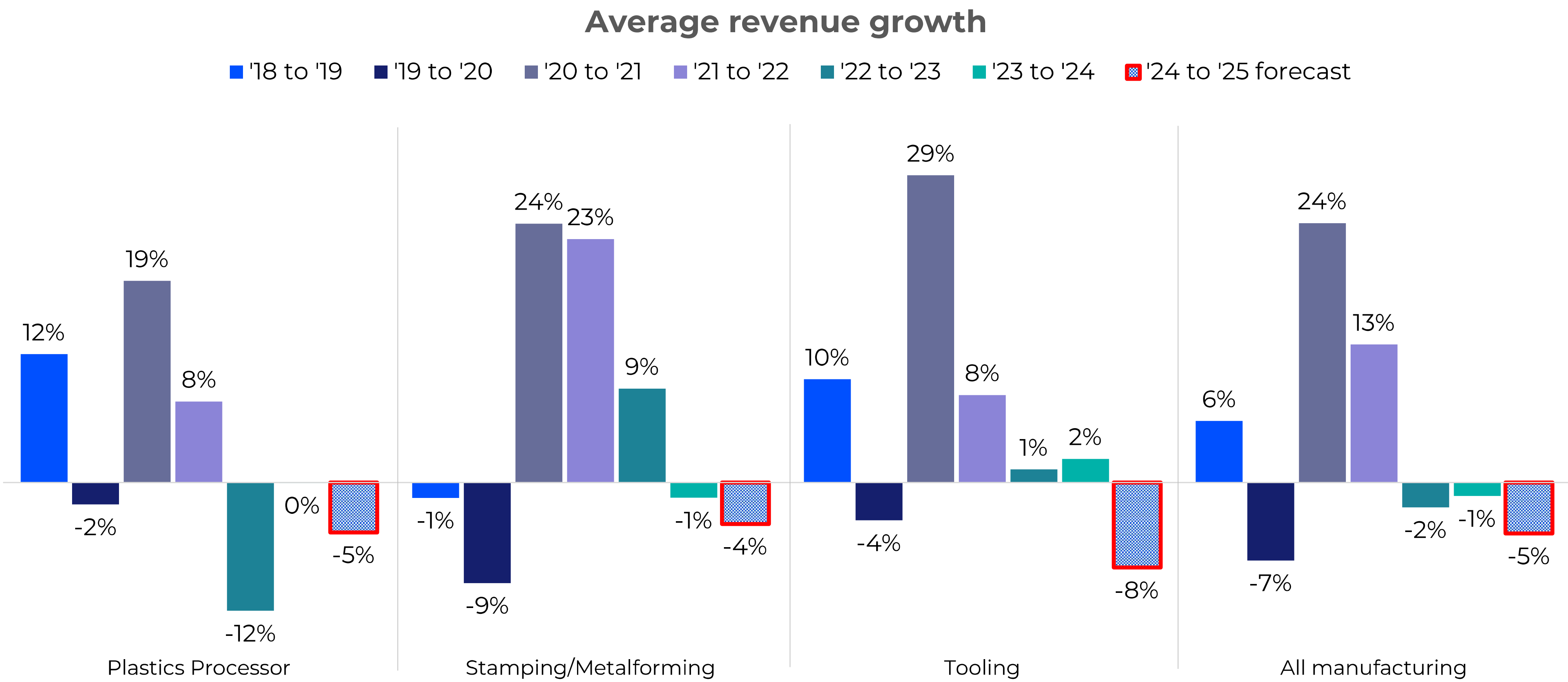
Question: Please rate your level of concern with the following topics regarding your organization. The above numbers are a percentage of all respondents. Region: North America. Source: Harbour IQ Powered by Wipfli.

Manufacturers slowing down on hiring

	All Manufacturing	Tool Builders
Revenue	65% decline or flat	81% decline or flat
Profit	88% decline or flat	93% decline or flat
Labor	37% hiring for growth/ open positions 38% holding steady 25% decreasing	19% hiring for growth/ open positions 38% holding steady 43% decreasing

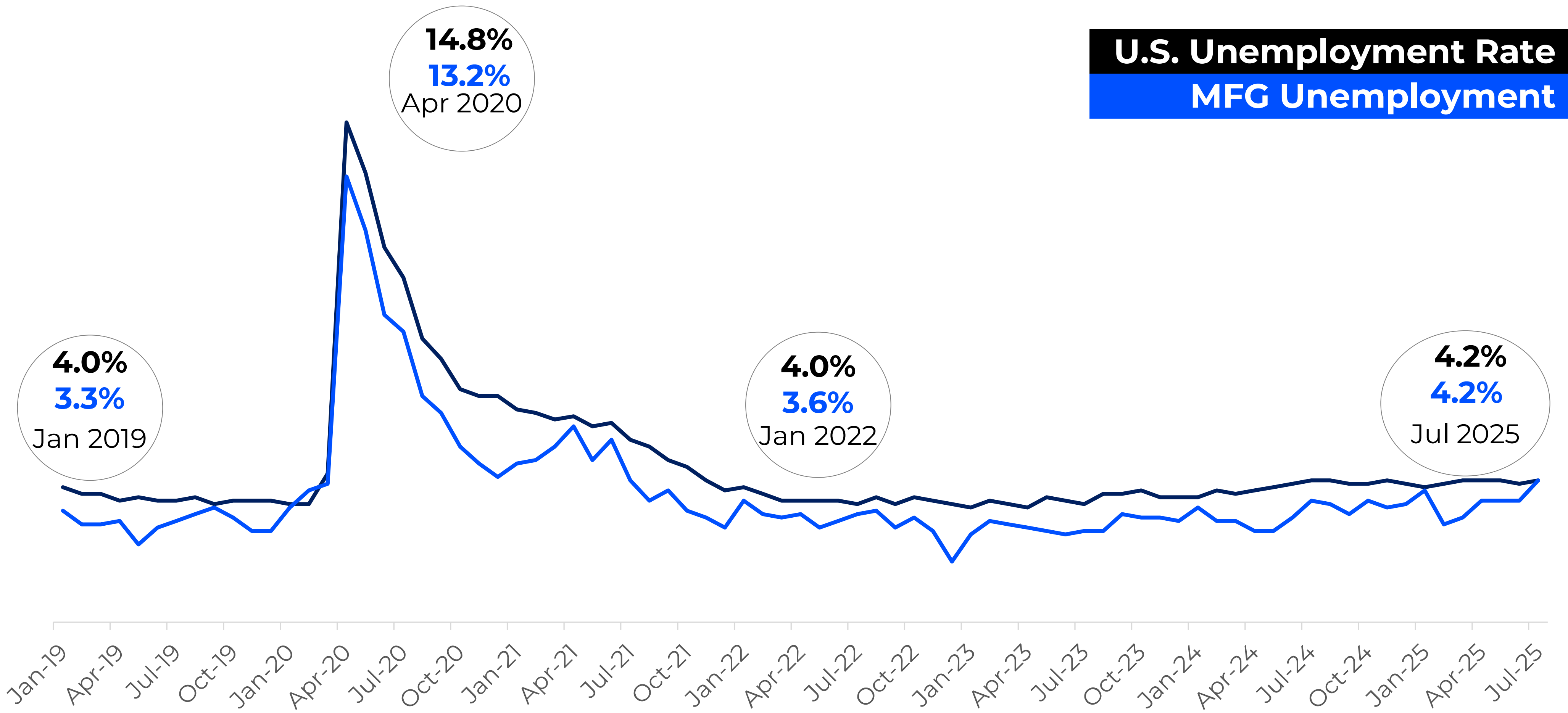
Source: Harbour IQ Powered by Wipfli.

Over 2/3rd manufacturers expect flat/declining revenue



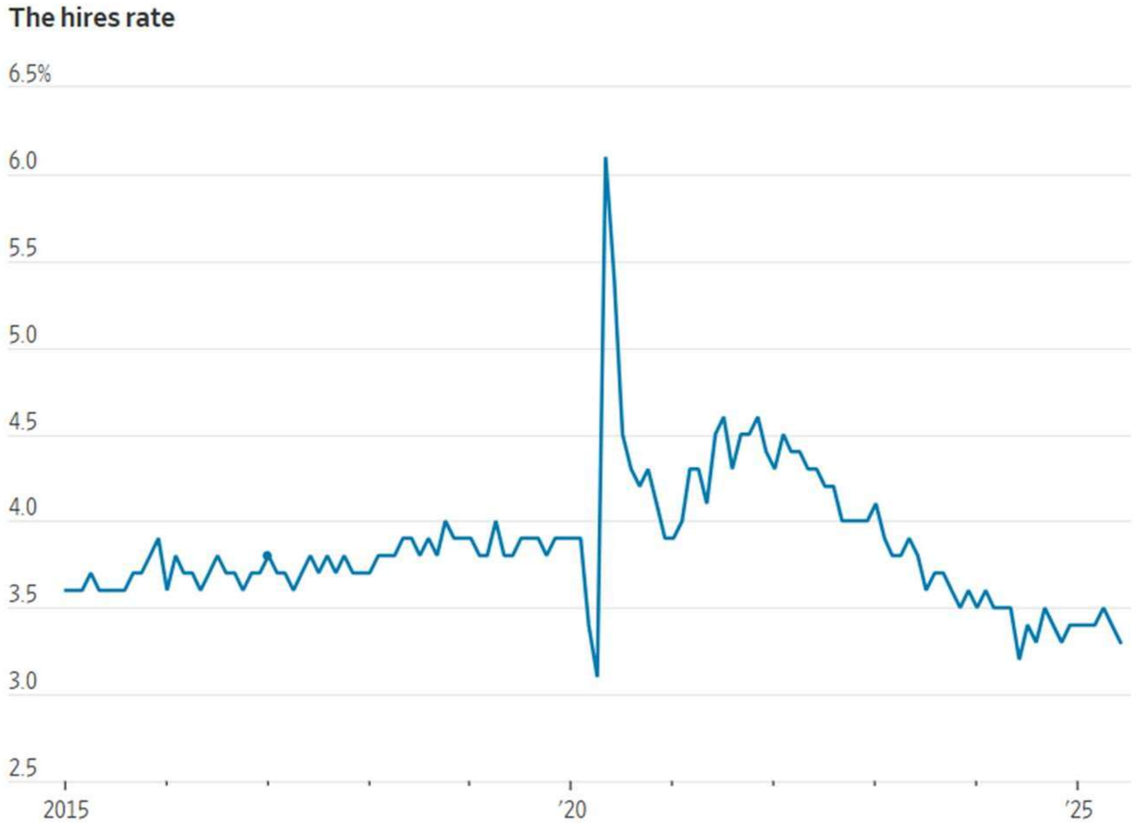
Source: Harbour IQ Powered by Wipfli

All and MFG employment remains strong



Source: FRED St Louis Federal Reserve

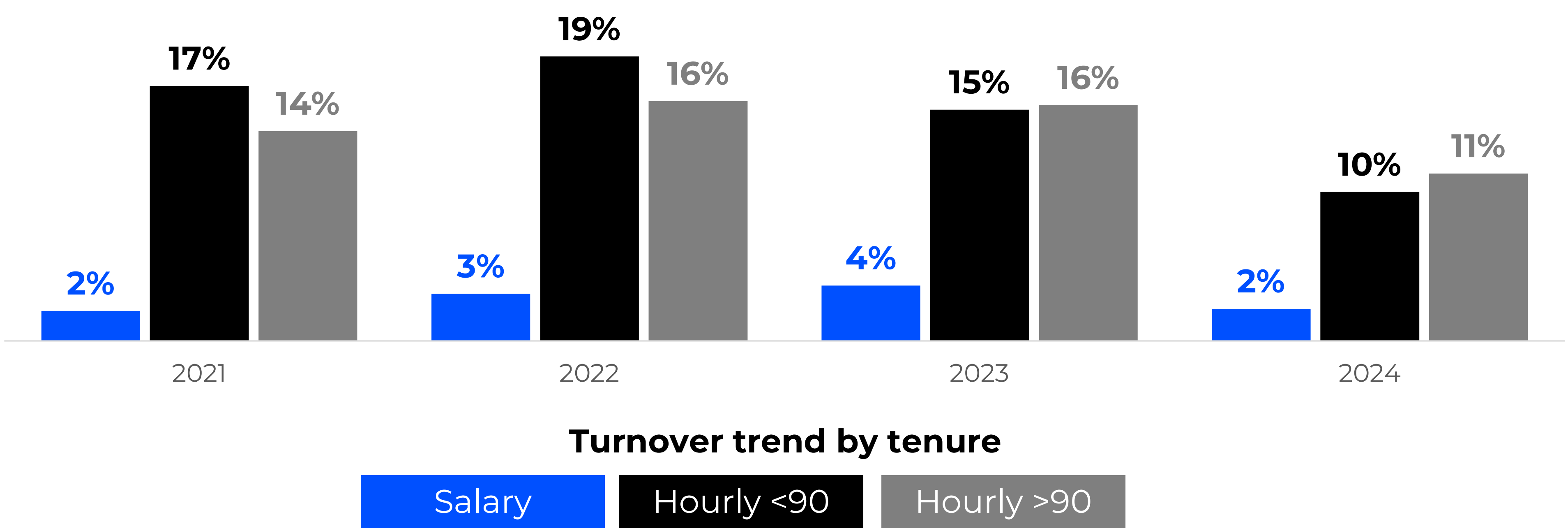
Labor market cooling



Note: Seasonally adjusted.
Source: Labor Department via St. Louis Fed

Labor market cooling

Starting Wage Increase	**4.5%**	**5.2%**	**4.0%**
Standard Wage Increase	**4.2%**	**4.5%**	**4.0%**



Source: Harbour IQ Powered by Wipfli.

Manufacturers stuck in “wait and see”

2024?
Next President

New
Tariffs

Weakening
Economy

Lack of
Capital Investment

Uncertainty
Continuous Change

High
Interest Rates

Low
Demand

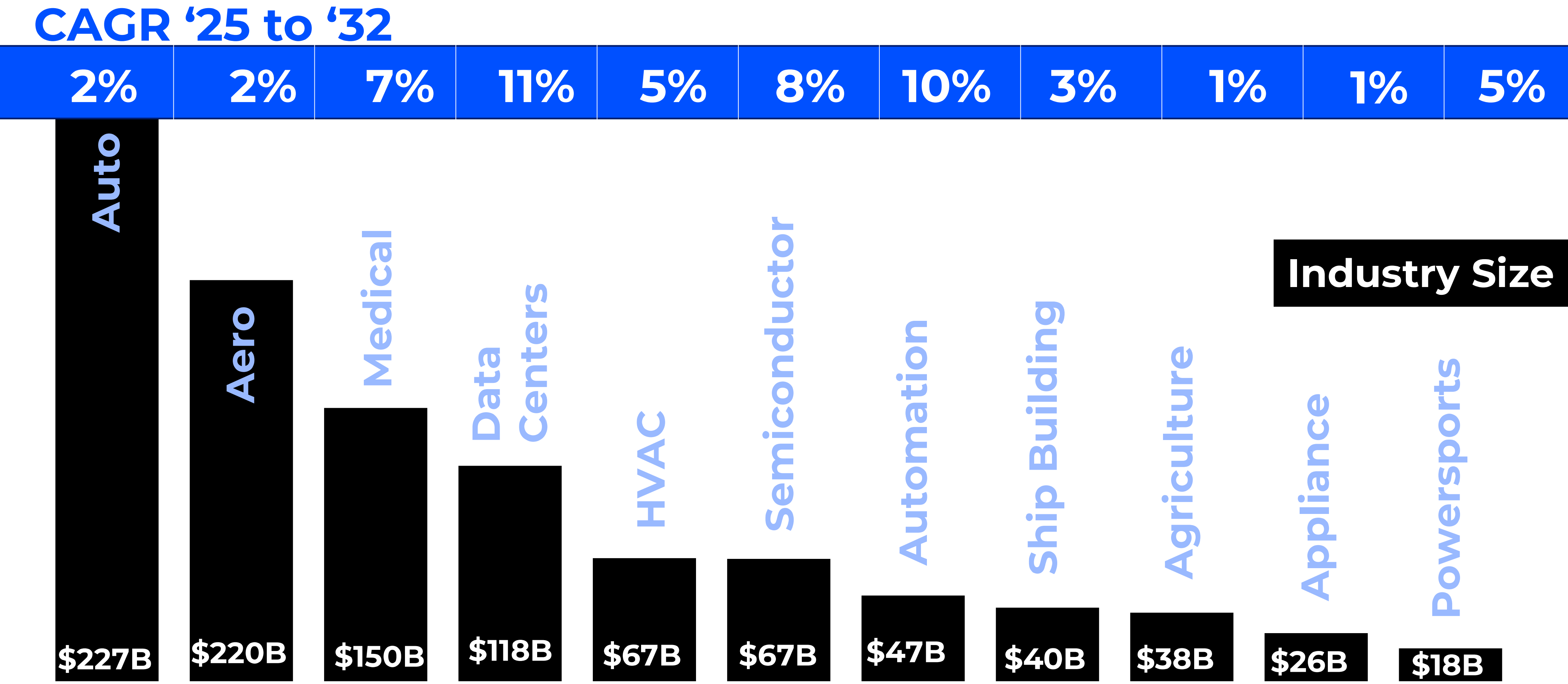
Slow
Industries

How are industries doing?

Industry performance shows many slower markets

	Aerospace	Agriculture & Off-Highway	Appliance	Automotive	Consumer Products	Medical & Dental
Expected Revenue Change 2024-2025	-5.8%	-8.1%	-8.3%	-4.2%	-10.8%	-10%
Expected Profit Change 2024-2025	-4.8%	-4.4%	-4.0%	-2.8%	-5.8%	-1.8%
Performance to Actual 2024-2025	--	Below Expectation	As Expected	As Expected	Above Expectation	--
Quote Performance 2024-2025	About the same	About the same	About the same	About the same	About the same	About the same

There is good, bad, *and* opportunity



How do we move forward?

OBBB – how do you benefit?

One big beautiful bill

- Tax rates & standard deduction
- Estate tax relief
- No tax on tips & overtime
- Factory write offs
- Interest expense deductions
- IRA energy credit roll backs
- SALT deduction
- Charitable giving

Other tax incentives

- Fuel tax & energy credits
- Capital expenditure incentives
- Work opportunity tax credit
- State/local tax incentives and grants
- R&D tax credit

Manufacturers call to action

1. Gather the data you require to make informed decisions
   - Tax, tariff, operating data, sales data, etc.
2. Understand tax implications to your business & impact on margin
   - Conduct tax planning
3. Map your supply chain
   - Where are they, is there a tariff, what are your HTS codes, are you at risk (DOJ)
   - i.e., metal smelted and poured
4. Put a major focus on sales process
   - Quote factory
   - Cost plus model vs market-based pricing
   - How does quoting change with tariffs
5. Operational efficiency is critical – must do more than price
   - Blocking and tackling / problem solving
   - Lead time reduction
   - A.I. / digital strategy / software selection / dashboards

Take the 2025 Q3 Manufacturing Pulse Survey!

Access the survey

or

tinyurl.com/MFG2025Q3

Deadline to participate is Sept 19

Benefits of Participating

Gain strategic insights and actionable data

Receive industry-specific analysis and forecasts

Access exclusive report and thought leadership

Support continuous improvement and planning

WIPFLI

Wipfli collaborates with manufacturers

Core services

Tax compliance & planning
R&D tax credits
Plant & equipment tax incentives

Auditing & accounting

M&A

Advisory services

Software selection coaching
ERP or CRM

ERP implementation
Microsoft Business Central partners
Oracle NetSuite Partner

CRM implementation
Microsoft Dynamics
Salesforce

Operations
Strategic assessments
Market intelligence
Benchmarking
Sales process

Performance augmentation
Outsources CFO/controller
Operations
Human resources
Outsourced IT or MSP

Cybersecurity

Data Analytics
Dashboards
Production monitoring
Financial planning and analysis

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AFS
AutoForecastSolutions

MAPP
MANUFACTURERS ASSOCIATION FOR PLASTICS PROCESSORS

PMA
PRECISION METALFORMING ASSOCIATION

mema.
The Vehicle Suppliers Association

FIA
FORGING INDUSTRY ASSOCIATION

NADCA

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