



The Times They Keep A'Changin'

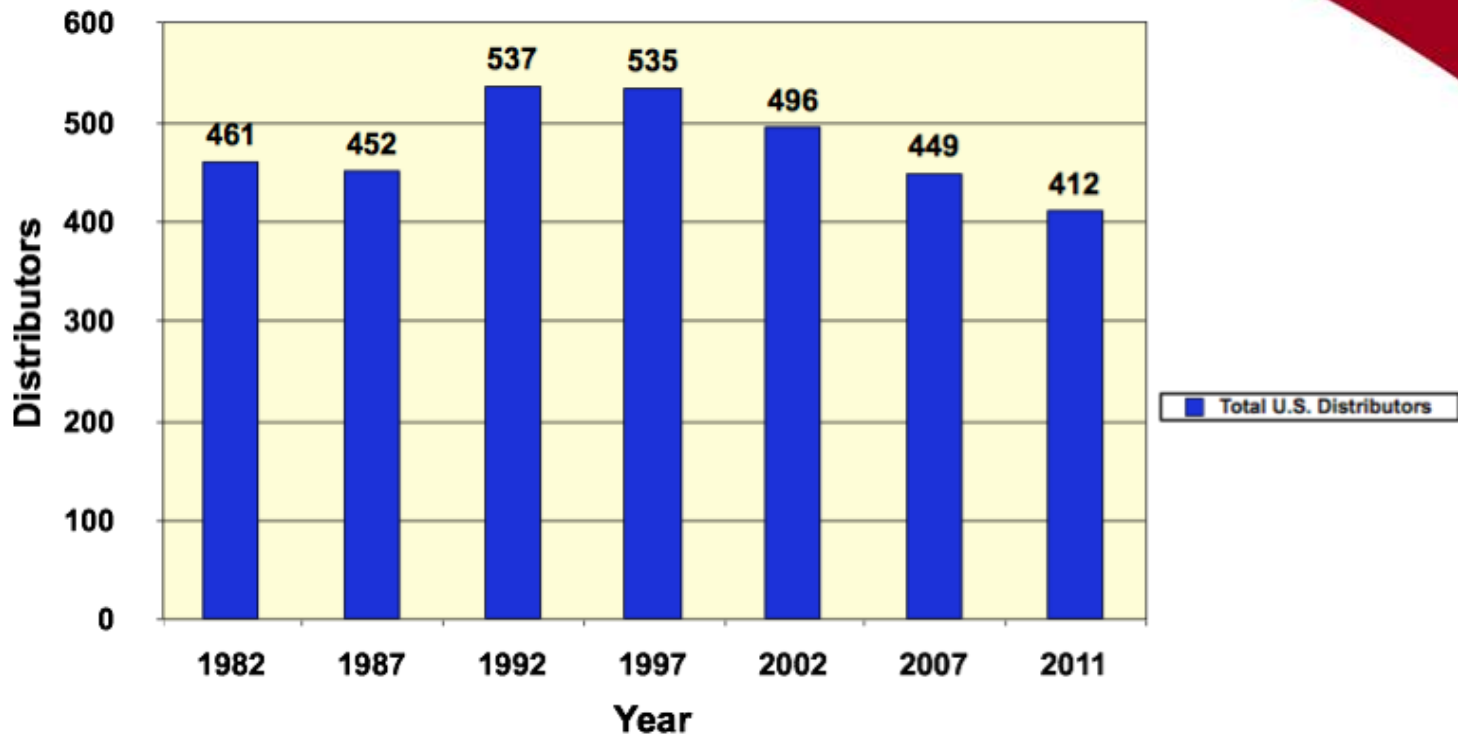
Bob Renkes
2011 PEI Convention at the NACS Show
October 3, 2011



Disclaimers/Assumptions

- Domestic distributors only
- Distributors defined the PEI way
- All petroleum equipment distributors are PEI members—there are some exceptions
- You don't lie about your sales volume when you pay dues and complete our surveys

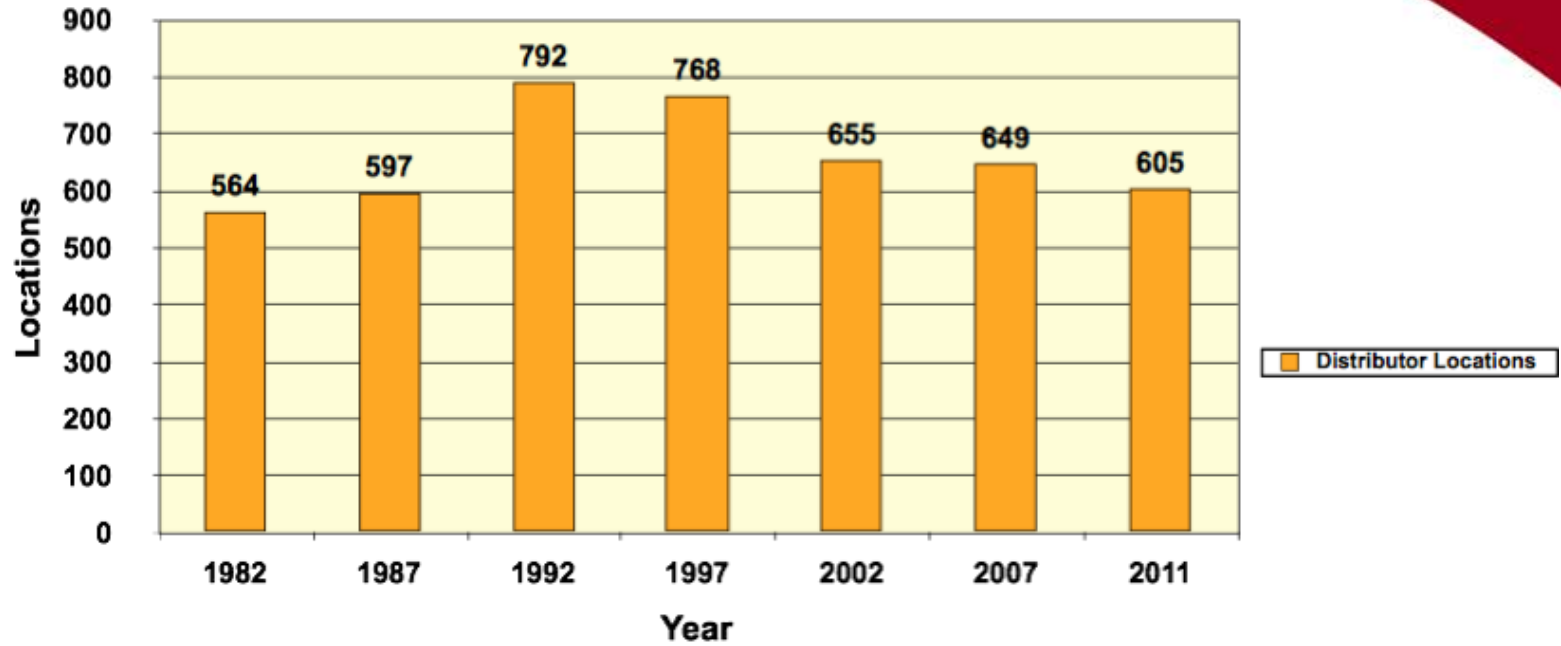
Total U.S. Distributors



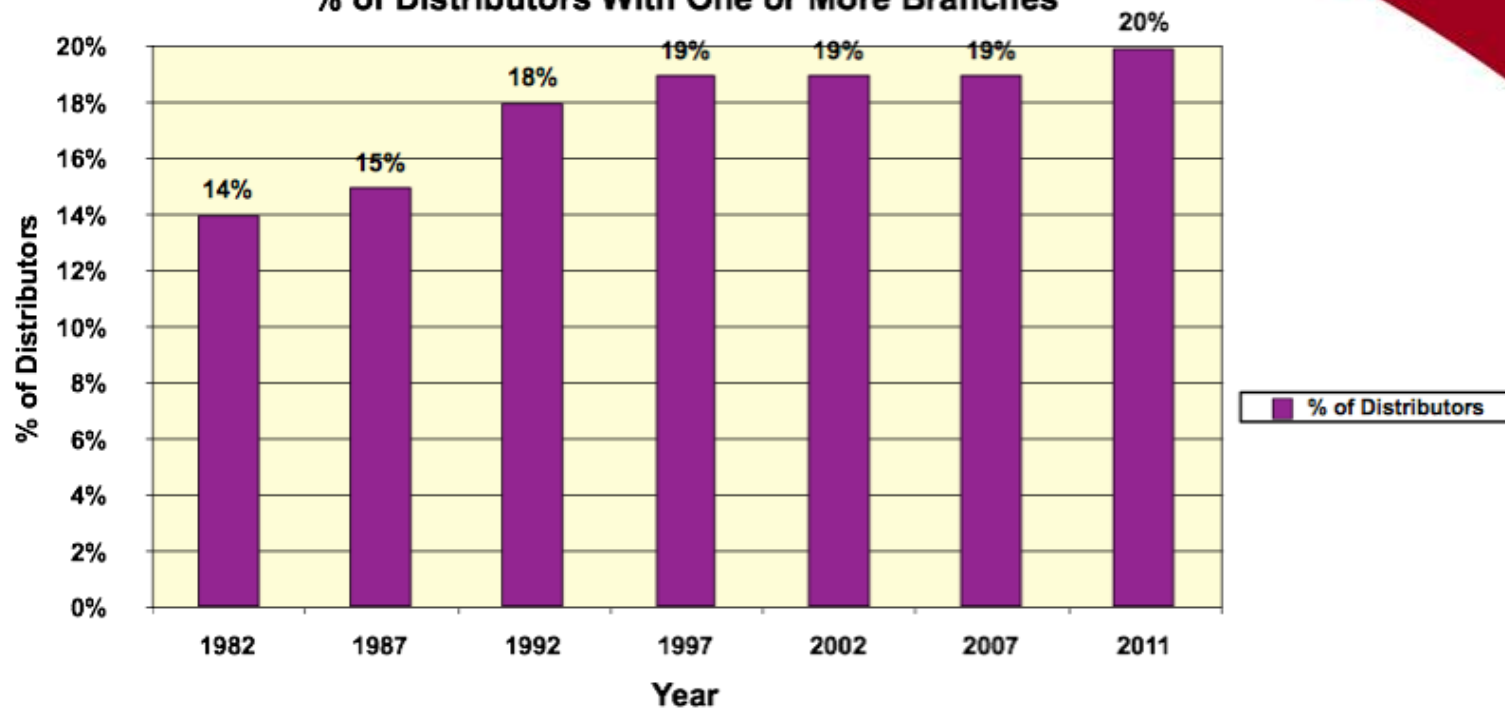
Where Did They Go?

- 42% Out of Business
- 31% Still in Business
- 19% Sold to a Member
- 8% No longer in the Industry

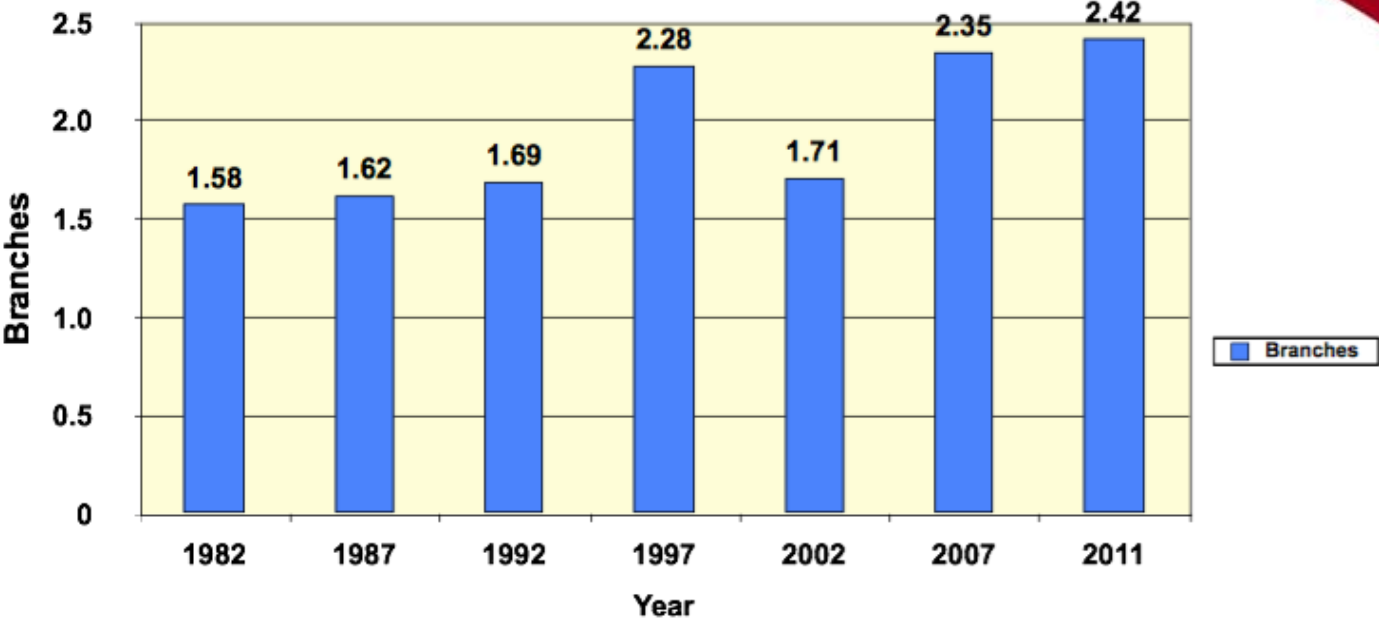
Total U.S. Distributor Locations



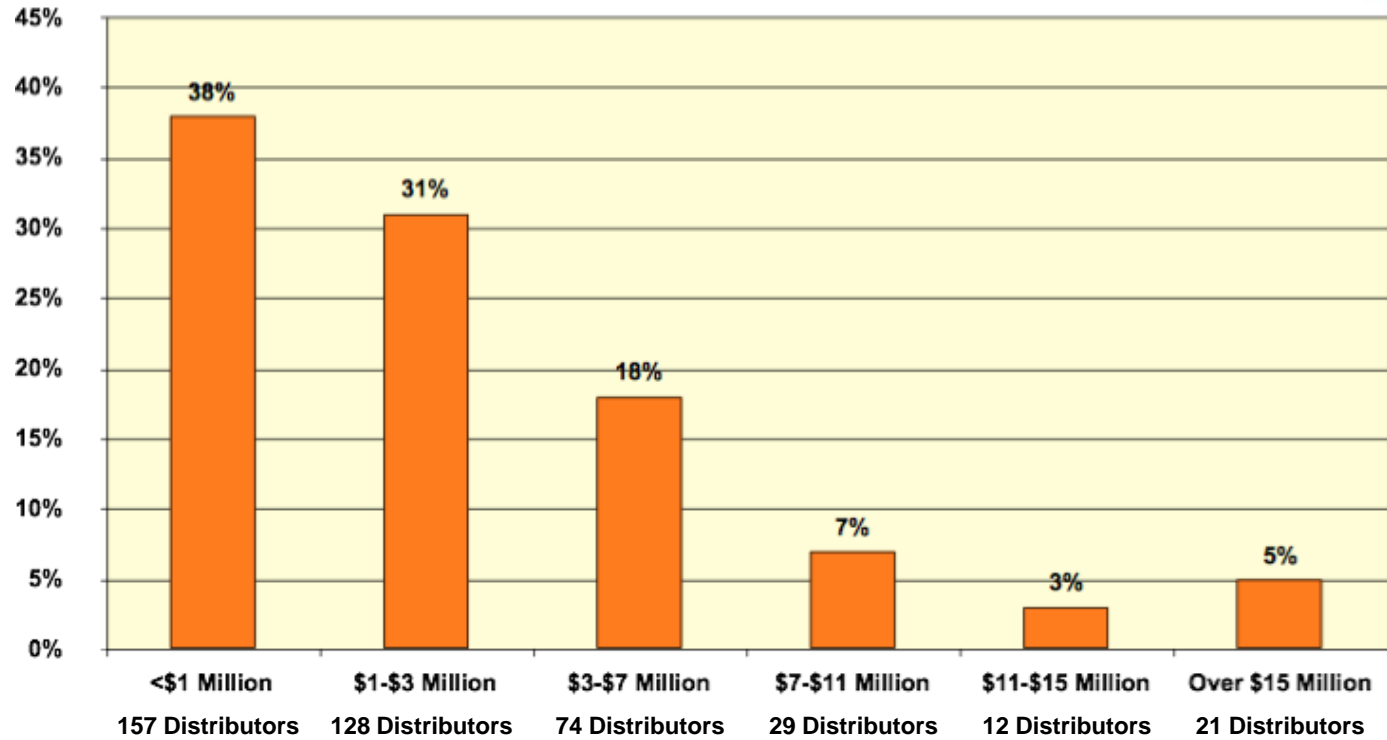
% of Distributors With One or More Branches



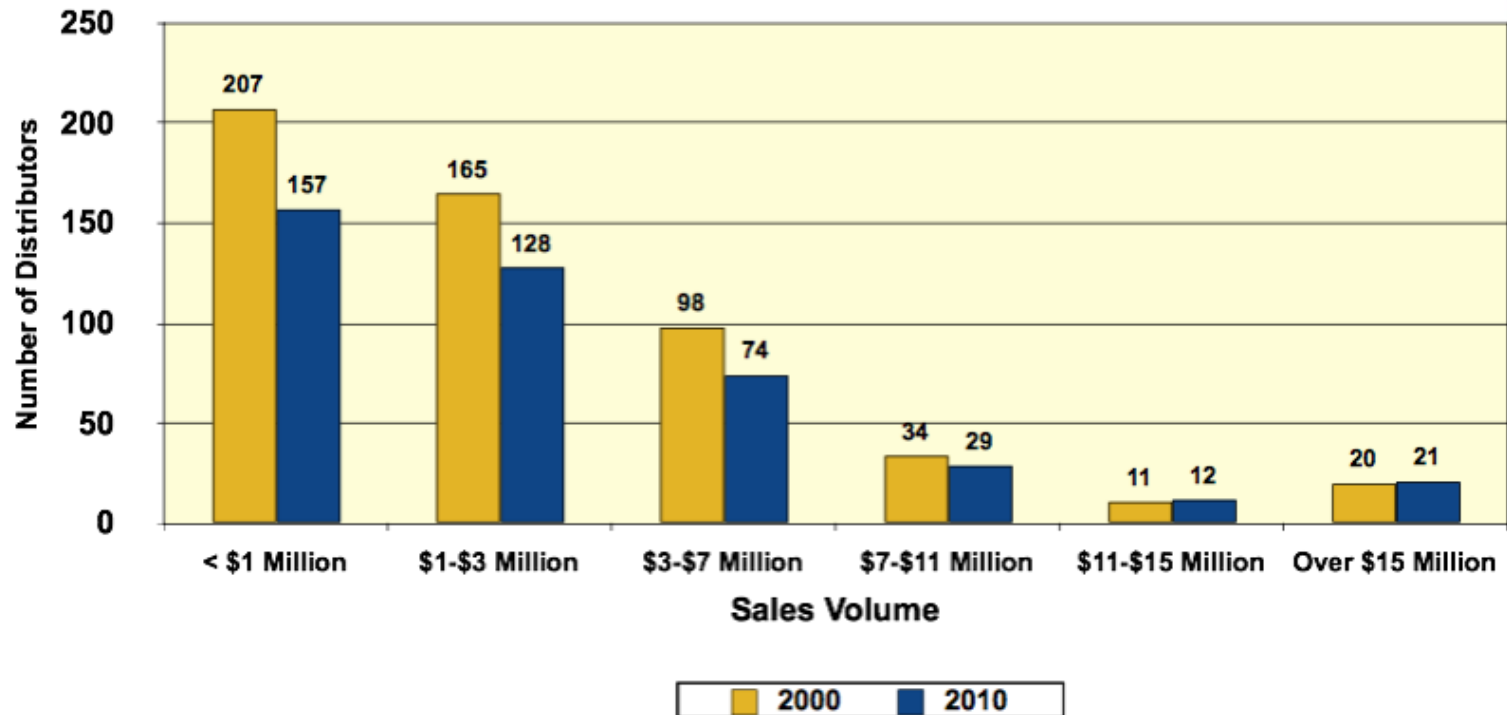
Branches per Distributor With a Branch



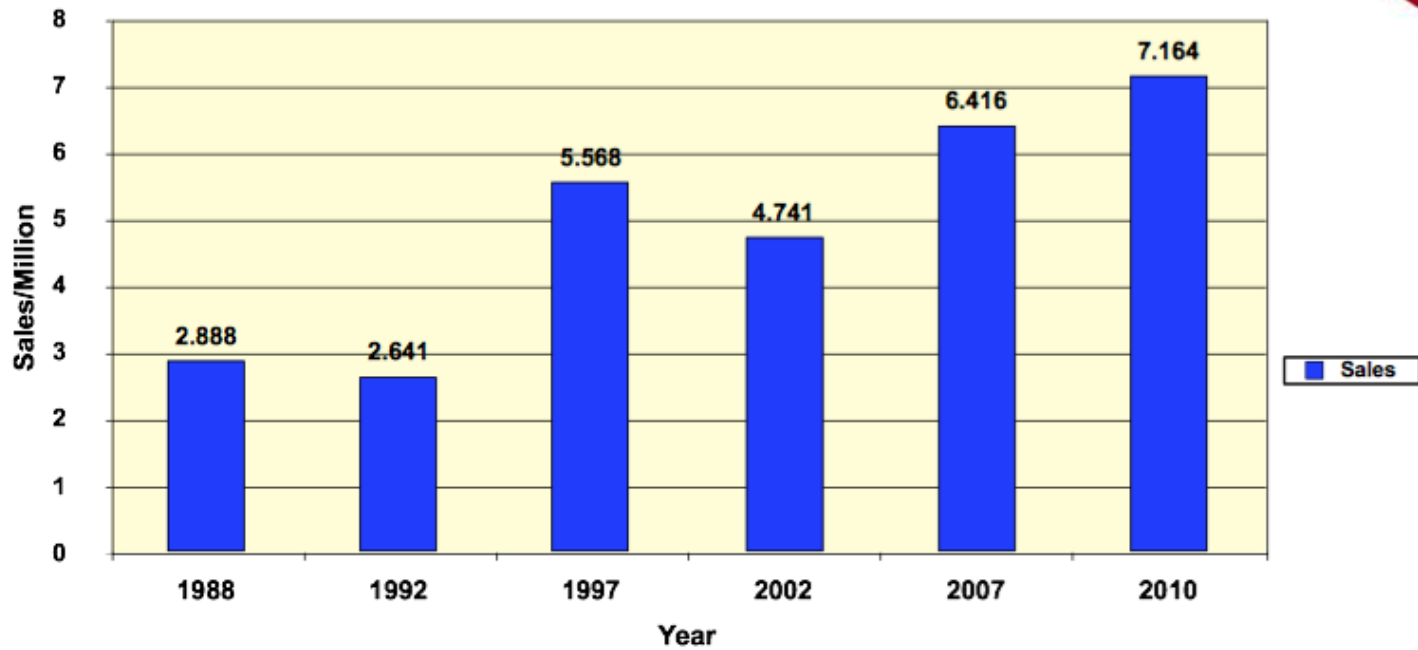
Percent of U.S. Distributors by Dues Category



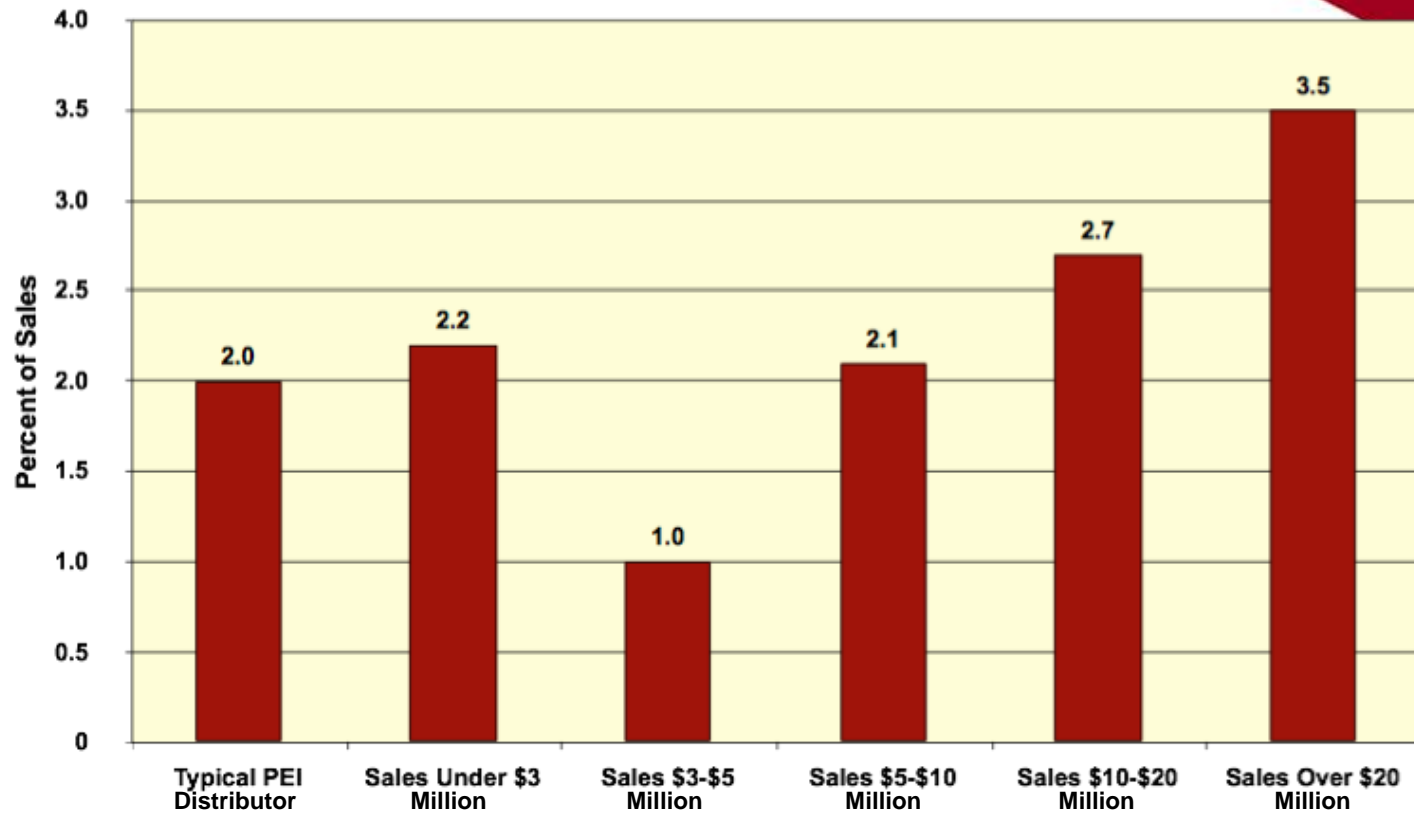
Changes in a Decade



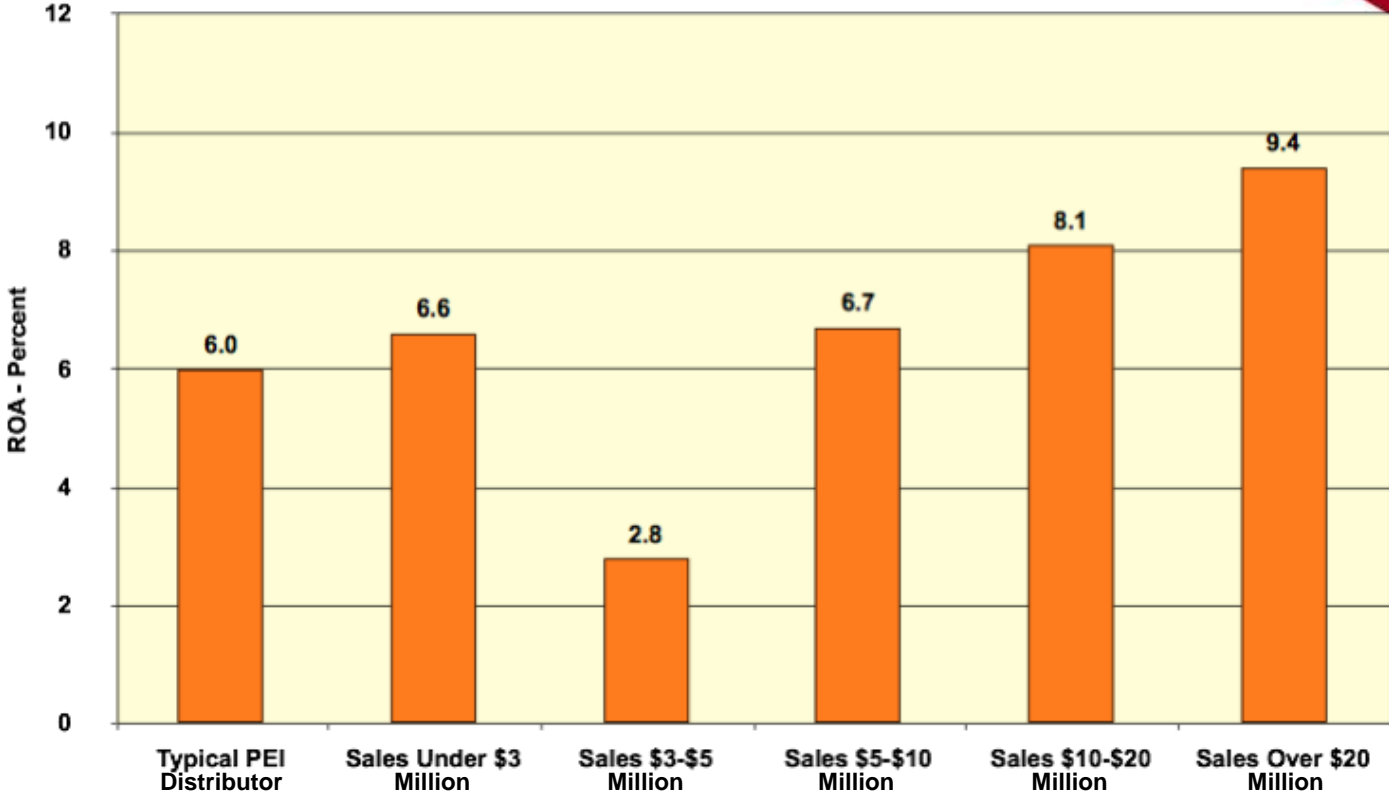
Average Sales per Distributor



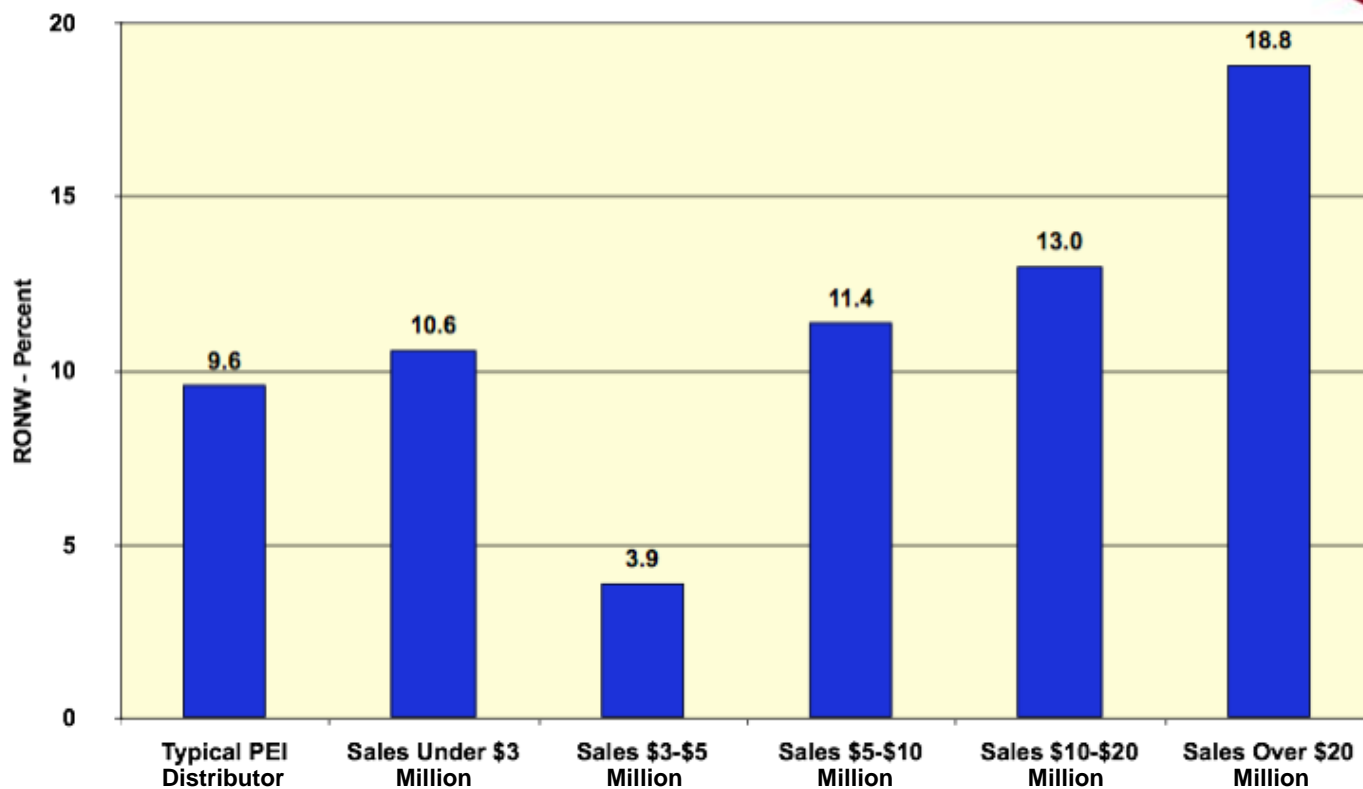
2010 Profit Margin



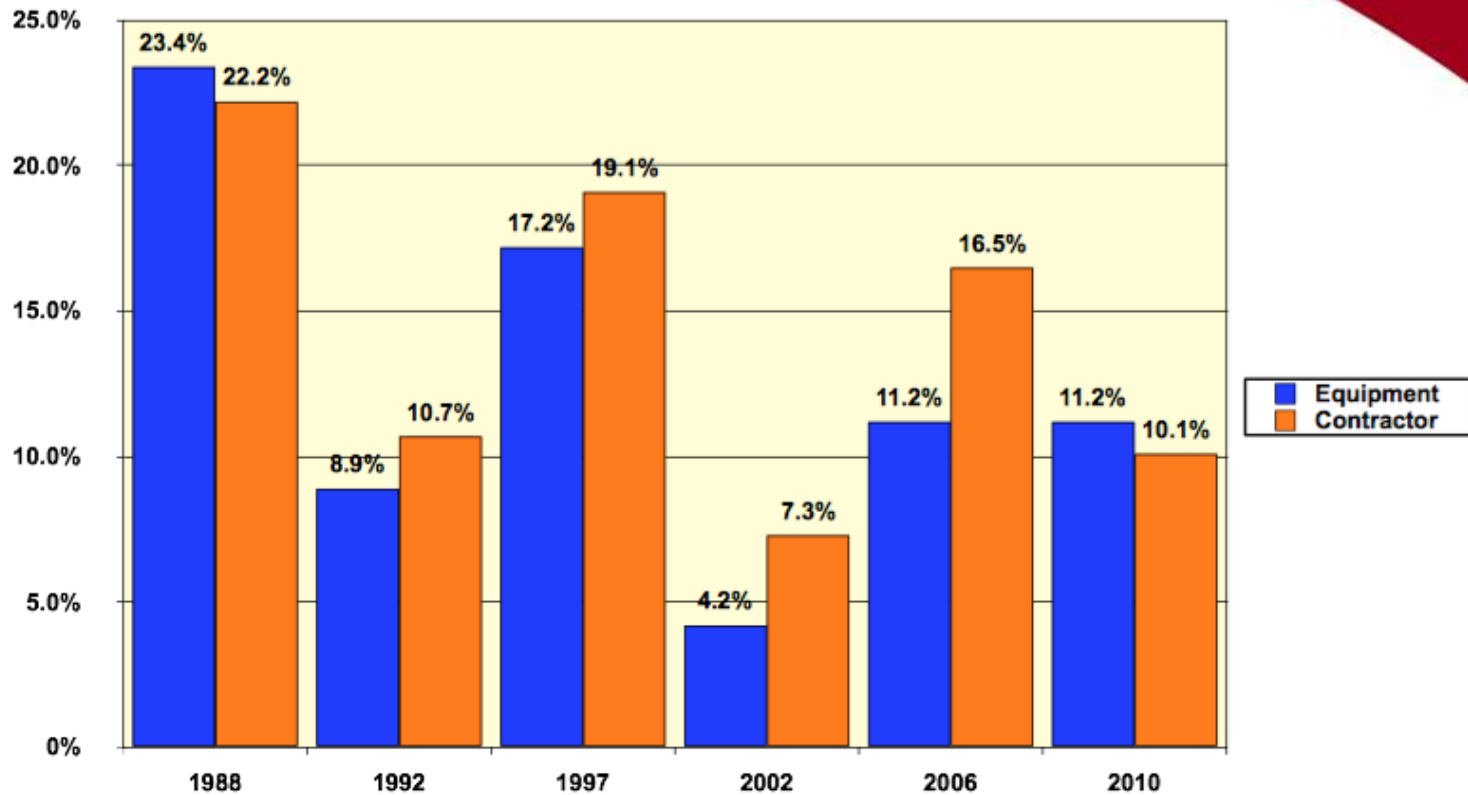
2010 Return on Assets



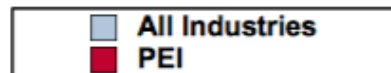
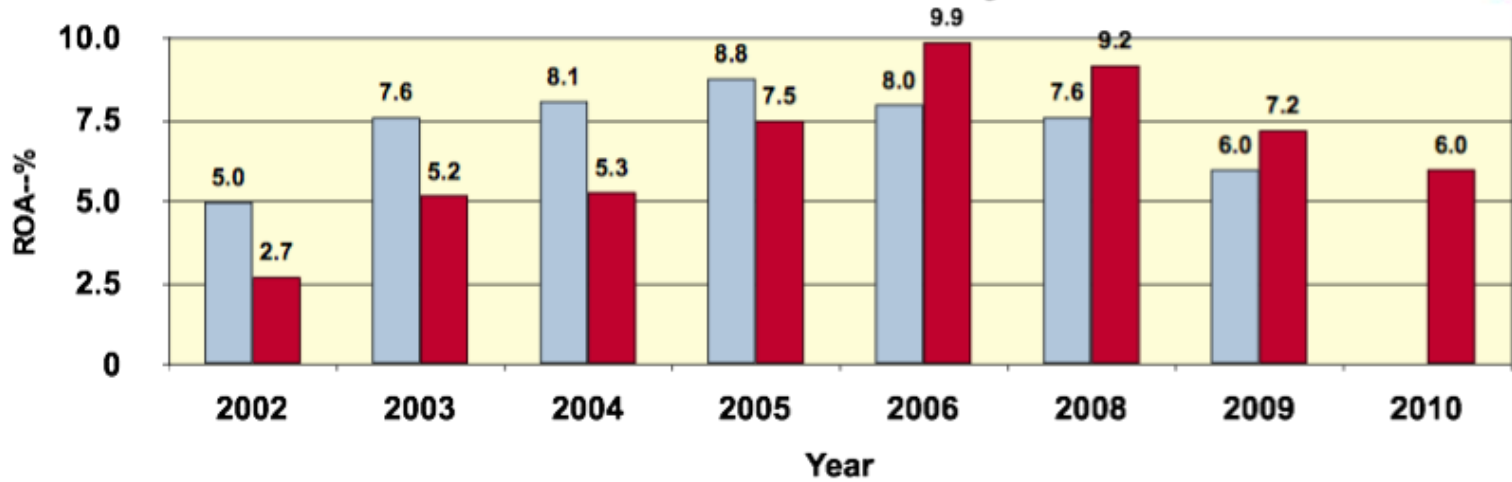
2010 Return on Net Worth



Return on Net Worth



Return on Assets by Year



The Immediate Future

- Hurdles
- Opportunities

What Keeps Distributors up at Night?

The Top Five

- 24% Credit & Collections
- 21% Employees
- 12% State of nation's economy
- 12% Unpredictable business/no certainty
- 10% Keeping up/putting up with regulations and regulators

OPPORTUNITIES

IMPLICATIONS

1. Fewer distributors
2. Same number of locations
3. Larger distributors
4. Most haves and a few have-nots
5. Recession proof?
6. Acquire/Be acquired/Sit tight?
7. Baby Boomers Selling Their Companies