

## Gen Set Inventory Levels on the Rise

**ST. PAUL, MN** (May 12, 2005)- Power Systems Research has concluded its power generation survey for the first quarter of 2005. The first quarter has proven to be slightly sluggish for gen set sales due to the fact that many dealers and distributors are at the slowest point of their business cycle. However, **PowerTracker™** dealer and distributor respondents forecast an increase in market activity during the second quarter of 2005 year. Reports still show there was positive growth in sales by 2.43% in US and Canadian gen set markets in the first quarter of 2005.

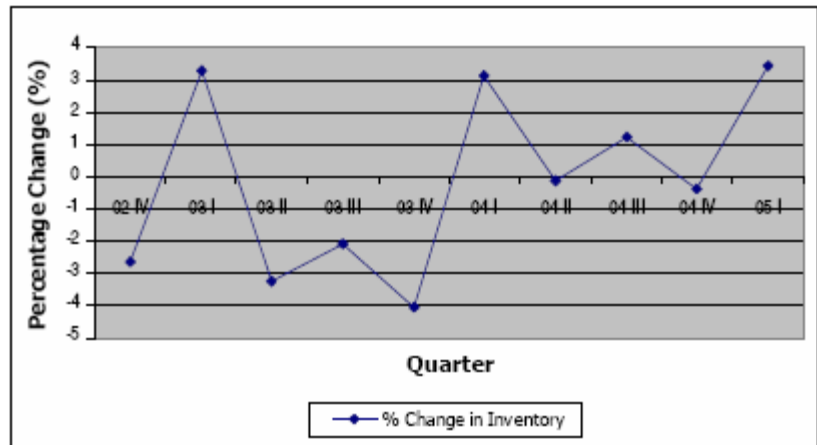
Looking at the past two years in the power generation industry, there is a cyclical pattern forming. Inventory levels have increased the most between the fourth and first quarter. On average, inventory levels for the last two years have seen a decrease of 2.35% for the fourth quarter and an increase of 3.29% for the first quarter. Thus, inventory levels decrease in the second and third quarters making room for sales increases throughout the rest of the year.

In the first quarter of 2005, the market for larger gen set units fared the worst. Gen sets sales of 5001+kW rating saw a drop of 7.33%, while sales in the 2001 - 5000kW range declined by 2.93% compared to fourth quarter of 2004. Mid-size units performed better than average with gen sets in the 51 - 100 kW having a 1.59% increase and 100-300 kW gen sets showing a slight uptake at .98% compared to fourth quarter of 2004.

According to **PowerTracker** survey results, recent increases in energy prices have not raised the level of concern among business and household consumers regarding the future availability of energy. Only 22% of respondents claimed to be "very concerned" about energy levels, with the vast majority showing only "moderate concern" for the first quarter of 2005. However, household and business consumers are making an impact on sales recently due to an increase in knowledge and awareness of gen sets.

**PowerTracker** monitors the market developments for all engine-powered generator sets sold in the United States and Canada. Gen set dealers, distributors, business consumers and household consumers are surveyed quarterly to determine their short-term expectations for the market. **PowerTracker** analyzes market activity and industry developments for various gen set applications, brands and customer groups. The core data for this gen set study originates from a series of 1400 interviews conducted on a quarterly basis with potential and actual users of gen sets as well as key dealership and distributor personnel. Further information about this survey and other **MarketTracker™** surveys is available at [http://www.powersys.com/sur\\_track.html](http://www.powersys.com/sur_track.html).

Power Systems Research is a global market research and consulting company specializing in the engine, original equipment, and components industries. Since the company was founded in 1976, Power Systems Research has been the authoritative source of market information and business intelligence to the power products and drivetrain industry. Power Systems Research is headquartered in St. Paul, Minnesota and provides market data and customized project work to the world's leading vehicle and equipment OEMs and component suppliers. The company has a global presence with operations in Detroit, Brussels and Tokyo. Further information is available at <http://www.powersys.com>.



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