The American Kitchen Cabinet Alliance

On behalf of

March 27, 2019

Inv. No. 701-TA 620 and 731-TA-1445 (Prelim.)

Wooden Cabinets and Vanities from China
Overview

Injury

Conditions of Competition

Threat
Overview

Conditions of Competition

Injury

Threat
The WCV industry is labor intensive.

WCVs are sold primarily on the basis of price.

They are subject to the same channels of distribution, regions and end users.

Domestic and subject WCVs compete head-to-head across product characteristics.

Domestic and subject WCVs compete head-to-head on in nature.

The wooden cabinet and vanity (WCV) industry is cyclical

Conditions of Competition
Residential Housing and Remodeling Index

Demand is Cyclical
WALL CABINETS

BASE CABINETS

Quality Cabinets

SEMICUSTOM CABINETS

ALL WOOD

In Semi-Custom Cabinets

Subject Imports Complete

H2H Products

C of C
Head-to-Head on Style

Subject Imports Complete
Our major clients are distributors, independent dealers, retailers, builders, contractors, designers, and home centers. Even though our major clients are distributors, independent dealers, retailers, builders, contractors, designers, and home centers, we encourage homeowners to visit their local dealers in their area. If you are unable to find a dealer near you, you may want to locate a kitchen dealer you trust and ask them to apply for an account with JCK.

All Channels of Distribution
Subject Imports Complete in
Box stores more over prices at Big "Customers save 40% or contractors Special pricing for C of C"

Start Your FREE DESIGN 888-350-1242

All Channels of Distribution Subject Imports Complete in


When customers send us quotes with national home improvement chain stores and our own stores, we find our price equivalent cabinets save most customers 25% to 65%, with the typical customer saving about 40%.

You say your customers save 40% or more over prices at Big Box stores more over prices at Big "Customers save 40% or contractors Special pricing for C of C"

Yes. Contact our Design Studio at 888-350-1242 for more information.
140 of the Largest Producers

U.S. Producers
Subject Imports are

in ALL Regions

Source: Petition

Selected Importers Distribution Networks

H2H Markets

C of C
Some outlying zip codes may require additional day(s) transit.

DELIVERY MAP OF NORTH AMERICA

Deliver Quickly
Subject Imports

H2H MARKETS
C of C
Presence at Industry Trade Shows
Imports Have Increased in High Markets
C to C
homes, condos, apartments, etc. accommodate multi-unit projects, such as tract.

"Grand JK... offers extensive discounts to

cabinets from major home-centers."

cabinets at \( \frac{1}{3} \) of the MSRP of the lowest grade

"We... offer customers... the highest industry grade

Within and Across End Markets
Subject Markets Complete
utilization, and we may have to adjust the prices on some of our
sustain our gain market share and manufacturing capacity
Some of our competitors may resort to price competition to

customers... We also face increasing pressure from imported
"Price is a significant factor for consumers as well as our trade

2018 10-K at p. 4.
product features and selection, product quality and price. "Masco
"We believe that competition in this industry is based largely on

Study
considering a kitchen cabinet. "NKBA U.S. Residential Kitchen Cabinet
"Price stands out as the leading factor when homeowners are

on the Basis of Price
Sales are Made Primarily

C of C
Tens of Thousands of Workers
The WCW Industry Employers

Labort Intensive
C of C
and as a Share of ADC

Imports have Risen Over the P01

Volume

Injury
Exponentially since 2000
Subject Imports Have Increased

Imports from China in Thousands of Cubic Meters

Source: USITC Dataweb, Importer Questionnaires.
Cost Price squeeze

Lost profits due to underselling

Lost revenues due to underselling

Underselling margins generally increased for the pricing products

In 75% of instances, subject imports undersold the domestic pricing products
In a Growing Market
U.S. Shipments Remained Flat

Source: U.S. Producer Questionnaires.

Shipments (Thousands of Cubic Feet)
Margins are Down and Operating Income and

Injury Effects
Margins are Down
Net Income and

Net Margin

Source: U.S. Producer Questionnaires
Return on Assets is Down
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The Industry is Injured in the Context of the Business Cycle

Operating Margin of Public Cabinet Companies and Housing and Remodeling Index

Source: MASCO, American Woodmark and Fortunebrands 10-K Filings.
FRED Housing Starts and Building Materials.
Production Related Workers

In a Rising Market Employment is Flat
Overview

Conditions of Competition

Threat

Injury
## Subject Imports Threaten Further Material Injury to the U.S. Industry

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<td>Negative effects on domestic industry</td>
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<td>Other adverse trends</td>
<td>✓</td>
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Converseville facility: "Investing in and installing new equipment in the facility is currently increasing our team size as well as..."

...locations throughout the country: "Leasing national corporation with 3 main sites in key Cabinets throughout the U.S. Industry."

Fabruwood is designed for exponential growth: "With this extraordinary advancement in our new headquarters is a one-million square..."

Material Injury to the U.S. Industry: Subject Imports Threaten Further