



METALS *IQ*

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Industry-Specific Overview of Recent M&A and Capital Markets Activity

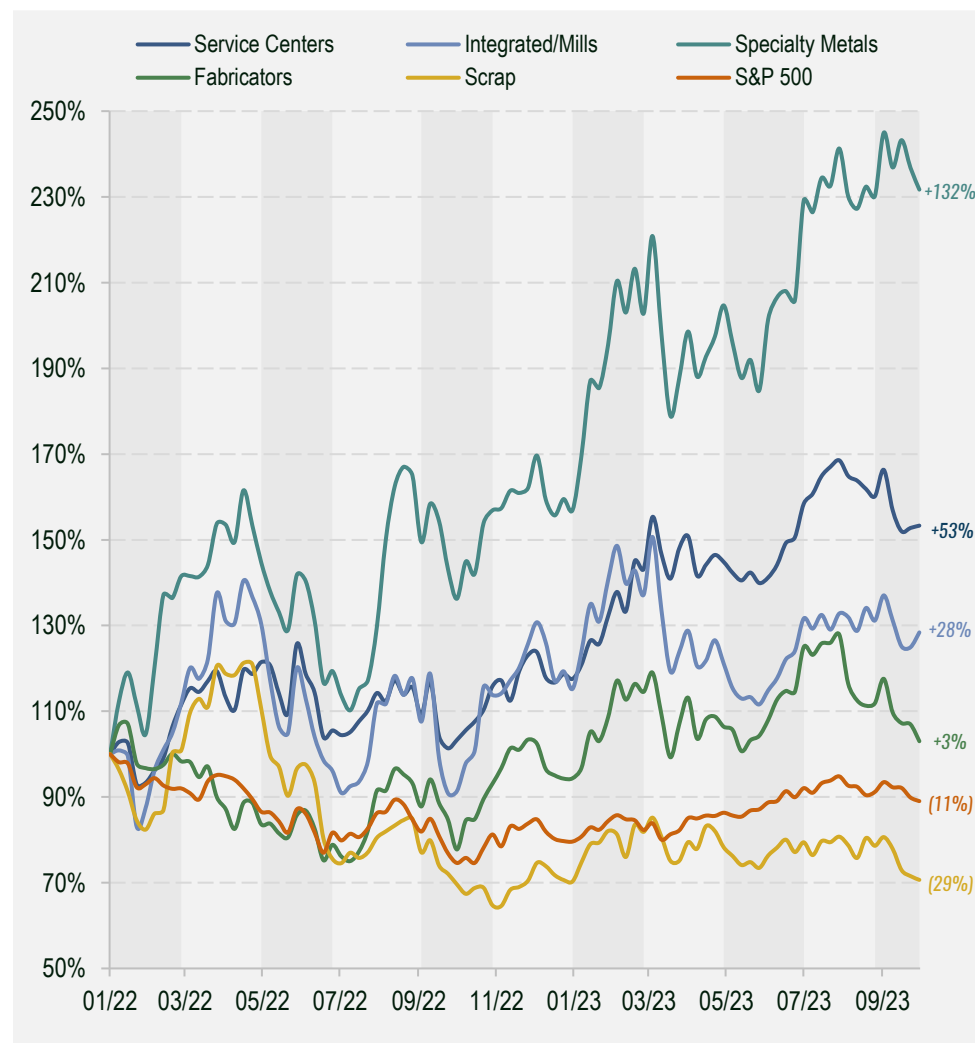
October 2023

Recent Market Observations

The metals industry is experiencing significant changes driven by policy developments, sustainability concerns, and global supply and demand fluctuations. As companies and investors adapt to shifting market dynamics, the following themes continue to impact the sector:

- Policy Support Driving Metals Demand:** Policy support for infrastructure and reshoring under acts such as the Bipartisan Infrastructure Act, CHIPS and Science Act, and the Infrastructure Reduction Act is expected to create positive results for the U.S. metals market. In August, the Biden-Harris administration issued the “Buy America” final guidance under the 2021 Infrastructure Law to boost the use of U.S.-made goods including steel, iron, and other construction materials in government funded infrastructure projects. The metal fabricator segment is especially poised to benefit from these efforts via new project announcements and development of manufacturing facilities.
- Green Steel Gaining Center Stage:** Replacing traditional steel, produced via a heavily-polluting process, with ‘green steel’ is gaining momentum with advances in technology accompanied by heightened interest from investors. The majority of global steel production currently relies on burning coal, a process that according to the International Energy Agency accounts for ~8% of global carbon dioxide emissions. Recent technology breakthroughs, including using electrical current to convert iron ore into steel, are showing promising results and attracting investment dollars from both traditional steel industry participants as well as non-traditional (e.g., Microsoft’s climate technology fund) sources – highlighting the cross-sector demand for sustainability. The U.S. and E.U. are also currently negotiating a ‘green steel’ trade deal to erect trade barriers against imports from plants with high-carbon emissions and countries (such as China) producing far more steel than the market demands.
- Anticipated Long-Term Increase in Metal Prices Due to Growing Demand and Supply Challenges:** Recent declines in metal prices can be attributed to an upsurge in supply and weakened demand, primarily from China. On the demand front, recent stimulus measures in China aimed at the property sector and increased infrastructure spending will play a pivotal role in bolstering metal demand in the upcoming months. Service centers, processors, and mills are expected to benefit from a smoother semiconductor supply chain and a robust backlog of orders from key end markets, such as automotive and other industrial OEMs. On the supply side, China is poised to reinforce steel supply restrictions later in the year, initially introduced after its output exceeded one billion tons in 2020. European steelmakers are grappling with lower output and persistently elevated input costs. Meanwhile, U.S. industry players are cautiously assessing their inventory requirements, tempering the restocking fervor. The combination of persistent supply constraints in the region and anticipated interest rate cuts are likely to boost demand and prices for metals in the U.S. and E.U. in 2024.















Recent Stock Price Performance – Metals Indices



Source: Capital IQ
 Metals Universe – **Service Centers:** RS, ZEUS; **Integrated/Mills:** CMC, NUE, STLD, X;
Specialty Metals: ATI, CRS, HAYN, USAP; **Scrap:** RDUS, SGM; **Fabricators:** TKR, WOR

Public Market Trading Multiples

Metals Industry Update | October 2023

		(\$ in millions, other than stock price)	9/30/2023	Quarterly	Market	Total	LTM		Gross	EBITDA	Net Debt /	Enterprise Value / LTM	
Company		Stock Price	Price Δ	Cap.	EV ⁽¹⁾	Revenue	EBITDA	Margin	Margin	EBITDA	Revenue	EBITDA	
Service Centers	 OLYMPIC STEEL	Olympic Steel	\$56.21	15%	\$626	\$885	\$2,297	\$97	19%	4%	2.3x	0.4x	9.1x
	 RELIANCE STEEL & ALUMINUM CO.	Reliance Steel & Aluminum	262.23	(3%)	15,355	15,915	15,704	2,271	31%	14%	0.2x	1.0x	7.0x
	Median								25%	9%	1.3x	0.7x	8.0x
Integrated/Mills	 COMMERCIAL METALS	Commercial Metals Company	49.41	(6%)	5,770	6,627	8,997	1,494	21%	17%	0.6x	0.7x	4.4x
	 NUCOR	Nucor Corporation	156.35	(5%)	38,888	41,325	37,458	8,831	25%	24%	0.2x	1.1x	4.7x
	 STEEL DYNAMICS	Steel Dynamics	107.22	(2%)	17,760	18,698	20,453	4,298	24%	21%	0.2x	0.9x	4.4x
	 USS	United States Steel Corporation	32.48	30%	7,242	8,644	19,019	2,460	14%	13%	0.5x	0.5x	3.5x
Median								22%	19%	0.4x	0.8x	4.4x	
Specialty Metals	 ATI	Allegheny Technologies	41.15	(7%)	5,291	6,912	4,127	559	19%	14%	2.6x	1.7x	12.4x
	 CARPENTER TECHNOLOGY	Carpenter Technology	67.21	20%	3,283	3,984	2,550	238	13%	9%	2.8x	1.6x	16.8x
	 HAYNES INTERNATIONAL	Haynes International	46.52	(8%)	588	681	573	81	20%	14%	1.1x	1.2x	8.4x
	 UNIVERSAL STAINLESS	Universal Stainless & Alloy Prod.	13.11	(6%)	119	213	237	17	10%	7%	5.6x	0.9x	12.8x
Median								16%	11%	2.7x	1.4x	12.6x	
Fabricators	 TIMKEN	The Timken Company	73.49	(20%)	5,221	7,190	4,754	909	30%	19%	2.0x	1.5x	7.9x
	 WORTHINGTON INDUSTRIES	Worthington Industries	61.82	(11%)	3,026	3,501	4,701	367	15%	8%	0.9x	0.7x	9.5x
Median								22%	13%	1.4x	1.1x	8.7x	
Scrap	 SCHNITZER	Schnitzer Steel Industries	27.85	(7%)	766	1,235	3,059	103	9%	3%	3.2x	0.4x	11.9x
	 SIMS LIMITED	Sims Limited	8.56	(14%)	1,642	1,943	5,115	95	10%	2%	2.0x	0.4x	20.4x
Median								10%	3%	2.6x	0.4x	16.2x	

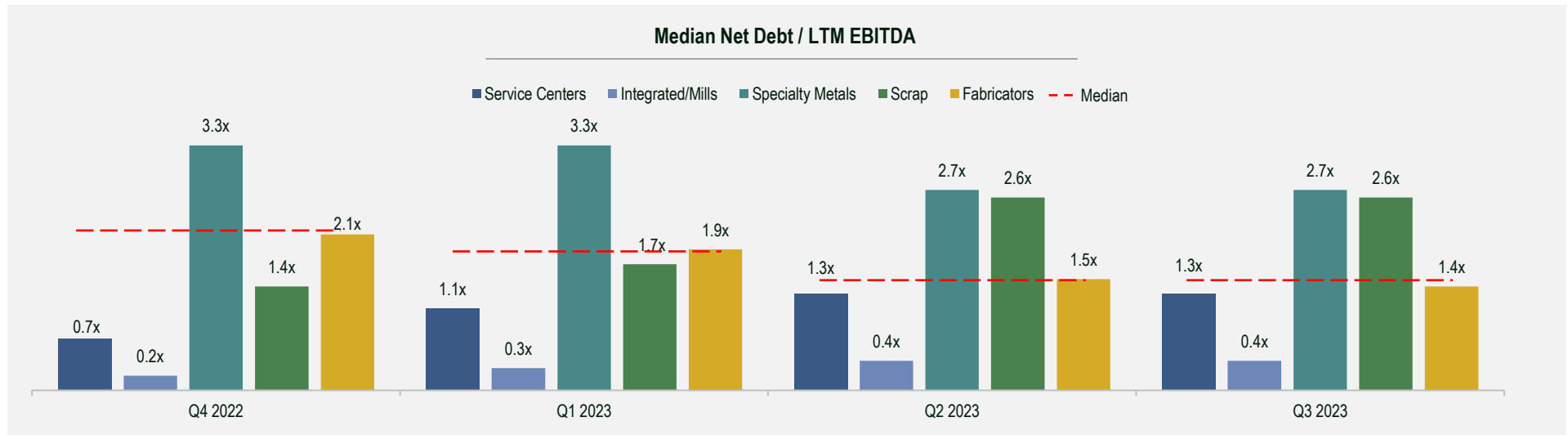
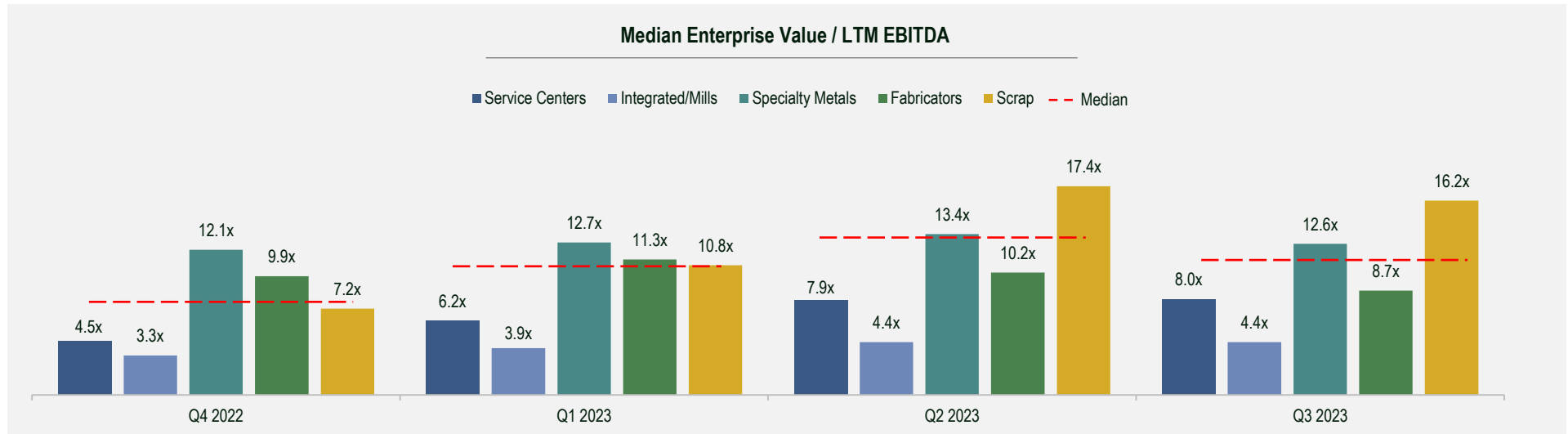
Source: Capital IQ

(1) EV ("Enterprise Value") is defined as market capitalization plus net debt, preferred equity, and minority interest.

(2) Medians exclude all non-meaningful values.

Valuation and Debt Multiples

Valuations have generally improved over the year, however most segments experienced a decline over the previous quarter. Leverage has decreased except for the Service Center and Scrap segment



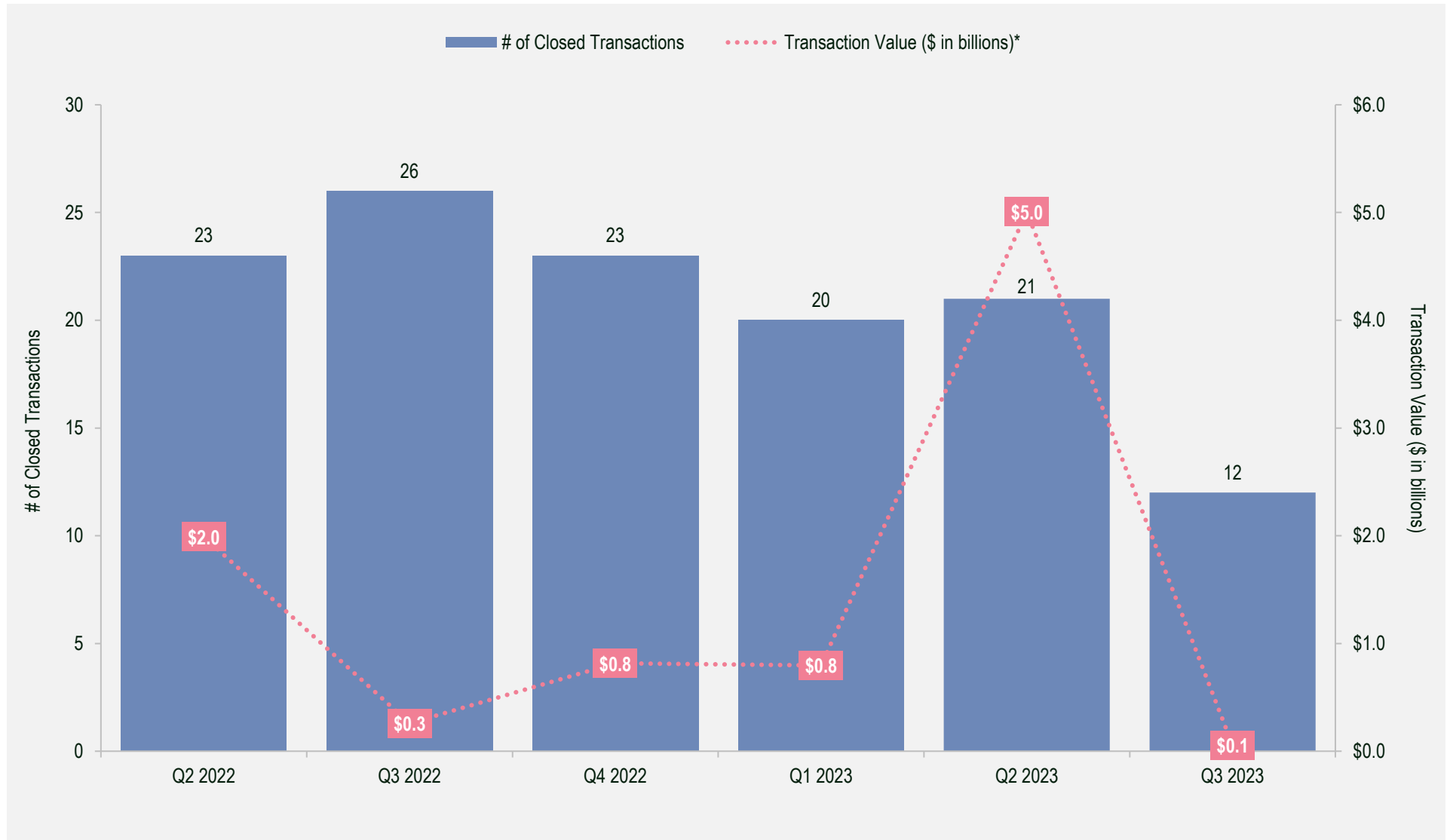
Source: Capital IQ

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(2) Medians exclude all non-meaningful values.

U.S. M&A Activity

Reported deal volumes declined in Q3 2023 with 12 reported deals as compared to 21 in Q2 2023. Aggregate deal values remained around same levels YoY but declined significantly when compared to last quarter

































Source: Capital IQ

*Transaction Value represents publicly announced deal terms

Recent Transaction Activity

Metals Industry Update | October 2023

Date	Target	Acquiror	Enterprise Value (\$M)	Target Description
08/23			Undisclosed	Designs, builds, and supplies progressive dies, transfer tooling, metal stampings, and robotic welded assemblies in the United States
08/23			Undisclosed	Offers metal stamping, deep draw stamping, and compound stamping
08/23		wieland	Undisclosed	Operates a precision redraw tube mill that manufactures non-ferrous tubes and tube fabrications for consumer products, controls, electrical, heat transfer, transportation, and welding industries
07/23	BOK		\$17	Manufactures and sells architectural metal panel systems
07/23			Undisclosed	Engages in manufacturing of abrasion, wear-resistant, steel plates, and other fabricated products
07/23			\$28	Offers services in the areas of product engineering, process engineering, stamping/metal forming, assembly/finishing, and quality/error proofing
07/23			Undisclosed	Operates a precision CNC machining facility that provides engages in the CNC production milling and turning of aluminum, stainless, Kovar, plastics, steel, copper, and brass metals
07/23			Undisclosed	Manufactures, engineers, and supplies precision metal components
07/23			Undisclosed	Manufactures and supplies anchor bolts and fasteners for large steel structures
07/23		CEMTREX	Undisclosed	Operates as a service contractor and fabricator that specializes in industrial and water treatment markets
06/23		colson	Undisclosed	Manufactures wheels for heavy duty applications, harsh environments and high temperatures
06/23			Undisclosed	Engages in the production of metal conveyor and power transmission chains
06/23			Undisclosed	Provides rack, bulk, and hard coat aluminum anodizing services to commercial, medical, military, and aerospace industries
06/23			\$96	Engages in the design and manufacture of aluminum extrusions
06/23			Undisclosed	Provides cutting and forming of carbon sheet and heavy steel, stainless, and aluminum plates
05/23		ONCAP	Undisclosed	Offers precision metal stamping, conventional molding, rotary insert molding and other services
05/23		APOLLO	\$4,761	Manufactures and sells fabricated aluminum sheets, plates, extrusions, and architectural products and systems
04/23			Undisclosed	Engages in precision sheet metal fabrication, CNC machining, and other value-added services including assembly, automated powder coating, and batch coating

Source: Capital IQ

Amherst's Representative Metals Transactions

Benson Industries
Portland, OR



has been acquired by
MiTek Industries, Inc.
Chesterfield, MO



A subsidiary of
BERKSHIRE HATHAWAY INC.

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Acted as advisor to Benson Industries

Coated Steel Corporation
Itasca, IL



has been acquired by
Mill Steel
Grand Rapids, MI



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Acted as advisor to Coated Steel Corporation

Federal-Mogul Corp.
Southfield, MI



has divested its Signal Strat Division to
Trucklite
Truck-Lite Co., Inc.
Falconer, NY
a subsidiary of
the Penske Corporation



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Acted as advisor to Federal Mogul Corp.¹

Mercury Manufacturing Company
Wyandotte, MI



has been acquired by
O2 Investment Partners, LLC
Bloomfield Hills, MI



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Acted as advisor to Mercury Manufacturing Company

Monarch Machining & Fabrication
Milwaukee, WI



has been acquired by
Red Top Capital
Hartland, WI



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Acted as advisor to Monarch Machining & Fabrication

Precision Aero Corporation
Troy, OH



has been acquired by
H-D Advanced Manufacturing
Pittsburgh, PA



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Acted as advisor to Precision Aero Corporation

Simpson Industries, Inc.
Plymouth, MI



has acquired the
Vibration Attenuation Division of Holset
Engineering Company
A subsidiary of
Cummins Engine Co.
Columbus, IN



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Acted as advisor to Simpson Industries, Inc.¹

Woodsage, LLC
Holland, OH



Experts in Tube Fabrication

has been acquired by
Milton Street Capital
Houston, TX



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Acted as advisor to Woodsage, LLC

Veltri Metal Products, Inc.
Troy, MI



has been acquired by
Flex-N-Gate Corporation
Urbana, IL



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Acted as advisor to Veltri Metal Products

Westerman, Inc.
Bremen, OH



has been acquired by
Worthington Industries, Inc.
(NYSE: WOR)
Columbus, OH



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Acted as advisor to Westerman, Inc.

(1) Transactions executed by Amherst professionals while employed at previous firms

The Amherst Partners Team

With a track record spanning over 25 years, Amherst Partners is a boutique investment banking firm focused on providing M&A advisory and capital raising services primarily for closely-held businesses

Boutique investment bank with significant Wall Street experience



Giuliani Capital Advisors



The Hackett Group

J.P.Morgan



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Core Execution Team



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Fahad Siddiqui
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John Wendzinski
Senior Associate



Sam Jabara
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Ray Dallavecchia, Jr.
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