



METALS *IQ*

AmherstPartners

EXPERIENCE | SOLUTIONS | RESULTS

WWW.AMHERSTPARTNERS.COM

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

April 2024

Recent Market Observations

Metals Industry Update | April 2024

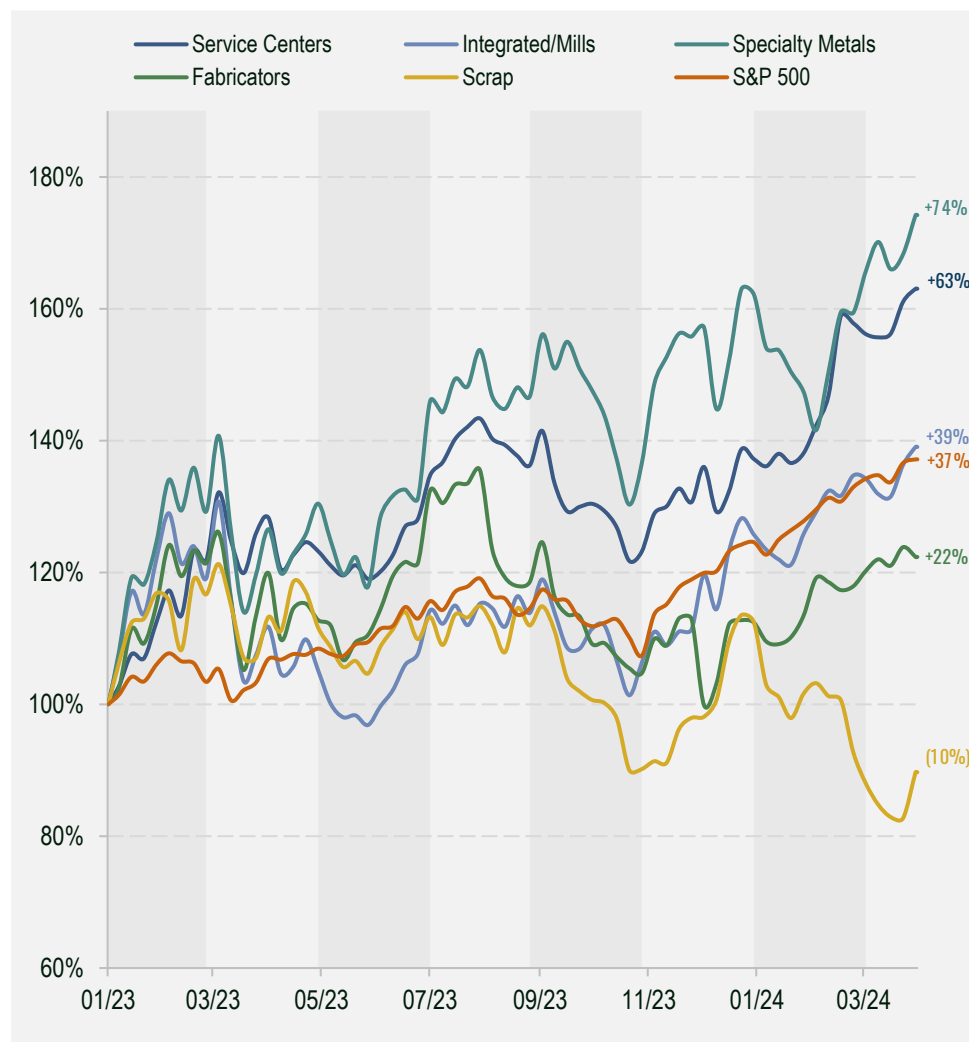
According to World Bank estimates, iron ore prices fell ~12.0% from February 2024 – March 2024 as steelmaking activity in China (a top iron ore consumer) dropped off amid production pauses and poor demand recovery. Iron ore prices are expected to decrease further in 2024 based on the sustained strength of supply from India, Brazil, and Australia, despite worries about demand from China's manufacturing and property sector. Overall, metal prices are forecasted to drop by ~5.0% in 2024 due to ongoing supply recovery and muted demand from major economies, before an anticipated rebound in 2025.

Meanwhile, steel demand in the United States is forecasted to grow by 1.6% in 2024, supported by moderating inflation, anticipated federal rate cuts, and improving consumer sentiment driving private and public consumption growth. The resolution of the 2023 United Auto Workers (UAW) strikes against the Detroit-three has spurred steel demand, with deferred vehicle production set to resume. Hot-rolled coil (HRC) prices surged at the end of 2023 and into 2024 following major mills' price hike announcements. Presently, market sentiment suggests an oversupply of HRC, with mills facing increasingly shorter lead times. Major steelmakers have implemented minimum price targets to stabilize HRC prices, which helped prices bottom out in late March and is expected to stabilize the market further as buyers replenish inventories. Metal-intensive utility projects driven by the Bipartisan Infrastructure Law and Inflation Reduction Act (IRA), along with reshoring efforts prompted by the CHIPS Act, are poised to bolster construction and related metals demand in the mid-to-long term. A rebounding U.S. manufacturing Purchasing Managers' Index (PMI) in March 2024 also presents an encouraging sign as the indicator reached its highest and first reading above 50 since September 2022.

The global drive toward sustainable practices in metal mining and manufacturing has spurred demand for scrap metal, as industries strive to reduce carbon emissions and promote the use of secondary raw materials. A key element in this shift is the accelerated adoption of electric arc furnace-based (EAF) steelmaking, which relies on ferrous scrap, moving away from blast furnace-basic oxygen furnace (BOF) methods. Additionally, BOF steelmakers are increasingly integrating steel scrap into their manufacturing processes. Mounting policy support, including the Federal Buy Clean Initiative, is further encouraging a shift towards decarbonization for iron and steel manufacturing and procurement. Sustainability considerations are becoming increasingly significant as strategic factors – Nippon Steel's proposed bid for U.S. Steel in December 2023 highlights several environmental, social, and governance (ESG) benefits, aiming to expedite decarbonization efforts and position U.S. Steel as a leading producer of electrical steel.

Source: World Bank, KPMG, BCG, Reuters













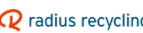

Recent Stock Price Performance – Metals Indices



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 | April 2024

(\$ in millions, other than stock price)		3/31/2024	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	\$70.88	6%	\$789	\$1,004	\$2,158	\$110	22%	5%	1.7x	0.5x	9.2x
	 Reliance Steel & Aluminum	334.18	19%	19,190	19,498	14,806	1,985	31%	13%	0.1x	1.3x	9.8x
	Median							26%	9%	0.9x	0.9x	9.5x
Integrated/Mills	 Commercial Metals Company	\$58.77	17%	\$6,800	\$7,324	\$8,406	\$1,191	19%	14%	0.4x	0.9x	6.2x
	 Nucor Corporation	197.90	14%	47,492	48,494	34,714	7,399	23%	21%	NM	1.4x	6.6x
	 Steel Dynamics	148.23	26%	23,443	24,493	18,795	3,589	22%	19%	0.3x	1.3x	6.8x
	 United States Steel Corporation	40.78	(16%)	9,168	10,652	18,053	1,919	13%	11%	0.7x	0.6x	5.6x
	Median							20%	17%	0.4x	1.1x	6.4x
Specialty Metals	 Allegheny Technologies	\$51.17	13%	\$6,456	\$8,067	\$4,174	\$526	19%	13%	2.7x	1.9x	15.3x
	 Carpenter Technology	71.42	1%	3,529	4,229	2,724	346	17%	13%	1.9x	1.6x	12.2x
	 Haynes International	60.12	5%	761	864	605	78	18%	13%	1.3x	1.4x	11.1x
	 Universal Stainless & Alloy Prod.	22.42	12%	206	294	286	33	15%	12%	2.6x	1.0x	8.9x
	Median							18%	13%	2.3x	1.5x	11.7x
Fabricators	 The Timken Company	\$87.43	9%	\$6,132	\$8,302	\$4,769	\$906	32%	19%	2.2x	1.7x	9.2x
	 Worthington Industries	62.23	8%	3,111	3,206	4,794	309	13%	6%	0.3x	0.7x	10.4x
	Median							23%	13%	1.2x	1.2x	9.8x
Scrap	 Radius Recycling	\$21.13	(30%)	\$589	\$987	\$2,821	\$68	8%	2%	4.5x	0.3x	14.4x
	 Sims Limited	8.42	(18%)	1,624	2,069	5,538	60	9%	1%	3.8x	0.4x	NM
	Median							9%	2%	4.1x	0.4x	14.4x

Source: Capital IQ

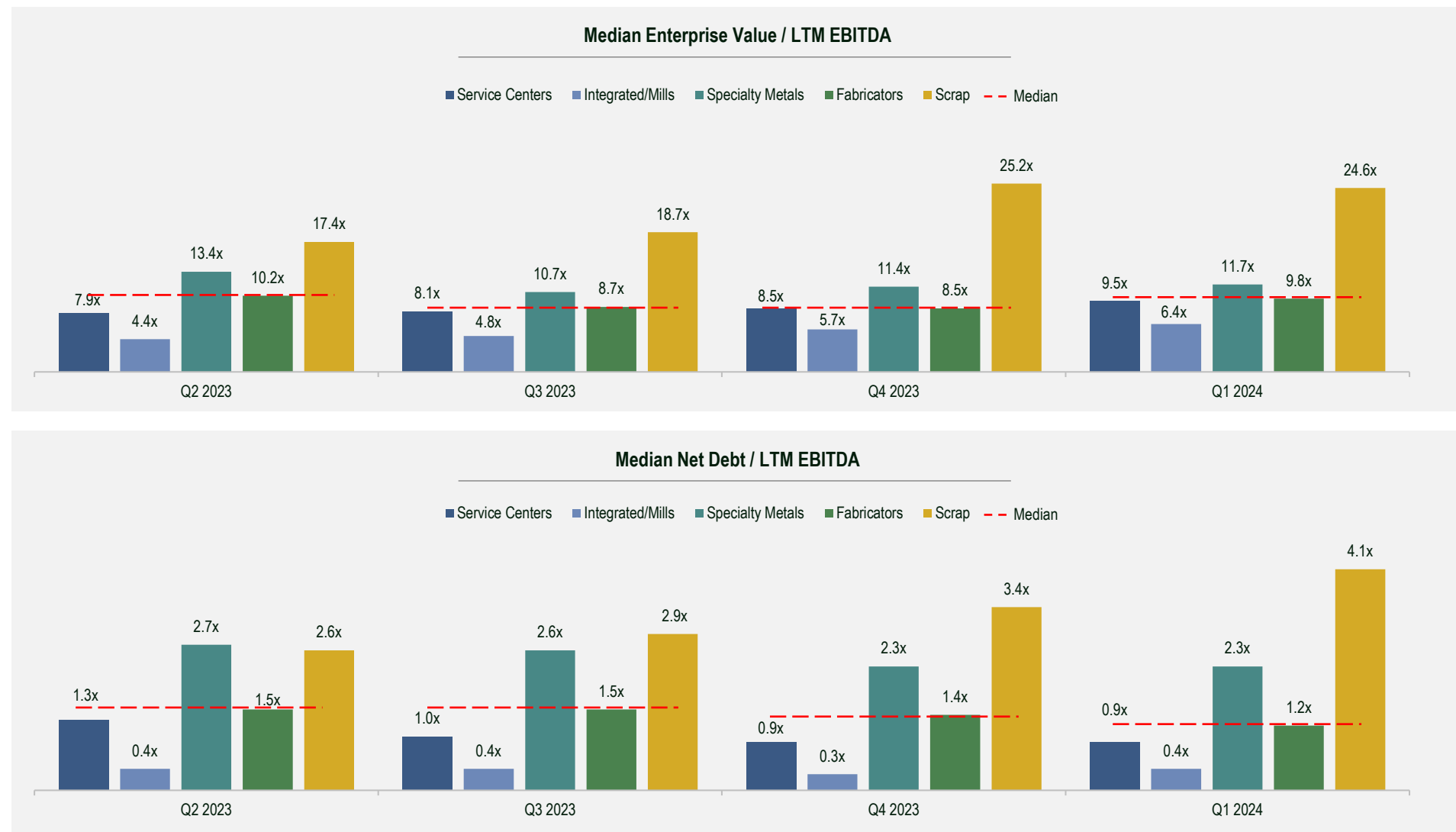
(1) EV ("Enterprise Value") is defined as market capitalization plus net debt, preferred equity, and minority interest.

(2) Medians exclude all non-meaningful values.

Valuation and Debt Multiples

Metals Industry Update | April 2024

Scrap and integrated/mills have seen the most substantial valuation increase since Q2 2023, with corresponding increases in debt multiples for these sectors



Source: Capital IQ

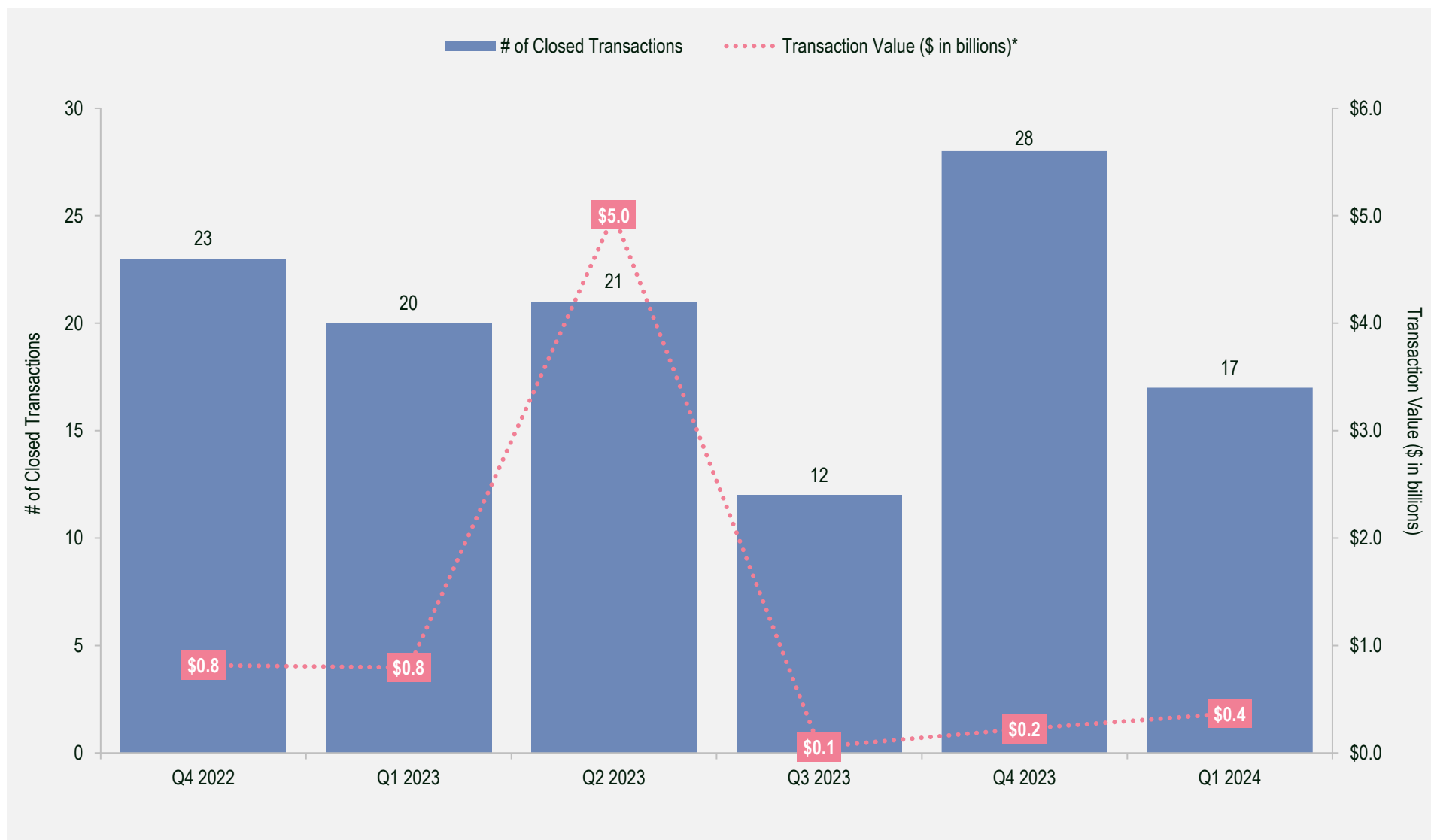
(1) EV ("Enterprise Value") is defined as market capitalization plus net debt, preferred equity, and minority interest.

(2) Medians exclude all non-meaningful values.

U.S. M&A Activity

Metals Industry Update | April 2024

Reported deal volumes reached their peak in Q4 2023, while aggregate deal values have remained relatively modest since experiencing a spike in Q2 2023



Source: Capital IQ

*Transaction Value represents publicly announced deal terms

Recent Transaction Activity

Metals Industry Update | April 2024

Date	Target	Acquiror	Enterprise Value (\$M)	Target Description
03/24			\$9	Manufactures stainless steel and high alloy expansion products, pipe support systems, epoxy anchoring systems
03/24			Undisclosed	Owens and operates foundry which offers metal casting services
02/24			Undisclosed	Operates as a diversified metals and mining company
02/24			Undisclosed	Manufactures and supplies die cast and injection molding parts and aluminum die casting parts for use in connectors, marine parts, aerospace parts
01/24			Undisclosed	Specializes in heavy steel fabrication, heavy steel components as an OEM supplier, barge construction, power transformer tanks, ship repair, and large pressure vessels and tanks
01/24			Undisclosed	Operates as a diversified metals and mining company based in Greenville
01/24			\$7	Manufactures custom structural, DOT, and utility steel fabricated products for the infrastructure and utility transmission
01/24			Undisclosed	Manufacturer of precision metal components headquartered in Malden, Massachusetts
01/24			\$350	Manufactures and distributes industrial composite matting and temporary flooring and fencing
12/23			Undisclosed	Designs and manufactures customized steel metal products
12/23			Undisclosed	Manufactures manganese steel castings. Also offers manganese wear parts, including mantle liners (for small gyratory crushers), bowl and mantle liners (for cone crushers)
11/23			Undisclosed	Manufactures zinc die-casting and precision die casting products
11/23			\$38	Provider of stainless and aluminum processing services, including plate lines, plate shear, and gauer processing
10/23			\$120	Designs and manufactures custom and off-the-shelf components, process solutions, and integrated systems
10/23			Undisclosed	Manufacturer of precision industrial metal parts offering custom precision metal stampings
10/23			Undisclosed	Manufactures finished metal component parts and assemblies, numerical controlled (CNC) equipment, robotic welding, metal fabrication, heat treating, hobbing, assembly, and other services
10/23			\$38	Manufactures and markets tube and bar products, carbon and alloy tube, aluminum and stainless-steel tube, and carbon and alloy bar
10/23			\$30	Operates as a contract manufacturer of metal products. Offers precision stamping, fabrication, and machining sheet metal parts

Source: Capital IQ

Amherst's Representative Metals Transactions

Metals Industry Update | April 2024

<p>Benson Industries Portland, OR</p> <p>BENSON</p> <p>has been acquired by MiTek Industries, Inc. Chesterfield, MO</p> <p>MiTek</p> <p>A subsidiary of BERKSHIRE HATHAWAY INC.</p> <p>AmherstPartners</p> <p>Acted as advisor to Benson Industries</p>	<p>Coated Steel Corporation Itasca, IL</p> <p>COATED STEEL CORPORATION</p> <p>has been acquired by Mill Steel Grand Rapids, MI</p> <p>MILL STEEL C O M P A N Y</p> <p>AmherstPartners</p> <p>Acted as advisor to Coated Steel Corporation</p>	<p>Federal-Mogul Corp. Southfield, MI</p> <p>FEDERAL MOGUL</p> <p>has divested its Signal Strat Division to Truck-Lite</p> <p>Truck-Lite Co., Inc. Falconer, NY</p> <p>a subsidiary of the Penske Corporation</p> <p>PENSKE</p> <p>AmherstPartners</p> <p>Acted as advisor to Federal Mogul Corp.⁽¹⁾</p>	<p>Mercury Manufacturing Company Wyandotte, MI</p> <p>MERCURY MANUFACTURING COMPANY</p> <p>has been acquired by O2 Investment Partners, LLC Bloomfield Hills, MI</p> <p>O2 O2 Investment Partners, LLC</p> <p>AmherstPartners</p> <p>Acted as advisor to Mercury Manufacturing Company</p>	<p>Monarch Machining & Fabrication Milwaukee, WI</p> <p>MONARCH MACHINING & FABRICATION</p> <p>has been acquired by Red Top Capital Hartland, WI</p> <p>Red Top Capital</p> <p>AmherstPartners</p> <p>Acted as advisor to Monarch Machining & Fabrication</p>
<p>Precision Aero Corporation Troy, OH</p> <p>PrecisionAero</p> <p>has been acquired by H-D Advanced Manufacturing Pittsburgh, PA</p> <p>HD ADVANCED MANUFACTURING</p> <p>AmherstPartners</p> <p>Acted as advisor to Precision Aero Corporation</p>	<p>Simpson Industries, Inc. Plymouth, MI</p> <p>SIMPSON INDUSTRIES</p> <p>has acquired the Vibration Attenuation Division of Holset Engineering Company</p> <p>A subsidiary of Cummins Engine Co. Columbus, IN</p> <p>Cummins</p> <p>AmherstPartners</p> <p>Acted as advisor to Simpson Industries, Inc.⁽¹⁾</p>	<p>Woodsage, LLC Holland, OH</p> <p>WOODSAGE Experts in Tube Fabrication</p> <p>has been acquired by Milton Street Capital Houston, TX</p> <p>MILTON STREET CAPITAL</p> <p>AmherstPartners</p> <p>Acted as advisor to Woodsage, LLC</p>	<p>Veltri Metal Products, Inc. Troy, MI</p> <p>VELTRI</p> <p>has been acquired by Flex-N-Gate Corporation Urbana, IL</p> <p>FLEX N GATE</p> <p>AmherstPartners</p> <p>Acted as advisor to Veltri Metal Products</p>	<p>Westerman, Inc. Bremen, OH</p> <p>Westerman Companies</p> <p>has been acquired by Worthington Industries, Inc. (NYSE: WOR) Columbus, OH</p> <p>WORTHINGTON INDUSTRIES</p> <p>AmherstPartners</p> <p>Acted as advisor to Westerman, Inc.</p>

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

The Amherst Partners Team

Metals Industry Update | April 2024

With a track record spanning 30 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



Core Execution Team



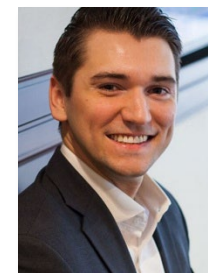
Donald Luciani
Partner



Charles Chandler
Partner



Fahad Siddiqui
Director



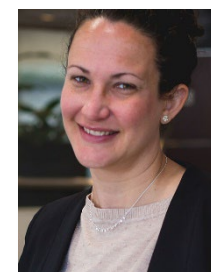
John Wendzinski
Vice President



Sam Jabara
Associate



Noah Moderwell
Analyst



Emily Pachla
Controller



Amber Dunn
Director of Marketing

Operations Advisory



Jon B. Cotton
CEO, Apex Health, Former President,
Meridian Health Plan of Michigan



Ray Dallavecchia, Jr.
Owner, Venetian Associates



Terry Robinson
Former Senior Vice President and Director
of Middle Market Banking – Comerica Bank



S. Evan Weiner
President/CEO, Edw. C. Levy Co.

AmherstPartners

EXPERIENCE | SOLUTIONS | RESULTS



KEY CONTACT INFORMATION

Chas Chandler, Partner

(248) 633-2140

chandler@amherstpartners.com

Don Luciani, Partner

(248) 633-2139

dluciani@amherstpartners.com

Fahad Siddiqui, Director

(248) 633-2053

fsiddiqui@amherstpartners.com

John Wendzinski, Vice President

(248) 633-2057

jwendzinski@amherstpartners.com

Sam Jabara, Associate

(248) 633-2063

sjabara@amherstpartners.com

Noah Moderwell, Analyst

(248) 633-2063

nmoderwell@amherstpartners.com

AMHERST PARTNERS, LLC

255 East Brown Street, Suite 120

Birmingham, MI 48009, U.S.A.

Securities related transactions are offered through Amherst's wholly owned subsidiary, One Amherst LLC, a registered broker-dealer and member of FINRA and SIPC.

This report is published solely for informational purposes and is not to be construed as rendering legal, accounting or investment advice or as a solicitation or an offer to buy or sell securities. Although information contained in this report has been obtained from and is based on sources that Amherst Partners LLC believes to be reliable; it is not guaranteed as being accurate. Past performance is not an indication of future results.

WWW.AMHERSTPARTNERS.COM