



# Seale & Associates

STEEL INDUSTRY  
Q1 2024  
VALUATION UPDATE

25 years

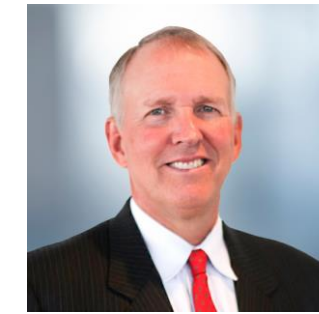
# Introduction

We are pleased to share our Steel Industry Multiples Valuation Update for Q1 2024.

At Seale & Associates, we are committed to providing process-driven solutions designed to optimize value and achieve our client's strategic objectives in a range of transactions, including **Mergers, Acquisitions, Divestitures and Carve-Outs, Business Sales, Recapitalizations, and Joint Ventures**, among other corporate finance and strategy consulting services.

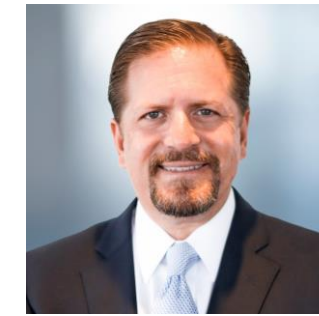
Over the course of 25+ years, we have successfully served clients all over the world, and we are delighted to continue providing investment banking advisory services to our clients who are looking to grow through acquisitions or optimize their portfolios through strategic divestitures.

Seale has extensive experience advising leading multinational companies, private equity firms, and family-owned businesses across a wide range of industries.



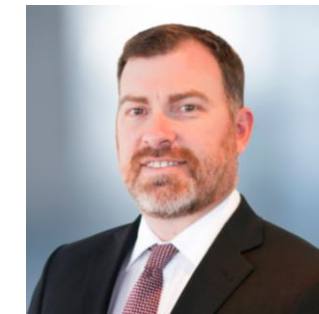
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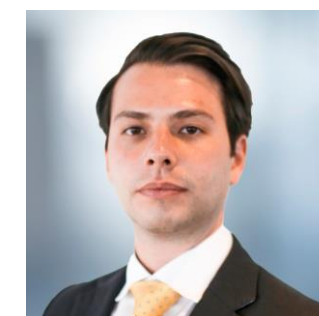
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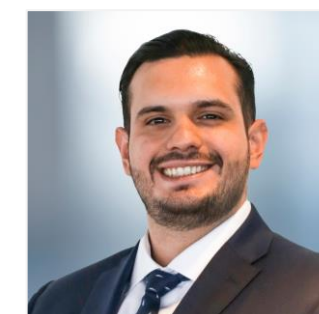
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**Armando Rios | Vice President**

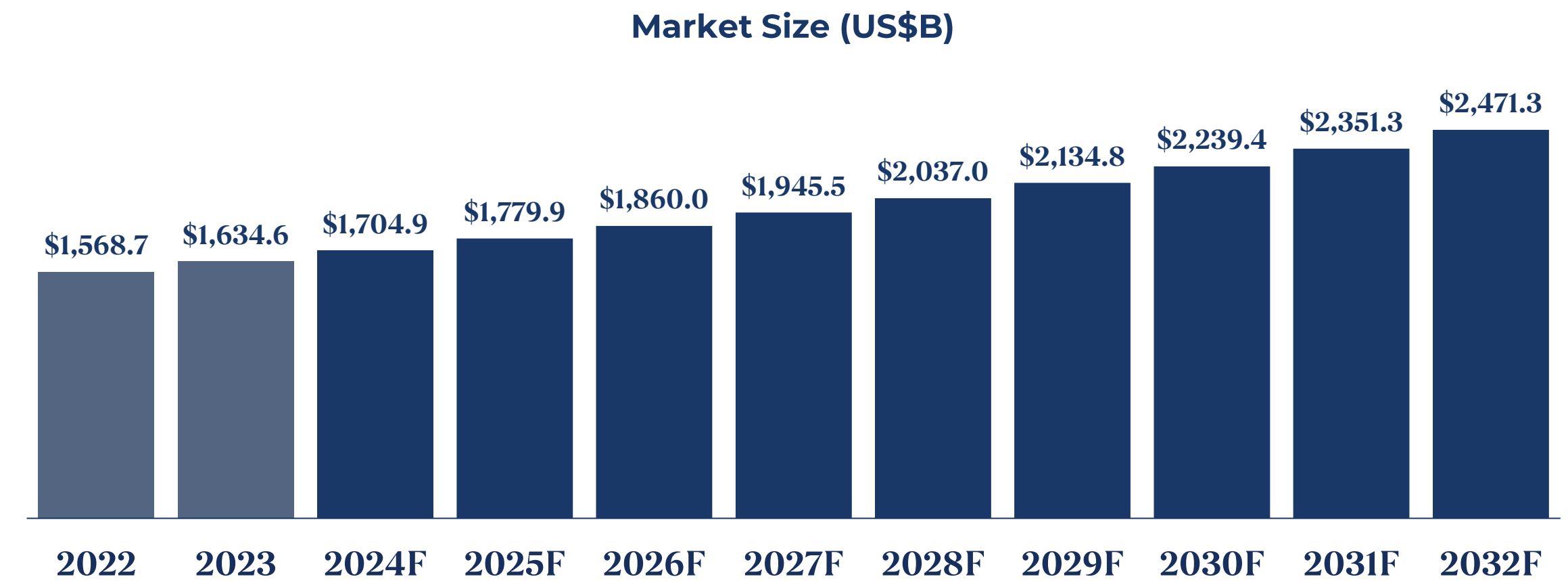
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# Steel's Industry Overview, M&A Trends and Market Intelligence

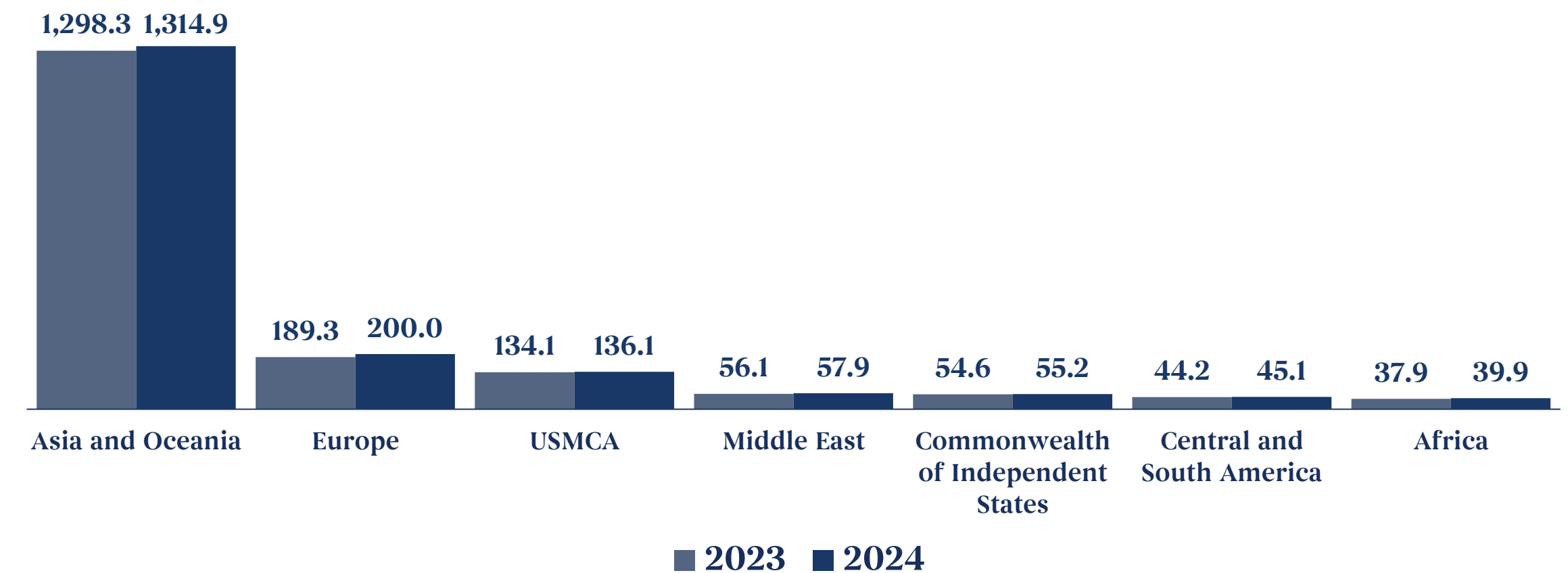
## Industry Overview and M&A Trends

- The stainless steel market size is expected to grow from **12.8 million tons** in **2024** to **16.1 million tons** by **2029**, growing at a **CAGR** of **4.7%**
- The growth of the steel market is being **propelled** by rising **demand** from industries such as building, construction, automotive, heavy machinery manufacturing and the aerospace industry
- Companies in the **steel** sector are expected to **increase M&A** activity to expand and modernize, focusing on **energy transition** and **sustainability**
- **Strong investments** in the **construction** and **automotive** sectors are expected to **sustain** steel **prices** over the long term
- While M&A activity in the metals and mining sector was robust in 2022, driven by **high commodity prices**, the challenging macroeconomic environment and market volatility in 2023 are expected to lead to **cautious buyers**
- After a contraction in global steel demand, it is expected to grow at rates of **1.7%** in **2024**
- The steel industry is currently **attracting M&A**. A growing number of companies are concentrating on localizing and **diversifying** their **supply chains** to **lower geopolitical risks**. Since only one of the top 10 global steel producers is headquartered in the U.S., this adds an additional layer of risk

Iron and Steel Market Size



Projected Demand for Finished Steel Products Worldwide in 2023 and 2024, by Region (in million metric tons)



**Source:** Mordor Intelligence, McKinsey & Company's Report: The resilience of steel, KPMG's Report: M&A Trends in industrial manufacturing, Acuity Knowledge Partners, Refinitiv, Precedence Research, Hightower Advisors, Reuters, Statista, Federal Steel Supply



# Steel Production Global Comparable Public Companies (1/3)

Company	Country	Market Cap. US\$M	Enterprise Value US\$M	Revenue US\$M	EBITDA Margin	Annual Average EV/EBITDA		First Quarter Mar. 31, 2024		
						2022	2023	EV/EBITDA	EV/Revenue	
Acerinox, S.A.		ESP	\$2,733	\$3,151	\$7,138	10.9%	2.8x	3.2x	4.1x	0.4x
Aichi Steel Corporation		JPN	\$520	\$780	\$1,999	10.2%	4.6x	4.7x	3.8x	0.4x
Aperam S.A.		LUX	\$2,283	\$2,821	\$7,112	3.1%	2.8x	4.3x	12.8x	0.4x
ArcelorMittal S.A.		LUX	\$22,499	\$27,479	\$68,275	10.2%	1.4x	2.4x	3.9x	0.4x
CAP S.A.		CHL	\$1,026	\$3,322	\$2,965	27.2%	2.3x	4.9x	4.1x	1.1x
Cleveland-Cliffs Inc.		USA	\$11,331	\$14,979	\$21,996	9.8%	2.8x	5.4x	6.9x	0.7x
Commercial Metals Company		USA	\$6,800	\$7,324	\$8,406	14.2%	4.6x	4.3x	6.2x	0.9x
Companhia Siderúrgica Nacional		BRA	\$4,151	\$10,178	\$9,060	18.8%	2.7x	6.1x	6.0x	1.1x
Industrias CH, S. A. B. de C. V.		MEX	\$4,709	\$3,870	\$2,964	23.7%	4.7x	5.0x	5.5x	1.3x
Jindal Steel & Power Limited		IND	\$10,216	\$11,204	\$6,029	17.6%	3.4x	6.9x	10.5x	1.9x

# Steel Production Global Comparable Public Companies (2/3)

Company	Country	Market Cap. US\$M	Enterprise Value US\$M	Revenue US\$M	EBITDA Margin	Annual Average EV/EBITDA		First Quarter Mar. 31, 2024		
						2022	2023	EV/EBITDA	EV/Revenue	
JSW Steel Limited		IND	\$24,272	\$32,941	\$21,088	18.6%	6.5x	11.1x	8.4x	1.6x
Kyoei Steel Ltd.		JPN	\$693	\$1,030	\$2,128	10.3%	6.3x	5.5x	4.7x	0.5x
Nucor Corporation		USA	\$47,492	\$48,494	\$34,714	21.4%	3.3x	4.3x	6.5x	1.4x
Outokumpu Oyj		FIN	\$1,842	\$1,756	\$7,510	5.9%	2.2x	2.1x	4.0x	0.2x
POSCO Holdings Inc.		KOR	\$23,825	\$34,593	\$57,389	9.8%	2.4x	5.9x	6.2x	0.6x
Radius Recycling, Inc.		USA	\$589	\$987	\$2,821	4.8%	4.4x	6.9x	7.3x	0.3x
Steel Authority of India Limited		IND	\$6,655	\$10,250	\$12,788	11.6%	3.0x	7.1x	6.9x	0.8x
Steel Dynamics, Inc.		USA	\$23,443	\$24,493	\$18,795	19.5%	3.0x	4.1x	6.7x	1.3x
Tata Steel Limited		IND	\$23,359	\$32,809	\$28,018	9.1%	3.3x	8.0x	12.9x	1.2x
Ternium S.A.		LUX	\$8,170	\$11,129	\$17,610	26.2%	1.4x	2.6x	2.4x	0.6x

## Steel Production Global Comparable Public Companies (3/3)

Company	Country	Market Cap. US\$M	Enterprise Value US\$M	Revenue US\$M	EBITDA Margin	Annual Average EV/EBITDA		First Quarter Mar. 31, 2024		
						2022	2023	EV/EBITDA	EV/Revenue	
Usinas Siderúrgicas de Minas Gerais S.A.	 USIMINAS	BRA	\$2,367	\$3,221	\$5,511	7.1%	1.6x	4.2x	8.2x	0.6x
Voestalpine AG	 voestalpine	AUT	\$4,809	\$8,270	\$18,370	10.9%	3.8x	3.7x	4.1x	0.5x
■ Excluded from mean and median						<b>Mean</b>	3.0x	4.8x	5.8x	0.8x
						<b>Median</b>	3.0x	4.8x	6.2x	0.7x

# Steel Distribution Global Comparable Public Companies

Company	Country	Market Cap. US\$M	Enterprise Value US\$M	Revenue US\$M	EBITDA Margin	Annual Average EV/EBITDA		First Quarter Mar. 31, 2024		
						2022	2023	EV/EBITDA	EV/Revenue	
EVA Precision Industrial Holdings Limited		HKG	\$165	\$284	\$790	10.0%	7.7x	7.0x	3.6x	0.4x
G Collado, S.A.B. de C.V.		MEX	\$237	\$329	\$708	5.0%	3.8x	2.7x	9.2x	0.5x
Olympic Steel, Inc.		USA	\$789	\$1,004	\$2,158	5.8%	12.8x	3.1x	8.0x	0.5x
Ramada Investimentos e Industria, S.A.		PRT	\$188	\$217	\$152	13.2%	9.9x	7.8x	10.9x	1.4x
Reliance, Inc.		USA	\$19,190	\$19,498	\$14,806	14.1%	8.4x	5.0x	9.4x	1.3x
Russel Metals Inc.		CAN	\$2,008	\$1,856	\$3,327	9.2%	11.5x	3.2x	6.1x	0.6x
Ryerson Holding Corporation		USA	\$1,140	\$1,915	\$5,109	6.7%	8.1x	2.9x	5.6x	0.4x
Valmont Industries, Inc.		USA	\$4,615	\$5,769	\$4,175	14.4%	14.3x	13.6x	9.6x	1.4x
Worthington Enterprises, Inc.		USA	\$3,111	\$3,206	\$4,794	10.8%	7.6x	5.3x	6.2x	0.7x
■ Excluded from mean and median						<b>Mean</b>	8.1x	4.6x	7.6x	0.8x
						<b>Median</b>	8.4x	5.0x	8.0x	0.6x

# Steel Industry – Q1 Global Transactions (1/2)

Date	Target	Country	Description	Buyer	Seller	% Acquired	Size US\$M	EV/ EBITDA	EV/ Revenue
Mar-24		USA	Designs and manufactures metal grating and access infrastructure products	 		100.0%	-	-	-
Mar-24		USA	Manufactures stainless steel pipe supports, expansion anchors and fasteners principally for water and waste water		-	100.0%	\$8.3	-	1.0x
Mar-24		FIN	Manufactures high-quality power transmission components and gearboxes		-	100.0%	\$23.0	-	-
Feb-24		DEU	Manufactures and distributes seamless stainless steel and nickel alloy tubes and pipes			100.0%	\$146.1	-	-
Feb-24		ITA	Manufactures electro-welded carbon steel tubes in a wide range of shapes and sizes			100.0%	-	-	-
Feb-24		ESP	Manufactures and sells rebar and electrowelded wire mesh for the construction industry		-	100.0%	\$6.5	-	-
Feb-24		USA	Develops, manufactures and distributes high-performance nickel and cobalt-based alloys for use in high-temperature and corrosion applications		-	100.0%	\$970.0	12.3x	1.6x
Jan-24		USA	Manufactures heavy steel, and provides manufacturing, machining, vessel construction, and vessel maintenance and repair services		-	100.0%	-	-	-
Jan-24		USA	Manufactures large metal parts and structures, providing design, engineering, machining, fabrication, and integration solutions for industrial markets		-	100.0%	-	-	-
Jan-24	Foundry of Fundacion Technologica S.A.	PER	Manufactures steel castings for mining sites		Fundacion Technologica S.A.	100.0%	-	-	-
Jan-24	 	COL DOM	Manufacture and supply long-carbon steels			50.0%	\$325.0	-	-



# Steel Industry – Q1 Global Transactions (2/2)

Date	Target	Country	Description	Buyer	Seller	% Acquired	Size US\$M	EV/ EBITDA	EV/ Revenue	
Jan-24	 <b>GZO</b> GUSSZENTRUM OSTFRIESLAND	DEU	Manufactures steel castings including alloy, bushings, and rolling mill rolls		-	100.0%	-	-	-	
Jan-24		USA	Manufactures and distributes twisted steel micro rebar (TSMR) products used in a variety of concrete applications		-	100.0%	-	-	-	
Jan-24		GBR	Manufactures and trades ferro alloys, metals, powders and mineral products	Unknown Employee Ownership Trust	-	100.0%	-	-	-	
Jan-24		FRA	Manufactures seamless high-precision steel tubes serving the bearing manufacturer industry as well as a large mechanical base	Management of VALTI	<b>MUTARES</b>	100.0%	-	-	-	
Jan-24		PER	Manufactures steel castings and special steel with state-of-the-art equipment and software		-	80.0%	-	-	-	
Jan-24		ESP	Manufactures helical welded steel tubes with coatings and structural pipes, used mainly in the oil & gas sector, water transportation and civil engineering applications		-	100.0%	-	-	-	
								<b>Mean</b>	12.3x	1.3x
								<b>Median</b>	12.3x	1.3x

## Selected Transactions Commentary



*“Haynes has impressive and complementary business operations, R&D capabilities and an experienced team. Its addition to Acerinox strengthens our global leadership in high-performance alloys and creates meaningful opportunities in the high-growth aerospace segment and the attractive U.S. market.”*

**Bernardo Velázquez Herreros, CEO of Acerinox Group, Parent Company of North American Stainless**



*“With the addition of this foundry, we bring additional capacity to the mill liner market, providing customers in Peru, Chile and throughout South America with a real choice of mill liners.”*

**Sean Winstone, CEO of Bradken**



*“We have added a new milestone to our global growth. With this acquisition, the company has increased its global pipe production capacity to more than 3 million tonnes/year, reinforcing our position as the largest steel pipe producer in Europe.”*










**Tosyali Holding**



*“The exit strategy follows the best owner principle. We are placing VALTI in an environment where the company can further grow and develop its competencies.”*

**Robin Laik, CEO and Founder of Mutares**

# Private Equity Transactions


INDUSTRY CLASIFICATION	PERIOD	AVERAGE ENTERPRISE VALUE (IN USD)	REVENUE (IN USD)	TTM REVENUE GROWTH	ENTERPRISE VALUE / REVENUE	EBITDA MARGIN	ENTERPRISE VALUE /EBITDA	NUMBER OF TRANSACTIONS
 <b>Iron and Steel Forging</b> <i>NAICS 332111 – Iron and Steel Forging</i>	 <b>2005-2015</b>	 <b>\$39.4M</b>	 <b>\$53.9M</b>	 <b>11.7%</b>	 <b>0.8x</b>	 <b>18.1%</b>	 <b>4.5x</b>	 <b>5</b>
<b>Iron and Steel Mills and Ferroalloy Manufacturing</b> <i>NAICS 3311 – Iron and Steel Mills and Ferroalloy Manufacturing</i>	<b>2003-2020</b>	<b>\$103.0M</b>	<b>\$138.1M</b>	<b>16.0%</b>	<b>1.1x</b>	<b>24.7%</b>	<b>4.4x</b>	<b>4</b>

**Notes:**


- Data obtained via GF Data, a subscription-based information platform, offering detailed information and metrics about the transactions of Private Equity funds in the U.S.
- The data is provided under a blind confidential format. Users of the data are unable to identify the exact company and transaction corresponding to the transaction details. Given this blind approach, the data submitted is less likely to be biased or manipulated.

# Sector Relevant Experience

- Provided **corporate finance advisory** services to **DEACERO**, a Mexican leading producer of long steel, wires, and reinforcing steel
- Provided **corporate finance advisory** services to **Fortacero**, a leading distributor of steel and processed steel products
- Provided **corporate finance advisory** services to **EZI Metales**, a steel fabricator for a diverse customer base
- Provided **acquisition** advisory services to **Timken**, a manufacturer of engineered bearings and industrial motion products
- Provided **valuation advisory services** to the board of directors of **Verzatec**, a diversified manufacturer engaged in the production of aluminum, plastic and steel products, on valuation issues related to the company's going private transaction
- Advised the shareholders of **Grupo Galaz (d.b.a. INMAGUSA)**, a leading Mexican manufacturer of frame rails for commercial vehicle manufacturers (OEMs) based in North America, on the **sale** of its business to **lochpe-Maxion**, a Brazilian producer of wheels and chassis for commercial vehicles, wheels for light vehicles, railway freight cars and railway castings
- Advised **Grif-Fab**, a fabricator and distributor of fire sprinkler pipe and related products, on the **sale** of its business to **Ferguson Fire & Fabrication**, the fire protection business of Ferguson
- Advised **Flowserve Corporation**, one of the world's leading providers of fluid motion and control products and services, on the **sale** of its **Davies & Baird Australian** specialty castings foundry business to **Davies Baird**, a sister company of **Quality Casting**
- Advised **Advanced Cast Products**, an operator of foundries and machining and forging companies, on the **sale** of **Belcher Corporation**, a malleable iron caster, to **Advanced Metals Group**



*Corporate Finance  
Advisory Services*



*Corporate Finance  
Advisory Services*



*Corporate Finance  
Advisory Services*



*Acquisition  
Advisory Services*



*has sold*



*to*



**INMAGUSA - MEXICO**

*has been acquired by*




*has been  
acquired by*



*A business of*




*has sold*



*to*

**Daives Baird PTY Ltd**  
*a sister company of*




*has sold*

**Belcher Corporation**

*to*



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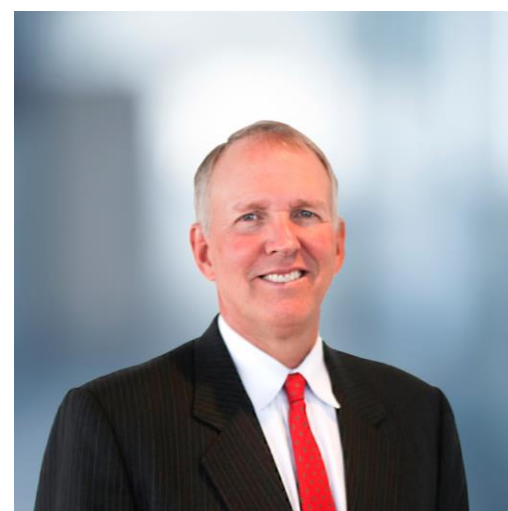
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S U S C R I B E

# Global M&A Representative Engagements

<p><b>BEIJER REF</b></p> <p>has been acquired by</p>  <p>HERITAGE DISTRIBUTION HOLDINGS</p>	<p><b>avangardinnovative</b> MOVING THE CIRCULAR ECONOMY FORWARD</p> <p>has sold a controlling interest to</p>  <p>WASTE MANAGEMENT</p>	<p><b>ZN</b> ZINC NACIONAL</p> <p>has sold</p> <p><b>GSDKO</b></p> <p>Zinc Oxide Corporation a subsidiary of</p>  <p>Korea Zinc</p>	<p><b>Electrolux</b> PROFESSIONAL</p> <p>has acquired</p> <p><b>unified brands</b> a <b>DOVER</b> company</p> <p>from</p>  <p>DOVER</p>	<p><b>Port Contractors</b> STEVEDORES - TERMINAL OPERATORS</p> <p>has been acquired by</p>  <p>ENSTRUCTURE</p>	<p><b>Oxbow</b></p> <p>Oxbow's Senior Subordinated debt issued by</p>  <p>H.J. BAKER ESTABLISHED 1880</p> <p>was refinanced by</p>  <p>BMO</p>	<p><b>Hertz</b></p> <p>has acquired</p>  <p>DONLEN</p>
<p><b>Standex</b></p> <p>has sold</p> <p><b>Enginetics</b></p> <p>to</p>  <p>Enjet AERO</p>	<p><b>ITT</b></p> <p>has sold</p> <p><b>BURNY</b> <b>KALIBURN</b> PLASMA CUTTING INNOVATION</p> <p>and</p> <p><b>CNC</b> Cleveland Motion Controls</p> <p>to</p>  <p>LINCOLN ELECTRIC</p>	<p><b>Honeywell</b></p> <p>has sold</p> <p><b>TENSOR</b></p> <p>to</p>  <p>GE Power Systems</p>	<p><b>TRIUMPH™</b></p> <p>has sold</p> <p>Triumph Processing - Embee Division</p> <p>to</p>  <p>AMP ALL METALS PROCESSING</p>	<p><b>TRIUMPH™</b></p> <p>has sold</p> <p>Triumph Air Repair, the APU Overhaul Operations of Triumph Aviation Services - Asia, and Triumph Engines businesses</p> <p>to</p>  <p>TGG THE GORES GROUP</p>	<p><b>Rheem</b></p> <p>has acquired</p>  <p>HTPG</p>	<p><b>GRACE</b></p> <p>has sold its GRACE Membranes business</p> <p><b>Uop</b> a subsidiary of</p> <p><b>Honeywell</b></p>
<p><b>convatec</b> - forever caring -</p> <p>has sold</p> <p><b>SENSI CARE</b></p> <p>and</p> <p><b>ALOE VESTA™</b></p> <p>to</p>  <p>MEDLINE</p>	<p><b>United Technologies</b></p> <p>has sold</p> <p><b>MobileView</b></p> <p>to</p> <p><b>SAFE FLEET</b> Driving Safety Forward™</p>	<p><b>United Technologies</b></p> <p>has sold</p> <p><b>HTPG</b> A division of Carrier Commercial Refrigeration, Inc.</p> <p>to</p> <p><b>MONOMOY</b> CAPITAL PARTNERS and <b>Starboard Capital Partners</b></p>	<p><b>LOCKHEED MARTIN</b></p> <p>has sold</p> <p>Commercial Flight Training Business</p> <p>to</p> <p><b>ALTEON</b> A BOEING COMPANY</p>	<p><b>FLOWSERVE</b></p> <p>has sold</p> <p><b>D&amp;B</b></p> <p>to</p> <p><b>DB</b> DaviesBaird</p>	<p><b>KBR</b></p> <p>has acquired</p> <p><b>Wabi</b> Wabi Development Corporation</p>	<p><b>H I G</b> HARRISON GYPSUM, LLC</p> <p>has been recapitalized by</p> <p><b>H. I. G.</b> PRIVATE EQUITY</p>



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University of Virginia - JD  
University of Kentucky - BS in Accounting

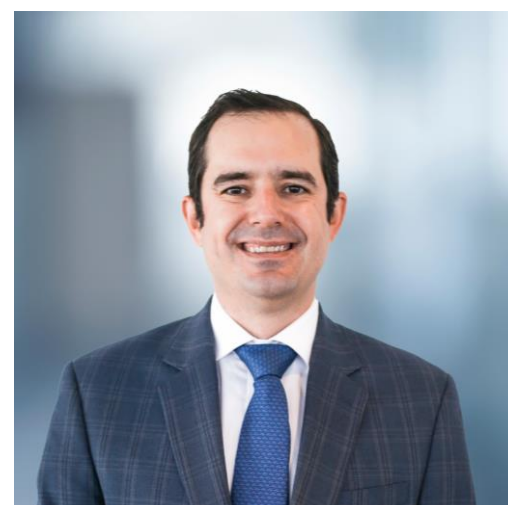


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25+ years of global M&A experience and Professor of M&A at Johns Hopkins University  
The George Washington University - MBA International Business and MA - International Affairs  
University of Florida - BA in Political Science with High Honors

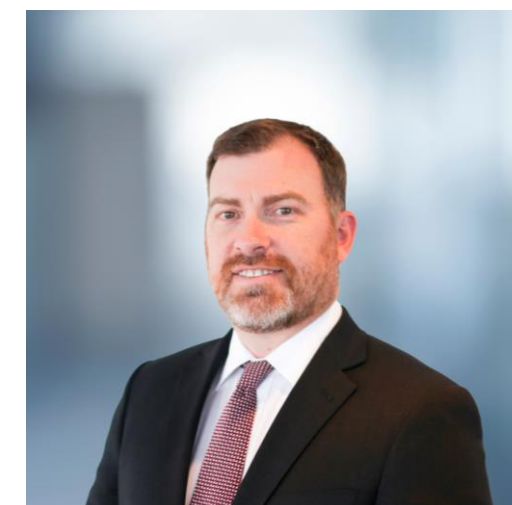


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University of Richmond - BS Business Administration in Accounting

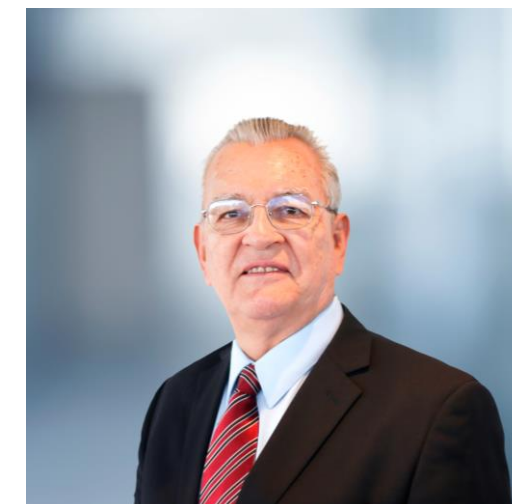


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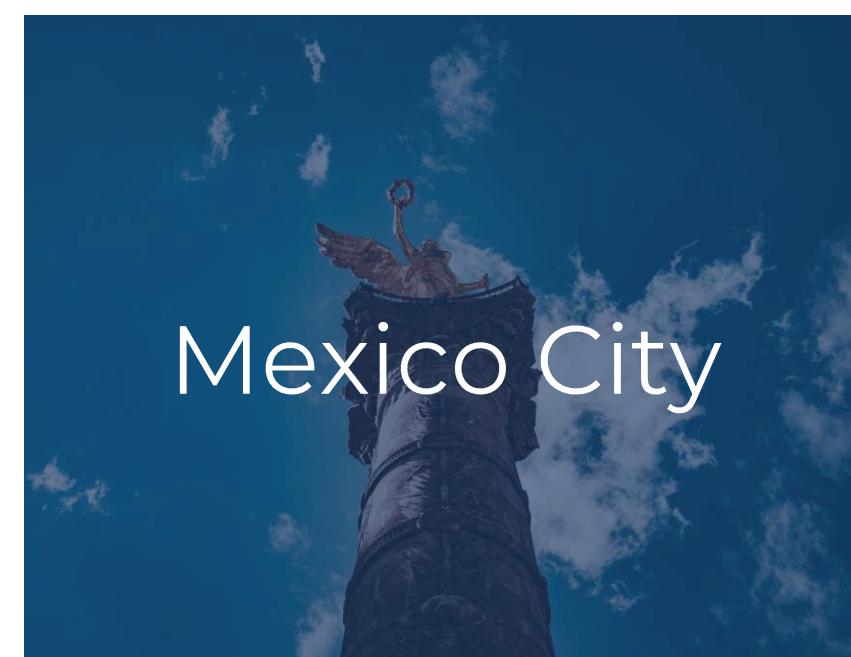
32+ years with Grupo Industrial Saltillo with experience as Director, Corp. Dev. and extensive global commercial experience  
Instituto Tecnológico y de Estudios Superiores de Monterrey  
MBA and BS in Industrial Engineering



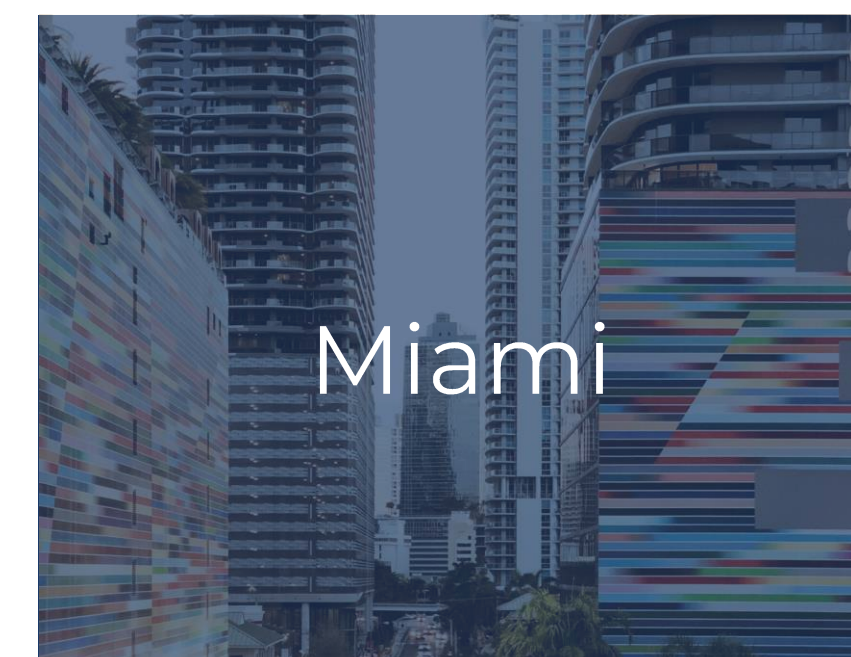
Washington D.C.



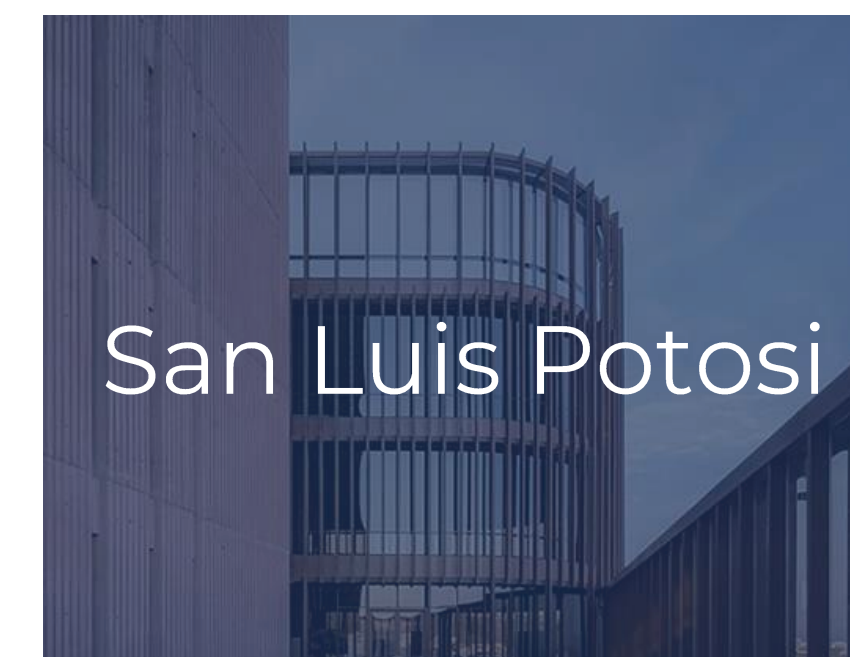
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