

The background of the slide is a photograph of numerous stacks of steel pipes. The pipes are arranged in neat rows, receding into the distance. The lighting is dramatic, with a strong light source from the upper right, creating a lens flare and casting long, soft shadows. The overall color palette is a range of blues, from deep navy to a lighter, hazy blue where the light hits. The pipes themselves are dark, with some highlights on their edges and the circular openings.

Seale & Associates

STEEL INDUSTRY
Q3 2023
VALUATION UPDATE

Introduction

We are pleased to share our Steel Industry Multiples Valuation Update for Q3 2023.

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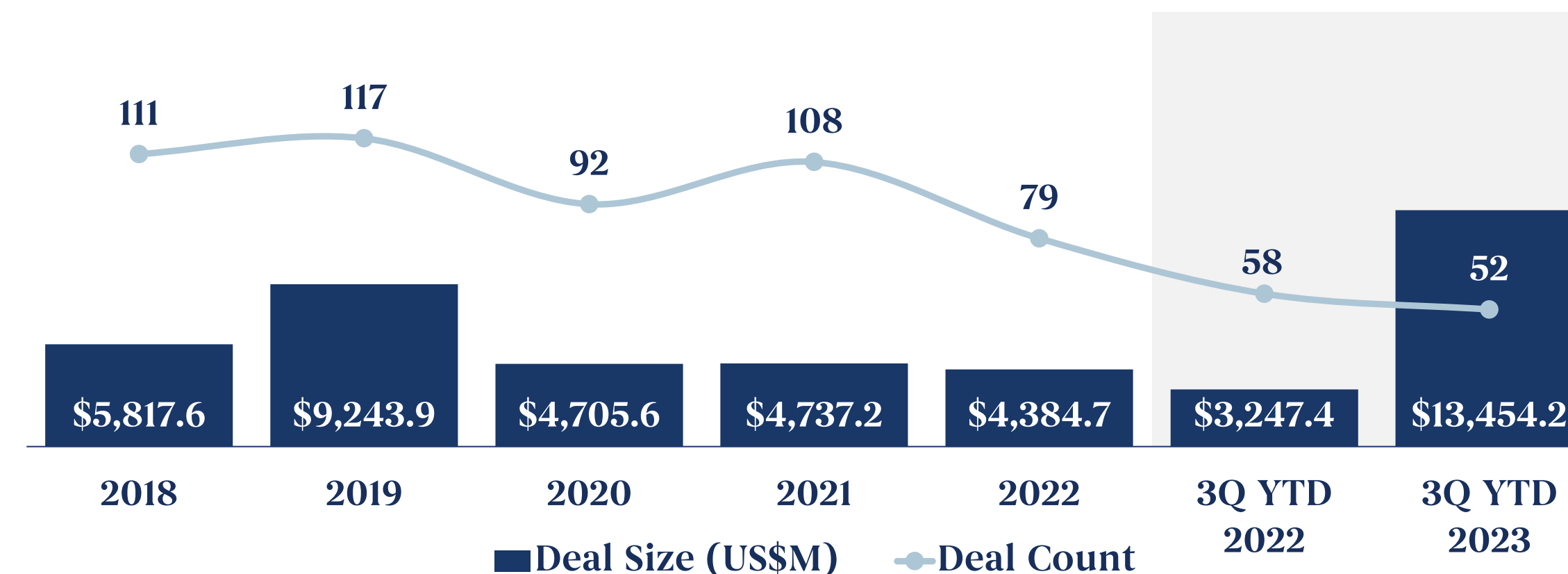
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Steel's Industry Overview, M&A Trends and Market Intelligence

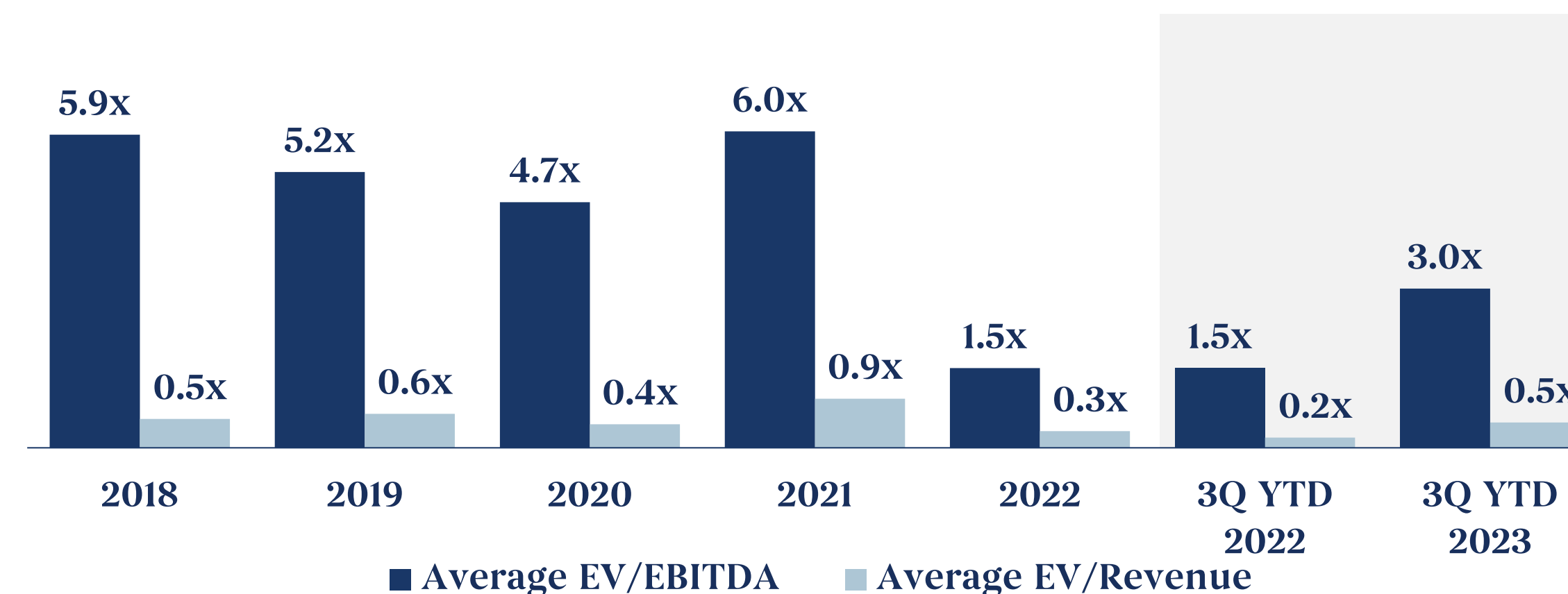
Industry Overview and M&A Trends

- The stainless steel market size is expected to grow from 12.2 million tons in 2023 to 15.4 million tons by 2028, 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
- Factors like the green energy transition and the increasing demand for energy metals may drive M&A activity
- However, the studied industry has been in a state of turmoil since the breakout of COVID-19, primarily as a result of the closure of manufacturing facilities and plants, the rising production costs, and fluctuations in raw materials prices
- Due to this trend, the industrial manufacturing sector, which includes the steel industry, saw a continued downward trend in M&A deal volume and value in 2023. This reflects the broader economic conditions, such as high-interest rates and elevated but falling inflation, factors that have increased the cost of acquisition financing
- 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 in 2022, it is expected to grow at rates of 2.3% in 2023 and 1.7% in 2024

Steel Industry M&A Deal Size and Volume



Steel Industry M&A Average EV/EBITDA and EV/Revenue



Source: Mordor Intelligence, McKinsey & Company's Report: The resilience of steel, KPMG's Report: M&A Trends in industrial manufacturing, Acuity Knowledge Partners, S&P Global



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		Third Quarter Sep. 30, 2023		
						2021	2022	EV/EBITDA	EV/Revenue	
Acerinox, S.A.		ESP	\$2,416	\$3,232	\$7,196	11.6%	7.9x	2.8x	3.9x	0.4x
Aichi Steel Corporation		JPN	\$516	\$822	\$1,973	8.9%	4.0x	4.6x	4.7x	0.4x
Aperam S.A.		LUX	\$2,111	\$2,606	\$7,046	8.2%	7.7x	2.8x	4.5x	0.4x
ArcelorMittal S.A.		LUX	\$21,119	\$27,735	\$70,614	13.3%	4.9x	1.4x	3.0x	0.4x
CAP S.A.		CHL	\$964	\$3,229	\$2,880	20.5%	3.3x	2.3x	5.5x	1.1x
Cleveland-Cliffs Inc.		USA	\$7,951	\$12,145	\$21,928	8.5%	16.2x	2.8x	6.5x	0.6x
Commercial Metals Company		USA	\$5,770	\$6,627	\$8,800	17.6%	6.3x	4.6x	4.3x	0.8x
Companhia Siderúrgica Nacional		BRA	\$3,224	\$9,514	\$8,923	16.6%	6.5x	2.7x	6.4x	1.1x
Industrias CH, S. A. B. de C. V.		MEX	\$4,489	\$3,842	\$2,821	25.7%	5.9x	4.7x	5.3x	1.4x
Jindal Steel & Power Limited		IND	\$8,611	\$9,597	\$6,136	17.0%	4.1x	3.4x	9.2x	1.6x



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		Third Quarter Sep. 30, 2023		
						2021	2022	EV/EBITDA	EV/Revenue	
JSW Steel Limited		IND	\$22,816	\$30,417	\$20,810	13.5%	9.1x	6.5x	10.8x	1.5x
Kyoei Steel Ltd.		JPN	\$579	\$945	\$2,199	8.7%	4.2x	6.3x	4.9x	0.4x
Nucor Corporation		USA	\$38,888	\$41,325	\$35,733	24.8%	7.8x	3.3x	4.7x	1.2x
Outokumpu Oyj		FIN	\$1,822	\$1,812	\$7,772	11.5%	10.8x	2.2x	2.0x	0.2x
POSCO Holdings Inc.		KOR	\$30,155	\$40,865	\$57,727	8.8%	4.4x	2.4x	8.0x	0.7x
Schnitzer Steel Industries, Inc.		USA	\$766	\$1,235	\$2,882	5.1%	7.6x	4.4x	8.4x	0.4x
Steel Authority of India Limited		IND	\$4,666	\$8,303	\$13,028	7.5%	5.4x	3.0x	8.5x	0.6x
Steel Dynamics, Inc.		USA	\$17,760	\$18,698	\$19,388	22.5%	7.6x	3.0x	4.3x	1.0x
Tata Steel Limited		IND	\$18,977	\$27,549	\$28,311	8.8%	7.4x	3.3x	11.0x	1.0x
Ternium S.A.		LUX	\$7,833	\$7,921	\$16,226	14.4%	3.9x	1.4x	3.4x	0.5x

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		Third Quarter Sep. 30, 2023		
						2021	2022	EV/EBITDA	EV/Revenue	
Usinas Siderúrgicas de Minas Gerais S.A.	 USIMINAS	BRA	\$1,679	\$2,657	\$5,710	9.5%	5.4x	1.6x	4.9x	0.5x
Voestalpine AG	 voestalpine	AUT	\$4,690	\$8,228	\$18,462	11.9%	7.9x	3.8x	3.7x	0.4x
■ Excluded from mean and median						Mean	6.1x	3.5x	5.5x	0.8x
						Median	6.4x	3.0x	4.9x	0.6x

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		Third Quarter Sep. 30, 2023		
						2021	2022	EV/EBITDA	EV/Revenue	
EVA Precision Industrial Holdings Limited		HKG	\$151	\$270	\$791	9.6%	7.7x	7.0x	3.6x	0.3x
G Collado, S.A.B. de C.V.		MEX	\$231	\$320	\$674	6.0%	3.8x	2.7x	7.9x	0.5x
Olympic Steel, Inc.		USA	\$626	\$885	\$2,189	5.1%	12.8x	3.1x	7.9x	0.4x
Ramada Investimentos e Industria, S.A.		PRT	\$170	\$203	\$154	16.7%	9.9x	7.8x	7.9x	1.3x
Reliance Steel & Aluminum Co.		USA	\$15,355	\$15,915	\$15,079	15.7%	8.4x	5.0x	6.7x	1.1x
Russel Metals Inc.		CAN	\$1,718	\$1,696	\$3,390	10.6%	11.5x	3.2x	4.7x	0.5x
Ryerson Holding Corporation		USA	\$1,000	\$1,718	\$5,285	5.8%	8.1x	2.9x	5.6x	0.3x
Valmont Industries, Inc.		USA	\$5,047	\$6,056	\$4,291	14.1%	14.3x	13.6x	10.0x	1.4x
Worthington Industries, Inc.		USA	\$3,026	\$3,501	\$4,701	12.2%	7.6x	5.3x	6.1x	0.7x
■ Excluded from mean and median						Mean	8.1x	4.6x	6.3x	0.7x
						Median	8.4x	5.0x	6.7x	0.5x

Steel Industry – Q3 Global Transactions

Date	Target	Country	Description	Buyer	Seller	% Acquired	Size US\$M	EV/ EBITDA	EV/ Revenue	
Sep-23		POL	Manufactures pipelines and offers cutting, bending, welding, heat treatment, anticorrosion and assembly services		Agencja Rozwoju Pomorza S.A. 	74.1%	-	-	-	
Sep-23		FRA	Specializes in the transformation of stainless steel, steel, and aluminum from sheet and tubular products		-	100.0%	-	-	-	
Aug-23	90,000 square foot facility in Mansfield, Ohio	USA	Manufactures stainless steel and aluminum flat-rolled products, as well as carbon steel offerings		-	100.0%	-	-	-	
Aug-23		DEU	Manufacture iron and steel forging products, and machined front axle beams			100.0%	\$61.1	-	0.3x	
Jul-23		USA	Provides material processing, custom fabrication, and supply of patented, abrasion-resistant specialty steels for the energy, mining, construction, and other industries		-	100.0%	-	-	-	
Jul-23		POL	Produces high-quality stainless steel products and offers solutions for the food, chemical, and agricultural industries		-	100.0%	-	-	-	
Jul-23		DNK	Manufactures complex large-scale steel structures, including foundations and substations, to the offshore wind industry globally			100.0%	\$20.7	-	-	
Jul-23		CAN	Manufactures and distributes steel modular framing structures and material handling systems such as steel pipes, joints, fasteners, and casters		-	100.0%	-	-	-	
								Mean	-	0.3x
								Median	-	0.3x

Selected Transactions Commentary



“Incorporating ENERGOP into the ORLEN Group will support our plans for the development of key areas of activity. By 2030, the company will spend approximately 36.8 billion euros on infrastructure projects related to refinery production, gas extraction and trade, and petrochemical production.”

Daniel Obajtek, President of ORLEN’s Management Board



“Thanks to this strategic alliance, we are strengthening our expertise in the rail industry and expanding our portfolio of products and services to better meet the specific needs of this dynamic sector.”

Bruno Volland, CEO of TRA-C Industrie



“Both companies have a shared vision of relentlessly focusing on customer needs and safety. Together, we have decades of experience in engineering solutions for challenging abrasion and wear resistant applications.”










Todd Plate, President and CEO of Tricon



“With CS WIND as our new owners, Bladt will have a strengthened offset to further progress its journey. Having an owner who already knows and understands the offshore wind market and the complexities of steel construction will benefit us – and therefore also our customers - tremendously.”

Michael Glavind, Interim CEO of Bladt Industries

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
 Iron and Steel Forging <i>NAICS 332111 – Iron and Steel Forging</i>	 2005-2015	 \$39.4M	 \$53.9M	 11.7%	 0.8x	 18.1%	 4.5x	 5
Iron and Steel Mills and Ferroalloy Manufacturing <i>NAICS 3311 – Iron and Steel Mills and Ferroalloy Manufacturing</i>	2003-2020	\$103.0M	\$138.1M	16.0%	1.1x	24.7%	4.4x	4

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 **Ioche-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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One of our core capabilities is to deliver sector-specific intelligence designed specifically for industry leaders, private equity firms, and their advisors. Our industry reports and featured articles deliver real-time access to key industry data, including:



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S U S C R I B E

Representative Global Engagements

 <p>INMAGUSA Grupo Galaz, S.A de C.V.</p> <p>has been acquired by</p> 	 <p>has sold</p>  <p>to</p> 	 <p>has sold its</p> <p>Sanitaryware business units</p> <p>ST. THOMAS CREATIONS <small>SAFARIROOMS THAT WORK BEAUTIFULLY</small></p> <p>and</p>  <p>to</p> 	 <p>has sold</p>  <p>to</p> 	 <p>has sold</p>  <p>to</p> 	 <p>has been acquired by</p> 	  <p>acquired</p> <p>The Zinc Recycling Business</p> <p>of</p> 
 <p>acquired</p>  <p>Automotive dealerships from</p> 	 <p>has sold</p>  <p>to</p> 	 <p>has sold</p> <p>Kidde de Mexico, S.A. de C.V</p> <p>Fire Safety Solutions Business</p> <p>to an affiliate of</p> 	 <p>has sold its concrete pumping business</p> <p>to</p> 	<p>CORPORACION</p>  <p>has sold</p>  <p>to</p> 	 <p>has been acquired by</p> 	 <p>has been acquired by</p> 
 <p>We DELIVER HEALTH</p> <p>has been acquired by</p> 	<p>intelectiva®</p> <p>has acquired</p>  <p>KFC Costa Rica from</p> 	 <p>Multiple acquisitions</p>    	 <p>has partnered with</p>  <p>a subsidiary of</p> 	 <p>has been acquired by</p> 	 <p>has merged its Beverage Division with</p> 	 <p>has merged its Beverage Division with</p> 

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Please contact us if you would like further information about M&A trends and/or specific transaction multiples for your industry

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For over 25 years, Seale & Associates has served leading public and private companies from around the world and operating in a broad range of industries with a high level of quality, integrity and independence while presenting innovative ideas and trusted solutions to address their most complex dealings.

25

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\$50B+

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...as well as with reputable funds, family-offices and privately held companies.



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