



# Seale & Associates

STEEL INDUSTRY  
Q4 2022  
VALUATION UPDATE

# Introduction

We are pleased to share our Steel Industry Multiple Valuation Update for Q4 2022.

At Seale & Associates, we are committed to providing process-driven solutions designed to optimize value and achieve our clients' 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 23+ years, we have successfully served clients all over the world, and we are delighted to continue providing investment banking advisory services to our clients in the Steel that 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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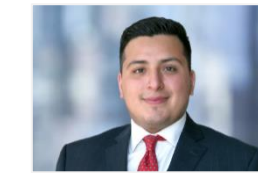
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# Sector relevant experience





- 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**









## Steel Production global comparable public companies

| Company                          | Country   | Market Cap.<br>US\$MM | Enterprise Value<br>US\$MM | Revenue<br>US\$MM | EBITDA<br>Margin | Annual Average<br>EV/EBITDA |      | Fourth Quarter<br>Dec. 31, 2022<br>EV/<br>EBITDA |                |
|----------------------------------|---|-----------------------|----------------------------|-------------------|------------------|-----------------------------|------|--|----------------|
|                                  |   |                       |                            |                   |                  | 2021                        | 2022 | EV/<br>EBITDA                                    | EV/<br>Revenue |
| Acerinox, S.A.                   |  ESP   | \$2,569               | \$3,298                    | \$9,359           | 14.5%            | 7.9x                        | 2.8x | 2.1x   | 0.3x           |
| Aichi Steel Corporation          |  JPN   | \$324                 | \$703                      | \$2,117           | 6.8%             | 4.0x                        | 4.6x | 4.9x   | 0.3x           |
| Aperam S.A.                      |  LUX   | \$2,385               | \$2,909                    | \$8,716           | 13.8%            | 7.7x                        | 2.8x | 2.0x   | 0.3x           |
| ArcelorMittal S.A.               |  LUX   | \$21,431              | \$28,277                   | \$79,844          | 17.7%            | 4.9x                        | 1.4x | 1.4x   | 0.3x           |
| CAP S.A.                         |  CHL   | \$1,223               | \$3,675                    | \$3,006           | 28.1%            | 3.3x                        | 2.3x | 3.3x   | 1.1x           |
| Cleveland-Cliffs Inc.            |  USA | \$8,302               | \$12,981                   | \$22,989          | 14.0%            | 16.2x                       | 2.8x | 2.8x   | 0.6x           |
| Commercial Metals Company        |  USA | \$5,668               | \$6,641                    | \$9,159           | 17.3%            | 6.3x                        | 4.6x | 4.3x   | 0.7x           |
| Companhia Siderúrgica Nacional   |  BRA | \$3,650               | \$8,365                    | \$8,055           | 26.6%            | 6.5x                        | 2.7x | 3.7x   | 1.0x           |
| Industrias CH, S. A. B. de C. V. |  MEX | \$4,745               | \$4,135                    | \$3,173           | 26.3%            | 5.9x                        | 4.7x | 4.8x   | 1.3x           |
| Jindal Steel & Power Limited     |  IND | \$7,156               | \$8,122                    | \$6,447           | 23.5%            | 4.1x                        | 3.5x | 5.2x   | 1.3x           |
| JSW Steel Limited                |  IND | \$22,273              | \$30,219                   | \$20,045          | 11.9%            | 9.1x                        | 6.5x | 10.1x  | 1.5x           |
| Kyoei Steel Ltd.                 |  JPN | \$414                 | \$975                      | \$2,685           | 5.8%             | 4.2x                        | 6.3x | 6.5x   | 0.4x           |
| Nucor Corporation                |  USA | \$33,815              | \$38,340                   | \$41,512          | 27.9%            | 7.8x                        | 3.3x | 3.0x   | 0.9x           |

## Steel Production global comparable public companies (Continued)

| Company                                  | Country   | Market Cap.<br>US\$MM | Enterprise Value<br>US\$MM | Revenue<br>US\$MM | EBITDA<br>Margin | Annual Average<br>EV/EBITDA |      | Fourth Quarter<br>Dec. 31, 2022 |                |      |
|--|---|-----------------------|----------------------------|-------------------|------------------|-----------------------------|------|---------------------------------|----------------|------|
|  |   |                       |                            |                   |                  | 2021                        | 2022 | EV/<br>EBITDA                   | EV/<br>Revenue |      |
| Outokumpu Oyj                            |  FIN   | \$2,243               | \$2,437                    | \$10,146          | 13.4%            | 10.8x                       | 2.2x | 1.5x                            | 0.2x           |      |
| POSCO Holdings Inc.                      |  KOR   | \$16,676              | \$28,144                   | \$67,390          | 10.1%            | 4.4x                        | 2.4x | 3.0x                            | 0.4x           |      |
| Schnitzer Steel Industries, Inc.         |  USA   | \$839                 | \$1,171                    | \$3,286           | 6.5%             | 7.6x                        | 4.5x | 3.6x                            | 0.3x           |      |
| Steel Authority of India Limited         |  IND   | \$4,125               | \$7,864                    | \$12,817          | 8.6%             | 5.4x                        | 3.0x | 5.6x                            | 0.6x           |      |
| Steel Dynamics, Inc.                     |  USA   | \$17,153              | \$18,149                   | \$22,261          | 24.6%            | 7.6x                        | 3.0x | 2.9x                            | 0.8x           |      |
| Tata Steel Limited                       |  IND | \$16,651              | \$25,637                   | \$30,173          | 16.1%            | 7.4x                        | 3.3x | 3.9x                            | 0.8x           |      |
| Ternium S.A.                             |  LUX | \$5,999               | \$6,461                    | \$16,414          | 20.2%            | 3.9x                        | 1.4x | 1.4x                            | 0.4x           |      |
| Usinas Siderúrgicas de Minas Gerais S.A. |  BRA | \$1,700               | \$2,603                    | \$6,142           | 14.4%            | 5.4x                        | 1.6x | 1.7x                            | 0.4x           |      |
| Voestalpine AG                           |  AUT | \$4,728               | \$8,880                    | \$19,242          | 14.2%            | 7.9x                        | 3.9x | 2.9x                            | 0.5x           |      |
| ■ Excluded from mean and median          |   |                       |                            |                   |                  | <b>Mean</b>                 | 6.3x | 3.3x                            | 3.4x           | 0.7x |
|  |   |                       |                            |                   |                  | <b>Median</b>               | 6.3x | 3.0x                            | 3.0x           | 0.5x |

## Steel Distribution comparable public companies

| Company                                   | Country   | Market Cap. US\$MM | Enterprise Value US\$MM | Revenue US\$MM | EBITDA Margin | Annual Average EV/EBITDA |       | Fourth Quarter Dec. 31, 2022 EV/EBITDA |            |      |
|---|---|--------------------|-------------------------|----------------|---------------|--------------------------|-------|--|------------|------|
|   |   |                    |                         |                |               | 2021                     | 2022  | EV/EBITDA                              | EV/Revenue |      |
| EVA Precision Industrial Holdings Limited |    | HKG                | \$221                   | \$333          | \$721         | 8.5%                     | 7.7x  | 7.0x                                   | 5.0x       | 0.5x |
| G Collado, S.A.B. de C.V.                 |    | MEX                | \$207                   | \$285          | \$664         | 5.6%                     | 3.8x  | 2.7x                                   | 6.8x       | 0.4x |
| Olympic Steel, Inc.                       |    | USA                | \$374                   | \$637          | \$2,560       | 6.0%                     | 12.8x | 3.1x                                   | 3.3x       | 0.2x |
| Ramada Investimentos e Industria, S.A.    |    | PRT                | \$179                   | \$206          | \$197         | 14.7%                    | 9.9x  | 8.2x                                   | 6.5x       | 1.0x |
| Reliance Steel & Aluminum Co.             |    | USA                | \$11,881                | \$13,113       | \$17,025      | 16.2%                    | 8.4x  | 5.0x                                   | 4.4x       | 0.8x |
| Russel Metals Inc.                        |  | CAN                | \$1,328                 | \$1,486        | \$3,747       | 10.4%                    | 11.5x | 3.2x                                   | 3.1x       | 0.4x |
| Ryerson Holding Corporation               |  | USA                | \$1,120                 | \$1,810        | \$6,324       | 10.0%                    | 8.1x  | 2.9x                                   | 2.1x       | 0.3x |
| Valmont Industries, Inc.                  |  | USA                | \$7,054                 | \$8,047        | \$4,345       | 12.4%                    | 14.3x | 13.6x                                  | 14.9x      | 1.9x |
| Worthington Industries, Inc.              |  | USA                | \$2,415                 | \$3,215        | \$5,483       | 5.1%                     | 7.6x  | 5.3x                                   | 6.8x       | 0.6x |
| ■ Excluded from mean and median           |   |                    |                         |                |               | <b>Mean</b>              | 9.3x  | 4.7x                                   | 4.8x       | 0.7x |
|   |   |                    |                         |                |               | <b>Median</b>            | 8.4x  | 4.1x                                   | 4.7x       | 0.5x |



# Steel – Q4 global transactions

| Date   | Target   | Country | Description  | Buyer   | Seller  | Stake % | Size US\$M | EV/ EBITDA | EV/ Revenue |
|--------|--|---------|--|---|---|---------|------------|------------|-------------|
| Dec-22 |  TAKAFUJI CO., LTD.   | JPN     | Manufactures steel products  |    | -   | 100.0%  | -          | -          | -           |
| Dec-22 |  MEGASUS®   | JPN     | Manufactures steel products  |    | -   | 100.0%  | -          | -          | -           |
| Dec-22 |  NMM  | MEX     | Manufactures steel products  |    | -   | 100.0%  | \$340.0    | -          | -           |
| Dec-22 |  SALZGITTER BAUELEMENTE<br><small>Ein Unternehmen der Salzgitter Gruppe</small> | DEU     | Manufactures steel products  |    |    | 100.0%  | -          | -          | -           |
| Dec-22 |  TOSÇELİK   | MNE     | Manufactures non alloy and alloy steels                                      |    | -   | 100.0%  | \$21.0     | -          | -           |
| Nov-22 | Steel Industries, Inc.   | USA     | Manufacture steel forged products  |    |    | 100.0%  | -          | -          | -           |
| Nov-22 |  STEELPRO  | USA     | Manufactures structural steel solutions                                      |   | -   | 100.0%  | -          | -          | -           |
| Nov-22 |  GERBER<br><small>METAL SUPPLY COMPANY</small>                                | USA     | Manufactures steel products  |  |  | 100.0%  | -          | -          | -           |
| Nov-22 | Outokumpu Fortinox S.A.  | ARG     | Processes and distributes stainless steel coils, pipes, bars, and flats      |  |  | 100.0%  | \$7.0      | -          | -           |
| Oct-22 |  profilmec  | ITA     | Manufactures high-frequency welded steel tubes                               |  | -   | 100.0%  | -          | -          | -           |
| Oct-22 | Appalachian Iron Inc.  | USA     | Operates an iron and steel company that aims to establish zero-carbon plants |  | -   | 100.0%  | \$0.7      | -          | -           |
| Oct-22 |  ESP<br><small>Specialty Steel Products</small>                               | USA     | Provides stainless steel products  |  |  | 100.0%  | -          | -          | -           |
| Oct-22 |  BMSTEEL  | GBR     | Provides steel stockholding  |  | -   | 100.0%  | -          | -          | -           |

# Representative global engagements

|   |  |  |   |  |   |  |   |  |
|---|--|--|---|--|---|--|---|--|
|  <p>has sold</p>  <p>to</p>    |  <p>has been acquired by</p>   |  <p>has been acquired by</p>   |  <p>has been acquired by</p>                      |  <p>has been acquired by</p>   |  <p>has sold</p>  <p>Sidral Mundet U.S. Brand and Dist. Rights to</p>  |  <p>has sold a controlling interest to</p>   |  <p>has sold</p>  <p>to</p> <p>Zinc Oxide Corporation</p> <p>a subsidiary of</p>   |  <p>has acquired</p>  <p>from</p>   |
|  <p>has acquired</p>  <p>Deep River Snacks</p>   |  <p>has acquired</p>  <p>Wise Foods</p>   |  <p>has formed a partnership to market and develop oil storage and distribution in Mexico with</p>                |  <p>sold its concrete pumping business to</p>  |  <p>has merged with</p>  <p>a business of</p>        |  <p>has sold its Sanitaryware Manufacturing Plant to</p>   |  <p>has sold</p>  <p>to</p>    |  <p>a subsidiary of</p>  <p>has sold</p>  <p>to</p>  |  <p>has acquired</p>    |
|  <p>has acquired</p>    <p>dealerships from</p>  |  <p>has merged its Beverage Division with</p>   |  <p>has sold</p>  <p>to</p>  |  <p>has been acquired by</p>                  |  <p>has partnered with</p>  <p>a subsidiary of</p>  |  <p>has merged its Beverage Division with</p>                    |  <p>has sold its GRACE Membranes Business to</p>  <p>a subsidiary of</p>  |  <p>has acquired</p>    |  <p>has sold its Specialty Vermiculite Business to</p>  <p>a sister company of</p>  |



# Advisor to leading companies worldwide



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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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## **Creative Solutions. Trusted Advice.**

Founded in 1999, Seale & Associates is a leading global investment bank with extensive experience in mergers and acquisitions and corporate finance advisory services. Seale has an outstanding track record closing hundreds of sell-side and buy-side transactions, more than US\$50 billion in value, across a wide range of industries around the world. Our professionals are trusted advisors maintaining the highest quality and utmost integrity.

**Seale & Associates**

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