



Metal Services

INDUSTRY MARKET UPDATE



ACQUISITIONS
DIVESTITURES
FINANCINGS
RESTRUCTURINGS

Key Statistics

72%

average increase
in metal
prices relative

20x

increase
in annual lithium
metal demand

Industry Overview

The ~\$197B U.S. Metal Services (MS) industry is expected to grow at a CAGR of 3% from 2021 until 2025. The MS industry continues to be dominated by ferrous metals, representing 71% of the industry today, and is forecasted to grow 2.0% annually to \$150B by 2025. This segment largely encompasses steel and iron with end-users in industries such as construction, aerospace, automotive, electronics, and appliances. Nonferrous revenues are expected to grow 5.0% annually as the industry is impacted from pent up consumer demand and inflated prices caused by supply chain disruptions. Nonferrous metals include aluminum, copper, titanium, bronze, lead, and similar metal commodities.

Industry Breakdown

- » Industrials: ~36% of revenue is contributed to industrials including automotive, aerospace, appliances, machinery, electronics, and similar end markets. Industrials is expected to fall 1.7% annually through 2025 led by slowed oil & gas production and the supply chain constraints to the global economy.
- » Resale: Forecasted revenues to remain stagnate through 2025 showing ~1% annual growth. Ongoing consolidation in the industry is limiting resale opportunities as the number of firms shrinks while the average size increases, allowing more firms to buy directly from metal mills.
- » Construction: The \$1.2T infrastructure bill will drive demand for metal services but profitability will suffer from the rise in commodity prices. Aluminum demand is set to increase 14x, iron 13x, and copper 10x by 2030 while supply remains constrained.
- » Other Markets: Revenues are forecasted to increase driven by an increase in nondurable goods manufacturing, exporting, and consumer spend.

Key Trends

The Metal Services Industry is a well-positioned market for growth due to the following key trends:



Industry players aim to improve and control their supply chain to limit shipping delays and minimize pricing volatility



Metal servicers are entering the sustainable materials market to capitalize on the increased metal consumption in electric vehicle batteries and energy storage systems

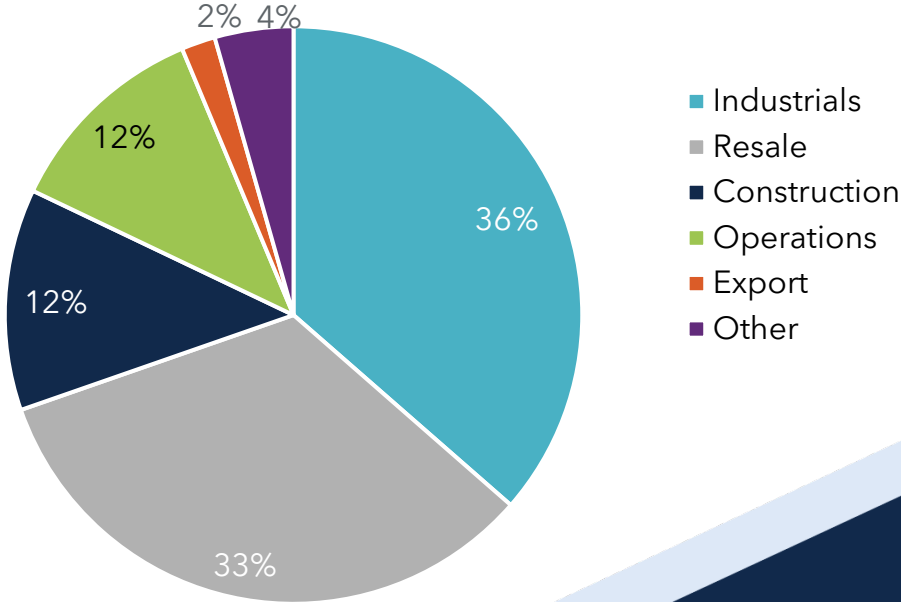


Amplified metal usage in commercial construction to meet the increased demand from government investment in infrastructure



Investors look to enhance value added processing capabilities, capitalize on manufacturing synergies, and expand geographic footprint

Revenue Breakdown by Segment

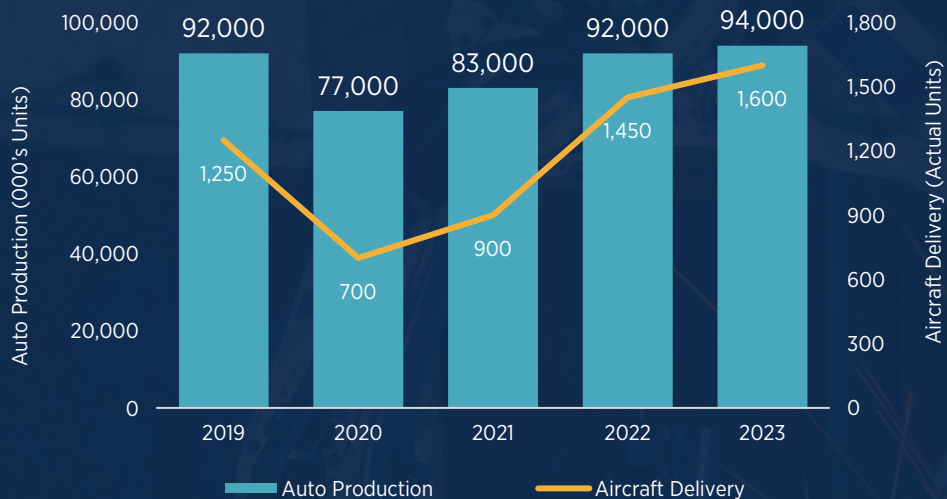


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Increased Investor Interest

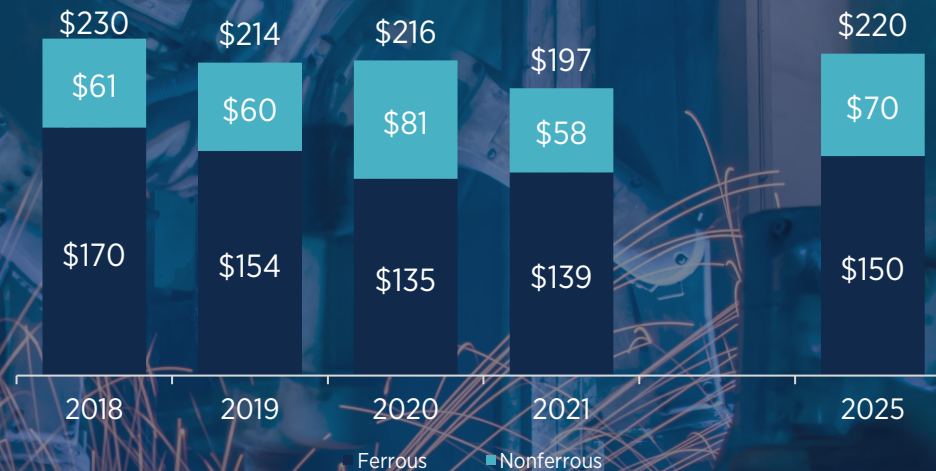
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Automotive & Aerospace Forecast

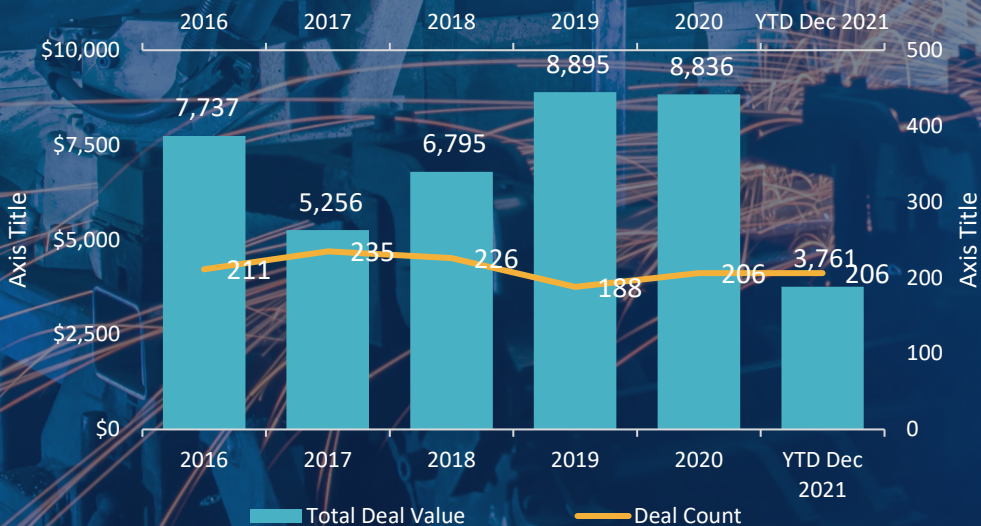


Automotive & Aerospace Forecast

Revenue by Product Type (\$Billions)



Metals Industry U.S. M&A Activity



Select Private Equity Groups

- | | |
|-----------------------|--------------------------------|
| CGI | Highland Copper Company Inc. |
| Core Industrial | Incodema 3DMaco Steel |
| Excelsior Mining Corp | Midwest Composite Technologies |
| Gold Tech Industries | Pro-Cast Products, Inc |
| Graycliff Partners | Serabi Gold |
| Greenstone Resources | |

Recent M&A Activity

DATE	TARGET	ACQUIRER
Dec-21	Precision Metal Fab	CGI Automated Manufact.
Nov-21	Boyd Metals	Russel Metals
Oct-21	H&W Global Industries	Valence Surface Tech.
Oct-21	Micro Metals	Alderman Holdings
Oct-21	Grossman Iron & Steel Co.	Advantage Metals Rec.
Sep-21	Specialty Metals Process.	Joseph T. Ryerson & Son
Aug-21	CGI Automated Manufact.	CORE Industrial Partners
Jul-21	Diversified Manufacturing	Costello Investments
Jul-21	Goldtech Properties	Graycliff Partners
Jun-21	American Zinc Recycling	Befesa S.A.
May-21	Intermont Resources	Cortus Metals
May-21	Mika Metal Fabricating Co.	Weybridge

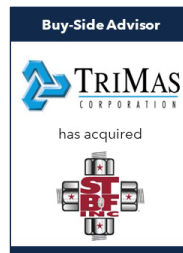
Select Transactions



[Learn more about the transaction in the case study here.](#)



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About Cascade Partners

Cascade Partners is a boutique investment banking firm focused on middle-market businesses in industrials, healthcare, business services and manufacturing. Manufacturing and related business services are passions and specialties at Cascade Partners.

With more than 250 years of combined experience, we work with business owners and shareholders to achieve their objectives and explain the impact and opportunity of their options. Our experience extends beyond just being transaction advisors, too. We have been operators, served on boards and made personal investments in services firms. From buy-side and sell-side advisory services to securing growth financing, restructurings or recapitalizing your business, our expertise and insight goes deeper than the economic factors of a deal.

We recognize and respect the long-term impacts of a transaction on our clients' company, employees, family, wealth and personal lives and are committed not only to creating long-term value for companies but to creating transformative solutions for people.

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