Metal Fabricating, Machining, and Stamping

INDUSTRY REPORT

The metal processing industry includes companies engaged in metal fabrication, metal stamping, precision machining, and other value-added processes. Major markets include, but are not limited to aerospace and defense, automotive, and medical. The industry is expected to experience a compound annual growth rate (CAGR) of 4% through 2030.

Key Trends

- **Advanced Materials:** Using new and innovative materials, such as advanced high-strength steels, cutting-edge alloys, and ceramics, is revolutionizing metal stamping and precision machining, allowing for greater durability and performance.(1)
- **High-Speed Machining and Stamping:** New technologies are redefining productivity standards, enabling faster, more efficient production processes, and reducing energy use and waste production.(1)
- **Automation and Robotics:** Integrating automation and robotics is becoming increasingly prevalent – enhancing precision, shrinking cycle times, and reducing labor costs. 2) In particular, Computer Numerical Control (CNC) machining and automation is driving the automated control of drills, lathes, mills, grinders, routers, and 3D printers and revolutionizing the metal fabrication industry. 3)
- **Additive Manufacturing:** Bridging the gap between prototyping and production, additive manufacturing is being integrated into traditional processes – enabling complex geometries, material savings, and shortened lead times.(1)
- **IoT and Industry 4.0:** The adoption of the Internet of Things (IoT), Industry 4.0, and other smart manufacturing technologies are transforming operations, improving real-time data analytics and optimizing production.(1)

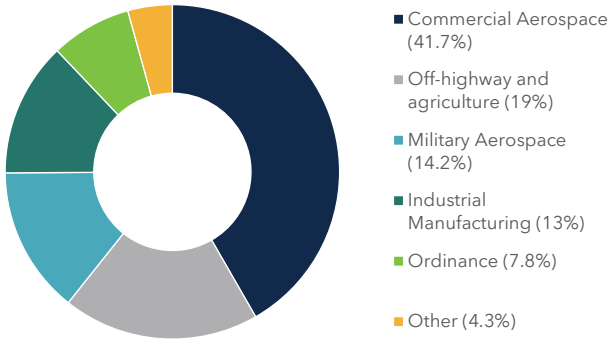
Select Industry Players

mec · BTD · IRONFORM · O'NEAL MANUFACTURING SERVICES · ANCHOR FABRICATION · IMS

Source: 1) IBIS World; 2) McKinsey.com; 3) Fanuc America

Metal Stamping & Forging

U.S. MAJOR MARKET SEGMENTATION



Source: IBIS World: YTD August 2024 Data

Key Statistics

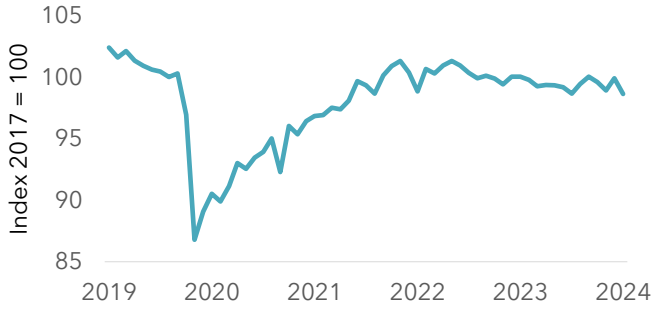
12.4% increase in metalworking technology orders in NOV 2024 versus NOV 2023
– Association for Manufacturing Technology

35% of manufacturers predict an increase in economic activity in the next three months
– The Fabricator

64% of fabricated metal companies are in the South and Midwest U.S.
– Metal Fab Blog, Industry Select

Industrial Production:

FABRICATED METAL PRODUCTS



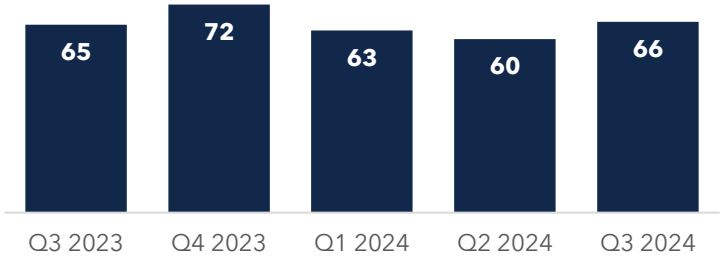
Source: Federal Reserve Bank of St. Louis : NAICS 332

Securities offered by Cascade Partners BD, LLC – FINRA/SIPC Member

Investor Interest

Higher interest rates, volatile raw materials prices, and global trade disruptions have impacted M&A activity in the metals sector. Despite this, the sector consistently shows that both financial and strategic buyers remain active in the market due to the rising reshoring trend and constant progress in automation.

M&A Activity – Deal Count



Source: FactSet US Metal Fabrication

M&A Driver Considerations

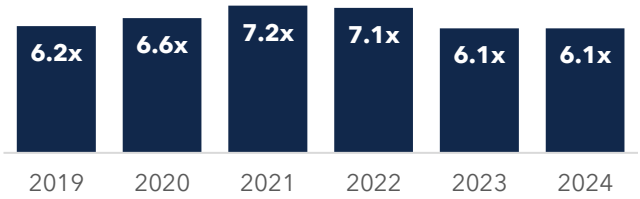
Key factors determining the rationale in recent M&A transactions include the following:

- M&A in metal fabrication drives consolidation for scale and efficiency, offering cost optimization and operational improvements
- Companies seek geographic expansion and diversification into new industries to broaden their market reach
- Technological advancements, including automation and advanced manufacturing techniques, fuel innovation and help integrate new capabilities

Active Private Equity Groups

Private Equity Group	Platform
CORE INDUSTRIAL	PRECISION GROUP
AMERICAN SECURITIES	MW Industries
KKR	NOVARIA GROUP
LFM capital	Weller METALWORKS

Valuation Trends – TEV/EBITDA Multiples



GF Data: 2024 data through September 2024: Fabricated Metal Products Businesses NAICS 332. Data on transactions $10-500M of Enterprise Value

Recent M&A Activity

Date	Target	Acquirer
Dec-24	Millennium Metals, Inc.	OmniMax International, Inc.
Dec-24	WM. A. Schmidt & Sons, Inc.	Elmsley Capital
Dec-24	Addison Precision Mfg. Corp.	BTX Precision, Inc.
Dec-24	Ozark Steel Fabricators Inc	Dakota Holdings, LLC
Dec-23	A. Zahner Company Inc.	Armstrong World Industries, Inc.
Nov-23	Wick - Fab, Inc.	SOLV Metals, LLC
Nov-23	MetalWorks, LLC	Olympic Steel, Inc.
Nov-23	Maryland Metals Processing	Mill Steel Company, Inc.

Select Transaction Spotlight

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