



# Metals & Specialty Manufacturing

BIANNUAL UPDATE | 2025





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## Insights and Observations

The metals industry experienced steady demand in the first half of 2025, with production remaining flat and selective capacity expansions underway. Looking ahead, metal buyers and purchasing managers are navigating a market influenced by economic shifts, supply chain complexities, and evolving global political dynamics. While prices for carbon metals have softened, stainless steel remains stable, and strong demand for copper is driving longer lead times. Manufacturers are adopting a cautious approach, holding off on significant investments amid elevated interest rates and the uncertainty surrounding the U.S. consumer.

Geopolitical uncertainty and shifting trade policies, including the doubling of Section 232 tariffs, boosted domestic sourcing but raised input costs and inflation concerns. While carbon steel remains central to industrial activity, companies are diversifying into aluminum and copper to tap high-growth sectors like aerospace and healthcare. M&A activity increased slightly year over year, as strategic buyers are focusing on expanding processing capabilities in high-margin markets, while electric arc furnace (EAF) production continued to gain momentum, supported by federal funding and domestic manufacturing policies.

The outlook for the remainder of the year suggests stability in demand and production, with infrastructure projects, reshoring, and diversification into high-growth sectors driving medium-term growth. However, pricing volatility remains a challenge, requiring buyers to stay agile, lock in costs where possible, and maintain strong supplier relationships. Geopolitical pressures and targeted sourcing risks could create short-term disruptions in specialty metals and select end-use markets.

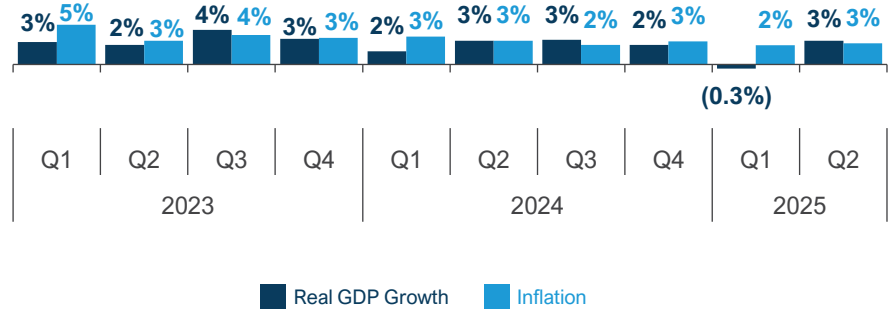
# U.S. Macroeconomic Backdrop

In the first half of 2025, the U.S. economy continued to demonstrate resilience, with stabilizing macroeconomic conditions supporting broadly positive sentiment despite lingering market uncertainty

- ❖ After elevated inflation pressures in early 2024, price levels normalized through year-end, and with improving consumer demand and business investment, 1H 2025 has been marked by real U.S. GDP growth of ~3.0%
- ❖ The labor market remained relatively stable, with unemployment holding near 4%, while wage growth moderated. Broader economic conditions steadied following 2024's volatility, supporting improved consumer sentiment
- ❖ In 1H 2025, U.S. manufacturing activity steadied after prior contractions, with industrial production holding firm and tariff policies providing a base of support for domestic demand

## Real U.S. Quarterly GDP Growth and Inflation

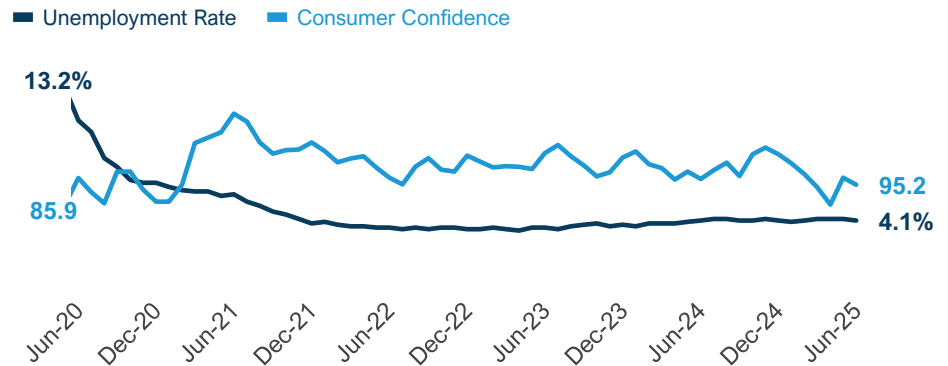
(Annualized quarterly percentage change)



Source: S&P Capital IQ

## U.S. Unemployment Rate and Consumer Confidence

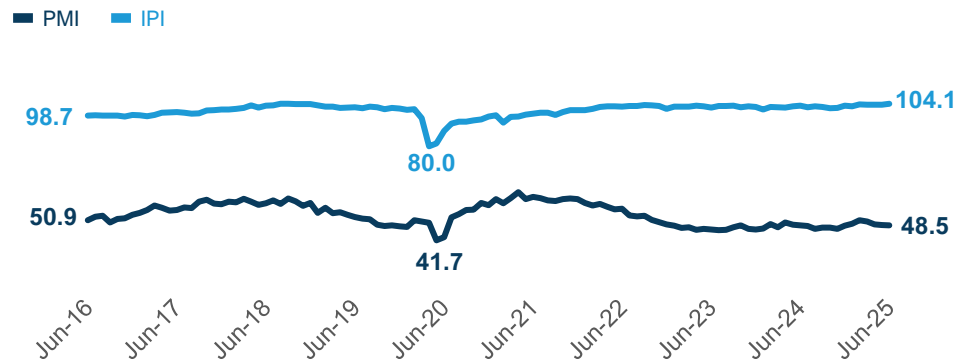
(Percentage of unemployed persons in U.S. labor force; index of consumer sentiment)



Source: Federal Reserve Economic Data

## Purchasing Manager's Index and Industrial Production Index

(PMI reflects health of manufacturing and services sectors from 0 – 100 [>50 represents expansion]; IPI measures levels of industrial production)



Source: S&P Capital IQ and Federal Reserve Economic Data

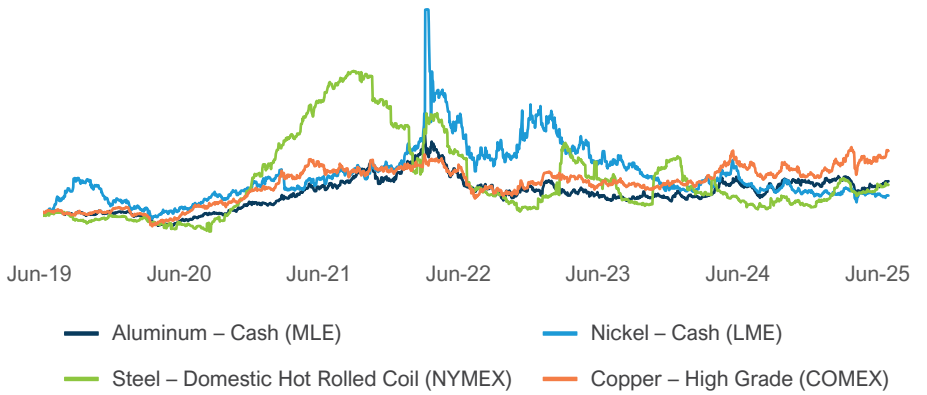
# Metals Market Update

The outlook for the U.S. metals market remains cautiously optimistic, supported by carryover tailwinds from the 2024 steel surplus and the prospect of tighter imports stemming from tariff measures

- ❖ Certain metal prices remain pressured by soft demand and persistent global oversupply, while copper has seen tariff-driven gains but continues to trade with significant volatility
- ❖ U.S. steel production has increased through the first half of 2025, supported by infrastructure spending, strong automotive demand, and protective tariffs, with expectations of interest-rate cuts adding to market optimism despite softness in other end markets
- ❖ U.S. steel imports have declined in 2025, driven largely by tariffs, with the reduction impacting a wide range of products and prompting buyers to adjust sourcing strategies

## Indexed Non-Precious Metal Commodity Pricing

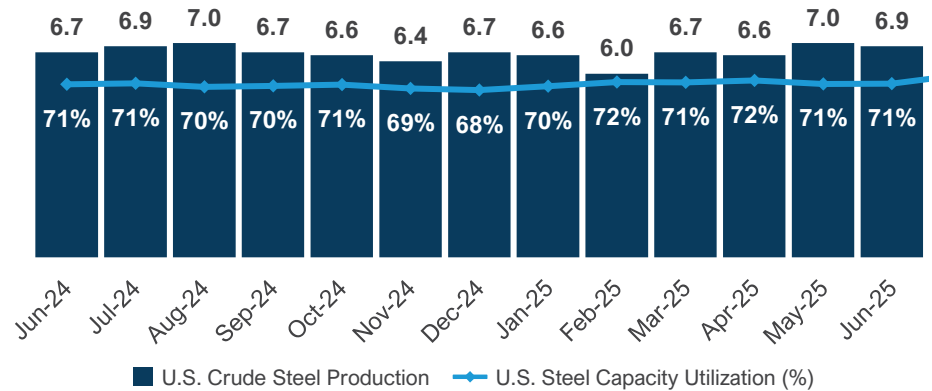
(Indexed to 0.0 as of 6/1/2019)



Source: S&P Capital IQ

## U.S. Crude Steel Production

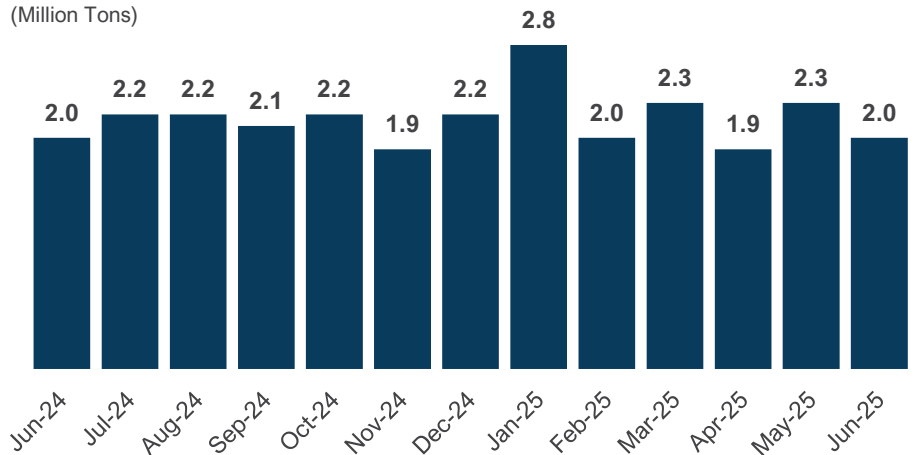
(Million Tons)



Source: World Steel Association, St. Louis Fed

## U.S. Steel Imports

(Million Tons)



Source: International Trade Administration

# M&A Transaction Activity Trends

## 2025 KEY DRIVERS

- ❖ U.S. M&A activity in 1H 2025 demonstrated resilience, with an uptick in overall deal activity compared to 1H 2024. This growth was fueled by U.S. domestic industrial policy and heightened global trade tensions, even as cautious lending practices tempered the pace of expansion.
- ❖ The prominent theme of reshoring was exemplified by high-profile M&A deals, such as Toyota Tsusho's acquisition of Radius Recycling and Nippon Steel's acquisition of U.S. Steel. Strategic buyers have been at the forefront, driving efforts to gain a competitive edge through diversification and scale, all while navigating complex transaction in a challenging M&A environment.

## Quarterly Metals M&A Transaction Volume

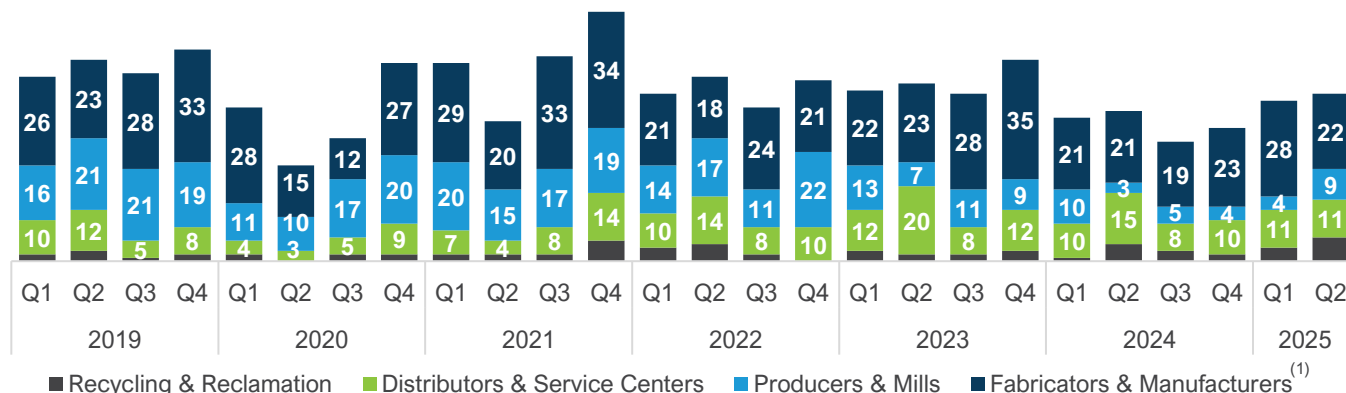
(Number of Announced M&A Transactions Per Quarter)



## SEGMENT M&A TRENDS

The Fabrication & Manufacturing segment remained a leader in deal activity, driven by upstream players seeking opportunities to expand market share and diversify their portfolios. The fabrication and manufacturing of specialty components, in particular, continued to attract interest, commanding premium valuations compared to traditional players. Following closely in terms of growth was the Recycling & Reclamation segment, which performed strongly, fueled by demand for critical metals amid tariffs and global trade tensions.

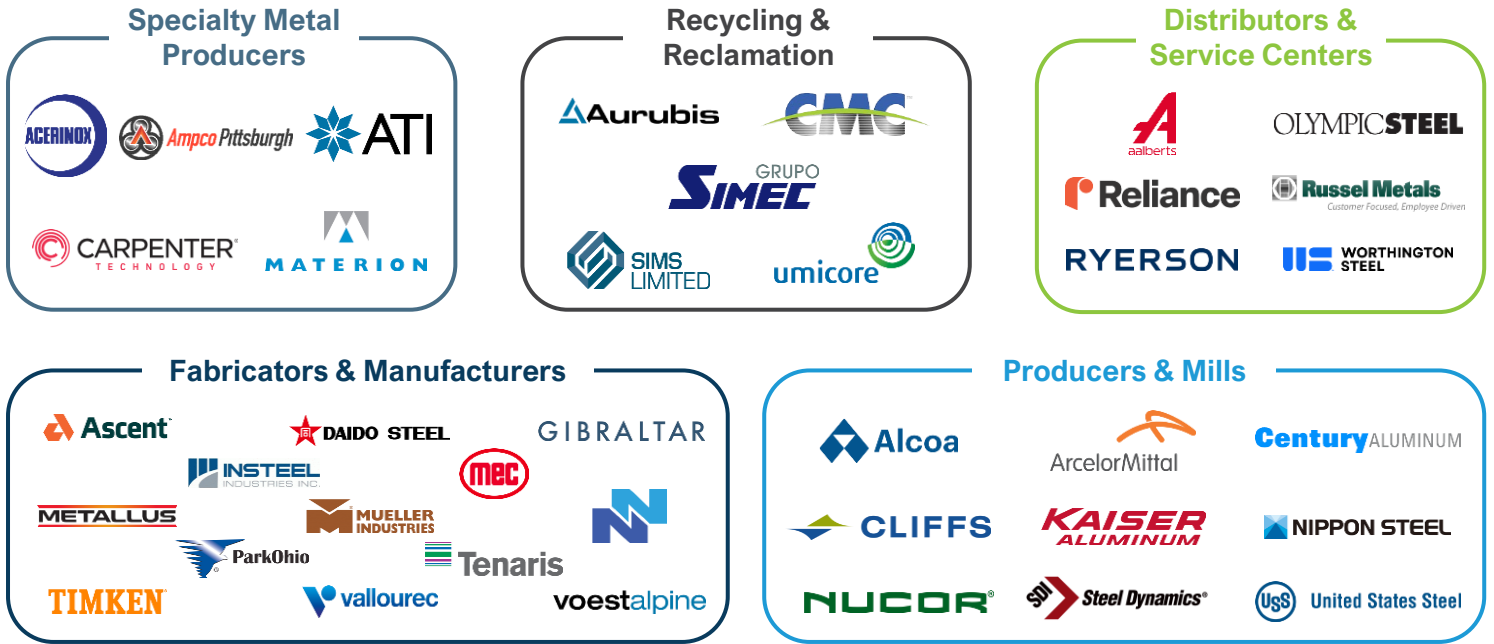
## Quarterly Metals M&A Transactions by Segment



(1) Specialty Metal Producers grouped into Fabricators & Manufacturers  
Source: S&P Capital IQ as of 6/30/2025

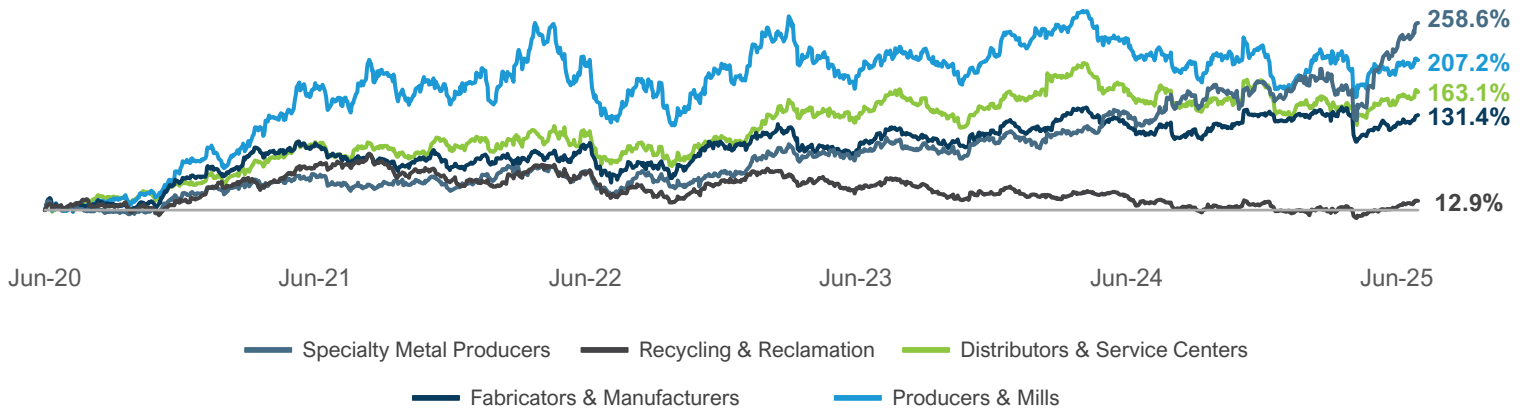
# Public Metal Company Valuation Trends

## INDUSTRY INDEXES

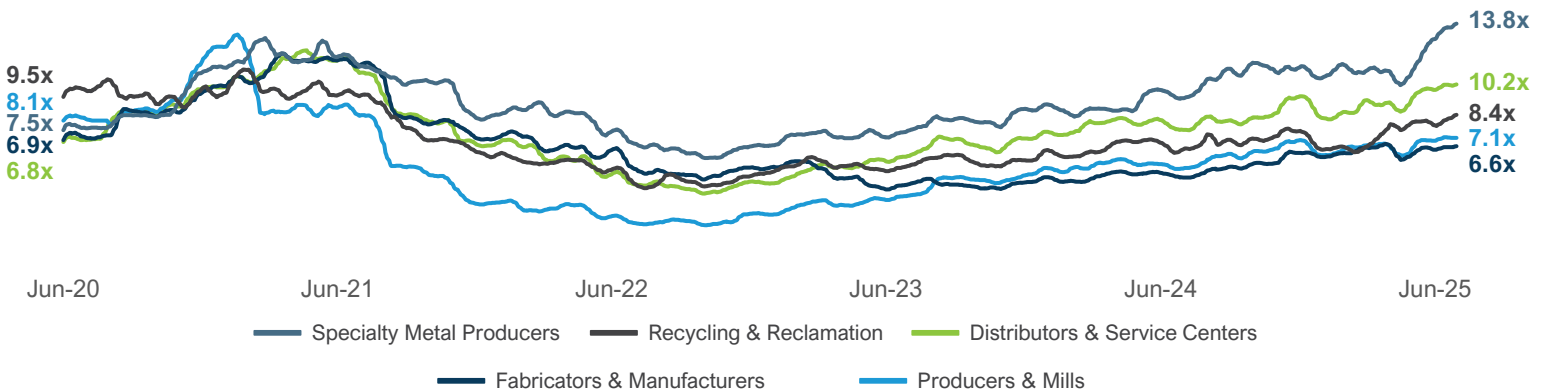


## 5-YEAR HISTORICAL STOCK PRICE PERFORMANCE

(Indexed to 0.0 as of 6/1/20)



## 5-YEAR HISTORICAL ENTERPRISE VALUE / LTM EBITDA MULTIPLES



Source: S&P Capital IQ and Stout Proprietary Database; excludes extraordinary items

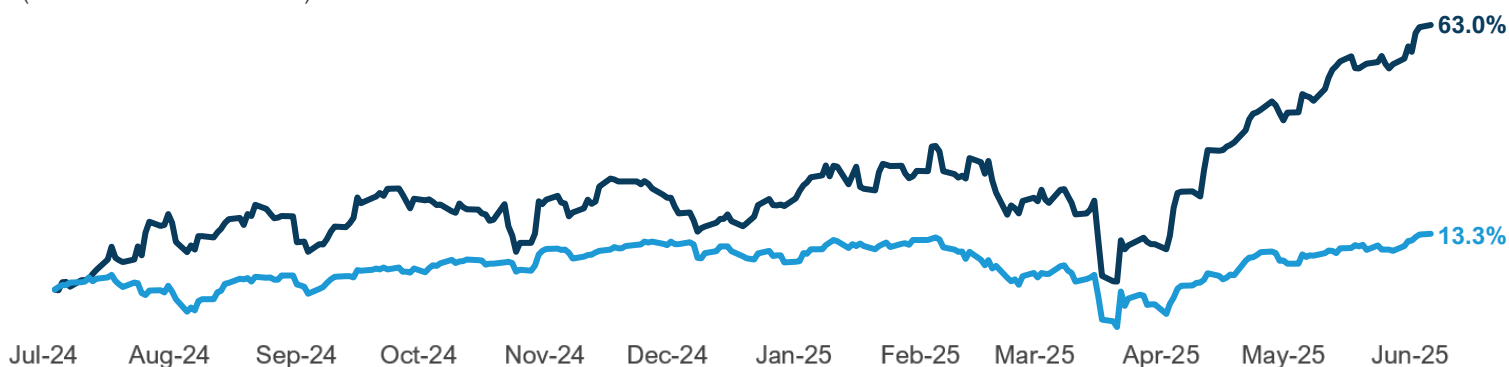
# Segment Overview – Specialty Metal Producers

- ❖ Specialty metal producers saw sluggish customer demand in the first half of 2025, as macroeconomic uncertainty and shifting tariff policies led to cautious spending across key markets. Despite stagnant volume growth, stock prices in the sector have outperformed the broader market, driven by investor interest in companies with unique offerings and specialized capabilities in an increasingly innovation-focused landscape.
- ❖ Amid these challenges, manufacturers are leveraging the push for reshoring, supported by stronger Section 232 tariffs. By realigning sourcing strategies with customers, they are reducing supply chain risks, boosting domestic production, and positioning for long-term growth.
- ❖ Heightened geopolitical tensions are also fueling increased spending in the aerospace & defense end market. Demand for components used in critical defense platforms like aircraft carriers and submarines has surged, creating significant growth opportunities for industry players.

## 1H 2025 LTM Indexed Stock Performance

(Indexed to 0.0 as of 7/1/2024)

■ Stout Index ■ S&P 500



Source: S&P Capital IQ, Stout Proprietary Index  
Stout Index includes ACX, AP, ATI, CRS, MTRN

## Representative M&A Transactions

Ann. Date	Target	Acquiror	Enterprise Value (\$M)	EV / LTM EBITDA
Jun-25	 FS PRECISION	 SIGNICAST <small>A FORM TECHNOLOGIES COMPANY</small>	--	--
May-25	 CLAD METAL SPECIALTIES	 PI PRINCE IZANT COMPANY <small>CUSTOMER FOCUSED. SOLUTION DRIVEN.</small>	--	--
Feb-25	 GMT	 TriMas	--	--
Jan-25	 CHANDLER INDUSTRIES <small>(Arch Equity Partners)</small>	 BTX PRECISION <small>(L Squared Capital Partners)</small>	--	--

Source: S&P Capital IQ as of 6/30/2025, Stout Proprietary Index

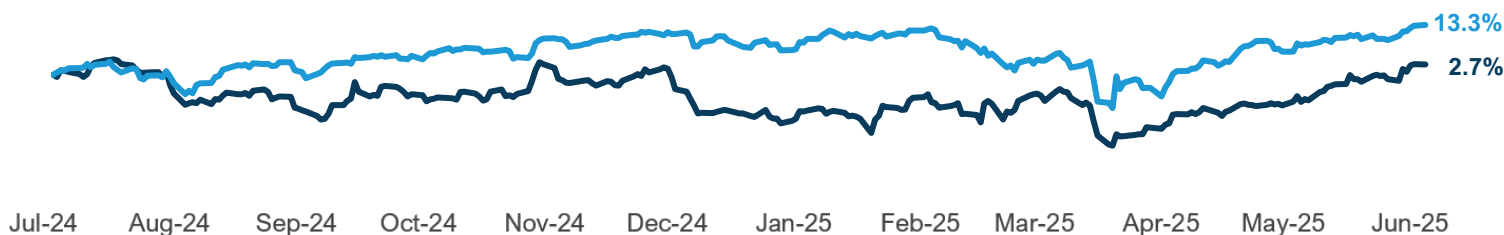
# Segment Overview – Recycling & Reclamation

- ❖ The *U.S. Material Recyclers: Ferrous Scrap Metal Producer Price Index* experienced a modest increase of ~3% in 1H 2025, signaling more stabilized pricing in contrast to the same period in the previous year, which saw a more pronounced fluctuation with the index declining by ~14%.
- ❖ By the end of the first half of 2025, ferrous scrap metal prices appeared relatively stagnant following an earlier decline. While scrap supply remained low in May, it rebounded in June, driven by weekend export demand fueled by China's cheaper steel production and cost-effective alternatives like billets and direct reduced iron. This rebound occurred alongside subdued U.S. steel demand, which historically tends to weaken during the summer months.
- ❖ Through the remainder of 2025, scrap prices are anticipated to remain relatively stable, with the possibility of an upward shift. Despite slower manufacturing activity, subdued economic growth, and weaker job creation, the U.S. has demonstrated overall resilience. Combined with potential international policy changes, this resilience could foster growth in the scrap market.

## 1H 2025 LTM Indexed Stock Performance









(Indexed to 0.0 as of 7/1/2024)

■ Stout Index ■ S&P 500



Source: S&P Capital IQ, Stout Proprietary Index  
Stout Index includes CMC, NDA, RDUS, SIM, SGM, UMI

## Representative M&A Transactions

Ann. Date	Target	Acquiror	Enterprise Value (\$M)	EV / LTM EBITDA
May-25	 PHOENIX GLOBAL	 SunCoke Energy®	\$325	5.3x
May-25	 Miller Recycling CORPORATION CELEBRATING 75 YEARS	 WASTE MANAGEMENT	--	--
May-25	 steel etc STEEL RECYCLING SALVAGE	 PACIFIC STEEL & RECYCLING	--	--
Mar-25	 radius recycling	 TOYOTA TSUSHO	\$1,479	29.5x <sup>(1)</sup>

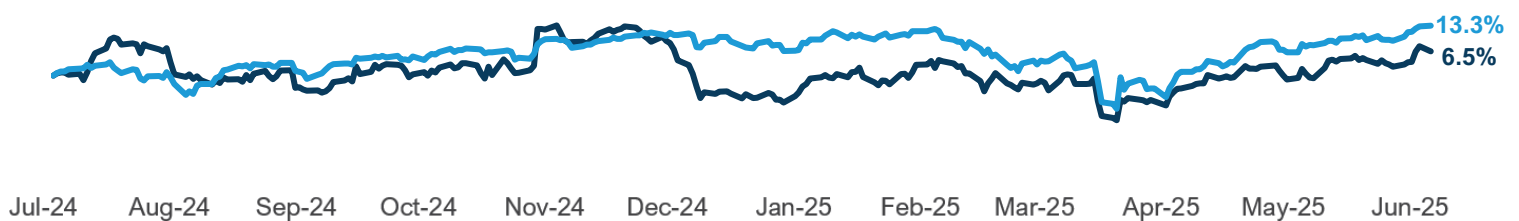
(1) Elevated multiple reflects Radius Recycling's sale off an EBITDA of \$49.9M, which is notably lower than historical averages  
Source: S&P Capital IQ as of 6/30/2025, All American Recycling, FRED Economic Data, Stout Proprietary Index

# Segment Overview – Distributors & Service Centers

- ❖ Distributors and service centers faced headwinds in 1H 2025 due to pricing volatility, soft demand, and cautious purchasing behavior. Restocking has tapered off, causing order volumes to slow, as indicated by shortened mill lead times. However, strong infrastructure activity, reshoring trends, and increased focus on stable, high-margin markets position the industry for sustained growth.
- ❖ The industry is embracing value-added services, with over half of the Top 50 service centers now offering downstream capabilities. Leaders like Reliance dominate in scale, while Ryerson and others are targeting high-margin sectors like aerospace & defense and energy to diversify beyond cyclical markets and achieve long-term growth.
- ❖ Modest revenue growth is expected to continue as higher pricing offsets weaker demand. Sectors like aerospace & defense and data infrastructure are driving diversification, while the doubling of Section 232 tariffs is boosting domestic metal demand. Reshoring efforts provide additional support, helping to balance softness in cyclical markets.









## 1H 2025 LTM Indexed Stock Performance

(Indexed to 0.0 as of 7/1/2024) ■ Stout Index ■ S&P 500



Source: S&P Capital IQ, Stout Proprietary Index  
Stout Index includes AALB, RS, RUS, RY1, WS, ZEUS

## Representative M&A Transactions

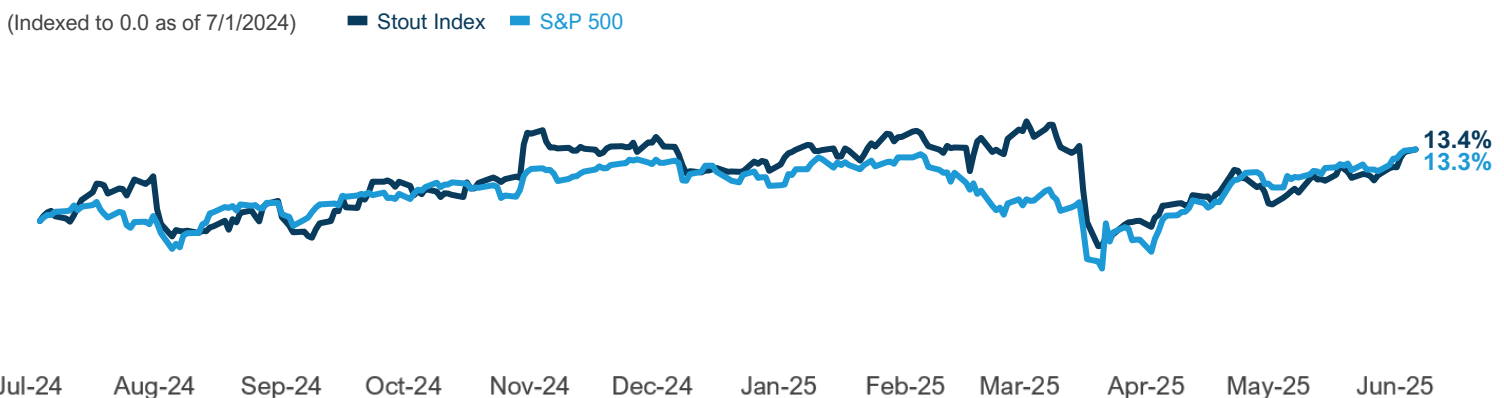
Ann. Date	Target	Acquiror	Enterprise Value (\$M)	EV / LTM EBITDA
Jun-25	 GYPSUM MANAGEMENT & SUPPLY, INC.		\$5,864	10.2x
Jun-25			\$1,780	8.5x
Mar-25	 Kanematsu Trading Corporation		--	--
Jan-25	 <small>State City • State Falls • Spencer • Grand Island • Des Moines • Omaha</small>		--	--
<i>(State Steel Supply has merged with SPS Companies)</i>				

Source: S&P Capital IQ as of 6/30/2025, Stout Proprietary Index

# Segment Overview – Fabricators & Manufacturers









- ❖ The U.S. metal manufacturing and fabrication sector showcased resilience in 1H 2025. Despite pricing pressures primarily due to tariffs, rising labor costs, and fluctuating raw material costs, the *Manufacturers' New Orders: Fabricated Metal Products Index* saw a 14% increase in 1H 2025.
- ❖ Steel, the leading material in the fabrication market, saw prices increased by ~20% in 1H 2025, while aluminum and copper, the next largest contributors, rose by ~4% and ~27%, respectively.
- ❖ The Section 232 tariffs, which were applied to imports of steel, aluminum, and semi-finished copper products, contributed to these widespread price increases. The increased costs were largely passed on to consumers, as the tariffs resulted in uniform price hikes across the industry.
- ❖ In some instances, demand for discretionary products was affected. However, mission-critical markets, such as metal building products, and specialized sectors like aerospace & defense and data centers continued to see strong demand, particularly from suppliers capable of providing reliable domestic production.

## 1H 2025 LTM Indexed Stock Performance



Source: S&P Capital IQ, Stout Proprietary Index  
Stout Index includes ACNT, IIN, MEC, MLI, MTUS, NNBR, PKOH, ROCK, TEN, TKR, VK, VOE, TSE:5471

## Representative M&A Transactions

Ann. Date	Target	Acquiror	Enterprise Value (\$M)	EV / LTM EBITDA
Jun-25	 IMPERIAL BUILDING PRODUCTS		--	--
Jun-25			\$93	7.0x
May-25			\$141	10.0x
Feb-25			\$3,034	15.2x

Source: S&P Capital IQ as of 6/30/2025, Fred Economic Data Stout Proprietary Index

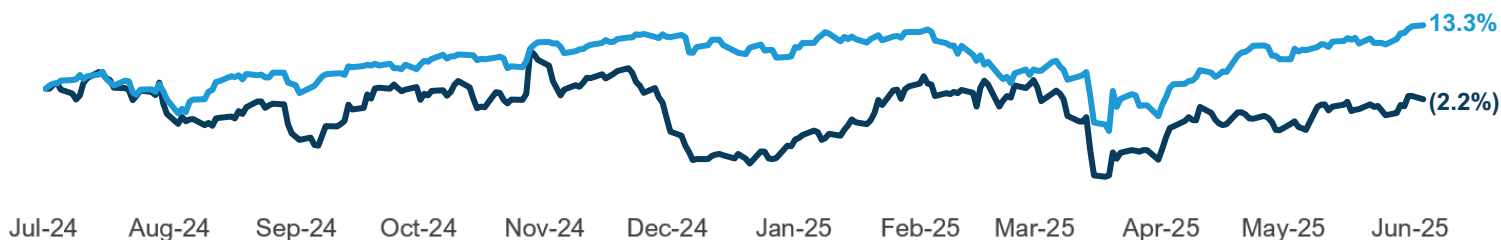
# Segment Overview – Producers & Mills

- ❖ U.S. hot-rolled coil (HRC) prices rose ~18% in the first half of 2025, as imported steel providers faced many pressures leading to canceling deliveries or requirements to strike new deals.
- ❖ The increase of Section 232 Steel and Aluminum tariffs to 50% in June 2025 further cemented the necessity and demand for domestic-based production, eliminating some of the foreign competition.
- ❖ The lower end of flat-rolled steel pricing is primarily influenced by imports, which come with lead times ranging from three to four months, reflecting their extended production and shipping timelines. In contrast, domestic producers such as Nucor and Cleveland-Cliffs set the higher end of the pricing spectrum, benefiting from significantly shorter lead times that continue to hover around four to five weeks, allowing for faster responsiveness to market demand.
- ❖ In June, Nucor’s pricing of HRC raised \$10/STN and Cleveland-Cliffs raised pricing \$40/STN, though demand has remained stagnant, providing limited visibility to future pricing.
- ❖ Steel mill utilization has been steadily improving, approaching the White House's target of 80%.

## 1H 2025 LTM Indexed Stock Performance

(Indexed to 0.0 as of 7/1/2024)

■ Stout Index ■ S&P 500



Source: S&P Capital IQ, Stout Proprietary Index  
Stout Index includes AA, CENX, CLF, KALU, MT, NUE, SDI, STLD, X, TSE:5401

## Representative M&A Transactions

Ann. Date	Target	Acquiror	Enterprise Value (\$M)	EV / LTM EBITDA
Jun-25	 <b>EVRAZ</b> North America	ATLAS   HOLDINGS	--	--
Jun-25*	 <b>United States Steel</b>	 <b>NIPPON STEEL</b>	\$15,100	6.8x
Jun-25	 <b>HusseyCopper</b>	 <b>International Wire Group</b>	--	--
Apr-25	 <b>FONDERIE DE BRETAGNE</b>	Gruppe <b>EUROPLASMA</b>	--	--

\* Represents closed date

Source: S&P Capital IQ as of 6/30/2025, Sector3, Stout Proprietary Index

# Select M&A Transaction Highlights

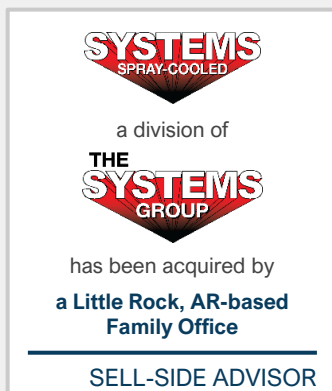
Ann. Date	Target (Seller)	Acquiror (Ownership)	Industry Subsector
Jun-25	GMS Inc.	SRS Distribution (Home Depot)	Distributors / Service Centers
Jun-25	EVRAZ North America (EVRAZ plc)	Atlas Holdings	Producers / Mills / Foundries
Jun-25	MRC Global	DNOW	Distributors / Service Centers
Jun-25 <sup>(1)</sup>	United States Steel	Nippon Steel Corp. (TSE: 5401)	Producers / Mills / Foundries
Jun-25	Imperial Building Products	CGC	Fabricators / Manufacturers
Jun-25	Runabout Metal Pty	Minemet Recycling Group	Recycling / Reclamation
Jun-25	Cole Industrial And Technical Supply	Lehman Pipe And Plumbing	Distributors / Service Centers
Jun-25	Elgen Manufacturing	Worthington Enterprises	Fabricators / Manufacturers
Jun-25	Erne Fittings GmbH	Jiuli Group	Fabricators / Manufacturers
Jun-25	FS-Precision Tech, Co.	Signicast	Specialty Metal Manufacturers
Jun-25	Charles E. Larson & Sons	Pursuit Aerospace	Producers / Mills / Foundries
Jun-25	Hussey Copper Ltd. (KPS Capital)	International Wire Group	Producers / Mills / Foundries
Jun-25	Thomas Storey Fabrications Group	TAL Engineering	Fabricators / Manufacturers
Jun-25	Clad Metal Specialties	Prince & Izant	Specialty Metal Manufacturers
May-25	Phoenix Global	SunCoke Energy	Recycling / Reclamation
May-25	Accu-Fab, LLC (Tide Rock)	Mayville Engineering (NYSE:MEC)	Fabricators / Manufacturers
May-25	Miller Recycling Corp.	Waste Management	Recycling / Reclamation
May-25	Steel etc.	Pacific Steel & Recycling	Recycling / Reclamation
May-25	Cromsteel Italia	Sicam S.P.A.	Distributors / Service Centers
May-25	Day Metal	Delamere Industries	Fabricators / Manufacturers
May-25	RFR Dissolution	H3 Manufacturing Group	Fabricators / Manufacturers
Apr-25	Fonderie De Bretagne	Group Europlasma	Producers / Mills / Foundries
Apr-25	T&B Tube Company	American Consolidated Industries	Fabricators / Manufacturers
Mar-25	Kanematsu Trading Corp.	Hanwa Co., Ltd. (TSE:8078)	Distributors / Service Centers
Mar-25	SMI Co.	HMNEX Co. (KOSDAQ:A036170)	Fabricators / Manufacturers
Mar-25	Radius Recycling	Toyota Tsusho America	Recycling / Reclamation
Mar-25	Independent Pipe and Supply Corp.	Ferguson Enterprises	Distributors / Service Centers
Feb-25	H3 Manufacturing Group	Rock Gate Partners	Fabricators / Manufacturers
Feb-25	Independent Forgings and Alloys (BGF)	Trive Capital Management	Distributors / Service Centers
Feb-25	Technical Metals	Manufacturing Revitalization	Fabricators / Manufacturers
Feb-25	Fraser Steel	Kinzie Capital Partners	Fabricators / Manufacturers
Feb-25	GMT Aerospace	TriMas	Specialty Metal Manufacturers
Feb-25	METALQ North America	Lanex Manufacturing Inc.	Fabricators / Manufacturers
Feb-25	McLoone Metal Graphics	Clarion Safety Systems	Fabricators / Manufacturers
Feb-25	Triumph Group	Warburg Pincus; Berkshire Partners	Fabricators / Manufacturers
Jan-25	Chandler Industries (Arch Equity)	BTX Precision (L Squared)	Specialty Metal Manufacturers
Jan-25	Artrom Steel Tubes S.A. (Hefestos)	GLGH Steel	Producers / Mills / Foundries
Jan-25	State Steel	SPS Companies	Distributors / Service Centers

(1) Represents closed date

Source: S&P Capital IQ, Stout Proprietary Index

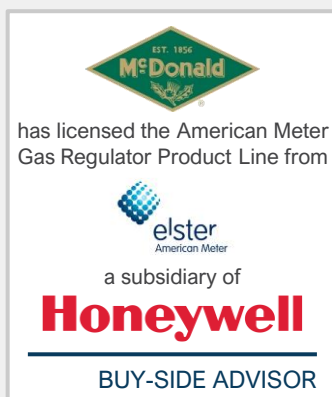
# Recent Stout Transaction Spotlight

## TRANSACTION SPOTLIGHT



- ❖ Stout served as the exclusive financial advisor to The Systems Group on the sale of its Systems Spray-Cooled division to a Little Rock, Arkansas-based family office.
- ❖ Spray-Cooled offers the only non-pressurized, non-evaporative water-cooled furnace equipment in the steelmaking industry.
- ❖ The transaction closed in April 2025 and adds to Stout's growing portfolio of representing companies in the steel production space.

## TRANSACTION SPOTLIGHT



- ❖ Stout served as the financial advisor to A.Y. McDonald Mfg. Co. on its exclusive licensing of the American Meter Natural Gas Regulator Product Line from Honeywell.
- ❖ American Meter is Honeywell's leading North American gas regulator portfolio, including a variety of regulators designed for residential, commercial, and industrial applications.
- ❖ The transaction closed in April 2025.

## TRANSACTION SPOTLIGHT



- ❖ Stout served as the exclusive financial advisor to State Steel on its combination with SPS Companies.
- ❖ State Steel operates steel distribution and fabrication operations in six locations across IA, NE, and SD.
- ❖ The transaction closed in January 2025.

# Stout Metals Practice Overview

## ABOUT

For more than 30 years, Stout has exclusively focused on serving the unique M&A transaction advisory needs of middle-market clients. Our firm is a trusted advisor to leading organizations due to our deep industry knowledge, senior-level attention, process expertise, and relentless focus on delivering unparalleled results.

The Stout Metals & Specialty Manufacturing team has deep experience and expertise across numerous industry subsectors, processes, and end markets.

## Process Expertise

- ✓ Tool & Die
- ✓ Machining
- ✓ Extrusion
- ✓ Powder Metals
- ✓ Forging
- ✓ Coating / Finishing
- ✓ Casting
- ✓ Roll Forming
- ✓ Stamping / Blanking
- ✓ Cold Drawing / Forming

## END MARKET COVERAGE



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May include work by Stout professionals while at prior firms



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