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Industry Observations – June 30, 2019

Steel Industry

Select Steel Public Company Industry Data As of June 30, 2019

(USD in millions, except per share data)

Company Name		Market Data					LTM Operating Data			Forward Estimates	
		Price at 06/30/19	% of 52 Week High	Equity Value	Enterprise Value	Debt / Total Capital	Total Assets	LTM Revenue	LTM EBITDA	CY 2019 Revenue Estimate	CY 2019 EBITDA Estimate
Steel Industry											
Haynes International, Inc.	HAYN	\$ 31.81	73.6%	\$ 396.0	\$ 393.1	2.3%	\$ 587.7	\$ 470.0	\$ 29.2	\$522.36	\$53.60
Allegheny Technologies Incorporated	ATI	\$ 25.20	83.5%	\$ 3,176.1	\$ 4,614.7	42.0%	\$ 5,549.3	\$ 4,143.3	\$ 444.5	\$4,151.24	\$487.99
Worthington Industries, Inc.	WOR	\$ 40.26	82.9%	\$ 2,233.1	\$ 3,007.2	44.1%	\$ 2,510.8	\$ 3,759.6	\$ 237.2	\$3,530.47	\$272.13
Carpenter Technology Corporation	CRS	\$ 47.98	78.9%	\$ 2,273.6	\$ 2,930.9	30.3%	\$ 3,240.2	\$ 2,356.8	\$ 349.3	\$2,477.24	\$380.02
Universal Stainless & Alloy Products, Inc.	USAP	\$ 16.00	51.8%	\$ 140.4	\$ 206.3	22.0%	\$ 364.0	\$ 257.4	\$ 28.2	\$267.81	\$33.81
Reliance Steel & Aluminum Co.	RS	\$ 94.62	99.6%	\$ 6,361.8	\$ 8,611.5	30.8%	\$ 8,327.1	\$ 11,628.6	\$ 1,165.0	\$11,340.96	\$1,132.46
Olympic Steel, Inc.	ZEUS	\$ 13.65	56.3%	\$ 150.2	\$ 488.6	52.6%	\$ 799.4	\$ 1,785.4	\$ 68.9	\$1,589.80	\$39.95
TimkenSteel Corporation	TMST	\$ 8.13	43.2%	\$ 363.9	\$ 587.2	29.9%	\$ 1,204.7	\$ 1,600.8	\$ 68.3	\$1,536.55	\$90.59
Nucor Corporation	NUE	\$ 55.10	80.0%	\$ 16,793.7	\$ 20,222.9	28.6%	\$ 18,126.5	\$ 25,030.7	\$ 3,943.6	\$23,339.43	\$2,921.39
Sims Metal Management Limited	SGM	\$ 7.61	62.3%	\$ 1,543.7	\$ 1,425.6	2.7%	\$ 2,205.2	\$ 4,805.0	\$ 201.2	\$6,400.22	\$368.63
AK Steel Holding Corporation	AKS	\$ 2.37	43.9%	\$ 749.7	\$ 3,358.4	84.3%	\$ 4,770.1	\$ 6,857.0	\$ 656.6	\$6,803.51	\$464.09
SunCoke Energy, Inc.	SXC	\$ 8.88	63.6%	\$ 804.1	\$ 1,718.7	55.1%	\$ 2,097.3	\$ 1,491.7	\$ 266.1	\$1,493.05	\$270.23
Steel Dynamics, Inc.	STLD	\$ 30.20	60.8%	\$ 6,711.8	\$ 8,235.96	38.2%	\$ 7,857.9	\$ 11,715.4	\$ 1,797.0	\$10,994.89	\$1,361.61
Commercial Metals Company	CMC	\$ 17.85	78.0%	\$ 2,104.9	\$ 3,346.6	46.5%	\$ 3,767.0	\$ 5,594.4	\$ 409.3	\$6,102.84	\$559.42
Ryerson Holding Corporation	RYI	\$ 8.33	64.8%	\$ 314.7	\$ 1,577.2	91.9%	\$ 2,289.7	\$ 4,697.9	\$ 238.8	\$4,673.41	\$275.77
Cleveland-Cliffs Inc.	CLF	\$ 10.67	81.5%	\$ 3,018.0	\$ 4,674.8	88.1%	\$ 3,393.2	\$ 2,338.3	\$ 705.4	\$2,347.95	\$775.90
Schnitzer Steel Industries, Inc.	SCHN	\$ 26.17	69.0%	\$ 679.6	\$ 818.3	17.0%	\$ 1,092.6	\$ 2,254.6	\$ 159.7	\$2,096.53	\$144.35
United States Steel Corporation	X	\$ 15.31	39.4%	\$ 2,639.3	\$ 4,594.3	38.3%	\$ 11,152.0	\$ 14,528.0	\$ 1,451.0	\$13,347.95	\$906.89

Notes: LTM (latest twelve months); Enterprise Value (market capitalization less total cash and short-term investments plus short-term borrowings and total long-term debt); EBITDA (earnings before interest, taxes, depreciation and amortization)

Source: Capital IQ

The material contained in this publication is meant to provide general information regarding valuation topics. This publication does not constitute investment advice with respect to the securities of any company discussed herein, is not intended to provide information upon which to base an investment decision, and should not be construed as such. Professional advice should be obtained before taking any action based on the information contained herein.

Publicly available information utilized in this publication has been obtained from sources deemed to be reliable. Houlihan does not guarantee the accuracy or completeness of the information provided within this publication. The material presented reflects information known to the authors at the time this publication was written and this information is subject to change.

Select Steel Public Company Valuation Metrics As of June 30, 2019

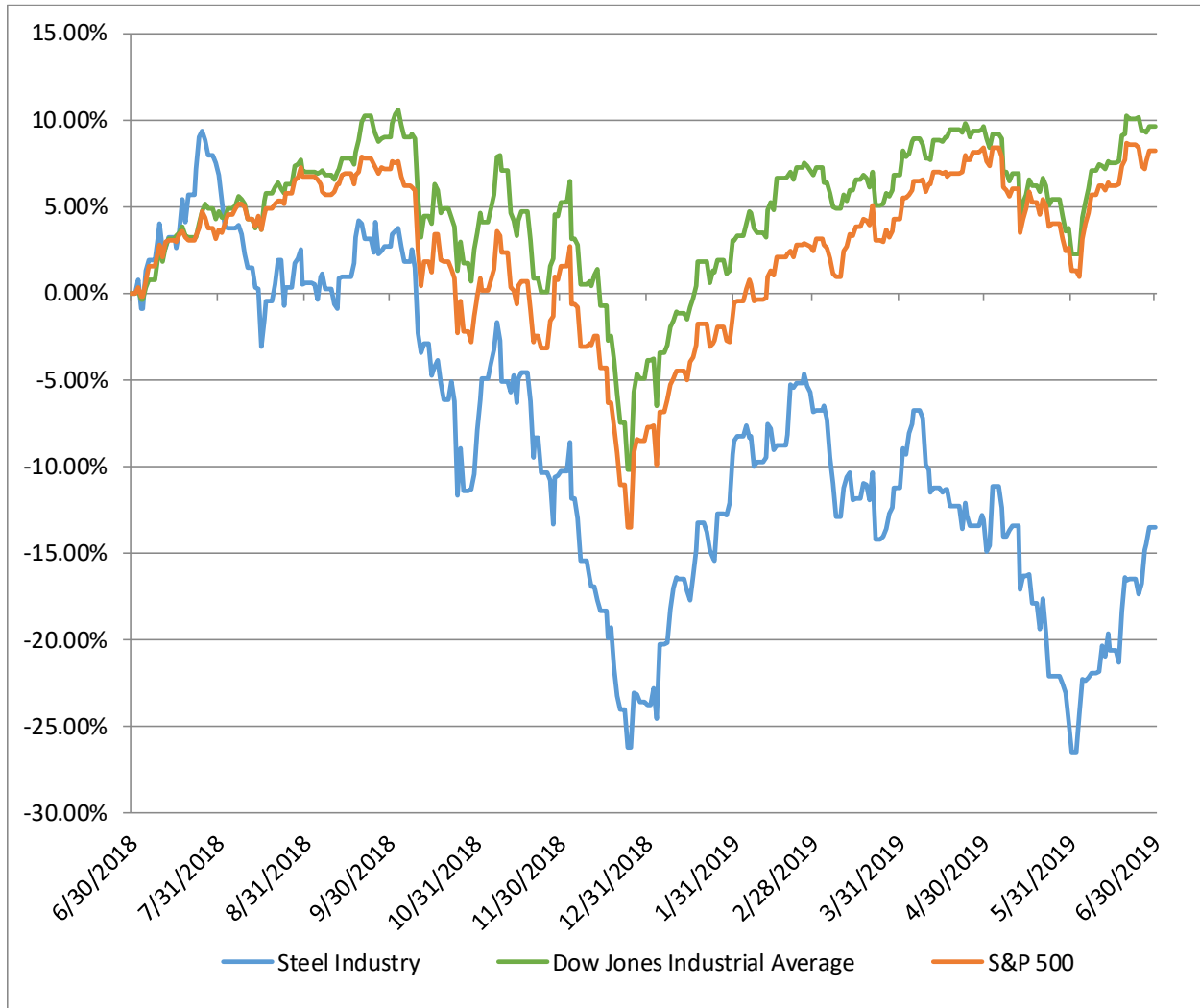
(USD in millions, except per share data)

Company Name		LTM Operating Statistics						Trading Multiples			
		Return On Assets	Return On Equity	Return On Capital	Revenue Growth	EBITDA Growth	EBITDA Margin	TEV/ LTM Revenue	TEV/ CY 2019 Revenue	TEV/ LTM EBITDA	TEV/ CY 2019 EBITDA
Steel Industry											
Haynes International, Inc.	HAYN	0.9%	0.9%	1.6%	17.9%	1071.0%	6.2%	0.8x	0.8x	13.4x	7.3x
Allegheny Technologies Incorporated	ATI	3.3%	9.3%	5.0%	10.0%	3.3%	10.7%	1.1x	1.1x	10.4x	9.5x
Worthington Industries, Inc.	WOR	3.4%	16.5%	5.1%	5.0%	-20.6%	6.3%	0.8x	0.9x	12.7x	11.1x
Carpenter Technology Corporation	CRS	4.7%	11.0%	7.0%	15.1%	21.9%	14.8%	1.2x	1.2x	8.4x	7.7x
Universal Stainless & Alloy Products, Inc.	USAP	2.1%	3.3%	2.5%	11.4%	-1.5%	11.0%	0.8x	0.8x	7.3x	6.1x
Reliance Steel & Aluminum Co.	RS	7.1%	12.4%	8.4%	10.0%	7.0%	10.0%	0.7x	0.8x	7.4x	7.6x
Olympic Steel, Inc.	ZEUS	4.3%	9.6%	5.4%	30.2%	62.2%	3.9%	0.3x	0.3x	7.1x	12.2x
TimkenSteel Corporation	TMST	-0.2%	-4.6%	-0.3%	14.3%	21.7%	4.3%	0.4x	0.4x	8.6x	6.5x
Nucor Corporation	NUE	10.9%	22.8%	13.4%	12.3%	32.5%	15.8%	0.8x	0.9x	5.1x	6.9x
Sims Metal Management Limited	SGM	3.4%	8.8%	4.6%	20.0%	4.8%	4.2%	0.3x	0.2x	7.1x	3.9x
AK Steel Holding Corporation	AKS	5.5%	54.5%	9.9%	10.5%	14.6%	9.6%	0.5x	0.5x	5.1x	7.2x
SunCoke Energy, Inc.	SXC	4.4%	6.9%	6.0%	8.7%	9.6%	17.8%	1.2x	1.2x	6.5x	6.4x
Steel Dynamics, Inc.	STLD	12.0%	27.6%	14.6%	11.8%	12.5%	15.3%	0.7x	0.7x	4.6x	6.0x
Commercial Metals Company	CMC	5.7%	10.9%	7.2%	26.6%	47.3%	7.3%	0.6x	0.5x	8.2x	6.0x
Ryerson Holding Corporation	RYI	5.5%	212.5%	9.4%	34.6%	55.3%	5.1%	0.3x	0.3x	6.6x	5.7x
Cleveland-Cliffs Inc.	CLF	12.1%	NM	17.8%	16.8%	9.4%	30.2%	2.0x	2.0x	6.6x	6.0x
Schnitzer Steel Industries, Inc.	SCHN	6.2%	16.2%	8.2%	3.0%	-10.1%	7.1%	0.4x	0.4x	5.1x	5.7x
United States Steel Corporation	X	5.4%	30.0%	8.7%	14.6%	21.3%	10.0%	0.3x	0.3x	3.2x	5.1x
		5.4%	26.4%	7.5%	15.1%	75.7%	10.5%	0.7x	0.7x	7.4x	7.0x
		5.0%	11.0%	7.1%	13.3%	13.5%	9.8%	0.7x	0.8x	7.1x	6.4x

Notes: LTM (latest twelve months); NTM (next twelve months); EBITDA (earnings before interest, taxes, depreciation and amortization); TEV (total enterprise value)

Source: Capital IQ

Steel Industry Public Company LTM Equity Performance
As of June 30, 2019



Note: The indices are derived from the equity performance of the previously listed companies. Source: Capital IQ

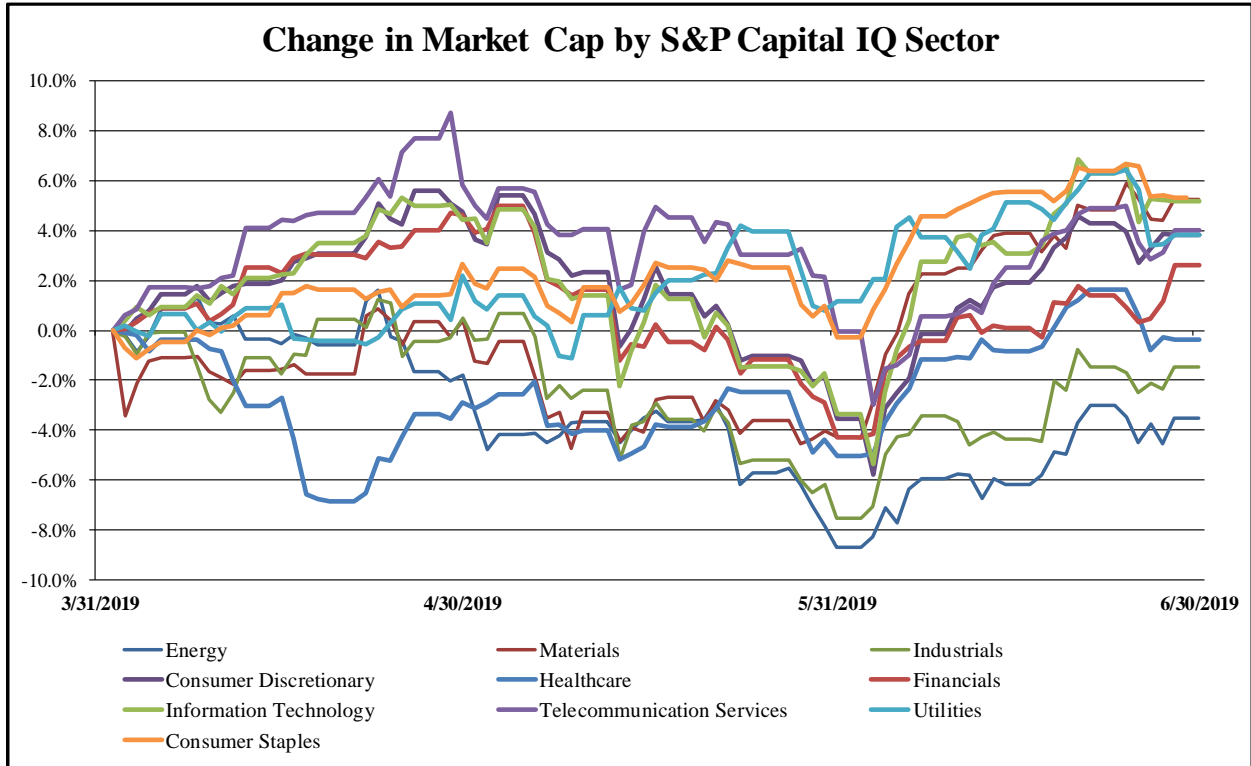
Recent M&A Activity in the Steel Industry June 30, 2018 to June 30, 2019

(USD in millions)

Close Date	Target	Acquirer	Target Company Primary Industry	Implied Enterprise Value
11/5/2018	TAMCO Steel, Inc. and Gerdau Reinforcing Steel West and	CMC Steel Fabricators, Inc.; CMC Steel US, LLC	Steel	\$701.20
8/30/2018	Seah Steel California, LLC	SeAH Steel International Co., Ltd.	Steel	\$283.75
7/27/2018	Ameron Water Transmission Group, LLC	Northwest Pipe Company	Steel	\$38.30
6/3/2019	Two Forging Facilities in Portland, Indiana and Lebanon,	Wynnchurch Capital, LLC	Steel	\$37.00
1/1/2019	Substantially All of the Assets of American Stainless Tubing,	Synalloy Corporation	Steel	\$28.00
9/28/2018	Certain Properties and Manufacturing Facilities of Union	Store Capital Acquisitions, LLC	Steel	\$19.00
7/28/2018	Substantially All Assets of Sivyer Steel Corporation	Crestwood Capital Management, Inc.	Steel	\$12.19
1/2/2019	Assets of McCullough Industries, Inc.	Olympic Steel, Inc.	Steel	\$11.00
7/1/2018	Galvanized Tube Operations in Munhall of Marcegaglia USA,	Bristol Metals, LLC	Steel	\$10.38
9/18/2018	KES Holdings, LLC	Steel Dynamics, Inc.	Steel	\$5.00
6/24/2019	Magic Steel Sales, LLC	SteelSummit Holdings, Inc.	Steel	NA
6/12/2019	All Assets of Hazleton Casting Co.	Speyside Foundry Holdings, LLC	Steel	NA
6/12/2019	All Assets of Weatherly Casting and Machine Co.	Speyside Foundry Holdings, LLC	Steel	NA

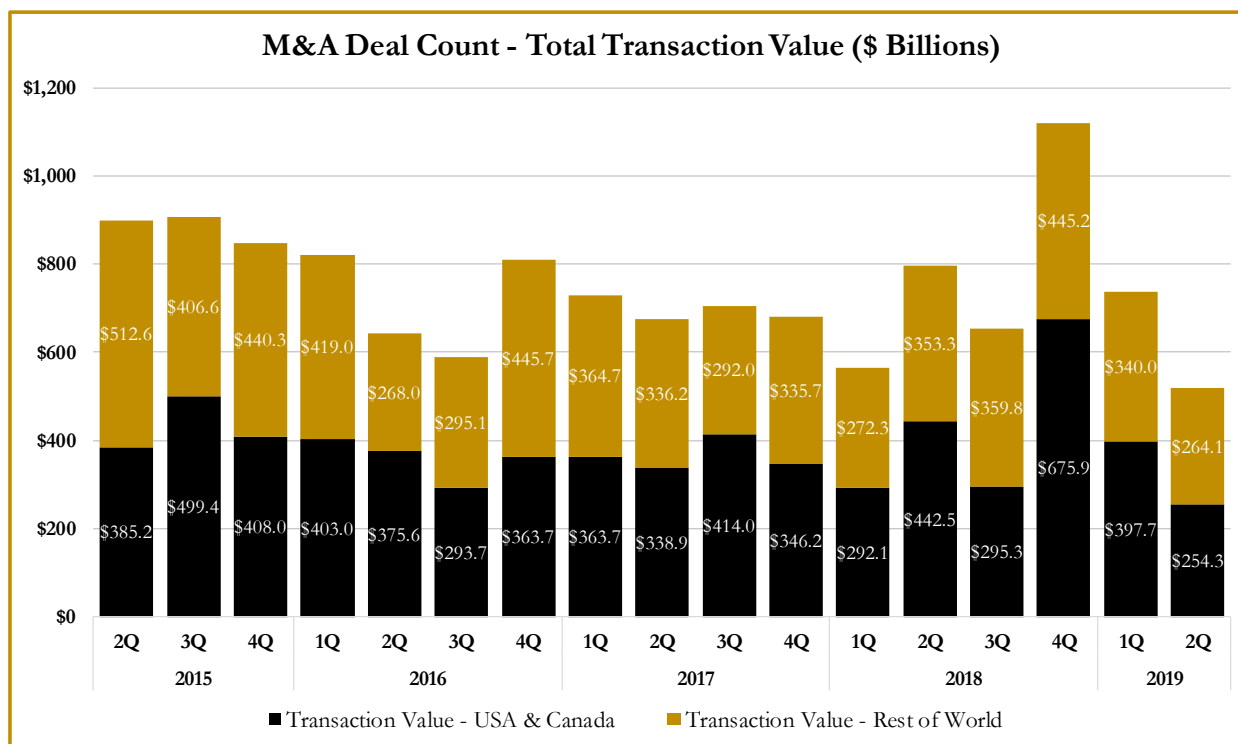
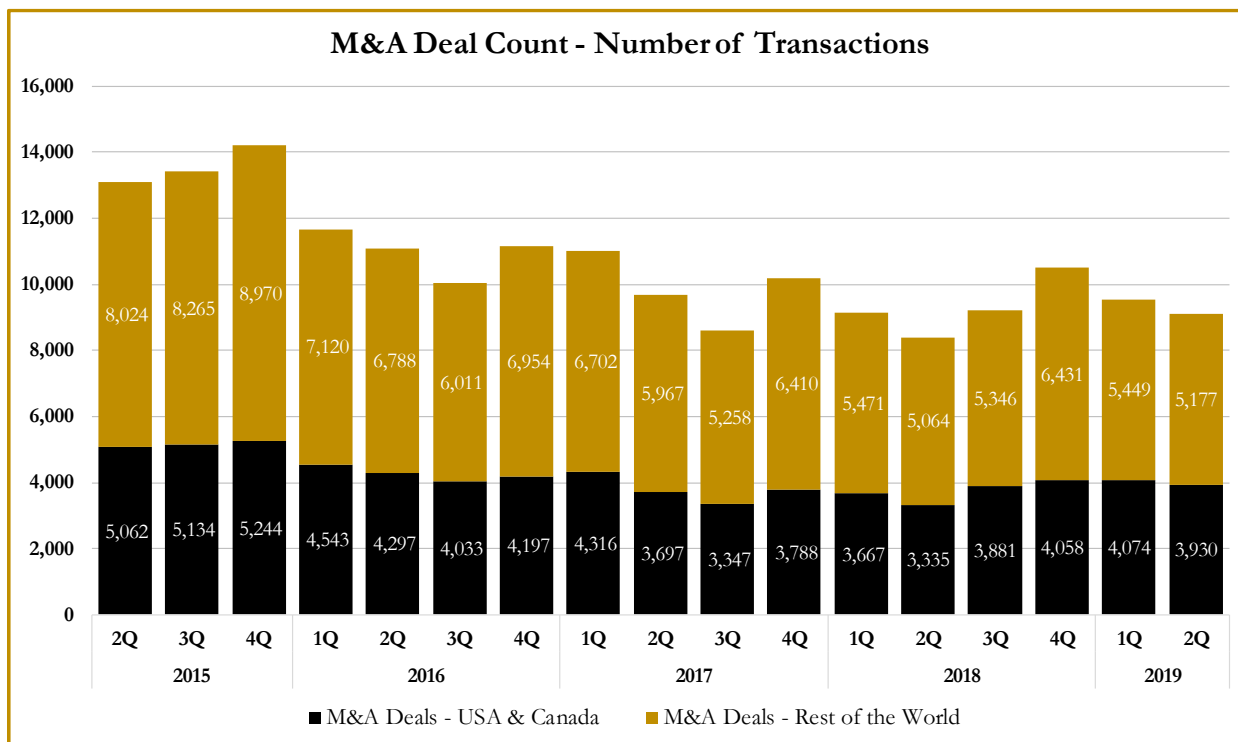
Source: Capital IQ

S&P Capital IQ - Sector Last 3 Month Equity Performance
As of June 30, 2019

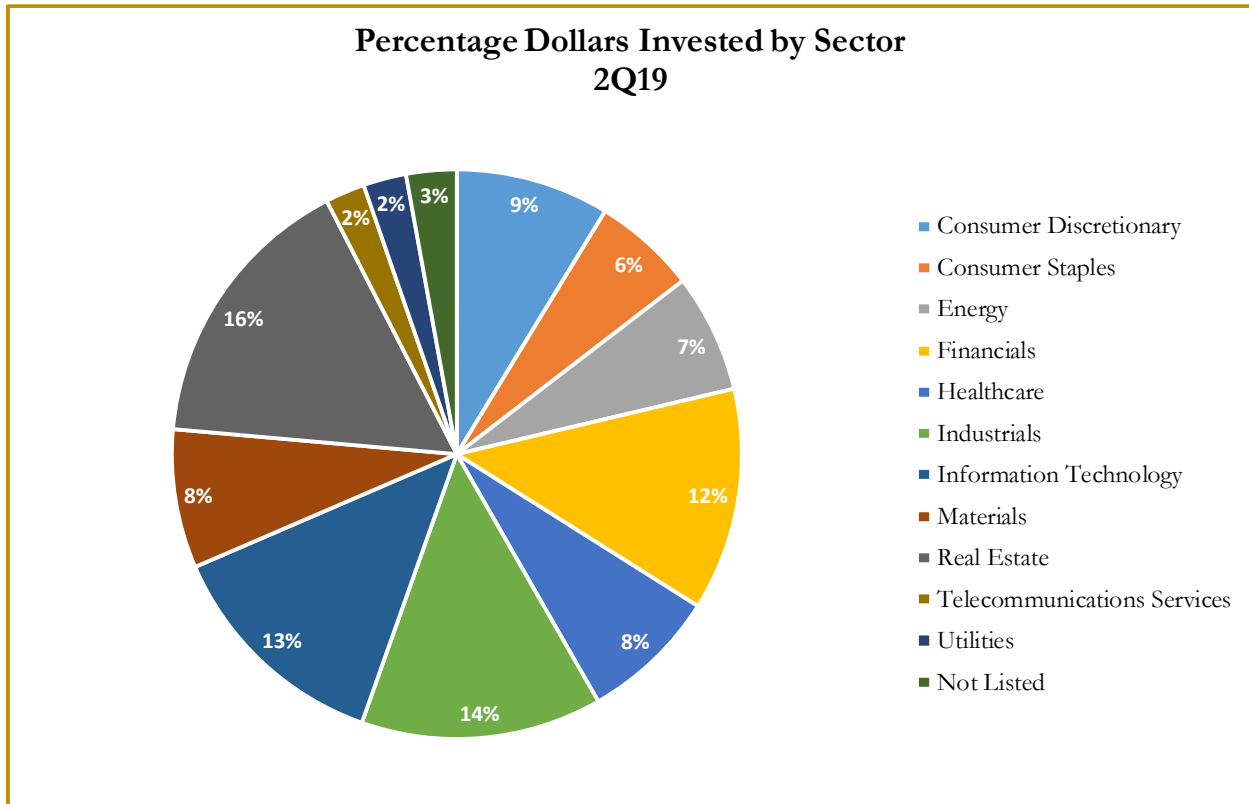


Note: The indices are derived from the equity performance of the S&P Capital IQ Sectors. Source: Capital IQ

M&A Deal Flow Statistics by S&P Capital IQ Sector As of June 30, 2019



M&A Deal Flow Statistics by S&P Capital IQ Sector
As of June 30, 2019





About Houlihan Capital

Houlihan Capital is a leading, solutions-driven valuation, financial advisory and boutique investment banking firm. We pride ourselves on being thought leaders in an ever-changing landscape.

Houlihan Capital is SOC-compliant, a FINRA and SIPC member and committed to the highest levels of professional ethics and standards.

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We provide an array of services that include enterprise valuations, portfolio valuation, valuation of carried interest, transaction opinions, tax and financial reporting compliance, purchase price allocations, and a wide variety of consulting services through our Financial Advisory Group.

Investment Banking

Through our Investment Banking Group, we offer sell side/buy side advisory and capital raises. Through our Special Situations desk, we provide services that fit outside the archetypal verticals, including liquidity solutions, transactional advisory, and secondary market advisory and trading.

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