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Industry Observations – December 31, 2019

Steel Industry

Select Steel Public Company Industry Data As of December 31, 2019

(USD in millions, except per share data)

| Company Name | Ticker | Market Data | | | | | LTM Operating Data | | | Forward Estimates | |
|--|--------|-------------------|-------------------|--------------|------------------|----------------------|--------------------|-------------|------------|--------------------------|-------------------------|
| | | Price at 12/31/19 | % 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 | \$ 35.78 | 91.6% | \$ 445.5 | \$ 422.5 | 2.6% | \$ 593.8 | \$ 490.2 | \$ 33.4 | \$559.82 | \$68.00 |
| Allegheny Technologies Incorporated | ATI | \$ 20.66 | 70.0% | \$ 2,604.9 | \$ 3,827.6 | 41.6% | \$ 5,628.9 | \$ 4,141.8 | \$ 432.6 | \$4,124.82 | \$496.34 |
| Worthington Industries, Inc. | WOR | \$ 42.18 | 94.4% | \$ 2,323.9 | \$ 3,114.5 | 43.6% | \$ 2,409.0 | \$ 3,496.7 | \$ 205.8 | \$3,351.18 | \$277.89 |
| Carpenter Technology Corporation | CRS | \$ 49.78 | 88.4% | \$ 2,375.5 | \$ 3,031.8 | 30.2% | \$ 3,341.5 | \$ 2,393.2 | \$ 372.9 | \$2,547.80 | \$436.85 |
| Universal Stainless & Alloy Products, Inc. | USAP | \$ 14.90 | 77.8% | \$ 130.9 | \$ 199.3 | 22.3% | \$ 361.0 | \$ 244.9 | \$ 23.7 | \$239.80 | \$36.15 |
| Reliance Steel & Aluminum Co. | RS | \$ 119.76 | 98.0% | \$ 7,982.8 | \$ 9,668.4 | 26.6% | \$ 8,130.9 | \$ 11,340.0 | \$ 1,156.4 | \$10,710.32 | \$1,075.34 |
| Olympic Steel, Inc. | ZEUS | \$ 17.92 | 88.5% | \$ 197.0 | \$ 443.9 | 45.3% | \$ 698.7 | \$ 1,688.9 | \$ 32.0 | \$1,516.70 | \$43.05 |
| TimkenSteel Corporation | TMST | \$ 7.86 | 53.9% | \$ 352.3 | \$ 535.6 | 25.2% | \$ 1,107.3 | \$ 1,388.3 | \$ 49.2 | \$1,189.47 | \$77.77 |
| Nucor Corporation | NUE | \$ 56.28 | 90.3% | \$ 17,065.0 | \$ 19,998.4 | 29.1% | \$ 18,506.3 | \$ 23,753.0 | \$ 3,319.1 | \$21,659.19 | \$2,447.41 |
| Sims Limited | SGM | \$ 7.50 | 82.2% | \$ 1,527.1 | \$ 1,273.1 | 1.5% | \$ 2,233.5 | \$ 4,664.1 | \$ 195.8 | \$6,232.67 | \$229.73 |
| AK Steel Holding Corporation | AKS | \$ 3.29 | 91.6% | \$ 1,041.1 | \$ 3,576.8 | 83.0% | \$ 4,604.6 | \$ 6,590.8 | \$ 595.2 | \$6,281.79 | \$389.30 |
| SunCoke Energy, Inc. | SXC | \$ 6.23 | 54.8% | \$ 540.5 | \$ 1,268.0 | 59.2% | \$ 1,766.2 | \$ 1,572.0 | \$ 263.1 | \$1,447.20 | \$241.10 |
| Steel Dynamics, Inc. | STLD | \$ 34.04 | 86.5% | \$ 7,334.0 | \$ 8,618.71 | 38.3% | \$ 7,943.2 | \$ 11,018.7 | \$ 1,491.6 | \$10,056.15 | \$1,189.73 |
| Commercial Metals Company | CMC | \$ 22.27 | 97.4% | \$ 2,642.3 | \$ 3,694.7 | 43.4% | \$ 3,808.4 | \$ 5,936.4 | \$ 579.1 | \$5,878.68 | \$609.56 |
| Ryerson Holding Corporation | RYI | \$ 11.83 | 95.5% | \$ 447.0 | \$ 1,590.0 | 89.1% | \$ 2,122.0 | \$ 4,700.1 | \$ 245.0 | \$4,385.42 | \$220.67 |
| Cleveland-Cliffs Inc. | CLF | \$ 8.40 | 68.5% | \$ 2,268.7 | \$ 3,978.5 | 85.4% | \$ 3,491.2 | \$ 2,152.1 | \$ 599.2 | \$2,054.24 | \$474.68 |
| Schnitzer Steel Industries, Inc. | SCHN | \$ 21.68 | 78.9% | \$ 592.8 | \$ 689.8 | 27.1% | \$ 1,158.6 | \$ 1,974.3 | \$ 110.9 | \$2,016.85 | \$120.00 |
| United States Steel Corporation | X | \$ 11.41 | 46.1% | \$ 1,940.1 | \$ 4,277.1 | 40.1% | \$ 10,917.0 | \$ 13,804.0 | \$ 872.0 | \$11,957.88 | \$699.40 |

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 December 31, 2019

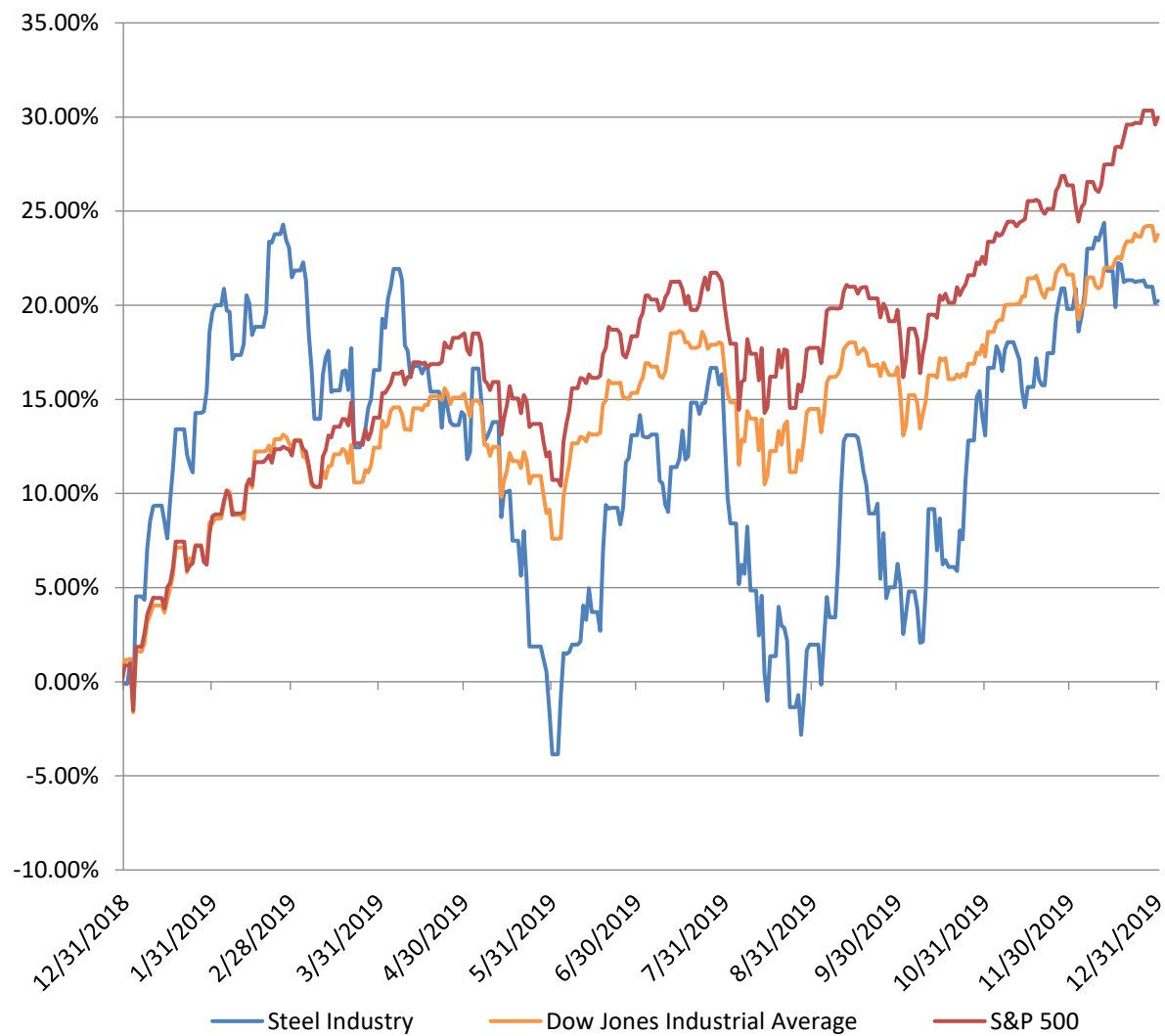
(USD in millions, except per share data)

| Company Name | Ticker | 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 | 1.5% | 3.1% | 2.8% | 12.6% | 67.5% | 6.8% | 0.9x | 0.8x | 12.7x | 6.2x |
| Allegheny Technologies Incorporated | ATI | 3.2% | 11.7% | 4.6% | 5.7% | -11.3% | 10.4% | 0.9x | 0.9x | 8.8x | 7.7x |
| Worthington Industries, Inc. | WOR | 2.8% | 12.6% | 4.1% | -8.2% | -28.7% | 5.9% | 0.9x | 0.9x | 15.1x | 11.2x |
| Carpenter Technology Corporation | CRS | 5.1% | 11.5% | 7.5% | 6.4% | 23.1% | 15.6% | 1.3x | 1.2x | 8.1x | 6.9x |
| Universal Stainless & Alloy Products, Inc. | USAP | 1.3% | 1.9% | 1.5% | -1.7% | -28.5% | 9.7% | 0.8x | 0.8x | 8.4x | 5.5x |
| Reliance Steel & Aluminum Co. | RS | 7.1% | 12.4% | 8.4% | 2.2% | -1.8% | 10.2% | 0.9x | 0.9x | 8.4x | 9.0x |
| Olympic Steel, Inc. | ZEUS | 1.5% | 1.1% | 1.8% | 6.0% | -54.6% | 1.9% | 0.3x | 0.3x | 13.9x | 10.3x |
| TimkenSteel Corporation | TMST | -1.2% | -7.6% | -1.7% | -10.2% | -27.0% | 3.5% | 0.4x | 0.5x | 10.9x | 6.9x |
| Nucor Corporation | NUE | 8.9% | 18.2% | 10.9% | -0.5% | -7.8% | 14.0% | 0.8x | 0.9x | 6.0x | 8.2x |
| Sims Limited | SGM | 2.9% | 6.8% | 4.0% | 3.0% | -7.2% | 4.2% | 0.3x | 0.2x | 6.5x | 5.5x |
| AK Steel Holding Corporation | AKS | 4.9% | 33.5% | 8.7% | -0.7% | 2.1% | 9.0% | 0.5x | 0.6x | 6.0x | 9.2x |
| SunCoke Energy, Inc. | SXC | 4.9% | -23.1% | 6.6% | 9.0% | -2.7% | 16.7% | 0.8x | 0.9x | 4.8x | 5.3x |
| Steel Dynamics, Inc. | STLD | 9.3% | 20.5% | 11.3% | -2.1% | -20.0% | 13.5% | 0.8x | 0.9x | 5.8x | 7.2x |
| Commercial Metals Company | CMC | 8.1% | 16.4% | 10.4% | 22.5% | 70.9% | 9.8% | 0.6x | 0.6x | 6.4x | 6.1x |
| Ryerson Holding Corporation | RYI | 5.2% | 46.9% | 8.7% | 15.8% | 29.5% | 5.2% | 0.3x | 0.4x | 6.5x | 7.2x |
| Cleveland-Cliffs Inc. | CLF | 9.7% | 624.9% | 13.7% | 0.2% | -19.9% | 27.8% | 1.8x | 1.9x | 6.6x | 8.4x |
| Schnitzer Steel Industries, Inc. | SCHN | 3.1% | 5.2% | 4.0% | -19.3% | -42.3% | 5.6% | 0.3x | 0.3x | 6.2x | 5.7x |
| United States Steel Corporation | X | 1.9% | 15.5% | 3.0% | 1.4% | -35.7% | 6.3% | 0.3x | 0.4x | 4.9x | 6.1x |
| | | 4.5% | 45.1% | 6.1% | 2.3% | -5.2% | 9.8% | 0.7x | 0.7x | 8.1x | 7.4x |
| | | 4.0% | 12.0% | 5.6% | 1.8% | -9.5% | 9.4% | 0.8x | 0.8x | 6.6x | 7.1x |

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 December 31, 2019



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

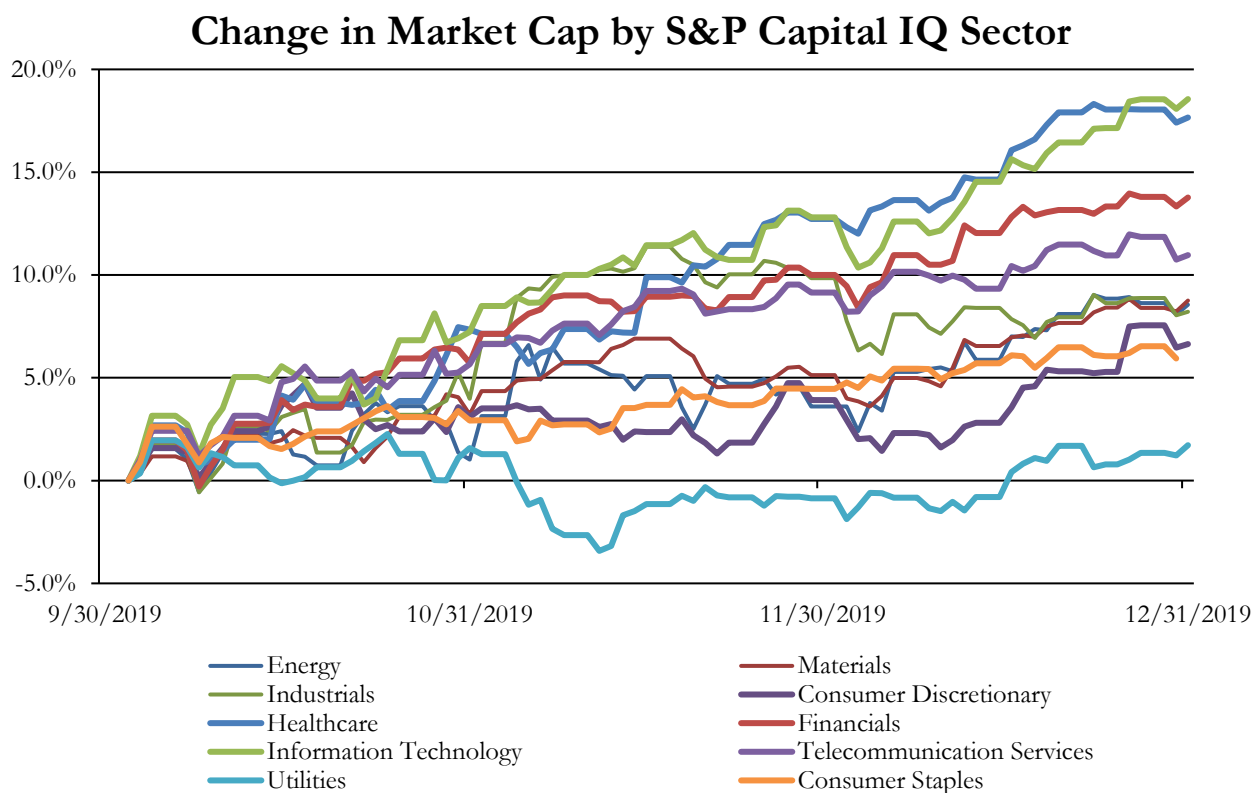
Recent M&A Activity in the Steel Industry December 31, 2018 to December 31, 2019

(USD in millions)

| Close Date | Target | Acquirer | Target Company Primary Industry | Implied Enterprise Value |
|------------|---|--|------------------------------------|-----------------------------|
| 12/16/2019 | U.S. Iron Casting Operations of American Axle & Manufacturing Hol | Gamut Capital Management, L.P. | Steel | \$245.00 |
| 6/3/2019 | Premier Forge Group | Wynnchurch Capital, LLC | Steel | \$37.00 |
| 10/7/2019 | Pickling and Slitting Facility in Cleveland of Heidman Steel Products | Worthington Industries, Inc. | Steel | \$29.60 |
| 1/1/2019 | Substantially All of the Assets of American Stainless Tubing, Inc. | Synalloy Corporation | Steel | \$28.00 |
| 10/17/2019 | Reynolds, Ind. Pellet Plant of ERP Iron Ore, LLC | Altos Hornos de México, S.A.B. de C.V. | Steel | \$15.00 |
| 1/2/2019 | Assets of McCullough Industries, Inc. | Olympic Steel, Inc. | Steel | \$11.00 |
| 12/24/2019 | Steel Processing Plant in Pioneer | Toledo Tool And Die Company, Inc. | Steel | \$4.60 |
| 12/10/2019 | Ford Steel Company, Inc. | North Shore Supply Company, Inc. | Steel | NA |
| 10/31/2019 | DB&S Steel Corporation | Precision Marshall Steel Company | Steel | NA |
| 10/18/2019 | Assets of Western Metal Decorating | Vorteq Coil Finishers, LLC | Steel | NA |
| 9/30/2019 | Cast Roll Manufacturing Facility of Ampco-Pittsburgh Corporation | WHEMCO, Inc. | Steel | NA |
| 9/30/2019 | Narsteo, Inc. | RailWorks Corporation | Steel | NA |
| 9/24/2019 | Versabar Corporation | ZSi-Foster, L.L.C. | Steel | NA |
| 8/15/2019 | Federal Steel Supply, Inc. | Vergani & Associates, LLC | Steel | NA |
| 7/26/2019 | Kirk-Habicht Company | Lee Spring Company LLC | Steel | NA |
| 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 |
| 6/10/2019 | Johnstown Wire Technologies, Inc. | Liberty House Limited | Steel | NA |
| 6/10/2019 | All Assets of Blue Steel LLC | Reibus International, Inc. | Steel | NA |
| 4/30/2019 | Hosco Fittings LLC/Integrated Dispense Solutions | Carlisle Fluid Technologies, Inc. | Steel | NA |
| 4/12/2019 | All Assets of Hulick Metals, Inc. | Hudson Tool Steel Corporation | Steel | NA |
| 4/4/2019 | National Metalwares, L.P. | Union Partners I LLC | Steel | NA |
| 3/31/2019 | TSK Partners, Inc. | Ellwood Group, Inc. | Steel | NA |
| 3/4/2019 | Trinity Steel Fabricators, Inc. | Patriot Erectors, Inc. | Steel | NA |
| 3/1/2019 | Eagle Steel Products, Inc. (nka:Eagle Steel & Metal Products) | Kestrel Co. Inc. | Steel | NA |
| 2/28/2019 | FROHN North America, Inc. | Sinto America, Inc. | Steel | NA |
| 1/29/2019 | Tron Mechanical Incorporated | Enerfab, Inc. | Steel | NA |
| 1/2/2019 | Keystone Consolidated Industries Inc. | Liberty Steel USA | Steel | NA |

Source: Capital IQ

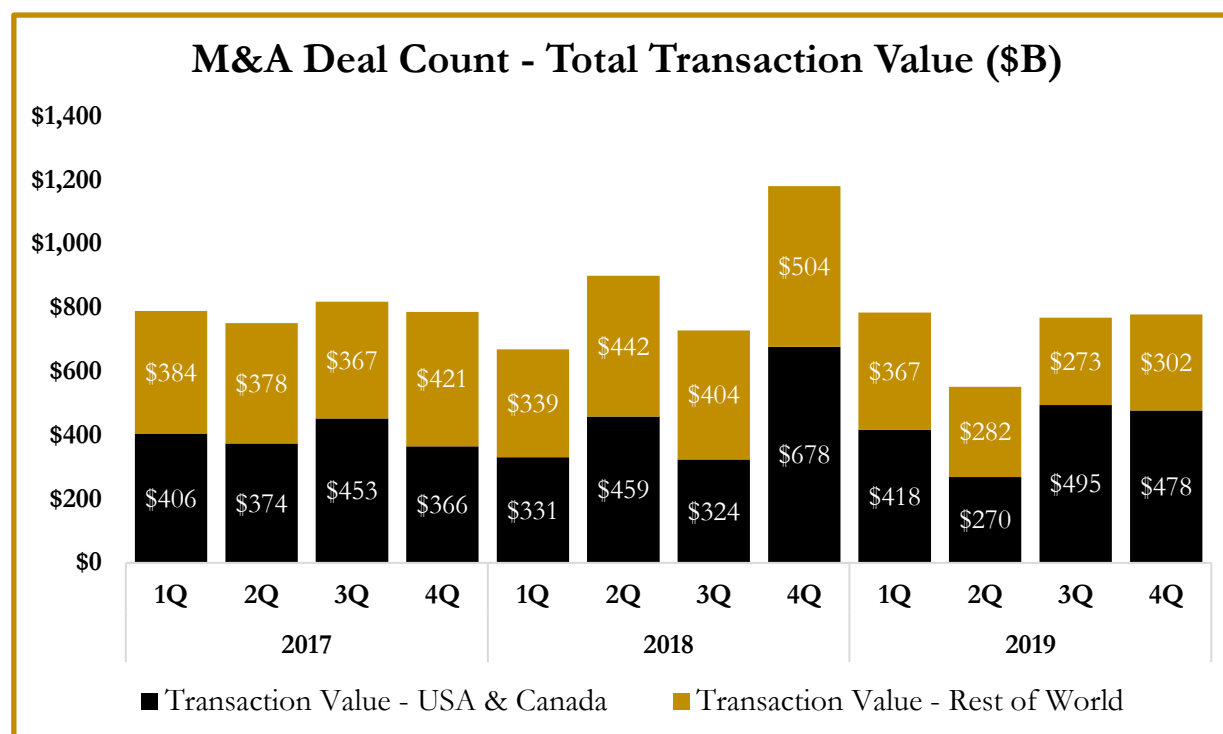
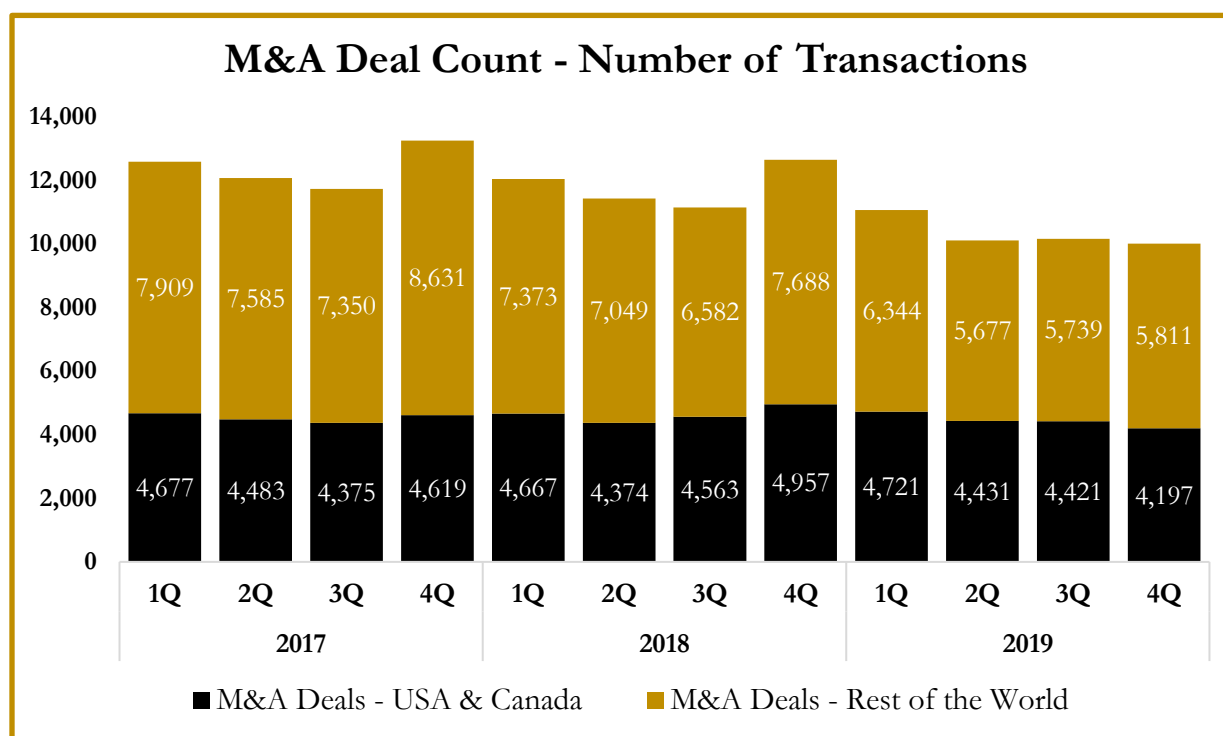
S&P Capital IQ - Sector Last 3 Month Equity Performance As of December 31, 2019



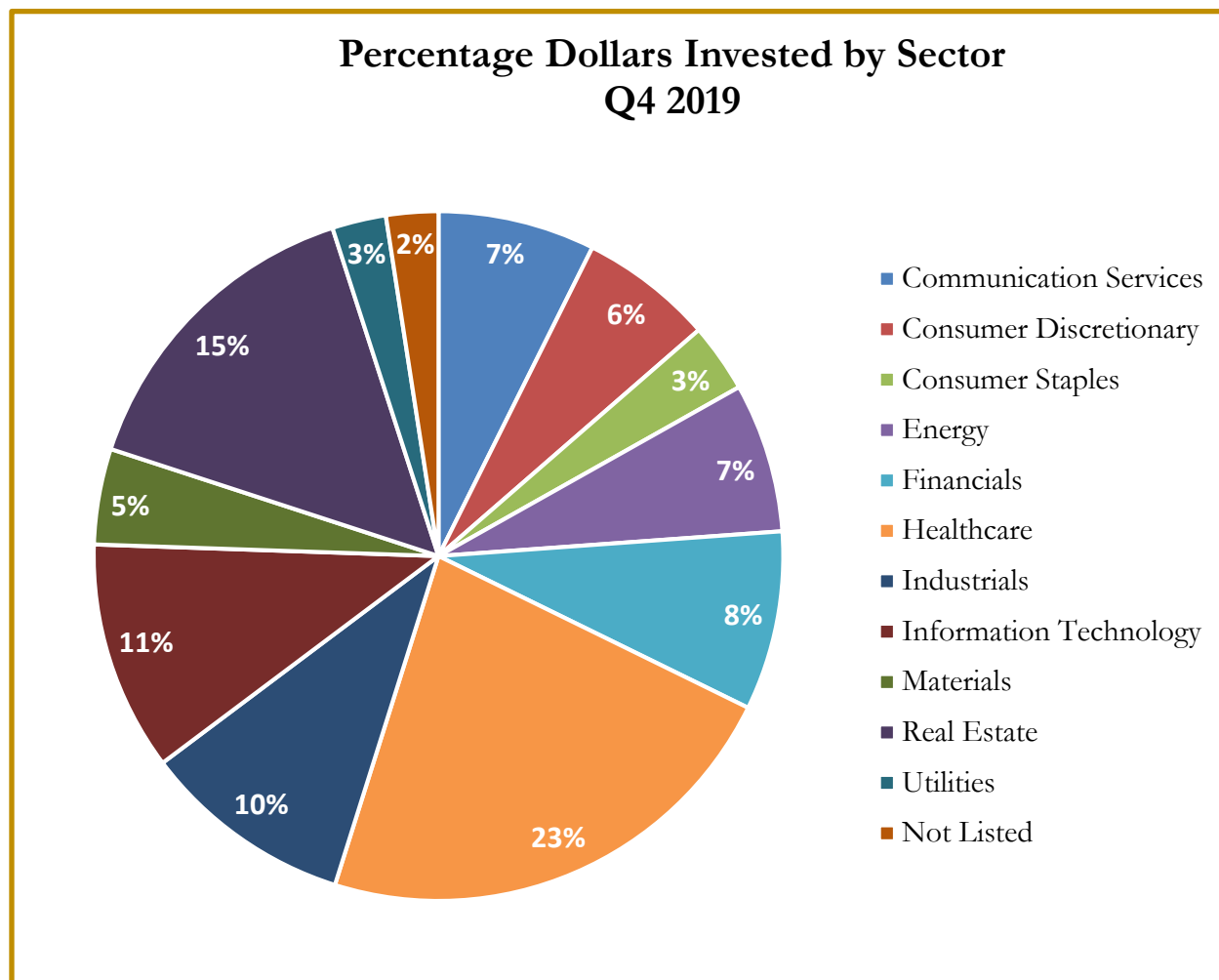
Note: The indices are derived from the equity performance of the S&P Capital IQ Sectors

M&A Deal Flow Statistics by S&P Capital IQ Sector

As of December 31, 2019



M&A Deal Flow Statistics by S&P Capital IQ Sector As of December 31, 2019





About Us

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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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