

Foundry & Metal Casting

Q4 2024 Industry Report

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Industrial Manufacturing Overview

PW&Co Market Review

The industrial market, both industrial manufacturing and services, continues to garner strong interest from buyers. Over the past few months, we've spoken with business owners, operators, and buyers (private equity firms, industry owners, family offices, search funds, etc.) who are optimistic about the future of the industry and actively looking for growth opportunities through acquisitions or new plant construction. If I had to summarize the state of the industry from our conversations, many industrial manufacturers have experienced a softening of business in 2024, which is not uncommon during election years, and are anticipating a strong rebound in 2025.

After the recent U.S. presidential election, the U.S. manufacturing industry, particularly industrial products, is expected to benefit from policies favoring U.S. production. The potential expansion of tariffs on foreign goods to include additional products (metals, automotive parts, essential industrial components, etc.) could drive manufacturers dependent on foreign components to shift to domestic suppliers, boosting reshoring efforts in the U.S. that have been increasing since COVID-19 supply chain disruptions. Domestic foundries and fabricators investing in equipment to provide niche, high-precision products will have an advantage. We've seen a pick-up in large manufacturing companies acquiring suppliers to ensure a stable supply chain, and this may continue with a renewed focus on U.S. production.

In the current deal environment, there is a strong appetite for acquiring industrial manufacturing companies from both institutional and strategic buyers based on our recent deals and conversations around the US at all different size levels. In most business sales processes, there may be a different buyer for a \$2 million EBITDA machining business in Aliceville, AL than a \$25 million EBITDA machining business with multiple locations across the country based in Chicago; however, the continued push from private equity into the industrial manufacturing sector has created a larger target market for smaller businesses who would consider selling their companies to an industry player that is actively looking for add-on acquisitions.

Select Deal Multiples (EV to EBITDA)

Industry	Enterprise Value (\$ in millions)			
	\$10-25	\$25-50	\$50-100	\$100-250
Manufacturing	5.7x	6.2x	7.2x	7.9x
Primary Metal Mfg.	5.5x	5.4x	6.8x	6.0x
Machinery Mfg.	5.6x	5.9x	7.0x	8.4x
Transportation Equip. Mfg.	5.4x	5.8x	6.7x	7.3x
Fabricated Metal Products	5.1x	6.0x	7.3x	7.8x
Foundries	5.4x	5.7x	NA	NA
Selected Foundries				
Iron Foundries	6.2x	5.4x	NA	NA
Steel Investment Foundries	5.6x	NA	NA	NA
Nonferrous Foundries	5.3x	NA	NA	NA
Selected Fabrication				
Forging & Stamping Fab.	4.8x	5.8x	6.5x	6.5x
Machine Shops	4.8x	5.9x	9.8x	9.8x
Metal Tank Fabrication	5.7x	7.5x	NA	NA
Ornamental & Arch. Fab.	5.5x	6.2x	6.7x	6.7x

Notes: Multiples are presented as EBITDA/Enterprise Value based on the Target Company's trailing twelve month EBITDA.

Source: GF data

Market Overview

Public Markets

S&P 500 Index



Source: FRED

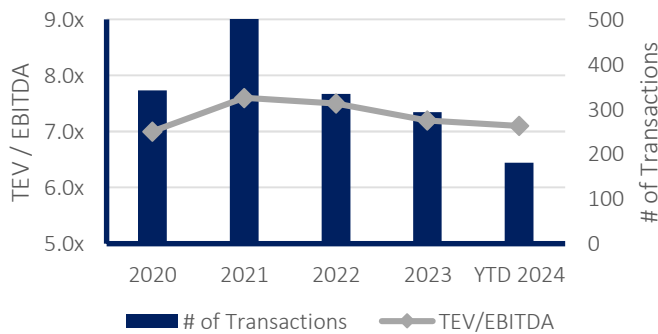
S&P 500 Industrials Index



Source: FRED

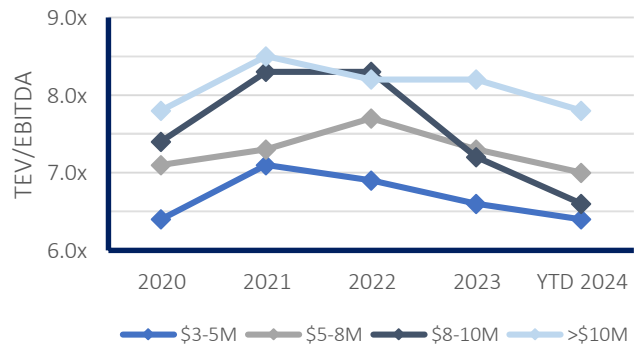
Private Markets

M&A Market Multiples (General)



Source: GF Data
Note: YTD data for M&A Multiples is as of 6/30/2024

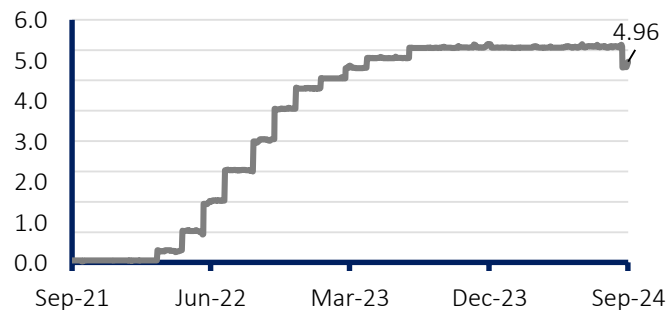
M&A Market Multiples (By Size)



Source: GF Data
Note: YTD data for M&A Multiples is as of 6/30/2024

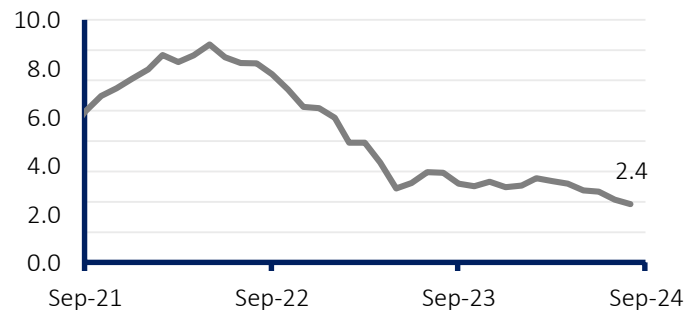
Lending Rates & Inflation

SOFR Rate



Source: FRED
Note: SOFR data is since inception

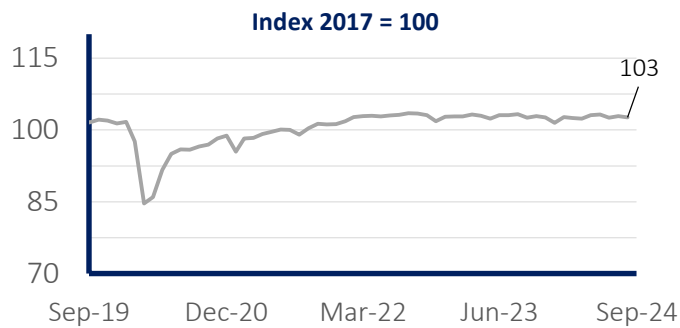
US CPI (Percent Change from a Year Ago)



Source: FRED

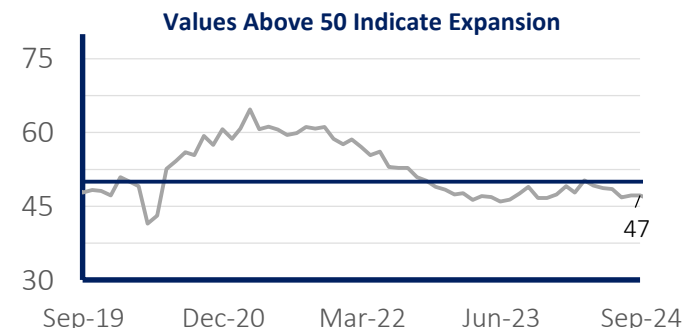
Macroeconomic Overview

Industrial Production Index



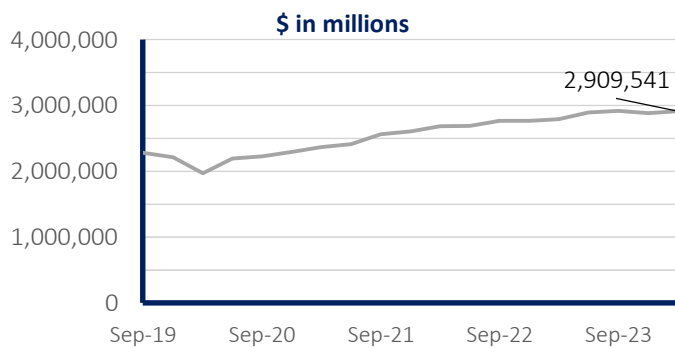
Source: FRED

ISM Manufacturing Purchasing Managers Index



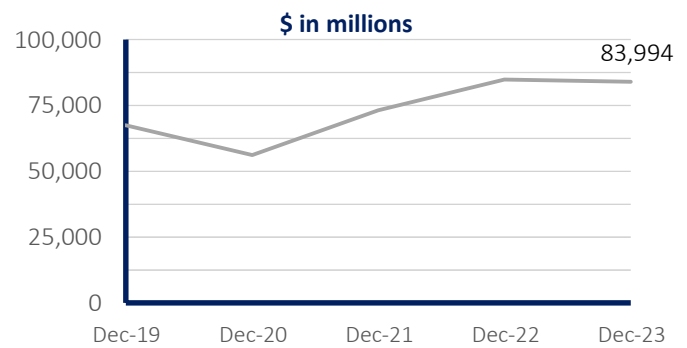
Source: FRED

Manufacturing GDP (US)



Source: FRED
Note: Most recent date as of April 2024

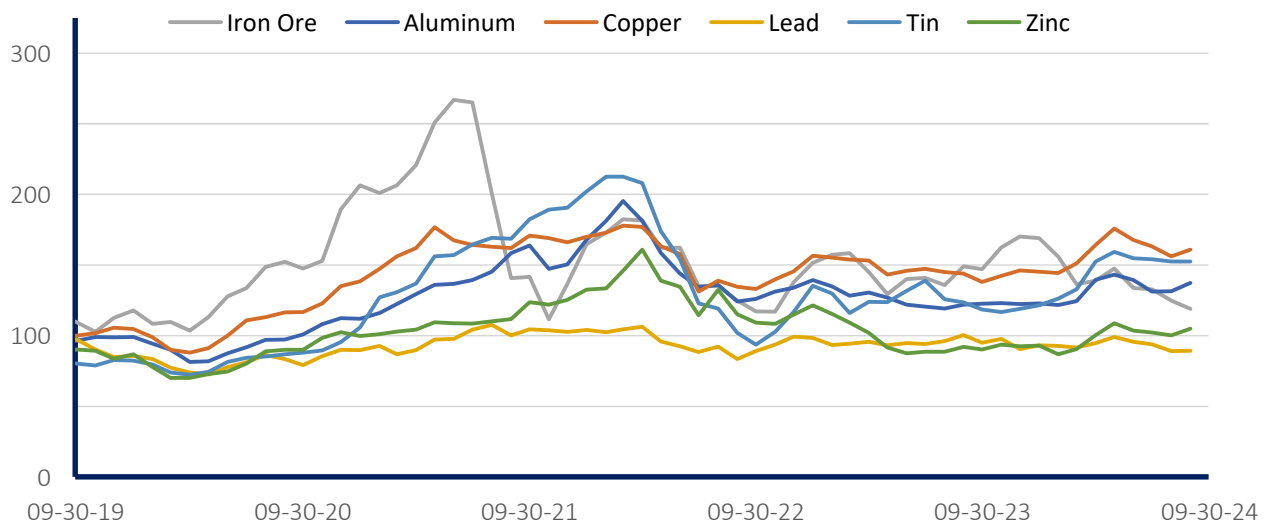
Metal Manufacturing GDP (US)



Source: FRED
Note: Most recent data as of December 2023

Metals Pricing

Index 2017 = 100



Source: FRED

Foundry & Metal Casting

The Foundry and Metal Casting screen returns deals by and between companies that are constituents of or suppliers/ servicers to the foundry and metal casting industries.

Selected Deals this Year

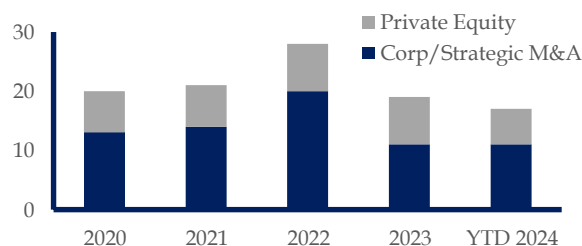
Date	Target	Description	Target Location	Buyer	TEV	Multiple
9/12/2024	Spectro Alloys	Producer of aluminum alloys intended to serve foundries and die casters across the Midwest and surrounding areas.	MN	Emirates Global Aluminum, Others	NA	NA
5/8/2024	Atek Metal Technologies	Manufacturer of aluminum castings intended for transportation, agricultural, medical and power sports industries.	IA	Wisconsin Aluminum Foundry	NA	NA
3/1/2024	Renaissance Manufacturing Group	Manufacturer of multi-ferrous metal casting products based in Menomonee Falls, Wisconsin.	AL	The Lawton Standard Co.	NA	NA
3/1/2024	Waupaca Foundry	Manufacturer and supplier of cast and machined iron castings intended for automotive, commercial vehicles, agriculture, construction, and other industrial markets.	WI	A&M Capital, Monomoy Capital Partners	NA	NA
2/23/2024	Allied Alloys	Provider of scrap metal recycling services intended to serve the foundry industry.	TX	Stainless Steel Midwest (US)	NA	NA

Deal Multiples (Foundries)

	Enterprise Value		
	\$10-25M	\$25-250M	Total
Enterprise Value (TEV)	\$15.8M	\$85.3M	\$47.4M
Revenue (\$ in mill.)	\$17.7M	\$85.5M	\$48.5M
TTM Rev Growth %	1.7%	7.4%	4.3%
EBITDA Margin %	16.8%	16.4%	16.6%
TEV / Revenue	0.9x	1.0x	0.9x
TEV / EBITDA	5.4x	5.7x	5.6x

Source: GFDData; NAICS 3315

Foundry Deal Flow (Last 5 Years)



Foundry & Metal Casting – Most Recent Deals

Deal Date	Company	Buyer	Target Location	TEV	EBITDA Multiple
12-Sep-24	Spectro Alloys	Emirates Global Aluminium, Investment Corporation of Dubai, Mamoura Diversified Global Holding	Minnesota	NA	NA
6-Aug-24	TMF Center	Steel Technologies	Indiana	NA	NA
10-Jul-24	Tri-Star Glove	Blue Point Capital Partners, National Safety Apparel	Indiana	NA	NA
5-Jul-24	Fullmer Industrial Sales	TA Industrial Solutions	Pennsylvania	NA	NA
17-Jun-24	Hobson & Motzer	Aterian Investment Partners, Vantedge (San Jose)	Connecticut	NA	NA
31-May-24	Excal (Industrial Supplies and Parts)	Canerector	Wyoming	NA	NA
8-May-24	Atek Metal Technologies	Wisconsin Aluminum Foundry	Iowa	NA	NA
1-Apr-24	Performix Metallurgical Additives	Elliott Investment Management, Opta Group, Speyside Equity	Indiana	NA	NA
1-Mar-24	Renaissance Manufacturing Group	The Lawton Standard Co.	Wisconsin	NA	NA
1-Mar-24	Waupaca Foundry	A&M Capital, Monomoy Capital Partners	Wisconsin	NA	NA
26-Feb-24	Compass Technical Services	Unique Industrial Product	Texas	NA	NA
23-Feb-24	Allied Alloys	Stainless Steel Midwest (US)	Texas	NA	NA
6-Feb-24	Sharp Type	HGGC, Monotype Imaging, Thrivent	New York	NA	NA
5-Feb-24	Kinergy	Carrier Process Equipment Group	Kentucky	NA	NA
29-Jan-24	Dalton Corporation	NA	Indiana	NA	NA
26-Jan-24	Morton Photonics	Inflection	Florida	NA	NA
20-Dec-23	Anker Industries	Elliott Investment Management, Opta Group, Speyside Equity	Pennsylvania	NA	NA
30-Nov-23	Craft Pattern and Mold	Delos Capital, Genesis Park, Ironwood Capital, Le Sueur, The Silverfern Group	Minnesota	NA	NA
19-Oct-23	NuFlux	Elliott Investment Management, Opta Group, Speyside Equity	Ohio	NA	NA
30-Sep-23	ACME Abrasive Co.	Tyrolit Schleifmittelwerke Swarovski	Michigan	NA	NA
15-Sep-23	R.H. Sheppard (Foundry Operations)	NA	Pennsylvania	NA	NA
14-Sep-23	Rane Light Metal Casting America	Kentucky Industrial Holdings	Kentucky	4,900,000	NA
1-Sep-23	Turbo Components	P&THE Manufacturing	Michigan	NA	NA
31-Jul-23	Reuland Electric	OnCore Motor Group	California	NA	NA
1-Jul-23	Opta Group	Elliott Investment Management, Speyside Equity	New York	620,000,000	NA
4-May-23	Font Bureau (39 Foundries)	Audax Private Equity, HGGC, Monotype Imaging, Thrivent	Massachusetts	NA	NA
1-May-23	Utica Silicates	NA	Illinois	NA	NA
5-Apr-23	Horizon Metals (Industrial Supplies and Parts)	Victaulic	Utah	NA	NA
31-Mar-23	Guardian Software Systems	Embrace Software	Wisconsin	NA	NA
29-Mar-23	Performance Aluminum Products	Alumistar	California	NA	NA
24-Mar-23	Asbury Carbons	Mill Rock Capital	New Jersey	8,000,000	NA
8-Mar-23	Korns Galvanizing Company	Hill & Smith	Pennsylvania	9,400,000	NA
3-Mar-23	Lee Brass	Fidelis (Michigan)	Alabama	NA	NA
31-Jan-23	Green Diamond Performance Materials	Medallion Capital	Oregon	3,500,000	NA
13-Oct-22	Tech Cast	Daedalus Investments	Pennsylvania	NA	NA
1-Oct-22	Multi-Cast	NA	Ohio	NA	NA
1-Oct-22	Simpson Technologies	Altor Equity Partners, Norican Group	Illinois	NA	NA
30-Sep-22	Magnetic Lifting Technologies US	Crane 1 Services, L Squared Capital Partners	Pennsylvania	NA	NA
20-Sep-22	Valley Minerals	HBM Holdings, MLC (Saint Louis)	Missouri	NA	NA
1-Sep-22	Diversified Metal Products	NA	Michigan	NA	NA
25-Aug-22	Berthold Types (Inventory of Typefaces)	Audax Private Debt, HGGC, Monotype Imaging, Thrivent	Illinois	NA	NA
12-Aug-22	Northern Iron and Machine	The Lawton Standard Co.	Minnesota	NA	NA
31-Jul-22	Unity Aluminum	Steel Dynamics	Kentucky	NA	NA
29-Jul-22	Wellman (Creston)	TRM Equity	Iowa	NA	NA
22-Jul-22	New England Foundry	Potential Holdings	Massachusetts	NA	NA
6-Jul-22	CMC Materials	Entegris	Illinois	5,740,620,000	17.9
16-Jun-22	Typetanic Fonts	The Type Founders	Illinois	500,000	NA
16-Jun-22	Miller and Company	Johnny On The Spot	Illinois	NA	NA
3-Jun-22	South Portland Facility & Fabrication Operations	Diodes	Maine	80,400,000	NA
13-May-22	Alhambra Foundry	EJ Group	California	NA	NA
4-May-22	Houston Metal Sawing	Metal Sawing Technology, Inc.	Texas	NA	NA
1-May-22	Adams & Westlake	NA	Indiana	NA	NA
28-Apr-22	Rusal America	NA	New York	NA	NA
31-Mar-22	GF Linamar	Linamar	North Carolina	NA	NA
22-Mar-22	JLM Industrial Supply	Stellar Industrial Supply	Nevada	NA	NA
28-Feb-22	Dee Manufacturing	Wisconsin Aluminum Foundry	Minnesota	NA	NA
1-Feb-22	Franklin Iron Works	Druid Capital Partners, Blyton Capital	Alabama	NA	NA

Foundry & Metal Casting – Most Recent Deals (Continued)

Deal Date	Company	Buyer	Target Location	TEV	EBITDA Multiple
31-Jan-22	Cast7	Fondaction, Fonds de solidarite FTQ, Metal 7, NCP Digital Family Office	Minnesota	NA	NA
28-Jan-22	Cushman Foundry	CaneKast	Delaware	NA	NA
1-Jan-22	Teradyne	Raymond James Investment Management	Massachusetts	NA	NA
31-Dec-21	Mid Valley Industrial Services	Rosewood Private Investments, Superior Environmental Solutions	Wisconsin	NA	NA
31-Dec-21	TPI Engineered Systems	Enviva Partners	Georgia	NA	NA
5-Dec-21	Eagle Engineered Solutions	Beehive3D	Ohio	NA	NA
18-Nov-21	Ferrous Processing & Trading	Cleveland-Cliffs	Michigan	755,000,000	7.6
17-Nov-21	R&D Altanova	Advantest	New Jersey	NA	NA
1-Nov-21	Lee Brass	NA	Alabama	NA	NA
26-Oct-21	SemGen	Edgewater Capital Partners, Naprotek, Patriot Capital	New Hampshire	NA	NA
19-Oct-21	UnitedSIC	Qorvo	New Jersey	234,220,000	NA
1-Oct-21	Columbus Recycling	Radius Recycling	Mississippi	114,000,000	NA
30-Sep-21	Alcast	Ligon Industries	Illinois	50,000,000	NA
3-Sep-21	Miller and Company	Consolidated Mill Supply	Illinois	NA	NA
1-Sep-21	Fullco Industries	Alphvest Partners, Endries International, MSD Partners	Illinois	NA	NA
17-Aug-21	Chicago Protective Apparel	Gryphon Investors, Mechanix Wear	Illinois	NA	NA
1-Jun-21	Anker Industries	Continuum Equity Partners	Pennsylvania	NA	NA
1-Mar-21	Action Equipment Company	Webster Industries	Oregon	NA	NA
5-Feb-21	Patriot Foundry & Castings	Ermak Foundry & Machining	Delaware	NA	NA
2-Feb-21	Foundry Equipment Company	General Kinematics	Iowa	NA	NA
2-Feb-21	Ransom & Randolph	PMC Capital	Ohio	NA	NA
25-Jan-21	Byria Foundry	TRM Equity	Ohio	NA	NA
1-Jan-21	Chemalloy Company	Mitsui Mining and Smelting	Pennsylvania	NA	NA
23-Dec-20	Hussey Copper	KPS Capital Partners	Pennsylvania	NA	NA
14-Dec-20	StampSource	Covey Equity, Phoenix Stamping Group	North Carolina	NA	NA
27-Oct-20	Finco Fabricating	Newel Capital, Optimus Capital Partners	Wisconsin	NA	NA
2-Oct-20	FATA Aluminum	LPM Group	Michigan	NA	NA
19-Aug-20	GPI Prototype	CORE Industrial Partners, FATHOM (Oakland)	Illinois	NA	NA
1-Aug-20	Valley Minerals	NA	Missouri	NA	NA
1-Jul-20	Rex Materials	Alkegen, Clearlake Capital Group	Michigan	NA	NA
30-Jun-20	Nidec Minster (Grey and Ductile Iron Foundry)	Oakland Standard, Temperform, The C.A. Lawton	Ohio	NA	NA
3-Jun-20	Renaissance Manufacturing Group (Certain Assets)	Gamut Capital Management, Grede Holdings	Wisconsin	NA	NA
1-Jun-20	RH Sheppard Company	Bendix Commercial Vehicle Systems	Pennsylvania	149,500,000	NA
13-May-20	Sonic Foundry	NA	Wisconsin	NA	NA
31-Mar-20	Precision Abrasives (New York)	Gioia Capital	New York	NA	NA
20-Mar-20	Ametek-Reading Alloys	Edmond de Rothschild Private Equity, Kymera International, Palladium Equity Partners	Pennsylvania	250,000,000	NA
3-Mar-20	Ulmer Equipment	Mead O'Brien	Missouri	NA	NA
6-Feb-20	Integrand Software	Cadence Design Systems	New Jersey	NA	NA
1-Jan-20	Thalheimer Brothers	NA	Pennsylvania	NA	NA
16-Dec-19	Grede Holdings	Gamut Capital Management	Michigan	245,000,000	NA
10-Dec-19	Crucible Metal Solutions	NA	Wisconsin	NA	NA