

# METAL FABRICATION

SECOND QUARTER

2019

The Metal Fabrication Industry Practice Group draws on the experience of CFA dealmakers, who as former business owners, CEOs, and industry professionals, have first-hand knowledge and have completed many transactions in sectors throughout the Metal Fabrication category. Working with your local CFA representative, you can be sure that the collective wealth of knowledge is available to every CFA client.

## Metal Fabrication M&A

M&A activity for North American based target companies in the Metal Fabrication sector for Q1 2019 included 55 closed deals, according to data published by industry data tracker *FactSet*.

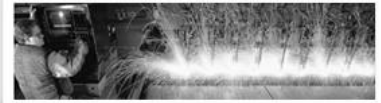
One of the notable middle market transactions was announced in March when Tribus Aerospace LLC, a portfolio company of Shorehill Capital LLC acquired Midwest Precision LLC for an undisclosed amount. Antares Capital Corp provided debt and equity capital to Tribus Aerospace. The acquisition aims to expand the service offerings of Tribus Aerospace. Founded in 1953, Midwest Precision is located in Eastlake, Ohio and provides contract manufacturing services in precision machining of stainless steel, aluminum and exotic materials.

China continues to outpace the world in crude steel production, though production fell off in the first quarter of 2019.

## Transactional Overview

Notable closed lower middle market transactions for the period in the Metal Fabrication sector include:

**March 2019** - Perimeter Solutions LP acquired River City Fabrication LLC for an undisclosed amount. Perimeter Solutions LP manufactures and distributes chemical products. River City Fabrication manufactures metal fabrication products. It offers railings/MISC fabrication, structural, manufacturing and metal art services. The company was founded in 2009 and is headquartered in Post Falls, ID.



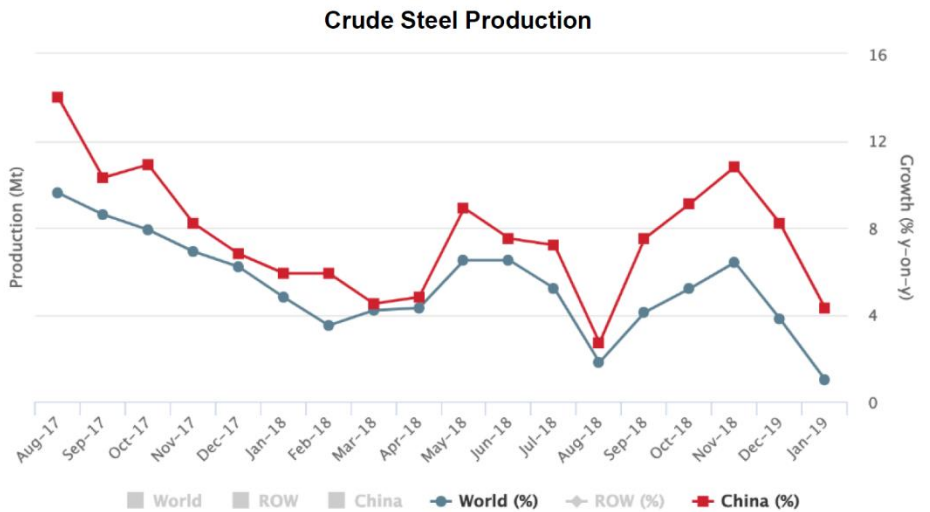
MERGERS, ACQUISITIONS, AND  
CAPITAL RESOURCES SINCE 1956

FOR MORE INFORMATION CONTACT

Corporate Finance Associates  
24461 Ridge Route, Suite A200  
Laguna Hills, CA 92653

For over 60 years CFA has been advocating on behalf of business owners. Whether you're selling, buying or recapitalizing your company, our business is your business.

info@cfaw.com  
www.cfaw.com



**March 2019** - Asahi Refining Florida, Inc., a subsidiary company of Asahi Holdings, Inc., acquired Republic Metals Corp and its subsidiary Republic Carbon Co LLC for US\$25.5 million, via insolvency. Asahi Refining Florida, part of Asahi Holdings, is an American company that engages in metal refining activities. Republic Metals Corp. engages in refining, fabricating and selling gold, silver and fabricated metals. Its services include assaying, carbon processing, closed circuit batched refining, hedging, logistics, mining, refining and stone removal and diamond acquisitions. The company was founded in 1980 and is headquartered in Miami, FL.

Selected Q2 Closed Transactions	
Target/Issuer	Buyers/Investors
Structural Integrity Engineering, Inc.	Torreal SA; Aernnova Aerospace SA; TowerBrook Capital Partners LP; Peninsula Capital Advisors LLP
River City Fabrication LLC	Perimeter Solutions LP
Midwest Precision LLC	Shorehill Capital LLC; Tribus Aerospace LLC
Ohio River Metal Services, Inc.	Kestrel Corp.
United Galvanizing, Inc.	Valmont Industries, Inc.
Smith Fastener Co., Inc.	Motor City Industrial LLC
Stride Tool LLC	DiversiTech Corp.
Morris Sheet Metal Corp.	Alpine 4 Technologies Ltd.

**January 2019** - iGo, Inc. acquired Kasco LLC from Steel Partners Holdings LP for US\$11.1 million in stock and US\$15 million in assumed liabilities. iGo, engages in the provision of mobile accessories, power management solutions, and accessories for laptop computers and electronic mobile devices. Kasco engages in the manufacture of metallic blade products for the meat, food, and wood cutting industries. The company was founded in 1901 is headquartered in St. Louis, MO.

## Industry Update

While US manufacturing technology orders, a leading demand indicator for fabricated metal products, are expected to somewhat moderate in 2019, various industries may help spur increased spending. According to the Association for Manufacturing Technology (AMT), US manufacturing technology orders increased 22% in the first 11 months of 2018 compared to the same period in 2017. Recent gains in manufacturing technology orders have been driven by demand from aerospace and automotive industries, as well as the contract machining market and industrial machinery manufacturers. A large backlog of aircraft orders should help drive demand for metalworking machinery from the aerospace industry, while an aging North American population may increase orders for machining equipment used to manufacture medical equipment. Capital investments by suppliers further up the automotive supply chain should also positively affect fabricated metal product manufacturers.

## Industry Indicators

- US durable goods manufacturers' shipments of fabricated metal products, an indicator of fabricated metal parts production, rose 5.8% year-to-date in February 2019 compared to the same period in 2018.
- US steel mill product prices, an indicator of commodity steel costs for fabricated metal products manufacturers, rose 10.3% in March 2019 compared to the same month in 2018.

Collectively, the Metal Fabrication Practice Group provides M&A advice to public and private companies in all sectors of the metal fabrication industries, including fabricated structural steel, sheet metal work, metal stamping, steel and iron forgings, fabricated metal products and screw machine product manufacturing. For information on mergers, acquisitions, divestitures, recapitalizations, joint ventures or financial resources, contact your local Corporate Finance Associates office.

