



Investment Banking | **Industry Spotlight**



Diversified Industrials - Metals & Materials | Q3 2016

Diversified Industrials Investment Banking

Industry Expertise

Advanced Manufacturing

- Capital Goods
- Flow Control

- Process/ Motion Control
- Test & Measurement

Chemicals, Plastics & Packaging

- Coatings
- Diversified Chemicals

- Packaging
- Plastics Manufacturing

Metals & Materials

- Metal Forming & Machining
- Mills & Specialty Metal

- Natural Resources & Mining
- Processors/ Distributors
- Scrap/ Recycling

Specialty Distribution

- Automotive Aftermarket
- Building & Construction Products

- Electrical & Communication
- Industrial, MRO & Safety

Transportation & Logistics

- Automotive & Heavy Duty Vehicles
- Marine

- Rail & Rail Services
- Third Party Logistics

Capital Markets Capabilities

Full-service Capital Markets platform staffed with over 200 professionals, offering the following capabilities:

Investment Banking

- M&A Advisory
- Capital Raising
- Strategic Alternatives

Debt Capital Markets (DCM)

- Loan Capital Markets:
 - Pro Rata
 - Institutional
- Bond Capital Markets:
 - Investment Grade
 - High Yield
 - Acquisition & Bridge Finance
- Securitization & Private Placements

Equity Capital Markets (ECM)

- Initial Public Offerings (IPO's)
- Follow-On Offerings
- Convertible Debt

Key Industrial Sector Contacts

Investment Banking

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Senior Diversified Industrials Investment Banking Team

Jeremy Eberlein Managing Director

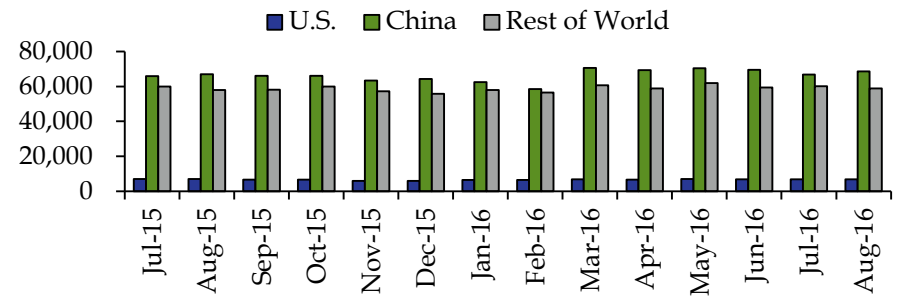
- Over 17 years of investment banking experience, inclusive of: merger & acquisition advisory, restructuring advisory, equity offerings, debt placements, and principal investing
- Career primarily focused on middle market industrial oriented companies
- Previously a Director in Harris Williams & Co's Diversified Industrials Group and led the Metals Industry Practice
- BSBA - Ohio University

Marc Hirschfield Vice President

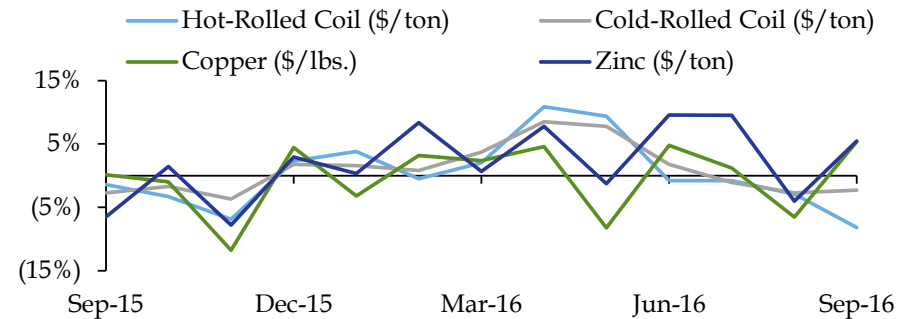
- Over 10 years of investment banking and private equity experience with Corporate Fuel Partners and Fifth Third Securities
- Experienced with a variety of middle market industrial manufacturing, distribution and services companies
- BS - University of Florida
- MBA - New York University's Stern School of Business

- The Metals and Materials industry has continued to be impacted by excess supply, production capacity and depressed product prices
 - Due to the excess supply of steel and steel production capacity, primarily generated from Chinese producers, prices hit a seven year low in late 2015
- In 2016, U.S. and European metals demand is expected to continue to be flat to negative, while growth in Asia-Pacific will be slightly positive
- In 2017, global demand growth is expected to resume as excess inventories fall and demand picks up. Prices are expected to begin rising again
- Commoditization has contributed to the fall in prices, as products have become more standardized in the marketplace
- Price hikes in 2016 in other metals, such as stainless steel, have been reported difficult to implement, due to market resistance and ongoing excess supply
- Protective trade duties imposed by the U.S. Commerce Department on U.S. imports of Chinese stainless products are expected to facilitate more competitive pricing among non-Chinese producers
- Given the pricing pressure, lower demand and overall reduced scale experienced by companies over the last one to two years, metal service providers have utilized the opportunity to influence areas they can control, such as cost reductions, balance sheet strengthening, facility closures and devising/adding new value-added process capabilities through:
 - Improvements to inventory management, scrap levels and overall production efficiency
 - Installation of more integrated automated machinery and support equipment
 - Reconfiguration of workflow stations to be more flexible to tasks versus static task stations
 - Incorporation of RFID tags to inventory for better tracking
 - Replacement of first generation ERP systems with more advanced cloud-based systems
- Metals distributors have become more focused on buying local, and willing to buy more frequently in smaller volumes, versus importing in bulk that leads to greater inventory risk

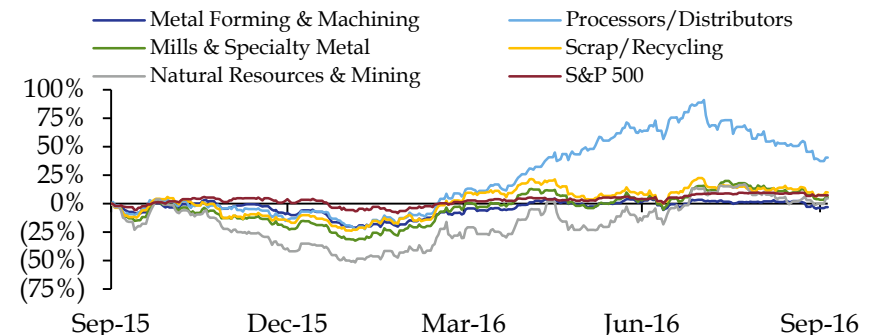
Crude Steel Production (in thousand tons) ^[1]



Selected Price Performance Benchmarks (% change) ^[2]



Latest Twelve Months ("LTM") Share Price Performance ^[3]

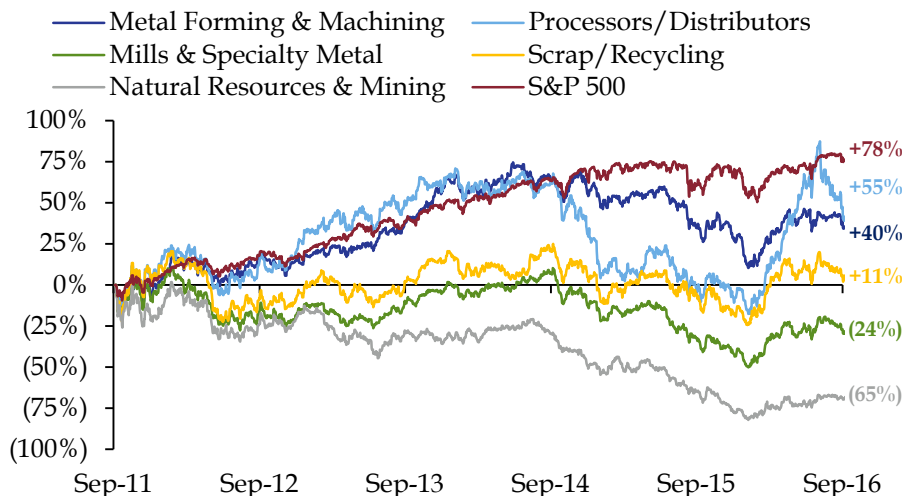


^[1] Source: World Steel Association

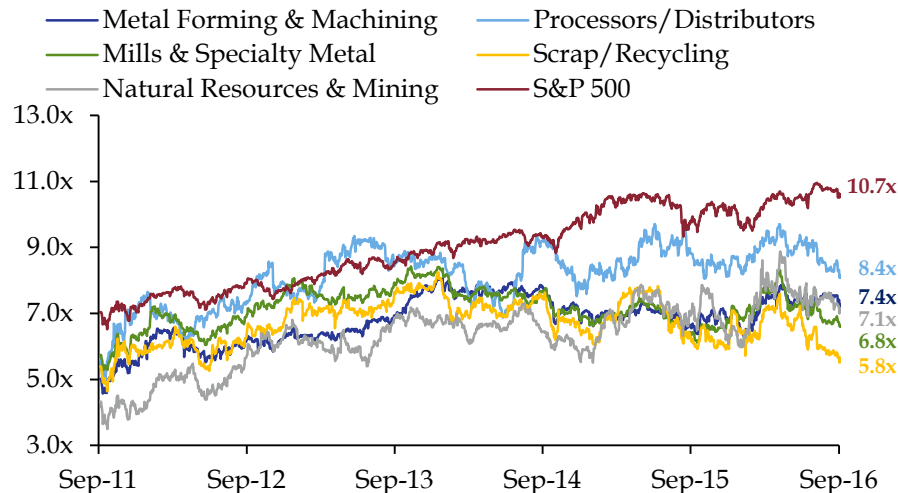
^[2] Steelbenchmarker, S&P Capital IQ as of September 30, 2016

^[3] S&P Capital IQ as of September 30, 2016

Metals & Materials 5-Year Share Price Performance



Metals & Materials 5-Year EV / Forward EBITDA Valuation



Sub Sector Indices' Stock Price Performance

Sub Sector	Number of Companies	Median Enterprise Value \$ in millions	Median % Change in Stock Price		Median TEV / LTM Multiples		Median TEV / Forward Multiples	
			12 Months	YTD	Revenue	EBITDA	Revenue	EBITDA
Metal Forming & Machining	19	\$1,657	7%	4%	1.1x	9.4x	1.2x	8.5x
Mills & Specialty Metal	19	3,315	23%	30%	0.8x	9.3x	0.8x	7.7x
Natural Resources & Mining	6	34,871	26%	82%	1.9x	10.0x	1.8x	8.9x
Processors/Distributors	6	1,515	58%	59%	0.5x	12.0x	0.5x	9.1x
Scrap/Recycling	4	2,020	25%	34%	0.5x	9.6x	0.5x	6.5x
S&P 500	500		10%	5%	2.2x	11.5x	2.1x	10.7x

Public Company Comparables

Metals & Materials – Metal Forming & Machining

Operating & Trading Statistics (\$ in millions, except per-share data)

	Stock Price at 9/30/16	% of 52-Week High	Market Cap	Enterprise Value	Revenue Growth		LTM Margins		Debt/EBITDA	Price/Earnings	Enterprise Value /			
					'14A - '15A	'15A - '16E	Gross	EBITDA			Revenue		EBITDA	
											LTM	2016E	LTM	2016E
Metal Forming														
Alcoa Inc.	\$10.14	88%	\$13,338	\$22,746	(6%)	(8%)	18.7%	12.5%	3.5x	NM	1.1x	1.1x	8.6x	8.3x
Voestalpine AG	34.62	88%	6,056	9,640	5%	(5%)	20.7%	11.4%	3.4x	13.6x	0.8x	0.8x	7.0x	6.0x
Kaiser Aluminum Corporation	86.49	90%	1,555	1,657	3%	(4%)	22.0%	16.0%	1.7x	17.5x	1.2x	1.2x	7.8x	7.8x
Shiloh Industries Inc.	7.07	72%	125	387	26%	NA	7.7%	4.6%	5.2x	NM	0.3x	NA	7.5x	NA
SIFCO Industries Inc.	9.91	73%	54	93	(9%)	NA	10.9%	3.5%	9.0x	NM	0.8x	NA	21.3x	NA
Median					3%	(5%)	18.7%	11.4%	3.5x	15.6x	0.8x	1.1x	7.8x	7.8x
Industrial Machining														
Regal Beloit Corporation	\$59.49	87%	\$2,662	\$4,049	8%	(7%)	27.4%	15.4%	3.2x	18.8x	1.2x	1.2x	8.0x	8.5x
Rexnord Corporation	21.41	93%	2,199	3,859	(6%)	1%	34.6%	16.5%	5.9x	33.0x	2.0x	2.0x	12.3x	10.5x
The Timken Company	35.14	95%	2,751	3,253	(7%)	(6%)	27.2%	15.0%	1.5x	21.1x	1.2x	1.2x	7.8x	8.6x
RBC Bearings Inc.	76.48	87%	1,773	2,079	34%	4%	37.5%	23.8%	2.4x	26.3x	3.4x	3.3x	14.3x	13.7x
Actuant Corporation	23.24	84%	1,370	1,774	(8%)	(1%)	35.2%	13.4%	3.8x	NM	1.5x	1.6x	11.5x	11.7x
CIRCOR International, Inc.	59.56	95%	978	1,003	(22%)	(8%)	31.7%	11.8%	1.3x	NM	1.6x	1.7x	13.7x	14.2x
Altra Industrial Motion Corp.	28.97	97%	750	927	(9%)	(5%)	31.0%	13.6%	2.2x	21.8x	1.3x	1.3x	9.5x	9.6x
Median					(7%)	(5%)	31.7%	15.0%	2.4x	21.8x	1.5x	1.6x	11.5x	10.5x
Aerospace Machining														
Spirit AeroSystems Holdings, Inc.	\$44.54	79%	\$5,748	\$6,146	(2%)	1%	14.6%	13.3%	1.3x	9.0x	0.9x	0.9x	6.9x	6.3x
Triumph Group, Inc.	27.88	59%	1,381	2,894	(0%)	(4%)	6.8%	NM	NM	NM	0.8x	0.8x	NM	7.2x
Kaman Corporation	43.92	96%	1,190	1,618	(1%)	4%	29.6%	8.1%	3.1x	23.4x	0.9x	0.9x	11.1x	9.6x
Magellan Aerospace Corp.	12.24	80%	712	874	(6%)	13%	17.7%	16.5%	1.3x	10.4x	1.1x	1.1x	6.8x	6.5x
Heroux-Devtek Inc.	10.03	82%	362	461	9%	0%	18.3%	15.3%	2.2x	17.4x	1.5x	1.5x	9.7x	8.9x
Ducommun Inc.	22.84	92%	255	432	(10%)	(16%)	16.2%	6.7%	4.7x	NM	0.7x	0.8x	10.8x	7.9x
LMI Aerospace Inc.	7.13	63%	97	344	(3%)	(7%)	18.1%	10.5%	6.7x	NM	1.0x	1.0x	9.2x	8.2x
Median					(2%)	0%	17.7%	11.9%	2.6x	13.9x	0.9x	0.9x	9.4x	7.9x
All Indices Median					(3%)	(4%)	20.7%	13.4%	3.1x	18.8x	1.1x	1.2x	9.4x	8.5x

NA – Not available NM – Not meaningful E – Estimate

Enterprise value equals market capitalization plus minority equity plus debt minus cash

Source: S&P Capital IQ as of September 30, 2016

Public Company Comparables

Metals & Materials – Mills & Specialty Metal

Operating & Trading Statistics (\$ in millions, except per-share data)

	Stock Price at 9/30/16	% of 52-Week High	Market Cap	Enterprise Value	Revenue Growth		LTM Margins		Debt/EBITDA	Price/Earnings	Enterprise Value /			
					'14A - '15A	'15A - '16E	Gross	EBITDA			Revenue		EBITDA	
											LTM	2016E	LTM	2016E
Mills & Specialty Metal														
NIPPON STEEL & SUMITOMO METAL CORPORATION	\$20.31	79%	\$17,915	\$38,905	(7%)	2%	11.9%	8.8%	4.9x	32.7x	0.9x	0.9x	9.6x	8.7x
ArcelorMittal	6.12	88%	18,725	33,827	(20%)	(7%)	5.3%	5.7%	4.6x	NM	0.6x	0.6x	10.3x	5.8x
POSCO	206.40	90%	16,512	33,313	(16%)	(4%)	11.3%	10.0%	4.5x	NM	0.7x	0.7x	7.2x	6.2x
Alcoa Inc.	10.14	88%	13,338	22,746	(6%)	(8%)	18.7%	12.5%	3.5x	NM	1.1x	1.1x	8.6x	8.3x
Nucor Corporation	49.45	87%	15,743	18,116	(22%)	2%	11.2%	12.6%	2.2x	33.9x	1.2x	1.1x	9.2x	7.9x
Voestalpine AG	34.62	88%	6,056	9,640	5%	(5%)	20.7%	11.4%	3.4x	13.6x	0.8x	0.8x	7.0x	6.0x
Steel Dynamics Inc.	24.99	89%	6,092	7,619	(13%)	2%	13.5%	11.8%	3.0x	NM	1.0x	1.0x	8.8x	6.1x
United States Steel Corp.	18.86	68%	3,123	5,444	(34%)	(9%)	2.0%	NM	NM	NM	0.5x	0.5x	NM	8.1x
Outokumpu Oyj	6.87	99%	2,843	4,461	(16%)	(8%)	3.8%	2.5%	11.6x	18.8x	0.7x	0.7x	28.5x	14.2x
Acerinox, S.A.	13.24	96%	3,654	4,419	(13%)	(1%)	27.6%	5.0%	6.6x	NM	1.0x	1.0x	20.9x	12.4x
Allegheny Technologies Inc.	18.07	95%	1,968	3,628	(12%)	(14%)	NM	NM	NM	NM	1.2x	1.1x	NM	22.4x
AK Steel Holding Corporation	4.83	68%	1,150	3,552	3%	(11%)	11.6%	8.7%	3.8x	NM	0.6x	0.6x	6.5x	7.5x
Commercial Metals Company	16.19	88%	1,856	2,452	(12%)	(22%)	15.0%	9.0%	2.5x	13.0x	0.5x	0.5x	5.7x	6.8x
Carpenter Technology Corp.	41.26	98%	1,923	2,451	(19%)	(2%)	15.4%	12.6%	2.7x	NM	1.4x	1.4x	10.8x	9.9x
Ferroglobe PLC	9.03	69%	1,552	1,955	(10%)	26%	35.7%	2.3%	16.5x	NM	1.4x	1.2x	57.9x	16.3x
Schmolz + Bickenbach AG	0.68	89%	643	1,163	(16%)	(4%)	34.5%	4.6%	4.4x	NM	0.4x	0.4x	9.3x	6.2x
Global Brass and Copper Holdings, Inc.	28.89	94%	624	873	(12%)	(11%)	12.3%	7.5%	3.0x	20.0x	0.6x	0.7x	8.6x	7.4x
TimkenSteel Corporation	10.45	69%	462	570	(34%)	(20%)	NM	NM	NM	NM	0.6x	0.6x	NM	NM
Universal Stainless & Alloy Products Inc.	10.50	77%	76	147	(12%)	(10%)	2.8%	1.9%	24.8x	NM	0.9x	0.9x	51.0x	7.6x
Median					(13%)	(7%)	12.3%	8.8%	4.1x	19.4x	0.8x	0.8x	9.3x	7.7x

NA – Not available NM – Not meaningful E – Estimate

Enterprise value equals market capitalization plus minority equity plus debt minus cash

Source: S&P Capital IQ as of September 30, 2016

Public Company Comparables

Metals & Materials – Natural Resources & Mining

Operating & Trading Statistics (\$ in millions, except per-share data)

	Stock Price at 9/30/16	% of 52- Week High	Market Cap	Enterprise Value	Revenue Growth		LTM Margins		Debt/ EBITDA	Price/ Earnings	Enterprise Value /			
					'14A - '15A	'15A - '16E	Gross	EBITDA			Revenue		EBITDA	
											LTM	2016E	LTM	2016E
<u>Natural Resources & Mining</u>														
BHP Billiton plc	\$15.14	97%	\$80,568	\$114,140	(31%)	(3%)	10.2%	37.1%	3.3x	NM	3.7x	3.7x	10.0x	8.8x
Rio Tinto plc	33.52	98%	60,306	79,833	(27%)	(8%)	15.3%	26.1%	2.5x	NM	2.5x	2.5x	9.4x	7.1x
Glencore Plc	2.76	97%	39,303	75,085	(23%)	(9%)	1.4%	4.1%	5.6x	NM	0.5x	0.5x	10.9x	9.0x
Vedanta Resources plc	7.59	94%	2,102	18,535	(17%)	3%	13.9%	21.5%	7.7x	NM	1.7x	1.7x	8.0x	6.9x
Cliffs Natural Resources Inc.	5.85	69%	1,336	3,936	(40%)	2%	11.8%	13.8%	9.9x	9.9x	2.1x	1.9x	15.3x	9.6x
Eramet SA	39.79	80%	1,050	2,448	(12%)	(5%)	9.1%	NM	NM	NM	0.8x	0.8x	NM	13.8x
Median					(25%)	(4%)	11.0%	21.5%	5.6x	9.9x	1.9x	1.8x	10.0x	8.9x

NA – Not available NM – Not meaningful E – Estimate

Enterprise value equals market capitalization plus minority equity plus debt minus cash

Source: S&P Capital IQ as of September 30, 2016

Public Company Comparables

Metals & Materials – Processors/Distributors

Operating & Trading Statistics (\$ in millions, except per-share data)

	Stock Price at 9/30/16	% of 52-Week High	Market Cap	Enterprise Value	Revenue Growth		LTM Margins		Debt/ EBITDA	Price/ Earnings	Enterprise Value /			
					'14A - '15A	'15A - '16E	Gross	EBITDA			Revenue		EBITDA	
											LTM	2016E	LTM	2016E
Processors/Distributors														
Reliance Steel & Aluminum Co.	\$72.03	85%	\$5,224	\$7,306	(11%)	(5%)	29.3%	9.0%	2.8x	16.8x	0.8x	0.8x	9.3x	8.6x
Worthington Industries, Inc.	48.03	99%	2,986	3,510	(17%)	2%	16.1%	9.6%	2.2x	21.6x	1.3x	1.2x	13.0x	12.5x
Klöckner & Co SE	12.19	83%	1,216	1,703	(11%)	(5%)	20.8%	2.0%	4.1x	NM	0.3x	0.3x	12.6x	8.2x
Ryerson Holding Corporation	11.29	57%	419	1,371	(13%)	(7%)	19.4%	5.6%	6.3x	NM	0.5x	0.5x	8.4x	6.4x
Russel Metals Inc.	15.96	84%	985	1,159	(33%)	(9%)	18.4%	4.8%	2.9x	NM	0.6x	0.6x	11.4x	10.7x
Olympic Steel Inc.	22.10	71%	242	383	(18%)	(6%)	22.4%	2.0%	6.9x	NM	0.4x	0.3x	18.2x	9.5x
Median					(15%)	(6%)	20.1%	5.2%	3.5x	19.2x	0.5x	0.5x	12.0x	9.1x

NA – Not available NM – Not meaningful E – Estimate

Enterprise value equals market capitalization plus minority equity plus debt minus cash

Source: S&P Capital IQ as of September 30, 2016

Public Company Comparables

Metals & Materials – Scrap/Recycling

Operating & Trading Statistics (\$ in millions, except per-share data)

	Stock Price at 9/30/16	% of 52- Week High	Market Cap	Enterprise Value	Revenue Growth		LTM Margins		Debt/ EBITDA	Price/ Earnings	Enterprise Value /			
					'14A - '15A	'15A - '16E	Gross	EBITDA			Revenue		EBITDA	
											LTM	2016E	LTM	2016E
Scrap/Recycling														
Steel Dynamics Inc.	\$24.99	89%	\$6,092	\$7,619	(13%)	2%	13.5%	11.8%	3.0x	NM	1.0x	1.0x	8.8x	6.1x
Commercial Metals Company	16.19	88%	1,856	2,452	(12%)	(22%)	15.0%	9.0%	2.5x	13.0x	0.5x	0.5x	5.7x	6.8x
Sims Metal Management Limited	7.13	90%	1,410	1,223	(29%)	(1%)	13.2%	1.6%	0.1x	NM	0.4x	0.4x	21.9x	6.3x
Schnitzer Steel Industries, Inc.	20.90	97%	551	751	(24%)	(30%)	12.4%	5.1%	2.8x	NM	0.5x	0.6x	10.3x	11.4x
Median					(19%)	(11%)	13.4%	7.1%	2.6x	13.0x	0.5x	0.5x	9.6x	6.5x

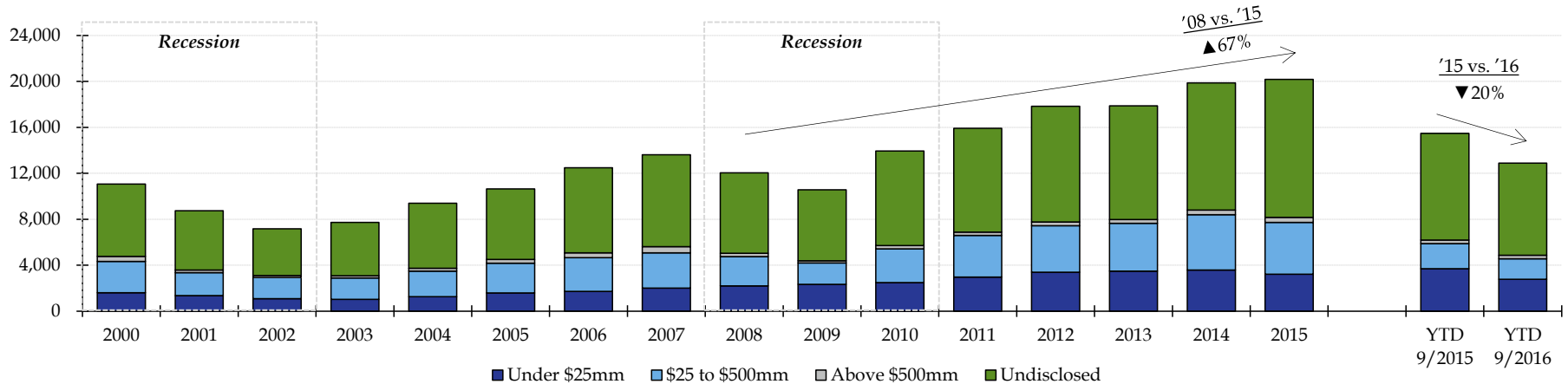
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Enterprise value equals market capitalization plus minority equity plus debt minus cash

Source: S&P Capital IQ as of September 30, 2016

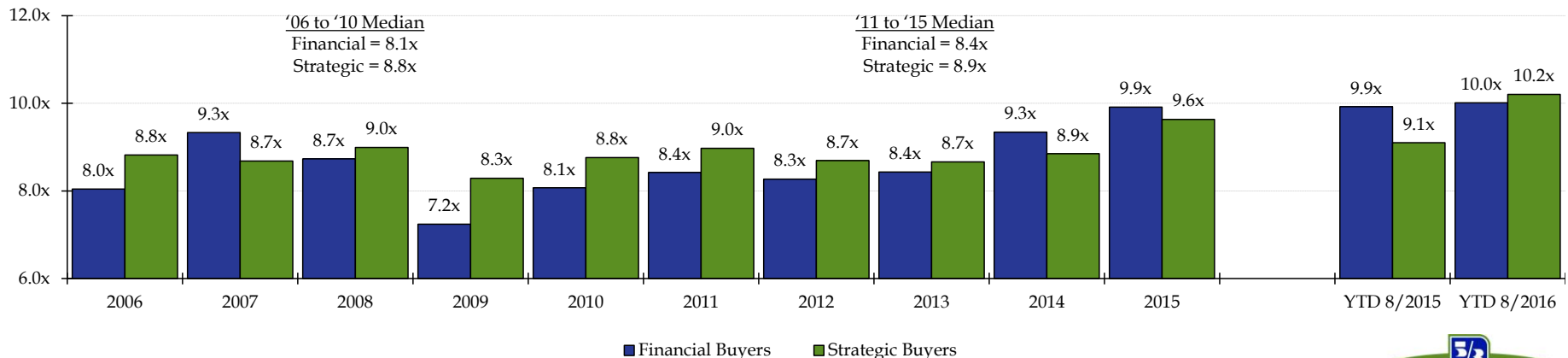
Transaction Volume

- Historically, M&A cycles have not extended past seven years; 2016 is year six of the cycle
 - Relative to past cycles, interest rates are lower, corporate balance sheets are stronger, and private equity firms have more untapped capital
- 2016 has demonstrated signs that the buyout cycle is slowing, however, plenty of positive drivers remain



Median Transaction Multiples (Enterprise Value / LTM EBITDA)

- Purchase multiples by both financial and strategic buyers remain above their five-year median
- Deal multiples may remain elevated due to strong competition for high quality assets as strategic corporate and private equity firms continue to seek acquisitions to fuel growth and deploy capital



Note: This data represents the entire U.S. market (all industries)
Source: PitchBook, S&P Capital IQ, and S&P Capital IQ LCD

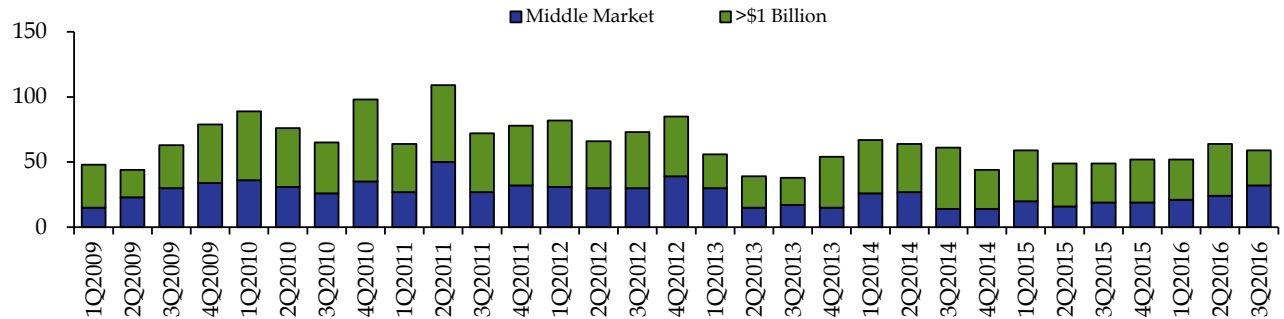
Metals & Materials Specific Activity

- The Metals & Materials sector's M&A growth has been driven by large transaction announcements in recent years
 - Transactions, such as Alcoa's acquisition of RTI International Metals, have pushed deal values to recent highs
 - Deal volume continued at a steady pace in 2Q and 3Q 2016, remaining at or above levels seen in 4Q 2015

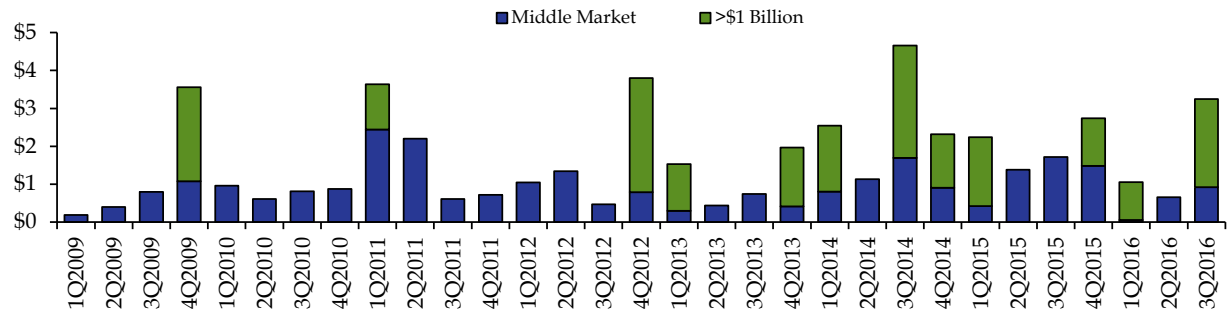
- A competitive market has contributed to an increase in average middle market Metals & Materials deal multiples in recent years. However, multiples have softened thus far in 2016
 - The average middle market deal multiple through YTD 9/2016 was 5.0x EBITDA

- M&A outlook for Metals & Materials remains strong
 - Favorable capital markets
 - Broad set of Metals & Materials companies up for sale
 - Strategic buyers continue to aggressively pursue transactions as a means for growth in a slow organic growth environment

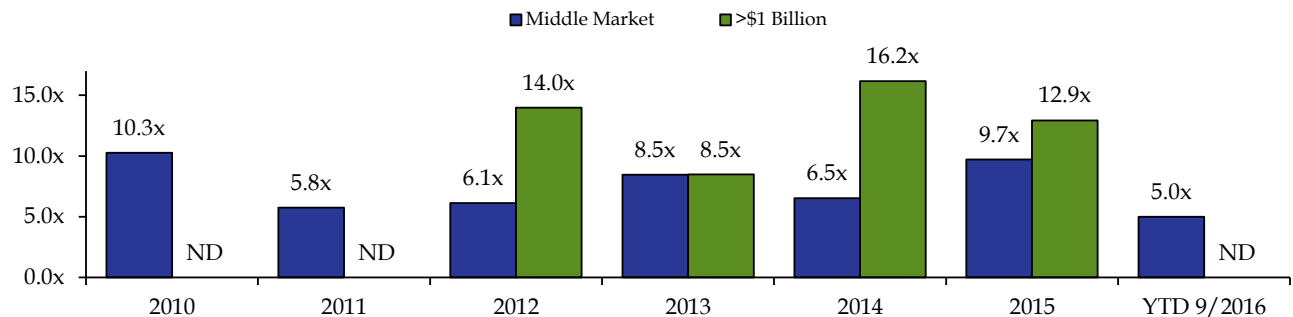
U.S. Metals & Materials M&A Announced Deal Volume



U.S. Metals & Materials M&A Disclosed Deal Value (\$ in billions)



U.S. Metals & Materials M&A Closed Deal Average EV / EBITDA Multiple ^[1]



Note: Middle Market defined as transactions with disclosed deal values less than \$1 billion
EV - Enterprise Value ND - No Transaction Values Disclosed
Source: Fifth Third Securities, PitchBook and S&P Capital IQ

Metals & Materials (\$ in millions) ^[1]

Date Announced	Acquirer	Target	Transaction's	Implied	
			Enterprise Value	Enterprise Revenue	Value / EBITDA LTM
Sep-16	Nucor Corporation (NYSE:NUE)	Independence Tube Corporation	\$435	-	6.0x
Aug-16	Zhongwang USA LLC	Aleris Corporation	2,330	-	-
Aug-16	Reich Brothers Holdings, LLC	Columbus Castings Company	30	-	-
Aug-16	Duferco Steel Inc	Kreher Steel Company, LLC	32	-	-
Jul-16	U.S. Silica Holdings, Inc. (NYSE:SLCA)	New Birmingham, Inc.	201	-	-
Jul-16	The Timken Company (NYSE:TKR)	Lovejoy, Inc.	66	1.2x	-
Jun-16	Steel Dynamics, Inc. (NasdaqGS:STLD)	Vulcan Steel Products Inc.	126	-	5.0x
Jun-16	Gränges AB (publ) (OM:GRNG)	Noranda USA, Inc. Flat Rolled Products Business	324	-	-
May-16	Rexnord Corporation (NYSE:RXN)	Cambridge International, Inc.	210	-	-
May-16	NIPPON STEEL & SUMITOMO METAL CORPORATION (TSE:5401)	Nisshin Steel Co., Ltd. (TSE:5413)	3,954	0.8x	12.4x
May-16	Dealdone Shares Co., Ltd.	UGint Co.Ltd. (KOSDAQ:A195990)	147	2.7x	21.4x
Apr-16	Rotork plc (LSE:ROR)	Mastergear Worldwide	25	1.1x	6.8x
Apr-16	PS HoldCo Sp. z o.o.	Cognor S.A. (WSE:COG)	127	0.4x	11.7x
Apr-16	Steel Dynamics Inc. (NasdaqGS:STLD)	Sims Metal Management Limited, Certain Metals Recycling Assets in North America	-	-	-
Apr-16	Dream Square Co., Ltd.; Doona Co., Ltd.; BYD Co., Ltd.; Beplo Partners Co., Ltd.	Sun Technologies Co., Ltd. (KOSDAQ:A122800)	64	2.9x	19.3x
Apr-16	Reliance Steel & Aluminum Co. (NYSE:RS)	Best Manufacturing, Inc.	-	-	-
Mar-16	Silver Standard Resources Inc. (TSX:SSO)	Claude Resources, Inc.	231	2.9x	6.0x
Mar-16	Fine International Corp.	Fine Besteel Co., Ltd. (KOSE:A133820)	198	1.1x	16.3x
Feb-16	Sumitomo Metal Mining America, Inc.	Morenci Copper Mine	1,000	-	-
Feb-16	Tahoe Resources Inc. (TSX:THO)	Lake Shore Gold Corp.	581	3.0x	8.5x
Feb-16	NH Investment & Securities Co., Ltd. (KOSE:A005940)	Hyundai Steel Company (KOSE:A004020)	15,675	1.2x	6.8x
Feb-16	Acme United Corp. (AMEX:ACU)	Vogel Capital Inc.	7	1.3x	7.0x
Jan-16	Whitebox Advisors, LLC	Veris Gold USA Inc.	100	-	-
Jan-16	Hitachi Metals America	HTP Meds, Hi-Tech Machine & Fab.	84	-	-
Dec-15	Alcoa Inc. (NYSE:AA)	ITIAL GmbH	188	2.6x	-
Dec-15	Livrefluxe - SGPS, S.A.	F Ramada Investimentos SGPS SA (ENXTLS:RAM)	206	1.5x	9.3x
Nov-15	Kirkland Lake Gold Inc. (TSX:KGI)	St Andrew Goldfields Ltd.	119	1.2x	4.3x
Oct-15	BlueScope Steel Limited (ASX:BSL)	North Star BlueScope Steel, LLC	1,481	1.3x	8.0x
Oct-15	Hitachi Metals America	Diehl Steel Co., Inc.	-	-	-
Oct-15	Ablea Inc.; Asan Dev Co., Ltd.	Sun Technologies Co., Ltd. (KOSDAQ:A122800)	33	1.9x	14.0x
Oct-15	Klöckner & Co SE	American Fabricators	-	-	-
Aug-15	NN Inc. (NasdaqGS:NNBR)	Precision Engineered Products LLC	615	2.5x	-
Aug-15	Ryerson Holding Corp.	Southern Tool Steel	-	-	-
Jul-15	OceanaGold Corporation (TSX:OGC)	Romarco Minerals Inc.	515	-	-
Jul-15	First Majestic Silver Corp. (TSX:FR)	Silvercrest Mines Inc.	97	1.5x	4.8x
May-15	United States Steel Corp. (NYSE:X)	Double Eagle Steel Coating Company	50	-	-
May-15	Magellan Aerospace Corp. (TSX:MAL)	Euravia Engineering & Supply Co. Ltd.	57	2.2x	-
May-15	Ametek Inc. (NYSE:AME)	Global Tubes	199	1.7x	-
Apr-15	AuRico Gold, Inc. (TSX:AGI)	Alamos Gold, Inc.	406	2.3x	9.1x
Mar-15	Sifco Industries Inc.	C*Blade S.p.a. Forging & Manufacturing S.P.A.	28	1.1x	-
Mar-15	Alcoa Inc. (NYSE:AA)	RTI International Metals, Inc.	1,491	1.9x	12.9x
Feb-15	Grupo FerroAtlántica, S.A.	Globe Specialty Metals, Inc.	-	-	-
Feb-15	Tahoe Resources Inc. (TSX:THO)	Rio Alto Mining Limited	1,060	3.9x	8.2x
Jan-15	Worthington Industries, Inc. (NYSE:WOR)	Rome Strip Steel Company, Inc.	56	-	-
Oct-14	Signature Group Holdings, Inc. (NasdaqGS:RELY)	Aleris Global Recycling and Specification Alloys Business	525	-	10.3x
Jul-14	Steel Dynamics Inc. (NasdaqGS:STLD)	Severstal Columbus, LLC	1,625	0.8x	-
Jul-14	Altra Industrial Motion Corp. (NasdaqGS:AIRC)	Guardian Industries, Inc.	17	1.5x	-
Apr-14	Highlander Partners	Profile Extrusion	33	-	6.0x
Apr-14	Agnico Eagle Mines Limited (NYSE:AEM)	Osisko Mining Corporation	3,389	5.1x	12.6x
Mar-14	Klöckner & Co SE	Riedo Bau + Stahl AG	84	-	-
Feb-14	Minerals Technologies Inc. (NYSE:MTX)	AMCOL International Corporation	1,690	1.7x	11.6x

Mean	1.9x	10.1x
Median	1.7x	9.1x

^[1] Shading splits transactions by calendar year: Blue, white and green shading refers to 2016, 2015 and 2014 deals, respectively

*Excluded from mean and median

Source: Company Filings, S&P Capital IQ

Steel Dynamics to Acquire Vulcan Steel Products



Transaction Overview

Total Vulcan Shareholder Consideration

- \$126 million
- Inclusive of \$42 million of working capital
- Purchase price to be paid in cash from available funds

Pro Forma Ownership

- 100% Steel Dynamics, Inc. (NasdaqGS:STLD)

Purchase Price Multiples

- EV / LTM 3/31/2016 EBITDA: 5.0x

Other Considerations

- The transaction closed on August 1, 2016
- The transaction is expected to be immediately accretive to earnings and cash flow per share for Steel Dynamics

Transaction Rationale ^[1]

- Established in 1978, Vulcan is based outside of Birmingham, Alabama and is the nation's largest manufacturer and supplier of threaded rod products and also produces cold drawn and heat treated bar
- Vulcan has a diversified product line, evenly distributed amongst threaded steel rod, cold finished bar processing and heat treated bar. It shipped approximately 89,000 tons of these products during the trailing twelve month period ended March 31, 2016
- "During 2015, we identified the pursuit of higher-margin downstream business opportunities that utilize our steel products in their manufacturing processes, as one of our target growth objectives," stated Mark D. Millett, President and Chief Executive Officer of Steel Dynamics. "A strategy intended to reduce volatility during both strong and weak market cycles, given steel raw material supply optionality. During weak steel demand environments these businesses could purchase steel internally from our own mills, thus increasing SDI's steel mill utilization. As a consumer of special-bar-quality products currently produced at our Engineered Bar Products Division, Vulcan depicts this model perfectly and fits well within our core operating strengths."

^[1] Source: PR Newswire and S&P Capital IQ

^[2] Source: Business Wire, Company websites and S&P Capital IQ

Timken to Acquire Lovejoy, Inc.



Transaction Overview

Total Timken Shareholder Consideration

- \$66 million
- Purchase price to be paid in cash from available funds

Pro Forma Ownership

- 100% The Timken Company (NYSE:TKR)

Purchase Price Multiples

- EV / LTM 3/31/2016 Revenue: 1.2x

Other Considerations

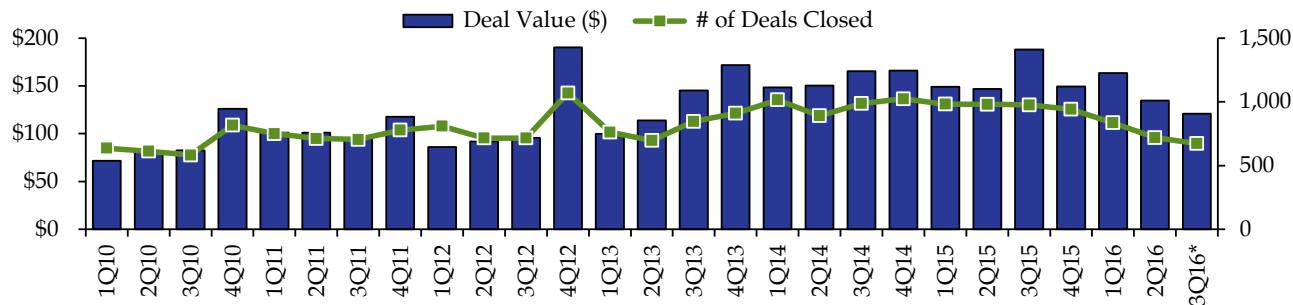
- Timken named Matthew W. Happach President of Lovejoy following the transaction – previous CEO Woodrow Haddix was named the President's advisor
- The deal is expected to be accretive to earnings in the first year after close, excluding one-time transaction costs

Transaction Rationale ^[2]

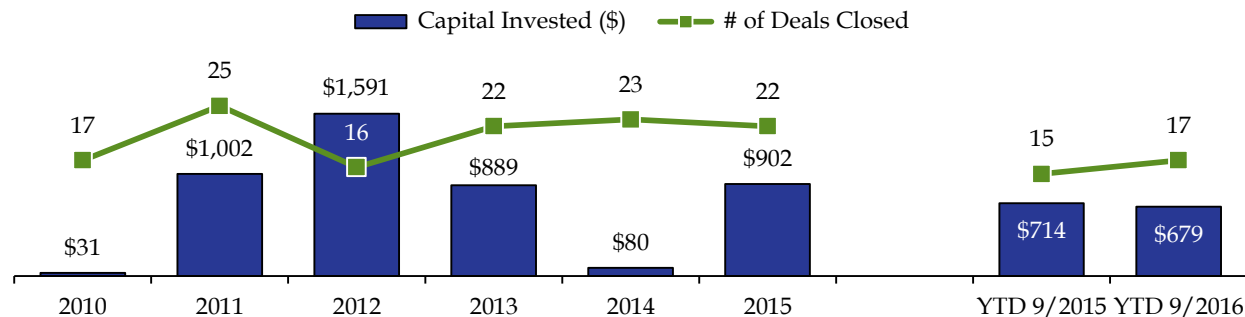
- Based in Downers Grove, Illinois, with additional offices in Canada and Europe, Lovejoy manufactures and markets shaft couplings, power transmission components, hydraulic components and rubber suspensions
- The acquisition adds to Timken's growing portfolio of mechanical power transmission products, adding another quality name to its Timken®, Philadelphia Gear®, Carlisle®, Drives® and Interlube™ brands
- "The acquisition of Lovejoy is a great strategic fit, and we're pleased to add their strong brand to our growing portfolio of industrial brands," said Richard G. Kyle, Timken president and chief executive officer. "Lovejoy features premium products used in challenging applications across diverse markets. While our two companies operate in many of the same markets and channels in North America, the acquisition provides exciting growth opportunities."

- U.S. Private Equity deal flow continues to be down during the third quarter of 2016 both on a volume and dollar value amount
 - Private equity sponsors deployed nearly \$121 billion in 3Q across 672 transactions, representing a Q-o-Q decrease of 10% and 7%, respectively
- Strategics have become more feasible buyers given the frothy acquisition environment and can justify higher bids due to synergistic opportunities
- Private Equity activity is likely to remain soft during the remainder of 2016, and most of the Private Equity activity is expected to be in the form of add-on acquisitions
- PE deal activity in Metals & Materials is on pace to roughly equal 2015 in total capital invested
 - 17 deals closed for a total disclosed value of \$679 million during YTD 9/2016

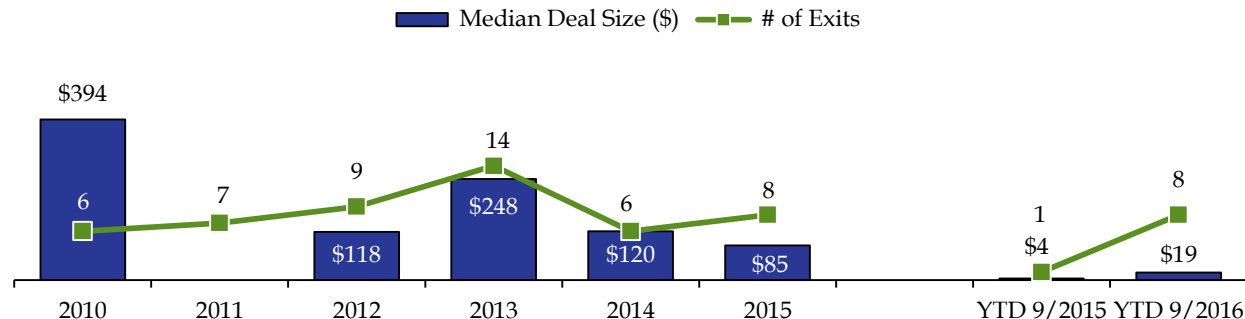
Overall U.S. Private Equity Deal Flow (\$ in billions)



U.S. Metals & Materials Private Equity Deal Flow (\$ in millions) [1]

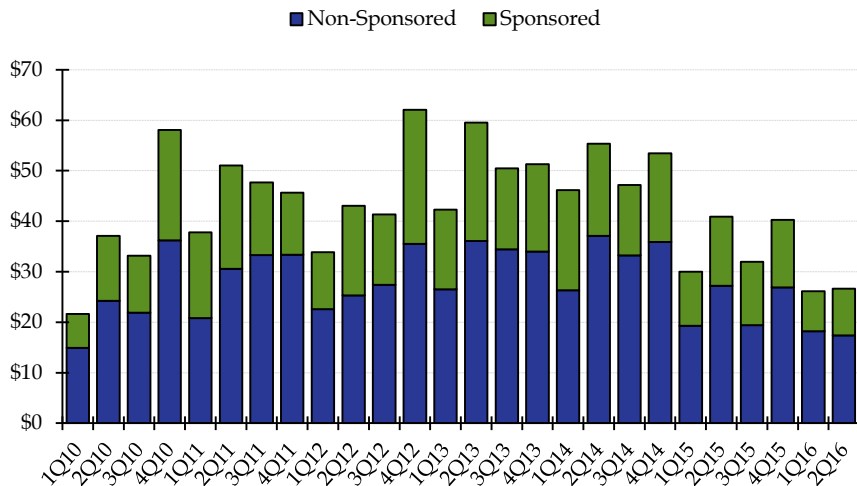


U.S. Metals & Materials Private Equity Exits (\$ in millions) [1]

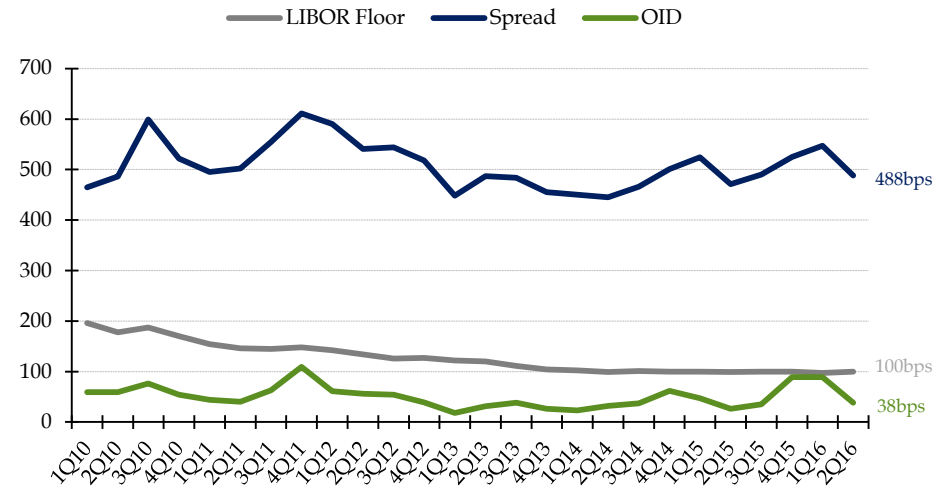


*3Q16 preliminary PitchBook data
ND - No Transaction Values Disclosed
Source: Fifth Third Securities, PitchBook

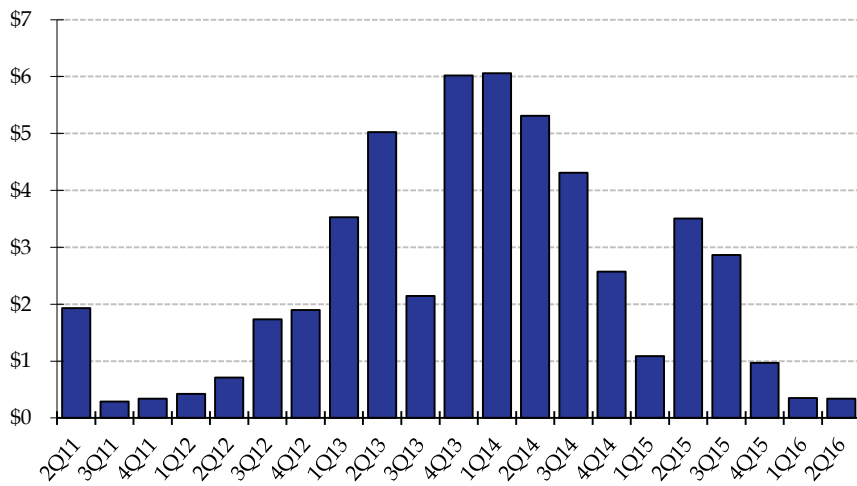
Loan Volume: Low Level of Supply Continues (\$ in billions)



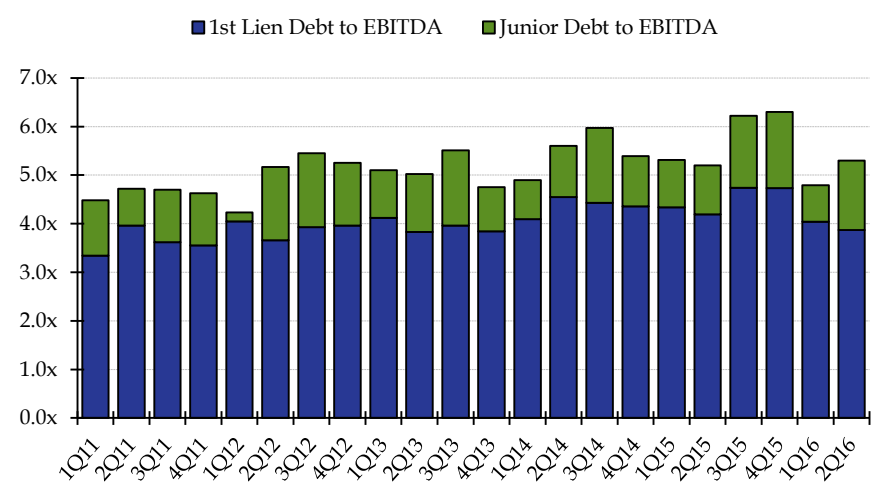
Term Loan Spreads Tightening [1]



Covenant Lite Volume Remains Relatively Low (\$ in billions)

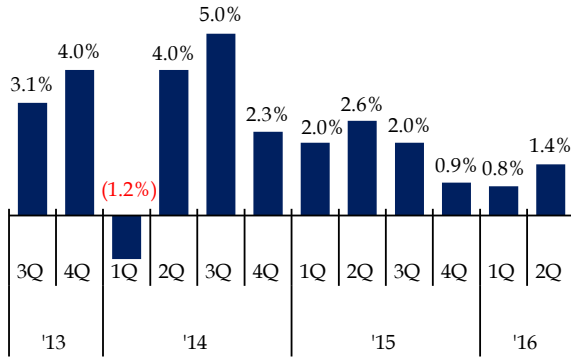


LBO Leverage Climbs Higher, However Lack of Supply Continues



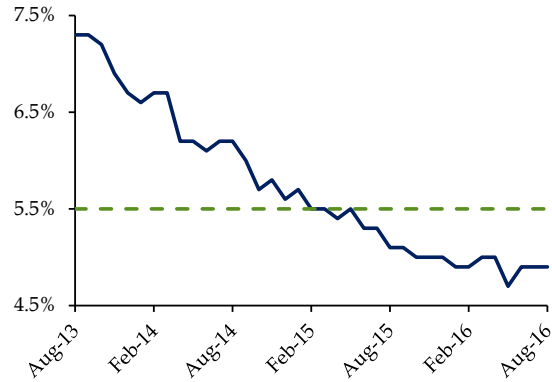
Note: This data represents the entire U.S. middle market (all industries)
 Note: The middle market is defined as deal size ≤ \$100 million and borrower sales ≤ \$500 million
 [1] Includes both non-sponsored and sponsored transactions
 Source: Bloomberg, S&P Capital IQ LCD, and Thomson Reuters LPC

Real GDP Growth



Source: Bureau of Economic Analysis

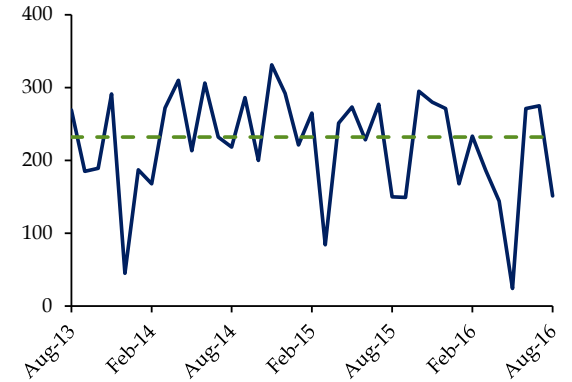
National Unemployment Rate



Source: Bureau of Labor Statistics

Additions to Non-Farm Payrolls

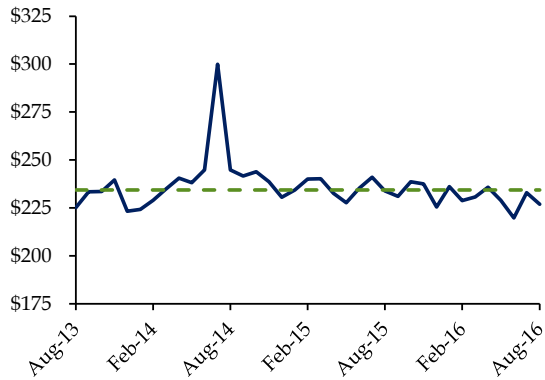
(in thousands of employees)



Source: Bureau of Labor Statistics

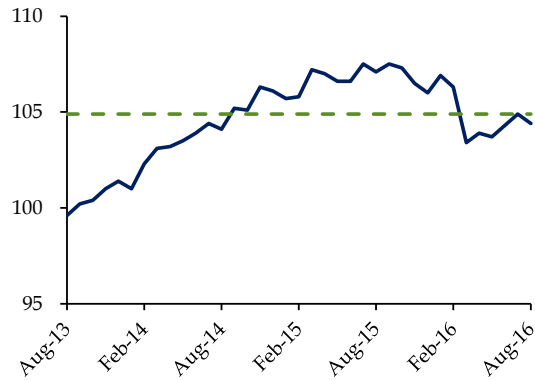
Capital Goods Orders ^[1]

(\$ in billions)



^[1] Spike in July 2014 orders due to increased transportation orders from large commercial aircraft bookings
Source: United States Census Bureau; Reuters

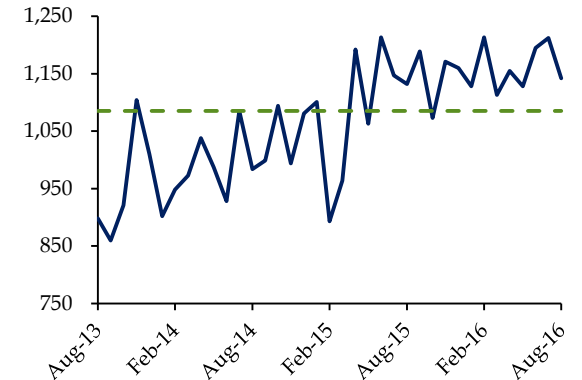
Industrial Production Index



Source: Board of Governors of the Federal Reserve System

Housing Starts

(in thousands of units)



Source: United States Census Bureau

S&P 500 Index- A broad index that includes American Companies.

EBITDA- A company's earnings before interest, taxes, depreciation, and amortization, is an accounting measure calculated using a company's net earnings, before interest expenses, taxes, depreciation and amortization are subtracted, as a proxy for a company's current operating profitability.

Dry Powder- Refers to cash reserves kept on hand to cover future obligations or to purchase assets.

GDP- Gross domestic product is the market value of the goods and services produced by labor and property located in the United States

Consumer Sentiment Index- The University of Michigan Consumer Sentiment Index is a consumer confidence index published monthly by the University of Michigan. The index is normalized to have a value of 100 in December 1964

National Unemployment Rate- the percentage of the total labor force that is unemployed but actively seeking employment and willing to work.

Non-Farm Payroll- Nonfarm payroll employment is a compiled name for goods, construction and manufacturing companies in the US. It does not include farm workers, private household employees, non-profit organization employees, or government employees . It is an economic indicator released monthly by the United States Department of Labor as part of a comprehensive report on the state of the labor market.

Housing Starts- are the number of new residential construction projects that have begun during any particular month.

The Economist- offers authoritative insight and opinion on international news, politics, business, finance, science, technology and the connections between them

LBO -- leveraged buyout (LBO) is the acquisition of another company using a significant amount of borrowed money to meet the cost of acquisition. The assets of the company being acquired are often used as collateral for the loans, along with the assets of the acquiring company.

Industrial Production Index (IPI)- is an economic indicator published by the Federal Reserve Board of the United States that measures the real production output of manufacturing, mining, and utilities Capital Goods Orders.

Covenant-lite loans- means that debt is being issued, both personally and commercially, to borrowers with less restrictions on collateral, payment terms, and level of income.

IRR-Internal Rate of Return.

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