

Managing Peak of Cycle Growth

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Top Ten List...

Top Ten List:
Managing Peak of Cycle Growth in the NA Steel Industry



10. Don't count on China bearing gifts



10. Don't count on China bearing gifts



9. Don't count on Trump bearing gifts



9. Don't count on Trump bearing gifts



8. Beware the talk of a “new paradigm”



8. Beware the talk of a “new paradigm”

International Monetary Fund Staff Paper

Super Cycles in Real Metals Prices?

...This paper searches for evidence of super cycles in metal prices by using band-pass filters to extract particular cyclical components from time series data. The evidence is consistent with the hypothesis ...that we are currently in the early phase of a fourth [10-plus year metals] super cycle [of the last 150 years].

IMF Staff Papers (2008) 55, 541–565. doi:10.1057/imfsp.2008.19; published online 19 August 2008.
International Monetary Fund. Authors names redacted



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August 2008

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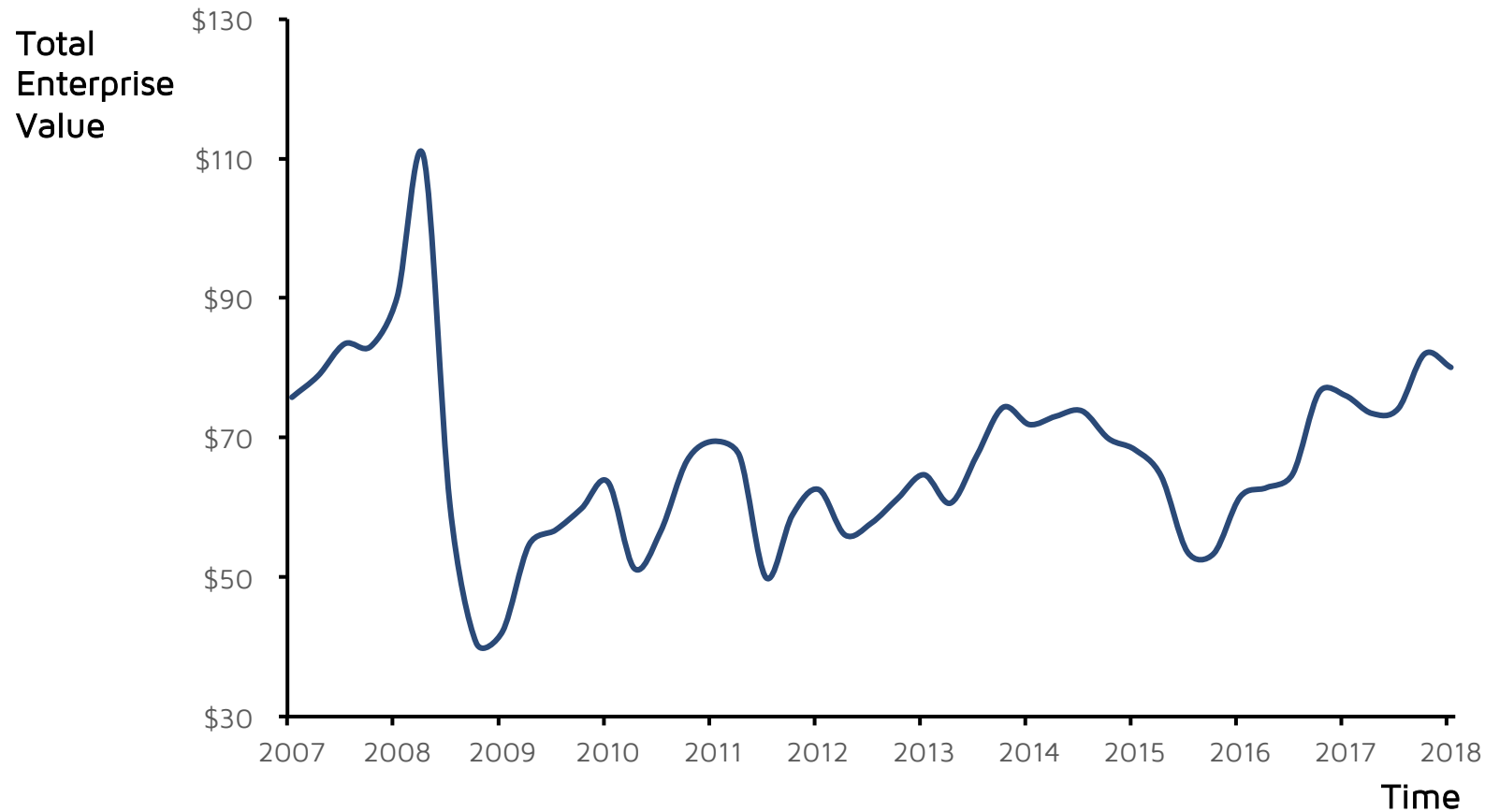


7. Know the value of your business



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Combined Total Enterprise Value of 22 Public NA Steel Companies⁽¹⁾ (USD \$Bn)



Source: Capital IQ

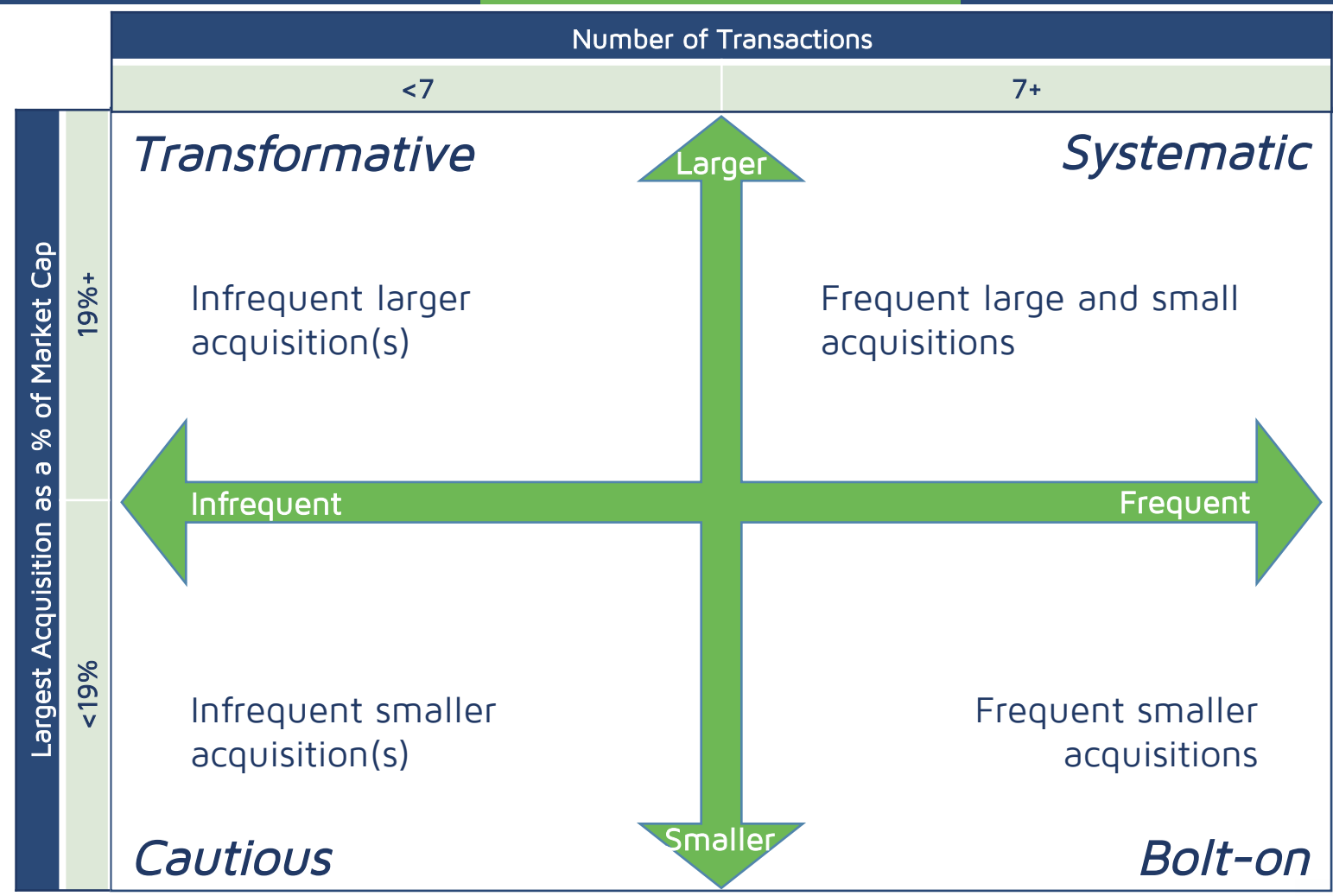
(1) **Companies include:** AK Steel, Allegheny Technologies, Carpenter Technology, Commercial Metals Co., DMC Global, Gibraltar, Haynes International, Insteel, Materion, Northwest Pipe Co., Nucor, Olympic Steel, Reliance Steel & Aluminum, Russel Metals, Schnitzer Steel, Shiloh Industries, Sims Metal Management, Steel Dynamics, U.S. Steel, Universal Stainless & Alloy, Valmont, and Worthington Industries



6. M&A creates shareholder value

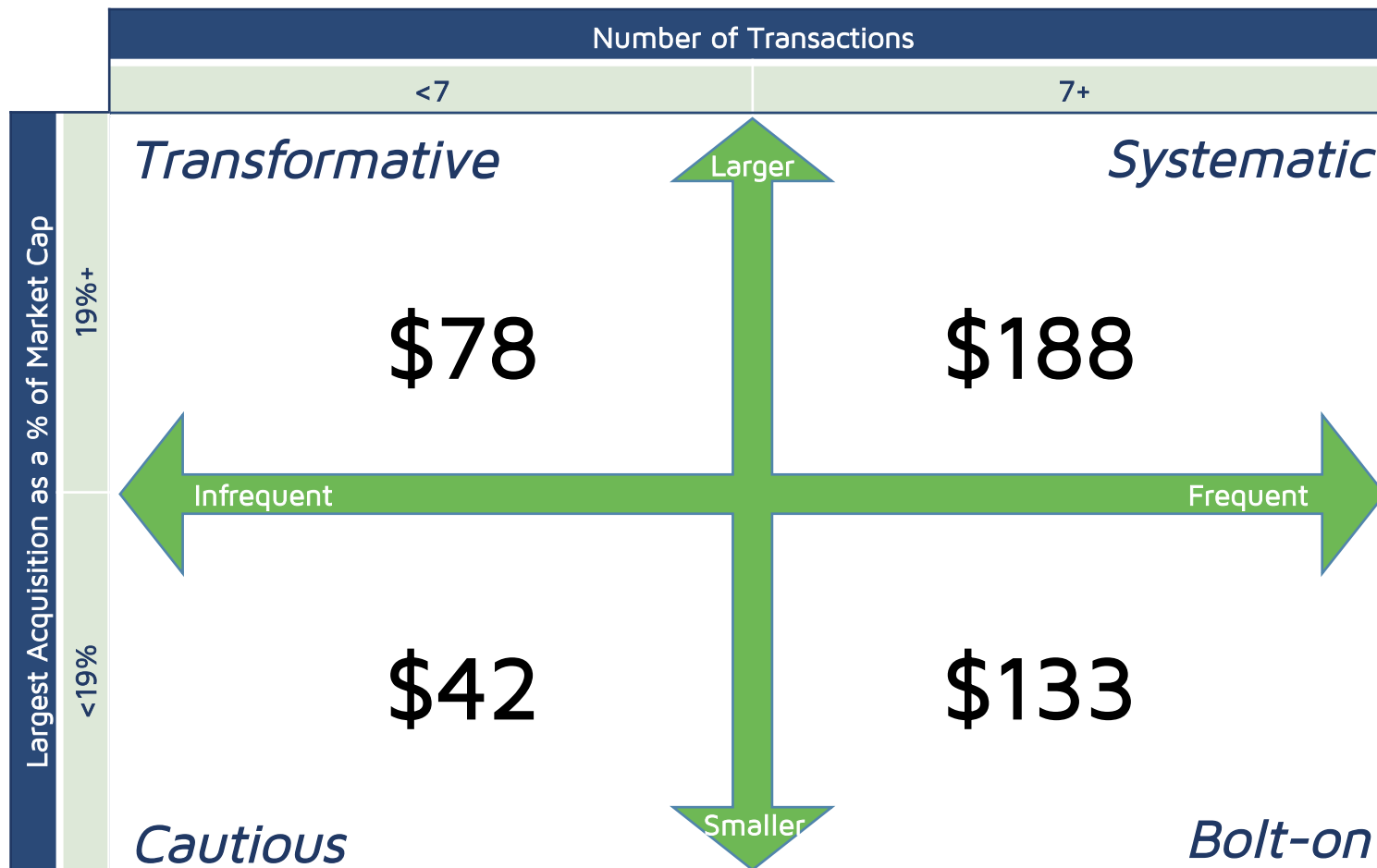


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Median Value of \$100 Invested 10 Years Ago



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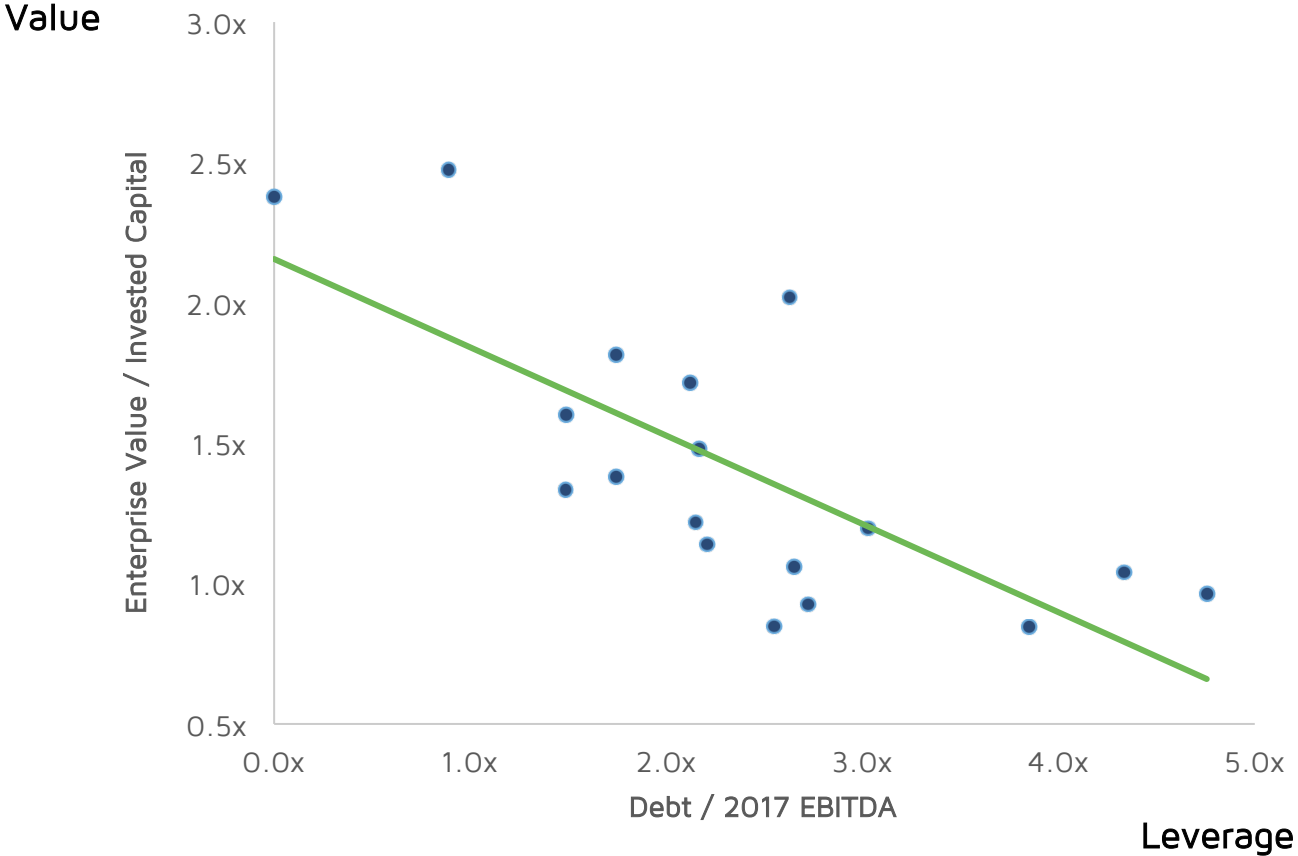


5. Capital structure matters



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Value vs. Leverage (as of 12/31/2017)



Source: Capital IQ

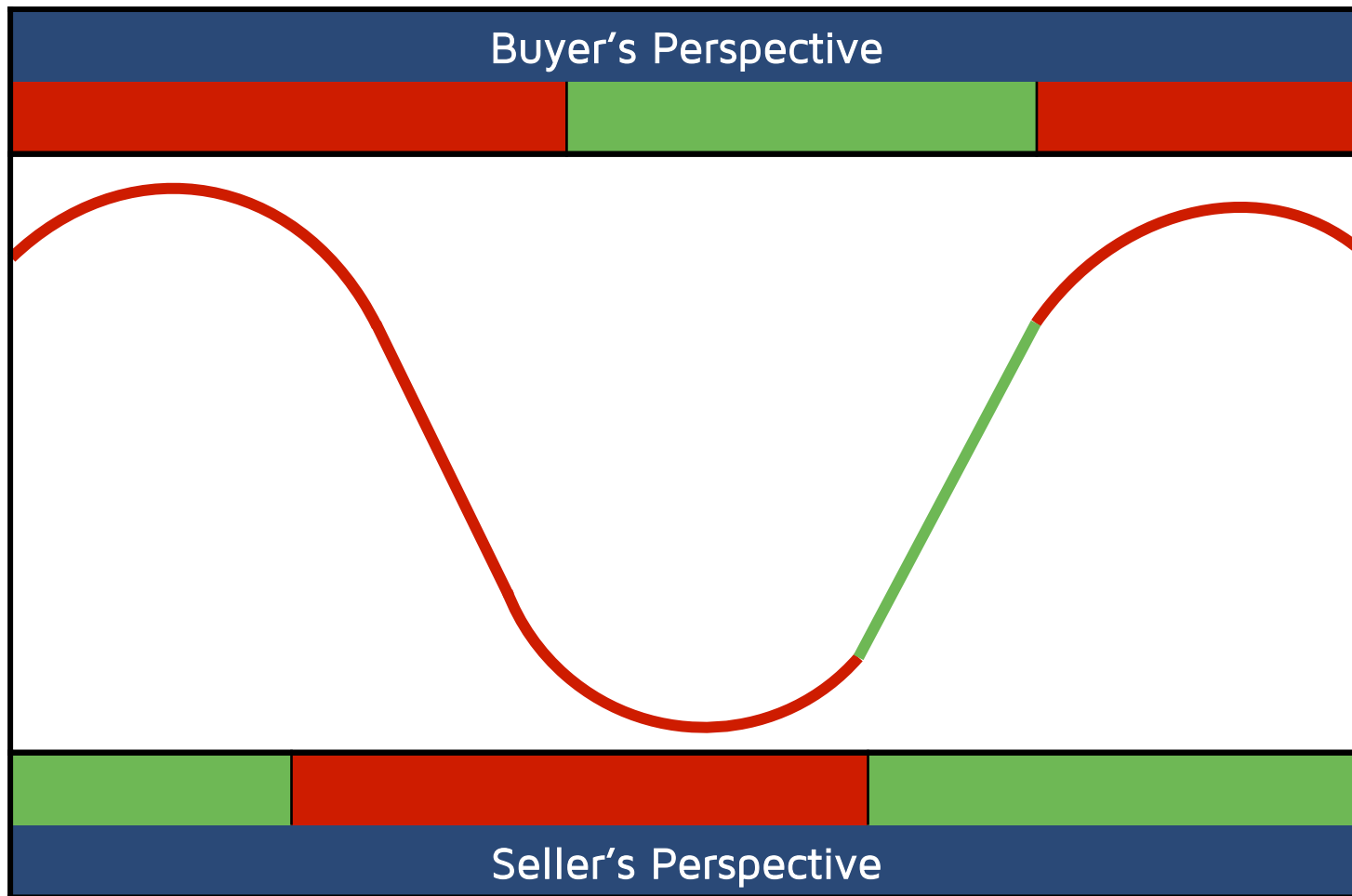
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4. Now is the time for M&A



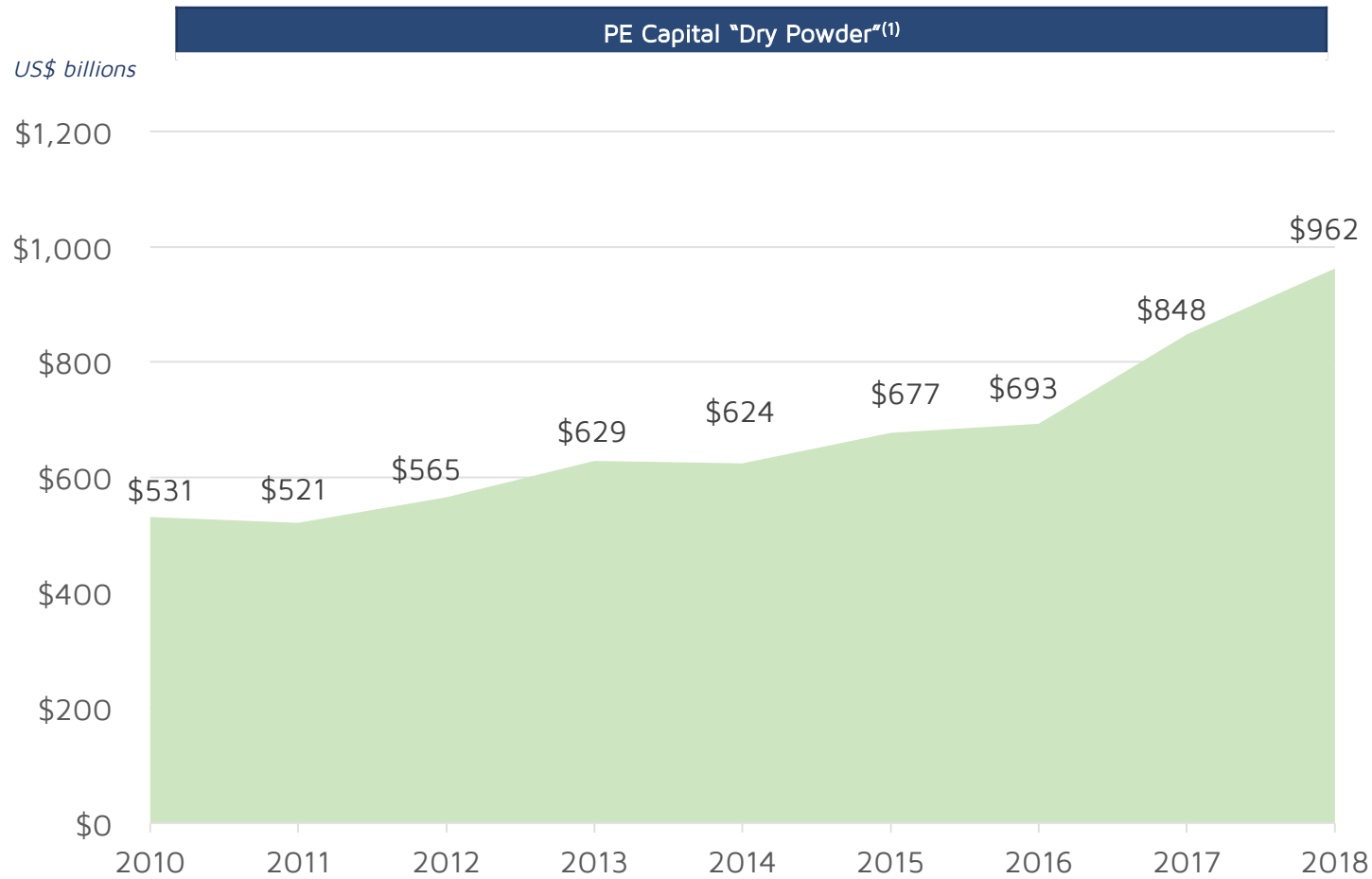
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3. Capital is available



3. Capital is available



Source: Pitchbook

(1) Note: The LP reporting cycle is two quarters behind the most recent quarter ended.



2. Hire the right advisors



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Survey results: Who at your company is responsible for strategic planning / growth planning? (select all that apply)



Source: Headwall Partners Annual North American Steel & Metals Growth Survey, March 2018.



1. Consider unconventional transactions



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Step outside of your comfort zone:

- Upstream, downstream, adjacencies
- Merger-of-equals
- International / NA partnerships
- Joint Ventures
- SPAC mergers





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