

# Capstone Partners Reports: Metals M&A Benefits from Reshoring and New Entrants Across the Value Chain

BOSTON, MA, U.S., July 2, 2024 /EINPresswire.com/ -- Capstone Partners, a leading middle market investment banking firm, released its latest Metals Manufacturing Sector Update, reporting that domestic industrial policy has favored North American metals supply, providing significant tailwinds for future merger and acquisition (M&A) activity.



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*Mike Schumacher, Managing Director, Capstone Partners*

The Metals Manufacturing sector is expected to benefit from several tailwinds despite stubborn economic volatility. U.S. raw steel production totaled 89.7 million tons in 2023, a 1.1% increase from 2022, according to the American Iron and Steel Institute (AISI). Total steel imports into the U.S. decreased by 8.7% year-over-year (YOY) in 2023, while finished steel imports decreased 14.1% over the same period and captured a 21% share of steel consumption in the U.S., according to the report. The impending 2024 election has seen bipartisan support for increased tariffs. In May, President Biden announced an \$18 billion tariffs increase on Chinese imports across Steel,

Semiconductors, Electric Vehicles (EVs), and other end markets, according to The White House. Biden’s increase follows former President Trump’s 2019 \$300 billion tariff program used to curb China’s stronghold over global production. The growth in domestic production and deceleration of imports have been a result of sweeping reforms like the Inflation Reduction Act (IRA), Creating Helpful Incentives to Produce Semiconductors (CHIPS) Act, Science Act, and the Infrastructure Investment and Jobs Act (IIJA), targeting China’s development of critical technologies to prioritize U.S. production.

Metals M&A activity has softened YOY with 63 deals announced or completed year-to-date (YTD), an 18.2% decrease from YTD 2023. Despite a decline in dealmaking, sector players have continued to pursue sector M&A opportunities that extend portfolio offerings across the value chain. The shift to optimize portfolios towards higher-value products and services has been witnessed in recent strategy realignments by large public players like Reliance (NYSE:RS). Of note, Reliance, North America’s largest diversified metals service center, has rebranded to drop Steel & Aluminum from its name and align itself with its “More than Metal” strategy. “Retaining 'Steel &

Aluminum' in our corporate name has limited the perception of our company because Reliance is so much more than metal. We are a family of companies committed to providing diversified metals solutions and increasing levels of value to our customers, opportunities to our employees and returns to our stockholders," said Karla Lewis, Reliance president and CEO, according to a press release. This change has signaled a push for diversity in metals mix amid an aggressive acquisition program. Reliance has made two acquisitions YTD with the recent transactions of Midwest Materials (April, undisclosed) and American Alloy Steel (February, undisclosed) to be immediately accretive to the company's offerings.

"With China having grown old before it has gotten rich and Europe facing elevated energy costs for the foreseeable future, North American industrial fundamentals have not been this good in decades. A primary beneficiary of this will be the Metals Manufacturing sector with domestic investment being made from abroad, capacity increases to meet domestic demand, and reorientation of supply chains, where Mexico, Texas, and the Midwest stand to be major winners in these shifts," said Capstone Managing Director Mike Schumacher, the lead contributor in the newly released report.

Also included in this report:

- Why players in the Metals Production, Metals Processing, and Metals Fabrication segments of the Metals Manufacturing sector have voiced a desire to diversify services and product offerings to better align with high-growth sectors.
- How capital expenditures from U.S. metal producers have grown over the past three years.
- A breakdown of Nippon Steel's (TSE:5401) announced acquisition of U.S. Steel (NYSE:X), and the uphill battle they face for regulatory approval.

To access to full report, [click here](#).

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Headquartered in Boston, the firm has 175+ professionals in multiple offices across the U.S. With 12 dedicated industry groups, Capstone delivers sector-specific expertise through large, cross-functional teams. Capstone is a subsidiary of Huntington Bancshares Incorporated (NASDAQ:HBAN). For more information, visit [www.capstonepartners.com](http://www.capstonepartners.com).

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