

FOUNDRY & FORGING MARKET UPDATE

Summer 2025



Opening remarks

The foundry industry is a sub-sector focus for CIBC's Middle Market Investment Banking Team. Our group recently completed its 15th foundry and forging transaction since 2006. We have extensive experience across the industry, ranging from grey and ductile iron, aluminum, steel and stainless steel, to brass and bronze. We have worked with a wide variety of clients, including entrepreneurs, private equity-owned companies, and corporate divestitures. Our assignments span foundries located in Canada, Mexico, and across the United States from California to Alabama and throughout the Midwest. CIBC regularly calls on over 250 manufacturing-focused private equity firms and frequently interacts with relevant strategic buyers in the industry.

Facility consolidation continues

Consolidation continues among US foundries, with the number of facilities decreasing by over 8% in the past 10 years, while industry sales continue to increase. The American Foundry Society projects that casting sales will increase by 4.25% in 2025 to reach a total of \$50.1 billion. The consolidation trend is driven by many factors, including the significant advantages of scale. Larger foundry operations are more capable than smaller competitors to absorb fixed overhead and regulatory costs. In general, larger foundries benefit from greater purchasing power for materials and additives, stability of earnings through diversification by industry and customer, and can use resources more effectively by flexing or redeploying them with demand.



Industry overview

The metalcasting industry is primarily comprised of small businesses, with nearly 80% of domestic metalcasters employing fewer than 100 workers. These critical jobs are widely dispersed across every state in the nation, with the highest geographic concentration of facilities in Ohio, Pennsylvania, Indiana, Illinois, Michigan, California, Texas and Wisconsin. There are approximately 1,700 foundries located in the U.S.

Source: American Foundry Society.

CIBC Foundry and Forging Team



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CIBC foundry and forging transaction experience.



has been acquired by

**IMPERIAL
GROVP**

and



has acquired

Mercer Forge

an operation of



has acquired an

International Division



has been acquired by

**BECKNER CLEVY
PARTNERS**

and

SPEYSIDE EQUITY



a portfolio company of

FCF Partners, LP

has been acquired by



**PACIFIC STEEL
CASTING COMPANY**

has been acquired by

SPEYSIDE EQUITY

Lee Brass

a portfolio company of



an affiliate of



a portfolio company of



**AAVIN
PRIVATE EQUITY**

has been acquired by



a portfolio company of



MACC PEI Liquidating Trust, LP

PINE CREEK PARTNERS

has been acquired by

JLL Partners



has been acquired by

J.H. WHITNEY & CO.

**Cornerstone
Capital Partners**

and
Management



has been acquired by



has secured

\$125,000,000

Debt Financing

Industry Outlook

Commentary

There is considerable optimism regarding casting sales in 2025 among foundry operators. In a survey from Casting Source, 65% of foundries are expecting an increase in casting sales in the next 12 months. 57% of those operations are expecting sales growth of more than 4%. Growth above the rate of inflation will require investments in additional capital equipment for improved throughput and efficiency. The four areas most noted for investment were:

- Robotics
- Grinding equipment
- Molding equipment
- Conveyors

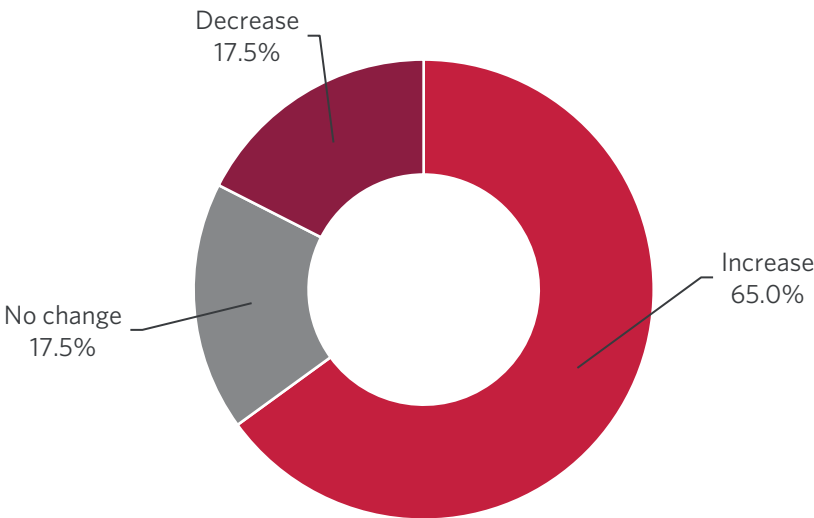
There is generally a high-return on investment in these areas and automation of processes helps to address labor challenges that some foundries are experiencing. In a FM&T survey of foundry managers, some of the largest areas of concern during 2024 are in the area of labor. 52% of these managers are experiencing significant problems with labor shortages, 40% faced skilled labor shortages, and 31% experienced significant labor costs. The need to increase capacity while simultaneously working around labor input challenges is a difficult task for foundries and highlights the need for additional investment in the industry.

Foundries increasingly require continued investment and automation to efficiently keep up with demand. Our most recent transaction in the industry was the acquisition of Stainless Foundry & Engineering to Ashland Capital Partners and the Imperial Group. The new equity sponsors have a long-term horizon and are actively investing in high-return growth and operational improvements.



Foundry Next 12 Months Sales Outlook

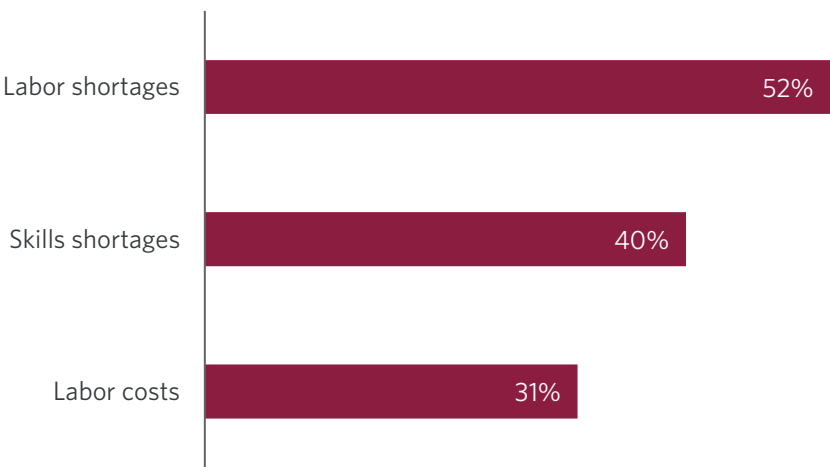
Percent of foundries anticipating sales to:



Source: Casting Source.

Largest Areas of Concerns for Foundries

Percent of foundries facing the following key issues:



Source: Foundry Management & Technology.

Methods to Address Industry and Customer Concentration

Commentary

Foundry and forging sell-side transactions often involve addressing industry specific characteristics during planning, marketing, and due diligence stages of a transaction process. As a recurring feature in our newsletter, the CIBC Middle Market Investment Banking Team will highlight one consideration each newsletter and examine actions that can be taken to address potential issues or maximize value.

Foundry sales and profits are often concentrated within an industry and sometimes with a single customer or a small subset of customers. The high cost of purchasing and maintaining capital equipment has led to specialization in many foundry operations. Foundries tend to specialize in specific metal types, casting sizes, and dimensional configurations. These specialization requirements often lead to foundries deriving a substantial amount of sales from an industry or a few customers that best fit its capabilities. Customer and industry concentration are important issues to buyers that can significantly reduce the value of a company. Buyers, their lenders and investors view concentration as increasing the risk to the predictability and consistency of future sales and earnings. Higher perceived risk may lead to a discounting of financial projections and result in a potential lower valuation. Accordingly, effectively explaining concentration can have a meaningful positive impact on valuation.

There are proven methods to lessen buyer concerns regarding customer concentration. One method is to demonstrate the longevity and strength of the customer relationship. For example, specific instances of customer dependency or collaboration on new product engineering or design can be useful in explaining why a customer cannot, or at least, is unlikely to leave. Similarly, emphasizing customers' high switching costs for new patterns, prototyping, set up, and the learning curve associated with new parts greatly diminishes any perceived advantage to changing suppliers and provides support of customer dependency. A seller can also prepare an analysis of the long-term trends regarding customer concentration. Plans or objectives to grow other segments or customers to reduce concentration can be explained. In examining customer concentration over time, it may also be useful to examine both sales and gross profit in detail as they can sometimes lead to different conclusions. Finally it may be possible to reduce perceived concentration risk based upon the number of facilities served, various product platforms, separate buying units, or the portion of aftermarket supply.



Notable transaction discussion

Date effective	Target	Acquirer	Targets' primary line of business
5/12/2025	Ferralloy, Inc.	EagleQuest International, Ltd.	Castings, forgings, machining, and superalloy services
3/31/2025	Anderson Global, Inc	Wisconsin Aluminum Foundry Company, Inc	Aluminum foundry tooling manufacturer
2/27/2025	Independent Forgings & Alloys	Trive Capital	Aerospace and defense forgings
1/21/2025	Form Technologies, Inc.	Ares Management Corporation	Die casting and metal injection molding
8/5/2024	Two Pittsburgh area foundries	Stellex Capital Management	Industrial steel castings and forgings
7/8/2024	Hirschvogel, Inc.	WALOR S.A.	Automotive forgings
5/9/2024	Atek Metal Technologies, LLC	Wisconsin Aluminum Foundry Company, Inc	Aluminum castings
3/12/2024	Renaissance Manufacturing, LLC	The Lawton Standard Co.	Iron and steel castings
2/26/2024	Compass Technical Servies	Industrial Product Company, L.P.	Metal castings, forgings, and stampings
1/30/2024	Dalton Corporation	Undisclosed Buyer	Gray iron castings
12/21/2023	Waupaca Foundry, Inc.	Monomoy Capital Management, L.P.	Gray, ductile, and compacted graphite iron castings
12/14/2023	Craft Pattern & Mold, Inc.	Le Sueur, Inc.	Aluminum and zinc castings
11/15/2023	Cast Products, Inc.	NSI Industries, LLC	Zinc and other die-casting products
8/28/2023	Rane Light Metal Castings Inc.	Kentucky Industrial Holdings, Inc.	Light metal castings
8/15/2023	Forged Components, Inc.	Westbrook Energy Group	Metal forging and machining of pressure vessels
5/22/2023	Western of Texas Forge & Flange	Forged Components, Inc.	Metal forging rings, fittings, and pipe flanges
4/10/2023	JKS Machine, Inc.	Compass Precision, LLC	Inconel, monel, and titanium alloy cast products
4/5/2023	Horizon Metals Inc.	Victaulic Company	Iron and steel foundry
3/22/2023	Dart Casting, Inc.	General Die Casters, Inc.	High-pressure aluminum die castings
12/9/2022	Continental Forge Company, Inc.	Forged Solutions Group Limited	Aluminum and closed die forgings
11/10/2022	American Iron & Alloys, LLC	The Lawton Standard Co.	Metal bar and specialty castings

Notable transaction discussion (continued)

Date effective	Target	Acquirer	Targets' primary line of business
10/10/2022	ESP Specialty Steel Products	SPS Companies, Inc	Stainless steel and perforated metal products
10/4/2022	Alloy Cast Products, Inc.	Winert Incorporated	Cobalt-based alloy castings and machine products
8/22/2022	Quality Aluminum Products, Inc.	Gibraltar Industries, Inc.	Aluminum and steel building products
8/12/2022	Northern Iron & Machine	The Lawton Standard Co.	Ductile and grey iron castings
7/12/2022	Baker Manufacturing	Blue Sage Capital	Iron castings and water system manufacturing
3/2/2022	Dee	Wieland-Werke Aktiengesellschaft	Aluminum Castings
12/31/2021	Busby Metals, Inc.	Wieland-Werke Aktiengesellschaft	Copper, aluminum and bronze alloy castings
12/20/2021	Designed Precision Castings Inc.	Omni-Lite Industries	Investment casting manufacturing
11/23/2021	Aarrowcast, Inc.	Charter Manufacturing Company	Ductile and gray iron castings
11/4/2021	Mecaf S.R.L.	C2Mac Group S.p.A	Hydraulic foundry components
8/17/2021	Columbus Castings Company	Stonemont Financial Group, LLC	Steel foundry
7/30/2021	Neenah's Truck Castings	Grede Holdings LLC	Industrial castings
5/20/2021	Perucchini spa	Fonderie Di Montorso SPA	Shell molding of iron and steel high-precision casting
1/29/2021	Alunext S.R.L.	Streparava S.p.A.	Aluminum alloy castings
11/12/2020	Le Bélier SA	Guangdong Wencan Die Casting	Foundry for braking systems and other automotive parts
10/19/2020	Électro-Kut Inc	DCM Group Inc.	Casting and forging for landing gears
9/3/2020	Beric-Davis International	Industrial Valco, Inc.	Cast and forged steel valves
8/13/2020	Mercer Forge	Milwaukee Forge	Closed impression die steel forgings
3/13/2020	Lingotes Especiales, S.A.	Onchena, S.L.	Grey and spheroidal iron parts
1/7/2020	Reading Alloys, Inc.	Kymera International	Aluminum-chromium alloy castings
12/16/2019	Grede LLC	Gamut Capital Management	Cast and machined iron components

Notable transaction discussion (continued)

Date effective	Target	Acquirer	Targets' primary line of business
12/9/2019	Mattco Forge Inc.	Blue Point Capital Partners, LLC	Forged metal products
9/9/2019	Walker Die Casting, Inc.	Allison Transmission Holdings, Inc.	Aluminum die castings and tooling
8/28/2019	PRV Metals, LLC	Tinicum Incorporated; Tinicum L.P.	Forged and rolled products
8/23/2019	Alloy Die Casting Company	Perella Weinberg Partners	Casting products from aluminum, zinc and stainless steel
8/20/2019	Avalon Precision Casting	Sigma Electric Manufacturing Corp.	Ferrous and non-ferrous investment castings
6/12/2019	Weatherly Casting and Machine	Speyside Foundry Holdings, LLC	Iron alloys and iron castings for mining

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