

European Regional Meeting

Mergers & Acquisitions Valuation Methodologies – Theory & Practice

PANEL DISCUSSION

MODERATOR

Michael Benson, Managing Director, *Stout Risius Ross*

PANELISTS

Riccardo Martinelli, Partner, *Vitale & Associati S.p.A.*

Vincent J. Pappalardo, Managing Director, *Stout Risius Ross*



M&A Valuation Methodologies: Theory and Practice

Michael D. Benson
Managing Director
Stout Risius Ross, Inc.



Agenda

A. Introductions and Overview of Agenda

- i. Stout Risius Ross Overview
- ii. Overview of Valuation Methodologies
- iii. Concept of Enterprise Value Versus Equity Value

B. Valuation Nuances by Industry

- i. Steel / Heavy Industrial – Vince Pappalardo, Stout Risius Ross
- ii. Luxury Goods Industry – Riccardo Martinelli, Vitale & Associati
- iii. Automotive Industry – Michael Benson, Stout Risius Ross
- iv. Questions & Answers



Stout Risius Ross Overview



Stout Risius Ross



Investment Banking

- Strategic advisory
- Mergers & acquisitions
- Private market financing
- Distressed transaction advisory
- Fairness Opinions

SRR is a trade name for Stout Risius Ross, Inc. and Stout Risius Ross Advisors, LLC, a FINRA registered broker-dealer and SIPC member firm.



Valuation & Financial Opinions

- Transaction support
- Expert valuation opinions
- Financial reporting
- Corporate tax planning
- ESOP & ERISA advisory
- Succession & shareholder planning
- Fixed asset appraisals



Dispute Advisory & Forensic Services

- Pre-litigation consulting
- Forensic investigations
- Discovery services
- Complex damage analysis
- Economic assessments for settlement and case evaluation
- Expert opinions and consultations



Overview of Valuation Methodologies



Valuation Methodologies

Discounted Cash Flow (“DCF”) Analysis

- Develop five-year projections
- Exit multiple and cost of capital methodology
- Sensitivity analysis for key assumptions

Leveraged Buyout (“LBO”) Analysis

- Develop five-year projections
- Layer in maximum debt structure
- Value to achieve required equity returns

Guideline Public Company Method (“GPCM”)

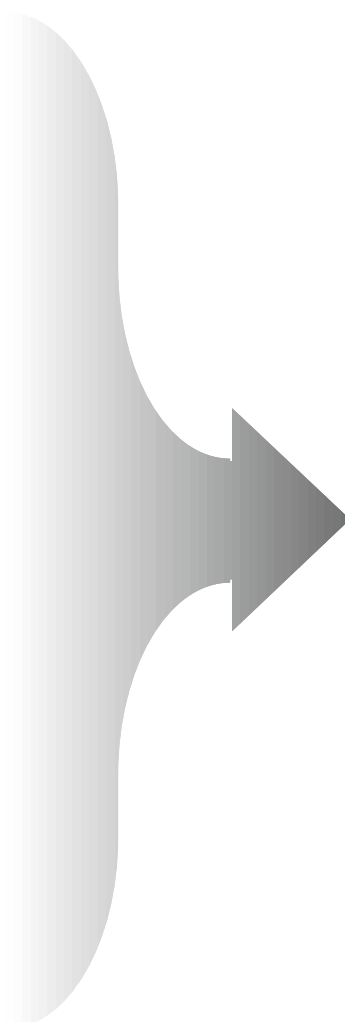
- Publicly-traded companies
- Similar operating/industry characteristics
- Apply relevant valuation multiples

Precedent Transaction Analysis

- Recent transactions
- Similar operating/industry characteristics
- Apply relevant valuation multiples

Underlying Asset Approach

- Value of business equal to the sum of its parts
- Assumes a hypothetical liquidation of the company



**Implied
Valuation of the
Company**



Simplified FCF Calculation (One Year)

	<u>Year 1</u>
Sales	556.19
EBITDA	194.67
Depreciation	(18.00)
Amortization	<u>(10.00)</u>
EBIT	166.67
Taxes (@ 40%)	<u>(66.67)</u>
EBIT (1-T)	100.00
Adjustments	
Add: Depreciation and Amortization	28.00
Less: Capital Expenditures	(25.00)
Less: Investment in Working Capital	<u>(15.00)</u>
Free Cash Flow	88.00



Sample DCF Output (Abbreviated)

	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>	<u>Residual</u>
Free Cash Flow	88.0	96.8	106.5	115.0	123.0	129.20
Present Value (@15%)	76.52	73.19	70.01	65.75	61.18	
Total PV of Cash Flows (Years 1 - 5) (Plus: Residual Cash Flows)	346.7	642.4				
Business Enterprise Value	\$989.0					
					Capitalization Rate	10%
					Gross Residual Value	1,292
					PV of Residual	642



Guideline Public Company Method (“GPCM”)

- Steps:
 - 1) Identify publicly-traded companies that are meaningfully comparable to the subject company
 - 2) Determine valuation multiples that are most relevant (e.g., EV / EBITDA)
 - 3) Determine appropriate range of multiples for subject company
 - 4) Apply selected multiple range to subject company financial results
- Projected financial results are typically based on the same projections as used for DCF



Current Issues Impacting GPCM

- Market multiples outside of long-term averages
- Volatility in the marketplace
- “Market Shock” of 2008-2009 continuing to skew metrics
- Variances between public company multiples and transaction multiples
- Multiple and EBITDA normalization
- Correlation between projected growth and market multiples



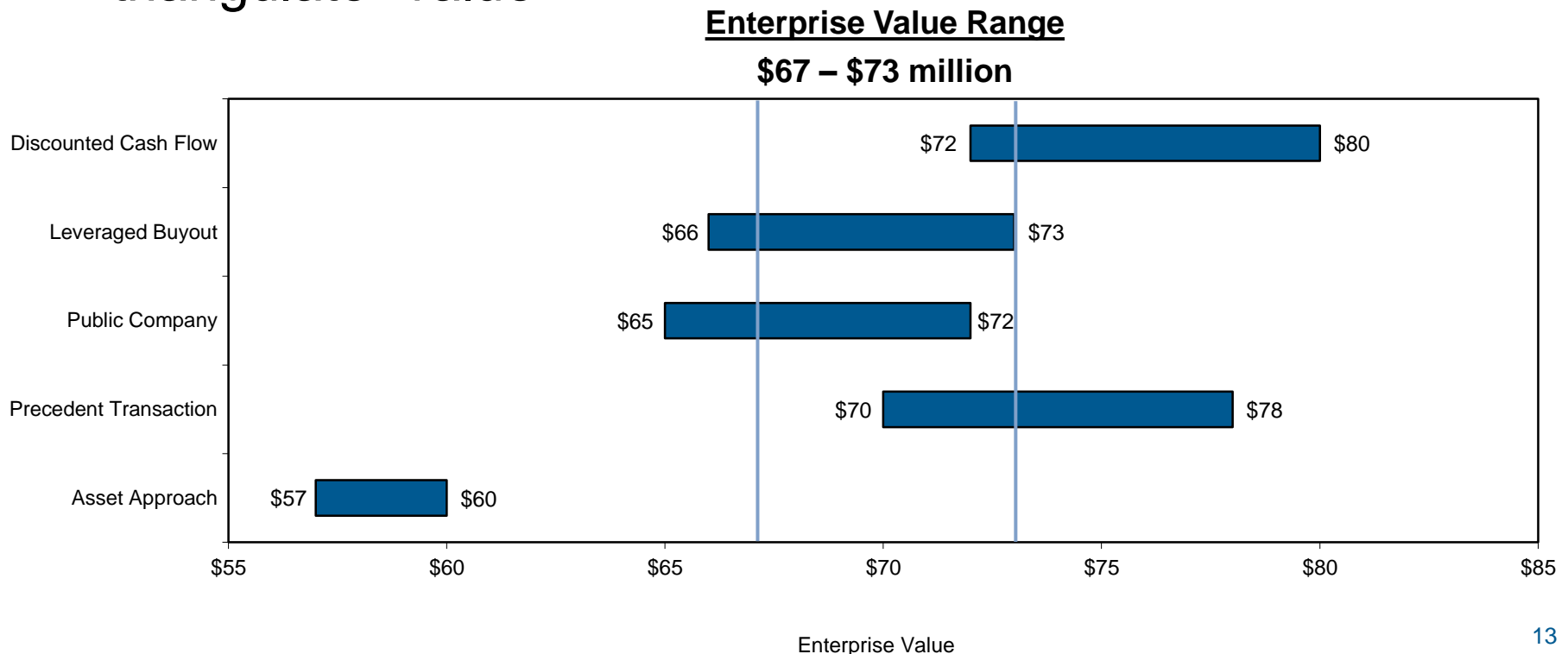
Precedent Transactions

- Steps:
 - 1) Identify change-of-control transactions with target companies that are meaningfully comparable to the subject company
 - 2) Determine (available) valuation multiples that are most applicable to relevant industry (e.g., EV/EBITDA)
 - 3) Analyze the transaction multiples to determine appropriate range for subject company
 - 4) Apply selected multiple range to subject company financial results
- Valuation multiple may reflect transaction-specific synergies



Valuation Summary (Example)

- All methodologies incorporate more “Art” than “Science”
- Methodologies work best when they are used together to “triangulate” value



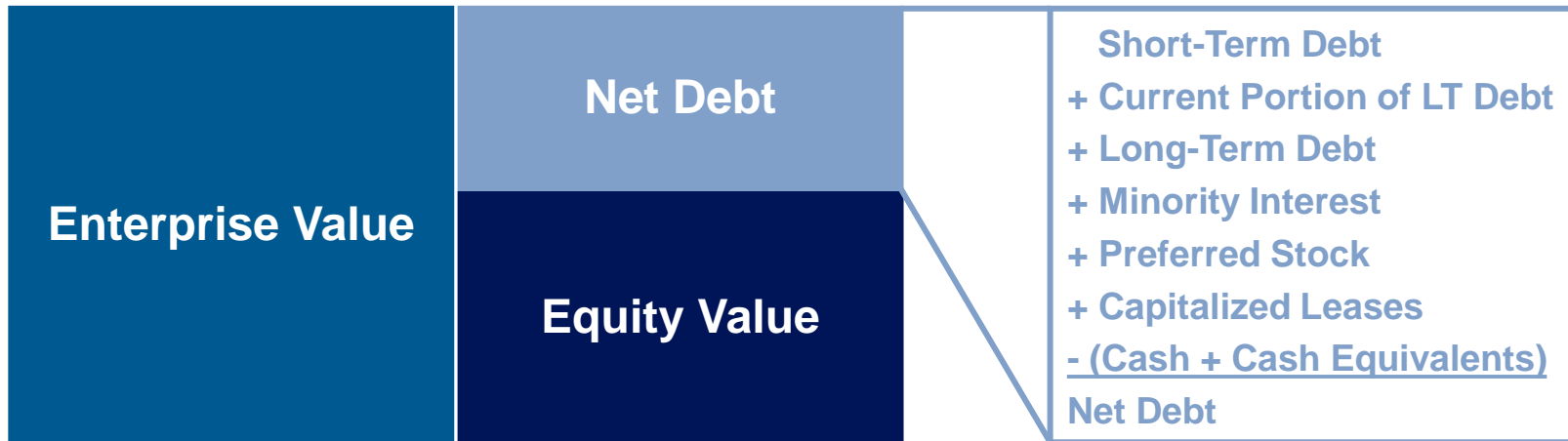


Concept of Enterprise Value Versus Equity Value



Enterprise Value Versus Equity Value

- Enterprise Value = Equity Value + Net Debt



- Other transaction value considerations:
 - Cash-free, debt-free
 - Normal levels of working capital
 - Normalized historical and projected capital expenditures
 - Seasonality and current business performance
 - Environmental, pension, and legal liabilities

VALUING METALS BUSINESSES

May 2013



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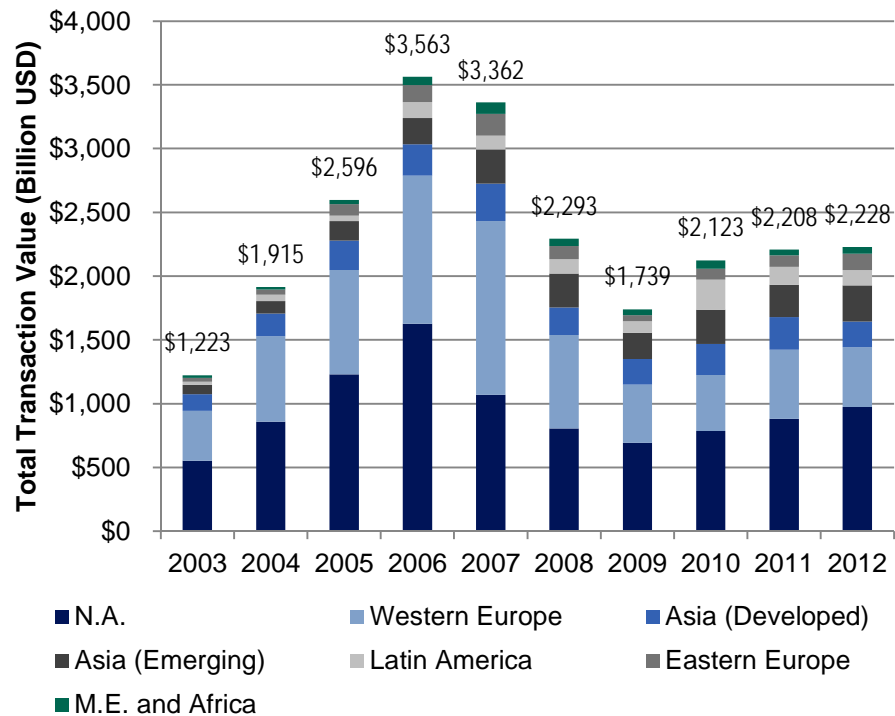
SECTION I: METALS INDUSTRY OVERVIEW

Metals Industry Overview

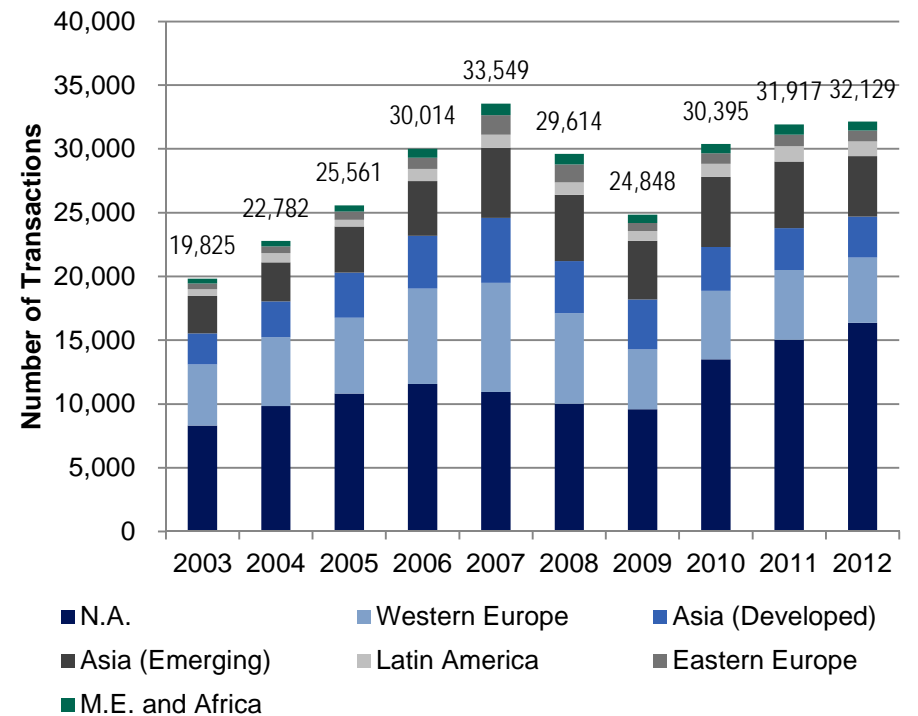
Global M&A Market

- Globally, M&A volume in 2012 was flat relative to 2011
 - Regions reporting gains: U.S. (+11%), Asian Emerging Markets (+13%), Eastern Europe (+44%), and the Middle East / Africa (+17%) were offset by
 - Softness in Western Europe (-14%), Asian Developed Markets (-21%), and Latin America (-17%)

Global M&A Transaction Value, by Year



Global Number of Deals Completed, by Year

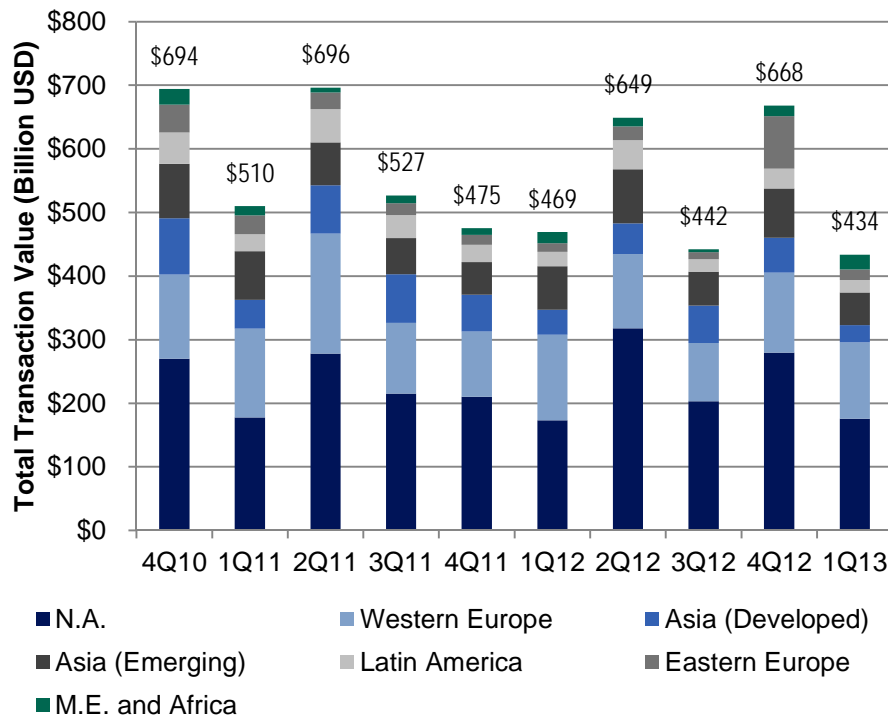


Metals Industry Overview

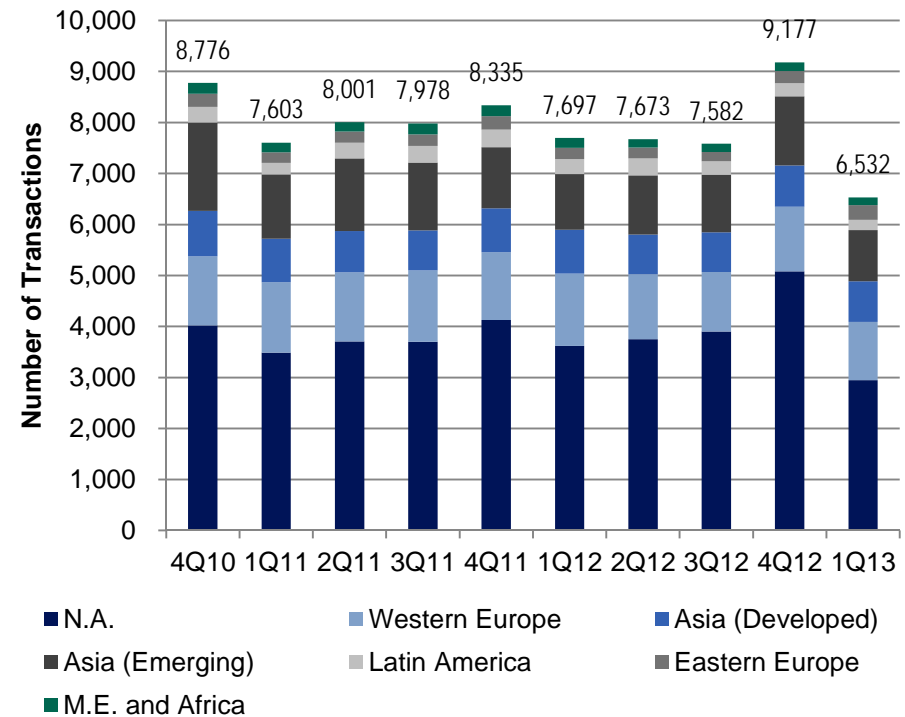
Global M&A Market

- The prospect of higher tax rates on long-term capital gains in the U.S. (which took effect in January 2013) drove a record number of deals in the fourth quarter of last year
 - However, this pull ahead of transactions negatively impacted 1Q13 U.S. volume, which was down 19% year over year
- Globally, only Eastern Europe and the Middle East / Africa reported positive activity in 1Q13 (though these two regions represent less than 10% of total global deal volume)

Global M&A Transaction Value, by Quarter



Global Number of Deals Completed, by Quarter



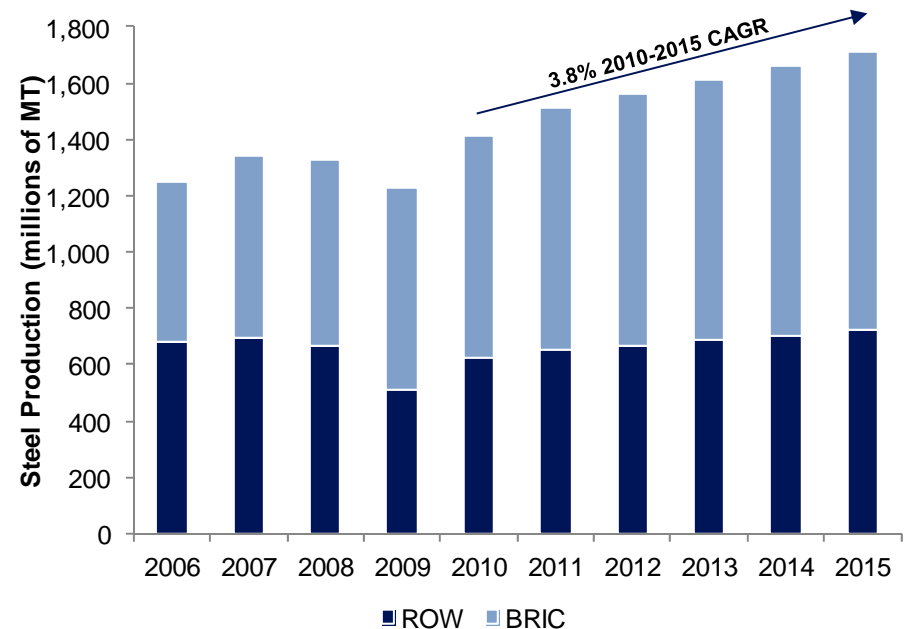
Metals Industry Overview

Long Term Demand Drivers

- Steel is a fundamental building block of growth
 - Worldwide population is approaching 7 billion, and will exceed 9 billion in only a few years
 - This population growth will require increased energy, food and **infrastructure**
 - The long-term needs of the developing countries in particular will continue to fuel steel growth
- The middle class continues to grow in China and India; India's middle class alone is approximately 300 million, equivalent to the entire population of the U.S.
- The new middle class wants all the goods and services that are taken for granted in the developed world (autos, appliances, homes)
- As population growth fuels steel growth, so too will steel growth fuel the need for more raw materials

Global Steel Production

- Robust global steel production growth is expected for the near to mid-term with a 2010 – 2015 CAGR of 3.8%
- North American steel production is still expected to expand solidly by 3.4% per year between 2010 and 2015



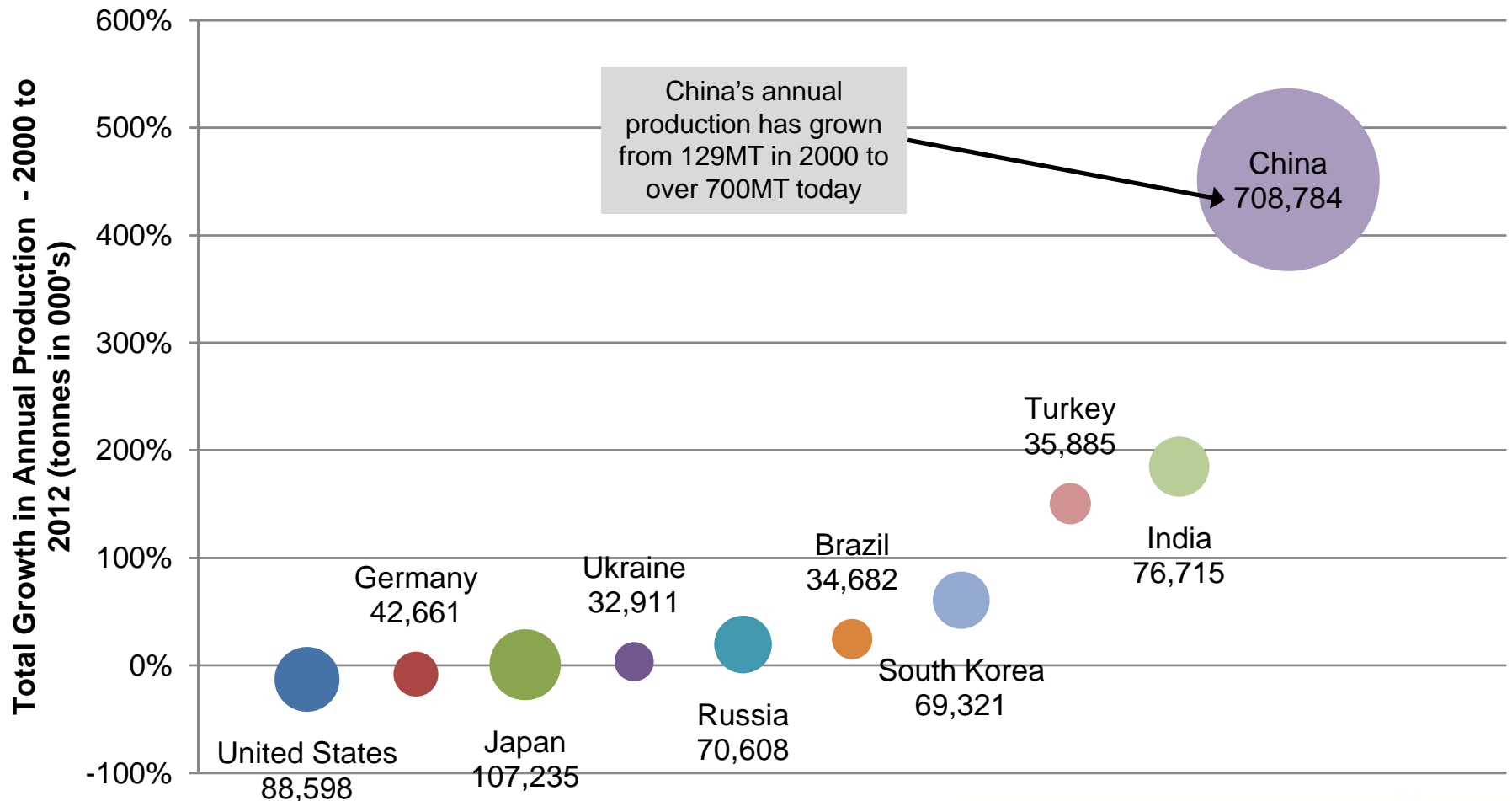
Source: TMS International Investor Presentation

Metals Industry Overview

Long Term Demand Drivers

- China's growth in annual production has been remarkable (though it should be noted that the growth in capacity has been even greater, leading to widespread excess capacity at Chinese mills)

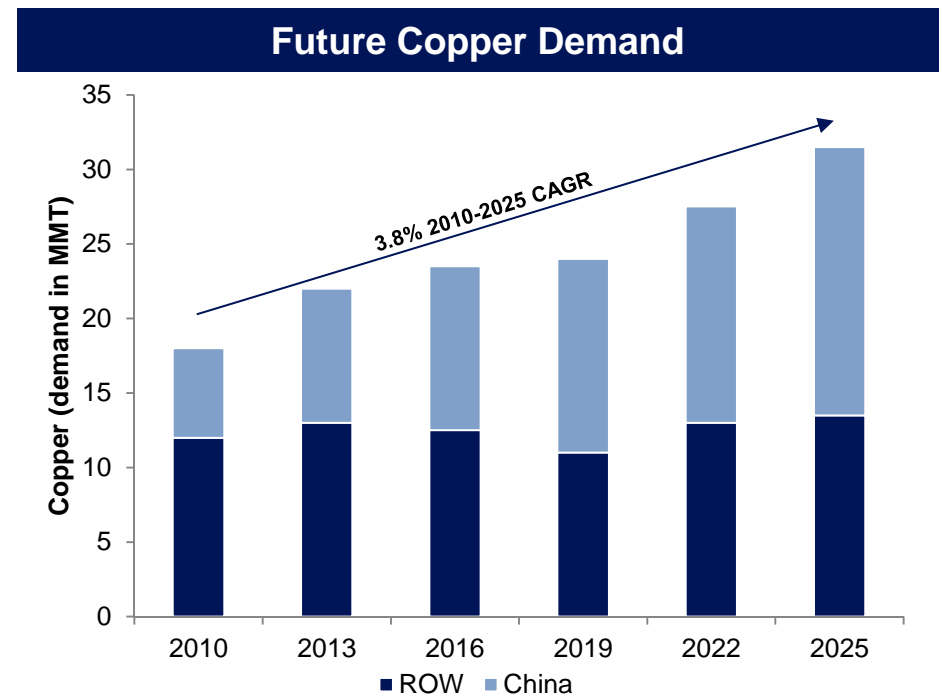
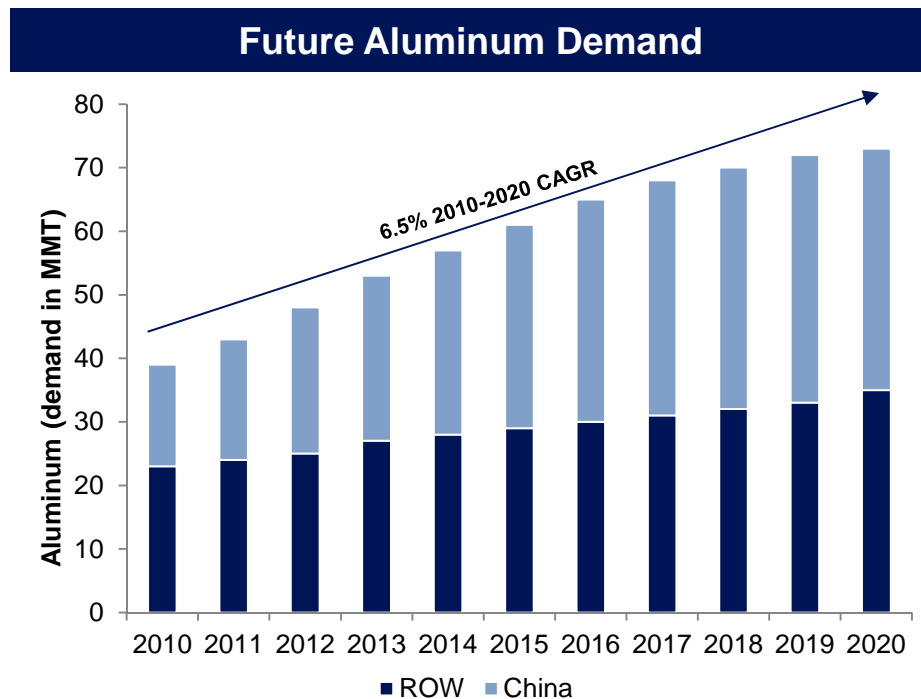
Annual Global Steel Production – 2012



Metals Industry Overview

Long Term Demand Drivers (cont.)

- Demand for aluminum and copper is expected to increase dramatically over the next 10 to 15 years
- China is projected to be the biggest driver of demand for aluminum and copper
 - A dramatic shift in population from rural areas to coastal and interior urban population centers continues to fuel a boom in residential and non-residential construction
 - Rapidly rising per capita income is driving demand for a variety of consumer and industrial products such as automobiles, home appliances, HVAC systems, etc. that make use of aluminum and copper

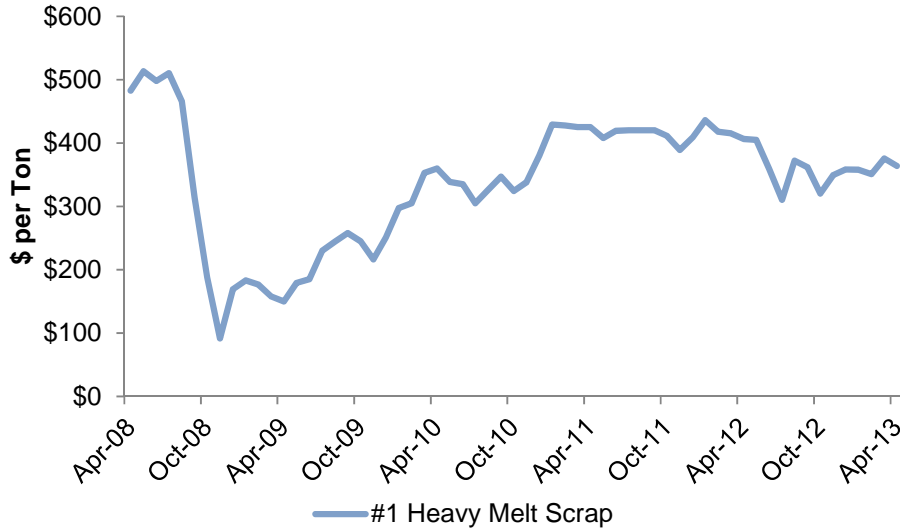


Source: Alcoa and Rio Tinto investor presentations

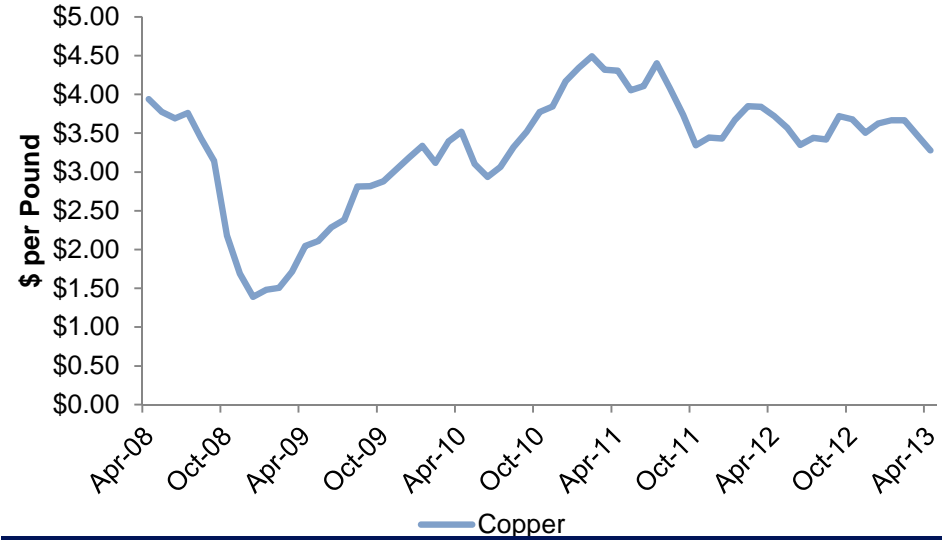
Metals Industry Overview

Metals Pricing Trends

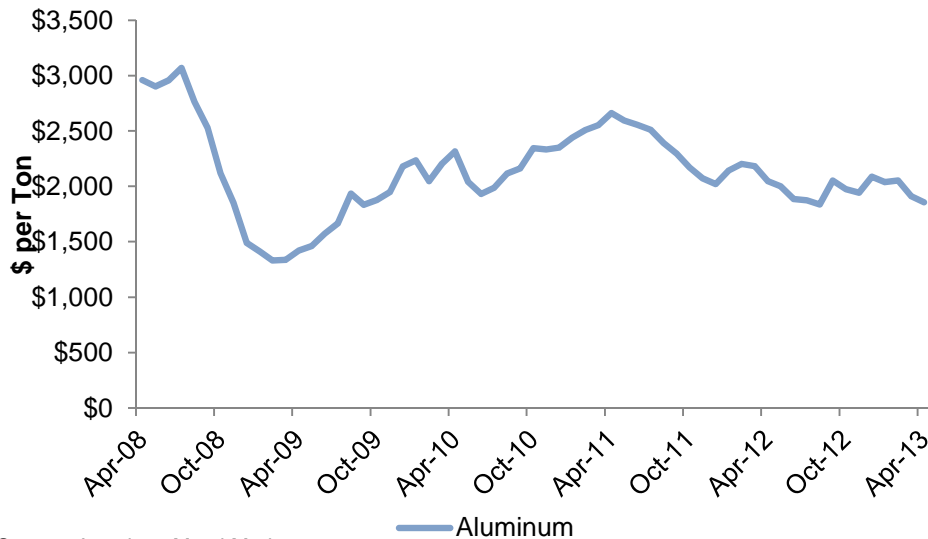
Heavy Melt Scrap



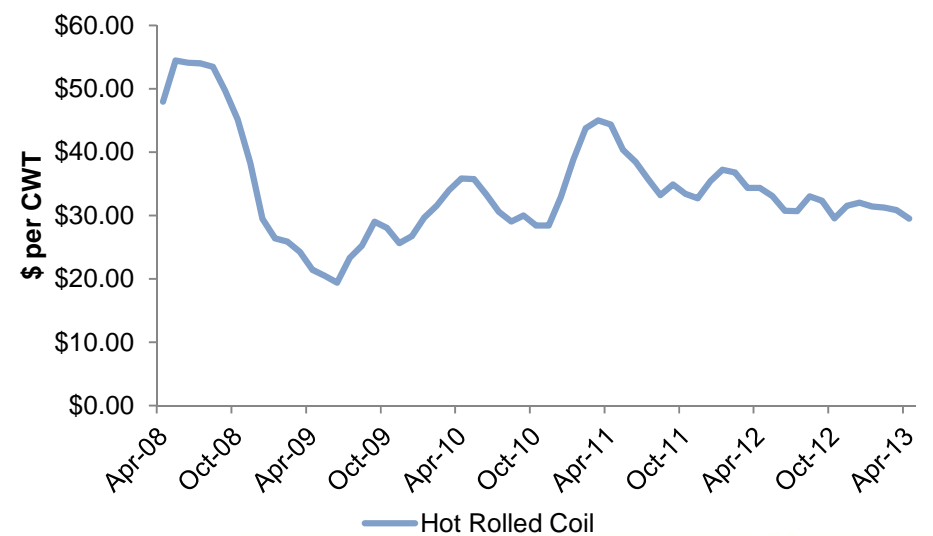
Copper



Aluminum



Hot Rolled Coil



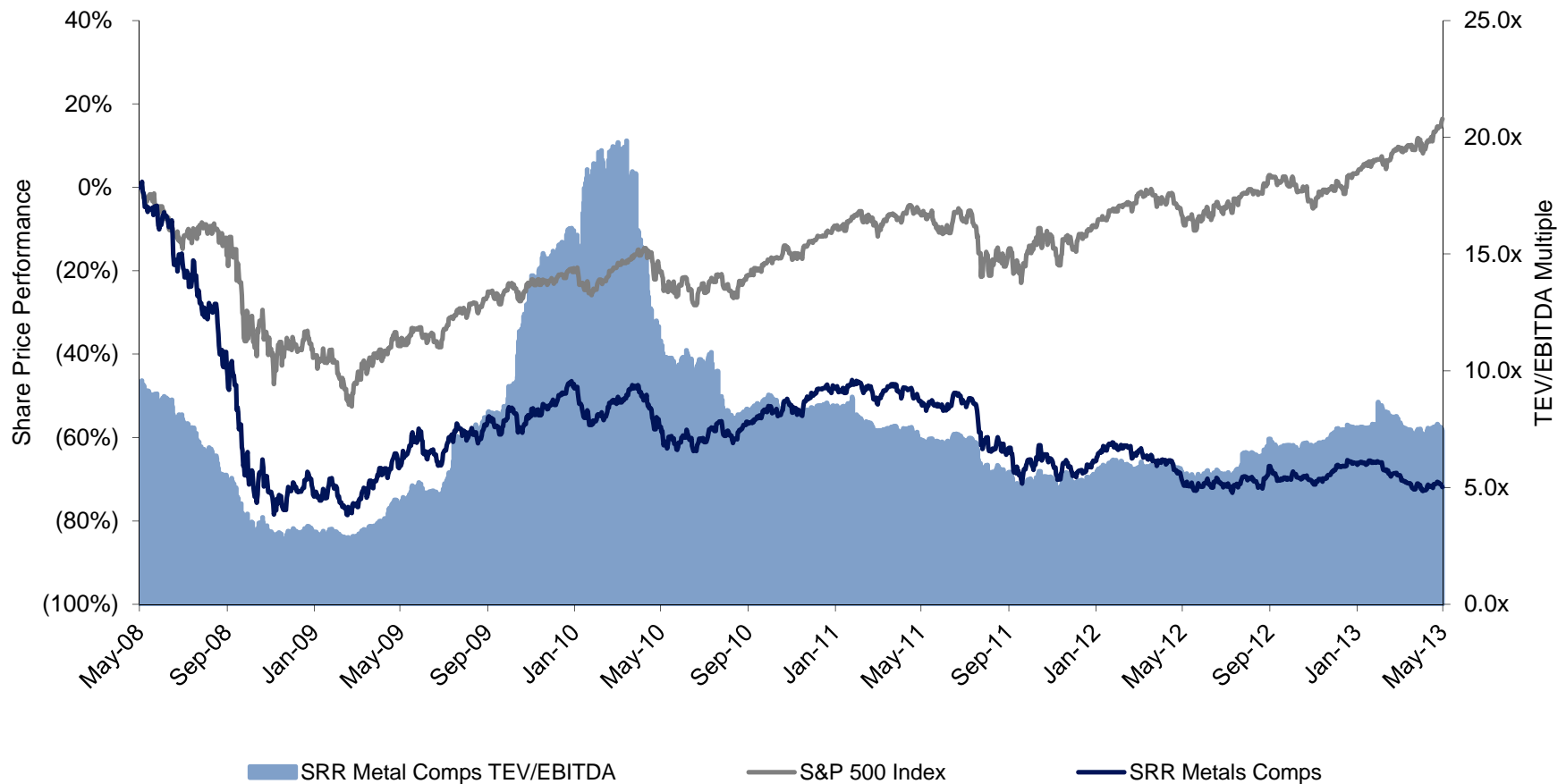
Source: American Metal Market

Metals Industry Overview

Valuation Metrics: Public Metals Companies

- After a spike in valuation multiples driven by depressed earnings in 2010, multiples have resumed a relatively tight correlation with share performance

Share Price Performance vs. EV/EBITDA Multiples

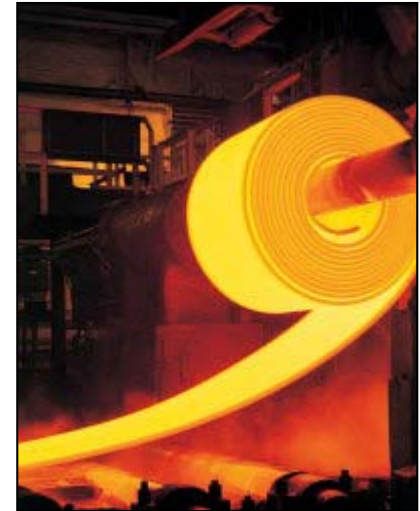


Note: SRR All Metals Sectors Includes Comps Within Scrap Processing, Steel, Service Centers, Aluminum, and Specialty Producers
Source: S&P Capital IQ

Metals Industry Overview

Current Metals M&A Market

- The current market has interested buyers
 - Organic growth will be slow
 - Stockholder/shareholder pressure to grow
 - Overcapacity remains
 - Recent earnings levels have caused many strategics to pull back on M&A
- Sellers are still adjusting expectations
 - Valuations are being done on a normalized earnings basis
 - Age of sellers is playing a factor
 - Higher long-term capital gains
 - Pent-up demand for transactions
- First quarter 2013 deal volume was slow
 - Buyers and seller are coming back into the market
 - Activity is up but transactions are still a couple of months away

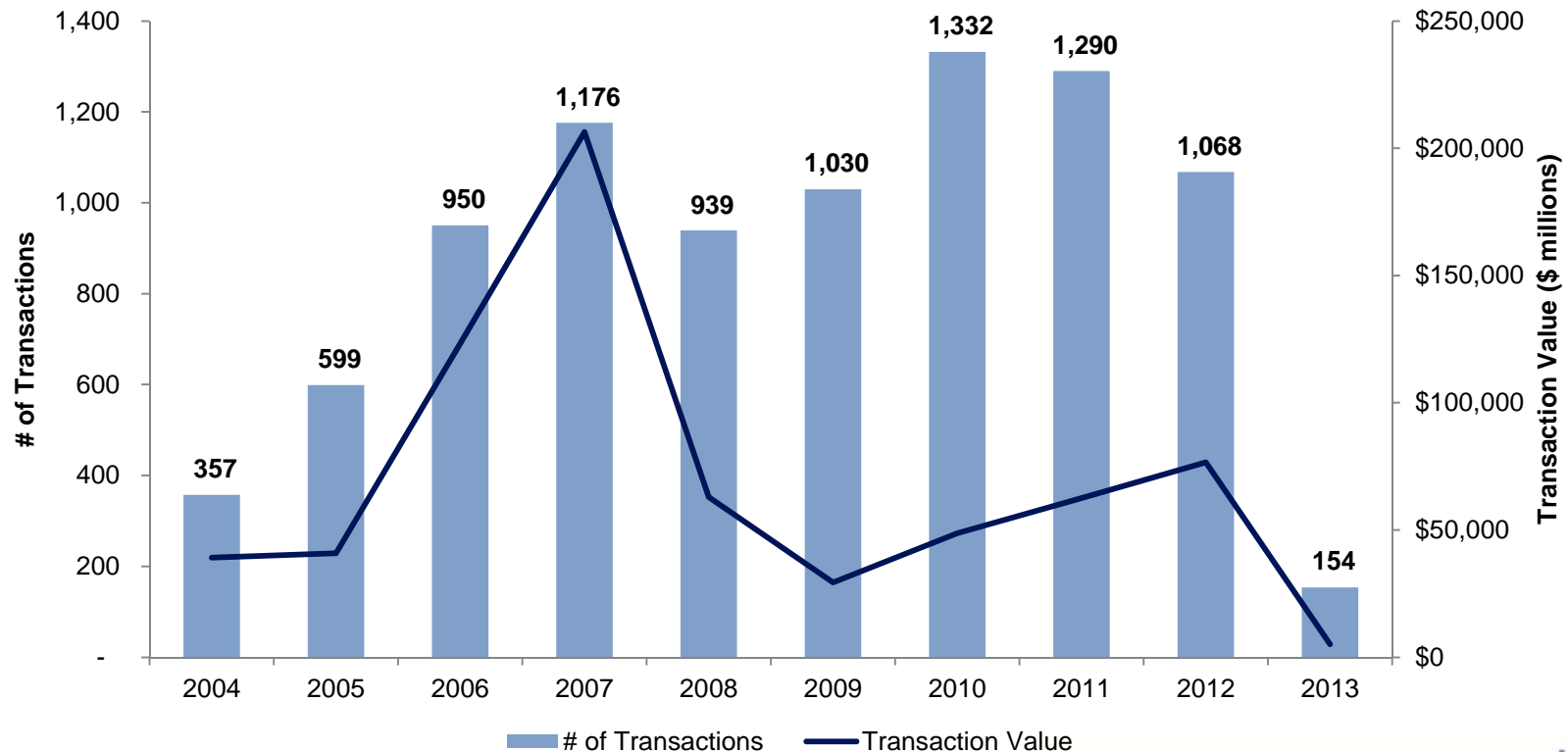


Metals Industry Overview

Current Metals M&A Market (cont.)

- Global metals-related M&A rebounded sharply in 2010 and 2011 off the recession-related downturn of 2008 and 2009
- Although 2012 was soft relative to the prior two years, historical context reveals it was the fourth strongest year of the last nine
- As mentioned previously, similar to the broader global M&A market, deal-related activity in 1Q13 has been slower than normal

Global Metals Related M&A Deal Volume and Value



Metals Industry Overview

Public Company Analysis: Operating Performance Parameters

(\$ in millions)

As of 5/15/2013	LTM		LTM Margin (a)		3-Year CAGR (b)		Debt / EBITDA
	Revenue	EBITDA	Gross Profit	EBITDA	Revenue	EBITDA	
Scrap Processors							
Industrial Services of America, Inc.	\$167.3	\$1.2	4.6%	0.7%	1.8%	(33.7%)	18.9x
Metalico Inc.	547.3	16.5	8.1%	3.0%	18.4%	(4.7%)	7.6
Schnitzer Steel Industries, Inc.	2,897.2	123.4	8.1%	4.3%	16.2%	16.1%	3.3
Sims Metal Management Limited	8,190.7	129.6	8.7%	1.6%	9.1%	12.1%	2.9
TMS International Corp.	2,368.8	147.7	8.9%	6.2%	18.1%	14.3%	2.2
Group Median			8.1%	3.0%	16.2%	12.1%	3.3x
Group Mean			7.7%	3.2%	12.7%	0.8%	7.0
Steel Producers							
AK Steel Holding Corporation	\$5,794.8	\$267.2	7.1%	4.6%	9.8%	12.9%	5.3x
ArcelorMittal	81,262.0	7,449.0	7.1%	9.2%	8.4%	9.9%	3.5
Commercial Metals Company	7,403.8	353.0	9.4%	4.8%	8.1%	34.3%	3.7
EVRAZ plc	14,726.0	2,020.0	19.9%	13.7%	10.8%	12.5%	4.0
Gerdau S.A.	18,748.9	1,965.7	12.0%	10.5%	5.1%	(3.2%)	3.8
Grupo Simec S.A.B. de C.V.	2,281.9	262.1	11.9%	11.5%	11.5%	103.1%	0.2
JFE Holdings, Inc.	33,857.4	2,483.5	9.6%	7.3%	4.1%	(4.0%)	6.8
Klöckner & Co SE	9,056.3	147.5	17.1%	1.6%	15.2%	NA	8.7
Nippon Steel & Sumitomo Metal	46,604.6	3,343.4	9.3%	7.2%	6.5%	10.5%	8.1
Nucor Corporation	18,907.5	1,629.6	7.9%	8.6%	14.8%	46.8%	2.3
OJSC Novolipetsk Steel	12,156.6	1,900.5	30.1%	15.6%	18.6%	7.7%	2.5
POSCO	59,802.2	5,823.1	11.7%	9.7%	17.3%	1.5%	4.0
Salzgitter AG	13,106.8	424.9	26.5%	3.2%	5.2%	NA	2.3
Severstal	14,103.7	2,127.4	23.5%	15.1%	11.6%	12.0%	2.7
Steel Dynamics Inc.	7,103.9	602.5	9.8%	8.5%	16.5%	16.3%	3.8
Tata Steel Limited	24,430.0	2,036.8	36.1%	8.3%	2.7%	42.3%	5.8
ThyssenKrupp AG	48,502.8	1,476.1	15.3%	3.0%	(1.4%)	NA	7.6
United States Steel Corp.	18,751.0	887.0	7.9%	4.7%	15.0%	NA	4.4
Voestalpine AG	15,602.3	1,621.1	20.1%	10.4%	5.7%	7.5%	2.9
Group Median			11.9%	8.5%	9.8%	12.0%	3.8x
Group Mean			15.4%	8.3%	9.8%	20.7%	4.3

Metals Industry Overview

Public Company Analysis: Operating Performance Parameters

(\$ in millions)

As of 5/15/2013	LTM		LTM Margin (a)		3-Year CAGR (b)		Debt / EBITDA
	Revenue	EBITDA	Gross Profit	EBITDA	Revenue	EBITDA	
<u>Metal Service Centers</u>							
A. M. Castle & Co.	\$1,200.2	\$51.4	14.4%	4.3%	11.8%	NA	5.2x
Olympic Steel Inc.	1,339.7	43.7	19.9%	3.3%	27.5%	NA	5.4
Reliance Steel & Aluminum Co.	8,179.3	761.7	26.4%	9.3%	12.2%	88.4%	1.5
Russel Metals Inc.	2,968.1	194.2	17.0%	6.5%	12.5%	NA	2.4
Group Median			18.4%	5.4%	12.3%	88.4%	3.8x
Group Mean			19.4%	5.9%	16.0%	88.4%	3.6
<u>Aluminum</u>							
Alcoa Inc.	\$23,527.0	\$2,173.0	14.4%	9.2%	6.5%	55.6%	4.1x
Kaiser Aluminum Corporation	1,332.1	187.4	18.8%	14.1%	8.3%	6.5%	2.1
Noranda Aluminum Holding Corp.	1,379.8	118.0	7.3%	8.6%	16.0%	NA	5.1
United Company RUSAL Plc	10,691.0	920.0	15.6%	8.6%	7.5%	11.5%	12.2
Rio Tinto plc	50,967.0	17,541.0	26.4%	34.4%	6.1%	12.6%	1.5
Norsk Hydro ASA	10,887.3	1,046.5	34.1%	9.6%	(0.1%)	18.0%	1.6
Aluminium Bahrain B.S.C. (Alba)	1,974.0	428.9	14.5%	21.7%	6.3%	73.5%	1.5
Century Aluminum Co.	1,267.2	47.1	3.4%	3.7%	9.1%	NA	5.5
Group Median			15.0%	9.4%	7.0%	15.3%	3.1x
Group Mean			16.8%	13.7%	7.5%	29.6%	4.2
<u>Specialty/Nonferrous Producers</u>							
Allegheny Technologies Inc.	\$4,858.4	\$434.9	12.4%	9.0%	13.3%	22.6%	3.4x
Carpenter Technology Corp.	2,303.5	330.1	18.8%	14.3%	20.2%	55.4%	2.1
Eramet SA	4,589.6	512.9	18.9%	11.2%	4.5%	30.6%	1.4
Haynes International, Inc.	535.3	72.2	19.0%	13.5%	10.0%	NA	0.0
RTI International Metals, Inc.	771.5	101.1	20.2%	13.1%	16.0%	70.3%	2.0
TIE Kinetix N.V.	17.4	1.1	29.8%	6.1%	1.5%	(4.9%)	0.2
Group Median			18.9%	12.1%	11.7%	30.6%	1.7x
Group Mean			19.9%	11.2%	10.9%	34.8%	1.5

Metals Industry Overview

Public Company Analysis: Operating Performance Parameters

(\$ in millions)

As of 5/15/2013	LTM		LTM Margin (a)		3-Year CAGR (b)		Debt / EBITDA
	Revenue	EBITDA	Gross Profit	EBITDA	Revenue	EBITDA	
Steel Tubing and Pipe Manufacturers							
EVRAZ plc	\$14,726.0	\$2,020.0	19.9%	13.7%	10.8%	12.5%	4.0x
JSW Steel Ltd.	7,041.5	1,219.4	25.4%	17.3%	17.8%	17.2%	2.6
Maruichi Steel Tube Ltd.	1,249.4	212.4	22.3%	17.0%	5.7%	105.9%	0.8
Northwest Pipe Co.	522.9	50.0	11.6%	9.6%	17.1%	NA	1.5
OAO TMK	6,687.7	1,010.5	23.0%	15.1%	17.9%	33.8%	3.9
Company Chelyabinsk	3,827.1	660.2	24.9%	17.3%	19.7%	35.2%	5.1
Synalloy Corp.	208.1	12.2	11.4%	5.9%	17.5%	38.6%	3.3
Tenaris SA	10,895.0	2,868.9	38.8%	26.3%	7.4%	5.5%	0.6
Vallourec SA	6,842.2	1,050.0	26.6%	15.3%	2.4%	(7.5%)	3.2
Valmont Industries, Inc.	3,131.8	488.6	27.2%	15.6%	14.1%	12.4%	1.0
Group Median			23.9%	15.5%	15.6%	17.2%	2.9x
Group Mean			23.1%	15.3%	13.0%	28.2%	2.6
Overall Low			3.4%	0.7%	(1.4%)	(33.7%)	0.0x
Overall High			38.8%	34.4%	27.5%	105.9%	18.9
Overall Median			16.3%	9.2%	10.8%	12.9%	3.3
Overall Mean			17.2%	10.1%	10.9%	24.6%	3.9

Notes:

(a) LTM operating results exclude extraordinary items.

(b) Based on results from the five most recently reported fiscal years.

All international financials are calculated using current conversion rates

Metals Industry Overview

Public Company Analysis: Market Performance Parameters

(\$ millions, except share data)

	Price per Share at 5/15/2013	Price as % of 52wk High	Market Value	Enterprise Value (a)	EV / Rev. LTM	EV / EBITDA LTM	CY + 1
Scrap Processors							
Industrial Services of America, Inc.	\$3.25	59.1%	\$23.0	\$44.3	0.26x	36.7x ¹	NA
Metalico Inc.	1.66	52.9%	79.6	201.6	0.37	12.2	6.2
Schnitzer Steel Industries, Inc.	25.67	75.1%	658.1	1,055.0	0.36	8.6	7.2
Sims Metal Management Limited	10.35	80.0%	2,115.2	2,388.9	0.29	18.4 ¹	8.5
TMS International Corp.	15.51	96.9%	609.2	908.2	0.38	6.2	5.8
Group Median		75.1%		\$908.2	0.36x	8.6x	6.7x
Group Mean		72.8%		919.6	0.33	9.0	6.9
Steel Producers							
AK Steel Holding Corporation	\$3.37	48.3%	\$459.4	\$2,102.1	0.36x ¹	7.9x ¹	6.0x
ArcelorMittal	12.55	71.0%	20,895.8	42,330.8	0.52	5.7	5.8
Commercial Metals Company	15.28	87.5%	1,785.9	2,907.9	0.39	8.2	8.6
EVRAZ plc	2.42	47.2%	3,562.1	9,899.1	0.67	4.9	4.6
Gerdau S.A.	6.63	61.9%	11,273.2	18,474.5	0.99	9.4	8.1
Grupo Simec S.A.B. de C.V.	14.37	93.5%	2,384.0	1,973.6	0.86	7.5	6.3
JFE Holdings, Inc.	21.29	95.9%	12,286.4	28,952.5	0.86	11.7	8.0
Klöckner & Co SE	12.19	79.1%	1,215.7	1,656.4	0.18	11.2	7.6
Nippon Steel & Sumitomo Metal	2.59	94.3%	23,473.8	55,181.4	1.18	16.5	10.4
Nucor Corporation	45.23	93.1%	14,373.3	17,348.9	0.92	10.6	9.9
OJSC Novolipetsk Steel	15.21	66.1%	9,115.7	12,712.7	1.05	6.7	6.5
POSCO	285.78	80.6%	22,074.8	23,342.3	1.92	12.3	4.1
Salzgitter AG	40.02	75.5%	2,164.4	24,542.1	0.41	4.2	44.8
Severstal	8.25	59.4%	6,690.5	5,949.7	0.45	14.0	2.8
Steel Dynamics Inc.	15.11	93.5%	3,330.2	8,632.4	0.61	4.1	11.9
Tata Steel Limited	5.63	67.8%	5,468.9	6,843.0	0.96	11.4	2.6
ThyssenKrupp AG	19.09	77.1%	9,820.9	15,829.1	0.65	7.8	5.8
United States Steel Corp.	18.07	68.7%	2,607.2	13,076.5	0.27	8.9	15.9
Voestalpine AG	32.67	88.3%	5,630.8	8,377.7	0.45	9.4	4.7
Group Median		77.1%		\$12,712.7	0.66x	9.1x	6.5x
Group Mean		76.3%		15,796.5	0.74	9.1	9.2

Metals Industry Overview

Public Company Analysis: Market Performance Parameters

(\$ millions, except share data)

	Price per Share at 5/15/2013	Price as % of 52wk High	Market Value	Enterprise Value (a)	EV / Rev. LTM	EV / EBITDA LTM	CY + 1
<u>Metal Service Centers</u>							
A. M. Castle & Co.	\$18.19	97.1%	\$424.0	\$669.3	0.56x ¹	13.0x ¹	10.5x
Olympic Steel Inc.	24.16	95.2%	264.0	498.1	0.37	11.4	9.0
Reliance Steel & Aluminum Co.	67.63	92.8%	5,186.6	6,246.0	0.76	8.2	7.5
Russel Metals Inc.	26.15	90.0%	1,590.2	1,929.4	0.65	9.9	8.8
Group Median		94.0%		\$1,299.4	0.65x	9.9x	8.9x
Group Mean		93.7%		2,335.7	0.60	9.8	8.9
<u>Aluminum</u>							
Alcoa Inc.	\$8.50	85.6%	\$9,089.9	\$19,867.9	0.84x	9.1x	7.4x
Kaiser Aluminum Corporation	64.13	98.4%	1,215.9	1,270.7	0.95	6.8	6.4
Noranda Aluminum Holding Corp.	3.91	45.6%	265.4	857.0	0.62	7.3	7.0
United Company RUSAL Plc	0.50	75.0%	7,555.4	18,523.4	1.73	20.1 ¹	NA
Rio Tinto plc	44.31	75.2%	81,885.0	112,456.0	2.21	6.4	5.3
Norsk Hydro ASA	4.45	88.4%	9,074.4	10,059.0	0.92	9.6	8.0
Aluminium Bahrain B.S.C. (Alba)	1.51	99.1%	2,134.8	2,634.1	1.33	6.1	6.0
Century Aluminum Co.	8.58	88.5%	760.2	823.4	0.65	17.5 ¹	11.1
Group Median		87.0%		\$6,346.5	0.94x	7.0x	7.0x
Group Mean		82.0%		20,811.4	1.16	7.6	7.3
<u>Specialty/Nonferrous Producers</u>							
Allegheny Technologies Inc.	\$29.01	77.5%	\$3,131.8	\$4,582.5	0.94x	10.5x ¹	9.8x
Carpenter Technology Corp.	47.69	84.4%	2,514.1	2,924.0	1.27	8.9	7.5
Eramet SA	107.02	71.8%	2,811.8	3,316.8	0.72	6.5	5.0
Haynes International, Inc.	48.00	82.0%	587.3	540.3	1.01	7.5	9.9
RTI International Metals, Inc.	28.76	88.7%	901.1	1,043.8	1.35	10.3	9.2
TIE Kinetix N.V.	7.69	53.0%	7.2	6.4	0.37	6.1	NA
Group Median		79.7%		\$1,983.9	0.98x	7.5x	9.2x
Group Mean		76.2%		2,069.0	0.94	7.8	8.3

Metals Industry Overview

Public Company Analysis: Market Performance Parameters

(\$ millions, except share data)

	Price per Share at 5/15/2013	Price as % of 52wk High	Market Value	Enterprise Value (a)	EV / Rev. LTM	EV / EBITDA LTM	CY + 1
Steel Tubing and Pipe Manufacturers							
EVRAZ plc	\$2.42	47.2%	\$3,562.1	\$9,899.1	0.67x	4.9x	4.6x
JSW Steel Ltd.	12.62	77.4%	2,815.5	5,530.0	0.79	4.5	4.4
Maruichi Steel Tube Ltd.	26.57	99.0%	2,251.3	1,714.2	1.37	8.1	7.6
Northwest Pipe Co.	27.00	91.0%	254.8	331.9	0.63	6.6	7.6
OAo TMK	2.54	70.9%	2,200.1	5,961.2	0.89	5.9	5.6
Company Chelyabinsk	0.79	54.4%	251.3	3,455.3	0.90	5.2	6.3
Synalloy Corp.	14.49	96.8%	92.5	132.7	0.64	10.8	9.5
Tenaris SA	21.71	98.9%	25,630.5	25,666.3	2.36	8.9	8.8
Vallourec SA	52.75	93.6%	6,537.8	9,320.4	1.36	8.9	7.6
Valmont Industries, Inc.	153.56	93.1%	4,108.3	4,228.4	1.35	8.7	7.8
Group Median		92.0%		\$4,879.2	0.90x	7.4x	7.6x
Group Mean		82.2%		6,624.0	1.10	7.3	7.0
Overall Low					0.18x	4.1x	2.6x
Overall High					2.36	16.5	44.8
Overall Median					0.77	8.2	7.5
Overall Mean					0.85	8.4	8.2

Notes:

(a) Enterprise Value equals Market Value plus total straight and convertible debt, preferred stock and minority interest, less cash and investments in unconsolidated subsidiaries.

Market value based on fully-diluted shares including conversion of all exercisable in-the-money options, less shares repurchased using option proceeds.

LTM EBITDA, EBIT and Net Income exclude extraordinary items.

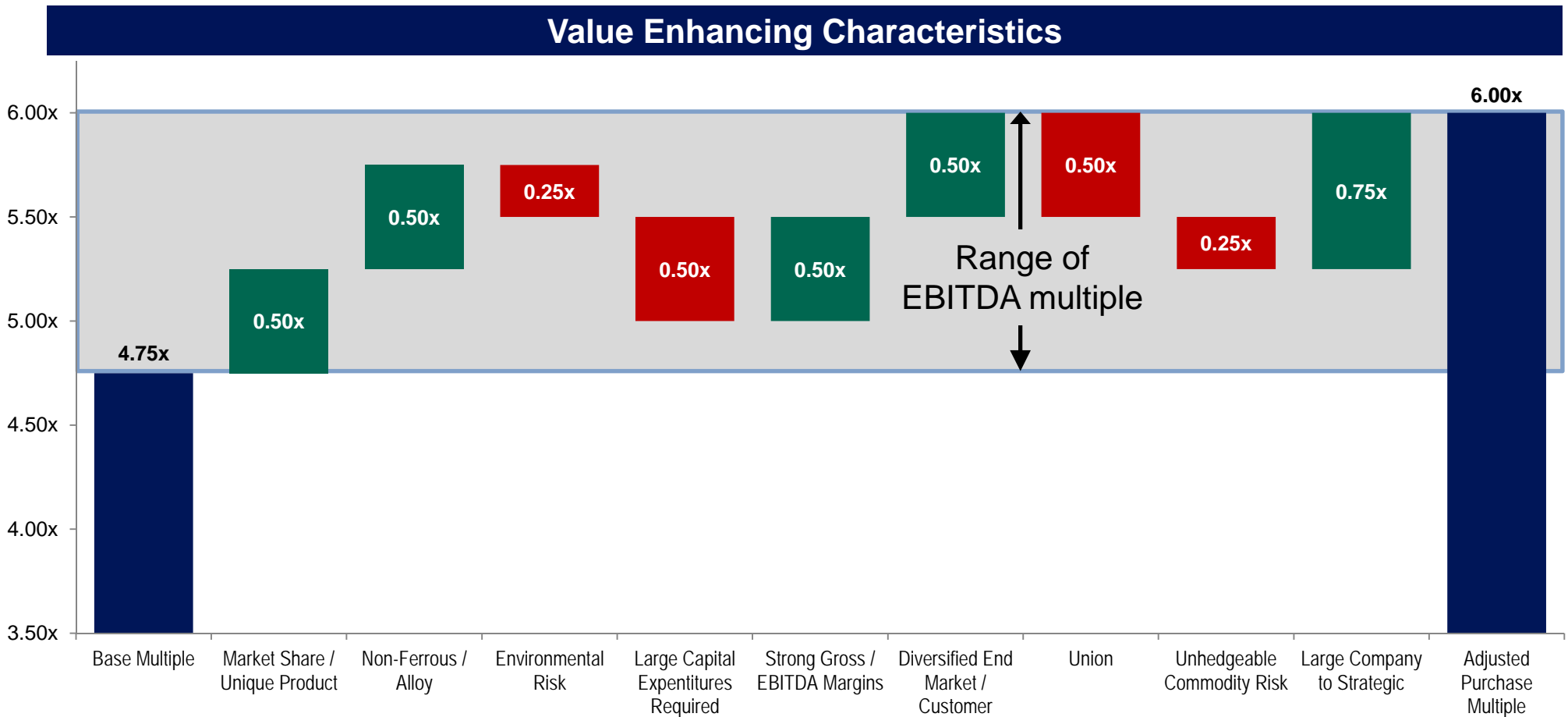
¹ Excluded from mean and median

SECTION II: METALS BUSINESS VALUATION

Metals Business Valuation

Value Approach and Considerations for Middle-Market Metals Businesses

- The multiples for metals companies are presented below **BUT** the driving factor will be a **normalized / sustainable level of EBITDA**
- There are several key aspects that can't be covered in a general presentation that may enhance or detract from the valuation multiples



APPENDIX A: OVERVIEW OF SRR'S METALS PRACTICE

SRR Overview

Stout Risius Ross, Inc.

- Stout Risius Ross (SRR) is a financial advisory firm that was founded in 1991. Today we are involved in more than 2,500 engagements annually across three practice groups. With approximately 250 people, we have the resources to complete the most challenging assignments.



Investment Banking

- Strategic advisory
- Mergers & acquisitions
- Private market financing
- Distressed transaction advisory
- Fairness Opinions

SRR is a trade name for Stout Risius Ross, Inc. and Stout Risius Ross, LLC, a FINRA registered broker-dealer and SIPC member firm.

Valuation & Financial Opinions

- Transaction support
- Expert valuation opinions
- Financial reporting
- Corporate tax planning
- ESOP & ERISA advisory
- Succession & shareholder planning
- Fixed asset appraisals

Dispute Advisory & Forensic Services

- Pre-litigation consulting
- Forensic investigations
- Discovery services
- Complex damage analysis
- Economic assessments for settlement and case evaluation
- Expert opinions and consultations

ATLANTA CHICAGO CLEVELAND DALLAS DETROIT HOUSTON LOS ANGELES NEW YORK DC

SRR Overview

Why SRR as Your Middle Market Investment Banker?

Resources

- SRR as a platform has approximately 250 professionals
- Flexibility and focus of a 15-person investment bank with resources of a 250 person firm
- Nine domestic offices and an extensive international network

Lower Middle Market Focus

- Privately-held businesses, private equity firms, and divisions of large entities
- Understand the challenges involved with privately-owned middle market transactions
- Our bankers bring a sophisticated service offering to the middle market

Execution Expertise

- Senior investment bankers with over 100 years of combined experience
- Approximately 500 transactions representing over \$22 billion in transaction value
- SRR is a leader in middle-market M&A

Dedicated Metals Focus

- Dedicated metals industry investment banking practice
- Relationships with and direct access to many industry participants
- Understand value drivers and key positioning points

Commitment

- Senior level involvement throughout the transaction process
- Proactively anticipate and address potential issues
- Exceed expectations

SRR Overview

Approach

Understand Client Objectives

- Listen to client goals
- Understand priorities
- No predetermined conclusions

Evaluate Alternatives and Implications

- Comprehensive examination of all potential options
- Highlight risks, opportunities and value implications
- Identify areas of potential conflict with client objectives

Prioritize Objectives and Identify Solution


- Determine client comfort with potential solution
- Understand expectations and define success

Execute Transaction


- Commit resources
- Focus on superior execution
- Achieve successful outcome that exceeds expectations

SRR Overview


Recently Closed Transactions and Advisory Assignments



has acquired Thalheimer Brothers, Inc.



The undersigned initiated and assisted in the structuring and negotiation of the transaction on behalf of Audax Group





All Star Metals, LLC and All Star Shredding LLC have been acquired by Scrap Metal Services, LLC



The undersigned served as exclusive financial advisor to All Star Metals, LLC and All Star Shredding LLC




Custom Profile, Inc. has been acquired by Blackford Capital, LLC



The undersigned served as exclusive financial advisor to Custom Profile, Inc.




a subsidiary of



has been acquired by



a portfolio company of




The undersigned served as exclusive financial advisor to Duro-Life Corporation





Arctic Fox, LLC, a portfolio company of Spell Capital Partners, LLC, has been acquired by North River Capital, LLC





The undersigned served as exclusive financial advisor to Arctic Fox, LLC and Spell Capital Partners, LLC



a portfolio company of




has been acquired by




The undersigned served as financial advisor to ProSteel and Prairie Capital, L.P.

has been acquired by



The undersigned acted as exclusive financial advisor, initiated, structured and negotiated the transaction on behalf of Singer Steel Company




has acquired



The undersigned acted as exclusive financial advisor, initiated, structured and negotiated the transaction on behalf of Symax, LLC





UNITED FOR EXCELLENCE

UFE Incorporated's operation in Mexico has been acquired by Proplast LLC




The undersigned served as exclusive financial advisor to UFE Incorporated





UNITED FOR EXCELLENCE

UFE Incorporated's operation in Singapore, UFE Pte Ltd, has been acquired by Sunningdale Tech Ltd



The undersigned served as financial advisor to Conway MacKenzie, Inc., court-appointed Receiver for UFE Incorporated.





UNITED FOR EXCELLENCE

UFE Incorporated's operations in Osceola, Wisconsin and El Paso, Texas have been acquired by Engineered Plastic Components, Inc.




The undersigned served as financial advisor to Conway MacKenzie, Inc., court-appointed Receiver for UFE Incorporated.

Advanced Drainage Systems, Inc.

Strategic Recapitalization Transaction

The undersigned served as financial advisor to Advanced Drainage Systems, Inc. in the above referenced transaction with respect to certain debt securities






International Shipbreaking Limited LLC


has been acquired by

A Strategic Buyer


The undersigned served as financial advisor to International Shipbreaking Limited LLC

The wholesale fertilizer unit of Lange-Stegmann Company has been acquired by United Suppliers Inc.



The undersigned served as exclusive financial advisor to Lange-Stegmann Company




DICKTEN MASCH PLASTICS
ADVANCING TECHNICAL SOLUTIONS

EVERETT SMITH GROUP, LTD.

Dickten Masch Plastics, LLC, a company owned by Everett Smith Group, Ltd., has been acquired by Patman Group



The undersigned served as exclusive financial advisor to Everett Smith Group, Ltd.



SRR Overview

Recently Closed Transactions and Advisory Assignments (cont.)

 <p>The assets of Metro Cars, Inc. have been acquired by</p> <p>Great Lakes Transportation Holding LLC</p> <p>The undersigned served as financial advisor to Metro Cars, Inc.</p> 	 <p>Prairie Capital</p> <p>Shan Industries LLC, a portfolio company of Prairie Capital, L.P., has sold Thermodynamics to Rotonics Manufacturing Inc., a portfolio company of Spell Capital Partners, LLC</p>   <p>The undersigned served as financial advisor to Prairie Capital, L.P.</p> 	 <p>Asset Transaction</p> <p>The undersigned served as exclusive financial advisor to Imperial Plastics, Incorporated with respect to an asset transaction</p> 	 <p>Senior revolving facility due 2013 and Senior term loan due 2013</p> <p>Financing provided by</p>  <p>The undersigned served as financial advisor to Lange-Stegmann Company</p> 	 <p>CIRCUIT SERVICE INC.</p> <p>Circuit Service, Inc. and its subsidiary Changzhou CSI, Ltd. have been acquired by</p>  <p>The undersigned served as financial advisor to Circuit Service, Inc.</p> 
 <p>NEENAH ENTERPRISES INC.</p> <p>has acquired</p> <p>Morgan's Welding, Inc.</p> <p>The undersigned served as financial advisor to Neenah Enterprises, Inc.</p> 	 <p>UNITED FOR EXCELLENCE</p> <p>has been acquired by</p>  <p>a portfolio company of Catalina Capital Advisors, LLC</p> <p>The undersigned served as exclusive financial advisor to UFE Incorporated.</p> 	 <p>A Business of Barnes Group Inc.</p> <p>Spectrum Plastics Molding Resources, Inc., a subsidiary of Barnes Group Inc., has been acquired by Midwest Plastic Components, Inc., a portfolio company of Spell Capital Partners, LLC</p>   <p>The undersigned served as financial advisor to Barnes Group Inc.</p> 	 <p>Senior revolving facility due 2012, Real estate term note due 2012, and Equipment term note due 2012</p> <p>Financing provided by</p>  <p>Wells Fargo Business Credit</p> <p>The undersigned served as financial advisor to Algonquin Group, Inc.</p> 	 <p>has been acquired by</p>  <p>The undersigned served as financial advisor to DMA Int'l, Inc.</p> 
 <p>Aviation Mission Equipment</p> <p>Senior revolving credit commitment and senior term loan due 2010 provided by</p> <p>Associated Commercial Finance and Subordinated debt provided by Fidus Mezzanine Capital, L.P.</p> <p>The undersigned served as financial advisor to Simplex Manufacturing Company and LaSalle Capital Group</p> 	 <p>has been acquired by</p> <p>US ENERGIA</p> <p>The undersigned served as financial advisor to Tech-Line Automation, Inc.</p> 	 <p>Prairie Capital</p> <p>Kifco, Inc., a portfolio company of Prairie Capital, has been acquired by its executive management team and Owl Creek Partners, LLC</p> <p>Owl Creek Partners</p> <p>The undersigned served as financial advisor to Kifco, Inc. and Prairie Capital</p> 	 <p>has completed a merger with</p>  <p>with equity funding provided by</p>   <p>The undersigned served as exclusive financial advisor to Plainfield Tool and Engineering, Inc.</p> 	 <p>The assets of Uni Boring Company, Inc. have been sold through §363 of the U.S. Bankruptcy Code to UC Investors, Inc. db/a Diversified Machine, Inc. UC Investors, Inc. is an investment group consisting of executives backed by</p> <p>THE CARLYLE GROUP</p> <p>and</p> <p>The Relativity Fund/JME</p> <p>The undersigned served as exclusive financial advisor and investment banker to Uni Boring Company, Inc.</p> 

SRR Overview

Recently Closed Transactions and Advisory Assignments (cont.)



S.W. Anderson Company
has been acquired by

Balvenie Partners, Inc.

The undersigned served as exclusive financial advisor to
S.W. Anderson Company




On the horizon of new technologies

Midrange Computer Solutions, Inc.

has been acquired by



The undersigned served as financial advisor
to Midrange Computer Solutions, Inc.




has been acquired by



The undersigned served as
financial advisor to Visioneering, Inc.




Acquisition Financing
comprised of

Revolving credit commitment due 2010 and
senior term loan due 2010

Subordinated notes due 2010

Series A participating preferred units


The undersigned served as financial advisor
to Alaven Pharmaceutical LLC




has been acquired by




The undersigned served as
financial advisor to Esmark Inc.

Manchester Stamping Corporation, a subsidiary of
American Engineered Components, Inc. has sold certain
assets pursuant to Section 363 of the Chapter 11 Bankruptcy Code to

American Metals Industries, Inc.

The undersigned served as financial
advisor to American Engineered Components, Inc.




has been acquired by

VPI Acquisition Corp.

Senior secured financing provided by
PNC Bank

Second lien financing provided by
The Redevelopment Authority in the City of Corry

Subordinated note provided by
F.N.B. Capital Corporation

The undersigned served as buy-side and financial advisor
to VPI Acquisition Corp. in connection with the acquisition of
Viking Plastics, Inc. and the related financing.




a portfolio company of



has been acquired in a management buyout

The undersigned served as financial advisor
to Campbell Grinder and Charterhouse Group, Inc.




ES3, Inc.

has undergone a shareholder recapitalization
with subordinated debt financing from



The undersigned served as financial advisor to ES3, Inc.




Has been acquired by



The undersigned served as
financial advisor to Esmark Inc.



NEWPORT NEWS


has been acquired by




and




The undersigned served
financial advisor to Pangea Holdings Ltd.



has divested




to




The undersigned served as
financial advisor to Arcelor S. A.

has been acquired by



The undersigned served as financial
advisor to Ultra Aluminum Manufacturing, Inc.




TriWestern Metals Co.
A Triumph Group Company

has been acquired by




The undersigned served as financial
advisor to Esmark Inc.

Johnson & Hoffman Manufacturing Corporation, a
subsidiary of American Engineered Components, Inc. has sold
certain assets pursuant to Section 363 of the Chapter 11
Bankruptcy Code to

American Metals Industries, Inc.

The undersigned served as financial
advisor to American Engineered Components, Inc.



Metals Industry Qualifications

Metals and Basic Industry Expertise

**Project
Boulder**

We are currently advising on the sale of a Midwest-based tubular products company.

**Project
Millennium**

We are currently advising on the acquisition of a Midwest-based recycling company.

**PROJECT
FREEDOM**

We are currently advising on the sale of a Southeast-based non-ferrous scrap processing company.

**Project
Pacific**

We are currently advising on the sale of this Global non-ferrous recycling firm selling to aluminum and copper/brass mills and foundries both domestically and internationally.

**Project
Surf**

We are currently advising on the acquisition of a Midwest-based tubular products company.

**Project Orion/
Blue Jay**

We are currently advising on the sale of this designer and manufacturer of specialized tooling and proprietary metal casting technology.



We advised the Audax Group in its acquisition of Thalheimer Brothers, Inc., a Philadelphia-based non-ferrous scrap processing company.



We advised on the sale of this national, niche provider of specialty ship dismantling and recycling services to Scrap Metal Services LLC.

Metals Industry Qualifications

Metals and Basic Industry Expertise (cont.)



We advised this specialty manufacturer of highly-complex machined metal components in its sale to Strong Precision Technologies, a portfolio company of Tricor Pacific Capital.



We advised this flat-rolled steel service center in its sale to Ryerson, Inc., a portfolio company of Platinum Equity.



We advised Symax, LLC in its acquisition of Schulz's Recycling, a scrap material processing company selling recycled metal, plastics, glass and paper to mills and other processors.



We advised International Shipbreaking Limited, a ship dismantling and recycling company, in its sale to a strategic acquiror.



We advised one of the largest independent domestic foundries in its evaluation of numerous acquisition opportunities, ultimately resulting in the acquisition Morgan's Welding, Inc.



We advised Acme Industries, a producer of large, complex precision machined metallic parts and components, in a shareholder recapitalization.



We advised this manufacturer of metallic and composite aerospace tooling and fixtures in its sale to private equity firm Hammond, Kennedy, Whitney & Company, Inc.



We completed the sale of this precision machined powertrain components producer to Diversified Machine, Inc., a portfolio company of The Carlyle Group and The Relativity Fund/JME.

Metals Industry Qualifications

Metals and Basic Industry Expertise (cont.)



We advised this flat-rolled steel distributor in its acquisitions of Century Steel, TriWestern Metals, and Sun Steel.



We advised Arcelor S.A. in its divestiture of Matthey US, a manufacturer of welded stainless steel tubing.



We advised American Engineered Components, Inc. in its divestiture of two subsidiaries that manufacture stamped metal components and assemblies.



We advised SET Enterprises, Inc. in the divestiture of its stamping, welding and assembly operations.



We advised the owners of this metal finishing and processing services provider in the sale of the company.













We provided a strategic assessment of Rouge Steel's financial, operational and industry position to an interested third party.



We advised this integrated steel producer's largest union in its assessment of the company's financial, operational and strategic position.

Metals Industry Qualifications










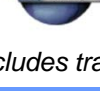
Other Metals Industry Experience

Company	Industry Segment	Advisor Role
 Wayne Manufacturing Corp.	Structural Components/ Transportation	Exclusive Sale
 Semx Corporation	Non-ferrous/Precious Metal Producer	Exclusive Sale
 Cohen & Green Companies	Scrap Metal Processor	Exclusive Sale
 Mercer Company	Scrap Metal Processor	Exclusive Sale
 Metalico Inc.	Scrap Metal Processor	Buy-side Representation
 Excaliber Holding Corp.	Tubular Products/ Transportation	Exclusive Sale – 363 Bankruptcy Sale
 Pittsburgh Tube Company	Tubular Products/ Transportation	Buy-side Representation
 Price Brothers Company	Prestressed Concrete Pipes	Financial Opinion
 The Johnson Corp.	Rotating Unions for Printing Industry/Foundry	Exclusive Sale
 AmeriCast Technologies Inc.	Foundry	Financial Opinion

Note: Includes transactions worked on by professionals while at other firms

Metals Industry Qualifications

Other Metals Industry Experience (cont.)

Company	Industry Segment	Advisor Role	
	Keystone Consolidated Industries	Mini-mill Steel Producer	Financial Restructuring Advisory - Confirmed Emergence Plan
	Ispat International	Integrated Steel Producer	Financial Opinions
	U.S. Steel Corporation	Integrated Steel Producer	Financial Advisory
	J&L Specialty Steel, LLC/Arcelor	Stainless Steel Producer	Exclusive Sale
	Tube City	Scrap Management	Exclusive Sale
	Western Industries, Inc. <i>Propane & Gas Cylinder Group</i>	Metal Cylinders	Exclusive Sale
	Neenah Foundry Company	Iron Foundries and Forge	Debtor-Side Financial Restructuring Advisory - Confirmed Emergence Plan
	Texas Industries	Steel Foundry	Financial Opinion
	Haynes International	Specialty Alloy Producer	Debtor-Side Financial Restructuring Advisory - Approved Out of Court Plan
	Webco Industries	Specialty Tubing Manufacturer	Buyside Advisory – Fairness Opinion

Note: Includes transactions worked on by professionals while at other firms

Metals Industry Qualifications

Other Metals Industry Experience (cont.)

Company	Industry Segment	Advisor Role	
 CDS Group An Ontario Corporation Company	CDS Acquisition LLC	Original Equipment Manufacturing	Buy-side Representation
 J & F STEEL CORPORATION	J&F Steel LLC/Arcelor	Steel Service Center	Exclusive Sale
 ENCORE	Encore Group	Steel Service Center	Exclusive Sale
 PS 9	Precision Screw Products	Metal Fabrication	Exclusive Sale
 ITEQ	ITEQ, Inc.	Diversified Industrial	Exclusive Sale – Foreclosure Sale
 BAYOU STEEL	Bayou Steel Corp.	Scrap Mini-Mill	Exclusive Sale
 HAMILTON	Hamilton Specialty Bar	Mini-Mill	Exclusive Sale – CCAA Sale
 WEIRTON STEEL CORPORATION	Weirton Steel	Integrated Steel Producer	Exclusive Sale – 363 Bankruptcy Sale
 National Steel	National Steel Inc.	Integrated Steel Producer	Financial Restructuring Advisory - 363 Bankruptcy Sale
 IVACO	Ivaco, Inc.	Mini-Mill Steel Producer	Financial Restructuring Advisory - CCAA Sale

Note: Includes transactions worked on by professionals while at other firms

SRR Biography

Vincent J. Pappalardo



Managing Director
312.752.3392
vpappalardo@srr.com

Education

M.B.A.
University of Chicago
Graduate School of
Business
*Finance & Business
Policy*

B.S.
University of Illinois
Finance

Vincent J. Pappalardo is a Managing Director and Head of the Metals Industry practice in the **Investment Banking Group** at **Stout Risius Ross (SRR)**. In that capacity, he focuses on mergers and acquisitions advisory for companies in the production and distribution of both ferrous and nonferrous metals and alloys, as well as on diversified industrial sectors. Mr. Pappalardo has more than 15 years of experience with mergers and acquisitions on both the buy-side and sell-side in domestic as well as international transactions. Additionally, he has advised clients in the private placement of debt and equity, enterprise valuations, solvency and fairness opinions, and financial restructuring transactions.

Prior to joining SRR, Mr. Pappalardo was a Managing Director at a boutique investment bank in Chicago, where he founded the Metals Industry Group. Earlier, he was a Director in Houlihan Lokey's Basic Industrial Group, focusing on the metals and industrials sectors and advising public and private clients on transactions ranging in size from \$50 million to \$500 million. During his 11 year tenure, he worked primarily in mergers and acquisitions, as well as other practice areas including valuations, solvency opinions, fairness opinions, and restructuring.

Earlier in his career, Mr. Pappalardo was a Second Vice President in the corporate finance division for NBD Bank, where he assisted middle-market companies with business planning, derivatives and bond issuances.

Mr. Pappalardo has spoken as a metals industry expert for American Metal Market (AMM), Institute of Scrap Recycling Industries (ISRI), American Machinist and the Metal Service Center Institute (MSCI).

He earned an MBA from the University of Chicago and a BS from the University of Illinois.

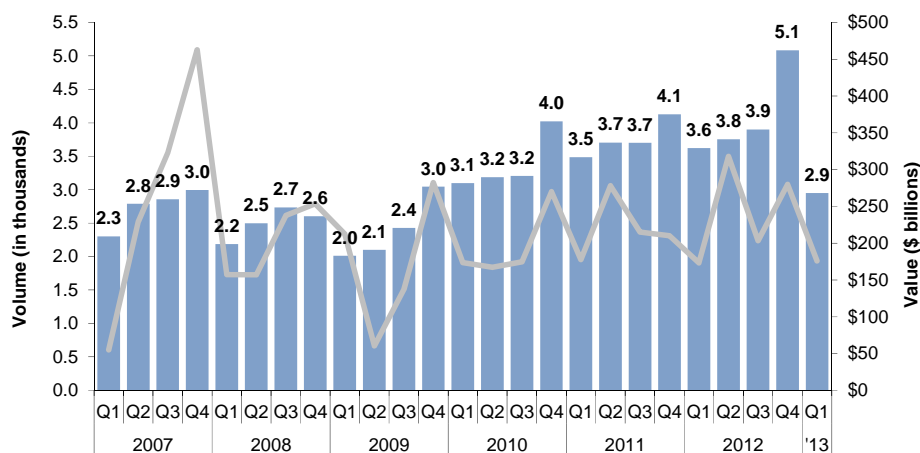
APPENDIX B: U.S. M&A AND FINANCING MARKETS UPDATE

M&A and Financing Markets Update

M&A Market Overview

- Improved availability of capital, better and sustained company performance, and narrower valuation gaps have driven increased transaction activity since 2010
- U.S. M&A activity in 2012 experienced gains both in number of deals completed and in aggregate value with total number of deals up 3.0% and total deal value up 8.9% year-over-year
- Improved financial markets have provided both strategic and financial buyers with additional capital to complete acquisitions
 - There continues to be significant “pent-up” demand for high quality acquisition targets and a general imbalance in transaction volume (i.e., more buyers than sellers)

Total U.S. M&A Deal Volume and Value



U.S. Deal Volume by Deal Size

Deal Size	Number of Deals			Agg. Value (\$ billions)		
	12 Months Ended		%	12 Months Ended		%
	3/31/12	3/31/13		3/31/12	3/31/13	
\$ 1 Billion +	137	161	17.5%	\$490.3	\$604.6	23.3%
\$500M to \$999.9M	157	151	(3.8%)	107.0	103.8	(2.9%)
\$250M to \$499.9M	275	246	(10.5%)	95.8	83.6	(12.7%)
\$100M to \$249.9M	511	492	(3.7%)	79.2	75.3	(4.9%)
\$50M to \$99.9M	596	647	8.6%	42.2	46.1	9.2%
\$25M to \$49.9M	832	892	7.2%	29.4	31.7	7.9%
\$10M to \$24.9M	1,219	1,234	1.2%	19.9	19.9	0.3%
Under \$10M	2,650	2,490	(6.0%)	9.0	8.5	(5.8%)
Value Not Disclosed	8,174	8,572	4.9%	N/A	N/A	N/A
Total	14,551	14,885	2.3%	\$872.7	\$973.5	11.6%

Source: S&P Capital IQ

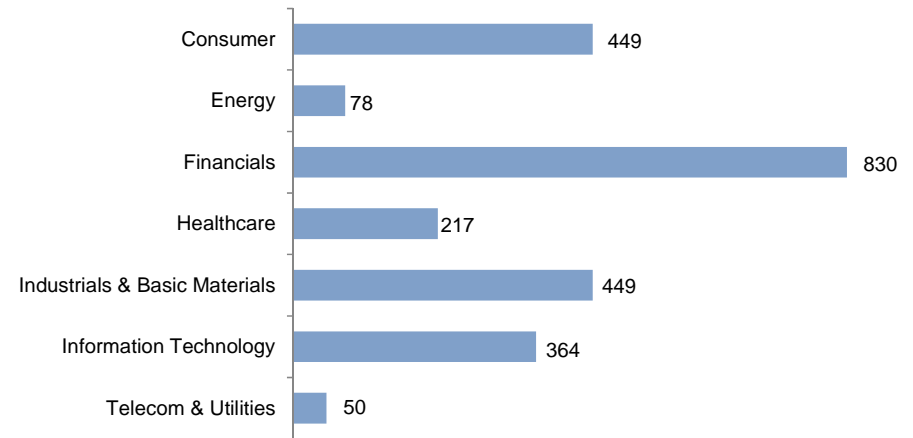
Volume — Value

M&A and Financing Markets Update

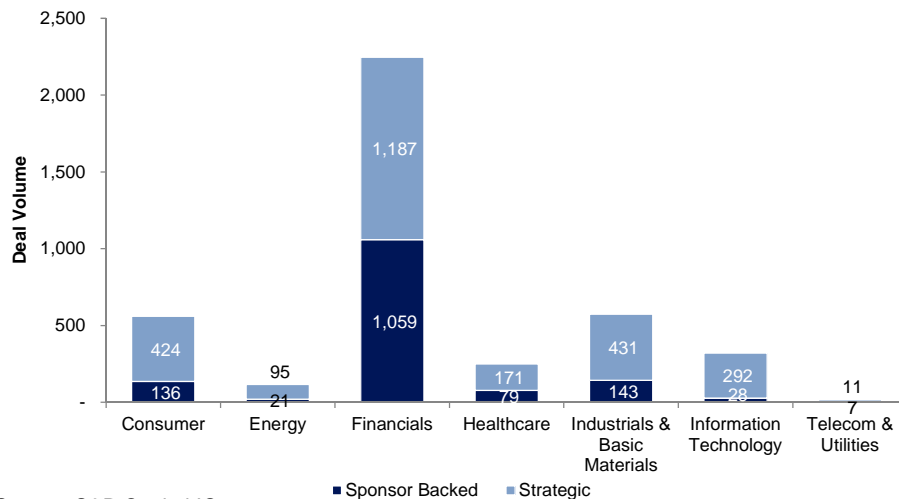
M&A By Sector

- In the first quarter of 2013, financial services remained the most active sector while consumer, industrial & basic materials, and healthcare all exhibited a strong level of activity
- Renewed acquisition activity from strategic buyers continues to be an important driver of overall deal volume across all sectors
- Pressure to put large cash stockpiles to use should continue to drive activity in 2013

First Quarter 2013 U.S. M&A Volume by Sector

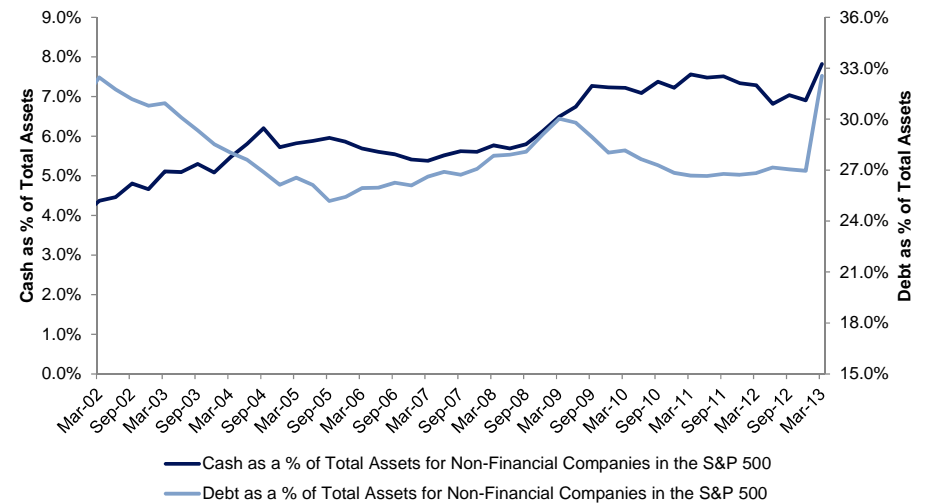


Change in Volume by Sector (2009 vs. 2012)



Source: S&P Capital IQ

Cash Holdings & Debt as a % of Assets

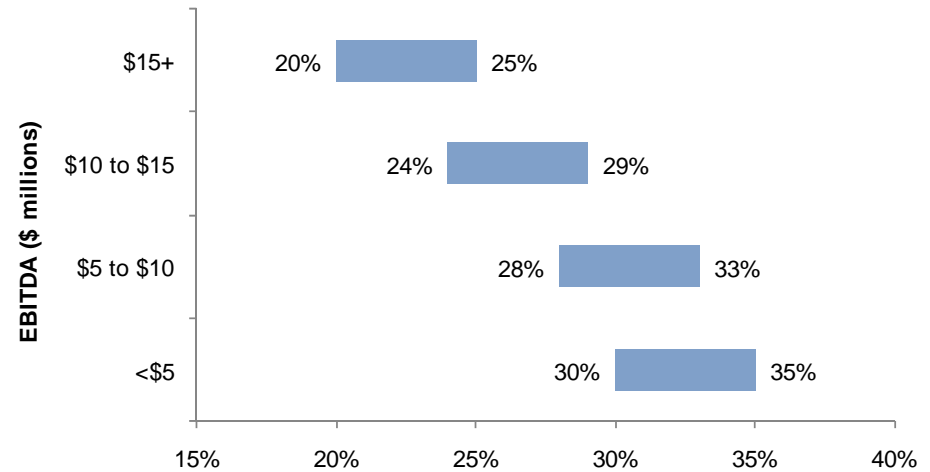


M&A and Financing Markets Update

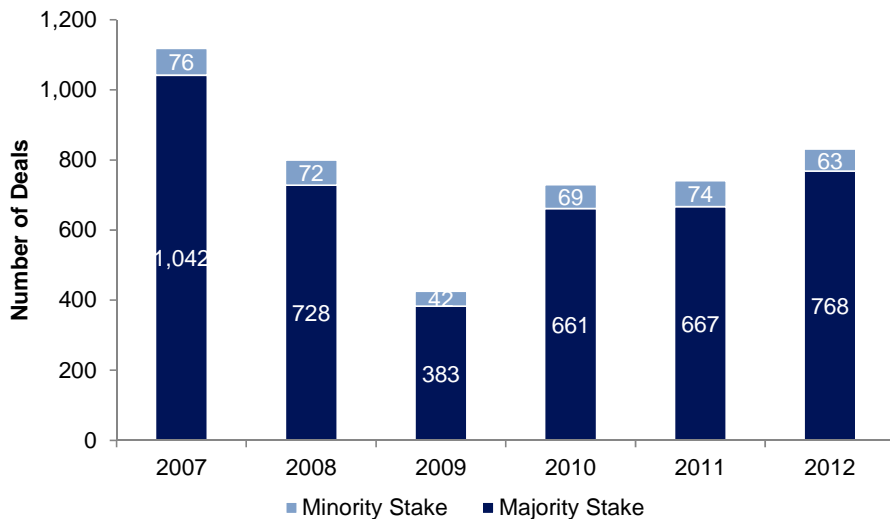
Private Equity Financing

- There continues to be a large amount of “pent-up” demand for high quality acquisition targets
- Majority stake acquisitions dominate the private equity landscape, led by leveraged and management buyouts
 - Private equity firms acquiring a majority stake constituted approximately 92% of all private equity deals and nearly 92% of aggregate transaction value during the first three quarters of 2012
- Fundraising in 2012 by middle-market funds was generally in line with PE’s total for 2011

Private Equity Total Cost of Capital

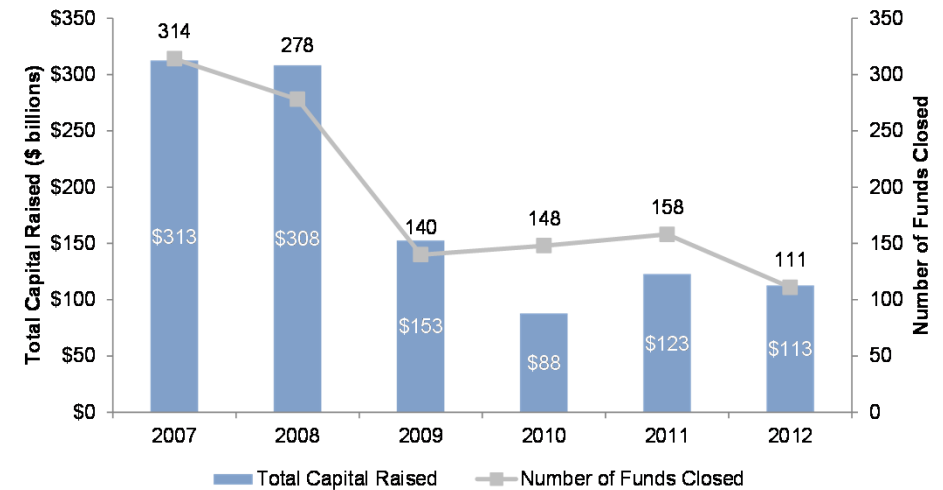


Number of U.S. Private Equity Deals



Source: S&P Capital IQ

U.S. Private Equity Fundraising



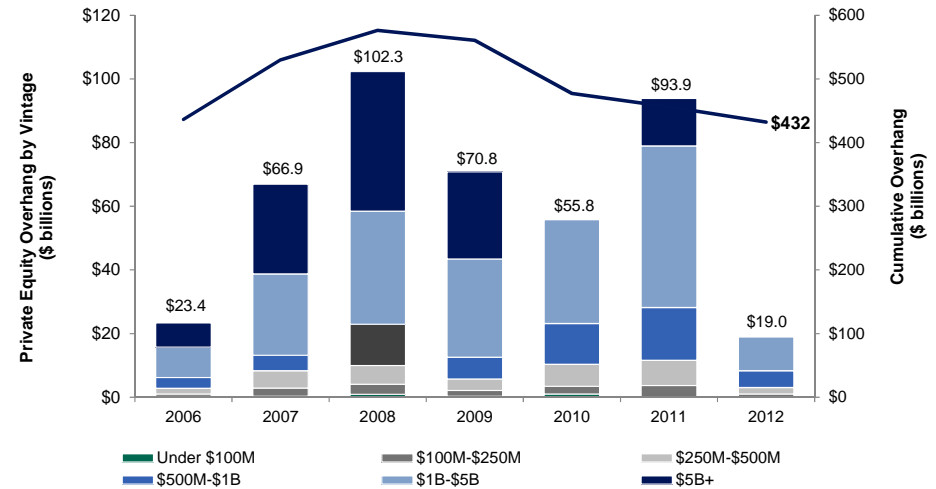
Sources: Pitchbook

M&A and Financing Markets Update

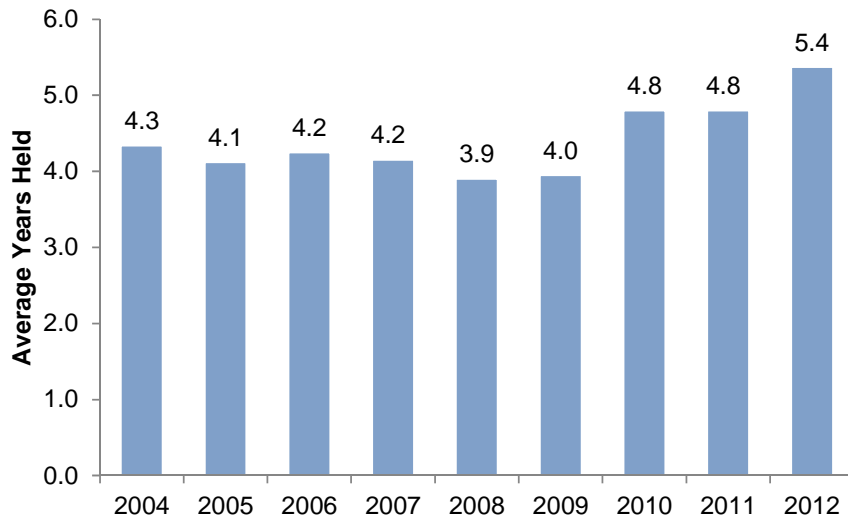
Leveraged Buyout Activity

- Favorable credit markets and an estimated \$432 billion capital overhang (\$100 billion of which is nearing the end of its investment horizon), will continue to provide necessary fuel for private equity investors to remain competitive in transactions
- During 2010 and 2011, improvement in the capital markets and the economy created a stronger transaction environment for private equity firms
 - After two years of significant decline in PE exits, the number of exits rose back above 500 in both 2011 and 2012 as the capital markets and economy improved
 - Total capital invested in 2011 and 2012 reached \$359 and \$313 billion, respectively
- The average holding period for PE investments rose slightly in 2012 to 5.4 years as firms anticipate increased recovery in the economy and buyer demand

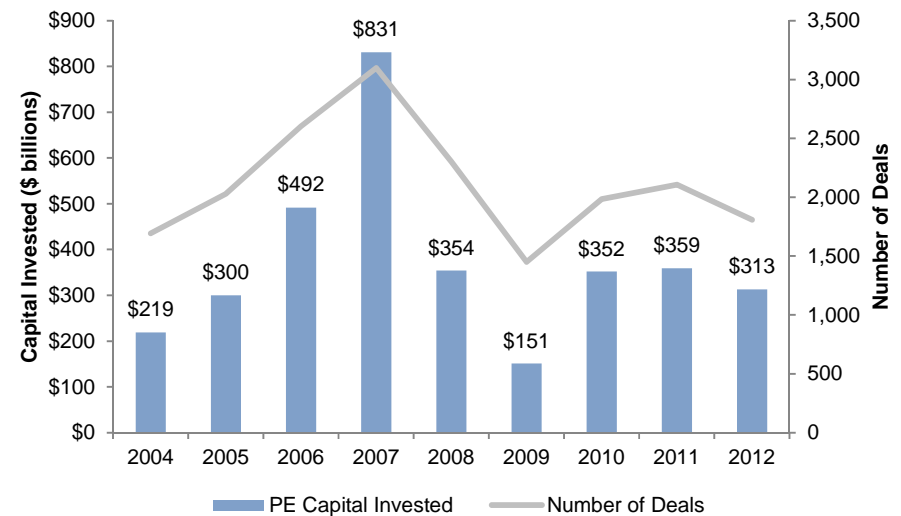
U.S. P.E. Capital Overhang by Vintage Year & Fund



Average Holding Period of Exits



Private Equity Capital Invested



Source: Pitchbook

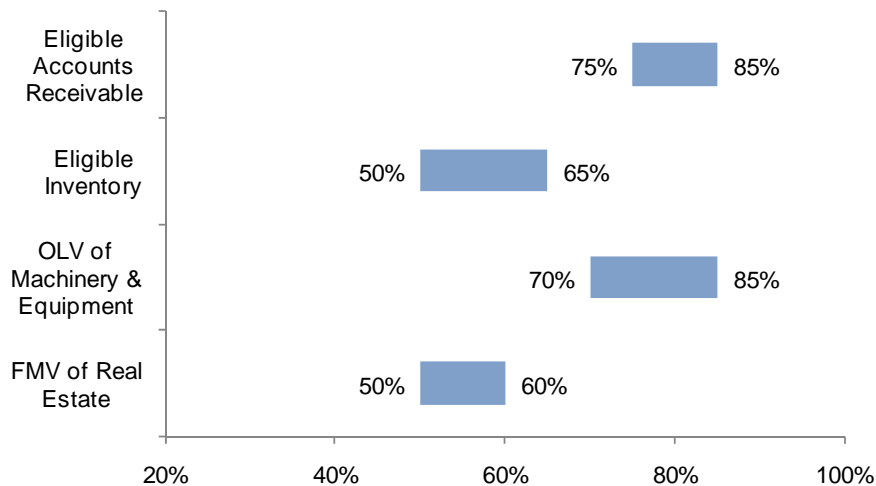
M&A and Financing Markets Update

Senior Debt: Bank Financing

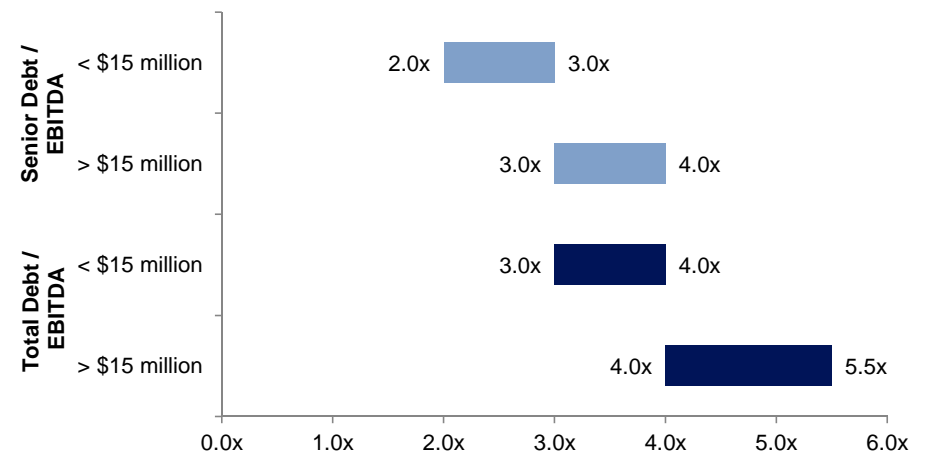
Trends

- Improved bank and finance company lending environment
- The number of middle market cash flow lenders has increased but participants continue to be selective
- Spreads of LIBOR+300 to 600 bps for cash flow loans and LIBOR+150 to 400 bps for asset loans.
 - LIBOR floors only in syndicated deals
 - Asset-based lenders selectively considering airballs
 - Loan tenors moving back to five years for larger borrowers
- Appraisal values of machinery and equipment are exhibiting a broad based and material improvement

Asset-Based Advance Rates



Cash Flow Leverage Multiples



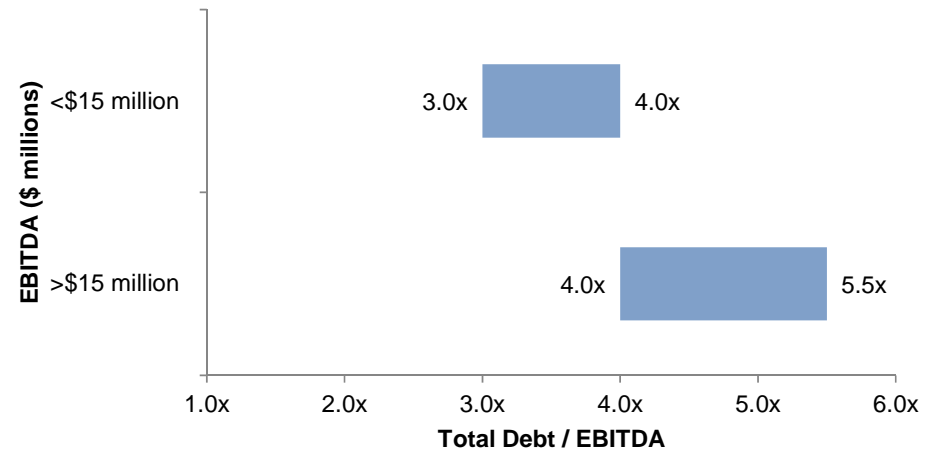
M&A and Financing Markets Update

Mezzanine Debt Financing

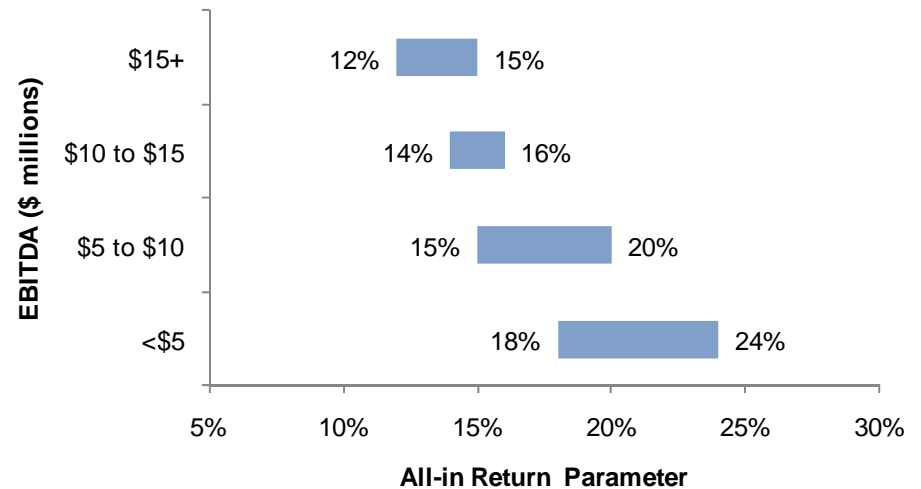
Trends

- Mezzanine investors have ample capital and are actively looking at new opportunities
- Return requirements for middle market issuers based on:
 - Size
 - Structure
 - Financial leverage
 - Company sensitivity to economic conditions
- Cost components include:
 - Current pay (~12%)
 - Payment-in-kind (~1% to 2%)
 - Upfront fees (~2%)
 - Warrants or success fee components for under \$10 million EBITDA issuers
- Typically includes total leverage and fixed charge covenants
 - Tend to be 10% to 20% looser than senior facilities and fewer in number

Leverage Covenant



Mezzanine Total Cost of Capital

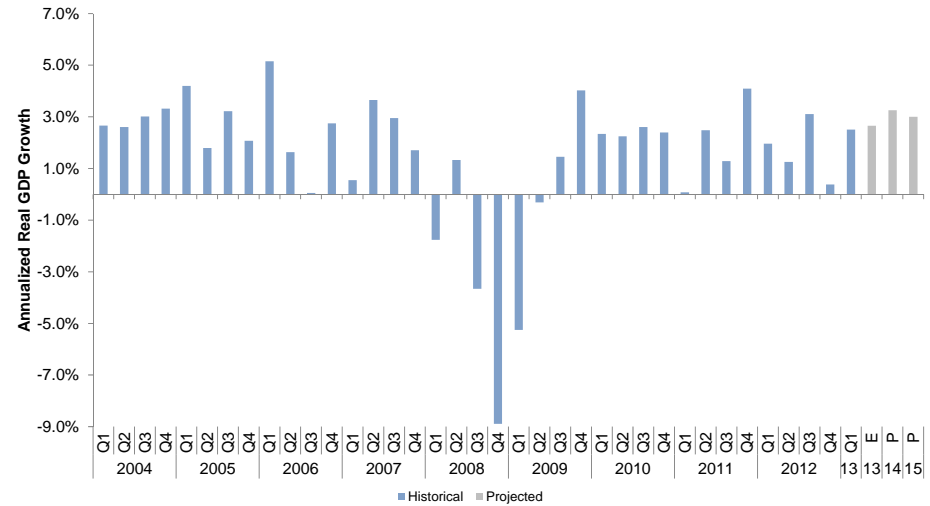


M&A and Financing Markets Update

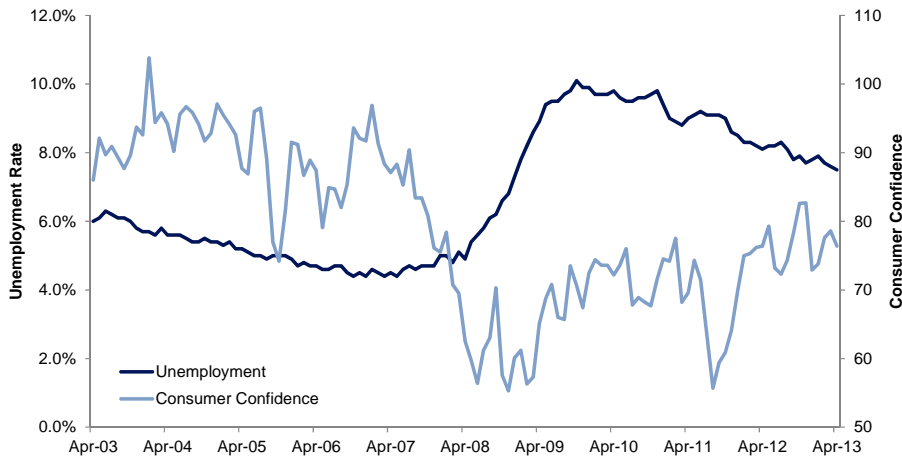
Economic Health of the Manufacturing Sector

- GDP has recovered from the contraction experienced during the recession in late 2008 / early 2009
- The Institute for Supply Management Purchasing Managers' Index ("PMI") serves as an indicator of the economic health of the manufacturing sector
 - A PMI of more than 50 represents expansion of the manufacturing sector
 - Manufacturing activity has expanded in 41 out of the past 45 months
- Consumer confidence is generally improving as the unemployment situation improves

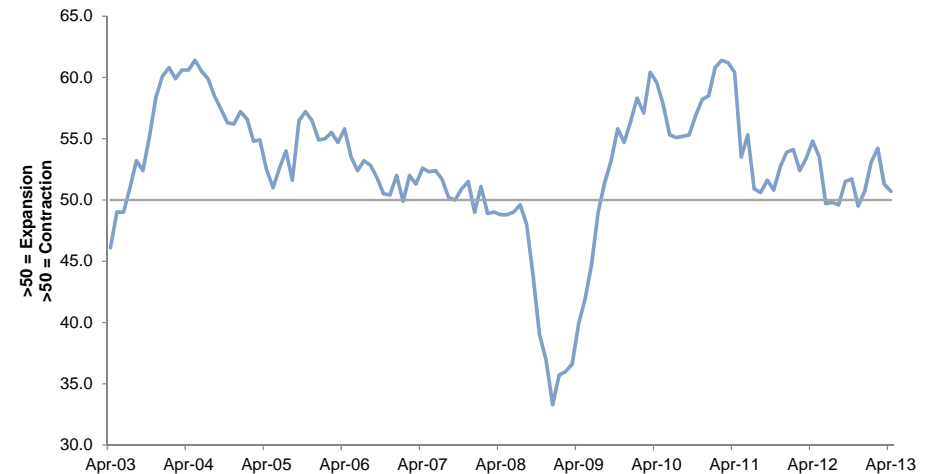
GDP Growth



Consumer Confidence and Unemployment



Purchasing Manager's Index



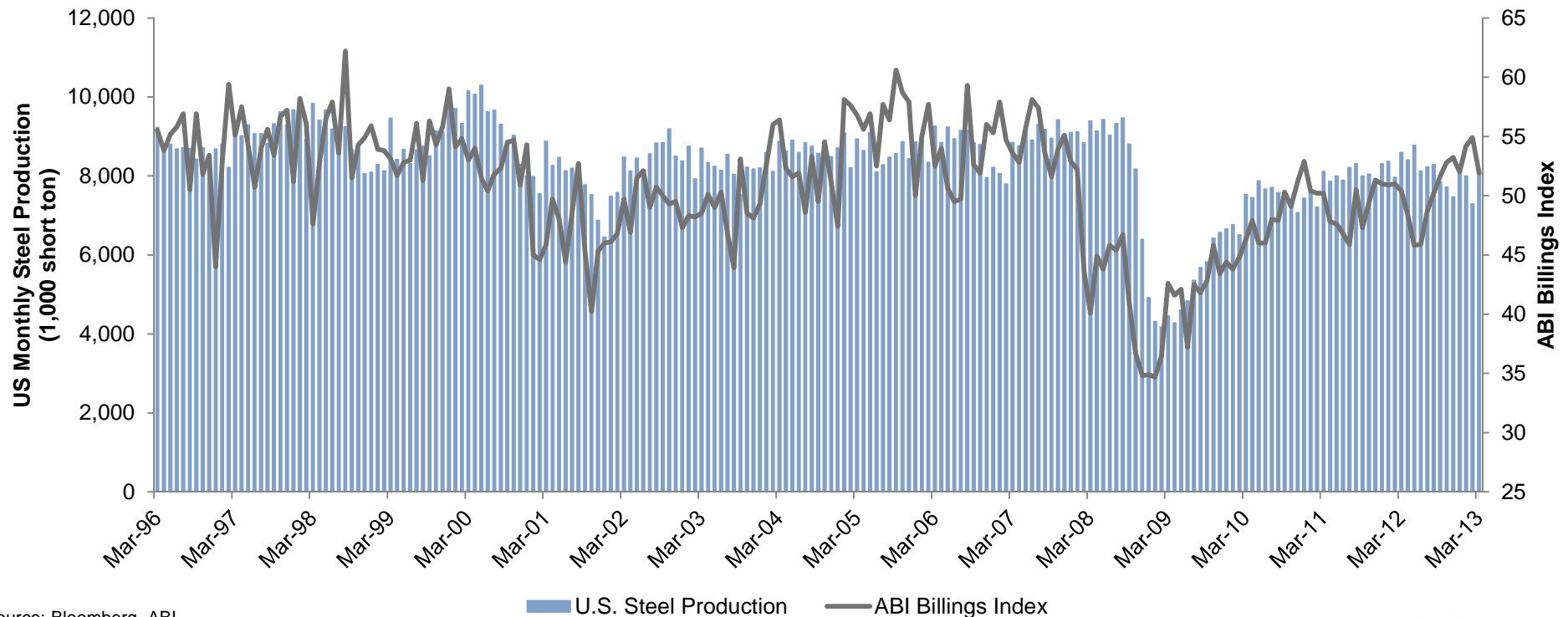
Sources: FED, Bloomberg, Capital IQ, University of Michigan Consumer Confidence Report, Institute for Supply Management

M&A and Financing Markets Update

ABI as a Leading Indicator

- Architecture firms continued to report improving business conditions in March, with an ABI score of 51.9 (any score above 50 represents billings growth)
 - It is the eighth consecutive month of growth and the ninth month in the last twelve months showing improving business conditions (the most since 2007)
 - Furthermore, inquiries into new projects remained strong, with firm backlogs at an average of 5 months.

ABI vs. Steel Production



Source: Bloomberg, ABI

APPENDIX C: RECENTLY ANNOUNCED METALS TRANSACTIONS

Recently Announced Metals Transactions

(\$ millions)

Ann. Date / Close Date	Target (Ownership)	Acquirer (Ownership)	Transaction Value	LTM		EBITDA Margin	TV/ LTM	
				Revenue	EBITDA		Revenue	EBITDA
11/19/12 2/5/13	KES Holdings, LLC (ALJ Regional Holdings, Inc.) SBQ and MBQ bar flats mini-mill	Optima Specialty Steel, Inc. (Privat Group) Diversified specialty steel manufacturer	\$112.5	\$171.3	\$21.0	12.3%	0.66x	5.3x
11/9/11 12/15/11	Tube Supply, Inc. Bar and tubular products to the oilfield service industry	A.M. Castle & Co. (NYSE:CAS) Metals service center	\$184.4	\$207.5	\$45.0	21.7%	0.89x	4.1x
(a) 5/18/11 7/1/11	Chicago Tube and Iron Company Tubing, pipe, bar, valves and fittings	Olympic Steel, Inc. (Nasdaq:ZEUS) Metals service center	\$144.0	\$208.9	\$19.0	9.1%	0.69x	7.6x
3/11/11 3/11/11	The Richardson Trident Company Value added non-ferrous products	Metals USA Holdings Corp. (NYSE: MUSA) Metals service center	\$92.6	\$148.0	\$17.5	11.8%	0.63x	5.3x
(b) 1/19/11 4/29/11	Macsteel Service Centers USA Steel service center	Klöckner & Co. SE (Lindsay Goldberg & Bessemer) Distributes prime carbon steel products	\$918.0	\$1,300.0	\$131.1	10.1%	0.71x	7.0x
(c) 9/15/10 10/21/10	TAMCO (Ameron, Mitsui and Tokyo Steel) Steel rebar mini-mill	Gerdau Ameristeel Corp. (NYSE:GNA) North American structural steel mini-mill	\$165.0	\$366.0	\$56.2	15.4%	0.45x	2.9x
3/10/10 6/14/10	RathGibson LLC (DLJ Merchant Banking) Stainless steel and alloy welded tubular products	Wayzata Investment Partners / BlackRock, Inc. Private investment firm	\$343.6	\$291.8	\$13.9	4.8%	1.18x	N/M
(d) 2/1/10 2/1/10	Steel Processing Assets (Gibraltar Ind.) Precision processor of cold rolled strip steel	Worthington Industries, Inc. (NYSE:WOR) Flat-rolled steel processor	\$34.0	\$259.6	\$22.5	8.7%	0.13x	1.5x
12/2/09 12/31/09	INMETCO Recycler of metals-bearing wastes	Horsehead Holding Corp. (Nasdaq:ZINC) Specialty zinc and zinc-based products	\$42.6	\$61.1	\$12.8	20.9%	0.70x	3.3x
(e) 9/4/08 10/31/08	Beta Steel Hot-rolled steel mini-mill	Novolipetsk Steel (LSE:NLMK) Russian steel producer	\$350.0	\$324.0	\$51.0	15.7%	1.08x	6.9x
6/16/08 7/31/08	Bayou Steel (Black Diamond Capital Mgmt.) Structural steel mini-mill	Arcelor Mittal (ENXTAM:MT) Global steel producer	\$475.0	\$331.0	--	--	1.44x	--
6/16/08 8/1/08	PNA Group, Inc. (Platinum Equity) Sheet steel, long products, and structural products	Reliance Steel & Aluminum Co. (NYSE:RS) Metals service center	\$1,065.0	\$1,924.7	\$177.1	9.2%	0.55x	6.0x
(f) 5/8/08 6/10/08	Recycle South, LLC / Carolinas Recycling Group Provides metal recycling services (Southeast)	OmniSource Corporation (Steel Dynamics Inc.) Provides metal recycling services	\$639.0	\$730.0	\$105.0	14.4%	0.88x	6.1x
4/24/08 5/1/08	The Snyder Group Full-service metals recycler (Pittsburgh)	Metalico, Inc. (AMEX:MEA) Provides scrap metal recycling and lead fabrication services	\$76.0	\$117.0	\$20.7	17.6%	0.65x	3.7x
3/14/08 6/12/08	IPSCO Tubulars (SSAB Svenskt Stål AB) North American tube and pipe operations	Evraz Group S.A. (LSE:EVR) Russian integrated steel producer	\$4,701.0	\$4,067.3	\$1,007.8	24.8%	1.16x	4.7x

Recently Announced Metals Transactions

(\$ millions)

Ann. Date / Close Date	Target (Ownership)	Acquirer (Ownership)	Transaction Value	LTM		EBITDA Margin	TV/ LTM	
				Revenue	EBITDA		Revenue	EBITDA
2/8/08 2/29/08	The David J. Joseph Company Scrap metal broker and processor	Nucor Corporation (NYSE:NUE) North American steel mini-mill	\$1,440.0	\$6,400.0	\$197.0	3.1%	0.23x	7.3x
1/2/08 1/25/08	American CatCon Holdings, LLC Catalytic converter recycler	Metalico, Inc. (AMEX:MEA) Provides scrap metal recycling and lead fabrication services	\$33.2	\$122.2	\$9.6	7.9%	0.27x	3.5x
12/10/07 1/16/08	Claymont Steel (Nasdaq:PLTE/H.I.G. Capital) Custom steel plate mini-mill	Evraz Group S.A. (LSE:EVR) Russian integrated steel producer	\$564.8	\$332.7	\$70.1	21.1%	1.70x	8.1x
11/19/07 4/23/08	MACSTEEL (Quanex Corp.) Carbon and alloy steel bar mini-mill	Grupo Gerdau SA South and North American long steel producer	\$1,673.0	\$1,100.0	\$162.0	14.7%	1.52x	10.3x
11/19/07 1/11/08	U.S. Zinc Corporation (Aleris International) Recycles zinc metal and produces value-added zinc products	Votorantim Metais Produces zinc, nickel and structural steel	\$295.0	\$580.0	\$45.0	7.8%	0.51x	6.6x
11/5/07 11/5/07	PSC Metals, Inc. (Philip Services) Processes ferrous and nonferrous scrap metal	Icahn Enterprises L.P. (NYSE:IEP) Public investment firm	\$335.0	\$776.2	\$45.6	5.9%	0.43x	7.3x
(g) 10/19/07 2/27/08	Corsa Controladora Mexican rolled products mini-mill	Grupo Gerdau SA South and North American long steel producer	\$205.1	\$146.0	--	--	1.40x	--
(h) 10/2/07 10/26/07	OmniSource Corporation Provides metal recycling services	Steel Dynamics Inc. (Nasdaq:STLD) North American steel mini-mill	\$1,078.0	\$2,255.0	\$159.0	7.1%	0.48x	6.8x
(i) 9/24/07 3/14/08	Metal Management, Inc. (NYSE:MM) Provides full service metal recycling services	Sims Group Limited (ASX:SGM) Provides diversified metal recycling services	\$1,560.3	\$2,387.2	\$184.9	7.7%	0.65x	8.4x
7/24/07 10/19/07	Ryerson, Inc. (NYSE:RYI) Metals service center	Platinum Equity LLC Private investment firm	\$1,787.6	\$6,233.5	\$264.9	4.2%	0.29x	6.7x
7/10/07 9/14/07	Chaparral Steel Company (Nasdaq:CHAP) North American structural steel mini-mill	Gerdau Ameristeel Corp. (NYSE:GNA) North American structural steel mini-mill	\$4,077.3	\$1,722.9	\$466.4	27.1%	2.37x	8.7x
7/5/07 9/11/07	Wabash Alloys, L.L.C. (Connell Limited Partnership) Produces aluminum casting alloys and molten metal	Aleris International, Inc. (TPG) Aluminum products, recycling and specification alloys	\$194.0	\$900.0	\$39.0	4.3%	0.22x	5.0x
6/29/07 7/3/07	Alcan, Inc. Aluminum, engineered products, and packaging	Rio Tinto plc (LSE:RIO) Diversified metals and mining	\$43,520.6	\$25,013.0	\$4,254.0	17.0%	1.74x	10.2x
(j) 6/29/07 7/3/07	Annaco, Inc. Motor block processor and a major regional scrap provider	Metalico, Inc. (AMEX:MEA) Provides scrap metal recycling and lead fabrication services	\$33.5	\$66.3	\$8.6	13.0%	0.51x	3.9x
6/25/07 7/10/07	TotalCat Group, Inc. Recycler and manufacturer of catalytic devices	Metalico, Inc. (AMEX:MEA) Provides scrap metal recycling and lead fabrication services	\$37.9	\$33.4	\$2.0	6.0%	1.13x	N/M

Recently Announced Metals Transactions

(\$ millions)

Ann. Date / Close Date	Target (Ownership)	Acquirer (Ownership)	Transaction Value	LTM		EBITDA Margin	TV/ LTM	
				Revenue	EBITDA		Revenue	EBITDA
6/21/07 11/15/07	Novamerican Steel Inc. (Nasdaq:TONS) Steel service center, processor and tubing manufacturer	Symmetry Holdings Inc. (AMEX:SHJ) Special purpose acquisition company	\$494.2	\$832.3	\$81.5	9.8%	0.59x	6.1x
5/30/07 5/30/07	Thomson Metals and Disposal Scrap metal salvage and recycling, waste mgmt. and demolition	Quantum Murray LP Structural and interior demolition services	\$19.9	\$46.1	\$4.9	10.7%	0.43x	4.1x
(k) 5/3/07 7/18/07	IPSCO Inc. (NYSE:IPS) Manufactures steel plate and pipe	SSAB Svenskt Stål AB (OM:SSAB A) Swedish heavy plate and steel sheet producer	\$8,212.7	\$4,618.6	\$1,231.0	26.7%	1.78x	6.7x
5/1/07 6/15/07	RathGibson, Inc. (Castle Harlan Inc.) Stainless steel and alloy welded tubular products	DLJ Merchant Banking Partners Private investment firm	\$440.7	\$324.1	\$60.0	18.5%	1.36x	7.3x
3/29/07 6/14/07	Lone Star Technologies, Inc. (NYSE:LSS) Welded oilfield tubular goods	United States Steel Corporation (NYSE:X) Integrated steel producer	\$1,951.0	\$1,377.6	\$201.6	14.6%	1.42x	9.7x
2/28/07 6/1/07	Steel Technologies, Inc. (Nasdaq:STTX) Processor and converter of flat-rolled steel	Mitsui & Co. (U.S.A.), Inc. Diversified global trading company	\$532.0	\$888.9	\$45.9	5.2%	0.60x	11.6x
1/2/07 4/16/07	Sigma Metals, Inc. Sells aluminum, stainless, and titanium aircraft materials	Air Industries Group, Inc. (OTCBB:AIRI) Manufactures aircraft structural parts and assemblies	\$6.2	\$18.0	\$1.9	10.6%	0.35x	3.3x
(l) 12/20/06 4/20/07	Sicartsa (Grupo Villacero) Operates long steel mills in Mexico and Texas	Arcelor Mittal (NYSE:MT) Global steel producer	\$1,439.0	\$1,066.8	\$260.5	24.4%	1.35x	5.5x
11/20/06 1/12/07	Oregon Steel Mills (NYSE:OS) Manufactures steel plate and pipe	Evraz Group S.A. (LSE:EVR) Russian integrated steel producer	\$2,334.4	\$1,461.4	\$330.2	22.6%	1.60x	7.1x
11/10/06 1/25/07	Tube City IMS Corporation (Wellspring Capital) Slag processing, metal recovery, materials and scrap handling	Onex Corporation Private investment firm	\$625.9	\$1,375.6	\$91.0	6.6%	0.46x	6.9x
(m) 9/11/06 12/1/06	NS Group, Inc. (NYSE:NSS) Manufactures tubular steel products	IPSCO Inc. (NYSE:IPS) Manufactures steel plate and pipe	\$1,460.0	\$727.6	\$198.7	27.3%	2.01x	7.3x
8/15/06 8/15/06	Greenville Tube Company (Capital For Business) Specialty stainless steel and nickel alloy tubular products	RathGibson Inc. (Castle Harlan Inc.) Stainless steel and alloy welded tubular products	\$35.0	\$31.1	\$7.0	22.4%	1.12x	5.0x
(n) 8/14/06 9/5/06	Transtar Metals, Inc. (H.I.G. Capital Management) High-end alloys for commercial, general and military aerospace	A.M. Castle & Co. (AMEX:CAS) Metals service center	\$180.0	\$250.0	\$27.7	11.1%	0.72x	6.5x
(o) 8/8/06 12/19/06	Aleris International, Inc. (NYSE:ARS) Aluminum products, recycling and specification alloys	Texas Pacific Group Private investment firm	\$3,300.0	\$4,713.0	\$436.0	9.3%	0.70x	7.6x
6/12/06 8/5/06	Maverick Tube Corporation (NYSE:MVK) Manufactures welded oil country tubular goods	Tenaris S.A. (NYSE:TS) Seamless steel pipes for the oil and gas industry	\$2,836.7	\$1,917.5	\$354.4	18.5%	1.48x	8.0x

Recently Announced Metals Transactions

(\$ millions)

Ann. Date / Close Date	Target (Ownership)	Acquirer (Ownership)	Transaction Value	LTM		EBITDA Margin	TV/ LTM	
				Revenue	EBITDA		Revenue	EBITDA
4/28/06 6/12/06	Sheffield Steel Corporation Rebar and merchant bar mini-mill	Gerdau Ameristeel Corp. (NYSE:GNA) North American structural steel mini-mill	\$187.0	\$333.8	\$53.4	16.0%	0.56x	3.5x
3/29/06 5/1/06	Venture Steel Inc. Custom flat rolled steel processor	Royal Laser Corp. (TSX:RLC) Manufactures custom metal and wood products	\$37.1	\$230.4	\$7.9	3.4%	0.16x	4.7x
3/17/06 6/1/06	Bayou Steel Corporation Light structural and merchant bar product mini-mill	Black Diamond Capital Mgmt., LLC Private investment firm	\$167.7	\$275.8	\$35.3	12.8%	0.61x	4.7x
2/15/06 5/10/06	PNA Group, Inc. (TUI AG) Sheet steel, long products, and structural products	Platinum Equity Private investment firm	\$365.4	\$1,250.3	\$72.4	5.8%	0.29x	5.0x
1/26/06 2/7/06	RathGibson Inc. (Liberty Partners) Stainless steel and alloy welded tubular products	Castle Harlan Inc. Private investment firm	\$260.0	\$200.0	\$43.0	21.5%	1.30x	6.0x
1/18/06 4/3/06	Earle M. Jorgensen Company (NYSE:JOR / Kelso & Co.) Bar, tubing, and plate service center	Reliance Steel & Aluminum Co. (NYSE:RS) Metals service center	\$972.6	\$1,714.9	\$187.0	10.9%	0.57x	5.2x
(p) 10/18/05 4/13/06	Roanoke Electric Steel Corp. (Nasdaq:RESC) Merchant steel product mini-mill	Steel Dynamics, Inc. (Nasdaq:STLD) North American steel mini-mill	\$281.4	\$558.5	\$82.4	14.8%	0.50x	3.4x
(q) 7/22/05 7/22/05	Republic Eng. Products, Inc. (Perry Capital) Produces special bar quality steel products	Grupo Simec SA de CV (Industrias CH) Mexican specialty steel long products mini-mill	\$395.0	\$1,190.7	\$66.9	5.6%	0.33x	5.9x
6/23/05 10/31/05	Hugo Neu Corporation Engages in scrap metal recycling	Sims Group Limited (ASX:SGM) Provides diversified metal recycling services	\$500.0	\$1,351.4	\$142.9	10.6%	0.37x	3.5x
(r) 5/31/05 7/5/05	Chapel Steel Corp. Carbon and alloy steel plate	Reliance Steel & Aluminum Co. (NYSE:RS) Metals service center	\$111.0	\$273.9	\$29.0	10.6%	0.41x	3.8x
5/18/05 11/30/05	Metals USA, Inc. (Nasdaq:MUSA) Metals service center	Apollo Management LP Private investment firm	\$715.2	\$1,618.2	\$175.4	10.8%	0.44x	4.1x
12/31/04 1/18/05	Edgen Corporation (Harvest Partners) Specialty pipe and components	Jefferies Capital Partners Private investment firm	\$124.0	\$207.8	\$24.2	11.6%	0.60x	5.1x
(s) 10/26/04 1/4/05	Integrus Metals (Alcoa Inc. / BHP Billiton) Aluminum and stainless steel service center	Ryerson Tull Inc. (NYSE:RT) Metals service center	\$644.0	\$2,003.7	\$122.0	6.1%	0.32x	5.3x
7/22/04 2/17/05	Haines Road Facility (Bolton Steel Tube) Structural and mechanical steel tubing	Tarpon Industries Inc. (AMEX:TPO) Manufactures structural and mechanical steel tubing	\$9.7	\$15.4	\$2.5	16.3%	0.63x	3.9x
(t) 6/15/04 8/2/04	J&F Steel (Arcelor) Steel sheet service center	Ryerson Tull Inc. (NYSE:RT) Metals service center	\$55.0	\$175.7	\$11.9	6.8%	0.31x	4.6x

Recently Announced Metals Transactions

(\$ millions)

Ann. Date / Close Date	Target (Ownership)	Acquirer (Ownership)	Transaction Value	LTM		EBITDA Margin	TV/ LTM	
				Revenue	EBITDA		Revenue	EBITDA
6/11/03 7/2/03	Precision Strip, Inc. Carbon steel, aluminum, and stainless steel metal products	Reliance Steel & Aluminum Co. (NYSE:RS) Metals service center	\$246.0	\$121.8	\$45.2	37.1%	2.02x	5.4x
(u) 4/15/03 7/4/03	Leroux Steel Inc. Steel plates, sheets, coils, bars, and tubes	Russel Metals Inc. (TSX:RUS) Steel service center	\$127.7	\$396.8	\$21.3	5.4%	0.32x	6.0x
10/15/02 12/31/02	Tubular Business (LTV Corp.) Electrical conduit products and pipe	Maverick Tube Corporation (NYSE:MVK) Manufactures welded oil country tubular goods	\$110.0	213.00x	28.0x	13.1x	0.52x	3.9x
5/27/02 7/1/02	Tubular Division (North Star Steel / Cargill) Seamless steel tubes for oil and gas applications	Vallourec & Mannesmann Tubes / Sumitomo Corp. Seamless hot rolled steel tubes	\$380.0	328.00x	81.0x	24.7x	1.16x	4.7x
7/2/01 7/2/01	Service Center Business (Pitt-Des Moines, Inc.) Metals service center	Reliance Steel & Aluminum Co. (NYSE:RS) Metals service center	\$97.5	216.20x	18.8x	8.7x	0.45x	5.2x
3/15/01 3/30/01	Leavitt Tube Company, LLC (Chase Industries) Structural steel tubing and pipe, mechanical tubing	Pinkert Industrial Group, LLC Holding company	\$32.0	115.00x	6.0x	5.2x	0.28x	5.3x
High						37.1%	2.37x	11.6x
Low						3.1	0.13	1.5
Median						11.0	0.62	5.4
Mean						13.1	0.81	5.8

Notes:

- (a) CTI financials represent annualized three months ended February 28, 2011.
 - (b) Macsteel EBITDA excludes synergies.
 - (c) TAMCO financials represent twelve months ended November 20, 2008.
 - (d) Gibraltar financials represent average of prior 3 fiscal years.
 - (e) Beta Steel EBITDA includes expected synergies of \$30 million.
 - (f) Implied transaction value based on acquisition of 75% stake.
 - (g) Implied transaction value based on acquisition of a 49% stake.
 - (h) Omnisource financials represent adjusted fiscal year ended September 30, 2006.
 - (i) Metal Management financials represent LTM ended June 30, 2007.
 - (j) EBITDA adjusted to eliminate excess compensation paid to former shareholder and general manager.
 - (k) IPSCO financials are pro forma for calendar year 2006 to include NS Group acquisition.
 - (l) Sicarta financials represent calendar year 2004 (2005 performance negatively affected by 46 day strike). Includes Border Steel financials for 2005, but excludes expected synergies of \$130 million.
 - (m) NS Group financials are pro forma for the acquisition of Ultra Premium Oilfield Services. Excludes \$50 million of expected synergies.
 - (n) Transtar EBITDA represents annualized six months ended June 30, 2006
 - (o) Represents pro forma EBITDA including Corus' downstream aluminum business for the twelve months ended March 31, 2006.
 - (p) Excludes potential synergies of \$5 to \$15 million.
 - (q) Republic income statement represents twelve months ended December 31, 2004. Republic debt used in computing transaction value as of June 30, 2005.
 - (r) Chapel Steel financials represent annualized six months ended June 30, 2005.
 - (s) Integris financials represent year ended December 31, 2004.
 - (t) J&F financials represent annualized six months ended June 30, 2004.
 - (u) Leroux financials represent average of prior 5 fiscal years.
- Transaction Value = (share purchase price x fully diluted shares outstanding) + (total straight + convertible debt + preferred stock + minority interest) - (cash and investments in unconsolidated subsidiaries).
LTM EBITDA excludes extraordinary items.



Luxury goods industry - Valuation snapshots

Riccardo Martinelli

- Partner at Vitale & Associati -

WSG Meeting

Istanbul, May 2013

VITALE & ASSOCIATI S.P.A.

Overview

I

Luxury goods industry increased importance in the real economy and in the financial markets

II

Most common valuation methodologies for luxury goods companies

III

Historical performance of luxury goods index and trading multiples

IV

Correlation between trading multiples of luxury goods companies and growth (emerging economies and earnings)

V

Trading vs. transaction multiples: large control premium

VI

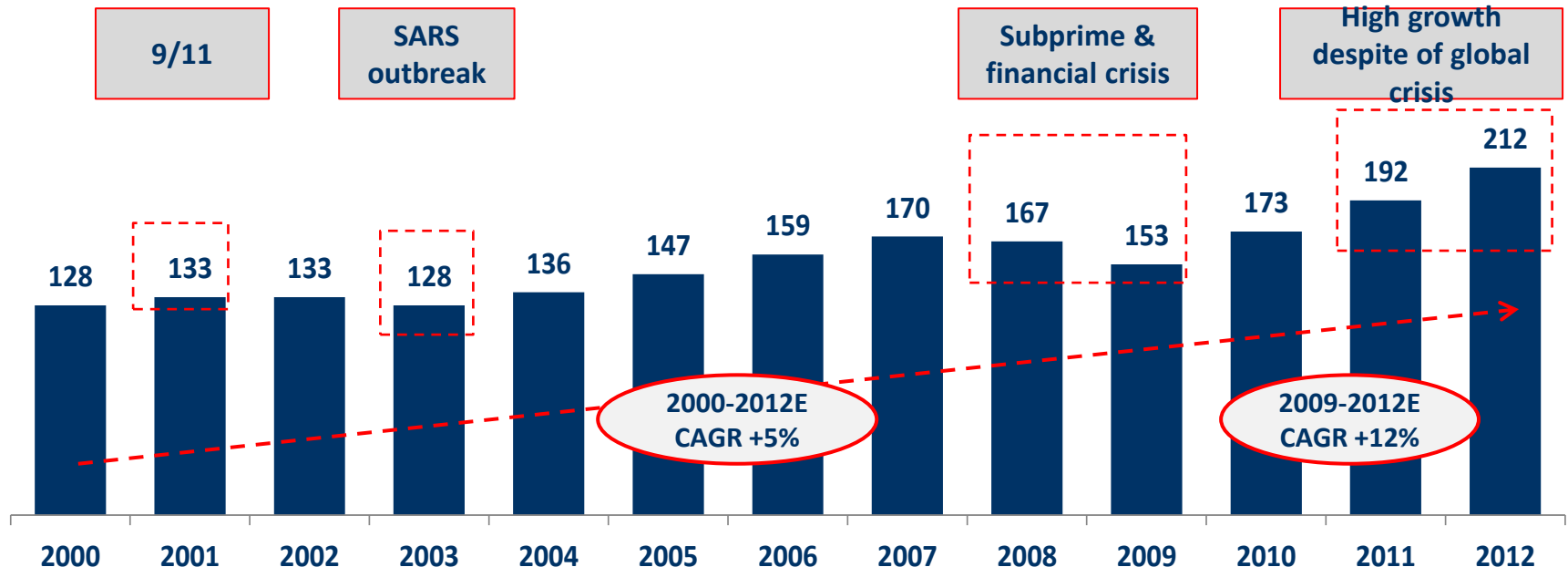
Conclusions

Worldwide luxury goods industry - Turnover

✓ Despite the overall economic downturn and the strong decrease in European consumption expenditures, the **worldwide luxury personal goods industry has steadily grown over the past decade**, showing resilience to:

- ❑ September 11, 2001 terrorist attacks against the US;
- ❑ The SARS outbreak in 2003;
- ❑ The global financial crisis in 2008-2009;
- ❑ Current sovereign debt crisis and flat/negative GDP growth in several Western countries.

Turnover in € bln



Goldman Sachs estimates expects the industry to grow to \$1 tln by 2025.

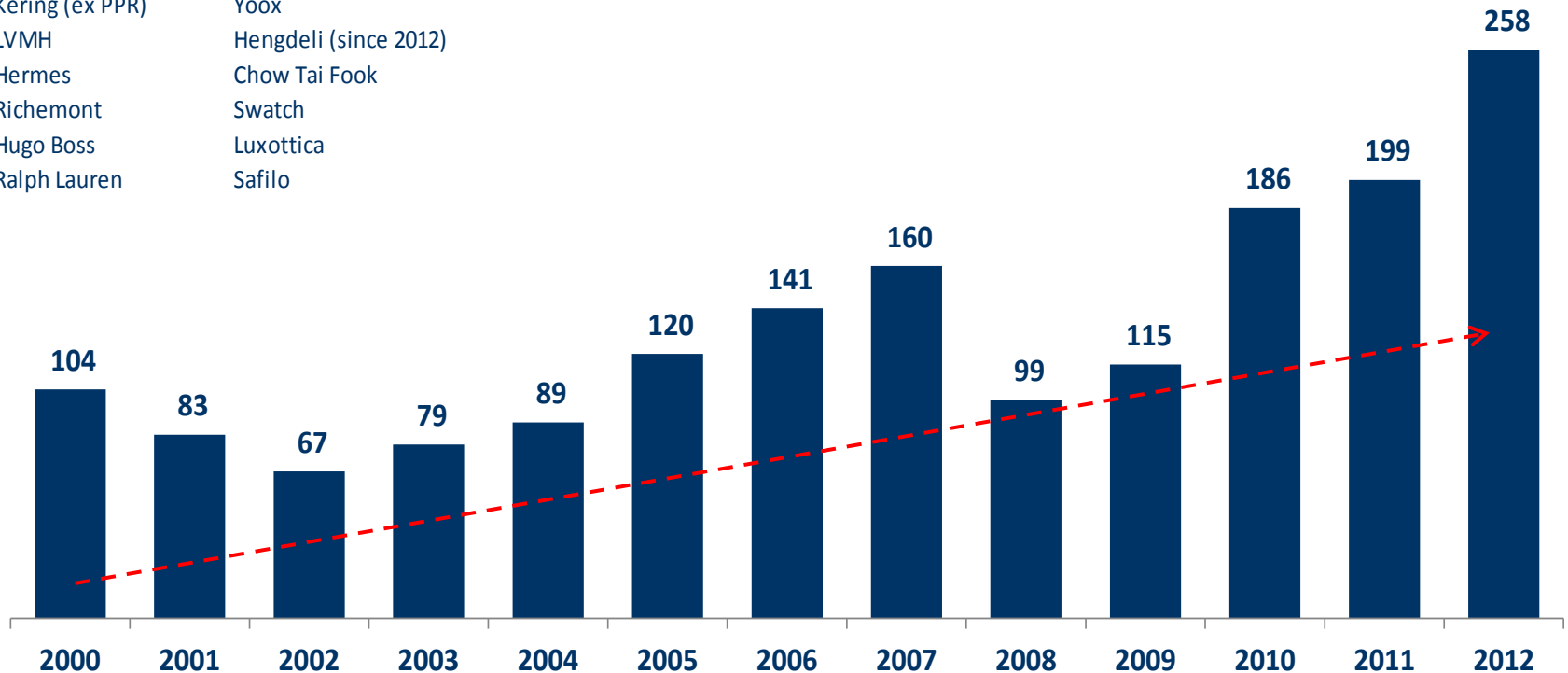
Source: Altagamma/Bain & Co.

Worldwide luxury goods industry – Market capitalization⁽¹⁾

PANEL:

Data in € bln

Burberry	Coach
Tod's	Prada (since 2012)
Cucinelli (since 2012)	Tiffany
Ferragamo (since 2011)	Geox
Christian Dior	Guess
Kering (ex PPR)	Yoox
LVMH	Hengdeli (since 2012)
Hermes	Chow Tai Fook
Richemont	Swatch
Hugo Boss	Luxottica
Ralph Lauren	Safilo

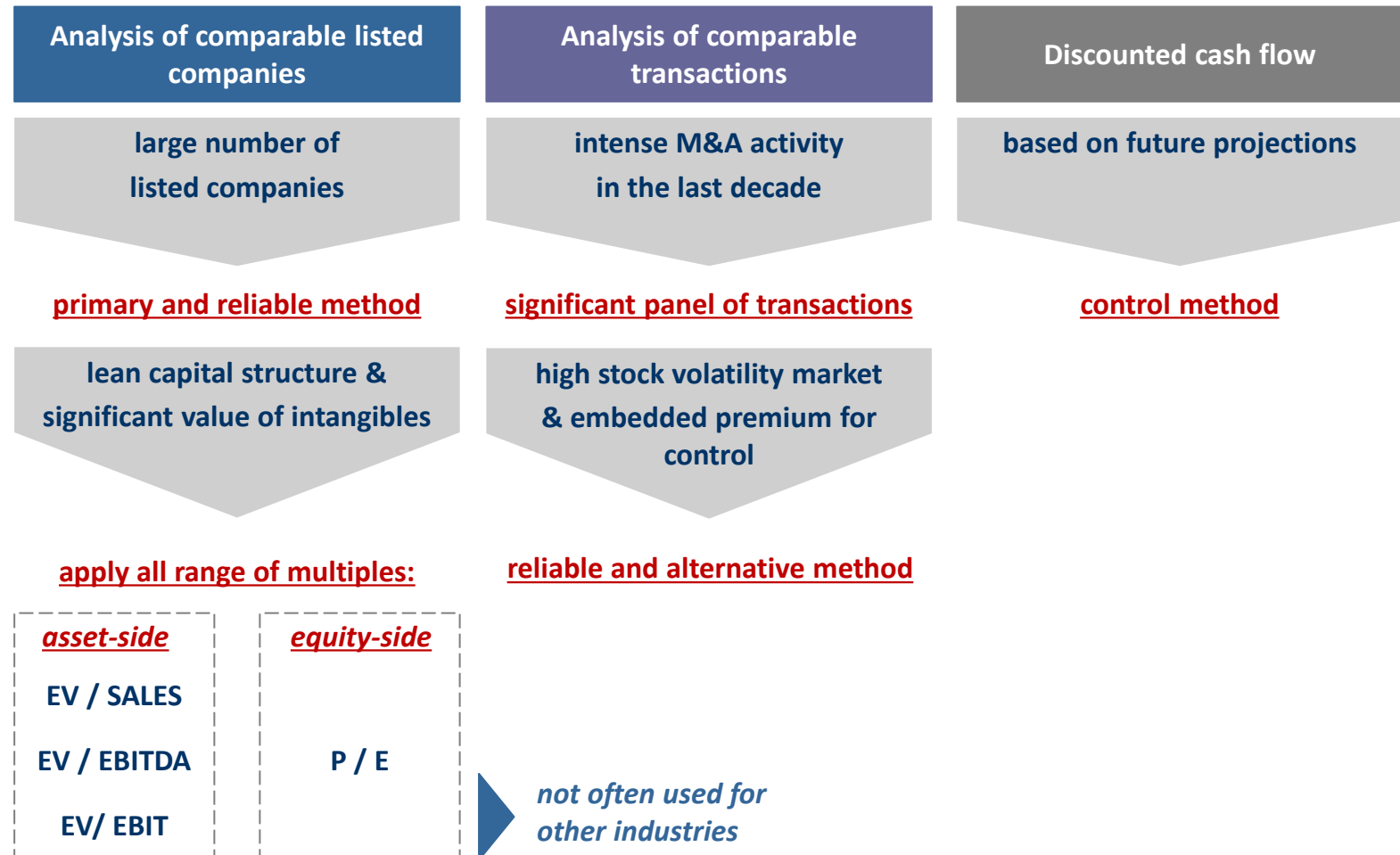


Luxury industry market cap⁽¹⁾ more than doubled since 2000

(1) Selected panel

Valuation methodologies for luxury goods companies

Traditional valuation methodologies are commonly used for luxury goods companies:



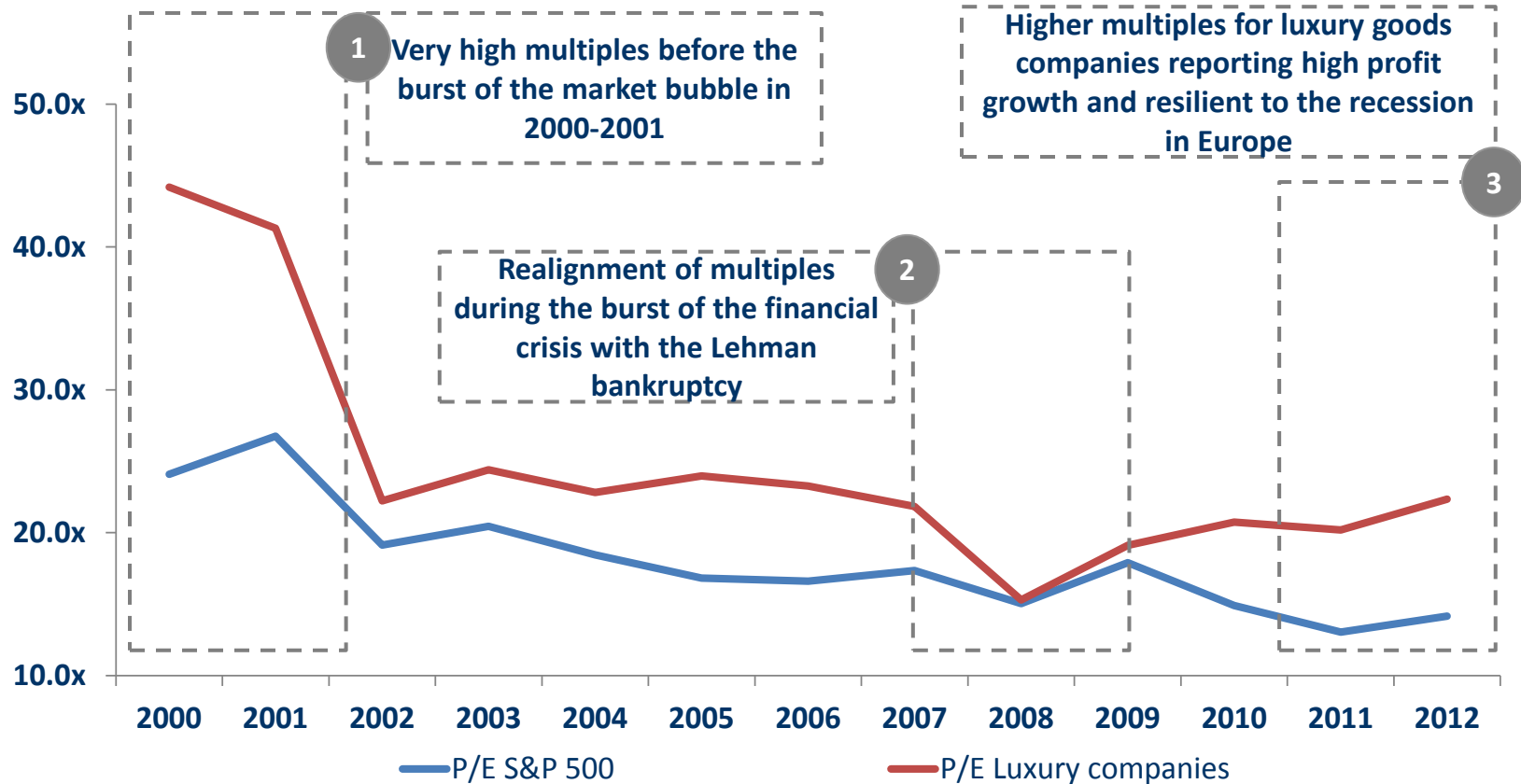
EV = Enterprise Value = Market Cap + Net Financial Indebtedness

EBITDA = Earnings before interest, taxes, depreciation and amortization

EBIT = Earnings before interest and taxes

P/E = Price (Equity value or Market Cap) to Earnings ratio

Selected companies⁽¹⁾ average historical P/E vs. S&P 500 P/E (2000 – 2012)



Luxury goods companies over the last decade traded at a premium to the overall marketplace average as a result of the higher growth pace of their revenues and profits

Source: Bloomberg

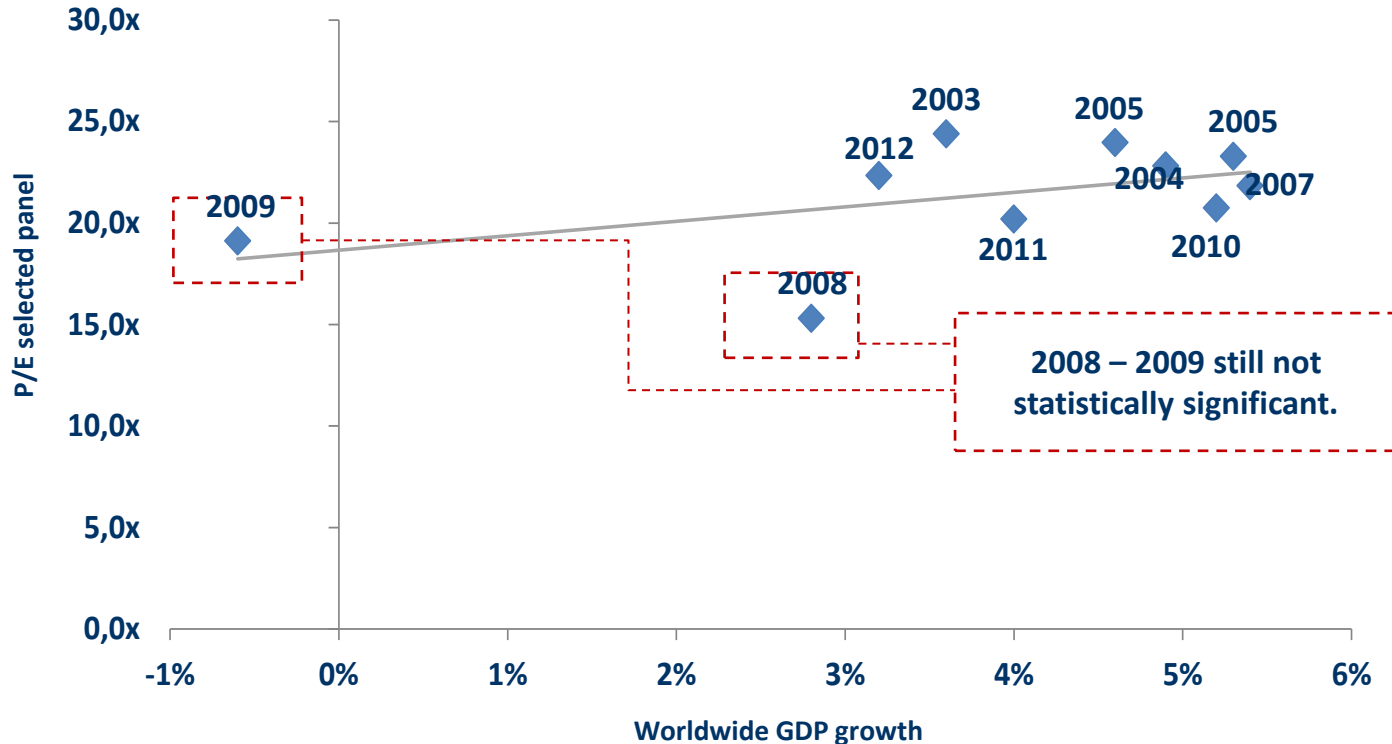
(1) Selected companies shown at page 3.

Selected companies' average historical P/E ratio (2003 – 2012)

P/E regression on Gross World Product (GWP) growth

PANEL:

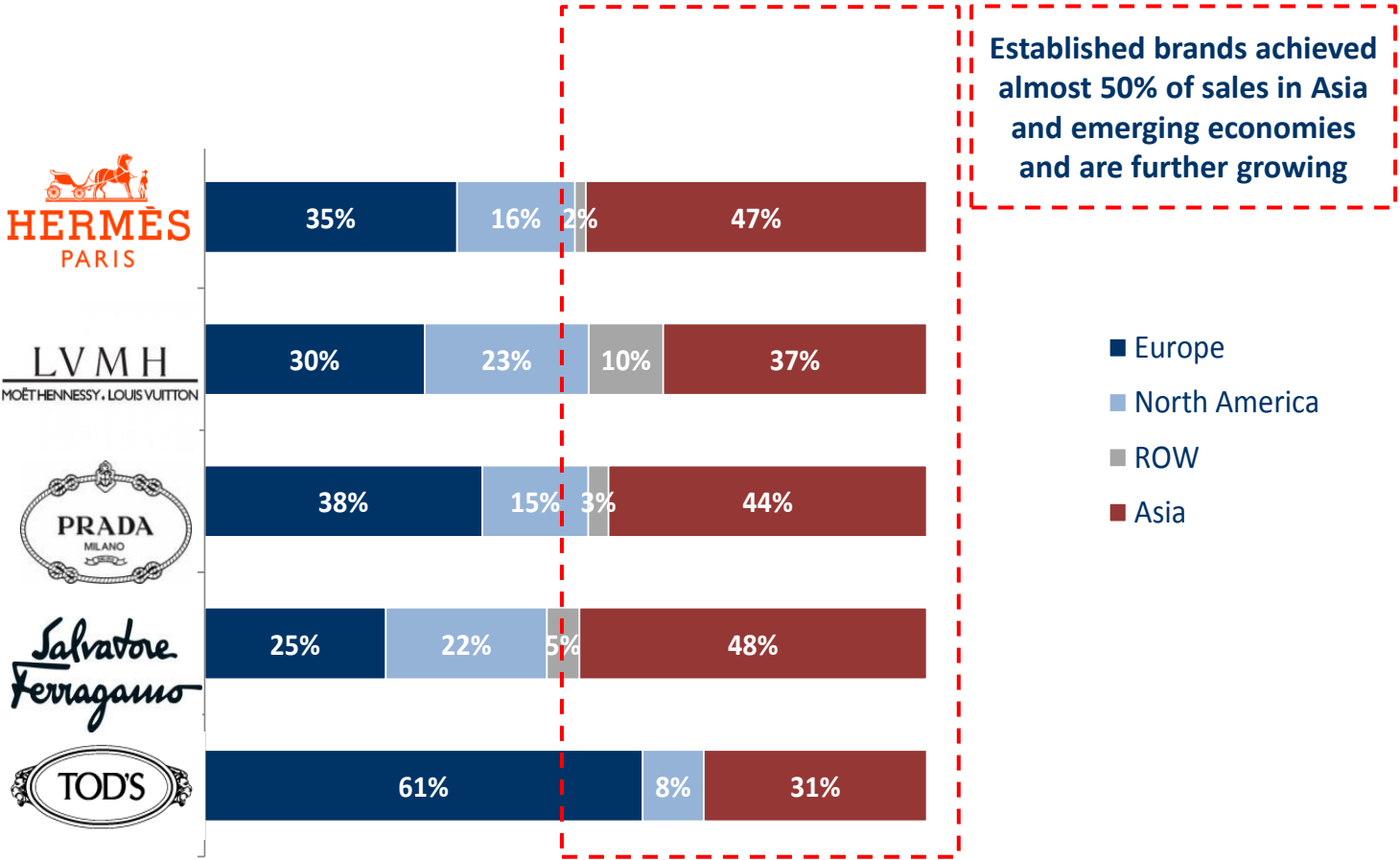
- Burberry
- Tod's
- Cucinelli
- Ferragamo
- Christian Dior
- PPR
- LVMH
- Hermes
- Richemont
- Hugo Boss
- Ralph Lauren
- Coach
- Prada
- Tiffany



Low correlation between P/E multiples and world economy growth, as most of the growth of luxury goods companies since the beginning of 2000 depends on Asia and other emerging economies

Source: Bloomberg

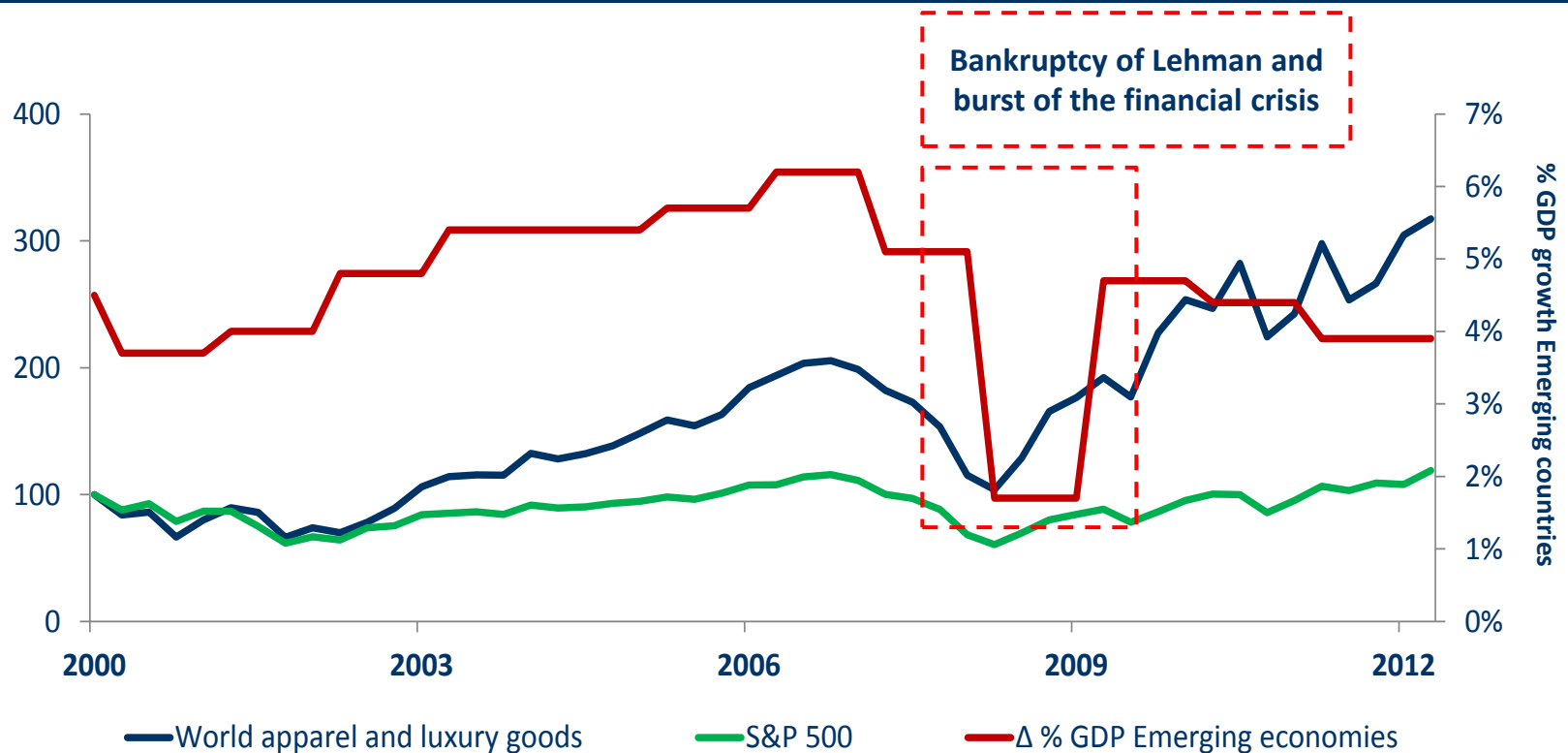
Increased revenues in Asia and emerging economies



Selected companies' revenues from Asia and emerging countries more than tripled since 2005

Source: Bloomberg

Historical luxury goods index performance (2000 – 2012)



High correlation between the performance of the luxury goods index and the growth of emerging economies

Over the last decade, and in particular after the financial crisis in 2008-2009, the luxury index significantly outperformed the S&P 500 index, also boosted by the emerging economies' growth, which has reverted to a stable and sustained pace

Source: Bloomberg

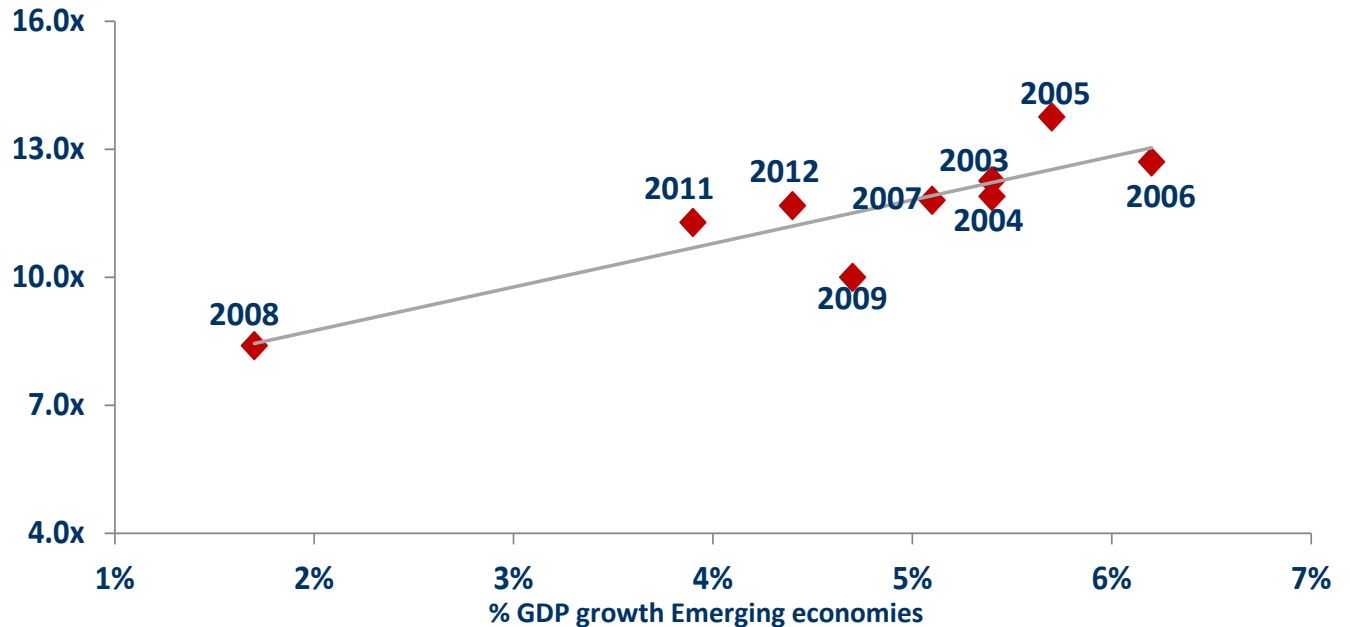
Selected companies' average historical multiples (2002 – 2012)

Selected companies average EV / Ebitda and Emerging economies GDP growth

PANEL:

- Tod's
- Ferragamo
- Christian Dior
- PPR
- LVMH
- Hermes
- Coach
- Prada

higher level of brand awareness and presence in Asia



High correlation between EV/Ebitda trading multiples of a sample of luxury goods listed companies and growth rates of emerging economies

Higher trading multiples in years of faster economic growth

Luxury industry performance can be explained by:

middle class formation

wealth creation

affluent class expansion

which registered an extraordinary growth in Asia and other emerging economies in the last 10 years.

Source: Bloomberg

Selected companies' average historical multiples (2002 – 2012) (cont'd)

Selected companies average EV / Ebitda and Ebitda growth



Higher Ebitda growth leads the luxury goods companies to trade at higher EV/Ebitda multiples

The application of the rule outlined in the regression analysis above is provided in the following page

Source: Bloomberg

EV/Ebitda and Ebitda growth: application of the regression analysis – an example

Company Alpha

Ebitda growth of Company Alpha:

15%

Company Beta

Ebitda growth of Company Beta:

5%

Application of the rule set by the correlation analysis displayed in the previous page
in order to determine the EV/Ebitda based on ebitda growth

$$\text{EV/Ebitda} = 9.1 * 15\% + 9.6$$

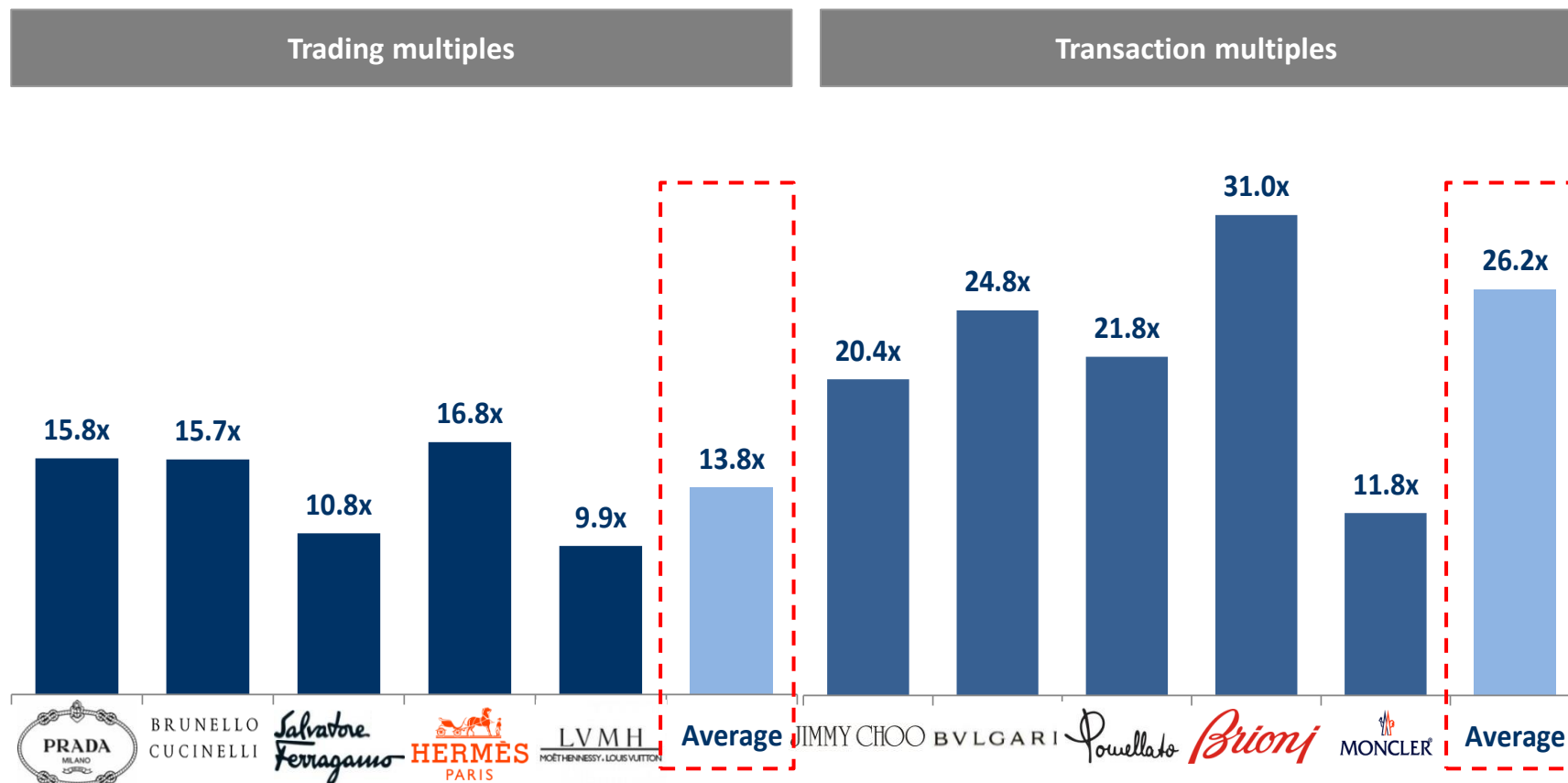
EV/Ebitda = 11.0x

$$\text{EV/Ebitda} = 9.1 * 5\% + 9.6$$

EV/Ebitda = 10.0x

Higher Ebitda growth leads to higher EV/Ebitda multiples

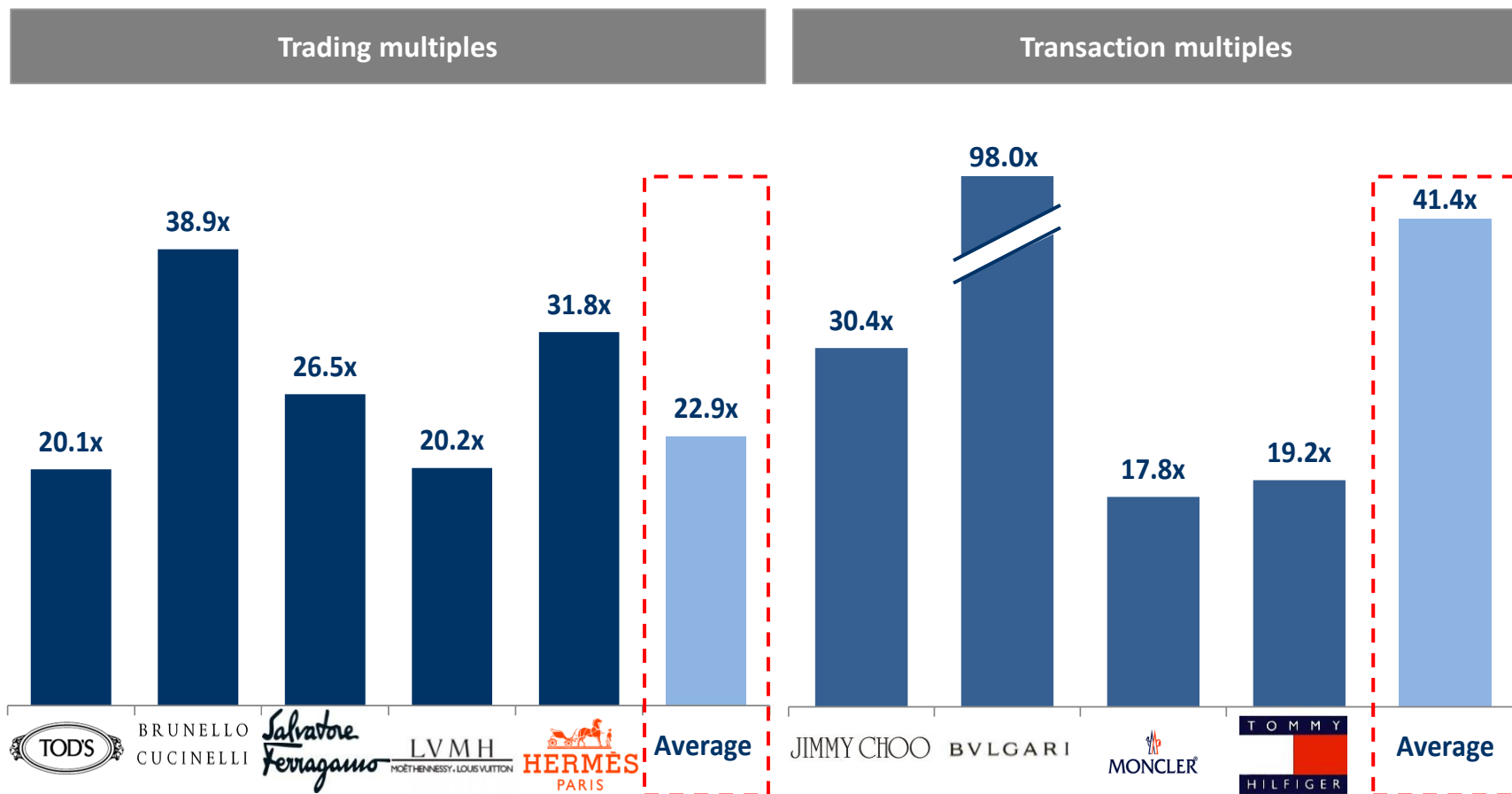
Selected trading multiples vs. transaction multiples – EV/Ebitda



Transaction multiples are significantly higher as bidders recognize large control premia

Source: Bloomberg, Mergermarket

Selected trading multiples vs. transaction multiples – P/E



Transaction multiples are significantly higher as bidders recognize large control premia

Source: Bloomberg, Mergermarket

Conclusions

- **Luxury goods global industry expected to continue to grow at significant rates, boosted by new wealthy consumers in emerging economies**
- **Several luxury goods companies listed on the stock markets provide guidance for valuation** of companies active in the industry
- **High correlation between trading multiples** of luxury good companies **and growth in the emerging economies**, which drive their operating results (revenues and profits)
- **Trade sales result into large control premia** paid to the shareholders



AUTOMOTIVE INDUSTRY VALUATIONS

May 2013



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IV. Automotive Value Drivers.....	13
V. SRR Biography.....	16

Appendix

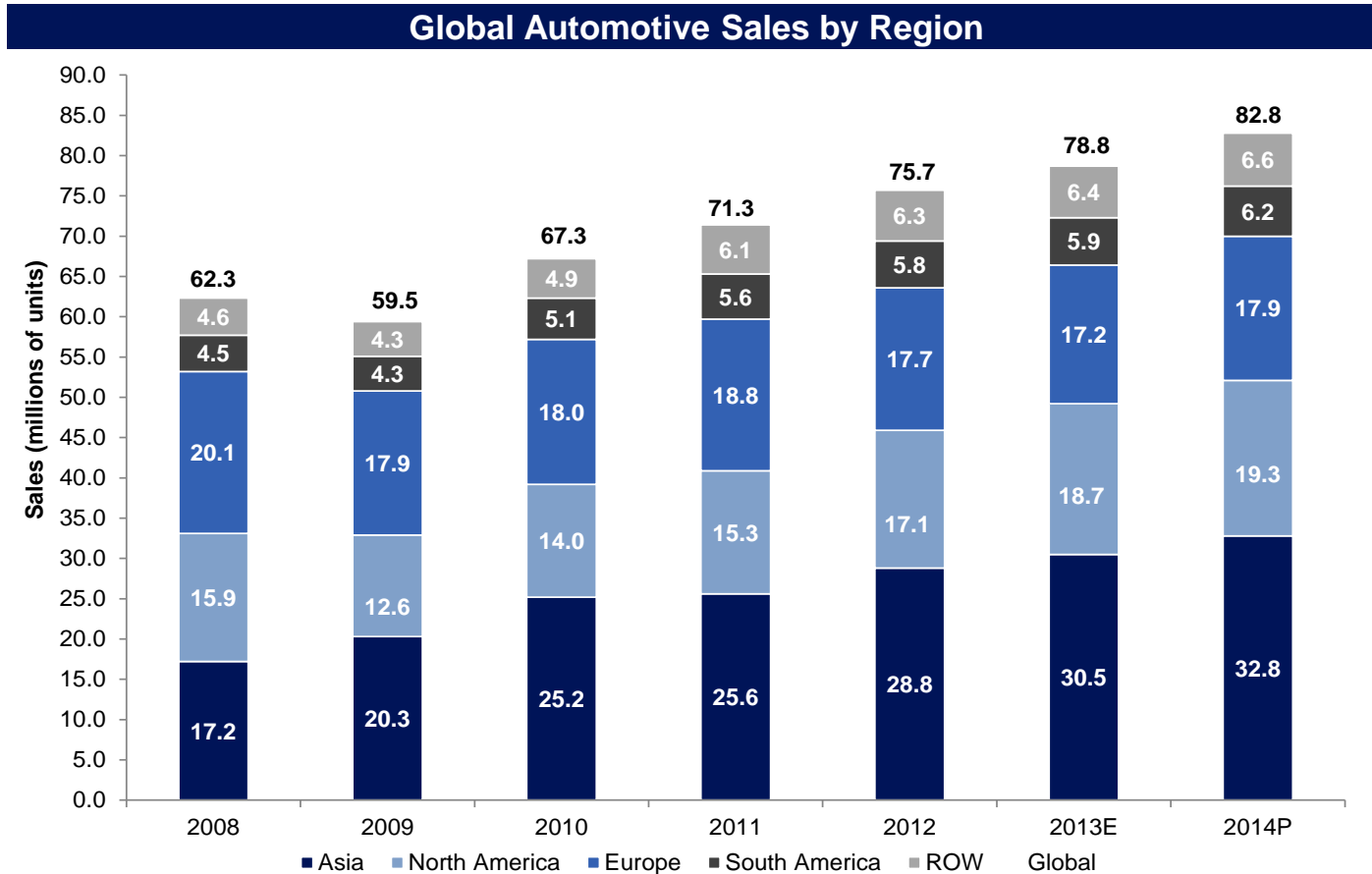
- A. Global OEMs Public Company Analysis Detail
- B. Global Suppliers Public Company Analysis Detail

Atlanta | Chicago | Cleveland | Dallas | Detroit | Houston | Los Angeles | New York | Washington, D.C.



SECTION I: GLOBAL SALES SUMMARY

Global Sales Summary

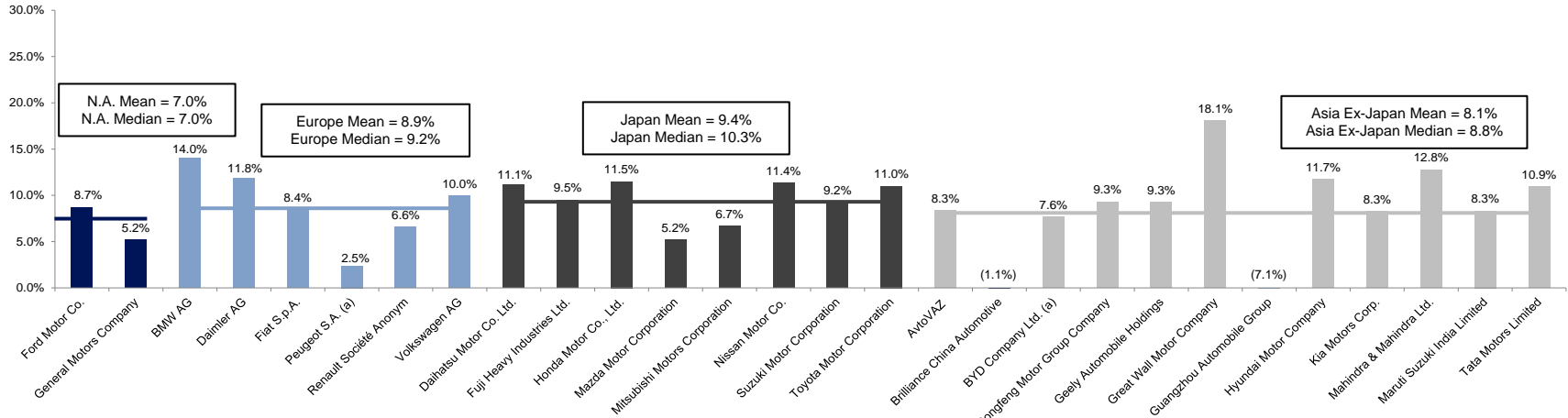


Sources: IHS Automotive, Morgan Stanley

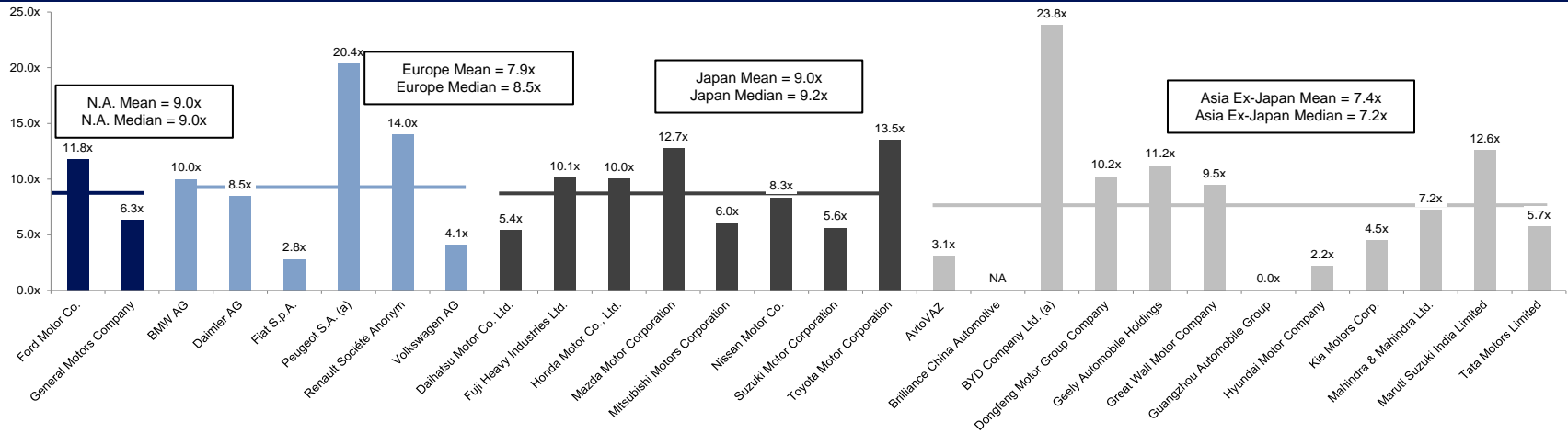
SECTION II: GLOBAL OEMs PUBLIC COMPANY ANALYSIS

Global OEMs Public Company Analysis

LTM EBITDA Margin



Enterprise Value / EBITDA Multiple

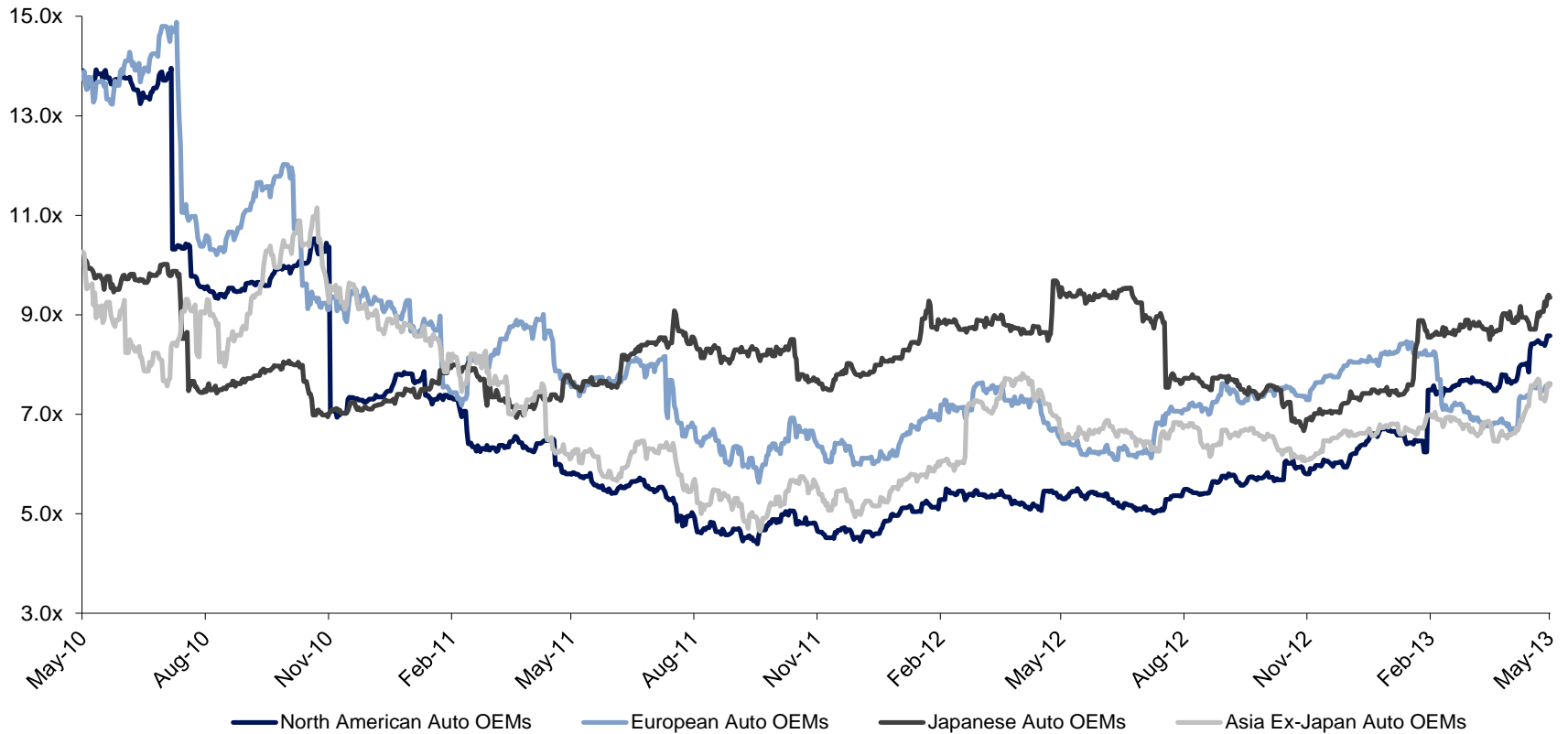


Source: S&P Capital IQ as of 5/16/13
 (a) Excluded from mean and median calculations

Global OEMs Public Company Analysis

Historical EV / EBITDA

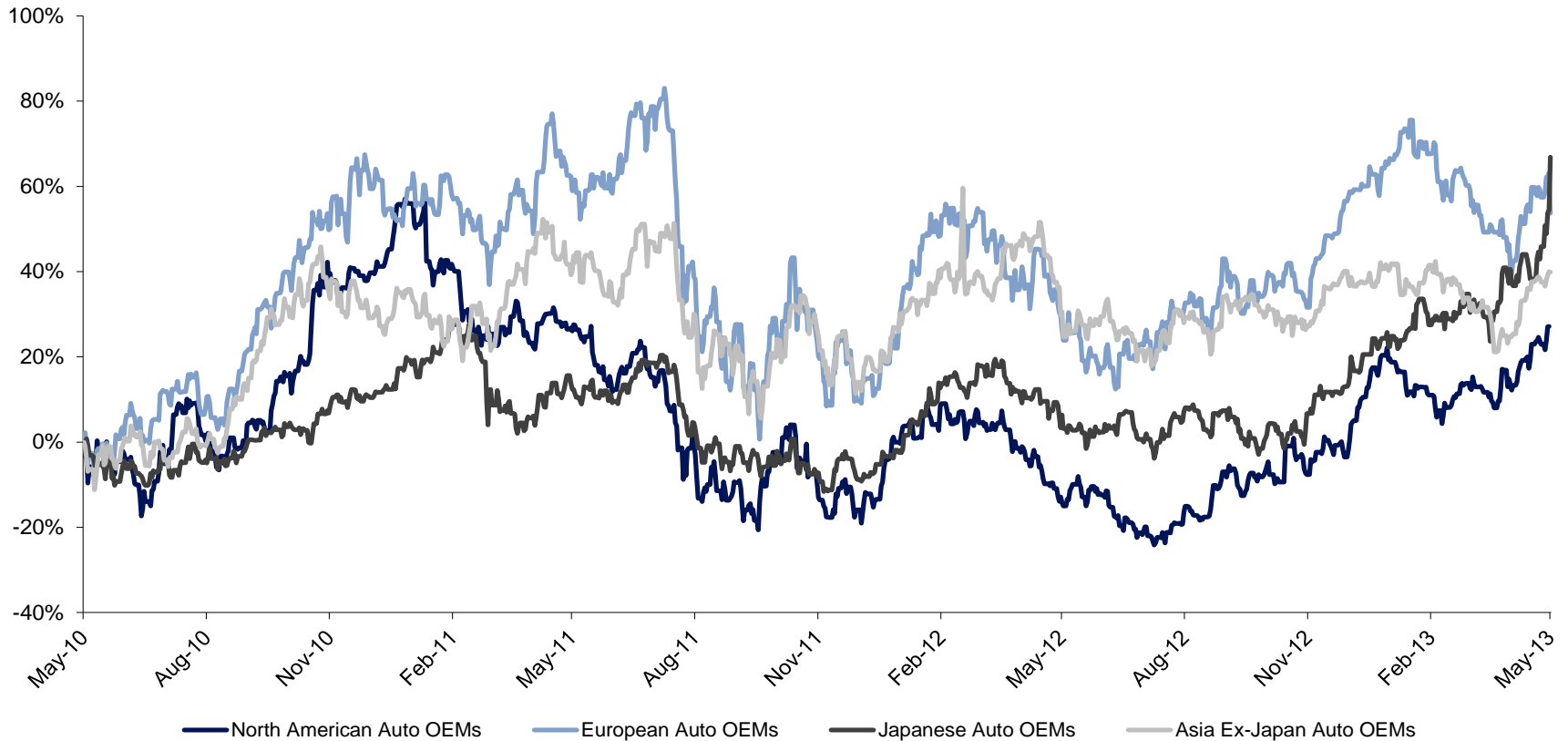
Historical Enterprise Value / LTM EBITDA



Global OEMs Public Company Analysis

Share Price Performance

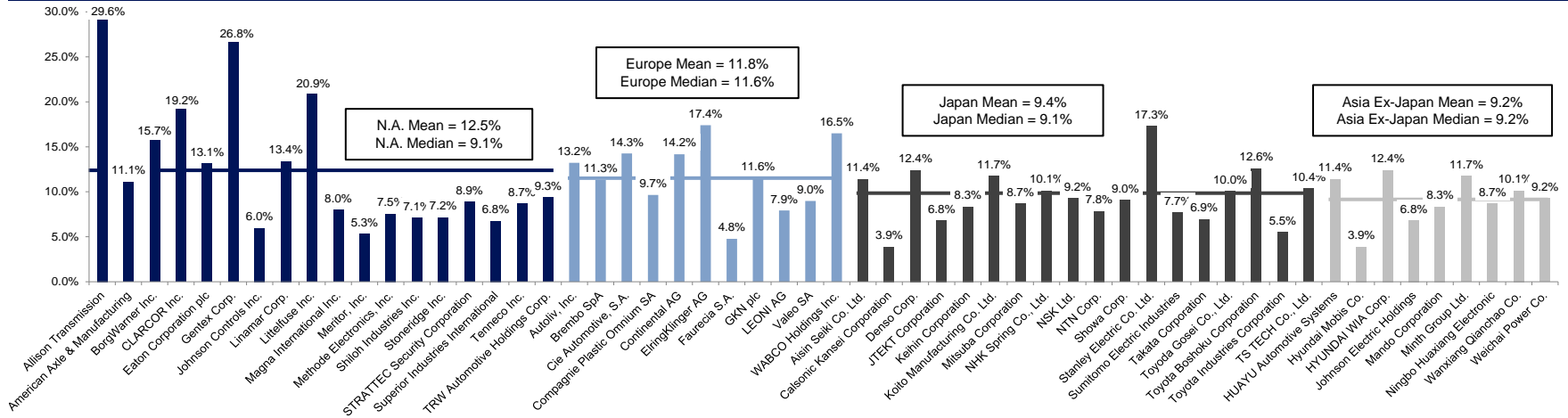
3-Year Stock Chart



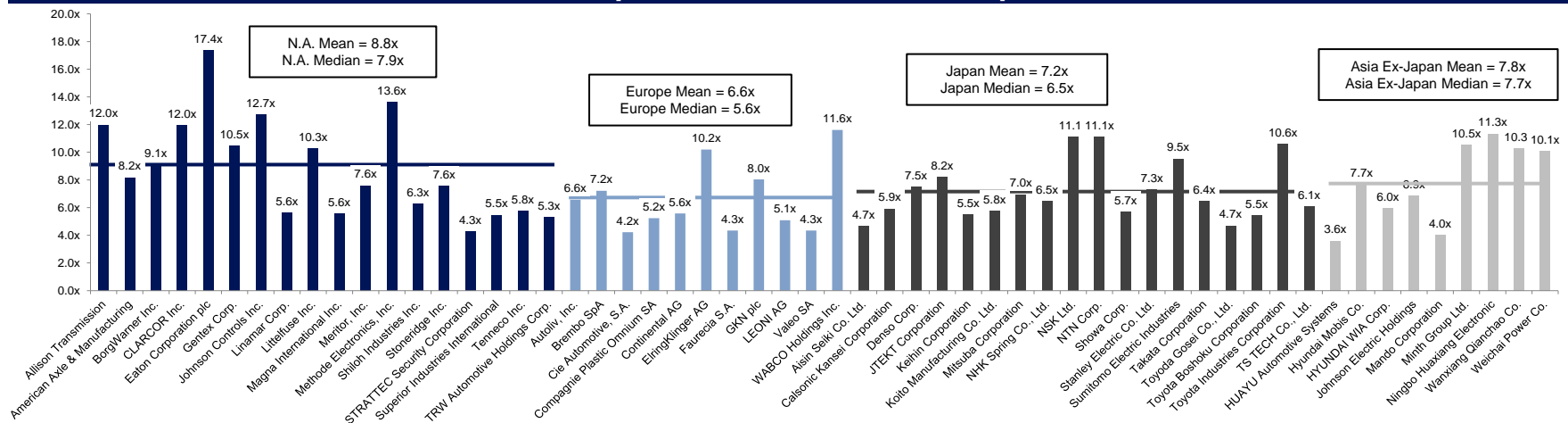
SECTION III: GLOBAL SUPPLIERS PUBLIC COMPANY ANALYSIS

Global Suppliers Public Company Analysis

LTM EBITDA Margin



Enterprise Value / EBITDA Multiple

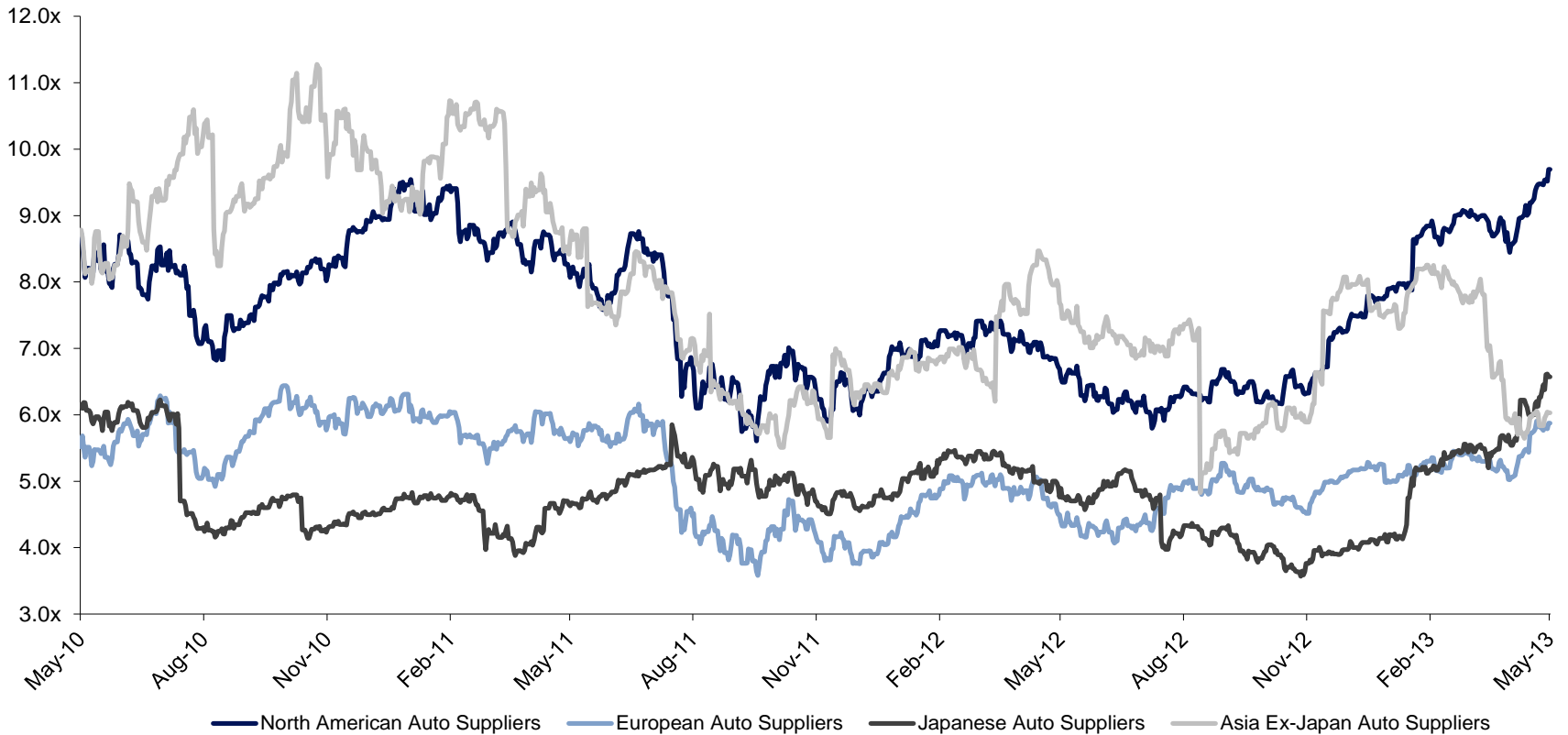


Source: S&P Capital IQ as of 5/16/13

Global Suppliers Public Company Analysis

Historical EV / EBITDA

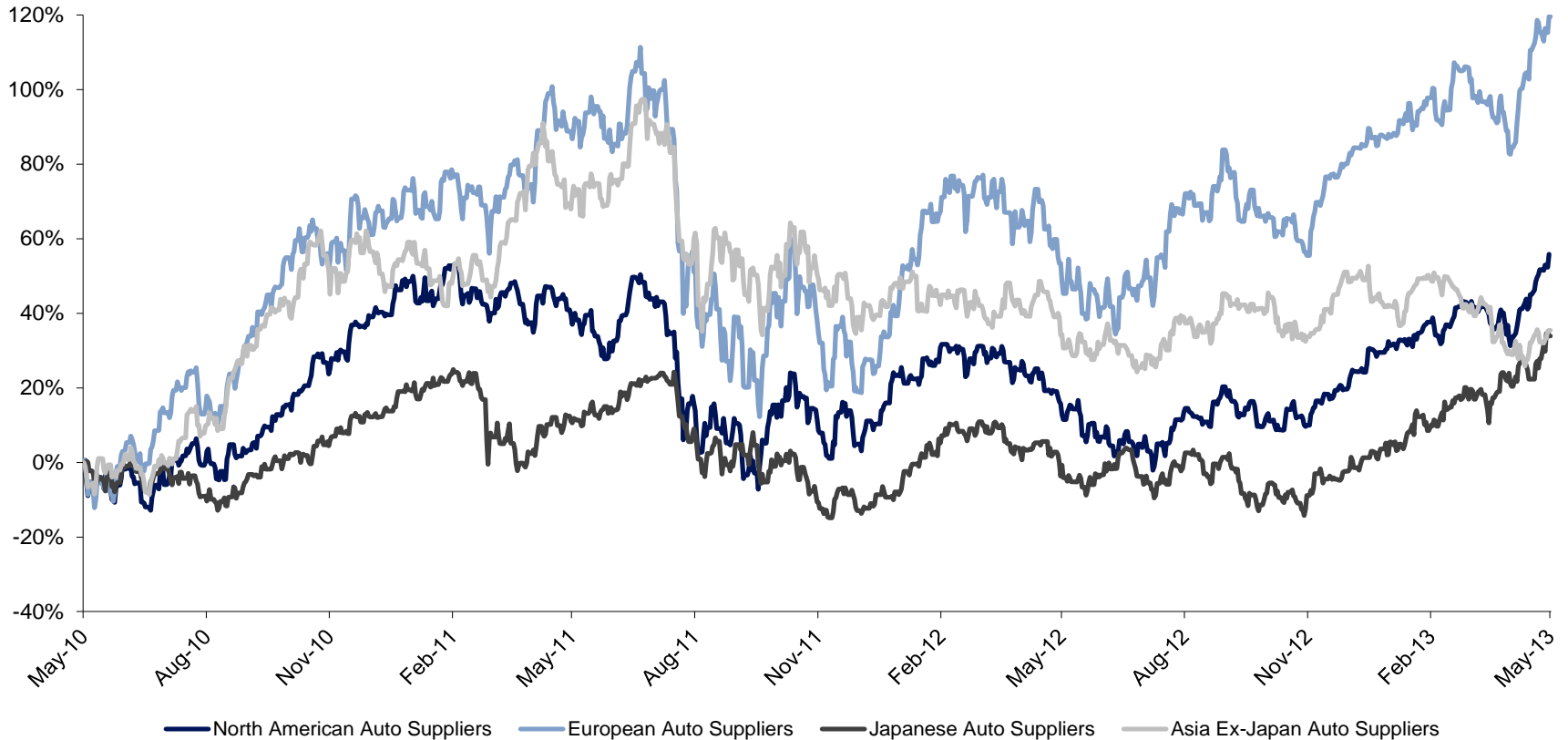
Historical Enterprise Value / LTM EBITDA



Global Suppliers Public Company Analysis

Share Price Performance

3-Year Stock Chart



SECTION IV: AUTOMOTIVE VALUE DRIVERS

Automotive Value Drivers

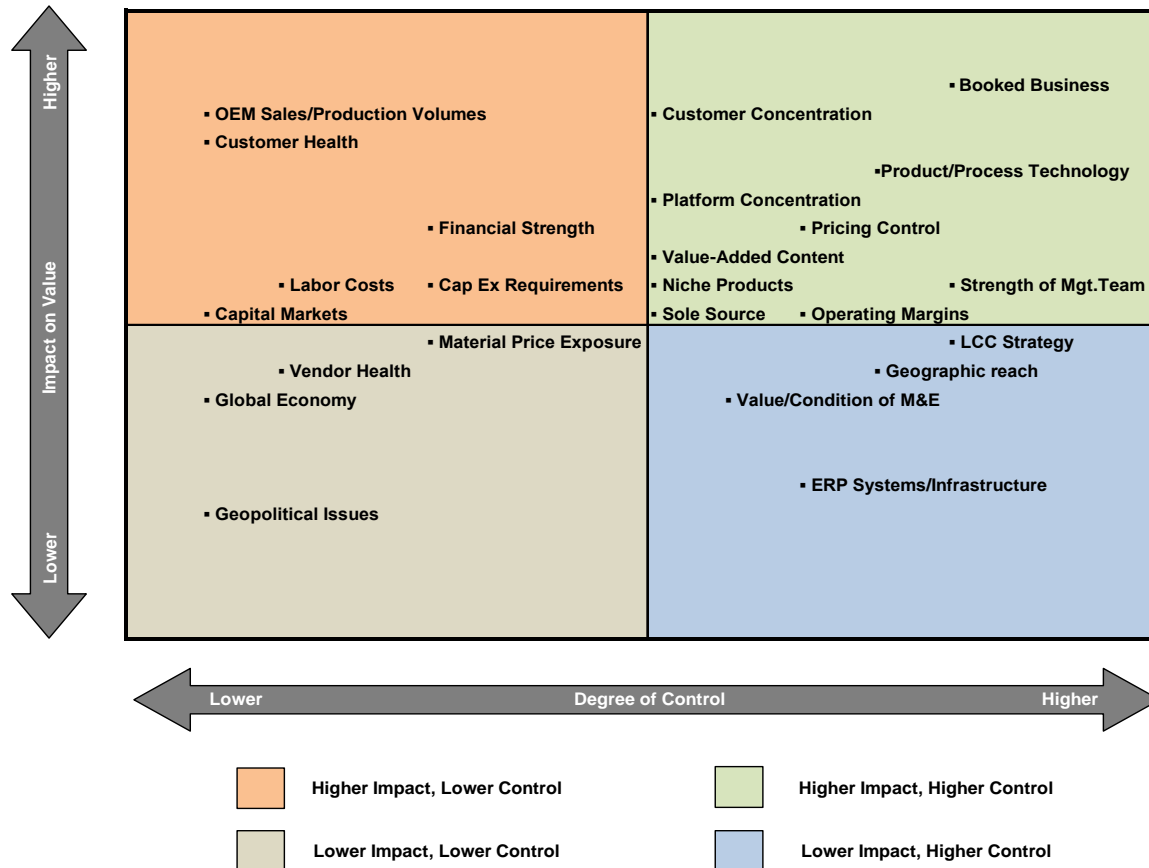
Factors Impacting Automotive Industry Valuation Levels

- Large global industry with strong long-term growth trends
- Very cyclical industry performance
- Capital intensive
- Labor intensive
- Limited universe of potential customers (for suppliers)
- Constantly changing customer driven geography coverage (for suppliers)
- Relentless need to innovate, add technology, and keep products fresh (for OEMs)
- Hyper-competitive market with lowering barriers to entry (for OEMs)

Automotive Value Drivers

Relative Value Drivers

The relative value of one automotive supplier versus another is driven by a multitude of factors, including macroeconomic trends and company-specific performance measures



SECTION V: SRR BIOGRAPHY

SRR Biography

Michael D. Benson



Managing Director
248.432.1229
mbenson@srr.com

Education

M.B.A.
Wayne State University
Finance

B.B.A.
Western Michigan
University
Finance

Michael D. Benson is a Managing Director in the **Investment Banking Group** at **Stout Risius Ross (SRR)**. Mr. Benson is responsible for the execution of investment banking transactions which include strategic assessments, mergers, acquisitions, divestitures, and the private placement of senior debt, subordinated debt, and equity securities.

Mr. Benson has been involved in the successful completion of transactions for companies ranging from privately held, middle market companies to large multinational, publicly traded corporations. Additionally, Mr. Benson has been involved in restructuring projects, which range from providing strategic advisory services to under-performing companies to the sale and liquidation of companies both in and out of bankruptcy. Although he has been involved in many industries he has spent the majority of his career specializing in the automotive supplier industry. Segments within the automotive supplier industry that he has significant experience include metal forming (machining, casting, forging, stamping), powdered metals, plastics, tool & die, and engineering design firms.

Mr. Benson has lectured and presented continuing education seminars on various subjects, including mergers & acquisitions, business valuation, and restructuring & turnaround management.

Prior to joining SRR, Mr. Benson was a Senior Associate in the Investment Banking Group at First of Michigan Corporation, a subsidiary of Wall Street-based Fahnestock & Co. While at First of Michigan, Mr. Benson was responsible for the execution of investment banking transactions for middle-market and large-cap companies on a worldwide basis. Prior to joining First of Michigan, Mr. Benson was a Senior Commercial Credit Analyst with NBD Bank where he was involved in the analysis and subsequent placement of senior debt financing for middle market companies.

Additionally, Mr. Benson is a licensed commercial pilot and flight instructor with over 2,500 flight hours in various private and commercial aircraft.

APPENDIX

APPENDIX A: GLOBAL OEMS PUBLIC COMPANY ANALYSIS DETAIL

Global OEMs Public Company Analysis Detail

Public Company Analysis: Operating Performance Parameters

(Local currency in millions)	LTM			LTM Margin (a)			4-Year CAGR (b)			Debt /
	Revenue	EBITDA	EBIT	Gross Profit	EBITDA	EBIT	Revenue	EBITDA	EBIT	EBITDA
North America										
1 Ford Motor Co.	137,617.0	11,999.0	6,641.0	14.0%	8.7%	4.8%	(1.7%)	11.2%	NA	9.0x
2 General Motors Company	151,381.0	7,894.0	2,201.0	9.5	5.2	1.5	0.5	NA	NA	2.3
Group Low				9.5%	5.2%	1.5%	(1.7%)	11.2%	NA	2.3x
Group High				14.0%	8.7%	4.8%	0.5%	11.2%	NA	9.0x
Group Median				11.7%	7.0%	3.1%	(0.6%)	11.2%	NA	5.7x
Group Mean				11.7%	7.0%	3.1%	(0.6%)	11.2%	NA	5.7x
Europe										
3 Bayerische Motoren Werke Aktiengesellschaft	76,101.0	10,641.0	8,194.0	18.8%	14.0%	10.8%	9.6%	31.8%	67.2%	6.6x
4 Daimler AG	113,388.0	13,436.0	6,498.0	21.7	11.8	5.7	3.8	11.8	2.5	5.9
5 Fiat S.p.A.	83,493.0	7,028.0	3,681.0	14.7	8.4	4.4	9.0	8.4	4.3	4.2
6 Peugeot S.A.	55,446.0	1,376.0	(591.0)	14.2	2.5	(1.1)	0.5	(17.5)	NA	23.7
7 Renault Société Anonym	41,270.0	2,719.0	729.0	17.4	6.6	1.8	2.2	4.5	22.3	12.1
8 Volkswagen AG (Pref.)	191,916.0	19,181.0	11,190.0	17.0	10.0	5.8	14.1	14.1	25.7	5.2
Group Low				14.2%	2.5%	(1.1%)	0.5%	(17.5%)	2.5%	4.2x
Group High				21.7%	14.0%	10.8%	14.1%	31.8%	67.2%	23.7x
Group Median				17.2%	9.2%	5.1%	6.4%	10.1%	22.3%	6.2x
Group Mean				17.3%	8.9%	4.6%	6.5%	8.8%	24.4%	9.6x

Notes:

(a) LTM operating results exclude extraordinary items

(b) Based on results from the five most recently reported fiscal years

(c) LTM revenue, EBITDA, and EBIT for Japanese companies are in billions of Yen

(d) LTM revenue, EBITDA, and EBIT for South Korean companies are in billions of Won

Global OEMs Public Company Analysis Detail

Public Company Analysis: Operating Performance Parameters (cont.)

(Local currency in millions)	LTM			LTM Margin (a)			4-Year CAGR (b)			Debt /
	Revenue	EBITDA	EBIT	Gross Profit	EBITDA	EBIT	Revenue	EBITDA	EBIT	EBITDA
Japan (c)										
9 Daihatsu Motor Co. Ltd.	1,765.0	196.0	133.0	22.5%	11.1%	7.5%	2.0%	11.2%	36.6%	0.8x
10 Fuji Heavy Industries Ltd.	1,913.0	182.0	120.4	21.5	9.5	6.3	7.3	29.1	NA	1.7
11 Honda Motor Co., Ltd.	9,877.9	1,135.3	544.8	25.6	11.5	5.5	(0.3)	14.8	26.7	4.3
12 Mazda Motor Corporation	2,205.3	113.9	53.9	21.6	5.2	2.4	(3.4)	19.6	NA	6.3
13 Mitsubishi Motors Corporation	1,815.1	121.7	67.4	18.7	6.7	3.7	(2.1)	8.1	97.9	3.0
14 Nissan Motor Co. Ltd.	9,629.6	1,095.1	523.5	16.7	11.4	5.4	3.4	16.6	NA	4.3
15 Suzuki Motor Corporation	2,578.3	237.6	144.0	25.6	9.2	5.6	(3.8)	2.2	17.2	1.8
16 Toyota Motor Corporation	22,064.2	2,426.0	1,320.9	15.5	11.0	6.0	1.8	23.8	NA	5.8
Group Low				15.5%	5.2%	2.4%	(3.8%)	2.2%	17.2%	0.8x
Group High				25.6%	11.5%	7.5%	7.3%	29.1%	97.9%	6.3x
Group Median				21.5%	10.3%	5.5%	0.7%	15.7%	31.7%	3.7x
Group Mean				21.0%	9.4%	5.3%	0.6%	15.7%	44.6%	3.5x

Notes:

- (a) LTM operating results exclude extraordinary items
- (b) Based on results from the five most recently reported fiscal years
- (c) LTM revenue, EBITDA, and EBIT for Japanese companies are in billions of Yen
- (d) LTM revenue, EBITDA, and EBIT for South Korean companies are in billions of Won

Global OEMs Public Company Analysis Detail

Public Company Analysis: Operating Performance Parameters (cont.)

(Local currency in millions)	LTM			LTM Margin (a)			4-Year CAGR (b)			Debt /
	Revenue	EBITDA	EBIT	Gross Profit	EBITDA	EBIT	Revenue	EBITDA	EBIT	EBITDA
Asia Ex-Japan										
17 AvtoVAZ	182,086.0	15,177.0	6,787.0	11.8%	8.3%	3.7%	(1.7%)	3.8%	11.2%	1.7x
18 Brilliance China Automotive Holdings Ltd.	5,916.0	(61.5)	(161.0)	12.1	(1.0)	(2.7)	2.0	NA	NA	NM
19 BYD Company Ltd.	45,530.5	3,477.8	297.3	11.3	7.6	0.7	12.5	1.2	(37.0)	5.6
20 Dongfeng Motor Group Company Limited	92,431.7	8,607.7	5,440.9	18.9	9.3	5.9	15.1	17.8	22.2	2.6
21 Geely Automobile Holdings Ltd.	24,627.9	2,289.6	1,677.7	18.5	9.3	6.8	54.8	72.7	83.2	1.2
22 Great Wall Motor Company Ltd.	47,184.1	8,522.2	7,516.7	27.4	18.1	15.9	51.4	82.9	96.3	0.0
23 Guangzhou Automobile Group Co., Ltd.	14,553.5	(1,027.6)	(1,568.0)	6.4	(7.1)	(10.8)	(26.2)	NA	NA	NM
24 Hyundai Motor Company (d)	85,671.9	10,043.4	8,213.0	22.5	11.7	9.6	1.5	15.3	28.3	4.5
25 Kia Motors Corp. (d)	46,537.7	3,867.4	3,141.2	22.1	8.3	6.7	20.8	53.2	NA	1.0
26 Mahindra & Mahindra Ltd.	657,546.3	83,989.2	65,378.3	35.1	12.8	9.9	25.0	16.4	14.5	0.5
27 Maruti Suzuki India Limited	432,158.3	36,007.4	24,380.4	23.6	8.3	5.6	20.3	17.1	19.5	0.4
28 Tata Motors Limited	1,832,199.5	200,550.7	163,187.9	30.5	10.9	8.9	46.8	48.0	47.9	2.1
Group Low				6.4%	(7.1%)	(10.8%)	(26.2%)	1.2%	(37.0%)	NM
Group High				35.1%	18.1%	15.9%	54.8%	82.9%	96.3%	5.6x
Group Median				20.5%	8.8%	6.3%	17.7%	17.5%	22.2%	1.1x
Group Mean				20.0%	8.1%	5.0%	18.5%	32.8%	31.8%	NM

Notes:

- (a) LTM operating results exclude extraordinary items
- (b) Based on results from the five most recently reported fiscal years
- (c) LTM revenue, EBITDA, and EBIT for Japanese companies are in billions of Yen
- (d) LTM revenue, EBITDA, and EBIT for South Korean companies are in billions of Won

Global OEMs Public Company Analysis Detail

Public Company Analysis: Market Performance Parameters

(Local currency in millions, except share data)		Stock Ticker	Price per Share at 05/16/13	Price as % of 52wk High	Enterprise Value (a)	EV / Rev. LTM	EV / EBITDA LTM	2013E	MVE/ BV
North America									
1	Ford Motor Co.	F	14.64	98.6%	141,337.9	1.03x	11.8x	12.9x	3.3x
2	General Motors Company	GM	32.39	99.1	49,893.7	0.33	6.3	3.7	1.6
Group Low				98.6%		0.33x	6.3x	3.7x	1.6x
Group High				99.1%		1.03x	11.8x	12.9x	3.3x
Group Median				98.9%		0.68x	9.0x	8.3x	2.5x
Group Mean				98.9%		0.68x	9.0x	8.3x	2.5x
Europe									
3	Bayerische Motoren Werke Aktiengesellschaft	DB:BMW	71.47	93.9%	106,191.9	1.40x	10.0x	8.8x	1.5x
4	Daimler AG	XTRA:DAI	47.19	99.7	113,880.9	1.00	8.5	8.9	1.3
5	Fiat S.p.A.	BIT:F	5.38	97.6	19,670.2	0.24	2.8	2.3	1.0
6	Peugeot S.A.	ENXTPA:UG	6.49	73.5	28,002.3	0.51	20.4 ¹	12.8 ¹	0.2
7	Renault Société Anonym	ENXTPA:RNO	59.19	99.5	38,038.7	0.92	14.0	9.1	0.7
8	Volkswagen AG (Pref.)	VOW3	162.20	86.6	78,089.0	0.41	4.1	3.3	0.0
Group Low				73.5%		0.24x	2.8x	2.3x	0.0x
Group High				99.7%		1.40x	14.0x	9.1x	1.5x
Group Median				95.7%		0.71x	8.5x	8.8x	0.9x
Group Mean				91.8%		0.74x	7.9x	6.5x	0.8x

Notes:

(a) Enterprise Value equals Market Value plus total straight and convertible debt, preferred stock and minority interest, less cash and investments in unconsolidated subsidiaries

(b) Enterprise Value for Japanese companies is in billions of Yen

(c) Enterprise Value for South Korean companies is in billions of Won

¹ Multiple considered an outlier and was therefore excluded from mean and median summary calculations

Global OEMs Public Company Analysis Detail

Public Company Analysis: Market Performance Parameters (cont.)

(Local currency in millions, except share data)	Stock Ticker	Price per Share at 05/16/13	Price as % of 52wk High	Enterprise Value (a)	EV / Rev. LTM	EV / EBITDA LTM	2013E	MVE/ BV	
Japan (b)									
9	Daihatsu Motor Co. Ltd.	TSE:7262	2,157.00	97.1%	1,056.4	0.60x	5.4x	5.4x	1.8x
10	Fuji Heavy Industries Ltd.	TSE:7270	2,408.00	100.0	1,836.4	0.96	10.1	7.0	3.2
11	Honda Motor Co., Ltd.	TSE:7267	4,175.00	98.7	11,372.9	1.15	10.0	10.1	1.5
12	Mazda Motor Corporation	TSE:7261	390.00	99.2	1,449.8	0.66	12.7	7.5	2.3
13	Mitsubishi Motors Corporation	TSE:7211	126.00	93.3	731.8	0.40	6.0	4.8	2.3
14	Nissan Motor Co. Ltd.	TSE:7201	1,160.00	99.7	9,132.6	0.95	8.3	8.4	1.3
15	Suzuki Motor Corporation	TSE:7269	2,837.00	97.2	1,331.8	0.52	5.6	4.6	1.4
16	Toyota Motor Corporation	TSE:7203	6,450.00	99.4	32,768.0	1.49	13.5	11.8	1.7
Group Low				93.3%		0.40x	5.4x	4.6x	1.3x
Group High				100.0%		1.49x	13.5x	11.8x	3.2x
Group Median				99.0%		0.80x	9.2x	7.3x	1.8x
Group Mean				98.1%		0.84x	9.0x	7.4x	2.0x

Notes:

(a) Enterprise Value equals Market Value plus total straight and convertible debt, preferred stock and minority interest, less cash and investments in unconsolidated subsidiaries

(b) Enterprise Value for Japanese companies is in billions of Yen

(c) Enterprise Value for South Korean companies is in billions of Won

¹ Multiple considered an outlier and was therefore excluded from mean and median summary calculations

Global OEMs Public Company Analysis Detail

Public Company Analysis: Market Performance Parameters (cont.)

(Local currency in millions, except share data)	Stock Ticker	Price per Share at 05/16/13	Price as % of 52wk High	Enterprise Value (a)	EV / Rev. LTM	EV / EBITDA LTM	2013E	MVE/ BV	
Asia Ex-Japan									
17	AvtoVAZ	MICEX:AVAZ	10.55	55.7%	47,222.7	0.26x	3.1x	4.0x	0.4x
18	Brilliance China Automotive Holdings Ltd.	SEHK:1114	7.50	83.0	37,294.8	6.30	NA	225.7 ¹	3.8
19	BYD Company Ltd.	SEHK:1211	27.26	97.3	82,740.8	1.82	23.8 ¹	14.2 ¹	3.0
20	Dongfeng Motor Group Company Limited	SEHK:489	10.03	90.2	88,080.1	0.95	10.2	5.4	1.6
21	Geely Automobile Holdings Ltd.	SEHK:175	3.24	86.1	25,694.0	1.04	11.2	6.6	2.1
22	Great Wall Motor Company Ltd.	SEHK:2333	28.65	98.9	80,536.7	1.71	9.5	8.4	3.7
23	Guangzhou Automobile Group Co., Ltd.	SEHK:2238	5.98	94.4	34,466.1	2.37	NA	NA	1.2
24	Hyundai Motor Company (c)	KOSE:A005380	196,000.00	76.4	22,158.3	0.26	2.2	2.0	0.9
25	Kia Motors Corp. (c)	KOSE:A000270	54,600.00	67.4	17,453.9	0.38	4.5	3.8	1.3
26	Mahindra & Mahindra Ltd.	BSE:500520	985.25	98.8	603,522.7	0.92	7.2	11.8	4.1
27	Maruti Suzuki India Limited	BSE:532500	1,726.60	98.3	453,724.9	1.05	12.6	8.6	2.6
28	Tata Motors Limited	BSE:500570	303.20	90.0	1,151,010.6	0.63	5.7	4.2	2.4
Group Low				55.7%		0.26x	2.2x	2.0x	0.4x
Group High				98.9%		6.30x	12.6x	11.8x	4.1x
Group Median				90.1%		1.00x	7.2x	5.4x	2.4x
Group Mean				86.4%		1.47x	7.4x	6.1x	2.4x

Notes:

(a) Enterprise Value equals Market Value plus total straight and convertible debt, preferred stock and minority interest, less cash and investments in unconsolidated subsidiaries

(b) Enterprise Value for Japanese companies is in billions of Yen

(c) Enterprise Value for South Korean companies is in billions of Won

¹ Multiple considered an outlier and was therefore excluded from mean and median summary calculations

APPENDIX B: GLOBAL SUPPLIERS PUBLIC COMPANY ANALYSIS DETAIL

Global Suppliers Public Company Analysis Detail

Public Company Analysis: Operating Performance Parameters

(Local currency in millions)	LTM			LTM Margin (a)			4-Year CAGR (b)			Debt /
	Revenue	EBITDA	EBIT	Gross Profit	EBITDA	EBIT	Revenue	EBITDA	EBIT	EBITDA
North America										
1 Allison Transmission Holdings, Inc.	1,997.3	591.9	346.9	43.5%	29.6%	17.4%	1.0%	7.0%	13.8%	4.8x
2 American Axle & Manufacturing Holdings Inc.	2,935.0	325.7	168.9	14.0	11.1	5.8	8.6	48.5	NA	4.8
3 BorgWarner Inc.	7,121.8	1,119.6	827.3	20.3	15.7	11.6	8.1	17.9	29.7	1.1
4 CLARCOR Inc.	1,120.8	214.8	182.9	33.5	19.2	16.3	1.4	4.5	5.2	0.1
5 Eaton Corporation plc	17,661.0	2,317.0	1,614.0	29.6	13.1	9.1	1.5	4.0	5.3	4.4
6 Gentex Corp.	1,078.4	289.1	237.8	33.9	26.8	22.1	15.2	18.9	21.8	0.0
7 Johnson Controls Inc.	41,825.0	2,490.0	1,605.0	14.6	6.0	3.8	2.5	(1.3)	(2.4)	2.7
8 Linamar Corp.	3,221.9	411.5	220.5	12.0	12.8	6.8	9.3	9.1	18.0	1.7
9 Littelfuse Inc.	678.3	141.8	110.5	38.8	20.9	16.3	5.9	32.3	68.7	0.7
10 Magna International Inc.	31,532.0	2,520.0	1,517.0	12.3	8.0	4.8	6.8	11.5	25.2	0.2
11 Meritor, Inc.	3,898.0	207.0	144.0	10.9	5.3	3.7	(2.1)	1.9	4.6	5.1
12 Methode Electronics, Inc.	497.9	37.6	20.4	17.4	7.5	4.1	(4.2)	(24.7)	(33.3)	1.1
13 Shiloh Industries Inc.	599.1	42.3	24.3	8.8	7.1	4.1	3.6	(4.3)	7.5	2.3
14 Stoneridge Inc.	912.0	65.2	30.6	24.2	7.2	3.4	5.7	1.8	(2.4)	3.2
15 STRATTEC Security Corporation	294.1	26.2	19.1	18.3	8.9	6.5	15.0	30.9	98.7	0.1
16 Superior Industries International, Inc.	825.4	55.7	29.0	6.9	6.8	3.5	2.1	24.6	NA	0.0
17 Tenneco Inc.	7,354.0	639.0	454.0	16.3	8.7	6.2	5.6	16.2	31.5	2.1
18 TRW Automotive Holdings Corp.	16,449.0	1,537.0	1,127.0	10.6	9.3	6.9	2.3	10.7	25.2	1.2
Group Low				6.9%	5.3%	3.4%	(4.2%)	(24.7%)	NA	0.0x
Group High				43.5%	29.6%	22.1%	15.2%	48.5%	NA	5.1x
Group Median				16.9%	9.1%	6.3%	4.6%	9.9%	NA	1.5x
Group Mean				20.3%	12.4%	8.5%	4.9%	11.6%	NA	2.0x

Notes:

- (a) LTM operating results exclude extraordinary items
- (b) Based on results from the five most recently reported fiscal years
- (c) LTM revenue, EBITDA, and EBIT for Japanese companies is in billions of Yen
- (d) LTM revenue, EBITDA, and EBIT for South Korean companies are in billions of Won

Global Suppliers Public Company Analysis Detail

Public Company Analysis: Operating Performance Parameters (cont.)

(Local currency in millions)	LTM			LTM Margin (a)			4-Year CAGR (b)			Debt /
	Revenue	EBITDA	EBIT	Gross Profit	EBITDA	EBIT	Revenue	EBITDA	EBIT	EBITDA
Europe										
19 Autoliv, Inc.	8,222.8	1,087.6	811.5	19.7%	13.2%	9.9%	6.3%	9.5%	19.2%	0.6x
20 Brembo SpA	1,404.6	159.1	87.7	44.0	11.3	6.2	6.7	4.4	4.9	2.8
21 Cie Automotive, S.A.	1,634.4	233.0	145.8	39.4	14.3	8.9	3.1	9.6	12.3	4.0
22 Compagnie Plastic Omnium SA	4,806.2	463.9	314.6	14.3	9.7	6.5	15.5	29.8	48.2	1.8
23 Continental AG	32,450.0	4,600.2	2,930.0	21.8	14.2	9.0	7.8	11.7	23.7	1.8
24 ElringKlinger AG	1,130.2	196.8	124.3	27.2	17.4	11.0	14.4	12.2	16.6	1.7
25 Faurecia S.A.	17,364.5	829.0	511.2	7.6	4.8	2.9	9.7	22.4	60.7	2.9
26 GKN plc	6,510.0	754.0	503.0	51.2	11.6	7.7	10.4	18.5	25.8	1.4
27 LEONI AG	3,799.0	300.7	183.7	17.5	7.9	4.8	6.9	16.8	33.8	1.7
28 Valeo SA	11,759.0	1,055.0	646.0	16.6	9.0	5.5	7.9	12.4	35.6	2.0
29 WABCO Holdings Inc.	2,464.8	406.8	334.6	30.4	16.5	13.6	(1.1)	2.9	4.4	0.2
Group Low				7.6%	4.8%	2.9%	(1.1%)	2.9%	4.4%	0.2x
Group High				51.2%	17.4%	13.6%	15.5%	29.8%	60.7%	4.0x
Group Median				21.8%	11.6%	7.7%	7.8%	12.2%	23.7%	1.8x
Group Mean				26.3%	11.8%	7.8%	8.0%	13.7%	25.9%	1.9x

Notes:

- (a) LTM operating results exclude extraordinary items
- (b) Based on results from the five most recently reported fiscal years
- (c) LTM revenue, EBITDA, and EBIT for Japanese companies is in billions of Yen
- (d) LTM revenue, EBITDA, and EBIT for South Korean companies are in billions of Won

Global Suppliers Public Company Analysis Detail

Public Company Analysis: Operating Performance Parameters (cont.)

(Local currency in millions)	LTM			LTM Margin (a)			4-Year CAGR (b)			Debt /
	Revenue	EBITDA	EBIT	Gross Profit	EBITDA	EBIT	Revenue	EBITDA	EBIT	EBITDA
Japan (c)										
30 Aisin Seiki Co. Ltd.	2,530.0	288.2	148.9	13.7%	11.4%	5.9%	3.4%	12.7%	NA	1.2x
31 Calsonic Kansei Corporation	760.9	29.6	10.3	7.0	3.9	1.3	3.3	25.4	NA	1.4
32 Denso Corp.	3,580.9	443.8	262.4	16.0	12.4	7.3	3.3	16.7	NA	1.1
33 JTEKT Corporation	1,067.5	72.9	29.2	13.2	6.8	2.7	1.2	(1.8)	6.8	3.6
34 Keihin Corporation	294.9	24.6	10.0	10.9	8.3	3.4	0.6	(3.9)	(3.6)	0.6
35 Koito Manufacturing Co. Ltd.	472.8	55.5	37.7	15.5	11.7	8.0	4.3	12.0	44.8	0.5
36 Mitsuba Corporation	225.6	19.6	9.0	13.3	8.7	4.0	1.8	30.1	NA	4.9
37 NHK Spring Co., Ltd.	508.0	51.4	30.0	13.1	10.1	5.9	3.6	8.4	29.6	1.3
38 NSK Ltd.	732.8	67.7	32.4	18.6	9.2	4.4	3.1	2.0	10.0	4.5
39 NTN Corp.	539.6	42.2	7.3	14.4	7.8	1.3	0.6	(6.5)	(6.4)	8.5
40 Showa Corp.	233.0	21.1	12.8	15.4	9.0	5.5	(3.8)	13.0	51.7	0.7
41 Stanley Electric Co. Ltd.	263.1	45.5	27.5	22.6	17.3	10.4	(1.8)	(1.5)	4.4	0.4
42 Sumitomo Electric Industries Ltd.	2,159.9	165.7	76.8	17.4	7.7	3.6	0.4	5.5	34.4	2.9
43 Takata Corporation	415.5	28.8	14.5	16.9	6.9	3.5	1.9	6.0	52.0	3.1
44 Tokai Rika Co., Ltd.	371.9	37.4	23.2	13.9	10.0	6.2	2.5	17.3	131.3	0.3
45 Toyota Gosei Co., Ltd.	599.6	75.5	36.7	13.1	12.6	6.1	2.4	7.2	23.3	0.8
46 Toyota Boshoku Corporation	1,079.5	59.5	25.3	8.6	5.5	2.3	2.5	7.5	18.2	2.1
47 Toyota Industries Corporation	1,615.2	167.9	77.1	16.6	10.4	4.8	0.5	9.0	NA	4.0
48 TS TECH Co., Ltd.	359.3	31.5	24.2	13.7	8.8	6.7	(2.9)	4.8	10.8	0.2
Group Low				7.0%	3.9%	1.3%	(3.8%)	(6.5%)	(6.4%)	0.2x
Group High				22.6%	17.3%	10.4%	4.3%	30.1%	131.3%	8.5x
Group Median				13.9%	9.0%	4.8%	1.9%	7.5%	20.8%	1.3x
Group Mean				14.4%	9.4%	4.9%	1.4%	8.6%	29.1%	2.2x

Notes:

- (a) LTM operating results exclude extraordinary items
- (b) Based on results from the five most recently reported fiscal years
- (c) LTM revenue, EBITDA, and EBIT for Japanese companies is in billions of Yen
- (d) LTM revenue, EBITDA, and EBIT for South Korean companies are in billions of Won

Global Suppliers Public Company Analysis Detail

Public Company Analysis: Operating Performance Parameters (cont.)

(Local currency in millions)	LTM			LTM Margin (a)			4-Year CAGR (b)			Debt /
	Revenue	EBITDA	EBIT	Gross Profit	EBITDA	EBIT	Revenue	EBITDA	EBIT	EBITDA
Asia Ex-Japan										
49 HUAYU Automotive Systems Company Limited	60,186.7	5,219.1	4,110.5	16.0%	8.7%	6.8%	69.9%	73.0%	87.9%	0.2x
50 Hyundai Mobis Co.,Ltd. (d)	30,789.0	3,365.0	2,906.5	14.7	10.9	9.4	22.1	23.2	24.4	0.8
51 HYUNDAI WIA Corp. (d)	7,021.1	652.2	539.8	11.7	9.3	7.7	21.8	46.5	53.5	1.5
52 Johnson Electric Holdings Ltd.	2,059.7	305.4	212.9	28.0	14.8	10.3	3.0	19.1	35.3	0.4
53 Liaoning SG Automotive Group Co. Ltd.	5,334.0	206.2	76.4	13.6	3.9	1.4	6.6	(2.5)	(10.0)	10.1
54 Mando Corporation (d)	5,059.3	425.4	255.9	13.7	8.4	5.1	20.2	23.4	41.6	2.5
55 Minth Group Ltd.	4,329.9	891.9	724.9	33.1	20.6	16.7	21.8	14.3	13.3	1.6
56 Ningbo Huaxiang Electronic Co., Ltd.	6,152.0	454.0	380.0	6.8	7.4	6.2	21.2	14.6	19.4	1.3
57 Wanxiang Qianchao Co., Ltd.	8,437.1	781.5	482.7	16.7	9.3	5.7	14.5	5.0	3.9	2.2
58 Weichai Power Co. Ltd	47,785.9	4,927.1	3,347.4	19.9	10.3	7.0	10.3	7.8	4.7	2.5
Group Low				6.8%	3.9%	1.4%	3.0%	(2.5%)	(10.0%)	0.2x
Group High				33.1%	20.6%	16.7%	69.9%	73.0%	87.9%	10.1x
Group Median				15.4%	9.3%	6.9%	20.7%	16.9%	21.9%	1.6x
Group Mean				17.4%	10.4%	7.6%	21.2%	22.4%	27.4%	2.3x

Notes:

- (a) LTM operating results exclude extraordinary items
- (b) Based on results from the five most recently reported fiscal years
- (c) LTM revenue, EBITDA, and EBIT for Japanese companies is in billions of Yen
- (d) LTM revenue, EBITDA, and EBIT for South Korean companies are in billions of Won

Global Suppliers Public Company Analysis Detail

Public Company Analysis: Market Performance Parameters

(Local currency in millions, except share data)	Stock Ticker	Price per	Price as	Enterprise Value (a)	EV / Rev.	EV / EBITDA		MVE/	
		Share at 05/16/13	% of 52wk High		LTM	LTM	2013E	BV	
North America									
1	Allison Transmission Holdings, Inc.	ALSN	23.44	97.1%	7,090.3	3.55x	12.0x	11.0x	3.1x
2	American Axle & Manufacturing Holdings Inc.	AXL	15.92	97.0	2,660.8	0.91	8.2	6.0	NA
3	BorgWarner Inc.	BWA	83.22	98.6	10,177.5	1.43	9.1	8.5	3.1
4	CLARCOR Inc.	CLC	54.82	99.3	2,569.8	2.29	12.0	11.4	3.0
5	Eaton Corporation plc	ETN	65.70	99.2	40,214.7	2.28	17.4	11.6	2.0
6	Gentex Corp.	GNTX	24.73	98.6	3,032.3	2.81	10.5	9.7	3.1
7	Johnson Controls Inc.	JCI	36.63	98.3	31,718.4	0.76	12.7	8.8	2.1
8	Linamar Corp.	TSX:LNR	27.38	97.8	2,431.0	0.75	5.6	5.2	1.6
9	Littelfuse Inc.	LFUS	73.18	99.6	1,456.5	2.15	10.3	9.1	2.7
10	Magna International Inc.	TSX:MG	63.99	97.8	14,066.1	0.45	5.6	5.3	1.6
11	Meritor, Inc.	MTOR	6.24	96.4	1,574.1	0.40	7.6	5.8	NA
12	Methode Electronics, Inc.	MEI	14.70	96.3	511.7	1.03	13.6	8.7	1.9
13	Shiloh Industries Inc.	SHLO	9.98	86.8	265.4	0.44	6.3	NA	1.6
14	Stoneridge Inc.	SRI	9.96	97.2	492.9	0.54	7.6	5.8	1.8
15	STRATTEC Security Corporation	STRT	36.02	85.2	112.4	0.38	4.3	4.0	1.3
16	Superior Industries International, Inc.	SUP	18.11	82.0	304.7	0.37	5.5	5.1	1.0
17	Tenneco Inc.	TEN	40.71	96.3	3,677.5	0.50	5.8	5.4	8.7
18	TRW Automotive Holdings Corp.	TRW	61.50	97.3	8,122.0	0.49	5.3	4.9	2.0
Group Low				82.0%		0.37x	4.3x	4.0x	1.0x
Group High				99.6%		3.55x	17.4x	11.6x	8.7x
Group Median				97.2%		0.76x	7.9x	6.0x	2.0x
Group Mean				95.6%		1.20x	8.8x	7.4x	2.5x

Notes:

(a) Enterprise Value equals Market Value plus total straight and convertible debt, preferred stock and minority interest, less cash and investments in unconsolidated subsidiaries

(b) Enterprise Value for Japanese companies is in billions of Yen

(c) Enterprise Value for South Korean companies is in billions of Won

¹ Multiple considered an outlier and was therefore excluded from mean and median summary calculations

Global Suppliers Public Company Analysis Detail

Public Company Analysis: Market Performance Parameters (cont.)

(Local currency in millions, except share data)	Stock Ticker	Price per Share at 05/16/13	Price as % of 52wk High	Enterprise Value (a)	EV / Rev. LTM	EV / EBITDA LTM	2013E	MVE/ BV	
Europe									
19	Autoliv, Inc.	ALV	78.19	98.7%	7,140.3	0.87x	6.6x	6.8x	2.0x
20	Brembo SpA	BIT:BRE	12.40	94.1	1,147.5	0.82	7.2	6.0	2.1
21	Cie Automotive, S.A.	CATS:CIE	5.63	97.9	984.0	0.60	4.2	4.1	1.7
22	Compagnie Plastic Omnium SA	ENXTPA:POM	38.96	99.4	2,428.2	0.51	5.2	4.5	2.4
23	Continental AG	DB:CON	97.33	96.7	25,673.6	0.79	5.6	5.0	2.3
24	ElringKlinger AG	DB:ZIL2	26.85	93.5	2,005.4	1.77	10.2	8.3	2.7
25	Faurecia S.A.	ENXTPA:EO	15.00	94.6	3,601.7	0.21	4.3	3.3	1.3
26	GKN plc	LSE:GKN	2.97	99.8	6,061.1	0.93	8.0	6.9	3.1
27	LEONI AG	DB:LEO	37.20	99.7	1,528.8	0.40	5.1	5.0	1.5
28	Valeo SA	ENXTPA:FR	48.57	99.0	4,578.4	0.39	4.3	3.6	1.8
29	WABCO Holdings Inc.	WBC	76.61	98.3	4,725.3	1.92	11.6	10.6	6.8
Group Low				93.5%		0.21x	4.2x	3.3x	1.3x
Group High				99.8%		1.92x	11.6x	10.6x	6.8x
Group Median				98.3%		0.79x	5.6x	5.0x	2.1x
Group Mean				97.4%		0.84x	6.6x	5.8x	2.5x

Notes:

- (a) Enterprise Value equals Market Value plus total straight and convertible debt, preferred stock and minority interest, less cash and investments in unconsolidated subsidiaries
- (b) Enterprise Value for Japanese companies is in billions of Yen
- (c) Enterprise Value for South Korean companies is in billions of Won

¹ Multiple considered an outlier and was therefore excluded from mean and median summary calculations

Global Suppliers Public Company Analysis Detail

Public Company Analysis: Market Performance Parameters (cont.)

(Local currency in millions, except share data)	Stock Ticker	Price per Share at 05/16/13	Price as % of 52wk High	Enterprise Value (a)	EV / Rev.	EV / EBITDA		MVE/	
					LTM	LTM	2013E	BV	
Japan (b)									
30	Aisin Seiki Co. Ltd.	TSE:7259	3,885.00	97.7%	1,347.5	0.53x	4.7x	4.3x	1.3x
31	Calsonic Kansei Corporation	TSE:7248	505.00	88.9	175.5	0.23	5.9	4.7	1.0
32	Denso Corp.	TSE:6902	4,770.00	99.2	3,331.3	0.93	7.5	6.8	1.6
33	JTEKT Corporation	TSE:6473	1,194.00	98.7	597.3	0.56	8.2	7.0	1.1
34	Keihin Corporation	TSE:7251	1,651.00	91.5	135.4	0.46	5.5	4.3	0.9
35	Koito Manufacturing Co. Ltd.	TSE:7276	2,113.00	97.6	320.8	0.68	5.8	5.4	1.8
36	Mitsuba Corporation	TSE:7280	1,418.00	91.8	136.1	0.60	7.0	NA	1.4
37	NHK Spring Co., Ltd.	TSE:5991	1,295.00	96.6	331.7	0.65	6.5	6.0	1.7
38	NSK Ltd.	TSE:6471	1,050.00	99.7	752.1	1.03	11.1	9.7	1.8
39	NTN Corp.	TSE:6472	343.00	94.8	468.3	0.87	11.1	8.7	0.9
40	Showa Corp.	TSE:7274	1,476.00	96.0	120.4	0.52	5.7	5.3	1.4
41	Stanley Electric Co. Ltd.	TSE:6923	2,141.00	98.0	331.3	1.26	7.3	6.4	1.5
42	Sumitomo Electric Industries Ltd.	TSE:5802	1,387.00	97.8	1,579.0	0.73	9.5	7.8	1.0
43	Takata Corporation	TSE:7312	2,279.00	97.9	185.8	0.45	6.4	5.4	1.2
45	Toyoda Gosei Co., Ltd.	TSE:7282	2,749.00	98.5	354.6	0.59	4.7	4.4	1.4
46	Toyota Boshoku Corporation	TSE:3116	1,613.00	97.2	324.9	0.30	5.5	4.9	1.6
47	Toyota Industries Corporation	TSE:6201	4,400.00	97.2	1,778.8	1.10	10.6	10.2	0.9
48	TS TECH Co., Ltd.	TSE:7313	3,400.00	98.6	192.3	0.54	6.1	5.7	1.9
Group Low				88.9%		0.23x	4.7x	4.3x	0.9x
Group High				99.7%		1.26x	11.1x	10.2x	1.9x
Group Median				97.6%		0.60x	6.5x	5.7x	1.4x
Group Mean				96.5%		0.67x	7.2x	6.3x	1.4x

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Asia Ex-Japan									
49	HUAYU Automotive Systems Company Limited	SHSE:600741	9.17	81.9%	18,785.1	0.31x	3.6x	2.6x	1.2x
50	Hyundai Mobis Co.,Ltd. (c)	KOSE:A012330	270,500.00	83.2	25,802.3	0.84	7.7	7.5	1.5
51	HYUNDAI WIA Corp. (c)	KOSE:A011210	151,000.00	77.6	3,885.7	0.55	6.0	5.4	2.1
52	Johnson Electric Holdings Ltd.	SEHK:179	0.68	88.9	2,100.6	1.02	6.9	6.5	1.5
54	Mando Corporation (c)	KOSE:A060980	95,900.00	55.1	1,708.9	0.34	4.0	3.3	1.1
55	Mint Group Ltd.	SEHK:425	10.97	95.6	9,406.2	2.17	10.5	8.3	1.8
56	Ningbo Huaxiang Electronic Co., Ltd.	SZSE:002048	9.14	94.3	5,145.9	0.84	11.3	NA	1.2
57	Wanxiang Qianchao Co., Ltd.	SZSE:000559	5.30	85.3	8,035.5	0.95	10.3	NA	2.2
58	Weichai Power Co. Ltd	SEHK:2338	22.95	74.4	49,679.5	1.04	10.1	8.0	1.8
Group Low				55.1%		0.31x	3.6x	2.6x	1.1x
Group High				95.6%		2.17x	11.3x	8.3x	2.2x
Group Median				83.2%		0.84x	7.7x	6.5x	1.5x
Group Mean				81.8%		0.90x	7.8x	5.9x	1.6x

Notes:

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