



Metal Finishing M&A Industry Update

2023



Trends Driving M&A in Metal Finishing

Active Consolidation in the Metal Finishing Sector

Companies offering metal finishing services have become attractive M&A targets over the past 12-24 months driven by manufacturers looking to vertically integrate and pure-play finishing companies seeking to gain customer diversification and scale.



Companies that have the engineering resources to develop proprietary coatings and/or conduct collaborative engineering with customers to solve unique surface treatment needs will be among the most attractive assets due to the high barriers of entry created



Metal finishing services are expected to be in increasingly greater demand as commercial aerospace build-rates recover, potentially resurfacing some of the supply chain bottlenecks experienced pre- 737MAX production halt and COVID-19



With increasing demand for finishing services, vertical integration of processing companies by components subsystem manufacturing companies are expected to drive further M&A as suppliers seek to better control lead times and quality



The sector has seen several private equity-backed roll-ups in the space companies including ATL Partners-backed Valence, having acquired three companies over the past two years, Aterian-backed Pioneer with three acquisitions over the past two years, and KKR-backed Novaria Group, having made five recent acquisition of finishing companies



As consolidation continues with increased competition from strategics and private equity investors, valuation multiples are likely to increase for attractive assets that possess scale, engineering capabilities, and are well positioned on key aerospace, defense, and/or space programs



Private Equity-backed Strategics Actively Pursuing Roll-up Strategies – Select Platform Profiles



Company Overview

Founded: 1945
 Location: Green Bay, WI

Business Description

Provider of anodizing, plating, hardcoat, adhesive, electroless nickel, and other value-added surface treating services across North America with 10 facilities.

Recent Acquisitions



Company Overview

Founded: 1957
 Location: El Segundo, CA

Business Description

Valence provides a variety of finishing services to a diversified base of customers across commercial aerospace, defense, and the space/satellite markets. The Company operates 12 locations.

Recent Acquisitions



Company Overview

Founded: 1961
 Location: Santa Ana, CA

Business Description

Noble Aerospace is a holding company of metal finishing service companies. The Company's portfolio includes Embee Processing and All Metals Processing.

Recent Acquisitions



Company Overview

Founded: 2011
 Location: Dallas, TX

Business Description

Novaria Group provides finishing and coating services for the worldwide aerospace and defense market. The company's portfolio includes 16 brands encompassing various sectors within finish processing.

Recent Acquisitions





Recent Transaction Case Studies

Metal finishing M&A activity driven by capability and geographic expansion



Acquired



Precoat Metals

Target Description:

Provider of metal coating services intended for a variety of end-market applications.

Transaction Rationale:

The acquisition significantly broadens the company's metal coatings offering, creating unrivaled scale and breadth of solutions. It furthers AZZ's strategy to acquire North American coating targets.

May 2022



Acquired



Target Description:

Provider of surface treatment for highly engineered products in the aerospace and defense market in the South-Central region of North America.

Transaction Rationale:

The acquisition of B&M will help Valence continue to improve their A&D supply chain by creating an integrated platform that offers full-service product finishing solutions.

July 2022



Acquired



Target Description:

Provider of finishing and coatings services for the worldwide aerospace and defense market.

Transaction Rationale:

The acquisition of Hohman strengthens Novaria's position in the A&D market and expands its suite of proprietary coating solutions.

April 2022



Acquired



ELECTROCHEM SOLUTIONS

Target Description:

Metal finishing company, providing a range of highly technical finishing solutions including gold plating, silver plating, anodizing, and electroless nickel.

Transaction Rationale:

The acquisition expands Pioneer's presence on the West Coast and adds new technical capabilities.

February 2021



Recent Transaction Activity

Date	Target	Acquirer	Target Description
Dec-22	Tribologix	AIM MRO, AE Industrial Partners	Provider of engineered surface coating solutions for applications in the aerospace, defense, and energy industries.
Nov-22	Keronite Group Limited	Curtiss-Wright Corporation (NYSE: CW)	Provider of Plasma Electrolytic Oxidation surface treatment applications for defense, aerospace, and other markets.
Jul-22	B&M Painting	Valence Surface Technologies	Provider of surface treatments for highly engineered products in the South-Central region of North America.
Jul-22	Nu-Pro	MA Group, Three Hills Capital Partners	Provider of surface treatment services intended for aerospace and defense industries.
Apr-22	FMi Chemical	Novaria Group	Leading manufacturer of heat-resistant silicone sealants, compounds and coatings intended for the aerospace industry.
Apr-22	Hohman Plating	Novaria Group	Industry-leading finishing and coatings business serving the worldwide aerospace and defense market.
Mar-22	Sequa Corporation (Precoat Metals division)	AZZ, Inc. (NYS: AZZ)	Leading independent provider of metal coil coating solutions in North America. Engages in the advanced application of protective and decorative coatings and related value-added services for steel and aluminum coil.
Feb-22	DAAM Galvanizing Co. Ltd	AZZ, Inc. (NYS: AZZ)	Provides hot-dip galvanizing and metal coating solutions.
Feb-22	Danco Medical	Lincotek	Offers complete, one-stop-shop surface preparation and finishing solutions and wide range of product identification methods to medical orthopedic device companies.
Jan-22	Advanced Coating	Novaria Group	Market-leading provider of complex surface enhancement and protection technologies and Parylene coating services.
Dec-21	Plasma Processes	Blue Sea Capital	Provider of ultra-high temperature materials, coatings, and components for the hypersonic, space, and aeroengine sectors.
Oct-21	H&W Global Industries	Valence Surface Technologies	Provider of metal finishing, electroplating and industrial coating services to the aerospace, defense, automotive, marine, nuclear and medical industries.
Aug-21	Abbey Metal Finishing	GIL Investments	Provider of metal finishing services to rail, aerospace, defense, automotive and general engineering sectors.
Apr-21	Airmarine Electroplating	MA Group, Three Hills Capital Partners	Provider of metal plating services to the aviation industry.
Feb-21	Electrochem Solutions, Inc.	Pioneer Metal Finishing	Provides a range of highly technical finishing solutions and products for the semiconductor fabrication equipment end market.
Jan-21	King and Fowler UK	A2E Industries, Phoenix CNC Engineering	Provider of surface treatments for the aerospace industry.
Jan-21	Indianhead Plating Inc.	Pioneer Metal Finishing	Local provider of chrome plating, roll services, cylindrical grinding and other processes to customers in agricultural, heavy equipment and general industrial markets.
Jan-21	Acme Galvanizing Inc	AZZ, Inc. (NYS: AZZ)	Job shop metal coating company specializing in zinc electroplating and hot dip galvanizing.
Sep-20	Plating for Electronics	AOTCO Metal Finishing	Leading provider of specialty anodizing, electroplating, and laser marking services based in Waltham, Massachusetts.
Jun-20	Metal Finishing Technologies LLC	Battle Investment Group LLC	Provider of metal finishing and specialty coating services for aerospace and industrial customers.
Apr-20	Ellison Surface Technologies	Bodycote Plc (LON: BOY)	Provider of thermal spray and engineered coating surface technology services to the aerospace industry.
Feb-20	Fountain Plating Company	Valence Surface Technologies	Provider of aerospace and defense finishing services.
Jan-20	Pilkington Metal Finishing	Pioneer Metal Finishing	Provider of metal finishing services for customers in the aerospace & defense, medical devices, general industrial, and consumer goods sectors.
Sep-19	Preferred Industries, Ltd.	AZZ, Inc. (NYS: AZZ)	Provider of powder and e-coating solutions to the automotive, HVAC, marine, transportation, medical, industrial and plastics industries.
Jul-19	Valence Surface Technologies	BCIM, ATL Partners	Provider of a full-service surface finishing company for commercial aerospace, defense, space and satellite industries.
Apr-19	Precision Plating Company, Inc.	Aalberts Industries N.V.	Manufacturer of electrolytic and electroless metal plating finishes.
Sep-18	Triumph Processing Inc. (TPI)	Valence Surface Technologies	Provider of aerospace specialty processing services. The unit provides non-destructive testing, chemical processing and painting of aluminum and titanium parts.
Aug-18	Pioneer Metal Finishing	Aterian Investment Partners	Providers of outsourced anodizing, plating, hardcoat, adhesive, electroless nickel, and other value-added surface treating services.



Metal Finishing Valuation Drivers

EV / EBITDA		6.0x	7.0x	8.0x	9.0x	10.0x+
Finish Processing Capabilities	Narrow / Low Barrier to Entry					Broad / High-Value Add
Engineering / Value-Add	Build-to-Print / Commoditized					Build-to-Spec / Program Management
Revenue Visibility	Limited, Near-Term Backlog					Long-Term, Contracted Backlog
Customer Concentration	High					Highly Diversified
Scale	Sub \$3M EBITDA					\$8M+ EBITDA
EBITDA % / Growth Rate	Sub 10%					Above 20%



Illustrative Investor Universe for Metal Finishing Service Providers

Private Equity – New Platforms

Rationale:

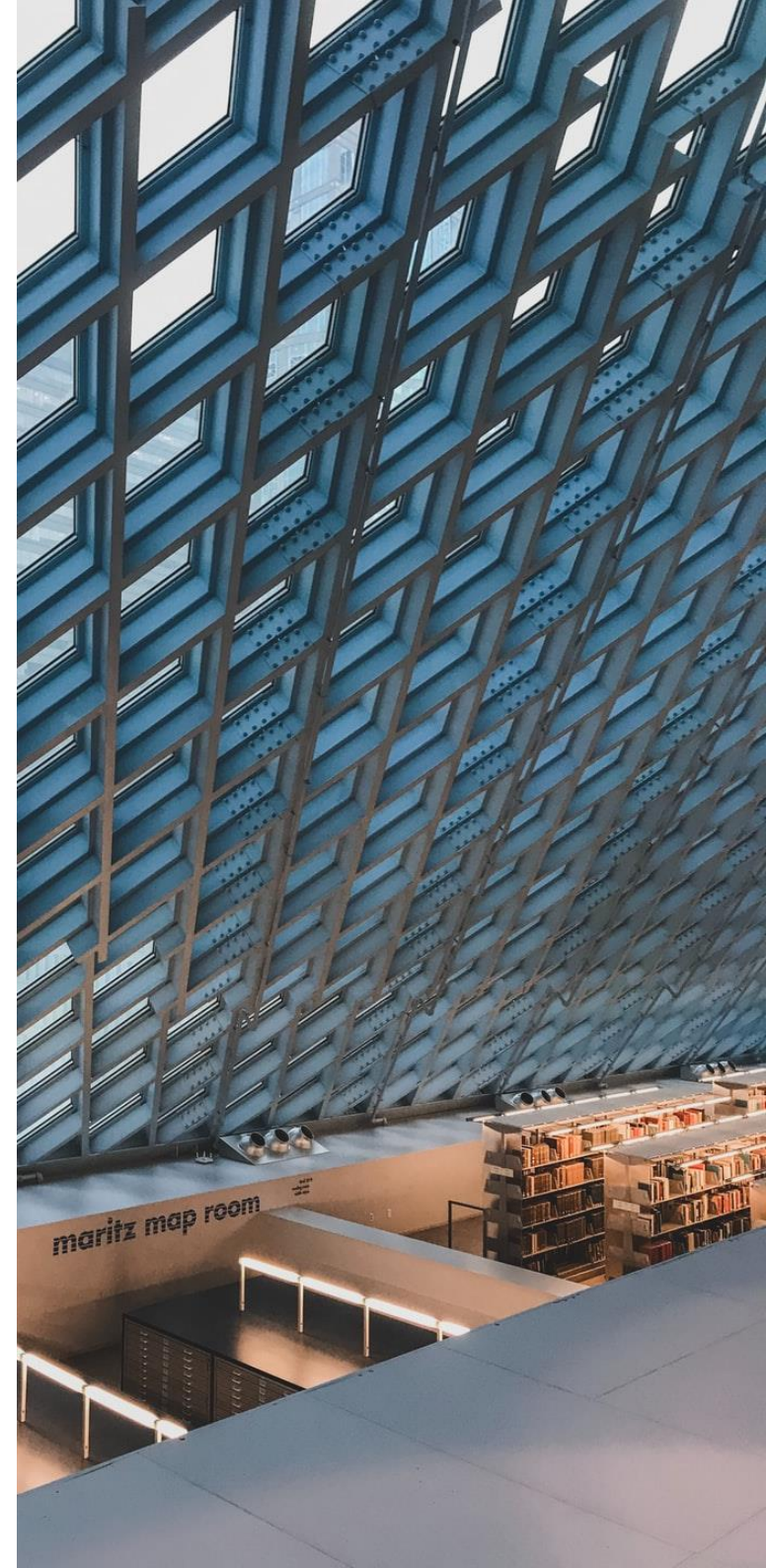
- High barrier to entry products / services
- Strong demand dynamics

Strategics and PE-Backed Strategics

Rationale:

- Increase scale and geographic expansion
- Customer and program diversification
- Engineering and proprietary capabilities
- Geographic expansion

Appendix – Meridian Capital Overview





SNAPSHOT

Firm Overview

Meridian Capital has assisted businesses to achieve their M&A and corporate finance goals since 1995.

30+ investment banking professionals

250+ transactions completed

Focus on transaction values between \$20M - \$500M

Dedicated industry practice groups

Worldwide coverage via Global M&A Partners

Leading western U.S. middle market investment bank

Customized transaction processes

Senior-led engagement teams



Aerospace, Defense & Space Practice Coverage

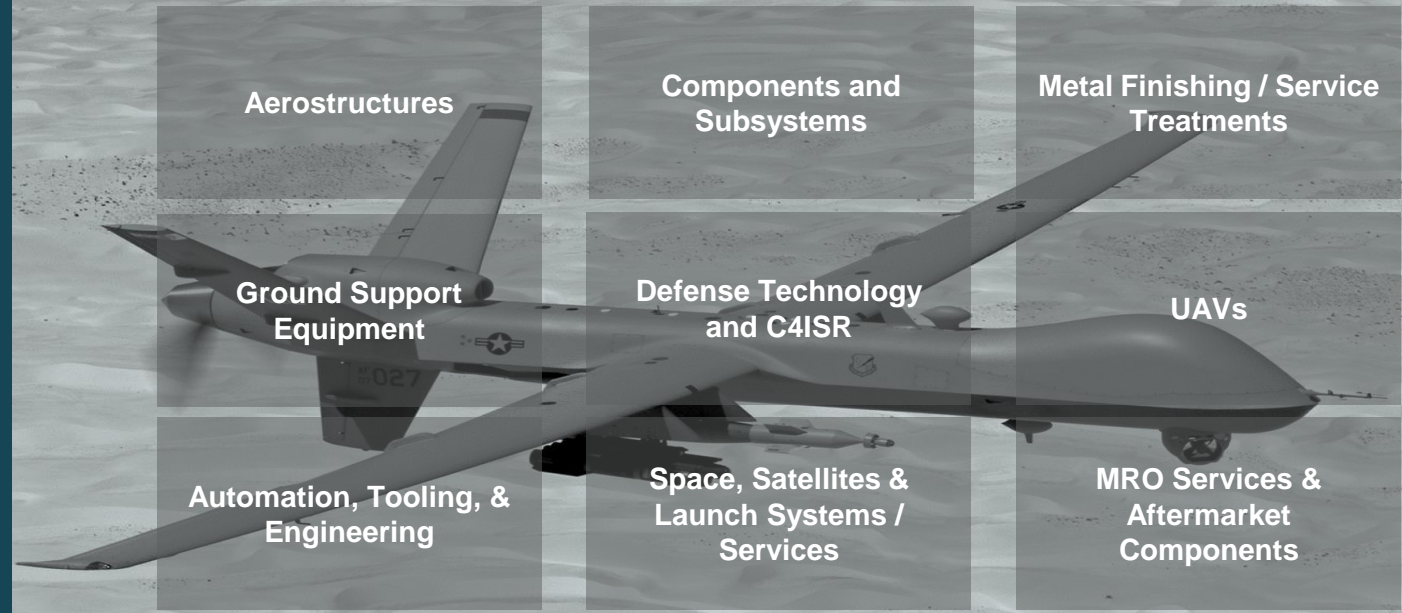
AD&S TEAM CO-LEADS



Brian Murphy
Managing Director, President



Aaron Franzheim
Vice President



Aerostructures

Components and Subsystems

Metal Finishing / Service Treatments

Ground Support Equipment

Defense Technology and C4ISR

UAVs

Automation, Tooling, & Engineering

Space, Satellites & Launch Systems / Services

MRO Services & Aftermarket Components

THOUGHT LEADERSHIP



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PRIVATE EQUITY RELATIONSHIPS



STRATEGIC BUYER RELATIONSHIPS



*Select representative relationships

Select Aerospace, Defense & Space Transactions

<p>Weatherhaven</p> <p>- Acquired by -</p>	<p>PCI Gases</p> <p>- Recapitalized by -</p> <p>TJM Capital Partners</p>	<p>MTM Robotics</p> <p>- Acquired by -</p>	<p>Berg Companies</p> <p>- Acquired by -</p>	<p>Blast Deflectors</p> <p>- Acquired by -</p>	<p>Apollo Video Technology</p> <p>- Acquired by -</p>	<p>Wipro</p> <p>- Buy-side Advisory -</p>
<p>J&M Machine</p> <p>- Acquired by -</p>	<p>AVIC International</p> <p>- Buy-side Advisory Services -</p>	<p>HR Givon</p> <p>- Acquired by -</p>	<p>Shields Manufacturing</p> <p>- Acquired by -</p>	<p>Mold Rite</p> <p>- Acquired by -</p> <p>Sound Rite Plastics, Ltd.</p>	<p>Procesos Termicos</p> <p>- Acquired by -</p>	<p>JL Manufacturing</p> <p>- Acquired by -</p>
<p>Imaginetics, Inc.</p> <p>- Acquired by -</p>	<p>Thortex</p> <p>- Acquired by -</p>	<p>Dynamic Ceramic</p> <p>- Acquired by -</p>	<p>VIOX Corporation</p> <p>- Acquired by -</p>	<p>Elvia PCB Group</p> <p>- Acquired by -</p>	<p>Taramm</p> <p>- Acquired by -</p>	<p>Sabena Technics</p> <p>- Acquired by -</p>



THE MERIDIAN DIFFERENCE

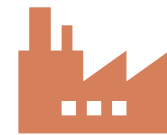
Exceptional Results Delivered



SENIOR TEAM
COMMITMENT



TAILORED SERVICE,
STRATEGIC
EXECUTION



RELEVANT INDUSTRY
INSIGHTS

Thank you

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