M&A Activity Report
2025

Metal Fabrication & Distribution Industry

WESTERN

Mergers & Acquisitions

Overview

The M&A landscape in the metal fabrication and distribution industry, which includes steel product manufacturing from purchased steel, architectural and structural metals manufacturing, and metal service centers and other metal merchant wholesalers, has seen fluctuating valuation multiples, reflecting broader market volatility.

EV/Revenue multiples rose steadily from around 0.9x in 2021 to a peak of roughly 1.5x in 2024, before easing back to about 1.0x in 2025. EV/EBITDA multiples showed greater volatility, climbing to approximately 7.1x in 2022 and later recovering to about 8.1x by 2025. These swings underscore the sector's sensitivity to raw material pricing, credit availability, and cyclical demand from construction and industrial markets.

Despite valuation volatility, transaction activity has remained resilient, driven by consolidation among strategic acquirers. Recent transactions by players such as ASSA ABLOY, Toyota Tsusho America, Inc., Miter Brands, Ryerson Holding Corporation, and Armstrong World Industries, Inc. highlight the continued role of large distributors and fabricators in expanding product portfolios, geographic reach, and value-added processing capabilities. Strategic buyers have been the dominant participants, while financial sponsors have tended to engage opportunistically during windows of favorable credit and valuation resets.

Looking ahead, the sector faces notable headwinds. Persistent inflationary pressures and tighter credit conditions are constraining financing capacity, while volatility in steel, aluminum, and other input costs complicate earnings visibility and valuation negotiations. Policy risks such as tariffs, energy costs, and labor availability further weigh on deal certainty. At the same time, valuation gaps between seller expectations and buyer caution remain a recurring hurdle.

Market observers note that deal structures are increasingly reflecting the sector's volatility, with earn-outs, price adjustments, and contingent consideration becoming more common. Buyers are focusing on operational transparency, backlog quality, and working capital management to mitigate execution risk, while sellers are emphasizing consistent margin performance and ESG compliance to support valuation. This dynamic underscores a market where careful diligence and strategic positioning are critical to successfully closing transactions.

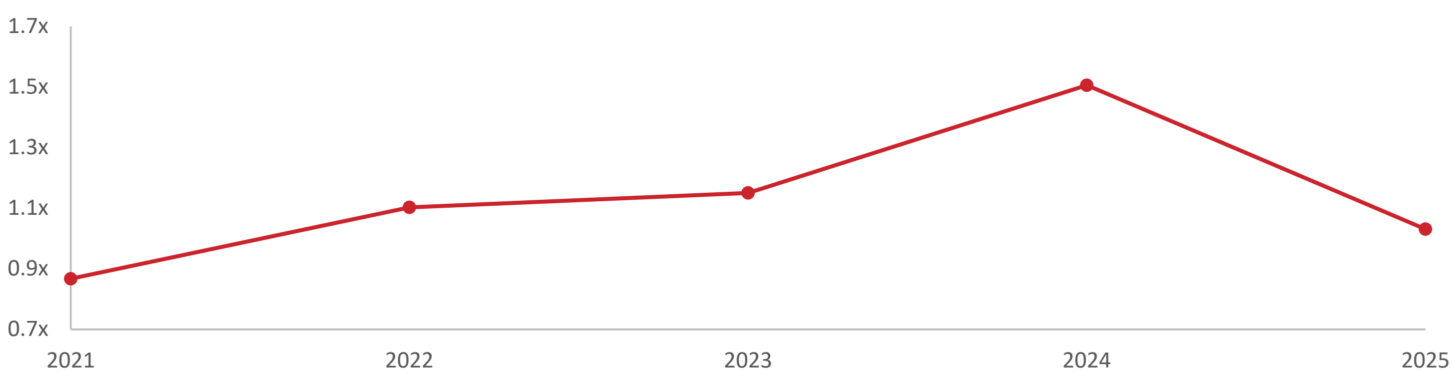
EV/Revenue

EV/Revenue valuation multiples trended upward through the early part of the period, climbing from ~0.9x in 2021 to ~1.1x in 2022 and ~1.2x in 2023. Multiples peaked at ~1.5x in 2024, reflecting optimism around revenue growth and pricing strength, before pulling back to ~1.0x in 2025. The retracement suggests investors have tempered expectations for top-line expansion, with valuations reverting closer to historical norms. The pattern highlights how revenue-based multiples expand in buoyant demand cycles but compress quickly as financing tightens and order visibility softens.

Mean EV/Revenue
1.3x

Median EV/Revenue
1.1x

Median Enterprise Value (EV) / Revenue Valuation Multiple



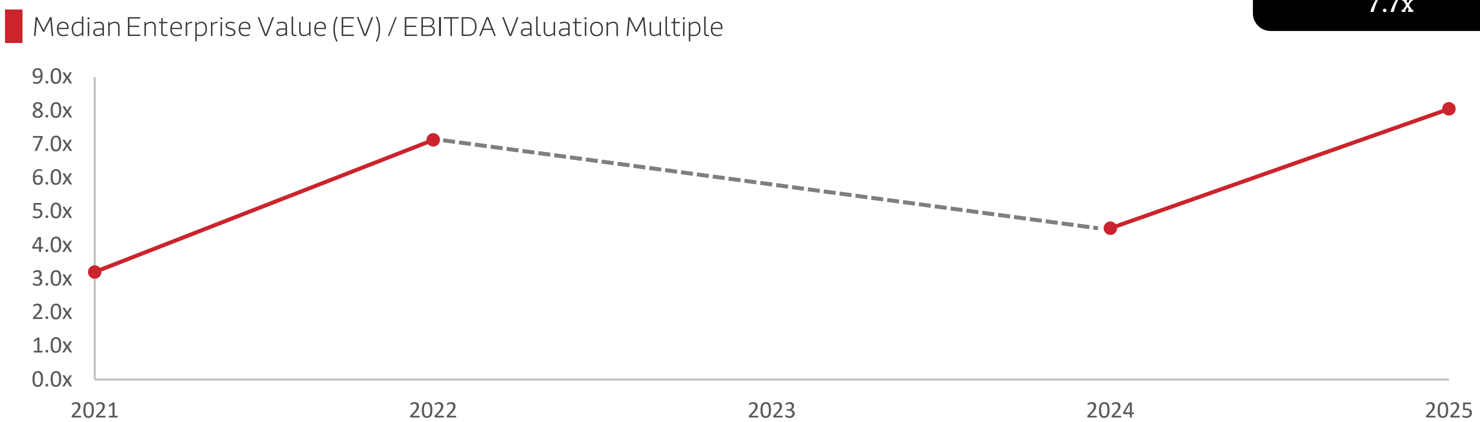
Sources: Pitchbook, CapIQ

EV/EBITDA

EV/EBITDA multiples have displayed pronounced swings, reflecting shifts in market sentiment and transaction activity. Multiples climbed from 3.2x in 2021 to 7.1x in 2022, signaling strong buyer appetite and confidence in sector fundamentals. Following a moderation to 4.5x in 2024, multiples surged again to 8.1x in 2025, indicating renewed competition for quality assets and heightened valuation expectations. These swings underscore how deal pricing remains highly sensitive to raw material costs, order book visibility, and the availability of financing.

Mean EV/EBITDA
10.4x

Median EV/EBITDA
7.7x



**EV/EBITDA multiples for 2023 deals are not available*

Recent Transactions

Major deals within the industry

radius recycling
was acquired by

Deal Size: $1,485.6m
EV/Revenue: 0.5x
EV/EBITDA: 29.5x

LANE
was acquired by
GIBRALTAR

Deal Size: $115.7m
EV/Revenue: 1.0x
EV/EBITDA: 6.9x

UNIVERSAL STAINLESS
was acquired by
aperam made for life

Deal Size: $488.1m
EV/Revenue: 1.5x
EV/EBITDA: 8.1x

FIBREBOND
was acquired by
EATON

Deal Size: $1,400m
EV/Revenue: NA
EV/EBITDA: NA

DUC-PAC
was acquired by
smiths
and
FLEX-TEK

Deal Size: $40.5m
EV/Revenue: NA
EV/EBITDA: NA

Ameron POLE PRODUCTS
was acquired by
ARCOSA

Deal Size: $180m
EV/Revenue: 1.9x
EV/EBITDA: 9.0x

PGT INNOVATIONS
was acquired by
MITER BRANDS

Deal Size: $3,164.2m
EV/Revenue: 2.1x
EV/EBITDA: 11.2x

Koch INDUSTRIES INC
was acquired by
HILLMAN

Deal Size: $28.6m
EV/Revenue: 0.6x
EV/EBITDA: NA

Most Active Buyers

Strategic & Financial

Most Active Buyers	No. of Deals
Strategic Buyers	
ASSA ABLOY AB	5
Ryerson Holding Corporation	3
Armstrong World Industries, Inc.	3
Financial Buyers*	
Gladstone Management Corporation	3

**Buyers with at least 2 deals*

Key Transaction Challenges

In the Industry

- Raw Material Price Volatility
  Cyclical swings in steel and aluminum prices can rapidly compress margins and trigger inventory write-downs, requiring buyers to stress-test earnings under different pricing scenarios and adjust valuation multiples accordingly.
- High Capital Expenditure & Automation Pressure
  Significant ongoing investment in robotics, CNC, and ERP systems creates future capex obligations, often leading buyers to incorporate adjustments or earn-outs in deal structures.
- Environmental & ESG Compliance
  Emissions rules, recycling mandates, and ESG reporting raise operating costs and introduce regulatory uncertainty, making compliance diligence critical and potentially reducing financing flexibility.
- Working Capital Intensity
  High receivables and inventory levels make net working capital a recurring negotiation issue, with purchase agreements requiring precise peg definitions to mitigate hidden credit risk.
- Cyclicality & End-Market Dependence
  Exposure to construction, automotive, and industrial demand cycles heightens timing risk, pushing buyers to normalize earnings across cycles and seek downside protection in valuations.

Preparing for a Transaction

For a Business Owner

- Price & inventory discipline:
  Put systems in place now to manage raw material swings, such as clear surcharge policies, shorter quote windows, and regular inventory reviews. Over time, this builds a track record of margin discipline that future buyers will value.
- Capex & ops visibility:
  Maintain a rolling 3-year capex plan that separates maintenance from growth investments and ties spending to measurable efficiency gains. Having this history ready will make it easier to demonstrate how investments improve performance when you eventually go to market.
- ESG/compliance binder:
  Centralize permits, audits, safety logs, and environmental records in one place and update them regularly. Consistent documentation signals operational discipline and helps avoid delays or price pressure during future diligence.
- Working capital playbook:
  Track and report receivables, payables, and inventory trends over several years, along with credit policies. Establishing and documenting a "normal" working capital level now reduces friction in negotiations later.

- Commercial pipeline clarity
  Regularly map out backlog, pipeline opportunities, and customer concentration. Building a consistent record over time helps buyers see the stability and durability of your revenue base.

About Western

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Western Commerce Group is an M&A and strategic advisory firm that focuses on family-owned and privately held businesses. Since its founding in 1998, the firm has completed transactions totaling $12 billion and has advised 160 clients across more than 30 U.S. states, as well as Canada and Mexico. Western emphasizes long-term client relationships, providing trusted advisory support that aligns with clients' strategic goals and preserves the legacy of their businesses.

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