

Riveting growth for metals processing and distribution center

DEAL FLASH | LOGISTICS | JULY 2022

DEAL SNAPSHOT

Klein Steel Service, a premier metals supplier and processing center, has been acquired by Alro Steel.

Klein Steel Service provides world-class inventory and supply management solutions with over 3,500 SKUs of carbon, stainless steel, aluminum and specialty metals. The company offers a full range of value-added processing services, including component manufacturing and kitting for commercial applications as well as customer-specific materials. Founded in Rochester, New York in 1971, Klein Steel operates six facilities in western and central New York and is an industry leader in northeastern USA.

Alro Steel was founded in 1948 as a steel distributor in Jackson, Michigan. Over the past seven decades, Alro has expanded its operations to over 70 locations in 13 states, and extended its offerings to include plastics, industrial supplies and value-added processing.

The acquisition of Klein Steel Service will enable Alro to continue its growth strategy in northeastern USA, and allow it to expand to a wider range of products and processing capabilities.

“Oaklins’ attention to detail and confidentiality made our management team feel comfortable with the requirements of each phase of this deal. The company’s expertise in the steel industry made the process much more fluid than we believed possible. There were no surprises, which eliminated a lot of stress on our part.”

MIKE YOUNG
PRESIDENT
KLEIN STEEL SERVICE
USA

OAKLINS PLAYED A KEY ROLE IN FACILITATING THIS DEAL

Oaklins Heritage in Jacksonville and Savannah acted as the lead advisor to the seller and the management of Klein Steel Service in the preparation of the sale process and due diligence, as well as the approach and parallel negotiations with potential buyers, and assisted them until closing.

KLEIN
KLEIN STEEL SERVICE

MARKET TRENDS & DEAL DRIVERS

The performance of the metals processing and distribution industry is largely tied to conditions in key industrial markets and movements in primary metal prices.

The industry should expect continued growth as demand from downstream industries, such as manufacturing and construction, remains high thanks to falling unemployment and increasing business confidence.

Additionally, domestic tariffs on steel and aluminum have benefited many metals distributors who source their materials from within the USA.

M&A VALUATION ASPECTS

The financial details of this transaction have not been disclosed.

However, factors including the quality of the product, reliability of service, processing equipment and facilities, distribution network and geographic footprint were key to driving EBITDA multiples.

TALK TO OUR ADVISORS



✉ **BERT TENENBAUM**

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Bert's primary focus is advising clients in metals, distribution and logistics businesses on merger and acquisition transactions. Recent deals he has worked on include the sale of Chancey Metal Products, Inc. to Indigo South Capital; the sale of Maner Builders Supply to US LBM; and the sale of Cd'A Metals to Norfolk Iron & Metal.



✉ **DOUG KRAVET**

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Jacksonville, USA
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Doug has over 20 years of experience and has successfully led and been involved in transactions in many industries, including agriculture, food & beverage, business services, healthcare, distribution and logistics, and manufacturing. He has also performed more than 300 valuations. Recent transactions include the sale of Cd'A Metals to Norfolk Iron & Metal; the partnership of Coastal Insurance Underwriters and Constellation; and the sale of Maginnis Orthodontics to Smile Doctors.



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