

PNC's Metals Industry Update

Issue 46



In This Issue

Metals Equities Under Perform Broader Market Indices	1
Metals Pricing	3
Pricing for Public Notes and Bonds	4
Syndicated Bank Loan Market	6

For More Information

Contact PNC's Metals Group:

David B. Gookin

Executive Vice President
 Metals Group–Diversified Ind.
 The PNC Financial Services Group
 One North Franklin Street
 Suite 2500
 Chicago, Illinois 60606
 Office: 312-384-4610
 Cell: 412-418-1970
 Email: david.gookin@pnc.com

Joe McElhinny

Vice President
 Metals Group–Diversified Ind.
 The PNC Financial Services Group
 The Tower at PNC Plaza
 300 Fifth Avenue
 Pittsburgh, Pennsylvania 15222
 Office: 412-762-2480
 Email: joseph.mcelhinny@pnc.com

Welcome to Issue 46 of PNC's Metals Industry Update. When you read this story, we will have just elected a new President. That will likely be an interesting topic for an upcoming Issue. However, for this quarter, our cover story looks at how common stock prices have performed over the first nine months of the year for a group of 26 metals companies. As you might expect, stock market performance for these 26 companies has been closely linked to the end markets each company serves. Nevertheless, the majority of these companies have underperformed the broader market indices with the exception of the specialty metals producers. In addition, we will have our recurring sections on metal prices, the bond market, and the syndicated bank loan market.

Thank you again for being a Metals Industry Update reader. Our goal is to bring you topical industry information that you can use and deliver in a concise format. We always appreciate feedback from our readers, so please feel free to share any questions or comments.

Metals Equities Under Perform Broader Market Indices

The first nine months of 2024 has produced a healthy stock market. The broader indices like the S&P 500 and the Dow Jones Industrial Average are up 19% and 12% respectively. Unfortunately, the 26 metals equities that we track have significantly trailed the broader market. The average appreciation in stock price for this group has been 5%. This total has been skewed upwards by the dramatically strong performance from the Specialty Metals Group which is up an average of 59%. That means the rest of our group is down an average of 9.75%. The worst performing sector was Mill Service & Supply which saw an average share price decline of 31% from the 4 participants. That was followed by Distribution which was down 14%. Our largest sector (Mills) was down on average 3%. Let's take a look at the performance of some of the more notable names in our group.

WORTHINGTON STEEL, INC.

Worthington's equity price performance stood out from the rest of its sector. Approaching the first anniversary of Worthington Steel becoming a stand alone public company its share price is up 21%.

STEEL DYNAMICS, INC.

Steel Dynamics's share price was up 7% making it the only carbon steel mill (besides Stelco) to show share price appreciation. We wonder if investors are already pricing in the value being created from their investment in Aluminum Dynamics.

Metals Equities Under Perform Broader Market Indices (Continued)

US STEEL CORPORATION

US Steel is down 27% from the start of 2024 despite the agreement to be acquired by Nippon Steel for \$55 per share or \$19.67 per share above the trading price on 9/30/2024. The market is discounting the likelihood of the deal closing, but US Steel expects a closing to occur before year end.

STELCO HOLDINGS INC.

Stelco is up 33% on the strength of the purchase agreement with Cleveland Cliffs. The agreed upon price is C\$ 70 per share. This deal remains on track to close before year end.

ALCOA & CENTURY ALUMINUM

Unlike their carbon mill peers, these two leading US aluminum producers have enjoyed year to date price appreciation (up 13% and 34% respectively) reflecting improved market conditions for these commodity aluminum producers.

CARPENTER TECHNOLOGY CORPORATION

The dramatic recovery in the commercial aerospace end market is fueling demand across this entire sector. Year to date, Carpenter shareholders have been the largest beneficiaries with Carpenter's share price up 125% or 6 times the appreciation of the S&P 500.

HAYNES INTERNATIONAL, INC.

On February 5, 2024, Haynes announced the agreed upon acquisition by Acerinox, a leading specialty metals producer headquartered in Spain. Acerinox also owns the largest stainless-steel producer in the US, North American Stainless. The agreed upon purchase price is \$61 per share, implying an enterprise value of \$970 million. This price appears to be a bargain for Acerinox given the peer group appreciated 59% in value since the acquisition was announced. This deal is expected to close before year end.

Summary		Detail						
		Share Price			Market Cap (\$MM)			
		12/29/23	09/30/24	Δ	12/29/23	09/30/24	Δ	
Average Price Change								
Distribution	-14%	Reliance, Inc.	279.68	289.21	3%	16,073.6	15,911.0	(162.5)
Mill Svc & Supply	-31%	Russel Metals Inc.	45.03	41.04	-9%	2,732.4	2,394.8	(337.6)
Mills	-3%	Worthington Steel, Inc.	28.10	34.01	21%	1,405.7	1,680.9	275.2
Specialty Metals	59%	Ryerson Holding Corporation	34.68	19.91	-43%	1,185.1	661.0	(524.0)
S&P500	21%	Olympic Steel, Inc.	66.70	39.00	-42%	742.5	434.2	(308.4)
S&P500 Industrials	19%	Sims Limited	15.56	12.66	-19%	2,923.2	2,442.9	(480.3)
DJIA	12%	Ferroglobe PLC	6.51	4.64	-29%	1,220.2	871.8	(348.4)
		Radius Recycling, Inc.	30.16	18.54	-39%	840.3	519.9	(320.4)
		GrafTech International Ltd.	2.19	1.32	-40%	562.4	339.5	(222.9)
		Nucor Corporation	174.04	150.34	-14%	42,785.8	35,681.4	(7,104.4)
		ArcelorMittal S.A.	28.39	26.26	-8%	21,515.7	18,488.0	(3,027.6)
		Steel Dynamics, Inc.	118.10	126.08	7%	19,110.5	19,454.5	343.9
		Tenaris S.A.	34.76	31.79	-9%	18,388.4	15,673.7	(2,714.7)
		United States Steel Corporation	48.65	35.33	-27%	10,855.5	7,947.9	(2,907.6)
		Cleveland-Cliffs Inc.	20.42	12.77	-37%	10,309.3	5,976.9	(4,332.4)
		Alcoa Corporation	34.00	38.58	13%	6,068.0	9,952.3	3,884.2
		Commercial Metals Company	50.04	54.96	10%	5,855.1	6,320.0	464.9
		Stelco Holdings Inc.	50.19	66.71	33%	2,766.9	3,632.3	865.3
		Century Aluminum Company	12.14	16.23	34%	1,121.8	1,505.9	384.1
		Metallus Inc.	23.45	14.83	-37%	1,012.0	644.5	(367.5)
		Howmet Aerospace Inc.	54.12	100.25	85%	22,283.6	40,916.7	18,633.1
		ATI Inc.	45.47	66.91	47%	5,800.9	8,327.9	2,526.9
		Carpenter Technology Corporation	70.80	159.58	125%	3,490.9	7,970.6	4,479.7
		Kaiser Aluminum Corporation	71.19	72.52	2%	1,131.6	1,155.9	24.4
		Haynes International, Inc.	57.05	59.54	4%	722.5	756.1	33.6
		Universal Stainless & Alloy Products, Inc.	20.08	38.63	92%	182.5	356.9	174.4
		Source: S&P Capital IQ	Average	5%	Total	8,931.0		

Metals Pricing

Broadly, metals pricing declined during the third quarter. Of the 23 products we track, fifteen were down, six were up, and two were flat. The largest decline amongst the products we track was metallurgical coal which fell \$34 per ton or 15%. That was followed by carbon plate which declined between 7.8% and 9.6% depending on the product. Sheet products reversed the trend for much of this year and increased \$20 per ton during the quarter for each product including HRC, CRC, and GALV. The carbon mills continue to try to push through price increases for sheet without much success. Other products that saw modest price increases during the quarter were heavy melt scrap (up 3.2%), LME AL (up 3.7%), and the aluminum Midwest transaction price (up 2.3%).

See the complete list of monthly metal prices during the quarter below.

Carbon Flat-Rolled Steel \$/NT July–September 2024			
Product	Jul	Aug	Sept
Hot-Rolled	620	650	670
Cold-Rolled	970	990	990
Galvanized	1,010	1,030	1,030

Discrete Plate \$/NT July–September 2024			
Product	Jul	Aug	Sept
A36	1,040	980	940
A514	2,345	2,345	2,160
AR400	2,365	2,365	2,180

Wide Flange Beam \$/cwt. July–September 2024			
Size	Jul	Aug	Sept
24"x12¾"	64.00	62.50	62.50
18"x6"	60.75	59.25	59.25

MBQ \$/cwt. July–September 2024			
Shape	Jul	Aug	Sept
1" A36 round	55.20	53.70	53.70

Rebar \$/cwt. – Grade 60 July–September 2024			
Size	Jul	Aug	Sept
16 mm - #5	39.25	38.00	37.00

SBQ \$/cwt. – 1" round July–September 2024			
Grade	Jul	Aug	Sept
HR 4140 Q&T	97.40	97.20	96.90

Pipe & Tube \$/NT July–September 2024			
Product	Jul	Aug	Sept
OCTG J55	1,150	1,150	1,150
Linepipe, ERW	1,150	1,150	1,150

Aluminum \$/lb July–September 2024			
Alloy	Jul	Aug	Sept
3003	2.15	2.08	2.03
LME	1.07	1.06	1.11
MWTP	1.26	1.27	1.29

Stainless \$/lb – Cold-Rolled Coil July–September 2024			
Grade	Jul	Aug	Sept
304	1.72	1.64	1.60

Copper \$/lb July–September 2024			
	Jul	Aug	Sept
Comex Avg.	4.35	4.10	4.23

Nickel \$/lb July–September 2024			
	Jul	Aug	Sept
LME Avg.	7.44	7.37	7.31

Ferrous Scrap \$/GT Midwest July–September 2024			
Grade	Jul	Aug	Sept
No. 1 HMS	310	310	320
Shredded	380	380	370

Iron Ore \$/LT U.S. July–September 2024			
Grade	Jul	Aug	Sept
Furnace Pellets	121	121	115

Met Coal \$/MT U.S. East Coast July–September 2024			
Grade	Jul	Aug	Sept
low vol	221	208	187

The metals market price guide is courtesy of Sector3 Appraisals, Inc., provider of asset valuation and advisory services for asset-based lending (ABL) lenders, specializing in metals, chemicals and commodities. For more information, contact Michael Dawson – Editor, Market Research at mdawson@sector3appraisals.com.



Metals Bond Update

Market Optimism Bolstered by September Rate Cut

The third quarter of 2024 marked a notable shift in Fed policy - weakness in the labor market forced the Fed to pay increasing attention to the first portion of its dual mandate, "to promote maximum employment." Paired with progress on the inflation front, rising unemployment motivated Federal Reserve Chair Jerome Powell to start the highly anticipated rate-cutting cycle, commencing with a 50 bps cut at the September FOMC meeting. Throughout the quarter, 10-year treasury yields tightened ~60 bps from 4.46% on 7/1/24 to 3.85% on 10/3/24.

As declining US Treasury yields and resilient credit spreads led secondary yields lower throughout the quarter, primary activity continued at a record pace. Investment Grade issuers priced \$1.3TN of supply, already the 4th busiest year on record and growing, while High Yield volume of \$239BN remains up ~80% from last year and has already surpassed 2023's total (\$174BN). The average yield of the Investment Grade index tightened 47 bps (from 5.26% to 4.79%), while the average yield of the High Yield index tightened 66 bps (from 7.70% to 7.04%) in 3Q24.

Investment Grade issuers combined to price \$411BN in 3Q24, with each monthly total exceeding \$100BN+. The average Investment Grade new issue concession and order book subscription level remained healthy at 3 bps and 3.76x. During the quarter, A-rated and BBB-rated credit spreads tightened 4 bps and 1 bp on average. Turning to the PNC IG Metals Bond Index, yields tightened 0.63% and spreads tightened 5 bps in 3Q24. No Investment Grade metals issuers priced new offerings in the third quarter.

High Yield issuers priced \$79BN in 3Q24, driven in part by a post-Labor Day surge that pushed September's volume to \$37BN, the largest monthly tally of the year. During the quarter, BB-rated spreads and B-rated spreads widened 4 bps and 8 bps on average. The average spread of issuers in the PNC HY Metals Bond Index widened 9 bps, while yields tightened 0.40% in the third quarter. Notably, Cleveland-Cliffs (Ba3 / BB-) priced a \$600MM add-on to its 7.00% senior guaranteed notes due 2032 at 99.25 to yield 7.128%.

Metals Bond Index

As of Date	PNC IG Metals Bond Index			PNC HY Metals Bond Index		
	10/3/2024	7/12/2024	(Δ)	10/3/2024	7/12/2024	(Δ)
Effective Maturity (Years)	8.06	8.02	0.04	5.19	5.34	-0.15
Composite Rating	BBB+	BBB+	-	BB-	BB-	-
Weighted Avg. Coupon	4.22%	4.31%	-0.09%	5.80%	5.75%	0.05%
Yield to Worst	4.68%	5.31%	-0.63%	6.32%	6.72%	-0.40%
Option Adjusted Spread to Treasuries (bps)	85.3	90.1	-4.8	236.2	226.9	9.3

Source: Bloomberg

Note: PNC IG Metals Bond Index excludes bonds of size < \$250 million

Issuance Date	Issuer	Amount Outstanding (\$MM)	Structure	Moody's Rating	S&P Rating	Maturity	Coupon Rate	Price at Issuance	Issuance Spread over Treasury	As of 10/3/2024		Since 7/12/2024		
										Yield to Worst	Spread (OAS)	7/12 Spread	Δ in Spread (bps)	%Δ in Spread
Steel Mills														
4/5/2024	Algoma Steel Inc	\$350	2nd lien	B3	B	4/15/2029	9.125%	100.00	490 bps	8.316%	461 bps	518 bps	-57 bps	-11.0%
3/11/2019	ArcelorMittal SA	\$401	Sr Unsecured	Baa3	BBB-	3/11/2026	4.550%	99.72	200 bps	4.586%	79 bps	86 bps	-7 bps	-7.7%
11/29/2022	ArcelorMittal SA	\$1,200	Sr Unsecured	Baa3	BBB-	11/29/2027	6.550%	99.91	255 bps	4.402%	86 bps	105 bps	-19 bps	-17.9%
7/16/2019	ArcelorMittal SA	\$500	Sr Unsecured	Baa3	BBB-	7/16/2029	4.250%	99.00	225 bps	4.379%	83 bps	92 bps	-9 bps	-9.5%
11/29/2022	ArcelorMittal SA	\$1,000	Sr Unsecured	Baa3	BBB-	11/29/2032	6.800%	99.37	305 bps	5.004%	130 bps	149 bps	-20 bps	-13.2%
3/7/2011	ArcelorMittal SA	\$434	Sr Unsecured	Baa3	BBB-	3/1/2041	6.750%	99.18	230 bps	5.840%	184 bps	192 bps	-8 bps	-4.1%
9/18/2020	Big River Steel LLC	\$720	Secured	Ba2 +*	BB- +*	1/31/2029	6.625%	100.00	604 bps	5.234%	92 bps	117 bps	-26 bps	-21.8%
5/13/2019	Cleveland-Cliffs Inc	\$555	Sr Unsecured	Ba3	BB-	6/1/2027	5.875%	96.13	-	5.105%	92 bps	84 bps	8 bps	9.4%
2/17/2021	Cleveland-Cliffs Inc	\$368	Sr Unsecured	Ba3	N/A	3/1/2029	4.625%	100.00	368 bps	6.017%	244 bps	141 bps	102 bps	72.6%
4/14/2023	Cleveland-Cliffs Inc	\$750	Sr Unsecured	Ba3	N/A	4/15/2030	6.750%	100.00	325 bps	6.237%	227 bps	183 bps	44 bps	24.1%
2/17/2021	Cleveland-Cliffs Inc	\$325	Sr Unsecured	Ba3	N/A	3/1/2031	4.875%	100.00	374 bps	6.157%	250 bps	227 bps	24 bps	10.4%
3/18/2024	Cleveland-Cliffs Inc	\$1,425	Sr Unsecured	Ba3	N/A	3/15/2032	7.000%	100.00	276 bps	6.671%	266 bps	215 bps	51 bps	23.5%
1/28/2022	Commercial Metals Co	\$300	Sr Unsecured	Ba2	BB+	1/15/2030	4.125%	100.00	-	5.228%	151 bps	181 bps	-30 bps	-16.4%
2/2/2021	Commercial Metals Co	\$300	Sr Unsecured	Ba2	BB+	2/15/2031	3.875%	100.00	279 bps	5.252%	158 bps	174 bps	-17 bps	-9.6%
1/28/2022	Commercial Metals Co	\$300	Sr Unsecured	Ba2	BB+	3/15/2032	4.375%	100.00	-	5.194%	134 bps	173 bps	-38 bps	-22.2%
4/16/2014	GUSAP III LP	\$481	Sr Unsecured	Baa2	BBB-	4/16/2044	7.250%	100.00	368 bps	5.952%	187 bps	191 bps	-4 bps	-2.1%
5/23/2022	Nucor Corp	\$500	Sr Unsecured	Baa1	A-	5/23/2025	3.950%	99.94	115 bps	4.620%	49 bps	54 bps	-5 bps	-9.8%
5/22/2020	Nucor Corp	\$500	Sr Unsecured	Baa1	A-	6/1/2025	2.000%	99.85	170 bps	4.496%	38 bps	70 bps	-32 bps	-45.6%
5/23/2022	Nucor Corp	\$500	Sr Unsecured	Baa1	A-	5/23/2027	4.300%	99.84	145 bps	4.012%	42 bps	48 bps	-6 bps	-11.7%
4/26/2018	Nucor Corp	\$500	Sr Unsecured	Baa1	A-	5/1/2028	3.950%	99.85	100 bps	4.062%	49 bps	61 bps	-11 bps	-18.9%
5/22/2020	Nucor Corp	\$500	Sr Unsecured	Baa1	A-	6/1/2030	2.700%	99.72	205 bps	4.218%	70 bps	64 bps	6 bps	9.3%
3/11/2022	Nucor Corp	\$550	Sr Unsecured	Baa1	A-	4/1/2032	3.125%	99.67	130 bps	4.397%	70 bps	88 bps	-18 bps	-20.4%
3/11/2022	Nucor Corp	\$550	Sr Unsecured	Baa1	A-	4/1/2052	3.850%	99.07	165 bps	5.127%	102 bps	95 bps	7 bps	7.5%
12/7/2020	Nucor Corp	\$329	Sr Unsecured	Baa1	A-	12/15/2055	2.979%	99.29	130 bps	5.112%	98 bps	84 bps	13 bps	16.0%
7/3/2024	Steel Dynamics Inc	\$600	Sr Unsecured	Baa2	BBB	8/15/2034	5.375%	98.65	123 bps	4.518%	113 bps	114 bps	0 bps	-0.4%
12/11/2019	Steel Dynamics Inc	\$400	Sr Unsecured	Baa2	BBB	12/15/2024	2.800%	99.93	115 bps	4.518%	124 bps	68 bps	56 bps	83.3%
6/5/2020	Steel Dynamics Inc	\$400	Sr Unsecured	Baa2	BBB	6/15/2025	2.400%	99.62	210 bps	4.730%	80 bps	79 bps	2 bps	1.9%
12/6/2016	Steel Dynamics Inc	\$400	Sr Unsecured	Baa2	BBB	12/15/2026	5.000%	100.00	266 bps	4.040%	-95 bps	30 bps	-125 bps	-417.0%
10/9/2020	Steel Dynamics Inc	\$350	Sr Unsecured	Baa2	BBB	10/15/2027	1.650%	99.30	120 bps	4.798%	78 bps	75 bps	3 bps	4.3%
12/11/2019	Steel Dynamics Inc	\$600	Sr Unsecured	Baa2	BBB	4/15/2030	3.450%	99.74	165 bps	4.798%	90 bps	89 bps	2 bps	2.2%
6/5/2020	Steel Dynamics Inc	\$500	Sr Unsecured	Baa2	BBB	1/15/2031	3.250%	98.96	260 bps	4.798%	97 bps	102 bps	-5 bps	-4.5%
10/9/2020	Steel Dynamics Inc	\$400	Sr Unsecured	Baa2	BBB	10/15/2050	3.250%	96.33	185 bps	4.798%	122 bps	121 bps	0 bps	0.3%
2/11/2021	United States Steel Corp	\$475	Sr Unsecured	B1 +*	BB- +*	3/1/2029	6.875%	100.00	592 bps	5.671%	146 bps	176 bps	-30 bps	-16.9%
5/21/2007	United States Steel Corp	\$274	Sr Unsecured	B1 +*	BB- +*	6/1/2037	6.650%	99.41	180 bps	6.309%	249 bps	224 bps	25 bps	11.1%
Distribution														
8/3/2020	Reliance Inc	\$400	Sr Unsecured	Baa2	BBB+	8/15/2025	1.300%	99.69	110 bps	4.711%	73 bps	68 bps	5 bps	7.8%
8/3/2020	Reliance Inc	\$500	Sr Unsecured	Baa2	BBB+	8/15/2030	2.150%	99.72	160 bps	4.438%	83 bps	94 bps	-11 bps	-11.5%
11/20/2006	Reliance Inc	\$250	Sr Unsecured	Baa2	BBB+	11/15/2036	6.850%	99.43	220 bps	5.254%	141 bps	139 bps	3 bps	2.0%
Specialty														
7/13/2020	Alcoa Nederland Holding BV	\$750	Sr Unsecured	Ba1	BB	12/15/2027	5.500%	100.00	255 bps	4.780%	43 bps	115 bps	-72 bps	-62.4%
5/17/2018	Alcoa Nederland Holding BV	\$500	Sr Unsecured	Ba1	BB	5/15/2028	6.125%	100.00	314 bps	5.116%	76 bps	132 bps	-56 bps	-42.4%
3/24/2021	Alcoa Nederland Holding BV	\$500	Sr Unsecured	Ba1	BB	3/31/2029	4.125%	100.00	274 bps	5.156%	144 bps	157 bps	-13 bps	-8.3%
3/21/2024	Alcoa Nederland Holding BV	\$750	Sr Unsecured	Ba1	BB	3/15/2031	7.125%	100.00	301 bps	5.479%	145 bps	174 bps	-29 bps	-16.9%
8/10/2023	Arsenal AIC Parent LLC	\$700	Secured	Ba3	B+	10/1/2030	8.000%	100.00	396 bps	5.868%	171 bps	172 bps	-1 bps	-0.8%
11/22/2019	ATI Inc	\$350	Sr Unsecured	B1	BB-	12/1/2027	5.875%	100.00	414 bps	5.435%	80 bps	122 bps	-42 bps	-34.6%
9/14/2021	ATI Inc	\$325	Sr Unsecured	B1	BB-	10/1/2029	4.875%	100.00	255 bps	5.597%	177 bps	194 bps	-17 bps	-8.8%
9/14/2021	ATI Inc	\$350	Sr Unsecured	B1	BB-	10/1/2031	5.125%	100.00	255 bps	5.551%	163 bps	206 bps	-42 bps	-20.5%
8/11/2023	ATI Inc	\$425	Sr Unsecured	B1	BB-	8/15/2030	7.250%	100.00	313 bps	5.848%	108 bps	145 bps	-38 bps	-25.9%
7/24/2020	Carpenter Technology Corp	\$400	Sr Unsecured	B1	BB	7/15/2028	6.375%	100.00	587 bps	5.848%	102 bps	99 bps	3 bps	2.6%
3/16/2022	Carpenter Technology Corp	\$300	Sr Unsecured	B1	BB	3/15/2030	7.625%	100.00	566 bps	5.848%	93 bps	136 bps	-42 bps	-31.3%
4/14/2021	Century Aluminum Co	\$250	Secured	Caa1	B	4/1/2028	7.500%	100.00	615 bps	6.334%	231 bps	207 bps	24 bps	11.5%
12/22/2020	GrafTech Finance Inc	\$500	Secured	Caa1	B-	12/15/2028	4.625%	100.00	390 bps	15.679%	1213 bps	993 bps	220 bps	22.1%
6/26/2023	GrafTech Global Enterprises Inc	\$450	Secured	Caa1	B-	12/15/2028	9.875%	97.46	654 bps	18.347%	1480 bps	1224 bps	256 bps	20.9%
9/1/2021	Howmet Aerospace Inc	\$700	Sr Unsecured	Baa1	BBB-	1/15/2029	3.000%	100.00	255 bps	4.272%	69 bps	83 bps	-14 bps	-16.8%
1/25/2007	Howmet Aerospace Inc	\$625	Sr Unsecured	Baa1	BBB-	2/1/2037	5.950%	99.62	113 bps	4.898%	102 bps	118 bps	-16 bps	-13.3%
5/31/2018	JW Aluminum Continuous	\$300	1st lien	B3	B-	6/1/2026	10.250%	100.00	718 bps	2.590%	209 bps	197 bps	13 bps	6.5%
11/26/2019	Kaiser Aluminum Corp	\$500	Sr Unsecured	B2	BB-	3/1/2028	4.625%	100.00	289 bps	5.621%	190 bps	201 bps	-12 bps	-5.8%
5/20/2021	Kaiser Aluminum Corp	\$550	Sr Unsecured	B2	BB-	6/1/2031	4.500%	100.00	288 bps	6.030%	232 bps	207 bps	25 bps	12.1%
8/11/2021	Novelis Corp	\$750	Sr Unsecured	Ba3	BB	11/15/2026	3.250%	100.00	836 bps	4.988%	133 bps	117 bps	16 bps	14.1%
1/16/2020	Novelis Corp	\$1,600	Sr Unsecured	Ba3	BB	1/30/2030	4.750%	100.00	836 bps	5.411%	158 bps	186 bps	-28 bps	-14.9%
8/11/2021	Novelis Corp	\$750	Sr Unsecured	Ba3	BB	8/15/2031	3.875%	100.00	836 bps	5.439%	172 bps	188 bps	-16 bps	-8.3%
6/10/2015	Precision Castparts Corp	\$850	Sr Unsecured	Aa2	AA	6/15/2025	3.250%	99.80	110 bps	4.355%	35 bps	34 bps	0 bps	0.3%
6/10/2015	Precision Castparts Corp	\$275	Sr Unsecured	Aa2	AA	6/15/2035	4.200%	99.40	130 bps	4.395%	54 bps	44 bps	10 bps	22.4%
12/20/2012	Precision Castparts Corp	\$500	Sr Unsecured	Aa2	AA	1/15/2043	3.900%	99.38	100 bps	4.981%	85 bps	77 bps	8 bps	10.1%
6/10/2015	Precision Castparts Corp	\$325	Sr Unsecured	Aa2	AA	6/15/2045	4.375%	99.67	145 bps	4.991%	80 bps	66 bps	14 bps	20.8%

Denotes new issuance since 7/12/24 Metals Bond Update

Denotes bond that matures in the next two years

*+/- Indicates ratings currently on review for upgrade/downgrade

Source: Bloomberg

Syndicated Bank Loan Market

The third quarter remained slow with a total of seven deals closing compared to eight for the second quarter. However total volume increased from \$2.8 billion to \$10 billion. The volume increase came primarily from two deals done by Cleveland Cliffs to support their acquisition of Stelco Holdings; a \$4.5 billion ABL Revolver and a C\$500 million ABL Revolver. The next largest deal was the renewal of Reliance's corporate Senior Unsecured Revolver. Pricing reflects Reliance's strong investment grade credit profile and dominant market position with a drawn spread of 1.00% and a commitment fee of 10 basis points. In addition, Arconic successfully completed the repricing of their \$1.414 billion TLB; achieving an additional 50 basis point reduction in their all in pricing.

The following provides publicly available details for some of the more notable transactions during the quarter.

	Cleveland Cliffs	Reliance Steel & Aluminum	Commonwealth Rolled	Constellium SE	Waupaca Foundry Inc.	TMS International
Date	Mar-20 (Amend. Sep-24) ¹	Sep-24	Aug-24	Aug-24	Jan-24 (Amend. Aug-24)	Dec-20 (Amend. Jul-24)
Deal Size (\$ in MM)	\$4,250.0 / C\$500.0	\$1,500.0	\$325.0	\$550.0	\$195.0 / \$410.0 ¹	\$175.0 / \$475.0 ¹
Facility Type	ABL Revolver	CF Revolver	ABL Revolver	ABL Revolver	ABL Revolver / TLB	ABL Revolver / TLB
Tenor	5 years / 5 years	5 years	5 years	5 years	5 years / 7 years	5 years / 7 years
Purpose	Corporate Purposes	Corporate Purposes	Corporate Purposes	Corporate Purposes	Sponsored Buyout / Div. Recap.	Corporate Purposes
Ratings						
S&P	BB-	BBB+	NR	BB-	B	B+
Moody's	Ba2	Baa2	NR	Ba3	B1	B2
Amortization	-	-	-	-	- / 5.0% per annum	- / 1.0% per annum
Pricing at close (bps)						
All-in Spread	<i>Not disclosed</i>	100.0		<i>Not disclosed</i>	<i>Not disclosed</i>	<i>Not disclosed</i>
SOFR Margin	175.0 / 175.0	100.0		125.0	200.0 / 600.0	175.0 / 375.0
Facility Fee	-	-	<i>Not disclosed</i>	-	<i>Not disclosed</i>	-
Commitment Fee	25.0 / 25.0	10.0		<i>Not disclosed</i>	25.0 / -	25.0 / -
Sustainability Adjustment	<i>Not disclosed</i>	-	<i>Not disclosed</i>	<i>Not disclosed</i>	<i>Not disclosed</i>	<i>Not disclosed</i>
Pricing Detail (bps)		Net Lev.^{1,2}	SOFR Spread			
			Comm. Fee			
		< 0.20x	100.0			10.0
		≥ 0.20x	112.5			12.5
	<i>Not disclosed</i>	≥ 0.30x	137.5	<i>Not disclosed</i>	<i>Not disclosed</i>	<i>Not disclosed</i>
		≥ 0.40x	150.0			20.0
SOFR Adjustment (bps) (1-mo / 3-mo / 6-mo)	<i>Not disclosed</i>	-		<i>Not disclosed</i>	<i>Not disclosed</i>	<i>Not disclosed</i>
Rate Floor	<i>Not disclosed</i>	0.00%		<i>Not disclosed</i>	1.00%	0.50%
OID	-	-	-	-	100.0	99.875
Call Protection	-	-	-	-	102/101 soft call 6 mo.	101 soft call 6 mo.
Financial Covenants						
Fixed Charge Coverage Ratio		-				
Interest Coverage Ratio		-				
Total Leverage Ratio	<i>Not disclosed</i>	-	<i>Not disclosed</i>	<i>Not disclosed</i>	<i>Not disclosed</i>	<i>Not disclosed</i>
Net Leverage Ratio		0.60x ^{1,2}				
Funded Debt Ratio		-				
Debt to Capital Ratio		-				
Secured	Yes	No	Yes	Yes	Yes	Yes

Sources: S&P Capital IQ, Moody's, Refinitiv Loan Connector

¹Amendment closed on 9/13/2024; credit agreement to be released in the 9/30 10-Q

¹Net Leverage Ratio defined as Net Debt / (Net Debt + Stockholders' Equity)

²Cash netting capped at lesser of (i) 100% of domestic, unrestricted cash and (ii) \$500mm

¹Incremental \$50MM TLB add-on priced in Aug-24

¹Original \$475MM 7-Year deal repriced in Jul-24

Sources: S&P Capital IQ, Moody's, Refinitiv Loan Connector

Brilliantly Boring Since 1865 is a service mark of The PNC Financial Services Group, Inc.

PNC and PNC Bank are registered marks of The PNC Financial Services Group, Inc. ("PNC").

This newsletter was prepared for general information purposes only and is not intended as legal, tax or accounting advice or as recommendations to engage in any specific transaction, including with respect to any securities of PNC, and does not purport to be comprehensive. Under no circumstances should any information contained in this newsletter be used or considered as an offer or commitment, or a solicitation of an offer or commitment, to participate in any particular transaction or strategy. Opinions and forecasts expressed herein are subject to change without notice. Relevant information was obtained from sources deemed reliable. Such information is not guaranteed as to its accuracy. Any reliance upon any such information is solely and exclusively at your own risk. Please consult your own counsel, accountant or other investment professional to discuss, or tailor a financial plan to, your specific situation. Neither PNC Bank nor any other subsidiary of The PNC Financial Services Group, Inc., will be responsible for any consequences of reliance upon any opinion or statement contained here, or any omission.

©2024 The PNC Financial Services Group, Inc. All rights reserved.

CIB SV IMC 1024-067-2554003