

## Platinum Equity Acquires SCM Metal Products

PLATINUM EQUITY is rebuilding its metals portfolio with the acquisition of SCM Metal Products from Gibraltar Industries Inc., Buffalo, N.Y. SCM Metal Products, Research Triangle Park, N.C., is a manufacturer and distributor of copper-based powders and pastes for a variety of industries.

"This is a very exciting time for all of us at SCM," says Barton White, company president. "We expect to have additional resources to grow our business both organically and through M&A transactions. There are many opportunities for growth in the U.S., China and the other export markets SCM serves in the powder metallurgy, chemical, electronics and industrial markets."

Earlier this year, Platinum Equity sold one of its service center businesses, Atlanta-based PNA Group, to Reliance Steel & Aluminum, Los Angeles. In October 2007, Platinum sold ESM Group, which supplies a variety of products and services to the steel industry, to SKW Metallurgie.

Platinum Equity still operates service center giant Ryerson Inc., Chicago, which it acquired in 2007.

"SCM is a market leader with a strong customer base and an experienced management team, and its parent company is divesting the business to focus on other core operating segments," says Jacob Kotzubei, a partner at Platinum. "We have a strong track record of

helping companies like SCM reach their full potential."

For Gibraltar, the sale represents the latest effort in a company-wide plan to reduce costs and streamline operations, which has included the closing of several facilities.

"The SCM sale, together with our recent acquisitions and the divestiture of other non-core assets and businesses, continues to focus our resources and capital on those areas that we believe provide the best strategic fit, improve our growth profile, and will produce the highest returns for our shareholders," says Brian J. Lipke, Gibraltar's chairman and CEO.

## Small-Order Specialist Seeks Bigger Slice of Stainless Pie

Slice of Stainless, a Cincinnati distributor of stainless steel products, specializes in same-day delivery of small orders—a good strategy, especially in an economic downturn that promises to shrink orders industry wide.

Slice of Stainless was formed in 1992 by two former employees of

Ferguson Metals (now part of O'Neal Steel's United Performance Metals subsidiary). Company President Todd Reed and his partner Robin Tackett recognized an opportunity in the marketplace for small-quantity sales to customers who struggled to meet the minimum order size required by most stainless suppliers.

From their humble beginnings in a rented house with a carport to shield their small inventory from the elements, the two have grown the company into a master distributor of 16 grades of stainless sheet and plate, plus four grades of high-nickel aerospace-grade alloys, with about \$4 million in annual revenues.

 Workers at Slice of Stainless process an order on the company's new cut-to-length line.

The inventory at Slice of Stainless includes the following stainless alloys: 15-5, 17-4, 17-7, 301 Ann, 301FullHd, 301HalfHd, 301Qtr Hd, 302, 304, 304L, 310, 316-316L, 321, 347, 410 and 430. Its high-temperature alloys include: A-286, Ni-600, Ni-625 and Ni-718.

Slice of Stainless tripled its size earlier this year with the addition of 25,000 square feet to its Cincinnati warehouse, making room for a 60-inch Pro-Eco cut-to-length line with a Herr-Voss leveler, in addition to its five shears. The company's recent purchase of an adjacent seven-acre parcel provides room for a planned 150,000-square-foot expansion within the next five years.

Primarily a master distributor of stainless, about 75 percent of its sales go to other distributors—though often those distributors never lay a hand on the product. Slice of Stainless prides itself on its behind-the-scenes responsiveness,



shipping directly to other distributors' customers the same day the order is received. The packages even include the other distributors' paperwork.

"No one else does exactly what we do in terms of same-day shipping and the neutral ship-directs for people," says Tackett. "We've built a lot of trust with customers over the years."

Slice of Stainless is careful not to abuse that trust, adds Reed. "When 75 percent of your customer base is other distributors, you can't afford to go after their customers."

Some small customers have grown into large direct accounts over the years. "We thought, let's build a base of small-quantity customers. As we grow, they will

grow, and eventually become large-quantity customers," says Reed.

Slice of Stainless has sold to 4,000 customers in the past 16 years serving such diverse markets as aerospace, chemical, medical and food processing. It currently has around 1,800 active accounts, with an average order size around \$250.

Reed and Tackett credit their 15 employees with much of the company's success, including Scott Skelton, an industry veteran hired last year to serve as general manager and oversee the company's expanding operations.

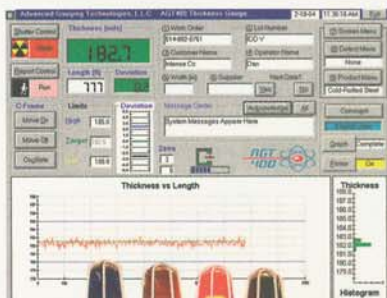
Despite the waning economy, the partners forecast \$6 million in sales next year with the added processing capacity of the new cut-to-length line. "We are going to start out doing toll processing of other people's materials on that line," Reed notes.

In addition, with Tackett as 51 percent owner, Slice of Stainless is a woman-owned enterprise and has an advantage when it bids on government contracts. "There aren't too many other aerospace stainless distributors out there with a female owner," Reed says.

"We've always had the philosophy that we must keep growing," he adds, "because if we stand still somebody is going to catch us."

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