

U.S. Fastener Company M&A Completed During Q1-3 2021

Data note: The data for this article is derived from the US Census trade statistics. US Census trade statistics analysis import and export on all modes of transportation. That value is calculated in USD by general CIF for imports and FOB for exports. Fasteners in this article are defined as any product under HS Code 7318 (screws, bolts, nuts, coach screws, screw hooks, rivets, cotters, cotter pins, washers and similar articles of iron or steel).

At a time when the global supply chain is most volatile and companies are discovering vulnerabilities within their supply chains, mergers and acquisitions can appear like a very wise business decision. Company mergers are beneficial when a specific company has maintained a strong hold on the market, or if the company simply has a known strength in their industry. For example, a strong supply chain would imply the company has developed strong relationships with overseas suppliers and contracts with ocean carriers and other logistics partners. Other companies may have a strong chokehold on operations or manufacturing plants, or extensive product knowledge. It's important for a free market to continue to exist which allows for market competition amongst different industries. With a level of market competition, the creation of monopolies is avoided in the market and companies can continue to enter the market. As many great business entrepreneurs would say, it's not necessarily who does it first, but who does it best.

Between January and September 2021, the U.S. is responsible for over \$4.8 Billion USD of fastener imports from around the globe. The U.S. imports over 1.3 Billion kilograms of fasteners into the U.S. for manufacturing and distribution purposes across a multitude of industries. Traditionally speaking, the U.S. is considered one of the major importers of



by Sabrina Rodriguez

fasteners, especially from foreign suppliers in Taiwan, China, and Japan. Fasteners that are imported by the U.S. are traditionally used for the auto manufacturing industry, construction industry and the aerospace industry. When it comes to fastener exports to the world, the U.S. accounts for a little over \$3 Billion USD and 548 million kilograms. The U.S. exports a wide range of fully manufactured goods (of which contain fasteners), but also a variety of different types of fasteners. The U.S. primarily exports fasteners to its immediate neighbors (Mexico and Canada) as well as China.

Let's take a deep dive into the fastener companies that have either performed a merger or acquisition in the last nine months of 2021. It's important to keep in mind that a significant amount of financial data and transactional business data remains private making it difficult to understand the full details on all mergers and acquisitions.

B&F Fastener Supply Acquires Mid States Specialty Sales and Champion Charter



According to the publication *Industrial Distribution*, in October B&F Supplies acquired a Illinois based fastener supplier by the name of Mid States Specialty Sales. This is the third acquisition made by B&F Fastener Supply since 2017 which indicates a percentage of their growth can be attributed to growth by acquisition. According



to sources at B&F, customers of Mid States Specialty Sales will benefit from the valuable services of B&F especially since B&F has a strong presence in the Midwest region. Currently B&F is actively operating over a handful of states including Iowa, Minnesota, Wisconsin, North Dakota, South Dakota, and Nebraska.

In April, B&F also acquired Champion Charter, a smaller fastener supplier located in Minneapolis, Minnesota. Champion Charter specialized in traditional style fastener and Huck-related fastener, both of which B&F considers to be new product lines for their expanding business. In statements made by B&F, one of the biggest advantages of acquiring Champion Charter is the opportunity to expand their product lines, which will allow them to grow their existing customer and prospect base. The purchase price of Mid States Specialty Sales was not publicly announced during the acquisition process.

**LINC Systems
Acquires Air-O
Fasteners**



LINC Systems is known in the market for its extensive product platform focusing on industrial packaging and fasteners. In late September, LINC Systems acquired Air-O Fastener to obtain a presence in the western United States. Air-O Fasteners specializes in distributing fastening equipment to the construction-based market. Much like other fastener distributors, LINC Systems operated in Illinois and has a large presence in the Midwestern part of the U.S. According to *Industrial Distribution*, LINC System's CEO heavily praised Air-O Fasteners for their established market share and extensive product line and knowledge. Based on the details revolving around this acquisition it appears the main goals of LINC Systems is to expand their presence in the U.S. as well as expand their existing product line with a valuable line of experts, while also growing their market share by acquisition. The valuation of Air-O Fasteners was not revealed during the acquisition process.

**Bertram Capital
Acquires AFC
Industries**



Bertram Capital, an investment firm, acquired AFC industries in late April making it the fifth known investment for Bertram Capital. AFC positioned themselves as valuable in the marketplace for their distribution models as well as their extensive sourcing efforts for C-parts. One of the AFC's strong suits is their attention to inventory management and 22-locations around North America including operations in Mexico. While this is not a traditional acquisition of a fastener company consuming another fastener company in their same space, it is still a relatively common investment tactic for an equity firm to invest profits into a smaller company. Bertram Capital focuses on investing in small to mid-sized companies and has raised over \$1.9 billion USD of capital commitments since they began in 2006.



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Conclusions

It's been an active year for U.S. based fastener companies considering the number of mergers and acquisitions that have taken place in the market. Expanding operations, product lines and value-added services are just some of the benefits customers of these companies have already begun to experience in 2021. Considering the number of challenges faced in the supply chain, we might continue to see more fastener companies merge in the coming years ahead. ■

Editor's Note:

In addition to the aforementioned mergers and acquisitions activities in the U.S. during the first nine months of 2021, there were actually more M&A activities in the same period. Some companies acquired other companies to expand their existing product portfolio, while some others utilized M&A activities to gain access to more advanced technology, offer extra service to customers, or establish a stronger presence in the field where they've been successful for years.

For your reference, please see below the timelines of the additional M&A activities in the U.S. in the same period, which have been also officially announced to the public.

- Jan/07 Speedtech Acquires Toleeto Fasteners
- Jan/25 Threaded Fasteners Inc. Acquires Construction Fasteners LLC
- Feb/02 Würth Industry North America Acquires Atlantic Fasteners
- Mar/09 Novaria Group Acquires The Young Engineers, Inc.
- Apr/26 Birmingham Fastener Acquires Steel City Bolt
- May/11 Maclean-Fogg Acquires Formetrix
- Jul/21 BlackHawk Industrial Acquires Reliance Supply
- Aug/01 Triangle Fastener Corp. Acquires GLR Fasteners Inc.
- Aug/20 Threaded Fasteners, Inc. Acquires Threading Machine Manufacturer RTC Threaders
- Sep/01 Trifast Acquires Falcon Fastening Solutions
- Sep/07 Martin Fastening Solutions Acquires Capital Bolt & Screw
- Sep/30 Lindfast Group Acquires Solution Industries
- Oct/06 Nucor Fastener Acquires Coil Processing Facility
- Oct/18 Brighton-Best Acquires Vertex Distribution
- Oct/18 FDH Aero Acquires Stealth Aerospace

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