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SIVYER STEEL ACQUIRED BY LOCAL INVESTORS

Quad Cities, September 20, 2018

At a news conference today, it was announced that Bettendorf, Iowa-based Sivyer Steel Corporation has been acquired for \$6.5 million in a cash offer by a group of predominately Quad Cities-based investors. The effective date of the transaction was July 28, 2018. The company will continue operations under a new corporate name: Sivyer Steel Castings LLC.

Sivyer had been owned by FCF Partners, LP of Milwaukee since 1999. The primary tangible asset of the company is a 325,000 square foot facility located on a 20-acre industrial campus along the Mississippi River. This announcement puts to rest growing uncertainty about the future of the steel casting company, its approximately 250 employees, and its multi-million-dollar impact on the Quad Cities' economy.

The announcement was made by Scott Tinsman, Jr. of Bettendorf, representing the Tinsman family investment. Tinsman is Chief Operating Officer of Twin State, Inc., Partner of Twin State Technical Services, Ltd., and Chairman of Rock River Lumber and Grain. Tinsman has been an active member of the Quad Cities community for decades. He is a past President of the Bettendorf Community School District.

In his comments, Tinsman said: "The growth potential of Sivyer is substantial and its importance to the Quad Cities' economy even more so. Fortunately, other regional investors were equally 'bullish' on Sivyer and just as committed to the success of this regional economic engine."

Joining the Tinsman family as major investors are brothers John and Joel Lorentzen. John Lorentzen is an attorney and co-founder of Chicago-based Ashland Capital Partners, LLC. Joel Lorentzen and his family reside in nearby Rock Island, Illinois. He is the former CEO of Genesis Systems Group, LLC of Davenport and the current President of Crestwood Capital Management, Inc. of Rock Island.

Another local investor is Michael Baxley, who will serve as Sivyer Steel Castings' Chief Executive Officer. Baxley resides in LeClaire, Iowa, less than 10 miles from the Sivyer facility. Beyond local perspective, Baxley brings a proven track record of business 'turn-around' success. In all, about 80 percent of Sivyer Steel's equity is now owned locally. The balance of the company is owned by 14 individual small investors. Keith Kramer, also of LeClaire, Iowa, will remain with Sivyer Steel Castings as President.

Founded in 1909, Sivyer is among the nation's longest continuously operating steel casting companies. The company moved to its current Quad Cities' location in 1962. Today, Sivyer is a vertically-integrated foundry that also offers significant "value-add" services. Sivyer pours castings ranging from 50 to 22,000 lbs. and has an annual capacity of 25,000 net tons. It provides steel castings to manufacturers of industrial equipment primarily in the mining, military,





passenger rail and oil/gas industries. Sales over the past 10 years have ranged between \$35 million and \$90 million.

In response to projections of increased future demand, in 2010 the company implemented a five-year, \$25 million internally-funded program to increase production capacity and improve operational efficiency. But, a global downturn in the mining industry triggered a slow-down in orders starting in 2014. As the contraction continued, Sivyer experienced significant losses starting in 2015. Despite a recovery in 2017, Sivyer could not overcome the earlier losses and a cash shortfall drove the company to seek Chapter 11 bankruptcy protection in March 2018.

With the infusion of new investment provided by the Tinsman and Lorentzen families, among others, Sivyer is now able to fulfill a backlog of product orders already in-house but delayed by supply shortages resulting from cash constraints. Moreover, the current economic expansion is generating increased demand for Sivyer's higher-dollar, more complex castings made possible by the earlier Sivyer investments in production capacity. In fact, the company saw a nearly 30 percent year-to-year growth in 2017 orders from the mining industry, its largest end-market.

John Lorentzen said, "The future for Sivyer Steel and its workers is very bright. We have a loyal customer base. In fact, six of our top ten customers have been with Sivyer Steel for more than 10 years. And, as our customers' need for quality castings grows, Sivyer will remain a reliable partner."

"This is great day for Sivyer and our family of highly-skilled and committed workers whose loyalty has helped sustain our operations during the past few years," said Joel Lorentzen. "It's now clear that their faith in the future of Sivyer was well-placed. We look forward to working collaboratively and productively with the entire Sivyer workforce as we move ahead."

Scott Tinsman concluded, "The Sivyer story typifies the best of the Quad Cities, its people and its economy. And, reflects the new 'golden age' of American manufacturing that is emerging across Iowa. Not bad for the nation's number one producer of corn, eggs, pork and soybeans in the country. As for Sivyer Steel, with an annual payroll of \$11 million and local vendor payments totaling an additional \$11 million, the positive economic impact of this company on the Quad Cities region is enormous. I am very pleased to report we have weathered the storm and the best days for Sivyer Steel are ahead of us."

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