

AN INTERVIEW WITH NUCOR AND ITS “BIGGEST ACQUISITION SO FAR” — C.H.I.

Q&A WITH LEADERSHIP TEAMS

By Vicki Jones, Editor

Our summer 2022 cover story, “C.H.I. sold for \$3 billion,” offered real-time coverage of the sale of C.H.I., gave details of the generous employee payouts, and hinted at potential supply chain benefits. For part two of this story, D+AS interviewed members of the Nucor and C.H.I. leadership teams.

PART 1: C.H.I.

We sat down with C.H.I. CEO Dave Bangert a few months after the big announcement to find out more about the company’s transition under Nucor.

1. When was the C.H.I./Nucor deal finalized?

We officially became a part of Nucor on Friday, June 24, 2022.

2. Have all of the payouts been distributed to qualifying employees?

Yes, by the end of June all the payouts had been distributed.

3. Have there been any unique pay-it-forward stories from the employees since the payouts were given out?

Actually, there have been several teammates that have taken the opportunity to give back. One family I know of is having water wells built in Africa. Another contributed generously to their local church. They’re just a few examples of how C.H.I. teammates are giving back and supporting the community.

4. Has the acquisition and/or resulting payouts resulted in increased employee morale?

People are genuinely excited about being part of Nucor! Teammates are eager for what’s on the horizon for the company and about the stability Nucor offers C.H.I. and its employees.

5. What makes you most excited about Nucor?

The culture and the broader organization into which C.H.I. is now integrated. C.H.I. teammates and I have visited several of the Division locations to meet our new colleagues and learn about Nucor and how the Company supports them. Interacting with these teammates has given us the opportunity to learn more about Nucor and our exciting journey ahead.

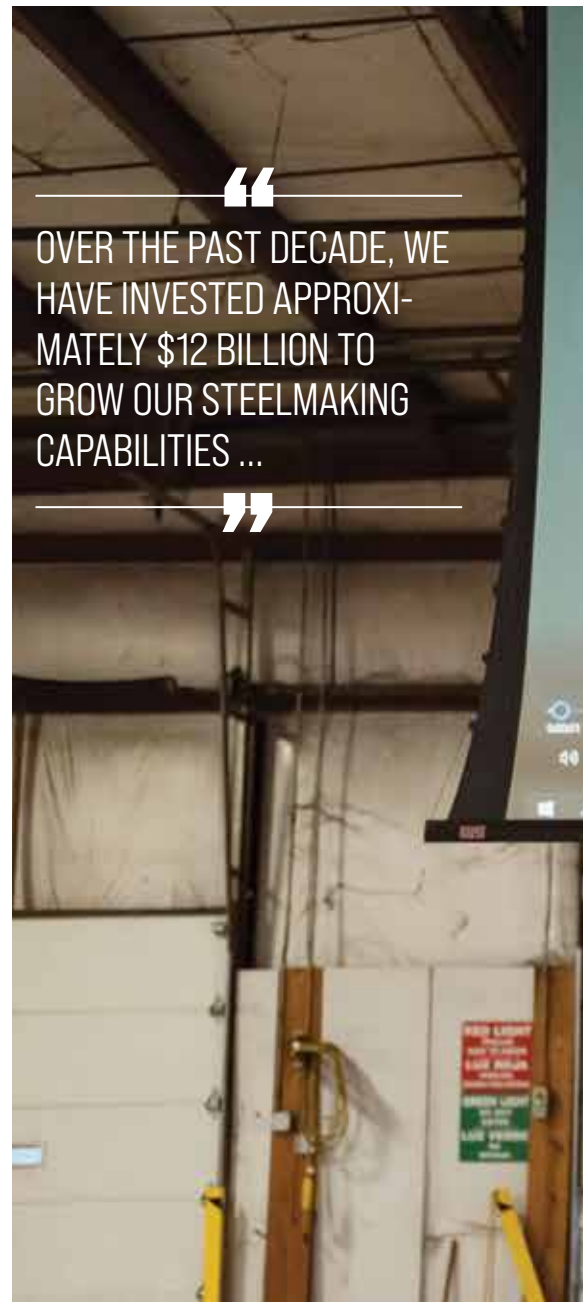
When talking to them, there are common themes around safety, growth, stability, and continuity. This makes me even more excited for the future of C.H.I. I know Nucor is focused on supporting and helping us grow.

6. How has phase one of the transition been?

Seamless. The culmination of all the excitement from the previous months and the welcome party celebration has generated a buzz of excitement among teammates. We are looking forward to the future as part of Nucor.

7. Can you tell us about the welcome party?

The welcome party was held on June 30, and the event marked the transition of C.H.I. under Nucor’s ownership. It was an afternoon and evening of food and fellowship. We intentionally scheduled the party in between the early and late shifts so all employees would have the opportunity to attend. Their families were also invited.



“
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”

8. Did anyone from Nucor attend?

Yes, not only did we have our C.H.I. teammates there, but we also had over 30 Nucor teammates travel from various locations to Arthur, Ill. to partake in the events of that day!

After a tour of the facilities and an owner's meeting, the Nucor teammates distributed gifts to C.H.I. members. They gave each employee a symbolic Safety Coin representing our collective goal to become the safest steel company in the world.

9. How will this transaction benefit C.H.I. dealers?

There are immediate advantages in both supply chain and new sales opportunities for C.H.I. and our dealer partners. The continuity



of material, specifically steel, is a major part. Doors are primarily made of steel, and we now have enhanced access to that material.

This gives C.H.I. dealers an advantage because it offers C.H.I., and in turn, our partners, improved supply chain continuity. This allows our dealers to better predict availability and accurately schedule installations and jobs.

Dealers can quote their customers a lead time and know that C.H.I. can provide the product on time. An important criterion for

installing dealers is predictability and stability, and the C.H.I.-Nucor combination offers our partners both.

10. In this short time, have you already seen improvements in the supply chain?

Yes, thanks to the support of our 30,000 Nucor teammates/channel partners, we have direct access to metal. The supply chain advantages

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are already directly helping C.H.I. and, in turn, our dealers.

C.H.I. is currently operating with a 2- to 3-week lead time, and our goal is to continue to minimize lead times for our dealers and maintain the shortest lead times in the industry. We have the potential to do that thanks to the continuity and stability that the Nucor foundation provides.



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11. What are some of the new sales opportunities for C.H.I. and their dealers? Have you discussed ways to directly connect C.H.I. dealers with Nucor businesses?

Yes. For example, Nucor has businesses that make metal buildings. C.H.I. has dealers that sell and install doors for those type of buildings. This is a perfect combination that can potentially foster increased growth opportunities for our door dealers. Nucor also has other products that are part of commercial buildings, these buildings use overhead doors. We are looking forward to exploring these growth opportunities as well.

12. What are you most excited about for this next phase for C.H.I.?

We have found our forever home. If you examine the history of Nucor, you will understand the philosophy and culture of the company. They don't just buy companies to sell them. They are invested in their future and growth and focused on further developing the teammates and companies they acquire.

PART 2: NUCOR

D+AS also had the opportunity to speak with Nucor's Executive Vice President of New Markets and Innovation Chad Utermark. In this interview, Utermark provides background on Nucor, the company's reasons for acquiring C.H.I., and explains how this transaction can benefit C.H.I.'s dealers and channel partners.

1. It was reported that C.H.I. is Nucor's "biggest acquisition so far." What made the garage door industry an attractive market for Nucor?

We are constantly evaluating best-in-class companies in the steel supply chain for possible acquisition to determine if they fit with our business model, culture, and growth strategy. C.H.I. ticked all three of those boxes in a big way.

C.H.I. has a dynamic leadership team and workforce with a company culture that is very similar to ours at Nucor. C.H.I.'s differentiated, competitively advantaged business model reminds us of some of the best attributes of our own steel products businesses. They also generate strong through-cycle cash flow.

We also like C.H.I.'s business mix of residential business driven by repair and remodeling activity and commercial business that builds on the capabilities we have added to serve the commercial subsectors of warehouses and distribution centers.

We see opportunities to position the C.H.I. team and their dealer partners to grow quickly, gain more share in the commercial market, and to pursue selective expansion initiatives for the business.

2. With the acquisition of C.H.I., how many businesses now operate under the Nucor umbrella?

We have three main business segments: steel mills, steel products, and raw materials. We operate 25 steel mills in the United States that recycle scrap metal into new steel products. We also have three new steel mills currently under construction.

3. What type of products does Nucor produce or offer?

Our steel products business, which includes C.H.I., produces finished steel products that are used primarily in the nonresidential construction market. Products include steel tube, rebar

fabrication, steel joist and deck, steel buildings, insulated metal panels, steel piling, steel rack, and now overhead doors.

Our raw materials segment handles inputs used in the steelmaking process. This includes brokering and processing scrap metal and producing direct reduced iron, which is used to make more demanding, higher quality steel for end-use markets, such as automotive. Our raw materials segment also includes our natural gas drilling program and our industrial gases business.

Nucor operates 300 facilities in our steel products and raw materials segment, which are located throughout North America.

4. How will Nucor use its existing connections to cross-sell products and expand? Will these partnerships benefit door dealers?

We have a strong presence in the nonresidential construction market. We see significant growth opportunities for C.H.I. and their dealer partners in commercial construction markets.

Nucor is already a leading solutions provider in commercial construction owing to our capabilities in joist and deck, metal buildings, racking, insulated metal panels, and steel beams. Overhead doors fit in very well with our existing steel products businesses, particularly our acquisitions last year of the Metl-Span and CENTRIA insulated metal panels brands and steel racking manufacturer Hannibal Industries.

Nucor is a one-stop shop for customers in warehouse and distribution center construction. Our warehouses often have over 100 overhead doors, so the growth prospects for C.H.I. when combined with our presence in the nonresidential construction market are tremendous.

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5. What recent investments have you made to expand Nucor's core steelmaking capabilities? How will C.H.I. benefit from them?

Over the past decade, we have invested approximately \$12 billion to grow our steelmaking capabilities and announced another \$5.5 billion in new projects. These investments include our sheet mill in West Virginia; new rebar micromills in Missouri, Florida, and North Carolina; and a new steel plate mill and steel tube mill in Kentucky. We also acquired a flat-rolled steel converting facility in California.

In addition, we completed several major capital investment upgrades at our existing steel mills that expand our portfolio of value-added products, like paint lines for the automotive, construction, heavy equipment, and energy markets.

As a result of these investments and Nucor's total commitment to the overhead door industry, C.H.I. and their dealer partners should see a significant increase in supply-chain stability.

6. How does the acquisition of C.H.I. further support Nucor's mission?

The C.H.I. acquisition hits right in the sweet spot of our strategy to Expand Beyond our core steelmaking business into related businesses. C.H.I. bolsters Nucor's portfolio of value-added construction market solutions, fitting squarely within Nucor's strength as a low-cost manufacturer of steel construction products.

The ability to package these different products to customers will open up new opportunities for C.H.I. and their dealer partners and give us an advantage over our competitors.

C.H.I. gives us another growth platform for our steel products business, which generated about \$1.5 billion of EBITDA last year on just over \$10 billion in total revenue. That business segment is already on pace to far exceed that performance in 2022. C.H.I. will create more through-cycle free cash flow and accelerate our growth.

7. Can you explain the significance of the Safety Coins Nucor gave to C.H.I. employees?

Safety is our cultural measuring stick — where all of our cultural values come together. It is our goal to become the World's Safest Steel Company.

Our CEO, Leon Topalian, presented each Nucor teammate with a challenge coin when he started as CEO. Teammates are encouraged to carry their coins with them so they remember

family, friends, and fellow employees — the people they work safely for each day.

The Safety Coin recognizes the work our teammates do to produce great results while ensuring safety remains at the forefront of everything we do.

8. Can you elaborate on the Nucor culture and its pay-for-performance business model?

Nucor's culture has been the engine of our success since we got into the steel business. In addition to safety, the other values of our culture are trust, open communication, teamwork, community stewardship, and results.

We give our frontline teammates a lot of decision-making responsibility around how to best run their operations. We want to give them the tools to be successful and then get out of their way.

We reward this decision making through our pay-for-performance incentive compensation system that is tied to productivity. We have a retention rate of more than 90%, and Forbes ranked Nucor the #1 Most Admired Steel Company and #14 on its list of best manufacturing employers in the U.S.

9. Nucor has a long history of acquiring and keeping companies. What is your long-term vision for C.H.I.?

We invest for the long-term. We do not operate quarter by quarter, and we don't buy companies and flip them a few years down the road.

We see opportunities for C.H.I. to grow

quickly. In particular, we see tremendous opportunity for them to gain more share in the commercial market given Nucor's strong presence and contacts in construction markets and our ability to package C.H.I.'s overhead doors with our other products.

We will also explore the possibility of

NOTABLE NUCOR NUMBERS

30,000 total teammates/channel partners

90% retention rate

#98 company on the Fortune 500

Ranked #1 Most Admired Steel Company by Forbes

Ranked #14 Best Manufacturing Employers in the U.S. by Forbes

additional acquisitions in this space or greenfield development to expand C.H.I.'s production footprint and geographic reach.

10. Why should door dealers be excited about this acquisition?

Nucor is a growth company, and its financial strength and history of investing in its businesses will benefit C.H.I. and its dealers. Nucor's credit ratings remain the highest of any North American steel producer and maybe the world.

Nucor is a Fortune 100 company (currently #98 on the Fortune 500) and earlier this year achieved a \$50 billion market cap. We will use this financial strength to execute our growth plans for C.H.I. that have been described above. ■

