MACHINERY & EQUIPMENT
UPDATED MARCH 2019

METAL STAMPING

CURRENT TRENDS
- Gordon Brothers’ recent market research indicates that the market for stamping presses is improving. While the market is segmented, the state of the auto industry has long been a significant driver within the stamping market. As a whole, 2018 unit sales defied initial negative forecasts for a second consecutive year, instead posting a slight increase of 0.3% over 2017.
- Recent research also indicates a slightly improved demand for late model presses within the secondary market.

PROJECTED VALUES
(12-MONTH OUTLOOK)

DECREASING    STABLE    INCREASING

U.S. METAL STAMPING & FORGING INDUSTRY
REVENUE & OUTLOOK (000'S)

INDUSTRY SEGMENTATION (2018)

Source: IBISWorld
Hydraulic stamping presses are driven or powered by a hydraulic component. While other types of presses exist, such as pneumatic and servo, there are two main drive types: hydraulic and mechanical.

With an increase in the number of larger operators and a shift toward higher-value products, profit margins have varied widely from operator to operator. Though the drop in the price of key inputs, such as steel and nonferrous metals, caused the average industry profit margin to decline to 3.9 percent in 2018, larger industry participants have consistently posted much higher rates. Ongoing volatility around the world price of steel will no doubt cause uncertainty in the global industry.

VALUE TRENDS VARY BY SIZE CLASS: Within the metal stamping machinery market there can be distinct value trends based on equipment specifications. As an example, in the current market values for higher tonnage machines (1,000+ ton capacities) has improved as demand from the automotive segment, which drives a significant percentage of manufacturing demand for larger presses, is up slightly relative to demand in 2017. Current values for late model medium tonnage machines (100- to 400-ton capacities) continue to yield favorable results as that equipment is typically in higher demand for smaller, precision stamping piecework.

For lenders seeking valuations on specialized equipment across a broad range of sizes it is important to consider asking detailed questions about machine specifications to understand the implications of changes in value within equipment segments.

SPECIFICATIONS OF METAL STAMPING PRESSES DRIVE VALUES: Components made by stamping presses are created by blanking, piercing or punching, forming, bending and drawing, or otherwise manipulating metal in sheet or coil form between the upper and lower halves of a die. The upper portion is attached to the slide of the press, and the lower portion is clamped or bolted to the bed or bolster. The die is designed to create the shape and size of the component.

The specifications of presses drive their desirability and value. There are two main drive types: hydraulic and mechanical. While other types of presses exist, such as pneumatic and servo, hydraulic and mechanical are the most common in key markets. Hydraulic stamping presses are driven or powered by a hydraulic cylinder. Hydraulic presses have fewer internal components and more constant press force during each stroke. Hydraulic presses offer more reliability than mechanical presses but cannot match the operating speed of a mechanical press. Mechanical metal stamping presses are driven by a rotary motor through a screw, toggle, lever, or other device.

Another key specification is a machine's capacity. The rated capacity of a press is typically determined by the tonnage pressure. Its stroke size or strokes per minute measures the distance and time it takes for the ram to travel from top to bottom.

Appraisers also consider machines' bolster or bed size as well as the capacity of any slide adjustments. Single-acting presses have a single ram, while double-acting presses have a subdivided ram. Triple-acting presses exist but are seldom used.

There are a variety of control types used across different machines. Automatic or indexing machines automatically load the parts into the system and operate independently. Additionally, CNC, PC, or PLC controls may be present, enabling programing. Some machines remain manually controlled through a push button, pendant, or foot control. Appraisers find that tonnage, type, bed size, controls, and age typically have the greatest influence on press values.

HIGH TONNAGE MACHINES WARRANT SPECIAL APPRAISAL CONSIDERATIONS: Metal stamping presses are available in a wide variety of capacities. Presses in the 100- to 500-ton range are very common and readily transact on the secondary market. However, lenders should be aware that larger presses, particularly those with capacities of more than 1,000 tons, are substantial machines with a much more limited market and may warrant special appraisal considerations. Buyers of these larger presses, more likely used by manufacturers of very large metal parts such as automotive, appliance, or HVAC, may incur significant expenses to remove machines. Since these larger presses are often pit-mounted or have special flooring support, buyers may also need to factor in the cost of necessary building repairs after removal. These are important considerations that could result in lower values in a removal scenario.

Lenders looking to collateralize these types of machines should consult with an experienced appraiser to understand the appropriateness of other value definitions that value machines in place. Evaluating assets in this manner can result in higher recoveries as long as the evaluation reflects a realistic exit strategy.

SUPPORT EQUIPMENT ADDS VALUE: Some stamping lines may have support equipment that adds to the overall value. For example, an uncoiler may be installed to hold and safely pay off or uncoil steel strip. A straightener may be present to remove coil set from the material, allowing it to pass unrestricted through the die. A feeder may be set up next to the press to load the machine. This combination of equipment can add to a line's total value.

Lenders should look for detailed listings of support equipment within press groupings. While items may not be valued individually, lenders should be aware of the potential to sell off these items piecemeal should the entire line not sell in liquidation.

The Expert: Jerry Galaszewski

Jerry Galaszewski has over 20 years of experience in the industry. He has conducted and managed hundreds of machinery and equipment valuation projects across a wide range of industries. Previously was a senior manager at AccuVal-LiquiTec, which was acquired by Gordon Brothers in 2015. Read his full bio here.