



## New Greenwich financial firm forecasts shiny future for steel industry

By **Kevin Zimmerman** - March 30, 2017

Launched last September in Greenwich, Headwall Partners, an independent corporate finance and strategic advisory firm focused on the steel and metals industry, has just published its “North American Steel Sector Growth Survey” — showing an overwhelmingly high level of optimism about the steel industry’s future.

The survey was conducted among sector executives at the chairman, CEO and CFO levels to assess how management teams in the steel industry are pursuing strategic growth. Participating companies represented a broad spectrum of the industry’s subsectors, sizes and ownership structures.

Ninety-one percent of respondents said they believed the policies of the Trump administration will have a positive impact on 2017-18 gross domestic product, and 87 percent believe such policies will have a positive impact on steel volume growth. In addition, 96 percent of respondents said they were more optimistic about the prospects for their company’s financial performance over the next three years than over the past three years, and 96 percent said they expected their company to be equally active or more active in mergers and acquisitions over the next three years.

“That was pretty surprising,” said Headwall founder and managing partner Peter J. Scott. “You don’t typically see that kind of unanimity on those kinds of questions, especially when you’re dealing with different companies that have different backgrounds. I expected some positivity, but not quite that level of consistency.”

It is also heartening, Scott said, given the U.S. steel industry’s relatively moribund performance of late.

According to CNN, in 2015 nearly one in three tons of steel sold here was produced outside the country, with domestic shipments of about 87 million tons — nearly 12 percent below what American steel mills shipped in 2014. However, steel prices rose throughout most of 2016 and crude steel output in the U.S. has been predicted to increase by 4.4 percent this year, reversing almost two years of contraction, according to a recent average of forecasts from a Financial Times survey of 20 analysts.

Respondents to the Headwall survey certainly seemed positive about the promises being made by the Trump administration. When asked what new or expected policies would have the greatest positive impact on their multi-year growth, 30 percent said infrastructure spending and 26 percent said general economic growth. Asked what would have the greatest negative impact, the leading response was “none”, at 57 percent, followed by tariffs and restrictions on imports at 26 percent.

The survey was conducted before the initial failure of the Republicans’ proposed American Health Care Act to replace the Affordable Care Act — and the resultant questions throughout the media and among some government officials that such a setback could have negative knock-on effects on Trump’s other planned reforms, including his economic agenda — Scott said he wasn’t sure if respondents would still show the same confidence today.

Though many of Connecticut’s steel companies are located in Hartford County, Scott noted that Bridgeport is home to two significant firms, Feroletto Steel Co., a wholly-owned subsidiary of Toyota Tsusho America Inc., and Chapin & Bangs.

Scott has been an investment banker for more than 24 years, most recently as Americas head of industrials investment banking at Jefferies LLC in Manhattan. Previously he worked at Morgan Stanley and Salomon Brothers.

Launching Headwall was a matter of “feeling for a long time that I would like to build something of my own,” he said. “I thought that if I don’t do it now — I’m 51 years old — I might never do it. It’s exciting, if a little bit scary at times.”

The company conducts its business in alliance with affiliate firms such XMS Capital Partners in Chicago, Odinbrook Global Advisors in New Canaan and Aequitas Advisors LLC in Stamford, which Scott said allows Headwall to deliver to its clients teams of up to 70 professionals to advise on any particular project.

The Greenwich resident added that he’s seeking other junior and senior executives to join the firm, which has its office at 44 Amogerone Crossway.