

# Construction Materials 2022 Year in Review

April 2023



# A Note from Managing Director, Dennis Coker

The inflationary environment and series of rate increases by the Fed provided a challenging backdrop in 2022, but activity in the construction materials sector stayed strong despite the troubling environment. With the slowing of the pandemic and the start of projects funded by dollars from the Infrastructure Investment and Jobs Act, construction activity was in an exciting spot in 2022. This full year review includes some of the highlights from what the major construction materials companies achieved over 2022, as well as insight into how they see 2023 developing, and an overview of recent M&A activity and trends.

We hope you enjoy this update and look forward to working with you in the future. Please reach out to us if you have any questions.

Warmest regards,



Dennis Coker



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How did the major construction materials maneuver through the inflationary environment pressures of 2022?

## ***Arcosa Inc.***

Despite facing persistent inflationary pressures and headwinds, Arcosa grew revenue and adjusted EBITDA in each business segment. Within their construction products and engineered structures division, adjusted EBITDA improved by a combined 20%, reflecting proactive pricing actions to offset inflationary pressures. Arcosa generated revenue of \$2.24 billion, an increase of 14%, and adjusted EBITDA was \$325 million, up 19% year-over-year, after normalizing for the sale of the storage tank business.

## ***CEMEX SAB***

To regain the margins seen in 2021, Cemex has rolled out their growth investment strategy which included their recent announcement of the acquisition of Atlantic Minerals, which will increase their U.S. aggregate reserves by approximately 20%. Cemex has vowed to rebalance their portfolio to the tune of \$600+ million in divestitures. Margin declined 2.5% due to external factors, but their pricing strategy allowed Cemex to contain the impact on EBITDA to a 3% drop. Although Cemex saw a 5% drop in cement volume, its ready-mix volumes and aggregates volumes were both up 2%. Domestic gray cement prices were up 17% for 2022 compared to 2021, while ready mix and aggregates prices were both up 13% on average compared to the prior year.

## ***Construction Partners Inc. (CPI)***

Construction Partners had massive top-line growth, seeing revenues cross the \$1B mark, a 43% increase from 2021, but CPI only saw a 23% growth of adjusted EBITDA, driven primarily by increased costs of raw materials, fuel, and labor. Over the past year CPI had multiple acquisitions including that of a new platform company in the state of North Carolina and other bolt-on acquisitions including an asset swap with Blue Water Industries for three hot mix asphalt plants and a construction operation in Nashville. These new assets will fly under the Wiregrass Construction platform based out of Alabama.

## ***CRH PLC / Oldcastle***

Despite uncertainty and global volatility, CRH generated record growth in sales, profitability, margin, and cash. CRH saw sales growth of 12% and EBITDA growth of 13%, generating margin expansion when many of its peers were seeing top-line growth but margin contraction. Roughly \$3.3 billion in M&A was deployed across 29 transactions around the world—coupled with \$500 million on development capex, summing to almost \$4 billion toward future growth opportunities.

## ***Eagle Materials Inc.***

Eagle's fiscal year-end is March 31. Revenue was up 15% for fiscal year 2022 to a record \$1.9 billion, and most notably gross profit margin increased 270 basis points to 27.9% during this inflationary period. The increase was driven primarily by growth in the Cement and Wallboard sales volume and pricing. For the third quarter of 2023, Eagle landed record revenues, up 10% YoY.

## ***Granite Construction***

Granite saw a drop in revenue in fiscal year 2022 from \$3.5B to \$3.2B, and this drop was caused in part by the divestiture of Granite Inliner. Adjusted EBITDA margin actually rose for Granite from 6.0% to 6.4%, boosted by lower SG&A expenses in 2022. Granite saw growth in both revenue and profits in its Materials segment as a result of higher prices and increased volume of aggregate sales. Average net sales price rose 5% for concrete and 10% for aggregates.

# What Happened – 2022 (cont.)

## **Heidelberg Cement / Lehigh Hanson**

Although Heidelberg saw a 12% increase in revenue, EBITDA dropped 5% compared to 2021. Volumes were weak across all segments for Heidelberg in 2022, and high energy costs also helped contribute to the lower EBITDA. Asphalt volumes were hit especially hard, declining 21.2% compared to 2021, but aggregates volumes were only slightly down, falling 4.1%

## **Holcim**

Another company with a record year in 2022, Holcim set records this year in free cash flow production but most notably reduced their debt leverage to below 1x. Holcim is experiencing exceptional growth in the North American market. North America in 2022 represents 35% of net sales compared to 24% in 2019. Holcim has aggressively grown both its heritage cement, aggregates and concrete business and well as its new building envelope division. Holcim participated in 23 transactions this year, buying 6 businesses in the building envelope segment, which now comprises 19% of Holcim's sales.

## **Martin Marietta Materials**

In 2022, Martin Marietta delivered their most profitable year on record, growing revenues by 13.8%, gross profit by 5.6%, and EBITDA by 4.7%. Their ready mixed concrete product revenues declined 17% to \$931 million, driven primarily by the divestiture of their Colorado and Central Texas operations and partially offset by contributions from their acquired Arizona operations. Although prices grew across all building materials product lines by double digits, Martin Marietta still saw a 160 basis points decline in gross margin to 24.9%. Compared to the average selling price in 2021, Martin Marietta increased prices across most of its product lines in 2022 by 10.6% for aggregates, 16.9% for cement, 11.3% for ready mixed concrete, and 23.6% for asphalt.

## **Summit Materials**

Summit set annual records for operating income, net income, and pricing growth across all lines of the business. The pricing growth helped to offset a 3.6% decline in aggregates volume, a 5.2% decline in ready-mix volume, and a 3.3% decline in asphalt volume. Summit had particular success in its West Segment (revenue up 8.8%) and in its Cement Segment (revenue up 20.0%), but the East Segment was down 22.6% in part because of a series of divestitures.

## **Vulcan Materials**

Vulcan generated tremendous growth in revenue in 2022, increasing 32% over 2021, driven by organic growth and strategic acquisitions. Vulcan's strong year was supported primarily by the aggregates (11% increase in cash gross profit) and asphalt (114% increase in cash gross profit) segments, but the concrete segment saw a 39% decline in cash gross profit as a result of divestiture, lower volumes, and higher input costs.

## **Key Trends**

A number of construction materials companies set records for revenues and earnings in 2022 as they passed along rising input costs to their customers through higher pricing. While some companies were able to maintain equilibrium, or get ahead of this input pricing pressure, other companies saw lower gross margins and EBITDA compression as they were not able to immediately pass through all of these input price increases. M&A activity was incredibly strong over the course of the year, through active non-core asset divestiture efforts of several large firms, as well as a steady string of acquisitions by both private and public construction materials companies, although the series of rate increases by the Fed did slow activity toward the latter part of the year. While demand in the United States remained elevated as a result of increased funding to the Infrastructure Investment and Jobs Act, demand in Europe seemed to waver a bit as the threats of rising energy prices and recession loomed.

# What the Majors Predict – 2023

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*“Coming off the year with double-digit cost inflation, we aren’t yet seeing any meaningful signs of cost easing. So, our planning stance is for costs to remain elevated for 2023... With ongoing inflation and supply chain constraints at our best-case scenario, we need to remain focused on controlling what we can control both on price and on operational excellence.”*

**--Anne Noonan, President and CEO, Summit Materials**

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## ***Arcosa Inc.***

In 2023, Arcosa anticipates favorable pricing to continue, particularly in the first half of the year as they benefit from the sharp acceleration in prices in 2022. Although they are not providing volume guidance for 2023, they expect to compensate for any volume softness with higher unit pricing and profitability as demonstrated in the fourth quarter.

## ***CEMEX S.A.B.***

For 2023, they expect cement volumes to remain flat while ready-mix and aggregates should grow at mid and high-single digits, respectively. However, the expectation is that there will be a low-single digit volume decline across all products driven by the residential sector and that margins will return to 2021 levels.

## ***CRH PLC / Oldcastle***

In North America, CRH believes they will reap benefits from strong pricing and robust infrastructure demand due to funding at the federal and state levels. CRH expects volumes to drop in Europe, but positive pricing momentum should help to offset these declines. As a whole, they expect resilient demand and strong pricing in the face of macroeconomic unknowns and continued inflation.

## ***Construction Partners Inc.***

CPI has a strong backlog in terms of both demand and margin, leading them to predict a strong year. While the company does have concerns around economic uncertainty and potential productivity loss due to supply chain challenges, it expects to continue its focus on growth through acquisition.

## ***Eagle Materials Inc.***

In fiscal 2023, they expect capital spending to increase to a range of \$115 million to \$125 million as they ramp up several projects to expand the production of cement and to continue to improve their low-cost assets.

## ***Granite Construction***

Granite Construction believes they will continue to see meaningful improvement in profitability in the Construction segment in 2023 as they continue on their path to the 2024 EBITDA margin target of 9% to 11%.

## ***Heidelberg Cement / Lehigh Hanson***

Heidelberg expects to see moderate growth in cement revenue as well as growth in revenue from intra-group services, but they do expect to see operating results to be slightly lower than in 2022 due to the higher costs for raw materials, consumables, and supplies.

# What the Majors Predict – 2023 (cont.)

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## ***Martin Marietta Materials***

In 2023, Martin Marietta believes the market will see steady demand, continued inflation, and attractive pricing dynamics. Martin Marietta expects to see only modest cost improvement in 2023, e.g. believes that the cost per gallon of diesel falls only modestly from current elevated levels. They remain focused on the disciplined execution of their strategic plan to responsibly grow through acquisitions and reinvest in the business while also returning capital to shareholders.

## ***Holcim***

Holcim feels their highly synergistic bolt-on acquisitions will continue in 2023 with a number of targeted transactions. Expansion into North America has led to a high organic growth rate in the region in addition to the recent spate of acquisitions.

## ***Summit Materials***

Summit's 2023 outlook includes significant pricing gains in 2023, particularly for aggregates and cement. Operationally, supply chain pressures have not yet eased and management expect certain input costs to remain challenged in 2023, as they press ahead with their continuous improvement projects across each line of business..

## ***Vulcan Materials***

Vulcan Materials expects that double-digit price growth and strong operational performance will offset cost inflation. While they foresee demand growth in the public markets, they expect the private market to see softer demand for 2023.

## ***Key Trends***

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Overall, the outlook for 2023 remains favorable for construction materials companies despite rising input costs, supply chain headwinds and labor shortages continuing to be issues for all producers. Projected increases to interest rates in 2023 and rising inflation have introduced some uncertainty around cost of capital for construction projects and their possible impact on M&A activity. However, as many construction materials producers focused on right-sizing their portfolios and spinning off non-core assets in 2022, they will look for opportunities to redeploy that capital to gain an edge over more stagnant competition. Based on early 2023 activity, we expect to see another year of strong M&A activity.

# Valuation and Trading Statistics for Major Players

| Ticker | Company Name | Stock Price<br>4/18/2023 | % of 52-Week |     | Market Cap | Enterprise Value | LTM Revenue | LTM EBITDA | Enterprise Value / |            |
|--------|--------------|--------------------------|--------------|-----|------------|------------------|-------------|------------|--------------------|------------|
|        |              |                          | High         | Low |            |                  |             |            | LTM Revenue        | LTM EBITDA |

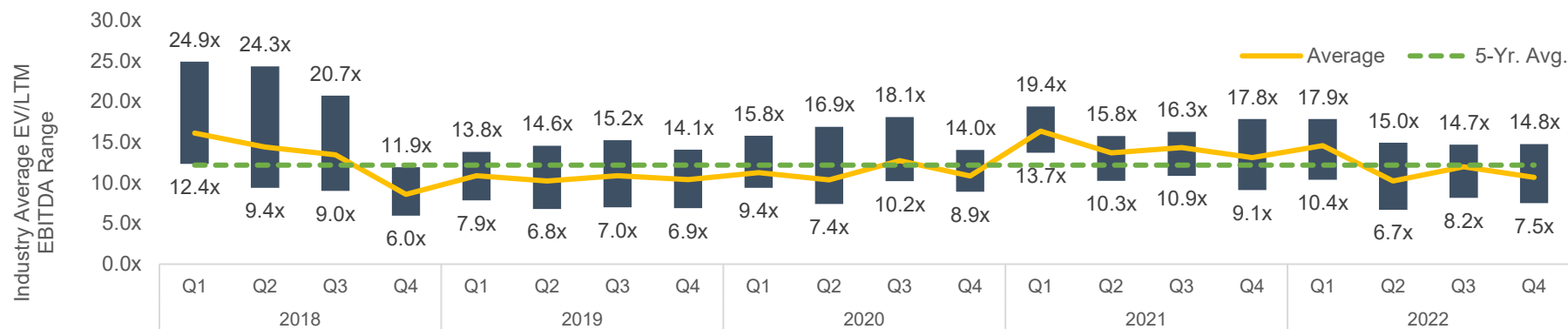
(All \$ in MM except for Stock Price)

## Construction Materials Product Index

|           |                          |          |      |      |           |           |           |          |      |       |
|-----------|--------------------------|----------|------|------|-----------|-----------|-----------|----------|------|-------|
| NYS: ACA  | Arcosa                   | \$ 60.1  | 91%  | 138% | \$ 2,913  | \$ 3,303  | \$ 2,243  | \$ 325   | 1.5x | 6.6x  |
| NYS: CX   | Cemex                    | \$ 6.0   | 100% | 188% | \$ 8,701  | \$ 8,713  | \$ 15,450 | \$ 1,631 | 0.6x | 5.3x  |
| NAS: ROAD | Construction Partners    | \$ 25.5  | 77%  | 135% | \$ 1,346  | \$ 1,746  | \$ 1,358  | \$ 112   | 1.3x | 17.1x |
| LON: CRH  | CRH                      | \$ 49.3  | 96%  | 158% | \$ 36,537 | \$ 42,203 | \$ 32,723 | \$ 5,615 | 1.3x | 7.6x  |
| NYS: EXP  | Eagle Materials          | \$ 143.7 | 94%  | 141% | \$ 5,180  | \$ 6,214  | \$ 2,091  | \$ 740   | 3.0x | 8.6x  |
| NYS: GVA  | Granite Construction     | \$ 38.7  | 88%  | 153% | \$ 1,695  | \$ 1,530  | \$ 3,301  | \$ 210   | 0.5x | 8.5x  |
| ETR: HEI  | HeidelbergCement         | \$ 77.1  | 100% | 205% | \$ 14,352 | \$ 21,115 | \$ 22,179 | \$ 3,646 | 1.0x | 5.8x  |
| SWX: HOLN | Holcim (LafargeHolcim)   | \$ 65.3  | 100% | 165% | \$ 38,457 | \$ 44,950 | \$ 30,570 | \$ 7,239 | 1.5x | 6.1x  |
| NYS: MLM  | Martin Marietta          | \$ 353.6 | 91%  | 124% | \$ 21,922 | \$ 26,994 | \$ 6,161  | \$ 1,600 | 4.4x | 15.3x |
| NYS: SUM  | Summit Materials         | \$ 27.0  | 78%  | 125% | \$ 3,208  | \$ 4,244  | \$ 2,413  | \$ 491   | 1.8x | 6.7x  |
| NYS: VMC  | Vulcan Materials Company | \$ 171.9 | 87%  | 125% | \$ 22,870 | \$ 27,256 | \$ 7,315  | \$ 1,626 | 3.7x | 17.8x |

## Statistics

|             |                |            |             |                  |                  |                  |                 |             |             |
|-------------|----------------|------------|-------------|------------------|------------------|------------------|-----------------|-------------|-------------|
| Min         | \$ 6.0         | 77%        | 124%        | \$ 1,346         | \$ 1,530         | \$ 1,358         | \$ 112          | 0.5x        | 5.3x        |
| Median      | \$ 60.1        | 91%        | 141%        | \$ 8,701         | \$ 8,713         | \$ 6,161         | \$ 1,600        | 1.5x        | 7.6x        |
| <b>Mean</b> | <b>\$ 92.6</b> | <b>91%</b> | <b>151%</b> | <b>\$ 14,289</b> | <b>\$ 17,115</b> | <b>\$ 11,437</b> | <b>\$ 2,112</b> | <b>1.8x</b> | <b>9.6x</b> |
| Max         | \$ 353.6       | 100%       | 205%        | \$ 38,457        | \$ 44,950        | \$ 32,723        | \$ 7,239        | 4.4x        | 17.8x       |



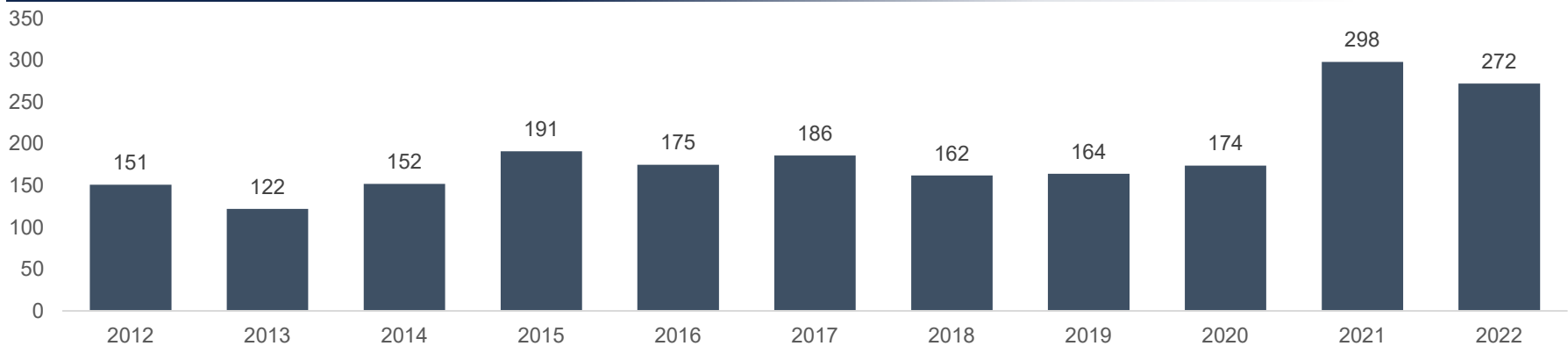
# 2022 Transaction Trends

After the flurry of M&A activity in 2021, 2022 could have easily seen a sharp decrease in transactions, but the number of deals getting done in the sector saw only a slight dip in overall terms of quantity. A major trend seen throughout the year was the large public companies taking a strategic look at their portfolios and divesting business units or isolated assets that were deemed non-core for a variety of reasons from geographic location, or product segment, lack of growth opportunities, to a lack of synergies with the rest of the business. Some notable divestitures occurred over the year. Martin Marietta divested several cement and ready-mix operations throughout the course of the year in order to get away from vertical integration in certain ready mix and cement markets. CalPortland saw this as an opportunity to grow in its key geographic markets and key product segments (cement and ready mix), acquiring some of the non-core operations from Martin Marietta, and spending ~\$600M on the two deals. Holcim, having purchased Firestone Building Products in 2021, continued to aggressively pursue deals in its new business segment. They added Malarkey Roofing Products in a \$1.35B deal in addition to acquiring SES Foam. Vulcan spun off some NE US ready mix assets, and Argos exited some major ready mix markets. CRH had a noteworthy year with the \$3.8B divestment of its Building Envelope business followed by the \$1.9B acquisition of Barrette Outdoor Living, in addition to several smaller acquisitions. While it was announced that MDU Resources would be spinning off Knife River to create two independent public companies, that deal is not expected to go into effect until Q2 of 2023. Knife River will continue with a focus on aggregates and construction materials, while MDU Resources will be largely focused on regulated utilities, natural gas pipelines, and infrastructure services. While not directly M&A related, another trend that has been gathering steam is the rebranding of companies to a common name. LafargeHolcim became Holcim, and HeidelbergCement (Lehigh Hanson in the US) became Heidelberg Materials.

While it was a busy year for the large public companies, private construction materials companies also had an eventful year on the M&A front. SRM Concrete completed over a dozen acquisitions in 2022, Blue Water Industries completed a swap to add a quarry to its North Carolina footprint, and Rogers Group expanded into the Dallas – Fort Worth market through acquisition of sand and gravel operations.


















The flurry of M&A activity seen throughout 2021 continued into the first half of 2022 before tapering off in the latter half of the year amid consistent rate increases by the Fed and persistent recessionary fears.

## Historical M&A transaction count in the Building Materials Industry






































# 2022 Notable Construction Materials Transactions

| Companies   |   | Rationale / Commentary  |
|---|---|---|
|     |    | MDU Resources has announced a plan to separate Knife River, its construction materials operating business, creating two focused, independent publicly traded companies. The spinoff is expected to create financial and strategic flexibility for each company to focus on its core business opportunities and potentially unlock significant shareholder value.  |
| Target  | Buyer   | Rationale / Commentary  |
|    |    | Holcim acquired CM Rubber Technologies via its subsidiary Geocycle. CM Rubber Technologies is the largest tire recycler in northern Michigan, and the company helps recycle tires and turn them into landscaping mulch, playground cover, drain field aggregate, and equestrian footing. It will also provide a source of stable, low emission fuels for the Alpena cement plant.   |
|    |    | The Dallas and Lubbock, Texas, operations of Granbury Excavating were purchased by the Rogers Group. This acquisition helps build out Roger's Group's footprint in Texas, and these sand and gravel operations should help the company strengthen its footprint in the Texas panhandle and the growing north Texas market..   |
|     |    | Rogers Group acquired the Ennis, Texas, operation of Tri-County Materials, a sand and gravel producer in the DFW market. Through the acquisition, Rogers Group hopes to continue to bolster its western division as it continues to expand into this fast-growing market.   |
|    |    | SRM Materials, the aggregate division of SRM concrete, acquired Brown Brothers Sand in Junction City, Georgia. This acquisition gives SRM Materials a third site in the state of Georgia. This continues SRM's focus on adding aggregates that will allow it have an element of vertical integration in its existing ready mix markets  |
|     |    | Heidelberg Materials announced the acquisition of RWG Holding GmbH, an integrated provider in the demolition and construction materials recycling sector based in Berlin, Germany. The acquisition will help Heidelberg achieve its climate targets by using recycled aggregates.   |
|   |   | Ferebee Corporation, a full-service hot-mix asphalt and paving company, was acquired by Construction Partners, Inc. Ferebee Corporation is based in Charlotte and helps serve the attractive Charlotte/Rock Hill market and the surrounding areas. This transaction will help CPI better serve North Carolina, one of the fastest growing states in the country, with its three new hot-mix asphalt plants.   |
|  |  | SRM Concrete announced the acquisition of USC-Atlantic, a subsidiary of US Concrete, and this transaction will help bring 28 ready-mix locations in New York, New Jersey, and Pennsylvania into SRM's portfolio. This deal will bring 600 new members into the SRM team, bringing the company's total workforce to over 6,000 people in 19 states. This acquisition is a major expansion of the company in to the Northeastern and Mid-Atlantic US. |
| Aggregate Transportation  |  | SRM Concrete acquired Aggregate Transportation, an aggregate and cement distribution company in Panama City, Florida. After facing material shortages over the course of 2022, SRM wanted to prioritize access to raw materials so that they can better serve the needs of their customer base.   |



















# 2022 Notable Construction Materials Transactions

| Target  | Buyer   | Rationale / Commentary  |
|---|---|---|
| <br>BLUE WATER INDUSTRIES<br>Nashville Area Hot-Mix Asphalt Plants   | <br>CONSTRUCTION PARTNERS INC.<br>A LEADING INFRASTRUCTURE COMPANY | Construction Partners, Inc. acquired three hot-mix asphalt plants in the Nashville area from Blue Water Industries that will be bolted onto CPI's platform company, Wiregrass Construction Company, which is based in Alabama and has operations near Nashville. As part of the transaction, CPI received cash and transferred ownership of its Daurity Springs Quarry located in Central North Carolina to Blue Water.                               |
| <br>Martin Marietta<br>California Cement Plant and Related Terminals | <br>CALPORTLAND  | Martin Marietta Materials entered into an agreement to sell its Tehachapi, California, cement plant and related distribution terminals to CalPortland Company for \$350 million in cash. The transaction is expected to close in the first half of 2023, subject to regulatory approval and other customary closing conditions.   |
| <b>Polymers Sealants</b><br>North America   | <br>HOLCIM   | Holcim (building envelope division) acquired the Polymers Sealants North America (PSNA) division of Illinois Tool Works. PSNA is a leader in coating, adhesive, and sealant solutions with 2022 est. Net Sales of \$100 million. With more than 150 employees and manufacturing plants in California, Arizona, Texas, Georgia and Massachusetts, PSNA will accelerate the growth of Solutions & Products, especially in waterproofing and coatings.   |
| <br>JEV RECYCLING   | <br>Heidelberg Materials   | Heidelberg Materials acquired JEV Recycling, a recycler of concrete and asphalt with a facility in Woodinville, Washington. Heidelberg says the addition strengthens its portfolio of recycled materials in the Seattle area, allowing the company to better meet the increasing need for more sustainable construction materials.  |
| <br>HUDDY'S<br>AGGREGATE MATERIALS                                   | <br>SRM<br>CONCRETE  | SRM Materials, the aggregate division of SRM concrete, acquired Huddy's Aggregate Materials in Murray, Kentucky. This acquisition marks SRM Materials' first quarry in the state of Kentucky.   |
| Matthews Sand & Gravel and Edge<br>Aggregates   | <br>BLUE RIDGE<br>CONSTRUCTION CAPITAL                             | Blue Ridge Construction Capital acquired Matthews Sand & Gravel and Edge Aggregates, a pair of North Carolina-based construction materials companies. As part of the transaction, Blue Ridge Construction Capital combined Matthews Sand & Gravel and Edge Aggregates into Matthews-Edge Sand, a single entity that will serve the market in and around Raleigh, North Carolina with construction aggregates.   |
| Wells Hauling   | <br>SRM<br>CONCRETE   | SRM Concrete acquired Wells Hauling, a materials transportation company in Pembroke, Georgia. Following Pyles Transport and Young Trucking, this acquisition marks the third transportation company acquired by SRM Concrete this year.   |
| <br>UNION<br>Quarries INC.<br>STONE • CONCRETE • BLACKTOP          | <br>YORK<br>BUILDING<br>PRODUCTS<br>A STEWART EDWARDS COMPANY    | York Building Products, a manufacturer of aggregates, concrete masonry products, retaining walls, lintels and colored masonry cements, acquired Pennsylvania-based Union Quarries. Union Quarries, which is based in Carlisle, Pennsylvania, produces crushed stone, asphalt and ready-mixed concrete products.   |
| <br>SHALE<br>SUPPORT   | <br>Gulf Coast Sand  | Gulf Coast Sand (GCS), a producer and supplier of specialized and blended sands, abrasives and gravel, acquired the assets of Shale Support. With this move, GCS now has more than 900 mineable acres of aggregate reserves. The acquisition also provides GCS with increased specialty sand capabilities, including two fluid bed driers, 10 mineral separators and 24,000 tons of silo storage, all paired with truck and unit rail train load out. |







# 2022 Notable Construction Materials Transactions

| Target   | Buyer   | Rationale / Commentary   |
|--|---|--|
|    |    | Vulcan Materials Co. purchased Syar Industries, a construction materials producer headquartered in Napa, California. Syar is one of the largest independently owned construction materials producers of scale in Northern California. The company offers construction aggregates, recycled materials, hot-mix asphalt and ready-mixed concrete.  |
| <br>Conway, South Carolina                                |    | The acquisition of Southern Asphalt, based in Conway, South Carolina, expands the CPI footprint into eastern South Carolina in the Myrtle Beach metro area, among the fastest growing markets in the nation. CPI added two hot-mix asphalt plants and more than 200 employees, presenting opportunities to bid on an attractive mix of public and commercial projects.   |
|    |    | CRH acquired Barrette Outdoor Living, Inc., North America's leading provider of residential fencing and railing solutions for an enterprise value of \$1.9 billion (<8x post-synergies). The acquisition enhances CRH's outdoor living solutions, with a comprehensive product offering, industry leading brands, and strong growth in its existing APG (Architectural Products Group) business.                               |
| <br>West Coast Cement and Ready Mixed Concrete Operations |    | Martin Marietta sold certain West Coast cement and ready mixed concrete operations to CalPortland Company for \$250 million in cash. The operations include the Redding cement plant, related cement distribution terminals and 14 ready-mixed concrete plants located in California. The transaction is expected to close in the second half of 2022, subject to regulatory approvals and other customary closing conditions. |
|   |    | Holcim (building envelope) acquired SES Foam, the biggest independent spray foam insulation company in the US with 2022 est. Net Sales of \$200 million. This transaction adds to Holcim's recent acquisitions, from Firestone Building Products to Malarkey Roofing, taking its pro forma 2022 Net Sales in roofing and insulation to \$3.5 billion.  |
|    |    | Arcosa acquired Recycled Aggregate Materials Company, Inc. ("RAMCO") for ~\$75 million. Headquartered in Simi Valley California, RAMCO is a leading independent producer of recycled aggregates serving the greater Los Angeles metro area from four strategic locations. RAMCO had a TTM Adj. EBITDA of \$9.6 million implying a ~7.8x EBITDA multiple.   |
|    |    | Holcim acquired Cajun Ready Mix Concrete, the largest in its sector in the Baton Rouge metropolitan area. The transaction will integrate Cajun's eight ready-mix concrete plants, 108 employees, and 51 mixer trucks into the existing Holcim Louisiana business. This acquisition adds to Holcim's recent bolt-ons in ready-mix concrete.   |
| Young Trucking   |   | SRM Concrete acquired Young Trucking, the largest bulk cement distributor in Southwest Florida. This marks SRM's second acquisition of a cement distributor following the acquisition of Pyles Transport in Middle Tennessee.  |
|   |  | An affiliate of CRH Americas Materials acquired Kentucky-based Hinkle Contracting, an asphalt paving and production contractor, from Summit Materials for >10x EBITDA.   |
|   |  | An affiliate of CRH Americas Materials acquired Rinker Pipe reinforced concrete drainage structures in Houston, DFW and San Antonio from Quikrete. The deal continues Oldcastle Infrastructure's recent expansion of drainage structure capacity, underscored by the early-2021 acquisition of six-plant Minnesota operator Hancock Concrete Products.   |











# 2022 Notable Construction Materials Transactions

| Target  | Buyer   | Rationale / Commentary  |
|---|---|---|
|    |    | SRM Concrete acquired Titan Ready Mix in Covington, Georgia. The acquisition includes one ready-mix concrete plant.   |
| Darby Ready Mix and Clinton-Tecumseh Aggregates   |    | SRM Concrete announced the acquisition of Darby Ready Mix in Southeast Michigan. This acquisition will add two new ready-mix concrete plants and a quarry to the family-owned company's 23 existing Michigan locations. In addition to the ready-mix plants, SRM Materials, the aggregate division of SRM Concrete, acquired Clinton-Tecumseh Aggregates, a sand and gravel quarry in Lenawee County. This addition marks the company's second quarry in Michigan and the 17th nationwide.  |
| Meriwether Ready Mix  |    | A North American subsidiary of Heidelberg Materials, acquired the assets of Meriwether Ready Mix, a ready-mixed concrete producer for residential and commercial customers. Meriwether is based in Atlanta, the assets acquired include four ready-mix plants and a fleet of mixer trucks.  |
| <br><br>Allstate Ready Mix |    | SRM made a series of significant ready mix concrete acquisitions this year, through acquisition of non-core assets and acquisition of privately owned businesses. Martin Marietta sold its Colorado and Central Texas ready mixed concrete operations to Smyrna Ready Mix Concrete. SRM Concrete also acquired Charley's Concrete in the Dallas/Fort Worth market. This acquisition includes six concrete plants around the DFW area. SRM Concrete completed a transaction with Argos USA which includes 18 ready-mix concrete plants in North Carolina and five in Florida. SRM Concrete acquired Environmental Concrete & Materials in Fort Myers, Florida. Earlier in the year, SRM Concrete acquired Louisville-based Allstate Ready Mix. |
| <br>Assets from Argos USA  |   |   |
|    |    | SRM Concrete acquired Pyles Transport Inc. Pyles Transport specializes in the transportation of dry bulk materials such as cement, fly ash, and lime. This acquisition will allow SRM Concrete to further control the logistics involved in the production of its ready-mix concrete.   |
|    |    | The acquisition provides enhanced vertical integration of construction services. GAC adds assets and crews, enhancing operational capabilities in an existing growth market. This acquisition allows CPI to bid on a wider array of projects in the surrounding Panama City, Florida, market.   |
| <br>Wilmington, NC  |   | The bolt-on acquisition of Southern Asphalt, based in Wilmington, North Carolina, marks CPI's first entry into this market.   |
|   |  | Oldcastle APG, a CRH company, acquired Calstone, a leading manufacturer of pavers, concrete masonry, segmental retaining walls and packaged products based in Northern California. Calstone serves high-demand markets including San Francisco, Sacramento, San José and the Central Valley-area.   |
|   |  | Holcim (building envelope) completed the acquisition of Malarkey Roofing Products, a rapidly growing player in the U.S. residential roofing market. Following on the heels of the Firestone Building Products acquisition, this is a significant bolt-on to a relatively new division. Malarkey has projected 2022 sales of \$600 million and EBITDA of \$120 million. The acquisition is a big step towards Holcim's goal of achieving \$4 billion in net sales in roofing by 2025.  |

# 2022 Notable Construction Materials Transactions

| Target  | Buyer   | Rationale / Commentary   |
|---|---|--|
|  |  | <p>United States Lime &amp; Minerals acquired Mill Creek Dolomite. Though a small acquisition, Mill Creek Dolomite adds high purity reserves to U.S. Lime, allowing them to sell higher value products into specialty markets such as roofing materials and glass.</p>   |
|  |  | <p>Heidelberg Materials acquired Corliss Resources, a bolt-on ready mix and aggregates acquisition to their Washington state business. The acquisition includes aggregate operations with annual sales volumes of about 2 million tons and reserves and resource tons of ~ 170 million tons, and four concrete plants selling ~390K cubic yards in the greater Seattle area.</p>                           |
|  |  | <p>Holcim completed the acquisition of Cowden Inc., a leader in ready-mix concrete and aggregates in Bellingham, Washington. This acquisition expands Holcim's footprint in the Pacific Northwest region of the United States. Since 1945, Cowden has been a trusted building partner in its region, growing to include two ready-mix concrete plants, eight aggregate facilities and a hauling fleet.</p> |

# Early 2023 Notable Construction Materials Transactions

| Target   | Buyer   | Rationale / Commentary  |
|--|---|---|
|                                      |    | <p>Holcim (building envelope) signed an agreement to acquire Duro-Last, a leading provider of commercial roofing systems in the United States. The \$1.3B acquisition, which represents a 11.9x deal based on 2023 pro-forma EBITDA (7.4x after synergies), bolsters roofing systems revenues to over \$4B on an annual basis. “Duro-Last is a perfect strategic fit for our roofing business. Its proprietary technologies and leading brands complement our offering in the fast-growing North American market.,” said Jan Jenisch, CEO, Holcim.</p>                    |
|                                     |    | <p>CPI announced the acquisition of Pickens Construction, Inc. The acquisition will help expand their footprint into the Upstate region of South Carolina, unlocking more reach on the I-85 corridor between Greenville and Atlanta.</p>  |
|                                     |    | <p>The Brunswick Canyon quarry and asphalt plants became the newest part of Granite’s portfolio in March, helping support Granite’s operations in Northern Nevada. Based in Carson City, the Brunswick Canyon quarry will help Granite improve its service in Carson City, South Reno, Tahoe, and the Highway 395 corridor.</p>   |
| <br>Fiberglass Mat Facility         |    | <p>Holcim (building envelope) completed the acquisition of a fiberglass mat facility in Maryland from an affiliate company of Maryland Paper. The acquisition is meant to strengthen Malarkey’s ability to produce sustainable and resilient shingles for the residential roofing market in the United States and Elevate’s ability to produce ISOGARD insulation boards. With Holcim’s “Strategy 2025 – Accelerating Green Growth” goals in mind, the new facility should help Holcim expand its Solutions and Products business to 30% of group sales by 2025.</p>      |
| <br>13 Sand and Aggregates Quarries |  | <p>Holcim acquired the sand and aggregates quarries of Pioneer Landscape Centers, including thirteen quarries serving the Denver, Phoenix, and Colorado Springs markets. “This transaction delivers significant synergies for our wider ready-mix concrete business. These quarries will be complementary to Holcim’s December acquisition of aggregate reserves in Greely, Colorado. Given the strong growth expected in the region, we’re thrilled to make acquisitions that anticipate our customers’ needs,” remarked Toufic Tabbara, Region Head, North America.</p> |

# FOUNDERS

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