

# Construction Materials

## 1H 2023 Review and Year End Outlook

November 2023

**FOUNDERS**  
ADVISORS



# A Message from Dennis Coker

Construction materials companies were given a full range of challenges to start 2023, including increased interest rates and lingering inflation, but these companies have managed to deftly maneuver the pricing environment and create strong results through the first half of the year. M&A activity has continued at a fairly strong pace, but the market has seen some compression in the multiples paid on deals due to the increased cost of debt after the run up in interest rates.

The trend of portfolio realignment and shifts in strategic direction has proceeded with some surprises on the M&A front. This review includes some of the highlights from what the major construction materials companies achieved in the first half of 2023, as well as insight into how they see the rest of 2023 developing, and an overview of recent M&A activity and trends.

We hope you enjoy this half year results update and look forward to discussing the market with you in the future. Please reach out to us if you have any questions.

Warmest regards,



Dennis Coker



Dennis Coker

*Managing Director*

*Industrials – Construction and Building Materials*

[dcoker@foundersib.com](mailto:dcoker@foundersib.com)

(O) 214-550-3552

(M) 469-818-8749

## How did the major construction materials companies navigate macroeconomic challenges in 1H 2023?

### **Arcosa Inc.**

Arcosa successfully divested its storage tanks business in October of 2022 for \$275 million, allowing the company to focus its growth and expansion in other areas. One such investment, outside of construction materials, is the expansion of the company's wind tower manufacturing facility in New Mexico. This should allow Arcosa to have increased production for their announced \$750 million in orders for new wind towers. Normalized for the divestiture of the storage tanks business, Arcosa saw growth in both revenues (+8% YoY) and adjusted EBITDA (+3% YoY) in Q2. Gains in construction products in both revenue (+8% YoY) and EBITDA (+5% YoY) were offset by flat revenues and decreasing EBITDA (-17% YoY) in the engineered structures division. Strong volumes and higher pricing led to explosive growth in revenue (+28% YoY) and EBITDA (+108% YoY) in the transportation products segment in Q2.

### **CEMEX SAB**

CEMEX saw double-digit growth in sales (+11% YoY), with all regions contributing to varying degrees. In the United States in Q2, operating EBITDA was up (+87% YoY) as a result of the company's aggressive pricing strategy and focus on managing input costs. Price increases for the first half varied widely across Mexico, USA, EMEA, and SCAC regions. For Mexico, price increases were high across domestic gray cement (+28%), ready-mix (+41%), and aggregates (+34%). In the United States, prices rose in domestic gray cement (+18%), ready-mix (+23%), and aggregates (+20%) but not to the level of prices in Mexico.

### **Colas**

Colas grew revenue in the first half (+4%), growing both in France (+1%) and outside of France (+7%). While Colas recorded an operating loss in the first half (and tends to every first half of the year due to the seasonal nature of much of the business), backlog stands at a record high €14.1 billion, a strong increase (+11%) on a like-for-like basis.

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

Construction Partners' fiscal year end is September 30. Through Q3, the company saw double digit YoY growth in revenue (+19.8%). For Q3, adjusted EBITDA rose (+50%), aided by increased margins. CPI continues their southeastern US expansion, making five strategic acquisitions this fiscal year, aggressively pursuing the South Carolina market. At the end of the quarter, CPI hit a new record backlog of \$1.59 billion (compared to \$1.33 billion at the same point last year), showing strong momentum into the second half of the year.

### **CRH PLC/Oldcastle**

CRH made the move in the first half of the year to change its primary listing to the New York Stock Exchange, ringing the bell in NYC to mark this milestone in September. Through the first six months of 2023, CRH is once again performing at record levels, posting a 14% increase in EBITDA, driven by an increase in sales (+8%) and EBITDA margin (+90 bps). On the Americas Buildings Solutions front, sales were up on a like-for-like basis (+1%) and total basis (+21%), pointing to strong integration of recent acquisitions such as the Barrette Outdoor Living acquisition. Europe Building Solutions saw decreases in sales (-6% LFL) and EBITDA (-16% LFL) with slower residential activity and poor weather conditions.

### **Eagle Materials Inc.**

Eagle's fiscal year-end is March 31. For the quarter ending June 30, Eagle achieved record revenue (+7% YoY) and major growth (+16%) in adjusted EBITDA. The company delivered increases to gross margins (+240 bps), and Eagle increased cement volumes (+1%) along with strong pricing increases (+15%) to help provide the record quarter.

### **Granite Construction**

Granite saw a slight decline in revenue (-2.9%) to start 2023, but the company managed a slight increase in adjusted EBITDA (+2.9%) over the first six months of the year. In addition to a rainy first quarter in many of its markets, Granite experienced schedule impacts to its I-64 High Rise Bridge project, having negative impacts on both revenue and gross profit.

# What Happened – 1H 2023 (cont.)

How did the major construction materials companies navigate macroeconomic challenges in 1H 2023?

## **Heidelberg Materials**

Heidelberg performed robustly in the first half of 2023, delivering growth in revenue (+8.5%), EBITDA (+21.3%), and EBITDA margin (+174 bps). Q2 in North America displayed increased revenue (+8%) despite weakness in the residential sector, and that same softness in the residential sector was seen in Western & Southern Europe. Sales volumes declined across all business lines, but pricing gains helped more than offset any decline in volumes.

## **Holcim**

Holcim had a strong H1, with growth in organic net sales (+7.4%) and organic recurring EBIT (+13.4%). As a result of the company's continued efforts to expand in North America, Holcim saw marked growth in organic net sales (+15.8%) and organic recurring EBIT (+25.7%) in the region. The company was incredibly aggressive on the M&A front over the first half of the year, closing 18 total acquisitions—most notably, adding several construction materials acquisitions, and Duro-Last (roofing) to Holcim's Solutions & Products division.

## **Knife River**

After successfully completing its spinoff from MDU Resources, Knife River announced results for the first time as an independent company. With a record second quarter in terms of revenue (+10% YoY) and EBITDA (+43% YoY), Knife River's first half of the year is off to a hot start.

## **Martin Marietta Materials**

In the second quarter, Martin Marietta delivered record revenue in its Building Materials business (+11.6%), and gross profit hit records as well after a sharp increase (+34.3%) compared to 2Q of last year. After a rainy first half of the year in many of Martin Marietta's key markets, volumes were down in aggregates (-3.6%), cement (-3.2%), ready mix concrete (-21.9%), and asphalt (-3.9%), but price growth (+20%) percent in aggregates, cement, and ready mix helped to offset any decline in volume.

## **Summit Materials**

Summit delivered a record 2Q in terms of both net revenue (+7.7%) and adjusted EBITDA (+16.9%), as well as an all-time quarterly record for adjusted cash gross profit (+17.0%). Excluding the impacts from divestitures and acquisitions, volumes were down across aggregates (-2.6%), cement (-0.5%), and ready-mix (-14.8%), but asphalt volumes rose (+8.5%) over the first half of the year. Despite lower volumes, (+16%) pricing gains across all four segments helped deliver the record quarter for Summit.

## **Vulcan Materials**

Despite modest growth in revenue (+7.6%), Vulcan saw extreme growth in adjusted EBITDA (+25.4%) over the first half of 2023. Even with a drop in the volume of aggregates shipments (-1.5%), gross profit for the segment rose (+24.2%) as a result of strong pricing trends (+17.4%). Though Vulcan saw a drop in concrete volumes (-26.4%) partly as a result of the divestiture of NY, NJ, and PA concrete operations in 4Q 2022, asphalt volumes saw a steady increase (+7.1%).

## Key Trends

With significant inflationary pressure across nearly all areas of cost in 2022, construction materials companies have been focused on passing these cost increases through to customers and improving margins. This has led to incredibly strong pricing momentum in the first half of the year as price increases went into effect. Demand remains strong in both infrastructure and nonresidential markets, but increased interest rates have led to slowdowns across large parts of the residential market. The effect of this residential slowdown combined with uncharacteristic weather patterns in many key markets led to a decrease in volumes across most product lines to start 2023. However, pricing increases generally helped more than offset the declines in volume. Many companies stayed active on the M&A front, but the number of deals getting done has decreased from the elevated amounts of 2021 and 2022. Besides the cost of debt for acquisitions increasing, making acquisitions more expensive, some deals have not closed due to sellers still seeking the higher EBITDA multiples of 2021 and early 2022.

# What the Majors Predict – 2023

*We continue to be encouraged by a number of factors that support sustainable demand for our products across the infrastructure and heavy nonresidential construction sectors... We expect this increase in public sector investment to drive sustained multiyear demand for our products in this important often countercyclical end market. – Ward Nye, Chairman, President, and CEO of Martin Marietta*

## **Arcosa Inc.**

Arcosa raised its guidance for the low-end of its revenue and adjusted EBITDA range after a strong first half. The company believes it is poised for strong performance beyond this year as well, as both the Infrastructure Investment and Jobs Act (IIJA) and the Inflation Reduction Act (IRA) are providing strong tailwinds across its business lines, as reflected in \$1.1 billion in wind tower orders being received since the passage of the Inflation Reduction Act.

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

CEMEX anticipates volume decline across its major product segments. Cement volumes are expected to have a mid single digit decline (larger declines in the United States and Europe offset by gains in Mexico and Panama), ready-mix volumes will have a low to mid single digit decline (increases in all regions except for large decreases in USA and Europe), and aggregates volumes will be flat.

## **Colas**

Despite inflation, higher interest rates, and general volatility, Colas has built a strong backlog of work that allows the company to confirm its target of increasing current operating profit in 2023 compared to 2022.

## **Construction Partners Inc.**

CPI raised its full-year 2023 guidance for both net income and adjusted EBITDA after the third quarter (of its fiscal year), reflecting the company's ability to pass through higher costs and effectively convert its backlog. CPI expects that the continued movement of people to sunbelt states will help drive demand.

## **CRH PLC/Oldcastle**

CRH expects to have another record year in 2023, bolstered by strong infrastructure demand, increased onshoring in the US, and aging inventory of homes in the United States. In Europe, the company expects "solid" demand for infrastructure and other non-residential construction, but the residential market is likely to remain slow and difficult.

## **Eagle Materials Inc.**

Eagle expects to deliver a solid fiscal 2024 with strong cement demand as infrastructure and heavy industrial projects continue to move forward. Given Eagle's favorable geographic positioning, the company doesn't expect as much slowdown in residential construction demand as some competitors.

## **Granite Construction**

Granite negatively updated its guidance for 2023 by reining in revenue projections from its original \$3.4 billion to \$3.6 billion to a more conservative \$3.35 billion to \$3.45 billion. Additionally, Granite narrowed its adjusted EBITDA margin range from 7.5% to 9.0% to a tighter band of 7.5% to 8.5% due to losses on the I-64 High Rise Bridge project.

## **Heidelberg Materials**

Heidelberg "significantly upgraded" its outlook for 2023, raising guidance for full year operating EBIT to €2.7-2.9 billion, up from previous guidance of €2.5-2.65 billion. The company expects that infrastructure spending and commercial construction should help to offset any softness in residential construction.

# What the Majors Predict – 2023 (cont.)

## **Holcim**

Holcim confirmed its full year 2023 outlook, with expected net sales growth of at least 6%. The company's North America division is anticipated to reach ~40% of Holcim's net sales by the end of 2023.

## **Knife River**

After delivering a record second quarter and holding record backlog, Knife River raised its guidance ranges for both revenue and EBITDA. The company sees pricing momentum, better input cost structures, tailwinds with federal funding, and benefits from strategic initiatives continuing to help business through the end of the year.

## **Martin Marietta Materials**

Martin Marietta upgraded its full year 2023 guidance, anticipating 28% growth in EBITDA at its midpoint. Infrastructure construction, as bolstered by the IIJA, looks to remain incredibly strong, and the company sees promising trends in both the nonresidential and residential sectors, leading to this increased guidance.

## **Summit Materials**

Summit now expects mid-teens EBITDA growth in 2023. After Q2 records for both net revenue and adjusted EBITDA, Summit sees a continued path to the end of the year with both higher prices and volumes than anticipated. Summit has also launched the proposed acquisition of Argos USA, and recently announced two recent overtures for Summit to be acquired by unsolicited offer.

## **Vulcan Materials**

Vulcan increased its full-year adjusted EBITDA guidance to reflect the strong volume trends in its aggregates business as well as momentum in the company's asphalt segment. While Vulcan still expects aggregates shipments to be down 1-4%, the company sees positive trends in private non-residential construction and less severe than expected declines in residential activity enduring through the end of the year.

## Key Trends

In general, the major public construction materials companies seem to believe that 2023 will continue to be a solid year overall. Despite volume decreases across many markets and product segments, ongoing rises in input costs, and persistent labor shortages, pricing has increased to the point a large number of these companies are seeing growth in both revenues and margins. While the residential sector is expected to be soft through the end of the year and potentially through 2024 given current interest rates, the IIJA has bolstered the infrastructure sector, and many nonresidential jobs are getting done as companies continue to reinvest in onshoring to grow their businesses.

# Valuation and Trading Statistics for Major Players

Ticker	Company Name	Stock Price 10/30/2023	% 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	\$ 67.0	84%	129%	\$ 3,266	\$ 3,614	\$ 2,238	\$ 346	1.6x	6.7x
NYS: CX	Cemex	\$ 6.0	70%	164%	\$ 8,597	\$ 8,397	\$ 17,041	\$ 1,790	0.5x	4.7x
PAR:RE	Colas	\$ 183.8	99%	165%	\$ 6,000	\$ 8,252	\$ 16,533	\$ 1,127	0.5x	7.3x
NAS: ROAD	Construction Partners	\$ 37.3	92%	155%	\$ 1,967	\$ 2,349	\$ 1,482	\$ 144	1.6x	17.8x
LON: CRH	CRH	\$ 52.4	84%	152%	\$ 36,932	\$ 44,404	\$ 33,861	\$ 5,925	1.3x	7.5x
NYS: EXP	Eagle Materials	\$ 147.8	75%	127%	\$ 5,155	\$ 6,228	\$ 2,205	\$ 832	2.8x	7.7x
NYS: GVA	Granite Construction	\$ 34.3	78%	104%	\$ 1,505	\$ 1,634	\$ 3,255	\$ 217	0.5x	13.5x
ETR: HEI	Heidelberg Materials	\$ 71.5	84%	162%	\$ 13,316	\$ 21,889	\$ 22,620	\$ 3,982	1.0x	5.5x
SWX: HOLN	Holcim Group	\$ 61.8	85%	139%	\$ 35,278	\$ 33,745	\$ 29,366	\$ 7,066	1.1x	4.2x
NYS:KNF	Knife River	\$ 48.0	88%	143%	\$ 2,716	\$ 3,532	\$ 2,606	\$ 351	1.4x	11.0x
NYS: MLM	Martin Marietta	\$ 399.0	86%	126%	\$ 24,662	\$ 29,676	\$ 6,463	\$ 1,845	4.6x	15.7x
NYS: SUM	Summit Materials	\$ 31.5	80%	131%	\$ 3,745	\$ 5,066	\$ 2,470	\$ 537	2.1x	9.4x
NYS: VMC	Vulcan Materials Company	\$ 193.7	84%	121%	\$ 25,736	\$ 29,812	\$ 7,680	\$ 1,910	3.9x	16.0x

## Statistics

Min	\$ 6.0	70%	104%	\$ 1,505	\$ 1,634	\$ 1,482	\$ 144	0.5x	4.2x
Median	\$ 61.8	84%	139%	\$ 6,000	\$ 8,252	\$ 6,463	\$ 1,127	1.4x	7.7x
<b>Mean</b>	<b>\$ 102.6</b>	<b>84%</b>	<b>140%</b>	<b>\$ 12,990</b>	<b>\$ 15,277</b>	<b>\$ 11,371</b>	<b>\$ 2,006</b>	<b>1.8x</b>	<b>9.8x</b>
Max	\$ 399.0	99%	165%	\$ 36,932	\$ 44,404	\$ 33,861	\$ 7,066	4.6x	17.8x



# 2023 YTD Transaction Trends

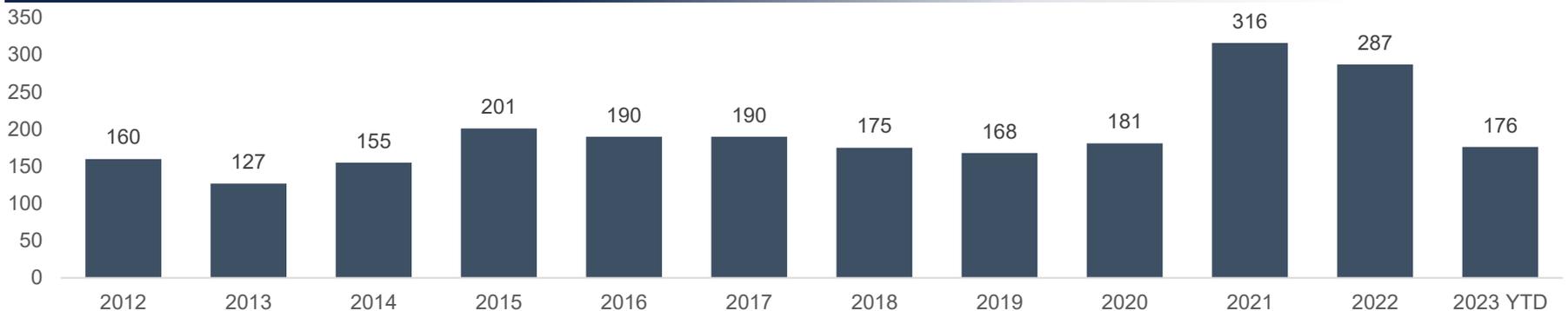
Though interest rates are making M&A more challenging from a financing perspective, somewhat muting M&A in the first half compared to 2022, deals are still getting done. Major producers have not significantly slowed their pace of acquisition. One company that has not decreased its pace of growth is Holcim. Their \$1.3 billion acquisition of Duro-Last continues the execution of Holcim’s roofing thesis. As seen through this deal, Holcim’s acquisition of a fiberglass mat facility from Maryland Paper earlier this year, and the Malarkey Roofing Products and SES Foam acquisitions last year, Holcim continues to redefine itself for the 21<sup>st</sup> century as a Building Solutions company. Holcim has also continued to add on to its legacy business, completing add-ons to its aggregates and ready mix portfolios. Construction Partners Inc. has also continued its acquisitive ways in 2023, purchasing Pickens Construction, Inc., a hot-mix asphalt plant from C.R. Jackson, Inc., and Hubbard Paving & Grading, Inc., in the state of South Carolina alone. SRM remains active on the M&A front as well, having closed over a dozen deals so far this year, continuing to be one of the leaders in closing transactions. In addition to ready mix concrete acquisitions, SRM’s Hollingshead Cement division has closed two transactions, continuing its strategic focus of having more control over its raw material supplies.

Beyond the recent sale process Founders advised a client on for a non-core asset (quarry) in DFW, we have continued to see interest in divestitures by major public companies as they seek to right-size their portfolios and divest of non-core businesses. Martin Marietta completed divestitures, selling its Northern California cement import business to Eagle Materials and its Tehachapi, California, cement plant to UNACEM. Other major players continue to evaluate their portfolios and review potential divestitures which will drive more M&A opportunities as other producers seek to grow and strengthen their geographic presence.

On June 1<sup>st</sup>, the Knife River spinoff from MDU resources became official, establishing Knife River as a standalone construction materials and contracting provider focused on aggregates. Though it did not occur in the first half of the year, the recently announced combination of Summit Materials and Argos USA in a cash and stock transaction valued at \$3.2 billion will help to create the fourth-largest cement platform in the United States, creating a major shift in the cement and ready mix landscape. While not as active necessarily as in past years, private construction materials companies continued to be acquisitive to start the year. Forming a partnership with Kelso Private Equity, aggregates industry veteran Rob Duke launched a new platform, Armada Materials, with the acquisition of Volunteer Materials in Tennessee.

While increased interest rates have had some adverse effects on multiples paid for acquisitions, the number of transactions getting done remains elevated though not as high as in 2021 or 2022

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



# 2023 Notable Construction Materials Transactions

Companies		Rationale / Commentary
		Knife River officially completed its spinoff from MDU Resources, 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. Knife River is now a 'pure-play' construction materials and contracting company.
Target	Buyer	Rationale / Commentary
		Specialty Granules acquired Panamint Valley Limestone, a company based in Trona, California, with a limestone quarry. The quarry, which is based just outside of Death Valley, will bolster SGI's footprint in California as SGI continues its expansion efforts in aggregates.
		Industry veteran Rob Duke, along with the backing of Kelso Private Equity, launched Armada Materials, a new aggregates business, through the platform acquisition of Volunteer Materials. Based in Lewisburg, Tennessee, Volunteer Materials has a wide range of business lines across aggregates, ready-mix, paving, and asphalt, providing an attractive platform acquisition to launch the Armada Materials brand.
		New Frontier Materials purchased the Barnhart Quarry in Missouri from Simpson Materials Company. The limestone quarry, which is located on the banks of the Mississippi River, serves as a new addition to New Frontier's already strong portfolio of assets in and around St. Louis.
		Hubbard Paving & Grading, headquartered in Walhalla, South Carolina, was acquired by Construction Partners, Inc., adding yet another South Carolina-based asset to the CPI portfolio. CPI's platform company in the state, King Asphalt, Inc., will gain one hot-mix asphalt plant and additional construction operations through the acquisition.
 <p>Cement Terminal in Ball Ground, Georgia</p>		Hollingshead Cement, which provides bulk cement distribution services to SRM Concrete, acquired a cement terminal in Ball Ground, Georgia, from Argos USA. This new terminal will allow Hollingshead to ensure a stable cement supply to SRM Concrete operations in North Georgia.
<p>Ocala Block</p>		Ocala Block, a concrete block manufacturing business in Ocala Florida, was purchased by SRM Concrete. This manufacturing plant, which actually borders one of SRM's plants in Ocala, is SRM's first block plant in Florida, adding to the company's existing nine concrete block plants across the southeast.
		Summit Materials announced plans for the company to combine with Argos USA in a transaction valued at \$3.2 billion. The transaction, which is expected to close in the first quarter of 2024, will position Summit as the fourth-largest cement maker in the United States as it absorbs Argos USA's footprint.
		SRM Concrete acquired Suburban Materials, a ready-mix concrete supplier based in Glenolden, Pennsylvania. This transaction continues SRM's foray into the Philadelphia markets that was initiated by the company's purchase of USC Atlantic from Vulcan Materials in November 2022.
 <p>Tehachapi, California Cement Plant</p>		Martin Marietta agreed to sell its Tehachapi, California, cement plant to UNACEM for \$317 million in cash. After initially attempting to sell its west coast cement operations to CalPortland, that deal was abandoned in April 2023. The FTC halted the CalPortland deal as the transaction would have reduced the number of cement suppliers in an already concentrated market.

# 2023 Notable Construction Materials Transactions

Target	Buyer	Rationale / Commentary
 <p><b>GREEN DROP</b> ROCK PRODUCTS</p>	 <p><b>Heidelberg Materials</b></p>	Heidelberg Materials acquired Green Drop Rock Products, a producer of aggregates based in Cochrane, Alberta, Canada, primarily serving the Calgary market. With an existing footprint in the region, this transaction adds a high capacity plant and enhances reserves in the Greater Calgary area.
 <p><b>HGE CONCRETE SUPPLY</b></p>	 <p><b>SRM CONCRETE</b></p>	HGE Concrete Supply, a one plant ready-mix concrete operation in Walton Hills, Ohio, was acquired by SRM Concrete, bringing SRM's total number of ready-mix plants in Ohio to 17.
 <p><b>Cooper Standard</b> Technical Rubber Business</p>	 <p><b>HOLCIM</b></p>	Cooper Standard divested its Technical Rubber Business in a sale to Holcim. Located in Germany, Cooper Standard Technical Rubber manufactures specialized rubber products used in roofing systems. This acquisition will expand Holcim's roofing systems offering in Europe, providing a complementary asset to Holcim's existing roofing business in the region.
 <p><b>C.R. JACKSON, INC.</b> <b>CRJ</b> CONTRACTORS</p> <p>Hot-Mix Asphalt Plant</p>	 <p><b>CPI</b></p>	Construction Partners, Inc. acquired a hot-mix asphalt plant from C.R. Jackson, Inc. This Myrtle Beach, South Carolina operation strengthens CPI in the Myrtle Beach-Conway area as a follow-on to the 2022 acquisition of Southern Asphalt.
SuMar Materials (cement terminal in Cresson, TX)	 <p><b>Hollingshead Cement</b></p>	SuMar Materials sold a 6,000-ton- capacity cement terminal in Cresson, Texas, to Hollingshead Cement. Based 25 miles southwest of Fort Worth, this terminal will help aid the cement needs of SRM in the DFW market.
 <p><b>GCS</b></p>	 <p><b>SRM CONCRETE</b></p>	SRM Concrete acquired Georgia Concrete Supply, gaining one ready-mix concrete plant in Dawsonville, Georgia through the transaction. This plant marks the company's 17 <sup>th</sup> ready-mix plant, in addition to a block plant and a quarry, in the North Georgia region.
 <p><b>EUREKA MATERIALS CO</b> Blue Grass Ready Mix</p>	 <p><b>BMC ENTERPRISES, INC.</b></p>	BMC Enterprises completed a string of acquisitions, closing deals to acquire Raineri Building Materials, Eureka Materials, and Blue Grass Ready Mix. Already serving as the largest producer of aggregates and concrete in and around St. Louis, these transactions help to bolster BMC's position in each business segment. As a sidenote, St. Louis is one of the few major markets in the US that does not have a large presence of publicly traded producers.
 <p><b>BRYCE HILL</b></p>	 <p><b>SRM CONCRETE</b></p>	SRM Concrete acquired Bryce Hill Inc., a ready-mix concrete business in Springfield, Ohio. Through the transaction, SRM adds three ready-mix concrete plants and a block plant to its already large portfolio of sites across Ohio.
 <p><b>SORRELL</b> CONSTRUCTION EQUIPMENT   MATERIALS</p>	 <p><b>SRM CONCRETE</b></p>	Texas-based Sorrell Construction Services, which operates a ready-mix concrete plant, a sand operation, and a harbor site, was acquired by SRM Concrete. Headquartered in Freeport, the acquisition adds to a growing position for SRM Concrete in the Greater Houston region.
 <p><b>LIBERTY REDI-MIX</b></p>	 <p><b>SRM CONCRETE</b></p>	SRM Concrete announced the acquisition of Liberty Redi Mix. With locations in Akron and Summit County, Ohio, Liberty Redi Mix provides SRM with access to new markets in Ohio.

# 2023 Notable Construction Materials Transactions

Target	Buyer	Rationale / Commentary
 Martin Marietta Northern California Cement Import Business	 Eagle Materials	Eagle Materials acquired Martin Marietta's cement import and distribution business in Northern California, including its cement terminal in Stockton. Michael Haack, President and CEO of Eagle, commented, "Our Nevada Cement operations have long-standing customer relationships in Northern California and this acquisition will uniquely position us to better serve these and new customers with complementary imported product."
 WESTRIDGE ROCK LTD	 LAFARGE (Holcim)	In an effort to expand the company's aggregates business in Western Canada, Lafarge Canada (a Holcim company) acquired Westridge Quarries, a supplier of construction aggregates and contract crushing services in the Okanagan Valley. Adding Westridge Quarries to the company's local operations should offer significant synergies to its existing business in the region.
 SEFA	 Heidelberg Materials	Heidelberg Materials took a step toward its plan for carbon neutrality through its acquisition of The SEFA Group, the largest recycler of fly ash sold for use in concrete products in the US. Based in Lexington, South Carolina, the acquisition of The SEFA Group helps to strengthen Heidelberg's presence in the southeast.
 southern site Huntsville Operation	 CPI	Construction Partners, Inc. acquired the Huntsville, Alabama, operations of Southern Site Contractors. CPI President and CEO, Jule Smith, remarked that the transaction gave the company the chance to "further enhance [CPI's] vertical integration of construction services in the dynamic Huntsville, Alabama, market."
 CMR COAST MOUNTAIN RESOURCES	 GRANITE	Granite Construction acquired Coast Mountain Resources, an aggregates producer in British Columbia, Canada with a barge loading facility. With firsthand experience of the quarry's high-quality aggregates as a customer of the quarry, Granite felt strongly about the value provided by the acquisition. Additionally, the strategic proximity to key markets for Granite matches the company's focus on having strong vertical integration in certain markets.
 TEZAK HEAVY EQUIPMENT	 HOLCIM	Tezak Heavy Equipment, an aggregates producer and specialty civil construction business, was acquired by Holcim. Based in Colorado Springs, Tezak provides strong synergies with Holcim's existing footprint in the Front Range region, which has grown from both the Pioneer acquisition earlier this year and the December 2022 acquisition of aggregates reserves in Greeley, Colorado.
 RMS Gravel, Inc. Phone: 607-844-8196 YOUR PROJECT OUR SOLUTIONS	 Heidelberg Materials	Heidelberg Materials acquired RMS Gravel Inc., a sand and gravel producer in Central New York. Through the transaction, Heidelberg bolstered its footprint in the Northeast, adding to its vertically integrated footprint in the region.
 WEIDLE CORPORATION Sand and Gravel Operation	 SRM MATERIALS	SRM acquired a sand and gravel operation from Weidle Corporation in Germantown, Ohio. As SRM has grown its concrete operations in Ohio this year, this acquisition allows the company to control some of its supply for aggregates, following its strategy of supply-side vertical integration for its concrete business
Spring Mill Reclamation	 SRM MATERIALS	Continuing the theme of vertical integration, SRM Materials acquired Spring Mill Reclamation, a sand operation that spans 500 acres in Brighton, Michigan. As SRM Materials is focused on providing SRM Concrete plants with quality aggregates, the acquisition will help supply sand for the company's plants.
 DURO-LAST THE WORLD'S BEST ROOF®	 HOLCIM	Holcim (building envelope) completed the acquisition of 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.
Strictly Confidential		11

# 2023 Notable Construction Materials Transactions

Target	Buyer	Rationale / Commentary
 <p><b>PICKENS</b> CONSTRUCTION Since 1949</p>	 <p><b>CPI</b></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><b>BRUNSWICK</b> CANYON MATERIALS</p>	 <p><b>GRANITE</b></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><b>Cherokee</b> Redi Mix Centre, AL 256-927-1538</p>	 <p><b>SRM</b> CONCRETE</p>	Cherokee Redi Mix, based in Centre, Alabama, was the first company to be acquired by the SRM Concrete team on the ready-mix front in 2023. The acquisition brought SRM up to 18 ready-mix production sites in Alabama.
 <p><b>ebel</b> QUARRIES INC.</p>	 <p><b>POLYCOR</b> NATURAL STONE</p>	Ebel Quarries, a limestone quarry and fabricator (primarily cut or shaped stone) based in Ontario, Canada, was purchased by Polycor. As a result of the transaction, Polycor boosts its presence in Ontario as demand for natural stone increases in the region.
 <p>Fiberglass Mat Facility</p>	 <p><b>HOLCIM</b></p>	Holcim (building envelope) completed the acquisition of a fiberglass mat facility in Maryland from an affiliate company of Maryland Paper. The acquisition adds a certain level of vertical integration and strengthens Malarkey's ability to produce sustainable and resilient shingles for the residential roofing market in the United States and Elevate's (Holcim's building envelope business) ability to produce ISOGARD insulation boards.
 <p><b>ATLANTIC</b> MINERALS LIMITED</p>	 <p><b>CEMEX</b></p>	CEMEX acquired Atlantic Minerals, providing the company with a construction and chemical aggregates quarry in addition to port operations in Newfoundland, Canada. This acquisition provides CEMEX with a new aggregates reserve for its Florida and other east coast operations. The deal is expected to increase the company's aggregates reserves for the U.S. market by approximately 20%.
 <p><b>PIONEER</b> 13 Sand and Aggregates Quarries</p>	 <p><b>HOLCIM</b></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 supply-side synergies for our wider ready-mix concrete business. These quarries will be complementary to Holcim's December acquisition of aggregate reserves in Greeley, Colorado," remarked Toufic Tabbara, Region Head, North America.

# Founders Advisors' Industrials Team

## Founders Advisors' Industrials Team

**Gene Bazemore**  
**Head of Industrials**  
214.295.2652  
ebazemore@foundersib.com

**Evan Klisares**  
**Director**  
205.503.4003  
eklisares@foundersib.com

**Miller Williams**  
**Vice President**  
205.949.2004  
mwilliams@foundersib.com

**Jack Gutshall**  
**Analyst**  
205.941.6831  
jgutshall@foundersib.com

**Peter Schwarz**  
**Analyst**  
205.941.6829  
pschwarz@foundersib.com

**Dennis Coker**  
**Managing Director**  
214.295.1055 ext. 6  
dcoker@foundersib.com

**Vaughn McCrary**  
**Director**  
205.423.2540  
vmccrary@foundersib.com

**Will Weathington**  
**Senior Analyst**  
205.848.6218  
wweathington@foundersib.com

**John Jenkins**  
**Analyst**  
205.503.4019  
jjenkins@foundersib.com

**Collier Wilson**  
**Analyst**  
205.271.2693  
cwilson@foundersib.com

**John Sullivan**  
**Managing Director**  
205.503.4010  
jsullivan@foundersib.com

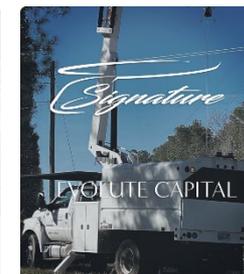
**Katherine Davis**  
**Vice President**  
205.941.6832  
kdavis@foundersib.com

**Brian Garcia**  
**Analyst**  
205.503.4030  
bgarcia@foundersib.com

**Oliver Robinson**  
**Analyst**  
205.503.4026  
orobinson@foundersib.com

**Cynthia Johnson**  
**Practice Coordinator**  
205.949.2043  
cjohnson@foundersib.com

## Recent Transactions



## Experience Across a Wide Array of Sectors

- Advanced Manufacturing and Process Equipment
- Advanced Materials
- Automation and IIoT
- Connectors and Electronics
- **Construction and Building Materials**
- Facility and Industrial Services
- Plastics and Packaging
- Power and Infrastructure
- Specialty Distribution
- Test and Measurement

# FOUNDERS

---

## ADVISORS

BIRMINGHAM | DALLAS

2400 Fifth Avenue South, Suite 100 · Birmingham, AL 35233 · 205.949.2043

In order to provide securities-related services discussed herein, certain principals of Founders Advisors, LLC are licensed with Founders M&A Advisory, LLC, member [FINRA](#) & [SIPC](#). Founders M&A Advisory is a wholly owned subsidiary of Founders Advisors. Neither Founders M&A Advisory nor Founders Advisors provide investment advice.