

Construction Materials 2023 Year in Review April 2024

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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 capture revenue growth despite flat, or declining volumes, by strategic price increases. M&A activity has continued at a fairly strong pace, while the market has seen some slight compression in the multiples paid on deals due to the increased cost of debt after the run up in interest rates, certain highly strategic acquisitions are commanding large multiples.

The trend of portfolio realignment and shifts in strategic direction has continued with some surprises on the M&A front. This review includes some of the highlights from what the major construction materials companies achieved in 2023, as well as insight into how they see 2024 developing, and an overview of recent M&A activity and trends.

We hope you enjoy the review of 2023 results and look forward to discussing the market with you in the future. Please reach out to us if you have any questions.

Warmest regards,



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How did the major construction materials companies perform in 2023?

Arcosa Inc.

Arcosa saw growth in both revenues (+12% YoY) and adjusted EBITDA (+13% YoY) in 2023. Gains in construction products in both revenue (+8% YoY) and EBITDA (+23% YoY) were offset by flat revenues and decreasing EBITDA (-22% YoY) in the engineered structures division. Strong volumes and higher pricing led to explosive growth in revenue (+37% YoY) and EBITDA (+126% YoY) in the transportation products segment in 2023.

CEMEX SAB

CEMEX saw double-digit growth in sales (+12% YoY), with all regions contributing to varying degrees. In the United States in 2023, operating EBITDA was up (+25% YoY) as a result of the company's aggressive pricing strategy and focus on managing input costs despite flat volumes. Price increases for 2023 varied widely across Mexico, USA, EMEA, and SCAC regions. For Mexico, price increases were high across domestic gray cement (+11%), ready-mix (+25%), and aggregates (+23%). In the United States, prices increased as well, but not at the levels seen in Mexico, in US gray cement (+14%), ready-mix (+19%), and aggregates (+14%).

Construction Partners Inc. (CPI)

Construction Partners had massive top-line growth, seeing 2023 revenues jump (+19%) over 2022's record revenue. For 2023, adjusted EBITDA rose (+53%), aided by adjusted EBITDA margins increasing (from 8.5% to 11.0%) from 2022 to 2023. CPI continues their southeastern US expansion, making five strategic acquisitions this fiscal year, aggressively pursuing the South Carolina market and opening 3 greenfield locations in 2023.

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. In 2023, CRH once again performed at record levels, posting an increase in EBITDA (+15%), driven by an increase in sales (+7%) and EBITDA margin (+120 bps). Roughly \$0.7 billion in M&A was deployed across 22 transactions around the world in 2023, it also agreed to acquire a portfolio of cement and ready-mix concrete assets and operations in Texas from Martin Marietta for a total consideration of \$2.1 billion.

Eagle Materials Inc.

Eagle's fiscal year-end is March 31. Revenue was up (+15%) for fiscal year 2023 to a record \$2.1 billion, and most notably gross profit margin (+190 bps to 29.8%). Eagle pointed toward its geographic footprint across the US heartland and Sunbelt region for driving those results. For the third quarter of FY 2024, Eagle landed record revenues (+9% Eagle implemented two cement price increases in fiscal year 2023 and believes they are in the early stages of a multi-year tailwind for the Cement business.

Granite Construction

After a dip in 2022 to \$3.2 billion in revenue, Granite saw a return to 2021 revenue levels of \$3.5 billion in 2023, thanks in part to the acquisition of Lehman-Roberts and Memphis Stone & Gravel. The acquisition will add \$200 million in annual revenue at an expected 15-20% EBITDA margin.

Heidelberg Materials

Heidelberg performed robustly in 2023, delivering growth in revenue (+4%), EBITDA (+19%), and EBITDA margin (+238 bps). 2023 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.

What Happened – 2023 (cont.)

How did the major construction materials companies perform in 2023?

Holcim

Holcim performed exceptionally well in 2023 growing net sales by 6.1% organically, with record results in North America, growing revenue (+12.6%) and EBIT (+18.1%). Excellent performance in the North American market comes at an opportune time, as Holcim announced that it intends to list the North American business in the U.S. with a full capital market separation in 2025. Holcim has continued its aggressive acquisition strategy, buying 28 businesses in high-value markets, 17 of which were in cement, aggregates and ready-mix, and 11 in its Building Solutions & Products (building envelope) business.

Knife River

After successfully completing its spinoff from MDU Resources, Knife River announced its first full-year results. Knife River grew revenue (+12%), EBITDA (+38%), and Adjusted EBITDA Margin (+290 bps) from 2022 to 2023, resulting in a record 2023. The company's volumes were down in aggregates (-1%), ready mix concrete (-4%), and asphalt (-4%), but price growth in aggregates (+11%), cement (+12%), and ready mix (+14%) had a greater effect.

Martin Marietta Materials

In 2023, Martin Marietta delivered their most profitable year on record, growing revenues (+10%), gross profit (+42%), and EBITDA (+33%). As mentioned with CRH, Martin Marietta agreed to divest a portfolio of cement and ready-mix concrete assets and operations in Texas from Martin Marietta for a total consideration of \$2.1 billion. It quickly redeployed that capital into Albert Frei & Sons and an acquisition of Alabama, South Carolina, South Florida, Tennessee and Virginia aggregates operations of Blue Water Industries for \$2.05 billion. The company's volumes were down in most segments aggregates (-4.3%), asphalt (+3.5%), cement (-3.4%), and ready mix concrete (-12.1%), but price growth in aggregates (+17.2%), asphalt (+6.7%), cement (+21.6%), and ready mix concrete (+20.4%) buoyed both revenues and margins as Martin Marietta continued its value over volume strategy.

Summit Materials

Summit delivered a record 2023 in terms of both net revenue (+9.9%) and adjusted EBITDA (+17.6%), as well as a record for adjusted cash gross profit (+16.6%). Excluding the impacts from divestitures and acquisitions, volumes were down across aggregates (-3.1%), cement (-6.8%), and ready-mix (-12.2%), but asphalt volumes rose (+10.1%) during 2023. Despite lower volumes, pricing gains across aggregates (+14.6%), asphalt (+15.6%), cement (+13.2%), and ready-mix (11.2%) helped deliver the record year for Summit.

Vulcan Materials

Despite modest growth in revenue (+6%), Vulcan saw extreme growth in adjusted EBITDA (+24%) during 2023. Vulcan was able to increase Q4 volume of aggregates shipments (+2%), and gross profit for the segment rose (+21%) primarily as a result of strong pricing trends (+14%). Though Vulcan saw a drop in concrete volumes (-36%) partly as a result of the divestiture of NY, NJ, and PA concrete operations in 4Q 2022, asphalt volumes saw a steady increase (+20%).

Key Trends

With significant inflationary pressure across nearly all areas of cost, construction materials companies have been focused on passing these cost increases through to customers and improving margins. This led to incredibly strong pricing momentum 2023 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. However, price increases generally helped more than offset flat volumes. Many of the major construction materials companies turned their focus towards portfolio management, divesting noncore assets, acquiring complementary operations, and in some cases green fielding new operations to capture regional volume growth in attractive markets as overall volumes stall. Arcosa, Construction Partners, Granite Construction, Summit Materials, and Vulcan Materials either completed a greenfield expansion in 2023 or plan to in 2024.

What the Majors Predict – 2024

Moving our business from volume to value, we have successfully shifted to the most attractive markets as well as businesses with strong growth drivers and margins led by our advanced building solutions and brands. – Jan Jenisch, Chairman and CEO of Holcim Group

Arcosa Inc.

In 2024, Arcosa anticipates raising prices mid-year and projects 2024 revenue to be up 12% compared to 2023. Management believes the infrastructure-led demand environment across its portfolio remains favorable, and expects continued expansion in its growth businesses, complemented by improving production volumes in its cyclical businesses.

CEMEX S.A.B.

For 2024, globally they expect flat to low single-digit cement volume increases, and flat to low-single-digit declines in ready-mix and aggregates volumes (however, they expect low single-digit volume increases in each product category in Mexico and the USA). Additionally, they announced price increases in the US during the fourth quarter that will be implemented in the first four months of 2024.

Construction Partners Inc.

CPI maintained its outlook for fiscal year 2024, expecting a 15% growth in revenue, a 22% growth in Adjusted EBITDA, and an increase in Adjusted EBITDA margins. CPI expects that the continued movement of people to sunbelt states will help drive demand and push top-line and growth and margin expansion.

CRH PLC/Oldcastle

CRH expects a favorable market backdrop and continued positive pricing momentum in 2024 driven by significant infrastructure investment and re-industrialization activity across its key markets in North America and Europe. New-build residential activity is expected to remain subdued in 2024 due to ongoing affordability constraints arising from the current interest rate environment, while residential repair and remodel activity is expected to remain resilient.

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 believes it will build on a successful 2023 with an even stronger 2024, with revenue expected to grow 10%+ and EBITDA margins expected to grow from 7.7% in 2023 to 9.0-11.0% in 2024. Granite is continuing to replace legacy construction projects, that dragged down profitability, with lower risk higher margin projects.

Heidelberg Materials

Heidelberg expects to continue building off record revenue with modest growth in 2024. The company anticipates that infrastructure spending and commercial construction growth should help to offset any softness in residential construction as high mortgage rates begin to ease.

What the Majors Predict – 2024 (cont.)

Holcim

In 2024, Holcim expects to grow net sales organically by 4%+ and an additional 2%+ via further value-accretive acquisitions. It plans to invest in non-cyclical end-markets to drive profitable growth in Europe, continue expansion in the attractive North American market in construction materials, and accelerate growth in advanced roofing and insulation systems.

Knife River

After delivering a record 2023, Knife River expects continued growth in revenue and EBITDA growth. The company anticipates public highway, pavement and street construction activity will grow in the mid-teens percentage range in 2024 across the US. With recent additions to the strategy and development group at Knife River, it's expected that the company will have an increased focus on inorganic growth in 2024 and the years ahead.

Martin Marietta Materials

In 2024, Martin Marietta expects revenue (+3%) and Adjusted EBITDA (+5%) to grow, however the company expects volumes to be flat for 2024. Flat volumes will be offset by a January 1st, 2024 price increase, specifically in aggregates (+11%). Management sees strength in infrastructure and heavy nonresidential construction markets somewhat offset by residential slowdown and expected moderation in light commercial activity.

Summit Materials

Summit expects single digit EBITDA growth in 2024. The company implemented price increases on January 1st across the Summit footprint and in every line of business. Overall, they are seeing very good traction in their markets. The company's value pricing approach contemplates market-specific factors and demand conditions at the local level. Aggregates price increases ranged from mid-single digit to double digits in certain markets to start the year.

Vulcan Materials

Vulcan expects aggregates volumes to be flat to down (-4%) in 2024, but expects a price improvement (+10-12%), contributing to a growth in Adjusted EBITDA (+11%). The company sees positive trends in private non-residential construction and some continuing declines in residential activity enduring through the end of the year.

Key Trends

In general, the major public construction materials companies believe that 2024 will bring generally stable to slight volume declines across various market segments, but plan to aggressively increase prices to grow revenue and margins to keep ahead of inflation. If the residential market recovers due to a possible decrease in interest rates, volumes would be expected to increase, further strengthening materials producers' results. Additionally, we expect the M&A market to heat up considerably in 2024 as the Blue Water transaction raises interest levels for private operators in possibly selling due to the multiple of EV/EBITDA paid for the business. This transaction has helped influence a general view that multiples are starting to move up in the M&A market again after seeing some compression in 2023. It should be a competitive year in M&A as larger producers seek more expansion opportunities with a focus on aggregates. While Holcim continues to expand both its construction materials business and its newer Solutions & Products (building envelope) segment to diversify its revenue stream into lighter construction materials and building products segments. Additionally, the major companies are targeting more high-growth regions to rebalance their portfolios. With the residential sector expected to be somewhat soft through in 2024, the IJJA has bolstered the infrastructure sector, and the commercial and industrial market segments are expected to improve as companies continue to reinvest in onshoring.

Valuation and Trading Statistics for Major Players

Ticker	Company Name	Stock Price 4/14/2024	% 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	\$ 80.6	90%	140%	\$ 3,913	\$ 4,377	\$ 2,308	\$ 368	1.9x	11.6x
NYS: CX	Cemex	\$ 8.6	92%	151%	\$ 12,554	\$ 20,446	\$ 17,041	\$ 3,217	1.2x	6.4x
NAS: ROAD	Construction Partners	\$ 55.7	95%	230%	\$ 2,943	\$ 3,335	\$ 1,618	\$ 187	2.1x	19.1x
LON: CRH	CRH	\$ 84.1	96%	1015%	\$ 56,684	\$ 64,139	\$ 34,949	\$ 6,200	1.8x	11.0x
NYS: EXP	Eagle Materials	\$ 254.9	93%	179%	\$ 8,781	\$ 9,794	\$ 2,253	\$ 852	4.3x	11.8x
NYS: GVA	Granite Construction	\$ 55.3	96%	164%	\$ 2,433	\$ 2,593	\$ 3,509	\$ 269	0.7x	16.9x
ETR: HEI	Heidelberg Materials	\$ 103.9	94%	150%	\$ 18,920	\$ 25,741	\$ 22,916	\$ 4,443	1.1x	5.6x
SWX: HOLN	Holcim Group	\$ 86.8	96%	144%	\$ 48,764	\$ 58,072	\$ 30,046	\$ 7,495	1.9x	8.0x
NYS:KNF	Knife River	\$ 81.5	97%	242%	\$ 4,611	\$ 5,075	\$ 2,830	\$ 432	1.8x	11.9x
NYS: MLM	Martin Marietta	\$ 602.1	96%	175%	\$ 37,224	\$ 40,680	\$ 6,777	\$ 2,128	6.0x	18.7x
NYS: SUM	Summit Materials	\$ 41.0	91%	157%	\$ 7,199	\$ 9,168	\$ 2,619	\$ 578	3.5x	12.9x
NYS: VMC	Vulcan Materials Company	\$ 262.8	95%	158%	\$ 34,758	\$ 38,237	\$ 7,782	\$ 2,011	4.9x	18.9x

Statistics

Min	\$ 8.6	90%	140%	\$ 2,433	\$ 2,593	\$ 1,618	\$ 187	0.7x	5.6x
Median	\$ 82.8	95%	161%	\$ 10,668	\$ 15,120	\$ 5,143	\$ 1,432	1.9x	11.9x
Mean	\$ 143.1	94%	242%	\$ 19,899	\$ 23,471	\$ 11,221	\$ 2,348	2.6x	12.7x
Max	\$ 602.1	97%	1015%	\$ 56,684	\$ 64,139	\$ 34,949	\$ 7,495	6.0x	19.1x



2023 Transaction Trends

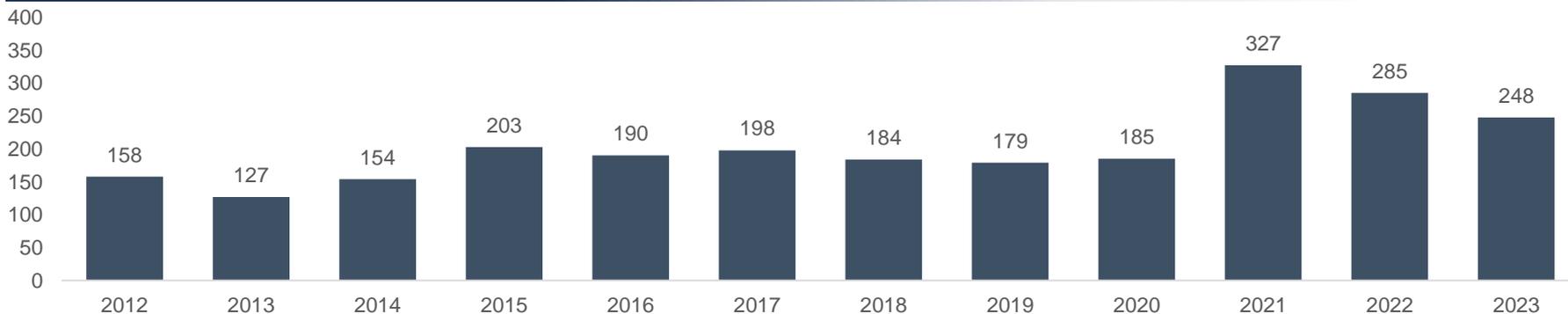
Though interest rates have made M&A more challenging from a financing perspective, muting M&A somewhat in 2023 compared to 2022, deals are still getting done. Major producers have not significantly slowed their pace of acquisition. Martin Marietta completed divestitures, selling its Northern California cement import business to Eagle Materials, its Tehachapi, California, cement plant to UNACEM, and its South Texas Cement Business to CRH at a 12.4x EV/EBITDA for \$2.1bn. Martin Marietta reinvested that cash quickly into the \$2.05bn acquisition of 20 Active Aggregates Operations of Blue Water Industries at an EV/EBITDA 15.2X EV/EBITDA multiple, and a separate acquisition of Albert Frei & Sons. Ward Nye, Chairman, President and CEO of Martin Marietta stated, “These transactions are wholly consistent with the Company’s SOAR (Strategic Operating Analysis and Review) 2025 aggregates-led product strategy. Importantly, the BWI Southeast acquisition complements Martin Marietta’s existing geographic footprint in the dynamic southeast region by allowing us to expand into new growth platforms in SOAR-specific target markets including Nashville and Miami.”

Beyond the recent divestiture sale process Founders ran on a non-core asset (quarry) in DFW for a major producer, as mentioned above, we have continued to see a priority placed on divestitures by major public companies as they seek to realign, and right-size their portfolios and divest of non-core businesses. This has been driven primarily by product realignment, a shift in geographic focus, or performance of the business.

On June 1st, 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, as well as a new product focus for Summit. While not as active necessarily as in past years, private construction materials companies continued to be acquisitive this 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 and completed its first add-on with Wright Paving Contractors in early 2024. New Frontier Materials also completed its first acquisition since buying the majority of the Fred Weber Missouri aggregate operations, and SRM continued its nonstop acquisition binge adding a number of new concrete operations, cement terminals, and aggregate sites.

While increased interest rates had some mild adverse effects on multiples paid for acquisitions in 2023, the number of transactions getting done remains elevated compared to historical numbers though not as high as in 2021 or 2022

Historical M&A transaction count in the Construction 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
 Québec Concrete Operations		Béton Provincial, a ready mix and concrete products supplier, acquired CRH's cement and ready-mix concrete operations and certain aggregates operations in Québec. This acquisition provides further scale for Béton Provincial in the region.
 		Granite Construction acquired sister companies Lehman-Roberts and Memphis Stone & Gravel. The acquisition of the companies, leaders in the highway paving and asphalt and aggregate mining industries in the Southeast, facilitated a strategic step in establishing a major market presence for Granite east of the Mississippi.
 South Texas Cement Business		Martin Marietta agreed to sell its South Texas cement business and certain related concrete operations to CRH Americas for \$2.1 billion in cash. The facilities included the Hunter cement plant in New Braunfels, related cement distribution terminals and 20 concrete plants serving the Austin and San Antonio region. The Transaction represents a 12.4x EV/EBITDA multiple on estimated \$170mm in EBITDA. This is a significant enhancement to CRH Ashgrove cement business further strengthening its position in the key Texas market.
		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 the company continues its expansion efforts outside its granules business through growth in construction aggregates.
	 	Industry veteran Rob Duke, 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. Armada remains focused on growing its business through acquisitions primarily in the southeast US.
 Barnhart Quarry		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.
 Cement Terminal in Ball Ground, Georgia		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.
Ocala Block		Ocala Block, a concrete block manufacturing business in Ocala Florida, was purchased by SRM Concrete. This manufacturing plant, contiguous to one of SRM's ready-mix plants in Ocala, is SRM's first block plant in Florida, adding to the company's existing nine concrete block plants across the southeast.
Strictly Confidential		9

2023 Notable Construction Materials Transactions

Target	Buyer	Rationale / Commentary
 ARGOS Argos USA	 SUMMIT Materials	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. This is a significant strategic shift for Summit as it previously was not in the cement sector and had very little ready-mix exposure.
 Suburban Materials 50th Anniversary	 SRM CONCRETE	SRM Concrete acquired Suburban Materials, a ready-mix concrete supplier based in Glenolden, Pennsylvania. This transaction continues SRM's expansion along the east coast into the Philadelphia markets that was initiated by the company's purchase of USC Atlantic from Vulcan Materials in November 2022.
 Martin Marietta Tehachapi, California Cement Plant	 UNACEM	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 due to FTC objections over elimination of competition. The FTC halted the CalPortland deal as the transaction would have reduced the number of cement suppliers in an already concentrated market.
 GREEN DROP ROCK PRODUCTS	 Heidelberg Materials	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.
 HGE CONCRETE SUPPLY	 SRM CONCRETE	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.
 CooperStandard Technical Rubber Business	 HOLCIM	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.
 C.R. JACKSON, INC. CRJ CONTRACTORS Hot-Mix Asphalt Plant	 CPI	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)	 Hollingshead Cement	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.
 GCS	 SRM CONCRETE	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 th ready-mix plant, in addition to a block plant and a quarry, in the North Georgia region.
 RAINIERI EUREKA MATERIALS CO Blue Grass Ready Mix	 BMC ENTERPRISES, INC.	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.

2023 Notable Construction Materials Transactions

Target	Buyer	Rationale / Commentary
		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.
		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.
		SRM Concrete announced the acquisition of Liberty Redi Mix. With locations and Akron and Summit County, Ohio, Liberty Redi Mix provides SRM with access to new markets in Ohio.
		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."
		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.
		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.
		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."
		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 geographies.
		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.
		Heidelberg Materials acquired RMS Gravel Inc., a sand and gravel producer in Central New York. Through the transaction, Heidelberg bolstered its position in the Northeast, adding to its vertically integrated footprint in the region.

2023 Notable Construction Materials Transactions

Target	Buyer	Rationale / Commentary
 Sand and Gravel Operation		SRM acquired a sand and gravel operation from Weidle Corporation in Germantown, Ohio. As SRM has significantly 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		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 aggregates, the acquisition will help supply sand for the company's plants.
		Holcim (building envelope) completed the acquisition of Duro-Last, provider of commercial roofing systems in the US. 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.
		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.
		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.
		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 sites in Alabama.
		Ebel Quarries, a limestone quarrier 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.
 Fiberglass Mat Facility		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.
		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 and supply 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%.
 13 Sand and Aggregates Quarries		Holcim acquired the sand and aggregates quarries of Pioneer Landscape Centers, including thirteen quarries serving the Denver, Phoenix, and Colorado Springs markets, improving its vertical integration position in the region. "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 Greely, Colorado," remarked Toufic Tabbara, Region Head, North America.
Strictly Confidential		12

Early 2024 Notable Construction Materials Transactions

Target	Buyer	Rationale / Commentary
 <p>AMERON POLE PRODUCTS</p>	 <p>ARCOSA</p>	Ameron, a subsidiary of NOV, was acquired by Arcosa (NYS: ACA) for \$180 million, representing an estimated 9.0x EV/EBITDA transaction multiple. The acquisition bolsters Arcosa's Engineered Structures segment, marks entry into complementary concrete and steel pole lighting market, and is accretive to overall Arcosa margin.
 <p>BLUE WATER INDUSTRIES</p> <p>20 Active Aggregates Operations</p>	 <p>Martin Marietta</p>	20 Active Aggregates Operations of Blue Water Industries were acquired by Martin Marietta for \$2.05 billion. The acquisition naturally complements Martin Marietta's existing geographic footprint in the growing southeast region by allowing expansion into new growth areas in target markets including Nashville and Miami.
 <p>BODEAN COMPANY NORTHGATE READY MIX</p>	 <p>CRH</p>	CRH acquired BoDean Company and Northgate Ready Mix in Santa Rosa, California. The acquisitions represent the first entry by CRH's Materials Solutions business into California adding two aggregate quarries, two ready-mix concrete plants, one asphalt plant, and one recycle plant to the operations of CRH.
 <p>ten solite®</p>	 <p>HOLCIM</p>	Holcim continued its focus on the expansion of its Solutions & Products portfolio through the acquisition of Tensolite, a subsidiary of Carlisle Interconnect Technologies, a leading manufacturer of innovative precast and pre-stressed concrete construction systems with \$22 million of sales in 2023 and a strong presence in fast-growing Latin America. The acquisition strengthens its geographical footprint in the region.
 <p>Wright Paving WPC Contractors, Inc.</p>	 <p>ARMADA MATERIALS KELSO PRIVATE EQUITY</p>	Armada Materials, launched in 2023 through the acquisition of Volunteer Materials, made its second acquisition with Wright Paving Contractors. Based in Fayetteville, TN. The acquisition will expand Armada's presence in the fast-growing middle Tennessee (metro Nashville area and suburbs)..
 <p>AFS ALBERT FREI & SONS</p>	 <p>Martin Marietta</p>	Albert Frei & Sons was acquired by Martin Marietta. The acquisition, enhances Martin Marietta's aggregates platform in the high-growth, Denver metropolitan area. Martin Marietta expects this transaction to be immediately accretive to earnings, margins and cash flow as it redeploys proceeds from prior divestitures.
 <p>SJ&L General Contractor</p>	 <p>CPI</p>	Construction Partners, Inc. acquired SJ&L General Contractor, LLC, a hot-mix asphalt and sitework company headquartered in Huntsville, Alabama, and will integrate the SJ&L team with existing operations at its Alabama platform company, Wiregrass Construction Company.
<p>Littlefield Construction Company</p>	 <p>CPI</p>	Construction Partners, Inc. acquired Littlefield Construction Company, a soil base, surface treatment and sitework company headquartered in Waycross, GA. CPI entered the Waycross market with a greenfield hot-mix asphalt plant and are now even better positioned to capitalize on a robust surface treatment market.

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