

Construction Materials Sector M&A-Highlights and Market Insights

Data source: S&P Capital IQ. Analysis by Proventis Partners.

- **M&A development** – in the fourth quarter of 2018, 60 announced or closed M&A transactions in the Construction Materials sector were disclosed worldwide; which is lower than in the two previous quarters. Strategic investors continue to be far more active than financial sponsors (e.g. Private Equity) in the Construction Materials sector.
- **M&A valuations** – the disclosed transaction multiples in Q4 were in between the values of Q2 and Q3 of this year. Meanwhile, in the absence of any blockbuster merger, overall transaction values continued to fall. The market is characterized by a declining number of small to medium sized transactions.
- **Peer group valuation** – Amidst troubled world markets, EBITDA multiples of the peer group sharply decreased for the first time in 2018 to 9.8x. The median EBIT multiple fell as well reaching the lowest point of the last two years.
- **Outlook for the next quarter** – the last quarter of 2018 signaled an economic downturn which is also reflected in the Construction Materials industry. For the first quarter of 2019, we expect this market correction to continue with multiples and deal volume similar to or lower than at year end. However, it is also conceivable that lower multiples will spark M&A activity in the sector which could lead to more market consolidation and a few larger deals.

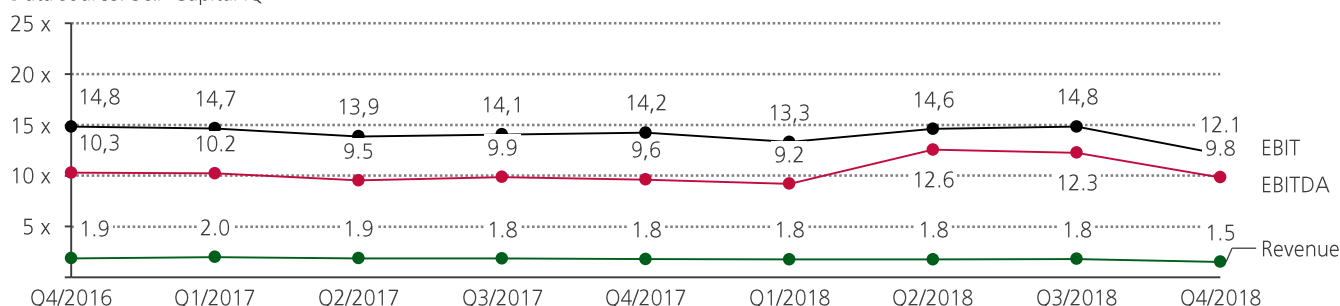
Construction Materials Sector Peer Group

Note: TEV = Total Enterprise Value. LTM = Last Twelve Months. Data source: S&P Capital IQ. In €m.

Company Name	Country	Market Cap	TEV	Total Revenue LTM	EBITDA LTM	TEV/EBITDA LTM	TEV/EBITDA prev. quarter
LafargeHolcim Ltd	Switzerland	21,100	38,212	22,846	1,101	25.3x	28.0x
Anhui Conch Cement Company Limited	China	20,380	18,193	12,699	4,886	3.7x	5.4x
CRH plc	Ireland	18,846	27,457	25,314	3,127	8.6x	10.0x
Sika AG	Switzerland	15,681	17,925	5,800	986	17.7x	19.9x
The Siam Cement Public Company Limited	Thailand	14,137	19,542	12,641	1,890	8.3x	8.1x
Ferguson plc	Switzerland	12,869	13,799	17,733	1,411	9.8x	13.3x
Vulcan Materials Company	United States	11,395	13,963	3,677	897	15.3x	17.7x
HeidelbergCement AG	Germany	10,544	21,417	17,650	2,718	7.2x	8.3x
Martin Marietta Materials, Inc.	United States	9,414	12,173	3,386	931	12.9x	14.0x
Grasim Industries Limited	India	6,813	18,103	7,873	1,691	10.6x	12.3x
CEMEX, S.A.B. de C.V.	Mexico	6,385	15,739	12,589	2,269	7.1x	8.6x
Median						9.8x	12.3x

Construction Materials Sector Peer Group Trading Multiples

Data source: S&P Capital IQ



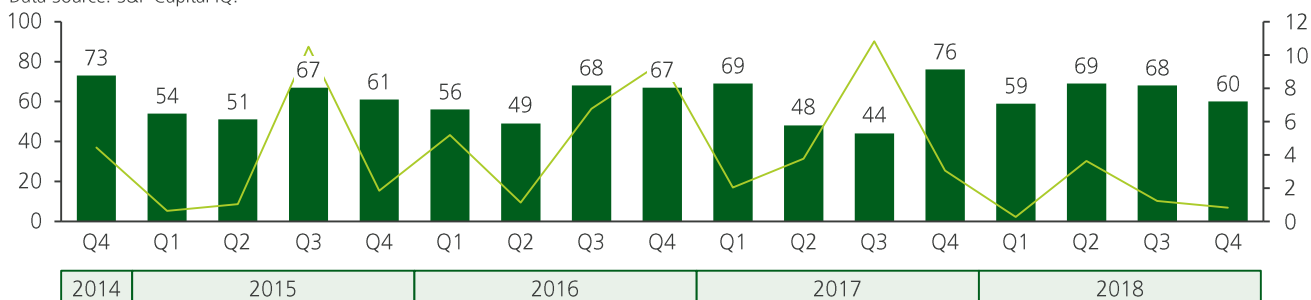
Recent Construction Materials M&A Transactions

Note: TEV = Total Enterprise Value. TTV = Total Transaction Value in €m. Data source: S&P Capital IQ. Selection of transactions by Proventis Partners.

Announced Date	Target	Target Country	Acquirer	Acquirer Country	Acquired Stake (in %)	Total Transaction Value	TEV / EBITDA
11/14/18	ACG Materials, LLC	US	Arcosa, Inc.	US	100.0	278.3	n/a
10/17/18	US Block Business of Boral Limited	n/a	Quikrete Holdings, Inc.	US	100.0	135.2	n/a
11/28/18	Business at Dandenong site of Viridian Glass	n/a	Crescent Capital Partners Management Pty Ltd.	n/a	100.0	99.4	n/a
11/23/18	Glen-Gery Corporation	US	Brickworks Limited	AU	100.0	97.0	n/a
12/10/18	CCP Building Products Ltd	UK	SigmaRoc plc	UK	100.0	35.2	n/a
10/11/18	Cementos Portland SAC	n/a	Unión Andina de Cementos S.A.A.	PE	100.0	24.3	n/a
11/12/18	Shree Digvijay Cement Company Limited	IN	True North Enterprise Private Limited	IN	74.9	23.4	6.4
12/12/18	P D Edenhall Holdings Ltd	UK	Marshalls Mono Limited	UK	100.0	19.2	n/a
12/06/18	Chongqing Zonjo Recycling Resources Development Co.,Ltd.	CN	Tibet Tianlu Co., Ltd.	CN	40.0	17.9	n/a
12/05/18	Jajpur Cements Private Limited	n/a	Sagar Cements Limited	IN	100.0	13.5	n/a
11/19/18	PT Sinar Tambang Arthalestari/PT Bima Indo Perkasa	n/a	PT Lintang Sapta Lestari	n/a	51.0	11.7	n/a
11/29/18	Borneo Granite Sdn Bhd	MY	CMS Resources Sdn. Bhd.	MY	56.0	6.5	n/a
12/26/18	Refractaria, S.A.	ES	Krosaki AMR Refractorios S.A.U.	ES	100.0	n/a	n/a
11/19/18	Active Minerals International, LLC	US	Golden Gate Capital	CA	n/a	n/a	n/a
11/12/18	PT Holcim Indonesia Tbk	ID	PT Semen Indonesia (Persero) Tbk	ID	80.6	n/a	18.3
11/06/18	Concrete Fibers Business of Propex Holding, LLC	n/a	Sika AG	CH	100.0	n/a	n/a
10/19/18	Yedesa, Yesos, Escayolas Y Derivados S.A.	ES	Fassa Srl	IT	100.0	n/a	n/a

Global Construction Materials M&A Deal Count, Recorded Transaction Volume 2014-2018

Data Source: S&P Capital IQ.



Global Construction Materials M&A Transaction Multiples 2014-2018

Implied Transaction Enterprise Value / EBITDA of announced transactions with disclosed multiple.

Data Source: S&P Capital IQ.



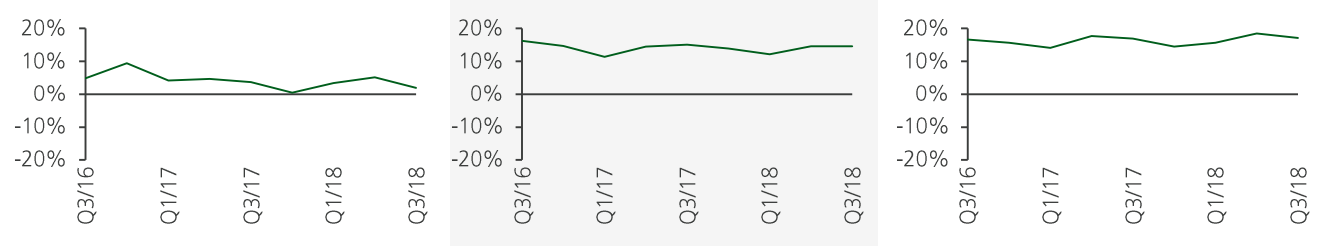
Global Construction Materials Sector Operating Financial Metrics

Q3 2018 data only. Q4 2018 data not yet released. In €m. Data source: S&P Capital IQ

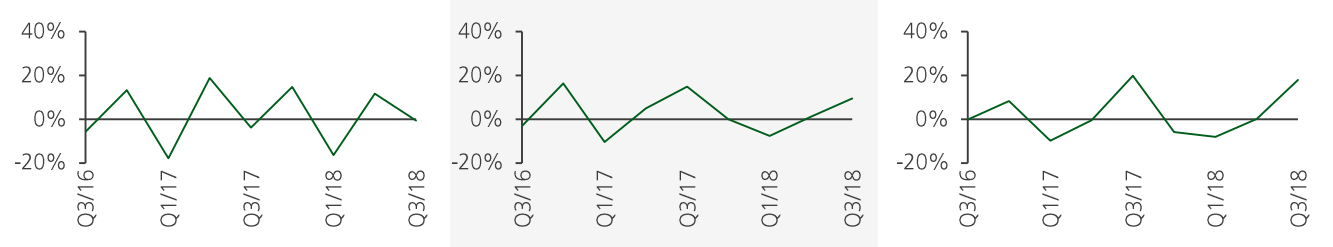
Company Size

<div>Small Cap</div> <div> </div> <div> <div> <div>► Revenue in €m</div> <div>1 to 250</div> </div> <div> <div>► Average Revenue in €m</div> <div>77</div> </div> <div> <div>► Number of companies</div> <div>537</div> </div> </div>	<div>Mid Cap</div> <div> </div> <div> <div> <div>► Revenue in €m</div> <div>251 to 2,500</div> </div> <div> <div>► Average Revenue in €m</div> <div>733</div> </div> <div> <div>► Number of companies</div> <div>185</div> </div> </div>	<div>Large Cap</div> <div> </div> <div> <div> <div>► Revenue in €m</div> <div>>2,500</div> </div> <div> <div>► Average Revenue in €m</div> <div>5,976</div> </div> <div> <div>► Number of companies</div> <div>39</div> </div> </div>
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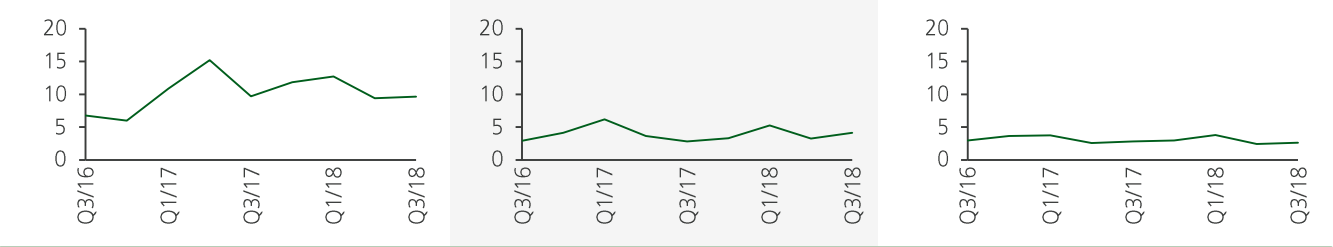
EBIT Margin



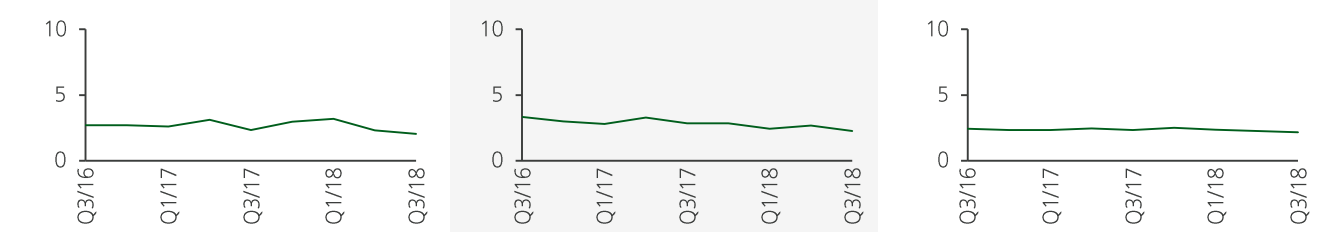
Revenue Growth



Debt/EBITDA



Market Capitalization/Revenue

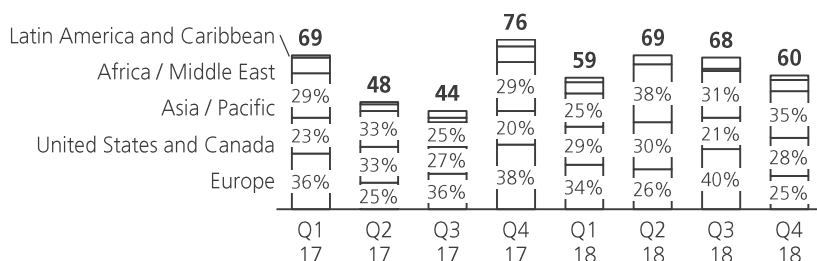


Global Construction Materials M&A Deal Analysis

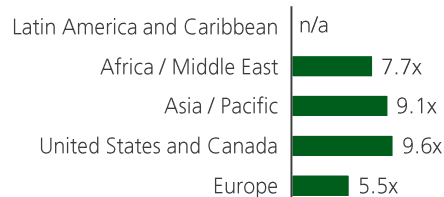
Announced transactions. Implied M&A Enterprise Value / LTM EBITDA of announced transactions with disclosed multiple.

Data Source: S&P Capital IQ

Deal count by Target Region

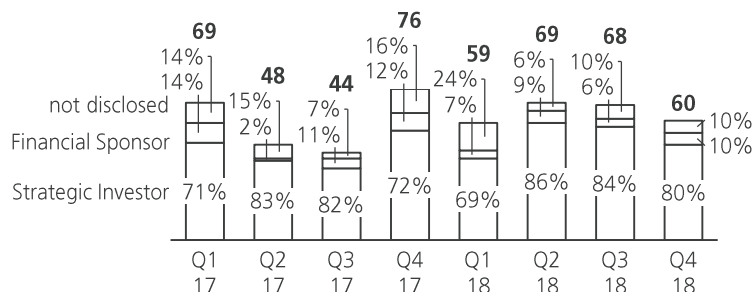


EBITDA Multiple (LTM) by Target Region

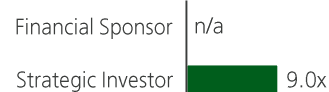


Deal count by Investor Type

Announced transaction with identified investors

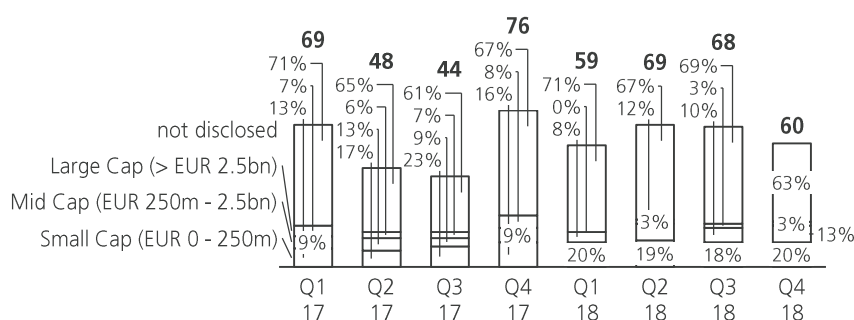


EBITDA Multiple (LTM) by Investor Type

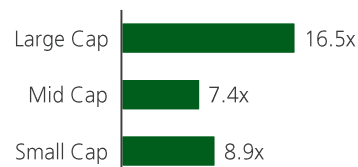


Deal count by Company Size

Announced transactions with disclosed annual pre-transaction revenues



EBITDA Multiple (LTM) by Company Size



Notes

The analysis considers announced transactions only. Recent Transactions and Quarterly Multiples only include transactions with available Enterprise Values (EV). As Capital IQ constantly updates its database, the values might differ from previous M&A Facts.

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