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Aggregate, Concrete & Asphalt Market Monitor

Summer 2023

Industry Update

The aggregate, concrete and asphalt industry has been displaying strong growth since 2015. The demand for aggregates, including crushed stone, sand, and gravel, has surged since 2015 - as growth in the U.S. has shifted to new geographic regions and existing infrastructure requires maintenance and expansion.

The total aggregate production value has increased over 50% over the previous 6 years. In addition, the average selling price per metric ton has also risen, as the demand for aggregates to be used in construction has rebounded post pandemic.

New government initiatives and funding allocations for infrastructure development have further propelled the growth of the aggregate industry. Major construction projects, such as highways, bridges, airports, and rail systems, rely heavily on aggregates for construction materials.

The aggregate industry is highly fragmented, with many producers, suppliers, and distributors. HCA expects government funded infrastructure initiatives to drive consolidation in the aggregate industry.

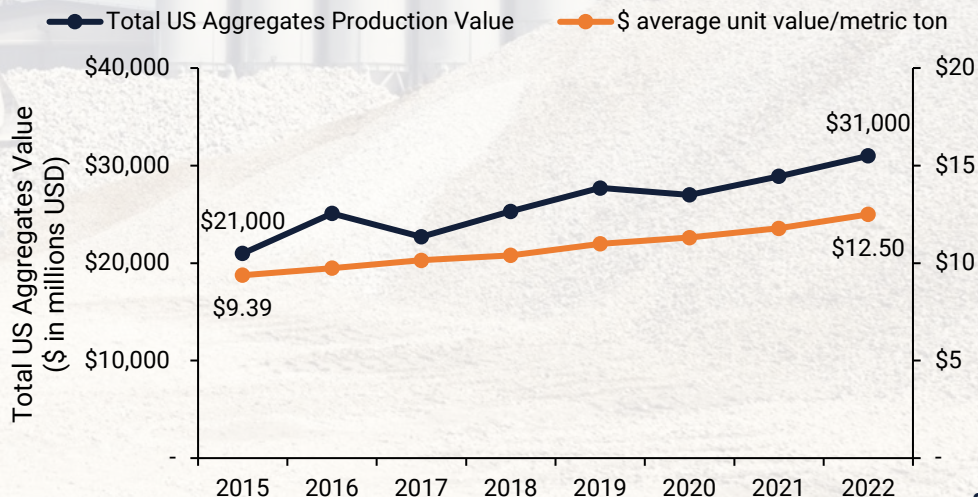
Although home building is facing headwinds due to the highest mortgage rates in 20 years, publicly traded aggregate companies are forecasting that growth in government backed infrastructure projects and heavy nonresidential construction will offset slowdowns in the private housing sector.

Publicly traded companies in the industry have largely outperformed the S&P 500. EV/EBITDA multiples remain high, and transaction activity has largely been dominated by strategic buyers.

U.S. Aggregates Volumes (in millions of tons)



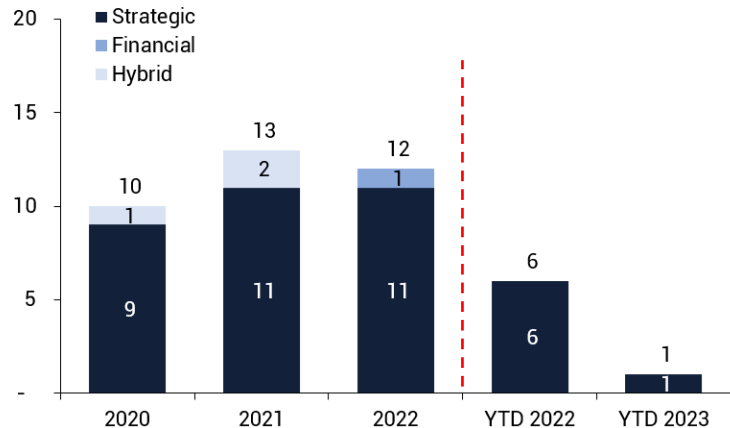
U.S. Aggregates Values



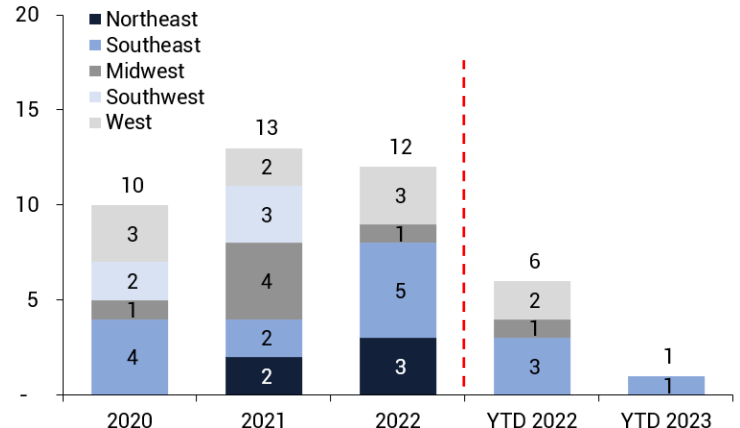
Public Company Valuations and Transaction Activity



U.S. M&A Volume by Buyer Type



U.S. M&A Volume by Region



Source: CapitalIQ, company filings.

Public Company Valuations

\$ in millions, except per share data		6/26/23 Share Price	Market Cap	Enterprise Value	TTM Data			NTM Est. Growth	EV Multiple	
Category	Company Name				Sales	Gross Profit	Gross Margin	Sales	TTM Sales	TTM EBITDA
Aggregate, Concrete and Asphalt	Vulcan Materials Company	\$214.77	\$28,577	\$32,985	\$7,424	\$1,591	21.4%	4.6%	4.44x	19.9x
	Martin Marietta Materials, Inc.	442.78	27,439	32,644	5,854	1,573	26.9%	17.9%	5.58x	18.9x
	Eagle Materials Inc.	174.82	6,209	7,314	2,148	639	29.8%	2.5%	3.40x	10.1x
	Summit Materials, Inc.	35.16	4,178	5,356	2,427	663	27.3%	(5.0%)	2.21x	10.9x
	Knife River Corporation	46.86	2,651	3,504	2,533	364	14.4%	7.6%	1.38x	11.2x
	Minerals Technologies Inc.	54.82	1,784	2,621	2,153	464	21.6%	4.1%	1.22x	7.7x
	Granite Construction Incorporated	39.13	1,717	1,660	3,207	342	10.7%	9.6%	0.52x	12.3x
	United States Lime & Minerals, Inc.	195.00	1,106	964	252	102	40.6%	NA	3.82x	11.1x
	Median		\$3,414	\$4,430	\$2,480	\$552	24.2%	4.6%	2.81x	11.1x
	Average		\$9,208	\$10,881	\$3,250	\$717	24.1%	5.9%	2.82x	12.8x

Select, Recent M&A Activity

\$ in millions

Close Date	Acquirer/Investor	Target	Short Description	Implied EV	EV/ Revenue	EV/ EBITDA
Mar-23	Smyrna Ready Mix, LLC	23 concrete plants in North Carolina and Southwest Florida	Comprised of 23 ready-mix concrete product manufacturing plants in North Carolina and Southwest Florida	\$93.0	-	-
Dec-22	Private Investor	New York, New Jersey, and Pennsylvania Operations of Vulcan Materials Co	Produces and supplies construction aggregates	-	-	-
Dec-22	Allan Myers, Inc	An Asphalt Plant in Wakefield, VA.	Comprised an asphalt manufacturing facility	-	-	-
Nov-22	Smyrna Ready Mix, LLC	USC Atlantic, Inc.	Manufactures and markets concrete products	-	-	-
Sep-22	Blue Ridge Construction Capital LLC	Matthews Sand and Gravel/Edge Aggregates, LLC (nka:Matthews-Edge Sand)	Supplies asphalt, sand and aggregates	-	-	-
Sep-22	York Building Products Co., Inc.	Union Quarries Inc.	Manufactures crushed stone, asphalt, and ready-mix concrete products	-	-	-
Aug-22	Vulcan Materials Company	Syar Industries, LLC	Manufactures aggregate rock products and asphaltic paving materials	-	-	-
May-22	Holcim Ltd	Cajun Ready Mix Concrete, LLC	Manufactures ready-mix concrete products	-	-	-
Apr-22	Eagle Materials Inc.	Concrete and Aggregates Assets	Comprised of concrete and aggregates manufacturing business	\$120.2	0.68x	-
Apr-22	Lehigh Hanson, Inc. (nka:Heidelberg Materials US, Inc.)	Meriwether Ready Mix, Inc.	Produces ready mixed concrete materials	-	-	-
Jan-22	Thomas Concrete Inc.	Assets of Benton Ready Mix of Florence, Inc.	Manufactures ready-mix concrete products	-	-	-
Jan-22	Carmeuse Americas	Carl Schlegel, Inc.	Manufactures construction aggregates	-	-	-
Jan-22	Aggregate Industries-WCR, Inc.	Cowden Inc.	Provides gravel and ready-mix products	-	-	-

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Experienced Professionals

A 20-year firm with professionals that have 120 years of combined experience in middle-market mergers & acquisitions and corporate finance advisory services

The Right Capital

Capital is a commodity ... the investor behind the capital is targeted based on our client's objectives

Results Driven

Meticulously craft a transaction blueprint with steadfast commitment to achieve our client's goals

Senior Banker Immersion

From engagement inception through post-closing transaction functions, our senior bankers lead the charge to achieve a successful outcome

Objective Advice

We provide frank advice, backed with analysis and perspective, to map out and execute a process to reach our clients' transaction objectives

Industry Expertise

Real-time pulse of sector activity, corporate and private equity participants and enterprise valuation metrics



Services & Industries

With more than 300 completed transactions, HCA's investment bankers maintain relationships with key decision-makers among strategic buyers and investors and comprehensive coverage of relevant private equity groups and family offices

- Merger and Acquisition Advisory
- Equity and Debt Capital Placement
- Strategic Alternatives Assessment
- Exclusive Sales and Divestitures
- Strategic Planning
- Management Buy-outs
- Recapitalizations



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