

The background of the entire page is a photograph of a construction site at sunset. The sky is a mix of blue and orange, with scattered white clouds. In the foreground, the silhouettes of two construction workers are visible, standing on a metal scaffolding structure. The scaffolding consists of numerous vertical and horizontal metal poles connected by cross-braces, creating a complex grid-like pattern. The workers are positioned in the center-right of the frame, their forms dark against the bright sky. The overall mood is one of industriousness and the end of a day's work.

Seale & Associates

CONSTRUCTION INDUSTRY
Q3 2023
VALUATION UPDATE

Introduction

We are pleased to share our Construction Industry Multiples Valuation Update for Q3 2023.

At Seale & Associates, we are committed to providing process-driven solutions designed to optimize value and achieve our client's strategic objectives in a range of transactions including **Mergers, Acquisitions, Divestitures and Carve-Outs, Business Sales, Recapitalizations, and Joint Ventures**, among other corporate finance and strategy consulting services.

Over the course of 25+ years, we have successfully served clients all over the world, and we are delighted to continue providing investment banking advisory services to our construction industry clients who are looking to grow through acquisitions or optimize their portfolios through strategic divestitures.

Seale has extensive experience advising leading multinational companies, private equity firms, and family-owned businesses across a wide range of industries.



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Construction Industry Overview, M&A Trends and Market Intelligence

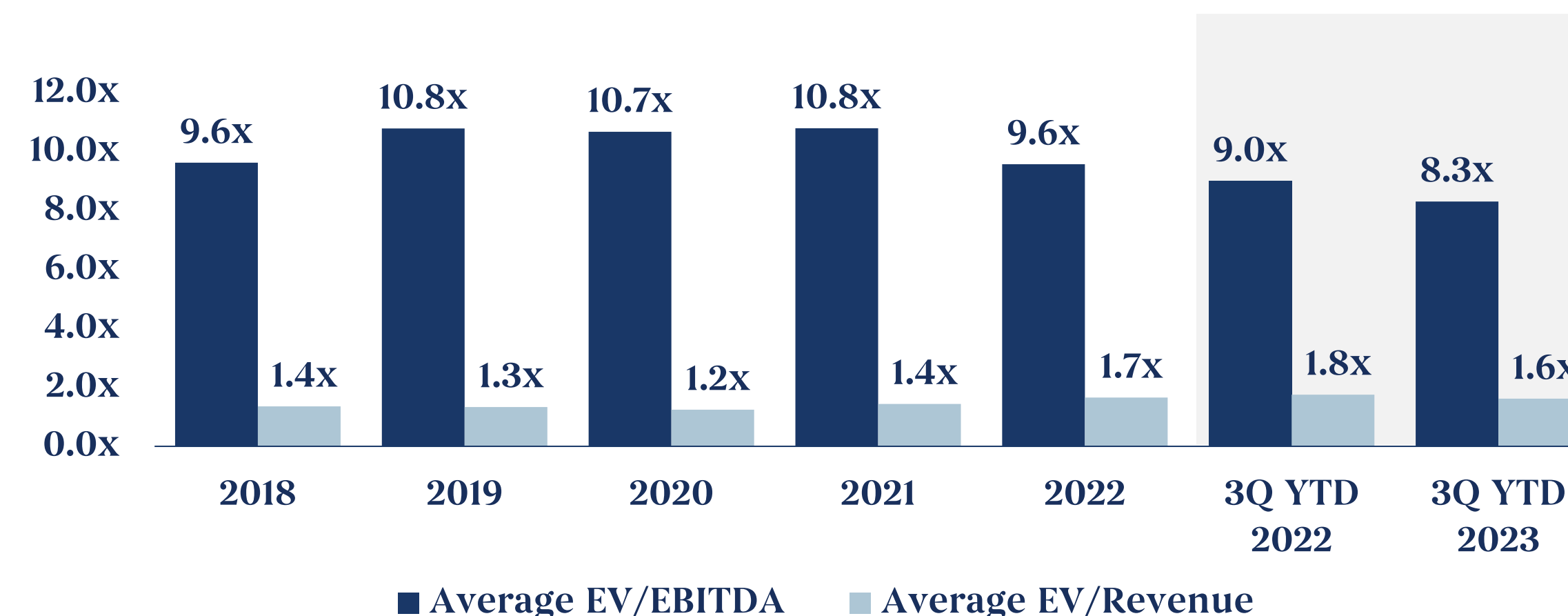
Construction Industry Overview

- The global construction **market** hit **US\$12.7 trillion** in 2022 and is projected to reach approximately **US\$18.6 trillion** by 2028, with an expected annual growth rate of 6.5%
- The global construction **market grew by 6.3% in Q2 2023** compared to the same period in 2022. This growth was driven by strong demand for new housing and infrastructure projects in emerging markets
- In North America, construction plays a crucial role as a major customer for manufacturing, mining, and various service sectors. This includes involvement in both private and government real estate and commercial infrastructure projects in the United States, which is a significant contributor to the workforce
- One of the biggest challenges facing was rising inflation. The cost of building materials and labor increased significantly during the quarter. Another challenge was supply chain disruptions. The COVID-19 pandemic and the war in Ukraine have caused disruptions to the global supply chain
- Despite these challenges, **the construction industry is still expected to grow in 2023 overall**











Construction Industry M&A Deal Size and Volume













Construction Industry M&A Average EV/EBITDA and EV/Revenue











Construction Global Comparable Public Companies

Company	Country	Market Cap. US\$M	Enterprise Value US\$M	Revenue US\$M	EBITDA Margin	Annual Average EV/EBITDA		Third Quarter Sep. 30, 2023		
						2021	2022	EV/EBITDA	EV/Revenue	
ACS, Actividades de Construcción y Servicios, S.A.		ESP	\$9,302	\$12,340	\$37,292	4.7%	9.1x	4.4x	7.0x	0.3x
AECOM		USA	\$11,520	\$13,349	\$13,962	6.3%	10.8x	11.3x	15.3x	1.0x
Bouygues SA		FRA	\$13,274	\$29,115	\$55,030	9.4%	4.7x	4.2x	5.6x	0.5x
Eiffage SA		FRA	\$9,192	\$23,047	\$23,006	16.5%	8.0x	6.5x	6.1x	1.0x
Kajima Corporation		JPN	\$7,840	\$9,743	\$16,573	6.4%	4.9x	5.6x	9.2x	0.6x
Obayashi Corporation		JPN	\$6,318	\$6,334	\$13,799	5.5%	5.3x	10.1x	8.3x	0.5x
Quanta Services, Inc.		USA	\$27,162	\$31,325	\$18,354	14.4%	8.5x	10.2x	11.8x	1.7x
Skanska AB (publ)		SWE	\$6,785	\$7,658	\$15,082	6.0%	5.8x	7.3x	8.4x	0.5x
Taisei Corporation		JPN	\$6,595	\$5,571	\$10,994	3.3%	3.8x	5.3x	15.5x	0.5x
Vinci SA		FRA	\$58,150	\$86,876	\$70,424	16.2%	12.0x	9.5x	7.6x	1.2x
						Mean	5.9x	5.6x	7.5x	0.8x
						Median	6.9x	6.9x	8.3x	0.6x

Construction Materials Global Comparable Public Companies

Company	Country	Market Cap. US\$M	Enterprise Value US\$M	Revenue US\$M	EBITDA Margin	Annual Average EV/EBITDA		Third Quarter Sep. 30, 2023		
						2021	2022	EV/EBITDA	EV/Revenue	
Ambuja Cements Limited	 IND	\$10,157	\$9,896	\$3,818	13.3%	11.5x	16.0x	19.6x	2.6x	
CEMEX, S.A.B. de C.V.	 MEX	\$9,460	\$16,859	\$16,426	18.0%	7.9x	5.8x	5.7x	1.0x	
CRH plc	 IRL	\$39,140	\$46,433	\$33,861	17.6%	10.4x	7.2x	7.8x	1.4x	
Grasim Industries Limited	 IND	\$15,347	\$30,877	\$14,522	18.2%	9.6x	9.7x	11.7x	2.1x	
GCC, S.A.B. de C.V.	 MEX	\$3,118	\$2,869	\$1,249	32.3%	7.9x	5.9x	7.1x	2.3x	
Heidelberg Materials AG	 DEU	\$14,488	\$22,838	\$22,957	17.6%	6.1x	4.6x	5.6x	1.0x	
Holcim Ltd	 CHE	\$37,224	\$50,426	\$30,153	20.8%	7.5x	6.6x	8.1x	1.7x	
James Hardie Industries plc	 IRL	\$11,525	\$12,419	\$3,731	26.9%	20.4x	12.9x	12.4x	3.3x	
Martin Marietta Materials, Inc.	 USA	\$25,369	\$30,383	\$6,033	33.0%	17.0x	16.4x	15.3x	5.0x	
Vulcan Materials Company	 USA	\$26,842	\$31,204	\$7,582	25.7%	18.7x	17.3x	16.0x	4.1x	
						Mean	8.7x	6.6x	8.3x	1.7x
						Median	10.0x	8.5x	9.9x	2.2x







Construction Machinery Global Comparable Public Companies

Company	Country	Market Cap. US\$M	Enterprise Value US\$M	Revenue US\$M	EBITDA Margin	Annual Average EV/EBITDA		Third Quarter Sep. 30, 2023		
						2021	2022	EV/EBITDA	EV/Revenue	
Caterpillar Inc.	 USA	\$139,269	\$170,166	\$64,771	23.4%	17.3x	13.0x	11.2x	2.6x	
CNH Industrial N.V.	 GBR	\$16,101	\$38,573	\$24,733	14.7%	17.1x	10.0x	10.6x	1.6x	
Deere & Company	 USA	\$108,686	\$166,693	\$61,361	24.0%	19.8x	17.5x	11.3x	2.7x	
Doosan Corporation	 KOR	\$1,364	\$11,691	\$13,826	9.5%	13.3x	9.4x	8.9x	0.8x	
Hitachi Construction Machinery Co., Ltd.	 JPN	\$6,473	\$10,167	\$8,917	16.0%	11.4x	6.4x	7.1x	1.1x	
Komatsu Ltd.	 JPN	\$25,606	\$32,802	\$24,633	19.9%	10.9x	7.8x	6.7x	1.3x	
Sany Heavy Industry Co.,Ltd	 CHN	\$18,402	\$19,164	\$11,059	10.5%	12.8x	19.5x	16.5x	1.7x	
Terex Corporation	 USA	\$3,883	\$4,322	\$4,977	13.8%	16.1x	7.2x	6.3x	0.9x	
XCMG Construction Machinery Co., Ltd.	 CHN	\$10,212	\$13,452	\$12,505	8.7%	8.3x	10.5x	12.3x	1.1x	
						Mean	11.4x	9.2x	9.3x	1.2x
						Median	13.3x	10.0x	10.6x	1.3x

Construction Industry – Global Transactions (1/2)

Date	Target	Country	Description	Buyer	Seller	% Acquired	Size US\$M	EV/ EBITDA	EV/ Revenue
Sep-23	 Ausenco	AUS	Provides construction, engineering, and project management services to the resources and energy markets	Brightstar, Eldridge, Claire Group	Multiple Sellers	>50%	-	-	-
Sep-23	 ARGOS Argos North America	USA	Manufactures and distributes cement, concrete and aggregates	 SUMMIT Materials	 ARGOS	100.0%	\$3,200.0	10.0x	-
Sep-23	 GUNNAR PREFAB AB	SWE	Manufactures and supplies prefabricated concrete products	 volati1.	-	100.0%	-	-	-
Aug-23	Two quarries in Madrid	ESP	Operates a stone and sand quarry	 CEMEX	-	100.0%	-	-	-
Aug-23	 PIONEER	USA	Provides building materials, demolition and removal, site grading and excavation, construction management, and general contracting services	 SiteOne LANDSCAPE SUPPLY	-	100.0%	-	-	-
Aug-23	 MARTINUS BOTTOM LINE	USA	Operates as a full-service railway infrastructure company that builds and maintains railroads and intermodal	 MARTINUS	-	100.0%	-	-	-
Aug-23	Tehachapi Cement Plant	USA	Operates a cement plant in California	 UNACEM	 Martin Marietta	100.0%	\$317.0	-	-
Aug-23	Cement Plant	GMB	Operates a cement plant in Gambia	 BS Plus GROUP	 Heidelberg Materials	100.0%	-	-	-
Aug-23	Business of Green Drop Rock Products in Canada	CAN	Operates aggregates production operations with a high-capacity plant in Alberta	 Heidelberg Materials	 GREEN DROP	100.0%	-	-	-
Aug-23	 OCL regeneration ltd	GBR	Manufactures sustainable construction materials	 AGGREGATE INDUSTRIES	-	100.0%	-	-	-
Jul-23	Ready mix concrete business	USA	Operates a ready-mix concrete business	 CHANEY ENTERPRISES	 ALLIED CONCRETE CO.	100.0%	-	-	-

Construction Industry – Global Transactions (2/2)

Date	Target	Country	Description	Buyer	Seller	% Acquired	Size US\$M	EV/ EBITDA	EV/ Revenue
Jul-23	 società italiana per condotte d'acqua <small>Fondata il 7 aprile 1880</small>	ITA	Designs and builds major infrastructure works	 TIBERIADE HOLDING SpA	-	100.0%	\$309.8	-	-
Jul-23	 RAINERI	USA	Provides ready-mix concrete for commercial, residential, institutional, and infrastructure projects	 BMC ENTERPRISES, INC.	-	100.0%	-	-	-
Jul-23	 RUSKIN CONSTRUCTION	CAN	Provides design-build, bridge, marine, foundation, railway, and aerial pipeline construction services	 Hillcore Group	-	100.0%	-	-	-

Selected Transactions Commentary



“Combining Argos USA with Summit is a significant milestone as we execute against and accelerate our materials-led portfolio strategy.”

Anne Noonan, President and CEO of Summit Materials



“These acquisitions strengthen our existing network and enable us to better serve a growing market with high-quality, sustainable, and circular products.”

Sergio Menendez, President of Cemex Europe, Middle East, Africa & Asia



“If this transaction is approved, the United States would become the second country in terms of installed capacity for the Unacem Group and also as a generator of revenues and EBITDA after Peru.”










Pedro Lerner, CEO of Grupo Unacem



“The acquisition of the Green Drop Rock Products business will further strengthen our aggregates reserves in the Greater Calgary area and reinforce our integrated footprint in this attractive market.”

Oliver Patsch, President of the Northwest Region of Heidelberg Materials North America

Private Equity Transactions

INDUSTRY CLASIFICATION	PERIOD	AVERAGE ENTERPRISE VALUE (IN USD)	REVENUE (IN USD)	TTM REVENUE GROWTH	ENTERPRISE VALUE / REVENUE	EBITDA MARGIN	ENTERPRISE VALUE /EBITDA	NUMBER OF TRANSACTIONS
 Construction of Buildings <i>NAICS 236 – Construction of Buildings</i>	 2018-2023	 \$65.4M	 \$42.6M	 18.7%	 1.5x	 22.4%	 6.4x	 16
Heavy and Civil Engineering Construction <i>NAICS 237 – Heavy and Civil Engineering Construction</i>	2018-2023	\$44.9M	\$43.2	23.0%	1.2x	20.6%	5.7x	27

Notes:

- Data obtained via GF Data, a subscription-based information platform, offering detailed information and metrics about the transactions of Private Equity funds in the U.S.
- The data is provided under a blind confidential format. Users of the data are unable to identify the exact company and transaction corresponding to the transaction details. Given this blind approach, the data submitted is less likely to be biased or manipulated.

CEMEX

TARGET

Concrete Pumping
Business

TRANSACTION TYPE

Divestiture advisory

INDUSTRIES

Construction and
Building Products

GEOGRAPHY

Monterrey, Mexico

SITUATION

Seale & Associates acted as exclusive financial advisor to CEMEX (BMV: CEMEX CPO) in the divestiture of its Concrete Pumping Business to Pumping Team. The transaction value was US\$109 million, including US\$80 million at closing and an additional US\$29 million in purchase price contingent on future performance targets.

SEALE & ASSOCIATES' APPROACH

Seale managed a competitive auction process with potential strategic and financial buyers. Seale's disciplined approach allowed our client to maintain momentum and negotiating leverage throughout the process and ensure closing at a premium value and favorable terms.

OUTCOME

The process resulted in the successful acquisition of CEMEX's Concrete Pumping Business by Pumping Team, which will become the supplier of ready-mix concrete pumping to CEMEX and its customers in Mexico.

“We look forward to maintaining a long-term win-win relationship”



has sold

**its Concrete
Pumping Business**

to



“We are pleased to have been able to represent CEMEX in this strategic divestiture of its concrete pumping business in Mexico.

We wish the new owners of the Pumping Team and Nexus Capital business every success.

We look forward to maintaining a long-term win-win relationship in their business relationship with CEMEX.”

Sergio Garcia del Bosque
Managing Director, Seale & Associates

FANOSA

TARGET
Fanosa, S.A. de C.V.
("FANOSA")

TRANSACTION TYPE
Divestiture advisory

INDUSTRIES
Construction and
Building Products

GEOGRAPHY
Hermosillo, Mexico

SITUATION

Seale & Associates acted as exclusive financial advisor to the Shareholders of Fanosa, S.A. de C.V. ("FANOSA"), a leading provider of solutions for the construction market on the sale of its business to Grupo Lamosa S.A.B. de C.V. (BMV: LAMOSA).

SEALE & ASSOCIATES' APPROACH

Seale managed a competitive process. Seale's disciplined approach allowed our client to maintain momentum and negotiating leverage throughout the process and ensure closing at a premium value and favorable terms.

OUTCOME

The process resulted in the successful acquisition of FANOSA by Grupo Lamosa strengthening the growth and diversification strategy that can create a more integral product offering focused on providing sustainable solutions for the construction market.

"We wish them continued success and growth"



has been acquired by



"FANOSA has built a great platform for the production and distribution of expanded polystyrene products with tremendous success in Mexico and the U.S. We congratulate our client and the employees of FANOSA and we wish them continued success and growth after the acquisition by LAMOSA."

Sergio Garcia del Bosque
Managing Director, Seale & Associates

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S U S C R I B E

Representative Global Engagements

 <p>INMAGUSA Grupo Galaz, S.A de C.V.</p> <p>has been acquired by</p> 	 <p>has sold</p>  <p>to</p> 	 <p>has sold its Sanitaryware business units ST. THOMAS CREATIONS and VITROMEX to </p>	 <p>has sold</p>  <p>to</p> 	 <p>has sold</p>  <p>to</p> 	 <p>has been acquired by</p> 	  <p>acquired</p> <p>The Zinc Recycling Business of</p> 
 <p>acquired</p>  <p>Automotive dealerships from</p> 	 <p>has sold</p>  <p>to</p> 	 <p>has sold</p> <p>Kidde de Mexico, S.A. de C.V. Fire Safety Solutions Business</p> <p>to an affiliate of</p> 	 <p>has sold its concrete pumping business</p> <p>to</p> 	<p>CORPORACION </p> <p>has sold</p>  <p>to</p> 	 <p>has been acquired by</p> 	 <p>has been acquired by</p> 
 <p>has been acquired by</p> 	<p>intelectiva®</p> <p>has acquired</p>  <p>KFC Costa Rica from</p> 	 <p>Multiple acquisitions</p> 	 <p>has partnered with</p>  <p>a subsidiary of</p> 	 <p>has been acquired by</p> 	 <p>has merged its Beverage Division with</p> 	 <p>has merged its Beverage Division with</p> 

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Please contact us if you would like further information about M&A trends and/or specific transaction multiples for your industry

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For over 25 years, Seale & Associates has served leading public and private companies from around the world and operating in a broad range of industries with a high level of quality, integrity and independence while presenting innovative ideas and trusted solutions to address their most complex dealings.

25

YEARS OF EXPERIENCE

\$50B+

TRANSACTIONS GLOBALLY

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Divestitures

Joint Ventures / Alliances

Recapitalizations

Due Diligence / Support

Expert Witness Testimony

Corporate Finance Advisory

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We have worked repeatedly with many of the most well-known companies in the world...

...as well as with reputable funds, family-offices and privately held companies.





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Creative Solutions. Trusted Advice.