



Seale & Associates

CONSTRUCTION INDUSTRY
Q2 2023
VALUATION UPDATE

Introduction

We are pleased to share our Construction Industry Multiples Valuation Update for Q2 2023.

At Seale & Associates, we are committed to providing process-driven solutions designed to optimize value and achieve our clients' 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 that 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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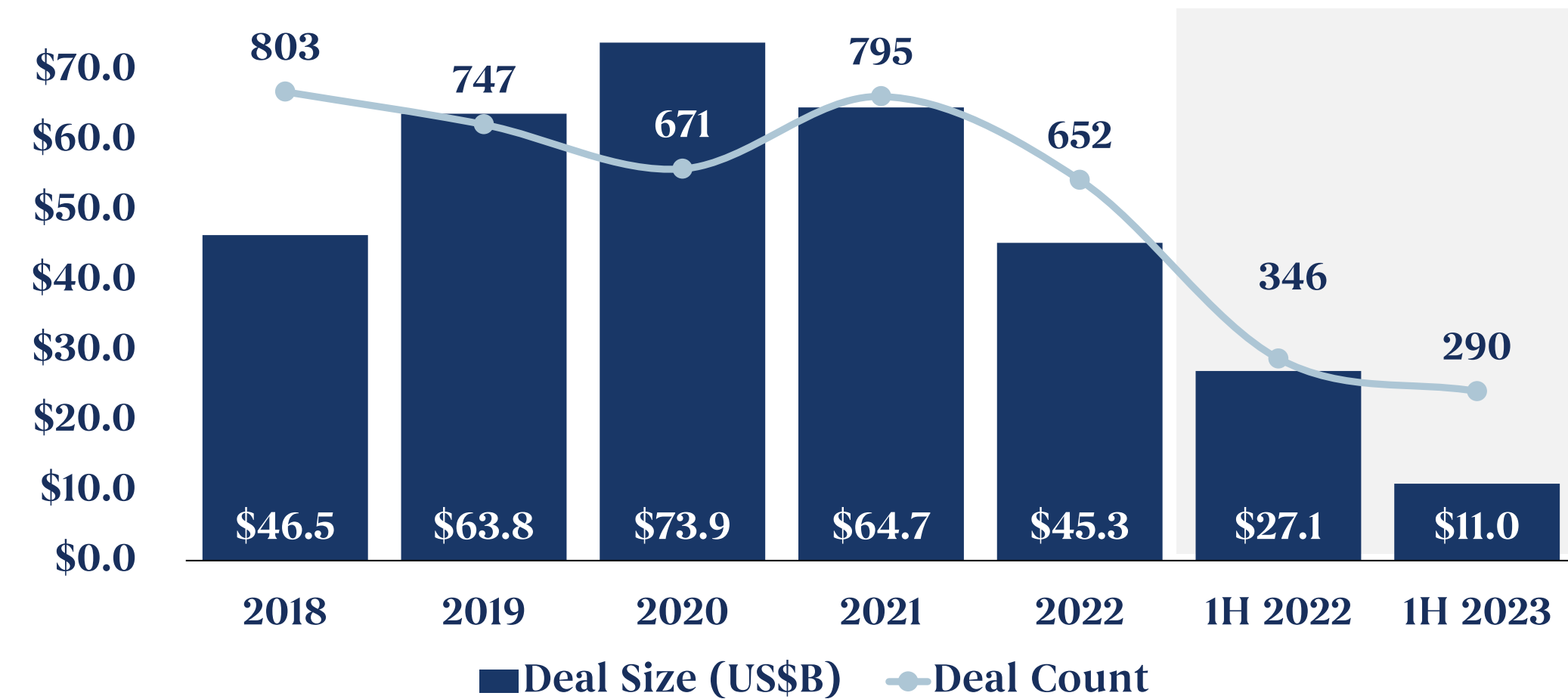
Construction Industry Overview, M&A Trends and Market Intelligence

Construction Industry Overview

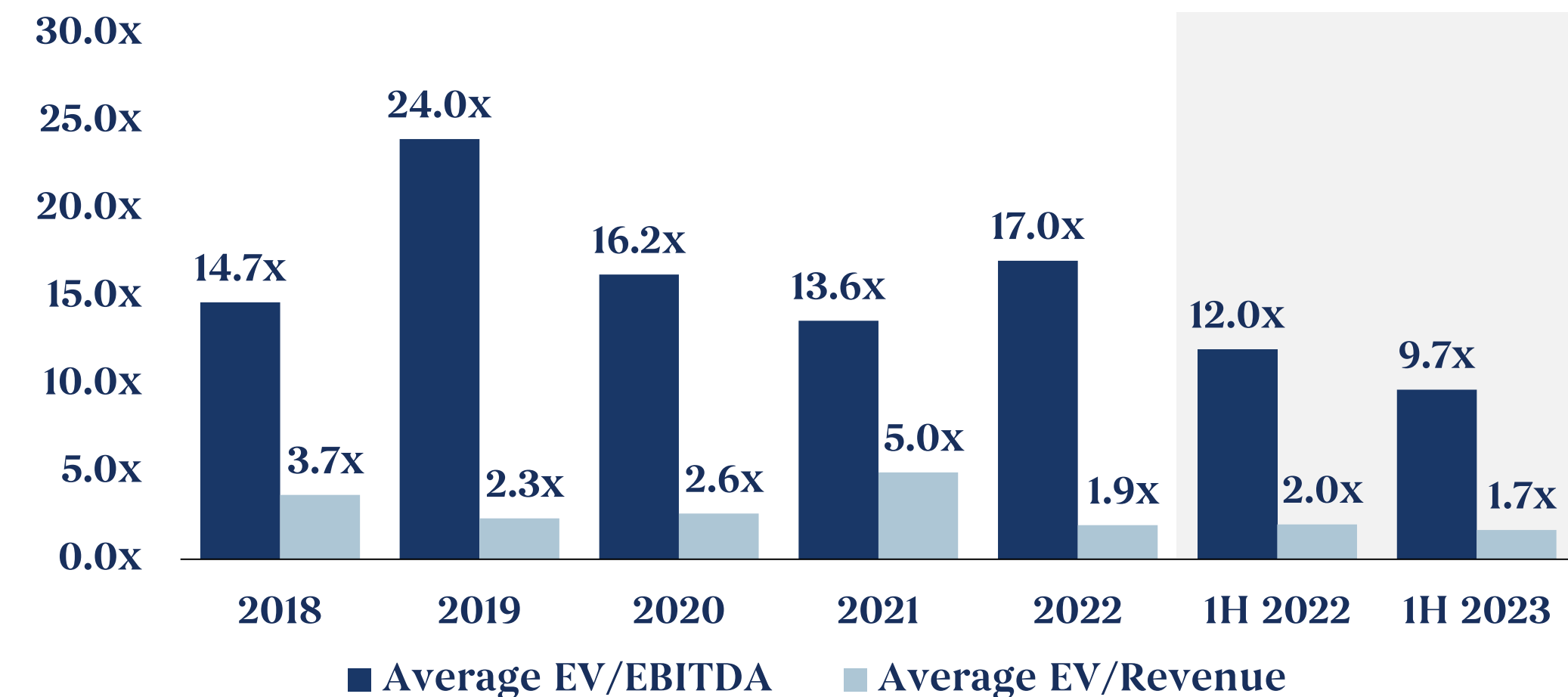
- The global construction **market** hit **US\$12.74 trillion** in 2022 and is projected to reach approximately **US\$18.6 trillion** by 2028, with an expected annual growth rate of 6.5%
- In North America, construction plays a crucial role as a major customer for manufacturing, mining, and various service 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
- Despite expectations of ongoing economic challenges for the broader U.S. construction sector, the industry is set to receive a boost from increased government spending on infrastructure projects in the short to medium-term
- Steel sheet metal, a key material in multiple industries, especially construction, accounts for approximately 50% of global steel consumption
- The construction industry in North America has been significantly affected by the COVID-19 pandemic. In the United States, the building sector heavily depends on imported materials such as steel, copper, aluminum, stone, and fixtures, with a substantial portion originating from China
- This industry exhibits both **fragmentation** and **intense competition**. The presence of numerous product suppliers in various regions acts as a barrier for new entrants into the industry

Source: Mordor Intelligence, Expert Market Research, Statista, Capital IQ

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		Second Quarter Jun. 30, 2023		
						2021	2022	EV/EBITDA	EV/Revenue	
ACS, Actividades de Construcción y Servicios, S.A.		ESP	\$9,082	\$12,409	\$38,465	3.0%	9.1x	4.4x	8.7x	0.3x
AECOM		USA	\$11,772	\$13,787	\$13,962	6.7%	10.8x	11.3x	12.4x	1.0x
Bouygues SA		FRA	\$12,498	\$27,020	\$56,760	8.5%	4.7x	4.2x	5.3x	0.5x
Eiffage SA		FRA	\$9,948	\$23,516	\$23,729	15.0%	8.0x	6.5x	6.3x	1.0x
Jacobs Solutions Inc.		USA	\$15,081	\$18,766	\$15,945	8.4%	14.9x	12.7x	12.3x	1.2x
Kajima Corporation		JPN	\$7,222	\$9,022	\$17,121	6.2%	4.9x	5.6x	8.5x	0.5x
Obayashi Corporation		JPN	\$6,168	\$5,866	\$14,255	5.5%	5.3x	10.1x	7.2x	0.4x
Quanta Services, Inc.		USA	\$28,520	\$32,693	\$18,354	8.2%	8.5x	10.2x	12.6x	1.9x
Skanska AB		SWE	\$5,755	\$6,238	\$15,235	5.0%	5.8x	7.3x	6.3x	0.4x
Taisei Corporation		JPN	\$6,531	\$5,089	\$11,357	3.2%	3.8x	5.3x	10.8x	0.4x
Vinci SA		FRA	\$66,216	\$93,090	\$72,639	15.2%	12.0x	9.5x	8.5x	1.4x
■ Excluded from mean and median						Mean	7.3x	7.9x	9.0x	0.8x
						Median	6.9x	7.3x	8.5x	0.5x

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		Second Quarter Jun. 30, 2023		
						2021	2022	EV/EBITDA	EV/Revenue	
Ambuja Cements Limited	 Ambuja Cement	IND	\$10,304	\$10,039	\$3,865	13.0%	11.5x	16.0x	22.2x	2.7x
Buzzi S.p.A.	 Buzzi Unicem	ITA	\$4,636	\$4,591	\$4,659	21.6%	4.8x	3.8x	4.3x	1.1x
CEMEX, S.A.B. de C.V.	 CEMEX	MEX	\$10,223	\$18,030	\$16,426	16.2%	7.9x	5.8x	6.3x	1.1x
CRH plc	 CRH	IRL	\$40,039	\$46,144	\$33,861	17.6%	10.4x	7.2x	7.7x	1.3x
Grasim Industries Limited	 ADITYA BIRLA GRASIM	IND	\$13,885	\$29,566	\$14,702	17.8%	9.6x	9.7x	11.1x	2.1x
GCC, S.A.B. de C.V.	 GCC	MEX	\$2,798	\$2,492	\$1,249	31.0%	7.9x	5.9x	6.4x	2.0x
Heidelberg Materials AG	 HEIDELBERG CEMENT	DEU	\$15,285	\$22,633	\$23,678	15.3%	6.1x	4.6x	5.7x	1.0x
Holcim Ltd	 HOLCIM	CHE	\$38,960	\$47,050	\$30,815	18.4%	7.5x	6.6x	7.1x	1.4x
James Hardie Industries plc	 JamesHardie	IRL	\$11,664	\$12,684	\$3,731	26.3%	20.4x	12.9x	13.1x	3.4x
Martin Marietta Materials, Inc.	 Martin Marietta	USA	\$28,610	\$33,816	\$6,033	30.7%	17.0x	16.4x	18.2x	5.8x
Vulcan Materials Company	 Vulcan Materials Company	USA	\$29,997	\$34,405	\$7,582	23.8%	18.7x	17.3x	19.1x	4.6x
						Mean	8.2x	7.1x	7.7x	1.8x
						Median	7.9x	6.2x	6.7x	1.4x

■ Excluded from mean and median

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		Second Quarter Jun. 30, 2023		
						2021	2022	EV/EBITDA	EV/Revenue	
Caterpillar Inc.		USA	\$126,803	\$157,595	\$64,771	22.9%	17.3x	13.0x	11.7x	2.6x
CNH Industrial N.V.		GBR	\$19,209	\$40,363	\$24,733	13.9%	17.1x	10.0x	11.3x	1.7x
Deere & Company		USA	\$118,799	\$174,137	\$61,361	23.6%	19.8x	17.5x	12.7x	2.9x
Doosan Corporation		KOR	\$1,101	\$12,046	\$14,131	11.1%	13.3x	9.4x	10.0x	0.9x
Hitachi Construction Machinery Co., Ltd.		JPN	\$5,925	\$9,286	\$9,212	16.4%	11.4x	6.4x	6.9x	1.0x
Komatsu Ltd.		JPN	\$25,382	\$32,038	\$25,447	19.0%	10.9x	7.8x	6.8x	1.3x
Sany Heavy Industry Co.,Ltd		CHN	\$19,445	\$20,062	\$11,126	10.2%	12.8x	19.5x	20.1x	1.9x
Terex Corporation		USA	\$4,056	\$4,579	\$4,977	13.0%	16.1x	7.2x	7.9x	1.0x
XCMG Construction Machinery Co., Ltd.		CHN	\$10,920	\$14,610	\$12,582	8.6%	8.3x	10.5x	13.2x	1.2x
						Mean	14.1x	11.2x	10.1x	1.6x
						Median	13.3x	10.0x	10.7x	1.3x

■ Excluded from mean and median

Construction – Q2 Global Transactions

Date	Target	Country	Description	Buyer	Seller	% Acquired	Size US\$M	EV/ EBITDA	EV/ Revenue
Jun-23	 ARIAS INFRAESTRUCTURAS 1955	ESP	Operates as a constructor of public works and buildings		-	100.0%	-	-	-
Jun-23	 BERGNÄSET	SWE	Operates as a construction company	 REMONDIS WORKING FOR THE FUTURE		100.0%	-	-	-
Jun-23	 Vestlandstak as ALT FLATE TAK OG MURBRANNE	NOR	Operates as a construction and engineering company		-	100.0%	-	-	-
Jun-23	Ukrainian business and ready-mix concrete assets	UKR	Operates two integrated cement plants in Ukraine			100.0%	\$109.2	-	-
Jun-23	 WBCM	USA	Offers architecture, engineering, construction management, and facility construction services		-	100.0%	-	-	-
Jun-23	 MINERALES Y AGREGADOS	GTM	Manufactures mortars, adhesives and offers construction solutions		-	100.0%	-	-	-
Jun-23	 E. Tetz & Sons, Inc.	USA	Produces and distributes gravel, concrete, asphalt, aggregates, blocks, and crushed stones to the construction industry		-	100.0%	-	-	-
Jun-23	 MCLAIN Construction	USA	Offers general contracting, construction management, and design-build services		-	100.0%	-	-	-
Jun-23	 JK Cement	IND	Manufactures concrete and cement		-	100.0%	\$19.2	-	-
May-23	 Broome Bros	GBR	Manufactures concrete blocks		-	100.0%	-	-	-
Apr-23	 SEFA	USA	Recycles and produces fly ash for the construction industry		-	100.0%	-	-	-
Apr-23	 SERNEKE	SWE	Offers integrated services in construction and project development		Svolder AB, Fastighets AB Balder, Ola Serneke Invest AB	100.0%	\$99.6	-	-
Apr-23	 TEZAK HEAVY EQUIPMENT	USA	Operates in highway and heavy construction		-	100.0%	-	-	-

Private Equity Transactions

INDUSTRY CLASSIFICATION	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 <small>NAICS 236 – Construction of Buildings</small>	 2017-2023	 \$68.0M	 \$42.1M	 16.6%	 1.5x	 22.8%	 6.6x	 15
Heavy and Civil Engineering Construction <small>NAICS 237 – Heavy and Civil Engineering Construction</small>	2017-2022	\$44.9M	\$43.5M	22.6%	1.2x	20.9%	5.6x	29

Source: GF Data

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.

SEALE & ASSOCIATES' SECTOR RELEVANT EXPERIENCE

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.




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 Nexxus 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

SEALE & ASSOCIATES' SECTOR RELEVANT EXPERIENCE

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.




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

 has acquired 	 has acquired 	 has sold Triumph Processing - Embee Division to 	 has sold Triumph Air Repair & Triumph Engines businesses to 	 has acquired unified brands from 	 has partnered with a company backed by 	 has acquired 	 has sold the North American guarding business of to 	 has sold to 	 has sold to 	 a subsidiary of has sold to
 has sold to Daives Baird Pty Ltd a sister company of 	 has acquired 	 has sold to Code Flower Inc.	 has sold its GRACE Membranes Business a subsidiary of 	 has sold and to 	 has sold a controlling interest to 	 has been acquired by 	 has sold SENSI CARE and ALOE+VESTA to 	 has sold their Sanitaryware Manufacturing Plant to 	 has acquired Multiple snack companies 	 has sold to
 has sold Commercial Flight Training Business to 	 has been acquired by 	 has sold Oxbow Sulphur, Inc. to 	 has been acquired by 	 has sold to 	 has acquired 	 has acquired 	 has acquired 	 has sold its SYCAR Resins business to 	 has sold to Private Equity Partners	 has been acquired by
 has sold to 	 has acquired KFC Costa Rica from 	 has been acquired by 	 has sold to 	 has sold the Films Business of to 	 has been acquired by 	 has sold to 	 Oxbow's Senior Subordinated debt issued by was refinanced by 	 has sold to 	 has acquired from THE MOORE COMPANY	 sold its concrete pumping business to

Advisor to Leading Companies Worldwide



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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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Creative Solutions. Trusted Advice.

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.

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Divestitures

Joint Ventures / Alliances

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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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