

Building Materials

INDUSTRY UPDATE
December 2024

The building materials market has sustained robust momentum into Q4 2024, but growth dynamics are shifting as economic pressures impact the broader sector. While home buying and renovation continue to drive demand, the market has also faced headwinds from rising production costs, labor shortages, and supply chain disruptions. Despite these challenges, certain segments, such as construction aggregates, have demonstrated resilience due to consistent demand from infrastructure modernization and urbanization. Additionally, technological advancements, including 3D printing and smart building materials, are playing a transformative role in efficiency and adaptability, solidifying

their importance for long-term sector growth. Retailers and distributors are seeing growth as DIY trends increase, with localized inventories and value-added services like delivery and online ordering meeting evolving consumer needs. Sustainability remains a key driver for the building materials sector, with programs like PACE financing enabling energy-efficient upgrades and certifications such as BREEAM and LEED creating demand for building materials in residential and commercial construction that meet environmental standards. Overall, the market is adapting to near-term challenges while long term demand growth fundamentals are still intact for a strong 2025.

HEADLINE TRANSACTIONS

TARGET ACQUIRER ACQUISITION SYNOPSIS



In October 2024, **CRH** announced plans to acquire **The Civilmart Group**, a business that designs, manufactures, and delivers precast concrete products for commercial, civil and residential projects. The deal is estimated to be valued between \$200 million and \$250 million. With the acquisition of Civilmart, CRH will have control of 17 manufacturing facilities throughout Southern and Eastern Australia.

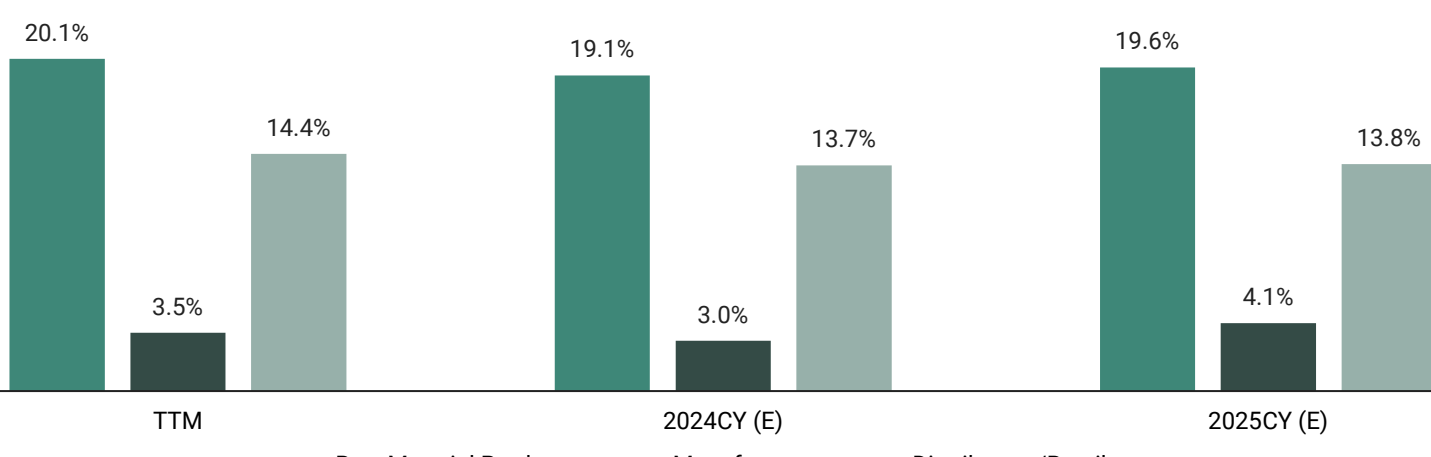


In October 2024, **Arcosa, Inc. (NYSE: ACA)**, a provider of infrastructure-related products and solutions, completed its acquisition of **Stavola Holding Corporation** for \$1.2 billion. Stavola operates in the NY/NJ metropolitan area and is vertically integrated with 5 rock quarries, 12 asphalt plants, and 3 recycled aggregates sites. The acquisition will improve Arcosa's market control and is expected to create tax benefits with a net present value of about \$125 million.

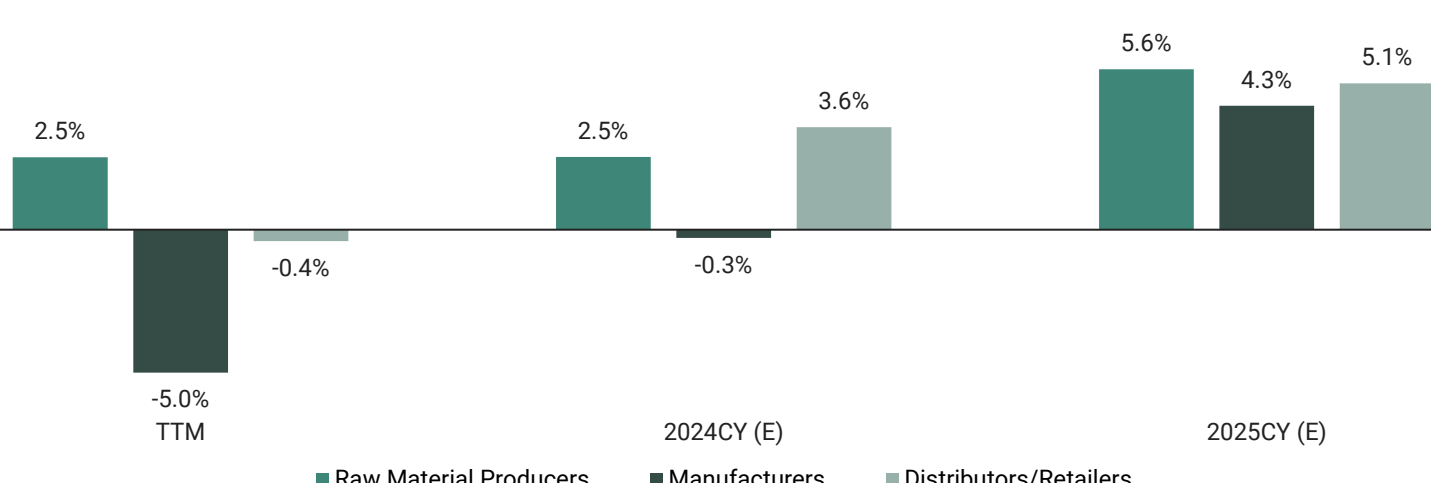


In April 2024, Texan building supplies company **Quanex** agreed to acquire British firm **Tyman** for \$1.1 billion. Tyman is a leading international designer, manufacturer and supplier of highly-engineered fenestration components. The group is headquartered in London and has facilities in 15 countries worldwide. This merger is set to create an Anglo-American construction-supplies entity with annual sales of approximately \$2 billion.

EBITDA MARGINS



REVENUE GROWTH

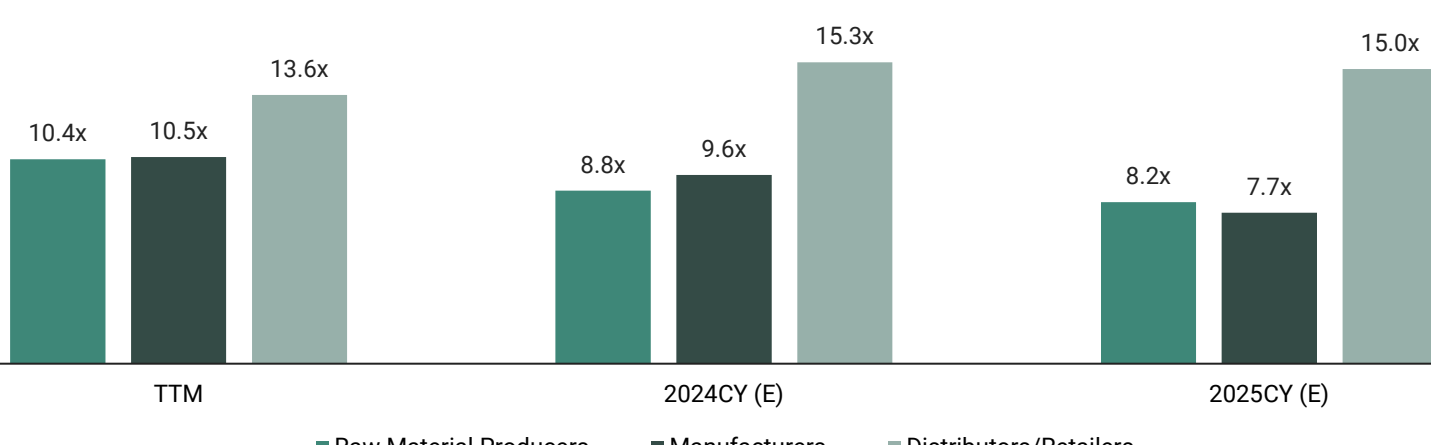


Supply Chain and Cost Pressures: Disruptions in supply chains, rising costs of raw materials and energy, and labor shortages have led to production delays, squeezed margins, and reduced profitability as well as structural change.

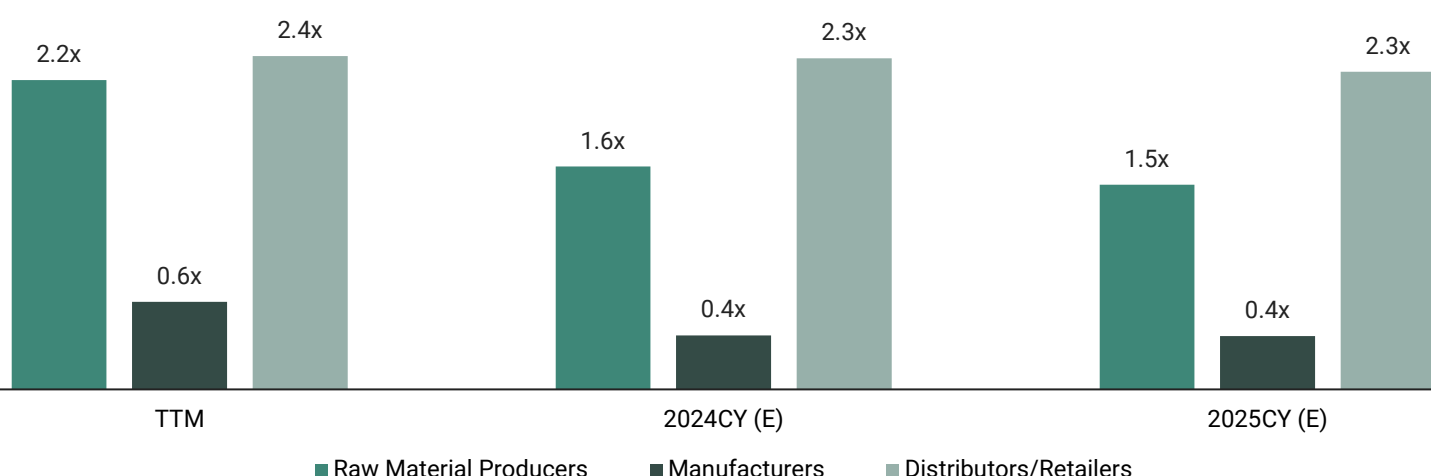
Global and Geopolitical Uncertainty: Events like the COVID-19 pandemic, geopolitical tensions, and inflation have disrupted operations and trade, further reducing revenue potential as market participants are more cautious.

Shift to DIY Projects: Homeowners are taking on more DIY projects to avoid high contractor costs, increasing sales at retailers supplying home improvement and building materials, helping fuel Distributor/Retailer revenue growth.

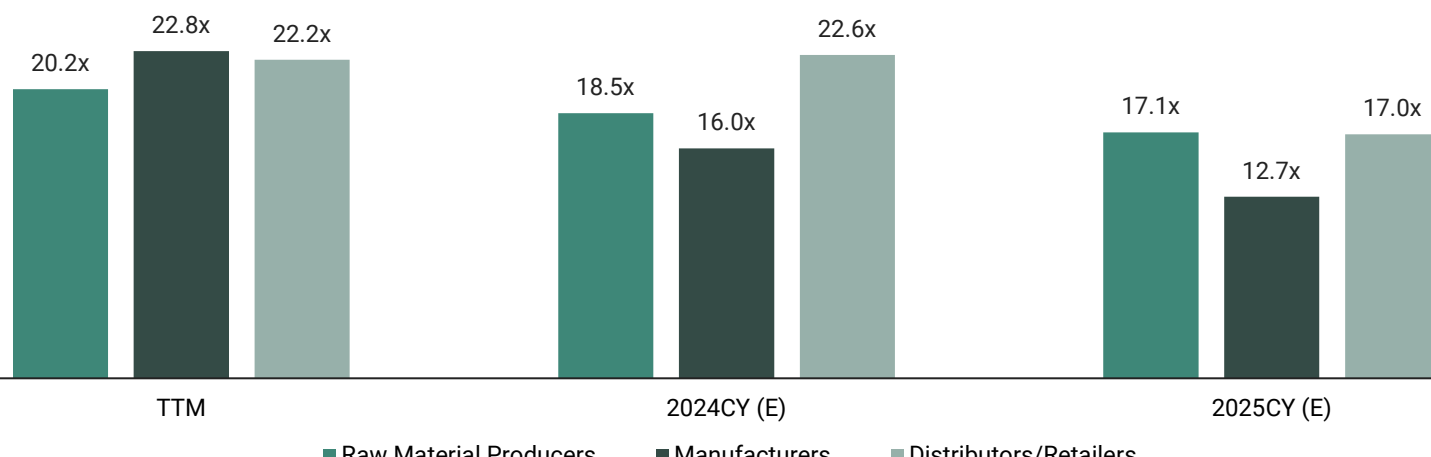
ENTERPRISE VALUE / EBITDA



ENTERPRISE VALUE / REVENUE



PRICE / EARNINGS



Note: Data from Pitchbook and CapIQ as of 12/5/2024

Kathleen Lauster, CFA
Senior Managing Director

+1.646.978.9860

klauster@ankuracapitaladvisors.com

Matthew Lapish
Managing Director

+1.646.971.8081

mlapish@ankuracapitaladvisors.com

485 Lexington Ave, 10th Floor,
New York, NY 10017

ankuracapitaladvisors.com

Securities Products and Investment
Banking Services are offered through
Ankura Capital Advisors, LLC.
Member FINRA/SIPC.

Ankura Consulting Group, LLC is an independent global expert services and advisory firm that delivers end-to-end solutions to manage conflict, crisis, performance, risk, strategy, and transformation. Ankura has over 2,000 professionals serving 3,000+ clients across 55 countries. Collaboration and experience drive our multidisciplinary approach to Protect, Create, and Recover Value™.