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Building Products

Industry News

Single-Family Construction Growth Slowing in Large Suburbs

LBM Journal [Full Article](#)

Due to worsening supply chain disruptions, home building projects have been delayed and stalled at a concerning rate. In addition, construction labor shortages are rapidly approaching all-time highs, as the industry looks to hire 400,000 more workers. Contractors are having trouble meeting deadlines with a depleted workforce.

Similarly, the recent increase in mortgage rates have exacerbated the housing affordability crisis. Building material costs have risen 19% YoY, according to the National Association of Home Builders (NAHB). Statistics show that moving average single-family growth rates for large metro area suburbs decreased from 18.7% in Q1 2021 to 5.2% in Q1 2022.

Pending Home Sales Drop in Q1 2022

LBM Journal [Full Article](#)

As of May, contract activity for home purchases decreased for the sixth consecutive month, according to the National Association of Realtors. The Northeast Region experienced the biggest decline MoM in the month of April, recording a 16.2% decline in closings. Rising mortgage rates have increased the cost of buying a home by more than 25% since Q1 2021. Home sales are projected to decrease by at least 9% this year but could fall as much as 15% if mortgage rates continue to increase.

These recent mortgage rate increases are particularly problematic for middle- and low-income families, who are already burdened by rising inflation, and increased gas and grocery prices. As a result, potential homebuyers are looking to move to more affordable regions.

Nation's Best Continues Rapid Growth through Acquisitions

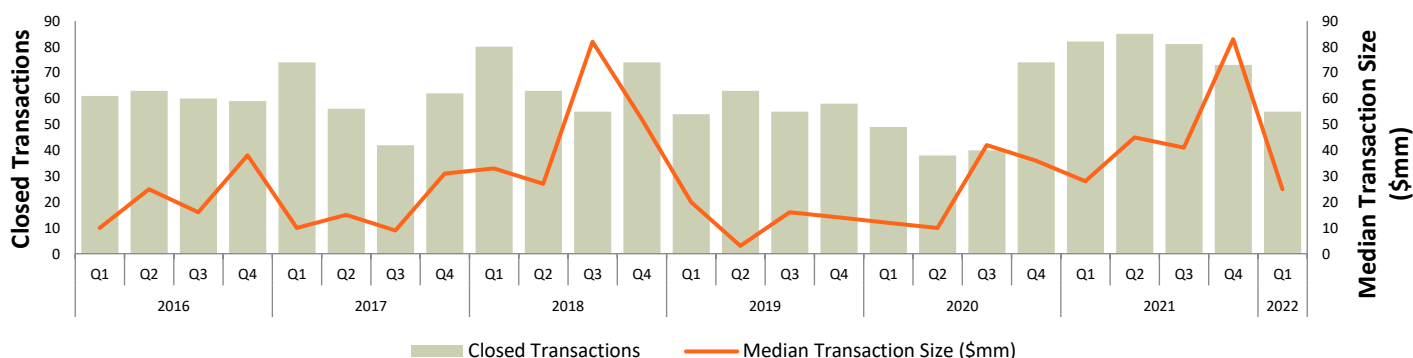
LBM Journal [Full Article](#)

Nation's Best Holdings, one of the country's fastest-growing home improvement retailers, has acquired both Calaveras Lumber and Sonora Lumber in California. This transaction marks Nation's Best fifth acquisition since the start of the year. The company has expanded into 10 states with 35 locations, with each subsidiary operating under its original, independent branding.

In addition to entering the California lumber market, Nation's Best acquired Woodland Building Center in Arizona, Weiss Do It Best Lumber in Arkansas, and Sparr Building and Farm Supply in Florida this year. Nation's Best has remained committed to providing its subsidiaries with financial support, efficiencies, and autonomy.

Building Products

Building Products M&A Environment

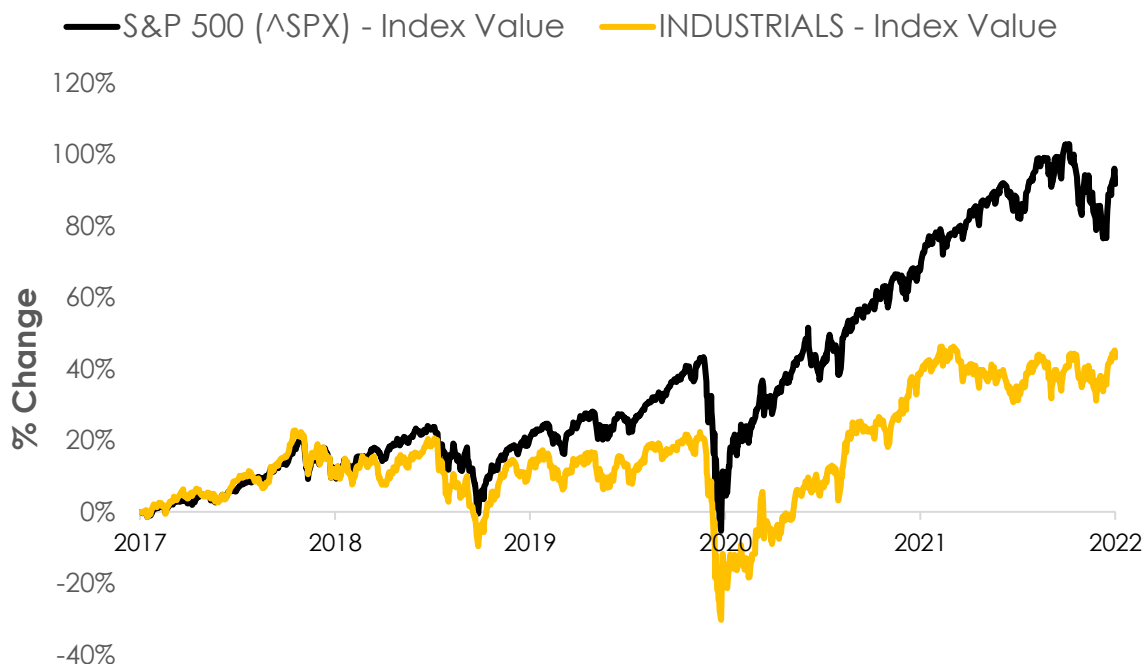


Select Recent Building Products Transactions

Date Announced	Target	Buyers/Investors	Enterprise	EV/LTM	
			Value (\$mm)	Revenue	EBITDA
11/10/2021	Graniser Granit Seramik San. ve Tic. A.S.	Victoria plc (AIM:VCP)	55.6	0.8x	-
12/23/2021	Isolite Insulating Products Co., Ltd.	Shinagawa Refractories Co., Ltd. (TSE:5351)	212.4	1.6x	7.0x
12/23/2021	Droma - Sunshade Experts Sp. z o.o.	Hunter Douglas N.V. (ENXTAM:HDG)	304.1	-	-
12/23/2021	Malarkey Roofing Products Co.	Holcim Group Services Limited	1350.0	-	-
01/19/2022	Zhejiang Yilida Ventilator Co.,Ltd. (SZSE:002686)	Shanghai Muxin Asset Management Co., Ltd.	592.4	2.0x	22.1x
01/31/2022	Associated Materials, LLC	Strategic Value Partners, LLC	950.0	-	-
02/01/2022	Solar Innovations, LLC	Fortune Brands Home & Security, Inc. (NYSE:FBHS)	63.0	-	-
02/14/2022	ACE Group LLC	BLS Enterprises, Inc.	-	-	-
02/28/2022	Ceramat Private Limited	Tata Steel Advanced Materials Limited	-	-	-
03/04/2022	Krusik - plastika a.d.	Construction plastic doo Beograd	2.2	-	-
03/24/2022	Terra Impex SRL	BICO Industries S.R.L.	-	-	-

Industrials

The Industrials index largely mirrored the fluctuations of the S&P 500, continuing its rebound following a low point in March of 2020. After a downturn near the end of 2021, the Industrials index largely recovered in Q1 2022.



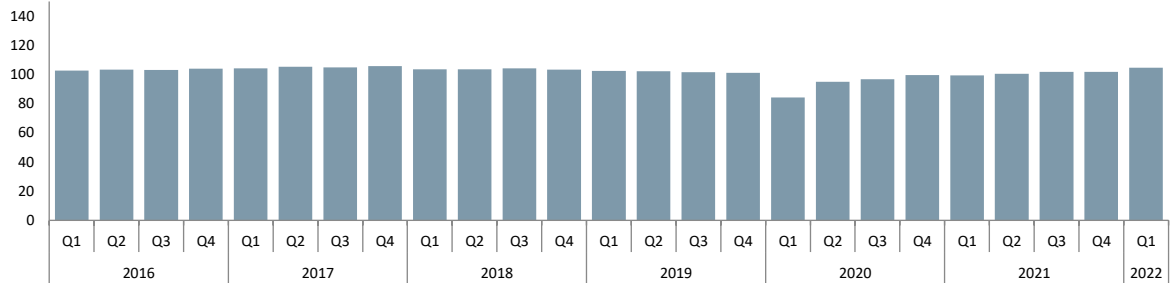
As of 3/31/2022		LTM Financials				Valuation Metrics			LTM Margins	
Company Name	Ticker	Enterprise Value	Revenue	Gross Profit	EBITDA	EV / Revenue	EV / Gross Profit	EV / EBITDA	Gross Margin	EBITDA Margin
3M Company	NYSE:MMM	\$98,361	\$35,333	\$16,370	\$9,458	2.8x	6.0x	10.4x	46.3%	26.8%
Alaska Air Group	NYSE:ALK	\$8,293	\$7,060	\$1,349	\$467	1.2x	6.1x	17.8x	19.1%	6.6%
American Airlines Group	NasdaqGS:AAL	\$45,593	\$34,773	\$4,389	-\$1,137	1.3x	10.4x	NM	12.6%	-3.3%
Arconic	NYSE:ARNC	\$4,089	\$8,020	\$922	\$571	0.5x	4.4x	7.2x	11.5%	7.1%
Boeing Company	NYSE:BA	\$156,609	\$61,060	\$3,747	\$52	2.6x	41.8x	NM	6.1%	0.1%
C. H. Robinson Worldwide	NasdaqGS:CHRW	\$15,601	\$25,114	\$1,760	\$1,268	0.6x	8.9x	12.3x	7.0%	5.0%
Caterpillar	NYSE:CAT	\$148,493	\$52,673	\$13,311	\$10,455	2.8x	11.2x	14.2x	25.3%	19.8%
CSX	NasdaqGS:CSX	\$96,190	\$13,122	\$6,820	\$6,820	7.3x	14.1x	14.1x	52.0%	52.0%
Cummins	NYSE:CM	\$31,513	\$24,314	\$5,741	\$2,938	1.3x	5.5x	10.7x	23.6%	12.1%
Deere & Co.	NYSE:DE	\$171,444	\$44,413	\$11,763	\$8,246	3.9x	14.6x	20.8x	26.5%	18.6%
Delta Air Lines	NYSE:DAL	\$49,666	\$35,097	\$4,298	\$1,351	1.4x	11.6x	36.8x	12.2%	3.8%
Dover	NYSE:DOV	\$25,536	\$8,091	\$3,001	\$1,597	3.2x	8.5x	16.0x	37.1%	19.7%
Eaton Corporation	NYSE:ETN	\$69,202	\$19,779	\$6,401	\$3,549	3.5x	10.8x	19.5x	32.4%	17.9%
Emerson Electric Company	NYSE:EMR	\$62,861	\$18,908	\$7,752	\$4,130	3.3x	8.1x	15.2x	41.0%	21.8%
Expeditors International	NasdaqGS:EXPD	\$16,011	\$17,989	\$2,361	\$2,097	0.9x	6.8x	7.6x	13.1%	11.7%
FedEx Corporation	NYSE:FDX	\$91,260	\$91,683	\$25,345	\$12,179	1.0x	3.6x	7.5x	27.6%	13.3%
Fluor	NYSE:FLR	\$3,181	\$12,210	\$442	\$311	0.3x	7.2x	10.2x	3.6%	2.5%
Fortive	NYSE:FTV	\$25,207	\$5,255	\$3,010	\$1,284	4.8x	8.4x	19.6x	57.3%	24.4%
General Dynamics	NYSE:GD	\$78,525	\$38,469	\$6,408	\$5,271	2.0x	12.3x	16.7x	16.7%	13.7%
General Electric	NYSE:GE	\$114,384	\$74,164	\$18,472	\$6,678	1.5x	6.2x	16.6x	24.9%	9.3%
Grainger (W.W.)	NYSE:GWW	\$29,165	\$13,585	\$5,010	\$1,939	2.1x	5.8x	15.0x	36.9%	14.3%
Honeywell Int'l	NasdaqGS:HON	\$143,169	\$34,314	\$10,955	\$8,415	4.2x	13.1x	17.0x	31.9%	24.5%
Illinois Tool Works	NYSE:ITW	\$71,882	\$14,850	\$6,043	\$3,911	4.8x	11.9x	18.4x	40.7%	26.3%
Ingersoll-Rand	NYSE:IR	\$22,038	\$5,360	\$2,063	\$1,109	4.1x	10.7x	19.9x	38.5%	20.7%
J. B. Hunt Transport Services	NasdaqGS:JBHT	\$22,175	\$13,039	\$2,163	\$1,740	1.7x	10.3x	12.7x	16.6%	13.3%
Jacobs Engineering Group	TSXV:JEC	\$22	\$20	\$7	\$13	1.1x	3.1x	1.7x	34.5%	62.4%
Johnson Controls International	NYSE:JCI	\$55,474	\$24,693	\$8,236	\$4,110	2.2x	6.7x	13.5x	33.4%	16.6%
Lockheed Martin	NYSE:LMT	\$129,703	\$65,750	\$8,784	\$8,743	2.0x	14.8x	14.8x	13.4%	13.3%
Masco	NYSE:MAS	\$14,563	\$8,606	\$2,867	\$1,160	1.7x	5.1x	12.6x	33.3%	13.5%
Nielsen Holdings	NYSE:NLSN	\$15,428	\$3,514	\$2,265	\$1,088	4.4x	6.8x	14.2x	64.5%	31.0%
Norfolk Southern	NYSE:NSC	\$82,124	\$11,418	\$5,816	\$5,816	7.2x	14.1x	14.1x	50.9%	50.9%
Northrop Grumman	NYSE:NOC	\$80,521	\$35,307	\$7,401	\$8,807	2.3x	10.9x	9.1x	21.0%	24.9%
PACCAR	NasdaqGS:PCAR	\$36,330	\$24,149	\$3,330	\$2,817	1.5x	10.9x	12.9x	11.7%	11.7%
Parker-Hannifin	NYSE:PH	\$44,432	\$15,633	\$4,404	\$3,361	2.8x	10.1x	13.2x	28.2%	21.5%
Quanta Services	NYSE:PWR	\$22,557	\$14,242	\$2,129	\$1,155	1.6x	10.6x	19.5x	14.9%	8.1%
Raytheon	LSE:RTN	\$1,378	\$862	\$120	\$101	1.6x	11.5x	13.6x	13.9%	11.7%
Republic Services	NYSE:RSG	\$51,696	\$11,668	\$4,792	\$3,450	4.4x	10.8x	15.0x	41.1%	29.6%
Robert Half International	NYSE:RHI	\$12,084	\$6,878	\$2,906	\$913	1.8x	4.2x	13.2x	42.3%	13.3%
Rockwell Automation	NYSE:ROK	\$36,771	\$7,321	\$2,897	\$1,278	5.0x	12.7x	28.8x	39.6%	17.5%
Ryder System	NYSE:R	\$10,757	\$10,295	\$1,975	\$2,840	1.0x	5.4x	3.8x	19.2%	27.6%
Southwest Airlines	NYSE:LUV	\$23,910	\$18,432	\$3,572	\$1,017	1.3x	6.7x	23.5x	19.4%	5.5%
Textron	NYSE:TXT	\$18,317	\$12,382	\$1,943	\$1,271	1.5x	9.4x	14.4x	15.7%	10.3%
Union Pacific	NYSE:UNP	\$202,164	\$22,663	\$13,169	\$11,976	8.9x	15.4x	16.9x	58.1%	52.8%
United Parcel Service	NYSE:UPS	\$201,767	\$98,757	\$24,054	\$16,357	2.0x	8.4x	12.3x	24.4%	16.6%
United Rentals	NYSE:URI	\$36,007	\$10,183	\$4,163	\$2,891	3.5x	8.6x	12.5x	40.9%	28.4%
United Technologies	BOIN:UTX	\$0	\$14,304	\$4,179	\$2,360	0.0x	0.0x	0.0x	29.2%	16.5%
Waste Management	NYSE:WM	\$79,615	\$18,480	\$6,980	\$5,083	4.3x	11.4x	15.7x	37.8%	27.5%

Median	2.0x	9.4x	14.2x	27.6%	16.6%
Mean	2.7x	9.7x	14.4x	28.7%	19.0%

Industrials

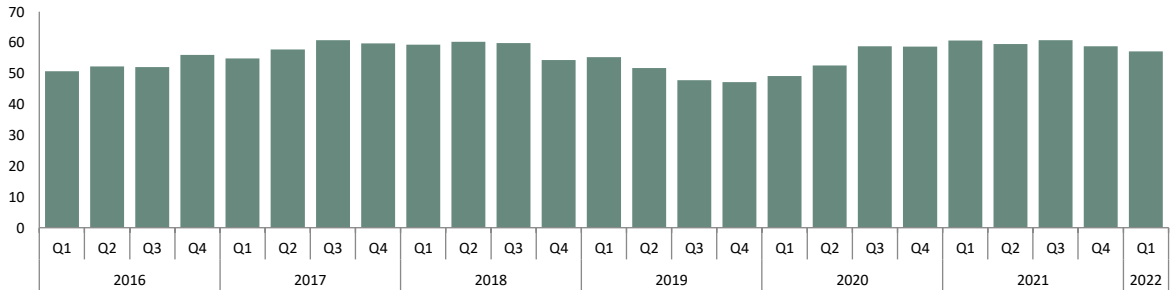
State of the Industry

U.S. Industrial Production Index (Seasonally Adjusted)



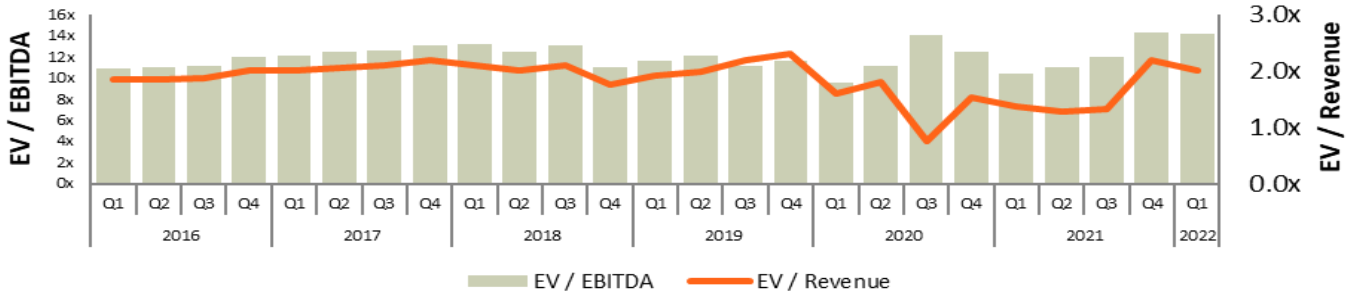
Source: Federal Reserve

Purchasing Managers Index



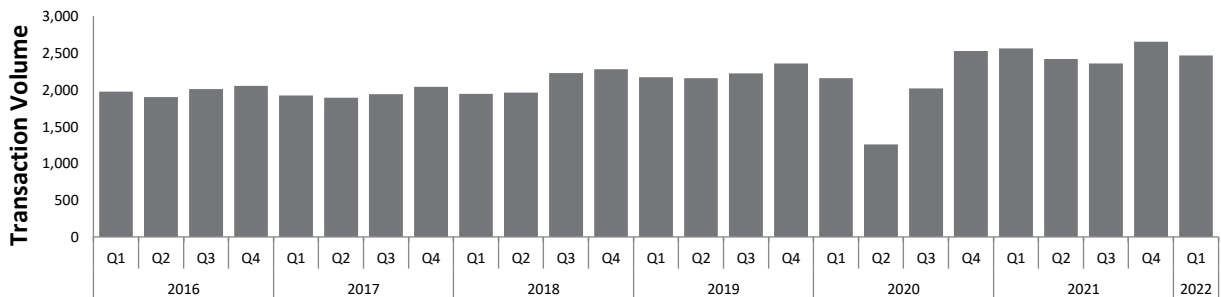
Source: Institution for Supply Management

Industry Valuations



Source: Capital IQ

Industrials Transaction Volume



Source: Capital IQ



The Value of Accomplishment

The highest level of expertise and hard work is what accomplishment requires. It's what you deserve and what we do.

- We sweat the small stuff.
- Take a 3:00am call.
- Say yes.
- Say no.
- Dig deeper when things get tough.
- And celebrate with you when your efforts pay off and you can reflect on it all and say, "It's really remarkable what we've accomplished here."
- Then and only then, will we know that we've accomplished something meaningful, too.

About Mirus

Mirus' Industrial team has experience working with owners of growth industrial businesses and distressed industrials, executing corporate carve-outs, strategic sales and leveraged buy-outs. Much of our work is with closely-held companies – niche leaders who have the industry leading solution in a sub \$200 million market. The companies often have strategic value to large corporations serving the broader market - acquirers who can integrate a product line into their portfolio. For larger industrial companies, Mirus has advised buyers and sellers on M&A, including leveraged buy-outs, and has executed corporate divestitures and restructurings.

Partners Spotlight

Alan, Andrew, and Rudy have decades of experience advising companies in the Industrial space. They have a demonstrated record of managing and closing dozens of engagements with companies in the industry. Alan has been nationally recognized by M&A Advisor as a sector finalist across multiple industries and has an MBA from Ecole des Ponts (France), an MS in Electrical Engineering from Brown University, and a BS in Mechanical Engineering from MIT. Andrew began his career as an attorney at Foley Hoag LLP and has prior experience as a fifth-generation family business owner and CEO. Andrew graduated from Williams College and the University of Michigan Law School. Rudy has over 20 years of experience in investment banking and corporate finance, advising on a broad range of M&A, IPOs, and financing transactions. Rudy earned his MIA from Columbia University and his BSEE from Worcester Polytechnic Institute.



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"The Mirus team successfully guided us through every aspect of the transaction, from identifying prospective buyers through closing. They conducted a thorough process and we are delighted by the outcome."



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Mirus Industrial Spotlight



has been acquired by



Salt Creek Capital is pleased to announce the acquisition of All Metals Industries, Inc. AMI is a leading distributor of sheets, blanks, coils, and plates of steel, aluminum, and other metals in the Northeast US. Salt Creek Capital is a San Francisco Bay Area-based private equity firm. Salt Creek Capital takes a long-term approach to investing in lower middle market businesses and seeks to create value by working closely with management teams to accelerate growth and improve operating efficiencies.



has been acquired by



in partnership with



Mirus Capital Advisors is pleased to announce that it served as exclusive financial advisor to IPC Global Solutions, a leading provider of branded and private label filtration products to the automotive aftermarket, in its sale to Premium Guard Inc. As part of the transaction Trive Capital provided a structured capital solution to Premium Guard to fuel the combined business's ongoing high pace of growth. Terms of the transaction were not disclosed.



has been acquired by



a portfolio company of



Instone, a portfolio company of Brookstone Partners, acquired Northeast Masonry Distributors ("NMD") of Plainville, MA. Instone is the premier wholesale distributor of manufactured and natural thin veneer stone in the United States. By acquiring NMD, it now provides quality products for both the horizontal and vertical applications. NMD is the largest wholesale distributor of Natural Stone for landscaping in New England.



has sold its laboratory cryogenics business to



Lake Shore Cryotronics announced the acquisition of Janis Research's Laboratory Cryogenics business — a move that unites two of the world's leading providers of cryogenic and material characterization solutions for low-temperature research. The acquisition of the Woburn, MA, based business enables Lake Shore to now offer Janis Research liquid nitrogen (LN2), liquid helium (LHe), and closed-cycle refrigerator (cryogen-free) cryostats, LHe and cryogen-free superconducting magnet systems, cryogenic and cryogen-free probe stations, and various lab cooling systems.