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Building Products

Industry News

Multifamily developer confidence declines

LBM Journal [Full Article](#)

The prospects for continued high levels of multifamily development declined significantly in the third quarter, as did the prospects for continued high occupancy rates, according to results from the Multifamily Market Survey (MMS) released today by the National Association of Home Builders (NAHB). The MMS produces two separate indices. The Multifamily Production Index (MPI) decreased 10 points to 32 compared to the previous quarter while the Multifamily Occupancy Index (MOI) fell 15 points to 45.

"Although demand for multifamily housing remains strong in many parts of the country, some multifamily developers are starting to see signs of a slowdown," said Sean Kelly, executive vice president of LNWA in Wilmington, Del., and chairman of NAHB's Multifamily Council. "The ongoing problems of scarcity and high cost of land and materials is making it difficult to go forward with certain projects, particularly affordable housing projects."

ARA predicts equipment rental revenue will continue growth in 2023

LBM Journal [Full Article](#)

After two years of rapid post-pandemic revenue growth in 2021 and 2022, the equipment rental industry is expected to see single digit increases over the next four years according to the latest American Rental Association (ARA) forecast released in early November.

The forecast calls for equipment rental revenue — which includes the construction and industrial as well as the general tool segments — to increase by 3.4% in 2023 to nearly \$57.7 billion after growth of 11% in 2022 to reach almost \$55.8 billion.

Commercial Real Estate is Slowing Down in Q3 2022

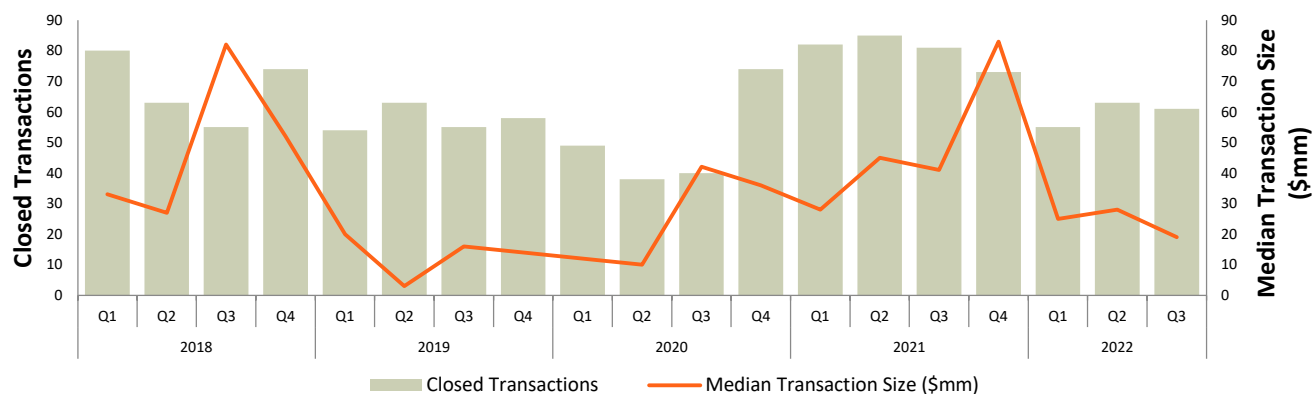
National Association of Realtors [Full Article](#)

After the strong rebound for the U.S. economy in 2021, growth in 2022 has slowed in the face of rising inflation, the household income squeeze, and geopolitical events. While the economy continues to deal with elevated inflation, data shows a slowdown in the growth of commercial real estate. Demand for apartments and office spaces is lower compared to previous quarters.

While the industrial boom continues, multifamily absorption and rent growth are decelerating. Multifamily absorption in the last four quarters was below the pre-pandemic levels, in the range of 60,000-70,000 units. In the meantime, rents rose year-over-year at a slower pace, by less than a double-digit percentage for the last two quarters.

Building Products

Building Products M&A Environment

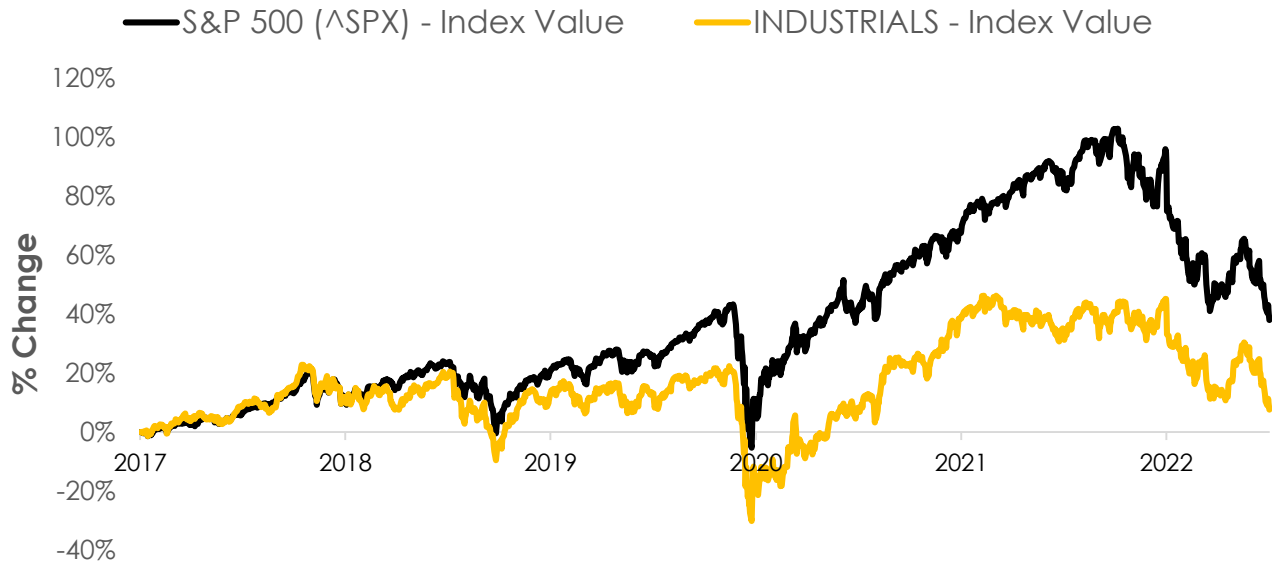


Select Recent Building Products Transactions

Date Closed	Target	Buyers/Investors	Enterprise Value (\$M)	EV / LTM	
				Revenue	EBITDA
09/30/2022	LEINER GmbH	Gibus S.p.A. (BIT:GBUS)	31.0	-	-
09/08/2022	Lion Chemtech Co., Ltd. (KOSDAQ:A171120)	Lion No.1 Fund; Aster-Orbit New Technology Business Investment Fund	137.9	0.9x	10.9x
09/01/2022	Trussway Manufacturing, LLC	Builders FirstSource, Inc. (NYSE:BLDR)	274.8	-	-
08/23/2022	Quality Aluminum Products, Inc.	Gibraltar Industries, Inc. (NasdaqGS:ROCK)	52.6	-	-
08/18/2022	Simpolo Vitrified Pvt Ltd.	Ceramiche Speranza S.P.A.; Motilal Oswal Finvest Limited; India SME Investments LLP; Motilal Oswal Financial Services Limited, Investment Arm;	65.9	-	-
08/04/2022	INTEX Millwork Solutions, LLC	The AZEK Company Inc. (NYSE:AZEK)	15.0	-	-
08/01/2022	HomCo Lumber & Hardware	Builders FirstSource, Inc. (NYSE:BLDR)	32.1	-	-
08/01/2022	Aqualisa Holdings (International) Limited	Fortune Brands Home & Security, Inc. (NYSE:FBHS)	160.8	-	-
07/27/2022	FiberTEQ, LLC	Owens Corning (NYSE:OC)	140.0	-	-
07/21/2022	South Asian Ceramic Tiles Private Limited	Kajaria Ceramics Limited (BSE:500233)	3.1	-	-
07/05/2022	PPUH PINUS sp. z o.o. Jerzy Smolarczyk, Mariusz Smolarczyk	Bergs Timber AB (publ) (OM:BRG B)	3.4	-	-
07/01/2022	Baltijos polistirenas, UAB	BEWi ASA (OB:BEWI)	27.5	-	-

Industrials

The Industrials index largely mirrored the fluctuations of the S&P 500, with a strong rebound in H2 2020 and 2021 followed by a decline in 2022. Public markets remained volatile through the third quarter of 2022.

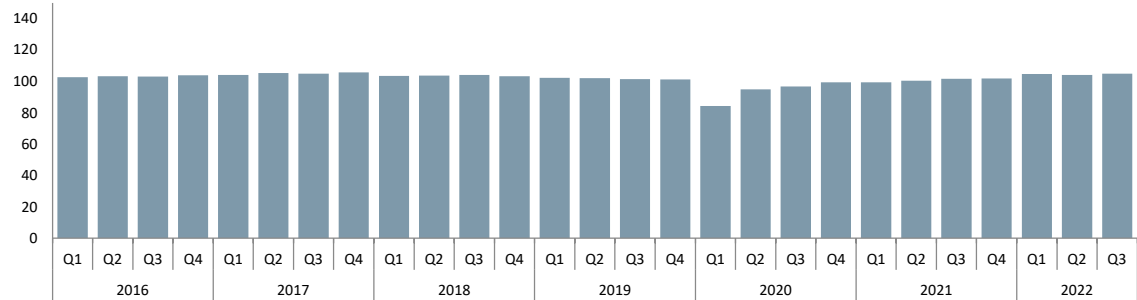


As of 10/01/2022		LTM Financials				Valuation Metrics			LTM Margins	
Company Name	Ticker	Enterprise Value	Revenue	Gross Profit	EBITDA	EV / Revenue	EV / Gross Profit	EV / EBITDA	Gross Margin	EBITDA Margin
3M Company	NYSE:MMM	\$98,361	\$34,762	\$16,370	\$9,458	2.8x	6.0x	10.4x	47.1%	27.2%
Alaska Air Group	NYSE:ALK	\$8,293	\$9,066	\$1,349	\$467	0.9x	6.1x	17.8x	14.9%	5.2%
American Airlines Group	NasdaqGS:AAL	\$45,593	\$45,210	\$4,389	-\$1,137	1.0x	10.4x	NM	9.7%	-2.5%
Arconic	NYSE:ARNC	\$4,089	\$9,157	\$922	\$571	0.4x	4.4x	7.2x	10.1%	6.2%
Boeing Company	NYSE:BA	\$156,609	\$61,421	\$3,747	\$52	2.5x	41.8x	NM	6.1%	0.1%
C. H. Robinson Worldwide	NasdaqGS:CHRW	\$15,601	\$26,132	\$1,760	\$1,268	0.6x	8.9x	12.3x	6.7%	4.9%
Caterpillar	NYSE:CAT	\$148,493	\$56,628	\$13,311	\$10,455	2.6x	11.2x	14.2x	23.5%	18.5%
CSX	NasdaqGS:CSX	\$96,190	\$14,550	\$6,820	\$6,820	6.6x	14.1x	14.1x	46.9%	46.9%
Cummins	NYSE:CM	\$31,513	\$26,154	\$5,741	\$2,938	1.2x	5.5x	10.7x	22.0%	11.2%
Deere & Co.	NYSE:DE	\$171,444	\$48,327	\$11,818	\$8,276	3.5x	14.5x	20.7x	24.5%	17.1%
Delta Air Lines	NYSE:DAL	\$49,666	\$46,617	\$4,298	\$1,351	1.1x	11.6x	36.8x	9.2%	2.9%
Dover	NYSE:DOV	\$25,536	\$8,358	\$3,001	\$1,597	3.1x	8.5x	16.0x	35.9%	19.1%
Eaton Corporation	NYSE:ETN	\$69,202	\$20,166	\$6,401	\$3,549	3.4x	10.8x	19.5x	31.7%	17.6%
Emerson Electric Company	NYSE:EMR	\$62,861	\$19,629	\$7,752	\$4,187	3.2x	8.1x	15.0x	39.5%	21.3%
Expeditors International	NasdaqGS:EXPD	\$16,011	\$19,026	\$2,361	\$2,097	0.8x	6.8x	7.6x	12.4%	11.0%
FedEx Corporation	NYSE:FDX	\$31,260	\$34,751	\$25,345	\$12,179	1.0x	3.6x	7.5x	26.7%	12.9%
Fluor	NYSE:FLR	\$3,161	\$11,935	\$442	\$311	0.3x	7.2x	10.2x	3.7%	2.6%
Fortive	NYSE:FTV	\$25,207	\$5,671	\$3,010	\$1,284	4.4x	8.4x	19.6x	53.1%	22.6%
General Dynamics	NYSE:GD	\$78,525	\$38,441	\$6,408	\$5,271	2.0x	12.3x	14.3x	16.7%	13.7%
General Electric	NYSE:GE	\$114,384	\$75,072	\$18,472	\$6,878	1.5x	6.2x	16.6x	24.6%	9.2%
Grainger (W.W.)	NYSE:GW	\$29,165	\$14,785	\$5,010	\$1,939	2.0x	5.8x	15.0x	33.9%	13.1%
Honeywell Int'l	NasdaqGS:HON	\$143,169	\$34,937	\$10,955	\$8,415	4.1x	13.1x	17.0x	31.4%	24.1%
Illinois Tool Works	NYSE:ITW	\$71,882	\$15,640	\$6,043	\$3,911	4.6x	11.9x	18.4x	38.6%	25.0%
Ingersoll-Rand	NYSE:IR	\$22,038	\$5,711	\$2,063	\$1,109	3.9x	10.7x	19.9x	36.1%	19.4%
J. B. Hunt Transport Services	NasdaqGS:JBHT	\$22,175	\$14,661	\$2,163	\$1,740	1.5x	10.3x	12.7x	14.8%	11.9%
Jacobs Engineering Group	TSXV:JEC	\$22	\$18	\$7	\$13	1.2x	3.1x	1.7x	38.4%	69.5%
Johnson Controls International	NYSE:JCI	\$55,474	\$25,299	\$8,236	\$4,110	2.2x	6.7x	13.5x	32.6%	16.2%
Lookheed Martin	NYSE:LM	\$129,703	\$64,722	\$8,784	\$8,743	2.0x	14.8x	14.8x	13.6%	13.5%
Masco	NYSE:MAS	\$14,563	\$8,779	\$2,867	\$1,160	1.7x	5.1x	12.6x	32.7%	13.2%
Nielsen Holdings	PHLX:NLSN	\$15,428	\$3,541	\$2,265	\$1,083	4.4x	6.8x	14.2x	64.0%	30.6%
Norfolk Southern	NYSE:NSC	\$82,124	\$12,360	\$5,816	\$5,816	6.6x	14.1x	14.1x	47.1%	47.1%
Northrop Grumman	NYSE:NOC	\$80,521	\$35,208	\$7,401	\$8,807	2.3x	10.9x	9.1x	21.0%	25.0%
PACCAR	NasdaqGS:PCAR	\$36,330	\$27,376	\$3,330	\$2,817	1.3x	10.9x	12.9x	12.2%	10.3%
Parker-Hannifin	NYSE:PH	\$44,432	\$16,332	\$4,613	\$3,363	2.7x	9.6x	13.2x	28.2%	20.6%
Quanta Services	NYSE:PWR	\$22,557	\$16,581	\$2,129	\$1,155	1.4x	10.6x	19.5x	12.8%	7.0%
Raytheon	NYSE:RTN	\$1,378	\$1,014	\$120	\$101	1.4x	11.5x	13.8x	11.8%	10.0%
Republic Services	NYSE:RSG	\$51,696	\$12,934	\$4,792	\$3,451	4.0x	10.8x	15.0x	37.1%	26.7%
Robert Half International	NYSE:RHI	\$12,084	\$7,281	\$2,906	\$913	1.7x	4.2x	13.2x	39.9%	12.5%
Rockwell Automation	NYSE:ROK	\$36,771	\$7,760	\$2,897	\$1,278	4.7x	12.7x	28.8x	37.3%	16.5%
Ryder System	NYSE:R	\$10,757	\$11,523	\$1,975	\$2,840	0.9x	5.4x	3.8x	17.1%	24.6%
Southwest Airlines	NYSE:LUV	\$23,910	\$22,693	\$3,572	\$1,017	1.1x	6.7x	23.5x	15.7%	4.5%
Textron	NYSE:TXT	\$18,317	\$12,555	\$2,067	\$1,395	1.5x	8.9x	13.1x	16.5%	11.1%
Union Pacific	NYSE:UNP	\$202,164	\$24,428	\$13,169	\$11,976	8.3x	15.4x	16.9x	53.9%	49.0%
United Parcel Service	NYSE:UPS	\$201,767	\$101,076	\$24,072	\$16,375	2.0x	8.4x	12.3x	23.8%	16.2%
United Rentals	NYSE:URI	\$36,007	\$11,122	\$4,163	\$2,891	3.2x	8.6x	12.5x	37.4%	26.0%
United Technologies	NYSE:UTX	\$0	\$13,815	\$4,179	\$2,360	0.0x	0.0x	0.0x	30.2%	17.1%
Waste Management	NYSE:WM	\$79,615	\$19,441	\$6,980	\$5,083	4.1x	11.4x	15.7x	35.9%	26.1%
Median						2.0x	8.9x	14.1x	26.7%	16.2%
Mean						2.5x	9.7x	14.4x	27.2%	18.2%

Industrials

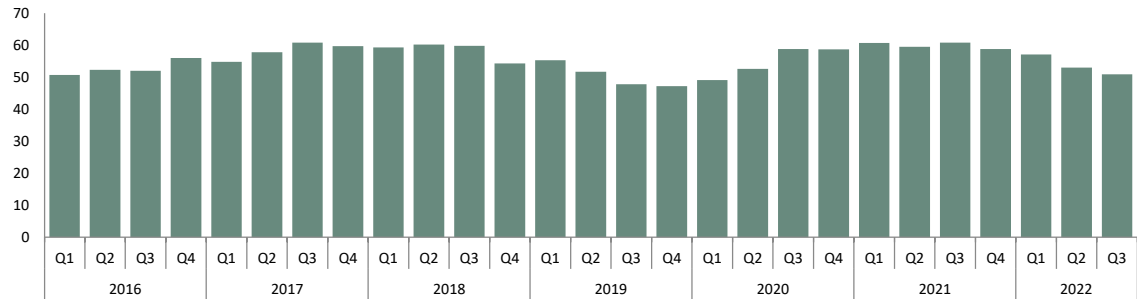
State of the Industry

U.S. Industrial Production Index (Seasonally Adjusted)

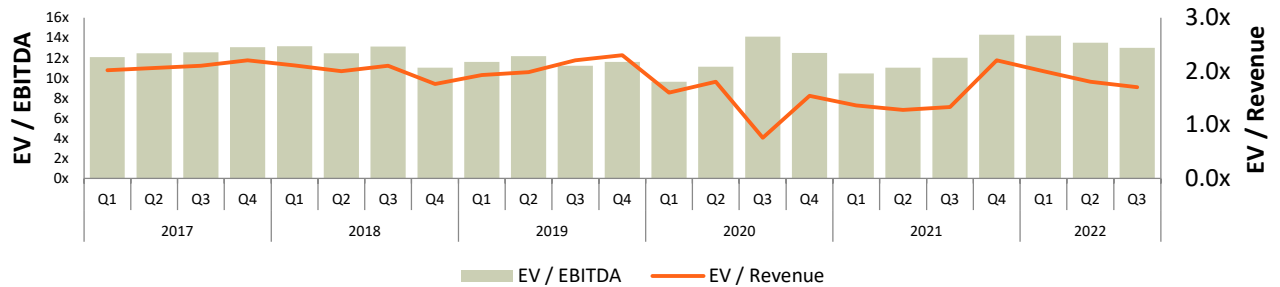


Source: Federal Reserve

Purchasing Managers Index

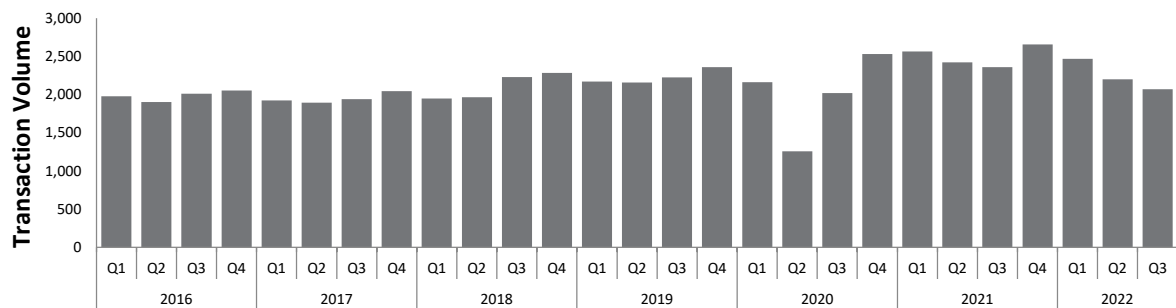


Industry Valuations



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

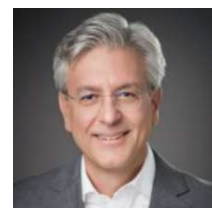
Alan, Andrew, and Rudy have decades of experience advising companies in the Industrial space. They have a demonstrated record of managing and closing dozens of engagements with companies in the industry. Alan has been nationally recognized by M&A Advisor as a sector finalist across multiple industries 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 acquired 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 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.