

Q1  
24

Industrial Industry

# Mirus Building Products REPORT

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- About Mirus
- Mirus Industrial Spotlight

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# Building Products



## 7 Green Building Products to Explore in 2024

U.S. Green Building Council [Full Article](#)

The construction industry is facing increased pressure to reduce its environmental impact through use of environmentally friendly materials, equipment, and sustainable building practices. While early efforts to lower greenhouse gas emissions focused on electrifying small tools—which were often powered by fossil fuels—the industry is now turning its attention to larger, zero-emissions machines and equipment. This shift is driven by advancements in battery technology and a growing demand for greener options. “Greener” building materials are yet another source of discussion. Concrete, for example, ranks as the third largest contributor to industrial pollution, according to the EPA. Advances in near zero-carbon cement and synthetic limestone aggregate aim to reduce the carbon footprint of concrete mixtures. Low-carbon wood—such as laminated veneer lumber—is another environmentally friendly building material with a strength-to-weight ratio close to steel.

## M&A in Building Products: Venturing Beyond the Core

Bain [Full Article](#)

Research shows that building products companies that make frequent and material acquisitions substantially outpace inactive companies in total shareholder returns (9.6% vs. 2.7%). With much of the industry concerned with macroeconomic impacts and uncertainty around the markets, opportunities await for companies that are willing to take calculated risks. A clearly defined M&A strategy, coupled with rigorous preparation, will allow companies to identify adjacencies—businesses outside their core—giving access to new product categories, geographic markets, and new capabilities.

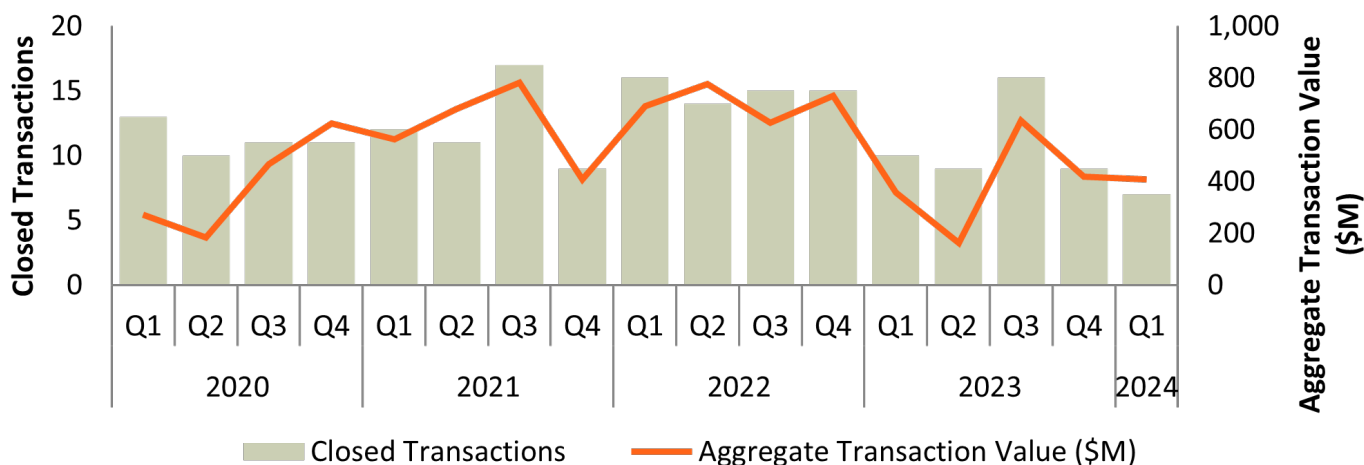
## Building Product Demand Forecast: A Tale of Two End Markets

John Burns Research & Consulting [Full Article](#)

Building material spending will grow in 2024. However, demand from new construction end markets will not be the same. For those focused on single-family construction, a building material boom is coming. For those largely exposed to multifamily, expect a material bust.

For building product companies, now is the time to evaluate your exposure to single-family and multifamily construction. For those largely concentrated in the single-family end market, plan to accelerate production to meet growing demand. If highly exposed to multifamily, plan for a decline in demand for your products over the second half of 2024.

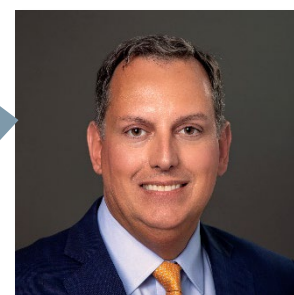
# Building Products M&A Environment



## Selected Q1 2024 Building Products Transactions

Date Announced	Target	Buyers/Investors
03/28/2024	Stephen J. Lipkins Inc.	Primadonna Lux
03/25/2024	SCD Luisina	Alfred H. SchÜTte Gmbh & Co. Kg
03/19/2024	SI Cand-Landi SA	Holcim (Schweiz) Ag
03/18/2024	Super Stud Building Products, Inc.	Eastern Metal Framing of Alabama
03/11/2024	Alumawood/Equinox Louvered Roof	Four Seasons Building Products Group
03/06/2024	Dependable Dock & Door	The Miner Corporation
03/05/2024	Suntrol and Custom Tint, Inc.	Solar Tint Inc.
03/04/2024	United Glass Group Ltd	Duke Capital Limited (AIM:DUKE)
03/04/2024	Aktibolaget Durgo	Oatey Co.
02/27/2024	Piping Solutions, Inc.	Daburn Electronics & Cable Inc
02/19/2024	UAB "ARLANGA wood"	ARBO Windows, SIA
02/13/2024	The Eden Unit Trust	Reliance Worldwide Corporation Limited (ASX:RWC)
02/13/2024	Real Acoustix LLC	Catalyst Acoustics Group
02/09/2024	The builder and contractor division of Kurtis Kitchen & Bath	MANS Lumber & Home, LLC
02/08/2024	Watson Metals, LLC	Georgia Metals, LLC
02/07/2024	Prido AB	Lagercrantz Group AB (publ) (OM:LAGR B)
01/25/2024	First Choice Exteriors, Ltd./Homestead Exterior Solutions Ltd.	Holcim AG (SWX:HOLN)
01/19/2024	PRECAST Wall Systems, Inc.	Permacast LLC
01/18/2024	Technical Finishes SA (Pty) Ltd	Saint-Gobain Construction Products South Africa Ltd
01/17/2024	Novaref S.p.A.	Credem Private Equity SGR SpA
01/16/2024	PMJ-tec AG	Simpson Strong-Tie Company Inc.

“ Fueled by government initiatives focused on sustainability and reducing emissions, the renovation, remodel, and repair market is expected to see a continued surge in demand for modern, energy-efficient materials and equipment companies. ”

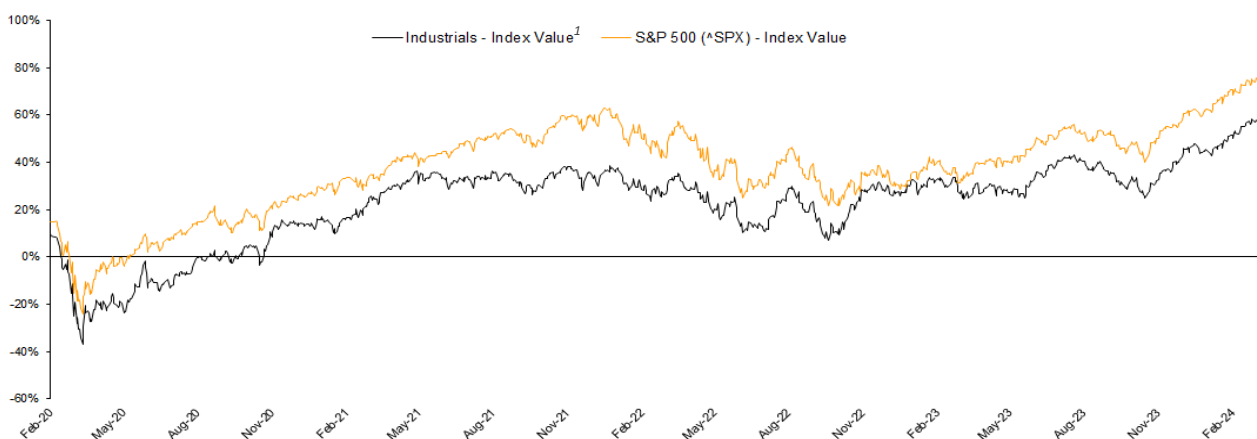


**Alan Fullerton**  
Partner

# Sector Update: Industrial

U.S. factory production rose for a second straight month in March, with an increase of 0.5%, according to the [Federal Reserve](#). This suggests a potential turning point for manufacturing after facing challenges from higher borrowing costs. The growth comes after an upwardly revised 1.2% increase in February. This positive trend is stronger than economists predicted, indicating a more robust manufacturing sector. Year-over-year, factory output is also up 0.8% in March. However, concerns remain as the Federal Reserve may hold off on interest rate cuts despite high inflation, which could continue to put pressure on manufacturing.

## Select Industrial Index v. S&P 500



<sup>1</sup>Industrials Index comprises 50 select representative public companies from the sector

## Select Building Products Public Companies

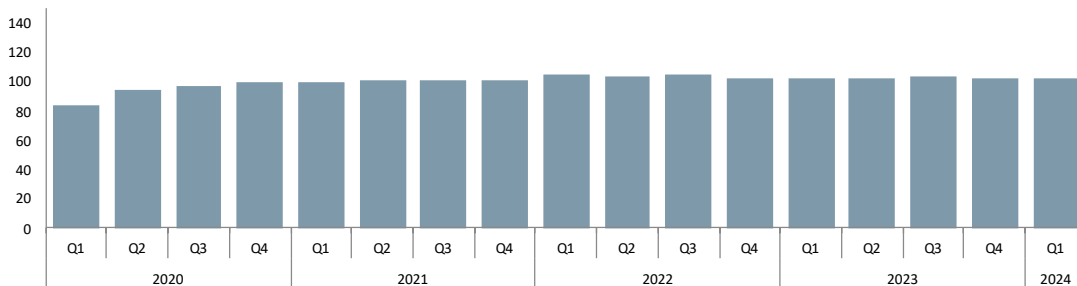
As of 3/31/2024

Company Name	Ticker	LTM Financials				Valuation Metrics			LTM Margins		
		Enterprise Value	Revenue	Gross Profit	EBITDA	EV / Revenue	EV / Gross Profit	EV / EBITDA	Gross Margin	EBITDA Margin	
Beacon Roofing Supply, Inc.	NasdaqGS:BECN	\$9,048	\$9,300	\$2,374	\$884	1.0x	3.8x	10.2x	25.5%	9.5%	
Builders FirstSource, Inc.	NYSE:BLDR	\$29,078	\$17,105	\$5,941	\$2,645	1.7x	4.9x	11.0x	34.7%	15.5%	
Carlisle Companies Incorporated	NYSE:CSL	\$20,438	\$4,791	\$1,762	\$1,265	4.3x	11.6x	16.2x	36.8%	26.4%	
Caterpillar Inc.	NYSE:CAT	\$213,442	\$66,997	\$21,612	\$15,932	3.2x	9.9x	13.4x	32.3%	23.8%	
Cavco Industries, Inc.	NasdaqGS:CVCO	\$3,007	\$1,851	\$426	\$213	1.6x	7.1x	14.1x	23.0%	11.5%	
Century Communities, Inc.	NYSE:CCS	\$4,159	\$3,888	\$870	\$425	1.1x	4.8x	9.8x	22.4%	10.9%	
CSW Industrials, Inc.	NasdaqGS:CSWI	\$3,835	\$778	\$342	\$191	4.9x	11.2x	20.0x	44.0%	24.6%	
D.R. Horton, Inc.	NYSE:DHI	\$57,460	\$37,063	\$9,252	\$6,521	1.6x	6.2x	8.8x	25.0%	17.6%	
Eagle Materials Inc.	NYSE:EXP	\$10,374	\$2,253	\$701	\$789	4.6x	14.8x	13.1x	31.1%	35.0%	
Ferguson plc	NYSE:FERG	\$48,903	\$29,359	\$8,902	\$2,942	1.7x	5.5x	16.6x	30.3%	10.0%	
Floor & Decor Holdings, Inc.	NYSE:FND	\$15,462	\$4,389	\$1,885	\$500	3.5x	8.2x	30.9x	42.9%	11.4%	
Granite Construction Incorporated	NYSE:GVA	\$2,672	\$3,621	\$418	\$158	0.7x	6.4x	16.9x	11.6%	4.4%	
Installed Building Products, Inc.	NYSE:IBP	\$7,865	\$2,812	\$955	\$479	2.8x	8.2x	16.4x	34.0%	17.0%	
KB Home	NYSE:KBH	\$6,386	\$6,494	\$1,423	\$809	1.0x	4.5x	7.9x	21.9%	12.5%	
Lennar Corporation	NYSE:LEN	\$42,878	\$35,056	\$8,409	\$5,733	1.2x	5.1x	7.5x	24.0%	16.4%	
LGI Homes, Inc.	NasdaqGS:LGIH	\$3,948	\$2,262	\$540	\$234	1.7x	7.3x	16.9x	23.9%	10.3%	
LL Flooring Holdings, Inc.	NYSE:LL	\$262	\$853	\$306	\$306	0.3x	0.9x	NM	35.9%	NM	
Lowe's Companies, Inc.	NYSE:LOW	\$185,052	\$86,377	\$28,844	\$13,480	2.1x	6.4x	13.7x	33.4%	15.6%	
M/I Homes, Inc.	NYSE:MHO	\$3,971	\$4,080	\$1,057	\$629	1.0x	3.8x	6.3x	25.9%	15.4%	
Martin Marietta Materials, Inc.	NYSE:MLM	\$41,611	\$6,674	\$1,992	\$2,034	6.2x	20.9x	20.5x	29.8%	30.5%	
Masco Corporation	NYSE:MAS	\$20,193	\$7,914	\$2,865	\$1,523	2.6x	7.0x	13.3x	36.2%	19.2%	
Meritage Homes Corporation	NYSE:MTH	\$6,487	\$6,328	\$1,609	\$997	1.0x	4.0x	6.5x	25.4%	15.8%	
NVR, Inc.	NYSE:NVR	\$23,710	\$9,847	\$2,590	\$2,009	2.4x	9.2x	11.8x	26.3%	20.4%	
Owens Corning	NYSE:OC	\$16,212	\$9,646	\$2,875	\$2,222	1.7x	NM	7.3x	29.8%	23.0%	
PulteGroup, Inc.	NYSE:PHM	\$26,311	\$16,435	\$4,875	\$3,625	1.6x	5.4x	7.3x	29.7%	22.1%	
Skyline Champion Corporation	NYSE:SKY	\$4,517	\$1,980	\$529	\$268	2.3x	8.5x	16.9x	26.7%	13.5%	
Summit Materials, Inc.	NYSE:SUM	\$9,750	\$2,989	\$857	\$640	3.3x	11.4x	15.2x	28.7%	21.4%	
Taylor Morrison Home Corporation	NYSE:TMHC	\$7,938	\$7,456	\$1,822	\$1,109	1.1x	4.4x	7.2x	24.4%	14.9%	
The AZEK Company Inc.	NYSE:AZEK	\$7,730	\$1,395	\$482	\$303	5.5x	16.0x	25.5x	34.5%	21.7%	
The Home Depot, Inc.	NYSE:HD	\$429,495	\$152,669	\$50,960	\$24,936	2.8x	8.4x	17.2x	33.4%	16.3%	
Tile Shop Holdings, Inc.	NasdaqCM:TTSH	\$444	\$367	\$238	\$34	1.2x	1.9x	13.1x	64.8%	9.2%	
Toll Brothers, Inc.	NYSE:TOL	\$15,585	\$10,163	\$2,778	\$1,927	1.5x	5.6x	8.1x	27.3%	19.0%	
TopBuild Corp.	NYSE:BLD	\$14,811	\$5,208	\$1,621	\$1,046	2.8x	9.1x	14.2x	31.1%	20.1%	
Trane Technologies plc	NYSE:TT	\$72,396	\$18,227	\$6,174	\$3,325	4.0x	11.7x	21.8x	33.9%	18.2%	
Vulcan Materials Company	NYSE:VMC	\$39,647	\$7,679	\$1,951	\$1,988	5.2x	20.3x	19.9x	25.4%	25.9%	
W.W. Grainger, Inc.	NYSE:GWW	\$52,458	\$16,622	\$6,530	\$2,818	3.2x	8.0x	18.6x	39.3%	17.0%	
						Median	1.9x	7.1x	13.7x	29.8%	17.0%
						Mean	2.5x	8.1x	14.1x	30.7%	17.6%

# Sector Update: Industrial

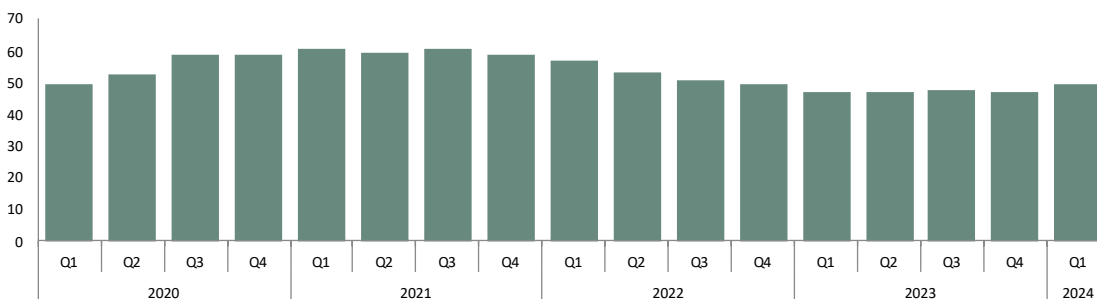
## State of the Industry

**U.S. Industrial Production Index (Seasonally Adjusted)**



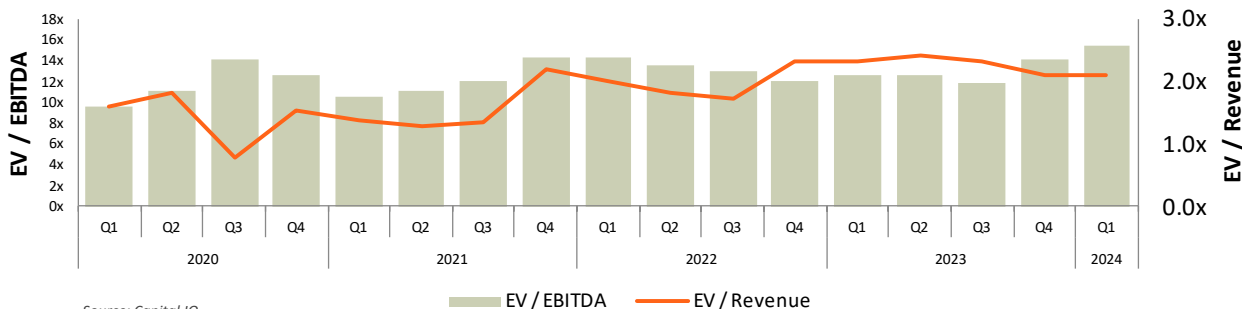
Source: Federal Reserve

**Purchasing Managers Index**



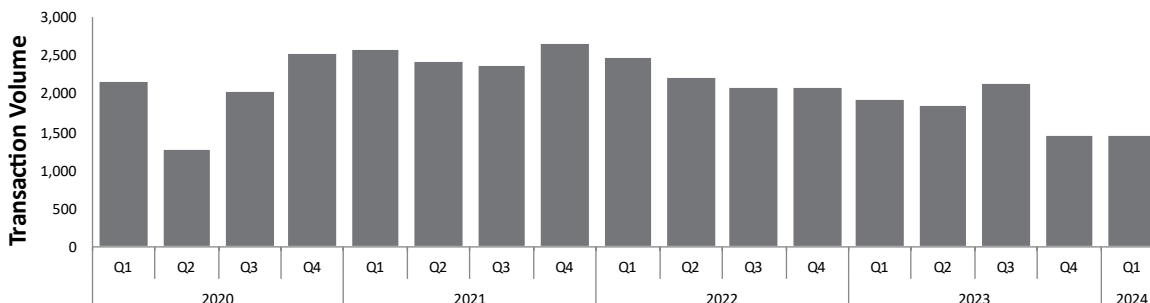
Source: Institution for Supply Management

**Industry Valuations**



Source: Capital IQ

**Industrials Transaction Volume**



Source: Capital IQ



# 35 Years. 350 Deals.

## The Value of Accomplishment

### 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.

### 35 Years. 350 Deals.

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.
- 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.

# Partner Spotlight



**Alan Fullerton**

Alan has been a leading middle market deal maker for more than 25 years, representing publicly traded companies, professional investors and boards, and closely held businesses. An advocate for his clients, Alan has led business owners and boards of directors through over forty sell side transactions, as well as multiple buyside, equity and debt transactions. Alan has been nationally recognized by M&A Advisor as a sector finalist across multiple industries. Alan holds an MBA from Ecole des Ponts (France), an MS in Electrical Engineering from Brown University, and a BS in Mechanical Engineering from MIT.

(781) 418-5954  
[fullerton@merger.com](mailto:fullerton@merger.com)



**Andrew Crain**

Andrew Crain brings to Mirus a diverse skillset of transactional, executive and legal acumen. Andy is an experienced dealmaker, and his prior experience as a food manufacturing business owner and CEO gives him a unique vantage point from which to successfully guide clients through the financial, operational and emotional aspects of the transaction process. An investment banker since 2005, Andy provides merger & acquisition and corporate finance advisory services to owners of industrial and business services, manufacturing and distribution, consumer products, and food & beverage companies throughout New England and nationwide.

(781) 418-5950  
[crain@merger.com](mailto:crain@merger.com)

# Trusted advisors to businesses just like yours

## Notable Mirus industrial transactions



has been acquired by



a portfolio company of



Founded over 40 years ago and based in Hazlet, NJ, LidoChem, Inc. markets chemical raw materials, and through its Performance Nutrition® division, develops and distributes specialty fertilizers. LidoChem has a national presence selling bio pesticides, patented chelated micronutrient solutions, specialty performance fertilizers, lawn fertilizers, turf fertilizers, soil amendments and surfactants that are not only unique and highly effective, but environmentally friendly. Valudor Products is a market leader in the sourcing and distribution of chemical raw materials in the Agricultural and Industrial space in Canada, the U.S. and Latin America.



has been acquired by



(NYSE: FERG)

Mirus served as exclusive financial advisor to S.G. Torrice Co., Inc., a leading wholesale distributor of heating, ventilation and air conditioning (HVAC) products throughout New England, in its sale to Ferguson plc (NYSE: FERG; LSE: FERG). Founded in 1958 and headquartered in Wilmington, MA, S.G. Torrice operates 15 locations in Maine, Massachusetts, New Hampshire, Rhode Island and Vermont from which it distributes residential and commercial HVAC equipment, parts, and accessories from Trane, American Standard, Mitsubishi and other OEMs to over 2,000 HVAC contractors.



has been acquired by



a portfolio company of



Mirus advised Bradford Machine, a fully automated, tight tolerance precision machining business, on its acquisition by Prince Industries, a leading precision machining and sheet metal fabrication company which is an HC Private Investments portfolio company. Bradford Machine, based in Brattleboro, VT, is a leading provider of precision machining services with sophisticated machining capabilities including 5-axis CNC milling, turning, EDM wire, and finishing. The company excels at producing complex parts with tight tolerances for a variety of large and growing end markets.



has been acquired by



a portfolio company of



Mirus served as exclusive financial advisor to Bergeron Machine in its sale to Compass Precision, a portfolio company of Main Street Capital Holdings. Located in Westford, MA, Bergeron Machine is the first Compass division to focus on high-precision Swiss-style machining. Compass purchased the company from Mark Kelly and Sidney Kuo, who bought the firm in 2008. Bergeron services customers in the semiconductor, aerospace, and defense end-markets. "This acquisition continues our strategy of building a decentralized group of high-quality precision machine shops that service high growth end markets across the United States."



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