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M&A Facts Quarterly Q4 – 2023

Building Technologies





Building Technologies – M&A-Highlights and Market Insights

Data source: S&P Capital IQ. Analysis by Proventis Partners.

- ▶ **Trading and transaction multiples** – Trading multiples of the peer group increased over the course of the last quarter, with a median EV/EBITDA multiple of 9x in Q4. After a quiet start in Q1/2023, deal activity in the sector only picked up in Q4/2023, with transaction multiples outpacing 2022 values due to selected individual transactions with high multiples.
- ▶ **Review and outlook** – The underlying construction sector performed better than in previous months. However, high interest rates kept transaction volumes and values at a rather low level. Even so, the market shows first signs of recovery. Moreover, due to the need for new and more sustainable building technologies, strategic investors are playing a key role in the current M&A environment. Traditional product-centric players will face significant challenges from a host of emerging competitors and digital disruptors. To survive and thrive over the next decade, these incumbents will need to master or acquire digital capabilities.

Further, ESG considerations are significantly influencing M&A dynamics in the building technologies sector. Targeting and integrating ESG objectives targets into portfolios will create competitive advantage in the marketplace, positioning companies at the forefront of sustainability and resilience.

- ▶ **Notable transaction** – The industry saw several interesting transactions in Q4: Holcim expands its geographical presence with the acquisition of Élite Cementos from Spain. The company is responding to the increasingly demanding and specialized needs of the industry. Two months after moving its primary listing from London to New York, CRH, one of the world's largest building materials companies, struck a major deal in Texas. It bought assets from U.S. rival Martin Marietta for \$2 billion and raised its profit forecast for the second time in 2023. Further, Arkema acquired Arc Building Products to strengthen its position in Ireland's growing construction adhesives market with a wider range of solutions and a local manufacturing presence.

Building Technologies Peer Group

Note: TEV = Total Enterprise Value. LTM = Last Twelve Months. Data source: S&P Capital IQ. In €m.

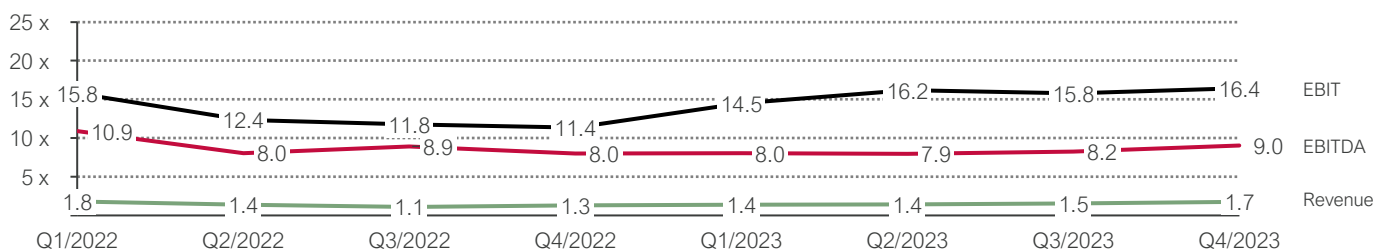
Company Name	Country	Market Cap	TEV	Total Revenue LTM	EBITDA LTM ¹⁾	TEV/EBITDA LTM Q3 2023 ²⁾	TEV/EBITDA LTM Q4 2023 ²⁾	Q4 vs. Q3 Trend
Trane Technologies plc	Ireland	50'212	53'725	15'993	2'837	16.5x	18.3x	▲
CRH plc	Ireland	43'176	50'047	31'017	5'459	7.8x	9.3x	▲
Holcim Ltd	Switzerland	41'078	54'049	28'226	5'182	8.1x	8.8x	▲
Johnson Controls International plc	Ireland	35'495	45'034	24'263	3'316	10.8x	11.1x	▲
Compagnie de Saint-Gobain S.A.	France	33'969	43'328	50'670	6'517	5.3x	5.9x	▲
ASSA ABLOY AB (publ)	Sweden	29'008	35'082	12'659	2'305	13.6x	15.5x	▲
Geberit AG	Switzerland	19'419	20'798	3'158	899	19.2x	21.9x	▲
James Hardie Industries plc	Ireland	15'178	16'024	3'482	974	12.8x	16.3x	▲
Kingspan Group plc	Ireland	14'272	15'950	8'091	1'017	14.3x	15.6x	▲
Rockwool A/S	Denmark	5'710	5'456	3'620	739	7.3x	7.4x	▲
Wienerberger AG	Austria	3'185	4'548	4'224	781	4.5x	5.6x	▲
dormakaba Holding AG	Switzerland	2'042	2'773	2'916	311	8.4x	8.5x	▲
Arbonia AG	Switzerland	718	977	1'178	97	7.9x	8.7x	▲
Tarkett S.A.	France	610	1'261	3'363	222	7.2x	6.9x	▼
Median						8.2x	9.0x	▲

1) EBITDA LTM does not include income (loss) from affiliates.

2) Multiples are calculated based on last reported LTM EBITDA including income (loss) from affiliates.

Building Technologies Peer Group Trading Multiples

Data source: S&P Capital IQ.



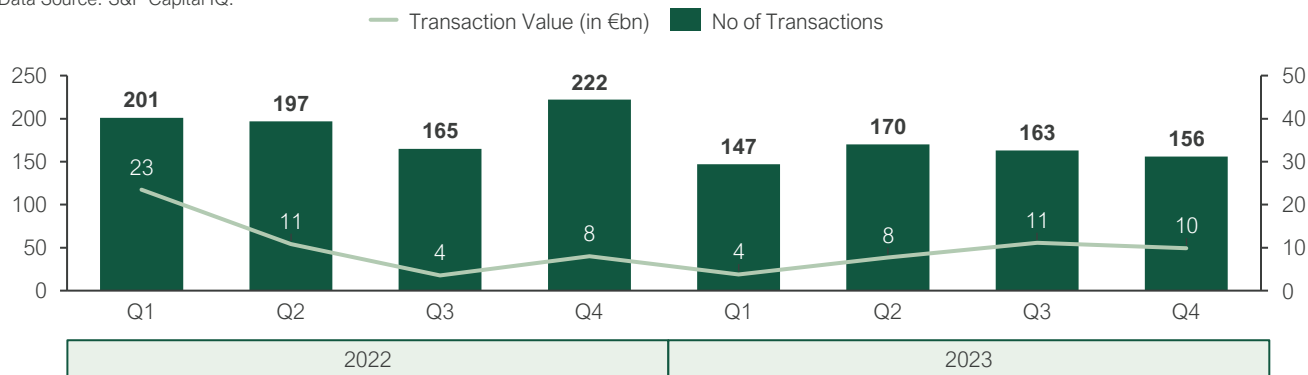
Selected M&A Transactions in Building Technologies in Q4

Note: EV = Total Enterprise Value. Total Transaction Value in €m. Data source: S&P Capital IQ. Selection of transactions by Proventis Partners.

Announced Date	Target	Target Country	Acquirer	Acquirer Country	Acquired Stake %	Total Transaction Value	Implied EV/ EBITDA
31/12/2023	Engineered FIRE PIPING, S.L.	ES	Pai Partners	FR	100	100	n/a
21/12/2023	Scalamid	PL	Etex N.V. (ENXTBR:094124453)	BE	100	n/a	n/a
13/12/2023	Arc Bulding Products	IE	Arkema S.A. (ENXTPA:AKE)	FR	100	n/a	n/a
11/12/2023	Josam Company	US	Watts Water Technologies, Inc. (NYSE:WTS)	US	100	96	n/a
21/11/2023	Martin Marietta South Texas Cement, LLC/Martin Marietta's South Texas ready-mix concrete operations	US	CRH Americas Materials, Inc.	US	100	1'922	n/a
07/11/2023	Mountz, Inc.	US	Snap-on Incorporated (NYSE:SNA)	US	100	37	n/a
27/10/2023	Bergs Timber AB (DB:2HW0)	SE	Norvik hf	IS	41	54	27.3
26/10/2023	Elite Cementos SL	ES	Holcim Ltd (SWX:HOLN)	CH	100	n/a	n/a
25/10/2023	AES Industries, Inc.	US	Lennox International Inc. (NYSE:LII)	US	100	n/a	n/a
19/10/2023	Fleetwood Aluminum Products, Inc.	US	Masonite Corporation	US	100	269	n/a
03/10/2023	P-D Refractories CZ a.s.	CZ	RHI Magnesita N.V. (LSE:RHIM)	NL	100	45	n/a

Building Technologies M&A Deal Count, Recorded Transaction Volume 2021-2023

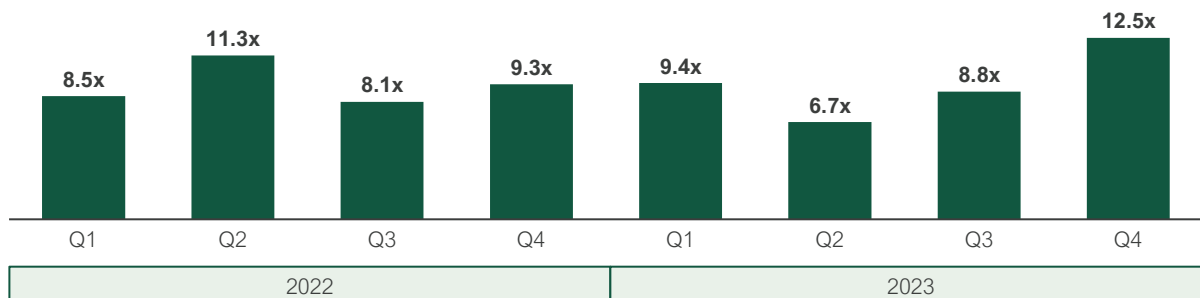
Data Source: S&P Capital IQ.



Building Technologies M&A Transaction Multiples 2021-2023

Implied median Transaction Enterprise Value / EBITDA of announced transactions with disclosed multiple.

Data Source: S&P Capital IQ.



Building Technologies Operating Financial Metrics

Q3 23 data only. Q4 23 data not yet released. In €m or % where indicated. Data source: S&P Capital IQ

Company Size

Small Cap



- ▶ Market Cap in €m 1 to 250
- ▶ Average Market Cap in €m 64
- ▶ Number of companies 777

Mid Cap



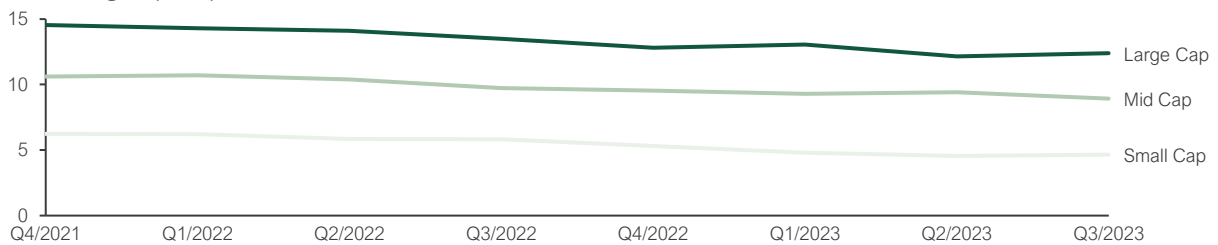
- ▶ Market Cap in €m 251 to 2,500
- ▶ Average Market Cap in €m 829
- ▶ Number of companies 371

Large Cap

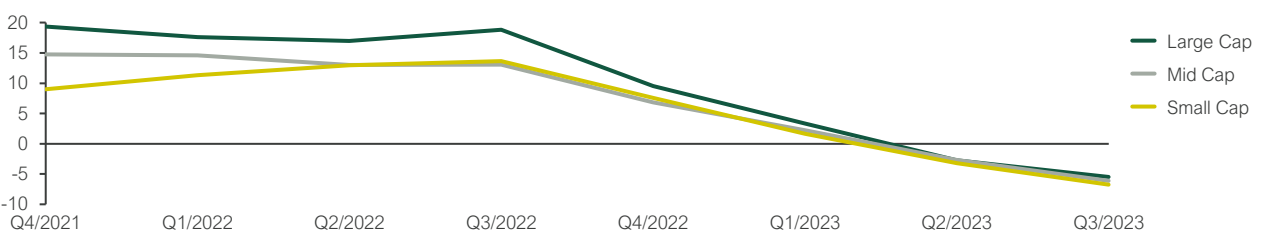


- ▶ Market Cap in €m >2,500
- ▶ Average Market Cap in €m 12'318
- ▶ Number of companies 116

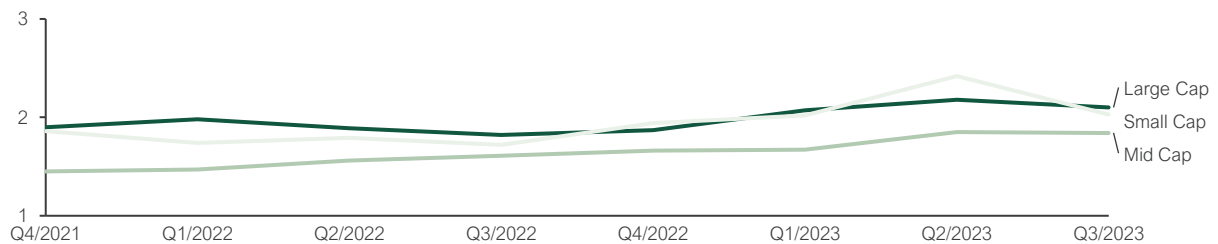
EBIT Margin (in %)



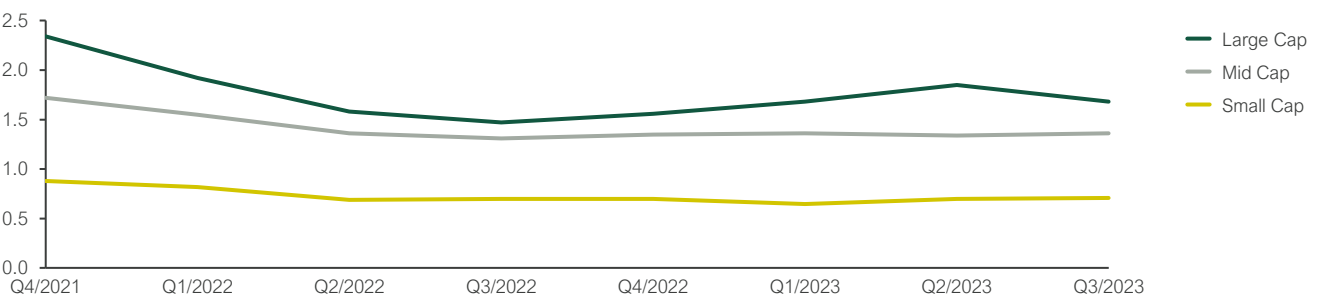
Year-on-Year Revenue Growth (in %)



Debt/EBITDA



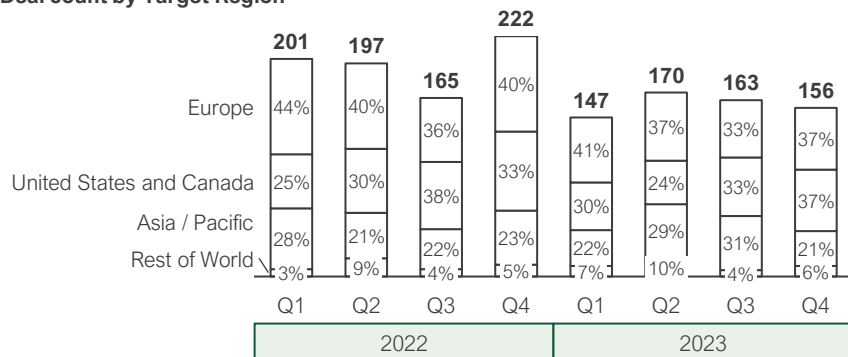
Market Capitalization/Revenue



Building Technologies M&A Deal Analysis

Announced transactions LTM: Implied M&A Enterprise Value / LTM EBITDA with disclosed multiple.
Data Source: S&P Capital IQ.

Deal count by Target Region

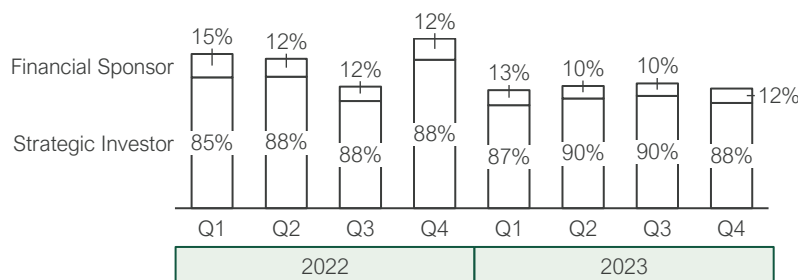


EBITDA Multiple (LTM) by Target Region



Deal count by Investor Type

Announced transaction with identified investors.

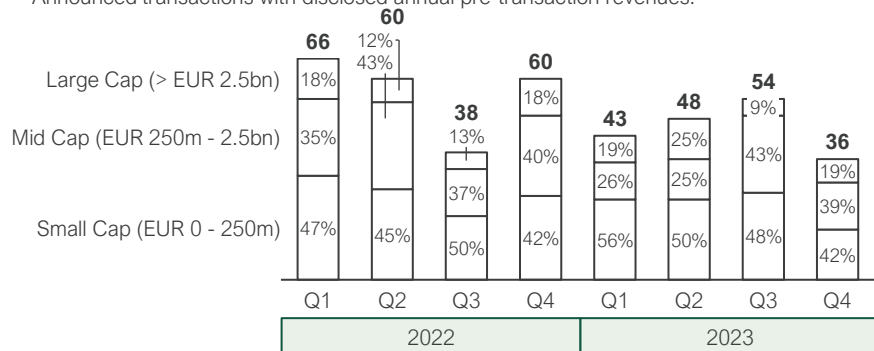


EBITDA Multiple (LTM) by Investor Type

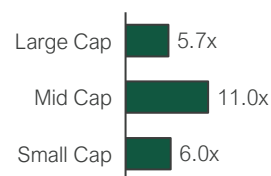


Deal count by Company Size

Announced transactions with disclosed annual pre-transaction revenues.



EBITDA Multiple (LTM) by Company Size



Notes

The analysis considers announced transactions only. Recent Transactions and Quarterly Multiples only include transactions with available Enterprise Values (EV). As Capital IQ constantly updates its database, the values might differ from previous M&A Facts.

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Frankfurt, Germany
Proventis Partners GmbH
Christoph Ulrich, Partner
c.ulrich@proventis.com
T: +49 69 870 0939-71

Hamburg, Germany
Proventis Partners GmbH
Jost Hartmann, Partner
j.hartmann@proventis.com
T: +49 40 360 9759-0

Zurich, Switzerland
Proventis Partners AG
Christoph Studinka, Partner
c.studinka@proventis.com
T: +41 44 536 3630



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Contact - M&A Facts Building Technologies

Jan Wetter
j.wetter@proventis.com
T: +41 44 536 3630