

Desautels Capital Management

Industry Review

The Materials Team

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February 13, 2018

Table of Contents

I. Materials Update

- a. Current Situation
- b. Materials Overview

II. Construction Industry

- a. Construction Industry Outlook
 - a. Residential
 - b. Commercial
 - c. Public Infrastructure
- b. Competitive Materials – Cement & Concrete

III. Narrowing Down

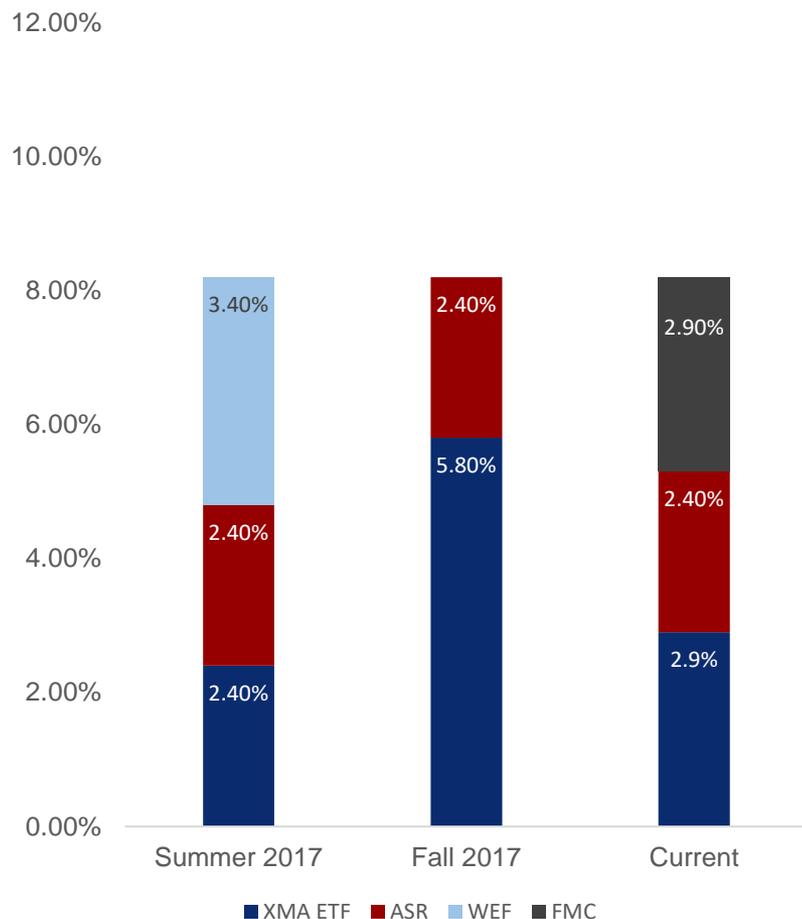
- a. Different Players
 - a. Geography
 - b. Revenue Mix
 - c. Integration
- b. Mini-Pitch Summit Materials

Materials Sector Update

SECTION I

Materials Current Situation

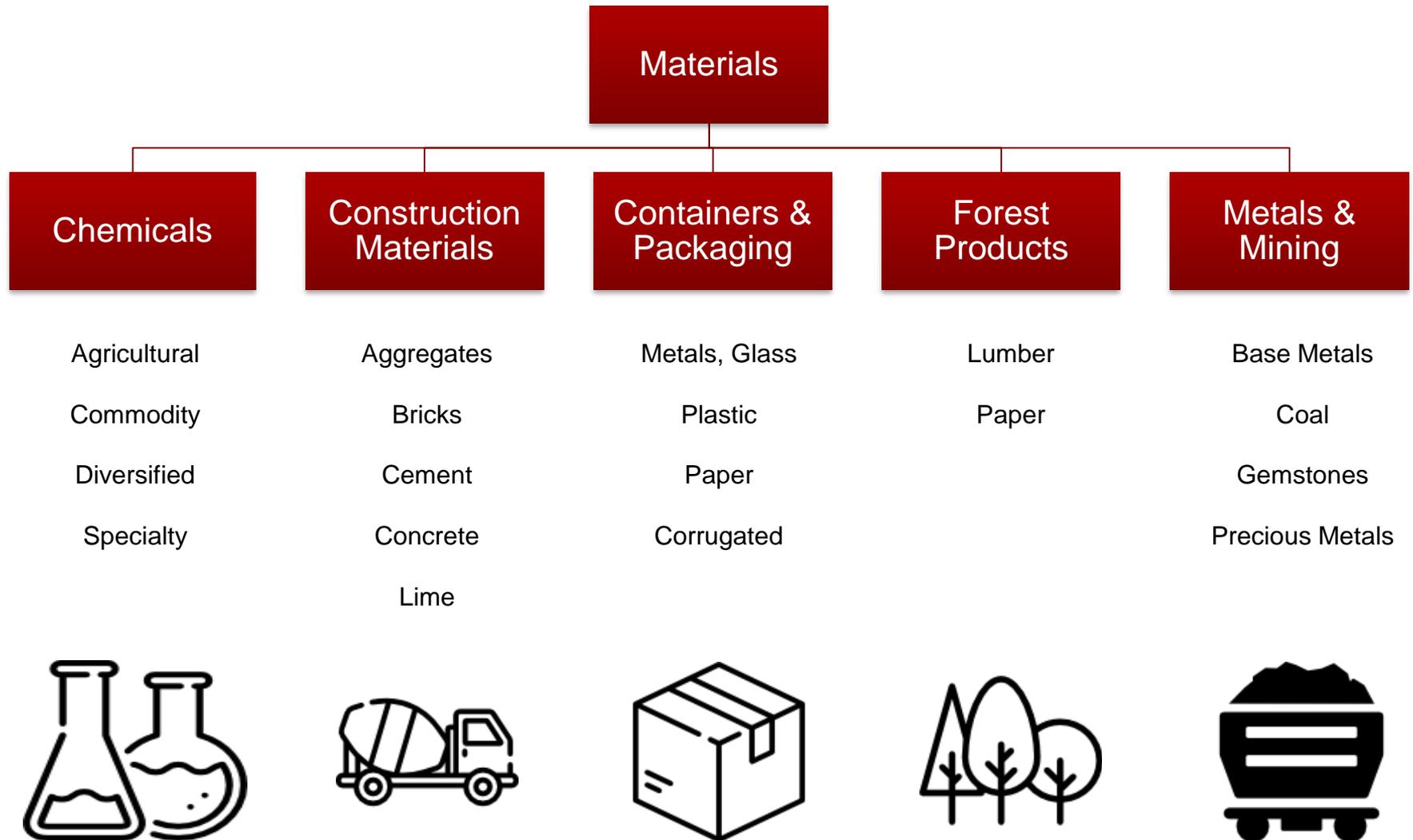
Sector Snapshot



Update

- During Fall 2017, we looked at Chemicals
 - Industry review covered various subsectors and helped narrow down to agricultural chemicals and lithium as bright spots
 - Pitched FMC given its exposure to both agricultural chemicals and lithium
 - Added FMC to DCM portfolio in Jan 2018
- For Winter 2017
 - Plan is to focus on the Construction Materials sector
 - Look at the various subsectors within building materials and narrow down
 - Pick a company with exposure to relevant subsectors and attractive valuation
 - Replace ETF exposure with a construction materials player from the U.S

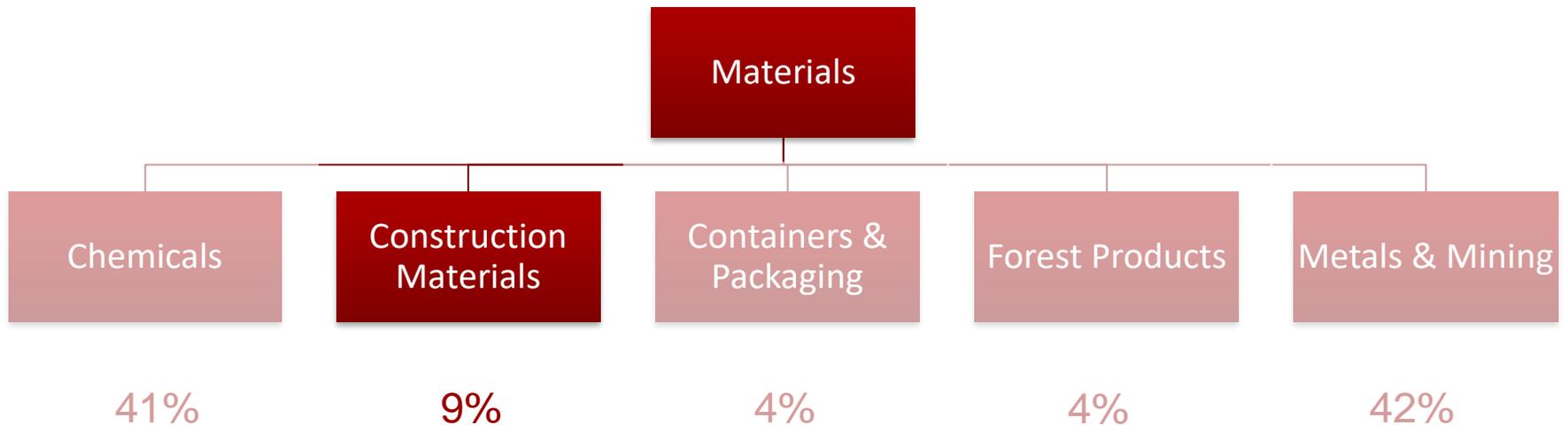
Materials Overview



Source: GICS Industry Classification

Materials Overview

Recent and Current Holdings



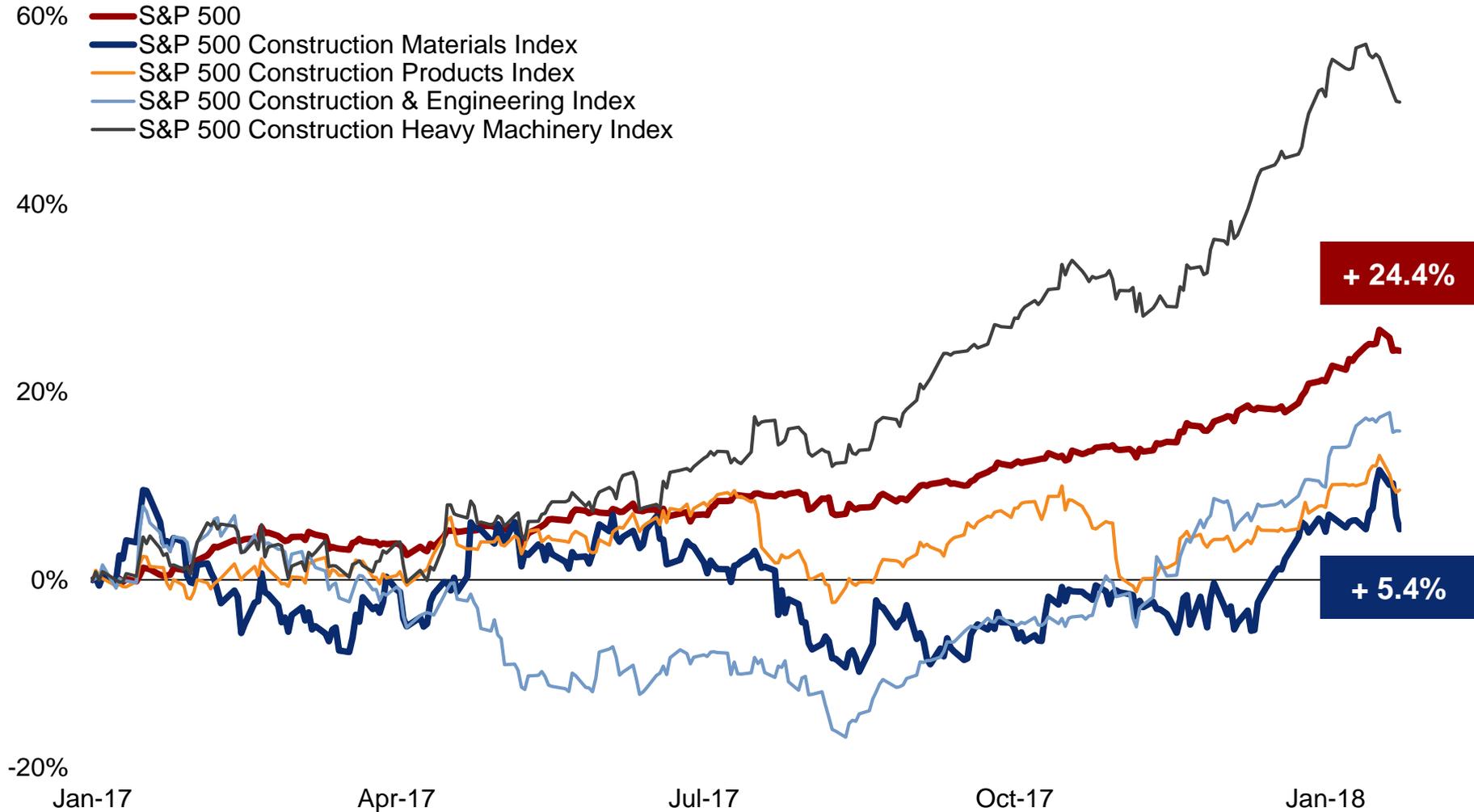
Source: GICS Industry Classification

Construction Materials

SECTION II



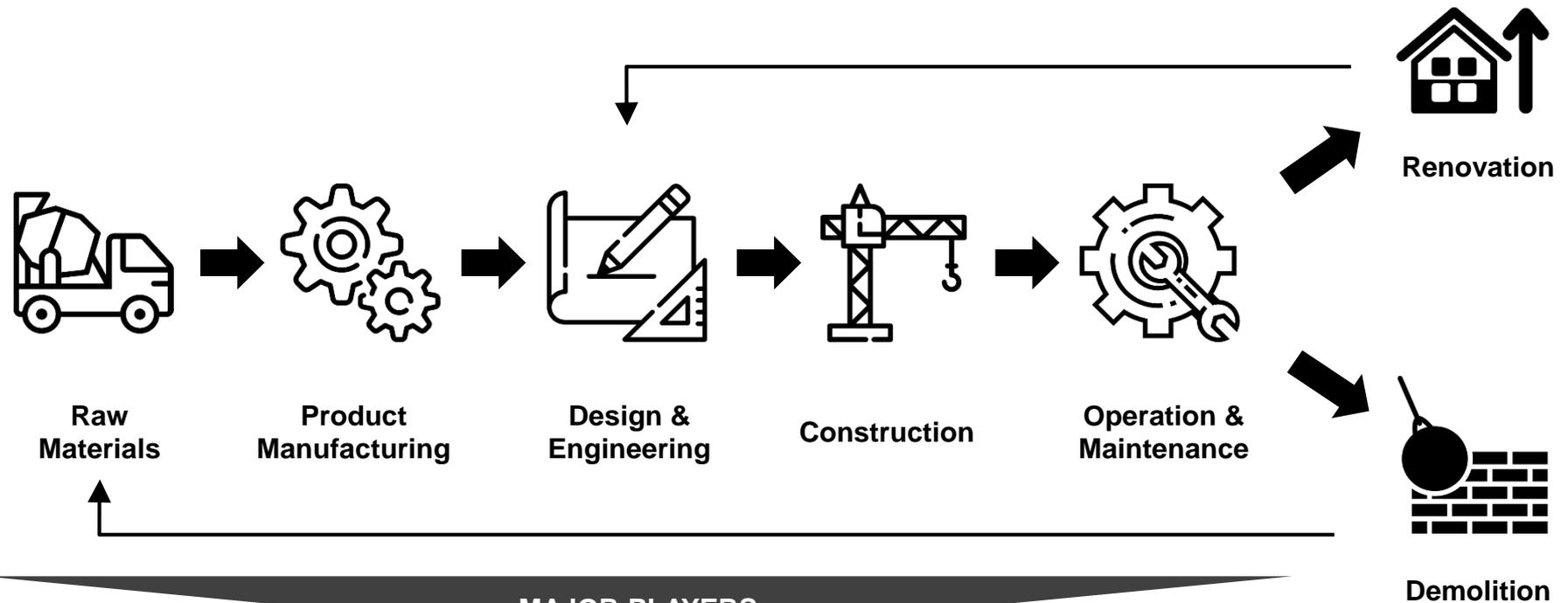
Industry Player vs. Benchmark



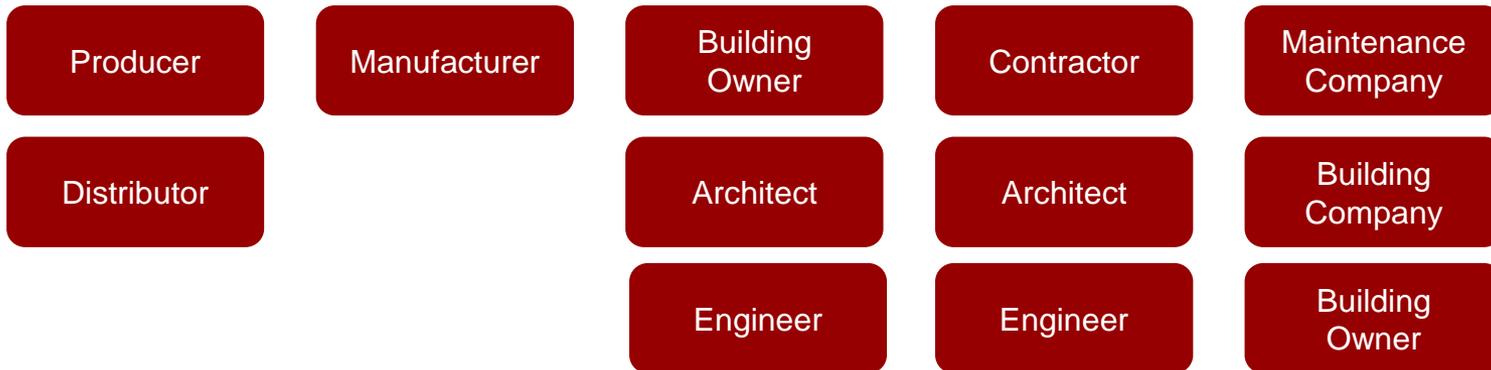
Construction materials sector significantly underperformed S&P 500 benchmark and other construction industry players

Source: Bloomberg

Construction Industry Value Chain

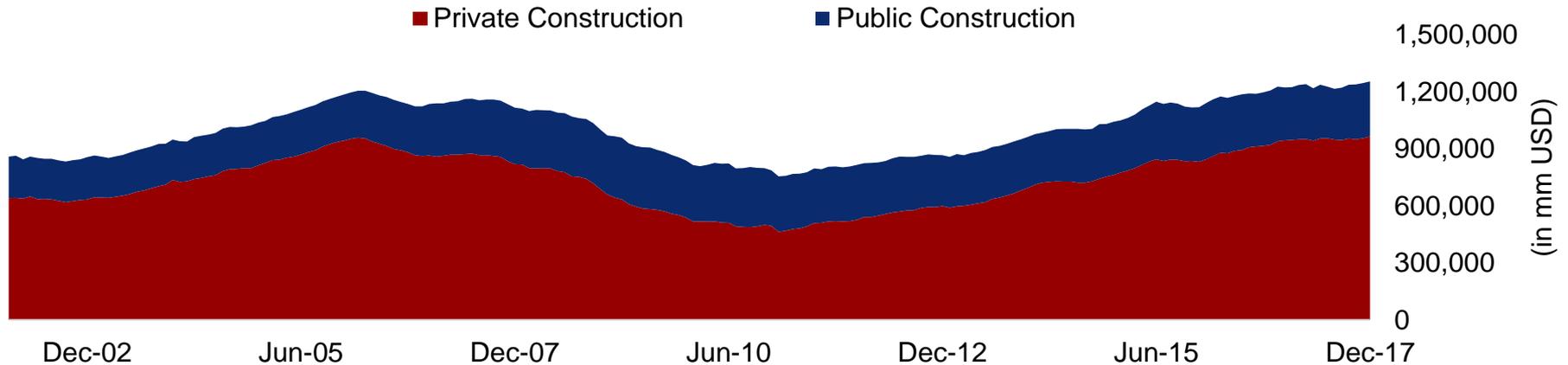


MAJOR PLAYERS

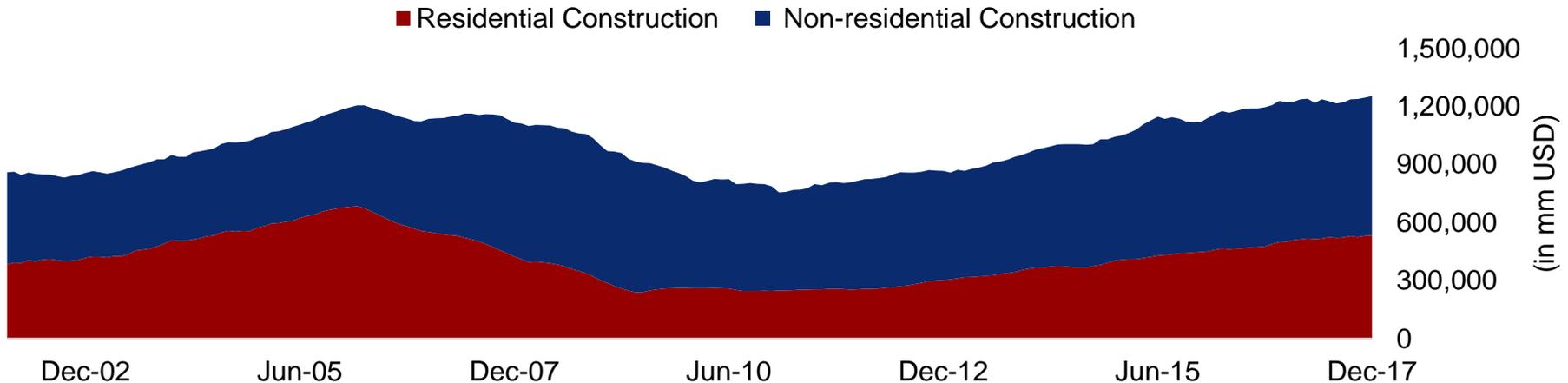


Construction Spending Breakdown

US Total Value of Construction Put in Place (Public vs. Private)

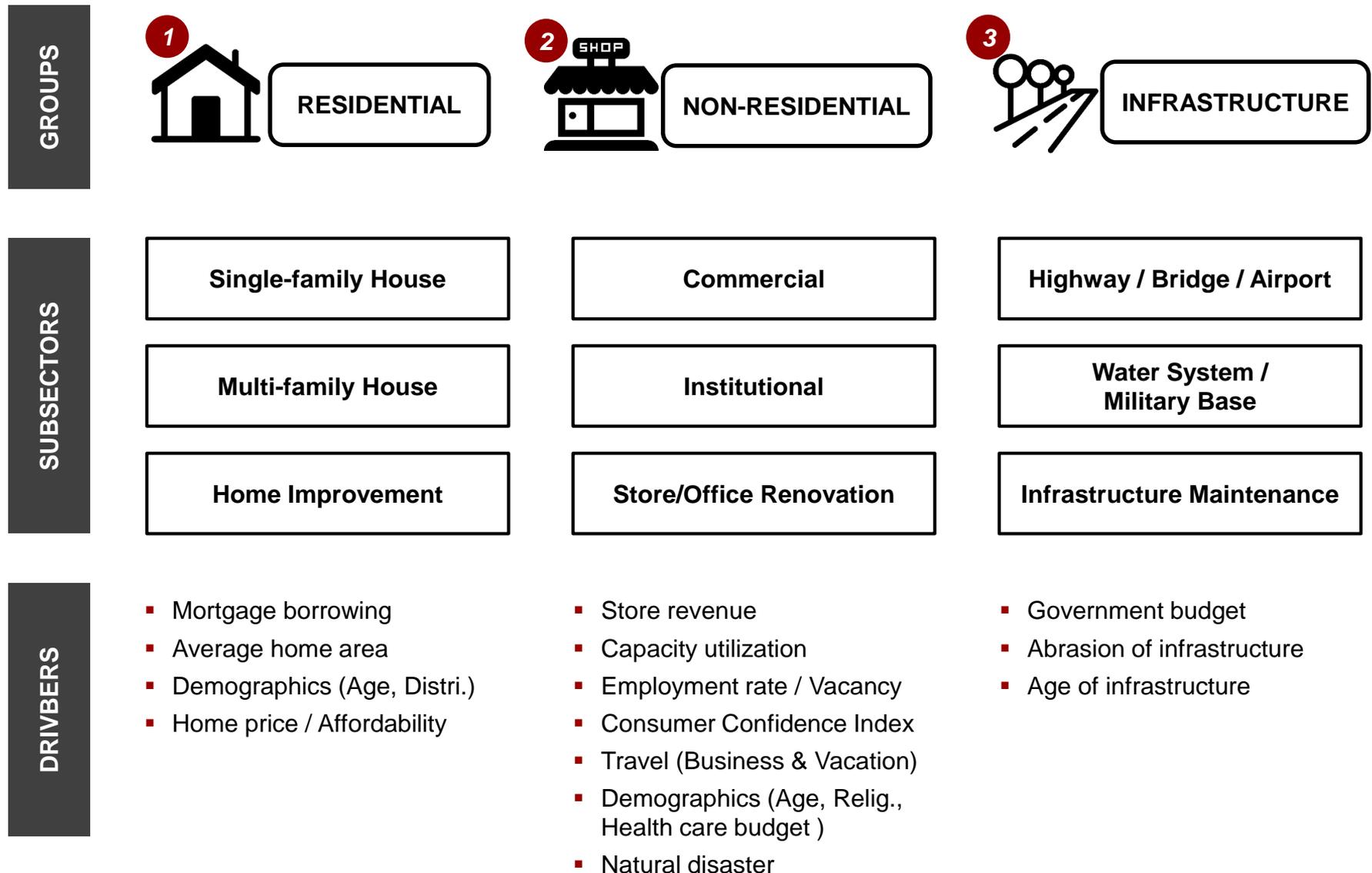


US Total Value of Construction Put in Place (Residential vs. Non-residential)



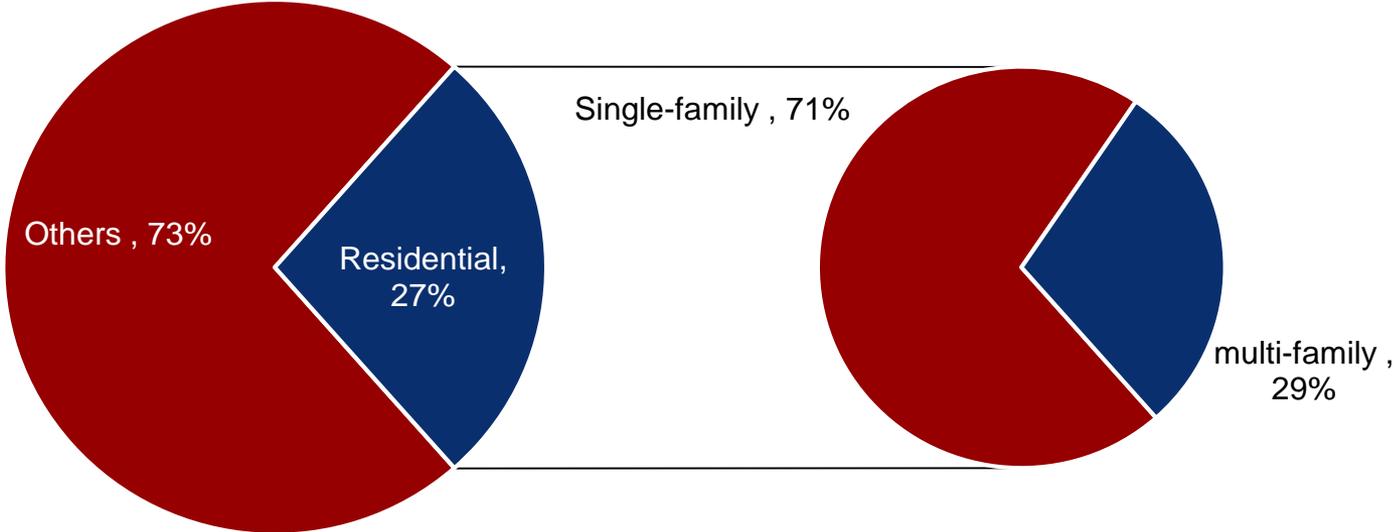
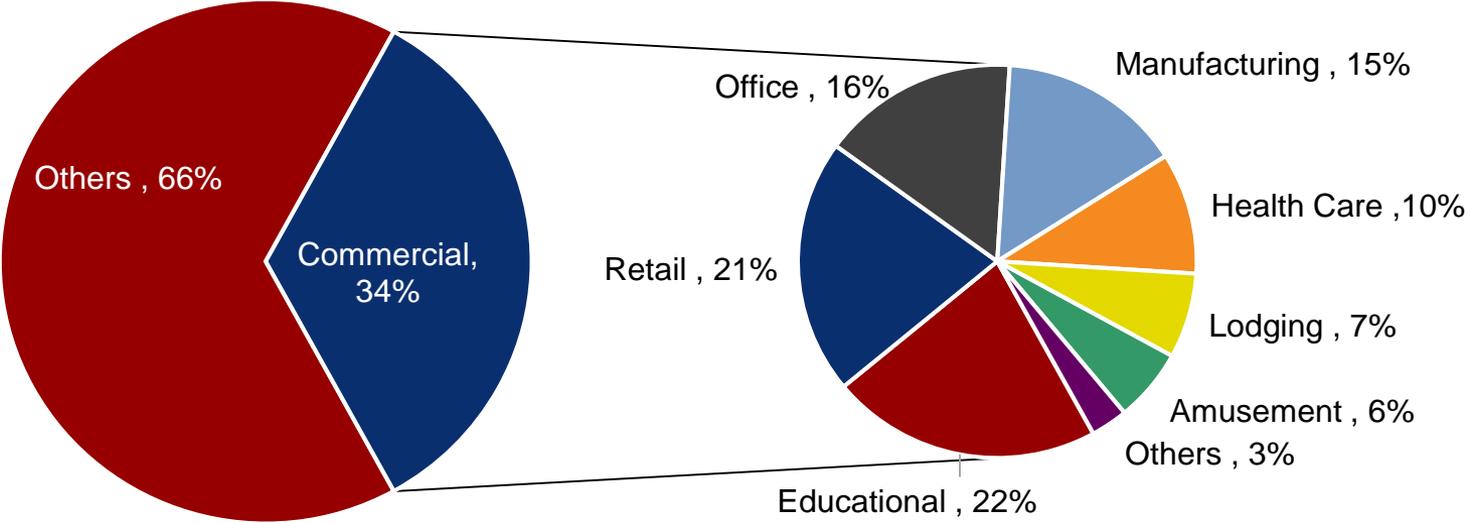
Source: US Census Bureau

Construction Market Breakdown and Drivers



Source: Portland Cement Association

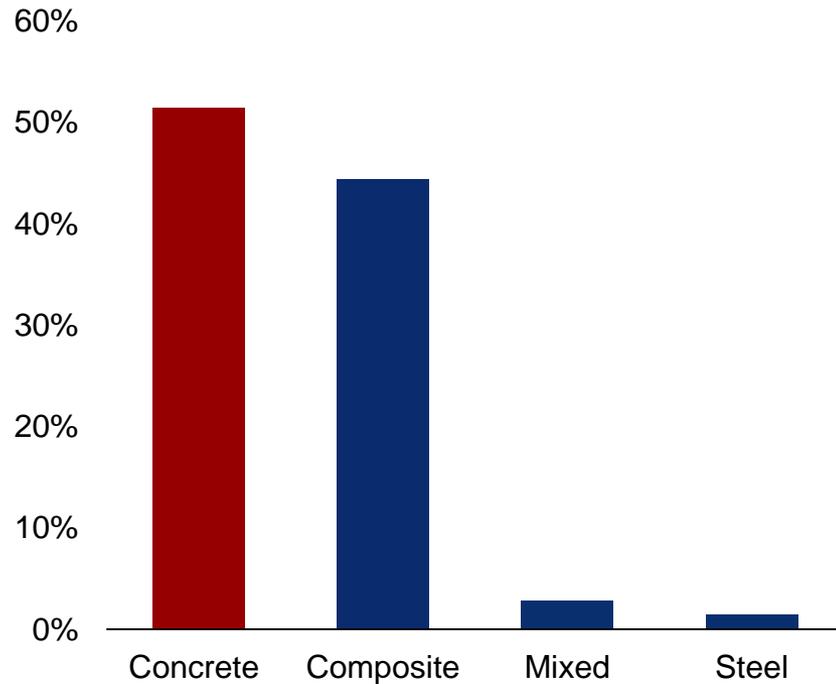
Residential and Non-residential Construction Breakdown



Source: Portland Cement Association, Deutsche Bank Market Research

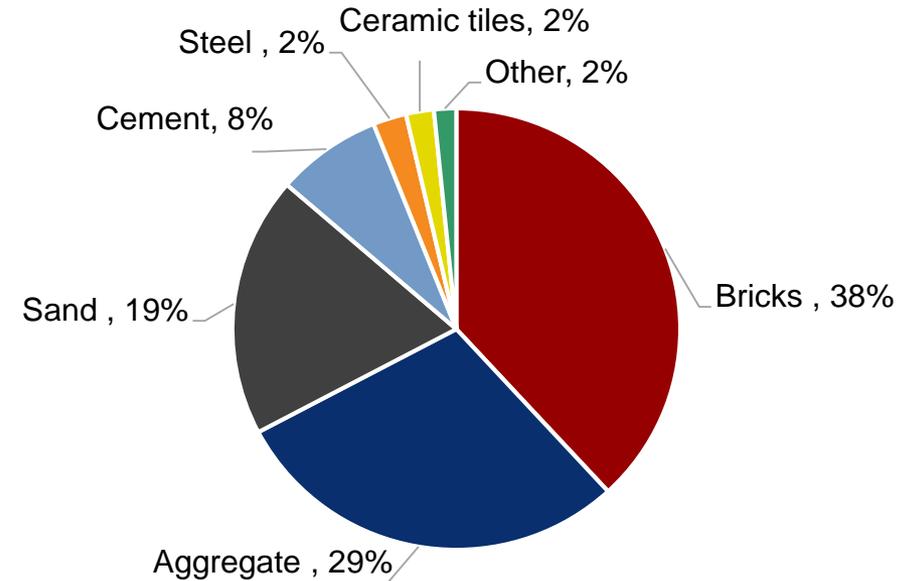
Building Completion by Structural Materials

Tall-rise Building (Residential + Non-residential)



- Inherent heaviness and mass creating lateral stiffness
- Resistance to horizontal movement
- Disaster-resistant, such as hurricane, fire, flood, etc.

Low-rise Building (Residential + Non-residential)

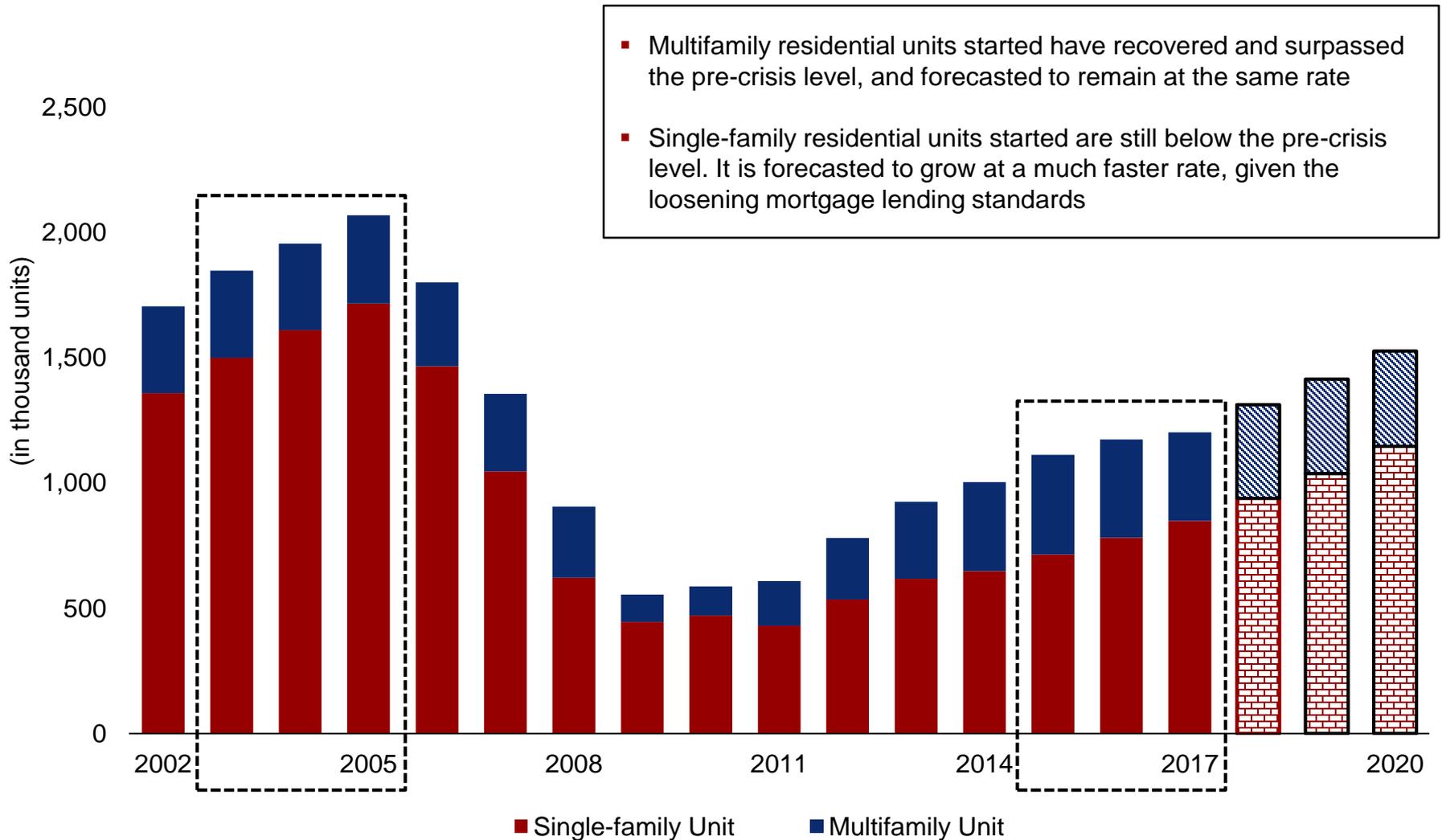


- > 50% of low-rise buildings are made of concrete
 - Detached houses, stores, warehouses, schools
- Durability, resilience and ease of using
- Economical – energy saving and locally sourced material
- Sound proof, extreme weather protection

Source: Council on Tall Buildings and Urban Habitat, Statista, Street Research

Residential Construction

Single-family and Multifamily Residential Units Started

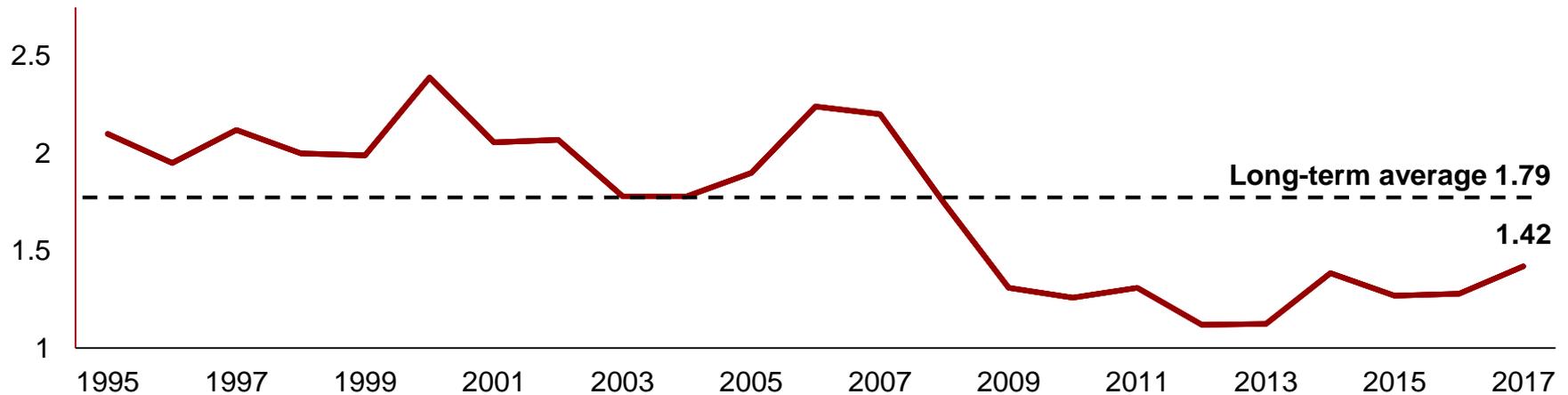


Source: US Census Bureau

Residential Construction

Renters Become Buyers

Price-to-rent ratio relative to historical average



Rising Non-Bank Lending Share

- Shrinking of mortgage refinance demand has led to intense competition
- Overall non-bank share of purchase lending increase from 25% to 60% (FHA tripled its lending volume, other GSE doubled its lending volume)
- “*Competition from Other Lenders*” became top reason for lender’s lower profit margin

Loosening Lending Standard

- Debt-to-income ratios over 43% (*The Qualified Ratio*) has been increasing materially
- In 2013, 40-45% of FHA loans had DTI over 43%; in 2016, the number is > 50%
- FHA FICO have declined in 2017 after limited movement in 2016

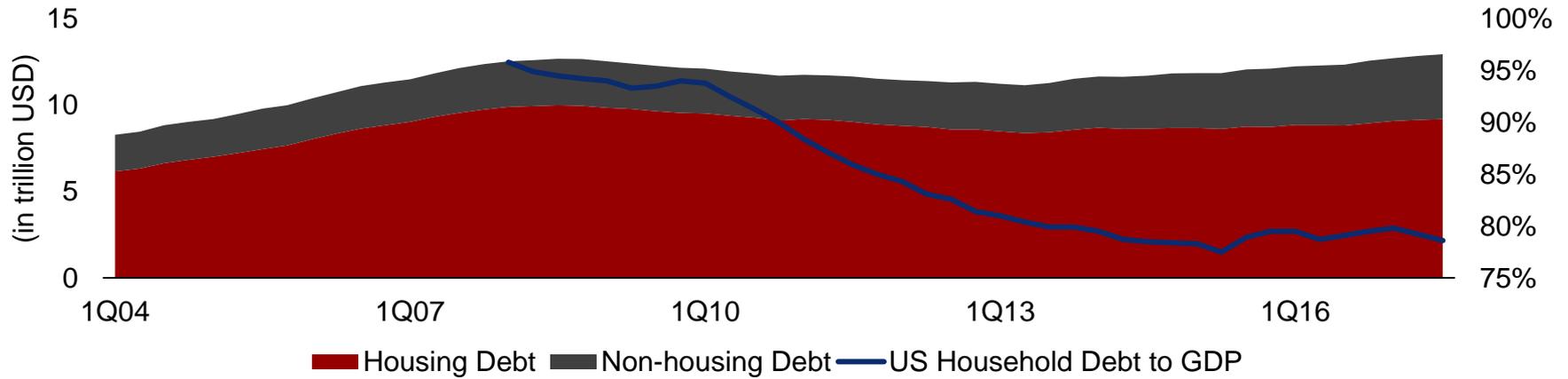
The comparatively low cost of ownership relative to the cost of renting explains why renters are becoming buyers

1

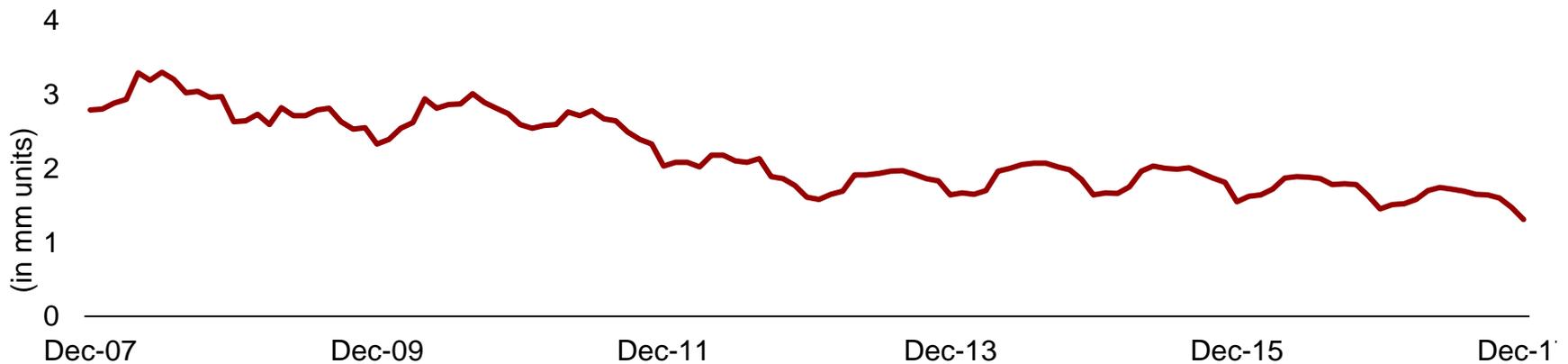
Residential Construction

Macroeconomics Indicators Show Promising Growth

American



U.S. Existing Single-Family Home Inventory



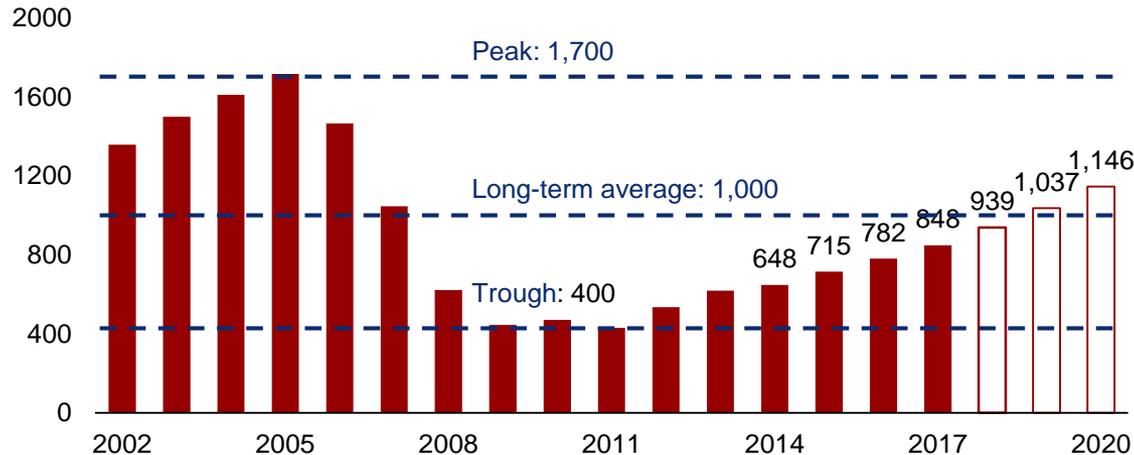
As average households decide to increase their housing borrowing, additional residential construction is needed

Source: Deutsche Bank Market Research, RBC Equity Research

Residential Construction

Residential Historical Starts Comparison

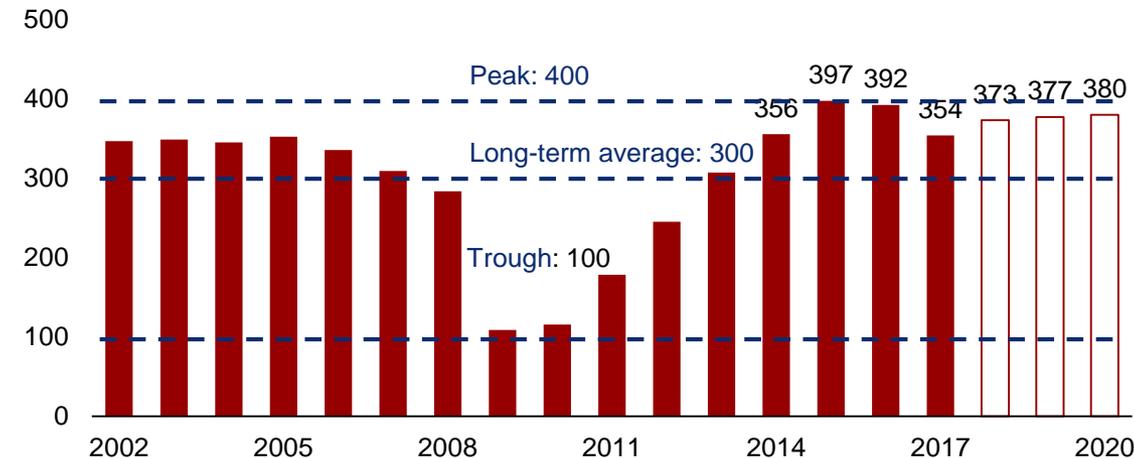
Historical and forecasted single-family starts (in 000s)



Single-family housing still has room to run:

- The forecast anticipates the single-family starts to rise at 955,000 by 2018, at a rate of 10.6%, given the current favorable mortgage credit environment
- It is still below the long-term average of 1mm single-family housing starts
- New single-family sales is only **10.9 %** of total single-family sales, expected to recover to the long-term average of 16%

Historical and forecasted multi-family starts (in 000s)



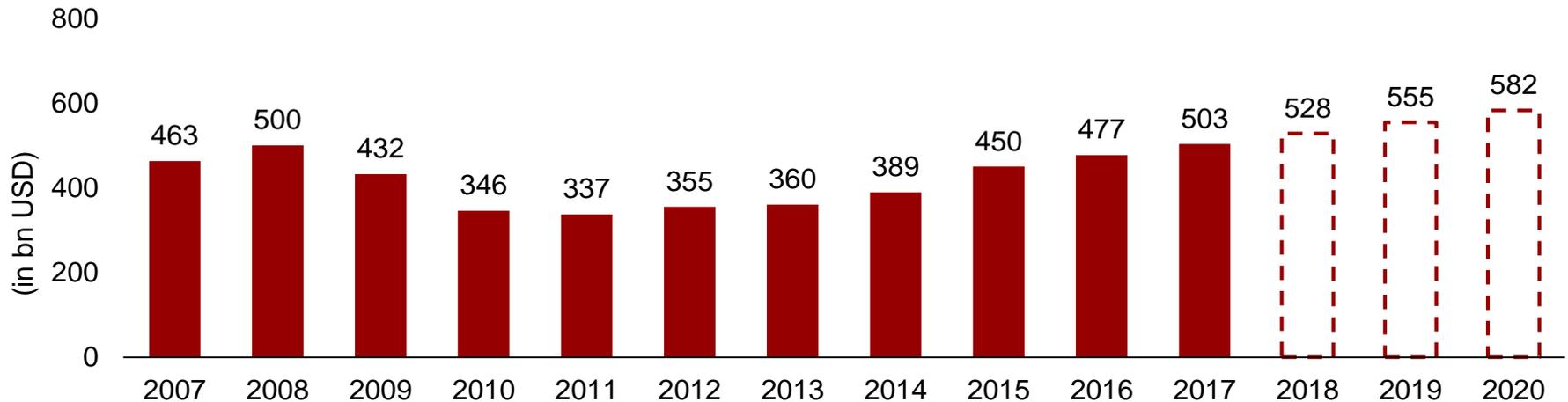
The growth of multi-family housing units will be limited moving forward:

- 2014-16 have witnessed the multi-family starts peak at the pre-crisis level
- The flattened volume addition reflects the renting preference brought by SALT and mortgage deduction capping
- Different regions differs
- The supply addition should dampen multi-family starts' pricing power

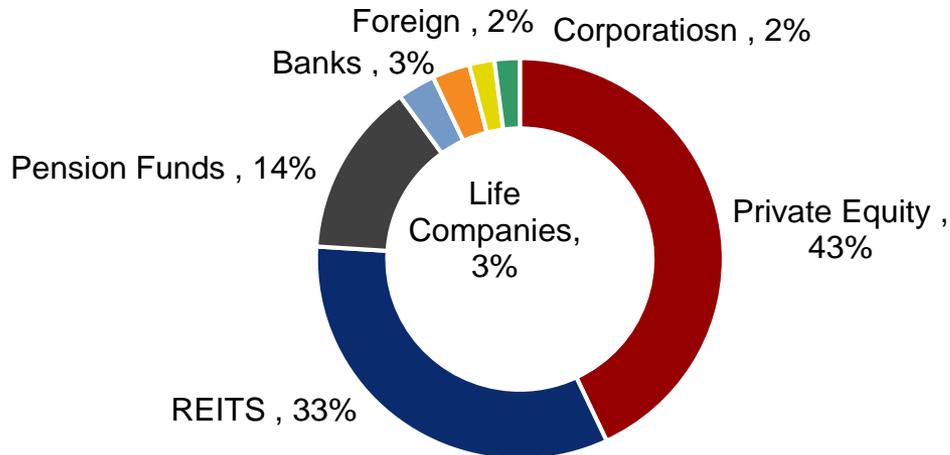
Source: US Census Bureau, RBC Equity Research

Non-residential Construction Expenditure

Financing Sources for Commercial Real Estate Investment



Financing Sources for Commercial Real Estate Investment



Financing for institutional construction is split between private and public sectors

Most of commercial construction in U.S. are financed using private capitals:

- U.S. economy is currently solid
- Accumulated wealth push investors to seek higher return through alternative investment
- Greater capital inflow of PE, REITs and other sources of funds
- Financing resource is secured

Source: Street Research, RBC Equity Research, Deutsche Bank Market Research

Non-residential Construction

Conference Board Consumer Confidence Survey



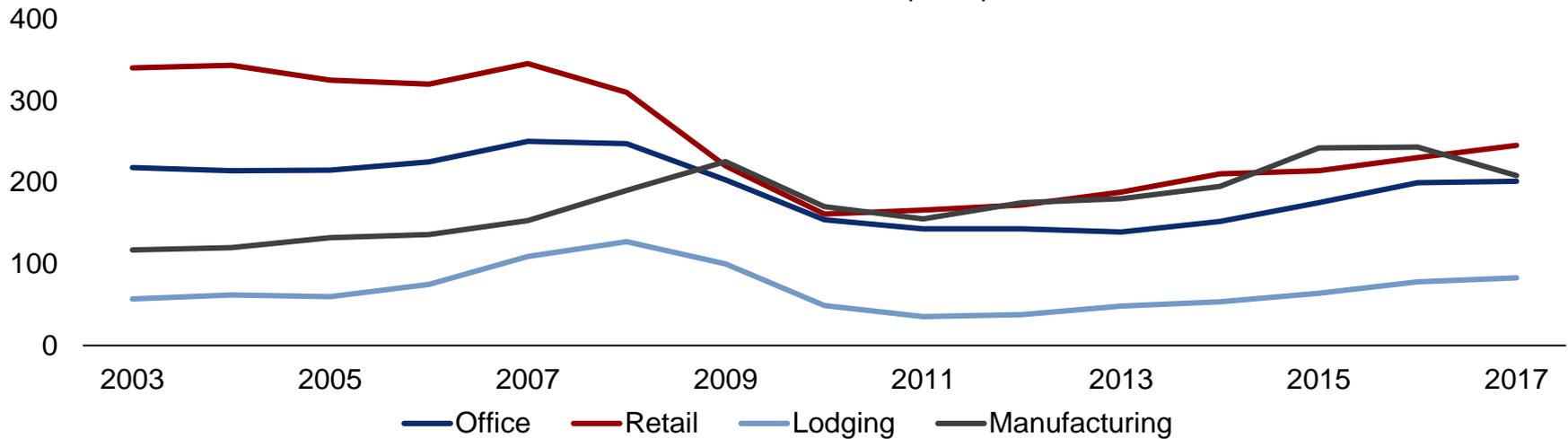
Consumer Confidence Survey reflects prevailing business conditions and favorable consumer attitude and buying intention

Source: Bloomberg, The Conference Board

2 Non-residential Construction

Most Commercial Construction Shows Promising Outlook

Real Commercial Construction Put-in-Place Spend per Person in 2016 \$



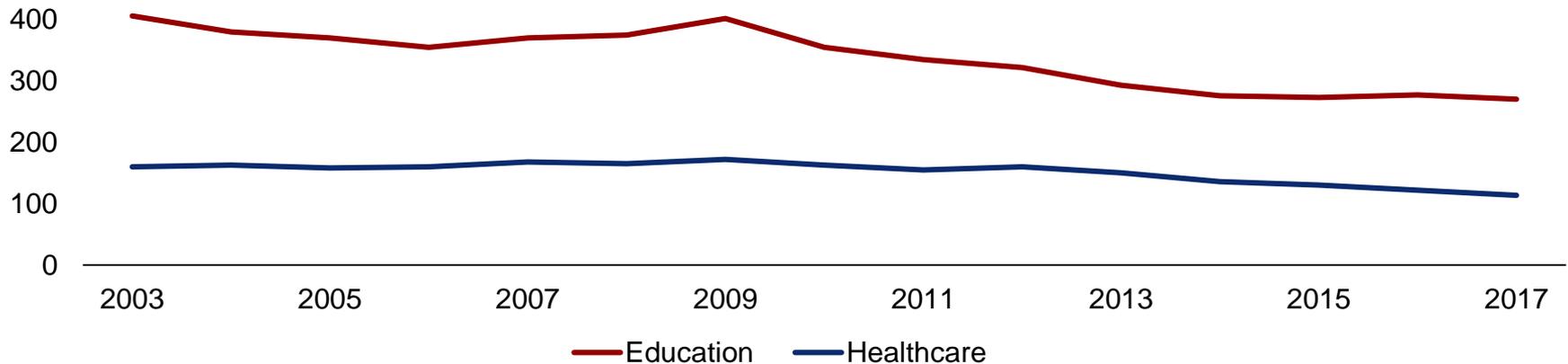
Peak Comparison	- 23%	- 27%	- 35%	- 14%
Demand Drivers	Unemployment Rate Office Vacancy Rate	Retail Sales	Household Income Personal and Business Travel Volume	Capacity Utilization Industrial Production Index

Source: Street Research, Bloomberg

2 Non-residential Construction

Institutional Construction Sending Mixed Signals

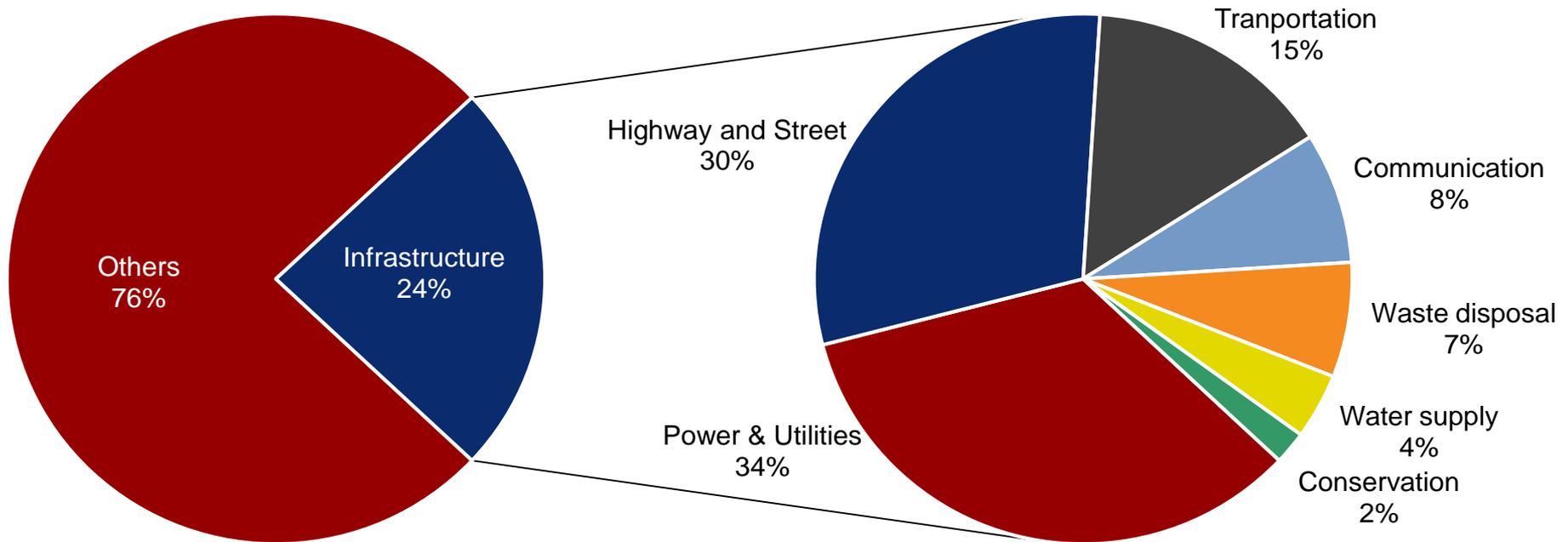
Real Institutional Construction Put-in-Place Spend per Person in 2016 \$



	 	 
Peak Comparison	- 33%	- 33%
Demand Drivers	Municipal Budgets Endowment Funding	Inpatient Enrollment Insurance Mandate

Source: Street Research, Bloomberg

3 Infrastructure Construction Breakdown

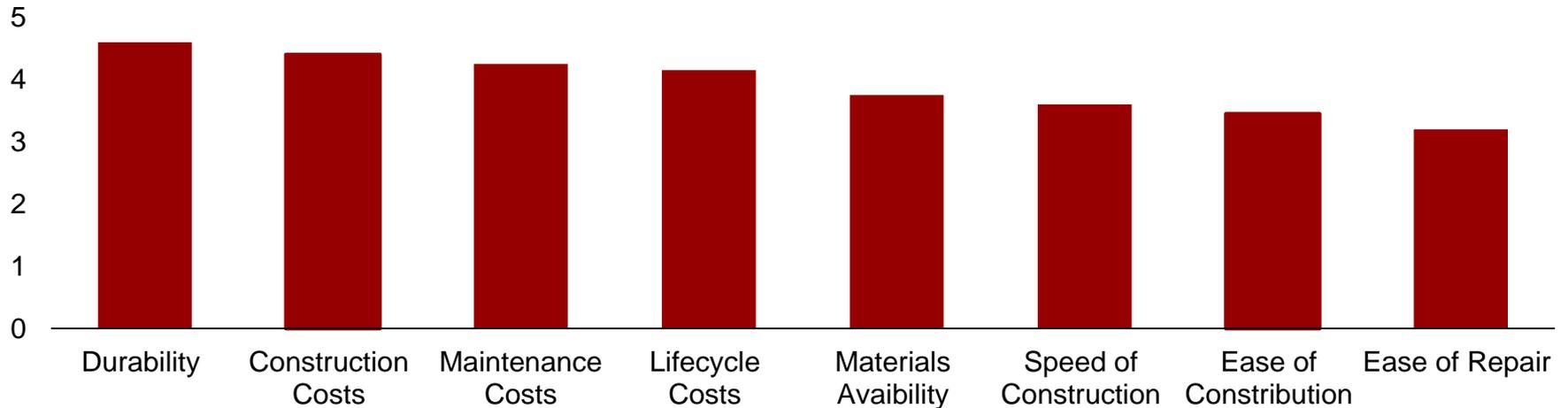


Highway and streets and transportation within infrastructure construction requires the most construction spending

Source: Portland Cement Association, Deutsche Bank Market Research

Infrastructure - Bridge

Selection Factors Determining Bridge Material



Long Life and recyclable

Concrete pavements have an average service life of 30-50 years;
Recycle base materials

Low life-cycle cost

Concrete consumes minimum materials, energy and other resources for construction, and requires little to no maintenance

Safety and reliability

Concrete is less susceptible to damage from heavy vehicles, easier to see at night, etc.

Fewer traffic disruption

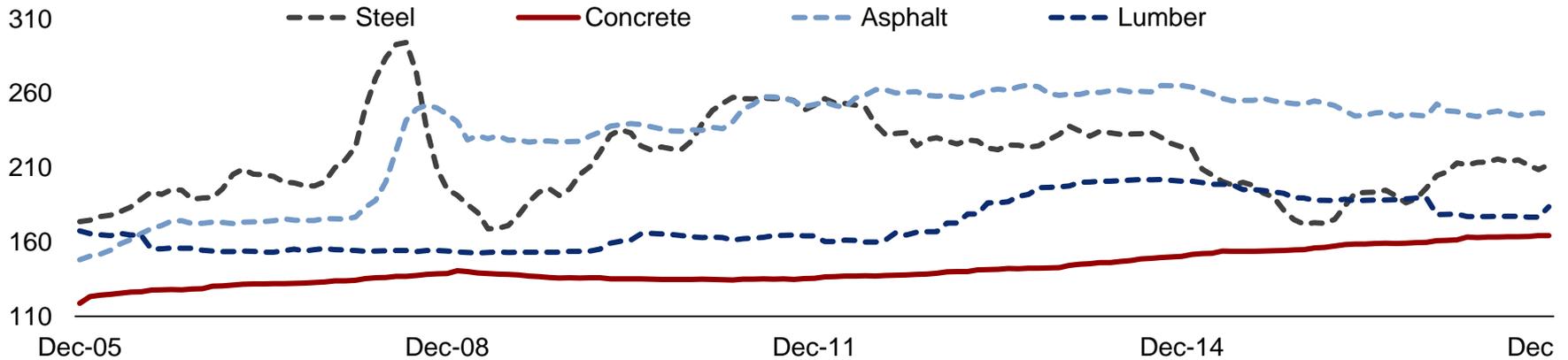
Concrete does not require lengthy lane closures, with roads able to reopen within as little as 6 hours

Concrete is widely used for infrastructure – with applications for reconstruction, resurfacing, restoration, or rehabilitation

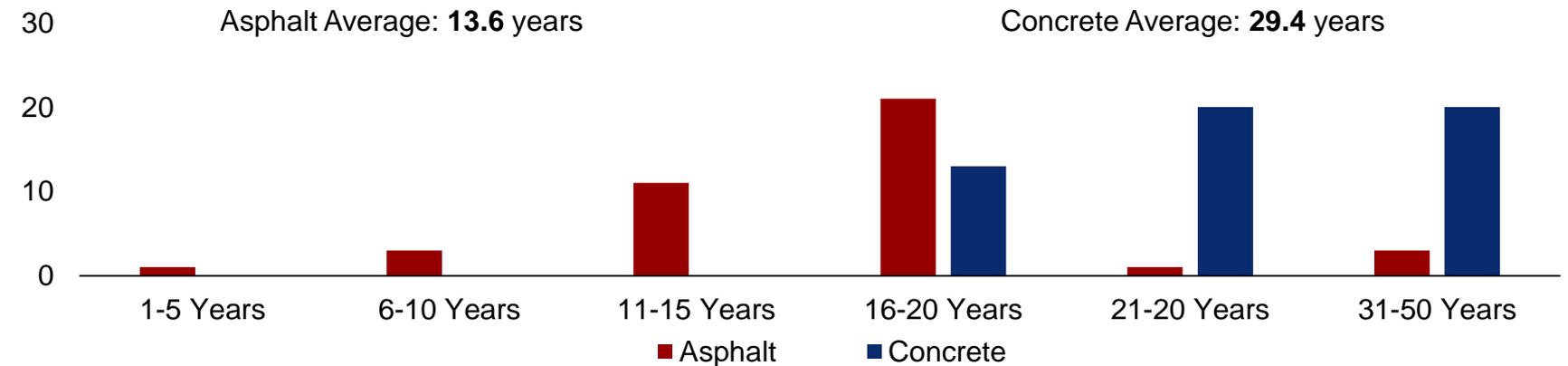
Infrastructure

U.S. Producer Price Indices – Competitive Building Materials

Construction Materials Historical Producer Price Index



Pavement Life Expectancy – Years Elapsed Before Major Reconstruction Required

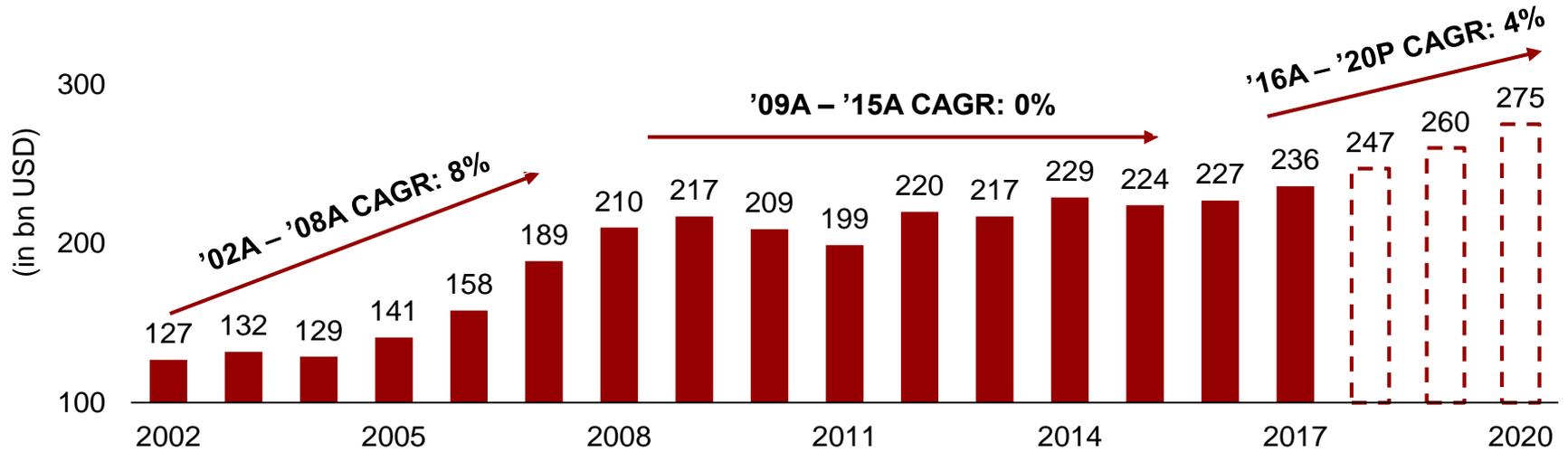


Volatile and rising price of alternative construction materials and long pavement life expectancy supported concrete use

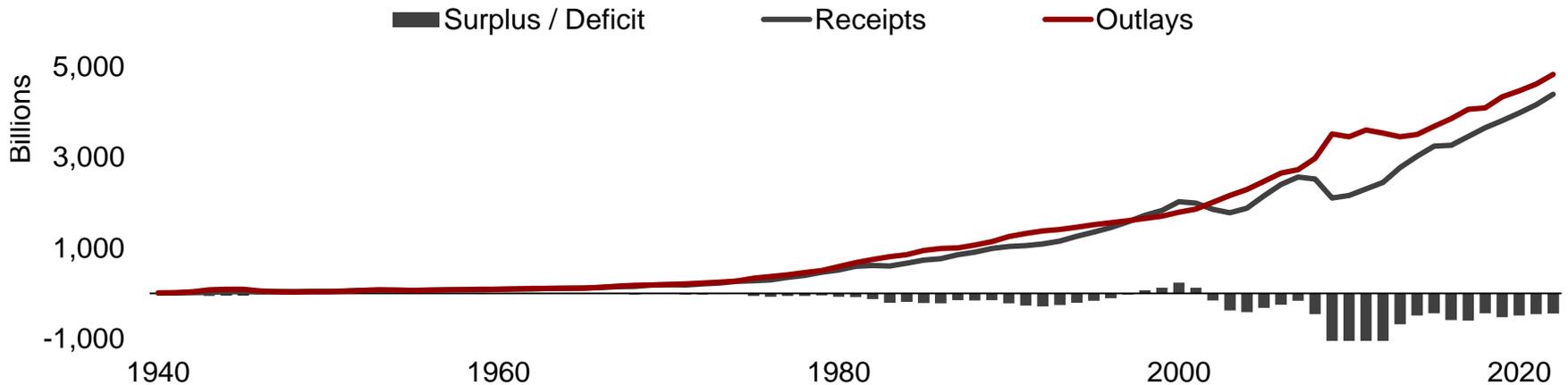
Source: Portland Cement Industry.

Infrastructure

Government Infrastructure Expenditure



U.S. Federal Budget Surplus/ Deficit

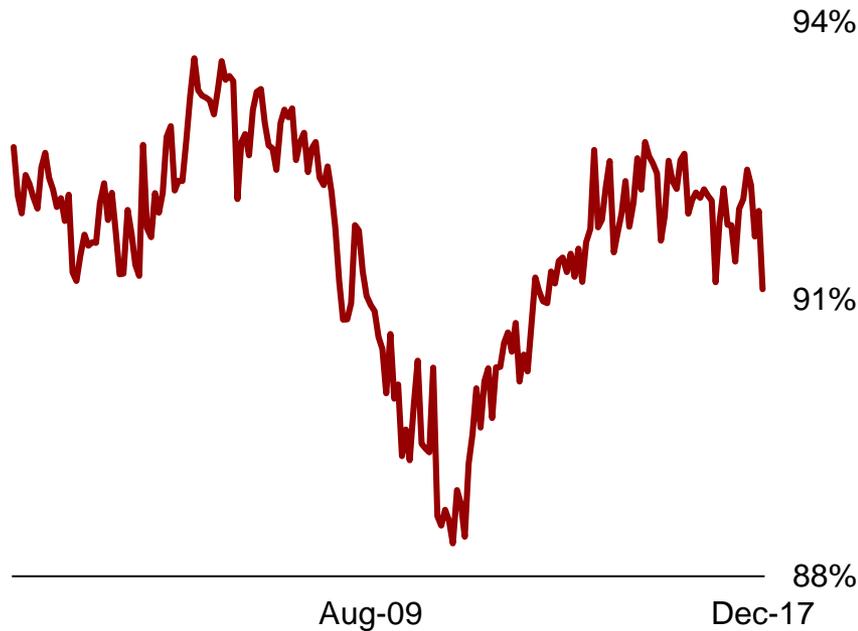


Source: Eagle Materials Report, Bloomberg

Infrastructure

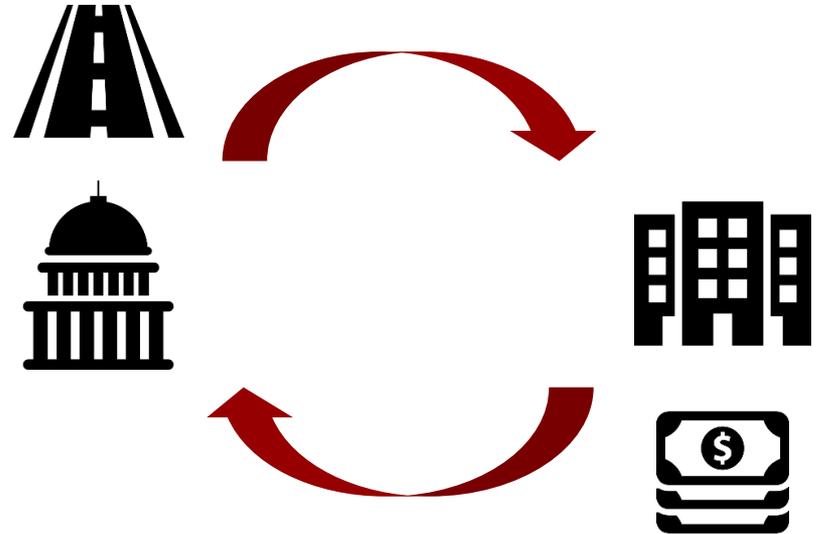
Financing Alternatives

A. State/ Local Level of Financing



- State/ municipal governments initiate project according to regional infrastructure condition\
- Benefit primarily regional taxpayers/ residents
- Might run in the same problem as federal government

B. Public-Private Partnership

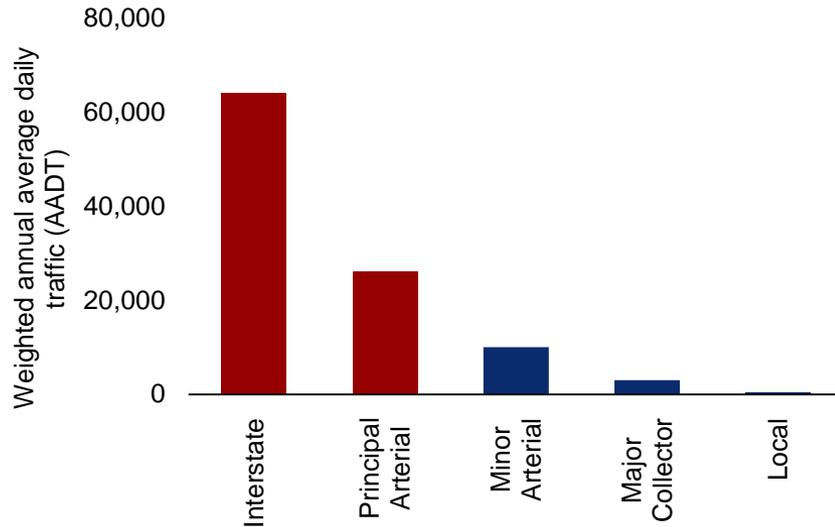


- Funding infrastructure projects selectively
- Not influenced by certain interest group lobbyists
- Cost reduction and efficiency improvement
- Channel private capital into public projects

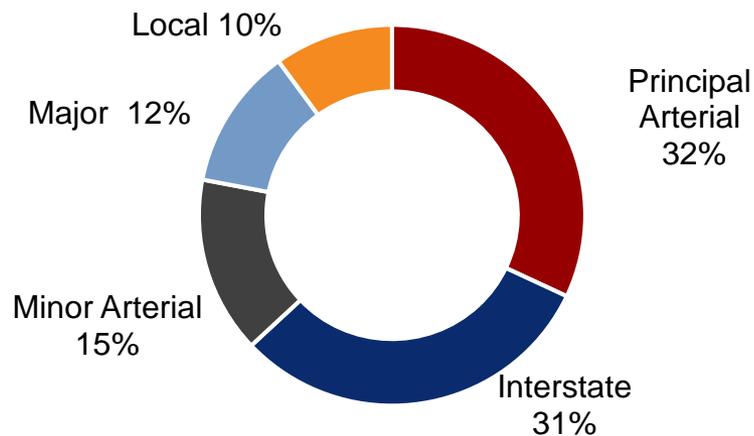
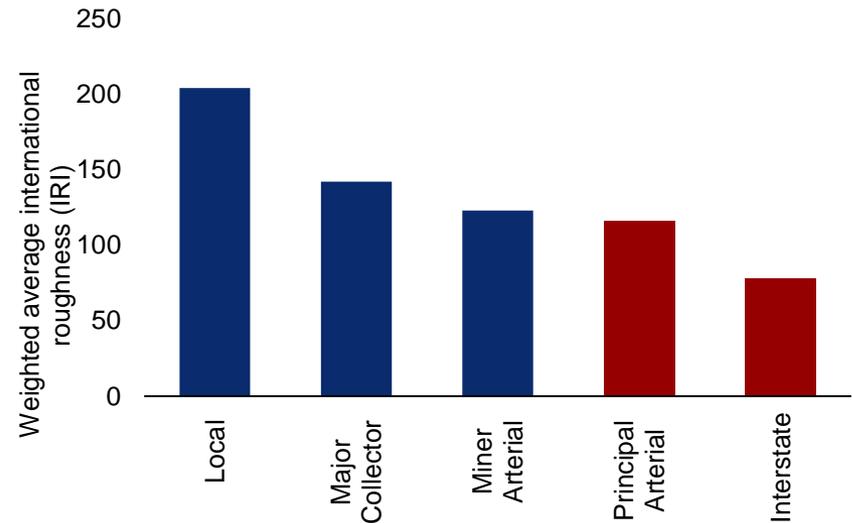
Infrastructure – Highway

Highway Has The Largest Consumption and Most Funding Sources

Interstate Roads Carry The Most Traffic...



...and Have the Lowest Roughness Score



Within the mix of road and highway system in the U.S., there are various classifications of roadways

- 54% of road and highway are classified as rural, 44% of which are classified as local
- Interstate and principal arterial roads (very similar to interstates) carry more traffic and are in better condition
- According to DOT and FHWA analysis, states spent 63% of states capital outlays go to interstate and principal arterial roads

Source: UBS Evidence Lab.

Infrastructure – Highway

Federal Level of Highway Funding Is Secured

Highway Trust Fund

The Highway Trust Fund (HTF) funds highway and intermodal programs. The fund provides a direct benefit to the highway program through its **contract authority** role:

More than 80% of fund was funded with Federal Motor fuel taxes – not sustainable

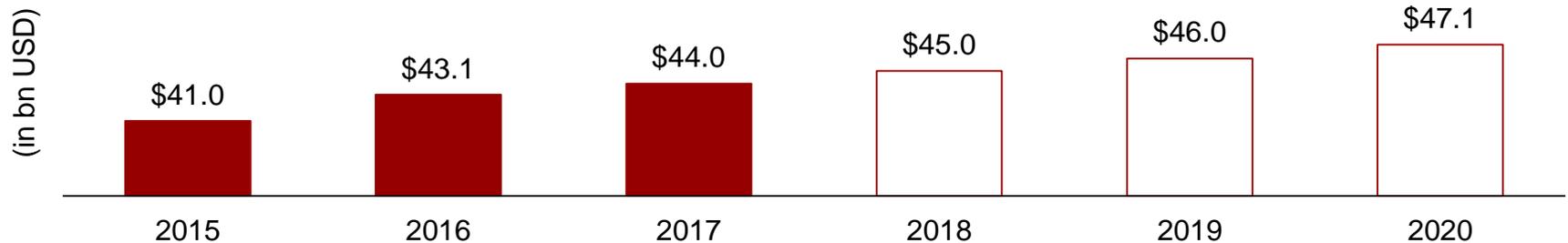
- 18.4 cents/ gallon of gasoline and 24.4 cents/ gallon of diesel fuel
- The tax rate has not been increased since 1993 – even in the context of inflation and gains of gas suppliers – little support for tax rate increase is shown in Congress



FAST ACT

- Fixing America's Surface Transportation (FAST) Act was signed by Obama in 2015
- Providing \$305bn infra funding from '16 to '20, \$225bn (70%) is dedicated to highways
- \$70bn in transfer to keep HTF afloat (insolvency was projected in 2014)
- Renew HFT's legal authority to impose tax, collect receipts and fund federal-aid highway projects until Sep. 2020

FAST Act Provides More Than \$225 Billion in Federal Highway Thru 2020



FAST Act will be the core of federal highway funding, and make the next 3-4 years the golden era for cement/ concrete

Infrastructure – Bridges

Bridges Are Currently In Need of a Massive Repair Program

Current U.S. Bridge Condition

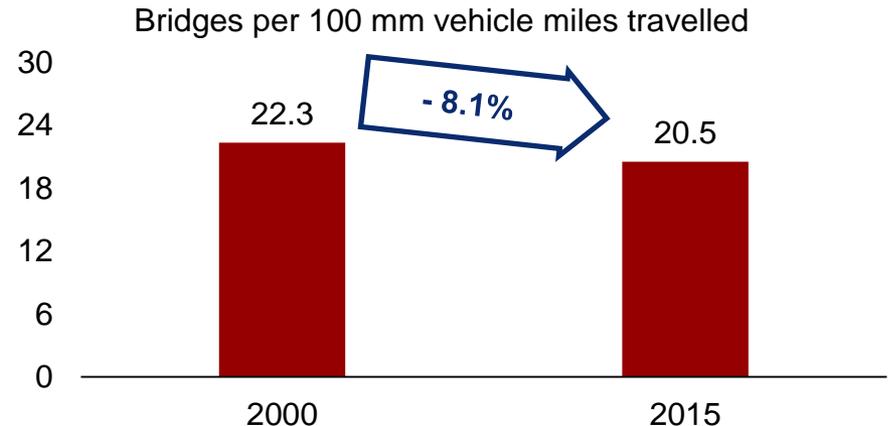
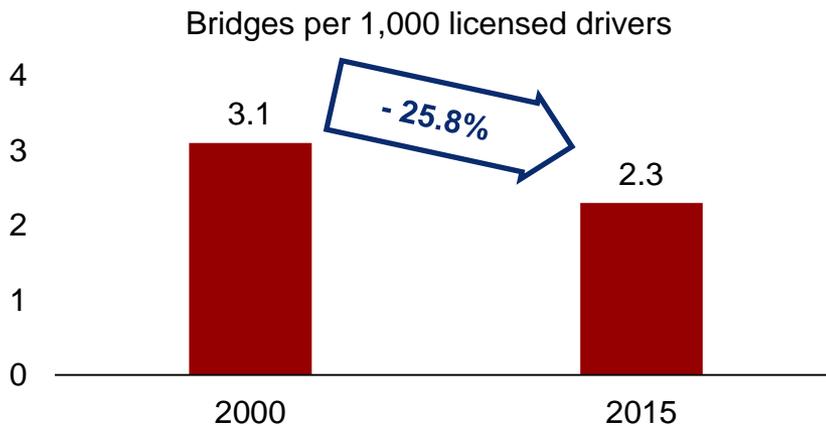
610,000 bridges in the U.S.

- There are 57,000 structurally deficient bridges (9.3%)
- Concrete bridges represent 58% of all bridges built, reflecting the increase from 52% in 2000
- The 6% increase in concrete bridges doubled the industry's consumption for cement, (3.7% → 7.5%)
- Structurally deficient bridges are between 39-94 years old, with the mean age 68 years > 50 years (expected)

Population and the number of drivers increases, so will total vehicle miles travelled and bridge crossings

- Increasing crossing and rising vehicle weights suggest an acceleration in bridge stress

The Shortfall In Bridge Expansion Is Reflected Into Two Key Congestion Measures



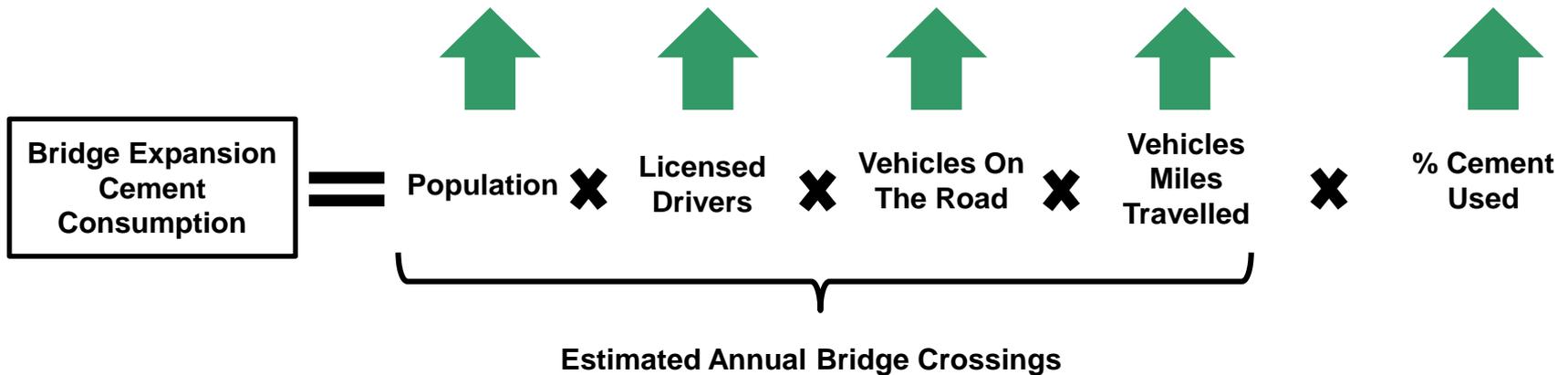
Congestion level is directly linked to the urgency to spend, and the urgency dictates funding levels and expansion efforts

Source: Portland Cement Industry, Department of Transportation.

Infrastructure – Bridges

Expansion of Bridges Construction

Demand Drivers For Cement Consumption In Bridge Construction



Demographic changes are expected to be powerful influencers in the amount of future bridge expansions

- In 2040, 40 mm more licensed drivers and 53 mm more vehicles are expected in the projection

\$75 Bn Senate Bridge Bill Gains Support

On Jan.4th 2018, Bridge Investment Act, a \$75 billion spending bill in the span of 10 years was brought to bill committee:

- Proposed by Ohio Senator Brown and Oregon Senator Wyden
- To repair America's either structurally deficient or functionally obsolete bridges
- Gained tremendous supports from transportation industry professionals and civil engineer societies
- Leveraging funding from state and local levels, America's \$ 123 billion bridge repair backlog will be funded

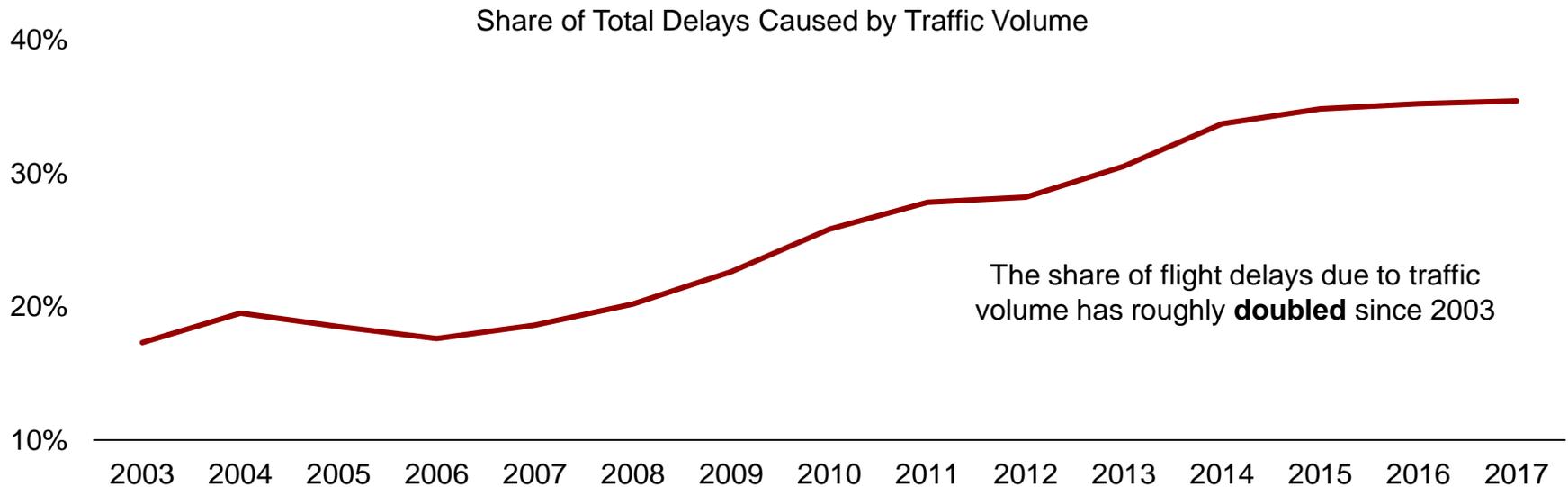
Infrastructure – Airports

Lacking Maintenance

Current U.S. Airports Condition

Major airports and aviation systems in the U.S. except Brandon Airport are owned by government entities

- Some are owned by public universities, privately owned airports are small fields for small aircraft
- Public control allows airports to benefit from lower borrowing costs, local authorities financed through bonds
- FAA should take care of certain airports, air traffic controls, and aircrafts
- Congestion-related delays have hit record high due to the lack of investment
 - Budgetary constraints during recession
 - Spending on operation and maintenance declined from 21 to 13 billion dollars (2004-15)

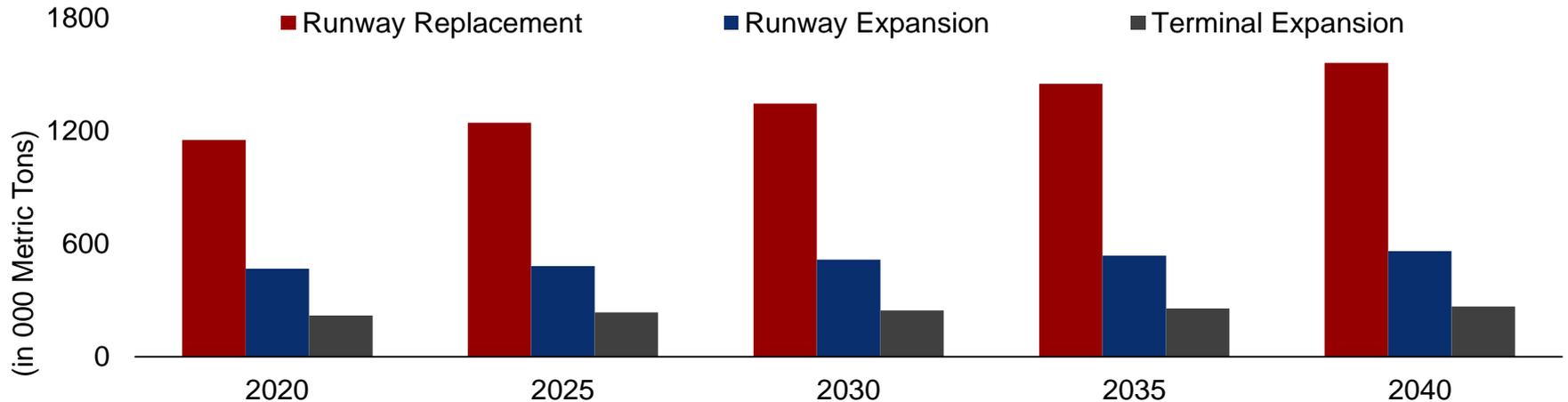
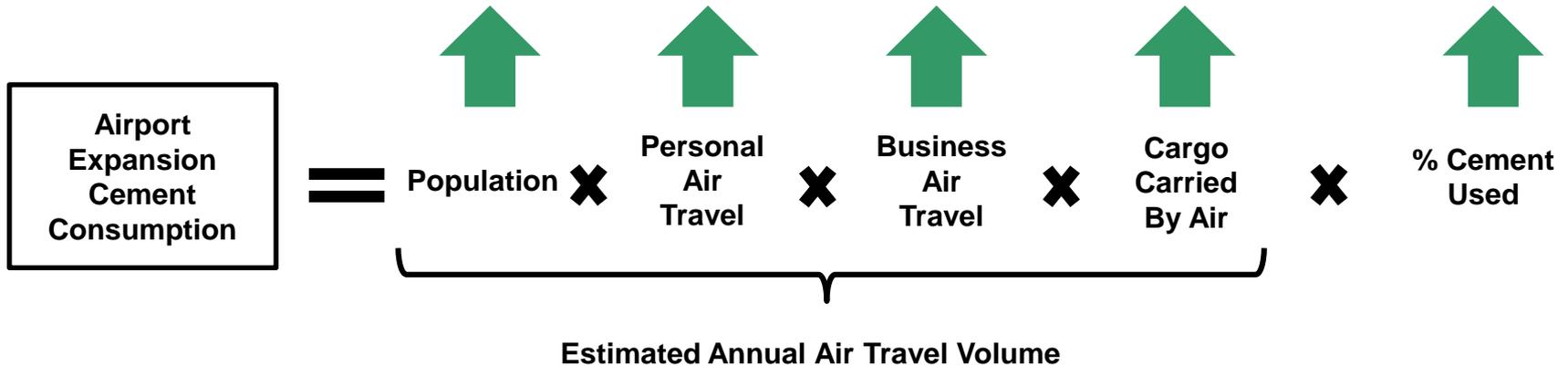


Source: Street Research, U.S. Department of Transportation, Federal Aviation Administration

Infrastructure – Airports

Airport's Cement (Concrete) Consumption Outlook

Demand Drivers for Cement Consumption In Airport Construction

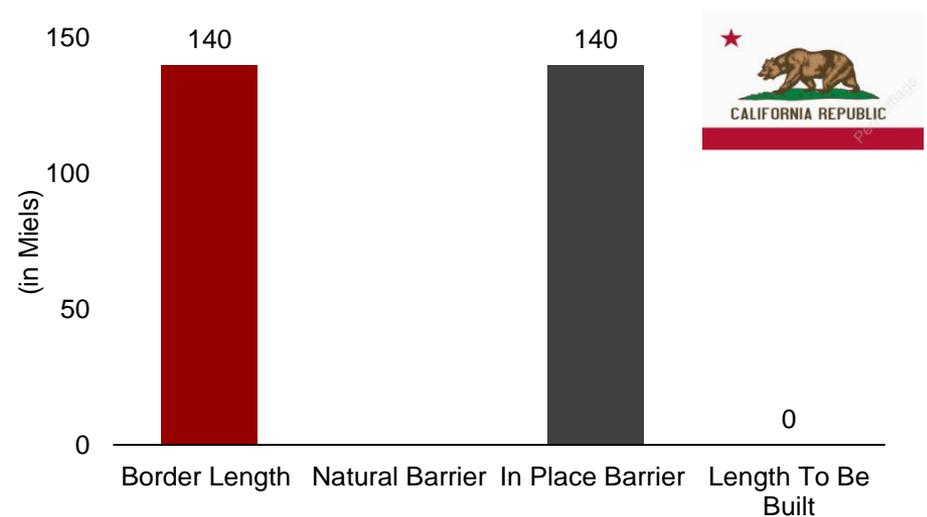
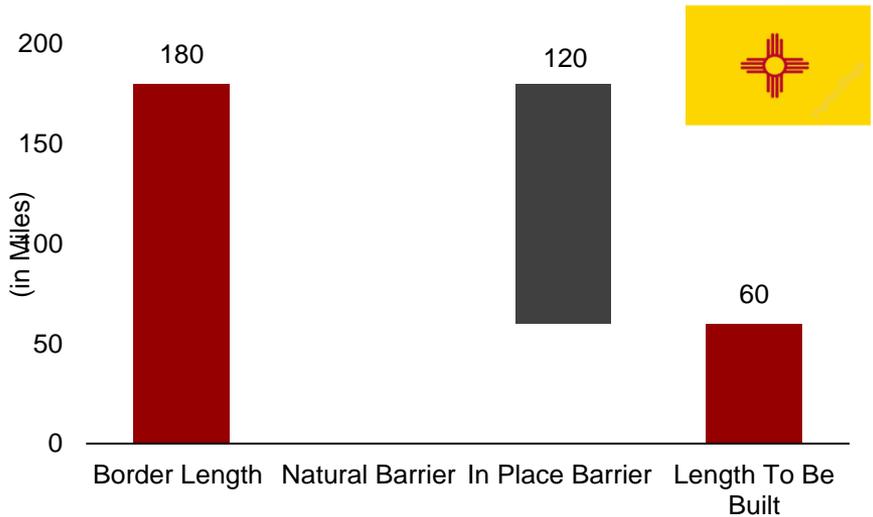
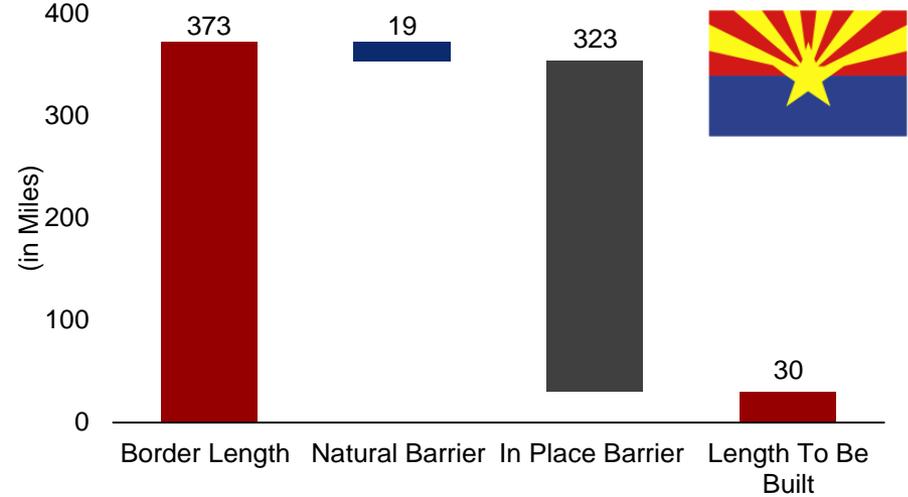
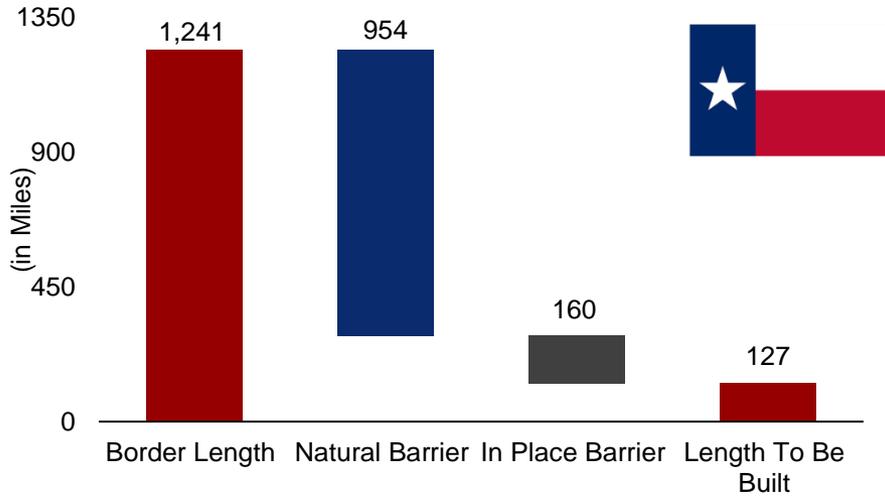


Among airport infrastructure sector, runway replacement will outpace runway expansion and terminal expansion activities

Source: Portland Cement Industry, U.S. Department of Transportation, Federal Aviation Administration

3 Infrastructure – Trump Bump

“We will BUILD THE WALL” – Donald J. Trump

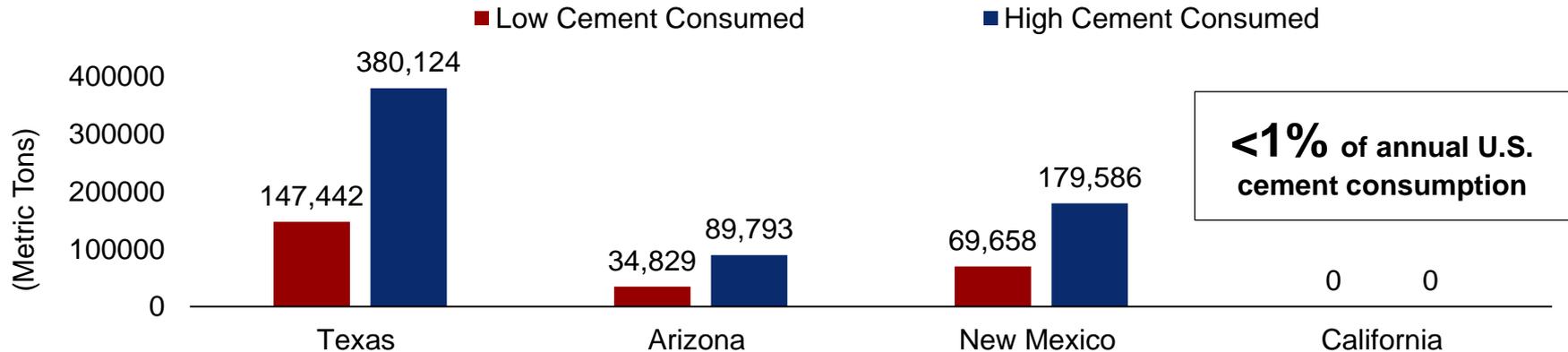


Source: USCS, Portland Cement Association

3 Infrastructure – Trump Bump

“We will BUILD THE WALL” – Donald J. Trump

Case Study on the Cement Usage in the Wall



Trump's Infrastructure Plan

Infrastructure improves American productivity and global competitiveness

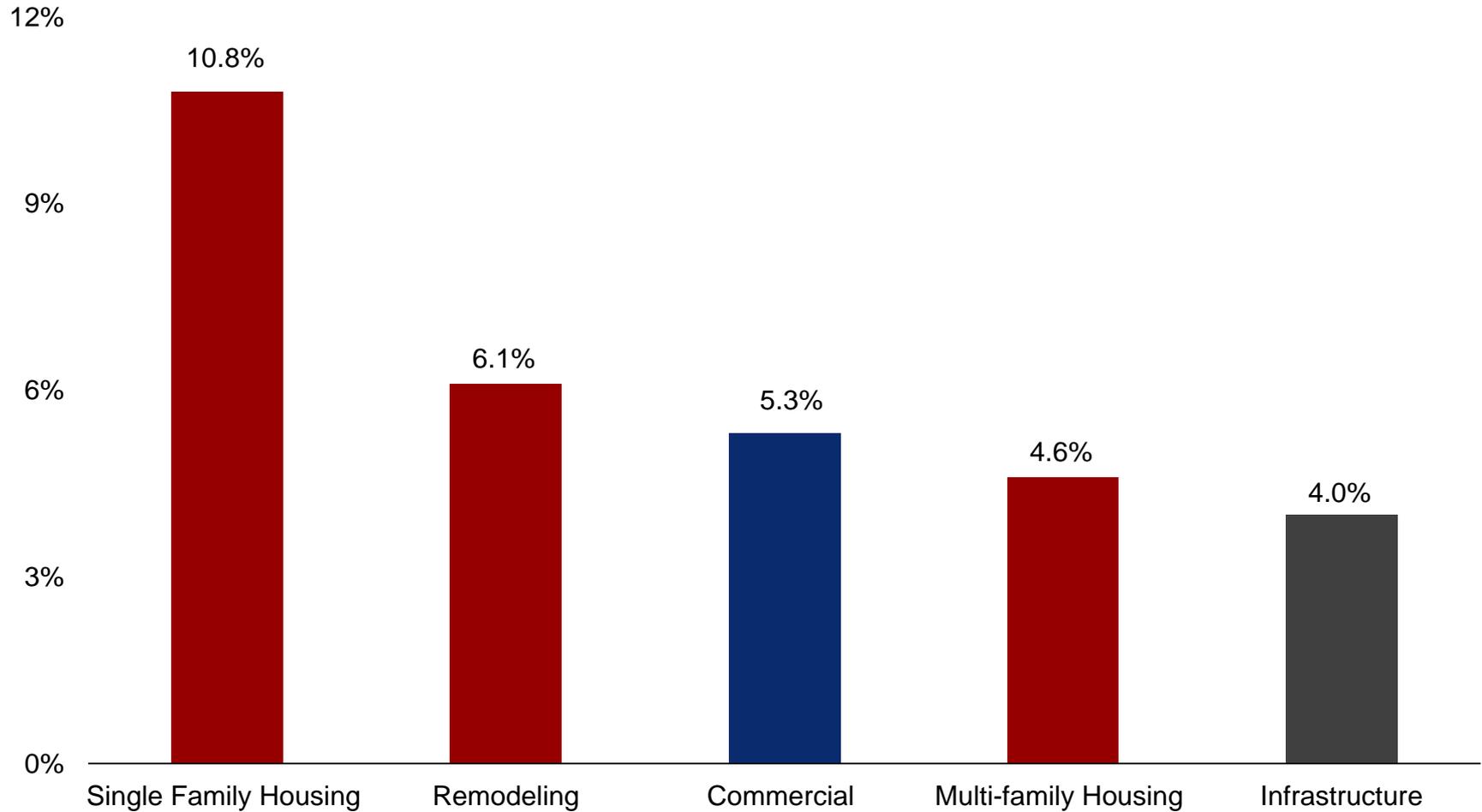
- Advance a legislative package to generate >1 trillion
- Channel public and private investment to transportation, water, broadband, and energy projects

The legislation still has a long way to go, but senate and house show favorable attitudes

- Democrats support a large investment in infrastructure
- Republican have grown more open to the infrastructure package

Even without added government stimulus, construction and cement industry will record sustained gains
It is better for additional stimulus to materialize later, because it will lead to higher inflationary expectations and then rising interest rates. The effects brought by these policies will offset construction activities

Construction Outlook By Sector



Residential construction is forecasted to grow fast, but infrastructure has the most secured funding source

Source: Portland Cement Association

An Overview of Heavy Materials Uses

Direct Exposure to All Construction Markets

Indoor Uses

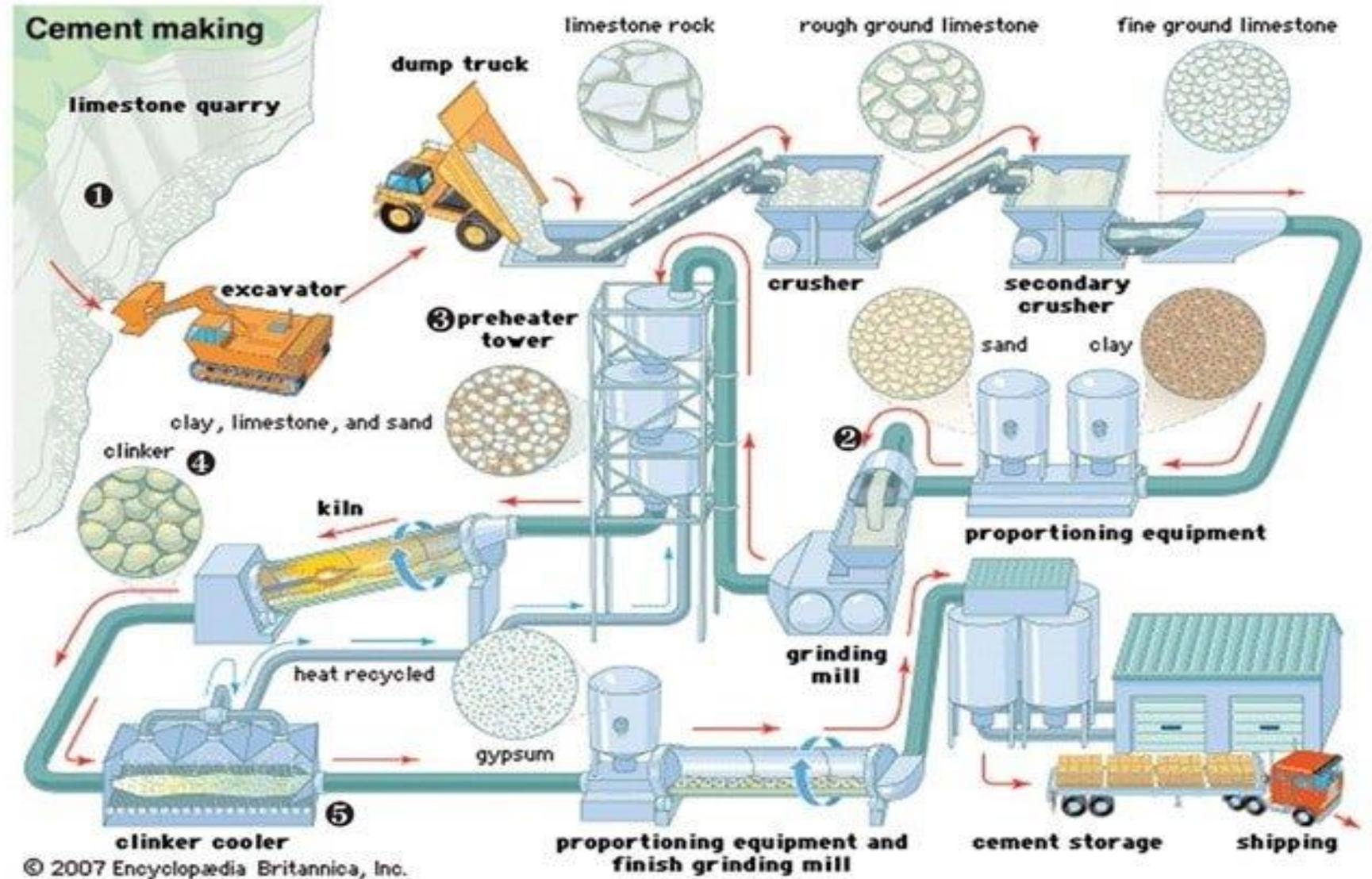
Buildings	Walls	Countertops	Fireplaces	Floors
Less likely to corrode or decay, resistance to wind and noise, less maintenance	Durable, aesthetically pleasing and reduced need for cleaning	Easy to clean, aesthetically pleasing	Does not crack, contemporary design material	Durable, practical, and easy to clean. Resistance to scuffs and scratches
				

Outdoor Uses

Roads and Highways	Airport Runways	Dams	Bridges	Pipes
Less maintenance and reduced fuel consumption	More durable, requires less maintenance. Usually a mix of asphalt and concrete	Better resistance to water pressure, less maintenance	Longer life and better resistance against adverse weather conditions	Extremely long lasting, first seen over 2,000 years ago
				

Source: Portland Cement Association

Cement

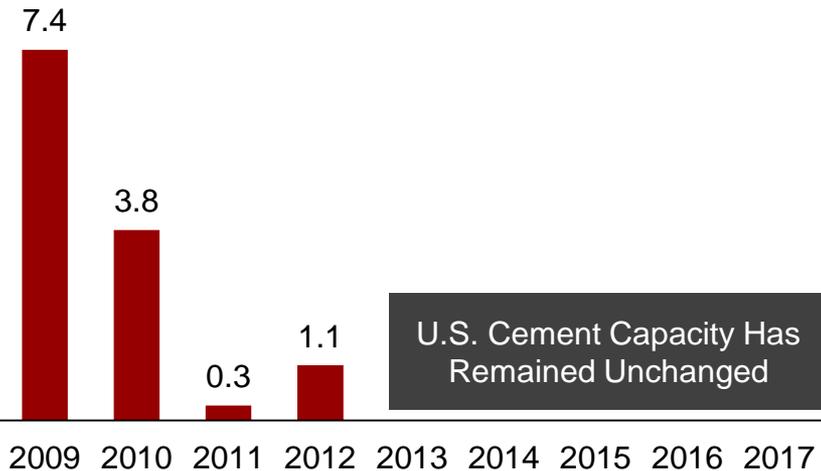


Source: Portland Cement Association

Cement Supply

Domestic Cement Capacity Unchanged Since 2012

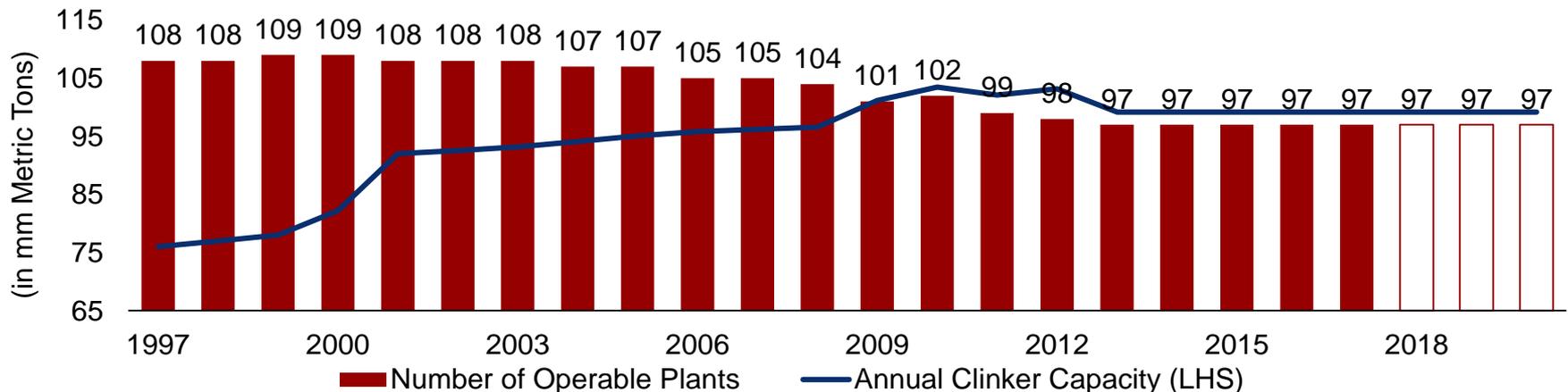
Net Expansion in U.S. Cement Capacity (mm Metric Tons)



Over the past 20 years, the number of operable plants located in the U.S. has decreased by 10%

- Weak construction activities post financial crisis
- More rigorous environmental requirements

Unless the future capacity utilization rate is roaring beyond 90%, we do not believe there will be more operable plants being introduced to the industry



Source: Portland Cement Association, Company filings.

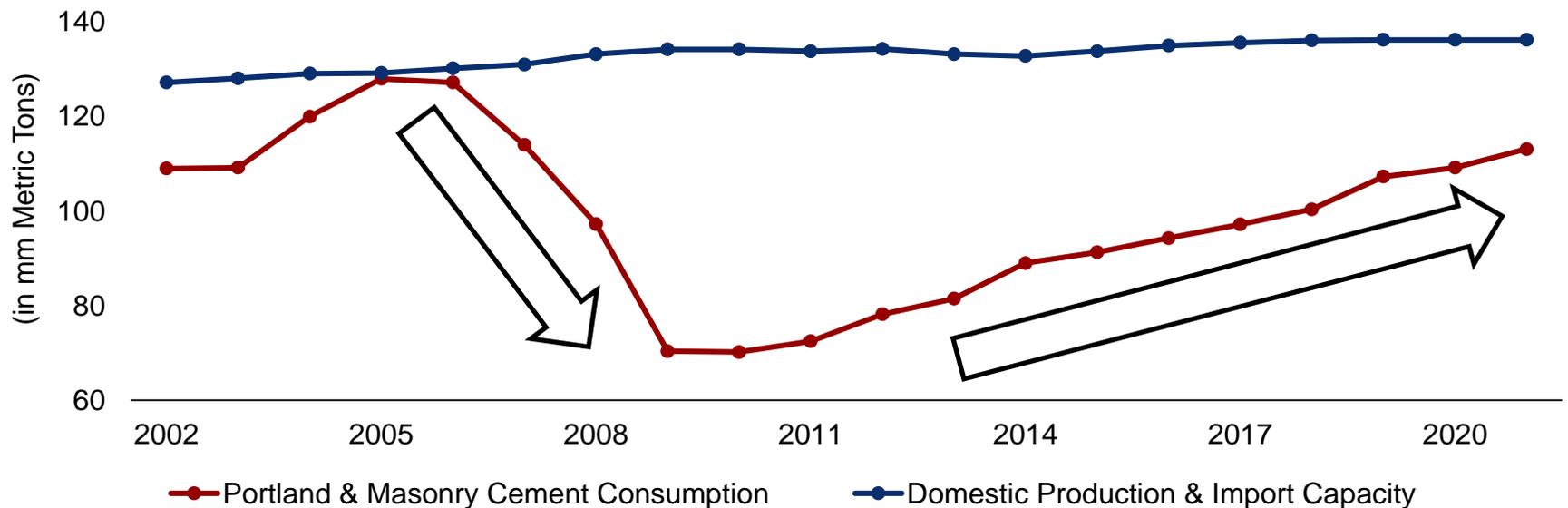
Cement Supply and Utilization Rate

Cement Import Volume

- Domestic cement capacity can supply approximately 100 mm metric tons, import volumes stabilizes at 45 mm metric tons annually
- The ability and willingness to import cement is driven by demand condition, dollar value and global shipping rates

Cement Capacity Utilization Rate

- Cement consumption decreases post financial crisis, the utilization rate fell drastically
- As construction market recovers, the utilization rate of combined domestic and import cement capacity exceeds 70%, yet still below the sustainable utilization rate of **90%**, offering the current maximum cement supply at **135 mm** metric tons



Combined domestic and import cement capacity will feed even the most optimal infrastructure project (128mm tn in 2021)

Source: Portland Cement Association, Summit Materials Investor Presentation

Aggregate

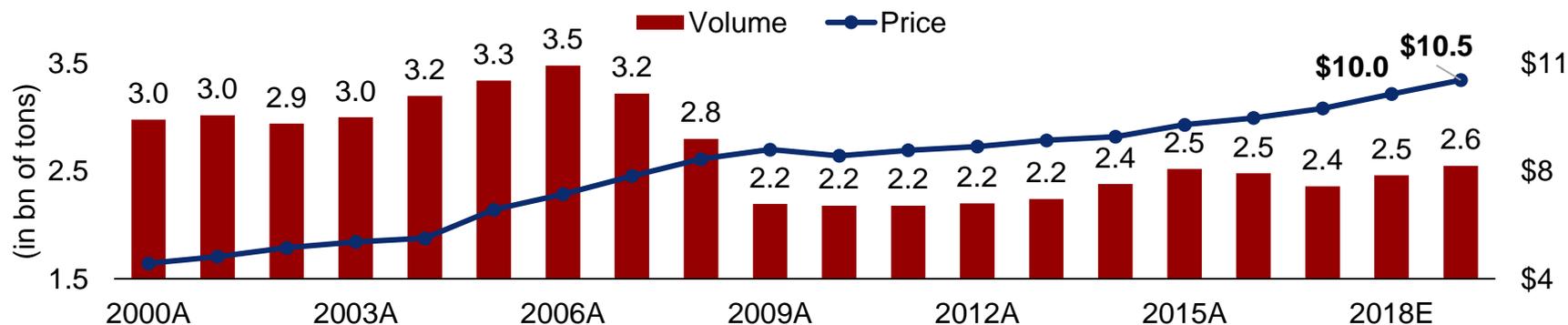
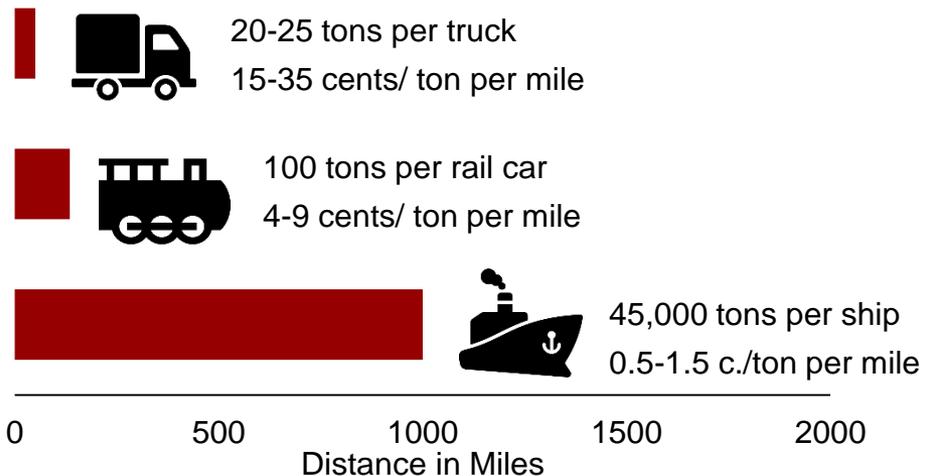
Aggregates Expects Solid Growth

Aggregates Fundamentals

Aggregate are inert materials such as sand, gravel, or crushed stone

- High pricing power
 - Difficulty of owning quarries in growing metropolitan
 - Relative monopolistic market dynamic
- High weight-to-value ration
 - They are produced near where they are used
 - Transportation cost > producing cost

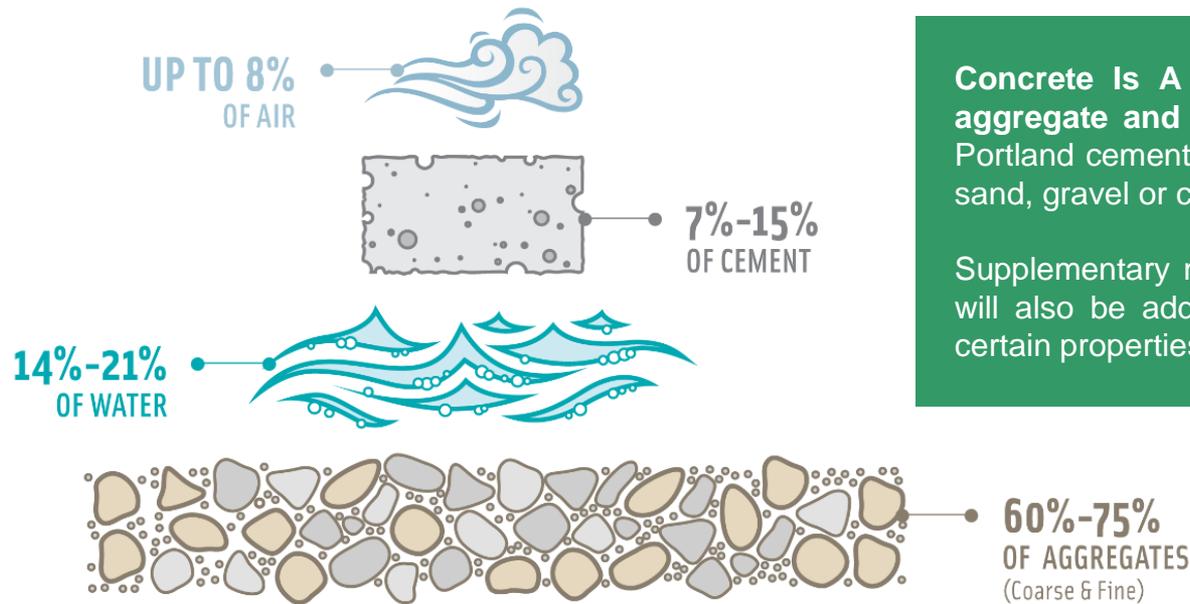
Aggregate Transportation Cost per tonne/mile



Given high pricing power, screening companies with aggregate assets (for sale or for internal use)

Source: Street Research, RBC Equity Research, Martin Materials Annual Report

Concrete Composition



Concrete Is A Mixture Of Two Components: aggregate and paste. The paste is made up of Portland cement and water, which then binds with sand, gravel or crushed stone (Aggregate)

Supplementary materials and chemical admixture will also be added during the mixing to achieve certain properties

Ready-mixed Concrete

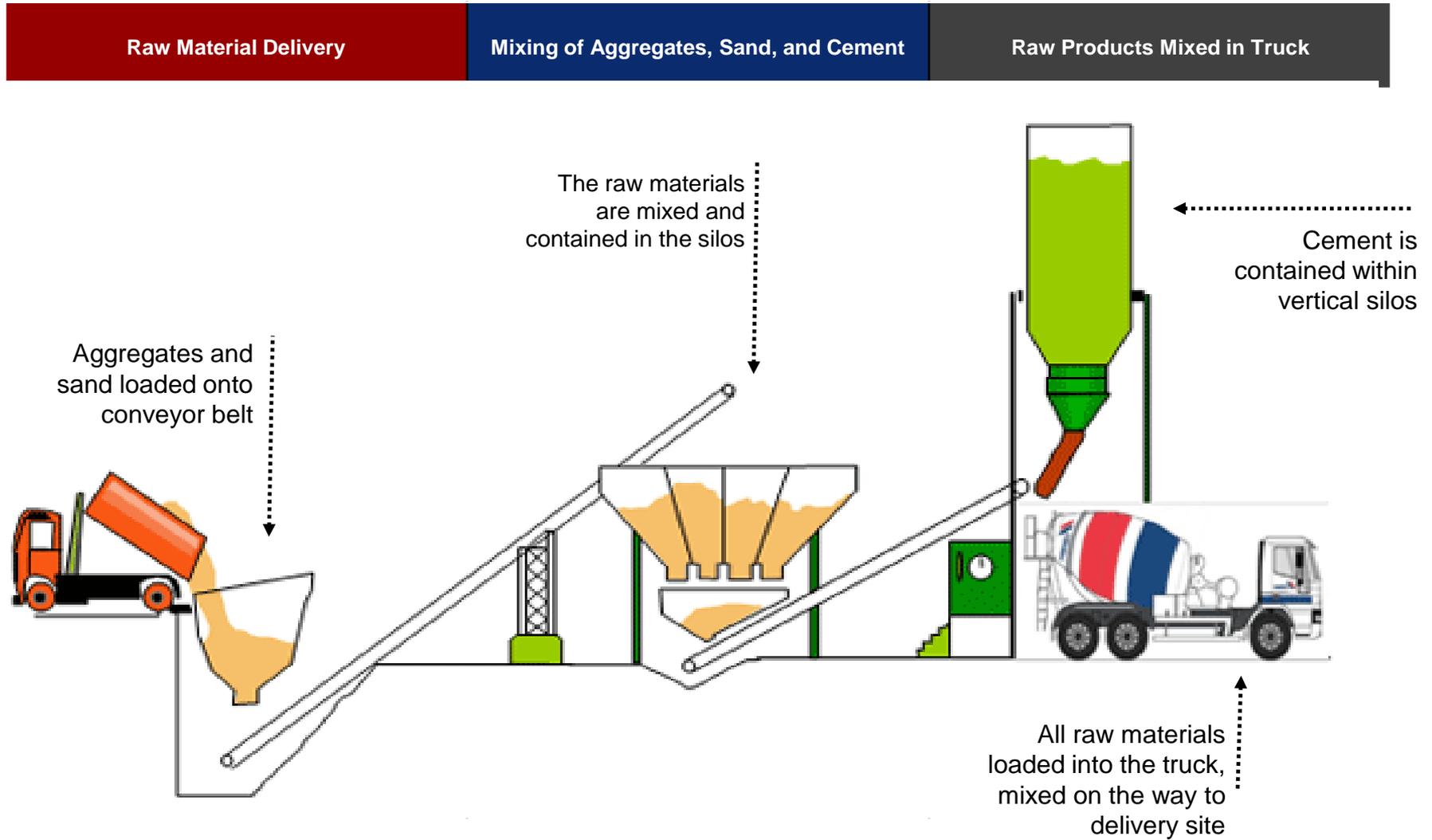
Cement-based Materials

Precast Concrete

Advanced Materials

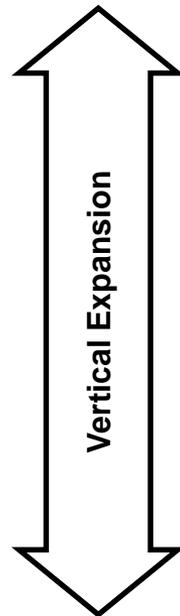
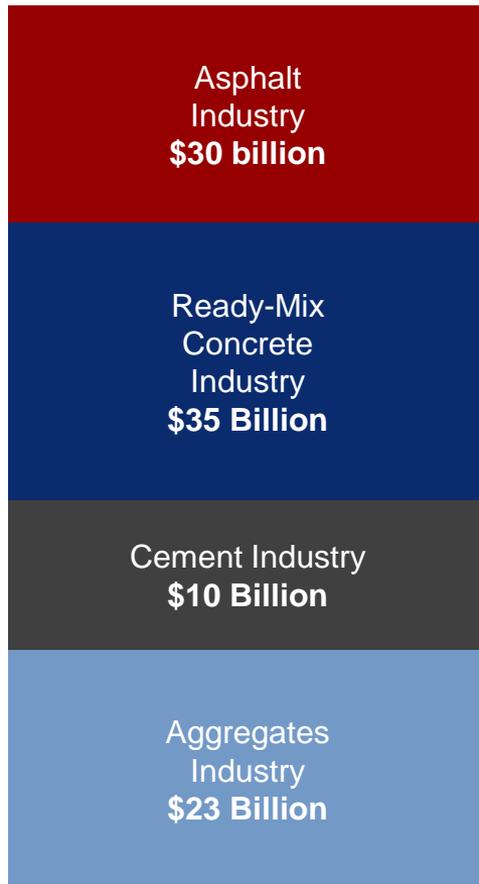
Ready-Mixed Concrete

How It's Made: Transit-Mixed / Dry-Batch



Heavy Materials Industry Is Highly Fragmented

Total Market Opportunity Approaching \$100 billion



Industry Snapshot By Line of Business

U.S. Aggregates Industry

More Than 4,000 Industry Participants
~2.3 Billion Tons Sold (2016)

U.S. Ready-Mix Concrete Industry

More Than 5,500 Plants
Consumes 75% of U.S. Cement

U.S. Cement Industry

~100 Plants; 80% Foreign Owned
~95 Million Tons Sold (2016)

U.S. Asphalt Industry

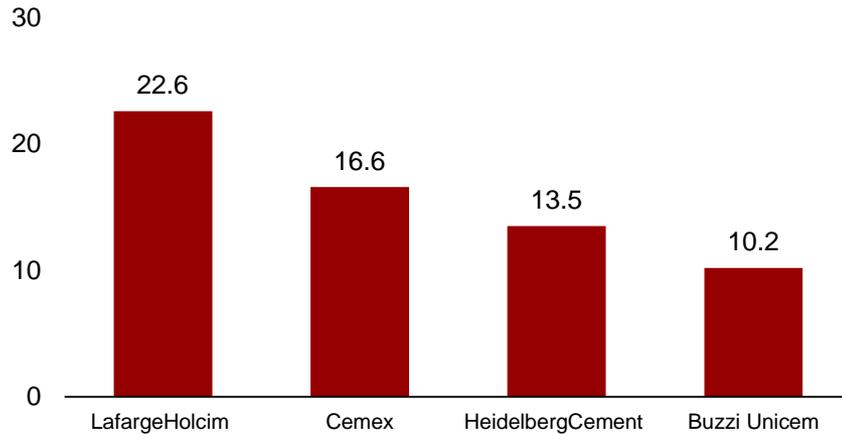
More Than 3,500 Plants
~ 120 Million Tons (2016)

Looking for companies that have expanded its business offerings and geographic presence through acquisition

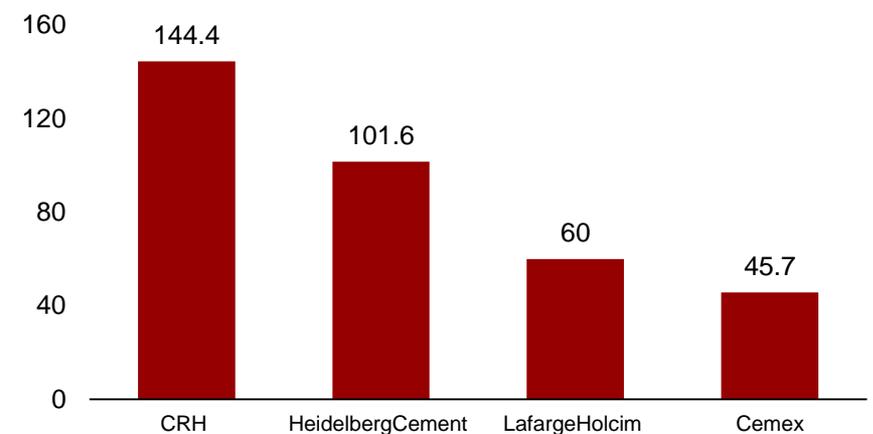
Heavy Materials Players

Most Industry Sales Were Captured By Foreign Companies

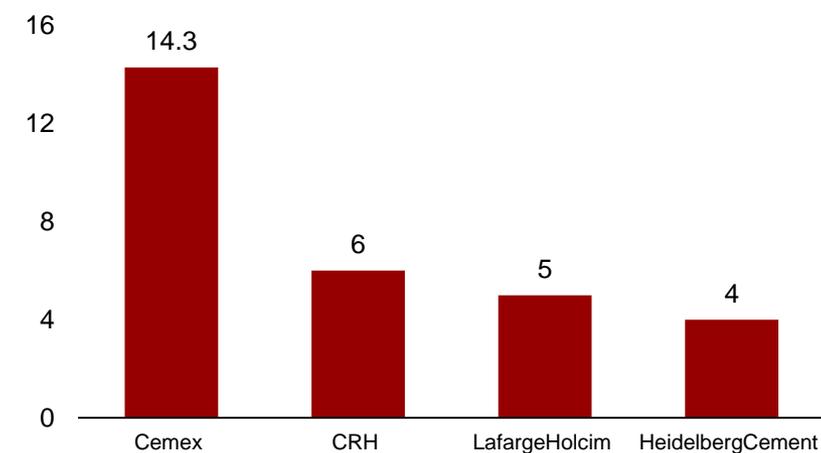
U.S. Cement Capacity By Company (in mm tons)



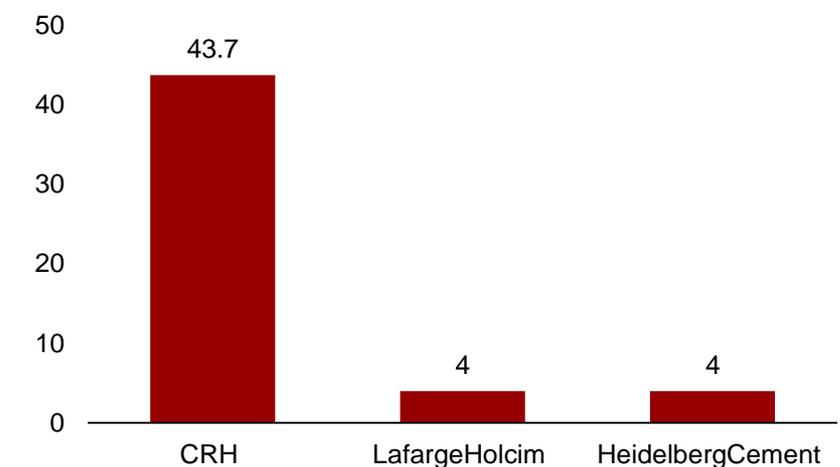
U.S. Aggregate Sales By Company (in mm tons)



U.S. Ready-Mix Sales By Company (in mm tons)



U.S. Asphalt Sales By Company (in mm tons)



Source: Street Research, UBS Evidence Lab

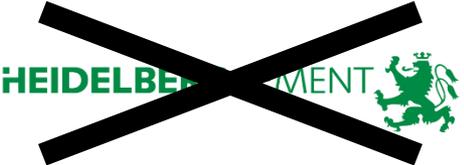
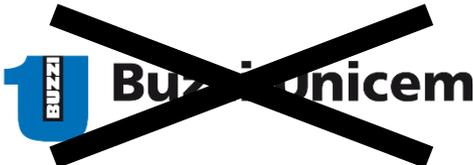
Investment Criteria

In Summary

- U.S. Focused heavy material supplier
- Primary focus on Residential and Non- Residential markets
- Infrastructure exposure in states with reliable funding
- Diversified product mix to avoid over reliance on single end-product
- Integrated Business Model

Heavy Materials Players

Competitive Landscape – We Want U.S. Focused Only

Large-size	Mid-size	Small-size
    	    	  

Source: Street Research, The Concrete Producer

Construction Materials Players

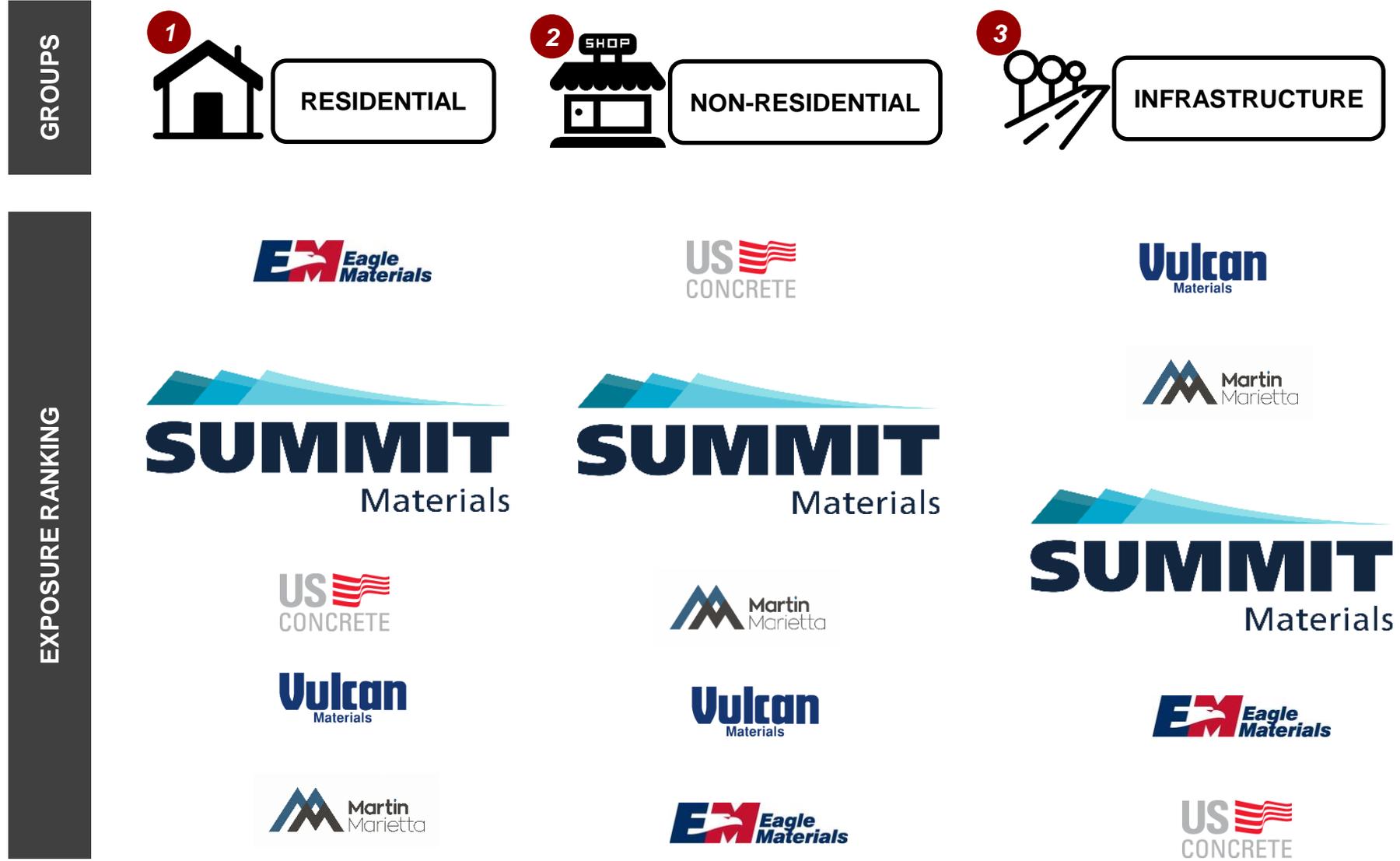
Narrowing Down

Company						
Market Capitalization	\$1,270M	\$3,320M	\$16,820M	\$13,370M	\$10,800M	\$32,640M
Headquarters	United States	United States	United States	United States	Mexico	Switzerland
Founded	1948	2008	1909	1993	1936	2015
Vertical Integration	✗	✓	✓	✓	✓	✓
U.S. Focus	✓	✓	✓	✓	✗	✗

Tagline

Source: Capital IQ m/d/yyyy, Company filings.

U.S. Players' End Market Exposure



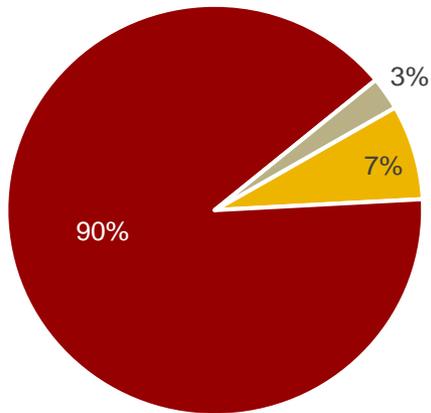
Source: Portland Cement Association

End-Product Breakdown



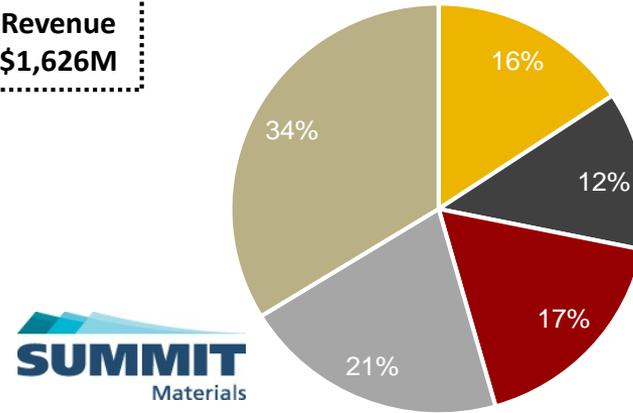
U.S. Concrete

Revenue
\$1,168M



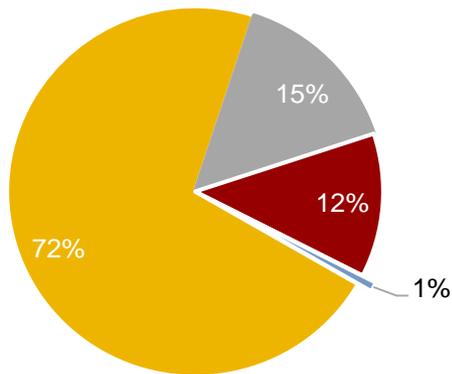
Summit Materials

Revenue
\$1,626M



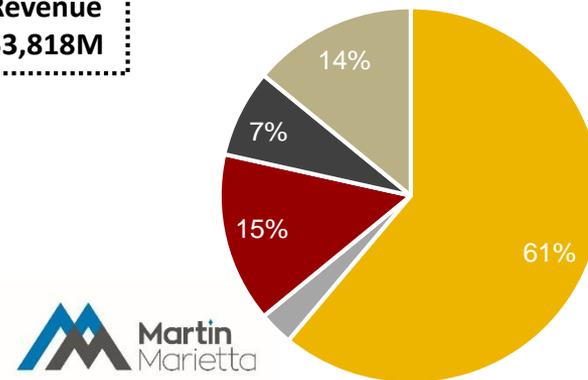
Vulcan Materials

Revenue
\$3,592M



Martin Marietta

Revenue
\$3,818M



Investment Criteria

Summit Meets all Criteria

- ✓ U.S. Focused heavy material supplier
- ✓ Primary focus on Residential and Non- Residential markets
- ✓ Infrastructure exposure in states with reliable funding
- ✓ Diversified product mix to avoid over reliance on single end-product
- ✓ Integrated Business Model

Mini-Pitch Summit Materials (NYSE:SUM)

SECTION III



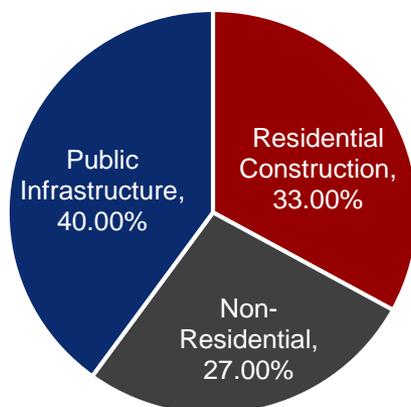
Mini-Pitch

Company Overview

Overview

- Summit Materials is a vertically integrated heavy side building products company that sells aggregates, cement, concrete, asphalt, and asphalt paving services
- Since the company's formation in 2009, management has completed more than 50 acquisitions
- Summit operates primarily in the mid-continental U.S. (TX, KS, MO, KY, UT) and in Canada (Vancouver)

End Market Exposure



Source: Street Research, Capital IQ as of 02/13/2018.

Market Overview

(in \$ millions, except share price)

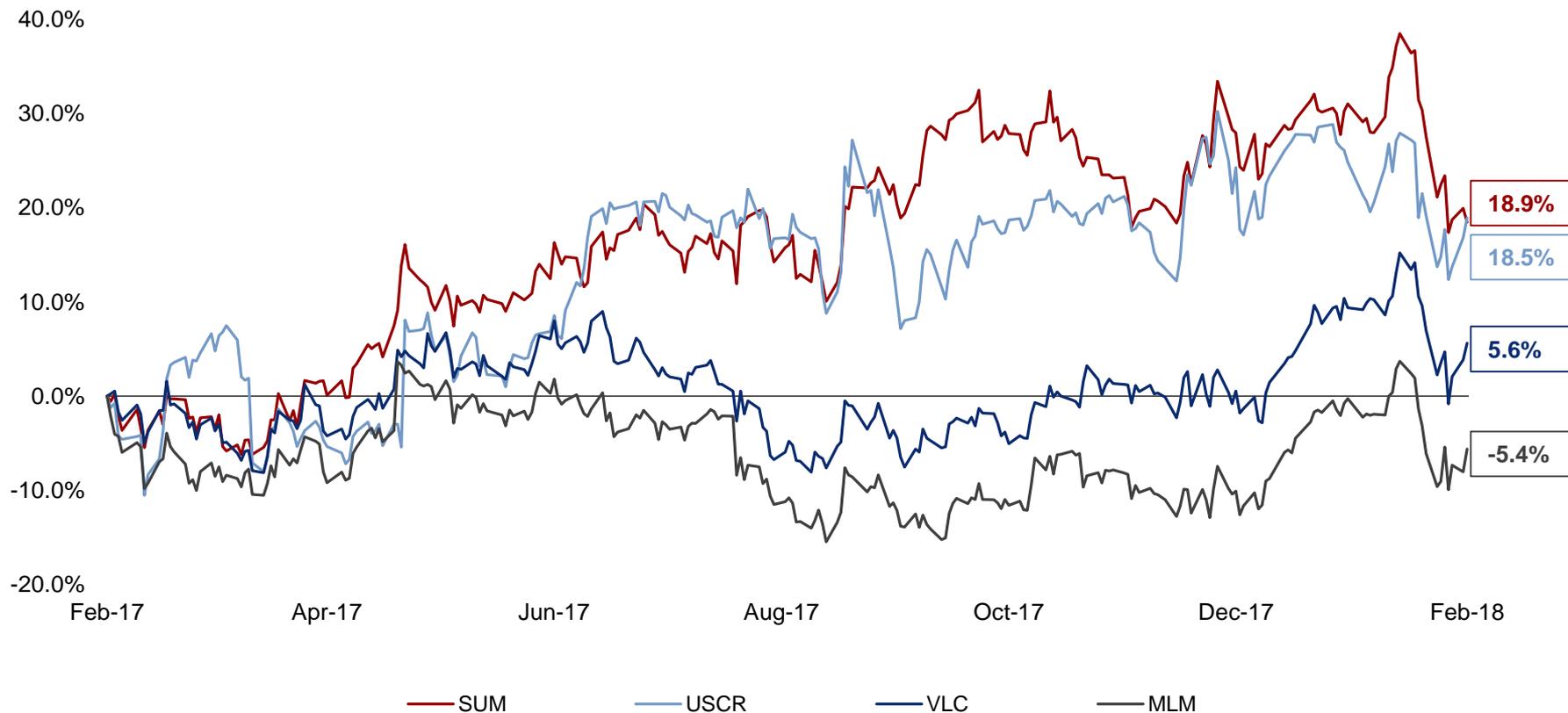
Share Price	29.15
Shares Outstanding (mm)	110.00
Market Cap.	3,206.50
- Cash	287.10
+ Debt	1,834.00
+ Minority Interest	15.80
Enterprise Value	4,769.20

Financial Overview

	2016A	2017E	2018E
Revenue	1,626	1,777	1,960
YoY		9.3%	10.3%
EV/Revenue	2.9x	2.7x	2.4x
EBITDA	322	424	501
YoY		31.9%	18.1%
EV/EBITDA	14.8x	11.2x	9.5x

Mini-Pitch

1Yr Performance vs. Peers



Summit outperformed its peers in the heavy construction materials segment over the last year

Source: Capital IQ.

Investment Thesis

Summit meets all criteria

I. Summit Will Benefit from Favorable Industry Tailwinds

- Given their primary exposure to residential and non-residential sectors, Summit is well positioned to benefit from ramp-up in single-unit construction
- Summit's presence in states like Texas which are increasing highway spending is an added bonus to their infrastructure segment

II. Management's Acquisition Growth Strategy

- Management's strategy involves acquiring privately-owned vertically integrated companies to expand footprint in the mid-west leading to higher pricing power
- Management's excellent track record of acquisitions and abundance of opportunities in a highly fragmented market indicate more activity in the near-term

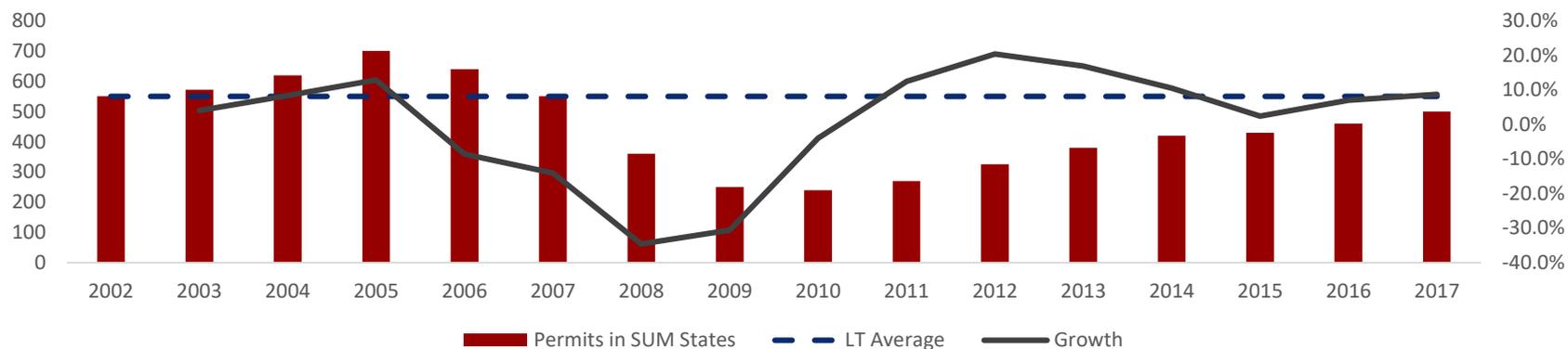
III. Attractive Valuation

- Summit is trading at a discount on 2018E EV/EBITDA to its peers in the heavy materials industry despite strong fundamentals and better growth prospects

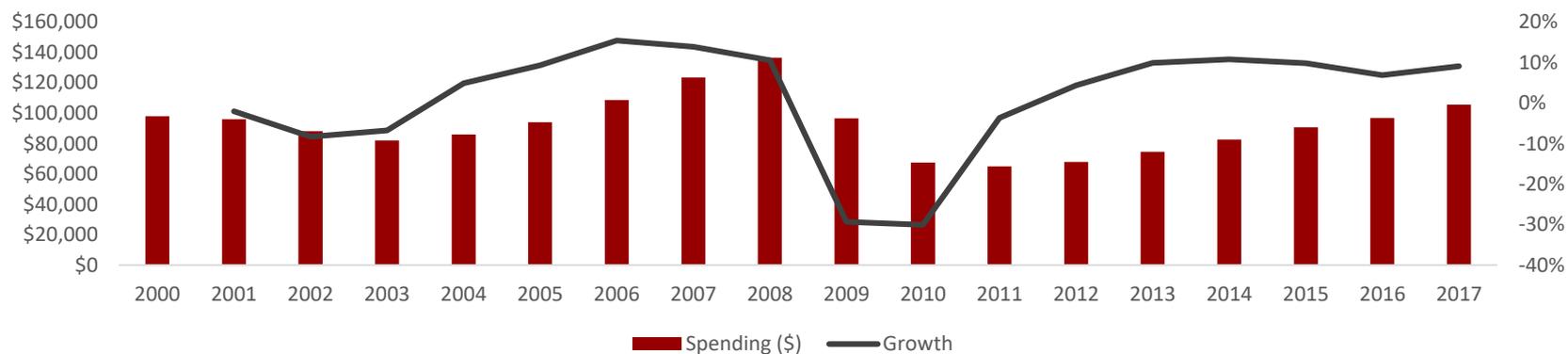
I. Favourable Industry Tailwinds

Most Industry Sales Were Captured By Foreign Companies

Residential Building Permits in States Where Summit Operates



Residential Construction Spending in States where Summit Operates



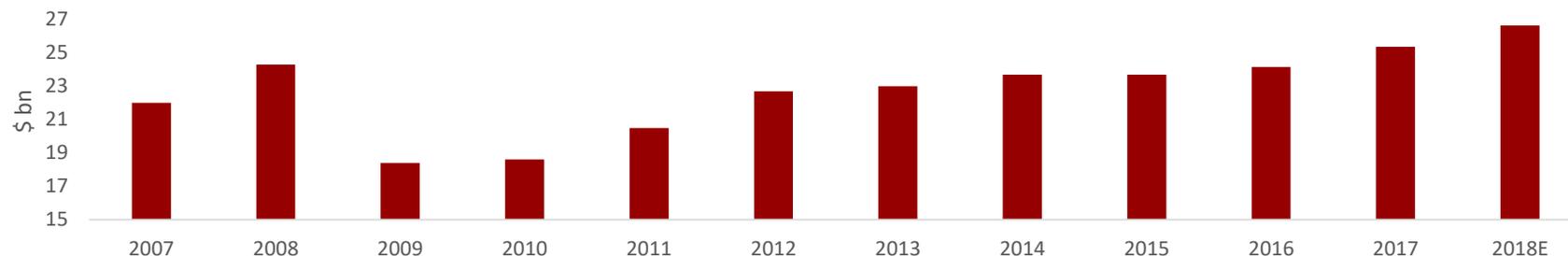
Residential starts are still 20% below their LT average and 50% below their peak in 2005. We also expect an improvement in residential construction spending moving forward.

Source: Street Research, US Census

I. Favourable Industry Tailwinds

Most Industry Sales Were Captured By Foreign Companies

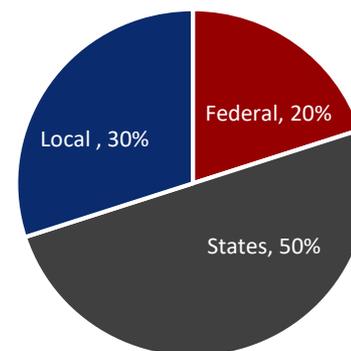
Highway Expenditure of Summit's Top Five States



Summit Will Benefit From Increasing Highway Spending

Highway Spending Funding

- Highway Expenditures in Summit's five largest states by revenue have increased from \$18 bn in 2009 to \$25 bn in 2017
- Overall, expenditures on highways in these states increased as a percentage of total U.S. highway expenditures from 12.6% in 2003 to 15.9% in 2016
- Since states are the largest funding source for highways, we believe SUM is well positioned to benefit from increasing spending under the FAST bill



Source: Street Research.

II. Management's Acquisition Growth Strategy

Seasoned Management Team

CEO Leading the Charge

- Tom Hill, CEO
 - Previously CEO of OldCastle Materials
- During his tenure (1992-2008), Mr. Hill turned OldCastle (CRH) into one of the largest vertically integrated heavy materials businesses in the U.S.
- During this time, CRH completed 173 acquisitions on its way to becoming one of the most profitable materials businesses
- He also brought with him a lot of former colleagues from OldCastle to Summit

M&A Critical for Growth

- Management has successfully completed more than 50 acquisitions since 2009
- Revenues have grown from \$29 mm in 2009 to \$1.6 bn in 2017E with the help of acquisitions
- Management usually targets small private companies within \$10-\$100 mm range
- In 2015, there were ~1,550 aggregate businesses, of which 65% are privately owned
- This makes us believe that there is still scope for more activity, which would also help Summit increase pricing power in the region

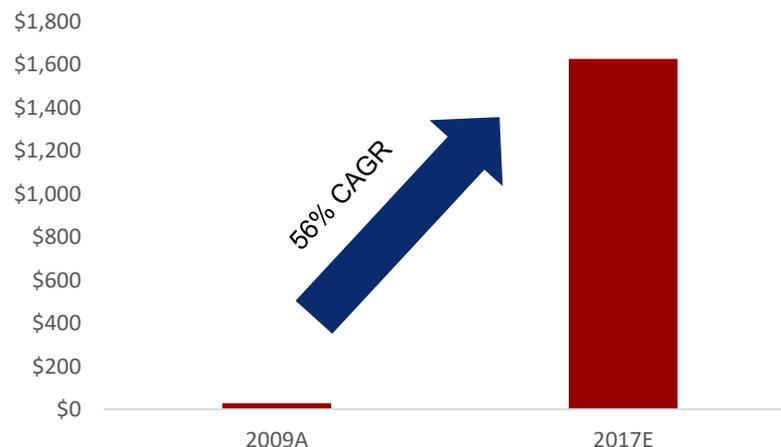
Source: Street Research, Company Materials.

Management Team

Executive	Age	Position	Years in the Industry
Tom W. Hill*	61	President & CEO	37
Brian Harris	61	CFO	5
Micheal J. Brady*	50	COO	18
Damian J. Murphy*	47	President - Central Region	23
Shane Evans*	46	President - West Region	25

* Indicates former OldCastle employee

Revenue Growth



III. Attractive Valuation

Public Market Comparables

Company	Ticker	Market Cap. (\$mm)	Enterprise Value (\$mm)	EV/Revenue		EV/EBITDA		Revenue Growth 2018E	EBITDA Margin 2018E
				LTM	2018E	LTM	2018E		
Vulcan Materials	VMC US Equity	17,113	19,227	5.1x	4.6x	20.2x	16.4x	5.84%	25.20%
Martin Marietta Materials	MLM US Equity	13,729	15,310	3.9x	3.8x	15.2x	14.1x	10.30%	25.40%
Eagle Materials	EXP US Equity	5,040	5,854	4.0x	3.7x	12.1x	10.3x	16.50%	30.20%
U.S Concrete	USCR US Equity	1,234.50	1,674	1.3x	1.1x	9.6x	7.3x	18.00%	13.20%
CEMEX	CEMEX MC Equity	11,159	21,579	1.6x	1.6x	8.9x	7.6x	2.88%	17.30%
CRH	CRG IS Equity	28,676	37,306	1.1x	1.1x	9.4x	8.6x	1.67%	11.50%
Mean		12,825	16,825	2.8x	2.7x	12.6x	10.7x	9.20%	20.47%
Median		12,444	17,269	2.8x	2.7x	10.9x	9.5x	8.07%	21.25%

Summit Valuation

Summit Materials	SUM US Equity	3,206	4,769	2.7X	2.4X	11.2X	9.5X	10.30%	30.66%
					-9.55%		-11.42%		

Despite stronger fundamentals, SUM trades at a discount on 2018E EV/EBITDA & EV/Revenue to its peers

Source: Capital IQ.

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