

Engagement Summary

Overview

The minority shareholders (the “Clients”) of a large aggregates producer vertically integrated in asphalt, construction, contract mining, and other lines of business (the “Company”) were considering a transaction involving either the sale of their equity interest in the Company to the majority shareholders, or the acquisition of the majority shareholders’ interest. Uncertain whether they would be buyers or sellers and at what price, the Clients sought to understand the enterprise value of the Company, the value of their minority interest, and the value of the majority interest.

The Clients also sought insight regarding potential options to break up the business, with the majority shareholders gaining 100% ownership of certain operating divisions, and the minority shareholders gaining 100% interest in other operation divisions and/or real property.

The Clients also sought guidance as to potential transaction structures that might suit, and the financing sources available to support those structures. All of the above activities were time sensitive, and needed to be completed on a highly expedited basis.

Engagement Approach

Because this engagement would require multiple valuation scenarios at the enterprise, shareholder, and operating division level, as well as a comprehensive evaluation of potential capital markets strategies, all to be delivered on an accelerated timeline, Inlet Capital Group opted to engage a co-advisor with which it maintains a strategic alliance.

The co-advisor engaged to provide valuation services, calculating the value of the enterprise and each of its divisions, as well as the relative values of majority and minority interests in same. Inlet Capital Group engaged as strategic advisor to the Clients, providing expertise in valuation norms in the industry, insight on transfer pricing approaches, data on comparable transactions, and other strategic considerations. By involving a co-advisor, Inlet Capital Group was able to accommodate the Clients’ schedule, provide highly reliable valuation results, and maintain its focus on the strategic and transactional aspects of the engagement.

Results

On their designated timeline, the Clients gained a firm understanding of the enterprise value and the components thereof, as well as the incremental value intrinsic in majority control, and the discount associated with minority interests. Based on that information, the Clients were able to pursue one of the identified transaction structures, and to negotiate confidently around those data points.

Additional Information

Inlet Capital Group provides strategy consulting and transaction advisory services exclusively to the construction materials and mining industries. Its clients include publicly traded companies, family businesses, and independent sponsors, as well as private equity and family office investors. For more information, please contact Greg Dayko at (561) 529-5569 or via email at gdayko@inletcapitalgroup.com.