

Engagement Summary

Overview

The owners of a large property in Florida (the “Clients”) had entered into a royalty lease agreement with a multi-location producer of fill and sand. The Clients questioned whether the volume of fill being mined from their property was being maximized, and sought to understand the market for fill products in their accessible market. The Client also sought to understand the value of a maximized fill operation, in order to make estate planning decisions involving the property.

The Client engaged Inlet Capital Group to develop an analysis of the market for fill products in its region, assess the share of that market reasonably attainable, and value the operation if it attained that share.

Engagement Approach

Inlet Capital Group engaged as strategic advisor to the Clients, initially developing an analysis of the market for fill products. Relying on 3rd party data, in-market interviews, and information from its own proprietary databases, Inlet Capital Group was able to determine the size of the market and the average pricing therein. The firm also identified and profiled all competitors serving the market, highlighting the apparent strategies of each.

Inlet Capital Group utilized this information to estimate the volume of the accessible market that might be captured by the Clients’ operation, and developed pro forma financial statements for the operation. The firm then prepared a valuation suitable for use in the Clients’ estate planning purposes.

Results

The Clients utilized the analysis to determine an optimal strategy in negotiations with the fill pit operator, ultimately maximizing income from the property. The Clients were also able to optimize their estate planning efforts, relying on the valuation and market study as supporting data.

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.