

# Engagement Summary

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## Overview

The northern California aggregates market is large and complex, and includes a wide array of aggregate products such as locally produced sand & gravel, sand & gravel imported from Canada and the Pacific Northwest, locally produced crushed stone, and crushed stone railed into the area from other California regions. While these variant aggregate products share some attributes and are substitutable across certain applications, in more intensive applications, only certain products are capable of meeting required specifications. As such, pricing across these products is widely divergent, as is the cost of production and distribution. And the need to optimally balance production and import inventories against these divergent market forces is critical.

A multi-plant producer (the “Client”), seeking to attain that balance in the most value-accretive manner, engaged Inlet Capital Group to assess the northern California aggregates market on its behalf.

## Engagement Approach

Inlet Capital Group engaged as strategic advisor to the Client, seeking to assess the overall size of the aggregates market, the breakout of various product grades therein, the relative share of each production / distribution facility, the total cost of each to serve the market, and the relative pricing by product. Relying on a combination of 3<sup>rd</sup> party data, in-market interviews, and its own proprietary database, Inlet Capital Group pieced together a mosaic depicting the size, function, and flow of the San Francisco Bay Area aggregates market. Inlet Capital Group further developed production cost estimates by plant, along with distribution and delivery costs by ship, rail, and truck.

## Results

Based on the analysis, Inlet Capital Group and the Client were able to identify specific opportunities to adjust sourcing strategies to capitalize on cost advantages and pricing inefficiencies, and to improve plant balance throughout the Client’s regional quarries, mines, and distribution outlets.

## 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](mailto:gdayko@inletcapitalgroup.com).