

Engagement Summary

Overview

The Florida aggregates market is vast and complex, and is comprised of a collection of sub-markets that are driven by specific competitive dynamics. These markets are served by a wide array of aggregate products that include locally quarried limestone of varying quality, locally mined sand, rail-based terminals distributing granite and limestone, and marine-based port facilities that also import both granite and limestone. The relative use of these different products varies in each sub-market, driven largely by the cost to deliver each product to that sub-market from its source. As such, pricing across products and markets is widely divergent, as is the cost of production and distribution.

A large producer supplying a range of products to these markets (the “Client”), sought to benchmark its costs relative to those of its competitors, in an effort to optimize its production and distribution network in Florida.

Engagement Approach

Inlet Capital Group engaged as strategic advisor to the Client, seeking to assess the size of each aggregates market, the breakout of various product grades therein, the relative share of each production / distribution facility, and the total cost of each to serve the market. Relying on a combination of 3rd party data, in-market interviews, and its own proprietary database, Inlet Capital Group developed cost-benchmarking analyses across ten unique Florida aggregates sub-markets, to include an assessment of production, distribution, and delivery costs by each producer.

Results

Based on the analysis, Inlet Capital Group and the Client were able to identify specific opportunities to adjust sourcing and distribution strategies in order to maximize efficiencies and minimize costs. Ultimately the Client was able to develop material swap and distribution agreements with multiple counterparts.

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.