

Engagement Summary

Overview

Magnum Group Holdings, LLC (“Magnum” or the “Company”), located in Ocala, Florida, is an independent producer of construction aggregates, ready mixed concrete, and concrete block in north central Florida. The Company also historically produced hot mix asphalt and provided site development and asphalt paving services in the region.

The shareholders of the Company sought to evaluate the Company’s product and service offerings to determine which were most capable of sustained profitability, which would most benefit from incremental investment, and which were non-core to the business. The shareholders also sought guidance on exit strategies for any non-core segments identified in the evaluation.

Engagement Approach

Inlet Capital Group, LLC (“Inlet Capital”) initially engaged as strategic advisor to Magnum, evaluating the Company’s product and service offerings and their respective profitability, management requirements, capital requirements, risk-adjusted returns, and vertical integration potential. Inlet Capital’s analysis revealed that the Company’s asphalt and construction segments were capital-hungry, but yielded sub-par returns, and were not benefiting from Magnum’s internal aggregates production. The shareholders concluded that these businesses were non-core and directed Inlet Capital to affect a strategic sale of these businesses.

Inlet Capital approached a select group of prospective purchasers, highlighting the strategic positions of Magnum’s asphalt plants, the high-growth nature of its markets, and the long-term fundamentals supporting a potential investment.

Results

Magnum entered into an LOI with a large privately-held asphalt producer at a price 40% higher than the Company’s internal valuation of the assets. Inlet Capital played a key role through the remainder of the sale process, including due diligence, development of the transaction agreements, and closing.

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.