

# Summary Fact Sheet

## Introduction

AS Materials Ocala, LLC (“ASM” or the “Company”) is a longstanding producer of construction materials in north central Florida, historically providing construction aggregates, ready mixed concrete, concrete block, hot mix asphalt, and infrastructure construction services to this rapidly growing region. In 2017, the Company pivoted to an aggregates pure-play strategy, focusing its resources on its current quarries and future mining opportunities throughout the state. ASM has since methodically exited its construction services, asphalt, and ready-mix businesses, and is now seeking to divest its non-core concrete block operation (the “Block Plant”).

Located in Ocala, Florida, the Block Plant serves a market that extends from Gainesville to Daytona, including portions of Alachua, Putnam, Marion, Sumter, Lake, and Volusia counties. The Ocala MSA consistently ranks as one of the fastest growing regions in the country, with its population forecast to grow at nearly double the rate of the broader U.S. over the next 20 years. The area is also benefiting from its emergence as a regional distribution hub, with Amazon, Federal Express, Chewy.com, and many others establishing large-scale distribution facilities in Ocala, driving robust job growth and strong in-migration of new residents.

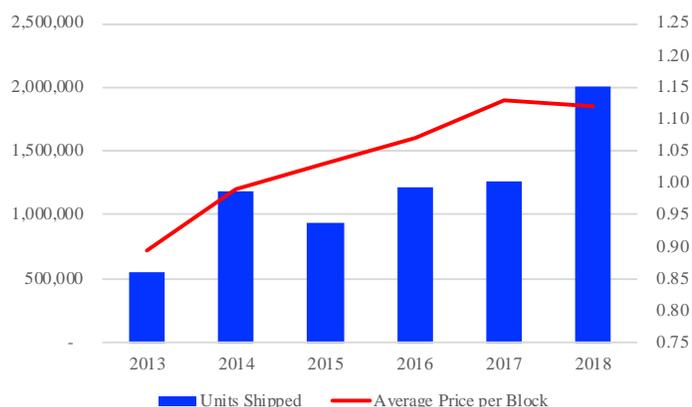
The Block plant is situated on 9 owned acres, adjacent to a ready-mix plant that shares a common driveway. The ready-mix producer is not in the concrete block business, which could benefit the Block Plant via a collaborative sales effort in which customers’ block and ready-mix needs are supplied by these separate but proximate operations.

The Block Plant site also includes an administrative office, material storage bins and silos, inventory storage, and parking area. The Plant itself is comprised of two independent lines, each equipped with Besser Vibrapac machines, and Columbia rack conveyors, loaders, unloaders, and cubers. The lines share use of a 65-ton cement silo, four 30-ton aggregate cold feed bins, a 30” aggregate collector belt with scales, admix and chemical station, and a 3-ton batch mixer. The Block Plant also owns two trucks, two trailers, and two moffetts, and leases one forklift. Management is in discussions to acquire a third truck, trailer, and moffett to accommodate expected increases in production volume.

In 2018, the Block Plant produced more than 2.0M units, generating sales and EBITDA of \$2.6M and \$0.5M, respectively. The Company is currently investing ~\$225k in capital into the Block Plant in an effort to alleviate bottlenecks and improve efficiencies. Management estimates that upon completion, the Block Plant will reliably produce 4.0M units annually and believes there is sufficient demand in the market to absorb 100% of this increased output. Management forecasts 2019 production will top 3.0M units, with sales and EBITDA of \$3.2M and \$0.7M, respectively, in 2019E.

## Block Plant Volumes and Pricing

For the Years Ended December 31, 2013 – 2018



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## Investment Considerations

*Advantaged Location* – ASM operates the only concrete block manufacturing facility in Marion County, with its closest competitor located ~40 miles away, and all others more than 70 miles away. Accordingly, the Block Plant is ideally positioned to service growing demand within Ocala and the surrounding area, with its prime location yielding lower freight expense and higher margins in this robust market.

*High Regional Growth* – Florida is one of the fastest growing states in the country, with its population expected to increase by more than 34% between now and 2040, a growth rate 50% higher than that of the broader U.S. Marion County is growing 80% faster than the U.S., with its population projected to increase by 41% during that time. This consistently strong population growth has driven robust growth in housing, with NAHB reporting that housing permits in Ocala increasing 26% from 2017 to 2018, compared to a 4% increase nationwide.

*Strong Financial Performance* – Acquiring and restarting the Block Plant in 2013, ASM has driven strong growth in revenues and earnings. Over the past 5 years, the Company has increased standard block volumes by more than 29% per annum, while simultaneously driving price increases of nearly 5% per annum. This sustained effort allowed the Block Plant to generate sales and EBITDA of \$2.6M and \$0.5M in 2018.

*Excess Demand* – ASM produced and shipped more than 2.0M units in 2018, with an impressive second half run rate totaling 2.4M units annualized. Still, the Block Plant has been unable to keep pace with the robust demand for its products. Management estimates that the Company consistently turns away orders for up to 100,000 units per month, revealing that the Block Plant could potentially increase its output by 50% just to meet existing demand in its markets.

*Capacity Expansion Underway* – In March 2019, ASM commenced work on a \$225,000 investment in plant upgrades to alleviate bottlenecks that have constrained output. Management believes these unloading system improvements will enable the Block Plant to reliably produce 300,000 units per month. Management expects to complete these upgrades in 90 days, enabling the Block Plant to capture incremental demand for the bulk of 2019.

*Built-In Growth Opportunities* – In addition to the increased volumes and sales to be captured via the capacity expansion described above, the Block Plant has several immediate opportunities to increase its top and bottom lines with minimal incremental capital, including: (i) increase sales of ancillary products, which were 15.9% of sales in 2018, but averaged 23.0% over the past 5 years and peaked at 34.9% of sales; (ii) establish collaborative sales effort with co-located ready-mix producer, enabling package offering of ready-mix, block, and ancillary products; (iii) dedicate one line to production of non-standard block and other special products, which although lower volume, offer highly attractive margins, which can be in excess of 50%

## Additional Information

Inlet Capital Group, LLC has been engaged as the exclusive strategic and financial advisor to the Company. ASM is interested in exploring a sale of the Block Plant. The Company strongly prefers a sale of the Block Plant and all associated assets, as well as 9 acres of real property, in a single transaction, but would consider alternative structures that created significant value for ASM and its retained aggregates business. Interested parties are invited to contact Inlet Capital Group for additional information.

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