

Two closed deals are better than one

DEAL SPOTLIGHT | BUILDING SUPPLIES | SEPTEMBER 2020

Maner Builders Supply Co. has closed **TWO** separate but simultaneous transactions. In addition to the sale of its business operations to US LBM, Maner also sold its real estate to STORE Capital in a sale-leaseback transaction. Following the transaction, US LBM will lease the real estate as a tenant of STORE Capital. By selling the business operations separate from the real estate, the owners got a substantially better financial result. Heritage Capital Group acted as exclusive financial advisor to Maner in both transactions.

Maner is one of the largest independent building supply companies in Georgia, distributing an expansive line of specialty building products to professional homebuilders, contractors, and commercial builders from its three locations in Georgia and South Carolina.

US LBM is a leading distributor of specialty building products in the US and operates more than 250 locations nationwide. It combines the scale and operational advantages of a national platform with a local go-to-market strategy.

STORE Capital provides real estate investment trust services and invests in single-tenant real estate.

Heritage Capital Group is a merger and acquisition advisory firm with offices in Florida and Georgia. It provides objective advice to private companies in the areas of mergers, acquisitions and divestitures, business valuations, debt and equity capital raises, corporate restructurings, and financial and strategic advisory services.

“The Heritage team was very organized, technically knowledgeable and experienced. They took care of a lot of challenges that had to be addressed, including COVID-19, and made the transaction progress smoothly. When we were dealing with the buyer the sale price kept changing, but the team was able to adapt to the changes and we were able to settle on a final price and terms with which we are all very happy.”

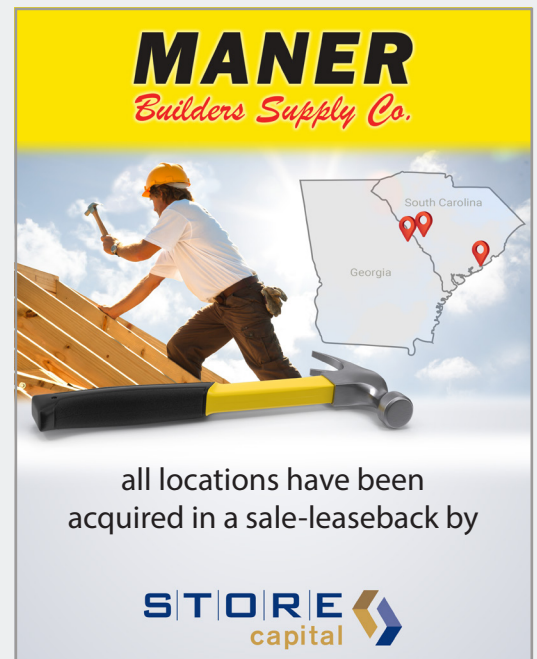
JIM BROOME
CEO & PRESIDENT
MANER BUILDERS SUPPLY CO.



MANER
Builders Supply Co.

business operations has
been acquired by

U.S.
LBM®



MANER
Builders Supply Co.

all locations have been
acquired in a sale-leaseback by

STORE
capital

MARKET TRENDS & DEAL DRIVERS

Overall economic trends for the building materials industry have been positive in recent years, driven by persistently low interest rates, stable employment and growing household incomes, all of which have contributed to strong demand for home ownership in the US, especially in the Southeast where population growth has been strong.

Recent challenges related to COVID-19 have caused some industry participants to halt or slow down their growth plans in order to assess risks and preserve cash. However, opportunities still exist for M&A activity as the industry remains highly fragmented and expectations are that the COVID-19 crisis will eventually abate.

M&A VALUATION ASPECTS

Financial details have not been disclosed. Transactions in this sector are typically based on EBITDA multiples of 5–8x, depending on size, profitability, acquisition synergies and various other factors. Attractive acquisitions in this industry are usually companies in growing housing markets with multiple locations, diverse products and service offerings, and strong management teams.

“These transactions were a true value add for all parties. The owners of Maner were able to exit their business at very favorable terms, and US LBM acquired a highly competitive company that will be synergistic with its operations. At the same time, the owners sold the real estate to STORE Capital, who in turn gained a long-term quality tenant. The net result was that **two closed deals are better than one**. This unique approach resulted in an excellent outcome for Maner.”

DON WIGGINS
PRESIDENT
HERITAGE CAPITAL GROUP



HERITAGE TRANSACTION TEAM



 **Don Wiggins**
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 **Bert Tenebaum**
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 **Doug Kravet**
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 **Bill Nicholson**
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Heritage Capital Group is an investment banking and financial advisory firm serving middle-market and emerging growth companies in the US and worldwide. For 43 years, Heritage Capital Group has provided objective advice to private companies in the areas of mergers, acquisitions and divestitures, business valuations, debt and equity capital raises, corporate restructurings, and financial and strategic advisory services focused on enhancing the value of business enterprises. Heritage Capital Group is a FINRA registered broker-dealer, and a member of Oaklins, the world's most experienced mid-market M&A advisory, with 850 professionals globally and dedicated industry teams in 45 countries worldwide.

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