

Overview - US Ready Mixed Concrete Industry

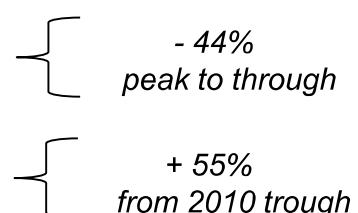
In the U.S. ready mixed concrete is a \$50 billion revenue industry

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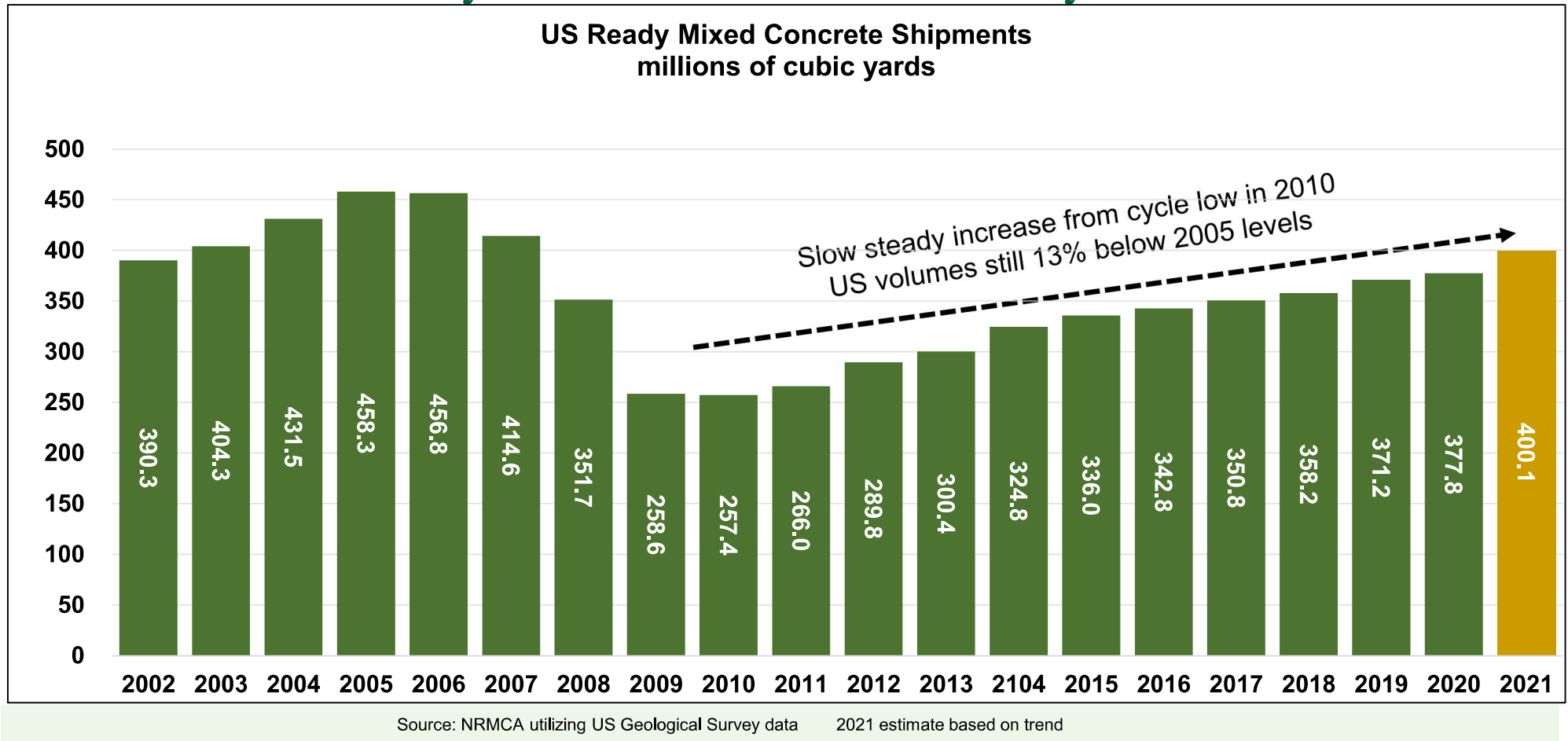
Concrete is a \$50 billion revenue industry in the United States

- Projected 2021 cubic yards – 400 million
- Year-to-date selling price ~ \$124.77 per cubic yard (CFI Index)
- Estimated number of concrete plants - 7 thousand concrete plants
- Estimated number of mixer trucks - 67 thousand mixer trucks
- Estimated number of round-trip loads - 47 million trips

Concrete is a cyclical industry

- Recent volume peak in 2005 - 458 million yards
 - Recent volume trough in 2010 - 257 million yards
 - Projected 2021 volume - 400 million yards
- 
- 44%
peak to trough
- + 55%
from 2010 trough

US Ready Mixed Concrete Industry trends



U.S. concrete volume trends – slow steady rise since cycle low in 2010

US Ready Mixed Concrete Industry trends



Estimated Ready Mixed Concrete Production By State - 2020

2020 U.S. Ready Mixed Concrete Production				377,813,000 cubic yards 288,876,000 cubic meters			
State	Cubic Yards	Percent of Total	Change from 2019	State	Cubic Yards	Percent of Total	Change from 2019
Alabama	4,915,000	1.3%	-0.2%	Montana	1,446,000	0.4%	16.2%
Alaska	443,000	0.1%	-16.4%	Nebraska	5,012,000	1.3%	8.9%
Arizona	10,730,000	2.8%	21.9%	Nevada	6,020,000	1.6%	5.1%
Arkansas	3,292,000	0.9%	8.2%	New Hampshire	768,000	0.2%	6.4%
California	37,823,000	10.0%	2.2%	New Jersey	5,199,000	1.4%	-0.1%
Colorado	9,446,000	2.5%	3.4%	New Mexico	2,836,000	0.8%	15.0%
Connecticut	2,168,000	0.6%	9.6%	New York	10,449,000	2.8%	-2.8%
Delaware	889,000	0.2%	31.8%	North Carolina	10,422,000	2.8%	3.2%
Dist. of Columbia	911,000	0.2%	18.2%	North Dakota	1,808,000	0.5%	-15.6%
Florida	27,703,000	7.3%	1.3%	Ohio	12,280,000	3.3%	-3.9%
Georgia	12,222,000	3.2%	1.3%	Oklahoma	5,704,000	1.5%	-13.1%
Hawaii	1,275,000	0.3%	1.8%	Oregon	3,765,000	1.0%	-13.8%
Idaho	2,795,000	0.7%	6.9%	Pennsylvania	9,750,000	2.6%	-4.4%
Illinois	10,772,000	2.9%	8.4%	Puerto Rico	2,240,000	0.6%	2.3%
Indiana	8,049,000	2.1%	7.2%	Rhode Island	407,000	0.1%	-7.8%
Iowa	7,457,000	2.0%	4.2%	South Carolina	5,964,000	1.6%	-4.0%
Kansas	4,925,000	1.3%	8.9%	South Dakota	2,190,000	0.6%	24.1%
Kentucky	4,039,000	1.1%	0.1%	Tennessee	8,383,000	2.2%	17.0%
Louisiana	5,747,000	1.5%	-18.3%	Texas	61,772,000	16.3%	-0.1%
Maine	887,000	0.2%	9.4%	Utah	6,560,000	1.7%	17.7%
Maryland	4,355,000	1.2%	-6.4%	Vermont	376,000	0.1%	-7.7%
Massachusetts	3,736,000	1.0%	2.0%	Virginia	7,523,000	2.0%	4.9%
Michigan	7,657,000	2.0%	0.0%	Washington	7,047,000	1.9%	-2.8%
Minnesota	6,354,000	1.7%	6.2%	West Virginia	1,318,000	0.3%	-22.3%
Mississippi	2,942,000	0.8%	11.2%	Wisconsin	7,422,000	2.0%	-1.2%
Missouri	7,226,000	1.9%	11.1%	Wyoming	1,034,000	0.3%	-4.4%

Link to individual state production trends

Source National Ready Mixed Concrete Association, Alexandria, Virginia

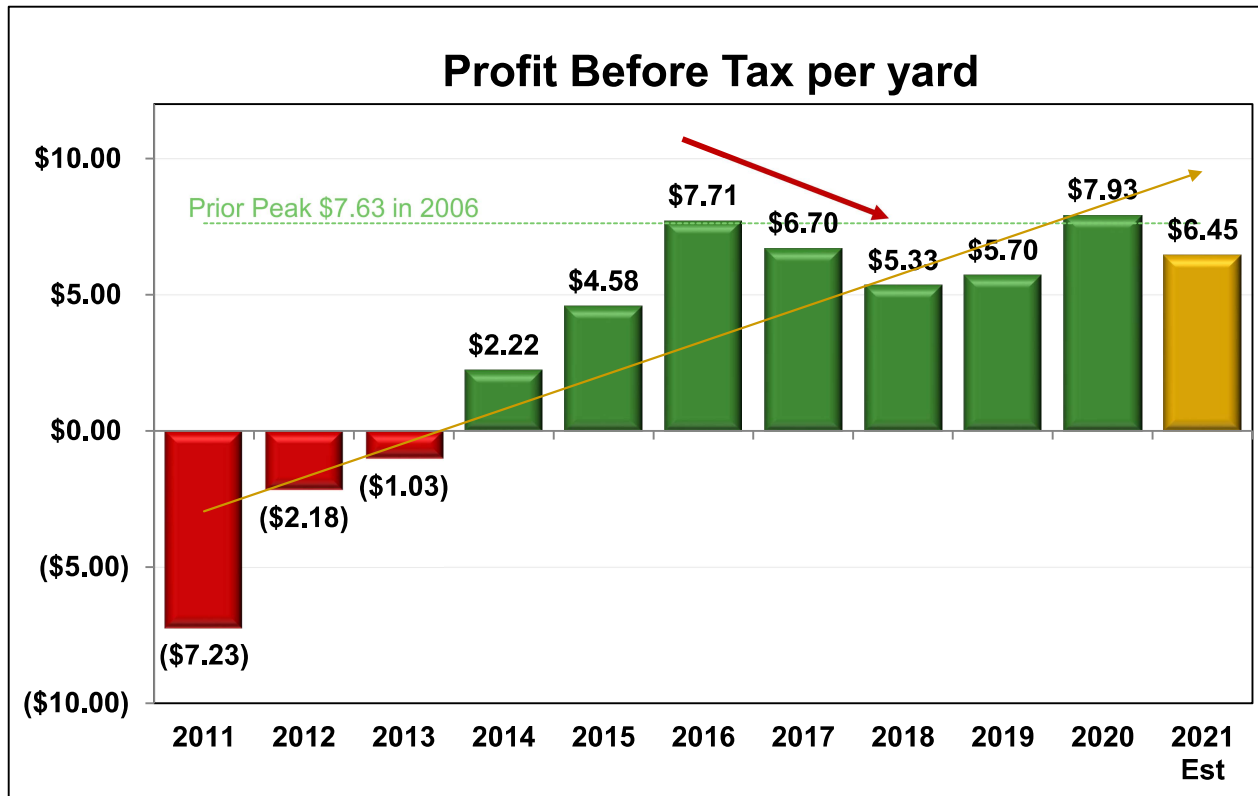
Source: NRMCA utilizing US Geological Survey data

Volume growth rates during the pandemic year of 2020 remained strong as construction was deemed an essential activity in most jurisdictions. Below are details related to states of most interest and some western states close to Cart-Away:

State	Percent of Total U.S.	2020 change from 2019
Arizona	2.8%	+21.9%
California	10.0%	+2.2%
Florida	7.3%	+1.3%
Idaho	0.7%	+6.9%
North Carolina	2.8%	+3.2%
Oregon	1.0%	-13.8%
Tennessee	2.2%	+17.0%
Texas	16.3%	-0.1%
Utah	1.7%	17.7%
Washington	1.9%	-2.8%

Production by state in 2020 versus 2019

Despite steadily rising volumes, profits have been inconsistent



Source: NRMCA Performance Survey except 2021 estimate

Average profits per cyd. tumbled 31% between 2016 and 2018. Profits per yard began to recover in 2019 and surpassed their 2016 peak in 2020.

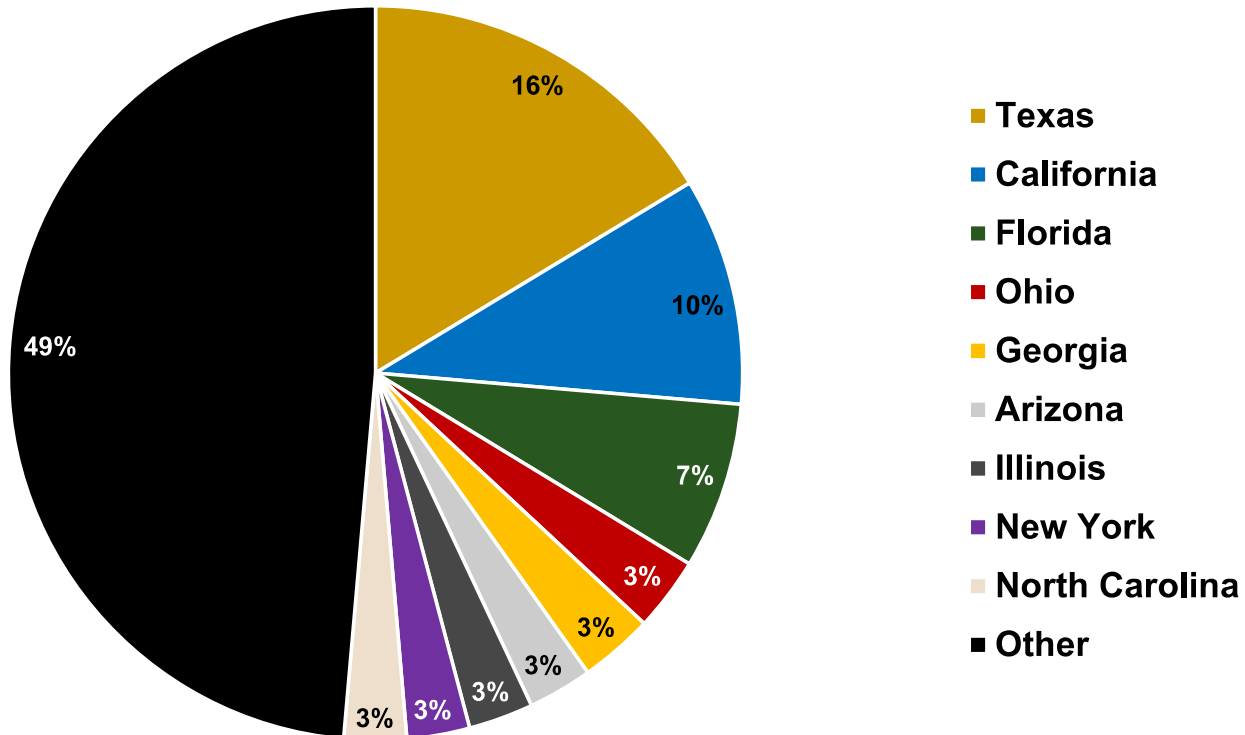
However, a decrease is likely in 2021 as costs are increasing faster than selling prices.

It's important to note that not every producer is average. There are a sizeable number of producers realizing profits of over \$20 per cyd

Profits per cubic yard are only marginally above levels of 15 years ago

US Ready Mixed Concrete Industry trends

Concrete Volume as % of Total U.S.
2020



Source: NRMCA utilizing US Geological Survey data

Nine states accounted for 51% of U.S. concrete volume in 2020

Three states accounted for 1/3 of the volume

2020 Cubic Yards

Texas	61,772,000
California	37,823,000
Florida	27,703,000
Ohio	12,280,000
Georgia	12,222,000
Arizona	10,730,000
Illinois	10,772,000
New York	10,449,000
North Carolina	10,422,000
Other	<u>183,640,000</u>

Total United States 377,813,000

Texas' high consumption per capita is due partly to concrete highways

Nine states accounted for 51% of U.S. concrete volume in 2020

Industry Outlook

Growth rates in the low single digits are forecast through 2026

Industry Outlook

There are many sources for economic forecasts of U.S. construction activity

One source that tracks particularly well with concrete is the Portland Cement Association economic forecasts since 70%-75% of cement is used to produce ready mixed concrete, The balance of cement is consumed in precast products including roof tile, masonry block, pipe, and building components, along with bagged products, grouts, etc.

Each cement producer reports production and shipments monthly to a government agency, The US Geological Service. This data is used by the PCA and the NRMCA estimates concrete production based on the U.S. Geological Service cement shipment information

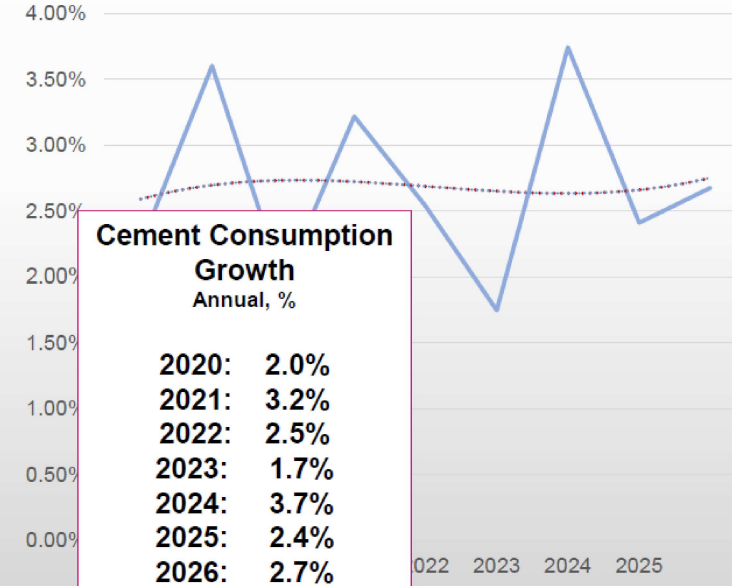
The Fall 2021 forecast which includes the effects of the Infrastructure Bill is for annual growth rates in the low single digits through 2026.

The impacts to the forecast from the Infrastructure Investment and Jobs Act were:

0.6 of the 1.7 in 2023	3.5 of the 3.7 in 2024
1.9 of the 2.4 in 2025	1.7 of the 2.7 in 2026

PCA Fall Forecast October 2021

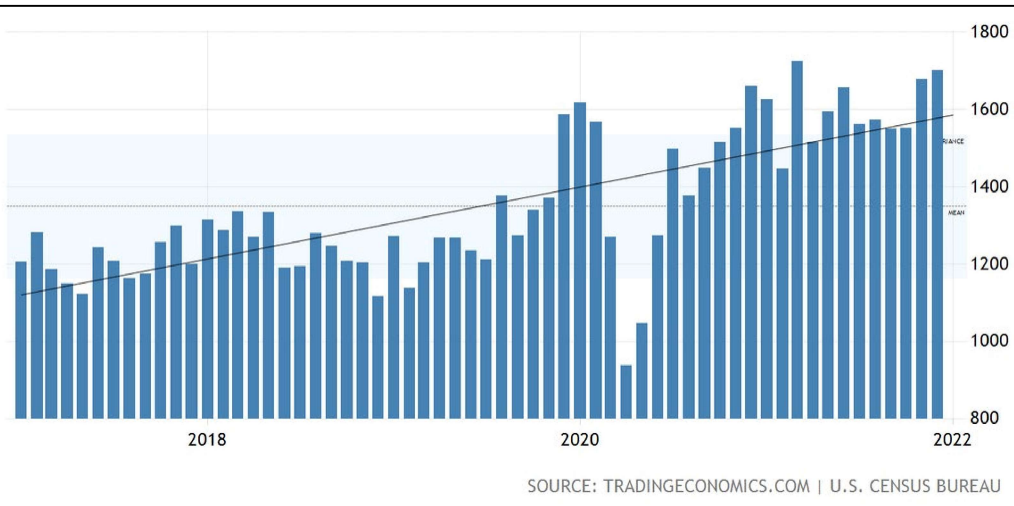
Cement Consumption Growth Y-O-Y % Change



Source: PCA <https://www.cement.org/economics/forecastsall>

Forecasts of cement consumption are a useful proxy for concrete

Industry Outlook

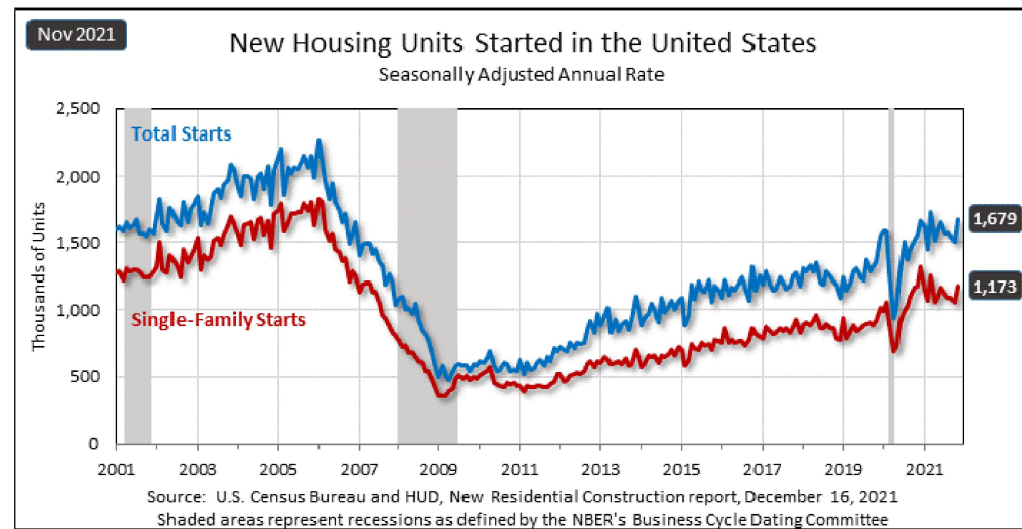


Source: <https://tradingeconomics.com/united-states/housing-starts>.

While housing starts have risen over the past ten years, they remain close to the long-term average.

Housing construction fell sharply with the global financial crisis of 2008 and were well below the historical average for past decade

The residential sector has been a source of strength for the US construction materials industry as housing starts returned to more normal levels.



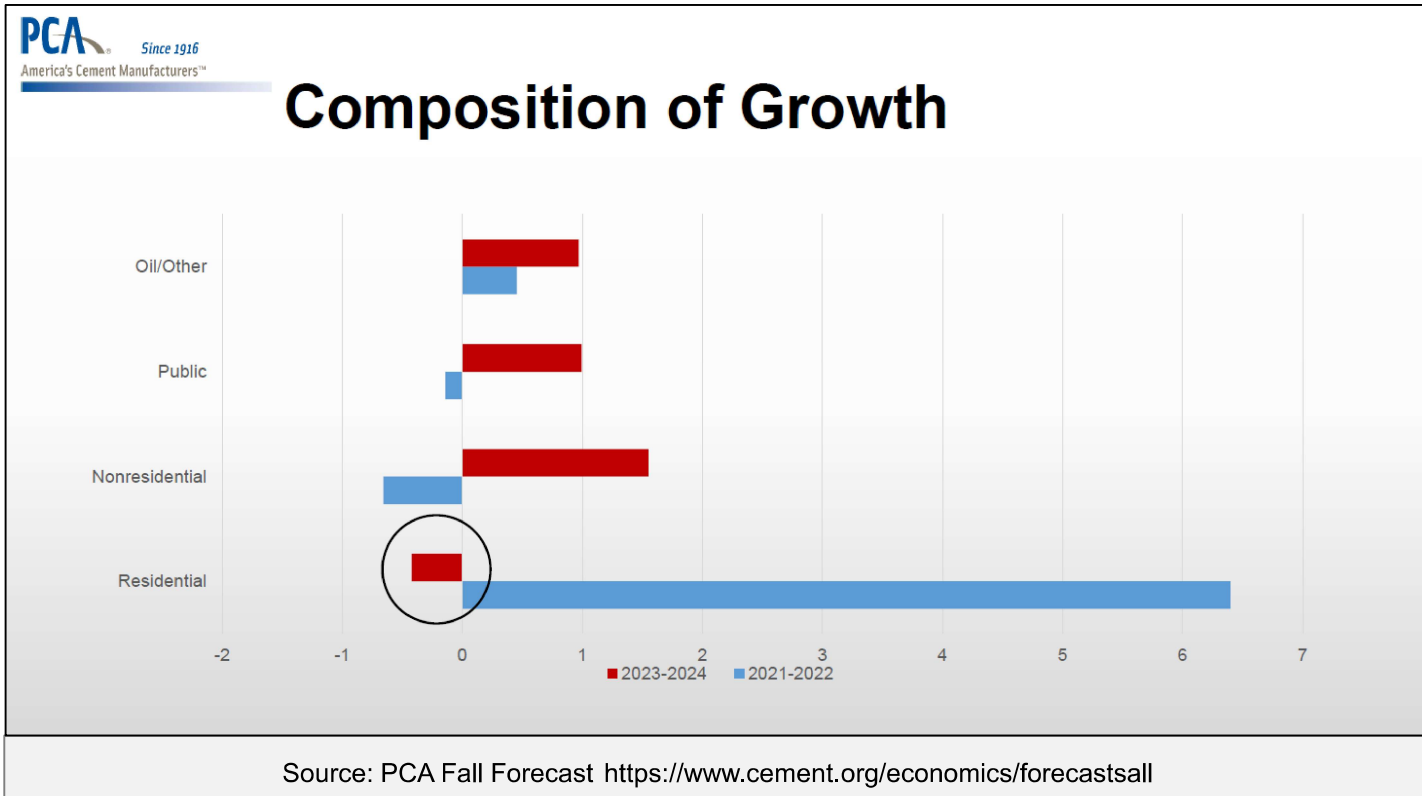
Source: Strata-Gee.com <https://www.strata-gee.com/november-residential-housing-starts-at-highest-level-in-eight-months/#more-31470>

The residential segment has recovered from a decade of below average activity

Industry Outlook

The PCA Fall 2021 Forecast assumes continued strong residential activity in 2022 which will decrease slightly in 2023 - 2024.

The slight decrease in residential activity will be more than offset by increased activity in the non-residential commercial and public / infrastructure activity in 2023 and 2024

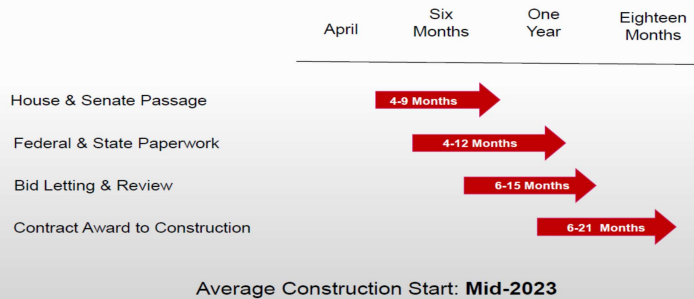


The growth of the residential segment will slow but that will be offset by other segments¹²

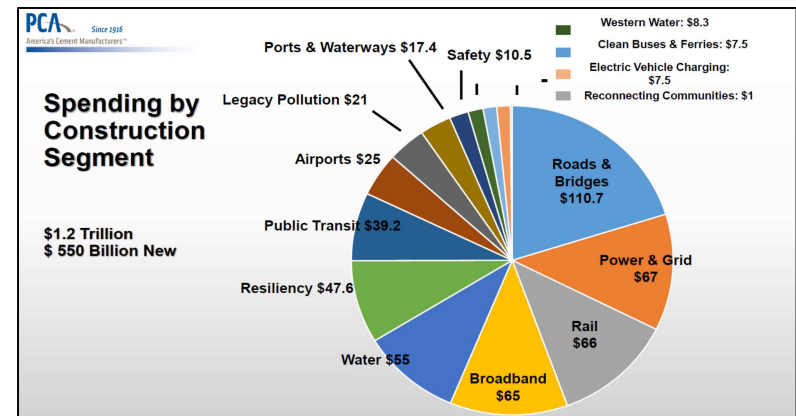
Industry Outlook

The PCA Fall 2021 Forecast estimates that \$550 billion of new construction spending is included in the \$1.2 trillion infrastructure bill and this will result in 46 million metric tons of cement demand over five years beginning in mid-2023.

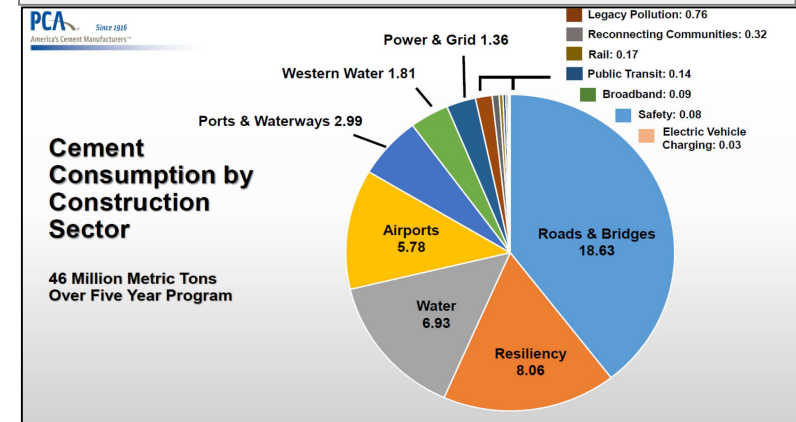
After Congressional Passage: There Will Be a Wait for Pouring to Begin



Source: PCA Fall Forecast <https://www.cement.org/economics/forecastsall>



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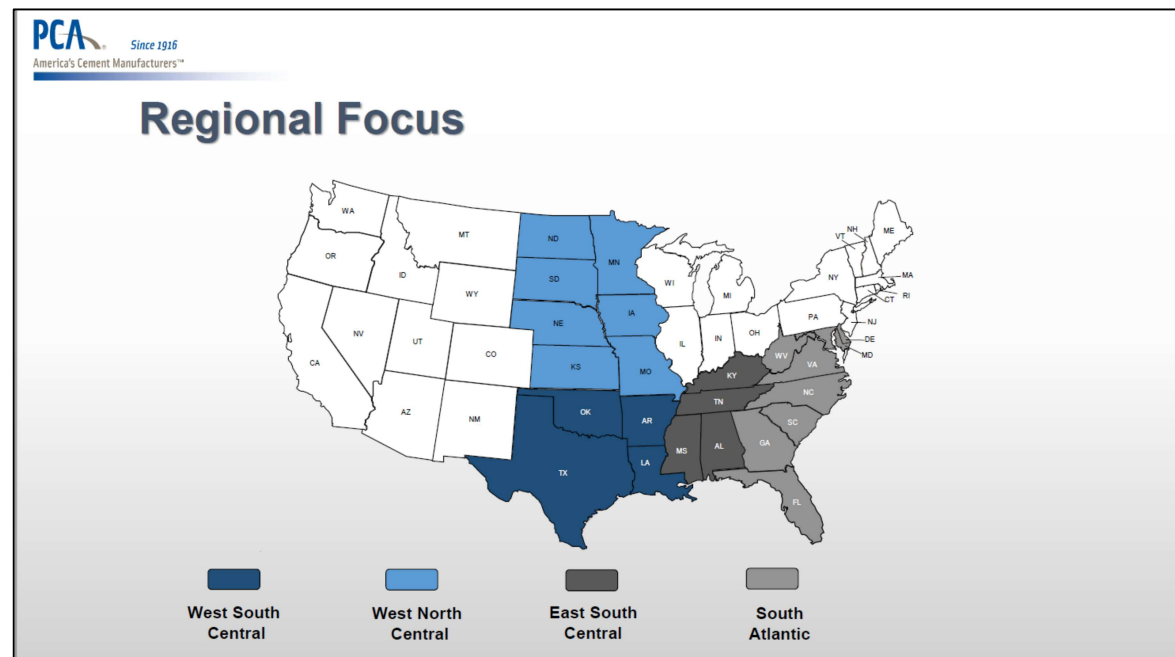


Source: PCA Fall Forecast <https://www.cement.org/economics/forecastsall>

The effect of the infrastructure bill – PCA perspective

Industry Outlook

The PCA provides supplementary economic briefings by region of the United States on their website which we will furnish to Cart-Away under separate cover.



Regional PCA data

Short Load Market

We asked ready mixed concrete producers for information regarding short loads and the producers who replied requested that their information retain anonymity

These producers were all located east of the Mississippi and the companies ranged in size from 250K cubic yards per year through 10 million cubic yards per year.

Each producer charged a 'short load fee' only when the short load delivery was not a 'clean-up load'

The aggregate data indicates that ~ 12% of all deliveries are 'short loads' and that excluding 'clean-up loads' the percentage of deliveries that were 'short loads' was 7% of all deliveries

Most companies define short loads as 4 cubic yards or less, but some producers begin at 6 yards

We believe the actual short load market is higher because our sample did not include producers with less than 3 plants which typically have a higher percentage of small contractors and homeowners in their customer base

Estimated size of national 'short load' market

Estimated U.S. Ready Mixed Concrete Market
400 million cubic yards

Estimated Short Loads (including clean-up loads)
(400 million cyds. / 8 cyd avg load) X 12% X 1.10
= 6 - 7 million loads

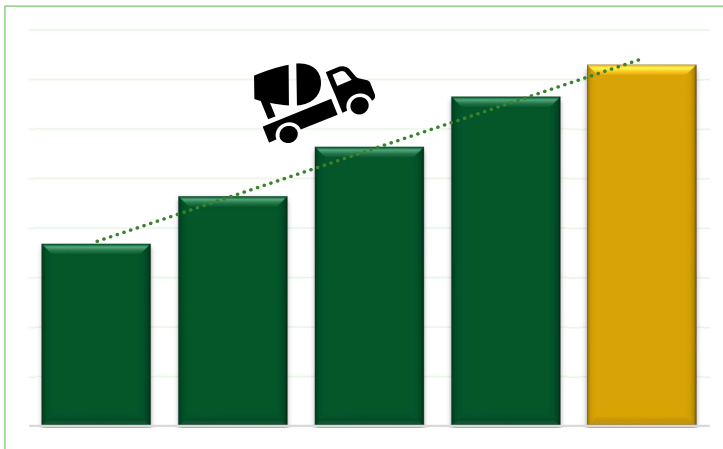
Estimated Short Loads (excluding clean-up loads)
(400 million cyds. / 8 cyd avg load) X 7% X 1.10
= 3 - 4 million loads

Note: The calculations based on our sample were increased by 10% (multiplied by 1.1 above) on the premise that our sample had a lower percentage of 'short loads' because it did not contain any producers with less than 3 plants

Estimated size of the U.S. 'Short Load' Market in number of loads

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