

# Greystone INSIDER<sup>®</sup>

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## What's Inside:

- ➔ Vulcan acquires Cal Mat for \$890.0 Million.
- ➔ Pioneer expands in both U.S. and Australia.
- ➔ Hanson acquires Nelson & Sloan, becomes largest aggregate supplier in San Diego.
- ➔ Cemex increases presence in S.E. Asia.
- ➔ Former Cal Mat Executive joins Greystone.
- ➔ U.S. Construction Materials 1998 Earnings up 17.1%.
- ➔ U.S. Cement Consumption up 5.8% in 1998.

*The Insider* is published quarterly for the clients of The Greystone Group. Quarterly publications include forecasts for cement consumption, sand, gravel and crushed stone production and ready mix concrete consumption. Please contact us at (619) 587-3900 if you are interested in being added to our mailing list.

The Greystone Group, located in La Jolla, California, is an investment banking firm specializing in the cement and construction materials industry. Primary services include mergers and acquisitions, strategic planning, asset divestitures and debt placement activities. To learn more about Greystone please contact us at the address set forth below.

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## Mr. Market's Response to Acquisitions

According to investment bankers, all mergers are bound for success. Merged entities will enjoy synergies resulting from non-continuing expenses, efficiencies derived from increased production volume, overhead consolidation and market rationalization, to name only a few benefits. According to a study of major transactions consummated from 1994 through June 1997, the stock market's initial reaction to a merger often predicts the acquirer's relative market performance one year later. The study, conducted by PricewaterhouseCoopers LLP, revealed that deals suffering poor receptions often faced poor odds. For example, of 52 companies whose stocks performed worse than their peers in the first five days after a merger was announced, 35 companies were still doing poorly 12 months later. Conversely, nearly two-thirds of the companies that enjoyed an immediate boost outperformed their peers after one year. In sum, the market accurately predicted the future almost 67 percent of the time.

The study, which excluded companies within the construction materials industry, revealed that acquisitive companies did not keep up with their peers; on an industry-adjusted basis, they lagged by 1.6 percent at announcement and 3.7 percent a year later. A drop in market value at announcement is consistent with conventional wisdom that any large transaction punishes the acquirer, and for most deals, the market was a tough judge right from the start. Overall, when they announced their purchases, 63 percent of the sample companies lost value on a market-adjusted basis.

Because the PricewaterhouseCoopers study excluded construction materials related transactions, Greystone decided to analyze a select number of transactions in our industry during 1998. Our findings suggest that the construction materials industry is either better at analyzing transactions than other industries or perhaps more effective at communicating the projected outcome to Wall Street's analysts.

Although our analysis revealed that 50 percent of the acquirers lost market value at announcement, 75 percent of the acquirers gained market value within five days of the announcement and 100 percent of the acquirers gained market value within 30 days of the announcement.

Acquirer/Target	Announcement	5-Days	10-Days	6-Months
Southdown/Modura	-1.3%	2.2%	5.1%	-34.7%
Hanson/Fenton	0.0%	-0.3%	-4.1%	15.8%
Hanson/Alpine	0.0%	2.0%	13.9%	NA
Hanson/Condra	-1.6%	5.1%	13.8%	NA
Hanson/Hiscoe & Boone	-0.9%	1.2%	7.2%	NA
Marsh/Massey/Redland Stone	-0.4%	-5.1%	13.7%	NA
Marsh/Massey/Mendon	0.8%	1%	2.7%	NA
Vulcan/CalMat	2.0%	5.2%	3.4%	NA
Average	-0.7%	1.9%	10.6%	NA

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As one can discern from the table on the previous page, it's too early to predict the long-term outcome since all but two of the transactions were completed during the last three quarters of 1998. On the day Southdown announced the \$1.0 billion merger with Medusa, its stock declined 1.3 percent. However, it recovered to a net gain of 2.2 percent within five days of the announcement and 5.1 percent within 30 days of the announcement. After 6-months, Southdown's stock had declined by nearly 35 percent from the pre-announcement level.

## Former Cal Mat Executive Joins Greystone

Greystone is pleased to announce that Kevin J. Connors joined the firm in February to expand its expertise in the construction materials industry. Prior to joining Greystone, Connors was responsible for acquisition, divestiture and strategic planning activities at CalMat Co., one of the largest construction materials producers in the western United States. During the past several years Connors was actively involved in numerous transactions with CalMat, including the merger with Vulcan Materials Company in January. Prior to his employment with CalMat, Connors was Financial Planning Supervisor with the Los Angeles Times, Times Mirror Company. He received a Masters of Business Administration Degree from the University of Southern California and a Bachelor of Science Degree in Business Administration from California State University, Los Angeles.

Another interesting transaction was Martin Marietta Material's \$272 million acquisition of Redland Stone Products, which resulted in a stock price



decline of 0.4 percent on announcement followed by a 5.1 percent decline within five days. However, within 30 days of the Redland announcement, Martin Marietta announced its investment in Meridian Aggregates Company, citing several synergies with Redland, resulting in a 13.7 percent increase in its stock price (benchmarking from pre-Redland).

Vulcan Material Company's \$890 million acquisition of CalMat Co. was well received from the onset. Its stock increased by 2.0 percent on the day of the announcement, followed by a 5.1 percent increase in five days and a leveling off at 3.4 percent in 30 days.

It's true that the Greystone analysis and the PricewaterhouseCoopers study data are not comparable--their transaction size selection was larger and



timeframe longer. However, we still believe mergers in our industry generally are more successful than those of companies in other industries. With few exceptions,

our industry is consolidating through the application of rational valuation methodologies in contrast to "multiples of headcount" or some other irrational valuation approach. These synergistically-driven transactions have yielded better outcomes as demonstrated by the acquirers' relative market performances after the merger.

While the PricewaterhouseCoopers study provides some interesting statistics, it does not provide insights into the wisdom or lack thereof behind valuation methodologies used. In our opinion, as long as acquirers continue to purchase

companies that generate synergistic value for their shareholders, Mr. Market will likely reward them with increased shareholder value.

Is there room for more successful mergers in our industry? After all, there has been a flurry of activity in the construction materials industry in recent years, including the mergers cited in this analysis. While our industry seems to

be consolidating, it is still one of the most fragmented industries of its size. In fact, the three largest U.S. aggregates producers represent less than 18 percent of the total U.S. aggregate

production, suggesting that there are many opportunities for consolidation.

So, for companies looking to grow larger and be well-received in the new century, remember that going into a merger with the appropriate valuation could make Mr. Market smile. On the other hand, buyers expanding for the sake of creating mass and applying senseless valuation formulas to justify their investments--such as 6.5 x EBITDA x Social Security Numbers--will find themselves being punished by Mr. Market. □

## U.S. Cement Consumption Northeast Region

(000MT)	Actual				Greystone Forecast				
	1995	1996	1997	1998	1999	2000	2001	2002	2003
<u>New England:</u>									
Connecticut	607	654	690	751	805	890	883	850	752
% Change	-2.8%	7.7%	5.5%	9.0%	7.1%	10.6%	-0.8%	-3.7%	-11.6%
Maine	210	212	187	235	251	276	297	302	264
% Change	-7.7%	1.1%	-12.0%	26.0%	6.9%	9.9%	7.5%	1.6%	-12.6%
Massachusetts	1,036	1,074	1,262	1,562	1,512	1,457	1,512	1,635	1,727
% Change	-7.4%	3.7%	17.5%	23.7%	-3.2%	-3.6%	3.8%	8.1%	5.6%
N. Hampshire	256	275	263	288	269	262	247	262	271
% Change	5.9%	7.6%	-4.4%	9.4%	-6.7%	-2.5%	-5.8%	6.3%	3.2%
Rhode Island	117	111	127	151	161	155	162	178	187
% Change	-23.2%	-5.0%	14.7%	18.6%	6.8%	-3.9%	4.7%	9.8%	5.1%
Vermont	105	111	106	124	130	135	146	147	152
% Change	4.0%	6.0%	-5.1%	17.4%	4.6%	4.3%	7.5%	1.0%	3.2%
<b>Subtotal - New England</b>	<b>2,330</b>	<b>2,438</b>	<b>2,634</b>	<b>3,111</b>	<b>3,127</b>	<b>3,175</b>	<b>3,247</b>	<b>3,375</b>	<b>3,352</b>
<b>% Change</b>	<b>-5.5%</b>	<b>4.6%</b>	<b>8.1%</b>	<b>18.1%</b>	<b>0.5%</b>	<b>1.5%</b>	<b>2.3%</b>	<b>3.9%</b>	<b>-0.7%</b>
<u>Mid Atlantic:</u>									
New Jersey	1,410	1,471	1,700	1,966	2,086	2,111	2,158	2,147	2,175
% Change	-1.2%	4.3%	15.6%	15.7%	6.1%	1.2%	2.2%	-0.5%	1.3%
New York	2,323	2,446	2,687	2,958	3,357	3,396	3,469	3,281	3,115
% Change	-0.9%	5.3%	9.9%	10.1%	13.5%	1.2%	2.1%	-5.4%	-5.1%
Pennsylvania	2,807	2,883	3,082	3,372	3,507	3,548	3,565	3,424	3,153
% Change	-8.5%	2.7%	6.9%	9.4%	4.0%	1.2%	0.5%	-4.0%	-7.9%
<b>Subtotal - Mid Atlantic</b>	<b>6,540</b>	<b>6,800</b>	<b>7,469</b>	<b>8,295</b>	<b>8,951</b>	<b>9,055</b>	<b>9,191</b>	<b>8,852</b>	<b>8,444</b>
<b>% Change</b>	<b>-4.4%</b>	<b>4.0%</b>	<b>9.8%</b>	<b>11.1%</b>	<b>7.9%</b>	<b>1.2%</b>	<b>1.5%</b>	<b>-3.7%</b>	<b>-4.6%</b>
<b>Total Northeast Region</b>	<b>8,870</b>	<b>9,238</b>	<b>10,103</b>	<b>11,407</b>	<b>12,078</b>	<b>12,231</b>	<b>12,439</b>	<b>12,227</b>	<b>11,796</b>
<b>% Change</b>	<b>-4.7%</b>	<b>4.1%</b>	<b>9.4%</b>	<b>12.9%</b>	<b>5.9%</b>	<b>1.3%</b>	<b>1.7%</b>	<b>-1.7%</b>	<b>-3.5%</b>

## U.S. Cement Consumption Regional Comparison

(000MT)	1989 to 1998			1999 to 2008			Ave. Annual Percent Change		
	HIGH	LOW	AVG	HIGH	LOW	AVG	HIGH	LOW	AVG
Northeast Region	11,407	8,258	9,428	12,439	10,078	11,483	0.9%	2.2%	2.2%
Midwest Region	24,436	17,451	20,813	28,916	24,200	26,564	1.8%	3.9%	2.8%
South Region	38,292	26,586	31,924	47,426	36,781	41,436	2.4%	3.8%	3.0%
West Region	24,051	16,892	19,910	27,217	24,022	25,814	1.3%	4.2%	3.0%
<b>Total U.S.</b>	<b>98,186</b>	<b>69,187</b>	<b>82,075</b>	<b>112,418</b>	<b>101,108</b>	<b>105,297</b>	<b>1.4%</b>	<b>4.6%</b>	<b>2.8%</b>

## U.S. Cement Consumption Midwest Region

(000MT)	Actual				Greystone Forecast				
	1995	1996	1997	1998	1999	2000	2001	2002	2003
<u>East N. Central:</u>									
Illinois	3,303	3,482	3,523	3,618	3,555	3,529	3,678	3,822	4,081
% Change	-7.7%	5.4%	1.2%	2.7%	-1.7%	-0.7%	4.2%	3.9%	6.8%
Indiana	1,859	1,947	2,140	2,259	2,127	2,356	2,557	2,748	2,963
% Change	-1.0%	4.8%	9.9%	5.6%	-5.9%	10.8%	8.6%	7.4%	7.9%
Michigan	2,712	2,992	3,201	3,374	3,476	3,235	3,100	3,300	3,613
% Change	5.2%	10.3%	7.0%	5.4%	3.0%	-6.9%	-4.2%	6.4%	9.5%
Ohio	3,533	3,725	3,774	3,979	4,223	4,154	4,500	4,646	5,220
% Change	1.0%	5.4%	1.3%	5.4%	6.1%	-1.6%	8.3%	3.2%	12.4%
Wisconsin	1,838	2,046	2,129	2,220	2,148	2,085	2,047	2,228	2,401
% Change	-2.4%	11.3%	4.1%	4.3%	-3.2%	-2.9%	-1.9%	8.8%	7.8%
<b>Subtotal - East N. Central</b>	<b>13,245</b>	<b>14,192</b>	<b>14,768</b>	<b>15,450</b>	<b>15,529</b>	<b>15,359</b>	<b>15,883</b>	<b>16,743</b>	<b>18,279</b>
<b>% Change</b>	<b>-1.3%</b>	<b>7.1%</b>	<b>4.1%</b>	<b>4.6%</b>	<b>0.5%</b>	<b>-1.1%</b>	<b>3.4%</b>	<b>5.4%</b>	<b>9.2%</b>
<u>West N. Central:</u>									
Iowa	1,429	1,601	1,739	1,727	1,627	1,639	1,554	1,510	1,602
% Change	-5.5%	12.1%	8.6%	-0.7%	-5.8%	0.8%	-5.2%	-2.9%	6.1%
Kansas	1,339	1,527	1,508	1,475	1,473	1,396	1,452	1,372	1,451
% Change	4.6%	14.1%	-1.2%	-2.2%	-0.1%	-5.2%	4.0%	-5.5%	5.8%
Minnesota	1,579	1,605	1,693	1,871	1,920	2,031	2,175	2,269	2,392
% Change	5.2%	1.7%	5.5%	10.5%	2.6%	5.8%	7.1%	4.3%	5.4%
Missouri	2,234	2,269	2,306	2,349	2,236	2,175	2,292	2,491	2,514
% Change	-6.4%	1.5%	1.6%	1.9%	-4.8%	-2.7%	5.4%	8.7%	0.9%
Nebraska	982	992	1,020	877	844	894	850	837	771
% Change	-2.5%	1.0%	2.8%	-14.0%	-3.8%	5.9%	-4.8%	-1.6%	-7.9%
N. Dakota	310	300	197	316	338	381	395	383	368
% Change	28.8%	-3.2%	-34.3%	60.2%	7.0%	12.6%	3.7%	-3.1%	-3.8%
S. Dakota	302	333	420	372	336	326	346	371	377
% Change	-10.9%	10.2%	26.3%	-11.4%	-9.7%	-3.1%	6.4%	7.2%	1.4%
<b>Subtotal - West N. Central</b>	<b>8,174</b>	<b>8,627</b>	<b>8,883</b>	<b>8,986</b>	<b>8,774</b>	<b>8,841</b>	<b>9,065</b>	<b>9,232</b>	<b>9,475</b>
<b>% Change</b>	<b>-1.1%</b>	<b>5.5%</b>	<b>3.0%</b>	<b>1.2%</b>	<b>-2.4%</b>	<b>0.8%</b>	<b>2.5%</b>	<b>1.9%</b>	<b>2.6%</b>
<b>Total Midwest Region</b>	<b>21,420</b>	<b>22,819</b>	<b>23,651</b>	<b>24,436</b>	<b>24,304</b>	<b>24,200</b>	<b>24,947</b>	<b>25,975</b>	<b>27,753</b>
<b>% Change</b>	<b>-1.1%</b>	<b>5.5%</b>	<b>3.0%</b>	<b>1.2%</b>	<b>-0.5%</b>	<b>-0.4%</b>	<b>3.1%</b>	<b>4.1%</b>	<b>6.8%</b>

### The Greystone Methodology

The success of any transaction depends on the participant's ability to accurately forecast future financial performance. As part of this process, The Greystone Group constantly scrutinizes the numerous economic indicators that ultimately influence the consumption of cement and construction materials. Additionally, we maintain a database of historical population, housing starts, construction employment, cement consumption, sand, gravel and crushed stone production and ready mix concrete consumption on a state-by-state basis. In many regions, we maintain this information by county or major metropolitan area.

After analyzing economic projections generated by a myriad of independent economists from each relevant market, we apply Greystone's proprietary correlation in order to produce our construction materials forecast.

## U.S. Cement Consumption South Region

(000MT)	Actual				Greystone Forecast				
	1995	1996	1997	1998	1999	2000	2001	2002	2003
<u>South Atlantic:</u>									
Delaware	223	240	247	287	292	286	267	335	316
% Change	-3.0%	7.6%	2.9%	16.4%	1.6%	-1.9%	-6.7%	25.3%	-5.7%
District of Columbia	107	115	105	98	103	98	95	102	109
% Change	-4.6%	7.1%	-8.6%	-6.3%	4.3%	-4.6%	-2.6%	7.5%	6.8%
Florida	5,769	6,082	6,435	6,831	6,939	6,804	6,270	6,649	7,117
% Change	2.4%	5.4%	5.8%	6.2%	1.6%	-1.9%	-7.9%	6.0%	7.0%
Georgia	3,045	3,181	3,225	3,506	3,438	3,509	3,174	3,340	3,736
% Change	11.0%	4.5%	1.4%	8.7%	-1.9%	2.1%	-9.6%	5.2%	11.8%
Maryland	1,092	1,179	1,225	1,206	1,201	1,106	1,054	1,061	1,134
% Change	0.8%	8.0%	3.9%	-1.6%	-0.4%	-7.9%	-4.6%	0.6%	6.8%
North Carolina	2,218	2,259	2,598	2,699	2,610	2,426	2,601	2,800	3,106
% Change	2.9%	1.9%	15.0%	3.9%	-3.3%	-7.0%	7.2%	7.7%	10.9%
South Carolina	1,035	1,160	1,200	1,273	1,255	1,148	1,164	1,230	1,242
% Change	5.9%	12.1%	3.4%	6.2%	-1.4%	-8.5%	1.4%	5.7%	1.0%
Virginia	1,757	1,794	1,910	1,956	1,892	1,808	1,831	1,982	2,100
% Change	2.4%	2.1%	6.5%	2.4%	-3.3%	-4.4%	1.3%	8.2%	5.9%
West Virginia	412	443	440	428	421	446	458	490	506
% Change	-5.6%	7.5%	-0.8%	-2.7%	-1.6%	5.9%	2.8%	6.9%	3.1%
<b>Subtotal - South Atlantic</b>	<b>15,658</b>	<b>16,454</b>	<b>17,384</b>	<b>18,284</b>	<b>18,150</b>	<b>17,631</b>	<b>16,915</b>	<b>17,990</b>	<b>19,352</b>
<b>% Change</b>	<b>3.8%</b>	<b>5.1%</b>	<b>5.7%</b>	<b>5.2%</b>	<b>-0.7%</b>	<b>-2.9%</b>	<b>-4.1%</b>	<b>6.4%</b>	<b>7.6%</b>
<u>East S. Central:</u>									
Alabama	1,389	1,474	1,425	1,502	1,501	1,330	1,251	1,398	1,503
% Change	-3.0%	6.1%	-3.3%	5.4%	-0.1%	-11.4%	-5.9%	11.7%	7.5%
Kentucky	1,195	1,258	1,328	1,317	1,424	1,385	1,343	1,232	1,294
% Change	2.9%	5.3%	5.5%	-0.9%	8.1%	-2.7%	-3.0%	-8.3%	5.1%
Mississippi	865	942	969	962	1,073	1,063	1,013	1,079	1,143
% Change	-6.4%	8.9%	2.8%	-0.7%	11.5%	-0.9%	-4.7%	6.5%	5.9%
Tennessee	1,805	1,965	2,040	2,097	2,128	2,062	1,931	2,026	2,205
% Change	4.9%	8.8%	3.8%	2.8%	1.5%	-3.1%	-6.4%	4.9%	8.8%
<b>Subtotal - East S. Central</b>	<b>5,255</b>	<b>5,639</b>	<b>5,761</b>	<b>5,877</b>	<b>6,126</b>	<b>5,839</b>	<b>5,538</b>	<b>5,735</b>	<b>6,146</b>
<b>% Change</b>	<b>0.3%</b>	<b>7.3%</b>	<b>2.2%</b>	<b>2.0%</b>	<b>4.2%</b>	<b>-4.7%</b>	<b>-5.2%</b>	<b>3.6%</b>	<b>7.2%</b>
<u>West S. Central:</u>									
Arkansas	937	905	1,009	1,048	1,100	1,077	1,058	1,045	995
% Change	5.9%	-3.4%	11.5%	3.8%	5.0%	-2.1%	-1.7%	-1.3%	-4.7%
Louisiana	1,747	1,764	1,820	1,887	1,985	2,004	1,944	1,910	1,957
% Change	2.2%	1.0%	3.2%	3.7%	5.2%	1.0%	-3.0%	-1.8%	2.4%
Oklahoma	1,105	1,145	1,188	1,132	1,144	1,154	1,093	1,099	1,140
% Change	-0.8%	3.6%	3.8%	-4.7%	1.1%	0.9%	-5.3%	0.5%	3.7%
Texas	8,340	8,786	9,380	10,063	10,718	10,489	10,233	9,418	9,234
% Change	4.8%	5.3%	6.8%	7.3%	6.5%	-2.1%	-2.4%	-8.0%	-2.0%
<b>Subtotal - West S. Central</b>	<b>12,129</b>	<b>12,600</b>	<b>13,397</b>	<b>14,130</b>	<b>14,946</b>	<b>14,723</b>	<b>14,328</b>	<b>13,473</b>	<b>13,326</b>
<b>% Change</b>	<b>3.9%</b>	<b>3.9%</b>	<b>6.3%</b>	<b>5.5%</b>	<b>5.8%</b>	<b>-1.5%</b>	<b>-2.7%</b>	<b>-6.0%</b>	<b>-1.1%</b>
<b>Total South Region</b>	<b>33,042</b>	<b>34,692</b>	<b>36,542</b>	<b>38,292</b>	<b>39,222</b>	<b>38,193</b>	<b>36,781</b>	<b>37,197</b>	<b>38,837</b>
<b>% Change</b>	<b>3.3%</b>	<b>5.0%</b>	<b>5.3%</b>	<b>4.8%</b>	<b>2.4%</b>	<b>-2.6%</b>	<b>-3.7%</b>	<b>1.1%</b>	<b>4.4%</b>

## U.S. Cement Consumption West Region

(000MT)	Actual				Greystone Forecast				
	1995	1996	1997	1998	1999	2000	2001	2002	2003
<u>Mountain:</u>									
Arizona	2,266	2,516	2,549	2,899	3,094	3,071	2,900	2,571	2,721
% Change	4.9%	11.0%	1.3%	13.7%	6.7%	-0.7%	-5.6%	-11.4%	5.8%
Colorado	1,634	1,891	2,013	2,308	2,475	2,554	2,419	2,336	2,416
% Change	-6.8%	15.7%	6.5%	14.6%	7.3%	3.2%	-5.3%	-3.5%	3.4%
Idaho	463	449	473	488	472	480	466	493	511
% Change	2.3%	-3.2%	5.5%	3.0%	-3.3%	1.7%	-2.9%	5.9%	3.6%
Montana	274	273	303	311	322	356	350	377	420
% Change	-4.9%	-0.6%	11.2%	2.6%	3.5%	10.6%	-1.8%	7.6%	11.5%
Nevada	1,483	1,803	1,911	1,917	2,021	1,993	1,613	1,455	1,389
% Change	10.6%	21.6%	6.0%	0.3%	5.5%	-1.4%	-19.1%	-9.8%	-4.6%
New Mexico	708	747	739	732	724	707	695	744	788
% Change	6.3%	5.5%	-1.1%	-0.9%	-1.1%	-2.3%	-1.8%	7.1%	5.9%
Utah	1,286	1,267	1,356	1,486	1,692	1,789	1,817	1,669	1,477
% Change	25.0%	-1.5%	7.0%	9.6%	13.8%	5.8%	1.5%	-8.2%	-11.5%
Wyoming	215	196	228	216	209	212	206	194	210
% Change	-22.0%	-8.8%	16.3%	-5.2%	-3.2%	1.6%	-3.1%	-5.8%	8.5%
<b>Subtotal - Mountain</b>	<b>8,330</b>	<b>9,140</b>	<b>9,571</b>	<b>10,357</b>	<b>11,009</b>	<b>11,162</b>	<b>10,466</b>	<b>9,839</b>	<b>9,933</b>
<b>% Change</b>	<b>4.6%</b>	<b>9.7%</b>	<b>4.7%</b>	<b>8.2%</b>	<b>6.3%</b>	<b>1.4%</b>	<b>-6.2%</b>	<b>-6.0%</b>	<b>1.0%</b>
<u>Pacific:</u>									
Alaska	108	98	107	121	129	131	136	132	136
% Change	5.5%	-8.5%	8.4%	13.5%	6.3%	2.1%	3.6%	-3.3%	3.5%
California	8,101	8,465	9,510	10,375	11,781	12,314	13,209	13,857	12,314
% Change	-1.2%	4.5%	12.3%	9.1%	13.6%	4.5%	7.3%	4.9%	-11.1%
Hawaii	358	313	251	257	292	334	365	436	472
% Change	-9.4%	-12.8%	-19.6%	2.1%	13.8%	14.3%	9.5%	19.2%	8.4%
Oregon	1,027	1,165	1,195	1,139	1,099	1,102	1,130	1,172	1,232
% Change	8.4%	13.4%	2.6%	-4.7%	-3.5%	0.3%	2.6%	3.7%	5.0%
Washington	1,669	1,726	1,862	1,803	1,678	1,664	1,635	1,767	1,675
% Change	-3.8%	3.4%	7.9%	-3.2%	-6.9%	-0.8%	-1.8%	8.1%	-5.2%
<b>Subtotal - Pacific</b>	<b>11,264</b>	<b>11,767</b>	<b>12,925</b>	<b>13,694</b>	<b>14,978</b>	<b>15,545</b>	<b>16,476</b>	<b>17,364</b>	<b>15,829</b>
<b>% Change</b>	<b>-1.0%</b>	<b>4.5%</b>	<b>9.8%</b>	<b>5.9%</b>	<b>9.4%</b>	<b>3.8%</b>	<b>6.0%</b>	<b>5.4%</b>	<b>-8.8%</b>
<b>Total West Region</b>	<b>19,594</b>	<b>20,907</b>	<b>22,497</b>	<b>24,051</b>	<b>25,987</b>	<b>26,707</b>	<b>26,941</b>	<b>27,202</b>	<b>25,762</b>
<b>% Change</b>	<b>1.3%</b>	<b>6.7%</b>	<b>7.6%</b>	<b>6.9%</b>	<b>8.0%</b>	<b>2.8%</b>	<b>0.9%</b>	<b>1.0%</b>	<b>-5.3%</b>
<b>TOTAL U.S.</b>	<b>82,925</b>	<b>87,656</b>	<b>92,793</b>	<b>98,186</b>	<b>101,591</b>	<b>101,331</b>	<b>101,108</b>	<b>102,602</b>	<b>104,149</b>
<b>% Change</b>	<b>0.7%</b>	<b>5.7%</b>	<b>5.9%</b>	<b>5.8%</b>	<b>3.5%</b>	<b>-0.3%</b>	<b>-0.2%</b>	<b>1.5%</b>	<b>1.5%</b>

# Industry News

**CEMEX, S.A.** (OTC: CMXBY) announced in January that it had acquired the economic rights of an additional 40% interest in **Rizal** for a total consideration of US\$128 million. **CEMEX** acquired a 30% participation of **Rizal** in October 1997. **Rizal** has 2.8 million metric tons of cement production capacity. In a separate transaction, **CEMEX** secured an additional 6% stake in **PT Semen Gresik** through a public tender offer for US\$1.38 per share, for a total of US\$49.1 million. This investment would increase **CEMEX's** interest in **Gresik** to 22%. **Gresik** has 17.2 million metric tons of cement production capacity and is the market leader in Indonesia. Also in January, **CEMEX** announced that it had reached an agreement in principle with **JG Summit Holdings, Inc.**, a Philippine public company, to invest in **APO Cement Corporation**. The transaction would allow **CEMEX** to increase its presence in the Philippine cement market, consolidating the company's position as the country's second largest cement producer. **CEMEX** plans to acquire 99.9% interest in **APO** (with a planned investment of US\$400 million) in conjunction with Philippine investors through a Philippine company. Including an expansion that will be operational in less than 3 months, the company has 3.0 million metric tons of cement production capacity.

**Hanson Building Materials America** (formerly **Cornerstone Construction & Materials, Inc.**), a subsidiary of **Hanson PLC** (NYSE: HAN) acquired **Nelson Holding Company d/b/a Nelson & Sloan** during November 1998 for \$37.3 million in cash. The acquisition of **Nelson & Sloan**, a privately owned aggregate and ready mix company, makes **Hanson** the largest aggregates and ready mix concrete supplier in San Diego County. During its fiscal year ended May 31, 1998, **Nelson & Sloan** produced over 2.2 million tons of aggregate and 644,000 cubic yards of concrete.

**Cornerstone C & M, Inc.**  
a business unit of  
**Hanson PLC**  
*London, England*  
has acquired the stock of  
**Nelson Holding Company**  
**d/b/a Nelson & Sloan**  
*San Diego, California*

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The undersigned initiated managed this transaction and acted as financial advisor to Nelson Holding Company.

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The Greystone Group LLC  
Investment Banking

In December, **Hanson Building Materials America** acquired **Ameron International Corporation's** 50% stake in **Gifford-Hill-America Holdings, Inc.** for \$25 million in cash, plus the assumption of approximately \$3.5 million in debt. Upon closing, **Hanson** will own 100% of **Gifford-Hill-America**. During 1997, **Gifford-Hill-America** produced 774,400 linear feet of concrete pipe generating revenues of \$57.5 million. **Hanson PLC** announced in January that it had completed an agreement to enter the Malaysian aggregates market through the acquisition of 100% of the privately owned **Tanah Raya Group** for approximately 100 million Malaysian Ringgit (US\$26.5 million). During February, **Hanson** purchased **Lopke Granite Products, Inc.** in Las Vegas, Nevada for a purchase price of \$11.2 million. The purchase of **Lopke** includes approximately 80 million tons of high quality aggregate reserves.

**Knife River Corporation**, a subsidiary of **MDU Resources Group, Inc.** (NYSE: MDU) announced the acquisition of **Bend Aggregate and Paving**, a privately held supplier of construction materials and paving services in central Oregon. The transaction was closed during December 1998 and was expected to be merged into **Hap Taylor and Sons, Inc.**, which was acquired by **Knife River** during August 1998.

**Lafarge Corporation** (NYSE: LAF) announced in January that its Lafarge Gypsum division will build a new \$90 million gypsum wallboard manufactur-

ing facility in Silver Grove, Kentucky, near Cincinnati. The new plant is scheduled to open in the first half of 2000 and will be capable of producing 900 million square feet of wallboard annually, making it the largest single wallboard production line in the United States. During December, **Lafarge Canada Inc.** announced that it had entered into a definitive agreement to acquire **Atlantic Group Limited** and **Atlantic Gypsum Resources, Inc.** of Corner Brook, Newfoundland, whose assets include a wallboard manufacturing plant, mineral quarry and related assets. In February, **Lafarge** announced that it had completed a joint venture with Belgium-based **Carmeuse** in order to integrate **Carmeuse's** recently acquired **Dravo Corporation**, thus making the combined organization the leader in its market. The joint venture company, which is owned 60% by **Carmeuse** and 40% by **Lafarge**, will be active in all lime-related markets in the U.S. and Canada, generating annual sales of US\$400 million from the production of approximately 8 million tons of lime from 16 plants.

On November 19, 1998, **Lone Star Industries, Inc.** (NYSE: LCE) announced that its board of directors approved the expansion and modernization of the company's Greencastle, Indiana cement plant. The project will increase the plant's production capacity by 600,000 tons to a total capacity of 1,350,000 tons per year. The \$75 million plant expansion includes, among other things, the construction of a pre-heater tower and converting the plant to a semi-dry process.

**Pioneer International Limited** announced in February that it had completed the acquisition of **Hymix Australia Pty Limited** for a net price of approximately US\$190 million. The acquisition provides **Pioneer** with strategically located aggregate reserves together with long-term reserves for the Sydney market, where existing industry reserves are declining rapidly. **Hymix** operates six quarries and 24 concrete

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plants along the eastern seaboard of Australia. **Pioneer Southwest, Inc.**, a subsidiary of **Pioneer USA, Inc.**, reached an agreement during December to acquire **Asphalt, Inc.**, a San Diego-based operation that produces asphalt, sand and gravel and is heavily involved in area road construction. On January 5, **Pioneer USA, Inc.** announced that **Davison Sand & Gravel Company** and **Beckley Stone Company Inc.** were changing their names to **Pioneer Mid-Atlantic, Inc.** Beckley Stone, headquartered in Beckley, W.Va., and Davison Sand & Gravel, a Pittsburgh-based entity, have been operating under their own names since merging in July 1998. The move to consolidate the entities as a unit of Pioneer USA will work to take advantage of the reputation of parent company Pioneer International Limited, the third largest concrete producer in the world, and a market leader in aggregates, asphalt and other building materials around the world. Pioneer originally acquired Davison Sand & Gravel in 1988.

**David Clement**, former head of Davison Sand & Gravel, was named president of Pioneer Mid-Atlantic.

On January 18, **Skanska** and **Aker** announced an agreement to start a coordinated process to divest their shareholdings in **Scancem**. Between them, **Skanska** and **Aker** own shares in **Scancem** representing 90.8 percent of the votes and 73.5 percent of the share capital of the company. The intended coordinated divestment will be carried out in compliance with **Skanska's** undertakings with the European Commission, as set out in the settlement proposal accepted by the Commission in November 1998.

**Texas Industries, Inc.** (NYSE: TXI) announced in November 1998 that the **Fuller Company** had been selected to begin engineering for construction of a state-of-the-art kiln at its Midlothian, Texas cement plant. Earlier in November, the Texas Natural Resource Conservation Commission issued a permit to **TXI** for construction of a new

kiln system at the plant.

**Vulcan Materials Company** (NYSE: VMC) announced that it successfully completed its acquisition of **CalMat Co.** on Wednesday, January 6, 1999, when the merger of a subsidiary of **Vulcan** and **CalMat** became effective. On November 16, 1998, **Vulcan** and **CalMat** announced that they had entered into a definitive merger agreement providing for the acquisition of all of the shares of **CalMat** by **Vulcan** at a per-share price of \$31 in cash. The transaction had a total equity value of \$760 million, and **Vulcan** assumed approximately \$130 million in **CalMat** debt for a total transaction value of \$890 million. The acquisition of **CalMat** further solidifies **Vulcan's** position as the nation's largest producer of construction aggregates, serving 22 states from Virginia to California. During December, **Vulcan** announced the acquisition of **Burns Stone Company, Inc.**, a limestone quarry operation located west of Nashville in Dickson, Tennessee.

### Greystone Corporate Watch 1998 Year End Earnings Report (\*)

(\$000)		Net Revenue	98/97 %Chg.	Gross Margin	98/97 %Chg.	EBITDA	98/97 %Chg.	Pre-Tax Earnings	98/97 %Chg.
Ameron (AMN)	(i)	\$552,146	3.5%	\$157,911	3.6%	\$66,262	9.8%	\$31,917	2.1%
Centex Constr. (CXP)	(ii)	\$256,485	10.6%	\$106,734	25.0%	\$105,987	26.6%	\$93,966	30.9%
Florida Rock (FRK)	(iii)	\$143,123	28.2%	\$41,879	43.1%	\$24,214	27.3%	\$15,554	36.8%
Granite Constr. (GVA)		\$1,226,100	19.2%	\$191,216	27.5%	\$122,686	36.5%	\$75,011	69.8%
Giant Cement (GCHI)		\$154,109	31.8%	\$52,327	14.2%	\$40,364	12.0%	\$25,465	4.3%
Lafarge (LAF)		\$2,448,205	35.5%	\$806,001	39.6%	\$584,258	38.9%	\$379,824	29.1%
Lone Star Ind. (LCE)	(iv)	\$347,065	-2.9%	\$146,501	5.9%	\$139,358	10.7%	\$115,142	16.6%
Martin Marietta Matls (MLM)		\$1,057,691	17.4%	\$380,413	20.8%	\$296,666	19.7%	\$174,142	15.2%
Puerto Rican Cement (PRN)		\$148,377	-5.4%	\$53,002	-10.4%	\$32,694	-20.2%	\$14,146	-38.0%
Southdown (SDW)	(v)	\$1,184,700	8.2%	\$467,100	17.7%	\$303,400	-4.2%	\$209,600	-9.7%
TXI Corp. (TXI)	(vi)	\$579,510	-0.0%	\$167,660	9.3%	\$122,934	10.6%	\$77,249	4.1%
Vulcan Materials (VMC)		\$1,776,434	5.8%	\$687,462	14.6%	\$519,418	21.3%	\$374,844	24.7%
Average	(vii)	\$1,042,835	16.8%	\$348,003	22.0%	\$254,855	19.5%	\$171,022	17.1%

(i) Ameron International's earnings represent 12 months ended November 30, 1998.

(ii) Centex Construction Products' earnings represent nine months ended December 31, 1998.

(iii) Florida Rock Industries' earnings represent three months ended December 31, 1998.

(iv) Lone Star's decrease in net revenue primarily reflects the sale of the company's New York construction aggregates and central Illinois ready mix concrete operations during 1997.

(v) Southdown's EBITDA and pretax earnings reflect approximately \$83 million in acquisition charges relating to the Southdown and Medusa merger.

(vi) TXI's earnings represent six months ended November 30, 1998.

(vii) Quarterly Earnings Averages exclude Ameron, Centex, Florida Rock and TXI as they are on a fiscal year end other than 12/31.

(\*) Except where noted, reflects full year 1998 earnings through December 31, 1998. Source: Individual SEC filings.