

Spotlight Interview: Philippe Milliet, President and Chief Executive Officer of Consolis SAS



Consolis SAS is a leading European manufacturer of prefabricated concrete products, providing building and civil work projects with product lines ranging from floor and wall elements to railway sleepers, infrastructure products, sanitation pipes and structures for bridges and tunnels.

The Company was formed through the merger of Finnish Consolis and French Bonna Sabla, a transaction backed by Industri Kapital (IK Investment Partners), a European private equity firm with Nordic roots, in 2005. Consolis was acquired by LBO France in 2006.

With a workforce of over 10,000, today Consolis operates some 130 plants in 25 countries stretching from Scandinavia to North Africa and from Western Europe to the Baltic countries and Russia. Consolis' revenue exceeded €1.8 billion in 2008.

Philippe Milliet, President and CEO of Consolis, is an international executive with extensive experience in LBOs. His career outside Europe took him to Africa, the Middle East and North America for such global corporations as the oil giant Elf Aquitaine, now Total, and the cement group Ciments Français. In the U.S. he was head of Essroc, Inc., Ciments Français' \$400 million North American affiliate and later he was CEO of Wells Lamont, part of the Marmon Group, one of America's largest privately-held group of companies now owned by Berkshire Hathaway.

His first shot as a President of a company under an LBO dates back to 1993 when he acquired Procoves, the French leader in protective gloves, which he sold to Wells Lamont five years later. In 2002 he repeated the experience by leading AXA Private Equity into buying Bonna Sabla from Veolia Environnement, an acquisition which became the platform investment for the Consolis Group of today.

Q: Could you remind us how the Consolis Group was put together and its underlying business model?

A: The build-up of Consolis in 2005 was based on four key facts: (i) a precast concrete industry lacking structure with no obvious country leader, (ii) a continuous change in construction methods from the use of ready-mix concrete to prefabricated products allowing a faster implementation, personnel cost reduction and a lower environmental impact, (iii) a raw material cost advantage compared with steel building elements and (iv) room for further innovation resulting from R&D conducted by cement companies.

In each of the 25 countries covered by the Group, we have identified product segments in which to hold strong positions with market shares ranging from 30% to 50%.

Q: In your view, how does the current economic climate affect the building industry and how has your Group been affected by this turmoil?

A: The current climate is exceptional both in terms of intensity and extent, with a deep impact on construction in both residential and non-residential, especially in Scandinavian countries (even if a recovery could occur shortly in Sweden and Norway).

Consolis' footprint in 25 countries and on the four or five major segments of construction (residential and non-residential, public and private, infrastructure and environmental) allows the Group to soften the blows.

For example, the sales in Scandinavian countries are expected to drop by 18% to 20% from 2008 to 2009 and should be fairly stable in 2010 with a slight decrease in terms of commercial margins. However, at the same time, our plants dedicated to pipes in Egypt or Tunisia as well as our Polish plants for alveolar slabs and all our

plants for railway sleepers are running at full capacity.

Q: It looks like a resilient business model. Does this mean you did not need to take major corrective actions from an operational and financial standpoint?

A: It is. Nevertheless we have implemented actions to strengthen our financials. Measures on direct and indirect costs are expected to limit the drop at the EBITDA level to 30% to 35%. In addition, we have taken cash containment measures such as a strict monitoring of working capital partly based on a reduction of inventories (raw materials and finished goods) and a severe restriction on capex (from €80 million to €35 million). These actions have helped maintain a comfortable cash position: we were even able to reduce by €30 million our financial debt earlier in the year.

Q: The current period has created turbulence in the relationship between companies under an LBO and their partners. How would you describe your current relationship with LBO France and with your banks?

A: As a recent LBO operation reasonably leveraged (6.5x EBITDA at signing) and regularly de-leveraged over the past two years, Consolis is in a good position in terms of cash-flow cover ratio (2x EBIT). In other words, Consolis is far from being a concern for LBO France and the banks. LBO France is even ready to support Consolis' further development and external growth, as attractively priced opportunities could arise by the end of the crisis.

Q: What about a potential expansion of Consolis outside Europe and the Mediterranean Basin?

A: To begin with, there is still much to develop in North Africa and the Middle East based on our existing platforms in Tunisia, Egypt and Morocco. Algeria, for example,


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has huge needs for water infrastructure and is petrodollar rich. In the long-term, following a strategy similar to that of the cement companies in the past, Consolis will be able to expand from that European and Middle East platform and explore long distance markets such as the U.S. or the BRIC (Brazil, Russia, India and China) countries.

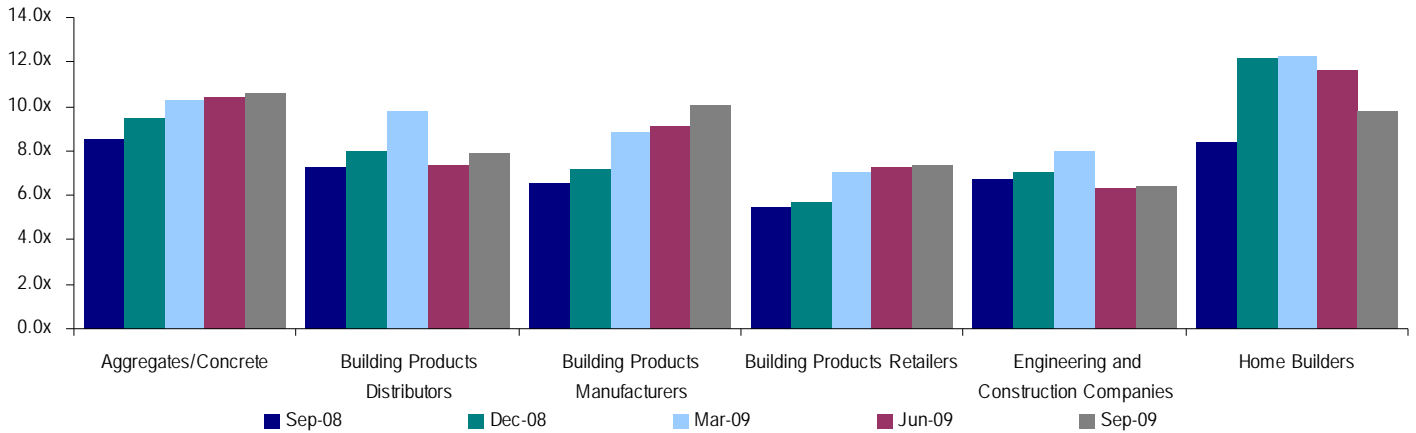
Q: Since the financial crisis and the rise of sustainable development standards, have the cards been reshuffled between prefabricated concrete and other building techniques in the world?

A: No question that prefabricated concrete has taken market share from pure steel construction frames and will continue to do

so for the obvious raw material cost advantage and improved technology. It is replacing wood for railway sleepers given today's track solidity and reliability requirements. Finally, the benefits of precast over in situ concrete will continue to ensure our Group's growth. 

Valuation Multiple Update: Building and Infrastructure Indices

Chart A: Historical Enterprise Value / EBITDA Multiples

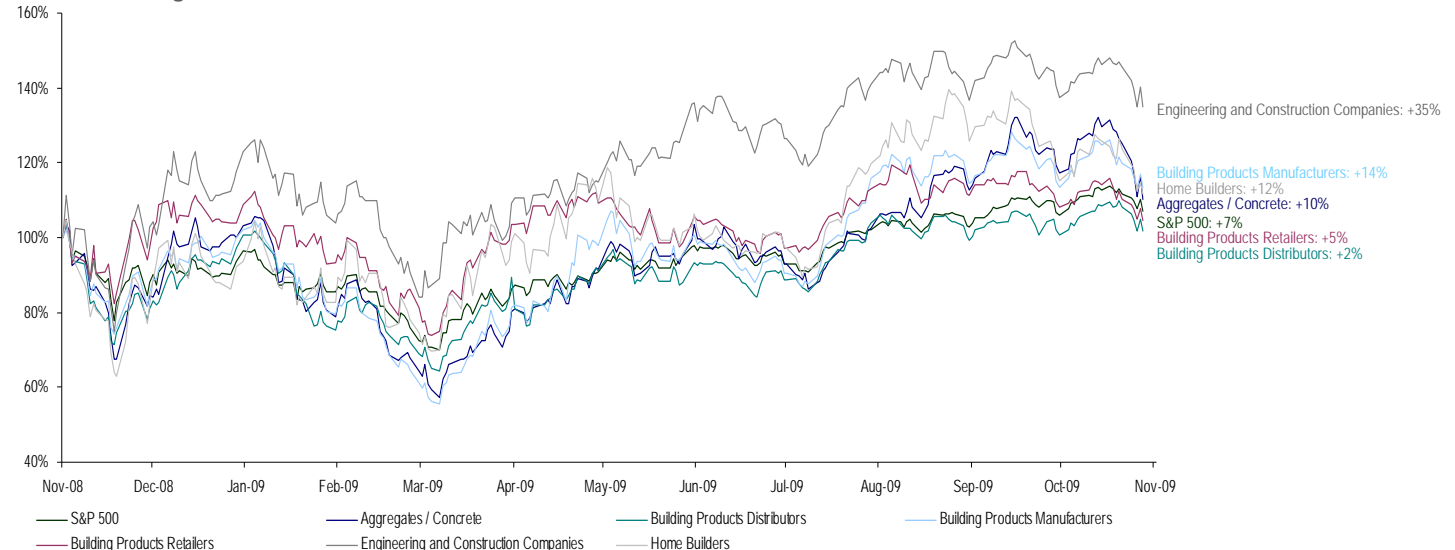


Index	Components
Aggregates/Concrete	CEMEX, S.A.B. de C.V. Holcim Ltd. US Concrete Inc. CRH plc Lafarge SA Vulcan Materials Company Eagle Materials Inc. Martin Marietta Materials Inc. HeidelbergCement AG Texas Industries Inc.
Building Products Distributors	Beacon Roofing Supply Inc. Interline Brands Inc. WESCO International Inc. Builders FirstSource, Inc. W.W. Grainger, Inc. Hutlig Building Products Inc. Watsco Inc.
Building Products Manufacturers	AAON Inc. Gibraltar Industries, Inc. Lennox International Inc. NCI Building Systems Inc. Sherwin-Williams Co. USG Corp. American Woodmark Corp. Griffon Corporation Louisiana-Pacific Corp. Owens Corning Simpson Manufacturing Co., Inc. Assa Abloy AB Headwaters Inc. Masco Corp. PGT, Inc. Trex Co. Inc. Dixie Group, Inc., The Interface Inc. Mohawk Industries Inc. Quanex Building Products Corporation US Home Systems Inc.
Building Products Retailers	Home Depot, Inc., The Lowe's Companies Inc. AMEC plc Arcadis NV Granite Construction Incorporated Jacobs Engineering Group, Inc. Skanska AB SNC Lavalin Group Inc.
Engineering and Construction Companies	Chicago Bridge & Iron Company N.V. Michael Baker Corporation Tutor Perini Corporation Fluor Corporation Shaw Group Inc. URS Corporation
Home Builders	Beazer Homes USA Inc. Hovnanian Enterprises Inc. MDC Holdings Inc. Ryland Group Inc. Caltex Australia Ltd. KB Home Meritage Homes Corporation Standard Pacific Corp. Champion Enterprises Inc. Lennar Corp. NVR Inc. Toil Brothers Inc. DR Horton Inc. M/I Homes, Inc. Pulte Homes Inc.

Source: Capital IQ

Stock Market Performance Update: Building and Infrastructure Indices

Chart B: Building Products and Services Indices



Source: Capital IQ

Recent Building and Infrastructure Industry News and Notes

- **Total construction is expected to be up 11% in 2010** despite being down 25% in 2009, driven primarily by a 32% increase in single family housing construction. *Source: McGraw-Hill Construction*
- High levels of distressed homes are expected to drive growth in the remodeling sector in the first half of 2010. *Source: McGraw-Hill Construction*
- Of the \$787 billion for the American Recovery and Reinvestment Act (ARRA), **\$130 billion will be injected into construction from 2009-2011**. *Source: McGraw-Hill Construction*
- 11/05/09: **Congress passed legislation to extend the \$8,000 first-time home buyer tax credit** and created a new \$6,500 credit for existing home owners who have lived in their homes for at least five consecutive years in the past eight.
- 11/02/09: **Stanley Works** agreed to acquire **The Black & Decker Corporation** for \$4.5 billion.
- 11/02/09: **Construction spending increased at an annual rate of 0.8% in September to \$940.3 billion** seasonally adjusted, over the revised August estimate of \$933.0 billion.
- 10/28/09: **Seasonally adjusted new home sales declined to 402,000 units** in September from 417,000 units in August, a decrease of 3.6%.
- 10/28/09: **Inventory of new homes declined to 251,000 units, or 7.5 months**, for the month of September while **existing home inventory declined to 3.6 million units, or 7.8 months**, for the same period.
- 10/23/09: **Existing homes sales increased to 5.6 million units** in September from 5.1 million units in August when seasonally adjusted, an increase of 9.8% annualized.
- 10/22/09: The U.S. Bankruptcy Court in Delaware authorized **Building Materials Holding Corporation** to begin soliciting approvals of its Plan of Reorganization from the requisite creditors.
- 10/22/09: **NTK Holdings, Inc.** (Nortek) filed for Chapter 11 bankruptcy protection as part of a restructuring agreement with lenders.
- 10/20/09: **Building permits declined to 573,000 units** in September compared to 580,000 units in August, a decrease of 1.2%.
- 10/20/09: **Housing starts increased slightly in September to 590,000 units**, relative to August at 587,000 units.

Selected 2009 Building and Infrastructure M&A Transactions

Date Closed	Target Company	Target Description	Acquiring Company
11/03/2009	Gienow Windows & Doors LP	Manufactures windows and doors	VKR Holding A/S
10/30/2009	Panel Specialists, Inc.	Manufactures and installs laminated casework products	Markel Ventures
10/01/2009	RJF International Corporation, KoroKlear Division	Manufactures strip doors and industrial barriers	TMI, LLC
10/01/2009	CEMEX Australia Pty Limited	Supplies construction materials	Holcim Ltd.
09/24/2009	Prosperity Minerals Holdings Limited	Manufactures and sells cement	Prosperity International Holdings HK Ltd.
09/15/2009	Temcor, Inc.	Manufactures architectural and environmental prefabricated structures and enclosures	CST Industries, Inc.
09/01/2009	Cavalier Homes Inc.	Designs, produces and sells modular homes	Southern Energy Homes Inc.
08/31/2009	StrionAir, Inc.	Manufactures air purification systems	Carrier Corporation
08/18/2009	Centex Corporation	Engages in residential construction and related activities	Pulte Homes Inc.
08/18/2009	The Hurricane Window & Door Factory, LLC	Manufactures and services vinyl impact windows and doors	PGT, Inc.
08/17/2009	Pro-Pointer, Inc.	Builds and remodels residential and light commercial projects	Coenzyme-A Technologies, Inc.
08/14/2009	Eco Wave, LLC	Distributes green building materials	Natural Blue Resources, Inc.
08/11/2009	RedBuilt, LLC	Designs, manufactures and supports engineered structural wood products	Atlas Industries Holdings LLC
08/03/2009	Porta-Kamp International, LP	Manufactures, supplies and constructs crew housing facilities	Teton Buildings, LLC
07/27/2009	Gulfand Cement, LLC	Distributes portland cement	CEMEX, S.A.B. de C.V.
07/17/2009	Rocky Mountain Ready Mix Concrete, Inc.	Manufactures ready-mix concrete	Campbells C-Ment Contracting, Inc.
07/17/2009	Kempsville Building Materials, Inc.	Provides lumber and building supplies	The Carter Lumber Company
06/05/2009	Raven Mount Group PLC	Specializes in residential and commercial property development	Raven Russia Ltd.
06/02/2009	Tru Tech Doors U.S.A., Inc.	Manufactures metal doors	Tru Tech Door Systems
05/28/2009	Miracle Steel Corp.	Manufactures pre-engineered steel buildings	Heartland Manufacturing Group, Inc.
05/28/2009	Boise Structural Solutions	Manufactures wood truss and distributes engineered wood products	Boise Cascade Company
05/07/2009	The Doan Companies, Detroit Ready-Mix Concrete Operations	Manufactures ready-mix concrete	McCoig Group, Inc.
05/06/2009	Stock Building Supply Holdings LLC	Provides building materials and construction services to home builders and contractors	The Gores Group LLC
04/17/2009	Castle Entries, Inc.	Provides custom wrought iron doors, balconies, windows, gates and hardware	The Iron Door Company, LLC
04/14/2009	Scylla of Florida, Inc.	Distributes rebar, fastener, drywall and roofing products	PrimeSource Building Products, Inc.
04/08/2009	Alfacem S.R.L.	Manufactures cement	Cementir Delta S.P.A.
03/27/2009	Morin Brick Company, Inc.	Manufactures and distributes bricks	RJ Finlay & Co., LLC
03/17/2009	Freedom Plastics, Inc., Janesville PVC Pipe Plant	Manufactures PVC pipe	North American Pipe Corporation
03/17/2009	Freedom Plastics, Inc., Fabrication Operations in Janesville	Fabricates PVC plastic pipes and fittings	The Harrington Corporation
03/17/2009	Freedom Plastics, Inc., Plant in Preston	Manufactures plastic pipes	NACO Industries, Inc.
03/13/2009	DW Systembau GmbH, Plant in Rinteln	Manufactures steel and prestressed concrete prefabricated components	Michael Kleibl GmbH & Co. KG
02/26/2009	Republic Windows & Doors, Inc.	Manufactures custom-crafted vinyl windows	Serious Materials, Inc.
02/24/2009	Paradigm Polymers, Inc.	Sells foam insulation products	Eco-Built Systems, LLC
02/24/2009	Chesapeake Siding and Roofing, Inc.	Distributes exterior building products	American Builders & Contractors Supply Co., Inc.
02/17/2009	ReddiForm, Inc.	Manufactures insulated concrete form wall systems	Alternative Green Technologies, Inc.
02/05/2009	R&L, Inc.	Distributes and installs vinyl fence products	Best Vinyl LLC
01/14/2009	Kensington Windows, Inc.	Manufactures vinyl replacement windows	Serious Materials, Inc.
01/14/2009	ConArt Precast LLC	Manufactures precast concrete	KT Capital Partners, LP
01/13/2009	Allied Industries International	Manufactures plastic flooring	Allied Companies, LLC
01/12/2009	Heartland Building Products, Inc., Infinite Building Products Inc. and Outdoor Technologies Inc.	Produces extruded aluminum products and manufactures and distributes vinyl fencing, decking and railing products	ProVia Door, Inc.
01/05/2009	E.B. Bradley Company	Distributes laminate, cabinet, furniture, store fixture hardware, flooring and woodworking supplies	Industrial Opportunity Partners LLC
01/02/2009	OFI Income Fund	Manufactures and distributes fiberglass insulation products and fiberglass ceiling tiles	CertainTeed Corporation

Source: Capital IQ and Factset Mergerstat

Lincoln International Wins Three Prestigious M&A Awards in Three Months

In the past nine months Lincoln International has been recognized as a leader in the M&A industry by three highly respected award programs. In March, Lincoln was announced as a winner at the **M&A Advisor 2009 Turnaround Awards** among 107 other finalists. The firm won the “**Distressed M&A Deal of the Year under \$100 million**” award for its outstanding work in advising Reunion Industries, Inc. on its sale of CP Industries to Everest Kanto Cylinder in April 2008.



In April, the firm was named “**Middle Market Investment Bank of the Year**” by **Buyouts magazine**, one of the most widely read publications in the private equity community. In this ninth annual *Buyouts* awards program, all six of the nominated firms for Middle Market Investment Bank of the Year were judged on transaction volume, innovation, flexibility, timeliness, deal prices, the ability to overcome obstacles and overall reputation in the marketplace.



In May, Lincoln International was awarded the distinction of “**International M&A Advisory Firm of the Year**” by **ACQ Finance Magazine**. Now in its fourth year, the *ACQ Finance Magazine* awards program aims to recognize excellence in deal-making by selecting winners through an independent poll of ACQ readers, contributors and industry experts. Award winners are independently determined and recognized for their contributions to making deals happen over the last twelve months.



About Lincoln International

Lincoln International specializes in merger and acquisition advisory services, debt advisory services, UK pension advisory services and providing fairness opinions and valuations for leading organizations involved in mid-market transactions. With offices in Chicago, Frankfurt, London, Los Angeles, Madrid, New York, Paris, Tokyo and Vienna, and strategic partnerships with China Everbright in China and ICICI Securities, Inc. in India, Lincoln International has strong local knowledge and contacts in the key global economies. The organization provides clients with senior-level attention, in-depth industry expertise and integrated resources. By being focused and independent, Lincoln International serves its clients without conflicts of interest. More information about Lincoln International can be obtained at www.lincolninternational.com.



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