

Metso to accelerate growth in aggregates with the acquisition of McCloskey

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Metso has signed an agreement to acquire McCloskey International, a Canadian mobile crushing and screening equipment manufacturer, to expand Metso's offering in the aggregates industry globally and to strengthen the customer reach especially to general contractor customers.

The mobile aggregate equipment market is expected to grow by 4-6% annually during 2019-2023, driven by the underlying road construction spend. With this acquisition Metso will be able to better take part in the attractive growth of mobile products within the aggregates industry.

"This acquisition is in line with Metso's profitable growth strategy. It strengthens our aggregates business in key growth areas. The different cycles of aggregates balance our previously more mining focused Minerals portfolio well," says Pekka Vauramo, Metso's President and CEO.

"Customers in aggregates and construction have varying business needs. This acquisition supports our expansion plans to approach customers through multiple complementary channels and offerings to meet their diverse needs", adds Markku Simula, President of the Aggregates Equipment business area in Metso. "Going forward, Metso plans to continue developing the McCloskey brands and distribution channels independent of the Metso channel. Synergies are apart from sourcing mainly revenue related, resulting from the wider offering available to both channels as well as additional crusher equipment, service and consumable sales," he continues.

In the 12-month period ending September 30, 2018, McCloskey had pro forma sales of CAD 464 million (EUR 308 million) and a pro forma EBITDA margin of 10.3%. The company's strong track record of profitable growth over the past several years is expected to continue in 2019. The company's sales in the fiscal year ending September 30, 2019, are expected to exceed CAD 500 million (EUR 330 million). McCloskey has approx. 900 employees in Canada, the United States and Northern Ireland.

"We are proud of the growth achieved in a competitive market. I know that joining Metso is the right move for all our customers, employees, dealers and business partners. The combination of our unique focus on products and people and Metso's global resources will help create even better solutions for our customers," says Paschal McCloskey, Founder, President and CEO of McCloskey.

The enterprise value of the transaction is CAD 420 million (EUR 279 million) payable at closing with an additional profitability-based earn-out consideration of up to CAD 35 million (EUR 23 million) for the two-year period after closing. The transaction is expected to be positive for Metso's earnings per share in 2020.

McCloskey will be reported in Metso's Minerals segment.

To ensure financing for the acquisition, Metso has agreed on a bilateral loan from Nordea Bank Abp. The loan has a maturity of two years and includes an option to extend the maturity by one year.

The acquisition is subject to customary closing conditions, including anti-trust approvals. Closing is expected to take place during Q4 2019.

Source: Metso Corporation