

CRH buys assets of two US firms

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CRH has acquired the assets of two US building materials firms, Millington Quarry and Dell Contractors, for \$148 million (€145 million). This brings its spending on investment and acquisitions to between €900 million and €1 billion so far this year. The initial cash consideration amounts to \$123 million, and there will be a deferred consideration with a net present cost of \$25 million payable over a 10-year period. CRH said the net present cost of the acquisition, after the disposal of certain surplus assets, is \$146 million.

Millington, founded in 1978, is an aggregate and asphalt producer, based in Millington, New Jersey. It operates four quarries and four asphalt plants in central and northern New Jersey. Dell, with headquarters in Paterson, New Jersey, is involved in aggregates, asphalt and paving. The businesses have aggregate reserves of over 330 million tons and, last year, 7.4 million tons of aggregates and 2.2 million tons of asphalt were sold. They generated a trading profit of \$18 million after a hefty depreciation charge of \$8 million, on sales of \$149 million. The deal is earnings-enhancing. It should boost annualised earnings per share by 1 cent and cashflow by 4 cents, said CRH finance director Mr Harry Sheridan.

"It is a neat little operation", he added. The businesses have been bought, rather than the companies, because of tax advantages, he said. CRH said following the acquisition of the Tilcon Group in September 1996, and of New York Trap Rock in October 1997, that "Oldcastle [CRH's US subsidiary, which is making the latest acquisitions] acquired a strong base in the important southern New York region, with lesser presence in the contiguous market of northern New Jersey". The two new businesses, CRH said, "are an excellent strategic fit". The operations of Millington, Dell and Tilcon New Jersey are to be integrated with Tilcon New York.

The new businesses were family-owned. The family management Millington are in their sixties and will be retiring. The senior vice-president of Dell, Mr Tony Dellechiaie, in his forties, is the son of the founder of Dell and will be running Dell and Millington.

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