



## International building materials firm **advances its acquisition strategy in Spain**

DEAL FLASH | CONSTRUCTION AND ENGINEERING SERVICES | DECEMBER 2024

### DEAL SNAPSHOT

**Grafton Group plc, the international building materials distributor and DIY retailer, has acquired the entire issued share capital of Salvador Escoda, S.A.**

The acquisition of Salvador Escoda is consistent with Grafton's strategy of acquiring platform businesses with unique propositions that offer exciting growth opportunities, and which operate in fragmented markets with strong underlying fundamentals.

Grafton Group plc manages local brands with strong market positions in the distribution, manufacturing and DIY retail segments of the building materials sector. Headquartered in Dublin and listed on the London Stock Exchange, it provides services in Ireland, the UK, the Netherlands, Spain and Finland.

Salvador Escoda S.A. is one of Spain's leading distributors of air conditioning, ventilation, heating, water and renewable products, serving professional installers across the residential, commercial and industrial sectors. The company, headquartered in Barcelona and founded in 1974, operates from over 90 strategically located branches throughout Spain and is supported by four distribution centers.

“We see long-term structural growth in the Spanish economy and in its fragmented distribution markets for building and construction products. Salvador Escoda's leading brands in categories such as ventilation and air conditioning are an exciting new adjacent channel for Grafton. We look forward to working with the highly experienced and successful team to build on their rich heritage and accelerate what has been an impressive track record of growth.”

**ERIC BORN**  
CHIEF EXECUTIVE OFFICER  
GRAFTON GROUP PLC  
IRELAND

### OAKLINS' ROLE IN FACILITATING THE DEAL WAS **VITAL TO ITS SUCCESS**

Oaklins' Spanish team acted as advisor to the Grafton Group on the transaction. This deal highlights Oaklins' cross-border expertise and experience, showcasing its capacity for closing international deals in key growth sectors.

## MARKET TRENDS & DEAL DRIVERS

Spain is the fourth largest construction market in the EU, and is forecast to have one of the fastest growing economies in Western Europe over the period 2023–2026<sup>1</sup>. The building materials distribution market is highly fragmented, and within this market, heating, ventilation and air conditioning (HVAC) has been identified as one of the strongest growth segments. This is partly as a result of climate change, but is also supported by replacement cycle dynamics and a favourable regulatory environment.

<sup>1</sup>Euroconstruct 97th Summary Report (Summer 2024 Forecast)

## M&A VALUATION ASPECTS

The total consideration payable for Salvador Escoda is a maximum of US\$138.96 million on a cash and debt-free basis (before leases<sup>2</sup>), with US\$134.75 million payable at completion and a further US\$4.21 million payable subject to financial performance conditions. Salvador Escoda reported revenue of US\$244.03 million and adjusted operating profit on a local GAAP basis<sup>2</sup> of US\$17.37 million for the year ended 31 December 2023. Since 2019, its compound growth rate of revenue has been approximately 9% per annum.

<sup>2</sup>On a post-IFRS 16 (leases) basis, the estimated adjusted operating profit for the year ended 31 December 2023 was US\$18.53 million and the estimated capitalised value of leases at 1 July 2024 was US\$41.06 million.

## TALK TO OUR ADVISORS



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Laura advises on domestic and cross-border transactions across a broad range of sectors, focusing on building materials distribution, engineering, food & beverage and hospitality. Laura also has extensive experience in capital raising. In the building materials sector, she has advised corporations such as Sonepar and ElectroStocks on their growth strategy in the Iberian Peninsula, which led to several acquisitions. Most recently she has been involved in the sale of IDP Group, an engineering company, majority-owned by the private equity fund Nazca, to French multinational group Bureau Veritas; the sale of the ingredients company Eurocebollas to Portobello Capital; and the acquisition of a coffee distribution company by Calidad Pascual, one of the leading Spanish companies in the food and beverage sector.

José Antonio specializes in advisory work, including public and private M&A transactions and valuations for both listed and non-listed firms. He has advised Spanish companies, such as Repsol, Endesa, Aegon, Ercros and Zeltia, as well as international corporations on their growth and development plans within and outside Spain. In addition, he has led a wide-ranging number of domestic transactions with private equity firms. In the last couple of years, he has focused on the private equity, consumer, industrial and engineering sectors.

“This deal highlights Oaklins expertise in the building materials sector, reinforcing our role as a trusted advisor in cross-border partnerships that drive innovation and value creation in the Spanish market.”

LAURA SATRÚSTEGUI  
PARTNER, OAKLINS

## OAKLINS HAS CLOSED 620 DEALS IN CONSTRUCTION AND ENGINEERING SERVICES

United by a strong belief that we can achieve the extraordinary. Oaklins is a global team of 800+ financial advisory professionals in 40 countries providing M&A, growth equity, ECM, debt advisory and corporate finance services to support entrepreneurs, corporates and investors in reaching their goals.

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