

# Granite Completes Acquisitions of Warren Paving and Papich Construction to Strengthen and Expand Vertically-Integrated Home Markets

- Acquisitions strengthen and expand Granite's vertically-integrated home markets with the addition of aggregates quarries, asphalt plants and paving and civil construction operations
- Acquisitions increase Granite's aggregate reserves and resources by approximately 30% with the addition of more than 440 million tons and increase annual aggregate production by approximately 27% with the addition of over 5 million tons
- Warren Paving, a leading aggregates producer with an extensive barge network on the Mississippi River system, enhances Granite's Southeastern home market in Mississippi and the Gulf Coast regions of Louisiana and Alabama
- Papich Construction augments Granite's position in California's Central Coast and Central Valley as a leading vertically-integrated construction contractor
- Acquisitions are highly complementary to Granite's existing operations, building scale and creating opportunities for commercial and operational synergies
- Acquisitions are expected to be immediately accretive to adjusted EBITDA margin <sup>1</sup>

WATSONVILLE, Calif.--(BUSINESS WIRE)--Granite (NYSE: GVA) today announced that it has completed two acquisitions that strengthen its vertically-integrated home markets for a combined purchase price of \$710 million, subject to customary closing adjustments. Together, the acquisitions are expected to contribute approximately \$425 million in revenue annually with an expected adjusted EBITDA margin of approximately 18%. This implies a blended multiple of approximately 9.2x expected adjusted EBITDA.

"We are excited to welcome Warren Paving and Papich Construction," said Granite President and Chief Executive Officer, Kyle Larkin. "Their management teams have strong track records of success, and we look forward to combining our businesses. These acquisitions mark another significant step forward as we continue to grow our industry-leading, vertically-integrated business. With our strong cash generation and robust acquisition pipeline, I expect to continue to grow our home markets through bolt-on transactions and expansion into new markets."

## Acquisition of Warren Paving Business

Warren Paving is a leading aggregates producer with vertically-integrated operations in the Mississippi River and Gulf Coast regions, operating a network of strategically located assets, including one quarry, one sand and gravel operation, 11 aggregate yards, three asphalt plants and a fleet of 168 owned and leased barges. This acquisition adds over 400 million tons of aggregate reserves and resources and is a transformative opportunity to own and operate one of the largest and most attractive quarry and distribution networks in the Southeast. Warren Paving's assets are highly complementary to our Southeastern platform's plant networks across Mississippi and is expected to generate annual revenue and adjusted EBITDA of approximately \$275 million and \$52 million, respectively, representing an expected adjusted EBITDA margin of approximately 19%.

## Acquisition of Papich Construction Business

Papich Construction specializes in infrastructure projects, including road, rail and highway construction and supplies both internal projects and third-party customers with a full suite of asphalt and aggregates products, including sand, gravel and crushed rock. The acquisition includes a gravel mine, two quarries and two asphalt plants.

## Strategic and Financial Rationale for the Acquisitions

- **Strengthens Vertical Integration with Enhanced Scale:** The acquisitions strengthen our vertical integration in

both the California and Southeast markets. The barge network in the Southeast presents significant opportunities to supply additional locations as we continue to expand and work to increase volumes.

- **Increases Exposure to Aggregates:** These acquisitions increase our aggregates reserves and resources by approximately 30% and annual aggregate production by approximately 5 million tons, or 27%.
- **Enhances Financial Profile:** The acquisitions are expected to be immediately adjusted EBITDA margin accretive, with an estimated annual uplift of approximately 60 basis points driven by the increased aggregates exposure.
- **Capitalizes on Strong Financial Position:** The strength of our balance sheet and underlying operations, supplemented by the amended and restated credit facility position us to continue to invest in organic growth and strategic acquisitions.

## Financing

The acquisitions were financed through a new 5-year \$600 million term loan, \$100 million of cash on hand and \$10 million drawn on an upsized revolver of \$600 million. Our pro forma net leverage ratio<sup>1</sup> for an annual period, inclusive of the acquisitions, is well below our target of 2.5x.

"These acquisitions are in line with our capital allocation strategy and reinforce our focus on driving sustainable, long-term value creation for our shareholders," said Granite Executive Vice President and Chief Financial Officer, Staci Woolsey. "Our cash generation and upsized credit facility allow us to continue to execute on high quality M&A transactions while maintaining a prudent leverage ratio."

Further details on these transactions as well as second quarter results and revised 2025 guidance will be provided on our next earnings call on Thursday, August 7, 2025, at 8:00 am Pacific Time.

## Advisors

Barclays served as exclusive financial advisor to Granite on the acquisition of Warren Paving. A&O Shearman served as legal advisor to Granite on the acquisitions of Warren Paving and Papich Construction.

## About Granite

Granite is America's Infrastructure Company™. Incorporated since 1922, Granite (NYSE:GVA) is one of the largest vertically-integrated civil contractors and construction materials producers in the United States. Granite's Code of Conduct and strong Core Values guide the Company and its employees to uphold the highest ethical standards. Granite is an industry leader in safety and an award-winning firm in quality and sustainability. For more information, visit the Granite website, [graniteconstruction.com](https://graniteconstruction.com), and connect with Granite on [LinkedIn](#), [X](#), [Facebook](#), and [Instagram](#).

## Forward-Looking Statements

Any statements contained in this news release that are not based on historical facts, including statements regarding that the acquisitions create opportunities for commercial and operational synergies, the acquisitions are expected to be immediately accretive to adjusted EBITDA margins, the acquisitions are expected to contribute approximately \$425 million of revenue annually with an expected adjusted EBITDA margin of approximately 18%, expected adjusted EBITDA, combining our businesses, the expectation that we continue to grow our home markets through bolt on transactions and expansion into new markets, Warren Paving is expected to annually generate revenue and adjusted EBITDA of approximately \$275 million and \$52 million, respectively, representing an expected adjusted EBITDA margin of approximately 19%, the barge network in the Southeast presents significant opportunities to supply additional locations as we continue to expand and work to increase volumes, the acquisitions are expected to be immediately adjusted EBITDA margin accretive, with an estimated annual uplift of approximately 60 basis points to adjusted EBITDA margins driven by the increased aggregates exposure, continued investment in organic growth and strategic acquisitions, pro forma net leverage ratio, that we will continue to execute on high quality M&A transactions while maintaining a prudent leverage ratio and our capital allocation strategy constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements are based on management's current beliefs, assumptions and estimates. These expectations may or may not be realized. Some of these expectations may be based on beliefs, assumptions or estimates that may prove to be incorrect. In addition, our business and operations involve numerous risks and uncertainties, many of which are beyond our control, which could result in our expectations not being realized or otherwise materially affect our business, financial condition, results of operations, cash flows and liquidity. Such risks and uncertainties include, but are not limited to, those described in greater detail in our filings with the Securities and Exchange Commission, particularly those described in our Annual Report on Form 10-K and Quarterly Reports on Form 10-Q.

Due to the inherent risks and uncertainties associated with our forward-looking statements, the reader is cautioned not to place undue reliance on them. The reader is also cautioned that the forward-looking statements contained herein speak only as of the date of this news release and, except as required by law; we undertake no obligation to revise or update any forward-looking statements for any reason.

### **Non-GAAP Financial Information**

This news release contains financial information calculated other than in accordance with U.S. generally accepted accounting principles ("GAAP"). Specifically, management believes that non-GAAP financial measures such as EBITDA and EBITDA margin are useful in evaluating operating performance and are regularly used by securities analysts, institutional investors and other interested parties, and that such supplemental measures facilitate comparisons between companies that have different capital and financing structures and/or tax rates. We also include adjusted EBITDA and adjusted EBITDA margin, non-GAAP measures, to indicate the impact of loss on debt extinguishment, stock-based compensation expense and other costs, net, which include legal fees for the defense of a former company officer in his ongoing civil litigation with the Securities and Exchange Commission, reorganization costs, strategic acquisition and integration expenses and non-cash impairment charges. We also believe net leverage to adjusted EBITDA ratio is useful in evaluating debt levels. Net leverage is calculated by subtracting cash and cash equivalents and marketable securities from total debt.

Management believes that these non-GAAP financial measures facilitate comparisons between industry peer companies, and management uses these non-GAAP financial measures in evaluating performance and debt levels. However, the reader is cautioned that any non-GAAP financial measures provided by us are provided in addition to, and not as alternatives for, our reported results prepared in accordance with GAAP. Items that may have a significant impact on our financial position, results of operations and cash flows must be considered when assessing our actual financial condition and performance regardless of whether these items are included in non-GAAP financial measures. The methods used by us to calculate non-GAAP financial measures may differ significantly from methods used by other companies to compute similar measures. As a result, any non-GAAP financial measures provided by us may not be comparable to similar measures provided by other companies.

We do not provide a reconciliation of forward-looking adjusted EBITDA, adjusted EBITDA margin or net leverage to adjusted EBITDA ratio or the most directly comparable forward-looking GAAP measure of net income attributable to Granite because we cannot predict with a reasonable degree of certainty and without unreasonable efforts certain components or excluded items that are inherently uncertain and depend on various factors. For these reasons, we are unable to assess the potential significance of the unavailable information.

<sup>1</sup> Adjusted EBITDA, adjusted EBITDA margin and net leverage ratio are non-GAAP measures. Please see "Non-GAAP Financial Information" for additional information.

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