



## How Fortune Magazine and Home Depot Validate Capstone's Strategy for Acquisitions

By the Capstone Editorial Team

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At Capstone, our focus has always been on building scale in an industry where *scale matters*.

The building products sector is deeply fragmented, with significant value left on the table by small, local operators. By bringing those operators under one platform, we've built something rare: geographic reach, pricing power, and a differentiated portfolio of trusted brands.

That's the thesis behind our four revenue-accretive acquisitions to date. And with a rich pipeline of targets ahead, we see ample opportunity to continue executing on this strategy.

Still, no matter how often we spell this out, it's hard to top the validation that comes from third-party observers. That's why we wanted to highlight [a recent article in Fortune Magazine](#), "Home Depot's \$5 Billion Purchase of an Unsexy Building Products Distributor Is a Prime Example of Smart M&A."

### Fortune Magazine Echoes Capstone's Building Products Thesis

Fortune writes about Home Depot's purchase of GMS, a distributor of wallboard, ceilings, and steel framing. The article calls it a "*prime example of smart M&A*," because Home Depot is consolidating a fragmented industry, expanding into new verticals, and strengthening its pricing power and customer reach.

"That M&A approach has served the famously disciplined retailer well," writes author Phil Wahba, noting that its annual sales "topped \$159.5 billion, almost double what they were a decade earlier."

Take out the names Home Depot and GMS, and this analysis could just as easily describe what we're building at Capstone. Our strategy is exactly this kind of "smart M&A" — and, as the author writes, we expect it to set us apart in an industry still lacking scaled platforms.

### How Discipline Delivers Long-Term Value

Fortune is sharp to point out that not all roll-up strategies are created equal. There's no shortage of M&A gone wrong. What makes Home Depot's approach successful is its discipline: *finding the right fit at the right multiple*.

Once again, this should sound familiar to Capstone investors. That same discipline has been at the center of our M&A strategy since day one. We review targets at attractive 4-6x EBITDA valuations, with 20-45% of each deal structured in non-cash consideration.

All our acquisitions, including our most recent of Carolina Stone, fall squarely within that range. The result is immediate revenue accretion, sustainable growth, and long-term value creation for our shareholders.

### **Home Depot & Capstone: Similar Strategies in Parallel Segments**

Home Depot targets large-scale distribution for professional contractors. Capstone is focused on regional players in stone, masonry, and other building products.

It's a different segment of the industry, but *the same dynamics apply*: fragmented supply chains create inefficiencies, and scaled platforms deliver superior value to both customers and shareholders.

We may not be Home Depot, but we are building one of the few scaled platforms in building products. As Fortune points out, value in this sector accrues to those with reach, efficiency, and brand strength — and that's exactly where Capstone is headed.